

ANNUAL
REPORT
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STRONG
Key to Success



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STRONG Key to Success

3S

STRONG Key to Success

Samart Telcoms Group

aims to provide fully-integrated communications
and information technology combined
with three key factors, or “3S”, namely,

Synergy, Standard and Satisfaction.

These have helped Samart Telcoms grow with strength
and step forward with progress, stability and sustainability.





Combining solutions to meet customer needs, cooperating with strong business allies, and competence of all units in the organisation are our key success factors to best serve our clients with various solutions.

Message from the Board of Directors



(Mr. Sombut Uthaisang)

Chairman



Dear Shareholders,

In 2013, although the growth rate of Thai economy dropped from earlier projection of 3.7 percent to 2.8 percent due to a slow recovery of the global economy and uncertainty political situation, resulting in the decline in overall domestic consumption and private investment, our determination to present and delivery the products and services to customers, including performance of management and operation of the board of directors, executives, and employees of Samart Telcoms Group complying strategies to create, opportunities and more sustainable returns resulting in several new projects awarded worth over Baht 7,100 million. The Company achievements were on customers' satisfactions and financial performances that can generate total revenue of Baht 9,250.8 million and net profit of Baht 856.5 million. From the success aforementioned, the Company has considered to pay in cash to shareholders in total of 0.75 Baht per share, by paying interim dividend of 0.30 Baht per share and proposing to the 2014 annual general meeting for approval to pay the remaining at 0.45 Baht per share.

In 2014, it has been predicted that Thai economy is likely to decline due to the political issues impacting the government investment, especially large-scale projects. However, the overall ICT market in 2014 is expected grow at 8.4 percent, driven by the communication service market, the growth of mobile communication devices, expansion of information system and network infrastructure provisioning communication with images, voice, and videos, which rapidly increases in accordance with the growing trends of social media communications. Other drivers are investments in infrastructure for high-speed data communication providers and the provisions to Digital TV era which the providers must prepare hi-speed networks, equipment and system, including multimedia content development. Furthermore, due to many uncertain circumstances, both government and private sectors have realized the importance of and emphasized the recovery plan and redundant system for more continuous services to the public or customers. All drivers are considered great opportunities for the Company to expand the business in such strong and sustainable way.

To accomplish the business goals and provision to changes that might occur beyond the expectation. The Company has emphasized efficient risk management, competency improvement for all level of human resources, especially new generation of professionals and management, creation of innovation synergizing variety of knowledge and ICT expertise, and partnerships with strong business partners, including efficient financial management. The Company, moreover, takes pride in philosophies and commitments to continuously raise standards of corporate governance and be responsible for all stakeholders. In 2013, the Company received SET AWARDS 2013 in Top Corporate Governance Report Awards 2013 from Stock Exchange of Thailand. The Company furthermore has held the approach in creating "Quality People and Moral Society" and has conducted business with responsibility to society, community, and environment through public beneficial projects and activities.

On behalf of the board of the directors, I would like express my gratitude to shareholders, clients, executives, employees, organizations, including business partners who have always given trusts and great supports for the Company to be a part of the country's ICT development and innovation creation which is a part of key mechanisms to sustainably improve Thailand's economy and society.



International standard products and services and professional operations are our key factors to enhance consistent trust from clients and business partners.

Report of the Executive Board



Watchai Vilailuck

(Mr. Watchai Vilailuck)
Chief Executive Officer

Dear Shareholders,

The previous year, 2013, was the year of the Company's business achievement under the strategy "SAMART WE STRONG" or "Progress...Constancy...Sustainable" with the guideline and practice under the concept of "3S for Success" brought to continuous deployment. The concept comprises the Synergy of all of the Company's business units and business partners to offer the best solutions to customers, maintaining and operating under the Standard to increase efficiency and effectiveness, and taking customer Satisfaction into account and key considerations, driving continuous improvement on the quality of products and services, which is the key to customer base creation and sustainable revenue. Moreover, the Company also created awareness, participation and sense of ownership to employees through activities that foster commitment and responsibility, encourage self learning and self development, protect the interests of the Company, and create collaboration to achieve the common goal, helping the Company to win major projects, for example, Data entry and Computer System Project, Network and Computer System Improvement Project, Development and Improvement the Communication Network and Satellite System Project, and Service of CCTV Procurement and Installation Project, etc.

The political conflict occurred in late 2013 would take effects resulting in uncertainties in several ways. Business sectors, the major key to drive the country's economy, would have to quickly strengthen the organizations to be capable of operating business continuously despite of facing obstacles. In 2014, the Company, therefore, determined the main strategy, "Change Ahead" or "Change...Progress...Sustainability", to change the organization to be strong in accommodation of uncertain circumstances. In doing so, The Company has focused on development of the organization, efficiency improvement, proactive working with synergy of various teams, and development of new generation to be next management professionals. Simultaneously, continuous product and service developments that provide comprehensive solutions, new technology trends, and the change of application or requirements can also create values that meet different customers' needs effectively. In financial point of views, cost management is also a strong financial well worth that can balance and diversify the risk of the project, both public and private to the continued growth of income. In business point of views, opportunities seek out and new marketing strategies applied would be another way to achieve business stability and sustainability.

In 2013, the Company was certified CMMI Level 5 for software development, which was the highest level. The Company has also continued to maintain all the standards certified such as ISO9001, the standard in quality management for the Company's operations, and ISO 27001 which is the standard for security of information systems and data centers. The certificate also includes a commitment to ISO 20000 standards in quality management and process of providing information technology. Moreover, the Company has applied standards in project management in order to implement and deliver the projects on timely fashion and efficiently.

Rather than the goal of creating a sustainable and constant business, the Company recognizes the importance of the society continued by the implementation of the project to society (Corporate Social Responsibility: CSR), which includes projects and activities under the theme "Quality People and Moral Society" also regarded as an important approach to promote the quality of Thai society and caring social community as well as an environmental conservation.

The commitment and readiness of the Company in financial stability, efficient staffs, service every customer with satisfactions as well as potential business partners. The Executive Board's confident that it can bring the Company to continued growth and a return value to customers, shareholders, employees and society sustainably.

Satisfaction



Client satisfaction is our priority,
Therefore, We always focus on developing the right products
and services to best serve our clients at the right time.

Vision

Samart Telcoms Group is committed to offering a comprehensive range of ICT products and services that meets the international standard and ensures the maximum satisfaction of our customers, both in public and private sectors.

Mission

To realize our vision, we have defined a clear set of the following missions to create shared values for all of our stakeholders :

Customers

- Constantly develop and customize a strong portfolio of advanced and innovative ICT solutions to best serve specific demands and requirements of our customers and their organizations

Employees

- Provide excellent and rewarding career opportunities to employees by providing extensive training and development programs to enhance their knowledge and skills and support their learning and growth

Organization

- Define a clear set of high standard of how we conduct ourselves in order to ensure transparency, efficiency and effectiveness in the way we do business

Partners

- Strengthen relationships with business partners to create sustainable success for all parties and contribute to the creation of vibrant business environment through knowledge transfer to lift up the service quality

Shareholders

- Ensure a sustainable return on investment for shareholders and investors by generating stable revenues and continuously seeking new business opportunities

Society and Communities

- Be a socially responsible organization through implementation of a wide range of social contribution activities and initiatives that promotes the creation of “People of Quality, Society of Morality”



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Board of Directors

1. **Mr. Sombut Uthaisang**
 - Chairman
 - Independent Director
2. **General Sumpun Boonyanun**
 - Independent Director
 - Chairman of the Audit Committee
 - Chairman of the Nominating & Compensation Committee
 - Corporate Governance Committee Member
3. **Mr. Vichai Pokasamrit**
 - Independent Director
 - Chairman of the Corporate Governance Committee
 - Audit Committee Member
 - Nominating & Compensation Committee Member
4. **Miss Rapeepan Luangaramrut**
 - Independent Director
 - Audit Committee Member
 - Nominating & Compensation Committee Member
5. **Mr. Kajornvut Tayanukorn**
 - Director
 - Corporate Governance Committee Member



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6. **Mr. Charoenrath Vilailuck**
 - Executive Director
7. **Mr. Watchai Vilailuck**
 - Executive Director
 - Chief Executive Officer
8. **Mr. Sirichai Rasameechan**
 - Executive Director
9. **Mr. Jong Diloksombat**
 - Executive Director
 - President
 - Chairman of the Risk Management Committee
 - Chairman of the Sustainable Development Committee
 - Corporate Governance Committee Member

Board of Directors

Report of the Audit Committee

Dear Shareholders,

The Audit Committee of Samarit Telcoms Public Company Limited comprises of three independent qualified committee members as follows : General Sumpun Boonyanun, Chairman of the Audit Committee, Mr. Vichai Pokasamrit and Miss. Rapeepan Luangaramrut, committee members and Mr. Somchai Bunsupaporn as Secretary. All members possess adequate qualifications for their posts specified by the Audit Committee Charter and in accordance with the Securities and Exchange Commission, Thailand and the Stock Exchange of Thailand regulations and best practice guidelines.

The scope, duty and primary responsibilities of the Committee are to review the Company's financial reporting process to ensure that it is accurate and adequate, to review the Company's internal control system and internal audit system to ensure that they are appropriate and efficient as well as to ensure that the company complies with the related laws and regulations.

The Audit Committee fulfilled the responsibility according to the scope, duties and responsibilities assigned by the Board of Directors that complied with the Regulations of the Stock Exchange of Thailand. There were 5 Audit Committee meetings in 2013 and each Audit Committee's member attended every meeting. Such meetings were held with management, external auditors and internal auditors when appropriate, pertaining to the following issues:

1. **Reviewed the interim and annual financial statements of 2013**, by questioning and listening to the management and the external auditor's clarifications, concerning the correctness and completeness of the financial statements and the adequacy of information disclosure. The Audit Committee agreed with the external auditors that the financial statements were correct adhering to the general accepted accounting principles and promptly disclosed for the benefit of shareholders, investor and users of such statements for the purposes of making informed investment decisions.
2. **Reviewed the operation information and the internal control systems** and their efficacy towards ensuring that the Company's business was efficiently and effectively conducted in the pursuit of achieving performance goals. In 2013, the Audit Committee reviewed internal audit reports and assessment results on effectiveness of internal controls and risk management systems, based on the COSO-ERM Framework (The Committee of Sponsoring Organizations of the Treadway Commission - Enterprise Risk Management) and found no weakness or significant deficiency, appropriate asset safeguarding, correct, complete and reliable information disclosure. In addition, the Audit Committee evaluated the internal control system complying with the Practice of the Securities and Exchange Commission. The Audit Committee had opinion that the Company had good internal control system and the system to monitor the operation of its subsidiaries that was adequate, appropriate and efficient. Also, the Company realized the importance of the internal control in information technology system, hence engaged the external advisors to audit, follow up, and give recommendation annually.
3. **Reviewed the internal audit**, by considered the mission, scope of work, duties and responsibilities, independency, manpower and budget of the Internal Audit Division, reviewed and approved the amendment of the Internal Audit Charter to be appropriate, up to date and comply with the internal audit practice manual of the Stock Exchange of Thailand, and approved the 2014's audit plans that linked on the internal control evaluation basis and covering crucial working systems of the Company. The Audit Committee had opinion that the Company had the internal control that was adequate, appropriate and effective, and had developed the audit quality in personnel training and audit work on par with international standard for the Professional Practice of Internal Auditors.
4. **Reviewed the Audit Committee Charter annually** to consider improving about authority of the Audit committee, Minutes, consistent with the Principles of Good Corporate Governance and Regulations of the Stock Exchange of Thailand.
5. **Reviewed connected transactions, or transactions that may lead to conflicts of interest** to ensure that they were in compliance with the laws, rules and regulations prescribed by the Capital Market Supervisory Board of the Securities and Exchange Commission and other regulatory bodies and were reasonable and for the highest benefit of the Company.

The Audit Committee concluded that the aforementioned transactions conducted by Management were fair, without conflict of interest and maximized benefit to the Company and shareholders on an arm's length basis and under normal commercial terms. Therefore the resolution came to propose that to the Board of Directors' Meeting for approval and disclosure to Stock Exchange of Thailand.

6. **Established a self assessment** for Audit Committee member and the Audit Committee annually to comply with Best Practice Guideline for Audit Committee. The evaluation result revealed that the Audit Committee's performance completely fulfilled according to its Charter and complied with the good principles, enhancing the good corporate governance effectively.
7. **Conducted the Report of the Audit Committee's** Activities to the Board of Directors for acknowledgement for every Audit Committee meetings and provided useful management performance recommendation, which were subsequently adopted. To comply with Best Practice Guideline for Audit Committee and Regulations of the Stock Exchange of Thailand.
8. **Considered Appointing the External Auditors and their Remuneration for the year 2013** to propose to the Board of Directors to ask for the approval of Annual Shareholder's Meeting for the year 2013, which the Audit Committee considered the performance, independency and remuneration and concluded to propose appointing Miss. Kamontip Lertwitworatep, Certified Public Accountant Registration number 4377, Miss. Siriwan Suratepin, Certified Public Accountant Registration number 4604, or Mr. Wichart Lokatekrawee, Certified Public Accountant Registration number 4451 of Ernst & Young office Limited to serve as the Company's external auditor for the year 2013, with the remuneration of 1,820,000 Baht. The Audit committee has the opinions regarding the external auditors as follows:
 - Based on past performance, the external auditors performed their duties with knowledge, professional competency, and gave recommendation regarding internal control system and various risks, and also had independency in performing their duties.
 - The proposed remuneration was appropriate, to fix the remuneration for the auditors of not exceed Baht 1,820,000 which is the same amount as previous year including of Baht 320,000 addition audit fee for restatement of the financial statements to be complied with the new accounting standard. Total audit fee for 2013 will be Baht 2,140,000 per annum.
 - There was compliance with Regulation of the Office of the Securities and Exchange Commission (SEC) with regards to the changing of the financial statements signatory external auditor every 5 years. If such auditors are appointed to be the external auditors for the year 2013, it shall be 2 consecutive years.
 - The external auditors had no relation with the Company and subsidiaries.

The Audit Committee performed its duties and responsibilities with knowledge, ability, carefulness and sufficient independence. The Audit Committee had full access to all pertinent information from management, employees and associated parties. Furthermore, the Audit Committee gave comments and recommendations which were beneficial to all of the Company's stakeholders.

In summary, the Audit Committee had fulfilled the responsibility of the Audit Committee Charter that was approved by the Board of Directors and found that the Board of Directors, Management, and Executive Directors all performed ethically with the intent to conduct their job functions professionally and in pursuit of the Company's performance goals. Furthermore, it concluded that the Company was fully committed effective Corporate Governance. The Company disclosed financial and operation information correctly, had appropriate and effectiveness internal control and audit, and risk management, complied with laws, regulations and obligations, disclosed the connected transactions correctly, performed duties in compliance with the Good Corporate Governance principles, with adequacy, transparency and reliably, and also developed the operation systems to be more qualified and fit with the changing business environment on a continuing basis.



(General Sumpun Boonyanun)
Chairman of the Audit Committee

Report of the Risk Management Committee

Dear : Shareholders

The Risk Management Committee realizes the importance of Risk Management as it can drive the Company's business operations smoothly and continually. In addition, the Risk Management Committee has appointed 7 individual members, comprising of Company's President and all concerned department heads, jointly prescribe risk management policies and evaluate related risks as set out in the Risk Management Plans, together with setting up appropriate preventive and corrective measures and monitored results regularly.

The Committee performed its duties and responsibilities as per assigned by the Board of Directors and in 2013. The committee conducted 2 meetings to consider the significant matters as summarized below:

1. Considering annual risk management plan, management of all related agencies that conduct risk assessment and prioritization of risks and the impact it occurred. Determining the effect of those risks and making a strategic planning on how to minimize and as much as possible preventing and anticipating those things to happen.
2. Monitoring and reviewing the compliance with risk management plan pursuant to the risk management policy and framework. To assure that the company has systematically and effectively conduct risk management. By assigning the internal audit department to follow up and review the risk management measures of each company to ensure that the goal has been achieved.

According to the issues and tasks mentioned above, the Risk Management Committee ensured that the Corporate Risk-Management operations have been carried out efficiently and effectively in line with the good Corporate Governance Principle, sufficient internal control including compliance with the law and regulations concerning Company's business.



(Mr. Jong Diloksombat)

Chairman of the Risk Management Committee

Report of the Corporate Governance Committee

Dear Shareholders,

The Company realizes the importance of business and management guidelines for good corporate governance seriously and concretizes a vital role in business operations resulting in efficient and effective management, sustainable growth and fair treatment among related parties including corporate social responsibilities for sustainable growth. The Board of Directors has established the Corporate Governance policy and Business Ethics in a legible form since 2005, and appointed the Corporate Governance Committee ("CG Committee"), the Chairman of the CG Committee is the Independent Director to oversee and monitor the business operations on compliance with the corporate governance principles of the Stock Exchange of Thailand.

In 2013, the Corporate Governance Committee conducted 2 meetings to carry out the duties and responsibilities assigned by the Board of Directors and then propose to the Board of Directors for consideration, The significant matters considered during the year were summarized as follows:

- **Review and improve the Company's corporate governance policy, business ethics and all committee's charters.**
Review and improve the Company's corporate governance policy, business ethics and all committee's charters to comply with the Principle of Good Corporate Governance of the Stock Exchange of Thailand (SET), the Securities and Exchange Commission (SEC) and related laws as well as in line with the international corporated governance criteria which are based on ASEAN CG Scorecard criteria.
- **The assessment of the Board of Directors, Sub-committee, the Chief Executive Officer and Company secretary.**
Oversee and encourage the Board Self-Assessment as well as annual assessment of the Chief Executive Officer and Company Secretary. Moreover, in 2013, was specified that performance of the Director and sub-committee Self-Assessment must also be assessed. Results and recommendations from such assessment shall be considered for further improvement.
- **Reviewed the Company's Corporate Governance Report disclosed in the Annual Report.**
Reviewed the Company's Corporate Governance Report disclosed in the Annual Report to comply with the regulations of the SEC and SET.
- **Agenda and enquiries for AGM.**
Encourage the minority shareholders to propose the agenda and submit any enquires for consideration in the Annual General Meeting of Shareholders by specifying that the minority shareholders must propose the agenda and any enquiries concerning the Company in advance prior to the ending date of the fiscal year and their shareholding proportion must not be less than 4 percent of total voting rights of the Company.

As a result of the Company's clear goals and plans for raising the corporate governance standard, the Company has earned an "Excellent" rating according to the Corporate Governance Report of Thai Listed Companies for 2013 and being ranked in Top Quartile of the group of companies with a market capitalization of Baht 3,000-9,900 million surveyed by the Thai Institute of Directors Association in cooperation with the office of Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) and the survey result of the Annual General Meeting of Shareholder for the year 2013 (AGM checklist) by the Thai Investors Association, The Company was assessed and rated "Excellent". Moreover, the company was granted SET Award "Top Corporate Governance Report" by the Stock Exchange of Thailand (SET).

From the above evaluation, It's been proved that the Company places importance and operate legitimate and transparent business in compliance with the Principles of Good Corporate Governance as well as indoctrinating the employees to realize and recognize business ethics. Such matter has been disseminated to the Company's employees via e-mail in the means of weekly corporate governance tips and poster has also been posted at the public relation board of the Company indicating good management standards which promote sustainable business growth.



(Mr. Vichai Pokasamrit)

Chairman of the Corporate Governance Committee

Report of the Sustainable Development Committee

Dear Shareholders,

The company realizes the importance of sustainable development which is important to the growth of business, in addition to consideration of social environment. In 2013, the Board of Directors appointed the sustainable Development Committee from the members of Board of Directors and all concerned management on each department which comprise of 8 members, with the President as the Chairman of the Sustainable Development Committee whose main duties are to specify policies, directions and operational guidelines on social and environmental responsibility of the company. Also includes follow up progress and assess the efficiency of CSR activities and finally report the performance results to the Board of Directors.

In 2013, the Sustainable Development Committee determines corporate social responsibility policy as a guideline to directors, management and employees, which summarize the following: Operate companies business based on good governance and principle. Social and environmental responsibility by primarily taking consideration of the benefits of all stakeholders. Build up corporate culture that can encourage all employees to have conscious mind while performing their duties that regards on social and environmental awareness. Encouraging people to create social and environmental projects or activities with a concept of “QUALITY PEOPLE and MORAL SOCIETY” to build up awareness for the development of the society

With the determination of corporate, directors, management and employees and with a social responsibility as a guideline, the company is confident that it is an important step to achieve its objective that can give benefits to Social, Environmental and Stakeholders.



(Mr. Jong Diloksombat)

Chairman of the Sustainable Development Committee

Report of the Nominating & Compensation Committee

Dear Shareholders,

The Company realizes the importance of recruiting, selecting, and nominating candidates to assume the positions and remuneration packages of Board of Directors and top Executives. Consequently, the Board of Directors appointed the Nominating & Compensation Committee consisting all independent directors to be responsible for recruiting and nominating candidates that are highly knowledgeable in their fields and who also must meet high qualifications set appropriately for the Board position and executive levels and proposing compensation policies and guidelines for remuneration packages for the Board of Directors, the Committees' members, and top Executives in commensurate with roles and responsibilities and in tandem with Company's operating results and market conditions in order to motivate and conserve the Board Members and quality Executives as required by the Company.

In 2013, the Nominating & Compensation Committee conducted 3 meetings to consider numerous matters concerning the company that were subsequently reported, with comments and recommendations, to the Board of Directors which can be summarized as follows ;

- **Nominate and proposed personnel to assume the Board in replacement of Directors retiring by resignation and rotation**
Considered, nominated and proposed personnel to assume the Board in replacement of Directors retiring by resignation and rotation for approval of the Board of Directors' Meeting prior to the approval of Shareholders' Meeting.
- **Nominate and proposed personnel to assume the Committees' member**
Considered, nominated and proposed personnel to assume the Committees' member propose to the Board of Directors for further approval.
- **Determine Compensation for Board Directors and Committees**
Considered the remuneration package for Board of Directors and Committees' members by analyzing similar industries' compensation packages. The objective is to determine the most appropriate remuneration in order to enhance incentives to retain qualified Directors. Any Directors who have also appointed as Committees' members would receive additional compensation as commensurate with their additional level of responsibility.
- **Determine appropriate Bonus and Salary Increase**
Considered, together with the Human Resources Department and the Executive Board, the criteria of salary increase for 2014, the calculation of 2013 bonus and payment bonus policy for 2014. The level of salary increase and bonus allocation was determined to be at an appropriate level commensurate with the Company's business performance and in line with the industries average remuneration.

The Nominating & Compensation Committee reported results from every meeting to the Board of Directors on regular basis. In 2013, the Nominating & Compensation Committee completely and carefully fulfilled all assignments with full capabilities, independence and expressed direct opinion for highest mutual benefits to shareholders and all stakeholders. In addition, the Committee has strong intent to seek equitable treatment, fairness, and transparency for all concerned and to ensure the strictest adherence to good corporate governance, according to the Stock Exchange of Thailand, and be internationally recognized.



(General Sumpun Boonyanun)

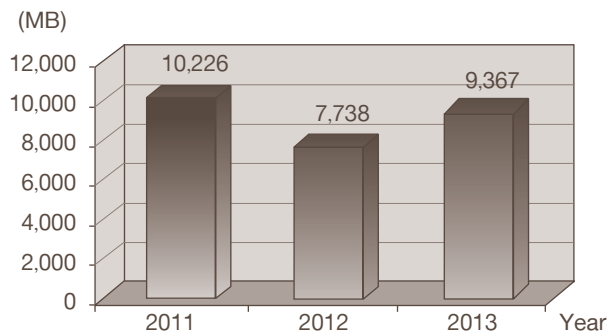
Chairman of the Nominating & Compensation Committee

Financial Highlights

		2011	2012	2013
Operating Results (Baht Million)				
Total revenues		10,226	7,738	9,367
Gross profit		1,552	1,493	1,792
Net profit		791	828	857
Financial Status (Baht Million)				
Total assets		8,851	12,399	12,475
Total liabilities		6,616	9,665	9,298
Shareholders' equity		2,235	2,734	3,177
Financial Ratio				
Profit ratio	(%)	7.73	10.70	9.14
Return on equity	(%)	35.39	33.33	28.98
Return on asset	(%)	8.94	7.80	6.89
Debt to Equity	(Time)	2.96	3.53	2.93
Earning per Share	(Baht)	1.31	1.36	1.40
Dividend per share	(Baht)	0.66	0.70	0.75
Dividend per share ratio*	(%)	51.24	51.54	54.00
Net book value per share	(Baht)	3.69	4.48	5.15
Par value per share	(Baht)	1	1	1
No. Of Shares	(Million Share)	606.0	610.2	616.9

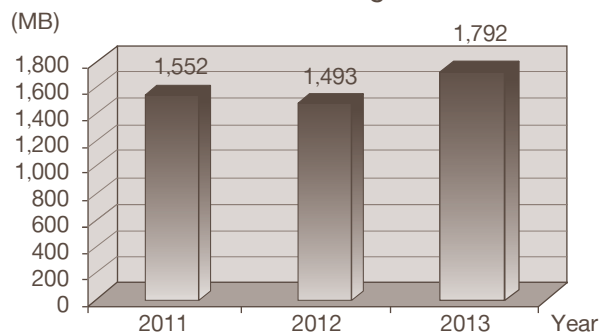
* % of consolidated net profit after deduction of all reserves as stated in the Company's Articles of Association and related laws.

Total Revenues



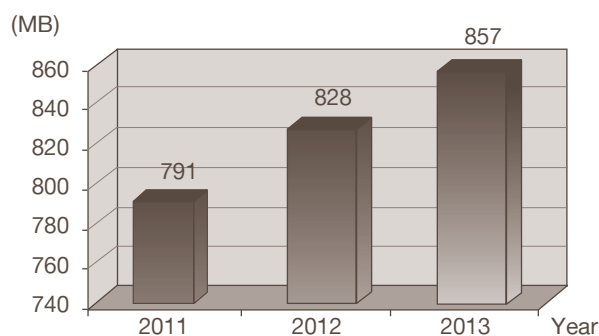
In 2013, total revenue was Baht 9,367 million, increased by Baht 1,629 million or 21% comparing to revenue of 2012. The increase in revenue mainly from revenue recognition of project with Department of Corrections, Bangkok Metropolitan Administration, Provincial Electricity Authority of Thailand, and Airport Authority of Thailand.

Gross Margin



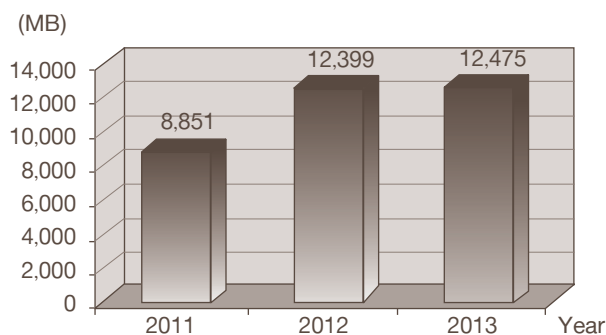
In 2013, gross profit was Baht 1,792 million, increased by Baht 299 million or 20% comparing to gross profit of 2012. Gross profit margin was 19% which is about the same as last year.

Net Profit



In 2013, net profit was Baht 857 million, slightly increased by Baht 28 million or 3% comparing to net profit of 2012.

Total Assets



Total assets as of December 31, 2013 Baht 12,475 million increased by Baht 76 million, mainly from the increase in trade and other receivables.

Corporate Social Responsibility Report

(Sustainability Report)

The Company has mainly implemented CSR activities in form as a supporting innovation project, charity event and donation which in fact it is only a part of the CSR. However, after taking CSR training course from the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), the Board of Directors' Meeting No. 5/2013 on November 12, 2013 approved the establishment of the Sustainable Development Committee in order to set the policy framework and guidelines for the implementation of social responsibility and the Company's environmental benefits. This will lead to guidelines to CSR monitor progress and evaluate the CSR activity and report to the Board of Directors.

The Board of Directors' Meeting No. 6/2013 on December 17, 2013 approved CSR policy. Details are as follows:

CSR Policy

1. To conduct business based on good governance principle as well as social and environmental responsibility by primarily taking into consideration benefits of all stakeholders.
2. To build up corporate culture that can encourage all employees to have conscious mind while performing duties and also to have volunteer spirit which is willing to devote efforts and personal time for benefits of communities as a whole.
3. To promote and educate the employees at all levels on social and environmental awareness to serve as guidelines on social and environmental conservation and development throughout the organization.
4. To encourage on creation of social and environmental projects or activities.

CSR policies comprise 9 operating principles of conduct as follows:

1. Organization Governance

Promote and make good governance principle become corporate culture, adhere to responsibilities for all stakeholders with transparency and auditability.

The Board of Directors realized on the importance of the good Corporate Governance which will be the fundamental factor for improving standard of business operation to create more transparency, competitiveness and strengthen the confidence of all shareholders, investors and other related parties and the competition capability of the company. Thus written Corporate Governance Policy and Business Ethics, which complied with the Principles of Good Corporate Governance of SET and Corporate Social Responsibility Guidelines, have been provided for practices of directors, management and employees of the Company under the policy guiding principle of being a good corporate citizen, who is accountable to employees, customers and shareholders, and being socially responsible. The Company Secretary Division is a compliance unit to supervise and oversee the operation of the Company, directors and executives to ensure that they been correctly complied with the regulations of the SET, the SEC, the Public Company Limited Act., and other related laws. In 2013, the Company performed in relation to good corporate governance of which details shown in **"Corporate Governance"**.

Due to the continual monitor and development of the Company's Corporate Governance Practices, in 2013, the Company scored Excellent and was ranked in Top Quartile of the group of companies with market capitalization of Baht 3,000-9,999 million from a total of 526 listed companies surveyed by Thai Institute of Directors Association (IOD) with supporting from the SEC and the SET. However, the Company still determines to keep on improving the Corporate Governance operations on continued basis.

Moreover, the company was granted SET Award “Top Corporate Governance Report” by the Stock Exchange of Thailand (SET) together with 10 other companies from overall 532 listed companies in the Stock Exchange of Thailand.

2. Fair operating practice

Determine to operate business with fairness and with ethical behavior, observe the laws and respect all social rules.

The Company conducted business and manage the Company’s operation ethically. The Board of Directors has provided the Business Ethics manual for the Company’s directors, executives and employees to adhere as their practical guidelines on integrity, honesty, standardization, quality, moral and fairness. The Business Ethics was posted on the Company’s website (www.samtel.com). It also covers the administration of all stakeholders, i.e. shareholders, employees, customers, competitors, business partner, lenders including societies and environment. Moreover, the Board of Directors also assigns the Corporate Governance Committee to oversee performance of directors, executives and employees to ensure that they strictly adhere to this practice. More details on the treatment of stakeholders are disclosed in the section “**Corporate Governance**” in the topic “**3. Attention to Stakeholders**”.

3. Anti-Corruption

Define the anti-corruption policies and corporate into the Company’s Code of Business Ethics Manual under topic of “Policy on Giving and Receiving of Gifts, Properties, Presents and Other Benefits”.

The Company realizes how severity the Company can be impacted from corruption, therefore, during the meeting of the Board of Directors No. 1/2554 on February 25th, 2011, the Board has approved the anti-corruption policies and ordered to add them in the Company’s Code of Business Ethics Manual under topic of “**Policy on Giving and Receiving of Gifts, Properties, Presents and Other Benefits**”, so that the employees can use them as operating guidelines and comply accordingly.

Receiving or giving any benefits as tradition and morality to express gratitude or maintaining business relation as usual should be done with appropriateness. The Company will not encourage or expect the receiving person to ignore his/her duty and/or return favor from giving inappropriate present, property or other benefits with the following practices:

1. Receiving and giving property or other benefits that could improperly influence decision making;
 - The employee of company shall not receive or give money, property, merchandise or any benefits involving anyone whose intention is to persuade the employee to commit or omit anything contrary to duty.
 - Receiving present or property shall be compliance with morals, and shall not be illegal as well as such gift or property shall not be illegal.
 - Paying for business expenses such as meals and other forms of hospitality that are directly connected to performance of business commitments is acceptable, but such expenses must be reasonable.
 - Giving present, property or other benefits to government officer in Thailand and other countries must be sure that it shall not against the law and local tradition.
2. Receiving or giving present and the memento:
 - Before receiving or giving present or memento, should make sure that such an action does not violate the law and the Company’s regulations. Gifts exchanged in the normal course of business should be inexpensive and appropriate to the occasion.

- Avoid receiving or giving present or memento that could unfairly influence a decision in the performance of one's duties. If it is necessary to receive a gift of unusually high value from someone doing business with the Company, report the matter to the superior.
 - Keep records of expenses as evidence of the value of present or memento given, so that can be examined later.
 - If the employee has been assigned or permitted by the superior to assist an outside agency, the employee may receive money, item, or present according to the guidelines or standards that agency has set.
3. Transactions with the government sector:
- Conduct properly and honestly when in contact with government officials or agencies.
 - Always remember that the laws, rules, and customs of each place may have diverse conditions, procedures, or methods of proceeding.
 - Comply with the laws of each country or locality in matters pertaining to hiring government employees as consultants or employees of the Company. Such hiring must be transparent and appropriate.

The Company discloses such information on the Company's website (www.samtel.com)

General Operating Guidelines

1. Risk management. The Company has an Internal Audit Department to audit operations which may tend to have risks of all departments of each company, including risks from corruption to ensure that all departments have appropriated internal control system in place, both on preventive control and defective control. If it is found that any department does not have adequate internal control system or there is a corruption case, such matter shall be reported to the Audit Committee and the high level executives. Preventive guidelines must have also been reported in order to improve the internal control system.
2. To ensure that the remuneration provided to the employees is adequate, focused on creation of consciousness and it must not be the source for corruption. The Human Resource Department shall compile the survey results report on wage adjustment in each year from the well-known institutes, both domestically and internationally as well as exchange information with the Human Resource Department of other companies in the telecommunication and computer businesses. The information gained shall be used for consideration on provision of remuneration to the employees.
3. To encourage operations pursuant to anti-corruption policies by providing training to the employees to promote honesty, integrity and operating guidelines for standard on good conduct and ethics for the employees including code of business ethics of the Company during the orientation of the new employees. All employees can access to such information via HR Website (www.samarthre.com).
4. To supervise on compliance with anti-corruption policies. The Company urges the employees and the stakeholders to report about any policy violations as well as unfair practices or any misconduct, i.e. against good governance principles, code of business ethics, rules & regulations of the Company or the laws. Such matter can be reported to the Chairman of the Audit Committee via postal services at the designated address provided in the Company's website or it can be submitted by person. The Chairman of the Audit Committee shall proceed pursuant to procedures and then forward to the members of the Audit Committee for further consideration. The Company shall protect the whistle blower by not disclosing name of such whistle blower to any person.
5. The Internal Audit Department shall summarize the audit result only about the corruption issues of each department during the previous year and report to the Audit Committee every year as well as to provide recommendations for solving the problems.

For the past year, the company had found corruption cases in its three subsidiaries. The first case was about request for fraud overtime payment. The company had already penalized the guilty employee, pursuant to the company's regulations. The second case was advance payment in expense of the company. The company set regulations to prevent as well as measure the overtime payment and other expenses. The company has been more stricter in following specified company regulations. In addition, maximum penalty clause had also been imposed in case of reoccurrence of wrongdoing act and the internal control systems have been revised to make them more stringent on their measures. Furthermore, no director or executive was found to break the rules or was forced to resign on the ground of violation of corporate governance principles and the Company did not encounter the problem on having negative reputation caused by failure of the Committees on supervision their duties.

Furthermore, the Company is also aware of importance on anti-corruption, so the Company's representatives were encouraged to attend the meetings and training courses relevant to the corruption, such as the National Conference on Collective Action against Corruption, Practical Fraud Awareness, Fraud Detection & Fraud Prevention Strategies and Fraud Audit training courses, as well as participated in the Collective Action Coalition on Anti-Corruption in order to recognize concept and operating procedures on promotion of anti-corruption measures and etc.

4. Respect of Fundamental Human Rights

Put emphasis on fundamental human rights, promote and respect rights, freedom and equality. Do not support discrimination based on gender and social status and strongly prohibit child labor/forced labor.

The Company emphasizes on human right as common practice, all employee shall not act or support any action to violate any human rights. On the contrary, the Company shall create the knowledge-based-organization on human rights as well as cultivate consciousness to the Company's employees to make them adhere to and follow. The policy non violation of human right has been stated in the Company's Business Ethics as follows:

- **Personal right and freedom:**

- The Company has policies that employee's personal information is the secret and shall not be sent or disseminated to unauthorized parties.
- Disclosure or transfer of personal information only upon the owner's consent.
- The human has right and freedom so long as not violate the right and freedom of others.

- **Equal treatment:**

- The Company treats all employees equitable, no person shall be discriminated against regardless of race, nationality, language, religion, sex, age and education.
- The employee shows respect to and acceptance of others, and acts appropriate with job as the Company's regulation and tradition without disgrace.
- The Company has opportunity for the employee to show their capability by set appropriate remuneration and has opportunity for more education both in higher education, and short- term/long-term training.
- Deliberation related to hiring and judgment of performance should be accurate and fair.
- In performing the work, avoid expressing opinions that have to do with differences of physical and mind, race, nationality, language, religion, sex, age, education, or any other attribute likely to cause conflict.
- Contribute to making the work environment free of oppression and injustice.
- The employee shows respect and tolerance for each other's opinions.

5. Fair Labor Practices

Create safety and healthy workplace, implement the employment conditions which are appropriated with fundamental labor laws as well as enhance skills of personnel on continued basis so that they can have better quality of life.

The Company highly regards all of the employees as valuable resources and is a major factor to drive the business performance to achieve its goals. The Company must respect and obey the laws and ethics in order to establish justice, stability and peace in the society. As a result, it is the Company's policy to treat employees fairly in all respects, employment opportunity, reasonable remuneration, promotion, welfare in the following aspects:

1. Respect for the right to work pursuant to the fundamental human right principles. For more details, please see in Clause 4 under the topic of **"Respect for fundamental human rights"**
2. Define **"Compensation and Benefit Policy"**, regarding to employee motivation, internal impartiality and compensation standards, and job value to company. The Company essentially determines corporate compensation, benefit and welfare policy being compatible to position accountability, knowledge, and competence with business operation and up-to-date compare to leading companies in industrial competition. In the other hand, Company certainly ensures compensation, benefit and welfare policy aligned to new wage of legal regulation and preparing to AEC.
3. Define **"Safety and Health Policy"** as shown in the section **"Corporate Governance"** in the topic **"Employee policies"**.

6. Consumer Responsibility

Place importance on manufacturing products and provision of service with good quality and safety.

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

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

For more details, please see in the section **"Corporate Governance"** in the topic **"Customer policies"**.

7. Contribution to the Community and Society

Support and develop quality of life as well as prosperity of the community and society.

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

1. Strengthen good relationship with the organizations, both from public and private sectors, as well as the community leaders in various levels so that the works for community development can be harmoniously coordinated on sustainable and concrete basis.
2. To provide the buildings, materials including funds to oversee the livelihood condition and safety of the communities, for instance the construction of bus shelter in front of the Company's office building, donation of rain coats and reflective coats to the traffic police in the areas of Pakkred Local Police Station and Pak Klong Rangsit Local Police Station, support the learning materials and sport equipment to the schools in nearby areas, restoration of the temples and donation of money to the poor in the communities.
3. To raise funds and supply the necessities to help the disaster victims, for instance provision of boats to the government agencies to be used for facilitating the people who were suffered from the flood.
4. To cultivate consciousness to the Company's employees on responsibility to the society, community and environment via media and internal activities continually.

In 2013, we have laid down clear framework for our works under the "Quality People and Moral Society" focus. The works comprise projects and activities as follows:

Creation of Quality People

- **SAMART INNOVATION:** This project covers a Technology Innovation Contest, Scholarships, and Technology Training namely:

1. **Samart Innovation Award 2013:** The annual contest first started in 2003 and was in its 11th year in 2013. Samart Corporation Pcl. joined force with National Science and Technology Development Agency (NSTDA) in organizing "The Young Technopreneurs Project" for the second year in 2013. The program covers:

- Knowledge and skills development
- Business Startup Funds to 25 outstanding teams, each receiving Baht 25,000. The winner of Samart Innovation Awards 2013 got Baht 200,000. The first runner-up and the second runner-up were awarded Baht 70,000 and Baht 30,000 respectively.
- Commercial opportunity: During the past two years (2012-2013), we have produced 51 teams or over 150 technopreneurs for technology business sector. We will continue to produce more.



2. **Samart Innovation FUND** has awarded scholarships and research grants to telecommunications students in their last year of study at universities so that they have funds to further their knowledge, to develop their final study projects, or to continue their education. In 2013, the Samart Innovation FUND started offering the grants to students at five institutes. Each scholarship was worth Baht 20,000 and each university had five recipients. The total amount of funds granted in 2013 reached Baht 300,000. Participating universities in this project were the King Mongkut's Institute of Technology Thonburi, the Thammasat University, the King Mongkut's Institute of Technology Ladkrabang, the Kasetsart University and the Mahidol University.

3. **Samart Innovation CAMP** has offered a training on telecommunications, under the theme of "Get Ready to be a Professional" for the Bangkok University's Faculty of Science and Technology, Rangsit University's Faculty of Engineering, and more.



• SPORTS SUPPORT

The Company supports tournaments for Thai soccer clubs to help develop Thai sports to the international level. Such clubs include Buriram United, Songkhla United, Chonburi F.C., TOT S.C., Chiangrai United, Phrae United and Suphanburi United.

Promotion of the Moral Society

The promotion focused on extending help and relief to the underprivileged or social works, which was conducted via the "Samart...D Club" activities. The "Samart Foundation", meanwhile, was in charge of promoting Buddhism and charity causes.



- **Samart...D Club** was established by voluntary employees to provide benefits and assist the society through the following internal and external activities

- > Samart Mind Power for the promotion of morality, Dhamma, and conscience, which required more than Baht 120,000 in budget as it arranged:

- A Dhamma course titled Format Your Mind Delete Your Emotions (2 Days 3 Nights) at the Rama IX Meditation Center, the Rama IX Kanchanaphisek Temple. The course accepted 80 participants. IT has been held for three consecutive years already.
- Publishing prayer books for distribution to members of the general public.
- Organizing annual Dhamma talks titled "Problems are Temporary..Solutions are in Dhamma" for staff.



- > Kids tour to Rattanakosin Exhibition Hall : This activity aimed to bring the new world of learning to the underprivileged children from the Foundation for the Better Life of Children.

- **Other Morality supports**

- > Provided Baht 1 million support for HRH Princess Maha Chakri Sirindhorn for submission to the “Baht 99 million for His Majesty” project. By Samart Communication Service Co.,Ltd.
- > Made donation Baht 1 million for an event held to commemorate the establishment of the National Association of Outstanding Thai Women. By Samart Corporation Pcl., and Samart Comtech Co., Ltd.
- > Provided support of Baht 100,000 to HRH Princess Maha Chakri Sirindhorn to support the project to buy a land plot for the construction of Wat Pathum Rangsi Wanaram. By Samart Comtech Co., Ltd.
- > Samart Telcoms Public Company Limited donated 100,000 Baht to support Thai Osteoporosis Foundation (TOPF).

Enhance the strong Communities

We have maintained good ties with our neighboring communities in the hope of engaging in joint development and enjoying prosperity together....

- **Care for Better Living and Safety**

- > Provided raincoats and reflective vests for traffic police in the areas of Pakkret and Pak Klong Rangsit on an annual basis to facilitate their operation. The donation was worth Baht 80,000
- > Support for Children’s Day activities at Anubarn Nonthaburi School, Maitree Utis Community School, the Wat Bang Bua Thong School (Pakkret), the Taladnam Wat Takian Community (Bang Kruai), and the Ladkrabang National Library.



