

# Intelligence of CHANGE



**ANNUAL REPORT 2013**

**SAMART I-MOBILE PUBLIC COMPANY LIMITED**

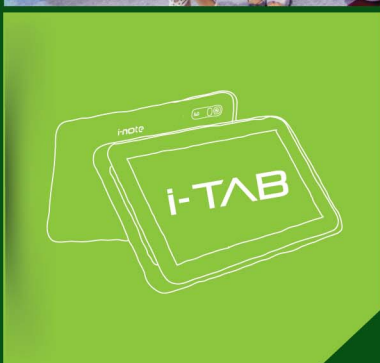


Technology to improve

the best communication efficiency

The evolution of mobile technology for Thais under the brand of “i-mobile” will enhance the capability to connect the world with a finger-away. The technology will help improving standard of living with a combination of flourish information and entertaining element.

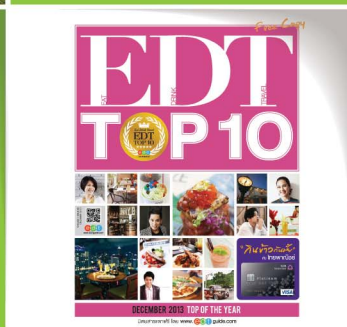
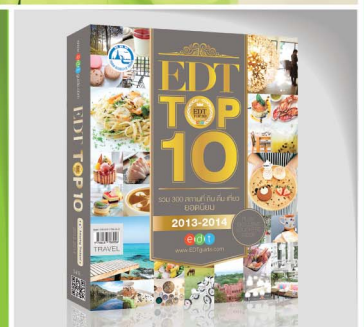
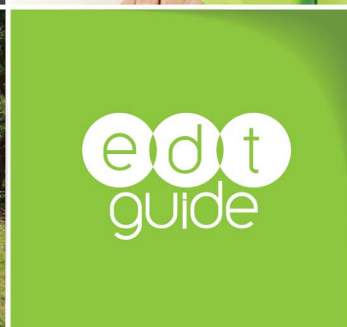






## Question solved with BUG 1113

BUG 1113 is a “mobile multimedia service” providing an information service for all customers. It offers both voice and non-voice services therefore the customers are able to experience the best solution either by voice or by text message and picture message. With BUG 1113, any question, if there is, will be solved and being outdated will be no longer an issue.





## Better network for better living

i-mobile 3GX is an official Mobile Virtual Network Operator (MVNO) of TOT, provides 3G technology for mobile network that offers its own communication services for all subscribers, which is to fulfill the demand of information oriented generation. Therefore i-mobile 3GX is the best mobile network solution for social network era.







## Message from the Board of Directors



(Professor Suphachai Phisitvanich)

Chairman

Samart I-Mobile Public Company Limited

2013 started off the year full of hopes and promises. America continued with its Quantitative Easing (QE) program of stimulating its economy and is joined by Japan with its own version of QE via the three arrows of Abenomics. This drive up consumer confidence worldwide in addition to assets price increases. Thus, Thai Baht strengthen to below 30 to US\$ by late March. However, this trend soon reverse and Baht depreciate to more than 32 to US\$ when talks of tapering of QE by Federal Reserve starts to gain ground in second half of 2013. Currency exchange rate of emerging market economies started to depreciate rapidly and this dampen consumer confidence considerably. In addition, domestically, demonstrations and protests arising from political problems started in October and are still continuing into 2014 also adversely affected confidence towards the end of 2013. Overall, 2013 lived up to its promises.

We are pleased to inform that the Company has seized on the good economic conditions and has achieved good performance in its business as well as financial operations. Total Group Revenue has increased to Baht 10,300 million in 2013 compared to Baht 7,042 million in 2012. With higher Group Revenue and better profit margins, the net profit has increased to Baht 807 million in 2013, from net profit of Baht 161 million for 2012. This is the highest net profit arising from business operations for the Company.

Increasing sales of smart phones contributed mainly to the improved financial performance of the Company. Smart phones sales now constitute more than 40% of unit sales and up to 80% in revenue. Our house brand 'i-mobile' smart phones continue to enjoy success in the Thai hand phones market despite strong competition from entry of branded Chinese smart phones. With the improving services of 3G mobile network, the multimedia Content business suffer a slight drop in its revenue, from Baht 1,054 million in 2012 to Baht 947 million in 2013.

2014 look like a very challenging year, full of risks, but plenty of opportunities and rewards as well. Internationally, America has started tapering of its QE program and this has created a slow down in emerging markets. In addition, uncertainties in Chinese and Japanese economies are affecting business sentiments as well. Domestically, the continuing political problems are affecting many sectors of the economy, including tourism and exports. However, with the continued expansion of the 3G mobile networks by the licensed operators, this will generate good business opportunities for the Company in the sales of smart phones and will contribute to sustainable growth for the Company into the foreseeable future.

The Company will continue to remain innovative in its products and services with focus on quality and value for money, to improve on customers satisfaction and human resource development coupled with managing our business with fairness and the recognition of the Principles of Good Corporate Governance and Corporate Social Responsibility under the policy guiding principle of being a good corporate citizen, who is accountable to employees, customers and shareholders, and being socially responsible.

On behalf of Samart I-Mobile Plc., the Board of Directors would like to thank all shareholders, customers, business partners, financial institutions, staffs and all well wishers who have generously supported the Company. We will continue to manage and operate the business with transparency to achieve the maximum benefits to all stakeholders and will continue to participate in development of community, social and environment.





## Report of the Executive Committee



*Watchai Vilailuck*

(Mr. Watchai Vilailuck)

Executive Chairman

Samart I-Mobile Public Company Limited

The Company strongly believes in the importance of managing the business operations according to the Company's business policies and plans, including any initiatives mandated by the resolutions of the Board of Directors and Shareholders meetings. All such implementations that are needed to be done have to be executed in strict adherence to the Company's Corporate Governance Policy and Business Ethics. Consequently, the Board of Directors appointed an Executive Committee to analyze and appraise numerous important issues prior to further consideration by the Board of Directors. Moreover, as a written guideline, the charter of the Executive Committee has been provided in order to clearly specify composition, qualification, term of post, roles and responsibilities of the Executive Board as well as details of meeting arrangement and report to the Board of Directors of the Company.

In 2013, the Executive Committee conducted 13 meetings to consider numerous matters concerning the Company that were subsequently reported, with comments and recommendations, to the Board of Directors which can be summarized below:

- **Establish Business Strategies and Plans**  
The Executive Committee analyzed the annual strategic and implementation plans and problem resolution guidelines for each business operations on a quarterly basis. Every year, the Company arranges at least 2 management meetings where the participants are the manager level onwards to convey its operation plans and strategies to the management and the employees for their acknowledgement and compliance.
- **Monitor, Evaluate, and Follow-up the Performance of the Company and its subsidiaries**  
The Executive Committee review and monitor business operations of the subsidiaries and provide advises for any problems may have to achieve business target.
- **Follow-up on the Directives Mandated by the Board of Directors**  
The Executive Committee analyzed and appraised numerous important issues mandated by the Board of Directors such as investment, fiscal year budget as well as consideration on promotion and new hire manpower.
- **Establish Remuneration Policies and Employee Salary Guidelines**  
The Executive Committee analyzed and assessed annual salary increment and bonus. The salary increase and bonus allocation are in line with the Company's operation performance and commensurate with the industry's average remuneration. This recommendation was submitted to the Nominating & Compensation Committee for further consideration.

The Executive Committee is intent to perform its duties to the utmost honesty, caution, and thoroughness with the objectives of ensuring the Company's benefits, equity and fairness to all shareholders and stakeholders. To be sure, the Executive Committee seeks to ensure the strictest adherence to all rules and regulations, Company's Objectives and Article of Association and comply with the good corporate governance principle in order to fulfill the targets on enhancement of stability and growth on continued basis which can further lead to the sustainable growth of business.







## The Board of Directors



**Professor Suphachai Phisitvanich**

Chairman of the Board of Directors  
Independent Director  
Audit Committee Member



**Dr. Chotivid Chayavadhanangkur**

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



**Mr. Kunthit Arunyananda**

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



**Mr. Charoenrath Vilailuck**

Authorized Director



## The Board of Directors



**Mr. Watchai Vilailuck**

Authorized Director  
Chief Executive Officer  
Executive Chairman  
Chairman of the Risk Management Committee



**Mr. Thananan Vilailuck**

Authorized Director  
President  
Executive Director  
Risk Management Committee Member  
Chairman of the Sustainable Development Committee



**Mr. Jong Diloksombat**

Authorized Director  
Executive Director  
Corporate Governance Committee Member  
Risk Management Committee Member



**Mr. Azwan Khan bin Osman Khan**

Director



**Mr. Annis bin Sheikh Mohamed**

Director  
Nominating and Compensation Committee Member





## Vision

Sustainable growth through Integrated Broadband Communication to ease every daily life

## Mission

- Focus on improving User Experience in terms of Tangible Value either from products (Hardware or Software) while sustaining Intangible Value either from Emotional Value and Satisfaction in After-sales Service and in order to match customers' expectations
- Content Application & Platform to serve consumers' demands via varieties of media (Fixed, Mobile and Digital Content) as well as looking forward to plans for Continuous Business Expansion Horizontal & Vertical in Multi-Tiers
- Achieve target by provision of Mobile Service & Telecom Service to well-selected Profitable Segments in forms of well-planned Value Proposition & Customers' Convenience
- Expand Existing & New Channels (domestic & international) to support Sales Growth while providing suitable Product, Tariff Packages and After-sales Service Mix to create excellent customer experience and satisfaction



## Content

Message from the Board of Directors	4
Report of the Executive Committee	5
The Board of Directors	6
Vision & Mission	8
Financial Highlights	10
Corporate Social Responsibility	12
Nature of Business	21
Business Structure	22
Revenue Structure	23
Information of Subsidiary Companies	24
Changes during the Year	27
Industry and Competitive Analysis	28
Risk Factors	30
Shareholders	33
Dividend Payment Policy	34
Management Structure	35
Report of the Corporate Governance Committee	49
Report of the Sustainable Development Committee	50
Report of the Risk Management Committee	51
Report of the Nominating and Compensation Committee	52
Corporate Governance	53
Internal Control and Risk Management	84
Connected Transactions	88
Financial Analysis and Results of Operations	96
Report of the Board of Directors' Responsibilities for the Financial Reports	100
Report of the Audit Committee	101
Independent Auditor's Report	103
Financial Statements	105
Audit Fee	166
Directors, Management, Corporate Secretary and Head of Internal Audit	167
General Information	176





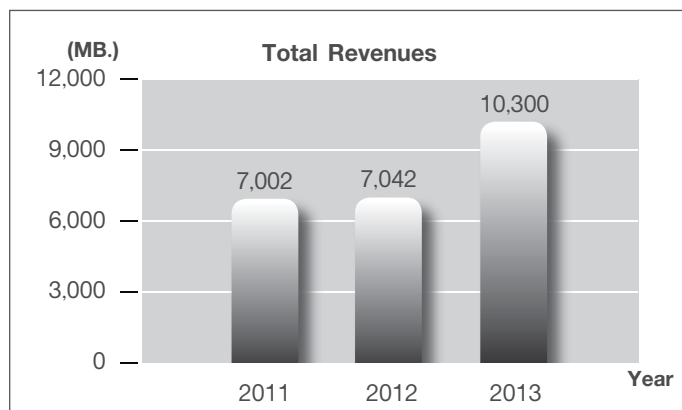
# Financial Highlights

	2011	2012 <sup>(1)</sup>	2013
<b>Result of Operation</b> (Million Baht)			
Sales and Service Revenue	6,921	6,940	10,239
Sales Support Revenue	24	45	19
Total Revenues	7,002	7,042	10,300
Gross Profit <sup>(2)</sup>	1,351	1,363	2,565
Net Profit	84	161	807
<b>Financial Position</b> (Million Baht)			
Total Assets	5,699	5,488	7,283
Total Liabilities	3,296	2,896	4,095
Total Shareholders' Equity	2,403	2,592	3,188
<b>Financial Ratio</b>			
Net Profit Margin (%)	1.19	2.28	7.83
Return on Equity (%)	3.53	6.53	28.28
Return on Assets (%)	1.50	2.87	12.63
Debt to Equity Ratio (Times)	1.37	1.12	1.28
Earnings per Share (Baht)	0.02	0.04	0.19
Dividend per Share (Baht)	0.010	0.025	0.110
Dividend Payout Ratio (%)	51.41	67.68	59.31
Book Value per Share (Baht)	0.56	0.60	0.73
Par Value per Share (Baht)	0.10	0.10	0.10
Number of issued and paid up shares <sup>(3)</sup> (Million Shares)	4,301.30	4,303.94	4,373.47

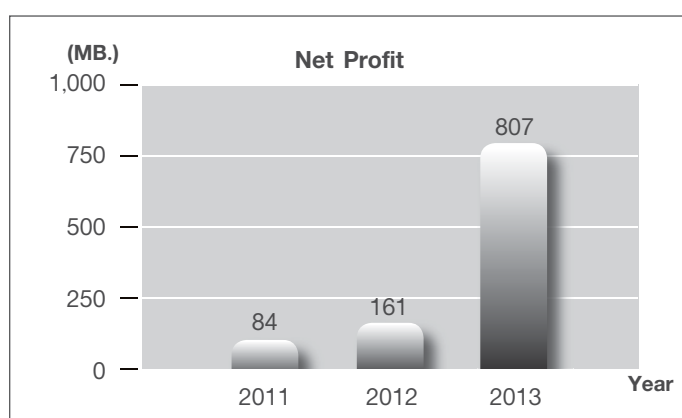
Remarks: <sup>(1)</sup> Restatement due to the impact of deferred tax, which effective year 2013.

<sup>(2)</sup> Gross Profit was calculated by including sales support revenue.

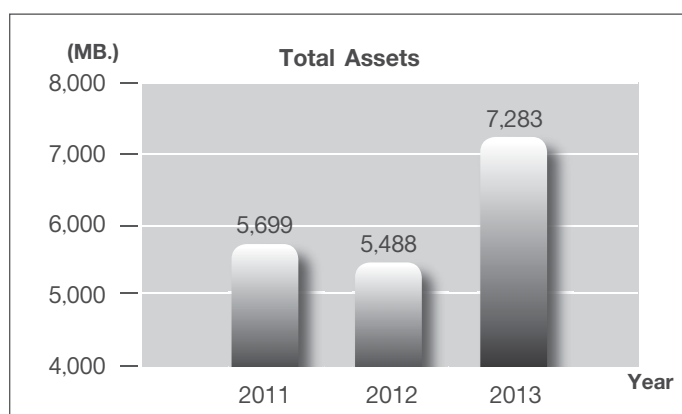
<sup>(3)</sup> During the year 2012 and 2013, the Company's paid up capital was increased from the exercise of warrants offering to the Company's directors and employees of the Company and its subsidiaries.



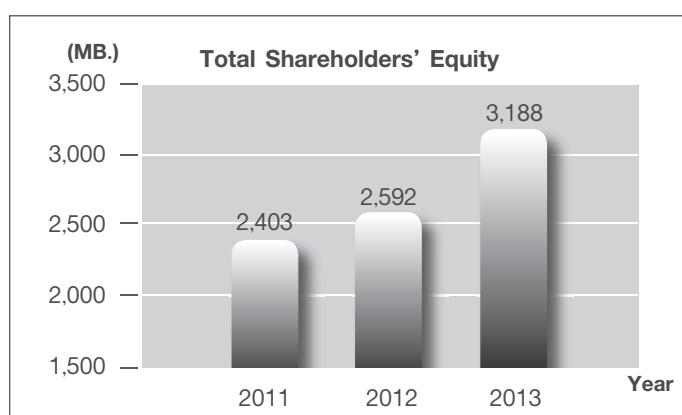
Total revenues were Baht 10,300 million, an increase of Baht 3,258 million or 46.28% compared to 2012. This was resulted from a growth of revenue in Mobile Business due to the higher average selling price per unit of i-mobile handset sold in 2013. In addition, there was a considerable increase in revenue of Service Provider Business in 2013.



Net profit was Baht 807 million, an increase of Baht 646 million or 401.71% compared to 2012. Net profit margin also increased from 2.28% in 2012 to 7.83% in 2013.



Total assets were Baht 7,283 million, an increase of Baht 1,795 million or 32.70% compared to the end of 2012. This was driven by an increase in trade account receivables and inventories in relative to the growth of sales in Mobile Business.



Total shareholders' equity was Baht 3,188 million, an increase of Baht 596 million or 23.00% compared to the end of 2012. Accordingly, net profit in 2013 was Baht 807 million, with Baht 327 million dividend payment during the year.







# Corporate Social Responsibility (CSR)

The Company has mainly implemented CSR activities in form as a supporting innovation project, charity event and donation which in fact is only a part of the CSR. However, after taking CSR training course from the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), the Board of Directors' Meeting No. 6/2013 on November 12, 2013 approved the establishment of the Sustainable Development Committee in order to set the policy framework and guidelines for the implementation of social responsibility and the Company's environmental benefits. This will lead to guidelines to CSR monitor progress and evaluate the CSR activity and report to the Board of Directors.

The Board of Directors' Meeting No. 7/2013 on December 17, 2013 approved CSR policy. Details are as follows:

## CSR Policy

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

CSR policy comprises 9 operating principles of conduct as follows:

### 1. Organization Governance

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

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

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



## 2. Fair Operating Practices

**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 for the Company's directors, executives and employees to adhere as their practical guidelines on integrity, honesty, standardization, quality, moral and fairness. It also covers to pay attention to all stakeholders, i.e. shareholders, employees, customers, competitors, business partner, lenders including societies and environment by setting guidelines that cover the rights and benefits to all stakeholders thoroughly in Business Ethics for directors, executives and employees to abide. The Business Ethics is posted on the Company's website ([www.i-mobilephone.com](http://www.i-mobilephone.com)). Moreover, the Board of Directors also assigns the Corporate Governance Committee to oversee performance of directors, executives and employees to ensure that they strictly adhere to this practice. More details on the treatment of stakeholders are disclosed in the section "Corporate Governance" under the topic "Attention to Stakeholders".

## 3. Anti-Corruption

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

The Company realized on importance of an affect from corruption, thus, the Board of Directors' Meeting No. 1/ 2011 on February 25, 2011 approved the policy on anti-corruption policy and defined in the topic "Receiving and giving present, property or other benefits policies" in the Company's Business Ethics for practices of all employees as following;

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 disclosed the above information on the Company's website at [www.i-mobilephone.com](http://www.i-mobilephone.com).

#### **General Practices**

1. 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. 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. Supporting best practices for anti-corruption policy by providing a training course to all employees to promote honesty and guidelines for code of conduct to the company's employees including the company's business ethics through new employee orientation. All employees can access all related information in HR Website ([www.samarthre.com](http://www.samarthre.com)).
4. In order to oversee the implementation of anti-corruption policy, the Company encourages its employees and all stakeholders to report the violation of company's policies and unfair practices by providing the channels for stakeholders to inform any actions which are against the corporate governance principle, ethics, rules and regulations of the Company, laws or any action which may cause damage to the



Company to the Chairman of the Audit Committee. Such document and/or evidence may be sent by the employees themselves or via the postal service as the address shown in the Company's website. The Chairman of the Audit Committee shall then investigate and analyze such matter and if it is found that it has factual basis, it shall be sent to the Company's Audit Committee for further consideration. The Company shall protect the employee who notifies such information, the informant or whistle blower, by not disclosing the name of the informant to any person.

5. 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.

The company has bought fidelity guarantee insurance to cover loss arising from the fraudulent embezzlement or fraudulent misappropriation of good committed by the Company's employees at the appropriate insurance coverage. During the year, the Company was not found guilty or resignation of directors and management from the issues of corporate governance and no case of the Company's negative reputation as a result of failure in the monitoring function of the Board of Directors.

Moreover, the Company is also aware of the importance on anti-corruption, hence, the Company's representatives were sent to attend various meetings in relation to the prevention and detection of fraud in organizations such as the National Conference on the anti-corruption, Practical Fraud Awareness, Fraud Detection & Fraud Prevention Strategies, fraud auditing and etc.

#### 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 on non violation of human right has been stated in the Company's Business Ethics as follows:

##### 1. 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.

##### 2. 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 and long-term training.
- Deliberation related to hiring and judgment of performance should be accurate and fair.







- When performing the work, avoid expressing opinions that have to do with differences of physical and mind, race, nationality, language, religion, sex, age, education, or any other attribute likely to cause conflict.
- Contribute to making the work environment free of oppression and injustice.
- The employee shows respect and tolerance for each other's opinions.

## 5. Fair Labor Practices

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

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

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

## 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. 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 “Attention to Stakeholders” under “Customers”.

## 7. Contribution to the Community and Society

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

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

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

In 2013, Samart Group has continued our efforts to promote “People of Quality, Society of Morality” that add value to people’s lives and create a positive impact in society. Not only that we have conducted our business with good governance and transparency, but we have also implemented a variety of activities for public benefits. We have laid down clear framework for our works under the “Quality People and Moral Society” focus. The works comprise projects and activities as follows:

### Creation of Quality People

- **SAMART INNOVATION:** This project covers a Technology Innovation Contest, Scholarships, and Technology Training namely:
  1. **Samart Innovation Award 2013:** The annual contest was in its 11th year in 2013. Samart Group joined force with National Science and Technology Development Agency (NSTDA) in organizing “The Young Technopreneurs Project” for the second year in 2013. The program covers:
    - Knowledge and skills development
    - Business Startup Funds to 25 outstanding teams, each receiving Baht 25,000. The winner of Samart Innovation Awards 2013 got Baht 200,000. The first runner-up and the second runner-up were awarded Baht 70,000 and Baht 30,000 respectively.







- Commercial opportunity: During the past two years, we have produced 51 teams or over 150 technopreneurs for technology business sector. We intend to continue to produce more in this project.
- 2. **Samart Innovation FUND** has awarded scholarships and research grants to telecommunications students in their last year of study at universities so that they have funds to further their knowledge, to develop their final study projects, or to continue their education. In 2013, the Samart Innovation FUND started offering the grants to students at five institutes. Each scholarship was worth Baht 20,000 and each university had five recipients. The total amount of funds granted in 2013 reached Baht 300,000.
- 3. **Samart Innovation CAMP** has offered a training on telecommunications, under the theme of “Get Ready to be a Professional “ for the Bangkok University’s Faculty of Science and Technology, Rangsit University’s Faculty of Engineering.
- **SAMART Scholarship**
  - SAMART Foundation provided Baht 95,000 to Mahidol University for its master program scholarships and R&D supports.
  - SAMART Foundation provided 40 scholarships worth Baht 60,000 and 20 bicycles for primary and secondary students of the Thammasat Klong Luang Wittayakhom School, Wat Peuchnimit School and Jarusornbamrung School.
- **Other educational supports**
  - School Building Maintenance: Samart Foundation gave Baht 100,000 to the Ban Kantrong School in Surin for use in repairing its buildings. Moreover, it gave 40 bicycles to the Ban Wan and Ban Muang schools in Surin.
  - School Uniforms and boys/girls scout equipment worth Baht 126,439 were given to the Ban Kung Si School in Sakon Nakhon under the Samart Foundation.

### Promotion of the Moral Society

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

- **Samart..D Club** was established by voluntary employees to provide benefits and assist the society through the following internal and external activities
  - Samart Mind Power for the promotion of morality, Dhamma, and conscience, which required more than Baht 120,000 in budget as it arranged:
    - > A Dhamma course titled Format Your Mind Delete Your Emotions (2 Days 3 Nights) at the Rama IX Meditation Center, the Rama IX Kanchanaphisek Temple. The course accepted 80 participants. It has been held for three consecutive years already.
    - > Publishing prayer books for distribution to members of the general public
    - > Organizing annual Dhamma talks titled “Problems are Temporary...Solutions are in Dhamma” for staff.



- Kids tour to Rattanakosin Exhibition Hall: This activity aimed to bring the new world of learning to the underprivileged children from the Foundation for the Better Life of Children.
- **Other Morality supports**
  - Provided support of Baht 100,000 financial donation plus commodities by Samart Foundation through Modern Nine TV for distribution to students at the Ban Mong Tee Lang border patrol police school in Kanchanaburi.
  - Donated support for 600 blankets and warm clothes to orphans and underprivileged children at the Phra Siri Orphanage, Lom Sak district, Phetchabun by Samart Foundation.
  - Fund raising and arranging donations of commodities and basic necessities for the benefits of Filipino disaster victims.

## 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 Samart Group during the year 2013 are as follows:**

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

We are 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.

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

We run awareness campaigns to conserve the energy and environment so as to inculcate the right attitude in people, who will then start using resources wisely through "Lor. Ling Activity" for 6 consecutive years from 2008. In 2013, Samart Group promoted this activity in the concept "Lor. Ling ECO Project", which included the





exhibition to educate energy saving by arranging workshops and invention contest from used plastic bottles, and donation of 1,000 used plastic bottles to the Mirror Foundation to raise funds for social benefits.

## 9. Innovation and Publication of Innovation from Social Responsibility

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

Samart Innovation Awards has been firstly initiated 10 years ago with aims to support and urge young Thai people and new blood entrepreneurs to boost up new idea and capability to create new technological innovation. After the winners have been announced, the Company has disseminated those awarding works to the public via the public relations work to attract the interested investors and to inspire the next generation developers. In the past year, the related news about Samart Innovation Awards and the awarding work was launched through various media; printing media, radio, television and online media totaling 85 pieces.

Moreover, by adhering to concept on operating business with social, community and environmental responsibility, Samart Group emphasizes on the development and presentation of the applied technology innovation to uplift the standard of living, the environmental conservation and the worthily usage of resources.





# Nature of Business

The business operations of the Company and subsidiaries are divided into three lines of business as follows:

## Mobile Business

Distribution of mobile phones, feature phones, smart phones and tablets, under the brand of i-mobile including gadgets, and various accessories through a variety of channels both in wholesale (Traditional Trade) and retail channels (Modern Trade), especially the expanding sales channels to a large shopping mall (Hypermarket), mobile phone retailers, IT equipment retailers and e-commerce sites including its own shop called “i-mobile by SAMART” to distribute the Company’s products and provide after sales services nationwide.

## Multimedia Business

Provision of varieties of most updated information, news and edutainment contents which address to everyone’s need and fit with their lifestyles in the form of voice services under the BUG1113 and BUG1900 services, and non-voice or multimedia services under the BUG2Mobile services via multi-devices, for example, sports update reporting, [www.Horoworld.com](http://www.Horoworld.com)-the center of the fortune teller and horoscope, [www.EDTGuide.com](http://www.EDTGuide.com)-the center of “Eat-Drink-Travel” lifestyle, etc. These services will be produced, published and promoted via multiple-media such as printing media, public TV programs, and applications on new smart devices. Last, we are also in the entertainment business, currently producing TV programs broadcasted through new media platforms via mobile application such as Facebook, YouTube and website in both iOS and Android Operating System.

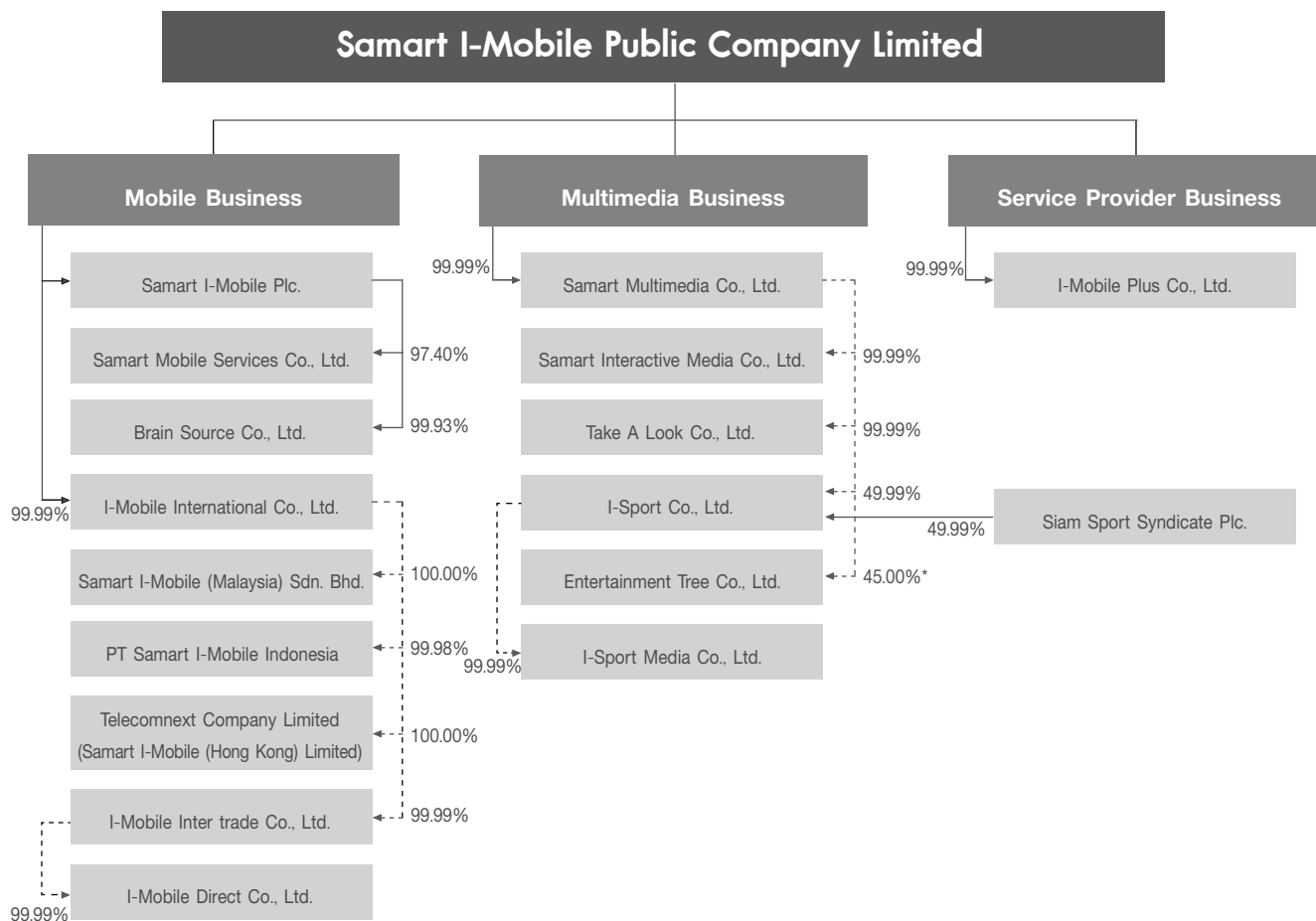
## Service Provider Business

Provision of wholesale and resale 3G services on the 2100 MHz frequency cover the service areas nationwide with 5,320 base stations by purchasing a package including telecommunications and Airtime from TOT Public Company Limited to provide the services under the brand name of i-mobile 3GX to end users and corporate users. Currently the Company provides 5 main services including Voice call, Video call, Data (Mobile internet), SMS, MMS and other value added services (VAS), etc. In addition, the Company is in the process to test international roaming and international call services with VoIP technology under Dialing Pre-fix of its own, which the Company predicts these two services will be launched in the second quarter of 2014.





# Business Structure



\* The remaining portion is held by 2 persons who have business expertise in such company with no conflict of interest.



# Revenue Structure

The revenue structure of the Company and subsidiaries as of December 31, 2011 - 2013 is as follows:

(Unit: Million Baht)

Revenue	Operated by	% of shareholding	2011		2012		2013	
			Revenue	%	Revenue	%	Revenue	%
Mobile Business	SIM,SIMM,TCN	100.00%	5,833	83.30	5,784	82.14	9,098	88.34
	SMS	97.40%						
	BS	99.93%						
	IMI,IMIT,IMD	99.99%						
	SIMI	99.98%						
Multimedia Business	BUG,SIAM	99.99%	973	13.90	1,054	14.97	947	9.19
	I-SPORTM	99.99%						
	TAL	99.99%						
	I-SPORT	49.99%						
	ENT	45.00%						
Service Provider Business	IMP	99.99%	115	1.64	102	1.44	194	1.88
Total Revenues from Operations			6,921	98.84	6,940	98.55	10,239	99.41
Selling support income			24	0.34	45	0.64	19	0.18
Interest income			5	0.07	4	0.06	4	0.04
Gain on exchange			6	0.08	13	1.19	0	0.00
Gain on change in value and disposal of short-term investments			0	0.00	4	0.06	1	0.01
Gain on disposal of investment in subsidiary company			0	0.00	1	0.02	0	0.00
Other income			47	0.67	34	0.48	37	0.36
Total Revenues			7,002	100.00	7,042	100.00	10,300	100.00

SIM = Samart I-Mobile Plc.

IMI = I-Mobile International Co., Ltd.

SIAM = Samart Interactive Media Co., Ltd.

BS = Brain Source Co., Ltd.

SIMI = PT Samart I-Mobile Indonesia

I-SPORT = I-Sport Co., Ltd.

IMIT = I-Mobile Inter trade Co., Ltd.

ENT = Entertainment Tree Co., Ltd.

IMD = I-Mobile Direct Co., Ltd.

BUG = Samart Multimedia Co., Ltd.

SMS = Samart Mobile Services Co., Ltd.

SIMM = Samart I-Mobile (Malaysia) Sdn. Bhd.

TAL = Take A Look Co., Ltd.

IMP = I-Mobile Plus Co., Ltd.

TCN = Teleconnext Company Limited

(Formerly known as Samart I-Mobile (Hong Kong) Limited)

I-SPORTM = I-Sport Media Co., Ltd.







# Information of Subsidiary Companies

Information of Subsidiary Companies as at December 31, 2013

Name of Company	Type of Business	Shareholder	Registered Capital	Total of Ordinary Share	Company's shareholding	
					Number of share	Percentage
1. Samart Multimedia Co., Ltd. 99/12 Moo 4, Software Park 24 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-8136	1. Provide content services via fully integrated wire and wireless technologies both voice service via Audiotext and Call Center, and non voice services. 2. Content producer and developer.	SIM	200 Million Baht	2,000,000	1,999,996	99.99
2. Samart Mobile Services Co., Ltd. 37/1 Moo 2, Phaholyothin Rd., Klong 1, Klongluang, Pathumthanee 12120 Tel. 0-0502-6000 Fax. 0-2502-6496	Procure and sell communication and information technology equipment through wholesale.	SIM	490 Million Baht	49,000,000	47,724,999	97.40
3. I-Mobile International Co., Ltd. 99/3 Moo 4, Software Park 33 <sup>rd</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6200 Fax. 0-2502-8532	Invest in the businesses related to the distribution of mobile phones bundled with content in overseas markets.	SIM	200 Million Baht Paid-up capital of 185 Million Baht	20,000,000	19,999,994	99.99
4. Brain source Co., Ltd. 99/12 Moo 4, Software Park 24 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-8136	Research and develop application on mobile phone.	SIM	1 Million Baht	10,000	9,993	99.93
5. I-Mobile Plus Co., Ltd. 99/13 Moo 4, Software Park 23 <sup>rd</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6200 Fax. 0-2502-8532	Carry on the service of telecommunication business, and be agent for all types of telecommunication services.	SIM	100 Million Baht Paid-up capital of 100 Million Baht	10,000,000	9,999,993	99.99
6. Samart Interactive Media Co., Ltd. 99/12 Moo 4, Software Park 24 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-8136	Face-to-face foretell at HoroWorld shop and via website, provide training and selling products related to horoscope and fortunetelling.	BUG	160 Million Baht	16,000,000	15,999,994	99.99



Name of Company	Type of Business	Shareholder	Registered Capital	Total of Ordinary Share	Company's shareholding	
					Number of share	Percentage
7. Take A Look Co., Ltd. 99/3 Moo 4 Software Park 33 <sup>rd</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-8136	Provide advertisement and outdoors media services including electronic screens (LED Billboard).	BUG	50 Million Baht Paid-up capital of 50 Million Baht	5,000,000	4,999,993	99.99
8. I-Sport Co., Ltd. 99/12 Moo 4, Software Park 24 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-8136	Provide sports information through comprehensive interactive multimedia in Thailand and overseas market.	BUG	40 Million Baht Paid-up capital of 30 Million Baht	4,000,000	1,999,996	49.99
9. Entertainment Tree Co., Ltd. 99/12 Moo 4, Software Park 24 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6103 Fax. 0-2502-6361	Manufacturer, distribute and provide entertainment media, through television, telephone, internet system, satellite system and others both local and overseas, installation of several equipments and network including facilities and other related services.	BUG	5 Million Baht	500,000	225,000	45.00
10. Samart I-Mobile (Malaysia) Sdn. Bhd. 18 B, Jalan Mutiara Raya, Taman Mutiara, 56000 Kuala Lumpur, Malaysia Tel. 603-9131-6403 Fax. 603-9133-4941	Distribution of mobile phones bundled with content services and provider of interactive multimedia services in Malaysia.	IMI	5,000,000 Malaysian Ringgit	2,000,000	2,000,000	100.00
11. PT. Samart I-Mobile Indonesia Wisma 46 - Kota BNI, Lt.24 Suite 24.01, Jl. Jend. Sudirman Kav.1, Jakarta 10220, Indonesia Tel. 621-5744-555 Fax. 621-5744-777	Distribution of mobile phones bundled with content services and provider of interactive multimedia services in Indonesia.	IMI	6,420,000 USD	6,420,000	6,419,000	99.98
12. Teleconnex Co., Ltd. (Formerly known as "Samart I- Mobile (Hong Kong) Co., Ltd.") 23/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong Tel. 852-2980-1888 Fax.852-2956-2192	Distribution of mobile phones bundled with content services and provider of interactive multimedia services in Hong Kong.	IMI	5,000,000 HKD	5,000,000	5,000,000	100.00





Name of Company	Type of Business	Shareholder	Registered Capital	Total of Ordinary Share	Company's shareholding	
					Number of share	Percentage
13. I-Mobile Inter trade Co., Ltd. 99/3 Moo 4, Software Park 33 <sup>rd</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6200 Fax. 0-2502-8532	Export of mobile phones bundled with content services and other products of the Company.	IMI	5 Million Baht	500,000	499,993	99.99
14. I-Sport Media Co., Ltd. 99/12 Moo 4, Software Park 24 <sup>th</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-8136	Operate business relating to sport advantages such as competition provider, live broadcasting, others activities and benefit management to sport player.	I-Sport	1 Million Baht	100,000	99,997	99.99
15. I-Mobile Direct Co., Ltd. 99/3 Moo 4, Software Park 33 <sup>rd</sup> Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-6900	Provide and distribute communication and information technology equipment and accessories through direct selling	IMIT	9 Million Baht	90,000	89,998	99.99

SIM = Samart I-Mobile PLC.

