



Annual Report 2011

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**“We are the  
leading value  
creation asset  
management  
company  
in telecom  
and media”**

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## **Vision**

## **Mission**

— To deliver sustainable growth and long-term value to shareholders by investing and managing telecom and media businesses

— To continue Group good corporate governance practices

— To uphold corporate core values that focus on integrity, teamwork, innovation, people excellence and social responsibility (I-TIES)

— To continue sustainable corporate social responsibility activities

— To explore new business opportunities in telecom and media



In tune  
with  
your  
world







**The INTOUCH logo is derived from a smile. It has a bright color range which represents hope for the future, creativity, and powerful expression.**

Shin Corporation has expanded from a telecommunications service provider to an enterprise of diversity. Our technology-centric parameters have gradually increased to focus on customer satisfaction. It is now time to change our corporate name and logo of more than 20 years to a new name and logo that reflect our more friendly and optimistic image. Our company will now be called 'INTOUCH'.

The INTOUCH logo is derived from a smile. It has a bright color range which represents hope for the future, creativity, and powerful expression. The smile concept also conveys the idea of contact and communication, discussion and partnership, hospitality and other concepts at the heart of our core business.

Our aim is to build strong bonds between Thais and life-enhancing technologies. Our ambition is to connect everyone to the most important things in their lives. We want to harmonize people with loving moments, create real opportunities, secure a bright future, and encourage selfless giving to uplift society.

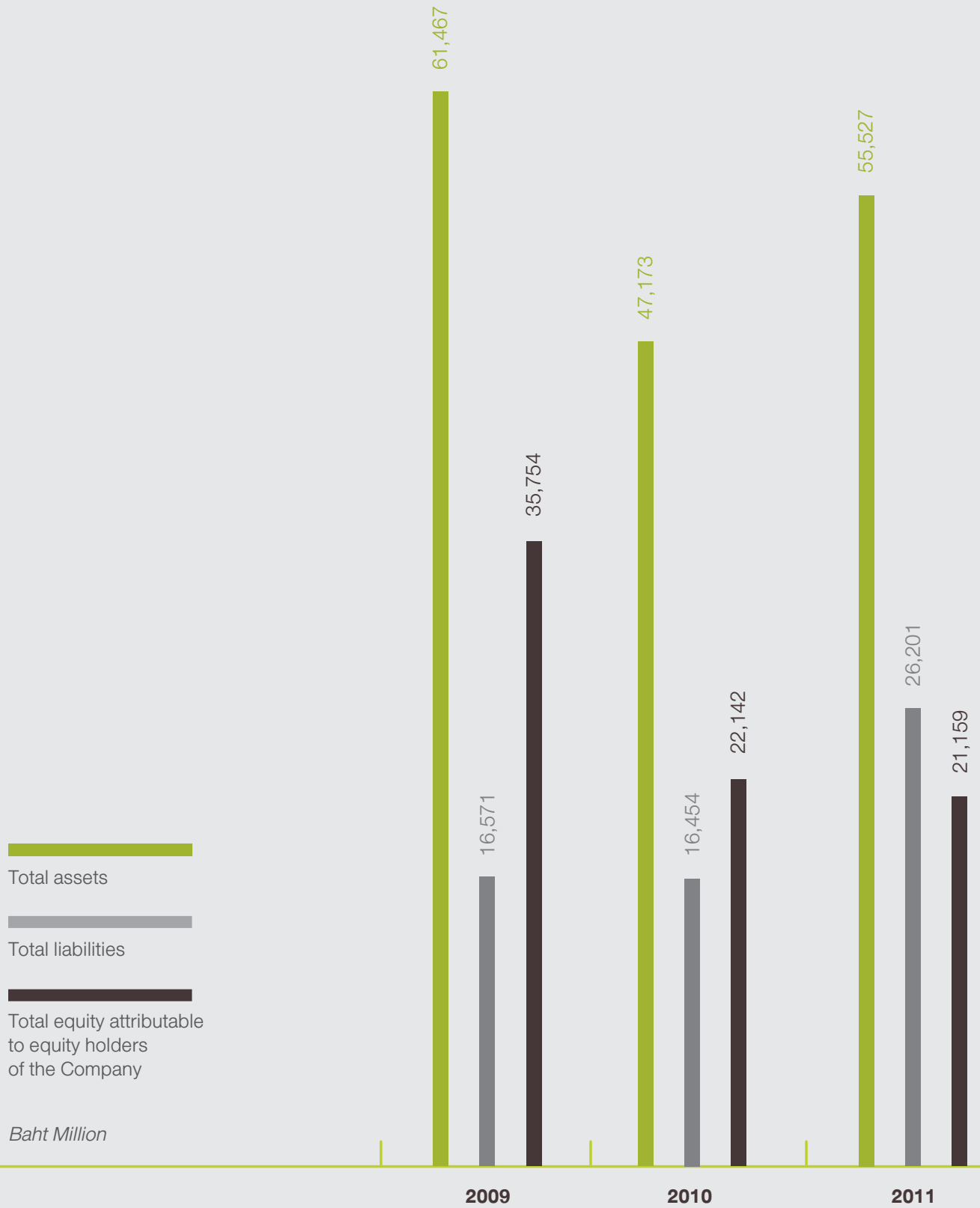
INTOUCH is proud to deliver an impressive experience, great sensations and tangible achievements. We view ourselves as the leading value-creation asset management company in telecommunications, media, and other innovative technologies that make our portfolio stand out from the competition. It will be a long-term commitment for all our stakeholders. It is our promise to treat our customers as our own special people. INTOUCH will enable the country to create a prosperous future.

