

International Telecom  
Network Provider



# ANNUAL REPORT 2013





# INTERNATIONAL TELECOM NETWORK PROVIDER



EXCELLENT EXPERIENCE



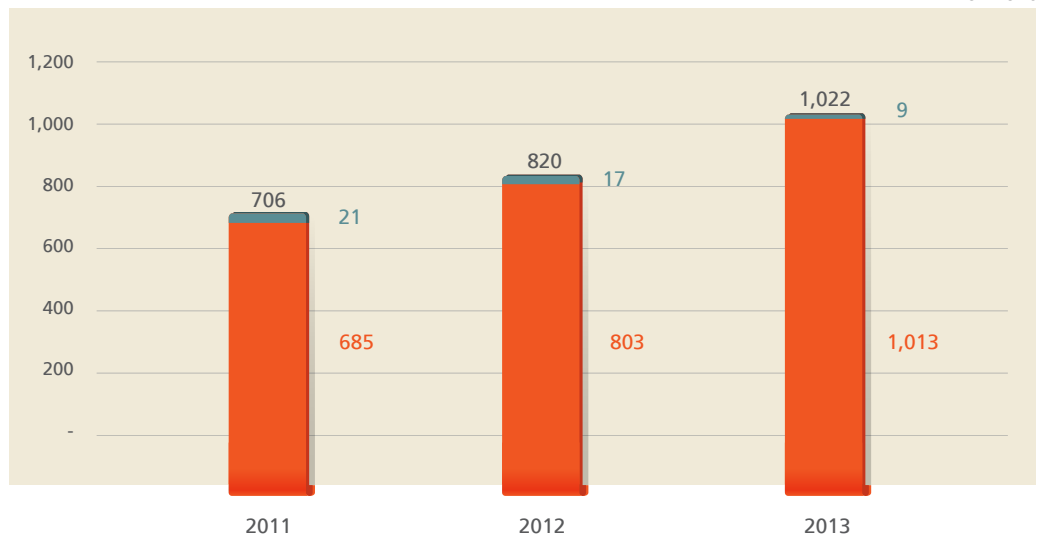
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Million Baht

## Revenue Structure

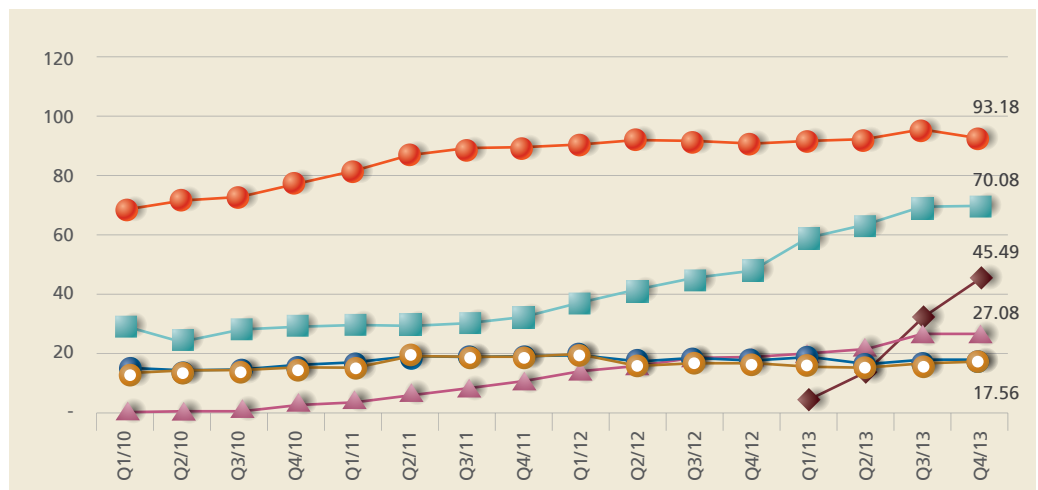
- Revenue from sale and other
- Service income



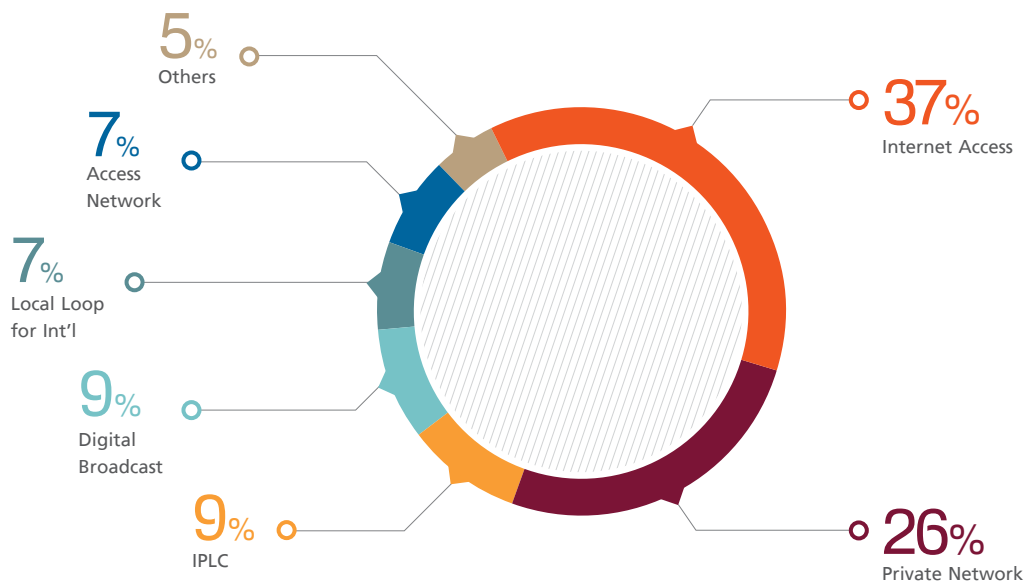
## Quarterly service income by application

Million Baht

- Internet Access
- Private Network
- IPLC
- Broadcast
- Local Loop for Int'l
- Access Network



## Portion of service income by application of year 2013

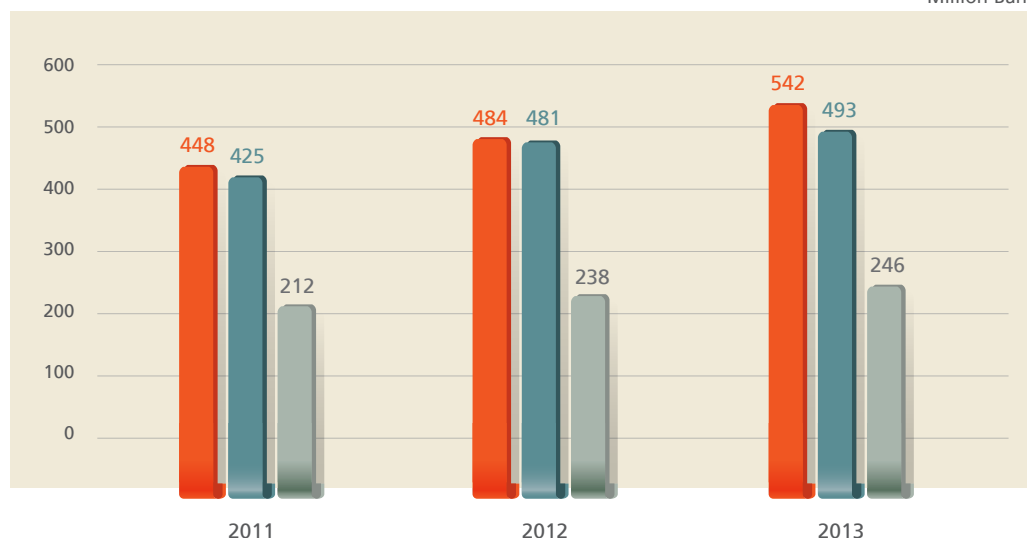




Million Baht

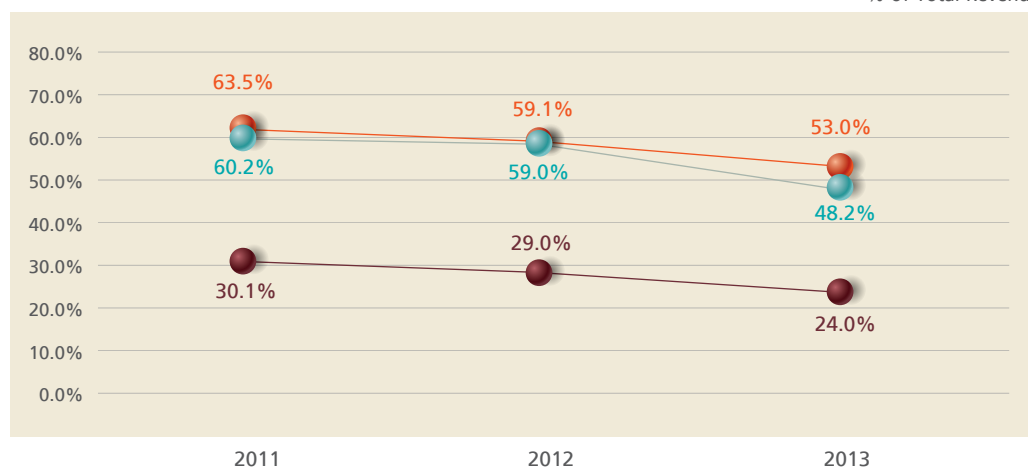
## Profitability

- Gross Profit
- EBITDA
- Net Profit



% of Total Revenue

- Gross Profit Margin
- EBITDA Margin
- Net Profit Margin



## Key financial figures

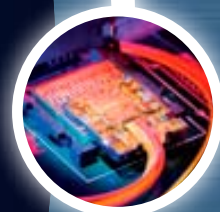
	Unit	2011	2012	2013
Net Profit	MB	212.34	235.93	245.58
Total Revenue	MB	705.88	819.57	1,021.75
Total Assets	MB	1,377.12	1,518.80	2,255.93
Avg Total Assets	MB	1,316.73	1,447.96	1,887.37
Avg Total Shareholders Equity	MB	1,112.40	1,153.89	1,231.81
Asset Turnover Ratio (Total Revenue/Avg. Total Assets)	Times	0.54	0.57	0.54
Financial Leverage (Avg. Total Assets/Avg. Equity)	Times	1.18	1.25	1.53
Debt to Equity Ratio	Times	0.23	0.27	0.77
Interest Bearing Debt to Equity Ratio	Times	0.00	0.00	0.32
Net Profit Margin	%	30.08%	28.79%	24.04%
Return on Assets	%	16.13%	16.29%	13.01%
Return on Equity	%	19.09%	20.45%	19.94%

# Moving Forward Connecting Global Network

Developing Asian Telecom Hub and Gateway



INTERNATIONAL  
PRIVATE LEASED  
CIRCUIT







## VISION

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"With Innovation, Competency, Integrity and Happiness of our People, Symphony's heart is always strong and lively."



## MISSION

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"To provide the Neutral and High-Reliable Telecommunication and Information Technology Infrastructure Service to local and international market with fairness, efficiency, integrity and ethic of our happy people. We will grow with our customers and create sustainable returns to stakeholders."

## Message from the Board of Directors

In the age of communication with a fast paced development, Symphony Communication Public Company Limited is proud to be a part of the interconnected network and the development of telecommunication system, both in Thailand and abroad. We uphold our core mission to continuously maintain reliable standards and quality of service that leads the company to the forefront of the telecommunication infrastructure services up till now. This is also a key factor to achieve strong business operation results and sustainable returns to shareholders.

The evolution of “Symphony” brand is prominent in the eyes of customers and the broad business alliances which apparently reflect the long-standing trust and acceptance in the telecommunication industry, particularly the adherence to the “neutral” business stance as a high-speed telecommunication network service provider. We have the policy of not-competing with our customers, on the other hand, we aim to strengthen the competitiveness of our customers by providing highly reliable network service at a competitive price, hence, reducing duplicated investments.

Our team is highly qualified with extensive expertise and experience. Therefore, we understand and offer service which truly meet the needs of our customers. For example, the consulting and in-depth data analysis services, a Service Level Agreement warranty at 99.9%, and excellent after sales service by highly skilled engineers and professionals.

Year 2013 was another progressive year for the Company in achieving our mission, particularly investment in provincial telecommunication network and connecting global network via neighboring countries which include Malaysia, Cambodia and Laos while connection to Myanmar will be completed in Year 2014. These projects will support the development of Thailand as a hub of telecommunication highway and to accommodate the increasing demand for high speed telecommunication network.

The Company’s service coverage area currently covers major provinces with high economic potential. In addition, last year the company has obtained the Telecommunication Service License for the Internet Operation Type I, for the period of 5 years and the Radio or Television Broadcasting Business License for the Radio or Television Network Services (Not using radio frequency), for the period of 15 years which paves the way for the company in expanding its customer base while its performance continues to grow steadily with the total revenue of 1,022 million Baht in Year 2013, an increase of 24.7% from last year.

Due to the rapidly increasing demand for wireless internet application, the business plan for Year 2014 is set to utilize this opportunity to grow further, driven by several factors which include the growth of wireless communications via 3G mobile phones, the initial launch of digital TV in Thailand, the expansion of cable TV, and the increasing role of risk management for information system within organizations that leads to the spurt of new Data Center business. Such factors inevitably drive the need for interconnectivity both domestically and internationally.





Therefore, Year 2014 is the year that the company will proactively capture the diverse needs of customers in each segment especially the International Private Leased Circuit (IPLC) service which the Company envisions as a source of significant revenue growth following its investment in gateway networks to connect global telecommunication network via neighboring countries in the previous year. The networks will support incoming, outgoing, and transiting data traffic. This enable the Company to expand its customer base both domestic and neighboring countries' market in accordance with the vision to become "the ASEAN telecom hub and gateway" and accommodate regional economic expansion after the launching of the ASEAN Economic Community (AEC) in 2015. The Digital Broadcast Services is another important source of revenue that will grow together with the transition of television broadcasting from analog to digital system. In addition, the Company continues to expand customer base in Private Network segment that customers need to connect and transfer data between the headquarters and branch offices efficiently of which the Company has extensive network service coverage in major cities across the country.

Moreover, the Company has also continuously focused on the development of innovation. In 2014, the company will provide FTTx service, a high-speed telecommunication service which deploy GPON (Gigabit Passive Optical Network) technology on its existing fiber-optic cable network. Ideally suitable to small and medium enterprises, this service enables the Company to cover the needs of even more customers.

The Company's business will grow under the principles of Good Corporate Governance (CG) in conjunction with Corporate Social Responsibility (CSR) with a focus on balanced growth covering economic, social and environmental dimensions. Up to present time, one of the Company's core mission has always been regularly undertaking various CSR activities. This year, the Company aims to focus on social development projects which are sustainable in the long run.

Lastly, the Company would like to thank all customers, business partners and shareholders for their good supports all through these years, and all employees for their strong commitment and dedication in their duties. The Company ratifies that it will continue to be the leader of high speed telecommunication network service that on par with international quality and efficiency standards while striving to meet the rapidly changing demand in this progressive age of communication.

**Mr. Woodtipong Moleechad**  
Chairman of the Board

**Mr. Kranphol Asawasuwon**  
Director / President

## □ Going forward to expand high-speed communication network in major economic areas and interconnection networks between countries.

A high-speed communication network is a major backbone for all types of communication and it plays an increasingly important role in the communication of business organizations. The company hence plans to expand its network to provide more comprehensive coverage to provide efficient communication for business organizations. Thus, the network investment has fulfilled business's need of effective communication and yield the fruitful returns to shareholders as well as contribute to country's sustainable economic development.

In 2013 the company successfully expanded its service network to target areas with high economic potential as planned, including more than 40 industrial estates such as Bangpa-in, Rojana, Lad Krabang, Bangpu, Wellgrow, Bang Kadi, TFD, Laem Chabang, Mab Ta Put Eastern Seaboard, Pinthong, Samut Sakhon, and Ratchaburi, etc. The company also started to offer the connectivity in major economic provinces in each region such as Ayutthaya, Chon Buri, Chachoengsao, Rayong, Prachin Buri, Sa Kaeo, Chiang Mai, Phitsanulok, Khon Kaen, Nakhon Ratchasima, Petcaburi, and Phuket, etc to help support the expansion of our customers' business and also open the new service center to serve customers in each area faster. The company also planned to expand its network in each province to be able to cover service in the most areas for customers.

## □ Service areas and service centers

Service Areas	Provinces	Service Centers
North	Chiang Mai, Tak, Phitsanulok, Lamphun, Lampang, Sukhothai, Uttaradit	Chiang Mai, Phitsanulok, Mae Sod
Northeast	Khon Kaen, Nakhon Ratchasima, Maha Sarakham, Yasothon, Roi Et, Nong Khai, Amnat Charoen, Udon Thani, Ubon Ratchathani	Khon Kaen, Nakhon Ratchasima, Nong Khai, Ubon Ratchathani
Central	Bangkok, Kampanghet, Chachoengsao, Chai Nat, Nakhon Nayok, Nakhon Pathom, Nakhon Sawan, Nonthaburi, Pathum Thani, Phetchaburi, Ratchaburi, Samut Prakan, Samut Sakhon, Saraburi, Sing Buri, Ayutthaya, Ang Thong, Uthai Thani	Prachuap Khiri Khan, Samut Sakorn, Ayuthaya
East	Chonburi, Prachinburi, Rayong, Sa Kaeo	Amata Nakorn (DROC), Kabin Buri, Laemchabang
South	Phang Nga, Phuket, Songkhla, Surat Thani	Phuket, Surat Thani, Hat Yai

For International services, we have connected global networks via the international gateways at borders of Thailand-Cambodia, Thailand-Malaysia, and Thailand-Laos, which will help enhance the company's service potential in meeting the needs of more customers, developing Thailand to become the ASEAN communication hub, and take Thailand's telecommunications service to an international standard. This network expansion has been expanded to high-growth areas, this extensive coverage will drive the revenue growth and facilitate the upcoming growth of communication demands when the ASEAN Economic Community (AEC) is introduced in 2015.

## □ Another footstep in serving the growth of cable TV and digital TV.

The company was trusted by CTH Public Company Limited or CTH, which chose the company's high-speed network to connect its business needs and help CTH expand cable TV signal coverage across the country.



This is an important partnership to record a new chapter of the communication services and television broadcasting technology in response to the needs of consumers. The partnership was another step for the company to become a market leader in integrated communications. In addition the cooperation agreement with CTH was also in consistence with the company's plan to increase service coverage areas in the provincial areas and to companies in the region. Furthermore, the company is preparing for major changes of the broadcasting business, which transforms into digital TV system in 2014, with the optical fiber network that brings content from producers to audiences across the country with the best quality of picture and perfect sound.

### **"Excellent" corporate governance rating**

The company believes that good corporate governance and transparency will support the performance of the company to grow steadily and boost confidence of its shareholders, investors, and other stakeholders in the long term. The company is committed to conduct business according to the principles of good corporate governance.

The Company's effort to develop the Good Corporate Governance has shown its success, the Company achieved "Excellence" (5 stars) Corporate Governance rating in the Corporate Governance Report of Thai Listed Companies 2013, and ranked in the Top Quartile of the companies with market capitalization between Baht 3,000-9,999 million for the 2<sup>nd</sup> consecutive year.

### **Network quality and service excellence: Get ready for all circumstances.**

The company commits to develop the standards of network quality and to deliver the excellent service for highest customers' satisfaction. We are dedicated to providing the best service to customers with the un-interrupted service and guaranteed SLA at 99.9% for every circuit. We established 16 service centers across the nation to support the expansion of our services in the provincial areas including Chiang Mai, Phitsanulok, Mae Sod, Khon Kaen, Nakhon Ratchasima, Nong Khai, Ubon Ratchathani, Prachuab Kirikan, Samut Sakhon, Ayutthaya, Chonburi, Kabin Buri, Laem Chabang, Phuket, Surat Thani, and Hat Yai. The service centers are fully equipped with a team of engineers and specialists for best assistance that provide customer service and solutions on 24-hour basis.

Another step to ensure smooth service by our back-up operation center (Disaster Recovery Operation Center :DROC) at the Data Park Zone in the Amata Nakhon Industrial Estate, Chonburi province, which has been operational since 2013. Our customers are more assured of dealing with catastrophic failures, which might cause service interruption. We have installed the back-up systems in all service areas and prepared 2 different back-up optical fiber cables routes from the external area to comply with Business Continuity Plan (BCP) of the company and to ensure our customers' business operations will be also un-interrupted. The DROC also serve as a service center in the eastern areas to take care of our customers in the eastern region of the country where the industrial sectors has a continuous growth.



## Corporate Social Responsibility

Apart from the dedication to continually develop our competence and expand service coverage from Bangkok metropolitan to provincial areas, as well as neighboring countries such as Cambodia, Malaysia, Laos, and Myanmar in response to the introduction of the ASEAN Economic Community in the upcoming years - the company has devoted to its mission of corporate social responsibility to promote sustainable and balanced development in Thai society.

In 2013, the company continued to support the charitable organizations that work on helping the underprivileged people, including those with mental or physical disorders to live their normal lives as other people in the society as well as supported the education to both teachers and students in an effort to promote competency of Thai youth to be on par with those of the international standard. The company determined to be a part of that drives the society and environment development in order to achieve sustainable growth and happiness.



### Charity Project for multiple handicapped blind children.

The eyes are the windows to the soul. Though their eyes are blind, their hearts still beat and yearn for encouragement from society. Hence, the company has realized the importance of providing moral support to the visually impaired. On behalf of the company, Khun Pathomkrit Srisuphakhnanin, Executive Vice President, Engineering Division 2 represented the Company to donate 10,000 Baht at Baan Dek Ramindra School to support the Pan Rak Project for the multiple handicapped blind children, to participate in building a school for them in Cha-Am, Petchaburi province.



### Sponsor the Seminar held by Thailand Associate of the Blind

Khun Pathomkrit Srisuphakhnanin, Executive Vice President, Engineering Division 2, represented the Company in the donation of 20,000 Baht to sponsor a seminar on the topic “Making the right comes true : the Persons with Disabilities” Quality of Life Promotion Act B.E. 2556 (2013), another mechanism to improve the quality of life for the blind and the 16th National Assembly of the Blind”. This was considered as an important policy of the company to promote quality of life for the disadvantaged as well as making contribution to the society.

### Teacher Awards Kromma Luang Naradhiwas Rajanagarindra 2013

Education is fundamental to the national development. Khun Teerarat Pantarasutra, Senior Executive Vice President, represented the company in granting Teacher Awards Kromma Luang Naradhiwas Rajanagarindra 2013 (Class 5) to dedicate teachers in remote areas, who sacrifice their personal happiness for others, which help advancing the education of Thailand. Nine awards were granted at Princess Mother’s Medial Volunteer Foundation Building. The company has sponsored this award for a second consecutive year and will continue to support such a special project.



### The Foundation of Faculty of Engineering, Mahidol University

Khun Pathomkrit Srisuphakhnanin, Executive Vice President Engineering Division 2, represented the company in granting 20,000 Baht to the Mahidol Engineering Foundation, Mahidol University, to support the education as well as learning materials for students in the Faculty of Engineering in order to develop engineering education to be as advance as those in other countries.





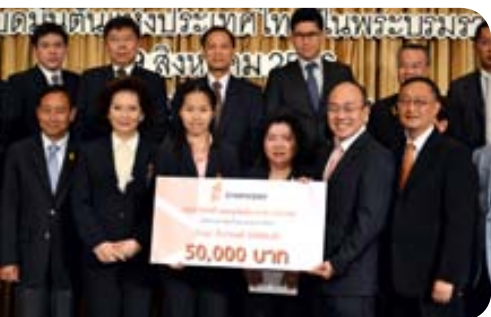
### Donation of used magazines for “3rd Page Paper for blind friends”

Representatives from the staff members of the company donated used paper and magazines to the project “3rd Page Paper for blind friends” to the management of the Sun Towers, a donation pick-up point for paper and magazines that are unfolded and not less than 80 grams thickness. The donated paper and magazines were collected to send to the Foundation for the Blind in Thailand under the Royal Patronage of H.M. The Queen. These papers were used as parts of braille learning tools for the visually impaired persons to learn how to write and to read.



### Donation to “Rice for the King” Project

On the occasion of the 86th Birthday Anniversary of His Majesty the King, Khun Pongthep Thanakijisuntorn, Executive Vice President for Marketing and IMC, represented the company to contribute 50,000 baht to support the project “Rice For The King”, which aim to disseminate the philosophy and knowledge on rice under the royal initiation of H.M. The King’s sufficiency economy and organic farming. The donation was received by Khun Aeumsri Boonhachairat, Chief Operating Officer of Nation Broadcasting Corporation PLC. Some part of the donation was managed to purchase rice to donate to those army and policemen at borders, orphanage, homes for the elderly and the disabled people.



### Scholarship for Nong May Ratchanok Intanon

Khun Ying Pattama Leesawasdrakula, President of the Badminton Association of Thailand under the Royal Patronage, held a reception party for Nong May Ratchanok Intanon, Thailand’s first female badminton world champion and the youngest ever, who moved up to the number 2 in the world ranking by the Badminton World Federation. In the event, Khun Kranphol Asawasuwana, President, and Khun Teerarat Pantarasutra, Senior Executive Vice President, joined the celebration and awarded a scholarship of 50,000 Baht for “Nong May”.

### The greatest giving is giving a quality of life

Khun Pongthep Thanakijisuntorn, Executive Vice President for Marketing and IMC, Khun Noppadol Punyatipat, President of Infonet (Thailand) Co., Ltd., and representatives from the two companies brought together a donation of 10,000 Baht and basic necessities of daily lives to give to “Baan Thap Kwang”, a homeless shelter facility at Thap Kwang, Saraburi province. The facility helps improve the resilience of both the body and mind for a better quality of life and a harmony living with the society.



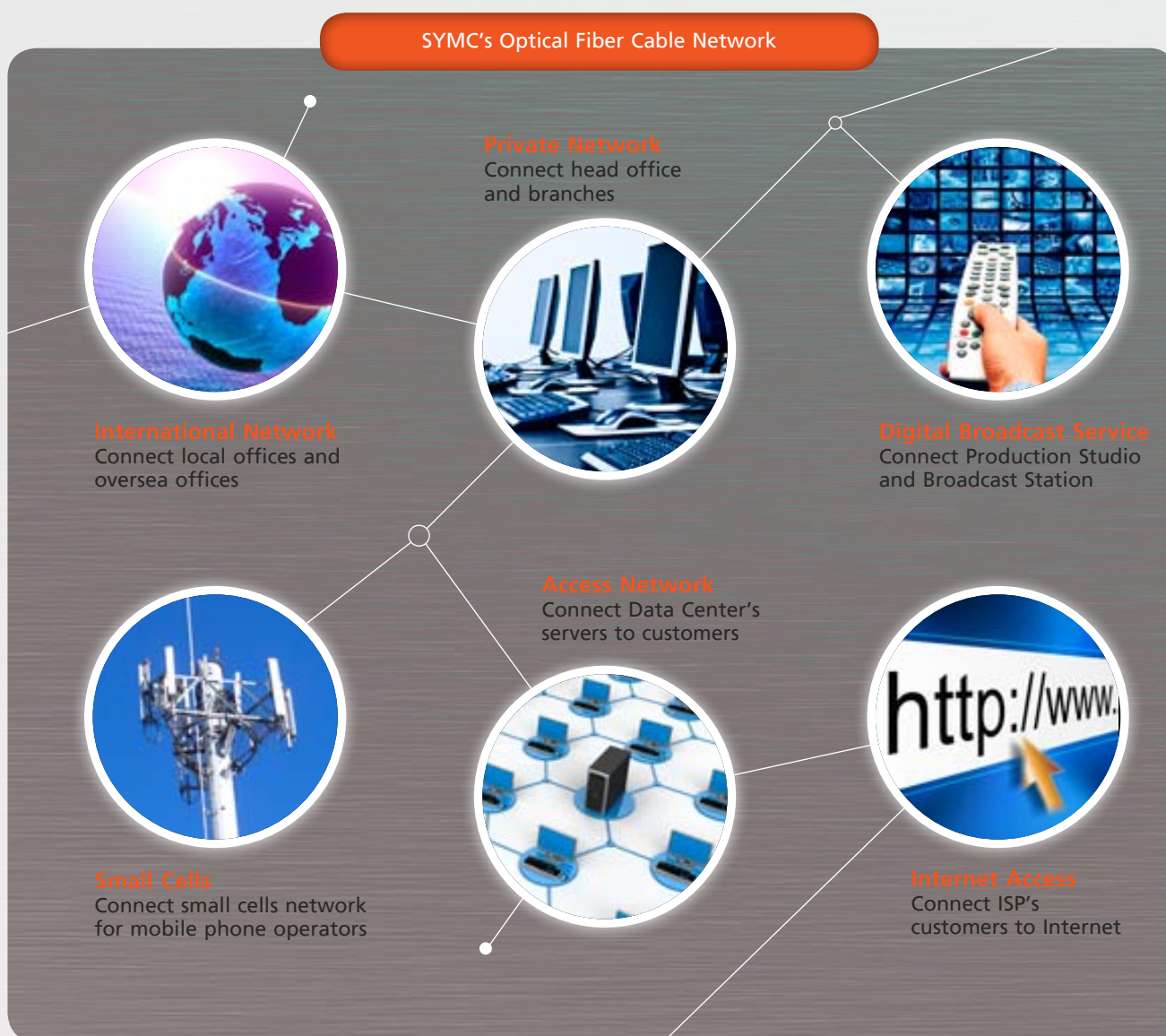
### A personal savings project and financial management for employees.