8. Environmental Conservation

Conduct business by always taking into account the environmental conservation and use resources in the most meaningful way.

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

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

The Company has policies to support the employee's knowledge and training in subject of environment for fostering the employee to response to the environment as follows:

1. The Company campaigns environment and nature resource awareness through continuous participated activities of employee.
2. The Company supports environment conservation to social and other organization as well as public environment news for making image and good understanding of the Company's environment management.
3. The Company has policies to foster the guideline of responsibility to environment for understanding the importance of environment by training the employee continuously for efficient environment system.

The activities arranged by the Company during the year 2013 are as follows:

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

We have developed products and services in line with environmental conservation and environmental safety standards. For example, we have helped with the Provincial Electricity Authority's AMR Project.

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

To promote environmental care and optimal use of energy among employees, we have consistently conducted the environmentally-friendly "Reduce and Reuse" project every year.

In 2013, Samart Group promoted this activity in the concept "Lor. Ling ECO Project", which included the exhibition to educate energy saving by arranging workshops and invention contest from used plastic bottles, and donation of 1,000 used plastic bottles to the Mirror Foundation to raise funds for social benefits.

9. Innovation and Publication of Innovation from Social Responsibility

Determine to develop and present innovation on technology application to uplift the standard of living, conserve environment and use resources in the most meaningful way.

SAMART Innovation Awards Program has been firstly initiated 10 years ago with aims to promote and urge the knowledge and capability developed by Thai people to be concretely applied and commercialized to create more works and professions. In 2013 is the second year Samart Corporation Public Company Limited joined hand with the National Science and Technology Development Agency (NSTDA) on an arrangement of the technology innovation competition and the emphasis on creating new blood entrepreneurs concretely under the "Young Technology Entrepreneur" Project. Recently, after the winners have been announced, the Company has disseminated those awarding works to the public via the public relations work to attract the interested investors and to inspire the next generation developers.

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

Our Pride for 2013

- **SET AWARDS 2013**

The company was granted SET Awards 2013 as listed company with outstanding governance report. The Stock Exchange of Thailand (SET) conferred the awards at its SET Awards 2013 event to recognize the listed company that had prepared the report in line with good governance principle.



- **CMMI Level 5**

Smarterware Co., Ltd. was awarded the CMMI Level 5 software development certificate. The Software Thailand Park granted the certificate in recognition of the firm's outstanding software development. CIMI Level 5 is the highest level for certification.



Policy Overview and Nature of Business

Policy and Overview of Business

Samarat Telcoms Public Limited Company (“The Company” or “SAMTEL”), had founded in July 18th, 1986 with initial registered capital of baht 5 million with the business objectives to provide telecommunication satellite telecommunication services. The Company has registered in terms of the Public Limited Company in 1995 and turned to be a listed company of the Stock Exchange of Thailand since 1996 with the current registered capital of baht 616.94 million.

The Company policy and targets on being the fully-integrated ICT service provider renowned in knowledge, expertise and credibility by enterprise and individual customers, synergizing strengths of the Samart Group and network of technology partners as well as establishing joint ventures with business partners to create more values to services enabling customers to increase convenience, speed and reduce operating costs.

Business operations of the Company and its Subsidiaries in 5 business groups

The Company deploys the policy and guideline in categorizing business operations into several business groups based on types and characteristics of product and service groups in accordance with The Company’s business objectives to provide total end-to-end ICT solutions and services, especially valuable ones that generate recurring revenues.

Business operations of The Company can be categorized into 5 business groups: Network Services, System Integration, Innovation Business Application Solutions & Services, ICT Outsourcing Services, and Internet Protocol (IP) Business Group.

1. Network Services Business Group

Operate telecommunications, data communication network, especially in implementation of networking solutions and data communication services via various types of networks. Solutions and Services are:

- Rental of the high-speed, satellite communication network via iPSTAR and VSAT solutions.
- Implementation of high-speed core networks using various fiber-optic technologies such as FTTx and DWDM (Dense Wavelength Division Multiplexing) including core fiber-optic network including broadband wireless networks
- Telecommunication network system installation and maintenance service
- ISO9000: 2008 certified repair services for telecommunication and related electronic equipment

2. System Integration Business Group

Provide and implement IT and communication system integrated to serve varieties of customer needs and response to complexity arising effectively. Implementation of such system requires effective integration of several technologies, products, and services. This business group consequently requires professionals with highly technical expertise in several technology areas. Repair, maintenance, and complete after-sales services are also provided to government and corporate clients

3. Innovation Business Application Solutions & Services Business Group

Provide software application solutions and services to enhance capability and business operation efficiency through the form of electronic services for government agencies to serve citizens, and for corporate clients to reduce costs and increase competitiveness including customer satisfactions. Solutions and services are:

- Total solutions and service for electronic payment system
- Smart Card Application Solutions
- Application Services for Electronic Data Interchange - EDI
- Workflow Management System
- Supply Chain Management System
- E-Learning
- Competency Management System

4. ICT Outsourcing Services Business Group

Operate fully-integrated ICT outsourcing service, including system design, installation, system management and operation, including maintenance, to ensure full system capacity and efficiency for customers. The services focus on advanced information and communication technology and particular technology. This business group emphasizes customers' operations requiring accuracy, reliability, and efficiency of the system. This business group thus is capable of serving complex operations, enabling government units and business to fully focus on their services to end customers with speed and ICT cost reduction. Outsourcing Services under this business group are:

- Information and communication technology Outsourcing Services
- Energy Management Outsourcing Services and Solutions
- Enterprise Resource Planning System Outsourcing Services
- ICT Maintenance Outsourcing Services
- Computer and Operation Center Outsourcing Services

5. IP Business Group

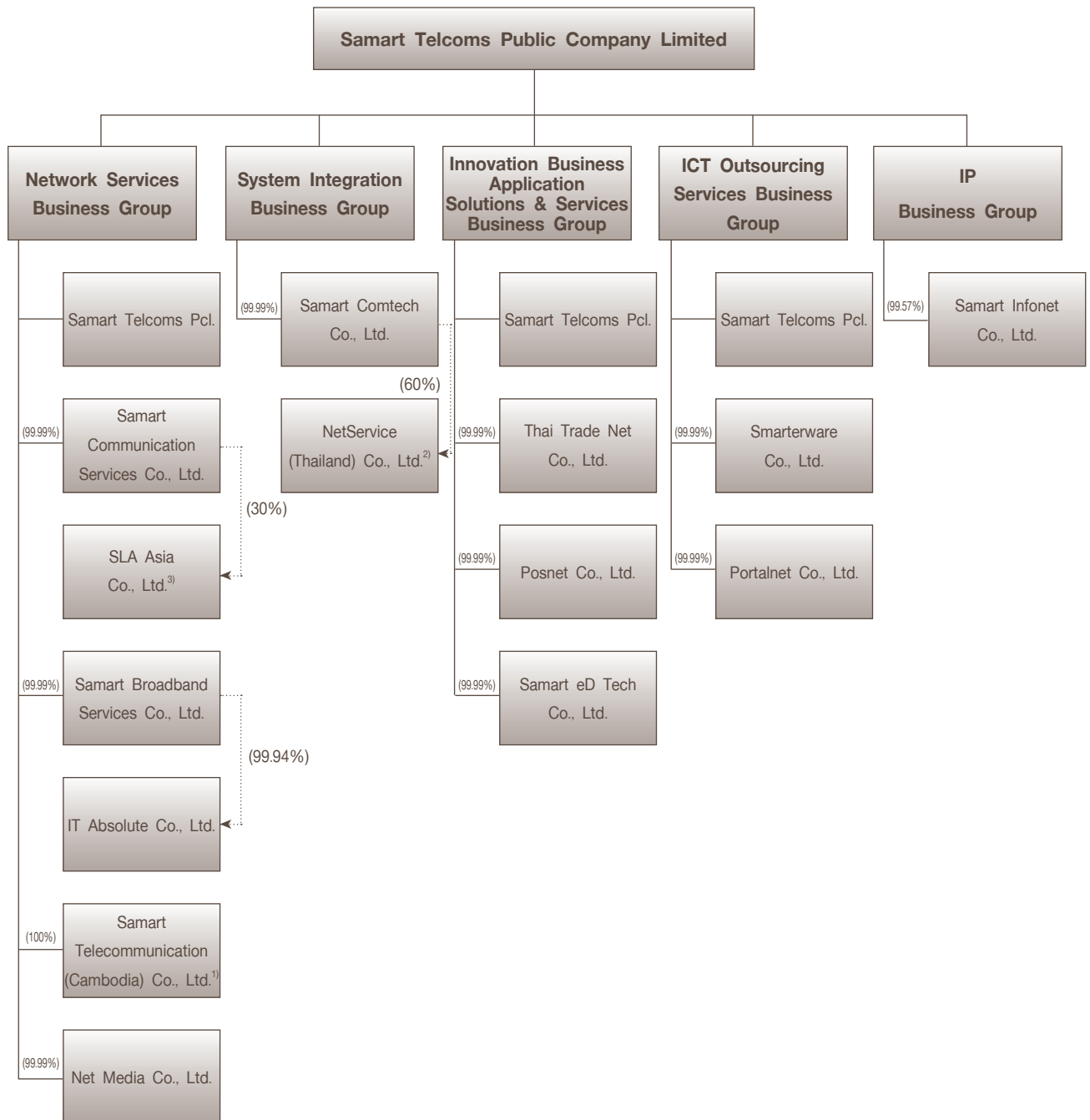
Provide connectivity services through Internet or IP (Internet Protocol) networks and relating application running over IP networks to provide communication of data, images, audio, and video over high-speed and secure networks including international communication with convenience, speed, security, and lower cost. The solutions and services are:

- Broadband Internet and network services through
 1. ADSL (Asymmetric digital subscriber line)
 2. MPLS (Multiple-Protocol Label Switching)
 3. Leased Line
 4. Gigabit Internet
- Server Co-location services
- Voice over Internet Protocol (VoIP) calls

Table of Business Operations of the Company and its Subsidiaries

Business Group	Company	Business
1. Network Services	Samar Telcoms Pcl.	1. Rental of the high-speed, satellite communication network via iSTAR and VSAT solutions 2. Implementation of high-speed networks using various fiber-optic technologies 3. Telecommunication network system installation and maintenance service
	Samar Communication Services Co., Ltd.	Network, telecommunications and information technology services including procurement, operations, maintenance and repair of communication equipment under the Certified ISO 9000-2008
	Samar Broadband Services Co., Ltd.	Providing data communication services over local broadband networks.
	IT Absolute Co., Ltd.	Distributor of electronic and technologies equipments.
	Net Media Co., Ltd.	Providing video compression services and communication link for satellite uplink.
2. System Integration	Samar Comtech Co., Ltd	Providing system design and implementation of IT and communication system including system maintenance.
3. Innovation Business Application Solutions & Services	Samar Telcoms Pcl.	Providing distance learning and e-learning solutions and services
	Thai Trade Net Co., Ltd.	1. Providing trading data communication through Electronic Data Interchange (EDI) services including consulting services on workflow design for process reduction to business and their trading partners. 2. Providing application software and services regarding Supply Chain Management and Workflow Management
	Posnet Co., Ltd.	1. Total solutions and service for electronic payment system 2. Provider for smart card solution and smart card applications developer for Commercial Bank in Thailand and card issuing companies.
	Samar Ed-Tech Co., Ltd.	Providing services and development of Learning Management System including education institute management system and end-to-end education technology as well as courseware development for learning and training. Development of digital content such as e-Magazines and e-Books including mobile application development are also in the scope of services.
4. ICT Outsourcing Services	Samar Telcoms Pcl.	1. Providing end-to-end outsourcing services including system design, development, installation, management, operation and maintenance for information and communication system (ICT Outsourcing) and for Energy Management System Outsourcing Services. 2. Providing Computer & Operation Center Outsourcing service
	Smarterware Co., Ltd.	Conducting business in providing consulting services and complete software development and special services in software engineering
	Portalnet Co., Ltd.	Providing design and outsourcing services in Enterprise Resource Planning including analyzing business requirements and offering total solutions for customers in government and private sectors.
5. IP Business	Samar Infonet Co., Ltd.	1. Broadband Internet and network services through ADSL (Asymmetric digital subscriber line), MPLS (Multiple-Protocol Label Switching), Leased Line, and Gigabit Internet 2. Server Co-location services 3. Voice over Internet Protocol (VoIP) calls

Business Struture



Remark : Registered Capital of Samart Telcoms PCL. is Baht 738,000,000 and Paid-up Capital is Bath 616,936,000

- ¹⁾ The Board of Directors of the Company in its Meeting No.7/2009, on December 18, 2009, has approved to close down Samart Telecommunication (Cambodia) Co., Ltd., because the Company has not yet generated income. However, the process of deregistration and liquidation of the Company is in progress.
- ²⁾ The Board of Directors of the Company in its Meeting No.6/2013, on December 17, 2013, has approved that Samart Comtech Co., Ltd., a wholly owned subsidiary of the Company, the purchased ordinary shares of Net Service (Thailand) Co., Ltd. from existing shareholders, this will be completed on January 2014.
- ³⁾ The Board of Directors of the Company in its Meeting No.6/2013, on December 17, 2013, has approved that Samart Communication Services Co., Ltd., a wholly owned subsidiary of the Company, the establishment of a new associated company, SLA Asia Co., Ltd., this will be completed on February 2014.

Revenue Structure

The revenue structure of the Company and its Subsidiaries as of December 31, 2011-2013

(Unit: Million Baht)

Business Group	Operated by	% Holding	2011		2012		2013	
			Revenue	%	Revenue	%	Revenue	%
1. Network Services	STC	-	1,323.3	13.0	1,344.7	17.4	1,609.0	17.2
	SCS	99.99%	6,478.0	63.3	3,638.2	47.0	3,816.5	40.7
	SBS	99.99%	-	-	-	-	-	-
	ITAB ⁽²⁾	99.94%	-	-	177.5	2.4	100.3	1.1
	STCC ⁽¹⁾	100%	-	-	-	-	-	-
	IT GEN ⁽³⁾	99.99%	0.4	0.0	-	-	-	-
	NMD	99.99%	173.5	1.7	5.6	0.0	0.1	0.0
Subtotal			7,975.2	78.0	5,166.0	66.8	5,525.9	59.0
2. System Integration	SCT	99.99%	1,281.5	12.5	1,346.3	17.4	2,098.8	22.4
Subtotal			1,281.5	12.5	1,346.3	17.4	2,098.8	22.4
3. Innovation Business Application Solutions & Services	STC	-	10.8	0.1	0.9	0.0	6.9	0.1
	TTN	99.99%	27.3	0.3	27.6	0.4	29.8	0.3
	PN	99.99%	142.6	1.4	122.0	1.6	172.3	1.8
	SAET	99.99%	2.5	0.0	3.9	0.0	5.3	0.1
Subtotal			183.2	1.8	154.4	2.0	214.3	2.3
4. ICT Outsourcing Services	STC	-	452.4	4.4	627.0	8.1	515.2	5.5
	OASIS ⁽⁴⁾	70%	70.5	0.7	22.0	0.3	-	-
	STW	99.99%	5.9	0.1	7.4	0.0	3.7	0.0
	PTN ⁽⁵⁾	99.99%	-	-	294.5	3.8	911.7	9.8
Subtotal			528.8	5.2	950.9	12.2	1,430.6	15.3
5. IP Business	SIF	99.57%	257.6	2.5	120.9	1.6	97.5	1.0
Subtotal			257.6	2.5	120.9	1.6	97.5	1.0
Grand total			10,226.3	100.0	7,738.5	100.0	9,367.1	100.0

Remark :

- The above revenues are exclusive of Inter-company transactions.
- | | |
|------------------------------------------------------|-----------------------------------------------|
| STC = Samart Telcoms Pcl. | SCS = Samart Communication Services Co., Ltd. |
| SBS = Samart Broadband Services Co., Ltd. | ITAB = IT Absolute Co., Ltd. |
| STCC = Samart Telecommunication (Cambodia) Co., Ltd. | IT Gen = IT Gen Co., Ltd. |
| NMD = Net Media Co., Ltd. | SCT = Samart Comtech Co., Ltd. |
| TTN = Thai Trade Net Co., Ltd. | PN = Posnet Co., Ltd. |
| SAET = Samart Ed Tech Co., Ltd. | OASIS = Oasis Consulting Co., Ltd. |
| STW = Smarterware Co., Ltd. | PTN = Portalnet Co., Ltd. |
| SIF = Samart Infonet Co., Ltd. | |
- ⁽¹⁾ The Board of Directors of the Company in its Meeting No.7/2009, on December 18, 2009, has approved to close down Samart Telecommunication (Cambodia) Co., Ltd., because the Company has not yet generated income. However, the process of deregistration and liquidation of the Company is in progress.
 - ⁽²⁾ Samart Broadband Services Co., Ltd., as subsidiary company purchased 22,485,595 ordinary shares of IT Absolute Co., Ltd., representing 99.94% on February 3, 2012.
 - ⁽³⁾ Samart Telcoms Pcl. sold 624,373 ordinary shares of IT Gen Co., Ltd., representing 99.99% on March 1, 2012.
 - ⁽⁴⁾ Samart Telcoms Pcl. sold 70,000 ordinary shares of Oasis Consulting Co., Ltd., representing 70% on June 18, 2012.
 - ⁽⁵⁾ Samart Telcoms Pcl. purchased 33,699,990 ordinary shares of Portalnet Co., Ltd., representing 99.99% on August 24, 2012.

Information of Subsidiary Companies

Company	Nature of Business	Registered Capital (Million Baht)	No. of shares	Shares held by the Company	
				No. of shares	%
1. Samart Communication Services Co., Ltd. 99/7 Moo 4, Software Park, 29 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Services regarding Telecommunication networks comprising procurement, operations, maintenance and repair of telecom mu equipment.	500	5,000,000 (Ordinary Share)	4,999,994	99.99
2. Samart Broadband Services Co., Ltd. 99/7 Moo 4, Software Park, 29 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Data communication services over local broadband networks.	221	22,100,000 (Ordinary Share)	22,099,993	99.99
3. Samart Comtech Co., Ltd 99/2 Moo 4, Software Park, 34 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Providing system design and implementation of IT and communication system including system maintenance.	225	2,250,000 (Ordinary Share)	2,249,995	99.99
4. Posnet Co., Ltd. 99/4 Moo 4, Software Park, 32 nd Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Total solutions and services for electronic payment system and the provider for smart card solutions and smart card application developer.	72	7,200,000 (Ordinary Share)	7,199,993	99.99
5. Thai Trade Net Co., Ltd. 99/27 Moo 4, Software Park, 8 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Electronic Data Interchange (EDI) and total value added services.	53	5,300,000 (Ordinary Share)	5,299,993	99.99
6. Smarterware Co., Ltd. 99/25 Moo 4, Software Park, 10 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Consulting services and complete software development and special services in software engineering.	10	100,000 (Ordinary Share)	99,993	99.99
7. Samart Infonet Co.,Ltd. 99/12 Moo 4, Software Park, 24 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Internet Service.	62	6,200,000 (Ordinary Share)	6,173,494	99.57
8. Samart Ed-Tech Co., Ltd. 99/15 Moo 4, Software Park, 21 st Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Services and development of Learning Management System, education institute management system, end-to-end education technology, including courseware, digital content, and mobile application development.	20	200,000 (Ordinary Share)	199,997	99.99
9. Net Media Co., Ltd. 99/2 Moo 4, Software Park, 34 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Providing video compression services and communication link for satellite uplink.	10.32	103,200 (Ordinary Share)	103,198	99.99
10. IT Absolute Co., Ltd. 119 Mahesak Rd., Suriyawong, Bangrak, Bangkok 10500 Tel. 0-2502-6610 Fax. 0-2502-6648	Distributor of electronic and technology equipments.	225	22,500,001 (Ordinary Share)	22,485,595 ⁽¹⁾	99.94
11. Portalnet Co., Ltd. 73 Soi Sukhumvit 62, M-Link Building, 5 th Fl., Sukhumvit Rd., Bangjak, Phrakhanong, Bangkok 10260 Tel. 0-2502-6610 Fax. 0-2502-6648	Providing design and outsourcing services in Enterprise Resource Planning.	3,370	33,700,000 (Ordinary Share)	33,699,990	99.99

Remark : ⁽¹⁾ Held by Samart Broadband Services Co., Ltd.

Changes During the Year

In 2013, the company has significant changes as follows:

- The resolution of the Annual General Meeting of Shareholder 2013, on April 25th, 2013 has approved the issuance and offering of debentures amount not exceeding Baht 3,000 million, not exceeding 10 years from the issuance date of each issuance. During the year 2013, the Company has filed filling the Securities and Exchange Commission (SEC) 2 times the total amount of Baht 2,000 million and December 31st, 2013, the company had outstanding debt balance of Baht 1,460 million.
- The resolution of the Board of Directors' Meeting No.6/2013, on December 17th, 2013 has approved that Ssmart Comtech Company Limited as subsidiary held by the company of 99.99% of the total issued has invested in 1,200,000 ordinary shares (the par value Baht 10 per each and paid up 50%) of NetService (Thailand) Company Limited ("NST"), the developer of information technology systems for government and private sectors, representing 60% of total issued and sold shares of the existing shareholders who were not related. In order that will be completed on January 2014.
- The resolution of the Board of Directors' Meeting No.6/2013, on December 17th, 2013 has approved that Ssmart Communication Services Company Limited ("SCS") as subsidiary held by the company of 99.99% of the total issued has established a new associated company, SLA Asia Company Limited ("SLA") has registered capital Baht 30 million (Total 300,000 ordinary shares of Baht 100 each) to operate IT and Communication system and trading all kinds of equipment abroad, SCS holds 30%, Loxley and AIT Holding Co., Ltd., holds 60% and the public holds 10%. In order that will be completed on February 2014.

For effective operations, the Company's business is divided into 5 business units consisting of Network Services, System Integration, Innovation Business Application Solution & Services, ICT Outsourcing Services and IP Business. In 2013, significant changes of each business unit can be indicated as follows;

1. Network Services Business Group

1) Ssmart Telcoms PCL. has significant changes as follows;

- The Company won the bidding for various projects in 2013 as follows;
 - Project of channel renting and Hi-speed internet protocol with the Ministry of Education
 - Project of installation Motorola (MA) radio command with TOT Public Company Limited
 - Project of equipment repair Soft Switch Suvarnabhumi with TOT Public Company Limited
- The Company signed on major contracts as follows;
 - Project of Supply of Radio Transmitter, Motorola APX 7000 amount 200 set, Royal Thai Police
 - Project of SCPC network for PTTEP International Limited
 - Project of radio system for transmission pipeline line 4 (Rayong-Kaengkhoi) with PTT Public Company Limited.
 - Project of radio system for transmission pipeline onshore Nakhon Sawan Province with PTT Public Company Limited.
 - Project of Tele Communication Network Department of Provincial Administration
- Trusted for Contract renewals to provide data communication service for Private and Government customers
 - SCPC network for PTT Group (PTT Public Company Limited, PTT Exploration and Production Public Company Limited and PTTEP Siam Limited)
 - SCPC network for Total Access Communication PLC.
 - Data communication via satellite system and equipment rental for Panyapiwat Techno Business School.
 - Data communication via satellite system and AM/FM system equipment rental for the Secretariat of the House of Representatives.

- Project of Satellite Communication Leasing, Ministry of Interior
- IPSTAR and C-Band network for Space Affairs Center, Ministry of Defence

These projects will generate revenues for the Company in 2014 and serve as additional revenue source for maintenance service in the future.

2) Samart Communication Services Co., Ltd. has significant changes as follows;

The Company has maintained its service standards in conformity to the ISO9001:2008 adding customers' confidence and strengthening competitiveness in long run. As a consequence, the Company won the bidding for various projects in 2014 including

- Selling protective communication tools and installation with Department of Corrections.
- Co-Tower site rental Project, location not over 205 sites with TOT Public Company Limited.
- SPC switching devices projects to install renewable deteriorating urgent in 2013 (Pre-NGN56) Huawei with TOT Public Company Limited.
- Project of operational support equipment, core networks systems with TOT Public Company Limited.
- Multi – Service Asset Node (MSAN) installation at Phatthanakan Road – On Nut Road Expressway with TOT Public Company Limited.
- Maintenance of Initial Phase project and more extensions of Nokiasiemens Networks (Thailand) Company Limited with TOT Public Company Limited.
- Purchase equipment and management education system through IPTV with the Ministry of Education
- Procurement and installation of computer equipment and networks with the Ministry of Health.
- The extension of Short Message Service Center (SMSC) System project with TOT Public Company Limited.
- Maintenance of Real Time Charging System with TOT Public Company Limited.
- Projects of operational support, equipment support services with TOT Public Company Limited.

These projects will generate revenues for the Company in 2014 and serve as additional revenue source for maintenance service in the future.

2. System Integration Business Group

Samart Comtech Co., Ltd. has significant changes as follows;

The Company continually maintains corporate work standard with efficiency and effectiveness emphasizing knowledge base development (Target Knowledge Certification) enabling sales force, designers and engineers to deliver high quality works in keeping up with business changes in current period and the future. Besides, the Company maintains service standards pertaining to the certified ISO 9001:2008 and CMMI Level3 that improves work systems and customer services crucial for long-term competitiveness. As a consequence, the Company won the bidding for various projects in 2013 including

- Project of data entry and Four Computer Systems with the Department of Lands
- Project of service of Information Technology Development for Environmental Management with Bangkok Metropolitan Administration.
- Project of develop and improve the communication network and satellite system with the Ministry of Interior
- Project of measurement of water in the canal that provides circulating system in Bangkok with Bangkok Metropolitan Administration.
- Project of service of Dense Wavelength Division Multiplexing (DWDM) 1 system for lower south provinces with CAT Telecom Public Company Limited.
- Project of installation video conference system with the Office of the Permanent Secretary.
- Project of develop the wireless data communication system with the Ministry of Defence.

These projects will generate revenues for the Company in 2014 and serve as additional revenue source for maintenance service in the future.

3. Innovation Business Application Solutions & Services Business Group

1) Thai Trade Net Co., Ltd. has significant changes as follows;

- Has joined the LogHealth team of Mahidol University in the development of EDI between hospitals with drug company, the company undertook to develop a standard document and connection program with the internal workings of both the buyer and seller. It actually started in early 2014.
- Adjustment the E-Manifest program for shipping customer group to supported the change from customs mainly concerned on Data Structure (XML Schema) and supported the sharing of the new state agencies such as the Port Authority of Thailand and the Marine Department.

2) Posnet Co., Ltd. has significant changes as follows;

- Developed EDC network system, the 3G Network to replace the GPRS in food and retail business.
- Designed and developed an installment over the EDC, project with AEON Thailand which already serviced for over 1,000 set.
- Expanded and installed EDC Terminal both mobile and GPRS Modem for convenient shops nationwide.
- Development a member system e.g. Bangchak Corporate (Fleet Closed System), Member & Loyalty System.
- Developed software for the EDC connected to the card reader devices for support Carrot card with Bangkok Bank.
- Development and design Loyalty program, Cash card for hotel business.
- Services Mobile payment Application (mPOS) for Delivery Service business.

3) Samart Ed Tech Co., Ltd. has significant changes as follows;

- Developed Digital Content (banners, animations, and digital videos) for public relation purposes for Bangkok Mass Transit Authority (BMTA)
- Operated and maintained Cyber-U services running for Rangsit University and University of the Thai Chamber of Commerce
- Designed and Developed e-coursewares for employee training and human resource development for commercial banks and financial institutions, for instances, Bank of Ayudhya PLC, TMB Bank PCL, and SCB Asset Management Co., Ltd.
- Developed additional e-coursewares for internal training programs of Big C Supercenter PCL.
- Developed Digital magazines and e-books for smart phones and tablets running on iOS and Android for The Institute for the Promotion of Teaching Science and Technology (IPST).
- Developed the broadcasting and management system via the internet for the King Prajadhipok's Institute.

4. ICT Outsourcing Services Business Group

1) Samart Telcoms PCL. has significant changes as follows;

- The company has signed contract project on the Development of Safety Potential of Public Areas and Routes for Chonburi Provincial Administrative Organization (CPAO) phase 3 for service of CCTV procurement and installation digital recorder and software system in responsibility area of the Sattahip Police Station, Nong Kham Police Station and Na Jomtien Police Station.
- The company has signed contract for the construction improve, renovation building AMR Data Center of the Provincial Electricity Authority (PEA) continuing from the two phase is divided into two parts, improve building AMR Data Center at building 12 and building test meter as a storage device, meter maintenance and meter, Equipped with a computer system at the head office of the PEA.
- The company has signed a memorandum of agreement (MOU) with MCOT Public Company Limited to attend the trial DVB-T2 digital broadcast television in the devices support digital television transmitter at the station broadcast MCOT Nongkham for the purpose of studying the technical parameters appropriate and the impact on the transition from analog to digital TV broadcast for Channel 9 MCOT, which will be opportunities to develop new services in the future.

2) Smarterware Co., Ltd. has significant changes as follows;

- Prepare training for all technical staff to understand and able to develop application software by new technology according technology trend.
- Implement Software Development Processes according CMMI standard with Certificate CMMI Level 5 which is certify by SEI – Software Engineering Institute.
- Educated team to ensure that they understand how to do the standard.
- The company setup the target to develop team to be an expert in GIS and Mobile Application which will be the direction for high technology development then this will be enhance Application software.
- The company acted as one of the main judges in the Samart Innovation Awards 2013, the event jointly hosted with Software Park Thailand, which was a creative social activity in which we had the chance to publicize our organization for future recognition in the software market.

3) Portalnet Co., Ltd. has significant changes as follows;

- The Metropolitan Water Authority of Thailand trust Portalnet to help recover their SAP system in June 2013.
- The company received Customer Center of Expertise certification from SAP in October 2013.
- The company received SAP PartnerEdge Quality Accreditation from SAP in October 2013.
- The company received Standard CMMI Level 3 in December 2013.
- The company's staff continue to receive necessary training, especially those related to SAP implementation, to ensure satisfactory service level conformed to International standard.

5. IP Business Group

Samart Infonet Co., Ltd. has significant changes as follows;

- Concentration on the provision of Internet service to large organizations. We were awarded larger contracts for high speed data communication by many important agencies such as Defence Information and Space Technology Department, Ministry of Defence, Excise Department Ministry of finance, the Office of Permanent Secretary for Interior, Ministry of Interior, Department of Agriculture, Ministry of Agriculture and Cooperatives, Estate Authority of Thailand, Office of the Council of State, Institute for Small and Medium Enterprises Development and National Institute of Educational Testing Service (Public Organization).
- Restructured the organization to enhance efficiencies in product distribution for enterprise customers by integrating product and service promotions of Internet Service Provider and Internet Telephony Service Provider to penetrate upcountry customers and increase after-sales service capacity.
- Additional network equipment to accommodate the number of clients increases.
- Increased customer satisfaction by improvement and development of customer service through Call Center and increased our engineers' skills and expertise through international certification.

Industry and Competitive Analysis

Thai economy in the year 2013 expanded by 2.8% due to slow recovery of global economy resulting in decreases in export growth. The domestic demands from consumptions and investment from private sectors have dropped resulted from lower consumers and entrepreneurs' confidence. As a result, households and private sectors have been more cautious in spending and investment. Besides, the investment from the government sector has been declined due to the delay of the disbursement from water resource management budget. Domestic inflation rate dropped to 2.2%, compared to the rate of the previous year, caused by the lower private demands including lower oil and commodity price.

The overall communication market in 2013 has increased by 5.2% from the last year. Its total value was approximately Baht 466,526 million. The major drivers are from communication service markets, especially from market of Internet service usage via mobile devices (Mobile Internet) worth Baht 11,571 million resulting from more consumption of social media. Meanwhile, the market of Internet services including hi-speed internet, ADSL and Wi-Fi Hotspot, have increased 5.6% with the total value of Baht 30,765 million. Smartphone market has accelerated its growth at 24.2% worth Baht 46,209 million. Communication equipment market has grown 8.4% with the market value of Baht 59,554 million. Furthermore, communication service market has the growth rate of 4.1% with the total value of Baht 29,184 million.

Thai economy in 2014 is expected to grow at 4.0%, flavored by the investment of the government's large projects, which could be delayed due to the political unrest. Nonetheless, Thai economy tends to have positive impacts due to recovery of trading countries, stimulating expansion of export and service industries. Moreover, employment condition and low interest rates would stimulate consumptions and investment from private sectors. The inflation rate is expected approximately at 2.4%.

The overall market of communication equipment and service in 2014 is projected to grow 8.4% with the market value of Baht 505,831 million. The Internet service market is expected to grow up to 9.6% worth Baht 61,703 million. Meanwhile, Smartphone market growth is expected to reach 32.5% growth with value of Baht 60,996 million. Communication and network equipment market is believed to increase 12.8%, worth Baht 67,914 million. Communication service market is forecasted to grow at 3.5% worth Baht 30,194 million. Meanwhile the key drivers are Digital Television transition and the increase of social media consumptions.

Source of Reference

1. Treasury Information Centre, Ministry of Finance, Thailand's Economic Projection for 2013 and 2014. News from ministry of Finance Issue 126/2556, 26th December 2013.
2. Department of National Science and Technology Development, Ministry of Science and Technology, A press release accompanying the survey results of communication and computer hardware market value in 2012, 2013 and the forecast of 2014, Century Park Hotel Bangkok, 20th December 2013.

Risk Factors

Risk factors which may affect the Company's business are as follows:

1. Business and Market Risk

The growth of Thai economy in 2013 was 2.8 percent, lower than that in 2012 at 5.7 percent, resulted from negative impacts of global economy due to slow economic recovery of the United States and European Union, and domestic political uncertainty affecting overall economy from the last quarter of 2013 continuing to 2014. These impacts would affect investment atmosphere in private sectors, domestic consumptions, and government's project investment. The delay in setting up the new government would cause the delay in bidding process and budget disbursement.

The market competition has become more intense. The rapid advance in technologies has caused several companies to gain higher technology and lower ICT equipment cost, meanwhile customers have higher expectations, more alternatives, and more bargaining, resulting in more pricing competition.

However, ICT market growth, which its projection for 2014 is at 8.4%, caused by expansion of communications services, rapid spread of mobile devices, network extension of mobile operators in 3G and 4G / LTE system, including preparation of digital TV and ASEAN Economic Community, would make more investment from private sectors and state enterprises, overall business risks exist but at low level. Furthermore, investment to improve the country's transportation infrastructure has been realized to increase the country's competitiveness and it can be considered great opportunities of the Company in the near future.

The Company, therefore, conducts risk management guideline to ensure strong business growth and sustainability. The Company sets the strategy to extend the customer base focusing more on state enterprises and private sectors, and to generate long-term revenues, especially from ICT outsourcing services. The Company also emphasizes more efficient resource management including financial management to lower financial costs, well budget plan and expense control, staff and employee competency improvement, synergy of various strong technologies, products, and services from all subsidiaries and partners to create innovation distinct from competitors and to serve needs and increase satisfaction beyond customer expectation. Information technologies have been deployed enabling employees to improve project management and maintain high standards of services in order to ensure on-target project delivery with lower costs and efficient services. The Company, moreover, enhances partnership with strategic alliances increasing business flexibility, which would reduce business and market risks and ensure smooth operations.

2. Risk associated with Dependence on large customers

In 2013, majority of the revenue from Government sector and State Enterprises was 91%. Should the government or State Enterprises delay of ICT budget spending will significantly impact the Company's operating performance and financial conditions. At present, the major customers of the Company are State Enterprises was attributable to 57% of gross revenues. Nevertheless, the Company has expanded customer base to other Government Agencies. The elimination of high concentration on a particular Agency will mitigate the risk from budget cut of the Contractual Agency.

3. Risk associated with Dependence on Large Supplier

With regard to the Communication Network and System Installation (Turnkey Projects), the Company orders equipment from many suppliers. Generally, in bids, major equipment technically approved could be supplied from more than 1 vendor, so the company could select equipment from the vendors with best offer in each project the company would bid. Therefore, there was no risk in dependence on only one vendor. As a result, there is no risk associated with dependence on single supplier. Risk associated with Dependence on Large Supplier for

the satellite based communication service business is low because the Company rents signal channel via satellite from Thaicom (Public) Co., Ltd. and 1 satellite operators based in foreign countries.

4. Credit Risk

The Company has implemented the policy to continually resolve the overdue receivable problems specifically monitored by the Collection Department. The Company can control over the delinquent amount to a satisfactory level. Besides, the Company has the policy to assess status and liquidity of each customer before providing services in order to reduce default account problem which may adversely affect the Company in the future. Most of debtors currently are the customers with strong financial status such as State Enterprises, Government Agencies and large Corporations; therefore, default payment risk is at a low level. During the past year, the Company faced payment delay from State Enterprises and some Government Agencies and caused the Company to incur interest expenses. But bank loan repayment was tied to project cash flow. Therefore, the Company did not have liquidity problem.

The Company has the policy to reserve 50% of the doubtful debt provision for the receivables with payment due exceeding 6 months but not over 12 months. In case of over 12 month overdue, the reserve will be fully provisioned.

As of 31 December 2013, the Company recorded debts overdue for 12 months or more of Baht 368 million and set aside an allowance for doubtful accounts of Baht 11 million. Such allowance is satisfied potential loss, provided that most are project debtors and have strong financial status as mentioned above.

5. Risk associated with Higher Liabilities after the Acquisition of Portalnet Co., Ltd.

The Company was approved by the Shareholder's resolution dated April 27, 2012 to acquire Portalnet Co., Ltd. from M Link Asia Corporation (Public) Co., Ltd. at Baht 1,552 million funded by loan from a local bank. Loan is split into 2 tranches. For the loan facility amount of Baht 600 million will be repaid in quarterly installments of Baht 150 million, which as at December 31, 2013 this loan was fully repaid. For the loan facility amount of Baht 952 million will be repaid in monthly installments of Baht 17.6 million per month, which as at December 31, 2013 this loan outstanding was Baht 704.4 million.

From Computer Software for Lease Agreement for the core business of the Provincial Electricity Authority (PEA) under the SPIES Joint Venture in which Portalnet Co., Ltd. Entered, Portalnet will receive monthly rental fee of Baht 53.2 million per month which is enough to repay monthly installments for the loan facility amount of Baht 952 million. Therefore, the Company is confident that risk associated with higher liabilities after the acquisition of Portalnet Co., Ltd. is manageable.

6. Majority Risk

Major shareholder of the Company is Samart Corporation (Public) Co., Ltd. Holding 433,064,590 shares or 70.20% of Company's paid-up capital and Vilailuck International Holding Co., Ltd., held by the Vilailuck family who is the shareholders of Samart Corporation (Public) Co., Ltd., holding 6,111,000 shares or 0.99% of Company's paid-up capital, the shareholders' resolutions of major issues can be almost absolutely controlled, such as the appointment of Committees and the voting for any issues requiring the majority in the Shareholders' meeting, except for the issues required by laws or Company's regulations to receive three-fourth of votes in the Shareholders' Meeting. Therefore, other shareholders may not be able to combine votes to balance out the major shareholders. (Information based on Thailand Securities Depository on the latest date of closing registration book, December 27, 2013).

The Company appointed the Audit Committee member comprise of 3 members as an independent directors to be responsible for review, comment and ensure that all connected transactions and any other conflict of interest transactions have been complied to laws, and regulations of SET/SEC as well as to ensure that the transactions are reasonable with best benefit to the Company.

7. Risk associated with Late Delivery

Our subsidiary, Samart Communication Services Co., Ltd., has signed contract with a company, which previously was a state enterprise. The contract covered a supply of an information communication technology system to the Department of Local Administration. The minimum work shall be delivered on 22 February 2007. However, it can not be delivered on time due to late delivery of the contract party and insufficient Bandwidth. Such noncompliance may lead to penalty for late delivery. The subsidiary's management and its legal consultant believe that no penalty will be charged because such delay is not its responsibility. The subsidiary's management also believes that they are able to negotiate with the contract party so they have not set any penalty for late delivery on 31 December 2013.

8. Foreign Exchange Risk

From the Company's income structure, most income is derived from short-term projects and long-term leasing and service projects, which contracts were made in Thai Baht. Since the Company imports telecommunication equipment from oversea, a foreign exchange risk occurs. To reduce such risks, the Company takes into account this risk when setting prices. After winning a bid, the Company will buy forward contracts to minimize foreign currency position at the low level. In addition, to determine a total position, exchange rate trend and performance will be considered.

As at December 31, 2013 the Company have foreign currency financial assets and liabilities that were unhedged against foreign exchange risk approximately US\$ 13.3 million, which was 5% of total revenue when converted to Baht.

Shareholders

As of December 27, 2013, the list of top ten shareholders of the Company is as follows:

No.	Name of Shareholders	No. of shares held	% of Total Shares
1.	Vilailuck Group	441,975,600	71.64
	- Samart Corporation (Public) Co., Ltd. ¹⁾	433,064,590	70.20
	- Vilailuck International Holding Co., Ltd.	6,111,000	0.99
	- Mrs. Sukanya Vanichjakvong ²⁾	1,150,000	0.19
	- Mr. Watchai Vilailuck ²⁾	900,010	0.15
	- Mr. Charoenrath Vilailuck ²⁾	650,000	0.11
	- Mr. Thananan Vilailuck ²⁾	50,000	0.01
	- Lobburi Industrial Estate Co., Ltd.	50,000	0.01
2.	Bangkok Bank (Public) Co., Ltd.	29,966,560	4.86
3.	Bualuang Long-Term Equity Funds (LTF)	13,854,300	2.25
4.	Thai NVDR Co., Ltd.	11,585,524	1.88
5.	Bualuang Long-Term Equity Funds 75/25 (BLTF75)	8,374,700	1.36
6.	Bualuang Flexible Retirement Mutual Funds	6,926,000	1.12
7.	Provident Fund Electricity Generating Authority of Thailand	5,019,600	0.81
8.	Bualuang Thanakom Opend-end Funds	4,883,400	0.79
9.	Bualuang Infrastructure Retirement Mutual Funds	3,207,300	0.52
10.	Bualuang Equity Retirement Mutual Funds	3,038,600	0.49
Total shares of top ten shareholders		528,831,584	85.72

Remark : Information based on Thailand Securities Depository on the latest date of closing registration book, December 27, 2013.

¹⁾ A holding company of which Vilailuck International Holding Co., Ltd. and Vilailuck family hold 17.4% and 26.72% of the total shares respectively.

²⁾ includes holding by spouse and minor child

Dividend Policy

On dividend payment, the Company has policy to pay dividend to the shareholders of not less than 50% of its consolidated net profit after deduction of all reserves as stated in the Company's Articles of Association and related laws, subject to need for future investment and business plan, future necessity and appropriation. The Company's subsidiary and associated companies have policy to pay dividend no less than 50% of their net profit after deduction of all reserves as stated in the Company's Articles of Association and related laws, and consideration of company's financial position.

Historical Dividend in 5 consecutive years.

