

CAT Telecom Public Company Limited

Statements of Financial Position

As at December 31, 2014

Unit: Baht

	Notes	Financial statements in which equity method is applied			Separate financial statements		
		Dec 31, 2014	Dec 31, 2013 (Restated)	Jan 1, 2013 (Restated)	Dec 31, 2014	Dec 31, 2013 (Restated)	Jan 1, 2013 (Restated)
Assets							
Current assets							
Cash and cash equivalents	5	1,420,046,861	7,160,278,983	4,890,886,697	1,420,046,861	7,160,278,983	4,890,886,697
Short-term investments	6	50,922,590,124	55,894,356,088	54,355,044,375	50,922,590,124	55,894,356,088	54,355,044,375
Trade and other receivables	7	56,160,004,079	31,983,733,006	15,345,640,733	56,160,004,079	31,983,733,006	15,345,640,733
Concession receivable	8	4,494,279,561	5,571,925,425	7,617,821,805	4,494,279,561	5,571,925,425	7,617,821,805
Accrued income	9	7,727,304,911	6,522,351,922	3,254,805,881	7,727,304,911	6,522,351,922	3,254,805,881
Inventories and supplies	10	461,055,877	429,730,341	335,624,818	461,055,877	429,730,341	335,624,818
Other current assets	11	7,118,306,785	4,886,774,894	3,094,148,352	7,118,306,785	4,886,774,894	3,094,148,352
Total current assets		128,303,588,198	112,449,150,659	88,893,972,661	128,303,588,198	112,449,150,659	88,893,972,661
Non-current assets							
Restricted short-term investment	12	2,020,000,000	2,020,000,000	2,020,000,000	2,020,000,000	2,020,000,000	2,020,000,000
Investments in associates	13	142,523,499	69,298,038	85,230,974	6,400,000	6,400,000	6,400,000
Investments in joint ventures	14	518,917,292	526,789,532	572,565,918	39,915,700	40,666,459	41,401,677
Other long-term investments	15	3,031,980,000	3,002,490,000	3,486,745,000	3,031,980,000	3,002,490,000	3,486,745,000
Investment property	16	37,509,350	37,509,350	37,509,350	37,509,350	37,509,350	37,509,350
Property, plant and equipment	17	32,443,121,728	30,099,071,407	26,137,746,052	32,443,121,728	30,099,071,407	26,137,746,052
Assets under concession agreements	18	14,938,641,374	19,310,749,084	26,619,155,450	14,938,641,374	19,310,749,084	26,619,155,450
Intangible assets	19	694,013,714	729,986,914	780,694,035	694,013,714	729,986,914	780,694,035
Deferred tax assets	27	121,711,379	93,461,832	125,821,492	108,099,029	87,172,028	117,938,394
Other non-current assets	20	483,949,185	487,292,340	865,184,514	483,949,185	487,292,340	865,184,514
Total non-current assets		54,432,367,521	56,376,648,497	60,730,652,785	53,803,630,080	55,821,337,582	60,112,774,472
Total assets		182,735,955,719	168,825,799,156	149,624,625,446	182,107,218,278	168,270,488,241	149,006,747,133

The accompany notes are an integral part of these financial statements.

CAT Telecom Public Company Limited

Statements of Financial Position

As at December 31, 2014

Unit: Baht

	Notes	Financial statements in which equity method is applied			Separate financial statements		
		Dec 31, 2014	Dec 31, 2013 (Restated)	Jan 1, 2013 (Restated)	Dec 31, 2014	Dec 31, 2013 (Restated)	Jan 1, 2013 (Restated)
Liabilities and shareholders' equity							
Current liabilities							
Trade and other payables	21	3,659,861,199	4,633,710,647	3,219,176,370	3,659,861,199	4,633,710,647	3,219,176,370
Current portion of deferred income	22	6,189,379,485	6,563,110,859	11,879,463,469	6,189,379,485	6,563,110,859	11,879,463,469
Value Added Tax payable		608,805,652	1,656,276,423	1,742,570,348	608,805,652	1,656,276,423	1,742,570,348
Accrued income tax		-	1,962,841,359	926,039,882	-	1,962,841,359	926,039,882
Accrued expenses	23	79,815,602,497	56,823,472,347	36,841,094,644	79,815,602,497	56,823,472,347	36,841,094,644
Dividend payable		2,000,000,000	8,000,000,000	-	2,000,000,000	8,000,000,000	-
Advance received	24	36,968,827,683	34,373,090,291	28,355,267,768	36,968,827,683	34,373,090,291	28,355,267,768
Other current liabilities	25	5,503,027,726	3,875,223,766	2,469,097,081	5,503,027,726	3,875,223,766	2,469,097,081
Total current liabilities		134,745,504,242	117,887,725,692	85,432,709,562	134,745,504,242	117,887,725,692	85,432,709,562
Non-current liabilities							
Deferred income	22	8,812,804,830	12,872,907,240	15,040,678,455	8,812,804,830	12,872,907,240	15,040,678,455
Deferred tax liabilities	27	121,711,379	93,461,832	125,821,492	108,099,029	87,172,028	117,938,394
Pension fund payable	26	129,145,000	129,991,794	127,747,635	129,145,000	129,991,794	127,747,635
Employee benefit obligations	28	3,172,275,894	3,024,456,537	3,454,562,028	3,172,275,894	3,024,456,537	3,454,562,028
Provisions for employee benefits arising from the corporatization	29	975,063,146	975,063,146	975,063,146	975,063,146	975,063,146	975,063,146
Other non-current liabilities	30	577,051,695	543,888,847	383,047,939	577,051,695	543,888,847	383,047,939
Total non-current liabilities		13,788,051,944	17,639,769,396	20,106,920,695	13,774,439,594	17,633,479,592	20,099,037,597
Total liabilities		148,533,556,186	135,527,495,088	105,539,630,257	148,519,943,836	135,521,205,284	105,531,747,159

The accompany notes are an integral part of these financial statements.

CAT Telecom Public Company Limited

Statements of Financial Position

As at December 31, 2014

Unit: Baht

	Notes	Financial statements in which equity method is applied			Separate financial statements		
		Dec 31, 2014	Dec 31, 2013 (Restated)	Jan 1, 2013 (Restated)	Dec 31, 2014	Dec 31, 2013 (Restated)	Jan 1, 2013 (Restated)
Liabilities and shareholders' equity (Cont'd)							
Shareholders' equity							
Share capital							
Authorised share capital							
1,000,000,000 ordinary shares of Baht 10 each		10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000
Issued and paid-up share capital							
1,000,000,000 ordinary shares of Baht 10 each		10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000
Retained earnings							
Appropriated - legal reserved	31	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Unappropriated		22,776,759,881	21,963,673,768	32,724,745,472	22,165,401,629	21,437,882,142	32,124,665,812
Other components of equity		425,639,652	334,630,300	360,249,717	421,872,813	311,400,815	350,334,162
Total shareholders' equity		34,202,399,533	33,298,304,068	44,084,995,189	33,587,274,442	32,749,282,957	43,474,999,974
Total liabilities and shareholders' equity		182,735,955,719	168,825,799,156	149,624,625,446	182,107,218,278	168,270,488,241	149,006,747,133

The accompany notes are an integral part of these financial statements.



(Suppachai Huwanant)
Director CAT Telecom Public Company
Limited Deputy Managing Director
CAT Telecom Public Company Limited



Saowaluck Thongnue-ngam Financial Accounting
Assistant Manager Duputy Financial
Accoutning Managern
CAT Telecom Public Company Limited

CAT Telecom Public Company Limited

Statements of Income

For the year ended December 31, 2014

Unit: Baht

		Financial statements in Which equity method is applied		Separate financial statements	
	Note	2014	2013 (Restated)	2014	2013 (Restated)
Revenues					
Service income	32	37,057,424,266	32,443,669,121	37,057,424,266	32,443,669,121
Sales of goods		26,620,619	26,236,941	26,620,619	26,236,941
Revenue from concession agreements	33	8,817,965,134	18,552,255,721	8,817,965,134	18,552,255,721
Amortisation of deferred income from concession agreements	22	7,293,215,560	20,984,637,173	7,293,215,560	20,984,637,173
Gain on exchange rates		-	40,939,409	-	40,939,409
Other income	34	2,221,383,481	1,960,116,410	2,320,488,733	2,134,255,084
Total revenues		55,416,609,060	74,007,854,775	55,515,714,312	74,181,993,449
Expenses					
Cost of services		35,402,079,722	35,017,270,218	35,402,079,722	35,017,270,218
Cost of goods sold		26,377,708	44,570,654	26,377,708	44,570,654
Depreciation - assets under concession agreements	18	6,711,724,001	19,718,485,965	6,711,724,001	19,718,485,965
Selling expenses		1,938,976,759	1,887,517,350	1,938,976,759	1,887,517,350
Administrative expenses		3,369,535,535	3,613,825,596	3,369,535,535	3,613,825,596
Loss on impairment of assets	17-19	584,630,662	2,040,501,803	584,630,662	2,040,501,803
Loss on exchange rates		1,860,252	-	1,860,252	-
Remittance to NBTC under Section 84 of the Act on Organization to Assign Radio Frequency	14	3,864,948,281	335,631,170	3,864,948,281	335,631,170
Other expenses		14,728,973	(145,436,098)	15,479,732	(144,700,880)
Finance costs		20,467,616	23,267,668	20,467,616	23,267,668
Total expenses		51,935,329,509	62,535,634,326	51,936,080,268	62,536,369,544
Operating profit		3,481,279,551	11,472,220,449	3,579,634,044	11,645,623,905
Shares of profit from investments in associates and joint ventures	13-14	183,921,119	99,115,423	-	-
Profit before income tax		3,665,200,670	11,571,335,872	3,579,634,044	11,645,623,905
Income tax		25,982,754	4,332,999,165	25,982,754	4,332,999,165
Net profit for the year	27	3,639,217,916	7,238,336,707	3,553,651,290	7,312,624,740
Earnings per share					
Basic earnings per share	36	3.64	7.24	3.55	7.31

The accompany notes are an integral part of these financial statements.

CAT Telecom Public Company Limited

Statements of Comprehensive Income

For the year ended December 31, 2014

Unit: Baht

	Note	Financial statements in Which equity method is applied		Separate financial statements	
		2014	2013 (Restated)	2014	2013 (Restated)
Net profit for the year		3,639,217,916	7,238,336,707	3,553,651,290	7,312,624,740
Other comprehensive income:					
Unrealised gain on changes in fair value					
of available-for-sale investments	27	138,089,997	(48,666,684)	138,089,997	(48,666,684)
Cumulative foreign currency translation adjustment	27	(19,462,646)	13,313,930	-	-
Actuarial gains (losses)	27	(90,276)	477,180,565	(90,276)	477,180,565
Income tax relating to components of					
other comprehensive income	27	(27,617,999)	9,733,337	(27,617,999)	9,733,337
Other comprehensive income for the year - net of tax		90,919,076	451,561,148	110,381,722	438,247,218
Total comprehensive income for the year		3,730,136,992	7,689,897,855	3,664,033,012	7,750,871,958

The accompany notes are an integral part of these financial statements.

CAT Telecom Public Company Limited

Statements of Changes in Shareholders' Equity

For the year ended December 31, 2014

Financial statements in which equity method is applied

Unit: Baht
(Restated)

	Notes	Retained earnings			Other components of equity				
					Other comprehensive income				
		Issued and paid-up share capital	Appropriated legal reserve	Unappropriated retained earnings	Unrealised gain on changes in fair value of available-for-sale investments	Unrealised gain on dilution of investments in associates	Cumulative foreign currency translation adjustment	Total other components of equity	Total equity
Opening balance as at 1 January 2014 - as previously reported		10,000,000,000	1,000,000,000	30,461,320,510	311,695,535	1,162,690	22,066,794	334,925,019	41,796,245,529
Impact of accounting adjustments	3	-	-	(8,497,646,742)	(294,719)	-	-	(294,719)	(8,497,941,461)
Opening balance as at 1 January 2014 - as restated		10,000,000,000	1,000,000,000	21,963,673,768	311,400,816	1,162,690	22,066,794	334,630,300	33,298,304,068
Comprehensive income for the year		-	-	3,639,127,640	110,471,998	-	(19,462,646)	91,009,352	3,730,136,992
Dividends paid	41	-	-	(2,826,041,527)	-	-	-	-	(2,826,041,527)
Closing balance as at December 31, 2014		10,000,000,000	1,000,000,000	22,776,759,881	421,872,814	1,162,690	2,604,148	425,639,652	34,202,399,533
Opening balance as at 1 January 2013 - as previously reported		10,000,000,000	1,000,000,000	37,358,352,316	373,888,423	1,162,690	8,752,864	383,803,977	48,742,156,293
Impact of accounting adjustments	3	-	-	(4,633,606,844)	(23,554,260)	-	-	(23,554,260)	(4,657,161,104)
Opening balance as at 1 January 2013 - as restated		10,000,000,000	1,000,000,000	32,724,745,472	350,334,163	1,162,690	8,752,864	360,249,717	44,084,995,189
Comprehensive income for the year - as restated		-	-	11,579,557,168	(38,933,347)	-	13,313,930	(25,619,417)	11,553,937,751
Retrospective adjustment	3	-	-	(3,864,039,897)	-	-	-	-	(3,864,039,897)
Dividends paid	41	-	-	(18,476,588,975)	-	-	-	-	(18,476,588,975)
Closing balance as at December 31, 2013		10,000,000,000	1,000,000,000	21,963,673,768	311,400,816	1,162,690	22,066,794	334,630,300	33,298,304,068

The accompany notes are an integral part of these financial statements.

CAT Telecom Public Company Limited

For the Statements of Changes in Shareholders' Equity

For the year ended December 31, 2014

Separate financial statements

Unit: Baht
(Restated)

	Notes	Retained earnings			Other component of equity		
		Issued and paid-up share capital	Appropriated legal reserve	Unappropriated retained earnings	Other comprehensive income Unrealised gain on changes in fair value of available-for-sale investments	Total other component of equity	Total equity
Opening balance as at 1 January 2014 - as previously reported		10,000,000,000	1,000,000,000	29,941,625,459	311,400,815	311,400,815	41,253,026,274
Impact of accounting adjustments	3	-	-	(8,503,743,317)	-	-	(8,503,743,317)
Opening balance as at 1 January 2014 - as restated		10,000,000,000	1,000,000,000	21,437,882,142	311,400,815	311,400,815	32,749,282,957
Comprehensive income for the year		-	-	3,553,561,014	110,471,998	110,471,998	3,664,033,012
Dividends paid	41	-	-	(2,826,041,527)	-	-	(2,826,041,527)
Closing balance as at December 31, 2014		10,000,000,000	1,000,000,000	22,165,401,629	421,872,813	421,872,813	33,587,274,442
Opening balance as at 1 January 2013 - as previously reported		10,000,000,000	1,000,000,000	36,765,792,950	373,593,703	373,593,703	48,139,386,653
Impact of accounting adjustments	3	-	-	(4,641,127,138)	(23,259,541)	(23,259,541)	(4,664,386,679)
Opening balance as at 1 January 2013 - as restated		10,000,000,000	1,000,000,000	32,124,665,812	350,334,162	350,334,162	43,474,999,974
Comprehensive income for the year - as restated		-	-	11,652,421,483	(38,933,347)	(38,933,347)	11,613,488,136
Retrospective adjustment	3	-	-	(3,862,616,178)	-	-	(3,862,616,178)
Dividends paid	41	-	-	(18,476,588,975)	-	-	(18,476,588,975)
Closing balance as at December 31, 2013		10,000,000,000	1,000,000,000	21,437,882,142	311,400,815	311,400,815	32,749,282,957

The accompany notes are an integral part of these financial statements.

CAT Telecom Public Company Limited

Statements of Cash Flows

For the year ended December 31, 2014

Unit: Baht

	Notes	Financial statements in which equity method is applied		Separate financial statements	
		2014	2013 (Restated)	2014	2013 (Restated)
Cash flows from operating activities:					
Profit before income tax		3,665,200,670	11,571,335,872	3,579,634,044	11,645,623,905
Reconciliation of profit before income tax to cash flows from operating activities					
Depreciation of property, plant and equipment	17	6,690,088,105	6,064,408,499	6,690,088,105	6,064,408,499
Transfer of assets to expenses		5,645,022	245,575,472	5,645,022	245,575,472
Depreciation of assets under concession agreements	18	6,711,724,001	19,718,485,964	6,711,724,001	19,718,485,964
Amortisation of intangible assets	19	282,946,910	270,536,292	282,946,910	270,536,292
Amortisation of prepaid land leases and submarine cable expenses		480,578,656	525,995,742	480,578,656	525,995,742
Amortisation of deferred income		(7,331,094,740)	(21,027,050,008)	(7,331,094,740)	(21,027,050,008)
Loss on disposal of property, plant and equipment		12,875,600	6,445,190	12,875,600	6,445,190
Gain on disposal of assets under concession agreements		(6,175,197)	(6,494,074)	(6,175,197)	(6,494,074)
(Gain) Loss on disposal of intangible assets		(8,939)	14,110	(8,939)	14,110
Loss on impairment of property, plant and equipment	17	30,759,973	455,742,444	30,759,973	455,742,444
Loss on impairment of assets under concession agreements	18	553,870,689	1,113,947,992	553,870,689	1,113,947,992
Loss on impairment of intangible assets	19	-	2,926,476	-	2,926,476
Loss on impairment of right to use of circuit		-	467,884,890	-	467,884,890
Interest income from investments		(1,578,890,720)	(1,490,382,933)	(1,578,890,720)	(1,490,382,933)
Dividends income from investments in associates		-	-	(31,385,714)	(60,150,000)
Dividends income from investments in joint ventures		-	-	(67,719,537)	(113,988,675)
Dividends income from available-for-sale investments		(76,585,161)	(51,679,255)	(76,585,161)	(51,679,255)
Dividends income from other long-term investments		(465,354)	(134,400)	(465,354)	(134,400)
Gain on disposal of short-term investments		-	(236,116,447)	-	(236,116,447)
Unrealised gain on trading investments - private funds		(100,395,045)	(23,399,445)	(100,395,045)	(23,399,445)
Adjustment of investment value - amortised cost method		14,798,327	(13,833,607)	14,798,327	(13,833,607)
Adjustment of investment value from interest and discount		3,617,597	(62,011,301)	3,617,597	(62,011,301)
Shares of profit from investments in associates	13	(104,611,175)	(44,217,064)	-	-
Shares of profit from investments in joint ventures	14	(79,309,943)	(54,898,359)	-	-
Loss on impairment of investments in joint ventures		-	-	750,759	735,219
Acturial gains		-	(154,678,055)	-	(154,678,055)
(Gain) Loss on exchange rates		1,860,253	(32,725,210)	1,860,253	(32,725,210)
Loss on damaged, obsolete and unused supplies		-	1,307,919	-	1,307,919
Allowance for obsolete inventories		10,912,194	16,141,000	10,912,194	16,141,000
Doubtful accounts and bad debts		625,799,326	68,087,469	625,799,326	68,087,469
Interest expense		20,458,534	23,166,956	20,458,534	23,166,956
Others		(135)	(7)	(135)	(7)
Operating profit before changes in operating assets and liabilities		9,833,599,448	17,354,382,122	9,833,599,448	17,354,382,122

CAT Telecom Public Company Limited

Statements of Cash Flows

For the year ended December 31, 2014

Unit: Baht

	Notes	Financial statements in which equity method is applied		Separate financial statements	
		2014	2013 (Restated)	2014	2013 (Restated)
Decrease (increase) in operating assets					
Trade and other receivables		(24,795,432,165)	(16,563,174,853)	(24,795,432,165)	(16,563,174,853)
Concession receivable		1,077,645,864	2,045,896,380	1,077,645,864	2,045,896,380
Accrued income		(1,215,889,349)	(3,257,679,889)	(1,215,889,349)	(3,257,679,889)
Inventories and supplies		(42,237,730)	(115,824,624)	(42,237,730)	(115,824,624)
Other current assets		(1,720,276,176)	(2,130,854,857)	(1,720,276,176)	(2,130,854,857)
Other non-current assets		3,343,156	286,135,007	3,343,156	286,135,007
Increase (decrease) in operating liabilities					
Trade and other payables		400,304,348	(326,200,236)	400,304,348	(326,200,236)
Value Added Tax payable		(1,047,470,771)	(86,293,924)	(1,047,470,771)	(86,293,924)
Accrued expenses		22,999,989,000	19,972,742,131	22,999,989,000	19,972,742,131
Advance received		2,595,737,392	6,017,822,522	2,595,737,392	6,017,822,522
Other current liabilities		1,619,589,762	1,406,126,685	1,619,589,762	1,406,126,685
Employee benefit obligations		147,729,080	201,753,129	147,729,080	201,753,129
Pension fund payable		(846,794)	2,244,159	(846,794)	2,244,159
Other non-current liabilities		32,784,044	12,335,962	32,784,044	12,335,962
Cash generated from operations before income tax		9,888,569,109	24,819,409,714	9,888,569,109	24,819,409,714
Income tax paid		(3,132,970,399)	(3,286,464,352)	(3,132,970,399)	(3,286,464,352)
Net cash generated from operating activities		6,755,598,710	21,532,945,362	6,755,598,710	21,532,945,362

The accompany notes are an integral part of these financial statements.

