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# “CHANGE FOR GROWTH”

Because technologies and the world of business  
have never stopped evolving and changing,  
only those willing to embrace changes can be on top of the game  
and stay ahead of the new challenges.

**Samart Telcoms Group**  
is always adaptable to change.

**Change** to strengthen our competitive advantage.  
**Change** to expand our customer base and incurring revenues.  
**Change** to create a sustainable success.

# Solutions & Services Provider



With an aim to build a sustainable growth and a long-term success, we have developed a strategy that will sharpen our competitive edge and enable us to be a leading solutions and services provider who always strives to offer the best possible services to serve our customers.

# Message from The Board of Directors

Dear Shareholders,

In the previous year, 2014, the growth of Thai economy had expanded lower than anticipated due to external factors caused by slow recovery of global economy, especially in Eurozone, Japan, and China, affecting Thai export sector. Domestic factors were government investment that was lower than expected, delays in government spending, and reconsideration of large projects in government units and state enterprises. Private sector slowed down investment to see more solid government policies. Moreover, agricultural product prices and income of agriculturist decreased. However, employees of Samart Telcoms Group have never stopped devoting to offer solutions meeting customer needs by delivering the quality projects and after-sales service in order to achieve customer satisfaction. The synergy of all members in Board of Directors, executives, and employees made the Company successful in conducting business, especially in acquiring several new projects, generating revenue of Baht 6,598 million and net profit of Baht 705 million.

In 2015, Thai economy is forecasted to grow resulting from global economy recovery and new government driving short-term and long-term stimulus policies, which also benefit the Information and Communication Technology (ICT) industry, especially Digital Economy policy which includes implementation of nationwide high-speed network infrastructure (National Broadband Network), and promotion of hardware equipment and software application especially e-commerce, including digital content development. It is anticipated that ICT market will grow more than 10 percent due partly to the policy, as well as increment adoption of new technologies, such as cloud computing, big data analytics, and social business.

The Company, in 2015, still emphasizes development of competent human resources and new generation of professional management, improvement of work process to provision changes that may occur, and synergy of thought allying with strong partners to create innovation and business opportunities. The Company also focuses on efficiently financial management and standards of corporate governance responsible for all stakeholders resulting in achieving SET AWARDS 2014 in Top Corporate Governance for two consecutive years from the Stock Exchange of Thailand. The Company besides persists in conducting business with social and environmental responsibility by regularly proceeding several public projects and activities for "People of Quality and Society of Morality" campaign.

On behalf of the board of the directors, I would like to express debt of gratitude to clients, business partners, executives, employees, shareholders, and all involving for giving their confidence, trusts, and supports, driving the Company's sustainable growth. The Company is ready to be a part in elevation and creation of innovation for the country's ICT, a key part to drive economy along with social responsibility to sustainably improve quality of life in Thailand.



**Mr. Sombut Uthaisang**  
Chairman





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# S International standard



Despite fierce competitions  
and constant changes in the business,  
we remain committed to maintaining  
our high standard of service and product quality.  
Our subsidiaries have been certified with numerous international standards  
including ISO9001:2008, CMMI Level 5, Cisco Gold Certified Partner,  
and SAP Certified Customer Center of Expertise.  
These achievements demonstrate our efficient management,  
our software quality and our strong partnership with our vendors  
and business partners.



# Report of The Executive Board

Dear Shareholders,

The previous year of 2014, Thai economy was impacted by external factors regarding the deceleration of global economy and domestic factors regarding political instability resulting in several changing incidences. However, the Company was able to perform with Baht 6,598 million for revenue and Baht 705 million for net profit. Contracts on major projects such as Common Use Terminal Equipment (CUTE) with Airport of Thailand PLC (AOT) at Suvarnabhumi Airport were successfully renewed. The Company also signed new large projects, for example, Development of Telecommunication System for Supreme Command Headquarter (SCH). Besides, provisions of solutions and services to private sectors were also extended to the Company's portfolio as seen from Digital Trunk Radio System (DTRS) for petroleum and petrochemical companies in Mabtapud Industrial Estate and e-payment systems for domestic commercial banks.

Thai economy in 2015 is expected to recover according to government policies for economic stimulation, especially "Digital Economy Policy", which is expected to play major roles in continuous growth of the Information and Communication Technology (ICT) industry. The Company has total solutions to respond to Digital Economy policy with network solutions, enhanced ICT solutions integrating and applying various technologies to respond to growth of demands and complex expectation of customers in digital economy, as well as solutions and services regarding business application to increase customers' competitiveness and efficiency to better serve their end clients.

For this upcoming 2015, the Company still holds on to its business strategy "Change... Progress ... Sustainability (Change Ahead)" leading the organization to strengthen itself and be prepared for any changes in this fast-moving industry such as changes in technologies, changes in consumers' behaviors and demands, as well as changes in any other dimensions. The Company's strategy also allows itself to become more flexible in adjusting business directions and business plans dynamically in order to seize new business opportunities and acquire more recurring revenue to achieve goals in business stability and sustainability.

In order to reach such goals, the Company focuses on development of new generation of professional executives, knowledge and skill development of employees, and foundation of works under the concept of "3S for Success". Beginning with SYNERGY for collaboration of units across the Company and for collaboration of inter-organization with business partners, the Company operates, delivers and creates higher level of offered values on products and services under international STANDARD as seen from certified subsidiaries' ISO 9001 (for quality management), CMMI Level 5 (the highest of level for quality software development), and committed ISO 20000 in the near future (for quality and efficiency management in providing information technology services). Furthermore, the Company has applied IT for project management and service tracking in order to meet high level of customer SATISFACTION. The Company also fosters the scheme of "SENSE of OWNERSHIP" to all staffs and management through many programs and activities resulting in determination and dedication to achieve business goals of the Company altogether.

Beside of its business determination, the "People of Quality and Society of Morality" is still the important concept that the Company is proud of and holds it as working guideline for sustainable social responsibility through several projects and public benefit activities to improve the quality of life, to prosper the society, and meanwhile to preserve environment.

Samart Telcoms PCL is now ready with the determination of qualified management and employees. The Executive Board thus confidently believes in sustainable business growth through the best solutions and services delivered to customer, the values handed over to all stakeholders, and the sustainable prosperity brought to the society.



**Mr. Watchai Vilailuck**  
Chief Executive Officer



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# P eople

Our people have a strong sense of ownership  
and are determined to grow  
and drive the company forward together.  
With their competency, capability and customer knowledge,  
they are committed to delivering fast and efficient technologies  
that will bring optimal satisfactions to the customers.

## 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 demands and requirements of our customers and their organizations with the highest benefits.

### Employees

Provide excellent and rewarding career opportunities to employees by providing extensive training and development programs to enhance their knowledge, skills, and service mind 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 sustainably and to be organization of innovation.

### 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 with stable revenues by expanding customer base 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"





## 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

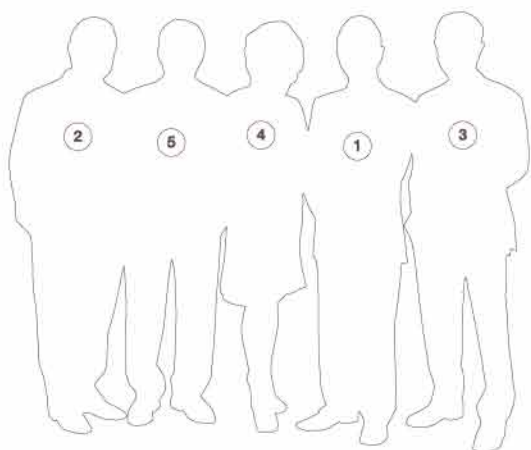
- Independent Director
- Chairman of the Corporate Governance Committee
- Audit Committee Member
- Nominating & Compensation Committee Member

### 4. Miss Rapeepan Luangaramrut

- Independent Director
- Audit Committee Member
- Nominating & Compensation Committee Member

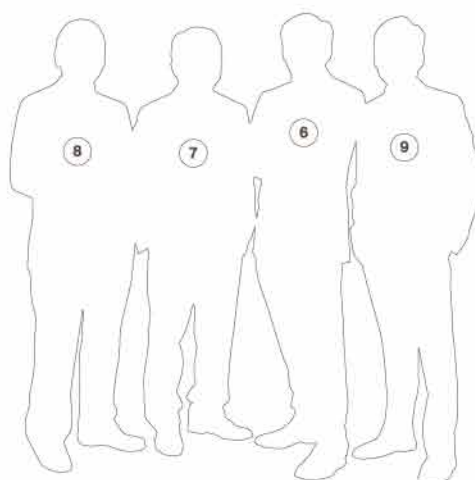
### 5. Mr. Kajornvut Tayanukorn

- Director
- Corporate Governance Committee Member





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



# Report of the Audit Committee

## Dear Shareholders,

The Audit Committee of Samart 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 6 Audit Committee meetings in 2014. 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. Review of quarterly and annual financial statements in 2014**, by inquiring and listening to the management and the external auditor's clarifications concerning the preciseness and completeness of the financial statements and the adequacy of the information disclosed. The Audit Committee agreed with the external auditors that the financial statements were correct adhering to the general acceptable accounting principles and promptly disclose for the benefit of shareholders, investor and users of such statements for the purpose of making informed investment decisions.
- 2. Review of information regarding operation and internal control to ensure efficiency and effectiveness achieving performance goals.** In 2014, based on the COSO-ERM Framework, (The Committee of Sponsoring Organizations of the Tread way Commission - Enterprise Risk Management), the Audit Committee reviewed internal audit reports. Assessment results regarding effectiveness of internal controls and risk management systems disclosed that there are no significant deficiency, have appropriate asset safeguarding, correct, complete and reliable information disclosure. In addition, the Audit Committee evaluated the internal control system in compliance to the Practice of the Securities and Exchange Commission. They commend that the Company possesses good internal control system monitoring the operations of its subsidiaries adequately, appropriately and efficiently. Also, the Company realized the importance of the internal control in information technology system, hence engagement of external advisors in auditing, pursuing, and recommending annually.
- 3. Review of internal audit**, by considering 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 as appropriate, up to date and in compliance with the internal audit practice manual of the Stock Exchange of Thailand. Approval of 2015's audit plans that linked on the internal control evaluation basis and covering crucial working systems of the Company. The Audit Committee also commend that the Company had an internal control was adequate, appropriate and effective. Also have developed the audit quality in personnel training and audit work on par with international standard for the Professional Practice of Internal Auditors.
- 4. Review of the Audit Committee Charter annually** considering updating and editing of Qualifications, Duties of the Audit Committee, consistent with the Principles of Good Corporate Governance and Regulations of the Stock Exchange of Thailand.
- 5. Reviewed of connected transactions, or transactions that may lead to conflicts of interest.** This is 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 that were conducted by Management was fair, without conflict of interest and maximizing the 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. **Establishing a self assessment** for Audit Committee member and the Audit Committee annually in compliance with Best Practice Guideline for Audit Committee. The evaluation result revealed that the Audit Committee's performance is completely fulfilled according to its Charter and complied with the good principles, effectively enhancing the good corporate governance.
7. **Presentation of the Report of the Audit Committee's** Activities to the Board of Directors for acknowledgement for every Audit Committee meetings and provision of useful performance recommendation to management, which were subsequently adopted and processed properly. To comply with Best Practice Guideline for Audit Committee and Regulations of the Stock Exchange of Thailand.
8. **Consideration on the appointing of the External Auditors and their Remuneration for the year 2014** was to be proposed to the Board of Directors to request for approval of Annual Shareholder's Meeting for the year 2014. The Audit Committee considered the performance, independency and remuneration and concluded to propose appointments of Miss. Siriwan Suratepin, Certified Public Accountant Registration number 4604. Miss. Kamontip Lertwitworatep, Certified Public Accountant Registration number 4377, or Mr. Wichart Lokatekrawee, Certified Public Accountant Registration number 4451 of EY Office Limited to serve as the Company's external auditor for the year 2014, 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, independency in performing their duties, and giving recommendations regarding internal control system and various risks.
  - The proposed remuneration was properly offered at 1,820,000 Baht, equal to the year of 2013.
  - Regulation of the Office of the Securities and Exchange Commission (SEC) was complied 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 2014, it shall be the first year.
  - The external auditors had no relation with the Company and subsidiaries.

The Audit Committee performed its duties and responsibilities with appropriate 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 has been concluded that the Company was fully committed to effective Corporate Governance. The Company disclosed financial and operation information correctly, had appropriate and effective internal control and audit; risk management, complied with laws, regulations and obligations, disclosed the connected transactions correctly and performed duties in compliance with the Good Corporate Governance principles, with adequacy, transparency and reliability. Also developed 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 8 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 2014. The committee conducted 3 meetings to consider the significant matters as summarized below:

1. Considering annual risk management plan assessed and prioritized by managements of all related units, determining the effect of those risks and proposing strategic plans on risk prevention and minimization.
2. Providing advices on the implementation of risk management with managements of all related units.
3. Encouraging executives and employees to be aware of the importance of risk management to ensure its goal achievement.
4. Monitoring progress of risk management from various units involved and reviewing the compliance with risk management plans pursuant regarding risk management policy and framework. Assuring 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 ensure its goal achievement.

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 on promotion and support on business operations pursuant to corporate governance principles by emphasizing that the directors, the executives and the employees shall contribute on cultivation governance culture on continued basis so that the Company shall have a strong foundation which can enhance confidence of all stakeholders. Hence, the Corporate Governance Committee was assigned by the Board of Directors to be responsible for the corporate governance principles of the Stock Exchange of Thailand which are in line with the ASEAN CG Scorecard.

In 2014, the Corporate Governance Committee has performed duties pursuant to scope of responsibility according to the Corporate Governance Charter. The Corporate Governance Committee held 2 meetings to follow up and consider various matters to support and promote the Company's good corporate governance principles and then propose to the Board of Directors for consideration continue. 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.**  
In 2014, the Corporate Governance Committee has revised and improved corporate governance policies, business ethics and all committee's charters to make them in line with the newly revised corporate governance standards of the Stock Exchange of Thailand as well as the international corporate governance criteria which are based on ASEAN CG Scorecard criteria.
- **The Self assessment of the Board of Directors, both as a group and as an individual, Sub-committee, the Chief Executive Officer and Company Secretary.**  
The Corporate Governance Committee oversaw and encouraged the Board of Directors self-assessment, both as a group and individual, Sub-committee as well as annual assessment of the Chief Executive Officer and Company Secretary. Moreover, in 2014, Self-Assessment of the Sustainable Development Committee was also addressed. Results from such assessments and recommendations shall be used to improve, rectify and develop work efficiency for better performance.
- **Review of the Company's Corporate Governance Report disclosed in the Annual Report.**  
The review was conducted in accordance with the principles of good corporate governance to comply with the new regulations of the Stock Exchange of Thailand and the regulations of governed organizations.
- **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 to comply with the Securities and Exchange Act and the Principle of Good Corporate Governance.

It's the Determination on development of its proper and effective yields the Company's evaluation of corporate governance reports of Thai listed companies by the Thai Institute of Directors (IOD), at the rate "Excellent (5 Stars)" in 2014 and being ranked in Top Quartile of the group of companies with a market capitalization of Baht 10,000 million upwards and In addition, the survey result of the Annual General Meeting of Shareholder for the year 2014 (AGM checklist) by the Thai Investors Association, also rates the Company "Excellent". Moreover, the company was granted SET Award "Top Corporate Governance Report" (For two consecutive years) by the Stock Exchange of Thailand (SET).

From the above evaluation, it has been proved that the Company places importance and operates 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 by promoting the policies to the Company's employees via e-mail by means of weekly corporate governance tips and public relation board indicating good management standards and also promote the Company's corporate governance principles to be up-to-date that will raise the standards and practices of corporate governance of the Company.



(Mr. Vichai Pokasamrit)

Chairman of the Corporate Governance 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 2014, the Nominating & Compensation Committee conducted 3 meetings to consider numerous matters concerning the company. The member who has an interest in any matter considered shall be refrained from voting. Results from the meeting including comments and recommendations have been reported to the Board of Directors for considerations which can be summarized as follows:

- **Nominate and proposed personnel to assume the Board in replacement of Directors retiring by resignation and rotation**

The Nominating & Compensation Committee has considered, nominated and proposed personnels for replacement of Directors after resignation and rotation. Such resigned directors shall be proposed to resume position, previous performance works and meeting attendance records of such Director for approval of the Board of Directors' Meeting prior to the approval of Shareholders' Meeting.

- **Nominate and proposed personnel to assume the Committees' member**

The Nominating & Compensation Committee has considered, nominated and proposed personnels to succeed the Committees' member every year and propose to the Board of Directors for further approval.

- **Determine Compensation for Board Directors and Committees**

The Nominating & Compensation Committee has considered the remuneration package for Board of Directors and Committees' members, by considering to the appropriateness of role and responsibility in accordance with the results of operations, as well as to be competitive with listed companies of the same industry and comparable business size; compensation must attract quality directors and executives to achieve the goals and directions as defined by the Company. To foster confidence for shareholders, the remuneration process is also made transparent. Details of the remuneration of directors and executives appears under "Management Structure"

- **Determine appropriate Bonus and Salary Increase**

Considered, together with the Human Resources Department and the Executive Board, the criteria of salary increase and the calculation of annual bonus. Based on the results of operations of the Company and the performance of each employee and executive. At a rate appropriate and comply with the results of operations of the Company.

The Nominating & Compensation Committee reported results from every meeting for the Board of Director' acknowledgement on regular basis. In 2014, 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

# Report of the Sustainable Development Committee

**Dear Shareholders,**

The Company realizes the importance of sustainable development which is crucial for the growth of business and its sustainable development by consideration of social environment in Company with concerns of social responsibility. The Board of Directors has appointed the Sustainable Development Committee since in 2013 from the members of Board of Directors and all concerned management on each department which comprises 7 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 as well as progress follow-ups, the CSR activities efficiency assessment and finally report the performance results to the Board of Directors.

In 2014, the Sustainable Development Committee conducted 2 meetings to carry out the duties assigned by the Board of Directors. The Sustainable Development Committee has considered and define directions for the Company's actions of social and environment responsibility to cover the composition of three major aspects; Environment, Social and Governance, which would cause balance between short-term goals and long-term goals, as well as to yield positive impacts on society and to cause the Company long-term sustainable growth and social responsibility to simultaneously comply with the company's policies. Additionally, the Company also continuously encourages activities of the social and environmental concepts of "PEOPLE of QUALITY and SOCIETY of MORALITY" to build up awareness for the directors, management and employees have jointly created value in the development of the society.

The Sustainable Development Committee is confident that the Company will develop the organization's sustainable growth and become a transparent organization with true corporate governance and responsibility as well as to maintain the benefits of the stakeholders and society, including development of personnel to become good people with both efficiency and righteousness, in order to develop a foundation of the corporate social responsibility continuously and sustainably.



(Mr. Jong Diloksombat)

Chairman of the Sustainable Development Committee

# Corporate Social Responsibility Report

(Sustainability Report)

## Overall Policy

The Company emphasize on responsibility to society with its operation of core business, as the Company realize that the responsibility to society, community, and environment were important for sustainable growth of business, and for more tangible operations of social responsibility. Therefore, the Board of Directors' approved the establishment of the Sustainable Development Committee in order to set out framework and guidelines of policies on social and environment responsibility and monitor on progress of the implementation of such policies. In addition, the Board of Directors' approved CSR policies to the Board of Directors, executives and employees as following:

### **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 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.

Such policies are consistent with the vision and missions of the Company which represents social and environmental responsibility for sustainability of the Company and the society as a part of normal business practices as follows.

### **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 demands and requirements of our customers and their organizations with the highest benefits.

#### **Employees**

Provide excellent and rewarding career opportunities to employees by providing extensive training and development programs to enhance their knowledge, skills, and service mind 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 sustainably and to be organization of innovation.

#### **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 with stable revenues by expanding customer base 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”

The Company has disclosed “CSR Policy” “Environment Policy” and “Policy Compliance” includes “Report of the Sustainable Development Committee” and “Sustainable Development Committee Charter” at the Company’s website ([www.santel.com](http://www.santel.com)) under the topic “Corporate Governance”.

## Progress and Reporting

The Company conducts business in compliance with CSR Policy and takes all stakeholders into account. Policies regarding treatments to all stakeholders are stipulated in the Company’s Business Ethics. Details are disclosed in section “Corporate Governance” under topic of “1.2 Business Ethics” and posted on the Company’s website at [www.santel.com](http://www.santel.com). CSR policies comprise 9 operating principles of conduct as follows:

1. Organization Governance
2. Fair Operating Practice
3. Anti-Corruption
4. Respect of Fundamental Human Rights
5. Fair Labor Practices
6. Consumer Responsibility
7. Contribution to the Community and Society
8. Environmental Conservation
9. Innovation and Publication of Innovation from Social Responsibility

One of the Company’s concentrated stakeholder is employees. The Company highly regards all of the employees as invaluable resources and indispensable assets that propel the Company to meet all objectives and future successes. The Company offer fair hiring with adequate training and education from both internal and external organization for employee development. Details regarding employee policy were disclosed in “5. Fair Labor Practices” and policy in Human Resources Management and Development Policy were disclosed in the section “Management Structure” under “Human Resource” in the topic “Human Resources Management and Development Policy”.

Progress of 9 operating principles of conduct were as follows:

### 1. Organization Governance

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

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 2014, 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 2014, the Company rewarded as follows:

**1. ASEAN CG Scorecard 2013/14 Assessment of 6 ASEAN countries**

The Company scored level 80-89 and was ranked as TOP50 of Thai listed companies.

**2. 2014 CGR Survey Report of Thai listed company**

The Company has been evaluated as **"Excellent"** or **"5 Stars"** which is the highest rating. There are 29 companies having level "Excellent" from a total of 550 listed companies surveyed by the Thai Institute of Directors Association. The Company was also ranked in **Top Quartile** of the group of companies with a market capitalization of Baht 10,000 million up.

**3. SET Award 2014**

The Company was awarded SET AWARDS 2014 as Top Corporate Governance Report Awards from the Stock Exchange of Thailand as same as the other 2 companies of SAMART group; Samart Corporation Pcl. and Samart I-Mobile Pcl. Only 10 listed companies received this award.

**4. Survey on quality in convening the 2014 Annual General Meeting of Shareholders.**

The Company was rate **"Excellent"**.



## 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](http://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 "Business Ethics".



### 3. Anti-Corruption

The Company conducts all business affairs under principles of good corporate governance. Anti-Corruption Policy is set to prevent all corruptions that may arise from operating activities and contacts with stakeholders which the directors, executives and employees of the Company, its subsidiaries and associated companies must strictly adhere. The Board of Directors Meeting 1/2015 held on February 24, 2015 has approved amendments / additions to the anti-corruption policies as declared in the Company's Code of Business Ethics manual and posted on website at [www.samtel.com](http://www.samtel.com) for all employees to adhere. Details of Anti-Corruption policy, Guidelines to perform of anti-corruption and the result of the implementation of such policies were disclosed in the subject "Internal Control, Risk Management and Anti-Corruption"

### 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 “Corporate Governance” under “Business Ethics” in the topic “Non violation of the human right policies and practices”
2. Define “Compensation and Benefit Policy”, Incidentally, the Company essentially determines its 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 diversified industry. These might ensure that our employees would receive appropriate and equitable compensation, benefit and welfare package being competitive in labor market or among leading companies in the industry.
3. Define “Safety and Health Policy” as shown in the section “Corporate Governance” under “Business Ethics” in the topic “Employee policies”.
4. Define “Human Resources Management and Development Policy”, the Company achievement depends on qualified and high caliber employees, the Company group 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 group’s business vision, missions, operation, and corporate culture as synergy simultaneously. For more details, please see in “Management Structure” under “Human Resource” in the topic “Human Resources Management and Development Policy”

## Development of Quality of Work Life

The Company always recognizes that employees are valuable resources of the organization. The Company supports the development of quality of life, and Work Life Balance in order to be the Happy Work Place, in 2014 the Company has provided various activities to employee to participate the activities as following:

### 1. Build to Build Team Spirit Workshop

The activity gives employee committing to the same goal and vision: a commitment to strive, to succeed and to enhance the performance, to be ready to be adapted to cope with any changes. It also makes them proud to be a part of the team and organization.



### 2. Employee Voice Activities

To allow employees who work in different locations to understand the Company direction, business goal. The Company provides a chance for them to question and to be listened to what they think of the Company.

### 3. ICT Care Activities

An activity that creates the positive attitude to our employees by having executives to join in and reward them on special occasions such as Valentine’s Day festival, Loy Krathong festival etc.



#### 4. ICT Outstanding Award

An activity that encourages employees with excellent performance on various aspects such as Synergy, Standard, Satisfaction and Sense of Ownership to build morale staff, as well as a good model to employees in general.

#### 5. The 2015 New Year Board Wish

In the 2015 New Year party, the Company had offered different games to allow employee to play and win the prize.



### 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.

## 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 2014 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 Project of radio communication system along the pipeline onshore of PTT Public Company Limited.

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

The Company has promoted environmental care and efficient use of resources among its employees via both internal communications and the "Reduce and Reuse" project every year.

In 2014, the Company organized the project under the "**Roger That and Change**" concept with aim to perpetuate behavioral changes and also to pursue maximum efficiency from resources. As a result, a 3D house model went up as a part of the exhibition that showed how to save energy in daily life. In addition, in its bid to turn unused items into something useful for the society, the project carried out various other activities. Among them was a call for the donation of unused notebooks that were passed onto students in need.

## 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 Award Project is an important activity that Samart Group of Companies conducted continually for more than 12 years with aims to encourage the youth and the new generation entrepreneurs to develop their creativity and capability which can lead to technology innovation. After the end of the contest in each year, the Company has disseminated qualified and winning projects to the public via activities and public relations media constantly. This project cannot only be used as commercial promotion to the contestants but it can also motivate the Thai new innovative developers. For the past year, there were 60 news coverage, publicized via newspaper, radio, television and on-line media.

## Business practices that affect social responsibility

1. As the Company conducts business in compliance CSR policy through 9 operational principles, in 2014, the Company and its subsidiaries have not been audited or under were checked by the competent authority or any law in any way.
2. As the Company conducts business in compliance CSR policy through 9 operational principles, in 2014, the business of the Company and its subsidiaries have not been accused of having negative impacts on society and the environment.

## Activities for society and environment (CSR after process)

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

### Creation of quality people

- **SAMART INNOVATION:** This project covers a Technology Innovation Contest, Scholarships, and Technology Training to enhance telecommunication-technology knowledge and work skills namely:

1. **Samart Innovation Awards 2014:** The annual contest was in its 12<sup>th</sup> year in 2014 the Company Joined force with National Science and Technology Development Agency (NSTDA) in organizing “The Young Technopreneurs Project” The program covers :

- Korea field trip to visit and see advanced technologies at “Seoul International Fair 2014” in South Korea for top 3 winners
- The Business Startup Funds to 25 outstanding teams, each receiving Baht 20,000. The winner of Samart Innovation Awards 2014 or the “Outstanding Inventor of Innovative Prototype” received Baht 200,000, while the first and second runners-up got Baht 100,000 and Baht 50,000 respectively.
- Commercial opportunity : During the past three years (2012 to 2014), we have supported 76 teams or over 200 person of young technopreneurs for technology business sector. In addition, the Company is committed to identifying and developing more such technopreneurs.



2. **Samart Innovation FUND** has awarded scholarships and research grants to telecommunications students in their last year of study at six universities so as to further their knowledge, to develop their final study projects, or to continue their education. These universities are King Mongkut’s University of Technology Thonburi, Thammasat University, King Mongkut’s Institute of Technology Ladkrabang, Kasetsart University, Mahidol University and King Mongkut’s University of Technology North Bangkok. In all, Samart Innovation FUND handed out Baht 360,000 as research grants in 2014. Each scholarships was worth Baht 20,000 and each of the universities got three grants for their students.







3. **Samart Innovation CAMP** has offered training on necessary telecommunication-technology knowledge and work skills. Conducted under the theme of “Get Ready to be a Professional”, the training took place at the Bangkok University, the King Mongkut’s University of Technology Thonburi, the Ramkhamhaeng University, the Rajamangala University of Technology Krungthep, and more, in 2014.

- **SAMART SCHOLARSHIPS :**

- > **Scholarships for Mahidol University’s graduate students:** The Samart Foundation provided five scholarships worth Baht 95,000 altogether for its master program via the Graduate Studies of Mahidol University Alumni Association, and five grants of Baht 100,000 to the Mahidol University’s Engineering Foundation for use in educational support and R&D.
- > **Scholarships for primary and secondary students:** The Samart Foundation granted 60 scholarships and supplies worth Baht 145,000 altogether to cash-strapped students at Ban Kantrong School, Ban Wan School and Ban Muang School. These three schools are located in Surin province.

- **Sponsorship for SPORTS CAPABILITIES**

- > **Sponsorship for football clubs:** Samart Telcoms Pcl. has been a sponsor of various football clubs such as Buriram United Football Club, the Songkhla (Wuachon) Football Club, the Chonburi Football Club, the Phrae United Football Club, the Royal Thai Navy Football Club and the TOT SC Football Club.
- > **Sponsorship for golf:** Samart Comtech Co., Ltd. granted Baht 64,980 in sponsorship to a golf tournament held by the High-Level Judicial Executives 15 Golf Club.

- **Other Forms of Support for EDUCATIONAL OPPORTUNITIES**

- > **Support for the improvement of library, kindergarten classrooms and playground:** Volunteers from the “Samart D Club” went to the Ban Thung Ta Kaeo School in Tambon Huai Hin, Chaibadan district, Lop Buri province to carry out the improvement under the budget of Baht 315,000 granted by Samart Comtech Co., Ltd. and Samart Communications Services Co., Ltd.
- > **Donation of Computers & Printers:** Samart Comtech Co., Ltd. in collaboration with AOT Pcl. donated the devices to a remote border patrol police school in Ban Saen Kamleu, Pang Mapha district, Mae Hong Son province.



