

*Internet  
FOR ALL*



EMOTIONAL

EXPERIENCE

INSPIRATION

BUSINESS  
OPPORTUNITY

KNOWLEDGE

ALWAYS  
CONNECTED



annual report 2013  
Total Access Communication PLC.





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vision

mission

strategy

#### Vision:

##### **Empower Societies**

We provide the power of digital communication, enabling everyone to improve their lives, build societies and secure a better future for all.

#### Mission:

##### **We are here to help our customers**

We exist to help our customers get the full benefit of being connected. Our success is measured by how passionately they promote us.

#### Strategy:

##### **Internet for All**

Data represents the next growth curve. We will increase and monetize data usage and selectively build new stand-alone services positions. We will innovate on our core services to differentiate and improve customer experience, and further refine retail and wholesale pricing to monetize the shift from voice to data.

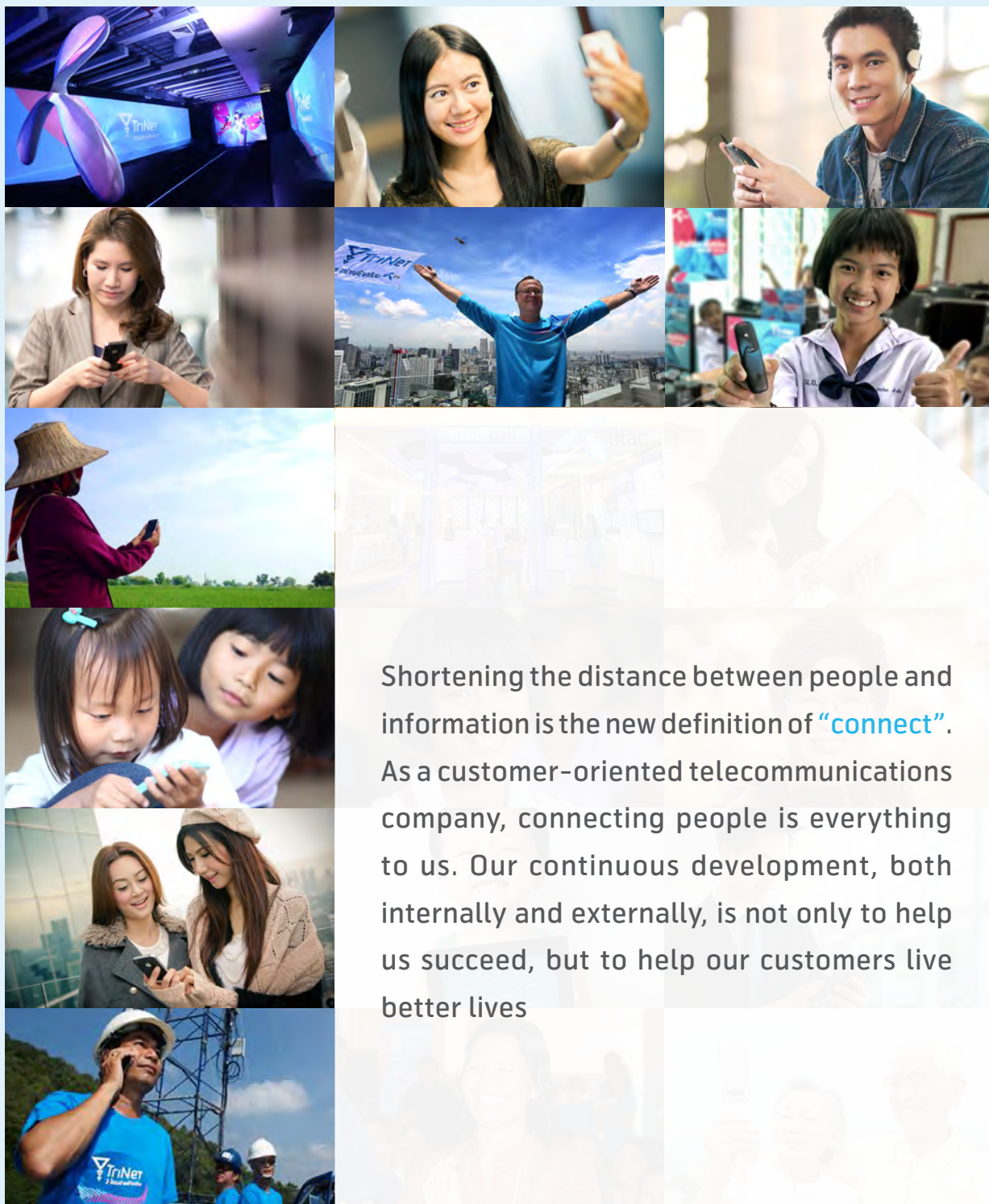
##### **Loved by Customers**

To continue to deliver higher growth than peers, it is increasingly important to win and retain existing mobile subscribers, and to strengthen the ties we have with customers - delivering what customers truly value.

##### **Efficient Operations**

We aim to utilize our resources to better meet future customer needs. Improving efficiency and changing how we operate will allow us to invest time and money in the customer experience.







## financial highlights

	2011	2012	2013
<b>Operating Results (in THB million)</b>			
Service Revenues	73,188	78,235	80,659
Total Revenues	79,199	89,497	94,617
EBITDA	27,296	26,818	30,047
Operating Profit	16,662	15,163	15,909
Net Profit	11,812	11,282	10,567
Operating Cash Flow *	21,463	17,473	15,645
<b>Balance Sheet (in THB million)</b>			
Total Assets	103,866	101,043	105,054
Total Liabilities	69,057	66,198	72,334
Total Shareholders' Equity	34,809	34,845	32,720
<b>Ratio</b>			
EBITDA Margin	34.4%	29.9%	31.7%
Operating Profit Margin	21.0%	16.9%	16.8%
Net Debt : EBITDA	-	1.0	0.9
Net Debt : Equity	-	0.8	0.8
<b>Shares</b>			
No. of Shares (million)	2,368	2,368	2,368
Earnings per Share (THB)	4.99	4.77	4.46
Book Value per Share (THB)	14.70	14.72	13.82
Share Price**			
SET (THB / Share)	69.50	88.25	97.00
SGX (USD / Share)	2.44	2.80	3.30

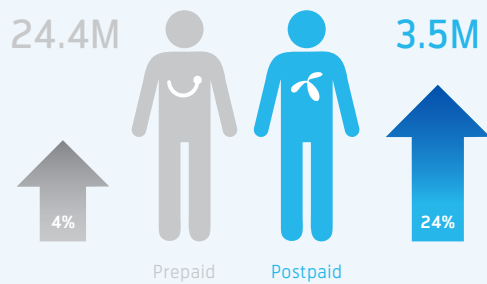
\* Operating Cash Flow = EBITDA – CAPEX

\*\* As of the last trading day of each calendar year

Note: Financial statements for 2011 and 2012 were restated.

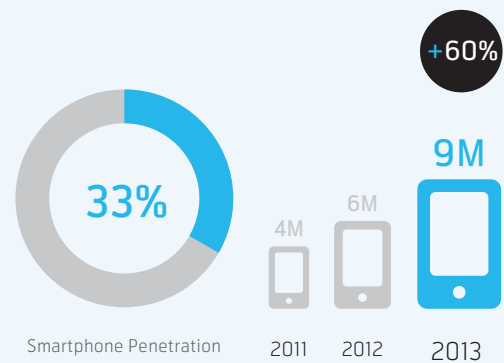
## Number of Subscribers

**28**  
(million)



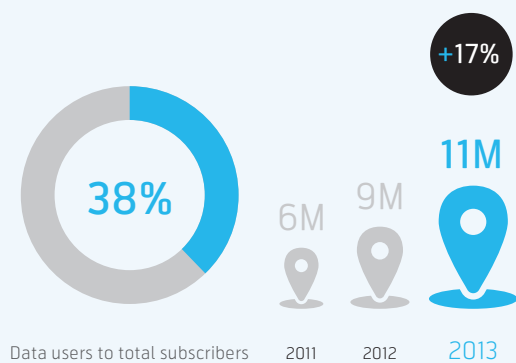
## Smartphone Users

**9**  
(million)



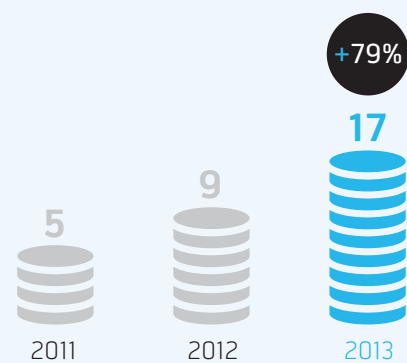
## Mobile Data Users

**11**  
(million)



## Mobile Data Revenue

**17**  
(THB billion)





DATA  
TRANSFER







# INTERNET FOR ALL BUSINESS OPPORTUNITY

Because all businesses must thrive to survive, we are committed to making our network better everyday so you can always get quality connection to everything you need to maximize your business potential.

NEWS  
UPDATE



## STOCK MARKET





LONG DISTANCE  
CONNECTION





# INTERNET FOR ALL EMOTIONAL

No matter the distance apart,  
loved ones can always connect and share their feelings  
via superior network technology.

VIDEO CALL  
APPLICATION





WEATHER FORECAST



Partly Cloudy

TODAY  
32°C

Chance of rain  
6%

Wind Speed  
7 km/h

■ ONLINE  
INFORMATION



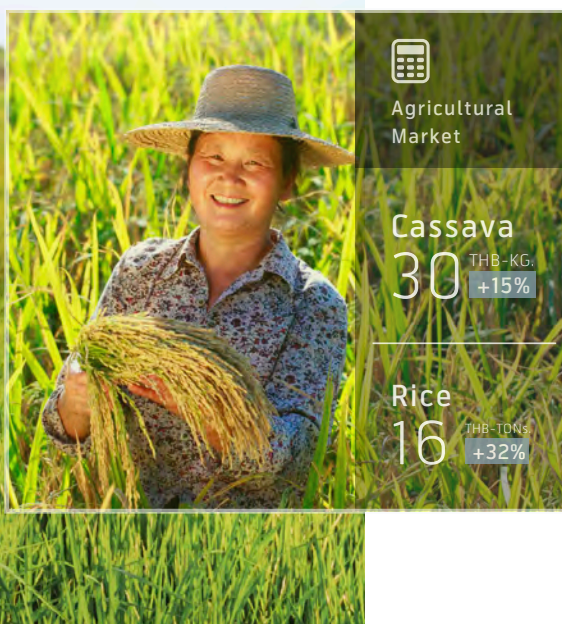


FARMER INFO  
APPLICATION




## INTERNET FOR ALL KNOWLEDGE


Because the internet is a vital source of knowledge, we are providing internet for all customers. Now everyone can make their businesses grow and improve their quality of lives.







IDEA  
INSPIRATION









creative

knowledge

information

etc.

EDUCATION





ONLINE  
LEARNING



ACCESSIBILITY  
IN RURAL AREAS



# INTERNET FOR ALL INSPIRATION




We are committed to improving education for children in rural areas, giving them an opportunity to become more successful.

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 SHARING  
EXPERIENCE


SHOPPING ONLINE



NEW ARRIVALS



 ADD TO CART

 PAYMENT

 CHECK-IN

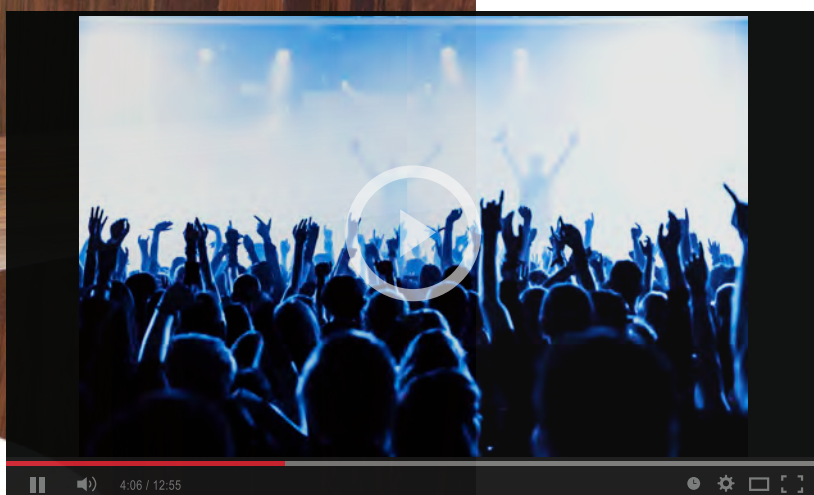


# INTERNET FOR ALL EXPERIENCE

We build a network that responds to all customer needs  
so the internet can always bring new experiences to all.



ENJOY  
ENTERTAINMENT





## corporate information

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### Corporate Information

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<b>Name</b>	Total Access Communication Public Company Limited
<b>Symbol</b>	dtac
<b>Registered Number</b>	107538000037
<b>Type of Business</b>	Operates mobile business on 800 MHz, 1800 MHz, and 2.1 GHz frequency bands
<b>Registered Capital</b>	THB 4,744,161,260 (2,372,080,630 ordinary shares of THB 2 per share)
<b>Paid-up Capital</b>	THB 4,735,622,000 (2,367,811,000 ordinary shares of THB 2 per share)
<b>Address</b>	319 Chamchuri Square Building, 22 <sup>nd</sup> – 41 <sup>st</sup> Floors, Phayathai Road, Pathumwan, Bangkok 10330 Tel: (66 2) 202 8000 Fax: (66 2) 202 8929 Website: <a href="http://www.dtac.co.th">www.dtac.co.th</a>

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## References

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**Share Registrar**

Thailand Securities Depository Company Limited  
62 the Stock Exchange of Thailand Building, Ratchadapisek Road, Klongtoey, Bangkok 10110  
Tel: (66 2) 229 2800  
Fax: (66 2) 654 5427  
Call Center: (66 2) 229 2888  
Website: [www.tsd.co.th](http://www.tsd.co.th)

Boardroom Limited  
50 Raffles Place #32-01 Singapore Land Tower Singapore 048623  
Tel: (65) 6536 5355

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**Auditor**

Mr. Sophon Permsirivallop  
Certified Public Accountant (Thailand) No. 3182  
Ernst & Young Office Limited  
33<sup>rd</sup> Floor, Lake Rajada Office Complex, 193/136-137 New Ratchadapisek Road, Klongtoey 10110  
Tel: (66 2) 264 0777  
Fax: (66 2) 264 0789-90  
Website: [www.ey.com](http://www.ey.com)

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**Debenture Registrars**

Kasikorn Bank Public Company Limited  
1 Soi Kasikornthai, Ratburana Road, Ratburana, Bangkok 10140  
Tel: (66 2) 470 1994, (66 2) 470 6662  
Fax: (66 2) 470 1998  
Website: [www.kasikornbank.com](http://www.kasikornbank.com)

Bangkok Bank Public Company Limited  
333 Silom Road, Silom, Bangrak, Bangkok 10500  
Tel: (66 2) 230 1136  
Fax: (66 2) 626 4545-6  
Website: [www.bangkokbank.com](http://www.bangkokbank.com)

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## message from the Chairman and CEO

**Mr. Boonchai Bencharongkul**  
Chairman of the Board of Directors

**Mr. Jon Eddy Abdullah**  
Director/Chief Executive Officer





## Dear Shareholders,

Year 2013 was marked as the year of launching our high quality 3G services on the new 2.1 GHz TriNet network under the subsidiary DTN. With acquiring the license in 2012, and the establishment on roaming agreements between DTN and dtac in 2013, we secured the continuation of our proud history as a mobile service provider in Thailand when launching the services on the new network on 23<sup>rd</sup> July 2013. We are well on our way to meet the ambition to roll out the new network across Thailand with more than 80% population coverage. dtac's vision is about 'Empowering Societies', enabling everyone to improve their lives, build societies and secure a better future for all. In practice we do this across Thailand by making both high quality voice and internet services widely available at affordable prices.

The new TriNet network is already covering 55% of the population, and by year end 12 million subscribers has taken the opportunity to migrate as a customer from dtac to DTN, and thereby benefiting from the new high quality network, and at the same time still being able to use dtac's nationwide coverage on 850/1800 MHz. For the customer this means higher speed and more reliable internet services, while for the shareholders it means the journey from concession to license and the reduction of regulatory fees has begun.

dtac's strategic ambition is to provide 'Internet for All', and to make it a reality we truly need to understand the customers need and align our value chain to support it. It starts with the new TriNet network, and the coverage and the quality are improving day by day. We are exploring innovative distributions concepts, and we have been modernizing our branded retail shops, enabling them to take care of our customers and sell voice and new internet services in an inspiring retail environment by dedicated, competent and service-minded staff. We have started to sell TriNet phones, fully capable 3G handsets and smartphones at price levels significantly below historic market levels, and by this pushing the 3G/smartphone penetration level in our base to the highest in the industry. Through partnerships we are offering attractive and relevant services, and have taken a leading position in social networking and chat services. Finally, we make internet available to new segments with innovative and flexible price models enabling our customers the flexibility of choose.

In numbers, since Q2, we have sold 220,000 TriNet phones and the smartphone penetration has reached 33%, up from 22% a year ago. 3G subscriptions grew by 126% to 5 million subscribers during the year, while Value Added Services grew by 49% and is now 28% of our total service revenues. dtac has made great progress on the Internet for All strategy in 2013, and this is only the beginning.

'Loved by Customers' is another pillar of our philosophy and business strategy. We believe true customer centricity happens through a deep understanding of our customers' needs and a relentless pursuit of delivering up to and above their expectations. The customer migration from dtac to DTN is a big test, and by constant measurement of the value chain, and follow up of

customer feedback, we move steadily forward towards our stretched ambition to be 'Loved by Customers'. The measured customer satisfaction was kept stable in 2013, while the Net Promoter Score has steadily improved. These are encouraging feedback in a year of massive customer transition, which inspires the organization to take the next step in 2014. To support our customers, dtac has also made important modernization in our Billing systems, our Business Intelligence Systems and Service Delivery Platforms, which all enable us to better meet customer demands, give seamless services and provide value to our shareholders.

dtac's third strategic pillar is about 'Efficient Operations'. We aim to utilize our resources to better meet future customer needs. Improving efficiency and changing how we operate will allow us to invest time and money in the customer experience. With increased competition and volatile economic outlook, focusing on efficient operations is becoming more important than ever. With the transformational activities ongoing, in parallel with the rigid focus on cost control, the Company feels fit for the future challenges and competition. 'Efficient Operations' is also about doing things more efficiently and in a timely manner for our customers whether during the sales process, activation of services or in post-sales care.

As a good corporate citizen we continue to expand our work to help and support the Thai society at large. dtac completed the "100,000 Hours Do Good, Feel Good" project where all staff members donate their personal time to do good things for the Thai society and local communities. As one example, to mark the auspicious day of 5<sup>th</sup> December, dtac staff from all over Thailand helped so that more students in rural areas will have access to the Internet at their schools. By donating SIM cards, air cards and free Internet service packages to 86 schools, dtac narrows the digital divide that puts rural school students at disadvantage compared to their urban counterparts. The shared goal of doing good for 100,000 hours by the end of 2013 has been met, but more importantly the local impact of the numerous activities has been phenomenal.

Finally, we are pleased with our continued growth through 2013. Total revenues grew by 5.7%, while service revenues excluding interconnect grew solidly by 10.4%, driven by the continued increase in data revenues. With growing topline and through rigorous cost control, EBITDA grew by 12% in 2013. dtac has maintained a strong balance sheet and with our dividend policy, we have in total dividend payments of THB 8.8 billion or approximately THB 3.72 per share for 2013.

We would like to take this opportunity to thank you our shareholders, employees, and key stakeholders for your continued support during another challenging year. Amid increased competition and more volatile economic situation, we have managed strengthen our position in the market during 2013. We have prepared the organization, our systems, our distribution channels and our network so that our customers can fully benefit from the fantastic opportunities that the mobile technology offers to stay connected, have fun and simplify daily life.

## board of directors



### Mr. Boonchai Bencharongkul

Chairman of the Board of Directors

Age: 59 years

Number of Shares Held\*: 10 shares (0.00 %)

#### Academic Background

Honorary Doctoral Degree in Economic Science, Ramkhamhaeng University, Thailand  
B.Sc. in Management, Northern Illinois University, USA

#### Training Program

Role of the Chairman Program (11/2005) by Thai Institute of Directors Association (IOD)

#### Work Experience

2012 - Present Director, BCH Holding Co., Ltd.  
2002 - Present Director, United Distribution Business Co., Ltd.  
2001 - Present Chairman, Ruam Duay Chuay Kan Co-Operative Limited  
1990 - Present Chairman of the Board of Directors, Total Access Communication PLC  
1990 - Present Chairman of the Board of Directors, Benchachinda Holding Co., Ltd.  
1998 - Present Chairman, Ruam Duay Chuay Kan Sam Nuek Rak Ban Kerd Foundation  
1989 - Present Chairman of the Board of Directors, Private Property Co., Ltd.  
2002 - 2005 Chief Executive Officer and President, United Communication Industry PLC  
2001 - 2006 Chairman, Hornbill Research Foundation  
2001 - 2002 Chief Executive Officer, Total Access Communication PLC  
2000 - 2001 Managing Director, Total Access Communication PLC  
1984 - 1999 Chairman of the Executive Committees, United Communication Industry PLC

#### Royal Decorations

2003 The Grand Cross (Third Class, Higher Grade) of the Most Illustrious Order of Chula Chom Klao  
1997 The Knight Grand Cross (First Class) of the Admirable Order of the Direkgunabhorn  
1994 The Knight Grand Cross (First Class) of the Most Noble Order of the Crown of Thailand



### Mr. Sigve Brekke

Vice Chairman of the Board of Directors

Age: 54 years

Number of Shares Held\*: None (0.00 %)

#### Academic Background

Master Degree in Public Administration, John F. Kennedy School of Government, Harvard University, USA  
Bachelor Degree Program in Management, Norwegian School of Management, Buskerud, Norway  
Bachelor Degree in Business and Administration, Telemark College, Norway

#### Work Experience

2013 - Present Director, Telenor Myanmar, Myanmar  
2009 - Present Director, Unitech Wireless Ltd., India  
2009 - Present Chairman of the Board of Directors, Grameenphone Ltd., Bangladesh  
2009 - Present Chairman of the Board of Directors, DiGi, Malaysia  
2008 - Present Director and Executive Vice President Telenor Group, Head of Region Asia, Telenor Asia Pte. Ltd.  
2008 - Present Vice Chairman of the Board of Directors, Total Access Communication PLC  
2010 - 2013 Nominated MD, Unitech Wireless Ltd., India  
2006 - 2008 Director and Chief Executive Officer, Total Access Communication PLC  
2005 - 2008 Director and Chief Executive Officer, United Communication Industry PLC  
2005 - 2006 Chief Executive Officer, Total Access Communication PLC  
2002 - 2005 Co-Chief Executive Officer, Total Access Communication PLC  
2000 - 2005 Director, Total Access Communication PLC  
2000 - 2002 Managing Director, Telenor Asia Pte. Ltd.  
1999 - 2000 Manager, Business Development, Telenor Asia Pte. Ltd.

\* Including shares held by spouse and minor children



### Mr. Jon Eddy Abdullah

Director

Chief Executive Officer

Age: 47 years

Number of Shares Held\*: 548,000 NVDRs (0.02 %)

#### Academic Background

Bachelor of Science, Electrical Engineering from the Montana State University, USA

#### Work Experience

2012 - Present Director and Chief Executive Officer, DTAC TriNet Co., Ltd.

2011 - Present Director and Chief Executive Officer, Total Access Communication PLC

2008 - Present Chairman, Tameer Microfinance Bank Limited

2008 - 2011 Director and Chief Executive Officer, Telenor Pakistan Pvt Ltd, Pakistan

2007 - 2008 Chief Operating Officer, Maxis Telecommunications Bhd, Malaysia

2002 - 2007 Chief Technology Officer, DiGi Telecommunications Sdn Bhd, Malaysia

1999 - 2002 Chief Technology Officer, Cesky Mobil (Oskar), Czech Republic



### Mr. Chulchit Bunyaketu

Independent Director

Chairman of the Audit Committee

Member of the Remuneration Committee

Member of the Nomination Committee

Member of the Corporate Governance Committee

Age: 70 years

Number of Shares Held\*: None (0.00 %)

#### Academic Background

Master of Arts in Political Science, Kent State University, USA

Bachelor of Law, Chulalongkorn University, Thailand

**Training Program** Director Accreditation Program (DAP) (38/2005) by Thai Institute of Directors Association (IOD)

#### Work Experience

2013 - Present Member of the Corporate Governance Committee, Total Access Communication PLC

2012 - Present Chairman of the Board of Directors, DTAC TriNet Co., Ltd.

2006 - Present Chairman of the Audit Committee, Member of the Remuneration Committee, and Member of the Nomination Committee, Total Access Communication PLC

2004 - Present Group Deputy Chairman, King Power International Co., Ltd.

2000 - Present Independent Director, Total Access Communication PLC

1998 - 2003 Managing Director, Thai Oil Power Co., Ltd.

1998 - 2003 Managing Director, Thai Oil Co., Ltd.

1994 - 1998 Deputy Managing Director, Thai Oil Co., Ltd.

\* Including shares held by spouse and minor children



## Mr. Soonthorn Pokachaiyapat

Independent Director  
Member of the Audit Committee  
Member of the Remuneration Committee  
Member of the Nomination Committee  
Member of the Corporate Governance Committee  
Age: 76 years  
Number of Shares Held\*: None (0.00 %)

**Academic Background** Bachelor of Law, Thammasat University, Thailand  
**Training Program** Director Accreditation Program (DAP) (48/2005) by Thai Institute of Directors Association (IOD)

### Work Experience

2013 - Present Member of the Corporate Governance Committee, Total Access Communication PLC  
2013 - Present Director, Natural Park PLC  
2012 - Present Director, DTAC TriNet Co., Ltd.  
2005 - Present Vice Chairman of the Board of Directors, Wave Entertainment PLC  
2004 - Present Advisor, Five Star Production Co., Ltd.  
2000 - Present Independent Director, Member of the Audit Committee, Member of the Remuneration Committee, and Member of the Nomination Committee, Total Access Communication PLC  
1974 - Present Advisor, Bangkok Entertainment Co., Ltd. (Channel 3)  
1974 - Present Director and Head of Chaipayat Law Office  
2001- 2002 Chairman of Executive Directors, Thai Airways International PLC  
1994 - 1995 Director, Telephone Organization of Thailand  
1994 - 1995 Chairman of the Board of Directors, State Railway of Thailand



## Ms. Tanwadee Wongterarit

Director  
Age: 52 years  
Number of Shares Held\*: None (0.00 %)

**Academic Background** Master of Science in Electrical Engineering, University of Miami, USA  
**Training Program** Director Accreditation Program (DAP) (81/2009) by Thai Institute of Directors Association (IOD)  
Director Certification Program (DCP) (180/2013) by Thai Institute of Directors Association (IOD)  
Financial Statements for Directors (FSD) (20/2013) by Thai Institute of Directors Association (IOD)

### Work Experience

2013 - Present Director, Total Access Communication PLC  
2013 - Present Senior Executive Vice President 13 (Corporate Strategy), CAT Telecom PLC  
2009 - Present Director, Internet Thailand PLC  
2009 - 2012 Senior Executive Vice President 13 (Telephone Business), CAT Telecom PLC

\* Including shares held by spouse and minor children



### Mr. Lars Erik Tellmann

Director

Member of the Remuneration Committee

Member of the Nomination Committee

Age: 42 years

Number of Shares Held\*: None (0.00 %)

#### Academic Background

Master of Business and Administration (MBA),  
Edinburgh Business School,  
Heriot-Watt University, Scotland  
Master of Science in Business (M.Sc. / Sivilokonom),  
Bodo Business School,  
International Business & Finance

#### Training Program

Director Certification Program (DCP) (165/2012)  
by Thai Institute of Directors Association (IOD)

#### Work Experience

2013 - Present Chief Financial Officer, Telenor Myanmar, Myanmar  
2012 - Present Member of the Nomination Committee,  
Total Access Communication PLC  
2011 - Present Director and Member of the Remuneration  
Committee, Total Access Communication PLC  
2011 - Present Director, Grameenphone Ltd., Bangladesh  
2010 - Present Director, Telenor Pakistan Ltd  
2010 - Present Senior Vice President, Telenor Asia (ROH) Ltd  
2011 - 2013 Director, and Member of the Audit Committee,  
DiGi.com Berhad  
2011 - 2013 Director, DiGi Telecommunications Sdn Bhd  
2010 - 2012 Director, Telenor Shared Services  
2009 - 2010 Vice President, Telenor ASA  
2006 - 2009 Head of Program and Process Management,  
DiGi Telecommunications Shd



### Mr. Stephen Woodruff Fordham

Independent Director

Chairman of the Remuneration Committee

Member of the Audit Committee

Chairman of the Nomination Committee

Age: 62 years

Number of Shares Held\*: 10,000 shares and 6,000 NVDRs  
(0.00 %)

#### Academic Background

MA Jurisprudence, Oxford University, UK

#### Work Experience

2013 - Present Director, Masterbulk Ship Management Pte Ltd.  
2012 - Present Chairman of the Nomination Committee,  
Total Access Communication PLC  
2007 - Present Independent Director,  
Chairman of the Remuneration Committee,  
and Member of the Audit Committee,  
Total Access Communication PLC  
2007 - Present Director, Masterbulk Maritime Pte Ltd.  
1995 - Present Director, Masterbulk Private Limited

\* Including shares held by spouse and minor children



### Mrs. Chananyarak Phetcharat

Independent Director

Chairman of the Corporate Governance Committee

Age: 50 years

Number of Shares Held\*: None (0.00 %)

#### Academic Background

Master Degree in Management Information System,  
West Virginia University, USA  
Certificate, Special Management Program,  
Marshall University, USA  
Bachelor Degree in Business Management majoring in  
Accounting, Ramkhamhaeng University

#### Training Program

Director Certification Program (DCP) (49/2004)  
by Thai Institute of Directors Association (IOD)

#### Work Experience

2013 - Present Chairman of the Corporate Governance Committee,  
Total Access Communication PLC  
2011 - Present Independent Director,  
Total Access Communication PLC  
2008 - Present Managing Director,  
DHL Express International (Thailand) Ltd.  
2004 - 2008 Country Manager, Mobile Devices Sector,  
Motorola (Thailand) Ltd.



### Mr. Gunnar Johan Bertelsen

Director

Age: 57 years

Number of Shares Held\*: None (0.00 %)

#### Academic Background

Master of Business Administration (Hons),  
University College Dublin, Ireland  
Dip. Advanced Management,  
University College Dublin Ireland  
Dip. Social & Human studies,  
National University of Ireland Maynooth  
Radio & Telecommunication Dip.,  
Norwegian Nautical College

#### Training Program

Director Certification Program (DCP) (183/2013)  
by Thai Institute of Directors Association (IOD)

#### Work Experience

2013 - Present Chief Corporate Affairs Officer,  
Telenor Myanmar, Myanmar  
2010 - Present Director, Total Access Communication PLC  
2009 - Present Senior Vice President, Regulatory Affairs Asia,  
Telenor Asia (ROH) Ltd.  
2005 - 2009 Senior Vice President, Regulatory Affairs,  
Total Access Communication PLC  
2004 - 2005 Senior Strategic Advisor,  
United Communication Industry PLC  
2000 - 2004 Vice President/Project Director, Telenor Asia Pte Ltd.  
1999 - 2000 Managing Director & Country Manager,  
Telenor Ireland Ltd.  
1997-1999 Business Development Manager, Telenor Ireland Ltd.

\* Including shares held by spouse and minor children



### Mr. Tore Johnsen

Director

Member of the Remuneration Committee

Member of the Nomination Committee

Member of the Corporate Governance Committee

Age: 66 years

Number of Shares Held\*: None (0.00 %)

#### Academic Background

Master of Science, Norwegian Institute of Technology,  
University of Trondheim, Norway

#### Training Program

Director Certification Program (DCP) (175/2013)  
by Thai Institute of Directors Association (IOD)

#### Work Experience

2013 – Present Director, Member of the Remuneration Committee,  
Member of the Nomination Committee,  
and Member of the Corporate Governance Committee,  
Total Access Communication PLC

2013 – Present Director, DiGi Telecommunications Sdn Bhd

2013 – Present Director and Member of the Audit Committee,  
DiGi.com Berhad

2013 – Present Chairman, Telenor Pakistan Ltd

2013 – Present Senior Vice President, Performance Management,  
Telenor Asia (ROH) Ltd.

2011 – 2013 Chairman, Grameenphone IT Ltd

2011 – 2013 Chief Executive Officer, Grameenphone Ltd

2008 – 2011 Director and Chief Executive Officer,  
Total Access Communication PLC

2004 – 2008 Chief Executive Officer, Telenor Pakistan Ltd

2001 – 2004 Chief Executive Officer,  
DiGi Telecommunications Berhad



### Mr. Richard Olav Aa

Director

Age: 47 years

Number of Shares Held\*: None (0.00 %)

#### Academic Background

Master of Science in Business and Economics from the  
Norwegian School of Economics and Business  
Administration in Bergen, specializing in strategies  
and finance

#### Work Experience

2013 – Present Director, Total Access Communication PLC

2010 – Present Executive Vice President and Chief Financial Officer,  
Telenor ASA

2007 – 2010 Investment Director, Arendals Fossekompagni ASA

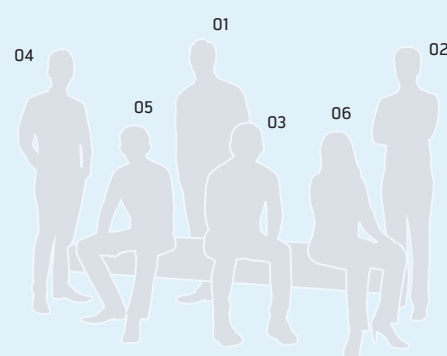
\* Including shares held by spouse and minor children



## executive management







01

**Mr. Jon Eddy Abdullah**  
Director and Chief Executive Officer

02

**Mr. Sigvart Voss Eriksen**  
Chief Marketing Officer

03

**Mr. Chaiyod Chirabowornkul**  
Chief Customer Officer

04

**Mr. Khalid Shehzad**  
Chief Technology Officer

05

**Mr. Fridtjof Rusten**  
Chief Financial Officer

06

**Mrs. Kitikanya Suttasit**  
Chief People Officer

01

**Mr. Jon Eddy Abdullah \***

Director and Chief Executive Officer

Number of Shares Held\*\*: 548,000 NVDRs (0.02 %)

**Academic Background**

Bachelor of Science, Electrical Engineering from the Montana State University, USA

**Work Experience**

2012 - Present	Director and Chief Executive Officer, dtac TriNet Co., Ltd.
2011 - Present	Director and Chief Executive Officer, Total Access Communication PLC
2008 - Present	Chairman, Tameer Microfinance Bank Limited
2008 - 2011	Director and Chief Executive Officer, Telenor Pakistan Pvt Ltd, Pakistan
2007 - 2008	Chief Operating Officer, Maxis Telecommunications, Malaysia
2002 - 2007	Chief Technology Officer, DiGi Telecommunications Sdn Bhd, Malaysia
1999 - 2002	Chief Technology Officer, Cesky Mobil (Oskar), Czech Republic

02

**Mr. Sigvart Voss Eriksen \***

Chief Marketing Officer

Number of Shares Held\*\*: None (0.00%)

**Academic Background**

Master of Science, Norwegian University of Science and Technology, Trondheim Norway

**Work Experience**

2013 - Present	Chief Marketing Officer, Total Access Communication PLC
2010 - 2012	Chief Market Officer, Telenor Hungary
2009 - 2010	Senior Executive, Telenor (India launch project)
2008 - 2009	Chief Corporate Strategy Officer, Pannon
2006 - 2008	Chief Market Officer, Telenor Pakistan
2005 - 2006	Head of Human Resources and Strategy/Business Development, Telenor Pakistan
2004 - 2005	Vice president, CEO Office, Telenor Nordic Mobile
2003 - 2004	Advisor, CEO Office, Telenor Mobil
2001 - 2003	Project Manager, Telenor Mobile International
2001	Product development, Vimpelcom (Russia)

03

**Mr. Chaiyod Chirabowornkul \***

Chief Customer Officer

Number of Shares Held\*\*: 5,000 Ordinary Shares (0.00%)

**Academic Background**

Master of Engineering Management, University of Missouri-Rolla, Missouri, USA

Master of Electrical Engineering, Louisiana State University, Louisiana, USA

Bachelor of Electrical Engineering, Chulalongkorn University, Thailand

**Work Experience**

2012 - Present	Director and Chief Customer and Marketing Officer, dtac TriNet Co., Ltd.
2011 - Present	Chief Customer Officer, Total Access Communication PLC
2011 - Present	Director, DTAC Internet Service Company Limited
2011 - Present	Director, DTAC Broadband Company Limited
2010 - 2011	Senior Vice President, Distribution Division, Total Access Communication PLC
2009 - 2010	Senior Vice President, dtac Business Division, Total Access Communication PLC
2007 - 2009	Senior Vice President, Postpaid Business Division, Total Access Communication PLC
2005 - 2007	Senior Vice President, Commercial Development Division, Total Access Communication PLC
2004 - 2005	Group Director of Marketing, Total Access Communication PLC
2002 - 2004	Senior Vice President, Marketing Strategy and Planning, Hutchison CAT Wireless Multimedia Ltd. (HCWML)
1999 - 2002	Retail Strategy and Development Manager, Shell Oil Product-Asia Pacific
1997 - 1999	Retail Business Manager, Shell Thailand
1996 - 1997	Product Development (Fleet Card) Manager, Shell Thailand

\* Management under definition of SEC

\*\* Including shares held by spouse and minor children

04

**Mr. Khalid Shehzad \***

Chief Technology Officer

Number of Shares Held\*\*: None (0.00%)

**Academic Background**

Master of Business Administration from Karachi University, Karachi, Pakistan

Bachelor of Science (Computer science), California State University, Northridge, California

**Work Experience**

2011 - Present	Chief Technology Officer, Total Access Communication PLC
2004 - 2011	Vice President and Chief Technology Officer, Telenor Pakistan (Pvt) Limited
2003 - 2004	Head of IT, Tanzania Telecommunication Co., Ltd, Tanzania
2002 - 2003	Vice President Information Technology, PTML (Ufone), Pakistan

05

**Mr. Fridtjof Rusten \***

Chief Financial Officer

Number of Shares Held\*\*: None (0.00%)

**Academic Background**

Master of Science, Industrial Economics, Norwegian University of Science and Technology, Trondheim, Norway

**Work Experience**

2013 - Present	Director, DTAC Internet Service Company Limited
2013 - Present	Director, DTAC Broadband Company Limited
2013 - Present	Chief Financial Officer, Total Access Communication PLC
2012 - 2013	Chief Financial Officer, Grameenphone Ltd, Bangladesh
2009 - 2011	Chief Financial Officer, Telenor Hungary, Hungary
2007 - 2009	Chief Market Officer, Telenor Hungary, Hungary
2005 - 2008	Board of Director, Vimpercom LTD
2003 - 2007	Senior Vice President, Lee Region, Telenor Asia
2000 - 2003	Vice President, Telenor International Mobile
1990 - 1999	Saga Petroleum AS

06

**Mrs. Kitikanya Suttasit \***

Chief People Officer

Number of Shares Held\*\*: None (0.00%)

**Academic Background**

Master of Arts, International Affairs, American University, Washington D.C., USA

Bachelor of Arts, Political Science (International Relations), Chulalongkorn University, Bangkok, Thailand

**Work Experience**

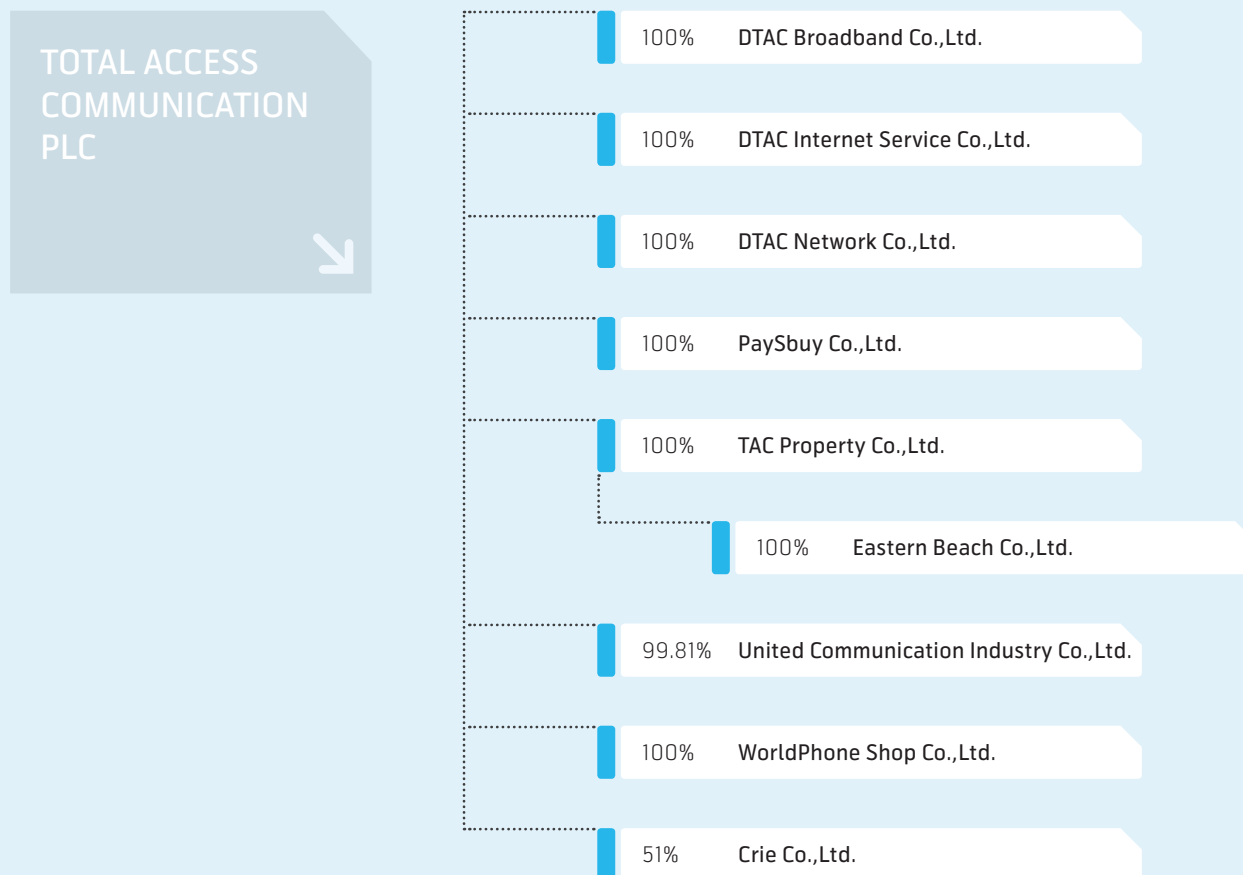
2014 - Present	Chief People Officer, Total Access Communication PLC
2007 - 2013	Director-People & Organization, Unithai Group
2004 - 2007	Deputy Director-Head of HR Operations, True Corporations PLC
2000 - 2004	Head of HR Operations, TA Orange Co., Ltd
1994 - 2000	Deputy General Manager - HR, CP Group of Companies

\* Management under definition of SEC

\*\* Including shares held by spouse and minor children



## group structure



dtac is one of the largest wireless communication service providers in Thailand. We are committed to deliver innovative products and services to satisfy the needs of our customers. The Company was founded in August 1989 to provide wireless telecommunication services in 800 MHz and 1800 MHz frequency bands in Thailand under a 27-year Build-Transfer-Operate (BTO) concession granted by CAT Telecom Public Company Limited (formerly known as Communications Authority of Thailand-“CAT”).

In December 2012, DTAC Network Company Limited, a wholly-owned subsidiary of dtac, was granted the 15-year spectrum license for International Mobile Telecommunications (IMT) in the frequency band 2.1 GHz and license type III for providing wireless communication services from the NBTC.

At the end of 2013, dtac had in total 9 subsidiaries, and 2 associated companies, namely United Distribution Business Co., Ltd. and Clearing House for Number Portability Co., Ltd.. We have continued our focus on mobile business and the establishment of subsidiaries is mainly to support its core business and asset management. Furthermore, we are committed to invest in businesses that create long term value for our shareholders.

## Details of Subsidiaries as of December 31, 2013

Company's Name	Address	Nature of Business	Paid-Up Capital	Percentage of Shareholding
<b>DTAC Broadband Company Limited</b>	319 Chamchuri Square Building, 28 <sup>th</sup> FL., Phayathai Rd., Pathumwan, Bangkok	Providing telecommunications services (WiFi services) with Internet license type I	THB 175 mil. divided into 1.75 mil. ordinary shares with a par value of THB 100 each and fully paid up.	100
<b>DTAC Internet Service Company Limited</b>	319 Chamchuri Square Building, 28 <sup>th</sup> FL., Phayathai Rd., Pathumwan, Bangkok	Providing telecommunications services (not yet commenced operation) with telecommunications license type I	THB 25.75 mil. divided into 257,500 ordinary shares with a par value of THB 100 each and fully paid up.	100
<b>DTAC Network Company Limited</b>	319 Chamchuri Square Building, 28 <sup>th</sup> FL., Phayathai Rd., Pathumwan, Bangkok	Providing telecommunications services (international call service, internet service, and will commerce mobile phone service on 2.1 GHz) with licenses granted by NBTC	THB 1,270 mil. divided into 12.7 mil. ordinary shares with a par value of THB 100 each and fully paid up.	100
<b>PaySbuy Company Limited</b>	319 Chamchuri Square Building, 36 <sup>th</sup> FL., Phayathai Rd., Pathumwan, Bangkok	Providing online payment service and cash card	THB 200 mil. divided into 2 mil. ordinary shares with a par value of THB 100 each and fully paid up.	100
<b>TAC Property Company Limited</b>	319 Chamchuri Square Building, 28 <sup>th</sup> FL., Phayathai Rd., Pathumwan, Bangkok	Asset management	THB 1 mil. divided into 100k ordinary shares with a par value of THB 10 each and fully paid up.	100
<b>United Communication Industry Public Company Limited</b>	319 Chamchuri Square Building, 28 <sup>th</sup> FL., Phayathai Rd., Pathumwan, Bangkok	Sale of voucher cards and sale on right of E-Refill service	THB 313.6 mil. divided into 434.7 mil. ordinary shares with a par value of THB 0.625 each and THB 271.7 mil. Paid up.	99.81

Company's Name	Address	Nature of Business	Paid-Up Capital	Percentage of Shareholding
WorldPhone Shop Company Limited	319 Chamchuri Square Building, 28 <sup>th</sup> Fl., Phayathai Rd., Pathumwan, Bangkok	Under liquidation process	THB 450 mil. divided into 4.5 mil. ordinary shares with a par value of THB 100 each and fully paid up.	100
Crie Company Limited	99 Software Park Building, Room 2101, 11 <sup>th</sup> Fl., Cheangwattana Rd., Klongklea, Pakkred, Nonthaburi	Developing and providing value added services on mobile phone	THB 0.2 mil. divided into 2k ordinary shares with a par value of THB 100 each and fully paid up.	51
Eastern Beach Company Limited	319 Chamchuri Square Building, 28 <sup>th</sup> Fl., Phayathai Rd., Pathumwan, Bangkok	Asset management	THB 80 mil. divided into 800k ordinary shares with a par value of THB 100 each and fully paid up.	100 (through TAC Property Company Limited)

## Details of Associated Companies as of December 31, 2013

Company's Name	Address	Nature of Business	Paid-Up Capital	Percentage of Shareholding
United Distribution Business Company Limited	499 Moo 3, Benchachinda Building, Viphavadi Rangsit, Ladyao, Chatuchak, Bangkok	Sale of mobile phone, SIM card, voucher card and supplementary equipment	THB 200 mil. divided into 20 mil. ordinary shares with a par value of THB 10 each and fully paid up.	25*
Clearing House for Number Portability Company Limited	10/97 6 <sup>th</sup> Floor, The Trendy Project, Soi Sukhumvit 13 (Sangchan), Klongtoey nua, Wattana, Bangkok	Operating the Information System and the centralized database for the number portability service	THB 2 mil. divided into 20k ordinary shares with a par value of THB 100 each and fully paid up.	20

### Remark

\* The remaining 75% share is held by Benchachinda Holding Co.,Ltd. The company believes that the share structure will deliver the greatest benefit to the company although Benchachinda Holding Co.,Ltd. is related party to the company as the company's main business is not the distribution which will create more burden in managing inventory and logistics system. Furthermore, the company has strict policy governing the connected transactions, Interested Person Transactions or transactions that may lead to conflict of interests to ensure that they are in compliance with the laws and the SET's and SGX-ST's rules and regulations.