CAT Telecom Public Company Limited

Statements of Cash Flows

For the year ended December 31, 2014

Unit: Baht

	Notes	Financial statements in which equity method is applied		Separate financial statements	
		2014	2013 (Restated)	2014	2013 (Restated)
Net cash generated from operating activities		6,755,598,710	21,532,945,362	6,755,598,710	21,532,945,362
Cash flows from investing activities:					
Proceeds from short-term investments		111,170,823,133	87,382,270,851	111,170,823,133	87,382,270,851
Payments for short-term investments		(101,056,385,650)	(87,012,457,874)	(101,056,385,650)	(87,012,457,874)
Interest received from investments		1,703,585,343	1,275,190,927	1,703,585,343	1,275,190,927
Dividends received from investments in associates	13	31,385,714	60,150,000	31,385,714	60,150,000
Dividends received from investments in joint ventures	14	67,719,537	113,988,675	67,719,537	113,988,675
Proceeds from disposal/redemption of other long-term investments	15	400,000,000	600,000,000	400,000,000	600,000,000
Payments for other long-term investments	15	(5,813,200,000)	(1,656,500,000)	(5,813,200,000)	(1,656,500,000)
Dividends received from available-for-sale investments		76,585,161	51,679,255	76,585,161	51,679,255
Dividends received from other long-term investments		465,354	134,400	465,354	134,400
Proceeds from disposals of property, plant and equipment		15,447,458	34,404,489	15,447,458	34,404,489
Purchase of property, plant and equipment		(10,223,791,465)	(9,627,306,369)	(10,223,791,465)	(9,627,306,369)
Proceeds from disposals of assets under concession agreements		6,175,222	6,537,365	6,175,222	6,537,365
Proceeds from disposals of intangible assets		8,971	193	8,971	193
Purchase of intangible assets		(60,307,174)	(34,908,744)	(60,307,174)	(34,908,744)
Net cash used in investing activities		(3,681,488,396)	(8,806,816,832)	(3,681,488,396)	(8,806,816,832)
Cash flows from financing activity:					
Dividends paid	41	(8,826,041,527)	(10,476,588,974)	(8,826,041,527)	(10,476,588,974)
Net cash used in financing activity		(8,826,041,527)	(10,476,588,974)	(8,826,041,527)	(10,476,588,974)
Effects of exchange rate changes		11,699,091	19,852,730	11,699,091	19,852,730
Net increase (decrease) in cash and cash equivalents		(5,740,232,122)	2,269,392,286	(5,740,232,122)	2,269,392,286
Opening balance of cash and cash equivalents		7,160,278,983	4,890,886,697	7,160,278,983	4,890,886,697
Closing balance of cash and cash equivalents		1,420,046,861	7,160,278,983	1,420,046,861	7,160,278,983
Supplementary information					
Non-cash transactions					
Assets under concession agreements	18	2,893,487,005	13,561,766,697	2,893,487,005	13,561,766,697
Purchase of property, plant, equipment and intangible assets on payable		1,052,190,068	2,271,740,324	1,052,190,068	2,271,740,324

The accompany notes are an integral part of these financial statements.

CAT Telecom Public Company Limited

Notes to the Financial Statements

For the year ended December 31, 2014

(In millions of Baht, unless otherwise stated)

1 General information

1.1 Company incorporation

CAT Telecom Public Company Limited (the Company) is a public limited company, incorporated in Thailand.

The address of the Company's registered office is as follows:

99 Chaengwattana Road, Toong-Song-Hong, Laksi, Bangkok 10210 - 0298.

1.2 Business activities

The Company is principally engaged in all types of telecommunication activities and providing other related domestic and international services. Those services include international call services, radio and mobile services, data communication, wireless communication, internet and network system services, IT security services, e-Auction services, and others.

1.3 Concession agreements

The Company has granted various concessions (concession agreements) to private operators including the Company's associates and joint ventures. Services rendered by the private operators under the concession agreements comprise cellular mobile system services, internet services and satellite network services. Under most concession agreements, e.g., cellular mobile system services, the operators shall pay annual fees to the Company at the higher rate determined as a percentage of service income or at the minimum rate specified in the individual agreements (whichever is higher). In addition, the operators, in accordance with their concession agreements, are required to procure properties and equipment for their operations, and transfer ownership of such properties and equipment to the Company within the period specified in the concession agreements. Generally, the legal title to the assets is transferred to the Company before the operation commences. However, the operators can retain the right to use the assets to generate revenue over the concession period in accordance with the terms and conditions stated in the concession agreements. The accounting policies for concession assets and revenue recognition are set out in Notes 2.17 and 2.23 (e), respectively.

As at December 31, 2014 and 2013, the following private operators are required to transfer the ownership of assets under concession agreements to the Company:

Private Operator	Type of Services	Contract Start Date
1. Total Access Communication Public Co., Ltd. (DTAC)	Digital 800 MHz and Digital PCN1800 mobile phone services throughout Thailand under the DTAC brand name	27 years commencing November 14, 1990
2. True Move Co., Ltd. (True Move) (formerly "TA Orange Co., Ltd.)	Digital PCN1800 mobile phone services throughout Thailand under the True Move brand name	17 years commencing June 20, 1996 (expired on 15 September 2013)
3. Digital Phone Co., Ltd. (DPC)	Digital PCN1800 mobile phone services throughout Thailand under the DPC brand name.	16 years commencing November 19, 1996 (expired on 15 September 2013)
4. CS Loxinfo Co., Ltd. (formerly "C.S. Communications Co., Ltd.)	Up-link and down-link services and satellite Internet services (Up/Down Link)	22 years commencing August 9, 1994

1.4 Act on organization to assign radio frequency and to regulate the broadcasting and telecommunications services B.E. 2553

Section 84 of the Act on organization to assign radio frequency and to regulate the broadcasting and telecommunications services B.E. 2553 (Act on Organization to Assign Radio Frequency), which became effective on December 20, 2010, requires the Company to submit revenues that are derived from an undertaking under an authorisation, concession, or contract according to the enterprises operated under the law on private participation in the state undertaking whether in whole or in part, shall be subtracted by the following expenses and remitted to the National Broadcasting and Telecommunications Commission (NBTC) upon which it shall transfer the said money to the state treasury:

- (1) Business license fees calculated on an income base that is generated from the authorisation, concession or contract
- (2) Expenses for supporting the provision of universal basic telecommunications and social services, in accordance with government policies and Section 50, calculated on an income base that is generated from an authorisation, concession or contract
- (3) Expenses incurred from the operation associated with the authorization, concession, or contract as prescribed by Ministry of Finance

The Company recognised the expense for the remittance to NBTC in the financial statement for the year ended December 31, 2014 of Baht 3,864.95 million (December 31, 2013: Baht 335.63 million)

On December 9, 2014 the Ministry of Finance informed the Company about the regulation of expense subtraction and the practice of revenues submission. The Company is required to submit the revenues after the expenses to NBTC within 60 days after the end of each quarter except for the fourth quarter, where the Company shall submit the revenues to NBTC within 30 days after the date of which the Office of the Auditor

General of Thailand (OAG) completes the audit of the Company's financial statements. In addition, the Company shall submit the revenues derived from December 20, 2013 to September 30, 2014 to NBTC by December 20, 2014. However, the Company is currently in the process of discussion with the relevant departments and have not yet submitted the revenues for such period to NBTC.

1.5 Excise tax

On January 28, 2003, the Cabinet issued the Amendment B.E. 2546 to Excise Tax Tariff Act. B.E. 2527 (No.4), and the revised Excise Tax Act B.E. 2527 and 2546 to collect telecommunication excise tax from the concessionaires. The tax rate, which was previously 50%, was reduced in accordance with the Ministry of Finance Notification No.68 regarding the reduction and termination of the excise tax tariff. This was effective on January 28, 2003 as follows:

1. Basic telephone services: The excise tax rate is 2% of revenue earned and the Ministry of Internal Affairs tax rate is 10% of the excise tax, giving a total tax rate of 2.2%.
2. Mobile phone services: The excise tax rate is 10% of revenue earned and the Ministry of Internal Affairs tax rate is 10% of the excise tax, giving a total tax rate of 11%.

On February 11, 2003, the Cabinet allowed concessionaires to deduct excise tax from the revenue sharing to be paid to the Company.

Since August 4, 2005, the Company's revenue from mobile phone services has been subject to excise tax at 10% and the Ministry of Internal Affairs tax at the rate of 10% of the excise tax tariff, giving a total tax rate of 11%.

On January 23, 2007, the Cabinet resolved to cancel the Cabinet Resolution dated January 28, 2003 and February 11, 2003, which stated that concessionaires are permitted to deduct excise tax from the revenue sharing to be paid to the Company. The Ministry of Finance reconsidered the excise tax tariff for new telecommunication operators and subsequently issued an announcement regarding the reduction of the excise tax tariff (No.79) by reducing excise tax rate to 0% effective from February 27, 2007.

1.6 Telecommunications licenses

On August 4, 2005, the Company was granted telecommunications licenses from the National Telecommunications Commission (NTC) for the following categories:

1. Type I Internet License allowing the Company to provide internet services under the provision of Type I Internet License without having its own network - this license was renewed on August 4, 2014 and will expire on August 3, 2019
2. Type II International Internet Gateway and Internet Exchange License allowing the Company to provide international internet gateway and internet exchange services with their own networks - this license was renewed on January 24, 2013 and will expire on January 23, 2018

3. Type I Telecommunications License allowing the Company to provide international calling card services - this license was renewed on August 4, 2014 and will expire on August 3, 2019
4. Type III Telecommunications License allowing the Company to operate as the following type of telecommunications operator:

- (a) Networks or facilities provider
- (b) Service provider on their own telecommunications network

The Type III Telecommunications License will expire on August 3, 2025

The Company is required to follow the regulations regarding license fees and service charges as specified by the NBTC.

1.7 Broadcasting licenses

On January 28, 2013, the Company was granted broadcasting licenses as followings:

1. Broadcasting License for providing broadcasting services in non-national frequency - the license is valid for 15 years (from January 28, 2013 to January 27, 2028)
2. Broadcasting License for providing broadcasting services only on "CAT CHANNEL" - the license was renewed on January 28, 2014 and will expire on January 27, 2016
3. Broadcasting License for facilitating broadcasting services for 44 stations – the license is valid for 15 years (from December 23, 2013 to December 22, 2028)

The Company is required to follow the regulations regarding license fees and service charges as specified by the NBTC.

1.8 International call service agreements

The Company entered into international call service agreements with the following mobile operators: Advance Info Service Plc. (AIS), True Move Co., Ltd. (True Move), Digital Phone Co., Ltd. (DPC) and Total Access Communication Plc. (DTAC). Its objective is to provide international call services using mobile phones and mobile operators' networks. The customers are required to apply for international call service agreements with their mobile operators. The Company collects a service fee from the mobile operators and the mobile operators collect a service fee from their customers. The revenue from international call services is presented as the net amount after discounts according to the invoices issued to the mobile operators.

2 Accounting policies

The principal accounting policies adopted in the preparation of the Company's financial statements are set out below:

2.1 Basis of preparation

The Company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being the Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

The financial statements have been prepared under the historical cost convention except for certain investments, where fair value has been used, as disclosed in the accounting policy for other long-term investments (Note 2.12).

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Thai Baht, which is the Company's functional and presentation currency.

Comparative figures have been adjusted to conform to changes in the presentation in the current year and the impact of retrospective adjustment from accounting error mentioned in Note 3.

2.2 New accounting standards, new financial reporting standards, amendments to accounting standards and new interpretations

Effective for the periods beginning on or after January 1, 2014:

TAS 1 (Revised 2013)	Presentation of Financial Statements
TAS 7 (Revised 2013)	Cash Flow Statements
TAS 12 (Revised 2013)	Income Taxes
TAS 17 (Revised 2013)	Leases
TAS 18 (Revised 2013)	Revenue
TAS 19 (Revised 2013)	Employee Benefits
TAS 21 (Revised 2013)	The effects of Changes in Foreign Exchange Rates
TAS 24 (Revised 2013)	Related Party Disclosures
TAS 28 (Revised 2013)	Investments in Associates
TAS 31 (Revised 2013)	Interests in Joint Ventures
TAS 34 (Revised 2013)	Interim Financial Reporting
TAS 36 (Revised 2013)	Impairment of Assets
TAS 38 (Revised 2013)	Intangible Assets

TFRS 2 (Revised 2013)	Share-Based Payments
TFRS 3 (Revised 2013)	Business Combinations
TFRS 5 (Revised 2013)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (Revised 2013)	Operating Segments
TSIC 15	Operating leases - incentives
TSIC 27	Evaluating the substance of transactions in the legal form of a lease
TSIC 29	Service concession arrangements: Disclosure
TSIC 32	Intangible assets - Web site costs
TFRIC 1	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4	Determining whether an arrangement contains a lease
TFRIC 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7	Applying the restatement approach under TAS 29 financial reporting in hyperinflationary economies
TFRIC 10	Interim financial reporting and impairment
TFRIC 12	Service concession arrangements
TFRIC 13	Customer loyalty programmes
TFRIC 17	Distributions of non-cash assets to owners
TFRIC 18	Transfers of assets from customers

The above TASs, TFRSs, TSICs and TFRICs have no effect to the company. TFRIC 5, 7 and 12, are not relevant to the Company's operations.

Effective for the periods beginning on or after January 1, 2015 and are not early adopted by the Company:

a) Financial reporting standards, which are expected to have an impact to the Company:

- TFRS 10 Consolidated financial statements
- TFRS 11 Joint arrangements
- TFRS 12 Disclosure of interests in other entities

The above standards have an impact to the Company are as follows;

TFRS 10 has a single definition of control and supersedes the principles of control and consolidation included within the original TAS 27, 'Consolidated and separate financial statements'. The standard sets out the requirements for when an entity should prepare consolidated financial statements, defines the principles of control, explains how to apply the principles of control and explains the accounting requirements for preparing consolidated financial statements. The key principle in the new standard is that control exists, and

consolidation is required, only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. The Company is yet to assess the full impact of the amendments.

TFRS 11 defined that a joint arrangement is a contractual arrangement where at least two parties agree to share control over the activities of the arrangement. Unanimous consent toward decisions about relevant activities between the parties sharing control is a requirement in order to meet the definition of joint control. Joint arrangements can be joint operations or joint ventures. The classification is principle based and depends on the parties' exposure in relation to the arrangement. When the parties' exposure to the arrangement only extends to the net assets of the arrangement, the arrangement is a joint venture. Joint operations have rights to assets and obligations for liabilities. Joint operations account for their rights to assets and obligations for liabilities. Joint ventures account for their interest by using the equity method of accounting. The Company is yet to assess the full impact of the amendments.

TFRS 12 require entities to disclose information that helps readers of financial statements to evaluate the nature of risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. The Company is yet to assess the full impact of the amendments.

b) Financial reporting standards do not have impact to the Company are as follows:

TAS 1 (revised 2014)	Presentation of Financial Statements
TAS 2 (revised 2014)	Inventories
TAS 7 (revised 2014)	Statement of cash flows
TAS 8 (revised 2014)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2014)	Events after the reporting period
TAS 11 (revised 2014)	Construction contracts
TAS 12 (revised 2014)	Income taxes
TAS 16 (revised 2014)	Property, plant and equipment
TAS 17 (revised 2014)	Leases
TAS 18 (revised 2014)	Revenue
TAS 19 (revised 2014)	Employee Benefits
TAS 20 (revised 2014)	Accounting for government grants & disclosure of government assistance
TAS 21 (revised 2014)	The effects of changes in foreign exchange rates
TAS 23 (revised 2014)	Borrowing costs
TAS 24 (revised 2014)	Related party disclosures
TAS 26 (revised 2014)	Accounting and reporting by retirement benefit plans
TAS 27 (revised 2014)	Separate financial statements
TAS 28 (revised 2014)	Investments in associates and joint ventures

TAS 29 (revised 2014)	Financial reporting in hyperinflationary economies
TAS 33 (revised 2014)	Earnings per share
TAS 34 (revised 2014)	Interim financial reporting
TAS 36 (revised 2014)	Impairment of assets
TAS 37 (revised 2014)	Provisions, contingent liabilities and contingent assets
TAS 38 (revised 2014)	Intangible assets
TAS 40 (revised 2014)	Investment property
TFRS 2 (revised 2014)	Share-based payment
TFRS 3 (revised 2014)	Business combinations
TFRS 5 (revised 2014)	Non-current asset held for sale and discontinued operations
TFRS 6 (revised 2014)	Exploration for and evaluation of mineral resources
TFRS 8 (revised 2014)	Operating segments
TFRS 13 (revised 2014)	Assessment of fair value
TSIC 10 (revised 2014)	Government assistance – No specific relation to operating activities
TSIC 15 (revised 2014)	Operating leases - Incentives
TSIC 25 (revised 2014)	Income taxes – changes in the tax status of an entity or its shareholders
TSIC 27 (revised 2014)	Evaluating the substance of transactions involving the legal form of a lease
TSIC 29 (revised 2014)	Service concession arrangements: Disclosures
TSIC 31 (revised 2014)	Revenue – barter transactions involving advertising services
TSIC 32 (revised 2014)	Intangible assets - Web site costs
TFRIC 1 (revised 2014)	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4 (revised 2014)	Determining whether an arrangement contains a lease
TFRIC 5 (revised 2014)	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7 (revised 2014)	Applying the restatement approach under IAS29 Financial reporting in hyperinflationary economies
TFRIC 12 (revised 2014)	Service concession arrangements
TFRIC 13 (revised 2014)	Customer loyalty programmes
TFRIC 14 (revised 2014)	TAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction
TFRIC 15 (revised 2014)	Agreements for the construction of real estate
TFRIC 17 (revised 2014)	Distributions of non-cash assets to owners
TFRIC 18 (revised 2014)	Transfers of assets from customers
TFRIC 20 (revised 2014)	Stripping costs in the production phase of a surface mine

New financial reporting standard which is effective on 1 January 2016:

TFRS4 Insurance contracts

TFRS 4 is not relevant to the company's operations.

2.3 Accounting estimates

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

2.4 Foreign currency translation

Items included in the financial statements are measured using Thai Baht. Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated to Thai Baht at the exchange rate prevailing at the statement of financial position date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

Any differences from translating investment in debt securities and other financial assets valued by using fair value are included in gain or loss from exchange rate. Differences from non-monetary investment translation, such as trading securities, are included in gain or loss on changes in fair value measurements. In addition, differences from translating investment in available for sale securities are included in gain or loss on revaluation in shareholders' equity.