### การส่งเสริมสังคมคุณธรรม

มุ่งสนับสนุนช่วยเหลือบรรเทาทุกข์และบำเพ็ญประโยชน์ผ่านชมรม “สามารถ..ดีกลับ” ซึ่งเกิดขึ้นจากการรวมกลุ่มของพนักงานจิตอาสาในบริษัท นอกจากนี้ ยังได้มีการจัดกิจกรรมส่งเสริมพุทธศาสนาและสาธารณกุศลต่างๆ ผ่าน “มูลนิธิสามารถ”

> **Samart Mind Power** ส่งเสริมการนำหลักธรรมมาใช้ในชีวิตประจำวัน ประกอบด้วย

- จัดคอร์สปฏิบัติธรรม Format จิต Delete อารมณ์ (2 วัน 3 คืน) ณ ธรรมสถานเฉลิมพระเกียรติ รัชกาลที่ 9 วัดพระราม 9 กาญจนาภิเษก สำหรับพนักงาน จำนวน 40 คน ซึ่งจัดติดต่อกันเป็นปีที่ 4
- จัดเทศนาธรรม หัวข้อ “อยู่ให้เป็นสุข ในสังคมที่เปลี่ยนแปลง” โดย พระอาจารย์สุรศักดิ์ สุรญาโณ พระนักเทศน์ ณ วัดชลประทานรังสฤษฎ์ และเสวนาธรรม หัวข้อ “ทันโลก ทันธรรม กับธรรมะ 3G” โดย พระอาจารย์สมปอง ตาลปุตโต ซึ่งจัดให้กับพนักงาน ที่สนใจเป็นประจำทุกปี



> **กิจกรรมอาสาพำนองเทียว** เปิดโลกการเรียนรู้ให้แก่เยาวชนจากมูลนิธิบ้านนกขมิ้น จำนวน 50 คน ณ พิพิธภัณฑ์วิทยาศาสตร์คลอง 6 จ.ปทุมธานี โดยพนักงานจิตอาสา ชมรม “สามารถ ดีกลับ”

> **กิจกรรมบริจาคโลหิต** โดยร่วมกับสภากาชาดไทย จัดให้พนักงานและคนในชุมชนใกล้เคียง ได้มีส่วนร่วมช่วยเหลือสังคมร่วมบริจาคโลหิต โดยจัดอย่างต่อเนื่องเป็นประจำทุกปี ละ 2 ครั้ง



> **สนับสนุนการจัดงานวันเด็ก** ของหน่วยงานต่างๆ อาทิ สมุดดินสอ อุปกรณ์การเรียน ให้กับโรงเรียนวัดปรายยิกาวาส, โรงเรียนชุมชนโมตรีกูทิศ, โรงเรียนนุ้มประสงค์วิทยา, โรงเรียนโชติการามมูลนิธิบ้านชีวิตใหม่ใจเสมอ (ชุมชนคลองเตย), ศูนย์เยาวชนโรตารีธนบุรี และโรงเรียนของหนู จ.ลพบุรี

### การป้องกันการมีส่วนร่วมเกี่ยวข้องกับการคอร์รัปชัน

บริษัทได้มีการกำหนดนโยบายและแนวปฏิบัติเกี่ยวกับการต่อต้านการทุจริตคอร์รัปชัน มีการจัดช่องทางในการแสดงความคิดเห็นและข้อเสนอแนะ รวมถึงช่องทางการแจ้งเบาะแส ขั้นตอน วิธีการแจ้งเบาะแสและการปกป้องพนักงานผู้แจ้งเบาะแส และเปิดเผยนโยบายและแนวปฏิบัติต่างๆ รวมถึงขั้นตอนต่างๆ ไว้ในจริยธรรมธุรกิจ และเผยแพร่ไว้ในเว็บไซต์ของบริษัทที่ [www.samtel.com](http://www.samtel.com) ภายใต้หัวข้อ “การกำกับดูแลกิจการ” ทั้งนี้ บริษัทจัดให้มีระบบการควบคุมภายในและการบริหารจัดการความเสี่ยง เพื่อเป็นการป้องกันการมีส่วนร่วมเกี่ยวข้องกับการคอร์รัปชัน โดยสามารถดูรายละเอียดเพิ่มเติมได้ในเรื่อง “การควบคุมภายใน การบริหารจัดการความเสี่ยง และการต่อต้านการทุจริตคอร์รัปชัน” รวมทั้งยังได้เปิดเผยปัจจัยความเสี่ยงในด้านต่างๆ ไว้ในเรื่อง “ปัจจัยความเสี่ยง” และได้เปิดเผย “นโยบายบริหารความเสี่ยง” ไว้ในเว็บไซต์ของบริษัทที่ [www.samtel.com](http://www.samtel.com) ภายใต้หัวข้อ “การกำกับดูแลกิจการ”



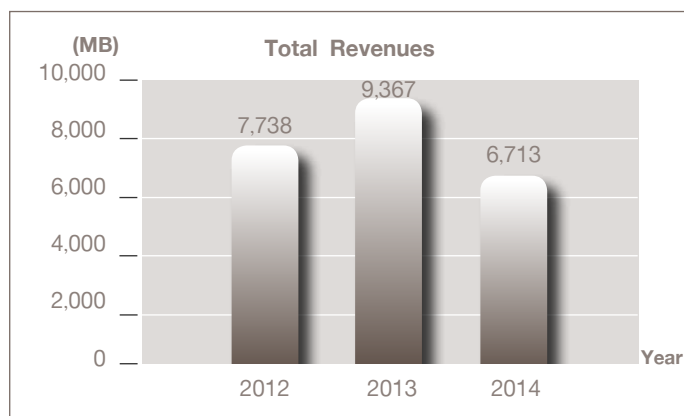


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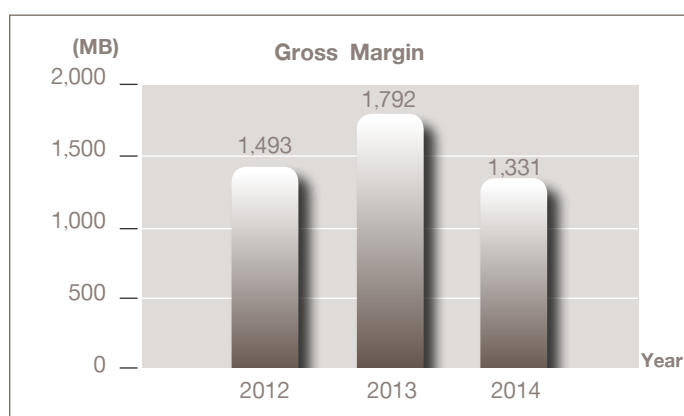
# Financial Highlights

		2012	2013	2014
<b>Operating Results (Baht Million)</b>				
Total revenues		7,738	9,367	6,713
Gross profit		1,493	1,792	1,331
Net profit		828	857	705
<b>Financial Status (Baht Million)</b>				
Total assets		12,397	12,473	8,938
Total liabilities		9,665	9,298	5,460
Shareholders' equity		2,732	3,175	3,479
<b>Financial Ratio</b>				
Net Profit Margin	(%)	10.70	9.15	10.50
Return on equity	(%)	33.35	29.02	21.20
Return on asset	(%)	7.80	6.89	6.58
Debt to equity	(Time)	3.54	2.93	1.57
Earning per Share	(Baht)	1.36	1.40	1.14
Dividend per share	(Baht)	0.70	0.75	0.65
Dividend payout ratio*	(%)	51.54	54.01	56.99
Book value per share	(Baht)	4.48	5.15	5.63
Par value per share	(Baht)	1	1	1
No. of Shares	(Million Share)	610.2	616.9	618.0

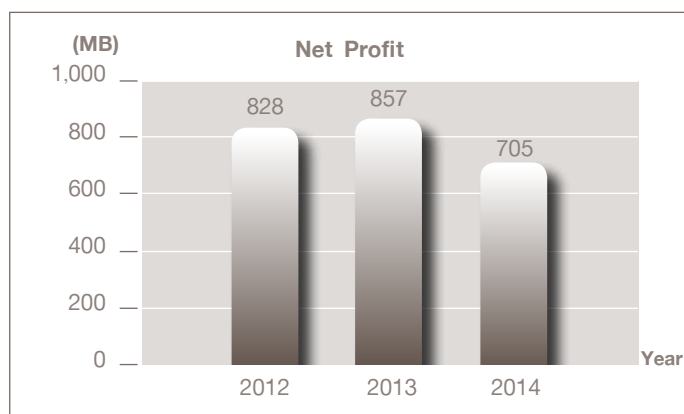
\* % of consolidated net profit after deduction of all reserves as stated in the Company's Articles of Association and related laws.



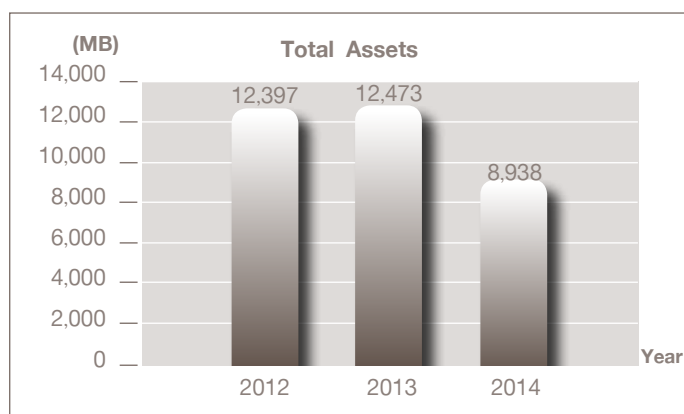
In 2014, total revenue was Baht 6,713 million, decreased from previous year by Baht 2,654 million or 28.3%, mainly resulted from the lower revenue recognition of turnkey projects.



In 2014, gross profit was Baht 1,331 million, decreased by Baht 460 million or 25.7% from previous year. Gross profit margin was 20.2% increase from 19.4% of last year.



In 2014, net profit was Baht 705 million, decreased by Baht 152 million or 17.8% from previous year. Net profit margin was 10.5% increase from 9.1% of last year.



Total assets as of December 31, 2014 were Baht 8,938 million decreased by Baht 3,535 million or 28.3% from the end of 2013, mainly resulted from decrease in accrued revenue, and trade and other receivables.

## Results of Customer Satisfaction Survey on Project Installation and Delivery, and After-Sales Services

### Customer satisfaction

The Company has given precedence to ultimately meet the needs of customers, both government and private sectors, with the international standards of quality to achieve customer satisfaction from project installation and delivery to after-sales services.

The Company has designed and conducted customer satisfaction surveys to bring the results into analysis and to improve or rectify known defects as well as to maintain and enhance positive aspects that customers perceive about the Company. In addition, customer satisfaction surveys and fault correction process are requirements in standard of ISO 9001 : 2008, which the Company's subsidiaries have been certified. The Company has set a target of number of satisfied customers not less than 80 percent of total customers surveyed.

For the year 2014, the satisfaction survey results indicated that overall customer satisfaction over various services from the Company was at high level with number of customers having positive attitude (somewhat satisfied and very satisfied) at 94 percent of total customers surveyed and the average satisfaction score of 4.27 out of 5 points.

Categorized into two areas, installation and delivery, and after-sales services, the survey shown that:

- **Satisfaction on the installation and delivery.** Overall customer satisfaction was at high level with number of customers having positive attitude (somewhat satisfied and very satisfied) at 91 percent of total customers surveyed and average satisfaction score of 4.17, which is higher than that surveyed for the year of 2013 (at 88 percent). The results indicated that the Company was outstanding in implementation planning (4.36), manners and relation in coordination (4.35), punctuality (4.21) and ability of the project manager (4.18).
- **Satisfaction on after-sales services.** Overall customer satisfaction was at high level with number of customers having positive attitude (somewhat satisfied and very satisfied) at 96 percent and average satisfaction score of 4.29, which is higher than that surveyed for the year of 2013 (at 92 percent). The results indicated that the Company was outstanding in the manner and interpersonal skill of the staff (4.64), knowledge and expertise of service technicians (4.44), manner of service call agents (4.5), equipment after repair in well operation (4.31), and the ability in initial troubleshooting of on-call technicians (4.24).

The Company acknowledged flaws and suggestions for each project, and created Corrective Action Request (CAR) brought into the process of improvement to prevent those flaws from recurrence resulting in elevation of quality of services to customers.

*Remarks: In the survey, satisfaction was measured using Likert Scale by indicating satisfaction level of the respondents into five scales from Very satisfied (5), Somewhat satisfied (4), Neutral (3), Somewhat dissatisfied (2), and Very dissatisfied (1). The survey, for data analysis, utilized the following indicators:*

*The negative attitude (Bottom 2 boxes/scales) by considering only "Somewhat dissatisfied" and "Very dissatisfied" indicated in the answer.*

*The positive attitude (Top 2 boxes/scales) by considering only "Somewhat satisfied" and "Very satisfied" indicated in the answer.*

# Policy and Overview on Business Operation

Samart Telcoms Public Limited Company (“The Company” or “SAMTEL”), was founded on July 18<sup>th</sup>, 1986 with initial registered capital of Baht 5 million with the business purpose of provision in Satellite Telecommunication Services. The Company has registered in terms of the Public Limited Company and become a listed company of the Stock Exchange of Thailand since 1996 with the current registered capital of Baht 738 million and paid-up capital of Baht 618 million.

## Policy and Overview on Business Operation of the Company

The Company aims to be the leading provider of total solutions and services in Information and Communication Technology (ICT) by its SYNERGY among units, subsidiaries under Samart Group, and business partners to provide ICT services under international STANDARD to meet all the needs of customers with knowledge and expertise as well as establishment of alliance to create value added to services helping customers increase convenience and speed, and reduce cost of operation effectively, in order to achieve customer trusts and the highest level of customer SATISFACTION.

### Goal in 3-5 years

Within the next 3-5 years, the Company expected the Information Technology and Communications (ICT) industry to grow steadily from investment and spending on ICT from 3 sectors which comprises public private, and household sectors. In public sector, the government’s policy, Digital Economy, has been declared with many prospects of various supportive long-term plans. The policies will remain effective even changes new governments in charges. Private Sector has realized more in benefits of investment and spending on ICT to enhance business operations. In household sector, new lifestyles have become more relying on technology will also be one of the key factors contributing to the growth in the industry as seen from significantly increasing communication, financial transactions, e-payment and e-commerce through networks. These are all factors contributing overall industry expansion.

Therefore, the Company sees the opportunities of growth and aims to increase recurring revenue from both government and private sectors especially in making higher proportion of revenue from private sectors, in order to achieve sustainable growth responding to the Company’s vision and missions.

## Business operations of the Company in 5 business groups

The Company deploys the policy and guidelines in categorizing its business operations into several business groups based on types and characteristics of products 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 VSAT and iPSTAR 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 services 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
- 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

# Nature of Business

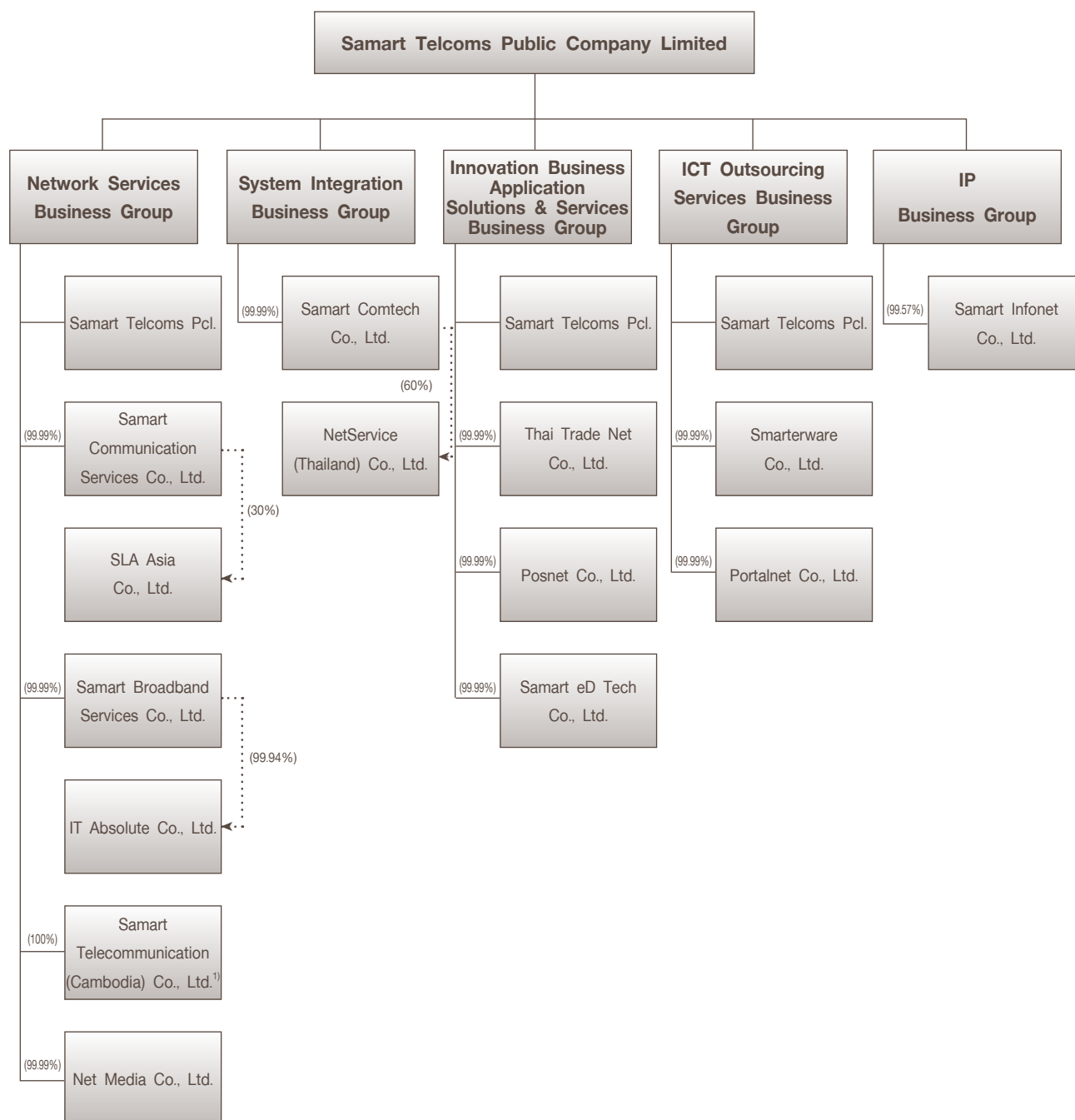
Samart Telcoms Public Limited Company (“The Company” or “SAMTEL”), had founded in July 18<sup>th</sup>, 1986 with initial registered capital of 5 million baht with the business objectives to provide telecommunication satellite telecommunication services. The Company has registered in terms of the Public Limited Company and turned to be a listed company of the Stock Exchange of Thailand since 1996 with the current registered capital of Baht 738 million and paid-up capital of Baht 618 million.

Nature of Business Operations of the Company, Subsidiaries and Affiliated in each business group as follows:

Business Group	Company	Business
<b>1. Network Services</b>	Samart Telcoms Pcl.	1. Rental of the high-speed, satellite communication network via iPSTAR and VSAT solutions 2. Implementation of high-speed networks using various fiber-optic technologies 3. Telecommunication network system installation and maintenance service
	Samart 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
	SLA Asia Co., Ltd.	Providing services abroad regarding design and implementation of telecommunication and IT system including trading and maintenance of IT equipment in CLMV Countries (Cambodia, Lao, Myanmar and Vietnam) in Southeast Asia.
	Samart 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.
<b>2. System Integration</b>	Samart Comtech Co., Ltd	Providing system design and implementation of IT and communication system including system maintenance.
	Net Service (Thailand) Co., Ltd.	Services on development of IT system including software design and development for government and private sectors.
<b>3. Innovation Business Application Solutions &amp; Services</b>	Samart 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 solutions and smart card application developer for Commercial Banks in Thailand and non-bank credit card service providers.
	Samart 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.
<b>4. ICT Outsourcing Services</b>	Samart 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.
<b>5. IP Business</b>	Samart 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 Structure



**Remark :** Registered Capital of Samart Telcoms PCL. is Baht 738,000,000 and Paid-up Capital is Bath 618,000,000

<sup>1)</sup> 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.

The Board of Directors of the Company in its Meeting No.7/2014, on December 17, 2014, has approved to change business structure from five business groups to three business groups as follow:

1. Network Solutions
2. Enhanced Technology Solutions
3. Business Application

Business group are categorized into clear and easy-to-understand groups of solutions to support the vision to be the leader in total solution provider in information and communications technology, and to support business goals and growth in the future. The change has been effective since January 1, 2015.



# Revenue Structure

The revenue structure of the Company, Subsidiaries and Affiliated as of December 31, 2012-2014

(Unit: Million Baht)

Business Group	Operated by	% Holding	2012		2013		2014	
			Revenue	%	Revenue	%	Revenue	%
<b>1. Network Services</b>	STC	-	1,344.7	17.4	1,609.0	17.2	1,403.4	20.9
	SCS	99.99%	3,638.2	47.0	3,816.5	40.7	1,800.2	26.8
	SLA <sup>(2)</sup>	30%	-	-	-	-	-	-
	SBS	99.99%	-	-	-	-	-	-
	ITAB	99.94%	177.5	2.4	100.3	1.1	0.1	0.0
	STCC <sup>(1)</sup>	100%	-	-	-	-	-	-
	NMD	99.99%	5.6	0.0	0.1	0.0	-	-
<b>Subtotal</b>			<b>5,166.0</b>	<b>66.8</b>	<b>5,525.9</b>	<b>59.0</b>	<b>3,203.7</b>	<b>47.7</b>
<b>2. System Integration</b>	SCT	99.99%	1,346.3	17.4	2,098.8	22.4	1,835.5	27.3
	NST <sup>(3)</sup>	60%	-	-	-	-	3.2	0.1
<b>Subtotal</b>			<b>1,346.3</b>	<b>17.4</b>	<b>2,098.8</b>	<b>22.4</b>	<b>1,838.7</b>	<b>27.4</b>
<b>3. Innovation Business Application Solutions &amp; Services</b>	STC	-	0.9	0.0	6.9	0.1	5.7	0.1
	TTN	99.99%	27.6	0.4	29.8	0.3	27.4	0.4
	PN	99.99%	122.0	1.6	172.3	1.8	191.9	2.9
	SAET	99.99%	3.9	0.0	5.3	0.1	46.0	0.7
<b>Subtotal</b>			<b>154.4</b>	<b>2.0</b>	<b>214.3</b>	<b>2.3</b>	<b>271.0</b>	<b>4.1</b>
<b>4. ICT Outsourcing Services</b>	STC	-	627.0	8.1	515.2	5.5	325.8	4.9
	OASIS <sup>(4)</sup>	70%	22.0	0.3	-	-	-	-
	STW	99.99%	7.4	0.0	3.7	0.0	36.6	0.5
	PTN	99.99%	294.5	3.8	911.7	9.8	948.1	14.1
<b>Subtotal</b>			<b>950.9</b>	<b>12.2</b>	<b>1,430.6</b>	<b>15.3</b>	<b>1,310.5</b>	<b>19.5</b>
<b>5. IP Business</b>	SIF	99.57%	120.9	1.6	97.5	1.0	88.9	1.3
<b>Subtotal</b>			<b>120.9</b>	<b>1.6</b>	<b>97.5</b>	<b>1.0</b>	<b>88.9</b>	<b>1.3</b>
<b>Grand total</b>			<b>7,738.5</b>	<b>100.0</b>	<b>9,367.1</b>	<b>100.0</b>	<b>6,712.8</b>	<b>100.0</b>

**Remark :** 1. The above revenues are exclusive of Inter-company transactions.

- |  |  |
|--|--|
| 2. STC = Samart Telcoms Pcl.           | SCS = Samart Communication Services Co., Ltd.        |
| SLA = SLA Asia Co., Ltd.               | SBS = Samart Broadband Services Co., Ltd.            |
| ITAB = IT Absolute Co., Ltd.           | STCC = Samart Telecommunication (Cambodia) Co., Ltd. |
| NMD = Net Media Co., Ltd.              | SCT = Samart Comtech Co., Ltd.                       |
| NST = Net Service (Thailand) 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.                       |

3. <sup>(1)</sup> The Board of Directors of the Company in its Meeting No.7/2009, on December 18, 2009, approved to close down Samart Telecommunication (Cambodia) Co., Ltd., because the Company had not generated income. However, the process of deregistration and liquidation of the Company has been in progress.
- <sup>(2)</sup> Samart Communication Services Co., Ltd., as a subsidiary established a new joint-venture company, SLA Asia Co., Ltd., on February 26, 2014 with 300,000 ordinary shares, representing 30% of total number of shares.
- <sup>(3)</sup> Samart Comtech Co., Ltd., as a subsidiary, purchased 1,199,999 ordinary shares from Net Service (Thailand) Co., Ltd., on January 2, 2014 representing 60% of total number of shares.
- <sup>(4)</sup> Samart Telcoms Pcl. sold 70,000 ordinary shares of Oasis Consulting Co., Ltd., representing 70% on June 18, 2012.



# Information of Subsidiaries and Affiliated Companies

Company	Nature of Business	Registered Capital (Million Baht)	No. of shares	Shares held by the Company	
				No. of shares	%
1. <b>Samart Communication Services Co., Ltd.</b> 99/7 Moo 4, Software Park, 29 <sup>th</sup> 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 telecommunication equipment.	500	5,000,000 (Ordinary Share)	4,999,994	99.99
2. <b>Samart Broadband Services Co., Ltd.</b> 99/7 Moo 4, Software Park, 29 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Data communication services over local broadband networks.	55.25	5,525,000 (Ordinary Share)	5,524,997	99.99
3. <b>Samart Comtech Co., Ltd.</b> 99/2 Moo 4, Software Park, 34 <sup>th</sup> 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. <b>Posnet Co., Ltd.</b> 99/4 Moo 4, Software Park, 32 <sup>nd</sup> 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. <b>Thai Trade Net Co., Ltd.</b> 99/27 Moo 4, Software Park, 8 <sup>th</sup> 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. <b>Smarterware Co., Ltd.</b> 99/25 Moo 4, Software Park, 10 <sup>th</sup> 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. <b>Samart Infonet Co., Ltd.</b> 99/12 Moo 4, Software Park, 24 <sup>th</sup> 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)	6,173,594	99.57
8. <b>Samart Ed-Tech Co., Ltd.</b> 99/29 Moo 4, Software Park, 6 <sup>th</sup> 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, 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. <b>Net Media Co., Ltd.</b> 99/2 Moo 4, Software Park, 34 <sup>th</sup> 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. <b>IT Absolute Co., Ltd.</b> 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)	22,485,593 <sup>(1)</sup>	99.94
11. <b>Portalnet Co., Ltd.</b> 73 Soi Sukhumvit 62, M-Link Building, 5 <sup>th</sup> 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
12. <b>NetService (Thailand) Co., Ltd.</b> 62 Thaniya Building, 10 <sup>th</sup> Fl., Silom Road, Suriyawong, Bangrak, Bangkok 10500 Tel. 0-2632-9396-9 Fax. 0-2632-9395	Services on development of IT system including software design and development for government and private sectors	20	2,000,000 (Ordinary Share)	1,199,999 <sup>(2)</sup>	60
13. <b>SLA Asia Co., Ltd.</b> 99/2 Moo 4, Software Park, 34 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Providing services abroad regarding design and implementation of telecommunication and IT system including trading and maintenance of IT equipment in CLMV countries (Cambodia, Lao, Myanmar and Vietnam) in Southeast Asia.	30	300,000 (Ordinary Share)	90,000 <sup>(3)</sup>	30

**Remark :** <sup>(1)</sup> Held by Samart Broadband Services Co., Ltd.  
<sup>(2)</sup> Held by Samart Comtech Co., Ltd.  
<sup>(3)</sup> Held by Samart Communication Services Co., Ltd.

# Changes During the Year

In 2014, the Company had significant changes as follows:

- Samart Comtech Company Limited, a subsidiary held by the Company of 99.99% of the total share value issued, purchased ordinary shares of Net Service (Thailand) Company Limited (“NST”), the developer of information technology (IT) systems for public and private sectors on January 2<sup>nd</sup>, 2014. The purchase consisted of 1,199,999 ordinary shares (the par value Baht 10 per share and 50% paid up) of representing 60% of total share issued and sold from the existing shareholders who were not related.
- Samart Communication Services Company Limited (“SCS”), a subsidiary held by the Company of 99.99% of the total share value issued, established a new joint venture, SLA Asia Company Limited (“SLA”). SLA has registered capital of Baht 30 million (Total 300,000 ordinary shares of Baht 100 each) for the purpose of operation in IT and Communication system and trading all kinds of equipment abroad on February 26<sup>th</sup> 2014. All SLA shares are held in accordance to following proportion; 30% from SCS, 60% from Loxley and AIT Holding Co., Ltd., and 10% from the public.
- Samart Broadband Services Company Limited, a subsidiary held by the Company of 99.99% of the total share value issued, reduced the registered capital to Baht 165,750,000 from Baht 221,000,000. Outstanding share capital is Baht 55,250,000 shares divided into 5,525,000 shares with the par value of Baht 10.

For proper and effective operations, the Company’s business is divided into 5 business groups consisting of Network Services, System Integration, Innovation Business Application Solution & Services, ICT Outsourcing Services, and IP Business. In 2014, significant changes of each business group can be indicated as follows;

## 1. Network Services Business Group

### 1) Samart Telcoms Public Co., Ltd. had significant changes as follows;

The Company was successful from winning important project bids of customers in public and private sectors in 2014, from satellite channel rental and high-speed satellite communication services, as well as Digital Trunk Radio System for the petroleum and petrochemical industry. Major customers were the Ministry of Education, the Ministry of Interior, CAT Telecom Public Company Limited, PTT Public Company Limited and PTT Exploration and Production Public Company Limited etc. These projects will be the company’s revenue stream in 2015 and serve as additional revenue sources for maintenance services in the future.