## Financial Highlights

### Shin Corporation Public Company Limited and its Subsidiaries

		Baht Million	
<i>As at 31 December</i>	<b>2011</b>	<b>2010</b> Restated	<b>2009</b> Restated
<b>OPERATING RESULTS - CONSOLIDATED</b>			
Revenues from sales of goods and rendering of services	8,649	7,967	8,533
Share of profits of associates	10,069	9,196	7,465
Total revenues	26,225	17,328	16,568
Gross profit	1,899	952	1,188
Profit for the year attributed to owners of the parent	16,559	8,016	6,496
Total assets	55,527	47,173	61,467
Total liabilities	26,201	16,454	16,571
Total equity attributable to equity holders of the Company	21,159	22,142	35,754
<b>FINANCIAL RATIO - CONSOLIDATED</b>			
Net profit margin	63%	46%	39%
Return on equity	76%	28%	18%
Return on assets	32%	15%	10%
Debt-to-equity ratio (Times)	1.24	0.74	0.46
Basic earning per share (Baht)	5.17	2.50	2.03
Book Value per share (Baht)	6.60	6.92	11.17
Dividend per share (Baht)	5.50	6.77	2.40
Number of share (Million) (at one Baht par value per share)	3,206.42	3,201.08	3,201.07

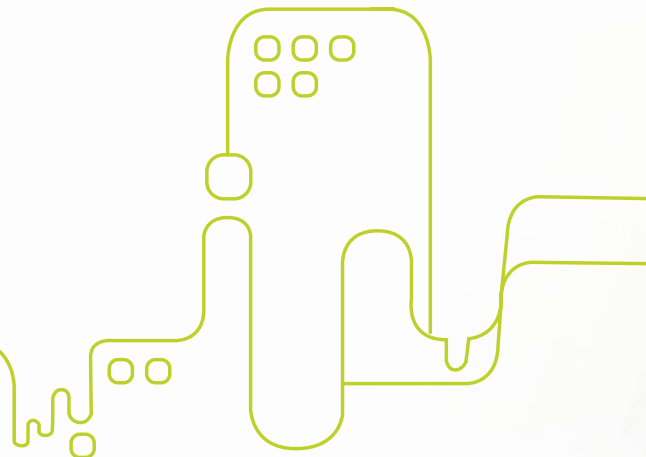
Dividend Policy : The board of director of the Company may recommend annual dividends, subject to the approval of the company's shareholders, at an annual general meeting. From time to time, the Company's board of directors may declare interim dividends. The current policy of the board of directors of the company is to recommend to our shareholders a dividend of not less than 40% of the Company's net profits, subject to our financial needs or unless the payment of dividends would materially affect our operations.