The company, the Stock Exchange of Thailand, and the Federal of Thai Capital Market Organizations (FETCO) held a personal savings project and financial management for listed companies. The project trained a personal trainer (Train the trainer) in financial planning techniques, knowledge transfer, and counseling to employees of the listed companies. They were also encouraged to help conveying the knowledge to other employees and conduct a systematic practice for 3 months as planned in the project. After the end of the project, the trained employees can save more money and be ready to share the knowledge and counseling to others.

## Business Policy and Overview

The Company is the premium hi-speed communication network service provider using optical fiber cable for its core network. The optical fiber network is common infrastructure of all kind of telecommunications and broadcasting service. It enables rapid, precise and reliable data transmission for all kind of telecommunication services, for example, transmission of video, voice streaming, international private leased circuits, intranet, inter-office data exchange, internet connection for large enterprises, circuit links between base stations or small cells of 3G mobile phone operators, digital broadcasting etc. The service can be customized to cater to diverse needs of customers by qualified and highly experienced experts. Moreover, the network is monitored by state-of-the-art computerized control system, that our experts can promptly detect interruptions.

### Optical Fiber Cable Network Applications



Optical Fiber Cable Network is COMMON INFRASTRUCTURE  
of all kinds of telecommunications & broadcast service



## **Business Policy**

### **Mission**

To provide the Neutral and High-Reliable Telecommunication and Information Technology Infrastructure Service to local and international market with fairness, efficiency, integrity and ethic of our happy people. We will grow with our customers and create sustainable returns to stakeholders.

## **Business Strategy**

The company focuses on creating long-term competitiveness by providing best service to our valued customers without focusing on price competition. Therefore, the company formulates marketing strategy and business policy as follows:

### **1. Business Neutrality**

The company strictly adheres to the business neutrality policy, which means we focus mainly on leasing our hi-speed communication network (Network Service Provider Only) in order to provide fair service to all partners e.g. the Company will not offer internet service to compete with our ISP customers in the same market. As a result, the ISP partners prefer our hi-speed communication network service to other service providers who also provide internet service.

### **2. Guarantee the quality of networks with Service Level Agreement (SLA) at 99.9%**

The Company guarantees the quality of networks with Service Level Agreement (SLA) at 99.9% to ensure the Company's premium quality. We place high importance on the quality of service. Our Network Operation Center operates around-the-clock with our efficient computerized network monitoring system. Any irregularities on the network arise, we can promptly detected and instantly notify and fix the problems for our clients.

### **3. Maintain the Company's service standard and after-sale service.**

The Company strictly maintains the standard of its hi-speed communication network service to ensure stability and smooth communication for customers. We offer service customization to meet diverse customers' requirements and welcome customers' opinion in customized circuit design process. Furthermore, the Company has provided the preventive measure, for instance, our expert team and technicians have a regular schedule to check, monitor, maintain the cabling, equipments and the back-up system to ensure readiness at all the time. Aside from that, our after-sale service including one-stop call center that our experts and technicians are available 24-7 to assist or give consultations when needed.

### **4. Provide consultation and profound analysis**

The Company continuously provides consultation and profound analysis, including organizing the technical seminar for customers' technicians. We focus on fostering valued relationship and create the highest customers' satisfaction. The Company has constantly reviewed the customers' satisfaction by conducting surveys to improve the service quality. In the event of relationship, not only we do foster relationship with our direct customers, but we also extend it to the end-users who are the customers of our ISPs' customers. So they can recognize our brand and wish to continue their use of our network, even though they change their Internet service provider.

## 5. Strengthen brand image

The Company has been placing value on “Symphony” brand all along by creating “Symphony” brand image and customers’ perception upon the service quality of “Symphony”. beyond premium level and being the leader of innovative technology adoptions that differentiate our service from others e.g. development of new services that more advance than customer’s expectation, the continual improvement of service both in terms of technology and management such as providing the preventive measure; fostering good relationship with customers and partners by organizing seminars, trainings and activities for inter-department e.g. technology, sales, marketing or finance and accounting departments.

In addition, the Company also realizes an important of subcontractors and not only treats them like our employees but also controls service quality rendering in every processes. Once our customers or partners recognize this difference, they will be satisfied and recommend our service to their business partners and even their end-users. This brings to the continued increasing in our customers.

## 6. Develop service and capture high potential market

The Company keeps an eye on advanced innovation and development of telecommunication technologies as well as market trend. In order to lead customer expectation and capture new opportunity by developing new services that is quality-focused e.g. international leased circuits, digital broadcasting, etc.

## Company Background and Major Development

Symphony Communication Public Company Limited was found by the management team with over 20 years experience in telecom business. The Company was established on 24 November 2005 and has been converted to a Public Company Limited since 6 May 2010. The Company is a hi-speed communication network service provider using optical fiber cable for its core network and provides related service, for example, last mile network management and installation service.

The Company was the first licensee of the Telecommunication Service License Type II (with network ownership) since 15 June 2006 for the contract period of 15 years and commercially launched its services since March 2007 under the “Symphony” brand. It was also a primary member of “Metro Ethernet Forum” in Thailand. The membership of the association comprised of world leading IT multi-vendors, multi-service based networks, and service providers that shape up the standards of technology trend relevant to “Carrier Ethernet”.

In 2011, the Company has obtained additional telecom business licenses as follows: International Private Leased Circuit (IPLC) License, IP – Virtual Private Network (IP-VPN) License Type III, International Internet Gateway (IIG) License and National Internet Exchange (NIX) License type II and also the permission to adopt Wi-Fi technology in addition to the existing License Type II.



In 2013, the Company has obtained Internet Operation License Type I and Radio or Television Broadcasting Business License for the Radio or Television Network Services (Not using radio frequency). The Company has established a subsidiary, namely Diamond Line Services Company Limited, to provide installation and maintenance service for outside-plant networks and telecom equipments, and joint-invest with other companies. The Company holds 99.99% of share capital with the registered capital of Baht 5,000,000.

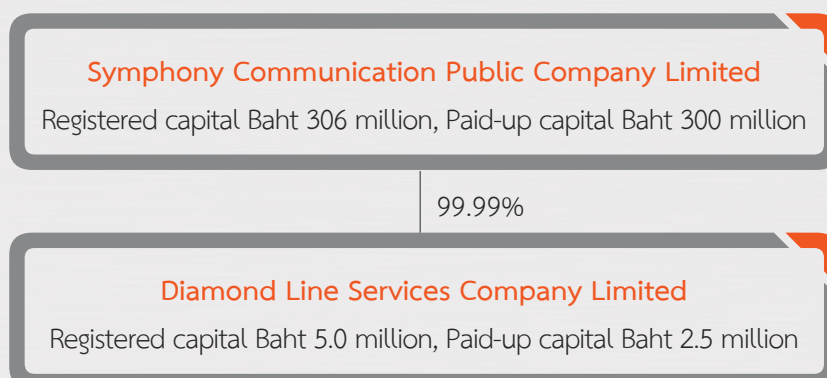
In addition, the Company has studied FTTx service : another hi-speed communication network service using Gigabit Passive Optical Network (GPON) technology on existing optical fiber cable networks with speed from 20 Mbps up to 1 Gbps. The service fee is lower to match the need of small and medium enterprises as an extended market to the Company. The FTTx service is expected to be launched within 2014.

The following milestones are the Company's major developments.

Month/Year	Development
Nov 2005	Established with the initial registered capital of 1 million Baht
Jun 2006	Obtained the Telecommunication Service License Type II, permitted by The National Tele communications Commission (NTC) for the contract period of 15 years
Mar 2007	Launched Ready Ethernet, Metro Ethernet and TDM services under the brand "Symphony"
Oct 2007	Obtained the telecommunication services license and was the first operator who secured the permission for Right of Way in accordance with Article 39 Section 1 of the Telecommunications Business Act (B.E. 2001)
Nov 2007	Bangkok Mass Transit System Public Company Limited (BTS) authorized the Company to install optical fiber cables and equipments on elevated rail throughout BTS's service route
Mar 2008	Launched SDH hi-speed data communication and Ethernet over SDH (EoSDH) service to corporate customers
Sep 2008	Obtained the Right of Way to place optical fiber cables along electric posts permitted by Metropolitan Electricity Authority
Jan 2009	Bangkok Metropolitan Authority (BMA) permitted the Company to install optical fiber cables solely beneath the pedestrian walkways along the BTS routes.
Jun 2009	Increased registered capital to 80 million Baht with 8 million shares outstanding, 10 Baht par value per share
Jul 2009	Attained the qualified standards of technology deployment for Metro Ethernet networks from Metro Ethernet Forum and recognized as a qualified service provider to connect to other international carriers
Sep 2009	Increased registered capital to 225 million Baht with 22.5 million shares outstanding, 10 Baht par value per share.
May 2010	Converted into a public company limited and increased registered capital to 300 million Baht with 300 million shares outstanding, 1 Baht par value per share
Aug 2010	Made an agreement with Metropolitan Electricity Authority (MEA) to use its optical fiber cable network for the period of 12 years starting from Aug 2010, which also permitted the Company to place optical fiber cables along electric posts

Nov 2010	Listed in the Stock Exchange of Thailand, with the ticker symbol “SYMC”
Dec 2010	Short-listed as a finalist in the Metro Awards for the Asia-Pacific Carrier Ethernet Service Provider of the Year for 4 consecutive years
Jun 2011	SYMC stock has been included in FTSE SET Shariah Index calculation
Jun 2011	Obtained the Telecommunication Service License Type II to operate International Internet Gateway (IIG) and National Internet Exchange (NIX) services, for the contract period of 5 years
Aug 2011	Obtained the Telecommunication Service License Type III to International Private Leased Circuit (IPLC) and IP : Virtual Private Network (IP-VPN) service, for the contract period of 15 years
Dec 2011	Rated “Very Good” Corporate Governance Rating in the Corporate Governance Report of Thai Listed Companies 2011, which was surveyed and assessed by the Thai Institute of Directors Association (IOD), the Securities and Exchange Commission, and the Stock Exchange of Thailand
Nov 2012	Rated “Excellent” Corporate Governance Rating in the Corporate Governance Report of Thai Listed Companies 2012, which was surveyed and assessed by the Thai Institute of Directors Association (IOD), the Securities and Exchange Commission, and the Stock Exchange of Thailand and ranked in the Top Quartile of the companies with market capitalization between Baht 3,000-9,999 million
2012	Extended coverage areas to key major economic hubs e.g. 24 industrial estates, major cities e.g. Phuket, Chiang Mai, Udonthani, Khon Kaen, etc.
May 2013	Obtained the Telecommunication Service License for the Internet Operation Type I, for the contract period of 5 years
Jul 2013	Obtained the Radio or Television Broadcasting Business License for the Radio or Television Network Services (Not using radio frequency), for the contract period of 15 years
Oct 2013	Rated “Excellent” Corporate Governance Rating in the Corporate Governance Report of Thai Listed Companies 2013, which was surveyed and assessed by the Thai Institute of Directors Association (IOD), the Securities and Exchange Commission, and the Stock Exchange of Thailand and ranked in the Top Quartile of the companies with market capitalization between Baht 3,000-9,999 million for the 2nd consecutive year
Nov 2013	Established a subsidiary, namely Diamond Line Services Company Limited, to provide installation and maintenance service for outside-plant networks and telecom equipments, and joint-invest with other companies. The Company holds 99.99% of share capital with the registered capital of Baht 5,000,000

## Corporate structure





# Nature of Business

## Revenue Structure

The Company has core revenue from leased line service income and related services such as management and maintenance services. The revenue structures for the last 3 years are as follows:

Income	2011		2012		2013	
Unit : Million Baht	Amount	(%)	Amount	(%)	Amount	(%)
Lease line service income	655.19	93%	771.24	94%	983.80	96%
Management and maintenance service income - network	30.00	4%	32.06	4%	29.45	3%
<b>Total service income</b>	<b>685.19</b>	<b>97%</b>	<b>803.30</b>	<b>98%</b>	<b>1,013.25</b>	<b>99%</b>
Revenue from sales	7.59	1%	4.62	1%	3.85	0%
Other income	13.10	2%	11.66	1%	4.65	0%
<b>Total revenue</b>	<b>705.88</b>	<b>100%</b>	<b>819.57</b>	<b>100%</b>	<b>1,021.75</b>	<b>100%</b>

Service income by application	2011		2012		2013	
Unit : Million Baht	Amount	(%)	Amount	(%)	Amount	(%)
Internet Access	346.50	51%	364.59	45%	374.45	37%
Private Network	121.75	18%	172.64	21%	261.67	26%
IPLC	-	-	-	-	95.15	9%
Digital Broadcast	30.28	4%	68.38	9%	95.24	9%
Local Loop for International	73.06	11%	74.59	9%	73.24	7%
Access Network	73.04	11%	69.93	9%	65.58	6%
Others	40.56	6%	53.17	7%	47.94	5%
<b>Total service income</b>	<b>685.19</b>	<b>100%</b>	<b>803.30</b>	<b>100%</b>	<b>1,013.25</b>	<b>100%</b>

## The target customers can be categorized into 2 major groups:

1. **Telecom Service Providers** who lease company's communication network for commercial purposes e.g. Internet Service Provider (ISP), Data Center Service Provider, Mobile Phone Operator, International Carrier, etc.

2. **End-user customers e.g.** business organization, juristic entity, other telecommunication service providers, using company's communication network for massive and rapid data transmission such as TV program producers with digital broadcasting system, modern-trade retailers, commercial banks, international corporations, securities companies, hotels, etc.

## Hi-speed Communication Network Service Application

1. **Internet Access:** to connect ISP's customers to Internet. Customers in this segment are Internet Service Providers (ISPs) who offer internet service to end-users. They lease hi-speed communication network from the Company to save their investment cost. Such major internet service providers are CS Loxinfo Plc, KSC Commercial Internet Co., Ltd. or Internet Thailand Plc. (INET), etc.

**2. Private Network :** to connect the private network e.g. head office and branches. Customers in this segment, for example, are Telcos who lease hi-speed communication network from the Company to be their backbone networks or to provide telecom service to their end-users. There are also end-user customers who are business corporations that need massive and rapid data transmission for their business operation, for instance the communication network between headquarters and its branches of large organizations such as banks, or modern-trade retailers, etc. Examples of customers are CTH Plc (CTH), Government Saving Bank, Kasikorn Bank Plc, Siam Commercial Bank Plc, Bank of Ayudhaya Plc, Central Retail Corporation Plc, etc.

**3. Digital Broadcast :** to connect their production studios and broadcasting stations. Customers in this segment are TV program producers, Cable TV Operators, or IPTV operators, they lease hi-speed communication network from the Company to connect their production studios and broadcasting stations e.g. Thaicom uplink station or Digital TV broadcasting stations. Examples of customers are CTH Plc (CTH), GMM Grammy Plc, RS Plc, BEC World Plc, Poly Telemedia Co. Ltd. (PSI), etc.

**4. International Private Leased Circuit (IPLC) :** to connect international communication networks or connect between local offices and oversea offices of local or multinational corporations. Such customers are also other Telcos e.g. the international carriers, local telecom operators who lease hi-speed communication network from the Company to be their backbone network or to connect between local and international networks in various countries for their customers. Such service providers are Singapore Telecommunications Co. Ltd., Verizon Business Co. Ltd., Hutchison Global Communication Co. Ltd., NTT Communications (Thailand) Co. Ltd or KDDI (Thailand) Co. Ltd., etc

**5. Local Loop for International Private Leased Circuit :** is domestic hi-speed communication network provided for IPLC service providers in order to provide IPLC service to their local end-users. Such example of IPLC service providers are JasTel Network Co. Ltd., True International Gateway Co. Ltd., etc.

**6. Access Network :** to connect end-users to servers e.g. the connectivity from Data Center Service Providers who offer electronic data storage service and provide applications to their end-user or connectivity provided for data service providers such as Bloomberg. Such Data Center service providers do not have their own network, therefore, they need to lease our hi-speed communication network to connect with their customers' offices. Examples of data center service provider are Metro System Corporation Public Company Limited, Datapro Computer System Co. Ltd., etc. who are the large Data Center service provider in Thailand and also offers one stop service for electronic data storage and Application Service Provider (ASP).

**7. Other Applications :** e.g. to connect small cells networks of mobile phone operators. Although they have numerous networks of their own, they lease our hi-speed communication network to be part of their backbone or to connect their small cell networks in high-rise buildings to have fast and more extensive coverage or install additional routers to our hi-speed communication network to provide WiFi service, etc.



## **Hi - speed Network Service Technologies**

Technologies used for network service can be categorized as follows:

1. Metro Ethernet Service (ME)
2. Ready Ethernet Service (RE)
3. Time Division Multiplexing Service (TDM)
4. Synchronous Digital Hierarchy Service (SDH)
5. Ethernet over Synchronous Digital Hierarchy Service (EoSDH)
6. Optical Fiber Cable Connection Service (Dark Fiber)

**1. Metro Ethernet (ME)** is a hi - speed network service using optical fiber cable as the main networks on Ethernet technology platform to support large data transmissions. It offers high stability, efficiency and also cost-effective as Ethernet technology is widely used, therefore, the price has become competitive. However, its response time for data transmissions is longer than TDM technology. The Company's current network backbone capacity is up to 20 Gbps. The provided speed for Metro Ethernet service are from 1 Mbps. up to 20 Gbps. and adjustable to higher speeds on request. The service customization can be done by the Network Management System, with the choice of extra-protection route to enhance the reliability on request

**2. Ready Ethernet (RE)** is classified as Ethernet service for customers in commercial buildings in Bangkok Metropolitan area. The Company has prepared ready-to-service optical fiber cables and network equipment in more than 80 leading commercial buildings. Therefore, installation to customers' premises can be done within 8 working days and the service can be offered at lower service rate than ME due to the cost of main network to the building can be shared to several customers. The network equipment are interconnected to the main optical trunk networks with protection routes of optical fiber cable to provide alternate routes in cases of any failure in the main route. Therefore, customers will get high reliability and stability services of hi - speed data at all times. Presently, the Company offers Ready Ethernet service from 1 Mbps up to 10 Gbps.

**3. Time Division Multiplexing (TDM)** is a hi - speed network on TDM technology platform, which is the technology used since the introduction stage among large organizations. The network infrastructure consists of optical fiber cable core networks with the last mile being copper wires connected to customers. TDM technology is suitable for real-time data transmissions. Currently, the Company offers TDM speeds from 64 Kbps up to 2 Mbps. The modem interface facilitates prompt service to customers. The Power Alarm System provides a monitoring function capability of inspecting cable signal errors. The alarm function pre-detects and alerts the Company's operations center to immediately resolve problems before customers inform of any errors. Although, TDM is used only among some groups of customers due to the limited capacity last mile, TDM is still a trusted service by customers due to its high reliability and short response time.

**4. Synchronous Digital Hierarchy (SDH)** is a hi-speed network service developed from TDM technology with enhanced capacity by last mile optical fiber cable. The technology utilizes a simple yet highly reliable control system to transmit data over long distances. There is also a route protection system with the ability to switch transmission cables in the event of damage incurred to regular cables to ensure continuity and reliability of data transmissions. Presently, the Company offers SDH service from 34 Mbps to 10 Gbps via optical fiber cable.

**5. Ethernet over Synchronous Digital Hierarchy (EoSDH)** is an exceedingly high speed data transmissions circuit using SDH technology platform with Ethernet connection to customer. EoSDH technology is suitable for users that need reliable data transmissions via Ethernet connection without additional investment in SDH Interface. Currently, the Company offers EoSDH service from 2 Mbps to 10 Gbps.

**6. Dark Fiber** is optical fiber cable connection service to specific customers that require self- management and control over internal data transmissions within their organizations with specific designed source and destination equipments for their transmission and have their own technical team of experts; hence, customers are free to determine transmission speeds and equipments at their own discretion.

## The expansion of services

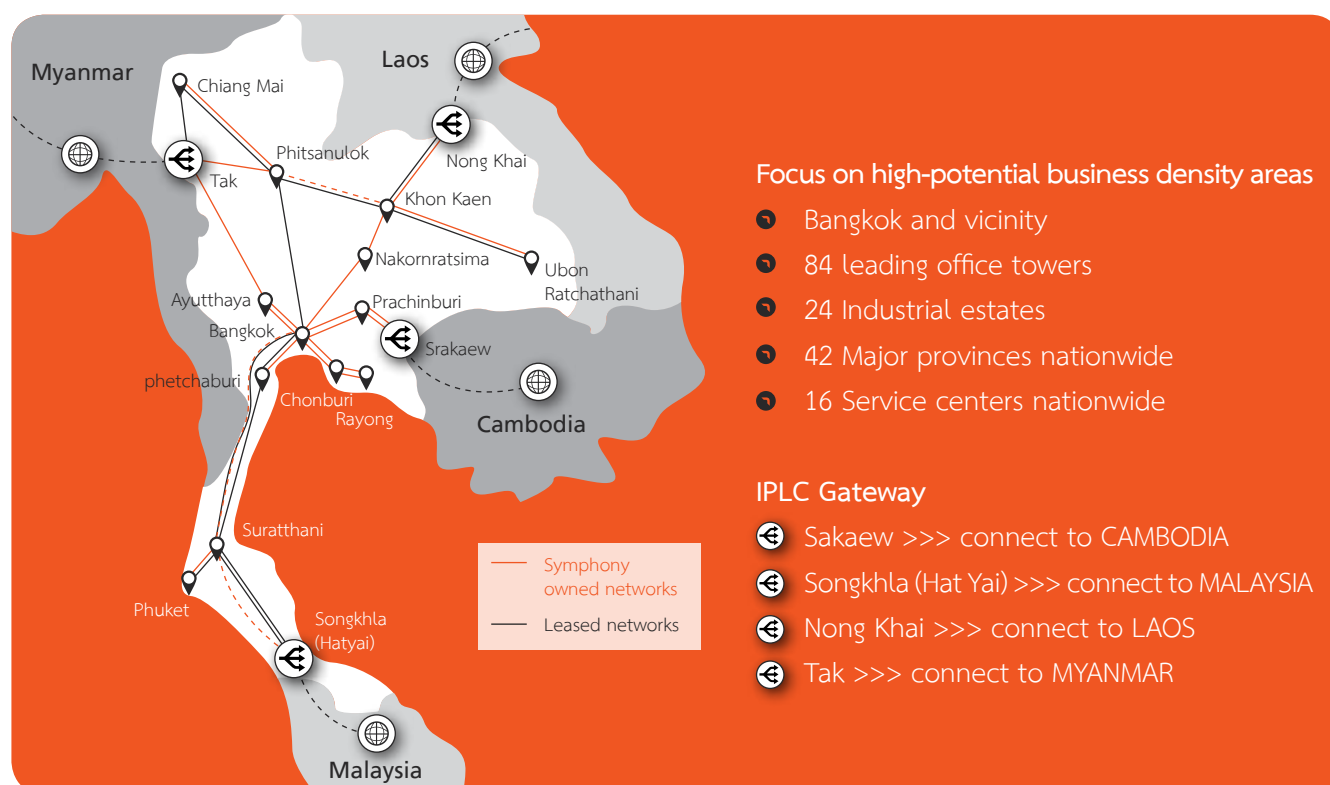
### New Service Type

The Company has studied FTTx service : another hi-speed communication network service using Gigabit Passive Optical Network (GPON) technology on existing optical fiber cable network with speed from 20 Mbps up to 1 Gbps. The service fee is lower to match the need of small and medium enterprises as an extended market to the Company. The FTTx service is expected to be launched within 2014. .

### Service Coverage Expansion

The Company has continually expanded its service coverage from Bangkok and its vicinity to cover major cities nationwide, especially the provincial economic hub and the cities along the routes that connecting neighboring countries in order to serve the growing IPLC markets with an aim to develop Thailand as a telecommunication hub for the northern of South-East Asia in addition to Malaysia and Singapore.

## Current Coverage Area





## **Market Condition and Competition**

The hi-speed communication network service market has continual demand growth from the increasing demand of business communication in various forms, both domestically and internationally e.g. video and voice streaming, digital broadcasting, online applications of wireless devices or data center usages. All these factors drive demand for hi-speed communication network service in term of increasing numbers of circuits and higher bandwidth. However, the demand is more complex, therefore, the network service provider need to develop competitive marketing strategies in all aspects e.g. service solutions, fast delivery, and competitive pricing.

For internet access market, the price competition amongst Internet service providers (ISP) is more intense, the Company needs to offer competitive prices and fast service delivery, as well as offer value added or one stop service e.g. managed firewall, routers and equipments.

For the end-user customers, the competition is more for the customer satisfaction than price. The Company needs to focus on service quality, after-sale service and comprehensive network monitoring, as well as service expertise in order to retain the customers.

In conclusion, we plan to catch up with growing demand, business growth, and adjust strategies to match the diverse needs in different market segments, from pricing, quality and after-sale service. The Company also opens to new business opportunities and adding service variety for example, Wi-Fi, digital TV networks and FTTx to move forward to be a leader in telecom market from national to ASEAN regional field.

## 1. Risks from the Reliance on Key Customers

In 2013, revenues from top five key customers was 48.7% of total service income, the proportion of revenue from top five key customers has been reducing since 2011. In 2010 and 2011, the proportion of revenue from top five key customers of each period accounted for more than 50% of services revenue with overall proportions of 54.4% and 55.8% respectively. In 2012, the proportion was reduced to 48.9% without any customer accounted for more than 30%. The Company is fully aware that any reduction or termination of the Company's services by these customers will have a direct and significant impact on the Company's revenue. Therefore, the Company has set strategy to expand its customer base into new markets such as digital broadcast and multinational companies that need to access international network and also launched the International Private Leased Circuit (IPLC) service, IP Service and FTTx. Moreover, the Company has expanded the service coverage to key provincial economic hubs to reduce the level of dependency on the key customers mentioned above.

