

Total Access Communication Public Company Limited and its subsidiaries
Notes to consolidated interim financial statements
For the three-month and six-month periods ended 30 June 2014

1. General information

1.1 Corporate information

Total Access Communication Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company listed on the Singapore Exchange in 1995 and listed on the Stock Exchange of Thailand in 2007.

The Company changed the listing status on the Main Board of the Singapore Exchange from a primary listing to a secondary listing in April 2011 and on 10 June 2014, the Board of Director of the Company approved the voluntary delisting of the Company from the Mainboard of the Singapore Exchange which the delisting date has been set on 29 September 2014.

The Company has two major shareholders who are Telenor Asia Pte Ltd., a company incorporated in Singapore, and Thai Telco Holding Co., Ltd., a company incorporated in Thailand. The Company is principally engaged in the provision of wireless telecommunications services and the sale of handsets and accessories.

The Company’s registered address is 319 Chamchuri Square Building, 22nd - 41st Fl., Phayathai Road, Pathumwan, Bangkok.

1.2 Corporate information of dtac TriNet Company Limited

dtac TriNet Company Limited (“dtac TriNet”) is a subsidiary of the Company and is incorporated and domiciled in Thailand. dtac TriNet has the following licenses to provide its services.

- a) A type three telecommunication business license (for providing an international call services (International Direct Dialing)) by NTC for duration of 20 years until 2026
- b) A type one telecommunication business license for Internet Service Provider by NTC for a period of 5 years
- c) Spectrum Licensing and a type three telecommunication business license (authorization to use the spectrum license) by NBTC for the validity period of 15 years (starting from 7 December 2012 and expiry on 6 December 2027) for operating telecommunication business for International Mobile Telecommunication in the frequency band 2.1GHz covered the range of 1920 - 1935 MHz paired with 2110 - 2125 MHz under the scope of the license throughout the Kingdom of Thailand.

1.3 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2012) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statement, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.4 New accounting standards

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

The Company disclosed the accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standard interpretations that are effective for fiscal years beginning on or after 1 January 2014, in the notes to financial statements for the year ended 31 December 2013.

The Company's management has assessed the effects of the above accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standard interpretations, and believes that they do not have a significant impact.

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

The Company has disclosed the financial reporting standard that will be effective in the future in the notes to financial statements for the year ended 31 December 2013.

The Company's management has assessed the effect of this financial reporting standard and believes that it is not relevant to the business of the Company.

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were adopted for the financial statements for the year ended 31 December 2013.

1.6 Basis of consolidation

The consolidated financial statements are prepared using the same basis as the consolidated financial statements for the year ended 31 December 2013 and include the interim financial statements for the three-month and six-month periods ended 30 June 2014 of the Company and the following subsidiary companies ("the subsidiaries").

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			30 June 2014	31 December 2013
			Percent	Percent
<u>Subsidiaries directly held by the Company</u>				
WorldPhone Shop Company Limited	Under liquidation process	Thailand	100	100
TAC Property Company Limited	Asset management	Thailand	100	100
dtac TriNet Company Limited	Telecommunication service	Thailand	100	100
DTAC Broadband Company Limited	Established for providing telecommunications services (WiFi services) with license granted by NBTC	Thailand	100	100
DTAC Internet Service Company Limited	Cancellation of the telecommunication business license on 10 August 2013 (not yet commenced other operation)	Thailand	100	100
United Communication Industry Public Company Limited	Ceased its operations since August 2013	Thailand	99.81	99.81
PaySbuy Company Limited	Incorporate to provide an online payment service, cash card services, e-payment service and paying agent service	Thailand	100	100
Crie Company Limited	Develop and provide value added services on mobile phone	Thailand	51	51

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			30 June <u>2014</u> Percent	31 December <u>2013</u> Percent
<u>Subsidiary held through TAC Property Company Limited</u>				
Eastern Beach Company Limited	Asset management	Thailand	100	100
<u>Subsidiary held through dtac TriNet Company Limited</u>				
dtac Accelerate Company Limited	Support the development of internet application	Thailand	100	-

2. Agreements to operate cellular telephone services or Concession Agreement

The Company has commitments and obligations under agreement listed below relating to the operation of cellular telephone services with counterparty as described in the financial statements for the year ended 31 December 2013.

- 2.1 Agreement with the Communications Authority of Thailand (CAT) to operate cellular telephone service, (currently, CAT has been privatised under the State Corporation Act B.E. 2542 (1999) to become CAT Telecom Public Company Limited) for duration of 27 years until 15 September 2018.

3. Interconnection charge

In December 2013, the NBTC issued the Notification RE: Uses and Interconnections of Telecommunication Networks B.E. 2556 (2013) (the "Interconnection Notification 2556") to replace the NTC's Notification RE: Uses and Interconnections of Telecommunication Networks B.E. 2549 (the "Interconnection Notification 2549") in order to be consistent with the current situation and the Act on the Organisation for Allocation of Frequency and Regulation of Radio and Television Broadcasting Business and Telecommunications Business, B.E. 2553 (2010). The Interconnection Notification 2556 determines that operators who have telecommunication networks are required to grant other operators effective access to their networks. The Company has to submit the Reference of Interconnect Offering (RIO) to the NBTC within ninety days after the effective date of the Notification. However, the RIO approved under the Interconnection Notification 2549 shall be deemed as the RIO under the "Interconnection Notification 2556" for the time being.

The Company received an approval from NTC for RIO on 29 August 2006. The Company has entered into interconnection charge agreements with other operators and the effective periods of the agreements are listed below.

	<u>Operators</u>	<u>Effective period</u>
a)	True Move Co., Ltd.	17 November 2006 onwards
b)	Advance Info Service Plc.	1 February 2006 onwards
c)	Triple T Broadband Co., Ltd.	22 December 2006 onwards
d)	dtac TriNet Co., Ltd.	16 July 2007 onwards
e)	Digital Phone Co., Ltd.	1 September 2007 onwards
f)	CAT Telecom Plc.	6 July 2010 onwards
g)	True Universal Convergence Co., Ltd.	1 September 2011 onwards
h)	Real Future Co., Ltd.	1 July 2013 onwards
i)	Advanced Wireless Network Co. Ltd.	1 July 2013 onwards
j)	True International Communication Co., Ltd.	1 January 2014 onwards

Pursuant to the Concession Agreement, the Company shall pay revenue sharing to CAT every year based on a percentage of revenues from services provided under the Concession Agreement but not less than a minimum annual revenue sharing payment as specified in it. However, the entry into the interconnection charge agreements has caused an uncertainty on the revenue share calculation payable to CAT under the Concession Agreement. Therefore, from the 17th concession year onward, the Company has decided to calculate revenue sharing payable to CAT on the basis of service revenue, excluding interconnection charges, until a conclusion can be reached with CAT. Nevertheless, CAT has challenged the Company's revenue share calculation in this matter by submitting a statement of claim requesting the Company to pay additional revenue share on interconnection charge (please refer to Note 27.2 (d) for more details).

In addition, dtac TriNet has also entered into the interconnection charge agreements with other operators, which are listed below:

	<u>Operators</u>	<u>Effective period</u>
a)	Total Access Communication Plc.	1 July 2013 onwards
b)	True Move Co., Ltd.	1 July 2013 onwards
c)	Real Future Co., Ltd.	1 July 2013 onwards
d)	True Universal Convergence Co., Ltd.	1 July 2013 onwards
e)	Advance Info Service Plc.	1 July 2013 onwards
f)	Advanced Wireless Network Co. Ltd.	1 July 2013 onwards
g)	CAT Telecom Plc.	1 July 2013 onwards
h)	True International Communication Co., Ltd.	1 January 2014 onwards

4. Trade and other receivables

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
		(Audited)		(Audited)
<u>Trade receivables - related parties</u>				
Trade receivables - related parties	1,982,258	2,498,524	3,201,851	4,449,579
Less: Allowance for doubtful accounts	(3,264)	(3,230)	(3,264)	(3,230)
Total trade receivables - related parties, net	1,978,994	2,495,294	3,198,587	4,446,349
<u>Trade receivables - unrelated parties</u>				
Trade receivables - telephone services	4,026,300	4,007,448	1,887,155	2,967,929
Trade receivables - international telephone roaming services	392,297	577,138	364,910	577,138
Trade receivables - sales of E-Refill telephone sets and starter kits	1,541,591	2,390,869	427,237	1,233,624
Trade receivables - others	1,131,256	1,215,602	638,634	668,133
Total	7,091,444	8,191,057	3,317,936	5,446,824
Less: Allowance for doubtful accounts	(942,978)	(860,548)	(681,485)	(770,644)
Total trade receivables - unrelated parties, net	6,148,466	7,330,509	2,636,451	4,676,180
Total trade receivables - net	8,127,460	9,825,803	5,835,038	9,122,529
<u>Other receivables</u>				
Other receivables - related parties	63,595	46,128	8,062,615	1,386,492
Account receivable - CAT	10,871	13,986	10,871	13,986
Others	244,681	472,920	182,834	397,325
Total	319,147	533,034	8,256,320	1,797,803
Less: Allowance for doubtful debts	(7,918)	(7,918)	(5,944)	(5,944)
Total other receivables, net	311,229	525,116	8,250,376	1,791,859
Total trade and other receivables - net	8,438,689	10,350,919	14,085,414	10,914,388

The aging of the outstanding balances of trade receivables - related parties as at 30 June 2014 and 31 December 2013, based on due date, is as follows:

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
		(Audited)		(Audited)
Aged on the basis of due dates				
Not yet due	1,657,095	2,068,346	3,184,881	3,732,058
Past due				
Up to 1 month	275,159	375,865	3,419	507,518
1 - 3 months	61	864	9,833	43,953

(Unaudited but reviewed)

	Consolidated financial statements		Separate financial statements	
	30 June <u>2014</u>	31 December <u>2013</u> (Audited)	30 June <u>2014</u>	31 December <u>2013</u> (Audited)
3 - 6 months	21,293	-	258	91,275
Over 6 months	28,650	53,449	3,460	74,775
Total	1,982,258	2,498,524	3,201,851	4,449,579
Less: Allowance for doubtful accounts	(3,264)	(3,230)	(3,264)	(3,230)
Total trade receivables - related parties, net	<u>1,978,994</u>	<u>2,495,294</u>	<u>3,198,587</u>	<u>4,446,349</u>

The aging of the outstanding balances of trade receivables - telephone services as at 30 June 2014 and 31 December 2013, based on due date, is as follows:

	Consolidated financial statements		Separate financial statements	
	30 June <u>2014</u>	31 December <u>2013</u> (Audited)	30 June <u>2014</u>	31 December <u>2013</u> (Audited)
Aged on the basis of due dates				
Not yet due	2,392,225	2,487,294	912,970	1,659,047
Past due				
Up to 1 month	676,404	643,042	279,708	468,336
1 - 3 months	279,438	297,114	153,626	260,556
3 - 6 months	228,805	193,593	131,562	192,600
Over 6 months	449,428	386,405	409,289	387,390
Total	4,026,300	4,007,448	1,887,155	2,967,929
Less: Allowance for doubtful accounts	(792,064)	(705,397)	(591,859)	(676,781)
Trade receivables - telephone services, net	<u>3,234,236</u>	<u>3,302,051</u>	<u>1,295,296</u>	<u>2,291,148</u>

The Company and its subsidiaries have set up allowance for doubtful accounts based on collection experience. The Company and its subsidiaries establishes the allowance for doubtful accounts at the period-end at a certain percentage of all trade receivables - telephone services in each aging period on a progressive basis.