Items included in the statement of comprehensive income and cash flows of foreign entities are translated into Thai Baht at the weighted average exchange rates for the year. Items included in the statement of financial position are translated at the exchange rates ruling on the statement of financial position date. Currency translation differences arising from the translation of the net investment in the foreign entities are recognised in shareholders' equity. When the Company disposed the foreign entities, the accumulated currency translation differences are recognised in the statement of comprehensive income as part of the gain or loss on sale.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits with banks excluding deposits with banks which are held to maturity, and other short-term highly liquid investments with original maturities over three months.

2.6 Short-term investments

Short-term investments are fixed-term deposits, bills of exchange, promissory notes, and investments in debt securities with original maturities of more than three months, but less than 12 months and investments that the Company's management intends to hold for less than 12 months.

2.7 Trade accounts receivable

Trade accounts receivable are initially recognised at the original invoice amount and subsequently measured at the remaining amount less an allowance for doubtful receivables based on a review of all outstanding amounts at year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified and recognised in the statement of income within administrative expenses. Trade accounts receivable - revenue sharing from telecommunication service is presented net of trade accounts payable - revenue sharing from telecommunication service.

2.8 Inventories and supplies

Inventories and supplies are stated at the lower of cost and net realisable value. Cost is determined using the moving average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventories and supplies, such as import duties and transportation charges, less all discounts, allowances or rebates attributable to purchasing the inventories and supplies. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses. Allowance is made, where necessary, for obsolete, slow moving and defective inventories or supplies when they are identified and is recognised in the statement of income.

2.9 Prepayments

(a) Indefeasible Rights of Use (IRU)

The Company has entered into agreements to purchase Indefeasible Right of Use (IRU). In case that the Company obtains a right of use which is cancellable anytime during the contract period and significant risks and rewards are not transferred to the Company, costs incurred are recorded as prepayments. Amounts paid and due within 1 year are presented as current assets and amounts paid and due in over 1 year are presented as non-current assets. IRU is initially recognised at cost and amortised on a straight-line basis over the contract period or the estimated useful life of the cable systems, whichever is lower.

(b) Leasehold rights

Costs incurred from the acquisition of leasehold rights are recognised as prepayments and amortised on a straight-line basis over the contract period.

2.10 Investments in associates

Investments in associates are initially recognised at cost and accounted for using the equity method in the financial statements. Such investments are investments in entities over which the Company has significant influence but not control. Unrealised gains and losses on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates unless the transaction provides evidence of an impairment of a transferred asset. The Company ceases to recognise share of losses if the carrying amount of the investment is reduced to nil, unless the Company has incurred obligations with respect to or guaranteed the obligations of the associate.

In the Company's separate financial statements, investments in associates are accounted for using the cost method. A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, an impairment loss is charged to the statements of income in the separate financial statements.

Details of the Company's associates are set out in Note 13.

2.11 Investments in joint ventures

Investments in joint ventures are accounted for using the equity method of accounting in the financial statements. The Company ceases to recognize a share of losses if the carrying amount of the investment is reduced to nil, unless the Company has incurred obligations with respect to or guaranteed the obligations of the joint venture.

In the Company's separate financial statements, investments in joint ventures are accounted for using the cost method. A test for impairment is carried out whenever there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, an impairment loss is charged to the statements of income in the separate financial statements.

Details of the Company's joint ventures are set out in Note 14.

2.12 Other investments

Investments other than investments in associates and investments in joint ventures are classified into the following four categories: trading investments, held-to-maturity investments, available-for-sale investments and general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on a regular basis as follows:

- (a) Trading investments are investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price for not more than three months from the acquisition date and are included in current assets.

- (b) Held-to-maturity investments are investments with fixed maturity that management has the intention and ability to hold to maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.
- (c) Available-for-sale investments are investments intended to be held for an indefinite period of time that may be sold in response to liquidity needs or changes in interest rates and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless management will sell in order to raise operating capital, in which case they are included in current assets.
- (d) General investments are investments in non-marketable equity securities.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading and available-for-sale investments are subsequently carried at fair value. The fair value of investments is based on quoted bid prices by reference to their markets. Unrealised gains and losses arising from changes in the fair value of investments classified as trading investments are recognised in the statement of income. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in equity.

Held-to-maturity investments are carried at amortised cost using the effective interest method less allowance for impairment.

General investments are carried at cost less allowance for impairment.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, an impairment loss is charged to the statement of income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of income. When disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined using the weighted average carrying amount of the total holding of the investment.

The details of investments that the Company's management intends to hold for more than one year and are classified as other long-term investments are set out in Note 15.

2.13 Investments from exchanges of right to operate under concession agreements and marketing contract arrangements

Investments that are transferred from concession operators in exchanges of the right to operate under concession agreements and marketing contract arrangements for which the Company does not have further obligations in terms of settling costs with the concession operators are recognised at fair value and recognise as revenue immediately in the period in which the transaction incurred.

2.14 Gains or losses on dilution of investments

Gains or losses arising as a result of the dilution or anti-dilution of investments caused by changes in the associate or joint venture companies' shareholders' equity without interest changes are recorded in shareholders' equity.

2.15 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as an investment property.

Land held under operating lease is the company's investment property as the definition of investment property. Operating lease is recognized as finance lease.

The Company's investment property is land held for undetermined future use. The Company has not determined whether the land will be used as an owner-occupied property or for trading purposes.

Investment property is measured initially at cost, including related transactions. After initial recognition, investment property is carried at cost less accumulated impairment losses (if any).

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred

The fair value of investment property is determined by independent valuers.

2.16 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and allowance for impairment.

Depreciation is calculated on a straight-line basis to write-off the cost of each asset, except for land which is considered to have an indefinite life, to its residual value over its estimated useful life as follows:

Buildings, structures and improvements	10 - 40 years
Telecommunication equipment	5 - 10 years
Submarine cable network	10 -20 years
Tools and other equipment, furniture, fixtures and office equipment	5 – 10 years
Motor vehicles	5 years

At the end of each reporting period, the Company reviews, and adjusts if appropriate, the residual values and economic useful life of its property, buildings and equipment.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are included in the statement of income.

The cost of addition, renewal or improvement is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Such costs are depreciated over the remaining useful lives of the related asset. Repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

2.17 Concession assets

Assets for which legal title has been transferred to the Company are fully recognised at the date on which the concession operators transfer ownership to the Company. Such assets are recognised at the cost notified by the concession operators, with a corresponding entry for deferred revenue, which is presented as a liability.

Depreciation of transferred assets is calculated on a straight-line basis over their estimated useful lives and recorded as an expense in the statement of income as follows:

Buildings and structures	20 years
Telecommunication equipment	5 - 10 years
Tools, other equipment, furniture, fixture and office equipment	5 - 10 years

Amortisation of deferred revenue is described in Note 2.23 (e).

2.18 Intangible assets

Computer software

Acquired computer software licenses are capitalised based on the costs incurred to acquire the software and bring it into use. The costs are amortised over the estimated useful life of the specific software of not more than 5 years.

Costs associated with developing and maintaining computer software programs are recognised as an expense in the period in which they are incurred. Costs that are directly associated with identifiable and unique software products controlled by the Company and that will probably generate economic benefits exceeding the costs after one year are recognised as intangible assets. Direct costs include the staff costs of the software development team and an appropriate portion of relevant overheads.

Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is additionally capitalised to the original cost of the software. Computer software development costs are recognised as assets and amortised using a straight-line basis over their useful lives, but not more than 5 years.

Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be successful considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditure is recognised when an expense is incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit, not exceeding 5 years.

2.19 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.20 Leases

(a) Where the Company is the lessor

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with that used for other similar property, plant and equipment owned by the Company (Note 2.16). Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(b) Where the Company is the lessee

Leases of property, plant and equipment that substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the

fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the useful life of the asset and the lease term, whichever is lower.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the lease term.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.21 Provisions

Provisions, excluding provisions for employee benefits, are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2.22 Employee benefits

(a) Benefits Plan

1. Legal severance pay

The Company has set up a severance benefits plan to comply with the Labour Laws applicable in Thailand. The severance pay calculation is based on salary and a number of years of service until the termination date in future.

2. Pension fund for CAT's employees (Pension Fund)

The Company established a Pension Fund in 1979 with the main objective of providing pension benefits for retired staff. The Company makes monthly contribution to the Pension Fund at the rate of 10% of employee salaries and additional contribution equal to the estimated obligation to pay as at the statement of financial position date. The obligation is calculated by multiplying the salaries as at the statement of financial position date by a number of years of service in accordance with the regulation of the pension fund. Returns from Pension Fund assets are recognised as revenues. The assets of the pension fund are segregated and included in the statement of financial position under cash and cash equivalents, short-term investments, employee receivables, and accrued interest income.

3. Other long-term benefits

Other long-term benefits given for long servicing or retired employees are retirement benefits in case of death, long-service award (gold given on the retirement date and souvenir gold given to employees who have been working at the Company for 20 years), overseas travelling and unused annual leave.

The liabilities arising from regulations under Thai Labour Laws, the pension fund, and other long term benefits are calculated by an actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the market yield of government bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the terms of the related liabilities.

The Company recognised actuarial gains and losses on employee benefits in the statement of other comprehensive income in the period in which they arise.

(b) Provident fund

The Company established and registered a defined-contribution provident fund, “The Registered Provident Fund of CAT Telecom and Thailand Post staffs” in 1996. On October 4, 2013, the provident fund’s name was changed to “The Registered Provident Fund of CAT Telecom staffs”. Employees who joined the Company before December 13, 1996 had the right to voluntarily join either the provident fund or pension fund, while employees who joined on or after December 13, 1996 can only voluntarily join the provident fund.

The Company makes monthly contribution at the rate of 11% of salary for the employee reaching more than 20 years of service, 10% of salary for the employee reaching more than 10 years of service but not greater than 20 years, and 9% of salary for the employee reaching 10 years of service or less than.

The Company’s contribution to the provident fund is recognised as an expense in the period where the transactions are incurred. The contribution assets are separated from the Company’s assets and managed by Krung Thai Asset Management Plc. and Kasikorn Thai Asset Management Co., Ltd.

(c) Provisions for employee benefits arising from the corporatisation

The Company has allocated shares to employees as a result of the corporatisation of the Communications Authority of Thailand to CAT Telecom Plc. and Thailand Post Co., Ltd. on August 14, 2003 whereby employees of the Communications Authority of Thailand are entitled to obtain shares at par value equivalent to six times of their monthly salary as at August 13, 2003 and free shares (par value) equivalent to two times of their monthly salary as at August 13, 2003. Staff may exercise their privileges whenever the Company offers its shares to employees and general public. However, employee ordinary shareholding ratio must not exceed 6.5% of the registered capital at the time of initial public offering. The Company records such employee benefits as non-current liabilities when giving the rights to employees.

2.23 Revenues and expenses recognition

(a) Service income

The Company recognises service income when the services are rendered.

(b) Revenue sharing from international call services

The Company recognises revenue from services when the services are rendered according to the agreements.

(c) Revenue from sales of telecommunication service cards

The Company recognises revenue from telecommunication service cards based on actual time usage. For cards distributed by Hutchison CAT Wireless Co., Ltd., which provides customer service for CDMA Radio Cellular Customer Service Agreement, revenue is recognised based on the number of cards sold.

(d) Revenue sharing from concession agreements

The Company recognises revenue sharing from concession agreements (compensation) on an accrual basis for both annual minimum compensation and revenue sharing in excess of the minimum compensation.

(e) Amortisation of deferred revenue for concession assets

The Company recognises the amortisation of deferred revenue as revenue based on the shorter of the useful life of the transferred assets and the remaining period of the concession agreements.

(f) Other income

Interest income is recognised on a time proportion basis, based on the actual return on asset.

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

(g) Revenue from sales of goods

Revenue from sales of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer.

Revenue is presented net of output tax and discounts.

(h) Expenses are recognised on an accrual basis.

2.24 Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However,

the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.25 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

2.26 Dividends paid

Interim dividends are recorded in the Company's financial statements in the period in which they are approved by the board of directors' meeting. Dividends from profit for the year are recorded in the Company's financial statements in the period in which they are approved by annual shareholders' meeting.

2.27 Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sales transaction and the sale is considered highly probable. They are stated at the lower of the carrying amount and the fair value less cost to sell if their carrying amount is to be recovered principally through a sales transaction rather than through continuing use.

3 Effects of retrospective accounting adjustments

The company has made retrospective adjustments of accounting error for the following items:

- (a) Income tax and tax penalty - The Company retrospectively recorded accounting transactions relating to wholesale service through HSPA network in the financial statements in the prior year. However, the Company did not record the impact of income tax relating to this adjustment in the same period. The Company, therefore, record the impact of income tax in the period that it occurred.
- (b) Deferred income tax - The Company has retrospectively recorded deferred tax assets since the company wrongly estimated the amount of net taxable income.
- (c) Revenue sharing from concession agreement - the Company used roaming service of True Move (Roaming 2G), True Move is required to submit revenue sharing under concession agreement to the Company from April 2011 to September 15, 2013. However, the Company did not recognise such revenue in appropriate period. The Company, therefore, made a retrospective adjustments.
- (d) Revenue from telecommunication services – wholesale - Roaming 3G services was provided to Real Future Co., Ltd. since April 2003 until now. The company has changed the method to recognise services revenue from a lump sum payment to actual usage rate or lump sum payment, whichever is lower.
- (e) Intercommunication charges - For the dispute since 2008 to 2013 between the Company and the Operator, the Company changes the recognition from using the Company details records (CDR) to the amount per invoice billed by the Operator.
- (f) Depreciation expense on assets under concession agreements - The Company retrospectively adjusted depreciation of assets under concession agreements due to an error in recording.

The effect on statement of financial position and statements of changes in shareholders' equity as at December 31, 2013 and statement of income and statement comprehensive income for the year ended December 31, 2013 are as follows:

	Financial statements in which equity method is applied	Separate financial statements
Statement of changes in shareholders' equity		
Decrease in unappropriated retained earnings as at January 1, 2013	4,633.61	4,641.13
Decrease in unappropriated retained earnings as at December 31, 2013	8,497.65*	8,503.74*

*Total effect included deferred income tax on actuarial gain of Baht 95.44 million.

	Financial statements in which equity method is applied	Separate financial statements
Statements of financial position as at January 1, 2013		
Increase in trade and others receivable	107.40	107.40
Increase in concession receivable	819.33	819.33
Decrease in accrued income	11.13	11.13
Increase in other current assets	39.98	39.98
Decrease in assets under concession agreements	3,729.11	3,729.11
Decrease in deferred tax assets	1,107.76	1,114.99
Increase in trade and other payables	107.40	107.40
Increase in value added tax payable	0.60	0.60
Increase in accrued income tax	189.81	189.81
Increase in accrued expenses	537.59	537.59
Increase in other current liabilities	60.73	60.73
Decrease in deferred tax liabilities	120.26	120.26
Decrease in other components of equity	23.55	23.26

	Financial statements in which equity method is applied	Separate financial statements
Statements of financial position as at December 31, 2013		
Increase in trade and others receivable	175.14	175.14
Increase in concession receivable	1,688.55	1,688.55
Decrease in accrued income	2,858.96	2,858.96
Increase in other current assets	120.38	120.38
Decrease in property, plant and equipment	3,200.04	3,200.04
Decrease in assets under concession agreements	0.27	0.27
Decrease in deferred tax assets	3,450.58	3,456.38
Increase in trade and other payables	175.14	175.14
Increase in value added tax payable	51.66	51.66
Increase in accrued income tax	61.67	61.67
Increase in accrued expenses	868.01	868.01
Increase in other current liabilities	60.98	60.98
Decrease in other components of equity	0.29	-

	Financial statements in which equity method is applied	Separate financial statements
Statements of income for the year ended December 31, 2013		
Decrease in service income	2,651.00	2,651.00
Increase in revenue from concession agreements	812.36	812.36
Decrease in cost of services	841.83	841.83
Increase in depreciation - assets under concession	10,436.63	10,436.63
Decrease in loss on impairment of assets	9,804.26	9,804.26
Increase in income tax	2,330.30	2,328.87
Decrease in net profit	3,959.48	3,958.05
Decrease in basic earnings per share (Baht/share)	3.96	3.96
Statements of comprehensive income		
Decrease in total comprehensive income	3,840.78	3,839.36

4 Critical accounting estimates, assumptions and judgements

4.1 Critical accounting estimates, assumptions and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Assumptions relating to future events are as follows:

4.1.1 Impairment of trade accounts receivable

The Company maintains an allowance for doubtful accounts to reflect impairment of trade receivables relating to estimated losses resulting from the inability of customers to make required payments. The allowance for doubtful accounts is significantly impacted by the Company's assessment of future cash flows, such assessment being based on consideration of historical collection experience, known and identified instances of default.

4.1.2 Depreciation of tangible assets and amortization of intangible assets

The Company's business is capital intensive and depreciation of operating tangible assets and amortization of intangible assets is a significant charge to the statements of income. The cost of purchased property, plant and equipment, principally telecommunication and network equipment, is depreciated over their estimated useful lives using the straight-line method. The useful lives are estimated at the time the asset is acquired and are based on historical experience with similar assets as well as taking into account anticipated technological or other changes. The Company reviews on an annual basis changes in technology, the industry, competitive conditions, asset retirement activity, and residual values to determine whether any adjustment is required to estimate remaining useful lives and depreciation rates. Actual economic lives may

differ from the estimated useful lives, and periodic reviews in the future could result in a change in the depreciable lives of telecommunication and network equipment.

4.1.3 Impairment of assets

The Company has substantial investments in tangible assets and intangible assets, primarily the telecommunication networks and submarine cables. Changes in technology or changes in the Company's intended use of these assets may cause the estimated period of use or value of these assets to change. The Company assesses at each statement of financial position date whether there is an indication that one or more of its assets are impaired. If any such indication exists, the Company carries out an impairment test to determine the recoverable amount, and monitors its businesses, markets, and business environments for indicators that suggest impairment may have occurred. An impairment loss is recognized for an asset to the extent that the carrying amount of the asset cannot be recovered. In determining whether an impairment loss should be recognized, significant estimates arise in the determination of the value that may be derived from selling the asset given the limited market for the disposal of such assets, and the estimation of the present value of the future cash flows to be derived from the use of the asset.

Estimates of the present value of the future cash flows includes consideration of the assumptions underlying the cash flows, such as the growth of the telecommunications market, the behavior of subscribers, the selection of an appropriate discount rate taking into consideration the time value of money and the risks specific to the assets. Future actions of the regulator may have a significant impact on the Company's reported financial position, operating performance and impairment assessment of the Company's assets.

4.2 Capital risk management

The Company's objectives of capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

5 Cash and cash equivalents

As at December 31, 2014 and 2013 are detailed as follows:

	2014	2013
Cash on hand	7.63	8.65
Short-term deposits at banks (Baht)	1,404.23	7,111.98
Short-term deposits at banks (foreign currency)	8.19	39.65
Total	1,420.05	7,160.28

Short-term deposits at banks are the deposits in current accounts, savings accounts and fixed accounts with original maturities less than 3 months. During 2014, the interest rates on short-term deposits at banks are 0.125% to 3.125% per annum (2013: 0.125% to 3.275% per annum). The Company holds deposits in US dollars in order to reduce exposure to foreign currency risk in respect of the settlement of US dollar currency in the future.

As at December 31, 2014, cash and cash equivalents include savings accounts and fixed deposits in respect of the Pension Fund totaling 26.19 Baht million (as at December 31, 2013: Baht 18.69 million).