## 2. Risks from the Reliance on Supplier

The Company procures equipment and supplies required in providing hi-speed data communications network services from large and reputable suppliers. The Company procures all of its optical fiber cables from a single supplier namely, HBC Telecom Company Limited (formerly known as Hitachi Bangkok Cable Company Limited). Therefore, the delay or failure to deliver optical fiber cables on the supplier's part will affect the Company's operations as it may cause a hold up in network installations and servicing to new customers which will consequently affect the Company's revenue. However, if there is a problem with the delivery of HBC Telecom Company Limited, the Company can procure optical fiber cables from others producers since there are several local and international optical fiber cable producers who qualified for International Telecommunication (ITU) standards, also the standard that the Company currently adheres to. Meanwhile, the Company has conducted the quality test for the optical fiber cables from other manufacturers to be an alternative supplier.

## 3. Risks from Competition in Hi-Speed data Communications Network Market and IPLC

At present, the Office of National Broadcasting and Telecommunication Commission ("NBTC") has the authority to issue telecommunications business licenses to new operators bases on the principle of free and fair competition. The Company cannot foresee the number of new operators that will be granted telecommunication business licenses. More operators will result in additional competition. In this regard, the Company's competitors are business operators with licenses issued when the government still used the concession system and other few operators with telecommunication business license type 2 and 3. However, the telecommunications business requires expertise and experience of management and employees as well as intensive capital. Hence, large business operators have competitive advantages over small and medium operators. There might be price competition in some markets e.g. internet access market. The Company is strategically prepared for such competition by emphasizing on its businesses strength and maintain its neutral business stance and focus on providing the network service only. Simultaneously, the Company continues to

expand its hi-speed data communications network, including the launch of new service e.g. IP service launched in 4Q2013 in order to enhance its competitive advantages in the long run as well as expand network coverage to provincial economic hub to better serve customers' need.

#### **4. Risks from Technology Changes**

Technology of communication and telecommunication network can be divided into two parts. The first part is technology related to the Core Network, which is an infrastructure of the service providers. The second part is technology related to the Last Mile, which is the last section of the network connecting from service providers to end-users such as WiMax technology, Wi-Fi technology or 3G. If there are any technology changes that affect both aspects and the Company cannot adapt to such changes in line with the industry, customers of the Company may switch to other operators that provide a more efficient service. Ultimately, this will have an effect on the customer base and revenue of the Company.

As the Company provides services in the part of infrastructure using optical fibre cable for its Core Network. The technology of Telecommunication Infrastructure has only slightest changes over the time and Optical Fiber Cable is considered the best available transmission media. It has capacity to serve any future developments in ever-increasing speed signal transmission with a durable useful lifespan of more than 10 years. Therefore, technology of the network equipment for signal transmission that the Company currently deploys has capacity to serve diversified and changing requirements of those telecommunication service providers such as mobile phone systems including GSM, 3G, or LTE, wire and wireless internet providers. Regarding the upcoming introduction of 3G technology, which is the Last Mile technology, would not cause any negative effect to the Company.

For the Time Division Multiplexing (TDM) network service that technology used since the introduction stage on TDM technology platform. The network infrastructure consists of optical fiber cable core networks with the copper wires last mile connected to customers. The Copper wire has limitation in term of transmission speed that the Company offers TDM at speeds ranged from 64 Kbps up to 2 Mbps which is the same level as the Asynchronous Digital Subscriber Line (ADSL). Currently, the high market competition in ADSL market significantly push down the service rate. As a result, some TDM customers diverted to ADSL. However, TDM is the private leased circuit while ADSL is the shared transmission with other users that resulting in lower reliability. Therefore, TDM remains a preferent choice for customers that need high reliability for the data transmission.

It could be concluded that the Company as a hi-speed network services provider which is the infrastructure of other telecommunication businesses, is the heart of business operation of other telecommunication services providers, will be only slightly affected by technology changes. However, the Company has teams of engineers and experts who constantly monitor and analyze updated technology in preparation and long-term planning to be able to appropriately employ updated technology in the future.



## **5. Risks from Legal Regulations and Government Policy regarding Telecommunication Business**

### **(a) Modification of Regulators and Ambiguity of related Regulations**

At present, the operations of telecommunication businesses fall under two main legal acts namely, Act on Organization for Allocating Broadcasting Frequency and Supervising Radio or Television Broadcasting and Telecommunication Businesses B.E. 2553 (2010) (“Frequency Allocation Act”) and Telecommunication Business Act B.E. 2544 (2001) (“Telecommunication Business Act”). The Frequency Allocation Act B.E. 2553 (2001) is the law that stipulates basis, authority and responsibility of NBTC. The Telecommunication Business Act stipulates that telecommunication business operators must have an approval from and operate under the supervision of NBTC. The Board of NBTC has authority as stipulated by Telecommunication Business Act in determining policy and issuing regulations that may have significant impact upon telecommunication business in accordance with the Telecommunication Business Master Plan. However such regulations can be amended in the future and as such the Company’s business may be at risk if such regulatory amendments have negative impacts upon the Company’s business. However, in practice, if the Board of NBTC has a policy to amend any regulation, the Board will inform operators in advance and arrange seminar meetings or public hearings to explain reasons for such amendment and listen to comments from operators, relevant organizations that will be affected, and including end-users in all areas. The Board of NBTC will specify an appropriate time period for the operators to prepare before the new regulation becomes effective.

### **(b) Review of Contracts or Agreements between the Company and Foreign Governments, International Organizations or Persons Residing Overseas.**

Under the stipulation of section 54 of the Telecommunication Business Act and Notification of the NBTC Re: Approval of Contracts relating to Telecommunications Business to be Made with Foreign Governments, International Organizations or Persons Residing Overseas B.E. 2549 (2006), the Company is obligated to submit any drafted contracts or drafted agreements concerning the operation and servicing of telecommunication with foreign governments, international organizations or persons residing overseas, including amendment or annulment of contracts or agreements for the approval of NBTC. There is an exemption if such contracts or agreements relate with normal procedures that comply with guidelines and conditions that NBTC stipulates. However, the NBTC may request the Company to amend any such contracts or agreements in accordance with the conditions that NBTC stipulates. At present, the Company has a contract to provide circuit lease services to customers who are foreign companies and the Company still has plans to expand such business to providing services to international carriers located overseas. Hence, the stipulation of section 54 of the Telecommunication Business Act may place constraints in entering such contracts and therefore affect the business expansion plan and revenue that the Company may receive from the expansion of such customer base to foreign carriers located overseas in the future.

## **6. Risks from Networks, Equipment, Working Systems, Computer Systems and Other Assets used in the Company’s Operations**

### **(a) Risk from Networks**

Under the stipulation of section 39, paragraph 1 of the Telecommunication Business Act 2001 states that, if the licensee needs to set up the post or wiring, piping or install other equipment necessary for the operations of telecommunication business and need to apply the right according to the section 39. The licensee

shall propose NBTC for approval before any execution. Once NBTC approve, the licensee will entitle to the Right of Way of the proposed route. At present, the Company continually obtains Right of Way from NBTC for the constructed networks. For those owners of properties who had been unaware the right and duty of the licensee who obtained the Right of Way from NBTC, that licensee is legitimate to provide services in areas of such owners of the Right of Way and caused an impediment to the network expansion in certain areas such as some industrial estates. Nowadays, the Company and owner of the properties has reached more mutual understanding, the problems has been relieved, and the Company can expand to more industrial estates.

At present, Metropolitan Electricity Authority (MEA) starting to put the electricity wires underground for some main roads in Bangkok CBD, effecting the cabling of the Company that earlier put on electricity poles. Therefore, the Company has to reroute the networks to avoid service interruption. Meanwhile, the Company is co-operating with other related operators to wire the cable underground with MEA project to be the network protection routes and enhance network reliability.

Provincial Electricity Authority (PEA) has announced the critical routes that PEA does not allow additional cumminication wiring. PEA has informed all operators to avoid the wiring in critical routes for safety of public and passerby. This announcement caused the delayed installation on critical routes, however, not effect to service continuity. In this regards, the Company has been co-operative to PEA and work with other operators to re-organize the network wiring for better safety condition and corporate image.

Furthermore, the Company has networks that already been installed but in the process of obtaining approval from property owners e.g. government agents, utility providers according to their criterion. Thus the Company may have an obligation to pay installation fee, maintenance fee or any additional processing fee that may increase the Company's cost of business and profitability.

#### **(b) Risk from Equipment, Working Systems, Computer Systems and Other Assets used in the Company's Operation**

As the Company's business has specific characteristic that relate with complex technology, business operations of the Company requires superior network management system since such system must be stable at all the time to serve customers' need. If there is any hold up in the working system especially in the provision of hi-speed communication network or core network, there could be a wide-spread impact on other systems.

For this reason, the Company preemptively created a contingency plan by setting up a Disaster Recovery Operation Center (DROC) which has been operated since 2Q2013 to ensure uninterrupted servicing. For the Company's internal working system, the Company minimizes operational risks by having access control system in all operation rooms of the Company that allow access only for trained and certified employees with specified qualifications in order to minimize human errors.

The Company strongly emphasizes the importance of equipment selection by selecting only fine optical fiber cables and and adhering to international standards to ensure efficiency of servicing. In regards to essential equipments for the core network such as power supply and CPU, the Company has prepared reserved

sets of equipments ready to be installed as soon as any malfunction to existing equipment occurs. As for the installation of optical fiber cables, the Company will install optical fiber cables in at least 2 non-replicated routes for core network in case any optical fiber cable malfunction occurs. Moreover, for systems related with end-users, the Company has a preventive policy to identify any flaws and promptly mend them before any errors occur. Technical expert team will check cable nets, main equipments and other support equipments to ensure that all are in good working conditions.

## **7. Risk regarding Key Management Reliance**

According to nature of business, the Company requires experts that specialized in complicated technology and regulations, with diverse experiences and skills to operate the business. The Company recruited various telecom experts to serve the Company's growth. The Company also gives emphasis on the succession plan and human resources development by allocating budget for development and training to all level of employees. For example, the Company provides scholarships for undergraduate and post-graduate study in various fields such as business administration, information technology, and engineering. By offering employees an opportunity to be training with institutions of good reputation in terms of professional skills and development of other working skills, employees will continue to improve from such developments and trainings so as to prepare employees for future business expansions. Additionally, the corporate structure emphasizes bottom-up work styles to encourage employees, especially middle management, to participate in the process of brain-storming and setting operational guidelines. Moreover, the Company places emphasis on teams to work both within the business functions and across business functions to competently resolve any issues that occur.

## **8. Risks from influences of major shareholders over the determination of policy and management of the Company**

The group of major shareholders, directors and management as defined by SEC have the shareholding at 31 December 2013, collectively 51.02% of the total paid-up shares. As a result, they can control the resolution of various agendas in the Shareholders' Meeting by forming the majority votes that other shareholders may not be able to collect the voting to monitor for check-and-balance reason. However, the major shareholders will refrain from voting on the matter that has conflict of interest.

## **9. Risk from natural disaster, riot and terrorism**

The global climate change has resulted in many natural disasters. Moreover, the economic and political uncertainties triggered the civilian unrest, riots and terrorism. These events may have an impact on business operation of the Company. Therefore, the Company includes these possible matters into the Enterprise Risk Management and develop the Business Continuity Plan as a principle for employees at every level and department to perform in case of emergency to ensure the smoothest service for customers. The Company's standard network design also provides redundant route to enhance stability of communication networks. Moreover, the Company has insurance policies cover against the risk of damage to network equipments and nodes.

As major assets of the Company are network equipments that comprise node equipments and optical fiber cable that installed in private properties as well as installed in public areas. The equipment that installed in public areas (mainly optical fiber cable) is uninsurable.



## Capital

**1) Ordinary shares** At 31 December 2013, the Company has registered capital of Baht 306 million which comprises 300 million paid-up ordinary shares at par value of Baht 1 each.

**2) Warrants to purchase ordinary shares** On 22 April 2013, the Annual General Meeting of Shareholders 2013 approved the issuance and offering of 6,000,000 units of free warrant to directors, management and/or employees of the Company (ESOP-Warrants). The warrants have expiry date 4 years from the issuance date.

On 2 July 2013, the Company had issued and allocated all 6,000,000 units of free ESOP warrants to directors, management and/or employees of the Company. The conversion ratio is 1 unit of warrant to 1 ordinary share at the exercise price of Baht 14.72 per share. ESOP warrants can be exercised as following criteria:

Year 1 : Not more than 15% of the allocated units, exercisable on November 20<sup>th</sup>, 2013 and May 20<sup>th</sup>, 2014.

Year 2 : Not more than 25% of the allocated units, exercisable on November 20<sup>th</sup>, 2014 and May 20<sup>th</sup>, 2015.

Year 3 : Not more than 30% of the allocated units, exercisable on November 20<sup>th</sup>, 2015 and May 20<sup>th</sup>, 2016.

Year 4 : Not more than 30% of the allocated units, exercisable on November 20<sup>th</sup>, 2016 and May 20<sup>th</sup>, 2017 and July 1<sup>st</sup>, 2017, the 4-year maturity date of these ESOP-Warrants.

As at 31 December 2013, none of ESOP warrants has been exercised, the ESOP warrants outstanding were 6,000,000 units.

## Major Shareholders

Top 10 major shareholders as of the book closing date on 31 December 2013 are as follows:

	Number of shares	% of paid-up capital
<b>1. Asawasuwat Group</b>	49,076,240	16.36%
Mr.Kranphol Asawasuwat	48,976,240	16.33%
Ms.Kwandin Asawasuwat	100,000	0.03%
<b>2. Pantarasutra Group</b>	46,796,240	15.60%
Mr.Teerasat Pantarasutra	46,796,230	15.60%
Ms.Toungporn Pantarasutra	10	0.00%
<b>3. Thanakijsumton Group</b>	24,523,740	8.17%
Mr.Pongthep Thanakijsumton	24,423,740	8.14%
Ms.Srisamorn Threepetchsomkhun	100,000	0.03%
<b>4. Srisuphakhanin Group</b>	24,261,740	8.09%
Mr.Pathomkrit Srisuphakhanin	23,523,740	7.84%
Ms.Sumatthakan Srisuphakhanin	738,000	0.25%

	Number of shares	% of paid-up capital
5. Phatra Capital Public Company Limited	14,616,000	4.87%
6. Mr.Niphol Suwannachet	14,344,940	4.78%
7. Mr.Wanchai Somboonphon	13,094,760	4.36%
8. Mr.Manoch Youbunyong	11,399,819	3.80%
9. Ms.Bussakorn Jaruwachirathanakul	8,392,000	2.80%
10. Mr.Virachai Wongjirasak	4,512,600	1.50%

*Note : Investors can check the updated major shareholders before the Annual General Meeting of Shareholders at the Company's website ([www.symphony.net.th](http://www.symphony.net.th))*

## Dividend Policy

The Company has a dividend payout policy of at least 40% of its net profit after deducting all reserves as per the Company's Articles of Association and governing law. This dividend payment is subject to changes based on the Company performance, business plan, liquidity, necessity and other suitability in the future. However, annual dividend payments of the Company must have been approved from shareholder, except interim dividend payment which can be approved by the Board of Director and will be reported to shareholder in the forthcoming shareholder meeting.

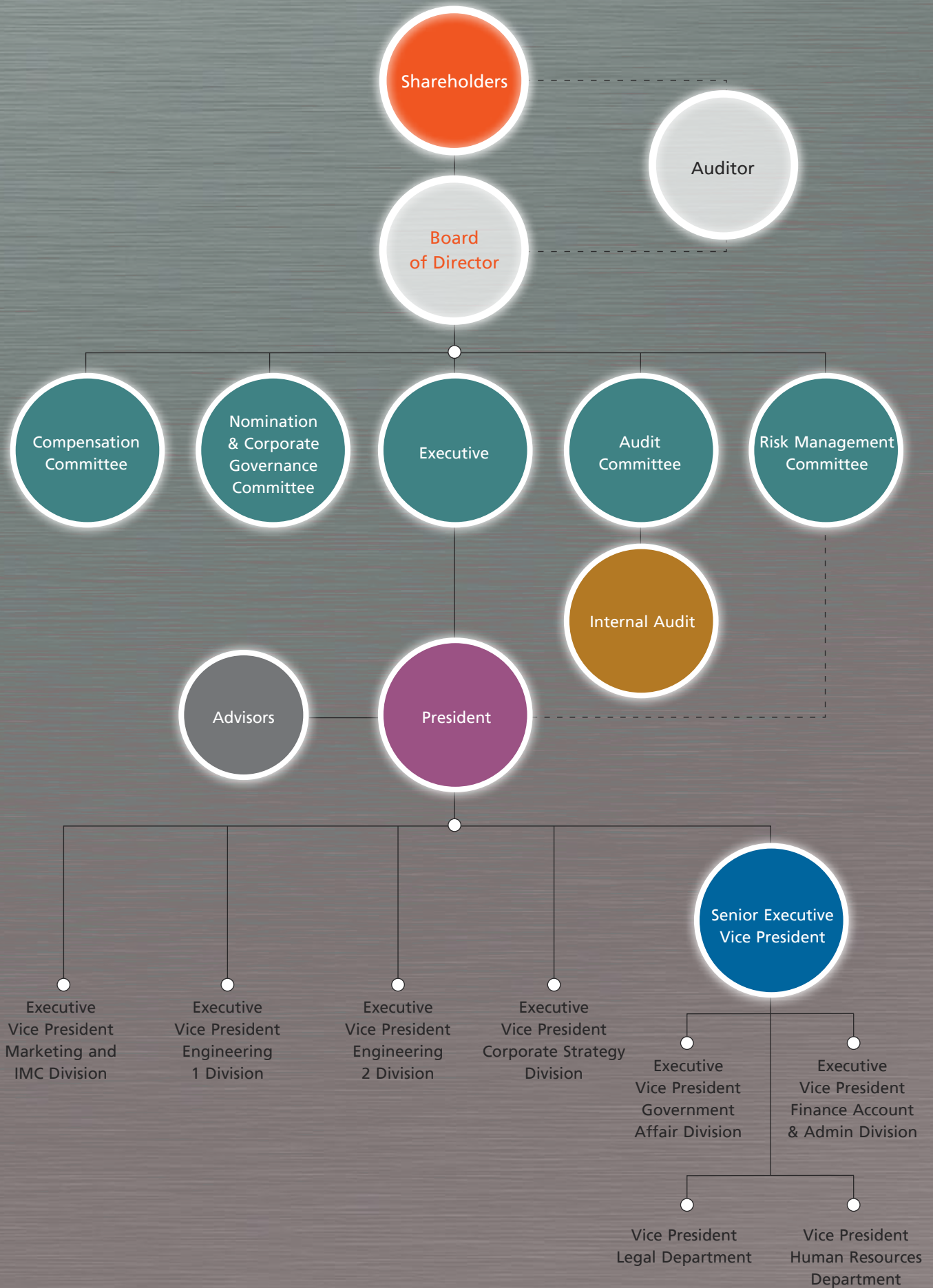
## Dividend Payment History

Year	2011	2012	2013
Basic earnings per share (Baht/share)	0.71	0.79	0.82
Dividend payment per share (Baht/share)	0.53	0.58	0.58
Payout ratio (%)	74.9%	74.3%	70.7%

## Dividend policy for the subsidiary

Diamond Line Services Co.,Ltd, the subsidiary that the Company hold 99.99% of total shares, has not determined its dividend policy. The dividend payment will be subject to its performance, business plan, liquidity, necessity and other suitability in the future.

# Organization Structure







**Mr. Woodtipong Moleechad**  
Chairman of the Board / Chairman of  
Nomination and Corporate Governance  
Committee / Audit Committee Member /  
Compensation Committee Member /  
Chairman of Independent Director Committee



**Mr. Prasitt Hemwarapornchai**  
Deputy Chairman of the Board / Chairman of  
Compensation Committee / Nomination and  
Corporate Governance Committee Member /  
Audit Committee Member / Independent Director



**Mr. Jitkasem Sangsingkeo**  
Chairman of the Audit Committee / Nomination  
and Corporate Governance Committee Member /  
Compensation Committee Member /  
Independent Director



**Mr. Kranphol Asawasuwan**  
Director / Nomination and Corporate Governance  
Committee Member / President



**Mr. Teerarat Pantarasutra**  
Director / Compensation Committee Member /  
Senior Executive Vice President



**Mr. Pongthep Thanakijsumtorn**  
Director / Executive Vice President -  
Marketing & IMC



**Mr. Pathomkrit Srisuphakhanin**  
Director / Executive Vice President -  
Engineering 2



**Ms. Bussakorn Jaruwachirathanakul**  
Director / Executive Vice President - Finance,  
Accounting and General Administration



**Mr. Supornchai Chotputtikul**  
Director / Executive Vice President -  
Engineering 1



**Mr. Supot Tiarawut**  
Executive Vice President - Corporate Strategy





### **Mr. Woodtipong Moleechad**

Chairman of the Board / Chairman of Nomination and Corporate Governance Committee / Audit Committee Member / Compensation Committee Member / Chairman of Independent Director Committee

**Age :** 65 years

**Education :**

- Bachelor of Art (Economics), Thammasat University
- Director Certification Program 130/2010

**Shareholding (%) :** -

**Personal Relationship with the Management :** -

**Work Experience (Over the Past 5 Years) :**

2009-present	Chairman of the Board, Chairman of Nomination and Corporate Governance Committee, Audit Committee Member, Compensation Committee Member, Chairman of Independent Director Committee Symphony Communication Public Company Limited
2012-present	Director L Solar 1 Company Limited
2012-present	Audit Committee International Research Corporation Public Company Limited
2009-present	Director Council Member, King Mongkut's Institute of Technology Ladkrabang
2008-present	Director Banknote Management Committee, Bank of Thailand
2010- 2013	Director, Audit Committee Member, Business Relations Committee Member Sukhumvit Asset Management Company Limited
2007-2011	Chairman The Communications Authority of Thailand Savings Co-operative Limited
2003-2009	Senior Executive Vice President (Operations) Thailand Post Company Limited





### **Mr. Prasitt Hemwarapornchai**

Deputy Chairman of the Board / Chairman of Compensation Committee / Nomination and Corporate Governance Committee Member / Audit Committee Member / Independent Director

**Age :** 65 years

#### **Education :**

- Advanced Certificate of Electrical Engineering, Chulalongkorn University
- Bachelor of Engineering (Communication, Electrical Power), Chulalongkorn University
- Director Certification Program (DCP 129/2010)
- Audit Committee Program (AC 32/2010)
- Role of Compensation Committee (RC 11/2010)
- Role of the Chairman Program (RC 25/2011)
- Monitoring the Quality of Financial Reporting (MFR 15/2012)
- Role of Nomination and Governance Committee (RNG 3/2012)
- Anti - Corruption for Executive Program (ACEP 8/2013)

**Shareholding (%) :** -

**Personal Relationship with the Management :** -

**Work Experience (Over the Past 5 Years) :**

2009-present	Deputy Chairman of the Board, Chairman of Compensation Committee, Nomination and Corporate Governance Committee Member, Audit Committee Member, Independent Director Symphony Communication Public Company Limited
2013-present	Senior Electrical Advisor for Suvarnabhumi Airport phase 2 Project, Span Company Limited, Electrical Design and Consulting
2012-present	Member of the Senior Engineer Subcommittee, Council of Engineer
2010-present	Chairman of Senior Engineer Committee, Executive Committee Member The Engineering Institute of Thailand, Under H.M. the King's Patronage
2009-present	Advisor, Electrical System Rose Garden Hotel (2511) Co., Ltd
2010-2012	Advisor to the "Engineering and IT Front Office System for Siriraj Hospital" ISOFT Company Limited
2005-2009	Deputy Governor (Information Communication Technology) Metropolitan Electricity Authority



### **Mr. Jitkasem Sangsingkeo**

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

**Age :** 64 years

#### **Education :**

- Master of Commerce (Hon.) University of Canterbury, Christchurch, New Zealand
- Bachelor of Science (Hon.) University of Canterbury, Christchurch, New Zealand
- Audit Committee Program 3/2004
- Director Accreditation Program 22/2004
- Director Certification Program 62/2005
- Improving the Quality of Financial Reporting 1/2006
- Advance Audit Committee Program 3/2010
- Roles of Compensation Committee 11/2010
- Role of the Chairman Program 25/2011
- Role of Nomination and Governance Committee (RNG 3/2012)
- Anti - Corruption for Executive Program (ACEP 8/2013 )

**Shareholding (%) :** -

**Personal Relationship with the Management :** -

**Work Experience (Over the Past 5 Years) :**

2009-present	Chairman of the Audit Committee, Nomination and Corporate Governance Committee Member, Compensation Committee Member, Independent Director Symphony Communication Public Company Limited
2005-2013	Investment Board (SME Fund) Aureos Advisers (Thailand) Limited
2005-2012	Member of the State Enterprise Performance Appraisal Committee Ministry of Finance
2010-2011	Advisor of Audit Committee CAT Telecom Public Company Limited
2009-2011	Director Metropolitan Waterworks Authority
2005-2010	Audit Committee Member Prasit Patana Public Company Limited



### **Mr. Kranphol Asawasuwon**

Director / Nomination and Corporate Governance  
Committee Member / President

**Age :** 50 years

#### **Education :**

- Master of Business Administration, Bangkok University
- Bachelor of Engineering (Electrical) with second class honor, Kasetsart University
- Director Certification Program 129/2010
- Successful Formulation & Execution of Strategy 6/2010
- Executive Development Program 7/2011
- Capital Market Academy 13/2011
- ASEAN Economic Community (AEC 3/2013)

**Shareholding (%) :** 16.36

#### **Personal Relationship with the Management :** -

#### **Work Experience (Over the Past 5 Years) :**

2007-present Director, Nomination and Corporate Governance Committee Member, President  
Symphony Communication Public Company Limited

2006-present Director  
Synergy Net Holding Company Limited

2000-present Director  
Global Crossing System Company Limited

2000-2008 Director  
Global Crossing Services Company Limited

### **Mr. Teerarat Pantarasutra**

Director / Compensation Committee Member /  
Senior Executive Vice President

**Age :** 53 years

#### **Education :**

- M.A. (Public Affairs), Thammasat University
- Bachelor of Law, Ramkhamhaeng University
- Director Certification Program 137/2010
- Director Accreditation Program 81/2009
- Fundamental Practice for Corporate Secretary (FPCS 23/2011)

**Shareholding (%) :** 15.60

#### **Personal Relationship with the Management :** -

#### **Work Experience (Over the Past 5 Years) :**

2005-present Director / Compensation Committee Member /  
Senior Executive Vice President  
Symphony Communication Public  
Company Limited

2013-present Chairman, Director  
Diamond Line Services Company Limited

2006-present Director, Managing Director  
Global Crossing System Company Limited

2006-present Director  
Synergy Net Holding Company Limited

2001-2006 Director, Legal Advisor  
Global Crossing Services Company Limited



### **Mr. Pongthep Thanakijsumtorn**

Director / Executive Vice President - Marketing & IMC

**Age :** 46 years

#### **Education :**

- Master Degree of Business Administration (MBA) in Marketing Management, National Institute of Development Administration (NIDA)
- Bachelor Degree of Engineering in Computer Engineering, King Mongkut's Institute of Technology Ladkrabang
- Director Certification Program 129/2010
- Executive Development Program 8/2011

**Shareholding (%) :** 8.17

**Personal Relationship with the Management :** -

#### **Work Experience (Over the Past 5 Years) :**

2005-present Director, Executive Vice President  
Symphony Communication Public  
Company Limited