Histroical Dividend	2009	2010	2011	2012	2013
Net profit per share (Baht)	0.50	0.67	1.31	1.36	1.40
Dividend per share (Baht)	0.25	0.40	0.66	0.70	0.75
Dividend payout ratio (%)	50.88	61.67	51.24	51.54	54.00

Management Structure

1. Board of Directors as of December 31, 2013 consists of 9 Directors:

Name	Position	Number of attendance/ Number of absence ¹⁾
1. Mr. Sombut Uthaisang	Chairman / Independent Director	6/6
2. General Sumpun Boonyanun	Independent Director/ Chairman of the Audit Committee/ Chairman of the Nominating & Compensation Committee/ Corporate Governance Committee Member	6/6
3. Mr. Vichai Pokasamrit	Independent Director / Audit Committee Member / Nominating & Compensation Committee Member / Chairman of the Corporate Governance Committee	6/6
4. Miss Rapeepan Luangaramrut	Independent Director/ Audit Committee Member / Nominating & Compensation Committee Member	6/6
5. Mr. Kajornvut Tayanukorn **	Director / Corporate Governance Committee Member	6/6
6. Mr. Charoenrath Vilailuck *	Executive Director	6/6
7. Mr. Watchai Vilailuck *	Executive Director / Chief Executive Officer	6/6
8. Mr. Sirichai Rasameechan *	Executive Director	6/6
9. Mr. Jong Diloksombat *	Executive Director / President / Chairman of the Risk Management Committee / Corporate Governance Committee Member / Chairman of the Sustainable Development Committee	6/6

Remarks: * Representative director from Samart Corporation Public Company Limited a major shareholder with 70.20%

** Representative director from Bangkok Bank Public Company Limited a major shareholder with 4.86%

¹⁾ In 2013, the Board of Directors meeting 6 times.

The number of directors is in line with the Company's Articles of Associations that the Board of Directors should have at least 5 members. Not less than one half of such members shall have residence within the Kingdom and the directors of the Company shall have qualification as specified by law. The Audit Committee of not less than 3 members and one member with knowledge and experience in the financial statements of the Company. Further details of Directors and Audit Committee are shown in "Directors, Management, Company Secretary and Head of Internal Audit" and Roles and Responsibilities of the Audit Committee is shown in "Corporate Governance" under "2. Committee".

Restriction of Power of the Directors

"Mr. Sombut Uthaisang or Mr. Charoenrath Vilailuck or Mr. Watchai Vilailuck or Mr. Jong Diloksombat, totaling two persons jointly signs and affix the Company's seal"

Qualifications of Director

- Has qualifications which comply to Public Company Act B.E. 2535, regulations of the Stock Exchange of Thailand, Securities and Exchange Commission, and Company's Articles of Association and any other related laws;
- Does not run any business, which is competed with the Company, and not being a shareholder of any legal entities whose business is the Company's competitors except obtained approval from the shareholders;
- Should have leadership, vision, and independent consideration for best benefit of the Company and the shareholders;
- Has various knowledge, experience, and specific skill that suitable for the Company business;

5. Integrity;
6. Having sufficient time for fully participated as a Director of the Company;

Qualifications of Independent Director

1. Holding not more than 1 percent of the total number of voting rights of the Company, parent company, subsidiaries, affiliates or juristic person which may have conflicts of interest, including the shares held by related persons of the independent director;
2. Neither being nor used to be an Executive director, employee, staff or advisor who receives a salary; or controlling person of the Company, parent company, subsidiaries, affiliates, same-level subsidiaries, major shareholder or controlling person of the Company unless the foregoing status has ended not less than two years prior to the date of appointment;
3. Not being a person related by blood or legal registration such as father, mother, spouse, sibling and child, including spouse of child of executive, major shareholder, controlling persons, or persons to be nominated as executive or controlling person of the Company or subsidiaries;
4. Neither having nor used to have a business relationship with the Company, parent company, subsidiaries, associate company, major shareholder or controlling person, in the manner which may interfere with his independent judgment, and neither being nor used to be a significant shareholder or controlling person of any person having a business relationship with the Company, parent company, subsidiaries, affiliates, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of appointment;
5. Neither being nor used to be an auditor of the Company, parent company, subsidiaries, affiliates, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, parent company, subsidiaries, associate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of appointment;
6. Neither being nor used to be a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding two million baht per year from the Company, parent company, subsidiaries, associate companies, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than two years prior to the date of appointment;
7. Not being a director appointed as a representative of directors of the Company, major shareholder or shareholder who is related to the Company's major shareholder;
8. Not undertaking any business in the same nature and in significant competition to the business of the Company or subsidiaries or not being a partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding 1 percent of the total number of shares with voting rights of other company which undertakes business in the same nature and in significant competition to the business of the Company or subsidiaries;
9. Not having any characteristic which cause the inability to express independent opinions with regard to the Company's business operations.

Terms of positions

Pursuant to the Public Company Acts B.E. 2535, at first Annual General Meeting of Shareholders after the registration of the Company and at the first Annual General Meeting of Shareholders in every subsequent year one-third of the directors, who have been longest in office, shall retire. The retired directors are eligible to be re-elected for another term by obtaining majority vote from the Nominating & Compensation Committee. However the independent directors shall be in post no longer than 3 terms except getting a unanimous approval from the Nominating & Compensation Committee due to his/her contribution to the Company and the Committee ensures that the extra term will not cause or impact to the independent of such director as well as obtain an approval from Board of Directors and the Company's shareholders.

Roles and Responsibilities of Directors

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

The Company conducted business and manage the Company's operation ethically and transparently with honesty and due care for the benefit of shareholders and all stakeholders. The Board of Directors has provided the Ethics manual for the Company's directors and executives to adhere as their practical guidelines and posted on the Company's website ([www. samtel.com](http://www.samtel.com)).

Delegation of authority between the Board of Directors and Management

The Company has specified the delegation of authorities clearly which have been firstly applied since 1995 by specifying approval authority on credit line of the Board of Directors and the Management pursuant to the transaction types, such as finance/accounting/budget, human resources, procurement, general management/administration, marketing and public relations. However, the Company is now improving such policies and operating guidelines to make them more appropriated with the current situation then they shall be further presented to the Board of Directors for approval.

Delegation of authority of the Board of Directors

1. Approve the annual budget and business plan of the Company;
2. Approve the undertaking of financial obligations of the Company, i.e. execution of loan agreement, loan guarantee;
3. Approve the investment project in large business;
4. Approve the establishment of new company;
5. Approve the purchase and disposal of the Company's assets pursuant to the Capital Market Supervisory Board;

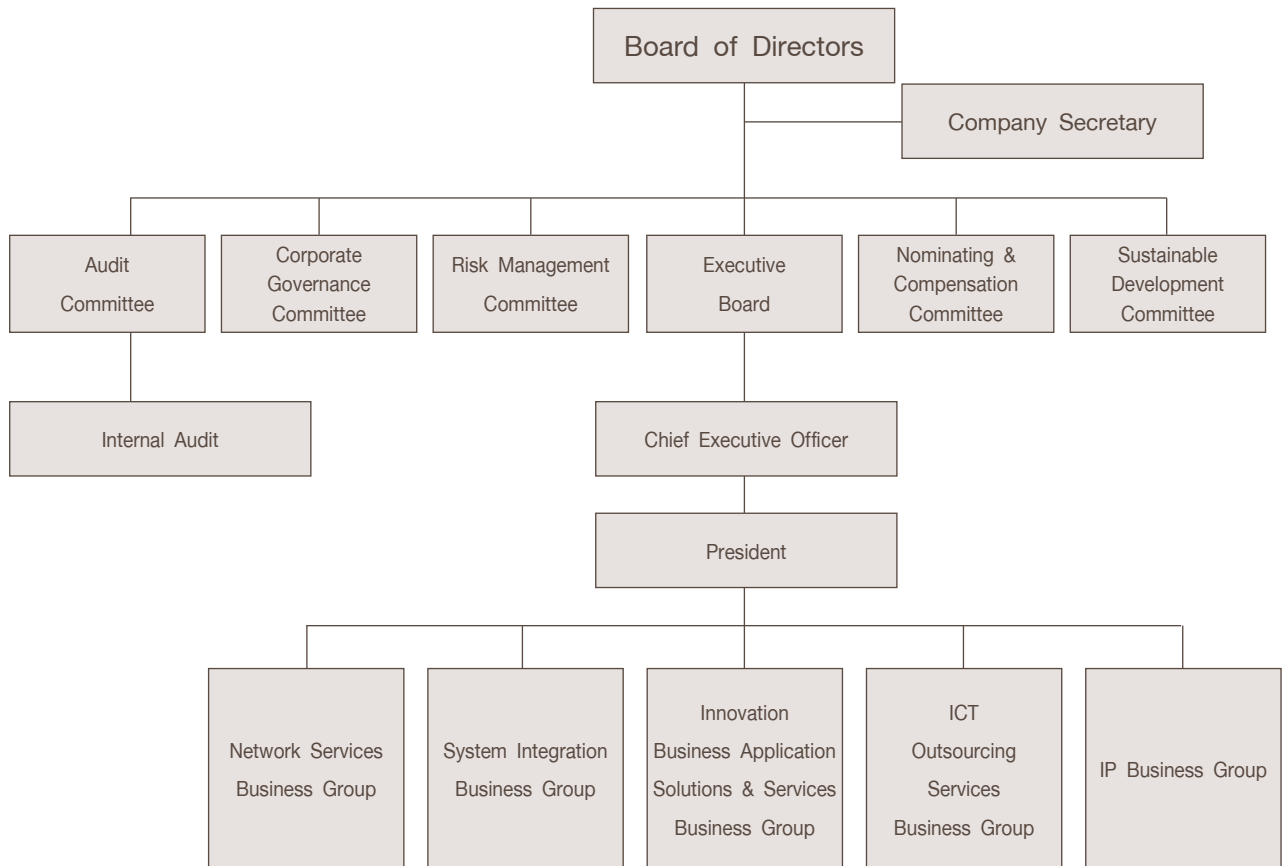
6. Approve the undertaking the related transaction of the Company pursuant to the Capital Market Supervisory Board.
7. Approve the policy on increase of annual remuneration and bonus.
8. Approve financial statement of the Company
9. Approve the opening or closing accounts with the banks;
10. Approve the appointment of the Committee;
11. Approve the appointment of new director to replace the director who is retired by rotation.

The Board of Director also has duties to approve other transactions pursuant to the notification of the Office of the Securities and Exchange Commission, the Stock Exchange of Thailand and other related laws.

2. The Management

The Company's management structure comprised of 7 Committees, Board of Directors, Audit Committee, Executive Board, Corporate Governance Committee, Nominating & Compensation Committee, Risk Management Committee and Sustainable Development Committee. The organization chart and Management of the Company as at December 31st, 2013 are as the follows:

Organization Chart



Remark: Corporate Accounting and Corporate Treasury are under President

Management of the Company as of December 31, 2013 consists of 7 members

- | | | | |
|----|----------------|------------------------------|------------------------------------------------------------------------------------------------------------------------|
| 1. | Mr. Watchai | Vilailuck | Chief Executive Officer |
| 2. | Mr. Jong | Diloksombat | President |
| 3. | Mr. Prasitchai | Veerayuttwilai ¹⁾ | Executive Vice President Network Services Business Group,
Outsourcing Services Business Group and IP Business Group |
| 4. | Mr. Pornchai | Krivichian | Executive Vice President Network Services Business Group and
System Integration Business Group |
| 5. | Mr. Apichat | Sirisalipochana | Vice President Network Services Business Group and Business
Application Solution & Services Business Group |
| 6. | Mrs. Aroonluck | Dilokwanich | Vice President - Corporate Accounting |
| 7. | Mr. Wongkrit | Jiamsripong ²⁾ | Vice President - Corporate Treasury |

Remark : ¹⁾ Has been resigned from the Company on January 1st, 2014.

²⁾ Retired Vice President Corporate Treasury. Due to appointed duty as Vice President - Business Development, Samart Corporation Public Company Limited which is related and has appointed Mr. Dhilokpat Nisamaneevong as Vice President - Finance & Investor Relations on February 1st, 2014

Further details of management of the Company are shown in “Directors, Management, Company Secretary and Head of Internal Audit”.

3. Company Secretary

The Company has appointed Mr. Somchai Bunsupaporn on October 28th, 2003 and also appointed as secretary to sub-committees namely the Audit Committee, the Executive Committee, the Corporate Governance Committee, the Nominating & Compensation Committee, the Risk Management Committee and the Sustainable Development Committee. The Company has specified qualifications and roles and responsibilities of the Company Secretary are as follows:

Qualifications of the Company Secretary:

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

Roles and responsibilities of the appointed Company Secretary:

1. Perform his/her duty with accountability, duty of care and duty of loyalty as well as has to comply by laws and any other related regulation.
2. Support the Board of Directors for their activities included providing consultation in related to the Company’s Articles of Association, and any other regulations from related authorities.
3. Arrange meetings for Board of Directors, Committees and Shareholders as well as coordinate to ensure all resolutions have been implemented complying with Company’s Objectives, Articles of Association and the resolutions of the Board of Directors’ and the shareholders’ meetings as well as laws and related regulations.
4. Prepare and keep the company’s documents such as register of directors, notice calling directors’ and shareholders’ meetings as well as the minutes of such meetings and the annual report, etc.
5. Keep a report on interest filed by a director and executive as well as submit a copy of the report to the Chairmen of the Board of Directors and the Audit Committee within 7 business days from the date on which the company has received such report.

In case where the Company Secretary vacates her position or is incapable of performing her duty, the Nominating & Compensation Committee shall select a new Company Secretary to propose for consideration and approval of the Board of Directors to appoint the new Company Secretary within 90 days from the date on which the Company Secretary has vacated her position or has been incapable of performing her duty; in this regards the Board of Director shall be empowered to assign any director to perform the duty as the substitutes during such period.

Profile and experience of Mr. Somchai Bunsupaporn was shown in “Directors, Management, Company Secretary and Head of Internal Audit” During the past year, the Company Secretary has attended the training courses and seminars to strengthen knowledge as follows:

- Direction for reporting on corporate governance for listed companies in 2013
- What’s new in the Good corporate governance of listed companies for in 2012 (latest edition).
- Development regulation of Board of Directors and Shareholders Meeting
- The importance of the role of Company Secretary to perform the duties of directors
- CSR for Corporate Sustainability
- “Sustainability Reporting: An Effective Tool for Corporate Communication in a Sustainability Era”
- CSR Reporting
- Strategic CSR Management
- Stakeholder Engagement
- CSR Knowledge Management

4. Remuneration of Directors and Management

Directors’ Remuneration

Policy of Directors’ Remuneration has been clearly and transparently set to be comparable to the general practice in same industry and be appealing enough to attract and retain qualified directors. The directors who also be appointed to be the member of any sub-committees will be paid appropriately more in accordance with the extra work. The Nominating & Compensation Committee will consider the remuneration and propose for consideration of the Board of Directors prior to further approval from the shareholders.

The remuneration for the directors comprises meeting allowance and bonus. Meeting allowance shall be approved by the Shareholders’ Meeting and it shall be paid to the directors who attended the meeting only. Members of the Board of Directors and the Audit Committee shall receive the meeting allowance at the same amount, however, the Chairman shall receive 2 times higher than other directors. The Chairman of the Nominating & Compensation Committee and the Chairman of the Corporate Governance Committee shall receive 33.33 percent higher than other members. The Executive Committee, the Risk Management Committee and the Sustainable Development Committee shall not receive any meeting allowance because they are the Company’s executives. The provision of bonus to the directors shall be considered based on appropriateness in various aspects and by compared with other organizations in the same industry which have the same or similar size of business including business operations of the Company, performance and responsibility of the directors and overall business conditions.

The Shareholders in the Annual General Meeting 2013 approved remuneration for Directors of the Company and Committees’ members at the amount of not exceeding Baht 6.5 million. Details of remuneration are as follows:

Board of Directors

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

Audit Committee

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

Corporate Governance Committee

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

Nominating & Compensation Committee

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

Managements' Remuneration

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

Annual remuneration and bonus of the employees and the executives shall have the fixed consideration criteria by based on performance of the Company, overall economic conditions and performance of each employee and executive. These criteria shall be explained to the executives in advance before they can be used for the assessment at the end of the year. The Nominating & Compensation Committee shall consider prior propose to the Board of Directors for approval.

In 2013, the Company paid remuneration to directors and the managements as follows:

1) Cash & Non-Cash Remuneration of Directors and Committees' members of 2013

Directors	Cash Remuneration					Other Remuneration	
	Meeting Allowance (Baht)				Performance	Total	Warrant ²⁾
	Board of Directors ¹⁾	Audit Committee	Corporate Governance Committee	Nominating & Compensation Committee	Bonus (Baht)	Amount (Baht)	(Unit)
1. Mr. Sombut Uthaisang Chairman / Independent Director	210,000	-	-	-	350,000	560,000	500,000
2. General Sumpun Boonyanun Director / Independent Director	105,000	150,000	30,000	60,000	300,000	645,000	500,000
3. Mr. Vichai Pokasamrit Director / Independent Director	105,000	75,000	40,000	45,000	300,000	565,000	225,000 ⁶⁾
4. Miss Rapeepan Luangaramrut ³⁾ Director / Independent Director	90,000	75,000	15,000	15,000	300,000	495,000	500,000
5. Mr. Kajornvut Tayanukorn ⁴⁾ Director	105,000	-	15,000	30,000	300,000	450,000	500,000
6. Mr. Charoenrath Vilailuck Director	105,000	-	-	-	300,000	405,000	500,000
7. Mr. Watchai Vilailuck Director	105,000	-	-	-	300,000	405,000	500,000
8. Mr. Sirichai Rasameechan Director	105,000	-	-	-	300,000	405,000	500,000
9. Mr. Pairote Varophas ⁵⁾ Director	-	-	-	-	300,000	300,000	500,000
10. Mr. Jong Diloksombat Director	105,000	-	30,000	-	300,000	435,000	125,000 ⁶⁾
Total	1,035,000	300,000	130,000	150,000	3,050,000	4,665,000	4,350,000

Remark: ¹⁾ The 2013 meeting allowance is for 6 meetings of the Board of Directors and 1 meeting of the Annual General Meeting of Shareholders 2013.

²⁾ The Company had issued 18,000,000 units of warrant offering to the Company's directors and the employees of the Company and its non-listed subsidiaries on May 29, 2009. The warrants have 5 years maturity period and can be exercised from the 1st - 5th year at 10, 15, 20, 25 and 30 percent respectively. Each director has been allocated 500,000 units of warrants totaling to 4,500,000 units of which equivalent to 25 percent of the total issued warrants. However, some directors who have been allocated the warrants have resigned. Warrants allocated to the current directors are representing to 24.17 percent of total issued warrants.

³⁾ Has resigned from the Corporate Governance Committee and has been appointed as the Nominating & Compensation Committee on May 10th, 2013.

⁴⁾ Has resigned from the Nominating & Compensation Committee and has been appointed as the Corporate Governance Committee on May 10th, 2013.

⁵⁾ Has resigned from the Company's director on February 28th, 2013.

⁶⁾ The resolution of the Annual General Meeting of Shareholders 2012 on April 27, 2012 has approved the allocation of unexercised warrants previously allotted to the warrant holders (who cease to be the company's directors) of 225,000 warrants to Mr. Vichai Pokasamrit and 125,000 warrants to Mr. Jong Diloksombat.

2) Cash & Non-Cash Remuneration of the Executive Board and Management of 2013

Remuneration	Number of Persons	Total Amount
Salary	5	18,798,000.00 Baht
Bonus	5	2,201,250.00 Baht
Provident Fund	5	1,594,500.00 Baht
Warrant ¹⁾	5	3,700,000 Unit

Remark: ¹⁾ Provident fund to executive directors and management have been provided by the Company at the rate of 3 - 10 percent of salary related to year of services.

²⁾ The Company had issued 18,000,000 units of warrant offering to the Company's directors and the employees of the Company and its non-listed subsidiaries on May 29, 2009. The warrants have 5 years maturity period and can be exercised from the 1st - 5th year at 10, 15, 20, 25 and 30 percent respectively. The executives board and management have been allocated 3,700,000 units of which equivalent to 20.56 percent of the total issued warrants.

5. Human Resource

Number of employees of the Company and its subsidiaries for the pass 3 years.

Company	Number of Employees (Person)		
	2011	2012	2013
1. Samart Telcoms PCL.	105	108	94
2. Samart Communication Services Co., Ltd.	334	372	392
3. Samart Comtech Co., Ltd.	363	391	489
4. Thai Trade Net Co., Ltd.	25	24	22
5. Posnet Co., Ltd.	117	122	132
6. Smarterware Co., Ltd.	66	85	73
7. Samart Infonet Co., Ltd.	50	49	42
8. Samart Ed Tech Co., Ltd.	26	17	16
9. IT Absolute Co., Ltd.	-	16	14
10. Portalnet Co., Ltd.	-	62	95
Total	1,144	1,246	1,369

Expenses related to the employees of the Company and subsidiaries for the pass 3 years of which comprised salary, bonus, provident fund and other remuneration were :

Remuneration	Total Amount (Million Baht)		
	2011	2012	2013
Salary	381.48	388.76	465.59
Bonus	36.18	49.51	57.27
Provident Fund	15.26	16.33	19.42
Other remuneration (Over time, special subsidy and commission)	12.29	9.94	18.37

Human Resources Management and Development Policy

The Company always regards that our employees are valuable and crucial fundamental for the Company's sustainable success as a leading Telecommunication and Technology related company in the industry. Since the Company achievement depends on qualified and high caliber employees, the Company practically creates HRM & HRD policy emphasizing on increasing performance efficiency and improving working procedure to cope with business working environmental as well as performance evaluation and potential assessment, developing individual capabilities at all levels progressively and proper manpower analyzing and planning to prepare for business extension and competition, and any changes. Indeed, these have to be compatible to the Company's business vision, missions, operation, and corporate culture as synergy simultaneously.

1. Human Resources Management Policy

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

- **Recruitment & Selection Policy**

The Company continuously applies proactive approaches in recruiting capable people at all levels including of apprentice program for university student, sourcing and attracting new graduated candidate by not only launching Campus Tour and Activities Programs in leading universities but coordinating with business recruitment agency and allied business network to build the Company's branding and recognizing company's career opportunity in joining the Company for experienced or professional candidate as well. These assure that would lead them to success in their owned career at all levels at the Company.

- **Performance Development Policy:**

The Company ensures an equitable and appropriate performance evaluation system through applying KPIs approach and corporate competencies methodologies aligning to business strategic planning at all levels throughout the Company.

- **Human Resources Management and Development Information Systems Policy:**

The Company conducts application of technology developed by Human Resources Information Systems to support both HRM & HRD functions by increasing speed of work, lower operation cost, and data accuracy. Apart from applying technology to HR Portal services, man-hour and workload monitoring systems and benefit services, we also applied for personnel recruitment and development, such as candidate application online and knowledge management systems, including managing competency assessment systems and individual development plan (IDP) system. Furthermore, the Company would fully utilize HRIS data to support in HRM & HRD Policy decision making for sustainable organization achievement.

- **Compensation & Benefit Policy:**

The Company formulates compensation, benefit and welfare scheme by job analyzing and evaluating all positions, responsibilities and their performances at all levels throughout the Company. By the way, company essentially determines corporate compensation, benefit and welfare policy being compatible to organizational position including of skill, accountability, knowledge, and competence related to business operation and economic situation with comparative analysis among businesses in the same and different industry. These might ensure that our employees would receive appropriate compensation, benefit and welfare package being competitive in labor market or among leading companies in the industry.

- **Employee Relation & Engagement Policy:**

The Company concentrates on the employee relation and engagement at all levels of employees throughout the Company and also implants them into corporate value along with corporate culture by building synergy working-style. Hence, these initiate the best cooperation among individual level through company level. In 2013, there were a various ER&EE programs and activities to build synergy among employees, executives and organization i.e., athletic activities, Build to Build program and other activities (focused on Employee Relation) of company and D-Club (CSR program) etc.

2. Human Resources Development Policy

The Company has a consolidated HRD policy to continuously develop the knowledge and ability of employees at all levels for achieving business's needs. Due to the company believes our employees as valuable and fundamental success factors leading the company achieving business missions. Therefore, the Company aspires to develop employees in all careers at all levels by harmonizing all aspects of development tools for increasing their skill, knowledge, capability through corporate culture and code of conduct according with the Company's strategy and business operation.

- **Career Development Policy:**

The Company defines career development policy by which the company further supports employees in all careers to be continuously developed in their qualifications, knowledge and abilities. Particularly, competency approach has been applied to categorize required business capabilities to Generic competency, Managerial Competency and Functional Competency for analyzing, planning, and leading to individual competency development with diversified development tools for all employee levels. Thus, our employees might be developed to create their high potential to support sustainable growth and prepare for business expansion throughout the Company.

- **Employee Training & Development Policy:**

The Company regards the employees as a key factor and fundamental to success in order to achieve business strategies and goals, resulting in sustainable growth and competitive advantage. Hence, the company has HRD policy to continuously develop all employees among qualifications, knowledge and ability in parallel with the human resources development system at all levels as summarized below;

In-house Training

To encourages and develop the employees to facilitate the organization's strategies and goals most effectively and efficiently. The Company therefore conducts training courses deem necessary, as follows:

For top and management executives:

The managerial competency program, courses have been designed for management level in order to develop in managerial competency to strengthen leadership and management skills for executives as well as prepare promotion qualification in the future for pre-executive or talent employees. Moreover, this program would elaborately lead executives to support organization's business growth and prepare the Company to become business leader in the industry existed. These courses provide innovated and practical knowledge to be applied to arrange managerial work such as Executive Development Program (EDP), Modern Supervisory, etc.

For operational staffs:

The functional competency program, courses have been designed for developing and enhancing functional knowledge and functional capability related to operational responsibilities and increasing skill of employees for each career and division concerned such as Project Management courses, Financial and Accounting Standard courses, Computer skill and Technology related course, Marketing and Sales Management course, Information Technology & ISO standard courses, etc.

For all employees:

The Generic Competency Program, courses have been designed to ensure that the employees could perform their work in accordance with the corporate culture at the most efficiency such as Orientation course for new employees, Effective communication, Courses for corporate culture, etc.

External Training

In addition to In-house Training, the Company supports all executives and employees to acquire knowledge and skill from training certified courses conducted or instructed by external reputable institutes both local and international in order to enhance their expertise, knowledge, ability and also making relationship through associated network in the same business and occupation.

- **Talent Management Policy:**

The Company designed special HRM & HRD programs and tools to prepare excellent performance and high potential employee (talent) for their succession planning including of job rotation, job assignment, talent monitoring, and fast-track program preparation. By encouraging them through employee engagement programs as well, these would motivate talent to full utilize their owned skill, knowledge, competence and potential to dedicate performing all missions to achieve the Company's goals most efficiently.

Summary of Training to management and employees in 2013

Training	Frequency	Number of Participants
In-House Training		
- Managements	38	552
- Employees	43	471
Total	81	1,023
External Training		
• Samart Telcoms Pcl.		
- Managements	10	11
- Employees	8	9
• Subsidiaries		
- Managements	23	27
- Employees	54	121
Total	95	168

Training Expenses in 2013

Total training expenses in 2013 for the Company and its subsidiaries were Baht 6,038,134. Average training per person per year is 8.6 hours which is higher than standard of Department of Labor which is set at 6 hours per year. The sample in-house, external and international training programs for 2013 are as follows:

- Achieving Service Excellence in Team
- Essential Skills for Modern manager
- Negotiation Strategies
- Strategic Thinking Enhancements
- Creating High-Performance Team
- Working with SAP
- Continuous Improvement
- Future Communication Technologies
- Problem Solving and Decision Making
- Cisco Certified Network Associate : CCNA
- Effective under pressure
- Key Success at Work
- Positive & Creative Thinking Development
- Communication Technique
- Cisco Borderless Networks Architecture-Selling & Positioning Skills Workshop
- CMMI in Practice
- Project Management Strategic Workshop

Corporate Governance

The Board of Directors of the Company realized on the importance of the good Corporate Governance which will be is the fundamental factor for improving standard of business operation to create more transparency, competitiveness and strengthen the confidence of all shareholders, investors and other related parties. The Corporate Secretary Division is a compliance unit to supervise and oversee the operation of the Company, directors and executives to ensure that they have been correctly complied with the regulations of the SET, the SEC, the Public Company Limited Act., and other related laws. Details are as follows:

1. Corporate Governance Policy and Business Ethics

1.1 Corporate Governance Policy

The Board of Directors is aware of the importance of good Corporate Governance. Therefore, the written Policy of Corporate Governance both in Thai and English have been set and approved by the Board since 2005 to create more transparency, competitiveness and strengthen the confidence of all shareholders, investors and other related parties. The Corporate Governance Policy had also been posted on the Company's website for information of the Company's employees and for public. Internal audit and Internal Control system have been emphasized to monitor the management to follow the Company's policy with more efficiency in order to increase long-term benefit to the shareholder under the law and Business Ethics. The Corporate Governance Committee will monitor and have the employees to strictly comply with such policy. The CG Policy will be annually reviewed and revised to comply with the 2012 Corporate Governance Principles of SET. The latest revision has been resolved by the Board of Directors of the Company on February 25th, 2014. The Corporate Governance Policy covers the following area:

1. Rights of Shareholders

The Company emphasizes and recognizes the importance of the rights of all shareholders equitably; minority shareholders, major shareholders, institutional investors or foreigners. All rights that the Company's shareholders obtained in 2013 were as follows:

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

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

- **Rights to propose agenda and send question in advance of the Shareholders' Meeting**

The Company is aware of the shareholders' rights and equitable treatment to the shareholders under the Good Corporate Governance and to comply with laws. It's the Company policy to allow the shareholders to propose matter(s) for consideration of the Board of Directors as agenda of the shareholders' meeting for 2009 Annual General Meeting of shareholders onward. In addition, the Company allows the shareholders to send question(s) concerning the Company's operation in advance for 2011 Annual General Meeting of shareholders onward. During the period that no rules or criteria from the Capital Market Supervisory Board been announced, shareholders who would like to propose the agenda have to comply with the Company's procedures and criteria of the above matter. In the Annual General Meeting of shareholders 2014, the Company policy to allow the minority shareholders, to propose the agenda and sending question at least 3 months in advance of the end of the fiscal year since September 30th, 2013. and also provided details of the procedures for proposing agenda and sending question on the company' website (www.samtel.com). In the "Investor Relations" under the "Proposal question concerning the Company's operation in advance of the 2014 AGM."

- **Participation in the Shareholders' Meeting**

The Company is aware of the shareholders' rights and equitable treatment to participate in the shareholders' meeting, be informed conditions and procedures of meeting as well as having proxy to vote and comment in the meeting on behalf of the shareholder. With realize on convenience to shareholders and to encourage them to attend the shareholders' meeting. There was only one meeting in 2013, an Annual General Meeting of Shareholders 2013 which held on April 25th, 2013 at Miracle Grand Convention Hotel, Vibhavadee-Rangsit Road, Laksi, Donmuang, Bangkok where is convenience for transportation and capability to cover with number of shareholders. The Company is prior to notify and specify date, time and place that comfort the shareholders to participate in the meeting. The rights of shareholder to participate in the meeting are as follows:

Before the Meeting Date

In the Annual General Meeting of Shareholders 2013, the shareholders have been informed on the date and agenda of the meeting via SET's communication system 49 days prior to the meeting date. At the same time, the Company also disclosed the invitation letter as well as related documents in both languages, Thai and English, on the Company's website (www.samtel.com) in the "Investor Relations" under the "Shareholders Meeting" 34 days before meeting date for the shareholders to have sufficient time for consideration. Same documents will be directly delivered to the shareholders by TSD, the Company's registrar, within 21 days before the meeting date of which better than what has been required by law. The invitation letter contained fact, rationale, opinions from the Board of Directors for each agenda, conditions and procedures of meeting, annual report, proxy form and any other related document with sufficient information for shareholders' consideration. Moreover, the invitation letter has also been 3 days continually published on the newspaper 8 days prior to the meeting date to be inline with law.

To facilitate the institutional investors to participate in the shareholders' meeting, the Company tries to contact them in advance to assist them in proxy preparation and registration.

On the Meeting Date

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

In the Annual General Meeting of Shareholders 2013, there were 8 directors participated the meeting. Chairman of all committees including the Audit Committee and the Company's managements external auditors and investor relations also presented in the meeting. Chairman of the Board of Directors who was Chairman of the meeting introduced all Board members and the managements to the shareholders, declared to the meeting that there were 153 shareholders with voting rights attended the meeting for the Annual General Meeting of Shareholders 2013. The Chairman had declared to the shareholders how to exercise their right and vote before commencement conducted the meeting to be in line with the agenda without any additional topic from what have been expressed in the invitation letter. Voting cards were provided for significant agenda. Voting result in term of approval, disapproval or abstain for each agenda were transparently presented to the meeting. The shareholders were encouraged to express their opinions and raise any questions, either in the agenda or any other questions related to the Company's business, at the meeting. All questions had been answered and taken in the minutes of meeting as well as the opinions from the shareholders.

After the Shareholders' Meeting

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

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

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

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

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

Apart from the appointment of Directors, the shareholders also have rights to remove any director from the office before the expiration of his term of office by having votes of not less than three quarters (3/4) of the number of shareholders attending the meeting and having the rights to vote and the aggregate number of shares shall be not less than one half (1/2) of the shares held by all the shareholders attending the meeting and having the rights to vote.

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

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

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

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

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

- **Getting profit**

The Company pays back to shareholders in the form of dividends. The Company has the policy to disburse dividends above 50% of net profit after required reserves. In the 2013 Annual General Meeting of Shareholders, the disbursement of dividend for operating results of 2012 was approved for baht 0.70 per share of which equivalent to 52.62% of net profit after required reserves in compliance with the dividend disbursement policy as stated above. In addition, the Board of Directors in its meeting

No.4/2013 on August 13th, 2013 had approved the interim dividend payment for six months of year 2013 at Baht 0.30 per share of which equivalent to 40% of net profit after required reserves.

In addition, the rights of shareholders aforementioned. The Company does not obstruct or build obstacle to allow shareholders to communicate.

2. Equitable Treatment of Shareholders

The Company realizes to protect and due care for the interests of all major and minor shareholders as fairly basis. In addition, the Company sets policy for equitably treatment to all shareholders for attending and vote in the shareholders' meetings, sharing in profits, regularly and timely obtained adequate information, business performance and management policy. In the shareholders' meeting, each shareholder shall have one vote on each ordinary share. Proxy form requiring documents were delivered together with the invitation letter for shareholders who would like to appoint a proxy. Proxy form, which contains detail of voting as approve, disapprove or abstain, as well as details of 4 independent directors also are attached for shareholders consideration as alternative proxy in both Thai & English to facilitate the shareholders. In the Annual General Meeting of Shareholders 2013, there were 64 proxies to the Company's independent directors. In addition, voting cards were provided for each agenda, especially, the agenda of appointment of directors of which been appointed by individual. In every shareholders' meeting, the meetings were conducted to be in line with the agenda without any additional topic from what have been expressed in the invitation letter otherwise rights of the shareholders who could not participate in the meeting by themselves will be deprived. In addition, the Company set criteria about Inside Information Monitoring of which details is shown in the topic "5. Inside Information Control".

3. Attention to Stakeholders

The Company is aware of the support from each stakeholder should increase the competitiveness and ability to generate more benefit for long-term succession and realized the importance of all stakeholders i.e. shareholders, employees of the Company and its subsidiaries, customers, competitors, lenders, societies and environment as well as providing more channels for the stakeholders to contact directly to the Company in order to provide either comments or recommendations which will be benefit to the Company. Thus, general rules and practices have been set for directors, management and employees in the Company's Business Ethics to cover rights and equitable benefits to all stakeholders and posted on the Company's website (www.samtel.com). (More details on the treatment of stakeholders are disclosed in the topic "1.2 Business Ethics").

4. Disclosure and Transparency

The Company has strong determination to reveal accurate complete, consistent and updated information, both financial and general information that related to Company's business. The Complete, consistent and updated information will truly reflect Company's financial performance and future business direction. The Company has a disclosure policy to disclose information of any significant and future business operation directions, so that the shareholders and the stakeholders to access information conveniently and speedily for

- To submit the financial report and the Management Discussion and Analysis (MD&A) to the Stock Exchange of Thailand ("SET") and the Securities and Exchange Commission Thailand ("SEC") within the specified timeframe. The financial report did not have any transactions where the auditor opined with qualified, the financial statement has also never been revised under the order of the SET and SEC. In order to make the investors are more well informed and understand the changes occurred to the financial position and operating results of the Company in each quarter, the Company has been published the Management Discussion and Analysis (MD&A) every quarter on the Company's website and via SET's Communication system.

- Criteria on provision of remuneration to the directors and the managements have been clearly disclosed. For more details, please see in the section “Management Structure” in the topic “4. Remuneration of Directors and Management”.
- Shareholding information of the directors and the managements has been disclosed in the Annual Report and the Annual Disclosure information. In addition, the Company has a policy requiring the directors and the managements to report a change in their securities holding within 3 business days from the date the securities have been purchased, sold, transferred or accepted transfer. The Company Secretary’s unit shall coordinate on submission of such report to SET and SEC. Moreover, it is also specified that any change of such securities holding of the directors and the managements shall be reported to the Board of Directors’ meeting every time. The 2013 securities holding information of the directors and the managements were as follows:

Number of ordinary shares held in the company ⁽¹⁾

Director / Executive	31/12/2012	Acquisition during the year		Disposition during the year	31/12/2013	Increase (Decrease)
		Exercised warrants	Buy in SET			
1. Mr. Sombut Uthaisang	300,000	150,000	-	-	450,000	150,000
2. General Sumpun Boonyanun	-	150,000	50,000	50,000	150,000	150,000
3. Mr. Vichai Pokasamrit	-	100,000	50,000	50,000	100,000	100,000
4. Miss Rapeepan Luangaramrut	-	150,000	-	150,000	-	-
5. Mr. Kajornvut Tayanukorn	350,000	150,000	-	-	500,000	150,000
6. Mr. Charoenrath Vilailuck	1,378,300	125,000	300,000	1,153,300	650,000	(728,300)
7. Mr. Watchai Vilailuck	200,010	700,000	-	-	900,010	700,000
8. Mr. Sirichai Rasameechan	-	150,000	-	-	150,000	150,000
9. Mr. Jong Diloksombat	150,000	450,000	-	200,000	400,000	250,000
10. Mr. Prasitchai Veerayuttwilai	125,000	270,000	-	125,000	270,000	145,000
11. Mr. Pornchai Krivichian	252,000	270,000	-	480,000	42,000	(210,000)
12. Mr. Apichat Sirisalipochna	-	340,000	-	-	340,000	340,000
13. Mrs. Aroonluck Dilokwanich	-	165,000	-	147,000	18,000	18,000
14. Mr. Wongkrit Jiamsripong	200,000	174,000	-	100,000	274,000	74,000

Remark: ¹⁾ Includes holding by spouse and minor children

- Details on connected transactions have been clearly disclosed to prevent a conflict of interest (see more details in the section “Connected Transactions”).

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

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

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

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

- **Provide multi channels for disclosure of information apart from SET's communication system**
Annual Report and Form 56-1

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

Company's website

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

Investors Relation

The Company has also set up an Investors Relation section to provide Company's information and activities for investors, shareholders, analysis and general public via Company's website, Road Shows, analysis meetings and conference calls etc. The Company's Investor Relations could be contacted at phone number 0-2502-6726 or sending your question via the company's website at www.samtel.com or sending the e-mail to Dhilokpat.N@samtel.samartcorp.com. The Company has specified the investor relation ethics to practice follow :

The investor relations ethics

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

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

Meetings with investors and analysis in 2013 were summarized as follows:

- Analysis Meeting 4 Times
- Announcement of Company's Performance 4 Times
- Road Show 60 Times

• **Disclosure of Information of the Board of Directors and Sub Committees**

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

• **Accountability to the Financial Statement**

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

The Board of Directors also set out and maintained for the efficiency of the Company's internal control system to ensure that the financial information had been correctly and accurately booked and sufficient to maintain the Company's assets and be aware of weak point in order to prevent whether from any dishonesty or significant error. The Board of Directors had appointed the Audit Committee of which comprised independent directors to be responsible for the quality of the financial statements and the internal control system and disclosed such opinion in the Annual Report under the Report of the Audit Committee. The opinion of the Audit Committee has already been disclosed in the annual report. Moreover, Report of the Board of Directors' responsibility on the Company's Financial Statements was also attached in the Company's Annual Report.

5. Role and Responsibilities of the Board

The Board is the key role for corporate governance matter for the highest benefits of the Company, the Company set policies relating to roles and responsibilities of the Board i.e. composition of the Board of Directors, qualifications of director and role and responsibilities of the Board. Details are as follows:

5.1) Directors' Qualifications

The Board of Directors comprise of directors who have various knowledge, experience, transparent working background, nobility and integrity and have occupational diversification. In addition, they have the skills that advantage to the company's business, such as accounting & finance, management, strategic planning, laws, corporate governance and other without sexual discrimination to carry on the Company's business and achieve its objective. The Company has 9 directors who complied with the qualification that been described in the Company's "Directors' Qualifications". All of the Directors have contributed their best to the Company which may concern from their participation in the meeting that been described under the "5.5.4 Board & Committees' Meeting".

5.2) The Independent of the Board of Directors

• Separation of Executive Chairman and Chairman

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

Roles and Responsibilities of the Chairman of the Board

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

Roles and Responsibilities of Executive Chairman

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

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

• Balance of Power

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

- 4 Independent Directors (more than one-third of the Board of Directors)
- 4 Executive Directors
- 1 Non-Executive Director

However, the Company also has Non-Executive Director 1 person (Mr. Kajornvut Tayanukorn) who has direct experience with the Company's operating business.

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

• Separate Roles and Responsibilities of the Board of Directors and Executive Chairman

The Company has clearly set the separate roles and responsibilities of the Board of Directors and Executive Chairman. The Board of Directors will focus and ensure that the Company's business will achieve its target and in the direction that create value and best benefit to the shareholders

as well as all stakeholders. Any conflict of interest with the Company and its subsidiaries will be prohibited. They have to operate the business with accountability, duty of care, duty of loyalty and also comply with the Company's Ethics to ensure all Company's businesses are run under Company's objectives, Articles of Association, resolutions of the Board of Directors and shareholders' meeting, laws and regulations of SEC/SET and other related laws. At the same time, Executive Chairman who is the management's leader will focus on general management of the Company.

5.3) Being Director in other Listed Companies

- **Policy for directors to serve as directors in other listed companies**

For efficiency of being the director, the Board of Directors of the Company has set the "Policy" for all directors to be the director in any listed companies not exceeding 5 companies. However, there is not any of the existing directors of the Company is being the director in listed companies over than 5 companies and also could participate and contribute to the Company with efficiency.

- **Policy for top executives to serve as directors in other companies**

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

5.4) Transparency of Nomination

The Board ensures the Company to provide transparency process of nomination of directors and management of the Company of which the details are disclosed under "3. Nomination of Directors and Management".

5.5) Board of Directors' Activities during the year

5.5.1) Set Policy and Business Direction

The Board of Directors has clearly established the Company's Vision & Mission of which the details are disclosed under "Vision & Mission".

Monitoring on Business Ethics

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

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

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

5.5.2) Leadership and Vision

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

5.5.3) Set up of Committees

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

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

Roles and responsibilities of each committee were disclosed under the topic “2. Committee”. In addition, Committees’ Charters have also been set and disclosed on the Company’s website (www.samtel.com).