BUG = Samart Multimedia Co., Ltd.

IMI = I-Mobile International Co., Ltd.

I-SPORT = I-Sport Co., Ltd.

IMIT = I-Mobile Inter Trade Co., Ltd.





# Changes during the Year

Over the last two years, the Android Smart Phone was increasingly popular both in Thailand and overseas from the continuing development of the operating system itself to the environment system (Ecosystem) of the application developers worldwide. The Company sees such opportunities and focuses on continuing development in both quality of equipment and software to reduce the technological gap between the international and local brands.

In 2013, Samart I-Mobile Plc. released 35 models of smart phones and tablets to the market under the extension of the concept “value-for-money” by developing product to meet consumers’ expectation at affordable price. The Company’s smart phone has been classified into 3 series as follows:

- i-Style series, an affordable smart phone which the price is not much higher than feature phones, suited for the new 3G smart phone users.
- IQ series, the medium product at reasonable price for users who want to use quality smart phone and available for main applications on smart phones.
- IQX series, the medium to high-end product for advanced users who want to use high-quality smart phone with superior components, fashionable design and available for all applications on smart phones.

In addition to the device, the Company has also focused on the development of software to differentiate company’s product from cheap smart phone imported from China by introducing the software features such as voice typing Thai (Voice to Thai), receive calls without touching the screen (Smart Gesture) and flip for speaker phone (Flip for Speaker). For feature phones, the Company continues to release products to the market in both Hitz series for incoming and outgoing call purpose and Zaa series for everyday life of consumers such as watching TV or Wi-Fi connection.

From the continuing successes in the development of smart phone, the Company’s revenue from Mobile Business was Baht 9,117 million, significantly improved by 56.41% compared to 2012. The average selling price per unit of i-mobile handset sold increased by 65.03% compared to the year before. The Company continues to enjoy success in selling our house brand ‘i-mobile’ phones and still maintain our leadership position in the mobile phones market in Thailand, continuing to be 1<sup>st</sup> of Thai brand and 3rd position in the Thai overall handset market.

Content Business is a profit making unit of Multimedia Business. In 2013, total revenue of this business was Baht 947 million, a decrease of 10.15% from last year, mainly from the shift of customer behavior. The traditional services such as 1113, 1900, 1110 and BUG2Mobile were replaced by the accessibility of widely internet connection through a wide range of modern equipment. However, the Company has attempted to develop the popular contents of the traditional services such as horoscope, sport and lifestyle to easily accessible channels through smart phone and tablet, for example, website, cable TV and applications on modern portable devices. Moreover, the Company still continuously improves the content to meet the needs of targeted customers.

MVNO Business involves wholesale and resale of mobile service on 3G networks at a frequency of 2,100 MHz - a service purchased from TOT Public Company Limited known as ‘i-mobile 3GX’. The year 2013 has seen an increase of 400 percent in number of active subscribers as compared to the previous year. Product bundling between i-mobile 3GX SIM card and i-mobile devices was one effective marketing strategy that contributed greatly to the tremendous success. The significant rise in i-mobile product adoption also had a lot to do with improvements made to product reach by means of continuous expansion of direct sales department and reseller networks, which in turn heightened efficiency and timeliness of sales and delivery processes. To raise awareness towards i-mobile 3GX brand, promotional activities have been constantly carried out, aiming specifically at target customers. A number of clear market segments were identified and tailored SIM cards invented to communicate to respective groups. “Good Fortune SIM”, “Football SIM” and “Lottery SIM”, for example, cater to the like-minded users with contents that appeal to their interests. TOT manages its facilities throughout Bangkok as well as in the capital’s outskirts-altogether 5,320 stations at the end of 2013. Having received overwhelming responses from 3G-network customers, i-mobile is set to expand its TOT service coverage in other parts of Thailand on 2100 MHz frequency in effort to tap upon the fast-growing 3G market.





# Industry and Competitive Analysis

## Macro Economy

In the beginning of 2013, the weakened in global economy growth was affected by the remaining of Euro zone crisis, the economy slow down in Japan and the uncertainty about fiscal policy in the United States. However, there was a recovery sign since the beginning of the 2Q/2013, especially in the United States and Japan. The United States economy growth was mainly driven by private consumption particularly in durable goods such as house and car which has been stimulated by QE. Moreover, the delay in QE tapering by The Federal Reserve (Fed) to 2014 was to ensure a stronger economy. Nonetheless, the U.S. economy still fragile even the Congress temporarily allowed the government to increase the nation's debt ceiling and extended the country's borrowing power to early of 2014, this issue will reoccur again as the date approaches. The Euro Zone economy has shown a recovery sign after a long period of recession and stagnation, boosted by external demand. In contrast, domestic demand stayed weak resulted from the high rate of unemployment. Since, the weak public finance still remains; therefore public investment and government spending continue to be limited. China economy faced a slowdown in the first half of 2013 because of decreasing rate growth in export and investment. However, the China economy has been improving since 3Q/2013 as a result of the expansion in export, investment and domestic consumption.

In the first half of 2013, the expansion of Thai economy was driven mainly by private consumption and investment. While the global economic was facing in an unfavorable situation, Thai's market was being in an expansion period. Therefore, a large amount of fund flow into the Thai market resulting in a rapid Thai baht appreciation which harmed Thai export. In the 2H/2013, Thailand faced a weaker-than-expected economy due to the slow down of private consumption, lower-than-targeted government spending, and the political turmoil. Private consumption has been decelerated arising from the rising of household debt, the rapid spending on the first car buying in 2012, fall in farmer's income due to the decline in agricultural commodities price and the volatility in asset price (i.e. gold and stock). Government spending, the total disbursement in 2013 accounted for only 90.5% of the total annual budget, lower than the Cabinet agreed on 94%. Additionally, the disbursement on investment budget showed a lower-than-targeted by 12%. Consequently, it resulted in lower-than-anticipated government expenditure for the year 2013 (Source: SCB Economic Intelligence Center-Thailand Economic Outlook 4Q/2013). Moreover, Thailand has faced with the political turmoil in 4Q/2013 and the rally was expected to prolong to 1H/2014.

While the global pictures are becoming more positive in 2014, Thai economy, on another hand, has faced with the extended political instability and deteriorating confidence. Government spending will likely be hit, as will private investment and domestic consumption.

## ICT Infrastructure Perspective

In terms of 3G network installation on the 2100 MHz frequency, AIS Group has installed its 3G network earlier than originally planned in 60 provinces and will be covered all 77 provinces by the end of 2013 with the investment of Baht 12,000 million in the half of 2013. AIS Group also forecasted its target users of 10-12 million subscribers at the end of 2013. DTAC Group has continued to expand its 3G network in the second half of 2013 to cover a population of 50 % and 80 % by the end of 2013 and 2015, respectively. True Group is known as the operator who has availability of the service areas on the 850/2100 MHz frequency covering almost provinces.

For TOT Public Company Limited (TOT), a state agency that has the right to use 3G network on the 2100 MHz and 2300 MHz frequencies, completed its first phase installation of 5,320 base stations in October 2013 which covered in Bangkok and major cities throughout the country. Currently, TOT is in the process to sign a contract for 3G network expansion in the second phase approximately 13,000-15,000 base stations, which will make better network performance and coverage areas as well as enhance the competitiveness of TOT.



The continual expansion of 3G network on the 2100 MHz frequency is fundamental factor to drive the growth of the telecom operators in Thailand to keep pace with rapidly changing technology and competitive with other countries.

## Mobile Service Perspective

After the 3 main mobile operators were granted 3G license in order to run their service on 2100 MHz. spectrum with the total auction value of Baht 41,625 as at December 7, 2012. The mobile service rate has been decreased. In the mean time, the mobile operator market has highly competitive during the launch of 3G service on 2100 MHz because of risen popularity trend. It could be seen that voice market has quite constant trend while the service rate has a bit decreased. In addition, each operator has offer lower data service rate while level of competition has higher because data service is the majority revenue of mobile operators at this moment. Many mobile operators have launched smart phone campaign with lifestyle package. The popular one was internet via mobile, social network and application service. With good result, it is continuous growth trend. However, even the price of smart phone has lower but higher in term of unit sold which resulted to the increase of customer mobile service base. Moreover, in the second half of 2013, mobile operators have opened 3G service in several areas with a better quality of service and responsiveness of customer need.

As a result of SMS, MMS and GPRS/EDGE that bundles with voice by many operators, service rate has been decreased. However, mobile operators would like to stimulate customer to increase data service usage by bundling package with smart phone. It also included many application and content. Moreover, International Direct Dialing (IDD) and International roaming (IR) also included in order to stimulate the data usage. As a result, it leads to slightly lower average revenue per month.

## Mobile Handset Perspective

Currently, consumer behavior in buying communications equipment has dramatically changed. The price competition of smart phones and tablets and the 3G service availability of the operators are the main factors to change consumer behavior from feature phones to smart phones in the past 2 years. In addition, the popularity of social networks such as Line, Facebook, Twitter and Instagram continues to rise steadily on smart phones and tablets caused the sale proportion of smart phone outnumber feature phone for the first time at 55:45 in 2013.

Although the growth rate of smart phone market in next year will not be fast as the last 2 years from the saturated market including the economy slowdown and political instability, the communication equipment market in Thailand continues to grow steadily and it is expected that handset sales will be 21.3 million units in 2014 with the sale proportion of smart phones at 70 % of total sales. The properties of IT products replacement and the huge demand for portable devices that can connect to the Internet are the importance factors to increase sale of smart phones.

## Entertainment and Media Industry

Entertainment and media industry is always changing and one of the fastest growing markets in the world. The evolution of the medium to access information has moved from basic phone, internet for computer, portable computer and 2G cellular in the past to existing 3G and 4G in the future. Even the most popular analog TV has moved to digital television and stepped into the era of Digital Media where the consumers have more freedom to access any media, anywhere and anytime. Content users have become content partners as seen from the usage pattern in online advertising, mobile transactions and transmission of digital video content to share information to their friends through the social network.

An ease to access to contents with several alternatives, the Company realizes on the higher competition of this industry. Therefore, the Company has improved and developed many things; for instance, business expansion, strategic planning for changes in market situation to digital media in order to increase value proposition to customers and deliver customers' satisfaction in communication & media experience.







# Risk Factors

Risk factors that may impact the Company's operation are as follows:

## 1. Business Risks

### Handset Business

The opening of 3G service in the past year made the continual expansion of the smart phone market. The growth of the market value attracted phone manufacturers in overseas and operators in the country. To maintain their market share, they competed by offering their smart phones and tablets to the rapidly growing market. The Company has planned and implemented to support the changes that will occur by continual developing smart phones and tablets both in software and hardware to reinforce the value proposition and create an innovation in the Company's smart phone to differentiate from competitors as well as improve the after sale services. Meanwhile, the Company has saw an opportunity to market accessories and gadgets that are compatible with smart phone and tablet by continual developing new products since last year. In addition, the Company, a provider of Mobile Virtual Network Operator (MVNO) including the leader of content and application developers, provides a bundle service of 3G and contents to be a part of differentiating i-mobile brand handset.

### Mobile Virtual Network Operator (MVNO) Business

- **The risk from saturation of the mobile phone market**

At the end of the second quarter of 2013, there was 89.1 million mobile subscribers, an increase by 2.1% from the previous quarter and 10.7% from the same quarter of last year. The penetration rate of mobile users was 134% of the total mobile population means a population of more than 34% to enable more than one number and tend to increase steadily. When looking at the market conditions and the growth of smart phones and tablets, the growth rate decreased and not popular as the year before. The production rate of smart devices may be slumped that will impact on the increase of mobile subscribers. Therefore, the 3GX SIM card has been bundled into the Company's handset in order to increase distribution channels and number of subscribers.

- **Risks from business competition**

Telecommunications in Thailand is highly competitive and sensitive in price competition, especially after the auction of 3G licenses to provide mobile services on the 2100 MHz frequency. The three major service providers have focused on the promotion of data and information services. The price competition causes the monthly fee per number decreased in order to convince mobile users to transfer number or activate new number with the other operator. For this reason, the Company needs to find the strength in the service by focusing on providing the best value and a variety of services to meet the needs and daily behaviors of customers.

- **The delay of 3G network expansion**

As the Company is in the MVNO business not the network owner, the Company cannot control network expansion plan and the schedule of finished project. Thus, the Company had risk on effective of marketing activities because the Company cannot identify the service coverage clearly. In the current situation, TOT has finished 5,320 base stations in the first phase and will expand the second phase approximately 13,000 - 15,000 base stations after the approval from the Cabinet. The ready to expand the additional base stations of TOT is the key variable factor to expand the Company's subscriber base since it will build up customers' trust.

- **The risk from political uncertainty**

The political uncertainty of Thailand is a significant variable of economic recovery in 2014. The political conflict is expected to be protracted and will cause the economic growth of Thailand in 2014 to be lower



than 2013. The rate of consumption and private investment may slump and affect the Company's business from political vacuum.

### Content Business

When dealing with content, risks mainly come from the transformation and development of different media by which content can be accessed. From a basic phone, to internet for PCs and laptops, to mobile phones operating on 2G to 3G and onto 4G in the near future, content accessibility have experienced a vast improvement. Coupled with increasingly high-speed connectivity and mobility of content sources, challenges of the past are non-existent today. The market which previously was segmented according to means of access has become a large integrated one with unique competitors. User's ability at sharing content among themselves through numerous social media platforms has put the Company in a less important position. Realizing that both voice and non-voice versions of content were on average being used less and for shorter duration when used, the Company in response devised the forms of content which consumers of today identify with. For instance, light-hearted informative content was made available on websites, applications as well as the use of mainstream media - television and print - which still remained its prominent platforms by which existing customers, of all demographic groups, could be reached. At the same time the Company still maintained its existing businesses which have a number of customers.

Moreover, the increasingly borderless digital world has left quite an impact on the role of content provider to disseminate their content as content creators can now share their works directly to users. This is possible when such companies have their own investments in network, information system and connectivity with mobile phone service providers under an affordable investment budget. In effort to tackle the issue, the Company approached providers of mobile phones to discuss customer incentives. Some of the methods include sending ongoing messages to the target customers to stimulate usage under this circumstances the small-sized businesses would not be able to negotiate. Furthermore, the Company also offering fair revenue sharing and close technical support which helps the Company keeps healthy relations with all content creators and ensures smooth collaborative efforts.

Another noteworthy point is the Company's overreliance on other content creators. Having to share revenue among external content creators, network provider and the Company itself, rewards gained from such partnership format would be lower than the case of generating content in-house. Moreover, using content by external developers naturally puts the Company in a less favorable position when it comes to negotiation which risks itself at losing the very content to other competitor who is looking to outbid. Informed of the aforementioned risks, the Company has focused on developing and redesigning contents under its own license to answers the needs of existing customers. On top of incomes received directly from users, the Company tapped upon other opportunities to boost revenue. Various media channels of the Company were utilized for paid promotional activities and joint campaigns with partners from different industries were run to entice customers with privileges.

## 2. Financial Risk

- **Foreign Exchange Risk**

Regarding the Company's import and export of products from / to overseas markets, and trust receipts in foreign currencies, the company and subsidiaries have exposed to foreign exchange risk. However, the Company has hedged by using forward contracts and other appropriate financial instruments along with closely monitor financial market. In year 2013, the Company's revenues and costs in foreign currencies





were 2.1% of total revenues and 89.0% of total cost of goods sold respectively. As of December 31, 2013, the Company and subsidiaries had foreign currency assets and debts of USD 57.5 million, of which USD 37.7 million are hedged by forward contracts.

- **Interest Rate Risk**

The Company and subsidiaries have interest rate risk through short term and long term loans from financial institutions, in which the fluctuation of interest rate can affect the companies' cost of fund. As year ended 2013, the Company and subsidiaries had total loans from financial institution of Baht 2,366.9 million, with 99.7% of total loans is in short term that based on money market rate. To minimize interest rate risk, the Company has closely monitored the interest rate in financial market and choosing the appropriate borrowing terms. In addition, in some certain period, the Company also considered to borrow in USD currency, given that the interest rate & hedging cost are comparably low, in order to reduce the company's financial cost.

- **Credit Doubtful Debt**

The Company may have risk associated with unpaid debts of trade receivables. As of December 31, 2013, the Company and subsidiaries had trade receivable (unrelated parties) of Baht 3,641.7 million of which Baht 18.8 million were outstanding more than 12 months, significantly reduced by Baht 9.6 million, compared to the end of 2012. In addition, the Company has reserved the allowance for doubtful debts amount of Baht 24.6 million, considerably decreased from the end of 2012 by Baht 10.6 million. With an efficient credit control procedure of the Company along with solid monitor of debt collection, the management ensures that the credit risk has been well managed.

- **Guarantee to subsidiary companies**

The Company has contingent liabilities in respect of the guarantee of subsidiaries' credit facilities, which are working capital line and jointly utilized credit line with the company. As a result, the Company may have the risk from default on the guaranteed loans. However, as the Company has closely monitored subsidiaries' operating result and financial position, the management is confident that there will be no any event of defaults. As of December 31, 2013, subsidiaries' outstanding loans guaranteed by the Company were Baht 3,555.7 million.

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

As at December 31, 2013, Vilailuck Group including Samart Corporation Public Company Limited and its subsidiaries hold 2,660,684,800 shares or 60.83% of the Company's issued and paid-up capital which can control most of the shareholders' resolutions on various important matters such as the appointment of directors, or other resolutions that need a majority votes of the shareholders, except for those resolutions that require 75% of the shareholders' votes, as specified by the law or the Company's Articles of Association. As a result, other shareholders may not be able to gather enough votes to offset the major shareholders' influence. However, the Company appointed 3 independent directors to be the Audit Committee to review the connected transactions or the transactions that may lead to conflicts of interests to ensure that they are in compliance with the law and the regulations of the SET and the SEC, and are reasonable and for the highest benefit of the Company.



# Shareholders

As at December 27, 2013, the top ten shareholders of the Company are as follows:

Shareholder's Name	No. of Share	%
1. Vilailuck Group <sup>(1)</sup>	2,660,684,800	60.83
2. Axiata Group Berhad	1,053,000,000	24.08
3. Thai NVDR Co., Ltd.	40,619,600	0.93
4. Mr. Kullawut Viratmalee	24,800,000	0.57
5. Mrs. Chomkamol Pumpanmung	24,000,000	0.55
6. Caceis Bank Luxembourg	20,714,500	0.47
7. Mr. Somruay Saelim	18,874,100	0.43
8. Mr. Prin Chirathivat	17,575,200	0.40
9. Mr. Somchai Vimokcharoensuk	16,992,200	0.39
10. Mr. Taweechat Chulangkul	12,437,700	0.28
Total shares of top ten shareholders	3,889,698,100	88.93

**Source:** Thailand Securities Depository Co., Ltd.

As at December 27, 2013, the Company's paid up capital is Baht 437,347,000 divided into 4,373,470,000 ordinary shares with a par value of Baht 0.10.

<sup>(1)</sup> Vilailuck Group:	No. of Share	%
- Samart Corporation Public Company Limited <sup>(2)</sup>	2,518,539,400	57.59
- Samart Telcom Public Company Limited	65,293,200	1.49
- Vilailuck International Holding Co., Ltd.	41,811,200	0.96
- Mrs. Sukanya Vanichjakvong	22,900,000	0.52
- Mr. Watchai Vilailuck	6,221,000	0.14
- Samart U-Trans Co., Ltd.	2,620,000	0.06
- Mr. Thananan Vilailuck	1,800,000	0.04
- Mr. Tankaseam Vanichjakvong	1,500,000	0.03
Total	<u>2,660,684,800</u>	<u>60.83</u>

<sup>(2)</sup> A holding company of which Vilailuck International Holding Co., Ltd. and Vilailuck family hold 17.4% and 26.72% of the total shares respectively.







# Dividend Payment Policy

The Company has policy to pay dividend no less than 50% of its consolidated net profit after deduction of all reserves as stated in the Company's Articles of Association and related laws, subject to need for future investment and business plan. The Company's subsidiary and associated companies have policy to pay dividend no less than 50% of their net profit after deduction of all reserves as stated in the Company's Articles of Association and related laws, and consideration of the Company's financial position.

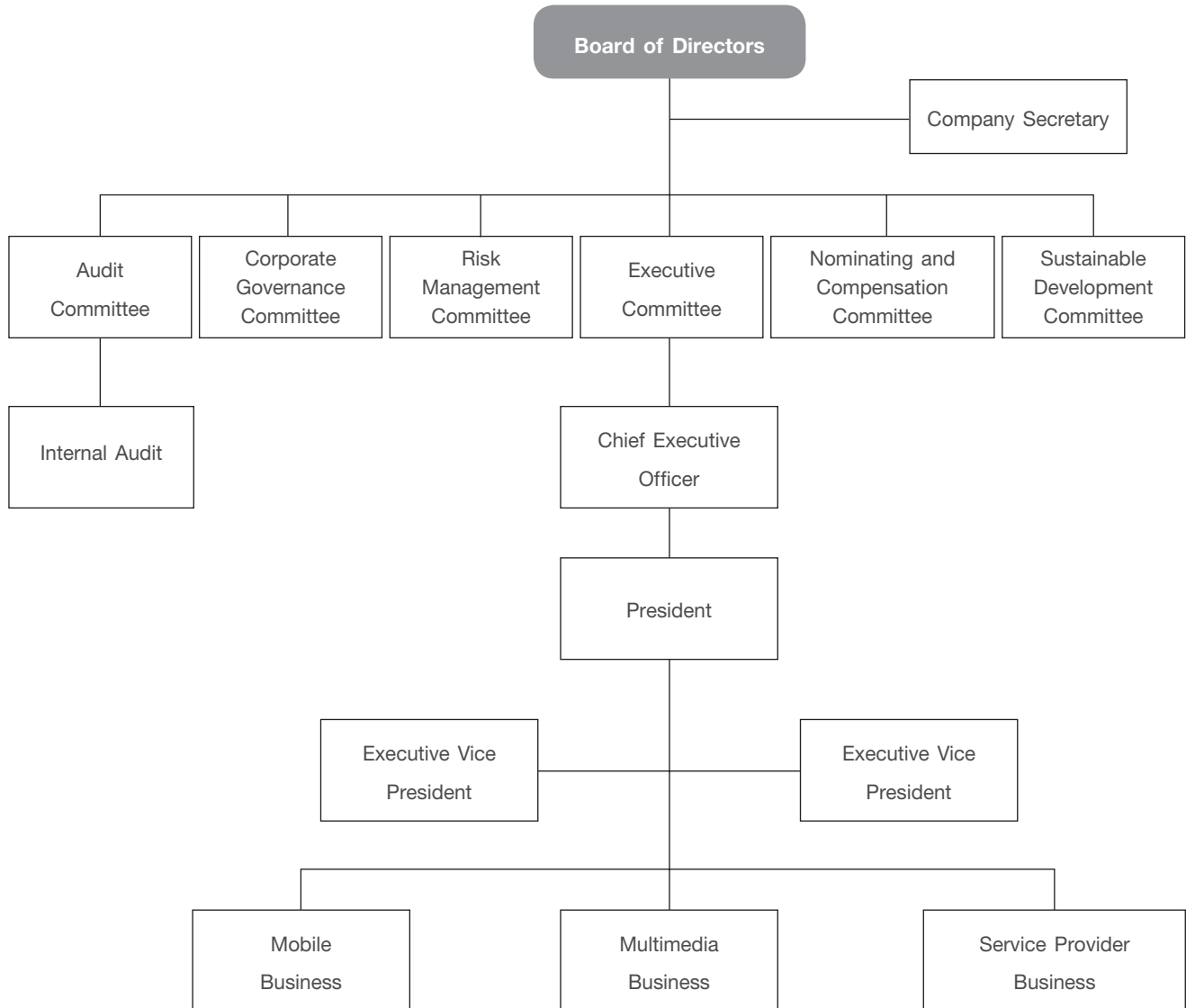
The Annual General Meeting of Shareholders 2013 on April 25, 2013 approved to pay dividend for 2012 operation to shareholders at Baht 0.025 per share, or equivalent to 67.68% of consolidated net profit for 2012 which was higher than the rate of dividend payment policy. The dividend was paid on May 7, 2013.

In addition, the Board of Directors' Meeting No. 5/2013 on August 13, 2013 approved to pay interim dividend for the first half of 2013 at Baht 0.05 per share, or equivalent to 50.39% of consolidated net profit. The interim dividend was paid on September 9, 2013.



# Management Structure

## Organization Chart



Remark: Vice President - Account and Vice President - Finance are under Executive Vice President.





## Board of Directors

**Board of Directors** as at December 31, 2013:

Name	Position	Number of Attendance/ Total Number of Meeting
1. Professor Suphachai Phisitvanich	Chairman of the Board of Directors/ Independent Director/Audit Committee Member	7/7
2. Dr. Chotivid Chayavadhanangkur	Independent Director/ Chairman of the Audit Committee/ Chairman of the Corporate Governance Committee/ Nominating and Compensation Committee Member	7/7
3. Mr. Kunthit Arunyananda	Independent Director/Audit Committee member/ Chairman of the Nominating and Compensation/ Committee/Corporate Governance Committee Member	7/7
4. Mr. Charoenrath Vilailuck <sup>(1)</sup>	Director	7/7
5. Mr. Watchai Vilailuck <sup>(1)</sup>	Director/Executive Chairman/Chief Executive Officer/ Chairman of the Risk Management Committee	7/7
6. Mr. Thananan Vilailuck <sup>(1)</sup>	Director/President/Executive Director/ Risk Management Committee Member/ Chairman of the Sustainable Development Committee	7/7
7. Mr. Jong Diloksombat <sup>(1)</sup>	Director/Executive Director/ Corporate Governance Committee Member/ Risk Management Committee Member	7/7
8. Mr. Azwan Khan bin Osman Khan <sup>(2),(4)</sup>	Director	2/7 <sup>(3)</sup>
9. Mr. Annis bin Sheikh Mohamed <sup>(2)</sup>	Director/ Nominating and Compensation Committee Member	5/7 <sup>(3)</sup>

**Remarks:** <sup>(1)</sup> Representative Directors from Samart Corporation Plc., a major shareholder, with 57.59% stake holding.

<sup>(2)</sup> Representative Directors from Axiata Group Berhad, a major shareholder, with 24.08% stake holding.

<sup>(3)</sup> Due to important business in overseas.

<sup>(4)</sup> Resigned from the Company's director on February 17, 2014. The Board of Directors' Meeting No. 1/2014 on February 25, 2014 approved the appointment of Mr. Simon John Perkins as a director in replacement with the remaining term of Mr. Azwan Khan bin Osman Khan.

The number of directors is in line with the Company's Articles of Associations that the Board of Directors should have at least 7 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. All members of audit committee have adequate knowledge and experience to review creditability of the Company's financial statements.

Education and working experience of each director including position in subsidiaries and related companies as at December 31, 2013 are shown in "Directors, Management, Company Secretary and Head of Internal Audit".



**Authorized Directors** as of December 31, 2013 are as follows:

Two out of the following three directors are authorized to sign on behalf of the Company with the Company's seal affixed: Mr. Charoenrath Vilailuck, Mr. Watchai Vilailuck and Mr. Thananan Vilailuck or one director from Mr. Charoenrath Vilailuck, Mr. Watchai Vilailuck, Mr. Thananan Vilailuck co-sign with Mr. Jong Diloksombat with the Company's seal affixed.

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

### **Qualifications of Director**

1. Has qualifications which comply to Public Company Act B.E. 2535 or related laws including regulations of the Stock Exchange of Thailand, the Securities and Exchange Commission, and Company's Articles of Association.
2. Does not run any business, which is competed with the Company, and not being a shareholder of any legal entities whose business are the Company's competitors except obtained approval from the shareholders meeting.
3. Should have leadership, vision, and independent consideration for best benefit of the Company and the shareholders.
4. Has various knowledge, experience, and specific skill that suitable for the Company business.
5. Integrity.
6. Has sufficient time for fully participated as a Director of the Company.

### **Qualifications of Independent Director**

1. Holding share not exceeding 1 percent of the total number of shares with voting rights of the Company, parent company, subsidiaries, affiliates, major shareholder or controlling person of the Company, including shares held by related persons of such 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, affiliates, 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, affiliates, 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, affiliates, 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 who has been appointed as a representative of the Company's director, 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 make him incapable of expressing independent opinions with regard to the Company's business affairs.

### **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 and Compensation Committee. However the independent directors shall be in post no longer than 3 terms except getting a unanimous approval from the Nominating and 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, and shall be approved from the Board of Directors and/or the shareholders' meetings.

### **Scope of Responsibilities and Authority of the Board of Directors**

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. The Board will also comply with the Company's Ethics with responsibility, due care, and integrity to ensure all Company's businesses are run under Company's objectives, Articles of Association, resolutions of the Board of Directors' and shareholders' meetings as well as laws and regulations of the SET, the SEC and other related laws. Their duties include:

1. Conduct business with responsibility, due care, and integrity uphold the duties according to the law, and the Company's objectives, Articles of Association, resolutions of the Board of Directors and shareholders' meeting as well as disclosure sufficient information to the shareholders.
2. Formulate policies and directions for the Company's operations. The Board must also supervise managerial and administrative departments to deliver all policies with effectiveness and efficiency.
3. Review and approve the company's vision and mission annually
4. Approve annual budget and investment of the Company.
5. Appoint directors and committee members to replace of those who retire by rotation as well as consider the remuneration package for such directors and committees' members, which are proposed by Nominating and Compensation Committee, for further consideration of the shareholders' meeting.



6. Appoint committees to oversee administrative process and internal system to coincide with Company's policies namely, Executive Committee, Risk Management Committee, Corporate Governance Committee, Nominating and Compensation Committee and Sustainable Development Committee. For the appointment of Audit Committee members, the Nominating and Compensation Committee will nominate appropriated candidates propose for further consideration of the Board of Directors and/or shareholders' meeting.
7. Appoint and consider remuneration package, proposed from the Nominating and Compensation Committee, for top executives and company secretary.
8. Summarize financial statements of the Company every end of the fiscal year. Authorize the statements for further consideration of the Annual General Meeting of Shareholders.
9. Nominate appropriated auditor and its remuneration from proposal of the Audit Committee for further consideration of the Annual General Meeting of Shareholders.
10. Ensure that the Company has 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 the 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' interest to the Company.

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

#### **Delegation of Authorities 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.





### Delegation of Authorities between the Board of Directors and the 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.

## The Management

**The Management** as at December 31, 2013:

- |    |                             |  |
|----|-----------------------------|--|
| 1. | Mr. Watchai Vilailuck       | Chief Executive Officer/<br>Acting Managing Director - Service Provider Business                             |
| 2. | Mr. Thananan Vilailuck      | President/<br>Acting Managing Director - Mobile Business   |
| 3. | Mr. Subhasiddhi Rakkasikorn | Managing Director - Multimedia Business,<br>Seconded to be Managing Director,<br>Samart Multimedia Co., Ltd. |
| 4. | Mr. Lai Ki Tong             | Executive Vice President   |
| 5. | Mr. Pracha Phathayakorn     | Executive Vice President   |

### 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 Miss Boonrut Mongkolratanakorn as the Company Secretary since October 31, 2003. In addition, she has been appointed as secretary to sub-committees such as the Executive Committee, the Corporate Governance Committee, the Nominating and Compensation Committee, the Risk Management Committee and the Sustainable Development Committee. The Company has specified qualifications and roles and responsibilities of the Company Secretary are as follows:

#### Qualifications of the Company Secretary:

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



### **Roles and responsibilities of the Company Secretary:**

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

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

Profile and experience of Miss Boonrut Mongkolratanakorn was shown in "Directors, Management, Company Secretary and Head of Internal Audit" During the past year, the Company Secretary has attended the training courses and seminars to strengthen knowledge as follows:

- Direction for CSR & Sustainability 2013: Sustainable Development 2.0
- Knowledge of the disclosure and a financial analysis of listed companies
- What's new in the corporate governance of listed companies for 2556 (latest edition)
- AEC Premier Conference
- Smart Disclosure Program (SDP)
- CSR Integration: A Win-win Strategy of Sustainability
- Seminar on disclosures about corporate social responsibility (CSR) by 56-1
- Guidelines on Corporate Governance for Listed Companies 2556
- CSR Thailand 2013: CSR Roadmap for ASEAN
- Anti-Corruption Seminar - How to join the Alliance Thailand private practice in anti-corruption
- Rules and disclosure of connected transactions and the acquisition or disposition of assets of listed companies
- Stakeholder Engagement
- The importance of the role of Company Secretary to perform the duties of directors of listed companies
- CSR Reporting
- Guidelines for the preparation of the financial statements, financial reports, the operating result of the issuing company and preparation of the revised Annual Information Form 56-1
- Communication procedures and policies related to the prevention of fraud and corruption
- Strategic CSR Management
- CSR Knowledge Management







## Remuneration of Directors and Management

### Remuneration of Directors

Policy of Directors' Remuneration has been clearly and transparently set to be comparable to the general practice in same industry and be appealing enough to attract and retain qualified directors. The directors who also be appointed to be the member of any sub-committees will be paid appropriately more in accordance with the extra work. The Nominating and Compensation Committee will consider the remuneration and propose for consideration of the Board of Directors prior to further approval from the shareholders. The Company discloses criteria and remuneration of each director in Annual Report and Form 56-1.

Remuneration of directors consists of Meeting allowance and bonus. Meeting allowance will be approved by shareholders' meeting and will be paid to the director who attends in the meeting. All members in the Board of Directors and the Audit Committee will have the same rate of meeting allowances. The meeting allowance rate for the Chairman of the 2 mentioned committees shall be 2 times higher than the other directors. The meeting allowance rate for the Chairman of Nomination and Remuneration Committee and the Corporate Governance Committee is 33.33% higher than other committee member. There is no consideration of meeting allowance for the Executive Committee, the Risk Management Committee and the Sustainable Development Committee since all members are the Company's executives. Remuneration of directors will be consideration based on the suitability of various reasons and to be comparable to the general practice in same industry as well as the Company's operating result, roles & responsibilities of the Board of Directors and the overall business.

The remuneration of directors of the Company and Committees' members was approved from the 2013 Annual General Meeting at the amount of not exceeding Baht 6.5 million which consists of meeting allowance and bonus. The meeting allowance for each meeting participated of the Board of Directors and Committees was shown below:

#### The Board of Directors and the Audit Committee

- |            |                      |
|------------|----------------------|
| - Chairman | Baht 30,000 per time |
| - Member   | Baht 15,000 per time |

#### The Nominating and Compensation Committee and the Corporate Governance Committee

- |            |                      |
|------------|----------------------|
| - Chairman | Baht 20,000 per time |
| - Member   | Baht 15,000 per time |

### Remuneration of Management

Compensation and annual bonus for employees and executives will be determined from the Company's operating result, overall economy and performance of each employee and executive. Criteria for remuneration and annual bonus will be clarified for acknowledgement before the performance evaluation at the end of the year. The Nominating and Compensation Committee will consider that criteria before proposing to the Board of Directors for consideration and approval.



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

**1. Monetary and other remunerations of the Board of Directors and Committees are as follows:**

Name	Monetary (Baht)						Other
	Meeting Allowance				Bonus	Total	Warrants <sup>(1)</sup> (Unit)
	Board of Directors	Audit Committee	Corporate Governance Committee	Nominating and Compensation Committee			
1. Professor Suphachai Phisitvanich	210,000	75,000	-	-	300,000	585,000	3,000,000
2. Dr. Chotivid Chayavadhanangkur	105,000	150,000	40,000	45,000	250,000	590,000	3,000,000
3. Mr. Kunthit Arunyakanda	105,000	75,000	30,000	60,000	250,000	520,000	3,000,000
4. Mr. Charoenrath Vilailuck	105,000	-	-	-	250,000	355,000	3,000,000
5. Mr. Watchai Vilailuck	105,000	-	-	-	250,000	355,000	3,000,000
6. Mr. Thananan Vilailuck	105,000	-	-	-	250,000	355,000	3,000,000
7. Mr. Jong Diloksombat	105,000	-	30,000	-	250,000	385,000	3,000,000
8. Mr. Azwan Khan bin Osman Khan	30,000	-	-	-	250,000	280,000	3,000,000
9. Mr. Annis bin Sheikh Mohamed <sup>(2)</sup>	75,000	-	-	15,000	-	90,000	-
10. Mr. Donald James Rae (3)	-	-	-	-	250,000	250,000	-
11. Mr. Pairote Varophas (4)	-	-	-	-	250,000	250,000	-
12. Mr. Sirichai Rasameechan	-	-	-	45,000	250,000	295,000	-
Total	945,000	300,000	100,000	165,000	2,800,000	4,310,000	24,000,000

**Remarks:** <sup>(1)</sup> On May 29, 2009, the Company issued 100,250,000 warrants to the Company's directors and employees of the Company and its subsidiaries, the 33,000,000 warrants of which equivalent to 32.92% of the total issued warrants were allocated to the 11 directors at that time. Some allocated directors ceased from his directorship, therefore, the warrants for existing directors represent 23.94% of the total issued warrants. The warrants have an exercise ratio at 1:1, are exercisable at a price of Baht 1.7 per share, and have an exercise period of five years from the issue date, expiring on May 28, 2014. The warrants are exercisable on the 15th of the last month of each quarter throughout their terms, from June 15, 2009 to May 28, 2014.

