



SYMPHONY

International Telecom Network Provider



THAILAND

THAILAND'S 1ST
SUBMARINE CABLE
INVESTED BY
PRIVATE COMPANY



ANNUAL REPORT 2016

MCT Submarine Cable System

International Telecom Hub And Gateway



Malaysia-Cambodia-Thailand Submarine Cable System Project (MCT) is Thailand's first submarine cable system operated by a private company, will be ready for service in April 2017.

Owners	Symphony Communication Public Company Limited Telcotech Company Limited Telekom Malaysia Berhad
Landing points	Thailand : Rayong Malaysia : Cherating Cambodia : Sihanoukville
Cable Length	Approximately 1,300 km.
Designed Capacity	Support up to 30 Tbps
Ready for Service	April 2017

Malaysia-Cambodia-Thailand Submarine Cable System Project (MCT) spans 1,300 kilometers under territorial waters of 3 countries, marking a crucial milestone of telecom infrastructure development in Thailand. This project will promote effective connection and access to information. And more importantly, to move Thailand telecom business to next level, to enable the country to become telecom hub and to reduce international internet cost for Thai people.

Furthermore, MCT will enhance competitiveness for the Company that in addition to comprehensive terrestrial network coverage and existing gateways to Laos, Myanmar, Cambodia and Malaysia. MCT will enable another international connectivity via submarine system to Cambodia and Malaysia and able to connect other submarine systems to all over the world. MCT will also support continuous Thailand telecom traffic growth at competitive price. Hence, generating benefits to all users and conform to Government's Digital Economy policy.

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Message from Board of Directors



The Company foresee growing demand for international connectivity especially connectivity to CLMV countries (Cambodia, Laos PDR, Myanmar and Vietnam) that having high economic growth rates. Thus, we envision and set path to develop ourselves to become a Regional Network Service Provider to support a mission to be telecom hub within next 5 years.

Dear Shareholders

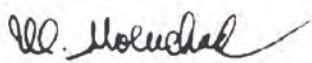
In 2016, despite lackluster economic situation in Thailand and ASEAN, demand in telecommunications business continued to grow due to new development in the industry. Symphony Communication Public Company Limited, a high speed optical fiber cable network service provider was able to maintain continuous revenue growth due to dedication to modernized networks and service that can meet changing technology and market requirements. The Company recorded total revenue in 2016 in the amount of Baht 1,389 million, grew Baht 76 million from last year, mainly from International Private Leased Circuit (IPLC) and Premium Broadband segments.

The Company foresee growing demand for international connectivity especially connectivity to CLMV countries (Cambodia, Laos PDR, Myanmar and Vietnam) that having high economic growth rates. Thus, we envision and set path to develop ourselves to become a Regional Network Service Provider to support a mission to be telecom hub within next 5 years. For this reason, we joint invest in Malaysia-Cambodia-Thailand (MCT) Submarine Cable System Project with other telecom operators in neighboring countries, Malaysia and Cambodia to build MCT submarine cable system to support growing communication traffic in ASEAN. The project will be ready for service in April 2017. It will mark a significant

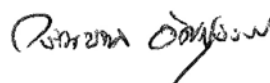
milestone for the Company as the first Thai private company to build and operate international submarine cable network system and enhance competitiveness in IPLC market that the Company can provide international connectivity via both terrestrial and submarine networks. In addition, the excellent location of Thailand that situated at center of ASEAN countries, is perfect to be an alternative International Telecom Network Route for telecom operators in neighboring countries and develop opportunity for sustainable growth in telecom market.

Apart from investment for high efficient network to support revenue growth, the Company also increase efficiency of cost control both in inventory management and procurement, as well as process streamlining to keep competitive cost while maintain service quality at premium level.

Last but not least, the Board of Directors is determined to lead the Company to do business with fairness, transparency and good governance. The Company focus on maximizing the potential of our people to drive strong growth and create sustainable returns to all stakeholders. We thank shareholders, business partners, suppliers, financial institutions, customers, employees and all stakeholders for your trust and strong support.



Mr. Woodtipong Moleechad
Chairman



Mr. Kranphol Asawasuwan
Chairman of Executive Committee



Mr. Teerarat Pantarasutra
President

* Malaysia-Cambodia-Thailand Submarine Cable System (MCT)

MCT Submarine Cable System is one of the highest capacity submarine cable system

Vision and Mission

Vision

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

Mission

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



Director and Executive Profile



Mr. Woodtipong Moleechad

Age 68 years

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

Education

▶ Bachelor of Art (Economics), Thammasat University	2016-present	Chairman of the audit committee / Independent Director
▶ Director Certification Program (DCP 130/2010)		
▶ Anti-Corruption for Executive Program (ACEP 15/2015)	2015-present	Tipple i logistics Co., Ltd.
▶ Director Certification Program Update (DCPU 3/2015)		Chairman of the Board / Independent Director Business Alignment Public Company Limited

Shareholding (%) -

Personal Relationship with the Management -

Work Experience (Over the Past 5 Years)

2009-present	Chairman of the Board, Chairman of Nomination and Corporate Governance Committee, Audit Committee Member, Compensation Committee Member, Chairman of Independent Director Committee	2012-2015	Director L Solar 1 Company Limited
	Symphony Communication Public Company Limited	2010- 2013	Director / Audit Committee Member / Business Relations Committee Member Sukhumvit Asset Management Company Limited
		2009-2015	Director Council Member King Mongkut's Institute of Technology Ladkrabang
		2008-2014	Director Banknote Management Committee Bank of Thailand



Mr. Prasitt Hemwarapornchai

Age 68 years

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

Education

- | | | |
|---|--------------|--|
| ▶ Advanced Certificate of Electrical Engineering, Chulalongkorn University | 2016-present | Advisory of the Board
Building Safety inspectors and officers association |
| ▶ Bachelor of Engineering (Communication, Electrical Power), Chulalongkorn University | 2015-present | Specialist of the Assessment for the profession of Electrical Adjunct Engineer Subcommittee
Council of Engineer |
| ▶ Director Certification Program (DCP 129/2010) | | |
| ▶ Audit Committee Program (ACP 32/2010) | | |
| ▶ Role of Compensation Committee (RCC 11/2010) | | |
| ▶ Role of the Chairman Program (RCP 25/2011) | 2013-present | Chairman of Subcommittee to draft Standard in Management of Safety, Occupational Health and Environment to work on Electricity Ministry of Labour |
| ▶ Monitoring the Quality of Financial Reporting (MFR 15/2012) | | |
| ▶ Role of Nomination and Governance Committee (RNG 3/2012) | | |
| ▶ Anti-Corruption for Executive Program (ACEP 8/2013) | 2011-2016 | Member of the Board of Directors, Chairman of Senior Engineer Committee, Senior advisor of Electrical Engineering Committee, Chairman of Data Center Standard Subcommittee |

Shareholding (%) -

Personal Relationship with the Management -

Work Experience (Over the Past 5 Years)

- | | | | |
|--------------|---|--------------|---|
| 2009-present | Deputy Chairman of the Board, Chairman of Compensation Committee, Nomination and Corporate Governance Committee Member, Audit Committee Member, Independent Director
Symphony Communication Public Company Limited | 2011-present | Member of the Assessment for the profession of Electrical Engineer Subcommittee
Council of Engineer |
| | | 2009-present | Advisor, Electrical System
Rose Garden Hotel (2511)
Company Limited |
| Present | Chairman of Data Center Standard-Technical Committee
The Engineering Institute of Thailand, Under H.M. the King's Patronage | 2013-2014 | Senior Electrical System Advisor for Suvarnabhumi Airport phase 2 Project
Span Company Limited., Electrical System Design and Consulting |



Mr. Jitkasem Sangsingkeo

Age 67 years

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

Education

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

Shareholding (%) -

Personal Relationship with the Management -

Work Experience (Over the Past 5 Years)

2009-present	Director, Chairman of the Audit Committee, Nomination and Corporate Governance Committee Member, Compensation Committee Member, Independent Director Symphony Communication Public Company Limited
2014 –present	Senior Advisor Thai Resources and Environmental Management Institute (TREM)
2010-2011	Advisor of Audit Committee CAT Telecom Public Company Limited
2009-2011	Director Metropolitan Waterworks Authority
2005-2013	Investment Board (SME Fund) Aureos Advisers (Thailand) Limited
2005-2012	Member of the State Enterprise Performance Appraisal Committee Ministry of Finance
2005-2010	Audit Committee Member Prasit Patana Public Company Limited



Mr. Kranphol Asawasuwana
Age 52 years

Director / Nomination and Corporate Governance
Committee Member / Chairman of Executive Committee

Education

- ▶ Master of Business Administration, Bangkok University
- ▶ Bachelor of Engineering (Electrical) with second class honor, Kasetsart University
- ▶ Director Certification Program (DCP 129/2010)
- ▶ Successful Formulation & Execution of Strategy (SFE 6/2010)
- ▶ Executive Development Program (EDP 7/2011)
- ▶ Capital Market Academy (CMA 13/2011)
- ▶ ASEAN Economic Community (AEC 3/2013)
- ▶ Anti-Corruption For Executive Program (ACEP 13/2014)
- ▶ Director Certification Program Update (DCPU 3/2015)
- ▶ Thammasat Leadership Program (TLP 7/2015)
- ▶ Financial and Fiscal Management Program For Senior Executive (FME 3/2016)
- ▶ Thailand Insurance Leadership Program (TILP 6/2016)

Shareholding (%) 16.34

Personal Relationship with the Management -

Work Experience (Over the Past 5 Years)

2007-present	Director, Nomination and Corporate Governance Committee Member, Chairman of Executive Committee Symphony Communication Public Company Limited
2007-2014	President Symphony Communication Public Company Limited
2015-present	Vice Chairman Thai Internet Service Provider Association
2015-present	Chairman of Audit Committee Thai Listed Companies Association
2006-present	Director Synergy Net Holding Company Limited
2000-present	Director Global Crossing System Company Limited
2000-2008	Director Global Crossing Services Company Limited



Mr. Teerarat Pantarasutra
Age 56 years

Director / Compensation
Committee Member / President

Mr. Pongthep Thanakijsumorn
Age 48 years

Director / Executive Vice
President-Marketing & IMC

Education

- ▶ M.A. (Public Affairs), Thammasat University
- ▶ Bachelor of Law, Ramkhamhaeng University
- ▶ Director Certification Program (DCP 137/2010)
- ▶ Director Accreditation Program (DAP 81/2009)
- ▶ Fundamental Practice for Corporate Secretary (FPCS 23/2011)
- ▶ Anti-Corruption For Executive Program (ACEP 13/2014)
- ▶ Administrative Law for Executive Program (ALEP 2/2015)

Shareholding (%) 15.58

Personal Relationship with the Management -

Work Experience (Over the Past 5 Years)

2014-present	President Symphony Communication Public Company Limited
2005-present	Director / Compensation Committee Member Symphony Communication Public Company Limited
2005-2014	Senior Executive Vice President Symphony Communication Public Company Limited
2013-present	Chairman of the Board Diamond Line Services Company Limited
2006-present	Director, Managing Director Global Crossing System Company Limited
2006-present	Director Synergy Net Holding Company Limited
2001-2006	Director, Legal Advisor Global Crossing Services Company Limited

Education

- ▶ Master Degree of Business Administration (MBA) in Marketing Management, National Institute of Development Administration (NIDA)
- ▶ Bachelor Degree of Engineering in Computer Engineering, King Mongkut's Institute of Technology Ladkrabang (KMUTL)
- ▶ Director Certification Program (DCP 129/2010)
- ▶ Executive Development Program (EDP 8/2011)
- ▶ Anti-Corruption for Executive Program (ACEP 15/2015)
- ▶ FTTH APAC Conference 2016

Shareholding (%) 8.16

Personal Relationship with the Management -

Work Experience (Over the Past 5 Years)

2005-present	Director, Executive Vice President Symphony Communication Public Company Limited
2006-present	Director Global Crossing System Company Limited
2006-present	Director Synergy Net Holding Company Limited

Mr. Wanchai Soomboonphon
Age 55 years

Director /
First Senior Vice President



Dr. Bussakorn Jaruwachirathanakul
Age 50 years

Director / Executive Vice
President - Finance and Account



Education

- ▶ Master Degree of Business Administration (MBA), Rangsit University
- ▶ Bachelor Degree of Engineering in Telecommunications Engineering, King Mongkut's University of Technology North Bangkok
- ▶ Director Accreditation Program (DAP 81/2009)
- ▶ Director Certification Program (DCP 130/2010)

Shareholding (%) 4.26

Personal Relationship with the Management -

Work Experience (Over the Past 5 Years)

2016-present	Director Symphony Communication Public Company Limited
2015-present	First Senior Vice President, Government Affair, Purchasing and Network Asset Management Division Symphony Communication Public Company Limited
2006-present	Director Synergy Net Holding Company Limited
2006-present	Director Global Crossing System Company Limited
2006-present	Director Global Crossing Services Company Limited
2003-present	Director G.Con.Realty Company Limited

Education

- ▶ Doctoral of Business Administration, Information Systems, Edith Cowan University, Perth, Australia
- ▶ Master of Business Administration (Finance), Chulalongkorn University
- ▶ Bachelor of Business Administration (Accounting), Chulalongkorn University
- ▶ Director Certification Program (DCP 129/2010)
- ▶ Executive Development Program (EDP 9/2011)
- ▶ Ethical Leadership Program (ELP 1/2015)
- ▶ Strategic CFO in Capital Markets Program (3/2016)

Shareholding (%) 2.74

Personal Relationship with the Management -

Work Experience (Over the Past 5 Years)

2007-present	Director / Executive Vice President Symphony Communication Public Company Limited
2006-present	Director Synergy Net Holding Company Limited
2004-present	Director Global Crossing System Company Limited
2016-2016	Director The International Engineering Public Company Limited
2006-2011	Director Global Crossing Services Company Limited



Mr. Supornchai Chotputtikul
Age 50 years

Director / Executive Vice
President – Engineering 1

Mr. Pathomkrit Srisuphakhanin
Age 49 years

Executive Vice
President – Engineering 2

Education

- ▶ Master of Business Administration, Thammasat University
- ▶ Bachelor of Engineering, King Mongkut's Institute of Technology Ladkrabang (KMITL)
- ▶ Director Accreditation Program (DAP 89/2011)
- ▶ Director Certification Program (DCP 162/2012)
- ▶ Successful Formulation & Execution of Strategy (SFE 15/2012)
- ▶ Ethical Leadership Program (ELP 1/2015)
- ▶ Digital Economy For Management (DE4M 3/2016)

Shareholding (%) 0.01

Personal Relationship with the Management -

Work Experience (Over the Past 5 Years)

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

Education

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

Shareholding (%) 8.08

Personal Relationship with the Management -

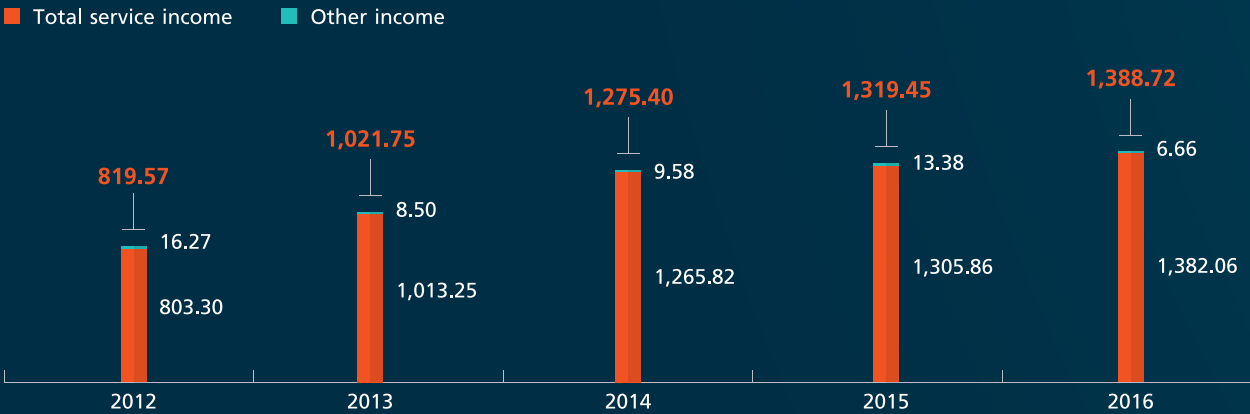
Work Experience (Over the Past 5 Years)

2007-present	Executive Vice President Symphony Communication Public Company Limited
2007-2016	Director Symphony Communication Public Company Limited
2013-present	Director Diamond Line Services Company Limited
2006-present	Director Global Crossing System Company Limited
2006-present	Director Synergy Net Holding Company Limited

Financial Highlight

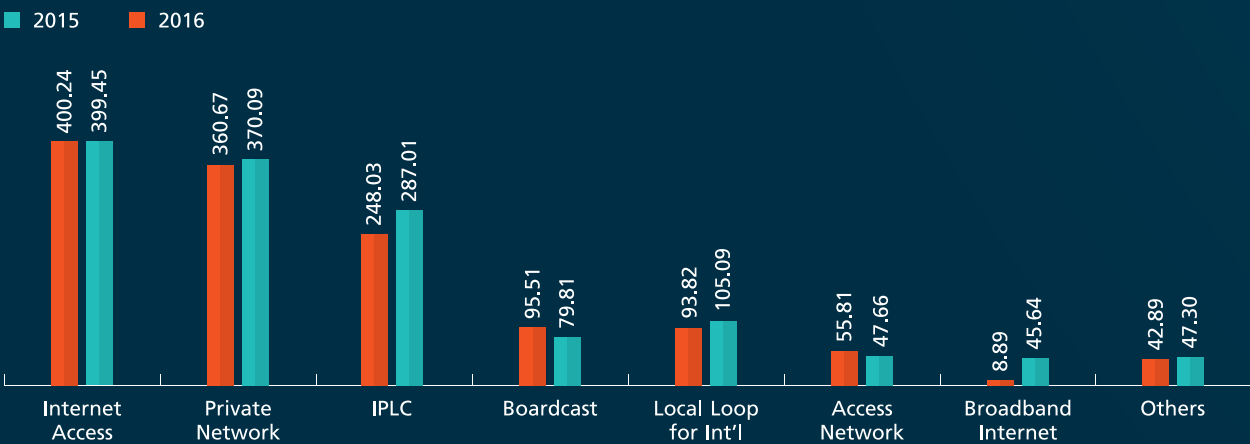
Total Revenues Growth

Unit : Million Baht



Service Income by Application

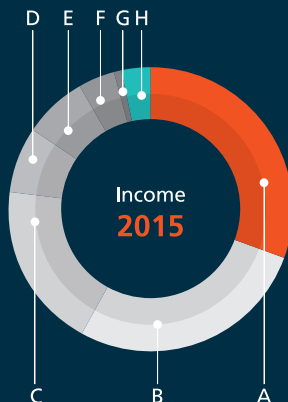
Unit : Million Baht



Portion of Service Income by Application

2015

- A : Internet Access 30.6%
- B : Private Network 27.6%
- C : IPLC 19.0%
- D : Boardcast 7.3%
- E : Local Loop for Int'l 7.2%
- F : Access Network 4.3%
- G : Broadband Internet 0.7%
- H : Others 3.3%



2016

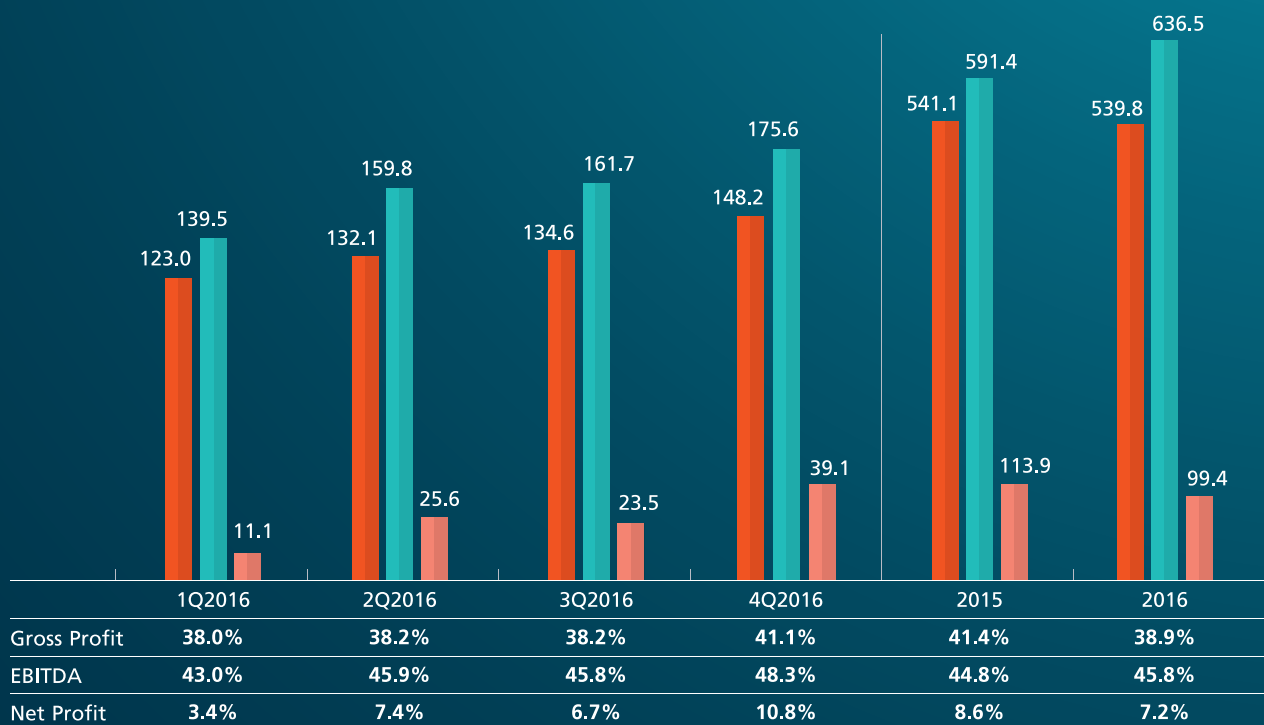
- A : Internet Access 28.9%
- B : Private Network 26.8%
- C : IPLC 20.8%
- D : Boardcast 5.8%
- E : Local Loop for Int'l 7.6%
- F : Access Network 3.4%
- G : Broadband Internet 3.3%
- H : Others 3.4%



Profitability

Unit : Million Baht

■ Gross Profit ■ EBITDA ■ Net Profit



Key financial figures

	Unit	2014	2015	2016
Total Revenue	MB	1,275.39	1,319.45	1,388.72
Net Profit	MB	181.71	113.90	99.36
Total Assets	MB	3,094.27	3,645.69	4,036.87
Interest Bearing Debt	MB	1,338.91	1,888.58	2,258.31
Total Liabilities	MB	1,802.96	2,349.30	2,636.85
Total Shareholders' Equity	MB	1,291.32	1,296.39	1,400.02
Return on Assets (ROA)	%	6.79%	3.38%	2.59%
Return on Equity (ROE)	%	14.18%	8.80%	7.37%
Debt to Equity Ratio	Times	1.40	1.81	1.88

Operating Performance Overview for 2016

Business Overview

Revenue growth in 2016 continues its positive momentum despite high competition in some market segments. Total service income in 2016 was Baht 1,382.06 million, increased by Baht 76.19 million or 5.8%YoY, mainly contributed by revenue from international private leased circuits segment (IPLC) due to growing demand for international connectivity especially connectivity to CLMV countries (Cambodia, Laos PDR, Myanmar and Vietnam) that having high economic growth rates. In addition, revenue from premium broadband service also contributed positive growing trend.

Cost of service and sales, the Company has implemented more stringent cost control. However, cost of service still increased mainly due to increase of non-cash cost that is depreciation resulting from the continued investment project from previous periods. While most of cash cost items have been stabilized. EBITDA in 2016 was Baht 636.54 million, increased by Baht 45.18 million or 7.6% YoY. In 2016, net profit was Baht 99.36 million or the net profit margin of 7.2%. The net profit decreased Baht 14.54 million or 12.8% YoY due to increased depreciation.

For the Malaysia-Cambodia-Thailand (MCT) Submarine Cable System, a joint investment project of telecom operators from Malaysia, Cambodia and Thailand to build MCT submarine cable system to support continuous growing communication traffic in ASEAN. The project will be ready for service in April 2017. This project marks a significant milestone for the Company as the first Thai private company to build and operate international submarine cable network system and carries on a mission to be a telecom infrastructure service provider with high efficiency.

Our determination to develop high speed communication network capability and continual efficiency improvement to maintain competitiveness together with tendency of communication traffic growth from technology development i.e. IOT, Big Data and Cloud that surely stimulate strong demand growth for communication networks as well as concrete digital economy campaign that government promoting ICT technology infrastructure and preparing Thailand to be Hub and Gateway for the ASEAN Economic Community bring the confidence that the Company can achieve the sustainable growth.