2006-present Director  
Global Crossing System Company Limited

2006-present Director  
Synergy Net Holding Company Limited



### **Mr. Pathomkrit Srisuphakhanin**

Director / Executive Vice President - Engineering 2

**Age :** 47 years

#### **Education :**

- Master of Public and Private Management (MPPM), National Institute of Development Administration (NIDA)
- Master of Business Administration (MBA), Rangsit University
- Bachelor of Engineering (Telecommunication), King Mongkut's Institute of Technology Ladkrabang (KMITL)
- Bachelor of Law, Sukhothai Thammathirat Open University (STOU)
- Director Certification Program 138/2010
- Director Accreditation Program 81/2009
- Successful Formulation & Execution of Strategy (SFE 14/2012)

**Shareholding (%) :** 8.09

**Personal Relationship with the Management :** -

#### **Work Experience (Over the Past 5 Years) :**

2007-present Director, Executive Vice President  
Symphony Communication Public  
Company Limited

2013-present Director  
Diamond Line Services Company Limited

2006-present Director  
Global Crossing System Company Limited

2006-present Director  
Synergy Net Holding Company Limited





### **Ms. Bussakorn Jaruwachirathanakul**

Director / Executive Vice President - Finance,  
Accounting and General Administration

**Age :** 48 years

#### **Education :**

- Doctoral of Business Administration, Information Systems, Edith Cowan University, Perth, Australia
- Master of Business Administration (Finance), Chulalongkorn University
- Bachelor of Business Administration (Accounting), Chulalongkorn University
- Director Certification Program 129/2010
- Executive Development Program 9/2011

**Shareholding (%) :** 2.80

#### **Personal Relationship with the Management : -**

#### **Work Experience (Over the Past 5 Years) :**

2004-present	Director / Executive Vice President Symphony Communication Public Company Limited
2006-present	Director Synergy Net Holding Company Limited
2004-present	Director Global Crossing System Company Limited
2006-2011	Director Global Crossing Services Company Limited

### **Mr. Supornchai Chotputtikul**

Director / Executive Vice President - Engineering 1

**Age :** 48 years

#### **Education :**

- Master of Business Administration, Thammasat University
- Bachelor of Engineering, King Mongkut's Institute of Technology Ladkrabang (KMITL)
- Director Accreditation Program 89/2011
- Director Certification Program 162/2012
- Success Formulation & Execution of Strategy (SFE 15/2012 )

**Shareholding (%) :** -

#### **Personal Relationship with the Management : -**

#### **Work Experience (Over the Past 5 Years) :**

2010-present	Director / Executive Vice President Symphony Communication Public Company Limited
2013-present	Director Diamond Line Services Company Limited
2002-2010	Project Director Alcatel - Lucent (Thailand) Limited



**➤ Mr. Supot Tiarawut**

Executive Vice President - Corporate Strategy

**Age :** 48 years

**Education :**

- Doctor of Engineering (Electronic Engineering),  
The University of Tokyo, JAPAN
- Master of Engineering (Information and Computer  
Sciences), Toyohashi University of Technology, JAPAN
- Bachelor of Engineering, Electrical Engineering (Telecom)  
(1<sup>st</sup> class honour), Chulalongkorn University

**Shareholding (%) :** -

**Personal Relationship with the Management :** -

**Work Experience (Over the Past 5 Years) :**

- |              |   |
|--------------|---|
| 2014-present | Executive Vice President<br>Symphony Communication Public<br>Company Limited  |
| 2012-2014    | Assistant to the President for Information<br>Technology and Strategy, Chulalongkorn University   |
| 2007-2011    | Director, Telecommunication Research and<br>Industrial Development Institute (TRIDI),<br>The National Telecommunications Commission     |
| 2005-2007    | Senior Vice President, Head of Corporate Strategy<br>& Planning Group, Head of Product Development Group<br>TT&T Public Company Limited |

INTERNATIONAL  
PRIVATE LEASED  
CIRCUIT



# Management Structure

## Board of Directors

The Board of Directors consists of nine Directors, three of them are independent directors. All directors have received certificates from The Thai Institute of Directors Association. The list of directors and the role of independent directors in the subcommittees are as follows:

Name	Title	Meeting Attendance			
		Board of Directors	Audit Committee	Compensation Committee	Nomination and Corporate Governance Committee
1. Mr.Woodtipong Moleechad	Chairman of the Board/Chairman of Nomination and Corporate Governance Committee/Audit Committee Member/ Compensation Committee Member/ Chairman of Independent Director	11/11	6/6	8/8	5/5
2. Mr.Prasitt Hemwarapornchai	Deputy Chairman of the Board/ Chairman of Compensation Committee/ Nomination and Corporate Governance Committee Member/Audit Committee Member/Independent Director	11/11	6/6	8/8	5/5
3. Mr.Jitkasem Sangsingkeo	Chairman of the Audit Committee/ Nomination and Corporate Governance Committee Member/Compensation Committee Member Independent Director	11/11	6/6	8/8	5/5
4. Mr.Kranphol Asawasuwana	Director/Nomination and Corporate Governance Committee Member	11/11	-	-	5/5
5. Mr.Teerarat Pantarasutra	Director/Compensation Committee Member	11/11	-	8/8	-
6. Mr.Pongthep Thanakijsumton	Director	11/11	-	-	-
7. Mr.Pathomkrit Srisuphakhanin	Director	11/11	-	-	-
8. Ms.Bussakorn Jaruwachirathanakul	Director	11/11	-	-	-
9. Mr.Supornchai Chotputtikul	Director	11/11	-	-	-

Ms.Bussakorn Jaruwachirathanakul is the secretary of the Board of Directors and Mr.Teerarat Pantarasutra is the company secretary.

### 1) Authorized Directors

Authorized directors pursuant to the Affidavit of the Company are Mr.Kranphol Asawasuwana, Mr. Teerarat Pantarasutra, Mr.Pathomkrit Srisuphakhanin, Mr.Pongthep Thanakijsumton, Ms.Bussakorn Jaruwachirathanakul or Mr.Supornchai Chotputtikul any two of them may jointly sign their names and affix the corporate seal to legally bind the company.



## 2) The scope of power, duties and responsibilities of the Board of Directors

1. Perform duty with honesty, care and with full responsibility for the Company's best interests. Manage the Company according to the law, the Company's objectives, Articles of Association and lawful resolutions of the meeting of shareholders.
2. Determine the Company's vision, policies and direction including supervising the management team to effectively and efficiently conduct the business in accordance with the given business policy and action plan in order to maximize economic value and shareholder's wealth and foster sustainable growth.
3. Manage the Company with accountability to the shareholders and disclose full information in accordance with the Company's transparency policy.
4. The Board of Directors must possess knowledge, capability and experience deemed necessary to the Company's operation and concentrated in the Company's activity of which they are appointed as Directors.
5. Evaluate the performance of top executives and review their remunerations.
6. Set forth the business policies and objective with a clear and measurable monitoring system as an operational guidance that reasonable and possible, also regularly review such policies and the adoption.
7. Promote the publication of the Company's business ethics handbook to help all directors, executives and employees understand and comply with the standard of business ethics.
8. Carefully review all transactions that may lead to conflicts of interest, ensure that they are at the best interest to the Company and shareholders, make sure that those who have conflict of interest are not in a part of decision making process and these transactions are completely disclosed and strictly comply with related laws and the regulations.
9. Recommend the thorough risk management policy for the entire organization and delegate the management team to execute such policy and regularly report to the Board of Directors as well as having regular evaluation and assessment or whenever the risk level seems deviate from the specified direction and precaution to any warning signal or irregularities.
10. Make decision on important matters such as policies, business plan, large scale investment, management authority, acquisition or disposal of assets or any transaction required by law.
11. Delegate business transaction approval authority to appropriate group or persons in accordance with related laws, establish authority of approval handbook and review it on annual basis.
12. Set the reliable accounting, financial report and audit program, including the evaluation process of internal control. Appoint independent person or organization to perform such audit. Such programs should be reviewed regularly.
13. Consider the auditor appointment and determine the annual auditor fee and propose to the shareholders' meeting for approval.
14. Report the responsibility of the Board of Directors for financial reporting, together with the report of auditor in the annual report, the content of which should cover important matters in accordance with code of conduct of the SET listed company's directors.

15. The Board of Directors may appoint subcommittee or any person to oversee, follow up, and operate the Company's business that is deemed necessary under directors' control of the Company, and in compliance with the Company's charter, including the evaluation of its performance; or grant the powers to such subcommittee or person for a certain period of time or as it deems appropriate. The Board of Directors may remove such person or change the scope of power of such person. Such authorization shall not allow the authorized subcommittee or person to approve transaction that he/she has vested interest in or has conflict of interests. The Company shall propose the shareholder meeting for approval of connected transaction, the requisition or disposition of significant assets as set forth in the Company's Articles of Association and in the regulations of the Securities and Exchange Commission and the Stock exchange of Thailand. The party with conflict of interest shall not eligible to approve or vote for the transaction. The grant of approval authority for normal business transactions must be clearly defined the scope and approval limit for each level. Therefore, there is no authorization in transaction approval that has no approval limit. In the event of authorizing manager or another person to act for and on behalf of the Board of Directors, such authorization must be in written form or clearly recorded in a meeting minute. Furthermore, such authorization should clearly specify a scope of powers, duties and responsibilities of an authorized person.
16. The Board of Directors must perform self-assessment Therefore, the scope of power of the Board of Directors has to be under the law, the Company's Articles of Association and the regulations of the concerned agencies such as the Securities and Exchange Commission and the Stock Exchange of Thailand. In accordance with the Company's objectives and regulations and with the shareholders' meeting resolutions, the Directors, authorized person or any other persons who may have vested interest in the transaction being considered or have conflict of interests with the Company or any of the subsidiaries are not entitled to vote on transactions or matters being considered.

## Management Team

The Company's managements as defined by the Securities and Exchange Commission comprise of the following 7 members.

Name	Title
1. Mr.Kranphol Asawasuwana	President
2. Mr.Teerarat Pantarasutra	Senior Executive Vice President, Acting Executive Vice President for Government Affair
3. Mr.Pathomkrit Srisuphakhani	Executive Vice President for Engineering 2
4. Mr.Pongthep Thanakijsumton	Executive Vice President for marketing and IMC
5. Dr.Bussakorn Jaruwachirathanakul	Executive Vice President for Finance, Accounting and Administration
6. Mr.Supornchai Chotputtikul	Executive Vice President for Engineering
7. Dr.Supot Tiarawut*	Executive Vice President for Corporate Strategy

\* Dr.Supot Tiarawut has been appointed since 1 February 2014

### **The scope of power, duties and responsibilities of President**

1. Operate, plan and manage day-to-day business.
2. Make decision on important matters. Set missions, objectives, guidelines and policies for the Company's business operation and control the management of each department.
3. Authorized to supervise, contact, command, sign agreements, orders or announcements as defined in authorization handbook.
4. Authorized to hire, appoint, transfer, as well as define scope of duties and appropriate remuneration including salary, bonus, fringe benefits for employees, take disciplinary action against employees as well as dismiss the employees as defined in authorization handbook.
5. Authorized to set the trade condition for the Company's benefit.
6. Consider signing agreement related to the Company's normal business, new business venture or the closure of some business for submission to Executive Committee and/or the Board of Directors.
7. To approve and appoint the consultant in the area that is deemed necessary.
8. To act according to the assignment from Executive Committee and/or the Board of Directors.
9. Authorized to manage the Company's business in accordance with objectives, regulations, policies, Articles of Association, order and the resolution of the shareholders' meeting and/or Executive Committee and the Board of Directors.
10. Authorized to appoint and manage working groups for efficient management and transparency and to assign the power of attorney and/or delegate specific tasks to other persons, provided that it complies with the document concerning the power of attorney and/or rules approved by the Board of Directors.
11. Authorized to order, regulate, issue announcement to ensure that overall operation is done according to the policy and best benefit of the Company.

Such authorizations shall not allow the President or any person who has been assigned the power of attorney to be his representative to approve the transactions that he has vested interests in (as set forth be related agencies), or has conflict of interests with the Company or any subsidiary, except an approval of a normal business transaction that has been clearly defined its limit.

### **Company Secretary**

Board of Directors has appointed Mr.Teerarat Pantarasutra to be the company secretary since 8 April 2010. The qualification of company secretary has shown in Attachment 1.



## Directors and Management Compensation

### 1) Compensation in cash

#### 1.1) Directors

The Annual General Meeting of Shareholders 2013, held on 22 April 2013, resolved to approve the Board of Directors' and Subcommittee Compensation for the year 2013, in the amount not over Baht 7.0 million per year, the details of Compensation paid in 2013 are as follows:

Name	Title	Meeting Allowance				Retainer Fee	Bonus	Total
		Board of Directors	Compensation Committee	Nomination and Corporate Governance Committee	Audit Committee			
1. Mr.Woodtipong Moleechad	Chairman of the Board/ Chairman of Nomination and Corporate Governance Committee/Audit Committee Member/Compensation Committee Member/ Chairman of Independent Director	275,000	120,000	100,000	90,000	480,000	497,750	1,562,750
2. Mr.Prasitt Hemwarapomchai	Deputy Chairman of the Board/Chairman of Compensation Committee/ Nomination and Corporate Governance Committee Member/Audit Committee Member/Independent Director	220,000	160,000	75,000	90,000	480,000	497,750	1,522,750
3. Mr.Jitkasem Sangsingkeo	Chairman of the Audit Committee/Nomination and Corporate Governance Committee Member/ Compensation Committee Member/Independent Director	220,000	120,000	75,000	120,000	480,000	497,750	1,512,750
4. Mr.Kranphol Asawasuwana	Director/Nomination and Corporate Governance Committee Member	220,000	0	0	0	120,000	60,280	400,280
5. Mr.Teerarat Pantarasutra	Director/Compensation Committee Member	220,000	0	0	0	120,000	60,280	400,280
6. Mr.Pongthep Thanakijsumton	Director	220,000	0	0	0	120,000	60,280	400,280
7. Mr.Pathomkrit Srisuphakhanin	Director	220,000	0	0	0	120,000	60,280	400,280
8. Ms.Bussakorn Jaruwachirathanakul	Director	220,000	0	0	0	120,000	60,280	400,280
9. Mr.Supornchai Chotputtikul	Director	220,000	0	0	0	120,000	60,280	400,280
<b>Name</b>	<b>Title</b>	<b>2,035,000</b>	<b>400,000</b>	<b>250,000</b>	<b>300,000</b>	<b>2,160,000</b>	<b>1,854,930</b>	<b>6,999,930</b>

## 1.2) Management

In 2012 and 2013, management compensations are as follows:

Benefits	2012		2013	
	Number of executives	Amount (Baht)	Number of executives	Amount (Baht)
Salary and Bonus	6	20,139,075	6	22,056,678
Other remunerations such as contribution to provident funds, etc.	6	1,891,372	6	1,538,029
<b>Total</b>	<b>6</b>	<b>22,030,447</b>	<b>6</b>	<b>23,594,707</b>

### 2) Other benefits

-None

## Personnel

### 1) Number of Employees and Compensation

As of 31 December 2013, the total number of employees (exclude Directors and Management) was 267, which can be classified functions as follows:

Department	No. of Employees
Office of Managing Director	4
Consultant	1
Marketing and Information Technology	53
Engineering	163
Government Affair	12
Finance, Accounting and Administration	28
Human Resources	6
<b>Total</b>	<b>267</b>

The Company has a compensation policy which provides fair and attractive compensation to employees by considering the compensation policy of other companies in the same industries to motivate and retained qualified personnel in the long run. In 2012 and 2013, the compensation which the Company provided for its employees are as follows:

Employees' Compensation (Baht)	2012	2013
Salary and bonus	84,373,088	113,182,475
Other benefits such as commission, bonus, contribution to social security fund, contribution to provident fund, living expenses and other fringe benefits	32,707,226	39,252,754
<b>Total</b>	<b>117,080,314</b>	<b>152,435,229</b>

### 2) Other benefits

-None

### 3) Human Resource Development Policies

The Company realizes the importance of human resource development to enhance capability of employees so the Company has set fundamental policies for human resources development and training plans, as follows:

The human resource development strategies need to be aligned with our visions, missions, goals, strategic plans, and fulfill the desired employee competencies. Our desired core competencies are categorized into 5 following areas: Adaptability, Professionalism, Teamwork, Integrity and Service-Minded.

In addition, the nature of our business as a telecommunications network service provider requires specialized skills of employees, which varies depending on an individual's major responsibility, typically in engineering, accountancy and management. The company also adopts the leadership competency model in order to develop managerial skills for employees engaging in supervising or coaching roles. There are 3 crucial skills including: Analytical skills, Coaching skills, Problem solving & Decision making skills.

The mentioned competency management system will lead to implementation of individual development plan, career path development plan and succession plan in the near future.

Regarding moral and virtue development, employees are encouraged to take part in various activities such as, religious ceremonies and CSR activities e.g. donation to natural disaster victims, to develop the recognition of merit making, sharing and ethic. The Company also cultivates employees to develop a service mind with customer centric approach in the corporate culture and servicing process. For instance, the staff is encouraged to assist customers to solve technical glitch, even though the problem was due to the customer's equipment malfunctioning, or not caused by the Company.

Regarding to other human resource development activities, we promote employees' creativity through many idea contests, involving areas of engineering and operational process improvement. In addition, we adopt the Bottom-up management style by which our top executives are widely open to all opinions on management process. The Company also provides training programs in the areas related to the business and invite some experts to share their useful working experiences with staff. Moreover, many other activities are arranged as the tools to improve relationship between staff, such as, New Year party, banquets, sport day and travel programs, in order to create team spirit in parallel with positive attitude toward the Company.



## 1. Corporate Governance Policy

The Company has realized the importance of good corporate governance and its contribution to achieving excellent performance, sustainable growth, and gaining confidence amongst the shareholders, investors and all concerned parties. As such, the Company is determined to strictly conduct business in accordance with the principles of good corporate governance, laws and regulations of Securities and Exchange Commission (SEC) and Securities Exchange of Thailand. Therefore, the Company has continuously encouraged its management and employees to acknowledge the Company's Code of Conduct and strictly put into practice.

The Company's effort to develop the Good Corporate Governance has shown its success, the Company achieved "Excellence" (5 stars) Corporate Governance rating in the Corporate Governance Report of Thai Listed Companies 2013, and ranked in the Top Quartile of the companies with market capitalization between Baht 3,000-9,999 million for the 2<sup>nd</sup> consecutive year.

The Company continually develops the good corporate governance practice and publishes its principles in the Company's annual operation plan so its business practice should be in line with the good corporate governance set by The Stock Exchange of Thailand. Its main content can be divided into 5 sections as follow:

### Section 1 Shareholders' Rights

The Company realizes and gives importance on the rights of shareholders by giving equitable treatment to the shareholders and encourages the shareholders to fully exercise their rights such as rights to buy, sell and transfer shares that the person is holding, rights to receive the information of the Company or operating performance, right to receive dividend from the Company, rights to attend the shareholders' meeting, rights to express opinion, rights to make decision on the Company's important matters or assign the proxy in case that they cannot attend the meeting by themselves.

#### Shareholder Meeting

- Delivering meeting notices prior to the meeting in compliance with the related laws or regulations of Securities and Exchange Commission (SEC) and Security Exchange of Thailand (SET). The notices are available in Thai and English, together with details of agenda, objective of each agenda, Board of Directors' opinion and accompanying documents supplementary detailing rights of the shareholders to attend the meeting, and rights to vote for resolution of the shareholders' meeting, the documents required to present for meeting registration that use bar-code scanning. Posting such information on company's website at least 30 days prior to the mailing and advertising the notice in daily newspaper for 3 consecutive days prior to the meeting at least 14 days.
- For those shareholders who can not attend the meeting in person, they can appoint proxies or delegate their votes to any company's independent director in attendance by filling in the proxy form which is attached along with the meeting notices.



- Prior to the meeting, the shareholders can send their views, opinions, recommendations or questions to the Company. Moreover, the Company gives opportunity to shareholders to propose the additional agenda and nominate candidates for the election of directors prior to the meeting. The Company also set the communication channels for investor contact via the Stock Exchange of Thailand and the Company's Investor Relations Websites.
- During the meeting, the Company will provide adequate time for all attendants to express opinions or recommendations and ask questions freely before voting. The Chairman and the management are to address and answer all questions clearly and precisely. All these will be recorded with written summary in the minutes of the meeting.
- After the meeting the Company will provide the complete and accurate minutes of the meeting in both Thai and English, include full information of directors attending the meeting, details of question-and-answer session, voting method, detailed results of the votes in each agenda. The Company will disclose such minutes of the meetings via the Stock Exchange of Thailand and the Company's Investor Relations Websites within 14 days after the meeting.

## Section 2 Equitable treatment of Shareholders

The Company has a policy to treat every shareholder equally and fairly especially minority shareholders, for example, they are entitled to propose or add meeting agenda items prior to the meetings and nominate directors. The Company delegates independent directors to take responsibility for them; therefore they can express opinion or recommendations through those directors to deliberate agenda items that could be useful to the Company. As for the agenda, the Company should not add an agenda item without notifying the shareholders in advance, especially the one that the shareholders need special time to deliberate.

The Company has policy for the equal access to the information and set the policy regards the Use of Internal Information which describes in this annual report, section "Supervision on the Use of Internal Information".

## Section 3 Roles of the Stakeholders

The Company has placed importance on the stakeholders' rights and interests, both inside and outside the Company that are customers, business partners, competitors, creditors, government, community and other concerned agencies. We also realized that the support we've received from our stakeholders will help boost our competitive potential and bolster our profits, thus fostering long term success to the Company.

*For the shareholders :* The Company is committed to be a qualified representative in running commercial business for the long term profits and sound returns for the stakeholders. We are committed to transparently disclose reliable information to the public. The Company should prudently manage risks and regularly review the risk mitigation measures.

*For the customer :* The Company is committed to create highest customers' satisfaction and foster healthy relationship based on mutual benefits through offering value added services at fair prices. We are committed to promptly respond to customers' complaint, as defined in the Company's Code of Conduct.

Aside from that, we fully and adequately disclose our product and service information and provide consultation service so the customers would understand and utilize them effectively. We also fully cooperate with our customers in problem solving process to minimize negative impact and in product development procedure to foster sustainable business. Moreover, we regularly conduct customer's satisfaction survey.

*For business partners:* The Company has realized the importance of business neutrality, and mutual benefit between business partners. Therefore, the Company treats business partners on the same footing, based on regulated laws and business agreement. Also conduct the business partner selection process fairly.

*For competitors:* The Company supports fair and free competition policy within the scope of laws and business ethics.

*Creditors:* The Company strictly complies with the terms and conditions of financial obligations with the creditors.

*Employees:* The Company fully supports its personnel's potential development and provides fair employment term as well as good and safe work environment.

*Government:* The Company strictly complies with the laws and regulations of the concerned agencies.

*Community:* The Company attached utmost importance to environment and safety and be responsible for the community as a whole. We oversee and fine-tune our environmental and safety projects to the highest of their efficiency. Not only that, the Company also gives full support to the community's activities, including those living in the neighborhood of company's office. We have outlined the policy on safety, occupational health and environment and given importance to the prevention of accident related to company's activities, service and products. The Company also mapped out the efficient plan to deal with emergency matters and drills it frequently.

### Mechanism of Participation for Stakeholders

The Company provides a channel for all stakeholders e.g. shareholders, customers, community to express ideas, recommendations or ask questions. The stakeholders can submit their concerned issues by mail to Symphony Communication Plc. 123 Sun Towers Building B, 35<sup>th</sup>-37<sup>th</sup> Floor, Vibhavadee Rangsit Road., Chomphon, Chatuchak, Bangkok 10900 or Telephone : 66-(0)-2101-1111, Fax : 66-(0)-2101-1133 or through the Company's website, [www.symphony.net.th](http://www.symphony.net.th) in which the contact person and communication channels have already been specified.

In case the stakeholders would like to report misconduct or complaint over illegal acts, fraud, negligence of directors, managements, staff, incorrect financial disclosure, or deficiency of internal control, they can directly submit their concerns to Board of Directors or Audit Committee by above mailing address. The Board of Directors will treat such information seriously and will maintain utmost confidentiality. If the misconduct is founded, the Board will prudently resolve in due time.

## Section 4 Disclosure of Information and Transparency

The Company's Board of Directors has placed importance on correct, accurate, transparent and timely disclosure of information, both in terms of financial report and general information, in compliance with the regulations set by Securities and Exchange Commission and Securities Exchange of Thailand. This includes other crucial information that might affect the Company's share price and the decision of investors and stakeholders. Therefore, the Company's Board of Director has assigned the Audit Committee to audit the quality of our financial report and internal control system and disclose adequate information in the notice attached with the Company's financial statement and report it to the Board of Directors. The Company disseminates information to shareholders, investors and public through numerous channels such as SET and the Company's website, in order that all shareholders can get equal access to such information

### Investor Relations

The Company realizes the importance of communication with investors, analysts and other concerned parties. Therefore, the Company has assigned the financial management department to be responsible for investor relations activities. Such responsibilities concern the disclosure of information in accordance with the regulations set by Securities and Exchange Commission and the Security Exchange of Thailand. The department will act as company's representative to communicate and publicize other information that useful for investors, analysts and other concerned people. The Company will provide opportunities for investors to ask questions and receive information through various channels such as the Company's website, investor and analyst meetings which attended by senior executives. The interested persons may contact the Company directly at 02-101-1111 ext. 36312 or at email: [ir@symphony.net.th](mailto:ir@symphony.net.th)

## Section 5 Responsibilities of the Board of Directors

### 1) The Structure of the Board of Directors

The Company's Board of Directors consists of qualified and capable personnel possessing wealth of experience useful for the Company's business operation. The Board of Directors plays an important role in defining policies, targets, business plan and financial budget of the Company, including governing the management team to observe such policies efficiently and effectively.

At present, the Board of Directors consists of 9 directors, of which 3 of them are independent directors, which is amounted to one-third (1/3) of the total directors, thus, can adequately exercise check-and-balance power in the deliberation and voting of agenda. Aside from that, the Company appointed 5 subcommittees, namely Audit Committee, Compensation Committee, Nomination and Corporate Governance Committee, Risk Management Committee and Executive Committee. The Company also clearly defined the scope of power and responsibility of these sub-committees in the Board of Directors' Charter.

The Company has required that the Chairman of the Board of Directors and the Chairman of the Executive Committee are two distinct persons, in order to segregate policy-making and governing duties from those of day-to-day management.

Moreover, the Company appointed the secretary of the Board of Directors to be responsible for the Company's Board of Directors meeting and shareholders' meeting. The Company also appointed corporate secretary whose main duty is to provide information on the Company's laws and regulations that the Board of Directors is supposed to know and oversee the Board of Directors' activities, to ensure that all resolutions of the Board of Directors will be strictly observed.

## 2) Roles, Duties and Responsibilities of the Board of Directors

The Board of Directors is responsible for the shareholders in terms of company's business operation, identifying policies and directions of business operation, including governing the Company's management in accordance with the target and direction set for long term benefit of the shareholders, and under the laws and business ethics for the best benefits of all stakeholders.

### ● Corporate Governance Policy

The Company has defined Corporate Governance Policy in written form and submitted it before the Board of Directors' meeting for approval. Moreover, the Corporate Governance handbook has been published to be the guideline for the directors, management and employees to observe. The Board of Directors will review it on annual basis.

### ● Business Code of Conduct

To show the Company's intention to conduct business with transparency, ethics and with responsibility to stakeholders, society and the environment, the Company has issued a code of conduct in written form for the Board of Directors, management and all employees to strictly observe. Its principles are

- 1 Code of conduct of the responsibility for shareholders
- 2 Code of conduct of customer relations
- 3 Code of conduct of partner, competitor and creditor relations
- 4 Code of conduct of the responsibility for employees
- 5 Code of conduct of the responsibility for society and the environment

### ● Conflict of Interests

The Company is determined to restrict the conflict of interests within an organization at high level of integrity and independency, considering the framework of business ethics and for the Company's best interests. Any party having conflict of interests to the Company's concerning matter must disclose their relationship and define possible conflict of interest to the Company. Such person, will be refrained from the concerned decision making and not authorized for the approval of such transactions.