<sup>(2)</sup> Appointed as the Company's director and the Nominating and Compensation Committee member on December 17, 2012.

<sup>(3)</sup> Resigned from the Company's director and the Nominating and Compensation Committee member on December 6, 2012.

<sup>(4)</sup> Resigned from the Nominating and Compensation Committee on February 26, 2014.

**2. Monetary Remuneration of 4 managements is as follows:**

Type <sup>(1)</sup>	Amount
Salary (Baht)	11,754,241
Bonus (Baht)	1,395,000
Provident Fund <sup>(2)</sup> (Baht)	773,640
Warrant <sup>(3)</sup> (Unit)	10,800,000

**Remarks:** <sup>(1)</sup> Show salary, bonus and provident fund of which the executives receive from the Company only.

<sup>(2)</sup> Provident fund to the executives have been provided by the Company at the rate of 3-10% of salary related to year of services.

<sup>(3)</sup> On May 29, 2009, the Company issued 100,250,000 warrants to the Company's directors and employees of the Company and its subsidiaries. The existing management was allocated 10,800,000 warrants of which equivalent to 10.77% of the total issued warrants. The warrants have an exercise ratio at 1:1, are exercisable at a price of Baht 1.7 per share, and have an exercise period of five years period from the issue date, expiring on May 28, 2014. The warrants are exercisable on the 15th of the last month of each quarter throughout their terms, from June 15, 2009 to May 28, 2014.





## Human Resource

Number of employees of the Company and its subsidiaries classified by line of business for the past 3 years are as follows:

Line of business	Number of Employees (persons)		
	2011	2012	2013
1. Mobile Business	604	445	548
2. Multimedia Business	171	195	217
3. Service Provider Business	76	85	81
4. Support Business	120	112	110
Total	971	837	956

### Expenses related to the employees of the Company and subsidiaries

Expenses related to the employees of the Company and subsidiaries for the past 3 years of which comprised salary, bonus, provident fund, warrants and others such as special grant, O/T and commission are as follows:

Remuneration	Amount (Million Baht)		
	2011	2012	2013
Salary	231.50	217.28	251.03
Bonus	17.19	24.08	31.06
Provident Fund	7.94	9.12	10.52
Others	41.54	30.95	76.13

### Human Resources Management and Development Policy

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

#### 1. Human Resources Management Policy

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

- **Recruitment & Selection Policy**

The Company continuously applies proactive approaches in recruiting capable people at all levels including of apprentice program for university student, sourcing and attracting new graduated candidate by not only launching Campus Tour and Activities Programs in leading universities but coordinating with business recruitment agency and allied business network to build the Company's branding and



recognizing company's career opportunity in joining the Company for experienced or professional candidate as well. These assure that would lead them to success in their owned career at all levels at the Company.

- **Performance Development Policy:**

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

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

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

- **Compensation & Benefit Policy:**

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

- **Employee Relation & Engagement Policy:**

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

## 2. Human Resources Development Policy

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

- **Career Development Policy:**

The Company defines career development policy by which the company further supports employees in all careers to be continuously developed in their qualifications, knowledge and abilities. Particularly,







competency approach has been applied to categorize required business capabilities to Generic competency, Managerial Competency and Functional Competency for analyzing, planning, and leading to individual competency development with diversified development tools for all employee levels. Thus, our employees might be developed to create their high potential to support sustainable growth and prepare for business expansion throughout the Company.

- **Employee Training & Development Policy:**

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

**In-house Training**

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

**For top and management executives:**

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

**For operational staffs:**

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

**For all employees:**

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

**External Training**

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



- **Talent Management Policy:**

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

#### Summary of training to management and employees in 2013

Training	Frequency	Number of Participants
In-House Training		
Management	34	156
Employees	46	828
<b>Total</b>	<b>80</b>	<b>984</b>
External Training		
Management	21	22
Employees	29	53
<b>Total</b>	<b>50</b>	<b>75</b>
<b>Grand Total</b>	<b>130</b>	<b>1,059</b>

#### The Cost of training for 2013

The cost of training for In-House and External Training of the Company and subsidiaries are totaling Baht 4,056,957.35. Total training hours are 10,777.80 hours per year. Average training per person per year is 10.18 hours which is higher than standard of Department of Labor which is set at 6 hours per year. The sample in-house and external training programs for 2013 are as follows:

#### In-House Training in 2013

- Executive Development Program (EDP 2013)
- Revenue and Expense Account by the Revenue Department
- Surviving Customs Audit 2013 We know that you did in the last summer!
- Rules on Connected Transactions and Rules on Entering into Material Transactions Acquisition or Disposal of Assets
- To be Good Coach
- Business English for International Communication
- Project Modern Supervisory Skill 2 days
- Negotiation Strategies
- CMMI Appraisal Method for Process Improvement
- Systems Applications Products (SAP)
- Customer Service All for Synergy
- i-mobile Full
- SAMART WE STRONG A (Team Work & Team Building)
- Happy Money
- VDO Conference Program
- Orientation Samart Group
- Re-training - Customer Service
- CMMI Training (Role : Project Manager, Sales, Presales, Human Resources / Learning & Development, Configuration Manager, Procurement)





- Problem Solving & Decision Making ...Key Success Factor for working Professional
- Magic English to Success
- Logical Thinking for Management and Modern Employees
- Spark up “Creative Thinking” for Excellent Work and life
- Applications for technical program Open Office
- Applications for technical program Lotus Notes mail
- Applications for technical program e-mail
- The Successful Administrative Staffs
- Update New Products
- Make a Teamwork

### **External Training in 2013**

- The 5<sup>th</sup> Training Course on Administrative Justice for Executive : AJE
- Professional DCC
- Retail Academy
- 3D Animation with 3DsMax 2012
- Happy Workplace
- Update New Ethical Hacking, Penetration Testing & Vulnerability Assessment Technique
- Surviving Customs Audit 2013
- Labor Protection Law 2013 as employer employee and human resource to know
- HR System : Check up Toward Regional & Global Competitiveness
- Android Programming
- Scrum Software Development
- Training course 12 hours a Tax Auditor
- Practitioner Company Secretary
- Deploying ASP.net 4.5 Web Application
- Thailand HR Forum 2013 : Re-Visioning HR (Thailand HR Forum 2013 : Re-Visioning HR)
- Monitoring and Certified of Tax Auditor
- Audit Change from Internal Auditor to Consult
- Virtual Private Server in Cloud Computing
- HRD Strategy for AEC
- Smart Audit
- International Purchasing Management
- Oracle database 11g Release 2
- Flexible structure of wages and salaries to retain the potential staff and increment of growth of employees
- iPhone Development-Advance
- Going from GOOD to GREAT in it Governance and outsourcing
- Update on the legal requirements and the terms and conditions of employment relating to the game
- Staffing & Selection Strategies and Interview Technique
- Finance Statement Analyst for Management
- Fundamental Law and Regulations associated with the Company
- Labor Law for Director, HR Manager, HR to know
- Developing ASP.net 4MVC Web Application
- Mac Basic & Advance
- Professional Application Lifecycle Management with VS 2012
- The Development of Strategic Planning and Management
- International Human Resource Management
- E - Commerce Law
- Effective Communication for Labor relations
- Tableau-Business Intelligence and Data Visualization Software



# Report of the Corporate Governance Committee

To Shareholders

The Company realizes the importance of the Good Corporate Governance Principles. The Board of Directors together with the Management of the Company cultivates the governance culture and encourages all employees to comply with it on continued basis to serve as the Company's strong foundation for sustainable growth. Hence, the Corporate Governance Committee is therefore assigned by the Board of Directors to oversee and monitor the business operations in compliance with the Corporate Governance Principles of the Stock Exchange of Thailand. The Chairman of the Corporate Governance Committee is an Independent Director.

In 2013, the Corporate Governance Committee conducted 2 meetings to follow up and consider various matters to support and promote the Company's Good Corporate Governance Practices. The Corporate Governance Committee each time has subsequently reported to the Board of Directors, which can be summarized below:

- Review the Company's corporate governance policy and business ethics to comply with the Principle of Good Corporate Governance, Corporate Social Responsibility and the regulations of the SET and the SEC as well as the international corporate governance criteria which are based on ASEAN CG Scorecard.
- Review all committees' charters to comply with the Principle of Good Corporate Governance, the regulations of governed organizations and the Company's policies.
- Monitor performances of the Sub-Committees to ensure the compliance with the Company's corporate governance policy by specifying that all Committees shall from time to time report their performances to the Board of Directors and provide annual performances report to shareholders in the Annual Report.
- Oversee and encourage the Board of Directors to conduct Board Self-Assessment, CEO Assessment and Corporate Secretary Assessment annually. In 2013, the Corporate Governance Committee proposed the Board of Directors to conduct Director Self-Assessment and Sub-Committees Self-Assessment. Results and recommendations from such assessments shall be considered for further improvement.
- Encourage the minority shareholders to propose the agenda and submit any enquiries for consideration in the Annual General Meeting of Shareholders to comply with the Securities and Exchange Act and the Principle of Good Corporate Governance.
- Review the Company's Corporate Governance Report disclosed in the annual report to comply with the regulations of the SEC and SET as well as the disclosure of information to support the Asian Economic Community (AEC).

The Corporate Governance Committee carries out the duties and responsibilities as assigned by the Board of Directors, and continues to develop the Company's Corporate Governance as well as emphasizes and recognizes the importance of the rights of all stakeholders equitably to achieve the objective and target with accuracy and transparency. Due to the continual monitor and development of the Company's Corporate Governance Practices, the Company scored Excellent in the 2013 Corporate Governance Report and was ranked in Top Quartile of the group of companies with market capitalization of Baht 3,000-9,999 million surveyed by Thai Institute of Directors Association (IOD). In addition, the Company scored Excellent in the survey of convening the Annual General Meeting of shareholders for 2013 by the SEC jointly with Thai Investors Association in the 2013 Corporate Governance Report of Listed Companies Listed Companies Association.

(Dr. Chotivid Chayavadhanangkur)

Chairman of the Corporate Governance Committee  
Samart I-Mobile Public Company Limited





# Report of the Sustainable Development Committee

To Shareholders

The Board of Directors of Samart I-Mobile Public Company Limited recognizes the importance of sustainable development which can further lead to the sustainable growth of business. Thus, the Board of Directors appointed the Sustainable Development Committee on November 12, 2013. The Sustainable Development Committee consists of 7 members and the President was appointed as Chairman of the Sustainable Development Committee.

In 2013, the Sustainable Development Committee conducted 1 meeting. The Committee proposed the Board of Directors to approve the Sustainable Development Committee Charter to assist the committee in fulfilling its responsibilities as assigned by the Board of Directors and Corporate Social Responsibility Policy for practice of directors, management and employees to run the business for a sustainable growth. The Sustainable Development Policies are as follows:

- To conduct business based on good governance principle as well as social and environmental responsibility by primarily taking into consideration benefits of all stakeholders.
- 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.
- To promote and educate the employees at all levels on social and environmental awareness to serve as guidelines on social and environmental conservation and development throughout the organization.
- To encourage on creation of social and environmental projects or activities.

The Sustainable Development Committee commits to develop the Corporate Social Responsibility activities coupled with managing the Company's business with the recognition of the Principles of Good Corporate Governance and Corporate Social Responsibility under the policy guiding principle of being a good corporate citizen, who is accountable to employees, customers and shareholders, and being socially responsible.

(Mr. Thananan Vilailuck)

Chairman of the Sustainable Development Committee  
Samart I-Mobile Public Company Limited





# Report of the Risk Management Committee

To Shareholders

The Board of Directors realizes the importance of risk management as it can drive the Company's business operations smoothly and continually. Hence, the Risk Management Committee, which consists of the Executive Chairman of the Company and the senior management, has been appointed to consider material risks, propose the appropriated corrective solutions and jointly prescribe risk management policy as follows:

- Evaluate risks which impacted to business operations of the Company.
- Prepare preventive and corrective measures.
- Monitor results regularly to reduce or handle risk impacts.

The objectives are to ensure that risk management of the Company has been efficiently and continually performed. The Risk Management Committee has conducted the meetings every quarter. In 2013, the Committee conducted 4 meetings to perform its duties and responsibilities as assigned by the Board of Directors. From the above performance, the Risk Management Committee is of the opinion that the Company complies with risk management policy continuously and effectively to enhance the Company's Corporate Governance, and comply with international standard and the Principle of Good Corporate Governance.

In conclusion, the Risk Management Committee places importance on risk management and internal control on continued basis so that the Company can operate business with efficient risk management system, proper management plan with adequate internal control that was suitable to the business, in line with good corporate governance as well as fully and correctly compliance with the relevant laws, rules and regulations. All of these works can make the Company strengthen its position and prepare well-rounded readiness in advance, so that it can manage risks and can sustain its business for a long time.

*Watchai Vilailuck*

(Mr. Watchai Vilailuck)

Chairman of the Risk management Committee

Samart I-Mobile Public Company Limited





# Report of the Nominating and Compensation Committee

To Shareholders

The Company realizes the importance of recruiting candidates to assume the positions of directors and top executives as well as their appropriate remuneration packages. Consequently, the Board of Directors appointed the Nominating and Compensation Committee, of which the Chairman is an Independence Director, to carry out these vital functions. The recruitment process involves screening and nominating candidates who are highly knowledgeable in their fields, capability and have appropriate qualifications for director and top executive positions. The Compensation process involves setting policies and guidelines for remuneration package for directors, committee members and top executives.

In 2013, the Nominating and Compensation Committee conducted 3 meetings to consider numerous matters concerning the Company. The member who has an interest in any agenda shall be refrained from voting and not attend the meeting to consider that agenda. Results from the meeting, including the comments and recommendations, have been reported to the Board of Directors for consideration. The significant matters considered during the year were summarized below:

- Nominate the candidates who have knowledge and experience in business related to the Company's operation, and have full qualifications as the regulations of the SEC and the SET in order to assume the position of the Company's directors and committees in case of vacancy by rotation.
- Screen the remuneration packages for directors and committees, any directors who have been assigned to take more responsibilities in any committee would receive additional compensation as appropriated.
- Consider criteria of annual salary increment and bonus in consultation with the Human Resource Department and the Executive Committee. The annual salary increment and bonus were determined at an appropriate level and suitable with the Company's business performance.
- Revise criteria to allocate the returned warrants from the warrant holders who ceased to be directors or employees of the Company and its subsidiaries to the qualified employees of the Company and its subsidiaries.
- Prepare the Nominating and Compensation Committee activities report to shareholders in the annual report.

The Nominating and Compensation Committee performs their duties carefully and prudently with full capabilities and independence to ensure the highest benefits to shareholders and all stakeholders in pursuance of equitable treatment, fairness, and transparency for all concerned to comply with the Principle of Good Corporate Governance, and be internationally recognized. From the above performance, the Nominating and Compensation Committee is of the opinion that the Company has the transparent and auditable process on nominating directors and management as well as compensation process. The component of directors and management of the Company is appropriated as it consists of the members who are qualified pursuant to the requirements with diversified fields of education, skills, experiences and professionals, which are beneficial to the business and can help the Company to achieve the objectives. The compensation of directors and management has been compared with other listed companies in the same industry and is found to be comparable and fair to motivate and retain the qualified directors and management.

(Mr. Kunthit Arunyananda)

Chairman of the Nominating and Compensation Committee  
Samart I-Mobile Public Company Limited



# Corporate Governance

The Board of Directors realizes on the importance of the good Corporate Governance which will be the fundamental factor for improving standard of business operation to create more transparency, competitiveness and strengthen the confidence of all shareholders, investors and other related parties. 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.

## Corporate Governance Policy and Business Ethics

### Corporate Governance Policy

The Board of Directors realizes on the importance of good Corporate Governance which will create more transparency, competitiveness and strengthen the confidence to shareholders, investors and all related parties. The written Corporate Governance Policy was provided both in Thai and English in 2006 and posted on the Company's website for acknowledgement of employees and others. The policy focuses on internal control and internal audit system, and the overseeing of the operation of management to comply with policy effectively for long-term benefits of shareholders under the terms of the law and business ethics. The Corporate Governance Committee will oversee the employees to strictly comply with the policy. The Corporate Governance Policy will be annually reviewed and revised to comply with new regulations. The latest revision of the Corporate Governance Policy, which complies with the 2012 Principles of Good Corporate Governance for listed companies of the SET, has been approved the Board of Directors on February 26, 2013. The Policy covers the following issues:

#### 1. Rights of Shareholders

The Company emphasizes and recognizes the importance of the rights of all shareholders equitably; minority shareholders, major shareholders, institutional investors or foreigners. The Company does not hinder or create barriers to allow shareholders to communicate with each other.

All rights that the Company's shareholders obtained in 2013 were as follows:

- **Rights to get share certificate, sell, purchase or transfer the Company's shares**  
Thailand Securities Depository Co., Ltd. ("TSD") has been appointed as the Company's registrar to provide all services for all transactions related to registration of the Company's shares.
- **Rights to propose agenda and send question in advance of the Shareholders' Meeting**  
The Company is aware of the shareholders' rights and equitable treatment to the shareholders under the good corporate governance and to comply with laws. It's the Company policy to allow the shareholders to propose matter(s) for consideration of the Board of Directors as agenda of the shareholders' meeting since 2009 and allowed to submit any enquiries prior to the Annual General meeting of shareholders since 2011. During the period that no rules or criteria from the Capital Market Supervisory Board been announced, shareholders who would like to propose the agenda have to comply with the Company's procedures and criteria of the above matter.





In the Annual General Meeting 2014 the Company allows the shareholders to propose the matter for consideration as agenda or submit the enquiries at least 3 months in advance of the end of the fiscal year and has specified the shareholding proportion of the shareholders entitled to propose the agenda must not be less than 4 percent of total number of the voting rights. The Company will notify and disclose contact channels and period for proposing agenda and enquiries via SET on September 30, 2013 and also provide details of the procedures on the Company's website ([www.i-mobilephone.com](http://www.i-mobilephone.com)), under "Investor Relation" in topic "Proposal question concerning the Company's operation in advance of the 2014 AGM" from September 30, 2013 onwards.

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

#### **Before the Meeting Date**

The shareholders will be informed on the date and agenda of the shareholders' meeting via the SET's communication system prior to the meeting date which been complied with the regulations of the SET. At the same time, the Company will also disclose the notice of shareholders meeting as well as related documents in both languages, Thai and English, on the Company's website ([www.i-mobilephone.com](http://www.i-mobilephone.com)) not less than 30 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, at least 7 days or 14 days before the meeting date depends on consideration matter that required by law and regulations. The notice of shareholders meeting will contain fact, rationales, an opinion of the Board of Directors for each agenda, conditions and procedures of meeting as well as other related document with sufficient information for shareholders' consideration. Moreover, the notice of shareholders meeting will be published in the newspaper at least 3 consecutive days and at least 3 days prior to the meeting date to be in line with the 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. There were 9 directors attended in the Annual General Meeting of Shareholders of 2013. Moreover, the



Board of Directors, Chairman of all committees, the Company's management and external auditors will also present in the meeting. Chairman of the Board of Directors who is Chairman of the meeting will introduce all Board members and the management to the shareholders, declare how to exercise their right and vote before commencement of the meeting to be in line with the agenda without any additional topic from what have been expressed in the invitation letter. Voting cards were provided for significant agenda. Voting result in term of approval, disapproval or abstain for each agenda were transparently presented to the meeting. The shareholders were encouraged to express their opinions and raise any questions, either in the agenda or any other questions related to the Company's business, at the meeting. All questions had been answered and taken in the minutes of meeting as well as the opinions from the shareholders.

#### **After the Shareholders' Meeting**

Resolution of the meeting was disclosed to the SET with voting details, approved, disapproved and sustained, of each agenda on the next day after the meeting date. Full minutes of meeting of which contained the attendance record of the directors, summary of questions and answers during the meeting in both Thai and 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.i-mobilephone.com](http://www.i-mobilephone.com)) for verification.

- **Appointment / Dismissal 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 for one or several directors. The said shareholder may not allot any number of his/her 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/her 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 General Meeting of Shareholders, the shareholders have the rights to consider and approve the remuneration for all directors and members of sub-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 the SET's communication system but also posted all significant and updated information on the Company's website ([www. i-mobilephone.com](http://www.i-mobilephone.com)).

- **Profit Sharing**

The Company has dividend payment policy for company and subsidiaries. The Company has continued to pay dividend to shareholders as prescribed in the policy. Details of dividend payment policy of the Company and dividend payment in the previous year are shown in "Dividend Payment Policy"

## 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 and also required document, evidence and proxy method along with the invitation letter to shareholders' meeting which have been prepared in Thailand and English to facilitate the shareholders.

In the Annual General Meeting of Shareholders of 2013, there is 15 shareholders assigned the company's independent director to be a proxy to attend and vote instead of them. In addition, voting cards were provided for each agenda, especially, the agenda of appointment of directors of which been appointed by individual. 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 will conduct 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 "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. i-mobilephone.com](http://www.i-mobilephone.com)). Details regarding Attention to Stakeholders are shown in "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 can access information conveniently and speedily as follows:

- To submit the financial report 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 opinioned 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 started to prepare the Management Discussion and Analysis (MD&A) for the financial statement every quarter and post it on the Company's website, starting from the financial quarter of 3/2012 onwards.
- Criteria on provision of remuneration to the directors and the executives have been clearly disclosed. More details are shown in "Management Structure" under topic "Remuneration of Directors and Management".
- Details on connected transactions have been clearly disclosed to prevent a conflict of interest. More details are shown in "Connected Transactions".
- Shareholding information of the directors and the executives has been disclosed in the Annual Report and the Annual Disclosure information. In addition, the Company has a policy requiring the directors and the executives 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 executives shall be reported to the Board of Directors' meeting every time. The 2013 securities holding information of the directors and the executives were as follows:





### Securities holding information of the directors and the executives as of December 31, 2013

Director / Executive		Ordinary Share (shares)					
		31/12/2012	2013			31/12/2013	Increase (Decrease)
			Acquisition during the year		Disposal during the year		
			Warrant	Buy in SET			
1.	Professor Suphachai Phisitvanich	3,250,000	600,000	-	-	3,850,000	600,000
2.	Dr. Chotivid Chayavadhanangkur	-	2,100,000	-	-	2,100,000	2,100,000
3.	Mr. Kunthit Arunyananda	-	2,100,000	785,000	2,685,000	200,000	200,000
4.	Mr. Charoenrath Vilailuck	-	2,100,000	-	2,100,000	-	-
5.	Mr. Watchai Vilailuck	481,000	5,240,000	500,000	-	6,221,000	5,740,000
6.	Mr. Thananan Vilailuck	-	10,000,000	1,300,000	9,500,000	1,800,000	1,800,000
7.	Mr. Jong Diloksombat	-	4,350,000	-	2,600,000	1,750,000	1,750,000
8.	Mr. Azwan Khan bin Osman Khan	-	3,000,000	-	3,000,000	-	-
9.	Mr. Annis bin Sheikh Mohamed	-	-	-	-	-	-
10.	Mr. Lai Ki Tong	-	-	-	-	-	-
11.	Mr. Pracha Phathayakorn	-	-	-	-	-	-

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

- 1) The director and the executive 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 executive pursuant to the specified report form.
- 2) The Director and the executive 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.i-mobilephone.com](http://www.i-mobilephone.com)), press release and Company's Annual Report and Form 56-1 as well as participated in the "Opportunity Day" which arranged by SET.

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

#### 4.1 Provide multi channels for disclosure of information apart from the SET's communication system

##### - Annual Report and Form 56-1

The Board of Directors has to ensure that Annual Report contains 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 ensures the Company not only provides all significant information of the Company in the Company's Annual report but also on the Company's website ([www.i-mobilephone.com](http://www.i-mobilephone.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, Form 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, analysts and general public via Company's website, Road Shows, analysts meetings, conference calls, etc. The Company's Investor Relations could be contacted at phone number 0-2502-6583 or via [www.i-mobilephone.com](http://www.i-mobilephone.com) or e-mail address at [Pongthep.v@samartcorp.com](mailto:Pongthep.v@samartcorp.com). Ethics of the investor relations are as follows:

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 has been arranged for investors, analysts and public on a quarterly basis with participation of the executives.

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

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

#### 4.2 Disclosure of Information of the Board of Directors and Committees

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





The above information and remuneration of each board member have been disclosed in the Company's Annual Report and Form 56-1 in "Management Structure" under topic "Remuneration of directors and management".

#### **4.3 Accountability to the Financial Statement**

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

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 points 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. Roles and Responsibilities of the Board of Directors**

As the Board of Directors is the success key of Corporate Governance practice for the highest benefit of the Company, thus, the Company sets policies relating to roles and responsibilities of the Board i.e. composition, qualification of directors in order that the Board performs duty effectively in the following details:

#### **5.1 Composition of the Board of Directors**

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. The Board will also have leadership and vision to carry on the Company's business and achieve its objectives. The Company has 9 directors who complied with the qualification that been described under "Management Structure". In addition, all of the Directors have contributed their best to the Company which may concern from their participation in the meeting. Details of directors' qualification and number of attend in the meeting are shown in "Meeting of the Board of Directors and Committees"

#### **5.2 The Independent of the Board of Directors**

- **Separation of Chairman and CEO**

For best benefit of the shareholders and to strike a balance of power within the Company, the Chairman of the Board of Directors is not the same person as CEO. The Company's Chairman of





the Board of Directors is an independent director who has the qualifications of independent director in accordance with the SET's notification and has no business relation with any management of the Company.

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

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

#### Roles and Responsibilities of Chief Executive Officer

1. Manage and control general business operation of the Company to comply with its objectives, policy and the Articles of Association.
2. Consider investment plans before proposing to the Executive Board and the Board of Directors for further approval.
3. Act on behalf or in the name of the Company as delegation of authorities defined in the Company's policy and practice.
4. Carry out any assignment from the resolutions of the Board of Directors and/or the Company's shareholders meetings.

The delegation of authorities, duties and responsibilities of CEO shall not be delegated or further assigned that authorize CEO or its attorney to approve any transactions that CEO or connected persons or any persons who may have conflict of interest have done with the Company or its subsidiaries unless such transactions are complied with the Company's policy or principle approved by the Board of Directors. Such connected transactions shall be proposed to the Board of Directors' and / or shareholders' meetings for approval to comply with the notification of the Stock Exchange of Thailand, the Securities and Exchange Commission (SEC) or related law.

#### • **Balance between members**

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 and shall at least 3 members are independent members who 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 the Board of Directors and Executive Chairman must not be attained by the same person. The Chairman of the 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 follows:

- 3 Independent Directors (one-third of the Board of Directors)
- 3 Executive Directors (representatives from major shareholders)
- 3 Non-Executive Directors (representatives from major shareholders)





The 3 Non-Executive Directors namely Mr. Charoenrath Vilailuck, Mr. Annis bin Sheikh Mohamed and Mr. Azwan Khan bin Osman Khan have working experience relating to the Company's business.

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

- **Roles and Responsibilities of the Board of Directors and CEO**

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. The Board will also comply with the Company's Ethics with responsibility, due care, and integrity to ensure all Company's businesses are run under Company's objectives, Articles of Association, resolutions of the Board of Directors' and shareholders' meetings as well as laws and regulations of the SET, the SEC 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 Committee 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 of Directors ensures the Company to provide transparency process of nomination of directors and management of the Company of which the details are disclosed under "Nomination of Directors and Management"

### 5.5 Accountabilities of the Board of Directors

#### Board of Director's Activities in the previous year

##### 5.5.1 Set policy and business direction

The Board of Directors involved and agreed on set out the Company's vision, mission, Corporate Governance Policy, Business Ethics, strategies, goal, direction, business plan, budget, internal control and internal audit systems, and risk management as well as to govern the management to



follow such business plan and budget with efficiency and profitability for economic value to the Company and the best stability to the shareholders. In addition, the Board of Directors has not only ensure the Company and its management to oversee the value of all stakeholders, neither derive personal benefit nor create any rivalry with the Company and its subsidiaries, but also conducted the business with great awareness in ethical, moral and compliance to the Company's Articles of Associations as well as laws and regulations of the SET and the SEC

The Company's Vision, Corporate Governance Policy and Business Ethics have been posted on the Company's website ([www.i-mobilephone.com](http://www.i-mobilephone.com)) under the governance of the Corporate Governance Committee to have all employees to strictly conform and practice.

#### **Monitoring on Business Ethics**

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

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

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

#### **5.5.2 Appointment of Sub-Committees**

For governing the management to comply with the approved policies and having better efficiency, the Board of Directors appointed the following 6 committees to help the Board for consideration in significant matters:

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





Roles and responsibilities of each committee were disclosed under section “9.2 Sub-Committees”. In addition, Committees’ Charters have also been set and disclosed on the Company’s website ([www.i-mobilephone.com](http://www.i-mobilephone.com)).

### 5.5.3 Meeting of the Board of Directors and Sub-Committees

#### 1) The Board of Directors

The Board of Directors’ Meeting schedule has been set as quarterly basis with certain agenda. The meeting schedule will be sent to each director by the Company Secretary for preparation and arrangement for meeting participation. However, additional unscheduled Board meetings may be called upon appropriate notice at any time to address specific needs of the Company. The operating results will be regularly reviewed. The notice of the Board of Directors’ meeting 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. To comply with the Company’s Articles of Association, unless any urgent matters, the notice of the Board of Directors’ meeting will be delivered by the Company Secretary to all directors 7 days prior to the meeting date for consideration. In addition, if directors would like to propose the agenda, they will inform prior the meeting date or propose as other matters in the meeting.

In addition, the Board of Directors set its quorum of the meeting to be at least 2/3 of all directors attending in the meeting.

The average length of the meeting is approximately 2 hours. Number of the directors attending in the meeting and number of meeting in 2013 are shown in “Management Structure” under topic “The Board of Directors”.

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

- Considered and approved the Company’s financial statement for 2012 and quarterly financial statements of 2013
- Considered the evaluation of the adequacy of internal control system
- Considered dividend payment for the year 2012 and the interim dividend payment for the first half of the year 2013
- Acknowledged sub-committees’ performances for the year 2013
- Considered and approved the appointment of the members in each committee to replace who resigned by rotation
- Considered and approved the Sustainable Development Committee, set Sustainable development Charter and CSR Policy
- Considered the connected transactions
- Considered Strategic & Implementation Plan for 2014
- Considered results of Board Self-Assessment for 2012 and set the basis of Board Self-Assessment, Director Self-Assessment, Sub-committee Self-Assessment and the criteria of CEO Assessment and Company Secretary Assessment in 2013
- Considered subjects relating to the Annual General Meeting of Shareholders for 2013 prior to present to the shareholders’ meeting



- Considered and approved Salary increment rate for 2014 and set the annual bonus policy for 2013 and 2014
- Considered the Directors' and Officers' Liability Insurance
- Considered and approved date of the Board of Directors' Meeting, Sub-committee's Meeting and Shareholders' Meeting
- Considered the utilization and amendment of credit facilities with financial institutes
- Other agendas relating to the Company's operation

The minutes for all meetings had been taken, kept and been ready for verification by the directors or any related parties. During the year, Non-Executive Directors convened non-executive meeting to discuss any managerial issue.

## 2) Sub-Committees

In 2013, numbers of each meeting and time attendance of each member were summarized below:

Names	Number of Attendance/ Total Number of Meeting					
	Audit Committee	Executive Committee	Corporate Governance Committee	Nominating and Compensation Committee	Risk Management Committee	Sustainable Development Committee <sup>(2)</sup>
1. Professor Suphachai Phisitvanich	5/5					
2. Dr. Chotivid Chayavadhanangkur	5/5		2/2	3/3		
3. Mr. Kunthit Arunyananda	5/5		2/2	3/3		
4. Mr. Watchai Vilailuck		13/13			4/4	
5. Mr. Thananan Vilailuck		13/13			4/4	1/1
6. Mr. Jong Diloksombat		13/13	2/2		4/4	
7. Mr. Annis bin Sheikh Mohamed				1/3 <sup>(1)</sup>		
8. Mr. Sirichai Rasameechan				3/3	4/4	
9. Mr. Dilokpat Nisamaneevong					4/4	
10. Mr. Teerawut Kreepanich					4/4	
11. Pracha Phathayakorn						1/1
12. Mr. Subhasiddhi Rakkasikorn						1/1
13. Miss Chullada Sapsarasin						1/1
14. Mr. Teerapon Asavatitanonta						1/1
15. Mr. Nipon Sudkeaw						1/1
16. Miss Boonrut Mongkolratanakorn						1/1

**Remarks:** <sup>(1)</sup> Absence due to important business in overseas.

<sup>(2)</sup> The Board of Directors approved the appointment of the Sustainable Development Committee on November 12, 2013.





All sub-committees carried out their duties assigned by the Board of Directors, regularly report the performance to the Board of Directors, and provide annual performances report to shareholders in the Annual Report.

## **5.6 Conflicts of Interest**

To prevent conflicts of interest, the Company has drawn out guidelines for directors and employees to perform as details in “Business Ethics”.

## **5.7 Internal Control and Risk Management**

Please see details in “Internal Control and Risk Management” and “Corporate Social Responsibility” under topic “Anti-Corruption”.

## **5.8 The assessment of the Board of Directors, Sub-Committees, CEO and Company Secretary**

### **5.8.1 Board Self-Assessment and Director Self-Assessment**

The Corporate Governance Committee is responsible for self-assessment of the Board of directors and individual director to annually review and evaluate directors’ performance to comply with Corporate Governance of the Company. Comments and recommendations from the assessments are further considered in the Board of Directors’ meeting for improvement.

#### **Board Self-Assessment**

In 2013, the Board of Directors considered the criteria of self-assessment in its meeting no. 7/2013 on December 17, 2013 in the following areas:

1. Board Composition
2. Strategic Guidance
3. Monitoring and Evaluation
4. Accountability

Result of Board Self-Assessment has an excellent evaluation by obtaining average score of 94.19% for total areas of assessment.

#### **Director Self-Assessment**

In 2013, the Board of Directors considered the criteria of Director Self-Assessment in its meeting no. 7/2013 on December 17, 2013 in the following areas:

1. Knowledge
2. Responsibilities
3. Meeting
4. Self-development

Result of Director Self-Assessment has an excellent evaluation by obtaining average score of 93.02% for total areas of assessment.

### **5.8.2 Sub-Committee Self-Assessment**

The Board of Directors conducts the self-assessment of sub-committees annually. The criteria for self-assessments of Executive committee, Corporate Governance Committee, Nominating and Compensation Committee and Risk Management Committee cover the following areas:





1. Composition
2. Roles & Responsibilities
3. Performance monitoring
4. Meeting
5. Development & Training.

The Audit Committee Self-Assessment covers the following areas:

1. Composition
2. Roles & Responsibilities
3. Training & Resources
4. Meeting
5. Auditing Activities
6. Relationship between head of internal audit unit, external auditors and the Company's executives
7. The future trend of the Audit Committee

Results of each Sub-Committee Self-Assessment 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.

In 2013, the Board of Directors considered the criteria of each Sub-Committee Self-Assessment, excluding the Sustainable Development Committee which was appointed on November 12, 2013, in its meeting no. 7/2013 on December 17, 2013. The result of each Sub-Committee Self-Assessment was shown below:

	Result	Score (%)
1. Executive Committee	Excellent	93.93
2. Risk Management Committee	Excellent	93.47
3. Nominating and Compensation Committee	Excellent	93.33
4. Corporate Governance Committee	Excellent	94.44
5. Audit Committee	Excellent	98.36

### 5.8.3 CEO Assessment

The Board of Directors conducts CEO assessment annually for consideration of his remuneration. In 2013, the Board of Directors considered the criteria of CEO assessment in its meeting no. 7/2013 on December 17, 2013. The criteria cover the following areas:

1. Leadership
2. Strategy formulation
3. Financial planning and performance
4. Board relations
5. Risk management and internal control
6. Human resources management
7. Succession
8. Product and service knowledge
9. Good corporate governance and code of business conduct





Result of CEO Assessment has an excellent evaluation by obtaining average score of 94.56% for total areas of assessment.

#### 5.8.4 Company Secretary Assessment

The Board of Directors conducts the Company Secretary assessment annually. Results of the assessment will use to develop working performance of Company Secretary to support the Board of Directors to comply with the roles and regulations of the SET and the SEC. In 2013, the Board of Directors considered the criteria of Company Secretary Assessment in its meeting no. 7/2013 on December 17, 2013. The form of Assessment was submitted to each director to assess the Company Secretary in the following areas:

1. Knowledge
2. Compliance
3. Communication and Coordination
4. Documentation
5. Meeting
6. Corporate Governance

Result of Company Secretary Assessment has an excellent evaluation by obtaining average score of 92.98% for total areas of assessment.

#### 5.9 Development of Directors and Management

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

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

In addition, to support and increase knowledgeable of the directors, periodical training will be provided especially the Director Accreditation Program (DAP) and Director Certification Program (DCP) and other programs relating to director which arranged by the Thai Institute of Directors (IOD). 3 directors had joined DCP program and 4 directors joined DAP program. While the 2 foreign directors have never joined the IOD program as English DAP Program is arranged only once a year. IOD training course of each director is shown in "Directors, Management, Company Secretary and Head of Internal Audit". Each year, the Company shall submit the training courses arranged by various institutes to the Committee members for their consideration on attendance pursuant to their needs.



In 2013, 2 directors attended the training courses as follows:

1. Professor Suphachai Phisitvanich attended IOD Chairman Forum 2/2013: Role of Chairman in promoting ethical business practices.
2. Mr. Watchai Vilailuck attended 2 training courses:
  - 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
  - 2013-Present The 5th Training Course on Administrative Justice for Executives, Institute of Administrative Justice, The Office of the Administrative Courts of Thailand.

