

SEARCH

**SMART
TELCOMS**
SMART ICT Solutions

ANALYSIS

IN RETURN FOR ALL
THE CONFIDENCE IN US

ANNUAL REPORT

2018

IN RETURN FOR ALL THE CONFIDENCE IN US

With the trust and the confidence clients place in us **SAMART Telcoms Group** has been enjoying, we are committed and determined to continue to work hard in the face of challenges and competition driving the business with our professionalism with the aim to deliver the best to our clients and shareholders as well as our society and the country at large.

**This is in return for all the confidence in us,
stepping forward together towards
a sustainable future.**

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SAMART TELCOMS

SMART *ICT solutions*

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Smart Solutions & Services
from “**SAMART TELCOMS GROUP**”

SAMART TELCOMS GROUP focuses on offering a complete range of professional IT solutions and digital solutions of well-accepted international standards. With collaboration among expert teams and strong business partners, our past works are evidence of quality we provide.

Performance highlights

Network Solutions

- Installation of high-speed internet all over the country.
- Installation of Digital Trunked Radio.

Enhanced Technology Solutions

- Airport Information Management Systems (AIMS), Common Use Terminal Equipment (CUTE) including Common Use Self Service (CUSS) and Advance Passenger processing System (APPS) at the airports in the region.
- Information system development.
- Installation of Automatic Meter Reading (AMR).
- Cyber Security systems.

Business Application

- Core Banking systems installation.
- Enterprise Resource Planning (ERP) system installation and management.
- Installation of E-payment systems.



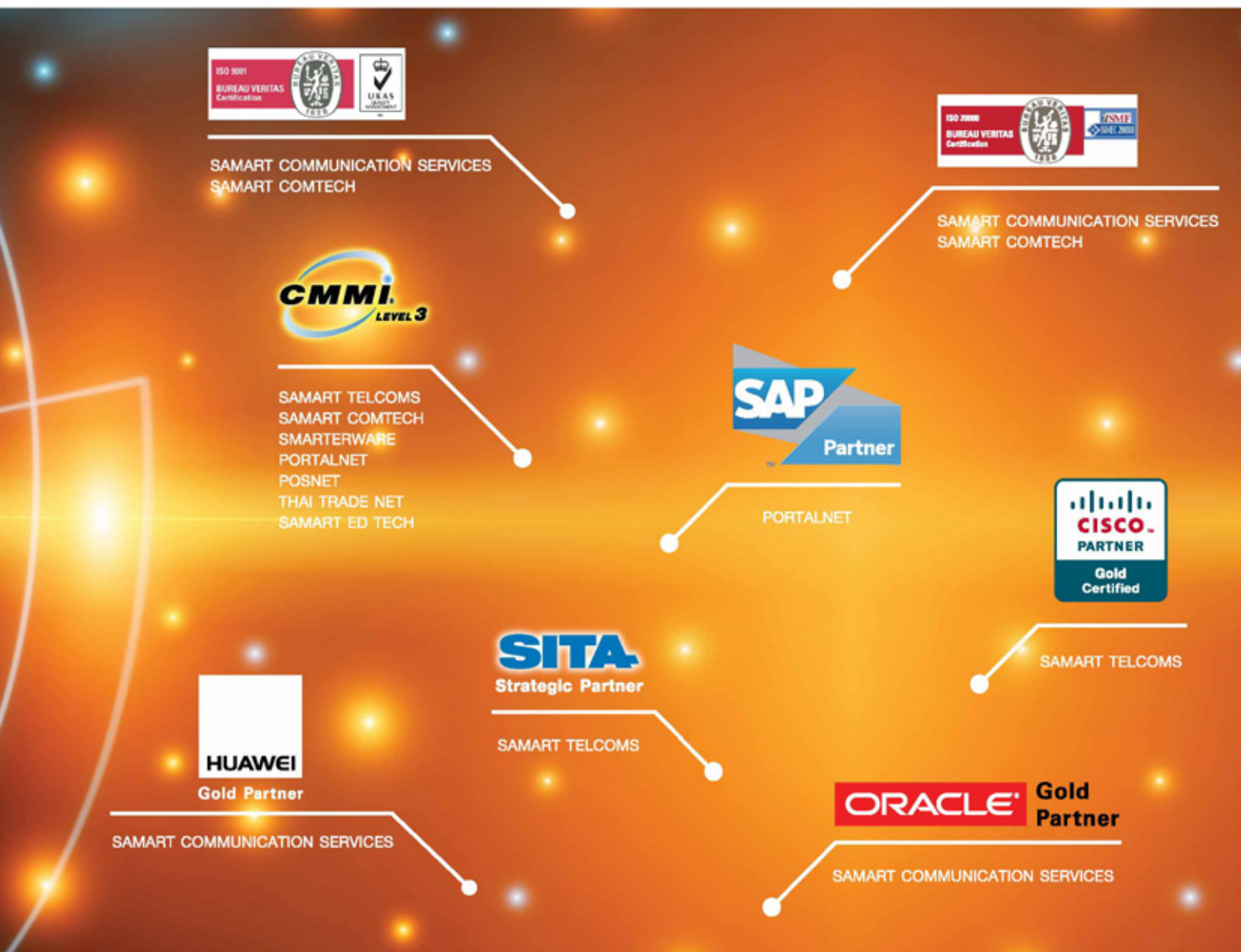
SEEKING NEW BUSINESS OPPORTUNITIES AIMING AT STABLE GROWTH



We do not let past success keep us still but instead we continue to expand, looking for opportunities in promising new businesses with high potential growth such as **financial solutions and cyber security solutions** among others. We keep pursuing new knowledge and experience to continuously build up on our business.



SUCCESS...WITH AN EFFECTIVE POWERFUL OVERALL TEAM
AND GREAT MANAGEMENT CAPABILITIES



Each successful step is due to our effective powerful well-experienced team with adherence to excellence relying on TIE, our three major keys in moving our business forward :

Transformation - To build up on our success

Innovation - To grasp at new opportunities

Elevation - To achieve even better standards

Coupled with our work systems, recognized by world standards, these are always the principal factors of our success in project management and delivering the best solutions to our clients.

“
STEPPING FORWARD TOGETHER
TOWARDS A SUSTAINABLE FUTURE.

”

CONSTANTLY MAKING DEVELOPMENTS
FOR CONTINUAL GROWTH



Over the years in operation, **SAMART Telcoms Group** has kept on growing while experiencing both successes and failures. We keep on learning and have never stopped developing our organization further so that we can always face new challenges no matter whatever changes there may be. That is our approach in promoting a **strong and sustainable** organization and we hold true to that belief always.



Messages from the Board of Directors

Dear Shareholders

Thai economy in 2018 expanded at the highest rate in 6 years despite of global economic turbulence, due mainly to growth of export value, expansion in tourism sector, development in transportation and logistics infrastructure, government's economic stimulus measures. In the fierce competition in ICT industry, the drive to promote Digital Government and Digital Transformation adoption of enterprises have been considered the key challenges and the Company could conduct business with stability and generated revenue at Baht 7,711 million increasing from 2018. The Company, trusted by customers, was able to renew major contracts and award new projects with total value of Baht 6,900 million resulting in total backlog value at the end of 2018 over Baht 7,600 million.

Our deep appreciation is for the committee, executives and employees of the Company for their self-motivation and synergy not only to perform their tasks with efficiency but also to deliver new ICT solutions and services to customers and elevate service quality standard to increase customer satisfactions throughout the year. According to standards in operations, the Company and subsidiaries have continuously maintained various types of standards, for example, ISO 20000 for quality and efficiency in IT Management Service, ISO 9001: 2015 for service quality and CMMI for development of quality software. Furthermore, in 2018, the Company was rated by Thai Institute of Directors (IOD) to achieve "Excellent" level in Corporate Governance Report of Thai Listed Company.

In 2019, the Thai economy will continue to expand contributed by progresses of major infrastructure projects, private investment and consumption including growth in tourism sector despite the lower rate of expansion in export of goods. For ICT industry in 2019, it is also expected to grow at higher rate compared to that in the previous year due to development of Digital Government and Thailand 4.0 encouraged for Digital Economy including expedition of government budget disbursement to achieve spending target. In private sector, ICT provider will invest more to expand networks and develop platforms for communications in 5G era and IoT in real actions. Moreover, numbers of enterprises have embraced Digital Transformation and will deploy the use of Big Data Analytics along with the application of Artificial Intelligence integrated for services and for competition. Digital Disruption will also continue in several industries and it will be fascinating to see the increase level of competition in 2019 ICT market.

The Company considers year of 2019 another year with full of business opportunities. The Company emphasizes innovation development and value creation for solutions and services of all Business Groups in order to respond and embrace customer requirements through Network Solutions, Enhanced Technology Solutions and Business Application. With experiences and knowledge continuously developed as well as motivation and determination of executives and employees along with synergy with strong partners, the Company therefore is ready for the competition and delivery of solutions and services with quality to customers. Additionally, indispensable factors are good corporate governance, risk management, responsibility for all stakeholders including social and environmental responsibility to build "People of Quality and Society of Morality" which altogether will ensure the Company's goal to achieve strong and sustainable growth.

At last, on behalf of the Board of the Directors, executives and employees, I would like to express my sincere gratitude to all shareholders, customers, partners and stakeholders for strong faith and support to the Company. I insist on the determination to drive business with professional conduct and to continue the achievement creating stability and sustainability for the Company in order to return all the confidence to all shareholders. Together, we will elevate and innovate ICT industry of the country to sustainably enhance economy and society of Thailand.



General Sumpun Boonyanun
Chairman

Report of the Executive Board

Dear Shareholders,

Thai economy in 2018 expanded higher than the previous year. Export value and total tourist receipts grew while expenditure and investment in private sector increased due partly to government policies, stimulus packages especially investment in infrastructure. For ICT market, both government and private sector have adapted to Thailand 4.0 policy and Digital Economy continuously. The Company's performance was still strong by gaining trusts from customers and achieving new projects with total contract value of Baht 6,960 million. Total revenue of the Company in 2018 was Baht 7,711 million with net profit Baht 351 million increasing significantly. Major project success were development of land information system for Department of Land, bandwidth expansion of telecommunication networks for being ASEAN digital hub of CAT PCL., maintenance of automatic meter reading system and components for Provincial Electricity Authority, Management and Service Operations for Common Use Terminal Equipment at airports under Department of Airport's operations, etc. Expansion of projects and services in private sector as well as banking and financial sector was at good rate through electronic payment and banking and financial solutions.

The Thai economy in 2019 will continue to grow resulted from investment of both public and private sector. There will be vast business opportunities for the Company from more development of transportation and logistics infrastructure, Eastern Economic Corridor (EEC), Smart Cities, Digital Government and drive of Thailand 4.0 policy. Private sector will embrace more technologies to increase competitiveness and many enterprises will transform themselves for digital era. In 2019, various technologies will be clearly applied and widely adopted. Such technologies are Internet of Things (IoT), Artificial Intelligence (AI), Big Data Analytics, Cyber Security. More application in Block Chain / Distributed Ledger Technology will be deployed for validation of transaction.

The Company is ready in technologies, processes, standards and experts along with numbers of global technology partners to integrate technologies and innovate solutions and services to respond demands of customers in both public and private sector in digital era. The Company is confident to continue such strong performance due to foundation of "3S for Success", value and operation guideline aiming to encourage "Synergy" among internal team and partners, emphasizing "Standards" in operations for quality and efficiency and targeting to achieve common goal of customer "Satisfaction".

Business direction of the Company is still in the focus of building stability and sustainability by generating long-term and recurring revenue through **Transformation** to be ICT Outsourcing & Service Provider, **Innovation** with new values in solutions and services and **Elevation** of operation standards and collaboration with partners.

Executive Board of Samart Telcoms strongly believe that in 2019 the Company will succeed in several business opportunities through quality and determination of all management and employees ready to step forward and prepared for rapid changes in technologies and business leading to sustainability for all stakeholders.



Mr. Watchai Vilailuck
Executive Chairman / Chief Executive Officer



Board of Directors

1. General Sumpun Boonyanun

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

2. Mr. Vichai Pokasamrit

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

3. Miss Rapeepan Luangaramrut

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

4. Mr. Kajornvut Tayanukorn

- Director
- Corporate Governance Committee Member

5. Mr. Sirichai Rasameechan

- Director
- Corporate Governance Committee Member



6. Mr. Charoenrath Vilailuck

- Executive Director
- Risk Management Committee Member

7. Mr. Watchai Vilailuck

- Executive Director
- Executive Chairman & Chief Executive Officer
- Chairman of the Risk Management Committee

8. Mr. Thananan Vilailuck

- Executive Director
- Risk Management Committee Member

9. Mr. Jong Diloksombat

- Executive Director
- President
- Chairman of the Sustainable Development Committee
- Corporate Governance Committee Member
- Risk Management Committee Member



SAMART TELCOMS DNA

Think **Ahead**

Customer **Focus**

Team of **Professionals**

Commit to **Excellence**

CORE VALUE

Synergy : We synergize to succeed.

Standard : Professionalism...International standards.

Satisfaction : Customer satisfaction means our success.

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 fully serve demands and requirements of our customers with utmost benefit delivered to users.

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".

Report of the Audit Committee

Dear Shareholders,

The Audit Committee of Smart Telcoms Public Company Limited comprises of three independent qualified committee members as follows: Mr. Vichai Pokasamrit, Chairman of the Audit Committee, General Sumpun Boonyanun 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 Audit Committee operates independently and performs its duties and responsibilities as assigned by the Board of Directors in overseeing the corporate governance and the internal control systems to ensure that the Company's business operations are carried out for the interests of its shareholders and other stakeholders and that the Management execute their duties with integrity, and in accordance with the Company's policies. The Audit Committee conducted 5 meetings in 2018. To discuss and share opinions with management, external auditors and internal auditors on matters related to the meeting agenda which was summarized below:

- 1. Review of interim and annual financial statements** as of 2018, in consultation with management and external auditors. The Audit Committee's opinion was 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 the operation information together with its internal control systems** and their efficacy towards ensuring that the Company's business was efficiently and effectively conducted in the pursuit of achieving performance goals. In 2018, 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.
- 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 2019'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 Charter of the Audit Committee.** The Audit Committee has reviewed the Company's Audit Committee Charter. Unedited and revised charter. Due to comply with the rules and practices consistent with the Principles of Good Corporate Governance. And the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission.
- 5. Reviewed 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 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. **Conducted the Report of the Audit Committee's** Activities to the Board of Directors for acknowledgement for every Audit Committee meetings and provided useful management performance recommendation, which were subsequently adopted. To comply with Best Practice Guideline for Audit Committee and Regulations of the Stock Exchange of Thailand.
8. **Consider appointing the External Auditors and their Remuneration for the year 2018** to be proposed to the Board of Directors to ask for approval of Annual Shareholder's Meeting for the year 2018, which the Audit Committee considered the performance, independency and remuneration and concluded to propose appointing Mrs. Sarinda Hirunprasurtwutti, Certified Public Accountant Registration number 4799, or Miss. Kamontip Lertwitworatop, 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 2018, with the remuneration of 2,150,000 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 approximately, 2,150,000 Baht, equal to the year of 2017.
 - There was compliance with Regulation of the Office of the Securities and Exchange Commission (SEC) with regards to the changing of the financial statements signatory external auditor every 5 years. If such auditors are appointed to be the external auditors for the year 2018, it shall be 3 consecutive years.
 - The external auditors had no relation with the Company and subsidiaries.
9. Acknowledge the new auditor rotation criteria In accordance with the letter from the Securities and Exchange Commission to the listed company is responsible for circulating the auditor signing in the audit report of listed companies, with effective from 1 January 2019.

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 transparency and reliability. Also developed operation systems to be more qualified and fit with the changing business environment on a continuing basis.



(Mr. Vichai Pokasamrit)
Chairman of the Audit Committee

Report of the Risk Management Committee

Dear Shareholders,

The Board realizes the importance of Risk Management as it can drive the Company's business operations smoothly and continually has appointed Risk Management Committee, which consists of Directors 4 members by the Chairman of the Executive Board as Chairman of the Risk Management Committee. Moreover, also appointed a working group Risk Management, which comprises the President as the President of working group Risk Management and all concerned department heads total of 8 members to the evaluate related risks as set out in the Risk Management Plans, together with setting up appropriate preventive and corrective measures and monitored results regularly. To propose a management plan and follow-up performance on risk management to the Risk Management Committee for consideration.

In 2018, The Risk Management Committee conducted 3 meetings to carry out duties and responsibilities as assigned by the Board of Directors as summarized below:

1. The consultation recommended guidelines for risk management with the management in all relevant agencies.
2. Considering the significant risks and risk management plans that the management from all relevant departments have assessed the risks covering various areas. That will have an impact on the business operations of the Company's and set the level of risk and determine the impact and determine how to manage that risk To be at an acceptable level or reduce the opportunity and assign the responsible person to implement.
3. Encouraging executives and employees to be aware of the importance of risk management system within the Company continually so that the material risks can be managed in the acceptable level.
4. Monitoring progress of risk management from various agencies involved and reviewing the compliance with risk management plan pursuant regarding risk management policy and framework. Assuring that the company has systematically and effectively conduct risk management as well as providing important advice to contribute to the development of the risk management of the Company to be more efficient. by assigning the internal audit department to make a follow up and review the risk management measures of each company to ensure that the goal has been achieved.

According to the issues and tasks mentioned above, The Risk Management Committee responsibilities assigned by the Board of Directors and 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. Watchai Vilailuck)

Chairman of the Risk Management Committee

Report of the Corporate Governance Committee

Dear Shareholders,

The Board of Directors strongly believes in conducting business according to business ethics, good corporate governance and corporate social responsibility (CSR) as well as supporting of improvement corporate governance policy on continual basis ensuring solid foundation of the Company and building a strong circle of trust with the ultimate objectives of the equitable treatment to every stakeholder, leading to the sustainable development.

To this end, the Board of Directors has assigned the Corporate Governance Committee to be responsible to propose corporate governance guidelines and oversee the conduct of directors and the management to ensure conformance to corporate governance principles, SET's corporate governance principles, and in accordance with the good corporate governance practices in both national and international standards which the Chairman is an independent director.

In 2018, the Corporate Governance Committee arranged three meetings to evaluate, follow up the performance with authorities and responsibilities according to the Charter of the Corporate Governance Committee and encourage to conduct good corporate governance policy with determination to improve corporate governance continuously and strongly. The Corporate Governance Committee regularly reported to the Board of Directors with the meeting results having key agendas that can be concluded as follows:

- **Review the Company's corporate governance policy, business ethics and all committees' charters.**
Reviewing and revising the Company's corporate governance policy, business ethics and all committees' charters, in 2018, the Corporate Governance Committee reviewed and improved the corporate governance policy, business ethics and sub-committee charters, including draft of the Board of Directors Charter. The Board of Directors must perform their duties with responsibility, care, prudence and honesty for the utmost benefit of the Company and all stakeholders under the principles of corporate governance.

Moreover, Corporate Governance Committee brought Corporate Governance Code (GC Code) for listed companies in 2017 into consideration to suitably apply as guideline practice for the Board of Directors, the leader or highest responsible body of the Company, to conduct corporate governance resulting in good, long-term performance confiding shareholders and stakeholders for the benefit in long-term sustainable value creation.
- **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.**
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 the Company Secretary shall be assessed every year. Results from such assessments and recommendations shall be used to improve, rectify and develop for better efficiency and proposed to the Board of Directors and the shareholders for their acknowledgement.
- **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 various regulatory agencies define additional.
- **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 promote shareholders' rights and equality to ensure orderly, transparent and efficient organization of the AGM according to good corporate governance guidelines and in compliance with the AGM Checklist.

In 2018, the Company was also recognized through the following honors for consistently making good corporate governance a priority, thus several awards received for the evaluation of corporate governance reports of Thai listed companies by the Thai Institute of Directors (IOD), in 2018, the Company was rated "Excellent" and being ranked in Top Quartile of the group of companies with a market capitalization of Baht 3,000-9,000 million and the survey result of the Annual General Meeting of Shareholder (AGM Checklist) by the Thai Investors Association, in 2018, the Company was rated "Excellent".

The Company will still adhere to the policies on good corporate governance which ensuring that Company strictly adheres to its Good Corporate Governance Policy and Business Code of Conduct. and support its improvement and development as well as indoctrinating the employees to realize and recognize business ethics by promoting the policies to the Company's employees and also promote the Company's corporate governance principles, which is suitable and complainant to international standards of corporate governance, resulting in the Company to gain more trust and acceptance by all stakeholders.



(Mr. Vichai Pokasamrit)
Chairman of the Corporate Governance Committee

Report of the Nominating & Compensation Committee

Dear Shareholders,

The Board of Directors has appointed the Nominating & Compensation Committee consisting all independent directors to be responsible for recruiting and nominating candidates who is qualified by the relevant laws and regulations together with qualification, experience, knowledge and ability that is advantageous and beneficial to the Company 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 as well as the employees of the Company fairly and reasonably by taking into consideration the best interests of all parties.

In 2018, the Nominating & Compensation Committee has performed roles in accordance with its charter and the scope of authority, with pursuant to the Company's corporate governance and independence held 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, and the appointment of new Company's Directors.**

The Nominating & Compensation Committee has considered, nominated and proposed persons to replace Directors retiring. The Nominating & Compensation Committee not only considers qualifications, experience, knowledge, ability benefiting the Company, but also diversity aspects in the structure of the Board of Directors such as gender, age, race, nationality and necessary skills that the Company still lacks in order to align with business strategies of the Company. The Nominating & Compensation Committee also employs Director's Pool of the Thai Institute of Directors Association in consideration to recruit and select appropriate persons according to the laws and regulations and propose to the Board of Directors in order to appoint or propose for approval in the shareholders' meeting in accordance with the Company's regulations.

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

The Nominating & Compensation Committee has considered, nominated and proposed personals 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 2018 remuneration for the Board Directors and Committees consisting the Audit Committee, the Nomination and Remuneration Committee, and the Corporate Governance Committee to further propose to the Board of Director and the Shareholders' meeting for consideration and approval, taking into 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; Consistent with the company's strategy and goals compensation must attract quality directors and executives to achieve the goals and directions as defined by the Company.

- **Determine appropriate Bonus and Salary Increase**

The Nominating & Compensation Committee has considered the criteria on salary increase for 2019 and bonus for 2018 jointly with the Human Resources Department and the Executive Board. The salary increase rate and the bonus shall be in appropriate rate and in line with the Company's performance.

The Nominating & Compensation Committee reported its performance to the Board of Directors for acknowledgement on a regular basis, which completely carried out its duties as assigned with due care, due diligence, transparency and independence and has provided straightforward comments for the ultimate benefits of shareholders, investors and all stakeholders.



(General Sumpun Boonyanun)

Chairman of the Nominating & Compensation Committee

Report of the Sustainable Development Committee

Dear Shareholders,

The Board of Directors realize the importance on sustainable development that shall lead to the sustainable growth of the business incorporate, so it has to be developed together with the social responsibility, environment, corporate governance and all stakeholders, so the Sustainable Development Committee has been appointed to oversee such matters. Presently, the Sustainable Development Committee comprises of 7 directors where the President is the Chairman of the Committee.

During 2017, the Sustainable Development Committee arranged 2 meetings to follow up operations and consider matters pursuant to the sustainability development policy and the Sustainable Development Committee Charter. The meeting results have been constantly reported to the Board of Directors of which their main points can be summarized as follows:

1. To review the Company's social responsibility policy and responsibility of the Company's Sustainable Development Committee which covering 3 components of the sustainable development guidelines, i.e. economic, society, and environment;
2. To enhance the Company's arrangement of the activities to cultivate the employees' consciousness on having volunteer spirit, sacrificing their strength, spirit and personal times to make benefits for the whole community to reinforced the pride and satisfaction of the employees as well as to promote and provide knowledge on social and environmental aspects to the Company's employees, so they can use them as guideline to develop and oversee social development and environmental responsibility throughout the organization;
3. To monitor operational results on social responsibility activities in 2018;
4. To conduct the Sustainable Development Committee self-evaluation for 2018 and reported to the Board of Directors for development;
5. To prepare a report on duties of the Sustainable Development Committee during the past year to propose to the shareholders as well as to disclose in the annual report.

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 for ultimate sustainability of the Company.



(Mr. Jong Diloksombat)

Chairman of the Sustainable Development Committee

Corporate Social Responsibility Report

(Sustainability Development Report)

Overall and Policy

The Company realizes the importance on sustainable development that shall lead to the sustainable growth of the business incorporate with the society, so it has to be developed together with the social responsibility, environment, corporate governance and all stakeholders. Apart from CSR activities, such as an arrangement of innovation promotion projects, voluntary activities and donations which have been performed continually, the Company determined to make such activities more concretely, the Board of Directors approved to appoint the Sustainable Development Committee to specify policy framework and operating guidelines of the Company's environmental and social responsibility activities. Such operations shall be used as guidelines to follow up progress and assess the CSR activities then report to the Board of Directors. The Sustainable Development Committee shall arrange the meeting at least 2 times a year. The Company shall develop the CSR activities pursuant to the guidelines specified by the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand which can be led to sustainable business growth.

Duties and Responsibilities of the Sustainable Development Committee

1. Establish policy, strategy including operation plans for sustainable development which is consistent with the Company's business operations with regards to economic, social and environmental aspects.
2. Promote and support the Company's activities in order to make them achieve the targets pursuant to the sustainable development policy.
3. Supervise, review, follow-up progress of operations and evaluate efficiency on performance of the sustainable development policy.
4. Report the operating result to the Committee.

Sustainability Development Policy (SD Policy)

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

The Company conducts business based on good governance principle and recognizes the importance of all stakeholders. The Company has considered and prioritized stakeholders as well as provided appropriate strategies for sustainable development of business. Therefore, the Company has set vision and mission to represent the Company's focus on customers as normal operation of the Company 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 fully serve demands and requirements of our customers with utmost benefit delivered to users.

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”

Details of policies for all stakeholders and implement of policies in the previous year were disclosed in the section “Corporate Governance” under the topic “1.2 Business Ethics”.

Progress and Reporting

The Company conducts business in compliance with the Sustainable Development Policy and taking into account with all stakeholders. The policies regarding treatments to all stakeholders are stipulated in the Company’s Business Ethics. Details are disclosed in the section “Corporate Governance” under topic of “1.2 Business Ethics” and posted on the Company’s website at www.samtel.com. The Sustainable Development Policy 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 stakeholders 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 trainings 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 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 2018, the Company performed in relation to good corporate governance of which details shown in “Corporate Governance”.

In 2018, the Company has strongly observed the Corporate Governance Principles, as a result, the Company has received for the evaluation of corporate governance reports of Thai listed companies by the Thai Institute of Directors (IOD), in 2018 was rated “Excellent” and being ranked in Top Quartile of the group of companies with a market capitalization of since Baht 3,000 - 9,999 million upwards and the survey result of the Annual General Meeting of Shareholder (AGM Checklist) by the Thai Investors Association, in 2018, the Company was rated “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). 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 topic “Corporate Governance” in the topic “Business Ethics”.

3. Anti-Corruption

The Company recognizes the importance of anti-corruption in all aspects. The Board of Directors Meeting has specified the Company’s anti-corruption policy for approve to be used as operating practices. The amendment polices were covered the following issues:

- Political neutrality and political assistance
- Donation for charity and support fund
- Receiving and giving present, property or other benefits policies

Furthermore, General Operating Guidelines were as follows:

- The process of risk assessment and risk management
- Protection
- Training and Communication
- Reporting Channels
- Regulatory and monitoring of the implementation of the policy

Result of the implementation of such policies in 2017 caused the following matters:

- No case of misconduct on corruption or breach of the Ethics. It was found only fault that not complied with the Company's regulation and it was amended and clarified the correct procedures to the employees.
- No director and executive resigned due to the issues of corporate governance.
- No case of the Company's negative reputation as a result of failure in the monitoring function of the Board of Directors.

The Company disclosed the policy in the Company's Business Ethics manual and posted on website at www.santel.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 and training course regarding protection and prevention of corruption were disclosed in section "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. Specify to have "Compensation & Benefit Policy" regarding to employee motivation, internal impartiality and compensation standards, and job value to company, Company essentially determines corporate compensation, benefit and welfare policy being compatible to position accountability, knowledge, and competence with business operation and up-to-date compare to leading companies in industrial competition. In the other hand, the Company certainly ensures compensation, benefit and welfare policy aligned to new wage of legal regulation. Propose reasonable remuneration packages according to market situations, business competitions, job descriptions, work qualities including assessment of company's performance on short term and long term based on the Company's capability to pay for that remuneration packages. And provide opportunities for employees to express opinions and file complaints related to their jobs. Those suggestions and complaints will be seriously taken into consideration for formulating solutions. This important policy is meant to draw benefits to all parties and spawn camaraderie in the office.

For welfare to the employees, the Company has group health insurance (in case of in-patient) for the Company's employees 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. 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, grant in case of the employee or his/her family died, 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. Details regarding welfare of employees were disclosed under "Corporate Governance" in the topic of "Business Ethics" in the item of "Employee Policies"

3. Specify to have "Safety and Health Policy". The Company develops policy and system of safety and health of employees in accordance with the requirements of law and performs all necessary measures to ensure the safety of life and health of employees as well as activities included health promotion for healthy life of the employees. Apart from providing medical treatment and basic medical services, modern medicine and annual health check-up, such as:
 - "Be Healthy...Be Happy" this project was the arrangement of dance workout class where various exercises and dance styles, such as Body Combat, Zumba and Body Jam, were taught. This activity was conducted every Wednesday evening after work to the employees during October-December 2018.

For safety, the Company also has the practical guidelines concretely by appointment of the safety officers, training and cultivate consciousness of safety, occupational health and working environment for the employees, the annual evacuation drill in case of fire, the fingerprint scanning system, medical examination, provide basic medical services as well as serving modern medicine and an annual health check. Details are provided under “Corporate Governance” in the topic of “1.2 Business Ethics” in the item of “Employee Policies”.

4. Specify to have “Human Resources Management and Development Policy”, The Company achievement depends on qualified and high caliber employees, the Company practically initiated corporate HRM & HRD policy emphasizing on analyzing proper manpower planning, increasing performance efficiency and improving working procedure to cope with business working environmental and Digital technology change as well as performance management and potential assessment, developing individual capabilities at all levels progressively to prepare for business extension and competition, new company business and any changes. Indeed, these have to be compatible to the Company’s business vision, missions, operation, and corporate culture simultaneously including supporting new business. For more details, please see in “Management Structure” under “Human Resource” in the topic “Human Resources Management and Development Policy”

Development of Employees’ Quality of Life

The Company always recognizes employees as most valuable asset and therefore encourages development of quality of life and support Work-Life Balance in order to make employees work happily in Happy Work Place. In 2018, several activities had been conducted with employee participation and the purpose to make happiness at work. Those activities were:

1. Lunch & Learn Project and CEO Suggestion Box

The Company places strong emphasis on employee relationship among top executives and employees as well as two-way communication as a mean to communicate top management direction to all employees closely and directly percept employee’s innovative, improvement and other open-mind ideas to enhance business operations and other processes.

2. ICT Transform for the Future & CSR Activities

For activities in cultivating consciousness and building corporate culture for employees to have social accountability and volunteering mindset, the Company conducted tree seeding activity in order to transplanting strong trees in the forest at Forest Project Research Center at Tumbol Klangdong, Amphoe Pakchong, Nakornrachasima on 14 September 2018.





3. Employee Voice

Purposes of the activity targeted employee at every level working at every places to acknowledge and understand the direction, business goals and collaboration guideline in order for the Company to achieve goals, to increase work motivation and to drive sustainable business growth. This activity is also a two-way communication channel for employees to place their inquiries and suggestions regarding work improvement to the Company.



4. English for U

The games were to continuously promote learning and development of English language usage for employees. The activity encouraged self-study and self-learning and reduced stress from work through several types of English learning activities and media, for example, Games, Tip & Trick, Board, Motto, Contest, etc.



5. Internal Coaching

The activity was to increase work efficiency by transferring knowledge, ideas and working skills from management in each work function to employees through coaching including exchanging of opinions.

6. Happy Workplace

The Company strives to be an organization that encourages employees to enjoy working. Happy Workplace activities through activities such as mobility are equal to physical activity, Drug donation to Umphang hospital, Tak Province to the management and employees to participate in the happiness together.



7. ICT Sport Games

The Company aims to encourage employees in shifting behavior to focus more on good health and exercises under concept of happy workplace. The Company set internal sports events entertaining employees and promoting strong health.





The Company also conducted satisfaction surveys and opened for suggestions in setting up activities to encourage collaboration and teamwork (Synergy). Other activities were also done in every level in the organization; such activities were internal survey for satisfaction over operations, merit activities by D-Club and other clubs' activities.

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.

Details of the relating activities were disclosed in "Activities for society and environment (CSR after process)"

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 2018 are as follows:

- Development of products and services valuable for the environment

We develop our products and services with conservation and environmental safety as our priority. We offer environmentally-concerned telecommunication services and encourage energy conservation among public organizations and state enterprises with the same vision. For example, the Provincial Electricity Authority's AMR project.

- Creating Conscious among Employees to Utilize Resources with Appreciation

Creating conscious among the employees to make them care more about the environment and utilize resources with appreciation through internal media and continuous energy-saving campaigns through interesting means that corresponds with the current situation, yielding maximum benefit to the employees every year.

In 2018, the following changes were made to the activities:

- “SAMART SAVE” : Promotes resource utilization with staff understanding by collaborating to reduce common charges, including saving electricity and using papers with appreciation.
- Clean & Clear : Promotes good workplace environment and creates a good waste-separation habit for garbage, rubbish, and recyclable waste in order to maximize the value of resources and optimize them.
- 5S / Big Cleaning Day : Promotes hygiene and good workplace environment.
- “Grow Back Trees” Activity : Promotes forest conservation with volunteer employees planting trees which will grow into a forest at the Forest Product Research Center in Nakhon Ratchasima.

9. Innovation and dissemination with responsibility in social, environmental and stakeholders.

Determine to develop and present innovation on technology application to uplift the standard of living, conserve environment.

Samart Innovation Award Project is an important activity that Samart Group of Companies conducted continually for more than 16 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 95 news coverage, publicized via newspaper, radio, television and on-line media.

Business practices that affect social responsibility

As the Company conducts business in compliance with the CSR Policies through 9 operational principles, in 2018, the Company and its subsidiaries have not been audited or investigated by the competent authority or any law in any way.

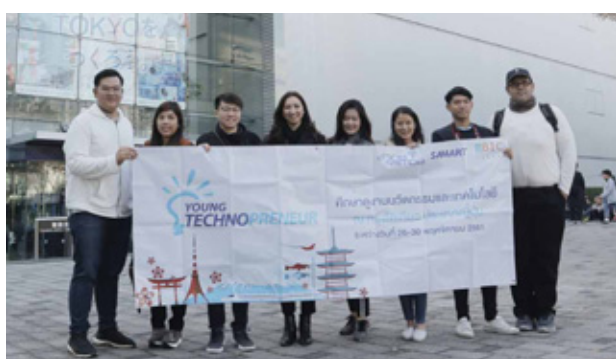
Activities for society and environment

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

1. **SAMART INNOVATION** includes technological innovation contest organization, research funding and skill training classes. Samart Innovation Award 2018 has been held for 16 consecutive years. The company collaborates with the National Science and Technology Development Agency (NSTDA) to organize Young Technopreneur which benefits the participants in the following ways:

- Providing opportunities to visit and experience public and private organizations that support Japanese start-ups (for the top 3 participants).
- Sponsoring Samart Innovation Awards 2018 consisting of 3 awards : “Best Prototype Innovation Developer”, or the 1st prize, of Baht 200,000 and 2 runner up awards of Baht 100,000 and Baht 50,000 respectively. Start up funds of Baht 30,000 are also awarded to 16 teams who passed to the 2nd round.
- Concretely supporting the business. In the past 7 years (2012-2018) we have encouraged over 1,000 Thai developers with more than 500 creations, 45 of which have been applied in the business context. And we never stop searching for talented innovators.



2. Sponsorship for KNOWLEDGE-SHARING CONFERENCES

• ACADEMIC EQUIPMENT SPONSORING

- > Distance education support by donating satellite and equipment and sports equipment to 30 schools in Sakaew, provided by Samart Telcoms Pcl., Samart Comtech Co., Ltd., and Samart Communication Services Co., Ltd.
- > Educational fund of Baht 100,000 in total for school bus repair for primary school students in Ban Nong Kae School and Ban Dong Klang School in Lopburi, provided by Samart Telcoms Pcl.



• Sponsorship for SPORT CAPABILITIES

- > FOOTBALL FOR THAI YOUTHS PROJECT: a collaboration with KING POWER to support the FOX HUNT project in which selected Thai youths get to practice football at Leicester City Football Club in England. Moreover, children between 12-14 years old of employees are sent to practice football skills to prepare for participation in the FOX HUNT project, supported by “Samart Telcoms Group”.



- > FOOTBALL CLUB SPONSORSHIP: including Buriram United, Prae United, by Samart Corporation Pcl. and Samart Telcoms Pcl.
- > PEA TABLE TENNIS JUNIOR AND CADET 2018: Support for “PEA Table Tennis Junior and cadet 2018” table tennis competition, organized by the Provincial Electricity Authority Table Tennis Club, the Table Tennis Association of Thailand, and the Photographer and News Reporter Association of Thailand Under the Royal Patronage for youths. The special prizes and the activity cost of Baht 50,000 was sponsored by “Samart Telcoms Group”.



- > MOTORSPORTS: Support for “Bangsean Grand Prix 2018” international road racing competition in Chonburi of Bath 5,000,000, provided by “Samar Telcoms Group”.
- > PETANQUE COMPETITION: Support for 6th Petanque Competition activity cost and prizes sponsorship of Baht 50,000 by “Samar Telcoms Group”.



- > RUNNING: Support for 9th PEA Mini Marathon, held by the Provincial Electricity Authority, by Samar Telcoms Pcl. and Portalnet Co., Ltd. Prizes were sponsored and over 50 employees participated.
- > POLO SPORT: Support for 2018 Polo Horse Riding Competition sponsorship of Baht 1,000,000 by Samar Telcoms Pcl.



• **Other EDUCATIONAL SUPPORTS**

- > Forest conservation support, with over 70 employees planting forest and a sponsorship for 450 sprouts and equipment, for the Forest Product Research Center, Klangdong Sub-district, Nakhon Ratchasima, provided by Portalnet Co., Ltd.



Promotion of the Moral Society

We support and arrange community services through “Samart...Dee Club”, formed by a group of community service staff. In addition, “Samart Foundation” has also been organizing Buddhism support and charity activities.

- LOYALTY AND GRATITUDE TO THAILAND ROYAL

SPECIAL EVENTS dedicated to His Majesty the King to honor his birthday, including merit making and praying-meditation activities dedicated to the King, wearing yellow shirts and participation of management and employees in the “Love and Warmth Biking” and “Love and Warmth at Winter’s End” Events.

- SAMART MIND POWER: for the promotion of morality, Dhamma and conscience
 - Dhamma Activities: “Conscious, Concentration, and Wisdom Development” activity due to important Buddhist event.
 - Dhamma Radio Program: titled “Voice of Dhamma” for bringing Dhamma doctrinal open on the internal radio every Monday.
- GOODWILL KNITTING PROJECT: Creating for 4 consecutive years, the project gives employees an opportunity to knit 500 hats for the Police Border Patrol students in Tak province.