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

The Company maintained its service standards in compliance to the ISO 9001: 2008 adding customers’ confidence and strengthening competitiveness in a long-run. As a consequence, the Company won the bidding for various projects in 2014 regarding implementation of DWDM, Optical Fiber Cable cabling and system implementation, Installation of Multi Service Access Node (MSAN) including improvement of International Internet Gateway (IIG) system. The major customers were, for example, CAT Telecom Public Company Limited and TOT Public Company Limited etc. These projects will be the company’s revenue stream in 2015 and serve as additional revenue sources for maintenance services in the future.

## 2. System Integration Business Group

### 1) Samart Comtech Co., Ltd. had significant changes as follows;

The Company continuously maintained standards of internal work process with efficiency and effectiveness emphasizing development of knowledge known as “Target Knowledge Certification”, enabling sales force, and designing and implementing engineers to deliver high quality works and keep up with business changes in current period and in the future. Besides, the Company maintained standards pertaining to the certified ISO 9001:2008 (for Quality Control of Services) and CMMI Level 3 for development of quality software, which are crucial

for long-term competitiveness. In addition, in 2014, the Company successfully renewed a maintenance service contract for Common Use Terminal Equipment (CUTE) at the Suvarnabhumi Airport with the Airports of Thailand Public Company Limited, and won contracts for development and improvement of telecommunication networks for key customers in public and state enterprise sectors, for example, the Royal Thai Armed Forces Headquarters and CAT Telecom Public Company Limited. These projects will be the Company's revenue stream in 2015 and serve as additional revenue sources for maintenance services in the future.

**2) Net Service (Thailand) Co., Ltd.** had significant changes as follows;

The Company provided training regarding new technology in accordance with the software development direction of the Company, for example, Web Accessibility for Advanced Developer training course.

**3. Innovation Business Application Solutions & Services Business Group**

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

- Customized "e-Manifest" program for shipping customers to support the change in Thai Customs on Data Structure (XML Schema) and to enable the integrated usage for the new state agencies such as the Port Authority of Thailand and the Marine Department.
- Developed "iDECLARE" as Web Application for medium and large organizations for Papeless Customs with invoice and documents scanning technology to import data faster than the conventional data entry method.

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

- Developed "Electronic Signature Capture System" on EDC terminal devices enabling credit card holders to sign on Sign Pad devices. Signatures are stored as electronic signature in secure storage, resulting in ease of query. The system can record selling data to generate sales reports and can verify total amount transferred to connecting banks accurately and easily.
- Developed and customized application to enhance EDC terminal devices' capabilities for commercial banks and leading financial companies such as Bangkok Bank Public Company Limited, Krungthai Card Public Company Limited and AEON Thana Sinsap (Thailand) Public Company Limited etc.
- Expanded services with EDC terminal devices installation (both mobile and GPRS Modem) for merchants nationwide.
- Improved membership card system of "Loyalty System Service".

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

- Developed Digital Contents (banners, animations, and digital videos) for public relation purposes for Bangkok Mass Transit Authority (BMTA).
- Developed and improved information systems for government units such as Excise Department and the King Prajadhipok's Institute.
- Improved and customized additional features of "Learning Management System (LMS)" for Cyber-U services running for Rangsit University and University of the Thai Chamber of Commerce.
- Designed and Developed e-coursewares for employee development and training program for commercial banks and corporate clients.
- Developed additional digital magazines and e-books with outstanding and fascinating multimedia presentation for The Institute for the Promotion of Teaching Science and Technology (IPST).

#### 4. ICT Outsourcing Services Business Group

**1) Samart Telcoms Public Co., Ltd.** had significant changes as follows;

The Company traded and provided rental services of digital television transmission system and peripheral equipment for digital television stations and providers.

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

The Company provided staffs training program of new technologies according to application development direction of the Company. The Company targeted development of expertise in GIS and Mobile Application, which is the direction of application development with advanced technology to increase technical capabilities. More importantly, the Company has maintained international standard of CMMI Level 5, the highest level certified by SEI - Software Engineering Institute in development process of quality software.

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

- Provided SAP ERP training for The Metropolitan Electricity Authority of Thailand (MEA) in September 2014.
- Had been entrusted for implementation of “SuccessFactors Talent Management” for Samart Corporation PCL.
- Extended staffs’ knowledge base to cover Data Warehouse, Customer Relationship Management, Enterprise Content Management, and SuccessFactors Talent Management systems.
- Regularly provided staffs necessary training programs, especially topics relating to SAP, to ensure service capability conformed to International standard.

#### 5. IP Business Group

**Samart Infonet Co., Ltd.** had significant changes as follows;

- Concentrated on Internet services to middle and large organizations and was entrusted to be high-speed communication network provider by many important agencies such as the Office of the Permanent Secretary, Ministry of Justice, Defence Information and Space Technology Department, Ministry of Defence, Naval Medical Department, Ministry of Defence, Department of Public Works and Town & Country Planning, Ministry of Interior, Industrial Estate Authority of Thailand, Office of the Council of State, National Institute of Educational Testing Service (Public Organization), and the Office of the Securities and Exchange Commission, etc.
- Increased additional network equipments to support growth of customers.

# Industry and Competitive Analysis

The National Economic and Social Development Board announced the growth rate of Thai economy in 2014 at 0.7 percent, which is decrease compared to the growth rate in 2013 at 2.9 percent<sup>1</sup> resulting from slow recovery of the global economy, especially in Euro-zone, Japan, and China slowing down Thai export and tourism sectors. Expenditure of government and private sectors, especially in the investment expended less than expected due to constraints in government budget spending and reconsideration of state enterprises' investment plan. Government spending in 2014 was only at 89 percent lower than expected earlier at 91.4 percent<sup>2</sup>.

For overall investment and expenditure in Information and Communication Technology (ICT) in 2014, the report by International Data Corporation (IDC) found the growth rate, compared to that in the previous year, at 5 percent or the total value of Baht 398,595 million. Categorized from the total value, hardware spending was Baht 299,290 million in total growing from 2013 by 3.0 percent, spending regarding packaged software was Baht 30,659 million in total which expanded by 9.3 percent from the previous year, and spending on IT services was Baht 68,647 million or 13 percent higher than that in 2013<sup>3</sup>.

The outlook of Thai economy in 2015, the National Economic and Social Development Board forecasted the growth rate at 3.5-4.5 percent<sup>1</sup> and the inflation rate 0.0-1.0 percent. The economy of Thailand will recover slowly under uncertainties of global economy caused by significant drop in oil prices, monetary problems and economic slowdown of China, Japan, Euro-zone countries. Moreover, delays in government spending will still remain. The forecast rate of government spending is adjusted down from 93.7 percent to 92.6 percent, the rate estimated earlier<sup>2</sup>. However, Thai economic growth will be supported by the government spending, which is higher than that in previous year, the expedition of major investment, and progress of development of the country's transportation infrastructure resulting in logistic cost reduction and increment of related private investment. Digital Economy policy will also be drove more solidly. State enterprises will make progress in investment. Furthermore, the export and tourism sectors will recover steadily. Private consumption and investment will grow in accordance with recovery in overall economy, more solid stimulus policies from government, and ASEAN Economic Community growing market.

Overall ICT market in 2015 will expand more than 10 percent due partly to the drive of Digital Economy policy, which covers expansion of telecommunication and network infrastructure nationwide, especially communication networks to remote areas. The policy also promotes business transactions conducted via networks, electronic commerce, software industry, and digital content production. Reorganization of involving government units and modifications in related laws have been in progress to drive the policy more efficiently. Investment, moreover, from state enterprises and the private sector will increase to expand 3G and 4G networks to support demand growth. Investment and expenditure regarding Digital TV expansion will also grow. Moreover, the expansion of ICT market is also resulted from rapid changes in new technologies, changes in life styles more dependent on technology and social network. From the study of IDC, the projection of Thailand's IT spending in 2015 will rise by 10.6 percent to the total value of Baht 441,000<sup>4</sup> million, smart phone penetration rate will grow from 37.7 percent to 50.0 percent<sup>5</sup>. IT spending will increase more if the adoption of cloud, big data analytic, and social business is rapidly widespread. In addition, IDC estimated that if conducted well, in the long run, the Digital Economy can contribute to as much as 30 percent of Gross National Product (GNP) by 2020.



Competition in ICT industry will be more intense in price and quality of products and services which need to respond to Customer Expectation increasing, including after-sales services, which need to meet Customer Satisfaction to achieve great Customer Experience, the major key in the competition. Customers currently have more choices of technologies, and hence more bargaining power to vendors and providers. Providers have been learning and knowledge in advanced technology while prices of ICT equipment have declined. The competition, therefore, regards acquiring international standards, values added, and innovation creation to their products and services differentiating products and services presented to the market.

References:

- <sup>1.</sup> Office of the National Economic and Social Development Board. (2558) "GDP Q4 and Full Year of 2014 and 2015 Outlook" (Online). Available at : [http://www.nesdb.go.th/Portals/0/eco\\_\\_datas/economic/eco\\_\\_state/4\\_\\_57/PPTQ4-2014.pdf](http://www.nesdb.go.th/Portals/0/eco__datas/economic/eco__state/4__57/PPTQ4-2014.pdf)
- <sup>2.</sup> Bank of Thailand. "Report of Monetary Policy : December 2014". (Online). Available at : [http://www.bot.or.th/Thai/MonetaryPolicy/Inflation/Documents/MPR\\_\\_December2557.pdf](http://www.bot.or.th/Thai/MonetaryPolicy/Inflation/Documents/MPR__December2557.pdf)
- <sup>3.</sup> IDC. (2014). IDC Worldwide Black Book Volume 3 referred in Predictions 2015: Accelerating Innovation and Growth on the 3rd Platform.
- <sup>4.</sup> IDC. (2014). IT Spending in Thailand. Referred in The Nation, Thai ICT market looks set to return to solid growth, December 25, 2014. Available at : <http://www.nationmultimedia.com/technology/Thai-ICT-market-looks-set-to-return-to-solid-growt-30250655.html>
- <sup>5.</sup> IDC. (2014). IDC Thailand: Revival of Thai ICT Market will Rely on Third Platform Technologies. November 27, 2014. Available at : <http://www.idc.com/getdoc.jsp?containerId=prTH25281014>
- <sup>6.</sup> IDC (2014). IDC Thailand: 2015 a Year of Hyper-competition among Thai Telcos; Digital Economy to Contribute 30% of GNP by 2020, January 12, 2015. Available at : <http://www.idc.com/getdoc.jsp?containerId=prTH25373015>

# Risk Factors

Risk factors which may affect the Company's business can be classified as follows:

## 1. Operational Risks

### **Business and Market Risk**

The economic growth rate of Thailand in 2014 was at 0.7 percent, lower compared to that in 2013 at 2.9 percent<sup>1</sup> due to slow recovery of the global economy, political turbulence, delays in government spending, and slowdown of exports and tourism sectors, as well as the growth of private investment and consumption expenditure which was lower than anticipated.

Despite of the forecasted Thailand's economic growth in 2015 at 3.5-4.5 percent<sup>1</sup>, constraints and risks affecting overall economy remain. External factors are global economy and monetary system in risks and uncertainty, conflicts in Ukraine and Middle East, and possibility of devaluation of world's major currencies and monetary policies to devalue currencies of competitors and trading countries relatively to Thai Bath<sup>1</sup>.

Domestic risk factors could be the lower of major agricultural products price, concerns regarding political uncertainty, limitation of private consumption caused by relatively high of household debt, and increment in real interest rate due to low rate of expected inflation at 0.0-1.0 percent. These risk factors could also affect investment and spending relating to Information and Communication Technology.

Furthermore, efficiency of government spending is also the key factor. Bank of Thailand stated that delays in the government spending of the annual budget in 2015 still exist and adjusted the estimation of government spending down from 93.7 percent to 92.6 percent<sup>2</sup>. Delays in government spending could impact the delays in bidding process of major projects. In addition to, unexpected incidents could impact the business operation regarding project delivery and services.

The projection of Thailand's ICT market in 2015 is expanded at 10.6 percent<sup>3</sup> with more intense competition in the industry. Price and quality of products and after-sales services, affecting customer experience are major keys in the competition. Customers have higher expectation, more alternatives, and hence more bargaining power to vendors and providers. Providers have more knowledge in advanced technology and compete in acquiring international standards and value added to their products and services. While prices of equipment in Information and Communication Technology have declined, vendors and providers need to develop and bring innovation to the market with the risks regarding customer perception and slight adoption.

To manage risks and response business objectives of sustainable growth, the Company therefore conducts strategies in creation of business opportunities and customer base expansion, emphasizing long-term recurring revenue generation and roles in IT service provider, including development of employee competencies, synergy with partners creating innovation, value added, and differentiation to products and services, and management plan for better service quality, as well as resource management for effective cost control. Furthermore, to alleviate risks from incidents, the Company has improved contingency plans and regularly practiced to exercise the plans, including obtaining insurance coverage for equipment during implementation and system in service operations. All of these proceedings would help the Company better manage business and market risks.

### References:

- <sup>1</sup> Office of the National Economic and Social Development Board. (2558) "GDP Q4 and Full Year of 2014 and 2015 Outlook" (Online). Available at : [http://www.nesdb.go.th/Portals/0/eco\\_datas/economic/eco\\_state/4\\_57/PPTQ4-2014.pdf](http://www.nesdb.go.th/Portals/0/eco_datas/economic/eco_state/4_57/PPTQ4-2014.pdf)
- <sup>2</sup> Bank of Thailand. "Report of Monetary Policy : December 2014". (Online). Available at : [http://www.bot.or.th/Thai/MonetaryPolicy/Inflation/Documents/MPR\\_December2557.pdf](http://www.bot.or.th/Thai/MonetaryPolicy/Inflation/Documents/MPR_December2557.pdf)
- <sup>3</sup> IDC (2014). IT Spending in Thailand. Referred in The Nation, Thai ICT market looks set to return to solid growth, December 25, 2014. Available at : <http://www.nationmultimedia.com/technology/Thai-ICT-market-looks-set-to-return-to-solid-growt-30250655.html>

**Risk associated with Dependence on Large Customers**

In 2014, majority of the revenue from government sector and state enterprises was 75%. Should the government and state enterprises delay ICT budget spending, it would significantly impact the Company's operating performance and financial conditions. At present, the major customers of the Company are state enterprises contributing 42% of gross revenues. Nevertheless, the Company has expanded customer base to other government agencies, not to focus on few particular agencies in order to mitigate the risk from budget cut of those agencies.

**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. Furthermore, the risk associated with dependence on large supplier in satellite communication service business is low. Although the Company currently has rented satellite communication channels solely from Thaicom PLC, the Company can also rent those from other satellite providers under NBTC conditions.

**Risk associated with Late Delivery**

Samart Communication Services Co., Ltd., a subsidiary, signed contract with a company, which previously was a state enterprise, to provide information and communication technology services to the Department of Local Administration. The minimum work shall be delivered on 22 February 2007. However, it could not be delivered on time due to late delivery of equipment from the contract party and the bandwidth provided was insufficient for actual utilization. Such noncompliance could lead to penalty for late delivery. The subsidiary's management and its legal consultant believed that no penalty would be charged because such delay was not caused by the subsidiary. The subsidiary's management also was confident that they would be able to negotiate with the contract party. Therefore, the subsidiary, on 31 December 2014, did not set any penalty for late delivery.

## 2. Financial Risks

**Credit Risk**

The Company has continuously proceeded the policy to resolve the overdue receivable problems specifically monitored by the Collection Department. In addition, most of debtors currently are the customers with strong financial status such as state enterprises, government agencies and large corporations. Default payment risk therefore is at a low level. During the past year, the Company faced payment delays from state enterprises and some government agencies causing the Company to incur interest expenses. Because bank loan repayment was tied to project cash flow, the Company consequently did not have liquidity problem.

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

As of 31 December 2014, the Company recorded debts overdue over 12 months for Baht 333 million and set aside an allowance for doubtful accounts of Baht 12 million. Such allowance is considered sufficient for potential loss because most debts are from government and state enterprise projects of customers who have strong financial status as mentioned above.

**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, 2014 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, 2014 this loan outstanding was Baht 261 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.

#### **Foreign Exchange Risk**

From the Company's income structure, most income is derived from short-term projects and long-term leasing and services, which contracts were made in Thai Baht. Since the Company imports telecommunication equipment from overseas, 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, the Company also considers exchange rate trend and overall business performance to determine a total position.

As at December 31, 2014 the Company have foreign currency financial assets and liabilities that were unhedged against foreign exchange risk approximately US\$ 8.9 million, which was 4% of total revenue when converted to Baht.

### **3. Risks affect the rights or investment of securities holders**

#### **Majority Risk**

Major shareholder of the Company is Samart Corporation (Public) Co., Ltd. Holding 433,064,590 shares or 70.08% 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 30, 2014).

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.

# Shareholders

As of December 30, 2014, 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 <sup>1)</sup>	442,455,600	71.59
	- Samart Corporation PCL. <sup>2)</sup>	433,064,590	70.075
	- Vilailuck International Holding Co., Ltd.	6,111,000	0.989
	- Mrs. Sukanya Vanichjakvong <sup>3)</sup>	1,150,000	0.186
	- Mr. Watchai Vilailuck <sup>3)</sup>	1,200,010	0.194
	- Mr. Charoenrath Vilailuck <sup>3)</sup>	800,000	0.129
	- Mr. Thananan Vilailuck <sup>3)</sup>	50,000	0.008
	- Miss Srintip Vilailuck <sup>3)</sup>	30,000	0.005
	- Lobburi Industrial Estate Co., Ltd.	50,000	0.008
2.	Bangkok Bank PCL.	29,966,560	4.85
3.	Thai NVDR Co., Ltd.	16,768,767	2.71
4.	Bualuang Long-Term Equity Funds (LTF)	10,783,100	1.75
5.	Bualuang Flexible Retirement Mutual Funds	4,968,900	0.80
6.	Mr. Sakchai Sakchaichaoenkul	4,600,000	0.75
7.	Bualuang Thanakom Opend-end Funds	4,084,800	0.66
8.	State Street Bank Europe Limited	3,101,000	0.50
9.	Mrs. Natteera Boonsri	3,000,000	0.49
10.	Bualuang Infrastructure Retirement Mutual Funds	2,802,000	0.45
<b>Total of top ten Major Shareholders</b>		<b>522,530,727</b>	<b>84.55</b>
<b>Total of the Minority Shareholders</b>		<b>95,469,273</b>	<b>15.45</b>
<b>Total paid up Shares</b>		<b>618,000,000</b>	<b>100</b>

**Remark :** Information based on Thailand Securities Depository on the latest date of closing registration book, December 30, 2014.

<sup>1)</sup> Samart Corporation PCL., Vilailuck International Holding Co., Ltd., Mrs. Sukanya Vanichjakvong, Mr. Watchai Vilailuck, Mr. Charoenrath Vilailuck, Mr. Thananan Vilailuck, Miss Srintip Vilailuck and Lobburi Industrial Estate Co., Ltd. as acting in concert according to the determination of the relationship or Behavior as an act with another person and the compliance with Section 246 and Section 247;

<sup>2)</sup> A holding company of which Vilailuck International Holding Co., Ltd. and Vilailuck family hold 17.12% and 27.55% of the total shares respectively;

<sup>3)</sup> 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	2010	2011	2012	2013	2014
Net profit per share (Baht)	0.67	1.31	1.36	1.40	1.14
Dividend per share (Baht)	0.40	0.66	0.70	0.75	0.65
Dividend payout ratio (%)	61.67	51.24	51.54	54.01	56.99

*Remark : \* The Company has returned profit to its shareholders by way of dividend payment. Dividend for 2014 has been proposed for consideration of the shareholders at Baht 0.65 per share. Interim dividend for first six month performance was paid on September 2014 at Baht 0.25 per share. The balance of Baht 0.40 will be paid on May 2015 of which subject to the approval of the shareholders. Total dividend payment will be 56.99% of the consolidated net profit and conformed to the Company's dividend policy that dividend payment will be no less than 50% of the consolidated net profit.*



# Management Structure

## 1. Board of Directors as of December 31, 2014 consists of 9 Directors:

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

**Remarks:** \* Representative director from Samart Corporation Public Company Limited a major shareholder with 70.08%

\*\* Representative director from Bangkok Bank Public Company Limited a major shareholder with 4.85%

<sup>1)</sup> In 2014, the Board of Directors meeting 7 times;

<sup>2)</sup> The meeting date has been changed while such director has been aboard.

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**

1. 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;
2. Does not run any business, which is competed with the Company, and not being a shareholder of any legal entities whose business is the Company's competitors except obtained approval from the shareholders;
3. Should have leadership, vision, and independent consideration for best benefit of the Company and the shareholders;
4. Has various knowledge, experience, and specific skill that suitable for the Company business;

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

#### **Qualifications of Independent Director**

1. Holding not more than 0.5 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;

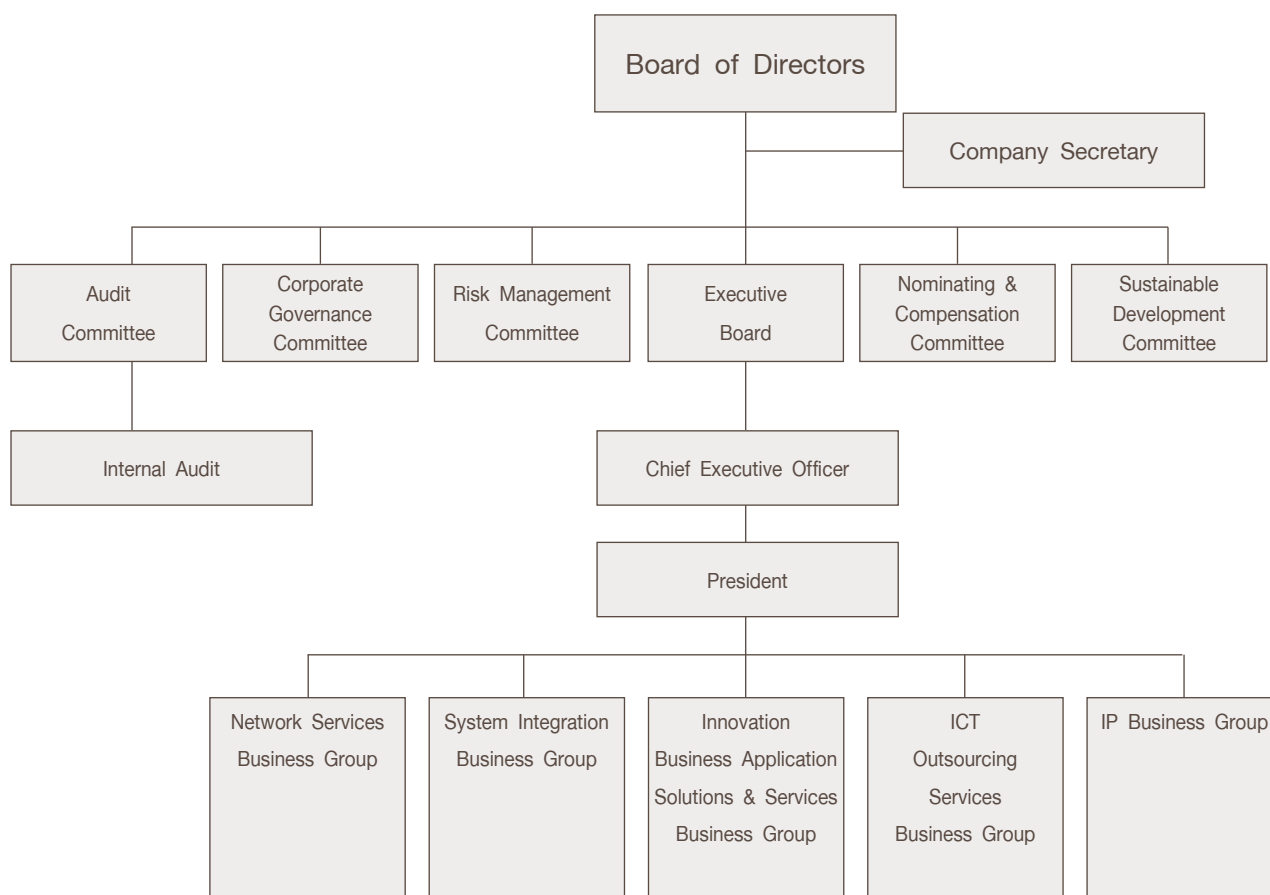
6. Approve the undertaking the related transaction of the Company pursuant to the Capital Market Supervisory Board;
7. Approve the policy on increase of annual remuneration and bonus;
8. Approve financial statement of the Company;
9. Approve the opening or closing accounts with the banks;
10. Approve 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 31<sup>st</sup>, 2014 are as the follows:

### Organization Chart



**Remark :** 1. Corporate Accounting and Corporate Treasury are under President;

2. The Board of Directors of the Company in its Meeting No.7/2014, on December 17, 2014, has approved to change business structure from five business groups to three business groups as follow;

1. Network Solutions
2. Enhanced Technology Solutions
3. Business Application

Business group are categorized into clear and easy-to-understand groups of solutions to support the vision to be the leader in total solution provider in information and communications technology, and to support business goals and growth in the future. The change has been effective since January 1, 2015.

Management of the Company as of December 31, 2014 consists of 6 members

- |    |                |                             |  |
|----|----------------|-----------------------------|--|
| 1. | Mr. Watchai    | Vilailuck                   | Chief Executive Officer  |
| 2. | Mr. Jong       | Diloksombat                 | President /<br>Acting Executive Vice President ICT Outsourcing Services Business Group and IP Business Group |
| 3. | Mr. Pornchai   | Krivichian                  | Executive Vice President Network Services Business Group and System Integration Business Group               |
| 4. | Mr. Apichat    | Sirisalipochana             | Vice President Network Services Business Group and Business Application Solution & Services Business Group   |
| 5. | Mrs. Aroonluck | Dilokwanich                 | Vice President - Corporate Accounting  |
| 6. | Mr. Dhilokpat  | Nisamaneevong <sup>1)</sup> | Vice President - Finance & Investor Relations  |

Remark : <sup>1)</sup> Has been appointed Mr. Dhilokpat Nisamaneevong as Vice President - Finance & Investor Relations on February 1<sup>st</sup>, 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 28<sup>th</sup>, 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:

- Guidelines for Disclosure of Corporate Social Responsibility (CSR);
- The assessment of the Annual General Meeting of Shareholders;
- Corporate Governance in the Perspective of Investors;
- ASEAN CG Scorecard surveys for 2013/14;
- New Investment Opportunities for Sustainable Growth;
- Responsible Supply Chain Management;
- Enhancing Good Corporate Governance based on CGR Scorecard;
- CSR Evaluation & Knowledge Management;
- To evaluate the performance of the Board of Directors to determine the remuneration of directors.

## 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 without other benefits. 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 2014 approved remuneration for Directors of the Company and Committees’ members at the amount of not exceeding Baht 6.5 million the same as previous year which consists of meeting allowance and bonus. The meeting allowance for each meeting participated of the Board of Directors and Committees 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

**Management's Remuneration**

Remuneration of the top management shall be in accordance with principles and policies specified by the Remunerating and Compensation Committee. Such remuneration is in the appropriated level and can be comparable with the rate of the same industry by taking into consideration duties, responsibilities and performance of the Company as well as performance of each top management. In addition, it must be able to motivate and retain the qualified and capable personnel.

Annual remuneration and bonus of the top executives shall have the fixed consideration criteria by based on performance of the Company, overall economic conditions and performance of each top 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.

For the remuneration of Chief Executive Officer, it will be determined by the above criteria. The Board of Directors also conducts the performance evaluation of Chief Executive Officer annually by each director. The results will be used to consider the remuneration of Chief Executive Officer.

In 2014, the Company paid remuneration to directors and the managements as follows:

**1) Cash & Non-Cash Remuneration of Directors and Committees' members of 2014**

Directors	Cash Remuneration						Other Remuneration
	Meeting Allowance <sup>1)</sup> (Baht)				Performance	Total	Warrant <sup>3)</sup>
	Board of Directors <sup>2)</sup>	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	180,000	30,000	60,000	300,000	675,000	500,000
3. Mr. Vichai Pokasamrit Director / Independent Director	105,000	90,000	40,000	45,000	300,000	580,000	225,000 <sup>5)</sup>
4. Miss Rapeepan Luangaramrut <sup>4)</sup> Director / Independent Director	90,000	75,000	-	30,000	300,000	495,000	500,000
5. Mr. Kajornvut Tayanukorn <sup>4)</sup> Director	90,000	-	30,000	-	300,000	420,000	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. Jong Diloksombat Director	105,000	-	30,000	-	300,000	435,000	125,000 <sup>5)</sup>
Total	1,020,000	345,000	130,000	135,000	2,750,000	4,380,000	3,850,000

*Remark:* <sup>1)</sup> Meeting allowance shall not be paid to the Executive Board, Risk Management Committee and Sustainable Committee because all members of such Committees are the executives who have remuneration as the executives already;

<sup>2)</sup> The 2014 meeting allowance is for 7 meetings of the Board of Directors;

<sup>3)</sup> 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 1<sup>st</sup> - 5<sup>th</sup> year at 10, 15, 20, 25 and 30 percent respectively. The maturity date of May 28, 2014, 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 21.39 percent of total issued warrants;

<sup>4)</sup> Different amount of meeting allowance for each director depended on number of participated meetings;

<sup>5)</sup> 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 2014

Remuneration	Number of Persons	Total Amount
Salary	4	15,444,000.00 Baht
Bonus	4	2,231,000.00 Baht
Provident Fund	4	1,462,680.00 Baht
Warrant <sup>1)</sup>	4	2,800,000 Unit

*Remark :* <sup>1)</sup> 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.