The aging of the outstanding balances of trade receivables - international roaming telephone services as at 30 June 2014 and 31 December 2013, based on due date, is as follows:

(Unaudited but reviewed)

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	30 June <u>2014</u>	31 December <u>2013</u> (Audited)	30 June <u>2014</u>	31 December <u>2013</u> (Audited)
Aged on the basis of due dates				
Not yet due	191,024	412,928	163,637	412,928
Past due				
Up to 1 month	98,530	34,734	98,530	34,734
1 - 3 months	27,139	42,494	27,139	42,494
3 - 6 months	19,254	33,707	19,254	33,707
Over 6 months	56,350	53,275	56,350	53,275
Total	392,297	577,138	364,910	577,138
Less: Allowance for doubtful accounts	(54,775)	(59,098)	(54,775)	(59,098)
Trade receivables - international telephone roaming service, net	<u>337,522</u>	<u>518,040</u>	<u>310,135</u>	<u>518,040</u>

The aging of the outstanding balances of trade receivables - sales of E-Refill, telephone sets and starter kits as at 30 June 2014 and 31 December 2013, based on due date, is as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	30 June <u>2014</u>	31 December <u>2013</u> (Audited)	30 June <u>2014</u>	31 December <u>2013</u> (Audited)
Aged on the basis of due dates				
Not yet due	1,315,620	2,171,229	329,870	1,078,519
Past due				
Up to 1 month	43,011	163,024	25,678	116,116
1 - 3 months	134,055	4,476	37,373	3,976
3 - 6 months	13,073	11,405	13,049	8,790
Over 6 months	35,832	40,735	21,267	26,223
Total	1,541,591	2,390,869	427,237	1,233,624
Less: Allowance for doubtful accounts	(27,710)	(27,688)	(13,197)	(13,175)
Trade receivables - sales of E-Refill, telephone sets and starter kits, net	<u>1,513,881</u>	<u>2,363,181</u>	<u>414,040</u>	<u>1,220,449</u>

(Unaudited but reviewed)

The aging of the outstanding balances of trade receivables - others as at 30 June 2014 and 31 December 2013, based on due date, is as follows:

	Consolidated financial		Separate financial	
	statements		statements	
	30	31	30	31
	June	December	June	December
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
		(Audited)		(Audited)
Aged on the basis of due dates				
Not yet due	602,211	719,910	156,440	239,804
Past due				
Up to 1 month	32,065	53,384	32,065	50,812
1 - 3 months	25,213	45,841	25,210	27,824
3 - 6 months	37,341	42,206	37,279	42,207
Over 6 months	434,426	354,261	387,640	307,486
Total	1,131,256	1,215,602	638,634	668,133
Less: Allowance for doubtful accounts	(68,429)	(68,365)	(21,654)	(21,590)
Trade receivables - others, net	<u>1,062,827</u>	<u>1,147,237</u>	<u>616,980</u>	<u>646,543</u>

5. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with related parties. Those transactions, which are summarised below, arose in the ordinary course of businesses and were concluded on commercial terms and agreed upon between the Company and those related parties.

Transactions with subsidiaries, associated company and related companies

(Unit: Million Baht)

	For the three-month periods ended 30 June				
	Consolidated		Separate		
	financial		financial		
	statements		statements		Transfer pricing policy
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
<u>Transactions with subsidiaries</u> (eliminated from the consolidated financial statements)					
Sales of equipment	-	-	330	3	at cost
Service income	-	-	9,575	192	as per agreement
Rental and service expenses	-	-	1,608	552	as per agreement
Interest income	-	-	154	74	as per agreement
<u>Transactions with associated company: United Distribution Business Co., Ltd.*</u>					
Sales of goods	3,441	3,464	4	1,223	selling price less a certain margin/ as per agreement
Dividend income	25	19	25	19	as declared
Rental and service expense	167	127	2	15	as per agreement

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month periods ended 30 June				
	Consolidated		Separate		
	financial		financial		
	statements		statements		Transfer pricing policy
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
<u>Transactions with other related companies</u>					
International roaming service income	35	19	35	19	as per agreement
Service income	16	79	7	9	market price
Sale on right of online refill service	96	107	-	68	as per agreement
Service expenses	151	157	106	123	as per agreement
Service fees for installation of cell					
site equipment	43	13	44	(13)	as per agreement
Management fee	93	98	93	98	as per agreement

(Unit: Million Baht)

	For the six-month periods ended 30 June				
	Consolidated		Separate		
	financial		financial		
	statements		statements		Transfer pricing policy
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
<u>Transactions with subsidiaries</u> (eliminated from the consolidated financial statements)					
Sales of equipment	-	-	353	3	at cost
Service income	-	-	15,504	355	as per agreement
Rental and service expenses	-	-	3,412	1,050	as per agreement
Interest income	-	-	276	141	as per agreement
Dividend income	-	-	1,809	-	as declared
<u>Transactions with associated company: United Distribution Business Co., Ltd.*</u>					
Sales of goods	6,577	6,504	30	4,197	selling price less a certain margin/ as per agreement
Dividend income	25	19	25	19	as declared
Rental and service expense	322	133	4	17	as per agreement
<u>Transactions with other related companies</u>					
International roaming service income	52	50	52	50	as per agreement
Service income	55	123	18	14	market price
Sale on right of online refill service	179	190	-	151	as per agreement
Service expenses	302	331	214	249	as per agreement
Service fees for installation of cell					
site equipment	75	497	75	461	as per agreement
Management fee	199	203	199	203	as per agreement

* The Company paid marketing support expense for the three-month and six-month periods ended 30 June 2014 at Baht - million and Baht 2 million, respectively to dealers through United Distribution Business Co., Ltd. (2013: Baht 2 million and Baht 5 million, respectively).

During the second quarter of 2014, the Company and its subsidiaries entered into a Brand Licensing Agreement and Distribution Network Agreement in relation to the right to use a trademark and the granting of access to and use of a distribution network of the Company which the subsidiaries has to pay the fees in compliance with terms and conditions as stipulated in the agreements. The agreements were effective from 23 July 2013. Those fees are included in the disclosure of transactions with subsidiaries above.

As at 30 June 2014 and 31 December 2013, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30	31	30	31
	June	December	June	December
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
		(Audited)		(Audited)
<u>Trade and other receivables - related parties (Note 4)</u>				
<u>Trade receivables - related parties</u>				
Subsidiaries	-	-	3,190,451	4,422,360
Associated company (Note 5.1)	1,881,571	2,292,715	4,203	20,636
Related companies ⁽¹⁾	100,687	205,809	7,197	6,583
Total	1,982,258	2,498,524	3,201,851	4,449,579
Less: Allowance for doubtful accounts	(3,264)	(3,230)	(3,264)	(3,230)
Total trade receivables - related parties - net	1,978,994	2,495,294	3,198,587	4,446,349
<u>Other receivables - related parties</u>				
Subsidiaries	-	-	7,999,020	1,340,364
Related companies ^{(1), (2)}	63,595	46,128	63,595	46,128
Total	63,595	46,128	8,062,615	1,386,492
Less: Allowance for doubtful accounts	(5,944)	(5,944)	(5,944)	(5,944)
Total other receivables - related parties - net	57,651	40,184	8,056,671	1,380,548
Total trade and other receivables - related parties - net	2,036,645	2,535,478	11,255,258	5,826,897
<u>Amounts due from related parties</u>				
Subsidiary (Note 5.2)	-	-	432,538	430,457
Related companies ^{(1), (2)}	26,774	26,774	-	-
Total	26,774	26,774	432,538	430,457
Less: Allowance for doubtful accounts	(26,343)	(26,343)	-	-
Total amounts due from related parties - net	431	431	432,538	430,457

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30	31	30	31
	June	December	June	December
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
		(Audited)		(Audited)
<u>Loans to subsidiaries</u>				
Subsidiary (Note 5.3)	-	-	18,000,000	13,000,000
Total loans to subsidiary	-	-	18,000,000	13,000,000
<u>Trade and other payables - related parties (Note 13)</u>				
<u>Trade payables - related parties</u>				
Subsidiaries	-	-	996,761	1,115,076
Associated company	93,705	111,952	-	-
Related companies ^{(1), (2)}	385,735	470,886	336,331	388,134
Total trade payables - related parties	479,440	582,838	1,333,092	1,503,210
<u>Other payables - related parties</u>				
Subsidiaries	-	-	114,038	120,559
Associated company	1,361	4,009	1,361	4,009
Related companies ^{(1), (2)}	305,593	283,383	302,676	280,466
Total other payables - related parties	306,954	287,392	418,075	405,034
Total trade and other payables - related parties	786,394	870,230	1,751,167	1,908,244
<u>Deposit guarantee on domestic roaming agreement</u>				
Subsidiary	-	-	5,339,774	1,750,000
Relationship with the related companies				
⁽¹⁾ have same ultimate shareholder				
⁽²⁾ have same directors				

5.1 The aging of trade receivable - associated company as at 30 June 2014 and 31 December 2013 based on due date, is as follow:

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
		(Audited)		(Audited)
Age of receivables				
Not yet due	1,614,100	1,942,773	3,161	13,840
Past due less than 1 month	267,471	349,942	1,042	6,796
Trade account receivable - associated company	1,881,571	2,292,715	4,203	20,636

5.2 The amount due from a subsidiary, TAC Property Co., Ltd., comprises receivables arising from sales of equipment to support cellular telephone services. There is no fixed term for repayment and no interest is charged.