- **FUNDS FOR “DOING GOOD” PROJECT:** A volunteering project held for 5 consecutive years. Volunteers from “Samart D-Club” participate in community and 7 society service activities, including 2 projects for animals, 2 projects for children, a project for people with multiple disabilities, a Thai culture support project, and a water purification reservoir project.
- **BLOOD DONATION:** Samart Group collaborated with the conjunction of Thai Red Cross Society institutes to organize Annual Blood donation activity 3 times per year.
- **ICT GIVE & SHARE PROJECT:** an opportunity for employees to make merit for the community and the society to honor the company anniversary. There are 9 activities in total, including 2 at Phayathai Pakkret Babies Home, 4 at the Shelter for Disabled Children (Nontaphum House), 1 at Tiwanon Elderly Ladies Shelter, and 2 at Fueng Fah Home for Persons with Disabilities Protection and Development.



Prevention and protection of corruption

The Company has established policies and general practices of anti-corruption (details were disclosed in the section of “Anti-Corruption”) channel to express their opinions and suggestions including channel to report concerns and procedures to protect employees who report such abuse. Anti-corruption policy and practical guidelines including procedures were disclosed in Business Ethics and post on the website of the Company at www.samtel.com.

In addition, the Company maintains system of internal control and risk management to prevent the Company from participating with corruption. The details were disclosed in the section “Internal Control, Risk Management and Anti-Corruption”. The business, financial and Social & Environmental risks were disclosed in the section “Risk Factors”.

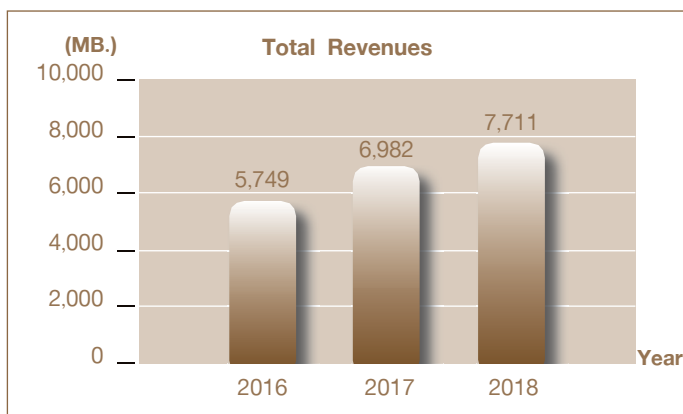
Financial Highlights

		2016	2017	2018
Operating Results (Baht Million)				
Total revenues		5,749	6,982	7,711
Gross profit		956	952	1,115
Net profit		184	220	351
Financial Status (Baht Million)				
Total assets		10,019	9,284	8,944
Total liabilities		6,543	5,751	5,266
Shareholders' equity		3,476	3,533	3,678
Financial Ratio				
Net Profit Margin	(%)	3.20	3.16	4.56
Return on equity	(%)	5.29	6.26	9.68
Return on asset	(%)	1.83	2.28	3.86
Debt to equity	(Time)	1.88	1.63	1.43
Earning per Share	(Baht)	0.30	0.36	0.57
Dividend per share	(Baht)	0.20	0.33	0.50*
Dividend payout ratio	(%)	67.20**	92.50**	71.91***
Book value per share	(Baht)	5.62	5.72	5.95
Par value per share	(Baht)	1	1	1
No. of Shares	(Million Share)	618.0	618.0	618.0

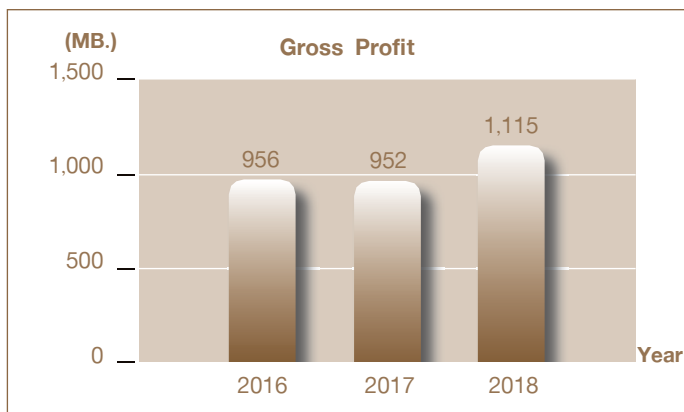
* Dividend per share payment for the year 2018 operation was paid from January - June 2018 operating result at Baht 0.15 and other Baht 0.35 will be proposed to annual general meeting of shareholders in the 2019.

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

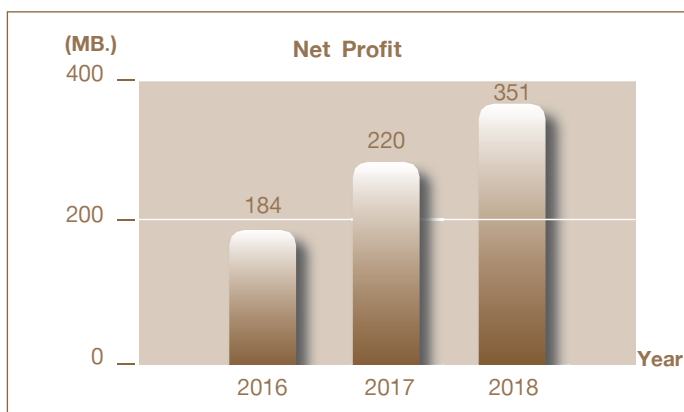
*** % of separate company net profit after deduction of all reserves complied with the company's Articles of Association and related laws (the Board of Directors No. 7/2018 on December 18, 2018 had resolved to approve to change the dividend policy from paying dividends not less than 50% of consolidated net profit to paying dividends not less than 50% of separate company net profit).



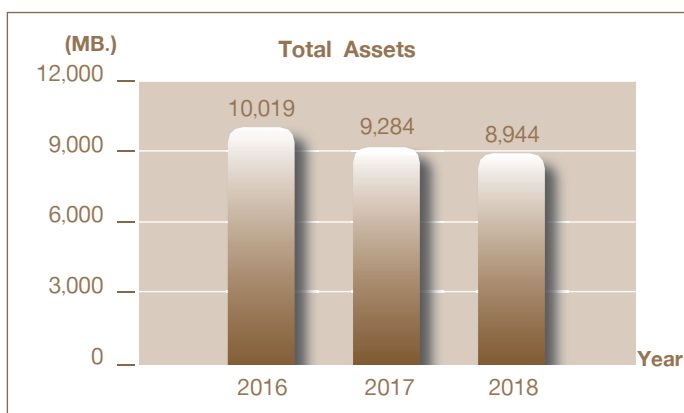
In 2018, total revenues was Baht 7,711 million, increased from 2017 by Baht 729 million or 10.4%. Revenue from sales and contract work and services was Baht 7,679 million, Increased by Baht 730 million or 10.5% comparing to 2017, increased in revenue from sales and contract work. Other income was Baht 32 million, decreased by Baht 1 million from 2017.



In 2018, gross profit was Baht 1,115 million, increased by Baht 163 million or 17.2% from 2017. Gross profit margin was 14.5% increased from 13.7% in 2017 due to increasing in gross profit of Service.



In 2018, net profit was Baht 351 million, increased by Baht 131 million or 59.4% from 2017. Net profit margin was 4.56% in 2018, increased from 3.16% in 2017.



Total assets as of December 31, 2018 were Baht 8,944 million decreased by Baht 339 million or 3.7% from the end of 2017, mainly resulted from a decrease of cash and cash equivalents, property, plant and equipment and Inventories.

Results of Customer Satisfaction Survey

Customer Satisfaction is one of the keys for success of the Company. Therefore, the Company has placed high priority and emphasized international standards in quality for all procedures ranging from design, installation, implementation and delivery to after-sales services in order to effectively response customer requirements and achieve satisfaction of customers in both government and private sectors.

The Company allowed the external, neutral party to design and conduct customer satisfaction surveys to seek the real results. The results were brought into analysis and used to improve and rectify known defects, to maintain and elevate positive aspects that customers recommended. Customer satisfaction surveys and fault correction process are procedures required by ISO 9001 standard, which subsidiaries have been certified. The Company set customer satisfaction target with the score higher than 80 percent of total customers surveyed.

The Company conducted the satisfaction surveys into two categories: 1. Installation and Delivery and 2. After-Sales Services, which the customers were surveyed every time after the services had been delivered. The survey results for 2018 indicated as follows:

1. **Satisfaction of the installation and delivery.** Overall customer satisfaction was at high level with number of customers having positive attitude (somewhat satisfied and very satisfied) at 95.7 percent of total customers surveyed (close to that in 2017 at 96.7 percent) and average satisfaction score was 4.38 out of 5.00 (close to that in 2017 at 4.57). The results indicated that the Company was great in:
 - **Project Manager** which is outstanding in convenience in collaboration (4.68), delivery progress in accordance with the plan indicated (4.62) and manner and relation of employee (4.60);
 - **Implementation Engineer** outstanding in the use of proper tools/equipment (4.85), manner and relation (4.79) and manner/proper dress (4.79);
 - **Quality of Product** outstanding in quality of equipment and system implemented (4.53), overall performance of system (4.45) and timely delivery of goods and project (4.43).
2. **Satisfaction on after-sales services.** Conducted by contacting customers for satisfaction interviews every time after delivery of after-sales services, customers rated their satisfaction of the services received, ranging from Excellent, Good, Fair, Need Improvement and Must Improve with score of 5,4,3,2,1 respectively. The Company conducted surveys on after-sales services for 2,495 times in 2018 and found that overall score was at high level with average score of 4.60 out of 5.00 or 92.0 percent (slightly lower than that in 2017 at 4.69 or 93.8 percent) and there were no one indicated “Must Improve” (compared to that in 2017 at 0.14 percent).

The Company acknowledged such flaws and recommendations of customers from surveys through monthly management report and then generated Corrective Action Requests (CARs) for the improvement process in order to prevent those flaws from recurrence and to continuously elevate quality of customer services.

Policy and Overview of Business Operation

Business Overview

Samart Telcoms Public Limited Company (“The Company” or “SAMTEL”) with the current registered capital of Baht 738 million and paid-up capital of Baht 618 million was founded on July 18th, 1986 with initial registered capital of Baht 5 million and 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. Currently, the Company has been organized into three Business Groups: Network Solutions, Enhanced Technology Solutions and Business Application.

Overview of Business Operation of its Subsidiaries

The Company focuses on conducting business to provide solutions and services in Information and Communication Technology (ICT) and classify business structure to cover all ranges of advanced solutions and technologies into 3 Business Groups: Network Solutions, Enhanced Technology Solutions, and Business Application. Based on customer needs, subsidiaries provide various service models as:

- System integrator, applying and integrating various technologies and solutions with service ranging from consulting, system design, installation, project management for delivery of quality works meeting the needs, including maintenance services and after-sales service at the international standard level;
- ICT Service Provider, providing network services for both wireline and wireless networks including satellite networks, specialized IT services and software application services for business;
- ICT Outsourcing Provider, providing consulting and system implementation along with team of experts to run the system operation under international standard process to support customers’ tasks or core business efficiently.

Corporate Vision, Mission, Corporate Culture, Core Value, Goals and Strategies

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 fully serve demands and requirements of our customers with utmost benefit delivered to users.

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”.

Corporate Culture

Think Ahead

Customer Focus

Team of Professionals

Commit to excellence

Core Value

3S for Success

Synergy : Together WE can Succeed

Standard : Be Professional with Global Standards

Satisfaction : Customers Satisfaction is Our Success

Business Goals and Strategies

The Company aims to be the leading, complete ICT services and Digital solutions provider at professional level with strategies focusing on providing services to organization of customers and directly to end users in order to generate recurring revenue for sustainability. The Company also emphasizes obtaining challenging, large-scale projects, and expanding customer base in both government and private sectors with innovation in technologies delivered in various business models to customers. With readiness and capability derived from high expertise and experiences, together with strong synergy among subsidiaries in Samart Group, good relationship with world-class business partners, retention of certified international standards such as CMMI for quality software development, ISO 20000 for IT service management and ISO 9001 for service quality, the Company can be capable of providing advanced and high standard ICT services serving all needs of customers with value added and differentiated products and services to customers efficiently improving convenience, speed and operation cost reduction, resulting in customer confidence and satisfaction.

Business Goals in 3-5 years

Within the next 3-5 years, the Company expected the Information Technology and Communications (ICT) industry to steadily grow resulting from ICT investment and spending in 3 sectors: government, private, and household sectors, including new services in various business models emerging from ICT transformation in market. In public sector, contributing factors are from policies regarding the drive of Digital Economy, for example, Thailand 4.0 that accelerates economy with innovation, Digital Government development, Smart City development, key infrastructure investment as well as development of Eastern Economic Corridor (EEC). In private sector, enterprises tend to increase investment and spending in ICT to enhance capability in business competition and several enterprises fundamentally change their organization as embracing Digital Transformation (DX). In household sector, lifestyles of people have become significantly relying on technology to do online financial transactions, buy products and services, including online entertainment and use of online social network. These are all factors contributing overall industry expansion.

The Company therefore targets on increasing revenue from recurring revenue from customers in government and private sectors, including individuals as end users through by: 1. **Transformation** to be a leading ICT Outsourcing & Service Provider; 2. **Innovation** with new values in solutions and services of all three Business Groups consisting of Network Solutions, Enhanced Technology Solutions and Business Application; 3. **Elevation** of operation standards and collaboration with partners.

Furthermore, The Company targets in expanding customer base and increasing proportion of revenue from the private sector, in order to achieve stable and sustainable growth responding to the Company's vision and missions.

Business operations of the Company in 3 business groups

The Company deploys the policy and guidelines in categorizing its business operations into three business groups based on types and characteristics of products and services covering all ranges of solutions and technologies in order to suitably respond to the needs in rapidly changing world, to reach every desire in every industry, and drive values of customers with social and environmental responsibility. Three Business Groups are:

1. Network Solutions Business Group

Network Solutions Business Group conducts business in providing total solutions and services regarding advanced technologies in telecommunications and data communication networks, from consulting services, survey, design, installation and implementation including along with management services including professional maintenance services. Trusted by leading organizations in both government and private sectors, the Network Solutions Business Group is versatile in and capable of providing customers turnkey solutions and outsourcing services under expertise and experience of engineers and excellence in project management which ensures quality of project delivery, including high level of service quality complying with ISO 20000 for quality IT service management and ISO 9001 for service quality control, along with 30 service centers nationwide and Network Operation Center (NOC) that always ready for customer supports, problem analysis, and troubleshoots for 24/7 to meet customer satisfaction. Solutions and services are:

Solutions and Services on high-speed wireline-based network:

- Services on complete design, installation, implementation, and maintenance of high-speed fiber optic networks using advanced technologies such as DWDM (Dense Wavelength Division Multiplexing) and FTTX (Fiber to the X);
- Solutions and Services on various types of networks such as Leased Line, MPLS (Multiprotocol Label Switching), DSL (Digital Subscriber Line), Frame Relay, ATM (Asynchronous Transfer Mode), Software Defined WAN (SD-WAN) and more.

Solutions and Services on wireless technologies:

- Solutions for 3G / 4G / LTE Technologies;
- Solutions and Services for Digital Trunked Radio System (DTRS) and handset devices;
- Satellite Communication services through VSAT (Very Small Aperture Terminal), SCPC (Single Channel Per Carrier) and iPStar technologies.

2. Enhanced Technology Solutions Business Group

Enhanced Technology Solutions Business Group conduct business in providing advanced solutions and services, which integrate and apply varieties of information technologies to achieve various customer needs and customer expectations, which become more complex. Solutions and services in this Business Group also include advanced, specialized technology to support customers' critical tasks requiring accuracy, reliability, and stability, customized specifically for each customer for efficiency.

This Business Group ranges its services from consulting, engineering design and software development, implementation under professional project management, including outsourcing services and maintenance services for both government and private clients. This Business Group maintains international standard regarding service quality, ISO 9001, and CMMI, international standard for development of quality software widely accepted in the industry. Samart Comtech Co.,Ltd, a leading company of this Business Group, Samart Telcoms PCL and Smarterware Co.,Ltd. are all certified with CMMI Level 3 Various solutions and services in this Business Group include:

- Airport Solutions: for example, Common Use Terminal Equipment (CUTE), Common Use Self Service (CUSS), Airport Information Management System, including Advance Passenger Processing System (APPS);
- Automatic Meter Reading (AMR) and Advanced Metering Infrastructure (AMI);
- Multimedia Solutions: IPTV, Video Conference System, etc;
- Security Solutions: CCTV Systems, Suspect Alert/Search, Finger Print Security and Cyber Security Operations Center (CSOC) Services;
- Geographic Information System (GIS);
- Digital TV Solutions: Transmission, Media Asset Management, Studio & Control Room System;
- Energy Savings: Building Energy Management System (BEMS);
- Cloud Computing, Data Center and Big Data Analytic Solutions.

3. Business Application Business Group

Business Application Business Group provides solutions and services regarding advanced software application to enhance capability and operation efficiency through the form of electronic services for government agencies to serve citizens more efficiently, and for corporate clients to gain more competitiveness and increase customer satisfactions. Solutions and services in this Business Group are:

- Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), and Human Capital Management (HCM);
- Core Banking System and solutions for banks and financial institutes (Banking and Financial Solutions);
- E-Payment Solutions and Services, Electronic Data Capture (EDC) System, Electronic Signature Capture System, E-Receipt Platform System, Smart Card System, Loyalty Services, QR Payment System supporting QR-PromptlyPay, AliPay and WeChat Pay including application for Kiosk for selling products and services;
- Electronic Data Interchange (EDI) Services, Supply Chain Financing Services, Supply Chain Management System, including Cloud Computing Services;
- e-Learning, e-Courseware, and Digital Content development, including Mobile Application development.

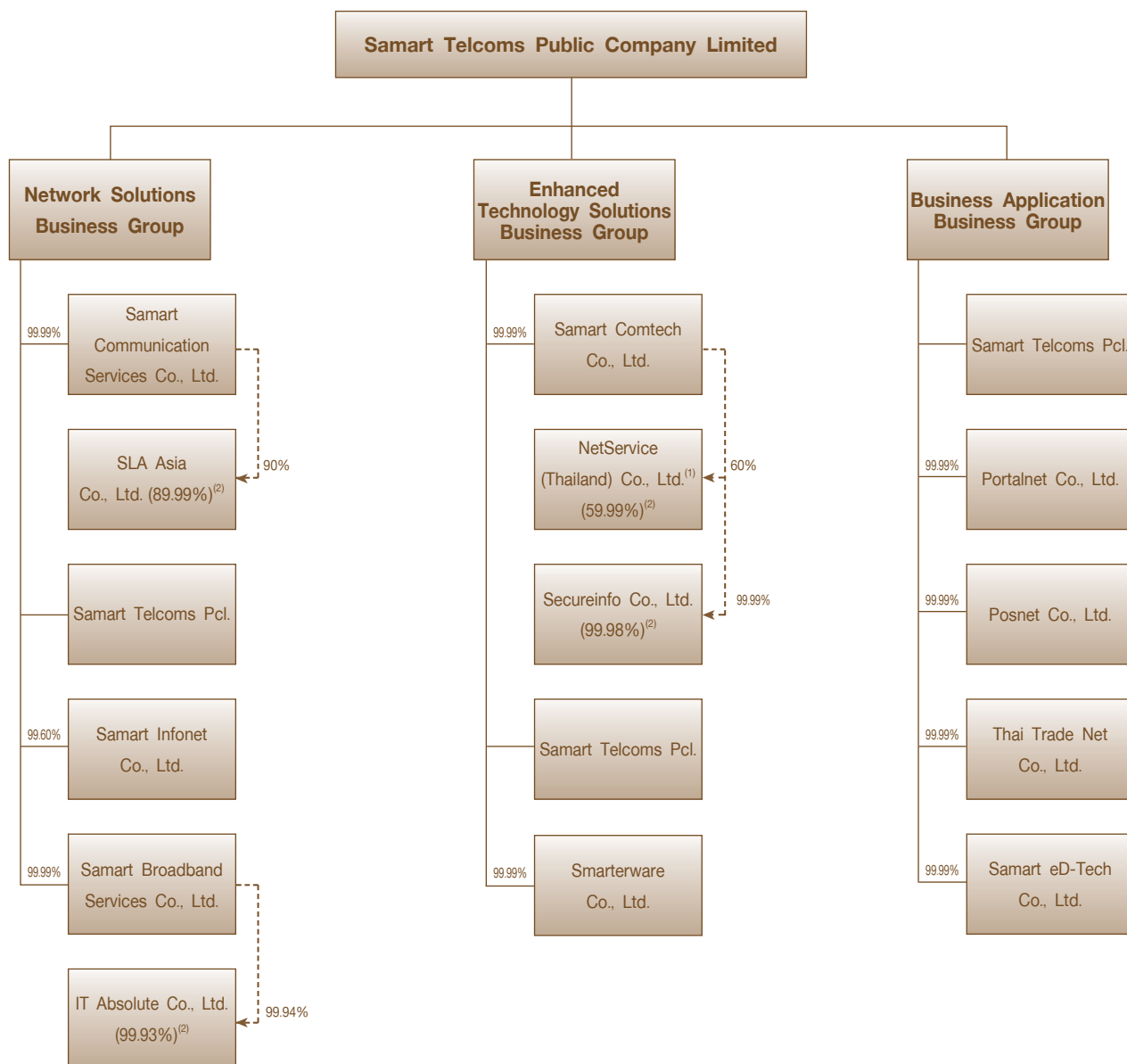
Nature of Business

Smart Telcoms Public Limited Company (“The Company” or “SAMTEL”), with the current registered capital of Baht 738 million and paid-up capital of Baht 618 million, founded in July 18, 1986 with initial registered capital of 5 million baht and 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.

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

1. Network Solutions Business Group	
Samart Communication Services Co., Ltd.	Providing telecommunication and data communication network solutions and services including supplying, implementation and maintenance services including repair of telecommunication equipment, working under certified standard of ISO 9001 and ISO 20000, international standard for IT service management.
Samart Telcoms Pcl.	1. Rental of the high-speed, satellite communication network via iPSTAR and VSAT technology 2. Complete implementation of high-speed communication networks using various fiber-optic technologies, high-speed wireless technology such as Digital Trunked Radio System and satellite communication system.
Samart Infonet Co., Ltd.	Providing high-quality Internet Services for government and corporate organizations with FTTx, G.SHDSL, MPLS, Leased Line, Gigabit Internet and Software-Defined WAN (SD WAN), including Co-Location and Cloud Hosting services.
SLA Asia Co., Ltd.	Providing services regarding design and implementation of telecommunication and IT system including trading and maintenance of IT equipment in CLMV countries comprising countries in Southeast Asia such as Cambodia, Lao, Myanmar and Vietnam.
Samart Broadband Services Co., Ltd.	Providing data communication services over local broadband networks.
IT Absolute Co., Ltd.	Distributor of electronic and technologies equipment.
2. Enhanced Technology Solutions Business Group	
Samart Comtech Co., Ltd	Providing consulting, design, installation, operation management and maintenance services regarding information technology, communication system including advanced, specialized technologies.
Samart Telcoms Pcl.	Providing complete design, development, installation, management, system operation services and maintenance services regarding information and communication system for both turnkey and outsourcing services.
Smarterware Co., Ltd.	Conducting business in providing consulting services and complete software development, including special services in software engineering.
NetService (Thailand) Co., Ltd.	Providing services on development of IT system including software design and development for government and private sectors.
Secureinfo Co., Ltd.	Providing complete Cyber Security Operations Center (CSOC) services ranging from consultation, professional security training, cyber security risk assessment, threat monitoring and analysis services and incident response
3. Business Application Business Group	
Samart Telcoms Pcl.	Providing solutions and services regarding business application driving and supporting operations of customers both in government and private sectors in various industries through solutions and services from subsidiaries in this Business Group including Core Banking and Finance Solutions for banks and financial institutes
Portalnet Co., Ltd.	Providing design, implementation and outsourcing services of Enterprise Resource Planning (ERP) system including analyzing business requirements and offering suitable services as total solution, including Customer Relationship Management (CRM) System and Human Capital Management (HCM) System for customers in government and private sectors.
Posnet Co., Ltd.	1. Providing total solutions and services for electronic payment system including Electronic Data Capture (EDC), Electronic Signature Capture, E-Receipt Platform and QR-Payment System. 2. Solution provider for smart card solutions and development of smart card application for commercial banks in Thailand and for non-bank credit card service providers. 3. Providing services for loyalty system.
Thai Trade Net Co., Ltd.	Providing trading data communication through Electronic Data Interchange (EDI) services, consulting services on workflow designed for customers to reduce business process with their trading partners and Supply Chain Financing System Services
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.

Business Structure



Remarks : Registered Capital of Samart Telcoms PCL. is Baht 738,000,000 and Paid-up Capital as of December 31, 2018 is Baht 618,000,000

⁽¹⁾ The remaining 40% of shares, holding by persons who have not conflict of interest.

⁽²⁾ (xx.xx%) Direct & Indirect stakeholding as of December 31, 2018

Revenue Structure

The revenue structure of the Company and Subsidiaries as of December 31, 2016-2018

Unit: Million Baht

Business Group	Operated by ⁽¹⁾	% of Holding 2018 ⁽²⁾	2016		2017		2018	
			Revenue ⁽³⁾	%	Revenue ⁽³⁾	%	Revenue ⁽³⁾	%
1. Network Solutions Business Group	SCS	99.99%	808.0	14.1	1,416.5	20.3	1,251.2	16.2
	STC	-	564.1	9.8	693.2	9.9	235.7	3.1
	SIF	99.60%	79.7	1.4	68.8	1.0	67.2	0.9
	Other subsidiaries	-	0.21	0.0	0.21	0.0	0.4	0.0
Subtotal			1,452.0	25.3	2,180.7	31.2	1,554.5	20.2
2. Enhanced Technology Solutions Business Group	SCT	99.99%	2,541.7	44.2	2,954.7	42.3	3,709.5	48.1
	STC	-	331.8	5.8	351.1	5.0	540.2	7.0
	Other subsidiaries	-	38.0	0.6	5.8	0.1	8.5	0.2
Subtotal			2,911.5	50.6	3,311.6	47.4	4,258.2	55.3
3. Business Application Business Group	PTN	99.99%	991.6	17.2	806.3	11.6	765.3	9.9
	STC	-	0.6	0.0	276.3	4.0	767.0	9.9
	PN	99.99%	337.0	5.9	361.7	5.2	316.1	4.1
	Other subsidiaries	-	55.9	1.0	45.4	0.6	50.0	0.6
Subtotal			1,385.1	24.1	1,489.7	21.4	1,898.4	24.5
Grand total			5,748.6	100.0	6,982.0	100.0	7,711.1	100.0

Remarks : ⁽¹⁾ SCS = Samart Communication Services Co., Ltd. SCT = Samart Comtech Co., Ltd.
 STC = Samart Telcoms Pcl. PTN = Portalnet Co., Ltd.
 SIF = Samart Infonet Co., Ltd. PN = Posnet Co., Ltd.

⁽²⁾ Direct & Indirect stakeholdings on December 31, 2018.

⁽³⁾ The above revenues are exclusive of Inter-company transactions.

Information of Subsidiaries Companies

Company	Nature of Business	Registered Capital (Million Baht)	No. of Ordinary Shares	Shares held by the Company	
				No. of shares	%
1. Samart Communication Services Co., Ltd. 99/7 Moo 4, Software Park, 29 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Providing telecommunication and data communication network solutions and services including supplying, implementation and maintenance services including repair of telecommunication equipment, working under certified standard of ISO 9001 and ISO 20000, international standard for IT service management.	500	5,000,000 (Ordinary Share)	4,999,994	99.99
2. Samart Comtech Co., Ltd 99/2 Moo 4, Software Park, 34 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Providing consulting, design, installation, operating management and maintenance services regarding information technology, communication system including advanced, specialized technologies.	225	2,250,000 (Ordinary Share)	2,249,995	99.99
3. Portalnet Co., Ltd. 99/7 Moo 4, Software Park, 29 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Providing design, implementation and outsourcing services for Enterprise Resource Planning (ERP) system including analyzing business requirements and offering suitable services as total solution, including Customer Relationship Management (CRM) System and Human Capital Management (HCM) System for customers in government and private sectors.	2,100	21,000,000 (Ordinary Share)	20,999,993	99.99
4. Posnet Co., Ltd. 99/4 Moo 4, Software Park, 32 nd Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Providing total solutions and services for electronic payment system including Electronic Data Capture (EDC), Electronic Signature Capture, E-Receipt Platform and QR-Payment System, being Solution Provider for smart card solutions and development of smart card application for commercial banks in Thailand and for non-bank credit card service providers and providing services for loyalty system.	72	7,200,000 (Ordinary Share)	7,199,993	99.99
5. Thai Trade Net Co., Ltd. 99/27 Moo 4, Software Park, 8 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Providing trading data communication through Electronic Data Interchange (EDI) services, consulting services on workflow designed for customers to reduce business process with their trading partners and Supply Chain Financing System Services	53	5,300,000 (Ordinary Share)	5,299,993	99.99
6. Smarterware Co., Ltd. 99/25 Moo 4, Software Park, 10 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Conducting business in providing consulting services and complete software development, including special services in software engineering.	10	100,000 (Ordinary Share)	99,993	99.99
7. Samart Infonet Co., Ltd. 99/12 Moo 4, Software Park, 24 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Providing high-quality Internet Services for government and corporate organizations with FTTx, G.SHDSL, MPLS, Leased Line, Gigabit Internet and Software-Defined WAN (SD WAN), including Co-Location and Cloud Hosting services.	62	6,200,000 (Ordinary Share)	6,175,294	99.60

Company	Nature of Business	Registered Capital (Million Baht)	No. of Ordinary Shares	Shares held by the Company	
				No. of shares	%
8. Samart eD-Tech Co., Ltd. 99/29 Moo 4, Software Park, 6 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	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.	20	200,000 (Ordinary Share)	199,997	99.99
9. Samart Broadband Services Co., Ltd. 99/7 Moo 4, Software Park, 29 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Data communication service over local broadband networks.	55.25	5,525,000 (Ordinary Share)	5,524,997	99.99
10. IT Absolute Co., Ltd. 99/2 Moo 4, Software Park, 34 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Distributor of electronic and technology equipments.	225	22,500,001 (Ordinary Share)	22,485,593 ⁽¹⁾	99.94
11. Net Service (Thailand) Co., Ltd. 62 Thaniya Building, 10 th Fl., Silom Road, Suriyawong, Bangrak, Bangkok 10500 Tel. 0-2632-9396-9 Fax. 0-2632-9395	Providing 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 ⁽²⁾	60
12. SLA Asia Co., Ltd. 99/7 Moo 4, Software Park, 29 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	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)	270,000 ⁽³⁾	90
13. Secureinfo Co., Ltd. 99/17 Moo 4, Software Park, 19 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6648	Providing complete Cyber Security Operations Center (CSOC) services ranging from consultation, professional security training, cyber security risk assessment, threat monitoring and analysis services and incident response.	5	50,000 (Ordinary Share)	49,997 ⁽²⁾	99.99

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

⁽²⁾ Held by Samart Comtech Co., Ltd.

⁽³⁾ Held by Samart Communication Services Co., Ltd.

Changes During the Year

In 2018, the Company had significant changes as follows:

- Portal Net Company Limited, a subsidiary held by the Company of 99.99% of the total share value issued, reduced the registered capital to Baht 1,270,000,000 from Baht 3,370,000,000. Outstanding share capital is Baht 2,100,000,000 shares divided into 21,000,000 shares with the par value of Baht 100.
- The company sold of ordinary shares of Net Media Company Limited held by the company in total of 103,198 shares counting for 99.99% of the total issued who has no any relationship with the Company.

The Company has classified the business structure into 3 Business Groups comprising Network Solutions, Enhanced Technology Solutions and Business Application for optimization and efficiency in business operation and to provision market demands. In 2018, each Business Group had significant changes in the following:

1. Network Solutions Business Group

1) Samart Communication Services Co., Ltd. had significant changes as follows:

The Company has been certified for ISO 2000 for quality and efficiency of IT service management in order that the system provided could gain more confidence from customers. The Company also has maintained and elevated the standard of ISO 9001: 2015, providing customers services with high quality increasing their satisfaction. These standards certified can be considered strengths in long-term competitiveness and help the Company gain several service contract renewals and maintenance contracts, for example, maintenance services in network and value added service frastructure, Multimedia Messaging Service Center, Backup Link System, Fiber Optic Network, network infrastructure equipment, Maintenance Services for Network and Telephone Exchange Equipment, Maintenance Services for Base Transcive Stations, etc.

Besides, the Company was successful in gaining several important projects in 2018, for example, Bandwidth Expansion of Network connecting Border and Submarine Cable Station, Efficiency Improvement of Real Time Charging System, Implementation of Telephone Exchange Softswitch, Short Messaging Service Center Expansion, Optical Transport Network for DWDM, Bandwidth Expansion for DWDM Network, Improvement of Data Access Efficiency, Improvement of Efficiency for Network and Video Conference System, etc. Such solutions and services were provided to key customers such as TOT Public Company Limited, CAT Telecom Public Company Limited, Royal Thai Police, the Ministry of Public Health, etc. These projects will be the Company's revenue stream in 2019 and serve as additional revenue sources for maintenance services in the future.

2) Samart Telcoms Public Co., Ltd. had significant changes as follows:

The Company maintained its service standards and capabilities in both knowledge and expertise in technologies and human resource development, making the system and operations more reliable and it could be strengths for long-term competition and also resulted in success in acquiring several important projects in 2018, for example, Digital Trunked Radio System (DTRS) Handsets, Equipment and Expansion for Base Transcieving Station in DTRS System, Call Detail Record (CDR) system, Wilreless LAN, etc.

Moreover, the Company gained trusts in service contract renewal and maintenance contracts awarded from government and private customers, for example, Satellite Communications Services, transponder and high-speed satellite communication services and communication network rental, SCPC satellite communications, network maintenance including accessing and searching system maintenance, etc.

The Company proceeds and provides services for key cutomers such as. PTT Public Company Limited, PTT Exploration Production Public Company Limited, Total Access Communication Public Company Limited, Government Saving Bank, Panyapiwat Techno Business, Royal Thai Police and Department of Public Administration, Ministry of Interior. These projects will be the Company's revenue stream in 2019 and serve as additional revenue sources for maintenance services in the future.

3) Samart Infonet Co., Ltd. had significant changes as follows:

Operating with the expertise in providing high-speed broadband Internet services, Co-Location services, and additional service of Software-Defined Wide Area Networking (SD-WAN) as an alternative service to enterprise customers for secure data connectivity between office branches helping reduce network expenses for customers. In the past year, the Company additionally:

- concentrated on Internet services for middle and large organizations and was entrusted to be high-speed communication network provider for more organizations such as Ministry of Justice, Defence Information and Space Technology Department; Ministry of Defence, Naval Medical Department; Ministry of Defence, Office of the Council of State, National Institute of Educational Testing Service (Public Organization), the Institute of the Promotion of Teaching Science and Technology (IPST), the Office of the Securities and Exchange Commission, Excise Department; Ministry of Finance, Provincial Electricity Authority, Metropolitan Electricity Authority, Airports of Thailand PCL and Office of The Constitutional Court, Thonburi Commerce College etc;
- increased additional network equipment and security system to support growth of customers;
- and elevated customer satisfaction by applying CRM system for service improvement as well as increased staffs' efficiencies with international standard certificates.

2. Enhanced Technology 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 has maintained standards of ISO 9001: 2015 and CMMI Level 3 and has been certified for ISO 20000, international standard for quality and efficiency in IT service management, for Airport Operation Management department, currently providing services to Airports of Thailand PCL. These standards help provide better workflow system and services to customers, being keys for long-term competition and helping the Company to succeed in several projects in 2018, for example, Land Information System, Development and Improvement of Video Conference System, Development and Implementation of Information System Infrastructure for Main and Disaster Recovery Data Center, Common Use Terminal Equipment (CUTE) services for airlines at Krabi International Airport, including Airport Passenger Processing System (APPS) Services at Krabi International Airport, Surat Thani International Airport and U-Tapao Rayong-Pattaya International Airport, etc. Key customers are Airports of Thailand PCL, Department of Airports, Ministry of Transportation, Ministry of Justice, Department of Land and Ministry of Interior, etc. The Company also has maintained Airport Passenger Processing System (APPS) Services for 6 airports under accountability of Airports of Thailand PCL, including operation and maintenance services for Common Use Terminal Equipment (CUTE) at the Suvarnabhumi Airport, Phuket International Airport, Chiang Mai International Airport, Chiang Rai International Airport, Hat Yai International Airport and Don Mueang International Airport.

These projects and services will be the Company's revenue stream in 2019 and serve as additional revenue sources for maintenance services in the future.

2) NetService (Thailand) Co., Ltd. had significant changes as follows:

The Company brought its expertise in development of IT system, software design and development for government and private sectors to support operation of companies in the Business Group. During the year, the Company:

- focused more on development and improvement of specialized information system for core products e.g. Human Resource Management and Website Management;

- provided internal training programs to transfer knowledge and information technology regarding Website Management and Specialized Information System in order that all staffs could be able to rotate operations and supports continuously and efficiently.

3) Samart Telcoms Public Co., Ltd. had significant changes as follows:

The Company maintained its standard of CMMI Level 3 for development of quality software. The Company also was awarded several key projects, for example, Implementation of Server and Network System, Meters and Accessories for Automatic Meter Reading System (AMR), CCTV System for public areas with safety risks and transportation routes, etc. Key customers were Provincial Electricity Authority, Chonburi Provincial Administrative Organization and more.

4) Smarterware Co., Ltd. had significant changes as follows:

The Company brought its expertise in total services for software development with consulting services for software design including specialized services in software engineering to support business of other companies in the Business Group. During the year, the Company:

- provided staffs training programs from external institutes and internal resources for new technologies according to application development direction of the Company and also continuously monitored operations to ensure employees' understanding of software development process according to CMMI Level 3;
- conduct software development process in compliant with CMMI Level 3, international standard that other leading companies request to be certified by SEI – Software Engineering;
- developed Software Products under the brand of Smarterware to reach both domestic and overseas markets such as Smart Tracking System for logistics business and Service Operation Management System for service and asset management , including development of Chatbot system to increase capabilities of developed systems and IoT device connectivity to monitor and manage events and incidents automatically;
- and developed GPS data connection from DTRS system to Smart Tracking System as customers requested making DTRS services more valuable with features for location tracking of users in digital map, message alerts for incidents and conditions applied such as speed limit, entering or exiting specified areas as requested by customers.

3. Business Application Business Group

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

The Company has provided solutions and services regarding business application to enhance capability and operation efficiency of customers in both government and private sectors in various industries through subsidiaries in this Business Group such as Portalnet Co., Ltd., Posnet Co., Ltd., Thai Trade Net Co., Ltd. and Samart eD Tech Co., Ltd. The Company has maintained CMMI Level 3 for process of quality software development. Moreover, the Company continuously implemented Core Banking System and conducted dress rehearsal for branches of Government Housing Bank nationwide including Information System for Hospital and Medical Center.