Such policy for the related transaction or the transactions having conflict of interests has been issued in compliance with the laws and regulations of SEC and SET. The Company has disclosed such information in the Company's annual report and annual disclosure (form 56-1).

### ● Internal Control

The Company places importance on setting up an effective internal control system. The internal control regulations handbook has been published as a guideline for this matter, the contents of which clearly segregate the responsibilities and operating power of operating team from those of management in the matters concerning the Company's assets, the approval of transactions, the documentation of accounting and financial information. Moreover, they clearly segregate the duties of operating team, monitoring team and evaluation team to enhance an adequate check-and-balance system.



## Risk Management

The Company places supreme importance on the risk management of the entire organization. Therefore, the Company appointed the risk management team to directly oversee and manage such risks that are financial risk, operating risk and business risk. The risk management team will report to the Audit Committee on quarterly basis or whenever necessary for deliberation before submission to the Board of Directors.

### 3) Board of Directors meetings

Board of Directors meetings are planned for the entire year on quarterly basis, with additional meetings called to discuss special agenda items if necessary. Prior to the meeting, the meeting notice along with the meeting agenda must be issued to each director to deliberate it in advance, except only in the case of emergency. The Company stipulates that the directors have duty to attend every Board of Directors meeting, except in the case of necessity. The minutes of each meeting are properly documented and are filed for auditing purposes and for reference by directors and related persons.

In deliberation of each agenda item, the Chairman of the board, in which case the Chairman of the Meeting shall allow all directors to express their view freely and openly. In some cases, the concerned high-level executives might attend the meeting to provide more necessary information and acknowledge the policy themselves in order to execute it effectively.

Furthermore, the non-executive directors will convene the meeting without the attendance of management at least once a year to consider the business operation and performance of executive directors.

### 4) Performance Evaluation of Directors

The Board of Directors conducted the self-assessment on their scope of duties on annual basis, including the evaluation of Board of Directors performance by individual director, evaluation of individual director and evaluation of the Board's secretary with the evaluation that in line with the guidance of the Stock Exchange of Thailand. The evaluation result is considered and used to further improve the Board's performance and Corporate Governance Standard.

### 5) Director and Executive Development

The Company values and fully supports the enrolment of its directors and executives in the development training courses or seminars relevant to their scope of duties. In the case of change in directors or executives, the Company will provide necessary document useful for the scope of duties of the new ones, including enrolling them in the useful and relevant training courses.

## 2. Subcommittees

### 1) Audit Committee

The Audit Committee consists of three following independent directors.

<i>Name</i>	<i>Title</i>
1. Mr.Jitkasem Sangsingkeo *	Chairman of Audit Committee
2. Mr.Prasitt Hemwarapornchai	Member of Audit Committee
3. Mr.Woodtipong Moleechad	Member of Audit Committee
Ms.Warun Aumetanapan is the secretary of the Audit Committee	
Note: * The member with experiences in Finance & Accounting.	

#### 1.1 Qualifications of Audit Committee

The Audit Committee comprises of at least 3 independent directors who are able to devote sufficient time to the duty of Audit Committee, with at least 1 member possess experiences in Finance & Accounting. The term of office of Audit Committee is 3 years, and may be appointed or removed by the Board of Directors or at the shareholders' meeting

#### 1.2 The scope of power, duties and responsibilities of Audit Committee

1. Review financial statements to ensure the correctness and completeness thereof. Cooperate with outside auditor and responsible executives to publish financial report quarterly and annually. Disclose sufficient company's information prior to submission to the Board of Directors.
2. Review internal control system and internal audit system to ensure that the Company has a suitable and efficient internal control; to ensure that the internal audit remains independent. Provide opinions on appointment, transfer and removal of the Head of Internal Audit Department or other persons responsible for internal audit. Therefore, the audit committee may suggest the auditor to audit certain transactions that are deemed necessary during the auditing process. It may suggest the Board of Directors any ideas that can improve the Company's internal auditing system or cooperate with outside auditor, internal auditing manager and with internal auditing consultant.
3. Review the compliance with the law on securities and stock exchange and the regulations of the Stock Exchange of Thailand and other applicable laws.
4. Nominate independent persons as the Company's auditor and propose remuneration thereto for approval at the shareholders' meeting; to coordinate with auditors in a matter concerning the objectives, scope, direction and plan of auditing process, including the problems occurring during such process; and to attend meetings with an auditor in the absence of the management, at least once a year.
5. Review connected transactions or transactions with conflict of interests, ensure the disclosure in compliance with laws and the regulations of the Stock Exchange of Thailand; and to ensure the justification and the maximized benefits to the Company
6. Review the risk management policy to ensure that the Company has appropriate risk management system.
7. Report the audit committee's operation to the Board of Directors at least four times a year.
8. In performing its duty, the Audit Committee has an authority to invite management executives or the Company's employees to share their views, attend the meeting or submit document that deems necessary.

9. To have authority to appoint or outsource consultants according to the Company regulations to provide opinion as deem necessary.
10. To prepare an Audit Committee's report, signed by the Chairman of Audit Committee, which shall comprise, at least, of the following details:
  - Opinions on the correctness, completeness and reliability of the Company's financial reports.
  - Opinions on the efficiency of the Company's internal control system.
  - Opinions on the compliance with the law governing securities and stock exchange and the regulations of the Stock Exchange of Thailand and the other laws applicable to the Company's business.
  - Opinions on the suitability of the auditor.
  - Opinions on transactions that may involve conflict of interests.
  - The number of meetings of the Audit Committee and the attendance of each member.
  - Opinions or remarks on performance of duties pursuant to the Charter.
  - Other transactions that the shareholders or investors should know, subject to the scope of duties and responsibilities as set forth by the Board of Directors.
11. To perform self-assessment and report the result including the problems and obstacles to the Board of Directors on annual basis.
12. To perform other duties assigned by the Board of Directors within the aforementioned scope of power and duties of the Audit Committee. In performing such duty, the Audit Committee is directly responsible for the Board of Directors, while the Board of Directors is responsible for the Company's operation.

## 2) Compensation Committee

The Company's Compensation Committee consists of the following 4 members.

<i>Name</i>	<i>Title</i>
1. Mr.Prasitt Hemwarapornchai	Chairman of the Compensation Committee
2. Mr.Woodtipong Moleechad	Compensation Committee member
3. Mr.Jitkasem Sangsingkeo	Compensation Committee member
4. Mr.Teerarat Pantarasutra	Compensation Committee member
Human Resource Development Manager is the secretary of the Compensation Committee	

### 2.1 Qualifications of Compensation Committee

The Compensation Committee shall be appointed by the Board of Directors, comprises of at least 3 directors, whereby majority of members shall be independent or non-executive directors, and appoint one of the independent director member to be the Chairman. The term of office of Compensation Committee is 3 years.

### 2.2 Scope and responsibilities of the Compensation Committee

1. Review the structure and criteria of the remuneration for the Board of Directors, managements and employee by reviewing the suitability of the current remuneration package, comparing to the remuneration package of peers in the same industry, and establishing appropriate remuneration that is fair and commensurate to their contribution to the Company's achievement.

2. Review all elements of remuneration such as retainer fee, incentive and attendance fee and set the appropriate payment of each element that in line with the remuneration for directors in other listed companies of the same industry and of similar size, as well as the Company's performance and business environment and commensurate with their duties and scope of responsibility.
3. Consider remuneration package in accordance with the criteria established by concerned government agencies.
4. Formulate criteria for the evaluation of the Company's Directors and President as assigned by the Board of Directors and acknowledge the assessment of executives in the position of Executive Vice President or higher.
5. Establish the guidelines in determining the remuneration package of the Company's Directors and President on the annual basis and submit it to the Board of Directors for approval. As for the remuneration package of the Directors, the Board of Director must proposed to the shareholders' meeting for approval.
6. Consider and endorse the issuance of securities under ESOP program to directors and employees of the Company, set out the attractive structure to motivate them to create value added for the shareholders and retain qualified personnel with the Company in the long run. Therefore, such program should be attractive to employees and yet be fair to the shareholders.
7. The Compensation Committee may appoint any consultant to provide opinion as deem necessary.
8. To perform other duties assigned by the Board of Directors

### 3) Nomination and Corporate Governance Committee

The Company's Nomination and Corporate Governance Committee consists of the following 4 members and 1 expert as follows:

<i>Name</i>	<i>Title</i>
1. Mr.Woodtipong Moleechad	Chairman of the Nomination and Corporate Governance Committee
2. Mr.Prasitt Hemwarapornchai	Nomination and Corporate Governance Committee member
3. Mr.Jitkasem Sangsingkeo	Nomination and Corporate Governance Committee member
4. Mr.Kranphol Asawasuwana	Nomination and Corporate Governance Committee member
5. Mr.Yongyuth Peerapongpipat	Expert
Note : Mr.Yongyuth Peerapongpipat resigned, effective from 1 January 2014	

#### 3.1 Qualifications of Nomination and Corporate Governance Committee

The Nomination and Corporate Governance Committee shall be appointed by the Board of Directors, comprises of at least 3 directors, whereby majority of members shall be independent or non-executive directors, and appoint one of the independent director member to be the Chairman. The term of office of Compensation Committee is 3 years.



### 3.2 Scopes and responsibilities of the Nomination and Corporate Governance Committee

#### Nomination Roles

1. Set out methodology and procedures in the nomination of the qualified candidates for the Board members by determining the qualifications that align with the Company's business, area of expertise of the members.
2. Nominate the candidates to fill the Board of Directors vacancies as and when they arise and propose to the Board of Directors for consideration. Such nomination could be reappointing any Directors who complete their term of service, encouraging shareholders or Directors to propose in advance the qualified candidates to be nominated for director position, or using external recruiting methods or considering from the list of Directors.
3. Consider the nomination and choose the persons possessing qualifications according to the formulated criteria for nomination.
4. To ensure that the nominated persons possess qualification according to the law and regulations of concerned agencies.
5. Approach the qualified persons and make sure that they are willing to accept the Company's director position after being appointed by the shareholders.
6. Nominate the name to the Board of Directors for consideration and issue the nominated directors in the invitation for the shareholders' meeting for the appointment of such person.
7. Consider and review the appointment of executive in the position of Executive Vice President or higher to propose to the Board of Directors' consent.
8. Monitor the formulation of Succession Plan of the Director, President and Executive Vice President as well as other positions that vital for corporate sustainability.

#### Corporate Governance Roles

1. Consider and draft the Corporate Governance Policy according to the updated framework of rules and regulations of related agencies e.g. the Stock Exchange of Thailand, Security Exchange Commission or other related agencies, set the guidance of Corporate Governance that in line with the universal best practices.
2. To propose the Draft of Corporate Governance Policy to the Board of Directors for consideration and implementation of best practices of Directors and Executives, and to formulate the Corporate Governance Policy Statement.
3. Set out the policy for formulating of strategic plan, monitor the risk management and the internal control that in line with the laws and situation.
4. Monitor and instruct the Directors and Managements regarding their duties and responsibilities under the Corporate Governance Policy to maintain the effective Corporate Governance that meets expectation of all stakeholders.
5. Review the Corporate Governance Policy on annual basis to ensure that the Corporate Governance Policy is update and complies with universal standards and related rules and regulations.
6. Follow up and evaluate the performance of Directors and Management according to the best practices set forth in Corporate Governance Policy on the regular basis.
7. Introduce the best practises and business ethics to Directors, Managements and employees.
8. Appoint the working group to support the tasks of Corporate Governance as necessary.
9. Consider and set out the policy and guidance for Corporate Social Responsibility (CSR)

10. The Nomination and Corporate Governance Committee may appoint any consultant to provide opinion as deem necessary.
11. To perform other duties assigned by the Board of Directors

#### 4) The Risk Management Committee

The Risk Management Committee consists of the following 9 members.

<i>Name</i>	<i>Title</i>
1. Mr.Teerarat Pantarasutra	Chairman of the Risk Management Committee
2. Mr.Pathomkrit Srisuphakhnin	Deputy Chairman of the Risk Management Committee
3. Ms.Bussakorn Jaruwachirathanakul	Risk Management Committee member
4. Mr.Supornchai Chotputtikul	Risk Management Committee member
5. Ms.Wanrudee Tantayopin	Risk Management Committee member
6. Mr.Wanchai Somboonphon	Risk Management Committee member
7. Mr.Paisarn Trichavaroj	Risk Management Committee member
8. Mr.Apirath Wisitthiwong	Risk Management Committee member
9. Mr.Ruchithep Boonyopakorn	Risk Management Committee member

#### The scope of power, duties and responsibilities of Risk Management Committee

1. Define the policy framework and process for risk management.
2. Identify and analyze risk factors and evaluate the impact of such risks on the Company.
3. Implement the risk strategy and policy to ensure that the Company has sufficient policies and procedures in place to govern and mitigate the risks that might have negative impact on the Company.
4. Communicate the risk management measure across the entire organization and support the efficiency development of the Company's risk management policy.
5. Monitor the risk management plan and report to the Board of Directors.
6. Plan, develop and monitor the internal control process.
7. Risk Management Committee may appoint or outsource consultants to provide professional opinion as deem necessary.

#### 5) Executive Committee

The Executive Committee consists of the following 4 members.

<i>Name</i>	<i>Title</i>
1. Mr.Kranphol Asawasuan	Chairman of the Executive Committee
2. Mr.Teerarat Pantarasutra	Deputy Chairman of the Executive Committee
3. Mr.Pongthep Thanakijuntorn	Executive Director
4. Mr.Supornchai Chotputtikul	Executive Director

### The scope of power, duties and responsibilities of Executive Committee

1. Must comprise of at least 4 Executive Directors.
2. Manage the Company's business operation in line with targets set by the Board of Directors and report the company's performance to the Board of Directors. The quorum of Executive Committee meeting shall have at least half of its members present and its resolution should be in accordance with the majority vote.
3. Set policies, guidelines, strategies and principles for business operation, including the management structure in line with targets set by the Board of Directors and submit it to the Board for consideration.
4. Set appropriate approval authority for each level of management and ensure segregation of duty for approval of such transaction that might lead to fraud and define the business transaction guidelines and procedures with the major shareholders, directors, management or connected persons in order to prevent the transfer of benefits or interests, then submit it to the Board of Directors for approval and ensure such approved policies as set forth are duly put into practice.
5. Review annual budget allocation as well as budget control procedure, propose to the Board of Directors for approval and monitor the budget utilization after the approval.
6. Review and approve investment budget in accordance with the authority as defined in authorization handbook.
7. Ensure any agreement or contracted that abide the Company signed by authorized person in accordance with the authority as defined in authorization handbook.
8. Set employee remuneration structure and policy to propose the compensation committee for consideration prior to propose for the approval from the Board of Directors.
9. Be responsible for providing sufficient information for the Board of Directors and shareholders for their decision making as well as reliable and transparent financial reports according to the generally accepted standard.
10. Consider the Company's profit or loss and propose the dividend payment to the Board of Directors.
11. Consider the new business venture or the closure of some business and submit to the Board of Directors for approval.
12. Set the reporting procedure of the irregularity or wrongdoing for operating officers to report the events to Executive Committee in due time. In the event that such incident has significant impact on the Company's operation, it must be reported to the Board of Directors so the remedial procedure shall be established in due time.
13. Take any actions to support the aforementioned activities according to the opinion or authority granted by the Board of Directors.
14. The resolution and/or approval of the Executive Committee must be reported to the Board of Directors in the next Board of Directors' meeting.
15. Perform the duties assigned by the Board of Directors.
16. To perform other duties assigned by the Board of Directors

Such authorization grant to the Executive Committee as mentioned earlier, must be complied with the laws and the Company's Articles of Association and shall not allow the Executive Committee to approve any transaction that they or other persons have vested interests in or have conflict of interests with the Company or any of the subsidiaries. Any connected transactions or the acquisition or disposition of significant assets of the Company or any of the subsidiaries must be complied with the regulations set forth by the Securities and Exchange Commission and the Stock Exchange of Thailand.

### **3. Nomination of Directors and Top Executives**

The Board of Directors has appointed Nominating & Compensation Committee to select, and nominate appropriate candidates for the position of Directors and Managements.

#### **The Appointment of Director and the Board of Directors**

The Board of Directors shall comprise of at least 5 directors, of which not less than half of total directors must be Thai residents. The Board of Directors must comprise executive directors, non-executive directors and independent directors. The Board of Directors comprises of three independent directors or not less than one-third (1/3) of total number of directors. The independent director must possess qualifications in compliance with the law on securities and stock exchange and the regulations of the Stock Exchange of Thailand. The appointment and dismissal of the Directors shall be in line with the principles and methods defined in the Company's Articles of Association, the contents of which are as follows:

1. The shareholders' meeting shall appoint Directors in accordance with these methods and principles
  - a) For an election of one Director, the number of votes that each shareholder may cast shall be equal to the number of shares that he holds.
  - b) Each shareholder may cast all of his votes according to Item (a) to elect one person or many persons as the Director, but he may not cast his vote more or less for anyone.
  - c) The persons who have received the highest votes in descending order shall be appointed the Directors in the number that the Meeting of Shareholders has to choose at that time. In the event of a tie between or among the persons in the next order exceeding the number of the persons to be chosen at the meeting, the Chairman of the Meeting shall cast a ruling vote.
2. At every Annual General Meeting of Shareholders, one-third of the Directors shall vacate their office; if the number is indivisible by three, the nearest number shall apply. In the first and second years subsequent to the Company registration, which the Directors shall vacate their office shall be decided by a draw. In the subsequent years, the Directors who remained in office for the longest time shall vacate their office. The Director whose office term has ended may be reappointed.
3. Aside from leaving the office when his/her term ends as defined in this regulation, the Directors shall leave their office when
  - a) Die
  - b) Resign
  - c) Being dismissed by the resolution of shareholders' meeting in accordance with the Company's Articles of Association.



- d) Being deprived of quality or having possessed prohibition, as defined by law or the Company's regulation.
  - e) The court orders him/her to leave the office.
4. Any director wishing to resign may submit a resignation letter to the Company. The resignation is to be effective on the date that the Company receives the letter, according to the content in the first paragraph. Such Director shall notify his/her resignation to the registrar.
  5. In the event that the whole office of the Board of Directors is vacant, the Board of Directors who have left the office shall stay on duty to operate the Company's business as necessary until the new office takes position, except the court orders otherwise.  
The vacating Board of Directors shall organize the shareholders' meeting to elect the new Board of Directors within one (1) month after their term ends. The invitation for the meeting should be sent out at least fourteen (14) days prior to the meeting.
  6. Under the article 20 of the Company's Articles of Association, in the event that an office of the Directors is vacant for reasons other than end of office term, the Board of Directors, shall, at the next Board Meeting, appoint as a Director a person who has no undesirable qualities as set forth in the Public Company Act, Securities and Exchange Act, Telecommunications Business Act and other concerning Act, unless the remaining office term is less than two (2) months. The resolution of the Directors as defined in the first paragraph must consist of at least three quarters (3/4) of all the votes of the remaining Directors.  
The newly appointed Director shall be in office for the remaining office term of the person he/she replaces.
  7. In the event that the number of vacating Directors is outnumbered that of current Directors to be ineligible to form a quorum, the remaining Directors shall act on behalf of the whole office only to hold the shareholders' meeting to select the Directors to replace the vacating ones.
  8. Such meeting according to the first paragraph shall be held within one (1) month after the number of the remaining Directors is less than that to be eligible to hold the meeting. The newly appointed Director shall be in office for the remaining office term of the person he/she replaces.
  9. The Board of Directors shall hold the meeting at least every three (3) months at the venue specified by them. The Chairman or the person who has been assigned to act on behalf of the chairman is eligible to call a meeting.  
At least two (2) Directors may ask the Chairman to call a meeting. In the event of being asked by at least two (2) directors, the Chairman or the person who has been assigned to act on behalf of the chairman shall set the date of the meeting within fourteen (14) days since the day of being asked.
  10. The Board of Directors meeting shall be held at the place where the Company's headquarter situated or in the nearby province.
  11. In the event of calling a meeting, the Chairman or the person who has been assigned to act on behalf of the Chairman shall send out the invitation for meeting to the Directors at least seven (7) days prior to the meeting, except in the case of emergency when upholding the rights and benefits of the Company is concerned. Such invitation of meeting shall be sent out the other way and the meeting date shall be set sooner than the aforementioned timeframe.

12. The meeting of the Board of Directors shall have the directors present at least half (1/2) of its total number.  
The Chairman of the Board of Directors shall be the Chairman of the Meeting. In the event of his absence or his duties cannot be performed, the Deputy Chairman shall be the Chairman of the Meeting. In the event of the Deputy Chairman's absence or his duties cannot be performed, the directors present shall elect one to perform the duty of the Chairman of the Meeting.
13. All resolutions of the Directors' meeting shall be judged by the majority votes with one vote for one director. In the event of a tie, the Chairman of the Meeting shall cast a ruling vote
14. Be responsible for the Company's operation and has an authority to act honestly within the scope of law, the Company's objectives, the Articles of Association and the resolution of the shareholders' meeting for the benefit of the Company.  
The Board of Directors shall assign one (1) or many director(s) to perform any action on behalf of the Board of Directors.
15. Two (2) Directors as defined in the Company's certificate registration may jointly sign their names and affix the corporate seal to legally bind the Company.  
The shareholders' meeting or the Board of Directors shall consider identifying or changing the name and/or number of the Directors that have authority to sign their names and affix the corporate seal to legally bind the Company.
16. The Company prohibits any payment either in the form of money or assets to the Directors, except their fees.  
The Directors has rights to receive fees from the Company, which comes in the form of salary, attendance fee, bonus or other forms of fringe benefit in accordance with the Company's regulation or with the resolution of the shareholders' meeting which may clearly define in the form of money or principles. The content in the previous paragraph shall not affect the rights of Company's employee and personnel who have been appointed as the Directors, to receive benefits and fees as the Company's employee or personnel.  
The payment stated in the first and second paragraphs shall not contradict with the qualification of independent directors as defined by Securities and Exchange Act.

### **Qualification of Independent Director**

The independent director must possess qualifications in compliance with the law on securities and stock exchange and the regulations of the Stock Exchange of Thailand as following details:

1. Must be appointed by the Board of Directors or at the shareholders' meeting.
2. Must possess qualifications in compliance with the law on securities and stock exchange and the regulations of the Stock Exchange of Thailand.
3. Must hold shares not exceeding one per cent of the total number of voting rights of the Company, its parent company, subsidiary, affiliate, principal shareholder or controlling person of the Company, including the shares held by related persons of the independent director.
4. Neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the Company, its parent company, subsidiary, affiliate, same-level subsidiary, principal shareholder or controlling person of the Company unless the foregoing status has ended more than two years prior to the date of appointment. Therefore, such prohibition does not include the director who used to be a civil servant or a consultant of the government organization that is the principal shareholder or has controlling power of the Company.

5. Must not have a business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, in the manner which may interfere with his or her independent judgment, and neither being nor having been a principal shareholder or controlling person of any person having business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company unless the foregoing relationship has ended more than two years prior to the date of appointment.
6. Neither being nor having been an auditor of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, and not being a principal shareholder or controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company unless the foregoing relationship has ended more than two years from the date of appointment.
7. Neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, and neither being nor having been a principal shareholder, controlling person or partner of the professional advisor unless the foregoing relationship has ended more than two years from the date of appointment.
8. Must not be a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the Company or its subsidiary.
9. Must not be a director who has been appointed (both openly and secretly) as a representative of the Company's director, major shareholder or shareholders who are related to the major shareholder.
10. Must not operate any business which has the same nature as and is in significant competition with the business of the Company or subsidiary, or not being a principal partner in any partnership, or not being an executive director, employee, staff, or advisor who receives salary; or holding shares not exceeding one per cent of the total number of voting rights of any other company operating business which has the same nature as and is in significant competition with the business of the Company or subsidiary.
11. Must be a capable person who can express his/her opinion or report his/her duty independently without being controlled by the director or major shareholders of the Company, including their close relatives.
12. Must be respectable and widely accepted person.
13. Must devote sufficient time to their duty of member of Board of Directors.

#### **4. Governance and Control of Subsidiary**

The Company has established a subsidiary, namely, Diamond Line Services Company Limited with shareholding 99.99%, to provide installation and maintenance service for outside-plant networks and telecom equipments. In 2014, the Company will assign DLS to handle the installation and maintenance service for around 30% of total areas with possibility to expand in the future.

The Company, as a major shareholder of DLS and by the consent of Board of Directors, has appointed top executives of the Company to be the directors and chairman of DLS in order to define the management policy and set the direction for business operation in line with the Company. Board of Directors of DLS is set to report to the Executive Committee on regular basis, so Executive Committee can regularly review the operation and report to the Board of Directors of the Company.

The Company has implemented the same operation systems to DLS e.g. internal control system, finance and accounting system, asset management system and etc, so that the Company can efficiently evaluate and control DLS. Meanwhile, the Company in the process of setting governance and control regulations for DLS as a mechanism for reporting procedure e.g. performance and financial information, related parties transactions, asset acquisition and disposition to be in compliance with the Company and SET regulations.

## 5. The Control of Inside Information Usage

For transparency purpose and to prevent the use of inside information that has not been disclosed to the public for personal benefits and avoid criticism of inappropriate sale and purchase of company's shares by its personnel, the Company has issued regulations to directors, executives and all employees as follows:

- The directors, executives and all employees of the Company must protect the Company's confidentiality and must not disclose it for their own or others' benefits whether directly or indirectly. They must not transfer or be transferred the Company's shares by using the Company's confidentiality and/or inside information and/or undertake any business transactions by using the Company's confidentiality and/or inside information, which would lead to financial loss to the Company whether directly or indirectly.
- The directors, executives and employees who are aware of inside information that has not been disclosed to the public must not use such information and must avoid or refrain from buying, selling, transferring or being transfers company's shares within 1 month before the disclosure of the quarterly financial statement and annual financial statement to the public.
- All company's directors and management must report any changes in their company's share ownership to SEC under section 59 of the Securities and Exchange Act B.E. 2535 within 3 days from the date of sale, purchase, disposal or receipt of such share and submit a copy to the Company as reference.

## 6. Auditor's Fee

The Company's consolidated financial statement have been reviewed and audited by certified accountant according to the general accepted accounting standard to ensure that the financial statements are fairly presented. The financial statements for the year 2013 have been audited by Ernst and Young Office Limited. The audit firm has received its fee as detailed below

1. Auditing fee according to the contract (for quarterly and annual financial statement)	990,000 Baht
2. Other expenses	10,429 Baht
Total	1,000,429 Baht



To The Shareholders of Symphony Communication Public Company Limited

The Audit Committee of Symphony Communication Public Company Limited comprises three independent directors whose qualifications fully comply with requirements of the Securities and Exchange Commission, namely Mr. Jitkasem Sangsingkeo, Chairman of the Audit Committee. Mr. Woodtipong Moleechad and Mr. Prasitt Hemwarapornchai, members of the Audit Committee. Ms. Warun Aumetanapan, Internal Audit Manager serves as the secretary of Audit Committee.

In 2013, the Audit Committee performed its duties in compliance with the Audit Committee Charter approved by the Board of Directors. The Audit Committee held at least once every quarter, total 6 meetings held in 2013, in which all Audit Committee members have fully attended all the meetings, together with executives, auditors and internal auditors as appropriated, which is summarized as follows:

1. Reviewed quarterly and annual financial statements for the year 2013 prior to proposing to the Board of Directors for approval. The Audit Committee has inquired management and auditor for the accuracy, completeness of the financial statements and the adequacy of disclosures. The Audit Committee is of the opinion that the Company's financial statements were prepared in accordance with legal requirements and generally accepted accounting principles.