As of 30 April 2013, the shareholder's list and shareholding structure of Benchachinda Holding Co., Ltd. are as following:

Mr. Boonchai Bencharongkul	40.0%
Mr. Vichai Bencharongkul	30.0%
Mrs. Wanna Jirakitti	15.0%
Mr. Somchai Bencharongkul	15.0%



## business performance and outlook

### Operational Highlights

2013 was the year of transformation for Thai telecommunication industry with the commencement of 3G 2.1 GHz network. dtac has launched “dtac TriNet” strengthening dtac’s ability to provide superior services on 3 combined frequency networks to deliver excellent experience to our customers. The introduction of 3G 2.1 GHz also helps accelerated the growth of data usage and promoted demand for mobile contents in Thailand. dtac has built digital ecosystems to deliver new digital experience to our customers by launching diversified digital contents.

In addition to the commencement of 3G 2.1 GHz network, dtac has launched “dtac TriNet phone”, a series of affordable smartphone handsets, which allowed broader market to have access to mobile internet. The launch of dtac TriNet phones was a success and sales of dtac TriNet phones accounted for over 20% in revenue share of dtac device portfolio in 2013.

On the marketing front, 3 achievements should be highlighted for 2013. Firstly, dtac became a market leader in postpaid with highest net additional subscribers among all mobile operators. Secondly, dtac has reached a milestone of 1 million devices sold, largely contributed by the introduction of dtac TriNet phones and the expansion of sales channel to online. Lastly, the highly successful CRM campaign of ‘the longer you stay, the more love we have’ which was well accepted by customers. As a result of our successful executions, the smartphone penetration in dtac network has increased from 22% in 2012 to 33% of total subscribers by end of 2013.

On the network front, dtac has continued to aggressively rollout nearly 6,000 base stations of 3G 2.1 GHz in 77 provinces across the country, of which around 2,000 sites were in Bangkok and Metropolitan areas. By end of 2013, dtac has achieved 55% of 3G 2.1 GHz population coverage. dtac aims to upgrade all existing base stations to allow for better 3G 2.1 GHz coverage experience by first half of 2014.



Network quality remains as our key focus. The drive tests were conducted regularly to ensure great network experience. Improving the resiliency of TriNet was also one of 2013 key activities; THB 300 million was invested to sustain power source of base stations. In addition, dtac conducted an installation of 3<sup>rd</sup> transmission backhaul in Southern and Northern routes to ensure availability and stability of the network.

On Business Intelligence (BI) & Customer Insights, to build on strong foundation laid down last year, 2013 was the year that dtac focused on turning insights into actions. Key decisions were made with support from facts and figures generated from BI, which allows management to make well informed decision in a timely manner. BI also played key parts in enabling execution of key initiatives related to “Internet for all” and “Loved by Customers” strategies.

dtac always believe that our employee are our valuable assets. The ‘dtac Academy’ keeps its promises to develop dtac employees through edutainment style learning. In 2013, dtac Academy has delivered 1,200 programs to over 5,500 participants.

## Financial Highlights

As of December 2013, dtac has 27.9 million subscribers with 1.6 million new subscribers adding during the year. Total revenues in 2013 reached THB 94.6 billion, growing 5.7% from 2012, driven by strong growth in service revenue (excluding IC) and handset sales despite pressures from softer economy and rising market competition in the second half of the year.

Supported by larger subscriber base and continued demand for mobile data, service revenue (excluding IC) grew strongly 10.4% from 2012, stood at THB 70.1 billion. Value-added Service (VAS) revenue, representing 32% of service revenue (excluding IC), increased by 48.8% from 2012 totaling THB 22.6 billion. Handset sales had a record-high growth in the 4th quarter of 2013, exceeding THB 5 billion mark as a result of successful iPhone 5s and dtac TriNet 2nd Generation phones launched together with successful CRM campaign 'Thank you for being with us' which allows customers to convert the length of being dtac customers into handset discount. Total handset sales in 2013 rose to THB 13.3 billion, growing 26.5% from 2012.

2013 EBITDA stood at THB 30.0 billion, growing healthily 12.0% from 2012. EBITDA margin improved from 29.9% in 2012 to 31.7% in 2013 as a result of strong underlining business and regulatory saving partly offset by higher Selling and Marketing expenses in connection with 3G 2.1 GHz service and in response to competition to maintain our market position. CAPEX for 2013 was THB 14.4 billion, in line with expectation, mainly to expand coverage and increase capacity of the 3G 2.1 GHz network. Operating cash flow (EBITDA – CAPEX) reduced from THB 17.5 billion in 2012 to THB 15.6 billion in 2013, following the investment on 3G 2.1 GHz network. Net profit for 2013 stood at THB 10.6 billion, accounting for 11.2% of total revenues.

dtac has maintained a solid financial position with low leverage throughout 2013. As a result of dtac's strong operational performances in 2013 and positive regulatory development, Fitch Ratings has upgraded dtac's rating by two-notch from A+ to AA in October 2013; while Tris has maintained the rating at AA-.

## Marketing

2013 has been the year of transition from market perspective. All operators have launched 3G on 2.1 GHz and made it the event of the year. dtac TriNet has been launched representing our strength in combination of our 3 networks (2G 1800 MHz, 3G 850 MHz and 3G 2.1 GHz) which help to make our network superior.

Our strategy on data has continued for data growth throughout the year. This year we have strengthening it with smartphone device, pricing and contents offering to stimulate the transition from voice to data. We have launched our first dtac TriNet phones in June 2013, leading the industry with new and innovative smartphone pricing and offering entertainment contents from music (Deezer), video (Watchever), and book (Readever) applications. We will continue to build up not only contents but also digital economy as part of our strategy.

To utilize the new 3G 2.1 GHz network, the market has moved into price competition arena in the second half of 2013 with all operators in the spirit of fighting to defend their grounds on marketing fronts. We foresee the price intense competition to continue into 2014 at least the first half of the year.





## Postpaid

With the expansion of dtac TriNet network and varieties of new smartphones in the market, year 2013 Postpaid subscribers has grown significantly both from new subscribers and internal transfer from Prepaid subscribers. Within a year, smartphone-packaged subscribers doubled and now outgrew voice-packaged subscribers both in terms of subscriber and revenue. Postpaid data users increased 67% from previous year, reaching 70% of total Postpaid subscribers.



## Prepaid

Year 2013, smartphone and data are the keys to success in revenue and subscriber growth. In supporting the growth, prepaid has launched a variety of smartphone packages with attractive yet competitive offers, expanded a portfolio of bite-size packages both voice and data, and also focused more on contents and services that helped accelerate the customers' usage. The successful launches are Facebook, Line sticker, Deezer, etc.

With a customer centricity focus from 2012 to 2013, Prepaid continued with contextual marketing to support the needs of specific customer segments. Prepaid has launched many special offers for different regions and different target segments; 3 tiers of dtac TriNet phones (Cheetah, Joey, and Mousey), Prepaid new Friend & Family (F&F) topping (THB 8 per day and THB 0.40 per minute), Unlimited F&F topping (THB 11 daily), Free Facebook



99 days for new Prepaid SIM, Facebook messenger, Super-save promotion (THB 49 daily, THB 99 weekly, and THB 299 or 399 monthly), Marathon promotion, and dtac Deezer (THB 5 daily).

## Data

Starting the Year 2013, dtac grew data subscribers, usage, and revenue; especially on Prepaid subscribers. We continued the success of bite-size pricing (daily package) in order to expand the non-data subscribers to start using data with worry-free. Social unlimited was introduced for social lovers who can use unlimited Facebook, WhatsApp, and LINE in one package. Nevertheless, devices have been playing an important role for good experience on data adoption. Prepaid customers have been offered with low- to mid-tier device bundling i.e. free data, special bonus, and SIM bundling.



## Smartphones and Tablets

After dtac launched the first generation of dtac TriNet Phones “Cheetah”, “Joey”, and “Mousey” in June 2013, they accounted for 20% of sales performance among dtac’s device portfolio, moving up to the 3rd rank of sales within 3 months after Apple and Samsung consecutively. Subsequently in November 2013, dtac continued with the second generation of dtac TriNet phones launching brand new model “Lion” with fully-equipped HD together with upgraded “Cheetah Turbo” and “Joey Turbo.” The key success of dtac TriNet Phones resulted from their features and functions that meet today’s customer needs at affordable prices for all six models. The handsets were also available with unbeatable packages to offer best value for customers.

Apart from regular channels, dtac also expands to digital channel to serve more customers and facilitate customers’ purchase of smartphones and tablets via online. Nexus 4 and 5 were one of dtac’s device portfolios with remarkable achievements. Nexus 4 was sold out after one day of launching via dtac online store.



## Content & Services

With the success of Facebook on mobile activities, dtac has become the No.1 on mobile Facebook users in Thailand. We celebrated with free Facebook Messenger launched together with the free Facebook Sticker Chat, the first-time launch ever in the Thailand and the second operator in the world. Thailand market is craved for social network. Therefore, we stepped in the LINE chat application by launching dtac LINE stickers with dtac’s official account which attracted more than 10 million users by end of 2013.

In 2012, Deezer, the best music application with more than 25 million songs around the world was introduced to customers. This

year we took part in the gearing the transition from traditional economy to digital economy for TV & Movie industry, and Publishing industry with 2 new applications launched, dtac Watchever and Readever accordingly. Additionally, we saw the importance of building local application developers’ capabilities and community. Thus, we hosted the competition called “dtac Accelerate” program to develop and bring Thai application developers to global exposures and opportunities.

## Quality Network

dtac has exceeded its initial goal to rollout nearly 6,000 base stations of 3G 2.1 GHz in 77 provinces nationwide or approximately 55% of population coverage. Out of the total 3G 2.1 GHz site rollout, around 2,000 sites are in Bangkok and Metropolitan areas. dtac will continue its aggressive rollout plan and expects to complete all base stations upgrade to 3G 2.1 GHz by the first half of year 2014.

dtac continues its tradition to closely follow-up drive test results and customer complaints on a daily basis to further improve network quality. In 2013, dtac has formed a new team and partnered with suppliers to focus specifically on tuning multi-vendor network environment and mobility parameters for handover among 2G 1800 MHz, 3G 850 MHz, and 3G 2.1 GHz.



In 2013, dtac has also made significant progress in improving the resiliency of dtac TriNet. dtac invested over THB 300 million in batteries and power generators in addition to normal replacement plan to improve base stations ability to sustain power outages.

dtac is also addressing potential high-risk transmission sections by adding additional transmission routes for redundancy. In addition to the installation of the 3<sup>rd</sup> transmission backhaul link from Bangkok to the Southern in 2013, a similar a 3<sup>rd</sup> transmission route to the Northern region is being implemented and expected to complete in February 2014.

An extraordinary dedication of dtac engineers and continuous investment in strengthening our transmission network and base stations made dtac network more resilient over the past two years. The results were evident in recent widespread flood in the Eastern region in September and a major storm that cut off roads and electrical power to Hua Hin and areas in Prachuap-khiri-khan in October. None of dtac base stations were impacted during the September flood and only limited areas were impacted during a big storm in October.

## People Development

dtac Academy is keeping its promises to develop dtac employees to the highest potential by providing Edutainment-style education which is full of knowledge, fun and excitement. In addition to classroom training, dtac Academy also provides Coaching sessions to dtac Hall managers and senior management to stimulate the learning in our organization.

In 2013, dtac Academy provided 1,200 training & development programs for 5,500 participants including dtac employees and dtac

business partners. These programs covered various topics such as Leadership for people manager and high potential employees, General and Functional Knowledge for Telecommunications, Technology, Sales, Customer Services, and Marketing.

In addition, dtac Academy continues to grow its development capacity by launching the new learning center which can hold more than 400 seats at dtac House, Chamchuri Square.

## Competition and Business Outlook

In 2013, Thai mobile users experienced 3G network provided by entire industry players utilizing their 3G 2.1 GHz license to maximize competitive capabilities. Demand of data usage has been escalating by network ability and extensively mobile contents.

At the end of 2013, mobile number penetration rate reached 135% of population. Fierce competition among mobile operators will continue 2014. The voice usage is likely to have limited growth, while data usage becomes the main source of revenue growth and the main battle field among operators. dtac has prepared internal processes and infrastructure to serve significant growth in data usage and ensure customer satisfaction.

New business opportunities such as mobile financial services and content application will be new source of revenue for mobile network operators, given widely spread of mobile internet users.

Mobile handsets will play an important role for users and mobile operators to utilize and maximize benefits of 3G 2.1 GHz mobile network and content applications. Aggressive competition in devices will result in more affordable handset models being rolled-out and attractive financial support scheme being introduced.

dtac will continue to innovate our core services to differentiate and improve our customer experience while monetizing a shift from voice to data usage. We will keep our promises and strategic ambitions of delivering 'Internet for All' and to be 'Loved by Customers' with our 'Efficient Operations.'

# corporate social responsibility

## Sustainability Approach

dtac operates in the telecommunications industry, which functions as an essential part to the development of the country and the quality of life for the people in society, including communications, news and information, commercial transactions, emergency alerts, educational research, entertainment, etc. Therefore, continuously improving the quality and efficiency of the Company's products and services is critical to the elevation of the business to competitive status and growth that correspond with the rapidly changing environment, as well as to the increase in potential of forwarding the value through business operations for the purpose of developing both the organization and society toward sustainability.

### CSR Committee for Sustainable Development

The CSR Committee for Sustainable Development is chaired by Chief Executive Officer, with Chief Officers and Senior Vice Presidents from various organizations as members. The committee, by periodically meeting, formulates corporate social responsibility policies and directions, provide advices and monitors the operational deployment of the CSR policy, to systematize corporate responsibility management for maximum efficiency.

### Treatment towards Stakeholders

dtac considers the significance and rights of both internal and external stakeholders in all aspects of the company's operations. To build sound understanding and mutual engagement, dtac has set the guidelines for treatment each group of stakeholders as follows.

#### Shareholders

- Treat all shareholders equally and fairly, provide accurate, transparent and timely information disclosure.
- Aim to generate and sustainable growth to increase long-term value of shareholders.

#### Employees

- Improve the employees' potentials through their employment by providing skill, knowledge and ability development and equal opportunities for career advancement.
- Offer the basic fringe benefits and privileges as stated by the law, as well as other welfare beyond.
- Encouragement of exercises for good health, as well as promote familial relationship for employees who need to bring their children to work by providing venue, equipment and activities such as sports equipment, fitness area, library, kids' playroom, breastfeeding room, and activities during school breaks.
- Provide appropriate and complete financial assistance for employees of all levels without discrimination such as wedding, labor, ordination, close relatives' funerals, natural disasters, etc.
- Establish the Health Safety Security Environment unit (HSSE) and set policies and guidelines concerning health, safety, security and environment.
- Develop and improve the organization to meet the employees' needs by conducting dtac Employee Engagement Survey at every year end, gathering recommendations and suggestions to improve the company's potentials.

### Community, Society, and the Environment

- Introduce activities by applying communications technologies to enable the development of the quality of life for people (Enable), enhance the safety of telecommunications services (Safe), and conduct business with care for the environment, promoting responsibility towards the environment, and develop and use more environmental friendly technologies (Climate).
- Provide and maintain telecommunication products and services in emergency situations and for disaster relief, as well as provide additional philanthropic budgets to assist the victims forthwith.

#### Customers

- Focus on developing service efficiency, and introduce products and services to respond to the demand of customers, as well as give operations that will boost confidence in and satisfaction with the company's services.
- Treat customers fairly and equally with respect and good manners along the concept "Customer Centricity" or giving importance to the customers by focusing on understanding their needs.
- Prepare service channels for customers' contact such as service centers and call centers 1678 where customers can inquire information, make changes, and make complaints.
- Set policies regarding protection of customers' personal information, which are done only when necessary for the purpose of operation, efficient customer care and related financial activities as stated by the law.

#### Business

- Set policies to treat business partners equally and fairly by providing written procurement procedures that are standard and easy to understand so that the company's business partners have confidence in all of dtac's partner selection processes, organizing bidding if possible, and using common trade terms and condition for all negotiation and contracts between dtac and business partners.
- Adhere to policies determining that dtac's business partners abide by the Supplier Code of Conduct in all aspects such as labor, health and sanitation, safety, security, environment and corruption in the same standards as the company.



- Organize open house events at partners' establishments and regularly conduct surveys for the partners to elevate the standards of business operations and create sustainable stability for the company's partners.

#### Competitors

- Support and encourage competition on the basis of equity and disclosure and not take any actions that violate or contradict the laws related to trade competition or that harm the reputation of the opponents.
- Compete in the market by offering products and services with good quality and reasonable prices and face opponents with integrity and professionalism.
- Adhere to policies against corruption and forbid the committee, executives, employees and other persons acting on behalf

of the company from offering or accepting unlawful or inappropriately monetary bribes or other rewards in exchange for business advantages as stated in the Code of Conduct.

#### Creditors

- Ensure equal and fair treatment towards every creditor by providing accurate, transparent and accountable information to creditors and strictly complying with the terms and conditions of the contract made unto the creditors.

Moreover, dtac places importance on acknowledging the opinions of both internal and external stakeholders, for the company realizes that improving and developing the company toward stability and long-term competitiveness are founded on the engagement of various stakeholders. dtac has continuously organized activities to encourage engagement as follows.

<b>Internal stakeholders</b>	Board of Directors	9 meetings per year in 8 February, 18 March, 2 April, 24 April, 16 May, 19 July, 10 September, 29 October and 13 December 2013
	Employees	2 occasions of opinion exchange between managers and employees
	Shareholders	1 meeting in 29 March 2013
<b>External stakeholders</b>	Customers	23 Headquarter (dtac house) visits and more than 200 cases of opinions exchange and inquiry response via phone/email (headquarter only)
	Community	40 company visits in 2013
	Business Partners	30 company visits in 2013

In identifying and prioritizing groups of stakeholders, dtac has taken into consideration the rights, appropriate and fair treatment, and the impact on the stakeholders, as well as given importance on building beneficial collaboration for operation, creating confidence and stability, and enhancing long-term competitiveness of the company.



Sustainability Development Framework

## Development Issues and Management Approach to Sustainability

All of dtac's corporate responsibility activities are conducted towards the same goal, "to create happiness and sustainability". To achieve this objective, there is a need for balance from applying the company's potentials to respond to the need of target groups, fulfilling the shortage with the excess, and encouraging the cultivation of social responsibility. To instill social responsibility based on His Majesty the King's sufficiency economy philosophy, alongside dtac's policies of using communication technology to improve the quality of life (Enable), increase safety in telecommunication services (Safe) and conduct business with care for the environment (Climate) together with company's business practices focus on good governance, innovative products and services development, customer care, employee development and the community engagement which aim to contribute to the corporate sustainable development.

Such strategies are in accordance with the policy of the CSR Committee for Sustainable Development which has been established as the organizational goal in presenting corporate responsibility innovations by emphasis on corporate operational excellence and corporate culture "dtac way". The policy is earnestly passed on to the executives and the employees continuously.

In 2013 dtac corporate social responsibility aims to develop a sustainable organization through an engagement process of our employees at all levels, both on the sustainable business practices, and the responsibility towards community, society and environment.

## Good Governance: Sustainable governance and management

With over 4,700 employees across the country representing the organization, dtac finds it extremely necessary to define common principles in operation and core values in the corporate culture. As a result, "dtac Way" was created based on different elements in corporate culture of dtac employees, which constitutes a regulatory framework for dtac employees to use as a guideline in conducting business, self-conduct, and business interaction with customers.

The dtac Way encompasses our vision, mission, strategy, and values. It also includes duties and leadership expectations, corporate governance, policies and practices. These are principles that we use as a common way of setting consistent corporate culture and daily work.

The dtac Way contains 3 key messages as follows:

### Customer Focus

Customer Centricity is the core value in our business as we put the customer first when creating new products and services for the best customer experience. This principle reflects in values, corporate culture, mission, strategic vision in giving strength to the society.

- Our vision: Empower Societies-To build a strong society through technology and allow everyone to have an equal access to information and connectivity.
- Our mission: We are here to help our customers. Our duty is to help our customers with customer-centric approach that helps dtac understand our customers and keep developing ourselves to provide better services.
- Our strategy: Internet for All, Loved by Customers and Efficient Operations
  - Internet for All - To give everyone an equal access to the internet, which is in line with our vision to integrate our advanced technology to build a strong society.
  - Loved by Customers - Being admired is not enough. We want to be loved by our customers as they are our first priority.
  - Efficient Operations - To make the best use of available resources in order to be the number one in the market.

### Our Culture: One dtac

- "One team. One goal. One dtac" is the cornerstone of the foundation and the goal of our corporate culture. The unifying corporate culture allows us to achieve our common goals through a consciousness of teamwork.
- Our values: Make it Easy, Keep Promises, Be Inspiring, Be Respectful.
- "Make it easy" - Simplify and make things easy to understand and use. Keep our commitment to make customer's life easier.
- "Keep promises" - dtac's definition of promises is to achieve what we plan and to believe in action rather than words.
- "Be inspiring" - We believe in creativity and powerful commitment to deliver good, advanced and fresh outputs for business and our customers.
- "Be respectful" - In work environment, we have to deal with opinion, ethnic, and cultural differences, but what holds us together is to understand others which will lead to respect and acceptance of one another.

### Empowering Leadership

At dtac, we believe our employees are the most important resource. In the past, dtac employees are the most important engine that drives the organization to success. It has been proven that Employee Engagement is a key factor in creating satisfaction in the workplace, which will lead the organization to sustainable development. We believe that important factors that keep employees engaged to the organization is by building leadership skills for employees either through training to develop their capabilities or through empowering them to make decisions and take responsibilities, to create a sense of shared ownership of the organization. dtac has empowered employee engagement and leadership through the following methods and measurements:

### Leadership Expectations

- "Passion for business" - Commitment to be number one through setting challenging targets and motivating the team to achieve those targets. Understanding and be attentive to customers' needs and business factors.



- “Change and continuous improvement” – Courage to change, improve and seek new opportunities for continuous improvement.
- “Excellent execution” – Focus on operation excellence, simplify process, and make decision.
- “Empower people” – Have confidence and trust in the ability of people in the team. Propose creative problem solving and motivate the team to achieve goals.
- “Integrity and accountability” – Maintain corporate values through leading by example. Make comments and take responsibility for own decision.

### Annual Employee Engagement Survey

The past employee survey result indicates that the level of employee engagement has a direct correlation with the level of customer satisfaction. The higher the employee engagement, the higher the customer satisfaction – a reflection of the concept “Happy employee = Happy customer.” The survey was conducted on a yearly basis to provide an opportunity for employees to express their opinions regarding their work and goals for the right development and the most benefits.

### People Development: dtac Academy and Care & Growth curriculum

In addition to the annual survey, dtac has personal development plan in which every employee can identify the skills they want to develop and how to achieve such goals. The survey is collected by dtac Academy, which is a training and people development program that develops the training to meet the needs of employees. For supervisor level, the Care & Growth course guides and strengthens leadership skills to ensure that supervisors are able to coach and groom team members rather than just being a commander.

### Strong on Ethics

Besides goals and mutual agreements, ethical standards are something that is indispensable to the business. Under dtac’s unambiguous governance structure, employees can refer to the policies and procedures and the codes of conduct as guidelines whenever coming across problems and decisions.

- Policies and procedures are principles that define how the organization operates and are based on accuracy and fairness for both employees and organization.
- Codes of Conduct are principles that govern the company and ethical standards that cover restrictions on employees in engaging in any action with internal and external parties in order to maintain a good corporate culture and create a positive image of the organization

### Challenges

Creating a right balance between achieving short term goals and promoting long term results is a major challenge that we face in the operation. dtac Way is a tool to find that balance point through clear values and practices. Every success is a reflection of our values, and values can lead to success in the future as well.

### Employee Engagement Index reached 79% in 2013

According to the employee’s survey in 2013, the Employee Engagement Index was 79%. Although it is a satisfactory figure, dtac is still committed to improve further by analyzing the result and recommendations on each area and consolidating them into a development plan. In addition, the 2013 Employee Engagement Index is included as one of the Strategic Non-financial KPIs as well.

### Strategic Goals

The objective of cultivating the dtac Way is to have all employees educated on the dtac Way through training and exchange sessions with colleagues and supervisors to create the shared understanding that would lead to actual practice in real work situations.

### Ethics and Anti-Corruption

One of the important factors for sustainable business is refusal of all types of corruption. High profit business operation, reputation and credibility that have been accumulated for a long time, as well as the legitimate right to operate a business may be gone immediately if it is found that the company is involved in corruption. For this reason, the company aims at opposing all types and all levels of corruption. Apart from sustainable business development, it will also strengthen the community at large.

To genuinely fight against corruption, the company has performed the followings;

- The company’s board of director has approved “dtac’s code of conduct”, which besides being adhered as organization’s ethics, it is also an important foundation for the company’s culture.
- All staffs must understand and be aware of the practice specified in the “dtac’s code of conduct”, as well as be responsible to report to the compliance manager of any event or behavior at work which is improper or doubtful for being improper or in breach of “dtac’s code of conduct” and the law, or through various channels to senior executive. The person who makes the report will be protected against any punishment.
- The company will investigate the event that is suspected of being against the law or against “dtac’s code of conduct”, and will enforce disciplinary action or preventative measure as it is deemed appropriate for the case.
- The company’s board of director has approved the anti-corruption policy and procedures, which all staffs must comply with as part of “dtac’s code of conduct” while the company will organize activities to promote understanding of various practices for the staffs every year in order for the staffs to realize the importance of this matter, and to indicate that the company is serious in continuously opposing corruption.
- Anti-corruption policy will mention practices and prohibitions such as prohibition relating to accepting or giving gifts, participation in parties or events, as well as practice in business cooperation with business partners, which the company must also assess risk in terms of corruption of relevant parties.

- Any person who has business relationship with the company must sign an agreement relating to business ethics, which require that the person fully comply with various laws, whether it is labor law, safety law, public health law, environment law, and human rights law, and the most important, there must be no corruption. Also the person must allow the company's representative to audit compliance with various standards according to relevant laws.
- The company has participated in the collective action coalition project with private companies in Thailand in anti-corruption

effort, which the project is regarded as a national project that has been supported by the government and the National Anti-Corruption Commission.

The company has continuously assessed the operation above. If any defect is found, or it is deemed that additional measures should be added, the company will update immediately with the full effort and the focus on sustainably developing the company's business operation and being social responsible.

## Sustainable Business

Throughout the years of its operation in Thailand, dtac has been emphasizing on the sustainable business development and carried on sustainable business practices until they have become a key component in the corporate culture. Every department has adopted and adapted it into its strategy so that the mission is completed in a more systematic way. This is to provide stability to the organization as well as our stakeholders.

### Human Resources Development

dtac Academy is designed to develop employees through various training courses that provide both knowledge and entertainment (Edutainment). In addition to classroom curriculum, dtac Academy offers coaching to executives and dtac Hall managers to achieve maximum development. In 2013, dtac Academy conducted training to more than 5,500 dtac employees and partners, covering more than 1,200 courses, which include leadership, general knowledge, Telecommunication industry knowledge, sales, services, and marketing etc.

To reiterate its commitment to human resource development, dtac opened a new learning center that can accommodate more than 400 participants in the dtac House, Chamchuri Square.

### Supply Chain Sustainability

dtac has set up a unit responsible for Health, Safety, Security and Environment (HSSE) to work with suppliers and to make sure they understand and sign the Agreement on Responsible Business Conduct and comply with the Supplier Conduct Principles, which consist of 6 principles – Relationship with National Laws, Human Rights, Labor Standards, Health and Safety, Environment, and Prohibited Business Practices. More than 861 suppliers signed the agreement in 2013.

To ensure that suppliers are in compliance with the business conduct practices, dtac has established a procedure to monitor suppliers by conducting audits and inspections on labor standards, safety, and health and work environment in accordance with the Supplier Conduct Principles. 163 suppliers were inspected in 2013.

In addition, dtac has provided training to suppliers on business and safety practices through self-learning (HSSE Virtual Learning Program). The training sessions were completed for 439 supplier

employees in 2013, and the training will be carried out throughout 2014 to cover all suppliers in all sectors.

In order to ensure the suppliers comply with the company policy, dtac will continue to improve and develop an operational control system that will cover suppliers at all levels.

### Promoting Safety, Health, and Work Environment

The company has set up a unit to oversee matters relating to occupational Health, Safety, Security and Environment (HSSE Unit), and established a policy and a code of conduct on the matters, which requires and promotes good health care and working environment, as well as security and relevant measures to prevent accidents and illness from work performance in accordance with the internationally accepted standards. The Loss-Time Injury Frequency Rate is 0.08 per 1,000,000 hours worked.

The company has implemented an HSSE management system in accordance with ISO14001 and OHSAS18001 with a plan to receive the international standard certification in 2014. The company organized a workshop on safety and working environment (HSSE Workshop) in order to promote a culture of safe working environment within the organization and to create awareness and Code of Conduct in relation to the same, through a self-virtual learning program (HSSE Virtual Learning Program), which was available to all employees. The company has also set up a HSSE committee, which consists of representatives from its employees and management, working together to report and recommend solution and improvement for safe working environment, and promote and encourage safe working activities. The HSSE committee meets on a monthly basis.

The company has conducted testing and assessment of the work environment and included the result in the 2013 Annual Report, such as lighting, sound, and air quality at the headquarters and several call centers to monitor and prevent harm to employees' health. If the assessment shows the results exceeding safety standards, which might impact employees' health, the company must take necessary precautionary measures against hazards and diseases that may occur to employees.

## Conducting Business with Responsibilities to Society and Environment

dtac's Corporate Social Responsibility is created to align with business strategy and carried out under the 3 corporate responsibility policies, including

- **Enable** – enabling technologies to integrate with diverse lifestyles and improve quality of life
- **Safe** – strengthening safety in telecommunication service as well as life safety of customers, employees, community and society.
- **Climate and Environment** – doing business with care for environment

In 2013, dtac focused on Employee Engagement, which is a proactive policy created to encourage all 5,000 employees to participate in various social activities as part of the “100,000 Hours Do Good Feel Good” project. Mr. Jon Eddy Abdullah, CEO, gave a full support by allowing employees to take time off to help out the community and participate in volunteer activities. An extra 1.5 days off, or 12 working hours was given to the employees in addition to the annual holidays. In addition, when a disaster occurs in any part of the country, dtac would organize relief activities for affected people on an emergency basis.

The company's CSR policy has not only been created in line with the company's strategy and vision, but also to support the requirements and development guidelines of the country and to adhere to His Majesty King Bhumibol Adulyadej's Philosophy of Sufficiency Economy to achieve sustainable development. Meanwhile, there were children's life quality improvement activities that dtac conducted throughout the year with a firm belief that children is the future of the nation.

### Enable: Telecommunication Technology for Sustainable Development of Thai Society

#### \*1515 Family Bonding

was launched in a partnership between dtac, Telenor, UNICEF, and the Department of Health, Ministry of Public Health. Each party has brought its own expertise to develop a service for mothers and children with an objective to help Thai children grow up well both physically and mentally.

\*1515 Family Bonding service provides information and useful tips for the pregnancy period and childcare information from birth until 2 years old via SMS. The SMS service conveys health information for mothers and children and the development of children from early childhood. The SMS service is available free of charge to dtac and other networks' subscribers. dtac focused on the use of technology to help improve the society and the quality of life, especially to women and children in rural areas. The initiative was created as a collaborative effort by the four organizations that aim to give the best “first step” to Thai children.



#### Children Hospital's Call Center Improvement

Children Hospital or Queen Sirikit National Institute of Child Health is the only hospital in Thailand that provides free health counseling service to parents and children. dtac recognizes the importance of providing children health counseling, especially in emergency situations, as it can help reduce the number of patients traveling to hospital for minor illness. Therefore, dtac partnered with the Children Hospital to enhance the hospital's call center facility, improve the effectiveness of workflow and service process, and design the system to accommodate future service expansion. dtac provided financial support in the implementation of IVR System & Voice Logger + IP-6010 Gateway and PABX Mitel, which also included the design cost and technical consultation and implementation until the operation resumed.



### “One Million Hours for Thai Children – Internet for All”

dtac is aware of the importance of child education and believes that equal access to data and information would give Thai children an opportunity to develop no matter where they live in the country. This project would allow sustainable development and cultivate lifelong learning for children.

The main objective of “Internet for All” is to provide all Thai people with internet access within 3 years, no matter they are students, workers, or any individuals. Everyone will have equal access to information and opportunity, thus improving the quality of life. The dtac TriNet internet is the only intelligent network in Thailand with the most frequency bands and widest bandwidth.

The primary mission of the “1 Million Hours for Thai Children – Internet for All” is to provide one million hour worth of free internet access to 200 schools across the country to expand educational opportunities. The internet access, powered by dtac TriNet,

will be given to the schools jointly selected by dtac and the Bureau of Technology for Teaching and Learning, Office of the Basic Education Commission (OBEC) based on nominations by dtac employees and customers.

In 2013, the project was considered part of the celebrations of His Majesty King’s 86th Birthday, so dtac selected and installed free internet access to a total of 86 schools. Volunteer activities were also organized and participated by dtac employees who volunteered to travel to those schools to educate students on safe and responsible internet use. dtac is confident that this project is another step toward the development and empowerment of children by giving them access to sources of information that would help raise the educational standards of both teachers and students simultaneously. dtac targets to deliver free internet access to all 200 schools by 2014.

### dtac Free WiFi Project

dtac has been in cooperation with the Ministry of Information and Communication Technology since late 2012 and launched dtac Free WiFi at Wat Namdang School in Bangplee District, Samutprakarn. dtac WiFi was installed to cover the entire area of the school, allowing as many as 150 teachers and students to connect to dtac WiFi at a time, giving students an enhanced learning experience. This project is a pilot project that dtac has launched in support of Smart Thailand and the government’s free tablet project.

In 2013, the project was expanded to state hospitals as dtac saw the needs and demand of internet access from people receiving services at hospitals. dtac launched free WiFi at 8 hospitals and public health agencies in Bangkok, including Siriraj Hospital, Phramongkutkiao Hospital, Priest Hospital, Hospital for Tropical Diseases, Bangkok Metropolitan Administration General Hospital, Veterans General Hospital, Institute of Dermatology, and The Thai Red Cross Society.





### \*1677 Farmer Information Superhighway and “FARMER INFO” Application

In 2013, dtac launched “FARMER INFO” mobile application, as part of the Internet for All vision, which aims to give Thai people an equal opportunity to benefit from dtac’s state-of-the-art technology. “FARMER INFO” application is an add-on to the existing \*1677 “Farmer Information Superhighway” SMS service that currently has more than 250,000 subscribers. Subscribers receive agricultural knowledge via SMS and advice from experts on agricultural production, training, and product certification. Moreover, there is “Sum Nuek Rak Ban Kerd Farmer Award” competition, held to support and empower farming communities to reduce costs, increase income, and produce safe products for consumers.

“FARMER INFO” application is developed for farmers. As farming is number one occupation in Thailand, dtac has combined its advanced mobile technology with agricultural knowledge from the Ruam Duay Chuay Kan Sam Nuek Rak Ban Kerd Foundation and dtac’s longtime partner – the Ruam Duay Chuay Kan Happy Station – to create the best farming knowledge sharing network. dtac customers can download and use the application free of charge. FARMER INFO also collects agricultural knowledge obtained from farming experts nationwide. There were researches, surveys, and assessments done in order to determine the information is useful for farmers, entrepreneurs in the farming sector, and anybody who wants to check and compare agricultural prices on a daily basis. dtac is confident that with its 3G technology and the TriNet network, farmers can check and compare prices at major markets in the country before selling their products at a fair price.



For 2014, dtac plans to become an intermediary that connects farmers, markets, and consumers to conduct financial transactions through e-commerce system to reduce costs and increase productivity. dtac uses 3G technology in the markets and financial system to create opportunities for farmers to present and sell their products directly to the consumers, both in domestic and international markets. Products will enter the manufacturing process with international standards and focuses on organic products to increase the competitiveness of the country and add values to agricultural products, which will contribute to the gross national product (GNP) in the long run.

### Safe: Promoting safety to customers, employees, community, and society

#### m Rescue by dtac: “Ruam Duay Chuay Kan” Application

dtac and Ruam Duay Chuay Kan jointly developed “Ruam Duay Chuay Kan” application as part of the m-Rescue by dtac project. dtac smartphone users can download the application free of charge. The m-Rescue by dtac has a strong combination of dtac’s mobile technology and Ruam Duay Chuay Kan’s 16 years of experience as a mutual aid organization for people in Bangkok and nearby provinces. The application was developed with a goal to help people in society to deal with traffic problems and crimes by serving as a tool to check and report traffic conditions or accidents and request emergency assistance.

The mission aims to help the Thai society to be a society of generosity, compassion, and mutual assistance with a collaborative network of mutual aid agencies and volunteers who specialize in infrastructure support, health and safety, human rights, and education. In case of emergency, users can reach out for help from the 1677 Hotline Center by pressing the SOS button. The center then will coordinate with relevant government agencies as well as rescue teams or volunteers in close proximity to provide immediate assistance to the user.



## Climate and Environment Projects

### Cycling for Kids and Environment

The 5<sup>th</sup> Cycling for Kids and Environment is a campaign to promote environmental preservation and air pollution reduction through less use of cars and motorcycles. People are encouraged to use bicycles more as a means of transportation to reduce fuel consumption and promote better health. The highlight of the campaign is the cycling-for-charity event in which mileage accumulated from all cyclists was calculated and converted into donation money. For every one kilometer covered, dtac donated 10 Baht to fund bicycle purchase.

In 2013, dtac organized the Cycling for Kids and Environment event five times, starting from Chiang Rai, Trang, Chonburi, Nakhon Ratchasima and most recently Bangkok. All the events were successfully participated by a large number of enthusiastic cyclists and general public. The last event in Bangkok, launched at the Bangkok Metropolitan Administration (BMA) City Hall, was attended by over 5,000 cyclists. Since the campaign started in 2009, a total of 27,300 people have attended this charitable event, and dtac has so far donated over 3,500 bicycles to children in rural areas across the country.



### Green Little Heroes Project

dtac launched Green Little Heroes as an internal campaign to raise awareness of energy saving and environmental preservation. Employees are encouraged to reduce power, water, and paper consumption for the future.

Green Little Heroes is a project created by a collaboration of company and employees who share the same goals to create an environmental-friendly workplace through behavior change, such as reducing water consumption, switching off lights and electrical appliances when not in use, printing as necessary, printing on both sides of paper. These are some practices that would help preserve the environment in the long run.

In 2013, the project helped dtac save energy consumption by 1,012,093 units.

### Mobile Battery for Life

The project campaigns for a proper disposal of electronic waste to protect the environment. The project encourages people to dispose used batteries and other electronic waste in battery disposal spots provided by dtac. In 2012, dtac expanded the cooperation to other organizations sharing the same values. dtac has increased battery disposal spots to 250 locations nationwide such as dtac service centers and several organizations, such as Tesco Lotus, Big C, Lenovo service centers, Hardware House shops, Bangchak refinery at Sukhumvit 64, Siam Cement Group Head Office, Thai Chamber of Commerce University, Thammasart University, Ayudthaya Park Rangsit Shopping Complex, and every Ruam Duay Chuay Kan radio station. All batteries would be recycled and disposed properly according to the environmental policy standard. Since the project started in 2008, dtac has recycled and disposed over 130,000 pieces of batteries and other electronic waste.



### dtac E-Refill for Environment

With environmental impact in mind, dtac has launched an electronic refill for prepaid service as an alternative to the existing channels, such as refill cards, Happy Online, counter cashiers, bank ATMs, and refill vending machines. The new e-service has reduced the size of refill cards by 50% to save resources. For the dtac back office, all refill-related documents and reports have been changed into electronic format available for viewing on the website. News to Happy Online dealers is now sent via SMS instead of traditional mail to reduce paper use in the company. Currently, e-refill is the most used channel in prepaid refill service, accounting for 80% of all refills.



### Other Social Activities

#### “100,000 Hours do good feel good” Project

dtac has remained committed to doing business and social responsibility activities and focused on building a solid foundation of society and developing people’s quality of life with morale and ethics. To help the Thai society have a sustainable growth, we realize that is important to start from within the organization. All 5,000 dtac employees are the key to our social activities. The company granted an extra 1.5 days off per year to every employee to take part in the 100,000 Hours do good feel good project, which encourages employees to help out the society and community. In 2013, dtac employees spent a total of 116, 302 hours on volunteer activities.

Even though we could not do everything or resolve every problem, we believe that if we continue to do good deeds every day, it will eventually create a big, positive impact to the society and the country and help dtac become a company admired and trusted by our customers, shareholders, and Thai people.

### Thai Children’s Life Quality Improvement Project

“Doing Good Deeds for Happiness and Smiles of Thai Children Year 5” as part of the Thai children’s life quality improvement project has been conducted in honor of his majesty the king on the occasion of the 86th birthday while dtac partnered with Operation Smile Foundation and Kids Action for Kids group from Norway for the 6<sup>th</sup> year. The Kids Action for Kids group conducted several fund raising activities in Norway to support operations for children with cleft lips and palates in Thailand. In 2013, financial support for life changing surgery could help 120 children, with the total of 504 children in 6 years.



### Relief Efforts for Disaster Victims

When floods or natural disasters strike in the country, dtac always provides aids to the victims in different ways, such as fund raising for emergency relief efforts and employees making donations and volunteering to distribute supplies in the affected areas.

With our faith and commitment to good deeds, dtac cooperates with various organizations to host social responsibility activities, to have fund raising to support charity organizations, and to promote volunteer spirits among our employees including searching for methodology in development to sustainability for oneself, community, and the country at our best.

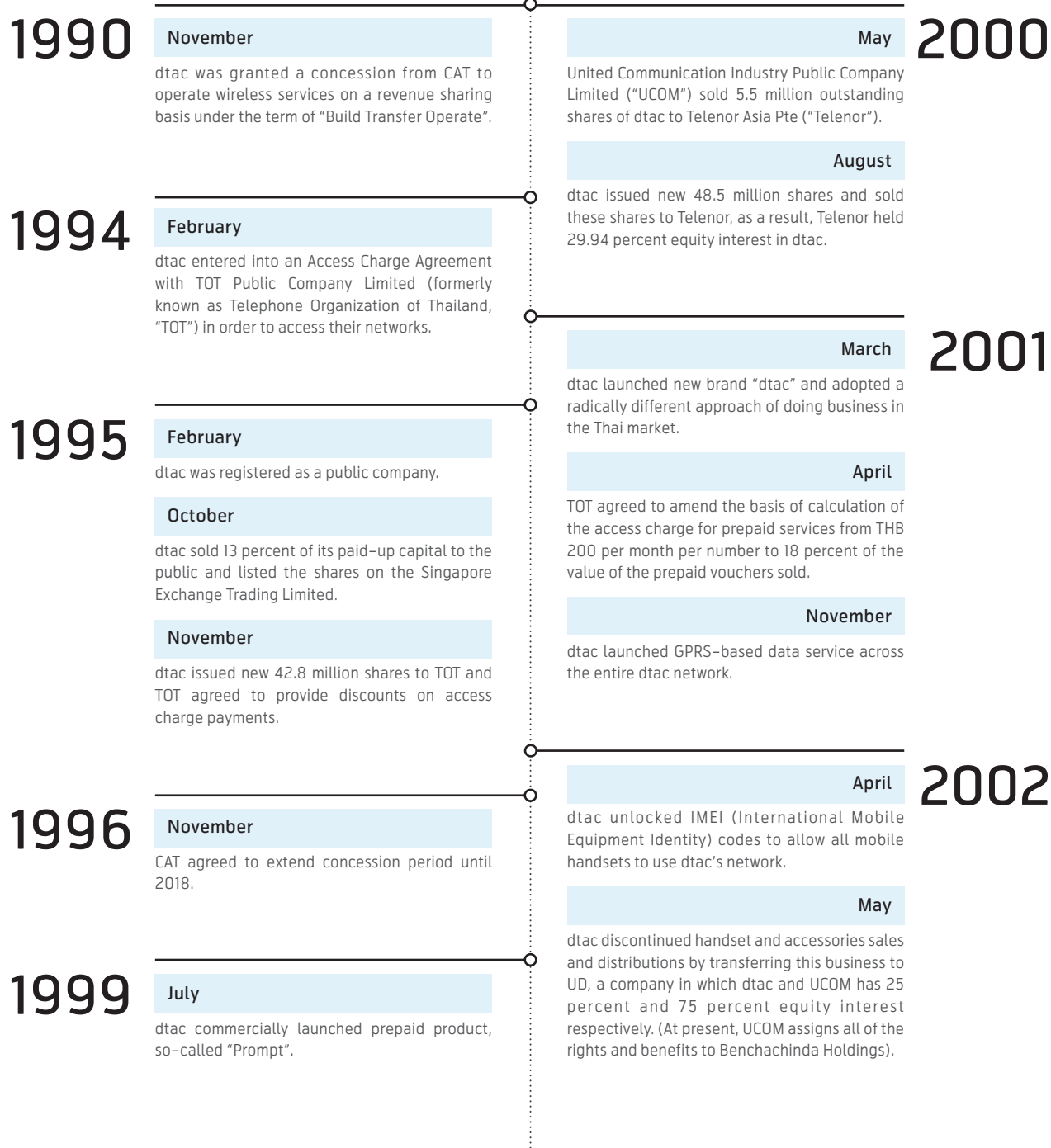




## milestones

The Company was established as a limited company in August 1989 by Bencharongkul family to provide wireless telecommunications services in 800 MHz and 1800 MHz frequency bands under a “Build-Transfer-Operate” concession granted by CAT Telecom Public Company Limited (formerly known as Communications Authority of Thailand, “CAT”).

The Company’s landmark developments in the subsequent years include:



2003

January

Excise Tax was enforced.

October

dtac received "Disclosure Report Award 2003" from the Securities and Exchange Commission.

2004

December

dtac won "Technology Fast 500 Asia Pacific 2004 Award" from Deloitte.

2005

June

TOT agreed to cancel 16.4 million of its shares in dtac by way of capital decrease.

2006

June

dtac received "Mobile Operator of the Year 2006" in Thailand from Asian MobileNews Magazine.

August

The completion of capital reduction in respect of the 16.4 million shares held by TOT.

NTC approved the term of reference on the interconnection charge as a basis for negotiation among operators.

September

dtac implemented 10-digit mobile phone numbers by replacing the prefix 0 with 08.

November

dtac signed Interconnection agreement with True Move and AIS.

December

dtac signed Interconnection agreement with Triple T Broadband

June

dtac issued 82 new million shares to be listed in Stock Exchange of Thailand and became the first dual listing (SET and SGX) company in Thailand.

dtac won "Mobile Operator of the Year Award" in Thailand from Asian MobileNews Awards 2007, organized by Asian MobileNews Magazine for 2 consecutive years.

August

dtac won "Marketing Excellence Awards 2006" from Thailand Corporate Excellent Awards, organized by Thailand Management Association (TMA) and Sasin Graduate Institute of Business Administration of Chulalongkorn University.

October

dtac refreshed brand with an aim to make customers 'feel goood'.

January

dtac took over "PaySbuy", a company operated online payment system.

dtac together with CAT tested HSDPA technology on 850 MHz in Mahasarakram.

March

dtac introduced "ATM SIM" with which customers can conduct their financial transactions via mobile phones.

November

ATM SIM was awarded the "Best Mobile Service" from Asia Mobile Award 2008, organized by GSMA's Mobile Congress.

January

ATM SIM was awarded the "Project of the Year" from Thailand ICT Excellence Awards 2008.

dtac's \*1677 Farmer Information Superhighway project was awarded the "Business Enabler" from Thailand ICT Excellence Awards 2008.

March

dtac and Vodafone signed exclusive strategic partnership agreement

2007

2008

2009

2009

**July**

dtac relocated its headquarter from Chai Building to its new house at Chamchuri Square.

**August**

dtac commenced the trial service "dtac mobile Internet on 3G" based on HSPA technology over dtac's existing 850 MHz frequency, covering the inner Bangkok area.

**November**

dtac deployed dSmart solution to monitor network performance and customer experience from a single center which aimed to deliver the greatest satisfaction to its customers.

dtac's CSR Project "Doing Good Deeds Everyday" won CSR Award from SET awards 2009.

**December**

dtac introduced BlackBerry service with the new BlackBerry smart phone, including a special edition white model.

**August**

dtac launched 3G HSPA service on 850 MHz.

**September**

dtac officially launched iPad in Thailand.

