

# Love dtac







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interested & connected  
person transactions



## vision | mission | strategy

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### 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.



### Best in Digital Services

When the internet reaches people, what we need to have prepared is the content. We will engage people by providing the best content under our network with partnerships that we have. We aim that we will become one of the top 10 content channels for customers.



### 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.



## financial highlights

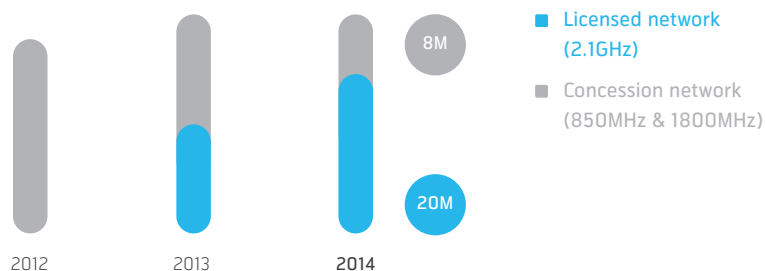
	2012	2013	2014
<b>Operating Results (in THB million)</b>			
Service Revenues	78,235	80,659	<b>74,993</b>
Total Revenues	89,497	94,617	<b>90,415</b>
EBITDA	26,818	30,047	<b>31,069</b>
Net Profit to Equity holders	11,285	10,569	<b>10,729</b>
Operating Cash Flow*	17,473	15,645	<b>17,069</b>
<b>Balance Sheet (in THB million)</b>			
Total Asset	101,043	105,054	<b>106,426</b>
Total Liabilities	66,198	72,334	<b>73,828</b>
Total Shareholders' Equity	34,845	32,720	<b>32,598</b>
<b>Ratio</b>			
EBITDA margin	29.9%	31.7%	<b>34.3%</b>
Net Debt : EBITDA	1.0	0.9	<b>0.9</b>
Net Debt : Equity	0.8	0.8	<b>1.9</b>
<b>Shares</b>			
No. of Share (million)	2,368	2,368	<b>2,368</b>
Earnings per Share (THB)	4.77	4.46	<b>4.53</b>
Share Price (THB)**	88.25	97.00	<b>96.50</b>

\* Operating Cash Flow = EBITDA – CAPEX

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

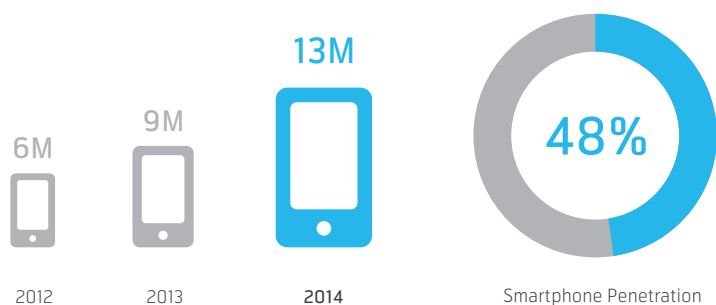
## Number of Subscribers

**28** million



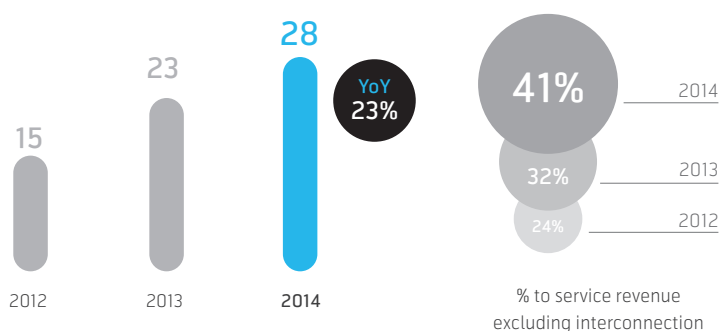
## Smart device Users

**13** million



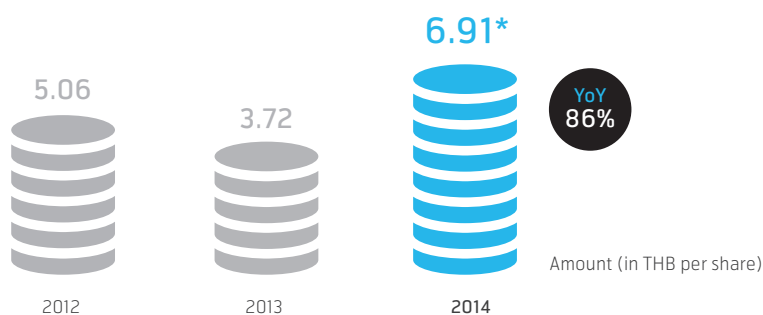
## Data Revenue

**28** THB billion



## Dividend

**6.91** THB per share



\*Subject to the approval by the AGM no. 1/2015, to be held on 26 Mar 2015

— SERVICE —

*with  
Love*  
*feel good*



SHARING  
EXPERIENCE





love to

# HELP

We are aspiring to move forward with  
the qualities of our service and network coverage.

We will always stand by your side to ensure  
your confidence in us.



ALWAYS  
CONNECTED



SURPRISE  
Happiness

ENJOY  
ENTERTAINMENT



SPECIAL  
PROMOTION



ENJOY  
PRIVILEGE





love to

# GIVE

Your happiness is our happiness.  
We love to spread happiness to our customers  
by offering special privileges and services,  
in order to return the love and appreciation  
we have felt throughout the years.



SPECIAL  
GIFT



FULFILLING

Lifestyle

ONLINE  
SHOPPING





love to

# HEAR

At dtac, we always gladly listen to our customers.

Your feedbacks and comments are the key that help us create products and services that support each and every lifestyle. Our aim is to give you a positive experience and be a part in helping you to achieve a happier life.



BUSINESS  
OPPORTUNITY





## 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)

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### Auditor

Mr. Sophon Permsirivallop  
Certified Public Accountant No. 3182  
EY 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 Registrar

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 interim CEO

Dear Shareholders,

For dtac, 2014 marked the beginning of an ambitious journey to become Thailand's leading internet provider. In early May, dtac launched our 4G service, delivering an improved customer experience via faster and more powerful data communications on the country's only truly intelligent mobile network. Under the theme "I'm 4, I see Beyond", dtac's 4G network provides the most frequency bands and widest bandwidth.

The initial rollout included over 300 base stations implemented in central Bangkok areas, including Silom, Sathorn, Rama 4, Sukhumvit, Rama 9, and Ratchadapisek and others, to serve more than 500,000 smartphones and tablets in these areas.

We have continued our network expansion as part of the Internet for All strategy. In the third quarter, we announced our mission to become the leading provider of Internet services by providing a quality internet service to the people of Thailand. An investment of THB 10 billion will be spent on adding 6,500 3G base stations on 850 MHz and 2.1 GHz and 4G LTE base stations on 2.1 GHz. The planned coverage includes Bangkok Metropolitan Areas and 30 major cities across Thailand, with primary focus on key cities along the border, tourist cities, and fast-growing cities. The rollout is targeted to be completed by March 31, 2015.

In December, dtac launched 4G services in three provinces: Chiangmai, Konkaen and Phuket. We also plan to further expand service to more provinces, i.e. Chiangrai, Ubonratchathani, Songkla, Chonburi, PhranakhonSiAyutthaya, Phitsanulok, Nakorn Ratchasima, Udonthani, Phetchaburi, Prachuapkhirikhan and Suratthani within the first quarter of next year.

In September, there was a significant change in leadership as Mr. Jon Eddy Abdullah resigned as CEO, and the Board of Directors appointed Mr. Sigve Brekke, Vice Chairman of Total Access Communication and Head of Telenor's Asia Operations, as the interim CEO until a new CEO has been identified and announced. As dtac's previous CEO during the years of 2005 to 2008, Mr. Brekke has solid experience with dtac and a deep understanding of its operations. As he took on the role as interim CEO, Mr. Brekke expressed his full confidence in the company's competitive strengths, ability to deliver innovative services to its 28 million customers and prepare dtac to capture the ongoing wave of data growth in Thailand.

Winning the market also means getting closer to customers. We re-aligned our organizational structure by appointing five Regional Business Heads for the regions of Bangkok Metropolitan, North, Northeast, South & West, and Central & East, to strengthen the business and services in the regions. The re-aligned organization will allow us to deliver a better customer experience that meets each region's specific needs and to connect the significant number of customers who are not yet using the internet.

In the third quarter, the government announced their Digital Economy ambitions, which is aimed unlocking social and economic development through access, connectivity and digitization of services/content. dtac has taken active role in supporting this agenda by providing ideas and insight in a public whitepaper. A Digital Economy should consist of key building blocks such as access and affordability, a service and content ecosystem, frameworks for a safe internet and fair practices developed through a public-private partnership. The target is to achieve 80% active Internet users in Thailand by 2017 and thus position Thailand as a leader on the most advanced and affordable mobile internet services in ASEAN. As an important enabler, the government should ensure that a transparent and fair 4G spectrum auction of 900 MHz and 1800 MHz bands take place within the first half of 2015.

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

**Mr. Sigve Brekke**  
Interim Chief Executive Officer



## board of directors



### Mr. Boonchai Bencharongkul

Chairman of the Board of Directors

Age: 60 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: 55 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

2014 - Present Interim Chief Executive Officer, Total Access Communication PLC  
2014 - Present Director and Interim Chief Executive Officer, dtac Trinet Co., Ltd.  
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. 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: 71 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.



## Mrs. Kamonwan Wipulakorn

Independent Director  
Member of the Audit Committee  
Member of the Remuneration Committee  
Member of the Nomination Committee  
Member of the Corporate Governance Committee  
Age: 52 years  
Number of Shares Held\*: None (0.00 %)

### Academic Background

Master of Business Administration (Finance),  
Western Illinois University, USA  
Bachelor of Arts in International Relations,  
Faculty of Political Sciences, Chulalongkorn University  
Certificate Harvard Executive Program,  
Harvard Business School, Harvard University, USA

**Training Program** Director Certification Program (DCP) (122/2009)  
by Thai Institute of Directors Association (IOD)  
Diploma Examination (Exam) (26/2009)  
by Thai Institute of Directors Association (IOD)  
Leader Program Capital Market Academy (CMA19)

### Work Experience

2014 - Present Independent Director, Member of the Audit Committee,  
Member of the Remuneration Committee,  
Member of the Nomination Committee,  
and Member of the Corporate Governance Committee,  
Total Access Communication PLC  
2011 - Present Director and President, The Erawan Group PLC  
2009 - 2010 Chief Financial Officer, The Erawan Group PLC

\* Including shares held by spouse and minor children



### Miss. Tanwadee Wongterarit

Director

Age: 53 years

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

#### Academic Background Training Program

Master of Science in Electrical Engineering,  
University of Miami, USA  
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  
2009 - Present Director, Internet Thailand PLC  
2013 Senior Executive Vice President 13  
(Corporate Strategy), CAT Telecom PLC  
2009 - 2012 Senior Executive Vice President 13  
(Telephone Business), CAT Telecom PLC



### Mr. Stephen Woodruff Fordham

Independent Director

Chairman of the Remuneration Committee

Member of the Audit Committee

Chairman of the Nomination Committee

Age: 63 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: 51 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

2014 - Present Director, dtac TriNet Co., Ltd.  
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: 58 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

Present Director, Thai Telco Holdings Limited  
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: 67 years

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

### Academic Background Training Program

Master of Science, Norwegian Institute of Technology,  
University of Trondheim, Norway  
Director Certification Program (DCP) (175/2013)  
by Thai Institute of Directors Association (IOD)

### Work Experience

2014 – Present Director, Telenor Myanmar Limited  
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 Director and Member of Audit Committee,  
Grameenphone Ltd, Bangladesh  
2013 – Present Senior Vice President, Performance Management,  
Telenor Asia (ROH) Ltd.  
2011 – 2014 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,  
Malaysia



## Mr. Richard Olav Aa

Director

Age: 48 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



## Mr. Hakon Bruaset Kjol

Director

Member of the Remuneration Committee

Member of the Nomination Committee

Age: 43 years

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

### Academic Background

Marketing and Communication,  
Norwegian School of Management. (BI)

### Work Experience

2014 - Present	Director, Telenor GO Pte Ltd
2014 - Present	Director, Total Access Communication PLC
2013 - Present	Director, Telenor Myanmar Limited
2012 - Present	Director, Telenor Pakistan
2012 - Present	Director, Telenor South Asia Invest Pte Ltd
2012 - Present	Director, Telenor South East Asia Invest Pte Ltd
2011 - Present	Director, Grameenphone
2011 - Present	Director, Telenor Asia Pte. Ltd
2010 - Present	Director and Chairman of Nomination Committee DiGi.com Berhad
2010 - Present	Director, DiGi Telecommunications Sdn Bhd
2008 - Present	Senior Vice President, Business Environment Management, Telenor Group, Asia Region
2011 - 2014	Director, Telenor Global Services Singapore Pte Ltd
2011 - 2013	Director, Total Access Communication PLC
2011 - 2012	Director, Telenor India Limited
2007 - 2011	Director, Telenor Pakistan Ltd
2006 - 2012	Director, Telenor Corporate Development Sdn



## Mr. Henrik Clausen

Director

Age: 51 years

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

### Academic Background

Master of Business Administration, INSEAD, France

### Work Experience

2014 - Present	Director, Total Access Communication PLC
2014 - Present	Executive Vice President and Head of Digital and Strategy, Telenor Group
2010 - 2014	Chief Executive Officer, DiGi Telecommunications
2005 - 2010	Chief Executive Officer, Telenor Denmark

\* Including shares held by spouse and minor children

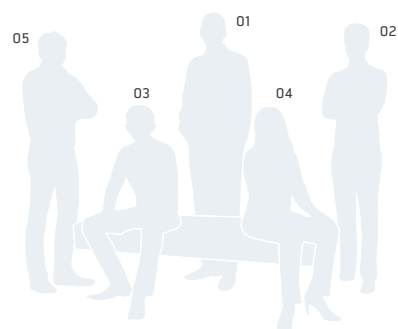


## executive management

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- 01** **Mr. Sigve Brekke**  
Interim Chief Executive Officer
- 02** **Mr. Sigvart Voss Eriksen**  
Chief Marketing Officer
- 03** **Mr. Fridtjof Rusten**  
Chief Financial Officer
- 04** **Mrs. Kitikanya Suttasit**  
Chief People Officer
- 05** **Mr. Prathet Tankuranun**  
Acting Chief Technology Officer

## 01

**Mr. Sigve Brekke \*****Interim Chief Executive Officer****Number of Shares Held\*\*: None (0.00%)****Master of Public Administration, John F. Kennedy School of Government, Harvard University, USA**


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2014 - Present	Interim Chief Executive Officer, Total Access Communication PLC
2014 - Present	Director and Interim Chief Executive Officer, dtac TriNet Co., Ltd.
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.

## 02

**Mr. Sigvart Voss Eriksen \*****Chief Marketing Officer****Number of Shares Held\*\*: None (0.00%)****Master of Science, Norwegian University of Science and Technology, Trondheim Norway**


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2014 - Present	Director, dtac Digital Media Co., Ltd. (changed its name from dtac Internet Service Company Limited)
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. Fridtjof Rusten \*****Chief Financial Officer****Number of Shares Held\*\*: None (0.00%)****Master of Science, Industrial Economics, Norwegian University of Science and Technology, Trondheim, Norway**


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2013 - Present	Director, DTAC Broadband Company Limited
2013 - Present	Chief Financial Officer, Total Access Communication PLC
2013 - 2014	Director, dtac Digital Media Co., Ltd. (changed its name from DTAC Internet Service Company Limited)
2012 - 2013	Chief Financial Officer, Grameenphone Ltd, Bangladesh
2009 - 2011	Chief Financial Officer, Telenor Hungary, Hungary
2007 - 2009	Chief Market Officer, Telenor 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

\* Management under definition of SEC

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

04

#### **Mrs. Kitikanya Suttasit \***

Chief People Officer

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

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

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

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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

05

#### **Mr. Prathet Tankuranun \***

Acting Chief Technology Officer

Number of Shares Held\*\*: 6,900 shares (0.00%)

Master of Electrical Engineering, Massachusetts Institute of Technology

Master of Business Administration (Executive Program),

Sasin Graduate Institute of Business Administration of Chulalongkorn University

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2015 - Present	Acting Chief Technology Officer, Total Access Communication PLC
2013 - 2014	Chief Technology Officer, Telenor Myanmar Limited
2011 - 2013	Senior Vice President of Network, Total Access Communication PLC
2010 - 2011	Senior Vice President of Engineering, Total Access Communication PLC
2009 - 2010	Vice President of Network Design and System Infrastructure Department, Total Access Communication PLC
2005 - 2009	Vice President of Transmission Department, Total Access Communication PLC
2001 - 2005	Head of Engineering, Satellite Engineer Pacific Century Matrix (Hong Kong)
1996 - 2000	Satellite Engineer, L-Star Program, Asia Broadcasting and Communication Network/ Telesat Canada

#### **Company Secretary**

#### **Mr. Raweepun Pitakchatiwong**

Number of Shares Held\*\*: 15,500 shares (0.00%)

Doctorat en Droit (droit public) - mention Très honorable avec félicitations du jury, Strasbourg III University

DEA droit des Communautés européennes, Strasbourg III University

Certificat des études européennes - mention Honorable, Strasbourg III University

Bachelor of Law, Chulalongkorn University

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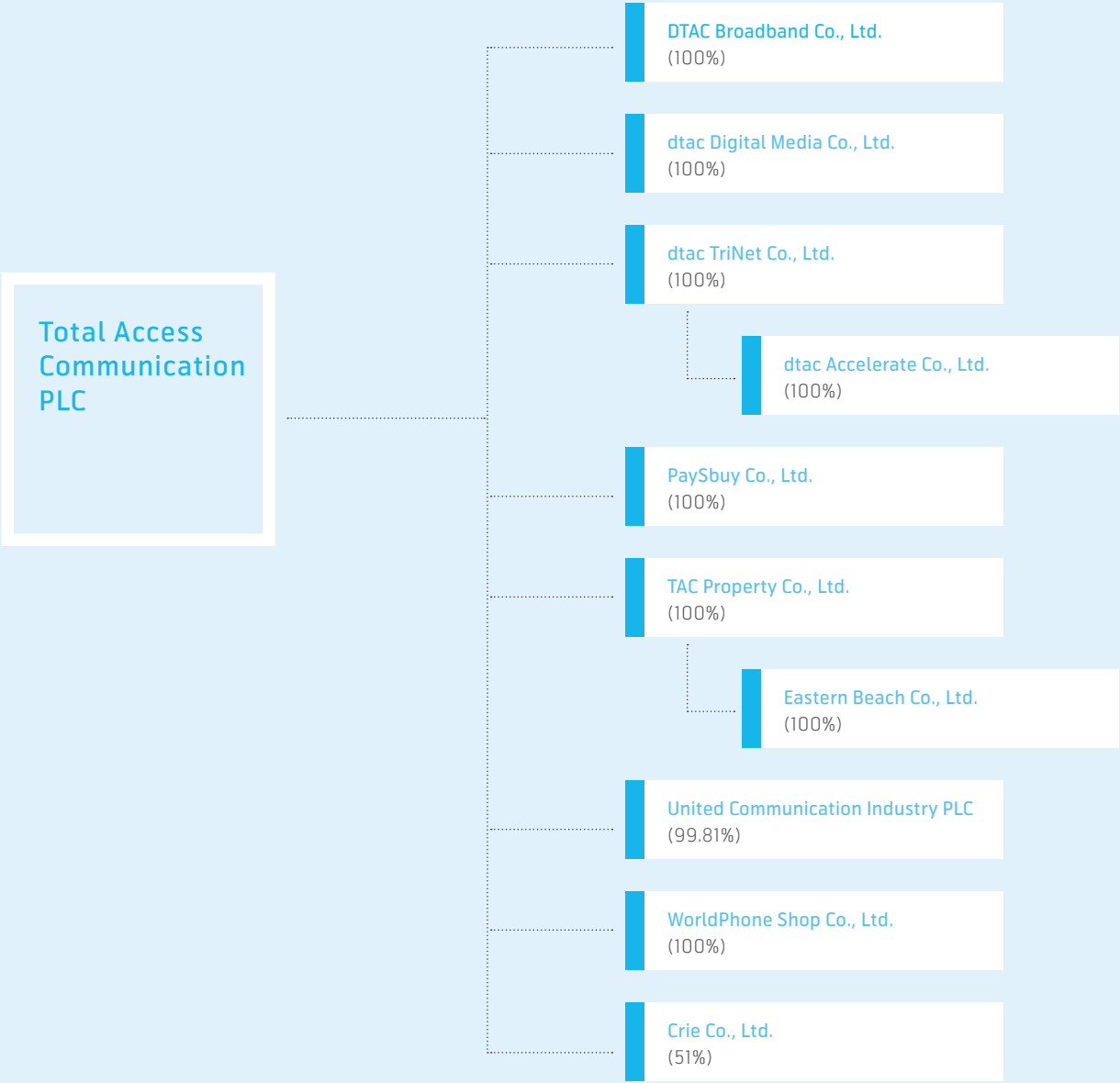
2013 - Present	Company Secretary and Senior Vice President, Legal Division, Total Access Communication PLC
2009	Vice President, Telecom Law, Legal Division, Total Access Communication PLC
2008	Vice President, Legal Division, Total Access Communication PLC
2007	Vice President, Regulatory Division, Total Access Communication PLC

\* 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 TriNet Co., Ltd. (changed its name from DTAC Network Co., Ltd.), 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 2014, dtac had in total 10 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, 2014

Company's Name	Address	Nature of Business	Share types	Percentage of Shareholding	Overall shares
dtac Digital Media Co., Ltd. (changed from DTAC Internet Service Co., Ltd. since August 1, 2014)	319 Chamchuri Square Building, 28 <sup>th</sup> FL., Phayathai Rd., Pathumwan, Bangkok, 10330 Tel: +66 2202 8000 Fax: +66 2202 8885 Registered number: 0105549034467	Advertising service for goods and services via digital media (not yet commenced the operation)	Ordinary shares	100	1,000,000
dtac TriNet Co., Ltd.	319 Chamchuri Square Building, 28 <sup>th</sup> FL., Phayathai Rd., Pathumwan, Bangkok, 10330 Tel: +66 2202 8000 Fax: +66 2202 8885 Registered number: 0105549034548	Providing telecommunications services	Ordinary shares	100	11,600,000
DTAC Broadband Co., Ltd.	319 Chamchuri Square Building, 28 <sup>th</sup> FL., Phayathai Rd., Pathumwan, Bangkok, 10330 Tel: +66 2202 8000 Fax: +66 2202 8885 Registered number: 0105549034424	Providing telecommunications services (WiFi services) with Internet license type I	Ordinary shares	100	1,750,000

Company's Name	Address	Nature of Business types	Share Shareholding	Percentage of shares	Overall
PaySbuy Co., Ltd.	319 Chamchuri Square Building, 36 <sup>th</sup> Fl., Phayathai Rd., Pathumwan, Bangkok, 10330 Tel: +66 2160 5463 Fax: +66 2160 5462 Registered number: 0125547001804	Providing online payment service, cash card service, e-payment service, and paying agent service	Ordinary shares	100.00	2,000,000
TAC Property Co., Ltd.	319 Chamchuri Square Building, 28 <sup>th</sup> Fl., Phayathai Rd., Pathumwan, Bangkok, 10330 Tel: +66 2202 8000 Fax: +66 2202 8885 Registered number: 0105539049038	Asset management	Ordinary shares	100	100,000
Eastern Beach Co., Ltd.	319 Chamchuri Square Building, 28 <sup>th</sup> Fl., Phayathai Rd., Pathumwan, Bangkok, 10330 Tel: +66 2202 8000 Fax: +66 2202 8885 Registered number: 0105532038740	Asset management	Ordinary shares	100.00 (through TAC Property Co., Ltd.)	800,000
dtac Accelerate Co., Ltd. (Established on 12 May 2014)	319 Chamchuri Square Building, 24 <sup>th</sup> Fl., Phayathai Rd., Pathumwan, Bangkok, 10330 Tel: +66 2202 8000 Fax: +66 2202 8885 Registered number: 0105557065767	Investment and support start-up companies to develop applications	Ordinary shares	100.000 (through dtac TriNet Co., Ltd.)	150,000
WorldPhone Shop Co., Ltd.	319 Chamchuri Square Building, 28 <sup>th</sup> Fl., Phayathai Rd., Pathumwan, Bangkok, 10330 Tel: +66 2202 8000 Fax: +66 2202 8885 Registered number: 0105539069969	Under liquidation process	Ordinary shares	100.00	4,500,000
United Communication Industry Public Company Limited	319 Chamchuri Square Building, 28 <sup>th</sup> Fl., Phayathai Rd., Pathumwan, Bangkok, 10330 Tel: +66 2202 8000 Fax: +66 2202 8885 Registered number: 0107536000871	Temporary ceased its operation since August 2013	Ordinary shares	99.81	434,668,207

Company's Name	Address	Nature of Business types	Share Shareholding	Percentage of shares	Overall
Crie Co., Ltd.	99 Software Park Building, Room 2101, 11 <sup>th</sup> Fl., Cheangwattana Rd., Klongklea, Pakkred, Nonthaburi, 11120 Tel: +66 2962 1033 Fax: +66 2962 1097 Registered number: 0125551002658	Developing and providing value added services on mobile phone	Ordinary shares	51	2,039
United Distribution Business Co., Ltd. *	499 Moo 3, Benchachinda Building, Viphavadi Rangsit, Ladyao, Chatuchak, Bangkok, 10900 Tel: +66 2953 2222 Fax: +66 2953 1269 Registered number: 0105545040951	Sale of mobile phone, SIM card, voucher card and supplementary equipment	Ordinary shares	25.00	20,000,000
Clearing House for Number Portability Co., Ltd.	598 6 <sup>th</sup> Floor, Q House Pleonchit Building, Pleonchit Road, Lumpini Sub-District, Pathumwan District, Bangkok, 10330 Tel: +66 2663 7899 Fax: +66 2663 7880 Registered number: 0115553001471	Operating the Information System and the centralized database for the number portability service	Ordinary shares	10.00	20,000

**Remark** \* The remaining 75% share is held by Benchachinda Holding Co., Ltd. Although Benchachinda Holding Co., Ltd. is a related party to the Company, the Company believes that the share structure will deliver the greatest benefit to the Company as the Company's main business is not distribution which will create more burden in managing inventory and logistics system. Furthermore, the Company has strict policy governing 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 rules and regulations.

As of 30 April 2014, 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

Over the past year, dtac has emphasized becoming “Loved by Customers” throughout the organization. dtac places great value on our customers and aims to deliver great experiences to serve their needs.

Improving our network quality and coverage is part of our commitment to customers. dtac completed an upgrade all of our cell-sites to 3G 2100 MHz nationwide on June 2014. Since October 2014, dtac has rolled out 2,700 new base stations out of a total of 6,500 stations to be rolled out by March 2015, and introduced 4G LTE in the Bangkok Metropolitan Area and other major cities nationwide.

“Internet for All” is another strategic pillar of great importance to dtac, as having equal access to information and opportunities would significantly benefit all Thai people. dtac has rolled out several initiatives to support this strategic pillar, including data centric tariff packages, smartphone offers to increase smartphone penetration, and digital content and services. dtac’s tariff packages aim to serve increasing data consumption in the Thai market. In 2014, dtac introduced “Love Buffet” a new package that offers maximum Internet speed throughout a customer’s selected data volume to deliver the best Internet experience. dtac has also continuously introduced smartphones at a variety of price points to serve different customer needs. All seven of our ‘dtac phone’ models (entry to intermediate level smartphones) and ‘Happy phones’ (data enabled feature phones) were remarkably successful in 2014, with over 1 million units sold, representing 58% of total devices sold from dtac channels.

“Best in Digital services” is another strategic pillar that aims to provide distinctive value to our customers by utilizing partnerships with global content providers, for example Facebook and Line. In addition, dtac’s newly launched financial service, ‘Jaew’, enables our customers and Thai people living in remote areas access to basic financial transactions by leveraging our distribution network nationwide. With our comprehensive ecosystem, dtac data user penetration has been increased from 31.3% in 2013 to 38.2%<sup>1</sup> in 2014, with a penetration of 73.4%<sup>2</sup> of postpaid customers.



On the operational side, 5 Regional Business Heads (RBH) have been appointed to lead regional business units in order to serve customer needs and adapt more quickly to the market dynamics of each region.

To ensure internal capabilities continue to advance and give dtac a competitive edge, all 7,900 dtac and stakeholder employees have attended training programs held by ‘dtac Academy’, covering a wide range of topics.

dtac’s advancements in 2014 reflect our capabilities in providing communication and digital services to serve not only our current 28 million subscribers<sup>3</sup>, but also Thai people nationwide. dtac continues striving to be a mobile network operator that is truly “Loved by Customers”.

<sup>1</sup> Data as of 31<sup>st</sup> December 2014. Total subscribers is 28 million

<sup>2</sup> Data as of 31<sup>st</sup> December 2014. Postpaid subscribers is 3.85 million

<sup>3</sup> Data as of 31<sup>st</sup> December 2014



## Financial Highlights

In 2014, the wireless industry went through the transition period from concession to license regime in full swing. The majority of customers have been ported to the licensed networks, resulting in the reduction of overall regulatory costs. Furthermore, data usage has exploded from higher speed of data service on 3G networks, higher penetration of smartphones among subscriber base, and popularity of various mobile Internet services, namely Facebook, LINE, YouTube, etc., resulting in strong growth of revenue from data services. However, the overall economy was negatively impacted by weak global demand and domestic issues, couple with intensified competition arisen from the transition to license regime, and imminent expiry of concession for the biggest operator, and it has put a lot of pressure on the overall mobile industry growth.