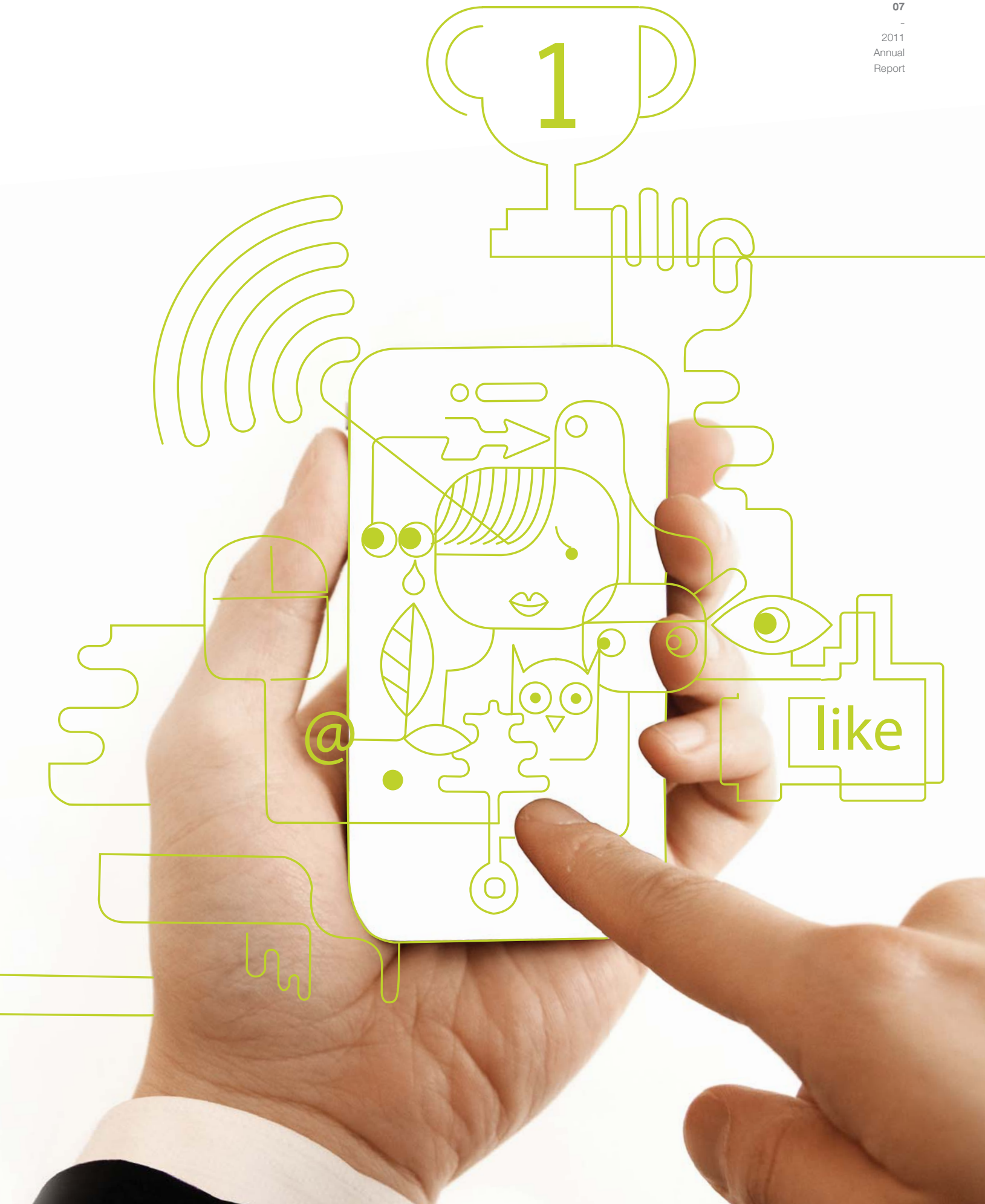


# RETURN OUR SUCCESS TO EVERY STAKEHOLDER

INTOUCH is the leading value-creation asset management company in telecom and media. We deliver sustainable growth and long-term value to shareholders by investing wisely and managing our investments with professional skill. The success and efficiency of our asset management is reflected in our stock price performance and dividend payments. In 2011, INTOUCH declared dividends totaling Baht 5.50 per share (including Baht 2.34 interim dividend declared in 26 December 2011), a yield of 12.8%.

INTOUCH mainly focuses on telecom and media businesses which our investments are wireless communications, satellite & international business, and media and advertising business. Composing of Advanced Info Service Public Company Limited (AIS), the leader of telecommunication business, Thaicom Public Company Limited (THAICOM) provides Conventional and Broadband Satellites through domestic and international markets. In 2011, INTOUCH generated a net profit of Baht 16,559 million, an increased of 107% from the previous year.





# IMPROVE YOUR LIFE THROUGH TECHNOLOGY



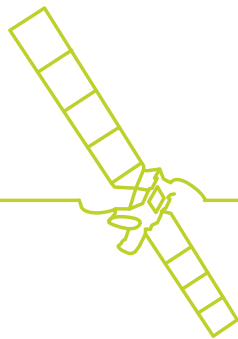


AIS is committed to providing quality service by creating seamless connectivity for everyone across the country. More than 9 million AIS subscribers now have better access to mobile internet through 1,884 3G (900 MHz) base stations deployed in Bangkok and other major cities plus more than 70,000 WiFi hotspots nationwide (in collaboration with a leading WiFi operator). Customers can enjoy even outside 3G coverage through AIS EDGE+ network, which has a higher download speed than the normal 2G. AIS has promised to provide the best mobile data coverage in Thailand.

As a result of its business success, AIS generated a net profit of Baht 22,218 million in 2011, an increase of 8%. Meanwhile, normalized net profit was Baht 26,600 million, grew 21% from the year before. We strongly believe that AIS will continue to be a key performer in the wireless and telecommunications business in the future.