6 Short-term investments

Movements of short-term investments for the years ended December 31, 2014 and 2013 are detailed as follows:

	Note	2014	2013
Opening net book amount		55,894.36	54,355.04
Additions (redemption), net		(10,577.73)	5.61
Transfers from long-term investments	15	5,374.70	1,600.90
Interest income		-	20.42
Unrealized gain (loss) on changes in fair value of available-for-sale investments		147.10	(108.81)
Adjusted amount of investments under amortized cost method		(14.80)	(2.20)
Unrealized loss from foreign exchange rate- private funds		(1.44)	-
Unrealized gain on trading investments - private funds		100.40	23.40
Closing net book amount		50,922.59	55,894.36

Short-term investments as at December 31, 2014 and 2013 are detailed as follows:

	2014	2013
Fixed deposits with original maturities of over three months	14,120.00	21,723.63
Fixed deposits with original maturities of over 3 months-private funds	3,446.36	1,699.60
Fixed deposits with original maturities of over 12 months - current portion - Private funds	1,474.70	500.00
Trading investments - private funds	9,154.17	8,898.83
Available-for-sale investments	18,169.34	19,424.53
Available-for-sale – mixed -private funds	58.02	46.87
Held-to-maturity investments in debt securities	2,000.00	2,500.00
Current portion of held-to-maturity investments in debt securities	1,000.00	500.00
Current portion of held-to-maturity investments in debt securities - private funds	-	100.90
Current portion of fixed deposits over 12 months due within one year	1,500.00	500.00
Total	50,922.59	55,894.36

Fixed deposits in Thai Baht currency at local banks with original maturities of over 3 months but less than 12 months for 2014 carried interest at the rate of 1.75% to 3.75% per annum (2013: 2.50% to 3.70% per annum). Investments in debt securities are promissory notes and bonds with original maturities of over 3 months but less than 12 months.

7 Trade and other receivables

Trade accounts receivable as at December 31, 2014 and 2013 are detailed as follows:

	2014	2013 (restated)
Trade accounts receivable - telecommunication services		
Third parties	54,518.68	30,300.36
Government/ State enterprises	619.04	349.84
Associates	0.03	-
Joint ventures	403.62	405.30
Total	55,541.37	31,055.50
<u>Less</u> Allowance for doubtful accounts	(171.77)	(157.88)
Total trade accounts receivable - telecommunication services	55,369.60	30,897.62
Trade accounts receivable - revenue sharing from telecommunication services		
Third parties	7,098.30	7,213.44
<u>Less</u> Trade accounts payable - revenue sharing from telecommunication service	(1,127.29)	(1,107.78)
Telecommunication connection payable - agent for collection	(5,496.01)	(5,203.81)
Allowance for doubtful accounts	(27.75)	(6.14)
Trade accounts receivable - revenue sharing from telecommunication services	447.25	895.7
Total trade accounts receivable	55,816.85	31,793.33
Other receivables		
Third parties	596.28	446.91
Joint ventures	1.71	1.71
<u>Less</u> Allowance for doubtful accounts	(254.84)	(258.22)
Other receivables	343.15	190.40
Trade accounts receivable and other receivables	56,160.00	31,983.73

Outstanding trade accounts receivable as at December 31, 2014 and 2013 can be aged as follows:

	2014	2013
Trade accounts receivable - telecommunication services		
Not later than 3 months	12,574.58	30,756.38
From 3 - 6 months	7,453.30	103.76
Later than 6 - 12 months	9,646.93	74.10
Later than 12 months	25,866.56	121.26
Total	55,541.37	31,055.50
Less Allowance for doubtful accounts	(171.77)	(157.88)
Trade accounts receivable - telecommunication services	55,369.60	30,897.62
Trade accounts receivable - revenue sharing from telecommunication services		
Not later than 3 months	3,219.98	3,275.34
From 3 - 6 months	1,318.65	1,021.33
Later than 6 - 12 months	1,174.55	2,219.98
Later than 12 months	1,385.12	696.79
Total	7,098.30	7,213.44
<u>Less</u> Trade accounts payable - revenue sharing from telecommunication services	(1,127.29)	(1,107.78)
Telecommunication connection payable – agent for collection	(5,496.01)	(5,203.81)
Allowance for doubtful accounts	(27.75)	(6.14)
Trade accounts receivable - revenue sharing from telecommunication services	447.25	895.71
Trade accounts receivable	55,816.85	31,793.33

As of December 31, 2014 the Company's trade receivable balance included the receivable from wholesale of the HSPA system telecommunication services of Baht 49,864.86 million, which had been accumulated since July 24, 2011. The Company did not recognise the allowance for doubtful debt for this receivable. This was because the Company ensured that it will receive the total outstanding amount by considering the debtor's ability and intention to pay. Furthermore, in case that the Company does not receive the payment from the debtor, the Company will not pay the rental for the machine and equipment relating to HSPA network to the creditor who is under the same group of the debtor. The Company recognised such rental as an accrued expense in the financial statement as of December 31, 2014 of Baht 41,387.43 million.

8 Concession receivable

Concession receivable as at December 31, 2014 and 2013 are detailed as follows:

	2014	2013
Trade accounts receivable - customers under concession agreements	552.05	382.62
Accrued income	3,946.78	5,193.86
Total	4,498.83	5,576.48
<u>Less</u> Allowance for doubtful accounts	(4.55)	(4.55)
Trade accounts receivable - concession agreements	4,494.28	5,571.93

9 Accrued income

Accrued income as at December 31, 2014 and 2013 are detailed as follows:

	2013	2014
Revenue from wireless communication services	7,107.35	5,753.88
Revenue from telephone services	326.59	410.13
Revenue from broadband	368.22	255.37
Revenue from asset development	128.34	42.61
Revenue from telecommunication network services	123.69	-
Revenue from telephone poles and telecommunication equipment	87.63	0.15
Revenue from network services	34.16	39.20
Revenue from radio communication services	13.95	14.62
Others	582.76	478.26
Total	8,772.69	6,994.22
<u>Less</u> Allowance for doubtful accounts	(1,045.39)	(471.87)
Accrued income	7,727.30	6,522.35

10 Inventories and supplies

Inventories and supplies as at December 31, 2014 and 2013 are detailed as follows:

	2014	2013
Finished goods	160.17	186.50
Supplies for telecommunication	339.41	311.25
Prepaid telecommunication service cards	0.84	1.41
Total	500.42	499.16
<u>Less</u> Allowance for damage or obsolescence	(39.36)	(69.43)
Inventories and supplies	461.06	429.73

Inventory cost recognized as expenses

	2014	2013
Cost of goods sold	27.72	45.03
Adjustment to net realizable value	12.71	24.87
Reversal of allowance for damage or obsolescence	(42.78)	(8.80)
Total, net	(2.35)	61.10

In 2014, the Company considered and adjusted the value of its inventories by a decrease of Baht 12.71 million (2013: Baht 24.87 million) and reversed the allowance for inventories, which was recognized in 2014, of Baht 42.78 million (2013: Baht 8.80 million).

11 Other current assets

Other current assets as at December 31, 2014 and 2013 are detailed as follows:

	2014	2013 (Restated)
Accrued interest income	315.16	447.79
Withholding tax receivable	1,164.26	51.49
Prepayments	149.21	147.39
Undue input value added tax	5,465.86	4,214.67
Others	23.82	25.43
Total	7,118.31	4,886.77

As at December 31, 2014, accrued interest income includes interest on the Pension Fund amounting to Baht 1.86 million (as at December 31, 2013: Baht 2.10 million).

12 Restricted short-term investments

As at December 31, 2014 and 2013 are detailed as follows:

	2014	2013
Fixed deposits - Krung Thai Bank Public Company Limited	15.00	15.00
Fixed deposits - Government Housing Bank	485.00	485.00
Fixed deposits - CIMB Thai Bank Public Company Limited	20.00	20.00
Fixed deposits - Thanachart Bank Public Company Limited	1,500.00	1,500.00
Total	2,020.00	2,020.00

Restricted short-term investments represent fixed deposits pledged for bank guarantees when entering into juristic contracts and deposits that the Company has agreed with the bank to use as a guarantee for employees' housing loans from the bank. The Company is required by the bank to maintain a one-year fixed deposit and short-term investments in debt securities held to maturity, which are used as pledged securities for bank guarantees as mentioned in Note 38 (e). In 2014, interest rates on the restricted short-term investments are 1.75% to 3.15% per annum (2013: 2.50% to 3.70% per annum).

13 Investments in associates

Movements in investments in associates for the years ended December 31, 2014 and 2013 are detailed as follows:

	Financial statements in which equity method is applied		Separate financial statements	
	2014	2013	2014	2013
Opening net book amount	69.30	85.23	6.40	6.40
Shares of profit in investments under equity method	104.60	44.22	-	-
Dividends income	(31.38)	(60.15)	-	-
Closing net book amount	142.52	69.30	6.40	6.40

The associates, which are non-listed in the Stock Exchange of Thailand, are detailed as follows:

Name of company	Type of business	Country of incorporation	% Ownership interest	
			December 31, 2014	December 31, 2013
C&C International Venture Co., Ltd.	Consulting services	Thai	21.43	21.43
Thai-Amadeus Southeast Asia Co., Ltd.	Provision of flight	Thai	20.00	20.00
Telephone Number Portability Service Center Co., Ltd.	reservation services Provision of IT system and central data- base for services providers	Thai	20.00	20.00

Summary of financial information related to assets, liabilities, income and net profit (loss) for the year ended December 31, 2014 of associates where the Company has prepared the financial statements in which equity method is applied are as follows:

Name of company	Statement of financial position (100%)		Statement of income (100%)		Ownership interest (%)
	Total assets	Total liabilities	Total income	Net profit (loss)	
C&C International Venture Co., Ltd.	40.59	14.79	50.29	7.58	21.43
Thai-Amadeus Southeast Asia Co., Ltd.	245.10	81.27	343.31	93.86	20.00
Telephone Number Portability Service Center Co., Ltd.	629.27	108.12	940.48	421.08	20.00
Total	914.96	204.18	1,334.08	522.52	

Summary of financial information related to assets, liabilities, income and net profit (loss) for the year ended December 31, 2013 of associates where the Company has prepared the financial statements in which equity method is applied are as follows:

Name of company	Statement of financial position (100%)		Statement of income (100%)		Ownership interest (%)
	Total assets	Total liabilities	Total income	Net profit (loss)	
C&C International Venture Co., Ltd.	32.75	12.73	22.32	(1.03)	21.43
Thai-Amadeus Southeast Asia Co., Ltd.	255.72	80.75	345.19	94.99	20.00
Telephone Number Portability Service Center Co., Ltd.	303.82	153.75	274.28	127.19	20.00
Total	592.29	247.23	641.79	221.15	

14 Investments in joint ventures

Movements in investments in joint ventures for the years ended December 31, 2014 and 2013 are detailed as follows:

	Financial statements in which equity method is applied		Separate financial statements	
	2014	2013	2014	2013
Opening net book amount	526.79	572.57	40.67	41.40
Shares of profit (loss) from investments under equity method	79.31	54.89	-	-
Cumulative foreign currency translation adjustment	(19.46)	13.31	-	-
Dividends income	(67.72)	(113.98)	-	-
Loss on impairment of investments	-	-	(0.75)	(0.73)
Closing net book amount	518.92	526.79	39.92	40.67

The Company recognized an impairment loss on its investment in CAT BUZZ TV Co., Ltd. (CAT BUZZ) and recognized transactions in the financial statement for the year ended December 31, 2014 amounting Baht 0.75 million (2013: Baht 0.73 million). The operating performance of CAT BUZZ in prior periods has resulted in continuous losses to the Company and, as a result, the Company's shareholders' equity is lower than the value of investments at cost.

The joint ventures, which are non-listed in the Stock Exchange of Thailand, are detailed as follows:

Name of company	Nature of business	Country of incorporation	% Ownership interest		
			December 31, 2014	December 31, 2013	
Domestic joint ventures:					
Internet service providers (ISPs):					
Asia Infonet Co., Ltd.1,2	Internet services	Thailand	32.00	32.00	
ChomananWorldnet Co., Ltd.1,3	Internet services	Thailand	32.00	32.00	
Internet Service Provider Co., Ltd.1,2	Internet services	Thailand	32.00	32.00	
Roynet Internet Co., Ltd.1,3	Internet services	Thailand	32.00	32.00	
Other telecom service providers:					
Hutchison-CAT Wireless Multimedia Co., Ltd.	Marketing services for Digital AMPS 800 BAND A	Thailand	26.00	26.00	
STC Network Corporation Co., Ltd.	Marketing services for data communication	Thailand	46.00	46.00	
Smart Highway Co., Ltd.1	Domestic high-speed leased circuit and frame relay services	Thailand	32.00	32.00	
Telecard Corporation Co., Ltd.1,3	Retailer of phone cards for international calls	Thailand	26.00	26.00	
CAT BUZZ TV Co., Ltd.	Advertisement media on bus	Thailand	49.00	49.00	
Foreign joint ventures:					
AseanCableship PTE LTD	Operate in vessel for repairs and maintenance of submarine cable System	Singapore	16.67	16.67	
Acasia Communications Sdn Bhd	Provide services relating to telecommunications, computer, data and information within and outside Malaysia	Malaysia	12.80	12.80	
Asean Telecom Holdings Sdn Bhd	Invest in Acasia Communications Sdn Bhd	Malaysia	14.29	14.29	

¹ These joint ventures operate under concession agreements

² Joint ventures for which the contracts have expired and the Company is in the process of asset and liability settlement

³ Joint ventures which the Company is in the process of a lawsuit

Details of assets, liabilities, revenues, and expenses for the year ended December 31, 2014 of joint ventures where the Company has prepared financial statements in which the equity method is applied:

Name of company	Statement of financial position(100%)							Statement of income (100%)		
	Current assets	Non-current assets	Total assets	Current liabilities	Non- current liabilities	Total liabilities	Net assets (liabilities)	Total income	Total expenses	Net profit (loss)
Domestic joint ventures:										
Asia Infonet Co., Ltd. ³	14.27	1.63	15.90	0.24	-	0.24	15.66	0.20	0.73	(0.53)
Chamanun Worldnet Company ²	-	-	-	-	-	-	-	-	-	-
Internet Service Provider Co., Ltd. ³	4.71	1.00	5.71	2.12	211.76	213.88	(208.17)	1.90	8.21	(6.31)
Hutchison-CAT Wireless Multimedia Co., Ltd.	1,898.49	54.28	1,952.77	41,770.97	-	41,770.97	(39,818.20)	25.43	(430.30)	455.73
Roynt Internet Company ¹	-	-	-	-	-	-	-	-	-	-
STC Network Corporation Limited	55.56	27.52	83.08	25.37	3.05	28.42	54.66	161.05	157.83	3.22
Smart Highway Co., Ltd.	63.49	3.26	66.75	32.41	0.15	32.56	34.19	3.19	2.32	0.87
Domestic joint ventures:										
Telecard Corporation Co., Ltd. ⁴	-	-	-	-	-	-	-	-	-	-
CAT BUZZ TV Co., Ltd.	1.82	4.38	6.20	3.80	-	3.80	2.40	-	1.53	(1.53)
Overseas joint ventures:										
Asean Cablesip PTE LTD	2,293.58	1,380.13	3,673.71	389.67	36.87	426.54	3,247.17	1,716.23	1,249.02	467.21
Acasia Communications Sdn Bhd	127.91	2.72	130.63	7.03	-	7.03	123.60	24.47	19.79	4.68
Asean Telecom Holdings Sdn Bhd	12.51	6.73	19.24	-	-	-	19.24	0.45	0.42	0.03
Total	4,472.34	1,481.65	5,953.99	42,231.61	251.83	42,483.44	(36,529.45)	1,932.92	1,009.55	923.37

¹ Joint venture which is in the process of being dissolved under a lawsuit

² Joint venture that the Officer of the Department of Business Development has struck off its register as a defunct entity - the entity cancelled its application to the court for expulsion to dissolve the entity because it lost its status as a juristic person and is now in the process of dissolution of the shareholders.

³ Joint venture that contract has been expired and is in the process of asset and liability settlement

⁴ Joint venture which the Company agreed to dissolve and claim assets and liabilities settlement for both parties

Details of assets, liabilities, revenues, and expenses for the year ended December 31, 2013 of joint ventures where the Company has prepared financial statements in which the equity method is applied:

Name of company	Statement of financial position(100%)							Statement of income (100%)		
	Current assets	Non-current assets	Total assets	Current liabilities	Non- current liabilities	Total liabilities	Net assets (liabilities)	Total income	Total expenses	Net profit (loss)
Domestic joint ventures:										
Asia Infonet Co., Ltd. ³	27.38	0.21	27.59	0.16	-	0.16	27.43	3.54	2.64	0.90
Chamanun Worldnet Company	-	-	-	-	-	-	-	-	-	-
Internet Service Provider Co., Ltd. ³	4.25	0.98	5.23	3.93	203.16	207.09	(201.86)	1.14	17.34	(16.20)
Hutchison-CAT Wireless Multimedia Co., Ltd.	1,937.91	66.85	2,004.76	42,278.69	-	42,278.69	(40,273.93)	34.73	279.69	(244.96)
Roynet Internet Company ¹	-	-	-	-	-	-	-	-	-	-
STC Network Corporation Limited	59.26	35.99	95.25	39.57	2.74	42.31	52.94	177.46	176.20	1.26
Smart Highway Co., Ltd.	62.85	3.26	66.11	32.65	0.14	32.79	33.32	6.00	6.85	(0.85)
Telecard Corporation Co., Ltd. ⁴	-	-	-	-	-	-	-	-	-	-
CAT BUZZ TV Co., Ltd.	2.18	5.89	8.07	4.14	-	4.14	3.93	-	1.54	(1.54)
Overseas joint ventures:										
Asean Cablesip PTE LTD	2,934.33	1,021.77	3,956.10	403.72	36.00	439.72	3,516.38	1,258.19	1,097.94	160.25
Acasia Communications Sdn Bhd	132.69	4.59	137.28	11.22	-	11.22	126.06	28.50	21.69	6.81
Asean Telecom Holdings Sdn Bhd	13.20	7.12	20.32	-	-	-	20.32	0.38	0.33	0.05
Total	5,174.05	1,146.66	6,320.71	42,774.08	242.04	43,016.12	(36,695.41)	1,509.94	1,604.22	(94.28)

¹ Joint venture which is in the process of being dissolved under a lawsuit

² Joint venture that the Officer of the Department of Business Development has struck off its register as a defunct entity - the entity cancelled its application to the court for expulsion to dissolve the entity because it lost its status as a juristic person and is now in the process of dissolution of the shareholders.