<sup>2)</sup> 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 1<sup>st</sup> - 5<sup>th</sup> year at 10, 15, 20, 25 and 30 percent respectively. The maturity date of May 28, 2014, the executives board and management have been allocated 2,800,000 units of which equivalent to 15.56 percent of the total issued warrants.

## 5. Human Resource

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

Company	Number of Employees (Person)		
	2012	2013	2014
1. Samart Telcoms PCL.	108	94	100
2. Samart Communication Services Co., Ltd.	372	392	458
3. Samart Comtech Co., Ltd.	391	489	447
4. Thai Trade Net Co., Ltd.	24	22	21
5. Posnet Co., Ltd.	122	132	111
6. Smarterware Co., Ltd.	85	73	72
7. Samart Infonet Co., Ltd.	49	42	36
8. Samart Ed Tech Co., Ltd.	17	16	27
9. IT Absolute Co., Ltd.	16	14	12
10. Portalnet Co., Ltd.	62	95	100
11. Net Service (Thailand) Co., Ltd.	-	-	33
12. SLA Asia Co., Ltd.	-	-	2
<b>Total</b>	<b>1,246</b>	<b>1,369</b>	<b>1,419</b>

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

Remuneration	Total Amount (Million Baht)		
	2012	2013	2014
Salary	388.76	465.59	529.43
Bonus	49.51	57.27	64.68
Provident Fund	16.33	19.42	21.96
Other remuneration (Over time, special subsidy and commission)	9.94	18.37	18.62

### 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 sourcing and attracting new graduated candidate by launching Campus Tour and Activities Programs in leading universities and coordinating with business recruitment agency and allied business network to build the Company's branding for career opportunity in joining the Company for professional candidate as well. In Selection Policy, The company places importance on the selection its employees, focusing on knowledge, ability in with their virtues recruitment & selection combines cooperation among original affiliation and human resources to ensure that the process of recruitment & selection on good corporate governance. These would be capable people at all levels and lead them to success their owned career at SAMART leading to be the Company's sustainable success.

- **Performance Development Policy:**

The Company ensures an equitable and appropriate performance evaluation system through applying KPIs approach cascading organization objectives through division and individual goals 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 diversified industry. These might ensure that our employees would receive appropriate and equitable 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 corporate level. In 2014, there were a various ER&EE programs and activities to build synergy among employees, executives and organization i.e., the Company athletic activities, Open-mind activities, Synergy program, Employee Engagement activities 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 being appropriate to their owned position at all levels for achieving business's needs and preparing to business expansion. 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 SAMART strategy and operation not only for present day but the future business as well.

- **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 specified by both corporate and Line of business (LOB) levels 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 as “Learning & Growth Aspect” in order to achieve business strategies and goals, resulting in corporate sustainable growth and business 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.

Furthermore, the company organizes special competency development program for specialist, namely Modern Marketing Management. The objective is to equip the marketing with the marketing knowledge and skills in order to be ready for the intense competition and the changing business environment factors.

This program cooperated with leading institute to develop program for its executives supporting the Company marketing policy relevantly responding to fluctuating market target and customer need.

#### **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 and Succession Planning:**

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 Enlargement & Enrichment, 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.

Furthermore, the Company always recognizes the importance of having a succession plan, especially at the top management level, to ensure continuity when there is a vacancy or to support expansion of business.

**Summary of Training to management and employees in 2014**

Training	Frequency	Number of Participants
In-House Training		
- Managements	39	630
- Employees	52	534
<b>Total</b>	<b>91</b>	<b>1,164</b>
External Training		
• Samart Telcoms Pcl.		
- Managements	11	12
- Employees	8	8
• Subsidiaries		
- Managements	34	36
- Employees	64	81
<b>Total</b>	<b>117</b>	<b>137</b>

**Training Expenses in 2014**

Total training expenses in 2014 for the Company and its subsidiaries were Baht 6,188,215. Average training per person per year is 7.3 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 2014 are as follows:

- Strategic Sales Technique
- Secretarial Skill
- Interviewing Technique
- Project Management
- Tax Planning for AEC Era.
- Advance Negotiation Skill
- Train the Trainer
- Communication Skill & Service Excellence
- Introduction to Networking
- Labors Law for HRM
- Thinking Process Development for Success
- Government Sealing Technique
- Act Coach Effective Coaching for Manager
- Creating & Strategic Implementation Plan
- Modern Marketing Management
- English for Fundamental Writing
- English for Business Communication
- Manpower Planning Strategy
- SAMART Management Effectiveness
- Capital Market Leader Program

# 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 24<sup>th</sup>, 2015. 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 2014 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 2015, 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 30<sup>th</sup>, 2014. and also provided details of the procedures for proposing agenda and sending question on the Company' website ([www.samtel.com](http://www.samtel.com)). In the "Investor Relations" under the "Proposal question concerning the Company's operation in advance of the 2015 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 2014, an Annual General Meeting of Shareholders 2014 which held on April 29<sup>th</sup>, 2014 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 2014, the shareholders have been informed on the date and agenda of the meeting via SET's communication system 56 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](http://www.samtel.com)) in the "Investor Relations" under the "Shareholders Meeting" 36 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 13 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 2014, there were 9 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 124 shareholders with voting rights attended the meeting for the Annual General Meeting of Shareholders 2014. 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](http://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](http://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 2014 Annual General Meeting of Shareholders, the disbursement of dividend for operating results of 2013 was approved for baht 0.75 per share of which equivalent to 54.00% 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.5/2014 on August 7<sup>th</sup>, 2014 had approved the interim dividend payment for six months of year 2014 at Baht 0.25 per share of which equivalent to 38.93% of net profit after required reserves. (Details of dividend payment policy and dividend payment in the past 5 years are shown in the subject "Dividend Policy").

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 2014, there were 18 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 2014 securities holding information of the directors and the managements were as follows:

Number of ordinary shares held in the Company<sup>(1)</sup>

Director / Executive	31/12/2013	Acquisition during the year		Disposition during the year	31/12/2014	Increase (Decrease)
		Exercised warrants	Buy in SET			
1. Mr. Sombut Uthaisang	450,000	-	-	-	450,000	-
Spouse and minor children	-	-	-	-	-	-
2. General Sumpun Boonyanun	150,000	-	-	50,000	100,000	(50,000)
Spouse and minor children	-	-	-	-	-	-
3. Mr. Vichai Pokasamrit	100,000	-	-	-	100,000	-
Spouse and minor children	-	-	-	-	-	-
4. Miss Rapeepan Luangaramrut	-	-	-	-	-	-
Spouse and minor children	-	-	-	-	-	-
5. Mr. Kajornvut Tayanukorn	500,000	-	-	-	500,000	-
Spouse and minor children	-	-	-	-	-	-
6. Mr. Charoenrath Vilailuck	650,000	150,000	-	-	800,000	150,000
Spouse and minor children	-	-	-	-	-	-
7. Mr. Watchai Vilailuck	900,010	300,000	-	-	1,200,010	300,000
Spouse and minor children	-	-	-	-	-	-
8. Mr. Sirichai Rasameechan	150,000	-	-	-	150,000	-
Spouse and minor children	-	-	-	-	-	-

Number of ordinary shares held in the Company <sup>(1)</sup>

Director / Executive	31/12/2013	Acquisition during the year		Disposition during the year	31/12/2014	Increase (Decrease)
		Exercised warrants	Buy in SET			
9. Mr. Jong Diloksombat	400,000	-	-	-	400,000	-
Spouse and minor children	-	-	-	-	-	-
10. Mr. Pornchai Krivichian	42,000	-	-	-	42,000	-
Spouse and minor children	-	-	-	-	-	-
11. Mr. Apichat Sirisalipochna	340,000	-	60,000	400,000	-	(340,000)
Spouse and minor children	-	-	-	-	-	-
12. Mrs. Aroonluck Dilokwanich	18,000	-	-	18,000	-	(18,000)
Spouse and minor children	-	-	-	-	-	-
13. Mr. Dhilokpat Nisamaneevong	-	100,000	-	100,000	-	-
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](http://www.samtel.com) or sending the e-mail to [Dhilokpat.N@samtel.samartcorp.com](mailto: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 2014 were summarized as follows:

- Analysis Meeting	72 Times
- Announcement of Company's Performance	4 Times
- Road Show	7 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 "4. 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 topic of "1.2 Business Ethics" in the procedures and methods on "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. In addition, the Board of Directors set its quorum of the meeting to be at least 2/3 of all directors attending in the meeting. Details of directors’ attendance for 2014, total 7 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	6-8	7/7
2. General Sumpun Boonyanun	April 2008	6-8	7/7
3. Mr. Vichai Pokasamrit	April 2011	3-8	7/7
4. Miss Rapeepan Luangaramrut	April 2008	6-8	6/7 <sup>1)</sup>
5. Mr. Kajornvut Tayanukorn	April 2004	10-8	6/7 <sup>1)</sup>
6. Mr. Charoenrath Vilailuck	July 1996	18-5	7/7
7. Mr. Watchai Vilailuck	July 1996	18-5	7/7
8. Mr. Sirichai Rasameechan	July 1998	16-6	7/7
9. Mr. Jong Diloksombat	January 2012	2-11	7/7

Remark <sup>1)</sup> The meeting date has been changed while such director has been aboard.

In 2014, the Board of Directors considered the following agendas:

- Considered the Company Operating Performance and Financial Statements for 2013 as well as quarterly performance of 2014;
- Considered the sufficiency of the Company’s Internal Control System;
- Acknowledged the 2013 Committees’ activities;
- Acknowledged the Annual General Meeting of Shareholder (AGM checklist), the Corporate Governance Report of Thai Listed Companies and the Company was granted SET Award “Top Corporate Governance Report” for 2014;
- Acknowledged the 2013 Board Self Assessment and Committee, and CEO and Company Secretary Assessment. Result as well as consider the criteria of the Board Self Assessment and Committee for 2014, CEO and Company Secretary Assessment for 2014;

- Considered the related party transactions;
- Considered the Company's 2015 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 2014 AGM agenda and provide opinions to shareholders for consideration;
- Considered the interim dividend payment for six months of 2014;
- Considered the dividend payment for year 2013;
- Considered the appointment of Committees' members;
- Considered the salary increase for 2015, 2014 bonus and bonus policy for 2015;
- 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 2014, the committee conducted 6 meetings for consideration of the followings:

Directors		Number of Attendance / Total Number of Meeting
1. General Sumpun	Boonyanun	6/6
2. Mr. Vichai	Pokasamlit	6/6
3. Miss Rapeepan	Luangaramrut	5/6 <sup>1)</sup>

*Remark <sup>1)</sup> The meeting date has been changed while such director has been aboard.*

### • Executive Board Committee

In 2014, 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 2014, 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	2/2
4. Mr. Jong	Diloksombat	2/2

- **Nominating & Compensation Committee**

In 2014, 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	2/3 <sup>1)</sup>

*Remark* <sup>1)</sup> The meeting date has been changed while such director has been aboard.

- **Risk Management Committee**

In 2014, the committee conducted 3 meetings for consideration of the followings:

Directors		Number of Attendance / Total Number of Meeting
1. Mr. Jong	Diloksombat	3/3
2. Mr. Pornchai	Krivichian	3/3
3. Mr. Apichat	Sirisalipochana	3/3
4. Miss Chotika	Kamloonwesaruch	3/3
5. Mr. Suchart	Duangthawee	3/3
6. Mr. Dhilokpat	Nisamaneevong	3/3
7. Mr. Anupong	Saowamas	3/3
8. Mr. Senee	Somma	3/3

- **Sustainable Development Committee**

In 2014, the committee conducted 2 meeting for consideration of the followings:

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

*Remark* <sup>1)</sup> He went abroad due to business trip.

Details of agenda of each committee meetings in 2014 has been disclosed in the Company's Annual Report 2014 (Form 56-2 or Annual Report ) under report of the each committee.

### **3) Meeting among members of the Non-Executive Directors**

In 2014, 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 are shown in "Internal Control, Risk Management and Anti-Corruption").

#### **5.8) Risk Management**

(Details are shown in "Internal Control, Risk Management and Anti-Corruption").

#### **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 2014 as a whole. The assessment form, which has been approved by the Board of Directors in its meeting No. 7/2014 on December 18<sup>th</sup>, 2014, was sent to all directors for assessment. The questionnaire covers the following area:

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

The result of the Board Self-Assessment for 2014. In all 4 topics, the Company has an Excellent evaluation by obtaining an average score of 98.08% which coincides with the average score of 98.77% in 2013.

##### **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 2014 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. 7/2014 on December 18<sup>th</sup>, 2014, was sent to all directors for assessment. The questionnaire covers the following area:

- Knowledge
- Responsibility
- Meeting
- Self-development

The result of the Director Self-Assessment for 2014. In all 4 topics, the Company has an Excellent evaluation by obtaining an average score of 98.64% which coincides with the average score of 99.01% in 2013.



### 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
- Authority, duty and responsibility
- 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 of the Audit Committee self assessment for 2014. In all 6 topics is rated at Excellent level.

### 5.9.4 Committee Self-Assessment

The Corporate Governance Committee has initiated the self-assessment form of committees for 2014 as Executive Board, Corporate Governance Committee, Nominating & Compensation Committee, Risk Management Committee and Sustainable Development 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. 7/2014 on December 18<sup>th</sup>, 2014, 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 Committee Self-Assessment for 2014. In all 5 topics was shown below:

1. The Executive Board has an Excellent evaluation by obtaining average score of 100% which is equivalent to the average score of 100% in 2013.
2. The Corporate Governance Committee has an Excellent evaluation by obtaining average score of 98.61% which is more than the average score of 97.50% in 2013.
3. The Nominating & Compensation Committee has an Excellent evaluation by obtaining average score of 99.39% which is equivalent to the average score of 99.39% in 2013.
4. The Risk Management Committee has a Very Good evaluation by obtaining average score of 87.89% which is less than the average score of 95.09% in 2013.
5. The first year Sustainable Development Committee has an Excellent evaluation by obtaining average score of 93.81%.

### 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.7/2014 on December 18<sup>th</sup>, 2014 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

The result of the CEO Assessment for 2014. In all 9 topics, the Company has an Excellent evaluation by obtaining an average score of 97.96% which coincides with the average score of 98.49% in 2013.

#### **5.9.6 Company Secretary Assessment**

In order to develop the working efficiency of the Company Secretary, the Company has also been assessed by using the assessment from which has been approved by the Board of Directors in its meeting No. 7/2014 on December 18<sup>th</sup>, 2014 and sent to all directors for assessment. Assessment result will be considered for remuneration adjustment. The questionnaire covers the following area:

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

The result of the Company Secretary Assessment for 2014. In all 6 topics, the Company has an Excellent evaluation by obtaining an average score of 95.75% more than the average score of 95.37% in 2013.

#### **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 order to get sufficient information before his or her post. 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.

However, In 2014 the Company has not appointed a director on the Board of director positions. The Company did not have provide orientation new directors in 2014.

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 2014, the directors have attended the additional training courses as follows:

Directors	Courses
1. General Sumpun Boonyanun	- Anti-Corruption for Executive Program (ACEP) in 2014
2. Mr. Watchai Vilailuck	- Training Course on Administrative Justice for Executives, Institute of Administrative Justice, The Office of the Administrative Courts of Thailand (Class 5)
3. Mr. Jong Diloksombat	- Capital Market Leader Program, The Securities and Exchange Commission (SEC) and Sasin Graduate Institute of Business Administration of Chulalongkorn University in 2014

## 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 24<sup>th</sup>, 2015 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 2014 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 described 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 2014, total amount of medical treatment fee reimbursed by the employees of the Company and its subsidiaries amounted to 1,425,498 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 2014, the Company has awarded 1 scholarship at master degree levels to the employee, i.e. on Administration, Ramkhamhaeng 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.

Statistic of accidents occurred or rate of absence of works or rate of illness/injury from works.

In 2014, there is no accidents resulting in absence of works.

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](http://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](http://www.samtel.com)).

- **Customer policies**

The Company has policy to build up satisfaction and confidence on continued basis to the Company's valued customers and disclose such practices in the Company's Business Ethics. The Company provides 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 2014, 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 throughout supply chain for customer services and the establishment of nationwide service center, by Samart Communication Services Co., Ltd. for Flexibility Conveniently and earlier service of ICT Solution and Services to customers provides support and currently have 38 centers.
- 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 "Electronic Signature Capture System" on EDC terminal devices enabling credit card holders to sign on Sign Pad devices. Signatures are stored as electronic signature in secure storage, resulting in ease of query. The system can record selling data to generate sales reports and can verify total amount transferred to connecting banks accurately and easily.
- Samart Ed Tech Co., Ltd. designed and developed e-coursewares for employee development and training program for commercial banks and corporate clients.
- Smarterware Co., Ltd. provided staffs training program of new technologies according to application development direction of the Company. The Company targeted development of expertise in GIS and Mobile Application, which is the direction of application development with advanced technology to increase technical capabilities. More importantly, the Company has maintained international standard of CMMI Level 5, the highest level certified by SEI - Software Engineering Institute in development process of quality software.
- Portalnet Co., Ltd. extended staffs' knowledge base to cover Data Warehouse, Customer Relationship Management, Enterprise Content Management, and SuccessFactors Talent Management systems.

- **Trade partners policies**

The Company has policy to equitably and fairly treat its trade partners by taking into consideration of the Company's interest and on mutual benefits basis and disclose such practices in the Company's Business Ethics. 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 has policy to conducts all business affairs under just rules and competitions, support free trading and disclose such practices in the Company's Business Ethics. 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.

- **Anti-Corruption policies**

The Company conducts all business affairs under principles of good corporate governance. Anti-Corruption Policy is set to prevent all corruptions that may arise from operating activities and contacts with stakeholders which the directors, executives and employees of the Company, its subsidiaries and associated companies must strictly achere. The Board of Directors Meeting 1/2015 held on February 24, 2015 has approved amendments / additions to the anti-corruption policies as declared in the Company's Code of Business Ethics manual for all employees to adhere. Details of Anti-Corruption policy, Guidelines to perform of anti-corruption and the result of the implementation of such policies were disclosed in the subject "Internal Control, Risk Management and 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 concremented development of the communities. In 2014, 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, and assignment to the Human Resources Department provide training to employees. 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 2014, 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 Project of radio communication system along the pipeline onshore of PTT Public Company Limited. 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 has policy of non violation of 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](http://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.

- **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](http://www.samtel.com) under "Contact Us".

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

Or send E-mail address : [Somchai.B@samtel.samartcorp.com](mailto: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](http://www.samtel.com) and Human Resources' website at [www.samarthre.com](http://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](http://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 31, 2014 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                       |

Audit Committee comprise of no less than 3 members, and 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 filing 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 propose the appointment, 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' meeting on the appointment, termination of the external auditor and also propose its remuneration for further consideration;
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 31, 2014 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 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.

#### **3) Corporate Governance Committee as of December 31, 2014 consists of 4 members:**

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

#### **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 31, 2014 consists of 3 members:

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

**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 31, 2014 consists of 8 members:

- |    |  |   |
|----|--|---|
| 1. | Mr. Jong Diloksombat                       | Chairman of the Risk Management Committee |
| 2. | Mr. Pornchai Krivichian                    | Member                                    |
| 3. | Mr. Apichat Sirisalipochana                | Member                                    |
| 4. | Miss Chotika Kamloonwesaruch               | Member                                    |
| 5. | Mr. Suchart Duangthawee                    | Member                                    |
| 6. | Mr. Dhillokpat Nisamaneevong <sup>1)</sup> | Member                                    |
| 7. | Mr. Anupong Saowamas <sup>1)</sup>         | Member                                    |
| 8. | Mr. Senee Somma <sup>1)</sup>              | Member                                    |
|    | Mr. Somchai Bunsupaporn                    | Secretary                                 |

*Remark : <sup>1)</sup> Have been appointed as the Risk Management Committee on May 12<sup>th</sup>, 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 31, 2014 consists of 7 members:**

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

### **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 and propose to the Board of Director and/or the shareholders' meeting in case of rotation or others. 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 "1.2 Business Ethics" under "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.

## 6. The compliance with the Principles of Good Corporate Governance in other areas

The Company conducts the business in comply with the 2012 Principles of Good Corporate Governance by the SET. However, there are some areas that the Company has not yet followed as follows:

### **Equity Treatment of Shareholders**

1. The Company does not entitle the right for minority shareholders to participate in the nomination and appointment of director. However, the Board of Directors has appointed the Nomination Committee and Compensation Committee to recruit, select and nominate candidates for the position of director 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, then propose to the Board of Director / the shareholder's meeting for further approval.
2. The Company has not yet determined to perform the election of directors by using cumulative vote. However, the Company entitled the shareholders to vote for the election of directors individually. Each shareholder shall have one vote for each share as stipulated by the Company's Articles of Association so that the shareholders have the right to elect director with their need.
3. The Company has not established a policy regarding directors and top management to declare their own trading of the Company's share at least 1 day prior to the trade date to the Board of Directors or the assigned person. However, the Company establishes the policy that director and executives must report the change of holding Company's share in every board meeting.

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

1. The Company has no policy for all directors to serve as directors in other listed companies not more than 2 listed companies. However, the Company has set the policy for all directors to be the director in any listed companies not exceeding 5 companies.
2. The Company has no policy for executive directors to serve as directors in other listed companies not more than 2 listed companies. However, the Company has set the policy for all directors to be the director in any listed companies not exceeding 5 companies. In addition, the management of the Company will also be obtained approval from the Executive Committee prior to be a director in any companies of which are not have either similar business or being the Company's competitors. The Nomination Committee and Compensation Committee is responsible to consider and nominate the candidate who is knowledge, capability and has sufficient time to perform his duty.
3. The portion of independent directors and non-executive directors in the Board of Directors are equivalent to 44.44% and 55.55% which are less than 50% and 66% as stipulated by the principles of good corporate governance.

# Internal Control, Risk Management and Anti-Corruption

## 1. Internal Control

The Company's Board of Directors puts emphasis on internal control system on continued, Special emphasis is placed on the adequacy and appropriateness of the internal control system on all business operation to improve efficiency and effectiveness. The Board of Directors oversees all the internal control systems of the company by taking into account of good corporate governance. Therefore, the Audit Committee has been delegated to review the assessment of the sufficiency of internal control system, review the transparency and accuracy of financial statement and also review that all business operation are compliance with applicable law and regulation together with the connected transaction and the key issues shall be reported to the Board for further consideration. The internal audit office is responsible for regular audit of business operation in compliance with policies and guideline and reporting to the Audit Committee, has duty to audit performance of all units such as accounting, finance, management and operations of all departments to the annual audit plan which must have been approved by the Audit Committee.

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) concept, which relate to business operations and management processes within the Company. In 2014, the Board of Directors evaluated the Company's internal control system as guideline from the Securities and Exchange Commission and found no significant error on the Company's internal control system. The 8 enterprise risk management components are 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 Treadway 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 has been deployed as centralized information repository to assist Management with date update and data analysis for decision making. ERP Software (SAP) has been utilized to support accounting tasks, inventory management, and asset management to support business under the administration complied with information security standard (BS 7799-2:2005), which is certified by the international standard, ISO 27001. The Company's subsidiary has also been certified with CMMI (Capability Maturity Model Integration) Level 5 for quality software development process. Furthermore the Company has conducted external data backup utilizing the backup site for entire data in information system. Moreover, the Company has been utilized Human Resource Information System.

The Company provided the intranet, Internet and e-mail systems for internal and external communication regarding the policy, procedure, manual announcement and news. And also there are the channel for stakeholders' complaint or suggestion through mail and Company's website.

#### **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 Executive Board 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, Board of Directors and Audit Committee.

#### **Internal Audit**

The internal audit Department has independence and righteousness and it shall directly report to the Audit Committee, has its Audit Charter which clearly defines scope and responsibility. 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.

### **Conclusion**

In the Board of Directors' Meeting No.1/2015 on February 24, 2015 in which all three independent Audit Committee members attended, concluded that the Company has a sufficient internal control system. Furthermore, the Company's auditor, Miss. Siriwan Suratepin, an auditor license no. 4604, audited the Company's financial statement for period ending December 31, 2014 without any comment on the Company's internal control system as significant error.

## **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.

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 2014, the Committee has conducted 3 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's risk management policies are disclosed on the Company website. (<http://www.samtel.com>)



### 3. Anti-Corruption

#### Anti-Corruption Policy

The Company conducts all business affairs under principles of good corporate governance. Anti-Corruption Policy is set to prevent all corruptions that may arise from operating activities and contacts with stakeholders which the directors, executives and employees of the Company, its subsidiaries and associated companies must strictly adhere. The Board of Directors Meeting 1/2015 held on February 24, 2015 has approved amendments / additions to the anti-corruption policies as declared in the Company's Code of Business Ethics manual as follows:

#### 1. Political neutrality and political assistance

The Company is a politically neutral business entity that supports lawful operations and democratic form of government with the King as Head of State. Directors, Executives, and Employees enjoy their political rights and freedom under the law. However, they must not deprive company of neutrality and compromise it though their involvement in politics or use its resources to do so.

#### 2. Donation for charity and support fund

The Company supports community and social development to upgrade the quality of life, enhance the economy, and strengthen communities and society through business processes or donation for charity used for public charity only. Moreover, the support fund for Company's business must have a clear proof of documents in compliance with the Company's regulations.

#### 3. 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 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's anti-corruption policies are disclosed on the company website. (<http://www.samtel.com>)

#### **Guidelines to perform of anti-corruption**

##### **1. The process of risk assessment and risk management**

In the aspect of risk management, the Company has an internal audit unit to check the operation in all company's units following the risks topic of each company including the risk of corruption to ensure that all units must have appropriate internal control systems both Preventive Control and Detective Control. In case internal control of any unit is found that it is inadequate or fraud, a report of inspection results will be presented to the Audit Committee and the executive with guidelines for the prevention and the improved internal control system.

##### **2. Protection**

To ensure an adequate compensation to employees, aim to make awareness and do not lead to corruption, the Company's Human Resources will collect the results of the compensation survey of the prestigious institutions both in Thailand and abroad in each year to adjust wages, including the exchange of information with the other company's human resources in telecommunications and computers into consideration for employee's compensation.

##### **3. Training and Communication**

Supporting best practices for anti-corruption policy by providing a training course to all employees and to promote honesty and guidelines for code of conduct to the company's employees including the company's business ethics through new employee orientation. All employees can access all related information in HR Website ([www.samarthre.com](http://www.samarthre.com)).

##### **4. Reporting Channels**

In order to oversee the implementation of anti-corruption policy, the Company encourages its employees and all stakeholders to report the violation of company's policies and unfair practices by providing the channels for stakeholders to inform any actions which are against the corporate governance principle, ethics, rules and regulations of the Company, laws or any action which may cause damage to the Company to the Chairman of the Audit Committee. Such document and/or evidence may be sent by the employees themselves or via the postal service as the address shown in the Company's website. 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.

##### **5. Regulatory and monitoring of the implementation of the policy.**

Internal audit unit will make an audit report of fraud found in the past year and report to the Audit Committee annually with problems and suggest solutions.

For the past year, no employees fraud, just found defect of non-compliance of the company's regulations, which have been amended and clarified the correct procedures for employees to acknowledge.

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.