- 5.3 The loans of Baht 18,000 million (31 December 2013: Baht 13,000 million) to dtac TriNet (subsidiary) are to be used in making an application for a spectrum license and using for operation under such license which carries interest at rates of BIBOR plus certain margin. Payment of the loans is due at call. However, the Company has no plans to call the loans within one year, and therefore classified them as non-current assets in the financial statements.

As at 30 June 2014 and 31 December 2013, the balance of loans between the Company and its subsidiary and the movement of such loans to subsidiary is as follows:

(Unit: Thousand Baht)				
Loan to	Separate financial statements			
	Balance as at 31 December 2013	Increase during the period	Decrease during the period	Balance as at 30 June 2014
Subsidiary				
dtac TriNet Co., Ltd.	13,000,000	5,000,000	-	18,000,000
	<u>13,000,000</u>	<u>5,000,000</u>	<u>-</u>	<u>18,000,000</u>

5.4 Directors and management's benefits

For the three-month and six-month periods ended 30 June 2014, the Company had salaries, meeting allowance and gratuities of its directors and management recognised as expenses totaling Baht 27 million and Baht 50 million, respectively (Separate financial statements: Baht 27 million and Baht 50 million, respectively), (2013: Baht 22 million and Baht 46 million, respectively, Separate financial statements: Baht 22 million and Baht 46 million, respectively).

6. Other current assets

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June 2014	31 December 2013 (Audited)	30 June 2014	31 December 2013 (Audited)
Value added tax suspension	1,107,569	2,463,958	597,646	1,863,475
Prepaid expenses	343,138	441,230	179,853	275,743
Prepaid rental - land for cell sites	385,928	414,910	360,941	405,644
Withholding tax deducted at source	11,323	104,868	-	-
Total	<u>1,847,958</u>	<u>3,424,966</u>	<u>1,138,440</u>	<u>2,544,862</u>
Less: Provision for impairment of assets	<u>(11,220)</u>	<u>(11,220)</u>	<u>-</u>	<u>-</u>
Total other current assets - net	<u>1,836,738</u>	<u>3,413,746</u>	<u>1,138,440</u>	<u>2,544,862</u>

7. Investment in associated company

Details of associated company:

(Unit: Thousand Baht)								
Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding		Carrying amounts based on			
			percentage		Cost		equity method	
			30	31	30	31	30	31
			June	December	June	December	June	December
<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>			
Percent	Percent							
United Distribution Business Co., Ltd.	Sale of mobile phone, simcards, voucher cards and supplementary equipment	Thailand	25	25	<u>50,000</u>	<u>50,000</u>	<u>288,145</u>	<u>308,110</u>

(Unit: Thousand Baht)										
Company's name	Nature of business	Country of incorporation	Separate financial statements							
			Shareholding		Cost		Provision for impairment of		Carrying amounts	
			percentage				investments		based	
									on cost method - net	
			30	31	30	31	30	31	30	31
June	December	June	December	June	December	June	December	June	December	
<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
Percent	Percent									
United Distribution Business Co., Ltd.	Sale of mobile phone, simcards, voucher cards and supplementary equipment	Thailand	25	25	<u>50,000</u>	<u>50,000</u>	-	-	<u>50,000</u>	<u>50,000</u>

(Unit: Thousand Baht)				
Company's name	Consolidated financial statements		Separate financial statements	
	Share of income from investment in associated company during the three-month periods ended		Dividend received during the three-month periods ended 30 June	
	30 June		30 June	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
United Distribution Business Co., Ltd.	2,350	11,236	25,000	18,750

(Unit: Thousand Baht)				
Company's name	Consolidated financial statements		Separate financial statements	
	Share of income from investment in associated company during the six-month periods ended		Dividend received during the six-month periods ended	
	30 June		30 June	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
United Distribution Business Co., Ltd.	5,035	17,000	25,000	18,750

8. Investments in subsidiaries

Separate financial statements										
Paid-up share capital		Percentage of shareholding		Investments at cost		Impairment loss on investments		Net		
30	31	30	31	30	31	30	31	30	31	
June	December	June	December	June	December	June	December	June	December	
2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	
Million Baht	Million Baht	Percent	Percent	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	
Subsidiaries directly held by the Company										
WorldPhone Shop Co., Ltd.	450	450	100	100	450,000	450,000	(450,000)	(450,000)	-	-
TAC Property Co., Ltd.	1	1	100	100	1,000	1,000	-	-	1,000	1,000
dtac TriNet Co., Ltd.	1,160	1,160	100	100	1,270,000	1,270,000	-	-	1,270,000	1,270,000
DTAC Broadband Co., Ltd.	175	175	100	100	175,000	175,000	-	-	175,000	175,000
DTAC Internet Service Co., Ltd.	26	26	100	100	25,750	25,750	-	-	25,750	25,750
United Communication Industry Plc. (UCOM)	272	272	99.81	99.81	271,161	271,161	-	-	271,161	271,161
Paysbuy Co.,Ltd.	200	200	100	100	236,756	236,756	-	-	236,756	236,756
Crie Co., Ltd.	0.2	0.2	51	51	39,230	39,230	-	-	39,230	39,230
Subsidiary held through TAC Property Co., Ltd.										
Eastern Beach Co., Ltd.	80	80	100	100	-	-	-	-	-	-
Subsidiary held through dtac TriNet Co., Ltd.										
dtac Accelerate Co., Ltd.	3.75	-	100	-	-	-	-	-	-	-
Total investments in subsidiaries, net					2,468,897	2,468,897	(450,000)	(450,000)	2,018,897	2,018,897

- a) During the first quarter of 2014, dtac TriNet and DTAC Broadband Co., Ltd. which are the subsidiaries of the Company, announced their dividends to the Company amounting to Baht 1,392 million and Baht 417 million, respectively.
- b) During the second quarter of 2014, dtac TriNet, the Company's subsidiary, invested in 149,997 shares of dtac Accelerate Co., Ltd. ("dtac Accelerate"), representing 100 percent of the issued shares, at a price equal to the par value of Baht 100 per share, of which 25 percent, or a total of Baht 3.75 million, was called up. On 12 May 2014, dtac Accelerate registered as a legal entity in accordance with the Civil and Commercial Code in order to operate a business providing internet application development support to dtac TriNet.
- c) Currently, UCOM is defendant in a number of lawsuits brought in respect of UCOM's former operations. As stipulated under the Master Sale and Purchase Agreement dated 26 February 2006, UCOM has the right to claim any amount to which UCOM becomes liable in respect of the former operations. All contingent liabilities in respect of the above cases are thus transferred to the purchaser company. The purchaser company's responsibility for such liabilities is subjected to those to be actually incurred and paid by UCOM, with no limit on their amount, within two years from the asset transfer date, or until UCOM's obligations and responsibilities end. UCOM therefore did not make any provision for loss from these lawsuits in its financial statements.

9. Other investments

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	30 June <u>2014</u>	31 December <u>2013</u> (Audited)	30 June <u>2014</u>	31 December <u>2013</u> (Audited)
Digital Phone Co., Ltd.	49,400	49,400	49,400	49,400
Other companies	32,333	32,333	32,133	32,133
Total	81,733	81,733	81,533	81,533
Less: Allowance for impairment loss	(64,913)	(64,913)	(64,913)	(64,913)
Total other investments - net	<u>16,820</u>	<u>16,820</u>	<u>16,620</u>	<u>16,620</u>

10. Property, plant and equipment

The movements of property, plant and equipment for the six-month period ended 30 June 2014 are presented below:

	(Unit: Thousand Baht) Consolidated financial statements		Separate financial statements
Cost			
31 December 2013	25,590,090		12,604,564
Purchase	5,813,854		163,363
Disposal	(150,731)		(342,738)
Transferred in	283,600		283,600
30 June 2014	<u>31,536,813</u>		<u>12,708,789</u>
Accumulated depreciation			
31 December 2013	(10,372,191)		(8,703,996)
Depreciation	(1,527,563)		(541,302)
Depreciation of disposals	121,365		54,800
30 June 2014	<u>(11,778,389)</u>		<u>(9,190,498)</u>
Allowance for impairment			
31 December 2013	(97,440)		(364,975)
30 June 2014	<u>(97,440)</u>		<u>(364,975)</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value		
31 December 2013	15,120,459	3,535,593
30 June 2014	19,660,984	3,153,316

11. Deferred right to use of equipment

The movements of deferred right to use of equipment for the six-month period ended 30 June 2014 are presented below:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Cost		
31 December 2013	144,228,518	144,227,938
Additions	327,784	327,784
Transferred out	(314,902)	(314,902)
30 June 2014	144,241,400	144,240,820
Accumulated amortisation		
31 December 2013	(93,879,430)	(93,879,203)
Amortisation	(5,339,477)	(3,417,089)
Transferred out	31,302	31,302
30 June 2014	(99,187,605)	(97,264,990)
Allowance for impairment		
31 December 2013	-	(18,348,000)
30 June 2014	-	(18,348,000)
Net book value		
31 December 2013	50,349,088	32,000,735
30 June 2014	45,053,795	28,627,830

(Unaudited but reviewed)

12. Other non-current assets

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	30 June	31 December	30 June	31 December
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
		(Audited)		(Audited)
Deferred underwriting fees / arrangement				
fees for loans and debentures - net	31,266	40,277	31,266	40,277
Deposits	235,244	224,191	216,000	213,007
Leasehold rights	28,501	29,173	26,854	28,426
Others	128,701	130,742	49,944	61,870
Total other non-current assets	<u>423,712</u>	<u>424,383</u>	<u>324,064</u>	<u>343,580</u>

13. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
		(Audited)		(Audited)
Trade payables for the purchase				
of equipment for providing telephone				
services, telephone sets and starter kits	5,976,130	7,981,901	2,628,078	3,745,082
Trade payables - related parties				
(Note 5)	479,440	582,838	1,333,092	1,503,210
Trade payable - CAT	13,109,641	7,213,950	13,089,538	7,197,700
Trade payable - TOT	1,267,131	1,262,460	1,250,496	1,252,918
Trade payables - Interconnection charge	187,029	9,795	5,322	9,795
Trade payables - International				
telephone roaming services	1,949,251	2,067,697	1,946,253	2,067,697
Other trade payables	5,069,445	2,799,821	801,164	973,765
Other payables - related parties				
(Note 5)	306,954	287,392	418,075	405,034
Other payables	1,631,894	3,002,082	796,755	1,370,563
Accrued expenses	2,292,754	2,818,562	1,890,034	2,460,754
Interest payables	147,200	163,431	147,200	163,431
Total trade and other payables	<u>32,416,869</u>	<u>28,189,929</u>	<u>24,306,007</u>	<u>21,149,949</u>

14. Long-term loans

(Unit: Thousand Baht)		
Consolidated financial statements/Separate financial statements		
	30 June <u>2014</u>	31 December <u>2013</u> (Audited)
14.1 USD 40 million loan facility from Nordic Investment Bank	312,360	460,320
14.2 Baht 30,000 million loan facilities from a local financial institution	10,000,000	14,000,000
14.3 Baht 20,000 million loan facilities from a local financial institution	7,000,000	7,000,000
14.4 Baht 10,000 million loan facilities from foreign financial institutions	3,000,000	3,000,000
Total	20,312,360	24,460,320
Less: Current portion	(4,312,360)	(6,295,920)
Long-term loans - net of current portion	<u>16,000,000</u>	<u>18,164,400</u>

14.1 The Company entered into a cross currency and interest rate swap agreement to swap the full amount of the loan to a Baht 1,644 million loan with a fixed Baht interest rate as stipulated in the agreement for the period from 30 November 2005 to 30 November 2007, and a floating interest rate as stipulated in the agreement from 30 November 2007 onwards. The possible future financial impact of this agreement is reflected in the estimates of the fair value of derivative instruments provided in Note 23.5 to the consolidated interim financial statements.