As a result, dtac's total subscriber base stood at 28 million at end of 2014, same level as that in 2013. In addition, subscribers on 2.1GHz network increased to 20.2 million from 12 million last year. Total revenue was THB 90,415 million, a decrease of 4.4%YoY, due to soften service revenues. Excluding IC, service revenues declined 2.6%YoY. Revenue from data services continued to be the main growth driver. However, revenue from voice and international roaming services declined as a result of shift in usage pattern and lower tourist arrivals, respectively. Furthermore, revenue from handset and starter kits sale grew 9.7%YoY from higher smartphone adoption, nonetheless handset margin turned negative due to the push to increase smartphone penetration and some customer retention campaigns.

Thanks to the intensified market competition, the selling, general and administrative (SG&A) expenses went up to make dtac stay competitive. Nevertheless, EBITDA increased 3.4%YoY to THB 31,069 million, with EBITDA margin of 34.3%, an increase from 31.7% last year, mainly due to lower regulatory costs following transition from concession to license scheme. Net Profit increased 1.5%YoY to THB 10,729 million.

dtac spent THB 14 billions of CAPEX in 2014 to expand 3G and 4G LTE mobile data network on both 850MHz and 2.1GHz, and made dividend payment in accordance with the dividend policy.

## Marketing

In 2014 our focus was to continue the migration to 3G (DTN) to give customers the opportunity to take the full benefit of mobile internet. In addition we continue to increase data penetration with our "Internet for All" strategy. We have developed offers for both low end postpaid and daily prepaid to target mass internet users. All of our new postpaid packages have data bundles while all new prepaid sims also come with data promotions. (insert growth numbers)

We have been working closely with selected internet partners such as Line and Facebook to name a few. Partnering with such global companies allows us to create mutual benefits and strengthen our internet positioning further. In Q3, we have launched a deeper level partnership with Facebook where customers enjoy Facebook free of charge for a promotion period while we have been able to offer a better customer experience and personalized promotions within Facebook based on user data.

In Q3 following a series of changes in the organizational setup and focus, we started to do more regional and localized marketing campaigns and activities to fit regional market requirements. dtac is now organized in 5 regional business units which each have a separate structure. The aim is to be closer to the customers with locally adapted campaigns and go to market.

Device continues to be an important factor in customer criteria. dtac has strengthened its position in this area by working with international suppliers for high and mid-range as well as developing our own brand to attract the low end market.



## Prepaid

In 2014 we saw data usage increasing significantly for prepaid customers. The transition came with our 3G expansion, affordable smartphones and popularity of applications such as LINE and Facebook.

We have developed several models of dtac TriNet devices which is a low-end smartphone in the range of 1,999 baht up, while later in Q4 we launched a low cost 3G phone with selected internet service starting at 699 baht to expand our customer base and speed up the conversion.

Happy has been a pioneer in the mass market taking the lead in bite sized pricing and other product innovations. During 2014, dtac launched several new concepts with the aim to cater for daily users of both voice and data. The introduction of small priced packages for data applications as well combinations of data and voice have increased the variation of choice catering to customer needs in the prepaid market.



## Postpaid

For postpaid, year 2014 also marks the continuing trend of growing data usage. Data users grew from 33% of total subscribers in 2013 to 46% in 2014, driven by customers' usages, preferences, lifestyles, the proliferation of new smartphone devices across all price points, and the exciting development of popular and new mobile applications. Postpaid customers continue to grow, coming primarily from customers shifting from prepaid to postpaid and the need for 2<sup>nd</sup> or 3<sup>rd</sup> mobile devices.

Smartphone package subscribers outgrew voice package subscribers as our customers need the right plan to support their everyday's data usage. We have been going to the market with various initiatives and campaigns aiming at addressing customers' needs for devices and value-for-money data plans, as well as staying competitive in the more intensifying race to grow new subscriber base. The notable initiatives in 2014 include AOU (Age of Use) campaign to give device discounts to existing customers and the move towards more data-centric price plans.



## Data

As the data usage growth exploded, 2014 was another challenging year for dtac both Postpaid and Prepaid subscribers. We continued to launch the bite-size pricing (daily package) for social lovers who can use unlimited Facebook, WhatsApp, and LINE as well as introducing a new pricing regime with limited data and unlimited voice in different periods of the day (we called it the 'Love buffet').

These set the base for dtac to continue to focus on supporting growing data customers with the best value for money price plan, good device propositions, customers' experience both on usage and services, and other things we do to be "Loved by Customers".

## Smartphones and Tablets

dtac continued its success in 'dtac phones', with 7 models of high-quality Android smartphones launched in 2014 to capture first smartphone user segment and to increase 3G enabled devices in the network. Also, in September 2014, dtac launched 'Happy phone', a 3G feature phone, which became remarkably popular in the market. Altogether, dtac phones and Happy phone sales in 2014 was 1,064,000 units, which accounted for 58% of sales among dtac's device portfolio, moving up to the 1st rank of sales ahead of Apple and Samsung. The key driver to successful dtac phones and Happy phones sales is the device distribution channel that has been extensively extended to the network of small retailers nationwide in order to reach the end-users in all remote areas. dtac phones and Happy phones have been proven to be the best value for money phones for end-users to enjoy dtac 3G network with the best phone price that always came with unbeatable lifestyle package; e.g. free LINE & Facebook.



## Content and Services

In a lot of digital areas, Thailand is leading the way (even worldwide). dtac has continued to focus on the behavior and needs of customers both in developing great Internet products and services (like our Facebook partnership) and further developing the digital channel presence (resulting in being the most downloaded app in September in the iOS store, and also winning multiple Asian Social Media Awards).

To establish dtac as a telecom operator in the mobile internet ecosystem, dtac has been more and more exposing our key capabilities to internet world and launched new digital services by partnering with Global OTTs. One of our key capabilities is the exposure of payment services to serve OTT partners, called DoB (Direct Operator Billing). This enables dtac subscribers to purchase such as app or LINE stickers on partners' stores via their billing accounts.

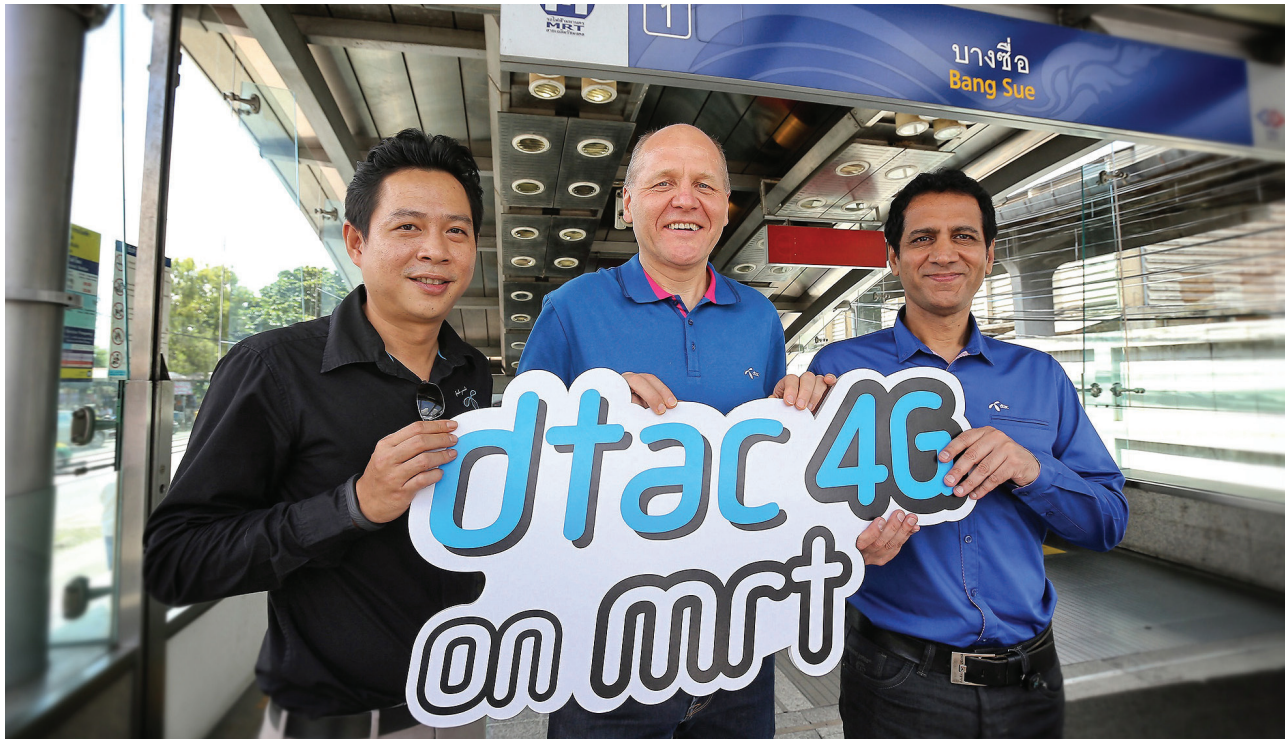
Having built the foundation in 2013, the year of 2014 is the year of high growth in digital sales and service. Within a year, online sales grew doubled the revenue generated in 2013 and over 30% of the revenue was from mobile. On the digital self-service side, a new platform of 'my dtac eService' has been launched with rich capabilities attracting over 600,000 users per month.

Social media has become even more important for us, and especially for dtac's marketing. We now have more than 23.4 million dtac's LINE official account subscribers. More than 2.7 million facebook users like the dtac and happy facebook pages, where we engage daily on more and more personalized level. dtac's twitter has more than 200,000 followers, and is growing rapidly as a social marketing, engagement and service channel. And we launched the dtac online community last December as a first in the Thai market, lifting the social presence to a new level in terms of co-creation and crowdsourcing.

With this enormous social channel presence, dtac is now truly 'always-on' communicating, engaging and listening to potential customers.







### Quality Network

dtac has completed all cell sites upgrade to 3G 2.1 GHz across Thailand since June 2014, strengthening dtac as the mobile phone network with the widest bandwidth made possible by the combination of 3 frequency bands – 850 MHz, 1800 MHz, and 2.1 GHz. dtac has been rolling out more than 6,000 base stations with a budget of THB10 billion to expand its 3G and 4G LTE networks in Bangkok Metropolitan Area and 30 major cities by the first quarter of 2015 as planned, under the “Internet for All” strategy that aims to provide internet access to all Thai people. As of 31 December 2014, dtac has completed 2,700 of 6,500 base stations which included 4G LTE coverage in the strategic and business areas i.e., MRT, Bangkok Bus Terminal (Morchit), Suvarnabhumi Airport, Don Mueang Airport, Chiang Mai and Phuket city. Customers who commute on the MRT could enjoy surfing the internet via 4G-LTE from the first station until the last one.

dtac is accelerating the aggressive rollout plan, both macro sites and micro sites are being added to increase network coverage, especially in areas with continuing smartphone growth, tourist

areas and high 3G/4G demand, i.e., Bangkok, Phuket, Chiang Mai, Pattaya, Khonkaen, Surathani, Songkhla, Nakhon Ratchasima, Chonburi, Rayong etc., and expects to complete this rollout phase within the first quarter of 2015 as planned. Furthermore, dtac plans to continue expanding 3G and 4G LTE network coverage to provide the best internet experience for Thai population.

dtac has strongly emphasized its core value of being “Loved by the Customers”, dtac is building up its staff in order to promptly respond whenever there is any incident, quality degrade or inconveniences that impacts to the customers. Complaint handling and its statistical data are reviewed on a daily basis to ensure the network quality. Mobile base station and Micro sites are added in double to boost network coverage and capacity to support events to be organized across the country. And also evaluate network coverage and quality on a regular basis to improve the coverage and capacity in congested areas. dtac management and network engineers also join the walk-test team to perform signal test to accurately identify areas that require improvement and also get feedback from customers.



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## People Development

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dtac Academy continues to support and develop the employees by increasing the opportunity to improve the employees' knowledge, capabilities to the highest potential, developing plan and prepare for future career opportunities. In 2014, dtac Academy has structured training programs for more than 7,900 employees of the Company and business partners with the average training hours of 25 hours per employee per year which covered Leadership for people manager and high potential employees, General and Functional Knowledge for Telecommunications, Technology, Sales, Customer Services, and Marketing. In addition, dtac Academy also launched "Plearn", a mobile application to meet the needs of the employees serving 4 key functions: News, Library, Employee Directory, and Employee Profile. Plearn was created under the concept of Play + Learn = Plearn.

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## Competition and Business Outlook

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In the latest statistics released by NBTC, Thai mobile number subscription has reached 97.7 million numbers, indicating 145.8%<sup>4</sup> penetration of the total populations. The boom in the Thai Mobile telecommunications industry in the past years, especially following the commercial 3G launch in 2013, has extensively changed customer behavior. This has had a significant impact on the mobile industry. Given the high penetration rate, and Mobile Number Portability regulation, Thai mobile industry competition is expected to increase significantly as competitors offer alternatives which benefit consumers and drive industry development.

Surging data consumption and increased internet and mobile internet penetration has significantly reduced traditional voice usage. Quality of data connection, content and digital services will become more important in contributing to the success of mobile operators. The current smartphone penetration rate of 35%<sup>5</sup> in Thailand is expected to increase rapidly as mobile operators aggressively compete in smartphone offers, through device bundling and financing models, to increase data usage and acquire new subscribers.

Nevertheless, dtac is confident that we will continue to serve customer needs and proactively respond to market and industry dynamics. dtac commits to our 3 strategic pillars; "Internet for All", "Best In Digital Services", and "Loved by Customers".

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<sup>4</sup> NBTC, Mobile telecommunication statistic, Q4 2014

<sup>5</sup> Data from "World Cellular Information Service", 2014



## corporate social responsibility

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Any business that can operate in a sustainable way and through it, creates benefits for society, are often consider the ideal to strive for. It is obvious that, for business, 'profit' must be the first priority and it is inevitable that it comes from society. However, for dtac our priority is how to operate in a way that encourages both our company and society to be sustainable together. We understand the importance of giving back to society and focus on being a responsible business. Thus, we have created strategies, policies and guidelines for sustainable practices for the dtac family.

### Our Strategic Approach to Sustainability

It is well known that dtac has long been a business entity in the Thai telecom industry. This is why people are very familiar with dtac's services for telephone and wireless Internet. Like a friend that never sleeps, dtac is ready when our customers want to communicate and we act as a bridge for communication at any time or anywhere. It is partly because dtac continuously worked on the improvement of the quality and efficiency of our services and products so that we can aim towards being a leader in the Thai telecommunication industry. Meanwhile, it is undeniable that telecommunication technology is an important part of the improvement in the quality of life in society. To this end, we aim to bring our technology in the sustainable development of society, such as providing service during emergency situations or partnering with hospital or schools to build a useful network for information sharing. In addition, we encourage and support our employees to contribute back to society through volunteering. So it is not surprising that dtac's goal for sustainability is the continuous collaboration with society for the long term.

#### Stakeholders in Sustainable Development

Of course, working towards becoming a sustainable business takes time but in addition, it requires the cooperation of both internal and external stakeholders and partners. In order to foster the engagement of these stakeholders, dtac has established a committee on sustainable development, which is headed by The Chairman of the Board, The President and Chief Executive Officer. This committee creates the policies and procedures for sustainability and CSR for relevant departments to implement. Other senior staffs are in charge of monitoring through regular

meetings and providing advice in implementing the policies and procedures to ensure success. In parallel to this process, the employees of dtac are all key actors in delivering the sustainability commitments from the strategy. Expanding a step farther, our true success in sustainability will also require cooperation of third parties, such as customers, suppliers, creditors, community organizations, government and even our competitors.

#### Stakeholders Engagement

In order to improve understanding of how dtac operates and work towards our sustainability goals, it is crucial to engage all of our stakeholders internally and externally. dtac takes great care in working with each group of stakeholders; treating each group equally but with clear guidelines:

##### Shareholders

- Provide accurate and transparent information in a timely matter to all shareholders equally;
- Creating sustainable growth and profits to increase value for shareholders in the long term;

##### Employees

- Maximize the potential of employees by the development of skills, knowledge and abilities and creating career opportunities for all employees equally;
- The welfare and benefits are in compliance with Thai law and additional benefits to make employees feel that they are a member of the dtac family;
- To encourage good health of employees by providing a gym, sports equipment and various health promoting activities. By having healthy employees, dtac believes it will promote work efficiency, enhance sportsmanship, and promote teamwork and problem solving skills;

- As dtac views itself as a family, we strongly support the family within the company by encouraging family bonding and the provision of facilities, equipment and activities, such as: recreation room, a library, children's play room, breastfeeding room, and activities for school holidays;
- Staff benefits relating to child, wedding, ordination, death or disasters benefits are standardize and there is no discrimination based on job level;
- dtac has a special department focusing on the health, safety, security and the work environment [HSSE];
- All staff are welcome to provide feedback, suggestions and comments through the dtac Employee Engagement Survey so that we can continuously try to improve and do the best for our employees.

#### Society, Local Communities and the Environment

- dtac works towards fulfilling our commitments for society, local communities and the environment through the following strategies:

Enable – Bring communication technology to improve the quality of life for different groups in society;

Safe – To ensure safety and protection of our customers in using communication technology in the correct way;

Climate – Conscious consideration of our impact to the environment in how we operate our business, for example in encouraging our employees to be environment friendly and development of technology towards protecting the environment;

Human Rights and Privacy – Doing business in a way that respects human rights and the privacy of our customers;

- Natural Disasters and Emergencies – dtac tries to make available our services during times of natural disasters and emergencies, in addition to providing funds to support victims of these natural disasters and emergencies.

#### Customers

- Continuous improvement of our products and services so that it becomes what our customers want the most;
- Treat customers in a fair, respectful manner that always focuses on the principle of customer centricity;
- dtac provides two options for our customer service: through the service centers or by dialing the 1678 hotline, where they can over the phone ask for personal information, change plans or promotion in a way that is easy and convenient;
- dtac has a clear policy about the protection of customer's private information and data. We take care to be very careful and no action is possible without the approval of the customer.

#### Partners/Suppliers

- dtac has a clear guideline and standard for our procurement process that treats all partners and suppliers in a fair and equal way;
- dtac, as much as possible, utilizes a competitive tender process for each purchase;
- There is also an agreement signed between dtac and its partner/supplier each time with clear terms of business;
- A Supplier Code of Conduct is also enforced for all suppliers, to ensure that they conform to our standard relating to the safety/health, labor standards, environment and anti-corruption measures;
- Regular visits and questionnaires with our partners and suppliers are used to ensure that they are acting in accordance to the code of conduct, build stronger partnership for sustainability and relationship.

#### Competitors

- dtac will not take any action that will breach or be in violation of laws or that may cause the negative reputation of rival parties and we will support and promote fair, open competition;
- To offer products and good services at a reasonable price and compete with rivals in the market in a professional way with integrity;
- dtac has a good governance and ethics embedded in our code of conduct, which is applicable to all employees and clearly prohibits all forms of corruption and anyone that acts on behalf of dtac in conducting illegal or improper business activities;

#### Creditors

- Treat all creditors equally and fairly by providing accurate information, transparency and accountability;
- Strictly comply with the terms and conditions of the agreement with creditors;

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### Development of Sustainability Management Guidelines

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"Happiness and sustainability" are important targets for dtac and we have worked in creating strategies, policies and procedures so that these two targets become a reality. We tried to achieve these targets by balancing the needs of our customers with our ability to use technology to generate positive contribution back to society. Our strategies for sustainability are then divided into the following:

Enable – using technology to improve the quality of life of various groups in society; Safe – using technology in a safe way; and Climate – taking care to minimize and protect the environment. These strategies are then implemented through our corporate social responsibilities activities to generate awareness and engaging local communities and society. They also align with HRH King Bhumibol Adulyadej's teachings on sufficiency and sustainable development and in through this approach, dtac continues to work towards improving society and respecting human rights. dtac places emphasis on operational excellence and our own culture of the "dtac Way", which is the same for all staff, from executives to junior employees. In 2014, dtac 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.

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## Good Governance and Sustainability Management

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dtac finds it extremely necessary to define common principles relating to operations and core values in the corporate culture. As a result, "dtac Way" was created based on different elements in corporate culture, which constitutes a regulatory framework for our 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 key messages are as follows:

### 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 our values, corporate culture, mission, strategic vision and for providing 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, Best in Digital Services, and Loved by Customers
  - 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.

- Best in Digital Services – To make the best use of available resources in order to be the number one digital company in the market and have preferred partners in order to improve our services to our customers.
- Loved by Customers – Being admired is not enough. We want to be loved by our customers as they are our first priority.

### Our Culture: dtac way

- Our values: "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; and "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.

Lastly, we have our own internal campaign: "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.

### Supporting Leaders

dtac believes that our employees are the most valuable asset and something that can be improved through development since up until now our employees are the main reason for our success. This and other factors have proved through our 'Employee Engagement' activities that we must work to make our staff happy and support the continuous improvement of their skills in order to foster ownership, a sense of family. Thus, we have developed internal programs for staff leadership development, from capacity building to supporting their choices to take own new responsibilities.

There are three key concepts that are part of dtac corporate culture in which all staff has to abide and it contains several sections relating to leadership abilities and skills, the use of staff's feedback in the annual survey to improve staff management and relations and to help dtac as a company keep up with the development of its corporate culture and sustainability.

### Leadership Attitude – E4 Concept

Good leaders will lead the company to progress effectively and from this belief, dtac encourages all staff at every level to develop their leadership skills in the following aspects:

- Explore – Eager to learn and seek out new skills, listen and take into account the needs of customers, and courage to take on challenges;

- Engage – Exercising efforts for the company, encouraging colleagues and taking teamwork seriously to overcome obstacles;
- Empower – Decentralize decision making to foster share responsibility among the team and in the meantime build confidence, trust and help team function, even if it involves being open to criticism;
- Execute – Target challenges and work to achieved success and encourage decision making in order to deliver outputs in a fast and straightforward way;

#### Utilizing Employee's Opinion to Strengthen the Company

Every year dtac conducts an 'employee engagement survey' and asks all staff to participate in the staff development plan. All employees can specify what skills they would like to develop, identify ways to achieve their goals as part of their development plans. The survey is compiled by dtac Academy, an internal department in charge of training and human resource development and they will accordingly provide trainings to meet the needs of the employees.

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#### Building a dtac Family with Morals

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Although profit is an important target, being a responsible business with morals that focuses on creating share values with society is an equally important target for dtac. Thus, there has been significant integration of ethics, morals and 'doing good' in the way dtac works and operates: from business competition, how we service our customers to how we treat our employees as members of the family. To start, dtac has a 'Code of Conduct' that provides clear governance and ethical principles for our employees and the way we operate our business. In addition, we have 'Policies and Procedures' that sets the standard of how we internally operate in a responsible, fair and just way for our staff and company. The way we operate within our company and the way we treat our clients and external partners are the same, we strive to be responsible, just and treat all as members of a 'dtac family'.

#### Challenges Encountered in Moving Towards Sustainability and Ethics

Although our long-term goal is to create a shared values in a sustainable way for both our company and society, we must acknowledge that for some of our short-term goals have help us learned to overcome unexpected challenges and an adjustment in our performance in order to successfully reach our long-term goals. However, we are confident that with our important tool, our dtac values and principles, we can maintain balance and deliver on both our short and long term goals consistently.

#### Creating a Family Culture Must Start with Employees

As noted earlier regarding the 'employee engagement survey,' the results from 2014 showed that our employees are committed to the company with 83% for the employee engagement index and increase of 4% from 2013. It also indicates that our employees are fairly satisfied with dtac's policies for staff development but we will continue to improve and build upon a dtac family. We hope to see this index's result increase every year in order to build a solid foundation for our company's success.

#### Embedding our 'dtac Way' through a Good Strategy

The aim is to cultivate our 'dtac Way' by ensuring that our employees have knowledge and solid understanding of the principles. We do so by having regular training specifically for staff where we discuss the 'dtac Way' in detail, giving staff the ability to exchange ideas, opinion or to ask questions for clarification. We also promote the regular meeting between staff, colleagues and supervisors on a regular basis all to integrate the 'dtac Way' automatically in the daily work of our staff.

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#### Strict Adherence to Combat All Forms of Corruption

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dtac strongly confirms that as a company, we are against every type of corruption and recognizes that combating it is a crucial principle of corporate ethics. In addition, we acknowledge that corruption has been a problematic part of Thai society, causing great instability and embedding wrong values to children. However, it is not easy to create a society free from corruption and thus, dtac had decided to start within our company first. We believe that combating all forms of corruption will not only be a benefit for our company's sustainability, but we are trying to lead by being the example. It is hope that through our actions, the positive efforts will set a ripple effect to Thai society through our partners and customers.

In order to effectively combat corruption, dtac has implemented the following:

- Integrated an anti-corruption clause into our 'Code of Conduct', which was created by the Board of Directors. It focuses on good governance, transparency and clear policies and procedures for employees that all forms of corruption is not acceptable;
- All employees must read and understand our 'Code of Conduct' and if there are suspicions of corruption, especially relating to managers, the staff should contact the Compliance Manager or Unit or through alternative channels as outlined in the policies and procedures. It is also stipulated that staff should not worry about repercussions for taking action to report suspicions as



dtac will not take action against any staff that reports with 'good faith' and not involved in any illegal activities;

- dtac will investigate all reported suspicions, especially those that are illegal or goes against our 'Code of Conduct' and will take appropriate action according to each investigation or situation;
- Since all employees are like our family, dtac asks for all staff's cooperation in acting according to our 'Code of Conduct' and its policies and procedures. In order to prevent misunderstanding and foster clearer understanding of these principles, dtac regularly organizes educational and training workshops about our 'Code of Conduct', good governance and anti-corruption principles each year. For all new, in-coming staff, there are similar trainings each month that especially focuses on our 'Code of Conduct' and anti-corruption policies;
- The content of our anti-corruption policy specifies how to behave and gives clear examples of what type of actions are prohibited and are considered as forms of corruption. For example, it policies sets clear guidelines on: accepting or giving out cash, accepting or giving gifts, or attending parties and events in exchange for services or goods that directly relates to the benefit of a person or a third party. Internally with the relevant department, dtac conducts an annual analysis of risk link to corruption;
- In addition, our business partners must also sign a business ethics agreement that verifies that our partner will abide by the law and allow dtac to make visits for inspection that they are abiding by the agreement and the law. For example, the visits or inspections are to ensure that our partners comply to labor laws on safety, follow environmental legislation to dispose of waste properly, uphold human rights by not employing underage children and are not involved in any forms of corruption;
- dtac is also a part of Thailand's Collective Action Coalition, which is a national initiative supported by the government and the Commission Against Corruption, for private companies to reinforce the national policies against corruption in Thai society;

We conduct regular monitoring and evaluation of our actions relating to good governance and anti-corruption. In the case that we do find a case where our measures of become lax or ineffective, we will do our best to improve, resolve and work in good faith towards combating corruption in order for dtac and Thai society to grow together into the future for a better Thailand.

### Respecting Human Rights

dtac prioritize and take significant care in how we treat our staff, our customers, and our partners. "People First" is an important part of the 'dtac Way' and a guiding theme of how we operate our business and our commitment for human rights.

dtac's human rights policies are complimentary to the following United Nations human rights standards:

- The Universal Declaration of Human Rights;
- The Guiding Principles on Business and Human Rights;
- The Global Compact Initiative.

Towards these commitments, dtac has our policies, code of conduct, supplier codes, supplier agreements and internal assessment and monitoring process as tools to ensure the protection of these rights. In addition, dtac fully supports the United Nation's Children's Rights and Business Principles, believing that businesses can play an important role in promoting awareness of children's rights. dtac prioritizes giving young people access to communication technology so that it can be a useful tool in their education and development. Balance with this approach, is the equal prioritization to ensure that young people and our customers know about online safety. As a responsible employer, dtac is working to integrate the conventions of International Labour Organisation (ILO), along with complying with the laws and regulations of the Thai Ministry of Labour. We proactively work to respect our staff's rights, prevent discrimination in the work place, especially to protect minority groups, elimination of child labor or forced labor (human trafficking).

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## Our Family, Business and Society are Sustainable

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Through the years that dtac have operated our business in Thailand, 'sustainability' is a key word in our path towards building a corporate culture that makes everyone a member of our family, understand our goals, how we operate towards our sustainability goals for both the company and society in an efficient way.

### Sustainable Human Resource Developments

Knowledge is a stepping stone towards sustainability and therefore, we have established 'dtac Academy' our own internal institution that aims to develop the potential of our employees in a fun, educational way, or 'Edutainment'. This is in order to strengthen staff's knowledge, performance, the work and life balance. In addition, management and branch managers of dtac Hall can provide 'coaching' or mentoring development for staff.

### Learning by Experience and On-the-Job Training

dtac 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, we encouraged our employees to have the courage to try new things and learn from mistakes, including improvement of weakness and how to resolve problem, which will lead to a genuine self-development.