# 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, 2014 and 2015:

Companies	Relationship	Counterparts
Samart Corporation Pcl.	The major shareholder of the Company and holds a 70.08% 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 68.43% stake and Samart Comtech Co., Ltd. holds a 1.5% stake and Samart Engineering Co., Ltd. holds a 0.75% stake and Samart Telcoms Pcl. holds a 0.75% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Sirichai Rasameechan
Samart I-Mobile Pcl.	Samart Corporation Pcl. holds a 70.94% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Sirichai Rasameechan Mr. Jong Diloksombat
I-Mobile International Co., Ltd.	Samart I-Mobile Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Sirichai Rasameechan 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
Vilailuck International Holding Co., Ltd.	Vilailuck International Holding Co., Ltd. holds a 17.12% 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
Teleconnex 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. Sirichai Rasameechan 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. Sirichai Rasameechan 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 Service (Thailand) Co., Ltd.	Samart Comtech Co., Ltd. holds a 60% stake.	Mr. Charoenrath Vilailuck Mr. Jong Diloksombat
SLA Asia Co., Ltd.	Samart Communication Service Co., Ltd. holds a 30% stake.	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
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

Companies	Relationship	Counterparts
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
Siam Sport Television Co., Ltd.	I-Sport Co., Ltd. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck
Samart Waste2Power Co., Ltd.	Samart U-Trans Co., Ltd. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck
Samart U-Trans (Myanmar) Co., Ltd. **	Samart U-Trans Co., Ltd. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck
Samart U-Trans (Laos) Co., Ltd. **	Samart U-Trans Co., Ltd. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck
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	-
Nirvana Memorial Park Co. Ltd.	Director Related is Mr. Watchai Vilailuck, Mr. Sirichai Rasameechan	Mr. Watchai Vilailuck Mr. Sirichai Rasameechan

\* *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.*

\*\* *The Company is in process of the establishment.*

## 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 twelve-month fixed deposit rate of the commercial banks that the subsidiary companies frequently use.
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
	2014	2013	
1. Samart Telcoms Pcl. rent the office at Software Park Building and used the public utilities services with area 948.68 / 885.64 sq. meter from Samart Corporation Pcl.	6.07	5.85	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	0.07	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	4.70	The rental and service charges for public utilities are reasonable when compared to market price within the same area.
4. Samart Communication Service Co., Ltd. rent the office at Software Park Building and Smart One Building, and used the public utilities services with area 457.77 / 647.22 sq. meter. and 288 sq.meter., respectively from Samart Corporation Pcl.	4.67	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 / 382.30 sq. meter. from Vilailuck International Holding Co., Ltd.	4.85	5.05	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	0.30	0.14	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.	0.29	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
	2014	2013	
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.	5.71	5.42	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 / 592.42 sq. meter. from Samart Corporation Pcl.	8.16	8.29	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 / 1,476.41 sq. meter. from Vilailuck International Holding Co., Ltd.	9.08	9.01	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.	0.93	1.23	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.	0.33	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 / 291.44 sq. meter. from Vilailuck International Holding Co., Ltd.	2.53	2.75	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	0.59	The rental and service charges for public utilities are reasonable when compared to market price within the same area.
18. Portalnet Co., Ltd. rent the office at Software Park Building and used the public utilities services with area 139.29 sq. meter. from Samart Corporation Pcl.	0.23	-	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)	
			2014	2013
1. Samart Telcoms Pcl.	For the purchase of Samart Comtech's shares from Samart Corporation Pcl.	7.75-7.875	Outstanding Loan - Interest Paid 2.20	Outstanding Loan 93.00 Interest Paid 7.43



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

Sellers of Goods/Services	Buyers of Goods/Services	Amount (Baht Million)	
		2014	2013
1. Samart Telcoms Pcl.	Samart Corporation Pcl.	4.34	4.34
	Samart Engineering Co., Ltd.	12.15	5.25
	Combodia Air Traffic Services Co., Ltd.	0.60	0.60
	One to One Contacts Pcl.	-	2.62
2. Samart Communication Services Co., Ltd.	One to One Contacts Pcl.	0.65	1.58
	I-Mobile Plus Co., Ltd.	4.92	-
3. Thai Trade Net Co., Ltd.	Samart Corporation Pcl.	0.03	0.02
4. Samart Comtech Co., Ltd.	Samart Corporation Pcl.	33.12	1.50
	Samart Multimedia Co., Ltd.	0.35	-
5. Smarterware Co., Ltd.	Samart Multimedia Co., Ltd.	7.20	-
6. Samart Infonet Co., Ltd.	Samart Corporation Pcl.	1.62	1.61
	Samart I-Mobile Pcl.	2.50	2.01
	One to One Contacts Pcl.	6.34	6.09
	I-Mobile International Co., Ltd.	0.02	0.03
	Samart Multimedia Co., Ltd.	3.48	3.36
	Samart Engineering Co., Ltd.	0.17	0.17
	I-Mobile Plus Co., Ltd.	1.84	2.04
	Nirvana Memorial Park Co., Ltd.	0.02	-
	Brain Source Co.,Ltd.	0.02	0.01
	Best Cellar Co., Ltd.	0.13	-
7. Samart Corporation Pcl. (IT Data Center services)	Samart Telcoms Pcl.	11.48	11.48
	Samart Communication Services Co., Ltd.	27.60	27.60
	Posnet Co., Ltd.	2.16	2.16
	Thai Trade Net Co., Ltd.	1.28	1.28
	Samart Comtech Co., Ltd.	16.80	16.80
	Samart Infonet Co., Ltd.	1.76	1.76
8. Samart Corporation Pcl. (Management Fee)	Samart Telcoms Pcl.	24.00	24.00
9. Samart Corporation Pcl.	Samart Infonet Co., Ltd.	1.43	1.44
	Posnet Co., Ltd	0.19	-
	Samart Comtech Co., Ltd.	0.34	-
10. I-Mobile Plus Co., Ltd.	Samart Telcoms Pcl.	0.33	0.24
	Samart Comtech Co., Ltd.	0.12	0.14
	Samart Infonet Co., Ltd.	0.13	0.18
	Samart Communication Services Co., Ltd.	0.57	0.40
	Portalnet Co., Ltd.	0.01	-



Sellers of Goods/Services	Buyers of Goods/Services	Amount (Baht Million)	
		2014	2013
11. Samart I-Mobile Pcl.	Samart Telcoms Pcl.	5.14	1.12
	Samart Communication Services Co., Ltd.	3.84	0.74
	Posnet Co., Ltd	0.14	0.35
	Samart Comtech Co., Ltd.	1.29	0.93
	Samart Infonet Co., Ltd.	0.17	0.10
	Smarterware Co., Ltd.	0.08	0.03
	Thai Trade Net Co., Ltd.	0.01	0.01
	Samart Ed Tech Co., Ltd.	0.01	0.05
	Portalnet Co., Ltd.	0.08	0.01
12. Samart Engineering Co., Ltd.	Samart Telcoms Pcl.	0.11	0.54
	Samart Communication Services Co., Ltd.	1.00	0.99
	Samart Comtech Co., Ltd.	0.68	4.74
	Portalnet Co., Ltd.	1.26	-
	IT Absolute Co., Ltd.	-	55.25
13. One to One Contracts Pcl.	Samart Telcoms Pcl.	4.59	0.08
	Samart Communication Services Co., Ltd.	2.56	2.28
	Thai Trade Net Co., Ltd.	0.15	0.15
	Samart Comtech Co., Ltd.	5.72	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.	0.89	19.40
	Samart Communication Services Co., Ltd	2.23	1.20
	Samart Comtech Co., Ltd.	0.05	441.38
15. Samart Multimedia Co., Ltd.	Samart Telcoms Pcl.	2.73	0.15
	Samart Infonet Co., Ltd.	0.10	-
	Samart Comtech Co., Ltd.	0.38	0.03
	Samart Ed Tech Co., Ltd.	-	0.01
	Portalnet Co., Ltd.	-	0.01
	Smarterware Co., Ltd.	0.01	-
	Posnet Co., Ltd	0.04	-
16. Samart Interactive Media Co., Ltd.	Samart Comtech Co., Ltd.	0.36	0.20
	Samart Infonet Co., Ltd.	0.04	0.02
	Portalnet Co., Ltd.	0.04	-
17. Vilailuck International Holding Co., Ltd.	Samart Telcoms Pcl.	0.01	0.01
	Samart Comtech Co., Ltd.	0.43	0.26
	Portalnet Co., Ltd.	0.02	0.01
18. Net Media Co., Ltd.	Samart Corporation Pcl.	0.06	-
19. I.Q Wine Co., Ltd. (Formerly known as Best Cellar Co., Ltd.)	Samart Telcoms Pcl.	0.49	0.26
	Samart Comtech Co., Ltd.	-	0.19

**4) Miscellaneous Normal Business Transactions**

Nature of Major Transactions	Value (Baht Million)		Justification
	2014	2013	
1. Samart Telcoms Pcl. paid for the equipment rental, services charges, and miscellaneous expenses to Samart Corporation Pcl.	0.01	0.03	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.	0.63	0.38	Normal business transaction at market price.
3. Samart Telcoms Pcl. paid for miscellaneous expenses to Samart Interactive Media Co., Ltd.	0.20	0.21	Normal business transaction at market price.
4. Samart Telcoms Pcl. paid for miscellaneous expenses to Vilailuck Development Co., Ltd.	0.04	0.10	Normal business transaction at market price.
5. Samart Telcoms Pcl. paid for miscellaneous expenses to Phuphatara Co., Ltd.	1.55	0.65	Normal business transaction at market price.
6. Samart Communication Service Co., Ltd. paid for the water, electricity, and car park rental to Vilailuck International Holding Co., Ltd.	0.86	0.92	Normal business transaction at market price.
7. Samart Communication Services Co., Ltd. paid for the miscellaneous expenses to Samart Interactive Media Co., Ltd.	0.38	0.48	Normal business transaction at market price.
8. Samart Communication Services Co., Ltd. paid value products, and miscellaneous expenses to Samart Corporation Pcl.	0.03	0.02	Normal business transaction at market price.
9. Samart Communication Services Co., Ltd. paid for the miscellaneous expenses to Samart Multimedia Co., Ltd.	0.33	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.	0.30	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	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	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.	0.04	0.02	Normal business transaction at market price.

Nature of Major Transactions	Value (Baht Million)		Justification
	2014	2013	
18. Samart Comtech Co., Ltd. paid for the office supplies and the miscellaneous services to Samart Corporation Pcl.	-	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.	0.98	1.08	Normal business transaction at market price.
20. Samart Infonet Co., Ltd. paid miscellaneous expenses to Vilailuck International Holding Co., Ltd.	0.14	0.01	Normal business transaction at market price.
21. Smarterware Co., Ltd. paid miscellaneous expenses to I-Mobile Plus Co., Ltd.	0.02	0.04	Normal business transaction at market price.
22. Smarterware Co., Ltd. paid for car park rental to Vilailuck International Holding Co., Ltd.	0.13	0.16	Normal business transaction at market price.
23. Samart Ed Tech Co., Ltd. paid for car park rental to Vilailuck International Holding Co., Ltd.	0.04	0.06	Normal business transaction at market price.
24. Samart Ed Tech Co., Ltd. paid miscellaneous expenses to Samart Interactive Media Co., Ltd.	-	0.02	Normal business transaction at market price.
25. IT Absolute Co., Ltd. paid for car park rental to Vilailuck International Holding Co., Ltd.	0.04	0.03	Normal business transaction at market price.

Samart Comtech Co., Ltd., a subsidiary company, has purchased the 60% of total shares of Net Service (Thailand) Co., Ltd. on 2 January 2014.

Samart Communication Services Co., Ltd., a subsidiary company, has invested the 30% of total shares of SLA Asia Co., Ltd. The company was registered with the Ministry of Commerce on 26 February 2014.

## 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		
	2012	2013	2014
Cash and cash equivalents	425,323	561,910	656,846
Account receivables - net	2,202,529	3,468,685	1,737,179
Inventories	401,450	341,457	352,994
Property, plant and equipment - net	3,022,933	2,849,107	2,746,131
Intangible asset	177,607	155,551	126,702
Total assets	12,396,968	12,473,093	8,938,416
Overdrafts and short - term loans from banks	4,258,461	3,203,330	1,943,636
Account payables	1,739,481	2,286,893	700,652
Current portion of long - term loans from banks	1,160,053	511,479	211,560
Long-term loans from banks - net of current portion	1,043,801	575,902	49,320
Total liabilities	9,664,891	9,298,397	5,459,560
Paid up capital	610,223	616,936	618,000
Retained earnings	1,659,635	2,056,738	2,323,874
Shareholders' equity	2,732,076	3,174,696	3,478,856
Revenues from sales and services	7,530,337	9,250,761	6,598,146
Total revenues	7,738,495	9,367,117	6,712,786
Cost of goods and service sold	6,037,617	7,459,059	5,266,674
Selling and admin expenses	480,328	486,223	488,850
Finance Cost	294,784	368,409	214,527
Total costs and expenses	6,574,948	7,976,258	5,767,620
Net profit	828,276	856,988	704,834
Net profit per share (Baht / share)	1.36	1.40	1.14
Cash flow from operating activities	73,494	1,901,923	3,492,046
Cash flow from investing activities	(1,768,034)	(634,302)	(891,729)
Cash flow from financing activities	1,907,648	(1,131,029)	(2,505,381)
Par value (Baht / share)		1	11
Common shares outstanding (Thousand shares)	610,223	616,936	618,000
Weighted average number of shares (Thousand shares)	608,073	613,858	617,629
Book value (Baht / share)	4.48	5.15	5.63
Dividend per share (Baht / share)	0.70	0.75	0.65

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

Financial Ratio		Samart Telcoms Pcl. and Subsidiaries		
		2012	2013	2014
<b><u>LIQUIDITY RATIO</u></b>				
Current ratio	(Times)	1.04	1.07	1.06
Acid test ratio	(Times)	0.33	0.49	0.48
Cash turnover	(Times)	0.01	0.22	0.50
Receivable turnover ratio	(Times)	4.28	3.25	3.78
Average collection period	(Days)	84	111	95
Inventory turnover ratio	(Times)	7.67	13.20	10.59
Days sales outstanding	(Days)	47	27	34
Payable turnover ratio	(Times)	3.55	3.71	3.53
Payment period	(Days)	102	97	102
Cash cycle	(Days)	30	41	27
<b><u>PROFITABILITY RATIO</u></b>				
Gross profit margin	(%)	19.82	19.37	20.18
Net profit margin	(%)	10.70	9.15	10.50
Return on equity	(%)	33.35	29.02	21.20
<b><u>EFFICIENCY RATIO</u></b>				
Return on assets	(%)	7.80	6.89	6.58
Return on fixed assets <sup>1)</sup>	(%)	57.33	57.36	59.73
Asset turnover	(Times)	0.73	0.75	0.63
<b><u>FINANCIAL POLICY RATIO</u></b>				
Debt to equity	(Times)	3.54	2.93	1.57
Interest coverage	(Times)	4.26	3.65	4.73
Debt serviceability	(Times)	1.33	0.59	0.47
Dividend payout ratio <sup>2)</sup>	(%)	51.54	54.01	56.99 <sup>3)</sup>

*Remark:* <sup>1)</sup> Including the rights to use communications equipment

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

<sup>3)</sup> Dividend payment for 2014, the Board of Directors meeting on February 24, 2015 and on August 7, 2014, has approved dividend payment to shareholders at Baht 0.40 and Baht 0.25, respectively, totaling the dividend payment for 2014 at Baht 0.65 per share. The Annual General Meeting of Shareholders 2015 will be held on April 29, 2015.



## 2. Financial Analysis and Operating Results

### 2.1 Operating Results Overview

#### 2014 Operating Results Overview

In 2014, the Company reported the consolidated total revenues of Baht 6,713 million, decreased from previous year by Baht 2,654 million or 28.3%. Revenue from sales and services was Baht 6,598 million, decreased by Baht 2,653 million or 28.7% comparing to previous year, mainly due to the lower revenue recognition of turnkey projects, resulted from delayed in several IT projects. Other income was Baht 114 million, decreased from Baht 116 million of previous year by Baht 2 million.

Cost of sales and services was Baht 5,267 million, decreased by Baht 2,192 million or 29.4% comparing to previous year, as a result of lower revenue. Gross profit was Baht 1,331 million, decreased by Baht 460 million or 25.7%. However gross profit margin was 20.2% increase from 19.4% of previous year, due to higher portion of service income, which carry higher gross profit margin.

Selling expenses, administrative expenses, and other expenses were Baht 503 million, decreased from previous year by Baht 15 million, mainly due to a decrease in loss on exchange rate, and advertising and marketing expense.

Finance cost was Baht 215 million, decreased from previous year by Baht 154 million, mainly due to a decrease in loan outstanding and lower financial cost in 2014.

Corporate income tax was Baht 30 million, decreased by Baht 135 million mainly due to a decrease in deferred tax, while interim corporate income tax compare to earnings before tax was approximate to previous year.

As a result, the consolidated net profit attributable to equity holders of the company was Baht 705 million, decreased by Baht 152 million or 17.8% from previous year. Net profit margin was 10.5% increase from 9.1% of previous year

### 2.2 Operating Results of the Company and Its Subsidiaries

The revenue structure breakdown by Business Group as of December 31, 2014 and 2013 are as follows:

Business Group	Revenue from Sales & Services (Million Baht)		Growth Rate
	2014	2013	
1. Network Services	3,203.7	5,525.9	-42.0%
2. System Integration	1,838.7	2,098.8	-12.4%
3. Innovation Business Application Solutions & Services	271.0	214.3	26.4%
4. ICT Outsourcing Services	1,310.5	1,430.6	-8.4%
5. IP Business	88.9	97.5	-8.8%
<b>Total</b>	<b>6,712.8</b>	<b>9,367.1</b>	<b>-28.3%</b>

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

#### 1. Network Services

In 2014, sales and services income were Baht 3,204 million, decreased by Baht 2,322 million or 42.0% compared to Baht 5,526 million in 2013. The decrease was mainly resulted from lower revenue recognition of protective communication tools and installation project, and TOTS 3G nationwide network project.

**2. System Integration**

In 2014, sales and services income were Baht 1,839 million, decreased by Baht 260 million or 12.4% compared to Baht 2,099 million in 2013. The decrease was mainly resulted from lower revenue recognition of closed-circuit television (CCTV) Project, and information technology development for environmental management project.

**3. Innovation Business Application Solutions & Services**

In 2014, sales and services income were Baht 271 million, increased by Baht 57 million or 26.4% compared to Baht 214 million in 2013, mainly due to the increase of software services revenue, and sales and services revenue of Electronic Data Capture (EDC) equipments.

**4. ICT Outsourcing Services**

In 2014, sales and services income were Baht 1,311 million, decreased by Baht 120 million or 8.4% compared to Baht 1,431 million in 2013. The decrease was mainly resulted from lower revenue recognition of automatic meter reading (AMR) installation project.

**5. IP BUSINESS**

In 2014, sales and services income were Baht 89 million, decreased by Baht 9 million or 8.8% compared to Baht 98 million in 2013, the decrease was mainly resulted from lower revenue from providing internet services to corporate customers.

**2.3 Financial Statement (Assets)**

As of December 31 2014, total assets were Baht 8,938 million, decreased by Baht 3,535 million or 28.3% from the end of year 2013, mainly due to a decrease in accrued revenue, trade and other receivables resulted from collection from customers.

Total assets consist of current assets of Baht 5,647 million, representing 63.2% of total assets, reduced by Baht 3,569 million compared with Baht 9,217 million, representing 73.9% of total assets in 2013. The major current assets were accrued revenue, trade and other receivables, representing 21.4% and 19.8% of total assets respectively.

Non-current assets were Baht 3,291 million, representing 36.8% of total assets, increased by Baht 35 million compared with Baht 3,257 million, representing 26.1% of total assets in 2013. The major non-current assets were property plant and equipment, representing 30.7% of total assets.

**Trade Account Receivable and Inventory**

The Company had net trade receivable of Baht 1,737 million, a decrease of Baht 1,732 million or 50%, compared with Baht 3,469 million in the end of 2013. 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 2014, the allowance was set up by Baht 12 million. The Company believes that such allowance for doubtful debts is adequate, provided that most account receivable are project debtors and have strong financial status.

At the end of 2014, the net inventory was Baht 353 million, an increase of Baht 12 million or 3.4% compared to Baht 341 million in the end of 2013.

### **Liquidity**

The current ratio in 2014 was 1.1, which approximate as previous year. 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, 2014, cash and cash equivalents were Baht 657 million, increased by Baht 95 million, or 16.9% from the end of year 2013. The detail of sources and uses of fund are as follows:

- Cash flow from operating activities was Baht 3,492 million, mainly resulting from operating profit, and received payment from customers.
- Cash flow used in investing activities was Baht 892 million, mainly resulting from capital invested to support project.
- Cash flow used in financing activities was Baht 2,505 million, mainly resulting from repay loans from financial institutions.

### **Sources of Fund**

As of December 31 2014, total liabilities were Baht 5,460 million decreased by Baht 3,839 million or 41.3% from the end of year 2013, major caused by the decrease in loans from financial institutions and account payable.

The shareholders' equity as at 31 December 2014 equals to Baht 3,479 million, increased by Baht 304 million or 9.6% from the end of year 2013. Net profit in 2013 was Baht 705 million, with Baht 432 million dividend payment during the year.

Regarding the above liabilities and shareholders' equity, the company's debt to equity ratio as at 31 December 2014 was 1.6 times decreased from 2.9 times in 2013.

As of December 31, 2014, debt service coverage ratio was 2.7 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**

The company plan to bid many large projects in year 2015, 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 EY 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, 2014. which was accurate and complied to the accounting standard and related law and regulations.



(Mr. Sombut Uthaisang)  
Chairman



(Mr. Watchai Vilailuck)  
Chief Executive Officer

# 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 2014, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Samart Telcoms Public Company Limited and its subsidiaries and of Samart Telcoms Public Company Limited as at 31 December 2014, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

## Emphasis of matters

I draw attention to Note 39.1.3 and Note 7 to the financial statements as the following.

- a) As discussed in Note 39.1.3 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 2014 the subsidiary has not set up provision for fine from the project delay.

- b) 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.

**Other matter**

The consolidated statement of financial position of Samart Telcoms Public Company Limited and its subsidiaries, and the separate statement of financial position of Samart Telcoms Public Company Limited for the year ended 31 December 2013, presented herein as comparative information, were audited by another auditor of our firm who expressed an unqualified opinion on those statements and drew attention to the change in accounting policy as the result of adoption of Thai Accounting Standard 12 Income Taxes, provision for fine the project delay of subsidiary and the related party transactions, under her report dated 24 February 2014.



Siriwan Suratepin

Certified Public Accountant (Thailand) No. 4604

EY Office Limited

Bangkok: 20 February 2015



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# Statement of financial position

Samart Telcoms Public Company Limited and its subsidiaries

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		As at 31 December 2014	As at 31 December 2013	As at 1 January 2013	As at 31 December 2014	As at 31 December 2013	As at 1 January 2013
			(Restated)			(Restated)	
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	8	656,845,745	561,910,048	425,322,603	264,155,947	224,651,951	70,802,491
Short-term investments in trading securities	9	177,310,746	219,830,330	177,857,691	151,900,746	219,830,330	177,857,691
Trade and other receivables	10	1,771,567,671	3,565,226,619	2,227,615,440	848,745,355	692,830,427	626,767,769
Accrued income		1,910,156,896	3,759,165,294	5,032,580,720	532,797,532	1,187,408,701	703,856,263
Short-term loans to related parties	7	-	-	-	741,852,360	1,766,152,360	1,935,652,360
Inventories	11	352,994,481	341,456,646	401,449,527	216,214,342	295,666,450	339,082,267
Withholding tax deducted at source	12	465,193,697	292,398,806	107,040,581	10,343,819	21,873,268	53,278,689
Other current assets	13	313,130,358	476,570,471	523,610,117	26,049,822	54,028,706	99,434,043
<b>Total current assets</b>		<b>5,647,199,594</b>	<b>9,216,558,214</b>	<b>8,895,476,679</b>	<b>2,792,059,923</b>	<b>4,462,442,193</b>	<b>4,006,731,573</b>
<b>Non-current assets</b>							
Restricted bank deposits	14	174,469,577	17,791,331	17,584,550	-	-	-
Investments in subsidiaries	15	-	-	-	2,050,510,978	2,091,948,467	2,091,948,467
Investments in associate	16	7,203,644	-	-	-	-	-
Other investments		-	5,453,287	5,453,287	-	1,000,000	1,000,000
Property, plant and equipment	17	2,746,130,833	2,849,107,129	3,022,932,668	238,135,435	258,329,829	360,927,451
Intangible assets	18	126,702,188	155,550,705	177,606,908	79,359,488	132,612,300	186,668,720
Goodwill		108,269,858	108,095,942	108,095,942	-	-	-
Deferred tax assets	33	38,012,848	23,061,660	94,902,410	8,025,802	-	-
Other non-current assets		90,427,144	97,474,865	74,915,314	13,570,140	26,122,309	25,071,304
<b>Total non-current assets</b>		<b>3,291,216,092</b>	<b>3,256,534,919</b>	<b>3,501,491,079</b>	<b>2,389,601,843</b>	<b>2,510,012,905</b>	<b>2,665,615,942</b>
<b>Total assets</b>		<b>8,938,415,686</b>	<b>12,473,093,133</b>	<b>12,396,967,758</b>	<b>5,181,661,766</b>	<b>6,972,455,098</b>	<b>6,672,347,515</b>

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



## Statement of financial position (continued)

Samarit Telecoms Public Company Limited and its subsidiaries

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		As at 31 December 2014	As at 31 December 2013	As at 1 January 2013	As at 31 December 2014	As at 31 December 2013	As at 1 January 2013
<b>Liabilities and shareholders' equity</b>			(Restated)			(Restated)	
<b>Current liabilities</b>							
Bank overdrafts, short-term loans							
from banks and trust receipts	19	1,943,636,131	3,203,330,012	4,258,460,748	301,700,000	1,199,764,678	1,651,956,053
Trade and other payables	20	836,510,014	2,414,109,941	1,854,038,107	289,052,814	554,947,083	501,296,287
Short-term debentures	21	1,560,000,000	1,460,000,000	-	1,560,000,000	1,460,000,000	-
Current portion of long-term loans							
from financial institutions	22	211,560,000	511,478,574	1,160,053,363	211,560,000	212,972,028	812,878,790
Short-term loans from related parties	7	-	93,000,000	93,000,000	103,812,012	359,812,012	384,312,012
Unearned revenue		42,810,551	58,745,776	61,845,703	12,462,089	50,431,446	36,392,585
Current portion of liabilities under							
finance lease agreements	23	3,521,518	3,369,122	3,306,163	574,386	547,959	522,747
Income tax payable		1,270,465	12,929,769	13,490,924	-	9,472,480	-
Accrued project cost		598,271,171	726,176,167	969,030,888	285,133,447	240,672,238	237,000,658
Other current liabilities	24	135,574,542	159,151,356	119,757,479	47,864,431	22,074,101	35,340,143
<b>Total current liabilities</b>		<b>5,333,154,392</b>	<b>8,642,290,717</b>	<b>8,532,983,375</b>	<b>2,812,159,179</b>	<b>4,110,694,025</b>	<b>3,659,699,275</b>
<b>Non-current liabilities</b>							
Long-term loans from financial							
institutions - net of current portion	22	49,320,000	575,901,976	1,043,801,067	49,320,000	535,980,605	748,953,634
Liabilities under finance lease							
agreements - net of current portion	23	12,059,691	15,581,209	19,489,791	1,495,256	2,069,642	2,617,601
Provision for long-term employee benefits	25	56,536,583	36,352,883	32,867,416	18,271,646	10,558,702	9,490,022
Deferred tax liabilities	33	-	21,822,216	30,254,121	-	20,342,532	30,254,121
Other non-current liabilities		8,489,428	6,447,970	5,495,545	-	-	-
<b>Total non-current liabilities</b>		<b>126,405,702</b>	<b>656,106,254</b>	<b>1,131,907,940</b>	<b>69,086,902</b>	<b>568,951,481</b>	<b>791,315,378</b>
<b>Total liabilities</b>		<b>5,459,560,094</b>	<b>9,298,396,971</b>	<b>9,664,891,315</b>	<b>2,881,246,081</b>	<b>4,679,645,506</b>	<b>4,451,014,653</b>

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)

	Consolidated financial statements			Separate financial statements		
	As at 31 December 2014	As at 31 December 2013	As at 1 January 2013	As at 31 December 2014	As at 31 December 2013	As at 1 January 2013
Note						
<b>Liabilities and shareholders' equity (continued)</b>		(Restated)			(Restated)	
<b>Shareholders' equity</b>						
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						
618,000,000 ordinary shares						
of Baht 1 each	618,000,000	616,936,000	610,222,500	618,000,000	616,936,000	610,222,500
(31 December 2013:						
616,936,000 ordinary shares						
of Baht 1 each)						
(1 January 2013:						
610,222,500 ordinary shares						
of Baht 1 each)						
Share premium	1,238,860,501	1,232,742,501	1,194,139,876	1,238,860,501	1,232,742,501	1,194,139,876
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	2,250,074,319	1,982,938,397	1,585,835,377	336,684,793	364,339,908	338,179,303
Other components of shareholders' equity	(704,534,919)	(732,613,768)	(732,608,514)	33,070,391	4,991,183	4,991,183
Equity attributable to owners						
of the Company	3,476,199,901	3,173,803,130	2,731,389,239	2,300,415,685	2,292,809,592	2,221,332,862
Non-controlling interests of the subsidiaries	2,655,691	893,032	687,204	-	-	-
<b>Total shareholders' equity</b>	<b>3,478,855,592</b>	<b>3,174,696,162</b>	<b>2,732,076,443</b>	<b>2,300,415,685</b>	<b>2,292,809,592</b>	<b>2,221,332,862</b>
<b>Total liabilities and shareholders' equity</b>	<b>8,938,415,686</b>	<b>12,473,093,133</b>	<b>12,396,967,758</b>	<b>5,181,661,766</b>	<b>6,972,455,098</b>	<b>6,672,347,515</b>

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

# Income statement

Samart Telecoms Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
			(Restated)		(Restated)
<b>Revenues</b>					
Revenues from sales and contract work		3,299,289,150	5,882,784,729	992,938,102	1,214,640,483
Service income	29	3,298,856,423	3,367,976,611	798,128,136	947,796,785
Other income	30	114,640,555	116,355,598	592,655,709	634,029,944
<b>Total revenues</b>		6,712,786,128	9,367,116,938	2,383,721,947	2,796,467,212
<b>Expenses</b>	31				
Cost of sales and contract work		2,718,592,944	4,952,480,105	934,147,586	1,084,890,919
Cost of services		2,548,081,244	2,506,579,392	703,181,870	794,179,097
Selling expenses		122,330,056	126,101,937	42,866,400	45,884,853
Administrative expenses		366,520,173	360,121,157	150,446,510	148,553,583
Other expenses		12,095,681	30,975,524	3,444,324	-
<b>Total expenses</b>		5,767,620,098	7,976,258,115	1,834,086,690	2,073,508,452
<b>Profit before share of loss from investment in associate, finance cost and income tax expenses</b>		945,166,030	1,390,858,823	549,635,257	722,958,760
Share of loss from investment in associate	16	(1,796,356)	-	-	-
<b>Profit before finance cost and income tax expenses</b>		943,369,674	1,390,858,823	549,635,257	722,958,760
Finance cost	32	(214,527,005)	(368,409,058)	(143,870,214)	(198,982,680)
<b>Profit before income tax expenses</b>		728,842,669	1,022,449,765	405,765,043	523,976,080
Income tax expenses	33	(29,924,931)	(165,249,623)	874,448	(37,930,955)
<b>Profit for the year</b>		698,917,738	857,200,142	406,639,491	486,045,125
<b>Profit attributable to:</b>					
Equity holders of the Company		704,834,359	856,987,540	406,639,491	486,045,125
Non-controlling interests of the subsidiaries		(5,916,621)	212,602		
		698,917,738	857,200,142		
<b>Earnings per share</b>					
Basic earnings per share					
Profit attributable to equity holders of the Company	35	1.14	1.40	0.66	0.79
Diluted earnings per share					
Profit attributable to equity holders of the Company	35	1.14	1.39	0.66	0.79