5.5.4) Board & Committees’ Meeting

1) Board of Directors’ Meeting

The Board of Directors’ Meeting schedule have been set as quarterly basis with certain agenda. The meeting schedule will be sent to each director by the Company Secretary for preparation and arrangement for meeting participation. However, additional unscheduled Board meetings may be called upon appropriate notice at any time to address specific needs of the Company. The operating results will be regularly reviewed. The invitation letter as well as meeting materials will be delivered by the Company Secretary to all directors at least 5 working days prior to the meeting date for consideration. The average length of the meeting is approximately 2 hours. Details of directors’ attendance for 2013, total 6 meetings, were as follow:

Directors	Date of Appointment	Term of Directorship (Year/month)	Number of Attendance / Total Number of Meeting
1. Mr. Sombut Uthaisang	April 2008	5-8	6/6
2. General Sumpun Boonyanun	April 2008	5-8	6/6
3. Mr. Vichai Pokasamrit	April 2011	2-8	6/6
4. Miss Rapeepan Luangaramrut	April 2008	5-8	6/6
5. Mr. Kajornvut Tayanukorn	April 2004	9-8	6/6
6. Mr. Charoenrath Vilailuck	July 1996	17-5	6/6
7. Mr. Watchai Vilailuck	July 1996	17-5	6/6
8. Mr. Sirichai Rasameechan	July 1998	15-6	6/6
9. Mr. Jong Diloksombat	January 2012	1-11	6/6

In 2013, the Board of Directors considered the following agendas:

- Considered the Company Operating Performance and Financial Statements for 2012 as well as quarterly performance of 2013;
- Considered the sufficiency of the Company's Internal Control System;
- Acknowledged the 2012 Committees' activities;
- Acknowledged the Annual General Meeting of Shareholder (AGM checklist) for 2013, the Corporate Governance Report of Thai Listed Companies for 2013 and the company was granted SET Award "Top Corporate Governance Report" for 2013;
- Acknowledged the 2012 Board Self Assessment, CEO and Company Secretary Assessment Result as well as consider the criteria of the Board Self Assessment and Committee for 2013, CEO and Company Secretary Assessment for 2013;
- Considered the related party transactions;
- Considered the acquisition of common shares of new subsidiary company;
- Considered the new associated company;
- Considered the Company's 2014 business plan;
- Considered the reviewed and revised the Company's Corporate Governance Policy and Business Ethics;
- Considered to allow the minority shareholders to propose matter in the agenda and enquiries prior to the meeting date of AGM;
- Considered matters concerning to 2013 AGM agenda and provide opinions to shareholders for consideration;
- Considered the interim dividend payment for six months of 2013;
- Considered the dividend payment for year 2012;
- Considered the appointment of Committees' members;
- Considered the salary increase for 2014, 2013 bonus and bonus policy for 2014;
- Considered the Directors & Officer Liabilities and Corporate Reimbursement Insurance;
- Acknowledged the report a change of such securities holding of the directors and the managements from the previous meeting;
- Considered and approved the Sustainable Development Committee and CSR Policy.

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

2) Committee

All the Committee have regular meetings and reported to the Board of Directors of the Company.

• Audit Committee

In 2013, the committee conducted 5 meetings for consideration of the followings:

Directors		Number of Attendance / Total Number of Meeting
1. General Sumpun	Boonyanun	5/5
2. Mr. Vichai	Pokasamlit	5/5
3. Miss Rapeepan	Luangaramrut	5/5

• Executive Board Committee

In 2013, the committee conducted 12 meetings for consideration of the followings:

Directors		Number of Attendance / Total Number of Meeting
1. Mr. Watchai	Vilailuck	12/12
2. Mr. Charoenrath	Vilailuck	12/12
3. Mr. Sirichai	Rasameechan	12/12
4. Mr. Jong	Diloksombat	12/12

• Corporate Governance Committee

In 2013, the committee conducted 2 meetings for consideration of the followings:

Directors		Number of Attendance / Total Number of Meeting
1. Mr. Vichai	Pokasamlit	2/2
2. General Sumpun	Boonyanun	2/2
3. Mr. Kajornvut	Tayanukorn	1/2 ¹⁾
4. Mr. Jong	Diloksombat	2/2
5. Miss Rapeepan	Luangaramrut	1/2 ²⁾

Remark : ¹⁾ He is as the Corporate Governance Committee on May 10th, 2013 and participated one of two meetings, because as the Corporate Governance Committee after conducted a meeting.

²⁾ Has been resigned from the Corporate Governance Committee on May 10th, 2013.

• Nominating & Compensation Committee

In 2013, the committee conducted 3 meetings for consideration of the followings:

Directors		Number of Attendance / Total Number of Meeting
1. General Sumpun	Boonyanun	3/3
2. Mr. Vichai	Pokasamlit	3/3
3. Miss Rapeepan	Luangaramrut	1/31)
4. Mr. Kajornvut	Tayanukorn	2/32)

Remark : ¹⁾ He is as the Nominating & Compensation Committee on May 10th, 2013 and participated one of three meetings, because as the Nominating & Compensation Committee after conducted a meeting.

²⁾ Has been resigned from the Nominating & Compensation Committee on May 10th, 2013.

- **Risk Management Committee**

In 2013, the committee conducted 2 meetings for consideration of the followings:

Directors		Number of Attendance / Total Number of Meeting
1. Mr. Jong	Diloksombat	2/2
2. Mr. Prasitchai	Veerayuttwilai	2/2
3. Mr. Pornchai	Krivichian	2/2
4. Mr. Apichat	Sirisalipochana	2/2
5. Miss Chotika	Kamloonwesaruch	2/2
6. Mr. Suchart	Duangthawee	2/2
7. Mr. Wongkrit	Jiamsripong	2/2

- **Sustainable Development Committee**

In 2013, the committee conducted 1 meeting for consideration of the followings:

Directors		Number of Attendance / Total Number of Meeting
1. Mr. Jong	Diloksombat	1/1
2. Mr. Prasitchai	Veerayuttwilai	1/1
3. Mr. Pornchai	Krivichian	1/1
4. Mr. Apichat	Sirisalipochana	1/1
5. Miss Chotika	Kamloonwesaruch	1/1
6. Mrs.Nisachol	Udomwongwiwat.	1/1
7. Miss Kanokwan	Chanswangpuvana	1/1
8. Mr. Somchai	Bunsupaporn	1/1

Remark : The Sustainable Development Committee was appointed on November 12th, 2013, therefore meeting 1 time in 2013.

Details of agenda of each committee meetings in 2013 has been disclosed in the Company's Annual Report and the Annual Information Disclosure (56-1) under report of the each committee.

3) Meeting among members of the Non-Executive Directors

In 2013, Non-Executive Directors convened non-executive meeting to discuss any managerial issue.

5.6) Conflict of Interest

To prevent conflicts of interest, the Company has drawn out guidelines for directors and employees to as guidelines in practice. (More details of conflict of Interest are disclosed in the topic "1.2 Business Ethics").

5.7) Internal Control and Internal Audit

(Details of Internal Control and Internal Audit are shown in "Internal Control and Risk Management").

5.8) Risk Management

(Details of Risk Management are shown in "Internal Control and Risk Management").

The Company discloses risk management policy on the Company's website at www.samtel.com

5.9) The assessment of the Board of Directors, Committee, CEO and Company secretary

5.9.1) Board Self-Assessment

The Corporate Governance Committee has initiated the Self Assessment form for Board members to review and evaluate their performance for 2013 as a whole. The assessment form, which has been approved by the Board of Directors in its meeting No. 6/2013 on December 17th, 2013, was sent to all directors for assessment. The questionnaire covers the following area:

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

From the assessment which been completed by the Board members individually, total number of directors (9) agreed that for the above area, the Company has an excellent evaluation by obtaining average score 98.77% more than in 2012 is average score 98.48%.

5.9.2) Director Self-Assessment

The Corporate Governance Committee has initiated the Self Assessment form for director to evaluate their performance of director for 2013 and the assessment results were used to develop the performance of director. In a self-assessment of the director individually. The assessment form, which has been approved by the Board of Directors in its meeting No. 6/2013 on December 17th, 2013, was sent to all directors for assessment. The questionnaire covers the following area:

- Knowledge
- Responsibility
- Meeting
- Self-development

From the assessment which been completed by the Director individually, total number of directors (9) agreed that for the above area, the Company has an excellent evaluation by obtaining average score 99.01%.

5.9.3 Audit Committee Self-Assessment

To the Audit Committee's evaluation of the work of their own in the past years. That compliance with the guidelines for good practice. And much more effective. It has to be evaluated and the assessment will cover as the following ;

- The composition of the Audit Committee
- Training and resources
- Meeting
- The activities of the Audit Committee
- The relationship among the head of internal audit, auditors and the management team
- The role of the Audit Committee in the future

The result assessment of the Audit Committee for the year 2013. It was evaluated by the all of Audit Committee. In the overall of 6 topic is Excellent level.

5.9.4 Committee Self-Assessment

The Corporate Governance Committee has initiated the self-assessment form of committees for 2013 as Executive Board, Corporate Governance Committee, Nominating & Compensation Committee and Risk Management Committee. Results of the self-assessment of each committee will use to develop working performance of them for more efficiency and to be in line with the responsibilities assigned from the Board of Directors. The assessment form, which has been approved by the

Board of Directors in its meeting No. 6/2013 on December 17th, 2013, was sent to each committee for assessment. The questionnaire covers the following area:

- Composition
- Roles & Responsibilities
- Performance monitoring
- Meeting
- Development & Training.

The result assessment of each Committee Self-Assessment for 2013 was shown below:

1. The Executive Board was evaluated by the all of Executive Board. Assessment results is an excellent level by obtaining average score 100%.
2. The Corporate Governance Committee was evaluated by the all of Corporate Governance Committee. Assessment results is an excellent level by obtaining average score 97.50%.
3. The Nominating & Compensation Committee was evaluated by the all of Nominating & Compensation Committee. Assessment results is an excellent level by obtaining average score 99.39%.
4. The Risk Management Committee was evaluated by the all of Risk Management Committee. Assessment results is an excellent level by obtaining average score 95.09%.

5.9.5 CEO Assessment

The Corporate Governance Committee has initiated the Assessment for CEO. The form has been approved by the Board of Directors in its meeting No.6/2013 on December 17th, 2013 and sent to all directors for assessment. Assessment result will be considered for remuneration adjustment. The questionnaire covers the following area:

- Leadership
- Strategic formulation
- Financial planning and performance
- Board relations
- Risk management and internal control
- Human resources management
- Succession
- Product and service knowledge
- Good corporate governance and code of business conduct

From the assessment which been completed by 8 directors, the directors agreed that the CEO has an excellent evaluation by obtaining average score 98.49% more than in 2012 is average score 98.07%.

5.9.6 Company Secretary Assessment

The Board of Directors meeting No. 6/2013 on December 17th, 2013 approved to conduct Corporate Secretary Assessment to continuously improve the performance of the Corporate Secretary in the following area;

- Knowledge
- Compliance
- Communication and Coordination
- Documentation
- Meeting
- Corporate Governance

From the assessment which been completed by 9 directors, the directors agreed that the Corporate Secretary has an excellent evaluation by obtaining average score 95.37% more than in 2012 is average score 94.46%.

5.10) Development of Directors and Managements

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

- Matters that should be known: Nature of business, business structure, directors' structure, scope of power and duty, related laws as well as policies and practical guidelines for supervising the Company's business;
- General knowledge of the business: Business operation guidelines to enhance knowledge and understanding on business and various operations of the Company;
- Arrange to have a meeting with the Chairman and Chief Executive Officer to enquire in-depth information about business operation of the Company.

In addition, to support and increase knowledgeable of the directors, periodical training will be provided especially the Director Accreditation Program (DAP) and Director Certification Program (DCP) arranged by the Thai Institute of Directors (IOD). Five of the existing directors had joined DCP program and 4 directors joined DAP program. Each year, the Company shall submit the training courses arranged by various institutes to the Committee members for their consideration on attendance pursuant to their needs. In 2013, the directors have attended the additional training courses as follows:

Directors		Courses
1. Mr. Sombut	Uthaisang	- Audit Committee Program (ACP) - Role of the Chairman Program (RCP)
2. Miss Rapeepan	Luangaramrut	- Training Course on Administrative Justice for Executives, Institute of Administrative Justice, The Office of the Administrative Courts of Thailand (Class 4)
3. Mr. Watchai	Vilailuck	- ASEAN Executive Management Program (Class 2), Office of the Civil Service Commission (OCSC) - Training Course on Administrative Justice for Executives, Institute of Administrative Justice, The Office of the Administrative Courts of Thailand (Class 5)

1.2 Business Ethics

The Company is conducting the business with great awareness in ethical and moral issues. The handbook concerning business ethics for all members of the Board of Directors, managerial team and our employees has been provided in both Thai and English since 2005 as a guideline to continue his/her duty with honesty, integrity, morality, and of course, highest quality. It also reminds the Company to bring fair treatment in accordance with legal restrictions, to maximize shareholder value, and to prevent plausible conflicts of interest. The Business Ethics had also been posted on the Company's website for information of the Company's employees and for public acknowledgement. The Business Ethics will be annually revised. The latest revision has been reviewed by the Board of Directors of the Company on February 25th, 2014. for compliance with the revised Corporate Governance Policy as follows :

- **Conflict of Interest**

To prevent conflicts of interest, the Company has drawn out guidelines for directors and employees to follow.

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

On any conflict of interest transaction, before entering into the transaction, the Company' assign to directors, management, employees and related parties to disclose such interests to the Audit Committee for consideration of the transaction, the Audit Committee will carefully review prior to submit with opinion either on such conflict or connection to the Board of Directors for further review and to ensure that the transaction has to be complied with SET's regulations, information of the transaction i.e. value of transaction, party involved and necessity ext. has been disclosed in the Company's annual report, Form 56-1 and the auditor's note in the financial statement. Any consideration of the connected transaction, the directors who may have conflict of interest will not participate and attend in any agenda that they have conflict of interest in both board and shareholder meeting. Details of the transactions which may have any conflict of interest in 2013 were disclosed under the "Connected Transactions".

- **Responsibilities to shareholder**

The Company aware of its role to protect and due care for the interests of all major and minor shareholders by granting rights to every shareholders to attend, vote and have comments in the shareholders' meeting, to share in profits, to propose agenda and send a question in advance of the Shareholders' Meeting, regularly and timely obtained adequate information, business performance and management policy. Details of shareholders' rights are descried under "1. Rights of Shareholders".

- **Employee policies**

The Company highly regards all of the employees as valuable resources and is a major factor to drive the business performance to achieve its goals. As a result, it is the Company's policy to treat employees fairly in all respects, employment opportunity, reasonable remuneration, promotion, welfare i.e. There is always be the nurse(s) stationed in the infirmary everyday at the Company's office building and the doctor shall visit and treat sick employees twice a week. The Company also has the medical treatment welfare for the employees (in case of out-patient) who are treated at the government and private hospitals. The employees shall be entitled to the annual medical treatment fee pursuant to their level. In 2013, total amount of medical treatment fee reimbursed by the employees of the Company and its subsidiaries amounted to 1,051,460 Baht. Moreover, the Company also has group health insurance (in case of in-patient) for the Company's employees which is made with the American International Assurance Company Limited (AIA) as well as group life insurance which covers all kinds of death, annual medical check-up and provident fund to secure their working life security under the name of "the Registered Samart Group Provident Fund". The Company also has the social security fund and provision of loan in case of the accident or sickness to the employees as well, loan for employees, fitness center and special discount for Company's products etc.

Development programs, both internal and external training courses, are continually provided for all levels of employees. (Please see more details about the employees in the section “Management Structure” under the topic “5. Personnel”). In addition, the Company has provided educational support by awarding scholarship to employees with aims to enhance their knowledge and skills. Furthermore, in 2013, the Company has awarded 2 scholarships at master degree levels to the employees, i.e. on Computer Science, King Mongkut’s University of Technology North Bangkok and Administration, Kasetsart University.

The Company emphasizes on the safety of life and health of employees as the following policies:

1. The Company is committed to developing and creating safety and health of employees in accordance with the requirements of the law.
2. The Company will perform all necessary measures to ensure the safety of life and health of employees.
3. The Company seeks to control and prevent losses caused by fire, accidents and illness from working and maintain a safe working environment for employees as well as promoting and raising awareness of health care workers.
4. The Company will support adequate and appropriate resources in accordance with the requirements of the law and commit to develop human resources with knowledge and awareness of safety and health of employees.
5. The Company is aware that a safety and health of employees is very important, it was the duties and responsibilities of executive, supervisors at all levels and employee to comply with the rules and the requirements of the law.

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

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

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

- **Customer policies**

The Company strongly believes in building confidence and bring satisfaction to all of the customers who are very important to the Company by providing modern and high-quality products and services at reasonable price for customers' satisfaction and needs as well as providing product and equipment from factory which has been certified as international standard. In 2013, new products and services have been developed by the Company and subsidiaries i.e. ;

- Samart Telcoms Public Co., Ltd. offers a full range of integrated business supply chain for the B2B2C (Business to Business to Customer) and the establishment of nationwide service center, which is in charge of Samart Communication Services Co., Ltd. Flexibility Conveniently and suddenly service of ICT Solution and Services customers provides support and a total of 38 stations.
- Samart Communication Services Co., Ltd. and Samart Comtech Co., Ltd. maintain the standard of service from ISO 9001:2008 which receive more confidence in their services from customers.
- Posnet Co., Ltd. developed and designed loyalty program, Cash card for hotel business.
- Samart Ed Tech Co.,Ltd. operated and maintained Cyber-U services running for Rangsit University and University of the Thai Chamber of Commerce.
- Smarterware Co., Ltd. implemented Software Development Processes according CMMI standard with Certificate CMMI Level 5 which is certify by SEI – Software Engineering Institute.
- Thai Trade Net Co., Ltd. adjusted the E-Manifest program for shipping customer group to supported the change from customs mainly concerned on Data Structure (XML Schema) and supported the sharing of the new state agencies such as the Port Authority of Thailand and the Marine Department.
- Samart Infonet Co., Ltd. restructured the organization to enhance efficiencies in product distribution for enterprise customers by integrating product and service promotions of Internet Service Provider and Internet Telephony Service Provider to penetrate upcountry customers and increase after-sales service capacity.

- **Trade partners policies**

The Company has the policy to equitably and fairly treat its trade partners by taking into consideration of the Company's interest and on mutual benefits basis. Clearly define in evaluation and selection of trade partners as well as developing and maintaining good relationship between all partners with trust and confidence, keep in touch with customer in order to share each other opinion and refusing to accept any personal benefit offered by partners as well as refusing to fabricate or falsify information that will cause misunderstandings to partners, avoid purchase from partner who may be involved in violate human rights and infringe intellectual property and do not deal business with partner who may be involved in illegal and immoral activities.

Moreover, the Company has strictly complied with the business partner treatment policy by selecting the qualified business partner to enter into the Approved Vendor List and prices have been compared before the purchase order has been made. The business partner has been evaluated by using the auditable standard criteria pursuant to the international standards of ISO 9001 and CMMI. The Company also has the policy not to corrupt, extort, embezzle or not tolerate such action. The business partner must not propose or take bribery or any illegal reward from the Company and the business partner must not give the reward or propose personal benefit in whatsoever form to the employee as a result of business undertaking. Such policy has been inspected by the management under the document and the supporting particulars and it also has been audited by the neutral auditor both from the inside and outside the organization.

- **Creditor policies**

The Company conforms to its Principle of Business Operation in order to the respect and admission of the Creditors and strictly complied with all the terms and conditions agreed upon in a transaction and strictly follow each covenanted condition, pay debt, loan, interest and other guarantee in time and specific conditions. In the event that any particular condition could not be met, the Company will prior inform the Creditors and seeking mutual accepted solution. In case the Company could not follow the covenanted condition, the Company will foregone notify to creditor for solving problem.

- **Counterpart/Competitor policies**

The Company conducts all business affairs under just rules and competitions, support free trading. Refuse to search for rivals' secret information by all means, dishonestly or inappropriately. Refuse to ruin counterparts/ Competitors' reputations. Not intervene or have a secret transaction that give negative impact to competitor and give benefit to the Company and Refuse to violate intellectual property rights of business' counterparts /competitor.

- **Receiving and giving present, property or other benefits policies**

Receiving or giving any benefits as tradition and morality to express gratitude or maintaining business relation as usual should be done with appropriateness. The Company will not encourage or expect the receiving person to ignore his/her duty and/or return favor from giving inappropriate present, property or other benefits. For more details, please see "Corporate Social Responsibility Report (Sustainability Report)" under in the topic "3. Anti-corruption".

- **Responsibility to societies and communities**

The Company recognizes that it can survive and grow in a society that is vigorous and prosperous. Therefore, to bring about societal progress, the Company participated in societal improvements with financial support to all activities that aim to maintain beneficial cultures, customs and rituals. Moreover, the Company will involve in religious activities regularly. The Company also participated in many activities for development of social, education, vocation, athletic ability as well as sanction for outreach people and victims. In addition, the Company has strengthened the closed relationship with the surrounding and nearby communities by building up good relationship with the private and public organizations as well as the community leaders in many levels, so that the cooperation from all parties can be smoothly coordinated for sustainable and concreted development of the communities. In 2013, the Company has continued our efforts to promote "Quality People and Moral Society" and also implemented a variety of activities for public benefits. Details of the projects and activities are shown in "Corporate Social Responsibility Report (Sustainability Report)".

- **Responsibility to environment**

The Company conducts business with recognition of environmental conservation and standard management of safety. It is also the Company's policy to become a responsible corporate citizen to comply with all relevant laws and regulations and be responsible for utilizing natural resources in prudent manners. The Company has a policy to strengthen and provide knowledge and training on environment to the employees in the organization, in order to be aware of environmental responsibility when they perform their work by arranging campaign to cultivate conscious mind on environment and natural resources through employee participation activities as well as disseminating news and information on environment in order to build up good understanding on environmental management of the Company. For motivation of the employees to continually conform to the Company's policy, announcement via Company's PR boards, e-mail and internal radio are provided. In 2013, the Company committed to develop products and services with regard to conservation of the environment and its safety standards. Environmentally friendly telecommunication services were offered and the optimal use of energy was promoted for public

agencies and enterprises with similar vision were included for joint projects such as AMR Project of the Provincial Electricity Authority. In addition, there was Buildup of awareness among the employees and stimulation of their consciousness to pay attention on the environment and use resources through the annual energy-saving campaign. Details are shown in “Corporate Social Responsibility Report (Sustainability Report)”.

- **Corporate Social Responsibility Report (Sustainable Development Report)**

The Company specified that there should be the corporate social responsibility report in place. At first, this report may be a part of the annual report and after that if the Company has more readiness, then such CSR report may be considered to be separated from the annual report.

- **Non violation of the human right policies and practices**

The Company emphasizes on human right as common practice, all employee shall not act or support any action to violate any human rights of which the Non violation of human right policies is set in the Company’s Business ethics. The Company has policies that employee’s personal information, i.e. medical treatment record, working experience, is the secret and shall not be sent or disseminated to unauthorized parties. Disclosure or transfer of personal information is only upon the owner’s consent. Furthermore, the Company treats all employees equitable, no person shall be discriminated against regardless of race, nationality, language, religion, sex, age and education. The Company has opportunity for the employee to show their capability by set appropriate remuneration and has opportunity for more education both in higher education, and short-term/long-term training. Deliberation related to hiring and judgment of performance should be accurate and fair as well as avoid comments or any other matters that may lead to conflict.

In addition, the Company communicates such matters to employees to acknowledge and observe through HR website (www.samarthre.com). However, if any employee receives unfair comment on the matter, the company also allows employees to suggest, complaint about abuses as well as other related matters. The Company will resolve such problems for benefits to all parties and create good working relationships together.

- **Operating policy on non-infringement of intellectual property or copyright**

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

- **Anit - Corruption**

The Company will not encourage or expect the receiving person to ignore his/her duty and/or return favor from giving inappropriate present, property or other benefits. Therefore, the policy on anti-corruption is defined in the topic “Receiving and giving present, property or other benefits policies” in the Company’s Business Ethics to be adopted in compliance. The result of the implementation of such policies in 2013 caused the following matters:

- No case of misconduct on corruption or breach of the ethics.
- No director resigned due to the issues of corporate governance.
- No case of the Company’s negative reputation as a result of failure in the monitoring function of the Board of Directors.

Moreover, the company is also aware of the importance on anti-corruption, hence, the Company's representatives were sent to attend various meetings in relation to the prevention and detection of fraud in organizations such as the National Conference on the anti-corruption, Practical Fraud Awareness, Fraud Detection & Fraud Prevention Strategies, fraud auditing and etc. Details regarding the Company's Anti-Corruption Practices are shown in "Corporate Social Responsibility Report (Sustainability Report)" under in the topic "3. Anti-corruption".

- **Opinion or suggestion**

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

Mailing Address : Secretary to the Audit Committee
 Samart Telcoms Public Co., Ltd.
 99/7 Moo 4, Software Park, 29th Fl.,
 Chaengwattana Rd., Klong Gluar, Park-kred,
 Nonthaburi 11120

Or send E-mail address : Somchai.B@samtel.samartcorp.com

The Audit Committee Secretary will collect the information, and proposes the Audit Committee to consider and summarize for further report to the Board of Directors. In addition, the Company has the policy to defend the appellant by keeping appellants' information as secret.

- **Procedures and methods on "Notifying the information on misconduct and the protection of the informant"**

The Company adheres to good corporate governance principles and encourages its employees to examine and oversee any action which is against the corporate governance principles, ethics, rules and regulations of the Company, laws or any action which might cause damages to the Company including rights violation. If such action is found, the employee can notify the clue on misconduct behavior to the Company by sending document and/or evidence to the Chairman of the Audit Committee. Such document and/or evidence may be sent by the employees themselves or via the postal service, however name and surname of the sender must also be notified for convenience on enquiry and/or contact for more information. The Company will not consider if the name is not identified.

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

The Company shall protect the employee who notifies such information, the informant or whistle blower, by not disclosing the name of the informant to any person. Only the Chairman of the Audit Committee shall know such information.

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

The Company has published Vission, Mission, Corporate Governance Policy and Business Ethics on the Company's website (www.samtel.com) and communication Corporate Governance Policy and Business Ethics to management and employees of the company via email, tips and poster in the Company's promotion board. The Corporated Governance Committee will monitor and ensure that Company's regulations, Corporate Governance Policy and Business Ethics have been strictly and continuall complied.

2. Committee

The Company's committee consist 6 committees; Audit Committee, Executive Board, Corporate Governance Committee, Nominating & Compensation Committee, Risk Management Committee and Sustainable Development Committee are as the follows:

1) **Audit Committee** as of December 31st, 2013 consists of 3 members:

- | | | |
|----|----------------------------|--------------------------------------------------------|
| 1. | General Sumpun Boonyanun | Chairman of the Audit Committee (Independent Director) |
| 2. | Mr. Vichai Pokasamrit | Member (Independent Director) |
| 3. | Miss Rapeepan Luangaramrut | Member (Independent Director) |
| | Mr. Somchai Bunsupaporn | Secretary of the Audit Committee |

The Audit Committee member number 2. has knowledge and experience to review creditability of the financial reports. Details of Audit Committee are shown in "Directors, Management, Company Secretary and Head of Internal Audit".

Qualifications of the Audit Committee

1. The Audit Committee members shall be appointed by the Board of Directors and/or the Company's shareholders.
2. All members should be Independent Directors as the definition of independent director qualification from the SEC as described under "Qualifications of Independent Director".
3. Not being a director assigned by the Board of Directors to take part in the business decision of the Company, parent company, subsidiaries, associate company, same-level subsidiaries, major shareholder or controlling person of the Company.
4. Not being a director of parent company, subsidiaries, and same-level subsidiaries which is a listed Company.
5. Having sufficient knowledge, experience, and time to perform duties as the Audit Committee members.
6. At least 1 member of the Audit Committee shall have sufficient knowledge and experience to review the reliability of financial statement, the Company has to define in filling form, Form 56-1 and Form 56-2 for name of the Audit Committee member who has that qualification, and has to define his/her qualification in the certification of the Audit Committee profile that should be sent to the SET.

Terms of positions

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

Roles and Responsibilities of the Audit Committee

1. Review the Company's financial statement to ensure its accuracy and adequacy;
2. Ensure that the Company has an appropriate and efficiency internal control system, internal audit; and consider the independence of the internal audit as well as to appoint, rotate or dismiss chief of internal audit of the Company or any other related function who takes responsibilities to internal audit;
3. Ensure that the Company has complied to the Securities and Exchange Act, regulations of SEC/SET and any other related regulations;
4. Propose for consideration and approval of the Board of Directors and Shareholders on the appointment, termination or reappointment of the Company's Auditors;
5. Arrange meeting with auditors without the management of the Company at least once a year;
6. Review, comment and ensure that all connected transactions and any other conflict of interest transactions have been complied to laws, and regulations of SET/SEC as well as to ensure that the transactions are reasonable with best benefit to the Company;

7. Provide the Audit Committee report for disclosure in the annual report of the Company with minimum contents as required by regulations of SET/SEC;
8. Consider any other activities assigned by the Board of Directors.

2) **Executive Board** as of December 31st, 2013 consists of 4 members:

- | | | |
|--------------------|-------------|-------------------------|
| 1. Mr. Watchai | Vilailuck | Chief Executive Officer |
| 2. Mr. Charoenrath | Vilailuck | Member |
| 3. Mr. Sirichai | Rasameechan | Member |
| 4. Mr. Jong | Diloksombat | Member |
| Mr. Somchai | Bunsupaporn | Secretary |

Terms of positions

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

Roles and Responsibilities of the Executive Board

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

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

Roles and Responsibilities of Executive Chairman

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

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

3) Corporate Governance Committee as of December 31st, 2013 consists of 4 members:

- | | | | |
|----|----------------|--------------------------|--------------------------------------------------------------------------|
| 1. | Mr. Vichai | Pokasamrit | Chairman of the Corporate Governance Committee
(Independent Director) |
| 2. | General Sumpun | Boonyanun | Member (Independent Director) |
| 3. | Mr. Kajornvut | Tayanukorn ¹⁾ | Member (Non-Executive Director) |
| 4. | Mr. Jong | Diloksombat | Member (Executive Director) |
| | Mr. Somchai | Bunsupaporn | Secretary |

Remark : ¹⁾ Has been appointed as the Corporate Governance Committee on May 10th, 2013.

Terms of positions

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

Roles and Responsibilities of the Corporate Governance Committee

1. Responsible for governing and monitoring business operation and committees' activities as well as management and employees of the Company to strictly comply with law and related regulations;
2. Ensure that good corporate governance is being conducted at all level in accordance to legal requirements, Company's policies and other related authorities;
3. Formulate and review the Company's rules concerning good corporate governance;
4. Provide suggestions relevant to ethical practices to the Board, management and employees of the Company;
5. Yield continuity and appropriate regulations in carry out good corporate governance;
6. Report to the Board the recommendations for improvement on the Corporate Governance of the Company as appropriate.

4) Nominating & Compensation Committee as of December 31st, 2013 consists of 3 members:

- | | | | |
|----|----------------|----------------------------|-------------------------------------------------------------------------------|
| 1. | General Sumpun | Boonyanun | Chairman of the Nominating & Compensation Committee
(Independent Director) |
| 2. | Mr. Vichai | Pokasamrit | Member (Independent Director) |
| 3. | Miss Rapeepan | Luangaramrut ¹⁾ | Member (Independent Director) |
| | Mr. Somchai | Bunsupaporn | Secretary |

Remark : ¹⁾ Has been appointed as the Nominating & Compensation Committee on May 10th, 2013.

Terms of positions

One-third of the Nominating & Compensation Committee, who have been longest in office, shall retire by rotation every year. The retired directors are eligible to be re-elected for another term by obtaining majority vote from the Board of Directors. In case of vacancy, the Nominating & Compensation Committee will consider an appropriate person from the members of the Board of Directors and/or any qualified candidates propose to the Board of Directors for replacement.

Roles and Responsibilities of the Nominating & Compensation Committee

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

5) Risk Management Committee as of December 31st, 2013 consists of 7 members:

- | | | | |
|----|----------------|------------------------------|-------------------------------------------|
| 1. | Mr. Jong | Diloksombat | Chairman of the Risk Management Committee |
| 2. | Mr. Prasitchai | Veerayuttwilai ¹⁾ | Member |
| 3. | Mr. Pornchai | Krivichian | Member |
| 4. | Mr. Apichat | Sirisalipochana | Member |
| 5. | Miss Chotika | Kamloonwesaruch | Member |
| 6. | Mr. Suchart | Duangthawee | Member |
| 7. | Mr. Wongkrit | Jiamsripong ²⁾ | Member |
| | Mr. Somchai | Bunsupaporn | Secretary |

Remark : ¹⁾ Has been resigned from the Company on January 1st 2014

²⁾ Retired from the Risk Management Committee. Due to appointed duty as Vice President - Business Development, Samart Corporation Public Company Limited which is related on february 1st, 2014.

Terms of positions

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

Roles and Responsibilities of the Risk Management Committee

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

6) **Sustainable Development Committee** as of December 31st, 2013 consists of 7 members:

- | | | | |
|----|----------------|------------------------------|---------------------------------------------------|
| 1. | Mr. Jong | Diloksombat | Chairman of the Sustainable Development Committee |
| 2. | Mr. Prasitchai | Veerayuttwilai ¹⁾ | Member |
| 3. | Mr. Pornchai | Krivichian | Member |
| 4. | Mr. Apichat | Sirisalipochana | Member |
| 5. | Miss Chotika | Kamloonwesaruch | Member |
| 6. | Mrs. Nisachol | Udomwongwiwat | Member |
| 7. | Miss Kanokwan | Chanswangpuvana | Member |
| 8. | Mr. Somchai | Bunsupaporn | Member/Secretary |

Remark : ¹⁾ Has been resigned from the Company on January 1st, 2014.

Terms of positions

Term of each member is 1 year. The Nominating and Compensation Committee will annually consider and select appropriate persons from the members of the Board of Directors and management and/or any qualified candidates propose for further consideration and appointment from the Board of Directors in the first board meeting after the Annual General Meeting of Shareholders. However, the retired members are eligible to be re-elected for another term.

Roles and Responsibilities of the Sustainable Development Committee

1. Set policy, framework and practice of the Company's CSR;
2. Consider and endorse CSR strategies and activities to meet the Company's CSR policy;
3. Monitor progress of CSR activities and evaluate the effectiveness of the implementation of the Company's CSR activities;
4. Report the Company's CSR activities to the Board of Directors

All committees carried out their duty and had the meeting regularly and had written minutes. The significant issues of the previous year are show in Annual Report (56-2) including number of meeting of each committee are shown in the topic "5.5.4 Meeting of the Board of Directors and Committee".

3. Nomination of Directors and Managements

• Nomination of Independent Directors, Directors and Managements

The Nominating & Compensation Committee has been appointed by the Board of Directors in order to select, and nominate appropriate candidates for positions of Chairman of the Boards, members of the Boards and other committees, Executive Chairman, other Executives and Company Secretary as well as consider the appropriate remuneration for such directors and management. Whenever the position of directors are vacant, the Nominating & Compensation Committee will consider the suitable candidate from IOD's Director Pool and proceed to select the candidate who is qualified as the relevant laws and regulations with regards to qualification, experience, knowledge and ability that is advantage and needed to the Company and then propose to the Board of Directors for approval and for further approval of the shareholders in case of vacancy by rotation or appointing of new director. The elected directors should obtain majority vote from shareholders who attend the meeting and have voting right. Each shareholder shall have one vote on each share. In voting, a shareholder shall vote in accordance with the number of votes each shareholder has for one or several directors. The said shareholder may not allot any number of his/her votes to any person. In addition, the Company proposed shareholders to elect the directors on an individual basis to allow shareholders to elect the desirable directors. For election of independent directors, the Nominating & Compensation Committee will nominate any person who is fully complied with the qualifications of Independent Directors under the Company's policy as well as complying to such requirements of SEC/SET as a minimum. Moreover, the Board of Directors of the Company has also appointed other committees to help the Board on its business

either audit or consideration any significant matters. Such Committees are Executive Board, Audit Committee, Risk Management Committee, Corporate Governance Committee, Nominating & Compensation Committee and Sustainable Development Committee. The nomination of members of the committee will be selected and nominated by the Nominating & Compensation Committee prior to propose for consideration of the Board of Directors of the Company.

- **Executive Succession Plan**

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

4. Supervision on Operation of the Subsidiary and the Associated Company

Before establishment of any new company, the responsible managing department shall propose such matter to the meeting of the Board of Directors for consideration and approval before the registration of the new company is arranged. The Board of Directors shall consider on appointment of the executives who shall hold positions of director and management of such subsidiary and the associated company including scope of authority and responsibility of the directors and the management who shall be the Company's representatives in such company. The management of the subsidiary and the associated company shall report business performance of the Company they are responsible to the Executive Committee every month. Any investments or substantial operations as per specified in the delegation of authorities must be performed pursuant to the policies specified and they must be presented to the meeting of the Executive Committee as well. The management of the subsidiary and the associated company must present the annual business plan to the meeting of Executive Committee and the Board of Directors for consideration and approval every year. If performance of any company has not achieved as per the targeted plan, the management must clarify to the meeting of Executive Committee. In case business operation encountered a lot of problems, the management is required to clarify to the Executive Committee as the watch list so that precaution and corrective measures can be closely monitored and taken.

The subsidiary and the associated company must have the internal control system or measure that the Company's Internal Audit Department can audit and report to the Audit Committee and the Executive Committee. If internal control system of any company is defective which may likely cause risks and damage to the Company, the Executive Committee shall order such company to make good and rectify defects in such internal control system immediately. In addition, if the subsidiary has to conduct any transaction which is required to comply with the regulations of the Company or of the relevant laws and which is required to be approved from the shareholders' meeting of such subsidiary, i.e. capital increase, capital decrease or dissolution of subsidiary and etc., such transaction shall be proposed for the Executive Committee's consideration and approval on voting guideline during the shareholders' meeting of such subsidiary.

In the event where the subsidiary performs any transaction about acquisition or disposal of assets, the Company shall treat the same way as criteria on acquisition and disposal of assets of its own which must be pursuant to criteria on undertaking the significant transaction on asset acquisition or disposal as per specified by the Capital Market Supervisory Board. In case the subsidiary has performed any transaction with its related persons, the Company shall not involve in such matter, except the subsidiary has performed any transaction with the related person of the Company, then the Company shall comply with the criteria on related transaction announced by the Capital Market Supervisory Board.

5. Inside Information Control

The Company will inspect to ensure no inside information of which is material, undisclosed and confidential leak to public or be used from unauthorized for personal benefit. IT system has been implemented for a secure access for all users inside and outside the firewall in conjunction with the Company's own user authentication and security system. In addition, the Company sets as policy that all employees shall acknowledge and sign the agreement of non-disclosure confidential information, non-offence of computer related and non-infringement of intellectual property. New employee shall sign this agreement together with employment contract. It was also set forth in the Company's Corporate Governance Policy to refuse directors, management and employees of the Company to use Company's inside information for personal benefits. Any trading of Samart Group's securities within 1 month prior to disclosure of either Company's financial performance or any other information that may affect securities' price is prohibited. To ensure that the policy is acknowledged and complied, the Company will notify the all-year schedule of such periods in advance to all directors and management. Every quarter, the company has also delivered such notice to directors and management to acknowledge. In 2012, there is no case of insider trading from the Company's directors or management. The Directors and management of the Company had been informed on their duties and punishment regarding to report on securities holdings of themselves, their spouse and any minor children to the Stock Exchange of Thailand (SET) within 3 days from the transaction date according to the Securities and Exchange Act B.E. 2535. Any change in securities holdings, such directors and managements have to report the Company Secretary for coordination and preparing report submit to the Securities and Exchange Commission (SEC). In addition, the Company has set as a policy to report on securities holdings of directors and managements in every meeting of the Board of Directors. In case that any director or managements violates the regulations, the warning notice will be made to that director or management to avoid re-misconduct.

In case of conflict of interest, it is the Company's Policy to have the directors, management, employees and related parties to disclose such interests to the Audit Committee for consideration of the transaction to be complied to SET's regulations and any governing laws and regulations prior to further submit for consideration of either the Board of Directors or the shareholders. The directors who have conflict of interest will not participate and attend in any agenda that they have conflict of interest in both board and shareholder meeting. Moreover, any conflict of interest transactions with the connected persons will be disclosed in the Company's Annual Report (56-2) and the Annual Information Disclosure (56-1) under "The Connected Transactions".

General practices for conflict of interest protection have been set not only in the Company's Business Ethics but also in 5. Roles and Responsibilities of the Board under "5.6 Conflict of Interest". Such practices have been delivered to all directors, management and employees. The Corporate Governance Committee will monitor and ensure that Company's regulations, Corporate Governance Policy and Business Ethics have been strictly and continually complied.

The Company has established the Corporate Governance Committee to monitor the compliance duties in accordance with the regulations continuous and appropriately.

Internal Control and Risk Management

1. Internal Control

In the Board of Directors' Meeting No.1/2014 on February 25, 2014 in which all three independent Audit Committee members attended, the Board has assessed the Company's internal control system, a summary of the evaluation system of internal control of companies in various fields of 8 components: control environment, objective setting, event identification, risk assessment, risk response, control activities, information system and data communication, monitoring activities. The Board of Directors came to the conclusion that the company has adequate internal control system and has an effective management system which can link to and integrate with important sections throughout the organization, i.e. governance, risk management and compliance by using essential mechanisms, such as strategy, process, people, technology as well as appropriated structure to help drive to the target and for maximum efficiency including the sustainable development.

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

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

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

1. Control Environment

The Company has set its annual Strategic Implementation Plan (SIP) by carefully reviewing and considering the possibility of the goal setting and applied PM Online (Performance Management) to guide performance of all staff toward the same direction, goal and using Key Performance Indicator (KPI) as a tool to reward to personnel. For business clearer and more efficiency, business structure has been classified into 5 Business Groups. Moreover, the Company has developed the Corporate Governance Policy and issue the Code of Conduct Manual for Directors and Staff as the guidance to strictly adhere with integrity and transparency.

2. Objectives Setting

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

3. Event identification

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

4. Risk Assessment

The Company has set up the Risk Management Committee and applying Enterprise Risk Management (ERM) to assess business risks and introduce preventive/ corrective control measures to cope with such risks to comply with new standard of risk management of COSO. (The Committee of Sponsoring Organization of the Tread way Commission) The Company has systematic tools and methods on risk assessment and has prescribed the appropriated criteria in each level, i.e. at organizational and operational level. Qualitative and quantitative assessments have also been conducted by considering from the acceptable risk levels of the organization and from 2 aspects, i.e. impact for damages and risk likelihood to consider risk levels, such as high, middle or low and the methods have been sought to manage those risks.

5. Risk Response

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

6. Control Activities

Authorization Manual and Workflow Procedures were clearly put in place and timely adjusted to corporate changes. The Executive Board, Audit Committee, and the Board of Directors involved as deem appropriate in all-important decisions concerning SET/SEC's regulations. Financial Unit, Debt Management Units Legal Unit as well as Internal and External Audit Units were put in place to supervise corporate activities to be performed in accordance with applicable rules and laws.

7. Information System and Data Communication

International standard of information and data center management was implemented within company such as COBIT (Control Objectives for Information and Related Technologies) has been developed for the information technology system of the Company to be in accordance with IT Governance as well as ITIL has been adopted for the computer system to improve itself. Intelligent Data Center was introduced to assist Management in their monitoring and analyzing data i.e. finance, sales, etc. for decisive action. Establishing IT Consolidation Center to support business changes. That is certified ISO 27001 and CMMI (Capability Maturity Model Integration) Creating external data back up and preparing site back up for all information system as well as implementing the Human Resource information System.

8. Monitoring activities

The Company has appropriated procedures to monitor and supervise work performances by comparing them with the targets or indicators Key Performance Indicator (KPI) in each level regularly. In addition, it also has good assessment, analysis and monitoring system, for instance, it specified that the employees at supervisor level must monitor work performances and reports of their subordinates closely and then report to higher supervisor level to ensure that internal control system and measures are efficiently and can respond to risk factors and changes appropriately and in time.

The Board of Directors was regularly set up according to the company's regulation to the meetings to monitor and evaluate company's monthly performance. The annual audit plan was implemented by Internal Audit Team to ensure the compliance of internal control system and reported to Management, Executive Board and Audit Committee.

Furthermore, the Company's auditor, Miss. Kamontip Lertwitworatep, an auditor license no. 4377, audited the Company's financial statement for period ending December 31, 2013 without any comment on the Company's internal control system as significant error.