### Development by Mentoring

dtac encourages and provides opportunities for 'coaching' and/or 'consulting' among supervisors and colleagues so that both are able to exchange their opinions, provide feedback and give advice on the quality of work and promote team building 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

dtac has an internal staff development center called "dtac Academy." At the center, 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. It also help staff conduct self-evaluations with respect to their performance that is aligned with their individual development plan and future career opportunities. In 2014, dtac Academy has the following major training programs:

- 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 dtac 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 dtac'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. dtac 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.

### Application "Plearn"

dtac Academy also launched "Plearn", a mobile application to meet the digital educational needs of our employees. Plearn was created under the concept of 'play + learn = plearn'. It serves 4 key functions:

- News: It is a mobile channel for employees to follow company news in addition to intranet portal;
- Library: Free e-book and dtac Academy training materials available for download and online reading;
- Employee Directory: Search function for colleague's contact number and email;
- Employee Profile: Profile of employee with QR code and barcode available for training class registration.

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

In addition, dtac 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. In 2014, dtac has invested in its people development and training initiatives a total of 33 million baht for more than 4,000 employees and 3,900 dtac business partners with the average training of 25 hours per year.

dtac 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.

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## Supply Chain Sustainability: Why it is important and how to ensure it?

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In addition to taking care of our employees, we also seek opportunities to collaborate with our suppliers as they are an important stakeholder to maintain our standards. For all our suppliers, we ask that they sign and act according to our 'Agreement on Responsible Business Conduct', which was created to ensure that our suppliers also have policies and procedures relating to health, safety, security and proper work environment. Within dtac, we have our 'Health Safety Security and Environment' [HSSE] Department that works with our suppliers to implement the 6 areas that are related to the following: Thai laws, human rights, labor laws, health/safety/security, the environment and prohibited business practices. In 2014, we had 1,043 suppliers signed our 'Agreement on Responsible Business Conduct' and we inspected 230 of those suppliers to make sure that are policies, procedures and actions that comply to the agreement.

In addition, dtac also has invited our suppliers and partners to access and utilize our self-learning tool for health and safety, called the 'HSSE Virtual Learning Program' at our HQ office. In 2014, there were 434 employees of our suppliers that took this self-learning program and in 2015, dtac will continue to invite our suppliers to access this tool or work with us to improve the health, safety, security and environmental performances.

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## Health, Safety, Security and Environment at dtac

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As noted earlier, our HSSE Department takes the lead in working towards ensuring the health, safety/security and working environment not only with our suppliers but also within dtac's offices. Using international standards as a guideline to prevent accidents and illness at work, in 2014, our 'Loss-Time Injury Frequency Rate' was 0.1 when compared to 1,000,000 hours of work. In addition, dtac is working towards the ISO14001 & OHSAS 18001 standards, aiming for certification in 2015. There are also plans for HSSE Workshops to promote 'health and safety' in the office and making available the HSSE Virtual Learning Program to all staff.

Moreover, there will be a new committee that focuses specifically on the health, safety, security and environment, which will have staff representatives of the relevant departments that will work together to resolve or improve on our current performance on health and safety. It is planned that this committee will meet each month to be a working group in this area.

dtac not only plans to have regular audits to strengthen the health, safety, security and the general work environment but we continue to monitor and measure our progress. In the year 2014, we carried out measurement and assessment of the environmental impacts, such as: lighting, sound, air and water quality in the office building or at the call centers. Our branch stores are secured at all times with surveillance and security and are prepared in any cases of potential danger to employees or customers. If upon inspection that there could be a possible safety threat or harm, we will try our best to take the most appropriate protection and control measures to ensure that our staff and customers are safe.

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## dtac Operations with Social and Environmental Responsibilities

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dtac's social responsibility policies are used as guidelines in implementing our own style CSR initiatives towards generating the shared values between our business and for society in a sustainable way. Some of our 'theme' initiatives this past year:

- Enable: Continuously bring communication technology to improve the lives of various groups that does not have the opportunity or the ability to use it;
- Safe: Promoting safety in all aspects, in telecommunication services or in the way technology is used in lives of those that we love, whether they are our customers, employees, communities or society;
- Climate and Environment: Always operating our business with care and attention to our impact to the environment;
- Human Rights and Privacy: Conducting our business in a way that respect the rights and privacy of our customers and staff.

Throughout the year 2014, dtac continuously implemented an employee engagement and CSR initiative called, '100,000 hours for doing good,' which allowed almost 5,000 employees to become involved in various volunteer activities for society. Upper management and executives all supported this initiative, whom encouraged each staff to use a day or 12 hours of work to go volunteer or do social activities. During times of disasters and emergencies, dtac proactively gets involved to provide staff to help local authorities during urgent times of need. All of this is would not be possible if we did not believe in contributing back to the development of Thailand according to HRH King Bhumibol Adulyadej's guidelines on self-sufficiency and sustainable development. With confidence, dtac believes that the future of our country is linked to a sustainable development and thus, we implemented the following activities in 2014:

## Enable: Using technology for sustainable development of Thailand

### FAMILY BONDING Service \*1515

For almost a year, dtac in collaboration with Telenor, UNICEF Thailand and Thailand's Department of Health launched the \*1515 Family Bonding in September 2012. This service started from the expertise of each organization to improve maternal and child health services. The aim is to provide the best 'first step' for children in Thailand for both physical and psychological development by providing useful advice and information, starting from the crucial 9 months of pregnancy until the child is 2 years old. By subscribing to this Family Bonding service \*1515, the advice and information on baby care will be sent to SMS for free to dtac customers and for a small fee for customers of other companies. This service was especially beneficial to mothers and children in the rural border areas, as they are often far from clinics and hospitals but are able to access this data.

### Children's Hospital Call Center

dtac gives great importance to children and consciously create initiatives for children and mothers regularly. Building off the Family Bonding \*1515 service, we saw the importance of consultation about a child's health, especially during times of emergencies. Thus, we partnered with Thailand's Children's Hospital or The Queen Sirikit National Institute of Child Health, which is the only hospital in Thailand that provides free consultation to the general public and has its own call center. The partnership between dtac and the hospital's call center focused on creating a higher service standard and alleviate the number of patients traveling to the hospital with minor injuries or inquiries. The new services as a result of this partnership was launched in February 2014. The strengthening and development of the hospital's call center's technology aligns with dtac's 'Internet for All' strategy, which aims to expand the access to technology to areas previously not able to. Now mothers and families, especially in the rural communities, have equal access to the crucial information about baby care, especially during emergencies. With experience in handling more than 27 million customers through our world class call centers, dtac aims to share its experience to help develop the hospital's care center to this same standard. By upgrading and adjusting the technology of the hospital's call center, it should be able to operate the 'interactive voice response', 'voice logger', IP Gateway and Private Automatic Branch Exchange and dtac is committed to providing the skills training on these technologies as well.

In addition, the hospital's hotline 1415 is also merged to our service \*1515 Family Bonding; where customers can hit '0' and be directly transferred to the hospital's call center, which is able to completely guide families to take care of the child during illness or emergencies. dtac stands by its commitment to continue the support for children and their development in Thailand, as they are an important power for our country's future.

### Internet for All – For Thai Children

The education of Thailand's children and youth are a foundation for a sustainable society as well. dtac believes in providing equality in the education of children across the country and that it is possible to do so by giving access to information and opportunities. The '100,000 hours for Thailand's Children – Internet for All' initiative has been continuously implemented since 2013 until now. The objective is to provide children and everyone in Thailand in all areas of the country to have access to the Internet, with dtac's 3G signal as we expansion of our network simultaneously. We have cooperated with the Office of Basic Education to obtain a list of schools that are in need of Internet across Thailand and give our staff the opportunity to go volunteer at the schools to install the Internet.



### SAFE Internet

In 2014, research indicated that there are more than 500 million children in the South East Asia region that will use the Internet for the first time in their life. Currently, the Internet serves as a gateway for the world's information and to support education but it also has risks and dangers, such as on-line crimes, cyber-bullying, and exploitation. Being aware of these risks, dtac and Telenor created the 'Safe Internet' Initiative in order to build up the capacity of children and youth in Thailand to use the Internet in a safe way and also to prepare them to be smart and good 'digital citizens'. As it is very easy to access the Internet currently, especially through smart phones, the initiative focuses on providing training and educational awareness sessions to both children and teachers especially giving



clear examples of what not to do and what to do in the various scenarios that can endanger a child online. The initiative also highlights how technology can be a tool for education that can be compatible with the development of logic, creativity, how to resolve real life problems and keeping up with the constant changes in technology. The 'Safe Internet' educational sessions are conducted in different parts of the country with various partners but all towards protecting children online and giving equal access to such crucial information.



#### FARMER INFO \*1677

Another application that came from dtac's 'Internet for All' strategy is the "FARMER INFO \*1677," which aims to bring benefits of technology to farmers. This service is linked to the SMS \*1677 which provides agricultural data to farmers and have more than 200,000 subscribers. In addition to sending information via SMS, there is also a consultation service for advice in agricultural techniques, capacity building and obtaining standards and certifications. It also promotes how farmers can join the 'Farmer's Award' from Rak Baan Kerd Foundation that has been created to support Thai farmers by decreasing debt, increasing profit and creating safe produce for consumers.

The application FARMER INFO is a good, long-term partnership between dtac and experts on agriculture from Rak Baan Kerd

Foundation and it is promoted through the Foundation's community radio. The wealth of knowledge gathered and shared through the application is at the national level, which comes from the expertise, research, surveys and data from real farmers. All dtac customers are able to download and use the application for free and together with our 3G network, the app is able to meet the needs of farmers in many areas. It increases the opportunities for farmers to determine and compare the prices of produce every day from sources all over the country and sell their produce in order to get a fair price.

In 2014, the application will continue to be developed into the next level, 'Smart Farmer,' which aims to bring more economic benefits, such as e-commerce. It can also be the platform to be utilized by producers, markets, or consumers within or outside of the country to be able to buy a product in order to lower base cost and bring best benefits to all involved. It will also focus on farmer's ability to make high quality produce and promote organic produce to give Thai farmers a chance to compete at the international level, which brings added value to farmers and their contributions to Thailand's GNP in the long run, aligning with the sustainable policies.





## Safe: Promoting the Safety for Everyone that We Love

### “m-Rescue” Application by dtac

From the need to strengthen the ‘security’ or promote ‘safety’ for society, dtac has partnered with the ‘Ruam Duay Chuay Kan’ Foundation and radio station, with more than 16 years of helping the people in Bangkok and the surrounding areas during emergencies, to create the application “m-Rescue”. This application provides real time news on traffic, road condition, emergency or accident announcement and provides an emergency ‘SOS’ or reporting hotline. It is also hope that this application will foster good citizenship and encourage dtac customers to help each other during these crucial times. All dtac customers with a smart phone can download the application and use it to access the 1677 by just pressing a ‘single’ button and it will coordinate directly to local authorities and emergency services for assistance 24 hours a day, at any location.

In the year 2014, dtac has release this application through various channels, including public events targeting students, where we used the ‘learn by doing’ strategy and started a completion for students in asking for their help to come up with a marketing or promotional plan in supporting this application to greater Thai society. In addition, dtac also visited all its office to promote this application and supported the training of volunteers for these emergency services in three areas: Bangkok, Chonburi and Krabi. Currently, the “m-Rescue” application has been downloaded 200,000 times and we expect it to increase.



ทำดีทุกวัน

## Climate and Environment: Sustainable Environmental Initiatives

### Green Project

The natural environment is an essential part of our lives. Surrounding us, it allows us to sustain life on this planet. In order to pass this earth on to future generations, dtac understands and cares about our impact to the environment and thus as created the ‘Green Project’. This project within the company focuses on creating our staff’s understanding about protecting the environment, reduction of energy, water and paper, and meaningful environmental conservation. A particular focus is place on encouraging our employees to change their behavior and lifestyle in a way that is more environmental friendly and there are many internal awareness campaigns to support our green efforts. For example, dtac has made improvements to reduce energy consumption in the office by changing the lights and electric system to reduce unnecessary waste of energy. In addition, there was also a paper reduction and recycling project called ‘Go Digital’ and the using water in a conservative way under the ‘Green Little Heroes Campaign’. For example, under this campaign and at our ‘Green Market’ events, dtac encourages our staff to reusing plastic bottles, recycling items and use of cloth bags instead of plastic bags. In 2014, dtac was able to reduce 594.6 tons of carbon dioxide and our assessment has shown that an increase in understanding by our employees relating to environmental conversation and they have engaged and support our green projects.



### Mobile Battery for Life Project

Noting the high increase in the number of mobile phones, dtac is aware of the risk of improper disposal of mobile phones and its components, especially the battery. Deteriorating cell phone parts and battery contains hazardous substances to the health and environment, such as lead, cadmium, mercury. The general public is not aware of the proper method in handling the disposal of these parts or that some parts, such as copper or gold, can be recycled to be reused. In order to address this problem, dtac started the 'Mobile Battery for Life' Project since 2002 and this project still continues today.

dtac has partnered up with TES-AMM Singapore PTE LTD, which provides electronic waste management and services, to properly dispose and recycle the e-waste and various electronic devices. TES-AMM Singapore PTE LTD is the first company in Asia to be certified in meeting international environmental disposal and waste recycling. dtac has communicated to its customers and staff that old mobile phones, batteries and components can be brought into designated locations, including dtac offices and stores, for disposal or recycling. In addition, TES-AMM Singapore PTE LTD uses funds generated from the reselling or recycling of these parts to fund initiatives for charity, the environment or social projects.

In 2014, dtac through collaboration with local partners, such as Jay Mart, Tesco Lotus and Big C stores, expanded the number of these 'disposal/recycling boxes' to reach more customers in Thailand. Not only did this increase in the amount of e-waste, it also generated awareness with the Thai public about the environment protection and the proper way to dispose mobile phone parts and batteries.

### Other Initiatives and Activities for Society

#### 100,000 Hours Do Good Together Initiative

Over the past year, dtac has focused on building a solid foundation of society along with improving the quality of life of employees and society. The '100,000 Hours Do Good Together' Initiative has been created since 2013 and continues to be a core CSR activity for our staff to volunteer for the improvement of the community and promote good citizenship. The target has been set that each employee must accumulate a minimum of 25 hours per person per year in order to reach the cumulative total of at least 100,000 hours. In order to encourage and support employees to volunteer and take action for the local community, dtac also provides 1.5 days per year for each staff to go volunteer to do something according to their personal choice. In addition, the 'Social Responsibility Department' of dtac has also created special labels for employees' ID cards to proudly display upon achieving

their minimum hours and supporting the company's policy for contributing back to society.

#### Bright Smiles & Happy Heart Initiative

The 'Do Good Deeds for Happiness and Smile of Thailand' is a project aim at improving the quality of life for Thai children and youth. Dedicated to the glory of HRH King Bhumibol Adulyadej in 2014, the project focused on raising funds to help children that suffers from cleft lip and palate, which leads to the 'Bright Smiles & Happy Heart' Initiative together with Operational Smile Thailand Organization. Under this initiative, and together with 16 other companies for the duration of 5 years, to raise 1 million baht per year. In addition, the initiative aims to raise awareness about cleft lip and palate, its cause and treatments, especially to parents and families of children who have the condition. This initiative with Operation Smile Thailand had help a total of 8,000 patients.



#### Natural Disaster and Emergency Relief

Natural disasters and emergencies can occur unexpectedly and the government and society must be prepared and ready to assist those that are affected by it. dtac has always been proactive in taking part in various relief efforts from working in collaboration with other partners, providing funds, supplies and essential goods to our employees or members of the public that are victims. We also encourage our employees to volunteer during these times as well. In 2014, dtac had provided numerous natural disaster and emergency relief aid, such as:

- Provided 5,000 bottles of drinking water to the local community affected by a fire in Ayutthaya;
- Provided 100,000 baht, educational materials and installed Internet at 6 rural schools affected by the earthquakes in Chiang Rai;
- Provided 75,000 baht and emergency life kits to North East communities affected by the floods in August;
- Provided 220,000 baht and emergency life kits to the Southern communities affected by floods in December.

dtac will continue to care and assist for our fellow Thai citizens during times of natural disaster and emergencies. Through faith and confidence, we seek to find ways to prevent such disasters and emergencies through promoting sustainability to Thai society.





## 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”).

In 2012, dtac TriNet Company Limited, a subsidiary of the Company, has obtained the spectrum license for mobile telecommunications in the Frequency Band 2.1 GHz for 15 years from the National Broadcasting and Telecommunications Commission (NBTC) and provides service in 2013.

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

1990	<b>November</b> dtac was granted a concession from CAT to operate wireless services on a revenue sharing basis under the term of “Build-Transfer-Operate”.	<b>July</b> dtac commercially launched prepaid product, so-called “Prompt”.	1999
1994	<b>February</b> dtac entered into an Access Charge Agreement with TOT Public Company Limited (formerly known as Telephone Organization of Thailand, “TOT”) in order to access their networks.	<b>May</b> United Communication Industry Public Company Limited (“UCOM”) sold 5.5 million outstanding shares of dtac to Telenor Asia Pte (“Telenor”). <b>August</b> dtac issued new 48.5 million shares and sold these shares to Telenor, as a result, Telenor held 29.94 percent equity interest in dtac.	2000
1995	<b>February</b> dtac was registered as a public company. <b>October</b> dtac sold 13 percent of its paid-up capital to the public and listed the shares on the Singapore Exchange Trading Limited. <b>November</b> dtac issued new 42.8 million shares to TOT and TOT agreed to provide discounts on access charge payments.	<b>March</b> dtac launched new brand “dtac” and adopted a radically different approach of doing business in the Thai market. <b>April</b> TOT agreed to amend the basis of calculation of the access charge for prepaid services from THB 200 per month per number to 18 percent of the value of the prepaid vouchers sold. <b>November</b> dtac launched GPRS-based data service across the entire dtac network.	2001
1996	<b>November</b> CAT agreed to extend concession period until 2018.		

2002

#### April

dtac unlocked IMEI (International Mobile Equipment Identity) codes to allow all mobile handsets to use dtac's network.

#### May

dtac discontinued handset and accessories sales and distributions by transferring this business to UD, a company in which dtac and UCOM has 25 percent and 75 percent equity interest respectively. (At present, UCOM assigns all of the rights and benefits to Benchachinda Holdings).

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 good'.

2007

#### 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.

2008

#### 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

#### July

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

2009



2009

**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.

2011

**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.

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.

2012

**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.

**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.

2011

**August**

dtac launched 3G HSPA service on 850 MHz.

**September**

dtac officially launched iPad in Thailand.

2013

## 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 Mousy.

## 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.

2014

## January

Happy by dtac, launched a promotion to welcome New Year 2014, giving extra mobile internet of 6GB in 6 months (1GB each month) to Happy customers who changed their handset from feature phone to smartphone for the first time.

## April

dtac introduced "Joey Jump", the latest dtac TriNet smartphone with the concept 'Smarter with dtac smartphone'. The new Joey Jump came with higher specification mobile phone and affordable price.

## May

dtac launched 4G service in inner Bangkok to create a better connectivity, more efficient and seamless mobile internet usage for customers.

## June

dtac introduced new add-on "bite-sized" package "Happy Snow White" for prepaid customers. The "Happy Snow White" has varieties, flexible conditions and easy subscription process. "Happy Snow White" started with 7 plans at only Baht 7 each per day.

## July

dtac released a new commercial "The Power of Love", achieved a phenomenal 12 million views on YouTube in less than one month. The TVC aims at promoting the appropriate usage of technology

## September

dtac announced investment plan to build new 6,500 base stations by 31 March 2015 to strengthen its positioning as the leader of internet operators in Thailand and being the best 4G network in Bangkok and Metropolitan Area and 30 cities.

dtac launched the "Happy Phone", an affordable 3G feature phone with higher specification and easy-to-use functions.

dtac received the "Most Consistent Dividend Policy" awards from Alpha Southeast Asia, an institutional investment magazine for 3 consecutive years.

dtac intends to voluntarily delist the Company from the Mainboard of the Singapore Exchange Securities Trading Limited

2014

October

Happy by dtac partnered with Facebook to promote internet connections in Thailand. The partnership offers new Happy subscribers with access to Facebook for free for up to 6 months.

dtac achieves major milestone by completing the roll-out of 4G on 2100MHz coverage on the MRT subway system.

dtac introduced 'Love Buffet' plan for postpaid customers, providing them with unlimited free calls to all networks for up to 16 hours, and mobile internet at maximum speed

November

dtac launched unlimited data roaming service covering over 60 countries worldwide.

2014

December

dtac signed an Memorandum of Understanding (MoU) with CAT Telecom to strengthen long term strategic partnership and promote infrastructure sharing model in Thailand.

dtac launched 4G at Suvarnabhumi and Don Muang Airports to delight better internet experience for travellers.

dtac together with AIS and TrueMoveH announced readiness to participate in 4G auction next year. The 4G spectrum auction will bring Thailand to digital economy.



## risk and mitigation

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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.

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### 1. Risks from Business Operation

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#### 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. In addition, 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 enables dtac TriNet to continue to provide the telecommunications services after the expiration of the Concession Agreement in 2018.

However 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 contrary, despite the fact that the NBTC has issued various notifications to enable the infrastructure sharing or interconnection and network access between the telecommunications operators, the enforcement of such notifications is unclear in practice, or delayed, or denied or may be challenged. If such kind of obstructions happened, the ability of dtac TriNet to roll out the 2.1 GHz network may be affected and may result in the loss of business opportunity to acquire customers from other competitors. These uncertainties may adversely affect the financial condition and results of operations of the Company and its subsidiaries.

##### (b) The suspension of the compliance of the law on organization to assign radio frequency and to regulate the broadcasting and telecommunications services pursuant to the Order of the National Council of Peace and Order No. 94/2557

###### *Postponement of Spectrum Auctions*

On July 2014, the National Council of Peace and Order (the "NCPO") issued an order requiring the NBTC to postpone the auctions of

the 1800 MHz spectrum (a spectrum under True Move Co., Ltd. and Digital Phone Co., Ltd.'s concessions which has already expired) and the 900 MHz spectrum (a spectrum under AIS's concession which is close to its expiration), which were scheduled to be held in September 2014 for a period of one year from the date of the order. In addition, the NCPO ordered the NBTC to amend relevant laws, rules and regulations to support the transparency, fairness and inspection of the process.

If the amendment of the laws or rules and regulations takes longer time than expected resulting in further postponement of the aforementioned auction of more than one year, this may affect the provision of services of the Company as the Company may not have enough spectrum to support the provision of 4G service to meet the increasing demand of the customers. In addition, if the auction is postponed until the expiration of the Company's concession or if there is no spectrum auction, this could have a material adverse effect on the business, financial condition and results of operations of the Company and dtac TriNet.

#### ***Uncertainties on Spectrum Allocation Method***

The spectrum allocation method could be changed from the current method, for example, the law may be amended to not use the auction for spectrum allocation but other means, such as beauty contest where the operators compete to offer the best benefits to the state. If the allocation of the 1800 MHz and 900 MHz spectrums is not conducted by mean of the auction, there could be a risk in the allocation of the spectrums to each operator and could have an adverse effect to the business of the Company and dtac TriNet.

The Company believes that the allocation of spectrums by mean of the auction would be more beneficial to the nation. Furthermore, the auction is an internationally accepted method, transparent and fair for the allocation of spectrums. Nevertheless, the Company is preparing for various scenarios and options support the operation and mitigate the adverse effect which may occur to the business of the Company and dtac TriNet, if such risk occurs.

#### **(c) 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 2013. 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 license by the NBTC was the first batch of licenses 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 license of the NBTC. The Ombudsman, in particular, has objected to the process and mechanism on the issuance of the license 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 license 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 license. 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.

#### **(d) Uncertainty on the dispute relating to payment of the access 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. The Company was notified on 10 October 2014 that TOT amended the plaint related to the claim amount including the VAT and interest from THB 113,319 million to THB 245,638 million (calculated until 10 July 2014), other issues of the case remain the same. Currently, the case is being considered by the Administrative Court.

Based on the opinion of the legal counsel of the Company, the Company 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.

#### **(e) 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.)

**(f) 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 believes 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 believes 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.

**(g) 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 believes 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.

#### **(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 September 2014, the NBTC issued a notification on the definition of significant market power but did not clearly specify the operators who are considered as having significant market power. It is possible that the NBTC may not specify the operators who will be considered as having significant market power if the NBTC considers the telecommunications industry to be fairly and appropriately competitive.

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 rate**

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 an injunction against the enforcement of the NBTC's resolution. Nevertheless, the Central Administrative Court has rejected such petition. Currently, the case is also being considered by the Central Administrative Court.

On 11 June 2014, dtac TriNet received the claim that CAT filed before the Administrative Court claiming that dtac TriNet committed a wrongful act against CAT by installing its 2.1 GHz devices and equipment on the Company's concessionary assets.

CAT required that dtac TriNet uninstall its devices and equipment and prohibited dtac TriNet from installing its devices and equipment on the Company's concessionary assets. CAT also demanded that dtac TriNet compensate for damages in the amount of THB 449,663,091.88 with interest at the rate of 7.5 per cent per year. If such devices and equipment are not uninstalled, CAT requested that dtac TriNet compensate for damages in the amount of THB 44,177,642 per month from the date of filing of the claim until the uninstallment is completed. CAT also submitted a petition for an injunction requesting the Court to prohibit dtac TriNet to install its 2.1 GHz devices and equipment on the Company's concessionary assets. However, the Central Administrative Court rejected such petition. Currently, the case is also being considered by the Central Administrative Court.

On 1 October 2014, CAT filed a dispute to the Thai Arbitration Institute claiming that it has been damaged by the Company's breach of Clause 2.1 and Clause 2.3 of the Concession by providing dtac TriNet access to the concessionary assets, and allowing dtac TriNet to install and connect its 2.1 GHz devices and equipment with the concessionary assets. Therefore, CAT requested for damages in the amount of THB 658,017,180 with interest at the rate of 7.5 per cent per year. If such devices and equipment are not uninstalled, CAT requested that the Company compensate for damages in the amount of THB 44,177,642 per month from the date of filing of the dispute until the uninstallment is completed. CAT also submitted a petition for an injunction requesting the Court to prohibit the Company from allowing dtac TriNet to install and connect its 2.1 GHz devices and equipment with the concessionary assets. 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 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 filing of claims against 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 lead to 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. This may cause an adverse effect on the business, financial condition, and 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 especially data service. 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 NBTC Notification on Infrastructure Sharing. 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 29,417 base stations nationwide (information as at 31 December 2014). 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 (currently, changed to cash cards) 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 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 2014, sales of starter kits and other products through UD were THB 13,571 million in total.

At present, the Company has arranged for Paysbuy Co., Ltd., a subsidiary in which the Company holds 99.99% of its shares, to be the principal distributor of the cash cards and provide online refill service.

As at 31 December 2014, the Company's accounts receivable owed by UD was THB 2,048 million, or 19.60 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.

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## **2. Financial Risks**

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### **2.1 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 2014, the Company's long-term loans which are denominated in foreign currencies were THB 164.4 million. 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.

## 2.2 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 2014, of THB 3,890 million. The proportion of the post-paid mobile phone service fees equals to 5.19 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 2014, the Company's accounts receivable which had been overdue for a period of more than 180 days were THB 385 million, or 10 per cent of the total accounts receivables from telephone services.

## 2.3 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.

## 2.4 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.

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## 3. Other Risks

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### 3.1 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 per cent of the total issued shares of the Company (information as at 6 November 2014).

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

As of 31 December 2014, the Board of Directors of the Company consists of 12 directors:

- 11 directors are non-executive directors, four of whom are independent directors representing 33% of the Board of Directors; and one director is an executive director, i.e. the interim Chief Executive Officer.

Names of the directors and their share ownership in the Company as of 31 December 2014 are as follows:

No.	Name	Position	No. of Shares as of 31 Dec 13	No. of Shares as of 31 Dec 14	Increase (Decrease)
1	Mr. Boonchai Bencharongkul	Chairman	10	10	-
2	Mr. Sigve Brekke	Vice Chairman and interim Chief Executive Officer	-	-	-
3	Mr. Chulchit Bunyaketu	Independent Director	-	-	-
4	Mrs. Kamonwan Wipulakorn	Independent Director	-	-	-
5	Mr. Stephen Woodruff Fordham	Independent Director	10,000 shares 60,000 NVDR	10,000 shares 60,000 NVDR	-
6	Mrs. Chananyarak Phetcharat	Independent Director	-	-	-
7	Mr. Henrik Clausen	Director	-	-	-
8	Mr. Gunnar Johan Bertelsen	Director	-	-	-
9	Ms. Tanwadee Wongterarit	Director	-	-	-
10	Mr. Tore Johnsen	Director	-	-	-
11	Mr. Hakon Bruaset Kjol	Director	-	-	-
12	Mr. Richard Olav Aa	Director	-	-	-

Names of the directors who resigned in 2014 and their share ownership in the Company are as follows:

No.	Name	Position	No. of Shares as of 31 Dec 13	No. of Shares as of 31 Dec 14	Increase (Decrease)
1	Mr. Lars Erik Tellmann <sup>(1)</sup>	Director	-	-	-
2	Mr. Jon Travis Eddy <sup>(2)</sup>	Director and Chief Executive Officer	548,000 NVDR	388,000 NVDR	(160,000 NVDR)
3	Mr. Soonthorn Pokachaiyapat <sup>(3)</sup>	Independent Director	-	-	-

**Note:** (1) Mr. Lars Erik Tellmann resigned from the directorship on 11 February 2014 and Mr. Hakon Bruaset Kjol has been appointed in his replacement pursuant to the resolution of the Board of Directors' Meeting No. 1/2014 held on 11 February 2014.  
(2) Mr. Jon Travis Eddy resigned from the directorship on 16 September 2014 and Mr. Henrik Clausen has been appointed in his replacement pursuant to the resolution of the Board of Directors' Meeting No. 7/2014 held on 16 September 2014.  
(3) Mr. Soonthorn Pokachaiyapat resigned from the independent directorship on 29 October 2014 and Mrs. Kamonwan Wipulakorn has been appointed in his replacement pursuant to the resolution of the Board of Directors' Meeting No. 9/2014 held on 8 December 2014.  
(4) 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 three directors: (i) Mr. Boonchai Bencharongkul, (ii) Mr. Sigve Brekke, and (iii) Mr. Tore Johnsen, signing jointly with the Company's seal affixed.