³ Joint venture that contract has been expired and is in the process of asset and liability settlement

⁴ Joint venture which the Company agreed to dissolve and to claim assets and liabilities settlement for both parties

15 Other long-term investments

Movements in other long-term investments comprise fixed deposits, available-for-sale investments, investments in debt securities which will be held to maturity and general investments for the years ended December 31, 2014 and 2013 are detailed as follows:

	Note	2014	2013
Opening net book amount		3,002.49	3,486.75
Addition of investments		5,813.20	1,656.50
Capital deduction/redemption		(400.00)	(600.00)
Transfer to current portion	6	(5,374.70)	(1,600.90)
Unrealized gain on changes in fair value of available-for-sale investments		(9.01)	60.14
Closing net book amount		3,031.98	3,002.49

The details and net book value of other long-term investments can be summarised as follows:

	December 31, 2014					December 31, 2013				
	Fixed deposit	Available-for-sale investments	Held-to-maturity investments	General investments	Total	Fixed deposit	Available-for-sale investments	Held-to-Maturity investments	General investments	Total
Fixed deposits										
Thanachart Bank Public Company Limited	-	-	-	-	-	151.50	-	-	-	151.50
Krung Thai Bank Public Company Limited	1,985.00	-	-	-	1,985.00	195.00	-	-	-	195.00
Debt securities¹										
CIMB Thai Bank Public Company Limited	-	-	500.00	-	500.00	-	-	900.00	-	900.00
The Hongkong and Shanghai Banking Corporation Limited	-	-	-	-	-	-	-	-	-	-
JPMorgan Chase Bank, Bangkok Branch	-	-	-	-	-	-	-	-	-	-
TISCO Bank Public Company Limited	-	-	-	-	-	-	-	300.00	-	300.00
Standard Chartered Bank (Thai) Public Company Limited ³	-	-	-	-	-	-	-	1,000.00	-	1,000.00
Kasikornbank Public Company Limited	-	-	100.00	-	100.00	-	-	-	-	-
Equity securities										
Internet Thailand Public Company Limited	-	140.00	-	-	140.00	-	136.00	-	-	136.00
Total Access Communication Public Company Limited 2	-	241.25	-	-	241.25	-	242.50	-	-	242.50
CS LoxInfo Public Company Limited 2	-	37.73	-	-	37.73	-	49.49	-	-	49.49
True Move Co., Ltd 2	-	-	-	5.00	5.00	-	-	-	5.00	5.00
Digital Phone Co., Ltd 2	-	-	-	1.25	1.25	-	-	-	1.25	1.25
Aces Regional Service Co., Ltd	-	-	-	20.00	20.00	-	-	-	20.00	20.00
Trade Siam Co., Ltd	-	-	-	1.75	1.75	-	-	-	1.75	1.75
LensoPhonecard Co., Ltd	-	-	-	105.73	105.73	-	-	-	105.73	105.73
Less Allowance for impairment	-	-	-	(105.73)	(105.73)	-	-	-	(105.73)	(105.73)
Grand total	1,985.00	418.98	600.00	28.00	3,031.98	346.50	427.99	2,200.00	28.00	3,002.49

The details of held-to-maturity investments in debt securities are classified by maturity period as follows:

	December 31, 2014				December 31, 2013			
	Within				With in			
	1 year	2 - 5 years	6 - 10 years	Total	1 year	2 - 5 years	6 - 10 years	Total
Held-to-maturity investments in debt securities¹								
CIMB Thai Bank Public Company Limited	-	500.00	-	500.00	-	900.00	-	900.00
The Hongkong and Shanghai Banking Corporation Limited*	-	-	-	-	500.00	-	-	500.00
TISCO Bank Public Company Limited**	-	-	-	-	-	-	300.00	300.00
Standard Chartered (Thailand) Public Company Limited*, ³	-	-	-	-	-	1,000.00	-	1,000.00
Kasikornbank Public Company Limited***	-	-	100.00	100.00	100.90	-	-	100.90
Grand total	-	500.00	100.00	600.00	600.90	1,900.00	300.00	2,800.90

¹ Investments in debt securities are classified as held-to-maturity investments and their maturities are from one to ten years. The interest rates are 0.00% to 6.25% per annum with following terms and conditions:

* The interest rate of debt securities in the first period is between 0.00% to 6.25% per annum and then at a floating rate as agreed in the following period until the maturity date.

** The interest rates for each year are determined by agreement.

*** The interest rates are at a fixed rate throughout the period.

² These companies operate under concession agreements.

³ The Company pledged held-to-maturity investments in debt securities of Standard Chartered Bank (Thai) Company Limited of Baht 1,000 million for bank guarantees with the bank as disclosed in Note 38 (f).

16 Investment property

Investment property is land. The details as at December 31, 2014 are as follows:

At December 31, 2013	
Cost	47.20
Less Allowance for impairment	(9.69)
Closing net book amount	37.51
Movement for the year ended December 31, 2014	
Opening net book amount	37.51
Loss on impairment	-
Closing net book amount	37.51
At December 31, 2014	
Cost	47.20
Less Allowance for impairment	(9.69)
Closing net book amount	37.51

As at December 31, 2014, the fair value of investment property is Baht 37.51 million. The fair value is determined by an independent valuer.

At December 31, 2012	
Cost	47.20
Less Allowance for impairment	(9.69)
Closing net book amount	37.51
Movement for the year ended December 31, 2013	
Opening net book amount	37.51
Loss on impairment	-
Closing net book amount	37.51
At December 31, 2013	
Cost	47.20
Less Allowance for impairment	(9.69)
Closing net book amount	37.51

17 Property, plant and equipment

Property, plant and equipment as at December 31, 2014 are detailed as follows:

	Land	Buildings and building improvements	Telecommunication equipment	Tools, other equipment and furnitur	Motor vehicles	Assets under installation	Total
As December 31, 2013							
Cost	1,165.14	9,429.76	112,429.18	5,085.24	502.48	8,535.80	137,147.60
<u>Less</u> Accumulated depreciation	-	(5,919.43)	(95,904.77)	(3,149.54)	(427.32)	-	(105,401.06)
Allowance for impairment	-	(0.10)	(1,623.18)	(24.19)	-	-	(1,647.47)
Closing net book amount	1,165.14	3,510.23	14,901.23	1,911.51	75.16	8,535.80	30,099.07
Movement for the year ended December 31, 2014							
Opening book amount	1,165.14	3,510.23	14,901.23	1,911.51	75.16	8,535.80	30,099.07
Additions	26.50	91.04	1,068.89	212.58	35.59	7,896.43	9,331.03
Change in provision for decommissioning	-	-	(16.31)	-	-	-	(16.31)
Disposals							
- Cost	-	(41.39)	(3,994.45)	(67.67)	(27.92)	-	(4,131.43)
- Accumulated depreciation	-	37.93	3,778.19	65.54	27.92	-	3,909.58
- Allowance for impairment	-	-	187.25	0.63	-	-	187.88
Reclassification							
- Cost	-	356.67	8,691.89	944.33	-	(10,213.36)	(220.47)
- Accumulated depreciation	-	1.35	2.01	1.26	-	-	4.62
- Allowance for impairment	-	-	-	-	-	-	-
Depreciation charge	-	(388.95)	(5,560.61)	(715.74)	(24.79)	-	(6,690.09)
Loss on impairment	-	-	(30.49)	(0.27)	-	-	(30.76)
Closing net book amount	1,191.64	3,566.88	19,027.60	2,352.17	85.96	6,218.87	32,443.12
Cost	1,191.64	9,836.08	118,179.20	6,174.48	510.15	6,218.87	142,110.42
<u>Less</u> Accumulated depreciation	-	(6,269.10)	(97,685.18)	(3,798.48)	(424.19)	-	(108,176.95)
Allowance for impairment	-	(0.10)	(1,466.42)	(23.83)	-	-	(1,490.35)
Closing net book amount	1,191.64	3,566.88	19,027.60	2,352.17	85.96	6,218.87	32,443.12

Depreciation charged for the year ended December 31, 2014 is Baht 6,690.09 million (for the year ended December 31, 2013: Baht 6,064.41 million), which was classified as cost of services amounting to Baht 6,271.15 million (for the year ended December 31, 2013: Baht 5,680.56 million) and classified as selling and administrative expenses amounting to Baht 418.94 million (for the year ended December 31, 2013: Baht 383.85 million).

As at December 31, 2013 (continued)

	Land	Buildings and building improvements	Telecommunication equipment	Tools, other equipment and furnitur	Motor vehicles	Assets under installation	Total
As December 31, 2013							
Cost	1,125.61	9,237.50	57,176.47	4,126.46	505.78	5,631.02	77,802.84
Less Accumulated depreciation	-	(5,624.04)	(40,224.53)	(2,664.39)	(428.87)	-	(48,941.83)
Allowance for impairment	-	(0.07)	(2,519.95)	(14.40)	-	(188.85)	(2,723.27)
Closing net book amount	1,125.61	3,613.39	14,431.99	1,447.67	76.91	5,442.17	26,137.74
Movement for the year ended December 31, 2014							
Opening book amount	1,125.61	3,613.39	14,431.99	1,447.67	76.91	5,442.17	26,137.74
Additions	39.53	65.49	1,236.11	337.83	29.39	9,083.73	10,792.08
Change in provision for decommissioning	-	0.92	124.42	-	-	-	125.34
Disposals							
- Cost	-	(55.24)	(5,523.72)	(88.88)	(32.16)	-	(5,700.00)
- Accumulated depreciation	-	40.54	3,933.78	87.81	32.16	-	4,094.29
- Allowance for impairment	-	-	1,563.78	1.00	-	-	1,564.78
Reclassification							
- Cost	-	181.09	59,415.91	709.82	(0.53)	(6,178.95)	54,127.34
- Accumulated depreciation	-	45.54	(54,515.36)	(19.82)	0.53	-	(54,489.11)
- Allowance for impairment	-	-	(222.09)	-	-	188.85	(33.24)
Depreciation charge	-	(381.47)	(5,098.67)	(553.13)	(31.14)	-	(6,064.41)
Loss on impairment	-	(0.03)	(444.92)	(10.79)	-	-	(455.74)
Closing net book amount	1,165.14	3,510.23	14,901.23	1,911.51	75.16	8,535.80	30,099.07
Cost	1,165.14	9,429.76	112,429.19	5,085.23	502.48	8,535.80	137,147.60
Less Accumulated depreciation	-	(5,919.43)	(95,904.78)	(3,149.53)	(427.32)	-	(105,401.06)
Allowance for impairment	-	(0.10)	(1,623.18)	(24.19)	-	-	(1,647.47)
Closing net book amount	1,165.14	3,510.23	14,901.23	1,911.51	75.16	8,535.80	30,099.07

18 Assets under concession agreements

Assets under concession agreements as at December 31, 2014 are detailed as follows:

	Buildings and building improvements	Telecommunication equipment	Total
At December 31, 2013			
Cost	0.91	99,793.20	99,794.11
<u>Less</u> Accumulated depreciation	(0.65)	(79,228.47)	(79,229.12)
Allowance for impairment	-	(1,254.24)	(1,254.24)
Closing net book amount	0.26	19,310.49	19,310.75
Movement for the year ended December 31, 2014			
Opening net book amount	0.26	19,310.49	19,310.75
Additions	-	2,893.49	2,893.49
Disposals			
- Cost	-	(576.17)	(576.17)
- Accumulated depreciation	-	576.17	576.17
Depreciation	(0.06)	(6,711.67)	(6,711.73)
Loss on impairment	-	(553.87)	(553.87)
Closing net book amount	0.20	14,938.44	14,938.64
At December 31, 2014			
Cost	0.91	102,110.52	102,111.43
<u>Less</u> Accumulated depreciation	(0.71)	(85,363.97)	(85,364.68)
Allowance for impairment	-	(1,808.11)	(1,808.11)
Closing net book amount	0.20	14,938.44	14,938.64

Assets under concession agreements as at December 31, 2013 are detailed as follows:

	Buildings and building improvements	Telecommunication equipment	Total
At December 31, 2012			
Cost	0.91	142,440.55	142,441.46
<u>Less</u> Accumulated depreciation	(0.60)	(115,648.17)	(115,648.77)
Allowance for impairment	-	(173.53)	(173.53)
Closing net book amount	0.31	26,618.85	26,619.16
Movement for the year ended December 31, 2013			
Opening net book amount	0.31	26,618.85	26,619.16
Additions	-	13,561.76	13,561.76
Disposals			
- Cost	-	(1,669.35)	(1,669.35)
- Accumulated depreciation	-	1,650.06	1,650.06
Reclassification			
- Cost	-	(54,539.76)	(54,539.76)
- Accumulated depreciation	-	54,488.09	54,488.09
- Allowance for impairment	-	33.24	33.24
Depreciation	(0.05)	(19,718.45)	(19,718.50)
Loss on impairment	-	(1,113.95)	(1,113.95)
Closing net book amount	0.26	19,310.49	19,310.75
At December 31, 2013			
Cost	0.91	99,793.20	99,794.11
<u>Less</u> Accumulated depreciation	(0.65)	(79,228.47)	(79,229.12)
Allowance for impairment	-	(1,254.24)	(1,254.24)
Closing net book amount	0.26	19,310.49	19,310.75

19 Intangible assets

Intangible assets as at December 31, 2014 are detailed as follows:

	Computer software	Development	Total
At December 31, 2013			
Cost	2,115.06	0.69	2,115.75
<u>Less</u> Accumulated amortization	(1,361.62)	-	(1,361.62)
Allowance for impairment	(24.14)	-	(24.14)
Closing net book amount	729.30	0.69	729.99
Movement for the year ended			
December 31, 2014	729.30	0.69	729.99
Opening net book amount	29.91	1.08	30.99
Additions			
Disposals	(40.03)	-	(40.03)
- Cost	40.03	-	40.03
- Accumulated amortization			
Reclassification			
- Cost	220.60	-	220.60
- Accumulated amortization	(4.62)	-	(4.62)
Amortisation	(282.95)	-	(282.95)
Closing net book amount	692.24	1.77	694.01
At December 31, 2014			
Cost	2,325.54	1.77	2,327.31
<u>Less</u> Accumulated amortization	(1,609.16)	-	(1,609.16)
Allowance for impairment	(24.14)	-	(24.14)
Closing net book amount	692.24	1.77	694.01

Intangible assets as at December 31, 2013 are detailed as follows:

	Computer software	Development	Total
At December 31, 2012			
Cost	1,895.23	0.17	1,895.40
<u>Less</u> Accumulated amortization	(1,093.50)	-	(1,093.50)
Allowance for impairment	(21.21)	-	(21.21)
Closing net book amount	780.52	0.17	780.69
Movement for the year ended December 31, 2013			
Opening net book amount	780.52	0.17	780.69
Additions	48.29	0.93	49.22
Disposals			
- Cost	(1.39)	-	(1.39)
- Accumulated amortization	1.37	-	1.37
Reclassification			
- Cost	172.93	(0.41)	172.52
- Accumulated amortization	1.04	-	1.04
Amortisation	(270.53)	-	(270.53)
Loss on impairment	(2.93)	-	(2.93)
Closing net book amount	729.30	0.69	729.99
At December 31, 2013			
Cost	2,115.06	0.69	2,115.75
<u>Less</u> Accumulated amortization	(1,361.62)	-	(1,361.62)
Allowance for impairment	(24.14)	-	(24.14)
Closing net book amount	729.30	0.69	729.99

20 Other non-current assets

Other non-current assets as at December 31, 2014 and 2013 are detailed as follows:

	2014	2013
Insurance expenses	32.92	28.02
Prepaid expenses	419.79	414.17
Other receivables	31.24	45.10
Total	483.95	487.29

21 Trade and other payables

Trade and other payables as at December 31, 2014 and 2013 are detailed as follows:

	2014	2013 (Restated)
Trade payables	514.93	542.62
Payable from revenue sharing relating to telecommunications services	1,987.20	1,542.76
Total trade payables	2,502.13	2,085.38
Other payables	1,157.73	2,548.33
Total trade and other payables	3,659.86	4,633.71

22 Deferred income

Deferred income as at December 31, 2014 is detailed as follows:

	2014		
	Deferred service revenues	Deferred revenue from assets transferred under concession agreements	Total
Current portion			
Opening balance	37.36	6,525.75	6,563.11
Add Transfers from portion due later than one year	21.88	6,935.48	6,957.36
Less Revenue realised during the year	(37.88)	(7,293.21)	(7,331.09)
Closing balance	21.36	6,168.02	6,189.38
Non-current portion			
Opening balance	64.28	12,808.63	12,872.91
Add Additions during the year	3.77	2,893.49	2,897.26
Less Transfers to portion due within one year	(21.88)	(6,935.48)	(6,957.36)
Closing balance	46.17	8,766.64	8,812.81

Deferred income as at December 31, 2013 is detailed as follows:

	2013		
	Deferred service revenues	Deferred revenue from assets transferred under concession agreements	Total
Current portion			
Opening balance	42.24	11,837.22	11,879.46
Add Transfers from portion due later than one year	37.53	15,673.17	15,710.70
Less Revenue realised during the year	(42.41)	(20,984.64)	(21,027.05)
Closing balance	37.36	6,525.75	6,563.11
Non-current portion			
Opening balance	101.41	14,939.27	15,040.68
Add Additions during the year	0.40	13,561.77	13,562.17
Less Transfers to portion due within one year	(37.53)	(15,673.17)	(15,710.70)
Adjustments due to double transfer	-	(19.24)	(19.24)
Closing balance	64.28	12,808.63	12,872.91

23 Accrued expenses

As at December 31, 2014 and 2013 are detailed as follows:

	2014	2013 (Restated)
Telecommunication service expenses	31,795.42	29,026.12
Marketing and selling expenses	1,011.69	759.67
Asset rental expenses	39,260.54	22,904.14
Repair and maintenance expenses	1,012.60	646.12
Utility expenses	53.74	50.47
Staff costs	634.78	1,316.97
Transportation and travelling expenses	34.46	27.11
Other operating expenses	568.13	385.76
Remittance to NBTC under Section 84 of the Act on organization to assign radio frequency	4,200.58	335.63
Others	1,243.66	1,371.48
Total	79,815.60	56,823.47

24 Advance received

Advance received as at December 31, 2014 and 2013 are detailed as follows:

	Note	2014	2013
Advance received - access charge of mobile phone	38 (a)	36,941.65	34,367.50
Advance received - service expenses		2.02	2.47
Others		25.16	3.12
Total		36,968.83	34,373.09

25 Other current liabilities

Other current liabilities as at December 31, 2014 and 2013 are detailed as follows:

	2014	2013 (Restated)
Deposits received from customers for services	109.22	86.51
Unearned revenue	288.38	277.20
Undue output value added tax	4,954.12	3,392.28
Others	151.31	119.23
Total	5,503.03	3,875.22

26 Pension fund payable

Movements of pension fund payable are detailed as follows:

	2014	2013
Opening balance	129.99	127.75
Contributions during the year	10.95	9.63
Payments to employees during the year	(11.79)	(7.39)
Closing balance	129.15	129.99

The Company contributes an amount equivalent to 10% of salary of employees who are fund members to the fund on a monthly basis, together with an additional contribution up to the obligation estimated to be paid as at the statement of financial position date.

As at December 31, 2014, the fund has 89 members (as at December 31, 2013: 92 members).

27 Deferred tax and income tax

Deferred tax

Movements of deferred assets and liabilities are detailed as follows:

Deferred tax assets	Financial statements in which equity method is applied				
	Depreciation of plant and equipment	Loss on impairment of plant and equipment	Employee benefits	Others	Total
At January 1, 2014	6.35	87.11	-	-	93.46
Items charged :					
- Statement of income	6.82	21.43	-	-	28.25
- Statement of other comprehensive income	-	-	-	-	-
At December 31, 2014	13.17	108.54	-	-	121.71

Deferred tax assets	Financial statements in which equity method is applied				
	Depreciation of plant and equipment	Loss on impairment of plant and equipment	Employee benefits	Others	Total
At January 1, 2013	(583.80)	68.30	641.32	-	125.82
Items charged (credited):					
- Statement of income	590.15	18.81	(641.32)	-	(32.36)
- Statement of other comprehensive income	-	-	-	-	-
At December 31, 2013	6.35	87.11	-	-	93.46

Deferred tax liabilities	Financial statements in which equity method is applied				
	Depreciation of plant and equipment	Loss on impairment of plant and equipment	Employee benefits	Others	Total
At January 1, 2014	-	-	-	93.46	93.46
Items charged (credited):					
- Statement of income	-	-	-	0.63	0.63
- Statement of other comprehensive income	-	-	-	27.62	27.62
At December 31, 2014	-	-	-	121.71	121.71

Deferred tax liabilities	Financial statements in which equity method is applied				
	Depreciation of plant and equipment	Loss on impairment of plant and equipment	Employee benefits	Others	Total
At January 1, 2013	-	-	-	125.82	125.82
Items charged (credited):					
- Statement of income	-	-	-	(22.63)	(22.63)
- Statement of other comprehensive income	-	-	-	(9.73)	(9.73)
At December 31, 2013	-	-	-	93.46	93.46

Deferred tax assets	Separate financial statements				
	Depreciation of plant and equipment	Loss on impairment of plant and equipment	Employee benefits	Others	Total
At January 1, 2014	6.35	80.82	-	-	87.17
Items charged (credited):					
- Statement of income	6.82	14.11	-	-	20.93
- Statement of other comprehensive income	-	-	-	-	-
At December 31, 2014	13.17	94.93	-	-	108.10

Deferred tax assets	Separate financial statements				
	Depreciation of plant and equipment	Loss on impairment of plant and equipment	Employee benefits	Others	Total
At January 1, 2013	(583.80)	68.30	633.44	-	117.94
Items charged (credited):					
- Statement of income	590.15	12.52	(633.44)	-	(30.77)
- Statement of other comprehensive income	-	-	-	-	-
At December 31, 2013	6.35	80.82	-	-	87.17

Deferred tax liabilities	Separate financial statements				
	Depreciation of plant and equipment	Loss on impairment of plant and equipment	Employee benefits	Others	Total
At January 1, 2014	-	-	-	87.17	87.17
Items charged (credited):					
- Statement of income	-	-	-	(6.69)	(6.69)
- Statement of other comprehensive income	-	-	-	27.62	27.62
At December 31, 2014	-	-	-	108.10	108.10

Deferred tax liabilities	Separate financial statements				
	Depreciation of plant and equipment	Loss on impairment of plant and equipment	Employee benefits	Others	Total
At January 1, 2013	-	-	-	117.94	117.94
Items charged (credited):					
- Statement of income	-	-	-	(21.04)	(21.04)
- Statement of other comprehensive income	-	-	-	(9.73)	(9.73)
At December 31, 2013	-	-	-	87.17	87.17

The Company measures deferred income tax assets and liabilities by using tax rate for the period in which the Company will gain benefits from deferred tax assets or in the period that the Company will pay tax liabilities. The tax rate for the year ended December 31, 2014 and 2013 are 20%.