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



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# Statement of comprehensive income

Samart Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
		(Restated)		(Restated)
<b>Profit for the year</b>	698,917,738	857,200,142	406,639,491	486,045,125
<b>Other comprehensive income:</b>				
Actuarial loss on defined benefit plan	25 (6,398,088)	-	(2,291,207)	-
Income tax effect	1,159,859	-	458,241	-
	(5,238,229)	-	(1,832,966)	-
Revaluation surplus on land	27 35,099,010	-	35,099,010	-
Income tax effect	(7,019,802)	-	(7,019,802)	-
	28,079,208	-	28,079,208	-
Exchange differences on translation of financial statements in foreign currency	(359)	(5,254)	-	-
	(359)	(5,254)	-	-
Other comprehensive income for the year, net of tax	22,840,620	(5,254)	26,246,242	-
<b>Total comprehensive income for the year</b>	721,758,358	857,194,888	432,885,733	486,045,125
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	727,676,411	856,982,286	432,885,733	486,045,125
Non-controlling interests of the subsidiaries	(5,918,053)	212,602		
	721,758,358	857,194,888		

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

# Statement of changes in shareholders' equity

Samart Telecoms Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Baht)

Consolidated financial statements										
	Equity attributable to owners of the Company									
	Other components of shareholders' equity									
	Issued and fully paid-up share capital	Share premium	Retained earnings		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 surplus on building and building improvement			
<b>Balance as at 31 December 2012</b>										
- as previously reported	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
Cumulative effect on change in accounting policy for revaluation on building and building improvement (Note 4)	-	-	-	(2,421,179)	-	-	(87,481)	-	(87,481)	(2,508,660)
<b>Balance as at 31 December 2012 - as restated</b>	610,222,500	1,194,139,876	73,800,000	1,585,835,377	(22,055)	4,991,183	-	(737,577,642)	(732,608,514)	2,731,389,239
Profit for the year (restated)	-	-	-	856,987,540	-	-	-	-	-	856,987,540
Other comprehensive loss for the year	-	-	-	-	(5,254)	-	-	-	(5,254)	(5,254)
Total comprehensive income for the year	-	-	-	856,987,540	(5,254)	-	-	-	(5,254)	856,982,286
Additional ordinary shares from warrant exercised	6,713,500	38,602,625	-	-	-	-	-	-	-	45,316,125
Dividend paid (Note 38)	-	-	-	(459,884,520)	-	-	-	-	-	(459,884,520)
<b>Balance as at 31 December 2013</b>										
- as restated	616,936,000	1,232,742,501	73,800,000	1,982,938,397	(27,309)	4,991,183	-	(737,577,642)	(732,613,768)	3,173,803,130
										893,032
										3,174,696,162

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

# Statement of changes in shareholders' equity (continued)

Samart Telecoms Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Baht)

	Consolidated financial statements									
	Equity attributable to owners of the Company									
	Other components of 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			Non-controlling interests of the subsidiaries
	Exchange differences on translation of financial statements in foreign currency	Revaluation surplus on land	Revaluation surplus on building and improvement	Revaluation surplus on building and improvement	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	Total equity attributable to owners of the Company	Total shareholders' equity	
Issued and fully paid-up share capital	Share premium	Appropriated - statutory reserve	Unappropriated							
<b>Balance as at 31 December 2013</b>										
- as previously reported										
Cumulative effect on change in accounting policy for revaluation on building and building improvement (Note 4)										
<b>Balance as at 31 December 2013</b>										
- as restated										
Profit for the year										
Other comprehensive income for the year										
Total comprehensive income for the year										
Additional ordinary shares from warrant exercised (Note 26)										
Dividend paid (Note 38)										
Increase in non-controlling interest of the subsidiaries from purchase of investments in subsidiary company										
Decrease in non-controlling interest of the subsidiaries from dividend payment										
<b>Balance as at 31 December 2014</b>										

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

# Statement of changes in shareholders' equity (continued)

Samart Telecoms Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Baht)

	Separate financial statements						
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity		
			Appropriated - statutory reserve	Unappropriated	Revaluation surplus on land	Revaluation surplus on building and building improvement	Total other components of shareholders' equity
<b>Balance as at 31 December 2012 - as restated</b>	610,222,500	1,194,139,876	73,800,000	340,600,440	4,991,183	87,481	5,078,664
Cumulative effect on change in accounting policy for revaluation on building and building improvement (Note 4)	-	-	-	(2,421,137)	-	(87,481)	(87,481)
<b>Balance as at 31 December 2012 - as restated</b>	610,222,500	1,194,139,876	73,800,000	338,179,303	4,991,183	-	2,221,332,862
Profit for the year (restated)	-	-	-	486,045,125	-	-	486,045,125
Total comprehensive income for the year	-	-	-	486,045,125	-	-	486,045,125
Additional ordinary shares from warrant exercised	6,713,500	38,602,625	-	-	-	-	45,316,125
Dividend paid (Note 38)	-	-	-	(459,884,520)	-	-	(459,884,520)
<b>Balance as at 31 December 2013 - as restated</b>	616,936,000	1,232,742,501	73,800,000	364,339,908	4,991,183	-	2,292,809,592
<b>Balance as at 31 December 2013 - as previously reported</b>	616,936,000	1,232,742,501	73,800,000	366,302,829	4,991,183	71,571	2,294,844,084
Cumulative effect on change in accounting policy for revaluation on building and building improvement (Note 4)	-	-	-	(1,962,921)	-	(71,571)	(2,034,492)
<b>Balance as at 31 December 2013 - as restated</b>	616,936,000	1,232,742,501	73,800,000	364,339,908	4,991,183	-	2,292,809,592
Profit for the year	-	-	-	406,639,491	-	-	406,639,491
Other comprehensive income for the year	-	-	-	(1,832,966)	28,079,208	-	26,246,242
Total comprehensive income for the year	-	-	-	404,806,525	28,079,208	-	432,885,733
Additional ordinary shares from warrant exercised (Note 26)	1,064,000	6,118,000	-	-	-	-	7,182,000
Dividend paid (Note 38)	-	-	-	(432,461,640)	-	-	(432,461,640)
<b>Balance as at 31 December 2014</b>	618,000,000	1,238,860,501	73,800,000	336,684,793	33,070,391	-	2,300,415,685

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





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# Cash flows statement

Samart Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
			(Restated)		(Restated)
<b>Cash flows from operating activities</b>					
Profit before tax		728,842,669	1,022,449,765	405,765,043	523,976,080
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:					
Depreciation and amortisation	17, 18	1,043,935,527	916,658,244	198,600,168	230,966,420
Bad debts and doubtful debts (reversal)	10	1,125,855	(2,835,649)	1,094,691	-
Reduce cost of inventory to net realisable value (reversal)	11	27,274,062	(2,799,691)	21,791,685	171,112
Share of loss on investment in associated company	16	1,796,356	-	-	-
Transfer assets to expenses and cost of goods sold and service		235,375	61,507	-	-
Reversal of allowance for impairment of asset under installation		-	(1,298,557)	-	-
Gains on disposals of equipments		(464,889)	(5,009,416)	(29,524)	(1,673,323)
Loss on write-off equipments		9,580,331	53,714	-	-
Gains on compensation receipt from insurance		(60,036,013)	-	-	-
Allowance for diminution in value and write-off withholding tax deducted at source		184,959	5,217,622	-	-
Provision for long-term employee benefits	25	13,785,612	4,348,767	5,421,737	1,068,680
Unrealised (gains) losses on exchange		2,338,799	(4,705,388)	1,113,466	705,630
(Gains) loss on disposal and the change in value of investment in trading securities	9	15,020,738	(81,946,517)	11,030,737	(81,946,517)
Unrealised gains on reclassification of investment	9	(38,646,714)	-	(13,700,000)	-
Amortisation of deferred interest under finance lease agreements		152,396	1,003,189	26,427	136,996
Dividend received		(6,392,054)	(5,041,980)	(420,358,026)	(344,035,206)
Interest income	30	(3,393,405)	(2,331,251)	(56,921,854)	(84,580,882)
Interest expense	32	208,297,377	362,485,604	136,366,112	190,631,385
Profit before changes in operating assets and liabilities		1,943,636,981	2,206,309,963	290,200,662	435,420,375

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 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
			(Restated)		(Restated)
<b>Cash flows from operating activities (continued)</b>					
Decrease (increase) in operating assets:					
Trade and other receivables		1,792,632,640	(1,334,449,303)	(141,035,464)	176,672,509
Accrued income		1,852,808,398	1,273,415,426	654,611,169	(483,552,438)
Inventories		(133,533,039)	(15,363,957)	(27,807,800)	(31,970,401)
Other current assets		163,436,287	47,038,781	27,978,873	46,356,420
Other non-current assets		7,413,770	(22,559,551)	12,552,169	(1,051,005)
Increase (decrease) in operating liabilities:					
Trade and other payables		(1,578,692,389)	562,936,556	(266,062,851)	51,535,735
Unearned revenue		(15,935,225)	(3,099,927)	(37,969,357)	14,038,861
Accrued project cost		(127,904,996)	(242,854,721)	44,461,209	3,671,580
Other current liabilities		(23,330,354)	39,393,877	26,186,789	(17,118,630)
Other non - current liabilities		2,041,458	952,425	-	-
Cash from operating activities		3,882,573,531	2,511,719,569	583,115,399	194,003,006
Employee benefits paid during the year	25	-	(863,300)	-	-
Cash paid for short-term investment in trading securities	9	(258,050,019)	(31,643,658)	(258,050,019)	(31,643,658)
Cash received from short-term investment in trading securities	9	329,648,866	71,617,536	329,648,866	71,617,536
Dividend income from short-term investment in trading securities		6,392,054	5,041,980	5,930,054	5,041,980
Cash paid for interest expenses		(211,321,007)	(360,971,165)	(137,807,005)	(186,646,676)
Cash paid for income tax		(280,394,287)	(325,433,568)	(53,563,274)	(38,370,064)
Cash received from refund withholding tax deducted at source	12	23,196,868	32,455,788	21,564,797	31,405,421
<b>Net cash from operating activities</b>		<b>3,492,046,006</b>	<b>1,901,923,182</b>	<b>490,838,818</b>	<b>45,407,545</b>

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



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# Cash flows statement (continued)

Samart Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
			(Restated)		(Restated)
<b>Cash flows from investing activities</b>					
Increase in restricted bank deposits	14	(156,678,246)	(206,781)	-	-
Cash paid for purchase of investment in associated company	16	(9,000,000)	-	-	-
Purchase of equipment, communications equipment and intangible assets	17, 18	(831,433,900)	(642,913,723)	(4,586,275)	(55,930)
Cash received from insurance claims for equipment		104,691,792	31,703	-	-
Proceeds from sales of equipments		466,221	6,454,799	30,070	2,631,981
Cash received from settlement of short-term loan to related parties	7	-	-	1,395,300,000	1,097,000,000
Cash paid to provide short-term loans to related parties	7	-	-	(371,000,000)	(927,500,000)
Cash received from decreased in share capital of subsidiary	15	-	-	41,437,500	-
Net cash outflows from purchase of investment in subsidiaries	15	(3,171,750)	-	-	-
Dividend received from subsidiaries	15	-	-	435,810,673	167,993,606
Cash received from interest received		3,397,233	2,332,116	19,664,547	13,171,562
<b>Net cash from (used in) investing activities</b>		(891,728,650)	(634,301,886)	1,516,656,515	353,241,219
<b>Cash flows from financing activities</b>					
Decrease in bank overdrafts		(2,896,528)	(5,285,589)	-	-
Proceeds from short-term loans from banks		5,826,695,230	6,696,910,251	2,705,027,000	2,153,959,723
Cash paid to settle short-term loans from banks		(6,774,346,836)	(7,282,188,958)	(3,540,299,253)	(1,784,494,655)
Increase (decrease) in trust receipts		(510,288,114)	535,433,560	(262,792,425)	178,343,557
Increase (decrease) in bill of exchange payable		200,000,000	(1,000,000,000)	200,000,000	(1,000,000,000)
Cash received from short-term loans from related parties	7	-	-	50,000,000	81,000,000
Repayment of short-term loans from related parties	7	(93,000,000)	-	(306,000,000)	(105,500,000)
Repayment of long-term loans from financial institutions	22	(826,500,550)	(1,116,473,880)	(488,072,633)	(812,879,791)
Payment of liabilities under finance lease agreements		(3,521,518)	(4,848,812)	(574,386)	(659,743)
Cash received from additional ordinary shares from warrants exercised	26	7,182,000	45,316,125	7,182,000	45,316,125
Cash received from additional ordinary shares capital from non-controlling interests of the subsidiaries		4,000,000	-	-	-
Dividend paid	38	(432,461,640)	(459,884,520)	(432,461,640)	(459,884,520)
Cash received from short-term debentures	21	2,420,000,000	1,760,000,000	2,420,000,000	1,760,000,000
Cash paid for debenture redemption	21	(2,320,000,000)	(300,000,000)	(2,320,000,000)	(300,000,000)
Decrease in non-controlling interests of the subsidiaries from dividend payment		(243,344)	(6,774)	-	-
<b>Net cash used in financing activities</b>		(2,505,381,300)	(1,131,028,597)	(1,967,991,337)	(244,799,304)
<b>Decrease in translation adjustments</b>		(359)	(5,254)	-	-
<b>Net increase in cash and cash equivalents</b>		94,935,697	136,587,445	39,503,996	153,849,460
Cash and cash equivalents at beginning of year		561,910,048	425,322,603	224,651,951	70,802,491
<b>Cash and cash equivalents at end of year</b>		656,845,745	561,910,048	264,155,947	224,651,951

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 2014

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
			(Restated)		(Restated)
<b>Supplemental cash flows information</b>					
Non-cash items:					
Transfer from inventory to equipment		94,721,142	78,156,529	85,468,223	75,215,106
Dividend receivable from subsidiary	15	-	-	149,616,919	170,999,620
Increase in revalue surplus on land	27	35,099,010	-	35,099,010	-

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 2014

## 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	
			2014	2013
			Percent	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
<b>Subsidiary held by Samart Broadband Services Co., Ltd.</b>				
IT Absolute Co., Ltd.	Distribution of information system and communications equipment	Thailand	100	100
<b>Subsidiary held by Samart Comtech Co., Ltd.</b>				
Net Service (Thailand) Co., Ltd.	Development of information technology system for government agencies and private companies	Thailand	60	-

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 financial reporting standards

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

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

Conceptual Framework for Financial Reporting (revised 2014)

##### Accounting Standards:

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

TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

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

Accounting Standard Interpretations:

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

Financial Reporting Standard Interpretations:

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

Accounting Treatment Guidance for Stock Dividend

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

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

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

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

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



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

#### **TFRS 10 Consolidated Financial Statements**

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

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

#### **TFRS 11 Joint Arrangements**

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

The management of the Company and its subsidiaries believes that this standard will not have any impact on the Company and its subsidiaries' financial statements as the Company and its subsidiaries have already applied the equity method to an investment in a jointly controlled entity.

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

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

#### **TFRS 13 Fair Value Measurement**

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

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

## **4. Cumulative effect of changes in accounting policies**

During the current year, the Company made the changes in accounting policy for cancellation of revaluation on building and building improvement to present as historical cost. 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 2014	As at 31 December 2013	As at 1 January 2013
<b>Statements of financial position</b>			
Decrease property, plant and equipment	1,587	2,049	2,509
Decrease in deferred tax liabilities	14	14	-
Decrease in unappropriated retained earnings	1,517	1,963	2,421
Decrease in other components of shareholders' equity	56	72	88

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	For the year ended 31 December	
	2014	2013
<b>Statements of comprehensive income</b>		
<b>Profit or loss:</b>		
Decrease in income tax expenses	462	460
Increase in profit attributable to equity holders of the Company	474	474
<b>Other comprehensive income:</b>		
Decrease in revaluation surplus on building and building improvement	12	14

## 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 and associate 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 and equipment is stated at cost or less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land is 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, 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

Depreciation is included in determining income.

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 and its subsidiary 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**

Leases of plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased 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 asset and the lease period.

Leases of plant or equipment which do not transfer substantially all the risks and rewards of ownership are 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 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 measures land at revalued amounts. Such amounts are determined by the independent valuer using the market approach. 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 subsidiary company has contingent liabilities as a result of litigation. The subsidiary company's management has used judgement to assess the results of the litigation and believes that the provision made would be sufficient. However, actual results could differ from the estimates.

## 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 twelve-month fixed deposit rate of the commercial banks that the subsidiary companies frequently use. (2013: 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	
	2014	2013	2014	2013
<u>Transactions with parent company</u>				
IT Service fee expense	61	61	12	12
Management fee expense	24	24	24	24
Sales and service income	35	3	-	-
Purchase of merchandise and service	7	6	-	-
Other income	4	4	4	4
Rental expenses	5	5	1	1
Other expenses	16	16	5	5
Interest expenses	2	7	2	7
Dividend paid	303	325	303	325
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Sales and service income	-	-	82	131
Purchase of merchandise and service	-	-	406	492
Rental income	-	-	3	3
Management fee income	-	-	79	79
Guarantee fee income	-	-	9	20
Other income	-	-	7	7
Interest income	-	-	55	84
Other expenses	-	-	8	12
Interest expenses	-	-	8	17
Dividend income (Note 15)	-	-	414	339

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Transactions with related companies</b>				
Sales and service income	40	21	13	6
Purchase of merchandise and service	25	525	8	21
Purchase of assets	6	9	4	-
Other income	-	3	-	3
Rental expenses	8	8	2	2
Other expenses	26	23	8	6
Dividend income	6	5	5	5
Dividend paid	4	5	4	5

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Trade and other receivables - related parties (Note 10)</b>				
Parent company	20,292	148	-	-
Subsidiaries	-	-	397,165	483,548
Related companies (related by shareholders or directors)	9,550	7,170	7,807	2,939
Total trade and other receivables - related parties	29,842	7,318	404,972	486,487
<b>Accrued income - related party</b>				
Parent company	5,888	1,341	-	-
Total accrued income - related party	5,888	1,341	-	-
<b>Prepaid expenses - related party</b>				
Related companies (related by shareholders or directors)	1,160	-	-	-
Total prepaid expenses - related parties	1,160	-	-	-
<b>Trade and other payables - related parties (Note 20)</b>				
Parent company	5,170	4,211	926	1,413
Subsidiaries	-	-	70,434	172,834
Related companies (related by shareholders or directors)	11,223	464,985	2,400	7,365
Total trade and other payables - related parties	16,393	469,196	73,760	181,612
<b>Unearned revenue - related parties</b>				
Parent company	212	227	-	-
Total unearned revenue - related parties	212	227	-	-
<b>Accrued project cost - related parties</b>				
Parent company	120	121	-	-
Subsidiaries	-	-	85,762	62,247
Related companies (related by shareholders or directors)	1,161	-	-	-
Total accrued project cost - related parties	1,281	121	85,762	62,247

As at 31 December 2014 and 2013, 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 2013	During the year		Balance as at 31 December 2014
		Increase	Decrease	
<b>Short-term loan from related party</b>				
<u>Parent company</u>				
Samart Corporation Public Co., Ltd.	93,000	-	(93,000)	-
<b>Total short-term loan from related party</b>	93,000	-	(93,000)	-

	Separate financial statements			
	Balance as at 31 December 2013	During the year		Balance as at 31 December 2014
		Increase	Decrease	
<b>Short-term loans to related parties</b>				
<u>Subsidiaries</u>				
Portalnet Co., Ltd.	1,094,722	130,000	(639,800)	584,922
Samart Communication Services Co., Ltd.	609,500	136,000	(689,500)	56,000
Net Media Co., Ltd.	50,930	-	-	50,930
Samart eD Tech Co., Ltd.	8,000	-	(3,000)	5,000
Samart Broadband Services Co., Ltd.	3,000	-	(3,000)	-
Samart Comtech Co., Ltd.	-	105,000	(60,000)	45,000
<b>Total short-term loans to related parties</b>	1,766,152	371,000	(1,395,300)	741,852

	Separate financial statements			
	Balance as at 31 December 2013	During the year		Balance as at 31 December 2014
		Increase	Decrease	
<b>Short-term loans from related parties</b>				
<u>Parent company</u>				
Samart Corporation Public Co., Ltd.	93,000	-	(93,000)	-
<u>Subsidiaries</u>				
Samart Comtech Co., Ltd.	105,000	-	(105,000)	-
Samart Infonet Co., Ltd.	71,812	-	-	71,812
IT Absolute Co., Ltd.	50,000	50,000	(100,000)	-
Thai Trade Net Co., Ltd.	32,000	-	-	32,000
Posnet Co., Ltd.	8,000	-	(8,000)	-
<b>Total short-term loans from related parties</b>	359,812	50,000	(306,000)	103,812

### **Directors and management's benefits**

During the year ended 31 December 2014 and 2013, 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	
	2014	2013	2014	2013
Short-term employee benefits	28	31	24	27
Post-employment benefits	1	-	-	-
<b>Total</b>	<b>29</b>	<b>31</b>	<b>24</b>	<b>27</b>

### **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 million per month (Separate financial statements: Baht 1 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 2 million per month (Separate financial statements: Baht 0.4 million per month).

#### **Service agreements**

- c) 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 million per month.
- d) 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 million per month (Separate financial statements: Baht 1 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	
	2014	2013	2014	2013
Cash	1,520	1,559	57	94
Bank deposits	655,326	560,351	264,099	224,558
<b>Total</b>	<b>656,846</b>	<b>561,910</b>	<b>264,156</b>	<b>224,652</b>

As at 31 December 2014, bank deposits in saving accounts and fixed deposits carried interests between 0.38 and 1.75 percent per annum (2013: between 0.13 and 2.50 percent per annum).

## 9. Short-term investments in trading securities

The Company and its subsidiaries have short-term investments in trading securities as follows:

Common stock	Consolidated financial statements					
	2014			2013		
	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.	28,620	77,918	95,020	65,293	119,751	212,856
Thaicom Public Co., Ltd.	100	2,572	3,450	100	2,572	3,950
Capital Engineering Network Public Co., Ltd.	-	-	-	700	2,902	2,156
EMC Public Co., Ltd.	1,400	1,870	721	1,400	2,255	756
Warrant No. 4 of EMC Public Co., Ltd.	700	385	406	-	-	-
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	-
Warrant No. 3 of Siam Sport Syndicate Public Co., Ltd.	-	-	-	42	63	112
One to One Contacts Public Co., Ltd.	6,300	3,000	38,115	-	-	-
The Siam Cement Public Co., Ltd.	20	8,742	8,920	-	-	-
Total Access Communication Public Co., Ltd.	20	2,196	1,930	-	-	-
Advanced Info Service Public Co., Ltd.	20	4,311	5,020	-	-	-
International Research Corporation Public Co., Ltd.	479	2,043	2,698	-	-	-
Warrant No. 2 of International Research Corporation Public Co., Ltd.	129	202	277	-	-	-
PTT Exploration and Production Public Co., Ltd.	40	6,347	4,480	-	-	-
Indorama Ventures Public Co., Ltd.	270	6,984	5,324	-	-	-
Warrant No. 1 of Indorama Ventures Public Co., Ltd.	8	42	20	-	-	-
Warrant No. 2 of Indorama Ventures Public Co., Ltd.	7	26	13	-	-	-
T.C.J. Asia Public Co., Ltd.	250	3,788	2,850	-	-	-
Krungthai Card Public Co., Ltd.	100	6,303	6,400	-	-	-
DNA 2002 Public Co., Ltd.	16	236	237	-	-	-
Warrant No. 1 of DNA 2002 Public Co., Ltd.	200	1,955	1,430	-	-	-
Total		136,122	177,311		134,745	219,830
Add: Change in value		41,189			85,085	
Total short-term investments in trading securities		177,311			219,830	

Common stock	Separate financial statements					
	2014			2013		
	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.	28,620	77,918	95,020	65,293	119,751	212,856
Thaicom Public Co., Ltd.	100	2,572	3,450	100	2,572	3,950
Capital Engineering Network Public Co., Ltd.	-	-	-	700	2,902	2,156
EMC Public Co., Ltd.	1,400	1,870	721	1,400	2,255	756
Warrant No. 4 of EMC Public Co., Ltd.	700	385	406	-	-	-
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	-
Warrant No. 3 of Siam Sport Syndicate Public Co., Ltd.	-	-	-	42	63	112
One to One Contacts Public Co., Ltd.	2,100	1,000	12,705	-	-	-
The Siam Cement Public Co., Ltd.	20	8,742	8,920	-	-	-
Total Access Communication Public Co., Ltd.	20	2,196	1,930	-	-	-
Advanced Info Service Public Co., Ltd.	20	4,311	5,020	-	-	-
International Research Corporation Public Co., Ltd.	479	2,043	2,698	-	-	-
Warrant No. 2 of International Research Corporation Public Co., Ltd.	129	202	277	-	-	-
PTT Exploration and Production Public Co., Ltd.	40	6,347	4,480	-	-	-
Indorama Ventures Public Co., Ltd.	270	6,984	5,324	-	-	-
Warrant No. 1 of Indorama Ventures Public Co., Ltd.	8	42	20	-	-	-
Warrant No. 2 of Indorama Ventures Public Co., Ltd.	7	26	13	-	-	-
T.C.J. Asia Public Co., Ltd.	250	3,788	2,850	-	-	-
Krunghai Card Public Co., Ltd.	100	6,303	6,400	-	-	-
DNA 2002 Public Co., Ltd.	16	236	237	-	-	-
Warrant No. 1 of DNA 2002 Public Co., Ltd.	200	1,955	1,430	-	-	-
Total		134,122	151,901		134,745	219,830
Add: Change in value		17,779			85,085	
Total short-term investments in trading securities		151,901			219,830	



Movement of the short-term investments in trading securities account as at 31 December 2014 and 2013 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Balance at beginning of year</b>	219,830	177,858	219,830	177,858
Cash paid of short-term investment in trading securities	258,050	31,644	258,050	31,644
Disposal during year - at cost				
Cash received from disposal of short-term investment	(329,649)	(71,618)	(329,649)	(71,618)
Gain (loss) from disposal of short-term investment	(1,077)	18,188	(1,077)	18,188
<b>Total</b>	(330,726)	(53,430)	(330,726)	(53,430)
Gain (loss) on change in value	(13,943)	63,758	(9,953)	63,758
Reclassification of other investment as trading securities	5,453	-	1,000	-
Gain from reclassification of investments	38,647	-	13,700	-
<b>Balance at end of year</b>	177,311	219,830	151,901	219,830

On 24 June 2014, a meeting of the Company's and Samart Comtech Co., Ltd., subsidiary company's Board of Executive Directors passed a resolution approving the reclassification of investment in One to One Contacts Public Co., Ltd., from other investments to short-term investments in trading securities. The reclassification was made because the Company intends to selling them in the near term. Therefore, the Company and its subsidiary company recorded the value of these investments at fair value as at the reclassification date.

## 10. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	3,834	4,366	34,242	31,006
Past due				
Up to 3 months	20,008	1,435	12,867	57,418
3 - 6 months	3,115	588	11,765	15,825
6 - 12 months	2,514	239	2,515	5,275
Over 12 months	371	690	-	5,275
<b>Total trade accounts receivable - related parties</b>	29,842	7,318	61,389	114,799
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	815,787	1,969,259	186,819	48,129
Past due				
Up to 3 months	371,906	932,964	28,016	120,416
3 - 6 months	194,224	100,611	192,396	6,659
6 - 12 months	4,067	101,011	3,810	-
Over 12 months	333,136	368,179	39,186	34,093
<b>Total</b>	1,719,120	3,472,024	450,227	209,297
<b>Less: Allowance for doubtful debts</b>	(11,783)	(10,657)	(7,646)	(6,551)
<b>Total trade accounts receivable - unrelated parties, net</b>	1,707,337	3,461,367	442,581	202,746
<b>Total trade accounts receivable - net</b>	1,737,179	3,468,685	503,970	317,545

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<u>Other receivables</u>				
Advances	24,392	21,625	613	1,250
Securities business receivables	1,022,626	1,022,626	-	-
Other receivables - related parties	-	-	343,583	371,688
Other receivables - unrelated parties	9,997	74,917	579	2,347
Total	1,057,015	1,119,168	344,775	375,285
Less: Allowance for doubtful debts	(1,022,626)	(1,022,626)	-	-
Total other receivables - net	34,389	96,542	344,775	375,285
Total trade and other receivables - net	1,771,568	3,565,227	848,745	692,830

- 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 2014, the balance of the above accounts receivable included the receivables that were transferred their collection rights to banks totaling approximately Baht 386 million (2013: Baht 2,164 million) (Separate financial statements: Baht 180 million (2013: Baht 59 million)).

- b) As at 31 December 2014, trade accounts receivable of the Company included amounts of Baht 4 million (2013: Baht 4 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 2014, 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 1,023 million (2013: Baht 1,023 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 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 2014, 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 333 million (2013: Baht 368 million) and separate financial statements totaling Baht 39 million (2013: Baht 34 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	
	2014	2013	2014	2013	2014	2013
Finished goods	124,849	77,061	(2,221)	(2,478)	122,628	74,583
Work in process	133,673	210,951	(31,219)	(3,625)	102,454	207,326
Supplies	1,622	1,959	-	(63)	1,622	1,896
Good in transit	126,290	57,652	-	-	126,290	57,652
Total	386,434	347,623	(33,440)	(6,166)	352,994	341,457

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2014	2013	2014	2013	2014	2013
Finished goods	40,826	51,287	(297)	(264)	40,529	51,023
Work in process	69,827	185,472	(21,759)	-	48,068	185,472
Supplies	1,326	1,519	-	-	1,326	1,519
Good in transit	126,291	57,652	-	-	126,291	57,652
Total	238,270	295,930	(22,056)	(264)	216,214	295,666

During the current year, the Company reduced cost of inventories by Baht 27.7 million (2013: Baht 0.5 million) (The Company only: Baht 21.8 million and 2013: Baht 0.2 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 0.4 million (2013: Baht 3.3 million) (The Company only: Nil), and reduced the amount of inventories recognised as expenses during the year.