## Management

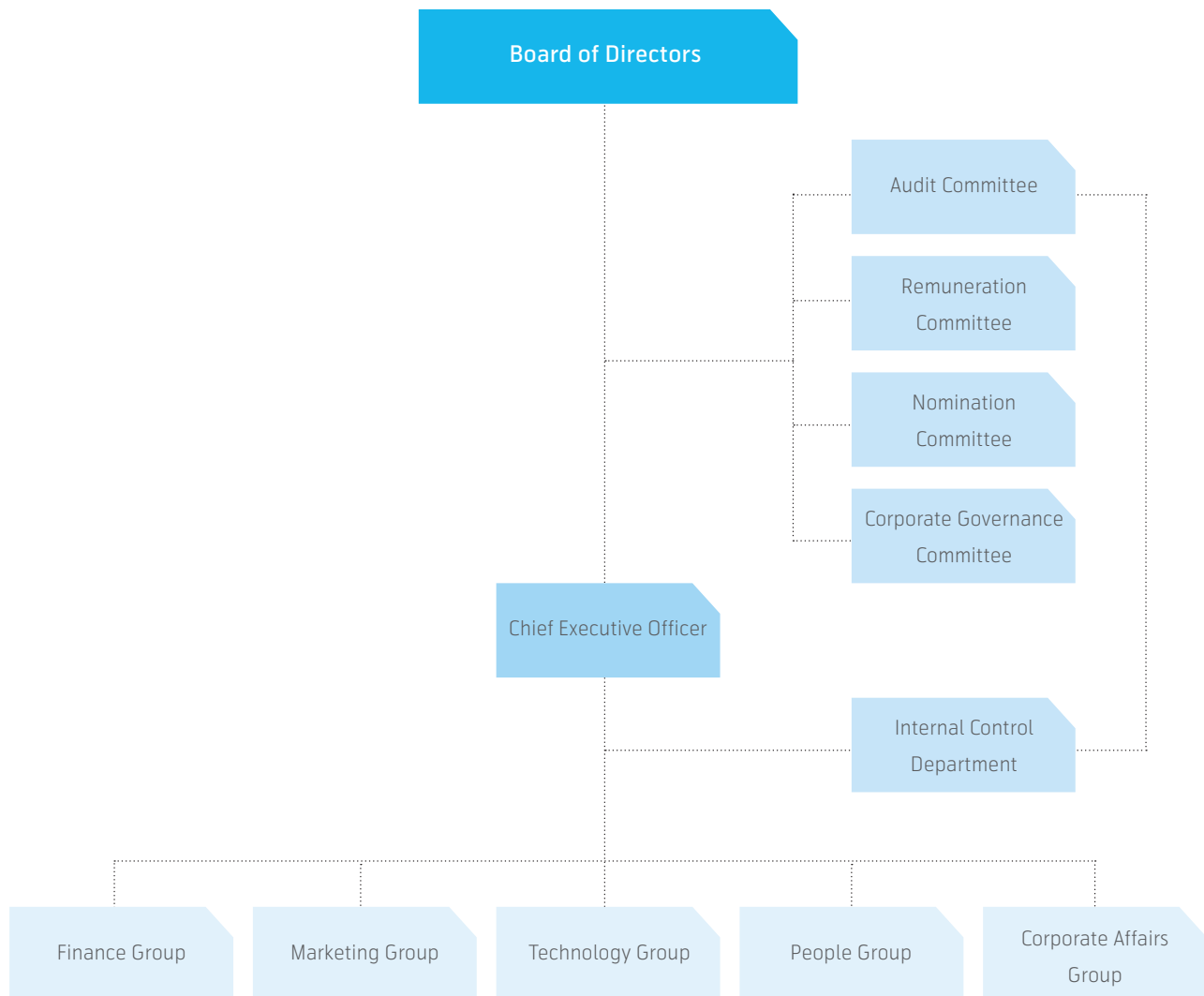
The Company's organization structure with the Chief Executive Officer as the head of the management team comprises 5 groups, namely Finance, Marketing, Technology, People, and Corporate Affairs.

Names of the Management and their share ownership in the Company as of 31 December 2014 are as follows:

No.	Name	Position	No. of Shares as of 31 Dec 13	No. of Shares as of 31 Dec 14	Increase (Decrease)
1	Mr. Sigve Brekke	Interim Chief Executive Officer and Interim Chief Corporate Affairs	-	-	-
2	Mr. Fridtjof Rusten	Chief Financial Officer	-	-	-
3	Mr. Sigvard Voss Eriksen	Chief Marketing Officer	-	-	-
4	Mr. Khalid Shehzad	Chief Technology Officer	-	-	-
5	Mrs. Kitikanya Sutthasit	Chief People Officer	-	-	-

The executives listed above are executives pursuant to the definition specified by the Securities and Exchange Commission, which includes 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.

## The Company's Organization Chart as of 31 December 2014



### Company Secretary

The Board of Directors appointed Mr. Raweepun Pitakchatiwong, Head of Legal Division, as the Company Secretary with the duties and responsibilities as prescribed in the Securities and Exchange Act. Education profile, work experience and training of the Company Secretary can be found under Section "Management and Company Secretary".

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).

### Remunerations of Directors and Management

#### Directors Remuneration

In determining the remuneration of the Board of Directors of the Company and the subcommittees (i.e. the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee), the Remuneration Committee will take 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.

At present, 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 or in any other forms to its directors. The remuneration structure for the Board of Directors and subcommittees can be found under Section "Corporate Governance".

In 2014, the total remuneration of directors of the Company was THB 9,206,000 with the remuneration of each individual director as follows:

Directors' Remuneration (THB)						
Names	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee	Total
Mr. Boonchai Bencharongkul	3,340,800	-	-	-	-	3,340,800
Mr. Sigve Brekke	-	-	-	-	-	-
Mr. Chulchit Bunyaketu	1,171,200	382,800	43,200	57,600	14,400	1,669,200
Mr. Stephen Woodruff Fordham	1,087,200	345,600	54,000	72,000	-	1,558,800
Mr. Soonthorn Pokachaiyapat <sup>(1)</sup>	987,680	230,400	28,800	43,200	14,400	1,304,480
Mr. Gunnar Johan Bertelsen	-	-	-	-	-	-
Mr. Jon Travis Eddy <sup>(2)</sup>	-	-	-	-	-	-
Mr. Lars Erik Tellmann <sup>(3)</sup>	-	-	-	-	-	-
Mrs. Chananyarak Phetcharat	1,129,200	-	-	-	18,000	1,147,200
Mr. Hakon Bruaset Kjol <sup>(4)</sup>	-	-	-	-	-	-
Ms. Tanwadee Wongterarit	108,000	-	-	-	-	108,000
Mr. Tore Johnsen	-	-	-	-	-	-
Mr. Richard Alav Aa	-	-	-	-	-	-
Mr. Henrik Clausen <sup>(5)</sup>	-	-	-	-	-	-
Mrs. Kamonwan Wipulakorn <sup>(6)</sup>	48,720	28,800	-	-	-	77,520
<b>Total</b>	<b>7,872,800</b>	<b>987,600</b>	<b>126,000</b>	<b>172,800</b>	<b>46,800</b>	<b>9,206,000</b>

**Note:** (1) Mr. Soonthorn Pokachaiyapat resigned from the independent directorship and members of the Audit Committee, the Remuneration Committee, the Nomination Committee, and the Corporate Governance Committee on 29 October 2014.  
(2) Mr. Jon Travis Eddy resigned from the directorship on 16 September 2014.  
(3) Mr. Lars Erik Tellmann resigned from the directorship and members of the Remuneration Committee, the Nomination Committee, and the Corporate Governance Committee on 11 February 2014.  
(4) Mr. Hakon Bruaset Kjol has been appointed as a new director and a member of the Remuneration Committee and the Nomination Committee in replacement of Mr. Lars Erik Tellmann pursuant to the resolution of the Board of Directors' Meeting No. 1/2014 held on 11 February 2014.  
(5) Mr. Henrik Clausen has been appointed as a new director in replacement of Mr. Jon Travis Eddy pursuant to the resolution of the Board of Directors' Meeting No. 7/2014 held on 16 September 2014.  
(6) Mrs. Kamonwan Wipulakorn has been appointed as a new independent director and a member of the Audit Committee, the Remuneration Committee, the Nomination Committee, and the Corporate Governance Committee in replacement of Mr. Soonthorn Pokachaiyapat pursuant to the resolution of the Board of Directors' Meeting No. 9/2014 held on 8 December 2014.

## 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 2014, the total remuneration of the Management of the Company was THB 83,766,465.56.

## Human Resources

As of 31 December 2014, the Company has 4,554 employees who receive payment on a fixed salary basis. The number of employees in each key function is as follows:

Key Function	Number of Employees (Persons)
Finance Group	217
Marketing Group	1,136
Technology Group	149
People Group	2,229
Corporate Affairs Group	138
Regional Business	685
<b>Total</b>	<b>4,554</b>

In 2014, the remuneration of the employees comprised salary and bonus totalling THB 3,638,779,881.51. The Company has made contributions to the provident fund in an amount of THB 104,016,691.48.

## 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 provides a training center 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. 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 response to the increased expansion of digital usage, dtac Academy also launched "Plearn", a mobile application to meet the needs of the employees. Plearn was created under the concept of Play + Learn = Plearn. It serves 4 key functions:

- **News:** Mobile channel for employees to follow the Company's news in addition to intranet portal;
- **Library:** Free e-book and dtac Academy training materials available for download and online reading;
- **Employee Directory:** Search function for contact number and email of colleagues; and
- **Employee Profile:** Profiles of employees with QR code and barcode available for training class registration.

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 2014, the Company has set up a budget for human resource development in the total amount of THB 33 million for more than 4,000 employees of the Company and 3,900 employees of its business partners with the average training hours of 25 hours per employee per year.

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### Internal Control

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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 goals, 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. 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 ISO14001 & OHSAS18001 international 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 adheres to the principles of risk management in accordance with the AS/NZS ISO 31000:2009 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 manual. The systematic risk assessment is a crucial part for the Company's strategic planning process. The risk assessment process identifies 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, procurement and general management transactions.

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 2014 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, EY 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 2014. 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. 2/2015, which was held on 10 February 2015, acknowledged the opinion of the Audit Committee on the sufficiency of the Company's internal control system.

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#### Internal Audit

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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

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### Corporate Governance Policy

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 Board of Directors of 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, providing the code of conduct manuals and arranging an orientation program for new employees and additional trainings on such subjects from time to time. To monitor the compliance of the corporate governance policy, the Chief Executive Officer will perform an assessment of the implementation of the governing documents, the level of compliance and report the results to the Board of Directors at least once a year. With reference to the Principles of Good Corporate Governance for Listed Companies 2012 of the Stock Exchange of Thailand, which has been revised to be in line with the ASEAN CG Scorecard, details of the Company’s practice of the good corporate governance are set out in 5 categories as follows:

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### Section 1 – Rights of Shareholders

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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 2014 Annual General Meeting of Shareholders on 26 March 2014 at the Grand Ballroom, 4<sup>th</sup> Floor, Conrad Bangkok Hotel, Bangkok, Thailand. There were 12 directors and senior Management attending the 2014 Annual General Meeting of Shareholders.

The Company engaged 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 invitation notice and supporting documents both Thai and English version were published on the Company's website at [www.dtac.co.th](http://www.dtac.co.th) 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 2014 Annual General Meeting of Shareholders during 1 October – 31 December 2013. 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 2014 Annual General Meeting of Shareholders by indicating the votes as "approved", "disapproved" or "abstained from voting".

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## Section 2 – Equitable Treatment of Shareholders

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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 2014 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 2013, the Company provided opportunities for the shareholders to propose matters that they considered necessary for inclusion in the agenda of the 2014 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 Thailand Securities Depository 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 2014 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.

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## Section 3 – Roles of Stakeholders

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### (1) Right 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.

### **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.

### **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 thereto. 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 2014, the Company had the loss-time injury frequency rate of 0.1 per 1.13 million working hours, and the Company is currently in the progress of establishing a safety and environmental management system pursuant to the ISO14001 & OHSAS18001 international standards with a plan to apply for the ISO14001 certification in 2015.

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.

### 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 2014, 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 "Corporate Social Responsibility".

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.

In addition, the Board of Directors of the Company encourages employee education and training with regard to environmental matters. In this regard, HSSE Unit provides an electronic self-learning program (HSSE Virtual Learning Program). The program covers the Company's policy on environmental protection, energy consumption and emissions of air pollution, waste handling and recycling, as well as working environment. In 2014, HSSE Unit has completed the environmental training program for all employees and plans to implement the training program for new employees and all business partners within 2015.

### 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.

### 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".

#### **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.

#### **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.

### **(2) 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".

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

The Board of Directors is determined to reject all kinds of corruptions and bribes at all levels, 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 to acknowledge the importance of, and have understanding on, the anti-corruption policy and procedures, as well as the risk assessment on corruption actions. In addition, the Company makes an assessment on the overall compliance of the anti-corruption policy every year and sets out correction and improvement measures on any findings. In this regard, the Board of Directors and the Chief Executive Officer take a major part in the assessment.

The Company has the policy of requiring its business partners to comply with the anti-corruption policy and to allow the Company to make an audit inspection on such matter. In case where there is any finding on corruption, the Company has the right to terminate the business relationship immediately.

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.

In 2014, the Company has prepared a "dtac Anti-Corruption Handbook", which was published to all employees as a manual toolkit to guide the employees to be line with the Company's values and rules regarding the anti-corruption. Moreover, the Company has prepared anti-corruption newsletters, which were published via the Company's intranet every 2 weeks in order to create awareness and organisational culture on anti-corruption.

### **(4) Measures on Whistleblowing and Protection for Whistleblowers**

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 whistleblower and other details received by the compliance team will be kept confidential for the confidence of the whistleblower.

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## Section 4 – Disclosure of Information and Transparency

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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 2014, 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.

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## Section 5 – Responsibilities of the Board of Directors

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### (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, two of whom are female, one director is a representative from CAT pursuant to the Concession Agreement and one director is an executive director (i.e. the interim Chief Executive Officer). There is no director or independent 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 directors have work experience in the business of the Company.

The Chairman of the Board of Directors and the Chief Executive Officer have 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 Management is required to seek the Board of Directors' approval for entries into transactions which may give rise to conflicts of interests which are of significant size or important nature to the business operation of the Company. 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 2014, 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 2014, the Board of Directors has conducted the aforementioned evaluations with the results as set out below.

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

The Company arranges for an evaluation on the performance of the Board of Directors on an annual basis so as to assess the performances of the Board of Directors in accordance with the good corporate governance principles. The evaluation procedure can be summarized as follows.

The Company Secretary prepares and reviews the evaluation form for correction and completeness and in compliance with the criteria required by the regulators. The evaluation form will then be proposed to the Board of Directors to complete. The Company Secretary will summarize the result of the evaluation on the performance of the Board of Directors as well as the strength and improvement areas before proposing to the Nomination Committee for its recommendations for further proposing to the Board of Directors for its consideration. The Board of Directors will review the result of the evaluation in order to improve their performance.

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 90 per cent.

#### Individual director's self-assessment

The Company also arranges for individual director's self-assessment on an annual basis. The evaluation procedure is the same as the evaluation on the performance of the Board of Directors as mentioned above. The evaluation form for individual 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 85 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 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.

Since the Company has a number of directors who do not reside in Thailand, the Company has arranged facilities for these directors to attend the Board of Directors' meetings via video- or tele-conference so the directors could provide opinions or recommendations which are beneficial to the Management and the business operation of the Company. Such attendance does not count as quorum, and those who attend the meetings via video- or tele-conference do not have the right to vote.

In 2014, the Company held nine Board of Directors' meetings with the rate of attendance of the directors of 62 per cent. 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	9/9
Mr. Sigve Brekke	Vice Chairman	8 February 2006	26 March 2014	7/9
Mr. Chulchit Bunyaketu	Independent Director	6 March 2000	26 March 2014	8/9
Mr. Stephen Woodruff Fordham	Independent Director	17 November 2006	30 March 2012	6/9 <sup>(4)</sup>
Mrs. Chananyarak Phetcharat	Independent Director	5 September 2011	30 March 2012	7/9 <sup>(5)</sup>
Mr. Gunnar Johan Bertelsen	Director	27 April 2010	29 March 2013	5/9
Mr. Hakon Bruaset Kjol <sup>(1)</sup>	Director	5 September 2011	11 February 2014	3/8 <sup>(6)</sup>

Name – Surname	Position	Date of First Appointment	Date of Last Appointment	Attendance
Ms. Tanwadee Wongterarit	Director	8 February 2013	26 March 2014	5/9
Mr. Tore Johnsen	Director	29 March 2013	29 March 2013	8/9
Mr. Henrik Clausen <sup>(2)</sup>	Director	16 September 2014	16 September 2014	1/3 <sup>(7)</sup>
Mr. Richard Olav Aa	Director	29 March 2013	29 March 2013	1/9 <sup>(8)</sup>
Mrs. Kamonwan Wipulakorn <sup>(3)</sup>	Independent Director	8 December 2014	8 December 2014	0/0

The attendance of the directors who resigned during 2014 is as follows:

Name – Surname	Position	Date of First Appointment	Date of Last Appointment	Attendance
Mr. Lars Erik Tellmann	Director	20 July 2011	29 March 2013	0/1
Mr. Jon Travis Eddy	Director	21 April 2011	26 March 2014	5/6
Mr. Soonthorn Pokachaiyapat	Director	6 March 2000	30 March 2012	7/8

**Note:** (1) Mr. Hakon Bruaset Kjol has been appointed as a new director in replacement of Mr. Lars Erik Tellmann (who resigned from the directorship on 11 February 2014) pursuant to the resolution of the Board of Directors' Meeting No. 1/2014 held on 11 February 2014.  
(2) Mr. Henrik Clausen has been appointed as a new director in replacement of Mr. Jon Travis Eddy (who resigned from the directorship on 16 September 2014) pursuant to the resolution of the Board of Directors' Meeting No. 7/2014 held on 16 September 2014.  
(3) Mrs. Kamonwan Wipulakorn has been appointed as a new independent director in replacement of Mr. Soonthorn Pokachaiyapat (who resigned from the director position on 29 October 2014 and pursuant to the resolution of the Board of Directors' Meeting No. 9/2014 held on 8 December 2014).  
(4) Mr. Stephen Woodruff Fordham attended the Board of Directors' meetings in person six times and via video-conference one time.  
(5) Mrs. Chananyarak Phetcharat attended the Board of Directors' meetings in person seven times and via video-conference one time.  
(6) Mr. Hakon Bruaset Kjol attended the Board of Directors' meetings in person three times and via video-conference one time.  
(7) Mr. Henrik Clausen attended the Board of Directors' meetings in person one time and via video-conference one time.  
(8) Mr. Richard Alav Aa attended the Board of Directors' meetings via video-conference four times.

#### (4) Subcommittees

In 2014, the subcommittees have performed its duties as follows:

##### Audit Committee

The Audit Committee consists of three independent directors. A meeting of the Audit Committee is held approximately once a month. In 2014, the Company held 12 Audit Committee meetings, the attendance of which was as follows: Mr. Chulchit Bunyaketu attended 11 meetings, Mr. Soonthorn Pokachaiyapat attended 8 meetings (Mr. Soonthorn Pokachaiyapat resigned from his independent directorship and member of the Audit Committee on 29 October 2014), Mr. Stephen Woodruff Fordham attended 12 meetings, and Mrs. Kamonwan Wipulakorn attended 1 meeting (Mrs. Kamonwan Wipulakorn has been appointed as a new independent director and a member of the Audit Committee pursuant to the resolution of the Board of Directors' Meeting No. 9/2014 held on 8 December 2014).

In 2014, the Audit Committee was 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 2014 Annual General Meeting of Shareholders, which was held on 26 March 2014, Mr. Sophon Permsirivallop, certified public accountant No. 3182, Ms. Rungnapa Lertsuwankul, certified public accountant No. 3516 and Ms. Pimjai Manitakajohnkit, certified public accountant No. 4521, all from EY Office Limited were appointed as the auditors of the Company. Mr. Sophon Permsirivallop was the auditor in charge of auditing the Company, and had expressed opinions on the financial



statements of the Company for the year ended 31 December 2014. He was not the auditor in charge of auditing the Company and did not express opinions on the financial statements of the Company for the year 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.

#### Remuneration Committee

The Remuneration Committee of the Company consists of five directors, being three independent directors and two non-executive directors. A meeting of the Remuneration Committee is held at least once a year. In 2014, the Company held 3 Remuneration Committee meetings, the attendance of which was as follows: Mr. Stephen Woodruff Fordham attended 3 meetings, Mr. Chulchit Bunyaketu

attended 3 meetings, Mr. Soonthorn Pokachaiyapat attended 2 meetings (Mr. Soonthorn Pokachaiyapat resigned from his independent directorship and member of the Remuneration Committee on 29 October 2014), Mr. Tore Johnsen attended 3 meetings and Mr. Hakon Bruaset Kjol attended 1 meeting (Mr. Hakon Bruaset Kjol has been appointed as a new director and member of the Remuneration Committee pursuant to the resolution of the Board of Directors' Meeting No. 1/2014, which was held on 11 February 2014).

In 2014, the Remuneration Committee was responsible for considering and giving recommendation on remuneration of the Chairman and other directors, reviewing and recommending the remuneration packages for the Chief Executive Officer and reviewing the local engagement contract of the interim Chief Executive Officer, etc.

At the 2014 Annual General Meeting of Shareholders, the meeting approved the remuneration of the Board of Directors and the subcommittees for 2014 in the amount not exceeding THB 9,990,000, which was the same as 2013. The remuneration consisted of monthly allowance and meeting allowance as follows:

Directors' Remuneration Structure (THB)		
	Monthly Allowance	Meeting Allowance
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 / Chairman of the Nomination Committee / Chairman of the Corporate Governance Committee		18,000
Member of the Remuneration Committee / Member of the Nomination Committee / Member of the Corporate Governance Committee		14,400

**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.

#### Nomination Committee

The Nomination Committee of the Company consists of five directors, being three independent directors and two non-executive directors. A meeting of the Nomination Committee is held at least once a year. In 2014, the Company held 4 Nomination 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 3 meetings (Mr. Soonthorn Pokachaiyapat resigned from his independent directorship and member of the Nomination Committee on 29 October 2014), Mr. Tore Johnsen attended 3 meetings and Mr. Hakon Bruaset Kjol attended 2 meetings (Mr. Hakon Bruaset Kjol has been appointed as a new director and member of the Nomination Committee pursuant to the resolution of the Board of Directors' Meeting No. 1/2014, which was held on 11 February 2014).

In 2014, the Nomination Committee was 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 made recommendation on the Board of Directors' self-assessment results, and acknowledged the organization restructure and top executives' succession plan, etc.

#### **Corporate Governance Committee**

The Corporate Governance Committee consists of four directors, being three independent directors and one non-executive director. A meeting of Corporate Governance Committee is held at least once a year. In 2014, the Company held one Corporate Governance Committee meeting and all members of Corporate Governance Committee were present at the meeting.

In 2014, the Corporate Governance Committee was 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.

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

When appointing a new director, the Company will prepare material information with respect to business operation and the corporate governance policy of the Company as well as arrange for a meeting with the Management, 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. Details of the directors training can be found under Section "Profile of 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. In 2014, the Management has proposed top executives' succession plan to the Nomination Committee and the Board of Directors for consideration and recommendations on the appropriateness of such plan.

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### **Subcommittee**

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The structure of the Board of Directors of the Company comprises the Board of Directors and the subcommittees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee, and the Corporate Governance Committee. The scope of power, duties and responsibilities of the Board of Directors and the subcommittees are as follows:

#### **Board of Directors**

The power, 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 organization 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 organization 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.

### Audit Committee

The Audit Committee consists of three independent directors, namely:

Names of Directors	Position
Mr. Chulchit Bunyaketu	Chairman of the Audit Committee
Mr. Stephen Woodruff Fordham	Member of the Audit Committee
Mrs. Kamonwan Wipulakorn <sup>(1)</sup>	Member of the Audit Committee

**Note:** (1) Mrs. Kamonwan Wipulakorn has been appointed as a new independent director and a member of the Audit Committee in replacement Mr. Soonthorn Pokachaiyapat (who resigned from his independent directorship and member of the Audit Committee on 29 October 2014) pursuant to the resolution of the Board of Directors' Meeting No. 9/2014 held on 8 December 2014.

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 and Mrs. Kamonwan Wipulakorn have the knowledge and experience in the area of accounting, sufficient to review the creditability of financial statements of the Company.

The 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 five directors, namely:

Names of Directors	Position
Mr. Stephen Woodruff Fordham	Chairman of the Remuneration Committee
Mr. Chulchit Bunyaketu	Member of the Remuneration Committee
Mrs. Kamonwan Wipulakorn <sup>(1)</sup>	Member of the Remuneration Committee
Mr. Hakon Bruaset Kjol <sup>(2)</sup>	Member of the Remuneration Committee
Mr. Tore Johnsen	Member of the Remuneration Committee

**Note:** (1) Mrs. Kamonwan Wipulakorn has been appointed as a new independent director and a member of the Remuneration Committee in replacement Mr. Soonthorn Pokachaiyapat (who resigned from his independent directorship and member of the Remuneration Committee on 29 October 2014) pursuant to the resolution of the Board of Directors' Meeting No. 9/2014 held on 8 December 2014.

(2) Mr. Hakon Bruaset Kjol has been appointed as a new director in replacement of Mr. Lars Erik Tellmann (who resigned from his directorship and member of the Remuneration Committee on 11 February 2014) pursuant to the resolution of the Board of Directors' Meeting No. 1/2014 held on 11 February 2014.

The 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 five directors, namely:

Names of Directors	Position
Mr. Stephen Woodruff Fordham	Chairman of the Nomination Committee
Mr. Chulchit Bunyaketu	Member of the Nomination Committee
Mrs. Kamonwan Wipulakorn <sup>(1)</sup>	Member of the Nomination Committee
Mr. Hakon Bruaset Kjol <sup>(2)</sup>	Member of the Nomination Committee
Mr. Tore Johnsen	Member of the Nomination Committee

**Note:** (1) Mrs. Kamonwan Wipulakorn has been appointed as a new independent director and a member of the Nomination Committee in replacement Mr. Soonthorn Pokachaiyapat (who resigned from his independent directorship and member of the Nomination Committee on 29 October 2014) pursuant to the resolution of the Board of Directors' Meeting No. 9/2014 held on 8 December 2014.

(2) Mr. Hakon Bruaset Kjol has been appointed as a new director in replacement of Mr. Lars Erik Tellmann (who resigned from his directorship and member of the Nomination Committee on 11 February 2014) pursuant to the resolution of the Board of Directors' Meeting No. 1/2014 held on 11 February 2014.

The 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 four directors, namely:

Names of Directors	Position
Mrs. Chananyarak Phetcharat	Chairman of the Corporate Governance Committee
Mr. Chulchit Bunyaketu	Member of the Corporate Governance Committee
Mrs. Kamonwan Wipulakorn <sup>(1)</sup>	Member of the Corporate Governance Committee
Mr. Tore Johnsen	Member of the Corporate Governance Committee

**Note:** (1) Mrs. Kamonwan Wipulakorn has been appointed as a new independent director and a member of the Corporate Governance Committee in replacement Mr. Soonthorn Pokachaiyapat (who resigned from his independent directorship and member of the Corporate Governance Committee on 29 October 2014) pursuant to the resolution of the Board of Directors' Meeting No. 9/2014 held on 8 December 2014.

The 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 Board of Directors has specified the scope of power, duties and responsibilities of the Board of Directors separately from the Management. In summary, the Board of Directors is responsible for formulating policies and monitoring the performance of the Management. The Management is responsible for implementing such policies and reporting the results of its performance to the Board of Directors.

The Board of Directors has established the policy on delegation of authority in writing, which covers the delegation of authority between the Board of Directors and the Management and clearly sets out the scope of authority and approval limits for the Board of Directors and the Management.

The Chief Executive Officer holds the highest management position in the Management and has the power, duties and responsibilities 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 organisation 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 duties and responsibilities of the Company Secretary are set out in accordance with the Public Limited Company Act, the Securities and Exchange Act, and the Principles of Good Corporate Governance for Listed Companies 2012 of the Stock Exchange of Thailand. The duties and responsibilities of the Company Secretary are as follows:

- (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.