2) Portalnet Co., Ltd. had significant changes as follows:

The company has maintained CMMI Level 3 standard, the international standard for quality software development, and has conducted the business with expertise in design, implementation and outsourcing services for Enterprise Resource Planning (ERP), Customer Relationship Management (CRM) and Human Capital Management (HCM) system. During the year, the Company:

- has continuously maintained the services of core business software for Provincial Electricity Authority nationwide, including preventive and corrective maintenance to sustain operational condition of the system in full capacity at all time;
- provided services in development, maintenance, modification, usage supports and training of SAP software for customers such as Metropolitan Waterworks Authority, Metropolitan Electricity Authority, and Samart Corporation PCL;

- has been trusted to implement SAP S/4 HANA for business enterprise and a university;
- extended employees' expertise in SAP Test Management and Run SAP Like a Factory System including in other products for customers such as OpenText, SAP Analytics, etc.
- has been extended certification of "Partner Center of Expertise" by SAP, indicating the Company's high standard of operation on SAP system;
- and regularly provided staffs necessary training programs, resulting in more than 60 staffs being certified by SAP and more staffs being certified Project Management from Project Management Institute (PMI) to ensure staffs' service efficiency compliant to international standard.

3) Posnet Co., Ltd. had significant changes as follows:

The company has conducted business regarding business application with the expertise in total solutions and services regarding e-payment, smart card and loyalty program. During the year, the company further developed, for example, Posnet E-Receipt Platform (PRP) for keeping Sales Slips in electronic format to facilitate storing and searching helping merchants to reduce costs in keeping physical sales slips. Moreover, the company improved security and protection of data storage and data transmission and improved QR-Payment system to support QR-PromptPay, Alipay, WeChat Pay for several commercial banks. The company also improved application to support new devices such as new terminal using Android operating system and developed EDC Autodownload to update software for devices automatically making the terminal software up to date and managing operation tasks on time for customer requests.

Major customers of the company are Bangkok Bank Public Company Limited, Krungthai Card Public Company Limited, Thanachart Bank Public Company Limited, AEON Thana Sinsap (Thailand) Public Company Limited, United Overseas Bank (Thai) Public Company Limited, Central Food Retail Company Ltd., Central Retail Corporation Ltd., etc.

4) Thai Trade Net Co., Ltd. had significant changes as follows:

Conducting in business application to support customers' operations with expertise in Electronic Data Interchange (EDI), during the year, the company further developed Supply Chain Financing services with TMB Bank Public Company Limited (TMB) using EDI and Web EDI services to connect trading data between trading partners in retail business in order to propose short-term loan services to medium and small suppliers increasing their liquidity in business by gaining more working capital. Such Supply Chain Financing services will be provided to suppliers of retailers in early of 2019.

5) Samart eD Tech Co.,Ltd. had significant changes as follows:

Conducting business application to support customers' operations, the Company has expertise in technologies regarding total education, Learning Management System, development of Courseware, Digital Content and Mobile Application development. During the year, the company further customized and improved Learning Management System (LMS) with additional functions for Cyber-U services and also developed e-Courseware for human resource development and employee training for customers in banking sector such as Government Saving Bank, Kasikornthai Bank Public Company Limited, Siam Commercial Bank Public Company Limited, Government Housing Bank and leading enterprises such as Big-C Supercenter Public Company Limited, IRPC Public Company Limited, PTT Public Company Limited, PTT Oil and Retail Business Public Company Limited, PTT Exploration Production Public Company Limited, Nestle (Thai) Company Limited, CPF Training Center Company Limited, Boots Retail (Thailand) Ltd., etc. Furthermore, the company developed easy-to-use and up-to-date web-based software and application in iOS and Android operating system for Department of Trade Negotiations, Ministry of Commerce; Excise Department, Ministry of Commerce; King Prajadhipok's Institute; etc.

Industry and Competition

In 2018, Thai economy expanded by 4.1 percent, increasing from 4.0 percent in 2017 and considered the highest expansion in 6 years, mainly supported by export value growing by 7.7 percent while private consumption increasing at 4.6 percent and total investment up by 3.8 percent which was from private investment expansion rate at 3.9 percent and public investment growing by 3.3 percent. Furthermore, the total number of foreign tourists in 2018 was at 38.28 million persons increasing by 7.5 percent and total tourism receipts were at 3.075 trillion baht growing by 9.0 percent. Headline inflation averaged at 1.1 percent increased by 0.7 percent from 2017 due to higher domestic consumption and average oil price in global market rising by 29.7 percent compared to that in 2018¹.

For Information Technology (IT) market in 2018, International Data Corporation (IDC) estimated IT spending at Baht 424 billion increasing from spending in 2017 at Baht 414 billion with the expansion rate of 2.4 percent due mainly to increase of IT service, IT infrastructure and software². Telecommunication providers and industry sector has invested and spent in IT continuously.

For telecommunication market, according to Telecommunications Market Report at the end of 3rd quarter 2018 by Office of The National Broadcast and Telecommunications Commission, the overall expansion is higher with slowdown growth rate due to intense competition in the market. The report indicated the slowdown of revenue from fixed line services of telecommunication providers and the growth of mobile phone services at 4.9 percent based on year-on-year (YoY) comparison. Average revenue per user (ARPU) was at Baht 240 per month increasing from Baht 237 per month compared to that at the same period in 2017. The competition in mobile phone services market expanded slightly indicated by Herfindahl-Hirschman Index (HHI) that was higher 0.6 percent (YoY) and 1.6 percent compared to that in second quarter of 2018 (QoQ). Fixed Internet broadband market grew by 13.2 (YoY) with 9.08 million registered users mainly consisting of xDSL users at 40.52 percent and Fiber Optic users at 41.12 percent (Fiber Optics users increased by 31.3 (YoY)). For International Internet Gateway market, the total bandwidth connection was at 2,191 Gbps growing by 7.7 percent YoY³.

In 2019, global economy is expected to grow by 3.8 percent, gradually slowing down from the 3.9 percent growth in 2018¹. Key risks in global economy and financial system are still high causing turbulence and impact to Thai economy. The Thai economy in 2019 is forecasted to expand in the range of 3.5 - 4.5 percent, supported mainly by public investment expected to grow 6.2 percent due to progresses of major infrastructure projects, private investment projected to grow 5.1 percent contributed by increase of capacity utilization and private consumption that will grow by 4.2 percent. Despite of global economic slowdown especially major trading partners such as United States of America and China resulting in lower growth rate of export value expected to grow by 4.1 percent compared to that in 2018 at 7.7 percent, the recovery driver in tourism sector will support the Thai economy in 2019 with revenue only from foreign tourists at 2.24 trillion baht increasing by 9.2 percent from 2.05 trillion baht in 2018¹ contributed by the number of foreign tourists in 2019 expected at the range of 39.0-39.8 million persons growing by 2.1-4.1 percent from 2018. The headline inflation is forecasted to be in the range of 0.7-1.7 percent. Additionally, total government budget disbursement in the first quarter of fiscal year 2019 (fourth quarter of calendar year 2018) was at 1.03 trillion increased by 1.1 percent compared to that of the same quarter of fiscal year 2018 however the disbursement was from public investment only 75.23 billion baht lower by 16.2 percent compared the that in the previous year¹.

For Thailand IT market in 2019, IDC forecasted that the spending will be at 452 billion baht increased by 6.6 percent from that in 2018 and also expected that from 2017 to 2022, average growth will be 5.4 percent with IT spending at 489 billion baht in 2020, 516 billion baht in 2021 and 540 billion in 2022 due to acceleration of digital transformation. Despite expansion of IT spending at 5.4 percent, Public Cloud services will grow by 20 percent and Big Data Analytics will expand at average growth of 18.6 percent along with spending in Internet of Things (IoT) that will increase 11.4 percent. Spending in application of Robotics, Cognitive and Artificial Intelligent System, IoT, Augmented Reality (AR) and Virtual Reality (VR) will continuously to grow. Traditional IT investment such as hardware investment will slow down while platform service will rise. In addition, portion of IT spending coming from consumer sector will be close to that from enterprise sector².

Key factors driving ICT market expansion will still be government policies and public investment, for example, Thailand 4.0 enabling technology to create innovation in every industry promoting Digital Economy and Digital Government that encourages investment and spending in infrastructure for government's e-services, data integration through centralized network and technology and information integrated for analytics to improve performance in labor, agriculture, manufacturing sector, tourism, etc. Such major technologies applied to develop Digital Government are AR/VR, Big Data Analytics, Open Any Data, Smart Machine/AI, IoT, Cloud Computing, Cyber Security and more application in Block Chain / Distributed Ledger Technology will be deployed for validation of transaction. Moreover, government will encourage development of smart cities for major provinces continuously and also promote Eastern Economic Corridor (EEC) resulting in vast investment in transportation and logistics infrastructure including related ICT infrastructure. Business enterprises will emphasize ICT investment to increase competitiveness and more enterprises will embrace digital transformation (DX). IDC estimated that over 30 percent of enterprises would turn their organization into Digital Native and would adopt technologies to efficiently drive their business. IDC also unveiled its prediction that by 2022 more than 61 percent of the country's gross domestic product (GDP) will be digitalized⁴.

Competition in ICT market will rise due to rapid changes in technologies and applied innovation from ICT providers and business enterprises transforming in digital era. In addition to more intense competition in price and marketing, technology and innovation will drive ICT providers to compete in creating new products, services, business models including increasing quality and speed in order to provide customers with better experience, to deliver different values, to solve problems and to truly increase customers' operation efficiency and competitiveness resulting in increase of customer satisfactions. Not only ICT providers but also Digital Tech Startups have played major parts in competition. Several Digital Tech Startups will be in collaboration to deliver solutions responding to customer demands continuously. Large enterprises in every sector not in ICT industry have founded and promoted their Digital Tech Startup and brought their successful platform to provide services in the market not only raising competition but also market expansion which support growth of the country's Digital Economy. ICT market may not expand as forecasted if efficiency in government budget disbursement fails the target and rising internal and external risks affect private consumption and investment or have direct impact to the ICT market.

References:

1. Office of the National Economic and Social Development Board. *Thai Economic Performance in Q4 and 2018 and Outlook for 2019*. 2019. Available at: https://www.nesdb.go.th/nesdb_en/ewt_dl_link.php?nid=4376&filename=Macroeconomic_Planning
2. The Nation. *Spending on IT tipped to top Bt539 bn by 2022*. 2019. Available at: http://www.nationmultimedia.com/detail/Startup_and_IT/30364525
3. Office of The National Broadcast and Telecommunications Commission. *Telecommunications Market Report at the end of 3rd quarter 2018*. 2018. Available at: <http://www.nbtc.go.th/Business/commu/telecom/informatiton/research/รายงานสภาพตลาดโทรคมนาคม/ปี-2561/35738.aspx>
4. The Nation. *61% of Thai economy to be 'digitalised' by 2022: IDC*. 2019. Available at: <http://www.nationmultimedia.com/detail/Economy/30364741>

Risk Factors

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

1. Operational Risks

Business and Market Risks

- **Uncertainty of economy**

The Thai economy in 2019 is forecasted to expand by 4.0 percent (in the range of 3.5 – 4.5 percent), slightly lower than growth rate of 4.1 percent in 2018, supported mainly by public investment expected to grow 6.2 percent due to progresses of major infrastructure projects, private investment projected to grow 5.1 percent contributed by increase of capacity utilization and private consumption that will grow by 4.2 percent. Revenue only from foreign tourists will be 2.24 trillion baht increasing by 9.2 percent from 2.05 trillion baht in 2018¹ contributed by the number of foreign tourists in 2019 expected at the range of 39.0-39.8 million persons growing by 2.1-4.1 percent from 2018¹.

However, Key constraints and risks exist in economy. Global economy in 2019 is expected to grow 3.8 percent lower than 3.9 percent in 2018 affecting export sector to slow down with expected growth rate of 4.1 percent compared to that in 2018 at 7.7 percent. Global economy may expanded lower than anticipated due to high risks in global economy and financial system reflected from US-China trade negotiation, the UK's Brexit. Moreover, political sentiment and government policies after the election may affect investors' and tourists' confidence as well as risks in government investment approval¹.

- **Efficiency of government spending**

Government spending efficiency is one of the important factors to the country's economy. In 2019, public investment is expected to grow by 6.2 percent increasing from 3.3 percent in 2018 and government consumption growth is expected at 2.2 percent compared to that in 2018¹ at 1.8 percent.

Total government budget disbursement in the first quarter of fiscal year 2019 (fourth quarter of calendar year 2018) was at 1.03 trillion baht increased by 1.1 percent compared to that of the same quarter of fiscal year 2018, however the disbursement was from public investment only 75.23 billion baht lower by 16.2 percent compared the that in the previous year¹. However, if the delay in the bidding process of government projects occurs, government spending could decline and it could delay the bids of the Company's major projects.

- **Risks in Service and Project Delivery**

On-time project delivery to customers has been key strength of the Company, including service quality under Service Level Agreement (SLA). Unexpected incidents could cause delays of project delivery or interrupt the services resulting in damages to both customers and the Company.

- **Competition in the market**

In 2019, Thailand's IT market will grow faster than the previous year² and competition will also be higher due to rapid changes in technologies and applied innovation from ICT providers and business enterprises transforming in digital era. In addition to more intense competition in price and marketing, technology and innovation will drive ICT providers to compete in creating new products, services, business models including increasing quality and speed in order to provide customers with better experience, to deliver different values, to solve problems and to truly increase customers' operation efficiency and competitiveness resulting in increase of customer satisfactions. Not only ICT providers but also Digital Tech Startups have played major parts in competition. Several Digital Tech Startups will be in collaboration to deliver solutions responding to customer demands continuously. Large enterprises in every sector not in ICT industry have founded and promoted their Digital Tech Startup and brought their successful platform to provide services in the market not only raising competition. Moreover, if overall economy fails to expand at the expected growth rate or ICT slows down, the competition would be more intense which could affect the Company's business.

Furthermore, rapid changes in technology and business model will continuously cause digital disruption in every industry. Application in Cloud, Mobility or Digital Platform of ICT providers in the market would also cause more intense competition. Customers may reduce IT investment and rather turn to spend in IT services or cloud services from ICT providers. If the Company does not adapt or change solutions and services to align with new technologies or to provision with new business models, the Company might be replaced by competitors.

Consequently, the Company emphasizes risk management in order to respond to business objectives of stable and sustainable growth, the Company conducts strategies in building business opportunities and expanding customer base by focusing on more efficiency in customer relationship management and gain more customer insights, generating long-term recurring revenue by transformation which emphasizes being ICT Outsourcing and Service Provider, creation of innovation for new products and services with more values added to respond to government policies and market demands with the pace of advanced technologies, Moreover, the Company focuses on elevation in collaboration with world-class partners and standards in operations and services such as CMMI to elevate quality of projects delivered, ISO 9001 and ISO 20000 to increase quality of IT services.

Moreover, the Company maintains policies to manage resources for efficient cost control and improves contingency planning with regular rehearsal in order to alleviate risks from incidents interrupting service operations. The Company also obtains insurance coverage for equipment during implementation phase and system in operation phase. All of these proceedings help the Company to manage business and market risks more efficiently.

References:

1. Office of the National Economic and Social Development Board. *Thai Economic Performance in Q4 and 2018 and Outlook for 2019*. 2019. Available at: https://www.nesdb.go.th/nesdb_en/ewt_dl_link.php?nid=4376&filename=Macroeconomic_Planning
2. The Nation. *Spending on IT tipped to top Bt539 bn by 2022*. 2019. Available at: http://www.nationmultimedia.com/detail/Startup_and_IT/30364525

Risk associated with Dependence on Large Customers

In 2018, majority of the revenue from government sector and state enterprises was 74%. 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 51% 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.

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. Therefore, bad debt is at a low level. During the past year, the Company has faced with payment delays from state enterprises and some government agencies that caused incurring the Company's 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. To determine provision for bad debt, the company will also consider each individual customer. In case of government or state enterprises which are considered minimum risk to become bad debt, therefore the company will not record provision for bad debt.

As of 31 December 2018, the Company recorded debts overdue over 12 months for Baht 428 million and set aside an allowance for doubtful accounts of Baht 30 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.

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 oversea, a foreign exchange risk occurs. To reduce such risks, the Company takes into account this risk when setting prices. After winning a bid, the Company will buy forward contracts to minimize foreign currency position at the low level. In addition, the Company also considers exchange rate trend and overall business performance to determine a total position.

As at December 31, 2018 the Company has not foreign currency financial liabilities that were unhedged against foreign exchange risk.

3. Risks affect the rights or investment of securities holders

Risk from major shareholders holding over 50% of the shares.

Major shareholder of the Company is Samart Corporation (Public) Co., Ltd. Holding 433,464,590 shares or 70.14% 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 12,616,910 shares or 2.04% 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 28, 2018).

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 for utmost benefit for the Company and management of the Company is transparent and can be monitored.

4. Social and Environmental Risk

In order to maintain the continuity and sustainability of the Company's operation, the Company has to depend on supports from both community and society. The Company's operation which results in negative impacts on society, community, and environment will damage the Company's image following by the poor performance of the Company in long term. The Company is well aware of the importance of social and environmental responsibility, the development of quality of life, and prosperity of the communities and Thai society; thus, the Company has set the policy and practical guideline regarding strengthen good relationship with the organizations both from public and private sectors, as well as community leaders so that the works for community development can be harmoniously coordinated on sustainable and concrete basis. For instance, the Company hosted Samart Innovation project, and provided Samart Scholarships, Sponsorship for knowledge-sharing conferences and equipments to schools in the province, Sponsorship for sport capabilities, and also training on necessary telecommunication-technology knowledge and work skills to produce the qualified professionals into Thai society. Besides, the Company conducts business by always taking into account the environmental conservation and using resources in the most meaningful way. The company has a policy to strengthen and provide knowledge and training on environment to the employees in the organization, in order to be aware of environmental responsibility. The Company has promoted environmental care among its employees via both internal communications and energy saving campaign project every year. The Company continuously follows its sustainable development policy in recognition of social and environmental responsibility by purpose to be with society in harmony and sustain business growth altogether.

Shareholders

The top ten major shareholders of the Company are:

No.	Name of Shareholders	No. of shares held (Shares)	% of Total Shares
1.	Vilailuck Group ⁽¹⁾	446,081,500	72.18
	- Samart Corporation PCL ⁽²⁾	433,464,590	70.140
	- Vilailuck International Holding Co., Ltd.	6,862,300	1.110
	- Mrs. Sukanya Vanichjakvong ⁽³⁾	1,150,000	0.186
	- Mr. Watchai Vilailuck ⁽³⁾	1,650,010	0.267
	- Mr. Charoenrath Vilailuck ⁽³⁾	2,854,600	0.462
	- Mr. Thananan Vilailuck ⁽³⁾	50,000	0.008
	- Lobburi Industrial Estate Co., Ltd.	50,000	0.008
2.	Bangkok Bank PCL	29,966,560	4.85
3.	Bualuang Long-Term Equity Funds (LTF)	18,566,500	3.00
4.	B Senior Citizen Mixed Fund (B-SENIOR)	6,368,500	1.03
5.	Thai NVDR Co., Ltd.	6,129,300	0.99
6.	Bualuang Infrastructure Retirement Mutual Funds	5,794,400	0.94
7.	Bualuang Flexible Retirement Mutual Funds	5,278,800	0.85
8.	Bualuang Equity Retirement Mutual Funds	3,700,500	0.60
9.	Bualuang Long-Term Equity Fund 75/25	3,672,100	0.60
10.	Miss Chomkamol Pumphamuang	3,396,700	0.55
Total of top ten Major Shareholders		528,954,860	85.59
Total of the Minority Shareholders		89,045,140	14.41
Total paid up shares		618,000,000	100.00

Remarks : Information based on Thailand Securities Depository on the latest date of closing registration book, December 28, 2018.

⁽¹⁾ Samart Corporation PCL, Vilailuck International Holding Co., Ltd., Mrs. Sukanya Vanichjakvong, Mr. Watchai Vilailuck, Mr. Charoenrath Vilailuck, Mr. Thananan 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;

⁽²⁾ A holding company of which Vilailuck International Holding Co., Ltd. and Vilailuck family hold 15.14% and 27.25% of the total shares respectively;

⁽³⁾ Includes holding by spouse and minor child.

Dividend Policy

On dividend payment, the Company has policy to pay dividend to the shareholders not less than 50% of its net profit after deduction of all reserves complied with the Company's Articles of Association and related laws. However, the dividend payment is subject to the Company's future investment plans and business expansion, including other necessity and suitability.

In addition, payment for dividend will derive from profits from disposal of investments or fixed assets of the Company or its subsidiaries. The management and the Board of Director will decide whether or not to pay dividend or amount to be paid by taking into account the Company's future investment plans and business expansion, including other necessity and suitability.

The subsidiaries' dividend payment policy will be the same as that of the Company.

Historical Dividend in 5 consecutive years.

Historical Dividend	2014	2015	2016	2017	2018*
Net profit per share (Baht)	1.14	0.65	0.30	0.36	0.57
Dividend per share (Baht)	0.65	0.40	0.20	0.33	0.50
Dividend payout ratio (%)	56.99	61.44	67.20	92.50	71.91

Remark : * Profit was returned to shareholders as a dividend payment. Dividend for 2018 has been being proposed to the annual general meeting of shareholder at Baht 0.50 per share including Baht 0.15 per share interim dividend for the first six months which was paid in September 2018. And the rest dividend Baht 0.35 per share will be paid after shareholders approval. Total dividend payment will be 71.91 % of the net profit (the Board of Directors No. 7/2018 on December 18, 2018 had resolved to approve to change the dividend policy from paying dividends not less than 50% of consolidated net profit to paying dividends not less than 50% of separate company net profit).

Management Structure

1. Board of Directors as of December 31, 2018 consists of 9 Directors:

Name	Position	Number of attendance/ Number of absence ⁽¹⁾
1. General Sumpun Boonyanun	Chairman / Independent Director / Audit Committee Member / Chairman of the Nominating & Compensation Committee	7/7
2. Mr. Vichai Pokasamrit	Independent Director / Chairman of the Audit Committee / Nominating & Compensation Committee Member / Chairman of the Corporate Governance Committee	7/7
3. Miss Rapeepan Luangaramrut	Independent Director/ Audit Committee Member / Nominating & Compensation Committee Member / Corporate Governance Committee Member	6/7 ⁽²⁾
4. Mr. Kajornvut Tayanukorn **	Director / Corporate Governance Committee Member	5/7 ⁽³⁾
5. Mr. Sirichai Rasameechan	Director / Corporate Governance Committee Member	7/7
6. Mr. Charoenrath Vilailuck *	Executive Director / Risk Management Committee Member	7/7
7. Mr. Watchai Vilailuck *	Executive Director / Executive Chairman & Chief Executive Officer / Chairman of the Risk Management Committee	7/7
8. Mr. Thananan Vilailuck *	Executive Director / Risk Management Committee Member	6/7 ⁽²⁾
9. Mr. Jong Diloksombat *	Executive Director / President / Risk Management Committee Member / 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 70.14%

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

⁽¹⁾ In 2018, the Board of Directors meeting 7 times;

⁽²⁾ Due to has important business abroad;

⁽³⁾ Due to has important business.

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, Managements, Controlling Person, The Person Taking The Highest Responsibility in Accounting and Finance, The Person Supervising Accounting and Company Secretary" and Roles and Responsibilities of the Audit Committee is shown in "Corporate Governance" under the topic "2. Committee".

Restriction of Power of the Directors

"General Sumpun Boonyanun 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. Director must have responsibility, carefulness, and integrity, and operate with business ethic;
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 and strategies with effectiveness and efficiency;
3. Set and review Company's vision, mission, and strategies and ensure company-wide communication to drive the business in the same direction;
4. Approve annual budget and investment of the Company and ensure proper resource allocation and effective systems and controls as well as monitor the implementation of the Company's strategies and plans;
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.
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;
13. Supervise to ensure that development and succession plans for Chief Executive Officer and key executives are in place;
14. Encourage and promote innovation and meet social and environmental responsibilities.

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).

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

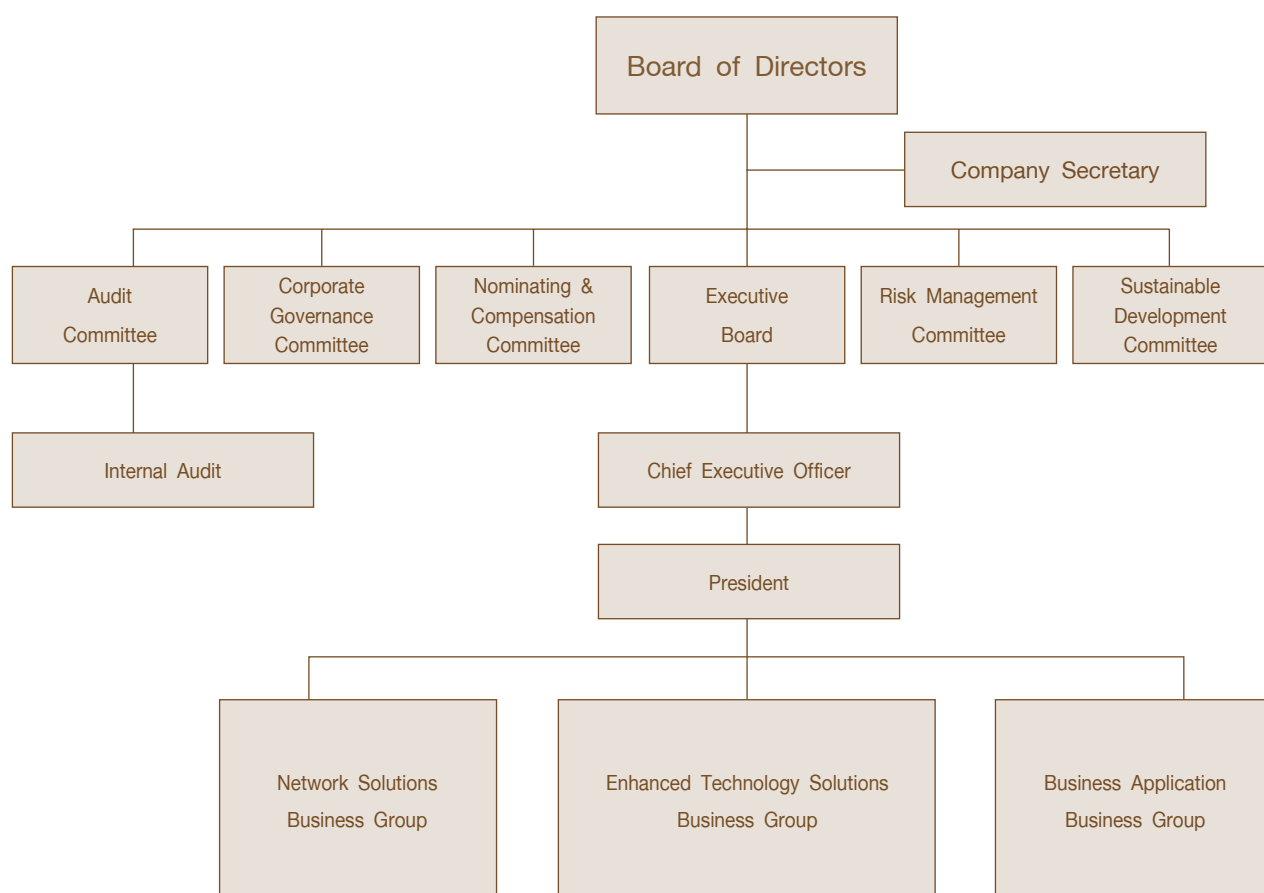
1. Approve the annual budget and business plan of the Company;
2. Approve the undertaking of financial obligations of the Company, i.e. execution of loan agreement, loan guarantee;
3. Approve the investment project in large business;
4. Approve the establishment of new company;
5. Approve the purchase 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, Corporate Governance Committee, Nominating & Compensation Committee, Executive Board, Risk Management Committee and Sustainable Development Committee. The organization chart and management of the Company as at December 31, 2018 are as the follows:

Organization Chart



Remark : Corporate Accounting and Corporate Treasury are under President;

Management of the Company

1.	Mr. Watchai Vilailuck	Executive Chairman & Chief Executive Officer
2.	Mr. Jong Diloksombat	President
3.	Mr. Pornchai Krivichian	Executive Vice President Network Solutions Business Group
4.	Miss Chotika Kamloonwesaruch	Executive Vice President Enhanced Technology Solutions Business Group
5.	Mr. Suchart Duangthavee	Executive Vice President Business Application Business Group
6.	Mr. Dhilokpat Nisamaneevong ⁽¹⁾	Senior Vice President - Finance & Investor Relations
7.	Mrs. Aroonluck Dilokwanich	Vice President - Corporate Accounting

Remark : ⁽¹⁾ Has been appointed Mr. Dhilokpat Nisamaneevong as Senior Vice President - Finance & Investor Relations on May 1, 2018.

Further details of management of the Company are shown in “Directors, Managements, Controlling Person, The Person Taking The Highest Responsibility in Accounting and Finance, The Person Supervising Accounting and Company Secretary”.

3. The Person Taking The Highest Responsibility in Accounting and Finance, The Person Supervising Accounting and Company Secretary

The Person Taking The Highest Responsibility in Accounting and Finance

Mr. Dhilokpat Nisamaneevong, Senior Vice President - Finance & Investor Relations, is the qualified person and suitable to be appointed as the person taking the highest responsibility in accounting and finance.

The Person Supervising Accounting

Mrs. Aroonluck Dilokwanich, Vice President - Corporate Accounting, is the book keeper who has the qualifications and conditions of being a book keeper in accordance with the rule of Department of Business Department.

Company Secretary

The Nominating & Compensation Committee considered and appointed a potential and experienced person as the Company Secretary proposed for further approval of the Board of Directors. The Board of Directors has appointed Mr. Somchai Bunsupaporn as the Company Secretary since October 28, 2003.

In addition, Mr. Somchai Bunsupaporn has been appointed as secretary to sub-committees such as the Audit Committee, the Executive Committee, the Corporate Governance Committee, the Nominating & Compensation Committee, the Risk Management Committee and the Sustainable Development Committee.

Further details of The Person Taking The Highest Responsibility in Accounting and Finance, The Person Supervising Accounting and Company Secretary of the Company are shown in “Directors, Managements, Controlling Person, The Person Taking The Highest Responsibility in Accounting and Finance, The Person Supervising Accounting and Company Secretary” and “Company Secretary Role and Responsibilities”.

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, consistent with the Company’s strategies and objectives, 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 2018 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 Policy

Remuneration of the top managements shall be in accordance with principles and policies specified by the Nominating & 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 managements shall have the fixed consideration criteria by based on performance of the Company, overall economic conditions and performance of each top managements. These criteria shall be explained in advance before they can be used for the assessment at the end of the year. The Nominating and Compensation Committee shall consider prior propose to the Board of Directors for approval.

Chief Executive Officer's Remuneration Policy (CEO)

Remuneration of the CEO is not only consideration in accordance with Management's Remuneration Policy, but the Board of Directors also set the performance evaluation of Chief Executive Officer annually by each Director in order to be a reference for remuneration consideration. The policy of remuneration are as follows:

Category		The purpose & link to the principle of remuneration
Fixed Pay	Salary & other benefits, such as, Provident fund	To motivate and retain the competent Chief Executive Officer.
Short Term Incentive	Annual bonus	To reward for the success of achieving the goals as defined for each year.
Long Term Incentive	Compensation according to Stock Option* & provident fund in the part that the Company contributes and increases according to year of work experience	<ul style="list-style-type: none"> To motivate and retain the competent Chief Executive Officer. To ensure alignment between interests of Chief Executive Officer and shareholder. To promote the growth and value to shareholders in long term.

*Remark : * The Stock Option will be depend on the Board of Directors' consideration which will be based on the appropriate time and situation.*

In 2018, the Company paid remuneration to directors and the managements as follows:

1) Cash & Non-Cash Remuneration of Directors and Committees' members of 2018

Directors	Cash Remuneration						Other Remuneration
	Meeting Allowance ⁽¹⁾ (Baht)				Performance Bonus (Baht)	Total Amount (Baht)	
	Board of Directors	Audit Committee	Corporate Governance Committee	Nominating & Compensation Committee			
1. General Sumpun Boonyanun Chairman / Independent Director	210,000	75,000	-	60,000	75,000	420,000	-
2. Mr. Vichai Pokasamrit Director / Independent Director	105,000	150,000	60,000	45,000	50,000	410,000	-
3. Miss Rapeepan Luangaramrut Director / Independent Director	90,000	60,000	45,000	45,000	50,000	290,000	-
4. Mr. Kajornvut Tayanukorn Director	75,000	-	45,000	-	50,000	170,000	-
5. Mr. Sirichai Rasameechan Director	105,000	-	45,000	-	50,000	200,000	-
6. Mr. Charoenrath Vilailuck Director	105,000	-	-	-	50,000	155,000	-
7. Mr. Watchai Vilailuck Director	105,000	-	-	-	50,000	155,000	-
8. Mr. Thananan Vilailuck Director	90,000	-	-	-	50,000	140,000	-
9. Mr. Jong Diloksombat Director	105,000	-	45,000	-	50,000	200,000	-
Total	990,000	285,000	240,000	150,000	475,000	2,140,000	-

Details of number of meeting attendance of Directors in the Board of Directors and Sub-Committee were shown in the section "Corporate Governance" under the topic "5.5.4) Board & Committees' Meeting"

Remark : ⁽¹⁾ 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;

2) Cash & Non-Cash Remuneration of the Executive Board and Management of 2018

Remuneration	Number of Persons	Total Amount
Salary	5	23,316,000.00 Baht
Bonus	5	3,387,250.00 Baht
Provident Fund ⁽¹⁾	5	1,971,600.00 Baht

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

5. Human Resource

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

Company	Number of Employees (Persons)		
	2016	2017	2018
1. Samart Telcoms PCL	92	98	108
2. Samart Communication Services Co., Ltd.	385	367	337
3. Samart Comtech Co., Ltd.	375	387	419
4. Thai Trade Net Co., Ltd.	21	20	19
5. Posnet Co., Ltd.	146	179	169
6. Smartherware Co., Ltd.	60	57	59
7. Samart Infonet Co., Ltd.	32	28	26
8. Samart eD Tech Co., Ltd.	24	22	15
9. Net Media Co., Ltd.	1	1	- ⁽¹⁾
10. IT Absolute Co., Ltd.	13	12	-
11. Portalnet Co., Ltd.	108	120	118
12. NetService (Thailand) Co., Ltd.	23	22	21
13. SLA Asia Co., Ltd.	1	1	-
14. Secureinfo Co., Ltd.	-	4	11
Total	1,281	1,318	1,302

Remark : ⁽¹⁾ In 2018, the Company sold of ordinary shares of Net Media Company Limited held by the Company who has no any relationship with the Company.

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

Remuneration	Total Amount (Million Baht)		
	2016	2017	2018
Salary	549.37	568.30	597.92
Bonus	56.61	59.44	72.15
Provident Fund	27.60	29.24	32.67
Other remuneration (Over time, special subsidy and commission)	14.38	21.46	17.52

Human Resources Management and Development Policy

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

1. Human Resources Management Policy

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

- **Manpower planning Policy:**

To support all lines of business in the Company, The Company has applied a variety of HR indicators and tools in optimizing manpower planning also balancing among functional workloads to increase HRM & HRD policy efficiencies. These would enhance organizational design and restructuring as well as enable HR manpower policy and costing most effective to company leading to success in new company business meet company's vision and mission sustainably.

- **Recruitment & Selection Policy:**

Proactive recruitment approaches have been applied in acquiring capable people at all levels including of sourcing and attracting all levels of candidates by launching Campus Tour and Activities Programs in leading universities, coordinating with business recruitment agency and allied business network to build the Company's branding to all external candidates. In Selection Policy, the Company places importance on the selection process, focusing on the most appropriate knowledge, ability and attribute by which their virtues recruitment & selection combines cooperation among original affiliation, expertise in various careers and human resources department to ensure the process of recruitment & selection the most equitable and best efficiency. Furthermore, the Company has relevantly applied new digital technology connection and social media to support this process. These would be capable people at all levels and lead them to success their owned career at the Company leading to be the Company's sustainable success.

- **Performance Management and Development Policy:**

The Company ensures an equitable and appropriate performance management system through applying KPIs approach cascading organization objectives through division to individual goals and corporate competencies methodologies aligning to business strategic planning at all levels throughout the Company. In 2018, the Company has applied new global standard technology SAP success factor to support Goal/KPIs and Performance Management i.e. closed monitoring, solution consulting and organizing arrange their owned and subordinators' Goal/KPIs, etc. at individual through top management level leading to be the Company's sustainable success efficiently and effectively in organizational strategic management.

- **Human Resources Management and Development Technology Policy:**

The Company conducts information technology developed by Human Resources Information Systems to support both HRM & HRD functions by increasing speed of work, data accuracy, and decreasing operation cost by applying digital technology to HR Portal services including of employee recruitment and selection such candidate application online, E-Document Workflow application, and payroll services with E-Payslip systems. By the way, the Company has also applied for human resource development, such as knowledge management systems including of 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 and preparing to leading digital company in the future.

- **Compensation & Benefit Policy:**

The Company wisely formulates compensation, benefit and welfare scheme by job analyzing and evaluating all positions, responsibilities and their performances at all levels throughout the Company to determine 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 related businesses as well as strictly complying to labor law and compliance. These might ensure that our employees would be in the 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 places strong emphasis on employee relationship among top executives and employees as well as two-way communication as a mean to communicate top management direction to all employees closely and directly percept employee's innovative, improvement and other open-mind ideas to enhance the Company business operations and other processes known as "Lunch & Learn Project" and "CEO suggestion box".

Furthermore, 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 professional working-style (Team of Professionals). Hence, these initiate the best cooperation among individual level through corporate level. In 2018, there were a various ER&EE programs and activities to build synergy among employees, executives and organization i.e., the Company management meeting twice a year, Team Building activities at all levels, and D-Club (CSR programs) 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 leading them to success their owned career at the Company and also achieving business's needs and preparing staff for domestic and oversea digital business expansion. Therefore, the Company aspires to develop employees in all careers at all levels by harmonizing a wide range of development tools for increasing their owned skill, knowledge, capability through corporate culture and code of conduct according with the Company 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 success 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 encourage and develop the employees to facilitate the organization's strategies and goals most effectively and efficiently. The Company therefore conducts training courses deemed 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 Creating & Strategic Implementation Plan, 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 Risk Management course, Project Management courses, Compliance and Law course, Financial and Accounting Standard courses, Computer skill and Technology related course, Marketing and Sales Management course, Information Technology & ISO standard courses, Administrative Management and Training and Assessments for Building Electricians, 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, to accommodate business expansion, develop employee in English communication skill and achieve their competence continuously, the Company thus developed English communication skills both Classroom Training and E-Learning being used to support a large group of learner both new and current employees. This has enabled employee at all levels developing for this skill more conveniently at anywhere and anytime.

External Training

In addition to In-house Training, the Company supports all executives and employees to acquire external standard 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 updating and exchanging new aspect with other organizations to apply some appropriate approach to organization relevantly.

- **Knowledge Management:**

For human resources developing in long term and adding business value, the Company thus considers information technology as an important tool for improving staff management efficiency, Project “SAMART knowledge sharing” has been implemented, this promotes knowledge management throughout organization and responds to business’ mission continuously and sustainably.