2. Reviewed the internal control system to evaluate suitability and efficiency of current internal control system. The Audit Committee reviewed the planned quarterly audit reports from outsource internal auditor. There was no significant deficiency and the Company has proper asset control. The Audit Committee is of the opinion that the Company has efficient, adequate and suitable internal controls in the acceptable criteria. Its internal control system is regularly reviewed and evaluated. The Company also outsources an independent internal auditor to review, suggest and independently audit on a regular basis.

3. Reviewed the internal audit system. The audit committee meeting 6/2013, held on December 19<sup>th</sup>, 2013, appointed an independent internal auditor namely IML auditing Co., Ltd. that assigned Ms. Valdee Sibunrueang to review internal audit activities and evaluate adequacy of internal control system. The independent internal auditor had directly reported the result to the Audit Committee on quarterly basis. The Audit Committee had considered the independence of Internal Auditor, the scope of internal auditing and their responsibilities and functions. Moreover, the audit committee had assigned Internal control unit to cooperate with outsourced internal auditor. The Audit Committee is of the opinion that the internal auditing is sufficient, suitable and regularly reviewed.

4. Reviewed the compliance with the law. The Audit Committee has assigned Corporate Secretary to monitor the compliance to the rules and regulations of Securities and Exchange Commission and the Stock Exchange of Thailand or other laws relating to its business as well as corporate agreement with external parties, which has an opinion that the Company has complied with the Securities and Exchange Law, regulations of the Stock Exchange of Thailand, or other laws relating to its business and its agreement to external parties.

5. Reviewed the risk management system. The Audit Committee had reviewed the risk management system, considering its linkage to internal control, risk management policy and guidance as well as risk management progress. The Audit Committee is of the opinion that the Company has efficient risk management system that is constantly reviewed in accordance with the Company's risk management guidance handbook and at acceptable risk level.

6. Reviewed the connected transactions and its disclosure in the notes of audited financial statements. The Audit Committee has common opinion with the independent auditor that the connected transactions were done on normal course of business and of the Company's interest, and completely disclosed.

7. Nominated and recommended compensation of external auditor for the year 2014 and presented to the Board of Directors for final approval from the 2014 Annual General Meeting of Shareholders. The Audit Committee had considered performance, independence and appropriate compensation and, thus, has nominated the auditor (s) from Office of Ernst & Young as an auditor of the Company in 2014 with the compensation of Baht 1,00,000 for the year 2014. The Audit Committee has considered to propose the external auditor for the Company and subsidiary as follows; Ms.Rungnapa Lertsuwankul, Certified Public Accountant (Thailand) No. 3516 and/or Mr.Sophon Permsirivallop, Certified Public Accountant (Thailand) No. 3182 and/or Mr.Chayapol Suppasertanon, Certified Public Accountant (Thailand) No. 3972.

The auditors have no relationship or interest with the Company and they have meeting (without the management team) with the audit committee once.

8. The Audit Committee conducted the self-assessment on their scope of duties in the year 2013 by comparing to that stated in the Audit Committee Charter and the good practice. For 2013, it was found that the Committee had performed its duties in accordance with the Audit Committee Charter and the good practice.

9. Assessed the adequacy of the internal control system. The board of directors committee meeting 2/2014, held on February 21<sup>st</sup>, 2014 attended by all 3 independent director. The Board of Directors committee has assessed the internal control of the company by asking information from management and reviewing an evaluation report from the audit committee. The report has concluded the assessment in five different elements; Organizational Control and Environment Measure, Risk Management Measure, Management Control Activities, Information and Communication Measure and Monitoring.

The Board of Directors committee has agreed that The Company's internal control system is adequate and appropriate. The Company has provided adequate personnel to operate the system effectively and can protect the assets of the Company and its subsidiaries also including transactions with persons who may have conflicts of interest and related party.

10. Reviewed the Audit Committee Charter in order to develop and revise the composition, term of office, scope of duty and responsibility and the self-assessment, in accordance to the good corporate governance principles and regulations of the Stock Exchange of Thailand and the Security Exchange Commission.

In conclusion, the Audit Committee has performed its complete duties set forth in the Audit Committee Charter approved by the Board of Directors. The Company has reviewed aforementioned activities that consistent with the Good Corporate Governance Practice.

The Board carefully considers the conflict of interests and related party transactions and set forth in the policies, guidelines and practices in compliance with the Company's Articles of Association, laws, the principles of good governance and regulations of SEC and SET. Those with conflict of interests or related businesses must report their relationship and interest with a possible conflict of interest to the Company. The connected persons will be refrained from exercising their authority for and involvement in such transactions. Moreover, the approval of such transaction must be done solely for the Company's best interests and the information must be disclosed in the note of financial statement. The consolidated annual financial statement ending on 31 December 2013 published the related transaction in the Note no. 8, that other than director and management benefit expenses, the Company and subsidiary did not have any other related party transaction.

### Policy and Future Related Party Transaction

The Company may have related party transactions in the future as appropriate based on normal business operation. If the transaction is not the normal business operation, the Company must propose the Audit Committee for the consideration of appropriateness and must comply with the step of approval for related transactions. The Company will consider the necessity and soundness of such transaction. The prices and conditions shall be set on arm's length basis for the best interest of all stakeholders and complied with the regulations set by the Stock Exchange of Thailand (SET) and Security and Exchange Commission (SEC). Meanwhile, the directors, management and the stakeholders who have conflict of interest shall not participate in the approval of transactions.



Revenue jumped, grew 24.67% YoY driven by growing demand from IPLC, Private Network and Digital Broadcast segments

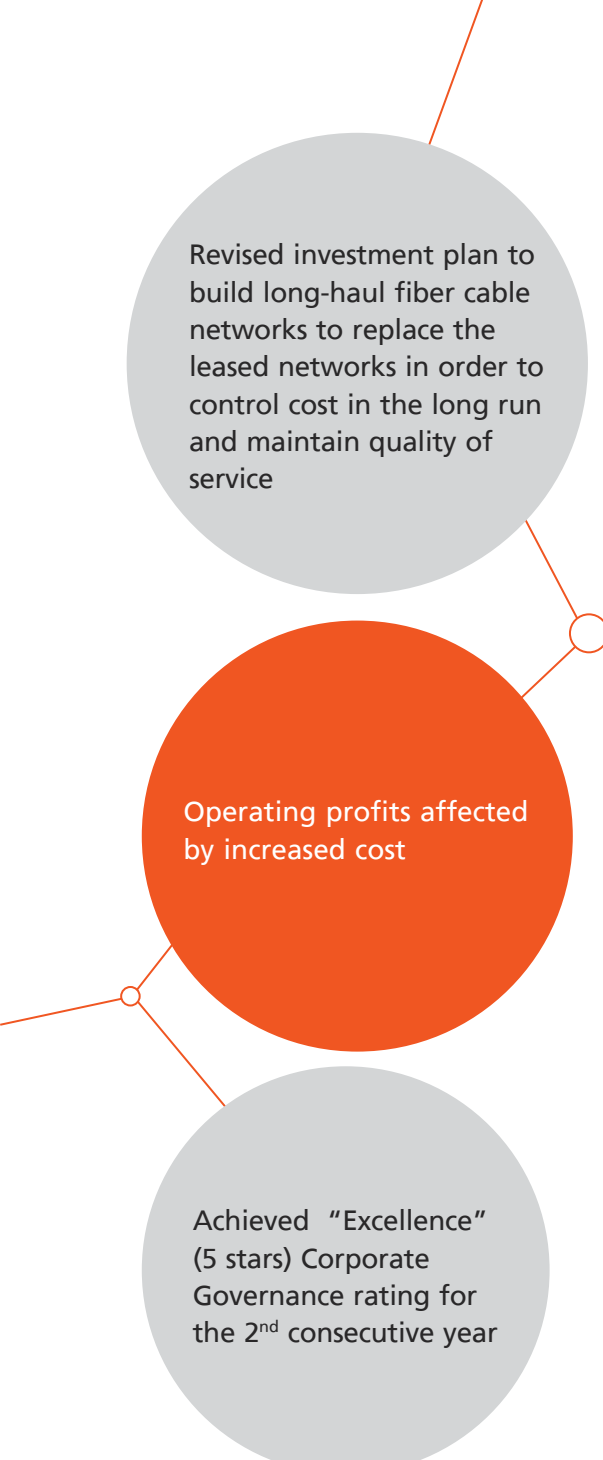
The Company achieved strong revenue growth, Total revenue in 2013 was Baht 1,021.75 million, increased 24.67% YoY, derived from the core revenue from service income that was Baht 1,013.25 million, increased 26.14% YoY. The growth mainly contributed increasing demand as well as the coverage expansion that currently covers 40 major cities nationwide, especially the cities along the route that connecting neighboring countries. Moreover, the Company has built IPLC Gateway to connect international network at the borders of Thai-Cambodia, Thai-Malaysia, Thai-Laos and Thai-Myanmar. Thus enhancing service capability and support revenue growth from international private leased circuits segment (IPLC), Private Network segment and Digital Broadcast segment that has increasing usage of existing customers as well as new customers.

Increased cost mainly resulting from network rental

Cost of services and sales in 2013 was Baht 475.48 million, increased 46.79% YoY mainly resulting from network rental fees, both domestic network rental that the Company leases long-haul networks to provide provincial coverage and also international network rental, whereby the user subscription in provincial and international network having rapid growth, resulting in highly increased network rental.

Changed in accounting estimates with respect to useful lives of assets

The accounting standard TAS 16 (revised 2009) Property, Plant and Equipment, effective from 1 January 2011, requires the entity to review the useful lives of assets. The Company and its subsidiary have reviewed the physical useful lives of network assets according to the actual useful lives in conjunction with standard useful lives indicated by manufacturers, technology development and the estimation of useful lives applied by other operators. Therefore, the Company changed the accounting estimates with respect to the useful lives of cables from 10 years to 20 years, telecom equipment from 5 years to 5-7 years and containers and racks from 5 years to 15 years. The Company has applied the changed in accounting estimates with respect to of useful lives to determine the depreciation of network assets from 1 January 2013. As a result the depreciation and amortization included in cost of service and sale for the year 2013 was Baht 144.18 million, decreased Baht 10.53 million from the year 2012 that was Baht 154.70 million.



**Revised investment plan to build long-haul fiber cable networks to replace the leased networks in order to control cost in the long run and maintain quality of service**

Due to the successful customer base expansion in the Private Network and IPLC segments, the Company needs to lease additional long-haul optical fiber cable networks in provincial areas in a significant amount, therefore the Company has revised investment plan to build long-haul fiber cable networks for the high potential routes that having the sound returns to replace the leased networks in order to control cost and support future growth in the long run. This project aims to reduce the long-haul network rental fees and maintain quality of service. Therefore, the CAPEX budget for the year 2013 is Baht 750 million (from previously Baht 600 million), adding the long-haul cable network for the southern and north to north-eastern routes. At the end of 2013, service coverage areas cover 40 provinces with 16 service centers.

**Operating profits affected by increased cost**

Net profit in 2013 was Baht 249.37 million, a net profit margin of 24.41%. Net profit increased Baht 13.44 million or net profit growth 5.70% YoY.

**Achieved “Excellence” (5 stars) Corporate Governance rating for the 2<sup>nd</sup> consecutive year**

Achieved “Excellence” (5 stars) Corporate Governance rating in the Corporate Governance Report of Thai Listed Companies, and ranked in the Top Quartile of the companies with market capitalization between Baht 3,000-9,999 million for the 2<sup>nd</sup> consecutive year.

## **Revenue**

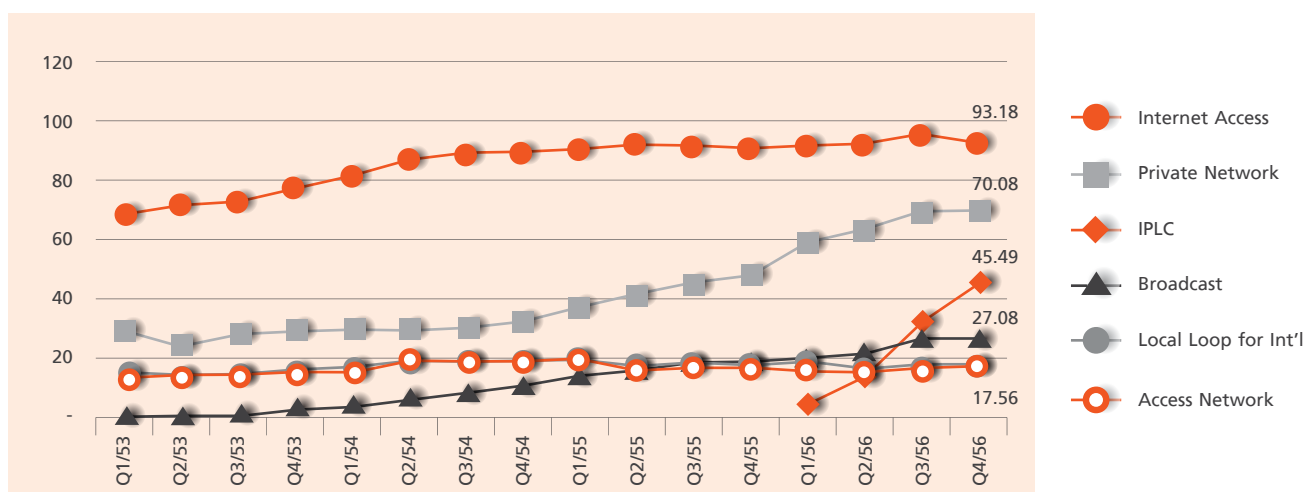
The Company achieved strong revenue growth, Total revenue in 2013 was Baht 1,021.75 million, increased 24.67% YoY, derived from the core revenue from service income that was Baht 1,013.25 million, increased 26.14% YoY. Demand for high speed communication network is continually increasing driven by demand growth of various business communication platforms both domestic and international, and also the massive growth of online applications on wireless devices and digital broadcasting. All these factors lead the demand leased line service both in term of number of circuits and bandwidth. The expanded coverage also enables the Company to reach more customers. Currently, the service areas covers 40 major cities nationwide, especially the cities along the route that connecting neighboring countries. Moreover, the Company has built IPLC Gateway to connect international network at the borders of Thai-Cambodia, Thai-Malaysia, Thai-Laos and Thai-Myanmar, thus enhancing service capability to provide the international private leased circuits (IPLC). As a result, the revenue from IPLC segment in 2013 was Baht 95.15 million, reached 9% of total revenue from the first year of service launch.

## Service income : by application

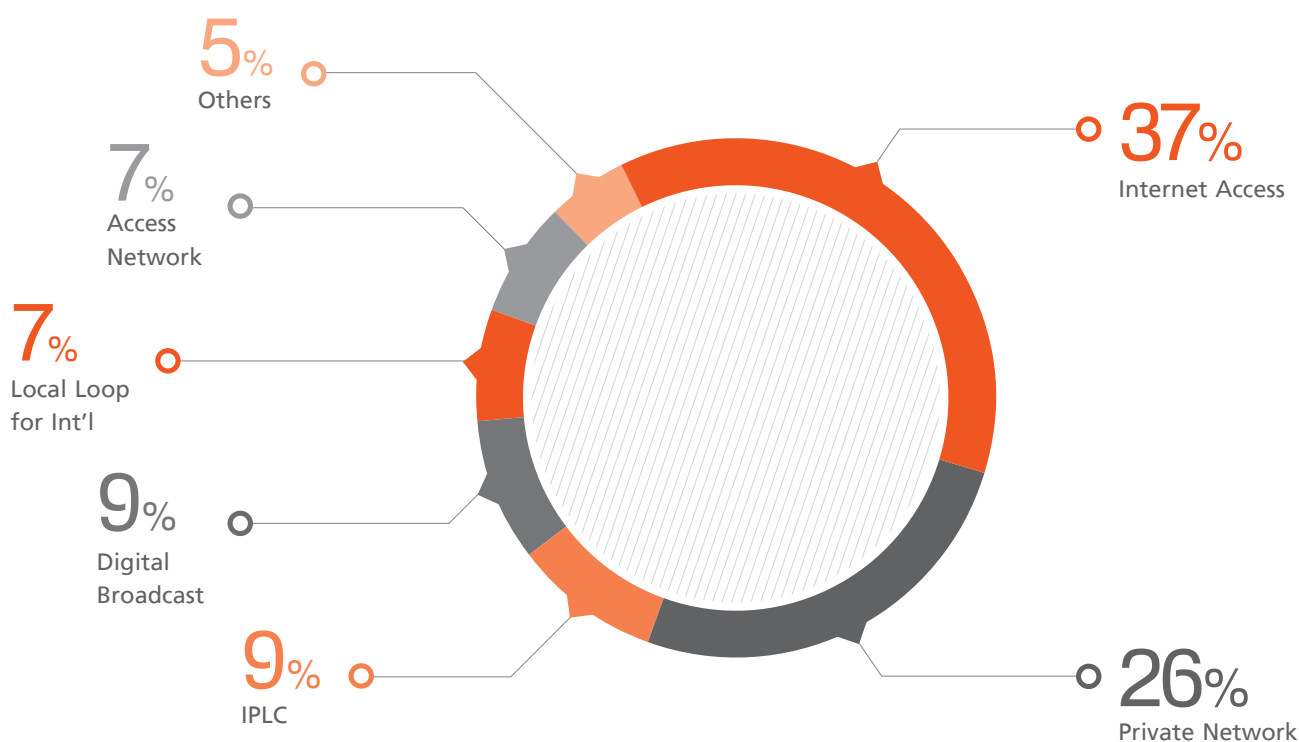
Unit : Million Baht

	2012		2013		Change	
	Amount	%	Amount	%	Amount	%
Internet Access	364.59	45%	374.45	37%	9.86	2.70%
Private Network	172.64	21%	261.67	26%	89.03	51.57%
IPLC	0.00	0%	95.15	9%	95.15	N/A
Digital Broadcast	68.38	9%	95.24	9%	26.85	39.26%
Local Loop for Int'l	74.59	9%	73.24	7%	-1.35	-1.81%
Access Network	69.93	9%	65.58	6%	-4.36	-6.23%
Others	53.17	7%	47.94	5%	-5.24	-9.85%
<b>Total service income</b>	<b>803.30</b>	<b>100%</b>	<b>1,013.25</b>	<b>100%</b>	<b>209.95</b>	<b>26.14%</b>

## Quarterly service income : by application



## Portion of service income by application of year 2013



Revenue from Private Network segment in 2013 was Baht 261.67 million, comparing to last year increased by Baht 89.03 million or 51.57% YoY as the Company expanded the coverage areas and was able to expand the service to those who need the connectivity to provincial offices.

Revenue from Digital Broadcast segment was also increased from increasing usage of existing customers as well as new customers. In 2013, revenue from Digital Broadcast segment was Baht 95.24 million, increased by Baht 26.85 million or 39.26% YoY.

Revenue from Internet Access segment slightly increased from additional customers in spite of the market competition. The revenue from Access Network in 2013 slightly decreased due to an extra short-term order from a major customer that used leased line circuit linked to their temporary offices during flood crisis since late 2011.

### **Cost of Services and Sales**

Cost of services and sales in 2013 was Baht 475.48 million, increased Baht 151.56 million or 46.79% YoY mainly resulting from the network rental which was Baht 128.81 million, increased Baht 98.97 million comparing to the year 2012. The Company leased the long-haul intercity optical fiber cable networks from Electricity Generating Authority of Thailand (EGAT) to expedite the service launch and minimize investment risk and also leases international networks for the IPLC service. Due to the rapid growth of Private Network and IPLC service subscription, the Company needs to lease additional long-haul optical fiber cable networks in provincial areas in a significant amount. The level of customer base at present could make the sound returns to network investment. Therefore, the Company has revised investment plan to build long-haul fiber cable networks to replace the leased networks for the high potential routes in order to control cost and support future growth in the long run. This project aims to reduce the long-haul network rental fees and maintain quality of service. Moreover, the Company can add coverage to those provinces along the network routes while the leased network was point-to-point, the Company was not able to serve those provinces along the routes. The investment also adds flexibility for network upgrading to catch up growing demand. Therefore, the CAPEX budget for the year 2013 was Baht 750 million (from previously Baht 600 million) to build our own optical fiber cable network for the southern and north to north-eastern routes. At the end of 2013, the coverage areas has covered 40 provinces with 16 service centers, and on process of expanding in 8 more provinces. In this regards, the long-haul intercity optical fiber cable network rental will be significantly decreased around mid of 2014.

Other increased costs were increased human resource expenses resulting from more number of employees, increased license fees resulting from new telecom business license fee calculation method imposed by NBTC.

### **Changed in accounting estimates with respect to useful lives of assets**

The accounting standard TAS 16 (revised 2009) Property, Plant and Equipment, effective from 1 January 2011, requires the entity to review the useful lives of assets. The Company and its subsidiary have reviewed the physical useful lives of network assets according to the actual useful lives in conjunction with standard useful lives indicated by manufacturers, technology development and the estimation of useful lives applied by other operators. Therefore, the Company changed the accounting estimates with respect to the useful lives of cables from 10 years to 20 years, telecom equipment from 5 years to 5-7 years and containers and racks from 5 years to 15 years. The Company has applied the changed in accounting estimates with respect to of useful



lives to determine the depreciation of network assets from 1 January 2013. As a result the depreciation and amortization included in cost of service and sale for the year 2013 was Baht 144.18 million, decreased Baht 10.53 million from the year 2012 that was Baht 154.70 million.

#### **Effect of Change in accounting estimates with respect to useful lives of assets**

Type	Useful lives		Depreciation for Jan-Dec 2013		Effect of Change
	Old	New	Old	New	
Cables	10	20	69,759,993	30,692,531	-39,067,462
Telecom equipment	5	5-7	108,350,687	66,785,678	-41,565,009
Container and rack	5	15	1,348,271	328,236	-1,020,036
<b>Total Change</b>			<b>179,458,951</b>	<b>97,806,445</b>	<b>-81,652,507</b>

#### **Service Expenses**

Service Expenses in 2013 was Baht 41.92 million slightly changed comparing to the previous year.

#### **Administrative expenses**

Administrative Expenses in 2013 was Baht 186.62 million, increased by Baht 41.60 million YoY, mainly resulting from higher Employee expenses due to the increased number of employees. Other increases in administrative expenses were depreciation of leasehold improvement, additional office space rental and expenses related to new service center offices in provincial areas.

#### **Gross Profit, EBITDA and Net Profit**

In 2013, the Company recorded Gross Profit in the amount of Baht 541.61 million or a gross profit margin of 53.01%. EBITDA was Baht 492.63 million or EBITDA margin of 48.21%. Net profit in 2013 was Baht 249.37 million, a net profit margin of 24.41%. Net profit increased by Baht 13.44 million or 5.70% YoY.

#### **Statement of Financial Position**

At 31 December 2013, the Company recorded cash and cash equivalent totaled Baht 12.62 million, decreased by Baht 152.66 million from 31 December 2012, mainly resulting from the network coverage expansion. The total network equipment-net at 31 December 2013 was Baht 1,715.37 million, increased by Baht 666.53 million. Property, building and equipment-net was Baht 213.87 million, increased by Baht 80.69 million resulting from the expedition of network construction in provincial areas and IPLC Gateways.

The Company financed the expansion investment projects by operating cash flow and borrowing from financial institutions. The Company had negotiated with major suppliers to extend credit terms, thus, trade and other payables at 31 December 2013 was Baht 437.78 million, increased by Baht 234.14 million from 31 December 2012. The borrowing from financial institutions comprises short-term borrowing in the amount of Baht 142.67 million and long-term loans in the amount of Baht 260.00 million. Total liabilities at 31 December 2013 was totaled Baht 984.68 million, increased by Baht 658.24 million from 31 December 2012. Debt to equity ratio was at 0.77x and interest bearing debt to equity ratio was 0.32x. The Company has strong financial position and operating cash flow and has prepared sufficient source of funds to support the expansion plan. In this regards, the Company will consider to invest prudently for sustainable growth in the long run.

## Board of Directors' Responsibility for Financial Reporting

The Board of Directors is responsible for Symphony Communication Public Company Limited's financial statements, including the financial information presented in this annual report. The aforementioned financial statements are prepared in accordance with generally accepted accounting principles, using careful judgment and the best estimation. Important information is adequately and transparency disclosed in the notes to financial statements for the Company shareholders and investors.

The Board of Directors has provided and maintained risk management system and appropriate and efficient internal control system to ensure that accounting records are accurate, reliable and adequate to protect its assets and uncover any weakness that may be present in order to prevent fraud or materially irregular operations.

In this regard, the Board of Directors has appointed an Audit Committee to be responsible for reviewing the accounting policy, quality of financial reports, review internal controls, internal audit and risk management system. The Audit Committee has also reviewed a disclosure of related party transactions. All their comments on these issues have included in the Audit Committee Report, which presented in this annual report.

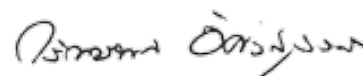
The financial statements of the Company have been audited by an external auditor, ERNST & YOUNG OFFICE LIMITED. The Board of Directors facilitated all the Company's records and related data as the auditor requested. The auditor's opinion is presented in the auditor's report as part of this annual report.

In this regard, the Board of Directors is of the opinion that the Company's internal control system is proven satisfactory and contributes the credibility of the Company's financial statements as of 31 December 2013 that all these financial statements have been prepared in accordance with generally accepted accounting principles and related regulations.



**Mr. Woodtipong Moleechad**

Chairman



**Mr. Kranphol Asawasuwana**

President

## **Report of Independent Auditor**

To the Shareholders of Symphony Communication Public Company Limited

I have audited the accompanying financial statements of Symphony Communication Public Company Limited and its subsidiary, which comprise the consolidated statements of financial position as at 31 December 2013, and the related consolidated statements of 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 Symphony Communication Public Company Limited for the same year.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Symphony Communication Public Company Limited and its subsidiary and of Symphony Communication 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 matter

I draw attention to the following notes to the financial statements.

- a) Notes 3, 4 and 5.1 to the financial statements regarding the change in accounting policy made due to the adoption of Thai Accounting Standard 12 Income Taxes and changed in accounting policy for employee benefits with respect to actuarial gains and losses arising from post-employment benefits. The Company has restated the separate financial statements for the year ended 31 December 2012, presented herein as comparative information, to reflect the adjustments resulting from such change in accounting policies. The Company has also presented the separate statements of financial position as at 1 January 2012 as comparative information, using the same accounting policy for income taxes and employee benefits. My opinion is not qualified in respect of this matter.
- b) Note 5.2 to the financial statements, regarding the change in the estimated useful lives of network equipment in order to be consistent with their revised expected utility to the Company and its subsidiary. The Company and its subsidiary have applied the changes in estimated useful lives of network equipment prospectively. My opinion is not qualified in respect of this matter.