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## Nomination and Appointment of Directors and Senior Management

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### Independent Directors

The Company has set out the criteria and qualifications of an independent director, which are stricter than the requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand, as follows:

- (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.

The nomination and appointment of an independent director is as set out under the section "Corporate Governance – Nomination and Appointment Directors" below.

At present, the Company has four independent directors which accounted for one-third of the Board of Directors, namely (i) Mr. Chulchit Bunyaketu, (ii) Mr. Stephen Woodruff Fordham, (iii) Mrs. Kamonwan Wipulakorn and (iv) Mrs. Chananyarak Phetcharat, who are independent from any major shareholders and the Management of the Company and are fully qualified pursuant to the criteria specified above. The independent directors did not have any business relationship nor provide any professional services to the Company in the past financial year.

## **Nomination and Appointment of Directors and Senior Management**

### **Nomination and Appointment of Directors**

The Company places importance on the nomination and selection of directors by specifying the qualifications of directors and independent directors in accordance with the laws and relevant regulatory requirements, including the Articles of Association of the Company.

The selection and nomination of directors of the Company is considered by taken into account the educational background, work experience, knowledge and expertise, particularly in the telecommunications industry, and past performance as a director as well as the appropriate mix of skills in order to enable the Board of Directors to perform its duties effectively.

The Nomination Committee is responsible for the selection and nomination of directors of the Company. Since 2011, the Company has engaged professional recruitment firms to assist in the selection of independent directors. The Nomination Committee will select qualified person for the position of director, conclude the selection results and nominating them as candidates for further consideration by the Board of Directors and the shareholders (as the case may be). 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 and executive directors must not hold more than 2 directorship positions in other companies or publicly listed companies, excluding subsidiaries, affiliates and joint-venture companies of the Company in order to ensure their efficiency in performing their duties and responsibilities towards the Company.

Directors are elected to hold office for a period of three years and may be re-elected for another term of office. The appointment, removal and retirement of a director from the Board of Directors of the Company must be in compliance with the Articles of Association of the Company as follows:

- (1) The Board of Directors must comprise at least five members and at least half of whom must have residence in Thailand;
- (2) The shareholders must appoint members of the Board of Directors in the following manners:
  - (a) each shareholder shall have the votes equals to the number of shares held by him/her;
  - (b) all 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;
- (4) The shareholders' meeting 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 and holding not less than one-half of the total number of shares of all the shareholders attending the meeting and having the right to vote; and
- (5) At every annual general meeting of shareholders, one-third of the directors who have served for the longest term must retire from their office but such directors are eligible for re-election.

#### Nomination and Appointment of Senior Management

The Board of Directors of the Company has established a policy and criteria for the nomination and appointment of senior management and a policy for succession plan. There is a clear and transparent nomination process in which educational background, work experience, knowledge, capability, ethics and leadership are taken into consideration. The Board of Directors of the Company has appointed the Nomination Committee to consider and recommend qualified candidates for the appointment as Chief Executive Officer and Chief Financial Officer of the Company.

#### Monitoring of the Operation of the Company's Subsidiaries and Affiliates

The Company has developed monitoring mechanisms for its subsidiaries and affiliates so as to monitor their administration, management and operation and protect the interests of the Company. The Company has appointed representatives of the Company as directors and senior management of such subsidiaries and affiliates.

The Board of Directors of the Company has appointed the Nomination Committee to consider and recommend qualified

candidates for the appointment as Chief Executive Officer and Chief Financial Officer of its key subsidiaries.

In addition, the Company has taken actions to ensure that the power, duties and responsibilities of the directors and management of its key subsidiaries, rules and procedures relating to connected transactions and other key transactions are in line with those of the Company in order to have the same standard of governance. The Company arranges for the financial and operational performance of its key subsidiaries to be reported to its Board of Directors quarterly.

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#### Use of Insider Information

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The Company has developed the policy and the code of conduct for the handling of information of the Company in order to prevent unlawful use of insider 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 by unauthorised persons to, 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 price-sensitive. The directors, executives and employees shall not trade in the shares or financial instruments before such information has been made public or ceases to be price-sensitive. Violation of the code of conduct for the handling of information will be subject to investigation, punishment and/or dismissal of employment in accordance with the rules and procedures under applicable laws and regulations.

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 for the period of one month prior to the announcement of the Company's operating results for each quarter until the day following the date in which the Company's operating results are made public, and from trading on short-term considerations. The Company Secretary will notify the directors, executives and relevant employees of such period prior to the announcement of the Company's operating results. 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 such acquisition or change. The Company Secretary will compile and report such information to the Board of Directors of the Company.

In addition, the directors and executives of the Company are required to submit a report on their and their related persons'

interests, in relation to 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 of 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.

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### Remuneration for Auditors

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The shareholders of the Company, at the 2014 Annual General Meeting of Shareholders, which was held on 26 March 2014, approved the remuneration of the auditors for 2014 in the amount not exceeding THB 5,356,000 (exclusive of VAT). The remuneration consists of the fees for the audit of the annual financial statements and the review of the quarterly financial statements. The approved remuneration amount decreased by 6.85 per cent from that of the previous year. In 2014, the Company incurred the auditing expense in the amount of THB 5,356,000. The Company's total non-audit fee, which was not related to the auditing services and booked as the Company's expenses, was THB 1,201,697.81.

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### Compliance with Other Good Corporate Governance Practices

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The Board of Directors, the Management and employees of the Company strictly comply with the corporate governance policy of the Company and monitor the compliance of such policy on a regular basis. There was no report of non-compliance with the corporate governance policy in 2014.



## audit committee report

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

The Audit Committee of Total Access Communication Public Company Limited comprises 3 independent directors, who are knowledgeable as well as experienced in finance, accounting, law, and business management. In 2014, the committee was chaired by Mr. Chulchit Bunyaketu, with Mr. Stephen Woodruff Fordham and Ms. Kamonwan Wipulakorn (who was appointed on December 8, 2014 as a replacement of Mr. Soonthorn Pokachaiyapat who resigned on October 29, 2014) as members. All members of the Audit Committee are not executive directors, employees or advisors of the Company.

The Audit Committee Charter, approved by the Board of Directors, requires that an audit committee meeting be held at least once every quarter. In 2014, 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.

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 2014 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 2015 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 EY Office Limited to be satisfactory. In addition, EY Office Limited has worldwide recognition. The Audit Committee therefore recommends the reappointment of the auditors of EY Office Limited as auditors of the Company for the year 2015 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 10, 2015





## **nomination committee report**

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**Dear Shareholders,**

In 2014, the Company's Nomination Committee consisted of five members appointed by the Board of Directors, three of whom are independent directors. The Nomination Committee consisted of Mr. Stephen Woodruff Fordham, the Chairman of the Nomination Committee, Mr. Chulchit Bunyaketu, Mr. Soonthorn Pokachaiyapat (who retired on 29 October 2014), Mr. Hakon Bruaset Kjol, and Mr. Tore Johnsen.

In 2014, the Nomination Committee held four meetings to consider three particular issues: recommendations on the Board of Directors' self-assessment results, recommendation on the election or re-election of directors of the Company and key subsidiaries, and a review and acknowledgement of the organisation restructuring and the top executives' succession plan.

The Nomination Committee undertook a review of its performance in the previous year and found it continued to be effective.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Stephen Fordham', written in a cursive style.

**Mr. Stephen Woodruff Fordham**

Chairman of the Nomination Committee



## corporate governance committee report

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### Dear Shareholders,

The Company's Corporate Governance Committee consisted of four members, most of whom are independent directors and appointed by the Board of Directors. The Corporate Governance Committee consists of Mrs. Chananyarak Phetcharat, the Chairperson of the Corporate Governance Committee, Mr. Chulchit Bunyaketu, Mr. Soonthorn Pokachaiyapat (who retired on 29 October 2014), and Mr. Tore Johnsen.

In 2014, the Corporate Governance Committee has reviewed the corporate governance practices of the Company in order to be aligned with the Good Corporate Governance Principles for Listed Companies 2012 of the Stock Exchange of Thailand and the Thai Institute of Directors, which was based on the ASEAN Corporate Governance Scorecard. The Corporate Governance Committee has set improvement guidelines for the corporate governance of the Company as follows:

- Set a policy requiring directors to report their shareholding and transactions of the Company's shares to the Board of Directors; and
- Set a plan to improve the corporate governance principles and policy on Disclosure and Transparency and Board Responsibilities.

The Corporate Governance Committee undertook a review of its performance in the previous year and found it continued to be effective. The Committee is determined to enhance and improve the Company's good corporate governance practices for the best interests of the Company, its shareholders, and all stakeholders.

Sincerely yours,

A handwritten signature in dark ink, appearing to read 'P. Chananyarak', followed by a horizontal line.

Mrs. Chananyarak Phetcharat

Chairperson of the Corporate Governance Committee



## remuneration committee report

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### Dear Shareholders,

The Company's Remuneration Committee consisted of five members appointed by the Board of Directors, three of whom are independent directors. The Remuneration Committee consists of Mr. Stephen Woodruff Fordham, the Chairman of the Remuneration Committee, Mr. Chulchit Bunyaketu, Mr. Soonthorn Pokachaiyapat (who retired on 29 October 2014), Mr. Hakon Bruaset Kjol, and Mr. Tore Johnsen. The Remuneration Committee has the responsibilities of reviewing and recommending the remuneration of directors, as well as reviewing and approving the annual remuneration package of the Chief Executive Officer.

In 2014, the Remuneration Committee had four meetings. There were two important areas of activities, i.e. reviewing and recommending the remuneration packages of the directors and the Chief Executive Officer and reviewing the local engagement contract of the interim Chief Executive Officer.

The Remuneration Committee undertook a review of its performance in the previous year 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 2014, 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)	
	2013	2014
1. Expenses and other payments		
- Service fees for network operation and management	0.03	-
- Accounts payable	5.7	7.7
- Advances	-	-

#### 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)	
	2013	2014
1. Revenue		
- Revenue from sales of mobile phone set	0.3	0.2
2. Expenses and other payments		
- Service fees for network maintenance and installation of telecommunications equipment	466.1	244.6
- Service fees of network operation and management	339.5	339.5
- Accounts payable	247.0	291.0

**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)	
	2013	2014
1. Expenses and other payments		
- Information service fee	0.1	0.1
- Accounts payable	0.08	0.03

**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)	
	2013	2014
1. Revenue		
- Rental revenue	0.1	0.1
- Revenue from sales of mobile phone set	0.01	0.01
2. Expenses and other payments		
- Marketing expense	30.1	33.6
- Information service fee	81.2	35.1
- Accounts payable	20.0	7.8
- Advances	9.4	20.3

**Rationale for the transactions:**

- I.N.N. Radio Co., Ltd. rented office space for 21 square-wah 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)	
	2013	2014
1. Expenses and other payments		
- Rent for land	4.0	1.0

### 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)	
	2013	2014
1. Revenue		
- Mobile service revenue	0.1	0.1
- Accounts receivable	0.02	-
2. Expenses and other payments		
- Rent for space in Benchachinda Building	1.0	1.2
- Advances	-	-

### 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)	
	2013	2014
1. Revenue		
- Revenue from international roaming service	85.5	103.4
- Revenue from mobile phone service	13.8	-
- Revenue from sales of mobile phone set	0.4	0.4
- Revenue from interconnection	241.0	97.0
- Revenue from management service	5.4	8.2
- Accounts receivable	159.0	33.0
- Advances	40.0	97.0
2. Expenses and other payments		
- Fees to Telenor under a service agreement	406.3	356.0
- Software and system maintenance fee	48.3	81.7
- Other payables	255.6	354.0
- International roaming costs	7.7	17.6
- Interconnection costs	84.9	82.5
- Cost on international signaling	20.1	23.7
- Accounts payable	145.9	90.8

### 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)	
	2013	2014
1. Revenue		
- Sales of refill vouchers, SIM cards, SIM card packages, starter kits and other products as specified by the Company	13,967.5	13,571.2
- Dividend	18.8	25.0
- Accounts receivable	2,292.7	2,047.5
2. Expenses and other payments		
- Marketing support expense	9.4	4.6
- Rental fee	487.5	653.19
- Accounts payable	112.0	101.0
- Advances	4.0	2.0

### 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)	
	2013	2014
1. Revenue		
- Revenue from base station sublease include electricity charge	3.8	6.7
- Advances	0.1	1.7
2. Expenses and other payments		
- Rental expense for high speed leased circuit	14.9	13.4
- Cost of Wi-Fi equipment and service	61.9	54.3
- Advances	13.3	6.2
- Accounts payable	47.0	32.0

**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)	
	2013	2014
1. Revenue		
– Revenue from sales of mobile phone set	-	-
2. Expenses and other payments		
– Accounts payable	2.0	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)	
	2013	2014
1. Expenses and other payments		
- Rent for land	0.5	0.6

### 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)	
	2013	2014
1. Expenses and other payment		
- Rental expense	16.7	1.4
- Other payables	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)	
	2013	2014
1. Revenue and other gains		
- Revenue from sales of top-up service	386.4	370.4
- Accounts receivable	43.5	38.5
- Expenses and commission	12.4	17.9

**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)	
	2013	2014
1. Expenses and other payments		
- Service fee	0.1	-
- Accounts payable	0.3	0.1

**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)	
	2013	2014
1. Expenses and other payments		
- Car insurance fee	-	-
- Rent space for base station	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)	
	2013	2014
1. Revenue and other gains		
- Revenue from car rental	0.1	0.1
- Accounts receivable	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 2014, or if not subsisting at the end of the financial year ending 31 December 2014, entered into since the end of the previous year ending 31 December 2013.
- According to the Annual General Shareholders' Meeting for the year 2014, 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

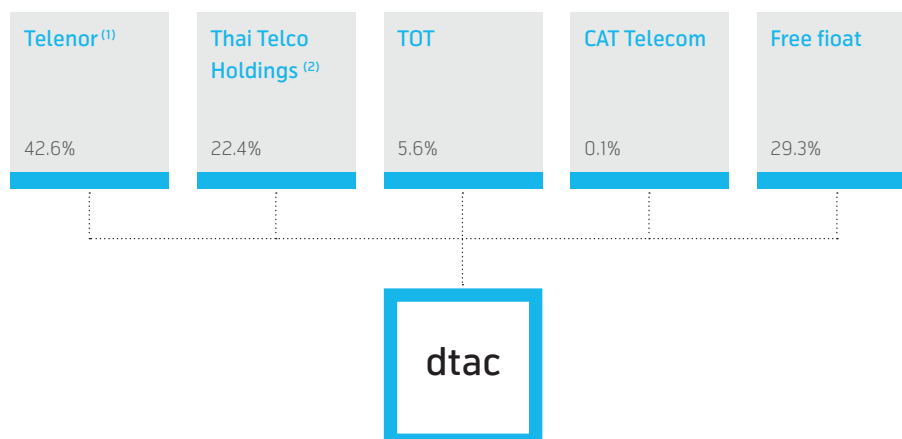
### Information on Share Capital and Shareholding

As at 6 November 2014

#### Share Capital

Authorized Share Capital	: THB 4,744,161,260
Issued Share Capital	: THB 4,735,622,000
Class of Share	: Ordinary Shares 2,367,811,000 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 2014

BCTN Holding Co., Ltd. <sup>(3)</sup>	51.00%
Telenor South East Asia Investment Pte. Ltd.	49.00%
Telenor	0.00%

(3) Shareholder's list and shareholding structure of BCTN Holding Co., Ltd. as of 30 April 2014

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

(4) Shareholder's list and shareholding structure of BCTN Innovation Co., Ltd. as of 30 April 2014

BCH Holding 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 BCH Holding Co., Ltd. as of 30 April 2014

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

## Top Largest Shareholders

No.	Name	No. of Shares	%
1	Telenor Asia Pte. Ltd. <sup>(1)</sup>	1,009,172,497	42.6
2	Thai Telco Holdings Ltd. <sup>(2)</sup>	531,001,300	22.4
3	Thai NVDR Company Ltd.	286,345,164	12.1
4	TOT Public Company Limited.	132,145,250	5.6
5	The HongKong and Shanghai Banking Corporation Limited, Fund Services Department	43,547,000	1.8
6	State Street Bank Europe Limited	24,391,463	1.0
7	Littledown Nominees Limited	23,550,000	1.0
8	Social Security Office (2 cases)	21,133,500	0.9
9	Bangkok Life Assurance Limited	12,005,000	0.5
10	Chase Nominees Limited 15	7,296,772	0.3



## dividend policy

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The Company'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.

The Board of Directors may propose an annual dividend payment, subject to approval of the annual general meeting of shareholders. The Board of Directors may announce an interim dividend payment if it deems that the Company will have sufficient working capital following such interim dividend payment. The interim dividend payment shall be reported to the shareholders at the next general meeting.

In considering dividend payments to shareholders, the Board of Directors takes into account several factors as follows:

- Operational performance, liquidity, cash flows, and financial position of the Company

- Future business plans and investment requirements
- Other important factors

In addition, the Company is governed under the Public Limited Company Act, which specifies that the Company shall not pay out dividends if the Company still has a retained loss, although having a net profit for that year. The Public Limited Company Act also requires the Company to allocate 5% of its annual net profit less the retained loss (if any) as legal reserve until such legal reserve attains an amount not less than 10% of the registered capital.







## management discussion and analysis

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### Executive Summary

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2014 was a challenging year for telecom industry in Thailand and dtac. After receiving 2.1GHz spectrum license in December 2012 and launching comprehensive 3G services in 2013, sequentially in 2014, mobile operators captured growth from high mobile internet demand, realized regulatory costs saving from the licensing scheme, and prepared for expiring concession, by stimulating consumers to switch their mobile service subscription to 2.1GHz licensed networks and change their handsets to 3G smartphones. As a result, market competition intensified. In addition to the competition, sluggish domestic macro economy also pressured mobile industry to grow slower than expected.

Responding to the development, dtac stayed focused on enhancing mobile network with additional 3G/4G base stations of 6.5k in Bangkok Metropolitan Area (BMA) and 30 major cities within Q115, after we completed 3G 2.1GHz network coverage, equivalent to our 2G network. We already switched on 2.7k nodes from the total new 6.5k base stations at end of 2014, and expect to complete the remaining as per plan. Data centric price plans were introduced to support a healthier transition from voice to data, and to drive the industry towards a better monetization of network investments and subsequent data growth. In addition, dtac implemented regional-based operational model, to response more effectively to a variety of dynamics around customers' preferences in each region. As a result, dtac brought back the momentum in Q414 by turning net addition to positive 228k subscribers from Q314. Total subscriber base was 28 million, while our 2.1GHz subscribers increased to 20.2 million, equivalent to 72% of the total subscriber base. Smartphone penetration reached 48%, compared to 32.7% last year.

In 2014, dtac's EBITDA increased 3.4%YoY to THB 31,069 million, mainly due to the regulatory costs saving. EBITDA margin increased to 34.3% from 31.7% last year. However, it was slightly below our

FY14 guidance of 35-37%, mainly due to margin dilution from higher than expected handset sales, following the iPhone 6 sales in Q414. Service revenue excluding IC decreased 2.6%YoY, due to the intense competition and the sluggish domestic economy. Although handset and starter kits sales revenue grew 9.7%YoY, handset margin was negative in order to increase smartphone penetration and maintain subscriber base. Net Profit increased 1.5%YoY to THB10,729 million, due to EBITDA growth, lower financial cost, and deferred tax adjustment, partially offset by higher depreciation and amortization from network expansion. CAPEX of THB 14 billion was spent in 2014, in line with our guidance.

For 2015, market competition is expected to continue, driven by handset bundling campaigns and low-cost 3G/4G phones offers. We expect service revenue excluding IC to grow low single digit, underpinned by recovering domestic economy and mobile internet growth. Despite of ongoing regulatory cost saving from the transition from concession to license, EBITDA margin is expected to be in line with FY14 level, but highly depending on market competition especially in term of handset offering. dtac is exploring network sharing/renting opportunities with various relevant players, with the intention of more efficient infrastructure investments, which will benefit the industry, the consumers and the country at large. Consequently, current CAPEX guidance for 2015 is minimum THB 14 billion. However, dtac is prepared to make the investments required to continue to build our position as a leading internet provider in Thailand, and as such may need to revise the capex guiding significantly if sharing/renting is not materializing. Majority of the investment will be used for increasing data capacity by expanding more 4G 2.1GHz base stations in city areas, and densifying 3G network to increase network quality and reliability.



## Significant Event

### Reverse impairment in the separate financial statement

In Q414, dtac reviewed impairment of deferred right to use of equipment and equipment for supporting cellular telephone services (Concession Agreement). As a result, the recoverable amount increased by THB 1,004 million, comparing to the impairment in FY13. Thus, dtac reversed the non-cash impairment of THB 1,004 million in the separate financial statement. There was no impact on consolidated financial statements. (Please see note 14 in FY14 financial statement for details)

### Reverse unrecognized deferred tax assets

In Q414, dtac reversed the unrecognized deferred tax assets. As a result, tax expense in Q414 decreased by THB 132 million in the consolidated financial statement and decreased by THB 2,147 million in the separate financial statement.

Active subscribers (in thousand)	FY2013	FY2014	%YoY
Postpaid (under concession from CAT)	2,201	754	-66%
Prepaid (under concession from CAT)	13,714	7,021	-49%
Postpaid (under 2.1GHz license )	1,301	3,096	138%
Prepaid (under 2.1GHz license )	10,726	17,138	60%
<b>Total</b>	<b>27,942</b>	<b>28,008</b>	<b>0.2%</b>
Net additional subscribers (in thousand)	FY2013	FY2014	%YoY
Postpaid	686	347	-49%
Prepaid	938	-281	-130%
<b>Total</b>	<b>1,624</b>	<b>66</b>	<b>-96%</b>
MOU (minutes/sub/month)	FY2013	FY2014	%YoY
Postpaid	421	361	-14%
Prepaid	245	219	-11%
<b>Blended</b>	<b>265</b>	<b>236</b>	<b>-11%</b>
Postpaid excluding IC	316	267	-16%
Prepaid excluding IC	208	183	-12%
<b>Blended excluding IC</b>	<b>220</b>	<b>194</b>	<b>-12%</b>
ARPU (THB/sub/month)	FY2013	FY2014	%YoY
Postpaid	681	621	-8.7%
Prepaid	189	164	-13%
<b>Blended</b>	<b>245</b>	<b>222</b>	<b>-9.3%</b>
Postpaid excluding IC	602	586	-2.6%
Prepaid excluding IC	161	147	-8.8%
<b>Blended excluding IC</b>	<b>211</b>	<b>202</b>	<b>-4.1%</b>

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## Operational Summary

In Q414, dtac started to turnaround by having net addition of 228k, after being under pressure for the past two quarters. We posted prepaid net addition of 125k, from our regional marketing activities. Our postpaid net addition continued a positive trend with net gain of 102k subscribers, from the launch of iPhone 6 and competitive device bundled packages. As a result, our total subscriber was 28 million, and stable from 2013. Subscribers on 2.1GHz network increased to 20.2 million, representing 72% of the total subscriber base, and increasing from 12 million in 2013. One of key developments in Q414 was the implementation of regional-based operational model, which empowers regional teams to response to a variety of customers' preferences in each region more effective.

**Blended Average Revenue per User excluding IC (ARPU)** in 2014 was THB 202 and decreased 4.1%YoY, due to competition in the market and declining in voice usage. **Blended Minutes of Use excluding IC (MOU)** in 2014 was 194 minutes and decreased 12% YoY, due to behavioral shift from consuming voice to data.

dtac executed Internet for All strategy through several marketing campaigns such as attractive smartphone bundling packages, affordable smartphones and data centric pricing, i.e. Love Buffet, which supported a healthier transition from voice to data. As a result, our smart device penetration increased to 48% from 32.7% in 2013, while our data users increased to 14.1 million.

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## Financial Summary

### Revenues

In 2014, dtac reported **total revenue** of THB 90,415 million, a decrease of 4.4%YoY, due to soften service revenue and the IC rate reduction started in July 2013. **Service revenue excluding IC** was THB 68,275 million and decreased 2.6%YoY as it was pressured by intense competition and sluggish macro economy. Revenue from mobile internet service was the main growth driver, while voice and international roaming revenues declined. Handset and starter kits sales revenues increased 9.7%YoY from iPhone sales, smartphone popularity and several marketing campaigns driving 3G handset penetration and maintaining subscriber base.

**Voice revenue** was THB 35,215 million, a decrease of 16%YoY, due to behavioral shift from consuming voice to data as well as sluggish domestic economy.

**Data revenue** (previously called VAS revenue) was THB 27,820 million and increased 23%YoY, thanks to 3G network expansion, higher smartphone adoption, popularity of social media and streaming content, and data centric price plans. Data revenue contribution increased to 40.7% of service revenue excluding IC, comparing to 32.2% in 2013. Main driver for data revenue growth came from mobile internet service, which grew 35%YoY.

**International Roaming (IR)** revenue was THB 1,466 million and decreased 30%YoY mainly due to the drop in tourist arrival from political situation in Thailand. In Q414, IR revenue improved 32%QoQ, due to seasonality and new packages for outbound internet roaming.

**Other service revenue**, mainly consisting of IDD revenue and other service fees, was THB 3,775 million and increased 2.6%YoY.

**Interconnection charge (IC) revenue** was THB 6,718 million and decrease 36%YoY, due to the reduction of IC rate from THB 1.00 to THB 0.45 per minute effective 1 July 2013. In 2014, dtac recorded net IC gain of THB 475 million and decreased from net IC gain of THB 1,293 million last year, due to the reversal of accrued IC cost of THB 780 million in Q413.

**Sales of handsets and starter kits revenue** was THB 15,143 million and increased 9.7%YoY, due to the iPhone 6 launch in Q414, smartphone popularity and handset bundled packages. However, handset margin turned to negative in 2014 due to competition in market to increase smartphone penetration and retain loyal customers. Operators pushed 3G phones in order to drive transition from expiring concession to license scheme and realize regulatory costs saving. Number of device sales unit increased 103%YoY, mainly from regional handset campaigns and dtac branded handsets.

## Cost of Services

**Cost of service excluding IC** was THB 39,092 million, a decrease of 6.6%YoY, due to lower regulatory costs and other operating costs, offset by higher expenses related to 3G/4G network expansion.

**Regulatory Costs** (comprising of revenue sharing, numbering fee, and USO fee) was THB 15,540 million, a decrease of 28%YoY, due to the increase of 2.1GHz subscribers, the higher 3G phones/smartphone penetration, and the expansion of 2.1GHz network coverage. Regulatory costs, as a percentage to service revenue excluding IC, were 22.8%, reduced from 31% in 2013.

**Network OPEX** was THB 4,773 million, an increase of 14%YoY, due to network expansion and maintenance. We increased 3G and 4G nodes to total 18.6k (2.1GHz & 850MHz), compared to 11.1k last year. We will continue to expand our network more with 4G base station on 2.1GHz frequency and densifying 3G network nationwide to enhance data capacity and utilize spectrums efficiently.

**Other Operating Costs of Services**, consisting of prepaid card production costs and commissions, IR and IDD costs, network insurance costs and others, were THB 3,670 million and decreased 8.8% YoY.

**Depreciation and Amortization (D&A) of Cost of Service** was THB 15,108 million and increased 26%YoY, as we expanded network on 2.1GHz and 850MHz.

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

**SG&A Expenses** were THB 14,864 million, an increase of 5.3%YoY, due to higher selling and marketing expenses to maintain market position, offset by lower general administrative expenses and provision for bad debt.

**Selling and Marketing (S&M) Expenses** were THB 6,246 million and increase 33%YoY. The higher S&M expenses were to make dtac stay competitive in the market, support customers porting from concession to license network, increase brand visibility and drive smartphone penetration. S&M expenses, as a percentage to total revenues, was 6.9% and increased from 5.0% last year.

**General Administrative Expenses** were THB 6,499 million, a decrease of 4.2%YoY, due to our operations excellence projects and

NEO write-off during the first half of 2013. General administrative expenses represented 9.5% to service revenue excluding IC, and decreased from 9.7% last year. Excluding the effect from the net NEO write-off of total THB 314 million in the first half of 2013, general administrative expenses would have stable 0.4%YoY.

**Provision for Bad Debt** was THB 618 million and decreased 33%YoY, due to a change in the provision policy in Q314 and the adjustment from Jaidee Haiyuem SOS totaled THB 170 million in Q113. Excluding the adjustment in Q113, provision from bad debt would have decreased 18%YoY.

## EBITDA and Net Profit

**EBITDA** increased 3.4%YoY to THB 31,069 million, mainly due to lower regulatory costs, despite of lower revenues. EBITDA margin was 34.3%, increased from 31.7% last year, due to the lower regulatory costs, offset by negative handset margin and higher S&M expenses. However, the EBITDA margin was below FY 2014 guidance of 35-37%, mainly due to higher than expected handset sales, following the iPhone 6 sales in Q414, resulted in dilution from handset margin. Excluding handset and starter kits, EBITDA margin would have increased to 42.3% from 36.7% last year.

**Net Income** was THB 10,729 million and increased 1.5%YoY, due to EBITDA growth, the lower financial cost, and deferred tax adjustment, despite of the higher depreciation and amortization expenses.

## Balance Sheet and Key Financial Information

**Total Assets** was THB 106,426 million and increased from THB 105,054 million last year, due to 2.1GHz network expansion. Cash and cash equivalent was 5,823 million and increased 6.4%YoY, mainly from higher cash flow from operation.