- **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 2018

Training	Frequency	Number of Participants
In-House Training		
- Managements	32	335
- Employees	39	762
Sub - Total	71	1,097
External Training		
• Samart Telcoms Pcl.		
- Managements	11	16
- Employees	7	7
• Subsidiaries		
- Managements	48	85
- Employees	41	67
Sub - Total	107	175
Total	178	1,272

Training Expenses in 2018

Total 2018, total expenses concerning the employees' participation in the trainings domestically and abroad of the Company and its subsidiaries were Baht 5,023,325.13. Total employees' training hours were 12,015.38 hours per year or averagely 9.45 hours/person/year which is more than the standard hours specified by the Department of skill Development which equaled to 6 hours/person/year. Example of training course internally, externally and abroad were as follows:

Internal Training Courses

- Modern New Manager
- Leadership Development Program
- Shift your presentation
- Engaging Customers with Smart Service Conversation
- Service 4.0 Transformation
- IOT & Smart City
- ISO 9001: 2015 Internal Auditor
- Risk Management to Objective Achievement
- Excel Advanced for Special Functions
- Sales Mastery Program

External and International Courses

- The Story The Ultimate Leadership Tool
- Basic Offshore Safety
- Digital Transformation in Action
- Essential Procurement pillar
- Super Entrepreneur Program for Society
- Management Innovations in the Modern Globalized Economy for Top Executives

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 Company has the Corporate Secretary Division which is the Compliance Unit to supervise and oversee the operations of the Company, the directors and the executives to ensure that they have been correctly complied with the regulations of SET, SEC and the Public Company Limited Act including other relevant laws 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 new regulations. The latest revision has been resolved by the Board of Directors of the Company on February 26, 2019. The Company has considered and reviewed the most practices of the Corporate Governance Code (CG Code) of The Securities and Exchange Commission (SEC) to apply with the Company including the Principles of Good Corporate Governance by the Thai Institute Of Directors (IOD) and the survey result of the Annual General Meeting of Shareholder (AGM Checklist) by the Thai Investors Association to apply. The Corporate Governance Policy covers the following:

1. Rights of Shareholders

The Company emphasizes and recognizes the importance of the rights of all shareholders equitably; no matter such shareholder is a minority shareholder, a major shareholder, an institute investor or a foreigner. All rights that the Company's shareholders obtained in 2018 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 enquiries for 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 starting from 2009 Annual General Meeting of shareholders. The shareholders have been granted an opportunity to submit the enquiries for consideration prior the meeting since 2011 provided that they must comply with criteria on proposing of meeting agenda for shareholders' meeting as per specified by the Company's Board of Directors. In 2019 Annual General Meeting of Shareholders, the Company shall allow the minority shareholders to propose the matter for consideration as agenda and submit the enquiries at least 3 months in advance prior the ending date of the fiscal year since September 28, 2018 onward. For the meeting agenda proposal ended on January 31, 2019 and enquiries proposal ended prior to the meeting date of 2019 Annual General Meeting of the Shareholders. And explain the detailed procedures on

proposing the matter for consideration as agenda including an advance submission of the enquiries in the Company's website (www.samtel.com). In the "Investor Relations" under the "Proposal question concerning the Company's operation in advance of the Annual General Meeting of Shareholders 2019."

- **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 2018, an Annual General Meeting of Shareholders 2018 which held on April 27, 2018 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 2018, the shareholders have been informed on the date and agenda of the meeting via SET's communication system 59 days prior to the meeting date. At the same time, the Company also disclosed the invitation letter as well as related documents in both languages, Thai and English, on the Company's website (www.samtel.com) in the "Investor Relations" under the topic "Shareholders Meeting" 32 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 22 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 24 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 by arrangement of Barcode system in vote counting for faster voting result.

In the Annual General Meeting of Shareholders 2018, 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 74 shareholders who attended the meeting either in person 20 shareholders and by proxies 54 shareholders with voting rights attended for the Annual General Meeting of Shareholders 2018. Moreover, for transparency on counting the vote in the meeting, the Company has invited the proxy of Bangkok Bank Plc. to be the vote inspector as well as requested for additional volunteers from the shareholders to be inspector. The Chairman had declared to the shareholders how to exercise their right and vote before commencement conducted the meeting including the results of an invitation to propose agenda of the 2018 AGM and sending question prior to the 2018 AGM. Then, the Chairman

proceeded 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, abstain and invalid ballots 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. Moreover, after the completion of the meeting, the Chairman has announced to the shareholders to return the voting card to the Company's staffs for keeping as the evidence.

After the Shareholders' Meeting

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

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

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

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

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

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

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

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

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

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

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

- **Getting profit**

The Company pays back to shareholders in the form of dividends. The Company has the policy to disburse dividends above 50% of net profit after required reserves. In the 2018 Annual General Meeting of Shareholders, the disbursement of dividend for operating results of 2017 was approved for baht 0.33 per share of which equivalent to 92.50% of net profit after required reserves in compliance with the dividend disbursement policy as stated above. In addition, the Board of Directors in its meeting No.4/2018 on August 14, 2018 had approved the interim dividend payment for six months of year 2018 at Baht 0.15 per share of which equivalent to 71.23% of net profit after required reserves. (Details of dividend payment policy and dividend payment in the past 5 years are shown in the topic “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 3 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 2018, which held on April 27, 2018 were 34 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 topic "Management Structure" under 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 2018 securities holding information of the directors and the managements were as follows:

Number of ordinary shares held in the Company ⁽¹⁾

Director / Executive	31/12/2017	Acquisition in 2018 Buy via SET	Disposition in 2018	31/12/2018	Increase (Decrease)
1. General Sumpun Boonyanun Spouse and minor children	100,000 -	- -	- -	100,000 -	- -
2. Mr. Vichai Pokasamrit Spouse and minor children	100,000 -	- -	- -	100,000 -	- -
3. Miss Rapeepan Luangaramrut Spouse and minor children	- -	- -	- -	- -	- -
4. Mr. Kajornvut Tayanukorn Spouse and minor children	500,000 -	- -	- -	500,000 -	- -
5. Mr. Sirichai Rasameechan Spouse and minor children	150,000 -	- -	- -	150,000 -	- -
6. Mr. Charoenrath Vilailuck Spouse and minor children	2,854,600 -	- -	- -	2,854,600 -	- -
7. Mr. Watchai Vilailuck Spouse and minor children	1,650,010 -	- -	- -	1,650,010 -	- -
8. Mr. Thananan Vilailuck Spouse and minor children	50,000 -	- -	- -	50,000 -	- -
9. Mr. Jong Diloksombat Spouse and minor children	400,000 -	- -	- -	400,000 -	- -
10. Mr. Pornchai Krivichian Spouse and minor children	42,000 -	- -	- -	42,000 -	- -
11. Miss Chotika Kamloonwesaruch Spouse and minor children	140,000 -	- -	- -	140,000 -	- -
12. Mr. Suchart Duangthawee Spouse and minor children	466,000 -	- -	- -	466,000 -	- -
13. Mr. Dhilokpat Nisamaneevong Spouse and minor children	- -	15,000 -	- -	15,000 -	15,000 -
14. Mrs. Aroonluck Dilokwanich Spouse and minor children	- -	- -	- -	- -	- -

- Details on connected transactions have been clearly disclosed to prevent a conflict of interest (see more details in the topic “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 supervised to ensure that any person involved in the preparation and disclosure of any information of the Company has relevant knowledge, appropriate skills and experience needed for their responsibilities, and sufficient resources as well as ensure that the Company’s disclosures are transparency and strictly complied by laws, the Company’s and any related regulations. The Board has major concerned on transparency and disclosure in the following area:

- **Information Disclosure Policy**

The Company appreciates on management and business operations in accordance with the principles of good corporate governance. In order to ensure that the information disclosure is accurate, complete transparency and equal, complied with laws and the relevant regulations. Therefore, the Company has established information disclosure policy to be a guideline for directors and employees as follows:

1. Information disclosure in both financial and non-financial should be accurate, complete, sufficient, reliable and on time to ensure that shareholders and stakeholders of the Company receive the information equally.
2. Information disclosure of the Company must be prepared carefully, clearly, accurately and transparently.
3. Be careful to disclose important information that affects the price or value of the Company’s securities and complying with the regulations and announcement of the SET.
4. Clearly appoint a responsible person to disclose the Company’s information to public.

The persons who have the right to disclose important information not yet disclosed to the public are as follows:

1. Executive Chairman
2. Chief Executive Officer (CEO) or President
3. Manager of Investor Relation of the Company
4. Authorized person from Executive Chairman or Chief Executive Officer or President

Those who do not relevant or assigned duties cannot provide information or interview to the media or public about the Company’s business.

- **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 0-2502-6628 or sending your question via the Company's website at www.samtel.com or sending the e-mail to Dhilokpat.N@samtel.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 2018 were summarized as follows:

- One on One Meeting with Analysis & Meeting and Road Show 12 Times
- Announcement of Company's Performance and Image 6 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 Remunerations: Policy of Directors' Remuneration have been clearly and transparently set to be comparable to the general practice in same industry, consistent with the Company's strategies and objectives, 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. They consider financial information consistent with strategies and core policies. 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 "Management Structure". 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 topic "5.5.4 Board & Committees' Meeting".

5.2) The Independent of the Board of Directors

- **Separation of CEO 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 CEO 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 CEO are as follows:

Roles and Responsibilities of the Chairman of the Board

1. Oversee, monitor, and ensure that the Board of Directors efficiently carries out its duties to achieve the Company's objectives;
2. Ensure that all directors contribute to the Company's ethical culture and good corporate governance;
3. Set the board meeting agenda by discussing with the Chief Executive Officer which important matters should be included;

4. Allocate sufficient time for management to propose topics, and for directors to debate important matters thoroughly. Encourage directors to exercise independent judgement in the best interest of the Company;
5. Promote a culture of openness and debate through ensuring constructive relations between executive and non-executive directors, and between the board and management.

Roles and Responsibilities of Chief Executive Officer

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. Consider the criteria and procedures for nomination and recruiting person to be top management together with the Nomination and Compensation Committee;
4. Entering into any transaction bidding the Company conforming with the Company's Delegation of Authorities;
5. Carry out any assignment from the Board of Directors and/or the Shareholders of the Company.

The delegation authorities of the Chief Executive Officer should not be delegated or further assigned that authorize the CEO 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**

More than half of the members of the Board of Directors are not a part of executive team. Within this half, one third of the directors at least 3 members are independent and have no relations, business or personal, with the Company's executives. Free from executives' influences, they oversee the Company's direction with neutrality and pay careful attention to the rights of shareholder and stakeholder. To strike a balance of power within the Company, the positions of Chairman of Board of Directors and CEO must not be attained by the same person. The Chairman of Board of Directors should be an independent member.

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:

- 3 Independent Directors (equal to 33.33% of the Board of Directors)
- 4 Executive Directors
- 2 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 and one of the Company's Independent Director is a woman (Miss Rapeepan Luangaramrut).

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 Chief Executive Officer**
The Company has clearly set the separate roles and responsibilities of the Board of Directors and CEO. 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, CEO 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 9 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 of which better than not exceed 5 companies according to guideline of Corporate Governance.
- **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 are which details are provided under "Policy and Overview of Business Operation" in the topic of "Corporate Vision, Mission, Corporate Culture, Core Value, Goals and Strategies".

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.

According to regulation of the adequacy evaluation of internal control and comply with Corporate Governance of the Company. In 2018, the Company provided Business Ethics assessment for management to evaluate their practice of business ethics and report to Audit Committee. The questionnaire covered the following areas:

1. Conflicts of Interest
2. Responsibilities to shareholder
3. Employee Policies
4. Ethics of the Employees
5. Customer policies
6. Trade partners policies
7. Creditor policies
8. Counterpart/Competitor policies
9. Anti-corruption policies
10. Money Laundering policies
11. Tax policy
12. Sustainability Development Policy
13. Responsibility to society as a whole
14. Responsibility to communities
15. Responsibility to environment
16. Non violation of human right policies
17. Non-infringement of intellectual property or copyright policies

From the assessment, evaluated in the above areas, has an excellent evaluation by obtaining average score of 99.94%

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 has determined and reviewed the Company’s vision, mission, strategies, business plan and budget as well as to govern the management to follow such business plan and budget. The Board of Directors reviews, revises and approve the Company’s vision, mission, Corporate Governance Policy, Business Ethics annually and co-considers in strategies, goal, direction, business plan, budget, internal control and internal audit systems, and risk management. The Audit Committee will follow up progress of such matters regularly reports to the Board of Directors. The Board of Directors also governs the management to follow such business plan and budget with efficiency and profitability for the highest economic value to the Company and the best stability to the shareholders. 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 competition with the Company and its subsidiaries. The Board of Directors also conduct the business with great awareness in ethical, moral and compliance to the Company's Articles of Associations, laws and regulations of the SET and the SEC. The Board of Directors has provided effective internal control system, internal auditing and risk management measures for the Company, and assigned the Audit Committee to monitor and regularly report to the Board of Directors.

The Company's vision, mission, business direction, Corporate Governance Policy, Risk Management Policy and Business Ethics have been posted on the Company's website at www.samtel.com and disclosed in the Annual Report under the governance of the Corporate Governance Committee to have all employees to strictly conform and practice.

In addition, the Company has communicated vision, mission, objective and business goals throughout the Company in order to drive the business in the same direction. The Company has organized management meeting for manager level up twice a year and communicated the matters to all employees in the organization through various media such as e-mail, computer screen saver, message on public relations board and company's elevator and other online media in the Company.

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 at least 7 times a year 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 meeting shall be attended by at least half of all the directors in order to constitute a quorum and the Board of Directors set its quorum of the meeting to be at least 2/3 of all directors attending the meeting. Details of directors' attendance for 2018, total 7 meetings, were as follow:

Directors	Date of Appointment	Term of Directorship (Year / month)	Number of Attendance / Total Number of Meeting
1. General Sumpun Boonyanun	April 2008	10-8	7/7
2. Mr. Vichai Pokasamrit	April 2011	7-8	7/7
3. Miss Rapeepan Luangaramrut	April 2008	10-8	6/7 ⁽¹⁾
4. Mr. Kajornvut Tayanukorn	April 2004	14-8	5/7 ⁽²⁾
5. Mr. Sirichai Rasameechan	July 1998	20-6	7/7
6. Mr. Charoenrath Vilailuck	July 1996	22-5	7/7
7. Mr. Watchai Vilailuck	July 1996	22-5	7/7
8. Mr. Thananan Vilailuck	April 2016	2-8	6/7 ⁽¹⁾
9. Mr. Jong Diloksombat	January 2012	6-11	7/7

Remarks : ⁽¹⁾ Due to important business abroad;

⁽²⁾ Due to important business.

In 2018, the Board of Directors considered the following agendas:

- Considered the Company Operating Performance and Financial Statements for 2017 as well as quarterly performance of 2018;
- Considered the sufficiency of the Company's Internal Control System;
- Considered to allow the minority shareholders to propose matter in the agenda and enquiries prior to the meeting date of AGM;
- Acknowledged the 2018 Committees' activities;
- Acknowledged assessment result on quality on arrangement of AGM of Shareholder for 2018;
- Acknowledged result on Corporate Governance of Thai Listed Companies for 2018;
- Acknowledged the 2017 Board Self Assessment, Committees, CEO and Company Secretary Assessment. Result as well as consider the criteria of the Board Self Assessment, Committees, CEO and Company Secretary Assessment Form for 2018;
- Acknowledged the report a change of such securities holding of the directors and the managements from the previous meeting;
- Acknowledged the report of the audit committee;
- Acknowledged the right to purchase ordinary shares of Samart Digital Public Company Limited according to rights and proportion of shares (Right Offering);
- Acknowledged the credit line status and borrowing of Samart Telcoms Public Company Limited Group;
- Acknowledged the business plan for the year 2019;
- Considered the amendment of dividend policy of the company;
- Considered the sale of ordinary shares of Net Media Company Limited;
- Considered the capital reduction of Portalnet Company Limited;
- Considered the related party transactions;
- Considered vision, mission and the Company's 2019 business plan;
- Considered the reviewed and revised the Company's Corporate Governance Policy and Business Ethics;
- Considered matters concerning to 2018 AGM agenda and provide opinions to shareholders for consideration;
- Considered the interim dividend payment for six months of 2018;
- Considered the dividend payment for year 2017;

- Considered the appointment of Committees' members;
- Considered the salary increase for 2019, 2018 bonus and bonus policy for 2019;
- Considered the Directors & Officer Liabilities and Corporate Reimbursement Insurance;
- Considered the meeting schedule of the Board of Directors for 2019.

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

2) Committee

In 2018, numbers of each meeting and time attendance of each member were summarized

Name	Number of Attendance / Total Number of Meeting					
	Audit Committee	Executive Board Committee	Corporate Governance Committee	Nominating & Compensation Committee	Risk Management Committee	Sustainable Development Committee
1. General Sumpun Boonyanun	5/5			3/3		
2. Mr. Vichai Pokasamrit	5/5		3/3	3/3		
3. Miss Rapeepan Luangaramrut	4/5 ⁽¹⁾		3/3	3/3		
4. Mr. Kajornvut Tayanukorn			3/3			
5. Mr. Sirichai Rasameechan			3/3			
6. Mr. Charoenrath Vilailuck		12/12			3/3	
7. Mr. Watchai Vilailuck		9/12 ⁽¹⁾			3/3	
8. Mr. Thananan Vilailuck		9/12 ⁽¹⁾			3/3	
9. Mr. Jong Diloksombat		12/12	3/3		3/3	2/2
10. Mr. Pornchai Krivichian						2/2
11. Miss Chotika Kamloonwesaruch						2/2
12. Mr. Suchart Duangthawee						2/2
13. Mr. Dhillokpat Nisamaneevong						2/2
14. Mrs. Nisachol Udomwongwiwat						2/2
15. Miss Kanokwan Chanswangpuvana						2/2

Remark : ⁽¹⁾ Due to has important business abroad;

Details of agenda of each committee meetings in 2018 has been disclosed in the Company's Annual Report 2018 (Form 56-2 or Annual Report) under report of the each committee.

3) Meeting among members of the Non-Executive Directors

In 2018, the non-executive directors has arranged the meeting among only members prior or after to the Board of Directors' Meeting every time without any participation of the management team, in order to have discussion on management issues of the Company freely.

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 2018 as a whole. The Company has

applied SET's assessment form in appropriate to the Company. The assessment form, which has been approved by the Board of Directors in its meeting No.7/2018 on December 18, 2018 was sent to all directors for assessment. The questionnaire covers the following area:

- Structure and Qualification
- Role & Responsibilities
- Meeting
- Board performance
- Relationship with the executives
- Self-Development and management development

From the assessment which been completed by the Board members, total number of directors (9) agreed that for the above area, the Board of Directors of the Company has an **excellent** evaluation by obtaining average score 97.63%.

5.9.2) Directors Self-Assessment

The Corporate Governance Committee has initiated the Self Assessment form for directors to evaluate their performance of director for 2018 and the assessment results were used to develop the performance of director individually. The Company has applied SET's assessment form in appropriate to the Company. The assessment form, which has been approved by the Board of Directors in its meeting No.7/2018 on December 18, 2018, was sent to all directors for assessment. The questionnaire covers the following area:

- Structure and Qualification
- Meeting
- Role & Responsibilities
- Self-Development

From the assessment which been completed by the Board members individually, total number of directors (9) agreed that for the above area, the Board of Directors of the Company has an **excellent** evaluation by obtaining average score 96.30%.

5.9.3 Audit Committee Self-Assessment

In order to make the Audit Committee to be able to evaluate its own performance during the previous year with regards to the compliance with prudent practices and the effectiveness, so the evaluation which covered the following topics has been conducted. The Company has applied SET's assessment form in appropriate to the Company. The assessment form, which has been approved by the Board of Directors in its meeting No.7/2018 on December 18, 2018 was sent to all Audit Committee Members for assessment. The questionnaire covers the following area:

- Structure and Qualification
- Meeting
- Role & Responsibilities
- Development & Training
- The activities of the Audit Committee
- The relationship among the head of internal audit, auditors and the management team

From the assessment which been completed by 3 Audit Committee Members, the members agreed that the Audit Committee has an **excellent** evaluation by obtaining average score 99.12%.

5.9.4 Committee Self-Assessment

The Corporate Governance Committee has initiated the self-assessment form of committees for 2018 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 Company has applied SET's assessment form in appropriate to the Company. The assessment form, which has been approved by the Board of Directors in its meeting No.7/2018 on December 18, 2018 was sent to each committee for assessment. The questionnaire covers the following area:

- Structure and Qualification
- Meeting
- Role & Responsibilities
- Development & Training

The result assessment of Committee Self-Assessment for 2018. In all 4 topics was shown below:

1. The Executive Board has an **Excellent** evaluation by obtaining average score of 95.07%.
2. The Corporate Governance Committee has an **Excellent** evaluation by obtaining average score of 98.95%
3. The Nominating & Compensation Committee has an **Excellent** evaluation by obtaining average score of 99.58%
4. The Risk Management Committee has an **Excellent** evaluation by obtaining average score of 95.98%
5. The Sustainable Development Committee has an **Excellent** evaluation by obtaining average score of 92.26%.

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.7/2018 on December 18, 2018 and sent to all directors for assessment. Assessment result will be considered for remuneration adjustment. The questionnaire covers the following area:

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

From the assessment which been completed by 8 directors, the directors agreed that the CEO has an **excellent** evaluation by obtaining average score 97.04%.

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.7/2018 on December 18, 2018 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

From the assessment which been completed by 9 directors, the directors agreed that the Company Secretary has an excellent evaluation by obtaining average score 98.89%.

5.10) Development of Directors and Managements

• Development of Directors

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 2018 the Company has not appointed a director on the Board of director positions. The Company did not have provide orientation new directors in 2018.

In addition to support and increase knowledgeable of directors, the Company also encourages all directors to strengthen their skills and knowledge for performing their duties including knowledge and understanding of relevant law and standards, and other applicable obligations, risk factors, and the Company's business environment. The board should receive accurate, timely and clear information, including timely and regular updates and also encouraged directors to attend the seminar in various courses Related to directors which is organized by the Thai Institute of Directors Association (IOD), especially the Director Certification Program (DCP), Director Accreditation Program (DAP) arranged by the Thai Institute of Directors (IOD). Five of the existing directors had joined DCP program and 6 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 2018, the directors have attended the additional training courses as follows:

Directors	Courses
1. General Sumpun Boonyanun	- Seminar Sharing Insights on “Visionary Board” and Announcing 90 Qualified Companies by Thai Institute of Directors Association.
2. Mr. Charoenrath Vilailuck	- Certificate in Advance Master Management Program (AMM), (Class 1), National Institute of Development Administration.
3. Mr. Watchai Vilailuck	- CMA - GMS International Program Class 2017, Third Batch, Capital Market Academy; - Investment Training Course, Ultra Wealth Group (Class 4); - Top Executive Program in Commerce and Trade (TepCot) (Class 11), Commerce Academy, University of the Thai Chamber of Commerce (UTCC); - Advanced Master of Management Program (AMM) (Class 2), National Institute of Development Administration.

- **Development of Managements**

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.

(Detail of the Development of Management are provided in “Management Structure” under topic “Human Resource”)

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 26, 2019 and the meeting had also approved the additional policies of Money Laundering Policy and Tax Policy in the Company business ethics compliance with the revised Corporate Governance Policy. Business Ethics covers the following area:

- **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 2018 were disclosed under the "Connected Transactions".

- **Responsibilities to shareholder**

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

- **Employee policies**

The Company highly regards all of the employees as valuable resources and is a major factor to drive the business performance to achieve its goals. As a result, it is the Company's policy to treat employees fairly in all respects, employment opportunity, reasonable remuneration, promotion, welfare i.e. There is always be the nurse(s) stationed in the infirmary everyday at the Company's office building and the doctor shall visit and treat sick employees twice a week. The Company also has the medical treatment welfare for the employees (in case of out-patient) who are treated at the government and private hospitals. The employees shall be entitled to the annual medical treatment fee pursuant to their level. In 2018, total amount of medical treatment fee reimbursed by the employees of the Company and its subsidiaries amounted to Baht 1.72 million. Moreover, the Company also has group health insurance (in case of in-patient) for the Company's employees which is made with the Allianz Ayudhya Assurance PCL 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, in case of death of the employee or his/her immediate family member, the funeral allowance shall be provided, in case the employee is sick or gives birth, a visiting in hospital shall be arranged and 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. In addition, the Company has provided educational support by awarding scholarship to employees with aims to enhance their knowledge and skills. (Please see more details about the employees in the section "Management Structure" under the topic "5. Personnel").

- **Policies on the safety of life and health of employees**

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.

Record on 2018 accident at work of the Company Subsidiaries.

Business Group	Lost Time Accidents in 2018 (Time)
1. Network Solutions	-None-
2. Enhanced Technology Solutions	-None-
3. Business Application	-None-

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

• **Customer policies**

The Company 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 2018, the Company and subsidiaries have been developed products and improve the quality to be more effective i.e.;

- Samart Telcoms Public Company Limited provides services as complete integration for whole supply chain of business in order to serve end customers. The Company established 30 customer service centers nationwide under supervision of Samart Communication Services Co., Ltd. to provide flexibility, convenience and speed for ICT solutions and services to customers, along with services from Network Operation Center (NOC) for receiving calls and diagnosis incidents for customers 24 hours a day. Moreover, the Company maintaining CMMI Level 3 standard for development of quality software to customer.
 - Samart Communication Services Co., Ltd. has been certified for ISO 20000, the standard for quality and efficiency of IT service management, in order that the system provided could gain more confidence from customers. In addition, the Company has maintained and elevated services compliant to ISO 9001 : 2015 standard for customers to receive quality services leading to satisfaction.
 - Samart Comtech Co., Ltd. by Airport Operation Management department has been certified for ISO 20000 for quality IT service management to elevate services quality for services such as Airport Passenger Processing System (APPS) Services for Airport of Thailand PCL and such quality could result in increasing confidence and satisfaction for customers.
 - Samart Infonet Co., Ltd. has increased customer satisfaction by improvement and development of customer service through CRM system and elevated engineers' skills and expertise through international certification.
 - Net Service (Thailand) Co., Ltd. has focused more on development and improvement of specialized information system for core products e.g. Human Resource Management and Website Management and the Company also provided training programs to transfer knowledge and information technology to enhance staffs' capabilities in operations support and system quality improvement for core products, system and services delivered to customers
 - Samart ed Tech Co., Ltd. has developed digital content and media noticeable in multimedia presentation and also developed e-courseware for employee development and training programs for leading enterprises. The Company has enhanced knowledge and capabilities of human resources especially Instructional Designer and therefore the content and e-courseware designed can be more efficient. The Company has also maintained CMMI Level 3, standards for process of quality software development, resulting in quality of work and services satisfying customers. Moreover, the Company has developed digital content and application on mobile devices increasing convenience requested by customers
 - Posnet Co., Ltd. has developed Posnet e-Receipt Platform (PRP), the system supporting usage of Electronic Slip and Electronic Signature allowing users to keep data in electronic format. Banks and merchants can reduce costs of sales slip paper and can search sales transactions easier and faster. The sales report and inventory features can also much increase convenience for merchants.
 - Portalnet Co., Ltd. has extended its staffs' knowledge to cover SAP Test Management and Run SAP Like a Factory and also sent staffs to have necessary training programs regularly until they are certified by SAP and certified for project management standard by Project Management Institute (PMI) ensuring ability of employees to provide services compliant to international standards.
- **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 such practices have been disclosed in the Company's Business Ethics. The Company has clearly defined in evaluation and selection of trade partners as well as developing and maintaining good relationship between all partners with trust and confidence. The Company regularly visits partners to exchange opinions and they must trust with each

other. It will not take personal benefits from business partner or partner of contract and it will not publicize a false advertisement to mislead business partner including avoid purchase product and/or services with business partner which violates human rights or intellectual property and monitor the news to check whether any partner violates human rights or intellectual property rights. If it found that any partner has such behavior, the Company shall not purchase the product and/or service from such partner who is deemed to have an illegal behavior.

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 is conforming to its Principle of Business Operation in order to the respect and admission of the Creditors and strictly, transparently and equally complied with terms and conditions agreed upon in the agreements. In case of the contract cannot be fulfilled or tend to be unable to pay the debt or having financial problems, the Company will prior inform to the creditors and seeking mutual accepted solution. The Company formulates a financial solution plan with regard to fairness of stakeholders, including creditors, as well as, monitoring the problem solving by requiring the management to report to the Executive Committee, regularly, consider and resolve the financial problems of the Company carefully and reasonably.

- **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 adhere. The Company has 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 topic "Internal Control, Risk Management and Anti-Corruption"

- **Money Laundering policy**

The Company realizes the importance of and adherence to criteria and laws relating to anti-money laundering. The Company will strictly adhere to the laws and regulations and Anti-Money Laundering Act B.E.2542 including its amendments.

- **Tax policy**

The Company's tax practices shall be fully and correctly pursuant to the laws as follows:

1. Tax planning and management by paying tax correctly and completely as per specified by the laws.
2. Remit tax within the period of time specified by the law.
3. Conduct risk assessment which may impact to tax payment correctively.

- **Sustainability Development Policy**

The Company recognizes to the sustainable development of business that it has to develop together with realize to social and environment responsibilities and corporate governance, the sustainable development policy as follows:

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

In addition, the Company specified that there should be the corporate social responsibility report (Sustainable Development 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.

The Company provides the practical guideline of responsibility to societies, communities and environment as follows:

- **Responsibility to societies and communities**

The Company recognizes that it can survive and grow in a society that is vigorous and prosperous. Therefore, to bring about societal progress, the Company participated in societal improvements with financial support to all activities that aim to maintain beneficial cultures, customs and rituals. Moreover, the Company will involve in religious activities regularly. The Company also participated in many activities for development of social, education, vocation, athletic ability as well as sanction for outreach people and victims. In addition, the Company has strengthened the closed relationship with the surrounding and nearby communities by building up good relationship with the private and public organizations as well as the community leaders in many levels, so that the cooperation from all parties can be smoothly coordinated for sustainable and concreted development of the communities. In 2018, 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 (Sustainable Development 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 2018, 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 Automatic Meter Reading of the Provincial Electricity Authority etc. In addition, there was promoted environmental care and efficient use of resources among its employees via both internal communications and the "Reduce and Reuse" project every year. In 2018, the following changes were made to the activities:

- "SAMART SAVE" : Promotes resource utilization with staff understanding by collaborating to reduce common charges, including saving electricity and using papers with appreciation.
- Clean & Clear : Promotes good workplace environment and creates a good waste-separation habit for garbage, rubbish, and recyclable waste in order to maximize the value of resources and optimize them.
- 5S / Big Cleaning Day : Promotes hygiene and good workplace environment.
- "Grow Back Trees" Activity : Promotes forest conservation with volunteer employees planting trees which will grow into a forest at the Forest Product Research Center in Nakhon Ratchasima.

Details are shown in "Corporate Social Responsibility Report (Sustainable Development 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.samarthtre.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.

- **Suggestions and complaints**

The Board of Directors respects the importance of all stakeholders in participation of the Company's success and discloses related important information to stakeholders sufficiently and transparently. The Company provides channels for all stakeholders to send suggestions and complaints that is beneficial to the Company. Those channels consist of direct mail or E-mail as informed at the Company's website (www.samtel.com) under **"Contact Us"** with the following details:

Mailing Address : Internal Audit Department
Samart Corporation Public Company Limited
99/1 Moo 4, Software Park, 29th Fl., Chaengwattana Rd.,
Klong Gluar, Park-kred, Nontaburi 11120.
or E-mail address : Somchai.B@samtel.com

The Internal Audit Department will collect the suggestion and complain, then, inspect and analyze the information according to the procedures and methods on "Notifying the information on misconduct and the protection of the informant"

- **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 stakeholders to examine and oversee any action which is against the corporate governance principles, ethics, rules and regulations of the Company, laws, corruption or any action which might cause damages to the Company including rights violation. If such action is found, the stakeholders can notify the clue on misconduct behavior to the Company by sending information and/or document and/or concerned evidence (as the Company's form to notify the information on misconduct) to Internal Audit Department. If the name and surname of the informant is specified, it will be more beneficial to the Company for convenience on enquiry and/or contact for more information.

The process of information inspection and analysis

The Internal Audit Department is responsible for preliminary investigation of offenses, both from documentary witness and witness. If misconduct is happened, they will propose the matter to the Chief Executive Officer (CEO) for consideration and setting up an investigation committee.

The investigation committee consists of supervisor or representative from Internal Audit Department, Legal Department, Human Resources Department, and the original affiliation, responsible for investigating the facts, including collecting all evidences in order to know details of the damage and impact to the Company.

The investigation committee will propose the results of the investigation to the Chief Executive Officer (CEO) to consider and proceed and then the Internal Audit Department will propose the matter to the Audit Committee for acknowledgement, respectively.

The Company shall protect the informant or whistle-blower by not disclosing the name of the informant or whistle-blower to any person.

The Company has published Vision, Mission, Corporate Governance Policy and Business Ethics on the Company's website (www.samtel.com) and communication Corporate Governance Policy and Business Ethics to management and employees of the company via e-mail, tips and poster in the Company's promotion board. The Corporate Governance Committee will monitor and ensure that Company's regulations, Corporate Governance Policy and Business Ethics have been strictly and continually 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, 2018 consists of 3 members:

- | | | |
|----|---|--|
| 1. | Mr. Vichai Pokasamrit ⁽¹⁾ | Chairman of the Audit Committee (Independent Director) |
| 2. | General Sumpun Boonyanun ⁽²⁾ | 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 1. has knowledge and experience to review creditability of the financial reports. Details of Audit Committee are shown in "Directors, Managements, Controlling Person, The Person Taking The Highest Responsibility in Accounting and Finance, The Person Supervising Accounting and Company Secretary.

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 independence 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;
8. Audit and investigate including access to the relevant records, information or personnel within the scope of authority;
9. Engage the specialist for competent advice and assistance auditing as considered by the Audit Committee with Company's expenses;
10. Consider any other activities assigned by the Board of Directors.

2) Executive Board as of December 31, 2018 consists of 4 members:

- | | | |
|--------------------|-------------|--|
| 1. Mr. Watchai | Vilailuck | Executive Chairman / Chief Executive Officer |
| 2. Mr. Charoenrath | Vilailuck | Member |
| 3. Mr. Thananan | Vilailuck | 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. CEO of the Company will be the Chairman of the Executive Committee.

Roles and Responsibilities of the Executive Board

1. Set and review Company's vision, mission, strategies and business plan as well as the Company's management structure and delegation of authorities for further approval of the Board of Directors;
2. Review and monitor the operating performance of the Company and subsidiaries to achieve the goal;
3. Monitor, audit and set the management policies for efficiency and productivities as well as to conform with the instruction of the Board of Directors;
4. Consider and approve annual budget and investment of the Company for further approval of the Board of Directors;
5. Consider remuneration policy and salary structure propose to the Nominating & Compensation Committee for consideration prior to further consideration of the Board of Directors;
6. Consider entering into any transactions binding the Company within its authorities under the Company's Delegation of Authorities;
7. 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 Chief Executive Officer

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. Consider the criteria and procedures for nomination and recruiting person to be top management together with the Nomination and Compensation Committee;
4. Entering into any transaction bidding the Company conforming to the Company's Delegation of Authorities;
5. Carry out any assignment from the Board of Directors and/or the Shareholders of the Company.

The delegation authorities of the Chief Executive Officer should not be delegated or further assigned that authorize the CEO 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, 2018 consists of 5 members:

1.	Mr. Vichai Pokasamrit	Chairman of the Corporate Governance Committee (Independent Director)
2.	Miss Rapeepan Luangaramrut	Member (Independent Director)
3.	Mr. Kajornvut Tayanukorn	Member (Non-Executive Director)
4.	Mr. Sirichai Rasameechan	Member (Non-Executive Director)
5.	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, 2018 consists of 3 members:

- | | | |
|----|----------------------------|---|
| 1. | General Sumpun Boonyanun | Chairman of the Nominating & Compensation Committee
(Independent Director) |
| 2. | Mr. Vichai Pokasamrit | Member (Independent Director) |
| 3. | Miss Rapeepan Luangaramrut | 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. Review the criteria and procedures for nomination of directors and top management of the Company to propose for consideration and approval of the Board of Directors;
4. Propose to the Board of Directors the guidelines and reasonable remuneration packages for all members of the boards, sub-committees, CEO and top management of which must be complimented to their duties and consistent with the Company's strategies and long-term objective as well as conform to the Company's operating performance and market's atmosphere;
5. Evaluate Company's performance for consideration of the annual bonus and merit increase;
6. Review the Company's salary structure and other benefits.
7. 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.
8. 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, 2018 consists of 4 members:

1.	Mr. Watchai	Vilailuck	Chairman of the Risk Management Committee
2.	Mr. Charoenrath	Vilailuck	Member
3.	Mr. Thananan	Vilailuck	Member
4.	Mr. Jong	Diloksombat	Member
	Mr. Somchai	Bunsupaporn	Secretary

Terms of positions

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

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, 2018 consists of 7 members:

1.	Mr. Jong	Diloksombat	Chairman of the Sustainable Development Committee
2.	Mr. Pornchai	Krivichian	Member
3.	Miss Chotika	Kamloonwesaruch	Member
4.	Mr. Suchart	Duangthawee	Member
5.	Mr. Dhilokpat	Nisamaneevong ⁽¹⁾	Member
6.	Mrs. Nisachol	Udomwongwiwat	Member
7.	Miss Kanokwan	Chanswangpuvana	Member
	Mr. Somchai	Bunsupaporn	Secretary

Remarks : ⁽¹⁾ Has been appointed as the Sustainable Development Committee Member on May 15, 2018.

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, strategy and framework for sustainable development to conform to the Company's operating in economy, social and environment;
2. Encourage activities to meet the Company's sustainable development policy;
3. Monitor progress of sustainable development activities and evaluate the effectiveness of the implementation of the Company's sustainable development activities;
4. Report the Company's sustainable development 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 Top Managements

- **Nomination of Directors**

The Nominating and 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, CEO, other executives and company secretary as well as consider the appropriate remuneration for such directors and management with the following criteria and procedures:

1. The Nominating and Compensation Committee will select and nominate the appropriate candidate with regard to qualifications, experience, knowledge, ability that will beneficial to the Company and consider the diversification in the board's structure, including gender, age, ethnicity and nationality. The Nominating and Compensation Committee will also consider the necessary skills that are still lacking to achieve the Company's business strategy and using the database of IOD. The appropriate candidates, who have qualifications as specified by the relevant laws, will propose to the Board of Directors' or the Shareholders' Meeting for approval in accordance with the Company's Articles and Association.
2. For election of independent directors, the Nominating and Compensation Committee will nominate any person who is fully complied with the qualifications of Independent Directors under the Company's policy and requirements of the SEC and the SET to propose to the Board of Directors' and/or the Shareholders' Meeting for approval in case of rotation or others.
3. Determining whether to recommend a director for re-election, the Nomination and Compensation Committee will consider relevant factors such as past performance, directors' dedication, history of attendance and participation in meeting, number of listed companies that each director holds tenure in of not exceeding five listed companies, and other contributions to the activities undertaken by the Board of Directors. In the case of independent directors, their respective independent qualifications shall also be considered.
4. The appointment of the Board members shall comply with the Company's Articles of Association and all relevant laws. Selection of the directors shall be transparent and clear through initially consider of the Nomination and Corporate Governance Committee with the following criteria and procedures in the shareholders' meeting:
 - (1) Each shareholder shall have one vote on each share.
 - (2) 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.
 - (3) 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.