**October**

The National Broadcasting and Telecommunications Committee (NBTC) obtained royal endorsement.

dtac won "Hall of Fame: A Decade of Excellence 2001 -2010" as one of top ten Thai leading business organizations with excellent management for the decade based on data by Thailand Management Association and Sasin Graduate Institute of Business Administration of Chulalongkorn University.

**December**

dtac announced special dividend for its financial restructuring.

dtac's CSR Project "Doing Good Deeds Everyday" won CSR Award from SET awards 2011 for 3 consecutive years.

2011

2010

**March**

dtac internet was awarded "Commart Innovation Awards 2010".

dtac officially launched iPhone in Thailand.

**July**

dtac signed Interconnection agreement with CAT/Hutch.

dtac introduced Micro SIM.

**November**

dtac declared special interim dividend for the first time.

dtac was awarded the "Brand of the Year" in Mobile Operator category, from Excellent Brand Survey Awards 2010, organized by HWM Thailand magazine.

**December**

dtac and other 4 mobile operators soft-launched Mobile Number Portability (MNP) service.

The new Frequency Allocation Act (B.E.2553) was enforced, which preceded the establishment of new regulator.

**March**

dtac commercially launched WiFi service with "Walk & Play" concept in community malls and on BTS stations.

**July**

dtac announced a new dividend policy which would pay at no less than 80% of net profit, depending on its financial position and future business plans, with an aim to pay quarterly.

**August**

dtac received the Taxpayer Recognition Award for the year 2011 arranged by The Revenue Department of Thailand.

**September**

dtac received the "Best Senior Management IR Support and Most Consistent Dividend Policy" awards from Alpha Southeast Asia, an institutional investment magazine.

2012

2012

**October**

DTN participated in the auction for spectrum licensing for International Mobile Telecommunications (IMT) in the frequency band 2.1 GHz conducted by the NBTC and won 2 x 15 MHz of 2.1 GHz spectrum license.

dtac introduced "dtac Deezer," the first social music streaming service in Asia, allowing customers to enjoy unbounded musical pleasure of more than 18 million songs worldwide.

**December**

DTN has been granted the 15-year spectrum license for IMT in the frequency band 2.1 GHz and license type III for providing wireless communication services from the NBTC.

dtac completed the entire 2G network modernization and 3G 850 MHz rollout in all major cities nationwide.

**February**

dtac network swap completed nationwide making dtac ready to offer customers the best experiences.

**May**

dtac launched "dtac TriNet" with the concept of 3 combined networks: 1800MHz, 850MHz and 2.1GHz.

**June**

dtac introduced the first generation of dtac TriNet phones: Cheetah, Joey and Mousey.

**July**

dtac launched 3G HSPA service on 2.1GHz.

**August**

dtac received the "Best Senior Management IR Support and Most Consistent Dividend Policy" awards from Alpha Southeast Asia, an institutional investment magazine for 2 consecutive years.

**September**

dtac received Thailand's Corporate Brand Rising Star 2013 Award, based on the research of Department of Marketing, Faculty of Commerce and Accountancy, Chulalongkorn University. A ceremony was held to announce and award the SET listed companies with highest brand value.

**November**

dtac introduced the second generation of dtac TriNet phones: Lion, Cheetah Turbo and Joey Turbo.

2013



# risk and mitigation

The Company is exposed to a number of risks that may affect the Company's and its subsidiaries' businesses. The following sets out some of the key risks that may affect the operation of the Company and its subsidiaries. However, there may be other risks that are currently unknown to the Company and some risks that the Company considers to be immaterial. These risks may potentially impact the operation of the Company and its subsidiaries in the future.

## 1. Risks from Business Operation

### 1.1 Risk from termination of the Concession Agreement before its term

The Company's core business is the operation and provision of cellular system radio telecommunications services under the Concession Agreement with CAT, which has a term of 27 years and will expire on 15 September 2018.

dtac TriNet Co., Ltd. (a subsidiary in which the Company holds 99.99% of its shares) ("dtac TriNet") has obtained a licence for international mobile telecommunications in the frequency band 2.1 GHz and a licence for Type III telecommunications from the NBTC on 7 December 2012, which enable dtac TriNet to continue to provide the telecommunications services after the expiration of the Concession Agreement in 2018. However, it will take time and capital investment for dtac TriNet to build a new telecommunications network to cover all areas nationwide in the same manner as the Company has.

The Company is currently in a number of disputes with CAT and it cannot be predicted whether CAT will exercise its rights to terminate the Concession Agreement before its term or not. Therefore, if CAT exercises its right under the Concession Agreement to terminate the Concession Agreement before its term and the Company is not granted an injunction to prevent such action from CAT, such action may cause a material adverse effect on the business, financial condition, results of operations, and business opportunity of the Company.

### 1.2 Risks from change in laws, regulations and government or regulator policies concerning telecommunications business

#### (a) Uncertainties on regulation and enforcement of related laws and regulations in the telecommunications industry

The telecommunications business is governed by two main acts, namely the Frequency Act and the Telecommunications Act.

The NBTC is empowered to issue regulations to regulate the telecommunications business, such as fixing service fees and tariff structure and issuing rules and measures for consumer protection, etc. Such regulations might reduce the Company's and its subsidiaries' ability to make profits and/or might increase the cost of operation of the Company and its group companies (as the case may be). Accordingly, these uncertainties may adversely affect

the financial condition and results of operations of the Company and its subsidiaries.

On the other hand, even though the NBTC has issued regulations relating to telecommunications infrastructure sharing or interconnection of the telecommunications network among the telecommunications operators, there could be uncertainties on the NBTC's enforcement of such regulations, a delay or refusal to permit infrastructure access or network sharing which may cause a delay in the launch of dtac TriNet's services on the 2.1 GHz and resulting in dtac TriNet's loss of opportunities to compete with other operators to acquire customers. Such uncertainties may have a material adverse effect on the financial condition and results of operations of the Company and its subsidiaries.

#### (b) Legal implications concerning the amendments to the Concession Agreement and uncertainties on the issuance of the 2.1 GHz licence

##### Amendments to the Concession Agreement

Under the Act on Private Sector Participation in State Undertaking B.E. 2535 (1992) (the "Private Participation Act"), a governmental agency wishing to engage a private entity to join or undertake a government project with a capital investment of THB 1,000 million or more must comply with the process set out in the Private Participation Act which includes explicit process on contract amendment between the relevant governmental agency and the private entity participating or engaging in the government project.

After the Private Participation Act became effective, the Company entered into three amendment agreements with CAT which amended, among others, the term of the agreement and the rates of the revenue share payable by the Company to CAT.

Subsequently, the Council of State gave its opinion (No. 292/2550) that the three amendment agreements to the Concession Agreement were not proposed to the Coordinating Committee under Section 22 of the Private Participation Act for consideration and were not proposed to the Cabinet for approval. Accordingly, it was considered that the three amendment agreements to the Concession Agreement had not been made in accordance with the process set out under the Private Participation Act. Nevertheless, the Council of State has further opined that the three amendment agreements to the Concession Agreement are still enforceable, provided that the Cabinet is entitled to revoke such amendment

agreements taking into consideration the benefits of the state and the public interest.

The abovementioned opinion of the Council of State is merely a legal opinion, which has no binding effect on the Company.

The Coordinating Committee under Section 22 of the Private Participation Act has provided its preliminary opinion to the Minister of Information and Communication Technology that it does not acknowledge the third amendment agreement to the Concession Agreement. On 28 June 2011, the Cabinet resolved to send such matter to the NBTC as supporting information in considering relevant rules and measures.

At present, the Private Participation Act has been revoked and replaced by the Private Investment in State Undertaking Act B.E. 2556 (2013) (the "Private Investment Act"), which has become effective on 4 April 013. The Private Investment Act specifies that if it appears to the State Enterprise Policy Office that any project is not executed duly in accordance with this Act, the State Enterprise Policy Office must seek factual clarification from the project owner and request that appropriate procedure be proposed to the Committee on Private Investment in State Undertaking Policy. If such Committee deems that the private investment agreement should be terminated or amended, the Committee must submit its proposal to the Cabinet for approval.

As the Private Investment Act has recently become effective, it is not clear to the Company on the interpretation and enforcement of such Act. In case the Cabinet resolves to revoke the amendment agreement to the Concession Agreement, or requires the Company to pay additional consideration, even if the Company has made an objection to the Cabinet resolution pursuant to the applicable legal process, this could have a material adverse effect on the business, financial condition and results of operations of the Company.

#### ***Issuance of the 2.1 GHz licence***

The issuance of the 2.1 GHz licence by the NBTC was the first batch of licences on telecommunications business issued to private sector since the Frequency Act becomes effective. Therefore, various sectors have objected to the process and mechanism on the issuance of the licence of the NBTC. The Ombudsman, in particular, has objected to the process and mechanism on the issuance of the licence of the NBTC and filed a complaint against the NBTC to the Central Administrative Court requesting the Court to issue an injunction to halt the process on the issuance of the licence of the NBTC. The Central Administrative Court had ruled on 3 December 2012 dismissing the Ombudsman's complaint. The Ombudsman has appealed the Central Administrative Court's order dismissing the Ombudsman's complaint to the Supreme Administrative Court. As a result, this case is not final. The appeal is being considered by the Supreme Administrative Court, creating uncertainties to dtac TriNet's operation under the 2.1 GHz licence. If the decision of the Supreme Administrative Court is opposite from that of the Central Administrative Court, this could have an effect on the business, financial condition and results of operations of the Company.

#### ***(c) Uncertainty on the dispute relating to payment of the interconnection charge***

TOT and the Company entered into the Access Charge Agreements in 1994 and 2001. The Access Charge Agreements require that the Company pay an access charge to TOT at a flat rate per number in respect of a post-paid customer and a fixed percentage of the value of the prepaid vouchers in respect of a pre-paid customer.

However, after the announcement of the Telecommunications Act, the use and interconnection of networks between operators must be in accordance with the Telecommunications Act and the NTC Notification on Interconnection, which require that the interconnection charge be determined on a fair, cost-oriented and non-discriminating basis.

In this regard, on 17 November 2006, the Company informed TOT and CAT that it would pay the access charge pursuant to the criteria and at the rate prescribed by the applicable laws, instead of the access charge prescribed in the Access Charge Agreements. The Company believes that the access charge under the Access Charge Agreements is not in compliance with the Telecommunications Act and the Interconnection Notification of the NTC.

TOT argued that the Company is obliged to pay the access charge at the rate originally specified in the Access Charge Agreements. On 9 May 2011, TOT submitted a claim against the Company before the Administrative Court requesting CAT and the Company to be jointly liable for the access charge payment in the total amount of THB 113,319 million, including VAT and interests, and requesting CAT and the Company to comply with the Access Charge Agreements. Currently, the case is being considered by the Administrative Court.

Based on the opinion of the legal counsel of the Company, the Company strongly believes that the Company has no obligations to pay the access charge as requested by TOT. This is because the Access Charge Agreements are not in compliance with the Telecommunications Act, and the NTC Notification on Interconnection, and the Company has already submitted a notice to terminate the Access Charge Agreements.

However, if the court issues a final order or judgment requiring the Company to pay the access charge as requested by TOT, this may cause a material adverse effect on the financial condition and results of operations of the Company.

#### ***(d) Risk from changes to the accounting guideline which may affect the Company's accounting method regarding the calculation of the access charge***

After the Company notified TOT of the termination of the Access Charge Agreements on 8 November 2007, the Company has changed its accounting method regarding the access charge. The Company has ceased to record the access charge in its financial statements because the Company viewed that its obligations to pay the access charge had already been terminated. The Company has recorded its revenues and expenses using the rates of the interconnection charge set out in the Reference Interconnection Offers (RIO) of the Company and TOT, which have been approved by the NTC.

However, there is currently no guideline relating to the accounting method for recording revenues and expenses accrued in such manner, and there has been no final court judgement on the issue relating to the access charge. If subsequently there is an accounting guideline on this issue, or if the court has rendered a final judgement on the issue relating to the access charge, the Company may have to change its accounting method in relation thereto. The change of the accounting method may have a material adverse effect on the profits and financial condition of the Company. (See further details in “uncertainty on the dispute relating to payment of the interconnection charge” above.)

**(e) Risk from unclear enforcement of laws governing foreign ownership**

The principal laws which impose restrictions on foreign shareholding are as follows:

- The Land Code which prohibits a “foreigner” (as defined in the Land Code) from owning land, unless permission is granted in accordance with the law. Any foreigner who possesses the land without permission is required to sell such land within the specified period, which shall not be less than 180 days and not more than one year;
- The Foreign Business Act which prohibits a “foreigner” (as defined in the Foreign Business Act) from engaging in certain types of business, including the provision of telecommunications services, unless prior permission is obtained from the Director-General of the Department of Business Development, the Ministry of Commerce;
- The Telecommunications Act which prohibits a “foreigner” (as defined in the Telecommunications Act) from engaging in Type II and Type III telecommunications businesses;
- In addition, the Concession Agreement requires that the Company maintain its qualifications pursuant to the requirements under the Foreign Business Act.

The violation of foreign shareholding limit may result in the revocation of the telecommunications license or termination of the Concession Agreement. The Company and/or its subsidiaries may not be able to continue the telecommunications business.

The Company is confident that the Company is not a “foreigner” under the definitions of the Foreign Business Act, the Land Code and the Telecommunications Act, and has correctly and completely followed the practices applicable in Thailand.

The Company is of the opinion that the Government has no clear policy on the interpretation and enforcement of the Foreign Business Act in relation to foreign shareholding issue, resulting in the Company having to take such risk in undertaking its business. Although the Foreign Business Act has been in force for more than 10 years, there has been no Supreme Court precedent or clear practices of the Ministry of Commerce regarding a “nominee” arrangement under Section 36 of the Foreign Business Act in order for the Company to evaluate or assess the impact of the enforcement or interpretation of such provisions under the Foreign Business Act that may have over the Company and its subsidiaries.

Due to such unclear interpretation and enforcement of the Foreign Business Act, on 14 June 2011, a telecommunications operator submitted an allegation to the Royal Thai Police to take a criminal action against the Company (including its directors, certain shareholders of the Company and their directors) alleging that the Company operated the telecommunications business in violation of the Foreign Business Act. Furthermore, on 22 September 2011, a minority shareholder of the Company (holding 100 shares in the Company) filed a lawsuit against certain state agencies, including the NBTC, before the Administrative Court, alleging that the Company is a “foreigner” under the Foreign Business Act. Both cases are being considered by the Royal Thai Police and the Administrative Court.

The Company is confident that the Company is not a “foreigner” and has correctly and fully complied with the Foreign Business Act. However, if eventually it is decided (by the final Supreme Court judgment) that the Company is not a Thai company under the Foreign Business Act and the Telecommunications Act and such event is not remedied, it may constitute a ground for CAT to terminate the Concession Agreement or the right of the Company to engage in the telecommunications business under the Concession Agreement may be revoked, or the NBTC may revoke dtac TriNet’s Type III telecommunications licence. As a result, the Company and dtac TriNet may not be able to continue the telecommunications business.

**(f) Risk from unclear enforcement of the law governing foreign dominance**

The NBTC has issued the NBTC Notification on Determination of Foreign Dominance Restrictions B.E. 2555 (2012) (the “Foreign Dominance Notification”), which became effective on 24 July 2012. The Foreign Dominance Notification defines “dominance” as the scenario where foreigners have the controlling power or influential power in policy making, management and operation of the telecommunications business of the licensee by way of, among others, holding shares with half or more than half of the total voting rights. In this respect, the Company is of the opinion that the Foreign Dominance Notification cannot be applied with the Company which has been a concessionaire prior to the effectiveness of said Notification and the Company is protected under Section 305(1) of the Constitution of the Kingdom of Thailand B.E. 2550 (2007) and Section 80 of the Telecommunications Act because the Company is not an applicant for a telecommunications license from the NBTC. The legal advisors share the same legal opinion as the Company. In relation to dtac TriNet, dtac TriNet has submitted a letter of undertaking to the NBTC that it will comply with the Foreign Dominance Notification at the time when it submitted the application for the 2.1 GHz license and Type III telecommunications license to the NBTC in 2012.

The NBTC may not agree with the Company’s interpretation mentioned above. As for dtac TriNet, it still has the risk from unclear enforcement of the law governing foreign dominance. However, based on the NBTC’s explanation to the public at the public hearing regarding the aim and objectives of the Foreign Dominance Notification and, in particular, the definition of “dominance” in

2012, the Company is confident that dtac TriNet would not be regarded as a company under foreign dominance pursuant to the definition of “dominance” of the NBTC. Nevertheless, the risk from unclear enforcement of law governing foreign dominance may have a material adverse effect on the business operation, financial condition, results of operations and business opportunities of the Company and dtac TriNet.

**(g) Inspection of contracts or agreements entered into between the Company and foreign governments, international organisations or persons residing overseas**

Section 54 of the Telecommunications Act and the NTC Notification on Approval of Contracts relating to Telecommunications Business to be made with Foreign Governments, International Organisations or Persons Residing Overseas B.E. 2549 (2006) (the “NTC Notification on Foreign Contract”) prescribes that any contracts or agreements (including any amendment thereto or cancellation thereof) relating to the business operation or provision of telecommunications services as prescribed by the NBTC entered into between the licensee and foreign governments, international organisations, or individuals or juristic persons residing overseas, requires prior approval from the NBTC, except for contracts relating to regular procurements or contracts exempted by the NBTC. In addition, the NBTC is empowered to order the licensees to amend or cancel any contracts made with foreign counterparties, where the terms and conditions of such contracts are not in compliance with the applicable laws, or may monopolise or restrict competition in a manner that is unfair to service users. As such, the authority of the Company and dtac TriNet to enter into such contracts may be restricted by the above regulation, which may have an impact on the business and business opportunity of the Company and dtac TriNet.

**(h) Determination of maximum tariffs by the NBTC**

On 28 March 2012, the NBTC issued a Notification on Maximum Tariffs for Domestic Voice Service B.E. 2555 (2012) requiring operators having significant market power in the domestic mobile retail market (namely, AIS and the Company) to charge for service fee of not more than THB 0.99 per minute. The Company disagrees that the NBTC’s Notification applies only to certain operators and has challenged the issue before the Court. Currently, the case is being considered by the Court.

In addition, the NBTC requires 2.1 GHz telecommunications business licensees, including dtac TriNet, to reduce, on average not less than 15 percent of the average service fees for voice and non-voice services provided in the market on the date of obtaining the license. The Company is of the opinion that the condition to reduce the service fees is unclear. dtac TriNet and other licensees will have to discuss with the NBTC to obtain further clarification on this issue. However, if the NBTC strictly enforces the condition to reduce the service fees, this may have an adverse effect on the profits, financial condition, results of operations and business opportunities of the Company.

**(i) Risk from reduction of interconnection charge**

On 12 March 2013, the NBTC issued an order No. 34/2556 requiring all 2.1 GHz telecommunications business licensees, including dtac TriNet, to apply a temporary rate for interconnection charge at THB 0.45 per minute.

On 18 June 2013, the NBTC requested the Company’s cooperation to comply with the resolution of the Telecommunications Commission No. 22/2556, which was held on 10 June 2013, by applying the interconnection charge or amending the interconnection agreement in relation to the interconnection charge for both mobile phone and fixed line services at the same rate of THB 0.45 per minute for call termination and call origination and THB 0.06 per minute for call transit.

In addition, the NBTC has a policy to review the interconnection rate applied by the operators, including the Company. Therefore, it is possible that the interconnection rate of the Company might be reduced. The reduction of the interconnection rate may have an effect on the revenue from business operation, profit and results of operations of the Company and its subsidiaries.

**(j) The operating costs of the Company and its subsidiaries may change due to the collection of excise tax**

The Government policy is still uncertain on the collection of excise tax from telecommunications services. If the excise tax is to be collected, this may result in an increase in the service fees and a reduction in the service revenues, which may have an impact on the profit, financial condition and results of operations of the Company.

In addition, in relation to the excise tax issue, CAT submitted a dispute to the Thai Arbitration Institute on 11 January 2008, demanding that the Company pays additional revenue sharing for the concessionary years 12 to 16, including penalty and VAT, in the amount of approximately THB 23,164 million. This was because, during said concessionary years, the revenue sharing was deducted by the excise tax paid by the Company to the Excise Department prior to making the revenue sharing payment to CAT in accordance with the Cabinet resolutions and the letter from CAT. On 28 May 2012, the Arbitral Tribunal rendered its decision to dismiss the dispute raised by CAT on the ground that the Company had fully paid the revenue sharing to CAT and all debts had already been settled. Nevertheless, CAT has appealed the Arbitral Tribunal’s decision before the Administrative Court. Currently, the case is being considered by the Court.

**(k) Risk from potential inaccessibility to telecommunications network to provide 2.1 GHz service**

The NBTC has issued the NBTC Notification on Telecommunications Infrastructure Sharing for Mobile Phone Network B.E. 2556 (2013) (the “Infrastructure Sharing Notification”), which became effective on 30 April 2013. The substance of the Notification is the share of telecommunications infrastructure, including buildings and equipment for transmission and transmission system of the base station.

After the NBTC issued the Infrastructure Sharing Notification, CAT brought an action against the NBTC before the Central Administrative Court requesting a revocation of the Notification in respect of the right to allow telecommunications infrastructure sharing. CAT also submitted a petition for a stay of the enforcement of the Infrastructure Sharing Notification until the Court renders its decision. Nevertheless, the Central Administrative Court rejected CAT's petition for a stay of the enforcement of the Notification. Currently, the case is being considered by the Central Administrative Court.

Furthermore, CAT brought a case against the NBTC before the Central Administrative Court, requesting the Administrative Court to revoke the resolution of the NBTC which approved the reference access offer proposal of the Company pursuant to the NTC Notification on Interconnection. The substance of the NTC Notification is to require the licensees who have telecommunications network to allow other licensees to use their telecommunications network. CAT also submitted a petition for a stay of the enforcement of the NBTC's resolution. Currently, the case is also being considered by the Central Administrative Court.

The Company and dtac TriNet have strictly complied with the laws and regulations relating to the telecommunications infrastructure sharing and the use and interconnection of the telecommunications network. In addition, the sharing of telecommunications infrastructure or telecommunications network in the telecommunications industry has been a common practice in many countries. Such sharing would be beneficial to all operators, including the Company and dtac TriNet. This is because the sharing of telecommunications infrastructure or telecommunications network will enable a rapid expansion of the 3G network on the 2.1 GHz frequency band to cover all population area at a lower cost, which would enhance service users, especially those living in remote and suburban areas, to have greater opportunity to access the internet at a reasonable price. In addition, the sharing of telecommunications network reduces redundant investment cost and supports the effective use of existing telecommunications infrastructure resources which would be beneficial to the telecommunications industry, service users nationwide and the country as a whole.

However, at present, there are uncertainties on the implementation of the Infrastructure Sharing Notification and the abovementioned NBTC resolution. If the Central Administrative Court renders a final judgment revoking such Notification and resolution, the operators who are concessionaires, including the Company, will not be able to share telecommunications infrastructure or telecommunications network with other operators, including dtac TriNet. This could affect the revenue of the Company and may result in a delay in, or higher cost on, the expansion of the telecommunications network and the provision of the telecommunications service on the 2.1 GHz frequency band of dtac TriNet to cover population area nationwide. This may cause an adverse effect on the business, financial condition, and results of operations and business opportunity of the Company.

#### ***(l) Risk relating to the auction of 1800 MHz frequency band***

The NBTC plans to conduct an auction of the 1800 MHz frequency band in 2014. However, until now, the NBTC has not announced any criteria or conditions in relation to the auction. Therefore, the Company does not know whether or not the Company or its subsidiaries are entitled to participate in the auction of the 1800 MHz frequency band, or if the Company or its subsidiaries are entitled to participate in such auction, it is still uncertain whether or not the Company or its subsidiaries would win the auction. If the Company or its subsidiaries are not entitled to participate in the auction or does not win the auction, the Company and its subsidiaries might have fewer frequency band than their competitors and that might cause the Company and its subsidiaries to lose their business opportunity to enter into the 1800 MHz frequency band market at the same time as their competitors. Certain service users might switch to use the service of other competitors. Such event may have a material adverse effect on the business, financial condition, results of operations, and business opportunity of the Company.

### **1.3 Risks from competition**

#### ***(a) The Thai telecommunications industry is highly competitive and sensitive to price competition***

The Thai mobile telecommunications industry is highly competitive and sensitive to price competition due to the fact that the telecommunications market has grown considerably. There are high competition in terms of price, promotions and other marketing campaigns. If the price competition intensifies and the Company and dtac TriNet are unable to respond to such competition in a timely and cost-efficient manner, such competition may have an adverse effect on the business, financial condition, results of operations and business opportunity of the Company.

#### ***(b) The Company may encounter higher competition with new operators***

At present, a person who wishes to operate telecommunications business is entitled to freely apply for a telecommunications license from the NBTC if he or she has the qualifications stipulated by the laws and regulations set out by the NBTC. In addition, the NBTC has issued regulations which support a new operator to compete with the existing operators, e.g. the NBTC Notification on Domestic Mobile Network Roaming B.E. 2556 (2013) and the Infrastructure Sharing Notification. Both Notifications require existing operators who have the telecommunications network to allow the other operators to have access to their telecommunications network. Furthermore, the NBTC has issued the NBTC Notification on Mobile Virtual Network Service B.E. 2556 (2013), the substance of which is that after receiving approval from the NBTC, the operator who owns the telecommunications network can undertake a wholesale of the mobile service to the mobile virtual network operators, which would further increase business competition.



As such, legal reform and liberalisation of the telecommunications business may further intensify the competition in the market. The Company cannot predict the number of new entrants who will be granted licenses from the NBTC. If the NBTC issues the licenses to new operators, the competition in the market could become even more intense as the new operators, who may have lower operation costs, may adopt an aggressive pricing policy or employ a subsidy approach in order to increase their market share. This may affect the ability of the Company and dtac TriNet to compete in the market and may affect the business, financial condition, results of operations, and business opportunity of the Company.

**(c) The Company may be affected by technological changes**

Technological changes in the telecommunications industry have occurred continuously and rapidly. The Company and dtac TriNet have to face more intense competition from the introduction of new technologies or the improvement of existing technologies currently used in Thailand. If the Company and dtac TriNet cannot respond to such competition in a timely and cost-efficient manner, this could have an adverse effect on the quality of services, business, financial condition, results of operations, and business opportunity of the Company and dtac TriNet.

#### 1.4 Operational Risks

**(a) Risk from interruption of network service system and other important systems which may have an impact on service users**

The Company and dtac TriNet perceive the risks which may occur as a result of a disruption of the network system and other essential systems that could impact the provision of services. Therefore, the Company and dtac TriNet have continuously prepared for and developed plans to support emergency events and disruption of network system as well as other essential systems.

The Company and dtac TriNet have developed a network management system and prescribed maintenance procedures for the network and equipment so that all network and equipment function efficiently in order to provide telecommunications service to customers effectively, especially voice service and data service. In addition, the Company and dtac TriNet have also been developing plans to support the disruption of other essential systems, such as information system, billing system and customer services so that the services can be continuously provided to the customers. The Company and dtac TriNet also have a backup plan in case of emergency which covers an additional investment in important equipment and safety system e.g. fire protection system and real-time network and equipment monitoring system. The Company and dtac TriNet regularly conduct trainings for its staff on their responsibilities and relevant procedures, as well as strictly conduct a test run of the backup plans

Furthermore, the Company and dtac TriNet has procured insurance policies to cover network and equipment damages in order to minimize the impact of such risk against the Company and dtac TriNet.

The Company and dtac TriNet are confident that they are prepared and have adequate and efficient backup plans for emergency events and disruption of network system and other essential systems. However, there may be unforeseen events which may affect the telecommunications network and the ability of the Company and dtac TriNet to provide services to their customers. Such events may affect the business, financial condition, results of operations, and business opportunity of the Company and dtac TriNet.

**(b) The Company has to rely on third parties to maintain telecommunications equipment**

The Company provides mobile phone service through complex telecommunications equipment, including mobile telecommunications network and 28,237 base stations nationwide (information as at 31 December 2013). Therefore, the success of the Company's and dtac TriNet's businesses (which may share some of the base stations with the Company to provide 2.1 GHz services) depends on the effective maintenance and repair of the network and equipment.

At present, the Company engages third parties to provide maintenance and repair services for all base stations and transmission network of the Company. If the third parties are unable to perform their duties under the agreement, or unable to perform their duties in a timely and cost-effective manner, the Company and dtac TriNet may have to bear higher operating costs. In addition, it may affect the speed and quality of the services of the Company and dtac TriNet, which may result in a loss of customers and a significant amount of revenues. As a result, this may affect the business, financial condition, results of operations, and business opportunity of the Company.

**(c) Risk from reliance on United Distribution Business Co., Ltd. (UD)**

The Company does not focus on direct distribution of starter kits and refill vouchers to customers, which would additionally create the Company's workload on inventory management, including logistics and document storage. The Company therefore has appointed UD, an affiliated company (in which the Company and Benchachinda Holdings Co., Ltd. holds 25 per cent and 75 per cent of the total issued shares of UD, respectively) as the principal distributor of the Company in distributing the starter kits, refill vouchers and other products to the distributors and wholesale and retail outlets in Thailand. Most of these products are sold to UD for further distribution to the Company's distributors. The Company provides UD with a credit term of 45 – 50 days and supports UD in its marketing campaigns, which are considered on a campaign-by-campaign basis. In 2013, sales of starter kits and refill vouchers through UD were THB [13,968] million in total.

At present, the Company has expanded its distribution channel to sell refill vouchers directly to the customers via Happy Online refill service, which has helped reduce reliance on the logistics of the distributors. Furthermore, the amount of the online sales of refill vouchers to the customers has been increasing continuously.

As at 31 December 2013, the Company's accounts receivable owed by UD was THB 2,293 million, or 22.15 per cent of the total accounts receivable of the Company. Any failure or delay on the

part of UD to pay such amounts owed to the Company may have a material adverse effect on the business, financial conditions, results of operations, and business opportunity of the Company.

## 2 Financial Risks

### Risks from exchange rate fluctuation

The Company is exposed to the foreign exchange rate fluctuation risk as the principal revenues of the Company are denominated in Thai Baht currency, while parts of the Company's expenditures are denominated in foreign currencies. Such expenditures can be partly classified as expenditures relating to long-term loans which are denominated in foreign currencies, and partly as capital expenditures or operating costs which are denominated in foreign currencies (such as trade creditors from purchasing of equipment and devices).

As at 31 December 2013, the Company's long-term loans which are denominated in foreign currencies were THB 460.32 million, or 1.5 per cent of the total liabilities of the Company. However, since the long-term loans which are denominated in foreign currencies have a definite repayment term, the Company has hedged this exposure against the foreign exchange rate fluctuation risk by entering into cross currency swap contracts, covering the definite repayment term of such loans.

For the risk management of accounts payable for the purchase of equipment and devices, the Company earns part of the incomes denominated in foreign currencies from the international roaming services (natural hedge). The Company will subsequently consider the use of proper financial instruments to manage and control the risk which may arise from foreign exchange rate.

Although the Company has entered into hedging contracts against the foreign exchange rate fluctuation risk in relation to all or almost all of its liabilities denominated in foreign currencies, the Company cannot be assured that the Company would receive the best offer or conditions in entering into each hedging contract under the condition of the foreign exchange market at that particular time. This may cause an increase in the operating costs of the Company.

### Risks from collection of mobile phone service fees

The risk of accounts receivable is mainly from post-paid customers who do not pay or make late payment of mobile phone service fees, resulting in the total accounts receivable of the Company in respect of the mobile phone service fees, as at 31 December 2013, of THB 4,007 million. The proportion of the post-paid mobile phone service fees equals to 4.97 per cent of the total income of

the Company. However, the Company has set up allowance for doubtful accounts for revenues from post-paid mobile phone service in each aging period on a progressive basis. As at 31 December 2013, the Company's accounts receivable which had been overdue for a period of more than 180 days were THB 396 million, or 10 per cent of the total accounts receivables from telephone services.

### Risk from interest rate fluctuation

Changes in interest rates in the market affect the financial liabilities of the Company, causing the operating costs of the Company to be higher. However, the Company has a policy to manage the interest rate risk as appropriate in accordance with the prevailing situation, and to monitor the movement and trend of the money market and capital market closely. The Company believes that it can manage and control the risk in this respect effectively.

### Risk from economic slowdown

The Thai economy has been affected by negative factors both in and outside the country, such as the flood, slowdown in the manufacturing, export and tourism sectors, and political situation. These factors have a material adverse effect on consumers' income, purchasing power, spending behaviour and level of confidence.

Such economic situation also affects the mobile phone service industry due to a reduction in mobile phone usage and an increased risk in failure to collect mobile phone service fees. However, at present, mobile phone usage has become an essential part of everyday life and therefore may be less affected by the economic situation than other industries. Moreover, the Company has developed various types of services and made adjustments to its marketing strategies in order to boost customers' usage and reduce the risk of cancellation of services, as well as implemented a cost efficiency program in order to adapt to the economic situation. However, the Company cannot be assured that the business, financial condition, results of operations, and business opportunity of the Company and dtac TriNet will not suffer any material adverse effect if such economic situation continues to persist.

### 3 Other Risks

#### Major shareholders may have influence on decisions of the Company

Telenor and Thai Telco Holdings Co., Ltd. are major shareholders of the Company, holding collectively 65.05 per cent of the total issued shares of the Company (information as at 13 November 2013).

Thai Telco Holdings Co., Ltd. underwent a shareholding restructuring in July 2012, whereby Bencharongkul Group, the founder of the Company, now holds shares in the Company through Thai Telco

Holdings Co., Ltd. Bencharongkul Group holds 51 per cent of the total issued shares of Thai Telco Holdings Co., Ltd.

As a result, Telenor and Thai Telco Holdings Co., Ltd. (including Bencharongkul Group) may exert influence over corporate decisions of the Company, except for matters which they are not eligible to vote due to any special interest or conflict of interest relating thereto.



## management

The management structure of the Company comprises the Board of Directors, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Corporate Governance Committee and the Management. Additional committees have been established at the management level to supervise the implementation of internal policies to ensure maximum performance within the organisation.

### Board of Directors

The Board of Directors of the Company consists of 12 directors, namely:

Name	Position
Mr. Boonchai Bencharongkul	Chairman
Mr. Sigve Brekke	Vice Chairman
Mr. Chulchit Bunyaketu	Independent Director
Mr. Soonthorn Pokachaiyapat	Independent Director
Mr. Stephen Woodruff Fordham	Independent Director
Mrs. Chananyarak Phetcharat	Independent Director
Mr. Jon Travis Eddy	Director
Mr. Gunnar Johan Bertelsen	Director
Mr. Lars Erik Tellmann	Director
Ms. Tanwadee Wongterarit	Director
Mr. Tore Johnsen	Director
Mr. Richard Olav Aa	Director

Note:

(1) The number of the Board of Directors' meetings and the number of such meetings attended by each director can be found under Section "Corporate Governance".

The authorised signatories of the Company are any two of the following five directors: (i) Mr. Boonchai Bencharongkul, (ii) Mr. Sigve Brekke, (iii) Mr. Jon Travis Eddy (iv) Mr. Lars Erik Tellmann and (v) Mr. Chulchit Bunyaketu, signing jointly with the Company's seal affixed.

The duties and responsibilities of the Board of Directors are as set forth in the Public Limited Company Act, the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand and the Articles of Association of the Company.

The power, duties and responsibilities of the Board of Directors are as follows:

- (1) Performing its duties and responsibilities with due care and loyalty, taking into consideration the best interest of the Company and its shareholders;
- (2) Responsible for the administration of the Company, managing the Company's long-term and strategic planning, safeguarding the proper organisation of the business, and overseeing the management of day-to-day operations;
- (3) Setting the Company's direction, vision, values and leadership expectations;
- (4) Making decisions, and in certain cases grants authority to make decision, in accordance with applicable legislation, the Company's objectives and Articles of Association, decisions made by the shareholders' meetings, as well as the Company's governing documents;
- (5) Ensuring that the Company adheres to generally accepted principles for the governance and effective control of the Company's activities;
- (6) Approving and supervising targets and strategy plans and any deviations therefrom;
- (7) Ensuring the accuracy and completeness of the Company's operational and financial reporting to all shareholders and general investors;
- (8) Having adequate oversight of internal control over financial reporting (ICFR) to ensure that these controls adhere to its objectives, are compliant with legal requirements and the Company's governing documents;
- (9) Evaluating and discussing the Company's optimal capital structure, the dividend policy, the funding strategy and the optimal funding composition on a regular basis;
- (10) Declaring interim dividends to shareholders from time to time when the Board is of the view that the Company has derived sufficient profits to do so;

- (11) Reviewing the management's draft of the annual accounts and ensuring that the accounts are accurately and completely prepared and that they reflect the Company's financial condition and results of operation for the benefits of all shareholders and general investors;
- (12) Together with the management, compiling the annual report;
- (13) Overseeing and determining the overall organisation of the Company's and its key subsidiaries' operations;
- (14) Ensuring that risk management activities are in place to pro-actively identify and deal with critical business risks related to the Company. All strategic, operational (financial and non-financial) and legal risks of importance shall be taken into consideration;
- (15) Overseeing that transactions with potential conflicts of interest of management, Board members and shareholders, including their related persons, are undertaken on an arm's length basis and on normal commercial terms, and are not prejudicial to the interests of the Company and the Company's minority shareholders;
- (16) Ensuring that the Company has adequate and appropriate internal controls and that an internal audit unit is established and maintained to monitor the Company's internal controls and report any significant failures or weaknesses thereof, together with recommendations of corrective action;
- (17) Preparing issues to be dealt with at shareholders' meetings and providing recommendations thereon;
- (18) Identifying potential candidates with the appropriate knowledge, competencies and expertise to complement the existing skills of the Board and the board of its key subsidiaries;
- (19) Reviewing and making recommendations on remuneration of directors to shareholders for approval;
- (20) Appointing (and dismissing) the Company's Chief Executive Officer, and overseeing and undertaking an annual evaluation of the Chief Executive Officer's execution of his/her duties;
- (21) Overseeing that both safety and security risks are managed proportionally and effectively to ensure protection of personnel, information and other assets;
- (22) Ensuring that the Company has adequate procedures in place to prevent the Company from being involved in corruption; and
- (23) Carrying out an evaluation once a year of its work, functions and performance.

## Independent Directors

The Company has four independent directors, namely Mr. Chulchit Bunyaketu, Mr. Soonthorn Pokachaiyapat, Mr. Stephen Woodruff Fordham and Mrs. Chananyarak Phetcharat.

The independent directors carry out their functions in accordance with the instructions of the Board of Directors of the Company and are independent from any major shareholders and the management of the Company. The independent directors are fully qualified pursuant to the following requirements, which are stricter than the requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand:

- (1) Holding shares not exceeding 0.5 per cent of the total voting shares of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, including shares held by related persons of the independent director;
- (2) Not being or having been an executive director, employee, staff, advisor who receives regular salary, or controlling person of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, unless such characteristic ceases at least two years prior to the date of appointment;
- (3) Not being a person related by blood or legal registration, such as father, mother, spouse, sibling and children, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling person of the Company or its subsidiary;
- (4) Having no business relationship with the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, in a manner which may interfere with his independent judgement, and not being or having been a major shareholder, non-independent director, executive of any person having business relationship with the Company, its parent company, subsidiary, or juristic person which may have conflicts of interest, unless such characteristic ceases at least two years prior to the date of appointment;
- (5) Not being or having been an auditor of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, and not being a major shareholder, non-independent director, executive, or managing partner of the audit firm in which the auditor of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest is employed, unless such characteristic ceases at least two years prior to the date of appointment;
- (6) Not being or having been any professional advisor, including legal advisor or financial advisor which receives service fee of more than THB two million per year from the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, and not being a major shareholder, non-independent director, executive, or managing partner of the professional advisor which is a juristic person, unless such characteristic ceases at least two years prior to the date of appointment;



- (7) Not being a director appointed as representative of a director of the Company, its major shareholder, or shareholder which is a related person of the major shareholder of the Company; and
- (8) Not having any characteristics which render him incapable of expressing independent opinion regarding the Company's business operation.

## Audit Committee

The Audit Committee consists of 3 independent directors, namely:

### Names of Directors

Mr. Chulchit Bunyaketu  
Mr. Soonthorn Pokachaiyapat  
Mr. Stephen Woodruff Fordham

### Position

Chairman of the Audit Committee  
Member of the Audit Committee  
Member of the Audit Committee

The members of the Audit Committee have all the qualifications of an "independent director". They are not authorised by the Board of Directors to make decisions on the business operation of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, and are not directors of its parent company, subsidiary or affiliate, which is a listed company. Mr. Chulchit Bunyaketu has the knowledge and experience in the areas of finance and accounting, sufficient to review the creditability of financial statements of the Company.

Duties and responsibilities of the Audit Committee are as follows:

- (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, which include accounting controls, financial controls, operational and legal controls, risk management policies and other control systems established by the management of the Company, to ensure their suitability and efficiency. Such review should be conducted by an internal auditor and/or an independent auditor at least once a year;
- (3) To review the effectiveness of the Company's internal control unit at least once a year to ensure the adequacy of its resources and the appropriateness of its position within the Company;
- (4) To review the independency of the internal audit unit, as well as approving the appointment, transfer and dismissal of the chief of the internal audit unit or any other unit in charge of an internal audit;
- (5) To review the Company's compliance with the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand and the SGX-ST and any other laws and regulations relevant to the business operation of the Company;
- (6) To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration and terms of engagement, as well as to attend a non-management meeting with such auditor at least once a year;
- (7) To review the independency of the Company's auditor at least once a year;
- (8) To review the scope, performance and cost effectiveness of the Company's auditor, its independency and objectivity;
- (9) To review by which the Company's employees may report, in confidence, incidents on possible improprieties in financial reporting or other matters, including to arrange for investigation and take appropriate follow-up action on such matter;
- (10) To review connected transactions, transactions with interested persons, or transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and regulations of the Stock Exchange of Thailand and the SGX-ST, and are reasonable and for the best interest of the Company;
- (11) To prepare and disclose in the Company's annual report, an Audit Committee's report, which must be signed by the Chairman of the Audit Committee and consists of at least the following information:
  - an opinion on the accuracy, completeness and creditability of the Company's financial report;
  - an opinion on the adequacy of the Company's internal control system;
  - an opinion on the compliance with the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand and the SGX-ST, and any other laws and regulations relevant to the business operation of the Company;
  - an opinion on the suitability of the auditor;
  - an opinion on the transactions that may lead to conflicts of interest;
  - the number of the Audit Committee meetings and the attendance of each members of the Audit Committee;
  - an opinion or overview comment of the Audit Committee from its performance in accordance with the charter; and
  - any other matters 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
- (12) To perform any other act as assigned by the Company's Board of Directors, with the approval of the Audit Committee.

## Remuneration Committee

The Remuneration Committee consists of 5 directors, namely:

Names of Directors	Position
Mr. Stephen Woodruff Fordham	Chairman of the Remuneration Committee
Mr. Chulchit Bunyaketu	Member of the Remuneration Committee
Mr. Soonthorn Pokachaiyapat	Member of the Remuneration Committee
Mr. Lars Erik Tellmann	Member of the Remuneration Committee
Mr. Tore Johnsen	Member of the Remuneration Committee

Duties and responsibilities of the Remuneration Committee are as follows:

- (1) To review and recommend the remuneration of the Chairman and other directors;
- (2) To review and approve the remuneration of the Chief Executive Officer;
- (3) To review the on-going appropriateness and relevance of the remuneration policy;
- (4) To ensure that all relevant legal requirements regarding disclosure of remuneration, in all forms, are complied with;
- (5) To report to the Board of Directors regarding the remuneration of the Chief Executive Officer (including base pay, incentive payments, equity awards and retirement or severance rights), having regard to the remuneration policy and whether in respect of any elements of remuneration, any shareholder approvals are required;
- (6) To review the contractual rights of the Chief Executive Officer on termination, and any payments made or proposed, to determine whether they are reasonable in the circumstances;
- (7) To provide the Board of Directors with minutes of Remuneration Committee meetings and to report the Remuneration Committee's actions to the Board of Directors with appropriate recommendations;
- (8) To provide a statement for inclusion in the annual report that describes the Remuneration Committee's composition and how its responsibilities were discharged;
- (9) To review annually and update the Remuneration Committee's charter for approval by the Board; and
- (10) To perform such other functions as may be assigned to it by the Board of Directors.

## Nomination Committee

The Nomination Committee consists of 5 directors, namely:

Names of Directors	Position
Mr. Stephen Woodruff Fordham	Chairman of the Nomination Committee
Mr. Chulchit Bunyaketu	Member of the Nomination Committee
Mr. Soonthorn Pokachaiyapat	Member of the Nomination Committee
Mr. Lars Erik Tellmann	Member of the Nomination Committee
Mr. Tore Johnsen	Member of the Nomination Committee

Duties and responsibilities of the Nomination Committee are as follows:

- (1) Making recommendations on qualified candidates for election as directors of the Company and its key subsidiaries;
- (2) Making recommendations on qualified candidates for election as Chief Executive Officer and Chief Financial Officer of the Company and its key subsidiaries;
- (3) Reviewing the structure, size and composition of the Board taking into account the current requirements and future development of the Company, and make recommendations to the Board with regard to any adjustments as deemed necessary;
- (4) Paying attention to the Board self-assessment evaluation and recommends any improvement as it deems necessary;
- (5) Monitoring that steps be taken to ensure that shareholders have the opportunity to propose candidates for the Board;
- (6) When assessing candidates, taking into consideration if the candidates have the necessary experience, qualifications and capacity;

- (7) Considering if a rotation of the members of the Board is necessary;
- (8) Justifying its recommendations and thus any dissenting votes must be stated in the recommendation;
- (9) Ensuring the Company's compliance with relevant laws and regulations regarding nomination and qualifications of directors;
- (10) Satisfying itself with regard to succession planning for the Board and key management appointments;
- (11) Ensuring appropriate disclosure of information on its activities; and
- (12) Carrying out an evaluation once a year of its work, functions, performance.

## Corporate Governance Committee

The Corporate Governance Committee consists of 4 directors, namely:

Names of Directors	Position
Mrs. Chananyarak Phetcharat	Chairman of the Corporate Governance Committee
Mr. Chulchit Bunyaketu	Member of the Corporate Governance Committee
Mr. Soonthorn Pokachaiyapat	Member of the Corporate Governance Committee
Mr. Tore Johnsen	Member of the Corporate Governance Committee

Duties and responsibilities of the Corporate Governance Committee are as follows:

- (1) Overseeing that the Company adheres to generally accepted principles for governance and effective control of the Company's activities and maintain a corporate culture that encourages good corporate governance practices;
- (2) Establishing and maintaining an appropriate corporate governance policy and procedures;
- (3) Ensuring the implementation of the governing documents as adopted by the Board and the policy and procedures to secure adequate corporate governance in the Company and in all subsidiaries controlled directly and indirectly by the Company;
- (4) Ensuring that the Chief Executive Officer at least annually perform an assessment of the implementation of the governing documents and the level of compliance, and report to the Board;
- (5) Reviewing and reporting to the Board on material matters, findings and recommendations pertaining to corporate governance;
- (6) Justifying its recommendations and thus any dissenting votes must be stated in the recommendation;
- (7) Ensuring the Company's compliance with relevant laws and regulations regarding good corporate governance;
- (8) Ensuring appropriate disclosure of information on its activities and the Company's corporate governance practices; and
- (9) Carrying out an evaluation once a year of its work, functions, performance.

## Management

The Management of the Company consists of 6 executives, namely:

Name – Surname	Position
Mr. Jon Travis Eddy	Chief Executive Officer
Mr. Fridtjof Rusten <sup>(1)</sup>	Chief Financial Officer
Mr. Chaiyod Chirabowornkul	Chief Customer Officer
Mr. Khalid Shehzad	Chief Technology Officer
Mrs. Kitikanya Sutthasit <sup>(2)</sup>	Chief People Officer
Mr. Sigvart Voss Eriksen	Chief Marketing Officer

Note:

- (1) Mr. Fridtjof Rusten has been appointed as the Chief Financial Officer with effect from 19 August 2013 in place of Mr. Petter Borre Furberg who resigned from the position with effect from 1 July 2013.
- (2) Mrs. Kitikanya Sutthasit has been appointed as the Chief People Officer with effect from 1 January 2014 in place of Ms. Tipayarat Kaewsringarm who resigned from the position with effect from 1 April 2013.