# CONNECTING YOU WITH THE WORLD

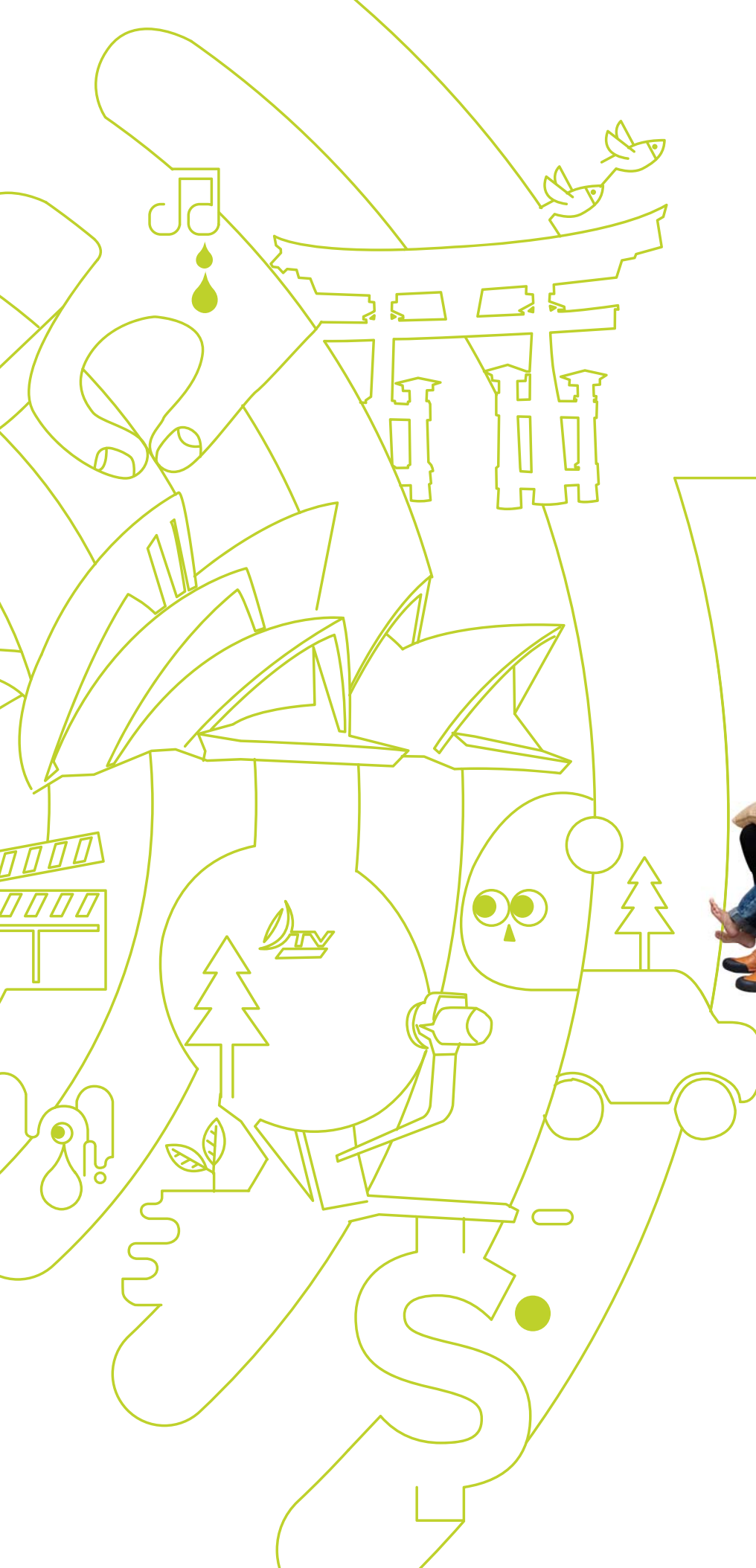


In 2011, THAICOM signed contracts with National Broadband Network (NBN) of Australia and MEASAT of Malaysia to provide satellite services through Thaicom 4 (IPSTAR), and also expanded its customer base in Japan. THAICOM currently has 420 television channels on its conventional satellite (Thaicom 5), which is almost fully utilized. The Ministry of Information and Communication Technology (MICT) has granted approval to build another satellite (Thaicom 6), which is expected to be launched in mid 2013. The increasing demand from THAICOM existing and new customers is expected to continue. With the improving performance last year, THAICOM reported net loss of Baht 130 million in 2011, which improved from a loss of Baht 806 million in the year before.

In addition, DTV Service Company Limited (DTV), THAICOM satellite dish business sold thus far 1.2 million sets in 2011, an increase of 24% from the previous year. The expansion of DTV dish sets is the opportunity of THAICOM to generate higher revenue in the future.



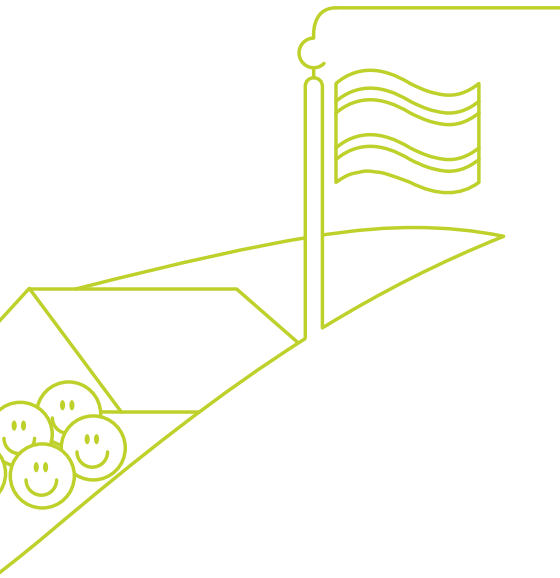




Our determination is not only returns to shareholders, creditors, customers, and employees but also the society.

Our determination is not only returns to shareholders, creditors, customers, and employees but also the society.





## Contributions to **Society**

The smiling INTOUCH symbol portrays friendship, proximity and interdependence. The Company has continually been active in contributing to society under the concept of “Strong Thais, Strong Thailand”, focusing on young people as they will play a crucial role in the country’s development. If the youth of today are provided with good opportunities to develop their knowledge, capabilities, imagination, creativity, and moral and ethical principles along with a volunteer spirit, they will be able to drive the country towards sustainable prosperity in the future.