Income tax for the period is accrued using the tax rate that would be applicable to expected total annual profit which is 20% per annum.

	Financial statements in which equity method is applied		Separate financial statements	
	2014	2013 (Restated)	2014	2013 (Restated)
For the year ended 31 December				
Current tax	53.60	4,443.89	53.60	4,443.89
Prior year adjustment	-	(120.62)	-	(120.62)
Decrease/(Increase) in deferred tax assets	(28.25)	32.36	(20.93)	30.77
Increase/(Decrease) in deferred tax liabilities	0.63	(22.63)	(6.69)	(21.04)
Income tax charged in the statement of income	25.98	4,333.00	25.98	4,333.00

The disclosure relating to tax effect on each component other comprehensive income for the year ended December 31, 2014 and 2013 is as follows:

Financial statements in which equity method is applied

	2014			2013		
	Amount before tax	Benefit (tax expense)	Net amount after tax	Amount before tax	Benefit (tax expense)	Net amount after tax
Cumulative foreign currency translation adjustment	(19.46)	-	(19.46)	13.31	-	13.31
Unrealized gain on changes in fair value of available-for-sale investments	138.09	(27.62)	110.47	(48.66)	9.73	(38.93)
Actuarial gain (loss)	(0.09)	-	(0.09)	477.18	-	477.18
Other comprehensive income	118.54	(27.62)	90.92	441.83	9.73	451.56

Separate financial statements

	2014			2013		
	Amount before tax	Benefit (tax expense)	Net amount after tax	Amount before tax	Benefit (tax expense)	Net amount after tax
Unrealized gain on changes in fair value of available-for-sale investments	138.09	(27.62)	110.47	(48.66)	9.73	(38.93)
Actuarial gain (loss)	(0.09)	-	(0.09)	477.18	-	477.18
Other comprehensive income	138.00	(27.62)	110.38	428.52	9.73	438.25

28 Employee benefit obligations

Employee benefit obligations as at December 31, 2014 and 2013 amounting to Baht 3,172.27 million and Baht 3,024.46 million, respectively, are detailed as follows:

Movements in the present value of employee benefit obligations

	2014	2013
Present value of obligation at the beginning of the year	3,154.45	3,582.31
Current service cost	148.00	167.00
Interest cost	132.22	144.00
Benefits paid	(117.62)	(200.90)
Benefits paid - pension fund	(11.80)	(7.39)
Actuarial gain (loss)	0.09	(479.50)
Gain on curtailment	(3.92)	(51.07)
Obligation at the end of the year	3,301.42	3,154.45

Net liabilities recognized in the statement of financial position at the end of the periods

	2014	2013
Retirement benefit	3,172.27	3,024.46
Pension fund	129.15	129.99
Total obligation at the end of the year	3,301.42	3,154.45

The amounts recognised in the statement of income for the year ended December 31, 2014 and 2013 are as follows:

	2014	2013
Current service cost	148.00	167.00
Interest cost	132.22	144.00
Gain on curtailment	(3.92)	(51.07)
Total	276.30	259.93
Additional benefits from early retirement project	111.63	255.55

The principal actuarial assumptions used are as follows:

(a) Financial assumptions

Discount rate	4.30% per annum
Inflation rate	3.00% per annum
Gold price	Baht 19,200 per one-Baht gold, increase by 3.0% per annum
Oversea travelling award value	Baht 30,000, increase by 6.0% per annum
Expected increase rate of employee salary	6-10% per annum
Expected increase rate of worker wage	3% per annum

(b) Demographic assumptions

Staff turnover rate, classified by age range	Employees (%)	Worker (%)
Not later than 45 years	1.0	11.0
Later than 45 years and not later than 50 years	0.1	11.0
Later than 50 years	-	-
Mortality rate	From Thai Mortality Ordinary Table 2008	

29 Provisions for employee benefits arising from the corporatization

Due to uncertainty in respect of the listing of the Company on the Stock Exchange of Thailand, the Company has presented the ordinary share option payable as non-current liabilities.

As mentioned in Note 2.22 (c), the ordinary share option payable of Baht 975.06 million comprises the payable relating to the Company's employees of Baht 291.89 million and Thailand Post's employees of Baht 683.17 million.

30 Other non-current liabilities

Other non-current liabilities as at December 31, 2014 and 2013 are detailed as follows:

	2014	2013
Provision for decommissioning of telecommunication equipment	483.82	479.85
Deposits	93.23	64.04
Total	577.05	543.89

31 Appropriated retained earnings - legal reserve

Under the Public Company Act B.E. 2535, the Company is required to set aside as legal reserve at least 5% of net profit for the year after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is not distributable. The Company has fully reserved 10% of the registered capital in the financial statements.

32 Service income

Service income for the years ended December 31, 2014 and 2013 are detailed as follows:

	2014	2013 (Restated)
Revenue from telephone services	3,616.96	3,867.27
Revenue from broadband services	7,443.42	7,123.06
Revenue from wireless communication services	25,125.08	20,493.69
Revenue from radio communication services	181.83	185.39
Revenue from network services	259.56	338.74
Revenue from asset development	426.56	423.35
Other service income	4.01	12.17
Total	37,057.42	32,443.67

33 Revenue from concession agreements

Revenue from concession agreements for the years ended December 31, 2014 and 2013 are detailed as follows:

	2014	2013 (Restated)
Total Access Communications Plc.	8,560.82	14,343.11
True Move Co., Ltd.	257.15	2,833.42
Digital Phone Co., Ltd.	-	1,375.73
Total	8,817.97	18,552.26

34 Other income

Other income for the years ended December 31, 2014 and 2013 are detailed as follows:

	Financial statements in which equity method is applied		Separate financial statements	
	2014	2013	2014	2013
Interest income	889.70	982.79	889.70	982.79
Interest income from investments in debt securities	772.60	603.79	772.60	603.79
Penalty income	8.28	20.30	8.28	20.30
Dividends income	77.05	51.81	176.16	225.95
Gain from disposal of investment	312.16	236.12	312.16	236.12
Others	161.59	65.31	161.59	65.31
Total	2,221.38	1,960.12	2,320.49	2,134.26

35 Expense by nature

Expenses by nature which have significant balances for the years ended December 31, 2014 and 2013 are detailed as follows:

	2014	2013
Staff costs	5,295.59	6,289.79
Repairs and maintenance expenses and consumables used	862.88	818.50
Depreciation for property, plant and equipment and amortization	6,973.04	6,334.94
Depreciation of assets under concession agreements	6,711.72	19,718.49
Expenses from revenue sharing relating to telecommunication services	1,637.97	1,783.61
Intercommunication charge (IC and AC Fee)	3,492.16	2,606.88
Telecommunication expenses	1,340.36	4,007.93
Asset rental expenses	16,759.13	14,550.18
Telecommunication business license fees	2,229.88	2,411.23
Loss on impairment of assets	584.63	2,040.50

36 Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to the shareholders by the weighted average number of paid-up ordinary shares issued during the year. The details for the years ended December 31, 2014 and 2013 are as follows:

	Financial statements in which equity method is applied		Separate financial statements	
	2014	2013 (Restated)	2014	2013 (Restated)
Net profit attributable to shareholders (Unit: Million Baht)	3,639.22	7,238.34	3,553.65	7,312.62
Weighted average number of paid-up ordinary shares in issue (Unit: Million Share)	1,000.00	1,000.00	1,000.00	1,000.00
Basic earnings per share (Unit: Baht)	3.64	7.24	3.55	7.31

There were no potential dilutive ordinary shares issued during 2014 and 2013.

37 Financial risks

As at December 31, 2014 and 2013, the Company committed a derivative financial instruments by entering into a foreign currencies forward contract to hedge the exposure of foreign currency risk and invested in structured notes and embedded derivative instruments. The Company's financial assets comprise trade and other receivables, concession receivable, and accrued income. The financial liabilities comprise trade and other payables, value added tax payable, accrued income tax, and accrued expenses.

The Company's activities expose it to significant financial risks including foreign currency exchange rate risk from normal activities and liquidity risk. The Company's risk management policies focus on overall potential risks to the Company. The Company does not issue derivative financial instruments for speculative or trading purposes.

The Company's risk management policies are as follows:

(a) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures, principally US dollar, relating to such items as satellite rental fees, submarine cable rental fees and US dollar deposits at banks. The Company generates revenue and incurs costs in foreign currencies, primarily the US dollar, in respect of international call connection with other countries around the world. Foreign currency assets represent US dollar deposits with local banks for future payments of foreign currency liabilities, whilst foreign currency liabilities represent trade accounts payable and other payables.

In order to manage the risks arising from fluctuations in currency exchange rates, the Company has adopted the following foreign currency risk management practices as follows:

- Negotiating payment terms for foreign currency settlements with overseas carriers on a net basis.
- Maintaining deposits in foreign currencies

As at December 31, 2014 and 2013, the Company has outstanding foreign currency assets and liabilities as follows:

	2014		2013	
	Foreign Currency	Thai Baht	Foreign Currency	Thai Baht
Assets				
US Dollars	15.30	501.94	12.23	399.53
Euro	0.07	2.91	0.07	3.07
SDR*	0.01	0.07	-	-
		504.92		402.60
Liabilities				
US Dollars	11.34	375.54	9.25	304.76
Hongkong	0.01	0.36	0.01	0.08
Euro	0.01	0.55	0.01	0.68
UK	0.01	0.16	0.01	0.15
SDR*	0.01	0.39	0.01	0.11
		377.00		305.78

* Special Drawing Rights (SDR) represents a standard currency weighting from five major foreign currencies set by the International Monetary Fund (IMF).

(b) Credit risk

The Company has no significant concentrations of credit risk. The Company has policies in place to ensure that services are provided to customers with an appropriate credit history. The Company also has policies that limit cash deposits to high credit quality financial institutions.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

(d) Fair values

The carrying amounts of financial assets and financial liabilities are approximate their fair value.

38 Contingent liabilities, contingent assets and commitments

(a) Access charge under concession agreements

According to various arrangements between TOT, the Company and other mobile operators under concession agreements with the Company, e.g., Total Access Communications Plc. (DTAC), Digital Phone Co., Ltd. (DPC) and True Move Co., Ltd. (True Move), the mobile operators are required to make the monthly access charge payments of Baht 200 per number for post-paid mobile telephone numbers and 18% of the total value of telephone cards sold for prepaid mobile telephone numbers to TOT. If TOT does not receive the amounts from these operators, the Company has agreed to pay the amount plus a late payment fee of 1.25% per month or part thereof on the amount due, the excess of one month will calculate as one month. However, the Company is entitled to claim reimbursement of this amount in full from the operators.

Two mobile operators, DTAC and True Move, have refused to pay the access charges to TOT since November 18, 2006. On July 5, 2007, the Company's board of directors has agreed to wait for the decision of the National Telecommunications Commission (NTC) on this matter. However, document No. NT 7300/6085/1 dated October 31, 2007 issued by NTC stated that the NTC's board of directors agreed to allow the Company and TOT to negotiate the access charge's issue within 30 days of receipt of the document.

On November 16, 2007, TOT, as a plaintiff, filed a case against the Company as the first defendant and DTAC as the second defendant for payment of the access charge from November 18, 2006 to October 31, 2007 plus an interest charge at the rate of 1.25% per month from the day after the filing until the total payment of Baht 11,705.07 million is made. On the same date, TOT as a plaintiff, filed a case against the Company and True Move for payment of the access charge from November 18, 2006 to October 31, 2007 plus an interest charge at the rate of 1.25% per month from the day after the filing until the total payment of Baht 4,508.10 million is made. Subsequently, after considering the arguments submitted by DTAC and True Move, the Civil Court and the Central Administrative Court decided that such cases are under the jurisdiction of the Administrative Court. As a result, the Civil Court agreed to relinquish responsibility for these cases and asked TOT to submit the case to the Administrative Court.

On June 7, 2011, TOT as a plaintiff, filed black case No.1097/2554 against the Company to the Central Administrative Court as the first defendant and DTAC as the second defendant for a total of Baht 117,203.84 million; black case No.1098/2554 against the Company as the first defendant and True Move as the second defendant for a total of Baht 41,540.28 million; a black case No.1099/2554 against the Company as the first defendant and DPC as the second defendant for a total of Baht 3,315.71 million; and black case No.1100/2554 against the Company for payment of the access charge for the radio communication CDMA system services sold in the form of prepaid CDMA cellular service cards totaling Baht 779.11 million. At present, the Company is defending these cases in the Central Administrative Court.

Since the access charge claims are still being considered by court, the Company recognised revenue and expenses on the basis of the original concession agreements and memorandum on access charge. According to the memorandum for mobile phone access charge, the revenue submitted to the Company in accordance with the annual revenue sharing rate in each year can be offset with the access charge paid to TOT of Baht 200 per telephone number for post-paid mobile telephone numbers and 18% of the total selling price of telephone cards sold less services revenue before calculating the Company's portion of revenue as set out in each year for prepaid mobile telephone numbers. As the concessionaires submitted annual revenue sharing to the Company without offsetting the access charge from the date the concessionaires refused to pay the access charges to TOT, the Company recognized annual revenue sharing from concessionaires for the portion of the access charge that was not deducted from revenue sharing according to the annual rate, amounting to Baht 36,941.65 million, as a liability under advance received in the financial statements as at December 31, 2014. (as at December 31, 2013: Baht 34,367.50 million).

(b) Universal service obligations (Cont'd)**Universal service obligations for the year 2010**

National Telecommunications Commission (NTC) has announced Universal Service Obligations (USO) regulation and provision for the year 2010 (second issue) which effective from October 6, 2009 onwards. The announcement mainly revises the regulation and provision by requiring type II license holders who own networks, and type III license holders in respect of providing universal services in accordance with the notification by NTC (former issue), who wish to provide universal services for the year 2010. These license holders are required to submit the formal documents to NTC within 30 days from the date of announcement together with operating plan within 45 days from the date of announcement. The Company submitted the plan to provide universal services to NTC. On December 20, 2010, NTC changed to National Broadcasting and Telecommunications Commission (NBTC). NBTC approved the Company's operating plan and provided a budget for the year 2010 for Baht 660 million (telecommunication system for public communities for Baht 137 million, school dial-up Internet access system for Baht 354 million, community Internet system for Baht 124 million and reserved fund for Baht 45 million) during the operating period from December 7, 2010 to April 7, 2012 as follows:

- | | |
|--|-------------|
| 1. Installation of telecommunication system for public communities: one number per one community | 1,558 sites |
| 2. Installation of school dial-up Internet access system | 252 sites |
| 3. Provide community Internet center | 197 sites |

On June 25, 2012, the Company entered into a turnkey contract to build the public community' telecommunication system for USO 2010 plan with the Consortium of JTS and Acumen. According to the contract, the contractor must immediately start the project by June 26, 2012, and complete the project by December 22, 2012. The contractor must deliver work along the contract period within December 27, 2012. The project is in review process by committee. According to the turnkey contract, if the contractor does not finish the project by the due date, a fine will be levied against NBTC. The contractor will be responsible for all fines and penalties that NBTC charges to the Company in addition to other fines (if any).

The office of the NBTC has announced the resolution of National Telecommunications Commission of NBTC meeting No. 35/2555 dated September 25, 2012. The Company can extend the operating time of USO year 2010 for nine months up to January 31, 2013 in order to install public telephones for communities and repair telephone lines including the school Internet centre.

The Company sent the letter to NBTC on February 8, 2013 to submit the project to NBTC. The Company could submit the project within the timeframe set by NBTC.

The Company has requested approval to install an internet access system for 169 communities which were included in the list from NBTC. On December 11, 2012, the Company entered into turnkey contract to build an internet access system for 169 communities based on USO plan for the year 2010 with SamartComtech

Limited. According to the contract, the contractor must start the project by December 11, 2012 and complete the project by June 9, 2013. The contractor does not finish the project by the due date, a fine will be levied against NBTC. The contractor will be responsible for all fines and penalties that NBTC charges to the Company in addition to other fines (if any).

For 169 sites of the community internet access system, NBTC specified the due date as October 1, 2013. The 28 remaining sites are still not listed by NBTC.

Universal service obligations for the years 2012 – 2016

NBTC has announced operating plan, regulations, and revenue collection for USO for the year 2012 – 2016 effective on May 31, 2012 that requires all licensees to transfer telecommunication service revenue to the NBTC fund at the rate of 3.75% of net income per year on semi-annual basis. The first payment will be made by July 31 of every year by based on revenues generated from January to June of the same year. The second payment will be made by January 31 of every year by based on revenues generated from July to December of the prior year.

The Company recognised the obligation for the revenue transfer to the NBTC fund in the financial statements as an accrued expense in the amount of Baht 843.90 million (included VAT).

NBTC has announced operating and regulation of revenue collection to thoroughly apply to basic telecommunication service and to social service (second issue) which effective from January 1, 2014 onwards. The announcement mainly edited NBTC's announcement operating and regulation of revenue collection to thoroughly apply to basic telecommunication service and to social service dated May 29, 2012 to conform to estimated operating expenses that thoroughly apply to basic telecommunication service and to social service from the year 2012 to 2016. The excepted net salary base was expanded from Baht 20 million to Baht 40 million per annual. A licensee is exempted from contribution to the fund if its net revenues are less than Baht 40 million per annum. However, if the licensee has net revenue more than Baht 40 million, it will be exempted from the contribution amounting to Baht 40 million.

(c) Provision for value added tax liabilities arising from mobile phone concession agreement revenue sharing after excise tax deductions

The Revenue Department has challenged the Company regarding the deduction of excise tax from the concession operators' revenue sharing in accordance with the Notification of Value Added Tax Assessment No. P.P 73.1-01009410-25511209-005-01372 to No. P.P 73.1-01009410-25511209-005-01377 dated December 9, 2008, which stated that the Company should pay additional value added tax for the period December 2003, February 2004, December 2004, December 2005, December 2006 and December 2007 of Baht 1,819.45 million together with a penalty and surcharge of Baht 2,741.85 million, totaling Baht 4,561.30 million (the surcharge was calculated until December 15, 2008). On November 28, 2008, the Company's board

of directors passed a resolution to appeal to the Revenue Department and instructed the Company to pay only value added tax of Baht 1,819.45 million and to provide a bank guarantee of Baht 2,741.85 million to minimise further related surcharges. Although, the Company's management were of the opinion that the Company acted in accordance with the cabinet resolution and the Company has no obligation to pay value added tax to the Revenue Department, it was uncertain whether the Company would receive a refund of the value added tax. Therefore, the Company recorded the value added tax payment as an expense on December 15, 2008.

On January 24, 2011, the Revenue Department sent the decision of the Board of Appeals to the Company reducing the penalty charge to 80% and not reducing a surcharge and requiring that the Company pay penalty and surcharge of Baht 2,377.96 million. On February 21, 2011, the Company filed a case against the Revenue Department and related parties with the tax court, under black case No.41/2554, for Baht 4,197.41 million. In addition, the Company filed a tax relief request with the Revenue Department on March 1, 2011.