The executives listed above are executives pursuant to the definition specified by the Securities and Exchange Commission, which includes directors, managers, persons holding the top four management positions following the managers, and every person holding a position equivalent to the fourth management position, including persons holding management position in accounting and finance at the level of department manager or higher. Each of the executives of the Company has not been an employee or partner of the external audit firm engaged by the Company during the past two years.

Power, duties and responsibilities of the Chief Executive Officer are as follows:

- (1) Responsible for the day-to-day management of the Company's operations. The Chief Executive Officer shall adhere to the guidelines and instructions laid down by the Board, including the Company's governing documents;
- (2) Deciding on all matters where the authority does not come under the authority of the Board pursuant to applicable laws, these Rules or other instructions adopted or decisions made by the Board. The Chief Executive Officer shall act to reasonably ensure that the Company conducts and develops business in accordance with applicable legislation, the Articles of Association, decisions made by the shareholders' meeting and/or the Board;
- (3) Responsible for organizing the Company and corresponding workforce in a manner consistent with the Board's directions;
- (4) Ensuring that the Company adheres to generally accepted principles for governance and effective control of the Company's activities;
- (5) Approving and supervising budgets and business plans and any deviations from these;
- (6) Ensuring that risk management activities are in place within the organization to pro-actively identify and deal with the business risks related to the Company. Strategic, operational and legal risks shall be taken into consideration. The Chief Executive Officer has established a Risk Management Committee consisting of members from the Company's management and which shall support the Chief Executive Officer in fulfilling his/her responsibilities;
- (7) Proposing strategic plans for the Company, including its key subsidiaries, to the Board for approval and suggest resolutions in other matters of strategic importance for the Company.
- (8) Ensuring that transactions with potential conflicts of interest of management, Board members and shareholders, including their related persons, are undertaken on an arm's length basis and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority shareholders;
- (9) Ensuring that the Company has adequate and appropriate internal controls in place, and that they are included as an integral part of operations and procedures of the Company in order to provide reasonable assurance regarding the achievement of the following objectives: effective and efficient use of resources, safeguarding the Company's assets, reliability of internal and external financial reporting, and compliance with the Company's governing documents and applicable laws and regulations;
- (10) Establishing an internal audit unit to review the Company's business processes through an approved internal audit plan, report any significant control failures or weaknesses and make recommendations thereon. The internal audit unit reports directly to the Audit Committee;
- (11) Responsible for providing appropriate level of dialogue and cooperation with employees or their representatives, to ensure a responsible business practice taking into account experience and insight of employees;
- (12) Being authorized to request shareholders' meetings and to represent the Company (or appoint a delegate) in the subsidiaries' shareholders' meetings, including voting in accordance with any instructions from the Board. Remaining updated of business development, positions and profit performance of the key subsidiaries;
- (13) Overseeing that both safety and security risks are managed proportionally and effectively to ensure protection of personnel, information and other assets;
- (14) Securing an adequate handling, including sanctions, of employees' non-compliance with the Company's governing documents (if any). The Chief Executive Officer shall also secure that any significant non-compliance issue is reported to the Board; and
- (15) Implementing adequate procedures to prevent the Company from being involved in corruption. The Chief Executive Officer shall conduct a yearly risk-based review of these procedures and ensure that any weaknesses, if discovered, are remediated. The Chief Executive Officer shall present the review to the Board.

## Company Secretary

The Company has appointed Mr. Raweepun Pitakchatiwong, Head of Legal Division, as the Company Secretary, with effect from 23 July 2013. The Company Secretary has the following duties and responsibilities:

- (1) Providing legal and regulatory advice pertaining to the duties and responsibilities of the Board of Directors and the business operation of the Company;
- (2) Preparing documentations and supporting information for the Board of Directors' and shareholders' meetings;
- (3) Coordinating and following-up on the implementation of the Board of Directors' and shareholders' resolutions;
- (4) Preparing and safe-keeping the director register, notices and minutes of the Board of Directors' meetings, annual reports, notices and minutes of the shareholders' meetings;

- (5) Safe-keeping the reports of interests of directors and management;
- (6) Preparing information and arranging information sessions on the business of the Company, including other information relevant to the business operation of the Company for new directors; and
- (7) Responsible for the Board of Directors' and shareholders' activities.

Further details relating to the power, duties and responsibilities of the Board of Directors, the subcommittees, the Chief Executive Officer and the Company Secretary can be found under Section "Corporate Governance" and on the Company's website at [www.dtac.co.th](http://www.dtac.co.th).

## Nomination of Directors and Management

The Company has established the Nomination Committee to select and propose candidates for election as new directors of the Company, and to assess the performance of the Board of Directors of the Company. To select a candidate for nomination as a new director of the Company, the Board of Directors will take into consideration all the qualifications, including experience, expertise and past performance as a director, as well as knowledge and experience in the telecommunications industry.

Directors of the Company must have the qualifications to act as directors and do not possess any of the prohibited characteristics prescribed by laws, and must not simultaneously hold more than 5 board seats in publicly listed companies in order to ensure that they can commit themselves effectively towards their responsibilities towards the Company.

Directors are elected for a period of 3 years and may be re-elected for another term of office. Appointment, removal and retirement of a director from the Board of Directors of the Company must comply with the Articles of Association of the Company as follows:

- (1) The Board of Directors must have at least five members and at least half of whom must have a permanent residence in Thailand;
- (2) The shareholders must appoint members of the Board of Directors in the following manners:

- (a) the votes of the shareholders shall be in proportion to the number of shares held by them;
  - (b) votes can be cast for a particular candidate or group of candidates but cannot be split between different candidates; and
  - (c) candidates receiving the highest number of votes in descending order will be appointed as directors of the Company. In the event of a tie, the chairman of the meeting will have the casting vote;
- (3) A director wishing to resign from his position must submit a letter of resignation to the Company. Resignation takes effect upon receipt of the letter of resignation by the Company; and
  - (4) The shareholders' meetings may resolve to remove any director before the expiration of his/her term by not less than three-fourths of the number of shareholders attending the meeting and having the right to vote with not less than one-half of the shares held by all the shareholders attending the meeting and having the right to vote.
  - (5) At every annual general meeting of shareholders, one-third of the directors who have served for the longest terms must retire from their office but such directors are eligible for re-election.

## Remunerations of Directors and Management

### Directors Remuneration

The remuneration of directors is considered by taking into account various factors, including, among others, the Company's business and performance, the market and industry norms, the current economic situation and the duties and responsibilities of the Board of Directors and the subcommittees. The Remuneration Committee will consider the remuneration of directors and propose to the Board of Directors' and shareholders' meetings for consideration and approval on an annual basis. In addition, the Remuneration Committee will review the remuneration structure

for the Board of Directors and the subcommittees every 3 years in order to be in line with the market and industry trends.

The remuneration of directors consists of monthly allowance and meeting allowance. The Company does not offer any kind of remuneration payable in the form of equity rewards to its directors. In 2013, the total remuneration of directors of the Company was THB 9,295,000 as follows:



Names	Directors' Remuneration (THB)					Total
	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee	
Mr. Boonchai Bencharongkul	3,340,800	-	-	-	-	3,340,800
Mr. Sigve Brekke	-	-	-	-	-	-
Mr. Chulchit Bunyaketu	1,171,200	417,600	57,600	28,800	14,400	1,689,600
Mr. Stephen Woodruff Fordham	1,087,200	316,800	72,000	36,000	-	1,512,000
Mr. Soonthorn Pokachaiyapat	1,087,200	288,000	57,600	28,800	14,400	1,476,000
Mr. Sompol Chanprasert <sup>(1)</sup>	21,600	-	-	-	-	21,600
Mr. Gunnar Johan Bertelsen	-	-	-	-	-	-
Mr. Jon Travis Eddy	-	-	-	-	-	-
Mr. Lars Erik Tellmann	-	-	-	-	-	-
Mrs. Chananyarak Phetcharat	1,129,200	-	-	-	18,000	1,147,200
Mr. Hakon Bruaset Kjol <sup>(2)</sup>	-	-	-	-	-	-
Mr. Morten Tengs <sup>(2)</sup>	-	-	-	-	-	-
Ms. Tanwadee Wongterarit	108,000	-	-	-	-	108,000
Mr. Tore Johnsen <sup>(3)</sup>	-	-	-	-	-	-
Mr. Richard Alav Aa <sup>(4)</sup>	-	-	-	-	-	-
<b>Total</b>	<b>7,945,200</b>	<b>1,022,400</b>	<b>187,200</b>	<b>93,600</b>	<b>46,800</b>	<b>9,295,000</b>

Note:

- (1) Mr. Sompol Chanprasert resigned from a director position on 8 February 2013 and Ms. Tanwadee Wongterarit has been appointed in his replacement pursuant to the resolution of the Board of Directors' Meeting No. 1/2013, which was held on 8 February 2013.
- (2) Mr. Hakon Bruaset Kjol and Mr. Morten Tengs completed their terms as directors and retired from directorship at the 2013 Annual General Meeting of Shareholders, which was held on 29 March 2013.
- (3) Mr. Tore Johnsen has been appointed as a director pursuant to the resolution of the 2013 Annual General Meeting of Shareholders, which was held on 29 March 2013.
- (4) Mr. Richard Alav Aa has been appointed as a director pursuant to the resolution of the 2013 Annual General Meeting of Shareholders, which was held on 29 March 2013.

### Management Remuneration

The remuneration of the Management consists of monthly salary, bonus and provident fund contribution. At present, the Company does not offer any kind of remuneration payable in the form of

equity rewards to its Management. In 2013, the total remuneration of the Management of the Company was THB 102,405,832.

## Information Handling

The Company has developed a policy and a code of conduct for the handling of information in order to protect against unduly handling of information for personal benefits or the benefits of other persons. It is the responsibility of the directors, executives and employees of the Company to prevent access to by unauthorised persons, and disclosure of, non-public information that may affect the market price of the Company's shares and other financial instruments issued by the Company, before the Company discloses such information via the stock exchange's disclosure system, or before the information ceases to be sensitive. The directors, executives and employees shall not trade in the shares or financial instruments before the information has been made public or ceases to be sensitive.

In addition, the Company has developed a policy for directors and executives on dealing in the Company's securities. The directors and executives of the Company are prohibited from dealing in the Company's securities from the date commencing one month prior to the announcement of the Company's operating results for each

quarterly accounting period to the day following the date the Company's operating results are made public, and from trading at any time on short-term considerations. The directors and executives are required to notify the Company of any acquisition or change of their shareholdings in the Company (including the shareholdings of their spouses or minor children) within 24 hours from the date of acquisition or change.

Moreover, the directors and management are required to submit a report on their interests, and the interests of their related persons, in the administration and management of the Company and its subsidiaries within 15 days from the end of each calendar year, and within 15 days from the date of any changes in their interests. The purpose of the report is for monitoring and compliance with the requirements on connected transactions, which may be transactions that give rise to conflicts of interest.

The above code of conduct can be found on the Company's website at [www.dtac.co.th](http://www.dtac.co.th) and on the Company's intranet.

## Human Resource Development

The Company has a policy to continuously develop the potential, knowledge, ability, and quality of its employees. The Company regards the employees as its valuable resources and fundamental to its success. Therefore, the Company aims to develop and adjust itself to be an "Organisation of Development and Learning" by combining all aspects of knowledge, skills, and capabilities, in parallel with cultivating corporate culture and code of conduct. The Company has provided the following suitable training and development programs in accordance with its strategies and business operation in order to best respond to the development and advancement of the telecommunications industry and the customers' demand:

### ***Learning by Experience and on the Job Training***

The Company encourages and provides on-the-job training to its employees with the aim to promote coaching and knowledge transfer in respect of the work involved. In addition, the Company encourages the employees to have the courage to try new things and learn from mistakes in order for them to see weaknesses, problems and solutions to problems which will lead to a genuine self-development.

### ***Development through Exposure***

The Company encourages and provides opportunity for 'coaching' and/or 'consulting' among supervisors and colleagues so that supervisors and employees are able to exchange their opinions, provide feedback and give advice on team working during the course of general working hours and performance evaluation period, which is scheduled to take place twice a year.

### ***Development through Additional Education and Training***

The Company arranges a training program called "dtac Academy" where all employees will have the opportunity to attend training courses at the level that is necessary and appropriate for their job or in accordance with their interests so as to improve the employees' knowledge, capabilities and potential with respect to their performance in order to be in accordance with their individual development plan and prepare for future career opportunities. In 2013, dtac Academy has structured training programs which comprise major programs as follows:

- Core Program: compulsory training courses for all employees, such as orientation course for new employees, cultivation course for corporate culture and code of conduct, professional skills development course in respect of communication, management and planning skills. The Core Program will be available to employees of all levels, namely operational level, junior level management, mid-level management and senior level management. The training courses and activities will be provided by the Company on a continuous basis in order to promote the employees' compliance with the corporate culture and code of conduct.
  - Elective Programs: training courses for development of employees' potential based on their interests and in accordance with the strategy as agreed with the supervisors under the individual development plan. Courses offered include basic finance, basic human resource, English language skill, computer skill, and business knowledge, etc.
  - Functional Program: training courses designed for developing and enhancing particular knowledge and capability directly relating to duties and responsibilities of the employees and executives in each division. Courses offered include advanced management skill training, efficiency and process development for working and services, sustainable customer relationship development and understanding of the Company's products and services, as well as other new types of products and services available in mobile phone market.
  - Leadership Program: training courses for the development of skills essential for supervisors which will enable them to supervise their subordinates to achieve their career development. The Company will arrange to provide training as well as advice to executives on a continuous basis.
  - Talent Program: training courses for development of full potential of the employees with outstanding performance. The Talent Program comprises various training courses including Mini MBA course which is jointly developed with various institutions both in Thailand and in other countries.
- In addition, the Company further supports the employees and executives to attend external training courses with other expert institutes in order to improve specific knowledge and abilities relating to their duties and responsibilities and to enable employees and executives to better apply their knowledge and experience to improve work efficiency as well as to adapt to the changes in the industry whether at present or in the future.

### ***Development by exchange of experience under "Mobility Project"***

The Company has created a "Mobility Project" with the purpose to provide opportunities for its employees to learn and exchange their experiences with leading telecommunications companies in other countries. Participating employees who have been selected to join this project will have the opportunities to work with companies in other countries for a specified period. This will encourage the employees to exchange their knowledge and expertise and to learn new international innovation for further improvement of their individual work performance.

In 2013, the Company has set up a budget for human resource development in total of THB 35 million, and approximately 68 percent of the total number of employees has attended the training programs. The average training hours of employees were 20.4 hours per year.

## Internal Control

The internal control system of the Company is monitored by the Board of Directors and the Management so as to ensure that the Company achieves the following objectives:

- Effectiveness and efficiency of operations;
- Assurance of reliability of financial reports; and
- Compliance with the Company's corporate governance policies, applicable laws and regulations.

The above internal control process is designed to assist the Company in achieving its specific goals or objectives, while minimizing the risk of unexpected events by providing directions, monitoring and evaluating the use of resources of the Company. The process also plays an important role in preventing and detecting fraud, safeguarding assets and reducing any adverse effect which may occur.

In addition, the process is in line with the international standard for internal control framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the guidelines under the Sarbanes Oxley Act (SOX). The Company has adopted the guidelines under the Sarbanes Oxley Act since 2006 to ensure that the activities related to the internal control over financial reporting (ICFR) are integrated into the business operation of the Company.

The internal control system of the Company consists of 5 aspects, which can be described as follows:

### **(1) Organizational environment**

The Company has established an organisation structure that effectively supports the Management's administration and improves the employees' performance. The Company has also set up clear and appropriate business goals by taking into consideration the possibility of achieving these goals, and has communicated these goals to its employees as guidance in performing their work at least once a year.

The Company has developed a code of conduct, which imposes restrictions on the Company's directors, Management and employees in engaging in any action which may give rise to a conflict of interest with the Company, conducts towards various stakeholders, both internal and external, including conducts towards employees, customers, business partners, competitors and government agencies, and matters relating to the environment, assets, internal control, accounting, reporting and disclosure, information management and protection of personal data.

Employees may consult or report any incidents of violation of the code of conduct directly to the Compliance Manager. The policies and the code of conduct have been prescribed based on the principle of fair treatment towards stakeholders and for the long term benefits of the Company.

The Company has set up an Internal Control Unit to oversee and support activities concerning Internal Control over Financial Reporting (ICFR) and to assist the Company in the development

and adoption of its governance policies and manuals, respectively. The responsibility of the internal control unit includes monitoring and reporting the status of internal control over financial reporting to the Management, the Audit Committee and the Board of Directors on a regular basis, in order to enhance the accuracy and credibility of the Company's financial reports.

Moreover, the Company has also set up a unit responsible for occupational health, safety, security and environment (HSSE Unit), which follows the OHSAS 18001 and ISO 14001 standards as its framework. The Company takes into consideration its responsibility towards the public in terms of environmental protection, particularly the carbon emissions. The Company has developed a plan to reduce the carbon emissions, which are being monitoring on an on-going basis.

### **(2) Risk Management**

The Company has established a risk management committee at the management level, comprising senior executives, to consider, review, oversee and manage identified risks of the Company. The Company believes that the quality and effectiveness of its risk management is highly crucial for sustaining growth and profitability of its business. Accordingly, the Company has continuously developed and strengthened its risk management proficiency. The Company has applied the principles of its risk management in accordance with the AS/NZS 4360:2004 Risk Management standard, which is widely used and accepted internationally. Such risk management measures cover risk management from the strategy level to operational level. The senior Management of the Company are obligated to and responsible for the risk management in respect of the work under their areas of supervision so as to ensure that the risk management is undertaken effectively in accordance with the prescribed plan and such risks are maintained at an acceptable level.

The risk management of the Company involves the assessment of future factors and is a process that is undertaken on a continuous basis. The Company has put in place its risk management framework and keeps the framework regularly reviewed and developed, including the governance structure, policy, process, and management manual. The systematic risk assessment is a crucial part for the Company's strategic planning process. The risk assessment process will identify key risks, assess their severity in terms of the likelihood of the risks and their potential consequences, and specify the risk mitigation actions. The Company has also put in place a systematic risk monitoring process to regularly monitor the changes of the risk level, the progress of the risk mitigation actions, and the occurrence of significant risks.

Through the risk reporting process, key risks are regularly reported to the Management. Such risk report helps the Management make its decision on an informed basis. The report will make the Management aware of and understand key risks that could potentially hinder the Company's strategic goals and, thus, increase the likelihood of the Company in achieving its goals with

the risks at an acceptable level. The Management reports these key risks to the Board of Directors on a quarterly basis.

### **(3) Management Control Activities**

The Company has developed policies and manuals for various management matters, including policies and manuals for entering into financial transactions, procurement and general management. The Company has set out a clear and appropriate scope of authority and approval limits for the Management at each level pursuant to the Policy on Delegation of Authority, which has been approved by the Board of Directors. The approval function is segregated from the account and information record function and the safeguarding of assets function for check and balance purpose.

The Company has also put in place strict measures for monitoring transactions with major shareholders, directors, executives, and their related persons, in order to ensure that the transactions are entered into in accordance with the prescribed procedures and approval process, so as to prevent any conflict of interests and for the best interest of the Company.

### **(4) Information and Communication**

The Company places emphasis on information and communication system in order to ensure that accurate and sufficient information is communicated to the Board of Directors, the Management, shareholders and other related persons to make informed decisions.

The Company has adopted accounting policies that are in accordance with the generally accepted accounting principles and suitable for the type of business in which the Company engages. All accounting records and supporting documents are being properly kept and maintained for verification at all times.

The Company has also prepared meeting notices and supporting documents, including minutes of the Board of Directors' meetings and the shareholders' meetings, and proposed the same to the Board of Directors and shareholders, as the case may be, for consideration in advance of the meetings and in accordance with the law.

### **(5) Monitoring**

There are clear processes for monitoring the internal control system and reporting any significant control failures or weaknesses together with details of corrective action. These include both

on-going monitoring and periodic evaluation by the Management to ensure that a strong internal control system is in place and functioning.

On-going monitoring activities include regular reviews of performance and key financial information, analysis of, and appropriate follow-up on, operation reports or metrics that might identify anomalies indicating a control failure, etc. In addition, the Management is required to immediately report to the Audit Committee and the Board of Directors cases or suspected cases of fraud, violation of laws, or other misconduct that may have a material adverse effect on the reputation and financial status of the Company.

Key periodic evaluations include the followings:

(a) The Management testing of key internal control over financial reporting—this test was carried out in 2013 and there was no significant internal control deficiency that may have a material effect to the financial reports. Furthermore, the summary of internal control testing is reported to the Audit Committee on a quarterly basis;

(b) The activities of the Internal Audit Department, which examines the business operation procedures of the Company through an approved internal audit plan, highlights any internal control weaknesses and proposes recommendations for corrective actions thereon. The Internal Audit Department reports its findings directly to the Audit Committee, follows up on the progress of any corrective actions with the Management and provides a summary report on the results of such actions to the Audit Committee on a monthly basis; and

(c) Review of internal control matters as identified by the Company's external auditor.

In this regard, Ernst & Young Office Limited, the Company's external auditor, has reviewed and assessed the accounting control of the Company and its subsidiaries. There are no material findings that may have a material effect on its opinion on the financial statements of the Company and its subsidiaries as of 31 December 2013. The Audit Committee accorded with the opinion of the auditor that the Company's internal control system was sufficient and suitable for the Company's business and capable of safeguarding the Company's assets from undue or unauthorized use by the Management. The Board of Directors' Meeting No. 1/2014, which was held on 5 February 2014, acknowledged the opinion of the Audit Committee on the sufficiency of the Company's internal control system.

## **Internal Audit**

The Internal Audit Department is obliged to perform its duties on an independent and fair basis and to provide advice in order to add value and improve the Company's operations. The Internal Audit Department shall provide report with respect to the internal audit directly to the Audit Committee.

The objectives, authority, duties and responsibilities of the Internal Audit Department towards the Company, including roles and responsibilities of the Head of Internal Audit Department are explicitly defined in the Internal Audit Charter, which is formally reviewed and approved by the Chief Executive Officer and the

Audit Committee at least on an annual basis to ensure accordance between responsibilities under the Internal Audit Charter and the operation of the Internal Audit Department. The Head of Internal Audit Department is required to confirm the independence of the internal audit activities to the Audit Committee on an annual basis.

The Company has appointed Mrs. Thitima Srichuntrapun as the Head of Internal Audit Department. The appointment, transfer and dismissal of the Head of Internal Audit Department and the heads of other units within the Internal Audit Department shall be approved by the Audit Committee.

The Internal Audit Department adheres to the guidance of the Institute of Internal Auditors (including the definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing) and the Information Systems Audit and Control Association, and the internal audit manual of the Company.

The Internal Audit Department has developed a flexible annual internal audit plan by taking into account an associated risk-based methodology, including any matters concerned by senior Management. The annual internal audit plan is reviewed and approved by the Audit Committee. Apart from implementing the approved annual internal audit plan, the Internal Audit Department also performs any special tasks or projects as requested by the Management and the Audit Committee as appropriate.

According to the approved annual internal audit plan, the Internal Audit Department identifies and reviews potential risks, reviews the adequacy and effectiveness of the internal control and reports significant internal control weakness, non-compliance issues and recommendations for business improvements to the Management. An appropriate follow up process is implemented by the Internal Audit Department to ensure that the Management responds to and takes actions on the recommendations of the Internal Audit Department and external auditors. The audit findings, progress on any corrective actions taken by the Management and the status of the Internal Audit Department's activities are directly reported to the Audit Committee on a monthly basis.

Furthermore, the Internal Audit Department has the responsibility to review the connected party transactions in accordance with the Company's internal procedure to ensure that they are in compliance with the laws and the rules and regulations of the Stock Exchange of Thailand and reports the reviewed results to the Audit Committee on a quarterly basis. The Internal Audit Department also investigates suspected fraudulent activities within the Company and notifies the Management and the Audit Committee of the results. In addition, the Internal Audit Department performs consulting services to assist the Management in meeting its goals and business strategy.

The staffs of the Internal Audit Department are encouraged to continually enhance their knowledge, skills and competencies through participation in various in-house and external training courses as well as overseas seminars. In addition, the staff members of the Internal Audit Department are provided with opportunities to develop themselves through the participation in the Company's mobility program.

To ensure the Internal Audit Department's conformance to the Institute of Internal Auditors, International Standards for the Professional Practice of Internal Auditing (IIA Standards), and internal audit activities as set forth in the Internal Audit Charter and the expectations of the Management, the Internal Audit Department has arranged for an assessment on the effectiveness of internal audit by an external independent assessor every five years. The assessment result is reported to the Company's Board of Directors and the Audit Committee. The latest internal audit quality assurance review was conducted by an external independent assessor in 2011. The assessment result was that the activities of the Internal Audit Department generally conform to the International Standards for the Professional Practice of Internal Auditing as prescribed by the Institute of Internal Auditors.





## corporate governance

The Board of Directors and the Management of the Company are committed to the principles of good corporate governance pursuant to the Principles of Good Corporate Governance for Listed Companies 2012 of the Stock Exchange of Thailand in order to sustain and maximise long term value of the shareholders. The Board of Directors has established a corporate governance policy, which sets out the key governing bodies in the Company and process in respect of risk management, strategy, financial reporting and internal control. In addition, the Company has established a code of conduct "Corporate Ethics – dtac's Good Governance", which applies to its directors, Management, employees and other persons acting on its behalf. The code of conduct has been in effect since 2006 and has been regularly updated to cover various subjects, such as human rights, labour, occupational health, safety, security, environment, conflicts of interests, use of insider information, corruption, internal control, disclosure of information, etc. in accordance with the international standard.

The corporate governance policy and the code of conduct can be found on the Company's website at [www.dtac.co.th](http://www.dtac.co.th) and its intranet for easy access and reference of the directors, executives and employees of the Company. In addition, the Company has taken actions to raise awareness and understanding of the corporate governance policy and the code of conduct on a regular basis, for instance, at an orientation for new employees and additional trainings on such subjects from time to time.

With reference to the Principles of Good Corporate Governance for Listed Companies 2012 of the Stock Exchange of Thailand, details of the Company's good corporate governance are set out in 5 categories as follows:

### Section 1 – Rights of Shareholders

The Board of Directors realises and places importance on the fundamental rights of the shareholders, namely the rights to trade and transfer shares, receive the Company's profit distribution, independently and equally attend and vote at general meetings of shareholders, decide on the Company's important matters, appoint or remove directors, determine directors' remuneration, appoint auditors, determine auditors' remuneration and receive the Company's information promptly, completely, and sufficiently through an easy-to-access channel. The Company encourages its shareholders to fully exercise their rights through the general meetings of shareholders so that the shareholders can participate in any decision-making that affect or relate to their rights and benefits.

The Company has a policy to support and facilitate the shareholders, including institutional investors, to attend the general meetings of shareholders by selecting the meeting venues where the mass transit system are available and sufficient for the shareholders to conveniently commute to attend the meetings. The Company provides opportunities for the shareholders to submit registration documents for attending the meeting in advance of the meeting date in order to minimise the time for documents verification on the meeting date. The Company also provides registration channels at the meeting venue specifically for individual shareholders and institutional investors and also arranges for a barcode system for registration and vote counting to expedite the registration and vote computation process. To facilitate the shareholders, the Company also provides stamp duty for the appointment of proxies.

The Company conducts the general meetings of shareholders in a transparent manner with examination mechanisms available. The shareholders are provided with an opportunity to raise

questions and express opinions. The directors, senior Management and the auditor of the Company are encouraged to attend such meetings to provide answers to and acknowledge the opinions of the shareholders.

The Company held the 2013 Annual General Meeting of Shareholders on 29 March 2013 at Convention Centre B2, Centara Grand Hotel & Bangkok Convention Centre, Central World, and Bangkok, Thailand. There were 12 directors and senior Management attending the 2013 Annual General Meeting of Shareholders.

The Company engaged the Thailand Securities Depository Co., Ltd., its registrar, to send the invitation notice to the meeting, together with the supporting documents, to the shareholders at least 21 days prior to the meeting. The Company also posted such invitation notice and supporting documents on its website at [www.dtac.co.th](http://www.dtac.co.th) at least 30 days prior to the meeting in order to facilitate the shareholders with an easy and prompt access to the information relating to the meeting.

The Company provided opportunities for the shareholders to submit questions relevant to the meeting agenda in advance of the 2013 Annual General Meeting of Shareholders during 1 October – 31 December 2012. However, no question was submitted.

Before the meeting began, the Company explained to all shareholders the criteria and the procedures for vote casting. There was also an external legal advisor who supervised the meeting and the voting process to ensure that they were conducted in accordance with applicable laws and the Articles of Association of the Company. At the meeting, the Chairman of the meeting provided opportunities for the shareholders to express their opinions and to make inquiries relevant to the Company and the meeting agenda.

On the same day after the conclusion of the meeting, the Company informed the Stock Exchange of Thailand and the SGX-ST, in the form of a newsletter, the resolution of each agenda of the 2013

Annual General Meeting of Shareholders by indicating the votes as "approved", "disapproved" or "abstained from voting".

## Section 2 – Equitable Treatment of Shareholders

The Board of Directors places importance on fair and equitable treatment to all shareholders; as a result, the following actions have been implemented:

The Company has a policy to protect the rights of all shareholders. At the 2013 Annual General Meeting of Shareholders, the Chairman of the meeting conducted the meeting in accordance with the agenda as set forth in the invitation notice to the meeting. No agenda was added without prior notification to the shareholders. All shareholders were entitled to vote based on the amount of shares held by each shareholder whereby one share was equal to one vote.

During 1 October – 31 December 2012, the Company provided opportunities for the shareholders to propose matters that they considered necessary for inclusion in the agenda of the 2013 Annual General Meeting of Shareholders and to nominate candidates for election as directors. The Company also posted the criteria and procedures in relation thereto in the form of a newsletter to the Stock Exchange of Thailand and the SGX-ST and on its website at [www.dtac.co.th](http://www.dtac.co.th). However, no shareholders proposed matters for inclusion in the agenda of the meeting nor nominated any candidates for election as directors.

The shareholders who could not attend the meeting in person were entitled to appoint an independent director of the Company or any other person to attend the meeting and vote on their behalf. The Company prepared proxy forms as prescribed by the Ministry of Commerce, whereby the shareholders may give their proxies voting instruction. The proxy forms were delivered to the shareholders together with the invitation notice to the meeting. Additionally, the shareholders could download the proxy forms from the Company's website at [www.dtac.co.th](http://www.dtac.co.th).

The Company appointed PTT ICT Solutions Co., Ltd. to proceed with the registration and vote counting and provided the shareholders with voting ballots for each agenda. As for the agenda regarding election of directors, the Company provided the shareholders with an opportunity to elect each director individually. The vote counting in each agenda was conducted openly and transparently and the voting ballots were collected and maintained for further examination.

The Company prepared the minutes of the 2013 Annual General Meeting of Shareholders, and posted the minutes and the video record of the meeting on the Company's website at [www.dtac.co.th](http://www.dtac.co.th), within 14 days after the meeting.

## Section 3 – Roles of Stakeholders

The Company realises the rights of all groups of stakeholders, whether inside or outside the Company, and has undertaken to ensure that such rights are well protected and treated, in order to create good understanding and co-operation between the Company and its stakeholders, which will be advantageous to the operation of the Company, create confidence and stability for the Company and its stakeholders and increase the ability of the Company to compete in the long term.

### (1) Rights of Shareholders

The Company realises and places importance on the rights of the shareholders as the owners of the Company. The Company has ensured equal and fair treatment among all shareholders through its accurate, transparent and timely disclosure of information and safeguarding of its assets. The Company aims to operate its business in a manner which is profitable and maintains sustainable growth, so as to increase the long-term value for the shareholders. Further details on rights of shareholders are demonstrated in Section 1 Rights of Shareholders and Section 2 Equitable Treatment of Shareholders.

### (2) Rights of Employees

The Company has always regarded its employees as valuable resources, whose roles are fundamental to the success of the Company. Accordingly, the Company aspires to increase the potential of its employees throughout their career path by improving skills, knowledge and aptitude of its employees, as well as providing every employee with an opportunity to improve its career path on an equitable basis and offering appropriate remuneration to its employees. The Company has studied and reviewed the organisation structure, role, duty and responsibility of each unit, evaluate the performance and work progress of its employees regularly, in order to build internal potential and organisation readiness for development into the best organisation.

The Company places importance on the welfare and safety of its employees. The Company provides fundamental welfare and benefits as required by law, such as working hours, holidays, annual leaves, and any other types of leave, as well as social security, compensation fund and provident fund, and constantly communicates all benefits to its employees.

In addition to those as prescribed by law, the Company also provides other welfare to its employees, such as health insurance, which covers outpatient and inpatient treatment and dental care, life insurance, personal accident insurance, annual health check-up, and in-house medical and nursing treatment with doctors and nurses standing by at the Company's office during working hours, as well as providing healthcare measure, such as communication of preventive measures for epidemics and provision of protective masks and alcohol-based hand gel for its employees and visitors. Furthermore, the Company encourages its employees to exercise for good health by providing facilities, sport equipment and other sport activities, such as yoga and aerobics, etc. The Company also promotes good family relationship by providing various areas and activities, such as kids' room, library, breastfeeding room and activities during school vacation, to support employees who have the necessity to bring their children to the work place. In addition, the Company also provides financial aid to its employees in various cases, such as wedding, childbirth, ordination, death of close relatives and natural disasters, etc.

The Company promotes and supports its employees to participate in organisation development by holding an election for the "House of Employee Representatives" to represent the employees and be the mediator for cooperation with the Company, in order to solve and relieve problems of its employees in addition to those welfare and benefits already provided by the Company to its employees, as well as to provide advice to and obtain opinion from its employees.

The Company has set up a unit to oversee matters relating to occupational health, safety, security and environment (HSSE Unit) to establish a policy and a code of conduct on health, security, safety and environment by specifying and promoting good health and the provision of safe working environment, as well as security and relevant measures to prevent accidents and illnesses from work in accordance with the internationally accepted standards. The Company has also organised workshops on safety and working environment (HSSE Workshop) in order to promote a culture of safe working environment in the organisation through an electronic self-learning program (HSSE Virtual Learning Program), which was available to all employees in order to create awareness and conduct in relation to there to. The Company has also set up an HSSE committee, which consists of representatives from its employees and the Management, working together to report and recommend solutions and improvement for safe working environment, and promote and encourage safe working activities. The HSSE committee holds a meeting on a monthly basis. In 2013, the Company had the loss-time injury frequency rate of 0.08 per 1,000,000 working hours, and the Company is currently in the progress of establishing safety and environmental management system, with the plan to apply for the international standard of ISO 14001 & OHSAS 18001 certification in 2014.

In order to develop and improve the organisation to truly meet the needs of its employees, the Company invites its employees to complete an online questionnaire on employees' opinions towards the organisation (Employee Engagement Survey) on an annual basis. The questionnaire covers employees' opinions towards their line managers, working teams and the Company, as well as

guidelines and suggestions that would help develop the Company's potential. For this purpose, employees could freely express their feelings and opinions on the questionnaire; the information obtained from the questionnaire will be kept confidential.

### (3) Rights of Community, Society and Environment

The Company realises that it is a part of the society and community and places importance on responsibility towards community, society and environment. To support this policy, the Company focuses on development of activities through an integration of communication technologies to improve the quality of life of various groups of people (Enable), strengthening safety in telecommunications services (Safe) and doing business with care for the environment (Climate Change). In 2013, the Company offered various types of activities with co-operation from several public and private organisations to support community, society and environment. Details of activities in relation to responsibility towards community, society and environment can be found under Section "Social Responsibility".

In addition, the Board of Directors of the Company encourages employee education and training with regard to environmental matters. The Company has a policy to protect the environment which will be implemented to promote responsibility towards the environment, and develop and use more environmental friendly technologies. The Company has continuously taken actions to reduce environmental impact and control activities that may have environmental impact, including management of waste from the Company's operation, such as recycling of used batteries from base stations, campaigning for optimal energy efficiency, particularly the reduction of carbon emissions both from the office building and base stations. The activities included designing the office at Chamchuri Square Building with the aim of energy saving, campaigning for employees to use electricity efficiently and promoting use of communications technology, such as e-conference which will help reduce carbon emissions from energy consumption from travelling.

### (4) Rights of Customers

The Company aspires to enhance its efficiency in providing services, offer products and services which meet customers' demand and undertake relevant actions to ensure that customers will be confident and satisfied with the services of the Company. Every customer will be equitably and fairly treated with respect and good manner on the principle of "customer centricity" or customer focus, in which understanding of customers' needs is a priority and shall be adhered to by all employees in performing their work on any matters. In this regard, the Company has arranged for internal activities throughout the year in order to provide all employees the opportunities to learn and exchange opinions which will be used by the Company to improve and encourage cooperation amongst divisions which will be directly or indirectly beneficial to the customers.

Currently, the Company provides service channels to support customers, namely the Service Center and the Call Center. Customers can visit the Company's Service Centers which are located in prime locations of Bangkok, its vicinities and upcountry,

or dial 1687 to the Call Center which is available 24 hours a day where 10 languages, i.e. Thai, Chinese, Burmese, Lao, Cambodian, Yawi, Japanese, English, Bahasa Melayu, and Vietnamese, are available for any inquiries, requests or complaints.

Additionally, the Company has set up the “Consumer Complaint Center” to accept, handle and solve complaints from customers without fees or charges. The Company has publicised the criteria for accepting complaints on its website at [www.dtac.co.th](http://www.dtac.co.th).

The Company has the policy of protecting personal data of the customers, under which any processing of personal data must be undertaken cautiously and carefully and must be limited to the extent required for the Company to operate, provide relevant services and carry out related commercial activities in accordance with the laws.

#### **(5) Rights of Business Partners**

It is the policy of the Company to treat all business partners equitably and fairly. The Company has established written, easily understandable and standardised procedures for procurement so as to assure its business partners’ confidence in the vendor selection process of the Company at all events. The Company would arrange for competitive bidding whenever possible. Negotiation of contracts between the Company and its business partners are undertaken based on general commercial terms.

The Company has the policy of requiring its business partners to comply with the supplier code of conduct in relation to various matters, such as labour, health, safety, security, environment and corruption, which shall be of the same standard as the Company, which is in line with the internationally accepted standards. The Company conducts an onsite visit and sends questionnaires to its business partners on a regular basis in order to follow-up on the business partners’ compliance with the supplier code of conduct. This aims to improve the standard of business operation and build sustainable growth of the business partners of the Company.

In addition, the Company also emphasises on respecting intellectual property rights of business partners and other third parties. It is the Company’s policy that directors, executives and employees of the Company and other persons acting on behalf of the Company shall avoid infringement of intellectual property rights of business partners and other third parties. At the same time, the directors, executives and employees of the Company and other persons acting on behalf of the Company shall protect and administer the Company’s intellectual property in the interest of the Company as prescribed in the code of conduct “Corporate Ethics – dtac’s Good Governance”.

#### **(6) Rights of Competitors**

The Company encourages and supports fair and transparent competition. The Company will not perform any act which would violate or contradict any competition law or may cause damages to the reputation of its competitors. The Company competes in the market by offering good products and services at the right price, and will deal with its competitors in an honest and professional manner.

#### **(7) Rights of Creditors**

The Company aspires to maintain sustainable relationship with its creditors. The Company has a policy to treat its creditors equitably and fairly by providing correct, transparent and verifiable information to its creditors, and to strictly honour the terms and conditions of the contracts it has with its creditors whether in relation to the repayment of principal, interest and fees, maintenance of financial ratio or other conditions, etc. The Company will immediately inform its creditors in case the Company fails to comply with any condition in order to jointly find solutions. In the past year, the Company had no event of default and guarantee obligation.

#### **(1) International Human Rights Principles**

The Company supports internationally declared human rights which include declarations and treaties of the United Nations on human rights. Directors, executives and employees of the Company and other persons acting on behalf of the Company shall respect personal dignity, privacy and individual rights of each person they are in contact with in the course of their duties, and shall not take any action which results in or supports the violation of any human rights as prescribed in the code of conduct “Corporate Ethics – dtac’s Good Governance”.

#### **(2) Anti-corruption and Bribery Policy**

Furthermore, the Company has its own anti-corruption policy which prohibits its directors, management and employees, and other persons acting on behalf of the Company, from giving or receiving as prescribed the Code of Conduct. The Company has submitted its intention to join Thai private-sector forces against anti-corruption. In 2013, the Company has arranged for focus group trainings for relevant employees in order to provide knowledge on the Company’s anti-corruption policy and procedures.

The Board of Directors is determined to reject all kinds of corruptions and bribes in every level, whether in the transactions with government sectors or private sectors. The Company has developed the code of conduct “Corporate Ethics – dtac’s Good Governance” and anti-corruption policy since 2006, and has amended and improved the same on a continuous basis. The code of conduct imposes restrictions on directors, executives, employees and other persons acting on behalf of the Company in engaging in giving or receiving illegal or inappropriate gifts, whether in cash or in kind, in order to achieve business advantages or relationship with business partners, and requires for a risk assessment in relation to such anti-corruption regularly. The directors, executives and all employees are obliged to report the breach of such anti-corruption policy. In this regard, the Company has arranged appropriate protection measures for the reporters. Each year, the Company has arranged trainings for employees who are interested in, or working in relevant departments, to acknowledge the importance of, and have understanding on, the anti-corruption policy and procedures, as well as the risk assessment on corruption actions. The Company makes an assessment on the overall compliance with the anti-corruption policy at the end of each year.

Since 2012, the Company has joined the Thailand's Private Sector Collective Action Coalition Against Corruption, which is a national coalition with the support from the government and the Office of the National Anti-Corruption Commission.

### **(3) Measures on Whistleblowing and Protection for Whistle blowers**

The Company has set up a communication channel through its website at [www.dtac.co.th](http://www.dtac.co.th) to provide opportunities for shareholders and interested persons to opine or complain directly to the Board of Directors of the Company in case there is an unfair treatment or a trouble arising from the action of the Company. Furthermore, all employees must report an event or a behaviour which is unlawful or suspected to be unlawful or violates the good governance of the

Company or any rules or laws to their supervisors. The Company has also provided a channel for employees to consult or report directly to the Compliance Manager upon becoming aware of or suspecting any conduct which is unlawful or violates the code of conduct "Corporate Ethics – dtac's Good Governance" and has or may have impact on employees, other interested persons and the Company. The compliance team will examine facts, summarise details of such event to report to the Internal Audit Department and the Audit Committee for consideration and recommendation and take remedial or legal action towards such offence. The information of the whistle bower and other details received by the compliance team will be kept confidential for the confidence of the whistle bower.

## **Section 4 – Disclosure of Information and Transparency**

The Company complies with the regulations of the Securities and Exchange Commission, the Stock Exchange of Thailand and the SGX-ST in respect of disclosure of significant information, in particular, disclosure of financial information, the Company's development, operational information, business performance and other relevant information of the Company through the websites of the Stock Exchange of Thailand and the SGX-ST to ensure transparent and equitable disclosure. In addition, the Company regularly posts updated information, both in Thai and English, regarding its financial information, registration statement (Form 56-1), annual report, policies and CSR activities on its website at [www.dtac.co.th](http://www.dtac.co.th). The Company also holds an analyst briefing in each quarter to announce its quarterly operating results to shareholders, investors, analysts, fund managers, and other interested persons. The analyst briefing is attended by the Management of the Company who will clarify and answer inquiries raised by attending persons.

The Company realises that the Company's information, whether financial or non-financial information, will influence decision-making of its shareholders and other general investors. Therefore, to ensure that significant information is disclosed accurately, promptly and transparently, the Company has established an investor relations department to efficiently and regularly communicate with its shareholders and general investors.

Any interested person can obtain the Company's information from the Investor Relations Department at telephone number +66 2202 8882 or email address [IR@dtac.co.th](mailto:IR@dtac.co.th).

The Board of Directors of the Company is responsible for the Company's financial statements and financial information contained in the annual report. The financial statements have been prepared in accordance with the generally accepted accounting principles in Thailand. The Company has chosen an appropriate accounting policy and has applied the same accounting standard for each accounting period. The Board of Directors has appointed the Audit Committee to be responsible for the quality of the financial statements and internal control system of the Company, as well as sufficient disclosure of significant information in the notes to the financial statements, in order to ensure all accounting records are accurate, complete and adequate for the benefit of the shareholders and general investors. Furthermore, the Board of Directors has prepared the Board of Directors' report in the annual report, providing information on the results of business operation and other important matters occurred within the year for the shareholders' acknowledgement.

In 2013, there has been no action taken against the Company by the relevant regulators on the basis of any non-disclosure of any material information within the requisite timeframe.

## **Section 5 – Responsibilities of the Board of Directors**

### **(1) Composition of the Board of Directors**

At present, the Board of Directors of the Company consists of 12 directors. Four directors are independent directors, one of whom is a female, one director is a representative from CAT pursuant to the Concession Agreement and one director is an executive director (i.e. the Chief Executive Office). There is no director holding more than five directorship positions in publicly listed companies and no executive director holding more than two directorship positions

in publicly listed companies, excluding subsidiaries, affiliates and joint-venture companies of the Company where supervision is required for the benefit of the Company. More than one non-executive director has work experience in the business of the Company.

The Chairman of the Board of Directors and the Chief Executive Officer has separate functions and responsibilities and are not



the same person. The Chairman has been elected by the directors of the Company and acts as the chairman of the meeting. The Chairman has the responsibility to ensure that the meetings of the Board of Directors of the Company proceed in accordance with the agenda, encourage all directors to participate in the meeting (such as asking questions or making observation notes), give advice and recommendation to the Management and support the business operation of the Company. However, the Chairman will not interfere with the work of the Management of the Company. The Chief Executive Officer is responsible for managing the business of the Company and supervising the business operation of the Company to ensure that it complies with the resolutions of the shareholders' meetings and the Board of Directors' meetings, policies and business plans of the Company and applicable laws.

The Board of Directors of the Company is composed of directors who possess qualifications, knowledge, expertise and experiences in various areas, including finance and accounting, business administration, law and telecommunications business. The independent directors possess higher qualifications than those required by the Securities and Exchange Commission and the Stock Exchange of Thailand, details of which can be found under Section "Corporate Governance – Independent Directors".

The Company does not require that the Chairman of the Board of Directors be an independent director, given that the telecommunications business has unique and complex nature and is subject to rigorous regulation. The Company believes that its Chairman and the Board of Directors possess knowledge, capacity and good understanding of the nature of the telecommunications business, which are necessary in the decision-making process in order to bring the utmost benefits to the Company and its shareholders as a whole. Despite the fact that the Chairman is not an independent director, the Board of Directors of the Company is still of the opinion that the Company has good internal control system, including mechanisms which can create confidence for its shareholders and all stakeholders that any decision-making of the Board of Directors was made independently, prudently, and without being influenced or directed in any respect.

## **(2) Roles, duties and responsibilities of the Board of Directors**

The Board of Directors of the Company approves the vision, missions, strategies, business direction and operational policy, business plan and annual budget of the Company, and directs the Management to perform in compliance with the established policies and business plans in accordance with applicable laws, objectives and Articles of Association of the Company, and resolutions of the Board of Directors' and shareholders' meetings, taking into account the utmost benefits of the Company and the stakeholders, in order to build sustainable growth of the Company and increase long-term value for the shareholders. The Board of Directors will review and approve the vision, missions, strategies, business direction and operational policy on an annual basis in order to adapt to the changing situation and business conditions. Further details on the power, duties and responsibilities of the Board of Directors can be found under Section "Corporate Governance – Board of Directors".

The Board of Directors of the Company ensures compliance with the requirements on actions and disclosure of information concerning transactions which may give rise to conflicts of interests pursuant to the regulations of the Securities and Exchange Commission, the Stock Exchange of Thailand and relevant regulators by assigning the Audit Committee to be responsible for considering, approving and giving recommendations in relation to transactions which may give rise to conflicts of interests. In addition, the Company has introduced the General Mandate for Interested Person Transactions, which sets out the types and approval procedures for transactions which may give rise to conflicts of interests, which are undertaken by the Company in its normal course of business. The Company proposes the General Mandate for Interested Person Transactions to the Board of Directors for approval and reports the entries into such transactions to the Board of Directors for acknowledgement on an annual basis.

The Board of Directors holds a Board of Directors' meeting without the presence of the executive director or member of the Management at least once a year. The meeting provides the directors with the opportunity to review the performance of the Board of Directors, the Management and the Company as well as to consider and discuss management issues or other issues which are of the interest of the Board of Directors. The resolutions of the meeting would be notified to the Chief Executive Officer for acknowledgement and consideration for further improvement. In 2013, the Board of Directors held one meeting without the presence of the executive director and the Management.