Total revenue

Total revenue of 2016 was Baht 1,388.72 million, increased by Baht 69.27 million or 5.2% YoY. Service income which is the core revenue of the company was Baht 1,382.06 million, increased by Baht 76.19 million or 5.8% YoY due to growing demand for international connectivity especially connectivity to CLMV countries (Cambodia, Laos PDR, Myanmar and Vietnam) which had high economic growth in year 2016. The premium broadband revenue also significantly increased in year 2016.

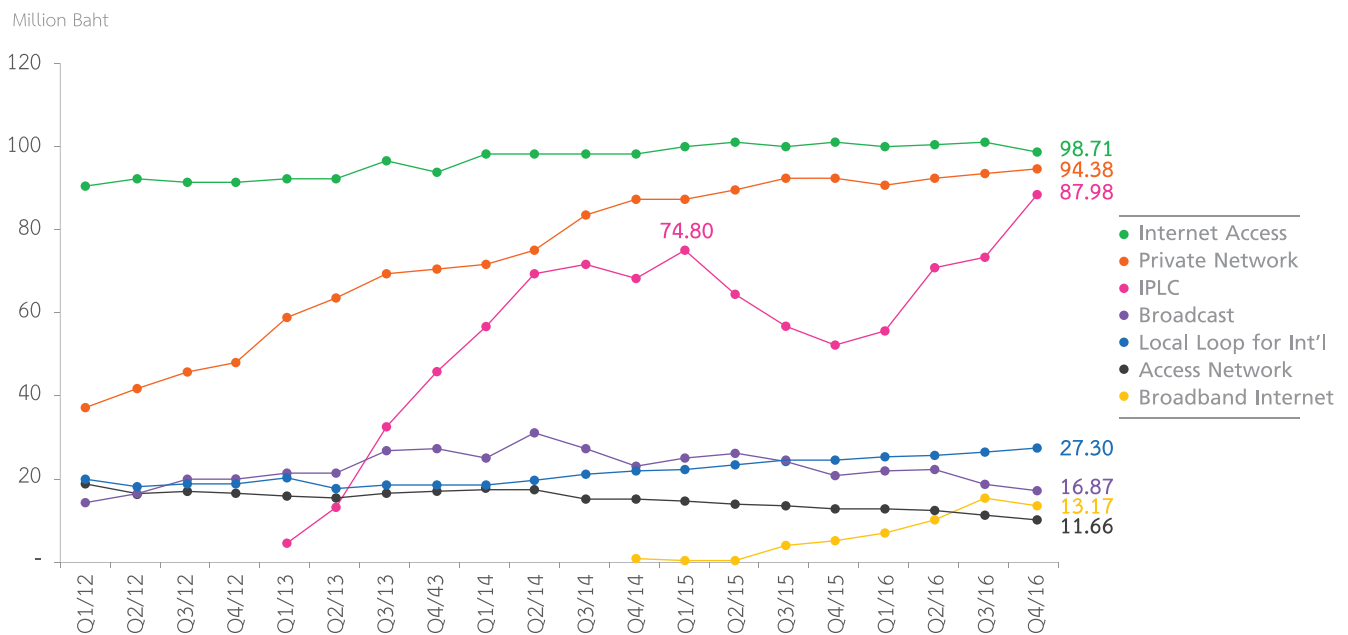
Our determination to develop high speed communication network capability and continual efficiency improvement to maintain competitiveness together with tendency of communication traffic growth bring the confidence that the Company can achieve the sustainable growth.

Service Incomes: by Application

Unit : Million Baht

	2015		2016		Change	
	Amount	(%)	Amount	(%)	Amount	(%)
Internet Access	400.24	30.6%	399.45	28.9%	-0.79	-0.2%
Private Network	360.67	27.6%	370.09	26.8%	9.42	2.6%
IPLC	248.03	19.0%	287.01	20.8%	38.98	15.7%
Broadcast	95.51	7.3%	79.81	5.8%	-15.70	-16.4%
Local Loop for Int'l	93.82	7.2%	105.09	7.6%	11.27	12.0%
Access Network	55.81	4.3%	47.66	3.4%	-8.15	-14.6%
Broadband Internet	8.89	0.7%	45.64	3.3%	36.75	413.5%
Others	42.89	3.3%	47.30	3.4%	4.42	10.3%
Total Service Income	1,305.85	100.0%	1,382.06	100.0%	76.20	5.8%

Quarterly Service Income : By Application



Revenue from Internet Access segment was still a major contributor to total service income; accounted for 28.9% of total service income. It was Baht 399.45 million which declined Baht 0.79 million or 0.2% YoY. The Company gained more customers but Internet access revenue was rather stable due to higher market competition and sluggish economy.

The revenue from Private Network segment continually grows as a result of increasing usage of existing and new customers, and expansion in large corporation market. In 2016, it was Baht 370.09 million, increased by Baht 9.42 million or 2.6% YoY. The portion of the private network revenue accounted for 26.8 % of total service income.

In 2016, the revenue from international private leased circuits segment (IPLC) was Baht 287.01 million, increased by Baht 38.98 million or 15.7% YoY due to growing demand for international connectivity especially connectivity to CLMV countries (Cambodia, Laos PDR, Myanmar and Vietnam), increased usage of existing customers as well as new customers.

The revenue from Digital Broadcast segment in 2016 was Baht 79.81 million, declined by Baht 15.70 million due to cost pressure that Broadcast operators needed to control cost, change strategic movements or suspend their broadcasting activities.

The revenue from Local Loop for International segment in 2016 was Baht 105.09 million YoY, increased by Baht 11.27 million or 12.0% from increased usage of customers. The revenue from Access Network segment in 2016 was Baht 47.66 million, decreased by Baht 8.15 million YoY due to some contracts that were not renewed.

The revenue from Broadband Internet in 2016 was Baht 45.64 million, significantly increased by Baht 36.75 million or 413.5% YoY. The Company collaborates with premium broadband internet operator especially the ones who have strong customer bases in provincial areas e.g. Simat Technologies Public Company Limited (SIMAT) by providing backbone network service.

Numbers of subscribers have been increased significantly, hence revenue from premium broadband increases steadily. This not only creates additional service income but also increases more utilization of our network.

Other revenue in 2016 was Baht 47.30 million, increased by Baht 4.42 million or 10.3% YoY mainly from higher colocation revenue which vary in line with the bandwidth usage of customers.

Costs of Services and Sales

Costs of services and sales in 2016 were Baht 844.27 million, increased by Baht 79.08 million or 10.3% mainly resulting from depreciation due to network expansion and increased network rental cost.

The depreciation and amortization include in costs of service in 2016 were Baht 370.69 million, increased by Baht 61.89 million or 20.0%YoY. The total network rental was Baht 144.89 million, increased by Baht 17.05 million YoY due to mainly international network rental that increased in line with increased revenue from IPLC. However, effectively network management caused a lower maintenance cost about Baht 13.79 million.

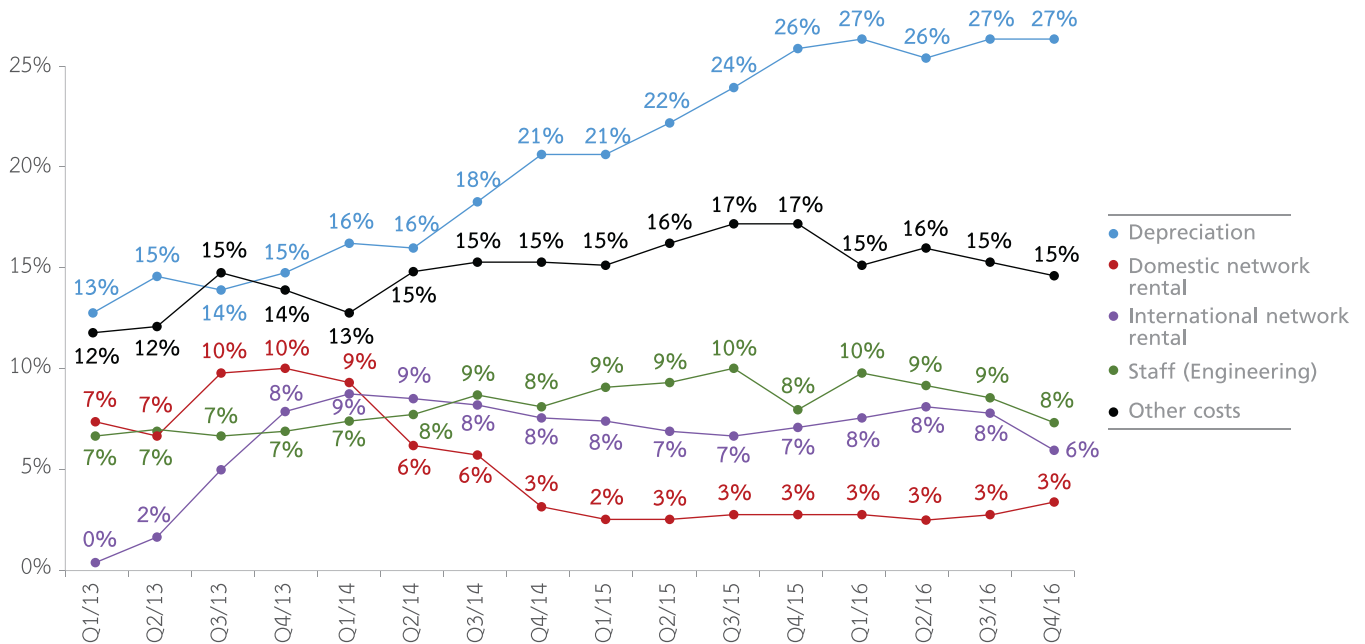
Service Expenses

Service Expenses in 2016 was Baht 71.95 million, decreased by Baht 0.37 million or 0.5% YoY as a result of efficient internal cost control. Moreover, the Company suspended entertainment marketing activities in 4Q2017 comply with the Thailand situation. However, company spend higher marketing promotion expenses to boost sales revenue amidst high market competition.

Administrative expenses

Administrative Expenses in 2016 were Baht 259.67 million, increased by Baht 8.53 million or 3.4% YoY mainly resulting from higher employee expenses, office maintenance expenses, depreciation of office equipment and IT consultant fee etc.

% of Cost Type to Total Service Income



Gross profit, EBITDA and Net profit

In 2016, the Company recorded gross profit in the amount of Baht 537.81 million or gross profit margin of 38.9%. Gross profit decreased by Baht 3.25 million or 0.6% YoY. EBITDA was Baht 636.54 million or EBITDA margin of 45.8%, increased by Baht 45.18 million or 7.6% YoY. Net profit in 2016 was Baht 99.36 million, decreased by Baht 14.54 million or 12.8% YoY resulting from the increased depreciation and financial costs.

Statement of Financial Position

As of 31 December 2016, the Company recorded total assets in the amount of Baht 4,036.87 million, increased by Baht 391.17 million from 31 December 2015 mainly due to the increase of network equipments and assets under construction of MCT Project.

Total liabilities were Baht 2,636.85 million, increased by Baht 287.55 million from 31 December 2015 mainly due to the borrowing from financial institutions to support network expansion projects. In 2Q2016, the Company has done a financial restructure by issuing debentures in the amount of Baht 660 million with 3-year tenor, unsubordinated and unsecured. The

coupon rate is 4.25% per annum, payable semi-annually. Proceeds from the debentures issuance was used to refinance the expired bill of exchange and loans that carry higher interest rates. As a result, the Company has gaining more appropriate financial structure with reduced cost of funds.

Total shareholders' equity was Baht 1,400.02 million, increased by Baht 103.63 million from 31 December 2015 due to total comprehensive income for 2016 in the amount of Baht 71.55 million and dividend payment in the amount of Baht 25.03 million and capital reserve for share-based payment transactions increased by Baht 7.05 million YoY. As of 31 December 2016, Debt to Equity (D/E) ratio was 1.88x.

Corporate Social Responsibility

Symphony Communication Public Company Limited has an important objective to build the Company into an effective organization with excellent management, steering the Company towards stable and sustained growth. Symphony is committed to being an organization with corporate social responsibility, integrity, respect for and compliance with the laws, transparency, accountability, and concern for all stakeholders, for the long-term success of the Company.

CSR-in-process

Operating the business with righteousness

The Company provides telecommunications service with operating license from the government and regulated by government agencies. The Company's business is considered as public service. Therefore, the Company must operate its business in compliance with the laws, regulations, rules, orders, notifications and resolutions of related committees. Moreover, the Company must also respect human rights as well as promote this understanding amongst all employees to respect and adhere to the laws, regulations, rules, orders, notifications and resolutions of related committees in performing their duties.

Responsibility to all stakeholder groups

The Company gives importance to all stakeholder groups as it recognizes that supports from all stakeholder groups contribute to the Company's competitiveness, which is a key to the Company's long-term success. The Company has formulated the

Code of Conduct as part of its corporate governance policy for all employees and executives to strictly follow in order to take care of all stakeholder groups, whether internal stakeholders such as the Company's employees and executives or external stakeholders such as customers, business partners, competitors, creditors, the government, communities and the environment, and other related organizations. The Code of Conduct is announced on the Company's website <http://www.symphony.net.th/csr/conduct.aspx>

Anti-corruption

The Company has signed the Declaration of Intent to join Thailand's Private Sector Collective Action Coalition against Corruption and has a written "Anti-Corruption Policy" as a clear guideline in operating the business and developing the Company into a sustainable organization. The Anti-Corruption Policy covers scope of responsibility, regulations, and principles for appropriate action in order to prevent corruption in all of the Company's business activities and ensure that decisions and business transactions which may have risks related to corruption are prudently considered and implemented.

Responsibility to communities, society and the environment

The Company's provides public service to people, thus being an inseparable part of society. Therefore, the Company gives importance to preserving the environment, efficiently use natural resources and energy as well as giving support for social development.

In the past year, the Company continued to support the work of various foundations and organizations in improving society.



Princess Galyani Vadhana Teacher 2016 Award Presentation

Princess Galyani Vadhana Teacher 2016 Award, the honorable award for national outstanding teachers that Symphony Communication has been participating by sponsoring for 5 consecutive years. This year, Khun Chatchawal Orawongsupathat, Vice President - Human Resources & Office Management of Symphony Communication Plc. was the representative to present The Princess Galyani Vadhana Teacher Award for the year 2016 (Batch 8) to award the teachers for their sacrifice of personal comfort to work at remote areas. The total of 9 awards were presented at Princess Mother's Medical Volunteer Foundation building.



Symphony Charity One Day Trip – Sharing happiness to the Elderly

Khun Nopparat Charoenpromskul, Vice President Customer Relations and Business Development Department of Symphony Communication Plc., with a team, organized ‘Symphony Charity One Day Trip’ - hosting a complimentary lunch and donating money and necessary things to the elderly at Social Welfare Development Center Elderly (Watsanawet), Phra Nakorn Sri Ayuttaya Province. Another sharing project that Symphony Communication regularly take part to give back to the society. The event was filled with joy, happiness and hearty smiles of both givers and receivers.



Safety Project for Kids

Symphony Communication Plc. led by the Safety Committee held “The Safety Project for Kids 2016” that held for the second time. The project aimed to promote safety, clean and good hygienic environment in school. Our volunteered staff has help the school to improve environments, host a lunch and gave scholarship for kids at Ban Pak Nam Dang, Samut Songkhram Province.



Symphony joined PSI fulfill the dreams and sharing project

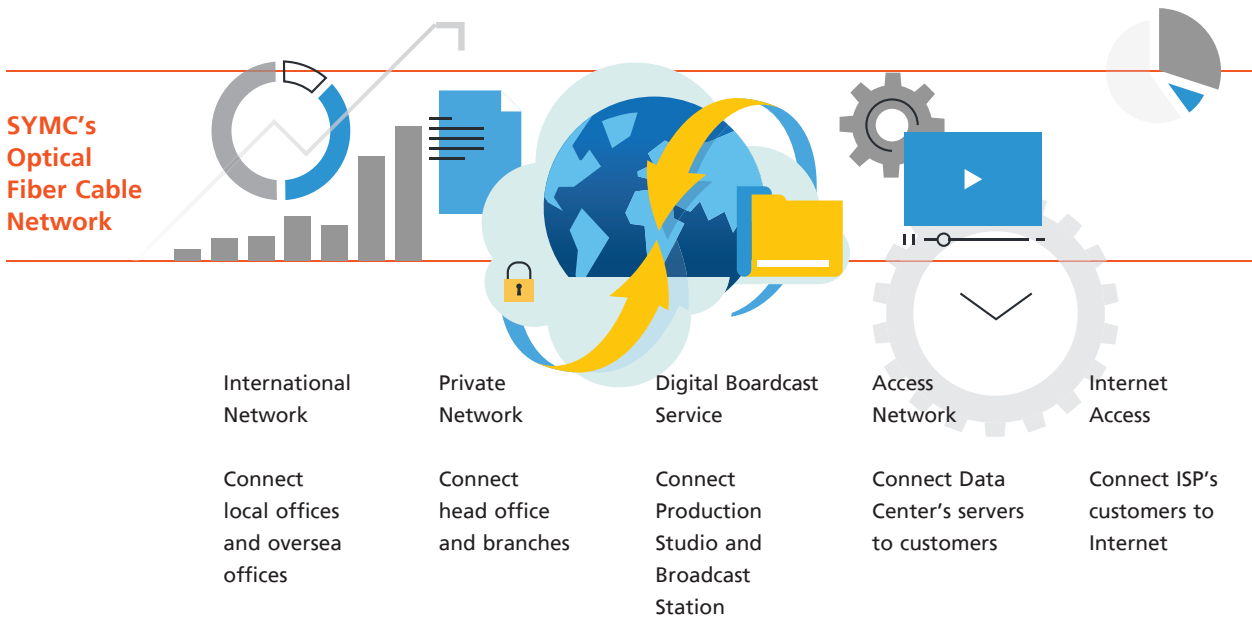
The representatives of Symphony Communication Plc. along with Khun Worasit Leelaburanapong, Managing Director of PSI Broadcasting Co., Ltd. presented scholarships and learning equipment to students of Ban Nong Sakae School, Kaeng Krachan District, Phetchaburi Province to improve learning environments. This event was a part of PSI fulfill the dreams and sharing project.

Business Policy and Overview

The Company is the premium hi-speed communication network service provider using optical fiber cable for its core network. The optical fiber network is common infrastructure of all kind of telecommunications and broadcasting service. It enables rapid, precise and reliable data transmission for all kind of telecommunication services for example transmission of video, voice streaming, international private

leased circuits, intranet, inter-office data exchange, internet connection for large enterprises, and digital broadcasting etc. The service can be customized to the needs of customers by qualified and highly experienced experts. Moreover, the network is monitored by state-of-the-art computerized control system that our experts can promptly detect interruptions.

Optical Fiber Cable Network Applications



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

Business Policy



Mission

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

Business Strategy

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

1. Business Neutrality

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

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

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

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

The Company strictly maintains the standard of its hi-speed communication network service to ensure stability and smooth communication for customers. We offer service customization to meet different

customers' requirements and welcome customers' opinion in customized circuit design process. Furthermore, the Company has provided the preventive measure, for instance, our expert team and technicians have a regular schedule to check, monitor, maintain the cabling, equipments and the back-up system to ensure readiness for use at all the time. Aside from that, we provide after-sale service including one-stop call center that our experts and technicians are available 24-7 to assist or give consultations when needed.

4. Provide consultation and profound analysis

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

5. Strengthening brand image

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

e.g. technology, sales, marketing or finance and accounting departments.

We also treat our sub-contractors as our own employees. As for the quality control, we make sure each step of our services meet our customers and partners' satisfactions. We believe the difference of our services has made our customers and partners trust us and introduce our service to their organization, partners or even their end-users. As a result, our customers have increased steadily until now.

6. Service development and capture high potential market

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

Nature of Business

The Company has core revenue from leased line service income and related services such as

management and maintenance services. The revenue structures for the last 3 years are as follow:

Unit : Million Baht

Revenue	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
Lease line service income	1,250.38	98.0%	1,289.96	97.8%	1,366.61	98.4%
Management and maintenance service income - network	15.44	1.2%	15.90	1.2%	15.44	1.1%
Total service income	1,265.82	99.3%	1,305.86	99.0%	1,382.06	99.5%
Revenue from sales	2.73	0.2%	0.38	0.0%	0.02	0.0%
Other income	6.84	0.5%	13.20	1.0%	6.64	0.5%
Total Revenue	1,275.39	100.0%	1,319.45	100.0%	1,388.72	100.0%

The target customers can be categorized into 2 major groups:

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

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

Service Income by Application

Unit : Million Baht

Service Income by Application	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
Internet Access	391.46	30.9%	400.24	30.6%	399.45	28.9%
Private Network	316.77	25.0%	360.67	27.6%	370.09	26.8%
IPLC	265.10	20.9%	248.03	19.0%	287.01	20.8%
Broadcast	105.69	8.3%	95.51	7.3%	79.81	5.8%
Local Loop for Int'l	80.33	6.3%	93.82	7.2%	105.09	7.6%
Access Network	67.18	5.3%	55.81	4.3%	47.66	3.4%
Others	39.29	3.1%	51.79	4.0%	92.94	6.7%
Total Service Income	1,265.82	100.0%	1,305.86	100.0%	1,382.06	100.0%

Hi-speed Communication Network Service Application

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

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

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

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

5) Local Loop for International Private Leased Circuit : domestic hi-speed communication network for IPLC service providers to provide IPLC service to their local end-users. Example of IPLC service providers are JasTel Network Co., Ltd., True International Gateway Co., Ltd., etc.

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

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

Hi - speed Network Service Technologies

Technologies used for network service can be categorized as follows:

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

6. Optical Fiber Cable Connection Service (Dark Fiber)
7. Multi-Protocol Label Switching (MPLS)
8. FTTX (GPON Technology)

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

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

3. Time Division Multiplexing (TDM) is a hi-speed network on TDM technology platform, which is the technology used since the introduction stage among large organizations. The network infrastructure consists of optical fiber cable core networks with the last mile being copper wires connected to customers.

TDM technology is suitable for real-time data transmissions. Currently, the Company offers TDM speeds from 64 Kbps up to 2 Mbps. The modem interface facilitates prompt service to customers. The Power Alarm System provides a monitoring function capability of inspecting cable signal errors. The alarm function pre-detects and alerts the Company's operations center to immediately resolve problems before customers inform of any errors. Although, TDM is used only among some groups of customers due to the limited capacity last mile, TDM is still a trusted service by customers due to its high reliability and short response time.

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

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

6. Dark Fiber is optical fiber cable connection service to specific customers that require self-management and control over internal data transmissions within their organizations with specific designed source and destination equipments for their

transmission and have their own technical team of experts; hence, customers are free to determine transmission speeds and equipments at their own discretion.

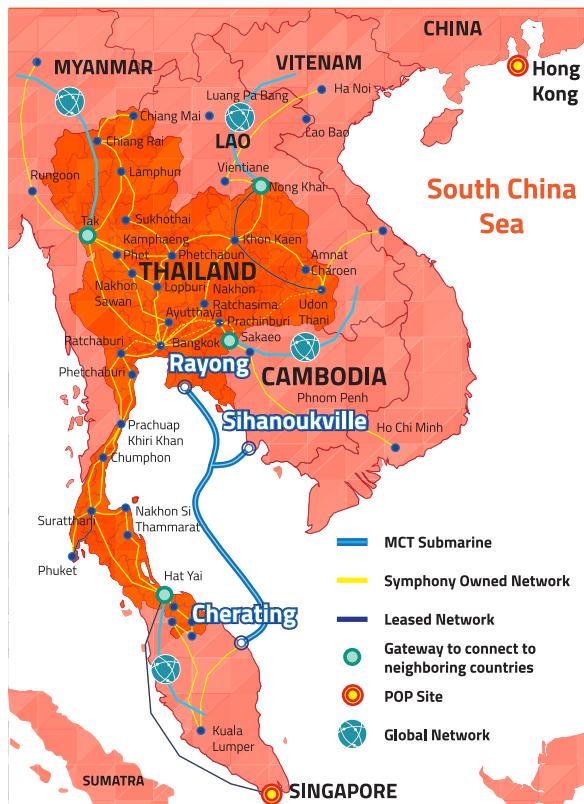
7. Multi Protocol Label Switching (MPLS) is hi - speed network service by IP Protocol technique, using optical fiber cable networks as main network connecting service provider to customers nationwide. The service can support following connectivity:

- 7.1) Full Mesh : all branches can contact others directly
- 7.2) Hub and Spoke : all branches contact each other via a central office.

MPLS can support high speed transmission with high stability and security and can be connected with various types of equipment and routers e.g. Static, OSPF and BGP. Quality of Service can be set according to customers' need. Now, service speed is available from 1 Mbps to 10 Gbps. The service is suitable for corporations or government agencies that need high speed communication networks between head office and many branches.

8. FTTX (GPON Technology) is another hi - speed networks service using optical fiber cable with a point-to-multipoint architecture, in which PON (Passive Optical Network), the unpowered fiber optic splitters are used, therefore, cost of service is lower. Service speed is up to 1 Gbps. However, at present, service speed is available at 20, 30, 50 and 100 Mbps and adjustable via Network Management System. This service is suitable for economy broadband segment.