**Interest-Bearing Debt** stood at THB 33,664 million and increased from THB 31,460 million last year, mainly due to the second installment of 2.1GHz spectrum license of THB 3,375 million. At end of 2014, net debt to EBITDA was 0.9x, and stable from the last year.

**Operating Cash Flow** (defined as EBITDA - CAPEX) was 17.1 billion and increased 9.1%YoY, due to the higher EBITDA and lower CAPEX. In 2014, CAPEX was THB 14 billion and decreased 2.8%YoY.

Statement of financial position (THB million)	FY 2013	FY 2014
Cash and cash equivalent	5,472	5,823
Other current assets	15,632	18,190
Non-current assets	83,949	82,413
<b>Total assets</b>	<b>105,054</b>	<b>106,426</b>
Current liabilities	45,141	44,903
Non-current liabilities	27,193	28,925
<b>Total liabilities</b>	<b>72,334</b>	<b>73,828</b>
<b>Shareholders' equity</b>	<b>32,720</b>	<b>32,598</b>
<b>Total liabilities and shareholders' equity</b>	<b>105,054</b>	<b>106,426</b>

Income statement (THB million)	FY2013	FY2014	%YoY
Voice	41,743	35,215	-16%
Data	22,583	27,820	23%
IR	2,102	1,466	-30%
Others	3,677	3,775	2.6%
<b>Service revenues ex. IC</b>	<b>70,106</b>	<b>68,275</b>	<b>-2.6%</b>
IC revenue	10,554	6,718	-36%
<b>Service revenues</b>	<b>80,659</b>	<b>74,993</b>	<b>-7.0%</b>
Handsets and starter kits sales	13,798	15,143	9.7%
Other operating income	160	279	75%
<b>Total revenues</b>	<b>94,617</b>	<b>90,415</b>	<b>-4.4%</b>
Cost of services	(51,121)	(45,334)	-11%
Regulatory	(21,721)	(15,540)	-28%
Network	(4,169)	(4,773)	14%
IC	(9,260)	(6,243)	-33%
Others	(4,023)	(3,670)	-8.8%
Depreciation and Amortization	(11,948)	(15,108)	26%
Cost of handsets and starter kits	(13,473)	(16,052)	19%
<b>Total costs</b>	<b>(64,594)</b>	<b>(61,387)</b>	<b>-5.0%</b>
<b>Gross profit</b>	<b>30,023</b>	<b>29,028</b>	<b>-3.3%</b>
SG&A	14,114	14,864	5.3%
Selling & Marketing expenses	(4,686)	(6,246)	33%
General administrative expenses	(6,785)	(6,499)	-4.2%
Provision for bad debt	(925)	(618)	-33%
Depreciation and Amortization	(1,719)	(1,500)	-13%
Gain/(Loss) on foreign exchange	(265)	(7)	98%
Interest income	222	162	-27%
Other income & share of profit from investment in associated company	145	292	101%
<b>EBIT</b>	<b>16,011</b>	<b>14,612</b>	<b>-8.7%</b>
Finance cost	(2,154)	(1,337)	-38%
Corporate income tax	(3,290)	(2,551)	-23%
Non-controlling interest	3	5	89%
<b>Net profit attributable to equity holder</b>	<b>10,569</b>	<b>10,729</b>	<b>1.5%</b>

EBITDA (THB million)	FY2013	FY2014	%YoY
<b>Net profit for the period</b>	<b>10,567</b>	<b>10,724</b>	<b>1.5%</b>
Financial costs	2,154	1,337	-38%
Corporate income tax	3,290	2,551	-23%
Depreciation & Amortization	13,666	16,609	22%
Interest income	(222)	(162)	-27%
Gain/Loss on foreign exchange	265	7	-98%
Loss on disposal of fixed assets and write-off other tangible assets	326	4	-99%
<b>EBITDA</b>	<b>30,047</b>	<b>31,069</b>	<b>3.4%</b>
<b>EBITDA margin</b>	<b>31.7%</b>	<b>34.3%</b>	
<b>EBITDA margin-excluding handsets and starter kits</b>	<b>36.7%</b>	<b>42.3%</b>	

## Outlook 2015

In 2015, domestic economy is expected to expand as political environment and consumers' sentiment improved. Competition in mobile telecom market is expected to continue from 2014 as operators are likely to focus on acquiring smartphone users to capture growth from data service, monetize 2.1GHz network and be ready for coming concession expiration. The market competition is likely to come from handset bundling campaigns and low-cost 3G/4G phones offers, to stimulating 3G/4G smartphone/phone adoption.

Responding to the market dynamic and a variety of customers' preference, dtac implemented regional-based operating model in Q414, which will help dtac being closer to customers and executing business operation more effective. The regional-based model supports Internet for All strategy, which help connect those unconnected people through localized marketing activities and services. We continue to strengthen both functional and emotional internet positions, with the ambition that customers will "love dtac". In addition, dtac wants to be the best in digital services, measured by the experience of using the top 20 services, by partnering with the right local and international content owners, to deliver digital solutions to customers in each region through our extensive distribution and partners. With these strategies, dtac targets to be a leading internet provider in Thailand.

We expect our service revenue excluding IC to grow low single digit, driven by the economy recovery and mobile internet service. Despite of ongoing regulatory cost saving from the transition, EBITDA margin is expected to be in line with FY14 level, highly depending on market competition especially in term of handset offering.

dtac will further enhance its market position as a leading internet operator in 2015. Based on infrastructure sharing model, CAPEX guidance for 2015 is minimum THB 14 billion. However, dtac is prepared to make investments required to continue to build our position as a leading internet provider in Thailand, and as such may need to revise the capex guiding significantly if sharing/renting is not materializing. Majority of the investment would be used for expanding network with 4G technology on 2.1GHz frequency, especially in city areas, and densifying our 3G network to increase network quality and reliability. 4G devices penetration is expected to grow fast, driven by more affordable and variety of 4G smartphones in Thai market, handset bundled packages, and demand from heavy data users. In addition to network development, we will invest and utilize our telecom asset to create solutions such as financial services and corporate solutions.

## 2015 Guidance:

- Service revenue excluding IC growth: low single digit
- EBITDA margin: in line with FY14 level, subjected to competition in handset offering
- CAPEX: minimum THB 14 billion based on infrastructure sharing model

Our dividend 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.



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

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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 2014 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 2014.

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

**Mr. Tore Johnsen**

Director

**Mr. Sigve Brekke**

Vice Chairman and Interim Chief Executive Officer



## independent auditor's report

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### 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 2014, 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 judgement, 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 2014, 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 2014 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 complaint with the Central Administrative Court, and a petition to amend the complaint 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 complaint) which, including VAT and default interest, amounted to Baht 113,319 million. Subsequently, on 31 July 2014, TOT additionally filed a petition to amend the complaint to adjust the amount of damages claimed up to 10 July 2014, including VAT and default interest, to Baht 245,638 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 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 future proceedings as part of the legal and judicial processes.

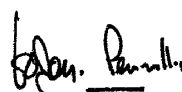
- b) As discussed in Note 34.2 to the consolidated financial statements, the Company and one subsidiary have significant outstanding commercial disputes in relation to the agreements to operate cellular telephone services of the Company. At

present, such 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.

#### Other matter

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  
EY Office Limited  
Bangkok: 10 February 2015



Total Access Communication Public Company Limited and its subsidiaries

## statement of financial position

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Assets					
Current assets					
Cash and cash equivalents	5, 32.3.1	5,823,199,987	5,472,408,761	1,053,010,467	1,328,344,065
Trade and other receivables	6	10,453,375,318	10,350,919,076	14,237,805,872	10,914,387,860
Inventories	8	3,891,160,215	1,683,335,765	3,656,221,605	1,588,617,706
Deferred cost of unearned revenue from telephone services		116,649,854	184,490,979	116,649,854	184,464,662
Other current assets	9	3,728,728,984	3,413,745,595	2,367,304,353	2,544,862,186
Total current assets		24,013,114,358	21,104,900,176	21,430,992,151	16,560,676,479
Non-current assets					
Restricted bank deposits	32.3.2	198,059	398,059	-	-
Investment in associated company	10	289,063,269	308,110,253	50,000,000	50,000,000
Investments in subsidiaries	11	-	-	2,018,897,315	2,018,897,315
Other Investments	12	20,320,066	16,820,000	16,620,000	16,620,000
Amount due from related parties	7	430,738	430,738	380,475,465	430,457,226
Loans to subsidiary	7	-	-	22,000,000,000	13,000,000,000
Property, plant and equipment	13	22,736,502,295	15,120,459,336	3,238,525,233	3,535,593,120
Deferred right to use of equipment	14	42,263,978,517	50,349,088,185	28,803,035,680	32,000,734,706
Cost of spectrum license	1.3	11,616,073,769	12,514,343,569	-	-
Concessionary equipment under installation		1,353,299,341	1,978,733,628	1,353,299,341	1,978,733,628
Deposits and prepayment for purchase and installation of equipment		1,158,592,380	80,782,265	311,774,228	-
Other intangible assets	15	1,622,970,924	2,222,451,993	710,275,682	1,259,638,028
Deferred tax assets	26	906,313,218	913,755,662	3,534,293,309	1,565,758,900
Goodwill		19,171,700	19,171,700	-	-
Other non-current assets	16	426,074,296	424,382,941	326,663,239	343,579,736
Total non-current assets		82,412,988,572	83,948,928,329	62,743,859,492	56,200,012,659
Total assets		106,426,102,930	105,053,828,505	84,174,851,643	72,760,689,138

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 2014	31 December 2013	31 December 2014	31 December 2013
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	17	31,300,676,197	28,189,929,076	22,165,792,526	21,149,949,384
Current portion of long-term loans	18	5,664,399,998	6,295,919,998	5,664,399,998	6,295,919,998
Current portion of debentures	19	-	2,000,000,000	-	2,000,000,000
Unearned revenue from telephone service		3,009,625,961	3,011,206,961	618,595,202	959,261,645
Income tax payable		211,098,993	1,093,499,474	-	1,018,520,278
Cost of spectrum license payable	1.3	3,238,863,431	3,243,883,535	-	-
Other current liabilities		1,478,053,902	1,306,062,042	934,395,158	999,121,447
Total current liabilities		44,902,718,482	45,140,501,086	29,383,182,884	32,422,772,752
Non-current liabilities					
Long-term loans - net of current portion	18	23,000,000,000	18,164,400,000	23,000,000,000	18,164,400,000
Debentures - net of current portion	19	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
Provision for long-term employee benefits	20	380,077,442	300,850,232	380,077,442	300,850,232
Cost of spectrum license payabl	1.3	-	3,104,062,958	-	-
Deposit guarantee on domestic roaming agreement	7	-	-	5,339,773,866	1,750,000,000
Other non-current liabilities		544,876,692	623,983,370	537,843,168	623,554,082
Total non-current liabilities		28,924,954,134	27,193,296,560	34,257,694,476	25,838,804,314
Total liabilities		73,827,672,616	72,333,797,646	63,640,877,360	58,261,577,066

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 2014	31 December 2013	31 December 2014	31 December 2013
Shareholders' equity					
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
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
Premium on ordinary shares	23	8,116,352,711	23,543,446,204	8,116,352,711	23,543,446,204
Retained earnings					
Appropriated - statutory reserve	22, 23	474,416,126	560,057,915	474,416,126	560,057,915
Unappropriated (deficits)		1,630,643,302	2,221,800,236	5,560,446,085	(15,987,151,408)
		2,105,059,428	2,781,858,151	6,034,862,211	(15,427,093,493)
Other components of shareholders' equity		17,634,288,769	1,647,137,361	1,647,137,361	1,647,137,361
Equity attributable to owners of the Company		32,591,322,908	32,708,063,716	20,533,974,283	14,499,112,072
Non-controlling interest of the subsidiaries		7,107,406	11,967,143	-	-
Total shareholders' equity		32,598,430,314	32,720,030,859	20,533,974,283	14,499,112,072
Total liabilities and shareholders' equity		106,426,102,930	105,053,828,505	84,174,851,643	72,760,689,138



Total Access Communication Public Company Limited and its subsidiaries

## income statement

For the year ended 31 December 2014

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Revenues from sales and services					
Revenue from telephone services		74,993,027,814	80,659,445,213	42,551,251,227	76,118,986,460
Revenue from sales of telephone sets and starter kits		15,142,771,851	13,797,996,121	14,985,926,011	13,668,004,295
Other operating income		278,806,254	159,546,793	14,458,503,684	2,083,987,100
Total revenues from sales and services		90,414,605,919	94,616,988,127	71,995,680,922	91,870,977,855
Cost of sales and services					
Cost of telephone services		45,334,468,996	51,120,808,146	31,743,035,406	49,506,916,225
Cost of sales of telephone sets and starter kits		16,052,318,614	13,473,042,225	15,868,180,691	13,345,041,462
Total cost of sales and services		61,386,787,610	64,593,850,371	47,611,216,097	62,851,957,687
Gross profit		29,027,818,309	30,023,137,756	24,384,464,825	29,019,020,168
Interest income		161,607,369	221,859,152	666,926,908	544,846,197
Other income		286,258,954	112,738,573	3,630,883,511	55,480,504
Income before expenses		29,475,684,632	30,357,735,481	28,682,275,244	29,619,346,869
Selling and service expenses		(6,246,039,524)	(4,685,917,131)	(4,353,672,856)	(4,468,925,449)
Administrative expenses		(8,617,532,737)	(9,428,097,963)	(7,788,649,737)	(9,147,295,107)
Loss from assets impairment (reversal)	14	-	-	1,004,276,933	(18,627,000,000)
Loss on foreign exchange		(6,564,599)	(265,299,748)	(74,086,239)	(27,736,043)
Total expenses		(14,870,136,860)	(14,379,314,842)	(11,212,131,899)	(32,270,956,599)
Profit (loss) before share of profit from investment in associate, finance cost and income tax expenses		14,605,547,772	15,978,420,639	17,470,143,345	(2,651,609,730)
Share of profit from investment in associated company	10	5,953,017	32,736,810	-	-
Profit (loss) before finance cost and income tax expenses		14,611,500,789	16,011,157,449	17,470,143,345	(2,651,609,730)
Finance cost	25	(1,336,865,886)	(2,154,110,261)	(1,070,923,625)	(1,991,163,557)
Profit (loss) before income tax expenses		13,274,634,903	13,857,047,188	16,399,219,720	(4,642,773,287)
Income tax expenses	26	(2,550,742,671)	(3,290,225,711)	481,128,789	(2,488,596,044)
Profit (loss) for the year		10,723,892,232	10,566,821,477	16,880,348,509	(7,131,369,331)
Profit (loss) attributable to:					
Equity holders of the Company		10,728,745,490	10,569,384,801	16,880,348,509	(7,131,369,331)
Non-controlling interests of the subsidiaries		(4,853,258)	(2,563,324)		
		10,723,892,232	10,566,821,477		
Earnings per share	27				
Basic earnings (loss) per share					
Profit (loss) attributable to equity holders of the Company		4.53	4.46	7.13	(3.01)

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 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
<b>Profit (loss) for the year</b>	<b>10,723,892,232</b>	<b>10,566,821,477</b>	<b>16,880,348,509</b>	<b>(7,131,369,331)</b>
<b>Other comprehensive income</b>				
Actuarial gains and losses	(45,060,057)	19,801,102	(45,060,057)	19,801,102
Income tax effect	-	(24,789,614)	-	(24,789,614)
<b>Other comprehensive income for the year</b>	<b>(45,060,057)</b>	<b>(4,988,512)</b>	<b>(45,060,057)</b>	<b>(4,988,512)</b>
<b>Total comprehensive income for the year</b>	<b>10,678,832,175</b>	<b>10,561,832,965</b>	<b>16,835,288,452</b>	<b>(7,136,357,843)</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	10,683,685,433	10,564,396,289	<b>16,835,288,452</b>	<b>(7,136,357,843)</b>
Non-controlling interests of the subsidiaries	(4,853,258)	(2,563,324)		
	<b>10,678,832,175</b>	<b>10,561,832,965</b>		



## statement of changes in shareholders' equity

For the year ended 31 December 2014

(Unit: Baht)

Consolidated financial statements												
	Equity attributable to owners of the Company											
	Other components of equity											
	Issued and paid-up share capital	Premium on ordinary shares	Appropriated - statutory reserve	Retained earnings	Unappropriated reserve	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	Adjustment resulting from reduction of legal reserve and premium on ordinary share to offset the parent company's deficits	Total other components of equity	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
<b>Balance as at 1 January 2013</b>	4,735,622,000	23,543,446,204	560,057,915	4,343,963,130	1,647,137,361	-	-	1,647,137,361	34,830,226,610	14,530,467	34,844,757,077	
Profit for the year	-	-	-	10,569,384,801	-	-	-	-	10,569,384,801	(2,563,324)	10,566,821,477	
Other comprehensive income for the year	-	-	-	(4,988,512)	-	-	-	-	(4,988,512)	-	(4,988,512)	
Total comprehensive income for the year	-	-	-	-	-	-	-	-	10,564,396,289	(2,563,324)	10,561,832,965	
Dividend paid (Note 21)	-	-	-	(12,686,559,183)	-	-	-	-	(12,686,559,183)	-	(12,686,559,183)	
<b>Balance as at 31 December 2013</b>	4,735,622,000	23,543,446,204	560,057,915	2,221,800,236	1,647,137,361	-	-	1,647,137,361	32,708,063,716	11,967,143	32,720,030,859	
<b>Balance as at 1 January 2014</b>	4,735,622,000	23,543,446,204	560,057,915	2,221,800,236	1,647,137,361	-	-	1,647,137,361	32,708,063,716	11,967,143	32,720,030,859	
Profit for the year	-	-	-	10,728,745,490	-	-	-	-	10,728,745,490	(4,853,258)	10,723,892,232	
Other comprehensive income for the year	-	-	-	(45,060,057)	-	-	-	-	(45,060,057)	-	(45,060,057)	
Total comprehensive income for the year	-	-	-	10,683,685,433	-	-	-	-	10,683,685,433	(4,853,258)	10,678,832,175	
Dividend paid (Note 21)	-	-	-	(10,800,426,241)	-	-	-	-	(10,800,426,241)	(6,479)	(10,800,432,720)	
Transfer unappropriated retained earnings to statutory reserve (Note 22)	-	-	474,416,126	(474,416,126)	-	-	-	-	-	-	-	
Reduction of legal reserve and premium on ordinary shares to offset the deficit (Note 23)	-	(15,427,093,493)	(560,057,915)	-	-	-	15,987,151,408	15,987,151,408	-	-	-	
<b>Balance as at 31 December 2014</b>	4,735,622,000	8,116,352,711	474,416,126	1,630,643,302	1,647,137,361	15,987,151,408	15,987,151,408	17,634,288,769	32,591,322,908	7,107,406	32,598,430,314	

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





## statement of changes in shareholders' equity (continued)

For the year ended 31 December 2014

Separate financial statements							(Unit: Baht)
	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Other components of equity	Total shareholders'equity	
			Appropriated - statutory reserve	Unappropriated (deficits)	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		
Balance as at 1 January 2013	4,735,622,000	23,543,446,204	560,057,915	3,835,765,618	1,647,137,361	34,322,029,098	
Loss for the year	-	-	-	(7,131,369,331)	-	(7,131,369,331)	
Other comprehensive income for the year	-	-	-	(4,988,512)	-	(4,988,512)	
Total comprehensive income for the year	-	-	-	(7,136,357,843)	-	(7,136,357,843)	
Dividend paid (Note 21)	-	-	-	(12,686,559,183)	-	(12,686,559,183)	
Balance as at 31 December 2013	4,735,622,000	23,543,446,204	560,057,915	(15,987,151,408)	1,647,137,361	14,499,112,072	
Balance as at 1 January 2014	4,735,622,000	23,543,446,204	560,057,915	(15,987,151,408)	1,647,137,361	14,499,112,072	
Profit for the year	-	-	-	16,880,348,509	-	16,880,348,509	
Other comprehensive income for the year	-	-	-	(45,060,057)	-	(45,060,057)	
Total comprehensive income for the year	-	-	-	16,835,288,452	-	16,835,288,452	
Dividend paid (Note 21)	-	-	-	(10,800,426,241)	-	(10,800,426,241)	
Transfer unappropriated retained earnings to statutory reserve (Note 22)	-	-	474,416,126	(474,416,126)	-	-	
Reduction of legal reserve and premium on ordinary shares to offset the deficit (Note 23)	-	(15,427,093,493)	(560,057,915)	15,987,151,408	-	-	
Balance as at 31 December 2014	4,735,622,000	8,116,352,711	474,416,126	5,560,446,085	1,647,137,361	20,533,974,283	

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 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
<b>Cash flows from operating activities</b>				
Profit (loss) before income tax expenses	13,274,634,903	13,857,047,188	16,399,219,720	(4,642,773,287)
Adjustments to reconcile profit (loss) before income tax expenses to net cash provided by (used in) operating activities:				
Share of profit from investment in associated company	(5,953,017)	(32,736,810)	-	-
Dividend received from subsidiaries	-	-	(3,468,828,520)	-
Dividend received from associated company	-	-	(25,000,000)	(18,750,000)
Dividend received from other investments	(5,300,000)	(275,000)	(5,300,000)	(275,000)
Loss from sales of investment in a subsidiary	-	-	-	205,037
Allowance for inventory obsolescence	2,185,003	102,658,696	1,699,636	102,658,696
Allowance for doubtful accounts - trade and other receivables (reversal)	(200,365,465)	421,907,615	(483,737,103)	389,194,964
Impairment of other investments	-	34,580,000	-	34,580,000
Impairment of equipment (reversal)	-	-	(15,042,318)	279,000,000
Impairment of deferred right to use of equipment and equipment under installation (reversal)	-	-	(989,234,615)	18,348,000,000
Depreciation and amortisation (Note 28)	16,624,018,951	13,694,925,619	9,057,853,547	12,606,786,700
Fixed assets written-off	3,263,577	698,586	-	663,003
Other intangible assets written-off	625,499	325,503,708	-	305,224,781
Gain from sales of equipment	(61,580,449)	(36,079,792)	(7,545,103)	(16,420,039)
Provision for asset retirement obligation	6,556,918	6,182,220	6,540,119	6,182,220
Provision for long-term employee benefits	42,886,521	43,362,865	42,886,521	43,362,865
Interest expenses	1,314,901,823	2,119,495,608	1,048,976,361	1,956,548,904
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>30,995,874,264</b>	<b>30,537,270,503</b>	<b>21,562,488,245</b>	<b>29,394,188,844</b>
Decrease (increase) in operating assets				
Trade and other receivables	97,909,223	(2,387,199,741)	(1,873,347,413)	(2,962,143,000)
Inventories	(2,210,009,453)	(881,911,027)	(2,069,303,535)	(787,345,062)
Other current assets	(126,508,611)	(528,757,847)	460,699,520	(226,273,361)
Other non-current assets	(37,743,524)	22,636,556	(20,162,578)	25,564,362
Increase (decrease) in operating liabilities				
Trade and other payables	4,213,162,784	1,873,097,044	1,032,106,387	1,126,227,522
Other current liabilities	170,410,860	105,145,080	(405,392,732)	(2,235,060,272)
Deposit guarantee on domestic roaming agreement	-	-	3,589,773,866	1,750,000,000
Other non-current liabilities	(94,382,962)	26,919,121	(100,970,401)	27,742,930
Cash flows from operating activities	33,008,712,581	28,767,199,689	22,175,891,359	26,112,901,963
Cash paid for interest expenses	(1,122,007,915)	(1,769,246,956)	(1,121,999,391)	(1,882,709,452)
Cash paid for income tax	(3,546,340,843)	(3,086,221,221)	(2,721,252,779)	(2,836,882,001)
Tax refund	-	150,145,735	-	150,145,735
<b>Net cash flows from operating activities</b>	<b>28,340,363,823</b>	<b>24,061,877,247</b>	<b>18,332,639,189</b>	<b>21,543,456,245</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 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
<b>Cash flows from investing activities</b>				
Decrease in current investments	-	150,000,000	-	150,000,000
Decrease (increase) in other long-term investments	(3,500,066)	-	-	200,000
Dividend received from subsidiaries	-	-	2,502,495,024	-
Dividend received from associated company	25,000,000	18,750,000	25,000,000	18,750,000
Dividend received from other investments	5,300,000	275,000	5,300,000	275,000
Decrease in amounts due from related parties	-	-	49,981,761	99,939,760
Increase in loans to subsidiary	-	-	(9,000,000,000)	(6,459,500,000)
Proceed from sales of investment in subsidiary	-	-	-	794,963
Acquisition of plant and equipment	(11,516,425,716)	(5,875,960,020)	(457,741,394)	(602,100,120)
Proceeds from sales of plant and equipment	90,060,786	79,722,741	297,544,457	49,862,519
Acquisition of deferred right to use of equipment and equipment under installation	(2,986,827,083)	(4,974,712,824)	(2,985,844,823)	(4,974,712,824)
Decrease (increase) in deposits and prepayment for purchase and installation of concessionary equipment	(311,774,228)	54,602,616	(311,774,228)	54,602,616
Increase in deposits and prepayment for purchase and installation of equipment	(766,035,887)	(80,782,265)	-	-
Cash paid for cost of spectrum license	(3,375,000,000)	(114,907,509)	-	-
Increase in other intangible assets	(554,017,683)	(906,218,209)	(136,587,343)	(371,653,510)
<b>Net cash flows used in investing activities</b>	<b>(19,393,219,877)</b>	<b>(11,649,230,470)</b>	<b>(10,011,626,546)</b>	<b>(12,033,541,596)</b>



Total Access Communication Public Company Limited and its subsidiaries

## statement of cash flows (continued)

For the year ended 31 December 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
<b>Cash flows from financing activities</b>				
Cash receipt from short-term loan	4,000,000,000	-	4,000,000,000	-
Repayment of short-term loan	(4,000,000,000)	-	(4,000,000,000)	-
Cash receipt from long-term loans	14,500,000,000	5,000,000,000	14,500,000,000	5,000,000,000
Repayment of long-term loans	(10,295,920,000)	(8,808,339,231)	(10,295,920,000)	(8,808,339,231)
Issuance of debentures	-	5,000,000,000	-	5,000,000,000
Repayment of debentures	(2,000,000,000)	-	(2,000,000,000)	-
Dividend paid	(10,800,432,720)	(12,686,559,183)	(10,800,426,241)	(12,686,559,183)
<b>Net cash flows used in financing activities</b>	<b>(8,596,352,720)</b>	<b>(11,494,898,414)</b>	<b>(8,596,346,241)</b>	<b>(11,494,898,414)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>350,791,226</b>	<b>917,748,363</b>	<b>(275,333,598)</b>	<b>(1,984,983,765)</b>
Cash and cash equivalents at beginning of year	5,472,408,761	4,554,660,398	1,328,344,065	3,313,327,830
<b>Cash and cash equivalents at end of year</b>	<b>5,823,199,987</b>	<b>5,472,408,761</b>	<b>1,053,010,467</b>	<b>1,328,344,065</b>

### Supplemental cash flow information:

Non-cash items:

Accounts payable for purchase of deferred right  
to use of equipment and concessionary equipment  
under installation

	2,354,134,734	2,297,374,949	2,354,134,734	2,297,374,949
Accounts payable for purchase of equipment	5,094,425,009	6,180,577,427	-	-
Increase (decrease) on cost of spectrum license payable	265,916,938	276,409,200	-	-
Dividend receivables from subsidiaries	-	-	966,333,496	-



Total Access Communication Public Company Limited and its subsidiaries

# notes to consolidated financial statements

For the year ended 31 December 2014

## 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 and listed on the Stock Exchange of Thailand in 2007.

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 on 10 June 2014, the Board of Director of the Company approved the voluntary delisting of the Company from the Mainboard of the Stock Exchange of Singapore which the Company has already delisted on 29 September 2014.

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:

Annual revenue sharing from the revenue from services		
Year	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 will provide the service until 15 September 2018. Presently (i.e. from September 2014 to September 2015) in the 24th concession year in which the Company is obliged to pay revenue sharing to CAT at the rate of 30% of its revenue per annum.

The Company has entered into a discussion with CAT to promote the infrastructure sharing business accompanied with exploring the possibility to set an overall solution to the disputes between them. Currently, it is still uncertain whether a solution could be reached at all.

### 1.3 General information of dtac TriNet Company Limited

dtac TriNet Company Limited ("dtac TriNet") is a subsidiary of the Company and is incorporated and domiciled in Thailand. dtac TriNet has the following licenses to provide its services.

- 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.
- 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.
- Spectrum Licensing 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. This has already been proceeded by dtac TriNet;

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 third installment of the cost of spectrum license payable as current liability 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.	1 February 2007 onwards
c) Triple T Broadband Plc.	22 December 2006 onwards
d) dtac TriNet Co., Ltd.	16 July 2007 onwards
e) Digital Phone Co., Ltd.	1 September 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
j) True International Communication Co., Ltd.	1 January 2014 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
g) CAT Telecom Plc.	1 July 2013 onwards
h) Triple T Broadband Plc.	1 July 2013 onwards
i) True International Communication Co., Ltd.	1 January 2014 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	
			2014 Percent	2013 Percent
Subsidiaries directly held by the Company				
WorldPhone Shop Company Limited	Under liquidation process	Thailand	100	100
TAC Property Company Limited	Asset management	Thailand	100	100
dtac TriNet Company Limited	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 Digital Media Company Limited <sup>1</sup> (Formerly known as "DTAC Internet Service Company Limited")	Advertising service for goods and services via digital media (not yet commenced the operation)	Thailand	100	100
United Communication Industry Public Company Limited	Temporary ceased its operations since August 2013	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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2014	2013
			Percent	Percent
Subsidiaries held through TAC Property Company Limited				
Eastern Beach Company Limited	Asset management	Thailand	100	100
Subsidiary held through dtac TriNet Company Limited				
dtac Accelerate Company Limited	Support the development of internet application	Thailand	100	–

<sup>1</sup> Registered the name changing from DTAC Internet Service Company Limited to dtac Digital Media Company Limited on 1 August 2014.