The Board of Directors conducts an evaluation on the performance of the Board of Directors and an individual director self-assessment on an annual basis in order to provide an opportunity for each director to express his or her view on the performance of the Board of Directors as a whole and to consider and review the results, problems and obstacles on its performance over the previous year. In 2013, the Board of Directors has conducted the aforementioned evaluations with the results as set out below.

### ***Result of the evaluation on the performance of the Board of Directors***

The evaluation form for the evaluation of the performance of the Board of Directors contains six key areas, namely, (1) structures and qualifications of the Board of Directors, (2) roles, duties and responsibilities of the Board of Directors, (3) meetings of the Board of Directors, (4) performance of the Board of Directors, (5) relationship of the Management, and (6) self-improvement of the directors and executives' development. The results of each key area are calculated in percentage, whereby 85 per cent or more = excellent, more than 75 per cent = very good, more than 65 per cent = good, more than 50 per cent = average, and less than 50 per cent = need improvement. It can be concluded from the evaluation results that the Board of Directors has performed its duties in accordance with the good corporate governance principles and the code of conduct "Corporate Ethics – dtac's Good Governance" of the Company with most of the performance in the level of excellent and having an average score of 96.

### Result of each individual director's self-assessment

The evaluation form for each director's self-assessment contains five key areas, namely, (1) directorship, (2) directors' ethics, (3) directors' responsibilities, (4) directors' meetings, and (5) directors' overall performance. After the evaluation, most of the results were higher than 86 per cent. The results showed that the Company's directors are qualified and have performed their duties excellently and properly in accordance with the principles of good practice for directors.

### (3) Meetings of the Board of Directors

A meeting of the Board of Directors of the Company is held at least once for every quarter. The Company informs the directors of the dates and time of the meetings in advance every year so that the directors can manage their schedule to attend the meetings accordingly. There are clear agenda for each meeting. The Company sends the meeting invitation, together with the supporting documents, to the directors at least seven days in advance to

allow the directors having sufficient time to study the information prior to the meeting. Each meeting takes at least three hours. The senior Management of the Company will join the meeting in order to clarify and answer the Board of Directors' queries. The Chairman will allow every director to express his/her opinion before proceeding with the vote and concluding a resolution of the meeting in each agenda. Directors having interest, whether directly or indirectly, will not be eligible to vote and will have to leave the meeting during the consideration of the relevant agenda.

The Company record the minutes of the meetings in writing and kept the originals with the meeting invitation notices and the relevant supporting documents. Electronic copies of the documents are also maintained to facilitate the directors and relevant persons for the purpose of examination.

In 2013, the Company held nine Board of Directors' meetings; the attendance of each director is as follows:

Name – Surname	Position	Date of First Appointment	Date of Last Appointment	Attendance
Mr. Boonchai Bencharongkul	Chairman	29 October 1990	30 March 2012	9
Mr. Sigve Brekke	Vice Chairman	8 February 2006	21 April 2011	8
Mr. Chulchit Bunyaketu	Independent Director	6 March 2000	21 April 2011	8
Mr. Stephen Woodruff Fordham	Independent Director	17 November 2006	30 March 2012	6
Mr. Soonthorn Pokachaiyapat	Independent Director	6 March 2000	30 March 2012	6
Mr. Sompol Chanprasert <sup>(1)</sup>	Director	6 June 2006	21 April 2011	1
Mr. Gunnar Johan Bertelsen	Director	27 April 2010	29 March 2013	7
Mr. Jon Travis Eddy	Director	21 April 2011	21 April 2011	8
Mr. Lars Erik Tellmann	Director	20 July 2011	29 March 2013	5
Mrs. Chananyarak Phetcharat	Independent Director	5 September 2011	30 March 2012	7
Mr. Hakon Bruaset Kjol <sup>(2)</sup>	Director	5 September 2011	5 September 2011	2
Mr. Morten Tengs <sup>(2)</sup>	Director	21 October 2011	21 October 2011	1
Ms. Tanwadee Wongterarit	Director	8 February 2013	8 February 2013	5
Mr. Tore Johnsen <sup>(3)</sup>	Director	29 March 2013	29 March 2013	7
Mr. Richard Olav Aa <sup>(4)</sup>	Director	29 March 2013	29 March 2013	1 <sup>(5)</sup>

Note:

- (1) Mr. Sompol Chanprasert resigned from a director position on 8 February 2013 and Ms. Tanwadee Wongterarit has been appointed in his replacement pursuant to the resolution of the Board of Directors' Meeting No. 1/2013 held on 8 February 2013.
- (2) Mr. Hakon Bruaset Kjol and Mr. Morten Tengs completed their terms as directors and retired from directorship at the 2013 Annual General Meeting of Shareholders, which was held on 29 March 2013.
- (3) Mr. Tore Johnsen has been appointed as a director pursuant to the resolution of the 2013 Annual General Meeting of Shareholders, which was held on 29 March 2013.
- (4) Mr. Richard Olav Aa has been appointed as a director pursuant to the resolution of the 2013 Annual General Meeting of Shareholders, which was held on 29 March 2013.
- (5) Mr. Richard Olav Aa attended the Board of Directors' meetings in person one time and via video conference four times.

### (4) Subcommittees

In 2013, the subcommittees have performed its duties as follows:

#### Audit Committee

The Audit Committee consists of three independent directors and is responsible for reviewing the financial reporting process of the Company, the internal control system and internal audit system, compliance with laws relating to the business of the Company, considering and selecting the Company's auditors and reviewing connected transactions, transactions of interested persons or transactions which may give rise to conflicts of interest, etc.

In carrying out its duty on the selection of the auditors of the Company, the Audit Committee will consider the selection of auditors pursuant to the Company's assessment criteria, which consist of the auditors' experience, performance, understanding of the telecommunications business and expertise on auditing telecommunications companies, as well as their independence in performing their works during the past year, in order to propose the appointment of the auditors to the Board of Directors and the shareholders' meeting for consideration. At the 2013 Annual General Meeting of Shareholders, which was held on 29 March 2013, Mrs. Gingkarn Atsawarangsalit, certified public accountant

No. 4496, Mr. Sophon Permsirivallop, certified public accountant No. 3182, Ms. Rungnapa Lertsuwankul, certified public accountant No. 3516 and Ms. Pimjai Manitkajohnkit, certified public accountant No. 4521, all from Ernst & Young Office Limited were appointed as the auditors of the Company. Mr. Sophon Permsirivallop was the auditor in charge of auditing and expressing opinions on the financial statements of the Company for the accounting year ended 31 December 2013. Hewas not the auditor who had expressed opinions on the financial statements of the Company for the accounting years ended 31 December 2011 and 2012).

In performing its duty on the audit of the internal control and audit system, the Audit Committee will meet with the auditors of the Company at least once a year without the presence of the Management of the Company. Furthermore, where the Audit Committee deems necessary and appropriate, the Audit Committee may request clarifications and opinion from the internal audit department and the auditors of the Company on information relating to financial and accounting matters to support the performance of its duties.

A meeting of the Audit Committee is held approximately once a month. In 2013, the Company held 12 Audit Committee meetings, the attendance of which was as follows: Mr. Chulchit Bunyaketu attended 12 meetings, Mr. Soonthorn Pokachaiyapat attended 10 meetings, and Mr. Stephen Woodruff Fordham attended 11 meetings.

#### **Remuneration Committee**

The Remuneration Committee of the Company consists of five directors, being three independent directors and two non-executive directors. The Remuneration Committee is responsible for considering and giving recommendation on remuneration of the Chairman and other directors, considering and approving remuneration of the Chief Executive Officer and considering the correctness and appropriateness of the remuneration policy, etc. At the 2013 Annual General Meeting of Shareholders, the meeting approved the remuneration of the Board of Directors and the subcommittees for 2013 in the amount not exceeding THB 9,990,000, which consisted of monthly allowance and meeting allowance, as follows:

	<b>Directors' Remuneration Structure (THB)</b>	
	<b>Monthly Allowance</b>	<b>Meeting Allowance</b>
Chairman	278,400	-
Independent director	69,600	42,000
Director (CAT's representative)	-	21,600
Chairman of the Audit Committee	-	34,800
Member of the Audit Committee	-	28,800
Chairman of the Remuneration Committee /	-	18,000
Chairman of the Nomination Committee /		
Chairman of the Corporate Governance Committee		
Member of the Remuneration Committee /	-	14,400
Member of the Nomination Committee /		
Member of the Corporate Governance Committee		

Note:

(1) Other directors do not receive the above remuneration.

In determining the remuneration of the Chief Executive Officer, the Remuneration Committee will consider the performance of the Chief Executive Officer during the previous year pursuant to the specified key performance indicators (KPIs), each of which has different weighted scores.

A meeting of the Remuneration Committee is held at least once a year. In 2013, the Company held 4 Remuneration Committee meetings, the attendance of which was as follows: Mr. Stephen Woodruff Fordham attended 4 meetings, Mr. Chulchit Bunyaketu attended 4 meetings, Mr. Soonthorn Pokachaiyapat attended 4 meetings, Mr. Lars Erik Tellmann attended 3 meetings, Mr. Morten Tengs attended 2 meetings (Mr. Morten Tengs completed his term as a director and member of the Remuneration Committee at the 2013 Annual General Meeting of Shareholders, which was held on 29 March 2013) and Mr. Tore Johnsen attended 2 meetings (Mr. Tore Johnsen has been appointed as a director and member of the Remuneration Committee pursuant to the resolution of the Board

of Directors' Meeting No. 1/2013, which was held on 8 February 2013, and the resolution of the 2013 Annual General Meeting of Shareholders, which was held on 29 March 2013).

#### **Nomination Committee**

The Nomination Committee of the Company consists of five directors, being three independent directors and two non-executive directors. The Nomination Committee is responsible for selection of qualified candidates to be nominated for election as directors of the Company and its key subsidiaries. Additionally, the Nomination Committee has considered and nominated a qualified candidate for appointment as the Chief Financial Officer of the Company and its key subsidiary. A meeting of the Nomination Committee is held at least once a year. In 2013, the Company held 2 Nomination Committee meetings, the attendance of which was as follows: Mr. Stephen Woodruff Fordham attended 2 meetings, Mr. Chulchit Bunyaketu attended 2 meetings, Mr. Soonthorn Pokachaiyapat attended 2 meetings, Mr. Lars Erik Tellmann

attended 1 meetings, Mr. Morten Tengs attended 1 meetings (Mr. Morten Tengs completed his term as a director and member of the Remuneration Committee at the 2013 Annual General Meeting of Shareholders, which was held on 29 March 2013) and Mr. Tore Johnsen attended 1 meetings (Mr. Tore Johnsen has been appointed as a director and member of the Remuneration Committee pursuant to the resolution of the Board of Directors' Meeting No. 1/2013, which was held on 8 February 2013, and the resolution of the 2013 Annual General Meeting of Shareholders, which was held on 29 March 2013).

#### **Corporate Governance Committee**

The Corporate Governance Committee consists of four directors, being three independent directors and one non-executive director. The Corporate Governance Committee is responsible for developing and promoting a good corporate governance so as to be in compliance with the international standard and acceptable to shareholders, investors, regulators, and other stakeholders.

A meeting of Corporate Governance Committee is held at least once a year. In 2013, the Company held one Corporate Governance Committee meeting and all members of Corporate Governance Committee were present at the meeting.

#### **(5) Development of Directors and Management**

When appointing a new director, the Company will prepare material information with respect to business operation of the Company for the director upon his/her request, so that the new director can

familiarise himself/herself with the business and the corporate governance of the Company. The Company also encourages its directors to attend the trainings relating to duties of directors, which are organised by Thai Institute of Directors Association and other institutes. The Company will inform its directors of relevant trainings which would be useful for the directors in carrying out their duty as the directors of the Company.

At present, there are eight directors of the Company who have attended the courses organised by the Thai Institute of Directors Association. In 2013, three directors of the Company attended the courses organised by the Thai Institute of Directors Association or participated in seminars to increase their knowledge in performing their duties as directors.

The Company regularly reviews the performance and skill sets of its management, and based upon this review, individual development plans have been made and executed. The Company has prepared both internal and external training courses for the development of its executives. Further details on human resources development policy can be found under Section "Management Structure – Human Resources Development Policy"

#### **(6) Succession Plan for Senior Executives**

The Board of Directors of the Company have appointed People Group to be responsible for setting up the succession plan for the Chief Executive Officer position. People Group will consider persons who have suitable qualifications, knowledge and ability for managing the Company's business.







## audit committee report

### To Shareholders of Total Access Communication Public Company Limited

The Audit Committee of Total Access Communication Public Company Limited comprises three independent directors, who are qualified in finance, accounting, law, and business management. All members of the Audit Committee are not executive directors, employees or advisors of the Company. They are as follows:

- Mr. Chulchit Bunyaketu Chairman of Audit Committee
- Mr. Soonthorn Pokachaiyapat Member of Audit Committee
- Mr. Stephen Woodruff Fordham Member of Audit Committee

The Audit Committee Charter, approved by the Board of Directors, requires that an audit committee meeting be held at least once every quarter. In 2013, the Company held 12 Audit Committee meetings. These meetings were attended by the relevant executive management, Head of Internal Audit, Head of Risk Management and external auditor pertaining to the agenda. Proceedings of all meetings were reported to the Board of Directors. The meeting attendance of each member of the Audit Committee was as follows:

Name-Surname	Position	Number of Attendance
Mr. Chulchit Bunyaketu	Chairman of Audit Committee	12
Mr. Soonthorn Pokachaiyapat	Member of Audit Committee	10
Mr. Stephen Woodruff Fordham	Member of Audit Committee	11

Activities undertaken by the Audit Committee according to its duties and responsibilities can be summarised as follows:

- Reviewed the quarterly and annual financial statements of the Company for the year 2013 for submission to the Board of Directors for approval. These financial statements were prepared in accordance with generally accepted accounting principles and all information has been sufficiently disclosed;
- Reviewed the adequacy and assessment of the internal control system, risk management and compliance with laws governing the Company's business, as well as conducting meetings with the management and internal audit unit to make recommendations for the benefits of the Company's business operations;
- Approved the annual audit plan, which was prepared based on the Risk Based Approach, and considered the audit reports of the internal audit unit. It was concluded that the Company had an effective internal control system and no significant weakness area;
- Reviewed connected transactions, interested person transactions, or transactions which may have conflicts of interests, to ensure that the transactions are in the ordinary course of the Company's business operations and in compliance with the laws governing securities and exchange;
- Reviewed the Company's risks and followed up the progress of risk management as proposed by the Risk Management Unit;
- Performed a self-assessment in accordance with the Audit Committee Charter and the best corporate governance practices. The result was satisfactory; and
- Considered the nomination and appointment of external auditors and annual audit fee for 2014 for consideration by the Board of Directors.

Based on the activities mentioned above, the Audit Committee is of the opinion that the financial statements of the Company were prepared in accordance with the generally accepted accounting principles, with all information sufficiently disclosed. The Company has maintained an effective and adequate internal control system and internal audit system; no material weakness was found. All businesses have been undertaken in compliance with the laws and regulations concerning the business operation of the Company and the connected transactions were reasonable and for the best interest of the Company.

The Audit Committee has considered the nomination and appointment of external auditors pursuant to the Company's assessment criteria, the external auditors' experience, performance and independence in performing their works during the past year. The Audit Committee found the work of the auditors of Ernst & Young Office Limited to be satisfactory. In addition, Ernst & Young Office Limited has worldwide recognition. The Audit Committee therefore recommends the reappointment of the auditors of Ernst & Young Office Limited as auditors of the Company for the year 2014 and proposes the annual audit fee to the Board of Directors for further approval by the shareholders of the Company.



**Mr. Chulchit Bunyaketu**  
Chairman of Audit Committee  
February 11, 2014



## nomination committee report

### Dear Shareholders,

The Nomination Committee leads the process for the director and top executive appointments and makes recommendations in relation thereto, together with reviewing the balance of skills, knowledge and experience, and structure and composition of the Board of Directors.

The Committee met twice during the year ended 31 December 2013. The Committee principally focused on two particular issues: reviewing the Committee's responsibilities and recommending the election or re-election of directors and the appointment of top executives.

In light of this, the Committee recommended to the Board of Directors the appointment of Mr. Tore Johnsen and Mr. Richard Olav Aa following the retirements of Mr. Hakon Bruaset Kjol and Mr. Morten Tengs at the 2013 Annual General Meeting of Shareholders, respectively. The Committee also secured the appointment of a new non-executive director, Ms. Tanwadee Wongterarit, in place of Mr. Sompol Chanprasert who resigned from the Board of Directors in February 2013. In addition, the Committee recommended candidates for appointment as members of the Corporate Governance Committee.

On the executive side, the Committee focused on recruiting a new Chief Financial Officer, Mr. Fridtjof Rusten, who was appointed in August 2013.

The Committee undertook a review of its performance and effectiveness and found it continued to be effective.

Sincerely yours,

**Mr. Stephen Woodruff Fordham**

Chairman of the Nomination Committee



## corporate governance committee report

**Dear Shareholders,**

Sound corporate governance is critical to our business integrity and to maintaining investors' trust in us. Therefore, the Board of Directors has approved the creation of a Corporate Governance Committee as a subcommittee of the Board of Directors in order to promote the Company's adherence to the principles of good corporate governance in accordance with internationally accepted practices and standards recognised by shareholders, investors, regulators and other stakeholders.

Last year, the Committee has one meeting to monitor the development in corporate governance to ensure we remain aligned with the best practice.

We are determined to make progress during 2014 to enhance the Company's good corporate governance practice in order to achieve long term value for our shareholders.

Sincerely yours,

**Mrs. Chanayarak Phetcharat**

Chairperson of the Corporate Governance Committee



## remuneration committee report

**Dear Shareholders,**

The Remuneration Committee has the responsibility for reviewing and recommending the remuneration of directors. It also reviews and approves the remuneration packages for the Chief Executive Officer on an annual basis.

The Committee had four meetings during the year ended 31 December 2013. There were two important areas of activities. The Committee reviewed the remuneration packages for the directors and the Chief Executive Officer and set the activity plan for the year 2014.

The Committee undertook a review of its effectiveness and found that the Committee was working effectively.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'S. Woodruff Fordham'.

**Mr. Stephen Woodruff Fordham**

Chairman of the Remuneration Committee





## interested & connected person transactions

As shown in the Note 8 to the Financial Statements for the year ended 31 December 2013, the Company and subsidiaries had significant business transactions with related parties. These transactions have been concluded on commercial terms and have been agreed upon in the ordinary courses of businesses between the Company and those companies. Below is a summary of those transactions.

### 1. Transactions with Benchachinda Holding Co., Ltd.

Mr. Boonchai Bencharongkul, a director of the Company, is a director and shareholder of Benchachinda Holding with 40% interest.

Principal Transactions	Aggregate value of transactions during the financial year (THB Million)	
	2012	2013
1. Expenses and other payments		
- Service fees for network operation and management	0.2	0.03
- Accounts payable	5.8	5.7
- Advances	0.01	-

#### Rationale for the transactions:

- The Company hired Benchachinda to operate and maintain the Company's entire transmission network and to install additional transmission case of network expansion. The maintenance fee is charged in fixed amount based on the number of existing cell sites while the installation fee is charged on actual quantity of work carried out during the year. In considering the extension of the service agreement, the Company compares service fees proposed by Benchachinda with the rate the Company would otherwise pays to an independent service provider, who can render similar service in a particular area, to ensure the reasonableness of new pricing.

### 2. Transactions with BB Technology Co., Ltd.

Benchachinda holds 100% interest in BB Technology. Mr. Boonchai Bencharongkul, a director of the Company, is a shareholder of Benchachinda Holding.

Principal Transactions	Aggregate value of transactions during the financial year (THB Million)	
	2012	2013
1. Revenue		
- Revenue from sales of mobile phone set	-	0.3
2. Expenses and other payments		
- Service fees for network maintenance and installation of telecommunications equipment	470.2	466.1
- Service fees of network operation and management	339.5	339.5
- Accounts payable	345.0	247.0

#### Rationale for the transactions:

- The Company switched service providers for these services from Benchachinda and UTEL to BB Technology Co.,Ltd. since the fourth quarter of 2008. The Company hired BB Technology to operate and maintain the Company's entire transmission network. The maintenance fee and contract renewal is similar to what the Company agreed with Benchachinda and UTEL.

### 3. Transactions with Connect One Co., Ltd.

Mr. Boonchai Bencharongkul, a director of the Company holds 20% interest, and I.N.N. group holds 30% interest.

Principal Transactions	Aggregate value of transactions during the financial year (THB Million)	
	2012	2013
1. Expenses and other payments		
- Information service fee	0.1	0.1
- Accounts payable	0.02	0.08

**Rationale for the transactions:**

- Connect One is a content provider providing information service to mobile phone users.

### 4. Transactions with I.N.N. Group

Mr. Boonchai Bencharongkul is a director and a shareholder of I.N.N.

Principal Transactions	Aggregate value of transactions during the financial year (THB Million)	
	2012	2013
1. Revenue		
- Rental revenue	0.1	0.1
- Revenue from sales of mobile phone set	0.02	0.01
2. Expenses and other payments		
- Marketing expense	40.8	30.1
- Information service fee	89.7	81.2
- Accounts payable	25.5	20.0
- Advances	7.1	9.4

**Rationale for the transactions:**

- I.N.N. Radio Co., Ltd. rented office space for 21 wah-square in Pitsanulok province from the Company and the rental term was one-year.
- The Company purchased airtime from I.N.N. Radio Co., Ltd. to advertise company's product via radio. The advertising rate is of normal commercial terms.
- The Company entered into a content provider access agreement with I.N.N. News (Thailand) to provide content service to dtac customers.

## 5. Transactions with International Cold Storage and Agricultural Co., Ltd.

Mr. Boonchai Bencharongkul, a director of the Company, is a director of International Cold Storage and holds 25% interest.

Principal Transactions	Aggregate value of transactions during the financial year (THB Million)	
	2012	2013
1. Expenses and other payments		
- Rent for land	9.3	4.0

### Rationale for the transactions

- The Company rent office space to install transmission networks with 3-year term at a rate comparable with market rate.

## 6. Transactions with Private Property Co., Ltd.

Mr. Boonchai Bencharongkul, a director of the Company, is a director and a shareholder of Private Property Co., Ltd. with 25% shareholding.

Principal Transactions	Aggregate value of transactions during the financial year (THB Million)	
	2012	2013
1. Revenue		
- Mobile service revenue	0.3	0.1
- Accounts receivable	0.1	0.02
2. Expenses and other payments		
- Rent for space in Benchachinda Building	5.4	1.0
- Advances	0.01	-

### Rationale for the transactions:

- The Company rent the space in Benchachinda Building to install transmission networks with 3-year term at a rate comparable with market rate.

## 7. Transactions with Telenor Group

Telenor is a major shareholder of dtac with 42.62% shareholding.

Principal Transactions	Aggregate value of transactions during the financial year (THB Million)	
	2012	2013
1. Revenue		
- Revenue from international roaming service	92.8	85.5
- Revenue from mobile phone service	11.6	13.8
- Revenue from sales of mobile phone set	0.3	0.4
- Revenue from interconnection	59.4	241.0
- Revenue from management service	1.8	5.4
- Accounts receivable	28.9	159.0
- Advances	9.9	40.0
2. Expenses and other payments		
- Fees to Telenor under a service agreement	411.2	406.3
- Software and system maintenance fee	50.6	48.3
- Other payables	766.6	255.6
- International roaming costs	21.2	7.7
- Interconnection costs	109.6	84.9
- Cost on international signaling	14.3	20.1
- Accounts payable	254.8	145.9

### Rationale for the transactions:

- It is a policy that Telenor provides secondments with appropriate experience and capacity as requested by the Company to jointly manage the business operations for the shareholders' best interest by charging an applicable service fee. The Internal Audit Division submits the report on this matter to the Audit Committee for review and approval.
- Revenue from mobile phone service arises from the mobile phone services charged to Telenor Asia (ROH) which has the office in Thailand.
- Revenue from international roaming service arises from the usage of Telenor subsidiaries' customers who travel to Thailand and use the roaming service on dtac's network. The fee is charged in accordance with the agreement.
- Revenue and cost from interconnection, including related costs on rental signaling and IP transit service, arise from the interconnection between DTAC Network Company Limited and Telenor Global Services.
- The Company purchased computer software and made annual maintenance contract to improve operational efficiency of the Company.

## 8. Transactions with United Distribution Business Co., Ltd. (UD)

UD is a subsidiary of Benchachinda Holding with 75% shareholding and an associate of the Company with 25% shareholding. Mr. Boonchai Bencharongkul, a director of the Company, is a shareholder of Benchachinda Holding.

Principal Transactions	Aggregate value of transactions during the financial year (THB Million)	
	2012	2013
1. Revenue		
- Sales of refill vouchers, SIM cards, SIM card packages, starter kits and other products as specified by the Company	12,928.2	13,967.5
- Dividend	37.5	18.8
- Accounts receivable	2,474.7	2,292.7
2. Expenses and other payments		
- Purchase of mobile handsets	31.6	-
- Marketing support expense	4.7	9.4
- Rental and service fee	13.6	487.5
- Accounts payable	0.8	112.0
- Advances	2.0	4.0

### Rationale for the transactions:

- In June 2002, the Company and UCOM transferred their sales and distribution business to UD. UD also has an exclusive right to distribute and sell the Company's telecommunication products. The business relationship is beneficial as it allows the Company to concentrate on core business while controlling the cost of distribution.
- The Company purchases handsets from UD for resale at DTAC shops and services centers.

## 9. Transactions with United Information Highway Co., Ltd. (UIH)

UIH is a subsidiary of Benchachinda Holding with 100% shareholding. Mr. Boonchai Bencharongkul, a director of the Company, is a shareholder of Benchachinda Holding.

Principal Transactions	Aggregate value of transactions during the financial year (THB Million)	
	2012	2013
1. Revenue		
- Revenue from base station sublease include electricity charge	2.1	3.8
- Advances	1.0	0.1
2. Expenses and other payments		
- Rental expense for high speed leased circuit	22.3	14.9
- Cost of Wi-Fi equipment and service	19.8	61.9
- Advances	10.2	13.3
- Accounts payable	118.9	47.0



**Rationale for the transactions:**

- UIH provides high-speed data communication service via a nationwide leased optical fiber network to public and private organizations. UIH has one of the most extensive and high quality fiber optic networks in Thailand and has been providing consistent and high quality data communication services to the Company and its subsidiaries for many years.
- It is beneficial to conduct business with UIH as currently the Company does not have such data communication networks. In addition, UIH has one of the most extensive and high quality fiber optic network coverage throughout Thailand.
- Procurement team will obtain quotations from at least 3 service providers as part of the review of pricing arrangements. The Company will continue to rent the high speed leased circuits from UIH if the pricing arrangements continue to be more favorable to the Company than those extended by other service providers, taking into consideration various factors i.e. reputation, the size and quality of the leased circuit, the switching cost and strategic purposes of the transaction.
- dtac Broadband company limited, a subsidiary, has entered an agreement for high speed circuit at a rate comparable with market rate and an agreement for equipment and service of Wifi with normal commercial terms.

## 10. Transactions with United Telecom Sales and Services Co., Ltd. (UTEL)

UTEL is a subsidiary of Benchachinda Holding with 100% shareholding. Mr. Boonchai Bencharongkul, a director of the Company, is a shareholder of Benchachinda Holding.

Principal Transactions	Aggregate value of transactions during the financial year (THB Million)	
	2012	2013
1. Revenue		
- Revenue from sales of mobile phone set	0.2	-
2. Expenses and other payments		
- Accounts payable	2.1	2.0
- Service fees for network maintenance and installation of telecommunications equipment	-	3.0

**Rationale for the transactions:**

- UTEL provides fully integrated services in the areas of system design, project implementation, distribution, leasing of telecommunications equipment, consulting services and system maintenance of telecommunications, information technology, broadcasting and network equipment. Such services are provided on a project-by-project basis and are subject to tender processes along with other unrelated third party service providers.
- The Company hires UTEL for maintenance service and installation of cell site equipment. This is to ensure that our high service quality and the widest coverage which are critical factors to retain our competitiveness.
- Contractual prices are obtained by price bidding prior to entering into the agreement. Senior management (with no direct or indirect interest) will obtain quotations from at least two services providers. The Company will award the agreement to the party with the most competitive pricing, taking into consideration various factors, i.e. the working relationship, quality of service, the timeframe, project size and the reputation of the service provider.

## 11. Transactions with Bang-san Townhouse Co., Ltd.

Mr. Boonchai Bencharongkul, a director of the Company, is a director of Bang-san Townhouse and holds 25% shareholding.

Principal Transactions	Aggregate value of transactions during the financial year (THB Million)	
	2012	2013
1. Expenses and other payments		
- Rent for land	0.5	0.5

### Rationale for the transactions:

- The Company leased a plot of land to build switching center with 3-year term at a rate comparable with market rate.
- The Company leased land and building to store our asset and equipment with 3-year term at a rate comparable with market rate.

## 12. Transactions with King Power Suvarnabhumi Co., Ltd.

Mr. Chulchit Bunyaketu, a director of the Company, is Vice Chief Executive Officer of King Power Suvarnabhumi Co., Ltd.

Principal Transactions	Aggregate value of transactions during the financial year (THB Million)	
	2012	2013
1. Expenses and other payment		
- Rental expense	2.5	16.7
- Other payables	0.01	0.02

### Rationale for the transactions:

- The Company was granted the right from King Power Suvarnabhumi Co., Ltd. to provide mobile rental service for dtac customers who will bring mobile phone to use in other countries, and also provide other services including sale of SIM card, payment transactions, and other mobile phone services. The right was charged at one-time payment and monthly revenue shares from services provided at the airport. The agreement term is 5-year starting from the open of the airport.
- The Company leased the space for service hall in order to provide service for dtac customers at the airport. The agreement term is 7-year and it was charged on annual basis at the rate comparable to market rate.

### 13. Transactions with Top Up 4U Co., Ltd.

Benchachinda holds 100% interest. Mr. Boonchai Bencharongkul, a director of the Company, is a shareholder of Benchachinda Holding.

Principal Transactions	Aggregate value of transactions during the financial year (THB Million)	
	2012	2013
1. Revenue and other gains		
- Revenue from sales of top-up service	286.1	386.4
- Accounts receivable	6.3	43.5
- Expenses and commission	-	12.4

**Rationale for the transactions:**

- The Company hired Top Up 4U Co., Ltd. to be an E-refill distributor at a contract rate in order to expand our top-up channels.

### 14. Transactions with BB Content & Multimedia Co., Ltd.

Benchachinda holds 100% interest. Mr. Boonchai Bencharongkul, a director of the Company, is a shareholder of Benchachinda Holding.

Principal Transactions	Aggregate value of transactions during the financial year (THB Million)	
	2012	2013
1. Expenses and other payments		
- Service fee	0.1	0.1
- Accounts payable	0.1	0.3

**Rationale for the transactions:**

- The Company signed a content provider access agreement with BB Content & Multimedia to provide content service to dtac customers.

## 15. Transactions with LMG Insurance Co., Ltd.

Mr. Boonchai Bencharongkul, a director of the Company, is related to Mr. Somchai Bencharongkul who is a director of LMG Insurance.

Principal Transactions	Aggregate value of transactions during the financial year (THB Million)	
	2012	2013
1. Expenses and other payments		
- Car insurance fee	0.07	-
- Rent space for base station	0.6	0.3

### Rationale for the transactions:

- The Company entered into car insurance and rental agreement for installing cell site and antenna equipment with LMG Insurance at a fair market rate.

## 16. Transactions with Mr. Jon Eddy Abdullah

Mr. Jon Eddy Abdullah is a director and Chief Executive Officer of the Company.

Principal Transactions	Aggregate value of transactions during the financial year (THB Million)	
	2012	2013
1. Revenue and other gains		
- Revenue from car rental	0.1	0.1
- Accounts receivable	0.03	0.03

### Rationale for the transactions:

- The Company entered into an agreement with Mr. Jon Eddy Abdullah for car rental at appropriate and fair rate and Mr. Jon Eddy Abdullah is responsible for the maintenance during the rental period.

Other than the Interested Person transactions set out above, there was no material contract involving the interests of any of the Chief Executive Officer, Directors and controlling shareholders, either still subsisting at the end of the financial year ending 31 December 2013, or if not subsisting at the end of the financial year ending 31 December 2013, entered into since the end of the previous year ending 31 December 2012.

According to the Annual General Shareholders' Meeting for the year 2013, the shareholders approved the general mandate for interested person transactions, which are recurrent transactions of a revenue or trading nature or are necessary for the Company's day-to-day operations, such as the purchase and sale of supplies and equipment (but not in respect of the purchase or sale of assets, undertakings or business) that may be carried out with interested persons.



## shareholder structure

Total Access Communication Public Company Limited

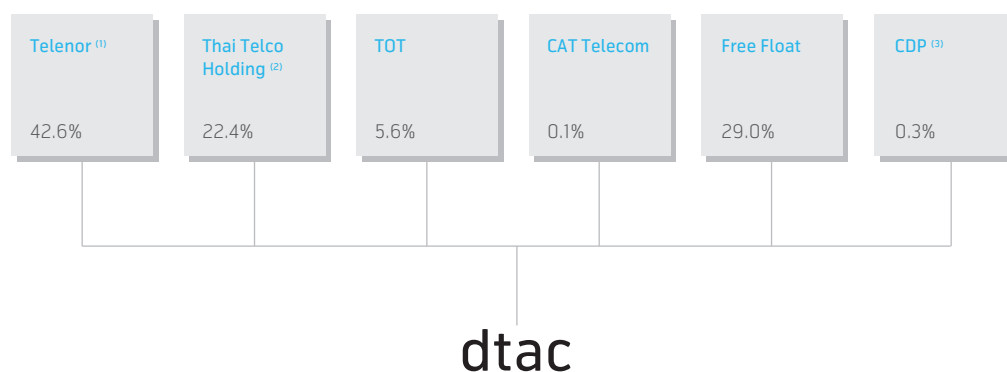
### Information on Share Capital and Shareholding

As at 13 November 2013

#### Share Capital

Authorized Share Capital	: THB 4,744,161,260
Issued Share Capital	: THB 4,735,622,000
Class of Share	: Ordinary Shares of THB 2 each
Voting Rights	: One vote per share

#### Shareholding Structure



(1) Telenor Asia Pte. Ltd.'s direct shareholding is 42.6% (including shares through CDP). Telenor Asia Pte. Ltd. is a subsidiary of Telenor ASA. (Slightly more than 50% of its shares are held by the Norwegian Government.) In 2007, Telenor, Thai Telco Holdings and UCOM filed to the SEC for their acting in concert. However, UCOM currently does not have any shareholding in the company.

(2) Shareholder's list and shareholding structure of Thai Telco Holdings Limited as of 30 April 2013

BCTN Holding Co., Ltd. <sup>(4)</sup>	51.00%
Telenor South East Asia Investment Pte. Ltd.	49.00%
Telenor	0.00%

(3) Shareholding by CDP excludes shares held by Telenor.

(4) Shareholder's list and shareholding structure of BCTN Holding Co., Ltd. as of 30 April 2013

BCTN Innovation Co., Ltd. <sup>(5)</sup>	51.00%
Telenor South East Asia Investment Pte. Ltd.	49.00%
Telenor	0.00%

(5) Shareholder's list and shareholding structure of BCTN Innovation Co., Ltd. as of 30 April 2013

BCH Holding Co., Ltd. <sup>(6)</sup>	51.00%
Telenor South East Asia Investment Pte. Ltd.	49.00%
Telenor	0.00%

(6) Shareholder's list and shareholding structure of BCH Holding Co., Ltd. as of 30 April 2013

Mr. Vichai Bencharongkul	64.88%
Mr. Boonchai Bencharongkul	20.12%
Mr. Somchai Bencharongkul	15.00%

## Distribution of Shareholdings

Size of Shareholdings			No. of Shareholders	%	No. of Shares	%
1	-	999	25,749	78.58	2,155,786	0.09
1,000	-	10,000	5,843	17.83	17,294,781	0.7314
10,001	-	1,000,000	1,124	3.43	92,343,421	3.90
1,000,001	and	above	46	0.14	2,256,017,012	95.28
<b>Total</b>			<b>32,769</b>	<b>100.00</b>	<b>2,367,811,000</b>	<b>100.00</b>

Note : Includes CDP (details of shareholding statistics in the CDP are shown in the topic for Detail of the Shareholdings by the Central Depository (Pte) Limited in Singapore)

## Top Largest Shareholders

No.	Name	No. of Shares	%
1	Telenor Asia Pte. Ltd.	1,008,822,497	42.6
2	Thai Telco Holdings Ltd.	531,001,300	22.4
3	TOT Public Company Limited.	132,145,250	5.6
4	State Street Bank Europe Limited	26,180,800	1.1
5	Social Security Fund (2 Cases)	16,188,400	0.7
6	Littledown Nominees Limited	15,831,500	0.7
7	Chase Nominees Limited 15	14,060,829	0.6
8	Bangkok Life Assurance Limited	12,055,000	0.5
9	Government Pension Fund	10,517,900	0.4
10	HSBC (Singapore) Nominees Pte. Limited	7,368,210	0.3



## Details of the Shareholdings by the Central Depository (Pte) Limited in Singapore

As at 13 November 2013

### Distribution of Shareholdings

Size of Shareholdings			No. of Shareholders	%	No. of Shares	%
1	-	999	25	6.30	9,690	0.13
1,000	-	10,000	270	68.01	1,039,267	13.87
10,001	-	1,000,000	101	25.44	4,924,532	65.73
1,000,001	and	above	1	0.25	1,518,592	20.27
Total			397	100.00	7,492,081	100.00

### Top Largest Shareholders

No.	Name	No. of Shares	%
1	Citibank Nominees Singapore Pte Ltd	1,518,592	21.3
2	Telenor Asia Pte Ltd	350,000	4.7
3	Phillip Securities Pte Ltd	347,842	4.6
4	Lam Hup Sum	340,000	4.5
5	DBS Nominees Pte Ltd	316,090	4.2
6	UOB Kay Hian Pte Ltd	205,000	2.7
7	Choo Seng Kwee	130,000	1.7
8	HSBC (Singapore) Nominees Pte Ltd	120,000	1.6
9	United Overseas Bank Nominees Pte Ltd	118,200	1.6
10	Hong Leong Finance Nominees PL	105,000	1.4



## Dividend Policy

dtac's policy is to pay out dividends at no less than 80% of the company's net profit depending on the company's financial position and future business plans with an aim to pay dividend quarterly.







# management discussion and analysis

## Executive Summary

Year 2013 marked another revolutionary milestone for dtac and its subsidiary, dtac TriNet (DTN), with the commencement of 3G 2.1 GHz service on the 15-year license awarded by NBTC. The license regime brings a structural shift to dtac business model as it creates a more level playing field in terms of spectrum allocation and cost structure among the players and gives full ownership of assets. After the commercial launch on 23 July 2013, DTN has rolled out 3G 2.1 GHz network in 77 provinces across the nation and has 12 million customers experiencing the faster 3G 2.1GHz network by end of 2013.

Total revenue in 2013 increased by 5.7% YoY driven by strong growth in service revenue (excluding IC) and handset sales despite pressures from softer economy and rising market competition in the second half of the year. Supported by larger subscriber base and continued demand for mobile data, service revenue (excluding IC) grew strongly 10.4% YoY, comparing to 8.4% YoY growth in 2012. Handset sales had a record-high growth of 143.8% QoQ, reaching 5.2 billion in Q413 as a result of iPhone 5s and dtac TriNet 2nd generation phones launched together with successful CRM campaign called “the longer you stay, the more love we have”

which allows customers to convert their Age of Used (AOU) with dtac into handset purchase discount. Total handset sales in 2013 increased by 26.5% YoY.

In 2013, EBITDA rose 12% YoY with EBITDA margin improved by 1.8pp to 31.7% as a result of strong underlining business and regulatory saving, partly offset by higher Selling and Marketing expenses in connection with 3G 2.1 GHz service as well as in response to competition to maintain our market position. CAPEX for 2013 was 14.4 billion, in line with our guidance, mainly to expand coverage and capacity of 3G 2.1 GHz network.

In expectation of weakening macroeconomics and increasing competition to continue in 2014, dtac expects total revenue to grow 3-5% YoY supported by growth of VAS and data revenue while EBITDA margin continues to improve in the range of 35-36% as a result of regulatory saving mainly contributed by DTN subscribers under the new licensing regime. dtac plans to invest a minimum of 13 billion mainly on 3G 2.1 GHz in 2014, with a total 3-year plan maintained at 34 billion between 2013-2015.

## Significant Events

### Loss from assets impairment in the separate financial statements

In Q413, dtac performed impairment reviews of deferred right to use of equipment and equipment for supporting cellular telephone services (Concessionary Agreement) by comparing the carrying amount of the cash generating unit to its recoverable net present value of future cash flows based on the assumption that the Concessionary Agreement will be expired in September 2018. As a result, dtac recognized non-cash loss from assets impairment totaling 18,627 million in profit and loss in the separate financial statements. There was no impact on consolidated financial statements. (Note 15 to the financial statement 2013)

### Partial reversal of accrued IC for TOT

Following the implication of new NBTC standard rate for IC, dtac decided to partially reverse IC revenues and costs previously accrued for TOT using higher rates per minute. This resulted in a one-time reduction in IC cost of 780 million in Q413.

### Provision for revenue sharing from revenue received from DPC

Regarding the dispute with CAT on additional revenue sharing from revenue received from Digital Phone Co.,Ltd (“DPC”) from mobile network domestic roaming agreement, dtac’s management, on a conservative basis, determined to make a provision under revenue sharing 478 million and financial cost 884 million, totaling 1,361 million in 2013 financial statement. The dispute is currently under the arbitration procedures. (Note 34.2 (a) to the financial statement 2013)

### Unrecognized deferred tax assets

dtac decided not to recognize deferred tax assets for the amount of 403 million in Q413 as it is not probable that future taxable profit will be available against the benefits. (Note 25 to the financial statement 2013)

## Operational Summary

dtac subscribers increased from 26.3 million last year to a total of 27.9 million in 2013 with net addition gained by 1.6 million. As a result of softer economic developments and political pressures during Q413, dtac accelerated marketing activities in response to intensified competition to maintain our market position through series of acquisition plan, competitive data offer, device loyalty discount, channel incentive, and trade promotions.

Blended ARPU (excluding IC) slightly dropped 0.4% YoY from THB 212 to THB 211 due to the launch of competitive packages in the period, while blended MOU (excluding IC) was maintained at 220 minutes stabled from last year following prepaid usage stimulus campaigns.

Following the 3G commercial launch, dtac adopted an aggressive network rollout and accomplished the aim to cover 77 provinces in 2013.

dtac also reinforced a vision of 'Internet for All' with the launch of value-for-money 1st and 2nd Generation of dtac TriNet phones which proven to be very successful. As of Q413, smartphone penetration increased to 32.7% with prepaid subscribers increasingly adopted and experienced the mobile internet, while postpaid subscribers have become sophisticated data users. dtac projected to strengthen smartphone customer base by gearing towards offering superior experience of TriNet smart networks with clearer and faster sensation at an affordable price to all.

Total active subscribers (in thousand)	2012	2013	%YoY
Postpaid	2,816	3,502	24.4%
Prepaid	23,502	24,440	4.0%
<b>Total</b>	<b>26,318</b>	<b>27,942</b>	<b>6.2%</b>
Net additional subscribers (in thousand)	2012	2013	%YoY
Postpaid	417	686	64.7%
Prepaid	1,885	938	-50.3%
<b>Total</b>	<b>2,302</b>	<b>1,624</b>	<b>-29.5%</b>
MOU (minutes/sub/month)	2012	2013	%YoY
Postpaid	491	421	-14.3%
Prepaid	246	245	-0.5%
<b>Blended</b>	<b>271</b>	<b>265</b>	<b>-2.1%</b>
Postpaid excluding IC	369	316	-14.4%
Prepaid excluding IC	204	208	2.1%
<b>Blended excluding IC</b>	<b>220</b>	<b>220</b>	<b>0.0%</b>

ARPU (THB/sub/month)	2012	2013	%YoY
Postpaid	715	681	-4.7%
Prepaid	211	189	-10.6%
<b>Blended</b>	<b>262</b>	<b>245</b>	<b>-6.5%</b>
Postpaid excluding IC	592	602	1.6%
Prepaid excluding IC	169	161	-5.0%
<b>Blended excluding IC</b>	<b>212</b>	<b>211</b>	<b>-0.4%</b>

## Financial Summary

### Operating Revenues

**Total Revenues** growth at 5.7% YoY reaching THB 94.6 billion from THB 89.5 billion last year. The new IC rate effective since July 2013 caused a substantial drop in IC revenue by 28.4% YoY. Excluding IC, service revenue posted a strong growth at 10.4% YoY with healthy development in VAS, IDD and handset especially during Q413, while voice and IR decreased QoQ and YoY following intense competition, soft economy and political situations.

**Revenue from Voice Service** decreased 3.7% YoY to THB 41.7 billion, mainly attributed to Prepaid segment soft performance from slower gross sales and internal migration prepaid to postpaid, while postpaid voice maintained strong development by 5.5% YoY with a marginal decrease QoQ during Q413 as a result of political situation and long festive season. Contribution from voice revenue to service revenue excluding IC has become smaller from 68.3% in 2012 to 59.5% in 2013.

**Revenue from Value-Added Service (VAS)** consistently outperformed with a healthy growth 48.8% YoY amounted to THB 22.6 billion. Contribution from VAS revenue to service revenue excluding IC has increased from 23.9% last year to 32.2% in 2013. dtac continued its effort to encourage new data users and to increase data usage through providing attractive data promotions, improving network quality, and bringing out services innovation to the market with series of latest trendy applications including Readever, Watchever, and dtac Deezer.

**Revenue from International Roaming Service (IR)** accounted for THB 2.1 billion which decreased 8.0% YoY and trended down in Q413 despite high seasonality due to uncertain political rallies causing a negative impact on tourism especially for inbound, together with intense roaming competition. Overall performance turned soft on voice and SMS while data roaming growth remained strong.

**Interconnection (IC) Revenue** stood at THB 10.6 billion, with a significant drop by 28.4% YoY from a reduction in IC rate from approximately THB 1.00 to THB 0.45 per minute which has been effective bilaterally with other telecom providers since 1 July 2013.

**Other Service Revenues**, comprising mainly of revenues from IDD services and other fees amounted to THB 3.7 billion, with strong Q413 driven by higher IDD seasonality leading to 36.4% full year growth.

**Revenue from Sales of Handsets and Starter Kits** marked a high record for Q413 at THB 5.4 billion and full year stood at THB 13.8 billion, with healthy growth 25.5% YoY, thanks to the successful launch of iPhone 5s, 5c, TriNet Phone 2nd generation with AOU discount campaign and trade-in promotions.

### Operating Costs

**Total Operating Costs** ended at THB 64.6 billion with an increase of 3.7% YoY mainly attributed to the growing 3G 2.1 GHz network rollout, network OPEX and higher cost of handset sales.

**Regulatory Costs**, mainly comprising of revenue share to CAT, numbering fee and USO fee to the NBTC including license fee, stood at THB 21.7 billion which increased by 5.2% YoY in line with mobile revenue growth. While Q413 regulatory cost dropped as a result of progressive TriNet subscriber porting partly offset by negative one-time adjustment in DPC roaming charges. Regulatory costs to service revenue excluding IC slightly decreased from 32.5% last year to 31.0% in 2013.

**Network OPEX** amounted to THB 4.2 billion with an increase of 7.6% YoY mainly from additional 3G 2.1 GHz network and vendor service agreement. As a percentage to service revenue excluding IC, network OPEX improved from 6.1% in 2012 to 5.9% in 2013.



**Interconnection (IC) Cost** substantially dropped by 33.5% YoY, amounted to THB 9.3 billion following the IC rate cut as IC revenue. Net IC for the period increased from THB 814 million last year to THB 1,293 million in 2013.

**Other Operating Costs of Services** consisting of prepaid card production costs and commissions, IR and IDD costs, network insurance costs and others, maintained at THB 4 billion fairly stabled from last year despite growing revenue and subscriber base, representing an improvement in percentage of costs to service revenue excluding IC from 6.4% last year to 5.7% in 2013.

**Depreciation and Amortization (D&A) of Operating Costs of Services** continued to increase QoQ and YoY to THB 11.9 billion, with 27.2% growth from last year mainly from the completion of 2G network modernization and 3G 850 MHz expansion, together with the initial phase of 3G 2.1 GHz rollout. The increased amortization was driven by 2.1 GHz license cost which started to be amortized during Q313, causing D&A of operating costs of services to increase from 14.8% in 2012 to 17.0% in 2013.