Network Coverage Expansion



Current Coverage Area

Focus on high-potential business density areas

- Bangkok and vicinity
- 87 leading office towers
- 45 Industrial estates
- 47 Major provinces nationwide
- 17 Service centers nationwide

IPLC Gateway

- Songkla (Hatyai) to connect Malaysia
- Sakaew to connect Cambodia
- Nongkhai to connect Lao
- Tak (Maesot) to connect Myanmar

The Company has been determined to continually develop network service. As the demand for data connectivity has been growing along with the development of telecommunication technology and cross-borders trade and investment, the Company has expanded network coverage to catch up with increasing demand in the high potential areas that justify customers' needs and investment returns, especially the routes that connect neighboring countries which also cover major cities nationwide and 4 gateways to connect international networks.

Moreover, the international network coverage will be broaden with the MCT project by connecting to other worldwide submarine cable networks. The investment for network coverage expansion has caused the increase in cost of service in term of higher depreciation, cable laying fee, expenses of network engineers and service centers. In the long run, the Company believes this investment decision should enable effective cost control and allow more flexibility and efficiency of network management that better support rapid traffic growth.

Market Condition and Competition

In 2016, high-speed communication network service market continues to grow in term of demand and market size. However, in some market segment had high market competition that put pressure on pricing. Therefore, some network service operators maintain revenue share by offering extra bandwidth to existing customers while also acquiring new customers.

Marketing strategy also includes introducing new value added service together with network service income to serve the diverse and complex customer needs. Another key to maintain customer loyalty is quality development that need skilled human resources that the Company always emphasize the human resource development and training.

Service income from Internet Access, Private Network and International Private Leased Circuit (IPLC) are major segments that accounted for 75% of total service income. Market circumstances in these 3 segments are as follows:

Internet Access : had high bandwidth growth but market competition was high. Price per bandwidth continually dropped. As a result, revenue from this segment was rather stable. Revenue target is to maintain customer base with slightly growth.

Private Network : had high demand growth. Pricing become important consideration but there is demand for high quality service. Therefore, some customers give priority to the reliable and trustworthy service than pricing. In the near future, when Internet of Things (IOT) dominate the way we live, quality of network service will play a vital role to customer consideration. IOT need high service quality to prevent possible risks e.g. IOT for medical or mass transit systems. Revenue target in Private Network is to achieve continued growth and expand customer base.

International Private Leased Circuit (IPLC) : high demand growth from telecom operators in neighboring countries with rising trend. IPLC is normally high bandwidth, hence, higher service rates comparing to those domestic circuits that having low bandwidth. Competition was quite high. However, customers in

this segment normally need to diversify their lease contract to more than one network operators to reduce network risk, therefore, minimizing chance of market monopoly. The Company set high target growth in IPLC segments. In addition, Malaysia-Cambodia-Thailand (MCT) Submarine Cable System, will be ready for service in April 2017. This project will enhance competitiveness of the Company in IPLC market to enable international network connectivity via both terrestrial and submarine segments that move the Company forward to support Thailand as a telecom hub and gateway of ASEAN.

Overall, the Company has positive view of market growth, as telecom network is crucial infrastructure for “Digital Economy Development Plan” which require cooperation from both government and private sectors that will finally benefit all telecom operators throughout the supply chain. Then, quality of network service will be more important due to its contribution to quality of other services in the future when new communication technology is developed and Thailand will need to depend on high quality telecommunication networks.

Company Background and Major Development

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

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

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

In 2013, the Company has obtained Internet Operation License Type I and Radio or Television Broadcasting Business License for the Radio or Television Network Services (Not using radio frequency).

The Company has established a subsidiary, namely Diamond Line Services Company Limited, to provide installation and maintenance service for outside-plant networks and telecom equipments, and joint-invest with other companies. The Company holds 99.99% of share capital with the registered capital of Baht 5,000,000.

In 2014, the Company has obtained the extension scope of service for the telecom business license Type III for International Private Leased Circuit Service (IPLC) - Terrestrial Section by adding supplementary scope of International Private Leased Circuit Service (IPLC) - Submarine Section in order to build the Submarine Cable Network to support international communication traffic growth and developing SYMC business to be ASEAN telecom hub and gateway. In addition, the Company has launched pilot project for FTTx service – another hi-speed communication network service using Gigabit Passive Optical Network (GPON) technology on existing optical fiber cable networks with speed from 20 Mbps up to 1 Gbps. The service fee is lower to match the need of small and medium enterprises as an extended market to the Company.

In 2015, the Company signed joint investment project agreement to build Malaysia - Cambodia - Thailand (MCT) submarine cable system that spans approximately 1,300 kilometers. The Company become the first Thai private company to build international submarine cable network system. This project will enhance the company to be ASEAN telecom hub and gateway. Considering the growing demand of internet usage, both in term of number of users and bandwidth. The Company has entered premium broadband internet

market by collaborating with numbers of local premium broadband internet service providers. The Company provides backbone networks and technologies to these premium broadband internet service providers, especially the ones who have strong customer bases in provincial areas. Consequently, this collaboration will serve the future internet usage expansion with our existing high stable and efficient network service.

In 2016, the company renew the Telecommunication Service License Type II to operate International Internet Gateway (IIG) and National Internet Exchange (NIX) services, for another contract period of 5 years

The following milestones are the Company's major developments.

Development

2005

Nov - Established with the initial registered capital of 1 million Baht

2006

Jun - Obtained the Telecommunication Service License Type II, permitted by The National Telecommunications Commission (NTC) for the contract period of 15 years

2007

Mar - Launched Ready Ethernet, Metro Ethernet and TDM services under the brand "Symphony"

Oct - Obtained the telecommunication services license and was the first operator who secured the permission for Right of Way in accordance with Article 39 Section 1 of the Telecommunications Business Act (B.E. 2544)

Nov - Bangkok Mass Transit System Public Company Limited (BTS) authorized the Company to install optical fiber cables and equipments on elevated rail throughout BTS's service route

2008

Mar - Launched SDH hi-speed data communication and Ethernet over SDH (EoSDH) service to corporate customers

Sep - Obtained the Right of Way to place optical fiber cables along electric posts permitted by Metropolitan Electricity Authority

2009

Jan - Bangkok Metropolitan Authority (BMA) permitted the Company to install optical fiber cables solely beneath the pedestrian walkways along the BTS routes.

Jun - Increased registered capital to 80 million Baht with 8 million shares outstanding, 10 Baht par value per share

Jul - Attained the qualified standards of technology deployment for Metro Ethernet networks from Metro Ethernet Forum and recognized as a qualified service provider to connect to other international carriers

Sep - Increased registered capital to 225 million Baht with 22.5 million shares outstanding, 10 Baht par value per share.

2010

May - Converted into a public company limited and increased registered capital to 300 million Baht with 300 million shares outstanding, 1 Baht par value per share

Aug - Made an agreement with Metropolitan Electricity Authority (MEA) to use its optical fiber cable network for the period of 12 years starting from Aug 2010, which also permitted the Company to place optical fiber cables along electric posts

Nov - Listed in the Stock Exchange of Thailand, with the ticker symbol "SYMC"

Dec - Short-listed as a finalist in the Metro Awards for the Asia-Pacific Carrier Ethernet Service Provider of the Year for 4 consecutive years

2011

Jun - SYMC stock has been included in FTSE SET Shariah Index calculation

Jun - Obtained the Telecommunication Service License Type II to operate International Internet Gateway (IIG) and National Internet Exchange (NIX) services, for the contract period of 5 years

Aug - Obtained the Telecommunication Service License Type III to International Private Leased Circuit (IPLC) and IP – Virtual Private Network (IP-VPN) service, for the contract period of 15 years

Dec - Rated "Very Good" Corporate Governance Rating in the Corporate Governance Report of Thai Listed Companies 2011, which was surveyed and assessed by the Thai Institute of Directors Association (IOD), the Securities and Exchange Commission, and the Stock Exchange of Thailand

2012

Nov - Rated "Excellent" Corporate Governance Rating in the Corporate Governance Report of Thai Listed Companies 2012, which was surveyed and assessed by the Thai Institute of Directors Association (IOD), the Securities and Exchange Commission, and the Stock Exchange of Thailand and ranked in the Top Quartile of the companies with market capitalization between Baht 3,000-9,999 million
Extended coverage areas to key major economic hubs e.g. 24 industrial estates, major cities e.g. Phuket, Chiang Mai, Udornthani, Khon Kaen, etc.

2013

May - Obtained the Telecommunication Service License for the Internet Operation Type I, for the contract period of 5 years

Jul - Obtained the Radio or Television Broadcasting Business License for the Radio or Television Network Services (Not using radio frequency), for the contract period of 15 years

Oct - Rated "Excellent" Corporate Governance Rating in the Corporate Governance Report of Thai Listed Companies 2013, which was surveyed and assessed by the Thai Institute of Directors Association (IOD), the Securities and Exchange Commission, and the Stock Exchange of Thailand and ranked in the Top Quartile of the companies with market capitalization between Baht 3,000-9,999 million for the 2nd consecutive year

Nov - Established a subsidiary, namely Diamond Line Services Company Limited, to provide installation and maintenance service for outside-plant networks and telecom equipments, and joint-invest with other companies. The Company holds 99.99% of share capital with the registered capital of Baht 5,000,000

2014

Jul - Obtained the extension scope of service for the telecom business license Type III for International Private Leased Circuit Service (IPLC) - Terrestrial Section by adding supplementary scope of International Private Leased Circuit Service (IPLC) - Submarine Section to build the Submarine Cable Network to support international communication traffic growth and developing SYMC business to be ASEAN telecom hub and gateway

Oct - Rated “Good” Corporate Governance Rating in the Corporate Governance Report of Thai Listed Companies, which was assessed with the new assessment criterion by the Thai Institute of Directors Association (IOD)

2015

May - Signed joint investment project agreement to build Malaysia - Cambodia - Thailand (MCT) submarine cable system that spans approximately 1,300 kilometers. The Company become the first Thai private company to build international submarine cable network system.

Oct - Rated “Very Good” Corporate Governance Rating in the Corporate Governance Report of Thai Listed Companies, which was assessed by the Thai Institute of Directors Association (IOD)

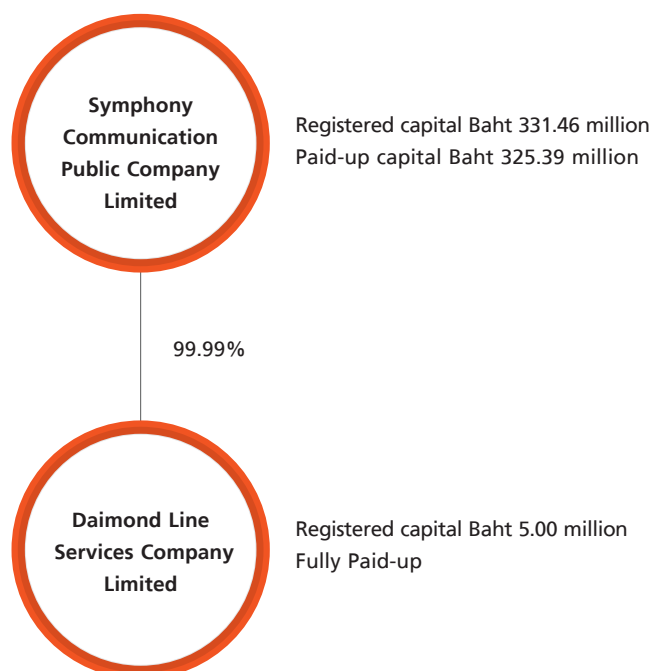
2016

May - Paid dividend in form of ordinary shares at a ratio of 12 current shares per 1 dividend share at par value of 1 Baht each. Increased registered capital to 331,463,349.- Baht with 331,463,349 shares at par value of 1 Baht each, paid up capital Baht 325,393,681.-

Jun - Renewed the Telecommunication Service License Type II to operate International Internet Gateway (IIG) and National Internet Exchange (NIX) services, for another contract period of 5 years

Oct - Rated “Very Good” Corporate Governance Rating in the Corporate Governance Report of Thai Listed Companies, which was assessed by the Thai Institute of Directors Association (IOD)

Corporate structure



Risk Factors

1. Risks from Competition in Hi-Speed data Communications Network Market

The Office of National Broadcasting and Telecommunication Commission (“NBTC”) has the authority to issue telecommunications business licenses to new operators based on the principle of free and fair competition. The Company cannot foresee the number of new operators that will be granted telecommunication business licenses. More operators will result in stronger competition. However, the telecommunications business requires expertise and experience of management and employees as well as intensive capital. Hence, large business operators have competitive advantages over small, medium and new operators. At present, price competition is stronger in some markets segment that customers are more price conscious due to difficult economic situations.

Therefore, the Company strategically prepared for such competition by emphasizing on its businesses strength and focus on the markets that the Company has competitiveness, especially in current service coverage areas or corporate market that has high service loyalty for years. In addition, the Company also extend service scopes by providing related services e.g. broadband internet service support to small and medium broadband operators, international network service to inter carriers, joint invest with telecom operators in neighboring countries to build submarine cable network system and cable landing station for a new alternative international gateway for Thailand and one-stop ICT solution service.

2. Risks from Legal Regulations and Government Policy regarding Telecommunication Business

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

(b) **The Government's implementation of Digital Economy Policy In 2015, Government launched the Digital Economy policy.** The Ministry of Information and Communication Technology (MICT) has drafted the digital economy plan (Year 2016-2020) and preparing to revise the laws relating to the mobilization of digital economy to be proposed to National Legislative Assembly for approval such as draft amendment of Organization for Allocating Broadcasting Frequency and Supervising Radio/Television Broadcasting and Telecommunication Businesses, Cyber Security Act, and Commission of an Offence relating to Computer Crime Act, Digital Economy Development Act and etc. The Company has considered that the Digital Economy (Year 2016 – 2020) will create the positive impact to the Company because it will support and stimulate demand on the digital infrastructure usage. At present, the Computer Crimes Act (No.2) B.E.2560 has been announced. The Company has studied the amendment laws but does not assume possible adverse impact to the Company business at the moment. However, the Company need to consider other impending ministerial regulations, criteria and practices that will be announced by Ministry of Digital Economy and Society regarding investigations or confiscation of computer systems, computer data, or equipment for storing computer data by government officers or operators. Other revised laws has not been officially finalized and enforced.

3. Risks from Networks, Equipment, Working Systems, Computer Systems and Other Assets used in the Company's Operations

(a) **Risk from Networks Under the stipulation of section 39, paragraph 1 of the Telecommunication Business Act 2001** states that, if the licensee needs to set up the post or wiring, piping or install other equipment necessary for the operations of telecommunication business and need to apply the right according to the section 39. The licensee shall propose NBTC for approval before any execution. Once NBTC approve, the licensee will entitle to the

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

At present, Metropolitan Electricity Authority (MEA) starts to put the electricity wires to underground for some main roads in Bangkok CBD, effecting the cabling of the Company that currently being on electricity poles. Therefore, the Company has to reroute the networks to avoid service interruption. Meanwhile, the Company is co-operating with other related operators to wire the cable underground with MEA project to be the network protection routes and enhance network reliability. Lately, the Company and other operators has signed MOU with MEA and TOT Public Company Limited to move the wires to underground ducts in some main roads in Bangkok e.g. Paholyothin road (Ladprao 5-junction to Victory Monument), Rajprarop road, Sriyudhaya road etc. From the latest meeting on 22nd December 2016, the committee had discussed about technical shared usage of underground wired cable and will propose to MEA at the beginning of Year 2017.

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

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

(b) Risk from Equipment, Working Systems, Computer Systems and Other Assets used in the Company's Operation As the Company's business has specific characteristic that relate with complex technology, business operations of the Company requires superior network management system since such system must be stable at all the time to serve customers' needs. If there is any hold up in the working system especially in the provision of hi-speed communication network or core network, there could be a wide-spread impact on other systems.

For this reason, the Company preemptively created a contingency plan by setting up a Disaster Recovery Operation Center (DROC) which has been operated since Q2 2013 to ensure uninterrupted servicing. The Company also implement Business Continuity Plan (BCP) and regularly emergency exercise. For the Company's internal working system, the Company minimizes operational risks from human errors by having access control system in all operation rooms of the Company that allow access only for trained and certified employees with specified qualifications.

The Company strongly emphasizes the importance of equipment selection by selecting only fine optical fiber cables and adhering to international standards to ensure efficiency of servicing. In regards to essential equipment for the core network such as power supply, Controller, Switching and trunk modules, the Company has prepared reserved sets of equipment ready to be installed as soon as any malfunction to existing equipment occurs. As for the installation of optical fiber cable, the Company will install optical fiber cable in at least 2 non-replicated routes for core network in case any optical fiber cable malfunction occurred.

Moreover, for systems related with end-users, the Company has a preventive policy to identify any flaws and promptly mend them before any errors occurred. Technical expert team will check cable nets, main equipment and other support equipment to ensure that all are in good working conditions. For the core network, the Company install DWDM as standard network equipment for supporting other service networks e.g. Metro Ethernet, MPLS, SDH, TDM etc. This not only save cost in the long run but also enhance network stability, reduce network faults and support bandwidth expansion in accordance with current high bandwidth growth. In addition, the Company has implement 3-Year IT Master Plan (Year 2015 – 2017) in accordance with the Company's business plan. The main purposes are to gain more efficiency in each business activity, to create the data integration, and also to maintain data security within the well-organized budget.

4. Risk regarding Key Management Reliance

According to nature of business, the Company requires experts that specialized in complicated technology and regulations, with different experiences and skills to operate the business. The Company recruits various telecom experts to serve the Company's growth. The Company gives emphasis on the succession plan and Talent Management System. With Talent Management System, company will get the strategic movement on how to recruit, develop and maintain the high performance employees who are the high potential to be future management team. Consequently, key management reliance risk will be lowered by succession with the high competency management The Company also allocate budget for development and training to all level of employees. For example, the Company provides scholarships for undergraduate and post-graduate study in various fields such as business administration, information technology, and engineering. By offering employees an opportunity to be trained with institutions of good reputations in terms of professional skills and development of other working skills, employees will continue to improve from such developments and

trainings to prepare employees for future business expansions. Additionally, the corporate structure emphasizes bottom-up working styles to encourage employees, especially middle management, to participate in the process of brain-storming and setting operational guidelines. Moreover, the Company places emphasis on teams to work both within the business functions and across business functions to competently resolve any issues that occurred.

5. Risks from influences of major shareholders over the determination of policy and management of the Company

The group of major shareholders, directors and management as defined by SEC have the shareholding at 31 December 2016, collectively 55.20% of the total paid-up shares. As a result, they can control the resolution of various agendas in the Shareholders' Meeting by forming the majority votes that other shareholders may not be able to collect the voting to monitor for check-and-balance reason. However, the major shareholders will refrain from voting on the matter that has conflict of interest.

6. Risk from natural disaster, riot and terrorism

The global climate change has resulted in many natural disasters. Moreover, the economic and political uncertainties triggered the civilian unrest, riots and terrorism. These events may have an impact on business operation of the Company. Therefore, the Company includes these possible matters into the Enterprise Risk Management and develop the Business Continuity Plan as a principle for employees at every levels and departments to perform in case of emergency to ensure the smoothest service for customers. The Company's standard network design also provides redundant route to enhance stability of communication networks. Moreover, the Company has insurance policies cover against the risk of damage to network equipment and nodes. That comprises node equipment and optical fiber cable that installed in private properties. However, the equipment that installed in public areas (mainly optical fiber cable) is uninsurable.

Capital Structure / Dividend Policy

Capital

1) Ordinary shares

At 31 December 2016, the Company has registered capital of Baht 331,463,349 which comprises 331,463,349 paid-up ordinary shares at par value of Baht 1 each, paid-up Baht 325,393,681.-

2) Warrants to purchase ordinary shares

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

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

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

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

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

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

The Annual General Meeting of Shareholders 2016, held on 26 April 2016, resolved to approve dividend payment in form of ordinary shares at a ratio of 12 current shares per 1 dividend share at par value of 1 Baht each, or representing dividend payment at 0.08333 Baht/share. As a result, exercise price of warrants has been adjusted from Baht 14.720 each to Baht 13.588 each and conversion ratio has been adjusted from of 1 warrant has right to purchase 1 ordinary share to 1 warrant has right to purchase 1.08333 ordinary shares.

As at 31 December 2016, there were un-exercise warrants 5,196,200 units, with reserved shares to support the exercise of warrants 6,068,799 shares.

Major Shareholders

Top 10 major shareholders as of the book closing date on 31 December 2016 are as follows:

	Number of shares	% of paid-up capital
1. Asawasuwat Group	53,165,926	16.34%
Mr. Kranphol Asawasuwat	53,057,593	16.31%
Ms. Kwandarin Asawasuwat	108,333	0.03%
2. Pantarasutra Group	50,695,925	15.58%
Mr. Teerarat Pantarasutra	50,695,915	15.58%
Ms. Toungporn Pantarasutra	10	0.00%
3. Thanakijsumton Group	26,567,384	8.16%
Mr. Pongthep Thanakijsumton	26,459,051	8.13%
Ms. Srisamorn Threepetchsomkhun	108,333	0.03%
4. Srisuphakhani Group	26,283,551	8.08%
Mr. Pathomkrit Srisuphakhani	25,484,051	7.83%
Ms. Sumatthakan Srisuphakhani	799,500	0.25%
5. Phatra Capital Public Company Limited	15,834,000	4.87%
6. Mr. Niphol Suwannachet	15,540,351	4.78%
7. Mr. Wanchai Somboonphon	13,850,634	4.26%
8. Ms. Bussakorn Jaruwachirathanakul	8,929,916	2.74%
9. Mr. Manoch Youbunyong	8,822,045	2.71%
10. Bualuang Long-Term Equity Fund	7,943,866	2.44%

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

Dividend Policy

The Company has a dividend payout policy of at least 40% of its net profit after deducting of all reserves as per the Company's Articles of Association and governing law. This dividend payment is subject to changes based on the Company performance, business plan, liquidity, necessity and other suitability

in the future. However, annual dividend payments of the Company must have been approved from shareholder, except interim dividend payment which can be approved by the Board of Director and will be reported to shareholder in the forthcoming shareholder meeting.

Dividend Payment History

Year	2012	2013	2014	2015	2016*
Basic earnings per share (Baht/share)	0.79	0.82	0.61	0.38	0.31
Dividend payment per share (Baht/share)	0.58	0.58	0.43	0.20259	-
Payout ratio (%)	74.3%	70.7%	70.7%	53.8%	-

* The Board of Directors meeting No2/2017, held on 21 February 2017 has approved to propose the Annual General Shareholders' Meeting for the Year 2017 to consider and approve no dividend payment for the operation Year 2016.