The above credit facilities agreements contain covenants relating to various matters, such as the maintenance of financial ratios, restrictions on creating or permitting the subsistence of security interest on property and assets, a prohibition on making loans or granting guarantees, except under certain conditions.

As at 30 June 2014 and 31 December 2013, the long-term credit facilities of the Company which have not yet been drawn down amounted to Baht 20,000 million.

15. Debentures

		(Unit: Million Baht)	
		Consolidated financial statements / Separate financial statements	
		<u>30 June 2014</u>	<u>31 December 2013</u>
			(Audited)
Thai Baht debentures		7,000	7,000
Less: Current portion		<u>(2,000)</u>	<u>(2,000)</u>
Thai Baht debentures - net of current portion		<u>5,000</u>	<u>5,000</u>

The movements of debentures for the six-month period ended 30 June 2014 are as follows:

		(Unit: Million Baht)			
		Balance as at 31 December 2013	Addition: debentures issued	Less: debentures repayment	Balance as at 30 June 2014
	Tenor				
15.1 Debentures of Baht 2,000 million (issued on 27 August 2009)	5 years	2,000	-	-	2,000
15.2 Debentures of Baht 5,000 million (issued on 25 July 2013)	3 years	5,000	-	-	5,000
		<u>7,000</u>	<u>-</u>	<u>-</u>	<u>7,000</u>

Such debentures contain covenants relating to various matters such as the maintenance of financial ratio, restrictions on creating or permitting the creation of security interest on property and assets, and a prohibition on making loans or granting guarantees except under certain conditions.

16. Finance cost

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Interest expense	337,487	314,324	265,131	245,614
Amortisation on deferred financial costs	4,637	11,332	4,637	11,332
Other finance costs	13,541	15,885	13,541	15,885
Total finance costs	<u>355,665</u>	<u>341,541</u>	<u>283,309</u>	<u>272,831</u>

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Interest expense	672,264	651,522	540,837	514,138
Amortisation on deferred financial costs	9,010	21,986	9,010	21,986
Other finance costs	27,151	29,933	27,151	29,933
Total finance costs	<u>708,425</u>	<u>703,441</u>	<u>576,998</u>	<u>566,057</u>

17. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Corporate income tax expenses for the three-month and six-month periods ended 30 June 2014 and 2013 comprised:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current income tax:				
Current income tax charge	774,394	640,247	770,858	610,358
Deferred tax:				
Relating to origination and reversal of temporary differences	(42,157)	205,756	204,313	230,617
Income tax expense reported in the income statement	<u>732,237</u>	<u>846,003</u>	<u>975,171</u>	<u>840,975</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the six-month periods ended 30 June

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current income tax:				
Current income tax charge	1,442,989	1,406,509	1,018,910	1,339,579
Deferred tax:				
Relating to origination and reversal of temporary differences	122,912	220,594	404,249	204,260
Income tax expense reported in the income statement	<u>1,565,901</u>	<u>1,627,103</u>	<u>1,423,159</u>	<u>1,543,839</u>

As of 30 June 2014 and 31 December 2013, the components of deferred tax assets and deferred tax liabilities are as follows:

	Consolidated financial statements		Separate financial statements	
	30 June <u>2014</u>	31 December <u>2013</u> (Audited)	30 June <u>2014</u>	31 December <u>2013</u> (Audited)
Allowance for doubtful accounts:				
trade receivable	176,425	154,209	136,384	154,209
Allowance for diminution in value of investment/loss in the subsidiary	90,000	90,000	90,000	90,000
Allowance for diminution in value of inventories	17,014	25,143	17,014	25,143
Accrued expenses	255,838	219,727	309,966	294,721
Amortisation of intangible assets	34,984	54,823	14,944	31,456
Unrealised loss on derivative instruments for long-term loans	6,503	11,937	6,503	11,937
Sales of prepaid voucher cards	181,304	197,747	118,539	154,960
Allowance for impairment of assets	-	-	400,914	791,235
License on mobile money business (premium from subsidiary acquisition)	(13,768)	(13,768)	-	-
Others	42,544	173,938	67,246	12,098
Total	<u>790,844</u>	<u>913,756</u>	<u>1,161,510</u>	<u>1,565,759</u>

18. Earnings per share

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

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Profit attributable to equity holders of the Company (Thousand Baht)	2,951,478	2,937,152	3,972,318	3,037,443
Weighted average number of ordinary shares (Thousand shares)	2,367,811	2,367,811	2,367,811	2,367,811
Earnings per share (Baht/share)	1.25	1.24	1.68	1.28

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Profit attributable to equity holders of the Company (Thousand Baht)	6,256,084	5,965,094	7,535,084	5,803,839
Weighted average number of ordinary shares (Thousand shares)	2,367,811	2,367,811	2,367,811	2,367,811
Earnings per share (Baht/share)	2.64	2.52	3.18	2.45

19. Depreciation and amortisation expenses

Depreciation and amortisation expenses for the six-month periods ended 30 June 2014 and 2013 comprised:

	(Unit: Thousand Baht)			
	For the six-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Depreciation expense				
Building and equipment	1,527,563	655,024	541,302	576,527
Amortisation expense				
Deferred right to use of equipment	5,339,477	5,336,927	3,417,089	5,336,907
Cost of spectrum license	445,430	-	-	-
Other intangible assets				
- group as selling and administrative expenses	459,625	395,598	306,088	393,573
- group as finance cost	9,010	21,986	9,010	21,986
Total depreciation and amortisation expenses	7,781,105	6,409,535	4,273,489	6,328,993

20. Operating income before interest, taxes, depreciation and amortisation (EBITDA)

(Unit: Thousand Baht)

Consolidated financial statements			
For the three-month periods ended 30 June			
	Note	2014	2013
Profit for the period		2,950,355	2,936,431
Add (less): Finance costs	16	355,665	341,541
: Income tax expenses	17	732,237	846,003
: Depreciation expense		809,666	329,942
: Amortisation expense		3,133,097	3,129,929
: Interest income		(48,519)	(53,839)
: Loss on foreign exchange		52,532	134,558
: Reversal of loss on written off equipment and other intangible asset		(514)	(197,311)
EBITDA		7,984,519	7,467,254

(Unit: Thousand Baht)

Consolidated financial statements			
For the six-month periods ended 30 June			
	Note	2014	2013
Profit for the period		6,254,025	5,963,739
Add (less): Finance costs	16	708,425	703,441
: Income tax expenses	17	1,565,901	1,627,103
: Depreciation expense	19	1,527,563	655,024
: Amortisation expense	19	6,244,532	5,732,525
: Interest income		(80,612)	(80,910)
: Loss on foreign exchange		16,629	37,881
: Loss on written off equipment and other intangible asset		3,589	306,359
EBITDA		16,240,052	14,945,162

21. Dividends

Dividends	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
Dividend announced from operating result for the period as from 1 October 2012 to 31 December 2012 and from the retained earnings	Annual General Meeting of the shareholders on 29 March 2013	3,903	1.66
Interim dividend announced from operating result for the period as from 1 January 2013 to 31 March 2013	Meeting of the Board of directors on 24 April 2013	2,640	1.12
		<u>6,543</u>	
Interim dividend announced from operating result for the period as from 1 January 2014 to 31 March 2014	Meeting of the Board of directors on 30 April 2014	3,352	1.42
		<u>3,352</u>	

22. Reduction of legal reserve and premium on ordinary shares to offset the deficits

On 11 February 2014, the Board of Directors' Meeting passed a resolution to propose to the Annual General Shareholders' Meeting of 2014 to consider and approve the reduction of legal reserve amounting to Baht 560 million and premium on ordinary shares amounting to Baht 15,427 million so as to reduce the deficits in the Company's separate financial statements which subsequently, on 26 March 2014, the Annual General Shareholders' Meeting of 2014 passed a resolution for the aforementioned reduction of legal reserve and premium on ordinary shares. The Company completely recorded the reduction of legal reserve and premium on ordinary shares amounting to Baht 15,987 million to reduce the deficits in the Company's separate financial statements.

23. Financial instruments

23.1 Financial risk management

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

23.2 Interest rate risk

The Company's and its subsidiaries' exposure to interest rate risk relate primarily to their deposits at financial institution, debentures and long-term loans.

The significant financial assets and liabilities (part of these are under derivative instruments as described in Note 14 to the consolidated interim financial statements) are classified by type of interest rate as follows.

(Unit: Million Baht)

Consolidated financial statements as at 30 June 2014					
Items	Note	Floating interest rate	Fixed interest rate	Zero interest rate	Total
<u>Financial assets</u>					
Cash and cash equivalents		7,685	2,165	656	10,506
Trade and other receivables	4	-	-	8,439	8,439
<u>Financial liabilities</u>					
Trade and other payables	13	-	-	32,417	32,417
Long-term loans	14	20,312	-	-	20,312
Debentures	15	-	7,000	-	7,000

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2013					
Items	Note	Floating interest rate	Fixed interest rate	Zero interest rate	Total
<u>Financial assets</u>					
Cash and cash equivalents		3,929	447	1,096	5,472
Trade and other receivables	4	-	-	10,351	10,351
<u>Financial liabilities</u>					
Trade and other payables	13	-	-	28,190	28,190
Long-term loans	14	24,460	-	-	24,460
Debentures	15	-	7,000	-	7,000

(Unaudited but reviewed)

Financial assets and liabilities that carried fixed interest rates can be classified based on the maturity date or the repricing date (if this occurs before the maturity date) from the statements of financial position date as follows.