**Cost of Handsets and Starter Kits** increased 29.2% YoY amounted to THB 13.5 billion corresponding to higher sales performance. Handsets and starter kits margin dropped from 5.2% last year to 2.4% in 2013, as a result of declining handset margin from aggressive AOU discount campaign. Competitive offer especially through device bundling and subsidy will put more pressure on profit margin.

### Selling, General and Administrative Expenses (SG&A)

**SG&A** FY2013 at THB 14.1 billion increasing by 17.3% YoY mainly from higher selling and marketing expenses and provision for bad debt especially during Q413.

**Selling and Marketing Expenses** for 2013 increased from THB 3.0 billion in 2012 to THB 4.7 billion with 57.7% growth YoY due to TriNet high activities following intense competition. Proportion of selling and marketing expenses to service revenue excluding IC rose from 4.7% in 2012 to 6.7% in 2013.

**General Administrative Expenses** stood at THB 6.8 billion which decreased 0.7% YoY from a reduction in salaries and personnel related costs together with ongoing operational efficiency focus across all domains. As a percentage to service revenue excluding IC, these costs improved from 10.8% last year down to 9.7% in 2013.

**Provision for Bad Debt** significantly increased to THB 925 million, rising three times higher than 2012 level at THB 228 million, as a result of NEO impact on collection process during the first half of year. While accounts receivable and aging balance started trending back to normal in Q313, full year total provision for postpaid bad debt was 2.6% of postpaid revenue which was doubled from 1.2% last year.

**Depreciation and Amortization of SG&A** amounted to THB 1.7 billion with a drop of 13.7% YoY as some assets already reached the end of their useful lives. D&A of SG&A to service revenue excluding IC stood at 2.5% in 2013, decreasing from 3.1% last year.

### EBITDA and Net Profit

**EBITDA** grew healthy to THB 30 billion, increasing 12% YoY from stronger revenue development and net IC positive adjustment, but partly offset by higher selling and marketing expenses. EBITDA margin stood at 31.7%, with an increase of 1.8pp from last year mainly due to the one-off reversal in IC costs partly offset by DPC roaming charges, higher S&M and lower handset margin.

**Net profit** amounted to THB 10.6 billion, substantially decreased 6.3% YoY caused by FOREX loss from weakening Thai Baht together with one-time effects from provision of DPC case settlement and write-down of unutilized deferred tax assets as it is not probable that future taxable profit will be available against the benefits.

### Balance Sheet and Key Financial Information

**Total Assets** at the end of 2013 stood at THB 105 billion, increasing from THB 101 billion at the end of 2012 mainly from the increase in cash and cash equivalents.

**Interest-Bearing Debt** at the end of 2013 was THB 31.5 billion higher from THB 30.3 billion at the end of 2012 due to THB 5.0 billion debenture issued in the period.

**Operating Cash Flow** (defined as EBITDA - CAPEX) for 2013 was THB 15.6 billion, decreasing 10.5% YoY from accelerated CAPEX plan with total CAPEX book at THB 14.4 billion significantly higher than 2012 record at THB 9.3 billion.

Income statement (THB million)	2012	2013	%YoY
Voice	43,347	41,743	-3.7%
Postpaid	10,865	11,467	5.5%
Prepaid	32,481	30,277	-6.8%
VAS	15,175	22,583	48.8%
IR	2,285	2,102	-8.0%
Others	2,696	3,677	36.4%
<b>Service revenues ex. IC</b>	<b>63,502</b>	<b>70,106</b>	<b>10.4%</b>
IC revenue	14,732	10,554	-28.4%
<b>Service revenues</b>	<b>78,235</b>	<b>80,659</b>	<b>3.1%</b>
Handsets and starter kits sales	10,998	13,798	25.5%
Other operating income	265	160	-39.8%
<b>Total revenues</b>	<b>89,497</b>	<b>94,617</b>	<b>5.7%</b>
Cost of services	(51,876)	(51,121)	-1.5%
Regulatory	(20,644)	(21,721)	5.2%
Network	(3,877)	(4,169)	7.6%
IC	(13,919)	(9,260)	-33.5%
Others	(4,041)	(4,023)	-0.5%
Depreciation and Amortization	(9,396)	(11,948)	27.2%
Cost of handsets and starter kits	(10,430)	(13,473)	29.2%
<b>Total costs</b>	<b>(62,306)</b>	<b>(64,594)</b>	<b>3.7%</b>
<b>Gross profit</b>	<b>27,191</b>	<b>30,023</b>	<b>10.4%</b>
SG&A	(12,028)	(14,114)	17.3%
Selling & Marketing expenses	(2,972)	(4,686)	57.7%
General administrative expenses	(6,835)	(6,784)	-0.7%
Provision for bad debt	(228)	(925)	305.5%
Depreciation and Amortization	(1,993)	(1,719)	-13.7%
Gain/Loss on foreign exchange	113	(265)	-334.8%
Interest income	385	222	-42.4%
Other income	266	145	-45.3%
<b>EBITDA</b>	<b>26,818</b>	<b>30,047</b>	<b>12.0%</b>
Depreciation & Amortization	(11,389)	(13,666)	20.0%
Interest income	385	222	-42.4%
Gain/Loss on foreign exchange	113	(265)	-334.8%
<b>EBIT</b>	<b>15,927</b>	<b>16,011</b>	<b>0.5%</b>
Financial cost	(1,119)	(2,154)	92.6%
Corporate income tax	(3,526)	(3,290)	-6.7%
<b>Net profit for the period</b>	<b>11,282</b>	<b>10,567</b>	<b>-6.3%</b>

Statement of financial position	2012	2013	%YoY
Cash and cash equivalent	4,555	5,472	20.1%
Other current assets	12,415	15,632	25.9%
Non-current assets	84,074	83,949	-0.1%
<b>Total assets</b>	<b>101,043</b>	<b>105,054</b>	<b>4.0%</b>
Current liabilities	37,800	45,141	19.4%
Non-current liabilities	28,398	27,193	-4.2%
<b>Total liabilities</b>	<b>66,198</b>	<b>72,334</b>	<b>9.3%</b>
<b>Shareholders' equity</b>	<b>34,845</b>	<b>32,720</b>	<b>-6.1%</b>
<b>Total liabilities and shareholders' equity</b>	<b>101,043</b>	<b>105,054</b>	<b>4.0%</b>



## report of the board of directors' responsibility for the financial reports

The Board of Directors is responsible for the financial statements of the Company and its subsidiaries and the financial information as presented in the annual report of the Company. The financial statements of the Company and its subsidiaries as of 31 December 2013 have been prepared with careful consideration, in conformity with generally accepted accounting principles in Thailand, and using appropriate accounting policies and best estimation. All material information has been sufficiently disclosed in the notes to financial statements. The financial statements have been duly audited by independent authorised auditors who have provided unqualified opinions. The financial statements therefore reflect the Company's financial condition and results of operation that is true, transparent and reasonable for the benefits of all shareholders and investors.

The Board of Directors has established and maintained an appropriate and efficient internal control system and internal audit system to ensure that all accounting records are accurate, complete and sufficient to safeguard the Company's assets and prevent corruptions and materially irregular practices.

The Board of Directors has appointed an Audit Committee, which consists of independent directors who are responsible for the accuracy and adequacy of the financial reports, the appropriateness and efficiency of the internal control system and internal audit system, and compliance with laws and regulations related to the Company's business. The opinion of the Audit Committee is provided in the Report of the Audit Committee as presented in this annual report.

The Board of Directors is of the opinion that the Company's overall internal control system is satisfactory and provides reasonable assurance to the credibility of the financial statements of the Company and its subsidiaries as of 31 December 2013.

On behalf of the Board of Directors  
Total Access Communication Public Company Limited  
11 February 2014

**Mr. Tore Johnsen**

Director

**Mr. Jon Eddy Abdullah**

Director and Chief Executive Officer



## independent auditor's report

### To the Shareholders of Total Access Communication Public Company Limited

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

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

### Emphasis of matters

My opinion is not qualified in respect of these matters.

I draw attention to the following Notes to the financial statements.

- a) As discussed in Note 33 to the consolidated financial statements, the Company is involved in proceedings and commercial disputes with TOT Public Company Limited ("TOT") in relation to the access charge payment. For the period from 18 November 2006 to 7 November 2007, the Company accrued the access charge in the financial statements at the interconnection charge rate payable, and this amounted to Baht 1,973 million. On 8 November 2007, the Company sent TOT a notice to terminate the two Access Charge Agreements, and so from 8 November 2007 to 31 December 2013 the Company did not accrue the access charge in its financial statements because the Company's management believes that its obligation to pay access charges under the Access Charge Agreements is ended. To date, TOT has not entered into an interconnection charge agreement with the Company. In addition, on 9 May 2011, TOT had filed a plaint with the Central Administrative Court, and a petition to amend the plaint on 7 September 2011, demanding that CAT Telecom Public Company

Limited and the Company jointly pay damages resulting from the access charge up to 9 May 2011 (the filing date of the plaint) which, including VAT and default interest, amounted to Baht 113,319 million.

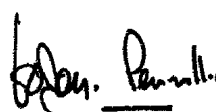
Based on advice from the Company's legal counsel, the Company's management is confident that the Company is not obliged to make payment of access charge under the agreements because the Company's management believes that such agreements do not comply with current legal principles (NTC notification) and the Company has already terminated the Access Charge Agreements.

Currently, the commercial dispute is under discussion and in the legal process, and litigation is under court proceedings. The outcome of the dispute cannot be determined and depends on the results of the discussion and future proceedings as part of the legal and judicial processes.

- b) As discussed in Note 34 to the consolidated financial statements, the Company has significant other outstanding litigations and commercial disputes in relation to the agreements to operate cellular telephone services. At present, such litigations and disputes are under legal and formal arbitration proceedings. Their outcomes cannot be determined and depend on the future judicial processes.
- c) As discussed in Note 35 to the consolidated financial statements regarding the risk from changes in laws and regulations concerning the telecommunications business.
- d) As discussed in Note 4 to the consolidated financial statements regarding the change in accounting policy for the recognition of actuarial gains and losses arising from post employment benefits. The Company has restated the consolidated and separate financial statements for the year ended 31 December 2012, presented herein as comparative information, to reflect the adjustment resulting from such change in accounting policy. The Company has also presented consolidated and separate statements of financial position as at 1 January 2012 as comparative information, using the same accounting policy.

## Other matters

- a) The consolidated financial statements of Total Access Communication Public Company Limited and its subsidiaries and the separate financial statements of Total Access Communication Public Company Limited for the year ended 31 December 2012, presented as comparative information, were audited by another auditor of our firm who expressed an unqualified opinion on those statements, under her report dated 8 February 2013, and drew attention to the uncertainty as to the outcome of significant outstanding litigations and commercial disputes, the impact of the 3rd Amendment to the Concession Agreement, the risk from legal or contractual restriction on foreign ownership, and the NBTC Notification on Foreign Dominance, B.E. 2555 (2012).
- b) These financial statements have been prepared under Thai Financial Reporting Standards. Appendix 1 describing significant differences between Thai Financial Reporting Standards and International Financial Reporting Standards (IFRS) is not a required part of basic financial statements prepared under Thai Financial Reporting Standards and is presented for the purpose of giving preliminary information only. I have applied certain limited procedures to this information which consisted principally of enquiries of management regarding the methods of its measurement and presentation. However, I did not audit such information and do not express any audit opinion on it.



**Sophon Permsirivallop**

Certified Public Accountant (Thailand) No. 3182

Ernst & Young Office Limited

Bangkok: 11 February 2014





Total Access Communication Public Company Limited and its subsidiaries

# statement of financial position

(Unit: Baht)

		Consolidated financial statements			Separate financial statements		
	Note	31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
			(Restated)			(Restated)	
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	6, 32.3.1	5,472,408,761	4,554,660,399	21,873,144,993	1,328,344,065	3,313,327,830	20,469,191,844
Current investments		-	150,000,000	100,000,000	-	150,000,000	-
Trade and other receivables	7	10,350,919,076	8,385,626,949	6,575,235,019	10,914,387,860	8,341,439,824	6,590,747,404
Inventories	9	1,683,335,765	904,083,434	384,169,910	1,588,617,706	903,931,340	384,169,910
Deferred cost of unearned revenue from telephone services		184,490,979	558,326,547	688,146,199	184,464,662	558,326,547	688,146,199
Other current assets	10	3,413,745,595	2,416,536,908	1,504,661,347	2,544,862,186	1,944,726,940	1,485,794,154
<b>Total current assets</b>		<b>21,104,900,176</b>	<b>16,969,234,237</b>	<b>31,125,357,468</b>	<b>16,560,676,479</b>	<b>15,211,752,481</b>	<b>29,618,049,511</b>
<b>Non-current assets</b>							
Restricted bank deposits	32.3.2	398,059	398,059	398,059	-	-	-
Investment in associated company	11	308,110,253	294,123,443	306,258,459	50,000,000	50,000,000	50,000,000
Investments in subsidiaries	12	-	-	-	2,018,897,315	2,019,897,315	809,897,315
Other Investments	13	16,820,000	51,400,000	51,400,000	16,620,000	51,400,000	51,400,000
Amount due from related parties	8	430,738	430,738	432,148	430,457,226	530,396,986	530,396,786
Loans to subsidiaries	8	-	-	-	13,000,000,000	6,540,500,000	-
Property, plant and equipment	14	15,120,459,336	5,449,574,467	5,503,533,049	3,535,593,120	4,529,627,608	4,733,474,561
Deferred right to use of equipment	15	50,349,088,185	56,452,835,947	57,142,543,763	32,000,734,706	56,452,448,593	57,142,136,249
Cost of spectrum license	1.3	12,514,343,569	12,798,089,624	-	-	-	-
Concessionary equipment under installation		1,978,733,628	4,664,732,351	5,587,744,122	1,978,733,628	4,664,732,351	5,587,744,122
Other intangible assets	16	2,222,451,993	2,311,183,585	2,747,975,679	1,259,638,028	2,199,371,246	2,698,337,666
Deferred tax assets	25	913,755,662	1,330,351,943	726,351,959	1,565,758,900	1,344,120,140	747,004,256
Goodwill		19,171,700	19,171,700	19,171,700	-	-	-
Other non-current assets	17	505,165,206	701,579,857	655,265,017	343,579,736	623,611,002	580,660,482
<b>Total non-current assets</b>		<b>83,948,928,329</b>	<b>84,073,871,714</b>	<b>72,741,073,955</b>	<b>56,200,012,659</b>	<b>79,006,105,241</b>	<b>72,931,051,437</b>
<b>Total assets</b>		<b>105,053,828,505</b>	<b>101,043,105,951</b>	<b>103,866,431,423</b>	<b>72,760,689,138</b>	<b>94,217,857,722</b>	<b>102,549,100,948</b>

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



Total Access Communication Public Company Limited and its subsidiaries

# statement of financial position (continued)

(Unit: Baht)

		Consolidated financial statements			Separate financial statements		
	Note	31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
			(Restated)			(Restated)	
Liabilities and shareholders' equity							
Current liabilities							
Trade and other payables	18	28,189,929,076	23,592,070,552	19,480,389,705	21,149,949,384	23,520,748,308	19,676,498,923
Dividend payable		-	-	38,370,658,732	-	-	38,370,658,732
Current portion of							
long-term loans	19	6,295,919,998	8,808,339,229	1,320,758,462	6,295,919,998	8,808,339,229	1,320,758,462
Current portion of debentures	20	2,000,000,000	-	-	2,000,000,000	-	-
Unearned revenue from							
telephone service		3,011,206,961	3,274,141,885	3,348,651,079	959,261,645	3,274,141,885	3,348,651,079
Income tax payable		1,093,499,474	1,187,506,564	1,519,785,004	1,018,520,278	1,120,377,862	1,327,375,209
Cost of spectrum							
license payable	1.3	3,243,883,535	-	-	-	-	-
Other current liabilities		1,306,062,042	937,982,038	809,812,273	999,121,447	845,462,027	723,931,516
Total current liabilities		45,140,501,086	37,800,040,268	64,850,055,255	32,422,772,752	37,569,069,311	64,767,873,921
Non-current liabilities							
Long-term loans - net of							
current portion	19	18,164,400,000	19,460,320,000	1,268,659,229	18,164,400,000	19,460,320,000	1,268,659,229
Debentures - net of							
current portion	20	5,000,000,000	2,000,000,000	2,000,000,000	5,000,000,000	2,000,000,000	2,000,000,000
Provision for long-term							
employee benefits	21	300,850,232	282,932,230	218,628,619	300,850,232	282,932,230	218,628,619
Cost of spectrum							
license payable	1.3	3,104,062,958	6,071,537,293	-	-	-	-
Deposit guarantee on							
domestic roaming							
agreement	8	-	-	-	1,750,000,000	-	-
Other non-current liabilities		623,983,370	583,519,083	719,686,042	623,554,082	583,507,083	605,273,944
Total non-current liabilities		27,193,296,560	28,398,308,606	4,206,973,890	25,838,804,314	22,326,759,313	4,092,561,792
Total liabilities		72,333,797,646	66,198,348,874	69,057,029,145	58,261,577,066	59,895,828,624	68,860,435,713

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



Total Access Communication Public Company Limited and its subsidiaries

## statement of financial position (continued)

(Unit: Baht)

Note	Consolidated financial statements			Separate financial statements		
	31 December 2013	31 December 2012 (Restated)	1 January 2012	31 December 2013	31 December 2012 (Restated)	1 January 2012
<b>Shareholders' equity</b>						
Share capital						
Registered						
2,372,080,630 ordinary						
shares of Baht 2 each	4,744,161,260	4,744,161,260	4,744,161,260	4,744,161,260	4,744,161,260	4,744,161,260
Issued and fully paid						
2,367,811,000 ordinary						
shares of Baht 2 each	4,735,622,000	4,735,622,000	4,735,622,000	4,735,622,000	4,735,622,000	4,735,622,000
Premium on ordinary shares	23,543,446,204	23,543,446,204	23,543,446,204	23,543,446,204	23,543,446,204	23,543,446,204
Retained earnings						
Appropriated -						
statutory reserve	22 560,057,915	560,057,915	560,057,915	560,057,915	560,057,915	560,057,915
Unappropriated (deficits)	2,221,800,236	4,343,963,130	4,306,111,992	(15,987,151,408)	3,835,765,618	3,202,401,755
	2,781,858,151	4,904,021,045	4,866,169,907	(15,427,093,493)	4,395,823,533	3,762,459,670
Other components of						
shareholders' equity	1,647,137,361	1,647,137,361	1,647,137,361	1,647,137,361	1,647,137,361	1,647,137,361
<b>Equity attributable to</b>						
<b>owners of the Company</b>	<b>32,708,063,716</b>	<b>34,830,226,610</b>	<b>34,792,375,472</b>	<b>14,499,112,072</b>	<b>34,322,029,098</b>	<b>33,688,665,235</b>
Non-controlling interest						
of the subsidiaries	11,967,143	14,530,467	17,026,806	-	-	-
<b>Total shareholders' equity</b>	<b>32,720,030,859</b>	<b>34,844,757,077</b>	<b>34,809,402,278</b>	<b>14,499,112,072</b>	<b>34,322,029,098</b>	<b>33,688,665,235</b>
<b>Total liabilities and</b>						
<b>shareholders' equity</b>	<b>105,053,828,505</b>	<b>101,043,105,951</b>	<b>103,866,431,423</b>	<b>72,760,689,138</b>	<b>94,217,857,722</b>	<b>102,549,100,948</b>

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



Total Access Communication Public Company Limited and its subsidiaries

# income statement

For the year ended 31 December 2013

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012 (Restated)	2013	2012 (Restated)
Revenues from sales and services					
Revenue from telephone services		80,659,445,213	78,234,561,856	76,118,986,460	77,445,545,414
Revenue from sales of telephone sets and starter kits		13,797,996,121	10,997,814,199	13,668,004,295	10,998,310,562
Other operating income		159,546,793	264,984,688	2,083,987,100	400,171,528
Total revenues from sales and services		94,616,988,127	89,497,360,743	91,870,977,855	88,844,027,504
Cost of sales and services					
Cost of telephone services		51,120,808,146	51,876,419,868	49,506,916,225	52,312,714,795
Cost of sales of telephone sets and starter kits		13,473,042,225	10,429,823,405	13,345,041,462	10,429,823,405
Total cost of sales and services		64,593,850,371	62,306,243,273	62,851,957,687	62,742,538,200
Gross profit		30,023,137,756	27,191,117,470	29,019,020,168	26,101,489,304
Interest income		221,859,152	384,846,794	544,846,197	406,135,319
Gain on foreign exchange		-	112,988,993	-	104,836,564
Other income		112,738,573	240,601,552	55,480,504	1,576,292,644
Income before expenses		30,357,735,481	27,929,554,809	29,619,346,869	28,188,753,831
Selling and service expenses		(4,685,917,131)	(2,971,609,323)	(4,468,925,449)	(2,972,679,793)
Administrative expenses		(9,428,097,963)	(9,056,289,691)	(9,147,295,107)	(8,949,227,579)
Loss from assets impairment	15	-	-	(18,627,000,000)	-
Loss on foreign exchange		(265,299,748)	-	(27,736,043)	-
Total expenses		(14,379,314,842)	(12,027,899,014)	(32,270,956,599)	(11,921,907,372)
Profit (loss) before share of profit from investment in associate, finance cost and income tax expenses		15,978,420,639	15,901,655,795	(2,651,609,730)	16,266,846,459
Share of profit from investment in associated company	11	32,736,810	25,364,984	-	-
Profit (loss) before finance cost and income tax expenses		16,011,157,449	15,927,020,779	(2,651,609,730)	16,266,846,459
Finance cost	24	(2,154,110,261)	(1,118,669,516)	(1,991,163,557)	(1,095,216,479)
Profit (loss) before income tax expenses		13,857,047,188	14,808,351,263	(4,642,773,287)	15,171,629,980
Income tax expenses	25	(3,290,225,711)	(3,526,082,376)	(2,488,596,044)	(3,291,352,029)
Profit (loss) for the year		10,566,821,477	11,282,268,887	(7,131,369,331)	11,880,277,951
Profit (loss) attributable to:					
Equity holders of the Company		10,569,384,801	11,284,765,226	(7,131,369,331)	11,880,277,951
Non-controlling interests of the subsidiaries		(2,563,324)	(2,496,339)		
		10,566,821,477	11,282,268,887		
Earnings per share					
Basic earnings (loss) per share	26				
Profit (loss) attributable to equity holders of the Company		4.46	4.77	(3.01)	5.02

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



Total Access Communication Public Company Limited and its subsidiaries

# statement of comprehensive income

For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
Profit (loss) for the year	10,566,821,477	11,282,268,887	(7,131,369,331)	11,880,277,951
Other comprehensive income				
Actuarial gains and losses	19,801,102	(34,444,593)	19,801,102	(34,444,593)
Income tax effect	(24,789,614)	6,888,919	(24,789,614)	6,888,919
Other comprehensive income (loss) for the year	(4,988,512)	(27,555,674)	(4,988,512)	(27,555,674)
Total comprehensive income (loss) for the year	10,561,832,965	11,254,713,213	(7,136,357,843)	11,852,722,277
Total comprehensive income (loss) attributable to:				
Equity holders of the Company	10,564,396,289	11,257,209,552	(7,136,357,843)	11,852,722,277
Non-controlling interests of the subsidiaries	(2,563,324)	(2,496,339)	-	-
	10,561,832,965	11,254,713,213		

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



Total Access Communication Public Company Limited and its subsidiaries

# statement of changes in shareholders' equity

For the year ended 31 December 2013

(Unit: Thousand Baht)

	Consolidated financial statements									
	Equity attributable to the owners of the Company									
	Other components of equity									
	Capital surplus of subsidiary arising as a result of the Company's purchase of the subsidiary at a price lower than the net book value of the subsidiary at the acquisition date									
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings	Appropriated - statutory reserve	Unappropriated	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total equity attributable to shareholders' equity		
<b>Balance as at 31 December 2011</b>										
- as previously reported										
Cumulative effect of change in accounting policy regarding to the recognition of actuarial gains and losses arising from post-employment benefits (Note 4)	-	-	(78,289,821)	-	-	(78,289,821)	-	(78,289,821)		
<b>Balance as at 1 January 2012 - as restated</b>	4,735,622,000	23,543,446,204	4,384,401,813	560,057,915	4,384,401,813	34,870,665,293	17,026,806	34,887,692,099		
Dividend paid (Note 29)										
Total comprehensive income for the year										
<b>Balance as at 31 December 2012 - as restated</b>	4,735,622,000	23,543,446,204	4,306,111,992	560,057,915	4,306,111,992	34,792,375,472	17,026,806	34,809,402,278		
			(11,219,358,414)	-	(11,219,358,414)	(11,219,358,414)	-	(11,219,358,414)		
			11,257,209,552	-	11,257,209,552	11,257,209,552	(2,496,339)	11,254,713,213		
<b>Balance as at 31 December 2012</b>	4,735,622,000	23,543,446,204	4,343,963,130	560,057,915	4,343,963,130	34,830,226,610	14,530,467	34,844,757,077		
<b>Balance as at 31 December 2012</b>										
- as previously reported										
Cumulative effect of change in accounting policy regarding to the recognition of actuarial gains and losses arising from post-employment benefits (Note 4)	-	-	(99,158,453)	-	-	(99,158,453)	-	(99,158,453)		
<b>Balance as at 1 January 2013 - as restated</b>	4,735,622,000	23,543,446,204	4,343,963,130	560,057,915	4,343,963,130	34,830,226,610	14,530,467	34,844,757,077		
Dividend paid (Note 29)										
Total comprehensive income for the year										
<b>Balance as at 31 December 2013</b>	4,735,622,000	23,543,446,204	2,221,800,236	560,057,915	2,221,800,236	32,708,063,716	11,967,143	32,720,030,859		

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





Total Access Communication Public Company Limited and its subsidiaries

# statement of changes in shareholders' equity (continued)

For the year ended 31 December 2013

(Unit: Thousand Baht)

	Separate financial statements					
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Other components of equity	Total shareholders' equity
			Appropriated – statutory reserve	Unappropriated (deficits)		
<b>Balance as at 31 December 2011 – as previously reported</b>	4,735,622,000	23,543,446,204	560,057,915	3,280,691,576	1,647,137,361	33,766,955,056
Cumulative effect of change in accounting policy regarding to the recognition of actuarial gains and losses arising from post-employment benefits (Note 4)	-	-	-	(78,289,821)	-	(78,289,821)
<b>Balance as at 1 January 2012 – as restated</b>	4,735,622,000	23,543,446,204	560,057,915	3,202,401,755	1,647,137,361	33,688,665,235
Dividend paid (Note 29)	-	-	-	(11,219,358,414)	-	(11,219,358,414)
Total comprehensive income for the year	-	-	-	11,852,722,277	-	11,852,722,277
<b>Balance as at 31 December 2012 – as restated</b>	4,735,622,000	23,543,446,204	560,057,915	3,835,765,618	1,647,137,361	34,322,029,098
<b>Balance as at 31 December 2012 – as previously reported</b>	4,735,622,000	23,543,446,204	560,057,915	3,934,924,071	1,647,137,361	34,421,187,551
Cumulative effect of change in accounting policy regarding to the recognition of actuarial gains and losses arising from post-employment benefits (Note 4)	-	-	-	(99,158,453)	-	(99,158,453)
<b>Balance as at 1 January 2013 – as restated</b>	4,735,622,000	23,543,446,204	560,057,915	3,835,765,618	1,647,137,361	34,322,029,098
Dividend paid (Note 29)	-	-	-	(12,686,559,183)	-	(12,686,559,183)
Total comprehensive income (loss) for the year	-	-	-	(7,136,357,843)	-	(7,136,357,843)
<b>Balance as at 31 December 2013</b>	4,735,622,000	23,543,446,204	560,057,915	(15,987,151,408)	1,647,137,361	14,499,112,072

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



Total Access Communication Public Company Limited and its subsidiaries

# statement of cash flows

For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
<b>Cash flows from operating activities</b>				
Profit (loss) before income tax expenses	13,857,047,188	14,808,351,263	(4,642,773,287)	15,171,629,980
Adjustments to reconcile profit (loss) before tax to net cash provided by (used in) operating activities:				
Share of profit from investment in associated company	(32,736,810)	(25,364,984)	-	-
Dividend received from subsidiary	-	-	-	(1,449,999,125)
Dividend received from associated company	-	-	(18,750,000)	(37,500,000)
Dividend received from other long-term investments	(275,000)	(48,532,000)	(275,000)	(48,532,000)
Loss from sales of investment in a subsidiary	-	-	205,037	-
Allowance for inventory obsolescence (reversal)	102,658,696	(19,549,173)	102,658,696	(19,549,173)
Allowance for doubtful accounts - trade and other receivables	421,907,615	38,760,180	389,194,964	38,635,194
Impairment of other investments	34,580,000	-	34,580,000	-
Impairment of equipment	-	-	279,000,000	-
Impairment of deferred right to use of equipment and equipment under installation	-	-	18,348,000,000	-
Depreciation and amortisation (Note 27)	13,694,925,619	11,464,789,949	12,606,786,700	11,360,700,120
Fixed assets written-off	698,586	24,026	663,003	24,026
Other intangible assets written-off	325,503,708	-	305,224,781	-
Gain from sales of equipment	(36,079,792)	(8,516,693)	(16,420,039)	(8,559,778)
Provision for asset retirement obligation	6,182,220	6,538,703	6,182,220	6,538,703
Provision for long-term employee benefits	43,362,865	35,103,028	43,362,865	35,103,028
Interest expenses	2,119,495,608	1,036,377,982	1,956,548,904	1,012,924,945
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>30,537,270,503</b>	<b>27,287,982,281</b>	<b>29,394,188,844</b>	<b>26,061,415,920</b>
Decrease (increase) in operating assets				
Trade and other receivables	(2,387,199,741)	(1,849,152,109)	(2,962,143,000)	(1,789,327,613)
Inventories	(881,911,027)	(500,364,351)	(787,345,062)	(500,212,257)
Other current assets	(528,757,847)	(780,722,678)	(226,273,361)	(329,113,134)
Other non-current assets	22,636,556	77,415,191	25,564,362	(193,548,251)
Increase (decrease) in operating liabilities				
Trade and other payables	1,873,097,044	3,065,079,659	1,126,227,522	2,811,705,504
Other current liabilities	105,145,080	(2,969,758)	(2,235,060,272)	(9,608,817)
Deposit guarantee on domestic roaming agreement	-	-	1,750,000,000	-
Other non-current liabilities	26,919,121	(149,248,457)	27,742,930	(34,848,360)
Cash flows from operating activities	28,767,199,689	27,148,019,778	26,112,901,963	26,016,462,992
Cash paid for interest expenses	(1,769,246,956)	(956,300,580)	(1,882,709,452)	(956,295,212)
Cash paid for income tax	(3,086,221,221)	(4,456,331,671)	(2,836,882,001)	(4,088,103,501)
Tax refund	150,145,735	-	150,145,735	-
<b>Net cash flows from operating activities</b>	<b>24,061,877,247</b>	<b>21,735,387,527</b>	<b>21,543,456,245</b>	<b>20,972,064,279</b>

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



Total Access Communication Public Company Limited and its subsidiaries

# statement of cash flows (continued)

For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
<b>Cash flows from investing activities</b>				
Decrease (increase) in current investments	150,000,000	(50,000,000)	150,000,000	(150,000,000)
Increase in investment in subsidiary	-	-	-	(1,210,000,000)
Decrease in other long-term investments	-	-	200,000	-
Dividend received from subsidiary	-	-	-	1,449,999,125
Dividend received from associated company	18,750,000	37,500,000	18,750,000	37,500,000
Dividend received from other long-term investments	275,000	48,532,000	275,000	48,532,000
Decrease in amounts due from related parties	-	1,410	99,939,760	200
Increase in loans to subsidiaries	-	-	(6,459,500,000)	(6,540,500,000)
Proceed from sales of investment in subsidiary	-	-	794,963	-
Acquisition of plant and equipment	(5,875,960,020)	(1,217,371,457)	(602,100,120)	(975,071,967)
Proceeds from sales of plant and equipment	79,722,741	11,405,937	49,862,519	11,378,834
Acquisition of deferred right to use of equipment and equipment under installation	(4,974,712,824)	(6,561,777,620)	(4,974,712,824)	(6,575,794,927)
Decrease in deposits and prepayment for purchase and installation of concessionary equipment	54,602,616	-	54,602,616	-
Increase in deposits and prepayment for purchase and installation of equipment	(80,782,265)	-	-	-
Cash paid for cost of spectrum license	(114,907,509)	(6,750,000,000)	-	-
Increase in other intangible assets	(906,218,208)	(605,970,303)	(371,653,509)	(257,779,470)
<b>Net cash flows used in investing activities</b>	<b>(11,649,230,469)</b>	<b>(15,087,680,033)</b>	<b>(12,033,541,595)</b>	<b>(14,161,736,205)</b>
<b>Cash flows from financing activities</b>				
Cash paid for loan management fee	-	(55,416,478)	-	(55,416,478)
Cash receipt from short-term loan	-	9,000,000,000	-	9,000,000,000
Repayment of short-term loan	-	(5,000,000,000)	-	(5,000,000,000)
Cash receipt from long-term loans	5,000,000,000	27,000,000,000	5,000,000,000	27,000,000,000
Repayment of long-term loans	(8,808,339,231)	(5,320,758,463)	(8,808,339,231)	(5,320,758,463)
Issuance of debentures	5,000,000,000	-	5,000,000,000	-
Dividend paid	(12,686,559,184)	(49,590,017,147)	(12,686,559,184)	(49,590,017,147)
<b>Net cash flows used in financing activities</b>	<b>(11,494,898,415)</b>	<b>(23,966,192,088)</b>	<b>(11,494,898,415)</b>	<b>(23,966,192,088)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>917,748,363</b>	<b>(17,318,484,594)</b>	<b>(1,984,983,765)</b>	<b>(17,155,864,014)</b>
Cash and cash equivalents at beginning of year	4,554,660,398	21,873,144,993	3,313,327,830	20,469,191,844
<b>Cash and cash equivalents at end of year</b>	<b>5,472,408,761</b>	<b>4,554,660,399</b>	<b>1,328,344,065</b>	<b>3,313,327,830</b>

## Supplemental cash flow information:

Non-cash items:

Purchase of deferred right to use of equipment and concessionary equipment under installation that have not yet been paid	2,297,374,949	5,641,439,151	2,297,374,949	5,608,810,199
Purchase of equipment that have not yet been paid	6,180,577,427	-	-	-
Cost of spectrum license payable	276,409,200	6,071,537,293	-	-

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



Total Access Communication Public Company Limited and its subsidiaries

# notes to consolidated financial statements

For the year ended 31 December 2013

## 1. General information

### 1.1 Corporate information

Total Access Communication Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company listed on the Stock Exchange of Singapore in 1995 (the Company changed the listing status on the Main Board of the Stock Exchange of Singapore from a primary listing to a secondary listing in April 2011) and listed on the Stock Exchange of Thailand in 2007. The Company has two major shareholders who are Telenor Asia Pte Ltd., a company incorporated in Singapore and Thai Telco Holding Co., Ltd., a company incorporated in Thailand. The Company is principally engaged in the provision of wireless telecommunications services and the sale of handsets and accessories.

The Company's registered address is 319 Chamchuri Square Building, 22nd-41st Fl., Phayathai Road, Pathumwan, Bangkok.

### 1.2 Agreements to operate cellular telephone services or Concession Agreement

On 14 November 1990, the Company entered into an agreement with the Communications Authority of Thailand (CAT), (currently, CAT has been corporatised under the State Corporation Act B.E. 2542 (1999) to become CAT Telecom Public Company Limited), to provide cellular telephone services. Under the Concession Agreement, the Company has an obligation to transfer certain operating assets to CAT free of charge. The value added tax imposed on the transfer of these assets has been charged to CAT and recorded as "Value added tax refundable from CAT" in the statements of financial position.

The Concession Agreement originally covered a 15-year period, but the Concession Agreement was amended on 23 July 1993 and 22 November 1996, and the concession period extended to 22 years and then 27 years, respectively. The service rates and fees charged to subscribers are subject to approval by CAT (now have to comply with relevant regulations issued by the National Broadcasting and Telecommunications Commission ("NBTC") (formerly the National Telecommunications Commission ("NTC"))). The Company is obliged to comply with various conditions (without contrary to the Telecommunications law and relevant laws) and pay fees in accordance with the Concession Agreement.

The fee, which is the annual revenue sharing, is calculated based on a percentage of revenues from services provided under the Concession Agreement and must not be less than a stipulated minimum amount each year. However, the agreement does not specify a minimum cumulative amount over the full term of the agreement. The percentages of revenues from services for each year and minimum annual revenue sharing payments are as follows:

Year	Annual revenue sharing from the revenue from services	
	Percentage of revenues from services per annum	Minimum annual payment (Million Baht)
1 - 4	12	22 to 154
5	25	353
6 - 15	20	382 to 603
16 - 20	25	748 to 770
21 - 27	30	752 to 1,200

The Company commenced commercial operations on 16 September 1991 and presently (i.e. from September 2013 to September 2014) in the 23rd concession year in which the Company is obliged to pay revenue sharing to CAT at the rate of 30% of its revenue per annum.

### 1.3 General information of dtac TriNet Company Limited

dtac TriNet Company Limited ("dtac TriNet") (the company's name is changed from DTAC Network Co., Ltd. to dtac TriNet on 20 May 2013) is a subsidiary of the Company and is incorporated and domiciled in Thailand. dtac TriNet has the following licenses to provide its services.

- a) On 6 February 2007, dtac TriNet was granted a type three telecommunication business license (for providing an international call services (International Direct Dialing) by NTC for duration of 20 years. dtac TriNet started rendering international call services since 2 August 2007, and therefore committed to comply with conditions stipulated under the license. Moreover, dtac TriNet is required to comply with rules and pay license fee and fee for Universal Basic Telecommunications and Social Services (USO) as specified by law.
- b) On 30 August 2007, dtac TriNet was granted a type one telecommunication business license for Internet Service Provider by NTC for a period of 1 year. Subsequently, in 2009, NTC further extended the license for a period of 5 years. dtac TriNet therefore has to pay the license fee on a yearly basis and to renew the license in every 5 years.
- c) dtac TriNet has won the spectrum license at the Auction for Spectrum Licensing for International Mobile Telecommunication in the Frequency Band 2.1 GHz ("Spectrum license"), and subsequently has been granted the spectrum license and a type three telecommunication business license (authorization to use the spectrum license) by NBTC for the validity period of 15 years (starting from 7 December 2012 and expiry on 6 December 2027) for operating telecommunication business for International Mobile Telecommunication in the Frequency Band 2.1GHz covered the range of 1920 - 1935 MHz paired with 2110 - 2125 MHz under the scope of the license throughout the Kingdom of Thailand.

dtac TriNet is required to make payment for the winning bid price of the authorization to use the spectrum license in the total amount of Baht 14,445 million (including VAT) under the following payment conditions:

First Installment: To pay 50% of the winning bid price, equivalent to Baht 7,222.50 million and to submit a letter of guarantee from a commercial bank to guarantee the remaining payment for the winning bid price. This has already been proceeded by dtac TriNet;

Second Installment: To pay 25% of the winning bid price, equivalent to Baht 3,611.25 million and to submit a letter of guarantee from a commercial bank to guarantee the third installment within 15 days after the lapse of 2 years from the date of obtaining the license; and

Third Installment: To pay 25% of the winning bid price, equivalent to Baht 3,611.25 million within 15 days after the lapse of 3 years from the date of obtaining the license.

dtac TriNet recorded the present value of the cost of spectrum license as non-current assets and the remaining of second and third installments of the cost of spectrum license payable as current liabilities and non-current liabilities, respectively, in the statement of financial position.

In addition, dtac TriNet is required to pay fees as specified by the NBTC. It is expected that dtac TriNet should gain revenue from telecommunication business operation exceeding Baht 1,000 million, thus it is required to pay the license fee at the rate of 1.5% per annum and USO fee at the rate of 3.75% per annum. Therefore, the total fee amount is 5.25% per annum.

### 1.4 Interconnection charge

In December 2013, the NBTC issued the Notification RE: Uses and Interconnections of Telecommunication Networks B.E. 2556 (2013) (the "Interconnection Notification 2556") to replace the NTC's Notification RE: Uses and Interconnections of Telecommunication Networks B.E. 2549 (the "Interconnection Notification 2549") in order to be consistent with the current situation and the Act on the Organisation for Allocation of Frequency and Regulation of Radio and Television Broadcasting Business and Telecommunications Business, B.E. 2553 (2010). The Interconnection Notification 2556 determines that operators who have telecommunication networks are required to grant other operators effective access to their networks. The Company has to submit the Reference of Interconnect Offering (RIO) to the NBTC within ninety days after the effective date of the Notification. However, the RIO approved under the Interconnection Notification 2549 shall be deemed as the RIO under the "Interconnection Notification 2556" for the time being.

The Company received an approval from NTC for RIO on 29 August 2006. The Company has entered into interconnection charge agreements with other operators and the effective periods of the agreements are listed below.

Operators	Effective period
a) True Move Co., Ltd.	17 November 2006 onwards
b) Advance Info Service Plc.	30 November 2006 onwards
c) Triple T Broadband Co., Ltd.	22 December 2006 onwards
d) dtac TriNet Co., Ltd.	9 July 2007 onwards
e) Digital Phone Co., Ltd.	16 July 2007 onwards
f) CAT Telecom Plc.	6 July 2010 onwards
g) True Universal Convergence Co., Ltd.	1 September 2011 onwards
h) Real Future Co., Ltd.	1 July 2013 onwards
i) Advanced Wireless Network Co. Ltd.	1 July 2013 onwards

Pursuant to the Concession Agreement, the Company shall pay revenue sharing to CAT every year based on a percentage of revenues from services provided under the Concession Agreement but not less than a minimum annual revenue sharing payment as specified in it. However, the entry into the interconnection charge agreements has caused an uncertainty on the revenue share calculation payable to CAT under the Concession Agreement. Therefore, from the 17<sup>th</sup> concession year onward, the Company has decided to calculate revenue sharing payable to CAT on the basis of service revenue, excluding interconnection charges, until a conclusion can be reached with CAT. Nevertheless, CAT has challenged the Company's revenue share calculation in this matter by submitting a statement of claim requesting the Company to pay additional revenue share on interconnection charge (please refer to Note 34.2 (d) for more details).

In addition, dtac TriNet has also entered into the interconnection charge agreements with other operators, which are listed below:

Operators	Effective period
a) Total Access Communication Plc.	1 July 2013 onwards
b) True Move Co., Ltd.	1 July 2013 onwards
c) Real Future Co., Ltd.	1 July 2013 onwards
d) True Universal Convergence Co., Ltd.	1 July 2013 onwards
e) Advance Info Service Plc.	1 July 2013 onwards
f) Advanced Wireless Network Co. Ltd.	1 July 2013 onwards

## 2. Basis of preparation

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

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

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

## 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of the Company and the following subsidiary companies ("the subsidiaries"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2013	2012
			Percent	Percent
<b>Subsidiaries directly held by the Company</b>				
WorldPhone Shop Company Limited	Under liquidation process	Thailand	100	100
TAC Property Company Limited	Asset management	Thailand	100	100
dtac TriNet Company Limited (Formerly known as "DTAC Network Co., Ltd.")	Providing telecommunications services	Thailand	100	100
DTAC Broadband Company Limited	Established for providing telecommunications services (WiFi services) with license granted by NBTC	Thailand	100	100
DTAC Internet Service Company Limited	Established for providing telecommunications services (not yet commenced operation) with license granted by NBTC	Thailand	100	100
Public Radio Company Limited	Liquidation process was completed in 2013	Thailand	-	100
United Communication Industry Public Company Limited	Sale of voucher cards and sale on right of E-Refill service	Thailand	99.81	99.81
PaySbuy Company Limited	Incorporate to provide an online payment service, cash card services, e-payment service and paying agent service	Thailand	100	100
Crie Company Limited	Develop and provide value added services on mobile phone	Thailand	51	51
<b>Subsidiaries held through TAC Property Company Limited</b>				
Eastern Beach Company Limited	Asset management	Thailand	100	100
TAC Finance Company B.V.	Liquidation process was completed in 2013	Netherlands	-	100
Viphavadee Office Building Company Limited	Liquidation process was completed in 2013	Thailand	-	100

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date that when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements. Book value of investments and shareholder's equity of its subsidiaries have also been eliminated from the consolidated financial statements.
- e) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

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



### 3. New accounting standards

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

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

##### Accounting standards:

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

##### Financial Reporting Standard:

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

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

Accounting Treatment Guidance for Transfers of Financial Assets

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

#### (b) Accounting standards that will become effective in the future

		Effective date
<b>Accounting Standards:</b>		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014
<b>Financial Reporting Standards:</b>		
IFRS 2 (revised 2012)	Share-based Payment	1 January 2014
IFRS 3 (revised 2012)	Business Combinations	1 January 2014
IFRS 4	Insurance Contracts	1 January 2016
IFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
IFRS 8 (revised 2012)	Operating Segments	1 January 2014
<b>Accounting Standard Interpretations:</b>		
TSIC 15	Operating Leases – Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets – Web Site Costs	1 January 2014

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

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

#### 4. Cumulative effect of the change in accounting policy

During the current year, the Company made the change to its significant accounting policies for the recognition of actuarial gains and losses arising from post employment benefits from the recognition as income or expenses when the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceed 10% of the defined benefit obligation at that date and would be recognised over the expected average remaining working lives of the employees participating in the plan ("Corridor Approach") to the immediate recognition in other comprehensive income. The cumulative effect of the change in the accounting policy has been separately presented in the statement of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position as at 31 December 2013 and 2012 and 1 January 2012 and the statements of comprehensive income for year ended 31 December 2013 and 2012 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements		
	31 December 2013	31 December 2012	1 January 2012
<b>Statements of financial position</b>			
Increase in deferred tax assets	-	24,790	19,573
Increase in provision for long-term employee benefits	104,147	123,948	97,863
Decrease in retained earnings - unappropriated	104,147	99,158	78,290

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	For the year ended 31 December 2013	For the year ended 31 December 2012
<b>Profit or loss:</b>		
Decrease in administrative expenses	11,068	8,832
Increase in income tax expenses	2,214	2,145
Increase in profit attributable to equity holders of the Company	8,854	6,687
Increase in basic earnings per share (Baht)	0.004	0.003
<b>Other comprehensive income:</b>		
Decrease in other comprehensive income	4,989	27,556
Decrease in profit attributable to equity holders of the Company	4,989	27,556

## 5. Significant accounting policies

### 5.1 Revenue recognition

#### Unearned revenue from telephone service of prepaid system (Prepaid)

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

#### Unearned revenue from postpaid service (Postpaid)

Unearned revenue from telephone service of postpaid system represents the unused portion of monthly airtime fee that subscribers can carry forward to the next period and not exceeding 365 days.

#### Revenue from telephone services

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

Discounts are often provided in the form of cash discounts, free products or free services. Discounts are recorded systematically throughout the period the discounts are earned. Cash discounts and free products are recorded as revenue reductions.

As for discount schemes (such as loyalty programs, etc.), the accrued discounts must not be higher than estimated discounts, based on past liable discount estimation. The exact amount and income period of the discount are estimated with estimation techniques and reconciled in the period where there is an adjustment to estimation or the final outcome is known.

#### Interconnection charge revenues and costs

Interconnection charge revenues derived from the other licensed operators for incoming calls from these operators' networks is recognised on an accrual basis at the rates stipulated in the agreements.

Costs of interconnection charges paid to the other licensed operators for outgoing calls to these operators' networks are recognised on an accrual basis at the rates stipulated in the agreements.

#### Revenue from sales of telephone sets and starter kits

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

Revenue arrangements with multiple deliverables are divided into separate units of accounting is objective and reliable evidence of the fair value of delivered items. The subsequent services are recorded at the normal selling price or at a discounted value, depending on the facts and circumstances.

#### **Revenue from providing an international call services (International Direct Dialing)**

Revenue from providing an international call services (International Direct Dialing) is recognised when the services have been rendered. Revenue is the invoiced value, excluding value added tax, of services rendered after deducting discounts and allowances.

#### **Revenue from international data transit and internet service**

Revenue from international data transit and internet service are recognized on an accrual basis over the service period and the rates agreed by counterparties.

#### **Revenue from Reference Access Offer**

Revenue from Reference Access Offer derived from other operators in compensation of the utilization of the Company's network elements is recognized on an accrual basis at the rates stipulated in the agreements.

#### **Revenue from Reference Infrastructure Sharing**

Revenue from Reference Infrastructure Sharing derived from other mobile operators in compensation of the utilization of the Company's telecommunication infrastructure is recognized on an accrual basis at the rates stipulated in the agreements.