Dividend policy for the subsidiary

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

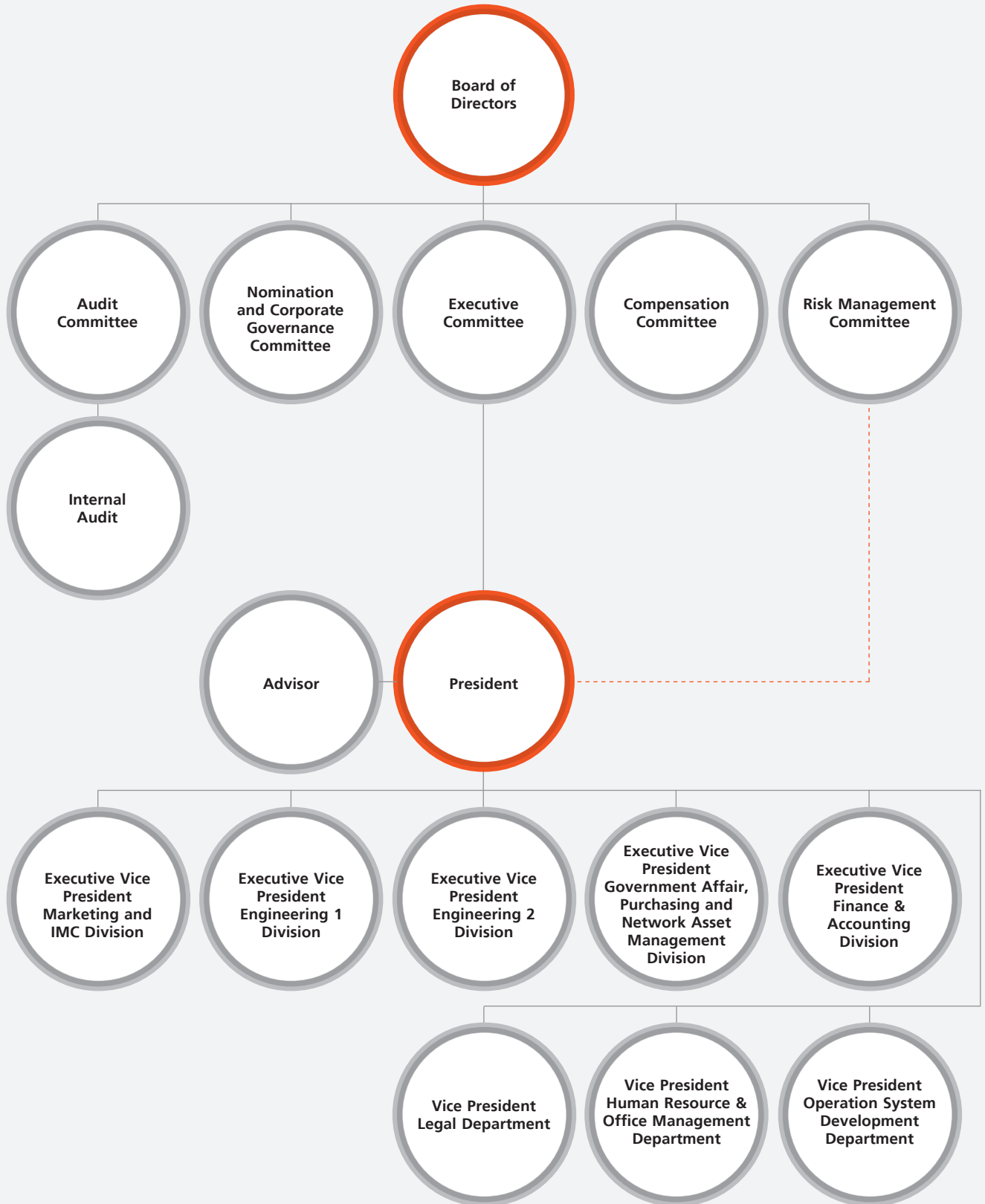
Shareholding of Directors and Management

The shareholding of directors and management include shareholding of related person (s) as defined by Section 258

Securities and Exchange Act B.E. 2535 are as follows:

Name	Title	31 December 2015 (Shares)	Change (Shares)	31 December 2016 (Shares)
1. Mr. Woodtipong Moleechad	Chairman of the Board / Chairman of Nomination and Corporate Governance Committee / Audit Committee Member / Compensation Committee Member / Chairman of Independent Director	-	-	-
2. Mr. Prasitt Hemwarapornchai	Deputy Chairman of the Board / Chairman of Compensation Committee/ Nomination and Corporate Governance Committee Member / Audit Committee Member / Independent Director	-	-	-
3. Mr. Jitkasem Sangsingkeo	Director / Chairman of the Audit Committee / Nomination and Corporate Governance Committee Member / Compensation Committee Member / Independent Director	-	-	-
4. Mr. Kranphol Asawasuwan	Director / Nomination and Corporate Governance Committee Member / Chairman of Executive Committee	48,976,240	4,081,353	53,057,593
Ms. Kwandarin Asawasuwan	Spouse	100,000	8,333	108,333
5. Mr. Teerarat Pantarasutra	Director / Compensation Committee Member / President	46,796,230	3,899,685	50,695,915
Ms. Toungporn Pantarasutra	Spouse	10	-	10
6. Mr. Pongthep Thanakijsumton	Director / Executive Vice President	24,423,740	2,035,311	26,459,051
Ms. Srisamorn Threepetchsomkhun	Mother-in-law	100,000	8,333	108,333
7. Mr. Wanchai Somboonphol	Director / First Senior Vice President	12,785,201	1,065,433	13,850,634
8. Ms.Bussakom Jaruwachirathanakul	Director / Executive Vice President	8,243,000	686,916	8,929,916
9. Mr. Supornchai Chotputtikul	Director / Executive Vice President	30,000	7,800	37,800
10. Mr. Pathomkrit Srisuphakhani	Executive Vice President	23,523,740	1,960,311	25,484,051
Ms. Sumatthakan Srisuphakhani	Spouse	738,000	61,500	799,500

Organization Chart



Management Structure

Board of Directors

The Board of Directors consists of nine Directors, three of them are independent directors. All directors have received certificates from The Thai Institute of

Directors Association. The list of directors and the role of independent directors in the subcommittees are as follows:

Name	Title	Meeting Attendance				
		Board of Directors	Audit Committee	Compensation Committee	Nomination and Corporate Governance Committee	Independent Director Committee
1. Mr. Woodtipong Moleechad	Chairman of the Board / Chairman of Nomination and Corporate Governance Committee / Audit Committee Member / Compensation Committee Member / Chairman of Independent Director	10/10	6/6	5/5	6/6	1/1
2. Mr. Prasitt Hemwarapornchai	Deputy Chairman of the Board / Chairman of Compensation Committee / Nomination and Corporate Governance Committee Member / Audit Committee Member / Independent Director	10/10	6/6	5/5	6/6	1/1
3. Mr. Jitkasem Sangsingkeo	Director / Chairman of the Audit Committee / Nomination and Corporate Governance Committee Member / Compensation Committee Member / Independent Director	10/10	6/6	5/5	6/6	1/1
4. Mr. Kranphol Asawasuwan	Director / Nomination and Corporate Governance Committee Member / Chairman of Executive Committee	10/10	-	-	6/6	-
5. Mr. Teerarat Pantarasutra	Director / Compensation Committee Member	10/10	-	5/5	-	-
6. Mr. Pathomkrit Srisuphakhani*	Director	3/3	-	-	-	-
7. Mr. Pongthep Thanakijsumton	Director	7/10	-	-	-	-
8. Ms. Bussakorn Jaruwachirathanakul	Director	10/10	-	-	-	-
9. Mr. Supornchai Chotputtikul	Director	8/10	-	-	-	-
10. Mr. Wanchai Somboonphon**	Director	7/7	-	-	-	-

Ms. Nattaya Jungawatmetha is the secretary of the Board of Directors and company secretary.

* Mr. Pathomkrit Srisuphakhani retired by rotation since 26 April 2016

** Mr. Wanchai Somboonphon has been appointed as director by Annual General Meeting of Shareholders 2016, held on 26 April 2016.

The appointment and dismissal of the Directors shall be in line with the principles and methods defined in the Company's Articles of Association. The term of office for director is 3 years.

Authorized Directors

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

Qualification of Board of Directors and Term of office

The Board of Directors shall comprise of at least 5 directors, of which not less than half of total directors must be Thai residents. The Board of Directors must comprise executive directors, non-executive directors and independent directors. The Board of Directors comprises of three independent directors or not less than one-third (1/3) of total number of directors. The independent director must possess qualifications in compliance with the law on securities and stock exchange and the regulations of the Stock Exchange of Thailand. The appointment and dismissal of the Directors shall be in line with the principles and methods defined in the Company's Articles of Association. The term of office for director is 3 years. At every Annual General Meeting of Shareholders, one-third of the Directors shall vacate their office; if the number is indivisible by three, the nearest number shall apply. The retiring directors may be reappointed to resume the positions. Independent directors shall not hold position no longer than 9 consecutive years, except approved by nomination and corporate governance committee due to his/her contribution to the Company and the committee has opinion that additional term of office over 9 years will not impact his/her independency. Moreover, the appointment shall be approved by Board of Directors and Shareholders. At present, none of independent directors holds position longer than 9 years.

Qualification of Independent Director

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

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

the Company unless the foregoing relationship has ended more than two years prior to the date of appointment.

6. Neither being nor having been an auditor of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, and not being a principal shareholder or controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company unless the foregoing relationship has ended more than two years from the date of appointment.

7. Neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, and neither being nor having been a principal shareholder, controlling person or partner of the professional advisor unless the foregoing relationship has ended more than two years from the date of appointment.

8. Must not be a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the Company or its subsidiary.

9. Must not be a director who has been appointed (both openly and secretly) as a representative of the Company's director, major shareholder or shareholders who are related to the major shareholder.

10. Must not operate any business which has the same nature as and is in significant competition with the business of the Company or subsidiary, or not being a principal partner in any partnership, or not being an executive director, employee, staff, or advisor who receives salary; or holding shares not exceeding

one per cent of the total number of voting rights of any other company operating business which has the same nature as and is in significant competition with the business of the Company or subsidiary.

11. Must be a capable person who can express his/her opinion or report his/her duty independently without being controlled by the director or major shareholders of the Company, including their close relatives.

12. Must be respectable and widely accepted person.

13. Must devote sufficient time to their duty of member of Board of Directors.

The scope of power, duties and responsibilities of the Board of Directors

1. Perform duty with honesty, care and with full responsibility for the Company's best interests. Manage the Company according to the law, the Company's objectives, Articles of Association and lawful resolutions of the meeting of shareholders.

2. Determine the Company's vision, policies and direction including supervising the management team to effectively and efficiently conduct the business in accordance with the given business policy and action plan in order to maximize economic value and shareholder's wealth and foster sustainable growth.

3. Manage the Company with accountability to the shareholders and disclose full information in accordance with the Company's transparency policy.

4. The Board of Directors must possess knowledge, capability and experience deemed necessary to the Company's operation and concentrated in the Company's activity of which they are appointed as Directors.

5. Evaluate the performance of top executives and review their remunerations.

6. Set forth the business policies and objective with a clear and measurable monitoring system as an operational guidance that reasonable and possible, also regularly review such policies and the adoption.
 7. Promote the publication of the Company's business ethics handbook to help all directors, executives and employees understand and comply with the standard of business ethics.
 8. Carefully review all transactions that may lead to conflicts of interest, ensure that they are at the best interest to the Company and shareholders, make sure that those who have conflict of interest are not in a part of decision making process and these transactions are completely disclosed and strictly comply with related laws and the regulations.
 9. Recommend the thorough risk management policy for the entire organization and delegate the management team to execute such policy and regularly report to the Board of Directors as well as having regular evaluation and assessment or whenever the risk level seems deviate from the specified direction and precaution to any warning signal or irregularities.
 10. Make decision on important matters such as policies, business plan, large scale investment, management authority, acquisition or disposal of assets or any transaction required by law.
 11. Delegate business transaction approval authority to appropriate group or persons in accordance with related laws, establish authority of approval handbook and review it on annual basis.
 12. Set the reliable accounting, financial report and audit program, including the evaluation process of internal control. Appoint independent person or organization to perform such audit. Such programs should be reviewed regularly.
 13. Consider the auditor appointment and determine the annual auditor fee and propose to the shareholders' meeting for approval.
 14. Report the responsibility of the Board of Directors for financial reporting, together with the report of auditor in the annual report, the content of which should cover important matters in accordance with code of conduct of the SET listed company's directors.
 15. The Board of Directors may appoint subcommittee or any person to oversee, follow up, and operate the Company's business that is deemed necessary under directors' control of the Company, and in compliance with the Company's charter, including the evaluation of its performance; or grant the powers to such subcommittee or person for a certain period of time or as it deems appropriate. The Board of Directors may remove such person or change the scope of power of such person. Such authorization shall not allow the authorized subcommittee or person to approve transaction that he/she has vested interest in or has conflict of interests. The Company shall propose the shareholder meeting for approval of connected transaction, the requisition or disposition of significant assets as set forth in the Company's Articles of Association and in the regulations of the Securities and Exchange Commission and the Stock exchange of Thailand. The party with conflict of interest shall not eligible to approve or vote for the transaction. The grant of approval authority for normal business transactions must be clearly defined the scope and approval limit for each level. Therefore, there is no authorization in transaction approval that has no approval limit. In the event of authorizing manager or another person to act for and on behalf of the Board of Directors, such authorization must be in written form or clearly recorded in a meeting minute. Furthermore, such authorization should clearly specify a scope of powers, duties and responsibilities of an authorized person.
 16. The Board of Directors must perform self-assessment.
- Therefore, the scope of power of the Board of Directors has to be under the law, the Company's Articles of Association and the regulations of the concerned agencies such as the Securities and Exchange

Commission and the Stock Exchange of Thailand. In accordance with the Company's objectives and regulations and with the shareholders' meeting resolutions, the Directors, authorized person or any other persons who may have vested interest in the

transaction being considered or have conflict of interests with the Company or any of the subsidiaries are not entitled to vote on transactions or matters being considered.

Management Team

The Company's managements as defined by the Securities and Exchange Commission comprise of the following 5 members.

Name	Title
1. Mr. Teerarat Pantarasutra	President
2. Mr. Pathomkrit Srisuphakhani	Executive Vice President for Engineering 2
3. Mr. Pongthep Thanakijsumton	Executive Vice President for marketing and IMC
4. Ms. Bussakorn Jaruwachirathanakul	Executive Vice President for Finance and Accounting
5. Mr. Supornchai Chotputtikul	Executive Vice President for Engineering 1

The scope of power, duties and responsibilities of President

- Operate, plan and manage day-to-day business.
- Make decision on important matters. Set missions, objectives, guidelines and policies for the Company's business operation and control the management of each department.
- Authorized to supervise, contact, command, sign agreements, orders or announcements as defined in authorization handbook.
- Authorized to hire, appoint, transfer, as well as define scope of duties and appropriate remuneration including salary, bonus, fringe benefits for employees, take disciplinary action against employees as well as dismiss the employees as defined in authorization handbook.
- Authorized to set the trade condition for the Company's benefit.

6. Consider signing agreement related to the Company's normal business, new business venture or the closure of some business for submission to Executive Committee and/or the Board of Directors.

7. To approve and appoint the consultant in the area that is deemed necessary.

8. To act according to the assignment from Executive Committee and/or the Board of Directors.

9. Authorized to manage the Company's business in accordance with objectives, regulations, policies, Articles of Association, order and the resolution of the shareholders' meeting and/or Executive Committee and the Board of Directors.

10. Authorized to appoint and manage working groups for efficient management and transparency and to assign the power of attorney and/or delegate specific tasks to other persons, provided that it complies with the document concerning the power of attorney and/or rules approved by the Board of Directors.

11. Authorized to order, regulate, issue announcement to ensure that overall operation is done according to the policy and best benefit of the Company.

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

Company Secretary

Board of Directors has appointed Ms.Nattaya Jungsawatmetha to be the Company Secretary to support activities of Board of Directors, and assist Board of Directors and the Company for compliance matters in accordance with Good Corporate Governance Guidance set forth by the Stock Exchange of Thailand. The duties and responsibilities of Company Secretary are as follows:

1. Prepare and keep following documents:
 - a. Director registration
 - b. Invitation letters and minutes of Board of Directors meetings and Annual Reports
 - c. Invitation letters and minutes of Shareholders meetings
2. Keep the report of vest interests reported by directors and managements
3. Submit the copy of vest interest information reported by directors and managements or connected persons as defined by Section 89/14 of the Securities and Exchange Act B.E. 2551 to Chairman of the Company and Chairman of Audit Committee within 7 working days from receiving date and keep all disclosure documents that disclosed to shareholders or public for at least 5 years.
4. Perform other activities as defined by the Security Exchange Commission

Background and qualification of company secretary

Ms. Nattaya Jungsawatmetha

Education

- ▶ Master of Business Administration, Thammasat University
- ▶ Bachelor of Art (Economics), Thammasat University
- ▶ Bachelor Degree of Business Administration (Accounting), Sukhothaidhammadhirat University

Experience

Assistant Vice President, Finance Department

Symphony Communication Public Company Limited

Qualification

Knowledge of company business, SEC and SET rules, regulations and related laws regarding responsibilities of company secretary. Joined training courses relating to roles and responsibilities e.g. Company Secretary Program from Thai Institution of Directors, Smart Disclosure Program from SET etc.

Directors and Management Compensation

1) Compensation in cash

1.1) Directors Compensation

The Company has considered directors compensation which is separated into independent directors and executive directors as well as considering principle appropriate for the business, amount of payment and comparing with other companies listed in Stock Exchange of Thailand, responsibility, the Company's position, operating performance and the supervision of the Company to achieve the strategic execution and corporate objective including income growth and also considering external factors such as business competition, conditions and trend of the market as well as current economic environment and etc. The director compensation must be approved by shareholders' meeting.

The Annual General Meeting of Shareholders 2016, held on 26 April 2016, resolved to approve the Board of Directors' and Subcommittee Compensation for the year 2016, in the amount not over Baht 7.0 million per year and director bonus in the amount not exceeding Baht 3,000,000 per year to be payable in proportion of 1% of total dividend payment (if paid).

1.1.1) Meeting allowance

Meeting allowance rate for Board of Directors meeting and subcommittee meeting are as follows:

Meeting allowance (Baht/time)						
Position	Board of Directors	Compensation Committee	Nomination and Corporate Governance Committee	Audit Committee	Independent Director Committee	Remarks
Chairman	25,000	20,000	20,000	20,000	10,000	- Payable to participated members
Member	20,000	15,000	15,000	15,000	10,000	- Meeting allowance for subcommittee only paid to non-executive members - No meeting allowance for Executive Committee and Risk Management Committee as all members are executives

1.1.2) Retainer fee

Retainer fee for Board of Directors and Subcommittee are as follows:

- Board of Directors 20,000 per person per month
- Subcommittee 20,000 per person per month per subcommittee (paid to only non-executive members)

In 2016, the compensation paid to directors according to above criteria are as follows:

Unit : Baht

Meeting Attendance							
Name	Board of Directors	Compensation Committee	Nomination and Corporate Governance Committee	Audit Committee	Independent Director Committee	Retainer Fee	Total
1. Mr. Woodtipong Moleechad Chairman of the Board / Chairman of Nomination and Corporate Governance Committee / Audit Committee Member / Compensation Committee Member / Chairman of Independent Director	250,000	75,000	120,000	90,000	10,000	960,000	1,505,000
2. Mr. Prasitt Hemwarapornchai Deputy Chairman of the Board / Chairman of Compensation Committee/ Nomination and Corporate Governance Committee Member / Audit Committee Member / Independent Director	200,000	100,000	90,000	90,000	10,000	960,000	1,450,000

Unit : Baht

Name	Meeting Attendance						Total
	Board of Directors	Compensation Committee	Nomination and Corporate Governance Committee	Audit Committee	Independent Director Committee	Retainer Fee	
3. Mr. Jitkasem Sangsingkeo Director / Chairman of the Audit Committee / Nomination and Corporate Governance Committee Member / Compensation Committee Member / Independent Director	200,000	75,000	90,000	120,000	10,000	960,000	1,455,000
4. Mr. Kranphol Asawasuwana Director / Nomination and Corporate Governance Committee Member / Chairman of Executive Committee	200,000	0	0	0	0	240,000	440,000
5. Mr. Teerarat Pantarasutra Director / Compensation Committee Member	200,000	0	0	0	0	240,000	440,000
6. Mr. Pongthep Thanakijsumton Director	60,000	0	0	0	0	80,000	140,000
7. Mr. Pathomkrit Srisuphakhainin Director	140,000	0	0	0	0	240,000	380,000
8. Ms.Bussakorn Jaruwachirathanakul Director	200,000	0	0	0	0	240,000	440,000
9. Mr. Supornchai Chotputtikul Director	160,000	0	0	0	0	240,000	400,000
10. Mr. Wanchai Somboonphon Director	140,000	0	0	0	0	160,000	300,000
Total	1,750,000	250,000	300,000	300,000	30,000	4,320,000	6,950,000

1.1.3) Director bonus

The Annual General Meeting of Shareholders 2015, held on 24 April 2015, resolved to approve director bonus in the amount not exceeding Baht 3,000,000 per year to be payable in proportion of 1% of total dividend payment (if paid). In 2016, the Annual General Meeting of Shareholders 2016

approved dividend payment for operating year 2015 in the amount of Baht 60,851,562.-.

Thus director bonus in proportion of 1% of total dividend payment was Baht 608,516.-, paid to 9 directors in the amount equally to each director, on the same day as dividend payment date on 24 May 2016.

1.2) Management Compensation

In 2015 and 2016, management compensations are as follows:

Benefits	2015		2016	
	Number of executives	Amount (Baht)	Number of executives	Amount (Baht)
Salary and Bonus	6	21,864,715	6	22,344,819
Other remunerations such as contribution to social security fund, provident funds, etc.	6	2,024,406	6	756,219
Total	6	23,889,121	6	23,101,038

2) Other benefits

On 22 April 2013, the annual general meeting of shareholders 2013 approved the issuance and offering of 6,000,000 units of free warrant to directors, management and/or employees of the Company to motivate and reward directors, management and/or employees who are essential for the Company to achieve sustainability and stimulate higher business growth. The exercise ratio is 1 unit of warrant for 1

ordinary share at exercise price of 14.72 Baht/share. The warrants have expiry date 4 years from the issuance date. None of director, management and/or employees received allocation more than 5% of total issued warrants. Mr. Supornchai Chotputtikul is the only director/management who received allocation in the amount of 300,000 units or 5% of total issued ESOP warrants.

Personnel

1) Number of Employees and Compensation

As of 31 December 2016, the total number of employees (exclude Directors and Management) was 404, which can be classified functions as follows:

Department	No. of Employees
Office of Managing Director	3
Consultant	1
Marketing and Information Technology	78
Engineering	259
Government Affair, Purchasing and Asset Management	26
Finance and Accounting	19
Human Resources	11
Legal	2
Operation System Development	5
Total	404

The Company has a compensation policy which provides fair and attractive compensation to employees by considering the compensation policy of other companies in the same industries to motivate and retained qualified personnel in the long run. In 2015 and 2016, the compensation which the Company provided for its employees are as follows:

Employees' Compensation	Unit : Baht	
	2015	2016
Salary and bonus	176,938,120	180,984,533
Other benefits such as commission, bonus, contribution to social security fund, contribution to provident fund, living expenses and other fringe benefits	69,881,893	67,947,834
Total	246,820,013	248,932,367

2) Human Resource Development Policies

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

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

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

Summary of Training to employees of the Company and its subsidiary in 2016

In 2016, the Company properly provided for training courses for employees of the Company and its subsidiary, both in-house training and external training with professional training houses and accredited organizations. Most employees had total training hour

over 18 hours per person per year which is higher than training hours required by the standard of the Department of Skill Development which required average minimum 6 hours per person per year.

Total training hours	6 hours	12 hours	More than 18 hours	Total
Number of employees	74 employees	47 employees	162 employees	283 employees

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

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

Good Corporate Governance

Corporate Governance Policy

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

The Company has announced Corporate Governance Policy to all directors, managements and employees to put into practice in order to foster strong corporate governance culture among managements and employees. The Company also educate good governance practices as well as code of conducts to employees and include corporate governance development in annual action plan so its business practice should be in line with the good corporate governance set by The Stock Exchange of Thailand. Its main content can be divided into 5 sections as follows:

Section 1 Shareholders' Rights

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

Shareholder Meeting

▶ Delivering meeting notices prior to the meeting in compliance with the related laws or regulations of Securities and Exchange Commission (SEC) and Security Exchange of Thailand (SET). The notices are available in Thai and English, together with details of agenda, objective of each agenda, Board of Directors' opinion and accompanying documents supplementary detailing rights of the shareholders to attend the meeting, and rights to vote for resolution of the shareholders' meeting, the documents required to present for meeting registration that use bar-code scanning. Posting such information on company's website at least 30 days prior to the mailing and advertising the notice in daily newspaper for 3 consecutive days prior to the meeting at least 14 days.

▶ For those shareholders who cannot attend the meeting in person, they can appoint proxies or delegate their votes to any company's independent director in attendance by filling in the proxy form which is attached along with the meeting notices.

▶ Prior to the meeting, the shareholders can send their views, opinions, recommendations or questions to the Company. Moreover, the Company gives opportunity to shareholders to propose the additional agenda and nominate candidates for the election of directors prior to the meeting. The Company also set the communication channels for investor contact via the Stock Exchange of Thailand and the Company's Investor Relations Websites.

▶ During the meeting, the Company will provide adequate time for all attendants to express opinions or recommendations and ask questions freely before voting. The Chairman and the management are to address and answer all questions clearly and precisely.

The Company realizes and gives importance on the rights of shareholders by giving equitable treatment

All these will be recorded with written summary in the minutes of the meeting.

► After the meeting the Company will provide the complete and accurate minutes of the meeting in both Thai and English, include full information of directors attending the meeting, details of question-and-answer session, voting method, detailed results of the votes in each agenda. The Company will disclose such minutes of the meetings via the Stock Exchange of Thailand and the Company's Investor Relations Websites within 14 days after the meeting.

Section 2 Equitable treatment of Shareholders

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

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

Section 3 Roles of the Stakeholders

The Company has placed importance on the stakeholders' rights and interests, both inside and outside the Company that are customers, business partners, competitors, creditors, government, community and other concerned agencies. We also realized that

the support we've received from our stakeholders will help boost our competitive potential and bolster our profits, thus fostering long term success to the Company. The Company has set Corporate Governance Policy and Code of Conducts for managements and employees to strictly put into practice.

Shareholders

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

Customers

The Company is committed to create highest customers' satisfaction and foster healthy relationship based on mutual benefits through offering value added services at fair prices. We are committed to promptly respond to customers' complaint, as defined in the Company's Code of Conduct. Aside from that, we fully and adequately disclose our product and service information and provide consultation service so the customers would understand and utilize them effectively. We also fully cooperate with our customers in problem solving process to minimize negative impact and in product development procedure to foster sustainable business. Moreover, we regularly conduct customer's satisfaction survey and provide convenient communicating channel for customers to send inquiries or submit suggestions and complaints, as well as provide proper security for data records.