Internal Audit

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

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

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

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

In addition, Mr.Somchai Bunsupaporn the head of internal audit unit also acts as the secretary of the Audit Committee and his/her duties are to support workloads and shall be responsible for all duties of the Audit Committee which have been assigned from the Company's Board of Directors. He/she shall arrange the Audit Committee meeting every quarter and shall also provide recommendations and suggestions in various aspects which are beneficial to the organization and also emphasized quality and development of internal audit task and also encouraged the internal audit personnel to develop themselves on continued and regular basis.

2. Risk Management

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

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

The Company put emphasis on risk management of the organization by appointing the Risk Management Committee which comprised of the Company's President as the Chairman of the Risk Management Committee and the high management as the Committee members. In 2013, the Committee has conducted 2 meetings to consider the overall organizational risks, classify risk levels, prescribe risk management guidelines and assign the responsible persons to carry out risks control measures to make them in acceptable level with aims to make the Company achieve the set objectives and strategies and enhance the shareholders' and the stakeholders' confidence. The Company also reviewed the Company's risks regularly to check which risk has increased or changed.

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

The Company discloses risk management policy on the Company's website at www.samtel.com

Connected Transactions

The connected transactions disclosed in this section are transactions of the Company and its subsidiaries with those who may have a conflict of interest as at December 31, 2012 and 2013:

Companies	Relationship	Counterparts
Samart Corporation Pcl.	The major shareholder of the Company and holds a 70.20% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Sirichai Rasameechan
Samart Engineering Co., Ltd.	Samart Corporation Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Sirichai Rasameechan
Samart U-Trans Co., Ltd.	Samart Corporation Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Sirichai Rasameechan
Cambodia Air Traffic Services Co., Ltd.	Samart Inter Holding Co., Ltd. holds a 100% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck
Cambodia Samart Co., Ltd.	Samart Corporation Pcl. holds a 49% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck
Vision and Security System Co., Ltd.	Samart Corporation Pcl. holds a 70.00% stake.	Mr. Sirichai Rasameechan
One to One Contacts Pcl.*	Samart Corporation Pcl. holds a 96.00% stake and Samart Comtech Co., Ltd. holds a 2% stake and Samart Engineering Co., Ltd. holds a 1% stake and Samart Telcoms Pcl. holds a 1% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Sirichai Rasameechan
Samart I-Mobile Pcl.	Samart Corporation Pcl. holds a 57.59% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
I-Mobile International Co., Ltd.	Samart I-Mobile Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
Samart Mobile Services Co., Ltd.	Samart I-Mobile Pcl. holds a 97.40% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Sirichai Rasameechan Mr. Jong Diloksombat
Samart Multi Media Co., Ltd.	Samart I-Mobile Pcl. holds a 99.99% stake.	Mr. Watchai Vilailuck Mr. Sirichai Rasameechan Mr. Jong Diloksombat
Samart Interactive Media Co., Ltd.	Samart Multi Media Co., Ltd. holds a 99.99% stake.	Mr. Watchai Vilailuck Mr. Sirichai Rasameechan Mr. Jong Diloksombat

Companies	Relationship	Counterparts
Take A Look Co., Ltd.	Samart Multi Media Co., Ltd. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
Vilailuck International Holding Co., Ltd.	Vilailuck International Holding Co., Ltd. holds a 17.40% stake in Samart Corporation Pcl.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck
I-Sport Co., Ltd.	Samart Multi Media Co., Ltd. holds a 49.99% stake.	Mr. Watchai Vilailuck Mr. Jong Diloksombat
Samart I-Mobile (Malaysia) Sdn. Bhd.	I-Mobile International Co., Ltd. holds a 100% stake.	Mr. Watchai Vilailuck Mr. Jong Diloksombat
PT. Samart I-Mobile (Indonesia) Co., Ltd.	I-Mobile International Co., Ltd. holds a 99.98% stake.	Mr. Watchai Vilailuck Mr. Jong Diloksombat
Teleconnext Co., Ltd. **	I-Mobile International Co., Ltd. holds a 100% stake.	Mr. Watchai Vilailuck Mr. Jong Diloksombat
I-Mobile Plus Co., Ltd.	Samart I-Mobile Plc. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
Brain Source Co., Ltd.	Samart I-Mobile Pcl. holds a 99.93% stake.	Mr. Watchai Vilailuck Mr. Sirichai Rasameechan Mr. Jong Diloksombat
I-Mobile Inter Trade Co., Ltd.	I-Mobile International Co., Ltd. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
Kampot Power Plant Co., Ltd.	Samart Inter Holding Co., Ltd. holds a 100% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck
Suvarnabhumi Environment Care Co., Ltd. ***	Samart Corporation Pcl. holds a 89.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Sirichai Rasameechan
Contact-In-One Co., Ltd.	Samart Engineering Co., Ltd. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Sirichai Rasameechan
Samart Inter Holding Co., Ltd.	Samart Corporation Pcl. holds a 100% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Sirichai Rasameechan
Samart Communication Services Co., Ltd.	Samart Telcoms Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
Samart Comtech Co., Ltd.	Samart Telcoms Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
Samart Broadband Services Co., Ltd.	Samart Telcoms Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Sirichai Rasameechan Mr. Jong Diloksombat

Companies	Relationship	Counterparts
Thai Trade Net Co., Ltd.	Samart Telcoms Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Sirichai Rasameechan Mr. Jong Diloksombat
Posnet Co., Ltd.	Samart Telcoms Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Sirichai Rasameechan Mr. Jong Diloksombat
Samart Infonet Co., Ltd.	Samart Telcoms Pcl. holds a 99.57% stake.	Mr. Watchai Vilailuck Mr. Jong Diloksombat
Smarterware Co., Ltd.	Samart Telcoms Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
Samart Ed Tech Co., Ltd.	Samart Telcoms Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
Portalnet Co., Ltd.	Samart Telcoms Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
Net Media Co., Ltd.	Samart Telcoms Pcl. holds a 99.99% stake.	-
IT Absolute Co., Ltd.	Samart Broadband Services Co., Ltd. holds a 99.94% stake.	-
Samart Digital TV Co., Ltd.	Samart Corporation Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Sirichai Rasameechan
Samart Reditech Co., Ltd.	Samart Corporation Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Sirichai Rasameechan Mr. Jong Diloksombat
One to One Professional Co., Ltd.	One to One Contracts Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Sirichai Rasameechan
Entertainment Tree Co., Ltd.	Samart Multi Media Co., Ltd. holds a 45.00% stake.	Miss Rapeepan Luangaramrut Mr. Watchai Vilailuck
I-Sport Media Co., Ltd.	I-Sport Co., Ltd. holds a 99.99% stake.	Mr. Watchai Vilailuck Mr. Jong Diloksombat
I-Mobile Direct Co., Ltd.	I-Mobile Inter Trade Co., Ltd. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
Teda Co., Ltd.	Samart U-Trans Co., Ltd. holds a 80% stake.	Mr. Sirichai Rasameechan
Teda Construction Co., Ltd.	Teda Co., Ltd. holds a 99.99% stake.	Mr. Sirichai Rasameechan
Transec Power Services Co., Ltd.	Teda Co., Ltd. holds a 99.99% stake.	Mr. Sirichai Rasameechan
One To One Cambodia Co., Ltd.	One to One Contracts Pcl. holds a 100% stake.	Mr. Sirichai Rasameechan

Companies	Relationship	Counterparts
Phuphatara Co., Ltd.	whose indirect shareholder of 42.38% is Vilailuck Internation Holding Co., Ltd. (VIH) and VIH is the major shareholder of Samart Corporation Pcl.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck
I.Q Wine Co., Ltd. (Formerly known as Best Cellar Co., Ltd.)	Director Related is Mr.Thananan Vilailuck	-

* One To One Contacts Pcl. is in process of Listing in the Market for Alternative Investment (MAI). The Securities and Exchange Commission was approved the filing on November 2013.

** Formerly known as Samart I-Mobile (Hong kong) Co., Ltd.

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

Pricing Policy

The Company and its subsidiaries had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon between the Company and those related parties. The Company and its subsidiaries have a policy on pricing with its related parties as specified below.

1. Sales prices are determining at market price, if market price not known sales price are determined at cost plus a margin not over 15 percent. However, the pricing policy is subject to change depending on the type of business and market competition at the time being.
2. Management fees and rental expenses are charged at the amount stipulated in the relevant agreements.
3. Management fees and rental income are charged at the amount stipulated in the relevant agreements.
4. Other services income and expenses are charged at the price mutually agreed upon.
5. IT service fees expenses to parent company are charged at the amount stated in the agreement which parent company sets base on cost plus a margin of not over 5 percent.
6. Interest on loans to and from related parties are charged at cost of fund plus 0.25 percent per annum or average saving account interest rate plus 0.25 percent per.
7. Guarantee fee is charged between the parties at a rate of 0.3 percent per annum.
8. Dividend income is recognized when declared and the right to receive the dividend is established.
9. Fixed assets are purchased at their net book value plus margin, depending on the condition of fixed assets.
10. Directors and management's benefit expenses are charged as approved by the shareholders' meeting or contractually agreed price.

Connected Transactions

1) Rental and Services Fee

Transaction Type	Value (Baht Million)		Justification of Transactions
	2013	2012	
1. Samart Telcoms Pcl. rent the office at Software Park Building and used the public utilities services with area 948.68 sq. meter from Samart Corporation Pcl.	5.85	5.84	The rental and service charges for public utilities are reasonable when compared to market price within the same area.
2. Samart Telcoms Pcl. rent a warehouse located on 101/4 Moo.20 Phaholyothin Rd. Klong 1, Klongluang, Pathumthanee and used the public utilities services with area 50 sq. meter. from Samart Corporation Pcl.	0.07	0.10	The rental and service charges for public utilities are reasonable when compared to market price within the same area.
3. Samart Telcoms Pcl. rent the office at Software Park Building and used the public utilities services with area 723.95 sq. meter. from Vilailuck International Holding Co., Ltd.	4.70	4.45	The rental and service charges for public utilities are reasonable when compared to market price within the same area.
4. Samart Communication Services Co., Ltd. rent the office at Software Park Building and Smart One Building, and used the public utilities services with area 457.77 sq. meter. and 288 sq.meter., respectively from Samart Corporation Pcl.	4.19	4.19	The rental and service charges for public utilities are reasonable when compared to market price within the same area.
5. Samart Communication Services Co., Ltd. rent a warehouse located on 101/4 Moo 20, Phaholyothin Rd. Klong 1, Klongluang, Pathumthanee with area 721.23 sq. meter. from Samart Corporation Pcl.	0.95	0.95	The rental charge is reasonable when compared to market price within the same area.
6. Samart Communication Services Co., Ltd. rent the office at Software Park Building and used the public utilities services with area 742.99 sq. meter. from Vilailuck International Holding Co., Ltd.	5.05	4.57	The rental and service charges for public utilities are reasonable when compared to market price within the same area.
7. Samart Communication Services Co., Ltd. rent a building in Chiangmai from Mr. Watchai Vilailuck	0.14	0.12	The building is rented to be used as a maintenance and repair services center for the equipments of the Ruler Telephone project installed in Chiangmai and nearby area. The rental charge is reasonable when compared to market price within the same area.
8. Samart Broadband Services Co., Ltd. rent the office at Software Park Building and used the public utilities services with area 60 sq. meter. from Samart Corporation Pcl.	0.37	0.37	The rental and service charges for public utilities are reasonable when compared to market price within the same area.
9. Posnet Co., Ltd. rent a warehouse located on 101/4 Moo 20 Phaholyothin Rd. Klong 1, Klongluang, Pathumthanee and used the public utilities services with area 55.68 sq. meter. from Samart Corporation Pcl.	0.07	0.07	The rental charge is reasonable when compared to market price within the same area.

Transaction Type	Value (Baht Million)		Justification of Transactions
	2013	2012	
10. Posnet Co., Ltd. rent the office at Software Park Building and Smart One Building, and used the public utilities services with area 841.35 sq. meter. and 48 sq.meter. , respectively from Samart Corporation Pcl.	5.42	1.36	The rental and service charges for public utilities are reasonable when compared to market price within the same area.
11. Samart Comtech Co., Ltd. rent the office at Software Park Building and used the public utilities services with area 1,059.25 sq. meter. from Samart Corporation Pcl.	8.29	6.53	The rental and service charges for public utilities are reasonable when compared to market price within the same area.
12. Samart Comtech Co., Ltd. rent a warehouse located on 37/1 Moo 2 Phaholyothin Rd. Klong 1, Klongluang, Pathumthanee and used the public utilities with area 970 sq. meter. from Samart Corporation Pcl.	0.44	0.44	The rental charge is reasonable when compared to market price within the same area.
13. Samart Comtech Co., Ltd. rent the office at Software Park Building and used the public utilities services with area 1,386.69 sq. meter. from Vilailuck International Holding Co., Ltd.	9.01	8.54	The rental and service charges for public utilities are reasonable when compared to market price within the same area.
14. Samart Ed Tech Co., Ltd. rent the office at Software Park Building and used the public utilities services with area 190 sq. meter. from Vilailuck International Holding Co., Ltd.	1.23	1.68	The rental and service charges for public utilities are reasonable when compared to market price within the same area.
15. Samart Infonet Co., Ltd. rent the office at Software Park Building and used the public utilities services with area 48 sq. meter. from Samart Corporation Pcl.	0.32	0.32	The rental and service charges for public utilities are reasonable when compared to market price within the same area.
16. Samart Infonet Co., Ltd. rent the office at Software Park Building and used the public utilities services with area 422.70 sq. meter. from Vilailuck International Holding Co., Ltd.	2.75	2.60	The rental and service charges for public utilities are reasonable when compared to market price within the same area.
17. Smarterware Co., Ltd. rent the office at Software Park Building and used the public utilities services with area 90.21 sq. meter. from Vilailuck International Holding Co., Ltd.	0.59	0.10	The rental and service charges for public utilities are reasonable when compared to market price within the same area.

2) Loans and Borrowings

Borrowing Company	Lending Company	Interest Rate (%)	Value (Baht Million)	
			2013	2012
1. Samart Telcoms Pcl.	For the purchase of Samart Comtech's shares from Samart Corporation Pcl.	MLR+1	Outstanding Loan 93.00 Interest Paid 7.43	Outstanding Loan 93.00 Interest Paid 7.57

3) Transactions of Sales of Goods and Services as a Normal Business

Sellers of Goods/Services	Buyers of Goods/Services	Amount (Baht Million)	
		2013	2012
1. Samart Telcoms Pcl.	Samarat Corporation Pcl.	4.34	-
	Samarat Engineering Co., Ltd.	5.25	0.06
	Combodia Air Traffic Services Co., Ltd.	0.60	0.60
	One to One Contacts Co., Ltd.	2.62	-
	I-Mobile Plus Co., Ltd.	-	0.11
2. Samart Communication Services Co., Ltd.	One to One Contacts Co., Ltd.	1.58	2.04
3. Thai Trade Net Co., Ltd.	Samarat Corporation Pcl.	0.02	0.02
4. Samart Comtech Co., Ltd.	Samarat Corporation Pcl.	1.50	0.25
	One to One Contacts Co., Ltd.	-	1.80
5. Smarterware Co., Ltd.	One to One Contacts Co., Ltd.	-	1.40
6. Samart Infonet Co., Ltd.	Samarat Corporation Pcl.	1.61	1.44
	Samarat I-Mobile Pcl.	2.01	0.13
	One to One Contacts Co., Ltd.	6.09	3.48
	I-Mobile International Co., Ltd.	0.03	0.03
	Samarat Multimedia Co., Ltd.	3.36	3.31
	Samarat Engineering Co., Ltd.	0.17	0.23
	I-Mobile Plus Co., Ltd.	2.04	2.16
	Samarat Interactive Media Co., Ltd.	-	0.02
	Brain Source Co.,Ltd.	0.01	-
7. Samart Corporation Pcl. (IT Data Center services)	Samarat Telcoms Pcl.	11.48	11.48
	Samarat Communication Service Co., Ltd.	27.60	27.60
	Posnet Co., Ltd.	2.16	2.16
	Thai Trade Net Co., Ltd.	1.28	1.28
	Samarat Comtech Co., Ltd.	16.80	16.80
	Samarat Infonet Co., Ltd.	1.76	1.76
8. Samart Corporation Pcl. (Management Fee)	Samarat Telcoms Pcl.	24.00	16.00
9. Samart Corporation Pcl.	Samarat Infonet Co., Ltd.	1.44	1.39
10. I-Mobile Plus Co., Ltd.	Samarat Telcoms Pcl.	0.24	0.26
	Samarat Comtech Co., Ltd.	0.14	0.11
	Samarat Infonet Co., Ltd.	0.18	0.16
	Samarat Communication Services Co., Ltd.	0.40	0.25
11. Samart I-Mobile Pcl.	Samarat Telcoms Pcl.	1.12	1.70
	Samarat Communication Services Co., Ltd.	0.74	1.51
	Posnet Co., Ltd	0.35	0.12
	Samarat Comtech Co., Ltd.	0.93	0.89
	Samarat Infonet Co., Ltd.	0.10	0.14
	Smarterware Co., Ltd.	0.03	0.02
	Thai Trade Net Co., Ltd.	0.01	0.02
	Samarat Ed Tech Co., Ltd.	0.05	0.09
	IT Absolute Co., Ltd.	-	61.28
	Portalnet Co., Ltd.	0.01	0.06

Sellers of Goods/Services	Buyers of Goods/Services	Amount (Baht Million)	
		2013	2012
12. Samart Engineering Co., Ltd.	Samart Telcoms Pcl.	0.54	8.66
	Samart Communication Services Co., Ltd	0.99	0.82
	Samart Comtech Co., Ltd.	4.74	-
	Net Media Co., Ltd.	-	4.99
	IT Absolute Co.,Ltd.	55.25	70.82
13. One to One Contacts Co., Ltd.	Samart Telcoms Pcl.	0.08	0.08
	Samart Communication Services Co., Ltd.	2.28	0.04
	Thai Trade Net Co., Ltd.	0.15	0.15
	Samart Comtech Co., Ltd.	0.08	0.08
	Samart Infonet Co., Ltd.	0.04	0.04
	Smarterware Co., Ltd.	0.01	0.01
14. Vision and Security System Co., Ltd.	Samart Telcoms Pcl.	19.40	-
	Samart Communication Services Co., Ltd	1.20	0.62
	Samart Comtech Co., Ltd.	441.38	67.32
	Samart Infonet Co., Ltd.	-	0.07
15. Samart Multimedia Co., Ltd.	Samart Telcoms Pcl.	0.15	0.21
	Samart Infonet Co., Ltd.	-	0.02
	Samart Communication Services Co., Ltd	-	0.20
	Samart Comtech Co., Ltd.	0.03	0.05
	Samart Ed Tech Co., Ltd.	0.01	0.02
	Portalnet Co., Ltd.	0.01	-
16. Samart Interactive Media Co., Ltd.	Samart Comtech Co., Ltd.	0.20	0.33
	Samart Infonet Co., Ltd.	0.02	-
17. Vilailuck International Holding Co., Ltd.	Samart Telcoms Pcl.	0.01	0.01
	Samart Comtech Co., Ltd.	0.26	0.07
	Portalnet Co., Ltd.	0.01	-
18. Samart Ed Tech Co., Ltd.	Samart Multimedia Co., Ltd.	-	0.65
19. I.Q Wine Co., Ltd. (Formerly known as Best Cellar Co., Ltd.)	Samart Telcoms Pcl.	0.26	0.03
	Samart Communication Services Co., Ltd	-	3.16
	Samart Comtech Co., Ltd.	0.19	0.36

4. Miscellaneous Normal Business Transactions

Nature of Major Transactions	Value (Baht Million)		Justification
	2013	2012	
1. Samart Telcoms Pcl. paid for the equipment rental, services charges, and miscellaneous expenses to Samart Corporation Pcl.	0.03	0.01	Normal business transaction at market price.
2. Samart Telcoms Pcl. paid for the water, electricity, and car park rental to Vilailuck International Holding Co., Ltd.	0.38	0.48	Normal business transaction at market price.
3. Samart Telcoms Pcl. paid for miscellaneous expenses to Samart Interactive Media Co., Ltd.	0.21	0.42	Normal business transaction at market price.
4. Samart Telcoms Pcl. paid for miscellaneous expenses to Vilailuck Development Co., Ltd.	0.10	-	Normal business transaction at market price.
5. Samart Telcoms Pcl. paid for miscellaneous expenses to Phuphatara Co., Ltd.	0.65	-	Normal business transaction at market price.
6. Samart Communication Services Co., Ltd. paid for the water, electricity, and car park rental to Vilailuck International Holding Co., Ltd.	0.92	1.06	Normal business transaction at market price.
7. Samart Communication Services Co., Ltd. paid for the miscellaneous expenses to Samart Interactive Media Co., Ltd.	0.48	0.97	Normal business transaction at market price.
8. Samart Communication Services Co.,Ltd. paid value products, and miscellaneous expenses to Samart Corporation Pcl.	0.02	0.04	Normal business transaction at market price.
9. Samart Communication Services Co., Ltd. paid for the miscellaneous expenses to Samart Multimedia Co., Ltd.	0.08	-	Normal business transaction at market price.
10. Samart Communication Services Co., Ltd. paid for the miscellaneous expenses to I-Mobile Plus Co., Ltd.	0.29	-	Normal business transaction at market price.
11. Smarterware Co., Ltd. paid for miscellaneous expenses to Samart Corporation Pcl.	-	0.01	Normal business transaction at market price.
12. Posnet Co., Ltd. paid for miscellaneous expenses to Samart Interactive Media Co., Ltd.	0.02	0.05	Normal business transaction at market price.
13. Posnet Co., Ltd. paid for miscellaneous expenses to I-Mobile Plus Co., Ltd.	0.01	0.01	Normal business transaction at market price.
14. Posnet Co., Ltd. paid for miscellaneous expenses to Vilailuck International Holding Co., Ltd.	0.01	-	Normal business transaction at market price.
15. Thai Trade Net Co., Ltd. paid for the telephone line and miscellaneous expenses to Samart Corporation Pcl.	0.01	0.01	Normal business transaction at market or actual price.
16. Thai Trade Net Co., Ltd. paid for miscellaneous expenses to Vilailuck International Holding Co., Ltd.	0.04	0.04	Normal business transaction at market price.
17. Thai Trade Net Co., Ltd. paid for miscellaneous expenses to I-Mobile Plus Co., Ltd.	0.02	0.01	Normal business transaction at market price.
18. Samart Comtech Co., Ltd. paid for the office supplies and the miscellaneous services to Samart Corporation Pcl.	0.02	0.02	Normal business transaction at market price.
19. Samart Comtech Co., Ltd. paid for the water, electricity, and car park rental to Vilailuck International Holding Co., Ltd.	1.08	0.79	Normal business transaction at market price.

Nature of Major Transactions	Value (Baht Million)		Justification
	2013	2012	
20. Samart Infonet Co., Ltd. paid miscellaneous expenses to Vilailuck International Holding Co., Ltd.	0.01	0.01	Normal business transaction at market price.
21. Smarterware Co., Ltd. paid miscellaneous expenses to I-Mobile Plus Co., Ltd.	0.04	0.05	Normal business transaction at market price.
22. Smarterware Co., Ltd. paid for car park rental to Vilailuck International Holding Co., Ltd.	0.16	0.08	Normal business transaction at market price.
23. Samart Ed Tech Co., Ltd. paid for car park rental to Vilailuck International Holding Co., Ltd.	0.06	0.03	Normal business transaction at market price.
24. Samart Ed Tech Co., Ltd. paid miscellaneous expenses to Samart Interactive Media Co., Ltd.	0.02	0.02	Normal business transaction at market price.
25. IT Absolute Co., Ltd. paid for car park rental to Vilailuck International Holding Co., Ltd.	0.03	0.01	Normal business transaction at market price.

Samart Telcoms Pcl. has purchased the 99.99% of total shares of Portalnet Co., Ltd. on August 24, 2012, therefore the connected transactions between Portalnet Co., Ltd. and related companies in 2012 is from August 24, 2012, to December 31, 2012.

Samart Broadband Services Co., Ltd. a subsidiary company, has purchased the 99.94% of total shares of IT Absolute Co., Ltd. on February 3, 2012, therefore the connected transactions between IT Absolute Co., Ltd. and related companies in 2012 is from February 3, to December 31, 2012.

Necessity and Rationale for Transactions

The Company's Audit Committee is of the opinion that the inter-company transactions above were reasonable and necessary for the Company's operations. Before entering such transactions, the Board of Directors evaluates them on the basis of providing maximum value to the Company. The terms and conditions of connected transactions were set according to standard business terms and conditions, and at market rates. Loans from related companies were secured to strengthen liquidity for the Company's operations only as deemed necessary.

Measures and Steps of Approval for Connected Transactions

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

Principles on entering into the normal business transactions with general trading conditions and without general trading conditions are as follows:

- **Normal business transaction with general trading conditions**

Related transaction which is normal business transaction with general trading conditions is required to have an approval in principle from the Board of Directors. The management can approve such transaction if it has the same trading conditions as those an ordinary person would agree with any unrelated counterparty under the same circumstances on the basis of bargaining power which is without any dependent interest resulted from the status of the director, executive or related person.

Additionally, the Company shall summarize such transactions and report at the meeting of the Audit Committee and the meeting of the Board of Directors on quarterly basis.

- **Normal business transaction without general trading conditions**

Normal business transaction without general trading conditions is required to be considered and have an opinion from the Audit Committee before it can be proposed to the Board of Directors and/or the shareholders' meeting for further consideration. In addition, it must be complied with the laws on securities and stock exchange as well as regulations, notifications, orders and requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand including the regulations on disclosure of information concerning the connected transactions.

In the case where the Audit Committee does not have expertise in considering any of the related transaction to be incurred, the Company shall appoint the independent expert or the Company's auditor to express opinion on it. Such opinion shall be taken into account by the Audit Committee and/or the Board of the Directors and/or the shareholders, as the case may be, when making decision. The reasons are to ensure that such transaction is necessary and reasonable by taking into consideration the best interest of the Company. Moreover, the Company shall disclose the related transactions in an annual information disclosure form and in notes to the financial statement which has been audited/reviewed by the Company's auditor.

Policies and Trend in Future Connected Transactions

In the future, the Company may engage in connected transactions as it deems appropriate based on normal business terms and conditions. It will comply with the laws on securities and the stock market, as well as the relevant regulations, announcements, orders or requirements of the Stock Exchange of Thailand. It will also strictly follow the requirements and practices regarding disclosure of connected transactions, and the acquisition or sale of important assets of the listed company, according to the accounting standards set by the Association of Accountants. The Company will disclose connected transactions in the Notes to Financial Statements audited by the Company's external auditor.

Management Discussion and Analysis

1. Financial Statements

1.1 Financial Positions and Operating Results of Samart Telcoms Public Co., Ltd. and Its Subsidiaries

(Unit: Baht Thousand)

Transaction	As of December 31		
	2011	2012	2013
Cash and cash equivalents	212,212	425,323	561,910
Account receivables - net	1,262,622	2,202,529	3,468,685
Inventories	622,382	401,450	341,457
Land, building and equipment – net	1,864,429	3,025,441	2,851,156
Intangible asset	226,981	177,607	155,551
Total assets	8,850,942	12,399,476	12,475,142
Overdrafts and short-term loans	3,235,400	4,258,461	3,203,330
Account payables	1,666,376	1,739,481	2,286,893
Current portion of long – term loans	333,754	1,160,053	511,479
Long-term loans – net of current portion	569,898	1,043,801	575,902
Total liabilities	6,615,785	9,664,891	9,298,411
Paid up capital	606,039	610,222	616,936
Accumulated profit	1,190,339	1,662,056	2,058,701
Shareholders' equity	2,235,157	2,734,585	3,176,731
Revenues from sales and services	10,104,678	7,530,337	9,250,761
Total revenues	10,226,345	7,738,495	9,367,117
Cost of goods and service sold	8,552,488	6,037,617	7,459,059
Selling and admin expenses	467,884	480,328	486,683
Finance Cost	190,370	294,784	368,409
Total costs and expenses	9,042,895	6,574,948	7,976,718
Net profit	790,936	828,276	856,513
Net profit per share (Baht / share)	1.31	1.36	1.40
Cash flow from operating activities	(1,355,832)	73,494	1,901,923
Cash flow from investing activities	(705,180)	(1,768,034)	(634,302)
Cash flow from financing activities	2,173,267	1,907,648	(1,131,029)
Par value (Baht / share)	1	1	1
Common shares outstanding (Thousand shares)	606,039	610,222	616,936
Weighed average outstanding (Thousand shares)	604,791	608,073	613,858
Book value (Baht / share)	3.69	4.48	5.15
Dividend per share (Baht / share)	0.66	0.70	0.75

1.2 Financial Ratios of Samart Telcoms Public Co., Ltd. and Its Subsidiaries

Financial Ratio		Samarat Telcoms Pcl. and Subsidiaries		
		2011	2012	2013
<u>LIQUIDITY RATIO</u>				
Current ratio	(Times)	1.11	1.04	1.07
Acid test ratio	(Times)	0.27	0.33	0.49
Cash turnover	(Times)	-0.31	0.01	0.22
Receivable turnover ratio	(Times)	9.34	4.28	3.25
Average collection period	(Days)	39	84	111
Inventory turnover ratio	(Times)	16.78	9.51	18.92
Days sales outstanding	(Days)	21	38	19
Payable turnover ratio	(Times)	8.00	3.55	3.71
Payment period	(Days)	45	102	97
Cash cycle	(Days)	15	20	33
<u>PROFITABILITY RATIO</u>				
Gross profit ¹⁾	(%)	15.36	19.82	19.37
Net profit margin	(%)	7.73	10.70	9.14
Return on equity	(%)	39.32	33.33	28.98
<u>EFFICIENCY RATIO</u>				
Return on assets	(%)	11.78	7.80	6.89
Return on fixed assets ¹⁾	(%)	72.90	57.33	57.34
Asset turnover	(Times)	1.52	0.73	0.75
<u>FINANCIAL POLICY RATIO</u>				
Debt to equity	(Times)	2.96	3.53	2.93
Interest coverage	(Times)	6.31	4.26	3.64
Debt serviceability	(Times)	1.01	1.33	0.59
Dividend payout ratio ²⁾	(%)	51.24	51.54	54.00 ³⁾

Remark: ¹⁾ Including the rights to use communications equipment

²⁾ % of consolidated net profit after deduction of all reserves as stated in the company's Articles of Association and related laws.

³⁾ Dividend payment for 2013, the Board of Directors meeting on February 25, 2014 and on August 13, 2013, has approved dividend payment to shareholders at Baht 0.45 and Baht 0.30, respectively, totaling the dividend payment for 2013 at Baht 0.75 per share. The Annual General Meeting of Shareholders 2014 will be held on April 29, 2014.

2. Financial Analysis and Operating Results

2.1 Operating Results Overview

2013 Operating Results Overview

In 2013, the Company and its Subsidiaries reported total revenues of Baht 9,367 million, compared with Baht 7,738 million in 2012, increased by Baht 1,629 million or 21%. The increase in revenue was mainly from revenue recognition of project with Department of Corrections, Bangkok Metropolitan Administration, Provincial Electricity Authority of Thailand, and Airport Authority of Thailand.

In 2013, cost of goods and services sold was Baht 7,459 million, compared with Baht 6,038 million in 2012, increased by Baht 1,421 million or 24%. Gross profit increased by Baht 299 million or 20% whereas gross profit rate was about 19% for both in 2013 and 2012.

Selling expenses, administrative expenses, finance cost, and other expenses totally increased by Baht 54 million, mainly resulting from the increase in loan to support projects, and loss on exchange rate.

Corporate tax increased by Baht 123 million, mainly due to the affect of adoption accounting standard TAS12 regarding Income Taxes. Without the affect from adoption this accounting standard, corporate tax in 2013 was Baht 102 million, increased by Baht 9 million as a result of higher profit.

2.2 Operating Results of the Company and Its Subsidiaries

The revenue structure breakdown by Business Group as of December 31,2013

(Unit : Baht Million)

Business Group	Revenue from Sales & Services 2013 (Million Baht)	Growth Rate
1. Network Services	5,525.9	7.0%
2. System Integration	2,098.8	55.9%
3. Innovation Business Application Solutions & Services	214.3	38.8%
4. ICT Outsourcing Services	1,430.6	50.4%
5. IP BUSINESS	97.5	-19.4%
Total	9,367.1	21.0%

Remark: The above revenues are exclusive of Inter-company transactions.

1. Network Services

In 2013, sales and services income were Baht 5,525.9 million as compared to Baht 5,171.6 million in 2012 or an increase of Baht 360.0 million or 7%. The increase was mainly resulted from the ongoing and increasing of project's revenues such as TOT 3G nationwide Network Project, Protective communication tools with installation Project, and the Co-Tower site rental Project.

2. System Integration

In 2013, sales and services income were Baht 2,098.8 million as compared to Baht 1,346.3 million in 2012 or an increase of Baht 752.5 million or 55.9%. The increase was mainly resulted from the ongoing and increasing of project's revenues such as Sales of Closed-circuit television (CCTV) Project, AIMS Memory at Suvarnabhumi Airport, The measurement of water in the canal that provides circulating system project, Develop and improve the communication network and satellite system project and The data entry and four Computer Systems Project.

3. Innovation Business Application Solutions & Services

In 2013, sales and services income were Baht 214.3 million as compared to Baht 154.4 million in 2012 or an increase of Baht 59.9 million or 38.8% due to sales of services and Electronic Data Capture (EDC) equipments increasing from in 2012.

4. ICT Outsourcing Services

In 2013, sales and services income were Baht 1,430.6 million as compared to Baht 950.9 million in 2012 or an increase of Baht 479.7 million or 50.4%. The increase was mainly resulted from revenue growth of Portalnet Co., Ltd. providing computer software system for the provincial electricity authority of Baht 911.7 million as compared to Baht 294.5 million or an increase of Baht 617.2 million.

5. IP BUSINESS

In 2013, sales and services income were Baht 97.5 million as compared to Baht 120.9 million in 2012 or an decrease of Baht 23.4 million or 19.4%. The decrease was mainly resulted from the increasing of sales to corporate customers.

2.3 Financial Statement (Assets)

Total assets increased from Baht 12,399 million to Baht 12,475 million as of December 31, 2013. Total current assets increased from Baht 8,896 million in 2012 to Baht 9,216 million in 2013. Main reason for the increase was from the increase in trade and other receivables.

Company's net trade and other receivables as of December 31, 2013 was Baht 3,565 million, which is equivalent to 29% of total assets as compared to the one in 2012 amounting to Baht 2,228 million or 18% of total assets, resulting to the increase by Baht 1,338 million.

In 2013, accrued revenue was Baht 3,759 million or 30% of total assets comparing to Baht 5,032 million or 41% of total assets in 2012 resulting to the decrease by Baht 1,273 million due to received payment from customers.

Inventories at the end of 2013 were Baht 341 million or equivalent of 3% of total assets as compared to inventory figure of Baht 401 million or equivalent of 3% of total assets in 2012.

Consolidated non current assets decreased from Baht 3,504 million or 28% of total assets to Baht 3,258 million or 26% of total assets in 2013 mainly from the effect of depreciation.

Trade Account Receivable and Inventory

The Company had net trade receivable of Baht 3,469 million, an increase of 57%, compared with the 2012 figure, Baht 2,203 million. The allowance for doubtful accounts is set for debts overdue 6 – 12 months at 50%, debts overdue 12 months or more at 100%. As of 31 December 2013, debts overdue 12 months or more was recorded at Baht 368 million and the allowance was set up by Baht 11 million. The Company believes that such allowance is satisfied potential loss, provided that most are project debtors and have strong financial status.

At the end of 2013, the net inventory was Baht 341 million, compared to Baht 401 million in 2012, reduced by 15%. Some inventories were installed in several bidding projects.

Liquidity

The current ratio of the Company and subsidiaries in 2013 was 1.07, slightly increased from 1.04 in 2012. The company's policy is to match payment term of major suppliers and repayment of loan from bank with payment from customers by requesting for back to back condition from major suppliers. Using this condition, the company can guarantee sufficiency liquidity and the company has been able to repay its debt and interest on time.

As of December 31, 2013, cash and cash equivalents of the Company and subsidiaries were Baht 562 million, increased by Baht 137 million, or 32.11% from the end of year 2012. The detail of sources and uses of fund are as follows:

- Cash flow from operating activities was Baht 1,902 million, mainly resulting from operating profit.
- Cash flow used in investing activities was Baht 634 million, mainly resulting from capital invested to support project.
- Cash flow used in financing activities was Baht 1,131 million, mainly resulting from repay loans from financial institutions for an acquisition of Portal Net Company.

Sources of Fund

As of December 31, 2013, the shareholders' equity equals to Baht 3,177 million, increased by Baht 442 million or 16.2% from Baht 2,735 million at the end of year 2012. Since the beginning of year 2013, SAMTEL reported the total net profit of THB 857 MB and paid dividend of THB 460 MB. Whereas the issued and paid up share capital was Baht 617 million which was slightly increased from Baht 610 million in 2012 caused by the conversion of the employee stock options.

Total liabilities as at 31 December 2013 was Baht 9,298 million decreased by Baht 366 million from the end of year 2012 major caused by decrease in loans from financial institutions for an acquisition of Portal Net Company.

As the above liabilities and shareholders' equity, the company's debt to equity ratio as at 31 December 2013 was 2.93 times decreased from 3.53 times in 2012.

As of December 31, 2013, debt service coverage ratio was 1.5 times, which higher than condition of issuing short term debenture that the company must maintain debt service coverage ratio not lower than 1.1 times.

3. Factors Affecting Financial Status or Performance Significantly in the Future

In year 2013, the company won bidding of many projects, and plan to bid many large projects in year 2014, which would generate impressive revenue recognitions in the future, nevertheless the project also, needed a large amount of working capital, therefore the company has been strictly and cautiously negotiated and agreed with financial institutions and business partners to ensure that a cash cycle have been match and have least affects the company's liquidity.

For supporting operation of the large projects, there would be an issue about the company's debt-to-equity ratio that could be gone temporally high over a short period of time. However if the company's debt-to-equity ratio been high over a long period of time, the company may have to consider a capital increasing as an alternative to reduce risks from having a relatively high D/E ratio.

Report of the Board of Directors' Responsibilities for the Financial Reports

Dear Shareholders,

The Board of Directors of the Company takes responsibility for the Consolidated Financial Statements of the company and its Subsidiaries and financial information included in the Annual Report. The Financial Statements were prepared in accordance with the generally accepted accounting standards in Thailand employing appropriate accounting policy and continual practice under careful considerations and best estimations as well as disclosing sufficient information in the Notes to Financial Statements.

The Board of Directors has established and maintained efficient internal control system to ensure with reasonable confidence that the accounting procedure is correct, complete and sufficient for asset possessions and acknowledgement of weaknesses to prevent frauds or significant conspiracies.

The Board of Directors appoints the Audit Committee consisting of three Independent Committees with qualification according to SET/SEC regulations and notification for being the audit committee's member to examine accounting policy, quality of Financial Report and internal control system. The Audit Committee's opinion regarding the mentioned issues appears in the Audit Committee's Report as an integral part of the Annual Report.

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

In the Board of Directors' opinion, the internal control system of the Company is generally satisfactory and can reasonably assure the reliability of the Financial Statements of the Company and its Subsidiaries as of December 31, 2013, which was accurate and complied to the accounting standard and related law and regulations.



(Mr. Sombut Uthaisang)
Chairman



(Mr. Watchai Vilailuck)
Executive Chairman

Independent Auditor's Report

To the Shareholders of Samart Telcoms Public Company Limited

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of matters

I draw attention to Note 4, Note 39.1.4 and Note 7 to the financial statements as the following.

- a) As discussed in Note 4 to the financial statements regarding the change in accounting policy due to the adoption of Thai Accounting Standard 12 Income Taxes. The Company has restated the consolidated and separate financial statements for the year ended 31 December 2012, presented herein as comparative information, to reflect the adjustments resulting from such change. The Company has also presented the consolidated and separate statements of financial position as at 1 January 2012 as comparative information, using the newly adopted accounting policy for income taxes.

- b) As discussed in Note 39.1.4 to the financial statements, on 26 October 2006, Samart Communication Services Company Limited, a subsidiary company, entered into an agreement with a company (formerly a state enterprise), whereby they would provide an information technology network to The Department of Local Administration for a period of 1 year. The subsidiary is obliged to make the network available at not less than 1,000 sites within 120 days from the contract date and guarantee this minimum number of users throughout the contract period. If the subsidiary is unable to do so within the delivery period (22 February 2007), the counterparty will charge a penalty for any delays in the subsidiary's work. However, as at 22 February 2007 the subsidiary could not make the network available at 1,000 sites because such subsidiary has not yet to receive the equipment from the counterparty and Bandwidth received is not adequate for actual usage. Since the subsidiary could not accomplish the number of guaranteed users. The counterparty therefore could charge a penalty for delay work. However, the subsidiary's management and legal counsel are of the opinion that the subsidiary is not obligated to pay any fine to the counterparty as the delay of such project is not the subsidiary's fault. In addition, the management believes that the negotiation with the counterparty will be successful therefore as at 31 December 2013 the subsidiary has not set up provision for fine from the project delay.
- c) As discussed in Note 7 to the financial statements, Samart Telcoms Public Company Limited and its subsidiaries had significant business transactions with the related parties, relating to purchase and sales of goods, services and loans. Such transactions have been conducted on the terms and basis mutually agreed by Samart Telcoms Public Company Limited and those related parties.

My opinion is not qualified in respect of the above matters.

A handwritten signature in black ink, reading "Kamontip Lertwitworatep".