#### **Other operating income**

Other operating income are recognised when the economic benefit flows to the entity and the earnings process is complete. Revenues are shown excluding of value added tax.

#### **Interest income**

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

#### **Dividends**

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

## **5.2 Cash and cash equivalents**

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

## **5.3 Trade receivables and allowance for doubtful accounts**

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

## **5.4 Inventories**

Inventories are finished goods valued at the lower of cost (weighted average method) and net realisable value.

## **5.5 Investments**

- a) Investment in associate is accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries and associate are accounted for, in the separate financial statements, using the cost method net of allowance for loss on diminution in value (if any).
- c) Other long-term investments in marketable securities which the Company intends to hold as available-for-sale, are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in shareholders' equity, and will be recorded in profit or loss when the securities are sold.

The fair value of marketable securities is based on the latest bid price of the last working day of the year.

- d) Other long-term investments in non-marketable equity securities, which the Company holds as other investments, are stated at cost net of allowance for loss on diminution in value (if any).

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

## 5.6 Property, plant and equipment/depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any). The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, improvements and renewals are capitalised, while expenditures for maintenance and repairs are charged to profit or loss.

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

Buildings	20 - 40 years
Building and leasehold improvements	5 - 20 years
Equipment for supporting Cellular Telephone Services	5 years, 7 years, and the remaining life of the Concession period
Equipment network for supporting International Telephone services	5 years and 7 years
Equipment network for supporting internet services	5 years
Telephone transmission station improvements	20 years
Others	3 years and 5 years

Depreciation is included in determining income.

No depreciation is provided for land, building in progress, work in progress and equipment under installation.

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

## 5.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## 5.8 Intangible assets, cost of spectrum license and amortisation

Intangible assets acquired through business combinations are initially recognised at their fair value on the date of business acquisition. Intangible assets acquired in other cases are recognised at cost, and for the cost of spectrum license for International Mobile Telecommunication in the Frequency Band 2.1 GHz was capitalised as an intangible asset, with its value measured at the cash equivalent price based on the present value of the installments. The difference between the total payment to be made and the cash equivalent price is recognised as a finance cost over the license fee payment period, with the cost being amortised from the time the Company is ready to provide commercial service.

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

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

Amortisation is calculated by reference to cost on a straight-line basis over the expected future period of economic benefit of each type of intangible asset, as follows:

Deferred right to use of equipment is amortised on a straight-line basis over the remaining life of the concession period.

Deferred charges, which are mainly expenditures relating to transmission facilities and computer software are amortised on a straight-line basis over periods of 3 to 10 years or the remaining life of the concession period.

Deferred financial costs, which are mainly expenditures relating to loan arrangement fees, bond underwriting fees and fees for the extension of loan agreements are amortised over the borrowing and bond period.

Cost of spectrum license is amortised over the term of the license.

## 5.9 Goodwill

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

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

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

## 5.10 Related party transactions

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

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

## 5.11 Long-term lease

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

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

## 5.12 Impairment of assets

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

An impairment loss is recognised in profit or loss.

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

### 5.13 Income tax

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

#### **Current tax**

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

#### **Deferred tax**

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

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

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

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

### 5.14 Employee benefits

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

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

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

##### *Defined contribution plans*

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

##### *Defined benefit plans*

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

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

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

### 5.15 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company and subsidiaries' functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rates applying at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates applying at the end of reporting period. Gains and losses on exchange are included in determining income.



## 5.16 Derivative instrument

### Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrealise gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortized on a straight-line basis over the contract periods.

### Interest rate swap contracts

The net amount of interest to be received from or paid to the counterparty under the interest rate swap contracts is recognised as income or expenses on an accrual basis.

### Cross currency swap agreements

Payables and receivables arising from the cross currency swap agreements are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrealise gains and losses from the translation are recognised in profit or loss.

## 5.17 Provisions

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

## 5.18 Significant accounting judgments and estimates

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

### Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgment on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and assessments.

### Leases

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

### 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 analysis of debt aging, collection experience, and taking into account change in the current economic conditions. 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.

### Property, plant and equipment/Depreciation

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

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

**Deferred tax assets**

Deferred tax assets are recognised for temporary difference arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the end of reporting period when it is highly probable that the Company and subsidiaries will generate sufficient taxable profits from their future operations to utilise these deferred tax assets. If management need to estimate the amounts of the deferred tax assets that the Company and its subsidiaries should recognise, they take into account the amount of taxable profit expected in each future period.

**Post-employment benefits under defined benefit plans**

The obligation under defined benefit plan is determined based on actuarial valuations. Inherent within these calculations are assumptions as to discount rates, future salary increases, mortality rates and other demographic factors. In determining the appropriate discount rate, management selects an interest rate that reflects the current economic situation. The mortality rate is based on publicly available mortality tables for the country. Actual post-retirement costs may ultimately differ from these estimates.

**Deferred right to use of equipment, intangible assets and goodwill**

Deferred right to use of equipment are systematically amortised over the remaining life of the concession period, and are subject to impairment if there is an indication they may be impaired. Intangibles are systematically amortised over their estimated useful lives, and are subject to impairment if there is an indication they may be impaired. Goodwill is not amortised but is subject to testing for impairment on an annual basis, or when there is an indication that it may be impaired. The initial recognition and measurement of deferred right to use of equipment, intangible assets and goodwill, and subsequent impairment analysis, requires management to make subjective judgments concerning estimates of cash flows to be generated by the assets or the cash generating units and to choose a suitable discount rate in order to evaluate the present value of those cash flows. The cash flow analysis are derived from the current operating information. Events and factors that may significantly affect the estimates include, among others, competitive forces, changes in revenue growth trends, cost structures, changes in discount rates and specific industry or market sector conditions.

**Fair value of financial instruments**

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using estimated discounted future cash flow of the such financial instruments. The input to these models is taken from observable markets, and includes consideration of liquidity risk, credit risk, correlation and longer-term volatility of financial instruments. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**Assets retirement obligation**

Provision for expenses to be incurred with respect to the retirement of networks located on lease area for which the rental agreement can not be extended is set by using estimates of the present value of such expenses, based on the rate of average actual retirement expense incurred on 1% of the number of networks installed during the year. Such provision is recorded as part of concession assets and amortised over the concession period, but not more than 10 years. However, the actual amounts incurred may differ from the estimated amounts.

**Commercial disputes and litigations**

The Company and its subsidiaries have contingent liabilities as a result of commercial disputes and litigations. The Company and its subsidiaries' management have used judgment to assess of the results of the commercial disputes and litigations and believes that no loss on certain disputes and litigation will result. Therefore no related contingent liabilities are recorded as at the end of reporting period. However, actual results could differ from the estimates.

## 6. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash	2,385	2,274	2,329	2,220
Bank deposits	5,470,024	4,552,386	1,326,015	3,311,108
Total	5,472,409	4,554,660	1,328,344	3,313,328

As at 31 December 2013, bank deposits in saving accounts and fixed deposits carried interests between 0.125 percent per annum and 3.10 percent per annum (2012: between 0.05 percent per annum and 3.30 percent per annum).

## 7. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Trade receivables - related parties</b>				
Trade receivable - related parties	2,498,524	2,545,297	4,449,579	2,600,942
Less: Allowance for doubtful accounts	(3,230)	(2,881)	(3,230)	(2,881)
Total trade receivables - related parties, net	2,495,294	2,542,416	4,446,349	2,598,061
<b>Trade receivables - unrelated parties</b>				
Trade receivables - telephone services	4,007,448	3,055,880	2,967,929	3,055,880
Trade receivables - international telephone roaming services	577,138	694,845	577,138	694,845
Trade receivables - sales of E-Refill telephone sets and starter kits	2,390,869	1,603,227	1,233,624	1,588,785
Trade receivables - others	1,215,602	567,407	668,133	396,910
Total	8,191,057	5,921,359	5,446,824	5,736,420
Less: Allowance for doubtful accounts	(860,548)	(443,015)	(770,644)	(381,798)
Total trade receivables - unrelated parties, net	7,330,509	5,478,344	4,676,180	5,354,622
Total trade receivables - net	9,825,803	8,020,760	9,122,529	7,952,683
<b>Other receivables</b>				
Other receivables - related parties	46,128	16,854	1,386,492	72,439
Account receivable - CAT	13,986	19,850	13,986	19,850
Others	472,920	336,081	397,325	302,412
Total	533,034	372,785	1,797,803	394,701
Less: Allowance for doubtful debts	(7,918)	(7,918)	(5,944)	(5,944)
Total other receivables, net	525,116	364,867	1,791,859	388,757
Total trade and other receivables - net	10,350,919	8,385,627	10,914,388	8,341,440

The aging of the outstanding balances of trade receivables - related parties as at 31 December 2013 and 2012, based on due date, is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Aged on the basis of due dates				
Not yet due	2,068,346	1,998,844	3,732,058	2,077,201
Past due				
Up to 1 month	375,865	523,254	507,518	520,726
1 - 3 months	864	3,968	43,953	60
3 - 6 months	-	7,451	91,275	68
Over 6 months	53,449	11,780	74,775	2,887
Total	2,498,524	2,545,297	4,449,579	2,600,942
Less: Allowance for doubtful accounts	(3,230)	(2,881)	(3,230)	(2,881)
Total trade receivables - related parties, net	2,495,294	2,542,416	4,446,349	2,598,061

The aging of the outstanding balances of trade receivables - telephone services as at 31 December 2013 and 2012, based on due date, is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Aged on the basis of due dates				
Not yet due	2,487,294	2,162,695	1,659,047	2,162,695
Past due				
Up to 1 month	643,042	502,601	468,336	502,601
1 - 3 months	297,114	154,119	260,556	154,119
3 - 6 months	193,593	90,719	192,600	90,719
Over 6 months	386,405	145,746	387,390	145,746
Total	4,007,448	3,055,880	2,967,929	3,055,880
Less: Allowance for doubtful accounts	(705,397)	(318,581)	(676,781)	(318,581)
Trade receivables - telephone services, net	3,302,051	2,737,299	2,291,148	2,737,299

The Company and its subsidiaries have set up allowance for doubtful accounts based on collection experience. The Company and its subsidiaries establishes the allowance for doubtful accounts at the period-end at a certain percentage of all accounts receivable - telephone services in each aging period on a progressive basis.

The aging of the outstanding balances of trade accounts receivable - international telephone roaming services as at 31 December 2013 and 2012, based on due date, is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2013	2012
Aged on the basis of due dates		
Not yet due	412,928	583,206
Past due		
Up to 1 month	34,734	48,278
1 - 3 months	42,494	23,882
3 - 6 months	33,707	12,905
Over 6 months	53,275	26,574
Total	577,138	694,845
Less: Allowance for doubtful accounts	(59,098)	(36,477)
Trade accounts receivable - international telephone roaming services, net	518,040	658,368

The aging of the outstanding balances of trade accounts receivable - sales of E-Refill, sales of telephone sets and starter kits as at 31 December 2013 and 2012, based on due date, is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Aged on the basis of due dates				
Not yet due	2,171,229	1,507,980	1,078,519	1,507,980
Past due				
Up to 1 month	163,024	52,109	116,116	52,109
1 - 3 months	4,476	11,728	3,976	11,728
3 - 6 months	11,405	902	8,790	902
Over 6 months	40,735	30,508	26,223	16,066
Total	2,390,869	1,603,227	1,233,624	1,588,785
Less: Allowance for doubtful accounts	(27,688)	(27,319)	(13,175)	(12,877)
Trade accounts receivable - sales of E-Refill, telephone sets and starter kits, net	2,363,181	1,575,908	1,220,449	1,575,908

The aging of the outstanding balances of trade accounts receivable - others as at 31 December 2013 and 2012, based on due date, is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Aged on the basis of due dates				
Not yet due	719,910	196,184	239,804	145,083
Past due				
Up to 1 month	53,384	18,843	50,812	13,143
1 - 3 months	45,841	39,975	27,824	27,556
3 - 6 months	42,206	77,966	42,207	59,239
Over 6 months	354,261	234,439	307,486	151,889
Total	1,215,602	567,407	668,133	396,910
Less: Allowance for doubtful accounts	(68,365)	(60,638)	(21,590)	(13,863)
Trade accounts receivable - others, net	1,147,237	506,769	646,543	383,047

## 8. Related party transactions

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

### Transactions with associated company, subsidiaries and related companies

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2013	2012	2013	2012	
Transactions with subsidiaries (eliminated from the consolidated financial statements)					
Sale of equipment	-	-	48	-	at cost
Service income	-	-	7,004	585	as per agreement
Rental and service expenses	-	-	3,903	1,520	as per agreement
Interest income	-	-	372	55	as per agreement
Dividend income	-	-	-	1,450	as declared

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2013	2012	2013	2012	
<b>Transactions with associated company:</b>					
<b>United Distribution Business Co., Ltd.*</b>					
Sales of goods	13,968	12,928	4,298	12,928	selling price less a certain margin, as per agreement
Dividend income	19	38	19	38	as declared
Purchases of goods	-	32	-	32	market price
Rental and service expense	487	14	22	14	as per agreement
<b>Transactions with other related companies</b>					
International roaming service income	85	93	85	93	as per agreement
Service income	264	76	28	16	market price
Sale on right of online refill service	386	286	151	286	as per agreement
Sales of goods	1	1	1	1	market price
Service expenses	667	658	505	537	as per agreement
Service fees for installation of cell site equipment	531	490	469	468	as per agreement
Management fee	459	463	459	463	as per agreement

\* The Company paid marketing support expense for year ended 31 December 2013 at Baht 9 million (2012: Baht 5 million) to dealers through United Distribution Business Co., Ltd.

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Trade and other receivables - related parties (Note 7)</b>				
<b>Trade receivables - related parties</b>				
Subsidiaries	-	-	4,422,360	115,139
Associated company (Note 8.1)	2,292,715	2,474,705	20,636	2,474,705
Related companies <sup>(1)</sup>	205,809	70,592	6,583	11,098
Total	2,498,524	2,545,297	4,449,579	2,600,942
Less: Allowance for doubtful accounts	(3,230)	(2,881)	(3,230)	(2,881)
Total trade receivables - related parties, net	2,495,294	2,542,416	4,446,349	2,598,061
<b>Other receivables - related parties</b>				
Subsidiaries	-	-	1,340,364	55,585
Related companies <sup>(1), (2)</sup>	46,128	16,854	46,128	16,854
Total	46,128	16,854	1,386,492	72,439
Less: Allowance for doubtful accounts	(5,944)	(5,944)	(5,944)	(5,944)
Total other receivables - related parties, net	40,184	10,910	1,380,548	66,495
Total trade and other receivables - related parties, net	2,535,478	2,553,326	5,826,897	2,664,556



(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Amounts due from related parties</b>				
Subsidiary (Note 8.2)	-	-	430,457	530,397
Related companies <sup>(1), (2)</sup>	26,774	26,774	-	-
Total	26,774	26,774	430,457	530,397
Less: Allowance for doubtful accounts	(26,343)	(26,343)	-	-
Total amounts due from related companies - net	431	431	430,457	530,397

**Loans to subsidiaries**

Subsidiaries (Note 8.3)	-	-	13,000,000	6,540,500
Total loans to subsidiaries	-	-	13,000,000	6,540,500

**Trade and other payables - related parties (Note 18)****Trade payables - related parties**

Subsidiaries	-	-	1,115,076	631,439
Associated company	111,952	777	-	777
Related companies <sup>(1), (2)</sup>	470,886	752,264	388,134	598,842
Total trade payables - related parties	582,838	753,041	1,503,210	1,231,058

**Other payables - related parties**

Subsidiaries	-	-	120,559	4,963
Associated company	4,009	1,996	4,009	1,996
Related companies <sup>(1), (2)</sup>	283,383	788,817	280,466	783,865
Total other payables - related parties	287,392	790,813	405,034	790,824
Total trade and other payables - related parties	870,230	1,543,854	1,908,244	2,021,882

**Deposit guarantee on domestic roaming agreement**

Subsidiary	-	-	1,750,000	-
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Relationship with the related companies

<sup>(1)</sup> Common ultimate shareholder<sup>(2)</sup> Common directors**8.1 The aging of trade account receivable - associated company** as at 31 December 2013 and 2012 based on due date, is as follow:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Age of receivables				
Not yet due	1,942,773	1,954,041	13,840	1,954,041
Past due less than 1 month	349,942	520,664	6,796	520,664
Trade account receivable - associated company	2,292,715	2,474,705	20,636	2,474,705

**8.2 The amount due from a subsidiary, TAC Property Co., Ltd.,** mostly comprises receivables arising from sales of equipment to support cellular telephone services. There is no fixed term for repayment and no interest is charged.

**8.3 In 2012, the loan of Baht 168 million to DTAC Broadband Co., Ltd. (a subsidiary)** is to be used in the provision of WiFi services and carries interest at a rate of 4.25%. During 2013, the loan is fully repaid by its subsidiary.

The loan of Baht 13,000 million (2012: Baht 6,372 million) to dtac TriNet (a subsidiary) is to be used in making an application for a spectrum license and using for operation under such license which carries interest at a rate of BIBOR plus certain margin. Payment of the loans is due at call. However, the Company has no plans to call the loans within one year, and therefore classified them as non-current assets in the financial statements.

As at 31 December 2013 and 2012, the balance of loans between the Company and its subsidiaries and the movement are as follows:

(Unit: Thousand Baht)

Loan to	Separate financial statements			Balance as at 31 December 2013
	Balance as at 31 December 2012	Increase during the year	Decrease during the year	
<b>Subsidiaries</b>				
DTAC Broadband Co., Ltd.	168,000	-	(168,000)	-
dtac TriNet Co., Ltd. (formerly known as "DTAC Network Co., Ltd.")	6,372,500	7,127,500	(500,000)	13,000,000
	6,540,500	7,127,500	(668,000)	13,000,000

#### 8.4 Directors and management's benefits

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

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2013	2012
Short-term employee benefits	99,409	112,649
Post-employment benefits and other long-terms benefits	1,169	2,173
Total	100,578	114,822

## 9. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Costu		Reduce cost to net realisable value		Inventories - net	
	2013	2012	2013	2012	2013	2012
Finished goods	1,809,048	927,137	(125,713)	(23,054)	1,683,336	904,083
Total	1,809,048	927,137	(125,713)	(23,054)	1,683,336	904,083

(Unit: Thousand Baht)

	Separate financial statements					
	Costu		Reduce cost to net realisable value		Inventories - net	
	2013	2012	2013	2012	2013	2012
Finished goods	1,714,331	926,985	(125,713)	(23,054)	1,588,618	903,931
Total	1,714,331	926,985	(125,713)	(23,054)	1,588,618	903,931

## 10. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Value added tax suspension	2,463,958	1,344,336	1,863,475	1,327,821
Prepaid expenses	441,230	240,742	275,743	233,661
Prepaid rental - land for cell sites	414,910	369,045	405,644	365,674
Value added tax refundable	-	463,104	-	17,571
Withholding tax deducted at source	104,868	10,530	-	-
Total	3,424,966	2,427,757	2,544,862	1,944,727
Less: Provision for impairment of assets	(11,220)	(11,220)	-	-
Total other current assets - net	3,413,746	2,416,537	2,544,862	1,944,727

## 11. Investments in associated company

### 11.1 Details of associate:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2013	2012	2013	2012	2013	2012
			Percent	Percent				
United Distribution Business Co., Ltd.	Sale of mobile phone, simcards, voucher cards and supplementary equipments	Thailand	25	25	50,000	50,000	308,110	294,123

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Separate financial statements			
							Allowance for impairment of investments		Carrying amounts based on cost method - net	
			2013	2012	2013	2012	2013	2012	2013	2012
			Percent	Percent						
United Distribution Business Co., Ltd.	Sale of mobile phone, simcards, voucher cards and supplementary equipments	Thailand	25	25	50,000	50,000	-	-	50,000	50,000

### 11.2 Share of profit and dividend received

During the years, the Company has recognised its share of profit from investment in associate company in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of profit from investments in associate during the year		Dividend received during the year	
	2013	2012	2013	2012
United Distribution Business Co., Ltd.	32,737	25,365	18,750	37,500

### 11.3 Share of profit and dividend received

Financial information of the associated company is summarised below. (2011: Audited financial statements, 2012: Management's accounts)

(Unit: Million Baht)

Company's name	Paid-up capital at 31 December		Total assets as 31 December		Total liabilities as at 31 December		Total revenues for the years ended 31 December		Profit for the years ended at 31 December	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
United Distribution Business Co., Ltd	200	200	3,665	3,797	2,433	2,585	10,033	18,307	131	130

## 12. Investments in subsidiaries

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

	Separate financial statements									
	Paid-up share capital		Percentage of shareholding		Investments at cost		Impairment loss on investments		Net	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	Million Baht	Million Baht	Percent	Percent	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
<b>Subsidiaries directly held by the Company</b>										
WorldPhone Shop Co., Ltd.	450	450	100	100	450,000	450,000	(450,000)	(450,000)	-	-
TAC Property Co., Ltd.	1	1	100	100	1,000	1,000	-	-	1,000	1,000
dtac TriNet Co., Ltd. (formerly known as "DTAC Network Co., Ltd.")	1,160	1,160	100	100	1,270,000	1,270,000	-	-	1,270,000	1,270,000
DTAC Broadband Co., Ltd.	175	175	100	100	175,000	175,000	-	-	175,000	175,000
DTAC Internet Service Co., Ltd.	26	26	100	100	25,750	25,750	-	-	25,750	25,750
Public Radio Co., Ltd.	-	1	-	100	-	1,000	-	-	-	1,000
United Communication Industry Plc. (UCOM)	272	272	99.81	99.81	271,161	271,161	-	-	271,161	271,161
Paysbuy Co., Ltd.	200	200	100	100	236,756	236,756	-	-	236,756	236,756
Crie Co., Ltd.	0.2	0.2	51	51	39,230	39,230	-	-	39,230	39,230
<b>Subsidiaries held through</b>										
Eastern Beach Co., Ltd.	80	80	100	100	-	-	-	-	-	-
TAC Finance Company B.V.	-	0.5	-	100	-	-	-	-	-	-
Viphavadee Office Building Co., Ltd.	-	208.6	-	100	-	-	-	-	-	-
<b>Total investments in subsidiaries, net</b>					<b>2,468,897</b>	<b>2,469,897</b>	<b>(450,000)</b>	<b>(450,000)</b>	<b>2,018,897</b>	<b>2,019,897</b>

- a) On 13 December 2012, an extraordinary meeting of the shareholders of dtac TriNet approved the increase of the company's registered share capital from Baht 60 million (600,000 ordinary shares at a par value of Baht 100 each) to Baht 1,160 million (11,600,000 million ordinary shares at a par value of Baht 100 each) through the issuance of 11,000,000 additional ordinary shares to the Company at the price of Baht 110 per share. dtac TriNet called up and received payment of the additional shares, a total of Baht 1,210 million, and registered the increase in its share capital with the Ministry of Commerce on 14 December 2012.
- b) During year 2012, dtac TriNet, a subsidiary, paid dividend amounting to Baht 1,450 million to the Company.
- c) Currently, UCOM is defendant in a number of lawsuits brought in respect of UCOM's former operations. As stipulated under the Master Sale and Purchase Agreement dated 26 February 2006, UCOM can claim any amount to which UCOM becomes liable in respect of the former operations. All contingent liabilities in respect of the above cases are thus transferred to the purchaser company. The purchaser company's responsibility for such liabilities is subjected to those to be actually incurred and paid by UCOM, with no limit on their amount, within two years from the asset transfer date, or until UCOM's obligations and responsibilities end. UCOM therefore did not make any provision for loss from these lawsuits in its financial statements.

### 13. Other Investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Digital Phone Co., Ltd.	49,400	49,400	49,400	49,400
Other companies	32,333	32,333	32,133	32,333
Total	81,733	81,733	81,533	81,733
Less: Allowance for impairment loss	(64,913)	(30,333)	(64,913)	(30,333)
Total other investments - net	16,820	51,400	16,620	51,400

During 2013, the Company recognized loss from impairment of the investment in Digital Phone Co., Ltd. amounting to Baht 35 million.





## Consolidated financial statements

(Unit: Thousand Baht)

	Land	Buildings and building improvement	Leasehold improvement	Equipment for supporting cellular telephone services	Telephone based station improvement	Furniture, fixtures and office equipment	Machinery and equipment	Advertising and communication equipment	Work in progress	Others	Total
<b>Cost</b>											
31 December 2012	1,032,266	1,721,034	1,106,268	2,926,506	213,011	779,216	5,835,384	95,623	441,685	390,349	14,541,342
Purchases	-	17,131	25,330	7,868,116	-	9,342	216,348	14,950	3,453,842	19,960	11,625,019
Disposals/written-off	(7,921)	(48,804)	(67,195)	-	-	(110,361)	(292,670)	(38,648)	-	(10,672)	(576,271)
Transferred in (out)	-	-	24,991	2,174,641	-	13,703	582,541	407	(2,810,718)	14,435	-
31 December 2013	1,024,345	1,689,361	1,089,394	12,969,263	213,011	691,900	6,341,603	72,332	1,084,809	414,072	25,590,090
<b>Accumulated depreciation</b>											
31 December 2012	-	977,184	438,998	1,777,424	145,309	616,650	4,773,573	71,880	-	193,310	8,994,328
Depreciation for the year	-	140,173	110,835	674,438	11,070	91,520	705,436	14,672	-	49,092	1,797,236
Depreciation - disposal/written-off	-	(39,065)	(61,352)	-	-	(109,281)	(160,752)	(37,904)	-	(11,019)	(419,373)
Transferred in (out)	-	598	(476)	-	-	(122)	6	(6)	-	-	-
31 December 2013	-	1,078,890	488,005	2,451,862	156,379	598,767	5,318,263	48,642	-	231,383	10,372,191
<b>Allowance for impairment loss</b>											
31 December 2012	3,000	-	-	-	-	-	11,465	-	-	82,975	97,440
31 December 2013	3,000	-	-	-	-	-	11,465	-	-	82,975	97,440
<b>Net book value</b>											
31 December 2012	1,029,266	743,850	667,270	1,149,082	67,702	162,566	1,050,346	23,743	441,685	114,064	5,449,574
31 December 2013	1,021,345	610,471	601,389	10,517,401	56,632	93,133	1,011,875	23,690	1,084,809	99,714	15,120,459
<b>Depreciation included in the income statements for the years</b>											
2012											1,268,417
2013											1,797,236

As at 31 December 2013, certain equipment items of the Company and its subsidiaries have been fully depreciated. The gross carrying amount (before deducting accumulated depreciation and allowance for impairment loss) of those assets amounted to Baht 8,704 million (2012: Baht 8,194 million).



## Separate financial statements

(Unit: Thousand Baht)

	Land	Buildings and building improvement	Leasehold improvement	Equipment for supporting cellular telephone services	Telephone based station improvement	Furniture, fixtures and office equipment	Machinery and equipment	Advertising and communication equipment	Work in progress	Others	Total
<b>Cost</b>											
31 December 2012	751,489	1,720,583	1,078,306	2,078,667	86,942	751,238	5,578,186	94,147	203,898	219,608	12,563,064
Purchases	-	17,131	25,330	32,202	-	9,204	214,714	14,872	270,509	18,137	602,099
Disposals/written-off	(7,921)	(48,804)	(67,195)	-	-	(110,247)	(277,112)	(38,648)	-	(10,672)	(560,599)
Transferred in (out)	-	-	24,991	-	-	13,703	301,314	407	(354,850)	14,435	-
31 December 2013	743,568	1,688,910	1,061,432	2,110,869	86,942	663,898	5,817,102	70,778	119,557	241,508	12,604,564
<b>Accumulated depreciation</b>											
31 December 2012	-	976,732	411,636	1,131,996	50,231	589,407	4,631,810	70,647	-	85,002	7,947,461
Depreciation for the year	-	140,173	110,683	176,235	4,231	91,273	608,122	14,585	-	24,301	1,169,603
Depreciation - disposals/written-off	-	(39,065)	(61,352)	-	-	(109,167)	(155,399)	(37,904)	-	(10,181)	(413,068)
Transferred in (out)	-	598	(476)	-	-	(122)	6	(6)	-	-	-
31 December 2013	-	1,078,438	460,491	1,308,231	54,462	571,391	5,084,539	47,322	-	99,122	8,703,996
<b>Allowance for impairment loss</b>											
31 December 2012	3,000	-	-	-	-	-	-	-	-	82,975	85,975
Increase	-	-	-	279,000	-	-	-	-	-	-	279,000
31 December 2013	3,000	-	-	279,000	-	-	-	-	-	82,975	364,975
<b>Net book value</b>											
31 December 2012	748,489	743,851	666,670	946,671	36,711	161,831	946,376	23,500	203,898	51,631	4,529,628
31 December 2013	740,568	610,472	600,941	523,638	32,480	92,507	732,563	23,456	119,557	59,411	3,535,593
<b>Depreciation included in the income statements for the years</b>											
2012											1,176,076
2013											1,169,603

As at 31 December 2013, certain equipment items of the Company have been fully depreciated. The gross carrying amount (before deducting accumulated depreciation and allowance for impairment loss) of those assets amounted to Baht 8,533 million (2012: Baht 8,046 million).

As at 31 December 2013, the Company had vehicles under finance lease agreements with net book values amounting to Baht 46 million (2012: Baht 68 million).

During the year 2013, the Company recognised loss from impairment of equipment for supporting cellular telephone services amounting to Baht 279 million. The gross carrying amount of the equipment is grouped in the same cash generating unit as deferred right to use of equipment for the purpose of impairment consideration, as described in Note 15 to the consolidated financial statements.

## 15. Deferred right to use of equipment

Deferred right to use of equipment represents the cost of tools and equipment for providing cellular telephone services that are required to be procured by the Company and transferred to CAT under the Concession Agreement from CAT outlined in Note 1.2 to the consolidated financial statements. Ownership of related tools and equipment were transferred to CAT at the date of commencing service or when the equipment was put into use.

The cost of such tools and equipment is deferred and amortised over the remaining life of concession period.

Deferred right to use of equipment consists of the following:

(Unit: Thousand Baht)

Consolidated financial statement			
	Deferred right to use of equipment	Deferred expenses on transmission facilities	Total
<b>Cost:</b>			
At 31 December 2011	130,202,794	970,264	131,173,058
Acquisition	8,475,431	1,356	8,476,787
Transfer in (out)	(555)	-	(555)
<b>At 31 December 2012</b>	<b>138,677,670</b>	<b>971,620</b>	<b>139,649,290</b>
Acquisition	4,590,228	-	4,590,228
Transfer in (out)	(11,000)	-	(11,000)
<b>At 31 December 2013</b>	<b>143,256,898</b>	<b>971,620</b>	<b>144,228,518</b>
<b>Amortisation:</b>			
At 31 December 2011	(73,506,005)	(524,509)	(74,030,514)
Amortisation	(9,100,175)	(66,320)	(9,166,495)
Transfer out (in)	555	-	555
<b>At 31 December 2012</b>	<b>(82,605,625)</b>	<b>(590,829)</b>	<b>(83,196,454)</b>
Amortisation	(10,617,870)	(66,693)	(10,684,563)
Transfer out (in)	1,587	-	1,587
<b>At 31 December 2013</b>	<b>(93,221,908)</b>	<b>(657,522)</b>	<b>(93,879,430)</b>
<b>Net book value:</b>			
At 31 December 2012	56,072,045	380,791	56,452,836
At 31 December 2013	50,034,990	314,098	50,349,088
<b>Amortisation included in income statements</b>			
2012	9,100,175	66,320	9,166,495
2013	10,617,870	66,693	10,684,563

(Unit: Thousand Baht)

Separate financial statement			
	Deferred right to use of equipment	Deferred expenses on transmission facilities	Total
<b>Cost:</b>			
At 31 December 2011	130,201,698	970,264	131,171,962
Acquisition	8,475,392	1,356	8,476,748
<b>At 31 December 2012</b>	<b>138,677,090</b>	<b>971,620</b>	<b>139,648,710</b>
Acquisition	4,590,228	-	4,590,228
Transfer in (out)	(11,000)	-	(11,000)
<b>At 31 December 2013</b>	<b>143,256,318</b>	<b>971,620</b>	<b>144,227,938</b>
<b>Amortisation:</b>			
At 31 December 2011	(73,505,317)	(524,509)	(74,029,826)
Amortisation	(9,100,115)	(66,320)	(9,166,435)
<b>At 31 December 2012</b>	<b>(82,605,432)</b>	<b>(590,829)</b>	<b>(83,196,261)</b>
Amortisation	(10,617,836)	(66,693)	(10,684,529)
Transfer out (in)	1,587	-	1,587
<b>At 31 December 2013</b>	<b>(93,221,681)</b>	<b>(657,522)</b>	<b>(93,879,203)</b>
<b>Allowance for impairment</b>			
At 31 December 2011	-	-	-
Increase	-	-	-
<b>At 31 December 2012</b>	<b>-</b>	<b>-</b>	<b>-</b>
Increase	(18,348,000)	-	(18,348,000)
<b>At 31 December 2013</b>	<b>(18,348,000)</b>	<b>-</b>	<b>(18,348,000)</b>
<b>Net book value:</b>			
At 31 December 2012	56,071,658	380,791	56,452,449
At 31 December 2013	31,686,637	314,098	32,000,735
<b>Amortisation included in income statements</b>			
2012	9,100,115	66,320	9,166,435
2013	10,617,836	66,693	10,684,529

The Company assessed impairment reviews of deferred right to use of equipment and equipment for supporting cellular telephone services (Concession Agreement) by comparing the carrying amount of the cash generating unit to its recoverable amount. The recoverable amount is calculated from its value in use. In determining value in use, the estimated future cash flows are discounted to their present value based on the assumption that the Concession Agreement will be terminated in September 2018.

As a result of its impairment assessment, the Company recognised losses from impairment totaling Baht 18,627 million in profit and loss in the separate financial statement for the year ended 31 December 2013. The impairment losses are comprised of impairment of the above deferred right to use of equipment amounting to Baht 18,348 million and impairment of equipment for supporting cellular telephone services amounting to Baht 279 million, as described in Note 14 to the consolidated financial statements.

## 16. Other intangible assets

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

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Computer software	Software under development	Total	Computer software	Software under development	Total
<b>As at 31 December 2013:</b>						
Cost	9,605,404	938,008	10,543,412	8,973,896	507,276	9,481,172
Less: Accumulated amortisation	(8,320,960)	-	(8,320,960)	(8,221,534)	-	(8,221,534)
Net book value	1,284,444	938,008	2,222,452	752,362	507,276	1,259,638
<b>As at 31 December 2012:</b>						
Cost	9,101,482	922,828	10,024,310	9,016,543	859,032	9,875,575
Less: Accumulated amortisation	(7,713,126)	-	(7,713,126)	(7,676,204)	-	(7,676,204)
Net book value	1,388,356	922,828	2,311,184	1,340,339	859,032	2,199,371

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Net book value at beginning of year	2,311,184	2,747,976	2,199,371	2,698,338
Acquisition of computer software	1,004,902	499,062	71,118	425,293
Amortisation	(768,130)	(935,854)	(705,626)	(924,260)
Loss from intangible assets written-off	(325,504)	-	(305,225)	-
Net book value at end of year	2,222,452	2,311,184	1,259,638	2,199,371

## 17. Other non-current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Deferred underwriting fees / arrangement fees for loans and debentures - net	40,277	62,759	40,277	62,759
Deposits	224,191	214,298	213,007	206,015
Income tax refundable	-	150,146	-	150,146
Leasehold rights	29,173	32,435	28,426	31,594
Others	211,524	241,942	61,870	173,097
Total other non-current assets	505,165	701,580	343,580	623,611

## 18. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade payables for the purchase of equipment for providing telephone services, telephone sets and starter kits	7,981,901	6,086,375	3,745,082	6,086,375
Trade payables - related parties (Note 8)	582,838	753,041	1,503,210	1,231,058
Trade payable - CAT	7,213,950	6,378,674	7,197,700	6,360,452
Trade payable - TOT	1,262,460	1,261,577	1,252,918	1,254,507
Trade payables - Interconnection charge	9,795	735	9,795	735
Trade payables - international telephone roaming services	2,067,697	1,818,567	2,067,697	1,818,567
Other trade payables	2,799,821	1,343,994	973,765	915,327
Other payables - related parties (Note 8)	287,392	790,813	405,034	790,824
Other payables	3,002,082	1,721,006	1,370,563	1,644,904
Accrued expenses	2,818,562	3,347,698	2,460,754	3,328,408
Interest payables	163,431	89,591	163,431	89,591
Total trade and other payables	28,189,929	23,592,071	21,149,949	23,520,748

## 19. Long-term loans

(Unit: Thousand Baht)

		Consolidated financial statements/ Separate financial statements	
		2013	2012
19.1	USD 40 million loan facility from Nordic Investment Bank	460,320	756,240
19.2	USD 170 million loan facilities from Finnish Export Credit Ltd.	-	512,419
19.3	Baht 30,000 million loan facilities from a local financial institution	14,000,000	20,000,000
19.4	Baht 20,000 million loan facilities from a local financial institution	7,000,000	7,000,000
19.5	Baht 10,000 million loan facilities from foreign financial institutions	3,000,000	-
Total		24,460,320	28,268,659
Less: Current portion		(6,295,920)	(8,808,339)
Long-term loans - net of current portion		18,164,400	19,460,320

19.1 On 31 May 2005, the Company entered into a Facility Agreement with Nordic Investment Bank ("NIB"). The principal terms of this facility are:

Facility	:	USD 40 million (fully drawn down)
Interest rate	:	LIBOR plus 1.0 percent per annum
Interest period	:	Every six months
Principal repayment schedule	:	11 semi-annual installments in the amounts stipulated in the agreement between 2010 and 2015



In order to hedge the foreign exchange rate and interest rate risks associated with the above loan, the Company entered into a cross currency swap agreement to swap the full amount of the loan to a Baht 1,644 million loan, with a fixed Baht interest rate as stipulated in the agreement for the period from 30 November 2005 to 30 November 2007, and a floating interest rate as stipulated in the agreement from 30 November 2007 onwards. The possible future financial impact of this agreement is reflected in the estimates of the fair value of derivative instruments provided in Note 30.5 to the consolidated financial statements.

- 19.2 On 8 September 2005, the Company entered into a Facility Agreement of USD 170 million with Finnish Export Credit Ltd ("FEC"). The principal terms of this facility are:

#### Tranche A

Facility	: USD 85 million (fully drawn down)
Interest rate	: 4.55 percent per annum
Interest period	: Every six months
Principal repayment schedule	: 13 equal semi-annual installments, from 30 June 2007 to 30 June 2013

#### Tranche B

Facility	: USD 85 million (fully drawn down)
Interest rate	: 4.77 percent per annum
Interest period	: Every six months
Principal repayment schedule	: 13 equal semi-annual installments, from 30 June 2007 to 30 June 2013

In order to hedge the foreign exchange rate and interest rate risks associated with the above loan, the Company entered into cross currency and interest swap agreements with the Thailand branch of a foreign financial institution, to swap the full amount of the Tranche A and Tranche B to a Baht 6,661 million loan, with a fixed Baht interest rate as stipulated in the agreements.

During the year, the Company fully repaid the loan.

- 19.3 On 15 December 2011, the Company entered into a Facility Agreement with a financial institution. The principal terms of this facility are:

#### Tranche A

Facility	: Baht 20,000 million (fully drawn down)
Interest rate	: BIBOR plus a margin (the margin depending on certain conditions as stipulated in the agreement)
Interest period	: Every three months
Principal repayment schedule	: 10 equal semi-annual installments, commencing on 30 June 2012

#### Tranche B

Facility	: Baht 10,000 million
Interest rate	: Money Market Rate
Interest period	: Every one month, three months, or six months depending on selection period
Principal repayment schedule	: As agreement but not exceed six months and not extend beyond final maturity date

During the year, the Company partially utilised the credit facilities from Tranche B.

- 19.4 On 18 September 2012, the Company entered into a Facility Agreement with a financial institution. The principal terms of this facility are:

Facility	: Baht 20,000 million
Guarantee facility	: Baht 10,000 million
Interest rate	: BIBOR plus a margin (the margin depending on certain conditions as stipulated in the agreement)
Interest period	: Every one month, three months, or six months depending on selection period
Principal repayment schedule	: 4 equal semi-annual installments, commencing on 30 April 2016

During the year, the Company partially utilised the credit facilities.

- 19.5 On 3 October 2012, the Company entered into a Facility Agreement with the Thailand branch of foreign financial institutions. The principal terms of this facility are:

Facility	: Baht 10,000 million
Interest rate	: BIBOR plus a margin (the margin depending on certain conditions as stipulated in the agreement)
Interest period	: Every one month, three months, or six months depending on selection period
Principal repayment schedule	: 4 equal semi-annual installments, commencing in June 2016

During the year, the Company partially utilised the credit facilities.

As at 31 December 2013, the long-term credit facilities of the Company which have not yet been drawn down amounted to Baht 20,000 million (2012: Baht 23,000 million).

The above credit facilities agreements contain covenants relating to various matters, such as the maintenance of financial ratio, restrictions on creating or permitting the subsistence of security interest on property and assets, a prohibition on making loans or granting guarantees except under certain conditions.

## 20. Debentures

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2013	2012
Thai Baht debentures	7,000	2,000
Less: Current portion	(2,000)	-
Thai Baht debentures - net of current portion	5,000	2,000

The movements of Thai Baht debentures for the year ended 31 December 2013 are as follows:

(Unit: Million Baht)

		Tenor	Balance as at 1 January 2013	Addition: debentures issued	Less: debentures repayment	Balance as at 31 December 2013
20.1	Debentures of Baht 2,000 million (issued on 27 August 2009)	5 years	2,000	-	-	2,000
20.2	Debentures of Baht 5,000 million (issued on 25 July 2013)	3 years	-	5,000	-	5,000
			2,000	5,000	-	7,000

- 20.1 The Company issued the Baht 2,000 million of registered, unsubordinated, and unsecured debentures with a debentureholders' representative (2,000,000 debentures of Baht 1,000 each). The debentures bear interest at 4.4 percent per annum and are redeemable in full in August 2014. Such debentures contain covenants relating to various matters such as the maintenance of financial ratio, restrictions on creating or permitting the creation of security interest on property and assets, and a prohibition on making loans or granting guarantees except under certain conditions.
- 20.2 On 25 July 2013, the Company issued the Baht 5,000 million of registered, unsubordinated, and unsecured debentures with a debentureholders' representative (5,000,000 debentures of Baht 1,000 each). The debentures bear interest at 3.72 percent per annum and are redeemable in full in July 2016. Such debentures contain covenants relating to various matters such as restrictions on creating or permitting the creation of security interest on property and assets and a prohibition on making loans or granting guarantees except under certain conditions.

## 21. Provision for long-term employee benefits

Provision for long-term employee benefits which are compensations on employees' retirement as at 31 December 2013 and 2012, were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2013	2012 (Restated)
Provision for long-term employee benefits at beginning of year	282,932	218,629
Current service cost	31,823	26,996
Interest cost	11,540	8,107
Benefits paid during the year	(5,644)	(5,244)
Actuarial gain and loss	(19,801)	34,444
<b>Provision for long-term employee benefits at end of year</b>	<b>300,850</b>	<b>282,932</b>

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

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2013	2012 (Restated)
Current service cost	31,823	26,996
Interest cost	11,540	8,107
<b>Total expense recognised in profit or loss</b>	<b>43,363</b>	<b>35,103</b>
Line items under which such expenses are included in administrative expenses in profit or loss	43,363	35,103

The cumulative amount of actuarial gains and losses recognised in the other comprehensive income (net of income tax effect) as at 31 December 2013 amounted to Baht 5 million (2012: Baht 28 million)

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements/ Separate financial statements	
	2013 (% per annum)	2012 (% per annum)
Discount rate	4.3	4.1
Future salary increase rate	6.0	6.0
Staff turnover rate (depending on age)	0 - 25	0 - 25

Amounts of defined benefit obligation for the current and previous four periods are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	Defined benefit obligation	Experience adjustments arising on the plan liabilities
Year 2013	300,850	(10,011)
Year 2012	282,932	30,280
Year 2011	218,629	20,572
Year 2010	208,154	8,573
Year 2009	131,391	21,712

## 22. Statutory reserve

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

## 23. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Salary and wages and other employee benefits	3,669,613	3,885,370	3,663,790	3,853,490
Depreciation	1,797,236	1,268,417	1,169,603	1,176,076
Amortisation expenses	11,897,690	10,196,373	11,437,184	10,184,624
Rental expenses from operating lease agreements	1,975,914	1,847,449	2,561,697	2,432,882
Purchases in inventories	15,856,902	11,618,506	15,726,859	11,617,799
Changes in inventories of finished goods	(881,911)	(499,809)	(787,345)	(500,212)

## 24. Finance cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Interest expense	2,064,562	1,014,719	1,901,615	991,265
Amortisation on deferred financial cost	28,432	75,753	28,432	75,753
Other finance cost	61,116	28,198	61,116	28,198
Total finance cost	2,154,110	1,118,670	1,991,163	1,095,216

## 25. Income tax

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(Restated)		(Restated)	
<b>Current income tax:</b>				
Current income tax charge	2,860,957	3,826,059	2,720,747	3,584,525
Adjustment in respect of current income tax of previous year	37,462	296,661	14,277	296,581
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	391,807	(722,401)	(246,428)	(722,401)
Effects of changes in the applicable tax rates	-	125,763	-	132,647
<b>Income tax expense reported in the income statement</b>	<b>3,290,226</b>	<b>3,526,082</b>	<b>2,488,596</b>	<b>3,291,352</b>

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

(Unit: Thousand Baht)

	2013	2012
Deferred tax relating to the actuarial gain or loss	-	6,889

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(Restated)		(Restated)	
Accounting profit (loss) before tax	13,857,047	14,808,351	(4,642,773)	15,171,630
Applicable tax rate	20%	23%	20%	23%
Accounting profit (loss) before tax multiplied by applicable tax rate	2,771,409	3,405,921	(928,555)	3,489,475
Deficits	(49)	(3,642)	-	-
Adjustment in respect of current income tax of previous year	37,462	296,661	14,277	296,581
Effects of changes in the applicable tax rates	-	132,646	-	132,646
Effects of:				
Tax exempted revenue	(3,807)	(16,996)	(3,805)	(353,287)
Non-deductible expenses	120,601	64,485	100,326	58,513
Expenses related to unrecognised deferred tax assets	402,591	-	3,336,768	-
Effects of adjustment deferred tax	(26,566)	(339,461)	(30,415)	(332,576)
Others	(11,415)	(13,532)	-	-
<b>Income tax expenses reported in the income statement</b>	<b>3,290,226</b>	<b>3,526,082</b>	<b>2,488,596</b>	<b>3,291,352</b>

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(Restated)		(Restated)	
Allowance for doubtful accounts trade receivables	154,209	71,203	154,209	71,203
Allowance for diminution in value of investment/loss on the subsidiary	90,000	90,000	90,000	90,000
Allowance for diminution in value of inventories	25,143	4,611	25,143	4,611
Accrued expenses	219,727	332,704	294,721	332,704
Amortisation of intangible assets	54,823	161,547	31,456	161,547
Unrealised loss on derivative instruments for long-term loans	11,937	60,251	11,937	60,251
Sales of prepaid voucher cards	197,747	543,163	154,960	543,163
Allowance for impairment of assets	-	-	791,235	-
License on mobile money business (premium from subsidiary acquisition)	(13,768)	(13,768)	-	-
Others	173,938	80,641	12,098	80,641
Total	913,756	1,330,352	1,565,759	1,344,120

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

As at 31 December 2013 the Company has deductible temporary differences of Baht 16,684 million, on which deferred tax assets have not been recognised as the Company believes that future taxable profits may not sufficient to allow utilisation of temporary differences.