## Business Ethics

As the Company conducts the business with great awareness in ethical practices, the Board of Directors has provided the written Thai-English Business Ethics of directors, management and employees of the Company and subsidiaries since 2005 in order to set as the practical working guidelines with honesty, to be in standard, quality and integrity which including an attention of all stakeholders, related transaction, compliance with the laws, assets prevention and conflict of interest. The Company's directors, management and employees must perform and comply with strictly. It is also posted in the Company's website for employees and the outsider's acknowledgement. The Company reviews Business Ethics annually of which the latest Corporate Governance Policy was approved by the Board of Directors on February 25, 2014. It is covering the following topics:

- **Conflict of Interest**

To prevent conflicts of interest, the Company has drawn out guidelines for directors and employees in the Company's Business Ethics 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. Any trading of the Company's securities within 1 month prior to disclosure of either the Company's financial performance or any other information that may affect securities' price is prohibited.
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.

On any conflict of interest transaction, before entering into 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 the SET's regulations, information of the transaction i.e. value of transaction, party involved and necessity ext. (Arm's Length Basis) 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 neither participate nor vote in such meeting.

- **Responsibilities to shareholder**

The Company is 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 propose an agenda and send a question in advance, attend, vote and have comments in the shareholders' meeting, to share in profits, regularly and timely obtained adequate information, business performance and management policy. Details of shareholders' rights are described under "1. Rights of Shareholders".

- **Employee policies**

The Company highly regards all of the employees as valuable resources and is a major factor to drive the business performance to achieve its goals. As a result, it is the Company's policy to treat employees fairly in all respects, employment opportunity, reasonable remuneration, promotion, welfare. There is always be the nurse(s) stationed in the infirmary everyday at the Company's office building and the doctor shall visit and treat sick employees twice a week. The Company also has the medical treatment welfare for the employees (in case of out-patient) who are treated at the government and private hospitals. The employees shall be entitled to the annual medical treatment fee pursuant to their level. In 2013, total amount of medical treatment fee reimbursed by the employees of the Company and its subsidiaries amounted to Baht 639,504.63. Moreover, the Company also has group health insurance (in case of in-patient) for the Company's employees which is made with the American International Assurance Company Limited (AIA) as well as group life insurance which covers all kinds of death, annual medical check-up and provident fund to secure their working life security under the name of "the Registered Samart Group Provident Fund". The Company also has the social security fund and provision of loan in case of the accident or sickness to the employees as well, loan for employees, fitness center and special discount for Company's products etc.

Development programs, both internal through e-learning 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 under section "Management Structure" in the topic "Human Resources Management and Development Policy".

In addition, 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.

Further more, the Company also allowed 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 environment 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 of safety, occupational health and working environment for the employees, as well as to arrange for the training on health by arranging the Healthy Week and the Safety Week and etc.
3. To conduct the annual evacuation drill in case of fire as well as to designate the assembly points of all offices.
4. To use the fingerprint scanning system so only the eligible persons can enter and exit the office building for safety of life and properties of the employees and the Company.
5. To provide the medical treatment, modern medicine provision service and basic medical service in all offices.
6. To arrange for the medical checkup every year.
7. To arrange for the fitness center and to encourage for the sport competition, both inside and outside the Company to promote health of the employees.

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

- **Treatment of Customers**

The Company strongly believes in building confidence and brings satisfaction to all of the customers who are very important to the Company by providing modern and high-quality products and services at reasonable price for customers' satisfaction and needs as well as providing product and equipment from factory which has been certified as international standard. Currently, new products and services have been developed by the Company and subsidiaries including control and inspection of product's quality before distribution. The Company has launched many models of mobile phones with variety functions to serve customers' needs in all levels and continued to improve after sales services by providing a total solution of i-mobile Service Centers in form of see-through looking to repair, upgrade software and provide other services to customers including guarantee to change new product immediately within 7 days if there is any problem. In addition, the Company provides training course to our employees who work at service centers through the country continuously in order to give more understanding of products and services as well as to expertise to answer questions and problem solutions associated with its use to customers in a timely manner. The Company has Authorized Service Center with same quality as i-mobile service centers for customers support. At present, the Company





has service and fixing centers nationwide. Moreover, the Company provides responsible departments for consultation and complaint of customers, and also for control the quality prior release for satisfaction in goods and services of customers.

Moreover, the Company set Customer Retention Management (CRM) unit called “i-club”. The customer who has service at i-mobile shop and subscribe as a member of i-club will receive 10% discount for new product, 30% discount for accessories, spare unit while repairing, free upgrade software through its useful life and special promotions at all 23 branches of i-mobile shops. In addition, there are special activities, benefits and 10-40 % discounts from the leading stores participating. At present, total i-club members are more than 700,000. The Company considers fair and reasonable compensation to dealers and keeps in touch with dealers in order to share each other opinion and work together to meet the same targets. Training center is set in many areas to facilitate dealers and gain understanding of the Company’s products and services. Dealer Conference is organized to express gratitude to the dealers and meet with the Company’s management as well as update new products, acknowledge the Company’s operating results and set target in the next year.

- **Treatment of Trade partners**

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

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

- **Treatment of Creditors**

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





- **Counterpart/Competitor policies**

The Company conducts all business affairs under just rules and competitions, support free trading. Refuse to search for rivals' secret information by all means, dishonestly or inappropriately. Refuse to ruin counterparts/ Competitors' reputations. Not intervene or have a secret transaction that give negative impact to competitor and give benefit to the Company and Refuse to violate intellectual property rights of business' counterparts / competitor. In addition, the Company sets the policy that all employees shall acknowledge and sign the agreement of non-disclosure confidential information, non-violation of concealment of computer related and non-infringement of intellectual property.

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

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

- **Responsibility to societies and communities**

The Company recognizes that it can survive and grow in a society that is vigorous and prosperous. Therefore, to bring about societal progress, the Company participated in societal improvements with financial support to all activities that aim to maintain beneficial cultures, customs and rituals. Moreover, the Company will involve in religious activities regularly. The Company also participated in many activities for development of social, education, vocation, athletic ability as well as sanction for outreach people and victims. In addition, the Company has strengthened the closed relationship with the surrounding and nearby communities by building up good relationship with the private and public organizations as well as the community leaders in many levels, so that the cooperation from all parties can be smoothly coordinated for sustainable and concreated development of the communities.

In 2013, SAMART Group has continued our efforts to promote "People of Quality, Society of Morality" and also implemented a variety of activities for public benefits. Details of the projects and activities are shown in "Corporate Social Responsibility (CSR)"

- **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. For motivation of the employees to continually conform to the Company's policy, announcement via the Company's PR boards, e-mail, internal radio, mobile media, newsletter and road show are provided, for example, Lor.Ling. Activity (Save our SAMART) has set for 5 consecutive years since 2008.

Lor.Ling. Activity (Save our SAMART) for 2013 is set campaign to save energy and reduce costs including consumption of the valuable resources which continued regularly. The activity for 2013 focused on the implementation seriously and more concrete under the name "Lor. Ling. ECO Project" of which its main activities were involved with the company's employees i.e. Roadshow , DIY Contest. Details are shown in "Corporate Social Responsibility (CSR)"





- **Sustainable Development Report**

The Company provides Corporate Social Responsibility Report or Sustainable Development Report by initiating the report as part of the Annual Report. In the near future, the Company plan to issue Sustainable Development Report in separate report.

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

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

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

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

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

- **Anti-Corruption**

The Company will not encourage or expect the receiving person to ignore his/her duty and/or return favor from giving inappropriate present, property or other benefits. Therefore, the policy on anti-corruption is defined in the topic "Receiving and giving present, property or other benefits policies" in the Company's Business Ethics to be adopted in compliance

The result of the implementation of such policies in 2012 caused the following matters:

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



Moreover, the Company is also aware of the importance on anti-corruption, hence, the Company's representatives were sent to attend various meetings in relation to the prevention and detection of fraud in organizations such as the National Conference on the anti-corruption, Practical Fraud Awareness, Fraud Detection & Fraud Prevention Strategies, fraud auditing and etc.

Details regarding the Company's Anti-Corruption Practices are shown in "Corporate Social Responsibility" under topic "Anti-Corruption"

- **Opinion or suggestion**

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 in a timely and transparent manner. Thus the feedback channels for all stakeholders to return their complaints, comments or recommendations are provided for improvement. Those channels consist of direct mail to the following address via Company's website at [www.i-mobilephone.com](http://www.i-mobilephone.com) under "Contact Us".

Mailing Address: Secretary to the Audit Committee  
Samart I-Mobile Public Company Limited.  
99/10 Moo 4, Software Park, 26<sup>th</sup> floor,  
Chaengwattana Rd., Klong Gluar, Park-kred, Nontaburi 11120

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

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

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

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

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

The employee can find the method on informing the clue and the protection of the informant at the public relations media of the Company, i.e. the Company's website at [www.i-mobilephone.com](http://www.i-mobilephone.com) and Human Resources' website at [www.samarthre.com](http://www.samarthre.com) and etc.





The Company's Vision, Mission, Corporate Governance Policy and Business Ethics have been publicized on the Company's website ([www. i-mobilephone.com](http://www.i-mobilephone.com)) and communicated to management and employees via email, in form of weekly Tips on Corporate Governance and poster on PR board. In addition, the Corporate Governance Committee is entrusted to oversee the duties of directors, management and employees to abide strictly.

## Sub-committees

### Composition

The Company's sub-committee consist 6 sub-committees; the Audit Committee, the Corporate Governance Committee, the Executive Committee, the Risk Management Committee, the Nominating & Compensation Committee, and the Sustainable Development Committee. Details of directors, qualification, term of positions and roles & responsibilities are as follows:

**1) Audit Committee** as at December 31, 2013:

1.	Dr.Chotivid Chayavadhanangkur	Chairman
2.	Professor Suphachai Phisitvanich	Member
3.	Mr.Kunthit Arunyananda	Member
	Mrs. Duangsamorn Nutprasasn	Secretary

### Qualifications of the Audit Committee

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

### Terms of positions

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



### Roles and Responsibilities of the Audit Committee

1. Review the Company's financial statement to ensure its accuracy and adequacy.
2. Review the Company's internal control, and internal audit system to ensure that they are suitable and efficient, to determine the independence of internal audit unit, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.
3. Review the Company's compliance with the Securities and Exchange Act, the regulations of the SET and the laws relating to the Company's business.
4. Consider, select, nominate, terminate or reappoint an independent person to be the Company's auditor, and propose its remuneration for further consideration of the Board of Directors and shareholders' meeting.
5. Attend a non-management meeting with an auditor at least once a year.
6. Review the connected transactions or the transactions that may lead to conflicts of interests to ensure that they are in compliance with the law and the regulations of the SET, and are reasonable and for the highest benefit of the Company.
7. Prepare report of the Audit Committee to be disclosed in the annual report with at least information defined in the notification of the SET.
8. Perform any other activities as assigned by the Board of Directors.

### 2) Executive Committee as at December 31, 2013:

- |    |                                |                    |
|----|--------------------------------|--------------------|
| 1. | Mr. Watchai Vilailuc           | Executive Chairman |
| 2. | Mr. Thananan Vilailuck         | Member             |
| 3. | Mr. Jong Diloksombat           | Member             |
|    | Miss Boonrut Mongkolratanakorn | Secretary          |

### Terms of positions

Term of each member is 1 year. The Nominating and Compensation Committee will annually consider and select appropriate persons from the members of the Board of Directors and management 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. CEO of the Company will be the Chairman of the Executive Committee.

### Scope of Responsibilities and Authority of the Executive Committee

1. Set Company's 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. Audit, monitor and implement the Company's policies and management practices to conform to the assignment from the Board of Directors efficiently.
3. Consider and approve annual budget and investment of the Company for further approval of the Board of Directors.
4. Consider remuneration policy and salary structure and propose to the Nominating and Compensation Committee for consideration prior to further approval of the Board of Directors.
5. Act on behalf or in the name of the Company as delegation of authorities defined in the Company's policy and practice.
6. Carry out other work as assigned by the Board of Directors.





The delegation of authorities, duties and responsibilities of the Executive Committee shall not be delegated or further assigned that authorize the Executive Committee or its attorney to approve any transactions that the Executive Committee or connected persons or any persons who may have conflict of interest have done with the Company or its subsidiaries unless such transactions are complied with the Company's policy or principle approved by the Board of Directors. Such connected transactions shall be proposed to the Board of Directors' and/or shareholders' meetings for approval to comply with the notification of the Stock Exchange of Thailand, the Securities and Exchange Commission (SEC) or related law.

**3) Corporate Governance Committee** as at December 31, 2013:

- |    |                                |                                 |
|----|--------------------------------|---------------------------------|
| 1. | Dr. Chotivid Chayavadhanangkur | Chairman (Independent Director) |
| 2. | Mr. Kunthit Arunyananda        | Member (Independent Director)   |
| 3. | Mr. Jong Diloksombat           | Member                          |
|    | Miss Boonrut Mongkolratanakorn | Secretary                       |

**Terms of positions**

Term of each member is 1 year. The Nominating and Compensation Committee will annually consider and select appropriate persons from the members of the Board of Directors and/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. 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.

**Scope of Responsibilities and Authority of the Corporate Governance Committee**

1. Responsible for governing and monitoring business operation and performance of committees, management and employees of the Company to comply with the principles of good corporate governance, Company's policies and related laws.
2. Establish and review the Company's significant procedures and practices to comply with the principles of good corporate governance.
3. Regularly review the Company's policies, principles and practices.
4. Provide suggestions relevant to business ethics and best practices to the Company's directors, management and employees.
5. Ensure that the principles of good corporate governance are performed on practice continuously and appropriately.
6. Report to the Board of Directors the Company's good corporate governance along with its opinions for the practices and recommendations for appropriate improvements.

**4) Nominating and Compensation Committee** as at December 31, 2013:

- |    |                                |                                 |
|----|--------------------------------|---------------------------------|
| 1. | Mr. Kunthit Arunyananda        | Chairman (Independent Director) |
| 2. | Dr. Chotivid Chayavadhanangkur | Member (Independent Director)   |
| 3. | Mr. Annis bin Sheikh Mohamed   | Member                          |
| 4. | Mr. Sirichai Rasameechan       | Member                          |
|    | Miss Boonrut Mongkolratanakorn | Secretary                       |





### Terms of positions

One-third of the Nominating and 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 and Compensation Committee will consider an appropriate person from the members of the Board of Directors and/or any qualified candidates and propose to the Board of Directors for appointment.

### Scope of Responsibilities and Authority of the Nominating and Compensation Committee

1. Recruit, select, and nominate appropriate candidates for independent directors, Chairman of the Board, Board of Directors proposed for consideration and approval of Board of Directors' and/or the shareholders' meetings when those positions are vacant due to termination of terms or other reasons.
2. Recruit, select, and nominate appropriate candidates for position members of each committee, CEO, top management and company secretary proposed to consideration of Board of Directors when such position is vacant as well as propose criteria for selecting candidates for the succession plan.
3. Propose to the Board of Directors the guidelines and reasonable remuneration packages for all members of the boards and executives of which must be complimented to their duties, conform to the Company's operating performance and market's atmosphere.
4. Evaluate the Company's performance for consideration of the annual bonus and merit increase.
5. Review the Company's salary structure and any other remuneration.
6. Screen and verify the list of the candidates proposed to the director with the relevant agencies to ensure that they are not blacklisted or have been revoked from the list of such agencies.
7. In case the director who is retired by 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 at December 31, 2013:

- |    |                                |           |
|----|--------------------------------|-----------|
| 1. | Mr. Watchai Vilailuck          | Chairman  |
| 2. | Mr. Sirichai Rasameechan       | Member    |
| 3. | Mr. Jong Diloksombat           | Member    |
| 4. | Mr. Thananan Vilailuck         | Member    |
| 5. | Mr. Dhilokpat Nisamaneevong    | Member    |
| 6. | Mr. Teerawut Kreepanich        | Member    |
|    | Miss Boonrut Mongkolratanakorn | Secretary |

### Terms of positions

Term of each member is 1 year. The Nominating and Compensation Committee will annually consider and select appropriate persons from the members of the Board of Directors, 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. The nominated committee's member will appoint the chairman of Risk Management Committee from the committee's members.





### Scope of Responsibilities and Authority of the Risk Management Committee

1. Set clear business directions, identify, analyze and investigate significant risk factors as well as specify strategies to manage those risks.
2. Set risk management standards for use as guidelines in each work unit.
3. Supervise to ensure that such measures are fully communicated and employees have complied with them.
4. Provide for a systematic and continued evaluation and analysis of damage that may occur to make sure that risk survey has covered all processes of business operations.
5. Support and develop risk management continually to cover all organization and comply with international standard.

### 6) Sustainable Development Committee as at December 31, 2013:

- |    |                                |                  |
|----|--------------------------------|------------------|
| 1. | Mr. Thananan Vilailuck         | Chairman         |
| 2. | Mr. Pracha Phathayakorn        | Vice-Chairman    |
| 3. | Mr. Subhasiddhi Rakkasikorn    | Member           |
| 4. | Miss Chullada Sapsarasin       | Member           |
| 5. | Mr. Teerapon Asavatitanonta    | Member           |
| 6. | Mr. Nipon Sudkeaw              | Member           |
| 7. | Miss Boonrut Mongkolratanakorn | Member/Secretary |

### Terms of positions

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

### Roles and Responsibilities of the Sustainable Development Committee

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

All sub-committees carried out their duty and had the meeting regularly and had written minutes. The significant issues of the previous year including number of meeting of each sub-committee are shown in "Other Company's Corporate Practices" in topic "Meeting of the Board of Directors and Sub-Committee".

## Nomination of Directors and Management

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. Whenever the position of directors are vacant, the Nominating and Compensation Committee will consider the suitable candidate from IOD's Director Pool and proceed to select the candidate who is qualified as the relevant laws and regulations with regards to qualification, experience, knowledge and ability that is advantage and needed to the Company and then propose to the Board of Directors for approval and for further approval of the shareholders in case of vacancy by rotation or appointing of new director. The elected directors should obtain more than one-half vote from shareholders who attend the meeting and have voting right. Each shareholder shall have one vote on each share. In voting, a shareholder shall vote in accordance with the number of votes each shareholder has for one or several directors. The said shareholder may not allot any number of his/her votes to any person. In addition, the Company proposed shareholders to elect the directors on an individual basis to allow shareholders to elect the desirable directors. For election of independent directors, the Nominating and Compensation Committee will nominate any person who is fully complied with the qualifications of Independent Directors under the Company's policy as well as complying to such requirements of the SEC and the SET as a minimum and propose to the Board of Director and/or the shareholders' meeting in case that there is a vacant position due to rotation or others. Moreover, the Board of Directors of the Company has also appointed other committees to help the Board on its business either audit or consideration any significant matters. Such Committees are the Executive Committee, the Audit Committee, the Risk Management Committee, the Corporate Governance Committee, the Nominating and Compensation Committee and the Sustainable Development Committee. The nomination of members of the committee will be selected and nominated by the Nominating and Compensation Committee prior to propose for consideration of the Board of Directors of the Company.

### Executive Succession Plan

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

### Supervision on Operation of the Subsidiary and the Associated Company

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





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

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

## 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-violation of concealment 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 and Business Ethics refuse to the directors, management and employees of the Company to use Company's inside information for personal benefits. Any trading of the Company's securities within one month prior to disclosure of either Company's financial performance or any other information that may affect securities' price is prohibited. To ensure that the policy is acknowledge and complied, the Company will notify the all-year schedule of such periods in advance to all directors and executives. Every quarter, the Company has also delivered such notice to directors and executives to acknowledge. In 2013, there is no case of insider trading from the Company's directors and executives. The press releases for the corporate governance are published weekly basis to all employees via email, tips and poster in the Company's promotion board. The Directors and management of the Company had been informed on their duties and punishment regarding to report on securities holdings of themselves, their spouse and any minor children to the Stock Exchange of Thailand (SET) within 3 days from the transaction date according to the Securities and Exchange Act B.E. 2535. Any change in securities holdings, such directors and managements have to report the Company Secretary for coordination and preparing report submit to the Securities and Exchange Commission (SEC). In addition, the Company has set as a policy to report on securities holdings of directors in every meeting of the Board of Directors. In case that any director or managements violates the regulations, the warning notice will be made to that director or management to avoid re-misconduct.



In case of conflict of interest, it is the Company's Policy to have the directors, management, employees and related parties to disclose such interests to the Audit Committee for consideration of the transaction to be complied to the 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 in any agenda that they have conflict of interest. Moreover, any conflict of interest transactions with the connected persons will be disclosed in "Connected Transaction".

General practices for conflict of interest protection have been set not only in the Company's Business Ethics but also in "5. Roles and Responsibilities of the Board of Directors" under topic "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.





# Internal Control and Risk Management

The importance of an internal control has always been a key focus. 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. However, 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 operations are compliance with applicable laws and regulations 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 auditing of business operation in compliance with policies and guideline and reporting to the Audit Committee to improve the effectiveness of internal control.

The Company has proper and effective internal control and risk management systems, aligned with the integrated framework of the Committee of Sponsoring Organizations of the Treadway Commission-Enterprise Risk Management (COSO-ERM) concept, which relate to business operations and management processes within the Company. In 2013, 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 eight enterprise risk management components are as follows:

## 1. Control Environment

The Company set up the clear policy, business plan and operations with emphasis on integrity and provided business ethics for board, management and employee. The Board of Directors exercises oversight to ensure that committee act as role and responsibilities as assigned in the charter which in line with the criteria and terms of the SEC' law. Additionally, the Company has appointed the qualified independent director with competency and experienced as the audit committee to review the business activities. The Management has also established the organization and structure favor efficient business execution with the authority, reporting line and responsibility with properly segregation of duties are also clearly determined at each level. In addition, the Company has also established the Human Resources Management policy cover selection and recruitment, development, retaining and talent management and succession plan for executives. Furthermore, performance measure, incentives and reward has been set up systematically to fulfillment of internal control responsibilities.

## 2. Objective Setting

The Company provides each department and employees with clearly written stated objectives and goals, including strategies, operations, reporting, and rules and regulations compliance. These information has been communicated to management and staff thoroughly. These objectives and goals align with the overall Company's mission at its risk appetite level. Furthermore, the Company updates business plans, strategies, and objectives according to the current situation and changing risk factors.

## 3. Event Identification

The Company properly and systematically identifies events or risk factors that may negatively influence the Company's objectives both at organization and operations level. In addition, the Company identifies future events, which may have a positive impact on its objectives, by considering both internal external risks. The Company also routinely monitors results to ensure that the Company has identified risk factors likely to affect any change (at each operational level) and regularly reports to management and other relevant parties.





#### 4. Risk Assessment

The Company deploys systematic risk assessment tools and methods. The Company provides the risk management manual for best practice and sets varying levels of appropriate risk assessment criteria. The Company also assesses the quality and quantity of risk factors by considering the Company's risk appetite by applying two aspects of assessment: the potential loss or damage in the event of risk occurrence (impact) and the probability of risk occurrence (likelihood). The Company uses both measures to determine risk levels as high, medium, or low and the methods have been sought to manage those risks. In addition, fraud risk including fraudulent reporting, possible loss of assets, and corruption has been assessed, monitored and managed at each risk level.

#### 5. Risk Response

The Company has in place a continuous and systematic risk management process. The Company plans strategic responses to risk at the individual and overall level by considering either avoiding, reducing, sharing, or accepting the risk as appropriate to the Company's interests. The Company always considers the most cost efficient and most effective methods to manage high risk, thereby reducing the overall likelihood and impact of that particular risk. The Company also has an effective internal control system, which is suitable for handling any changing risks.

#### 6. Control Activity

The Company has clearly stated policy and procedural process and has been reviewed regularly. The delegation of authority and work flow was established and updated to comply with the organization chart and current operational. The written procedure for connected transactions, or transactions that may lead to conflicts of interest was set up in compliance with the laws, rules and regulations prescribed by the SEC and the SET. All the transactions have been reviewed, monitored and audited by Internal Auditor, External Auditor and the Audit Committee to ensure that the activity is in accordance with the established policy, procedure, applicable laws and regulations and control system.

#### 7. Information and Communication

The Company has an information network system that connects across the organization to support business decisions and initiatives. It also has an effective information security system, including a contingency plan to protect the information system when there are serious incidents that may cause system failure. Furthermore, the Company deploys an audit trail system that can track back and review historical data. The Company also maintains an information system to analyze data and indicate any risk area, for which comprehensive records and reports are available.

The Company provides the Intranet and Internet 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

The Company tracks and monitors business performance by regularly comparing with targets or key performance indicators (KPIs) defined at each level. Work performance must be periodically audited by independent internal audit and external audit to ensure that the internal control system is effective and responsive to risk factors in an appropriate and timely manner.

The Company systematically monitors the risk management to ensure the effectiveness of the risk management and reduce the risks to the acceptable levels. The results are reported to the Risk Management Committee on a quarterly basis.

### Internal Audit

The Internal Audit Office performs its duties independently and objectively and reports functionally and directly to the Audit Committee. The Internal Audit Charter and Manual are regularly updated as its primary source of reference. This ensures that the Internal Audit Office conforms to the International Standard for the Professional Practices of Internal Auditing (Standard) and delivers a high standard of service with due professional care to support the Company's good corporate governance policy and practice, adding value to both the Company's stakeholders and the Company's sustainable development.

The Internal Audit Office evaluates and improves the effectiveness of internal control, risk management and governance processes according to annual audit plan. The Internal Audit Office creates an annual audit plan, approved by the Audit Committee, after consideration of overall objectives, strategies, mission, and the Risk Based Audit Approach, including key control points and management opinions. The Internal Audit Office also consults and advises on the preparation of internal control measures and risk management, etc. to ensure that company performance follows its strategies and achieves its goal and objectives. Furthermore, the Internal Audit Office regularly performs monitoring activities to ensure the planned system can be performed continually and it has been revised and updated regularly.

In assessing the effectiveness of Risk Management, the Internal Audit Office reviews event identification and risk factors which affect the Company's objectives, and then reviews the Risk Management approach. This ensures the accuracy of both event identification and risk assessment, and ensures that a systematic Risk Management approach exists. It also ensures that risk is managed at the appetite level, is reported timely to all relevant personnel, and is reviewed continuously.

In assessing external and internal fraud risks management, the internal audit Office performs fraud risk assessment and events identification and then evaluates the possibility of external and internal fraud. The Internal Audit Office also considered the most effective measures to prevent and control risk to ensure that the Company achieves its objectives.

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 by holding the Audit Committee's meeting every quarter 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



## Conclusion

Based on the above assessment, the meeting of the Board of Directors No. 1/2014 on February 25, 2014, in which all Audit Committee members attend, concluded that the Company has a sufficient internal control system. Furthermore, the Company's auditors, Miss. Kamontip Lertwitworatep, an auditor license no. 4377 and Miss Siriwan Suratepin, an auditor license no. 4604, audited the financial statements of the Company and subsidiaries for the year ended December 31, 2013 without any comment on the Company's internal control system as significant error.

## Risk Management

The Company emphasizes the importance and value of risk management. Therefore, the Company appoints the Chairman of the Executive Committee as the Chairman of the Risk Management Committee, together with the Chief Executive Officer and senior management as members of the committee. In 2013, the Risk Management Committee conducted 4 meetings.

Risk management is the important component of all business process and connects to all level in the organization. The Company annually prepares Corporate Risk Profile and classifies major risk factors that may impact its goals by Strategic Risk, Business Risk, Operational Risk, Financial Risk and Event Risk. The Company prioritizes the risks, designs risk management concept and assign the person in charge for managing and controlling the risk to the acceptable level. This enabled the Company to accomplish its goals and strategic and build confidence for all shareholders and stakeholders. The Risk Management Committee continuously monitors any change of each risk factor.

The Risk Management Committee follows up the accomplishment of risk management by considering the management action plans and the reliable measured results of the plans. At each meeting, the responsible management reports the results of risk managements approach which identified in the previous meeting to the Risk Management Committee to discuss whether risk level has been successfully mitigated, thus resulting in effective risk management. The Company discloses risk management policy on the Company's website at [www.i-mobilephone.com](http://www.i-mobilephone.com).





# Connected Transactions

Related transactions which might have conflicts of interest in 2013

Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
1. Samart Corporation Plc. (SC) The major shareholder of Samart I-Mobile Plc. (SIM) with 57.59% stake owner.  <u>Director of SC</u> (related person) 1. Mr. Charoenrath Vilailuck 2. Mr. Watchai Vilailuck	Samart I-Mobile Plc. (SIM) and its subsidiaries paid rental and utility service fee to Samart Corporation Plc. (SC) as follows; - Samart I-Mobile Plc. - Samart Multimedia Co., Ltd. (Subsidiary of SIM) - Brain Source Co., Ltd. (Subsidiary of SIM) (Total outstanding as of December 31, 2013 was Baht 514,068.88)	18.585 7.783 1.235	The rental and service charge for public utilities were reasonable compared to market price in nearby area and the same price compared with other renters.  The Audit Committee in its meeting No. 1/ 2014 on February 25, 2014, resolved that such rental has the same rate charged to other customers.
	Samart I-Mobile Plc. (SIM) sold mobile phones and accessories to Samart Corporation Plc. and its subsidiaries as follows; - Samart Corporation Plc. (SC) - One to One Contacts Plc. (SC is a major shareholder) - Vision and Security System Co., Ltd. (Subsidiary of SC) - Samart Engineering Co., Ltd. (Subsidiary of SC) - Samart U-Trans Co., Ltd. (Subsidiary of SC) - Teda Co., Ltd. (Subsidiary of SC) - Transec Power Service Co., Ltd. (Subsidiary of SC) - Suvanabhumi Environment Care Co., Ltd. (Subsidiary of SC) - Cambodia Air Traffic Services Co., Ltd. (Subsidiary of SC) - Samart Telcoms Plc. (STC) (SC is a major shareholder) - Samart Communication services Co., Ltd. (Subsidiary of STC) - Thai Trade Net Co., Ltd. (Subsidiary of STC) - Posnet Co., Ltd. (Subsidiary of STC) - Samart Comtech Co., Ltd. (Subsidiary of STC) - Samart Infonet Co., Ltd. (Subsidiary of STC)	1.947 0.227 0.060 0.027 0.003 0.100 0.048 0.014 0.112 1.118 0.737 0.011 0.353 0.926 0.101	The Audit Committee in its meeting No.1/2014 on February 25, 2014 resolved that it was a normal business transaction for sale and purchase of goods according to the general trade conditions.



Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
	<ul style="list-style-type: none"> <li>- Samart Ed-Tech Co., Ltd. (Subsidiary of STC)</li> <li>- Portalnet Co., Ltd. (Subsidiary of STC)</li> <li>- Smarterware Co., Ltd. (Subsidiary of STC)</li> </ul> <p>(Total outstanding as of December 31, 2013 was Baht 2,721,741.98)</p>	<p>0.053</p> <p>0.006</p> <p>0.027</p>	
	<p>Samart I-Mobile Plc. (SC is a Major shareholder)</p> <p>sold wood pallets to Samart Engineering Co., Ltd</p>	0.006	The Audit Committee in its meeting No.1/2014 on February 25, 2014 resolved that it was a normal business transaction for sale and purchase of waste according to the general trade conditions.
	<p>Samart Multimedia Co., Ltd. (SIM is a Major shareholder)</p> <p>sold EDT Guide Book, Horoworld and provided messaging services to Samart Corporation Plc. and its subsidiaries as follows;</p> <ul style="list-style-type: none"> <li>- Samart Corporation Plc. (SC)</li> <li>- Vision and Security System Co., Ltd. (Subsidiary of SC)</li> <li>- Samart Engineering Co., Ltd. (Subsidiary of SC)</li> <li>- One to One Contacts Plc. (SC is a major shareholder)</li> <li>- Cambodia Air Traffic Services Co., Ltd. (Subsidiary of SC)</li> <li>- Suvanabhumi Environment Care Co., Ltd. (Subsidiary of SC)</li> <li>- Samart Telcoms Plc. (STC) (SC is a major shareholder)</li> <li>- Samart Comtech Co., Ltd. (Subsidiary of STC)</li> <li>- Samart Ed-Tech Co., Ltd. (Subsidiary of STC)</li> <li>- Samart Communication services Co., Ltd. (Subsidiary of STC)</li> <li>- Samart Infonet Co., Ltd. (Subsidiary of STC)</li> </ul>	<p>0.417</p> <p>0.016</p> <p>0.022</p> <p>12.675</p> <p>0.014</p> <p>0.009</p> <p>0.364</p> <p>0.228</p> <p>0.030</p> <p>0.568</p> <p>0.018</p>	The Audit Committee in its meeting No.1/2014 on February 25, 2014 resolved that it was a normal business transaction for sale and purchase of goods and services according to the general trade conditions.





Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
	<ul style="list-style-type: none"> <li>- Posnet Co., Ltd. (Subsidiary of STC)</li> <li>- Portalnet Co., Ltd. (Subsidiary of STC)</li> </ul>	0.019  0.015	
	<p>I-Mobile Plus Co., Ltd. (SIM is a Major shareholder) sold sim card and 3G mobile phone services to Samart Corporation Plc. and its subsidiaries as follows:</p> <ul style="list-style-type: none"> <li>- Samart Corporation Plc. (SC)</li> <li>- Samart Engineering Co., Ltd. (Subsidiary of SC)</li> <li>- One to One Contacts Plc. (SC is a major shareholder)</li> <li>- Samart U-Trans Co., Ltd. (Subsidiary of SC)</li> <li>- Samart Reditech Co., Ltd. (Subsidiary of SC)</li> <li>- Vision and Security System Co., Ltd. (Subsidiary of SC)</li> <li>- Samart Telcoms Plc. (STC) (SC is a major shareholder)</li> <li>- Samart Communication services Co., Ltd. (Subsidiary of STC)</li> <li>- Posnet Co., Ltd. (Subsidiary of STC)</li> <li>- Thai Trade Net Co., Ltd. (Subsidiary of STC)</li> <li>- Samart Comtech Co., Ltd. (Subsidiary of STC)</li> <li>- Samart Infonet Co., Ltd. (Subsidiary of STC)</li> <li>- Smarterware Co., Ltd. (Subsidiary of STC)</li> <li>- Portalnet Co., Ltd. (Subsidiary of STC)</li> </ul>	0.713 0.105 0.077 0.019 0.002 0.085 0.238 0.689 0.013 0.018 0.143 0.177 0.037 0.004	<p>The Audit Committee in its meeting No.1/2014 on February 25, 2014 resolved that it was a normal business transaction for sale and purchase of goods and services according to the general trade conditions.</p>
	<p>Samart Mobile Services Co., Ltd. (SIM is a Major shareholder) sold chairs to Teda Co., Ltd.</p>	0.004	<p>The Audit Committee in its meeting No.1/2014 on February 25, 2014 resolved that it was a normal business transaction for sale and purchase of used asset at the market price.</p>





Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
	Samart I-Mobile Plc. paid Management fee to Samart Corporation Plc.	12.000	Provide services on management and Administration, the fee was calculated by estimating from times usage.  The Audit Committee had its meeting No.1/2014 on February 25, 2014 and resolved that it was reasonable price.
	Samart I-Mobile Plc. and its subsidiaries paid Information Technology fee to Samart Corporation Plc. as follows; - Samart I-Mobile Plc. - Samart Multimedia Co., Ltd. (Subsidiary of SIM) - Samart Mobile Services Co., Ltd. (Subsidiary of SIM) - I-Mobile Plus Co., Ltd. (Subsidiary of SIM) - I-Mobile International Co., Ltd. (Subsidiary of SIM)	16.440 8.628 0.024 0.012 0.324	The Audit Committee in its meeting No.1/2014 on February 25, 2014 resolved that it was a normal business transaction for sale and purchase of services according to the general trade conditions.
	Samart I-Mobile Plc. and its subsidiaries paid miscellaneous expenses for example; training room rental, telephone preventive-maintenance and etc. to Samart Corporation Plc. as follows; - Samart I-Mobile Plc. - Samart Multimedia Co., Ltd. (Subsidiary of SIM) - Samart Mobile Services Co., Ltd. (Subsidiary of SIM) - I-Mobile Plus Co., Ltd. (Subsidiary of SIM)	0.034 0.017 0.001 0.005	The Audit Committee in its meeting No.1/2014 on February 25, 2014 resolved that it was a normal business transaction for sale and purchase of services according to the general trade conditions.
	Samart I-Mobile Plc. bought chairs from Samart Corporation Plc.	0.004	The Audit Committee in its meeting No.1/2014 on February meeting resolved that it was a normal business transaction for sale and purchase of used asset at the market price.





Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
	<p>Samart I-Mobile Plc. and its subsidiaries paid contact center management fee to One to One Contacts Plc. as follows.</p> <ul style="list-style-type: none"> <li>- Samart I-Mobile Plc.</li> <li>- Samart Multimedia Co., Ltd. (Subsidiary of SIM)</li> <li>- I-Mobile Plus Co., Ltd. (Subsidiary of SIM)</li> </ul> <p>(Total outstanding as of December 31, 2013 was Baht 596,945)</p>	<p>4.385</p> <p>34.341</p> <p>13.624</p>	<p>The Audit Committee in its meeting No.1/2014 on February 25, 2014 resolved that it was a normal business transaction for sale and purchase of services according to the general trade conditions.</p>
	<p>Samart I-Mobile Plc. paid fees for mobile phone repair to Samart Engineering Co., Ltd.</p> <p>(Total outstanding as of December 31, 2013 was Baht 43,607.85)</p>	0.511	<p>The Audit Committee in its meeting No.1/2014 on February 25, 2014 resolved that it was a normal business transaction for sale and purchase of services according to the general trade conditions.</p>
	<p>Samart I-Mobile Plc. bought a car from Samart Engineering Co., Ltd.</p>	0.204	<p>The Audit Committee in its meeting No.1/2014 on February 25, 2014 resolved that it was a normal business transaction for sale and purchase of used asset at the market price.</p>
	<p>I-Mobile Plus Co., Ltd. (SIM is a Major shareholder)</p> <p>bought CCTV from Vision and Security System Co., Ltd.</p>	0.057	<p>The Audit Committee in its meeting No.1/2014 on February 25, 2014 resolved that it was a normal business transaction for sale and purchase of goods according to the general trade conditions.</p>
	<p>Samart I-Mobile Plc. and its subsidiaries paid internet services to Samart Infonet Co., Ltd. as follows.</p> <ul style="list-style-type: none"> <li>- Samart I-Mobile Plc.</li> <li>- Samart Multimedia Co., Ltd. (Subsidiary of SIM)</li> <li>- I-Mobile International Co., Ltd. (Subsidiary of SIM)</li> <li>- I-Mobile Plus Co., Ltd. (Subsidiary of SIM)</li> <li>- Brain Source Co., Ltd. (Subsidiary of SIM)</li> </ul> <p>(Total outstanding as of December 31, 2013 was Baht 204,359.65)</p>	<p>2.012</p> <p>3.357</p> <p>0.030</p> <p>2.043</p> <p>0.005</p>	<p>The Audit Committee in its meeting No.1/2014 on February 25, 2014 resolved that it was a normal business transaction for sale and purchase of services according to the general trade conditions.</p>



Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
<p>2. Vilailuck International Holding Co., Ltd. (VIH) The major shareholder of Samart Corporation Plc. (SC) with 17.40% stake owner and SC is the major shareholder of Samart I-Mobile Plc. (SIM)</p> <p><u>Director of SC</u> (related person)</p> <p>1. Mr. Charoenrath Vilailuck</p> <p>2. Mr. Watchai Vilailuck</p>	<p>Samart I-Mobile Plc. (SIM) and its subsidiaries paid space rental, services charge for public utilities, parking fee, property tax and etc. to Vilailuck International Holding Co., Ltd. as follows;</p> <ul style="list-style-type: none"> <li>- Samart I-Mobile Plc. 2.934</li> <li>- Samart Multimedia Co., Ltd. 5.683 (Subsidiary of SIM)</li> <li>- I-Mobile International Co., Ltd. 0.002 (Subsidiary of SIM)</li> <li>- I-Mobile Plus Co., Ltd. 3.791 (Subsidiary of SIM)</li> <li>- Brain Source Co., Ltd. 0.005 (Subsidiary of SIM)</li> </ul> <p>(Total outstanding as of December 31, 2013 was Baht 88,057.76)</p>		<p>The rental and service charge for public utilities were reasonable compared to market price in nearby area and the same price compared with other renters.</p> <p>The Audit Committee in its meeting No. 1/2014 on February 25, 2014 resolved that such rental was the same rate charged to other customers.</p>
	<p>Samart I-Mobile Plc. (SIM) (SC is the major shareholder of SIM)</p> <p>sold mobile phones and accessories to Vilailuck International Holding Co., Ltd.</p> <p>(Total outstanding as of December 31, 2013 was Baht 15,400)</p>	0.014	<p>The Audit Committee in its meeting No.1/2014 on February 25, 2014 resolved that it was a normal business transaction for sale and purchase of goods according to the general trade conditions.</p>
<p>3. Vilailuck Development Co., Ltd. (VLX) whose major shareholder of 42.38% stake owner is Vilailuck International Holding Co., Ltd. (VIH) and VIH is the major shareholder of SC and SC is the major shareholder of Samart I-Mobile Plc. (SIM)</p> <p><u>Director of VLX</u> (related person)</p> <p>1. Mr. Charoenrath Vilailuck</p> <p>2. Mr. Watchai Vilailuck</p>	<p>Samart I-Mobile Plc. (SIM)</p> <p>sold mobile phones and accessories to Vilailuck Development Co., Ltd.</p> <p>(Total outstanding as of December 31, 2013 was Baht 15,000)</p>	0.014	<p>The Audit Committee in its meeting No.1/2014 on February 25, 2014 resolved that it was a normal business transaction for sale and purchase of goods according to the general trade conditions.</p>





Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
<p>4. Phupa Tara Co., Ltd. whose major shareholder of 99.99% is Vilailuck Development Co., Ltd. (VLX) and VIH is the major shareholder of VLX and SC, where SC is the major shareholder of Samart I-Mobile Plc. (SIM)</p> <p><u>Director of Phupa Tara</u> (related person)</p> <p>1. Mr. Watchai Vilailuck</p>	<p>Samart Multimedia Co., Ltd. (Subsidiary of SIM)</p> <p>paid seminar fees at the Marriott Rayong to Phupa Tara Co., Ltd.</p>	1.217	<p>The Audit Committee in its meeting No.1/2014 on February 25, 2014 resolved that it was a normal service business transaction according to the general trade conditions.</p>
<p>5. Phupa Tara Khao Yai Co., Ltd. whose major shareholder of 99.99% is Vilailuck Development Co., Ltd. (VLX) and VIH is the major shareholder of VLX and SC, where SC is the major shareholder of Samart I-Mobile Plc. (SIM)</p> <p><u>Director of Phupa Tara Khao Yai</u> (related person)</p> <p>1. Mr. Watchai Vilailuck</p>	<p>Samart I-Mobile Plc. (SIM)</p> <p>sold mobile phones and accessories to Phupa Tara Khao Yai Co., Ltd. (Total outstanding as of December 31, 2013 was Baht 22,500)</p>	0.021	<p>The Audit Committee in its meeting No.1/2014 on February 25, 2014 resolved that it was a normal business transaction for sale and purchase of goods according to the general trade conditions.</p>
<p>6. Best Cellar Co., Ltd. and IQ Wine Co., Ltd., there is the Executive Director of SC who is the related person.</p> <p><u>Director of Best Cellar and IQ Wine</u> 1. Mr. Thananan Vilailuck</p>	<p>Samart I-Mobile Plc.</p> <p>bought wines from Best Cellar Co., Ltd. and IQ Wine Co., Ltd. (Total outstanding as of December 31, 2013 was Baht 900,200)</p>	3.908	<p>The Audit Committee in its meeting No.1/2014 on February 25, 2014 resolved that it was a normal business transaction for sale and purchase of goods according to the general trade conditions.</p>
	<p>Samart I-Mobile Plc.</p> <p>bought computers from Best Cellar Co., Ltd.</p>	0.392	<p>The Audit Committee in its meeting No.1/2014 on February 25, 2014 resolved that it was a normal business transaction for sale and purchase of used asset at the market price.</p>



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

### Necessity and Rationale of transactions

The Audit Committee had the opinion that the inter-company transactions above were reasonable and necessary for the Company's operations. The conditions were set according to the general trade conditions.

### 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.

### Policy and Trend in Future Connected Transactions

The Company may have any connected transaction as appropriate based on normal business conditions and can be referred the same transaction made with outside parties with the necessity and the maximized benefit to the Company. However, the Company will strictly comply with the SET's regulations and notifications. In case of any conflict of interest transaction occurred in the future, opinion from the Audit Committee on its necessity and appropriateness will be required and disclosed in the Company's audited noted of financial statement.





# Financial Analysis and Results of Operations

## Operation Overview

In 2013, total revenues were Baht 10,300 million, an increase of Baht 3,258 million or 46.28% compared to 2012. This was resulted from a growth of revenue in Mobile Business due to the higher average selling price per unit of i-mobile handset sold in 2013. In addition, there was a considerable increase in revenue of Service Provider Business in 2013.

Operating profit increased by Baht 640 million or 364.76% compared to 2012. The operating profit margin also improved from 2.51% to 7.95% in 2013. The result was also from the growth of revenue and gross profit margin in Mobile Business. Net profit was Baht 807 million, an increase of Baht 646 million or 401.71% compared to 2012. Net profit margin also increased from 2.28% in 2012 to 7.83% in 2013.

## Results of Operation of Company and Subsidiaries

Sales and service income including gross profit

(Unit: Million Baht)

	Mobile Business		Multimedia Business		Service Provider		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Sales and service income	9,098	5,784	947	1,054	194	102	10,239	6,940
Selling support income	19	45	-	-	-	-	19	45
Cost of sales and service	(6,899)	(4,873)	(651)	(679)	(143)	(70)	(7,693)	(5,622)
Gross profit	2,218	956	296	375	51	32	2,565	1,363
Selling and Administrative expenses and other expenses							(1,714)	(1,120)
Other income							43	57
Finance cost							(78)	(124)
Corporate income tax							(5)	(14)
Non-controlling interests of the subsidiaries							(4)	(1)
Net income							807	161

## Mobile Business

Mobile Business's revenue, including selling support income, was Baht 9,117 million, significantly improved by Baht 3,288 million or 56.41% compared to 2012. The improvement was driven by a higher average selling price per unit of i-mobile handset, which was a result of growth in i-mobile smart phone sold in the period. As a result, gross profit also improved by 1,262 million or 132.12%, and gross profit margin improved from 16.39% in 2012 to 24.33% in 2013.





## Multimedia Business

The revenue of Multimedia Business was Baht 947 million, a decrease of Baht 107 million or 10.15% compared to 2012, mainly from information and entertainment services (BUG1113, BUG1900). On the other hand, revenue of “EDT Guide” Eat/Drink/Travel information providing business continually increased during 2013. Gross profit was Baht 296 million and gross profit margin was 31.24%, slightly dropped from 35.58% in 2012.

## Service Provider Business

The revenue of Service Provider Business was Baht 194 million, considerably improved by Baht 92 million or 90.84% compared to 2012. This was mainly resulted from a growth of subscribers in 2013. Gross profit was Baht 51 million in 2013, improved by Baht 19 million or 59.44% compared to 2012. Gross profit margin decreased from 31.59% in 2012 to 26.40% in 2013 because of the larger portion of prepaid service.

## Other Income

Other income was Baht 43 million, represented 0.41% of total revenues in 2013. By comparing with 2012, there was a decrease of Baht 14 million or 24.56%, mainly from a decrease in gain on foreign exchange.

## Selling and Administration Expenses including Other Expenses

Selling and administration expenses including other expenses were Baht 1,714 million, an increase of Baht 594 million or 52.99% compared to 2012 as the growth of revenue in 2013. The increase was mainly included marketing expenses, sale supported expenses, and other sale related expenses.

## Finance Cost

Finance cost was Baht 78 million, a significant decrease of Baht 46 million or 37.03% compared to 2012, due to a decrease in average loan outstanding together with lower financial costs in 2013.

## Income Tax

Current income tax and deferred tax were totally Baht 5 million, a decrease of Baht 9 million or 66.71% compared to 2012.

## Financial Position

### Assets

As at December 31, 2013, total assets were Baht 7,283 million, an increase of Baht 1,795 million or 32.70% compared to the end of 2012. This was driven by an increase in trade account receivables and inventories in relative to the growth of sales in Mobile Business.

Total assets consist of current and non-current assets of Baht 6,232 million and 1,050 million, representing 85.58% and 14.42% of total assets respectively. The major current assets were trade receivables and inventories, representing 50.14% and 22.94% of total assets respectively. The major non-current assets were equipment, representing 8.45% of total assets.





### Trade Receivables

As at December 31, 2013, trade receivables was Baht 3,652 million, an increase of Baht 468 million or 14.70% compared to the end of 2012. This was mainly contributed by an increase in undue trade account receivables of Mobile Business. As a result, the average collection period significantly decreased to 121 days in 2013, compared with 169 days in 2012.

Allowance for doubtful accounts was provided through an estimation of uncollectible receivables. The estimation was based on company's collection experience, analysis of debtor aging, and current status of receivables outstanding at balance sheets date.

### Inventories

As at December 31, 2013, net inventories was Baht 1,670 million, increased by Baht 989 million or 145.05% compared to the end of 2012. This was mainly contributed by an increase in finished goods and raw material of Mobile Business in relative to the growth of sales in Mobile Business. As such, the average sale period slightly increased from 45 days in 2012 to 56 days in 2013.

The Company provided an allowance for obsolescence based on the company's policy and there was no significant change during the year compared to the previous year.

### Other Current Assets

As at December 31, 2013, other current assets were Baht 286 million, an increase of Baht 59 million or 25.82% compared to the end of 2012, mainly from the increase of prepaid expenses.

### Non-Current Assets

As at December 31, 2013, non-current assets were Baht 1,050 million, increased by Baht 112 million or 11.97% from the end of 2012. This was mainly contributed by an increase in available-for-sale investments.

### Liquidity

As at December 31, 2013, cash and cash equivalents were Baht 411 million, an increase of Baht 105 million or 34.24% compared to the end of 2012. Sources and uses of fund are detailed as follows:

- Net cash flows used in operating activities of Baht 90 million was mainly attributed to the higher trade receivables and inventories, while trade payables and profit from operating result increased.
- Net cash used in investing activities of Baht 162 million was mainly attributed to the purchase of equipment to support existing business and new business expansions.
- Net cash flows from financing activities of Baht 350 million was mainly attributed to the higher loans from banks in relative to the growth of mobile business in 2013.

The liquidity ratio and quick ratio decreased from 1.59 times to 1.54 times and 1.26 times to 1.03 times in 2012 and 2013 respectively. In addition, the cash ratio also reduced from 0.25 times in 2012 to (0.03) times in 2013.



## Sources of Funds

As at December 31, 2013, total shareholders' equity was Baht 3,188 million, an increase of Baht 596 million or 23.00% compared to the end of 2012. Accordingly, net profit in 2013 was Baht 807 million, with Baht 327 million dividend payment during the year.

Total liabilities as at December 31, 2013 were Baht 4,095 million, increased Baht 1,199 million or 41.39% compared to the end of 2012. Total liabilities consist of current liabilities of Baht 4,055 million, and non-current liabilities of Baht 40 million, representing 55.68% and 0.54% of total assets respectively. Major liabilities are detailed as follows:

- Bank overdrafts and loans from financial institutions were Baht 2,373 million, representing 57.96% of total liabilities or 32.59% of total assets, an increase of Baht 560 million or 30.89% from the end of 2012.
- Trade payables and other payables were Baht 1,608 million, representing 39.28% of total liabilities or 22.09% of total assets, increased Baht 618 million or 62.36% from the end of 2012.

Regarding the above liabilities and shareholders' equity, the company's debt to equity ratio increased to 1.28 times in 2013 from 1.12 times in 2012.





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

To Shareholders

The Company's Board of Directors is responsible for the financial statements of Samart I-Mobile Public Company Limited and the consolidated financial statements of the Company and its subsidiaries as well as the information that appears in the annual report. The financial statements are prepared in accordance with Thai Financial Reporting Standards. Appropriate accounting policies are used and practiced regularly. Careful consideration and best estimates were made with sufficient disclosure of information in the notes to the financial statements. This was to ensure transparency and benefits to the shareholders and investors.

The Board of Directors has provided for and maintained appropriate and effective internal control system to obtain reasonable assurance that the accounting information is accurate, complete and sufficient to maintain the Company's assets and to prevent fraud or significant unusual transactions.

In this regard, the Board of Directors appointed the Audit Committee to examine the accounting policies and the quality of the financial reports as well as the internal control and internal audit systems. The opinions of the Audit Committee on these matters appear in the Report of the Audit Committee in this annual report.

The financial statements of Samart I-Mobile Public Company Limited and its consolidated financial statements were audited by Ernst & Young Office Limited, the Company's auditor. During the audit, the Board of Directors supported the auditor with various information and documents so that the auditor could audit and express its opinions according to the accounting standards. The opinions of the auditor appear in the Report of Independent Auditor in this annual report.

The Board of Directors is of the opinion that the overall internal control system of the Company is at a satisfactory level and can create reasonable confidence that the financial statements of Samart I-Mobile Public Company Limited and its subsidiaries and of Samart I-Mobile Public Company Limited as at December 31, 2013 is creditable presentation in accordance with Thai Financial Reporting Standards and compliance with related laws and regulations.

Professor Suphachai Phisitvanich  
Chairman

Samart I-Mobile Public Company Limited

Mr. Watchai Vilailuck  
Executive Chairman

Samart I-Mobile Public Company Limited



# Report of the Audit Committee

To Shareholders

The Audit Committee of Samart I-Mobile Public Company Limited consists of three independent directors with combined experience in finance, accounting, and business administration named Dr. Chotivid Chayavadhanangkur as Chairman of the Audit Committee, Professor Suphachai Phisitvanich and Mr. Kunthit Arunyananda as committee members. All members possess adequate qualifications for their posts as specified by the Audit Committee Charter and in accordance with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand as well as best practice guidelines.

The Audit Committee conducted 5 meetings in 2013, all members attended in every meeting, to discuss and share opinions with management, internal auditors and external auditor on matters related to the Company's business which was summarized below:

- The Audit Committee reviewed the quarterly and yearly financial statements of the Company and its subsidiaries in consultation with management and external auditors. The Audit Committee's opinion was that the financial reporting present fairly, reliability and adequate disclosure. In addition, the Audit Committee also conducted one exclusive meeting with the external auditor to freely discuss important issues and significant information to prepare the financial statements.
- The Audit Committee reviewed the adequacy and effectiveness of risk management and internal control systems from the internal audit report to ensure that the Company's operation was operated, controlled and monitored efficiently, effectively and achieved the goal.
- The Audit Committee, in conjunction with the Company's internal legal counsel and Compliance Department, reviewed adherence to the Securities and Exchange Act, regulations of the Securities and Exchange Commission, the Stock Exchange of Thailand and other laws related to the Company's business operations as well as business commitments with third party agreements.
- The Audit Committee took into consideration the nomination and appointment of the external auditor and annual audit fee for 2013. This process entailed assessment of the current external auditor for its independence, performance from the year before, competency, experience and with competitive audit fee. After careful consideration, the Audit Committee therefore proposed the Board of Directors and shareholders meeting to appoint Ernst & Young Office Limited as the external auditor of the Company and its subsidiaries for 2013.
- The Audit Committee approved the annual internal audit plan as well as reviewed the evaluation of the Company's internal control system from internal audit report which internal auditor performed comply with the approved annual audit plan, and also reviewed the conformance of internal audit manpower. In 2013, the Audit Committee has considered and appointed head of internal audit and expressed the opinion that education, work experience, professional development background is fitting with role and responsibility. Moreover, the Audit Committee evaluated performance of internal audit head and department and made a value recommendation to support the internal audit activities to perform independently, effectively and efficiently.
- The Audit Committee reviewed the connected transactions or the transactions which may have conflicts of interest transaction as well as disclosure of such transactions to ensure the compliance with rules and regulations prescribed by the Securities and Exchange Commission and other regulatory bodies and to certify that such aforementioned transactions were reasonable, transparent with adequate disclosure pursuant to the Good Governance Principles and for maximum benefits of the Company.





- The Audit Committee reported its activities to the Board of Directors by quarterly and provided useful recommendations, which were properly adopted.
- The Audit Committee conducted its self-assessment, the results in overall areas of assessment were excellent. This was shown that the Audit Committee performed their duties completely as assigned by the Board of Directors and complied with the best practices.

The Audit Committee performs its duties and responsibilities as assigned by the Board of Directors with knowledge, capability, carefulness and sufficient independence in overseeing the Company's state of affairs and the Company's business operations that is carried without any conflict of interest and with adequacy of internal control systems. Furthermore, the Audit Committee gives comments and recommendations which are beneficial to all of the Company's stakeholders.

In summary, the Audit Committee is of the opinion that the Company's financial reports are prepared in accordance with Thai Financial Reporting Standards with sufficient disclosure. The Company has complied with the Securities and Exchange Act, regulations of the SET and the SEC as well as other laws related to the Company's business. The Company has good corporate governance with sufficient risk management and internal control systems.

(Dr. Chotivid Chayavadhanangkur)  
Chairman of the Audit Committee  
Samart I-Mobile Public Company Limited





# Independent Auditor's Report

## To the Shareholders of Samart I-Mobile Public Company Limited

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

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



**Emphasis of matters**

I draw attention to Note 4 and Note 7 as the followings:

- a) As discussed in Note 4 to the financial statements regarding the change in accounting policy due to the adoption of Thai Accounting Standard 12 Income Taxes. The Company has restated the consolidated and separate financial statements for the year ended 31 December 2012, presented herein as comparative information, to reflect the adjustments resulting from such change. The Company has also presented the consolidated and separate statements of financial position as at 1 January 2012 as comparative information, using the newly adopted accounting policy for income taxes.
- b) As discussed in Note 7 to the financial statements regarding the related party transactions. During the year, Samart I-Mobile Public Company Limited and its subsidiaries had significant business transactions with related parties, principally in respect of the purchase and sales of goods, and the provision of services and loans. Such transactions have been concluded on terms and bases agreed upon between Samart I-Mobile Public Company Limited and those related parties.

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

Kamontip Lertwitworatep

Certified Public Accountant (Thailand) No. 4377

Ernst & Young Office Limited

Bangkok: 24 February 2014



# Financial Statements

Samart I-Mobile Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2013

(Unit: Baht)

Note	Consolidated financial statements			Separate financial statements		
	31 December 2013	31 December 2012 (Restated)	1 January 2012	31 December 2013	31 December 2012 (Restated)	1 January 2012
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	8 410,904,955	306,095,953	332,408,861	200,256,176	140,215,943	128,887,248
Temporary investments	9 9,344,983	8,750,100	992,400	9,344,983	8,750,100	992,400
Trade and other receivables	10 3,855,591,354	3,325,941,910	3,438,618,811	3,866,892,963	3,457,279,128	3,585,642,200
Short-term loans	11 -	64,842	15,219,343	252,756,780	537,738,652	554,727,298
Inventories	12 1,670,426,184	681,656,026	721,771,374	1,435,046,332	685,317,923	611,722,742
Other current assets	13 286,095,393	227,392,872	354,675,849	113,087,540	73,174,425	40,671,880
<b>Total current assets</b>		6,232,362,869	4,549,901,703	5,877,384,774	4,902,476,171	4,922,643,768
<b>Non-current assets</b>						
Restricted bank deposits	14 104,625,951	104,670,511	104,960,978	102,970,424	103,042,524	103,364,839
Available-for-sale investments	15 173,103,058	78,959,138	88,456,496	69,000,000	-	-
Investments in subsidiaries	16 -	-	-	549,440,773	489,440,791	489,440,791
Equipment	17 615,351,110	601,971,960	546,908,100	418,837,590	245,455,211	236,581,175
Intangible assets	18 43,083,468	71,005,754	52,502,105	-	-	-
Deferred tax assets	33 84,729,406	45,540,307	49,903,243	35,621,642	25,359,572	34,720,988
Other non-current assets	29,287,337	35,756,313	42,966,854	21,584,059	28,343,139	35,213,690
<b>Total non-current assets</b>		1,050,180,330	937,903,983	1,197,454,488	891,641,237	899,321,483
<b>Total assets</b>		7,282,543,199	5,487,805,686	5,749,384,414	7,074,839,262	5,794,117,408

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





## Samart I-Mobile Public Company Limited and its subsidiaries

## Statement of financial position (continued)

As at 31 December 2013

(Unit: Baht)

Note	Consolidated financial statements			Separate financial statements		
	31 December 2013	31 December 2012 (Restated)	1 January 2012	31 December 2013	31 December 2012 (Restated)	1 January 2012
<b>Liabilities and shareholders' equity</b>						
<b>Current liabilities</b>						
Bank overdrafts and short-term						
loans from financial institutions	19 2,359,194,258	1,796,390,239	2,367,135,037	2,177,132,781	1,770,495,730	2,138,787,389
Trade and other payables	20 1,608,429,133	990,661,490	834,812,334	2,271,830,177	1,633,164,131	1,361,915,256
Short-term loans	21 -	495,000	495,000	139,000,000	240,000,000	316,650,000
Current portion of long-term loan	22 1,162,868	1,086,936	1,003,399	1,162,868	1,086,936	1,003,399
Current portion of liabilities under						
finance lease agreements	23 1,518,243	1,686,877	1,669,576	1,310,644	1,217,665	789,563
Income tax payable	5,800,376	1,563,658	158,993	155,965	-	-
Other current liabilities	24 78,857,692	68,171,809	56,690,258	36,318,055	31,601,674	41,608,473
<b>Total current liabilities</b>	4,054,962,570	2,860,056,009	3,261,964,597	4,626,910,490	3,677,566,136	3,860,754,080
<b>Non-current liabilities</b>						
Long-term loan, net of current portion	22 6,502,198	7,669,372	8,767,831	6,502,198	7,669,372	8,767,831
Liabilities under finance lease						
agreements, net of current portion	23 4,838,154	6,356,397	7,894,758	4,148,274	5,458,918	5,359,995
Provision for long-term						
employee benefits	25 22,451,389	19,891,947	16,617,791	15,898,727	14,179,261	11,874,076
Deferred tax liabilities	33 4,197,625	-	381,842	-	-	-
Other non-current liabilities	1,618,824	2,007,301	841,411	1,618,824	2,007,301	841,411
<b>Total non-current liabilities</b>	39,608,190	35,925,017	34,503,633	28,168,023	29,314,852	26,843,313
<b>Total liabilities</b>	4,094,570,760	2,895,981,026	3,296,468,230	4,655,078,513	3,706,880,988	3,887,597,393

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



## Samart I-Mobile Public Company Limited and its subsidiaries

## Statement of financial position (continued)

As at 31 December 2013

(Unit: Baht)

Note	Consolidated financial statements			Separate financial statements		
	31 December 2013	31 December 2012 (Restated)	1 January 2012	31 December 2013	31 December 2012 (Restated)	1 January 2012
<b>Liabilities and shareholders' equity (continued)</b>						
<b>Shareholders' equity</b>						
Share capital						
Registered						
4,440,000,000 ordinary shares of Baht 0.1 each	444,000,000	444,000,000	444,000,000	444,000,000	444,000,000	444,000,000
Issued and fully paid-up						
4,373,470,000 ordinary shares of Baht 0.1 each (31 December 2012: 4,303,935,000 ordinary shares of Baht 0.1 each, 1 January 2012: 4,301,300,000 ordinary shares of Baht 0.1 each)	437,347,000	430,393,500	430,130,000	437,347,000	430,393,500	430,130,000
Share premium	1,187,604,034	1,076,348,034	1,072,132,034	1,187,604,034	1,076,348,034	1,072,132,034
Retained earnings						
Appropriated - statutory reserve	44,400,000	44,400,000	44,400,000	44,400,000	44,400,000	44,400,000
Unappropriated	1,477,405,626	997,783,026	880,700,887	780,409,715	536,094,886	387,705,824
Other components of shareholders' equity	1,617,387	7,191,806	(6,847,484)	(30,000,000)	-	-
Equity attributable to owners of the Company	3,148,374,047	2,556,116,366	2,420,515,437	2,419,760,749	2,087,236,420	1,934,367,858
Non-controlling interests of the subsidiaries	39,598,392	35,708,294	32,400,747	-	-	-
<b>Total shareholders' equity</b>	<b>3,187,972,439</b>	<b>2,591,824,660</b>	<b>2,452,916,184</b>	<b>2,419,760,749</b>	<b>2,087,236,420</b>	<b>1,934,367,858</b>
<b>Total liabilities and shareholders' equity</b>	<b>7,282,543,199</b>	<b>5,487,805,686</b>	<b>5,749,384,414</b>	<b>7,074,839,262</b>	<b>5,794,117,408</b>	<b>5,821,965,251</b>

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





## Samart I-Mobile Public Company Limited and its subsidiaries

## Income statement

For the year ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012 (Restated)	2013	2012 (Restated)
<b>Revenues</b>					
Sales		9,019,522,628	5,752,498,421	8,889,126,270	5,606,633,224
Service income	28	1,219,235,083	1,187,457,343	82,829,179	36,778,943
Other income	29	61,545,327	101,728,632	670,823,945	608,110,510
<b>Total revenues</b>		10,300,303,038	7,041,684,396	9,642,779,394	6,251,522,677
<b>Expenses</b>	30				
Cost of sales		6,834,337,216	4,805,885,135	7,523,470,099	5,103,779,100
Cost of services		858,779,115	816,433,938	62,017,334	31,617,096
Selling expenses		1,209,006,206	728,310,410	1,126,110,638	550,575,151
Administrative expenses		452,620,641	337,497,821	266,674,767	245,916,169
Other expenses	31	52,357,513	54,551,512	4,867,652	1,030,621
<b>Total expenses</b>		9,407,100,691	6,742,678,816	8,983,140,490	5,932,918,137
<b>Profit before finance cost and income tax expenses</b>		893,202,347	299,005,580	659,638,904	318,604,540
Finance cost	32	(77,810,708)	(123,560,176)	(68,472,552)	(114,551,340)
<b>Profit before income tax expenses</b>		815,391,639	175,445,404	591,166,352	204,053,200
Income tax expenses	33	(4,635,557)	(13,922,797)	(19,955,148)	(12,144,012)
<b>Profit for the year</b>		810,756,082	161,522,607	571,211,204	191,909,188
<b>Profit attributable to:</b>					
Equity holders of the Company		806,518,975	160,753,336	571,211,204	191,909,188
Non-controlling interests of the subsidiaries		4,237,107	769,271		
		810,756,082	161,522,607		
<b>Earnings per share (Baht)</b>	34				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.185	0.037	0.131	0.045
Diluted earnings per share					
Profit attributable to equity holders of the Company		0.184	0.037	0.131	0.044

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



## Samart I-Mobile Public Company Limited and its subsidiaries

## Statement of comprehensive income

For the year ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012 (Restated)	2013	2012 (Restated)
<b>Profit for the year</b>		810,756,082	161,522,607	571,211,204	191,909,188
<b>Other comprehensive income (loss):</b>					
Actuarial losses		-	(822,746)	-	(633,908)
Income tax effect	4	-	164,549	-	126,782
		-	(658,197)	-	(507,126)
Exchange differences on translation of financial statements in foreign currencies		4,435,774	18,141,087	-	-
Income tax effect		-	-	-	-
		4,435,774	18,141,087	-	-
Loss on changes in value of available-for-sale investments	15	(12,356,080)	(5,132,309)	(37,500,000)	-
Income tax effect	4	2,471,216	1,030,512	7,500,000	-
		(9,884,864)	(4,101,797)	(30,000,000)	-
<b>Other comprehensive income (loss) for the year, net of tax</b>		(5,449,090)	13,381,093	(30,000,000)	(507,126)
<b>Total comprehensive income for the year</b>		805,306,992	174,903,700	541,211,204	191,402,062
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		801,056,394	174,134,429	541,211,204	191,402,062
Non-controlling interests of the subsidiaries		4,250,598	769,271		
		805,306,992	174,903,700		

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





**Samart I-Mobile Public Company Limited and its subsidiaries**  
**Statement of changes in shareholders' equity**  
**For the year ended 31 December 2013**

(Unit: Baht)

	Consolidated financial statements										
	Equity attributable to owners of the Company									Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity			Total equity attributable to owners of the Company			
					Other comprehensive income (loss)		Lower of investment in subsidiary companies arising as a result of acquisition additional shares at a price lower than net book value at the acquisition date		Total other components of shareholders' equity		
			Exchange differences on translation of financial statements in foreign currencies	Surplus (deficit) on changes in value of available-for-sale investments							
			Appropriated -statutory reserve	Unappropriated							
Balance as at 31 December 2011 - as previously reported	430,130,000	1,072,132,034	44,400,000	830,286,936	(11,240,237)	4,644,227	681,422	(5,914,588)	2,371,034,382	32,360,401	2,403,394,783
Cumulative effect of change in accounting policy for deferred tax (Note 4)	-	-	-	50,413,951	-	(932,896)	-	(932,896)	49,481,055	40,346	49,521,401
Balance as at 31 December 2011 - as restated	430,130,000	1,072,132,034	44,400,000	880,700,887	(11,240,237)	3,711,331	681,422	(6,847,484)	2,420,515,437	32,400,747	2,452,916,184
Profit for the year (restated)	-	-	-	160,753,336	-	-	-	-	160,753,336	769,271	161,522,607
Other comprehensive income (loss) for the year (restated)	-	-	-	(658,197)	18,141,087	(4,101,797)	-	14,039,290	13,381,093	-	13,381,093
Total comprehensive income (loss) for the year (restated)	-	-	-	160,095,139	18,141,087	(4,101,797)	-	14,039,290	174,134,429	769,271	174,903,700
Issue of shares due to warrants exercised (Note 26)	263,500	4,216,000	-	-	-	-	-	-	4,479,500	-	4,479,500
Dividend paid (Note 35)	-	-	-	(43,013,000)	-	-	-	-	(43,013,000)	-	(43,013,000)
Increase in non-controlling interests of the subsidiaries from establishment of a new subsidiary	-	-	-	-	-	-	-	-	-	2,750,500	2,750,500
Decrease in non-controlling interests of the subsidiaries from dividend payment of subsidiary	-	-	-	-	-	-	-	-	-	(212,224)	(212,224)
Balance as at 31 December 2012 - as restated	430,393,500	1,076,348,034	44,400,000	997,783,026	6,900,850	(390,466)	681,422	7,191,806	2,556,116,366	35,708,294	2,591,824,660

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

Samart I-Mobile Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements										
	Equity attributable to owners of the Company									Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity			Total other components of shareholders' equity	Total equity attributable to owners of the Company		
					Other comprehensive income (loss)		Lower of investment in subsidiary companies arising as a result of acquisition additional shares at a price lower than net book value at the acquisition date				
			Appropriated -statutory reserve	Unappropriated	Exchange differences on translation of financial statements in foreign currencies	Deficit on changes in value of available-for-sale investments					
Balance as at 31 December 2012 - as previously reported	430,393,500	1,076,348,034	44,400,000	952,270,235	7,074,604	(488,082)	681,422	7,267,944	2,510,679,713	35,604,640	2,546,284,353
Cumulative effect of change in accounting policy for deferred tax (Note 4)	-	-	-	45,512,791	(173,754)	97,616	-	(76,138)	45,436,653	103,654	45,540,307
Balance as at 31 December 2012 - as restated	430,393,500	1,076,348,034	44,400,000	997,783,026	6,900,850	(390,466)	681,422	7,191,806	2,556,116,366	35,708,294	2,591,824,660
Profit for the year	-	-	-	806,518,975	-	-	-	-	806,518,975	4,237,107	810,756,082
Other comprehensive income (loss) for the year	-	-	-	-	4,422,283	(9,884,864)	-	(5,462,581)	(5,462,581)	13,491	(5,449,090)
Total comprehensive income for the year	-	-	-	806,518,975	4,422,283	(9,884,864)	-	(5,462,581)	801,056,394	4,250,598	805,306,992
Issue of shares due to warrants exercised (Note 26)	6,953,500	111,256,000	-	-	-	-	-	-	118,209,500	-	118,209,500
Dividend paid (Note 35)	-	-	-	(326,896,375)	-	-	-	-	(326,896,375)	-	(326,896,375)
Change in shareholding percentage in subsidiary	-	-	-	-	-	-	(111,838)	(111,838)	(111,838)	-	(111,838)
Decrease in non-controlling interests of the subsidiaries from dividend payment of subsidiary	-	-	-	-	-	-	-	-	-	(360,500)	(360,500)
Balance as at 31 December 2013	437,347,000	1,187,604,034	44,400,000	1,477,405,626	11,323,133	(10,275,330)	569,584	1,617,387	3,148,374,047	39,598,392	3,187,972,439

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

**Samart I-Mobile Public Company Limited and its subsidiaries**  
**Statement of changes in shareholders' equity (continued)**  
**For the year ended 31 December 2013**

(Unit: Baht)

	Separate financial statements						
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity		Total shareholders' equity
					Other comprehensive income (loss)	Total other components of shareholders' equity	
			Appropriated - statutory reserve	Unappropriated			
Balance as at 31 December 2011 - as previously reported	430,130,000	1,072,132,034	44,400,000	352,984,836	-	-	1,899,646,870
Cumulative effect of change in accounting policy for deferred tax (Note 4)	-	-	-	34,720,988	-	-	34,720,988
Balance as at 31 December 2011 - as restated	430,130,000	1,072,132,034	44,400,000	387,705,824	-	-	1,934,367,858
Profit for the year (restated)	-	-	-	191,909,188	-	-	191,909,188
Other comprehensive loss for the year (restated)	-	-	-	(507,126)	-	-	(507,126)
Total comprehensive income for the year (restated)	-	-	-	191,402,062	-	-	191,402,062
Issue of shares due to warrants exercised (Note 26)	263,500	4,216,000	-	-	-	-	4,479,500
Dividend paid (Note 35)	-	-	-	(43,013,000)	-	-	(43,013,000)
Balance as at 31 December 2012 - as restated	430,393,500	1,076,348,034	44,400,000	536,094,886	-	-	2,087,236,420
Balance as at 31 December 2012 - as previously reported	430,393,500	1,076,348,034	44,400,000	510,735,314	-	-	2,061,876,848
Cumulative effect of change in accounting policy for deferred tax (Note 4)	-	-	-	25,359,572	-	-	25,359,572
Balance as at 31 December 2012 - as restated	430,393,500	1,076,348,034	44,400,000	536,094,886	-	-	2,087,236,420
Profit for the year	-	-	-	571,211,204	-	-	571,211,204
Other comprehensive loss for the year	-	-	-	-	(30,000,000)	(30,000,000)	(30,000,000)
Total comprehensive income for the year	-	-	-	571,211,204	(30,000,000)	(30,000,000)	541,211,204
Issue of shares due to warrants exercised (Note 26)	6,953,500	111,256,000	-	-	-	-	118,209,500
Dividend paid (Note 35)	-	-	-	(326,896,375)	-	-	(326,896,375)
Balance as at 31 December 2013	437,347,000	1,187,604,034	44,400,000	780,409,715	(30,000,000)	(30,000,000)	2,419,760,749