Business partners

The Company considers fairness and committed to agreements, term of payments and mutual benefit between business partners. Therefore, the Company treats business partners on the same footing, based

on regulated laws and business agreement and fairly select business partners by forbidding all employees from accepting benefits or gifts that may influence unfair business treat to any business partners.

Competitors

The Company supports fair and free competition policy within the scope of laws and business ethics. The company prohibit employees to disclose confidential information of competitors that violate laws, contract or any confidentiality agreements.

Creditors

The Company strictly complies with all terms and conditions of financial obligations and properly manage financial risks to ensure good financial position and ability to repay debt to creditors throughout the contracts.

Employees

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

Government

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

Community, social, environment, occupational health and safety

The Company attached utmost importance to natural resources, energy conservation and preserve the environment and be responsible for the community as a whole. Not only that, the Company also gives full support to the community's activities, including those living in the neighborhood of the Company's office. We train employees to be responsible to community, social and environment and set the policy on safety, occupational health, safety and environment that we put importance to the prevention of accident related to company's activities and services. The Company also mapped out the efficient plan to deal with emergency matters and participate in the drills frequently.

Mechanism of Participation for Stakeholders

The Company provides a channel for all stakeholders e.g. shareholders, customers, community to express ideas, recommendations or ask questions. The stakeholders can submit their concerned issues by mail to :

Symphony Communication Public Company Limited
123 Sun Towers Building B, 35th - 37th Floor,
Vibhavadee Rangsit Road., Chomphon, Chatuchak,
Bangkok 10900 or Telephone : 66-(0)-2101-1111,
Fax : 66-(0)-2101-1133 or through the Company's
website, www.symphony.net.th in which the contact
person for each department and communication
channels have already been specified.

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

Section 4 Disclosure of Information and Transparency

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

Investor Relations

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

Section 5 Responsibilities of the Board of Directors

Board of Directors has complete authority to set corporate vision, direction, policy, importance action plan and monitor the business management to achieve target as well as align with long-term benefits to shareholders under framework of regulations and code of conducts. The Company also consider benefits of all stakeholders. Therefore, the Company has practices to achieve sustainable growth as follows:

1) The Structure of the Board of Directors

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

At present, the Board of Directors consists of 9 directors, of which 3 of them are independent directors, which is amounted to one-third (1/3) of the total directors, thus, can adequately exercise check-and-balance power in the deliberation and voting of agenda. Aside from that, the Company appointed 5 subcommittees, namely Audit Committee, Compensation Committee,

Nomination and Corporate Governance Committee, Risk Management Committee and Executive Committee. The Company also clearly defined the scope of power and responsibility of these sub-committees in the Board of Directors' Charter.

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

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

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

Major roles and duties of Board of Director have been mentioned in management structure section. Moreover, Board of Directors take key roles to review important policies and guidance as follows:

▶ Corporate Governance Policy

The Company has defined Corporate Governance Policy in written form and issue the Corporate Governance handbook to publish as a guideline for the directors, management and employees and review it on annual basis.

▶ Business Code of Conduct

Board of Directors must promote and develop corporate governance and set code of conduct in written form for the Board of Directors, management and all employees to strictly observe, compile and set standard as a guidance to control and monitor actions of directors, managements and employees as well as define to punishment for those who misconduct.

▶ **Respect to laws, human rights and intellectual properties**

Business of the Company is to providing service to public, therefore, the Company shall conduct the business in compliance with laws, regulations, order and resolution of Board of Directors as well as respect to principle of human rights by avoiding any violation to human rights. The Company also set policy for employees at all level to hold on to code of conduct relating to human rights and respect to intellectual properties and use only legalized standard softwares.

▶ **Anti – corruption Policy**

The Company has “Anti-Corruption Policy” in written form in order to prudently make a decision on any course of action that could possibly lead to corruption and to serve as an apparent guideline in performing business and effectively developing to sustainable organization. Director, managements, and staff are disallowed to involve or accept every type of corruption both in direct or indirect manners covering every business activities. The Anti-Corruption Policy must be reviewed regularly, including with a possible revision of such policy and implementation provision in order to accord with business changes, regulation, standard, and laws. The Company provide fairness and safeguard to staff who denies or informs corruption cases relating to the Company by applying Protection Policy for appellant or persons who incorporate with Anti-Corruption information as stated in the Whistleblower Policy.

▶ **Conflict of Interests**

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

Such policy for the related transaction or the transactions having conflict of interests has been issued in compliance with the laws and regulations of SEC and SET. The

Company has disclosed such information in the Company’s annual report and annual disclosure (form 56-1).

▶ **Internal Control**

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

▶ **Risk Management**

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

3) Board of Directors meetings

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

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

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

4) Director positions in other listed companies **Policy for directors to hold director positions in other listed companies**

Board of directors set policy that directors shall not hold director positions in other listed companies more than 5 companies, in order that the director can dedicate and provide efficiency to the duties of directors. At present, none of 9 directors hold director positions in other listed companies more than 5 companies, therefore, they can really contribute to the duties of directors.

Policy for the president regarding director positions in other companies

Board of directors set policy for the president regarding director positions in other companies. For the subsidiary, board of directors may appoint the president and/or senior managements of the Company to be directors of subsidiary in order to govern and set business direction in line with the Company. For other companies, the president need inform and get approval from board of directors before taking any director positions in other companies.

5) Performance Evaluation of Directors

The board of directors conducted the self-assessment on their scope of duties on annual basis, whereby each director is free to evaluate and express his/her opinions to board of directors in order to improve efficiency of board of directors. The evaluation measures including qualifications, roles of regulating and monitoring, leadership, strategic direction and duties.

In 2016, evaluation performance of board of directors was in “Good” level. All Director also evaluate themselves by individual evaluation including assessment of knowledge, competence, duties and responsibilities. In 2016, evaluation performance of each directors were in “Good” level.

Board of directors has analyzed the assessment results in all aspects for further efficiency improvement.

For subcommittee assessment, there were both selves assessment by individual director and subcommittee assessment, the evaluation results have been reported to Board of Directors. In 2016, average evaluation results of all subcommittees were in “Good” level.

Board of directors also set annual evaluation for the president, the evaluation includes vision, leadership, change management and target achievement for various aspects. Compensation committee then take the evaluation results to consider the appropriate compensation to president.

6) Director and Executive Development

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

In 2016, the Company provided useful training courses for directors as follows:

1. Mr. Kranphol Asawasuwana
has attended following course (s) :
 - ▶ Financial and Fiscal Management Program For Senior Executive (FME 4/2016)
 - ▶ Thailand Insurance Leadership Program (TILP 6/2016)
2. Ms.Bussakorn Jaruwachirathanakul
has attended following course (s) :
 - ▶ Strategic CFO in Capital Markets Program (3/2016)
3. Mr. Supornchai Chotputtikul
has attended following course (s) :
 - ▶ Digital Economy For Management (DE4M 3/2016)

Subcommittees

1) Audit Committee

The Audit Committee consists of three following independent directors.

Name	Title
1. Mr. Jitkasem Sangsingkeo*	Chairman of Audit Committee
2. Mr. Prasitt Hemwarapornchai	Member of Audit Committee
3. Mr. Woodtipong Moleechad	Member of Audit Committee

Ms. Warun Aumetanapan is the secretary of the Audit Committee

Note: * The member with experiences in Finance & Accounting.

Qualifications of Audit Committee

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

The scope of power, duties and responsibilities of Audit Committee

1. Review financial statements to ensure the correctness and completeness thereof. Cooperate with outside auditor and responsible executives to publish financial report quarterly and annually. Disclose sufficient company's information prior to submission to the Board of Directors.

2. Review internal control system and internal audit system to ensure that the Company has a suitable and efficient internal control; to ensure that the internal audit remains independent. Provide opinions on appointment, transfer and removal of the Head of Internal Audit Department or other persons responsible for internal audit. Therefore, the audit committee may suggest the auditor to audit certain transactions that are deemed necessary during the auditing process. It may suggest the Board of Directors any ideas that can improve the Company's internal auditing system

or cooperate with outside auditor, internal auditing manager and with internal auditing consultant.

3. Review the compliance with the law on securities and stock exchange and the regulations of the Stock Exchange of Thailand and other applicable laws.

4. Nominate independent persons as the Company's auditor and propose remuneration thereto for approval at the shareholders' meeting; to coordinate with auditors in a matter concerning the objectives, scope, direction and plan of auditing process, including the problems occurring during such process; and to attend meetings with an auditor in the absence of the management, at least once a year.

5. Review connected transactions or transactions with conflict of interests, ensure the disclosure in compliance with laws and the regulations of the Stock Exchange of Thailand; and to ensure the justification and the maximized benefits to the Company.

6. Review the risk management policy to ensure that the Company has appropriate risk management system.

7. Report the audit committee's operation to the Board of Directors at least four times a year.

8. In performing its duty, the Audit Committee has an authority to invite management executives or the Company's employees to share their views, attend the meeting or submit document that deems necessary.

9. To have authority to appoint or outsource consultants according to the Company regulations to provide opinion as deem necessary.

10. To prepare an Audit Committee's report, signed by the Chairman of Audit Committee, which shall comprise, at least, of the following details:

- ▶ Opinions on the correctness, completeness and reliability of the Company's financial reports.
- ▶ Opinions on the efficiency of the Company's internal control system.
- ▶ Opinions on the compliance with the law governing securities and stock exchange and the regulations of the Stock Exchange of Thailand and the other laws applicable to the Company's business.

- ▶ Opinions on the suitability of the auditor.
- ▶ Opinions on transactions that may involve conflict of interests.
- ▶ The number of meetings of the Audit Committee and the attendance of each member.
- ▶ Opinions or remarks on performance of duties pursuant to the Charter.
- ▶ Other transactions that the shareholders or investors should know, subject to the scope of duties and responsibilities as set forth by the Board of Directors.

11. To perform self-assessment and report the result including the problems and obstacles to the Board of Directors on annual basis.

12. To perform other duties assigned by the Board of Directors within the aforementioned scope of power and duties of the Audit Committee. In performing such duty, the Audit Committee is directly responsible for the Board of Directors, while the Board of Directors is responsible for the Company's operation.

2) Compensation Committee

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

Name	Title
1. Mr. Prasitt Hemwarapornchai	Chairman of the Compensation Committee
2. Mr. Woodtipong Moleechad	Compensation Committee member
3. Mr. Jitkasem Sangsingkeo	Compensation Committee member
4. Mr. Teerarat Pantarasutra	Compensation Committee member

Ms. Natthanicha Chongvilai is the secretary of the Compensation Committee

Qualifications of Compensation Committee

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

Scope and responsibilities of the Compensation Committee

1. Review the structure and criteria of the remuneration for the Board of Directors, managements and employee by reviewing the suitability of the current remuneration package, comparing to the remuneration package of peers in the same industry, and establishing appropriate remuneration that is fair and commensurate to their contribution to the Company's achievement.
2. Review all elements of remuneration such as retainer fee, incentive and attendance fee and set the appropriate payment of each element that in line with the remuneration for directors in other listed companies of the same industry and of similar size, as well as the Company's performance and business environment and commensurate with their duties and scope of responsibility.
3. Consider remuneration package in accordance with the criteria established by concerned government agencies.

3) Nomination and Corporate Governance Committee

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

Name	Title
1. Mr. Woodtipong Moleechad	Chairman of the Nomination and Corporate Governance Committee
2. Mr. Prasitt Hemwarapornchai	Nomination and Corporate Governance Committee member
3. Mr. Jitkasem Sangsingkeo	Nomination and Corporate Governance Committee member
4. Mr. Kranphol Asawasuwana	Nomination and Corporate Governance Committee member

Mr. Teerarat Pantarasutra is the secretary of Nomination and Corporate Governance Committee

4. Formulate criteria for the evaluation of the Company's Directors and President as assigned by the Board of Directors and acknowledge the assessment of executives in the position of Executive Vice President or higher.
5. Establish the guidelines in determining the remuneration package of the Company's Directors and President on the annual basis and submit it to the Board of Directors for approval. As for the remuneration package of the Directors, the Board of Director must proposed to the shareholders' meeting for approval.
6. Consider and endorse the issuance of securities under ESOP program to directors and employees of the Company, set out the attractive structure to motivate them to create value added for the shareholders and retain qualified personnel with the Company in the long run. Therefore, such program should be attractive to employees and yet be fair to the shareholders.
7. The Compensation Committee may appoint any consultant to provide opinion as deem necessary.
8. To perform other duties assigned by the Board of Directors

Qualifications of Nomination and Corporate Governance Committee

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

Scope and responsibilities of the Nomination and Corporate Governance Committee

Nomination Roles

1. Set out methodology and procedures in the nomination of the qualified candidates for the Board members by determining the qualifications that align with the Company's business, area of expertise of the members.
2. Nominate the candidates to fill the Board of Directors vacancies as and when they arise and propose to the Board of Directors for consideration. Such nomination could be reappointing any Directors who complete their term of service, encouraging shareholders or Directors to propose in advance the qualified candidates to be nominated for director position, or using external recruiting methods or considering from the list of Directors.
3. Consider the nomination and choose the persons possessing qualifications according to the formulated criteria for nomination.
4. To ensure that the nominated persons possess qualification according to the law and regulations of concerned agencies.
5. Approach the qualified persons and make sure that they are willing to accept the Company's director position after being appointed by the shareholders.

6. Nominate the name to the Board of Directors for consideration and issue the nominated directors in the invitation for the shareholders' meeting for the appointment of such person.

7. Consider and review the appointment of executive in the position of Executive Vice President or higher to propose to the Board of Directors' consent.

8. Monitor the formulation of Succession Plan of the Director, President and Executive Vice President as well as other positions that vital for corporate sustainability.

Corporate Governance Role

1. Consider and draft the Corporate Governance Policy according to the updated framework of rules and regulations of related agencies e.g. the Stock Exchange of Thailand, Security Exchange Commission or other related agencies, set the guidance of Corporate Governance that in line with the universal best practices.
2. To propose the Draft of Corporate Governance Policy to the Board of Directors for consideration and implementation of best practices of Directors and Executives, and to formulate the Corporate Governance Policy Statement.
3. Set out the policy for formulating of strategic plan, monitor the risk management and the internal control that in line with the laws and situation.
4. Monitor and instruct the Directors and Managements regarding their duties and responsibilities under the Corporate Governance Policy to maintain the effective Corporate Governance that meets expectation of all stakeholders.

5. Review the Corporate Governance Policy on annual basis to ensure that the Corporate Governance Policy is update and complies with universal standards and related rules and regulations.
6. Follow up and evaluate the performance of Directors and Management according to the best practices set forth in Corporate Governance Policy on the regular basis.
7. Introduce the best practises and business ethics to Directors, Managements and employees.
8. Appoint the working group to support the tasks of Corporate Governance as necessary.
9. Consider and set out the policy and guidance for Corporate Social Responsibility (CSR)
10. The Nomination and Corporate Governance Committee may appoint any consultant to provide opinion as deem necessary.
11. To perform other duties assigned by the Board of Directors

4) The Risk Management Committee

The Risk Management Committee consists of the following 9 members.

Name	Title
1. Mr. Kranphol Asawasuwana	Chairman of the Risk Management Committee
2. Mr. Teerarat Pantarasutra	Deputy Chairman of the Risk Management Committee
3. Mr. Paisarn Trichavaroj	Risk Management Committee member
4. Mr. Teerapun Piyasotsan	Risk Management Committee member
5. Ms. Nopparat Charoenpromskul	Risk Management Committee member
6. Mr. Somsak Wuttiapanich	Risk Management Committee member
7. Mr. Chatchawal Orawongsuphathat	Risk Management Committee member
8. Ms. Nattaya Jungawatmetha	Risk Management Committee member
9. Mr. Chatpol Pattamaset	Risk Management Committee member

Ms. Warun Aumetanapan is the secretary of the Risk Management Committee

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

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

5) Executive Committee

The Executive Committee consists of the following 4 members.

Name	Title
1. Mr. Kranphol Asawasuwana	Chairman of the Executive Committee
2. Mr. Teerarat Pantarasutra	Deputy Chairman of the Executive Committee
3. Mr. Pongthep Thanakijstorn	Executive Director
4. Mr. Supornchai Chotputtikul	Executive Director

The scope of power, duties and responsibilities of Executive Committee

1. Must comprise of at least 4 Executive Directors.
2. Manage the Company's business operation in line with targets set by the Board of Directors and report the company's performance to the Board of Directors. The quorum of Executive Committee meeting shall have at least half of its members present and its resolution should be in accordance with the majority vote.
3. Set policies, guidelines, strategies and principles for business operation, including the management structure in line with targets set by the Board of Directors and submit it to the Board for consideration.
4. Set appropriate approval authority for each level of management and ensure segregation of duty for approval of such transaction that might lead to fraud and define the business transaction guidelines and procedures with the major shareholders, directors, management or connected persons in order to prevent the transfer of benefits or interests, then submit it to the Board of Directors for approval and ensure such approved policies as set forth are duly put into practice.
5. Review annual budget allocation as well as budget control procedure, propose to the Board of Directors for approval and monitor the budget utilization after the approval.

6. Review and approve investment budget in accordance with the authority as defined in authorization handbook.
7. Ensure any agreement or contracted that abide the Company signed by authorized person in accordance with the authority as defined in authorization handbook.
8. Set employee remuneration structure and policy to propose the compensation committee for consideration prior to propose for the approval from the Board of Directors.
9. Be responsible for providing sufficient information for the Board of Directors and shareholders for their decision making as well as reliable and transparent financial reports according to the generally accepted standard.
10. Consider the Company's profit or loss and propose the dividend payment to the Board of Directors.
11. Consider the new business venture or the closure of some business and submit to the Board of Directors for approval.
12. Set the reporting procedure of the irregularity or wrongdoing for operating officers to report the events to Executive Committee in due time. In the event that such incident has significant impact on the Company's operation, it must be reported to the Board of Directors so the remedial procedure shall be established in due time.
13. Take any actions to support the aforementioned activities according to the opinion or authority granted by the Board of Directors.
14. The resolution and/or approval of the Executive Committee must be reported to the Board of Directors in the next Board of Directors' meeting.
15. Perform the duties assigned by the Board of Directors.
16. To perform other duties assigned by the Board of Directors

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

Nomination of Directors and Top Executives

The Appointment of Director

The Board of Directors has appointed Nominating and Corporate Governance Committee, which comprise of 3 independent directors from 4 members, to select, and nominate suitable candidates for the position of Directors and Managements and must consider the composition of board of directors in accordance with Public Company Act B.E.2535, qualification, variety of experiences and contribution to the Company. The Nominating and Corporate Governance Committee also considers if there are qualified persons nominated from minority shareholders. Then, Nominating and Corporate Governance Committee nominate to board of directors to propose the annual general shareholders meeting to appoint director by votes according to the Company's regulations. The Company allow shareholders to vote for directors individually one by one. The appointment and dismissal of the Directors shall be in line with the principles and methods defined in the Company's Articles of Association, the contents of which are as follows:

1. The shareholders' meeting shall appoint Directors in accordance with these methods and principles
 - a) For an election of one Director, the number of votes that each shareholder may cast shall be equal to the number of shares that he holds.
 - b) Each shareholder may cast all of his votes according to Item (a) to elect one person or many persons as the Director, but he may not cast his vote more or less for anyone.

- c) The persons who have received the highest votes in descending order shall be appointed the Directors in the number that the Meeting of Shareholders has to choose at that time. In the event of a tie between or among the persons in the next order exceeding the number of the persons to be chosen at the meeting, the Chairman of the Meeting shall cast a ruling vote.
2. At every Annual General Meeting of Shareholders, one-third of the Directors shall vacate their office; if the number is indivisible by three, the nearest number shall apply. In the first and second years subsequent to the Company registration, which the Directors shall vacate their office shall be decided by a draw. In the subsequent years, the Directors who remained in office for the longest time shall vacate their office. The Director whose office term has ended may be reappointed.
3. Aside from leaving the office when his/her term ends as defined in this regulation, the Directors shall leave their office when
- a) Die
 - b) Resign
 - c) Being dismissed by the resolution of shareholders' meeting in accordance with the Company's Articles of Association.
 - d) Being deprived of quality or having possessed prohibition, as defined by law or the Company's regulation.
 - e) The court orders him/her to leave the office.
4. Any director wishing to resign may submit a resignation letter to the Company. The resignation is to be effective on the date that the Company receives the letter, according to the content in the first paragraph. Such Director shall notify his/her resignation to the registrar.
5. In the event that the whole office of the Board of Directors is vacant, the Board of Directors who have left the office shall stay on duty to operate the Company's business as necessary until the new office takes position, except the court orders otherwise.
- The vacating Board of Directors shall organize the shareholders' meeting to elect the new Board of Directors within one (1) month after their term ends. The invitation for the meeting should be sent out at least fourteen (14) days prior to the meeting.
6. Under the article 20 of the Company's Articles of Association, in the event that an office of the Directors is vacant for reasons other than end of office term, the Board of Directors, shall, at the next Board Meeting, appoint as a Director a person who has no undesirable qualities as set forth in the Public Company Act, Securities and Exchange Act, Telecommunications Business Act and other concerning Act, unless the remaining office term is less than two (2) months. The resolution of the Directors as defined in the first paragraph must consist of at least three quarters (3/4) of all the votes of the remaining Directors.
- The newly appointed Director shall be in office for the remaining office term of the person he/she replaces.
7. In the event that the number of vacating Directors is outnumbered that of current Directors to be ineligible to form a quorum, the remaining Directors shall act on behalf of the whole office only to hold the shareholders' meeting to select the Directors to replace the vacating ones.
- Such meeting according to the first paragraph shall be held within one (1) month after the number of the remaining Directors is less than that to be eligible to hold the meeting. The newly appointed Director shall be in office for the remaining office term of the person he/she replaces.
8. A shareholder meeting may pass a resolution removing any director from office prior to retirement as a result of the expiration of the director's term of office, by a vote of not less than three quarters (3/4) of the number of shareholders attending the meeting and having the right to vote and the total number of shares being not less than half (1/2) of the number of shares held by the shareholders attending the meeting and having the right to vote.

9. The Board of Directors shall hold the meeting at least every three (3) months at the venue specified by them. The Chairman or the person who has been assigned to act on behalf of the chairman is eligible to call a meeting.

At least two (2) Directors may ask the Chairman to call a meeting. In the event of being asked by at least two (2) directors, the Chairman or the person who has been assigned to act on behalf of the chairman shall set the date of the meeting within fourteen (14) days since the day of being asked.

10. The Board of Directors meeting shall be held at the place where the Company's headquarter situated or in the nearby province.

11. In the event of calling a meeting, the Chairman or the person who has been assigned to act on behalf of the Chairman shall send out the invitation for meeting to the Directors at least seven (7) days prior to the meeting, except in the case of emergency when upholding the rights and benefits of the Company is concerned. Such invitation of meeting shall be sent out the other way and the meeting date shall be set sooner than the aforementioned timeframe.

12. The meeting of the Board of Directors shall have the directors present at least half (1/2) of its total number.

The Chairman of the Board of Directors shall be the Chairman of the Meeting. In the event of his absence or his duties cannot be performed, the Deputy Chairman shall be the Chairman of the Meeting. In the event of the Deputy Chairman's absence or his duties cannot be performed, the directors present shall elect one to perform the duty of the Chairman of the Meeting.

13. All resolutions of the Directors' meeting shall be judged by the majority votes with one vote for one director. In the event of a tie, the Chairman of the Meeting shall cast a ruling vote

14. Be responsible for the Company's operation and has an authority to act honestly within the scope of law, the Company's objectives, the Articles of Association

and the resolution of the shareholders' meeting for the benefit of the Company.

The Board of Directors shall assign one (1) or many director(s) to perform any action on behalf of the Board of Directors.

15. Two (2) Directors as defined in the Company's certificate registration may jointly sign their names and affix the corporate seal to legally bind the Company.

The shareholders' meeting or the Board of Directors shall consider identifying or changing the name and/or number of the Directors that have authority to sign their names and affix the corporate seal to legally bind the Company.

16. The Company prohibits any payment either in the form of money or assets to the Directors, except their fees.

The Directors has rights to receive fees from the Company, which comes in the form of salary, attendance fee, bonus or other forms of fringe benefit in accordance with the Company's regulation or with the resolution of the shareholders' meeting which may clearly define in the form of money or principles.

The content in the previous paragraph shall not affect the rights of Company's employee and personnel who have been appointed as the Directors, to receive benefits and fees as the Company's employee or personnel.

The payment stated in the first and second paragraphs shall not contradict with the qualification of independent directors as defined by Securities and Exchange Act.

Appointment of the President and Succession Plan
Nomination and Corporate Governance Committee has the duty to consider and review the appointment of executive in the position of Executive Vice President or higher to propose to the Board of Directors' consent and monitor the formulation of Succession Plan of the Director, President and Executive Vice President as well as other positions that vital for corporate

sustainability by developing and preparing successors to boost confident of shareholders, investors and staff that the Company business will be sustainable.

Governance and Control of Subsidiary

The Company has policy to appoint top executives of the Company to be the directors of subsidiary in order to drive the common objective and best interest of the Company. Board of directors of subsidiary is reported to board of directors of the Company on quarterly basis. The importance matters that required approval from board of directors of the Company, board of directors of subsidiary must seek approval from board of directors of the Company before any implementation. However, the number of board seats in subsidiary will be in the same proportion of shareholding.