### Celebration of His Majesty the King’s eighty-fourth birthday

The year 2011 was the auspicious occasion of His Majesty the King’s 84<sup>th</sup> birthday and completion of his seventh 12-year cycle. The Company recognized the Royal Grace and paid homage to the King by applying his Philosophy of Sufficiency Economy to the Camp Sanook Kid with INTOUCH program, encouraging the participants to develop a sustainable quality of life. Young people were also encouraged to read and develop a love of Thai literature and the country’s cultural heritage through the Thai Literature Conservation Contest with INTOUCH. The participants were invited to read His Majesty’s compositions and recollect his many talents in a broad spectrum of artistic endeavor.

### In search of “Creative Youth” through the King’s philosophy

His Majesty the King has propounded

his Philosophy of Sufficiency Economy to Thai citizens since 1974 and acted as a role model to live up to these principles. Sufficiency Economy advocates taking the middle path in life as the optimal route for personal conduct at all levels: individuals, families and communities. It counsels moderation, self-reliance, honesty and integrity, while exercising knowledge with prudence and leading a reasonably simple life without excess or overindulgence in luxury.

INTOUCH has adopted His Majesty’s Philosophy of Sufficiency Economy and Royal Work Principles to develop pilot projects providing opportunities for students participating in Camp Sanook Kid with INTOUCH under the concept “Self-Sufficiency of Youth and Schools”, and establish knowledge centers in schools in order to create sustainable benefits for local communities. In 2011, the activities were extended to vocational schools. We believe that many young people will shine if they are provided with an opportunity to develop creative and analytical thinking along with communication and interpersonal skills. There are presently 35 schools involved in this program, each in a different province, with over 5,700 young people from 1,735 schools across the country participating.

Some of the Sufficiency Economy projects under the concept “Self-Sufficiency of Youth and Schools” are listed below.



“The Tapioca Experiment Station” at Rongtatee Wittaya School, Amphoe Lansak, Uthai Thani: Representatives from Naresuan University, Nakhon Sawan Rajabhat University and Uthai Thani Technical College are developing a new method to increase the productivity of tapioca plantations and utilize local resources more effectively.



“The Giant Mimosa Product Center” at Wang Krasae Wittayakom, City of Nakhon Phanom: Representatives from Nakhon Phanom University, Kasetsart University (Chalermphrakiat Sakon Nakhon Province Campus) and Rajamangala University of Technology (Isan Sakhon Nakhon Campus) are experimenting with an idea to utilize local resources and common weeds in order to generate income for the community.



“Environmental Microbe Bank” at Banraioi School, Amphoe Maejai, Phayao: Representatives from Phayao University, Mae Fah Luang University and Chiang Rai Technical College are collecting and breeding various microorganisms to improve agricultural productivity and reduce environmental problems in the community.



“Museum of Muslim Culture” at Banborhin School, Amphoe La-ngu, Satun: Representatives from Surat Thani Rajabhat University and Nakhon Si Thammarat Rajabhat University have established a knowledge center to preserve the Islamic identity and maintain traditional occupations in the community.

“Sufficiency Economy for Urban People” at Rachawinit School, Bangkok: Representatives from Kasetsart University, Suan Sunandha Rajabhat University and Rajamangala University of Technology Phra Nakhon are helping

the students of Rachawinit School to recognize and define the parameters of a sufficient lifestyle, and encouraging them to appreciate intrinsic value rather than price.

### From Self-Sufficiency of Youth to Sufficiency Economy Learning Center

Perceiving the importance of the opportunities to expand and develop potential Sufficiency Economy projects, INTOUCH has established the Sufficiency Economy Learning Center for Schools and Communities by capitalizing on the strengths of the Camp Sanook Kid with INTOUCH program during its 8th to 10th years. The function of the learning center is to compile community-based knowledge and communicate it to both individuals and groups who would benefit from it, as well as connect people with other sources of knowledge. The learning center aims to improve people's livelihoods and quality of life through the convergence of working principles, knowledge, practicality, and effective human resource management, in order to create a sustainable future.

“Sarjor-Caju Mushroom Learning Center of Po-Thong Community” at Wat Po-Thong School, city of Nakhon Si Thammarat. Students are compiling a knowledge base on the cultivation of mushrooms for the benefit of the local community and guide visitors around an exhibition at the center.

“Rice Species Learning Center of Ban Dak Karon Village” at Wat Dak Karon



Village, city of Chainat. Students are compiling a knowledge base on local rice cultivation in order to reduce the price of rice seed and maintain the conventional method of farming.



Pakakeryor Hand-woven Cloth" at Ban Palao School, Amphoe Maeta, Lampoon. Students are compiling a knowledge base on traditional weaving in order to pass this skill on to young people and generate income for the community.



#### Art inspired by storytelling

The Thai Literature Conservation Contest with INTOUCH has been held every year over the last five years and encourages young people to develop a love of Thai literature and the country's cultural heritage, and take pride in their own language. In 2011, the participants were invited to submit paintings and drawings inspired by Thai literature under the topic "Happiness from Giving" to celebrate His Majesty the King's 84th birthday and

express their appreciation for a multitude of Royal Awards bestowed upon people for talent and ability in art, linguistics and literature, along with their admiration for the King's own literary compositions such as The Story of Mahajanaka, Kum Por Sorn, Thongdang, Nai Inn Poo Pid Thong Lung Phra and Tito."