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



## Samart I-Mobile Public Company Limited and its subsidiaries

## Statement of cash flows

For the year ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
<b>Cash flows from operating activities</b>					
Profit before tax		815,391,639	175,445,404	591,166,352	204,053,200
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:					
Unrealised gain on exchange		(1,377,320)	(18,829)	(17,952,070)	(295,055)
Gain on disposal of temporary investments in trading securities	9	(1,238,927)	(2,876,225)	(1,238,927)	(2,876,225)
(Gain) loss on change in value of temporary investments in trading securities	9	1,744,146	(1,401,955)	1,744,146	(1,401,955)
Gain on change in fair value of forward exchange contracts		(18,671,226)	(1,002,721)	(18,671,226)	(1,002,721)
Increase (decrease) in allowance for doubtful accounts - trade accounts receivable		(9,496,957)	5,870,376	(12,862)	(19,212,840)
Write-off bad debts		8,297,171	28,788,036	-	19,471,308
Increase (decrease) in allowance for diminution in value of other receivables and sales promotion receivables		(3,148,258)	1,740,101	(1,098,483)	(416,166)
Reduction of inventories to net realisable value		15,537,921	7,712,137	16,059,562	10,555,341
Increase (decrease) in allowance for diminution in value of advance for purchase of inventories		9,490,501	355,987	(342,291)	355,987
Gain on compensation from insurance policy		(4,125,032)	-	(4,125,032)	-
Write-off advance for purchase of inventories		908,044	-	-	-
Write-off other current assets	13	36,252,251	-	-	-
Write-off withholding tax deducted at sources		840,058	6,981,413	-	-
Gain on disposal of available-for-sale investment	15	-	(1,423,049)	-	-
Dividend income from subsidiary	7, 16	-	-	(514,639,500)	(179,874,000)
Transfer equipment to expense		1,762,618	660,547	171,650	26,698
Gain on disposal of equipment		(7,454,924)	(2,209,687)	(5,303,684)	(1,173,840)
Depreciation	17	170,640,760	189,095,186	65,359,891	83,392,022
Amortisation of intangible assets	18	27,072,617	22,494,650	-	-
Increase in allowance for diminution in value of deposit		3,319,987	-	3,319,987	-
Gain on debt forgiven	21	(295,000)	-	-	-
Amortisation of deferred interests under finance lease agreements		339,766	585,492	289,041	342,875
Increase (decrease) in allowance for warranty		12,701,000	(572,000)	12,701,000	(572,000)
Provision for long-term employee benefits	25	2,559,442	2,449,638	1,719,466	1,671,277
Interest income	29	(3,678,515)	(4,126,217)	(17,380,533)	(30,665,660)
Interest expenses	32	55,120,078	108,969,110	60,326,076	107,608,503
Profit from operating activities before changes in operating assets and liabilities		1,112,491,840	537,517,394	172,092,563	189,986,749

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





## Samart I-Mobile Public Company Limited and its subsidiaries

## Statement of cash flows (continued)

For the year ended 31 December 2013

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Cash flows from operating activities (continued)</b>				
Operating assets (increase) decrease				
Trade and other receivables	(531,120,957)	76,684,014	(410,137,860)	124,600,931
Inventories	(1,007,130,103)	25,144,278	(767,784,152)	(87,588,855)
Other current assets	(94,899,321)	78,727,778	(54,484,488)	(22,240,673)
Other non-current assets	3,595,822	7,143,874	3,439,093	6,870,551
Operating liabilities increase (decrease)				
Trade and other payables	644,744,257	158,329,164	655,036,721	274,530,167
Other current liabilities	18,974,247	13,056,272	10,686,607	(8,432,078)
Other non-current liabilities	(388,477)	1,165,890	(388,477)	1,165,890
Cash flows from (used in) operating activities	146,267,308	897,768,664	(391,539,993)	478,892,682
Cash paid for purchases of temporary investments in trading securities	9 (117,884,006)	(17,113,577)	(117,884,006)	(17,113,577)
Proceeds from sales of temporary investments in trading securities	9 10,283,904	13,634,057	10,283,904	13,634,057
Cash paid for interest expenses	(84,059,458)	(108,787,388)	(61,258,072)	(107,616,404)
Cash received from withholding tax refundable	13.1 18,118,794	29,093,200	14,913,665	-
Cash paid for income tax	(62,746,802)	(51,872,245)	(22,561,254)	(12,917,686)
<b>Net cash flows from (used in) operating activities</b>	(90,020,260)	762,722,711	(568,045,756)	354,879,072
<b>Cash flows from investing activities</b>				
Cash paid to provide short-term loans to related parties	7 -	-	(546,891,580)	(188,500,000)
Cash received from repayment of short-term loans to related parties	7 -	-	838,410,000	204,580,000
Cash received from repayment of short-term loans to unrelated parties	-	14,000,000	-	-
Cash received for interest income	11,696,027	4,151,585	17,269,666	32,817,731
Cash paid to provide short-term loans to employees	-	(798,910)	-	(438,820)
Cash received from repayment of short-term loans to employees	64 1,953,411	38,652	1,347,466	-
Decrease in restricted bank deposits	44,560	290,467	72,100	322,315
Proceeds from sales of available-for-sale investments	15 -	5,788,098	-	-
Dividend income from subsidiaries	7, 16 -	-	514,639,500	179,874,000
Cash paid to acquisition of investment in a new subsidiary	16.3 (500,000)	-	-	-
Cash paid for additionally call-up share capital of subsidiary	16.6 -	-	(59,999,982)	-
Cash paid for acquisition of equipment	(181,098,115)	(188,359,016)	(235,255,035)	(90,244,019)
Proceeds from disposal of equipment	7,624,613	7,608,773	5,450,440	2,483,309
Cash paid for acquisition of intangible assets	-	(41,080,555)	-	-
Cash received from non-controlling interests of the subsidiaries from establishment of a new subsidiary	-	2,750,500	-	-
<b>Net cash flows from (used in) investing activities</b>	(162,168,073)	(193,695,647)	533,733,761	142,241,982

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



## Samart I-Mobile Public Company Limited and its subsidiaries

## Statement of cash flows (continued)

For the year ended 31 December 2013

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
Note		2013	2012	2013	2012
Cash flows from financing activities					
Increase (decrease) in bank overdrafts		17,691,286	3,110,419	(13,498,476)	(3,269,609)
Proceeds from short-term loans from banks		-	6,676,448,418	-	4,373,600,000
Cash paid to settle short-term loans from banks		(471,000,000)	(7,562,490,213)	(471,000,000)	(5,105,600,000)
Increase in trust receipts		1,016,112,733	312,186,578	891,135,527	366,977,950
Proceeds from short-term loans from related parties		7	-	308,825,000	655,000,000
Repayment of short-term loans from related parties		7	-	(409,825,000)	(731,650,000)
Repayment of short-term loans from unrelated parties		21	(200,000)	-	-
Cash paid to settle long-term loan from bank		22	(1,091,242)	(1,091,242)	(1,014,922)
Cash paid to settle liabilities under finance lease agreements			(2,026,643)	(1,506,706)	(1,302,278)
Cash received for share issued due to warrant exercised		26	118,209,500	118,209,500	4,479,500
Dividend paid		35	(326,896,375)	(326,896,375)	(43,013,000)
Decrease in non-controlling interests of the subsidiaries from dividend payment of subsidiary			(360,500)	-	-
Net cash flows from (used in) financing activities			350,438,759	94,352,228	(485,792,359)
Translation adjustments			6,558,576	-	-
Net increase (decrease) in cash and cash equivalents			104,809,002	60,040,233	11,328,695
Cash and cash equivalents at beginning of year			306,095,953	140,215,943	128,887,248
Cash and cash equivalents at end of year			410,904,955	200,256,176	140,215,943
Supplemental disclosures of cash flows information					
Non-cash items for investing activities					
Transfer inventories to equipment			2,598,281	2,598,281	3,438,333
Increase in accounts payable for purchase of equipment			1,809,460	1,809,460	-
Transfer advance for purchase of equipment to equipment			-	-	-
Transfer temporary investment to other long-term investment			106,500,000	106,500,000	-
Non-cash items for financing activities					
Increase in liabilities under finance lease agreements			-	-	1,486,428

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





## Samart I-Mobile Public Company Limited and its subsidiaries

### Notes to consolidated financial statements

For the year ended 31 December 2013

#### 1. General information

Samart I-Mobile 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 distribution of communications and electronic equipment. The registered office of the Company is at 99/3 Moo 4 Software Park Building, 33rd Floor, Chaengwattana Road, Klong Gluar, Pak-kred, Nonthaburi.

#### 2. Basis of preparation

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

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

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

##### 2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Samart I-Mobile 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 shareholding	
			2013 Percent	2012 Percent
Samart Mobile Services Co., Ltd.	Distribution of information technology devices	Thailand	97.4	97.4
Samart Multimedia Co., Ltd.	Provision content services via audiotext and call center	Thailand	100	100
I-Mobile International Co., Ltd.	Invest in distribution of mobile phones bundled with content business in overseas territories	Thailand	100	100
Brain Source Co., Ltd.	Research and development of mobile phone applications	Thailand	100	100
I-Mobile Plus Co., Ltd.	Provision of wireless telecommunication business	Thailand	100	100



*Indirect subsidiaries held by the Company's subsidiaries*

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2013 Percent	2012 Percent
Investments through Samart Multimedia Co., Ltd.				
Take A Look Co., Ltd.	Provision of consulting services related to smart phone product design and development (2012: Provision of advertising and billboard advertisement services and preparation)	Thailand	100	67
Samart Interactive Media Co., Ltd.	Distribution of goods and provision of services related to horoscopes and astrology	Thailand	100	100
I-Sport Co., Ltd.	Provision of information of sports via full option interactive multimedia	Thailand	50	50
Entertainment Tree Co., Ltd.  (The Company has control and sets policies for operation and financial management over this company)	Production, sale and provision of all kinds of entertainment-related content through multiple channels	Thailand	45	45
Investments through I-Mobile International Co., Ltd.				
Samart I-Mobile (Malaysia) Sdn. Bhd.	Distributor of mobile phones and provider of entertainment content	Malaysia	100	100
I-Mobile (Cambodia) Co., Ltd.	Ceased business in 2006, currently is in process of liquidation	Cambodia	-	-
Pt. Samart I-Mobile Indonesia	Distributor of mobile phones and accessories	Indonesia	100	100
Teleconnext Co., Ltd. (formerly known as "Samart I-Mobile (Hong Kong) Limited")	Distributor of mobile phones and accessories	Hong Kong	100	100
I-Mobile Inter trade Co., Ltd.	Provision of mobile phone development services (2012: Export I-mobile products)	Thailand	100	100
Investment through Samart I-Mobile (Malaysia) Sdn. Bhd.				
Pemata Benar Sdn. Bhd.	Not yet operational	Malaysia	100	100
Investment through I-Mobile Inter trade Co., Ltd.				
I-Mobile Direct Co., Ltd. (formerly known as "The Sky Place Co., Ltd.")	Temporarily ceased its business	Thailand	100	-
Investment through I-Sport Co., Ltd.				
I-Sport Media Co., Ltd.	Operation in Digital TV channels	Thailand	50	-

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.





- d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currencies” in the statement of changes in shareholders’ equity.
  - e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
  - f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
  - g) In recording the acquisition of additional shares of subsidiaries (repurchase of shares from non-controlling interests) when the fair value of the net assets acquired is lower than the cost of the investment the difference has been presented in shareholders’ equity under the caption of “Surplus on investment in subsidiary companies arising as a result of acquisition of additional shares at a price higher than net book value at the acquisition date”. When the fair value of the net assets acquired is higher than the cost of the investment the difference has been presented in shareholders’ equity under the caption of “Lower of investment in subsidiary companies arising as a result of acquisition of additional shares at a price lower than net book value at the acquisition date”.
- 2.3 The separate financial statements, which present investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.

### 3. New accounting standards

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

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

Accounting standards:

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

Financial Reporting Standard:

TFRS 8	Operating Segments
--------	--------------------

Accounting Standard Interpretations:

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

Accounting Treatment Guidance for Transfers of Financial Assets

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

#### TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company and its



subsidiaries have changed this accounting policy in this current period and restated the prior year's financial statements, presented as comparative information, as though the Company and its subsidiaries had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 4 to the financial statements.

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

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





TFRIC 17

Distributions of Non-cash Assets to Owners

1 January 2014

TFRIC 18

Transfers of Assets from Customers

1 January 2014

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

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

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

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

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
<b>Statements of financial position</b>						
Increase in deferred tax assets	84,729	45,540	49,903	35,622	25,360	34,721
Increase in deferred tax liabilities	4,198	-	382	-	-	-
Increase in non-controlling interests of the subsidiaries	21	104	40	-	-	-
Increase in unappropriated retained earnings	77,988	45,512	50,414	28,122	25,360	34,721
Increase (decrease) in other components of shareholders' equity	2,522	(76)	(933)	7,500	-	-

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2013	2012	2013	2012
<b>Income statements</b>				
Increase (decrease) in income tax expenses	(32,789)	5,003	(2,762)	9,488
Increase (decrease) in profit attributable to non-controlling interest of the subsidiaries	(77)	63	-	-
Increase (decrease) in profit attributable to equity holders of the Company	32,866	(5,066)	2,762	(9,488)
Increase (decrease) in basic earnings per share (Baht)	0.008	(0.002)	0.001	(0.002)
Increase (decrease) in diluted earnings per share (Baht)	0.008	(0.002)	0.001	(0.003)
<b>Statements of other comprehensive income</b>				
Decrease in actuarial losses	-	(165)	-	(127)
Decrease in exchange differences on translation of financial statements in foreign currencies	(443)	(174)	-	-
Decrease in loss on changes in value of available-for-sale investments	(2,471)	(1,031)	(7,500)	-



## 5. Significant accounting policies

### 5.1 Revenue recognition

#### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

#### *Rendering of services*

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

#### *Unearned revenue from telephone service of prepaid phone cards*

Unearned revenue from telephone service of the prepaid system represents the unused portion of the face value of prepaid phone cards. It is deferred and recognised based on actual usage or upon expiration of the usage as stated on cards, depending on which comes first.

#### *Revenue from telephone services*

Revenue related to domestic calls, international calls and roaming service calls is recognised when the telephone services have been rendered.

#### *Revenue from sales of telephone sets and starter kits*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

In case of revenue arrangements with multiple deliverable, the revenue elements are recognised in proportion to the fair value of delivered items. The subsequent services are recorded at the normal selling price or at a discounted value, depending on the facts and circumstances.

#### *Selling support income*

Selling support income is recognised as income on an accrual basis.

#### *Entrance fee on franchise agreement*

Entrance fee on franchise agreement is recognised on the term of agreement.

#### *Royalty and technical assistance fee*

Royalty and technical assistance fee are recognised as income on an accrual basis.

#### *Interest income*

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

#### *Dividends*

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

### 5.2 Cash and cash equivalents

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

### 5.3 Trade accounts receivable

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





#### 5.4 Inventories

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

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

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

#### 5.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

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

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

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 as 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.

#### 5.6 Equipment/Depreciation

Condominium and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of condominium and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Condominium	- 20 years
Network equipment and network improvement	- 5 years
Furniture, fixture and office equipment	- 5 years
Motor vehicles	- 5 years
Equipment for rent	- 5 years

Depreciation is included in determining income.

No depreciation is provided on assets under installation.

An item of 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 is included in profit or loss when the asset is derecognised.



## 5.7 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

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

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

	<u>Useful lives</u>
Right under the advertising agreement	- 2 and 3 years but not exceeding the number of hours granted with such right in each month
Computer software	- Agreement term
Right under the distribution agreement	- 2 years
Right under license agreement for audio-visual of football match	- 3 years

## 5.8 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 and when circumstances indicate that the carrying value may be impaired.

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

## 5.9 Related party transactions

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

They also include individuals and 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.







## 5.10 Long-term leases

### *Finance leases*

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the assets.

### *Operating leases*

Leases of equipment which do not transfer substantially all the risks and rewards of ownership to the lessee are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

## 5.11 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 of that entity.

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

Gains and losses on exchange are included in determining income.

## 5.12 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the condominium and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. 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 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.

## 5.13 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 their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.



#### *Defined benefit plans*

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

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

#### ***Provision for vacation***

The Company and its subsidiaries have set up provision for vacation which is calculated in accordance with the Company and its subsidiaries' policy and formula, taking into consideration the employee's salary, the number of service years and the unused vacation days.

### **5.14 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.

### **5.15 Income tax**

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

#### **Current income tax**

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

#### **Deferred tax**

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

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

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

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

### **5.16 Derivatives**

#### **Forward exchange contracts**

Forward exchange contracts are stated at fair value, which is calculated by reliable financial institutions.





Gains or losses arising from changes in the fair value of the contracts are recognised in profit or loss.

#### **Currency option agreements**

Currency option agreements are contracts between two parties whereby the seller grants the buyer a future option to buy (call option) or to sell (put option) foreign currency at an exchange rate stipulated in the agreement. The Company enters into such agreements in order to manage foreign exchange risk.

The notional amounts of cross currency option agreements utilised by the Company to manage foreign exchange risk are not recognised as assets or liabilities upon inception of the agreement, but fees paid by the Company in respect of such agreements (if any) are amortised on a straight-line basis over the term of the agreement.

## **6. 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 from these estimates. Significant judgements and estimates are as follows:

#### **Leases**

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

#### **Allowance for doubtful accounts**

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

#### **Reducing cost to net realisable value of inventories**

Determining the reduce 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 additional costs to be incurred in preparing the inventory for sale; and reduce 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.

#### **Allowance for diminution in value of withholding tax deducted at sources**

The Company and its subsidiaries regard withholding tax deducted at sources as an asset since they have the right to claim a refund of it. The net realisable value of withholding tax deducted at sources depends on the exercise of the right to claim it, and the results of any tax audit by the Revenue officials. However, the management has used judgement to assess the outcome of the refund claim and believes that no loss will result. Therefore, no allowance for diminution in value of withholding tax deducted at sources is recorded as at the end of reporting period.

#### **Impairment of equity investments**

The Company and its subsidiary company treat available-for-sale investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.



### **Condominium and equipment/Depreciation**

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

In addition, the management is required to review condominium 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.

### **Deferred tax assets**

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

### **Post-employment benefits under defined benefit plans**

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

## **7. Related party transactions**

During the years, the Company and its subsidiaries had significant business transactions with related parties, principally in respect of the purchase and sales of goods, and the provision of services and loans. The pricing policies for these related party transactions are summarised as follows:

1. Sales prices are determining at market price, if there is unknown market price, sales price will be 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 stated in the agreement.
3. Other service income and expenses are charged at a mutually agreed price.
4. Interest on loans to the subsidiary companies are charged at cost of fund plus 0.25 percent per annum.
5. Interest on loans from subsidiary companies are charged at average saving deposit rate of the big five commercial banks plus 0.25 percent per annum and cost of fund plus 0.25 percent per annum.
6. 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 not over five percent.
7. Fixed assets are sold and purchased at their net book value plus a margin, depending on the condition of fixed assets.
8. Royalty and technical assistance fees are charged at a rate of 0.5 percent and 0.75 percent of sales and according to the conditions stipulated in the agreements.
9. Guarantee fee is charged between the parties at a rate of 0.3 percent per annum.
10. Directors and management's benefit expenses are charged as approved by the shareholders' meeting or contractually agreed price.
11. Dividend income is recognised when declared and the right to receive the dividends is established.





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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Transactions with parent company</b>				
Sales of goods	3	1	2	1
Service income	-	1	-	-
IT service fee expense	25	25	16	16
Management fee expense	12	12	12	12
Rental and other expenses	28	30	19	21
<b>Transactions with subsidiary companies</b> (eliminated from the consolidated financial statements)				
Sales of goods	-	-	34	17
Purchases of goods	-	-	6,990	3,817
Purchases of services	-	-	14	-
Management fee income	-	-	77	79
Interest income	-	-	15	28
Interest expenses	-	-	6	7
Advertising income	-	-	126	214
Other income	-	-	4	82
Purchases of fixed assets	-	-	92	-
Product design expenses	-	-	122	60
Other expenses	-	-	2	5
Guarantee fee income	-	-	9	3
Consulting fee	-	-	54	20
Dividend income (Note 16)	-	-	515	180
<b>Transactions with related companies</b>				
Sales of goods	5	69	4	67
Service income	14	6	-	-
Purchases of services	50	55	-	-
Purchases of fixed assets	1	1	1	-
Other expenses	16	19	11	6



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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Trade accounts receivable - related parties (Note 10)</b>				
Parent company	1,250	375	569	-
Subsidiary companies	-	-	6,643	6,037
Related companies (related by shareholder)	8,694	4,124	2,209	2,421
Total trade accounts receivable - related parties	9,944	4,499	9,421	8,458
<b>Amounts due from and advance to related parties (Note 10)</b>				
Subsidiary companies	-	-	315,824	394,672
Related companies (related by shareholder)	36	40	35	40
Total amounts due from and advance to related parties	36	40	315,859	394,712
<b>Trade accounts payable - related parties (Note 20)</b>				
Parent company	-	41	-	41
Subsidiary companies	-	-	1,684,419	1,045,718
Related companies (related by shareholder)	218	557	22	22
Total trade accounts payable - related parties	218	598	1,684,441	1,045,781
<b>Amounts due to and advance from related parties (Note 20)</b>				
Parent company	1,492	1,583	514	542
Subsidiary companies	-	-	386,471	394,800
Related companies (related by shareholder)	3,932	1,875	1,249	461
Total amounts due to and advance from related parties	5,424	3,458	388,234	395,803

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

As at 31 December 2013 and 2012, the balances of short-term loans between the Company and those related parties and the movement were as follows:

(Unit: Thousand Baht)

		Separate financial statements				
		Balance as at 31 December 2012	During the yearstatements inas at		Gain on exchange differences on translation of financial foreign currencies	Balance  31 December 2013
			Short-term loans to related parties	Related by		Increase
Samart I-Mobile (Malaysia) Sdn. Bhd.	Subsidiary	-	160,082	-	6,575	166,657
I-Mobile Plus Co., Ltd.	Subsidiary	196,000	188,000	(338,000)	-	46,000
I-Mobile International Co., Ltd.	Subsidiary	341,700	131,000	(436,900)	-	35,800
I-Mobile Inter trade Co., Ltd.	Subsidiary	-	4,300	-	-	4,300
Teleconnext Co., Ltd. (formerly known as “Samart I-Mobile (Hong Kong) Ltd.”)	Subsidiary	-	63,510	(63,510)	-	-
Total		537,700	546,892	(838,410)	6,575	252,757





(Unit: Thousand Baht)

Short-term loans from related parties	Related by	Separate financial statements			
		Balance as at 31 December 2012	During the year		Balance as at 31 December 2013
			Increase	Decrease	
Samart Mobile Services Co., Ltd.	Subsidiary	120,000	5,000	-	125,000
Samart Multimedia Co., Ltd.	Subsidiary	120,000	54,000	(160,000)	14,000
Brain Source Co., Ltd.	Subsidiary	-	249,825	(249,825)	-
Total		240,000	308,825	(409,825)	139,000

### Directors and management's benefits

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Short-term employee benefits	18.7	21.0	18.5	20.5
Post-employment benefits	0.1	0.1	0.1	0.1
Total	18.8	21.1	18.6	20.6

### Agreements with related parties

#### Long-term rental agreements

The Company and its subsidiary companies entered into a three-year sub-office space rental agreements with Samart Corporation Public Co., Ltd., its parent company, for use in their operations. The Company and its subsidiary companies have to pay monthly rental fees approximately Baht 0.5 million (Separate financial statements: Baht 0.3 million per month).

The commitment under the operating lease agreements with the related party was disclosed in Note 39.1 to the financial statements.

#### Service and management agreement

- In January 2013, the Company entered into a one-year management agreement with Samart Corporation Public Co., Ltd., the parent company, under which the Company has to pay a monthly service fee of Baht 1 million.
- In February 2011, I-Mobile Plus Co., Ltd., a subsidiary company, entered into a service agreement with a term of one-year or until cancelled in writing by both parties, with One to One Contacts Public Co., Ltd., a related company, who is to provide data preparation services and information on goods and services. The subsidiary company has to pay a monthly service fee at the rate stipulated in the agreement.
- In May 2011, the Company and four subsidiary companies (Samart Multimedia Co., Ltd., I-Mobile International Co., Ltd., Samart Mobile Services Co., Ltd. and I-Mobile Plus Co., Ltd.) entered into five-year information technology management agreements with Samart Corporation Public Co., Ltd., the parent company. The Company and its subsidiary companies have to pay a monthly service fees totally approximately Baht 2.1 million (Separate financial statements: Baht 1.4 million per month).





- d) In June 2011, the Company and its subsidiary companies entered into the three-year facility service agreements with Samart Corporation Public Co., Ltd., the parent company, under which they have to pay monthly facility service fees at the rates stipulated in the agreements.

#### Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 39.2.2 to the financial statements.

## 8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash	590	392	348	
Bank deposits	514,904	410,176	302,834	242,910
Total cash and bank deposits	515,531	410,766	303,226	243,258
Less: Restricted bank deposits	(104,626)	(104,670)	(102,970)	(103,042)
Cash and cash equivalents	410,905	306,096	200,256	140,216

As at 31 December 2013, bank deposits carried interests between 0.13 and 0.60 percent per annum (2012: between 0.13 and 0.75 percent per annum).

## 9. Temporary investments

As at 31 December 2013 and 2012, the Company had temporary investments in trading securities as follows:

(Unit: Thousand Baht)

Common stock/Warrant	Consolidated financial statements/Separate financial statements					
	2013			2012		
	No. of shares (Thousand Shares)	Cost	Fair value	No. of shares (Thousand Shares)	Cost	Fair value
Thaicom Plc.	150	5,208	5,925	-	-	-
Capital Engineering Network Plc.	700	2,902	2,156	-	-	-
EMC plc.	1,200	2,036	648	-	-	-
Siam Inter Multimedia Plc.	373	852	485	350	852	777
Wattana Capital Plc. (formerly known as "Living Land Capital Plc.")	2,010	2,089	121	2,010	2,434	623
Warrants of Wattana Capital Plc. (formerly known as "Living Land Capital Plc.")	335	348	10	-	-	-
Ascon Construction Plc.	5,323	34,458	-	5,323	34,458	-
S.E.C. Auto Sales and Services Plc.	1,000	3,146	-	1,000	3,146	-
Diamond Building Products Plc.	-	-	-	1,000	7,309	7,350
Total		51,039	9,345		48,199	8,750
Less: Change in value		(41,694)			(39,449)	
Total temporary investments in trading securities		9,345			8,750	





Movements of the temporary investments in trading securities account for the year ended 31 December 2013 and 2012 were summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2013	2012
<b>Balance as at beginning of the year</b>	8,750	992
Purchases during the year	117,884	17,114
Disposals during the year:		
Proceed from sales	(10,284)	(13,634)
Gain on disposals (Note 29)	1,239	2,876
Total	(9,045)	(10,758)
Gain (loss) on change in value (Note 29, 31)	(1,744)	1,402
Reclassification of investment (Note 15)	(106,500)	-
<b>Balance as at end of the year</b>	<b>9,345</b>	<b>8,750</b>

## 10. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Trade accounts receivable - related parties (Note 7)</b>				
<i>Aged on the basis of due dates</i>				
Not yet due	9,523	2,183	7,202	1,799
Past due				
Up to 3 months	382	2,277	2,180	3,427
3 - 6 months	-	-	-	52
6 - 12 months	-	-	-	203
Over 12 months	39	39	39	2,977
Total trade accounts receivable - related parties	9,944	4,499	9,421	8,458
<b>Trade accounts receivable - unrelated parties</b>				
<i>Aged on the basis of due dates</i>				
Not yet due	1,905,245	1,263,090	1,797,381	1,158,719
Past due				
Up to 3 months	1,539,942	1,342,369	1,486,721	1,322,409
3 - 6 months	200,153	563,615	188,006	557,564
6 - 12 months	2,235	16,960	12	297
Over 12 months	18,764	28,315	130	-
Total	3,666,339	3,214,349	3,472,250	3,038,989
Less: Allowance for doubtful debts	(24,567)	(35,203)	(136)	(148)
Total trade accounts receivable - unrelated parties, net	3,641,772	3,179,146	3,472,114	3,038,841
Total trade accounts receivable - net	3,651,716	3,183,645	3,481,535	3,047,299



(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Other receivables</b>				
Amounts due from and advance to related parties (Note 7)	36	40	315,859	394,712
Accrued service income	109,543	103,220	-	-
Other receivables - unrelated parties	95,051	23,318	70,254	16,005
Sales promotion receivables	-	19,623	-	1,117
Less: Allowance for diminution in value of other receivables and sales promotion receivables	(755)	(3,904)	(755)	(1,854)
Total other receivables - net	203,875	142,297	385,358	409,980
Trade and other receivables - net	3,855,591	3,325,942	3,866,893	3,457,279

## 11. Short-term loans

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Short-term loans to related parties (Note 7)	-	-	252,757	537,700
Short-term loans to employees	-	65	-	39
Total short-term loans	-	65	252,757	537,739

### Short-term loans to employees

These represent short-term loans to those of their employees who were affected by flooding. The loans were interest-free and repayable monthly over one year.

## 12. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2013	2012	2013	2012	2013	2012
Finished goods	947,138	424,338	(47,932)	(47,033)	899,206	377,305
Supplies	489,246	234,236	(15,584)	(1,169)	473,662	233,067
Goods in transit	297,558	71,284	-	-	297,558	71,284
Total	1,733,942	729,858	(63,516)	(48,202)	1,670,426	681,656





(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2013	2012	2013	2012	2013	2012
Finished goods	921,159	427,372	(43,485)	(41,840)	877,674	385,532
Supplies	275,859	229,679	(15,584)	(1,169)	260,275	228,510
Goods in transit	297,097	71,276	-	-	297,097	71,276
Total	1,494,115	728,327	(59,069)	(43,009)	1,435,046	685,318

In November 2013, a vessel transportation foundered, resulting in damage to the Company's inventories which were loaded in that vessel. The Company surveyed the damage and wrote off inventories of Baht 39 million.

However, the loss from this incident is covered by the Company's insurance. The Company has lodged an insurance claim and is virtually certain by received a confirmation letter from an insurance company to compensate this loss in respect of damaged inventories totaling a minimum of Baht 43 million. Therefore the Company recorded the insurance compensation in other receivable and recognised net compensation claim from the write down of damaged inventories of Baht 4 million in the income statement for the year ended 31 December 2013.

### 13. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Withholding tax deducted at sources (Note 13.1)	95,208	84,982	10,262	25,176
Prepaid expenses	66,028	16,974	6,454	3,171
Advance for purchase of inventories	50,538	74,694	10,759	10,603
Input tax refundable	37,871	22,623	27,046	-
Undue input tax	12,138	20,880	30,255	28,132
Others	39,392	12,474	32,651	10,773
Less: Allowance for diminution in value of advance for purchase of inventories	(15,080)	(5,234)	(4,339)	(4,681)
Total other current assets - net	286,095	227,393	113,088	73,174

During the year ended 31 December 2013, Teleconnex Company Limited (formerly known as "Samart I-Mobile (Hong Kong) Limited") wrote down appropriately Baht 36 million of other current assets as it cancelled purchase orders of the former manufacturer and ordered from a new manufacturer instead. This expense was included in other expenses in the income statement.



### 13.1 Withholding tax deducted at sources

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

(Unit: Thousand Baht)

Year	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
2009	1	1	-	-
2010	376	10,504	-	9,600
2011	22,254	31,150	-	5,314
2012	43,321	43,327	10,262	10,262
2013	29,256	-	-	-
Total	95,208	84,982	10,262	25,176

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

During the year 2013, the Company and its subsidiary companies received the refund of the withholding tax of 2010 and 2011 totaling approximately Baht 18 million (Separate financial statements: the refund of the withholding tax of 2010 and 2011 totaling approximately Baht 15 million) (2012: the subsidiary companies received the refund of the withholding tax of 2009 and 2010 totaling approximately Baht 29 million). However, the management has used judgement to assess the outcome of the refund claims and believes that no loss will result. Therefore, no allowance for diminution in value of withholding tax deducted at sources is recorded as at the end of reporting period.

### 14. Restricted bank deposits

These represent fixed deposits pledged with the banks to secure credit facilities.

### 15. Available-for-sale investments

As at 31 December 2013 and 2012, the Company and its subsidiary have available-for-sale investments as the followings:

(Unit: Thousand Baht)

Common stock/Warrant	Consolidated financial statements					
	2013			2012		
	No. of shares (Thousand shares)	Fair value as at the reclassification date	Fair value	No. of shares (Thousand shares)	Fair value as at the reclassification date	Fair value
Siam Sport Syndicate Public Co., Ltd.	27,213	77,829	99,600	27,213	77,829	76,741
Warrants No. 3 of Siam sport Syndicate Public Co., Ltd.	1,668	1,618	4,503	1,668	1,618	2,218
M-Link Asia Corporation Public Co., Ltd.	25,000	106,500	69,000	-	-	-
Total		185,947	173,103		79,447	78,959
Less: Change in value		(12,844)			(488)	
Total available-for-sale investments		173,103			78,959	





(Unit: Thousand Baht)

Common stock	Separate financial statements					
	2013			2012		
	No. of shares (Thousand shares)	Fair value as at the reclassification date	Fair value	No. of shares (Thousand shares)	Fair value as at the reclassification date	Fair value
M-Link Asia Corporation Public Co., Ltd.	25,000	106,500	69,000	-	-	-
Total		106,500	69,000		-	-
Less: Change in value		(37,500)			-	
Total available-for-sale investments		69,000			-	

On 14 November 2013, a meeting of the Company's Board of Executive Directors passed a resolution approving the reclassification of investment in M-Link Asia Corporation Public Co., Ltd. from trading investment to available-for-sale investment. The reclassification was made because the Company intends to invest for the long-term as business partnership and for commercial benefit. Therefore, the Company recorded the value of available-for-sale investments of fair value as at the reclassification date.

Movements of other long-term investments account during the year ended 31 December 2013 and 2012 were summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Net book value at beginning of the year</b>	78,959	88,456	-	-
Reclassification of investments (fair value as reclassification date) (Note 9)	106,500	-	106,500	-
Disposals during the year:				
Proceed from sales	-	(5,788)	-	-
Less: Gain on sales (Note 29)	-	1,423	-	-
Total	-	(4,365)	-	-
Loss on changes in value	(12,356)	(5,132)	(37,500)	-
<b>Net book value at end of the year</b>	173,103	78,959	69,000	-



## 16. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2013	2012	2013 Percent	2012 Percent	2013	2012	2013	2012
Samart Mobile Services Co., Ltd.	490,000	490,000	97.4	97.4	43,917	43,917	-	-
Samart Multimedia Co., Ltd.	200,000	200,000	100	100	219,525	219,525	-	-
I-Mobile International Co., Ltd.	185,000	125,000	100	100	185,000	125,000	-	-
Brain Source Co., Ltd.	1,000	1,000	100	100	999	999	514,640	179,874
I-Mobile Plus Co., Ltd.	100,000	100,000	100	100	100,000	100,000	-	-
Total					549,441	489,441	514,640	179,874

### 16.1 Establishment of new company

- a) On 1 June 2012, a meeting of the Board of Directors of Samart Multimedia Co., Ltd., a subsidiary company, passed a resolution approving the establishment of a new company named Entertainment Tree Co., Ltd. with a registered share capital of Baht 5 million. The business operations of the new company comprise production, sale and provision of all kinds of entertainment-related content through multiple channels; television, telephone, internet, satellite and various means of communication, for both domestic and international markets. It also provides equipment and network installation services, together with a full range of facilities and other related services. The subsidiary company has a 45 percent shareholding. It registered the establishment of such new company with the Ministry of Commerce on 14 June 2012.

Samart Multimedia Co., Ltd. treats its investment in Entertainment Tree Co., Ltd. as investment in a subsidiary since it has control and sets policies for operation and financial management over such company.

- b) On 24 July 2013, a meeting of Board of Directors of I-Sport Co., Ltd., a subsidiary company, passed a resolution approving the establishment of a new company named "I-Sport Media Co., Ltd.". The business of the new company is to bid for and operate digital TV channels, with a registered capital of Baht 1 million. The subsidiary company has a 100 percent shareholding. The subsidiary company registered the establishment of this company with the Ministry of Commerce on 8 August 2013.

### 16.2 Purchase of additional ordinary shares of a subsidiary

On 26 February 2013, a meeting of the Company's Board of Directors passed a resolution approving the purchase by Samart Multimedia Company Limited, a subsidiary company, of 3,333,334 ordinary shares of Take A Look Company Limited, another subsidiary company, from a former shareholder at a price of Baht 0.03 each, for a total Baht 0.1 million which will increase the percentage of shareholding from 67% to 100% in Take A Look Co., Ltd.

Subsequently, on 1 April 2013, Samart Multimedia Company Limited entered into a share transfer agreement with the former shareholder of Take A Look Company Limited, and has paid for the shares in full.

### 16.3 Purchase of investment

On 12 November 2013, a meeting of the Company's Board of Directors passed a resolution to approve the purchase by I-Mobile Inter trade Co., Ltd., a subsidiary company, of approximately 90,000 ordinary shares of The Sky Place Co., Ltd. from existing shareholders, representing 100 percent of the issued and paid up







share capital of this company. The purchase price will be Baht 5.56 per share, or a total of approximately Baht 0.5 million (as stipulated in the purchase and sale of share agreement).

Subsequently, on 13 November 2013, the subsidiary company entered into a share purchase and sale of share agreement of this company. As a result of the purchase of investment in the subsidiary, under the acquisition method, the subsidiary company recorded the excess of the cost of acquisition in the ordinary shares of The Sky Place Co., Ltd. over the fair value amounting to approximately Baht 0.5 million resulting from this investment as non-current asset in the consolidated financial statements.

Their fair value of liabilities were summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements
Other payables	14
Total liabilities from acquisition of subsidiary company	14
Cash used in purchase of investment in subsidiary company	500
Excess of the cost of acquisition in the ordinary shares of The Sky Place Co., Ltd. over the fair value	514

#### 16.4 Change of name of subsidiary

- On 12 March 2013, the shareholder of Samart I-Mobile (Hong Kong) Limited, a subsidiary company, passed a written special resolution to change its name to "Teleconnext Company Limited". The subsidiary company registered the change of its name with the Companies Registry on 21 March 2013.
- On 26 November 2013, the Extraordinary Meeting of the shareholders of The Sky Place Co., Ltd., a subsidiary company, passed a special resolution approving the change in its name to be "I-Mobile Direct Co., Ltd.". It registered the change of its name with the Ministry of Commerce on 9 December 2013.