Moreover, the Company has policy that executives of subsidiary must monitor and set regulations for related parties transactions, asset acquisition and disposition and importance transaction completely, correctly and in line with the Company. Management of subsidiary shall set the internal control and filing systems, as well as transparent and timely accounting procedure in order to consolidate with the Company.

The Control of Inside Information Usage

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

▶ The directors, executives and all employees of the Company must protect the Company's confidentiality and must not disclose it for their own or others' benefits whether directly or indirectly. They must not transfer or be transferred the Company's shares by using the Company's confidentiality and/or inside information and/or undertake any business transactions by using the Company's confidentiality and/or inside information, which would lead to financial loss to the Company whether directly or indirectly.

▶ The directors, executives and employees who are aware of inside information that has not been disclosed to the public must not use such information and must avoid or refrain from buying, selling, transferring or being transfers company's shares within 1 month before the disclosure of the quarterly financial statement and annual financial statement to the public.

▶ All company's directors and management must report any changes in their company's share ownership to SEC under section 59 of the Securities and Exchange Act B.E. 2535 within 3 days from the date of sale, purchase, disposal or receipt of such share and submit a copy to the Company as reference.

Auditor's Fee

The Company's financial statement have been reviewed and audited by certified accountant according to the general accepted accounting standard to ensure that the financial statements are fairly presented. The Company's financial statements for the year 2016 have been audited by EY Office Limited. The audit firm has received its fee as detailed below

1. Auditing fee according to the contract (for quarterly and annual financial statement, exclude auditing fee of subsidiary in the amount of Baht 120,000)	1,100,000 Baht
2. Other expenses	10,444 Baht
Total	<u>1,110,444 Baht</u>

Internal Control and Risk Management

The company realizes the importance of internal control system at an operational level to ensure that the company has efficient operation at the acceptable level of risks and suitable working environment. The company has hired an independent internal auditor to consistently monitor internal control in order to ensure optimal internal control measures appropriate to the changing situation, environment and risks. The company also manages an internal control system to be in line with standards set by COSO (The Committee of Sponsoring Organizations of the Treadway Commission). The details are as follows:

Control Environment

The company set organizational structure that defines policy, scope of responsibilities as well as set remuneration that correspond with its business goals. Action and budget plans have been set to help control the company's operation.

Risk Assessment

The company has been continuously considering both external and internal risk factors, while setting a risk mitigation approach to control risks. The company has set up a Risk Management Committee with a definite scope of responsibility in formulating and monitoring the risk management plan and reports it to the Nominating and Corporate Governance Committee for consideration before proposing it to the Board of Directors.

Control Activities

The company has set up defined range of responsibilities and code of practices in written form via by the Authority Manual and Ethical Guideline to serve as the company's standard and for operational transparency. The code of practices and manuals are also revised periodically to ensure that they are corresponding with the changing situations and risks that have been changed.

Information & Communications

The company has a proper data management system and sufficient data to support decisions making by the management. It also has a data storage system that is organized and verifiable.

Monitoring Activities

The management holds periodic meetings to evaluate the company's performance, and update its objectives and policy to match with current situation. Such process is achieved by considering the causes and improvement measures. Internal audit is also performed by outsource internal auditor before reporting to the Audit Committee and the Board of Directors.

Related Party Transaction

The Board of Directors carefully considers the conflict of interests and related party transactions and set forth in the policies, guidelines and practices in compliance with the Company's Articles of Association, laws, the principles of good governance and regulations of SEC and SET. Those with conflict of interests or related businesses must report their relationship and interest with a possible conflict of interests to the Company. The connected persons will be refrained

from exercising their authority for and involvement in such transactions. Moreover, the approval of such transactions must be done solely for the Company's best interests and the information must be disclosed in the note of financial statement. The consolidated annual financial statements ending on 31 December 2016 published the related transaction in the Note no. 6.

Policy and Future Related Party Transaction

The Company may have related party transactions in the future as appropriate based on normal business operation. If the transaction is not the normal business operation, the Company must propose the Audit Committee for the consideration of appropriateness and must comply with the step of approval for related transactions. The Company will consider the necessity and soundness of such transaction. The prices and

conditions shall be set on arm's length basis for the best interest of all stakeholders and complied with the regulations set by the Stock Exchange of Thailand (SET) and Security and Exchange Commission (SEC). Meanwhile, the directors, management and the stakeholders who have conflict of interests shall not participate in the approval of transactions.



Board of Directors' Responsibility for Financial Reporting

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

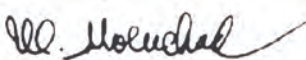
The Board of Directors has provided and maintained risk management system and appropriate and efficient internal control system to ensure that accounting records are accurate, reliable and adequate to protect its assets and uncover any weakness that may be present in order to prevent fraud or materially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

In this regard, the Board of Directors has appointed an Audit Committee to be responsible for reviewing the accounting policy, quality of financial reports, review

internal controls, internal audit and risk management system. The Audit Committee has also reviewed a disclosure of related party transactions. All their comments on these issues have included in the Audit Committee Report, which presented in this annual report.

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

In this regard, the Board of Directors is of the opinion that the Company's internal control system is proven satisfactory and contributes the credibility of the Company's financial statements as of 31 December 2016 that all these financial statements have been prepared in accordance with generally accepted accounting principles and related regulations.



Mr. Woodtipong Moleechad
Chairman



Mr. Teerarat Pantarasutra
President

Audit Committee Report

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

In 2016, the Audit Committee performed its duties in compliance with the Audit Committee Charter approved by the Board of Directors. The Audit Committee held at least once every quarter, total 6 meetings held in 2016, in which all Audit Committee members have fully attended all the meetings, together with executives, auditors and internal auditors as appropriated, which is summarized as follows:

1. Reviewed quarterly and annual financial statements for the year 2016 prior to proposing to the Board of Directors for approval. The Audit Committee has inquired management and auditor for the accuracy, completeness of the financial statements and the adequacy of disclosures. The Audit Committee is of the opinion that the Company's financial statements were prepared in accordance with legal requirements and generally accepted accounting principles.
2. Reviewed the internal control system to evaluate suitability and efficiency of current internal control system. The Audit Committee reviewed the planned quarterly audit reports from outsource internal auditor. There was no significant deficiency and the Company has proper asset control. The Audit Committee is of the opinion that the Company has efficient, adequate and suitable internal controls in the acceptable criteria. Its internal control system is regularly reviewed and

evaluated. The Company also outsources an independent internal auditor to review, suggest and independently audit on a regular basis.

3. Reviewed the internal audit system. The audit committee meeting 6/2016, held on December 21st, 2016, appointed an independent internal auditor for the year 2017 namely KPS Audit Co., Ltd. that Mr. Wiwat Limnanthasin, Partner, to review internal audit activities and evaluate adequacy of internal control system and directly report the result to the Audit Committee on quarterly basis. The Audit Committee had considered the independence of Internal Auditor, the scope of internal auditing, independence, responsibilities, functions and audit plan. The Audit Committee is of the opinion that scope of internal auditing and audit plan are sufficient, suitable and regularly reviewed.

The Audit Committee had considered qualification of KPS Audit Co., Ltd. and Mr. Wiwat Limnanthasin, their qualification are sufficient and suitable to perform the duties due to their independence and experience in the field of internal audit. Moreover, the audit committee had assigned Internal control unit to cooperate with outsourced internal auditor.

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

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

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

7. Nominated external auditor and recommended their compensation for the year 2017 and presented to the Board of Directors to propose for final approval from the 2017 Annual General Meeting of Shareholders. The Audit Committee had considered performance, independence and appropriate compensation and, thus, has nominated following auditor (s); Mr. Sophon Permsirivallop, Certified Public Accountant (Thailand) No. 3182 and/or Ms. Rungnapa Lertsuwankul, Certified Public Accountant (Thailand) No. 3516 and/or and/or Ms. Pimjai Manitkajohnkit, Certified Public Accountant (Thailand) No. 4521 and/or Miss Rosaporn Decharkom, Certified Public Accountant (Thailand) No. 5659 and/or Miss Sumana Punpongsanon, Certified Public Accountant (Thailand) No. 5872 from EY Office Limited as an auditor of the Company and its subsidiary in 2017 with the compensation of Baht 1,170,000.- (excludes audit fee of subsidiary).

Audit Committee has consider independency and service quality of the nominated auditor. The auditors as named above have no relationship or interest in the Company/ the management/ major shareholders or related person of the Company/ the management/

major shareholders. Ms. Pimjai Manitkajohnkit, Certified Public Accountant (Thailand) No. 4521 has signed the financial statements for the Company for one year in 2016. The proposed audit fee has been considered by Audit Committee, managements and internal audit department, that the audit fee is justified and appropriated to proposed to the Board of Directors of the Company to propose to the Annual General Shareholders' Meeting for the year 2017 to consider and approve. In 2016, Audit Committee had 1 meeting with the auditor (without presence of the management team).

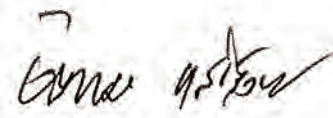
8. The Audit Committee conducted the self-assessment on their scope of duties in the year 2016 using the assessment form recommended by Thai Institute of Directors (IOD) which has assessment criterion according to the Audit Committee Charter and the good practice. For 2016, the assessment result was in good level. The Committee had performed its duties in accordance with the Audit Committee Charter and the good practice.

9. Assessed the adequacy of the internal control system. Audit Committee has proposed the Board of Directors committee meeting 2/2017, held on February 21st, 2017 attended by all 3 independent directors. The Board of Directors committee has assessed the internal control of the company by asking information from management and reviewing an evaluation report from the audit committee. The report has concluded the assessment in five different elements; Control Environment, Risk Assessment, Control Activities, Information & Communication and Monitoring Activities. The Board of Directors committee has agreed that The Company's internal control system is adequate and appropriate. The Company has provided adequate personnel to operate the system effectively and can protect the assets of the Company and its subsidiaries also including transactions with persons who may have conflicts of interest and related party.

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

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

On behalf of the Audit Committee



Mr. Jitkasem Sangsingkeo
Chairman of the Audit Committee
Symphony Communication Public Company Limited



Independent Auditor's Report

To the Shareholders of Symphony Communication Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Symphony Communication Public Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Symphony Communication Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Symphony Communication Public Company Limited and its subsidiary and of Symphony Communication Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

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

Revenue recognition

Because the amount of service income that the Company recognises in each period forms a significant portion of the Company's total revenues. In addition, the Company has entered into agreements with a large number of customers and there are a variety of conditions in these agreements. As a result, the Company's recognition of revenue from service income is complex. I have therefore focused on the audit of occurrence and timing of revenue recognition of service income.

I have examined the revenue recognition of the Company by

- ▶ Assessed and tested the Company's IT system and its significant internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
 - ▶ Applied a sampling method to select supporting documents for service income to assess whether revenue recognition was consistent with the conditions, and in compliance with the Company's policy.
 - ▶ On a sampling basis, examined supporting documents for actual service transactions occurring during the year and near the end of the accounting period.
 - ▶ Reviewed credit notes that the Company issued after the period-end.
 - ▶ Performed analytical procedures on disaggregated data to detect possible irregularities in service income throughout the period, particularly for accounting entries made through journal vouchers.
- decisions were consistent with how assets are utilised. In addition, I gained an understanding of and assessed the following:
- ▶ The assumptions applied in preparing plans and cash flow projections for the Company, based on the understanding I gained of the process by which the figures were arrived at, comparison of the assumptions with sources of information and comparison of past cash flow projections with actual operating results in order to assess the exercise of management judgement in estimating cash flow projections.
 - ▶ The discount rate, based on the average cost of capital and other data and
 - ▶ The assumptions and approaches used by management in calculating the fair value of assets.

Litigation

As discussed in Note 29.6 to the consolidated financial statements, the Company had contingent liabilities arising from litigation claims and commercial disputes resulting from rental of optic fiber conduit. As the cases are not yet finalised, the management needs to exercise significant judgement and take into account related laws and regulations in assessing the effects of the litigation and disputes, in order to determine the corresponding liabilities. However, the actual outcomes of the litigation and disputes may differ from the estimates. There are therefore risks with respect to the recognition of provision or disclosure of contingent liabilities with respect to the litigation and disputes.

I inquired with the Company's management and legal department regarding the procedures followed to collate and monitor lawsuits filed and pending as at the date of the financial statements, reviewed legal consultation fees to check the completeness of the litigation notified by the Company, inquired about

Network equipment

As discussed in Note 10 to the consolidated financial statements, net book value of network equipment as at 31 December 2016 are totaling Baht 3,232 million, or 80% of total assets. Therefore, in determining the impairment loss on network equipment, management had to exercise judgement with respect to its projections of future operating performance, plans for management of the Company's assets, and determination of an appropriate discount rate and key assumptions. There is thus a risk with respect to the value of network equipment.

I assessed the management's selection of a financial model, by gaining an understanding of management's decision-making process and evaluating whether the

the details and progress of cases and the methods applied by the management in estimating liabilities from litigation, and assessed the judgement exercised by the management in estimating these liabilities. To carry out these procedures, I performed the following.

- ▶ Reviewed relevant conditions from related regulator that the Company referred to in determination of disputes, together with the claims and objections submitted by the Company and counterparties to the court for the purpose of providing background into the disputes.
- ▶ Reviewed correspondence between the Company and the legal consultant involved in the litigation, and relevant supporting documentation used by management and prepared by external experts, and sent confirmation letters to the legal consultant whose services were used by the Company requesting written reports on case details and status, and legal opinions on the possible effects of the litigation on the Company. I also assessed the legal consultant's competence, experiences, independence and objectivity in accordance with relevant auditing standards.

In addition, I reviewed the disclosure of information relating to litigation and commercial disputes in the notes to the financial statements.

Other Information

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

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements

or my knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

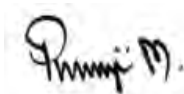
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Miss Pimjai Manitkajohnkit.



Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521
EY Office Limited
Bangkok: 21 February 2017

Financial Statements

Symphony Communication Public Company Limited and its subsidiary

As at 31 December 2016

Unit : Baht

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	7	81,419,025	62,498,278	79,920,849	60,977,123
Trade and other receivables	8	207,178,978	189,870,487	207,117,819	189,809,328
Inventories		12,528,653	14,156,838	12,528,653	14,048,870
Prepaid expenses		16,180,313	15,936,515	16,180,313	15,936,515
Input VAT refundable		32,599,806	38,902,617	32,599,806	38,902,617
Other current assets		26,501,340	11,575,221	26,298,895	11,399,226
Total current assets		376,408,115	332,939,956	374,646,335	331,073,679
Non-current assets					
Investment in subsidiary	9	-	-	2,313,871	3,399,819
Network equipment	10	3,232,104,012	2,856,718,777	3,232,104,012	2,856,718,777
Property, building and equipment	11	341,427,645	362,296,971	340,930,818	361,250,317
Intangible assets	12	27,951,590	22,810,149	27,941,591	22,796,169
Network equipment guarantees		19,000,341	35,645,931	19,000,341	35,645,931
Other guarantees and deposits		17,631,832	18,215,794	17,505,032	18,089,195
Deferred tax assets	24	8,809,724	6,218,720	8,809,724	6,218,720
Other non-current assets		13,533,332	10,847,809	13,533,332	10,847,809
Total non-current assets		3,660,458,476	3,312,754,151	3,662,138,721	3,314,966,737
Total assets		4,036,866,591	3,645,694,107	4,036,785,056	3,646,040,416

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

Statement of financial position (continued)

Symphony Communication Public Company Limited and its subsidiary

As at 31 December 2016

Unit : Baht

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	13	110,000,000	413,123,036	110,000,000	413,123,036
Trade and other payables	6, 14	220,693,275	318,996,359	220,613,575	319,413,922
Current portion of deferred income and advance received from customers		26,287,353	26,365,542	26,287,353	26,365,542
Current portion of long-term loans	15	143,040,028	362,203,764	143,040,028	362,203,764
Other current liabilities		51,769,711	20,597,823	51,762,013	20,526,168
Total current liabilities		551,790,367	1,141,286,524	551,702,969	1,141,632,432
Non-current liabilities					
Deferred income and advance received from customers, net of current portion		54,079,653	74,610,044	54,079,653	74,610,044
Long-term loans, net of current portion	15	1,348,171,670	1,113,254,720	1,348,171,670	1,113,254,720
Debentures	16	657,097,820	-	657,097,820	-
Provision for long-term employee benefits	18	25,706,295	20,149,080	25,706,295	20,149,080
Total non-current liabilities		2,085,055,438	1,208,013,844	2,085,055,438	1,208,013,844
Total liabilities		2,636,845,805	2,349,300,368	2,636,758,407	2,349,646,276

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

Statement of financial position (continued)

Symphony Communication Public Company Limited and its subsidiary

As at 31 December 2016

Unit : Baht

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Shareholders' equity					
Share capital	19				
Registered					
331,463,349 ordinary shares of Baht 1 each					
(2015: 306,000,000 ordinary shares					
of Baht 1 each)		331,463,349	306,000,000	331,463,349	306,000,000
Issued and paid-up					
325,393,681 ordinary shares of Baht 1 each					
(2015: 300,364,200 ordinary shares					
of Baht 1 each)		325,393,681	300,364,200	325,393,681	300,364,200
Share premium		555,545,269	555,545,269	555,545,269	555,545,269
Capital reserve for share-based payment					
transactions	20	22,843,610	15,795,287	22,843,610	15,795,287
Retained earnings					
Appropriated - statutory reserve	21	33,146,335	30,600,000	33,146,335	30,600,000
Unappropriated		463,091,891	394,088,983	463,097,754	394,089,384
Total shareholders' equity		1,400,020,786	1,296,393,739	1,400,026,649	1,296,394,140
Total liabilities and shareholders' equity		4,036,866,591	3,645,694,107	4,036,785,056	3,646,040,416

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

Statement of comprehensive income

Symphony Communication Public Company Limited and its subsidiary

For the year ended 31 December 2016

Unit : Baht

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Profit or loss:					
Revenues					
Lease line service income		1,366,613,676	1,289,961,183	1,366,613,676	1,289,961,183
Management and maintenance service income - network		15,442,800	15,903,727	15,442,800	15,442,800
Revenue from sales of network equipment		20,838	379,675	20,838	379,675
Other income		6,638,148	13,200,696	6,558,562	13,195,348
Total revenues		1,388,715,462	1,319,445,281	1,388,635,876	1,318,979,006
Expenses					
Cost of services and sales	6	844,266,362	765,183,194	843,801,429	766,303,557
Service expenses		71,945,356	72,312,510	71,945,356	72,312,510
Administrative expenses		259,667,855	251,133,633	260,047,740	250,608,547
Total expenses		1,175,879,573	1,088,629,337	1,175,794,525	1,089,224,614
Profit before finance cost and income tax expenses		212,835,889	230,815,944	212,841,351	229,754,392
Finance cost	23	(92,332,919)	(85,045,157)	(92,332,919)	(85,045,157)
Profit before income tax expenses		120,502,970	145,770,787	120,508,432	144,709,235
Income tax expenses	24	(21,143,005)	(31,874,615)	(21,143,005)	(31,662,225)
Profit for the year		99,359,965	113,896,172	99,365,427	113,047,010
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Actuarial gains		-	1,618,709	-	1,618,709
Less: Income tax effect		-	(323,741)	-	(323,741)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		-	1,294,968	-	1,294,968
Other comprehensive income for the year		-	1,294,968	-	1,294,968
Total comprehensive income for the year		99,359,965	115,191,140	99,365,427	114,341,978
Earnings per share	25				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.31	0.35	0.31	0.35

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

Statement of changes in shareholders' equity

Symphony Communication Public Company Limited and its subsidiary

For the year ended 31 December 2016

Unit : Baht

Consolidated financial statements							
Retained earnings							
Note	Issued and paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Appropriated - Statutory reserve	Unappropriated	Total	
Balance as at 1 January 2015	300,364,200	555,545,269	8,766,222	30,600,000	396,039,881	1,291,315,572	
Profit for the year	-	-	-	-	113,896,172	113,896,172	
Other comprehensive income for the year	-	-	-	-	1,294,968	1,294,968	
Total comprehensive income for the year	-	-	-	-	115,191,140	115,191,140	
Capital reserve for share-based payment transactions	20	-	7,029,065	-	-	7,029,065	
Dividend paid	28	-	-	-	(117,142,038)	(117,142,038)	
Balance as at 31 December 2015	300,364,200	555,545,269	15,795,287	30,600,000	394,088,983	1,296,393,739	
Balance as at 1 January 2016	300,364,200	555,545,269	15,795,287	30,600,000	394,088,983	1,296,393,739	
Profit for the year	-	-	-	-	99,359,965	99,359,965	
Other comprehensive income for the year	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	-	99,359,965	99,359,965	
Increase in share capital from issuance of stock dividend	19, 28	25,029,481	-	-	(25,029,481)	-	
Unappropriated retained earnings transferred to statutory reserve	21	-	-	2,546,335	(2,546,335)	-	
Capital reserve for share-based payment transactions	20	-	7,048,323	-	-	7,048,323	
Dividend paid	28	-	-	-	(2,781,241)	(2,781,241)	
Balance as at 31 December 2016	325,393,681	555,545,269	22,843,610	33,146,335	463,091,891	1,400,020,786	

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

Statement of changes in shareholders' equity

Symphony Communication Public Company Limited and its subsidiary

For the year ended 31 December 2016

Unit : Baht

	Separate financial statements						Total
	Note	Issued and paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Appropriated - Statutory reserve	Unappropriated	
Balance as at 1 January 2015		300,364,200	555,545,269	8,766,222	30,600,000	396,889,444	1,292,165,135
Profit for the year		-	-	-	-	113,047,010	113,047,010
Other comprehensive income for the year		-	-	-	-	1,294,968	1,294,968
Total comprehensive income for the year		-	-	-	-	114,341,978	114,341,978
Capital reserve for share-based payment transactions	20	-	-	7,029,065	-	-	7,029,065
Dividend paid	28	-	-	-	-	(117,142,038)	(117,142,038)
Balance as at 31 December 2015		300,364,200	555,545,269	15,795,287	30,600,000	394,089,384	1,296,394,140
Balance as at 1 January 2016		300,364,200	555,545,269	15,795,287	30,600,000	394,089,384	1,296,394,140
Profit for the year		-	-	-	-	99,365,427	99,365,427
Other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	99,365,427	99,365,427
Increase in share capital from issuance of stock dividend	19, 28	25,029,481	-	-	-	(25,029,481)	-
Unappropriated retained earnings transferred to statutory reserve	21	-	-	-	2,546,335	(2,546,335)	-
Capital reserve for share-based payment transactions	20	-	-	7,048,323	-	-	7,048,323
Dividend paid	28	-	-	-	-	(2,781,241)	(2,781,241)
Balance as at 31 December 2016		325,393,681	555,545,269	22,843,610	33,146,335	463,097,754	1,400,026,649

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

Cash flow statement

Symphony Communication Public Company Limited and its subsidiary

For the year ended 31 December 2016

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit before tax	120,502,970	145,770,787	120,508,432	144,709,235
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation	415,315,922	352,946,132	415,082,269	352,678,821
Amortisation of intangible assets	8,387,959	7,594,398	8,383,979	7,590,418
Write-off of network equipment	2,274,821	1,622,460	2,274,821	1,622,460
Unrealised (gain) loss on exchange rate	(1,085,699)	525,476	(1,085,699)	525,476
(Gain) loss on sales of network equipment and equipment	(1,044,307)	64,855	(1,044,307)	64,855
Allowance for doubtful accounts	6,870,429	3,119,829	6,870,429	3,119,829
Provision for impairment loss on network equipments	3,822,749	-	3,822,749	-
Provision for impairment loss on investment in subsidiary	-	-	1,085,948	1,599,781
Expense for share-based payment transactions	7,048,323	7,029,065	7,048,323	7,029,065
Provision for long-term employee benefits	5,557,215	4,043,039	5,557,215	4,043,039
Interest income	(168,203)	(127,457)	(163,672)	(122,110)
Interest expenses	89,392,346	82,710,279	89,392,346	82,710,279
Profit from operating activities before changes in operating assets and liabilities	656,874,525	605,298,863	657,732,833	605,571,148
Operating assets decrease (increase)				
Trade and other receivables	(23,102,915)	58,298,972	(23,102,915)	58,360,131
Inventories	1,628,185	(603,305)	1,520,217	(586,512)
Prepaid expenses	(243,798)	(2,021,284)	(243,798)	(2,021,284)
Input VAT refundable	6,302,811	231,898	6,302,811	172,245
Other current assets	(4,045,678)	3,749,577	(4,050,063)	3,752,532
Network equipment guarantees	16,645,590	(6,213,816)	16,645,590	(6,213,816)
Other guarantees and deposits	583,962	3,209,855	584,163	3,336,454
Other non-current assets	(2,685,523)	(593,487)	(2,685,523)	(720,087)
Operating liabilities increase (decrease)				
Trade and other payables	3,543,361	(641,689)	3,046,099	(1,272,329)
Deferred income and advance received from customers	(20,608,580)	(8,959,128)	(20,608,580)	(8,959,128)
Other current liabilities	30,992,919	5,207,723	31,056,875	5,207,113
Cash flows from operating activities	665,884,859	656,964,179	666,197,709	656,626,467
Cash paid for interest expenses	(90,678,449)	(84,840,854)	(90,678,449)	(84,840,854)
Cash paid for corporate income tax	(34,614,447)	(42,697,507)	(34,583,613)	(42,554,614)
Net cash flows from operating activities	540,591,963	529,425,818	540,935,647	529,230,999

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

Cash flow statement (continued)

Symphony Communication Public Company Limited and its subsidiary

For the year ended 31 December 2016

Unit : Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from investing activities				
Cash paid for purchase of network equipment	(840,319,213)	(772,720,481)	(840,319,213)	(772,720,481)
Cash paid for purchase of property, building and equipment	(34,214,562)	(150,011,820)	(34,214,562)	(149,601,717)
Cash paid for purchase of intangible assets	(17,138,474)	(6,530,934)	(17,138,474)	(6,530,934)
Interest income	168,203	127,457	163,672	122,110
Proceed from sales of network equipment and equipment	1,424,749	2,831,260	1,108,575	2,831,260
Net cash flows used in investing activities	(890,079,297)	(926,304,518)	(890,400,002)	(925,899,762)
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	(303,123,036)	358,123,036	(303,123,036)	358,123,036
Cash paid for liabilities under finance lease agreements	(245,601)	(760,923)	(245,601)	(760,923)
Cash receipt from long-term loans	547,382,000	835,000,000	547,382,000	835,000,000
Cash paid for long-term loans	(532,820,293)	(643,801,600)	(532,820,293)	(643,801,600)
Cash receipt from debentures	660,000,000	-	660,000,000	-
Dividend paid	(2,784,989)	(117,125,522)	(2,784,989)	(117,125,522)
Net cash flows from financing activities	368,408,081	431,434,991	368,408,081	431,434,991
Net increase in cash and cash equivalents	18,920,747	34,556,291	18,943,726	34,766,228
Cash and cash equivalents at beginning of year	62,498,278	27,941,987	60,977,123	26,210,895
Cash and cash equivalents at end of year (Note 7)	81,419,025	62,498,278	79,920,849	60,977,123
Supplement cash flows information:				
Non-cash item consist of				
Increase (decrease) in accounts payable - purchases and construction of network equipment	(101,067,544)	12,012,100	(101,067,544)	12,012,100
Increase (decrease) in accounts payable - purchases of property, building and equipment	2,843,613	(3,797,534)	2,843,613	(3,797,534)
Increase (decrease) in accounts payable - purchases of intangible assets	(3,609,073)	1,326,014	(3,609,073)	1,326,014
Actuarial gains	-	1,618,709	-	1,618,709
Issuance of stock dividend	25,029,481	-	25,029,481	-
Amortised deferred financial fee of debenture	(606,761)	-	(606,761)	-

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

Notes to consolidated financial statements

Symphony Communication Public Company Limited and its subsidiary

For the year ended 31 December 2016

1. General information

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

Vibhavadee Rangsit Road, Chomphon, Chatuchak, Bangkok.