- 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 financial reporting standards

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

#### (a) Financial reporting standards that became effective in the current accounting year

Conceptual Framework for Financial Reporting (revised 2014)

##### Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

#### Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

#### Accounting Standard Interpretations:

TSIC 15	Operating Leases – Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets – Web Site Costs

#### Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

#### Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their contents with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

#### (b) Financial reporting standards that will become effective in the future

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. The management of the Company believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles, as discussed below:

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

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

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

## **TFRS 10 Consolidated Financial Statements**

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

The management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company and its subsidiaries' financial statements.

## **TFRS 11 Joint Arrangements**

TFRS 11 supersedes TAS 31 Interests in Joint Ventures. This standard requires an entity to account for an investment in a jointly controlled entity using the equity method, while TAS 31 allows the entity to apply either the proportionate consolidation method or the equity method to account for such an investment.

The management of the Company and its subsidiaries believes that this standard will not have any impact on the Company and its subsidiaries' financial statements.

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

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

## **TFRS 13 Fair Value Measurement**

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

Based on the preliminary analysis, the management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company and its subsidiaries' financial statements.

## **4. Significant accounting policies**

### **4.1 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.

### **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.

**4.2 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.

**4.3 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.

**4.4 Inventories**

Inventories are finished goods valued at the lower of cost (under the weighted average method) and net realisable value.

**4.5 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 impairment loss (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 in other comprehensive income, 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 impairment loss (if any).

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

**4.6 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
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.

#### 4.7 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.

#### 4.8 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.

#### 4.9 Goodwill

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

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

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

#### 4.10 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.

#### 4.11 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.

#### 4.12 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.

#### 4.13 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.

#### 4.14 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.

**4.15 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.

**4.16 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.

**4.17 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.

**4.18 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.

**5. Cash and cash equivalents**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash	2,769	2,385	2,713	2,329
Bank deposits	5,820,431	5,470,024	1,050,297	1,326,015
Total	5,823,200	5,472,409	1,053,010	1,328,344

As at 31 December 2014, bank deposits in saving accounts and fixed deposits carried interests between 0.125 percent per annum and 1.80 percent per annum (2013: between 0.125 percent per annum and 3.10 percent per annum).

**6. Trade and other receivables**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Trade receivables - related parties</b>				
Trade receivable - related parties	2,123,689	2,498,524	7,484,350	4,449,579
Less: Allowance for doubtful accounts	(3,224)	(3,230)	(3,224)	(3,230)
Total trade receivables - related parties, net	2,120,465	2,495,294	7,481,126	4,446,349

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Trade receivables - unrelated parties</b>				
Trade receivables - telephone services	3,889,562	4,007,448	941,345	2,967,929
Trade receivables - international telephone roaming services	633,362	577,138	492,643	577,138
Trade receivables - sales of E-Refill telephone sets and starter kits	2,751,620	2,390,869	1,499,400	1,233,624
Trade receivables - others	1,088,479	1,215,602	646,261	668,133
Total	8,363,023	8,191,057	3,579,649	5,446,824
Less: Allowance for doubtful accounts	(660,647)	(860,548)	(286,913)	(770,644)
Total trade receivables - unrelated parties, net	7,702,376	7,330,509	3,292,736	4,676,180
Total trade receivables - net	9,822,841	9,825,803	10,773,862	9,122,529
<b>Other receivables</b>				
Other receivables - related parties	103,126	46,128	2,977,107	1,386,492
Account receivable - CAT	-	13,986	-	13,986
Others	535,326	472,920	492,781	397,325
Total	638,452	533,034	3,469,888	1,797,803
Less: Allowance for doubtful debts	(7,918)	(7,918)	(5,944)	(5,944)
Total other receivables, net	630,534	525,116	3,463,944	1,791,859
Total trade and other receivables - net	10,453,375	10,350,919	14,237,806	10,914,388

The aging of the outstanding balances of trade receivables - related parties as at 31 December 2014 and 2013, based on due date, is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Aged on the basis of due dates				
Not yet due	1,649,133	2,068,346	5,350,168	3,732,058
Past due				
Up to 1 month	469,675	375,865	2,109,658	507,518
1 - 3 months	-	864	12,797	43,953
3 - 6 months	-	-	5,452	91,275
Over 6 months	4,881	53,449	6,275	74,775
Total	2,123,689	2,498,524	7,484,350	4,449,579
Less: Allowance for doubtful accounts	(3,224)	(3,230)	(3,224)	(3,230)
Total trade receivables - related parties, net	2,120,465	2,495,294	7,481,126	4,446,349

The aging of the outstanding balances of trade receivables - telephone services as at 31 December 2014 and 2013, based on due date, is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Aged on the basis of due dates				
Not yet due	2,490,989	2,487,294	500,965	1,659,047
Past due				
Up to 1 month	618,600	643,042	114,086	468,336
1 - 3 months	203,559	297,114	54,029	260,556
3 - 6 months	191,125	193,593	64,924	192,600
Over 6 months	385,289	386,405	207,341	387,390
Total	3,889,562	4,007,448	941,345	2,967,929
Less: Allowance for doubtful accounts	(531,778)	(705,397)	(219,333)	(676,781)
Trade receivables - telephone services, net	3,357,784	3,302,051	722,012	2,291,148

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 2014 and 2013, based on due date, is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Aged on the basis of due dates				
Not yet due	476,755	412,928	336,035	412,928
Past due				
Up to 1 month	23,949	34,734	23,949	34,734
1 - 3 months	20,275	42,494	20,276	42,494
3 - 6 months	34,570	33,707	34,570	33,707
Over 6 months	77,813	53,275	77,813	53,275
Total	633,362	577,138	492,643	577,138
Less: Allowance for doubtful accounts	(32,664)	(59,098)	(32,664)	(59,098)
Trade accounts receivable - international telephone roaming services, net	600,698	518,040	459,979	518,040



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 2014 and 2013, based on due date, is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Aged on the basis of due dates				
Not yet due	2,304,174	2,171,229	1,192,577	1,078,519
Past due				
Up to 1 month	108,537	163,024	75,220	116,116
1 - 3 months	203,004	4,476	150,417	3,976
3 - 6 months	74,499	11,405	61,989	8,790
Over 6 months	61,406	40,735	19,197	26,223
Total	2,751,620	2,390,869	1,499,400	1,233,624
Less: Allowance for doubtful accounts	(27,661)	(27,688)	(13,148)	(13,175)
Trade accounts receivable - sales of				
E-Refill, telephone sets and starter kits, net	2,723,959	2,363,181	1,486,252	1,220,449

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Aged on the basis of due dates				
Not yet due	533,423	719,910	138,057	239,804
Past due				
Up to 1 month	26,872	53,384	26,872	50,812
1 - 3 months	10,937	45,841	10,937	27,824
3 - 6 months	11,180	42,206	11,180	42,207
Over 6 months	506,067	354,261	459,215	307,486
Total	1,088,479	1,215,602	646,261	668,133
Less: Allowance for doubtful accounts	(68,544)	(68,365)	(21,768)	(21,590)
Trade accounts receivable - others, net	1,019,935	1,147,237	624,493	646,543

## 7. 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		Separate		Transfer pricing policy
	financial statements		financial statements		
	2014	2013	2014	2013	
<b>Transactions with subsidiaries (eliminated from the consolidated financial statements)</b>					
Sale of goods and equipment	-	-	484	48	at cost
Service income	-	-	34,180	7,004	as per agreement
Rental and service expense	-	-	5,993	3,903	as per agreement
Interest income	-	-	589	372	as per agreement
Dividend income	-	-	3,469	-	as declared
<b>Transactions with associated company: United Distribution Business Co., Ltd.*</b>					
Sales of goods	13,571	13,968	211	4,298	selling price less a certain margin, as per agreement
Dividend income	25	19	25	19	as declared
Rental and service expense	653	487	6	22	as per agreement
<b>Transactions with other related companies</b>					
International roaming service income	103	85	97	85	as per agreement
Service income	112	264	40	28	market price
Sale on right of online refill service	370	386	-	151	as per agreement
Sales of goods	1	1	1	1	market price
Service expenses	622	667	431	505	as per agreement
Service fees for installation of cell site equipment	245	531	245	469	as per agreement
Management fee	438	459	438	459	as per agreement

\* The Company paid marketing support expense for year ended 31 December 2014 at Baht 5 million (2013: Baht 9 million) to dealers through United Distribution Business Co., Ltd.

On 30 June 2014, the Company and its subsidiaries entered into a Brand Licensing Agreement and Distribution Network Agreement in relation to the right to use a trademark and the granting of access to and use of a distribution network of the Company which the subsidiaries has to pay the fees in compliance with terms and conditions as stipulated in the agreements. The agreements were effective from 23 July 2013. Those fees are included in the disclosure of transactions with subsidiaries above.

As at 31 December 2014 and 2013, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Trade and other receivables – related parties (Note 6)</b>				
<b>Trade receivables – related parties</b>				
Subsidiaries	-	-	7,465,346	4,422,360
Associated company (Note 7.1)	2,047,549	2,292,715	7,752	20,636
Related companies <sup>(1)</sup>	76,140	205,809	11,252	6,583
Total	2,123,689	2,498,524	7,484,350	4,449,579
Less: Allowance for doubtful accounts	(3,224)	(3,230)	(3,224)	(3,230)
Total trade receivables – related parties, net	2,120,465	2,495,294	7,481,126	4,446,349
<b>Other receivables – related parties</b>				
Subsidiaries	-	-	2,873,981	1,340,364
Related companies <sup>(1), (2)</sup>	103,126	46,128	103,126	46,128
Total	103,126	46,128	2,977,107	1,386,492
Less: Allowance for doubtful accounts	(5,944)	(5,944)	(5,944)	(5,944)
Total other receivables – related parties, net	97,182	40,184	2,971,163	1,380,548
Total trade and other receivables – related parties, net	2,217,647	2,535,478	10,452,289	5,826,897
<b>Amounts due from related parties</b>				
Subsidiary (Note 7.2)	-	-	380,475	430,457
Related companies <sup>(1), (2)</sup>	26,774	26,774	-	-
Total	26,774	26,774	380,475	430,457
Less: Allowance for doubtful accounts	(26,343)	(26,343)	-	-
Total amounts due from related companies – net	431	431	380,475	430,457
<b>Loans to subsidiary</b>				
Subsidiaries (Note 7.3)	-	-	22,000,000	13,000,000
Total loans to subsidiary	-	-	22,000,000	13,000,000

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Trade and other payables - related parties (Note 17)</b>				
<b>Trade payables - related parties</b>				
Subsidiaries	-	-	1,146,256	1,115,076
Associated company	101,181	111,952	-	-
Related companies <sup>(1), (2)</sup>	433,467	470,886	259,962	388,134
Total trade payables - related parties	534,648	582,838	1,406,218	1,503,210
<b>Other payables - related parties</b>				
Subsidiaries	-	-	47,320	120,559
Associated company	1,911	4,009	1,911	4,009
Related companies <sup>(1), (2)</sup>	383,399	283,383	380,482	280,466
Total other payables - related parties	385,310	287,392	429,713	405,034
Total trade and other payables - related parties	919,958	870,230	1,835,931	1,908,244
<b>Deposit guarantee on domestic roaming agreement</b>				
Subsidiary	-	-	5,339,774	1,750,000

Relationship with the related companies

<sup>(1)</sup> Common ultimate shareholder<sup>(2)</sup> Common directors**7.1 The aging of trade account receivable - associated company** as at 31 December 2014 and 2013 based on due date, is as follow:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Age of receivables				
Not yet due	1,583,039	1,942,773	5,539	13,840
Past due less than 1 month	464,510	349,942	2,213	6,796
Trade account receivable - associated company	2,047,549	2,292,715	7,752	20,636

**7.2 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.**7.3 The loan of Baht 22,000 million (2013: Baht 13,000 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 plan to call the loans within one year, and therefore classified them as non-current assets in the financial statements.

As at 31 December 2014 and 2013, the balance of loans between the Company and its subsidiary and the movement are as follows:

(Unit: Thousand Baht)

Loan to	Separate financial statements			Balance as at 31 December 2014
	Balance as at 31 December 2013	Increase during the year	Decrease during the year	
<b>Subsidiary</b>				
dtac TriNet Co., Ltd.	13,000,000	9,000,000	-	22,000,000
	13,000,000	9,000,000	-	22,000,000

#### 7.4 Directors and management's benefits

During the years ended 31 December 2014 and 2013, 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	
	2014	2014
Short-term employee benefits	85,994	99,409
Post-employment benefits and other long-terms benefits	1,081	1,169
Total	87,075	100,578

## 8. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2014	2013	2014	2013	2014	2013
Finished goods	4,019,058	1,809,048	(127,898)	(125,713)	3,891,160	1,683,336
Total	4,019,058	1,809,048	(127,898)	(125,713)	3,891,160	1,683,336

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2014	2013	2014	2013	2014	2013
Finished goods	3,783,634	1,714,331	(127,412)	(125,713)	3,656,222	1,588,618
Total	3,783,634	1,714,331	(127,412)	(125,713)	3,656,222	1,588,618

During the current year, the Company and its subsidiary reduced cost of inventories by Baht 427 million (2013: Baht 152 million) (The Company only: Baht 427 million and 2013: Baht 152 million), to reflect the net realisable value. This was presented as cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 425 million (2013: Baht 49 million) (The Company only: Baht 425 million and 2013: Baht 49 million), and reduced the amount of inventories recognised as expenses during the year.

## 9. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Value added tax suspension	2,807,732	2,463,958	1,599,268	1,863,475
Prepaid expenses	203,817	441,230	184,506	275,743
Prepaid rental - land for cell sites	502,892	414,910	368,203	405,644
Withholding tax deducted at source	225,508	104,868	215,327	-
Less: Provision for impairment of assets	3,739,949	3,424,966	2,367,304	2,544,862
Total other current assets - net	(11,220)	(11,220)	-	-
Total	3,728,729	3,413,746	2,367,304	2,544,862

## 10. Investments in associated company

### 10.1 Details of associate:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Carrying amounts based on equity method			
					Cost			
			2014	2013	2014	2013	2014	2013
			Percent	Percent				
United Distribution Business Co., Ltd.	Sale of mobile phone, simcards, voucher cards and equipment	Thailand	25	25	50,000	50,000	289,063	308,110

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements							
			Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
			2014	2013	2014	2013	2014	2013	2014	2013
			Percent	Percent						
United Distribution Business Co., Ltd.	Sale of mobile phone, simcards, voucher cards and supplementary equipment	Thailand	25	25	50,000	50,000	-	-	50,000	50,000

### 10.2 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	
	2014	2013	2014	2013
United Distribution Business Co., Ltd.	5,953	32,737	25,000	18,750



### 10.3 Summarised financial information of associate

Financial information of the associated company is summarised below. (2013: Audited financial statements, 2014: Management's accounts)

(Unit: Million Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the years ended		Profit for the years ended	
	31 December		31 December		31 December		31 December		31 December	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
United Distribution Business Co., Ltd	200	200	3,273	3,718	2,116	2,483	4,094	10,086	24	97

## 11. 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	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	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.	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 Digital Media Co., Ltd. (Formerly known as "DTAC Internet Service Company Limited")	26	26	100	100	25,750	25,750	-	-	25,750	25,750
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 TAC Property Co., Ltd.</b>										
Eastern Beach Co., Ltd.	80	80	100	100	-	-	-	-	-	-
<b>Subsidiary held through dtac Tri Net Co., Ltd.</b>										
dtac Accelerate Co., Ltd.	3.75	-	100	-	-	-	-	-	-	-
<b>Total investments in subsidiaries, net</b>					<b>2,468,897</b>	<b>2,468,897</b>	<b>(450,000)</b>	<b>(450,000)</b>	<b>2,018,897</b>	<b>2,018,897</b>

- a) During the year 2014, dtac TriNet Co., Ltd., DTAC Broadband Co., Ltd. and PaySbuy Co., Ltd. which are the subsidiaries of the Company, announced their dividends to the Company amounting to Baht 2,037 million, Baht 1,114 million and Baht 318 million, respectively.
- b) In 2014, dtac TriNet, the Company's subsidiary, invested in 149,997 shares of dtac Accelerate Co., Ltd. ("dtac Accelerate"), representing 100 percent of the issued shares, at a price equal to the par value of Baht 100 per share, of which 25 percent, or a total of Baht 3.75 million, was called up. On 12 May 2014, dtac Accelerate registered as a legal entity in accordance with the Civil and Commercial Code in order to operate a business providing internet application development support to dtac TriNet.
- 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.

## 12. Other investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Digital Phone Co., Ltd.	49,400	49,400	49,400	49,400
Other companies	35,833	32,333	32,133	32,133
Total	85,233	81,733	81,533	81,533
Less: Allowance for impairment loss	(64,913)	(64,913)	(64,913)	(64,913)
Total other investments - net	20,320	16,820	16,620	16,620

During 2013, the Company recognised loss from impairment of the investment in Digital Phone Co., Ltd. amounting to Baht 35 million.

### 13. Property, plant and equipment

## Consolidated financial statements

[illegible]

## 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 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
Purchases	-	8,257	151,695	7,253,377	-	17,755	241,455	32,986	2,866,234	13,386	10,585,145
Disposals/written-off	(2,708)	(8,274)	(18,354)	-	-	(42,362)	(84,253)	(4,812)	-	(59,131)	(219,894)
Transferred in (out)	(8,092)	8,092	-	2,818,803	-	-	430	-	(2,311,965)	-	507,268
31 December 2014	1,013,545	1,697,436	1,222,735	23,041,443	213,011	667,293	6,499,235	100,506	1,639,078	368,327	36,462,609
<b>Accumulated depreciation</b>											
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
Depreciation for the year	-	113,607	136,620	2,473,391	10,534	64,638	579,464	21,428	-	38,007	3,437,689
Depreciation - disposal/written-off	-	(7,543)	(17,919)	-	-	(42,033)	(61,943)	(4,271)	-	(54,442)	(188,151)
Transferred in (out)	-	-	-	6,938	-	-	-	-	-	-	6,938
31 December 2014	-	1,184,954	606,706	4,932,191	166,913	621,372	5,835,784	65,799	-	214,948	13,628,667
<b>Allowance for impairment loss</b>											
31 December 2013	3,000	-	-	-	-	-	11,465	-	-	82,975	97,440
31 December 2014	3,000	-	-	-	-	-	11,465	-	-	82,975	97,440
<b>Net book value</b>											
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
31 December 2014	1,010,545	512,482	616,029	18,109,252	46,098	45,921	651,986	34,707	1,639,078	70,404	22,736,502

## Depreciation included in the income statements for the years

2013	1,797,236
2014	3,437,689

As at 31 December 2014, 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 10,333 million (2013: Baht 8,704 million).

As at 31 December 2014, the Company and its subsidiaries had vehicles under finance lease agreements with net book values amounting to Baht 40 million (2013: Baht 46 million).

## Separate financial statements

(Unit: Thousand Baht)

		Buildings and building improvement	Leasehold improvement	Equipment for supporting cellular telephone services	Telephone based 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

## Accumulated depreciation

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

## Allowance for impairment loss

31 December 2012	3,000	-	-	-	-	-	-	85,975
Increase	-	-	279,000	-	-	-	-	279,000
31 December 2013	3,000	-	279,000	-	-	-	-	364,975

## Net book value

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

Depreciation included in the income statements for the years

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 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
Purchases	-	8,257	150,941	79,300	-	17,064	112,922	32,853	43,019	13,386	457,742
Disposals/written-off	(2,708)	(8,274)	(18,354)	(283,600)	-	(42,342)	(39,777)	(4,812)	-	(11,335)	(411,202)
Transferred in (out)	(8,092)	8,092	-	562,302	-	-	-	-	(55,034)	-	507,268
31 December 2014	732,768	1,696,985	1,194,019	2,468,871	86,942	638,620	5,890,247	98,819	107,542	243,559	13,158,372
<b>Accumulated depreciation</b>											
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
Depreciation for the year	-	113,607	136,459	141,252	4,231	64,373	475,097	21,353	-	23,811	980,183
Depreciation - disposals/written-off	-	(7,543)	(17,919)	-	-	(42,020)	(39,548)	(4,271)	-	(9,902)	(121,203)
Transferred in (out)	-	-	-	6,938	-	-	-	-	-	-	6,938
31 December 2014	-	1,184,502	579,031	1,456,421	58,693	593,744	5,520,088	64,404	-	113,031	9,569,914
<b>Allowance for impairment loss</b>											
31 December 2013	3,000	-	-	279,000	-	-	-	-	-	82,975	364,975
Reversal	-	-	-	(15,042)	-	-	-	-	-	-	(15,042)
31 December 2014	3,000	-	-	263,958	-	-	-	-	-	82,975	349,933
<b>Net book value</b>											
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
31 December 2014	729,768	512,483	614,988	748,492	28,249	44,876	370,159	34,415	107,542	47,553	3,238,525

Depreciation included in the income statements for the years

2013	1,169,603
2014	980,183

As at 31 December 2014, 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 10,149 million (2013: Baht 8,533 million).

As at 31 December 2014, the Company had vehicles under finance lease agreements with net book values amounting to Baht 40 million (2013: Baht 46 million).

During the year 2013, the Company recognised loss from impairment of equipment for supporting cellular telephone services amounting to Baht 279 million, and in 2014 the Company reversed Baht 15 million of this loss. The 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 14 to the consolidated financial statements.

#### 14. 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 2012	138,677,670	971,620	139,649,290
Acquisition	4,590,228	-	4,590,228
Transfer 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>
Acquisition	3,672,112	-	3,672,112
Transfer out	(542,967)	-	(542,967)
<b>At 31 December 2014</b>	<b>146,386,043</b>	<b>971,620</b>	<b>147,357,663</b>
<b>Amortisation:</b>			
At 31 December 2012	(82,605,625)	(590,829)	(83,196,454)
Amortisation	(10,617,870)	(66,693)	(10,684,563)
Transfer out	1,587	-	1,587
<b>At 31 December 2013</b>	<b>(93,221,908)</b>	<b>(657,522)</b>	<b>(93,879,430)</b>
Amortisation	(11,199,733)	(52,762)	(11,252,495)
Transfer out	38,240	-	38,240
<b>At 31 December 2014</b>	<b>(104,383,401)</b>	<b>(710,284)</b>	<b>(105,093,685)</b>
<b>Net book value:</b>			
<b>At 31 December 2013</b>	<b>50,034,990</b>	<b>314,098</b>	<b>50,349,088</b>
<b>At 31 December 2014</b>	<b>42,002,642</b>	<b>261,336</b>	<b>42,263,978</b>
<b>Amortisation included in income statements</b>			
2013	10,617,870	66,693	10,684,563
2014	11,199,733	52,762	11,252,495

(Unit: Thousand Baht)

	Separate financial statement		
	Deferred right to use of equipment	Deferred expenses on transmission facilities	Total
<b>Cost:</b>			
At 31 December 2012	138,677,090	971,620	139,648,710
Acquisition	4,590,228	-	4,590,228
Transfer 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>
Acquisition	3,672,112	-	3,672,112
Transfer out	(542,967)	-	(542,967)
<b>At 31 December 2014</b>	<b>146,385,463</b>	<b>971,620</b>	<b>147,357,083</b>
<b>Amortisation:</b>			
At 31 December 2012	(82,605,432)	(590,829)	(83,196,261)
Amortisation	(10,617,836)	(66,693)	(10,684,529)
Transfer out	1,587	-	1,587
<b>At 31 December 2013</b>	<b>(93,221,681)</b>	<b>(657,522)</b>	<b>(93,879,203)</b>
Amortisation	(7,301,557)	(52,762)	(7,354,319)
Transfer out	38,240	-	38,240
<b>At 31 December 2014</b>	<b>(100,484,998)</b>	<b>(710,284)</b>	<b>(101,195,282)</b>
<b>Allowance for impairment</b>			
At 31 December 2012	-	-	-
Increase	(18,348,000)	-	(18,348,000)
At 31 December 2013	(18,348,000)	-	(18,348,000)
Reversal	989,235	-	989,235
<b>At 31 December 2014</b>	<b>(17,358,765)</b>	<b>-</b>	<b>(17,358,765)</b>
<b>Net book value:</b>			
<b>At 31 December 2013</b>	<b>31,686,637</b>	<b>314,098</b>	<b>32,000,735</b>
<b>At 31 December 2014</b>	<b>28,541,700</b>	<b>261,336</b>	<b>28,803,036</b>
<b>Amortisation included in income statements</b>			
2014	10,617,836	66,693	10,684,529
2013	7,301,557	52,762	7,354,319

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 in 2013, the Company recognised losses from impairment totaling Baht 18,627 million in profit or 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 13 to the consolidated financial statements.

In 2014, the Company reviewed its impairment assessment of deferred right to use of equipment and equipment for supporting cellular telephone services (Concession Agreement) by reassessing the future cash flows that are expected to be generated from the equipment based on value in use. The Company therefore reversed an equal amount of Baht 1,004 million losses from impairment in profit or loss in the separate financial statement for the year ended 31 December 2014. This reversal was comprised of reversal of impairment of the deferred right to use of equipment amounting to Baht 989 million and reversal of impairment of equipment for supporting cellular telephone services amounting to Baht 15 million, as described in Note 13 to the consolidated financial statements.

## 15. Other intangible assets

The net book value of other intangible assets as at 31 December 2014 and 2013 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 2014:</b>						
Cost	10,644,725	296,083	10,940,808	9,539,909	77,850	9,617,759
Less: Accumulated amortisation	(9,317,837)	-	(9,317,837)	(8,907,483)	-	(8,907,483)
Net book value	1,326,888	296,083	1,622,971	632,426	77,850	710,276
<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

A reconciliation of the net book value of other intangible assets for the years 2014 and 2013 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Net book value at beginning of year	2,222,452	2,311,184	1,259,638	2,199,371
Acquisition of computer software	399,153	1,004,902	136,588	71,118
Amortisation	(998,009)	(768,130)	(685,950)	(705,626)
Loss from intangible assets written-off	(625)	(325,504)	-	(305,225)
Net book value at end of year	1,622,971	2,222,452	710,276	1,259,638

## 16. Other non-current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Deferred underwriting fees / arrangement fees				
for loans and debentures - net	24,870	40,277	24,870	40,277
Deposits	258,846	224,191	229,850	213,007
Leasehold rights	27,020	29,173	25,445	28,426
Others	115,338	130,742	46,498	61,870
Total other non-current assets	426,074	424,383	326,663	343,580

## 17. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trade payables for the purchase				
of equipment for providing telephone				
services, telephone sets and starter kits	9,797,305	7,981,901	5,912,797	3,745,082
Trade payables - related parties (Note 7)	534,648	582,838	1,406,218	1,503,210
Trade payable - CAT	6,907,851	7,213,950	6,874,978	7,197,700
Trade payable - TOT	1,293,593	1,262,460	1,250,182	1,252,918
Accrued license fees	2,622,089	574,951	-	-
Trade payables - Interconnection charge	70,649	9,795	13,726	9,795
Trade payables - international telephone				
roaming services	1,870,856	2,067,697	1,857,288	2,067,697
Other trade payables	1,652,719	2,224,870	715,394	973,765
Other payables - related parties (Note 7)	385,310	287,392	429,713	405,034
Other payables	3,171,373	3,002,082	1,080,482	1,370,563
Accrued expenses	2,903,874	2,818,562	2,534,606	2,460,754
Interest payables	90,409	163,431	90,409	163,431
Total trade and other payables	31,300,676	28,189,929	22,165,793	21,149,949

## 18. Long-term loans

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2014	2013
18.1 USD 40 million loan facility from Nordic Investment Bank	164,400	460,320
18.2 Baht 30,000 million loan facilities from a local financial institution	9,500,000	14,000,000
18.3 Baht 20,000 million loan facilities from a local financial institution	12,000,000	7,000,000
18.4 Baht 10,000 million loan facilities from foreign financial institutions	7,000,000	3,000,000
Total	28,664,400	24,460,320
Less: Current portion	(5,664,400)	(6,295,920)
Long-term loans - net of current portion	23,000,000	18,164,400

- 18.1 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.

- 18.2 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 one month, three months, or six months depending on selection period
Principal repayment schedule	:	10 equal semi-annual installments, commencing on 30 June 2012

### Tranche B

Facility	:	Baht 10,000 million (short-term loan facility)
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.

- 18.3 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.

- 18.4 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 2014, the long-term credit facilities of the Company which have not yet been drawn down amounted to Baht 11,000 million (2013: Baht 20,000 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.