#### 16.5 Changes in share capital of subsidiary companies

##### *Reduction of share capital*

- On 26 April 2013, the Meeting of the shareholders of Take A Look Co., Ltd., a subsidiary company, passed a special resolution to reduce its share capital from Baht 100 million (10 million ordinary shares of Baht 10 each) to Baht 50 million (5 million ordinary shares of Baht 10 each) by canceling 5 million ordinary shares of Baht 10 each. The subsidiary company registered the reduction in its share capital with the Ministry of Commerce on 11 June 2013.
- On 26 November 2013, the Extraordinary Meeting of the shareholders of The Sky Place Co., Ltd., a subsidiary company, passed a special resolution to reduce its share capital from Baht 9 million (90,000 ordinary shares of Baht 100 each) to Baht 2.25 million (22,500 ordinary shares of Baht 100 each) by canceling 67,500 ordinary shares of Baht 100 each. The subsidiary company registered the reduction in its share capital with the Ministry of Commerce on 14 January 2014.

##### *Increment of registered share capital*

On 11 July 2013, a meeting of the shareholders of Pt. Samart I-Mobile Indonesia, a subsidiary company, passed a resolution approving the increment of its registered share capital from 0.50 million US dollars (0.5 million ordinary shares of 1 US dollar each) to 6.42 million US dollars (6.42 million ordinary shares of 1 US dollar each) by issuing 5.92 million ordinary shares with a par value of 1 US dollar each. The subsidiary company registered the increase of share capital on 2 August 2013 with Capital Investment Coordination Board and is waiting for the approval from Minister of Law and Human Rights of the Republic of Indonesia.



#### 16.6 Additionally call-up share capital of subsidiary

On 12 December 2013, a meeting of the Board of Directors of I-Mobile International Co., Ltd., a subsidiary company, passed a resolution to call-up a further Baht 60 million of the uncalled portion of its capital, or equivalent to 30% of its registered share capital. The subsidiary received payment on 24 December 2013 and as a result its paid-up share capital amounts to Baht 185 million, or 92.5% of the registered share capital.

#### 16.7 Disposal of investments in subsidiaries and restructuring of overseas business

On 13 August 2013, the Board of Directors of the Company passed the following resolutions:

1. Approving the sale by I-Mobile International Co., Ltd., a subsidiary company, of an investment in Pt. Samart I-Mobile Indonesia, another subsidiary company, to a third party at a price not lower than the book value of the subsidiary company.
2. Approving the acquisition of three indirectly held subsidiary companies, consisting of I-Mobile Inter trade Co., Ltd., Teleconnex Co., Ltd. (formerly known as "Samart I-Mobile (Hong Kong) Ltd.") and Samart I-Mobile (Malaysia) Sdn. Bhd. from I-Mobile International Co., Ltd., a subsidiary company, at a price not lower than the book values of the subsidiaries.
3. Approving the disposal of an investment in I-Mobile International Co., Ltd., a subsidiary company, to a third party at a price not lower than the book value of the subsidiary company.

The Company is in process to performing in accordance with the resolutions of the Company's Board of Directors.

Subsequent, on 12 December 2013, a meeting of the Board of Directors of I-Mobile International Co., Ltd., a subsidiary company, passed a resolution approving the sale of investments in I-Mobile Inter trade Co., Ltd., Teleconnex Co., Ltd. (formerly known as "Samart I-Mobile (Hong Kong) Ltd.") and Samart I-Mobile (Malaysia) Sdn. Bhd. to the Company at a price based on each company's estimated book value as at 31 December 2013, as follows:

Company	No. of shares (shares)	Agreed price per share	Amount
I-Mobile Inter trade Co., Ltd.	499,993	Baht 0.20	Baht 0.10 million
Teleconnex Co., Ltd. (formerly known as "Samart I-Mobile (Hong Kong) Ltd.")	5,000,000	0.33 US dollars	1.65 million US dollars
Samart I-Mobile (Malaysia) Sdn. Bhd.	2,000,000	0.05 Malaysian Ringgit	0.10 million Malaysian Ringgit

The Company made full payment for the acquisition of these companies to I-Mobile International Co., Ltd. on 31 January 2014.

#### 16.8 Liquidation

On 11 October 2006, an extraordinary meeting of the shareholders of I-Mobile (Cambodia) Co., Ltd., a subsidiary company, passed a resolution to liquidate the company. The process of registering that company's dissolution and its subsequent liquidation are in progress.





## 17. Equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Condominium	Network equipment and network improvement	Furniture, fixture and office equipment	Motor vehicles	Equipment for rent	Assets under installation	Total
<b>Cost</b>							
31 December 2011	11,512	719,428	911,790	64,210	22,011	8,425	1,737,376
Additions/Transfer in	-	57,663	22,536	6,942	-	171,680	258,821
Disposals/Transfer out	-	-	(5,890)	(14,482)	-	(8,575)	(28,947)
Exchange differences on translation of financial statements in foreign currencies	-	-	(4)	7	-	-	3
31 December 2012	11,512	777,091	928,432	56,677	22,011	171,530	1,967,253
Additions/Transfer in	-	33,238	16,107	7,878	-	134,907	192,130
Disposals/Transfer out	-	(76)	(12,257)	(16,908)	-	(6,393)	(35,634)
Exchange differences on translation of financial statements in foreign currencies	-	-	218	-	-	-	218
31 December 2013	11,512	810,253	932,500	47,647	22,011	300,044	2,123,967
<b>Accumulated depreciation</b>							
31 December 2011	1,004	433,777	627,820	38,120	17,510	-	1,118,231
Depreciation for the year	572	79,025	100,098	9,400	-	-	189,095
Accumulated depreciation of assets disposed and transferred out	-	-	(4,778)	(9,535)	-	-	(14,313)
Exchange differences on translation of financial statements in foreign currencies	-	-	24	7	-	-	31
31 December 2012	1,576	512,802	723,164	37,992	17,510	-	1,293,044
Depreciation for the year	572	80,260	82,725	7,084	-	-	170,641
Accumulated depreciation of assets disposed and transferred out	-	(76)	(10,564)	(16,908)	-	-	(27,548)
Exchange differences on translation of financial statements in foreign currencies	-	-	242	-	-	-	242
31 December 2013	2,148	592,986	795,567	28,168	17,510	-	1,436,379
<b>Allowance for impairment loss</b>							
31 December 2012	-	67,640	96	-	4,501	-	72,237
31 December 2013	-	67,640	96	-	4,501	-	72,237
<b>Net book value</b>							
31 December 2012	9,936	196,649	205,172	18,685	-	171,530	601,972
31 December 2013	9,364	149,627	136,837	19,479	-	300,044	615,351
<b>Depreciation for the year</b>							
2012 (Baht 80 million included in cost of services, and the balance in selling expenses and administrative expenses)							189,095
2013 (Baht 80 million included in cost of services, and the balance in selling expenses and administrative expenses)							170,641



(Unit: Thousand Baht)

	Separate financial statements				
	Condominium	Furniture, fixture and office equipment	Motor vehicles	Assets under installation	Total
<b>Cost</b>					
31 December 2011	11,512	737,495	41,749	6,626	797,382
Additions/Transfer in	-	12,967	4,886	82,742	100,595
Disposals/Transfer out	-	(4,326)	(7,615)	(6,993)	(18,934)
31 December 2012	11,512	746,136	39,020	82,375	879,043
Additions/Transfer in	-	9,907	7,879	224,258	242,044
Disposals/Transfer out	-	(6,735)	(10,267)	(3,208)	(20,210)
31 December 2013	11,512	749,308	36,632	303,425	1,100,877
<b>Accumulated depreciation</b>					
31 December 2011	1,004	534,475	25,322	-	560,801
Depreciation for the year	572	76,306	6,514	-	83,392
Accumulated depreciation of assets disposed and transferred out	-	(4,294)	(6,311)	-	(10,605)
31 December 2012	1,576	606,487	25,525	-	633,588
Depreciation for the year	572	59,207	5,581	-	65,360
Accumulated depreciation of assets disposed and transferred out	-	(6,642)	(10,267)	-	(16,909)
31 December 2013	2,148	659,052	20,839	-	682,039
<b>Net book value</b>					
31 December 2012	9,936	139,649	13,495	82,375	245,455
31 December 2013	9,364	90,256	15,793	303,425	418,838
<b>Depreciation for the year</b>					
2012 (All depreciation included in selling expenses and administrative expenses)					83,392
2013 (All depreciation included in selling expenses and administrative expenses)					65,360

The Company has pledged assets at net book value approximately Baht 9 million (2012: Baht 10 million) as collateral against long-term loan facilities received from financial institution.

As at 31 December 2013, certain equipment items of the Company and its subsidiary companies 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 amounted to approximately Baht 945 million (2012: Baht 844 million) (Separate financial statements: Baht 468 million, 2012: Baht 441 million).

#### Assets held under finance lease agreements

In 2012, the Company acquired vehicles under finance lease agreements with an aggregate cost of Baht 2 million.

As at 31 December 2013, the Company and its subsidiary companies had vehicles under finance lease agreements with net book values amounting to approximately Baht 5 million (2012: Baht 7 million) (Separate financial statements: Baht 5 million, 2012: Baht 6 million).





## 18. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statement				
	Right under advertising agreement	Computer software	Right under distribution agreement	Right under license agreement for audio-visual of football match	Total
<b>Cost</b>					
31 December 2011	27,500	47,018	4,531	8,587	87,636
Additions	-	41,080	-	-	41,080
31 December 2012	27,500	88,098	4,531	8,587	128,716
Write-off	(27,500)	-	(4,531)	-	(32,031)
31 December 2013	-	88,098	-	8,587	96,685
<b>Accumulated amortisation</b>					
31 December 2011	23,300	6,477	2,495	2,862	35,134
Amortisation	4,200	13,396	2,036	2,862	22,494
Exchange differences on translation of financial statements in foreign currencies	-	82	-	-	82
31 December 2012	27,500	19,955	4,531	5,724	57,710
Amortisation	-	24,210	-	2,863	27,073
Accumulated amortisation of assets written-off	(27,500)	-	(4,531)	-	(32,031)
Exchange differences on translation of financial statements in foreign currencies	-	850	-	-	850
31 December 2013	-	45,015	-	8,587	53,602
<b>Net book value</b>					
31 December 2012	-	68,143	-	2,863	71,006
31 December 2013	-	43,083	-	-	43,083

### *Right under the advertising agreement*

During the year 2009, Take A Look Co., Ltd., a subsidiary company, entered into an agreement with a company to sell LED Screen. The installation and transfer had already been completed and such company had to make cash payment of Baht 19.5 million and granted the right to advertise on the LED Screen with the value of Baht 27.5 million. Thus the total sales value of the equipment was Baht 47 million. In addition, the subsidiary company was obliged to comply with the conditions in the agreement, such as provision of equipment repair and maintenance, for a period of three years.

Subsequently, on 28 December 2009, the subsidiary company entered into a memorandum with Samart Multimedia Co., Ltd., another subsidiary company, to transfer the rights and obligations under the LED Screen sales and advertising agreements. Therefore, all rights and obligations under such agreements had fallen upon Samart Multimedia Co., Ltd. since the date of entry into the memorandum of agreement which were consisted of:

- 1) Samart Multimedia Co., Ltd. received the airing right to promote and advertise products and services for the Company and other two unrelated companies.
- 2) Samart Multimedia Co., Ltd. was obliged to comply with the conditions in the agreements, such as provision of equipment repair and maintenance, for a period of three years.



As a result, Samart Multimedia Co., Ltd. was required to make a payment of Baht 25.3 million to Take A Look Co., Ltd. so Samart Multimedia Co., Ltd. recorded the Right under the advertising agreement in the consolidated financial statements under the caption of intangible asset with the value of Baht 27.5 million.

Moreover, Take A Look Co., Ltd. and Samart Multimedia Co., Ltd. entered into a memorandum of agreement with other shareholder of Take A Look Co., Ltd. to jointly assume responsibility for the rights, duties, and obligations arising from Take A Look Co., Ltd. entering into the screen sales agreement. If any claim is made or any action taken that causes Take A Look Co., Ltd. or Samart Multimedia Co., Ltd. to pay compensation or be held responsible, the other shareholding company of Take A Look Co., Ltd. shall be jointly responsible for the damages in proportion to its shareholding. Such contractual liability ceased on 31 December 2012.

#### *Right under distribution agreement*

During the year 2010, I-Mobile Plus Co., Ltd., a subsidiary company, entered into a distributor agreement with a company. Under the conditions of the agreement, the subsidiary company paid a fee for to be a distributor for two years period and is to pay a fixed fee based on sale volume, and comply with conditions stipulated in the agreement. The Company has guaranteed the subsidiary company's compliance with the agreement.

#### *Right under license agreement for audio-visual of football match*

On 4 January 2011, I-Sport Co., Ltd., a subsidiary company, entered into an agreement with an overseas company to acquire a football broadcast license for a period of three years, commencing on 4 January 2011. The subsidiary company is obliged to comply with conditions as stated in the agreement.

## 19. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (percent per annum)		Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012	2013	2012
Bank overdrafts	7.78	7.78	47,129	29,438	-	13,499
Short-term loans from banks	-	4.00 - 4.85	-	471,000	-	471,000
Trust receipts						
Baht	3.45 - 3.70	3.65 - 4.10	2,177,133	1,285,997	2,177,133	1,285,997
US dollars	1.49 - 1.64	1.69 - 1.70	134,932	9,955	-	-
Total			2,359,194	1,796,390	2,177,133	1,770,496

Bank overdrafts of the Company are secured by the pledge of some bank deposits. Bank overdrafts of subsidiary companies are secured by the Company.

Some short-term loans from banks and trust receipts of the Company are secured by the pledge of some bank deposits and cross-guaranteed by the Company and subsidiary companies.

Short-term loans from banks and trust receipts of the subsidiary companies are secured by the Company, the pledge of some bank deposits of the Company and cross-guaranteed by the Company and subsidiary companies.





## 20. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Trade accounts payable</b>				
Trade accounts payable - related parties (Note 7)	218	598	1,684,441	1,045,781
Trade accounts payable - unrelated parties	1,341,373	804,900	27,703	88,868
Total trade accounts payable	1,341,591	805,498	1,712,144	1,134,649
<b>Other payables</b>				
Amount due to and advance from related parties (Note 7)	5,424	3,458	388,234	395,803
Other payables - unrelated parties	259,708	179,161	169,746	100,168
Accrued expenses	1,706	2,544	1,706	2,544
Total other payables	266,838	185,163	559,686	498,515
Total trade and other payables	1,608,429	990,661	2,271,830	1,633,164

## 21. Short-term loans

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Short-term loans from related parties (Note 7)	-	-	139,000	240,000
Short-term loan from unrelated party	-	495	-	-
Total short-term loans	-	495	139,000	240,000

### Short-term loan from unrelated party

On 27 March 2013, Take A Look Co., Ltd., a subsidiary company, repaid Baht 0.2 million to Master Ad Public Co., Ltd. in settlement of a short-term loan that carries interest at the Minimum Loan Rate (MLR) plus 1 percent per annum. The balance of Baht 0.3 million was forgiven by that company.

## 22. Long-term loan

As at 31 December 2013 and 2012, the outstanding balance of long-term loan from banks consisted of:

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2013	2012
In March 2010, the Company entered into an agreement with a local commercial bank granting a new loan amounting to Baht 12.42 million, on which interest is charged at the Minimum Loan Rate (MLR) minus 1.25 percent per annum. The loan is repayable in 120 monthly installments, with the first of these due in April 2010 and is to be repaid in full within March 2020.	7,665	8,756
Less: Current portion	(1,163)	(1,087)
Long-term loan, net of current portion	6,502	7,669

This loan is secured by mortgage of condominium and the transfer of the beneficiary rights under insurance policy for condominium to the bank.





Movements in the long-term loan account during the years ended 31 December 2013 and 2012 were summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2013	2012
Balance at beginning of the year	8,756	9,771
Less: Repayment	(1,091)	(1,015)
Balance at end of the year	7,665	8,756

## 23. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Liabilities under finance lease agreements	6,752	8,779	5,775	7,282
Less: Deferred interest expense	(396)	(736)	(316)	(605)
Total	6,356	8,043	5,459	6,677
Less: Portion due within one year	(1,518)	(1,687)	(1,311)	(1,218)
Liabilities under finance lease agreements - net of current portion	4,838	6,356	4,148	5,459

The Company and its subsidiaries have entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in their operations, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally five years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Less than 1 year		1 - 5 years		Total	
	2013	2012	2013	2012	2013	2012
Future minimum lease payments	1,751	2,027	5,001	6,752	6,752	8,779
Deferred interest expenses	(233)	(340)	(163)	(396)	(396)	(736)
Present value of future minimum lease payments	1,518	1,687	4,838	6,356	6,356	8,043

(Unit: Thousand Baht)

	Separate financial statements					
	Less than 1 year		1 - 5 years		Total	
	2013	2012	2013	2012	2013	2012
Future minimum lease payments	1,507	1,507	4,268	5,775	5,775	7,282
Deferred interest expenses	(196)	(289)	(120)	(316)	(316)	(605)
Present value of future minimum lease payments	1,311	1,218	4,148	5,459	5,459	6,677





## 24. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Unearned revenue from telephone service	25,787	13,170	-	-
Undue output tax	9,134	9,316	12,138	19,961
Advance received from customers	1,081	18,759	-	-
Valued added tax payable	749	2,226	-	366
Others	42,107	24,701	24,180	11,275
<b>Total other current liabilities</b>	<b>78,858</b>	<b>68,172</b>	<b>36,318</b>	<b>31,602</b>

## 25. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Defined benefit obligation at beginning of the year</b>	19,891	16,618	14,179	11,874
Current service cost	1,742	1,718	1,128	1,134
Interest cost	818	732	592	537
Actuarial loss	-	823	-	634
<b>Defined benefit obligation at end of the year</b>	<b>22,451</b>	<b>19,891</b>	<b>15,899</b>	<b>14,179</b>

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Current service cost	1,742	1,718	1,128	1,134
Interest cost	818	732	592	537
<b>Total expenses recognised in profit or loss</b>	<b>2,560</b>	<b>2,450</b>	<b>1,720</b>	<b>1,671</b>
Line items under which such expenses are included in profit or loss				
Cost of services	109	148	-	-
Selling expenses	1,350	1,455	1,138	1,045
Administrative expenses	1,101	847	582	626

The cumulative amount of actuarial losses recognised in other comprehensive income and taken as part of retained earnings of the Company and its subsidiaries as at 31 December 2012 amounted to Baht 1 million) (Separate financial statements: Baht 1 million).



Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements		Separate financial statements	
	2013 (% per annum)	2012 (% per annum)	2013 (% per annum)	2012 (% per annum)
Discount rate	4.1	4.1	4.1	4.1
Future salary increase rate	4.0 - 6.0	4.0 - 6.0	4.0 - 6.0	4.0 - 6.0
Staff turnover rate (depending on age)	0 - 20	0 - 20	0 - 20	0 - 20

Amounts of defined benefit obligation for the current and previous three periods are as follows:

(Unit: Thousand Baht)

	Defined benefit obligation	
	Consolidated financial statements	Separate financial statements
Year 2013	22,451	15,899
Year 2012	19,891	14,179
Year 2011	16,618	11,874
Year 2010	14,505	11,641

## 26. Warrants

On 24 April 2008, the Annual General Meeting of the Company's shareholders passed a resolution to issue 140 million warrants, the offering price per unit is Baht 0, to the Company's directors and the employees of the Company and its subsidiaries. The exercise ratio is 1:1 and the exercise price is Baht 2 per 1 ordinary share. Warrants to be allocated to the Company's directors and the employee of the Company and its subsidiaries will be divided into 5 certificates with 5 years maturity from the issuance date. Each certificate will have the same date of issuance, offering and expiration with different exercise period as shown in the following detail. Each warrant holders can split exercise or fully exercise their right of the amount allocated for each certificate.

Certificate No. 1 will represent 10% of total number of allocated warrants which is entitled to exercise since the first day of the exercise period until the expired date of warrants.

Certificate No. 2 will represent 15% of total number of warrants allocated which is entitled to exercise after the end of the first year that the warrants are issued until the expired date of warrants.

Certificate No. 3 will represent 20% of total number of warrants allocated which is entitled to exercise after the end of the second year that the warrants are issued until the expired date of warrants.

Certificate No. 4 will represent 25% of total number of warrants allocated which is entitled to exercise after the end of the third year that the warrants are issued until the expired date of warrants.

Certificate No. 5 will represent 30% of total number of warrants allocated which is entitled to exercise after the end of the fourth year that the warrants are issued until the expired date of warrants.

On 27 April 2009, the Annual General Meeting of the Company's shareholders passed a resolution to approve the revision of the exercise price of the warrants offering to the Company's directors and the employees of the Company and its subsidiaries from Baht 2 per share to be Baht 1.7 per share.





On 29 May 2009, the Company issued 100,250,000 warrants to the Company's directors and employees of the Company and its subsidiaries at Baht 0 per unit, with 39,750,000 warrants being cancelled as a condition of the warrant issue. The warrants have an exercise ratio is 1:1, are exercisable at a price of Baht 1.7 per share, and have an exercise period of five years period from the issue date, expiring on 28 May 2014. The warrants are exercisable on the 15th of the last month of each quarter throughout their terms, from 15 June 2009 to 28 May 2014.

Movement of warrants were summarised below.

(Number of unit: Thousand units)

Warrants issuance to	Balance as at 31 December 2012	Exercised during the year	Balance as at 31 December 2013
Directors	48,050	(29,490)	18,560
Employees	48,265	(40,045)	8,220
Total	96,315	(69,535)	26,780

(Number of unit: Thousand units)

Warrants issuance to	Balance as at 31 December 2012	Exercised during the year	Balance as at 31 December 2013
Directors	48,050	-	48,050
Employees	50,900	(2,635)	48,265
Total	98,950	(2,635)	96,315

## 27. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve 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 present, the statutory reserve has fully been set aside.

## 28. Service income

Service income for the years ended 31 December 2013 and 2012 summarised as followings:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Type-one telecom license	204,948	104,890	-	-
Others service income	1,014,287	1,082,567	82,829	36,779
Total service income	1,219,235	1,187,457	82,829	36,779



## 29. Other income

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Selling support income	18,630	44,747	18,237	41,555
Gain on sales of equipment	7,455	2,210	5,304	1,174
Interest income	3,679	4,126	17,380	30,666
Gain on disposal of temporary investments in trading securities (Note 9)	1,239	2,876	1,239	2,876
Gain on change in value of temporary investments in trading securities (Note 9)	-	1,402	-	1,402
Dividend income from subsidiaries (Note 16)	-	-	514,640	179,874
Advertising and management fee income	-	-	88,669	309,693
Gain on exchange	-	13,314	3,946	21,504
Gain on disposal of available-for-sale investments (Note 15)	-	1,423	-	-
Others	30,542	31,631	21,409	19,367
Total other income	61,545	101,729	670,824	608,111

## 30. Expenses by nature

Significant expenses by nature were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Marketing expenses	994,771	679,442	565,383	216,865
Salaries and wages and other employee benefits	399,757	361,554	231,155	198,695
Depreciation and amortisation	170,641	189,095	65,360	83,392
Rental expenses from operating lease agreements	83,133	88,332	62,554	65,647
Loss on change in value of temporary investments in trading securities (Note 9)	1,744	-	1,744	-
Changes in inventories	673,326	102,935	539,967	13,206
Purchase finished goods for sales	11,651,818	4,925,531	7,997,507	5,385,320

## 31. Other expenses

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Reserve for doubtful accounts	46,799	36,755	3,124	1,031
Loss on exchange	3,814	-	-	-
Loss on change in value of temporary investments in trading securities (Note 9)	1,744	-	1,744	-
Others	-	17,797	-	-
Total other expenses	52,357	54,552	4,868	1,031





### 32. Finance cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Interest expenses on:				
Bank loans, overdrafts and trust receipts	54,660	108,208	53,536	100,183
Loans from related parties	-	-	6,247	6,877
Liabilities under finance lease agreements and others	460	761	543	548
Total interest expenses	55,120	108,969	60,326	107,608
Bank charges	22,691	14,591	8,147	6,943
Total finance cost	77,811	123,560	68,473	114,551

### 33. Income tax

Income tax expenses for the years ended 31 December 2013 and 2012 were made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
<b>Current income tax</b>				
Current income tax charge	37,425	8,920	22,717	2,656
<b>Deferred tax</b>				
Relating to origination and reversal of temporary differences	(32,789)	2,761	(2,762)	8,023
Effects of changes in the applicable tax rates	-	2,242	-	1,465
<b>Income tax expense reported in the income statements</b>	<b>4,636</b>	<b>13,923</b>	<b>19,955</b>	<b>12,144</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2013 and 2012 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
Deferred tax relating to loss on changes in value of available-for-sale investments	2,471	1,181	7,500	-
Deferred tax relating to loss on actuarial losses	-	165	-	127
Effects of changes in the applicable tax rates	-	(150)	-	-
<b>Income tax expense charged to other comprehensive income</b>	<b>2,471</b>	<b>1,196</b>	<b>7,500</b>	<b>127</b>



Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
Accounting profit before tax	856,348	175,445	591,166	204,053
Applicable tax rate	16.5% - 25%	16.5% - 25%	20%	23%
Accounting profit before tax multiplied by applicable tax rate	156,326	42,618	118,233	46,932
Adjustment in respect of current income tax of previous year	-	23	-	-
Effects of changes in the applicable tax rates	-	2,242	-	1,465
Effects of:				
Promotional privileges	(121,989)	(54,459)	-	-
Utilisation of tax loss carry forward	(8,061)	(133)	-	-
Income not subject to tax	(804)	(52)	(102,940)	(41,371)
Non-deductible expenses	12,859	13,152	4,687	5,141
Additional expense deductions allowed	(25)	(23)	(25)	(23)
Total	(118,020)	(41,515)	(98,278)	(36,253)
Income tax on loss carry forwards from acquisition of subsidiary company during the year	(41,469)	-	-	-
Deferred tax assets not recognised	7,799	10,555	-	-
Income tax expense reported in the income statements	4,636	13,923	19,955	12,144

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

(Unit: Thousand Baht)

	Statements of financial position					
	Consolidated financial statements			Separate financial statements		
	31 December 2013	31 December 2012 (Restated)	1 January 2012	31 December 2013	31 December 2012 (Restated)	1 January 2012
<b>Deferred tax assets</b>						
Allowance for doubtful accounts	4,433	3,463	3,021	27	30	4
Allowance for diminution in value of inventories	12,263	9,158	7,704	11,813	8,602	7,464
Allowance for asset impairment	1,683	1,750	1,298	1,683	1,307	1,153
Gain on change in value of temporary investments	8,338	12,475	8,209	8,338	7,890	8,209
Loss on changes in value of available-for-sale investments	7,500	98	-	7,500	-	-
Provision for long-term employee benefits	4,490	3,978	3,324	3,180	2,836	2,375
Unused tax loss	42,753	9,957	18,617	-	-	7,256
Others	4,002	4,661	8,281	3,081	4,695	8,260
Total	85,462	45,540	50,454	35,622	25,360	34,721
<b>Deferred tax liabilities</b>						
Gain on changes in value of available-for-sale investments	(4,931)	-	(933)	-	-	-
Total	(4,931)	-	(933)	-	-	-
<b>Deferred tax, net</b>	<b>80,531</b>	<b>45,540</b>	<b>49,521</b>	<b>35,622</b>	<b>25,360</b>	<b>34,721</b>







Deferred tax assets and liabilities in statement of financial position were as follows:

(Unit: Thousand Baht)

	Statements of financial position					
	Consolidated financial statements			Separate financial statements		
	31 December 2013	31 December 2012 (Restated)	1 January 2012	31 December 2013	31 December 2012 (Restated)	1 January 2012
Deferred tax assets	84,729	45,540	49,903	35,622	25,360	34,721
Deferred tax liabilities	(4,198)	-	(382)	-	-	-
Deferred tax, net	80,531	45,540	49,521	35,622	25,360	34,721

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company has reflected the changes in the income tax rates in its deferred tax calculation, as presented above.

As at 31 December 2013 the subsidiary companies had deductible temporary differences and unused tax losses totaling Indonesian Rupiah 4,352 million (2012: Baht 13 million and Indonesian Rupiah 3,776 million), on which deferred tax assets have not been recognised as the subsidiary companies believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

### 34. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

#### 34.1 Weighted average number of ordinary shares

As at 31 December 2013 and 2012, the weighted average number of ordinary shares in the consolidated and separate financial statements were calculated as follows:

(Unit: Thousand Baht)

	Consolidated/ Separate financial statements	
	2013	2012
Balance brought forward	4,303,935	4,301,300
Add: Weighted average number of ordinary shares in issue during the year	44,557	2,635
Weighted average number of ordinary shares	4,348,492	4,303,935



### 34.2 Reconciliation of basic and diluted earnings per share

The following table sets forth the computation of basic and diluted earnings per share:

	Consolidated financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2013 (Thousand Baht)	2012 (Thousand Baht) (Restated)	2013 (Thousand shares)	2012 (Thousand shares)	2013 (Baht)	2012 (Baht) (Restated)
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the Company	806,519	160,753	4,348,492	4,301,424	0.185	0.037
<b>Effect of dilutive potential ordinary shares</b>						
Warrants offering to the Company's directors and the employees of the Company and its subsidiaries: 26,780,000 warrants (2012: 96,315,000 warrants)			24,517	18,788		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	806,519	160,753	4,373,009	4,320,212	0.184	0.037

	Separate financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2013 (Thousand Baht)	2012 (Thousand Baht) (Restated)	2013 (Thousand shares)	2012 (Thousand shares)	2013 (Baht)	2012 (Baht) (Restated)
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the Company	571,211	191,909	4,348,492	4,301,424	0.131	0.045
<b>Effect of dilutive potential ordinary shares</b>						
Warrants offering to the Company's directors and the employees of the Company and its subsidiaries: 26,780,000 warrants (2012: 96,315,000 warrants)			24,517	18,788		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	571,211	191,909	4,373,009	4,320,212	0.131	0.044





### 35. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
Final dividends for 2011	Annual General Meeting of the shareholders on 27 April 2012	43,013.0	0.010	10 May 2012
<b>Total for 2012</b>		43,013.0	0.010	
Final dividends for 2012	Annual General Meeting of the shareholders on 25 April 2013	108,471.9	0.025	7 May 2013
Dividends from income for the six-month period ended 30 June 2013	Board of Directors' meeting on 13 August 2013	218,424.5	0.050	9 September 2013
<b>Total for 2013</b>		326,896.4	0.075	

### 36. Promotional privileges

Brain Source Co., Ltd., a subsidiary company, has been granted promotional privileges approved by the Board of Investment under the Thai Investment Promotion Act B.E. 2520, for research and development of software, under certificate No. 1690(7)/2550 dated 20 July 2007. Subject to certain imposed conditions, the main privileges include the followings:

- Exemption from corporate income tax on net income from promoted operations for a period of 8 years commencing as from the date of first earning operating income (commencing from 1 August 2007 until 31 July 2015). 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.
- 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.
- Exemption from import duty on imported machinery for use in production as approved by the Board until 20 January 2010.

The subsidiary has to comply with certain conditions and restrictions specified under the promotion certificate.

Service income of the subsidiary amounting to approximately Baht 611 million for the year ended 31 December 2013 (2012: Baht 266 million) was revenues from promoted operations.

### 37. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on their geographical (i.e., domestic and foreign) and their products and services. The Company and its subsidiaries have three business segments as follows:



1. Mobile segment  
Distribution of mobile phones and provision of mobile phones bundled with content
2. Multimedia segment
  - 2.1 Provision of voice services, audiovisual or multimedia services and infotainment services through mobile phones
  - 2.2 Content provider through multimedia channels
  - 2.3 Producer of television and radio programs, printed media and billboards
  - 2.4 Provision of multimedia and interactive media services
  - 2.5 Provision of website services
  - 2.6 Provision of entertainment services as part of intelligent marketing strategy
3. Service provider segment  
Provider retail and wholesale 3G services (Mobile Virtual Network Operator)

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 total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is set out in Note 7 to the financial statements.





The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2013 and 2012, respectively.

(Unit: Million Baht)

	Foreign		Domestic						Adjustments and eliminations		Consolidated	
	Mobile		Mobile		Multimedia		Service provider					
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012 (Restated)
Sales and service income												
Sales and service income from third parties												
- Local sales and service income	-	-	8,681	5,513	933	1,047	192	100	-	-	9,806	6,660
- Overseas sales and service income	196	141	214	63	-	-	-	-	-	-	410	204
Sales and service income from related parties	6,432	3,251	795	698	17	8	13	5	(7,234)	(3,885)	23	77
Total sales and service income	6,628	3,392	9,690	6,274	950	1,055	205	105	(7,234)	(3,885)	10,239	6,941
Cost of sales and service	6,391	3,245	7,629	5,456	783	902	151	82	(7,261)	(4,062)	7,693	5,623
Gross profit	237	147	2,061	818	167	153	54	23	27	177	2,546	1,318
Unallocated income (expenses):												
Other income											62	102
Selling expenses											(1,209)	(728)
Administrative expenses											(453)	(337)
Other expenses											(52)	(55)
Finance cost											(78)	(124)
Income tax expenses											(5)	(14)
Non-controlling interests of the subsidiaries											(4)	(1)
Profit for the year											807	161



(Unit: Million Baht)

	Foreign		Domestic									
	Mobile		Mobile		Multimedia		Service provider		Adjustments and eliminations		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012 (Restated)
<b>Assets</b>												
Trade accounts receivable - net	1,350	745	4,223	3,709	118	87	38	18	(2,077)	(1,375)	3,652	3,184
Inventories - net	214	5	1,435	685	1	1	23	6	(3)	(16)	1,670	681
Equipment - net	4	5	422	253	158	209	35	135	(4)	-	615	602
Deferred tax assets	-	3	78	27	1	1	6	15	1	-	86	46
Others <sup>135</sup>	209	2,808	2,883	471	471	93	114	(2,247)	(2,702)	1,260	975	
Total assets	1,703	967	8,966	7,557	749	769	195	288	(4,330)	(4,093)	7,283	5,488
Additions to non-current assets other than financial instruments and deferred tax assets	1	41	242	101	35	62	6	96	(92)	-	192	300

### Geographic information

Revenue from external customers is based on locations of the customers.

(Unit: Million Baht)

	2013	2012
<b>Revenue from external customers</b>		
Thailand	9,828	6,732
Laos	208	58
Malaysia	109	121
Others	94	30
Total	10,239	6,941

Non-current assets (other than financial instruments and deferred tax assets)

(Unit: Million Baht)

	2013	2012
Thailand	611	600
Malaysia	47	73
Total	658	673

### Major customers

For the year 2013, the Company and its subsidiaries had revenue from three major customers in amount of Baht 1,077 million, Baht 1,066 million and Baht 1,014 million, arising from sales by mobile segment (2012: Baht 776 million and Baht 660 million derived from two major customers, arising from sales by mobile segment).





### 38. Provident fund

The Company, subsidiary companies and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, subsidiary companies and their employees contribute to the fund monthly at the rate of 3 - 10 percent of basic salary. The fund, which is managed by Bangkok Bank Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2013, the Company and its subsidiary companies contributed Baht 11 million (Separate financial statements: Baht 6 million) (2012: Baht 10 million, Separate financial statements: Baht 6 million) to the fund.

### 39. Commitments and contingent liabilities

The Company and its subsidiaries had commitments and contingent liabilities other than those disclosed in other notes to financial statements as follows:

#### 39.1 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of office building space and motor vehicles. The terms of the agreements are generally between 1 and 5 years.

Future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Payable:				
In up to 1 year	27	27	22	21
In over 1 and up to 5 years	14	26	12	19

As at 31 December 2013, future minimum sublease payments expected to be received under non-cancellable subleases totaled approximately Baht 14 Million (2012: Baht 20 million). During the year 2013, the Company recognised rental expenses of Baht 5 million (2012: Baht 5 million) and subleasing revenue of Baht 5 million (2012: Baht 4 million).

#### 39.2 Guarantees

##### 39.2.1 Bank guarantees

As at 31 December 2013, there were outstanding bank guarantees issued by banks on behalf of the Company and its subsidiaries of approximately Baht 14.14 million (2012: Baht 30.69 million) (Separate financial statements: Baht 0.25 million; 2012: Baht 13.17 million), in respect of certain performance bonds as required in the normal course of business. The details of bank guarantees are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Performance guarantees	13.46	30.22	-	13.00
Guarantee electricity use, among others	0.68	0.47	0.25	0.17
	14.14	30.69	0.25	13.17





### 39.2.2 Guarantees to related parties

- The Company has contingent liabilities in respect of the guarantees of subsidiaries' credit facilities provided to banks as follows:

(Unit: Million Baht)

	Guaranteed facilities	
	2013	2012
Samart I-Mobile (Malaysia) Sdn. Bhd.	101	102
Samart Mobile Services Co., Ltd.	55	55
Samart Multimedia Co., Ltd.	116	115
I-Mobile Inter trade Co., Ltd.	20	20
Pt. Samart I-Mobile Indonesia	165	154
Samart Multimedia Co., Ltd. and Samart Interactive Media Co., Ltd. (joint use the same facilities with the Company)	10	10
Samart Mobile Services Co., Ltd., I-Mobile International Co., Ltd., I-Mobile Inter trade Co., Ltd. and Teleconnex Co., Ltd. (formerly known as "Samart I-Mobile (Hong Kong) Ltd.") (joint use the same facilities with the Company)	1,794	1,739
Teleconnex Co., Ltd. (formerly known as "Samart I-Mobile (Hong Kong) Ltd.") (joint use the same facilities with the Company)	2,985	2,985
Teleconnex Co., Ltd. (formerly known as "Samart I-Mobile (Hong Kong) Ltd."), I-Mobile Plus Co., Ltd. (joint use the same facilities with the Company which the Company guarantees credit facilities to I-Mobile Plus Co., Ltd. of Baht 200 million) and I-Mobile International Co., Ltd., (joint use the forward contract with the Company which the Company guarantees credit facilities to I-Mobile International Co., Ltd., of Baht 200 million)	700	700
Brain Source Co., Ltd. (joint use the same facilities with the Company)	150	150
Samart Multimedia Co., Ltd. (joint use the same facilities with the Company)	140	140
I-Mobile Plus Co., Ltd.	20	10
I-Sport Co., Ltd.	5	5
I-Mobile Plus Co., Ltd. (joint use the same facilities with the Company)	105	-
Samart Multimedia Co., Ltd., Teleconnex Co., Ltd. (formerly known as "Samart I-Mobile (Hong Kong) Ltd.") and I-Mobile International Co., Ltd. and I-Mobile Plus Co., Ltd. (joint use the same facilities with the Company)	1,000	-

These guarantees are effective for as long as the underlying obligations have not been discharged by those subsidiaries.