Kamontip Lertwitworatep

Certified Public Accountant (Thailand) No. 4377

Ernst & Young Office Limited

Bangkok: 24 February 2014

Statement of financial position

Samart Telcoms Public Company Limited and its subsidiaries

(Unit: Baht)

		Consolidated financial statements			Separate financial statements		
	Note	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012
			(Restated)			(Restated)	
Assets							
Current assets							
Cash and cash equivalents	8	561,910,048	425,322,603	212,211,987	224,651,951	70,802,491	139,989,874
Short-term investments in trading securities	9	219,830,330	177,857,691	154,906,016	219,830,330	177,857,691	154,906,016
Trade and other receivables	10	3,565,226,619	2,227,615,440	1,278,014,889	692,830,427	626,767,769	516,140,987
Accrued income		3,759,165,294	5,032,580,720	3,812,709,898	1,187,408,701	703,856,263	496,938,871
Short-term loans to related parties	7	-	-	-	1,766,152,360	1,935,652,360	443,000,000
Inventories	11	341,456,646	401,449,527	622,382,273	295,666,450	339,082,267	341,954,403
Withholding tax deducted at source		292,398,806	107,040,581	155,822,354	21,873,268	53,278,689	130,194,894
Other current assets	13	476,570,471	523,610,117	446,090,477	54,028,706	99,434,043	65,188,418
Total current assets		9,216,558,214	8,895,476,679	6,682,137,894	4,462,442,193	4,006,731,573	2,288,313,463
Non-current assets							
Restricted bank deposits	14	17,791,331	17,584,550	17,233,380	-	-	-
Investments in subsidiaries	15	-	-	-	2,091,948,467	2,091,948,467	1,631,943,427
Other investments		5,453,287	5,453,287	5,453,287	1,000,000	1,000,000	1,000,000
Property, plant and equipment	17	2,851,155,935	3,025,441,286	1,864,429,117	260,378,635	363,436,069	287,034,314
Intangible assets	18	155,550,705	177,606,908	226,980,888	132,612,300	186,668,720	237,956,485
Goodwill		108,095,942	108,095,942	2,283,306	-	-	-
Deferred tax assets	4, 33	23,061,660	94,902,410	20,982,737	-	-	-
Other non-current assets		97,474,865	74,915,314	52,424,715	26,122,309	25,071,304	11,876,477
Total non-current assets		3,258,583,725	3,503,999,697	2,189,787,430	2,512,061,711	2,668,124,560	2,169,810,703
Total assets		12,475,141,939	12,399,476,376	8,871,925,324	6,974,503,904	6,674,856,133	4,458,124,166

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

Statement of financial position (continued)

Ssmart Telcoms Public Company Limited and its subsidiaries

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		As at 31 December 2013	As at 31 December 2012	As at 1 January 2012	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012
Liabilities and shareholders' equity			(Restated)			(Restated)	
Current liabilities							
Bank overdrafts, short-term loans							
from banks and trust receipts	19	3,203,330,012	4,258,460,748	3,235,400,456	1,199,764,678	1,651,956,053	1,279,927,041
Trade and other payables	20	2,414,109,941	1,854,038,107	1,777,192,804	554,947,083	501,296,287	175,186,972
Short-term debentures	21	1,460,000,000	-	-	1,460,000,000	-	-
Current portion of long-term loans							
from financial institutions	22	511,478,574	1,160,053,363	333,754,453	212,972,028	812,878,790	6,774,879
Short-term loans from related parties	7	93,000,000	93,000,000	93,000,000	359,812,012	384,312,012	530,189,953
Unearned revenue		58,745,776	61,845,703	61,179,467	50,431,446	36,392,585	41,712,529
Current portion of liabilities under							
finance lease agreements	23	3,369,122	3,306,163	3,471,617	547,959	522,747	498,696
Income tax payable		12,929,769	13,490,924	64,993,270	9,472,480	-	-
Accrued project cost		726,176,167	969,030,888	344,219,595	240,672,238	237,000,658	210,434,324
Other current liabilities	24	159,151,356	119,757,479	86,450,315	22,074,101	35,340,143	34,405,561
Total current liabilities		8,642,290,717	8,532,983,375	5,999,661,977	4,110,694,025	3,659,699,275	2,279,129,955
Non-current liabilities							
Long-term loans from financial							
institutions - net of current portion	22	575,901,976	1,043,801,067	569,897,656	535,980,605	748,953,634	9,850,566
Liabilities under finance lease							
agreements - net of current portion	23	15,581,209	19,489,791	7,327,478	2,069,642	2,617,601	3,140,348
Provision for long-term employee benefits	25	36,352,883	32,867,416	35,867,427	10,558,702	9,490,022	11,763,877
Deferred tax liabilities	4, 33	21,836,530	30,254,121	7,176,641	20,356,846	30,254,121	6,502,295
Other non-current liabilities		6,447,928	5,495,503	3,030,900	-	-	-
Total non-current liabilities		656,120,526	1,131,907,898	623,300,102	568,965,795	791,315,378	31,257,086
Total liabilities		9,298,411,243	9,664,891,273	6,622,962,079	4,679,659,820	4,451,014,653	2,310,387,041

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

Statement of financial position (continued)

Samart Telcoms Public Company Limited and its subsidiaries

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		As at 31 December 2013	As at 31 December 2012	As at 1 January 2012	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012
Liabilities and shareholders' equity (continued)			(Restated)			(Restated)	
Shareholders' equity							
Share capital							
Registered							
738,000,000 ordinary shares of Baht 1 each		738,000,000	738,000,000	738,000,000	738,000,000	738,000,000	738,000,000
Issued and fully paid up							
616,936,000 ordinary shares of Baht 1 each		616,936,000	610,222,500	606,039,500	616,936,000	610,222,500	606,039,500
(31 December 2012: 610,222,500 ordinary shares of Baht 1 each)							
(1 January 2012: 606,039,500 ordinary shares of Baht 1 each)							
Share premium		1,232,742,501	1,194,139,876	1,170,087,626	1,232,742,501	1,194,139,876	1,170,087,626
Retained earnings							
Appropriated - statutory reserve	28	73,800,000	73,800,000	73,800,000	73,800,000	73,800,000	73,800,000
Unappropriated		1,984,901,360	1,588,256,556	1,131,596,154	366,302,829	340,600,440	292,715,382
Other components of shareholders' equity		(732,542,197)	(732,521,033)	(732,507,629)	5,062,754	5,078,664	5,094,617
Equity attributable to owners of the Company		3,175,837,664	2,733,897,899	2,249,015,651	2,294,844,084	2,223,841,480	2,147,737,125
Non-controlling interests of the subsidiaries		893,032	687,204	(52,406)	-	-	-
Total shareholders' equity		3,176,730,696	2,734,585,103	2,248,963,245	2,294,844,084	2,223,841,480	2,147,737,125
Total liabilities and shareholders' equity		12,475,141,939	12,399,476,376	8,871,925,324	6,974,503,904	6,674,856,133	4,458,124,166

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

Income statement

Samarit Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
			(Restated)		(Restated)
Revenues					
Sales income		5,882,784,729	5,127,506,897	1,214,640,483	1,287,943,410
Service income	29	3,367,976,611	2,402,830,636	947,796,785	771,941,053
Other income	30	116,355,598	208,157,743	634,029,944	575,148,753
Total revenues		9,367,116,938	7,738,495,276	2,796,467,212	2,635,033,216
Expenses	31				
Cost of sales		4,952,480,105	4,133,143,392	1,084,890,919	1,201,720,571
Cost of services		2,506,579,392	1,904,473,842	794,179,097	649,119,267
Selling expenses		126,101,937	136,939,910	45,884,853	34,501,026
Administrative expenses		360,580,969	343,387,931	149,013,395	146,967,002
Other expenses		30,975,524	57,002,879	-	-
Total expenses		7,976,717,927	6,574,947,954	2,073,968,264	2,032,307,866
Profit before finance cost and income tax expenses		1,390,399,011	1,163,547,322	722,498,948	602,725,350
Finance cost	32	(368,409,058)	(294,783,917)	(198,982,680)	(145,801,374)
Profit before income tax expenses		1,021,989,953	868,763,405	523,516,268	456,923,976
Income tax expenses	33	(165,263,937)	(42,043,790)	(37,945,269)	(38,229,070)
Profit for the year		856,726,016	826,719,615	485,570,999	418,694,906
Profit attributable to:					
Equity holders of the Company		856,513,414	828,276,268	485,570,999	418,694,906
Non-controlling interests of the subsidiaries		212,602	(1,556,653)		
		856,726,016	826,719,615		
Earnings per share					
Basic earnings per share					
Profit attributable to equity holders of the Company	34	1.40	1.36	0.79	0.69
Diluted earnings per share					
Profit attributable to equity holders of the Company	34	1.39	1.35	0.79	0.68

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

Statement of comprehensive income

Samart Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
Profit for the year	856,726,016	826,719,615	485,570,999	418,694,906
Other comprehensive income:				
Actuarial loss on defined benefit plan	-	(1,394,374)	-	(386,851)
Income tax effect	-	278,875	-	77,370
	-	(1,115,499)	-	(309,481)
Exchange differences on translation of financial statements in foreign currency	(5,254)	2,549	-	-
	(5,254)	2,549	-	-
Other comprehensive income for the year, net of tax	(5,254)	(1,112,950)	-	(309,481)
Total comprehensive income for the year	856,720,762	825,606,665	485,570,999	418,385,425
Total comprehensive income attributable to:				
Equity holders of the Company	856,508,160	827,163,318	485,570,999	418,385,425
Non-controlling interests of the subsidiaries	212,602	(1,556,653)		
	856,720,762	825,606,665		

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

Statement of changes in shareholders' equity

Samart Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements											
	Equity attributable to owners of the Company											
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity						Non-controlling interests of the subsidiaries	Total shareholders' equity
					Other comprehensive income (loss)			Excess of cost of investment over book value of the subsidiaries at the acquisition date	Total other components of shareholders' equity	Total equity attributable to owners of the Company		
			Appropriated - statutory reserve	Unappropriated	Exchange differences on translation of financial statements in foreign currency	Revaluation surplus on land	Revaluation the surplus building and building improvement					
Balance as at 31 December 2011 - as previously reported	606,039,500	1,170,087,626	73,800,000	1,116,539,287	(24,604)	6,238,979	103,434	(737,577,642)	(731,259,833)	2,235,206,580	(49,524)	2,235,157,056
Cumulative effect of change in accounting policy for deferred tax (Note 4)	-	-	-	15,056,867	-	(1,247,796)	-	-	(1,247,796)	13,809,071	(2,882)	13,806,189
Balance as at 31 December 2011 - as restated	606,039,500	1,170,087,626	73,800,000	1,131,596,154	(24,604)	4,991,183	103,434	(737,577,642)	(732,507,629)	2,249,015,651	(52,406)	2,248,963,245
Profit for the year (restated)	-	-	-	828,276,268	-	-	-	-	-	828,276,268	(1,556,653)	826,719,615
Other comprehensive loss for the year (restated)	-	-	-	(1,115,499)	2,549	-	-	-	2,549	(1,112,950)	-	(1,112,950)
Total comprehensive income for the year (restated)	-	-	-	827,160,769	2,549	-	-	-	2,549	827,163,318	(1,556,653)	825,606,665
Additional ordinary shares from warrant exercised	4,183,000	24,052,250	-	-	-	-	-	-	-	28,235,250	-	28,235,250
Dividend paid (Note 38)	-	-	-	(370,516,320)	-	-	-	-	-	(370,516,320)	-	(370,516,320)
Transfer revaluation surplus on building and building improvement to retained earnings (Note 27)	-	-	-	15,953	-	-	(15,953)	-	(15,953)	-	-	-
Decrease in non-controlling interests of the subsidiaries from disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	2,296,263	2,296,263
Balance as at 31 December 2012 - as restated	610,222,500	1,194,139,876	73,800,000	1,588,256,556	(22,055)	4,991,183	87,481	(737,577,642)	(732,521,033)	2,733,897,899	687,204	2,734,585,103

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

Statement of changes in shareholders' equity (continued)

Samart Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements											
	Equity attributable to owners of the Company											
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity						Non- controlling interests of the subsidiaries	Total shareholders' equity
					Other comprehensive income (loss)			Excess of cost of investment over book value of the subsidiaries at the acquisition date	Total other components of shareholders' equity	Total equity attributable to owners of the Company		
					Exchange differences on translation of financial statements in foreign currency	Revaluation surplus on land	Revaluation the surplus building and building improvement					
			Appropriated - statutory reserve	Unappropriated								
Balance as at 31 December 2012 - as previously reported	610,222,500	1,194,139,876	73,800,000	1,556,010,938	(22,055)	6,238,979	87,481	(737,577,642)	(731,273,237)	2,702,900,077	637,242	2,703,537,319
Cumulative effect of change in accounting policy for deferred tax (Note 4)	-	-	-	32,245,618	-	(1,247,796)	-	-	(1,247,796)	30,997,822	49,962	31,047,784
Balance as at 31 December 2012 - as restated	610,222,500	1,194,139,876	73,800,000	1,588,256,556	(22,055)	4,991,183	87,481	(737,577,642)	(732,521,033)	2,733,897,899	687,204	2,734,585,103
Profit for the year	-	-	-	856,513,414	-	-	-	-	-	856,513,414	212,602	856,726,016
Other comprehensive loss for the year	-	-	-	-	(5,254)	-	-	-	(5,254)	(5,254)	-	(5,254)
Total comprehensive income for the year	-	-	-	856,513,414	(5,254)	-	-	-	(5,254)	856,508,160	212,602	856,720,762
Additional ordinary shares from warrant exercised (Note 26)	6,713,500	38,602,625	-	-	-	-	-	-	-	45,316,125	-	45,316,125
Dividend paid (Note 38)	-	-	-	(459,884,520)	-	-	-	-	-	(459,884,520)	(6,774)	(459,891,294)
Transfer revaluation surplus on building and building improvement to retained earnings (Note 27)	-	-	-	15,910	-	-	(15,910)	-	(15,910)	-	-	-
Balance as at 31 December 2013	616,936,000	1,232,742,501	73,800,000	1,984,901,360	(27,309)	4,991,183	71,571	(737,577,642)	(732,542,197)	3,175,837,664	893,032	3,176,730,696

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

Statement of changes in shareholders' equity (continued)

Samart Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2013

(Unit: Baht)

	Separate financial statements							
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity			Total shareholders' equity
					Other comprehensive income			
					Revaluation surplus on land	Revaluation surplus on building and building improvement	Total other components of shareholders' equity	
			Appropriated - statutory reserve	Unappropriated				
Balance as at 31 December 2011 - as previously reported	606,039,500	1,170,087,626	73,800,000	297,969,881	6,238,979	103,434	6,342,413	2,154,239,420
Cumulative effect of change in accounting policy for deferred tax (Note 4)	-	-	-	(5,254,499)	(1,247,796)	-	(1,247,796)	(6,502,295)
Balance as at 31 December 2011 - as restated	606,039,500	1,170,087,626	73,800,000	292,715,382	4,991,183	103,434	5,094,617	2,147,737,125
Profit for the year (restated)	-	-	-	418,694,906	-	-	-	418,694,906
Other comprehensive loss for the year (restated)	-	-	-	(309,481)	-	-	-	(309,481)
Total comprehensive income for the year (restated)	-	-	-	418,385,425	-	-	-	418,385,425
Additional ordinary shares from warrant exercised	4,183,000	24,052,250	-	-	-	-	-	28,235,250
Dividend paid (Note 38)	-	-	-	(370,516,320)	-	-	-	(370,516,320)
Revaluation surplus on building and building improvement transferred to retained earnings (Note 27)	-	-	-	15,953	-	(15,953)	(15,953)	-
Balance as at 31 December 2012 - as restated	610,222,500	1,194,139,876	73,800,000	340,600,440	4,991,183	87,481	5,078,664	2,223,841,480
Balance as at 31 December 2012 - as previously reported	610,222,500	1,194,139,876	73,800,000	369,606,765	6,238,979	87,481	6,326,460	2,254,095,601
Cumulative effect of change in accounting policy for deferred tax (Note 4)	-	-	-	(29,006,325)	(1,247,796)	-	(1,247,796)	(30,254,121)
Balance as at 31 December 2012 - as restated	610,222,500	1,194,139,876	73,800,000	340,600,440	4,991,183	87,481	5,078,664	2,223,841,480
Profit for the year	-	-	-	485,570,999	-	-	-	485,570,999
Total comprehensive income for the year	-	-	-	485,570,999	-	-	-	485,570,999
Additional ordinary shares from warrant exercised (Note 26)	6,713,500	38,602,625	-	-	-	-	-	45,316,125
Dividend paid (Note 38)	-	-	-	(459,884,520)	-	-	-	(459,884,520)
Revaluation surplus on building and building improvement transferred to retained earnings (Note 27)	-	-	-	15,910	-	(15,910)	(15,910)	-
Balance as at 31 December 2013	616,936,000	1,232,742,501	73,800,000	366,302,829	4,991,183	71,571	5,062,754	2,294,844,084

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

Cash flows statement

Samart Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Cash flows from operating activities					
Profit before tax		1,021,989,953	868,763,405	523,516,268	456,923,976
Adjustments to reconcile profit before tax to					
net cash provided by (paid from) operating activities:					
Depreciation and amortisation	17, 18	917,118,056	689,021,242	231,426,232	170,325,145
Reversal of allowance for impairment of investments		-	-	-	(750,000)
Bad debts and doubtful debts (reversal)	10	(2,835,649)	246,357	-	(448,044)
Reduce cost of inventory to net realisable value (reversal)	11	(2,799,691)	(9,296,421)	171,112	(5,691,031)
Reversal of provision for impairment of assets		-	(3,853,110)	-	-
Transfer assets to expenses and cost of goods sold and service		61,507	4,702,088	-	2,892,040
Reversal of allowance for impairment of asset under installation		(1,298,557)	-	-	-
Gains on disposals of equipments		(5,009,416)	(998,393)	(1,673,323)	(1,869,158)
Loss on write-off equipments		53,714	908,393	-	-
Allowance for diminution in value and write-of withholding tax					
deducted at source (reversal)		5,217,622	(167)	-	-
Income from debt reductions from suppliers		-	(68,342,140)	-	-
Provision for long-term employee benefits	25	4,348,767	4,071,907	1,068,680	989,294
Unrealised (gains) losses on exchange		(4,705,388)	(26,327,040)	705,630	(458,513)
Gains on disposal and the change in value of					
investment in trading securities	9, 30	(81,946,517)	(21,129,758)	(81,946,517)	(21,129,758)
Gain on disposal of investment in subsidiaries	15, 30	-	(59,605,166)	-	(14,936,603)
Amortisation of deferred interest under finance lease agreements		1,003,189	798,224	136,996	161,047
Dividend received		(5,041,980)	(767,928)	(344,035,206)	(307,754,724)
Interest income	30	(2,331,251)	(3,125,796)	(84,580,882)	(58,279,847)
Interest expense	32	362,485,604	282,540,266	190,631,385	132,294,114
Gain from reduction of subsidiary's share capital	15	-	-	-	(30,180,000)
Profit before changes in operating assets and liabilities		2,206,309,963	1,657,605,963	435,420,375	322,087,938

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

Cash flows statement (continued)

Samarit Telecoms Public Company Limited and its subsidiaries

For the year ended 31 December 2013

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
Cash flows from operating activities (continued)					
Decrease (increase) in operating assets:					
Trade and other receivables		(1,334,449,303)	(486,921,764)	176,672,509	(83,282,145)
Accrued income		1,273,415,426	(1,182,822,279)	(483,552,438)	(206,917,392)
Inventories		(15,363,957)	(103,096,692)	(31,970,401)	(186,342,023)
Other current assets		47,038,781	13,618,816	46,356,420	(34,245,625)
Other non-current assets		(22,559,551)	33,081,513	(1,051,005)	(13,194,827)
Increase (decrease) in operating liabilities:					
Trade and other payables		562,936,556	(16,748,452)	51,535,735	347,502,055
Unearned revenue		(3,099,927)	1,926,836	14,038,861	(5,319,944)
Accrued project cost		(242,854,721)	534,376,477	3,671,580	26,566,334
Other current liabilities		39,393,877	3,560,250	(17,118,630)	934,581
Other non - current liabilities		952,425	844,400	-	-
Cash from operating activities		2,511,719,569	455,425,068	194,003,006	167,788,952
Employee benefits paid during the year	25	(863,300)	(3,866,000)	-	(3,650,000)
Cash paid for short-term investment in trading securities	9	(31,643,658)	(16,779,107)	(31,643,658)	(16,779,107)
Cash received from short-term investment in trading securities	9	71,617,536	14,957,190	71,617,536	14,957,190
Dividend income from short-term investment in trading securities		5,041,980	767,928	5,041,980	767,928
Cash paid for interest expenses		(360,971,165)	(280,686,089)	(186,646,676)	(153,228,340)
Cash paid for income tax		(325,433,568)	(216,378,679)	(38,370,064)	(36,273,142)
Cash received from refund withholding tax deducted at source	12	32,455,788	120,054,052	31,405,421	98,789,473
Net cash from operating activities		1,901,923,182	73,494,363	45,407,545	72,372,954

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

Cash flows statement (continued)

Samart Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Cash flows from investing activities					
Increase in restricted bank deposits	14	(206,781)	(351,170)	-	-
Purchase of equipment, communications equipment and intangible assets	17, 18	(642,913,723)	(198,641,434)	(55,930)	(3,425,985)
Cash received from insurance claims for equipment		31,703	52,750	-	-
Proceeds from sales of equipments		6,454,799	7,699,923	2,631,981	1,869,158
Cash received from settlement of short-term loan to related parties	7	-	-	1,097,000,000	483,000,000
Cash paid to provide short-term loans to related parties	7	-	-	(927,500,000)	(870,722,360)
Net cash outflows from purchase of investment in subsidiaries	15	-	(1,597,149,178)	-	(1,552,000,000)
Net cash inflows from disposal of investment in subsidiaries	15	-	17,231,210	-	32,931,563
Dividend received from subsidiaries	15	-	-	167,993,606	306,986,796
Cash received from interest received		2,332,116	3,123,965	13,171,562	31,383,254
Net cash from (used in) investing activities		(634,301,886)	(1,768,033,934)	353,241,219	(1,569,977,574)
Cash flows from financing activities					
Decrease in bank overdrafts		(5,285,589)	(57,819,043)	-	-
Proceeds from short-term loans from banks		6,696,910,251	3,726,106,370	2,153,959,723	666,946,255
Cash paid to settle short-term loans from banks		(7,282,188,958)	(2,927,667,090)	(1,784,494,655)	(637,088,965)
Increase (decrease) in trust receipts		535,433,560	(88,101,715)	178,343,557	(28,370,048)
Increase (decrease) in bill of exchange payable		(1,000,000,000)	370,541,770	(1,000,000,000)	370,541,770
Cash received from short-term loans from related parties	7	-	-	81,000,000	197,502,059
Repayment of short-term loans from related parties	7	-	-	(105,500,000)	(343,380,000)
Cash received from long-term loans from financial institutions	22	-	1,634,500,000	-	1,552,000,000
Repayment of long-term loans from financial institutions	22	(1,116,473,880)	(334,297,679)	(812,879,791)	(6,793,021)
Repayment of short term loans from unrelated parties		-	(68,787,685)	-	-
Payment of liabilities under finance lease agreements		(4,848,812)	(4,546,220)	(659,743)	(659,743)
Cash received from additional ordinary shares from warrants exercised	26	45,316,125	28,235,250	45,316,125	28,235,250
Dividend paid	38	(459,884,520)	(370,516,320)	(459,884,520)	(370,516,320)
Cash received from short-term debentures	21	1,760,000,000	-	1,760,000,000	-
Cash paid for debenture redemption	21	(300,000,000)	-	(300,000,000)	-
Decrease in non-controlling interests of the subsidiaries from dividend payment		(6,774)	-	-	-
Net cash from (used in) financing activities		(1,131,028,597)	1,907,647,638	(244,799,304)	1,428,417,237
Increase (decrease) in translation adjustments		(5,254)	2,549	-	-
Net increase (decrease) in cash and cash equivalents		136,587,445	213,110,616	153,849,460	(69,187,383)
Cash and cash equivalents at beginning of year		425,322,603	212,211,987	70,802,491	139,989,874
Cash and cash equivalents at end of year		561,910,048	425,322,603	224,651,951	70,802,491

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

Cash flows statement (continued)

Ssmart Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2013

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
Supplemental cash flows information					
Non-cash items:					
Transfer from inventory to equipment		78,156,529	367,963,965	75,215,106	194,905,190
Amortisation revaluation surplus on building and building improvement	27	15,910	15,953	15,910	15,953
Acturial loss on defined benefit plan	25	-	1,394,374	-	386,851
Dividend receivable from subsidiary	15	-	-	170,999,620	-
Increase in short-term loan from repayment of decreased the subsidiary's share		-	-	-	30,930,000
Assets acquired under financial lease agreements		-	15,744,855	-	-

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

Notes to consolidated financial statements

Samart Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2013

1. General information

Samart Telcoms Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Samart Corporation Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in the operation of a fully-integrated telecommunications, communication network and information technology business, the provision of IT and communication system design and installation services, and communication equipment and computer distribution, repair and maintenance system. The registered office of the Company is at 59 Moo 2, Phaholyothin Road, Tambol Klong-Nueng, Amphur Klong-Luang, Pathumthani.

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2013 Percent	2012 Percent
Samart Communication Services Co., Ltd.	Design and installation of communication, network public rural telephone project	Thailand	100	100
Posnet Co., Ltd.	Electronic fund transfer	Thailand	100	100
Thai Trade Net Co., Ltd.	Electronic data interchange	Thailand	100	100
Samart Broadband Services Co., Ltd.	Ceased its operation since 2008	Thailand	100	100
Samart Comtech Co., Ltd.	Design and installation of telecommunications network	Thailand	100	100
Smarterware Co., Ltd.	Manufacture production of software packages and provision of software development services	Thailand	100	100
Samart Telecommunication (Cambodia) Co., Ltd.	Ceased business in 2010, currently is in processing of liquidation	Cambodia	100	100
Samart Infonet Co., Ltd.	Provision of internet services	Thailand	100	100
Samart eD Tech Co., Ltd.	E-Learning courseware development consultation	Thailand	100	100
Net Media Co., Ltd.	Distribution of information system and communications equipment	Thailand	100	100
Portalnet Co., Ltd.	Design and installation of Enterprise Resource Planning (ERP) system and fully integrate ERP solution for government and public sectors	Thailand	100	100
Subsidiary held by Samart Broadband Services Co., Ltd.				
IT Absolute Co., Ltd.	Distribution of information system and communications equipment	Thailand	100	100

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

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

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) The assets and liabilities in the financial statements of an overseas subsidiary company are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- g) For the book of account, upon acquisition of subsidiaries which under common control (purchase shares from parent company), the excess of the net asset value (at fair value) at the acquisition date over the cost of the investment has been presented as other components of shareholders' equity in the statement of financial position under "Excess of cost of investment over book value of the subsidiaries".

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

3. New accounting standards

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

- (a) Accounting standards that became effective in the current accounting year

Accounting standards:

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

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
Accounting Treatment Guidance for Transfers of Financial Assets	

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company and its subsidiaries have changed this accounting policy in this current period and restated the prior year's financial statements, presented as comparative information, as though the Company and its subsidiaries had initially recognised the

tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 4 to the financial statements.

(b) Accounting standards that will become effective in the future

		<u>Effective date</u>
<u>Accounting Standards:</u>		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 36 (revised 2012)	Impairment of Assets	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014
<u>Financial Reporting Standards:</u>		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014
<u>Accounting Standard Interpretations:</u>		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014
<u>Financial Reporting Standard Interpretations:</u>		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

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

4. Cumulative effect of changes in accounting policies due to the adoption of new accounting standard

During the current year, the Company and its subsidiaries made the changes described in Note 3 to the financial statements to its significant accounting policies, as a result of the adoption of Thai Accounting Standard 12 Income Taxes. The cumulative effect of the changes in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012
Statements of financial position						
Increase in deferred tax assets	23,062	94,902	20,983	-	-	-
Increase in deferred tax liabilities	21,837	30,254	7,176	20,357	30,254	6,502
Increase (decrease) in non-controlling interests of the subsidiaries	2	50	(2)	-	-	-
Increase (decrease) in unappropriated retained earnings	2,471	32,246	15,057	(19,109)	(29,006)	(5,254)
Decrease in other components of shareholders' equity	(1,248)	(1,248)	(1,248)	(1,248)	(1,248)	(1,248)

(Unit: Thousand Baht except basic earnings per share expressed in Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2013	2012	2013	2012
Statements of comprehensive income				
Profit or loss:				
Increase (decrease) in income tax expenses	63,423	(50,563)	(9,897)	23,829
Increase (decrease) in profit attributable to non-controlling interest of the subsidiaries	(48)	52	-	-
Increase (decrease) in profit attributable to equity holders of the Company	(29,774)	50,511	9,897	(23,829)
Increase (decrease) in basic earnings per share (Baht)	(0.05)	0.05	0.02	(0.04)
Increase (decrease) in diluted earnings per share (Baht)	(0.05)	0.05	0.02	(0.04)
Other comprehensive income:				
Decrease in actuarial loss on defined benefit plan	-	(279)	-	(77)

5. Significant accounting policies

5.1 Revenue recognition

Sales of goods

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.

Rendering of services

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

Transponder rental income

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

Sales of equipment including designation and installation

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

Interest income

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

Dividends

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

5.2 Cash and cash equivalents

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

5.3 Trade accounts receivable

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

5.4 Inventories

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

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

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

5.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investment in non-marketable equity securities, which the Company classifies as other investment, are stated at cost net of allowance for impairment loss (if any).
- c) Investments in subsidiaries are accounted for in separate financial statements using the cost method.

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

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

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

5.6 Property, plant and equipment /Depreciation

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

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

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

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

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

Building	-	20 years
Building improvement	-	3, 5 and 10 years
Telecommunication and tooling equipment	-	3, 5, 8 and 10 years
Furniture and office equipment	-	3 and 5 years
Motor vehicles	-	5 years

No depreciation is provided on land and telecommunication equipment under installation.

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

5.7 Intangible assets

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.

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

	<u>Useful lives</u>
License	5 years
Computer software	10 years

5.8 Business combinations

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

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

5.9 Goodwill

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

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

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

5.10 Related party transactions

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

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

5.11 Long-term leases

Finance leases

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 long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the shorter of the useful life of the assets and the lease period.

Operating leases

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

5.12 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency.

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

Gains and losses on exchange are included in determining income.

5.13 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also 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. However in cases where land, building and building improvement was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in other components of shareholders' equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company 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 unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

5.14 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

The Company, its subsidiaries and its 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.

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

5.15 Provisions

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

5.16 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.17 Derivatives

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. Unrecognised gains and losses from the translation are included in determining income.

6. 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 judgements and estimates affect reported amounts and disclosures; and actual results could differ these from estimates. Significant judgments and estimates are as follows:

Construction contracts

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

Leases

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

Allowance for doubtful accounts

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

Allowance for diminution in value of withholding tax deducted at sources

The Company and its subsidiaries regard withholding tax deducted at sources as an asset since they have the right to claim for a refund of it. The net realisable value of tax depends on the exercise of the right to claim it, and the results of any tax audit by the Revenue officials. The management has used judgment to assess the outcome of the refund claim and amount of allowance for diminution in value of withholding tax deducted at sources as at the end of reporting period.

Impairment of other investments

The Company and its subsidiaries treat other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement of the management.

Property plant and equipment/Depreciation

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

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

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses 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.

Goodwill and intangible assets

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

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

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

Litigation

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

7. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon between the Company and those related parties. The Company and its subsidiaries have a policy on pricing with its related parties as specified below.

1. Sales prices are determining at market price. If market price not known, sales price are determined at cost plus a margin not over 15 percent. However, the pricing policy is subject to change depending on the type of business and market competition at the time being.
2. Management fees and rental expenses are charged at the amount stipulated in the relevant agreements.
3. Management fees and rental income are charged at the amount stipulated in the relevant agreements.
4. Other services income and expenses are charged at the price mutually agreed upon.
5. IT service fees expenses to parent company are charged at the amount stated in the agreement which parent company sets base on cost plus a margin of not over 5 percent.
6. Interest on loans to and from related parties are charged at cost of fund plus 0.25 percent per annum or average saving account interest rate plus 0.25 percent per annum.
7. Guarantee fee is charged between the parties at a rate of 0.3 percent per annum.

8. Dividend income is recognised when declared and the right to receive the dividend is established.
9. Fixed assets are purchased at their net book value plus margin, depending on the condition of fixed assets.
10. Directors and management's benefit expenses are charged as approved by the shareholders' meeting or contractually agreed price.

Significant transactions between the Company and its related parties are summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<u>Transactions with parent company</u>				
IT Service fee expense	61.1	61.1	11.5	11.5
Management fee expense	24.1	16.1	24.0	16.0
Sales and service income	3.1	1.7	-	-
Purchase of merchandise and service	6.4	4.2	-	-
Other income	4.3	-	4.3	-
Rental expenses	5.3	4.5	1.3	1.3
Other expenses	15.8	12.9	4.6	4.6
Interest expenses	7.4	7.6	7.4	7.6
Dividend paid	324.6	263.5	324.6	263.5
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Sales and service income	-	-	130.6	198.1
Purchase of merchandise and service	-	-	492.2	589.4
Purchase of assets	-	-	-	120.0
Rental income	-	-	2.6	2.6
Management fee income	-	-	79.2	81.8
Guarantee fee income	-	-	19.5	21.1
Other income	-	-	7.0	9.1
Interest income	-	-	84.1	56.6
Other expenses	-	-	12.4	8.5
Interest expenses	-	-	16.9	21.8
Dividend income (Note 15)	-	-	339.0	307.0
<u>Transactions with related companies</u>				
Sales and service income	21.1	16.0	5.9	0.8
Purchase of merchandise and service	525.0	215.9	20.6	9.1
Purchase of assets	9.1	3.6	-	0.1
Sale of assets	2.6	-	2.6	-
Rental expenses	7.9	8.5	1.8	1.7
Other expenses	23.1	22.9	5.5	5.3
Dividend income	4.9	0.8	4.9	0.8
Dividend paid	4.8	4.5	4.8	4.5

As at 31 December 2013 and 2012, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<u>Trade and other receivables - related parties (Note 10)</u>				
Parent company	148	132	-	-
Subsidiaries	-	-	483,548	382,377
Related companies (related by shareholders or directors)	7,170	9,252	2,939	50
Total trade and other receivables - related parties	7,318	9,384	486,487	382,427
<u>Accrued income - related party</u>				
Parent company	1,341	-	-	-
Total accrued income - related party	1,341	-	-	-
<u>Prepaid expenses - related party</u>				
Subsidiaries	-	-	-	11,938
Related companies (related by shareholders or directors)	-	13,041	-	2,020
Total prepaid expenses - related parties	-	13,041	-	13,958
<u>Trade and other payables - related parties (Note 20)</u>				
Parent company	4,211	4,428	1,413	2,105
Subsidiaries	-	-	172,834	146,773
Related companies (related by shareholders or directors)	464,985	11,340	7,365	1,841
Total trade and other payables - related parties	469,196	15,768	181,612	150,719
<u>Unearned revenue - related parties</u>				
Parent company	227	49	-	-
Related companies (related by shareholders or directors)	-	8,685	-	-
Total unearned revenue - related parties	227	8,734	-	-
<u>Accrued project cost - related parties</u>				
Parent company	121	118	-	-
Subsidiaries	-	-	62,247	52,480
Related companies (related by shareholders or directors)	-	66,793	-	-
Total accrued project cost - related parties	121	66,911	62,247	52,480

As at 31 December 2013 and 2012, the balance of short-term loans to related parties and short-term loans from related parties between the Company and those related companies and the movement are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance as at 31 December 2012	During the year		Balance as at 31 December 2013
		Increase	Decrease	
Short-term loan from related party				
Parent company				
Samart Corporation Public Co., Ltd.	93,000	-	-	93,000
Total short-term loan from related party	93,000	-	-	93,000

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2012	During the year		Balance as at 31 December 2013
		Increase	Decrease	
Short-term loans to related parties				
<u>Subsidiaries</u>				
Portalnet Co., Ltd.	1,412,222	426,500	(744,000)	1,094,722
Samart Communication Services Co., Ltd.	442,000	280,500	(113,000)	609,500
Net Media Co., Ltd.	50,930	-	-	50,930
IT Absolute Co., Ltd.	20,000	220,000	(240,000)	-
Samart eD Tech Co., Ltd.	8,000	-	-	8,000
Samart Broadband Services Co., Ltd.	2,500	500	-	3,000
Total short-term loans to related parties	1,935,652	927,500	(1,097,000)	1,766,152

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2012	During the year		Balance as at 31 December 2013
		Increase	Decrease	
Short-term loans from related parties				
<u>Parent company</u>				
Samart Corporation Public Co., Ltd.	93,000	-	-	93,000
<u>Subsidiaries</u>				
Samart Comtech Co., Ltd.	210,500	-	(105,500)	105,000
Samart Infonet Co., Ltd.	71,812	-	-	71,812
Thai Trade Net Co., Ltd.	9,000	23,000	-	32,000
IT Absolute Co., Ltd.	-	50,000	-	50,000
Posnet Co., Ltd.	-	8,000	-	8,000
Total short-term loans from related parties	384,312	81,000	(105,500)	359,812

Directors and management's benefits

During the year ended 31 December 2013 and 2012, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Short-term employee benefits	31.4	33.0	27.3	27.0
Post-employment benefits	0.3	0.3	0.3	0.3
Total	31.7	33.3	27.6	27.3

Agreements with related parties

Long-term rental and service agreements

- a) The Company and its subsidiaries entered into a three-year office space sublease agreements and facility service with Samart Corporation Public Co., Ltd., the parent company, for their operation. The Company and its subsidiaries have to pay a monthly rental and service fee approximately Baht 2.2 million per month (Separate financial statements: Baht 0.5 million per month).
- b) The Company and its subsidiaries entered into a three-year office space rental agreements and facility service with Vilailuck International Holding Co., Ltd., a related company, for their operation. The Company and its subsidiaries have to pay a monthly rental and service fee approximately Baht 1.9 million per month (Separate financial statements: Baht 0.4 million per month).

Equipment purchase agreement

- c) IT Absolute Co., Ltd., a subsidiary company, entered into equipment purchase agreement with The Samart Engineering Co., Ltd., a related company. As at 31 December 2013, the subsidiary is not obligated to comply with performance conditions and pay equipment fees. (2012: Baht 44.1 million).

Service agreements

- d) The Company entered into a one-year management contracts with Samart Corporation Public Co., Ltd., the parent company, whereby the Company is obligated to comply with performance conditions and pay service fee totaling approximately Baht 2.0 million per month.
- e) In May 2011, the Company and five subsidiary companies (Samart Communication Services Co., Ltd., Samart Comtech Co., Ltd., Posnet Co., Ltd., Thai Trade Net Co., Ltd. and Samart Infonet Co., Ltd.) entered into five-year information technology management agreements with Samart Corporation Public Co., Ltd., the parent company. The Company and its subsidiaries have to pay a monthly service fees totally approximately Baht 5.1 million per month (Separate financial statements: Baht 1.0 million per month).

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 39.4 to the financial statements.

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash	1,559	6,139	94	5,140
Bank deposits	560,351	419,184	224,558	65,662
Total	561,910	425,323	224,652	70,802

As at 31 December 2013, bank deposits in saving accounts and fixed deposits carried interests between 0.13 and 2.50 percent per annum (2012: between 0.13 and 2.00 percent per annum).

9. Short-term investments in trading securities

The Company has short-term investments in trading securities as follows:

	Consolidated financial statements/Separate financial statements					
	2013			2012		
Common stock	Number of shares	Cost	Fair value	Number of shares	Cost	Fair value
	(Thousand Shares)	(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Baht)	(Thousand Baht)
Samart I-Mobile Public Co., Ltd.	65,293	119,751	212,856	76,793	133,250	168,944
Thaicom Public Co., Ltd.	100	2,572	3,950	100	771	2,310
Capital Engineering Network Public Co., Ltd.	700	2,902	2,156	-	-	-
EMC Public Co., Ltd.	1,400	2,255	756	-	-	-
Ascon Construction Public Co., Ltd.	1,155	6,290	-	1,155	6,290	-
S.E.C. Auto Sales and Services Public Co., Ltd.	290	912	-	290	912	-
Diamond Building Products Public Co., Ltd.	-	-	-	891	6,466	6,548
Warrant No. 3 of Siam Sport Syndicate Public Co., Ltd.	42	63	112	42	63	56
Total		134,745	219,830		147,752	177,858
Add: Change in value		85,085			30,106	
Total short-term investments in trading securities		219,830			177,858	

Movement of the short-term investments in trading securities account as at 31 December 2013 and 2012 are summarised below.

(Unit: Thousand Baht)

	2013	2012
Balance at beginning of year	177,858	154,906
Cash paid of short-term investment in trading securities	31,644	16,779
Disposal during year		
Cash received from disposal of short-term investment	(71,618)	(14,957)
Gain from disposal of short-term investment	18,188	333
Total	(53,430)	(14,624)
Gain on change in value	63,758	20,797
Balance at end of year	219,830	177,858

10. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	4,366	3,435	31,006	98,131
Past due				
Up to 3 months	1,435	2,052	57,418	49,237
3 - 6 months	588	2,429	15,825	16,827
6 - 12 months	239	577	5,275	43,377
Over 12 months	690	891	5,275	4,734
Total trade accounts receivable - related parties	7,318	9,384	114,799	212,306

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	1,969,259	447,095	48,129	106,132
Past due				
Up to 3 months	932,964	666,457	120,416	62,021
3 - 6 months	100,611	927,026	6,659	24,987
6 - 12 months	101,011	14,326	-	12,339
Over 12 months	368,179	151,733	34,093	35,247
Total	3,472,024	2,206,637	209,297	240,726
Less: Allowance for doubtful debts	(10,657)	(13,492)	(6,551)	(6,551)
Total trade accounts receivable - unrelated parties, net	3,461,367	2,193,145	202,746	234,175
Total trade accounts receivable - net	3,468,685	2,202,529	317,545	446,481
<u>Other receivables</u>				
Advances	21,625	17,792	1,250	9,956
Securities business receivables	1,022,626	1,022,626	-	-
Other receivables - related parties	-	-	371,688	170,121
Other receivables - unrelated parties	74,917	7,294	2,347	210
Total	1,119,168	1,047,712	375,285	180,287
Less: Allowance for doubtful debts	(1,022,626)	(1,022,626)	-	-
Total other receivables - net	96,542	25,086	375,285	180,287
Total trade and other receivables - net	3,565,227	2,227,615	692,830	626,768

- a) The Company and its subsidiaries have transferred their collection rights from projects to banks as collateral of loans from banks and bank guarantee. As at 31 December 2013, the balance of the above accounts receivable included the receivables that were transferred their collection rights to banks totaling approximately Baht 2,164.1 million (2012: Baht 599.8 million) (Separate financial statements: Baht 59.3 million (2012: Baht 11.0 million)).
- b) As at 31 December 2013, trade accounts receivable of the Company included amounts of Baht 3.9 million (2012: Baht 4.0 million) receivable from financial institutions which were ordered to cease their operations by the authorities. The Company has already provided full allowance for doubtful accounts for these amounts.
- c) Securities business receivables
As at 31 December 2013, IT Absolute Co., Ltd., a subsidiary company (formerly operate securities business) had securities business receivables which are under legal proceedings, undergoing restructuring or being settled in installments, to Baht 1,022.6 million (2012: Baht 1,022.6 million), on which the subsidiary already fully set up allowance for doubtful account.

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

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

- d) As at 31 December 2013, allowance for doubtful debt had not been set aside in full amount for the outstanding balances of the Company and its subsidiaries' accounts receivable - unrelated parties that were aged more than 12 months past due totaling Baht 368.2 million (2012: Baht 151.7 million) and separate financial statements totaling Baht 34.1 million (2012: Baht 35.2 million). This is because such accounts receivable are government units and private companies, that obtained government projects, who have no uncollectable experience and the process of payment approval for such receivables normally take a long time. The management of the Company and its subsidiaries believe that the allowance for doubtful debts is adequate.

11. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2013	2012	2013	2012	2013	2012
Finished goods	77,061	46,941	(2,478)	(2,027)	74,583	44,914
Work in process	210,951	188,484	(3,625)	(6,876)	207,326	181,608
Supplies	1,959	1,900	(63)	(63)	1,896	1,837
Good in transit	57,652	173,091	-	-	57,652	173,091
Total	347,623	410,416	(6,166)	(8,966)	341,457	401,450

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2013	2012	2013	2012	2013	2012
Finished goods	51,287	27,052	(264)	(93)	51,023	26,959
Work in process	185,472	137,535	-	-	185,472	137,535
Supplies	1,519	1,497	-	-	1,519	1,497
Good in transit	57,652	173,091	-	-	57,652	173,091
Total	295,930	339,175	(264)	(93)	295,666	339,082

12. Withholding tax deducted at sources

The balance of withholding tax deducted at sources as at 31 December 2013 and 2012, aged on years, are summarised below.

(Unit: Thousand Baht)

Year	Consolidated financial statements		Separate financial statements		Expire date
	2013	2012	2013	2012	
2009	9,469	9,788	-	-	2012
2010	2,272	2,412	-	-	2013
2011	2,165	34,504	-	31,406	2014
2012	71,714	72,078	21,873	21,873	2015
2013	223,024	-	-	-	2016
Total	308,644	118,782	21,873	53,279	
Less: Allowance for diminution in value of withholding tax deducted at sources	(16,245)	(11,741)	-	-	
Total withholding tax deducted at sources - net	292,399	107,041	21,873	53,279	

The Company and its subsidiaries regard withholding tax deducted at sources as an asset since they have the right to claim for refund of it. However, the net realisable value of withholding tax depends on the exercise right to claim it, and the results of any tax audit by the Revenue officials.