**Pimjai Manitkajohnkit**

Certified Public Accountant (Thailand) No. 4521

Ernst & Young Office Limited

Bangkok: 21 February 2014

# Statement of financial position

## Symphony Communication Public Company Limited and its subsidiary

As at 31 December 2013

(Unit : Baht)

	Note	Consolidated financial statements	Separate financial statements		
		31 December 2013	31 December 2013	31 December 2012 (Restated)	1 January 2012
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	9	12,620,471	10,120,471	165,285,010	171,322,996
Short-term investments	10	-	-	-	220,000,000
Trade and other receivables	11	162,221,387	162,221,387	93,944,628	98,113,244
Inventories		10,698,655	10,698,655	4,585,947	3,909,732
Other current assets		47,387,446	47,457,690	21,017,416	12,437,639
<b>Total current assets</b>		<b>232,927,959</b>	<b>230,498,203</b>	<b>284,833,001</b>	<b>505,783,611</b>
<b>Non-current assets</b>					
Investment in subsidiary	12	-	2,499,800	-	-
Network equipment	13	1,715,365,564	1,715,365,564	1,048,834,013	773,388,653
Property, building and equipment	14	213,873,134	213,873,134	133,185,874	54,602,562
Intangible assets	15	19,588,674	19,588,674	15,732,083	15,492,717
Deferred tax assets	5, 25	4,179,457	4,179,457	4,491,447	2,817,704
Other non-current assets		70,000,089	70,000,089	31,722,562	25,034,335
<b>Total non-current assets</b>		<b>2,023,006,918</b>	<b>2,025,506,718</b>	<b>1,233,965,979</b>	<b>871,335,971</b>
<b>Total assets</b>		<b>2,255,934,877</b>	<b>2,256,004,921</b>	<b>1,518,798,980</b>	<b>1,377,119,582</b>

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



# Statement of financial position (continued)

## Symphony Communication Public Company Limited and its subsidiary

As at 31 December 2013

(Unit : Baht)

		Consolidated financial statements	Separate financial statements		
	Note	31 December 2013	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	16	142,671,042	142,671,042	-	-
Trade and other payables	17	437,781,921	437,761,921	203,641,020	126,493,958
Current portion of deferred income and					
advance received from customers		30,013,314	30,013,314	12,095,496	13,045,195
Current portion of long-term loans	18	47,916,667	47,916,667	-	-
Corporate income tax payable		22,748,429	22,748,429	18,889,182	36,221,769
Other current liabilities		11,391,696	11,391,496	8,046,140	6,346,189
<b>Total current liabilities</b>		692,523,069	692,502,869	242,671,838	182,107,111
<b>Non-current liabilities</b>					
Liabilities under hire purchase lease					
agreements, net of current portion	19	1,006,524	1,006,524	1,790,226	871,332
Deferred income and advance received from					
customers, net of current portion		64,834,940	64,834,940	66,393,274	68,330,451
Long-term loans, net of current portion	18	212,083,333	212,083,333	-	-
Provision for long-term employee					
benefits	20	14,233,344	14,233,344	15,585,721	10,398,320
<b>Total non-current liabilities</b>		292,158,141	292,158,141	83,769,221	79,600,103
<b>Total liabilities</b>		984,681,210	984,661,010	326,441,059	261,707,214

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

# Statement of financial position (continued)

## Symphony Communication Public Company Limited and its subsidiary

As at 31 December 2013

(Unit : Baht)

	Note	Consolidated financial statements	Separate financial statements		
		31 December 2013	31 December 2013	31 December 2012 (Restated)	1 January 2012
<b>Shareholders' equity</b>					
Share capital					
Registered					
306,000,000 ordinary shares of Baht 1 each (31 December 2012: 300,000,000 ordinary shares of Baht 1 each)	21	306,000,000	306,000,000	300,000,000	300,000,000
Issued and paid up					
300,000,000 ordinary shares of Baht 1 each		300,000,000	300,000,000	300,000,000	300,000,000
Share premium		548,761,440	548,761,440	548,761,440	548,761,440
Capital reserve for share-based payment transactions	22	3,524,162	3,524,162	-	-
Retained earnings					
Appropriated - statutory reserve	23	30,600,000	30,600,000	30,000,000	30,000,000
Unappropriated		388,368,065	388,458,309	313,596,481	236,650,928
<b>Total shareholders' equity</b>		<b>1,271,253,667</b>	<b>1,271,343,911</b>	<b>1,192,357,921</b>	<b>1,115,412,368</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,255,934,877</b>	<b>2,256,004,921</b>	<b>1,518,798,980</b>	<b>1,377,119,582</b>

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

# Statements of comprehensive income

## Symphony Communication Public Company Limited and its subsidiary

For the year ended 31 December 2013

(Unit : Baht)

		Consolidated financial statements	Separate financial statements	
	Note	2013	2013	2012 (Restated)
<b>Revenues</b>				
Lease line service income		983,802,669	983,802,669	771,242,683
Management and maintenance service income - network		29,442,800	29,442,800	32,055,900
Revenue from sales of network equipment		3,846,000	3,846,000	4,615,000
Other income		4,657,232	4,657,232	11,655,221
<b>Total revenues</b>		1,021,748,701	1,021,748,701	819,568,804
<b>Expenses</b>				
Cost of services and sales		475,482,616	475,482,616	323,923,247
Service expenses		41,915,681	41,915,681	41,491,921
Administrative expenses		186,620,592	186,530,348	145,021,891
<b>Total expenses</b>		704,018,889	703,928,645	510,437,059
<b>Profit before finance cost and income tax expenses</b>		317,729,812	317,820,056	309,131,745
Finance cost		(9,265,134)	(9,265,134)	(338,722)
<b>Profit before income tax expenses</b>		308,464,678	308,554,922	308,793,023
Income tax expenses	25	(62,884,804)	(62,884,804)	(71,055,413)
<b>Profit for the year</b>		245,579,874	245,670,118	237,737,610
<b>Other comprehensive income:</b>				
Actuarial gains (losses)		4,738,901	4,738,901	(2,265,246)
Income tax effect		(947,781)	(947,781)	453,049
<b>Other comprehensive income for the year</b>		3,791,120	3,791,120	(1,812,197)
<b>Total comprehensive income for the year</b>		249,370,994	249,461,238	235,925,413
<b>Earnings per share</b>	26			
Basic earnings per share		0.82	0.82	0.79

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

# Statement of changes in shareholders' equity

## Symphony Communication Public Company Limited and its subsidiary

For the year ended 31 December 2013

(Unit : Baht)

Consolidated financial statements							
Retained earnings							
	Note	Issued and paid-up share capital	Share premium	Capital reserve for share - based payment transactions	Appropriated - statutory reserve	Unappropriated	Total
Balance as at 1 January 2013 - as previously reported		300,000,000	548,761,440	-	30,000,000	309,105,034	1,187,866,474
Cumulative effect of change in accounting policy due to the adoption of new accounting standard	5	-	-	-	-	4,491,447	4,491,447
Balance as at 1 January 2013 - as restated		300,000,000	548,761,440	-	30,000,000	313,596,481	1,192,357,921
Dividend paid	29	-	-	-	-	(173,999,410)	(173,999,410)
Appropriated to statutory reserve	23	-	-	-	600,000	(600,000)	-
Capital reserve for share-based payment transactions	22	-	-	3,524,162	-	-	3,524,162
Total comprehensive income for the year		-	-	-	-	249,370,994	249,370,994
Balance as at 31 December 2013		<u>300,000,000</u>	<u>548,761,440</u>	<u>3,524,162</u>	<u>30,600,000</u>	<u>388,368,065</u>	<u>1,271,253,667</u>

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

# Statement of changes in shareholders' equity (continued)

## Symphony Communication Public Company Limited and its subsidiary

For the year ended 31 December 2013

(Unit : Baht)

Consolidated financial statements							
	Note	Retained earnings					Total
		Issued and paid-up share capital	Share premium	Capital reserve for share - based payment transactions	Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 31 December 2011 - as previously reported</b>		300,000,000	548,761,440	-	30,000,000	233,833,224	1,112,594,664
Cumulative effect of change in accounting policy due to the adoption of new accounting standard	5	-	-	-	-	2,817,704	2,817,704
<b>Balance as at 31 December 2011 - as restated</b>		300,000,000	548,761,440	-	30,000,000	236,650,928	1,115,412,368
Dividend paid	29	-	-	-	-	(158,979,860)	(158,979,860)
Total comprehensive income for the year (restated)		-	-	-	-	235,925,413	235,925,413
<b>Balance as at 31 December 2012 - as restated</b>		<u>300,000,000</u>	<u>548,761,440</u>	<u>-</u>	<u>30,000,000</u>	<u>313,596,481</u>	<u>1,192,357,921</u>
<b>Balance as at 31 December 2012 - as previously reported</b>		300,000,000	548,761,440	-	30,000,000	309,105,034	1,187,866,474
Cumulative effect of change in accounting policy due to the adoption of new accounting standard	5	-	-	-	-	4,491,447	4,491,447
<b>Balance as at 31 December 2012 - as restated</b>		300,000,000	548,761,440	-	30,000,000	313,596,481	1,192,357,921
Dividend paid	29	-	-	-	-	(173,999,410)	(173,999,410)
Capital reserve for share-based payment transactions	22	-	-	3,524,162	-	-	3,524,162
Appropriated to statutory reserve	23	-	-	-	600,000	(600,000)	-
Total comprehensive income for the year		-	-	-	-	249,461,238	249,461,238
<b>Balance as at 31 December 2013</b>		<u>300,000,000</u>	<u>548,761,440</u>	<u>3,524,162</u>	<u>30,600,000</u>	<u>388,458,309</u>	<u>1,271,343,911</u>

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



# Cash flow statement

## Symphony Communication Public Company Limited and its subsidiary For the year ended 31 December 2013

(Unit : Baht)

	Consolidated financial statements	Separate financial statements	
	2013	2013	2012 (Restated)
<b>Cash flows from operating activities</b>			
Profit before tax	308,464,678	308,554,922	308,793,023
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:			
Depreciation	171,598,515	171,598,515	171,248,230
Amortisation of intangible assets	4,272,427	4,272,427	3,358,287
Write-off of network equipment and equipment	1,047,331	1,047,331	283,207
Gain on sales of network equipment and equipment	(835,430)	(835,430)	(556,083)
Allowance for doubtful accounts	144,450	144,450	-
Allowance for impairment of network equipment	-	-	3,420,021
Unrealised loss on exchange rate	141,416	141,416	-
Expense for share-based payment transactions	3,524,162	3,524,162	-
Provision for long-term employee benefits	3,386,523	3,386,523	2,922,155
Interest income	(748,475)	(748,475)	(9,767,646)
Interest expenses	8,036,176	8,036,176	98,151
Profit from operating activities before changes in operating assets and liabilities	499,031,773	499,122,017	479,799,345
Operating assets decrease (increase)			
Trade and other receivables	(68,964,573)	(68,964,573)	4,319,871
Inventories	(6,112,708)	(6,112,708)	(676,215)
Other current assets	(26,440,274)	(26,440,274)	(8,579,777)
Other non-current assets	(18,304,650)	(18,304,650)	(7,627,032)
Operating liabilities increase (decrease)			
Trade and other payables	47,755,816	47,665,572	46,135,811
Deferred income and advance received from customers	16,359,484	16,359,484	(2,886,876)
Other current liabilities	3,012,762	3,012,562	1,229,346
Cash flows from operating activities	446,337,630	446,337,430	511,714,473
Cash paid for interest expenses	(7,739,999)	(7,739,999)	(98,151)
Cash paid for income tax	(59,661,347)	(59,661,347)	(89,608,694)
<b>Net cash flows from operating activities</b>	<b>378,936,284</b>	<b>378,936,084</b>	<b>422,007,628</b>

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

# Cash flow statement (continued)

## Symphony Communication Public Company Limited and its subsidiary For the year ended 31 December 2013

(Unit : Baht)

	Consolidated financial statements	Separate financial statements	
	2013	2013	2012 (Restated)
<b>Cash flows from investing activities</b>			
Decrease in current investments	-	-	220,000,000
Cash paid for investment in subsidiary	-	(2,499,800)	-
Cash paid for acquisition of network equipment	(616,465,888)	(616,465,888)	(401,274,653)
Cash paid for acquisition of property, building and equipment	(116,802,561)	(116,802,561)	(87,872,391)
Cash paid for acquisition of intangible assets	(9,429,688)	(9,429,688)	(2,301,301)
Increase in deposits of land leasehold right	-	-	(5,143,750)
Increase in deposits of network equipment and building	(19,972,877)	(19,972,877)	(2,439,631)
Interest income	1,291,840	1,291,840	9,616,391
Proceed from sales of network equipment and equipment	1,787,542	1,787,542	1,384,977
<b>Net cash flows used in investing activities</b>	<b>(759,591,632)</b>	<b>(762,091,432)</b>	<b>(268,030,358)</b>
<b>Cash flows from financing activities</b>			
Cash receipt from bank overdraft and short-term loans from financial institutions	142,671,042	142,671,042	-
Cash paid for liabilities under finance lease agreements	(747,086)	(747,086)	(1,075,502)
Cash receipt from long-term loans	270,000,000	270,000,000	-
Cash paid for long-term loans	(10,000,000)	(10,000,000)	-
Dividend paid	(173,933,147)	(173,933,147)	(158,939,754)
<b>Net cash flows from (used in) financing activities</b>	<b>227,990,809</b>	<b>227,990,809</b>	<b>(160,015,256)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(152,664,539)</b>	<b>(155,164,539)</b>	<b>(6,037,986)</b>
Cash and cash equivalents at beginning of year	165,285,010	165,285,010	171,322,996
<b>Cash and cash equivalents at end of year (Note 9)</b>	<b>12,620,471</b>	<b>10,120,471</b>	<b>165,285,010</b>
	-	-	-
<b>Supplement cash flows information:</b>			
Non-cash item consist of			
Increase in accounts payable - purchase of network equipment	193,063,547	193,063,547	24,803,392
Increase (decrease) in accounts payable - purchase of property, building and equipment	(5,515,227)	(5,515,227)	4,871,401
Increase (decrease) in accounts payable - purchase of intangible assets	(1,300,670)	(1,300,670)	1,296,352
Increase in liabilities under finance lease agreement	-	-	2,465,000
Transfer other assets to network equipment	-	-	8,522,186

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

## Symphony Communication Public Company Limited and its subsidiary

For the year ended 31 December 2013

### 1. General information

Symphony Communication Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the render of communication high speed circuit services. The registered office of the Company is at 123 Sun Towers Building B, 35<sup>th</sup>-37<sup>th</sup> Floor, Vibhavadee Rangsit Road, Chomphon, Chatuchak, Bangkok.

The Company was awarded an International Direct Dialing License from the National Broadcasting and Telecommunications Commission (NBTC) to provide telecommunication services as follows:

Type of license	Issue date	Period
Telecom Operation License Type 2	15 June 2006	15 years
Internet Operation License Type 2	10 June 2011	5 years
Telecom Operation License Type 3	10 August 2011	15 years
Internet Operation License Type 1	2 May 2013	5 years
Radio or Television Broadcasting Business License For the Radio or Television Network Services (Not using radio frequency)	25 July 2013	15 years

The Company is committed to comply with conditions stipulated under the licenses and pay fees in compliance with the Notifications of NBTC re Temporary Telecommunication Business Licensing Fees and re Criteria and Procedure for the Provision of Universal Basic Telecommunications and Social Services.

### 2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547 (2004) 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 (2008).

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 for year ended 31 December 2013 were prepared for the first time because during the year the Company established Diamond Line Services Company Limited as its subsidiary

company. The consolidated financial statements include the financial statements of Symphony Communication Public Company Limited (“the Company”) and the subsidiary company (“the subsidiary”) which has detail as follow:

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2013	2012
Diamond Line Services Company Limited	Network equipment service	Thailand	100%	-

- b) Subsidiary is 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 subsidiary is prepared using the same significant accounting policies as the Company.
- d) Material balances and transactions between the Company and its subsidiary company have been eliminated from the consolidated financial statements.
- e) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiary that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

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

### 3. New accounting standards

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

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

Accounting standards:

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

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

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

Accounting Treatment Guidance for Transfers of Financial Assets

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

## TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company and its subsidiary 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 subsidiary 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 5.

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

		Effective date
Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statements 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 Financial Reporting in Hyperinflationary Economies	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The Company's management believes that these accounting standards, financial reporting 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. Changes in accounting policies**

During the current year, the Company changed its accounting policy for employee benefits with respect to actuarial gains and losses arising from post-employment benefits, so that the financial statements more appropriately reflect the Company's financial performance. As a result, such actuarial gains and losses are now recognised immediately in other comprehensive income, whereas they would previously have been recognised immediately in profit or loss. The Company restated the prior year's financial statements, presented for comparative purposes, as though the actuarial gains and losses arising from post-employment benefits was initially recognised in comprehensive income. The cumulative effect of this change in accounting policy has been presented in Note 5.

#### **5. Cumulative effect of the change in accounting policy due to the adoption of new accounting standard and the effect of the change in accounting estimates**

##### **5.1 Changes in accounting policies**

During the current year, the Company made the change described in Note 3, as a result of the adoption of TAS 12 Income Taxes and the change described in Note 4, as a result of change in the accounting policy regarding the recognition of actuarial gain and loss arising from post-employment benefits. The cumulative effect of the change in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

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

(Unit : Thousand Baht)

	Consolidated financial statements	Separate financial statements		
	As at 31 December 2013	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012
<b>Statements of financial position</b>				
Increase in deferred tax assets	4,179	5,127	4,492	2,818
Increase in unappropriated retained earnings	4,179	5,127	4,492	2,818

(Unit : Thousand Baht)

	Consolidated financial statements	Separate financial statements	
	For the year ended 31 December	For the year ended 31 December	
	2013	2013	2012
<b>Statements of comprehensive income</b>			
<b>Profit or loss:</b>			
Decrease in income tax expenses	636	636	1,221
Decrease (Increase) in administrative expenses	(4,739)	(4,739)	2,265
Increase (decrease) in basic earnings per share (Baht)	(0.013)	(0.013)	0.011
<b>Other comprehensive income:</b>			
Actuarial gains (losses)	3,791	3,791	(1,812)

## 5.2 Change in accounting estimates

During the year 2013, the Company and its subsidiary changed their accounting estimates with respect to the useful lives of network equipment from 5 years and 10 years to 5 years, 7 years, 15 years and 20 years. The management of the Company and its subsidiary believe that the new useful lives of assets are more appropriate since they are consistent with their revised expected utility to the Company and its subsidiary.

The Company and its subsidiary applied the changes in estimates prospectively.

The effect of the changes to the statements of financial position and the statements of comprehensive income are summarised below.

(Unit : Thousand Baht)

Consolidated and Separate financial statements	
As at 31 December 2013	
<b>Statements of financial position</b>	
Network equipment	81,653

(Unit : Thousand Baht)

Consolidated and Separate financial statements	
For the year ended 31 December 2013	
<b>Statements of comprehensive income Profit or loss:</b>	
Decrease in depreciation	81,653
Increase in basic earnings per share (Baht)	0.27

The change is expected to have the effect of decreasing the depreciation of future periods by approximately Baht 73 million per year and increasing in basic earnings per share by Baht 0.23 per share.

## 6. Significant accounting policies

### 6.1 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

Lease line and installation services income and management and maintenance service income are recognised when services have been rendered.

#### Interest income

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

### 6.2 Cash and cash equivalents

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

### 6.3 Trade and other receivables

Trade and other receivables 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.

### 6.4 Inventories

Inventories consist of supply and net work equipment are value at the lower of cost and net realisable value.

### 6.5 Network equipment

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

Depreciation is calculated by reference to their costs on the straight-line basis, over the estimated useful lives of 5-20 years.

Depreciation is included in determining income.

No depreciation is provided on assets under installation.

An item of network 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 derecognized.

## 6.6 Property, building and equipment and depreciation

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

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

Buildings	20	years
Improvement of leasehold right	5, 9	years
Furniture and fixtures and office equipment	5	years
Computer	5	years

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction and 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.

## 6.7 Intangible assets and amortisation

Acquired intangible assets are measured at cost. Following initial recognition, 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 amortization method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

The intangible assets with finite useful lives is as follows.

	Useful lives
Computer software	5 years

## 6.8 Related party transactions

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

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

## 6.9 Long-term leases

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of

the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of assets.

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

#### **6.10 Foreign currencies**

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

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Gains and losses on exchange are included in determining income.

#### **6.11 Impairment of assets**

The Company and its subsidiary assess at each reporting date whether there is an indication that network equipment, property, building and equipment and other intangible assets may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company and its subsidiary estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that based on information available, reflects the amount that the Company and its subsidiary 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 losses is recognised in profit or loss.

In the assessment of assets impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiary estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

#### **6.12 Employee benefits**

##### **Short-term employee benefits**

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



## Post-employment benefits

### *Defined contribution plans*

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

### *Defined benefit plans*

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined 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.

## 6.13 Provisions

Provisions are recognised when the Company and its subsidiary 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.

## 6.14 Income tax

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

### Current tax

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

### Deferred tax

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

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

## 6.15 Derivatives

### Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortized on a straight-line basis over the contract periods.

## 6.16 Equity-settled share-based payment transactions

The Company recognises share-based payment transactions when services from employees are rendered, based on the fair value of the share options on the grant date. The expenses are recorded over the vesting period, in accordance with the conditions regarding length of service rendered by employees stipulated in the share-based

payment plan, together with a corresponding increase in “Capital reserve for share-based payment transactions” in shareholders’ equity.

Estimating fair value for share-based payment transactions requires management to exercise judgement, and to apply assumptions, including as to the expected life of the share options, share price volatility and dividend yield.

## **7. Significant accounting judgments and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follow:

### **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.

### **Depreciation and amortisation**

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

In determining amortisation of intangible assets, the management is required to make estimates of the useful lives of the Company’s intangible assets and to review estimate useful lives when there are any changes.

In addition, the management is required to review network equipment, property, building and equipment and intangible assets for on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

### **Deferred tax assets**

Deferred tax assets are recognised for 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.

## **8. Related party transactions**

During the years, the Company and its subsidiary had significant business transactions with related parties. Such transactions, which are summarized below, arose in the ordinary course of businesses of the Company and its subsidiary and were concluded on commercial terms and bases agreed upon between the Company, its subsidiary and those related parties.

(Unit : Million Baht)

	Consolidated financial statements	Separate Financial statements		Transfer pricing policy
	2013	2013	2012	
<b>Transaction with related parties</b>				
Management benefit expenses	30	30	28	Rate as stipulated in agreements/ the approval of Annual General Meeting of The shareholders

### Directors and management's benefits

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

(Unit : Million Baht)

	Consolidated financial statements	Separate financial statements	
	2013	2013	2012
Short-term employee benefits	29	29	27
Post-employment benefits	1	1	1
Total	30	30	28

## 9. Cash and cash equivalents

(Unit : Thousand Baht)

	Consolidated financial statements	Separate financial statement	
	2013	2013	2012
Cash	11,878	9,378	4,244
Bank deposits	742	742	25,881
Bills of exchange	-	-	135,160
Total	12,620	10,120	165,285

As at 31 December 2013, bank deposits in saving accounts, fixed deposits and bills of exchange carried interests between 0.125% and 0.50% per annum (2012 : between 0.125% and 3.20% per annum).

## 10. Short-term investments

As at 1 January 2012, the outstanding balances of short-term investments are bills of exchange and fixed deposits of Baht 220 million. These carried interests between 3.70% and 4.15% per annum.

## 11. Trade and other receivables

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statement	
	2013		2013	2012
<b>Trade accounts receivables</b>				
Aged on the basis of due dates				
Not yet due	119,303		119,303	77,855
Past due				
Up to 3 months	20,604		20,604	7,360
3 - 6 months	1,938		1,938	393
6 - 12 months	1,947		1,947	262
Over 12 months	1,116		1,116	971
Total	144,908		144,908	86,841
Less: Allowance for doubtful debts	(722)		(722)	(578)
Trade accounts receivable, net	144,186		144,186	86,263
<b>Other receivables</b>				
Interest receivable	-		-	543
Accrued income	18,035		18,035	7,138
Other receivables	18,035		18,035	7,681
Trade and other receivables - net	162,221		162,221	93,944

## 12. Investment in subsidiary

Details of investment in subsidiary as presented in separate financial statements are as follows:

(Unit : Thousand Baht)

Company's name	Separate financial statements							
	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2013	2012	2013 (%)	2012 (%)	2013	2012	2013	2012
Diamond Line Services Company Limited	5,000	-	100	-	2,500	-	-	-

On 6 November 2013, Meeting No. 10/2013 of the Company's Board of Directors approved the establishment of Diamond Line Services Company Limited as the Company's subsidiary company, which has the registered share capital of Baht 5 million. The Company holds 100% of its registered share capital.

### 13. Network equipment

(Unit : Thousand Baht)

	Consolidated and separate financial statement		
	Network equipment	Network equipment under installation	Total
<b>Cost</b>			
1 January 2012	888,916	150,231	1,039,147
Additions	87,222	338,856	426,078
Write-off	(1,495)	-	(1,495)
Transfer in (out)	305,324	(296,802)	8,522
31 December 2012	1,279,967	192,285	1,472,252
Additions	194,128	620,621	814,749
Disposal/write-off	(6,480)	-	(6,480)
Transfer in (out)	467,914	(467,914)	-
31 December 2013	1,935,529	344,992	2,280,521
<b>Accumulated amortisation</b>			
1 January 2012	262,789	-	262,789
Depreciation for the year	154,701	-	154,701
Depreciation of write-off	(461)	-	(461)
31 December 2012	417,029	-	417,029
Depreciation for the year	144,175	-	144,175
Depreciation of disposal/write-off	(2,438)	-	(2,438)
31 December 2013	558,766	-	558,766
<b>Allowance for impairment loss</b>			
1 January 2012	669	2,300	2,969
Increase during the year	1,099	2,321	3,420
31 December 2012	1,768	4,621	6,389
31 December 2013	1,768	4,621	6,389
<b>Net book value</b>			
31 December 2012	861,170	187,664	1,048,834
31 December 2013	1,374,995	340,371	1,715,366
<b>Depreciation for the years</b>			
2012 (included in cost of services and sales)			154,701
2013 (included in cost of services and sales)			144,175



As at 31 December 2013, the Company has network equipment with a net book value of Baht 11 million (2012 : Baht 13 million) that is installed on the premises of a counterparty. The ownership of the network equipment will be transferred to the counterparty at the end of the agreement. Moreover, the Company has granted the right to use the equipment to the counterparty and has committed to share revenue generated from some of the equipment at a rate stipulated in the agreement annually, for the term of the agreement. The Company also agrees to provide to the counterparty the minimum guaranteed shared revenue amount stated in the agreement.

As at 31 December 2013, the Company has network equipment with a net book value of Baht 20 million (2012 : Baht 22 million) that is covered by a Memorandum of Understanding concerning joint construction and management made with another party. The ownership of the network equipment is to be transferred to the counterparty at the end of the term of the Memorandum of Understanding at a mutually agreed price.

However, the above network equipment is only part of the core network equipment of the Company per the network construction plans set by the Company.

As at 31 December 2013, certain network equipment items 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 89 million (2012 : Baht 78 million).

#### 14. Property, building and equipment

(Unit : Thousand Baht)

	Consolidated and separate financial statement					
	Land	Building and asset improvements	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	Total
<b>Cost</b>						
1 January 2012	-	31,364	46,256	7,282	-	84,902
Additions	7,537	33,588	23,629	2,631	27,824	95,209
Disposals/write-off	-	-	(111)	(321)	-	(432)
31 December 2012	7,537	64,952	69,774	9,592	27,824	179,679
Additions	2,170	90,132	42,466	270	(27,824)	107,214
Disposals/write-off	-	-	(77)	(521)	-	(598)
31 December 2013	9,707	155,084	112,163	9,341	-	286,295
<b>Accumulated depreciation</b>						
1 January 2012	-	4,732	22,385	3,183	-	30,300
Depreciation for the year	-	4,657	10,385	1,505	-	16,547
Depreciation on disposals/ write-off	-	-	(71)	(283)	-	(354)
31 December 2012	-	9,389	32,699	4,405	-	46,493

(Unit : Thousand Baht)

	Consolidated and separate financial statement					
	Land	Building and asset improvements	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	Total
Depreciation for the year	-	9,266	15,818	1,373	-	26,457
Depreciation on disposals/write-off	-	-	(7)	(521)	-	(528)
31 December 2013	-	18,655	48,510	5,257	-	72,422
<b>Net book value</b>						
31 December 2012	7,537	55,563	37,075	5,187	27,824	133,186
31 December 2013	9,707	136,429	63,654	4,083	-	213,873
<b>Depreciation charges for the years</b>						
2012 (included in administrative expenses)						16,547
2013 (included in administrative expenses)						25,457

As at 31 December 2013, the Company had vehicles under finance lease agreements with net book values amounting to Baht 2 million (2012 : Baht 3 million).