(Unit: Million Baht)

Consolidated financial statements as at 30 June 2014					
Items	Note	Within	Over	Total	Interest rate
		12 months	12 months		
<u>Financial assets</u>					
Cash and cash equivalents		2,165	-	2,165	1.73% - 2.10%
<u>Financial liabilities</u>					
Debentures	15	2,000	5,000	7,000	3.72% , 4.40%

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2013					
Items	Note	Within	Over	Total	Interest rate
		12 months	12 months		
<u>Financial assets</u>					
Cash and cash equivalents		447	-	447	1.92% - 3.10%
<u>Financial liabilities</u>					
Debentures	15	2,000	5,000	7,000	3.72% , 4.40%

23.3 Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arised mainly from trade receivables/trade payables - international roaming telephone services, purchasing of equipment transactions, and borrowings that are denominated in foreign currencies. The Company primarily utilise forward exchange contracts and cross currency swap agreements to manage the exchange rate risk arising from these instruments (Note 14 to the consolidated interim financial statements).

The Company and its subsidiaries had the following assets and liabilities denominated in foreign currencies:

	Consolidated financial statements			Exchange rate	
	30	31		30	31
	June	December		June	December
	2014	2013	Foreign currency	2014	2013
	(Million)	(Million)		(Baht per foreign currency)	
<u>Assets</u>					
Deposits at financial institutions	11.61	2.84	USD	32.2196	32.5795
Trade receivables - other companies	7.82	11.38	SDRs	50.1610	50.7184
	10.24	9.70	USD	32.2196	32.5795
Trade receivables - related companies	0.09	0.07	SDRs	50.1610	50.7184
	1.66	4.91	USD	32.2196	32.5795

(Unaudited but reviewed)

	Consolidated financial statements			Exchange rate	
	30 June 2014 (Million)	31 December 2013 (Million)	Foreign currency	30 June 2014 (Baht per foreign currency)	31 December 2013
<u>Liabilities</u>					
Trade payables	155.41	165.80	USD	32.5986	32.9494
	0.16	0.15	EUR	44.5838	45.3223
	38.86	40.77	SDRs	50.1610	50.7184
Related parties payables	44.43	39.74	NOK	5.3400	5.3977
	3.27	2.23	SDRs	50.1610	50.7184
	4.94	5.75	USD	32.5986	32.9494
Accrued expenses	2.14	2.14	NOK	5.3400	5.3977
Total net assets (liabilities)	(136.84)	(154.10)	USD		
	(0.16)	(0.15)	EUR		
	(34.22)	(31.55)	SDRs		
	(46.57)	(41.88)	NOK		

23.4 Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade receivables. The Company and its subsidiaries' management manages the risk by adopting credit control policies and procedures. In addition, the Company and its subsidiaries do not have high concentration of credit risk since it has a large and diversified customer base. Therefore, the Company and its subsidiaries do not expect to incur material financial loss. The maximum exposure to credit risk is limited to the carrying amount of receivables less allowance for doubtful debts as stated in the statements of financial position.

23.5 Fair value

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, such as discounted cash flow, etc.

Given that all financial assets are short-term, parts of financial liabilities are short-term and loans denominated in Thai Baht bearing the market interest rates, the Company's management believes that the fair value of financial assets and short-term financial liabilities does not materially differ from their carrying value.

The carrying value (original value excluded the carrying value of related forward exchange and cross currency swap agreements) and fair value of long-term financial liabilities and the fair value of derivative instruments as at 30 June 2014 and 31 December 2013 are presented below.

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements			
	30 June 2014		31 December 2013	
	Carrying		Carrying	
	value	Fair value	value	Fair value
Unhedged				
Loan from Nordic Investment Bank	248	250	369	374
Thai Baht debentures	7,000	7,074	7,000	7,033
Derivative instruments				
Unfavourable derivative instruments	-	(1)	-	(4)

The fair value of financial instruments is estimated on the following criteria.

- The fair value of long-term loans has been determined based on discounted cash flow analysis, by using discount rates equal to the prevailing rates of return as of the end of reporting period for financial instruments having substantially the same terms and characteristics.
- The fair value of debentures are presented based on the latest yield rated quoted by the Thai Bond Market Association as of the date on which the investments are valued or the discounted cash flow method. The discount rate is based on the prevailing rates of return as of the end of reporting period for financial instruments having substantially the same terms and characteristics.
- The fair value of derivative instruments have been calculated by using quoted market rates to terminate the contracts at the end of reporting period.

24. Segment information

The Company and its subsidiaries are organised into business units on mobile telephone service and related services, and sales of handsets and starter kits. During the current period, the Company and its subsidiaries have not changed the organisation of their reportable segments.

Below is the revenue, gross profit and total assets of the Company and its subsidiaries' segments for the three-month and six-month periods ended 30 June 2014 and 2013 by segments.

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the three-month period ended 30 June 2014

	Mobile telephone service	Sales of handsets and starter kits	Consolidated
Revenues			
External customers	19,035,767	2,765,156	21,800,923
Total revenue	19,035,767	2,765,156	21,800,923
Operating result			
Gross profit (loss) of segment	7,833,984	(135,096)	7,698,888
Other incomes			105,652
Selling and service expenses			(1,508,330)
Administrative expenses			(2,257,953)
Finance cost			(355,665)
Profit before income tax expenses			3,682,592
Income tax expenses			(732,237)
Profit for the period			2,950,355

Segment total assets

Additions to non-current assets
other than financial instruments,
deferred tax assets, and other
non-current assets

4,585,062 - 4,585,062

(Unit: Thousand Baht)

For the six-month period ended 30 June 2014

	Mobile telephone service	Sales of handsets and starter kits	Consolidated
Revenues			
External customers	38,102,206	6,053,318	44,155,524
Total revenue	38,102,206	6,053,318	44,155,524
Operating result			
Gross profit (loss) of segment	15,529,684	(161,250)	15,368,434
Other incomes			351,825
Selling and service expenses			(2,780,423)
Administrative expenses			(4,411,485)
Finance cost			(708,425)
Profit before income tax expenses			7,819,926
Income tax expenses			(1,565,901)
Profit for the period			6,254,025

Segment total assets

Additions to non-current assets
other than financial instruments,
deferred tax assets, and other
non-current assets

7,578,897 - 7,578,897

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the three-month period ended 30 June 2013

	Mobile telephone service	Sales of handsets and starter kits	Consolidated
Revenues			
External customers	21,226,943	3,282,468	24,509,411
Total revenue	21,226,943	3,282,468	24,509,411
Operating result			
Gross profit of segment	7,034,544	67,184	7,101,728
Other incomes			11,849
Selling and service expenses			(1,005,549)
Administrative expenses			(1,984,053)
Finance cost			(341,541)
Profit before income tax expenses			3,782,434
Income tax expenses			(846,003)
Profit for the period			2,936,431

Segment total assets

Additions to non-current assets
other than financial instruments,
deferred tax assets, and other
non-current assets

3,499,505 - 3,499,505

(Unit: Thousand Baht)

For the six-month period ended 30 June 2013

	Mobile telephone service	Sales of handsets and starter kits	Consolidated
Revenues			
External customers	42,203,564	6,185,027	48,388,591
Total revenue	42,203,564	6,185,027	48,388,591
Operating result			
Gross profit of segment	14,657,743	164,260	14,822,003
Other incomes			205,977
Selling and service expenses			(1,781,628)
Administrative expenses			(4,952,069)
Finance cost			(703,441)
Profit before income tax expenses			7,590,842
Income tax expenses			(1,627,103)
Profit for the period			5,963,739

Segment total assets

Additions to non-current assets
other than financial instruments,
deferred tax assets, and other
non-current assets

6,622,337 - 6,622,337

(Unaudited but reviewed)

The following table presents segment assets of the Company and its subsidiaries' operating segments as at 30 June 2014 and 31 December 2013:

(Unit: Thousand Baht)

Segment assets	Mobile telephone service	Sales of handsets and starter kits	Total segments	Unallocated assets	Consolidated
At 30 June 2014	86,731,942	2,365,688	89,097,630	17,774,666	106,872,296
At 31 December 2013	87,776,894	2,967,843	90,744,737	14,309,093	105,053,830

25. Commitments

25.1 Operating lease commitments

The Company and its subsidiaries entered into several lease agreements for office buildings, and land and building for installation of cell sites. The terms of the agreements are generally between 1 year to 3 years and 12 years.

Future minimum lease payments under these operating lease contracts were as follows.

(Unit: Million Baht)

	<u>30 June 2014</u>	<u>31 December 2013</u>
Payable within:		
In up to 1 year	904	904
In over 1 and up to 5 years	2,463	2,468
In over 5 years	740	1,031

For the six-month periods ended 30 June 2014 and 2013, the Company and its subsidiaries recognised rental expenses in the statement of income of Baht 931 million and Baht 848 million, respectively.

25.2 Capital commitments

As at 30 June 2014, the Company and its subsidiary had capital commitments of Baht 1,503 million and USD 42 million (31 December 2013: Baht 604 million and USD 50 million) mainly in respect of the purchase of tools and equipment for providing cellular telephone services, and Baht 102 million and USD 6 million (31 December 2013: Baht 53 million and USD 5 million) relating to the construction of cell sites and acquisition of software for the Company and subsidiary's operations.

25.3 Restricted bank deposits

25.3.1 Maintenance of minimum levels of bank deposits for deposits from customers

In accordance with the announcement of the Bank of Thailand regarding “Stipulation of Guidelines, Procedures and Conditions for Operating Electronic Card Business”, PaySbuy Co., Ltd. (subsidiary) is required at all times to maintain bank deposits in an amount not less than the amount of deposits received from customers. As at 30 June 2014, cash and cash equivalents of PaySbuy Co., Ltd. include minimum requirement bank deposits amounting to Baht 1,675 million (31 December 2013: Baht 1,899 million).

25.3.2 Restricted bank deposits

As at 30 June 2014, deposits at banks of a subsidiary amounting to Baht 0.4 million (31 December 2013: Baht 0.4 million) are pledged with the bank to secure facilities granted by the bank.