During the year 2013, the Company and its subsidiaries received such refund of the withholding tax of 2011 approximately Baht 32.5 million and the Company only was Baht 31.4 million (2012: The Company and its subsidiaries received withholding tax of 2010 and 2011 approximately Baht 120.0 million and the Company only was approximately Baht 98.8 million). For remaining withholding tax of 2009 to 2011, the subsidiaries already write-off such withholding tax deducted at sources totaling approximately Baht 0.7 million.

As at 31 December 2013, the subsidiaries set up allowance for diminution in value of withholding tax deducted at sources totaling approximately Baht 16.2 million. The management of the subsidiaries believe that the allowance for diminution in value of withholding tax deducted at sources is adequate.

13. Other current assets

Below are details of other current assets as at 31 December 2013 and 2012

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Advance to supplier	16,062	84,674	4,511	43,455
Retention receivable	36,765	39,825	-	-
Prepaid expense	309,291	136,439	22,501	23,458
Input tax refundable	63,515	228,502	14,281	18,927
Undue input tax	35,779	27,855	5,429	7,757
Others	15,158	6,315	7,307	5,837
Total other current assets	476,570	523,610	54,029	99,434

14. Restricted bank deposits

As at 31 December 2013, the subsidiaries have pledged their fixed deposits with the banks amounting to approximately Baht 17.8 million (2012: Baht 17.6 million). These represent fixed deposits pledged with the banks to secure credit facilities.

15. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2013 (Million Baht)	2012 (Million Baht)	2013 (%)	2012 (%)	2013 (Thousand Baht)	2012 (Thousand Baht)	2013 (Thousand Baht)	2012 (Thousand Baht)
Samart Communication Services Co., Ltd.	500	500	100	100	500,000	500,000	78,000	215,000
Posnet Co., Ltd.	72	72	100	100	72,000	72,000	-	-
Thai Trade Net Co., Ltd.	53	53	100	100	53,000	53,000	-	-
Samart Broadband Services Co., Ltd.	55.25	55.25	100	100	55,250	55,250	-	-
Samart Comtech Co., Ltd.	225	225	100	100	900,700	900,700	171,000	-
Smarterware Co., Ltd.	10	10	100	100	9,999	9,999	89,994	-
Samart Infonet Co., Ltd.	62	62	100	100	18,000	18,000	-	-
Samart Telecommunication (Cambodia) Co., Ltd.	30,000 USD	30,000 USD	100	100	1,041	1,041	-	-
Samart eD Tech Co., Ltd.	5	5	100	100	5,000	5,000	-	-
Net Media Co., Ltd.	10.32	10.32	100	100	250	250	-	91,987
Portalnet Co., Ltd.	3,370	3,370	100	100	478,000	478,000	-	-
Total investments in subsidiaries					2,093,240	2,093,240	338,994	306,987
Less: Allowance for impairment of investments					(1,291)	(1,291)		
Total investments in subsidiaries - net					2,091,949	2,091,949		

15.1 Purchase of investments

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

In addition, on 24 August 2012 (the purchase date) the Company received the transfer of 33,699,940 shares, which represented 99.99 percent of the registered and issued capital of that company. During 2012, the Company fully paid to the seller company, totaling Baht 1,552 million, in accordance with the conditions in the business acquisition agreement.

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

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

(Unit: Thousand Baht)

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

- b) Net cash outflows from purchase of ordinary shares and debts of subsidiary.

(Unit: Thousand Baht)

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

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

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

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

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

In 2013, the Provincial Electricity Authority imposed fines and penalty charges of approximately Baht 51.1 million for interruptions to the computer software for core business operations occurring during the period of November 2011 to September 2013. The Provincial Electricity Authority already deducted this amount from the monthly rental payments made to Consortium SPIES. However, Consortium SPIES notified the Provincial Electricity Authority of the causes of problem and requested that it waive the fines. On 22 January 2014, the Provincial Electricity Authority considered the request and decided that it was appropriate to waive fines totaling approximately Baht 44.9 million of the amounts which it had already notified to Consortium SPIES. Total fines were thus approximately Baht 6.2 million. Under conditions in the business acquisition agreement, fines, penalty charges and any benefits occurring after the acquisition date as a result of events occurring before the acquisition date can be charged or returned to the former shareholder (seller company). The subsidiary company therefore charged approximately Baht 5.3 million of the fines to the former shareholder, while fines of approximately Baht 0.9 million are recorded in the profit and loss for the year ended 31 December 2013.

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

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

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

(Unit: Thousand Baht)

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

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

- 15.1.3 On 17 December 2013, a meeting of the Company's Board of Directors passed a resolution to approve the purchase by Samart Comtech Co., Ltd., subsidiary company, of approximately 1.2 million ordinary shares with a par value of Baht 10 (50 percent called up) of Net Services (Thailand) Co., Ltd. from an existing shareholder, representing 60 percent interest in that company. This company is to be a developer of information technology systems for government agencies and private companies.

Subsequently, on 2 January 2014, the subsidiary company purchased that company's share with mutually agreed price as stipulated in a share transfer document at Baht 5.05 per share, totaling approximately Baht 6.1 million and entered into an agreement with the remaining shareholders, to jointly determine the company's management structure. On 13 January 2014, the subsidiary company fully paid to the former shareholder (the seller). In addition, this company called up the remaining 50 percent of shares in proportion to the subsidiary company's holding, and the subsidiary company has already paid up the full value of shares at a price of Baht 10 per share, totaling approximately Baht 6.0 million.

15.2 Established of new company

On 9 March 2006, a meeting of the Company's Board of Directors passed a resolution to establish a new subsidiary named Telecom Clearing House Co., Ltd. to conduct telecommunications including network maintenance and satellite communications both domestically and overseas. This new subsidiary shall have an initial registered capital comprising 500,000 shares of Baht 100 per share, or a total of Baht 50 million which is 25 percent called up, with the Company to hold 99.99 percent. The subsidiary may increase its capital or sell the shares held by the Company to other investors, but the Company must retain a holding of at least 40 percent. As at 31 December 2013, the Company had not established such new subsidiary.

15.3 Disposal of investment

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

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

(Unit: Thousand Baht)

	Separate financial statements
Proceeds from disposal of investment in subsidiary company	15,921
<u>Less:</u> Investments value under cost method at disposal date	(1,695)
Gain from disposal of investment in subsidiary company	14,226

(Unit: Thousand Baht)

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

15.3.2 The Company disposed of investment of 70,000 ordinary shares of Oasis Consulting Co., Ltd., a subsidiary company, to third party at a price of Baht 243 per share, or for a total of Baht 17 million. The Company signed the shares transfer agreement on 18 June 2012.

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

(Unit: Thousand Baht)

	Separate financial statements
Proceeds from disposal of investment in subsidiary company	17,010
<u>Less:</u> Investment value under cost method at disposal date	(16,300)
Gain on disposal of investment in subsidiary company	710

(Unit: Thousand Baht)

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

15.4 Change in share capital

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

15.5 Liquidation

On 21 December 2009, a meeting of the Board of Directors of Samart Telecommunication (Cambodia) Co., Ltd., a subsidiary company, passed a resolution to dissolve the company. According to the subsidiary company had been established since 9 August 2007 and has not yet commenced its operation. In addition, the management considered that there would not be business opportunity in the near future. However, as at 31 December 2013, the process of deregistration and liquidation of the Company is in progress.

16. Investment in associate in the future

On 17 December 2013, a meeting of the Company's Board of Directors passed a resolution approving the joint establishment by Samart Communication Services Co., Ltd., a subsidiary company, of a new company named "SLA Asia Co., Ltd." to operate an installation of telecommunication network project, and import and distribute related equipment. The new company has a registered capital of 300,000 ordinary shares of Baht 100 each or a total of Baht 30 million which will be fully paid up, with the subsidiary to hold 30 percent, Loxley and AIT hlding Co., Ltd. to hold 60 percent and other shareholders to hold 10 percent.

17. Property, plant and equipment

Cost / Revalued amount:

(Unit: Thousand Baht)

	Consolidated financial statements						
	Revaluation basis		Cost basis				Total
	Land	Buildings and building improvement	Telecommunication and tooling equipment	Furniture, fixtures and office equipment	Motor vehicles	Telecommunication equipment under installation	
Cost / Revalued amount:							
31 December 2011	36,778	75,382	4,068,013	290,283	48,093	152,015	4,670,564
Additions	-	4,714	147,119	4,854	19,822	36,593	213,102
Disposals	-	-	(109,402)	(7,346)	(15,958)	(2,805)	(135,511)
Transfer in/Transfer out	-	(2,218)	510,506	(35)	-	(144,301)	363,952
Acquisitions of subsidiaries during the year	-	-	4,071,886	3,584	-	-	4,075,470
Disposal of subsidiaries during the year	-	-	-	(4,070)	(1,277)	-	(5,347)
31 December 2012	36,778	77,878	8,688,122	287,270	50,680	41,502	9,182,230
Additions	-	87	593,416	4,559	7,900	7,888	613,850
Disposals	-	-	(5,879)	(10,257)	(6,453)	-	(22,589)
Transfer in/Transfer out	-	-	102,322	-	-	(24,339)	77,983
31 December 2013	36,778	77,965	9,377,981	281,572	52,127	25,051	9,851,474
Accumulated depreciation:							
31 December 2011	-	58,225	2,421,495	236,117	28,796	-	2,744,633
Depreciation for the year	-	2,856	616,037	12,628	6,841	-	638,362
Accumulated depreciation on disposals	-	-	(109,362)	(7,341)	(12,107)	-	(128,810)
Transfer in/Transfer out	-	(1,328)	(3,076)	(34)	-	-	(4,438)
Acquisitions of subsidiaries during the year	-	-	316,883	3,037	-	-	319,920
Disposal of subsidiaries during the year	-	-	-	(4,035)	(1,185)	-	(5,220)
31 December 2012	-	59,753	3,241,977	240,372	22,345	-	3,564,447
Depreciation for the year	-	2,926	841,085	13,724	8,198	-	865,933
Accumulated depreciation on disposals	-	-	(5,879)	(10,257)	(4,960)	-	(21,096)
Transfer in/Transfer out	-	-	(9)	-	-	-	(9)
31 December 2013	-	62,679	4,077,174	243,839	25,583	-	4,409,275

(Unit: Thousand Baht)

	Consolidated financial statements						
	Revaluation basis		Cost basis				Total
	Land	Buildings and building improvement	Telecommuni- cation and tooling equipment	Furniture, fixtures and office equipment	Motor vehicles	Telecommuni- cation quipment under installation	
Allowance for impairment loss:							
31 December 2011	-	-	44,727	-	-	16,775	61,502
Acquisitions of subsidiaries during the year	-	-	2,534,693	-	-	-	2,534,693
Decrease during the year	-	-	-	-	-	(3,853)	(3,853)
31 December 2012	-	-	2,579,420	-	-	12,922	2,592,342
Decrease during the year	-	-	(1,299)	-	-	-	(1,299)
31 December 2013	-	-	2,578,121	-	-	12,922	2,591,043
Net book value:							
31 December 2012	36,778	18,125	2,866,725	46,898	28,335	28,580	3,025,441
31 December 2013	36,778	15,286	2,722,686	37,733	26,544	12,129	2,851,156
Depreciation for the year							
2012 (Baht 621.9 million included in cost of services, and the balance in selling and administrative expenses)							638,362
2013 (Baht 850.8 million included in cost of services, and the balance in selling and administrative expenses)							865,933

(Unit: Thousand Baht)

	Separate financial statements						
	Revaluation basis		Cost basis				Total
	Land	Buildings and building improvement	Telecommuni- cation and tooling equipment	Furniture, fixtures and office equipment	Motor vehicles	Telecommuni- cation equipment under installation	
Cost / Revalued amount:							
31 December 2011	36,778	63,757	667,781	58,643	15,397	1,868	844,224
Additions	-	216	-	310	-	-	526
Disposals	-	-	-	-	(6,692)	-	(6,692)
Transfer in/Transfer out	-	-	189,406	-	-	2,607	192,013
31 December 2012	36,778	63,973	857,187	58,953	8,705	4,475	1,030,071
Additions	-	-	-	56	-	-	56
Disposals	-	-	-	(2,147)	(2,450)	-	(4,597)
Transfer in/Transfer out	-	-	77,046	-	-	(1,831)	75,215
31 December 2013	36,778	63,973	934,233	56,862	6,255	2,644	1,100,745
Accumulated depreciation:							
31 December 2011	-	49,214	445,451	53,480	9,045	-	557,190
Depreciation for the year	-	1,642	110,661	2,324	1,510	-	116,137
Accumulated depreciation on disposals	-	-	-	-	(6,692)	-	(6,692)
31 December 2012	-	50,856	556,112	55,804	3,863	-	666,635
Depreciation for the year	-	1,660	172,819	1,449	1,442	-	177,370
Accumulated depreciation on disposals	-	-	-	(2,147)	(1,492)	-	(3,639)
31 December 2013	-	52,516	728,931	55,106	3,813	-	840,366
Net book value:							
31 December 2012	36,778	13,117	301,075	3,149	4,842	4,475	363,436
31 December 2013	36,778	11,457	205,302	1,756	2,442	2,644	260,379
Depreciation for the year							
2012 (Baht 110.7 million included in cost of services, and the balance in selling and administrative expenses)							116,137
2013 (Baht 172.8 million included in cost of services, and the balance in selling and administrative expenses)							177,370

17.1 The Company arranged for an independent professional valuer to appraise the value of certain assets in 2009 for land, building and building improvement. The basis of the land, building and building improvement revaluation were revalued using the market approach and the depreciated replacement cost approach, respectively.

Had the land, building and building improvement been carried in the financial statements based on historical cost, their net book values as of 31 December 2013 and 2012 would have been as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Land	30,539	30,539	30,539	30,539
Building and building improvement	9,407	10,608	9,407	10,608

17.2 As at 31 December 2013, the Company and its subsidiary companies had telecommunication and tooling equipment, vehicles and equipment under finance lease agreements with net book values amounting to Baht 15.0 million (2012: Baht 20.2 million) (Separate financial statements: Baht 1.9 million (2012: Baht 2.7 million)).

17.3 As at 31 December 2013, certain equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounting to approximately Baht 2,209.4 million (2012: Baht 1,963.5 million) (Separate financial statements: Baht 518.3 million (2012: Baht 415.0 million)).

17.4 The Company had mortgaged certain land and buildings which net book value as at 31 December 2013 amounting to approximately Baht 11.4 million (2012: Baht 11.9 million) with structures thereon as collateral for long-term from bank as discussed in Note 22 to the financial statements.

18. Intangible assets

The net book value of intangible assets as at 31 December 2013 and 2012 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	License	Computer software	Total	License	Computer software	Total
As at 31 December 2013						
Cost	235,499	36,621	272,120	235,499	20,800	256,299
Less Accumulated amortisation	(110,460)	(6,109)	(116,569)	(110,460)	(13,227)	(123,687)
Net book value	125,039	30,512	155,551	125,039	7,573	132,612
As at 31 December 2012						
Cost	235,499	7,488	242,987	235,499	20,800	256,299
Less Accumulated amortisation	(62,520)	(2,860)	(65,380)	(62,520)	(7,110)	(69,630)
Net book value	172,979	4,628	177,607	172,979	13,690	186,669

A reconciliation of the net book value of intangible assets for the years 2013 and 2012 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Net book value - net at beginning of year	177,607	226,981	186,669	237,956
Acquisition of computer software	29,129	1,284	-	2,900
Amortisation	(51,185)	(50,658)	(54,057)	(54,187)
Net book value - net at end of year	155,551	177,607	132,612	186,669

Intangible assets - License

On 10 August 2011, the Board of the National Broadcasting and Telecommunications Commission passed a resolution approving the issue to the Company of a 5-year, Type two telecommunication business license without own telecommunications network (Very Small Aperture Terminal (VSAT) service). The license is effective from the date of termination of the old contract to provide local audio and visual data communications via satellite services (13 September 2011). The Company is obliged to comply with various conditions, which included a commitment to hand over the telecommunications equipment used in provision of the data communication via satellite service to the National Broadcasting and Telecommunications Commission within 11 December 2011, and to pay an annual service fee. Although, as at 31 December 2013, the Company is still in the process of handing over the telecommunications equipment, the Company's management believe that no penalty will be charged for late delivery, and so no provision for such a penalty has been recorded in the books of account. In addition, the Company is negotiating to purchase back equipment after completing of hand over the above equipment.

The Company assessed the impairment of licenses by determining the present value of projected future cash inflows on the basis of certain assumptions and operations plans prepared by the Company's management. Based on such information, as at 31 December 2013, such assets have not been impairment. However, future changes in market competition and changing technology in the industry are significant factors that could further reduce the value of projected future cash inflows below the book values as stated in the statements of financial position.

19. Bank overdrafts, short-term loans from banks and trust receipts

(Unit: Thousand Baht)

	Interest rate (percent per annum)		Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012	2013	2012
Bank overdrafts	6.875 - 7.775	6.875 - 7.900	2,896	8,182	-	-
Short-term loans from banks	3.850 - 6.750	3.950 - 6.875	2,468,664	3,053,943	936,972	567,507
Bill of exchange payable	-	4.300 - 4.600	-	1,000,000	-	1,000,000
Trust receipts	2.101 - 5.500	4.100 - 6.880	731,770	196,336	262,793	84,449
Total			3,203,330	4,258,461	1,199,765	1,651,956

Bank overdrafts and short-term loans from financial institutions of the Company and its subsidiaries are secured by the pledge of the subsidiaries' bank deposits, cross-guaranteed by the Company and its subsidiaries, transfer and assign of right over collection of any contract/project as specified in loan agreements, and is guaranteed by the Company and its subsidiaries.

In addition, short-term loan agreements with banks contain certain covenants as specified in the agreements that, among other things, require the Company and its subsidiaries to comply.

20. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade accounts payable - related parties	461,135	7,595	175,526	145,028
Trade accounts payable - unrelated parties	1,825,758	1,731,886	342,630	317,057
Other payables - related parties	8,061	8,173	6,086	5,691
Other payables - unrelated parties	15,700	11,412	2,082	3,151
Accrued expenses	84,285	77,325	11,244	15,096
Interest payables	19,171	17,647	17,379	15,273
Total trade and other payables	2,414,110	1,854,038	554,947	501,296

21. Short-term debentures

Debentures as at 31 December 2013 and 2012, which are unsubordinated, unsecured debentures with registered name, were summarised below.

Name of debenture	Fixed interest rate	Period	Maturity date	Consolidated financial statements/Separate financial statements			
				Unit		Amount	
				2013	2012	2013	2012
				(Thousand units)	(Thousand units)	(Thousand Baht)	(Thousand Baht)
SAMTEL14220A	4.20% p.a.	265 days	20 February 2014	100	-	100,000	-
SAMTEL14403A	4.20% p.a.	266 days	3 April 2014	200	-	200,000	-
SAMTEL14219A	3.45% p.a.	188 days	19 February 2014	200	-	200,000	-
SAMTEL14612A	4.20% p.a.	267 days	12 June 2014	200	-	200,000	-
SAMTEL14403B	3.45% p.a.	190 days	3 April 2014	100	-	100,000	-
SAMTEL14612B	4.20% p.a.	260 days	12 June 2014	100	-	100,000	-
SAMTEL14724A	4.20% p.a.	265 days	24 July 2014	200	-	200,000	-
SAMTEL14507A	3.45% p.a.	182 days	7 May 2014	150	-	150,000	-
SAMTEL14514A	3.45% p.a.	181 days	14 May 2014	150	-	150,000	-
SAMTEL14807A	4.40% p.a.	266 days	7 August 2014	60	-	60,000	-
Total short-term debentures						1,460,000	-

Movements in the short-term debenture account for the year ended 31 December 2013 were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements
Balance as at 31 December 2012	-
Add: Debentures issued during the year	1,760,000
Less: Redemption of debentures during the year	(300,000)
Balance as at 31 December 2013	1,460,000

During the current year, the Company issued and offered totally 1.76 million debentures with a par value of Baht 1,000 each, or a total of Baht 1,760 million, under the quota authorized by resolution of the Annual General Meeting of the Company's shareholders held on 25 April 2013. These named, unsubordinated, unsecured debentures, without a debentureholder's representative are to be offered to the major and/or institutional investors and the interest will be paid in a lump sum on the maturity date. Subsequently, the Company settled the maturity debenture 0.3 million debentures with a par value of Baht 1,000 each, or of Baht 300 million with the interest rate 3.50 percent per annum on 14 November 2014.

22. Long-term loans from financial institutions / current portion of long-term loans

The detail of long-term loans from financial institutions as at 31 December 2013 and 2012 are summarised below:

(Unit: Thousand Baht)

			Significant terms and conditions of loan agreements			Consolidated financial statements		Separate financial statements	
No.	Lender	Credit facilities (Million Baht)	Repayment term	Collateral	Interest rate (percent per annum)	2013	2012	2013	2012
The Company									
1.	Financial institution	15	Monthly installments of Baht 0.2 million from April 2010 to April 2020. Full loan repayment must be made within 10 years	Land with structures thereon	MLR-1.25	8,513	9,832	8,513	9,832
2.	Bank	1,552	For the loan facility amount of Baht 600 million Quarterly installments of Baht 150 million. Full loan repayment must be made within 18 months. The first installment will be paid on 31 March 2013 For the loan facility amount of Baht 952 million Monthly installments of Baht 17.6 million. The first installment will be paid on 31 January 2013.	Samart Communication Services Co., Ltd. and share capital of Portalnet Co., Ltd.	MLR-1.75	740,440	1,552,000	740,440	1,552,000
Subsidiary Samart Communication Services Co., Ltd.									
1.	Bank	755	Monthly installments of Baht 23.7 million, from March 2011 to February 2016 with a grace period of 3 months. Full loan repayment must be made within 5 years	Assign the right over collection of 60% of services fee but not less than Baht 19 million under a service agreement regarding the efficiency enhancement of MOENet project and it shall be guaranteed by the Company	MLR-1.25	235,576	479,685	-	-
2.	Bank	190	Monthly installments of Baht 3.4 million from November 2010 to February 2016. Full loan repayment must be made within 5 years and 3 months	Assign the right over collection of 70% of service fee under a lease agreement regarding safety network system of Mabtapud Industrial Estate and it shall be guaranteed by the Company	MLR-1	68,252	106,137	-	-
3.	Bank	75	Monthly installments of Baht 1.8 million from June 2012. Full loan repayment must be made within 42 months	Assign the right over collection of Baht 1.8 million of monthly service fee under a lease agreement a hotline news distribution center and it shall be guaranteed by the Company	MLR-1	34,600	56,200	-	-
Total loans from financial institutions						1,087,381	2,203,854	748,953	1,561,832
Less : current portion						(511,479)	(1,160,053)	(212,972)	(812,879)
Long term loans - net of current portion						575,902	1,043,801	535,981	748,953

Movement in the long-term loans account during the year ended 31 December 2013 and 2012 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Balance at beginning of year	2,203,854	903,652	1,561,832	16,625
Add: Additional loans	-	1,634,500	-	1,552,000
Less: Repayment	(1,116,473)	(334,298)	(812,879)	(6,793)
Balance at end of year	1,087,381	2,203,854	748,953	1,561,832

23. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Liabilities under finance lease agreements	20,938	25,787	2,856	3,516
Less: Deferred interest expenses	(1,988)	(2,991)	(238)	(376)
	18,950	22,796	2,618	3,140
Less: Portion due within one year	(3,369)	(3,306)	(548)	(523)
Liabilities under finance lease agreements - net of current portion	15,581	19,490	2,070	2,617

The Company and its subsidiaries have entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in their operations, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally 5 years.

Future minimum lease payments required under the finance lease agreements were as follows:

Unit: Thousand Baht

	Consolidated financial statements					
	Less than 1 year		1 - 5 years		Total	
	2013	2012	2013	2012	2013	2012
Future minimum lease payments	4,140	4,248	16,798	21,539	20,938	25,787
Deferred interest expenses	(771)	(942)	(1,217)	(2,049)	(1,988)	(2,991)
Present value of future minimum lease payments	3,369	3,306	15,581	19,490	18,950	22,796

Unit: Thousand Baht

	Separate financial statements					
	Less than 1 year		1 - 5 years		Total	
	2013	2012	2013	2012	2013	2012
Future minimum lease payments	660	660	2,196	2,856	2,856	3,516
Deferred interest expenses	(112)	(137)	(126)	(239)	(238)	(376)
Present value of future minimum lease payments	548	523	2,070	2,617	2,618	3,140

24. Other current liabilities

Below are details of other current liabilities as at 31 December 2013 and 2012.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Value added tax payable	4,354	1,508	-	-
Withholding Tax deduct at source	22,548	8,937	2,439	3,734
Undue output VAT	100,119	99,039	17,419	26,248
Others	32,130	10,273	2,216	5,358
Total other current liabilities	159,151	119,757	22,074	35,340

25. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Defined benefit obligation at beginning of the year	32,867	35,867	9,490	11,764
Current service cost	3,085	2,895	696	656
Interest cost	1,264	1,177	373	333
Benefits paid during the year	(863)	(3,866)	-	(3,650)
Actuarial loss	-	1,394	-	387
Decrease in provision for long-term employee benefits from disposal of subsidiaries	-	(5,565)	-	-
Increase in provision for long-term employee benefits from acquisitions of subsidiaries	-	965	-	-
Defined benefit obligation at end of the year	36,353	32,867	10,559	9,490

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Current service cost	3,085	2,895	696	656
Interest cost	1,264	1,177	373	333
Decrease in long-term employee benefit expenses from disposal of subsidiaries	-	(322)	-	-
Total expense recognized in profit or loss	4,349	3,750	1,069	989
Line items under which such expenses are included in profit or loss				
Cost of sales	1,052	978	-	-
Selling expenses	312	340	312	300
Administrative expenses	2,985	2,432	757	689

The cumulative amount of actuarial losses recognized in the other comprehensive income and taken as part of retained earnings of the Company and its subsidiaries as at 31 December 2012 amounting to Baht 1.4 million (Separate financial statements: Baht 0.4 million).

Principal assumptions at the valuation date were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4.1	4.1	4.1	4.1
Future salary increase rate	4.0 - 6.0	4.0 - 6.0	4.0 - 6.0	4.0 - 6.0
Staff turnover rate (depending on age of employees)	0 - 20	0 - 20	0 - 20	0 - 20

Amounts of defined benefit obligation for the current and previous three years are as follows:

(Unit: Thousand Baht)

	Defined benefit obligation	
	Consolidated financial statements	Separate financial statements
Year 2013	36,353	10,559
Year 2012	32,867	9,490
Year 2011	35,867	11,764
Year 2010	26,234	9,601

26. Warrants

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

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

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

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

Movements of warrants for the year ended 31 December 2013 are summarised below.

(Number of units: Thousand units)

Warrants issuance to	Balance as at 29 May 2009	Cumulative number of exercised warrants		Balance as at 31 December 2013
		Exercised during the prior years	Exercised during the year	
Directors	5,500	(3,225)	(1,800)	475
Employees	12,500	(6,998)	(4,913)	589
Total	18,000	(10,223)	(6,713)	1,064

27. Surplus on revaluation of land, buildings and buildings improvement

Surplus arising from revaluation of buildings and buildings improvement is amortised to retained earnings on a straight-line basis over the remaining life of the related assets.

(Unit: Thousand Baht)

	Consolidated financial statements /Separate financial statements	
	2013	2012
Surplus on revaluation of land, buildings and buildings improvement of the Company		
Balance at beginning of year	6,326	6,342
Less: Amortisation	(16)	(16)
Balance at end of year	6,310	6,326

The revaluation surplus cannot be used to offset deficit or for dividend payment.

28. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At the present, the Company already fully set aside to a statutory reserve.

29. Service income

Service income for the years ended 31 December 2013 and 2012 summarised as followings:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Type-one telecom license	1,968,290	2,312,159	-	-
Type-two telecom license without its own network	353,716,014	27,059,091	353,716,014	27,059,091
Type-one internet license	121,208,489	112,727,229	-	-
Other service income	2,891,083,818	2,260,732,157	594,080,771	744,881,962
Total service income	3,367,976,611	2,402,830,636	947,796,785	771,941,053

30. Other income

Other income for the years ended 31 December 2013 and 2012 consist of:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Income from debt reductions from supplier	-	68,342	-	-
Proceeds from disposal of investment in subsidiary company	-	59,605	-	14,937
Proceeds from sales and the change in value of investment in trading securities	81,946	21,130	81,946	21,130
Gain on exchange rate	-	15,539	3,372	3,285
Reversal on allowance of impairment of assets	-	12,842	-	8,988
Interest income	2,331	3,126	84,581	58,289
Reversal on allowance for doubtful accounts	2,836	91	-	448
Dividend income from subsidiaries	-	-	338,993	306,987
Management fee income	-	-	79,200	81,840
Other	29,243	27,483	45,938	79,245
Total other income	116,356	208,158	634,030	575,149

During the year 2012, Portalnet Co., Ltd., a subsidiary company, had negotiated reductions of debts arising from purchase of goods, services and fines for late payment with two creditors. The two creditors agreed to give debt reductions totaling Baht 68.3 million. The subsidiary company recorded these as "Income from debt reductions from supplier". The Company included this account in other income in the consolidated income statement for the year ended 31 December 2012.

31. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Raw materials, equipment and cost of project used	4,235,226	3,890,133	1,084,720	1,207,412
Salaries, wages and other employee benefits	653,711	536,307	87,222	86,415
Depreciation and amortisation	917,118	689,021	231,426	170,325
Rental expenses from operating lease agreements	128,913	71,864	10,756	10,526
(Increase) decrease in changes in inventories of finished goods and work in progress	(52,587)	398,107	(72,172)	176,443
Advertising and marketing expense	44,035	39,740	13,079	7,272

In addition, the Company and its subsidiaries have expenses that are other expenses by nature, but which are not included in the above; such as training expenses and other expenses.

32. Finance cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Interest expense on:				
Bank loans, overdrafts and trust receipts	354,125	271,447	166,152	102,769
Loans from related parties	7,431	7,567	24,343	29,364
Liabilities under finance lease agreements	930	3,526	137	161
Total interest expenses	362,486	282,540	190,632	132,294
Bank charges	5,923	12,244	8,351	13,507
Total finance cost	368,409	294,784	198,983	145,801

33. Income tax

Income tax expenses for the years ended 31 December 2013 and 2012 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Current income tax:		(Restated)		(Restated)
Current income tax charge	100,241	92,607	47,842	14,400
Adjustment in respect of current income tax of previous year	1,600	374	-	-
Deferred tax:				
Relating to tax loss of acquired subsidiary during the year	-	(74,467)	-	-
Relating to origination and reversal of temporary differences	63,423	20,985	(9,897)	21,704
Effects of changes in the applicable tax rates	-	2,545	-	2,125
Income tax expense reported in the statement of comprehensive income	165,264	42,044	37,945	38,229

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2013 and 2012 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Deferred tax relating to actuarial loss on defined benefit plan	-	(Restated) 279	-	(Restated) 77
	-	279	-	77

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
Accounting profit before tax	1,021,990	868,763	523,516	456,924
Applicable tax rate	20%	23%	20%	23%
Accounting profit before tax multiplied by applicable tax rate	204,398	199,816	104,703	105,093
Adjustment in respect of current income tax of previous year	1,600	374	-	-
Effects of changes in the applicable tax rates	-	2,545	-	2,125
Effects of:				
Loss from operation of disposed subsidiaries during the year	-	(1,544)	-	-
Promotional privileges	(232)	(7,015)	-	-
Utilisation of tax loss carry forward	(130)	(86,204)	-	-
Income not subject to tax	(977)	(4,589)	(68,822)	(74,650)
Non-deductible expenses	11,340	35,762	2,476	5,844
Additional expense deductions allowed	(64,009)	(26,668)	(412)	(183)
Total	(54,008)	(90,258)	(66,758)	(68,989)
Tax loss of acquired subsidiary during the year	-	(74,467)	-	-
Deferred tax assets not recognised	13,274	4,034	-	-
Income tax expenses reported in the statement of comprehensive income	165,264	42,044	37,945	38,229

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position					
	Consolidated financial statements			Separate financial statements		
	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012
		(Restated)			(Restated)	
Deferred tax assets						
Allowance for doubtful accounts	821	1,388	1,418	-	-	103
Allowance for diminution in value of inventories	1,225	1,785	3,933	53	19	1,328
Allowance for asset impairment	4,295	4,295	7,248	227	227	2,294
Accumulated depreciation - equipment	26,587	11,463	6,301	20,486	9,284	5,168
Assets under finance lease agreements	612	298	79	136	87	33
Provision for long-term employee benefits	7,022	6,384	6,241	2,112	1,898	2,462
Accrued vacation leave	598	537	548	106	113	109
Payables arising from forward exchange contracts	-	-	2,262	-	-	-
Unused tax loss	-	74,467	18,581	-	-	18,567
Others	5,969	6,106	16,111	-	-	11,053
Total	47,129	106,723	62,722	23,120	11,628	41,117

(Unit: Thousand Baht)

	Statements of financial position					
	Consolidated financial statements			Separate financial statements		
	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012
Deferred tax liabilities		(Restated)			(Restated)	
Accumulated amortisation - License	25,008	34,596	44,210	25,008	34,596	44,210
Unrealised gain from revaluation of trading investments	17,017	6,021	2,141	17,017	6,021	2,141
Revaluation surplus on land, building and building improvement	1,262	1,265	1,268	1,262	1,265	1,268
Receivables arising from forward exchange contracts	2,504	-	-	190	-	-
Others	113	193	1,297	-	-	-
Total	45,904	42,075	48,916	43,477	41,882	47,619
Deferred tax-net	1,225	64,648	13,806	(20,357)	(30,254)	(6,502)

Deferred tax assets and liabilities in statement of financial position were as follows:

(Unit: Thousand Baht)

	Statements of financial position					
	Consolidated financial statements			Separate financial statements		
	31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
		(Restated)			(Restated)	
Deferred tax assets	23,062	94,902	20,983	-	-	-
Deferred tax liabilities	(21,837)	(30,254)	(7,177)	(20,357)	(30,254)	(6,502)
Deferred tax - net	1,225	64,648	13,806	(20,357)	(30,254)	(6,502)

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company has reflected the changes in the income tax rates in its deferred tax calculation, as presented above.

As at 31 December 2013, the subsidiary has deductible temporary differences and unused tax losses totaling Baht 134 million (2012: Baht 127.5 million), on which deferred tax assets have not been recognised as the management believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

34. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

34.1 Weighted average number of ordinary shares

As at 31 December 2013 and 2012, the weighted average number of ordinary shares in the consolidated and separate financial statements are calculated as follow:

(Unit: Thousand shares)

	Consolidated financial statements /Separate financial statements	
	2013	2012
Balance brought forward	610,223	606,040
Add: The weighted average number of ordinary shares in issue during the year	3,635	2,033
Weighted average number of ordinary shares	613,858	608,073

34.2 Reconciliation of diluted earnings per share

	Consolidated financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2013	2012	2012	2013	2012	2012
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to equity holders of the parent	856,513	828,276	613,858	608,073	1.40	1.36
Effect of dilutive potential ordinary shares						
Warrants issuance 1,064,000 warrants (2012: 7,777,500 warrants)			707	4,144		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	856,513	828,276	614,565	612,217	1.39	1.35

	Separate financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2013	2012	2012	2013	2012	2012
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to equity holders of the parent	485,571	418,695	613,858	608,073	0.79	0.69
Effect of dilutive potential ordinary shares						
Warrants issuance 1,064,000 warrants (2012: 7,777,500 warrants)			707	4,144		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	485,571	418,695	614,565	612,217	0.79	0.68

35. Promotional privileges

Subsidiaries have been granted promotional privileges under the Investment Promotion Act B.E. 2520 by the Board of Investment under certain significant conditions. Significant privileges of the Company are as follows:

Details	Smarterware Co., Ltd.	Samart eD Tech Co., Ltd.
1. Certificate No.	1152(7)/2551	1713(7)/2553
2. Promotional privileges for	Software	Software
3. The significant privileges are:		
3.1 Exemption from corporate income tax on net income from promoted operations for a period of 8 years commencing as from the date of first earning operating income. Furthermore, accumulated losses incurred during the corporate income tax exemption period, the subsidiary is allowed to utilise the losses as a deduction against net income for a period of 5 years after the expiry of the tax exemption period, whether from any one year or from several years.	Commencing until 29 April 2017	Commencing until 21 June 2019
3.2 Exemption from income tax on dividends paid from the income of the promoted operations for which corporate income tax is exempted, throughout the corporate income tax exemption.	Granted	Granted
3.3 Exemption from import duty on imported machinery for use in production as approved by the Board.	Ended on 19 August 2010	Throughout the period of promoted
4. Date of first earning operating income	30 April 2009	22 June 2011

Revenues of Smarterware Co., Ltd. and Samart eD Tech Co., Ltd. for the year are software development services which could be divided between BOI promoted activities and Non-BOI promoted activities.

(Unit: Thousand Baht)

	2013	2012
BOI promoted	56,589	74,875
Non-BOI promoted	5,435	8,630
Total service income	62,024	83,505

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.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have 5 reportable segments as follows:

1. Network Services - Operate telecommunications, communication network and information technology service on a wide range of network.
2. System Integration - Operate IT and communication system design and installation service contract. Distribute, repair and maintain communication equipment and computer system.
3. Innovation Business Application Solutions & Services - Operate Application Software capable.
4. ICT Outsourcing Services - Operate integrated ICT outsourcing service enabling business enterprises.
5. IP Business - Operate ICT service on the Internet Protocol (IP) Network.

No operating segments have been aggregated to form the above reportable operating segments.

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 measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements. However, the Company and its subsidiaries financing activities (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Transfer prices between business segments are as set out in Note 7 to the financial statements.

Inter-segment revenues are eliminated on consolidation.

36.1 The results of operations separated by business segment

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2013 and 2012, respectively.

(Unit: Million Baht)

	The telecommunications and network system service business		The sales and installation of equipment		Other segments		Eliminated		Consolidated financial statements	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Sales and services income										(Restated)
- Related parties	2,662.1	1,531.2	189.1	178.6	123.6	154.9	(2,950.5)	(1,847.0)	24.3	17.7
- Third parties	5,411.4	5,038.1	2,095.8	1,330.4	1,721.4	1,144.1	(2.1)	-	9,226.5	7,512.6
Total sales and services income	8,073.5	6,569.3	2,284.9	1,509.0	1,845.0	1,299.0	(2,952.6)	(1,847.0)	9,250.8	7,530.3
Cost of sales and services	7,196.4	5,691.1	1,916.8	1,180.2	1,283.3	1,002.6	(2,937.4)	(1,836.3)	7,459.1	6,037.6
Gross profit	877.1	878.2	368.1	328.8	561.7	296.4	(15.2)	(10.7)	1,791.7	1,492.7
Other income									116.4	208.1
Selling expenses									(126.1)	(136.9)
Administrative expenses									(360.6)	(343.4)
Other expense									(31.0)	(57.0)
Finance cost									(368.4)	(294.8)
Income tax expenses									(165.3)	(42.0)
Non-controlling interests of the subsidiaries									(0.2)	1.6
Profit for the year									856.5	828.3

36.2 Assets separate by business segment are as follows:

(Unit: Million Baht)

	The telecommunications and network system service business		The sales and installation of equipment		Other segments		Eliminated		Consolidated financial statements	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Assets										(Restated)
Trade accounts receivable	4,361.8	1,519.3	543.7	468.2	542.8	1,083.5	(1,979.6)	(868.5)	3,468.7	2,202.5
Accrued income	2,155.0	4,025.4	1,055.0	670.7	640.6	475.2	(91.4)	(138.7)	3,759.2	5,032.6
Inventories	326.6	365.6	19.2	32.7	18.6	13.8	(22.9)	(10.7)	341.5	401.4
Intangible asset - license	125.0	173.0	-	-	-	-	-	-	125.0	173.0
Property, plant and equipment	1,053.8	1,386.6	458.2	373.1	1,458.6	1,377.2	(119.5)	(111.5)	2,851.1	3,025.4
Others									1,929.6	1,564.6
Total assets									12,475.1	12,399.5
Additions (decrease) to non-current assets other than financial instruments and deferred tax assets	(380.8)	(39.2)	85.1	(155.3)	81.4	1,324.6	(8.0)	(17.2)	(222.3)	1,112.9

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

For the year 2013, the Company and its subsidiaries have revenue from two major customers in amount of Baht 2,432.6 million and Baht 1,130.9 million, arising from sales by the telecommunications and network system service segments (2012: Baht 3,514.8 million derived from one major customer, arising from sales by the telecommunications and network system service segments).

37. Provident fund

The Company, subsidiary companies and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, subsidiary companies and their employees contributed to the fund monthly at the rate of 3 - 10 percent of basic salary. The fund, which is managed by Bangkok Bank Public Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During the year 2013, the Company and its subsidiary companies contributed Baht 20.9 million (2012: Baht 18.5 million) (Separate financial statements: Baht 4.2 million (2012: Baht 3.9 million)) to the fund.

38. Dividends

	Approved by	Total dividends	Dividend per share	Paid on
		(Million Baht)	(Baht)	
2013				
Final dividend on 2012 profit	Annual General Meeting of the shareholders on 25 April 2013	427.3	0.70	10 September 2012 7 May 2013
Less: Interim dividend paid in 2012		(152.3)	(0.25)	
Interim dividend paid on earnings for the six-month period of 2013	Board of Director Meeting on 13 August 2013	275.0	0.45	9 September 2013
Total dividends paid for 2013		184.9	0.30	
		459.9	0.75	
2012				
Final dividend on 2011 profit	Annual General Meeting of the shareholders on 27 April 2012	400.0	0.66	9 September 2011 9 May 2012
Less: Interim dividend paid in 2011		(181.8)	(0.30)	
Interim dividend paid on earnings for the six-month period of 2012	Board of Director Meeting on 1 4 August 2012	218.2	0.36	10 September 2012
Total dividends paid for 2012		152.3	0.25	
		370.5	0.61	

39. Commitments and contingent liabilities

The Company and its subsidiaries have commitments and contingent liabilities other than those disclosed in other notes as follows:

39.1 Commitments

39.1.1 The Company entered into transponder lease agreements with domestic and foreign contractual partners. Under the agreements, the Company had commitment to pay rental fees to its contractual partners in monthly installments, totaling approximately USD 0.5 million per month (2012: USD 0.5 million per month). The agreements are expiring during 2014 to 2015.