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

Type of license	Issue date	Period
Telecom Operation License Type 2	15 June 2006	15 years
Internet Operation License Type 2	10 June 2016	5 years
Telecom Operation License Type 3*	10 August 2011	15 years
Internet Operation License Type 1	2 May 2013	5 years
Radio or Television Broadcasting Business License For the Radio or Television Network Services (Not using radio frequency)**	25 July 2013	15 years

* The Company obtained additional approval to provide International Private Leased Circuit Service (IPLC) - Submarine Section on 24 June 2014.

** The Company ceased its radio or television broadcasting business on 23 January 2017.

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

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

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

Unit : (%)

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2016	2015
Diamond Line Services Company Limited	Network equipment service (Currently dormant)	Thailand	100	100

b) The Company is deemed to have control over an investee or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its return.

c) Subsidiary is fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

d) The financial statements of the subsidiary is prepared using the same significant accounting policies as the Company.

e) Material balances and transactions between the Company and its subsidiary company have been eliminated from the consolidated financial statements.

2.3 The separate financial statements present investment in subsidiary under the cost method.

3. New financial reporting standards

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

During the year, the Company and its subsidiary have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial

reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiary's financial statements.

(b) Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company and its subsidiary believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Rendering of services

Lease line services income, management and maintenance service income - network are recognised when services have been rendered.

Interest income

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

4.2 Cash and cash equivalents

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

4.3 Trade and other receivables

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

4.4 Inventories

Inventories consist of supply and network equipment are value at the lower of cost (under the first-in, first-out method) and net realisable value.

4.5 Investments

Investment in subsidiary is accounted for in the separate financial statements using the cost method less allowance for loss on impairment (if any).

4.6 Network equipment

Network equipment is stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any). Depreciation is calculated by reference to their costs on the straight-line basis, over the estimated useful lives of 5 - 20 years.

Depreciation is included in determining income. No depreciation is provided on assets under installation.

An item of network equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.7 Property, building and equipment and depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any). Depreciation is calculated by reference to their costs on the straight-line basis, over the following estimated useful lives:

Buildings	20 years
Leasehold improvement	5 and 9 years
Furniture, fixtures and office equipment	5 years
Vehicles	5 years

Depreciation is included in determining income. No depreciation is provided on land, assets under construction and assets under installation.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.8 Intangible assets and amortisation

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

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

The intangible assets with finite useful lives is as follows.

	Useful lives
Computer software	5 years

4.9 Deferred financial fees

Financial expenses related to borrowings that are typically incurred on or before signing facility agreements and before actual draw down of the loans are recorded as deferred financial fees. A portion of deferred financial fees proportionate to the amount of the loan facility already drawn is presented as a deduction against the related loan account and amortised using the effective interest rate method over the term of the loans.

The amortisation of deferred financial fees is included in profit or loss.

4.10 Related party transactions

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

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

4.11 Long-term leases

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

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

4.12 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.13 Impairment of assets

At the end of each reporting period, the Company and its subsidiary performs impairment reviews in respect of the network equipment, property, building and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiary could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment losses is recognised in profit or loss.

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

4.14 Employee benefits

Short-term employee benefits

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

Post-employment benefits

▶ Defined contribution plans

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

▶ Defined benefit plans

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

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

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

4.15 Provisions

Provisions are recognised when the Company and its subsidiary have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.16 Income tax

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

▶ **Current tax**

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

▶ **Deferred tax**

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

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

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

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

4.17 Derivatives

▶ **Forward exchange contracts**

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

▶ **Interest rate swap contracts**

The net amount of interest to be received from or paid to the counterparty under an interest rate swap contract is recognised as income or expenses on an accrual basis.

4.18 Equity-settled share-based payment transactions

The Company recognises share-based payment transactions when services from employees are rendered, based on the fair value of the share options on the grant date. The expenses are recorded over the vesting period, in accordance with the conditions regarding length of service rendered by employees stipulated in the share-based payment plan, together with a corresponding increase in "Capital reserve for share-based payment transactions" in shareholders' equity.

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

4.19 Fair value measurement

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

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

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

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

5. Significant accounting judgements and estimates

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

Allowance for doubtful accounts

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

Network equipment, property, building and equipment

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

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

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

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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

Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore, no contingent liabilities are recorded as at the end of reporting period.

6. Related party transactions

6.1 Business transactions incurred during the years

During the years, the Company and its subsidiary had significant business transactions with related parties. Such transactions, which are summarised below,

arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company, its subsidiary and those related parties, are summarised below.

Unit : Million Baht					
	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2016	2015	2016	2015	
Transactions with subsidiary (eliminated from the consolidated financial statements)					
Network maintenance fee	-	-	-	4	Market price

6.2 Outstanding balances at the end of the years

As at 31 December 2016 and 2015, the outstanding balances of the accounts between the Company and those related parties and persons can be summarised as follows:

Unit : Thousand Baht					
	Consolidated		Separate		
	financial statements		financial statements		
	2016	2015	2016	2015	
Trade and other payable - related party (Note14)					
Subsidiary	-	-	-	616	

6.3 Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Company and its subsidiary had employee benefit expenses payable to their directors and management as below.

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term employee benefits	31,401	30,246	31,401	30,246
Post-employment benefits	1,573	1,216	1,573	1,216
Share-based payment (Note 20)	352	351	352	351
Total	33,326	31,813	33,326	31,813

7. Cash and cash equivalents

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash	110	109	100	100
Bank deposits	81,309	62,389	79,821	60,877
Total	81,419	62,498	79,921	60,977

As at 31 December 2016 and 2015, bank deposits in saving accounts carried interests between 0.10% and 0.375% per annum.

8. Trade and other receivables

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade accounts receivable				
Aged on the basis of due dates				
Not yet due	133,111	115,288	133,111	115,227
Past due				
Up to 3 months	38,482	41,860	38,482	41,860
3 - 6 months	7,244	5,282	7,183	5,282
6 - 12 months	714	5,005	714	5,005
Over 12 months	8,129	5,299	8,129	5,299
Total trade accounts receivable	187,680	172,734	187,619	172,673
Less: Allowance for doubtful debts	(11,426)	(4,555)	(11,426)	(4,555)
Total trade accounts receivable - net	176,254	168,179	176,193	168,118
Other receivables				
Other receivables	-	16	-	16
Accrued income	30,925	21,675	30,925	21,675
Total other receivables	30,925	21,691	30,925	21,691
Total trade and other receivables - net	207,179	189,870	207,118	189,809

9. Investment in subsidiary

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

Unit : Thousand Baht

Company's name	Separate financial statements									
	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment of investment		Carrying amounts based on cost method - net	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Diamond Line Services Company Limited	5,000	5,000	100	100	5,000	5,000	(2,686)	(1,600)	2,314	3,400

10. Network equipment

Unit : Thousand Baht

Consolidated and separate financial statements			
	Network equipment	Network equipment under installation	Total
Cost			
1 January 2015	2,835,415	341,362	3,176,777
Additions	189,419	595,313	784,732
Disposals / write-off	(17,312)	-	(17,312)
Transfer in (out)	502,822	(502,822)	-
31 December 2015	3,510,344	433,853	3,944,197
Additions	138,808	600,877	739,685
Disposal / write-off	(19,181)	-	(19,181)
Transfer in (out)	340,406	(340,406)	-
Reclassify from property, building and equipment	-	12,980	12,980
31 December 2016	3,970,377	707,304	4,677,681
Accumulated depreciation			
1 January 2015	785,102	-	785,102
Depreciation for the year	308,800	-	308,800
Depreciation on disposal / write-off	(12,813)	-	(12,813)
31 December 2015	1,081,089	-	1,081,089
Depreciation for the year	370,685	-	370,685
Depreciation on disposal / write-off	(16,409)	-	(16,409)
31 December 2016	1,435,365	-	1,435,365
Allowance for impairment loss			
1 January 2015	1,768	4,621	6,389
31 December 2015	1,768	4,621	6,389
Increase during the year	1,569	2,254	3,823
31 December 2016	3,337	6,875	10,212
Net book value			
31 December 2015	2,427,487	429,232	2,856,719
31 December 2016	2,531,675	700,429	3,232,104
Depreciation for the year			
2015 (included in cost of services and sales)			308,800
2016 (included in cost of services and sales)			370,685

As at 31 December 2016, the Company has network equipment with a net book value of Baht 11 million (2015: Baht 11 million) that is installed on the premises of a counterparty. The ownership of the network equipment will be transferred to the counterparty at the end of the agreement. Moreover, the Company has granted the right to use the equipment to the counterparty and has committed to share revenue generated from some of the equipment at a rate stipulated in the agreement annually, for the term of the agreement. The Company also agrees to provide to the counterparty the minimum guaranteed shared revenue amount stated in the agreement.

As at 31 December 2016, the Company has network equipment with a net book value of Baht 19 million

(2015: Baht 20 million) that is covered by a Memorandum of Understanding concerning joint construction and management made with another party. The ownership of the network equipment is to be transferred to the counterparty at the end of the term of the Memorandum of Understanding at a mutually agreed price.

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

As at 31 December 2016, certain items of network equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 255 million (2015: Baht 174 million).

11. Property, building and equipment

Unit : Thousand Baht

Consolidated financial statements						
	Land	Buildings and leasehold improvement	Furniture, fixtures and office equipment	Vehicles	Assets under construction	Total
Cost						
1 January 2015	26,807	173,537	160,818	9,236	110	370,508
Additions	1,405	19,327	25,543	124	99,816	146,215
Disposals / write-off	-	-	(63)	-	-	(63)
31 December 2015	28,212	192,864	186,298	9,360	99,926	516,660
Additions	80	14,212	11,575	-	11,191	37,058
Disposals / write-off	-	-	(558)	(1,461)	-	(2,019)
Transfer in (out)	-	98,137	-	-	(98,137)	-
Reclassify to network equipment	-	-	-	-	(12,980)	(12,980)
31 December 2016	28,292	305,213	197,315	7,899	-	538,719

Unit : Thousand Baht

Consolidated financial statements

	Land	Buildings and leasehold improvement	Furniture, fixtures and office equipment	Vehicles	Assets under construction	Total
Accumulated depreciation						
1 January 2015	-	31,032	73,051	6,177	-	110,260
Depreciation for the year	-	13,834	28,855	1,457	-	44,146
Depreciation on disposals/write-off	-	-	(43)	-	-	(43)
31 December 2015	-	44,866	101,863	7,634	-	154,363
Depreciation for the year	-	13,357	30,159	1,115	-	44,631
Depreciation on disposals/write-off	-	-	(242)	(1,461)	-	(1,703)
31 December 2016	-	58,223	131,780	7,288	-	197,291
Net book value						
31 December 2015	28,212	147,998	84,435	1,726	99,926	362,297
31 December 2016	28,292	246,990	65,535	611	-	341,428
Depreciation charges for the year						
2015 (included in administrative expenses)						44,146
2016 (included in administrative expenses)						44,631

Unit : Thousand Baht

Separate financial statements

	Land	Buildings and leasehold improvement	Furniture, fixtures and office equipment	Vehicles	Assets under construction	Total
Cost						
1 January 2015	26,807	173,424	159,914	9,224	110	369,479
Additions	1,405	19,327	25,133	124	99,816	145,805
Disposals / write-off	-	-	(63)	-	-	(63)
31 December 2015	28,212	192,751	184,984	9,348	99,926	515,221
Additions	80	14,212	11,575	-	11,191	37,058
Disposals / write-off	-	-	-	(1,461)	-	(1,461)
Transfer in (out)	-	98,137	-	-	(98,137)	-
Reclassify to network equipment	-	-	-	-	(12,980)	(12,980)
31 December 2016	28,292	305,100	196,559	7,887	-	537,838

Unit : Thousand Baht

Separate financial statements						
	Land	Buildings and leasehold improvement	Furniture, fixtures and office equipment	Vehicles	Assets under construction	Total
Accumulated depreciation						
1 January 2015	-	31,023	72,935	6,177	-	110,135
Depreciation for the year	-	13,811	28,613	1,455	-	43,879
Depreciation on disposals/write-off	-	-	(43)	-	-	(43)
31 December 2015	-	44,834	101,505	7,632	-	153,971
Depreciation for the year	-	13,334	29,952	1,111	-	44,397
Depreciation on disposals/write-off	-	-	-	(1,461)	-	(1,461)
31 December 2016	-	58,168	131,457	7,282	-	196,907
Net book value						
31 December 2015	28,212	147,917	83,479	1,716	99,926	361,250
31 December 2016	28,292	246,932	65,102	605	-	340,931
Depreciation charges for the year						
2015 (included in administrative expenses)						43,879
2016 (included in administrative expenses)						44,397

As at 31 December 2016, the Company had vehicles with net book values of Baht 0.2 million (2015: Baht 1 million) which were acquired under finance lease agreements.

As at 31 December 2016, certain items of equipment were fully depreciated but are still in use. The gross

carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 57 million (2015: Baht 44 million).

12. Intangible assets

The net book value of intangible assets as at 31 December 2016 and 2015 is presented below.

Unit : Thousand Baht

Consolidated financial statements			
	Computer software	Computer software under installation	Total
As at 31 December 2016:			
Cost	54,322	6,114	60,436
Less: Accumulated amortisation	(32,484)	-	(32,484)
Net book value	21,838	6,114	27,952

SYMPHONY COMMUNICATION PUBLIC COMPANY LIMITED

Unit : Thousand Baht

Consolidated financial statements			
	Computer software	Computer software under installation	Total
As at 31 December 2015:			
Cost	45,269	1,637	46,906
Less: Accumulated amortisation	(24,096)	-	(24,096)
Net book value	21,173	1,637	22,810

Unit : Thousand Baht

Separate financial statements			
	Computer software	Computer software under installation	Total
As at 31 December 2016:			
Cost	54,302	6,114	60,416
Less: Accumulated amortisation	(32,474)	-	(32,474)
Net book value	21,828	6,114	27,942
As at 31 December 2015:			
Cost	45,249	1,637	46,886
Less: Accumulated amortisation	(24,090)	-	(24,090)
Net book value	21,159	1,637	22,796

A reconciliation of the net book value of intangible assets for the years 2016 and 2015 is presented below.

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	22,810	22,548	22,796	22,530
Acquisition during the year	13,530	7,856	13,530	7,856
Amortisation	(8,388)	(7,594)	(8,384)	(7,590)
Net book value at end of year	27,952	22,810	27,942	22,796

As at 31 December 2016, certain items of intangible assets were fully amortised but are still in use. The gross carrying amount before deducting accumulated amortisation of those assets amounted to approximately Baht 16 million (2015: Baht 4 million).

13. Short-term loans from financial institutions

Unit : Thousand Baht

Consolidated and separate financial statements			
	Interest rate (% per annum)	2016	2015
Short-term loans from financial institutions	2.60 - 3.65	110,000	119,280
Bill of exchange	4.50	-	293,843
Total		110,000	413,123

As at 31 December 2016, short-term loans from financial institutions are unsecured loans. The loans will be repaid within January, February, March 2017 and at call (2015: Repaid within January 2017 and at call).

Bill of exchange are issued to a financial institution and unsecured instruments. The Company repaid such bill of exchange in June 2016.

14. Trade and other payables

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Other payables for purchases and construction of network equipment	61,985	163,053	61,985	163,053
Trade accounts payable	109,340	106,300	109,340	106,558
Accrued expenses	43,697	44,065	43,617	44,225
Other payables for purchases of property, building and equipment	3,222	378	3,222	378
Other payables for purchases of intangible assets	409	4,018	409	4,018
Other payables	2,040	1,182	2,040	1,182
Total trade and other payables	220,693	318,996	220,613	319,414

15. Long-term loans

Unit : Thousand Baht

Loan	Interest rate (% per annum)	Repayment schedule	Consolidated and separate financial statements	
			2016	2015
1	5.39	Quarterly installments as from 30 November 2013 with the last installment on 31 August 2016	-	30,000
2	MLR minus certain rates	Monthly installments as from 26 March 2014 with the last installment on 25 July 2017	1,664	11,665
3	MLR minus certain rates	Monthly installments as from 30 November 2014 with the last installment on 25 July 2017	-	73,333
4	5.82	Quarterly installments as from 31 March 2015 with the last installment on 25 February 2019	150,000	225,000
5	MLR minus certain rates	Monthly installments as from 30 January 2015 with the last installment on 15 October 2018	-	69,487
6	THBFIX plus certain rates	Monthly installments as from 30 September 2015 with the last installment on 29 February 2020	475,000	750,000
7	3.95 for the year 1-2, MLR minus certain rates for the year 3-7	Quarterly installments as from 31 October 2017 with the last installment on 26 August 2022	390,000	320,000
8	4.5 for the year 1-2, MLR minus certain rates for the year 3-10	Monthly installments as from 30 September 2018 with the last installment on 28 February 2026	477,382	-
Total long-term loans			1,494,046	1,479,485
Less: Deferred financial fee			(2,834)	(4,026)
Net			1,491,212	1,475,459
Less: Current portion			(143,040)	(362,204)
Long-term loans, net of current portion			1,348,172	1,113,255

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

The loan agreements contain certain covenants which, among other things, require the Company to maintain certain debt to equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

As at 31 December 2016, the Company and its subsidiary have unused long-term loan facilities under the loan agreements amounting to Baht 783 million (2015: Baht 1,330 million).

16. Debentures

Details of approval to issue the debenture of the Company are as follows:

Approved by The Annual General Meeting of the Company's shareholders held on 26 April 2016

Amount

Revolving amount of Baht 1,000 million or the equivalent in any other currencies

Term Type

As announced in each issuing
Any types of debentures such as unsubordinated and/or subordinated, installment and/or one-time payment, unsecured and/or secured, with and/or without debenture holder representation

Method of issuance

To be issued in Thailand

As at 31 December 2016, the Company has unissued debentures under the above mentioned approval totaling Baht 340 million (2015: None).

The outstanding balance of debentures as at 31 December 2016 and 2015 are detailed below.

No.	Interest rate per annum	Term	Repayment	Maturity	Consolidated and separate financial statements			
					Number of debenture (Shares)		Amount (Thousand Baht)	
					2016	2015	2016	2015
Unsubordinated and unsecured debentures								
No. 1/2016	4.25%	3	20 June 2019	20 June 2019	660,000	-	660,000	-
Less: Deferred financial fee							(2,902)	-
Net							657,098	-

Such debentures contain certain covenants and restrictions regarding the maintenance of debt to equity ratio, restriction on dividend payment and disposal and transfer of assets.

17. Liabilities under finance lease agreements
(included in other current liabilities)

Unit : Thousand Baht

	Consolidated and separate financial statements	
	2016	2015
Liabilities under finance lease agreements	-	250
Less : Deferred interest expenses	-	(4)
Total	-	246
Less: Portion due within one year	-	(246)
Liabilities under finance lease agreements - net of current portion	-	-

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

As at 31 December 2016 and 2015, future minimum lease payments of the Company required under the finance lease agreements were as follows:

Unit : Thousand Baht

	Consolidated and separate financial statements					
	2016			2015		
	Less than 1 year	1-5 years	Total	Less than 1 year	1-5 years	Total
Future minimum lease payments	-	-	-	250	-	250
Deferred interest expenses	-	-	-	(4)	-	(4)
Present value of future minimum lease payments	-	-	-	246	-	246

18. Provision for long-term employee benefits

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

	Unit : Thousand Baht	
	Consolidated and separate financial statements	
	2016	2015
Provision for long-term employee benefits at beginning of year	20,149	17,725
Included in profit or loss:		
Current service cost	4,922	3,272
Interest cost	635	771
Included in other comprehensive income:		
Actuarial gains arising from		
Demographic assumptions changes	-	(1,446)
Financial assumptions changes	-	3,549
Experience adjustments	-	(3,722)
Provision for long-term employee benefits at end of year	25,706	20,149

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

	Unit : Thousand Baht	
	Consolidated and separate financial statements	
	2016	2015
Cost of services and sales	1,551	1,103
Service and administrative expenses	4,006	2,940
Total expenses recognised in profit or loss	5,557	4,043

As at 31 December 2016 and 2015, the Company and its subsidiary expect not to pay long-term employee benefits during the next year.

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefits is 16.2 years (2015: 16.2 years).

Significant actuarial assumptions are summarised below:

	Consolidated and separate financial statements	
	2016	2015
	(% per annum)	(% per annum)
Discount rate	3.15%	3.15%
Salary increase rate	5.00%	5.00%
Staff turnover rate (depending on age)	0.00% - 12.00%	0.00% - 12.00%

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

Unit : Million Baht

	Consolidated and separate financial statements			
	2016		2015	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
Discount rate	(1.0)	1.0	(0.8)	0.8
	Increase 1 %	Decrease 1%	Increase 1 %	Decrease 1%
Salary increase rate	4.2	(3.5)	3.1	(2.6)
Staff turnover rate	(3.8)	2.1	(3.0)	1.7

19. Share capital/Dividend stock

On 26 April 2016, the Annual General Meeting of the Company's shareholders passed the various resolutions, including the following matters:

1) Pay dividends to the Company's shareholders from the second half operations for the year 2015. The dividend is to be paid as stock dividend in the number of 25,030,350 ordinary shares, with par value of Baht 1 each, at a ratio of 12 existing ordinary shares to receive stock dividend of 1 share, with a total amount of not exceed Baht 25.03 million, or equivalent to the dividend of Baht 0.08333 per share. In the case of any shareholder with a fraction of the shares after the stock dividend distribution, will be entitled to receive cash dividend at the rate of Baht 0.08333 per share. In addition, the Company will pay a cash dividend at Baht 0.00926 per share, or equivalent to amount

of not exceed Baht 2.78 million. The Company has paid cash dividend at the rate of Baht 0.11 per share for the first half operations for the year 2015, equivalent to Baht 33.04 million. Total annual dividend payment in form of cash and stock dividend equal to Baht 0.20259 per share, equivalent to Baht 60.85 million (the number of ordinary shares before adjusting the number of shares as a result of the distribution of the stock dividend, as discussed in Note 28). The Company paid dividend and stock dividend on 24 May 2016.