25.4 Bank guarantees

As at 30 June 2014, there were outstanding bank guarantees of Baht 11,101 million (31 December 2013: Baht 11,122 million) issued by banks on behalf of the Company and subsidiaries in respect of certain performance bonds required in the normal course of business of the Company and its subsidiaries. Bank guarantees are primarily issued to CAT to guarantee the revenue sharing to be paid under the Concession Agreement and to NBTC to guarantee the second and third installments of the winning bid price for a spectrum license.

25.5 Agreement to install cell site equipment and maintain transmission networks

As at 30 June 2014, the Company had a commitment to BB Technology Co., Ltd., a related company, relating to the installation of cell site equipment and maintenance of transmission networks. This related company will provide transmission engineering network design and configuration, installation and maintenance services for transmission networks. The Company is committed to pay service fees at the rate specified in the agreement.

25.6 Agreement for supply of equipment and services for Wi-Fi project

As at 30 June 2014, the Company and a subsidiary had commitments to United Information Highway Co., Ltd., a related company, relating to the supply of equipment and services for the subsidiary's Wi-Fi project. This related company will procure and provide relevant equipment, software systems, required infrastructure, and provide operation support, including technical support services, for the project. In return, the Company and its subsidiary are committed to pay compensation in compliance with the terms and conditions stipulated in the agreement.

As at 30 June 2014, a subsidiary had commitments to a company, relating to the supply of equipment and services for the subsidiary's Wi-Fi project. This company will procure and provide relevant equipment, software systems, required infrastructure, and provide operation support, including technical support services, for the project. In return, the subsidiary is committed to pay compensation in compliance with the amounts and conditions stipulated in the agreement.

25.7 Long-term agreement commitment

- a. The Company entered into a purchase and resale agreements with a company that granted the Company the right to distribute products, equipment and support services in Thailand related to that company's mobile phones and tablet computer. The Company is committed to the terms indicated in the agreements and to future minimum purchase orders and minimum merchandising and marketing spend stipulated under the agreements.
- b. The Company and its subsidiary entered into frame contracts with two companies who will supply network infrastructure and services for the telecommunication network of the Company and its subsidiary. Goods and service prices are set in accordance with the terms and conditions stipulated in the agreements.
- c. The Company entered into a local supply contract with a company who will supply mobile phones, tablet computer, and mobile phone accessories including inventories management service support to the Company. Goods and service prices are to be set in accordance with the terms and conditions stipulated in the agreement.

26. Court proceedings and commercial dispute between the Company and TOT Plc. (TOT) in relation to the access charge payment

- 1) TOT, CAT and the Company entered into the Postpaid Access Charge Agreement on 22 February 1994 and the Prepaid Access Charge Agreement on 2 April 2001. Under these Agreements, TOT agreed to interconnect its network with that of the Company in consideration of an access charge of Baht 200 per month for the postpaid service and 18 percent of the price specified on the prepaid card, including VAT, for the prepaid service.

On 17 May 2006, the NTC issued the Interconnection Notification requiring all licensees (who have their own telecommunication networks) (licensees) to allow interconnection by other licensees upon request, in order to ensure good cross-network connections, and the licensees who provide the interconnection is entitled to collect an interconnection charge that reflect its costs.

On 2 October 2006, the Company issued a letter to TOT requesting TOT to enter into negotiation with the Company regarding an interconnection agreement between the Company's network and TOT's network. On 17 November 2006, the Company sent a notice to TOT and CAT informing them that the Company would change the rates for calculating the access charge under the Access Charge Agreements entered into with TOT on the ground that the rate and the collection of access charge under the Access Charge Agreements were contrary to the law in a number of respects and the Company also informed TOT and CAT that it would pay the interconnection charge to TOT at the rate which was in compliance with the law.

On 23 November 2006, TOT issued a letter to the Company informing the Company that it was not entitled to interconnect its network with that of TOT because the Company was not a licensee, whose license was granted by NTC, and did not have its own telecommunication network. TOT also claimed that the Access Charge Agreements did not violate any laws and, as a result, demanded the payment of the access charge in accordance with the rate and the collection of access charge specified under the Access Charge Agreements. TOT also refused to accept payment of the interconnection charges by the Company.

On 1 February 2007, the Company issued a letter to TOT informing that the Company was pleased to pay the interconnection charge to TOT at the rate under TOT's Reference of Interconnect Offer (RIO) as approved by NTC.

- 2) On 18 June 2007, according to the Award No. 1/2550 rendered by NTC on the Dispute on Interconnection of Telecommunications Networks, NTC ordered TOT to negotiate with the Company within 7 days and enter into an interconnection agreement with the Company within 30 days from the date of the commencement of the negotiation. NTC Secretary General ordered TOT to negotiate an interconnection agreement with the Company in line with NTC's Award but TOT appealed such order to NTC Secretary General. In addition, on 9 October 2007, NTC unanimously resolved to confirm NTC Secretary General's order requiring TOT to negotiate an interconnection agreement with the Company. TOT had filed a lawsuit with the Central Administrative Court under black case no. 1523/2550,

petition for the cancellation of such NTC and NTC Secretary General's orders. On 15 September 2010, the Central Administrative Court dismissed the TOT's plaint. TOT appealed against the Central Administrative Court's verdict to the Supreme Administrative Court. Currently, the case is under the consideration of the Supreme Administrative Court.

- 3) As TOT still refused to enter into an interconnection agreement with the Company, on 8 November 2007, the Company sent TOT a notice regarding the interconnection charges informing TOT that it would like to cancel its previous offer in which it agreed to pay TOT the interconnection charges at a rate to be agreed between the parties in good faith and its offer to pay TOT the interconnection charges at a rate specified in TOT's Reference of Interconnect Offer (RIO) which had already been approved by NTC. In addition, the Company also cancelled the two Access Charge Agreements. The Company accrued in its financial statements the access charge at the interconnection charge rate for the period from 18 November 2006 to 7 November 2007, amounting to Baht 1,973 million. The Company stopped accruing the access charge from 8 November 2007 in its financial statements following the termination of the Access Charge Agreements.
- 4) On 9 May 2011, TOT filed a plaint (black case no. 1097/2554) with the Central Administrative Court and a petition to amend the plaint dated 7 June 2011 demanding CAT and the Company to jointly pay for damages from the access charge, i.e. (1) damages from access charge in connection with Postpaid and Prepaid Access Charge Agreements calculating from 18 November 2006 to 9 May 2011 (the filing date of the plaint) including VAT and default interest at the rate of 1.25 percent per month; and (2) damages from access charge under Postpaid and Prepaid Access Charge Agreements amounting to half of revenue sharing which CAT received from the Company calculating from 16 September 2006 to 9 May 2011 (the filing date of the plaint) including VAT and default interest at the rate of 7.5 percent per annum. As a result, TOT has claimed against the Company to be liable for the damages at Baht 113,319 million. The Company submitted a defense to the court on 26 January 2012 and also submitted its additional defense on 13 February 2013. Presently, this case is under consideration of the Central Administrative Court.
- 5) Even though NTC has rendered the Award No. 1/2550 on the Dispute on Interconnection of Telecommunications Networks which ordered TOT to negotiate an interconnection agreement with the Company and the Secretary General of the NTC also issued an administrative sanction (requiring TOT to pay fine in the amount of Baht 20,000 per day until completion) enforcing TOT to enter into an

interconnection agreement with the Company but TOT has refused to enter into such agreement. TOT has filed a complaint with the Central Administrative Court requesting the court to revoke the NTC's Award and the administrative sanction. On 16 July 2012, the Central Administrative Court rendered a judgment (Black Case No. 1033/2553 and Red Case No. 1178/2555) which dismissed TOT's complaint as the court opined that such order was lawful. As TOT disagreed with the Central Administrative Court's judgment, TOT then submitted an appeal to the Supreme Administrative Court. Presently, this case is under consideration of the Supreme Administrative Court.

Based on legal advice from the Company's external legal counsel, the Company's management is confident that the Company is not obliged to make payment of access charge under the Access Charge Agreements because the Access Charge Agreements do not comply with the current legal principles (in particular the Interconnection Notification) and the Company has already terminated the Access Charge Agreements. As a result, the Company's management believes that the outcome of the dispute and the judicial process would not have an adverse impact on the Company's financial position in a material respect.

The net effect (before income tax) in ceasing to recognise the access charge under the Access Charge Agreements as from 18 November 2006 to 30 June 2014 has resulted in a reduction of the Company's expenses amounting to approximately Baht 66 billion.

Despite the non-accrual of the access charge as from 8 November 2007, the Company has made provision for expenses that may arise from the resolution of the dispute or the judicial process, in an amount that the Company deems appropriate.

27. Significant other litigations and commercial disputes in relation to the agreements to operate cellular telephone services (Concession Agreement)

The Company and a subsidiary is subject to significant outstanding legal proceedings and disputes arising out of its businesses under Concession Agreements as follows:

27.1 Outstanding litigation

On 25 September 2008, CAT filed a complaint against the Company before the Civil Court demanding the Company (the first defendant) and dtac TriNet (the second defendant), a subsidiary of the Company, to pay damages in an approximate amount of Baht 156 million, including interest at the rate of 7.5 percent per annum from the date of filing the complaint until the discharge of the payment of the damages amount to CAT. CAT claimed that during the period between 2 August 2007 to 30 September

2007, the Company and its subsidiary jointly committed the wrongful act by transferring the international traffic, occurring from customers pressing the plus sign (+) or “001”, which should be routed to CAT’s network, to the network of the subsidiary.

The Civil Court confirmed by the letter dated 25 March 2014 the end of the case as decided by the Appeal Court, which upheld the judgement of Civil Court that the Company and dtac TriNet did not commit any wrongful act against CAT and, as a result, dismissed CAT’s complaint.

27.2 Commercial disputes

- (a) Dispute between the Company and CAT regarding additional revenue sharing calculation from revenue received from Digital Phone Co., Ltd (“DPC”) from mobile telecommunications network domestic roaming agreement provided by the Company.

In 2002, CAT requested the Company to pay additional revenue sharing from revenue received from DPC as a result of DPC’s roaming on the Company’s telecommunications network and subsequently submitted a letter dated 25 August 2003 requesting the Company to pay such fees in the amount of Baht 477 million.

On 31 August 2004, CAT submitted the dispute to the Arbitration Institute demanding that the Company pay additional revenue sharing from domestic roaming revenue together with the penalty (calculated up to the date of the submission of the dispute) in the total amount of Baht 692 million, and demanding that the Company pay the penalty until it gets full benefits.