In 2011, 1,619 entries were submitted and scholarships totaling Baht 1.125 million were awarded to 27 winners, while Her Royal Highness Princess Maha Chakri Sirindhorn presented Royal Trophies to winning students in the university and college category. As in previous years, the Company put all the entries on sale and donated the proceeds (without any deduction for expenses) to the Her Royal Highness Princess Maha Chakri Sirindhorn Foundation for the education of disadvantaged children. The Company is proud that it has now encouraged a total of 8,725 contestants to read over 350 works of Thai literature.

With our "belief in the power of young creativity", the Company has maintained its commitment to social activities, especially for the younger generation as they are a crucial resource for developing the country. It is the Company's mission to uphold good corporate governance and contribute to society through CSR

programs designed to benefit young people by improving their physical abilities and moral stature for the long-term good of the country.

#### Flood relief assistance



In late 2011 many people suffered from serious floods and their property was destroyed or badly damaged. Government agencies and the private sector, along with members of the general public, rendered assistance to relieve the hardship of flood victims. INTOUCH Group donated Baht 35 million through the Prime Minister and Baht 500,000 through "Channel 3 News Family Helps Flood Victims 2011". In addition, many employees in the group donated money, dried food and other useful supplies to flood victims at Wat Dak Kanon, Tambol Thammamoon in the city of Chainat. After the floods had receded, a field trip was organized for employees, students of Wat Dak Kanon, volunteer students from the Camp Sanook Kid with INTOUCH program, and representatives of local agencies to clean up and restore public areas, temples, schools and the Rice Species Learning Center at Ban Dak Kanon Village, so they could be used again. These activities also helped to restore the hope and well-being of the flood victims and bring a smile back to their faces.

## Message from the Chairman of the Board and the Chief Executive Officer

### To: All shareholders

The year 2011 was another significant milestone for the Company when its logo was changed to “INTOUCH” (and trading symbol to “INTUCH”) prompting positive feedback from the general public. Moreover, the Company can generate a very high Total Shareholders Return of 65%, from a total dividend of 5.50 baht per share and a simultaneous increase in the Company’s share price (which reached 43 baht on December 30, 2011). This was generated by a very strong financial status plus an impressive performance (net profit was Baht 16,559 million, an increase of 107% from Baht 8,016 million in 2010) along with the sale of a portion of the Company’s shares held by one of major shareholders to minor investors and Thai NVDRs. As a result, the Company had a free float of 20.35% as of 26 January 2012, which was higher than the minimum requirement of the Stock Exchange of Thailand.

From an investment aspect, the Company has continued to focus on the telecom and media sector, mainly in Thailand. For wireless business line, Advanced Info Service Plc. (AIS) is the leading wireless business operator in terms of market share, revenue and subscribers, and is the leader in providing 3G service on its current frequency. The Company believes that the telecom industry will continue to grow, especially

data and internet services, even though the penetration rate has exceeded 100%. AIS has well prepared for the 3G license auction, which will be held by The National Broadcasting and Telecommunications Commission.

For satellite and international business line, Thaicom Plc. (THAICOM) is committed to its conventional and broadband satellite. Even though THAICOM’s operating results in 2011 were negative, its satellite business is showing a positive trend from an expansion of satellite TV and successful sales of IPSTAR bandwidth in Japan, Australia and India, while attempting to penetrate the main market in China. Moreover, THAICOM has been granted permission to launch another satellite, Thaicom 6, which is currently under construction and is expected to be in orbit in 2013. In addition, THAICOM has been working with the Ministry of Information and Communication Technology and Asia Satellite Telecommunications company to reserve the 120 degrees East orbital slot for Thailand by procure satellite to this orbital slot. The international telecom business maintained good performance in Laos although Mfone faced another year of high competition in Cambodia, resulting in a lower-than-expected performance.

Corporate social responsibility projects are an important mission and the

Company continues to organize these under the concept of Strong Thais, Strong Thailand by focusing on the development of young people. In order to celebrate His Majesty the King’s 84<sup>th</sup> birthday, INTOUCH wholeheartedly supports his philosophy of economic sufficiency by applying it through the Camp Sanook Kid with INTOUCH program. Each school will demonstrate its own Self-Sufficiency program, and then expand it into a Sufficiency Economy Learning Center for itself and the local community. The overall aim of this project is to help young people and their communities develop balanced and sustainable way of life. In addition, the Company has instilled the importance of conserving Thai literature in many young people through the Thai Literature Conservation Contest with INTOUCH, which encourages young people to read His Majesty’s compositions in order to draw their attention to his remarkable talent in this area. In 2011, scholarships totaling 1,125,000 baht were awarded. All the winning entries were put on sale and the proceeds, without any deduction for expenses, were donated to the Her Royal Highness Princess Maha Chakri Sirinhorn Foundation.

At the end of last year, there was severe flooding in many parts of the country causing widespread damage. INTOUCH and the companies in the

## THE COMPANY CAN GENERATE A VERY HIGH TOTAL SHAREHOLDERS RETURN OF 65%

group donated more than 35 million baht to flood victims and provided survival packs for flood victims. After the flood water had receded, Intouch and the companies in the group had helped restore damaged areas in order to boost the morale of the people affected and help them return to a normal life as quickly as possible.