The Company proposed shareholders to elect the directors on an individual basis to allow shareholders to elect the desirable directors.

In case a directorship becomes vacant by any reason other than the expiration of the term, the Board of Directors shall elect a person possessing the qualifications and being under no prohibitions under the relevant laws as a replacing director at the Board of Directors' Meeting, unless the remaining term of such director is less than two months. The replacing director shall hold office only for the remaining term of the replaced director. The resolution of the Board of Directors' Meeting must be passed by votes of not less than three-fourths of the remaining directors.

5. For nomination of sub-committee, the Nominating and Compensation Committee will consider appropriate knowledge and ability, composition of the entire committees, criteria of directorship and independence of director prior to propose to the Board of Directors for approval.

- **Nomination of Top Management**

The Company has criteria and procedures for nomination of top management with the process start from recruiting internal and external persons who have leadership skills, ability to manage the organization and good understanding of company's products and services and propose to the Nominating and Compensation Committee consider favor of person to be Top Management to propose to the Board of Directors for approval.

- **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. The Company will review the succession plan for top management on an annual basis.

In addition, the Company should encourage the Chief Executive Officer to invite key management to attend the Board of Directors' meetings and/or the Executive Committee's meetings to present details on the agenda items related to matters that they are directly responsible for, and to allow the board to gain familiarity with key management and assist succession planning.

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.

For establishment of a new company or investing in significant portion in other businesses between 20% and 50% of shares with voting rights, and the amount of investment or may have to more invest significantly, the Board of Directors should ensure that shareholder agreements or other agreements are in place to enable the Company's performance monitoring and participation in management, including for approval of significant transactions and decisions. This is to ensure that the Company has sufficient, accurate, and timely information for the preparation of its financial statements that conform to the relevant standards.

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 and derivatives 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 2018, there is no case of insider trading from the Company's directors or management. The press releases for the corporate governance are published on a weekly basis to all employees via email, tips and poster in the Company's promotion board. The Directors and management had been informed on their duties and punishment to disclose report to the SEC on each person holding securities and derivatives as well as the holding and changes to the holding of their spouse, cohabiting couple and minor children within 3 days from the transaction date according to the Securities and Exchange Act B.E. 2535. The report shall include the holding of securities and derivatives by a juristic person whose shares exceeding thirty percent of the total voting rights held by the aforementioned persons, including the spouse or cohabiting couple, and minor children of such persons. Any change in securities

and derivatives holdings, such directors and managements have to report the Company Secretary for coordination and preparing report submit to the SEC. In addition, the Company has set as a policy to report on securities and derivatives holdings of directors and management in every meeting of the Board of Directors. In case that any director or management violate 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 implementation of corporate governance code for Listed Companies 2017

The Board of Directors has reviewed the corporate governance policy, business ethics, and the committee's charter, annually, at least 1 time per year. In 2018, the Company used the Corporate Governance Code (CG Code) of The Securities and Exchange Commission (SEC) to apply with the Company's business context, appropriately. Moreover, the Company has performed according to Corporate Governance Report of Thai Listed Companies 2018 (CGR) of Thai Institute of Directors (IOD) and Quality on Arrangement of Annual Meeting of shareholders (AGM Checklist) of Thai Investors Association (TIA), accordingly.

The Corporate Governance Committee's meeting No.2/2018, which held on November 13, 2018 and No.1/2019, which held on February 26, 2019 have considered and reviewed the practices of the Corporate Governance Code (CG Code) and founded that the Company has already applied the most of CG Code practices and has proposed this issue to the Board of Directors' meeting for consideration.

The Board of Directors' meeting No.1/2019, which held on February 26, 2019 has considered and reviewed the application of the Corporate Governance Code (CG Code), including amend the Corporate Governance Policy, business ethics and the committee's charter in order to cover CG Code practices. However, the practices that are not suitable for the Company's business operations, the Board of Directors has assigned to the Corporate Governance Committee to consider and propose appropriate replacement measures, respectively.

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

The Company conducts the business in comply with the Corporate Governance Code (CG Code) of The Securities and Exchange Commission (SEC) including the Principles of Good Corporate Governance by the Thai Institute Of Directors and the survey result of the Annual General Meeting of Shareholder (AGM Checklist) by the Thai Investors Association. For some areas that the Company has not yet followed such regulations, the Company applies it for the best practice of the business operation of which details 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 did not establish a policy to set a limit that an individual executive director can hold director position in not more than 2 others listed companies and outside business group, but the Company has established a policy which specified that an individual director shall not hold director position in more than 5 listed companies. In addition, the Company has established the policy which stated that before any top executive holds the director position in other company, he/she shall notify the Executive Board for consideration and approval. In addition, he/she shall not be the director in the Company which engages in the same business with the Company or the Company which has competitive nature against the Company. The Nomination and Compensation Committee shall consider on appointment of the nominee for the directorship of the Company by taking into account the knowledge, capability and adequate time such person can devote to perform responsibilities for the Company.
2. The portion of independent directors and non-executive directors in the Board of Directors are equivalent to 33.33% and 50% which are less than 55.56% and 66% as stipulated by the principles of good corporate governance. In 2017, 1 independent director has resigned and 1 executive director has resigned from management. However, he still remains the director position. The Company has 4 executive directors, 3 independent directors and 2 non-executive director, totaling 9 persons.
3. The Company has not yet participated in Thailand's Private Sector Collective Action Coalition Anti-Corruption Scheme (CAC). However, the Company has joined the Partnership Against Corruption for Thailand (PACT) to attend the training courses and gather recommendation on anti-corruption procedures. In 2017, the Company assign management to participate the anti-corruption training program as well as studied the operating procedures on participation with CAC. The Company currently takes it into consideration and prepares for readiness to join CAC. In 2017, the management and the officers of the Company visited the "Anti-Corruption Museum", a museum under supervision of the Office of the National Anti-Corruption Commission (NACC), to study basic knowledge about corruption prevention and suppression and to promote positive behaviors against corruption or dishonest behaviors in the organization. This activity was in line with the Company's policy to promote and encourage everyone in the organization to have conscious mind on honesty and morality.

Internal Control, Risk Management and Anti-Corruption

1. Internal Control

- 1.1** 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 using the principles and guidelines 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 2018, 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 Business Plan (BP) 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 3 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. Objective have been clarified in the Management Meeting twice a year as well as publicized for the employees' acknowledgement.

3) Event identification

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

4) Risk Assessment

The Company has set up the Risk Management Committee and applying Enterprise Risk Management (ERM) to assess business risks and introduce preventive/corrective control measures to cope with such risks to comply with new standard of risk management of COSO. (The Committee of Sponsoring Organization of the Tread way Commission) The Company has systematic tools and methods on risk assessment and has prescribed the appropriated criteria in each level, i.e. at organizational and operational level. Qualitative and quantitative assessments have also been conducted by considering from the acceptable risk levels of the organization and from 2 aspects, i.e. impact or damages caused by the incident and risk likelihood to consider risk levels, such as high, middle or low and the methods have been sought to manage those risks. The Company specified that the meeting 3 times a year to evaluate business risks must be arranged on continued basis.

5) Risk Response

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

6) Control Activities

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

7) Information System and Data Communication

International standard of information and data center management was implemented within company such as COBIT (Control Objectives for Information and Related Technologies) has been developed for the information technology system of the Company to be in accordance with IT Governance as well as ITIL has been adopted for the computer system to improve itself. Intelligent Data Center was introduced to assist Management in their monitoring and analyzing data i.e. finance, sales, etc. for decisive action. Establishing IT Consolidation Center to support business changes. That is certified ISO 27001 and CMMI Level 3 (Capability Maturity Model Integration) Creating external data backup and preparing site backup for all information system as well as implementing the 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.

In addition, the Company arranges for the Executive Board Committee meeting every month. To monitor the performance of the company and its subsidiaries In order to comply with the annual strategy and plan.

Conclusion

In the Board of Directors' Meeting No.1/2019 on February 26, 2019 in which all three Independent Audit Committee members attended, concluded that the Company has a sufficient internal control system. Furthermore, the Company's auditor, Mrs. Sarinda Hirunprasurtwutti, an auditor license no. 4799, audited the Company's financial statement for period ending December 31, 2018 without any comment on the Company's internal control system as significant error.

1.2 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.

The Head of Internal Audit acts as the secretary to the Audit Committee to enhance the effective achievement of its responsibilities and ensure accountability as assigned by the Board of Directors and also provide recommendations and suggestions in various aspects which are beneficial to the organization. Moreover, the Audit Committee also emphasized quality and development of internal audit task and also encouraged the internal audit personnel to develop themselves on continued and regular basis.

1.3 Head of Internal Audit and Head of Compliance of the Company

In 2003, the Board of Directors by through the approval of the Audit Committee has appointed Mr. Somchai Bunsupaporn to be the Company's head of Internal Audit.

The Audit Committee deemed that the Head of Internal Audit Unit has suitable qualifications and can effectively perform duties. During 2018, the Head of Internal Audit Unit has performed the following duties:

1. To supervise the audit work to make them conform to the plans approved by the Audit Committee.
2. To control the audit work to ascertain that the Company's performance meet legal requirements, of the Stock Exchange of Thailand or regulations of the relevant government agencies.
3. To give suggestion to the Company's executives and employees on efficient performance.
4. To report important issues concerning internal control systems of the Company which have been found upon audit process.

5. To coordinate, supervise and control on various aspects, such as risk management, code of conducts and etc.
6. Perform other works which are relevant to internal audit as per assigned by the Audit Committee.

Chief of Internal Audit Unit can provide useful information and recommendation to various departments in the Company with regards to how to operate the works to make them consistent with the laws, rules and regulations required as completely.

The consideration of the appointment, removal and relocation of the Head of Internal Audit are required to have an approved from the Audit Committee.

The Company's Compliance Unit is the responsibility of Company Secretary to ensure that the Company correctly complied with rules and regulations of the SEC, the SET and the Public Company Limited Act. and other relevant laws under supervision of the Company Secretary.

2. Risk Management

The Company put emphasis on risk management of the organization by appointing the Risk Management Committee which consists of Directors 4 members by the Chairman of the Executive Board as Chairman of the Risk Management Committee. Moreover, also appointed a working group Risk Management, which comprises the President as the President of working group Risk Management and all concerned department heads total of 8 members to the evaluate related risks as set out in the Risk Management Plans, together with setting up appropriate preventive and corrective measures and monitored results regularly. To propose a management plan and follow-up performance on risk management to the Risk Management Committee for consideration.

In 2018, The Risk Management Committee conducted 3 meetings to carry out duties and responsibilities as assigned by the Board of Directors as the consultation recommended guidelines for risk management with the management in all relevant agencies, Support and promote for improvement and development of risk management system within the Company continually so that the material risks can be managed in the acceptable level.

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's risk management policies are disclosed on the Company website. (www.samtel.com) as follows:

1. Preparation of risk management planned by each department to support the Company's master business plan with the projectives, plans, targets, strategies and acceptable risks of business.
2. Risk Management will be carried according to the plan mentioned above. Each responsible department has prioritized the risk by evaluating the overall risk profile and its potential impact to the organization. The appropriate risk mitigation criteria shall be determined in a conjunction with each department where as internal audit department undertaking role as risk coordinator and reviewer.
3. Risk Management countermeasures shall be implemented and regularly followed up by the Risk Management Committee comprising of each concerning management in a quarterly meeting as outlined in the risk management plan. All countermeasures shall be followed and reviewed by internal audit department to ensure that the final outcome is agreeable with the Company's proposed objectives.

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.

Apart from undertakings risk management as per mentioned above, the Company also arranged the seminar to provide knowledge to the employees at all levels, for instance, with aims to make the employees able to completely and thoroughly identify risk of business including prepare the operation plan to minimize risks. This training course emphasized on practical session that can be immediately applied. Hence, the Company was confident that its risk management strategy and targets can be effectively achieved.

3. Anti-Corruption

The Company operates business by placing importance on anti-corruption and adherence to integrity, ethics, transparent and auditable management as well as accountability to all stakeholders. The Company prescribed suitable code of conduct guidelines for the Board of Directors, the executives and the employees with regards to business ethics and employee ethics. Compliance with the policy has been reviewed continually.

Duties and Responsibilities

1. The Board of Directors is responsible for specifying the anti-corruption policy.
2. The Audit Committee is responsible to audit the accounting and financial report, internal control and internal audit including risk management system to ensure that they are compliance with the international standards, concisely and effectively.
3. The Executive Committee and Management are responsible for promotion and support the anti-corruption policy and convey such policy to all employees and relevant parties.

Anti-Corruption Policy

The Company operates business by always adherence to good corporate governance and anti-corruption policy which may occur from operation and transaction with the stakeholders. The directors, the executives and the employees of the Company, its subsidiaries and associated companies shall strictly comply with the following principles:

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. (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).

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 Internal Audit Department by direct mail or E-mail as informed at the Company's website (www.samtel.com). The Internal Audit Department will inspect and analyze the information according to the procedures and methods on "Notifying the information on misconduct and the protection of the informant". The Company shall protect the informant or whistle-blower by not disclosing the name of the informant or whistle-blower 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 deflect 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

1. Details of the connected transactions which might have conflicts of interest.

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, 2017 and 2018:

Connected Companies	Relationship	List of Joint Committees
Samart Corporation Pcl.	The major shareholder of the Company and holds a 70.14% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Thananan Vilailuck Mr. Sirichai Rasameechan
Samart Engineering Co., Ltd.	Samart Corporation Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Thananan Vilailuck
Samart U-Trans Co., Ltd.	Samart Corporation Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck
Cambodia Air Traffic Services Co., Ltd.	Samart Transolutions 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 Mr. Thananan Vilailuck
Vision and Security System Co., Ltd.	Samart Corporation Pcl. holds a 73% stake.	Mr. Thananan Vilailuck
One to One Contacts Pcl.	Samart Corporation Pcl. holds a 68.43% stake and Samart Engineering Co., Ltd. holds a 0.75% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Thananan Vilailuck Mr. Sirichai Rasameechan
Samart Digital Pcl. ⁽¹⁾	Samart Corporation Pcl. holds a 82.70% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck
Samart Mobile Services Co., Ltd.	Samart Digital Pcl. holds a 97.40% stake.	Mr. Watchai Vilailuck
Samart Digital Media Co., Ltd. (Formerly known as Samart Multi Media Co., Ltd.)	Samart Digital Pcl. holds a 99.99% stake.	Mr. Watchai Vilailuck
Vilailuck International Holding Co., Ltd.	Vilailuck International Holding Co., Ltd. holds a 15.14% stake in Samart Corporation Pcl.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Thananan Vilailuck
I-Sport Co., Ltd.	Samart Digital Media Co., Ltd. holds a 49.99% stake.	Mr. Watchai Vilailuck
I-Mobile Plus Co., Ltd.	Samart Digital Pcl. holds a 99.99% stake.	Mr. Watchai Vilailuck
Zecureasia Co., Ltd.	Samart Digital Pcl. holds a 99.99% stake.	Mr. Watchai Vilailuck
Kampot Power Plant Co., Ltd.	Samart Inter Holding Co., Ltd. holds a 100% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Thananan Vilailuck
Contact-In-One Co., Ltd.	Samart Engineering Co., Ltd. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Thananan Vilailuck

Connected Companies	Relationship	List of Joint Committees
Samart Inter Holding Co., Ltd.	Samart Corporation Pcl. holds a 100% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Thananan Vilailuck
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. Jong Diloksombat
Thai Trade Net Co., Ltd.	Samart Telcoms Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
Posnet Co., Ltd.	Samart Telcoms Pcl. holds a 99.99% stake.	-
Samart Infonet Co., Ltd.	Samart Telcoms Pcl. holds a 99.60% 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
NetService (Thailand) Co., Ltd.	Samart Comtech Co., Ltd. holds a 60% stake.	Mr. Charoenrath Vilailuck Mr. Jong Diloksombat
SLA Asia Co., Ltd.	Samart Communication Services Co., Ltd. holds a 90% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
Secureinfo Co., Ltd.	Samart Comtech Co., Ltd. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
IT Absolute Co., Ltd.	Samart Broadband Services Co., Ltd. holds a 99.94% stake.	-
Samart Reditech Co., Ltd.	Samart Corporation Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Jong Diloksombat
One to One Professional Co., Ltd.	One to One Contracts Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck
Entertainment Tree Co., Ltd.	Samart Digital Media Co., Ltd. holds a 45.00% stake.	Miss Rapeepan Luangaramrut Mr. Watchai Vilailuck
Teda Co., Ltd.	Samart U-Trans Co., Ltd. holds a 94.35% stake.	Mr. Thananan Vilailuck
Transec Power Services Co., Ltd.	Teda Co., Ltd. holds a 99.99% stake.	Mr. Thananan Vilailuck

Connected Companies	Relationship	List of Joint Committees
One To One Cambodia Co., Ltd.	One to One Contracts Pcl. holds a 100% stake.	Mr. Thananan Vilailuck
Inno Hub Co., Ltd.	One to One Contracts Pcl. holds a 99.99% stake.	Mr. Charoenrath Vilailuck
Siam Sport Television Co., Ltd.	I-Sport Co., Ltd. holds a 99.99% stake.	Mr. Watchai Vilailuck Mr. Thananan Vilailuck
Samart Green Energy 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 Transolutions Co., Ltd.	Samart U-Trans Co., Ltd. holds a 99.99% stake.	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck
SIM2Asset Co., Ltd.	Samart I-Mobile Pcl. holds a 99.99% stake	Mr. Watchai Vilailuck
Thai Base Station Co., Ltd.	Samart Digital Pcl. holds a 99.99% stake.	Mr. Watchai Vilailuck
Phuphatara Co., Ltd.	Vilailuck International Holding Co., Ltd. indirectly holds a 42.38% stake. (VIH is the major shareholder of Samart Corporation Pcl.)	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Thananan Vilailuck
I.Q Wine Co., Ltd. (Formerly known as Best Cellar Co., Ltd.)	Related Director is Mr.Thananan Vilailuck	Mr. Thananan Vilailuck
Vilailuck Development Co., Ltd.	Vilailuck International Holding Co., Ltd. holds a 42.38% stake. (VIH is the major shareholder of Samart Corporation Pcl.)	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck Mr. Thananan Vilailuck
Thai Ticket Pro Co., Ltd.	Related Director is Mr. Watchai Vilailuck	Mr. Watchai Vilailuck
CSV Asset Co., Ltd.	Vilailuck International Holding Co., Ltd. holds a 99.99% stake. (VIH is the major shareholder of Samart Corporation Pcl.)	Mr. Charoenrath Vilailuck Mr. Watchai Vilailuck
Le Votel Khaoyai Co., Ltd.	Vilailuck International Holding Co., Ltd. indirectly holds a 21.19% stake. (VIH is the major shareholder of Samart Corporation Pcl.)	Mr. Watchai Vilailuck

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 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.

Connected Transactions

1) Rental and Services Fee

Nature of major transactions	Value (Million Baht)		Justification of Transactions
	For the year ended 31 December 2018	For the year ended 31 December 2017	
1. Samart Telcoms Pcl. rent the office at Software Park Building and used the public utilities services with area 733.59 , 830.79 sq. meter from Samart Corporation Pcl.	5.65	5.43	The building is rented to be used as office space. 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 at 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.	0.02	0.07	The building is rented to be used as a storage for the product and equipment. 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, 770.38 sq. meter. from Vilailuck International Holding Co., Ltd.	5.32	5.07	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
4. Samart Communication Services Co., Ltd. rent the office at Software Park Building and used the public utilities services with area 727.22 sq.meter. from Samart Corporation Pcl.	5.01	4.53	The building is rented to be used as office space. 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 at 101/4 Moo 20, Phaholyothin Rd. Klong 1, Klongluang, Pathumthanee with area 721.23 sq. meter. from Samart Corporation Pcl.	1.03	1.03	The building is rented to be used as a storage for the product and equipment. The rental and service charges for public utilities are 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 for the year 2017 with area 22.31, 97.79, 667.53 sq. meter. and for the year 2018 with area 19.83, 86.92, 593.36, 546.93 sq. meter. from Vilailuck International Holding Co., Ltd.	4.87	5.17	The building is rented to be used as office space. 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 Single storey building in Chiangmai from Mr. Watchai Vilailuck	-	0.30	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.

Nature of major transactions	Value (Million Baht)		Justification of Transactions
	For the year ended 31 December 2018	For the year ended 31 December 2017	
8. Samart Communication Services Co., Ltd. rent a warehouse located at 37/1 Moo 2 Phaholyothin Rd. Klong 1, Klongluang, Pathumthanee with area 1,020 sq. meter. from Samart Engineering Co., Ltd.	-	0.98	The building is rented to be used as a storage for the product and equipment. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
9. Samart Communication Services Co., Ltd. rent the office at Smart One Building, and used the public utilities services with area 288 sq.meter. from CSV Asset Co., Ltd.	1.56	1.63	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
10. Posnet Co., Ltd. rent a warehouse located at 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.	0.02	0.08	The building is rented to be used as a storage for the product and equipment. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
11. Posnet Co., Ltd. rent the office at Software Park Building and used the public utilities services with area 1,209.05 ,1,059.05 sq. meter. from Samart Corporation Pcl.	7.94	8.05	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
12. Posnet Co., Ltd. rent the office at Smart One Building, and used the public utilities services with area 48, 118 sq.meter. from CSV Asset Co., Ltd.	0.75	0.26	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
13. Posnet Co., Ltd. rent the office at Software Park Building and used the public utilities services with area 128.50 sq. meter. from Vilailuck International Holding Co., Ltd.	0.88	0.69	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
14. Samart Comtech Co., Ltd. rent the office at Software Park Building and used the public utilities services with area 374.72 sq. meter. from Samart Corporation Pcl.	2.68	2.63	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
15. Samart Comtech Co., Ltd. rent a warehouse located at 37/1 Moo 2 Phaholyothin Rd. Klong 1, Klongluang, Pathumthanee and used the public utilities with area 430 sq. meter. from Samart Corporation Pcl.	-	0.11	The building is rented to be used as a storage for the product and equipment. The rental and service charges for public utilities are reasonable when compared to market price within the same area.

Nature of major transactions	Value (Million Baht)		Justification of Transactions
	For the year ended 31 December 2018	For the year ended 31 December 2017	
16. Samart Comtech Co., Ltd. rent the office at Software Park Building and used the public utilities services with area 1,476.41 sq. meter. from Vilailuck International Holding Co., Ltd.	10.56	10.33	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
17. Secureinfo Co., Ltd. rent the office at Software Park Building and used the public utilities services with area 1,366.86 sq. meter. from Vilailuck International Holding Co., Ltd.	9.41	-	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
18. 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.	0.34	0.46	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
19. Samart Infonet Co., Ltd. rent a warehouse located at 101/4 Moo 20 Phaholyothin Rd. Klong 1, Klongluang, Pathumthanee and used the public utilities services with area 15.91 sq.meter. from Samart Corporation Pcl.	0.01	0.02	The building is rented to be used as a storage for the product and equipment. The rental and service charges for public utilities are reasonable when compared to market price within the same area.
20. 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.	1.00	0.97	The building is rented to be used as office space. The rental and service charges for public utilities are reasonable when compared to market price within the same area.

2) Interest income on Finance lease receivables

Lessor Company	Lessee Company	Interest Rate (%)	Value (Million Baht)	
			For the year ended 31 December 2018	For the year ended 31 December 2017
1. Samart Comtech Co., Ltd.	For the hire purchase agreement to lease Outside Broadcasting Van equipped with media production system and television broadcast to Siam Sport Television Co., Ltd.,	7.5%	Finance lease receivables 266.19 Interest income 17.96	Finance lease receivables 321.68 Interest income 4.83

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

Sellers of Goods / Services	Buyers of Goods / Services	Value (Million Baht)	
		For the year ended 31 December 2018	For the year ended 31 December 2017
1. Samart Telcoms Pcl.	Combodia Air Traffic Services Co., Ltd.	-	0.60
	Samart U-Trans Co., Ltd.	0.60	-
2. Samart Communication Services Co., Ltd.	Samart Corporation Pcl.	10.49	10.49
	Samart Digital media Co., Ltd	0.60	-
	Samart Digital Pcl. (Formerly known as Samart I-Mobile Pcl.)	77.84	-
	Vision and Security System Co., Ltd.	2.26	0.55
3. Thai Trade Net Co., Ltd.	Samart Corporation Pcl.	0.05	0.05
	I.Q Wine Co., Ltd. (Formerly known as Best Cellar Co., Ltd.)	0.01	-
4. Samart Comtech Co., Ltd.	Samart Corporation Pcl.	1.90	2.54
	Samart U-Trans Co., Ltd.	-	1.16
	Samart Digital Pcl. (Formerly known as Samart I-Mobile Pcl.)	310.18	-
	Vision and Security System Co., Ltd.	-	38.83
	Siam Sport Television Co., Ltd.	-	225.94
	Vilailuck International Holding Co., Ltd.	-	0.02
5. Smarterware Co., Ltd.	Samart Engineering Co., Ltd.	3.00	-
	Combodia Air Traffic Services Co., Ltd.	-	1.19
6. Samart Infonet Co., Ltd.	Samart Corporation Pcl.	4.08	3.22
	Samart Digital Pcl. (Formerly known as Samart I-Mobile Pcl.)	1.56	1.61
	One to One Contracts Pcl.	4.94	6.68
	Samart Multimedia Co., Ltd.	1.81	1.90
	Samart Engineering Co., Ltd.	0.17	0.17
	I-Mobile Plus Co., Ltd.	0.02	0.61
	I.Q Wine Co., Ltd. (Formerly known as Best Cellar Co., Ltd.)	0.18	0.14
	Phuphatara Co., Ltd.	1.84	1.84
	Le Votel Khaoyai Co., Ltd.	0.58	0.61
7. Samart Corporation Pcl. (IT Data Center services)	Samart Telcoms Pcl.	9.11	9.11
	Samart Communication Services Co., Ltd.	23.93	23.84
	Posnet Co., Ltd.	6.18	6.00
	Thai Trade Net Co., Ltd.	1.11	1.32
	Samart Comtech Co., Ltd.	17.29	17.28
	Samart Infonet Co., Ltd.	1.25	1.25
	Portalnet Co., Ltd.	3.12	3.12
	IT Absolute Co., Ltd.	-	0.12
8. Samart Corporation Pcl. (Management Fee)	Samart Telcoms Pcl.	28.00	24.00

Sellers of Goods / Services	Buyers of Goods / Services	Value (Million Baht)	
		For the year ended 31 December	For the year ended 31 December
		2018	2017
9. Samart Corporation Pcl.	Samart Telcoms Pcl.	-	0.07
	Samart Infonet Co., Ltd.	1.64	1.56
	Posnet Co., Ltd.	-	0.09
	Thai Trade Net Co., Ltd.	1.13	-
	Samart Comtech Co., Ltd.	1.86	1.86
	Samart Communication Services Co., Ltd.	-	0.02
	Portalnet Co., Ltd.	0.04	-
10. I-Mobile Plus Co., Ltd.	Samart Comtech Co., Ltd.	-	3.56
11. Samart Digital Pcl. (Formerly known as Samart I-Mobile Pcl.)	Samart Telcoms Pcl.	49.76	18.61
	Samart Communication Services Co., Ltd.	0.04	0.41
	Posnet Co., Ltd.	-	0.36
	Samart Comtech Co., Ltd.	0.20	1.10
	Samart Infonet Co., Ltd.	-	0.10
	Smarterware Co., Ltd.	-	0.13
	Thai Trade Net Co., Ltd.	-	0.05
	Portalnet Co., Ltd.	-	0.01
	Samart Ed Tech Co., Ltd.	-	0.06
12. Samart Engineering Co., Ltd.	Samart Telcoms Pcl.	0.16	0.07
	Samart Communication Services Co., Ltd	-	0.13
	Samart Comtech Co., Ltd.	22.06	7.12
	Posnet Co., Ltd	0.01	-
	Secureinfo Co., Ltd.	0.25	-
13. One to One Contracts Pcl.	Samart Telcoms Pcl.	0.11	0.16
	Samart Communication Services Co., Ltd.	1.35	2.13
	Thai Trade Net Co., Ltd.	0.15	0.15
	Posnet Co., Ltd	0.04	0.05
	Samart Comtech Co., Ltd.	0.21	0.15
	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.	0.39	0.78
	Samart Communication Services Co., Ltd	1.32	1.51
	Samart Comtech Co., Ltd.	40.14	1.53
	Portalnet Co., Ltd.	0.11	-
	Secureinfo Co., Ltd	0.11	-
15. Samart Multimedia Co., Ltd.	Samart Telcoms Pcl.	-	0.37
	Portalnet Co., Ltd.	-	0.05
	Samart Communication Services Co., Ltd	-	0.18
	Thai Trade Net Co., Ltd.	-	0.05
	Samart Comtech Co., Ltd.	-	0.36
	Samart Infonet Co., Ltd.	-	0.04

Sellers of Goods / Services	Buyers of Goods / Services	Value (Million Baht)	
		For the year ended 31 December	For the year ended 31 December
		2018	2017
16. Vilailuck International Holding Co., Ltd.	Samart Comtech Co., Ltd.	0.06	0.01
	Portalnet Co., Ltd.	0.02	0.01
17. I.Q Wine Co., Ltd. (Formerly known as Best Cellar Co., Ltd.)	Samart Telcoms Pcl.	1.11	1.10
	Samart Comtech Co., Ltd.	0.05	0.04
	Samart Communication Services Co., Ltd	0.03	0.03
18. Portalnet Co., Ltd.	Samart Corporation Pcl.	10.10	4.99
19. Vilailuck Development Co., Ltd.	Samart Infonet Co., Ltd.	0.75	-
	Samart Comtech Co., Ltd.	16.57	-
20. Thai Ticket Pro Co., Ltd	Samart Telcoms Pcl.	0.87	-
	Samart Communication Services Co., Ltd	0.22	0.09
	Samart Comtech Co., Ltd.	0.05	0.44
21. Thai Base Station Company Limited	Samart Communication Services Co., Ltd	40.70	14.93

4) Miscellaneous Normal Business Transactions

Nature of Major Transactions	Value (Million Baht)		Justification
	For the year ended 31 December 2018	For the year ended 31 December 2017	
1. Samart Telcoms Pcl. paid for the equipment rental, services charges, and miscellaneous expenses to Samart Corporation Pcl.	0.06	0.07	The equipment rentals, services charges, and miscellaneous expenses are normal business transactions at market or actual price in advance.
2. Samart Telcoms Pcl. paid for the water, electricity, and car park rental to Vilailuck International Holding Co., Ltd.	0.45	0.36	Normal business transaction.
3. Samart Telcoms Pcl. paid for miscellaneous expenses to Le Votel Khaoyai Co., Ltd.	0.23	0.51	Normal business transaction at market price.
4. Samart Telcoms Pcl. paid for miscellaneous expenses to Vilailuck Development Co., Ltd.	-	0.07	Normal business transaction at market price.
5. Samart Telcoms Pcl. paid for miscellaneous expenses to Phuphatara Co., Ltd.	0.11	0.08	Normal business transaction at market price.
6. Samart Communication Services Co., Ltd. paid for the water, electricity, and car park rental to Vilailuck International Holding Co., Ltd.	0.80	0.57	Normal business transaction.
7. Samart Communication Services Co., Ltd. paid for the miscellaneous expenses to CSV Asset Co., Ltd.	0.38	0.42	Normal business transaction.
8. Samart Communication Services Co., Ltd. paid for the miscellaneous goods and service expenses to Samart Corporation Pcl.	0.05	0.07	Normal business transaction.

Nature of Major Transactions	Value (Million Baht)		Justification
	For the year ended 31 December 2018	For the year ended 31 December 2017	
9. Posnet Co., Ltd. paid for miscellaneous expenses to Samart Corporation Pcl.	0.01	0.03	Normal business transaction at market price.
10. Posnet Co., Ltd. paid for miscellaneous expenses to I-Mobile Plus Co., Ltd.	0.01	-	Normal business transaction at market price.
11. Posnet Co., Ltd. paid for miscellaneous expenses to CSV Asset Co., Ltd.	0.01	-	Normal business transaction at market price.
12. Posnet Co., Ltd. paid for miscellaneous expenses to Vilailuck International Holding Co., Ltd.	0.09	0.07	Normal business transaction at market price.
13. Thai Trade Net Co., Ltd. paid for the telephone line rental and miscellaneous expenses to Samart Corporation Pcl.	0.01	0.46	Normal business transaction at market or actual price in advance.
14. Thai Trade Net Co., Ltd. paid for miscellaneous expenses to Vilailuck International Holding Co., Ltd.	0.05	0.05	Normal business transaction at market price.
15. Samart Comtech Co., Ltd. paid for the office supplies and the miscellaneous services to Samart Corporation Pcl.	0.08	0.31	Normal business transaction at market price.
16. Samart Comtech Co., Ltd. paid for the water, electricity, and car park rental to Vilailuck International Holding Co., Ltd.	0.79	0.79	Normal business transaction at market price.
17. Samart Infonet Co., Ltd. paid for miscellaneous expenses to Samart Corporation Pcl.	0.01	0.01	Normal business transaction at market price.
18. Samart Infonet Co., Ltd. paid for miscellaneous expenses to Vilailuck International Holding Co., Ltd.	0.10	0.09	Normal business transaction at market price.
19. Smarterware Co., Ltd. paid for miscellaneous expenses to Samart Corporation Pcl.	0.02	0.03	Normal business transaction at market price.
20. Smarterware Co., Ltd. paid for car park rental to Vilailuck International Holding Co., Ltd.	0.04	0.05	Normal business transaction at market price.
21. Samart Ed Tech Co., Ltd. paid for car park rental to Vilailuck International Holding Co., Ltd.	0.03	0.03	Normal business transaction at market price.
22. IT Absolute Co., Ltd. paid for car park rental to Vilailuck International Holding Co., Ltd.	-	0.01	Normal business transaction at market price.
23. Portalnet Co., Ltd. paid for miscellaneous expenses to Samart Corporation Pcl.	0.05	0.04	Normal business transaction at market price.
24. Secureinfo Co., Ltd. paid for miscellaneous expenses to Samart Corporation Pcl.	2.74	-	Normal business transaction at market price.
25. Secureinfo Co., Ltd. paid for the water, electricity, and car park rental to Vilailuck International Holding Co., Ltd.	0.55	-	Normal business transaction at market price.

2. Summary of guidelines for considering on the related transactions which might have conflicts of interest.

2.1 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.

2.2 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.

2.3 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.

Financial Ratios

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

Unit: Baht Thousand

Transaction	As of December 31		
	2016	2017	2018
Cash and cash equivalents	621,201	590,788	324,280
Trade Account receivables - net	1,516,897	1,569,775	1,471,410
Inventories	294,223	330,115	152,050
Property, plant and equipment - net	3,711,352	2,811,436	2,154,431
Intangible asset	660,373	648,390	717,930
Total assets	10,018,577	9,283,574	8,944,197
Overdrafts and short-term loans from banks	3,265,270	2,395,025	2,215,636
Trade Account payables	867,458	513,162	710,892
Current portion of long – term loans from banks	-	414,447	-
Long-term loans from banks – net of current portion	-	80,223	-
Debentures	1,365,000	1,265,000	750,000
Total liabilities	6,542,536	5,750,864	5,266,064
Paid up capital	618,000	618,000	618,000
Retained earnings	2,340,785	2,408,460	2,557,011
Shareholders' equity	3,476,042	3,532,709	3,678,133
Revenues from sales and services	5,720,576	6,948,887	7,679,302
Total revenues	5,748,642	6,981,965	7,711,122
Cost of goods and service sold	4,764,820	5,997,159	6,564,310
Selling and admin expenses	584,299	626,755	611,157
Finance Cost	173,382	149,094	107,624
Total costs and expenses	5,373,545	6,633,583	7,230,939
Net profit	183,934	220,483	351,391
Net profit per share (Baht / share)	0.30	0.36	0.57
Cash flow from operating activities	2,225,008	890,891	1,668,704
Cash flow from investing activities	(1,456,567)	(283,962)	(538,820)
Cash flow from financing activities	(762,981)	(637,342)	(1,396,393)
Par value (Baht / share)	1	1	1
Common shares outstanding (Thousand shares)	618,000	618,000	618,000
Weighted average number of shares (Thousand shares)	618,000	618,000	618,000
Book value (Baht / share)	5.62	5.72	5.95
Dividend per share (Baht / share)	0.20	0.33	0.50

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

Financial Ratio		Samart Telcoms Pcl. and Subsidiaries		
		2016	2017	2018
<u>LIQUIDITY RATIO</u>				
Current ratio	(Times)	0.91	0.95	1.07
Acid test ratio	(Times)	0.37	0.40	0.36
Cash turnover	(Times)	0.38	0.16	0.31
Receivable turnover ratio	(Times)	3.03	4.46	4.98
Average collection period	(Days)	119	81	72
Inventory turnover ratio	(Times)	5.65	9.77	16.47
Days sales outstanding	(Days)	64	37	22
Payable turnover ratio	(Times)	7.32	8.69	10.73
Payment period	(Days)	49	41	34
Cash cycle	(Days)	133	76	61
<u>PROFITABILITY RATIO</u>				
Gross profit margin	(%)	16.71	13.70	14.52
Net profit margin	(%)	3.20	3.16	4.56
Return on equity	(%)	5.29	6.26	9.68
<u>EFFICIENCY RATIO</u>				
Return on assets	(%)	1.83	2.28	3.86
Return on fixed assets ⁽¹⁾	(%)	37.18	46.87	59.93
Asset turnover	(Times)	0.57	0.72	0.85
<u>FINANCIAL POLICY RATIO</u>				
Debt to equity	(Times)	1.88	1.63	1.43
Interest coverage	(Times)	2.19	2.78	4.88
Debt serviceability	(Times)	0.21	0.39	0.39
Dividend payout ratio ⁽²⁾	(%)	67.20 ⁽²⁾	92.50 ⁽²⁾	71.91 ⁽³⁾

Remarks : ⁽¹⁾ Including the rights to use communications equipment

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

⁽³⁾ % of separate company net profit after deduction of all reserves complied with the company's Articles of Association and related laws (the Board of Directors No. 7/2018 on December 18, 2018 had resolved to approve to change the dividend policy from paying dividends not less than 50% of consolidated net profit to paying dividends not less than 50% of separate company net profit).

Management Discussion and Analysis

1. Operating Results Overview

2018 Operating Results Overview

In 2018, the Company reported the consolidated total revenues of Baht 7,711 million, increased from 2017 by Baht 729 million or 10.4%. Revenue from contract work and service was Baht 7,679 million, Increased by Baht 730 million or 10.5% comparing to 2017 year, increased in revenue from Sales and contract work. Other income was Baht 32 million, decreased by Baht 1 million from 2017.

Cost of sales and services was Baht 6,564 million, increased from 2017 by Baht 567 million or 9.5%. Gross profit was Baht 1,115 million, increased by Baht 163 million or 17.2%. Gross profit margin was 14.5% increase from 13.7% in 2017 because there was increase in Gross profit margin of service.

Selling expenses, administrative expenses, and other expenses were Baht 667 million, increased from 2017 by Baht 30 million or 4.7%, mainly due to increase in salary and benefits, office rental expenses and other expenses.

Finance cost was Baht 108 million, decreased from 2017 by Baht 41 million or 27.8%, mainly from decrease in bank loan and debentures.