The dispute is currently under the arbitration procedures. On a conservative basis the Company’s management determined to make a provision for certain revenue sharing in its financial statement.

- (b) Dispute between the Company and CAT regarding the calculation methodology for the revenue sharing in relation to the reduction of the access charge fees

On 18 May 2005 and 19 July 2005, CAT submitted a letter to the Company informing that the Company’s calculation methodology for the revenue sharing from the date of its receipt of approval from TOT for the reduction of the access charge fee was incorrect, resulting in Baht 448 million (calculated from 16 September 1996 to 15 September 2004) of the revenue sharing not paid by the Company to CAT. However, the Company considers that it has adopted the methodology previously notified to it by CAT. As a result, the Company has not accrued such amount in its financial statements as the Company opines that the payment was made correctly.

In 2007, CAT submitted the dispute to the Arbitration Institute, demanding for the payment of the additional revenue sharing and penalty in the total amount of Baht 749 million from the Company. In 2011, CAT also submitted another dispute requesting the Company to pay additional revenue sharing for the 16th concession year with regard to this matter in the amount of Baht 16 million.

The dispute is currently under arbitration proceedings. However, the Company's management believes that the arbitral award will not have a material adverse effect on the financial position of the Company.

- (c) Dispute between the Company and CAT regarding additional revenue sharing payment (Excise Tax) under the Concession Agreement

On 11 January 2008, CAT submitted a dispute to the Arbitration Institute requesting the Company to make additional revenue sharing payments in the 12th - 16th concession years in the aggregate amount of Baht 16,887 million, together with penalties, or an approximate total claim amount of Baht 23,164 million. The statement of claim made by CAT did not mention the reason why the Company did not make the payments in full (however, the Company expects that such claim amount would be the amount which the Company had paid to the Excise Department and had deducted from its revenue payable to CAT in accordance with the cabinet resolution and CAT's letters).

Nevertheless, the Arbitral Tribunal has rendered an award dated 28 May 2012 in favor of the Company and dismissed CAT's claim. On 31 August 2012 CAT filed a statement with the Central Administrative Court in order to revoke the arbitration award. The Company submitted its objection to the court on 2 April 2013. Presently, this case is under consideration of the Central Administrative Court. The Company's management believes that the Central Administrative Court's judgement will not have a material adverse effect on the financial position of the Company.

- (d) Dispute between the Company and CAT regarding revenue share calculation in relation to Interconnection Charge ("IC") revenue both before and after the enforcement of the IC Notification

In 2006, CAT submitted a statement of claim to the Arbitration Institute requesting for the revenue sharing payment shortfall for the 11th - 14th concession years from revenue sharing on IC that the Company had received from other telecom operators in consideration for allowing them to use the network at the time before the enforcement of the IC Notification in the amount of Baht 14 million.

In 2010, CAT also filed another claim requesting for additional revenue sharing for the 15th concession year in the same matter in the amount of Baht 4 million. Subsequently, in 2011, CAT submitted a statement of claim to the Arbitration Institute requesting for the revenue share payment shortfall in respect of the 16th concession year (16 September 2006-15 September 2007), in the approximate amount of Baht 4,026 million, together with interest at the rate of 1.25 percent per month. The reason is that the Company calculated the revenue share payable to CAT by offsetting the IC expenses it paid to other operators against IC income it received from other operators, however, CAT claimed that the Company had to pay CAT the revenue sharing on the IC income the Company received from other operators, without deduction of the IC expenses it paid to other operators.

Recently, in 2012, CAT filed a statement of claim to the Arbitration Institution requesting for additional revenue sharing for the 17th concession year in the amount of Baht 3,860 million together with penalty. In 2013, CAT submitted a dispute to the Arbitration Institution requesting for additional revenue sharing on IC for the 18th concession year in the amount of Baht 3,340 million together with penalty.

As at 30 June 2014, the Company has not accrued the said additional revenue sharing requested by CAT because, based on the Company's legal counsels opinion, the Company's management believes that the Company has no duty to pay such revenue sharing to CAT. Presently, this case is under the arbitration proceedings. The Company's management believes that the arbitral award would not have a material adverse effect on the financial position of the Company.

- (e) Dispute between the Company and CAT regarding the transfer of towers and its equipment which has already been installed and operated under the Concession Agreement

On 19 February 2008, CAT submitted a dispute to the Arbitration Institute requesting the Company to deliver and transfer ownership of 121 towers to CAT, then, in 2009 CAT increased the amount of towers from 121 towers to 3,873 towers. Recently in 2012, CAT submitted an additional statement of claim and increased the amount of towers from 3,873 towers to 4,968 towers. If the Company failed to do so, CAT further requested that the Company shall be liable for damages in the approximate amount of Baht 2,392 million. In addition, on 3 January 2013, CAT filed a complaint with the Central Administrative Court requesting the Company to deliver and transfer ownership of another 696 towers to CAT or amounting to total damages of Baht 351 million (including interest).

The Company's view that the disputed towers and their equipment are not devices and equipment under the Concession Agreement but that they rather are buildings under the Building Control Act B.E. 2522 (1979) and are under the Company's ownership. Therefore, the Company does not have any obligation to transfer the disputed towers and their equipment to CAT. Currently, the dispute is under arbitration and court proceedings. The Company's management believes that the arbitral award and the Central Administrative Court's judgement would not have a material adverse effect on the financial position of the Company.

- (f) Dispute between the Company and CAT regarding additional revenue sharing from content providers' expenses deduction

In 2007, CAT filed a statement of claim with the Arbitration Institute requesting the Company to pay additional revenue sharing in the approximate amount of Baht 24 million with penalty. CAT argued that the Company failed to pay the revenue sharing to CAT for the 13th-14th concession year (16 September 2003 to 15 September 2005) in full because the Company had deduct expenses concerning content providers from the revenue sharing payable to CAT without approval from CAT. Under the Concession Agreement, it does not allow the Company to deduct any expenses from the revenue sharing payable to CAT. Nevertheless, on 15 March 2012, the majority of the arbitral tribunal rendered an award deciding that the Company has to pay approximately Baht 24 million with interest at 7.5 percent per annum from the principal amount from the date of which the statement of claim was filed (28 December 2007) until payments are made in full. On 21 June 2012, the Company filed an objection challenging the arbitration award with the Central Administrative Court in order to revoke such award. Currently, it is under the court's consideration.

In 2010 to 2013, CAT submitted statements of claim to the Arbitration Institute requesting the Company to pay additional revenue sharing for the 15th-18th concession year in total amount of 338 million together with penalty. These cases have the same nature of claim as the claim for the 13th-14th concession year. Currently, this case is under arbitration proceedings.

As at 30 June 2014, the Company has not accrued such revenue sharing claimed by CAT in total of Baht 362 million in its financial statements. The Company's management believes that such requested amount should not be deemed as part of the service revenue which is the ground for CAT's revenue sharing calculation. In addition, the Company's management believes that the final result on disputes would not have a material adverse effect on the financial position of the Company.

- (g) Dispute between the Company and CAT regarding additional revenue sharing from uncollectible service fees from customers who submitted fraudulent documents (domestic call)

In 2006 to 2013, CAT submitted several disputes to the Arbitration Institute requesting for additional revenue sharing in total amount of Baht 52 million together with penalty. CAT argued that the Company did not make the revenue sharing payment for the 11th-18th concession year to CAT correctly because the Company had deducted loss incurred by uncollectible receivables from customers who submitted fraudulent documents from revenue before calculating revenue sharing payable to CAT. Currently, the dispute is under arbitration proceedings.

As at 30 June 2014, the Company has not accrued the additional revenue sharing requested by CAT in total amount of Baht 52 million in its financial statements because the Company's management believes that the additional revenue sharing do not constitute the revenue which forms the basis for the calculation of the revenue sharing payables to CAT and CAT has formerly waived the payment of the revenue sharing from fraudulent service revenues. Nevertheless, the Company's management believes that the result of these disputes would not have a material adverse effect on the financial position of the Company.

- (h) Other disputes

In addition to the above cases, during the years 2009 to 2013, CAT has filed several cases against the Company with the Arbitration Institute demanding the Company to pay additional revenue sharing to CAT in total amount of Baht 581 million. The disputes are currently in the arbitration process and court proceedings.

As at 30 June 2014, the Company has not accrued the additional revenue sharing requested by CAT in total amount of Baht 581 million in its financial statements because the Company's management believes that the additional revenue sharing do not constitute the revenue which forms the basis for the calculation of the revenue sharing payables to CAT. The Company's management believes that the result of these disputes would not have a material adverse effect on the financial position of the Company.

- (i) Letter from CAT asking the Company to comply with Clause 14.8, Clause 2.1 and other clauses of the Concession Agreement

On 12 February 2013, the Company received the letter from CAT notifying that the Company did not comply with a non-competition provision specified in Clause 14.8 of the Concession Agreement (Letter 14.8) and at the same time asking the Company to rectify the non-compliance. Later, the Company received CAT's letters dated 24 April 2013 and 9 August 2013 claiming that the Company did not comply with a concessionary equipment provision specified in Clause 2.1 of the Concession Agreement (Letter 2.1). Furthermore, dtac TriNet also received CAT's letter dated 27 August 2013 claiming that the Company was in breach of Clause 2.1 of the Concession Agreement, thereby demanding dtac TriNet not to install its equipment in the concessionary equipment, which, in CAT's view, falls under Clause 2.1 of the Concession Agreement.

CAT sent letters dated 10 January 2014, 21 February 2014, 11 March 2014, 11 April 2014, 12 May 2014, 10 June 2014 and 8 July 2014 to the Company requesting the Company to discontinue the Company's subscribers porting to dtac TriNet, and claiming for damages. The damages are Baht 4,345 million as calculated for the period between September 2013 and June 2014. In addition, CAT claimed in the letter dated 10 January 2014 that the Company breached Clause 14.8 and Clause 2.1 of the Concession Agreement as mentioned in the Letter 14.8 and Letter 2.1, the Company failed to pay the revenue share in full (please see more details in Note 27.2 (d)), including the additional revenue share of Baht 3,537 million for the 19th year of operation, and the Company breached some other provisions under the Concession Agreement. If all of these non-compliances are not rectified by the Company within 90 days from the receiving date of the letter dated 10 January 2014, CAT will exercise the right to terminate the Concession Agreement, and reserve the right to claim for compensation.