We would like to thank and express our sincere appreciation to all our shareholders, financial institutions, business allies and other partners, as well as all our executives and staff for your kind support over the past year. We would also like to assure you that we are truly committed to good corporate governance practices, fair treatment of all our stakeholders, transparency, and a system of checks and balances. Our business practices are conducted in accordance with all related laws and regulations, while the Company maintains a policy of political neutrality and strives to maximize all stakeholders' interests while ensuring a fair treatment to all. Moreover, we are ready to support the government's policy in moving Thailand's telecom industry forward. With our proven expertise and experience in the telecom and media industry, along with our policy to focus on these two sectors, we strongly believe that all these components will help deliver sustainable growth at every business unit in the group.



A handwritten signature in black ink, reading "U. Aphimeteetamrong".

Dr. Virach Aphimeteetamrong  
Chairman of the Board



A handwritten signature in black ink, reading "Shye".

Somprasong Boonyachai  
Chief Executive Officer

## Audit Committee Report for 2011

### TO THE SHAREHOLDERS OF SHIN CORPORATION PLC

The Audit Committee (“the Committee”) consists of three independent directors, Mr. Somchai Supphatada (the Chairman), Mr. Vithit Leenutaphong, and Mr. Chalaluck Bunnag. The Secretary to the Committee is Mr. Wichai Kittiwittayakul, who also serves as the head of the Internal Audit Department. All the Committee’s members meet the requirements of qualifications set by the Stock Exchange of Thailand. The Committee discharges its duties as set forth in the Audit Committee Charter approved by the Board of Directors. This charter can be viewed on the website: [www.intouchcompany.com](http://www.intouchcompany.com).

During the fiscal year 2011, the Committee held a total of seven meetings with the Company’s management, the internal auditors and the external auditors, and also met privately with the external auditors without the presence of the Company’s management. All the Committee’s members attended these meetings. The Committee reported on its performance to the Board of Directors on a quarterly basis and made recommendations for necessary actions to be taken by the Company. The Committee’s significant activities are summarized below.

- *Financial Statements:* The Committee reviewed the Company’s quarterly and annual financial statements for the year 2011 including disclosure of information in the notes to financial statements, which had already been reviewed and audited by the external auditors. The Committee also discussed significant accounting policies, estimates and judgments applied in preparing these reports with the Company’s management and the external auditors.

- *Internal Controls and Risk Management Systems:* The Committee reviewed the risk management system including the actions taken to mitigate significant risks to acceptable levels in order to achieve the Company’s objectives. The Company has disclosed these risks in the Annual Report for 2011.

In addition, the Committee reviewed the evaluation results for its internal controls system, which had been prepared by the Company’s management based on guidelines from the Capital Market Supervisory Board. The Committee also reviewed the evaluation results from the internal auditor and external auditor regarding the effectiveness of the Company’s internal controls system, including the remedial

actions taken by the management.

- *Internal Audit:* The Committee reviewed and approved the audit scope and audit plan for 2011 along with the quarterly internal audit results and the progress made. In addition, the Committee reviewed the Internal Audit Department’s independence, annual budget and manpower, and evaluated the performance of the Head of Internal Audit.

- *Regulatory Compliance:* The Committee reviewed the Company’s compliance with the law on securities and exchange, the Stock Exchange of Thailand’s regulations, and the laws pertaining to the Company’s business operations.

- *Corporate Governance:* The Committee reviewed and amended the Company’s corporate governance policy to align it with best practices and regulatory guidelines, suitable for the current business environment and ownership structure. In addition, the Committee had agreed with the implementation of the Market Disclosure Policy proposed by the Company’s management in order to provide the shareholders and the stakeholders with accurate,



adequate, timely and equal access to information, in accordance with legal and regulatory requirements.

- *Whistleblowing:* The Committee reviewed the whistleblowing report, which had been obtained through reporting channels under the Misconduct and Fraud Reporting Policy. No cases of misconduct or fraud at the Company were reported to the Committee during 2011.
- *External Auditor:* The Committee reviewed the external auditors' performance in the past year including their knowledge, expertise and independence, and consequently recommended that the Board of Directors propose the reappointment of auditors from KPMG Phoomchai Audit Ltd. as the Company's external auditors for 2012 at the annual general meeting of shareholders.

In addition, the Committee had agreed to draw up a Non-Audit Services Policy and outline the control processes that will be implemented to ensure that the independence of the external auditors is not impaired.

- *Connected Transactions:* The Committee reviewed the

reasonability and the maximum benefits of connected transactions and transactions that might have led to a conflict of interest, including the accuracy and adequacy of disclosures in compliance with related laws and stock exchange regulations.

- *Audit Committee Self-Assessment:* The Committee conducted a self-assessment to review and evaluate its performance by benchmarking it with the Audit Committee Charter and best practice guidelines. The review concluded that the Committee had been effective in carrying out its duties and had followed the terms of reference in its charter. In addition, the Committee has asked the Board of Directors to extend its scope to cover a review of the external auditors' independence and the policy for non-audit services.