Corporate income tax was Baht 24 million, increased by Baht 39 million.

As a result, the consolidated net profit attributable to equity holders of the Company was Baht 351 million, increased by Baht 131 million or 59.4% from 2017. Net profit margin was 4.56%, increase from 3.16% in 2017.

Operating Results of the Company and Its Subsidiaries

The revenue structure breakdown by Business Group as of December 31, 2018 and 2017 are as follows:

Business Group	Revenue (Million Baht)		Growth Rate
	Y 2018	Y 2017	
1. Network Solutions	1,554.5	2,180.7	-28.7%
2. Enhanced Technology Solutions	4,258.2	3,311.6	28.6%
3. Business Application	1,898.4	1,489.7	27.4%
Total	7,711.1	6,982.0	10.4%

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

Network Solutions Business Group

In 2018, revenue were Baht 1,554.5 million, decreased by Baht 626.2 million or 28.7% compared to Baht 2,180.7 million in 2017. The decrease was mainly resulted from revenue recognition of service.

Enhanced Technology Solutions Business Group

In 2018, revenue were Baht 4,258.2 million, increased by Baht 946.6 million or 28.6% compared to Baht 3,311.6 million in 2017. The increase was mainly resulted from revenue recognition of contract work.

Business Application Business Group

In 2018, revenue were Baht 1,898.4 million, increased by Baht 408.7 million or 27.4% compared to Baht 1,489.7 million in 2017. The increase was mainly resulted from revenue recognition of contract work.

2. Financial Statement

Assets

As of December 31 2018, total assets were Baht 8,944 million, decreased by Baht 339 million or 3.7% from the end of 2017, mainly resulted from a decrease of cash and cash equivalents, property, plant and equipment and Inventories.

Total assets consist of current assets of Baht 5,431 million, representing 60.7% of total assets, increased by Baht 202 million compared with Baht 5,228 million, representing 56.3% of total assets in 2017. The major current assets were accrued revenue and trade and other receivables, representing 29.4% and 18.3% of total assets respectively.

Non-current assets were Baht 3,513 million, representing 39.3% of total assets, decreased by Baht 542 million compared with Baht 4,055 million, representing 43.7% of total assets in 2017. The major non-current assets were property plant and equipment, representing 24.1% of total assets.

Trade Account Receivable and Inventory

The Company had net trade receivable of Baht 1,471 million, a decrease of Baht 98 million or 6.3%, compared with Baht 1,570 million at the end of 2017. 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 2018, the allowance was set up by Baht 30 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 2018, the net inventory was Baht 152 million, a decrease of Baht 178 million or 53.9% compared to Baht 330 million at the end of 2017.

Liquidity

The current ratio in 2018 was 1.07, which increased slightly from 2017. 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, 2018, cash and cash equivalents were Baht 324 million, decreased by Baht 267 million, or 45.1% from the end of 2017. The detail of sources and uses of fund are as follows:

- Cash flow from operating activities was Baht 1,669 million, mainly resulted from operating profit and increasing of accrued project cost.
- Cash flow used in investing activities was Baht 539 million, mainly resulted from capital invested to support project.
- Cash flow used from financing activities was Baht 1,396 million, mainly resulted from a repayment in loans from financial institutions and debentures.

Sources of Fund

As of December 31 2018, total liabilities were Baht 5,266 million decreased by Baht 484 million or 8.4% from the end of 2017, mainly due to a decrease in loans from financial institutions to support projects and debentures

The shareholders' equity as at 31 December 2018 equals to Baht 3,678 million, increased by Baht 145 million or 4.1% from the end of 2017. Net profit in 2018 was Baht 351 million, with Baht 204 million dividend payment during the year.

Regarding the above liabilities and shareholders' equity, the Company's debt to equity ratio as at 31 December 2018 was 1.43 times decreased from 1.63 times at the end of 2017.

As of December 31, 2018, debt service coverage ratio was 1.22 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 2019, 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, 2018, which was accurate and complied to the accounting standard and related law and regulations.



(General Sumpun Boonyanun)
Chairman



(Mr. Watchai Vilailuck)
Executive Chairman & Chief Executive Officer

Independent Auditor's Report

To the Shareholders of Samart Telcoms Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Samart Telcoms Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Samart Telcoms Public Company Limited for the same period.

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 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

I draw attention to Note 6 to the financial statements that 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 modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition relating to long-term contracts

The Group has disclosed its policies on revenue recognition for services provided under long-term contracts, cost estimates for projects under long-term contracts, provision for the delay penalties and provision for loss on projects under long-term contracts in Note 4.1, 5.1 and 28 to the financial statements. I identified revenue recognition and estimation of provision for the delay penalties and possible losses from long-term contracts to be areas of significant risk in the audit. This is because the amount of revenue recognises from such contracts in each period forms a significant portion of the Group's total revenue. In addition, the process of measurement, the determination of appropriate timing of recognition and the estimation of provision for the delay penalties and possible losses are areas requiring management to exercise significant judgement to assess the percentage of completion, the probability of loss, and the measurement of possible loss. The Group might also enter into side agreements that may affect the terms of the main contracts.

There are risks with respect to amount and timing of the recognition of revenue, provision for the delay penalties, and provisions from long-term contracts, therefore I focused on the revenue recognition under long-term contract.

I assessed and tested the internal controls put in place by the Group over the process of entering into contracts, estimates of project costs and revisions thereto, recognition of revenue and estimation of percentage of completion and possible losses under long-term contracts by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.

I also selected long-term contracts made with major customers and randomly selected to read the contracts to consider the conditions relating to revenue recognition and made enquiries as to whether any side contracts were made directly with customers. I inquired with the management about the terms of and risks associated with these contracts relevant to revenue recognition and estimates of the delay penalties and possible loss. In addition, I made enquiries of responsible executives, gained an understanding of the Group's process to assess the percentage of completion and cost estimates for projects, compared estimates of project costs to the project budgets approved by authorised person. On a sampling basis, I examined relevant documents, considered the rationale for budget revisions, compared past estimates with actual project costs to assess the project management's competency in estimating project costs, and compared actual costs with supporting documents including testing the calculation of the percentage of completion based on actual costs incurred. I evaluated the possible losses on projects assessed by the management through an analysis of the ratio of actual cost incurred against cost estimates for projects for each significant cost component. I also examined the accounting transactions related to revenue recognition that were recorded through journal vouchers, in order to detect any irregularities. Moreover, I reviewed the disclosures made in the notes to the financial statements with respect to the basis of revenue recognition and the estimation of possible losses.

Goodwill

I have focused my audit on the consideration of the impairment of goodwill as discussed in Notes 17 to the financial statements, because the assessment of impairment of goodwill is a significant accounting estimate requiring management to exercise a high degree of judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate. There are thus risks with respect to the amount of goodwill.

I assessed the identification of cash generating units and the financial models selected by management by gaining an understanding of management's decision-making process and assessing whether the decisions made were consistent with how assets are utilised. In addition, I tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgement in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the moving average finance costs of the Group and of the industry, tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rates. Moreover, I reviewed the disclosures made with respect to the impairment assessment for goodwill.

Allowance for doubtful accounts

As at 31 December 2018, the Group had significant balances of trade accounts receivable (accounting for 16% and 4% of total assets in consolidated financial statements and separate financial statements, respectively). Determining the net realisable value of trade accounts receivable, as disclosed in Note 4.3, 5.2 and 9 to the financial statements, required significant judgement of management, particularly with regard to the estimated losses that may be incurred from uncollectible debts when debtors are unable to pay, and the timing of such recognition. These impact the amounts of allowance for doubtful accounts to be set aside. I therefore gave significant attention to allowance for doubtful accounts.

I assessed and gained an understanding of the internal controls of the Group relevant to the determination of allowance for doubtful accounts by making enquiry of the responsible executives, gaining an understanding of the basis applied in determining the allowance for doubtful accounts and reviewing the consistency of the application. I also reviewed the debtor aging analysis report, tested the correctness of aging therein and, for long outstanding debts, considered the credit terms given and assessed collectability by taking into account historical debt collection experience. Moreover, I analysed financial information of debtor to assess the financial status of major and long outstanding trade accounts receivable, considered subsequent collections after the period-end date, tested the calculation of the allowance for doubtful accounts according to the policy set by the management, and enquired about the rationale for the recording of specific allowances. I also considered the reasonableness and adequacy of the allowance for doubtful accounts.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Sarinda Hirunprasurtwutti

Certified Public Accountant (Thailand) No. 4799

EY Office Limited

Bangkok: 25 February 2019

Statement of financial position

Samart Telcoms Public Company Limited and its subsidiaries

As at 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	As at 31 December 2018	As at 31 December 2017	As at 31 December 2018	As at 31 December 2017
Assets					
Current assets					
Cash and cash equivalents	7	324,279,712	590,788,179	35,473,456	111,430,480
Short-term investments in trading securities	8	34,076,808	23,211,334	34,076,808	23,211,334
Trade and other receivables	6, 9	1,634,674,396	1,745,966,133	895,713,164	670,767,934
Accrued income	6	2,626,174,737	1,789,836,152	553,519,728	218,079,872
Current portion of finance lease receivables	10	35,589,489	37,535,772	-	-
Short-term loans to related parties	6	-	-	960,200,000	970,100,000
Inventories	11	152,049,515	330,114,536	66,109,519	121,683,021
Withholding tax deducted at source	12	271,466,792	346,685,922	29,584,582	25,644,417
Other current assets	6, 13	352,470,271	364,178,188	64,893,889	53,264,877
Total current assets		5,430,781,720	5,228,316,216	2,639,571,146	2,194,181,935
Non-current assets					
Investments in subsidiaries	14	-	-	1,780,511,068	2,050,510,978
Finance lease receivable - net of current portion	10	204,871,939	240,461,428	-	-
Property, plant and equipment	15	2,154,430,598	2,811,436,095	74,194,024	107,659,855
Intangible assets	16	717,930,103	648,389,682	32,643,061	48,968,155
Goodwill	17	108,095,942	108,095,942	-	-
Deferred tax assets	33	138,591,767	116,734,033	58,932,281	44,440,968
Other non-current asset	6	189,495,358	130,140,361	125,659,328	51,851,284
Total non-current assets		3,513,415,707	4,055,257,541	2,071,939,762	2,303,431,240
Total assets		8,944,197,427	9,283,573,757	4,711,510,908	4,497,613,175

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

Statement of financial position (continued)

Samart Telcoms Public Company Limited and its subsidiaries

As at 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	As at 31 December 2018	As at 31 December 2017	As at 31 December 2018	As at 31 December 2017
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from banks	18	2,215,635,886	2,395,024,500	479,211,844	290,000,000
Trade and other payables	6, 19	867,039,123	659,287,404	155,949,569	257,168,907
Current portion of long-term loan from financial institution	20	-	414,446,778	-	-
Current portion of liabilities under finance lease agreements	21	2,931,841	2,807,103	1,043,063	997,677
Current portion of debentures	22	750,000,000	1,265,000,000	750,000,000	1,265,000,000
Short-term loans from related parties	6	-	-	212,000,000	215,000,000
Unearned revenue		44,350,032	12,749,166	1,390,000	2,884,924
Income tax payable		24,746	27,924	-	-
Accrued project cost	6	1,079,942,224	547,921,256	716,093,592	256,824,837
Short-term provision	23	48,778,249	82,182,862	173,409	19,870,813
Other current liabilities	24	90,427,902	120,993,201	13,050,582	24,878,284
Total current liabilities		5,099,130,003	5,500,440,194	2,328,912,059	2,332,625,442
Non-current liabilities					
Long-term loans from financial institution - net of current portion	20	-	80,233,057	-	-
Liabilities under finance lease agreements - net of current portion	21	14,409,509	17,341,350	4,831,519	5,874,582
Long-term provision	23	41,936,713	49,319,066	19,919,980	28,679,070
Provision for long-term employee benefits	25	102,258,756	93,270,325	27,408,496	25,775,370
Deferred tax liabilities	33	-	756,571	-	-
Other non-current liabilities		8,329,403	9,503,903	-	-
Total non-current liabilities		166,934,381	250,424,272	52,159,995	60,329,022
Total liabilities		5,266,064,384	5,750,864,466	2,381,072,054	2,392,954,464

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

Statement of financial position (continued)

Samart Telcoms Public Company Limited and its subsidiaries

As at 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	As at 31 December 2018	As at 31 December 2017	As at 31 December 2018	As at 31 December 2017
Liabilities and shareholders' equity (continued)					
Shareholders' equity					
Share capital					
Registered					
738,000,000 ordinary shares of Baht 1 each		738,000,000	738,000,000	738,000,000	738,000,000
Issued and fully paid up					
618,000,000 ordinary shares of Baht 1 each		618,000,000	618,000,000	618,000,000	618,000,000
Share premium		1,238,860,501	1,238,860,501	1,238,860,501	1,238,860,501
Deficit on changes in percentage of					
shareholding in subsidiary		(737,577,642)	(737,577,642)	-	-
Retained earnings					
Appropriated - statutory reserve	27	73,800,000	73,800,000	73,800,000	73,800,000
Unappropriated		2,483,211,375	2,334,660,111	372,227,170	146,447,027
Other components of shareholders' equity	26	27,551,183	27,551,183	27,551,183	27,551,183
Equity attributable to owners of the Company		3,703,845,417	3,555,294,153	2,330,438,854	2,104,658,711
Non-controlling interests of the subsidiaries		(25,712,374)	(22,584,862)	-	-
Total shareholders' equity		3,678,133,043	3,532,709,291	2,330,438,854	2,104,658,711
Total liabilities and shareholders' equity		8,944,197,427	9,283,573,757	4,711,510,908	4,497,613,175

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

Income statement

Samart Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Revenues					
Revenues from sales		379,211,825	660,638,919	238,367,275	205,985,686
Revenues from contract work	28	3,988,378,144	2,763,738,911	903,189,224	312,737,957
Service income	29	3,311,711,565	3,524,509,328	400,790,343	796,125,631
Other income	30	31,820,495	33,077,964	621,702,986	274,499,197
Total revenues		7,711,122,029	6,981,965,122	2,164,049,828	1,589,348,471
Expenses	31				
Cost of sales		311,318,271	554,774,352	248,242,527	215,233,145
Cost of contract work	28	3,626,056,976	2,477,655,239	842,671,891	294,510,998
Cost of services		2,626,935,005	2,964,729,023	357,363,230	669,469,445
Selling and distribution expenses		213,864,411	187,074,347	61,198,016	67,625,182
Administrative expenses		397,293,060	439,680,907	173,344,260	151,778,786
Other expenses		55,471,197	9,669,320	17,396,213	9,790,700
Total expenses		7,230,938,920	6,633,583,188	1,700,216,137	1,408,408,256
Profit before finance cost and income tax income (expenses)		480,183,109	348,381,934	463,833,691	180,940,215
Finance cost	32	(107,623,615)	(149,094,027)	(48,648,149)	(52,459,200)
Profit before income tax income (expenses)		372,559,494	199,287,907	415,185,542	128,481,015
Income tax income (expenses)	33	(24,298,171)	14,235,300	14,499,667	(2,488,162)
Profit for the year		348,261,323	213,523,207	429,685,209	125,992,853
Profit attributable to:					
Equity holders of the Company		351,390,613	220,483,209	429,685,209	125,992,853
Non-controlling interests of the subsidiaries		(3,129,290)	(6,960,002)		
		348,261,323	213,523,207		
Basic earnings per share					
Profit attributable to equity holders of the Company	35	0.57	0.36	0.70	0.20
Weighted average number of ordinary shares (shares)		618,000,000	618,000,000	618,000,000	618,000,000

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

Statement of comprehensive income

Samart Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Profit for the year		348,261,323	213,523,207	429,685,209	125,992,853
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Actuarial gain on defined benefit plan	25	1,167,193	2,316,248	41,770	277,249
Income tax effect	33	(61,838)	(609,030)	(8,354)	(55,450)
		1,105,355	1,707,218	33,416	221,799
Reversal of revaluation surplus on land from sale	26	-	(6,899,010)	-	(6,899,010)
Income tax effect	33	-	1,379,802	-	1,379,802
		-	(5,519,208)	-	(5,519,208)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		1,105,355	(3,811,990)	33,416	(5,297,409)
Other comprehensive income for the year, net of tax		1,105,355	(3,811,990)	33,416	(5,297,409)
Total comprehensive income for the year		349,366,678	209,711,217	429,718,625	120,695,444
Total comprehensive income attributable to:					
Equity holders of the Company		352,489,746	216,654,793	429,718,625	120,695,444
Non-controlling interests of the subsidiaries		(3,123,068)	(6,943,576)		
		349,366,678	209,711,217		

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

Statement of changes in shareholders' equity

Samart Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(Unit: Baht)

Consolidated financial statements												
	Equity attributable to owners of the Company											
	Issued and paid-up share capital	Share premium	Deficit on changes in percentage of shareholding in subsidiary	Retained earnings		Other components of shareholders' equity			Total equity attributable to owners of the Company	Non-controlling interests of the subsidiaries	Total shareholders' equity	
						Appropriated - statutory reserve	Unappropriated	Other comprehensive income (loss)				Total other components of shareholders' equity
Balance as at 31 December 2016	618,000,000	1,238,860,501	(737,577,642)	73,800,000	2,266,984,960	33,070,391	3,493,138,210	(17,096,397)	3,476,041,813			
Profit for the year	-	-	-	-	220,483,209	-	220,483,209	(6,960,002)	213,523,207			
Other comprehensive income for the year	-	-	-	-	1,690,792	(5,519,208)	(3,828,416)	16,426	(3,811,990)			
Total comprehensive income for the year	-	-	-	-	222,174,001	(5,519,208)	216,654,793	(6,943,576)	209,711,217			
Dividend paid (Note 38)	-	-	-	-	(154,498,850)	-	(154,498,850)	-	(154,498,850)			
Increase in non-controlling interest of the subsidiaries from purchase of investments in subsidiary	-	-	-	-	-	-	-	1,031,391	1,031,391			
Change in shareholding percentage in subsidiary	-	-	-	-	-	-	-	427,910	427,910			
Decrease in non-controlling interest of the subsidiaries from dividend payment	-	-	-	-	-	-	-	(4,190)	(4,190)			
Balance as at 31 December 2017	618,000,000	1,238,860,501	(737,577,642)	73,800,000	2,334,660,111	27,551,183	3,555,294,153	(22,584,862)	3,532,709,291			
Balance as at 31 December 2017	618,000,000	1,238,860,501	(737,577,642)	73,800,000	2,334,660,111	27,551,183	3,555,294,153	(22,584,862)	3,532,709,291			
Profit for the year	-	-	-	-	351,390,613	-	351,390,613	(3,129,290)	348,261,323			
Other comprehensive income for the year	-	-	-	-	1,099,133	-	1,099,133	6,222	1,105,355			
Total comprehensive income for the year	-	-	-	-	352,489,746	-	352,489,746	(3,123,068)	349,366,678			
Dividend paid (Note 38)	-	-	-	-	(203,938,482)	-	(203,938,482)	-	(203,938,482)			
Decrease in non-controlling interest of the subsidiaries from dividend payment	-	-	-	-	-	-	-	(4,444)	(4,444)			
Balance as at 31 December 2018	618,000,000	1,238,860,501	(737,577,642)	73,800,000	2,483,211,375	27,551,183	3,703,845,417	(25,712,374)	3,678,133,043			

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

Statement of changes in shareholders' equity (continued)

Smart Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(Unit: Baht)

	Separate financial statements						
	Issued and paid-up share capital	Share premium	Retained earnings		Other comprehensive income of shareholders' equity	Total shareholders' equity	
			Appropriated - statutory reserve	Unappropriated			
Balance as at 31 December 2016	618,000,000	1,238,860,501	73,800,000	174,731,225	33,070,391	2,138,462,117	
Profit for the year	-	-	-	125,992,853	-	125,992,853	
Other comprehensive income for the year	-	-	-	221,799	(5,519,208)	(5,297,409)	
Total comprehensive income for the year	-	-	-	126,214,652	(5,519,208)	120,695,444	
Dividend paid (Note 38)	-	-	-	(154,498,850)	-	(154,498,850)	
Balance as at 31 December 2017	618,000,000	1,238,860,501	73,800,000	146,447,027	27,551,183	2,104,658,711	
Balance as at 31 December 2017	618,000,000	1,238,860,501	73,800,000	146,447,027	27,551,183	2,104,658,711	
Profit for the year	-	-	-	429,685,209	-	429,685,209	
Other comprehensive income for the year	-	-	-	33,416	-	33,416	
Total comprehensive income for the year	-	-	-	429,718,625	-	429,718,625	
Dividend paid (Note 38)	-	-	-	(203,938,482)	-	(203,938,482)	
Balance as at 31 December 2018	618,000,000	1,238,860,501	73,800,000	372,227,170	27,551,183	2,330,438,854	

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

Cash flows statement

Samart Telcoms Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Cash flows from operating activities					
Profit before tax		372,559,494	199,287,907	415,185,542	128,481,015
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:					
Unrealised (gains) losses on exchange		(61,859)	(437,194)	13,076	(87,553)
Gains on sale of investment in trading securities	8	-	(632,416)	-	(632,416)
Losses on change in value of investment in trading securities	8	6,406,766	9,669,320	6,406,766	9,669,320
Losses on the right assignment of receivable	9	-	3,400,000	-	-
Bad debts and doubtful debts (reversal)		18,971,121	(1,919,571)	(65,898)	(4,823)
Reduce cost of inventory to net realisable value	11	50,182,116	30,689,780	32,097,587	32,222,995
Loss on changes in shareholding percentage from associate to subsidiary	14.6	-	611,300	-	-
Gain from negative goodwill	14.6	-	(378,669)	-	-
Gain from disposals of investment in subsidiary company	14.4	(17,968)	-	(3,560,331)	-
Transfer assets to cost of contract work	15	284,295	-	-	-
Gains on compensation receipt from insurance		-	(214,147)	-	-
(Gains) losses on disposals of equipments		7,044,894	(9,511,212)	(1,031)	(9,444,000)
Loss from write-off of equipments		-	9,420	-	9,420
Allowance for impairment loss on assets		22,985,471	-	10,989,447	-
Depreciation and amortisation	15, 16	1,177,964,406	1,345,877,771	55,129,170	81,749,600
Write-off withholding tax deducted at source		-	163,846	-	-
Allowance for diminution in value of withholding deducted at sources	12	3,025	-	-	-
Amortisation of deferred interest expense under finance lease agreements	32	574,365	429,856	218,163	125,173
Amortisation of unearned interest income under finance lease agreements	30	(17,957,744)	(4,832,440)	-	-
Provision for warranties (reversal)		(40,786,966)	23,837,522	(28,456,494)	(31,645,815)
Provision for long-term employee benefits	25	11,905,624	9,098,129	3,424,896	2,118,056
Dividend received		(135,000)	(100,000)	(500,755,556)	(130,595,810)
Interest income	30	(1,457,126)	(3,938,498)	(33,428,618)	(31,939,194)
Interest expense	32	102,070,086	144,250,735	44,657,483	49,594,232
Profit before changes in operating assets and liabilities		1,710,535,000	1,745,361,439	1,854,202	99,620,200

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 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Cash flows from operating activities (continued)					
Decrease (increase) in operating assets:					
Trade and other receivables		92,278,979	(99,417,375)	206,378,048	2,817,523
Accrued income		(836,338,585)	327,361,883	(335,439,856)	11,180,059
Inventories		113,847,491	(459,281,587)	18,452,098	(5,045,966)
Other current assets		11,707,208	(32,963,192)	(11,629,012)	(10,859,652)
Other non-current assets		(70,344,444)	(49,170,684)	(84,797,491)	(38,256,514)
Increase (decrease) in operating liabilities:					
Trade and other payables		213,341,761	(332,852,348)	(96,240,081)	126,493,181
Unearned revenue		31,600,866	(24,024,270)	(1,494,924)	1,494,924
Accrued project cost		532,020,968	(22,379,984)	459,268,755	20,731,805
Other current liabilities		(30,565,299)	19,703,639	(11,827,702)	(5,313,019)
Other non - current liabilities		(1,174,500)	(73,600)	-	-
Cash from operating activities		1,766,909,445	1,072,263,921	144,524,037	202,862,541
Employee benefits paid during the year	25	(1,750,000)	(954,600)	(1,750,000)	-
Proceeds from sales of short-term investment in trading securities	8	-	2,964,291	-	2,964,291
Cash paid for purchase of short-term investment in trading securities	8	(17,272,240)	-	(17,272,240)	-
Dividend income from short-term investment in trading securities		135,000	100,000	135,000	100,000
Cash paid for interest expenses		(107,556,631)	(142,888,199)	(49,608,178)	(48,757,771)
Cash paid for income tax		(150,054,159)	(136,895,683)	(18,329,917)	(18,958,503)
Cash received from the right assignment of receivable		-	14,552,000	-	-
Cash received from refund withholding tax deducted at source	9				
	12	178,292,772	81,749,661	14,389,752	10,792,844
Net cash from operating activities		1,668,704,187	890,891,391	72,088,454	149,003,402

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 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Cash flows from investing activities					
Cash received from settlement of short-term loan to related parties	6	-	-	429,000,000	375,000,000
Cash paid to provide short-term loans to related parties	6	-	-	(419,100,000)	(329,100,000)
Cash received from finance lease receivable agreement		55,493,516	8,537,464	-	-
Net cash inflow from purchase of investment in subsidiary	14.6	-	4,731,367	-	-
Net cash in flow from liquidation of investment in subsidiary	14.4	17,968	-	3,560,331	-
Dividend received from subsidiaries		-	-	346,118,573	85,497,860
Purchase of equipment and intangible assets	15, 16	(598,267,744)	(320,492,977)	(314,434)	(48,366,301)
Proceeds from sales of equipments		2,478,517	19,097,521	1,037	19,003,150
Cash received from insurance claims for equipment		-	225,702	-	-
Cash received from interest received		1,457,932	3,939,130	26,631,493	15,230,211
Net cash from (used in) investing activities		(538,819,811)	(283,961,793)	385,897,000	117,264,920
Cash flows from financing activities					
Increase (decrease) in bank overdrafts		(137)	6,391	-	-
Proceeds from short-term loans from banks		5,178,800,000	4,329,121,912	3,318,500,000	1,775,000,000
Cash paid to settle short-term loans from banks		(5,288,302,008)	(3,980,876,162)	(3,152,218,056)	(1,585,000,000)
Decrease in bill of exchange payable		-	(220,000,000)	-	(220,000,000)
Increase (decrease) in trust receipts		(69,886,469)	1,412,166	22,929,900	-
Cash received from short-term loans from related parties	6	-	-	15,000,000	20,000,000
Repayment of short-term loans from related parties	6	-	-	(18,000,000)	(120,000,000)
Cash					
Repayment of long-term loans from financial institutions	20	(494,679,835)	(538,130,035)	-	-
Cash received from debentures	22	1,460,000,000	1,210,000,000	1,460,000,000	1,210,000,000
Cash paid for debenture redemption	22	(1,975,000,000)	(1,310,000,000)	(1,975,000,000)	(1,310,000,000)
Payment of liabilities under finance lease agreements		(3,381,468)	(7,273,228)	(1,215,840)	(562,640)
Dividend paid	38	(203,938,482)	(154,498,850)	(203,938,482)	(154,498,850)
Decrease in non-controlling interests of the subsidiaries					
from dividend payment		(4,444)	(4,190)	-	-
Net cash used in financing activities		(1,396,392,843)	(637,341,996)	(533,942,478)	(385,061,490)
Net decrease in cash and cash equivalents		(266,508,467)	(30,412,398)	(75,957,024)	(118,793,168)
Cash and cash equivalents at beginning of year		590,788,179	621,200,577	111,430,480	230,223,648
Cash and cash equivalents at end of year		324,279,712	590,788,179	35,473,456	111,430,480

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 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Supplemental cash flows information					
Non-cash items:					
Dividend receivable from subsidiary	14.1	-	-	199,499,933	44,997,950
Asset acquired under financial lease agreement		-	18,946,600	-	5,050,900
Other receivables from capital reduction in subsidiary	14.7	-	-	269,999,910	-
Transfer from inventory to equipment	15	14,035,414	110,997,650	5,023,817	28,938,754

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 2018

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 11 October 2016, 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”).

Subsidiaries directly held by the Company

Company's name	Nature of business	Country of incorporation	Percentage of direct shareholding	
			2018 Percent	2017 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 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 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
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
Samart Broadband Services Co., Ltd.	Ceased its operation since 2008	Thailand	100	100

Indirect subsidiaries held by the Company's subsidiaries

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
Subsidiary held by Samart Broadband Services Co., Ltd.	IT Absolute Co., Ltd. Distribution of information system and communications equipment	Thailand	2018	2017
			Percent	Percent
			100	100
Subsidiaries held by Samart Comtech Co., Ltd.				
Net Service (Thailand) Co., Ltd.	Development of information technology system for government agencies and private companies	Thailand	60	60
Secure Info Co., Ltd.	Engage in cyber security services	Thailand	100	100
Subsidiary held by Samart Communication Services Co., Ltd.				
SLA Asia Co., Ltd.	Operate on installation of telecommunication network project	Thailand	90	90

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) The Company is deemed to have control over an investee or subsidiaries 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.
- c) 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.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- 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 in shareholders' equity under "Deficit on changes in percentage of shareholding in subsidiary".

2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

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

During the current year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

During the current year, the Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

4. Significant accounting policies

4.1 Revenue recognition

Revenue from contract work

Revenues from long-term construction contracts, excluding value added tax, are recognised by reference to the stage of completion. Stage of completion is measured by reference to the proportion that costs incurred to date bear to the estimated total cost of the contracts. Provision for the total anticipated loss on the projects will be made in the accounts as soon as the possibility of loss is ascertained.

Rendering of services

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

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.

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.

Transponder rental income

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

Revenue from sales under finance lease agreements

Finance lease receivables have been recorded based on the contractual value. The difference between the contractual value and the value equivalent to the cash price of the asset is recognised as unearned interest income. Interest income on finance leases is recognised over the term of the lease using the effective interest rate.

Interest income

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

Dividends

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

4.2 Cash and cash equivalents

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

4.3 Trade 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.

4.4 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.

4.5 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) Investments in subsidiaries are accounted for in separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. If the last bid price of the last working day of the year as quoted on the Stock Exchange of Thailand is not available, the basis used by the Company to determine the fair value of trading 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.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

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

4.6 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.

4.7 Intangible assets

Intangible assets are initially recognised at their cost and following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

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

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

4.8 Business combinations and goodwill

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 costs are accounted for as expenses in the periods in which the costs are incurred and the services are received.

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 the profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or 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 and its subsidiaries' cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company and its subsidiaries estimate the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

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

4.10 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.

4.11 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.

4.12 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.

4.13 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 defined benefit plans benefits are recognised immediately in other comprehensive income.

Provision for vacation

The Company and its subsidiaries have set up a provision for vacation which is calculated in accordance with the Group's policy and formula, taking into consideration the employee's salary, the number of years of service and the unused vacation day. This provision has been adjusted annually.

4.14 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.

4.15 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements 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 judgements and estimates are as follows:

5.1 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.

5.2 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.

5.3 Reduction cost to net realisable value of inventories

Determining the reduction cost to net realisable value of inventories requires management to exercise judgement in term of estimating losses on outstanding inventories, based on the selling price expected in the ordinary course of business less the estimated costs to completion or estimated additional expenses to be incurred in preparing the inventory for sale, and reduction cost of inventories for obsolete, slow-moving and deteriorated inventories, and taking into account the approximate useful life of each type of inventory and current changes in technology.

5.4 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 as described in Note 15.

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.

5.5 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.

5.6 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.

5.7 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.

5.8 Litigation and delay penalty

The subsidiaries have contingent liabilities as a result of litigation and delay penalty. The subsidiaries' management have used judgement to assess the results of the litigation and delay penalty, and believe that the provision made would be sufficient. However, actual results could differ from the estimates.

6. 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.
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	
	2018	2017	2018	2017
<u>Transactions with parent company</u>				
Sales and service income	27	21	-	-
Purchase of merchandise and service	6	6	-	-
Rental expenses	5	5	1	1
Other expenses	20	17	4	4
IT Service fee expense	62	62	9	9
Management fee expense	28	24	28	24
Dividend paid	143	108	143	108
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Sales and service income	-	-	8	12
Purchase of merchandise and service	-	-	281	579
Purchase of assets	-	-	2	48
Rental income	-	-	2	2
Management fee income	-	-	61	79
Guarantee fee income	-	-	6	10
Other income	-	-	6	6
Interest income	-	-	33	29
Other expenses	-	-	-	1
Interest expenses	-	-	3	6
Dividend income (Note 14.1)	-	-	501	130
<u>Transactions with related companies</u>				
Sales and service income	406	281	1	1
Purchase of merchandise and service	163	53	50	17
Purchase of assets	17	4	-	-
Rental expenses	9	7	2	2
Other expenses	24	19	6	7
Interest income	18	5	-	-
Dividend paid	2	2	2	2

As at 31 December 2018 and 2017, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<u>Trade accounts receivable - related parties (Note 9)</u>				
Parent company	3,106	4,095	-	-
Subsidiaries	-	-	4,381	33,535
Related companies (related by shareholders or directors)	264,282	2,801	54	50
Total trade accounts receivable - related parties	267,388	6,896	4,435	33,585
<u>Amount due from - related parties (Note 9)</u>				
Subsidiaries	-	-	691,784	312,905
Related companies (related by shareholders or directors)	2	17	-	-
Total amount due from - related parties	2	17	691,784	312,905
<u>Accrued income - related parties</u>				
Parent company	-	-	-	-
Related companies (related by shareholders or directors)	13,717	370	-	-
Total accrued income - related parties	13,717	370	-	-
<u>Prepaid expenses - related parties</u>				
Related companies (related by shareholders or directors)	274	5,000	32,991	7,398
Total prepaid expenses - related parties	274	5,000	32,991	7,398
<u>Trade accounts payable - related parties (Note 19)</u>				
Parent company	407	398	-	-
Subsidiaries	-	-	101,577	158,912
Related companies (related by shareholders or directors)	12,259	24,519	8,179	19,140
Total trade accounts payable - related parties	12,666	24,917	109,756	178,052
<u>Other payables - related parties (Note 19)</u>				
Parent company	10,379	9,845	4,419	3,889
Subsidiaries	-	-	244	265
Related companies (related by shareholders or directors)	4,448	7,268	290	1,167
Total other payables - related parties	14,827	17,113	4,953	5,321
<u>Accrued project cost - related parties</u>				
Parent company	293	290	-	-
Subsidiaries	-	-	63,751	100,929
Related companies (related by shareholders or directors)	27,180	597	-	-
Total accrued project cost - related parties	27,473	887	63,751	100,929

Short-term loans to related parties and short-term loans from related parties

As at 31 December 2018 and 2017, 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)

	Separate financial statements			
	Balance as at 31 December 2017	During the year		Balance as at 31 December 2018
		Increase	Decrease	
Short-term loans to related parties				
<u>Subsidiaries</u>				
Portalnet Co., Ltd.	282,000	-	(282,000)	-
Samart Comtech Co., Ltd.	679,000	329,000	(68,000)	940,000
Posnet Co., Ltd.	9,000	30,000	(29,000)	10,000
Samart Communication Services Co., Ltd.	-	60,000	(50,000)	10,000
Samart Broadband Services Co., Ltd.	100	100	-	200
Total short-term loans to related parties	970,100	419,100	(429,000)	960,200
Short-term loans from related parties				
<u>Subsidiaries</u>				
IT Absolute Co., Ltd.	91,000	5,000	-	96,000
Samart Infonet Co., Ltd.	74,000	10,000	-	84,000
Thai Trade Net Co., Ltd.	32,000	-	-	32,000
Samart eD Tech Co., Ltd.	18,000	-	(18,000)	-
Total short-term loans from related parties	215,000	15,000	(18,000)	212,000

Directors and management's benefits

During the year ended 31 December 2018 and 2017, 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	
	2018	2017	2018	2017
Short-term employee benefits	31	30	20	19
Post-employment benefits	1	1	1	-
Total	32	31	21	19

Significant agreements with related parties

Long-term rental and service agreements

- 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. This contract will be expired in April 2020. The Company and its subsidiaries are to pay a monthly rental and service fee approximately Baht 2 million (2017: Baht 2 million) (Separate financial statements: Baht 0.5 million (2017: Baht 0.5 million)).
- The Company and its subsidiaries entered into office space rental and facility service agreements with Vilailuck International Holding Co., Ltd., a related company, for their operation. This contract will be expired in April 2020. The Company and its subsidiaries have to pay a monthly rental and service fee of approximately Baht 3 million (2017: Baht 3 million) (Separate financial statements: Baht 0.4 million (2017: Baht 0.4 million)).

Service agreements

- c) The Company entered into a one-year management contracts with Samart Corporation Public Co., Ltd., the parent company, This contract will be expired in April 2019. whereby the Company is obligated to comply with performance conditions and pay a monthly service fee totaling approximately Baht 2.5 million (2017: Baht 2 million).
- d) The Company and six subsidiary companies (Samart Communication Services Co., Ltd., Samart Comtech Co., Ltd., Posnet Co., Ltd., Thai Trade Net Co., Ltd., Samart Infonet Co., Ltd. and Portalnet Co., Ltd.) entered into information technology management agreements with Samart Corporation Public Co., Ltd., the parent company which will be expired in April 2019. The Company and its subsidiaries have to pay a monthly service fees totaling approximately Baht 5 million (2017: Baht 5 million) (Separate financial statements: Baht 1 million (2017: Baht 1 million)).

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 39.5 to the financial statements.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash	1,651	2,238	73	54
Bank deposits	322,629	588,550	35,400	111,376
Total	324,280	590,788	35,473	111,430

As at 31 December 2018, bank deposits in saving accounts and fixed deposits carried interests between 0.10 and 1.00 percent per annum (2017: between 0.10 and 1.00 percent per annum).