On 11 April 2014, the Company sent the letter to inform CAT that the Company did not commit any breach of the Concession Agreement and CAT has no right to terminate the Concession Agreement. The Company has not illegally ported any of its subscribers to dtac TriNet. For CAT's claims that the Company breached some other provisions under the Concession Agreement, most of the claims are the disputes which are not final but are under the arbitral proceeding or the Administrative Court proceeding, which CAT should wait for the final decisions. The rest of the claims have not been brought before an Arbitral Tribunal according to the obligation under clause 15.6 of the Concession Agreement.

CAT and the Company have different opinions on interpretation on various provisions of the Concession Agreement, leading to a number of litigations and disputes both in Arbitration Tribunal and in Administrative Courts. Given the advices from the Company's legal counsels, the Company is of the opinion that CAT cannot lawfully terminate the Concession with the Company based on the grounds alleged in the letters and the Company shall have the right to continue operating its telecommunication business under the law and the Concession.

(j) Court proceedings between dtac TriNet and CAT regarding BTO Assets

On 11 June 2014, dtac TriNet received the claim that CAT filed before the Administrative Court claiming that dtac TriNet committed a wrongful act against CAT by installing its devices and equipment for 2.1 GHz (2100 MHz) on the Company's concessionary asset. CAT required that dtac TriNet remove its 2.1 GHz equipment and claims the damages at Baht 42 million per month from the filing date until dtac TriNet uninstalls its device and equipment from the Company's concessionary asset.

Based on legal advice from a subsidiary's legal counsel, the subsidiary is of the opinion that the installation of the dtac TriNet's devices and equipment on the Company's devices and equipment was done by means of the Infrastructure sharing Agreement and the Network Access Agreement, which was fully in compliance with the right and duties under the current law and relevant NBTC regulations. As a result, dtac TriNet did not commit any wrongful act against CAT.

28. Risk from changes in laws and regulations concerning the telecommunications business

28.1 The 3rd Amendment to the concession Agreement

The legal opinion of the Council of State (Ruling Number 292/2550) states that all three amendments to the Concession Agreement do not comply with the Act on Private Sector Undertaking of State Businesses, B.E. 2535 (1992) ("PUS Act"). However, the Council of State further opines that the three amendments are still effective but CAT is required to proceed in accordance with the PUS Act (i.e. CAT must bring this issue to Section 22 Committee under the PUS Act ("Section 22 Committee"), and Section 22 Committee would then consider and propose their opinion for the Cabinet's consideration) and to report to the Cabinet who are to consider the relevant effects, taking into account state interest as well as public interest.

Section 22 Committee has already given its preliminary opinion to the Ministry of Information and Communication Technology (“MICT”), disapproving the 3rd amendment to the Company’s concession agreement in relation to the part of reduction of revenue sharing.

On 1 February 2011, the Cabinet passed a resolution acknowledging the process of amending the Concession Agreement to comply with the PUS Act, as proposed by the MICT. In addition, the MICT proposed the appointment of the Negotiating Committee on Compensation for Concession Amendment (“the Committee”) to review compensation relevance to the 3rd Concession Amendment.

On 28 June 2011, the Cabinet acknowledged the results of the negotiations of the Committee, which were that the Committee was unable to consider the operators’ proposals as these proposals were beyond the Committee’s authority. However, the Committee opined that at the initial stage, this matter should be reported to the NBTC for consideration in order to issue relevant criteria and measures.

Currently, the PUS Act was repealed and was replaced by Public Private Partnership Act B.E. 2556 (2013) (“PPP Act”). However, at the present time, there is no updating progress of this matter and it is unknown to the Company to what extent the PPP Act would affect this matter. Further, the final conclusion of the Cabinet or the way the Cabinet would exercise its discretion on this matter is still unknown to the Company. The Company is not, therefore, in a position to evaluate the potential impacts from this matter.

However, the Company believes that all three amendments were entered into in good faith and that any potential non-compliance with the PUS Act was not attributable to the Company’s actions.

28.2 Risk from legal or contractual restrictions on foreign ownership

The Company’s business is subject to the foreign shareholding restrictions pursuant to the Foreign Business Act, B.E. 2542 (1999) (the “**FBA**”).

Violation of foreign shareholding structure would cause the Company and/or its subsidiary companies to be revoked their telecommunications business licenses or to be terminated the Concession Agreement or could not operate telecommunications businesses.

Section 4 of the FBA provides to the effect that a company is considered a Thai company if less than 50 percent of its shares are held by non-Thai nationals.

From the register of shareholders of the Company, less than 50 percent of the total issued shares of the Company are held by non-Thai nationals. The Company is therefore considered a Thai company for the purpose of Section 4 of the FBA. In July 2010, the Company obtained a written confirmation from the Ministry of Commerce, in charge of the FBA, confirming that the Company is a Thai company under Section 4 of the FBA.

Nevertheless, the Company views that it does not have clear policy in the interpretation and enforcement of the FBA in respect of the foreign investment shareholding. This cause the Company might face this risk in business operation as the FBA has been enforced for more than 10 years but there has been no Supreme Court's precedent or clear guideline issued by the Ministry of Commerce relating to the nominee arrangement under Section 36 of the FBA so that the Company can apply to evaluate or assess the impact of the enforcement or interpretation of such provisions of the FBA that may have on the Company and its subsidiary companies.

As a result of the unclear in interpretation and enforcement of the FBA, on 14 June 2011, a company submitted a criminal allegation to the Royal Thai Police against the Company (including directors and some shareholders of the Company and directors of the said shareholders) claiming that the Company operated telecommunication business in violation of the FBA. On 22 September 2011, one of the Company's minority shareholders (holding 100 shares) filed a complaint against state agency, including NBTC with the Central Administrative Court citing that the Company is a "foreigner" under the FBA. Currently, these two cases are under proceedings of the Royal Thai Police and the court, respectively.

The Company still believes that the Company is not a "foreigner" and has fully complied with the FBA. However, if, finally, the Company is ordered (by the Supreme Court's judgment) not being a Thai entity under the FBA and the Telecommunications Business Act, B.E. 2544 (2001) (the "**TBA**") and such event does not be solved, it would cause CAT to terminate the Concession Agreement or cause NBTC to revoke the type three telecommunication operation license of the Company's subsidiary and will impact to the Company and its subsidiary not to be able to operate their telecommunications businesses anymore.

28.3 The NBTC Notification on Foreign dominance, B.E. 2555 (2012)

NBTC has issued the NBTC Notification on Foreign Dominance, B.E. 2555 (2012) (“**FD Notification**”) which became effective on 24 July 2012. Under the FD notification, the term “foreign dominance” is defined as “foreigners having controlling power or influential power, either directly or indirectly, by foreigner in policy making, management, operations, appointment of directors, or appointment of senior executives, that may affect the management or the business operation of a holder of a license or an applicant for a license by way of (a) holding shares with voting rights a half or more of the total voting rights, (b) having the authority to control the majority votes at a shareholders’ meeting or (c) the appointment or removal of a half or more of the total directors”.

The Company is of the view that:

- (a) in case of the Company, the FD Notification would not be applicable to the Company who has rights to operate mobile services under the Concession Agreement and the Company’s rights are protected by Section 305 (1) of the Constitution of the Kingdom of Thailand B.E. 2550 (2007) and the first paragraph of Section 80 of the TBA and that the Company is not an applicant for license from NBTC; the Company’s legal advisor also has the opinion in line with the Company’s view, however, the FD Notification was enacted, therefore, the Company has already submitted a certificate of compliance with the FD Notification to NBTC as required by the FD Notification and
- (b) in case of the Company’s subsidiary (namely dtac TriNet), since dtac TriNet is an IMT 2.1GHz spectrum and type three telecommunications business licensee, it has already submitted a certificate of compliance with the FD Notification to NBTC as required by the FD Notification.

Nevertheless, NBTC may not agree with the Company’s view mentioned above. However, based on NBTC’s explanation during the public hearing of the FD Notification, in particular, on the definition of “foreign dominance” in 2012, the Company is of the view that the Company and dtac TriNet should not fall within the definition of the “foreign dominance” under the FD Notification. However, this still remains uncertain and could cause adverse impact to the business of the Company and its subsidiary.

29. Event after the reporting period

Interim dividend payment

The Company's Board of Directors Meeting, held on 18 July 2014, passed a resolution approving the payment of an interim dividend of Baht 1.58 per share to the ordinary shareholders, from the operating results for the period from 1 April 2014 to 30 June 2014. Payment will be made on 15 August 2014. The Company will allocate of Baht 199 million from the operating profit for the same period to the Company's statutory reserve.

30. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 18 July 2014.

Significant differences between Thai Financial Reporting Standard and International Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with Thai Financial Reporting Standard ("TFRS"), which is differ in certain significant respects from International Financial Reporting Standards ("IFRS"). Certain significant differences (other than classification, presentation and disclosure requirements) between TFRS and IFRS as applicable to the consolidated financial statements of the Company and its subsidiaries for the six-month period ended 30 June 2014 are summarised below. This summary should not be construed as being exhaustive nor presenting a true and fair view of the Company and subsidiaries' operating results and financial position as it is presented for the purpose of giving preliminary information only.

Significant differences between TFRS and IFRS - outstanding

Accounting for derivatives

TFRS does not presently have any effective accounting guidance for accounting for derivatives.

Under IFRS, the Company has to recognise all of its right and obligation arisen from derivative instruments as either assets or liabilities in the statements of financial position at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether the hedging accounting can be applied and what type of relationship as such hedging (i.e. as either a fair value hedge, cash flow hedge).

The following table is a summary of numerical reconciliation of consolidated profit for the six-month periods ended 30 June 2014 and 2013 and consolidated total shareholders' equity as at 30 June 2014 and 31 December 2013 between those shown in consolidated financial statements prepared under TFRS and IFRS. This summary should not be construed as being neither exhaustive nor fairly presented of the Company's operating results and financial position as it is presented for the purpose of giving preliminary information only.

Appendix 1 (continued)

	(Unit: Million Baht)			
	Consolidated profit		Consolidated shareholders' equity	
	For the six-month periods ended			
	30 June		30 June	31 December
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
As reported in these consolidated financial statements under TFRS	6,256	5,965	35,612	32,708
Add (less): TFRS/IFRS significant differences (net of tax effect)				
Accounting for derivatives	<u>2</u>	<u>2</u>	<u>(1)</u>	<u>(3)</u>
Under International Financial Reporting Standard ("IFRS")	<u>6,258</u>	<u>5,967</u>	<u>35,611</u>	<u>32,705</u>