## 12. Withholding tax deducted at sources

The balance of withholding tax deducted at sources as at 31 December 2014 and 2013, aged on years, are summarised below.

(Unit: Thousand Baht)

Year	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Before 2010	11,741	11,741	-	-
2011	2,165	2,165	-	-
2012	48,014	71,714	-	21,873
2013	223,102	223,024	-	-
2014	196,417	-	10,344	-
Total	481,439	308,644	10,344	21,873
Less: Allowance for diminution in value of withholding tax deducted at sources	(16,245)	(16,245)	-	-
Total withholding tax deducted at sources - net	465,194	292,399	10,344	21,873

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 2014, the Company and its subsidiaries received such refund of the withholding tax of 2012 approximately Baht 23 million and the Company only was Baht 22 million (2013: The Company and its subsidiaries received withholding tax of 2011 approximately Baht 32 million and the Company only was approximately Baht 31 million).

As at 31 December 2014, the subsidiaries set up allowance for diminution in value of withholding tax deducted at sources totaling approximately Baht 16 million (2013: Baht 16 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 2014 and 2013

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Advance to supplier	40,585	16,062	1,534	4,511
Retention receivable	-	36,765	-	-
Prepaid expense	195,807	309,291	14,989	22,501
Input tax refundable	46,556	63,515	-	14,281
Undue input tax	22,737	35,779	2,974	5,429
Others	7,445	15,158	6,553	7,307
<b>Total other current assets</b>	<b>313,130</b>	<b>476,570</b>	<b>26,050</b>	<b>54,029</b>

### 14. Restricted bank deposits

As at 31 December 2014, the subsidiaries have pledged their fixed deposits with the banks amounting to approximately Baht 174 million (2013: Baht 18 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	
	2014	2013	2014	2013	2014	2013	2014	2013
	(Million Baht)	(Million Baht)	(%)	(%)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
Samart Communication Services Co., Ltd.	500	500	100	100	500,000	500,000	80,000	78,000
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.	13.81	55.25	100	100	13,812	55,250	334,428	-
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	-	89,993
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	-	-
Portalnet Co., Ltd.	3,370	3,370	100	100	478,000	478,000	-	-
Total investments in subsidiaries					2,051,802	2,093,240	414,428	338,993
Less: Allowance for impairment of investments					(1,291)	(1,291)		
Total investments in subsidiaries - net					2,050,511	2,091,949		

**15.1 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 has an initial registered capital comprising 500,000 shares of Baht 100 per share, or a total of Baht 50 million which is 25 percent called up, with the 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 2014, the Company had not established such new subsidiary.

**15.2 Change in share capital of subsidiary**

On 17 February 2014, an Extraordinary General Meeting of the shareholders of Samart Broadband Services Co., Ltd., a subsidiary company, passed a special resolution to decrease its registered share capital from Baht 221 million (22.1 million ordinary shares of Baht 10 each) to Baht 55.3 million (5.5 million ordinary shares of Baht 10 each) by canceling 16.6 million ordinary shares of Baht 10 each. These share capital are 25 percent paid-up. This decrease in share capital is to be returned to the shareholders of Baht 41.4 million. The subsidiary company registered the decrease in share capital with the Ministry of Commerce on 28 April 2014.

**15.3 Purchase of investments**

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., a 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. 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 0.2 million as goodwill in non-current assets in the consolidated financial statements.

The fair value of the assets and liabilities of Net Services (Thailand) Co., Ltd. acquired as at the acquisition date can be summarised as follows:

(Unit: Thousand Baht)

Cash and cash equivalents	2,888
Unearned revenue	3,800
Intangible assets	5,329
Other non-current assets	366
Trade and other payables	(2,423)
Other current liabilities	(150)
Net assets from acquisition of subsidiary company	9,810
Proportion of non-controlling interests in subsidiaries at 40 percent	(3,924)
Net assets from acquisition of subsidiary company in proportion of shareholding at 60 percent	5,886
Cash used in acquisition of investment in subsidiary company	6,060
Goodwill	174

Net cash outflows from acquisition of ordinary shares of Net Services (Thailand) Co., Ltd. were presented below.

(Unit: Thousand Baht)

	Consolidated financial statements
Cash used in acquisition of investment in subsidiary company	6,060
Less: Cash and cash equivalents of the subsidiary company	(2,888)
Net cash outflows from purchase of ordinary shares in subsidiary	3,172

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 million.

#### 15.4 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 2014, the process of deregistration and liquidation of the Company is in progress.

## 16. Investment in associate

### 16.1 Details of the associate

(Unit: Thousand Baht)

Company's name	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts based on equity method	
		2014	2013	2014	2013	2014	2013
<b>Associate held by the subsidiary company</b>							
SLA Asia Co., Ltd. (held by Samart Communication Services Co., Ltd.)	Operate an installation of telecommunication network project	30	-	9,000	-	7,204	-
<b>Total</b>						7,204	-

### 16.2 Share of loss

During the year, the subsidiary company has recognised its share of loss from investment in associate in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements	
	Share of loss from investment associate during the years	
	2014	2013
<b>Associate held by the subsidiary company</b>		
SLA Asia Co., Ltd. (held by Samart Communication Services Co., Ltd.)	1,796	-
<b>total</b>	1,796	-

### 16.3 Summarised financial information of associate

Financial information of the associated company was summarised below.

(Unit: Thousand Baht)

Company's name	Paid-up capital as at 31 December 2014	Total assets as at 31 December 2014	Total liabilities as at 31 December 2014	Total revenues for the period as from 26 February 2014 to 31 December 2014	Loss for the period as from 26 February 2014 to 31 December 2014
<b>Associate held by the subsidiary company</b>					
SLA Asia Co., Ltd. (held by Samart Communication Services Co., Ltd.)	30,000	24,408	236	1	5,988

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 & AIT Holding Co., Ltd. to hold 60 percent and other shareholders to hold 10 percent. The associated company was registered with the Ministry of Commerce on 26 February 2014.

## 17. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statement						
	Revaluation basis	Cost basis					Total
	Land	Buildings and building improvement	Telecommunication and tooing equipment	Furniture fixtures and office equipment	Motor vehicles	Telecommunication equipment under installation	
<b>Cost / Revalued amount:</b>		(Restated)					(Restated)
1 January 2013	36,778	77,350	8,688,122	287,270	50,680	41,502	9,181,702
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	77,437	9,377,981	281,572	52,127	25,051	9,850,946
Additions	-	718	763,033	29,841	3,700	3,059	800,351
Disposals	-	-	(180)	(3,179)	(1,340)	-	(4,699)
Transfer in/Transfer out	-	-	(76,637)	-	-	(2,786)	(79,423)
Revaluation during the year	35,099	-	-	-	-	-	35,099
31 December 2014	71,877	78,155	10,064,197	308,234	54,487	25,324	10,602,274
<b>Accumulated depreciation:</b>							
1 January 2013	-	61,734	3,241,977	240,372	22,345	-	3,566,428
Depreciation for the year	-	2,466	841,085	13,724	8,198	-	865,473
Accumulated depreciation on disposals	-	-	(5,879)	(10,257)	(4,960)	-	(21,096)
Transfer in/Transfer out	-	-	(9)	-	-	-	(9)
31 December 2013	-	64,200	4,077,174	243,839	25,583	-	4,410,796
Depreciation for the year	-	2,427	953,630	14,299	8,318	-	978,674
Accumulated depreciation on disposals	-	-	(179)	(3,178)	(1,340)	-	(4,697)
Transfer in/Transfer out	-	-	(27,107)	-	-	-	(27,107)
31 December 2014	-	66,627	5,003,518	254,960	32,561	-	5,357,666



(Unit: Thousand Baht)

	Consolidated financial statement						
	Revaluation basis	Cost basis					Total
	Land	Buildings and building improvement	Telecommunication and tooing equipment	Furniture fixtures and office equipment	Motor vehicles	Telecommunication equipment under installation	
		(Restated)					(Restated)
<b>Allowance for impairment loss:</b>							
1 January 2013	-	-	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
Decrease during the year	-	-	(92,566)	-	-	-	(92,566)
31 December 2014	-	-	2,485,555	-	-	12,922	2,498,477
<b>Net book value:</b>							
1 January 2013	36,778	15,616	2,866,725	46,898	28,335	28,580	3,022,932
31 December 2013	36,778	13,237	2,722,686	37,733	26,544	12,129	2,849,107
31 December 2014	71,877	11,528	2,575,124	53,274	21,926	12,402	2,746,131
<b>Depreciation for the year</b>							
2013 (Baht 851 million included in cost of services, and the balance in selling and administrative expenses)							865,473
2014 (Baht 964 million included in cost of services, and the balance in selling and administrative expenses)							978,674

(Unit: Thousand Baht)

	Separate financial statement						
	Revaluation basis	Cost basis					Total
	Land	Buildings and building improvement	Telecommunication and tooing equipment	Furniture fixtures and office equipment	Motor vehicles	Telecommunication equipment under installation	
		(Restated)					(Restated)
<b>Cost / Revalued amount:</b>							
1 January 2013	36,778	63,444	857,187	58,953	8,705	4,475	1,029,542
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	63,444	934,233	56,862	6,255	2,644	1,100,216
Additions	-	-	-	886	3,700	-	4,586
Disposals	-	-	(113)	(1,786)	-	-	(1,899)
Transfer in/Transfer out	-	-	85,468	-	-	-	85,468
Revaluation during the year	35,099	-	-	-	-	-	35,099
31 December 2014	71,877	63,444	1,019,588	55,962	9,955	2,644	1,223,470
<b>Accumulated depreciation:</b>							
1 January 2013	-	52,837	556,112	55,804	3,863	-	668,616
Depreciation for the year	-	1,199	172,819	1,449	1,442	-	176,909
Accumulated depreciation on disposals	-	-	-	(2,147)	(1,492)	-	(3,639)
31 December 2013	-	54,036	728,931	55,106	3,813	-	841,886
Depreciation for the year	-	1,198	142,060	908	1,181	-	145,347
Accumulated depreciation on disposals	-	-	(112)	(1,786)	-	-	(1,898)
31 December 2014	-	55,234	870,879	54,228	4,994	-	985,335

(Unit: Thousand Baht)

	Separate financial statement						
	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	
<b>Net book value:</b>		(Restated)					(Restated)
1 January 2013	36,778	10,607	301,075	3,149	4,842	4,475	360,926
31 December 2013	36,778	9,408	205,302	1,756	2,442	2,644	258,330
31 December 2014	71,877	8,210	148,709	1,734	4,961	2,644	238,135
<b>Depreciation for the year</b>							
2013 (Baht 173 million included in cost of services, and the balance in selling and administrative expenses)							176,909
2014 (Baht 142 million included in cost of services, and the balance in selling and administrative expenses)							145,347

17.1 The Company arranged for an independent professional valuer to appraise the value of certain assets in 2014 for land. The basis of the land was revalued using the market approach.

Had the land been carried in the financial statements based on historical cost, their net book values as of 31 December 2014 and 2013 would have been as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Land	30,539	30,539	30,539	30,539

17.2 As at 31 December 2014, 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 10 million (2013: Baht 15 million) (Separate financial statements: Baht 1 million (2013: Baht 2 million)).

17.3 As at 31 December 2014, 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 2,990 million (2013: Baht 2,209 million) (Separate financial statements: Baht 686 million (2013: Baht 518 million)).

17.4 As at 31 December 2013, the Company had mortgaged certain land with structures thereon at total net book value amounting to approximately Baht 11 million as collateral for long-term loan from bank. In August 2014, the Company has redeemed such land with structures thereon, since the Company repaid the above loan in full.

## 18. Intangible assets

The net book value of intangible assets as at 31 December 2014 and 2013 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	License	Computer software	Total	License	Computer software	Total
As at 31 December 2014						
Cost	235,499	73,033	308,532	235,499	20,800	256,299
Less: Accumulated amortisation	(158,400)	(23,430)	(181,830)	(158,400)	(18,540)	(176,940)
Net book value	77,099	49,603	126,702	77,099	2,260	79,359
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

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Net book value - net at beginning of year	155,551	177,607	132,612	186,669
Acquisition of computer software	31,083	29,129	-	-
Acquisitions of subsidiary during the year	5,329	-	-	-
Amortisation	(65,261)	(51,185)	(53,253)	(54,057)
Net book value - net at end of year	126,702	155,551	79,359	132,612

### 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 2014, 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 2014, 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	
	2014	2013	2014	2013	2014	2013
Bank overdrafts	6.750 - 7.775	6.875 - 7.775	-	2,896	-	-
Short-term loans from banks	3.600 - 5.500	3.850 - 6.750	1,521,012	2,468,664	101,700	936,972
Bill of exchange payable	2.950	-	200,000	-	200,000	-
Trust receipts	2.077 - 4.450	2.101 - 5.500	222,624	731,770	-	262,793
<b>Total</b>			<b>1,943,636</b>	<b>3,203,330</b>	<b>301,700</b>	<b>1,199,765</b>

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	
	2014	2013	2014	2013
Trade accounts payable - related parties	6,809	461,135	67,685	175,526
Trade accounts payable - unrelated parties	693,843	1,825,758	185,492	342,630
Other payables - related parties	9,584	8,061	6,075	6,086
Other payables - unrelated parties	20,221	15,700	2,162	2,082
Accrued expenses	89,283	84,285	11,403	11,244
Interest payables	16,770	19,171	16,236	17,379
<b>Total trade and other payables</b>	<b>836,510</b>	<b>2,414,110</b>	<b>289,053</b>	<b>554,947</b>



## 21. Short-term debentures

Debentures as at 31 December 2014 and 2013, 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	
				2014	2013	2014	2013
				(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
SAMTEL15227A	3.70% p.a.	260 days	27 February 2015	300	-	300,000	-
SAMTEL15219A	3.60% p.a.	210 days	19 February 2015	150	-	150,000	-
SAMTEL15128A	3.03% p.a.	182 days	28 January 2015	50	-	50,000	-
SAMTEL15521A	3.70% p.a.	268 days	21 May 2015	200	-	200,000	-
SAMTEL15504A	3.60% p.a.	215 days	4 May 2015	100	-	100,000	-
SAMTEL15507A	2.99% p.a.	183 days	7 May 2015	100	-	100,000	-
SAMTEL15803A	3.50% p.a.	183 days	3 August 2015	100	-	100,000	-
SAMTEL15807A	3.80% p.a.	268 days	7 August 2015	100	-	100,000	-
SAMTEL15807B	3.80% p.a.	266 days	7 August 2015	50	-	50,000	-
SAMTEL15807C	3.50% p.a.	268 days	7 August 2015	100	-	100,000	-
SAMTEL15NA	3.35% p.a.	363 days	17 November 2015	310	-	310,000	-
<b>Total short-term debentures</b>						<b>1,560,000</b>	<b>1,460,000</b>

Movements in the short-term debenture account for the year ended 31 December 2014 were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements
<b>Balance as at 31 December 2013</b>	1,460,000
<u>Add:</u> Debentures issued during the year	2,420,000
<u>Less:</u> Redemption of debentures during the year	(2,320,000)
<b>Balance as at 31 December 2014</b>	<b>1,560,000</b>

## 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 2014 and 2013 are summarised below:

(Unit: Thousand Baht)

			Significant terms and conditions of loan agreements			Consolidated financial statements		Separate financial statements	
No.	Lender	Credit facilities	Repayment term	Collateral	Interest rate	2014	2013	2014	2013
		(Million Baht)			(percent per annum)				
<b>The Company</b>									
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. However, during 2014, the Company redeemed and did not have pledge any assets to the bank.	MLR-1.25	-	8,513	-	8,513
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	260,880	740,440	260,880	740,440
<b>Subsidiary</b> Samart Communication Services Co., Ltd.									
1.	Bank	755	Monthly installments of Baht 23.7 million, from December 2011 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	-	-
2.	Bank	190	Monthly installments of Baht 3.4 million from August 2011. 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	-	-
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	-	-
Total loans from financial institutions						260,880	1,087,381	260,880	748,953
Less : current portion						(211,560)	(511,479)	(211,560)	(212,972)
Long term loans - net of current portion						49,320	575,902	49,320	535,981

Movement in the long-term loans account during the year ended 31 December 2014 and 2013 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Balance at beginning of year</b>	1,087,381	2,203,854	748,953	1,561,832
<u>Less: Repayment</u>	(826,501)	(1,116,473)	(488,073)	(812,879)
<b>Balance at end of year</b>	260,880	1,087,381	260,880	748,953

## 23. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Liabilities under finance lease agreements	16,798	20,938	2,195	2,856
<u>Less: Deferred interest expenses</u>	(1,217)	(1,988)	(126)	(238)
	15,581	18,950	2,069	2,618
<u>Less: Portion due within one year</u>	(3,521)	(3,369)	(574)	(548)
Liabilities under finance lease agreements - net of current portion	12,060	15,581	1,495	2,070

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	
	2014	2013	2014	2013	2014	2013
Future minimum lease payments	4,140	4,140	12,658	16,798	16,798	20,938
Deferred interest expenses	(619)	(771)	(598)	(1,217)	(1,217)	(1,988)
Present value of future minimum lease payments	3,521	3,369	12,060	15,581	15,581	18,950

Unit: Thousand Baht

	Separate financial statements					
	Less than 1 year		1 - 5 years		Total	
	2014	2013	2014	2013	2014	2013
Future minimum lease payments	660	660	1,535	2,196	2,195	2,856
Deferred interest expenses	(86)	(112)	(40)	(126)	(126)	(238)
Present value of future minimum lease payments	574	548	1,495	2,070	2,069	2,618



## 24. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Value added tax payable	34,735	4,354	22,837	-
Withholding Tax deduct at source	15,761	22,548	1,225	2,439
Undue output VAT	63,669	100,119	21,034	17,419
Others	21,410	32,130	2,768	2,216
Total other current liabilities	135,575	159,151	47,864	22,074

## 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	
	2014	2013	2014	2013
<b>Defined benefit obligation at beginning of the year</b>	36,353	32,867	10,559	9,490
Current service cost	11,690	3,085	4,716	696
Interest cost	2,096	1,264	706	373
Benefits paid during the year	-	(863)	-	-
Actuarial loss	6,398	-	2,291	-
<b>Defined benefit obligation at end of the year</b>	56,537	36,353	18,272	10,559

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Current service cost	11,690	3,085	4,716	696
Interest cost	2,096	1,264	706	373
<b>Total expense recognized in profit or loss</b>	13,786	4,349	5,422	1,069
Line items under which such expenses are included in profit or loss				
Cost of service	1,676	1,052	-	-
Selling expenses	1,455	312	1,412	312
Administrative expenses	10,655	2,985	4,010	757

As at 31 December 2014, cumulative actuarial losses, which were recognised in other comprehensive income of the Company and its subsidiaries, amounted to Baht 6 million (The Company only: Baht 2 million).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4.3	4.1	4.3	4.1
Future salary increase rate	4.0 - 7.0	4.0 - 6.0	4.0 - 7.0	4.0 - 6.0
Staff turnover rate (depending on age of employees)	0 - 20	0 - 20	0 - 20	0 - 20

The amounts of defined benefit obligation for the current year and the past four years are as follows:

(Unit: Thousand Baht)

	Defined benefit obligation		Experience adjustments on the obligation	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2014	56,537	18,272	10,406	6,209
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 2014 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 2014
		Exercised during the prior years	Exercised during the year	
Directors	5,500	(5,025)	(475)	-
Employees	12,500	(11,911)	(589)	-
Total	18,000	(16,936)	(1,064)	-

## 27. Surplus on revaluation of land

(Unit: Thousand Baht)

	Consolidated financial statements /Separate financial statements	
	2014	2013
Balance at beginning of year	4,991	4,991
Add: Surplus arising from revaluation	28,079	-
Balance at end of year	33,070	4,991

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 2014 and 2013 summarised as followings:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Type-one telecom license	458,382	1,968,290	-	-
Type-two telecom license without its own network	372,262,815	353,716,014	372,262,815	353,716,014
Type-one internet license	113,557,230	121,208,489	-	-
Other service income	2,812,577,996	2,891,083,818	425,865,321	594,080,771
Total service income	3,298,856,423	3,367,976,611	798,128,136	947,796,785

## 30. Other income

Other income for the years ended 31 December 2014 and 2013 consist of:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Gain from sales, the change in value of investment and reclassification in trading securities	23,626	81,946	2,669	81,946
Gain on exchange rate	-	-	-	3,372
Interest income	3,393	2,331	56,922	84,581
Reversal on allowance for doubtful accounts	-	2,836	-	-
Dividend income from subsidiaries	-	-	414,428	338,993
Management fee income	-	-	79,200	79,200
Gain on compensation receipt from insurance	60,036	-	-	-
Other	27,586	29,243	39,437	45,938
Total other income	114,641	116,356	592,656	634,030

### Insurance claim - Fire incident

On 29 March 2014, there was fire incident at a backup site used to provide computer software services for the core business operations of Portalnet Co., Ltd., a subsidiary company. The fire caused damage to fixed assets of the subsidiary with net book value totaling Baht 54 million. However, the subsidiary company had insurance coverage for direct damage to most of these assets, with net book value totaling Baht 45 million, while assets with net book value amounting to Baht 10 million did not have insurance coverage.

Subsequently, on 30 June 2014, the subsidiary company received a letter from the insurance company confirming that it would receive compensation for these losses of approximately Baht 104 million and the subsidiary company recorded the insurance compensation claim received net of the losses from the fire incident, amounting to Baht 60 million, as other income in the income statement for the year ended 31 December 2014. The subsidiary company has already received the full amount of insurance compensation in August 2014.

## 31. Expenses by nature

Significant expenses classified by nature are as follow:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
		(Restated)		(Restated)
Raw materials, equipment and cost of project used	3,210,267	4,235,226	912,356	1,084,720
Salaries, wages and other employee benefits	750,241	653,711	94,110	87,222
Depreciation and amortisation	1,043,936	916,658	198,600	230,966
Rental expenses from operating lease agreements	155,843	128,913	11,149	10,756
(Increase) decrease in changes in inventories of finished goods and work in progress	29,490	(52,587)	126,106	(72,172)
Advertising and marketing expense	36,007	44,035	15,852	13,079

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	
	2014	2013	2014	2013
Interest expense on:				
Bank loans, overdrafts and trust receipts	205,528	354,125	126,490	166,152
Loans from related parties	1,998	7,431	9,764	24,343
Liabilities under finance lease agreements	771	930	112	137
Total interest expenses	208,297	362,486	136,366	190,632
Bank charges	6,230	5,923	7,504	8,351
Total finance cost	214,527	368,409	143,870	198,983

### 33. Income tax

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
		(Restated)		(Restated)
<b>Current income tax:</b>				
Current income tax charge	72,558	100,241	34,055	47,842
Adjustment in respect of current income tax of previous year	-	1,600	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(42,633)	63,409	(34,929)	(9,911)
<b>Income tax expense reported in the statement of comprehensive income</b>	<b>29,925</b>	<b>165,250</b>	<b>(874)</b>	<b>37,931</b>

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Deferred tax relating to actuarial loss on defined benefit plan	1,160	-	458	-
Deferred tax relating to revaluation surplus on land	(7,020)	-	(7,020)	-
	(5,860)	-	(6,562)	-

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2014 and 2013

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
		(Restated)		(Restated)
Accounting profit before tax	728,843	1,022,450	405,765	523,976
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	145,768	204,490	81,153	104,795
Adjustment in respect of income tax of previous year	-	1,600	-	-
Effects of:				
Promotional privileges	(24,195)	(232)	-	-
Utilisation of tax loss carry forward	(37,795)	(130)	-	-
Income not subject to tax	(3,685)	(977)	(83,317)	(68,822)
Non-deductible expenses	7,578	11,234	1,478	2,370
Additional expense deductions allowed	(61,394)	(64,009)	(188)	(412)
Total	(119,491)	(54,114)	(82,027)	(66,864)
Deferred tax assets not recognised	3,648	13,274	-	-
<b>Income tax expenses reported in the statement of comprehensive income</b>	<b>29,925</b>	<b>165,250</b>	<b>(874)</b>	<b>37,931</b>

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 2014	As at 31 December 2013	As at 31 December 2014	As at 31 December 2013
		(Restated)		(Restated)
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	1,046	821	219	-
Allowance for diminution in value of inventories	6,680	1,225	4,411	53
Allowance for asset impairment	2,811	4,295	227	227
Accumulated depreciation - equipment	38,695	26,587	26,551	20,486
Assets under finance lease agreements	899	612	180	136
Provision for long-term employee benefits	9,333	7,022	3,119	2,112
Accrued vacation leave	600	598	106	106
Actuarial loss	1,392	-	536	-
Others	8,610	5,970	-	-
Total	70,066	47,130	35,349	23,120
<b>Deferred tax liabilities</b>				
Accumulated amortisation - License	15,420	25,008	15,420	25,008
Unrealised gain from revaluation of trading investments	8,238	17,017	3,556	17,017
Revaluation surplus on land	8,267	1,248	8,268	1,248
Receivables arising from forward exchange contracts	79	2,504	79	190
Others	49	113	-	-
Total	32,053	45,890	27,323	43,463
Deferred tax-net	38,013	1,240	8,026	(20,343)

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	
	As at 31 December 2014	As at 31 December 2013	As at 31 December 2014	As at 31 December 2013
		(Restated)		(Restated)
Deferred tax assets	38,013	23,062	8,026	-
Deferred tax liabilities	-	(21,822)	-	(20,343)
Deferred tax - net	38,013	1,240	8,026	(20,343)

As at 31 December 2014, the subsidiary has deductible temporary differences and unused tax losses totaling Baht 147 million (2013: Baht 134 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. 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)

	2014	2013
BOI promoted	187,615	56,589
Non-BOI promoted	4,755	5,435
Total service income	192,370	62,024

### 35. 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.



### 35.1 Weighted average number of ordinary shares

As at 31 December 2014 and 2013, 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	
	2014	2013
Balance brought forward	616,936	610,223
Add: The weighted average number of ordinary shares in issue during the year	693	3,635
Weighted average number of ordinary shares	617,629	613,858

### 35.2 Reconciliation of diluted earnings per share

	Consolidated financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2014	2013	2014	2013	2014	2013
	(Thousand Baht)	(Thousand Baht) (Restated)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht) (Restated)
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the parent	704,834	856,987	617,629	613,858	1.14	1.40
<b>Effect of dilutive potential ordinary shares</b>						
Warrants issuance : Nil (2013: 1,064,000 warrants)			-	707		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	704,834	856,987	617,629	614,565	1.14	1.39

	Separate financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2014	2013	2014	2013	2014	2013
	(Thousand Baht)	(Thousand Baht) (Restated)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht) (Restated)
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the parent	406,639	486,045	617,629	613,858	0.66	0.79
<b>Effect of dilutive potential ordinary shares</b>						
Warrants issuance : Nil (2013: 1,064,000 warrants)			-	707		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	406,639	486,045	617,629	614,565	0.66	0.79

## 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 2014 and 2013, respectively.

(Unit: Million Baht)

	The telecommunications and network system service business		The sales and installation of equipment		Other segments		Eliminated		Consolidated financial statements	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Sales and services income										(Restated)
- Related parties	302	2,662	193	189	1,623	124	(2,043)	(2,951)	75	24
- Third parties	3,158	5,411	1,783	2,096	1,583	1,721	-	(2)	6,524	9,226
Total sales and services income	3,460	8,073	1,976	2,285	3,206	1,845	(2,043)	(2,953)	6,599	9,250
Cost of sales and services	3,179	7,197	1,710	1,917	2,376	1,283	(1,998)	(2,938)	5,267	7,459
Gross profit	281	876	266	368	830	562	(45)	(15)	1,332	1,791
Other income									115	116
Selling expenses									(122)	(126)
Administrative expenses									(367)	(360)
Other expense									(12)	(31)
Share of loss from investment in associate									(2)	-
Finance cost									(215)	(368)
Income tax expenses									(30)	(165)
Non-controlling interests of the subsidiaries									6	-
Profit for the year									705	857

### 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	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Assets										(Restated)
Trade accounts receivable	1,359	4,362	429	544	1,313	543	(1,364)	(1,980)	1,737	3,469
Accrued income	528	2,155	1,179	1,055	321	640	(118)	(91)	1,910	3,759
Inventories	228	327	70	19	68	18	(13)	(23)	353	341
Intangible asset - license	77	125	-	-	-	-	-	-	77	125
Property, plant and equipment	790	1,052	923	458	1,210	1,458	(177)	(119)	2,746	2,849
Others									2,115	1,930
Total assets									8,938	12,473
Additions (decrease) to non-current assets other than financial instruments and deferred tax assets	(165)	(347)	478	76	(233)	109	(60)	(11)	20	(173)

#### 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 2014, the Company and its subsidiaries have revenue from two major customers in amount of Baht 1,488 million and Baht 532 million, arising from sales by the telecommunications and network system service segments (2013: Baht 2,433 million and Baht 1,131 million derived from two 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 2014, the Company and its subsidiary companies contributed Baht 23 million (2013: Baht 21 million) (Separate financial statements: Baht 4 million (2013: Baht 4 million)) to the fund.