8. Short-term investments in trading securities

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements			
	2018		2017	
	Cost	Fair value	Cost	Fair value
Common stock and warrant	113,407	34,077	97,724	23,211
Add: Change in value	(79,330)		(74,513)	
Total short-term investment in trading securities	34,077		23,211	

Movements in the short-term investments in trading securities account during the years ended 31 December 2018 and 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements / Separate financial statements	
	2018	2017
Balance at beginning of year	23,211	35,213
Purchases during the year		
Cash paid for short-term investment in trading securities - at cost	17,272	-
Fair value of converted warrants classified as trading securities at conversion date	366	-
Total	17,638	
Disposal during year		
Cash received from disposal of short-term investment	-	(2,965)
Gain from disposal of short-term investment	-	632
Total	-	(2,333)
Decrease in warrants due to conversion to trading securities - at fair value:		
At cost	(1,955)	-
Loss on change in value until conversion date	1,589	-
Total	(366)	-
Loss on change in value	(6,406)	(9,669)
Balance at end of year	34,077	23,211

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<u>Trade accounts receivable - related parties (Note 6)</u>				
Aged on the basis of due dates				
Not yet due	4,506	3,563	444	4,057
Past due				
Up to 3 months	259,118	2,389	-	-
3 - 6 months	2,336	166	-	-
6 - 12 months	642	327	3,991	-
Over 12 months	786	451	-	29,528
Total trade accounts receivable - related parties	267,388	6,896	4,435	33,585
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	323,963	869,809	24,740	257,754
Past due				
Up to 3 months	411,645	197,374	141,226	16,816
3 - 6 months	40,670	16,378	-	2,141
6 - 12 months	29,282	3,574	27,342	-
Over 12 months	428,105	487,785	11,024	53,342
Total	1,233,665	1,574,920	204,332	330,053
Less: Allowance for doubtful debts	(29,643)	(12,041)	(6,394)	(7,601)
Total trade accounts receivable - unrelated parties, net	1,204,022	1,562,879	197,938	322,452
Total trade accounts receivable - net	1,471,410	1,569,775	202,373	356,037
<u>Other receivables</u>				
Advances	35,044	48,653	1,556	1,796
Securities business receivables	1,022,626	1,022,626	-	-
Other receivables - related parties (Note 6)	2	17	691,784	312,905
Other receivables - unrelated parties	162,092	161,395	-	30
Total	1,219,764	1,232,691	693,340	314,731
Less: Allowance for doubtful debts	(1,056,500)	(1,056,500)	-	-
Total other receivables - net	163,264	176,191	693,340	314,731
Total trade and other receivables - net	1,634,674	1,745,966	895,713	670,768

- a) The Company and its subsidiaries have transferred their collection rights from projects to banks as collateral of loans from banks and bank guarantee. As at 31 December 2018, the balance of the above accounts receivable included the receivables that were transferred their collection rights to banks totaling approximately Baht 725 million (2017: Baht 835 million) (Separate financial statements: Baht 20 million (2017: Baht 135 million)).
- b) As at 31 December 2018, trade accounts receivable of the Company included amounts of Baht 3 million (2017: 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 2018, IT Absolute Co., Ltd., a subsidiary company (formerly operate securities business) had securities business receivables which were under legal proceedings, undergoing restructuring or being settled in installments, to Baht 1,023 million (2017: 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 had 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 were under absolute receivership by the Central Bankruptcy Court and these were 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, stated that if the company received 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) In September 2017, Smarterware Co., Ltd., a subsidiary company, assigned the right to collection unpaid invoices (presented in trade accounts receivable - unrelated parties) to a private company without recourse. According to collection the right assignment agreement, the subsidiary company will receive money of approximately Baht 14.6 million (or equal to 80 percent of the goods and services amount of the invoices). The subsidiary company already derecognised such accounts receivables from the consolidated financial statements and recognised losses from the right assignment of Baht 3.4 million in the income statements. Subsequently, in October 2017, the subsidiary company received money from such right assignment in full.
- e) Other than those mentioned in a) - d), as at 31 December 2018, 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 398 million (2017: Baht 476 million) and separate financial statements totaling Baht 5 million (2017: Baht 46 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.

10. Finance lease receivables

(Unit: Thousand Baht)

	Consolidated financial statements	
	2018	2017
Finance lease receivables (contractual value)	330,222	330,222
Less: Receipts	(64,032)	(8,538)
Finance lease receivables	266,190	321,684
Less: Unearned interest income	(25,729)	(43,687)
Finance lease receivables - net of unearned interest income	240,461	277,997
Less: Current portion of finance lease receivables	(35,589)	(37,536)
Finance lease receivables - net of current portion	204,872	240,461

Samart Comtech Co., Ltd., a subsidiary company as “Lessor”, has entered into a hire purchase agreement to lease Outside Broadcasting Van equipped with media production system and television broadcast to Siam Sport Television Co., Ltd., a related company as “Lessee”. The agreement has contractual value of Baht 336 million, carries interest at 7.50 percent per annum (2017: 7.50 percent per annum) and is valid for a period of 3 years expiring within 2020 and payable on a monthly basis.

The finance lease is guaranteed by I-Sport Co., Ltd., another related company.

11. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Finished goods	117,160	207,694	(68,376)	(35,027)	48,784	172,667
Work in process	143,542	181,890	(42,598)	(26,050)	100,944	155,840
Supplies	2,328	1,608	(285)	-	2,043	1,608
Goods in transit	279	-	-	-	279	-
Total	263,309	391,192	(111,259)	(61,077)	152,050	330,115

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Finished goods	75,428	106,669	(62,956)	(32,191)	12,472	74,478
Work in process	69,569	62,082	(17,532)	(16,200)	52,037	45,882
Supplies	1,323	1,323	-	-	1,323	1,323
Goods in transit	278	-	-	-	278	-
Total	146,598	170,074	(80,488)	(48,391)	66,110	121,683

During the current year, the Company and its subsidiaries recorded the reduced cost of inventories by Baht 50.2 million (2017: Baht 30.7 million) (Separate financial statements: Baht 32.1 million (2017: Baht 32.2 million)) to reflect the net realizable value. This was included in cost of sales.

12. Withholding tax deducted at sources

The balance of withholding tax deducted at sources as at 31 December 2018 and 2017, aged on years, are summarised below.

(Unit: Thousand Baht)

Year	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Before 2010	2,437	2,437	-	-
2012	1	1	-	-
2013	7,082	7,082	-	-
2014	61,012	61,012	-	-
2015	1	43,889	-	-
2016	153	134,558	-	14,390
2017	99,262	100,144	11,254	11,254
2018	103,959	-	18,331	-
Total	273,907	349,123	29,585	25,644
Less: Allowance for diminution in value of withholding tax deducted at sources	(2,440)	(2,437)	-	-
Total withholding tax deducted at sources - net	271,467	346,686	29,585	25,644

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 2018, the Company and its subsidiaries received such refund of the withholding tax of 2015 - 2016 approximately Baht 178 million (2017: The Company and its subsidiaries received refund of the withholding tax of 2014 - 2015 approximately Baht 82 million) (Separate financial statements: received refund of the withholding tax of 2016 approximately Baht 14 million (2017: the Company received such refund of the withholding tax of 2015 approximately Baht 11 million).

As at 31 December 2018, the subsidiaries set up allowance for diminution in value of withholding tax deducted at sources totaling approximately Baht 2 million (2017: Baht 2 million). The management of the subsidiaries believe that the allowance for diminution in value of withholding tax deducted at sources is adequate.

13. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Advance to supplier	100,520	121,520	556	600
Prepaid expense	136,340	99,435	54,168	37,902
Retention receivable	63,239	93,196	-	-
Input tax refundable	42,798	35,996	753	-
Undue input tax	7,318	8,677	7,713	9,965
Others	2,255	5,354	1,704	4,798
Total other current assets	352,470	364,178	64,894	53,265

14. Investments in subsidiaries

14.1 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	
	2018	2017	2018	2017	2018	2017	2018	2017
	(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	-	-
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	13.81	100	100	13,812	13,812	-	-
Samart Comtech Co., Ltd.	225	225	100	100	900,700	900,700	226,125	40,500
Smarterware Co., Ltd.	10	10	100	100	9,999	9,999	49,996	49,997
Samart Infonet Co., Ltd.	62	62	100	100	18,000	18,000	-	-
Samart eD Tech Co., Ltd.	5	5	100	100	5,000	5,000	25,000	39,999
Net Media Co., Ltd.	-	10.32	-	100	-	250	-	-
Portalnet Co., Ltd.	2,100	3,370	100	100	208,000	478,000	199,500	-
Total investments in subsidiaries					1,780,511	2,050,761	500,621	130,496
Less: Allowance for impairment of investments					-	(250)		
Total investments in subsidiaries - net					1,780,511	2,050,511		

14.2 Details of investments in subsidiaries that have material non-controlling interests

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Loss allocated to non-controlling interests during the year	
	2018	2017	2018	2017	2018	2017
	(Percent)	(Percent)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
Net Services (Thailand) Co., Ltd. (Subsidiary company of Samart Comtech Co., Ltd.)	40	40	(27)	(24)	(3)	(6)
SLA Asia Co., Ltd. (Subsidiary company of Samart Communication Services Co., Ltd.)	10	10	1	1	(1)	(1)

14.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

Summarised information about financial position

(Unit: Million Baht)

	Net Services (Thailand) Co., Ltd.		SLA Asia Co., Ltd.	
	2018	2017	2018	2017
Current assets	19	7	10	10
Current liabilities	87	69	-	-
Non-current liabilities	2	1	-	-

Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December			
	Net Services (Thailand) Co., Ltd.		SLA Asia Co., Ltd.	
	2018	2017	2018	2017
Revenue	33	15	-	-
Loss	8	16	1	1

Summarised information about cash flow

(Unit: Million Baht)

	For the year ended 31 December			
	Net Services (Thailand) Co., Ltd.		SLA Asia Co., Ltd.	
	2018	2017	2018	2017
Cash flow used in operating activities	(21)	(4)	-	(1)
Cash flow from financing activities	18	7	-	-
Net increase (decrease) in cash and cash equivalents	(3)	3	-	(1)

14.4 Disposal of investments in subsidiary

On 27 February 2018, the meeting of the Company's Board of Directors passed a resolution approving the disposal of investment of 0.10 million ordinary shares of Net Media Co., Ltd., a subsidiary company, to third party at a price of Baht 34.5 per share, or for a total of Baht 3.6 million. The Company signed the shares transfer agreement and received the repayment on 9 March 2018.

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

(Unit: Thousand Baht)

	Separate financial statements
Proceeds from disposal of investment in subsidiary company	3,560
Investments value under cost method at disposal date	250
Less: Allowance for impairment of investments in subsidiary	(250)
Net investments value under cost method at disposal date	-
Gain from disposals of investment in subsidiary company	3,560

(Unit: Thousand Baht)

	Consolidated financial statements
Proceeds from disposal of investment in subsidiary company	3,560
Less: Cash and cash equivalents of subsidiary company at disposal date	(3,542)
Net cash inflows from disposal of investment in subsidiary company	18
Less: Net assets except cash and cash equivalents of subsidiary company at disposal date	-
Gain from disposals of investment in subsidiary company	18

14.5 Established of new company

On 21 February 2017, a meeting of the Company's Board of Directors passed a resolution to approve the establishment a new company name Secure Info Co., Ltd. by Samart Comtech Co., Ltd., a subsidiary company, which engages in cyber security services and has registered share capital of 50,000 ordinary shares of Baht 100 each, totaling Baht 5 million. The shares are 100 percent held by the subsidiary company, and 25 percent of which have been called up. The establishment of the new company was registered with the Ministry of Commerce on 22 June 2017.

As at 28 August 2017, the subsidiary company paid for such share capital of Baht 1.25 million.

14.6 Purchase of investments

On 3 April 2017, a meeting of the Company's Board of Directors passed a resolution to approve the purchase made by Samart Communication Services Co., Ltd., a subsidiary company, of 0.18 million ordinary shares with a par value of Baht 100 per share of SLA Asia Co., Ltd., from an existing shareholder. As a result of the purchase of investment, the interest of the subsidiary company in such company changed from 30 percent to 90 percent.

Subsequently, on 21 April 2017 Samart Communication Services Co., Ltd. purchased that company's shares at the mutually agreed price of Baht 32.276 per share, totaling approximately Baht 5.8 million, and recognised the negative goodwill arising from the discrepancy between the fair value of the net assets acquired being higher than the cost of investment in profit or loss.

The fair value of the assets acquired and liabilities assumed of SLA Asia Co., Ltd. at the acquisition date was summarised as follows:

(Unit: Thousand Baht)

Cash and cash equivalents	10,541
Other current assets	130
Equipment - net (Note 15)	47
Other payables	(29)
Other current liabilities	(15)
Provision for long-term employee benefits	(360)
Net assets from acquisition of subsidiary company	10,314
Less: Fair value of investment in SLA Asia Co., Ltd. for	
- The subsidiary's existing shareholding before acquisitions (30 percent)*	(3,095)
- Non controlling interests (10 percent)	(1,031)
Net assets from acquisition of subsidiary company in proportion of shareholding	6,188
Cash used in acquisition of investment in subsidiary company	(5,810)
Negative goodwill	378

*The subsidiary realised loss from the value adjustment of subsidiary company's previously held shareholding of 30 percent in SLA Asia Co., Ltd. in the consolidated statement of income by Baht 0.6 million.

Net cash inflows from acquisition of ordinary shares of SLA Asia Co., Ltd. were presented below.

(Unit: Thousand Baht)

	Consolidated financial statements
Cash used in acquisition of investment in subsidiary company	5,810
Less: Cash and cash equivalents of the subsidiary company	(10,541)
Net cash inflows from purchase of ordinary shares in subsidiary	(4,731)

14.7 Capital decrease of subsidiary company

On 16 November 2018, a subsidiary, Portalnet Company Limited's extraordinary general meeting of shareholders passed a resolution to decrease its registered capital by Baht 1,270,000,000, from Baht 3,370,000,000 (33,700,000 ordinary shares with a par value of Baht 100 each) to Baht 2,100,000,000 (21,000,000 ordinary shares with a par value of Baht 100 each) by reducing the deficit by Baht 1,000,000,000 and returning capital of Baht 270,000,000 to shareholders. This subsidiary registered the capital reduction with the Ministry of Commerce on 17 December 2018.

15. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statement						
	Revaluation basis	Cost basis					
	Land	Buildings and building improvement	Telecommunication and tooling equipment	Furniture, fixtures and office equipment	Motor vehicles	Telecommunication equipment under installation	Total
Cost / Revalued amount:							
31 December 2016	71,877	78,402	13,169,277	202,487	69,939	14,377	13,606,359
Increase from investment in subsidiary (Note 15.5)	-	-	-	47	-	-	47
Additions	-	1,005	243,309	16,984	24,400	27,950	313,648
Disposals	(10,777)	(9,280)	(22,065)	(2,133)	-	-	(44,255)
Transfer in/Transfer out	-	-	110,954	(1,330)	-	(1,455)	108,169
31 December 2017	61,100	70,127	13,501,475	216,055	94,339	40,872	13,983,968
Additions	5,384	26,557	400,061	55,253	-	220	487,475
Disposals and write-off	-	-	(90,786)	(1,890)	(2,430)	-	(95,106)
Transfer in/Transfer out	-	-	13,913	27,889	-	(28,051)	13,751
31 December 2018	66,484	96,684	13,824,663	297,307	91,909	13,041	14,390,088
Accumulated depreciation:							
31 December 2016	-	71,179	7,114,996	160,217	50,138	-	7,396,530
Depreciation for the year	-	1,299	1,284,368	13,332	9,104	-	1,308,103
Accumulated depreciation on disposals and write-off	-	(3,599)	(22,435)	(4,544)	-	-	(30,578)
31 December 2017	-	68,879	8,376,929	169,005	59,242	-	8,674,055
Depreciation for the year	-	2,086	1,105,367	19,735	9,524	-	1,136,712
Accumulated depreciation on disposals	-	-	(81,263)	(1,890)	(2,430)	-	(85,583)
31 December 2018	-	70,965	9,401,033	186,850	66,336	-	9,725,184
Allowance for impairment loss:							
31 December 2016	-	-	2,485,555	-	-	12,922	2,498,477
31 December 2017	-	-	2,485,555	-	-	12,922	2,498,477
Increase during the year	-	-	11,996	-	-	-	11,996
31 December 2018	-	-	2,497,551	-	-	12,922	2,510,473
Net book value:							
31 December 2017	61,100	1,248	2,638,991	47,050	35,097	27,950	2,811,436
31 December 2018	66,484	25,719	1,926,079	110,457	25,573	119	2,154,431
Depreciation for the year							
2017 (Baht 1,250 million included in cost of services, and the balance in selling and administrative expenses)							1,308,103
2018 (Baht 1,113 million included in cost of services, and the balance in selling and administrative expenses)							1,136,712

(Unit: Thousand Baht)

	Separate financial statement						
	Revaluation basis	Cost basis					
	Land	Buildings and building improvement	Telecommunication and tooling equipment	Furniture, fixtures and office equipment	Motor vehicles	Telecommunication equipment under installation	Total
Cost / Revalued amount:							
31 December 2016	71,877	63,691	1,142,429	24,205	19,208	-	1,321,410
Additions	-	-	9	302	5,051	-	5,362
Disposals and write-off	(10,777)	(9,280)	-	(2,751)	-	-	(22,808)
Transfer in	-	-	28,939	-	-	-	28,939
31 December 2017	61,100	54,411	1,171,377	21,756	24,259	-	1,332,903
Additions	-	-	45	238	-	-	283
Disposals and write-off	-	-	-	(99)	-	-	(99)
Transfer in	-	-	4,905	-	-	119	5,024
31 December 2018	61,100	54,411	1,176,327	21,895	24,259	119	1,338,111
Accumulated depreciation:							
31 December 2016	-	57,133	1,061,572	22,154	9,458	-	1,150,317
Depreciation for the year	-	601	77,126	716	2,823	-	81,266
Accumulated depreciation on disposals and write-off	-	(3,598)	-	(2,742)	-	-	(6,340)
31 December 2017	-	54,136	1,138,698	20,128	12,281	-	1,225,243
Depreciation for the year	-	111	34,455	606	3,601	-	38,773
Accumulated depreciation on disposals and write-off	-	-	-	(99)	-	-	(99)
31 December 2018	-	54,247	1,173,153	20,635	15,882	-	1,263,917
Net book value:							
31 December 2017	61,100	275	32,679	1,628	11,978	-	107,660
31 December 2018	61,100	164	3,174	1,260	8,377	119	74,194
Depreciation for the year							
2017 (Baht 77 million included in cost of services, and the balance in selling and administrative expenses)							81,266
2018 (Baht 34 million included in cost of services, and the balance in selling and administrative expenses)							38,773

15.1 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 2018 and 2017 would have been as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Land	32,045	26,661	26,661	26,661

15.2 As at 31 December 2018, 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 17 million (2017: Baht 22 million) (Separate financial statements: Baht 7 million (2017: Baht 9 million)).

15.3 As at 31 December 2018, 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 5,926 million (2017: Baht 5,549 million) (Separate financial statements: Baht 1,202 million (2017: Baht 1,089 million)).

16. Intangible assets

The net book value of intangible assets as at 31 December 2018 and 2017 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements
	Computer software
Cost	
31 December 2016	749,393
Addition	25,791
31 December 2017	775,184
Addition	110,793
31 December 2018	885,977
Accumulated amortisation	
31 December 2016	89,020
Amortisation	37,775
31 December 2017	126,795
Amortisation	41,252
31 December 2018	168,047
Net book value	
31 December 2017	648,389
31 December 2018	717,930
Amortisation for the year	
2017 (Baht 36 million included in cost of services, and the balance in selling and administrative expenses)	37,775
2018 (Baht 36 million included in cost of services, and the balance in selling and administrative expenses)	41,252

(Unit: Thousand Baht)

	Separate financial statements
	Computer software
Cost	
31 December 2016	24,230
Addition	48,055
31 December 2017	72,285
Addition	31
31 December 2018	72,316
Accumulated amortisation	
31 December 2016	22,834
Amortisation	483
31 December 2017	23,317
Amortisation	16,356
31 December 2018	39,673
Net book value	
31 December 2017	48,968
31 December 2018	32,643
Amortisation for the year	
2017 (Amortisation for the year included in selling and administrative expenses)	483
2018 (Amortisation for the year included in selling and administrative expenses)	16,356

17. Goodwill

Mainly of Goodwill was arising from the Company bought shares of Portalnet Co., Ltd.

The Company has determined recoverable amounts of its cash generating units (CGUs) based on value in use calculation using cash flow projections from financial budgets approved by the management covering an 7 years period of Portalnet Co., Ltd., which some of them are based on the contract period.

Key assumptions used in value in use calculations summarise as follows:

(Unit: Percent per annum)

	2018	2017
Terminal growth rate	0%	0%
Discount rate (WACC)	11%	12%

The management has determined the growth rate based on past performance, the combine growth rate of the market and the country's gross domestic product, applying conservative principles and assuming a constant income between 1 and 7 years and a discount rate, which is the rate before income tax, which relates to the specific risk in that operating segment.

As at 31 December 2018 and 2017, the management has considered and believed that no impairment was required for goodwill.

18. Bank overdrafts and short-term loans from banks

(Unit: Thousand Baht)

	Interest rate (percent per annum)		Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017	2018	2017
Bank overdrafts	MOR, MOR minus fixed rate per annum	MOR, MOR minus fixed rate per annum	6	6	-	-
Short-term loans from banks	MMR, twelve- month fixed deposit plus fixed rate per annum	MMR, twelve- month fixed deposit plus fixed rate per annum	1,751,765	1,861,267	456,282	290,000
Trust receipts	MMR	MMR	463,865	533,751	22,930	-
Total			2,215,636	2,395,024	479,212	290,000

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

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.

19. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade accounts payable - related parties (Note 6)	12,666	24,917	109,756	178,052
Trade accounts payable - unrelated parties	698,226	488,245	9,882	40,942
Other payables - related parties (Note 6)	14,827	17,113	4,953	5,321
Other payables - unrelated parties	19,079	18,679	3,785	1,915
Accrued expenses	111,081	93,686	16,953	15,367
Interest payables	11,160	16,647	10,621	15,572
Total trade and other payables	867,039	659,287	155,950	257,169

20. Long-term loan from financial institution / current portion of long-term loan

The detail of long-term loans from financial institution as at 31 December 2018 and 2017 are summarised below:

(Unit: Thousand Baht)

		Significant terms and conditions of loan agreements			Consolidated financial statements	
Lender	Credit facilities	Repayment term	Guaranteed by	Interest rate	2018	2017
	(Million Baht)			(percent per annum)		
Subsidiary						
Samart Comtech Co., Ltd. Bank	1,700	Prepayment is to be made in installments immediately on the date the bank receives consideration from the project not less than 60 percent to 75 percent. The installments are within 60 months from the date of the first drawdown.	Assign the collection right of service fee under service agreement regarding the advance passenger processing system (APPS), and by the Company	Twelve-month fixed deposit plus fixed rate per annum	-	494,680
Total loans from financial institution					-	494,680
Less : current portion					-	(414,447)
Long term loans - net of current portion					-	80,233

Movement in the long-term loan account during the year ended 31 December 2018 and 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2018	2017
Balance at beginning of year	494,680	-
Add: Additional loans	-	32,900
Transfer from short-term loan from bank	-	999,910
Less: Repayment	(494,680)	(538,130)
Balance at end of year	-	494,680

21. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Liabilities under finance lease agreements	18,310	21,691	6,243	7,458
Less: Deferred interest expenses	(969)	(1,543)	(368)	(586)
	17,341	20,148	5,875	6,872
Less: Portion due within one year	(2,932)	(2,807)	(1,043)	(997)
Liabilities under finance lease agreements - net of current portion	14,409	17,341	4,832	5,875

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 the finance lease agreements carried interests between 4.30 and 4.75 percent per annum (2017: between 4.30 and 4.75 percent per annum) and 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	
	2018	2017	2018	2017	2018	2017
Future minimum lease payments	3,382	3,381	14,928	18,310	18,310	21,691
Deferred interest expenses	(450)	(574)	(519)	(969)	(969)	(1,543)
Present value of future minimum lease payments	2,932	2,807	14,409	17,341	17,341	20,148

Unit: Thousand Baht

	Separate financial statements					
	Less than 1 year		1 - 5 years		Total	
	2018	2017	2018	2017	2018	2017
Future minimum lease payments	1,216	1,215	5,027	6,243	6,243	7,458
Deferred interest expenses	(173)	(218)	(195)	(368)	(368)	(586)
Present value of future minimum lease payments	1,043	997	4,832	5,875	5,875	6,872

22. Debentures

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2018	2017
Debentures	750,000	1,265,000
Less: Current portion of debentures	(750,000)	(1,265,000)
Debentures - net of current portion	-	-

Movements in the debenture account for the year ended 31 December 2018 and 2017 were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2018	2017
Balance at beginning of year	1,265,000	1,365,000
Add: Debentures issued during the year	1,460,000	1,210,000
Less: Redemption of debentures during the year	(1,975,000)	(1,310,000)
Balance at end of year	750,000	1,265,000

As at 31 December 2018 and 2017, debentures are unsubordinated, unsecured debentures with registered name and carried fixed interests rate per annum as stipulated in each debenture. The debentures will be repayable within 2019.

23. Provisions

(Unit: Thousand Baht)

	Consolidated financial statements
	Maintenance warranties
1 January 2017	107,664
Increase during the year	134,676
Utilised	(110,838)
31 December 2017	131,502
Increase during the year	83,121
Utilised	(122,511)
Reversal	(1,397)
31 December 2018	90,715
2017	
Current	82,183
Non-current	49,319
	131,502
2018	
Current	48,778
Non-current	41,937
	90,715

(Unit: Thousand Baht)

	Separate financial statements
	Maintenance warranties
1 January 2017	80,196
Increase during the year	54,134
Utilised	(85,780)
31 December 2017	48,550
Increase during the year	71,698
Utilised	(99,754)
Reversal	(401)
31 December 2018	20,093
2017	
Current	19,871
Non- current	28,679
	48,550
2018	
Current	173
Non- current	19,920
	20,093

Maintenance warranties

The Company and its subsidiaries recognised a provision for expected warranty claims on products and equipment during the last two years, based on past experience of the level of repairs. The Company and its subsidiaries expect most of these costs to be incurred in the next financial year and all to have been incurred within two years of the reporting date. In calculating the provision for warranties, the Company and its subsidiary applied assumptions, based on current contract work levels and current information available about repairs of products and equipment with three months to three years warranty periods, for all types of contract work.

24. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Value added tax payable	2,065	5,458	-	4,161
Withholding Tax deduct at source	6,209	16,710	1,161	2,655
Undue output VAT	64,222	82,038	8,484	14,830
Others	17,932	16,787	3,406	3,232
Total other current liabilities	90,428	120,993	13,051	24,878

25. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Provision for long-term employee benefits at beginning of year	93,270	87,083	25,775	23,935
Included in profit or loss:				
Current service cost	8,242	6,789	1,790	1,376
Interest cost	2,292	2,669	492	742
Increase from employee transfer during the year	1,372	-	1,143	-
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	(1,673)	-	(591)
Financial assumptions changes	(4,274)	3,646	(657)	993
Experience adjustments	3,107	(4,289)	615	(680)
Benefits paid during the year	(1,750)	(955)	(1,750)	-
Provision for long-term employee benefits at end of year	102,259	93,270	27,408	25,775

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cost of sales	1,432	2,351	-	-
Selling and distribution expenses	836	722	724	599
Administrative expenses	9,638	6,385	2,701	1,519
Total expenses recognised in profit or loss	11,906	9,458	3,425	2,118

The Company and its subsidiaries expect to pay Baht 0.3 million of long-term employee benefits during the next year (Separate financial statements: Nil) (2017: Baht 2 million, Separate financial statements: Baht 2 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 9 - 22 years (Separate financial statements: 9 years) (2017: 9 - 21 years (separate financial statements: 9 years)).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate	2.22 - 3.31	2.0 - 3.1	2.22	2.0
Salary increase rate	3.5 - 6.3	3.7 - 6.7	3.5 - 6.3	3.7 - 6.7
Turnover rate	2 - 27	2 - 27	2 - 27	2 - 27

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below:

(Unit: million Baht)

	Consolidated financial statements				Separate financial statements			
	Liability increase (decrease)				Liability increase (decrease)			
	Increase 1%		Decrease 1%		Increase 1%		Decrease 1%	
	2018	2017	2018	2017	2018	2017	2018	2017
Discount rate	(10)	(4)	11	4	(1)	(1)	2	2
Salary increase rate	11	4	(9)	(3)	2	1	(1)	(1)
	Increase 20%		Decrease 20%		Increase 20%		Decrease 20%	
	2018	2017	2018	2017	2018	2017	2018	2017
Turnover rate	(11)	(4)	14	5	(1)	(1)	2	2

On 13 December 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 day. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 34 million (The Company only: Baht 9 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

26. Surplus on revaluation of land

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2018	2017
Balance at beginning of year	27,551	33,070
Less: Reversal of revaluation surplus from sale	-	(5,519)
Balance at end of year	27,551	27,551

The revaluation surplus cannot be used to offset deficit or for dividend payment.

27. 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.

28. Revenues from sales and the contract work

Disclosure for revenues and the contract work for the years ended 31 December 2018 and 2017 were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Revenues from the contract work recognised	3,988,378	2,763,739	903,189	312,738
The contract work recognised	(3,626,057)	(2,477,655)	(842,672)	(294,511)
Recognised profits	362,361	286,084	60,517	18,227
The contract work related to future activity recognised as work in progress - beginning balance	169,627	57,666	-	-
The contract work incurred in the year	3,471,381	2,589,616	844,456	294,511
The contract work incurred and recognised as contract expenses in the year	(3,626,057)	(2,477,655)	(842,672)	(294,511)
Write-off work in progress - beginning balance to administrative expenses	(13,167)	-	-	-
The contract work related to future activity recognised as work in progress - ending balance	1,784	169,627	1,784	-
Unbilled contract revenue - beginning balance	1,312,609	1,502,905	56,765	58,497
Deferred revenue - beginning balance	(5,714)	(29,080)	-	-
Advance received from customers under contracts - beginning balance	-	-	-	-
Total	1,306,895	1,473,825	56,765	58,497
Revenues from the contract work recognised	3,988,378	2,763,739	903,189	312,738
Progress billings	(3,151,387)	(2,930,669)	(483,289)	(314,470)
Unbilled contract revenue - ending balance	(2,184,296)	(1,312,609)	(476,665)	(56,765)
Deferred revenue - ending balance	40,410	5,714	-	-
Advance received from customers under contracts - ending balance	-	-	-	-

29. Service income

Service income for the years ended 31 December 2018 and 2017 summarised as followings:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Type-two telecom license without its own network	86,214	528,277	86,214	528,278
Type-one internet license	111,017	111,144	-	-
Other service income	3,114,481	2,885,088	314,576	267,848
Total service income	3,311,712	3,524,509	400,790	796,126

30. Other income

Other income for the years ended 31 December 2018 and 2017 consist of:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Gain from sales in trading securities	-	632	-	632
Gain on exchange rate	2,793	2,219	1,152	-
Interest income	19,415	8,771	33,429	31,939
Gain from disposals of investment in subsidiary company (Note 14.6)	18	-	3,560	-
Dividend income from subsidiaries (Note 14.1)	-	-	500,621	130,496
Management fee income (Note 6)	-	-	61,200	79,200
Gain on compensation receipt from insurance	-	214	-	-
Gain from reversal of allowance for doubtful debts	-	1,920	66	5
Other	9,594	19,322	21,675	32,227
Total other income	31,820	33,078	621,703	274,499

31. Expenses by nature

Significant expenses classified by nature are as follow:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Raw materials, equipment and cost of project used	3,779,627	3,283,342	1,058,817	477,521
Salaries, wages and other employee benefits	844,851	791,616	121,571	94,154
Depreciation and amortisation	1,177,964	1,345,878	55,129	81,749
Rental expenses from operating lease agreements	133,218	125,885	11,439	10,749
(Increase) decrease in changes in inventories of finished goods and work in progress	128,882	(67,169)	23,754	23,306
Advertising and marketing expense	23,574	45,345	12,096	30,887

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	
	2018	2017	2018	2017
Interest expense on:				
Bank loans, overdrafts and trust receipts	102,070	144,251	41,941	43,953
Loans from related parties	-	-	2,717	5,641
Liabilities under finance lease agreements	574	430	218	125
Total interest expenses	102,644	144,681	44,876	49,719
Bank charges	4,980	4,413	3,772	2,740
Total finance cost	107,624	149,094	48,648	52,459

33. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Current income tax:				
Current income tax charge	46,505	36,736	-	7,701
Adjustment of corporate income tax expense from prior year	469	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(22,676)	(50,971)	(14,500)	(5,213)
Income tax (income) expense reported in the income statement	24,298	(14,235)	(14,500)	2,488

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Reversal of deferred tax relating to revaluation surplus on land	-	(1,380)	-	(1,380)
Deferred tax relating to actuarial gain on defined benefit plan	62	609	8	55
Income tax (income) expense charged to other comprehensive income	62	(771)	8	(1,325)

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2018 and 2017

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Accounting profit before tax	372,559	199,288	415,186	128,481
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	74,512	39,858	83,037	25,696
Adjustment of corporate income tax expense from prior year	469	-	-	-
Effects of:				
Promotional privileges	(7,696)	(7,228)	-	-
Utilisation of tax loss carry forward	(14,151)	(32,898)	-	-
Income not subject to tax	(20)	(20)	(100,151)	(26,099)
Non-deductible expenses	6,738	8,137	2,804	2,963
Additional expense deductions allowed	(60,741)	(61,262)	(140)	(72)
Total	(75,870)	(93,271)	(97,487)	(23,208)
Deferred tax assets not recognised	25,187	62,083	-	-
Additional recognition of deferred tax assets from tax losses	-	(22,905)	-	-
Decrease in deferred tax assets not recognised	-	-	(50)	-
Income tax (income) expenses reported in the statement of comprehensive income	24,298	(14,235)	(14,500)	2,488

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statement of financial position			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax assets				
Allowance for doubtful accounts	11,910	8,378	111	353
Allowance for diminution in value of inventories	22,252	12,207	16,098	9,678
Allowance for asset impairment	7,409	2,811	2,425	227
Accumulated depreciation - equipment	54,888	59,179	16,448	21,246
Assets under finance lease agreements	1,128	1,126	44	-
Provision for long-term employee benefits	15,114	13,737	4,679	4,344
Accrued vacation leave	713	673	123	106
Actuarial loss	3,709	3,871	803	811
Unrealised loss from revaluation of trading investment	15,866	14,903	15,866	14,903
Unused tax loss	30,123	23,392	9,223	-
Others	-	667	-	-
Total	163,112	140,944	65,820	51,668
Deferred tax liabilities				
Other receivables - unrelated parties	17,564	17,564	-	-
Revaluation surplus on land	6,888	6,888	6,888	6,888
Assets under finance lease agreements	-	339	-	339
Actuarial gain	68	176	-	-
Total	24,520	24,967	6,888	7,227
Deferred tax-net	138,592	115,977	58,932	44,441

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	
	2018	2017	2018	2017
Deferred tax assets	138,592	116,734	58,932	44,441
Deferred tax liabilities	-	(757)	-	-
Deferred tax - net	138,592	115,977	58,932	44,441

As at 31 December 2018, the Company and its subsidiary company has deductible temporary differences and unused tax losses totaling Baht 273 million (2017: Baht 325 million), on which deferred tax assets have not been recognised as the subsidiary company believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

Details of expiry date of unused tax loss are summarised as below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
31 December 2018	-	66,491	-	-
31 December 2019	44,808	42,012	-	-
31 December 2020	35,167	29,440	-	-
31 December 2021	166,079	167,011	-	-
31 December 2022	17,092	19,843	-	-
31 December 2023	9,872	-	-	-
	273,018	324,797	-	-

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.		Smart eD Tech Co., Ltd.
1. Certificate No.	1152(7)/2551	59-1099-1-00-2-0	1713(7)/2553
2. Promotional privileges for	Software	Software	Software
3. The significant privileges are:			
3.1 Exemption from corporate income tax on net income from promoted operations 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.	For a period of 8 years Ended on 29 April 2017	For a period of 5 years commencing until 28 September 2022	For a period of 8 years 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	Granted
3.3 Exemption from import duty on imported machinery for use in production as approved by the Board.	Ended on 19 August 2010	Ended on 24 February 2019	Throughout the period of promoted
4. Date of first earning operating income	30 April 2009	29 September 2017	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)

	2018	2017
BOI promoted	62,687	75,031
Non-BOI promoted	37,953	16,708
Total service income	100,640	91,739

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.

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 groups based on products and services and have three reportable segments as follows:

1. **Network Infrastructure Solutions**
Provide advanced solutions for telecommunications and data communication networks from consultation, survey, design, installation and implementation and system management services, as well as professional maintenance services for wired and wireless networks, including core networks, access networks, network equipment and end devices and various communications services via both high-speed networks and satellite communications.
2. **Enhanced Technology Solutions**
Provide solutions for information technology systems, including advanced systems customisation for customers requiring accuracy and high stability. The solutions range from consultation, engineering design and software development to installation, project management, management, and maintenance services.
3. **Business application**
Provide advanced software application services that enhance the capability and efficiency of the operations of corporate clients and the efficiency of service provision by clients in the public sector.

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 6 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 2018 and 2017, respectively.

(Unit: Million Baht)

	Network infrastructure solutions		Enhanced technology solutions		Business application		Adjustments and eliminations		Consolidated financial statements	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenues from sales, contract work and services										
- Related parties	429	554	464	387	655	1,244	(1,117)	(1,882)	431	303
- Third parties	1,439	2,132	3,922	3,034	1,887	1,480	-	-	7,248	6,646
Total revenues from sales, contract work and services	1,868	2,686	4,386	3,421	2,542	2,724	(1,117)	(1,882)	7,679	6,949
Cost of sales, contract work and services	1,669	2,518	3,836	2,968	1,998	2,102	(939)	(1,591)	6,564	5,997
Gross profit	199	168	550	453	544	622	(178)	(291)	1,115	952
Other income									32	33
Selling and distribution expenses									(214)	(187)
Administrative expenses									(397)	(440)
Other expense									(56)	(10)
Finance cost									(108)	(149)
Income tax expenses									(24)	14
Non-controlling interests of the subsidiaries									3	7
Profit for the year									351	220

36.2 Assets separate by business segment are as follows:

(Unit: Million Baht)

	Network infrastructure solutions		Enhanced technology solutions		Business application		Adjustments and eliminations		Consolidated financial statements	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Assets										
Trade accounts receivable	682	1,004	1,261	1,010	2,010	1,945	(2,482)	(2,389)	1,471	1,570
Accrued income	483	593	1,738	1,245	522	82	(117)	(130)	2,626	1,790
Inventories	26	182	4	73	149	112	(27)	(37)	152	330
Property, plant and equipment	325	213	1,363	1,834	587	949	(121)	(185)	2,154	2,811
Others									2,541	2,782
Total assets									8,944	9,283
Total liabilities	2,876	3,648	5,336	4,798	1,651	1,390	(4,597)	(4,085)	5,266	5,751
Additions (decrease) to non-current assets other than financial instruments and deferred tax assets	98	(95)	(175)	(188)	(294)	(298)	(157)	(285)	(528)	(866)

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 2018, the Company and its subsidiaries have revenue from two major customers in amount of Baht 1,310 million arising from sales by enhanced technology solutions segments and Baht 767 million from sales by business application segments, (2017: Baht 757 million arising from sales by enhanced technology solutions segments and Baht 734 million from sales by business application 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 and subsidiary companies contributed to the fund monthly at the rate of 3 percent to 10 percent of basic salary and their employees contributed to the fund monthly at the rate of 3 percent to 15 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. The contribution for the year 2018 amounting to approximately Baht 35 million (2017: Baht 31 million) (Separate financial statements: Baht 6 million (2017: Baht 5 million)) were recognised as expenses.

38. Dividends

	Approved by	Total dividends	Dividend per share	Paid on
		(Million Baht)	(Baht)	
2018				
Final dividend on 2017 profit	Annual General Meeting of the shareholders on 27 April 2018	203.9	0.3	4 September 2017 21 May 2018
Less: Interim dividend paid in 2017		(92.7)	(0.1)	
		111.2	0.2	12 September 2018
Interim dividend paid on earnings for the six-month period of 2018	Board of Director Meeting on 14 August 2018	92.7	0.1	
Total dividends paid for 2018		203.9	0.3	
2017				
Final dividend on 2016 profit	Annual General Meeting of the shareholders on 25 April 2017	123.6	0.2	2 September 2016 16 May 2017
Less: Interim dividend paid in 2016		(61.8)	(0.1)	
		61.8	0.1	4 September 2017
Interim dividend paid on earnings for the six-month period of 2017	Board of Director Meeting on 9 August 2017	92.7	0.2	
Total dividends paid for 2017		154.5	0.3	

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 Capital commitments

As at 31 December 2017, Secureinfo Co., Ltd. a subsidiary company, had capital commitments approximately Baht 114 million, relating to purchase equipment for install cyber security system (2018: Nil).