2) Increase the Company's registered share capital from Baht 306,000,000 to Baht 331,463,349 by issuance of 25,463,349 new ordinary shares at par value of Baht 1 per share for reserve for the aforementioned stock dividend and right adjustment of ESOP. The Company registered the increase in registered share

capital to Baht 331,463,349, and paid-up share capital at Baht 300,364,200 with the Ministry of Commerce on 4 May 2016.

3) Allotment of 25,463,349 newly issued ordinary shares to support dividend share payment not exceeding 25,030,350 shares, and reserve for the exercise of ESOP not exceeding 432,999 shares. The Company reports to the Stock Exchange of Thailand (SET) the number of 25,029,481 ordinary shares

actual allocated to the stock dividend, and registered with the Ministry of Commerce the increase in its paid-up capital at Baht 325,393,681 on 24 May 2016.

20. Warrants / Capital reserve for share-based payment transactions

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

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

* On 3 May 2016, the Company readjusted the exercise ratio and exercise price of warrants to a ratio of 1 warrant to 1.08333 new ordinary shares at an exercise price of Baht 13.588 per share.

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

During the year 2016 and 2015, the Company recorded expenses of the warrants (ESOP) amounting to Baht 7 million as personnel expenses, together with a corresponding increase in capital reserve for share-based payment transactions in shareholders' equity.

During the year, movements of the number of warrants (ESOP) were as follows:

	2016	2015
	(Unit)	(Unit)
Number of warrants at the beginning of the year	5,196,200	5,547,300
Cancelled warrants	-	(351,100)
Number of warrants at the end of the year	5,196,200	5,196,200

Up to 31 December 2016, the Company cancelled a total of 439,600 warrants (2015: 439,600 warrants) to purchase ordinary shares of the Company that had been allocated to the directors and management of the Company, because the directors and management who held those warrants had resigned, thus breaching the conditions under which the warrants were received.

Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its profit for the year after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

21. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies

22. Expenses by nature

Significant expenses classified by nature are as follow:

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Salaries and wages and other employee benefits	275,130	273,757	274,798	271,160
Depreciation and amortisation expenses	423,704	360,541	423,466	360,269
Service fee for network interconnection	56,171	52,026	56,171	52,026
Rental expenses from operating lease agreements and service expenses	83,374	78,613	82,944	77,628
Rental expenses - network equipment	144,890	127,835	144,890	127,835
Professional fees	11,457	10,588	11,377	10,318

23. Finance cost

Unit : Thousand Baht

	Consolidated and separate financial statements			
	2016	2015	2016	2015
Interest expenses	89,392	82,710	89,392	82,710
Bank charges related to bank loans	1,943	1,706	1,943	1,706
Other bank charges	998	629	998	629
Total finance cost	92,333	85,045	92,333	85,045

24. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Current income tax:				
Current income tax charge	23,734	33,081	23,734	33,081
Deferred tax:				
Relating to origination and reversal of temporary differences	(2,591)	(1,206)	(2,591)	(1,419)
Income tax expenses reported in the statement of comprehensive income	21,143	31,875	21,143	31,662

The reconciliation between accounting profit and income tax expenses is shown below.

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Accounting profit before tax	120,503	145,771	120,508	144,709
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	24,101	29,154	24,101	28,941
Effects of:				
Non-deductible expenses	3,791	3,004	3,791	3,004
Additional expense deductions allowed	(6,749)	(283)	(6,749)	(283)
Total	(2,958)	2,721	(2,958)	2,721
Income tax expenses reported in the statement of comprehensive income	21,143	31,875	21,143	31,662

The components of deferred tax assets are as follows:

Unit : Thousand Baht

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax assets				
Allowance for doubtful accounts	1,626	911	1,626	911
Allowance for asset impairment	2,042	1,278	2,042	1,278
Provision for long-term employee benefits	5,142	4,030	5,142	4,030
Total	8,810	6,219	8,810	6,219

As at 31 December 2016, the Company and its subsidiary have deductible temporary differences and unused tax losses totaling Baht 4 million (2015: Baht 3 million), on which deferred tax assets have not been recognised as the Company and its subsidiary believe that future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

25. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year. The number of ordinary shares of the prior year used for the calculation, as presented for comparative purposes, has been adjusted in proportion to the change in the number of shares as a result of the distribution of the stock dividends as

discussed in Note 28, as if the shares comprising such stock dividends had been issued at the beginning of the earliest period reported.

Diluted 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 year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

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

Consolidated financial statements						
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2016	2015	2016	2015	2016	2015
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares) (Restated)	(Baht)	(Baht) (Restated)
Basic earnings per share						
Profit attributable to equity holders						
of the Company	99,360	113,896	325,394	325,394	0.31	0.35

Separate financial statements						
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2016	2015	2016	2015	2016	2015
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares) (Restated)	(Baht)	(Baht) (Restated)
Basic earnings per share						
Profit attributable to equity holders						
of the Company	99,365	113,047	325,294	325,294	0.31	0.35

However, no calculation of diluted earnings per share for the years ended 31 December 2016 and 2015 were required for warrant (ESOP), as disclosed in Note 20, since the aggregated amounts of the exercise price and the fair value of the warrant were higher than the average market price of the Company's ordinary shares.

26. Segment information

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

For management purposes, the Company and its subsidiary are organised into business units based on its products and services and have two reportable segments as follows:

- ▶ The render of communication high speed circuit services segment, which renders high speed circuit service via fiber optic cable as approved by NBTC.
- ▶ The network equipment services segment, which render preventive maintenance service and installation of network equipment.

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

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Company's and its subsidiary's operating segments for the years ended 31 December 2016 and 2015, respectively.

Unit : Thousand Baht

For the year ended 31 December 2016					
	Render of communication high speed circuit services	Network equipment services	Total reportable segments	Adjustments and eliminations	Consolidated
Revenue from external customers	1,382,056	-	1,382,056	-	1,382,056
Inter - segment revenue	-	9	9	(9)	-
Interest income	164	4	168	-	168
Interest expense	(89,392)	-	(89,392)	-	(89,392)
Depreciation and amortisation	(423,466)	(238)	(423,704)	-	(423,704)
Loss on disposals/write-off of fixed assets	(1,231)	-	(1,231)	-	(1,231)
Income tax expenses	(21,143)	-	(21,143)	-	(21,143)
Segment profit (loss)	99,365	(1,091)	98,274	1,086	99,360
Segment total assets					
Increase (decrease) in non-current assets other than financial instruments and deferred tax assets	344,581	(554)	344,027	1,086	345,113

Unit : Thousand Baht

For the year ended 31 December 2015					
	Render of communication high speed circuit services	Network equipment services	Total reportable segments	Adjustments and eliminations	Consolidated
Revenue from external customers	1,305,404	461	1,305,865	-	1,305,865
Inter - segment revenue	-	3,819	3,819	(3,819)	-
Interest income	122	5	127	-	127
Interest expense	(82,710)	-	(82,710)	-	(82,710)
Depreciation and amortisation	(360,269)	(272)	(360,541)	-	(360,541)
Loss on disposals/write-off of fixed assets	(1,687)	-	(1,687)	-	(1,687)
Income tax (expense) revenue	(31,662)	(213)	(31,875)	-	(31,875)
Segment profit (loss)	113,047	(750)	112,297	1,599	113,896
Segment total assets					
Increase in non-current assets other than financial instruments and deferred tax assets	575,604	139	575,743	1,599	577,342

Geographic information

The Company and its subsidiary operate in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

Major customers

For the year 2016, the Company and its subsidiary have revenue from one major customer in amount of Baht 236 million, arising from render of communication high speed circuit services segment (2015: Baht 250 million arising from render of communication high speed circuit services segment).

Lease line service income are the Company's and its subsidiary's main revenues, which can be classified by application into 7 groups as follow:

- ▶ Internet Access
- ▶ Private Network
- ▶ IPLC
- ▶ Digital Broadcast
- ▶ Local Loop for International
- ▶ Access Network
- ▶ Others

Revenue information from lease line service income by application for the years ended 31 December 2016 and 2015 are as follow:

SYMPHONY COMMUNICATION PUBLIC COMPANY LIMITED

Unit : Thousand Baht

	Separate financial statements	
	2016	2015
Internet Access	399,455	400,241
Private Network	370,092	360,672
IPLC	287,009	248,026
Digital Broadcast	79,806	95,511
Local Loop for International	105,092	93,821
Access Network	47,662	55,808
Others	92,940	51,325
Total	1,382,056	1,305,404

Revenue information from lease line service income by type of license for the years ended 31 December 2016 and 2015 are as follow:

Unit : Thousand Baht

	Separate financial statements	
	2016	2015
Telecom Operation License Type 2	1,222,254	1,055,482
Telecom Operation License Type 3	80,018	154,389
Radio or Television Broadcasting Business License for the Radio or Television Network Services (Not using radio frequency)	21,889	39,385
Internet Operation License Type 1	22,629	27,390
Internet Operation License Type 2	35,266	28,758
Total	1,382,056	1,305,404

27. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contributed to the fund monthly at the rate of 3% of basic salary. The fund, which is managed

by Bank of Ayudhya Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2016, the contributions amounting to Baht 5 million (2015: Baht 5 million) were recognised as expenses.

28. Dividends

Dividends	Approved by	Approved dividend per share	Interim dividend per share	Additional dividend paid per share	Total additional dividend paid
		(Baht)	(Baht)	(Baht)	(Thousand Baht)
Final dividends for 2014	Annual General Meeting of the shareholders on 24 April 2015	0.43	0.15	0.28	84,102
Interim dividends from profit for the period as from 1 January 2014 to 30 June 2015	Board of Directors' meeting on 11 August 2015	0.11	-	0.11	33,040
Total dividends paid in 2015		0.54	0.15	0.39	117,142
Stock dividends for 2015	Annual General Meeting of the shareholders on 26 April 2016	0.08	-	0.08	25,030
Final dividends for 2015	Annual General Meeting of the shareholders on 26 April 2016	0.12	0.11	0.01	2,782
Total dividends paid in 2016		0.20	0.11	0.09	27,812

29. Commitments and contingent liabilities

29.1 Capital commitments

As at 31 December 2016 and 2015, the Company had capital commitments as following.

Commitments relating to	Currency	Unit : Million	
		2016	2015
Acquisition and installation of network equipment	THB	247	620
	JPY	199	225
Acquire of equipment and construction	THB	2	14
Acquisition of program computer	THB	2	1

29.2 Lease and service agreement commitments

a) The Company and its subsidiary have entered into several lease agreements in respect of the lease of office building space and equipment and service agreements. The terms of the agreements are generally between 1 and 4 years.

Future minimum lease and service payments required under these lease and service agreements were as follows:

	Unit : Million Baht	
	2016	2015
Lease and service agreements presented under cost of service		
Payable:		
In up to 1 year	27	28
In over 1 and up to 5 years	28	24
Lease and service agreements presented under administrative expenses		
Payable:		
In up to 1 year	36	22
In over 1 and up to 5 years	43	6

b) The Company has entered into lease agreements in respects of network rental and internet service. The term of agreement is generally 1 year and renewable every 1 year unless terminated by the Company. Total service fee for the years ended 31 December 2016 is approximately Baht 150 million (2015: Baht 132 million).

29.3 Purchase supply and equipment commitments

As at 31 December 2016, the Company has outstanding future payment commitments of approximately Baht 2 million (2015: Baht 2 million) relating to acquisition of supply and network equipment.

29.4 Bank guarantees

As at 31 December 2016, there were outstanding bank guarantees of approximately Baht 29 million (2015: Baht 3 million) issued by banks on behalf of the Company to guarantee fiber optic network use, space rental and other payables.

29.5 Other commitment

As at 31 December 2016, total credit facilities, both short-term and long-term loans, of the Company that could be drawn down amounted to Baht 2,049 million (2015: Baht 2,155 million).

29.6 Contingent liabilities

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

optic cable to the Company for least 10 years. They are thus existing assets of the telecom operator and have not required additional investment expenditure. The Company therefore believes that the new rental rate stipulated by the telecom operator is not in line with cost-based principles (“IC notice No.19”) and the method of calculating the rental charge may not reflect the cost, as approved by NBTC (“IC Notice No.20”). In addition, if there is to be any change in the rental rate the telecom operator, as the licensed network operator, is required to provide the Company, as a licensee requesting use of the network, with at least 90 days’ notice, and evidence or reasons showing why the rate change is needed (“IC Notice No.21”). The telecom operator has not done this. Therefore, in order to move forward in accordance with legal principals and procedures, the Company submitted a letter asking the telecom operator to clarify the reasons for setting a new rental rate for the network and to provide the Company with evidence and the calculation method used to determine that rate. The Company also asked to exercise its right to negotiate a reduced, reasonable and fair, and legal rate with the telecom operator.

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

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

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

In addition, the Company has the right to request that NBTC to accept the dispute for dispute settlement procedures in accordance with the IC notice. Nevertheless, the Company recorded accrued rental fee for cable conduit totalling amount to Baht 10 million.

Subsequently, while the Company was preparing to request that NBTC intervene to provide a fair resolution, the management of the Company and the telecom operator entered into negotiations to resolve this issue. However, the telecom operator sued the Company as the second defendant through the civil courts, claiming payment for use of the conduit together with interest to the date of the lawsuit amounting to Baht 39.2 million, as well as interest at the rate of 7.5% per annum on principal of Baht 36.8 million. The Company received a copy of the lawsuit on 24 July 2014. Since the management of the telecom operator provided no prior notification or warning, it will be necessary for the Company to settle the dispute through court proceedings. The Company’s management believes that the Company will win the case, since it should be resolved through dispute settlement procedures in accordance with the IC notice and is not within the authority of the Civil Court. Moreover, the telecom operator did not proceed in compliance with the notification of the NBTC (IC notice).

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

The first course of action was to submit a petition the NBTC to request a fair resolution bestowed upon it by telecoms law and the IC Notice to set of a correct rate for the underground cable conduit, and to provide protection to the Company to use the fiber optic cable from such conduit. The Company then followed its second course of action, which was to submit a statement of defence to the Civil Court that provides grounds to dispute both legal and factual aspects of the case, showing that the telecom operator had acted illegally and the Company had no legal obligation at all to pay the telecom operator the amounts being claimed under the lawsuit. The Company also filed a petition with the Court challenging the Court's jurisdiction over the case. Therefore, the Court issued an order to suspend the court proceedings, and pass the case to the Administrative Court. The Administrative Court was of the opinion that it has jurisdiction over the case, meaning there is a difference of opinion over the issue of court jurisdiction. Therefore, the matter was forwarded to the Court Jurisdiction Commission for determining court jurisdiction, and on 29 April 2015, the Commission decided that this case is under

the jurisdiction of the Administrative Court. The Civil Court therefore struck the case from its case list and it can be construed that there are no longer any lawsuits that the telecom operator brought against the Company in the Civil Court.

Subsequently, the Administrative Court has announced the Court order dated 26 June 2015 to the Company that the Administrative Court has received the case from the Civil Court. However, the Company has determined that it does not agree with the order of the Court; therefore, the Company filed a rebuttal statement to the Court on 13 August 2015. The Court considered the rebuttal statement of the Company and ordered on 28 August 2015 to reject the statement although the Civil Court had strike the case out of the case list. The Civil Court had already summarised the statements and sent all the documents to the Administrative Court. It means that the case had been transferred to the Administrative Court. Although the Company still disagrees with the Court's order, such order is an interlocutory order by law. An appeal against an interlocutory order shall be filed at the same time when an appeal against a judgement is filed. In this regard, the Company has to wait till the Administrative Court reaches its judgement on this case so that it can lodge an appeal. The case is currently under legal proceedings by the Administrative Court. The Company's management believes that the Company will win this case.

30. Financial instruments

30.1 Financial risk management

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

Credit risk

The Company and its subsidiary's are exposed to credit risk primarily with respect to trade accounts receivable and other receivables. The Company and its subsidiary manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company and its subsidiary do not have high concentrations of credit risk since it has a large

customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statements of financial position.

Interest rate risk

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

As at 31 December 2016 and 2015, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

Unit : Million Baht

	2016					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	Over 1 - 5 years				
						(% p.a.)
Financial assets						
Cash and cash equivalents	-	-	81	-	81	0.10 - 0.375
Trade and other receivables	-	-	-	207	207	-
	-	-	81	207	288	
Financial liabilities						
Short-term loans from financial institutions	110	-	-	-	110	2.60 - 3.65
Trade and other payables	-	-	-	221	221	-
Long-term loans	-	150	1,341	-	1,491	3.95 - 6.00
Debentures	-	657	-	-	657	4.25
	110	807	1,341	221	2,479	

Unit : Million Baht

	2015					Effective interest rate (% p.a.)
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	
	Within 1 year	Over 1 - 5 years				
Financial assets						
Cash and cash equivalents	-	-	62	-	62	0.10 - 0.375
Trade and other receivables	-	-	-	190	190	-
	-	-	62	190	252	
Financial liabilities						
Short-term loans from financial institutions	413	-	-	-	413	2.95 - 4.50
Trade and other payables	-	-	-	319	319	-
Long-term loans	30	225	1,220	-	1,475	3.95 - 5.875
	443	225	1,220	319	2,207	

The Company has entered into Interest Rate Swap Transaction Agreement with a local bank for principal totaling Baht 810 million to manage risk associated with the long-term loans carrying floating interest rate. The agreement is for a period of 4.5 years, maturing in February 2020 with the condition stipulated in the agreement. At each of the maturity dates, which occur every 1 month, the Company is required to pay interest to the bank based on the rate stipulated in the agreement (5%) and the bank is required to pay interest to the Company at THBFX

plus certain rate. The agreement contains other conditions. As at 31 December 2016 and 2015, the Company has no outstanding credit.

Foreign currency risk

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

As at 31 December 2016 and 2015, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2016	2015	2016	2015	2016	2015
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.9	0.5	0.1	0.1	35.8307	36.0886

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2016					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
US dollar	0.4	-	36.07	-	2 February 2017
US dollar	0.2	-	35.69	-	9 March 2017
US dollar	0.4	-	34.64	-	29 March 2017
US dollar	0.1	-	35.32	-	20 April 2017
US dollar	0.3	-	35.32	-	20 April 2017
US dollar	0.4	-	34.77	-	25 August 2017
US dollar	0.5	-	34.72	-	26 September 2017

As at 31 December 2015					
Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate		Contractual maturity date
			Bought (Baht per 1 foreign currency unit)	Sold	
US dollar	0.3	-	35.09	-	29 January 2016
US dollar	0.5	-	36.47	-	10 March 2016
US dollar	0.5	-	35.83	-	22 March 2016
US dollar	0.5	-	36.08	-	18 April 2016
US dollar	0.3	-	35.83	-	18 April 2016
US dollar	0.3	-	35.62	-	26 April 2016
US dollar	0.3	-	36.10	-	9 September 2016
US dollar	0.5	-	36.37	-	26 September 2016

30.2 Fair values of financial instruments

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

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

31. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the Company's debt- to-equity ratio was 1.88:1 (2015: 1.81:1).

32. Approval of the financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2017.

General Information

General Information

Ticker

SYMC (Listed in The Stock Exchange of Thailand)

Company

Symphony Communication Public Company Limited

Type of Business

Hi-speed Communication Network Service Provider

Head Office

123 Suntowers Building B 35th-37th fl., Vibhavadee Rangsit Road, Chomphon, Chatuchak, Bangkok 10900

Branch offices

- 1) Amata Nakorn Branch Office
700/640, Moo 7, Donhuaror, Muang Chonburi, Chonburi 20000
- 2) Kabin Buri Service Center Branch
103, Moo 16, Muang Kao, Kabin Buri, Prachin Buri 25240
- 3) Hat yai Service Center Branch
1173 Moo 3, Bypass (Asia) Road, Khuanlang, Hat yai, Songkhla 90110
- 4) Laemchabang Service Center Branch
31/73, Moo 9, Thung sukhla, Sri Racha, Chonburi 20230
- 5) Nakorn Ratchasima Service Center Branch
19/47, Lampru 2, Nai Muang, Muang Nakorn Ratchasima, Nakorn Ratchasima 30000
- 6) Phuket Service Center Branch
46/125, Moo 6, Ratsada, Muang Phuket, Phuket 83000
- 7) Khon Kaen branch
108/138, Moo 14, Nai Muang, Muang Khon Kean, Khon Kean 40000
- 8) Phitsanulok Service Center Branch
362/5, Moo 3, Aranyik, Muang Phitsanulok, Phitsanulok 65000
- 9) Chiang Mai Service Center Branch
39/7, Tippanate Road, Haiya, Muang Chiang Mai, Chiang Mai 50100
- 10) Samutsakhon Service Center Branch
88/304, Moo 1, Tha Sai, Muang Samutsakhon, Samutsakhon 74000
- 11) Phra Nakorn Sri Ayuttaya Service Center Branch
89/5-6, Moo 3, Klong Suan Plu, Phra Nakorn Sri Ayuttaya, Phra Nakorn Sri Ayuttaya 13000
- 12) Prachuap khiri khan Service Center Branch
208, Phachuapsiri Road, Prachuap khiri khan, Muang Prachuap khiri khan 77000
- 13) Mae Sot Service Center Branch
1086/3, Moo 1, Tha Sai Luat, Mae Sot, Tak 63110
- 14) Surat Thani Service Center Branch
17/53-54, Moo 1, Watphobangyai Road, Makham Tia, Muang Surat Thani, Surat Thani 84000
- 15) Ubon Ratchathani Service Center Branch
48/10, Moo 23, Kham Yai, Muang Ubon Ratchathani, Ubon Ratchathani 34000
- 16) Nong Khai Service Center Branch
149/3, Moo 4, Meechai, Muang Nong Khai 43000
- 17) Tak Service Center Branch
64/27, Moo 6, Mai Ngam, Mueang Tak, Tak 63000
- 18) Lamphun Service Center Branch
193/21, Moo 6, Ban Klang, Mueang Lamphun, Lamphun 51000

Warehouse

- 1) Rangsit Warehouse
65/1, Moo 3, Phahonyothin Road, Khlong Nueng,
Khlong Luang, Pathum Thani 12120
- 2) Min Buri Warehouse
51, 53, Soi Srihaburanukit 6, Min Buri, Min Buri,
Bangkok 10510
- 3) Samutsakhon Warehouse
88/298, Baansuan thasai Village, Moo 1, Thasai,
Muang Samutsakhon, Samutsakhon 74000
- 4) Kamphaeng Phet Warehouse
99/8, Room 1, Moo 3, Nakhon Chum, Muang Kamphaeng Phet,
Kamphaeng Phet 62000
- 5) Sukhothai Warehouse
21, Barn muang Road, Thani, Muang Sukhothai,
Sukhothai 64000
- 6) Khao Suan Kwang Warehouse
199/26, Moo 11, Kham Muang, Muang Khao Suan Kwang,
Khon Kaen 40280
- 7) Phangnga Warehouse
92/54, Siri Rat Road, Thai Chang, Muang Phangnga,
Phangnga 82000
- 8) Lop Buri Warehouse
89/10, Sida road, Thale Chup Son, Muang Lop Buri,
Lop Buri 15000
- 9) Sing Buri Warehouse
186/3, Moo 1, Bang Man, Muang Sing Buri,
Sing Buri 16000
- 10) Sara Buri Warehouse
2/22, Soi 7, Phahonyothin Road, Pak Phriao, Muang Saraburi,
Sara Buri 18000
- 11) Ang Thong Warehouse
134/7, Moo 4, Ban It, Muang Ang Thong,
Ang Thong 14000

Registered Capital

Bath 331,463,349.-

Voting Shares

325,393,681 ordinary shares

Paid-up Capital

325,393,681 ordinary shares (Bath 1 each)

Company Registration No.

0107553000107

Accounting period

1 January – 31 December

Home Page

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Telephone

66-2-101-1111

Fax

66-2-101-1133

Subsidiary

Diamond Line Services Company Limited (DLS) provides installation, repair and maintenance service of external interconnected networks and telecommunication equipment and may conduct joint investment with other companies. Currently, DLS has registered capital of 5,000,000 Baht of which the Company holds 99.99 percent of the shares. The office is located at 1 Empire Tower, 47th Floor, Unit 4703, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120

Reference

Securities Registrar

Thailand Securities Depository Company Limited
93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Thailand
Tel: 66-2-009-9000 Fax: 66-2-009-9991
Website: <http://www.tsd.co.th>

Auditor

EY Office Limited
33rd floor, Lake Ratchada Office Building.
193/136-137, New Ratchadapisek road, Klongtoey,
Bangkok 10110
Tel: 66-2-264-0777 and 66-2-661-9190
Fax: 66-2-264-0789-90 and 66-2-661-9192



SYMPHONY

International Telecom Network Provider



CAMBODIA

MALAYSIA

Excellent Experience

Symphony Communication Public Company Limited

📍 123 Sun Towers Building B 35th-37th fl., Vibhavadee Rangsit Road,
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