## 19. Debentures

(Unit: Million Baht)

	Consolidated financial statements / Separate financial statements	
	2014	2013
Thai Baht debentures	5,000	7,000
Less: Current portion	-	(2,000)
Thai Baht debentures - net of current portion	5,000	5,000

The movements of Thai Baht debentures for the year ended 31 December 2014 are as follows:

(Unit: Million Baht)

	Tenor	Balance as at 1 January 2014	Addition: debentures issued	Less: debentures repayment	Balance as at 31 December 2014
19.1 Debentures of Baht 2,000 million (issued on 27 August 2009)	5 years	2,000	-	(2,000)	-
19.2 Debentures of Baht 5,000 million (issued on 25 July 2013)	3 years	5,000	-	-	5,000
		7,000	-	(2,000)	5,000

- 19.1 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 was redeemed in full in August 2014.
- 19.2 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.

## 20. Provision for long-term employee benefits

Provision for long-term employee benefits which are compensations on employees' retirement as at 31 December 2014 and 2013, were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2014	2013
<b>Provision for long-term employee benefits at beginning of year</b>	300,850	282,932
Current service cost	29,932	31,823
Interest cost	12,955	11,540
Benefits paid during the year	(8,720)	(5,644)
Actuarial gain and loss	45,060	(19,801)
<b>Provision for long-term employee benefits at end of year</b>	<b>380,077</b>	<b>300,850</b>

Long-term employee benefit expenses included in the profit or loss were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2014	2013
Current service cost	29,932	31,823
Interest cost	12,955	11,540
<b>Total expense recognised in profit or loss</b>	<b>42,887</b>	<b>43,363</b>
Line items under which such expenses are included		
in administrative expenses in profit or loss	42,887	43,363

The cumulative amount of actuarial gains and losses recognised in the other comprehensive income (net of income tax effect) as at 31 December 2014 amounted to Baht 149 million (2013: Baht 104 million).

Principal actuarial assumptions at the valuation date were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2014	2013
	(% per annum)	(% per annum)
Discount rate	3.4	4.3
Future salary increase rate	5.6	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 2014	380,077	16,381
Year 2013	300,850	(10,011)
Year 2012	282,932	30,280
Year 2011	218,629	20,572
Year 2010	208,154	8,573

## 21. Dividends

Dividends	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
Dividend announced from operating result 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 dividends for 2013		12,687	

Dividends	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
Interim dividend announced from operating result for the period as from 1 January 2014 to 31 March 2014	Meeting of the Board of directors on 30 April 2014	3,352	1.42
Interim dividend announced from operating result 1 April 2014 to 30 June 2014	Meeting of the Board of directors on 18 July 2014	3,734	1.58
Interim dividend announced from operating result 1 July 2014 to 30 September 2014	Meeting of the Board of directors on 22 October 2014	3,714	1.57
Total dividends for 2014		10,800	

## 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.

In 2014, the Company transferred unappropriated retained earnings to statutory reserve amounting to Baht 474 million.

## 23. 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 which subsequently, on 26 March 2014, the Annual General Shareholders' Meeting of 2014 passed a resolution for the aforementioned reduction of legal reserve and premium on ordinary shares. The Company completely recorded the reduction of legal reserve and premium on ordinary shares amounting to Baht 15,987 million to reduce the deficits in the Company's separate financial statements.

## 24. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Salaries and wages and other employee benefit	3,813,070	3,669,613	3,947,589	3,663,790
Depreciation	3,437,689	1,797,236	980,183	1,169,603
Amortisation	13,186,330	11,897,690	8,077,671	11,437,184
Rental expenses from operating lease agreements	2,153,757	1,975,914	2,061,167	2,561,697
Purchases in inventories	18,260,143	14,257,535	17,935,785	14,034,968
Changes in inventories of finished goods	(2,210,010)	(881,911)	(2,069,303)	(787,345)

## 25. Finance cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Interest expense	1,266,229	2,064,562	1,000,287	1,901,615
Amortisation on deferred financial cost	15,407	28,432	15,407	28,432
Other finance cost	55,230	61,116	55,230	61,116
Total finance cost	1,336,866	2,154,110	1,070,924	1,991,163

## 26. Income tax

Income tax expenses for the years ended 31 December 2014 and 2013 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Current income tax:</b>				
Current income tax charge	2,344,722	2,860,957	1,285,469	2,720,747
Adjustment in respect of income tax of previous year	198,578	37,462	201,936	14,277
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	7,443	391,807	(1,968,534)	(246,428)
Income tax expense reported in the income statement	2,550,743	3,290,226	(481,129)	2,488,596

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2014 and 2013 are as follows:

(Unit: Thousand Baht)

	2014	2013
Deferred tax relating to the actuarial gain or loss	—	—



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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Accounting profit (loss) before tax	13,274,635	13,857,047	16,399,220	(4,642,773)
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	2,654,927	2,771,409	3,279,844	(928,555)
Deficits	(394,387)	(49)	-	-
Adjustment in respect of current income tax of previous year	198,578	37,462	201,936	14,277
Effects of:				
Tax exempted revenue	(3,606)	(3,807)	(914,057)	(3,805)
Non-deductible expenses	43,125	120,601	41,359	100,326
Write-down (reversal) of deferred tax assets	(147,047)	402,591	(3,081,211)	3,336,768
Effects of adjustment deferred tax	197,700	(26,566)	(9,000)	(30,415)
Others	1,453	(11,415)	-	-
Income tax expenses reported in the income statement	2,550,743	3,290,226	(481,129)	2,488,596

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Allowance for doubtful accounts - trade receivables	119,948	154,209	57,459	154,209
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	25,483	25,143	25,483	25,143
Accrued expenses	360,446	219,727	387,673	294,721
Amortisation of intangible assets	110,203	54,823	90,367	31,456
Unrealised loss on derivative instruments for long-term loans	6,447	11,937	6,447	11,937
Sales of prepaid voucher cards	191,372	197,747	100,389	154,960
Allowance for impairment of assets	-	-	2,731,420	791,235
License on mobile money businesses (premium from subsidiary acquisition)	(13,768)	(13,768)	-	-
Others	16,182	173,938	45,055	12,098
Total	906,313	913,756	3,534,293	1,565,759

As at 31 December 2014 the Company has deductible temporary differences of Baht 1,278 million (2013: Baht 16,684 million). No deferred tax assets have been recognised on these amount as the Company believes that future taxable profits may not sufficient to allow utilisation of temporary differences.

## 27. 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.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	10,728,745	10,569,385	16,880,349	(7,131,369)
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)	4.53	4.46	7.13	(3.01)

## 28. Depreciation and amortisation

Depreciation and amortisation for the years ended 31 December 2014 and 2013 comprised:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Depreciation</b>				
Building and equipment	3,437,689	1,797,236	980,183	1,169,603
<b>Amortisation</b>				
Deferred right to use of equipment	11,252,495	10,684,563	7,354,319	10,684,529
Cost of spectrum license	898,270	398,653	-	-
Other intangible assets and other non-current assets				
- group as selling and administration expenses	1,020,158	786,042	707,945	724,223
- group as finance cost	28,432	15,407	28,432	
Total depreciation and amortisation	16,624,019	13,694,926	9,057,854	12,606,787

**29. Operating income before interest, taxes, depreciation and amortisation (EBITDA)**

(Unit: Thousand Baht)

	Note	Consolidated financial statements	
		2014	2013
Profit for the year		10,723,892	10,566,821
Add (less) : Finance cost	25	1,336,866	2,154,110
: Income tax expenses	26	2,550,743	3,290,226
: Depreciation	13	3,437,689	1,797,236
: Amortisation		13,170,923	11,869,258
: Interest income		(161,607)	(221,859)
: Loss on foreign exchange		6,565	265,300
: Loss from write-off fixed assets and other intangible assets		3,889	326,202
EBITDA		31,068,960	30,047,294

**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, trade receivables, 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, debentures and long-term loans.

The significant financial assets and liabilities (part of these are under derivative instruments as described in Notes 18 to the consolidated financial statements) are classified by type of interest rate as follows:

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2014					
Items	Note	Floating interest rate	Fixed interest rate	Zero interest rate	Total
<b>Financial assets</b>					
Cash and cash equivalents	5	5,011	150	662	5,823
Trade and other receivables	6	-	-	10,453	10,453
<b>Financial liabilities</b>					
Trade and other payables	17	-	-	31,301	31,301
Long-term loans	18	28,664	-	-	28,664
Debentures	19	-	5,000	-	5,000

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2013					
Items	Note	Floating interest rate	Fixed interest rate	Zero interest rate	Total
<a href="#">Financial assets</a>					
Cash and cash equivalents	5	3,929	447	1,096	5,472
Trade and other receivables	6	-	-	10,351	10,351
<a href="#">Financial liabilities</a>					
Trade and other payables	17	-	-	28,190	28,190
Long-term loans	18	24,460	-	-	24,460
Debentures	19	-	7,000	-	7,000

Financial assets and liabilities that carried fixed interest rates can be classified based on the maturity date or the repricing date (if this occurs before the maturity date) from the statements of financial position date as follows:

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2014					
Items	Note	Within 12 months	Over 12 months	Total	Interest rate
<a href="#">Financial assets</a>					
Cash and cash equivalents		150	-	150	0.125% - 1.80%
<a href="#">Financial liabilities</a>					
Debentures	19	-	5,000	5,000	3.72%

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2013					
Items	Note	Within 12 months	Over 12 months	Total	Interest rate
<a href="#">Financial assets</a>					
Cash and cash equivalents		447	-	447	0.125% - 3.10%
<a href="#">Financial liabilities</a>					
Debentures	19	2,000	5,000	7,000	3.72% , 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 18 to the consolidated financial statements).

As at 31 December 2014 and 2013 the Company and its subsidiaries had the following assets and liabilities denominated in foreign currencies:

	Consolidated financial statements as at 31 December			Exchange rate as at 31 December	
	2014	2013	Foreign currency	2014	2013
	(Million)	(Million)		Baht per foreign currency	
<b>Assets</b>					
Deposits at financial institutions	17.66	2.84	USD	32.7241	32.5795
Trade receivables - other companies	13.27	11.38	SDRs	47.7445	50.7184
	7.52	9.70	USD	32.7241	32.5795
	0.04	-	EUR	39.6482	44.5980
Trade receivables - related	0.14	0.07	SDRs	47.7445	50.7184
companies	0.77	4.91	USD	32.7241	32.5795
<b>Liabilities</b>					
Trade payables	163.23	165.80	USD	33.1132	32.9494
	0.26	0.15	EUR	40.3552	45.3223
	39.18	40.77	SDRs	47.7445	50.7184
Related parties payables	31.36	39.74	NOK	4.4588	5.3977
	1.49	2.23	SDRs	47.7445	50.7184
	4.36	5.75	USD	33.1132	32.9494
Accrued expenses	0.09	2.14	NOK	4.4588	5.3977
Total net assets (liabilities)	(141.64)	(154.10)	USD		
	(0.22)	(0.15)	EUR		
	(27.26)	(31.55)	SDRs		
	(31.45)	(41.88)	NOK		

### 30.4 Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade receivables. The 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 2014 and 2013 are presented below.

(Unit: Million Baht)

	Consolidated financial statements as at 31 December			
	2014		2013	
	Carrying value	Fair value	Carrying value	Fair value
<b>Unhedged</b>				
Loan from Nordic Investment Bank	132	133	369	374
Thai Baht debentures	5,000	5,094	7,000	7,033
<b>Derivative instruments</b>				
Unfavourable derivative instruments	-	(1)	-	(4)

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 as of the end of reporting period for financial instruments having substantially the same terms and characteristics.
- The fair value of debentures are presented based on the latest yield rated quoted by the Thai Bond Market Association as of the date on which the investments are valued or the discounted cash flow method. The discount rate is based on the prevailing rates of return as of 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 2014, the aforementioned ratio in the consolidated financial statements is 0.96:1 (2013: 0.93:1).

The Group's capital structure consist of debts that includes long-term loans and debentures disclosed in Note 18 and 19 to the consolidated financial statements, cash and cash equivalents disclosed in Note 5 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 2014 and 2013.

## 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 2014 and 2013, future minimum lease payments under these operating leases contracts were as follows.

(Unit: Million Baht)

	As of 31 December	
	2014	2013
Payable within:		
In up to 1 year	917	904
In over 1 and up to 5 years	2,568	2,468
In over 5 years	586	1,031

During the year 2014, the Company and its subsidiaries recognised rental expenses of Baht 1,922 million (2013: Baht 1,754 million).

### 32.2 Capital commitments

As at 31 December 2014, the Company and its subsidiaries had capital commitments of Baht 1,788 million and USD 177 million (2013: Baht 604 million and USD 50 million) mainly in respect of the purchase of tools and equipment for providing telecommunication services and Baht 201 million and USD 7 million (2013: Baht 53 million, and USD 5 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 2014, cash and cash equivalents of PaySbuy Co., Ltd. include minimum requirement bank deposits amounting to Baht 2,074 million (2013: Baht 1,899 million).

#### 32.3.2 Restricted bank deposits

As at 31 December 2014, deposits at banks of a subsidiary amounting to Baht 0.2 million (2013: Baht 0.4 million) are pledged with the bank to secure facilities granted by the bank.

### 32.4 Bank guarantees

As at 31 December 2014, there were outstanding bank guarantees of Baht 7,570 million (2013: Baht 11,122 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 third installment 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 2014, 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 2014, 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 2014, 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 and minimum merchandising and marketing spend 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 telecommunication network of the Company and its subsidiary. 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 set in accordance with the terms and conditions stipulated in the agreement.
- d. The Company entered into a Management Service Frame Agreement with a company who will provide the management services to operate, examine, solve, and prepare for data expansion in the future including rectify relevant problems of computer system. The service fees are set in accordance with the term 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 plaintiff) 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 was informed on 10 October 2014 that on 31 July 2014 TOT additionally filed a petition to amend the plaintiff to adjust the amount of damages claimed up to 10 July 2014 from Baht 113,319 million to Baht 245,638 million. The other disputed issues remain the same. 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 and 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 2014 has resulted in a reduction of the Company's expenses amounting to approximately Baht 67,240 million.

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 and a subsidiary 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.

The Civil Court confirmed by the letter dated 25 March 2014 the end of the case as decided by the Appeal Court, which upheld the judgement of Civil Court that the Company and dtac TriNet did not commit any wrongful act against CAT and, as a result, dismissed 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 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. 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.

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. On 14 August 2014, the arbitral tribunal, by majority vote, decided to dismiss CAT's claim for the revenue sharing in relation to the reduction of the access charge fees for the 16th concession year.

- (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 (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.

Subsequently, in 2010, CAT also filed another claim requesting for additional revenue sharing for the 15th concession year in the same matter in the amount of Baht 4 million. In 2011, CAT submitted several statements 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 for all cases, 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.

In 2012, CAT also filed a statement of claim to the Arbitration Institution requesting for additional revenue sharing on IC for the 17th concession year in the amount of Baht 3,860 million together with penalty. In 2013, CAT also 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.

However, on 14 August 2014, the arbitral tribunal, by majority vote, decided to dismiss CAT's claim for the revenue sharing on IC, only for black dispute No. 90/2554 (red dispute No. 75/2557), for the 16th concession year in the amount of Baht 4 million.

As at 31 December 2014, 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 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 judgment 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 and 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 Baht 338 million together with penalty. These cases have the same nature of claim as the claim for the 13th and 14th concession year. Currently, this case is under arbitration proceedings (except the dispute regarding the 16th concession year).

However, on 14 August 2014, the arbitral tribunal, by majority votes, rendered an award for black dispute No. 90/2554 (red dispute No. 75/2557) deciding that the Company has to pay the addition revenue sharing for the 16th concession year approximately Baht 96 million with interest at 7.5 percent per annum from the principal amount from 14 December 2007 until payments are made in full.

Based on the Company's legal counsel opinion, the Company's management deems that it is inconsistent with the principles of Administrative Law and the relevant regulations of NBTC. Therefore, on 4 December 2014, the Company submitted a petition to the Central Administrative Court to seek the revocation of the Arbitration's verdict for additional consideration of the 16th concession year. In addition, such verdict only has legal effect for specific dispute. It does not have any legal and binding effect to the other relevant disputes.

As at 31 December 2014, 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 addition revenue sharing from prepaid service revenue (SOS/Jaidee Packet)

In 2010, CAT filed a statement of claim with the Arbitration Institute requesting the Company to pay the additional revenue sharing for the 15th concession year in the approximate amount of Baht 23 million with penalty. CAT argued that the revenue sharing from prepaid service on SOS/Jaidee Packet paid by the Company to CAT was not in line with the criteria which had been accepted and practiced by CAT and the Company since the beginning of the Concession Agreement.

In 2011 to 2013, CAT filed statements of claim with the Arbitration Institute requesting the Company to pay the additional revenue sharing for the 16th - 18th concession year in the total amount of Baht 295 million together with penalty. These cases have the same nature of claim as the claim for the 15th concession year. Currently, these cases are under arbitration proceedings (except the dispute regarding the 16th concession year).

However, on 14 August 2014, the arbitral tribunal, by majority vote, rendered an award for black dispute No. 90/2554 (red dispute No. 57/2557) deciding that the Company has to pay addition revenue sharing for the 16th concession year approximately Baht 51 million with interest at 7.5 percent per annum from the principal amount from 14 December 2007 until payments are made in full.

Based on the Company's legal counsel opinion, the Company's management deems that it is inconsistent with the principles of Administrative Law and the relevant regulations of NBTC. Therefore, on 4 December 2014, the Company submitted a petition to the Central Administrative Court to seek the revocation of the Arbitration's verdict for additional consideration of the 16th concession year. In addition, such verdict only has legal effect for specific dispute. It does not have any legal and binding effect to other relevant disputes.

As at 31 December 2014, the Company has not accrued such revenue sharing claimed by CAT in total of Baht 318 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 CAT's revenue sharing calculation is based. 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.

- (h) 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 2014, 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.

- (i) 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 263 million. The disputes are currently in the arbitration process and court proceedings.

As at 31 December 2014, the Company has not accrued the additional revenue sharing requested by CAT in total amount of Baht 263 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.

- (j) Letter from CAT asking the Company to comply with Clause 14.8, Clause 2.1 and other clauses of the Concession Agreement

- 1. Letter from CAT asking the Company to comply with Clause 14.8 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, CAT sent monthly letters to the Company requesting the Company to discontinue the Company's subscribers porting to dtac TriNet, and claiming for Baht 10,345 million of damages calculated for the period between September 2013 and December 2014. In addition, CAT claimed in the letter dated 10 January 2014 that the Company breached Clause 14.8 and Clause 2.1 of the Concession Agreement, the Company failed

to pay the revenue share in full (please see more details in Note 34.2 (d) to consolidated interim financial statements), including the additional revenue sharing of Baht 3,537 million for the 19th concession year, and 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 letter dated 10 January 2014, CAT will exercise the right to terminate the Concession Agreement, and reserve the right to claim for compensation.

Later, CAT submitted the letters dated 25 July 2014, 9 September 2014 and 23 September 2014 to notify that the Company was in breach of a non-competition provision specified in Clause 14.8 and other clauses of the Concession Agreement, including causing damage to CAT by providing financial support to dtac TriNet, holding shares in dtac TriNet and supporting the migration of customers to dtac TriNet. CAT also informed the Company that it would file the claim against the Company through the arbitration. However, the Company confirmed CAT by letters dated 11 April 2014, 21 August 2014 and 3 October 2014 that the Company did not commit any breach of the Concession Agreement and CAT has no right to terminate the Concession Agreement. The Company's operation in every step was in accordance with the Concession Agreement and the law. For CAT's claims that the Company breached some other provisions under the Concession Agreement, most of the claims are the disputes which are not final but are under the arbitration proceedings or the Administrative Court proceeding, which CAT should wait for the final decisions. The Company reserved all rights that the Company supposed to have according to the Concession Agreement and the law, and the letter shall not be considered as a waiver of any right or time clause which the Company supposed to have in the Concession Agreement and the law.

## 2. Court proceedings between the Company and CAT regarding BTO Assets

Reference to the dispute between the Company and CAT in 2013 regarding the non-compliance in Clause 2.1 of the Concession Agreement given the fact that the Company installed the 2.1 GHz devices and equipment on the concessionary equipment. CAT demanded the Company to remove the 2.1 GHz device and equipment within 15 days, or otherwise CAT would file the claim against the Company through the arbitration.

On 1 October 2014, CAT submitted the dispute to the Arbitration Institute claiming that it has been damaged by the Company's breach of clause 2.1 and clause 2.3 of the Concession Agreement by providing an access to the concessionary devices and equipment with dtc TriNet, allowing dtac TriNet to have its 2.1 GHz devices and equipment installed on and connected with the concessionary devices and equipment. Therefore, CAT requested that the Company remove those 2.1 GHz equipment and devices of dtac TriNet or other mobile telephone service operators (if any) from the concessionary devices and equipment, and compensate for damages in the amount of Baht 658 million with interest at the rate of 7.5 per annum. If such devices and equipment are not removed, CAT requested that the Company compensate for damages in the amount of Baht 44 million per month starting from the date the dispute was submitted onwards until the concessionary devices and equipment are removed. Furthermore, CAT prohibits the Company from providing an access to the concessionary devices and equipment by allowing dtac TriNet or other mobile telephone service operators (if any) to have their 2.1 GHz devices and equipment installed on or connected with the concessionary device and equipment unless a written permission has been obtained from CAT. Currently, the Company is in the process of preparing the objection statement which would be submitted to the Arbitration Institute in due time.

The Company received the order of the Central Administrative court demanding the Company to attend the hearing on 24 October 2014 to consider CAT's petition for the injunction during the arbitration proceeding. CAT petitioned the court for granting an injunctive order to prohibit the Company to have the concessionary devices and equipment installed or connected by the 2.1 GHz equipment and devices or allow dtac TriNet or other mobile telephone service operators use the concessionary devices and equipment during the arbitration proceeding. The Company submitted the objection against CAT's petition on 24 October 2014 and 7 November 2014, respectively. Currently, the petition is under consideration by the Central Administrative Court.

Based on the opinion of its legal advisors, the Company believes that the installation by dtac TriNet and other licensees of communications devices and equipment with the devices and equipment of the Company were actions performed in accordance with the methods under the Infrastructure Sharing Agreement and the Network Access Agreement, and fully consistent with existing rights and obligations under the law and relevant NBTC regulations. The Company therefore believes that the Central Administrative Court's order will not have any impact on the operations of the Company.

As at 31 December 2014, the Company has not accrued the damage claimed by CAT. Based on the Company's external legal counsel opinion, the Company's management believes that the Company's operation in every step was in full compliance with the Concession Agreement and the law, and the Company has the right to open up such Telecommunication Network and Telecommunication Infrastructure to be used by other license holders in conformity with the law and the Concession. Further, the Company is of the view that CAT could not legitimately terminate the Concession Agreement based on ground alleged in the letters and that the Company shall have the right to continue operating its telecommunication business pursuant to the law and the Concession Agreement.

(k) Court proceedings between dtac TriNet and CAT regarding BTO Assets

On 11 June 2014, dtac TriNet received the claim that CAT filed before the Administrative Court claiming that dtac TriNet committed a wrongful act against CAT by installing its devices and equipment for 2.1 GHz (2100 MHz) on the Company's concessionary asset. CAT required that dtac TriNet remove its 2.1 GHz equipment and claims the damages at Baht 42 million per month from the filing date until dtac TriNet uninstalls its device and equipment from the Company's concessionary asset.

In addition, CAT petitioned the Court for granting an injunctive order to prohibit dtac TriNet to install devices and equipment using for the 2.1 GHz spectrum with the Company concessionary asset. On 5 August 2014, the Central Administrative Court dismissed CAT's petition.

Based on legal advice from a subsidiary's legal counsel, the subsidiary is of the opinion that the installation of the dtac TriNet's devices and equipment on the Company's devices and equipment was done by means of the Infrastructure sharing Agreement and the Network Access Agreement, which was fully in compliance with the right and duties under the current law and relevant NBTC regulations. As a result, dtac TriNet did not commit any wrongful act against CAT.

## 35. Risk from changes in laws and regulations concerning the telecommunications business

### 35.1 Reform of telecommunication regulatory regime

The National Broadcasting and Telecommunications Commission (hereinafter referred to as the "NBTC"), which was established by the Act on the Organisation for Allocation of Frequency and Regulation of Radio and Television Broadcasting Business and Telecommunications Business, B.E. 2553 (2010), is the organisation having an authority to regulate the radio and television broadcasting and telecommunications business including to allocate and administer the use of spectrum. The NBTC was appointed on 7 October 2011.

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 Revenue sharing arrangement under the Concession 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 September 2012, 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) at the date NBTC issued the FD Notification, it 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 has a risk on uncertainty of the enforcement of the FD Notification 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 and total assets, 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 2014 and 2013 by segments.

(Unit: Thousand Baht)

For the year ended 31 December 2014			
	Mobile telephone service	Sales of handsets and starter kits	Consolidated
<b>Revenues</b>			
External customers	74,993,028	15,142,772	90,135,800
<b>Total revenue</b>	<b>74,993,028</b>	<b>15,142,772</b>	<b>90,135,800</b>
<b>Operating result</b>			
<b>Gross profit of segments</b>	<b>29,658,559</b>	<b>(909,547)</b>	<b>28,749,012</b>
Other incomes			726,061
Selling and service expenses			(6,246,039)
Administrative expenses			(8,617,533)
<b>Finance cost</b>			<b>(1,336,866)</b>
Profit before income tax expenses			13,274,635
Income tax expenses			(2,550,743)
<b>Profit for the year</b>			<b>10,723,892</b>
<b>Segment total assets</b>			
Additions to non-current assets other than financial instruments, deferred tax assets, and other non-current assets	17,703,087	-	17,703,087

(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>			
<b>Gross profit of segments</b>	<b>29,538,637</b>	<b>324,954</b>	<b>29,863,591</b>
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

The following table presents segment assets of the Company and its subsidiaries' operating segments as at 31 December 2014 and 2013:

(Unit: Thousand Baht)

	Mobile Segment assets	Sales of handsets telephone service	Total segments and starter kits	Unallocated assets	Consolidated
At 31 December 2014	86,375,311	4,559,287	90,934,598	15,491,505	106,426,103
At 31 December 2013	87,776,894	2,967,843	90,744,737	14,309,092	105,053,829

#### 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 2014 and 2013, 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 2014, Baht 97 million (2013: Baht 88 million) has been contributed to the fund by the Company.

### 38. Event after the reporting period

At the Company's Board of Directors' meeting held on 10 February 2015, the Board passed a resolution proposing the payment of a dividend of Baht 2.34 per share from the retained earnings at the end of the year 2014, for approval by the Annual General Meeting of the Company's shareholders. During the year 2014, the Company paid an interim dividend of Baht 4.57 per share.

### 39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 10 February 2015.

## 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 2014 and 2013 are summarised below. This summary should not be construed as being exhaustive nor presenting a true and fair view of the Company and subsidiaries 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 2014 and 2013 and consolidated total shareholders' equity as at 31 December 2014 and 2013 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		Separate total shareholders' equity	
	2014	2013	2014	2013
As reported in these consolidated financial statements				
under TFRS	10,729	10,569	32,591	32,708
Add (Less): TFRS/IFRS significant differences				
(net of tax effect) Accounting for derivatives	3	3	(1)	(3)
Under International Financial Reporting Standard ("IFRS")	10,732	10,572	32,590	32,705



## glossary

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<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>Bandwidth</b>	: The width of frequency band
<b>BTO</b>	: Build-Transfer-Operate
<b>CAT</b>	: CAT Telecom Public Company Limited (formerly the Communication Authority of Thailand)
<b>CAPEX</b>	: Capital expenditure
<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>EBITDA</b>	: Operating profit before interest expense, tax, depreciation and amortisation
<b>EBITDA margin</b>	: EBITDA divided by total revenue
<b>FFO to total debt</b>	: Cash flow from operation divided by interest bearing debt
<b>Foreign Business Act</b>	: Foreign Business Act B.E. 2542 (1999)
<b>Free cash flow</b>	: EBITDA-CAPEX
<b>GB</b>	: Giga byte, a billion of byte, which is a measurement of data volume
<b>GPRS</b>	: General Packet Radio Service
<b>GSM</b>	: Global System for Mobile Communications
<b>GHz</b>	: Giga Hertz, a billion of hertz, which is a measurement of frequency
<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>Interest coverage ratio</b>	: EBITDA divided by interest expense
<b>IVR</b>	: Interactive Voice Response System
<b>LTE</b>	: Long-Term Evolution, a 4G technology
<b>MB</b>	: Mega Byte, a million of byte, which is a measurement of data volume
<b>MHz</b>	: Mega Hertz, a million of hertz, which is a measurement of frequency
<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 under the Act on Organisation for Allocation of Frequency and Supervision of Radio and Television Broadcasting and Telecommunications Business B.E. 2543 (2000)

<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>Net addition</b>	: The number of new subscribers acquired less the number of subscriber leaving during the period
<b>Net debt</b>	: Interest bearing debt less cash and cash equivalents.
<b>Net debt to Equity</b>	: Net debt divided by equity
<b>Net debt to EBITDA</b>	: Net debt divided by EBITDA
<b>On net – Off net</b>	: Calls made within the same network – to other networks
<b>OPEX</b>	: Operating expenses, primarily consisting of network operating expense, sell & marketing expense and general administrative expense
<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>QoQ</b>	: Quarter on Quarter
<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>Spectrum</b>	: The radio frequency bands used for telecommunication 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
<b>YoY</b>	: Year on Year





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