The Company changed its bank guarantee facility to Baht 2,377.37 million. On March 11, 2011, the Revenue Department approved the request for tax relief until the final court judgment is issued.

On December 26, 2011, the Central Tax Court awarded the Company's claim on a portion of the penalty on value added tax of Baht 1,455.56 million, but maintained that the Company is required to pay value added tax of Baht 1,891.45 and surcharge of Baht 922.40 million because the Court deemed that the Company still has responsibility for the value added tax assessment. On January 9, 2012, the Company appealed the Central Tax Court's judgement and submitted a request to the Revenue Department for approval to change the bank guarantee to reduce the credit facilities to Baht 1,455.56 million.

On March 1, 2012, the Revenue Department did not approve the change to the bank guarantee because a final court judgement has not been issued.

The Company did not record the liabilities relating to the penalty and surcharge because the Company's management is confident that the Company should not be liable for any further penalty or surcharge.

(d) Dispute regarding of interconnection charge

According to the notification issued by the National Telecommunications Commission (NTC) on May 17, 2006 in respect of Interconnection Charge B.E. 2549, a license holder with its own network may allow other operators to connect to its network on request. This is to support connections between networks and to allow the network connection providers to collect revenue in the form of an interconnection charge (IC) at rates reflecting to the associated costs. As a result, the license holders and concession operators under the Telecommunication Business Act B.E. 2544 (Section 80) have entered into agreements for interconnection charges. Operators with an international telephone network, a fixed line telephone or a mobile telephone network (CDMA - central and provinces) are required to comply with such notification.

The Company has negotiated with other operators regarding interconnection charge rates. However, an agreement could not be reached. As a result, the Company entered into dispute resolution in accordance with the notification by NTC with the concession operator i.e. Total Access Communication Plc. (DTAC) and other operators who do not have concession agreements i.e. TOT (TOT) and Advance Info Services Plc. (AIS).

On January 28, 2010, the DRC passed a resolution in respect of a dispute between the Company and TOT, establishing the interconnection charge rate (IC rate) to be applied to the Company from May 6, 2008 (the date on which the DRC received the petition).

On March 12, 2010, the DRC passed a resolution in respect of the dispute between the Company and Advance Info Service Plc. (AIS) establishing the interconnection charge rate (IC rate) between the Company and AIS for call termination and call origination at 0.43 Baht/ minute effective from November 4, 2008 (the date on which the DRC received the petition). The Company and AIS have the right to file a request to the DRC for interpretation or explanation of the decision in respect of the dispute within 30 days of the date of receipt of a copy of the decision and may appeal the decision within 90 days of the date of receipt of a copy of the decision.

On April 20, 2010, the NTC issued order No. 11/2553 relating to the application of reference IC rates. Such rates shall be applied temporarily for a period of one year from the date on which the order is issued to those licensees or operators who are not able to agree on IC rates within the stipulated timeframe according to notification no. B.E.2549 announced by the NTC. The standard IC rates are as follows:

Type of services	IC Charge Rate (Baht/Minute)		
	Call Origination	Call Termination	Call
Mobile services	0.50	0.50	0.20
Fixed-line services	0.49	0.36	0.08

On July 6, 2010, the Company entered into an agreement for the payment of compensation for telecommunications network interconnection with AIS with reference to the IC rates in notification No. 11/2553 announced by the NTC. The Company agreed to pay the IC charge to AIS for the period from April 7, 2010 for all networks, except for the international telephone network because AIS has an agreement guaranteeing a minimum revenue sharing of international telephone communication revenue with TOT, which is currently under NBTC arbitration.

On December 28, 2010, a verdict was issued in respect of the disputes between the Company and AIS and between the Company and TOT. The NBTC's decision required the Company and TOT to discuss the IC agreement between TOT's network and the Company's international call network and mobile phone network. In addition, the NBTC confirmed the rights of both parties to charge IC to each other effective from May 17, 2006.

On March 22, 2011, TOT filed a complaint with the Administrative Court to revoke the NBTC's award No.3/2553, the DRC's decision on the dispute No.5/2551 and the NBTC's resolution in meeting No.28/2010.

On April 5, 2013, the Company sent the letter to NBTC to request the committee to enforce the measurement for TOT Public Company Limited to operate following the arbitration because TOT Public Company Limited refused to collect the IC charge.

The Company recorded the obligation regarding IC charge in the financial statements.

On April 22, 2011, the Company and True Move agreed on an interconnection charge for voice and data traffic on telecommunication networks. True Move signed the Interconnection of Telecommunication Agreement and a memorandum of understanding regarding to interconnection charge payment. This agreement is effective from April 11, 2011. The Company agreed to pay the interconnection charge on international call services incurred from November 1, 2008 amounting to Baht 305.88 million (excluding VAT, both parties agree to collect and pay VAT separately). When the Company settled the obligation, True Move agreed to provide a credit for access charge to the Company and the Company has no obligation to pay further any access charges until total minutes incurred are greater than the credit minutes. The Company and True Move agreed to waive the interconnection charge between mobile phones and fixed phones for voice and data traffic incurred before April 11, 2011.

Before the NTC issued its notification regarding telecommunication network connection and usage, the Company, as an international telephone service provider, made agreements regarding the payment of revenue sharing on international calls with other operators, in case the Company's customers used these operators' networks. The Company has advised all operators of the cancellation of the former revenue sharing rates for telephone services from November 1, 2008. From January 1, 2009, the Company has recognised revenue sharing in the financial statements at the interconnection charge rate of 0.5652 Baht/minute. However, the operators have not accepted this rate, resulting in a dispute between the Company and other operators, except for DTAC, with whom the Company was able to reach an agreement. From April 20, 2010, the Company has recorded revenue sharing on international calls with operators who have not reached agreements using the IC rate according to the NTC's Notification No. 11/2553.

The Company believes that the outcome of the dispute does not materially effect on the financial position of the Company

(e) Pending litigations

As at December 31, 2014, pending litigations involving the Company are as follows:

1. The Company is a plaintiff in lawsuits involving tort and breach of contract claims as at December 31, 2014 in the amount of Baht 400,222.89 million (as at December 31, 2013: Baht 115,679.43 million). The Company has significant lawsuits amounting to Baht 377,756.25 million as follows:

- 1.1 The Company submitted a dispute to the Office of the Attorney General regarding the case that DTAC deducted excise tax from revenue sharing to the Company from the 12th to 16th operating year in compliance with the cabinet's resolution (September 16, 2002 to September 15, 2007) amounting to Baht 21,981.87 million. The Company filed the request to the Central Administrative Court for withdrawal of the Office of the Attorney General's arbitration. Currently, the Central Administrative Court is considering the request.
- 1.2 The Company submitted a dispute to the Office of the Attorney General regarding the case that DPC deducted excise tax from revenue sharing to the Company from the 6th to 10th operating year in compliance with the cabinet's resolution (September 16, 2002 to September 15, 2007) amounting to Baht 3,410.99 million. The Company filed the request to the Central Administrative Court for withdrawal of the Office of the Attorney General's arbitration. Currently, the Central Administrative Court is considering the request.
- 1.3 The Company submitted a dispute to the Office of the Attorney General regarding the case that True Move deducted excise tax from revenue sharing to the Company from the 7th to 11th operating year in compliance with the cabinet's resolution (September 16, 2002 to September 15, 2007) amounting to Baht 8,969.08 million. The Company filed the request to the Central Administrative Court for withdrawal of the Office of the Attorney General's arbitration. Currently, the Supreme Administrative Court is considering the request.
- 1.4 The Company submitted a dispute to the Office of the Attorney General regarding the case that DTAC did not transfer antennas and related equipment totaling 5,016 items of Baht 2,392.02 million in accordance with the term specified in the concession agreement. DTAC defended that the antennas and related equipment were considered as buildings referred to Building Control Act, B.E. 2522 and Ministerial Regulations B.E. 2544 where the construction was located in a third party's land. Currently, DTAC is filing the objection to the Office of the Attorney General Committee.

- 1.5 The Company submitted a dispute to the Office of the Attorney General regarding the case that True Move did not transfer antennas and related equipment totaling 4,546 items of Baht 2,766.17 million in accordance with the term specified in the concession agreement. True Move defended that the high antennas were not telecommunication equipment and they should be considered as constructions. The Office of the Attorney General Committee judged to dismiss this dispute because it is not the time to use the right. The Company has filed the black case no. 1813/2556 to the Central Administrative Court for withdrawing the arbitration.
- 1.6 The Company submitted a dispute to the Office of the Attorney General regarding the case that Hutchinson- CAT Wireless Multimedia Co., Ltd. (Hutch) broke the marketing agreement amounting to Baht 1,163.06 million. Hutch filed the objection and requested the Company to pay indemnity for late payment of marketing expense amounting to Baht 2,544.72 million. Currently, this case is in the process of the Office of the Attorney General appointment.
- 1.7 The Company sued the Revenue Department by filing the case to the Central Tax Court to withdraw the Valued Added Tax assessment of Baht 4,197.41 million and the Board of Appeal's decision. The Central Tax Court judged to adjust only the penalty and agreed with the assessment for Value Added Tax and surcharge. Currently, the Company appealed this case to the Supreme Court.
- 1.8 The Company submitted a dispute to the Office of the Attorney General regarding the case that DPC did not pay the Company additional sharing revenue from AIS roaming in the 10th – 11th operating years and some portion of the 12th operating year in the amount of Baht 2,000.22 million. Currently, this case is in the process of the Office of the Attorney General appointment.
- 1.9 The Company sued the Ministry of Finance by filing the case to the Central Administrative Court. The case was improper and unlawful abuse of ousted prime minister Thaksin Shinawatra's authority during his prime minister and cabinet terms resulting in the Company's loss on sharing revenue from DTAC's, True Move's and DPC's concession agreements and additional Value Added Tax payment to the Revenue Department including penalty and surcharge for excise tax deduction from revenue sharing additional tax for the Ministry of Interior, totaling Baht 41,169.40 million. Currently, the Company is objecting the Ministry of Finance's statement of defense.
- 1.10 The Company submitted a dispute to the Office of the Attorney General regarding the case that DTAC did not pay additional revenue sharing due to deduction of IC charge from revenue sharing calculation for the 16th operating year (September 16, 2006 to September 15, 2007) amounting to Baht 4,022.19 million. Currently, this case is in the process of the Office of the Attorney General appointment.
- 1.11 The Company submitted a dispute to the Office of the Attorney General regarding the case that DTAC did not pay additional revenue sharing due to deduction of IC charge from revenue sharing calculation

for the 17th operating year (September 16, 2007 to September 15, 2008) amounting to Baht 3,777.71 million. Currently, this case is in the process of consideration by the Office of the Attorney General.

- 1.12 The Company submitted a dispute to the Office of the Attorney General regarding the case that DPC did not provide and transfer ownership of antennas 3,343 items and power supply 2,653 items with the totaling amount of Baht 2,229.89 million. Currently, the Office of the Attorney General Committee dismissed this case because the Company has no right until the agreement is terminated. The Company filed the request to the Central Administrative Court for withdrawal of the Office of the Attorney General's arbitration. Currently, the Central Administrative Court is considering the request.
- 1.13 The Company sued the Office of NBTC as a first defendant, NBTC as a second defendant and NTC as a third defendant by filing the case to the Central Administrative Court to withdraw the NBTC announcement regarding the consumer protection for a temporary period as a result of the expiry of concession agreement of 2013 totalling Baht 275,658.36 million. Currently, the Central Administrative Court is considering the request.
- 1.14 The Company submitted a dispute to the Office of the Attorney General regarding the case that True Move deducted IC charge from revenue sharing calculation for the 16th operating year amounting to Baht 2,441.69 million. Currently, this case is in the process of consideration by the Office of the Attorney General.
- 1.15 The Company Sued Hutchison Wireless Multimedia Co., Ltd. as a first defendant, BFKT as a second defendant and Siam Commercial Bank as a third defendant by filing the case to the Central Administrative Court for the breach of Cellular Telecom Marketing Contract, Cancellation and Marketing Contract, Customer Services Contract, Leasing Telecommunication Devices Agreement, Automatic International Call Marketing Contract, and Guarantee Agreement totalling Baht 1,576.19 million. Currently, the Central Administrative Court is considering the request.
2. The Company is a defendant in lawsuits involving tort and breach of contract claims as at December 31, 2014 in the amount of Baht 361,300.77 million (as at December 31, 2013: Baht 174,032.00 million), which includes an important case amounting to Baht 353,710.45 million as follows:
 - 2.1 TOT sued the Company as a first defendant and DTAC as a second defendant in the Central Administrative Court for the payment of the access charge from November 18, 2006 to May 9, 2011 plus interest charges from May 1, 2011 to the payment date, totaling Baht 117,203.84 million (including VAT and interest charge). The Company has already filed to the Central Administrative Court to resolve the accusation. Later, there was an additional amount claim for damage from 18 November 2006 to 10 July 2014 plus interest, totaling Baht 250,882.25 million.

- 2.2 TOT sued the Company as a first defendant and True Move as a second defendant in the Central Administrative Court for the payment of the access charge from December 1, 2006 to May 9, 2011 plus interest charges from May 1, 2011 to payment date, totaling of Baht 41,540.28 million (including VAT and interest charge). The Company has already filed to the Central Administrative Court to resolve the accusation. Later, there was an additional amount claim for damage from 1 December 2006 to 10 July 2014 plus interest, totaling Baht 90,907.70 million.
- 2.3 TOT sued the Company as a first defendant and DPC as a second defendant in the Central Administrative Court for the payment of the access charge from June 1, 2009 to May 9, 2011 plus interest charges from May 1, 2011 to payment date, totaling of Baht 3,315.71 million (including VAT and interest charge). The Company has already filed to the Central Administrative Court to resolve the accusation. Later, there was an additional amount claim for damage from 1 June 2009 to 10 July 2014 plus interest, totaling Baht 5,454.35 million.
- 2.4 TOT sued the Company in the Central Administrative Court for the access charge and prepaid CDMA cellular services cards from October 1, 2007 to May 9, 2011 plus interest charges from August 1, 2010 to the payment date, and AC in the form of prepaid CDMA cellular services cards, totaling of Baht 779.11 million (including VAT and interest charge). The Company has submitted its defense to the Central Administrative Court. These cases are under their consideration.
- 2.5 On December 30, 2008, the Company submitted a dispute to the Arbitration Institute requesting that Hutchison CAT Wireless Multimedia Ltd. (Hutch) pay uncollectible services providing by the Company, licence fee for licence type III, fees for general telephone numbers and special four-digit telephone numbers, minimum revenue guarantee and excise tax totaling of Baht 1,163.06 million. On April 22, 2009, Hutch submitted a refusal statement and requested that the Company pay compensation totaling Baht 2,544.72 million for delay of payment the marketing service and competition marketing in 25 provinces in the centre region, not dissolving outgoing calls to other networks, not calculating the marketing services revenue of Hutch for access charge for mobile telephones which were withhold by the Company but not paid to TOT. Currently, this case is in the process of the Office of the Attorney General appointment.

On January 27, 2011 the Company entered into an agreement with Hutch to terminate the marketing agreement for the radio communication system, Cellular Digital AMPS 800 BAND A (the marketing agreement). As a result, the Company and Hutch are no longer bound by the terms and conditions under the marketing agreement. The termination of the marketing agreement has no impact on any rights of claim or disputes existing before the agreement came into force. Regardless of whether the rights of claim have been exercised, the Company and Hutch agreed to negotiate amicably and in good faith all disputes and claims between the parties in existence prior to the contract coming into force. If the Company and Hutch cannot reach an agreement within 90 days of the date of signing, each party shall have the right to file a dispute with the court that has jurisdiction in Thailand.

- 2.6 On February 12, 2002, Telecard Corporation Co., Ltd. (Telecard) submitted a dispute to the Arbitration Institute against the Company regarding the illegal cancellation of an international telephone card by requesting the Company to return guarantee for card production amounting to Baht 7.06 million and pay many claims totaling Baht 1,059.54 million. The Company submitted a refusal statement and on November 29, 2005, the Arbitration Institute resolved that the Company was not guilty in some cases. Then, on April 20, 2006, Telemaid Corporation Co., Ltd. as a shareholder of Telecard submitted a request to the Central Administrative Court to repeal the resolution of the Arbitration. The Company submitted a request to the Central Administrative Court to follow the resolution of the Arbitration. Telemaid Corporation Co., Ltd. currently appeals this case to the Supreme Administrative Court.
- 2.7 Litigations relating to agreement of optical fiber cable (FTTx)
- 2.7.1 A.L.T. Inter Corporation Co., Ltd. (ALT) requested the Company for the contract termination since February 7, 2013. On March 6, 2013, ALT sued the Company by filing the case to the Civil Court for unpaid rental and indemnity relating to the lease agreement of optical fiber cable in Hemaraj Eastern Seaboard Industrial Estates and Eastern Seaboard Industrial Estate (Rayong), totalling Baht 465.70 million. On April 17, 2013, ALT withdrew this case and filed the new case in the amount of Baht 275.56 million to the Administrative Court.
- 2.7.2 On September 27, 2013, Thai Transmission Industry Co., Ltd. and Miracle Star Capital Co., Ltd. filed the case to the Civil Court for unpaid rental relating to the lease agreements of optical fiber cable in Pattaya in the amount of Baht 475.53 million and request the Company for the contract termination since August 31, 2013.
- 2.7.3 Simat Technology Co., Ltd. sued the Company By filing the case to the Administrative Court for the indemnity relating to lease agreement of optical fiber cable in Nakhon Ratchasima and Chiang Mai in the amount of Baht 665.62 million. Currently, the case is in the consideration of Central Administrative Court.
- 2.7.4 A.L.T. Inter Corporation Co., Ltd. (ATL) and New Hampshire Insurance Co., Ltd. (Thailand Branch) sued the Company to settle the payment for services and indemnity of optical fiber cable and FTTx equipment in Hemaraj Eastern Seaboard Industrial Estates and Eastern Seaboard Industrial Estate (Rayong), in the amount of Baht 299.97 million.
- 2.7.5 Elite Tech Telecom Co., Ltd. sued the Company to settle the payment for services and indemnity of optical fiber cable and FTTx equipment in Ubon Ratchatani and Hua Hin, Prachuab Kiri Khan in the amount of Baht 366.10 million.

As at December 31, 2014, the cases mentioned above remain unresolved. However, the Company's management is confident that there will be no further obligation to the Company. Therefore, the Company has not recorded any provisions relating thereto in the financial statements.

(f) Bank guarantees

As at December 31, 2014, the Company has bank guarantees as follows:

- The Company has letters of guarantee issued by various banks totaling Baht 2,377.37 million to appeal and reduce tax exposure to the Revenue Department, resulting from profit sharing submitted by operators under concession agreements for mobile phone operation after deducting excise tax as discussed in Note 38 (c).

Details of the bank guarantees are as follow:

- Thanachart Bank Plc. in the amount of Baht 1,000 million
- Standard Chartered (Thai) Plc. in the amount of Baht 1,000 million
- Thanachart Bank Plc. in the amount of Baht 377.37 million

Assets pledged for bank guarantees are fixed deposit with maturity of not more than 12 months at Thanachart Bank Plc. amounting to Baht 1,500 million and promissory note issued to Standard Chartered (Thai) Plc. amounting to Baht 1,000 million. The fixed deposit at Thanachart is recorded as short-term investment. However, this investment is restricted, so the Company considered and classified it as restricted short-term investment which is presented in non-current assets. For the promissory note issued to Standard Chartered (Thai) Plc., it is recorded as held-to-maturity investment (Note 15).

- The Company pledged fixed deposit with maturity of 1 year at CIMB Plc. amounting to Baht 20 million for any juristic contracts and agreements on behalf of the Company and fixed deposit with maturity of 1 year at Government Housing Bank amounting to Baht 485 million and Krung Thai Bank amounting to Baht 15 million for employee loan.