## 38. Dividends

	Approved by	Total dividends	Dividend per share	Paid on
		(Million Baht)	(Baht)	
<b>2014</b>				
Final dividend on 2013 profit	Annual General Meeting of the shareholders on 29 April 2014	462.9	0.75	9 September 2013 15 May 2014
Less: Interim dividend paid in 2013		(184.9)	(0.30)	
Interim dividend paid on earnings for the six-month period of 2014	Board of Director Meeting on 7 August 2014	278.0	0.45	3 September 2014
		154.5	0.25	
<b>Total dividends paid for 2014</b>		<b>432.5</b>	<b>0.70</b>	

### 38. Dividends (Continued)

	Approved by	Total dividends	Dividend per share	Paid on
		(Million Baht)	(Baht)	
<b>2013</b>				
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
		184.9	0.30	
<b>Total dividends paid for 2013</b>		459.9	0.75	

### 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 0.2 million per month (2013: USD 0.5 million per month). The agreements are expiring in 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 2014, 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 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 2014 the subsidiary has not set up provision for fine from the project delay.

- 39.1.4 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 the contract period. However, 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, during May 2013, the subsidiary company has already delivered all systems to the government agency and inspection process for work delivered was completed on 26 November 2014 in which the subsidiary now is a waiting for formal letter of work delivered. As at 31 December 2014, the subsidiary set up a provision for penalty from the delayed project of Baht 5 million in the subsidiary's account
- 39.1.5 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 16 April 2015. The subsidiary is obligated to comply with the conditions stipulated in the contract and pay a service fee totaling approximately Baht 0.2 million per month (2013: Baht 0.3 million per month).
- 39.1.6 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 40 million (2013: Baht 41 million).
- 39.1.7 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 6 million per month (2013: Baht 6 million per month).
- 39.1.8 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 million and Baht 8 million per quarter (2013: Baht 5 million and Baht 8 million per quarter).
- 39.1.9 Portalnet Co., Ltd., a subsidiary company, entered into a contract with Let Systems Ltd. to provide system maintenance services for computer software applications for core business operation by transferring the assignment to provide maintenance services from Siemens AG. The subsidiary is obligated to comply with the conditions stipulated in the contract and pay service fee of approximately Euro 0.01 million per month (2013: Euro 0.05 million per month).

39.1.10 The Company has outstanding commitment totaling approximately Baht 56 million (2013: Baht 181 million) in respect of the uncalled portion of their investments in its subsidiaries.

39.1.11 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	
	2014	2013
Payable within:		
Less than 1 year	25	27
1 to 4 years	3	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 million per month, totaling approximately Baht 78 million (2013: Baht 141 million).

### 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	
	2014	2013	2014	2013
Performance guarantees	2,353	3,432	627	621
Guarantee electricity use, among others	75	103	4	23
	2,428	3,535	631	644

### 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 23,729 million (2013: Baht 21,061 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 261 million (2013: Baht 740 million).

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

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 2014, the Company estimated its contingent liabilities at Baht 0.6 million, (2013: Baht 0.6 million) and recorded this under the caption of "other non-current liabilities" in the statement of financial position.

## 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)	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>Financial Assets</b>												
Cash and cash equivalents	-	-	-	-	629	346	28	216	657	562	0.375-1.750	0.125-2.500
Temporary investments in trading securities	-	-	-	-	-	-	177	220	177	220	-	-
Trade and other receivables	-	-	-	-	-	-	1,772	3,565	1,772	3,565	-	-
Restricted bank deposits	-	-	-	-	18	18	156	-	174	18	1.625	1.625-1.750
	-	-	-	-	647	364	2,133	4,001	2,780	4,365		
<b>Financial liabilities</b>												
Bank overdrafts	-	-	-	-	-	3	-	-	-	3	6.750-7.775	6.875-7.775
Loans from banks	-	-	-	-	1,521	2,469	-	-	1,521	2,469	3.600-4.100	3.850-6.750
Trust receipts												
- Baht	-	-	-	-	223	732	-	-	223	732	3.600-4.450	2.101-5.500
Bill of exchange	200	-	-	-	-	-	-	-	200	-	2.950	-
Trade and other payables	-	-	-	-	-	-	837	2,414	837	2,414	-	-
Short-term debentures	1,560	1,460	-	-	-	-	-	-	1,560	1,460	2.970-4.100	3.450-4.400
Short-term loans from related parties	-	-	-	-	-	93	-	-	-	93	-	7.875
Long-term loans from bank	-	-	-	-	261	1,087	-	-	261	1,087	4.500-5.500	5.125-6.000
Liabilities under finance lease agreements	3	3	12	16	-	-	-	-	15	19	4.625-4.750	4.625-4.750
	1,763	1,463	12	16	2,005	4,384	837	2,414	4,617	8,277		

(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)	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>Financial Assets</b>												
Cash and cash equivalents	-	-	-	-	263	36	1	189	264	225	0.375-1.750	0.125-2.500
Temporary investments in trading securities	-	-	-	-	-	-	152	220	152	220	-	-
Trade and other receivables	-	-	-	-	-	-	849	692	849	692	-	-
Short-term loans to related parties	-	-	-	-	742	1,766	-	-	742	1,766	3.920-3.950	0.730-6.625
	-	-	-	-	1,005	1,802	1,002	1,101	2,007	2,903		
<b>Financial liabilities</b>												
Loans from banks	-	-	-	-	102	937	-	-	102	937	3.600-4.100	3.950-6.000
Trust receipts												
- Baht	-	-	-	-	-	263	-	-	-	263	-	2.165-4.450
Bill of exchange	200	-	-	-	-	-	-	-	200	-	2.950	-
Trade and other payables	-	-	-	-	-	-	289	555	289	555	-	-
Short-term debentures	1,560	1,460	-	-	-	-	-	-	1,560	1,460	2.970-4.100	3.450-4.400
Short-term loans from related parties	-	-	-	-	104	360	-	-	104	360	1.750-6.625	0.730-7.625
Long-term loans from bank	-	-	-	-	261	749	-	-	261	749	5.000	5.125-5.250
Liabilities under finance lease agreements	1	-	1	2	-	-	-	-	2	2	4.750	4.750
	1,761	1,460	1	2	467	2,309	289	555	2,518	4,326		



### 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	
	2014	2013	2014	2013	2014	2013
	((Million))	((Million))	((Million))	((Million))	(Baht per unit of foreign currency)	
<b>Assets</b>						
US dollars	0.2	0.5	0.2	0.5	32.8128	32.6778
<b>Liabilities</b>						
US dollars	8.7	10.6	5.3	2.6	33.1132	32.9494
Euro	-	1.6	-	-	-	45.3223

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)
<b>As at 31 December 2014</b>				
<b>Bought amount</b>				
US dollars	0.6	0.6	26 January - 2 March 2015	32.1100 - 32.1750
<b>Sold amount</b>				
US dollars	0.2	0.2	13 February 2015	32.4475
<b>As at 31 December 2013</b>				
<b>Bought amount</b>				
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

#### 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 2014, the Group's debt-to-equity ratio was 1.6:1 (2013: 2.9:1) and the Company's was 1.3:1 (2013: 2.0:1).

### 42. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised Directors on 20 February 2015.



# Remuneration of the Auditors

## 1. Audit fee

Audit Fee in 2014 comprised of following details:

- Audit Fee for accounting period ended December 31, 2014 of the Company was Baht 1,820,000 of which excluded other miscellaneous payment of Baht 78,506 (i.e. auditors' traveling expenses, photo copy expenses).
- Audit Fee for accounting period ended December 31, 2014 of the subsidiaries that the same auditor as the Company were Baht 4,230,000 of which excluded other miscellaneous payment of Baht 132,118 (i.e. auditors' traveling expenses, photo copy expenses).

## 2. Non-Audit Fee

Non-Audit Fee in 2014 comprised of following details:

- Smarterware Co., Ltd., the subsidiaries paid professional fee to EY Office Limited for the review of compliance conditions stipulated in the investment promotion certificate submitted to BOI for the period ended December 31, 2014 at Baht 70,000.
- Samart Ed-Tech Co., Ltd., the subsidiaries paid professional fee to EY Office Limited for the review of compliance conditions stipulated in the investment promotion certificate submitted to BOI for the period ended December 31, 2014 at Baht 70,000.

## Directors, Management, Company Secretary and Head of Internal Audit as of December 31, 2014

Name-Surname / Position / Date of appointment	Age	Education	Shareholding in Company (%)	Relationship	Working Experience last 5 years		
					During	Position	Department / Company / Type Business
1. <b>Mr. Sombut Uthaisang</b> - Position • Independent Director • Authorized Director • Chairman - Date of appointment as Director • April 24, 2008	78	- 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 2008-2012  2013-Present Jan.2014-Present	Chairman Chairman of the Corporate Governance Committee  <b>Position in other listed companies</b> Independent Director Independent Director  <b>Position in non-listed companies</b> -	Samart Telcoms Pcl. Samart Telcoms Pcl.   Thonburi Medical Centre Pcl. Bangkok Dusit Medical Services Pcl.

**Remark :** \* Includes holding by spouse and minor children (See the securities holding information in the "Corporate Governance" under the "4. Disclosure and Transparency")  
% of total number of voting rights

Name-Surname / Position / Date of appointment	Age	Education	Shareholding in Company (%)	Relationship	Working Experience last 5 years		
					During	Position	Department / Company / Type Business
<b>2. General Sumpun Boonyanun</b> - Position • Independent Director • Chairman of the Audit Committee • Chairman of the Nominating & Compensation Committee • Corporate Governance Committee Member - Date of appointment as Director • April 24, 2008	71	- 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: • 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 • Anti-Corruption for Executive Program (ACEP) in 2014	0.016% (100,000 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 Position in other listed companies - Position in non-listed companies -	Samart Telcoms Pcl. Samart Telcoms Pcl. Samart Telcoms Pcl. Samart Telcoms Pcl.
<b>3. Mr. Vichai Pokasamrit</b> - Position • Independent Director • Audit Committee Member • Nominating & Compensation Committee Member • Chairman of the Corporate Governance Committee - Date of appointment as Director • April 21, 2011	65	- 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 in 2004 - 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	Independent Director / Audit Committee Member Nominating & Compensation Committee Member Chairman of the Corporate Governance Committee Position in other listed companies - Position in non-listed companies Deputy Director of the Bureau of the Budget Advisor to the Bureau of the Budget	Samart Telcoms Pcl. Samart Telcoms Pcl. Samart Telcoms Pcl.
					2009-2010 2008-2009		Office of the Prime Minister Office of the Prime Minister

Remark : \* Includes holding by spouse and minor children (See the securities holding information in the "Corporate Governance" under the "4. Disclosure and Transparency")  
% of total number of voting rights

Name-Surname / Position / Date of appointment	Age	Education	Shareholding in Company (%)	Relationship	Working Experience last 5 years		
					During	Position	Department / Company / Type Business
<b>4. Miss Rapeepan Luangaramrut</b> - Position • Independent Director • Audit Committee Member • Nominating & Compensation Committee Member - Date of appointment as Director • April 24, 2008	58	- Master of Business Administration, Chulalongkorn University - Bachelor of Business Administration, Silpakorn University - Certificate of Competition & Strategy Program, Harvard Business School, USA. - Certificate of Advanced Management Program (AMP), Harvard Business School, USA. - Certificate in Director Certification Program (DCP), Thai Institute of Directors Association in 2003 - Leadership Program (Class 9), Capital Market Academy - National Defence College, Class 22 - Advanced Political and Electoral Development Institute (Class 3) - Urban Green Development Institute (BMA 1) - Administrative Justice Institute, Training Course on Administrative Justice for Executive (Class 4)	-	-	2008-Present	Independent Director / Audit Committee Member	Samart Telcoms Pcl.
					2013-Present	Nominating & Compensation Committee Member	Samart Telcoms Pcl.
					2008-2013	Corporate Governance Committee Member	Samart Telcoms Pcl.
					2010-Present 1991-2009	<b>Position in other listed companies</b> Director Executive Director	TPT Petrochemicals Pcl. Vinylthai Pcl.
					2013-Present	<b>Position in non-listed companies</b> Consulting President	Deam House Co., Ltd.
					2012-Present	Director	Entertainment Tree Co., Ltd.
					2005-Present	Director	R Property Co., Ltd.
					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 1989-2011	Director Director	Siam Solvay Foundation Solvay Peroxythai Co., Ltd.

**Remark :** \* Includes holding by spouse and minor children (See the securities holding information in the "Corporate Governance" under the "4. Disclosure and Transparency")  
% of total number of voting rights

Name-Surname / Position / Date of appointment	Age	Education	Shareholding in Company (%)	Relationship	Working Experience last 5 years		
					During	Position	Department / Company / Type Business
<b>5. Mr. Kajornvut Tayanukorn</b> - Position • Director • Corporate Governance Committee Member - Date of appointment as Director • April 29, 2004	59	- 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 2013-Present  2008-2013   2001-Present  2013-Present	Director Corporate Governance Committee Member Nominating & Compensation Committee Member  <u>Position in other listed companies</u> Executive Vice President  <u>Position in non-listed companies</u> Executive Director	Samart Telcoms Pcl. Samart Telcoms Pcl.  Samart Telcoms Pcl.   Bangkok Bank Pcl.  Processing Center Co., Ltd.
<b>6. Mr. Charoenrath Vilailuck</b> - Position • Authorized Director • Executive Director - Date of appointment as director • July 26, 1996	55	- 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 - Chief Executive Course for Urban Development Management, class 1, Urban Green Development Institute Bangkok in 2012	0.129% (800,000 Shares)	Mr. Watchai's Brother	1996-Present  1995-Present 1993-Present 2008-Present  2003-Present 2013-Present 2013-Present  Present	Director / Executive Director  <u>Position in other listed companies</u> Executive Chairman & CEO Director Chairman of the Risk Management Committee Director Director Executive Director / Risk Management Committee Member  <u>Position in non-listed companies</u> Director  Director Director	Samart Telcoms 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, Affiliated and Related Companies (as details in Directors and Managements in Subsidiaries, Affiliated and Related Companies) Vilailuck International Holding Co., Ltd. One to One Contacts Co., Ltd.

Remark : \* Includes holding by spouse and minor children (See the securities holding information in the "Corporate Governance" under the "4. Disclosure and Transparency")  
% of total number of voting rights

Name-Surname / Position / Date of appointment	Age	Education	Shareholding in Company (%)	Relationship	Working Experience last 5 years		
					During	Position	Department / Company / Type Business
<b>7. Mr. Watchai Vialluck</b> - Position • Authorized Director • Chief Executive Officer - Date of appointment as director • July 26, 1996	52	- Bachelor of Accounting, Thammasat University - Certificate of Strategic Planning & Implementation Program, University of Michigan Business School, Singapore in 2000 - Certificate of Management Program, United Kingdom in 1985 - Diploma in National Defence for The Joint State-Private Sector Course (Class 21), National Defence College of Thailand in 2008-2009 - Certificate in Director Accreditation Program (DAP), Thai Institute of Directors Association in 2004 - Leadership program (Class 11), Capital Market Academy in 2010-2011 - The Programme for Senior Executives on Justice Administration Batch 15, Nation Just Academy. In 2011-2012 - ASEAN Executive Management Programme (Class 2), The Secretariat of the Prime Minister, Office of the Civil Service Commission (OCSC), Office of the National Economic and Social Development Board, Ministry of Foreign Affairs and Sasin Graduate Institute of Business Administration, Chulalongkorn University in 2013 - The 5 <sup>th</sup> Training Course on Administrative Justice for Executives, Institute of Administrative Justice, The Office of the Administrative Courts of Thailand in 2013-2014	0.194% (1,200,010 Shares)	Mr. Charoenrath's Brother	2000-Present 1996-Present	Chief Executive Officer Director	Samart Telcoms Pcl. Samart Telcoms Pcl.
					2000-Present 1993-Present 2004-Present	<b>Position in other listed companies</b> President Director Chief Operating Member of the Risk Management Committee	Samart Corporation Pcl. Samart Corporation Pcl. Samart Corporation Pcl.
					2013-Present	Chairman of the Sustainable Development Committee	Samart Corporation Pcl.
					May 2014-Present	Acting Chief Operating Officer of Call Center LOB	Samart Corporation Pcl.
					Present	Acting Chief Operating Officer of Technology Related Services LOB and Utilities and transportations LOB	Samart Corporation Pcl.
					2003-Present 2005-Present	Director and CEO Chairman of the Risk Management Committee	Samart I-Mobile Pcl. Samart I-Mobile Pcl.
					2013-Present 2013-Present	Director Executive Chairman / Chairman of the Risk Management Committee	One to One Contacts Pcl. One to One Contacts Pcl.
					Present	<b>Position in non-listed companies</b> Director	Subsidiaries, Affiliated and Related Companies (as details in Directors and Managements in Subsidiaries, Affiliated and Related Companies) Vlailuck International Holding Co., Ltd. One to One Contacts Co., Ltd.
					1993-Present	Director	
					2000-2013	Director	

**Remark :** \* Includes holding by spouse and minor children (See the securities holding information in the "Corporate Governance" under the "4. Disclosure and Transparency")  
% of total number of voting rights



Name-Surname / Position / Date of appointment	Age	Education	Shareholding in Company (%)	Relationship	Working Experience last 5 years		
					During	Position	Department / Company / Type Business
<b>8. Mr. Sirichai Rasameechan</b> - Position • Director • Executive Director - Date of appointment as director • July 1, 1998	64	- 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	<b>Position in other listed companies</b> 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.
					2013-Present	Vice Chairman of the Sustainable Development Committee	Samart Corporation Pcl.
					Aug.2014-Present	Director	Samart I-Mobile Pcl.
					2005-Present	Risk Management Committee Member	Samart I-Mobile Pcl.
					2008-Present	Nominating & Compensation Committee Member	Samart I-Mobile Pcl.
					2013-Present	Director	One to One Contacts Pcl.
					2013-Present	Executive Director / Risk Management Committee Member / Corporate Governance Committee Member	One to One Contacts Pcl.
					Present	<b>Position in non-listed companies</b> Director	Subsidiaries, Affiliated and Related Companies (as details in Directors and Managements in Subsidiaries, Affiliated and Related Companies) Thai Institute of Directors Association One to One Contacts Co., Ltd.
					Present	Speaker	
					2000-2013	Director	

**Remark :** \* Includes holding by spouse and minor children (See the securities holding information in the "Corporate Governance" under the "4. Disclosure and Transparency")  
% of total number of voting rights

Name-Surname / Position / Date of appointment	Age	Education	Shareholding in Company (%)	Relationship	Working Experience last 5 years		
					During	Position	Department / Company / Type Business
<b>9. Mr. Jong Diloksonbat</b> - Position <ul style="list-style-type: none"> <li>• Director</li> <li>• Executive Director</li> <li>• President</li> <li>• Corporate Governance Committee Member</li> <li>• Chairman of the Risk Management Committee</li> <li>• Chairman of the Sustainable Development Committee</li> </ul> - Date of appointment as director <ul style="list-style-type: none"> <li>• January 11, 2012</li> </ul>	55	- 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, Singapore in 2000 - Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD) in 2004 - Certificate of Crisis Management Master Class, VMAC Business Group (M) Sdn Bhd - Premier Provider of Business Intelligence - Certificate of Executive Development Program, Faculty of Commerce and Accountancy, Thammasat University - Capital Market Leader Program, The Securities and Exchange Commission (SEC) and Sasin Graduate Institute of Business Administration of Chulalongkorn University in 2014	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.
					2013-Present	Chairman of the Sustainable Development Committee	Samart Telcoms Pcl.
					2012-Present	<b>Position in other listed companies</b> Executive Director	Samart Corporation Pcl.
					2009-Present	Risk Management Committee Member	Samart Corporation Pcl.
					2013-Present	Sustainable Development Committee Member	Samart Corporation Pcl.
					2012-Present	President of ICT Solutions and Services LOB	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.
					2003-2012	Chief Operating Officer	Samart I-Mobile Pcl.
					Present	<b>Position in non-listed companies</b> Director	Subsidiaries, Affiliated and Related Companies (as details in Directors and Managements in Subsidiaries, Affiliated and Related Companies)

*Remark : \* Includes holding by spouse and minor children (See the securities holding information in the "Corporate Governance" under the "4. Disclosure and Transparency")*  
*% of total number of voting rights*

Name-Surname / Position / Date of appointment	Age	Education	Shareholding in Company (%)	Relationship	Working Experience last 5 years		
					During	Position	Department / Company / Type Business
<b>10. Mr. Pomchai Krivichian</b> - 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	49	- Master of Engineering, Bridgeport University, USA.	0.007% (42,000 Shares)	-	2011-Present	Executive Vice President - Network Services Business Group and System Integration Business Group	Samart Telcoms Pcl.
					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.
					-	<u>Position in other listed companies</u>	
<b>11. Mr. Apichat Sirisalipochna</b> - Position • Vice President - Network Services Business Group and Business Application Solution & Service Business Group • Sustainable Development Committee Member - Date of appointment as • March 1, 2005	49	- Master of Business Administration, Central Missouri State University, USA.	-	-	Present	<u>Position in non-listed companies</u> Director	Subsidiaries, Affiliated and Related Companies (as details in Directors and Managements in Subsidiaries, Affiliated and Related Companies)
					2005-Present	Vice President - Network Services Business Group and Business Application Solution & Service Business Group	Samart Telcoms Pcl.
					2013-Present	Sustainable Development Committee Member	Samart Telcoms Pcl.
					-	<u>Position in other listed companies</u>	
					Present	<u>Position in non-listed companies</u> Director	Subsidiaries, Affiliated and Related Companies (as details in Directors and Managements in Subsidiaries, Affiliated and Related Companies)

**Remark :** \* Includes holding by spouse and minor children (See the securities holding information in the "Corporate Governance" under the "4. Disclosure and Transparency")  
% of total number of voting rights

Name-Surname / Position / Date of appointment	Age	Education	Shareholding in Company (%)	Relationship	Working Experience last 5 years		
					During	Position	Department / Company / Type Business
<b>12. Mrs. Aroonluck Dilokwanich</b> - Position • Vice President - Corporate Accounting - Date of appointment as Management • September 1, 2003	55	- Master of Accounting, Bridgeport University, USA. - Bachelor of Accounting, Thammasat University	-	-	2003-Present	Vice President - Corporate Accounting <u>Position in other listed companies</u> - <u>Position in non-listed companies</u> -	Samart Telcoms Pcl.
<b>13. Mr. Dhilokpat Nisamaneevong</b> - Position • Vice President - Finance & Investor Relations - Date of appointment as Management • February 1, 2014	45	- Master of Business Administration, Major Finance, Long Island University, School of Business, Booklyn Campus, New York - Bachelor of Business Administration, concentration of Finance, Kasetsart University	-	-	Feb.2014-Present 2002-2014 Present	Vice President - Finance & Investor Relations <u>Position in other listed companies</u> Vice President - Lob Finance <u>Position in non-listed companies</u> Director Subsidiaries, Affiliated and Related Companies (as details in Directors and Managements in Subsidiaries, Affiliated and Related Companies)	Samart Telcoms Pcl. Samart I-Mobile Pcl.
<b>14. Mr. Somchai Bunsupaporn</b> - Position • Assistant Vice President - Internal Audit and Company Secretary • Sustainable Development Committee Member - Date of appointment as Assistant Vice President - Internal Audit and Company Secretary • October 28, 2003	57	- 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.	0.011% (66,500 Shares)	-	2003-Present 2013-Present	Assistant Vice President - Internal Audit and Company Secretary Sustainable Development Committee Member <u>Position in other listed companies</u> - <u>Position in non-listed companies</u> -	Samart Telcoms Pcl. Samart Telcoms Pcl.

Remark : \* Includes holding by spouse and minor children (See the securities holding information in the "Corporate Governance" under the "4. Disclosure and Transparency")  
% of total number of voting rights

Directors and Managements in Subsidiaries, Affiliated and Related Companies as of December 31, 2014

[illegible]

Remark :

1) x = Chairman, / = Director, // = Executive Director, # = Management

2) The Companies' name

1.	STC	=	Smart Telcoms Pcl.	2.	SOS	=	Smart Communication Services Co., Ltd.	3.	SCT	=	Smart Comtech Co. Ltd.	4.	SBS	=	Smart Broadband Services Co., Ltd.
5.	PN	=	Posnet Co. Ltd.	6.	TTN	=	Thai Trade Net Co. Ltd.	7.	STW	=	Smarterware Co., Ltd.	8.	SIF	=	Smart Infonet Co., Ltd.
9.	SAET	=	Smart Ed-Tech Co., Ltd.	10.	NMD	=	Net Media Co., Ltd.	11.	ITAB	=	IT Absolute Co. Ltd.	12.	PTN	=	Portahnet Co., Ltd.
13.	NST	=	Net Service (Thailand) Co., Ltd.	14.	SLA	=	SLA Asia Co., Ltd.	15.	SC	=	Smart Corporation Pcl.	16.	SUT	=	Smart U-Trans Co., Ltd.
17.	SEC	=	Suwanahumi Environment Care Co., Ltd.	18.	VSS	=	Vision and Security System Co., Ltd.	19.	SE	=	Smart Engineering Co., Ltd.	20.	SRT	=	Smart Reditech Co., Ltd.
21.	CS	=	Cambodia Smart Co. Ltd.	22.	SH	=	Smart Inter Holding Co. Ltd.	23.	SDT	=	Smart Digital TV Co., Ltd.	24.	TEDA	=	Teda Co., Ltd.
25.	SW2P	=	Smart Waste2Power Co., Ltd.	26.	SUM	=	Smart U-Trans (Myanmar) Co., Ltd.	27.	SUL	=	Smart U-Trans (Laos) Co., Ltd.	28.	TDC	=	Teda Construction Co., Ltd.
29.	TS	=	Transac Power Services Co., Ltd.	30.	KPP	=	Kampot Power Plant Co. Ltd.	31.	CATS	=	Cambodia Air Traffic Services Co., Ltd.	32.	CIO	=	Contact-In-One Co., Ltd.
33.	SMS	=	Smart I-Mobile Pcl.	34.	SMS	=	Smart Mobile Services Co., Ltd.	35.	BUG	=	Smart Multimedia Co., Ltd.	36.	IMI	=	I-Mobile International Co., Ltd.
37.	BS	=	Brain Source Co., Ltd.	38.	IMP	=	I-Mobile Plus Co., Ltd.	39.	TCN	=	Teleconnect Co., Ltd.	40.	SIMM	=	Smart I-Mobile (Malaysia) Sdn. Bhd.
41.	IMIT	=	I-Mobile Inter Trade Co., Ltd.	42.	I-SPORT	=	I-Sport Co., Ltd.	43.	SIAM	=	Smart Interactive Media Co., Ltd	44.	ENT	=	Entertainment Tree Co., Ltd
45.	I-SPORT M	=	I-Sport Media Co., Ltd.	46.	SSTV	=	Siam Sport Television Co., Ltd.	47.	SIMI	=	PT. Smart I-Mobile Indonesia	48.	IMD	=	I-Mobile Direct Co., Ltd.
49.	OTO	=	One To One Contacts Pcl	50.	OTP	=	One To One Professional Co., Ltd.	51.	OTOC	=	One To One (Cambodia) Co., Ltd.	52.	VH	=	Vlailuck International Holding Co., Ltd.

	(1) Listed Companies	(2) Held by SBS	(3) Held by SCT
3			

(9) Held by SE

\* The Company is in process of the establishment.

## Board of Directors & Committees' List

Directors of Sub-Committees	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. Pornchai Krivichian				/			/
11. Mr. Apichat Sirisalipochna				/			/
12. Miss Chotika Kamloonwesaruch				/			/
13. Mr. Suchart Duangthawee				/			
14. Mr. Dhilokpat Nisamaneevong				/			
15. Mr. Anupong Saowamas				/			
16. Mr. Senee Somma				/			
17. Mrs. Nisachol Udomwongwiwat							/
18. Miss Kanokwan Chanswangpuvana							/
19. Mr. Somchai Bunsupaporn							/

*Remark : x = Chairman, / = Director, Committee Member*

## Major Subsidiaries' Directors

Name-Surname	Samart Communication Services Co., Ltd.	Samart Comtech Co., Ltd.	Portalnet Co., Ltd.
1. Mr. Charoenrath Vilailuck	x	x	x
2. Mr. Watchai Vilailuck	/	/	/
3. Mr. Jong Diloksombat	/	/	/
4. Mr. Pornchai Krivichian	/	/	
5. Mr. Suchart Duangthawee		/	
6. Miss Chotika Kamloonwesaruch		/	
7. Mr. Dhilokpat Nisamaneevong			/
8. Mr. Nattavut Smavatkul			/

*Remark : x = Chairman, / = Director*



# General Information and Reference

## Company's Information

<b>Company</b>	:	<b>Samart Telcoms Public Company Limited</b>
Head Office	:	99/7 Moo 4, Software Park 29 <sup>th</sup> Floor, Chaengwattana Road, Klong Gluar, Pak-kred, Nonthaburi 11120
Registration No.	:	0107538000631
Web site	:	<a href="http://www.samtel.com">http://www.samtel.com</a>
Telephone	:	0-2502-6610
Fax.	:	0-2502-6648
Registered Capital	:	738,000,000 Baht
Number of shares sold	:	618,000,000 Ordinary shares
Par Value	:	Baht 1 per share

## Other References

<b>Registrar</b>	:	<b>Thailand Securities Depository Co., Ltd.</b>
Head Office	:	62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey, Bangkok 10110
Telephone	:	0-2229-2800
Fax.	:	0-2359-1259
<b>Auditor</b>	:	<b>Ms. Siriwan Suratepin</b>
		The Certified Public Accountant's License No. 4604
Head Office	:	EY Office Limited 33 <sup>rd</sup> 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](http://www.samtel.com) or [www.sec.or.th](http://www.sec.or.th).*







**SAMART TELCOMS PUBLIC COMPANY LIMITED**

99/7 Software Park, 29<sup>th</sup> Fl., Moo 4,  
Chaengwattana Rd., Klong Gluar, Pak-Kred,  
Nonthaburi 11120 Thailand  
Tel : (662) 502-6000 [www.samtel.com](http://www.samtel.com)