- 39.1.2 On 10 August 2011, the Board of the National Broadcasting and Telecommunications Commission passed a resolution approving the issue to the Company of a 5-year, Type two telecommunication business license without own telecommunications network (Very Small Aperture Terminal (VSAT) service). The license is effective from the date of termination of the old contract to provide local audio and visual data communications via satellite services (13 September 2011). The Company is obliged to comply with various conditions, which included a commitment to hand over the telecommunications equipment used in provision of the data communication via satellite service to the National Broadcasting and Telecommunications Commission within 11 December 2011, and to pay an annual service fee. Although, as at 31 December 2013, the Company is still in the process of handing over the telecommunications equipment, the Company's management believe that no penalty will be charged for late delivery, and so no provision for such a penalty has been recorded in the books of account. However, the Company is still in the process of purchase back of the telecommunications equipment.
- 39.1.3 Samart Broadband Services Co., Ltd., a subsidiary company, has entered into a 15-year agreement with TOT Public Co., Ltd., (TOT) (formerly known as "TOT Corporation Public Co., Ltd.") in respect of the provision of network services. The subsidiary company is obliged to comply with certain conditions as stated in the agreements and has to pay an annual interconnection charge of Baht 1 million together with an additional fee, which are determined based on bandwidth usage at rates stipulated in the agreement. Subsequently, on 31 March 2003, the subsidiary company entered into an agreement with TOT and Samart Communication Services Co., Ltd., another subsidiary company, to transfer its rights and obligations under this agreement to another subsidiary company. In this regard, the recipient of the rights and obligations is responsible for compliance with the provisions of this agreement.
- 39.1.4 On 26 October 2006, Samart Communication Services Company Limited, a subsidiary company, entered into an agreement with a company (formerly a state enterprise), whereby they would provide an information technology network to The Department of Local Administration for a period of 1 year. The subsidiary is obliged to make the network available at not less than 1,000 sites within 120 days from the contract date and guarantee this minimum number of users throughout the contract period. If the subsidiary is unable to do within the delivery period (22 February 2007), the counterparty will charge a penalty for any delays in the subsidiary's work. However, as at 22 February 2007 the subsidiary could not make the network available at 1,000 sites because such subsidiary has not yet to receive the equipment from the counterparty and Bandwidth received is not adequate for actual usage. Since the subsidiary could not accomplish the number of guaranteed users. The counterparty therefore could charge a penalty for delay work. However, the subsidiary's management and legal counsel are of the opinion that the subsidiary is not obligated to pay any fine to the counterparty as the delay of such project is not the subsidiary's fault. In addition, the management believes that the negotiation with the counterparty will be successful therefore as at 31 December 2013 the subsidiary has not set up provision for fine from the project delay.
- 39.1.5 On 3 November 2009, Samart Comtech Co., Ltd., a subsidiary company, entered into an agreement with government agency, whereby to provide development of information systems. The subsidiary is obliged to install and deliver of hardware equipments and application software within 1,095 days from the contract date. If the subsidiary is unable to do so within the delivery period (2 November 2012), the government contractor will charge a penalty for any delays in each period of delivery or the date that has been extended until entire of work delivered and completed workability. Subsequently, 7 November 2012, the counterparty issued letter to extended delivered period to the subsidiary for another 180 days. Resulted scheduled of delivery period 5, 6 and 7, which is the final period, extended to January 16, 2012, January 22, 2012 and May 1, 2013, respectively. However, until the expiration of the extended delivery period of 5 and 6, the subsidiary could not deliver for some parts of application software to complete the contract. During May 2013, the subsidiary company has already delivered all systems to the government agency and now is a

waiting for inspection process. However, the subsidiary set up a provision for penalty from the project delay of Baht 5.0 million in the subsidiary's account as at 31 December 2013.

- 39.1.6 On 30 August 2004, Samart Infonet Co., Ltd., a subsidiary company, entered into an agreement with the Communications Authority of Thailand whereby the subsidiary was provided with circuit services connecting it to an electronic data interchange via the internet, for a period of 3 years, to end on September 2007. The subsidiary company is to follow the conditions and to pay the monthly service fee as stipulated in the agreement. However, the subsidiary company has continuous requested to extend the expiry period and service fee with the requirement of service fee of approximately Baht 0.1 million per month (2012: Baht 0.4 million per month). Under the agreement the subsidiary company can continue to utilise the service for an indefinite time, therefore all conditions as stipulated in the agreement shall be applied until the subsidiary notifies that it is ceasing use of the service.
- 39.1.7 Samart Infonet Co. Ltd., a subsidiary company, entered into a contract with True International Gateway Co. Ltd. related to the provision of services to an international internet exchange center. This contract will expire on 17 March 2014. The subsidiary is obligated to comply with the conditions stipulated in the contract and pay a service fee totaling approximately Baht 0.3 million per month (2012: Baht 0.3 million per month).
- 39.1.8 Samart Communication Services Co. Ltd., a subsidiary company, entered into equipment and service purchase agreement with many local companies for TOT 3G nationwide Network project. The subsidiary is obligated to comply with the conditions and pay for equipment and service fee totaling approximately Baht 41.3 million (2012: Baht 1,095.2 million).
- 39.1.9 Portalnet Co., Ltd., a subsidiary company, entered into a contract with Siemens Co., Ltd, Siemens AG and SAP (Thailand) Co., Ltd. to provide system maintenance services for computer software applications for core business operations. The subsidiary is obligated to comply with the conditions stipulated in the contract and pay service fee totaling approximately Baht 0.3 million and Euro 0.05 million per month, respectively (2012: Baht 0.3 million, Euro 0.05 million per month and Euro 0.75 million per year, respectively).
- 39.1.10 Portalnet Co., Ltd., a subsidiary company, entered into a contract to use computer software application services with SAP (Thailand) Co., Ltd, effective until terminated by the subsidiary. The subsidiary is obligated to comply with the conditions stipulated in the contract and pay a service fee of approximately Baht 5.6 million per month (2012: Baht 4.7 million per month).
- 39.1.11 Portalnet Co., Ltd., a subsidiary company, entered into a contract with SAP (Thailand) Co., Ltd. to provide system maintenance services for computer software applications for core business operation. The subsidiary is obligated to comply with the conditions stipulated in the contract and pay service fee of approximately between Baht 5.0 million and Baht 7.5 million per quarter (2012: Nil).
- 39.1.12 The Company has outstanding commitment totaling approximately Baht 180.8 million (2012: Baht 180.8 million) in respect of the uncalled portion of their investments in its subsidiaries.
- 39.1.13 The Company and its subsidiary companies entered into the service agreements with various companies between 1 and 4 years. The Company and its subsidiary companies have to pay a monthly facility service fee at the rate stipulated in the agreements.

39.2 Operating lease commitments

- 39.2.1 The Company and its subsidiaries has entered into several lease agreements in respect of the lease of office building space, utilities, IT data center system, the contract of high-speed connection and data exchange service. The terms of the agreements are generally between 1 year until the termination notice is given.

Future minimum lease payments required under these operating leases contracts were as follows.

(Unit: Million Baht)

Currency	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Payable within:				
Less than 1 year	26.6	20.0	0.2	0.2
1 to 4 years	5.2	4.5	-	-

39.2.2 In addition, Samart Communication Services Co., Ltd., a subsidiary company, entered into a rental agreement to sublet space from a private company for a period of 3 years from the date that each site is handed over. The space is to be used for installation of stanchions, advertising banners and 3G and/or 4G network equipment, and the subsidiary company is committed to pay rental of approximately Baht 5.2 million per month, totaling approximately Baht 141.0 million (2012: Nil).

39.3 Bank guarantees

There were outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries, in respect of certain performance bonds as required in the ordinary course of business for the Company and its subsidiaries. The details of bank guarantees are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Performance guarantees	3,432.5	2,975.0	621.3	847.1
Guarantee electricity use, among others	102.8	131.4	22.7	1.7
	3,535.3	3,106.4	644.0	848.8

39.4 Related party guarantees

The Company and its subsidiaries had the following commitments to banks and a leasing companies as a result of their guarantees of credit facilities and rental of equipment.

39.4.1 The Company was guarantor of credit facilities of its subsidiary company from banks and a leasing company amounting to Baht 21,061.2 million (2012: Baht 22,218.1 million).

39.4.2 Samart Communication Services Co., Ltd., a subsidiary company, is guarantor of credit facilities of the Company from banks amounting to Baht 740.4 million (2012: Baht 1,552 million).

39.4.3 The Company is guarantor of credit facilities of the subsidiary companies amounting to Baht 312 million (2012: Nil).

Generally, the guarantees are effective for as long as the underlying obligations have not been discharged by the Company and subsidiaries. Guarantee fees are charged by the Company and its subsidiary companies.

39.5 Litigation

39.5.1 On 5 January 2004 a civil lawsuit was filed against IT Absolute Co., Ltd. a subsidiary company, with the plaintiff lodging a claim for the return of assets and compensation totaling Baht 15.6 million. The subsidiary company was accused of failure to comply with the terms and conditions of a share sale agreement executed with a customer (the plaintiff). The alleged failure occurred while the subsidiary company was operating under its previous name, Yuanta Securities (Thailand) Company Limited.

The share purchase and sale agreement dated 7 January 2003 between the subsidiary company's former shareholders (the seller) and a bank (the purchaser), states that if any liabilities attributable to the activities of the seller occurred within two years after the shares were transferred to the purchaser and were not presented in the statement of financial position as at 31 December 2002, the seller would, if the case was finalised and the Court ordered the subsidiary company to settle such liabilities, pay compensation to the subsidiary company at a rate of 92.7329 percent of such liabilities.

On 29 September 2005, the Civil Court ordered the subsidiary company to return the securities to the plaintiff or pay Baht 8.4 million if the subsidiary company was unable to do so. Subsequently, the subsidiary company lodged an appeal with the Appeal Court, and on 16 March 2011 the Appeal Court affirmed the judgment of the Court of First Instance. The subsidiary company then lodged an appeal with the Supreme Court on 12 May 2011 and this case is in the process of being considered by the Supreme Court. However, as at 31 December 2013, the Company estimated its contingent liabilities at Baht 0.6 million, (2012: Baht 0.6 million) and recorded this under the caption of "other non-current liabilities" in the statement of financial position.

39.5.2 On 28 November 2012, a civil suit was filed against Samart Communication Services Co., Ltd., a subsidiary company, by a supplier, claiming damages of Baht 37.5 million for breach of contract and breach of an agency agreement, acknowledgment of debt and compensation for losses resulting from the defaulting on a debt. Subsequently, on 12 November 2013, the subsidiary company agreed to compromise and made a settlement with the plaintiff through the court. The subsidiary company already paid such debt for finished goods of Baht 5.1 million to the plaintiff.

40. Financial instruments

40.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, debentures and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed in described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, loans and other receivable. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures, therefore do not expect to incur material financial losses. In addition, the majority of sales and services are supplied to credit worthy customers such as stated enterprises, government agencies and the banking sector. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans, other receivables and notes receivable as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts, debentures, short-term and long-term borrowings. However, since most of the Company and its subsidiaries' financial assets and liabilities bear floating-interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements											
	Fixed interest rates				Floating		Non-interest		Total		Effective interest rate	
	Within 1 year		1 - 5 years		interest rate		bearing		Total		(percent per annum)	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Financial Assets												
Cash and cash equivalents	-	-	-	-	345.8	385.4	216.1	39.9	561.9	425.3	0.125-2.500	0.125-2.000
Temporary investments in trading securities	-	-	-	-	-	-	219.8	177.9	219.8	177.9	-	-
Trade and other receivables	-	-	-	-	-	-	3,565.2	2,227.6	3,565.2	2,227.6	-	-
Restricted bank deposits	-	-	-	-	17.8	17.6	-	-	17.8	17.6	1.625-1.750	1.750-2.100
	-	-	-	-	363.6	403.0	4,001.1	2,445.4	4,364.7	2,848.4		
Financial liabilities												
Bank overdrafts	-	-	-	-	2.9	8.2	-	-	2.9	8.2	6.875-7.775	6.875-7.900
Loans from banks	-	-	-	-	2,468.7	3,053.9	-	-	2,468.7	3,053.9	3.850-6.750	3.950-6.875
Trust receipts												
- Baht	-	-	-	-	731.8	196.3	-	-	731.8	196.3	2.101-5.500	4.100-6.880
Bill of exchange	-	-	-	-	-	1,000.0	-	-	-	1,000.0	-	-
Trade and other payables	-	-	-	-	-	-	2,414.1	1,854.0	2,414.1	1,854.0	-	-
Short-term debentures	1,460.0	-	-	-	-	-	-	-	1,460.0	-	3.450-4.400	4.300 - 4.600
Short-term loans from related parties	-	-	-	-	93.0	93.0	-	-	93.0	93.0	7.875	8.000
Long-term loans from bank	-	-	-	-	1,087.4	2,203.9	-	-	1,087.4	2,203.9	5.125-6.000	5.250-5.750
Liabilities under finance lease agreements	3.4	3.3	15.6	19.5	-	-	-	-	19.0	22.8	4.625-4.750	4.625-4.750
	1,463.4	3.3	15.6	19.5	4,383.8	6,555.3	2,414.1	1,854.0	8,276.9	8,432.1		

(Unit: Million Baht)

	Separate financial statements											
	Fixed interest rates				Floating		Non-interest		Total		Effective interest rate	
	Within 1 year		1 - 5 years		interest rate		bearing		Total		(percent per annum)	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Financial Assets												
Cash and cash equivalents	-	-	-	-	35.7	60.1	188.9	10.7	224.6	70.8	0.125-2.500	0.125-2.000
Temporary investments in trading securities	-	-	-	-	-	-	219.8	177.9	219.8	177.9	-	-
Trade and other receivables	-	-	-	-	-	-	692.8	626.8	692.8	626.8	-	-
Short-term loans to related parties	-	-	-	-	1,766.2	1,935.7	-	-	1,766.2	1,935.7	0.730-6.625	0.869-7.629
	-	-	-	-	1,801.9	1,995.8	1,101.5	815.4	2,903.4	2,811.2		
Financial liabilities												
Loans from banks	-	-	-	-	937.0	567.5	-	-	937.0	567.5	3.950-6.000	-
Trust receipts												
- Baht	-	-	-	-	262.8	84.4	-	-	262.8	84.4	2.165-4.450	4.100-6.875
Bill of exchange	-	-	-	-	-	1,000.0	-	-	-	1,000.0	-	4.300-4.600
Trade and other payables	-	-	-	-	-	-	554.9	501.3	554.9	501.3	-	-
Short-term debentures	1,460.0	-	-	-	-	-	-	-	1,460.0	-	3.450-4.400	-
Short-term loans from related parties	-	-	-	-	359.8	384.3	-	-	359.8	384.3	0.730-7.625	0.869-6.625
Long-term loans from bank	-	-	-	-	749.0	1,561.8	-	-	749.0	1,561.8	5.125-5.250	5.250-6.125
Liabilities under finance lease agreements	0.5	0.5	2.1	2.6	-	-	-	-	2.6	3.1	4.750	4.750
	1,460.5	0.5	2.1	2.6	2,308.6	3,598.0	554.9	501.3	4,326.1	4,102.4		

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward exchange contracts.

The Company and its subsidiaries have significant foreign currency financial assets and liabilities that were unhedged against foreign exchange risk, as summarised below.

Currency	Consolidated financial statements		Separate financial statements		Exchange rate as at 31 December	
	2013	2012	2013	2012	2013	2012
	((Million))	((Million))	((Million))	((Million))	(Baht per unit of foreign currency)	
Assets						
US dollars	0.5	-	0.5	-	32.6778	-
Liabilities						
US dollars	10.6	7.7	2.6	5.8	32.9494	30.7775
Euro	1.6	10.9	-	-	45.3223	40.8603

The majority of the liabilities are due within one year.

Forward exchange contracts

Currency	Consolidated financial statements	Separate financial statements	Maturity date	Contractual exchange rate
	(Million)	(Million)		(Baht per unit of foreign currency)
As at 31 December 2013				
Bought amount				
US dollars	8.3	1.3	13 January - 28 February 2014	31.3320 - 32.3150
Euro	2.2	-	2 January - 8 April 2014	42.7924 - 44.0182
As at 31 December 2012				
No outstanding forward exchange contract.				

40.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature and the loans bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

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

41. Capital management

The primary objective of the Company and its subsidiaries capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value.

As at 31 December 2013, the Group's debt-to-equity ratio was 2.9:1 (2012: 3.5:1) and the Company's was 2.0:1 (2012: 2.0:1).

42. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised Directors on 24 February 2014.

Remuneration of the Auditors

1. Audit fee

Audit Fee in 2013 comprised of following details:

- Audit Fee for accounting period ended December 31, 2013 of the Company was Baht 2,140,000 of which excluded other miscellaneous payment of Baht 87,348 (i.e. auditors' traveling expenses, photo copy expenses).
- Audit Fee for accounting period ended December 31, 2013 of the subsidiaries that the same auditor as the Company were Baht 4,055,000 of which excluded other miscellaneous payment of Baht 107,064 (i.e. auditors' traveling expenses, photo copy expenses).

2. Non-Audit Fee

Non-Audit Fee in 2013 comprised of following details:

- Smarterware Co., Ltd. , the subsidiaries paid professional fee to Ernst & Young Office Limited for the review of compliance conditions stipulated in the investment promotion certificate submitted to BOI for the period ended December 31, 2013 at Baht 70,000.
- Samart Ed-Tech Co., Ltd. , the subsidiaries paid professional fee to Ernst & Young Office Limited for the review of compliance conditions stipulated in the investment promotion certificate submitted to BOI for the period ended December 31, 2013 at Baht 70,000.

Directors, Management, Company Secretary and Head of Internal Audit

Name-Surname / Position / Date of appointment	Age	Education	Shareholding in Company (%)	Relationship	Relationship Working Experience last 5 years		
					During	Position	Department / Company / Type Business
1. Mr. Sombut Uthaisang - Position • Independent Director • Authorized Director • Chairman - Date of appointment as Director • April 24, 2008	77	- Master of Public Administration, National Institute of Development Administration (NIDA) - Bachelor of Law, Thammasat University - The Columbo Scholarship (The Transport and Logistic, Australia 1970-1971) - National Defence College, JSPS Class 1 - Capital Market Academy, Class 10 - Training courses from Thai Institute of Directors Association: • Director Accreditation Program (DAP) in 2005 • Audit Committee Program (ACP) in 2013 • Role of the Chairman Program (RCP) in 2013	0.073% (450,000 Shares)	-	2008-Present	Chairman	Samart Telcoms Pcl.
					2008-2012	Chairman of the Corporate Governance Committee	Samart Telcoms Pcl.
					2006-2007	Chairman of Risk Management Committee	Samart Corporation Pcl.
					May. 2013-Present	Director	Thonburi Medical Centre Pcl.

Remark : * Includes holding by spouse and minor children % of total number of voting rights

Name-Surname / Position / Date of appointment	Age	Education	Shareholding in Company (%)	Relationship	Relationship Working Experience last 5 years		
					During	Position	Department / Company / Type Business
2. General Sumpun Boonyanun - Position <ul style="list-style-type: none"> • Independent Director • Chairman of the Audit Committee • Chairman of the Nominating & Compensation Committee • Corporate Governance Committee Member - Date of appointment as Director <ul style="list-style-type: none"> • April 24, 2008 	70	- Bachelor of Science, Chulachomklao Royal Military Academy, Class 15 - The regular main course, Command and General Staff College, Class 55 - National Defence College, Class 35 - Training courses from Thai Institute of Directors Association: <ul style="list-style-type: none"> • Director Certification Program (DCP) in 2009 • Director Accreditation Program (DAP) in 2008 • Role of Compensation Committee (RCC) in 2008 • Audit Certification Program (ACP) in 2008 	0.024% (150,000 Shares)	-	2008-Present 2008-Present 2008-Present 2008-Present	Independent Director Chairman of the Audit Committee Chairman of the Nominating & Compensation Committee Corporate Governance Committee Member	Samart Telcoms Pcl. Samart Telcoms Pcl. Samart Telcoms Pcl. Samart Telcoms Pcl.
3. Mr. Vichai Pokasamrit - Position <ul style="list-style-type: none"> • Independent Director • Audit Committee Member • Nominating & Compensation Committee Member • Chairman of the Corporate Governance Committee - Date of appointment as Director <ul style="list-style-type: none"> • April 21, 2011 	64	- Master of Arts in Political Science, Western Michigan University, U.S.A. - Bachelor of Laws, Thammasat University - National Defence Program for Government, Public and Political Sectors, The National Defence College - Certificate of Urban Development Management, Australia - Certificate in Director Certification Program (DCP), Thai Institute of Directors Association in 2011	0.016% (100,000 Shares)	-	2011-Present 2011-Present 2012-Present 2009-2010 2008-2009	Independent Director / Audit Committee Member Nominating & Compensation Committee Member Chairman of the Corporate Governance Committee Deputy Director of the Bureau of the Budget Advisor to the Bureau of the Budget	Samart Telcoms Pcl. Samart Telcoms Pcl. Samart Telcoms Pcl. Office of the Prime Minister Office of the Prime Minister

Remark : * Includes holding by spouse and minor children

% of total number of voting rights

Name-Surname / Position / Date of appointment	Age	Education	Shareholding in Company (%)	Relationship	Relationship Working Experience last 5 years		
					During	Position	Department / Company / Type Business
4. Miss Rapeepan Luangaramrut - Position • Independent Director • Audit Committee Member • Nominating & Compensation Committee Member - Date of appointment as Director • April 24, 2008	57	- Master of Business Administration, Chulalongkorn University	-	-	2008-Present	Independent Director / Audit Committee Member	Samart Telcoms Pcl.
		- Bachelor of Business Administration, Silpakorn University			May 2013-Present	Nominating & Compensation Committee Member	Samart Telcoms Pcl.
		- Certificate of Competition & Strategy Program, Harvard Business School, USA.			2008-2013	Corporate Governance Committee Member	Samart Telcoms Pcl.
		- Certificate of Advanced Management Program (AMP), Harvard Business School, USA.			1999-2008	Audit Committee Member	Samart Corporation Pcl.
		- Certificate in Director Certification Program (DCP), Thai Institute of Directors Association in 2003			1993-2008	Director	Samart Corporation Pcl.
		- Leadership Program (Class 9), Capital Market Academy			2010-Present	Director	TPT Petrochemicals Pcl.
		- National Defence College, Class 22			2013-Present	Consulting President	Deam House Co., Ltd.
		- Advanced Political and Electoral Development Institute (Class 3)			2012-Present	Director	Entertainment Tree Co., Ltd.
		- Urban Green Development Institute (BMA 1)			2005-Present	Director	R Property Co., Ltd.
		- Administrative Justice Institute, Training Course on Administrative Justice for Executive (Class 4)			2004-Present	Executive Chairman	Khun Reed Corporation Co., Ltd.
					2004-Present	Executive Director	Derma Belle Co., Ltd.
					2000-Present	Executive Chairman	110 Vipha Co., Ltd.
					2005-Present	Director	Siam Solvay Foundation
					1989-2011	Director	Solvay Peroxythai Co., Ltd.
					1991-2009	Executive Director	Vinythai Pcl.

Remark : * Includes holding by spouse and minor children % of total number of voting rights

Name-Surname / Position / Date of appointment	Age	Education	Shareholding in Company (%)	Relationship	Relationship Working Experience last 5 years		
					During	Position	Department / Company / Type Business
5. Mr. Kajornvut Tayanukorn - Position • Director • Corporate Governance Committee Member - Date of appointment as Director • April 29, 2004	58	- Master of Business Administration, Thammasat University - Certificate in Director Accreditation Program (DAP), Thai Institute of Directors Association in 2005	0.081% (500,000 Shares)	-	2004-Present May. 2013-Present 2008-2013 2001-Present 2013-Present	Director Corporate Governance Committee Member Nominating & Compensation Committee Member Executive Vice President Executive Director	Samart Telcoms Pcl. Samart Telcoms Pcl. Samart Telcoms Pcl. Bangkok Bank Pcl. Processing Center Co., Ltd.
6. Mr. Charoenrath Vilailuck - Position • Authorized Director • Executive Director - Date of appointment as director • July 26, 1996	54	- Bachelor of Engineering, The University of Newcastle, Australia - National Defence College, JSPS Class 18 in 2005-2006 - Training courses from Thai Institute of Directors Association: • Director Certification Program (DCP) in 2004 • Director Accreditation Program (DAP) in 2004 - Urban Green Development Institute (BMA 1) in 2012	0.105% (650,000 Shares)	Mr.Watchai's Brother	1996-Present 1995-Present 1993-Present 2008-Present 2006-2008 2005-Present Apr. 2013-Present May. 2013-Present Present 1993-Present 2000-Apr. 2013	Director / Executive Director Executive Chairman & CEO Director Chairman of the Risk Management Committee Vice Chairman of the Risk Management Committee Director Director Executive Director / Risk Management Committee Member Director Director Director	Samart Telcoms Pcl. Samart Corporation Pcl. Samart Corporation Pcl. Samart Corporation Pcl. Samart Corporation Pcl. Samart I-Mobile Pcl. One to One Contacts Pcl. One to One Contacts Pcl. Subsidiaries and Related Companies (as details in Directors and Managements in Subsidiaries and Related Company) Vilailuck International Holding Co., Ltd. One to One Contacts Co., Ltd.

Remark : * Includes holding by spouse and minor children

% of total number of voting rights

Name-Surname / Position / Date of appointment	Age	Education	Shareholding in Company (%)	Relationship	Relationship Working Experience last 5 years		
					During	Position	Department / Company / Type Business
7. Mr. Watchai Vilailuck - Position • Authorized Director • Executive Chairman - Date of appointment as director • July 26, 1996	51	- Bachelor of Accounting, Thammasat University - Certificate of Strategic Planning & Implementation Program, University of Michigan Business School, USA. - Certificate of Management Program, United Kingdom in 1985 - National Defence College, JSPS Class 21 in 2008-2009 - Certificate in Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD) in 2004 - Leadership program (Class 11), Capital Market Academy in 2010 - The Programme for Senior Executives on Justice Administration Batch 15, Nation Just Academy. In 2011-2012 - ASEAN Executive Management Program (Class 2), Office of the Civil Service Commission (OCSC) in 2013 - The 5 th Training Course on Administrative Justice for Executives, Institute of Administrative Justice, The Office of the Administrative Courts of Thailand in 2013-Present	0.146% (900,010 Shares)	Mr. Charoenrath's Brother	2000-Present	Executive Chairman	Samart Telcoms Pcl.
					1996-Present	Director	Samart Telcoms Pcl.
					2000-Present	President	Samart Corporation Pcl.
					1993-Present	Director	Samart Corporation Pcl.
					2004-Present	Chief Operating Member of Risk Management Committee	Samart Corporation Pcl.
					Nov.2013-Present	Chairman of the Sustainable Development Committee	Samart Corporation Pcl.
					2003-Present	Director/ Executive Chairman	Samart I-Mobile Pcl.
					2005-Present	Chairman of the Risk Management Committee	Samart I-Mobile Pcl.
					Apr.2013-Present	Director	One to One Contacts Pcl.
					May 2013-Present	Executive Chairman / Chairman of the Risk Management Committee	One to One Contacts Pcl.
					Present	Director	Subsidiaries and Related Companies (as details in Directors and Managements in Subsidiaries and Related Company)
					1993-Present	Director	Vilailuck International Holding Co., Ltd.
					2000-Apr.2013	Director	One to One Contacts Co., Ltd.

Remark : * Includes holding by spouse and minor children

% of total number of voting rights

Name-Surname / Position / Date of appointment	Age	Education	Shareholding in Company (%)	Relationship	Relationship Working Experience last 5 years		
					During	Position	Department / Company / Type Business
8. Mr.Sirichai Rasameechan - Position • Director • Executive Director - Date of appointment as director • July 1, 1998	63	- Master of Accounting, Thammasat University - Bachelor of Accounting, Thammasat University - Training courses from Thai Institute of Directors Association: • Director Certification Program (DCP) in 2000 • Finance for Non-Finance Director in 2000	0.024% (150,000 shares)	-	1998-Present	Director / Executive Director	Samart Telcoms Pcl.
					2000-Present	Executive Vice Chairman	Samart Corporation Pcl.
					1996-Present	Director	Samart Corporation Pcl.
					2005-Present	Corporate Governance Committee Member	Samart Corporation Pcl.
					2004-Present	Risk Management Committee Member	Samart Corporation Pcl.
					Nov. 2013-Present	Vice Chairman of the Sustainable Development Committee	Samart Corporation Pcl.
					2005-Present	Risk Management Committee Member	Samart I-Mobile Pcl.
					2008-Present	Nominating & Compensation Committee Member	Samart I-Mobile Pcl.
					Apr. 2013-Present	Director	One to One Contacts Pcl.
					May. 2013-Present	Executive Director / Risk Management Committee Member / Corporate Governance Committee Member	One to One Contacts Pcl.
					Present	Director	Subsidiaries and Related Companies (as details in Directors and Managements in Subsidiaries and Related Company)
					Present	Speaker	Thai Institute of Directors Association
					2005-2008	Corporate Governance Committee Member	Samart I-Mobile Pcl.
					2000-Apr. 2013	Director	One to One Contacts Co., Ltd.

Remark : * Includes holding by spouse and minor children

% of total number of voting rights

Name-Surname / Position / Date of appointment	Age	Education	Shareholding in Company (%)	Relationship	Relationship Working Experience last 5 years		
					During	Position	Department / Company / Type Business
9. Mr. Jong Diloksombat - Position <ul style="list-style-type: none"> • Director • Executive Director • President • Corporate Governance Committee Member • Chairman of the Risk Management Committee • Chairman of the Sustainable Development Committee - Date of appointment as director <ul style="list-style-type: none"> • January 11, 2012 	54	- Master Degree in System Science University of Louisville, USA - Bachelor Degree in Electrical Engineering, Chulalongkorn University - Certificate of Strategic Planning & Implementation Program, University of Michigan Business School (Executive Education Center), USA - Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD) in 2004	0.065% (400,000 Shares)	-	2012-Present	Director/ Executive Director/ President/ Corporate Governance Committee Member	Samart Telcoms Pcl.
					2012-Present	Chairman of the Risk Management Committee	Samart Telcoms Pcl.
					Nov. 2013-Present	Chairman of the Sustainable Development Committee	Samart Telcoms Pcl.
					2012-Present	Executive Director	Samart Corporation Pcl.
					2003-Present	Director/ Executive Director	Samart I-Mobile Pcl.
					2005-Present	Corporate Governance Committee Member/ Risk Management Committee Member	Samart I-Mobile Pcl.
					2009-Present	Risk Management Committee Member	Samart Corporation Pcl.
					Present	Director	Subsidiaries and Related Companies (as details in Directors and Managements in Subsidiaries and Related Company)
					2003-Jan. 2012	Chief Operating Officer	Samart I-Mobile Pcl.
					2006-2008	Nominating & Compensation Committee Member	Samart I-Mobile Pcl.

Remark : * Includes holding by spouse and minor children

% of total number of voting rights

Name-Surname / Position / Date of appointment	Age	Education	Shareholding in Company (%)	Relationship	Relationship Working Experience last 5 years		
					During	Position	Department / Company / Type Business
10. Mr.Prasitchai Veerayuttwilai ¹⁾ - Position • Executive Vice President - Network Services Business Group, Outsourcing Services Business Group and IP Business Group • Sustainable Development Committee Member - Date of appointment as Management • March 1, 2005	52	- Master of Business Administration, Thammasat University	0.044% (270,000 Shares)	-	2005-2013	Executive Vice President - Network Services Business Group, Outsourcing Services Business Group and IP Business Group	Samart Telcoms Pcl.
					Nov.2013-2013	Sustainable Development Committee Member	Samart Telcoms Pcl.
					2013	Director	Subsidiaries and Related Companies (as details in Directors and Managements in Subsidiaries and Related Company)
11. Mr. Pornchai Krivichian - Position • Executive Vice President - Network Services Business Group and System Integration Business Group • Sustainable Development Committee Member - Date of appointment as Management • March 1, 2005	48	- Master of Engineering, Bridgeport University,	0.007% (42,000 Shares)	-	2011-Present	Executive Vice President - Network Services Business Group and System Integration Business Group	Samart Telcoms Pcl.
					Nov.2013-Present	Sustainable Development Committee Member	Samart Telcoms Pcl.
					2007-2010	Vice President - System Integration Business Group	Samart Telcoms Pcl.
					2005-2010	Vice President - Network Services Business Group	Samart Telcoms Pcl.
					Present	Director	Subsidiaries and Related Companies (as details in Directors and Managements in Subsidiaries and Related Company)

Remark : * Includes holding by spouse and minor children % of total number of voting rights

¹⁾ Has been resigned from the Company on January 1st, 2014.

Name-Surname / Position / Date of appointment	Age	Education	Shareholding in Company (%)	Relationship	Relationship Working Experience last 5 years		
					During	Position	Department / Company / Type Business
12. Mr. Apichat Sirisalipochna - Position • Vice President - Network Services Business Group and Business Application Solution & Service Business Group • Sustainable Development Committee Member - Date of appointment as Management • March 1, 2005	48	- Master of Business Administration, Central Missouri State University, USA.	0.055% (340,000 Shares)	-	2005-Present	Vice President - Network Services Business Group and Business Application Solution & Service Business Group	Samart Telcoms Pcl.
					Nov. 2013-Present	Sustainable Development Committee Member	Samart Telcoms Pcl.
					Present	Director	Subsidiaries and Related Companies (as details in Directors and Managements in Subsidiaries and Related Company)
13. Mrs. Aroonluck Dilokwanich - Position • Vice President - Corporate Accounting - Date of appointment as Management • September 1, 2003	55	- Master of Accounting, Bridgeport University, USA. - Bachelor of Accounting, Thammasat Universityx	0.003% (18,000 Shares)	-	2003-Present	Vice President - Corporate Accounting	Samart Telcoms Pcl.

*Remark : * Includes holding by spouse and minor children*

% of total number of voting rights

Name-Surname / Position / Date of appointment	Age	Education	Shareholding in Company (%)	Relationship	Relationship Working Experience last 5 years		
					During	Position	Department / Company / Type Business
14. Mr. Wongkrit Jiamsripong ¹⁾ - Position • Vice President - Corporate Treasury - Date of appointment as Management • January 1, 2006	46	- Master of Business Administration, Thammasat University - Bachelor of Engineering, Chulalongkorn University	0.044% (274,000 Shares)	-	2003-Present Present	Vice President - Corporate Treasury Director	Samart Telcoms Pcl. Subsidiaries and Related Companies (as details in Directors and Managements in Subsidiaries and Related Company)
15. Mr. Somchai Bunsupaporn - Position • Assistant Vice President - Internal Audit and Company Secretary - Date of appointment as Assistant Vice President - Internal Audit and Company Secretary • October 28, 2003	56	- Master of Business Administration, Kasetsart University - Bachelor of Accounting, Chulalongkorn University - Internal Audit operations Course 1 Class 27, The Institute of certified Accountants and Auditors of Thailand (Federation of Accounting Professions) - Laws and regulations for company secretary course 3, Research Center for Law and Development Faculty of Law Chulalongkorn University.	0.014% (88,700 Shares)	-	2003-Present Nov.2013-Present	Assistant Vice President - Internal Audit and Company Secretary Sustainable Development Committee Member	Samart Telcoms Pcl. Samart Telcoms Pcl.

Remark : * Includes holding by spouse and minor children % of total number of voting rights

¹⁾ Retired Vice President Corporate Treasury. Due to appointed duty as Vice President – Business Development, Samart Corporation Public Company Limited which is related and has appointed Mr. Dhilokpat Nisamaneevong as Vice President - Finance & Investor Relations on February 1st, 2014

Directors and Managements in Subsidiaries and Related Company as of December 31, 2013

Directors and Managements		Company	Subsidiaries											Related Companies																																						
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47				
		STC ⁽¹⁾	SCS	SCT	SBS	PN	TTN	STW	SIF	SAET	MMD	ITAB ⁽²⁾	PTN	SC ⁽¹⁾	SIM ⁽¹⁾	OTO ⁽⁶⁾	SMS ⁽³⁾	BUG ⁽³⁾	IMI ⁽³⁾	BS ⁽³⁾	IMP ⁽³⁾	I-SPORT ⁽⁴⁾	SIAM ⁽⁴⁾	TAL ⁽⁴⁾	ENT ⁽⁴⁾	I-SPORT M ⁽⁵⁾	SIMI ⁽⁶⁾	TCN ⁽⁶⁾	SIMM ⁽⁶⁾	IMIT ⁽⁶⁾	IMD ⁽⁷⁾	SUT ⁽⁸⁾	SEC ⁽⁸⁾	VSS ⁽⁸⁾	SE ⁽⁸⁾	SRT ⁽⁸⁾	CS ⁽⁸⁾	SIH ⁽⁸⁾	SDT ⁽⁸⁾	TEDA ⁽⁸⁾	TDC ⁽¹⁰⁾	TS ⁽¹⁰⁾	KPP ⁽¹¹⁾	CATS ⁽¹¹⁾	CIO ⁽¹²⁾	OTP ⁽¹³⁾	OTOC ⁽¹³⁾	VH				
1. Mr. Sombut Uthaisang	x																																																			
2. General Sumpun Boonyanun	/																																																			
3. Mr. Vichai Pokasamrit	/																																																			
4. Miss Rapeepan Luangaramrut	/																							/																												
5. Mr. Kajornvut Tayanukorn	/																																																			
6. Mr. Charoenrath Vilailuck	//	x	x	x	x	x	x		x			x	//	/	/	x		x		x			x							x	x	x	x		x	x	x	x	x				x	/	x	x			x			
7. Mr. Watchai Vilailuck	//	/	/	/	/	/	/	x	/			/	//	//	/	/	x	/	x	/	/	x	/	x	/	/	x	x	x	/	/	/	/		/	/	/	/	/			/	/	/	/	/	/	/	/	/		
8. Mr. Sirichai Rasameechan	//			/	/	/							//		/	/	/		/			/							/	/	/	/	/	/	/	/	/	/	/	x	x	x			/	/	/	/	/	/		
9. Mr. Jong Diloksombat	//	/	/	/	/	/	/	/	/			/	#	//		/	/	/	/	/	/	/	/		/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/		
10. Mr. Prasitchai Veerayutwilai	#						/	/	/	/	/	/																																								
11. Mr. Pornchai Krivichian	#	/	/							/	x	/																							/																	
12. Mr. Apichat Sirisalipochna	#				/	/				/	/	/																																								
13. Mrs. Aroonluck Dilokwanich	#																																																			
14. Mr. Wongkrit Jiamsripong	#											/																																								

Remark :

1) x = Chairman , / = Director , // = Executive Director , # = Management

2) The Companies' name

- | | | | |
|------------------------------------------------|--------------------------------------------------|-----------------------------------------------------|--------------------------------------------------|
| 1. STC = Samart Telcoms Pcl. | 2. SCS = Samart Communication Services Co., Ltd. | 3. SCT = Samart Comtech Co., Ltd. | 4. SBS = Samart Broadband Services Co., Ltd. |
| 5. PN = Posnet Co., Ltd. | 6. TTN = Thai Trade Net Co., Ltd. | 7. STW = Smarterware Co., Ltd. | 8. SIF = Samart Infonet Co., Ltd. |
| 9. SAET = Samart Ed Tech Co., Ltd. | 10. NMD = Net Media Co., Ltd. | 11. ITAB = IT Absolute Co., Ltd. | 12. PTN = Portalnet Co., Ltd. |
| 13. SC = Samart Corporation Pcl. | 14. SIM = Samart I-Mobile Pcl. | 15. OTO = One To One Contacts Pcl. | 16. SMS = Samart Mobile Services Co., Ltd. |
| 17. BUG = Samart Multimedia Co., Ltd. | 18. IMI = I-Mobile International Co., Ltd. | 19. BS = Brain Source Co., Ltd. | 20. IMP = I-Mobile Plus Co., Ltd. |
| 21. I-SPORT = I-Sport Co., Ltd. | 22. SIAM = Samart Interactive Media Co., Ltd. | 23. TAL = Take A Look Co., Ltd. | 24. ENT = Entertainment Tree Co., Ltd. |
| 25. I-SPORT M = I-Sport Media Co., Ltd. | 26. SIMI = PT. Samart I-Mobile Indonesia | 27. TCN = Teleconnex Co., Ltd. | 28. SIMM = Samart I-Mobile (Malaysia) Sdn. Bhd. |
| 29. IMIT = I-Mobile Inter Trade Co., Ltd. | 30. IMD = I-Mobile Direct Co., Ltd. | 31. SUT = Samart U-Trans Co., Ltd. | 32. SEC = Suvamabhumi Environment Care Co., Ltd. |
| 33. VSS = Vision and Security System Co., Ltd. | 34. SE = Samart Engineering Co., Ltd. | 35. SRT = Samart Reditech Co., Ltd. | 36. CS = Cambodia Samart Co., Ltd. |
| 37. SIH = Samart Inter Holding Co., Ltd. | 38. SDT = Samart Digital TV Co., Ltd. | 39. TEDA = Teda Co., Ltd. | 40. TDC = Teda Construction Co., Ltd. |
| 41. TS = Transec Power Services Co., Ltd. | 42. KPP = Kampot Power Plant Co., Ltd. | 43. CATS = Cambodia Air Traffic Services Co., Ltd. | 44. CIO = Contact-In-One Co., Ltd. |
| 45. OTP = One To One Professional Co., Ltd. | 46. OTOC = One To One Cambodia Co., Ltd. | 47. VIH = Vilailuck International Holding Co., Ltd. | |

3) ⁽¹⁾ Listed Companies ⁽²⁾ Held by SBS

⁽⁹⁾ Held by SUT ⁽¹⁰⁾ Held by TEDA

⁽³⁾ Held by SIM

⁽¹¹⁾ Held by SIH

⁽⁴⁾ Held by BUG

⁽¹²⁾ Held by SE

⁽⁵⁾ Held by I-SPORT

⁽¹³⁾ Held by OTO

⁽⁶⁾ Held by IMI

⁽⁷⁾ Held by IMIT

⁽⁸⁾ Held by SC

Board of Directors & Committees

Committee Member's name	Board of Directors	Executive Board	Audit Committee	Risk Management Committee	Corporate Government Committee	Nominating & Compensation Committee	Sustainable Development Committee
1. Mr. Sombut Uthaisang	x						
2. General Sumpun Boonyanun	/		x		/	x	
3. Miss Rapeepan Luangaramrut	/		/			/	
4. Mr. Vichai Pokasamrit	/		/		x	/	
5. Mr. Kajornvut Tayanukorn	/				/		
6. Mr. Charoenrath Vilailuck	/	/					
7. Mr. Watchai Vilailuck	/	x					
8. Mr. Sirichai Rasameechan	/	/					
9. Mr. Jong Diloksombat	/	/		x	/		x
10. Mr. Prasitchai Veerayutwilai				/			/
11. Mr. Pornchai Krivichian				/			/
12. Mr. Apichat Sirisalipochna				/			/
13. Miss Chotika Kamloonwesaruch				/			/
14. Mr. Suchart Duangthawee				/			
15. Mr. Wongkrit Jiamsripong				/			
16. Mrs. Nisachol Udomwongwiwat							/
17. Miss Kanokwan Chanswangpuvana							/
18. Mr. Somchai Bunsupaporn							/

Remark : x = Chairman, / = Director

Major Subsidiaries' Directors

Name-Surname	Samart Communication Services Co., Ltd.	Samart Comtech Co., Ltd.
1. Mr. Charoenrath Vilailuck	x	x
2. Mr. Watchai Vilailuck	/	/
3. Mr. Jong Diloksombat	/	/
4. Mr. Pornchai Krivichian	/	/
5. Mr. Suchart Duangthawee		/
6. Miss Chotika Kamloonwesaruch		/

Remark : x = Chairman, / = Director

General Information and Reference

Company's Information

Company	:	Samart Telcoms Public Company Limited
Head Office	:	99/7 Moo 4, Software Park 29 th Floor, Chaengwattana Road, Klong Gluar, Pak-kred, Nonthaburi 11120
Registration No.	:	0107538000631
Web site	:	http://www.samtel.com
Telephone	:	0-2502-6610
Fax.	:	0-2502-6648
Registered Capital	:	738,000,000 Baht
Number of shares sold	:	616,936,000 Ordinary shares
Par Value	:	Baht 1 per share

Other References

Registrar	:	Thailand Securities Depository Co., Ltd.
Head Office	:	62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey, Bangkok 10110
Telephone	:	0-2229-2800
Fax.	:	0-2359-1259
Auditor	:	Ms. Kamontip Lertwitworatep
	:	The Certified Public Accountant's License No. 4377
Head Office	:	EY Office Limited (formerly known as Ernst & Young Office Limited) 33 rd Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110
Telephone	:	0-2264-0777
Fax.	:	0-2264-0789-90

Remark : Investor can find more information of the company's form 56-1 as shown in the company website at www.samtel.com or www.sec.or.th.



SAMART TELCOMS PUBLIC COMPANY LIMITED

99/7 Software Park, 29th Fl., Moo 4,
Chaengwattana Rd., Klong Gluar, Pak-Kred,
Nonthaburi 11120 Thailand
Tel : (662) 502-6000 www.samtel.com