39.2 Commitments

- 39.2.1 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 (2017: USD 0.2 million).
- 39.2.2 On 10 August 2011, the Board of the National Broadcasting and Telecommunications Commission (NBTC) 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, the Company has handed over the telecommunications equipment and NBTC has acknowledged receipt in October 2018
- 39.2.3 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 Baht 1 million per month (2017: Baht 1 million per month).
- 39.2.4 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 0.02 million per month (2017: Euro 0.03 million per month).
- 39.2.5 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. The subsidiary is obligated to comply with the conditions stipulated in the contract and pay a service fee totaling approximately Baht 0.1 million per month (2017: Baht 0.1 million per month).
- 39.2.6 Posnet Co., Ltd., a subsidiary company, entered into two agreements with a private limited company to provide system maintenance services. During the year 2015, that company charged a penalty and compensatory damages totaling of Baht 8 million to the subsidiary under these two agreements, for breaches of the conditions stipulated therein. Subsequently, the subsidiary has negotiated and received details of the penalties and compensatory damages from such company which the penalties and compensatory damages were changed to be Baht 4 million. However, the subsidiary's management has considered the matters and still believes that the subsidiary will not have to pay the penalty and compensatory damages, and therefore, as at 31 December 2018, the subsidiary company has not set aside any provision in its accounts.

- 39.2.7 Samart Comtech Co., Ltd., a subsidiary company, entered into purchase and equipment installation agreements with many local companies for the development of the Land Information System (Phase 2). As at 31 December 2018, the subsidiary is obligated to pay for equipment and service fee totaling approximately Baht 947 million
- 39.2.8 Samart Comtech Co., Ltd., a subsidiary company, entered into purchase and equipment installation agreements for Digital Trunked Radio System (DTRS). As at 31 December 2018, the subsidiary is obligated pay for equipment and service fees totaling approximately Baht 32 million.
- 39.2.9 On 6 July 2018, Samart Communication Services Co., Ltd., a subsidiary company, entered into an agreement to enter into a consortium with Loxley System Integrator Co., Ltd. and Sky ICT Public Co., Ltd. named SSL Consortium, for the purpose of entering into a price proposal of Bandwidth Extension of Network Connecting Border and Submarine Cable Station project with CAT Public Co., Ltd.. The subsidiary company was appointed as the lead company of SSL Consortium and is authorised to act on behalf of SSL Consortium. The agreement is effective from the date that the agreement is signed and will terminate when SSL Consortium has full discharged its responsibilities under the agreement.
- Subsequently, on 20 December 2018, SSL Consortium entered into an agreement with CAT Telecom Public Co., Ltd. for Bandwidth Extension of Network Connecting Border and Submarine Cable Station project. This project will completed within 18 July 2019.
- 39.2.10 Portalnet Co., Ltd., a subsidiary company entered into contracts to use computer software application services with a company. The subsidiary is obligated to comply with the conditions stipulated in the contracts and subsidiary company has future minimum lease payments as follows.

(Unit: Million Baht)

	Consolidated financial statements	
	2018	2017
Payable:		
In up to 1 year	343	343
In over 1 and up to 4 years	343	685

- 39.2.11 As at 31 December 2018, The Company has outstanding commitment totaling approximately Baht 60 million (2017: Baht 60 million) in respect of the uncalled portion of their investments in its subsidiaries.
- 39.2.12 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.

39.3 Operating lease commitments

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)

	Consolidated financial statements	
	2018	2017
Payable:		
In up to 1 year	29	28
In over 1 and up to 4 years	11	12

39.4 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	
	2018	2017	2018	2017
Performance guarantees	3,217	2,542	842	765
Guarantee electricity use, among others	42	204	6	29
	3,259	2,746	848	794

39.5 Related party guarantees

As at 31 December 2018, the Company was guarantor of credit facilities and rental of equipment of its subsidiary companies from banks and a leasing company amounting to Baht 10,105 million (2017: Baht 17,185 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.

39.6 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), stated 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. Subsequent, the Supreme Court affirmed the judgment of the Appeal Court and the seller had returned the securities to the plaintiff in order to settle this lawsuit. Therefore, there are no contingent liabilities as at 31 December 2018.

40. Fair value hierarchy

The Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated Financial Statements		
	As at 31 December 2018		
	Level 1	Level 2	Total
Assets measured at fair value			
Held for trade investments			
Equity instruments	34	-	34
Land	-	66	66
Liability measured at fair value			
Debenture	750	-	750

(Unit: Million Baht)

	Separate Financial Statements		
	As at 31 December 2018		
	Level 1	Level 2	Total
Assets measured at fair value			
Held for trade investments			
Equity instruments	34	-	34
Land	-	61	61
Liability measured at fair value			
Debenture	750	-	750

(Unit: Million Baht)

	Consolidated Financial Statements/ Separate Financial Statements		
	As at 31 December 2017		
	Level 1	Level 2	Total
Assets measured at fair value			
Held for trade investments			
Equity instruments	23	-	23
Land	-	61	61
Liability measured at fair value			
Debenture	1,265	-	1,265

41. Financial instruments

41.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade 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	
	Within 1 year		1 - 5 years		interest rate		bearing			
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Financial Assets										
Cash and cash equivalents	-	-	-	-	200	414	124	177	324	591
Temporary investments in trading securities	-	-	-	-	-	-	34	23	34	23
Trade and other receivables	-	-	-	-	-	-	1,635	1,746	1,635	1,746
Finance lease receivables	36	37	205	240	-	-	-	-	241	277
	36	37	205	240	200	414	1,793	1,946	2,234	2,637
Financial liabilities										
Loans from banks	-	-	-	-	1,752	1,861	-	-	1,752	1,861
Trust receipts										
- Baht	-	-	-	-	464	534	-	-	464	534
Trade and other payables	-	-	-	-	-	-	867	659	867	659
Long-term loan from bank	-	-	-	-	-	495	-	-	-	495
Liabilities under finance lease agreements	3	3	14	17	-	-	-	-	17	20
Debentures	750	1,265	-	-	-	-	-	-	750	1,265
	753	1,268	14	17	2,216	2,890	867	659	3,850	4,834

(Unit: Million Baht)

	Separate financial statements									
	Fixed interest rates				Floating interest rate		Non-interest bearing		Total	
	Within 1 year		1 - 5 years							
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Financial Assets										
Cash and cash equivalents	-	-	-	-	35	111	-	-	35	111
Temporary investments in trading securities	-	-	-	-	-	-	34	23	34	23
Trade and other receivables	-	-	-	-	-	-	896	671	896	671
Short-term loans to related parties	-	-	-	-	960	970	-	-	960	970
	-	-	-	-	995	1,081	930	694	1,925	1,775
Financial liabilities										
Loans from banks	-	-	-	-	456	290	-	-	456	290
Trust receipts	-	-	-	-	23	-	-	-	23	-
Trade and other payables	-	-	-	-	-	-	156	257	156	257
Liabilities under finance lease agreements	1	1	5	6	-	-	-	-	6	7
Debentures	750	1,265	-	-	-	-	-	-	750	1,265
Short-term loans from related parties	-	-	-	-	212	215	-	-	212	215
	751	1,266	5	6	691	505	156	257	1,603	2,034

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		Exchange rate as at 31 December	
	2018	2017	2018	2017
	(Million)	(Million)	(Baht per unit of foreign currency)	
Liabilities				
US dollars	-	4.4	32.6148	32.8472

41.2 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.

43. 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 2018, the Group's debt-to-equity ratio was 1.4:1 (2017: 1.6:1) and the Company's was 1.0:1 (2017: 1.1:1).

43. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised Directors on 25 February 2019.

Remuneration of the Auditors

1. Audit Fee

In 2018, the Company and subsidiaries companies paid audit fee to the Company's auditor, EY Office Limited comprised of following details:

- Audit Fee for accounting period ended December 31, 2018 of the Company was Baht 2,150,000 of which excluded other miscellaneous payment of Baht 244,706 (i.e. auditors' traveling expenses, photo copy expenses etc.).
- Audit Fee for accounting period ended December 31, 2018 of the subsidiaries companies pay to audit firm or other persons of firms that related to the audit firm were Baht 5,510,000 of which excluded other miscellaneous payment of Baht 87,286 (i.e. auditors' traveling expenses, photo expenses etc.).

2. Non-Audit Fee

In 2018, the Company's subsidiaries paid non-audit fee comprised of following details:

- The Company, paid professional fee to EY Office Limited for the review of compliance conditions stipulated in the Universal Service Obligation (USO) fee submitted to Office of The National Broadcasting and Telecommunications Commission (NBTC) for the period ended December 31, 2018 at Baht 40,000.
- Samart Infonet Co., Ltd., a 99.60% stake hold by the Company, paid professional fee to EY Office Limited for the review of compliance conditions stipulated in the Universal Service Obligation (USO) fee submitted to Office of The National Broadcasting and Telecommunications Commission (NBTC) for the period ended December 31, 2018 at Baht 40,000.
- Smarterware Co., Ltd., a 99.99% stake hold by the Company, 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, 2018 at Baht 100,000.
- Samart Ed-Tech Co., Ltd., a 99.99% stake hold by the Company, 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, 2018 at Baht 100,000.

Directors, Managements, Controlling Person, The Person Taking The Highest Responsibility in Accounting and Finance, The Person Supervising Accounting and Company Secretary

● Directors as of December 31, 2018

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in Company ⁽¹⁾ (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
1. General Sumpun Boonyanun <ul style="list-style-type: none"> • Independent Director • Authorized Director • Chairman • Chairman of the Nominating & Compensation Committee • Audit Committee Member <i>(To be appointed as a director on April 24, 2008)</i>	75	<ul style="list-style-type: none"> - Bachelor Degree in Science, Chulachomklao Royal Military Academy, Class 15 - The regular main course, Command and General Staff College, Class 55 - National Defence Course (Class 35), National Defence College of Thailand - Training courses from Thai Institute of Directors Association (IOD): <ul style="list-style-type: none"> • Director Certification Program (DCP) in 2009 • Director Accreditation Program (DAP) in 2008 • Role of Compensation Committee (RCC) in 2008 • Audit Certification Program (ACP) in 2008 • Anti-Corruption for Executive Program (ACEP) in 2014 	0.016% (100,000 Shares)	-	2017-Present 2008-Present 2017-Present 2008-Present 2008-2017 2008-2017	Chairman Independent Director Audit Committee Member Chairman of the Nominating & Compensation Committee Chairman of the Audit Committee Corporate Governance Committee Member <u>Position in other listed companies</u> - <u>Position in non-listed companies</u> Director Consulting	Smart Telcoms Pcl. Smart Telcoms Pcl. Smart Telcoms Pcl. Smart Telcoms Pcl. Smart Telcoms Pcl. Smart Telcoms Pcl.
					2016-Present 2016-Present		Tipwarin Watana Co., Ltd. GML Exhibition (Thailand) Co., Ltd.

Remark : ⁽¹⁾ Includes holding by spouse and minor children (See the securities holding information in the topic of the "Corporate Governance" under the topic of the "4. Disclosure and Transparency") % of total number of voting rights.

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in Company ⁽¹⁾ (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
2. Mr. Vichai Pokasamrit <ul style="list-style-type: none"> • Independent Director • Chairman of the Audit Committee • Chairman of the Corporate Governance Committee • Nominating & Compensation Committee Member <i>(To be appointed as a director on April 21, 2011)</i>	69	<ul style="list-style-type: none"> - Master of Arts in Political Science, Western Michigan University, U.S.A. - Bachelor Degree in Laws, Thammasat University - National Defence Program for Government, Public and Political Sectors, The National Defence College in 2014 - Certificate of Urban Development Management, Australia - Director Certification Program (DCP), Thai Institute of Directors Association (IOD) in 2011 	0.016% (100,000 Shares)	-	2011-Present 2017-Present 2011-Present 2012-Present 2011-2017	Independent Director Chairman of the Audit Committee Nominating & Compensation Committee Member Chairman of the Corporate Governance Committee Audit Committee Member <u>Position in other listed companies</u> - <u>Position in non-listed companies</u> -	Smart Telcoms Pcl. Smart Telcoms Pcl. Smart Telcoms Pcl. Smart Telcoms Pcl. Smart Telcoms Pcl.

Remark : ⁽¹⁾ Includes holding by spouse and minor children (See the securities holding information in the topic of the "Corporate Governance" under the topic of the "4. Disclosure and Transparency")
% of total number of voting rights.

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in Company ⁽¹⁾ (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
3. Miss Rapeepan Luangaramrut <ul style="list-style-type: none"> • Independent Director • Audit Committee Member • Corporate Governance Committee Member • Nominating & Compensation Committee Member <i>(To be appointed as a director on April 24, 2008)</i>	62	<ul style="list-style-type: none"> - Master of Business Administration, Chulalongkorn University - Bachelor Degree in 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 (IOD) in 2003 - Leadership Program (Class 9), Capital Market Academy - National Defence Course (Class 22), National Defence College of Thailand - Advanced Political and Electoral Development Institute (Class 3) - Chief Executive Course for Urban Development Management, Class 1, Urban Green Development Institute Bangkok - The 4th Training Course on Administrative Justice for Executive, Institute of Administrative Justice - Top Executive Program in Energy Literacy (Class 6), Thailand Energy Academy - RE-CU CEO-PREMIUM IN MODERN REAL-ESTATE BUSINESS (Class 2) The Real Estate Executive Association of Chulalongkorn University 	-	-	2008-Present	Independent Director / Audit Committee Member	Samart Telcoms Pcl.
					2013-Present	Nominating & Compensation Committee Member	Samart Telcoms Pcl.
					2017-Present	Corporate Governance Committee Member	Samart Telcoms Pcl.
					2008-2013	Corporate Governance Committee Member	Samart Telcoms Pcl.
					2004-Present	Position in other listed companies Food Consultant	CP All Pcl.
					2010-Present		TPT Petrochemicals Pcl.
					2016-Present		Gunkul Engineering Pcl.
					2013-Present	Position in non-listed companies Consulting President	Dream House Co., Ltd.
					2012-Present		Entertainment Tree Co., Ltd.
					2005-Present		R Property Co., Ltd.
					2004-Present		Khun Reed Corporation Co., Ltd.
					2000-Present		110 Vipra Co., Ltd.
					2005-Present	Director	Siam Solvay Foundation.

Remark : ⁽¹⁾ Includes holding by spouse and minor children (See the securities holding information in the topic of the "Corporate Governance" under the topic of the "4. Disclosure and Transparency")
% of total number of voting rights.

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in Company ⁽¹⁾ (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
4. Mr. Kajornvut Tayanukorn <ul style="list-style-type: none"> • Director • Corporate Governance Committee Member <i>(To be appointed as a director on April 29, 2004)</i>	63	- Master of Business Administration, Thammasat University - Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD) in 2005	0.081% (500,000 Shares)	-	2004-Present 2013-Present	Director Corporate Governance Committee Member	Samart Telcoms Pcl. Samart Telcoms Pcl.
					2008-2013	Nominating & Compensation Committee Member	Samart Telcoms Pcl.
					2001-Present	Position in other listed companies Executive Vice President	Bangkok Bank Pcl.
					2013-Present	Position in non-listed companies Executive Director	Processing Center Co., Ltd.

Remark : ⁽¹⁾ Includes holding by spouse and minor children (See the securities holding information in the topic of the “4. Disclosure and Transparency”) % of total number of voting rights.

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in Company ⁽¹⁾ (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
5. Mr.Sirichai Rasameechan • Director • Corporate Governance Committee Member (To be appointed as a director on July 1, 1998)	68	- Master of Accounting, Thammasat University - Bachelor Degree in Accounting, Thammasat University - Training courses from Thai Institute of Directors Association (IOD): • Director Certification Program (DCP) in 2000 • Finance for Non-Finance Director in 2000	0.024% (150,000 Shares)	-	1998-Present 2017-Present	Director Corporate Governance Committee Member	Samart Telcoms Pcl. Samart Telcoms Pcl.
					2000-2017 2016-2017	Executive Director Risk Management Committee Member	Samart Telcoms Pcl. Samart Telcoms Pcl.
					1996-Present 2005-Present	Position in other listed companies Director Corporate Governance Committee Member	Samart Corporation Pcl. Samart Corporation Pcl.
					2000-2017 2004-2017	Executive Vice Chairman Risk Management Committee Member	Samart Corporation Pcl. Samart Corporation Pcl.
					2013-2017	Vice Chairman of the Sustainable Development Committee	Samart Corporation Pcl.
					2008-2016	Nominating & Compensation Committee Member	Samart Digital Pcl.
					2005-2015	Risk Management Committee Member	Samart Digital Pcl.
					2014-2015	Director	Samart Digital Pcl.
					2013-Present	Director / Risk Management Committee Member / Corporate Governance Committee Member	One to One Contacts Pcl.
					2013-2017	Executive Director	One to One Contacts Pcl.
					Present	Position in non-listed companies Director	Related Companies (as details in the Directors and Managements in Subsidiaries and Related Companies)
					Present	Speaker	Thai Institute of Directors Association (IOD)
					2000-2013	Director	One to One Contacts Co., Ltd.

Remark : ⁽¹⁾ Includes holding by spouse and minor children (See the securities holding information in the topic of the “Corporate Governance” under the topic of the “4. Disclosure and Transparency”) % of total number of voting rights.

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in Company ⁽¹⁾ (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
6. Mr. Charoenrath Vilailuck <ul style="list-style-type: none"> • Authorized Director • Executive Director • Risk Management Committee Member <i>(To be appointed as a director on July 26, 1996)</i>	58	<ul style="list-style-type: none"> - Bachelor Degree in Engineering (Electrical Engineering), The University of Newcastle, Australia - Certificate in Advance Master Management Program (AMM), (Class 1), Public Administration, NIDA - Leadership Program (Class 19), Capital Market Academy (CMA) in 2014 - Chief Executive Course for Urban Development Management, Class 1, Urban Green Development Institute Bangkok in 2012 - National Defence course for the joint State-Private Sectors (Class 18), National Defence College of Thailand in 2005-2006 - Top Executive Program in Energy Literacy for a Sustainable Future (Class 10), Thailand Energy Academy (TEA) in 2017 - Training courses from Thai Institute of Directors Association (IOD): <ul style="list-style-type: none"> • Director Certification Program (DCP) in 2004 • Director Accreditation Program (DAP) in 2004 	0.462% (2,854,600 Shares)	Mr. Watchai's and Mr. Thananan's elder brother	1996-Present 2016-Present	Director / Executive Director Risk Management Committee Member	Smart Telcoms Pcl. Smart Telcoms Pcl.
					1993-Present 1995-Present 2008-Present	Position in other listed companies Director Executive Chairman & CEO Chairman of the Risk Management Committee	Smart Corporation Pcl. Smart Corporation Pcl. Smart Corporation Pcl.
					2003-Present 2016-Present	Director Risk Management Committee Member	Smart Digital Pcl. Smart Digital Pcl.
					2013-Present	Director / Executive Director / Risk Management Committee Member	One to One Contacts Pcl.
					Present	Position in non-listed companies Director	Subsidiaries and Related Companies (as details in the Directors and Managements in Subsidiaries and Related Companies)
					Present	Director	Vilailuck International Holding Co., Ltd. and its subsidiaries.
					2000-2013	Director	One to One Contacts Co., Ltd.

Remark : ⁽¹⁾ Includes holding by spouse and minor children (See the securities holding information in the topic of the "Corporate Governance" under the topic of the "4. Disclosure and Transparency")
% of total number of voting rights.

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in Company ⁽¹⁾ (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
7. Mr. Watchai Vilailuck <ul style="list-style-type: none">• Authorized Director• Executive Chairman & Chief Executive Officer• Chairman of the Risk Management Committee <i>(To be appointed as a director on July 26, 1996)</i>	56	<ul style="list-style-type: none">- Bachelor Degree in Accounting Faculty of Commerce and Accounting, Thammasat University- Certificate of Management Program, United Kingdom in 1985- Certificate of Strategic Planning & Implementation, University of Michigan Business School, Singapore in 2000- Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD) in 2004- Diploma in National Defence for The Joint State-Private Sector Course (Class 21), National Defence College of Thailand in 2008-2009- Leadership program (Class 11), Capital Market Academy (CMA) in 2010-2011- The Programme for Senior Executives on Justice Administration Batch 15, National Justice Academy, Office of Judiciary 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 5th Training Course on Administrative Justice for Executives, Institute of Administrative Justice, The Office of the Administrative Courts of Thailand in 2013-Aug. 2014- Top Executive Program in Energy Literacy (Class 6), Thailand Energy Academy in 2015- Top Executive Program in Industrial development and Investment (Class 2), Institute of Business and Industrial Development (IBID) in 2015- Academy of Business Creativity (ABC) (Class 6), Sripatum University in 2017	0.267% (1,650,010 Shares) Mr. Charoenrath's younger brother and Mr. Thananan's elder brother	1996-Present 2000-Present 2016-Present 1993-Present 2000-Present 2004-Present 2013-Present 2014-Present 2016-Present Present 2003-Present 2016-Present 2003-2015 2005-2015 2013-Present 2016-Present 2013-2016 Present Present 2000-2013	Director Executive Chairman & Chief Executive Officer Chairman of the Risk Management Committee Position in other listed companies Director / Executive Director President Chief Operating Member of the Risk Management Committee Chairman of the Sustainable Development Committee Acting Chief Operating Officer of Call Center LOB Head of Digital LOB Acting Chief Operating Officer of Utilities and transportations LOB and Technology Related Services LOB Director Chief Executive Officer / Executive Chairman / Chairman of the Risk Management Committee Chief Executive Officer / Executive Chairman Chairman of the Risk Management Committee Director / Chairman of the Risk Management Committee Executive Director Executive Chairman Position in non-listed companies Director Director Director	Samart Telcoms Pcl. Samart Telcoms Pcl. Samart Telcoms Pcl. Samart Corporation Pcl. Samart Corporation Pcl. Samart Corporation Pcl. Samart Corporation Pcl. Samart Corporation Pcl. Samart Corporation Pcl. Samart Corporation Pcl. Samart Digital Pcl. Samart Digital Pcl. Samart Digital Pcl. Samart Digital Pcl. One to One Contacts Pcl. One to One Contacts Pcl. One to One Contacts Pcl. Subsidiaries and Related Companies (as details in the Directors and Managements in Subsidiaries and Related Companies) Vilailuck International Holding Co., Ltd. and its subsidiaries. One to One Contacts Co., Ltd.	

Remark : ⁽¹⁾ Includes holding by spouse and minor children (See the securities holding information in the topic of the "Corporate Governance" under the topic of the "4. Disclosure and Transparency")
% of total number of voting rights.

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in Company ⁽¹⁾ (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
7. Mr. Watchai Vilailuck (cont.)		<ul style="list-style-type: none"> - CMA - GMS International Program Class 2017, Third Batch Jul - Aug. 2017, Capital Market Academy - Investment Training Course, Ultra Wealth Group (Class 4) in Jan - May. 2018 - Top Executive Program in Commerce and Trade (TepCot) (Class 11), Commerce Academy, University of the Thai Chamber of Commerce (UTCC) in Mar - Sep. 2018 - Advanced Master of Management Program (AMM) (Class 2), National Institute of Development Administration (NIDA) in Aug - Dec. 2018 					

Remark : ⁽¹⁾ Includes holding by spouse and minor children (See the securities holding information in the topic of the “Corporate Governance” under the topic of the “4. Disclosure and Transparency”)
% of total number of voting rights.

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in Company ⁽¹⁾ (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
8. Mr. Thananan Vilailuck • Director • Executive Director • Risk Management Committee Member <i>(To be appointed as a director on April 29, 2016)</i>	51	- Master of Engineering, University of Florida, USA. - Bachelor Degree in Engineering, Kasetsart University - Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD) in 2004 - The Joint State - Private Sector Course in Public Order Administration Police College Police Education Bureau (Class 4) in 2017	0.008% (50,000 Shares)	Mr. Charoenrath's and Mr. Watchai's younger brother	2016-Present	Director / Executive Director	Samart Telecoms Pcl.
					2016-Present	Risk Management Committee Member	Samart Telecoms Pcl.
					2007-Present	<u>Position in other listed companies</u> Executive Director	Samart Corporation Pcl.
					2009-Present	Risk Management Committee Member	Samart Corporation Pcl.
					2013-Present	Sustainable Development Committee Member	Samart Corporation Pcl.
					2015-Present	Executive Vice Chairman - Corporate Strategy	Samart Corporation Pcl.
					2016-Present	Director	Samart Corporation Pcl.
					2006-2015	President of Mobile Multimedia LOB	Samart Corporation Pcl.
					2003-2016	Director	Samart Digital Pcl.
					2003-2015	Executive Director	Samart Digital Pcl.
					2005-2015	Risk Management Committee Member	Samart Digital Pcl.
					2006-2015	President	Samart Digital Pcl.
					2012-2015	Acting Managing Director - Mobile Business	Samart Digital Pcl.
					2013-2015	Chairman of the Sustainable Development Committee	Samart Digital Pcl.
					2013-Present	Director / Risk Management Committee Member	One To One Contacts Pcl.
					2011-Present	Director	Siam Sport Syndicate Pcl.
					Present	<u>Position in non-listed companies</u> Director	Related Companies (as details in the Directors and Managements in Subsidiaries and Related Companies).
					Present	Director	Vilailuck International Holding Co., Ltd. and its subsidiaries.

Remark : ⁽¹⁾ Includes holding by spouse and minor children (See the securities holding information in the topic of the "Corporate Governance" under the topic of the "4. Disclosure and Transparency") % of total number of voting rights.

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in Company ^(*) (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
9. Mr. Jong Diloksonbat • Authorized Director • Executive Director • President • Chairman of the Sustainable Development Committee • Corporate Governance Committee Member • Risk Management Committee Member <i>(To be appointed as a director on January 11, 2012)</i>	59	- Master of System Science, University of Louisville, USA. - Bachelor Degree in Electrical Engineering, Chulalongkorn University - Certificate of Strategic Planning & Implementation, University of Michigan Business School Singapore in 2000 - Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD) in 2004 - Certificate of Executive Development Program, Faculty of Commerce and Accountancy, Thammasat University in 2005 - Certificate of Crisis Management Master Class, VMAC Business Group-Premier Provider of Business Intelligence in 2009 - Capital Market Leader Program, The Securities and Exchange Commission (SEC) and Sasin Graduate Institute of Business Administration of Chulalongkorn University in 2014 - National Defence Course (Class 57), National Defence College of Thailand in 2015	0.065% (400,000 shares)	-	2012-Present	Director / Executive Director / President / Corporate Governance Committee Member	Samart Telcoms Pcl.
					2013-Present	Chairman of the Sustainable Development Committee	Samart Telcoms Pcl.
					2016-Present	Risk Management Committee Member	Samart Telcoms Pcl.
					2012-2016	Chairman of the Risk Management Committee	Samart Telcoms Pcl.
					2012-Present 2012-Present	Position in other listed companies Executive Director President of ICT Solutions and Services LOB	Samart Corporation Pcl. Samart Corporation Pcl.
					2013-Present	Sustainable Development Committee Member	Samart Corporation Pcl.
					2009-2016	Risk Management Committee Member	Samart Corporation Pcl.
					2005-2016	Corporate Governance Committee Member	Samart Digital Pcl.
					2005-2015	Risk Management Committee Member	Samart Digital Pcl.
					2003-2015	Director / Executive Director	Samart Digital Pcl.
					Present	Position in non-listed companies Director	Subsidiaries and Related Companies (as details in Directors and Managements in Subsidiaries and Related Companies)

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

● Managements as of December 31, 2018

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in Company ⁽¹⁾ (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
1. Mr. Watchai Vilailuck <i>(To be appointed as a management on March 16, 2000)</i>							
2. Mr. Jong Diloksombat <i>(To be appointed as a management on January 11, 2012)</i>							
3. Mr. Pornchai Krivichian <ul style="list-style-type: none"> Executive Vice President - Network Solutions Business Group Sustainable Development Committee Member <i>(To be appointed as a management on March 1, 2005)</i>	53	- Master of Engineering, Bridgeport University, USA.	0.007% (42,000 Shares)	-	2015-Present	Executive Vice President - Network Solutions Business Group	Samart Telcoms Pcl.
					2013-Present	Sustainable Development Committee Member	Samart Telcoms Pcl.
					2005-2016	Risk Management Committee Member	Samart Telcoms Pcl.
					2011-2015	Executive Vice President - Network Services Business Group and System Integration Business Group	Samart Telcoms Pcl.
						Position in other listed companies	
					Present	Position in non-listed companies Director	Subsidiaries and Related Companies (as details in Directors and Managements in Subsidiaries and Related Companies)

Remark : ⁽¹⁾ Includes holding by spouse and minor children (See the securities holding information in the topic of the "Corporate Governance" under the topic of the "4. Disclosure and Transparency")
% of total number of voting rights.

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in Company ⁽¹⁾ (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
4. Miss Chotika Kamloonwesaruch • Executive Vice President - Enhanced Technology Solutions Business Group • Sustainable Development Committee Member <i>(To be appointed as a management on March 15, 2016)</i>	51	- Master of Engineering, King Mongkut's University of Technology North Bangkok	0.023% (140,000 shares)	-	2016-Present	Executive Vice President - Enhanced Technology Solutions Business Group	Samart Telcoms Pcl.
					2013-Present	Sustainable Development Committee Member	Samart Telcoms Pcl.
					2010-2016	Risk Management Committee Member	Samart Telcoms Pcl.
					May 2018-Present	<u>Position in other listed companies</u> Director in Executive Director	Samart Corporation Pcl.
					Present	<u>Position in non-listed companies</u> Director	Subsidiaries (as details in the Directors and Managements in Subsidiaries and Related Companies)

Remark : ⁽¹⁾ Includes holding by spouse and minor children (See the securities holding information in the topic of the "Corporate Governance" under the topic of the "4. Disclosure and Transparency")
% of total number of voting rights.

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in Company ⁽¹⁾ (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
5. Mr. Suchart Duangthavee <ul style="list-style-type: none"> Executive Vice President - Business Application Business Group Sustainable Development Committee Member <i>(To be appointed as a management on March 15, 2016)</i>	60	- Bachelor Degree of Engineering, King Mongkut's University of Technology North Bangkok	0.075% (466,000 shares)	-	2017-Present	Executive Vice President - Business Application Business Group	Samart Telcoms Pcl.
					2016-2017	Senior Vice President - Business Application Business Group	Samart Telcoms Pcl.
					2016-Present	Sustainable Development Committee Member	Samart Telcoms Pcl.
					2010-2016	Risk Management Committee Member	Samart Telcoms Pcl.
					Present	Position in other listed companies - Position in non-listed companies Director	Subsidiaries (as details in Directors and Managements in Subsidiaries and Related Companies)
6. Mr. Dhilokpat Nisamaneevong <ul style="list-style-type: none"> Senior Vice President - Finance & Investor Relations <i>(To be appointed as a management on February 1, 2014)</i>	49	- 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 - Digital Economy for Management Course (Class 5), Institute of Research and Development for Public Enterprises (IRDPE) in 2017	0.002% (15,000 shares)	-	May, 2018-Present	Senior Vice President - Finance & Investor Relations	Samart Telcoms Pcl.
					2014-Apr. 2018	Vice President - Finance & Investor Relations	Samart Telcoms Pcl.
					2014-2016	Risk Management Committee Member	Samart Telcoms Pcl.
					2002-2014	Position in other listed companies Vice President - Lob Finance	Samart Digital Pcl.
					Present	Position in non-listed companies Director	Subsidiaries (as details in Directors and Managements in Subsidiaries and Related Companies)

Remark : ⁽¹⁾ Includes holding by spouse and minor children (See the securities holding information in the topic of the "Corporate Governance" under the topic of the "4. Disclosure and Transparency") % of total number of voting rights.

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in Company ⁽¹⁾ (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
7. Mrs. Aroonluck Dilokwanich • Vice President - Corporate Accounting <i>(To be appointed as a management on September 1, 2003)</i>	60	- Master of Accounting, Bridgeport University, USA - Bachelor of Accounting, Thammasat University	-	-	2003-Present	Vice President - Corporate Accounting	Samart Telcoms Pcl.
						<u>Position in other listed companies</u>	
						<u>Position in non-listed companies</u>	

Remark : ⁽¹⁾ Includes holding by spouse and minor children (See the securities holding information in the topic of the “Corporate Governance” under the topic of the “4. Disclosure and Transparency”) % of total number of voting rights.

● The Person Taking The Highest Responsibility in Accounting and Finance and The Person Supervising Accounting as of December 31, 2018

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in Company ⁽¹⁾ (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
1. Mr. Dhiokpat Nisamaneevong • Senior Vice President - Finance & Investor Relations <i>(To be appointed as a management on February 1, 2014)</i>							
- See details in "Managements" -							
2. Mrs. Aroonluck Dilokwanich • Vice President - Corporate Accounting <i>(To be appointed as a management on September 1, 2003)</i>							
- See details in "Managements" -							

Remark : ⁽¹⁾ Includes holding by spouse and minor children (See the securities holding information in the topic of the "Corporate Governance" under the topic of the "4. Disclosure and Transparency") % of total number of voting rights.

● Company Secretary as of December 31, 2018

Name-Surname / Position / Date of appointment	Age	Education / Training	Shareholding in Company ⁽¹⁾ (%)	Relationship	Working Experience last 5 years		
					During	Position	Company / Department
Mr. Somchai Bunsupaporn • Vice President - Internal Audit and Company Secretary <i>(To be appointed as a Company Secretary on October 28, 2003)</i>	61	- 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	0.007% (46,200 shares)	-	2017-Present	Vice President - Internal Audit and Company Secretary	Samart Telcoms Pcl.
					2003-2017	Assistant Vice President - Internal Audit and Company Secretary	Samart Telcoms Pcl.
					2013-2016	Sustainable Development Committee Member	Samart Telcoms Pcl.
						Position in other listed companies -	
						Position in non-listed companies -	

Remark : ⁽¹⁾ Includes holding by spouse and minor children (See the securities holding information in the topic of the "Corporate Governance" under the topic of the "4. Disclosure and Transparency")
% of total number of voting rights.

Company Secretary's Role and Responsibilities

The Board of Directors has appointed Mr. Somchai Bunsupaporn as the Company Secretary.

Roles and responsibilities of the appointed Company Secretary are as follows:

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 Chairman 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.

The Company has specified the qualifications of the Company Secretary as follows:

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.

During the past year, the Company Secretary has attended the training courses and seminars to strengthen knowledge as follows:

- SEC Conference 2018: Capital Market for ALL of the Securities and Exchange Commission;
- Disclosure of information according to the new CG code of the Stock Exchange of Thailand;
- Sharing Session "Guidelines for the disclosure of CG Code based primarily apply or explain" of the Stock Exchange of Thailand;
- SET Social Impact Day 2018: Partnership for Better Impact of the Stock Exchange of Thailand;
- Enhancing Good Corporate Governance based on CGR Scorecard of the Stock Exchange of Thailand;
- Inaugural Corporate Governance Conference 2018: Building Trust in Transforming Economy of the Securities and Exchange Commission;
- Director Forum Sharing Insights on "Visionary Board" and Announcing 90 Qualified Companies of Thai Investors Association.

[illegible]

Remark :

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

2) The Companies' name

- [illegible]

- | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|------------------|-------------|-------------|-------------|-----------------|-------------|--------------|------------|
| Listed Companies | Held by SBS | Held by SCT | Held by SCS | Held by SC | Held by SUT | Held by TEDA | Held by SH |
| (3) | Held by SE | Held by SDC | Held by SDM | Held by I-SPORT | Held by OTO | | |
| | (10) | (11) | (12) | (13) | (14) | | |

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. General Sumpun Boonyanun	x		/			x	
2. Mr. Vichai Pokasamrit	/		x		x	/	
3. Miss Rapeepan Luangaramrut	/		/		/	/	
4. Mr. Kajornvut Tayanukorn	/				/		
5. Mr. Charoenrath Vilailuck	/	/		/			
6. Mr. Watchai Vilailuck	/	x		x			
7. Mr. Thananan Vilailuck	/	/		/			
8. Mr. Sirichai Rasameechan	/				/		
9. Mr. Jong Diloksombat	/	/		/	/		x
10. Mr. Pornchai Krivichian							/
11. Miss Chotika Kamloonwesaruch							/
12. Mr. Suchart Duangthawee							/
13. Mr. Dhilokpat Nisamaneevong							/
14. Mrs. Nisachol Udomwongwiwat							/
15. Miss Kanokwan Chanswangpuvana							/

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

Major Subsidiaries' Directors

Directors	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			/

Remark : x = Chairman, / = Director

Curriculum Vitae of Head of Internal Audit and Compliance of the Company

Head of Internal Audit

Educational background and work experience of Mr. Somchai Bunsupaporn, Internal Audit is as follows:

- Education :**
- Master of Business Administration, Kasetsart University
 - Bachelor of Accounting, Chulalongkorn University

Work Experience :

2017-Present	Vice President - Internal Audit and Company Secretary Samart Telcoms Pcl.
2003-2017	Assistant Vice President - Internal Audit and Company Secretary Samart Telcoms Pcl.
2013-2016	Sustainable Development Committee Member Samart Telcoms Pcl.

- Training :**
- 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

During the past year, the Head of Internal Audit has attended trainings and seminars concerning internal auditing as follows:

- Updated COSO Enterprise Risk Management: Integrating with Strategy and Performance of the Stock Exchange of Thailand.

Head of Compliance

The Company has assigned the Company 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.

Further details of Company Secretary is shown in “Directors, Managements, Controlling Person, The Person Taking The Highest Responsibility in Accounting and Finance, The Person Supervising Accounting and Company Secretary”.

General Information and Reference

Company's Information

Company	:	Samart Telcoms Public Company Limited
Head Office	:	99/7 Moo 4 Software Park, 29 th Floor, Chaengwattana Road, Klong Gluar, Pak-kred, Nonthaburi 11120
Registration No.	:	0107538000631
Web site	:	http://www.samtel.com
Telephone	:	0-2502-6000
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

Registrar	:	Thailand Securities Depository Co., Ltd.
Head Office	:	93 The Stock Exchange of Thailand Building, Ratchadaphisek Road, Dindaeng, Bangkok 10400
Telephone	:	0-2009-9000
Fax.	:	0-2009-9991
Auditor	:	Mrs. Sarinda Hirunprasurtwutti
	:	The Certified Public Accountant's License No. 4799
Head Office	:	EY Office Limited 33 rd Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110
Telephone	:	0-2264-0777
Fax.	:	0-2264-0789-90
Vice President-Internal Audit and Company Secretary	:	Mr. Somchai Bunsupaporn
Email	:	Somchai.B@samtel.com
Telephone	:	0-2502-6238
Fax.	:	0-2502-6648

Remark : Investor can find more information of the company's form 56-1 as shown in the company website at www.samtel.com or www.sec.or.th.



SAMART TELCOMS PUBLIC COMPANY LIMITED

99/7 Moo 4, 29th Fl., Software Park, Chaengwattana Rd.,
Klong Gluar, Pak-Kred, Nonthaburi 11120 Thailand
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