As at 31 December 2013, certain equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 21 million (2012 : Baht 12 million)

## 15. Intangible assets

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

(Unit : Thousand Baht)

	Consolidated and separate financial statement		
	Software computer	Software computer under installation	Total
As at 31 December 2013			
Cost	26,930	3,260	30,190
Less : Accumulated amortisation	(10,601)	-	(10,601)
Net book value	16,329	3,260	19,589
As at 31 December 2012			
Cost	19,118	2,943	22,061
Less : Accumulated amortisation	(6,329)	-	(6,329)
Net book value	12,789	2,943	15,732

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

(Unit : Thousand Baht)

	Consolidated financial statement	Separate financial statement	
	2013	2013	2012
Net book value at beginning of year	15,732	15,732	15,493
Acquisition during the year	8,129	8,129	3,597
Amortisation	(4,272)	(4,272)	(3,358)
Net book value at end of year	19,589	19,589	15,732

As at 31 December 2013, certain intangible assets have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated amortization of those assets amounted to approximately Baht 1 million.

## 16. Bank overdraft and short-term loans from financial institutions

(Unit : Thousand Baht)

		Consolidated and Separate financial statements	
	Interest rate (% per annum)	2013	2012
Bank overdraft	7.75	2,671	-
Short-term loans from financial institutions	3.70 - 4.15	140,000	-
Total		142,671	-

These balances are unsecured loans from two financial institutions. The loan is a promissory note which will be repaid between October 2013 and March 2014.

## 17. Trade and other payables

(Unit : Thousand Baht)

	Consolidated financial statements	Separate financial statement	
	2013	2013	2012
Trade accounts payables	399,328	399,328	163,490
Accrued expenses	35,644	35,624	30,427
Other payables for purchase of property, building and equipment	1,563	1,563	7,078
Other payables for purchase of intangible assets	248	248	1,548
Others	999	999	1,098
Total trade and other payables	437,782	437,762	203,641

## 18. Long-term loans

(Unit : Thousand Baht)

			Consolidated and Separate financial statements	
Loan	Interest rate (%)	Repayment schedule	2013	2012
1	5.39	Quarter installments as from 30 November 2013 with the last instatement in 31 August 2016	110,000	-
2	6.00	Monthly installment as from 26 March 2014 with the last instatement in 26 February 2017	150,000	-
Total			260,000	-
Less: Current portion			47,917	-
Long-term loans, net of current portion			212,083	-

The outstanding balance represents unsecured long-term loans from two financial institutions.

The loan agreement contains certain covenants and restrictions imposed by the lender regarding such matters as require the Company to maintain certain debt to equity ratios according to the agreements.

As at 31 December 2013 the Company and its subsidiary have no unused long-term loans under the loan agreements. (2012 : Baht 294 million)

## 19. Liabilities under finance lease agreements

(Unit : Thousand Baht)

	Consolidated and separate financial statement	
	2013	2012
Liabilities under finance lease	1,905	2,756
Less : Deferred interest expenses	(104)	(209)
Total	1,801	2,547
Less : Portion due within one year	(794)	(757)
Liabilities under finance lease agreements-net of current portion	1,007	1,790

The Company has entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 4 and 5 years.

As at 31 December 2013 and 2012, future minimum lease payments of the Company required under the finance lease agreements were as follows:

(Unit : Thousand Baht)

	Consolidated and separate financial statement					
	2013			2012		
	Less than 1 year	1-5 years	Total	Less than 1 year	1-5 years	Total
Future minimum lease payments	864	1,041	1,905	863	1,893	2,756
Deferred interest expenses	(70)	(34)	(104)	(106)	(103)	(209)
Present value of future minimum lease payments	794	1,007	1,801	757	1,790	2,547

## 20. 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 and separate financial statement	
	2013	2012
Defined benefit obligation at beginning of year	15,585	10,398
Current service cost	2,782	2,432
Interest cost	605	490
Actuarial (gain) loss	(4,739)	2,265
Defined benefit obligation at end of year	14,233	15,585



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

(Unit : Thousand Baht)

	Consolidated and separate financial statement	
	2013	2012 (Restated)
Current service cost	2,782	2,432
Interest cost	605	490
Total expense recognized in profit or loss	3,387	2,922
Line items under which such expenses are included in profit or loss		
Cost of service and sales	1,054	1,905
Selling and administrative expenses	2,333	3,282

Total actuarial gains recognized in the other comprehensive income of the Company and its subsidiaries as at 31 December 2013 amounted to Baht 4.7 million (2012 : losses of Baht 2.3 million).

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated and separate financial statement	
	2013 (% per annum)	2012 (% per annum)
Discount rate	4.35%	3.87%
Future salary increase rate	5.00%	5.00%
Staff turnover rate (depending on age)	0.00% - 12.00%	0.00% - 12.00%

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

(Unit : Thousand Baht)

	Consolidated and separate financial statement	
	Defined benefit obligation	Experience adjustments on the plan obligation
Year 2013	14,233	-
Year 2012	15,585	(50)
Year 2011	10,398	-
Year 2010	8,356	-
Year 2009	6,730	-

## 21. Share capital

On 22 April 2013, the annual general meeting of the Company's shareholders approved the Company to increase the registered share capital from Baht 300,000,000 to Baht 306,000,000 by issues 6,000,000 new ordinary shares at a par value of Baht 1 per share, in order to reserve for the exercise of the ESOP-Warrants to directors, management and/or employees of the Company, as discussed in Note 22. The Company registered the increase in registered share capital to Baht 306,000,000, and paid-up share capital at Baht 300,000,000 with the Ministry of Commerce on 7 May 2013.

## 22. Warrants/Capital reserve for share-based payment transactions

On 2 July 2013, the Company issues and allocates of 6,000,000 warrants under the Employee Stock Option Plan (ESOP) to the directors, management and/or employees of the Company. Details are as follows:

Type	: Named and non-transferable
Offering price per unit	: Baht 0 ("zero") per unit
Maturity of warrants	: 4 years from the date of issuance of warrants
Exercise price	: Baht 14.72 per share
Conversion ratio	: 1 unit of warrant : 1 unit of ordinary share (warrant right adjustment is reserved)
Period and allotment of exercise	: Year 1 Not more than 15% of the allocated units, exercisable on November 20th, 2013 and May 20th, 2014. Year 2 Not more than 25% of the allocated units, exercisable on November 20th, 2014 and May 20th, 2015. Year 3 Not more than 30% of the allocated units, exercisable on November 20th, 2015 and May 20th, 2016. Year 4 Not more than 30% of the allocated units, exercisable on November 20th, 2016 and May 20th, 2017 and July 1st, 2017, the 4-year maturity date of these ESOP-Warrants.

The estimated fair value of each share option granted is Baht 4.91. This was calculated using the Black-Scholes Model. The model inputs were the share price at price determination date of Baht 17.50, exercise price of Baht 14.72, expected volatility of 35.83%, expected dividend yield of 3.94%, life of share options of 4 years, average life of share options of 2.08 years, and a risk-free interest rate of 2.88%.

During the period ended 31 December 2013, the Company recorded expenses of the ESOP amounting to Baht 3.52 million as personnel expenses, together with a corresponding increase in capital reserve for share-based payment transactions in shareholders' equity.

## 23. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535 (1992), the Company is required to set aside to a statutory reserve at least 5% of its profit for the year after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. On 21 February 2014, the meeting of the Company's Board of Directors No. 2/2014 approved the Company to appropriate profit of 2013, to the statutory reserve by Baht 600,000 so that the reserve equals 10% of the registered capital.

## 24. Expenses by nature

Significant expenses by nature are as follow:

(Unit : Thousand Baht)

	Consolidated financial statement	Separate financial statement	
	2013	2013	2012
Salary and wages and other employee benefits	177,910	177,910	141,244
Depreciation and amortisation expenses	174,835	174,835	174,607
Service fee for network interconnection	40,340	40,340	30,616
Rental expense from operating lease agreements and service expenses	58,579	58,579	41,042
Rental expenses-network equipment	129,284	129,284	29,842
Professional fees	11,737	11,675	7,984

## 25. Income tax

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

(Unit : Thousand Baht)

	Consolidated financial statement	Separate financial statements	
	2013	2013	2012 (Restated)
<b>Current income tax:</b>			
Current income tax charge	63,521	63,521	72,276
<b>Deferred tax:</b>			
Relating to origination and reversal of temporary differences	(636)	(636)	(1,411)
Effects of changes in the applicable tax rates	-	-	190
<b>Income tax expense reported in the statement of comprehensive income</b>	<b>62,885</b>	<b>62,885</b>	<b>71,055</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 is as follows:

(Unit : Thousand Baht)

	Consolidated financial statements	Separate financial statements	
	2013	2013	2012
Accounting profit before tax	308,555	308,555	308,793
Applicable tax rate	20%	20%	23%
Accounting profit before tax multiplied by applicable tax rate	61,711	61,711	71,022
Adjustment in respect of current income tax of previous year	-	-	(3)
Effects of changes in the applicable tax rates	-	-	190
Effects of:			
Non-deductible expenses	1,481	1,481	588
Additional expense deductions allowed	(307)	(307)	(742)
Total	1,174	1,174	(154)
Income tax expenses reported in the statement of comprehensive income	62,885	62,885	71,055

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

(Unit : Thousand Baht)

	Consolidated and Statements of financial position		
	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012
<b>Deferred tax assets</b>			
Allowance for asset impairment	1,278	1,278	594
Accumulated depreciation - Network equipment	55	96	144
Provision for long-term employee benefits	2,846	3,117	2,080
Total	4,179	4,491	2,818

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30% to 23% in 2013, and then to 20% from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2012, the decreases in tax rates for 2013 - 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.

## 26. 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 (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. However, no calculation of diluted earnings per share for the year ended 31 December 2013 was required for warrant (ESOP), as disclosed in Note 22, since the aggregated amounts of the exercise price and the fair value of the warrant were higher than the average market price of the Company's ordinary shares.

## 27. Segment information

Operating segment information is reported in a manner consistent with the internal reporting the chief operating decision maker has received and regularly reviewed to make decisions about resources to be allocated to the segment and assess its performance.

For management purposes, the Company and its subsidiary are organised into business units based on the sales channels of products and services and have three reportable segments (1) render of communication high speed circuit services and (2) network equipment services. These operations are mainly carried on in Thailand.

No operating segments have been aggregated to form the above reportable operating segments.

Chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements. However, the Company and its subsidiary financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Inter-segment revenues are eliminated on consolidation.

Lease line service income, the Company's main revenues, can grouping by application into 7 groups as follow:

- Internet Access
- Private Network
- Digital Broadcast
- IPLC
- Local Loop For Int'l
- Access Network
- Others



Revenue information from lease line service income by application for the year ended 31 December 2013 and 2012 are as follow:

(Unit : Thousand Baht)

	Consolidated and Separate financial statement	
	2013	2012
Internet Access	374,447	364,585
Private Network	261,666	172,636
Digital Broadcast	95,236	68,385
IPLC	95,150	3,855
Local Loop For Int'l	73,235	74,587
Access Network	65,575	69,933
Others	47,936	49,318
Total	1,013,245	803,299

Revenue information from lease line service income by type of license for the year ended 31 December 2013 and 2012 are as follow:

(Unit : Thousand Baht)

	Consolidated and Separate financial statement	
	2013	2012
Telecom Operation License Type 2	918,800	801,888
Telecom Operation License Type 3	82,765	1,411
Radio or Television Broadcasting Business License For the Radio or Television Network Services (Not using radio frequency)	7,652	-
Internet Operation License Type 1	3,700	-
Internet Operation License Type 2	328	-
Total	1,013,245	803,299

## 28. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530 (1987). Both employees and the Company contributed to the fund monthly at the rate of 3% of basic salary. The fund, which is managed by Bank of Ayudhya Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2013, the Company contributed Baht 3 million (2012 : Baht 2 million) to the fund.

## 29. Dividends

(Unit : Baht)

Dividends	Approved by	Approved dividend per share	Interim dividend per share	Additional dividend paid per share	Total additional dividend paid
Final dividends for 2011	Annual General Meeting of the shareholders on 27 April 2012	0.53	0.15	0.38	113,979,860
Interim dividend from profit for the period as from 1 January 2012 to 30 June 2012	Board of Directors' meeting on 9 August 2012	0.15	-	0.15	45,000,000
Total dividends paid in 2012		<u>0.68</u>	<u>0.15</u>	<u>0.53</u>	<u>158,979,860</u>
Final dividends for 2012	Annual General Meeting of the shareholders on 22 April 2013	0.58	0.15	0.43	128,999,785
Interim dividend from profit for the period as from 1 January 2013 to 30 June 2013	Board of Directors' meeting on 2 August 2013	0.15	-	0.15	44,999,625
Total dividends paid in 2013		<u>0.73</u>	<u>0.15</u>	<u>0.58</u>	<u>173,999,410</u>

## 30. Commitments and contingent liabilities

### 30.1 Capital commitments

As at 31 December 2013, the Company had capital commitments of approximately Baht 316 million and JPY 57 million (2012 : Baht 139 million) relating to purchase and installation of network equipment.

As at 31 December 2013, the Company had capital commitments of approximately Baht 37 million (2012 : Baht 57 million) relating to purchase of equipments and construction agreement.

As at 31 December 2013, the Company had capital commitments of approximately Baht 3 million (2012 : Baht 5 million) relating to purchase of program computer.

### 30.2 Lease and service agreement commitments

The Company has entered into several lease agreements in respect of the lease of office building space and equipment and service agreements. The terms of the agreements are generally between 1 and 12 years.

Future minimum rentals payable under these leases and service payments required under these lease and service agreements were as follows.

	2013	2012
<b>Lease and service agreement presented under cost of service</b>		
Payable:		
In up to 1 year	78	47
In over 1 and up to 5 years	80	69
In over 5 years	42	57
<b>Lease and service agreement presented under administrative expenses</b>		
Payable:		
In up to 1 year	41	31
In over 1 and up to 5 years	59	41

### 30.3 Purchase supply and equipment commitments

As at 31 December 2013, the Company has outstanding future payment commitments of approximately Baht 4 million (2012 : Baht 7 million) relating to purchase of supply and network equipment.

### 30.4 Bank guarantees

As at 31 December 2013, there were outstanding bank guarantees of approximately Baht 4 million (2012 : Baht 3 million) issued by banks on behalf of the Company to guarantee fiber optic network use, space rental and other payable.

### 30.5 Other commitment

As at 31 December 2013, total credit facilities, both short-term and long-term, of the Company that could be drawn down amounted to Baht 319 million (2012 : Baht 302 million).

### 30.6 Contingent liabilities

In 2011, a company transferred a quantity of fiber optic cable to the Company. The cable was already installed and in use in an underground cable conduit in Bangkok, belonging to the operator of a telecommunication business. Subsequently, in the first quarter of 2012, the Company received notification of the new rental rate for the underground cable conduit stipulated by the telecom operator, but no invoice has been issued to collect rental. Nevertheless, the Company has recorded a liability in respect of its rental obligations, estimated on the basis of the rental that was previously notified to the transferor of the fiber optic cable, which is lower than the new rental rate stipulated by the telecom operator. The Company's management believes that since the new rental rate for the underground cable conduit is considerably higher than the former rate, it is a rate stipulated by the telecom operator that is not in line with the principles and methods of determining network usage charges for licensees under the notification of the National Broadcasting and Telecommunications Commission (NBTC) on the use and interconnection of telecommunications networks B.E. 2549 ("IC notice"), since, in fact, these underground cable conduits were built and used by that telecom operator and had been used by the company that transferred the fiber optic cable to the company for least 10 years. They are thus existing assets of the telecom operator and have not required additional investment expenditure. The Company therefore

believes that the new rental rate stipulated by the telecom operator is not in line with cost-based principles (“IC notice No.19”) and the method of calculating the rental charge may not reflect the cost, as approved by NBTC (“IC Notice No.20”). In addition, if there is to be any change in the rental rate the telecom operator, as the licensed network operator, is required to provide the Company, as a licensee requesting use of the network, with at least 90 days’ notice, and evidence or reasons showing why the rate change is needed (“IC note No.21”). The telecom operator has not done this. Therefore, in order to move forward in accordance with legal principals and procedures, the Company submitted a letter asking the telecom operator to clarify the reasons for setting a new rental rate for the network and to provide the Company with evidence and the calculation method used to determine that rate. The Company also asked to exercise its right to negotiate a reduced, reasonable and fair, and legal rate with the telecom operator.

Subsequently, in July 2012, that telecom operator replied to the Company, confirming that the rental rate for the underground cable conduit stipulated by the telecom operator is the appropriate and notifying the Company to confirm the payment of rental fees for the underground cable conduit by 15 August 2012 so that it can proceed with collection of fees from the Company, and that there would be no adjustment of the rental rate disputed by the Company.

However, the Company announced that it would reduce usage of the underground cable conduit as from 1 April 2012 as necessary, and the telecom operator reviewed the information in August 2012 claimed additional rental for the underground cable conduit at a rate equal to the new rental rate.

As the rental rate has been confirmed by the telecom operator, the Company’s management believe that the Company and the telecom operator remain in dispute over rights under the agreement for use of underground cable conduit. The Company therefore submitted a letter reserving its right to refuse to accept the amount specified by the telecom operator because they believe that it has been calculated based on an unfair rental rate that is unlawful in accordance with the IC notice, and its right to request time to verify the amount notified.

In addition, the Company has the right to request that NBTC to accept the dispute for dispute settlement procedures in accordance with the IC notice. Nevertheless, the Company has contingent liabilities with respect to the uncertainty regarding the outcome of negotiations to reduce the rental rate for the underground cable conduit, which it expects will not exceed Baht 31.9 million.

Subsequently, while the Company was preparing to request that NBTC intervene to provide a fair resolution, the management of the Company and the telecom operator entered into negotiations to resolve this issue. However, the telecom operator sued the Company as the second defendant through the civil courts, claiming payment for use of the conduit together with interest to the date of the lawsuit amounting to Baht 39.2 million, as well as interest at the rate of 7.5% per annum on principal of Baht 36.8 million. The Company received a copy of the lawsuit on 24 July 2013. Since the management of the telecom operator provided no prior notification or warning, it will be necessary for the Company to settle the dispute through court proceedings. The Company’s management believe that the Company will win the case, since it should be resolved through dispute settlement procedures in accordance with the IC notice and is not within the authority of the civil courts. Moreover, the telecom operator did not proceed in compliance with the notification of the NBTC (IC notice).

The Company subsequently had the opportunity to negotiate with the management of the telecom operator to resolve the disputes. The initial results of these negotiations suggest that a resolution is possible, and the Company has submitted a compromise proposal to the telecom operator. Under this proposal the Company has requested the telecom operator to charge for underground cable conduit rental at the old rate from the date following the expiration date of the service contract between the telecom operator and the company that transferred the fiber optic cable to the Company, and the date that the Company received notification of the new rental rate. After that, the new rental rate will be applied. This proposed compromise would significantly reduce rental liabilities. However, the Telecom Operator decided not to enter into a compromise agreement as proposed by the Company, because legal proceedings were already underway. The Company therefore proceeded with two courses of action.

The first course of action was to submit a petition to the NBTC to request a fair resolution bestowed upon it by telecoms law and the IC Notice to set of a correct rate for the underground cable conduit, and to provide protection to the Company to use the fiber optic cable from such conduit. The Company then followed its second course of action, which was to submit a statement of defence to the Civil Court that provides grounds to dispute both legal and factual aspects of the case, showing that the telecom operator had acted illegally and the Company had no legal obligation at all to pay the telecom operator the amounts being claimed under the lawsuit. The Company also filed a petition with the Court challenging the Court's jurisdiction over the case. Therefore, the Court issued an order to suspend the court proceedings, and pass the case to the Administrative Court. The management of the Company believes that the ultimate resolutions of this case is not likely to have a material effect on the Company's contingent liabilities arising from the case.

## **31. Financial instruments**

### **31.1 Financial risk management**

The Company's financial instruments, as defined under Thai Accounting Standards No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, short-term investments, trade and other receivables and trade and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

#### **Credit risk**

The Company is exposed to credit risk primarily with respect to trade accounts receivable and accrued income. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statements of financial position.

#### **Interest rate risk**

The Company's exposure to interest rate risk relates primarily to its cash and cash equivalents and short-term investments. However, since most of the Company's financial assets bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the reprising date if this occurs before the maturity date.

(Unit : Million Baht)

	Consolidated and Separate financial statement				
	As at 31 December 2013				
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
<b>Financial assets</b>					
Cash and cash equivalent	-	1	9	10	0.125 - 0.50
Trade and other receivable	-	-	162	162	-
	-	1	171	172	
<b>Financial liabilities</b>					
Short-term loan from financial institutions	143	-	-	143	3.70 - 7.75
Trade and other payables	-	-	438	438	-
Long-term loans	260	-	-	260	5.39 - 6.00
	403	-	438	841	

(Unit : Million Baht)

	Consolidated and Separate financial statement				
	As at 31 December 2012				
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
<b>Financial assets</b>					
Cash and cash equivalent	135	26	4	165	0.125 - 3.20
Trade and other receivables	-	-	94	94	-
	135	26	98	259	
<b>Financial liabilities</b>					
Trade and other payables	-	-	203	203	-
	-	-	203	203	

### Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.



The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

(Unit : Million Baht)

Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	2013 (Million)	2012 (Million)	2013 (Million)	2012 (Million)	2013	2012
	(Baht per 1 foreign currency unit)					
US dollar	0.2	-	-	-	33	-

Foreign exchange contracts outstanding are summarised below.

(Unit : Million Baht)

Foreign currency	As at 31 December 2013				
			Contractual exchange rate		Contractual maturity date
	Bought amount (Million)	Sold amount (Million)	Bought (Baht per 1 foreign currency unit)	Sold	
US dollar	1	-	32	-	26 February 2014

### 31.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statements 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.

## 32. 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 Company's debt- to-equity ratio was 0.77:1 (2012 : 0.27:1).

### **33. Events after the reporting period**

- 33.1 On 21 February 2014, the Company's Board of Directors passed resolutions to propose to the Annual General Meeting of shareholders to be held in April 2014 to approve an additional dividend payment of Baht 0.43 per share to ordinary shareholders of the 300 million ordinary shares, or a total of Baht 129 million, in respect of the 2013 profit (total dividend payment from the 2013 profit made to ordinary shareholders of the 300 million ordinary shares is thus Baht 0.58 per share, or a total of Baht 174 million). Such dividend payment is to be made and recorded after it is approved by the Annual General Meeting of the Company's shareholders
- 33.2 In January 2014, a financial institution approved a long-term loan amount of Baht 300 million to the Company. The loan will be used as the working capital and as investment to improve the service efficiency of the Company. Currently, the Company does not yet using such loan.

### **34. Approval of the financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2014.



<b>Ticker</b>	SYMC (Listed in The Stock Exchange of Thailand)
<b>Company Name</b>	Symphony Communication Public Company Limited
<b>Type of Business</b>	Domestic Hi-speed Communication Network Service Provider
<b>Head Office</b>	123 Suntowers Building B 35 <sup>th</sup> -37 <sup>th</sup> fl., Vibhavadee Rangsit Rd., Chomphon, Chatuchak, Bangkok 10900
<b>Warehouse</b>	65/1 Phahonyothin Rd., Klongluang, Pathumthai 12120
<b>Branch office and</b>	<ol style="list-style-type: none"> <li>1) Amata Nakorn Branch Office 700/640, Moo 7, Donhuaror, Muang Chonburi, Chonburi 20000</li> <li>2) Kabin Buri Service Center Branch 103, Moo 16, Muang Kao, Kabin Buri, Prachin Buri 25240</li> <li>3) Hat Yai Service Center Branch 1173, Moo 3, Bypass (Asia) Rd., Khuanlang, Hat yai, Songkhla 90110</li> <li>4) Laemchabang Service Center Branch 31/73, Moo 9, Thung sukhla, Sri Racha, Chonburi 20230</li> <li>5) Nakhon Ratchasima Service Center Branch 19/47, Nai Muang, Muang Nakhon Ratchasima, Nakhon Ratchasima 30000</li> <li>6) Phuket Service Center Branch 46/125, Moo 6, Ratsada, Muang Phuket, Phuket 83000</li> <li>7) Khon Kaen branch 108/138, Moo 14, Nai Muang, Muang Khon Kaen, Khon Kaen 40000</li> <li>8) Phitsanulok Service Center Branch 362/5, Moo 3, Aranyik, Muang Phitsanulok, Phitsanulok 65000</li> <li>9) Chiang Mai Service Center Branch 39/7, Tippanat Rd., Haiya, Muang Chiang Mai, Chiang Mai 50000</li> <li>10) Ratchaburi Service Center Branch 154/327 Srisuriyawong Rd., Nha muang, Muang Ratchaburi, Ratchaburi 70000</li> <li>11) Phra Nakhon Sri Ayuttaya Service Center Branch 89/5-6, Moo 3, Klong Suan Plu, Phra Nakhon Sri Ayuttaya, Phra Nakhon Sri Ayuttaya 13000</li> <li>12) Prachuap khiri khan Service Center Branch 208 Phachuapsiri Rd., Prachuap khiri khan, Muang Prachuap khiri khan, Prachuap khiri khan 77000</li> <li>13) Mae Sot Service Center Branch 1086/3, Moo 1, Tha Sai Luat, Mae Sot, Tak 63110</li> <li>14) Surat Thani Service Center Branch 96/4, Ratbamrung Rd., Talad, Muang Surat Thani, Surat Thani 84000</li> </ol>

- 15) Ubon Ratchathani Service Center Branch 48/10, Moo 23, Kham Yai,  
Muang Ubon Ratchathani, Ubon Ratchathani 34000
- 16) Nong Khai Service Center Branch 149/3, Moo 4, Meechai,  
Muang Nong Khai, Nong Khai 43000

Company Registration No.	0107553000107
Home Page	www.symphony.net.th
Telephone	66-2-101-1111
Fax	66-2-101-1133
Registered Capital	Baht 306,000,000.-
Paid-up Capital	300,000,000 shares (Baht 1 each)
Voting Shares	300,000,000 ordinary shares
Accounting Period	1 January - 31 December

### **Subsidiary**

Diamond Line Services Co., Ltd. is a service provider of installation, repair and maintenance of external interconnected network and telecommunication equipment including joint ventures with other companies. Currently, the Company has registered capital of 5,000,000 Baht of which it holds 99.99 percent of the shares. Location 123 Suntowers Building B, 37<sup>th</sup> Floor, Vibhavadee Rangsit Road, Chomphon, Chatuchak, Bangkok 10900 Thailand.

### **Reference**

Securities Registrar	Thailand Securities Depository Company Limited 62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel: 66-2-229-2800 Fax: 66-2-359-1259 Website: <a href="http://www.tsd.co.th">http://www.tsd.co.th</a>
Auditor	Ernst and Young Office Limited 33 <sup>rd</sup> Floor, Lake Ratchada Office Building, 193/136-137, New Ratchadaphisek Road, Klongtoey, Bangkok 10110 Tel: 66-2-264-0777 Fax: 66-2-264-0789-90

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