2. The Company and its subsidiaries have cross-guaranteed credit facilities granted by the commercial banks to the Company and its subsidiaries as follows:

(Unit: Million Baht)

	Cross - guaranteed credit facilities		Facilities used	
	2013	2012	2013	2012
The Company, I-Mobile International Co., Ltd. and Samart Mobile Services Co., Ltd.	2,985	2,985	1,106	982
The Company and I-Mobile Inter trade Co., Ltd. (This is part of the credit facilities of Baht 2,985 million)	2,000	2,000	-	-
The Company, I-Mobile International Co., Ltd., Samart Mobile Services Co., Ltd. and Teleconnex Co., Ltd. (formerly known as "Samart I-Mobile (Hong Kong) Ltd.")	1,000	1,000	500	498
The Company and I-Mobile Plus Co., Ltd.	6	6	6	6

The credit facility of Baht 2,985 million mentioned above in 1, which the Company has guaranteed for its subsidiaries, is part of the credit facilities of Baht 2,985 million, jointly used by the Company and subsidiaries.

### 39.3 Commitments in uncalled portions of investments

The Company and its subsidiaries had outstanding commitment totaling in respect of uncalled portions of investments in their subsidiaries as follows:

	Currency	Amount (Million)	
		2013	2012
The local subsidiary companies	Baht	20	97
The overseas subsidiary company	Malaysian ringgit	3	3

### 39.4 Other commitments

39.4.1 Samart Multimedia Co., Ltd., a subsidiary company, entered into an agreement with the TOT Public Company Limited to provide an Audiotext System for a period of 15 years, commencing 29 September 1999. The subsidiary company is obliged to comply with certain conditions as stated in the agreement and has to pay a network connection fee of Baht 1 million per annum.

39.4.2 On 27 November 2009, the Company entered into a memorandum of understanding relating to the project for 3G mobile phone network services testing with TOT Public Company Limited in support of the objective of providing wholesale and retail 3G mobile phone network services through the Wideband Code-Division Multiple Access (WCDMA) system.

In addition, during the year 2011, the Company transferred the right and duties under a memorandum of understanding to I-Mobile Plus Co., Ltd., a subsidiary company. The subsidiary company is obliged to comply with certain conditions and pay fees for the testing project as stated in the memorandum of understanding.

39.4.3 On 20 December 2011, Samart I-Mobile Public Co., Ltd. entered into an agreement with Dialog Axiata Public Co., Ltd. to together provide International Roaming services to TOT's 3G network for a



period of 3 years, with the term of the agreement to begin when the service is ready to be launched (at present, the service has yet to be launched). The Company is obliged to comply with certain conditions as stated in the agreement and to pay fees at the rates stated in the agreement.

On 4 May 2012, Samart I-Mobile Public Co., Ltd. entered into an agreement with TOT Public Co. Ltd. to together provide International Roaming service on TOT's 3G network for a period of 2 years and 10 months, with the term of the agreement to begin on the date that the service is ready to be launched (at present, the service has yet to be launched). The Company is obliged to comply with certain conditions as stated in the agreement and to pay fees at the rates stated in the agreement.

39.4.4 The Company and its subsidiary companies have entered into the service agreements with various companies between 1 and 5 years. The Company and its subsidiary companies have to pay a monthly facility service fee at the rate stipulated in the agreements.

## 40. Financial instruments

### 40.1 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 and other receivables, loans, investments; and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed are described below.

#### ***Credit risk***

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables and loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and loans as stated in the statement of financial position.

#### ***Interest rate risk***

The Company and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, bank overdrafts, short-term and long-term borrowings. 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.

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.





(Unit: Million Baht)

	Consolidated financial statements									
	Fixed interest rates				Floating		Non-interest		Total	
	Within 1 year		1-5 years		interest rate		bearing		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
<b>Financial assets</b>										
Cash and cash equivalents	-	-	-	-	402	287	9	19	411	306
Temporary investments in trading securities	-	-	-	-	-	-	9	9	9	9
Trade and other receivables	-	-	-	-	-	-	3,856	3,326	3,856	3,326
Restricted bank deposits	105	105	-	-	-	-	-	-	105	105
Available-for-sale investments	-	-	-	-	-	-	173	79	173	79
	105	105	-	-	402	287	4,047	3,433	4,554	3,825
<b>Financial liabilities</b>										
Bank overdrafts	-	-	-	-	47	29	-	-	47	29
Short-term loans from banks	-	471	-	-	-	-	-	-	-	471
Trust receipts										
- Baht	2,177	1,286	-	-	-	-	-	-	2,177	1,286
- US Dollars	135	10	-	-	-	-	-	-	135	10
Trade and other payables	-	-	-	-	-	-	1,608	991	1,608	991
Short-term loans	-	-	-	-	-	1	-	-	-	1
Long-term loan	-	-	-	-	8	9	-	-	8	9
Liabilities under finance lease agreements	-	-	6	8	-	-	-	-	6	8
	2,312	1,767	6	8	55	39	1,608	991	3,981	2,805

Effective interest rates of financial assets and liabilities were separately shown in related notes to financial statements.



(Unit: Million Baht)

	Separate financial statements									
	Fixed interest rates				Floating		Non-interest		Total	
	Within 1 year		1-5 years		interest rate		bearing		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
<b>Financial assets</b>										
Cash and cash equivalents	-	-	-	-	194	129	6	11	200	140
Temporary investments	-	-	-	-	-	-	9	9	9	9
Trade and other receivables	-	-	-	-	-	-	3,867	3,457	3,867	3,457
Short-term loans	-	-	-	-	253	538	-	-	253	538
Restricted bank deposits	103	103	-	-	-	-	-	-	103	103
Available-for-sale investments	-	-	-	-	-	-	69	-	69	-
	103	103	-	-	447	667	3,951	3,477	4,501	4,247
<b>Financial liabilities</b>										
Bank overdrafts	-	-	-	-	-	13	-	-	-	13
Loans from banks	-	471	-	-	-	-	-	-	-	471
Trust receipts										
- Baht	2,177	1,286	-	-	-	-	-	-	2,177	1,286
Trade and other payables	-	-	-	-	-	-	2,272	1,633	2,272	1,633
Short-term loans	-	-	-	-	139	240	-	-	139	240
Long-term loan	-	-	-	-	8	9	-	-	8	9
Liabilities under finance lease agreements	-	-	5	7	-	-	-	-	5	7
	2,177	1,757	5	7	147	262	2,272	1,633	4,601	3,659

Effective interest rates of financial assets and liabilities were separately shown in related notes to financial statements.

#### **Foreign currency risk**

The Company and its subsidiaries' exposure to foreign currency risk arise mainly from trading transactions and borrowings that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward exchange contracts when they consider appropriate. Generally, the forward contracts mature within one year.





The balances of financial assets and liabilities denominated in foreign currencies were summarised below.

Foreign currency	Consolidated financial statement		Separate financial statement		Exchange rate as at 31 December	
	2013	2012	2013	2012	2013	2012
	(Million)		(Million)		(Baht per 1 foreign currency unit)	
<b>Financial assets</b>						
US dollar	11.89	17.24	11.41	4.49	32.6778	30.4857
<b>Financial liabilities</b>						
US dollar	45.64	37.22	40.27	24.49	32.9494	30.7775

The Company and its subsidiaries had the following outstanding forward exchange contracts:

Foreign currency	Consolidated financial statement/ Separate financial statement (Million)	Contractual exchange rate (Baht per 1 foreign currency unit)	Contractual maturity date
<b>As at 31 December 2013</b>			
<b>Bought amount</b>			
US dollar	34.63	31.3096 - 33.1552	March - July 2013
<b>Sold amount</b>			
US dollar	3.08	31.7550 - 33.0725	March - June 2013

Foreign currency	Consolidated financial statement (Million)	Separate financial statement (Million)	Contractual exchange rate (Baht per 1 foreign currency unit)	Contractual maturity date
<b>As at 31 December 2012</b>				
<b>Bought amount</b>				
US dollar	14.47	14.47	30.6425 - 30.9568	January - July 2013
<b>Sold amount</b>				
US dollar	10.5	4.78	30.8800 - 32.1800	January - July 2013

#### 40.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or bear floating interest rate, their fair value is not expected to be materially different from the amounts presented in statement of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

**41. Capital management**

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2013, the Group's debt-to-equity ratio was 1.3:1 (2012: 1.1:1) and the Company's was 1.9.:1 (2012: 1.8:1).

**42. Events after the reporting period**

In January 2014, the Company entered into a one-year management agreement with Samart Corporation Public Co., Ltd., the parent company, under which the Company has to pay a monthly service fee of Baht 1 million.

**43. Approval of financial statements**

These financial statements were authorised for issue by the Company's authorised directors on 24 February 2014.







# Audit Fee

## 1. Audit Fee

In 2013, the Company and subsidiaries paid audit fee to the Company's auditor, Ernst & Young Office Limited amounting to Baht 1,640,000 and 1,810,000 respectively, and out of pocket expenses relating to audit work such as traveling expenses, photo copy expenses and others totaling Baht 441,101. In addition, the Company's subsidiaries in other countries paid audit fees to auditors, Ernst & Young Office Limited, in their countries.

## 2. Non-Audit Fee

- 2.1 Brain Source Co., Ltd., a 99.93% stake hold by the Company, paid professional fee to Ernst & Young Office Limited for the review of compliance with conditions stipulated in the investment promotion certificate for the period ended December 31, 2013 submitted to BOI totaling Baht 120,000.
- 2.2 I-Sport Co., Ltd., a 49.99% stake hold by the Company, paid professional fee to Ernst & Young Office Limited for preparing of the 2012 financial statements in English language totaling Baht 20,000 for Digital TV bidding project.



# Directors, Management, Company Secretary and Head of Internal Audit

## Directors, Management, Company Secretary and Head of Internal Audit

as at December 31, 2013

Name-Surname / Position	Age	Education	% of Share-holding	Relationship	Working Experience last 5 years		
					During	Position	Company
1. Professor Suphachai Phisitvanich <ul style="list-style-type: none"> <li>Chairman of the Board</li> <li>Independent Director</li> <li>Audit Committee Member</li> </ul> <p>Date of Appointment : May 11, 2005</p>	73	<ul style="list-style-type: none"> <li>Ph.D. honorary in Accounting, Thammasart University</li> <li>Master Degree in MBA, Ohio State University, U.S.A</li> <li>Bachelor degrees in Accounting and Commerce, Thammasart University</li> <li>National Defence course (Class 32), National Defence College of Thailand</li> <li>Training: 2003 Director Accreditation Program (DAP), 2003 Director Certification Program (DCP), 2004 Board Performance Evaluation, Thai Institute of Directors Association (IOD)</li> </ul>	0.09	-	<p>2005 - Present</p> <p>2009 - Present</p> <p>2010 - Present</p> <p>2009 - Present</p> <p>2007 - Present</p> <p>2006 - Present</p> <p>2003 - May 2010</p> <p>1994 - Present</p>	<p>Chairman of the Board of Directors and Independent Director</p> <p>Audit Committee Member</p> <p>Chairman of the Board of Directors</p> <p>Independent Director</p> <p>Chairman of the Board of Directors</p> <p>Chairman of the Board of Directors</p> <p>Chairman of the Board of Directors and Chairman of the Audit Committee</p> <p>Director, Chairman of the Audit Committee, Chairman of the Corporate Governance Committee and Risk Management Committee</p>	<p>Samart I-Mobile Plc.</p> <p>Samart I-Mobile Plc.</p> <p>Aira Capital Co., Ltd.</p> <p>CP All Plc.</p> <p>Aira Securities Plc.</p> <p>Sena Golden Sand Co., Ltd.</p> <p>Matching Studio Plc.</p> <p>Bangkok Expressway Plc.</p>
2. Dr. Chotivid Chayavadhanangkur <ul style="list-style-type: none"> <li>Independent Director</li> <li>Chairman of the Audit Committee</li> <li>Chairman of the Corporate Governance Committee</li> <li>Nominating and Compensation Committee Member</li> </ul> <p>Date of Appointment : September 30, 2003</p>	66	<ul style="list-style-type: none"> <li>Doctorate of Ph.D. in Electrical Engineering, University of Minnesota, USA</li> <li>Master Degree in M.S. Electrical Engineering, University of Minnesota, USA</li> <li>Bachelor Degree in Engineering (1<sup>st</sup> Class Honour), Chulalongkorn University</li> <li>Training: 2004 Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD)</li> </ul>	0.05	-	<p>2009 - Present</p> <p>2003 - 2009</p> <p>2003 - Present</p> <p>2008 - Present</p> <p>2005 - Present</p> <p>2005 - Present</p> <p>2005 - Present</p> <p>2002 - Present</p>	<p>Chairman of the Audit Committee</p> <p>The Audit Committee Member</p> <p>Independent Director</p> <p>Chairman of the Corporate Governance Committee</p> <p>Nominating and Compensation Committee Member</p> <p>Director</p> <p>Director</p> <p>Chairman of the Board of Directors</p>	<p>Samart I-Mobile Plc.</p> <p>Samart I-Mobile Plc.</p> <p>Samart I-Mobile Plc.</p> <p>Samart I-Mobile Plc.</p> <p>Samart I-Mobile Plc.</p> <p>Greens Spot Co., Ltd.</p> <p>BITIC Co., Ltd.</p> <p>Bangkok Servex Co., Ltd.</p>



Name-Surname / Position	Age	Education	% of Share-holding	Relationship	Working Experience last 5 years		
					During	Position	Company
3. Mr. Kunthit Arunyananda <ul style="list-style-type: none"> <li>Independent Director</li> <li>Audit Committee Member</li> <li>Chairman of the Nominating and Compensation Committee</li> <li>Corporate Governance Committee Member</li> </ul> <p>Date of Appointment : September 30, 2003</p>	47	<ul style="list-style-type: none"> <li>Mini MBA, Business Administration, Thammasat University</li> <li>Bachelor Degree in Accounting, The Rajamongkol Institute of Technology</li> <li>Training: 2004 Director Certification Program (DCP), Thai Institute of Directors Association (IOD)</li> </ul>	0.02	-	2009 - Present 2008 - 2009 2003 - Present 2008 - Present 2005 - 2008 2001 - Present	Chairman of the Nominating and Compensation Committee Nominating and Compensation Committee Member Independent Director and Audit Committee Member Corporate Governance Committee Member Chairman of the Corporate Governance Committee Director	Samart I-Mobile Plc. Samart I-Mobile Plc. Samart I-Mobile Plc. Samart I-Mobile Plc. Samart I-Mobile Plc. Sam Nak-Ngan A.M.C. Co., Ltd.
4. Mr. Charoenrath Vilailuck <ul style="list-style-type: none"> <li>Authorized Director</li> </ul> <p>Date of Appointment : September 30, 2003</p>	53	<ul style="list-style-type: none"> <li>Bachelor Degree in Electrical Engineering, The University of Newcastle, Australia</li> <li>Chief Executive Course for Urban Development Management (Class 1), Urban Green Development Institute Bangkok.</li> <li>National Defence course for the joint State-Private Sectors (Class 18), National Defence College of Thailand</li> <li>Training: 2004 Director Certification Program (DCP), 2004 Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD)</li> </ul>	-	Mr. Watchai's and Mr. Thananan's elder brother	2005 - Present 1993 - Present 2008 - Present 2006 - 2008 1995 - Present 1996 - Present Apr. 2013 - Present 1993 - Present Present 2000 - Apr. 2013	Director Director Chairman of the Risk Management Committee Vice Chairman of Risk Management Committee Executive Chairman & CEO Director Director and Executive Director Director Director Director	Samart I-Mobile Plc. Samart Corporation Plc Samart Corporation Plc Samart Corporation Plc Samart Corporation Plc Samart Telcom Plc. One to One Contacts Plc. Vilailuck International Holding Co., Ltd. Subsidiaries and Related Companies (as shown in The Position of Directors of the Company in Subsidiaries and Related Companies) One to One Contacts Co., Ltd.





Name-Surname / Position	Age	Education	% of Share-holding	Relationship	Working Experience last 5 years		
					During	Position	Company
5. Mr.Watchai Vilailuck <ul style="list-style-type: none"> <li>• Authorized Director</li> <li>• Executive Chairman</li> <li>• Chief Executive Officer</li> <li>• Chairman of the Risk Management Committee</li> <li>• Acting Managing Director-Service Provider Business</li> </ul>	51	<ul style="list-style-type: none"> <li>- Bachelor Degree in Accounting, Thammasat University</li> <li>- Certificate of Strategic Planning &amp; Implementation Program, University of Michigan Business School (Executive Education Center), USA</li> <li>- Certificate of Management Program from United Kingdom</li> <li>- National Defence course for the joint State-Private Sectors (Class 21), National Defence College of Thailand</li> <li>- Training:               <ul style="list-style-type: none"> <li>2004 Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD)</li> <li>2010 Leadership Program (Class 11), Capital Market Academy (CMA)</li> <li>2011 - 2012 The Programme for Senior Executive on Justice Administration Batch 15, National Justice Academy</li> <li>2013 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</li> <li>2013-Present</li> <li>The 5<sup>th</sup> Training Course on Administrative Justice for Executives, Institute of Administrative Justice, The Office of the Administrative Courts of Thailand</li> </ul> </li> </ul>	0.014	Mr Charoenrath's younger brother and Mr.Thananan's elder brother  2000 - Present	2003 - Present 2005 - Present 2012 - Present 1993 - Present 2004 - Present 2000 - Present Executive Chairman 1996 - Present Apr. 2013 - Present May 2013 - Present  1993 - Present  Present  2000 - Apr. 2013	Director and CEO Chairman of the Risk Management Committee Acting Managing Director - Service Provider Business Director Chief Operating Member of Risk Management Committee President Samart Telcom Plc. Director Director Chairman of the Executive Committee and Chairman of the Risk Management Committee Director  Director  Director	Samart I-Mobile Plc. Samart I-Mobile Plc.  Samart I-Mobile Plc.  Samart Corporation Plc. Samart Corporation Plc.  Samart Corporation Plc.  Samart Telcom Plc. One to One Contracts Plc. One to One Contracts Plc.  Vilailuck International Holding Co., Ltd. Subsidiaries and Related Companies (as shown in The Position of Directors of the Company in Subsidiaries and One to One Contracts Plc.
Date of Appointment : September 30, 2003							



Name-Surname / Position	Age	Education	% of Share-holding	Relationship	Working Experience last 5 years		
					During	Position	Company
6. Mr.Thananan Vilailuck <ul style="list-style-type: none"> <li>• Authorized Director</li> <li>• President</li> <li>• Executive Director</li> <li>• Risk Management Committee Member</li> <li>• Chairman of the Sustainable Development Committee</li> <li>• Acting Managing Director-Mobile Business</li> </ul>	46	<ul style="list-style-type: none"> <li>- Master Degree in Engineering, University of Florida, USA</li> <li>- Bachelor Degree in Engineering, Kasetsart University</li> <li>- Training: 2004 Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD)</li> </ul>	0.04	Mr. Charoenrath's and Mr. Watchai's younger brother	2003 - Present 2006 - Present 2005 - Present  2012 - Present  Nov. 2013 - Present  2009 - Present  2007 - Present 2006 - Present Apr. 2013 - Present 2011 - Present 1993-Present  Present	Director and Executive Director President Risk Management Committee Member  Acting Managing Director - Mobile Business  Chairman of the Sustainable Development Committee Risk Management Committee Member Executive Director President of Mobile Business LOB Director Director Director  Director	Samart I-Mobile Plc. Samart I-Mobile Plc. Samart I-Mobile Plc.  Samart I-Mobile Plc.  Samart I-Mobile Plc. Samart Corporation Plc.  Samart Corporation Plc. Samart Corporation Plc. One to One Contracts Plc. Siam Sport Syndicate Plc. Vilailuck International Holding Co., Ltd. Subsidiaries and Related Companies (as shown in The Position of Directors of the Company in Subsidiaries and Related Companies)
Date of Appointment : September 30, 2003							
7. Mr. Jong Diloksombat <ul style="list-style-type: none"> <li>• Authorized Director</li> <li>• Executive Director</li> <li>• Corporate Governance Committee Member</li> <li>• Risk Management Committee Member</li> </ul>	54	<ul style="list-style-type: none"> <li>- Master Degree in System Science, University of Louisville, USA</li> <li>- Bachelor Degree in Electrical Engineering, Chulalongkorn University</li> <li>- Certificate of Strategic Planning &amp; Implementation Program, University of Michigan Business School (Executive Education Center), USA</li> <li>- Training: 2004 Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD)</li> </ul>	0.04	-	2003 - Present 2012 - Present  2012 - Present  2012 - Present 2003 - Jan. 2012 2006 - 2008  2005 - Present  2009 - Present  Present	Director and Executive Director Director, Executive Director and President Chairman of the Risk Management Committee and Corporate Governance Committee Member  Executive Director Chief Operating Officer Nominating and Compensation Committee Member Corporate Governance Committee Member and Risk Management Committee Member Risk Management Committee Member  Director	Samart I-Mobile Plc. Samart Telcoms Plc.  Samart Telcoms Plc.  Samart Corporation Plc. Samart I-Mobile Plc. Samart I-Mobile Plc.  Samart I-Mobile Plc.  Samart Corporation Plc.  Subsidiaries and Related Companies (as shown in The Position of Directors of the Company in Subsidiaries and Related Companies)
Date of Appointment : September 30, 2003							





Name-Surname / Position	Age	Education	% of Share-holding	Relationship	Working Experience last 5 years		
					During	Position	Company
8. Mr.Azwan Khan bin Osman Khan • Director  Date of Appointment : October 30, 2008	43	- Bachelor Degree in Electrical Engineering (1st Class Honours), Imperial College of Science & Technology, University of London, United Kingdom	-	-	2008 - Present 2008 - 2010 2008 - Present Present  2005 - 2008	Director Director Group Chief Strategy Officer Director  Head of Corporate Strategy & Development	Samart I-Mobile Plc. Samart Corporation Plc. Axiata Group Berhad Subsidiaries and Related Companies of Axiata Group Berhad Celcom (Malaysia) Berhad
9. Mr.Annis bin Sheikh Mohamed • Director • Nominating and Compensation Committee Member  Date of Appointment : December 17, 2012	42	- Bachelor Degree in Business Administration University of Wisconsin - Madison, USA	-	-	2013 - Present 2011 - Present Sept. 2005-June 2011	Director Head of Corporate Development Head of Investment Banking	Samart I-Mobile Plc. Axiata Group Berhad Kuwait Finance House (M) Bhd
10. Mr. Lai Ki Tong • Executive Vice President  Date of Appointment : February 1, 2011	59	- Professional Qualification, Institute of Chartered Secretaries and Administration, United Kingdom  - Training: 2006 Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD)	-	-	2011 - Present 2005 - Present  2003 - 2010 2004 - 2010  2006 - 2008  2006 -2007	Executive Vice President Director  Executive Vice President Risk Management Committee Member Director  Nominating and Compensation Committee Member	Samart I-Mobile Plc. Samart I-Mobile (Malaysia) Sdn.Bhd. Samart Corporation Plc. Samart Corporation Plc.  TM International Cambodia Co., Ltd. Samart I-Mobile Plc.



Name-Surname / Position	Age	Education	% of Share-holding	Relationship	Working Experience last 5 years		
					During	Position	Company
11. Mr. Pracha Phathayakorn <ul style="list-style-type: none"><li>Executive Vice President</li><li>Vice-chairman of the Sustainable Development Committee</li></ul>	50	<ul style="list-style-type: none"><li>- Master Degree in Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University</li><li>- Bachelor Degree in Accounting, Chulalongkorn University</li><li>- Investment Banking License Association of Securities Companies</li><li>- Training:<ul style="list-style-type: none"><li>2005 Director Accreditation Program (DAP),</li><li>2006 Audit Committee Program (ACP),</li><li>2007 Monitoring the Quality of Financial Reporting (MFR)</li><li>2008 Monitoring the System of Internal Control and Risk Management (MIR)</li><li>2008 Monitoring the Internal Audit Function (MIA)</li></ul></li><li>2009 Director Certification Program (DCP)</li><li>Thai Institute of Directors Association (IOD)</li></ul>	-	-	2012 - Present Nov. 2013 - Present May 2012 - Present 2011 - Present Apr. 2013 - Present 2005 - 2011 2005 - 2011	Executive Vice President Vice-chairman of the Sustainable Development Committee Risk Management Committee Member Executive Vice President (Finance and Accounting) Director and Executive Director Independent Director and Audit Committee President	Samart I-Mobile Plc. Samart I-Mobile Plc. Samart Corporation Plc. Samart Corporation Plc. One to One Contracts Plc. Eternity Grand Logistic Plc. Paresa Corporation Co., Ltd.
Date of Appointment : January 11, 2012							
12. Mr. Subhasiddhi Rakkasikorn <ul style="list-style-type: none"><li>Managing Director-Multimedia Business, Seconded to be Managing Director, Samart Multimedia Co., Ltd.</li></ul>	43	<ul style="list-style-type: none"><li>- Bachelor degrees in Marketing, Assumption University of Thailand (ABAC)</li><li>- Young Executive Development Program, Faculty of Commerce and Accountancy, Thammasat University</li><li>- Accounting Management, Faculty of Commerce and Accountancy, Chulalongkorn University</li></ul>	-	.	2010 - Present 2007 - 2009 2003 - 2006  Present	Managing Director General Manager Assistant Vice President - Marketing & Marketing Communication Director	Samart Multimedia Co., Ltd. Samart Multimedia Co., Ltd. Samart Info Media Co., Ltd.  Subsidiaries and Related Companies (as shown in The Position of Directors of the Company in Subsidiaries and Related Companies)
Date of Appointment : January 1, 2010							





Name-Surname / Position	Age	Education	% of Share-holding	Relationship	Working Experience last 5 years		
					During	Position	Company
13. Miss Boonrut Mongkolratanakorn <ul style="list-style-type: none"> <li>Assistant Vice President- Company Secretary</li> <li>Secretary to Sub-Committees</li> <li>Sustainable Development Committee Member</li> </ul>	51	<ul style="list-style-type: none"> <li>Mini MBA, Business Administration, Thammasat University</li> <li>Bachelor Degree in Accounting, Thammasat University</li> <li>Training:                             <ul style="list-style-type: none"> <li>1986 Graduation certificate in Advanced Accounting, Thammasat University</li> <li>2003 Law and regulations for Corporate Secretary, Chulalongkorn University</li> <li>2003 Internal Auditing Certificate Program, Federation of Accounting Professions (Please see details of training courses in 2013 in "Management Structure" under topic "Company Secretary")</li> </ul> </li> </ul>	-	-	Nov. 2013 - Present Aug. 2013 - Present 2003 - July 2013 2003 - Present	Sustainable Development Committee Member Assistant Vice President - Company Secretary Assistant Vice President Internal Audit and Company Secretary Secretary to Sub-Committee	Samart I-Mobile Plc. Samart I-Mobile Plc. Samart I-Mobile Plc. Samart I-Mobile Plc.
Date of Appointment : October 31, 2003							
14. Mrs. Duangsamorn Nutprasasn <ul style="list-style-type: none"> <li>Senior Internal Audit Manager</li> <li>Audit Committee Secretary</li> </ul>	41	<ul style="list-style-type: none"> <li>Master Degree in Business Administration, Ramkhamhaeng University.</li> <li>Bachelor degree in Business Administration, Bangkok University</li> <li>Training:                             <ul style="list-style-type: none"> <li>Course from The Institute of Internal Auditors of Thailand</li> <li>2010 Tools and Techniques for the Audit Manager</li> <li>2008 Audit Report Writing</li> <li>2004 Adding Value Using Risk Based Auditing</li> <li>2003 Evaluating Internal Control : A COSO Based Approach</li> <li>2002 Negotiation Technique for Auditor</li> <li>2002 Tools and Techniques for The Beginning Auditors</li> <li>Course from Federation of Accounting Professions</li> <li>2013 COSO Internal Control - Integrated Framework Update 2013</li> <li>2003 Internal Audit Operation Session I &amp; II</li> </ul> </li> </ul>	-	-	Aug. 2013 - Present 2012 - 2013 2007 - 2012 2006 - 2007	Senior Internal Audit Manager Enterprise Risk Management Manager Internal Audit Manager Assistant Internal Audit Manager	Samart I-Mobile Plc. PTG Energy Plc. TCC Capital Land limited Central Pattana Plc.
Date of Appointment : August 13, 2013.							



## The Position of Directors and Management of the Company in Subsidiaries and Related Companies as at December 31, 2013

Name	Company	Subsidiaries																Related Companies																													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44			
	SIM	SMS	BUG	IMI	IMIT <sup>(2)</sup>	SIMM <sup>(2)</sup>	SIMI <sup>(2)</sup>	TCN <sup>(2)</sup>	SIAM <sup>(1)</sup>	TAL <sup>(1)</sup>	I-SPORT <sup>(1)</sup>	BS	ENT <sup>(1)</sup>	IMP	I-SPORTM <sup>(3)</sup>	IMD <sup>(4)</sup>	SC	STC	SCT	SBS	OTO	SE	PN	SCS	SIF	SAET	SUT	SEC	CATS	KPP	CS	CIO	TTN	STW	SIH	SRT	OTP	PTN	SDT	VIH	OTOC	TEDA	TDC	TS			
1. Prof. Suphachai Phisitvanich	X, ///																																														
2. Mr. Azwan Khan Osman Khan	/, ///																																														
3. Mr. Annis bin Sheikh Mohamed	/, ///																																														
4. Dr. Chotivid Chayavadhanangkur	/																																														
5. Mr. Kunthit Arunyananda	/																																														
6. Mr. Charoenrath Vilailuck	/	X		X	X					X				X		X	//	//	X	X	X	X	X	X		X	X	X	/	X	X	X	X	X	X	X	X	X	X	X	X	X					
7. Mr. Watchai Vilailuck	/, //	/	X	/	/	X	X	X	X	/	/	X	X	/	/	/	//	//	/	/	/	/	/	/	X	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/			
8. Mr. Thananan Vilailuck	/, //	/	/	/	/	/	/	/	/			/		/	/	/	#			/									/	/	/		/				/				/						
9. Mr. Jong Diloksombat	/, //	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	#	//	/	/			/	/	/	/							/	/	/	/											
10. Mr. Lai Ki Tong	#				/																																										
11. Pracha Phatthayakorn	#									/	/	/	/				#			/																				/	/	/	/				
12. Mr. Subhasiddhi Rakkasikorn	#	/						/		/	/	/	/	/																																	

Remarks 1. x = Chairman / = Director // = Executive Director /// = Audit Committee/Independent Director # = Management

2. Consist of:

1. SIM = Samart I-Mobile Plc.

5. IMIT = I-Mobile Inter trade Co., Ltd.

9. SIAM = Samart Interactive Media Co., Ltd.

12. BS = Brain Source Co., Ltd.

16. IMD = I-Mobile Direct Co., Ltd.

20. SBS = Samart Broadband Services Co., Ltd.

24. SCS = Samart Communication Services Co., Ltd.

28. SEC = Suvarnabhumi Environment Care Co., Ltd.

32. CIO = Contact -In-One Co., Ltd.

36. SRT = Samart Raditech Co., Ltd.

40. VIH = Vilailuck International Holding Co., Ltd

44. TS = Transec Power Services Co., Ltd.

2. SMS = Samart Mobile Services Co., Ltd.

6. SIMM = Samart I-Mobile (Malaysia) Sdn. Bhd.

10. TAL = Take A Look Co., Ltd.

13. ENT = Entertainment Tree Co., Ltd.

17. SC = Samart Corporation Plc.

21. OTO = One to One Contacts Plc.

25. SIF = Samart Infonet Co., Ltd.

29. CATS = Cambodia Air Traffic Services Co., Ltd.

33. TTN = Thai Trade Net Co., Ltd.

37. OTP = One To One Professional Co., Ltd.

41. OTOC = One To One Cambodia Co., Ltd.

3. BUG = Samart Multimedia Co., Ltd.

7. SIMI = PT. Samart I-Mobile Indonesia

11. I-SPORT = I-Sport Co., Ltd.

14. IMP = I-Mobile Plus Co., Ltd.

18. STC = Samart Telcoms Plc.

22. SE = Samart Engineering Co., Ltd.

26. SAET = Samart Ed-Tech Co., Ltd.

30. KPP = Kampot Power Plant Co., Ltd.

34. STW = Smarterware Co., Ltd.

38. PTN = Portalnet Co., Ltd.

42. TEDA = Teda Co., Ltd.

4. IMI = I-Mobile International Co., Ltd.

8. TCN = Teleconnext Company Limited

(Formerly known as "Samart I-Mobile (Hong Kong) Ltd.")

15. I-SPORTM = I-Sport Media Co., Ltd.

19. SCT = Samart Comtech Co., Ltd.

23. PN = Posnet Co., Ltd.

27. SUT = Samart U-Trans Co., Ltd.

31. CS = Cambodia Samart Co., Ltd.

35. SIH = Samart Inter Holding Co., Ltd.

39. SDT = Samart Digital TV Co., Ltd.

43. TDC = Teda Construction Co., Ltd.

3. <sup>(1)</sup> Direct held by Samart Multimedia Co., Ltd.

<sup>(2)</sup> Direct held by I-Mobile International Co., Ltd

<sup>(3)</sup> Direct held by I-Sport Co., Ltd

<sup>(4)</sup> Direct held by I-Mobile Inter Trade Co., Ltd





## Board of Directors and Committees as at December 31, 2013

Directors / Committees's Members	Board of Directors	Executive Committee	Audit Committee	Risk Management Committee	Corporate Governance Committee	Nominating and Compensation Committee	Sustainable Development Committee
1. Prof. Suphachai Phisitvanich	X		/				
2. Dr. Chotivid Chayavadhanangkur	/		X		X	/	
3. Mr. Kunthit Arunyananda	/		/		/	X	
4. Mr. Charoenrath Vilailuck	/						
5. Mr. Watchai Vilailuck	/	X		X			
6. Mr. Thananan Vilailuck	/	/		/			X
7. Mr. Jong Diloksombat	/	/		/	/		
8. Mr. Azwan Khan bin Osman Khan	/						
9. Mr. Annis bin Sheikh Mohamed	/					/	
10. Mr. Sirichai Rasameechan				/		/	
11. Mr. Dhilokpat Nisamaneevong				/			
12. Mr. Teerawut Kreepanich				/			
13. Mr. Pracha Phatthayakorn							/
14. Mr. Subhasiddhi Rakkasikorn							/
15. Miss Chullada Sapsarasin							/
16. Mr. Teerapon Asavatitanonta							/
17. Mr. Nipon Sudkaew							/
18. Miss Boonrut Mongkolratanakorn							/

Remarks: X = Chairman / = Director





# General Information

Name	:	Samart I-Mobile Public Company Limited
Location of Headquarters	:	99/3 Moo 4, 33 <sup>rd</sup> Floor, Software Park Building, Chaengwattana Road, Klong Gluar, Pak-kred, Nonthaburi 11120
Registered Capital	:	Baht 444,000,000 divided into 4,440,000,000 ordinary shares, Baht 0.10 per share
Issued and paid up Capital	:	Baht 437,347,000 divided into 4,373,470,000 ordinary shares, Baht 0.10 per share
Registration No	:	0107546000318
Website	:	www.i-mobilephone.com
Telephone No	:	0-2502-6000
Fax No	:	0-2502-6870

## References

Company Registrar	:	Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building 62 Rajadapisek Road, Klongtoey, Bangkok 10110 Telephone No: 0-2229-2888 Fax No: 0-2654-5427
Auditor	:	Ms. Kamontip Lertwitworatep Certified Public Accountant C.P.A. License No.4377 Ernst & Young Office Limited 33 <sup>rd</sup> Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110 Telephone No: 02-264-0777 Fax No: 02-264-0789-90

Please see more information of the Company in  
Form 56-1 as shown in the website at [www.i-mobilephone.com](http://www.i-mobilephone.com) or [www.sec.or.th](http://www.sec.or.th)





Be proud with  
the products created  
by Thais for Thais

The world is moving a fast path with the help of high-technology. i-mobile have been developing both hardware and software technology along with various applications for smart phone for Thai people. It is complied with international standard thus affirmed that its quality is nothing less than those of other global brands. Impressively, the sale index of the year 2013 has shown that i-mobile hit the market with the total of 3.76 millions devices sold.

# ***i-mobile***

**SAMART**  
***i-mobile***

SAMART I-MOBILE PUBLIC COMPANY LIMITED  
99/3 Moo 4, Software Park, 33rd Fl., Chaengwattana Rd.,  
Klong Gluar, Pak - Kred, Nonthaburi 11120 Thailand  
Tel: 662-502-6000 Fax: 662-502-6870 [www.i-mobilephone.com](http://www.i-mobilephone.com)