## 26. Earnings per share

Basic earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(Restated)		(Restated)	
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	10,569,385	11,284,765	(7,131,369)	11,880,278
Weighted average number of ordinary shares (Thousand shares)	2,367,811	2,367,811	2,367,811	2,367,811
Earnings (loss) per share (Baht/share)	4.46	4.77	(3.01)	5.02

## 27. Depreciation and amortisation expenses

Depreciation and amortisation expenses for the years ended 31 December 2013 and 2012 comprised:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Depreciation expense</b>				
Building and equipment	1,797,236	1,268,417	1,169,603	1,176,076
<b>Amortisation expense</b>				
Deferred right to use of equipment	10,684,563	9,166,495	10,684,529	9,166,435
Cost of spectrum license	398,653	-	-	-
Other intangible assets and other non-current assets				
- group as selling and administration expenses	786,042	954,125	724,223	942,436
- group as finance cost	28,432	75,753	28,432	75,753
Total depreciation and amortisation expenses	13,694,926	11,464,790	12,606,787	11,360,700

## 28. Operating income before interest, taxes, depreciation and amortisation (EBITDA)

(Unit: Thousand Baht)

	Note	Consolidated financial statements	
		2013	2012 (Restated)
Profit for the year		10,566,821	11,282,269
Add (less) : Finance cost	24	2,154,110	1,118,670
: Income tax expenses	25	3,290,226	3,526,082
: Depreciation expense	14	1,797,236	1,268,417
: Amortisation expense		11,869,258	10,120,620
: Interest income		(221,859)	(384,847)
: Loss (gain) on foreign exchange		265,300	(112,989)
: Loss from write-off fixed assets and other intangible assets		326,202	24
EBITDA		30,047,294	26,818,246



## 29. Dividends

Dividends	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
Final dividends for 2011	Annual General Meeting of the shareholders on 30 March 2012	3,231	1.38
Interim dividend announced from operating result for the first six-month of 2012	The Board of Directors Meeting on 23 July 2012	5,325	2.27
Interim dividend announced from operating result for the period as from 1 July 2012 to 30 September 2012	The Board of Directors Meeting on 19 October	2,663	1.13
Total year 2012		11,219	
Dividend announced from operating for the period as from 1 October 2012 to 31 December 2012 and from the retained earnings	Annual General Meeting of the shareholders on 29 March 2013	3,903	1.66
Interim dividend announced from operating result for the period as from 1 January 2013 to 31 March 2013	Meeting of the Board of directors on 24 April 2013	2,640	1.12
Interim dividend announced from operating result for the period as from 1 April 2013 to 30 June 2013	Meeting of the Board of directors on 19 July 2013	3,025	1.28
Interim dividend announced from operating result for the period as from 1 July 2013 to 30 September 2013	Meeting of the Board of directors on 29 October 2013	3,119	1.32
Total for 2013		12,687	

## 30. Financial instruments

### 30.1 Financial risk management

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

### 30.2 Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relate primarily to their deposits at financial institutions, short-term investments, debentures and long-term loans.

The significant financial assets and liabilities (part of these are under derivative instruments as described in Notes 19) are classified by type of interest rate as follows:

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2013					
Items	Note	Floating interest rate	Fixed interest rate	Zero interest rate	Total
<b>Financial assets</b>					
Cash and cash equivalents	6	3,929	447	1,096	5,472
Trade and other receivables	7	-	-	10,351	10,351
<b>Financial liabilities</b>					
Trade and other payables	18	-	-	28,190	28,190
Long-term loans	19	24,460	-	-	24,460
Debentures	20	-	7,000	-	7,000

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2012					
Items	Note	Floating interest rate	Fixed interest rate	Zero interest rate	Total
<b>Financial assets</b>					
Cash and cash equivalents	6	3,863	514	178	4,555
Short-term investments		-	150	-	150
Trade and other receivables	7	-	-	8,386	8,386
<b>Financial liabilities</b>					
Trade and other payables	18	-	-	23,592	23,592
Long-term loans	19	27,757	512	-	28,269
Debentures	20	-	2,000	-	2,000

Financial assets and liabilities carried fixed interest rates can be classified by maturity (or the date of new interest rate is introduced) (if any).

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2013					
Items	Note	Within 12 months	Over 12 months	Total	Interest rate
<b>Financial assets</b>					
Cash and cash equivalents		447	-	447	0.125% - 3.10%
<b>Financial liabilities</b>					
Debentures	20	2,000	5,000	7,000	3.72% , 4.40%

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2012					
Items	Note	Within 12 months	Over 12 months	Total	Interest rate
<b>Financial assets</b>					
Cash and cash equivalents		514	-	514	0.05% - 3.30%
Short-term investments		150	-	150	0.60% - 3.30%
<b>Financial liabilities</b>					
Long-term loans	19	512	-	512	5.39%, 5.50%
Debentures	20	-	2,000	2,000	4.40%

### 30.3 Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arised mainly from purchasing of equipment transactions, trade receivables - international telephone roaming services, and borrowings that are denominated in foreign currencies. The Company and its subsidiaries primarily utilise forward exchange contracts and currency swap agreements to manage the exchange rate risk arising from these instruments (Note 19).

As at 31 December 2013 and 2012 the Company and its subsidiaries had the following assets and liabilities denominated in foreign currencies:

	Consolidated financial statements			Exchange rate	
	as at 31 December			as at 31 December	
	2013	2012	Foreign currency	2013	2012
	(Million)	(Million)		Baht per foreign currency	
Assets					
Deposits at financial institutions	2.84	3.52	USD	32.5795	30.3873
	-	0.56	EUR	44.5980	40.1344
	-	0.49	GBP	53.4064	48.8331
Trade receivables - other companies	11.38	14.76	SDRs	50.7184	47.0712
	9.70	3.94	USD	32.5795	30.3873
Trade receivables - related companies	0.07	0.04	SDRs	50.7184	47.0712
	4.91	1.93	USD	32.5795	30.3873
Liabilities					
Trade payables	165.80	81.14	USD	32.9494	30.7775
	0.15	0.07	EUR	45.3223	40.8603
	40.77	38.63	SDRs	50.7184	47.0712
Related parties payables	39.74	114.75	NOK	5.3977	5.5426
	2.23	4.68	SDRs	50.7184	47.0712
	5.75	5.02	USD	32.9494	30.7775
Accrued expenses	2.14	2.13	NOK	5.3977	5.5426
Total net assets (liabilities)	(154.10)	(76.77)	USD		
	(0.15)	0.49	EUR		
	-	0.49	GBP		
	(31.55)	(28.51)	SDRs		
	(41.88)	(116.88)	NOK		

As at 31 December 2012, the Company entered into buying forward exchange contract amounting to USD 3 million to reduce foreign currency risk arises mainly from account payable from purchasing of equipment, and capital commitments. Generally, the forward contracts mature within one year.

### 30.4 Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade receivables. The Companies' management manage the risk by adopting credit control policies and procedures. In addition, the Company and its subsidiaries do not have high concentration of credit risk since it has a large customer base. Therefore, the Company and its subsidiaries do not expect to incur material financial loss. The maximum exposure to credit risk is limited to the carrying amount of receivables less allowance for doubtful debts as stated in the statements of financial position.

### 30.5 Fair value

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, such as discounted cash flow, etc.

Given that all financial assets are short-term, parts of financial liabilities are short-term and loans denominated in Thai Baht bearing the market interest rates, the Company's management believes that the fair value of those financial assets and financial liabilities does not materially differ from their carrying value.

The carrying value (original value excluded the carrying value of related forward exchange and cross currency swap contracts) and fair value of long-term financial liabilities and the fair value of derivative instruments as at 31 December 2013 and 2012 are presented below.

(Unit: Million Baht)				
	2013		2012	
	Carrying value	Fair value	Carrying value	Fair value
<b>Unhedged</b>				
Loan from Nordic Investment Bank	369	374	566	576
Loan from Finnish Export Credit Ltd.	-	-	402	411
Thai Baht debentures	7,000	7,033	2,000	2,031
<b>Derivative instruments</b>				
Unfavourable derivative instruments	-	(4)	-	(8)

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- The fair value of long-term loans has been determined based on discounted cash flow analysis, by using discount rates equal to the prevailing rates of return, at the end of reporting period for financial instruments having substantially the same terms and characteristics.
- The fair value of Thai Baht debentures are presented at their fair value, based on the latest yield rated quoted by the Thai Bond Market Association at the end of reporting period date on which the investments are valued or the discounted cash flow method. The discount rate is based on the prevailing rates of return at the end of reporting period for financial instruments having substantially the same terms and characteristics.
- The fair value of derivative instruments have been calculated using quoted market rates to terminate the contracts at the end of reporting period.

## 31. Capital management

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

The Company and its subsidiaries manage their capital position with reference to Net Interest-Bearing Debt to EBITDA ratio in order to comply with a condition in long-term loan agreements with financial institutions. As at 31 December 2013, the aforementioned ratio in the consolidated financial statements is 0.93:1 (2012: 0.95:1).

The Group's capital structure consist of debts that includes long-term loans and debentures disclosed in Note 19 and 20 to the consolidated financial statements, cash and cash equivalents disclosed in Note 6 to the consolidated financial statements and equity attributable to the shareholders as presented in the consolidated statement of changes in shareholders' equity.

No changes were made in the objectives, policies or processes during the years end 31 December 2013 and 2012.

## 32. Commitments

### 32.1 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements for office buildings, land and building for base stations. The terms of the agreements are generally between 1 – 3 years and 12 years.

As at 31 December 2013 and 2012, future minimum lease payments under these operating leases contracts were as follows.

	(Unit: Million Baht)	
	As of 31 December	
	2013	2012
Payable within:		
In up to 1 year	904	818
In over 1 and up to 5 years	2,468	2,323
In over 5 years	1,031	1,576

During the year 2013, the Company and its subsidiaries recognised rental expenses of Baht 1,754 million (2012: Baht 1,643 million).

### 32.2 Capital commitments

As at 31 December 2013, the Company and its subsidiaries had capital commitments of Baht 604 million and USD 50 million (2012: Baht 41 million and USD 12 million) mainly in respect of the purchase of tools and equipment for providing telecommunication services and Baht 53 million and USD 5 million (2012: Baht 33 million, and USD 8 million) relating to the construction of cell sites and acquisition of software for the Company and its subsidiaries' operations.

### 32.3 Restricted bank deposits

#### 32.3.1 Maintenance of minimum levels of bank deposits for deposits from customers

In accordance with the announcement of the Bank of Thailand regarding "Stipulation of Guidelines, Procedures and Conditions for Operating Electronic Card Business", PaySbuy Co., Ltd. (subsidiary) is required at all times to maintain bank deposits in an amount not less than the amount of deposits received from customers. As at 31 December 2013, cash and cash equivalents of PaySbuy Co., Ltd. include minimum requirement bank deposits amounting to Baht 1,899 million (2012: Baht 54 million).

#### 32.3.2 Restricted bank deposits

As at 31 December 2013, deposits at banks of a subsidiary amounting to Baht 0.4 million (2012: Baht 0.4 million) are pledged with the bank to secure facilities granted by the bank.

### 32.4 Bank guarantees

As at 31 December 2013, there were outstanding bank guarantees of Baht 11,122 million (2012: Baht 10,562 million) issued by banks on behalf of the Company and subsidiaries in respect of certain performance bonds required in the normal course of business of the Company and its subsidiaries. Bank guarantees are primarily issued to CAT to guarantee the revenue sharing to be paid under the Concession Agreement and to NBTC to guarantee the second and third installments of the winning bid price for a spectrum license.

### 32.5 Agreement to install cell site equipment and maintain transmission networks

As at 31 December 2013, the Company had a commitment to BB Technology Co., Ltd., a related company, relating to the installation of cell site equipment and maintenance of transmission networks. This related company will provide transmission engineering network design and configuration, installation and maintenance services for transmission networks. The Company is committed to pay service fees at the rate specified in the agreement.

### 32.6 Agreement for supply of equipment and services for Wi-Fi project

As at 31 December 2013, the Company and a subsidiary had commitments to United Information Highway Co., Ltd., a related company, relating to the supply of equipment and services for the subsidiary's Wi-Fi project. This related company will procure and provide relevant equipment, software systems, required infrastructure, and provide operation support, including technical support services, for the project. In return, the Company and its subsidiary are committed to pay compensation in compliance with the terms and conditions stipulated in the agreement.

As at 31 December 2013, a subsidiary had commitments to a company, relating to the supply of equipment and services for the subsidiary's Wi-Fi project. This company will procure and provide relevant equipment, software systems, required infrastructure, and provide operation support, including technical support services, for the project. In return, the subsidiary is committed to pay compensation in compliance with the amounts and conditions stipulated in the agreement.

### 32.7 Long-term agreement commitment

- a. The Company entered into a purchase and resale agreement with a company that granted the Company the right to distribute products, equipment and support services in Thailand related to that company's mobile phones and tablet computer. The Company is committed to terms indicated in the agreement and to future minimum purchase orders stipulated under the agreement.
- b. The Company and its subsidiaries entered into frame contracts with two companies who will supply network infrastructure and services for the Company's telecommunication network. Goods and service prices are set in accordance with the terms and conditions stipulated in the agreements.
- c. The Company entered into a local supply contract with a company who will supply mobile phones, tablet computers, and mobile phone accessories including inventories management service support to the Company. Goods and service prices are to be set in accordance with the terms and conditions stipulated in the agreement.

## 33. Court proceedings and commercial disputes between the Company and TOT Plc. (TOT) in relation to the access charge payment

- 1) TOT, CAT and the Company entered into the Postpaid Access Charge Agreement on 22 February 1994 and the Prepaid Access Charge Agreement on 2 April 2001. Under these Agreements, TOT agreed to interconnect its network with that of the Company in consideration of an access charge of Baht 200 per month for the postpaid service and 18 percent of the price specified on the prepaid card, including VAT, for the prepaid service.

On 17 May 2006, the NTC issued the Interconnection Notification requiring all licensees (who have their own telecommunication networks) (licensees) to allow interconnection by other licensees upon request, in order to ensure good cross-network connections, and the licensees who provide the interconnection is entitled to collect an interconnection charge that reflect its costs.

On 2 October 2006, the Company issued a letter to TOT requesting TOT to enter into negotiation with the Company regarding an interconnection agreement between the Company's network and TOT's network. On 17 November 2006, the Company sent a notice to TOT and CAT informing them that the Company would change the rates for calculating the access charge under the Access Charge Agreements entered into with TOT on the ground that the rate and the collection of access charge under the Access Charge Agreements were contrary to the law in a number of respects and the Company also informed TOT and CAT that it would pay the interconnection charge to TOT at the rate which was in compliance with the law.

On 23 November 2006, TOT issued a letter to the Company informing the Company that it was not entitled to interconnect its network with that of TOT because the Company was not a licensee, whose license was granted by NTC, and did not have its own telecommunication network. TOT also claimed that the Access Charge Agreements did not violate any laws and, as a result, demanded the payment of the access charge in accordance with the rate and the collection of access charge specified under the Access Charge Agreements. TOT also refused to accept payment of the interconnection charges by the Company.

On 1 February 2007, the Company issued a letter to TOT informing that the Company was pleased to pay the interconnection charge to TOT at the rate under TOT's RIO as approved by NTC.

- 2) On 18 June 2007, according to the Award No. 1/2550 rendered by NTC on the Dispute on Interconnection of Telecommunications Networks, NTC ordered TOT to negotiate with the Company within 7 days and enter into an interconnection agreement with the Company within 30 days from the date of the commencement of the negotiation. NTC Secretary General ordered TOT to negotiate an interconnection agreement with the Company in line with NTC's Award but TOT appealed such order to NTC Secretary General. In addition, on 9 October 2007, NTC unanimously resolved to confirm NTC Secretary General's order requiring TOT to negotiate an interconnection agreement with the Company. TOT had filed a lawsuit with the Central Administrative Court under black case no. 1523/2550, petition for the cancellation of such NTC and NTC Secretary General's orders. On 15 September 2010, the Central Administrative Court dismissed the TOT's plaint. TOT appealed against the Central Administrative Court's verdict to the Supreme Administrative Court. Currently, the case is under the consideration of the Supreme Administrative Court.
- 3) As TOT still refused to enter into an interconnection agreement with the Company, on 8 November 2007, the Company sent TOT a notice regarding the interconnection charges informing TOT that it would like to cancel its previous offer in which it agreed to pay TOT the interconnection charges at a rate to be agreed between the parties in good faith and its offer to pay TOT the interconnection charges at a rate specified in TOT's Reference of Interconnect Offer (RIO) which had already been approved by NTC. In addition, the Company also cancelled the two Access Charge Agreements. The Company accrued in its financial statements the access charge at the interconnection charge rate for the period from 18 November 2006 to 7 November 2007, amounting to Baht 1,973 million. The Company stopped accruing the access charge from 8 November 2007 in its financial statements following the termination of the Access Charge Agreements.
- 4) On 9 May 2011, TOT filed a plaint (black case no. 1097/2554) with the Central Administrative Court and a petition to amend the plaint dated 7 June 2011 demanding CAT and the Company to jointly pay for damages from the access charge, i.e. (1) damages from access charge in connection with Postpaid and Prepaid Access Charge Agreements calculating from 18 November 2006 to 9 May 2011 (the filing date of the plaint) including VAT and default interest at the rate of 1.25 percent per month; and (2) damages from access charge under Postpaid and Prepaid Access Charge Agreements amounting to half of revenue sharing which CAT received from the Company calculating from 16 September 2006 to 9 May 2011 (the filing date of the plaint) including VAT and default interest at the rate of 7.5 percent per annum. As a result, TOT has claimed against the Company to be liable for the damages at Baht 113,319 million. The Company submitted a defense to the court on 26 January 2012 and also submitted its additional defense on 13 February 2013. Presently, this case is under consideration of the Central Administrative Court.
- 5) Even though NTC has rendered the Award No. 1/2550 on the Dispute on Interconnection of Telecommunications Networks which ordered TOT to negotiate an interconnection agreement with the Company and the Secretary General of the NTC also issued an administrative sanction (requiring TOT to pay fine in the amount of Baht 20,000 until completion) enforcing TOT to enter into an interconnection agreement with the Company but TOT has refused to enter into such agreement. TOT has filed a complaint with the Central Administrative Court requesting the court to revoke the NTC's Award and the administrative sanction. On 16 July 2012, the Central Administrative Court rendered a judgment (Black Case No. 1033/2553, Red Case No. 1178/2555) which dismissed TOT's complaint as the court opined that such order was lawful. As TOT disagreed with the Central Administrative Court's judgment, TOT then submitted an appeal to the Supreme Administrative Court. Presently, this case is under consideration of the Supreme Administrative Court.



Based on legal advice from the Company's external legal counsel, the Company's management believes that the Company is not obliged to make payment of access charge under the Access Charge Agreements because the Access Charge Agreements do not comply with the current legal principles (in particular the Interconnection Notification) and the Company has already terminated the Access Charge Agreements. As a result, the Company's management believes that the outcome of the dispute and the judicial process would not have an adverse impact on the Company's financial position in a material respect.

The net effect (before income tax) in ceasing to recognise the access charge under the Access Charge Agreements as from 18 November 2006 to 31 December 2013 has resulted in a reduction of the Company's expenses amounting to approximately Baht 64 billion.

Despite the non-accrual of the access charge as from 8 November 2007, the Company has made provision for expenses that may arise from the resolution of the dispute or the judicial process, in an amount that the Company deems appropriate.

### **34. Significant other litigations and commercial disputes in relation to the agreements to operate cellular telephone services (Concession Agreement)**

The Company is subject to significant outstanding legal proceedings and disputes arising out of its businesses under Concession Agreements as follows:

#### **34.1 Outstanding litigation**

On 25 September 2008, CAT filed a complaint against the Company before the Civil Court demanding the Company (the first defendant) and dtac TriNet (the second defendant), a subsidiary of the Company, to pay damages in an approximate amount of Baht 156 million, including interest at the rate of 7.5 percent per annum from the date of filing the complaint until the discharge of the payment of the damages amount to CAT. CAT claimed that during the period between 2 August 2007 to 30 September 2007, the Company and its subsidiary jointly committed the wrongful act by transferring the international traffic, occurring from customers pressing the plus sign (+) or "001", which should be routed to CAT's network, to the network of the subsidiary.

On 31 March 2011, the Civil Court rendered a judgment that the Company and dtac TriNet did not commit any wrongful act against CAT and, as a result, dismissed CAT's complaint. CAT submitted an appeal. Subsequently, on 17 October 2013, the Appeal Court upheld the judgment of Civil Court to dismiss CAT's complaint.

#### **34.2 Commercial disputes**

- (a) Dispute between the Company and CAT regarding additional revenue sharing calculation from revenue received from Digital Phone Co., Ltd ("DPC") from mobile telecommunications network domestic roaming agreement provided by the Company.

In 2002, CAT requested the Company to pay additional revenue sharing from revenue received from DPC as a result of DPC's roaming on the Company's telecommunications network and subsequently submitted a letter dated 25 August 2003 requesting the Company to pay such fees in the amount of Baht 477 million.

On 31 August 2004, CAT submitted the dispute to the Arbitration Institute demanding that the Company pay additional revenue sharing from domestic roaming revenue together with the penalty (calculated up to the date of the submission of the dispute) in the total amount of Baht 692 million, and demanding that the Company pay the penalty until it gets full benefits.

The dispute is currently under the arbitration procedures. On a conservative basis the Company's management determined to make a provision for certain revenue sharing in its 2013 financial statement.

- (b) Dispute between the Company and CAT regarding the calculation methodology for the revenue sharing in relation to the reduction of the access charge fees

On 18 May 2005 and 19 July 2005, CAT submitted a letter to the Company informing that the Company's calculation methodology for the revenue sharing from the date of its receipt of approval from TOT for the reduction of the access charge fee was incorrect, resulting in Baht 448 million (calculated from 16 September 1996 to 15 September 2004) of the revenue sharing not paid by the Company to CAT. However, the Company considers that it has adopted the methodology previously notified to it by CAT. As a result, the Company has not accrued such amount in its financial statements as the Company opines that the payment was made correctly.

In 2007, CAT submitted the dispute to the Arbitration Institute, demanding for the payment of the additional revenue sharing and penalty in the total amount of Baht 749 million from the Company. In 2011, CAT also submitted another dispute requesting the Company to pay additional revenue sharing for the 16th concession year with regard to this matter in the amount of Baht 16 million.

The dispute is currently under arbitration proceedings. However, the Company's management believes that the arbitral award will not have a material adverse effect on the financial position of the Company.

- (c) Dispute between the Company and CAT regarding additional revenue sharing payment (Excise Tax) under the Concession Agreement

On 11 January 2008, CAT submitted a dispute to the Arbitration Institute requesting the Company to make additional revenue sharing payments in the 12th - 16th concession years in the aggregate amount of Baht 16,887 million, together with penalties, or an approximate total claim amount of Baht 23,164 million. The statement of claim made by CAT did not mention the reason why the Company did not make the payments in full (however, the Company expects that such claim amount would be the amount which the Company had paid to the Excise Department and had deducted from its revenue payable to CAT in accordance with the cabinet resolution and CAT's letters).

Nevertheless, the Arbitral Tribunal has rendered an award dated 28 May 2012 in favor of the Company and dismissed CAT's claim. On 31 August 2012, CAT filed a statement with the Central Administrative Court in order to revoke the arbitration award. The Company submitted its objection to the court on 2 April 2013. Presently, this case is under consideration of the Central Administrative Court. The Company's management believes that the Central Administrative Court's judgement will not have a material adverse effect on the financial position of the Company.

- (d) Dispute between the Company and CAT regarding revenue share calculation in relation to Interconnection Charge ("IC") revenue both before and after the enforcement of the IC Notification

In 2006, CAT submitted a statement of claim to the Arbitration Institute requesting for the revenue sharing payment shortfall for the 11th - 14th concession years from revenue sharing on IC that the Company had received from other telecom operators in consideration for allowing them to use the network at the time before the enforcement of the IC Notification in the amount of Baht 14 million.

In 2010, CAT also filed another claim to the Arbitration Institute requesting for additional revenue sharing for the 15th concession year in the same matter in the amount of Baht 4 million. Subsequently, in 2011, CAT submitted a statement of claim to the Arbitration Institute requesting for the revenue share payment shortfall in respect of the 16th concession year (16 September 2006 - 15 September 2007), in the approximate amount of Baht 4,026 million, together with interest at the rate of 1.25 percent per month. The reason is that the Company calculated the revenue share payable to CAT by offsetting the IC expenses it paid to other operators against IC income it received from other operators, however, CAT claimed that the Company had to pay CAT the revenue sharing on the IC income the Company received from other operators, without deduction of the IC expenses it paid to other operators.

Recently, in 2012, CAT filed a statement of claim to the Arbitration Institution requesting for additional revenue sharing for the 17th concession year in the amount of Baht 3,860 million together with penalty. In 2013, CAT submitted a dispute to the Arbitration Institution requesting for additional revenue sharing on IC for the 18th concession year in the amount of Baht 3,340 million together with penalty.

As at 31 December 2013, the Company has not accrued the said additional revenue sharing requested by CAT because, based on the Company's legal counsels opinion, the Company's management believes that the Company has no duty to pay such revenue sharing to CAT. Presently, this case is under the arbitration proceedings. The Company's management believes that the arbitral award would not have a material adverse effect on the financial position of the Company.

- (e) Dispute between the Company and CAT regarding the transfer of towers and its equipment which has already been installed and operated under the Concession Agreement

On 19 February 2008, CAT submitted a dispute to the Arbitration Institute requesting the Company to deliver and transfer ownership of 121 towers to CAT, then, in 2009 CAT increased the amount of towers from 121 towers to 3,873 towers. Recently in 2012, CAT submitted an additional statement of claim and increased the amount of towers from 3,873 towers to 4,968 towers. If the Company failed to do so, CAT further requested that the Company shall be liable for damages in the approximate amount of Baht 2,392 million. In addition, on 3 January 2013, CAT filed a complaint with the Central Administrative Court requesting the Company to deliver and transfer ownership of another 696 towers to CAT or amounting to total damages of Baht 351 million (including interest).

The Company's view that the disputed towers and their equipment are not devices and equipment under the Concession Agreement but that they rather are buildings under the Building Control Act B.E. 2522 (1979) and are under the Company's ownership. Therefore, the Company does not have any obligation to transfer the towers and their equipment to CAT. Currently, the dispute is under arbitration and court proceedings. The Company's management believes that the arbitral award and the Central Administrative Court's judgement would not have a material adverse effect on the financial position of the Company.

- (f) Dispute between the Company and CAT regarding additional revenue sharing from content providers' expenses deduction

In 2007, CAT filed a statement of claim with the Arbitration Institute requesting the Company to pay additional revenue sharing in the approximate amount of Baht 24 million with penalty. CAT argued that the Company failed to pay the revenue sharing to CAT for the 13th -14th concession year (16 September 2003 to 15 September 2005) in full because the Company had deduct expenses concerning content providers from the revenue sharing payable to CAT without approval from CAT. Under the Concession Agreement, it does not allow the Company to deduct any expenses from the revenue sharing payable to CAT.

Nevertheless, on 15 March 2012, the majority of the arbitral tribunal rendered an award deciding that the Company has to pay approximately Baht 24 million with interest at 7.5 percent per annum from the principal amount from the date of which the statement of claim was filed (28 December 2007) until payments are made in full. The Company filed an objection challenging the arbitration award with the Central Administrative Court in order to revoke such award on 21 June 2012. Currently, it is under the court's consideration.

In 2010 to 2013, CAT submitted statements of claim to the Arbitration Institute requesting the Company to pay additional revenue sharing for the 15th-18th concession year in total amount of 338 million together with penalty. These cases have the same nature of claim as the claim for the 13th-14th concession year. Currently, this case is under arbitration proceedings.

As at 31 December 2013, the Company has not accrued such revenue sharing claimed by CAT in total of Baht 362 million in its financial statements. The Company's management believes that such requested amount should not be deemed as part of the service revenue which is the ground for CAT's revenue sharing calculation. In addition, the Company's management believes that the final result on disputes would not have a material adverse effect on the financial position of the Company.

- (g) Dispute between the Company and CAT regarding additional revenue sharing from uncollectible service fees from customers who submitted fraudulent documents (domestic call)

In 2006 to 2013, CAT submitted several disputes to the Arbitration Institute requesting for additional revenue sharing in total amount of Baht 52 million together with penalty. CAT argued that the Company did not make the revenue sharing payment for the 11th-18th concession year to CAT correctly because the Company had deducted loss incurred by uncollectible receivables from customers who submitted fraudulent documents from revenue before calculating revenue sharing payable to CAT. Currently, the dispute is under arbitration proceedings.

As at 31 December 2013, the Company has not accrued the additional revenue sharing requested by CAT in total amount of Baht 52 million in its financial statements because the Company's management believes that the additional revenue sharing do not constitute the revenue which forms the basis for the calculation of the revenue sharing payables to CAT and CAT has formerly waived the payment of the revenue sharing from fraudulent service revenues. Nevertheless, the Company's management believes that the result of these disputes would not have a material adverse effect on the financial position of the Company.

(h) Other disputes

In addition to the above cases, during the years 2009 to 2013, CAT has filed several cases against the Company with the Arbitration Institute demanding the Company to pay additional revenue sharing to CAT in total amount of Baht 581 million. The disputes are currently in the arbitration process and court proceedings.

As at 31 December 2013, the Company has not accrued the additional revenue sharing requested by CAT in total amount of Baht 581 million in its financial statements because the Company's management believes that the additional revenue sharing do not constitute the revenue which forms the basis for the calculation of the revenue sharing payables to CAT. The Company's management believes that the result of these disputes would not have a material adverse effect on the financial position of the Company.

(i) Letter from CAT asking the Company to comply with Clause 14.8, Clause 2.1 and other clauses of the Concession Agreement

On 12 February 2013, the Company received the letter from CAT notifying that the Company did not comply with a non-competition provision specified in Clause 14.8 of the Concession Agreement (Letter 14.8) and at the same time asking the Company to rectify the non-compliance. Later, the Company received CAT's letters dated 24 April 2013 and 9 August 2013 claiming that the Company did not comply with a concessionary equipment provision specified in Clause 2.1 of the Concession Agreement (Letter 2.1). Further, dtac TriNet also received CAT's letter dated 27 August 2013 claiming that the Company was in breach of Clause 2.1 of the Concession Agreement, thereby demanding dtac TriNet not to install its equipment in the concessionary equipment, which, in CAT's view, falls under Clause 2.1 of the Concession Agreement.

On 10 January 2014, CAT sent a letter to the Company requesting the Company to discontinue the Company's subscribers porting to dtac TriNet, and claiming for damages, the damages being Baht 774 million from September to December 2013. On the same day, CAT sent a letter to the Company claiming that the Company breached Clause 14.8 and Clause 2.1 of the Concession Agreement as mentioned in the Letter 14.8 and Letter 2.1, the Company failed to pay the revenue share in full (please see more details in Note 34.2 (d)), including the additional revenue share of Baht 3,537 million for the 19th year of operation, the Company breached some other provisions under the Concession Agreement. If all of these non-compliances are not rectified by the Company within 90 days from the receiving date of the letters, CAT will exercise the right to terminate the Concession Agreement, and reserve the right to claim for compensation.

The Company is of the opinion that CAT and the Company have different opinions on interpretation on various provisions of the Concession Agreement, leading to a number of litigations and disputes both in Arbitration Tribunal and in Administrative Courts. Given the advices from the Company's legal counsels, the Company is of the opinion that CAT cannot lawfully terminate the Concession with the Company based on the grounds alleged in the letters and the Company shall have the right to continue operating its telecommunication business under the law and the Concession.

## 35. Risk from changes in laws and regulations concerning the telecommunications business

### 35.1 Reform of telecommunication regulatory regime

By virtue of the Constitution of the Kingdom of Thailand, B.E. 2550 (2007), the Parliament has, therefore, enacted the Act on the Organisation for Allocation of Frequency and Regulation of Radio and Television Broadcasting Business and Telecommunications Business, B.E. 2553 (2010) ("the new Frequency Act"), which became effective from 20 December 2010, to repeal the Act on Organisations Allocating Frequency Waves and Supervising Radio/Television Broadcasting and Telecommunications Business B.E. 2543 (2000). The new Frequency Act requires that the National Broadcasting and Telecommunications Commission (hereinafter referred to as the "NBTC"), which was appointed on 7 October 2011, shall have powers and duties to regulate sound and television broadcasting and telecommunications businesses including frequency allocation and frequency management.

Nevertheless, NBTC has authority to issue relevant regulations in accordance with telecommunications business operation, for instance, price regulations on service fee and its structure, consumer protections etc. Such regulations would have negative impact to the Company in several aspects, both in implementing its business strategies and adjustment to any changes in market conditions.

In addition, NBTC has granted IMT 2.1GHz Spectrum licenses at the end of year 2012 which was the first time that spectrum licenses for operating mobile phone business have been granted to private sectors after the enforcement of the new Frequency Act. Several parties have been defending against the procedure for issuing such licenses by NBTC, in particular, the Ombudsman who had filed a petition against NBTC to the Central Administrative Court and requested the court to issue an injunction order to suspend the licensing process. On 3 December 2012, the Central Administrative Court rendered an order not to accept the Ombudsman's petition. However, the Ombudsman has submitted an appeal against the Central Administrative Court's order. As a result, the case is not final. The Ombudsman's appeal is under the Supreme Administrative Court's consideration which might affect to the uncertainty of business operation under the IMT 2.1GHz spectrum license of a subsidiary company (i.e. dtac TriNet) and dependent on the verdict of the Supreme Administrative Court that would impact to business, financial status, and business operation of the Company and its subsidiary company.

### 35.2 Operational costs of interconnection between the Company and certain operators are unclear

Pursuant to the Telecommunications Act, an operator who wishes to interconnect with the network of another operator must enter into an interconnection agreement. At present, certain operators have refused to enter into interconnection agreements with the Company, in particular, TOT, who had entered into an Access Charge Agreements with the Company in 1994 and 2001. Pursuant to the Access Charge Agreements, the Company was required to pay an access charge to TOT at a fixed rate per number per each month or at a percentage of the face value of the prepaid vouchers. However, at present, the interconnection between operators is subject to the Telecommunications Act and the Interconnection Notification. The Company believes that the access charge that TOT fixed under the old regulatory regime is no longer valid as it is not in compliance with the Telecommunications Act and the Interconnection Notification.

### 35.3 The Company is subject to revenue sharing arrangement under the Cellular agreement.

Under the Concession Agreement, the Company has an obligation to pay revenue sharing from the service income to CAT.

CAT, which is a party to the Concession Agreement, has become an operator in direct competition with the Company in the telecommunications business. Concessions of other operators may expire before the Company's and may continue their businesses in the form of license operators. It is possible that the operational costs of other operators would be lower than the revenue share rate that the Company currently pays to CAT pursuant to the Concession Agreement and the Company could be placed at a competitive disadvantage which may result in a negative impact on the business operations of the Company.

### 35.4 The 3rd Amendment to the concession Agreement

The legal opinion of the Council of State (Ruling Number 292/2550) states that all three amendments to the Concession Agreement do not comply with the Act on Private Sector Undertaking of State Businesses, B.E. 2535 (1992) ("PUS Act"). However, the Council of State further opines that the three amendments are still effective but CAT is required to proceed in accordance with the PUS Act (i.e. CAT must bring this issue to Section 22 Committee under the PUS Act ("Section 22 Committee"), and Section 22 Committee would then consider and propose their opinion for the Cabinet's consideration) and to report to the Cabinet who are to consider the relevant effects, taking into account state interest as well as public interest.

Section 22 Committee has already given its preliminary opinion to the Ministry of Information and Communication Technology ("MICT"), disapproving the 3rd amendment to the Company's concession agreement in relation to the part of reduction of revenue sharing.

On 1 February 2011, the Cabinet passed a resolution acknowledging the process of amending the Concession Agreement to comply with the PUS Act, as proposed by the MICT. In addition, the MICT proposed the appointment of the Negotiating Committee on Compensation for Concession Amendment ("the Committee") to review compensation relevance to the 3rd Concession Amendment.

On 28 June 2011, the Cabinet acknowledged the results of the negotiations of the Committee, which were that the Committee was unable to consider the operators' proposals as these proposals were beyond the Committee's authority. However, the Committee opined that at the initial stage, this matter should be reported to the NBTC for consideration in order to issue relevant criteria and measures.

Currently, the PUS Act was repealed and was replaced by Public Private Partnership Act B.E. 2556 (2013) ("PPP Act"). However, at the present time, there is no updating progress of this matter and it is unknown to the Company to what extent the PPP Act would affect this matter. Further, the final conclusion of the Cabinet or the way the Cabinet would exercise its discretion on this matter is still unknown to the Company. The Company is not, therefore, in a position to evaluate the potential impacts from this matter.

However, the Company believes that all three amendments were entered into in good faith and that any potential non-compliance with the PUS Act was not attributable to the Company's actions.

### 35.5 Risk from legal or contractual restrictions on foreign ownership

The Company's business is subject to the foreign shareholding restrictions pursuant to the Foreign Business Act, B.E. 2542 (1999) (the "FBA").

Violation of foreign shareholding structure would cause the Company and/or its subsidiary companies to be revoked their telecommunications business licenses or to be terminated the Concession Agreement or could not operate telecommunications businesses.

Section 4 of the FBA provides to the effect that a company is considered a Thai company if less than 50 percent of its shares are held by non-Thai nationals.

From the register of shareholders of the Company, less than 50 percent of the total issued shares of the Company are held by non-Thai nationals. The Company is therefore considered a Thai company for the purpose of Section 4 of the FBA. In July 2010, the Company obtained a written confirmation from the Ministry of Commerce, in charge of the FBA, confirming that the Company is a Thai company under Section 4 of the FBA.

Nevertheless, the Company views that it does not have clear policy in the interpretation and enforcement of the FBA in respect of the foreign investment shareholding. This cause the Company might face this risk in business operation as the FBA has been enforced for more than 10 years but there has been no Supreme Court's precedent or clear guideline issued by the Ministry of Commerce relating to the nominee arrangement under Section 36 of the FBA so that the Company can apply to evaluate or assess the impact of the enforcement or interpretation of such provisions of the FBA that may have on the Company and its subsidiary companies.

As a result of the unclear in interpretation and enforcement of the FBA, on 14 June 2011, a company submitted a criminal allegation to the Royal Thai Police against the Company (including directors and some shareholders of the Company and directors of the said shareholders) claiming that the Company operated telecommunication business in violation of the FBA. On 22 September 2011, one of the Company's minority shareholders (holding 100 shares) filed a complaint against state agency, including NBTC with the Central Administrative Court citing that the Company is a "foreigner" under the FBA. Currently, these two cases are under proceedings of the Royal Thai Police and the court, respectively.

The Company still believes that the Company is not a "foreigner" and has fully complied with the FBA. However, if, finally, the Company is ordered (by the Supreme Court's judgment) not being a Thai entity under the FBA and the Telecommunications Business Act, B.E. 2544 (2001) (the "TBA") and such event does not be solved, it would cause CAT to terminate the Concession Agreement or cause NBTC to revoke the type three telecommunication operation license of the Company's subsidiary and will impact to the Company and its subsidiary not to be able to operate their telecommunications businesses anymore.

### 35.6 The NBTC Notification on Foreign dominance, B.E. 2555 (2012)

NBTC has issued the NBTC Notification on Foreign Dominance, B.E. 2555 (2012) ("FD Notification") which became effective on 24 July 2012. Under the FD Notification, the term "foreign dominance" is defined as "foreigners having controlling power or influential power, either directly or indirectly, by foreigner in policy making, management, operations, appointment of directors, or appointment of senior executives, that may affect the management or the business operation of a holder of a license or an applicant for a license by way of (a) holding shares with voting rights a half or more of the total voting rights, (b) having the authority to control the majority votes at a shareholders' meeting or (c) the appointment or removal of a half or more of the total directors".

The Company is of the view that:

- (a) in case of the Company, the FD Notification would not be applicable to the Company who has rights to operate mobile services under the Concession Agreement and the Company's rights are protected by Section 305 (1) of the Constitution of the Kingdom of Thailand B.E. 2550 (2007) and the first paragraph of Section 80 of the TBA and that the Company is not an applicant for license from NBTC; the Company's legal advisor also has the opinion in line with the Company's view, however, the FD Notification was enacted, therefore, the Company has already submitted a certificate of compliance with the FD Notification to NBTC as required by the FD Notification and
- (b) in case of the Company's subsidiary (namely dtac TriNet), since dtac TriNet is an IMT 2.1GHz spectrum and type three telecommunications business licensee, it has already submitted a certificate of compliance with the FD Notification to NBTC as required by the FD Notification.

Nevertheless, NBTC may not agree with the Company's view mentioned above. However, based on NBTC's explanation during the public hearing of the FD Notification, in particular, on the definition of "foreign dominance" in 2012, the Company is of the view that the Company and dtac TriNet should not fall within the definition of the "foreign dominance" under the FD Notification. However, this still remains uncertain and could cause adverse impact to the business of the Company and its subsidiary

## 36. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Company and its subsidiaries' have two reportable segments as follows:

- (1) Mobile telephone service and related services, and
- (2) Sales of handsets and starter kits.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is considered on the group operating profit or loss, on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.



Below is the revenue, gross profit and total assets of the Company and its subsidiaries' segments for the years ended 31 December 2013 and 2012 by segments.

(Unit: Thousand Baht)

	For the year ended 31 December 2013		
	Mobile telephone service	Sales of handsets and starter kits	Consolidated
<b>Revenues</b>			
External customers	80,659,445	13,797,996	94,457,441
<b>Total revenue</b>	<b>80,659,445</b>	<b>13,797,996</b>	<b>94,457,441</b>
<b>Operating result</b>			
Gross profit of segment	29,538,637	324,954	29,863,591
Other incomes			261,581
Selling and service expenses			(4,685,917)
Administrative expenses			(9,428,098)
Finance cost			(2,154,110)
<b>Profit before income tax expenses</b>			<b>13,857,047</b>
Income tax expenses			(3,290,226)
<b>Profit for the year</b>			<b>10,566,821</b>
<b>Segment total assets</b>			
Additions to non-current assets other than financial instruments, deferred tax assets, and other non-current assets	19,239,286	-	19,239,286

(Unit: Thousand Baht)

	For the year ended 31 December 2012		
	Mobile telephone service	Sales of handsets and starter kits	Consolidated
<b>Revenues</b>			
External customers	78,234,562	10,997,814	89,232,376
<b>Total revenue</b>	<b>78,234,562</b>	<b>10,997,814</b>	<b>89,232,376</b>
<b>Operating result</b>			
Gross profit of segment	26,358,142	567,991	26,926,133
Other incomes			1,028,787
Selling and service expenses			(2,971,609)
Administrative expenses			(9,056,290)
Finance cost			(1,118,670)
<b>Profit before income tax expenses</b>			<b>14,808,351</b>
Income tax expenses			(3,526,082)
<b>Profit for the year</b>			<b>11,282,269</b>
<b>Segment total assets</b>			
Additions to non-current assets other than financial instruments, deferred tax assets, and other non-current assets	30,545,085	-	30,545,085

The following table presents segment assets of the Company and its subsidiaries' operating segments as at 31 December 2013 and 2012:

(Unit: Thousand Baht)

Segment assets	Mobile telephone service	Sales of handsets and starter kits	Total segments	Unallocated assets	Consolidated
At 31 December 2013	87,776,894	2,967,843	90,744,737	14,309,092	105,053,829
At 31 December 2012	85,903,984	1,315,609	87,219,593	13,823,513	101,043,106

#### Geographic information

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

#### Major customers information

For the year 2013 and 2012, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

### 37. Provident fund

The Company and its employees have jointly registered a provident fund scheme under the Provident Fund Act B.E. 2530. The fund is contributed to the employees at a rate of 3 or 4 or 5 percent and the Company at a rate of 5 percent of their employees' salaries. The accumulated contributions of the employee and the Company and the fund earnings from the contributions will be paid to the employees upon termination in accordance with the rules of the fund. The fund is managed by TMB Asset Management Company Limited. For the year ended 31 December 2013, Baht 88 million (2012: Baht 86 million) has been contributed to the fund by the Company.

### 38. Event after the reporting period

#### Reduction of legal reserve and premium on ordinary shares to offset the deficits

On 11 February 2014, the Board of Directors' Meeting passed a resolution to propose to the Annual General Shareholders' Meeting of 2014 to consider and approve the reduction of legal reserve amounting to Baht 560 million and premium on ordinary shares amounting to Baht 15,427 million so as to reduce the deficits in the Company's separate financial statements.

### 39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 11 February 2014.

## Appendix 1

### Significant differences between Thai Financial Reporting Standards and International Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with Thai Financial Reporting Standards ("TFRS"), which differ in certain significant respects from International Financial Reporting Standards ("IFRS"). Certain significant differences (other than classification, presentation and disclosure requirements) between TFRS and IFRS as applicable to the consolidated financial statements of the Company and its subsidiaries for the years ended 31 December 2013 and 2012 are summarised below. This summary should not be construed as being exhaustive nor presenting a true and fair view of the Company's operating results and financial position as it is presented for the purpose of giving preliminary information only.

### Significant differences between TFRS and IFRS – outstanding

#### Accounting for derivatives

TFRS does not presently have any effective accounting guidance for accounting for derivatives.

Under IFRS, the Company has to recognise all of its derivative instruments as either assets or liabilities in the statements of financial position at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether the hedging accounting can be applied and what type of relationship as such hedging (i.e. as either a fair value hedge or cash flow hedge).

The following table is a summary of numerical reconciliation of consolidated profit for the years ended 31 December 2013 and 2012 and consolidated total shareholders' equity as at 31 December 2013 and 2012 between those shown in consolidated financial statements prepared under TFRS and IFRS. This summary should not be construed as being exhaustive nor presenting a true and fair view of the Company's operating results and financial position as it is presented for the purpose of giving preliminary information only.

(Unit: Million Baht)

	Consolidated profit		Consolidated total shareholders' equity	
	2013	2012	2013	2012
	(Restated)		(Restated)	
As reported in these consolidated financial statements under TFRS	10,569	11,285	32,708	34,830
Add (Less): TFRS/IFRS significant differences (net of tax effect) Accounting for derivatives	3	6	(3)	(6)
Under International Financial Reporting Standard ("IFRS")	10,572	11,291	32,705	34,824





## glossary

<b>3G Technology</b>	Third generation mobile phone technology
<b>4G Technology</b>	Fourth generation mobile phone technology
<b>Access Charge (AC)</b>	The charge paid to TOT for an access to TOT's telecommunications network
<b>AIS</b>	Advanced Info Service Public Company Limited
<b>ARPU</b>	Average Revenue per User
<b>CAT</b>	CAT Telecom Public Company Limited (formerly the Communication Authority of Thailand)
<b>CDP</b>	The Central Depository (Pte) Limited
<b>Concession Agreement</b>	Agreement to Operate and Provide Cellular System Radio Telecommunication Service (as amended)
<b>DPC</b>	Digital Phone Co., Ltd.
<b>EDGE</b>	Enhanced Data-Rates for GSM Evolution
<b>Foreign Business Act</b>	Foreign Business Act B.E. 2542 (1999)
<b>GPRS</b>	General Packet Radio Service
<b>GSM</b>	Global System for Mobile Communications
<b>HSPA</b>	High Speed Package Access
<b>IMEI</b>	International Mobile Equipment Identity
<b>Interconnection Charge (IC)</b>	The cost-based charge paid to other operators for connecting into their networks
<b>IVR</b>	Interactive Voice Response System
<b>MMS</b>	Multimedia Messaging Service
<b>MNP</b>	Mobile Number Portability
<b>MOU</b>	Minute of Use per User
<b>MVNO</b>	Mobile Virtual Network Operator
<b>NBC</b>	The National Broadcasting Commission
<b>NBTC</b>	The National Broadcasting and Telecommunications Commission under the Act on Organisation for Allocation of Frequency and Supervision of Radio and Television Broadcasting and Telecommunications Business B.E. 2553 (2010)
<b>NBTC Act</b>	The act on Organization to Assign Radio Frequency and to Regulate the Broadcasting and Telecommunications Services B.E. 2553
<b>NTC</b>	The National Telecommunications Commission under the Act on Organisation for Allocation of Frequency and Supervision of Radio and Television Broadcasting and Telecommunications Business B.E. 2543 (2000)
<b>On net – Off net</b>	Calls made within the same network – to other networks
<b>PCN 1800</b>	Digital GSM wireless telecommunications service under the 1800 MHz frequency band
<b>Penetration Rate</b>	The number of SIM cards divided by the number of population
<b>Refill card</b>	Refill card for prepaid service
<b>SGX-ST</b>	Singapore Exchange Securities Trading Limited
<b>SIM card</b>	Subscriber Identity Module card
<b>SmartPhone</b>	Mobile phone offering advanced capabilities, often with PC-like functionality
<b>SMS</b>	Short Message Service
<b>Starter Kit</b>	A bundled package of a SIM card and a handset
<b>Telecommunications Act</b>	Telecommunication Business Operation Act B.E. 2544 (2001) (as amended)
<b>TOT</b>	TOT Public Company Limited (formerly Telephone Organisation of Thailand)
<b>True Move</b>	True Move Co., Ltd.
<b>TSD</b>	The Thailand Securities Depository Co., Ltd.
<b>UCOM</b>	United Communication Industry Public Company Limited
<b>VAS</b>	Value Added Services
<b>WiFi</b>	Wireless Fidelity, a type of wireless networking protocol

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