(g) Capital commitments

Capital expenditure contracted at December 31, 2014 and 2013, but not recognised in the financial statements, is as follows:

	2014	2013
Land and land improvement	-	1.59
Buildings and building improvement	2,038.18	1,458.02
Telecommunication equipment	5,074.08	6,427.82
Submarine cable system	737.54	1,425.34
Tools, equipment, furniture & fixtures and office equipment	1,436.61	1,644.28
Motor vehicles	19.55	17.38
Research and development	0.13	-
Other long-term investments	0.18	0.18
Long-term prepayments (submarine cable system)	37.93	55.67
Total	9,344.20	11,030.28

As at December 31, 2014, the capital commitments in relation to telecommunications equipment and submarine cable network system amounting to Baht 2,484.46 million comprise the following significant items:

1. Submarine cable system expansion amounting to Baht 737.54 million
2. Optical fiber network construction amounting to Baht 960.65 million
3. DW/DM system equipment amounting to Baht 718.81 million
4. DBS station expansion with equipment and installation amounting to Baht 67.46 million

(h) Operating lease commitments

The Company entered into lease and related service agreements for certain office, space, cars, telecommunication networks, computer system services and repair and maintenance services for software and hardware for periods ranging from 1 to 15 years with options to renew. As at December 31, 2014 and 2013, the future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Unit: Million

	2014		2013	
<u>Baht</u>				
Payment due within one year		99.19		72.49
2 - 5 years		114.78		67.89
Total		213.97		140.38
<u>Hong Kong dollars</u>	Dollar	Baht equivalent	Dollar	Baht equivalent
Payment due within one year	0.50	2.16	-	-
2 -5 years	0.80	3.42	-	-
Total	1.30	5.58	-	-
<u>Euro</u>	Euro	Baht equivalent	Euro	Baht equivalent
Payment due within one year	0.01	0.44	-	-
Total 0.01	0.44	-	-	-
<u>US dollars</u>	Euro	Baht equivalent	Euro	Baht equivalent
Payment due within one year	3.80	125.86	1.48	48.66
2 - 5 years	0.84	27.89	0.03	1.07
Total	4.64	153.75	1.51	49.73

In addition to these non-cancellable operating lease commitments, the Company has commitments under service supply agreements, which do not include fixed rates. The Company will recognise these expenses in the financial statements when the services are rendered.

Commitments under concession agreements are set out in Note 38 (a).

39 Related party transactions

Transactions with related parties during the period were carried on in the ordinary course of business. Price and terms of trading with these related parties are generally the same as those applied to transactions with non-related parties.

The Company did not disclose transactions with employees and management personnel of the government departments and state-owned enterprises or close members of the families of these individuals as related party transactions. However, these transactions were carried out in the normal course of business.

The Company believed that transactions with related parties have been properly disclosed.

Significant transactions with related parties for the periods are summarised below:

Revenues and expenses with related parties for the years ended December 31, 2014 and 2013 are summarised as follows:

	2014	2013 (Restated)
Revenues		
Telephone business		
- Associates	0.06	0.03
Total	0.06	0.03
Broadband business		
- Joint ventures	4.10	3.98
Total	4.10	3.98
Network business		
- Joint ventures	0.24	0.32
Total	0.24	0.32
Assets development and other services		
- Associates	0.10	0.01
- Joint ventures	-	39.08
Total	0.10	39.09
Total revenues from related parties	4.50	43.42
Expenses		
Telecommunication expenses		
- Joint ventures	45.98	59.04
Total	45.98	59.04
Marketing expenses		
- Joint ventures	3.65	1.29
Total	3.65	1.29
Total expenses for related parties	49.63	60.33

Balances with related parties as at December 31, 2014 and 2013 are summarised below:

	2014	2013 (Restated)
Trade and other accounts receivable		
Trade accounts receivable		
- Associates	0.02	-
- Joint ventures	403.62	405.30
Total	403.64	405.30
Less allowance for doubtful accounts	(9.69)	(9.79)
Total trade accounts receivable	393.95	395.51
Other receivables		
- Joint ventures	1.71	1.71
Total other receivables	1.71	1.71
Total trade and other accounts receivable	395.66	397.22
Accrued expenses		
- Joint ventures	241.94	244.83
Total	241.94	244.83
Other non-current liabilities		
- Joint ventures	3.91	2.56
Total	3.91	2.56

Management compensation

Management compensation, comprising salary, welfares, vehicle and fuel, pension and post-employment benefits, for the year ended December 31, 2014 and 2013 are as follows:

	2014	2013
Management compensation		
- Short-term benefits	35.77	48.31
- Post-employment benefits	2.35	2.14
Total	38.12	50.45

40 Revenues from telecommunication business and broadcasting and telecommunications business

The Company is granted Type I, Type II and Type III telecommunications business licenses and broadcasting and telecommunications licenses to provide broadcasting and telecommunications services as details in Note 1.6 and 1.7, respectively. The stated detail of revenues from telecommunication business and broadcasting

and telecommunications business was as of the year ended December 31, 2014 and 2013 classified by license are detailed as follows:

Type of license	2014	2013 (Restated)
1. Revenue from type I telecommunications business	2,102.27	788.33
2. Revenue from type II telecommunications business	1,111.56	1,130.53
3. Revenue from type III telecommunications business	40,874.79	46,460.33
4. Revenue from CAT channel broadcasting and telecommunications service under broadcasting and telecommunications licenses	3.03	2.69
5. Revenue from broadcasting and telecommunications services without national frequency under broadcasting and telecommunications licenses	108.88	113.27

Revenues from telecommunication services include internet service.

According to NBTC's notification regarding Universal Service Obligations (USO) Plan B.E. 2013 – 2016 and revenue collection regulation for USO effective on May 31, 2013 that requires all licensees to transfer telecommunication service revenue to the NBTC fund at the rate of 3.75% of net income per year on semi-annual basis. The first payment will be made by July 31 of every year by based on revenues generated from January to June of the same year. The second payment will be made by January 31 of every year by based on revenues generated from July to December of the prior year. The Company's 2014 net revenue which would be transferred to the fund is Baht 44,088.63million.(2013 amount Baht 49,487.43 millions)

41 Dividends

The 2014 annual shareholders' meeting held on July 16, 2014 passed a resolution on the payment of dividends to shareholders from the 2014 operating performance at the rate of Baht 0.53279 per share, totalling Baht 532.79 million. The dividends were fully paid to shareholders on August 27, 2014.

The 2013 annual shareholders' meeting held on July 2, 2014 passed a resolution on the payment of dividends to shareholders from the 2012 operating performance at the rate of Baht 16.50 per share, totaling Baht 16,500 million. The dividends paid to the Ministry of Finance for the period were Baht 6,987.44 million. The remaining dividend balance were Baht 9,512.56 million which is divided into five installments.

Installment	Installments date	Amount (Baht million)
1 st Installment	Within 30 days after Ministry of Finance declared the resolution of the company 2014 annual shareholders' meeting (within August 19, 2014)	1,512.56
2 nd Installment	Within July 25, 2014 (Accrued as payable in 2014)	2,000.00
3 rd Installment	Within November 25, 2014 (Accrued as payable in 2014)	2,000.00
4 th Installment	Within December 25, 2014 (Accrued as payable in 2014)	2,000.00
5 th Installment	Within January 25, 2015 (Accrued as payable in 2014)	2,000.00
	Total	9,512.56

The company has fully paid 1st to 4th installments amounting Baht 7,512.56 million to the Ministry of Finance on August 19, 2014 July 25, 2014 November 25, 2014 and December 25, 2014 , respectively.

The board of directors' meeting No.2/2557 held on February 13, 2014 passed a resolution on the payment of special dividends to shareholders to compensate for loss of revenue from excise tax for the fourth quarter of 2013 at the rate of Baht 0.78070 per share, totalling Baht 780.70 million. The dividends were fully paid to shareholders on February 25, 2014.

The total dividends paid to the Ministry of Finance for the period as of 31 December 2014 were Baht 8,826.05 million (Dividends was not recorded as payable was Baht 2,826.05 million)

The board of directors' meeting No.18/2556 held on November 6, 2013 passed a resolution on the payment of special dividends to shareholders to compensate for loss of revenue from excise tax for the third quarter of 2014 at the rate of Baht 1.07463 per share, totalling Baht 1,074.63 million. The dividends were fully paid to shareholders on November 25, 2013.

The board of directors' meeting No.17/2556 held on October 29, 2013 passed a resolution on the payment of interim dividends to shareholders from the half-year 2013 operating performance (January – June) at the rate of Baht 2.41276 per share, totalling Baht 2,412.76 million. The dividends were fully paid to shareholders on October 31, 2013

The board of directors' meeting No.12/2556 held on August 14, 2013 passed a resolution on the payment of special dividends to shareholders to compensate for loss of revenue from excise tax for the second quarter of 2013 at the rate of Baht 1.32986 per share, totalling Baht 1,329.86 million. The dividends were fully paid to shareholders on August 25, 2013.

The board of directors' meeting No.8/2556 held on May 23, 2013 passed a resolution on the payment of special dividends to shareholders to compensate for loss of revenue from excise tax for the first quarter of 2014 at the rate of Baht 1.54926 per share, totalling Baht 1,549.26 million. The dividends were fully paid to shareholders on May 27, 2013.

The board of directors' meeting No.3/2556 held on February 13, 2013 passed a resolution on the payment of special dividends to shareholders to compensate for loss of revenue from excise tax for the fourth quarter of 2011 at the rate of Baht 1.24004 per share, totalling Baht 1,240.04 million. The dividends were fully paid to shareholders on February 26, 2013.

The 2012 annual shareholders' meeting held on January 29, 2013 passed a resolution on the payment of dividends to shareholders from the 2011 operating performance at the rate of Baht 2.87004 per share, totalling Baht 2,870.04 million. The dividends were fully paid to the shareholders on March 15, 2013.

The total dividends paid to the Ministry of Finance in the year 2014 were Baht 10,476.59 million and dividends payable recorded in the financial statements for the year ended December 31, 2014 was Baht 8,000.00 million, totalling Baht 18,476.59 million.

42 Revision to the agreement relevant to providing new mobile services

NBTC informed the Company that the Telecommunication Commission ordered the Company, as a licensee allocating frequency waves, to accurately comply with Section 46 of the Organisation Allocating Frequency Waves and Supervising Radio and Television Broadcasting and Telecommunication Business Act B.E. 2553. The Company shall arrange to revise the agreement relevant to providing new mobile service on Digital 800 MHz in accordance with Section 46 of the Act. The Company negotiated with BFKT and Real Move and mutually agreed to revise the contract in accordance with the order of the Telecommunication Commission. There are, however, other issues that shall be negotiated by both parties to reach a conclusion including the operations process, providing the draft contract to the Office of the Attorney-General to consider and proposing the project of providing mobile services of Digital 800 MHz to the Cabinet in order to get an approval. The Company, therefore, is unable to prepare the additions to the revised contract; however, both parties signed the memorandum of understanding on December 4, 2012. On April 3, 2013, NBTC informed that the Telecommunication Commission ordered the Company to delete some clauses of the HSPA equipment lease agreement and the agreement to provide wholesale services through HSPA network, to accelerately amend the agreements to comply with Section 46 of the Organisation Allocating Frequency Waves and Supervising Radio and Television Broadcasting and Telecommunication Business Act B.E. 2553 and to submit the draft agreement to the Telecommunication Commission. The Company had already submitted the drafts on July 16, 2013.

On June 18, 2013, the Office of the Council of State issued a letter to reply issues regarding the Company's rules. The Office of the Council of State commented that lease of HSPA network equipment grants the Company's right to use BFKT's equipment that is private assets for the Company's telecommunication service provision and it is considered as the commercial services provided by private operators. Therefore, this service provision is excluded from "state undertaking" according to Section 5 of the Private Participation in State Undertaking Act. In addition, the lease rental is not subjected to revenue sharing, profit sharing or other joint benefits resulting in direct or indirect profit or loss sharing as the definition of "jointly invest or operate".

As a result, the Company's lease does not have to comply with the Private Participation in State Undertaking Act. For wholesale service through HSPA network agreement, the Company does not transfer the Company's frequency wavelengths to Real Move Co., Ltd. for management because the Company has to use these frequency wavelengths to provide service by itself according to Section 46 of the Organisation Allocating Frequency Waves and Supervising Radio and Television Broadcasting and Telecommunication Business. Therefore, there is no issue whether these frequency wavelengths are the governmental asset. According to this agreement, the wholesale service is rendered to other telecommunications business licensed operators in order to provide services, that are normal telecommunications business and any private operators are able to operate in compliance with the regulation announced by the Telecommunication Commission, on behalf of them. The rental specified in the agreement is fixed rate and not subjected to revenue sharing, profit sharing or other joint benefits. This agreement does not grant only Real Move Co., Ltd. the right to purchase of network capacity from the Company in the pattern of a concession. Therefore, this wholesale service through HSPA network is not joint investment or operation according to the Private Participation in State Undertaking Act.

The cabinet's meeting held on October 8, 2013 considered and approved on the mobile service improvement project and the cancellation of CDMA mobile network expansion project according to the peer review committee group 1's resolution (economic department) in the meeting no. 10/2556 on Monday October 7, 2014. The board of directors' meeting no. 16/ 2556 on October 9, 2014 approved on the additional 2014 budget for mobile service project, that would be further proposed to the National Economic and Social Development Board, and also agreed on the collection and accounting recording of revenue from wholesale service through HSPA network and cross network service. The Company retrospectively adjusted the accounting transactions regarding this mobile service and disclosed the impact of these accounting adjustments in the financial statement.

On December 3, 2014, the Company signed the amendments of the lease of radio communication equipment for the provision of mobile services through HSPA agreement between the Company and BFKT and the wholesale service through HSPA network agreement in order to comply with Section 46 of the Organisation Allocating Frequency Waves and Supervising Radio and Television Broadcasting and Telecommunication Business Act B.E. 2553. These amendments were followed the NBTC's order.

43 Operation after the expiry of concession agreement between True Move and DPC

(a) The Notification of National Broadcasting and Telecommunications Commission (NBTC) Re: The temporary protection measures of the service user in case that the expiry of the granted permits of the concession or contract for mobile service B.E.2556

NBTC issued its notification Re: The temporary protection measures of the service user in case of the expiry of the granted permits of the concession or contract for mobile service B.E.2556 with the effective date from August 30, 2014. The purpose is to support the end of the concession to operate radio communication system under cellular radio Digital PCN (Personal Communication Network) 1800 between the Company and True Move and between the Company and DPC with period not over 1 year from the end of contract on September 15, 2013. The notification determined the period of protection in that the service provider was a receiver of revenue instead of the government by separating the receipt accounting record. The service provider had to report the amount of revenue and interest income net cost of network usage, numbering fees, cost of management, and other necessary expenses of providing service. The remaining revenue would be submitted to the NBTC in order to audit before submitting it as national income. The Company as a service provider of network to True Move and DPC submitted the protection plan of service users only in a part of the Company to the NBTC. The NBTC appointed the working team that consisted of the representative of the Office of the Attorney General as the head of the team, the representative from the Ministry of Finance, the representative from the Ministry of Information and Communication Technology, the expert of economics, and the expert of finance and accounting. The deputy secretary general of the NBTC would be a secretary in order to audit revenue and expenses from providing mobile service during the protection period within one year before submitting the remaining revenue as national income. On October 16, 2013, the Company had filed a complaint with the Administrative Court to withdraw the notification.

The National Peace and Order Maintaining Council (NPOMC) issued an Order no.94/2557 on 17 July 2014 for which NBTC to slowdown the telecommunication frequency bidding process for 1 year from the date of this order. During the slowing down process, NBTC shall protect the consumer in the event of temporary termination of concession or service contracts in accordance with NBTC announcement regarding the Consumer Rights Protection Measurement and NBTC to amend the related laws. Hence, NBTC has launched the announcement regarding the Consumer Rights Protection Measurement in the event of temporary termination of concession or service contracts in accordance with the NPOMC order no. 94/2557 on 31 August 2014 to inform that the consumer under the concession contract will be protected as stated in the NBTC announcement until 17 July 2015.

The company has informed the service rate for 1800MHz for the extension period of customer protection according to the The National Peace and Order Maintaining Council (NPOMC) 's order no.94/2557. The rate for True move is Baht 478.16 million per month and DPC is Baht 156.60 million per month. Therefore, the company recognize the revenue in the financial statement for amount Baht 536.00 million. For the remaining

balance , the company has not yet recognize the revenue as there is no confidence on the amount of revenue the company is going to received.

(b) The operation of transferred assets from the expired concession

Accordingly, the Company granted private operators to operate under the agreement of service provider or the concession agreement of mobile service for cellular system to DTAC True Move and DPC. The concession agreement between the Company and True Move and DPC was expired on September 15, 2013. In the agreement, the operators had to find places and equipment for providing services and later transfer the rights of telecommunication equipment to the Company within the period determined in the agreement. Under the agreement, most legal rights had been transferred to the Company before the operators started operation. However, the operators would receive the right of possession and use assets to provide services for a whole period of the concession, which depended on whether the operators and the Company had followed conditions and regulations of the agreement. The NBTC issued the notification regarding temporary protection measures of the service user in case that the expiry of the granted permits of the concession or contract for mobile service B.E.2556. The purpose was to support the expiry of the agreement to providing service radio communication system of cellular digital PCN (Personal Communication Network) 1800 between the Company and True Move and DPC as aforementioned. This resulted in that True Move and DPC still remained possessions and used assets following the agreement in order to provide service under condition of the agreement. After the end of the concession agreement, DPC submitted its accounting book showing a number of equipment including all spare parts being transferred to the Company under the agreement. True Move, however, had not yet submitted its accounting book showing a number of equipment. The Company now is in process of auditing the assets transferred the rights from both companies after the end of agreement.

44 Lease projects of a fiber optic cable network (Fiber to the X:FTTx)

The board of directors' meeting No.19/2555 held on November 14, 2012 passed a resolution to the CAT to lease the network with equipment to provide the FTTx service for eleven provinces in the regional area that were Chonburi (Pattaya), Chiangmai, Nakhon Ratchasima, Songkhla, Surat Thani (Samui Island), Phuket, Khon Kaen, Udon Thani, Ubon Ratchathani, Prachuab Kirikhan (Hua Hin), Eastern Seaboard Industrial Estate and Hemaraj Eastern Seaboard Industrial Estates (Rayong) and Amata City Industrial Estate (Cover 2 area Chonburi and Rayong) . Due to the fact that the project need to be approved by the ministry. The Office of the National Economic and Social Development Board (NESDB) have already grant the approved for the project and pass this down to Ministry of Information and Communication Technology (ICT) for examine the operating result according to the relevant law and regulation. The company has already reported the operating result and provide the necessary document to ICT. This project is waiting for budget approval from the Cabinet.The Company, therefore, has not yet accounted for the lease of using FTTx service since the receipt until

December 2013 amounting to Baht 611.57 million as following:

1. Lease for use of areas in Hemaraj Eastern Seaboard Industrial Estates and Eastern Seaboard Industrial Estate (Rayong) started from September 27, 2011 to February 7, 2013, the contract termination date by the lessor, amounting to Baht 220.95 million.
2. Lease for use of areas in Pattaya (Fiber- to-the Home) where is the first place to celebrate His Majesty the King' s Birthday on December 5, 2009 started from November 2011 to August, 31 2013, the contract termination date by the lessor, amounting to Baht 390.62 million.

45 Subsequent events after reporting period

(a) Dividends

The 2013 annual shareholders' meeting held on July 2, 2014 passed a resolution on the payment of dividends to shareholders from the 2012 operating performance at the rate of Baht 16.50 per share, totalling Baht 16,500 million. The interim dividends was paid to the Ministry of Finance of Baht 6,987.44 million. The remaining balance of Baht 9,512.56 million is divided into five installments, as discussed in Note 41. The company paid the 5th installment to Ministry of Finance, of Baht 2,000.00 million, on January 26, 2015

(b) The Company's board of directors approved these financial statements for issue on May 19, 2015.