In conclusion, the Committee believes that it completely discharged its duties in the year 2011 with the utmost care and independence. The Committee also believes that the Company's financial statements were accurately prepared in all material respects under generally accepted accounting principles. The Company's disclosures of information were adequate, complete and reliable. The Company's internal controls and

risk management systems are both adequate and effective. In addition, the Company complied with all related laws and regulations without material flaw and practiced good corporate governance throughout the year.



Somchai Supphatada  
Chairman of the Audit Committee  
8 February 2012

## Board of Directors



Dr. Virach Aphimeteetamrong



Mr. Somchai Supphatada



Mr. Vithit Leenutaphong



Mr. Chalaluck Bunnag



Mr. Boon Swan Foo



Mr. Bodin Asavanich



Mr. Somprasong Boonyachai



Mr. Praseart Bunsumpun  
\* was appointed as director with effect  
from 26 December 2011 to fill-in  
Mr. Arak's position



Mr. Arak Chonlatanon  
\* resigned from directorship with  
effect from 26 December 2011

## Executive Committee



Mr. Somprasong Boonyachai



Mr. Arak Chonlatanon

\* resigned from executive committee's member with effect from 11 August 2011



Mr. Vikrom Sriprataks



Mrs. Suwimol Kaewkoon



Mr. Wichian Mektrakarn

\* was appointed as executive committee's member with effect from 17 February 2011



Ms. Suphajee Suthumpun

\* was appointed as executive committee's member with effect from 11 August 2011

## Management Team



Ms. Suphajee Suthumpun  
\* was appointed as Chairman of the Executive Committee-Media & New business with effect from 1 October 2011



Mr. Anek Pana-apichon



Mr. Wichai Kittiwittayakul



Mr. Kim Siritaweechai

## The Details of Directors and Management Team

Dr. Virach Aphimeteetamrong		Age 68
Title	Chairman of the Board of Directors and Authorized Director	
Shareholding <sup>1)</sup>	None	
Relationship with Management	None	
Highest Education	Ph.D. Finance, University of Illinois, USA	
Governance Training of IOD	DAP: Directors Accreditation Program Class 2/2003	
Experience	2007 – Present Chairman of the Board of Directors, Shin Corporation Plc 2004 – Present Independent Director and Chairman of the Audit Committee, Bangkok Chain Hospital Plc Independent Director and Chairman of the Audit Committee, Asia Plus Securities Plc 2003 – Present Director, TRIS Corporation Co., Ltd. Director, TRIS Rating Co., Ltd. 1995 – Present Independent Director and Member of the Audit Committee, Metro Systems Corporation Plc 1993 – Present Director, Supalai Plc 1988 – Present Chairman, Dr. Virach and Associates Public Accounting Firm 2007 – 2011 Member of the Audit Committee, Thai Ago Energy Co., Ltd. 2001 – 2011 Independent Director, Shin Corporation Plc 2004 – 2010 Independent Director and Chairman of the Audit Committee, California Wow Xperience Plc 2007 – 2009 Chairman of the Audit Committee, AIG Retail Bank Plc 2006 – 2007 Chairman of the Audit Committee, Shin Corporation Plc	
Illegal Record in the past 10 years	None	

Mr. Somchai Supphatada		Age 52
Title	Independent Director and Chairman of the Audit Committee	
Shareholding <sup>1)</sup>	None	
Relationship with Management	None	
Highest Education	Master Degree in Professional Accounting, University of Texas at Austin, USA	
Governance Training of IOD	DCP: Directors Certification Program Class 100/2008 DAP: Directors Accreditation Program Class 56/2006	

Experience	Present	Asst. Prof., Department of Accounting, Faculty of Commerce and Accountancy, Thammasat University Member of Accounting Standards Setting Committee, South-East Asia University and Huachiew Chalermprakiet University
	2010 - Present	Head, Department of Accounting Faculty of Commerce and Accountancy, Thammasat University
	2007 - Present	Independent Director and Chairman of the Audit Committee, Shin Corporation Plc
	2006 - 2007	Member of the Audit Committee, Shin Corporation Plc
Illegal Record in the past 10 years	None	

<b>Mr. Vithit Leenutaphong</b>		<b>Age 56</b>
Title	Independent Director, Member of the Audit Committee, Member of the Nomination and Governance Committee, Member of the Leadership Development and Compensation Committee and Member of the Strategic and Organizational Review Committee	
Shareholding <sup>1)</sup>	None	
Relationship with Management	None	
Highest Education	Master Degree in Business Administration, University of Southern California, USA	
Governance Training of IOD	SFE : Successful Formulation & Execution of Strategy Class 3/2009 RCC: Role of the Compensation Committee Class 7/2008 ACP: Audit Committee Program Class 5/2005 DCP: Directors Certification Program Class 16/2002	
Experience	2005 - Present	President, Thai Yarnyon Co., Ltd. Director, Saha Thai Steel Pipe Plc Director, The Queen's Gallery Director, The Bangkok Bank Foundation
	2001 - Present	Independent Director and Member of the Audit Committee, Shin Corporation Plc
	2008 - 2010	Director, German - Thai Chamber of Commerce
	2005 - 2009	Director, Yontrakit Volkswagen Marketing Co., Ltd. Vice Chairman, Yontrakit Group
	1999 - 2009	Director, Worldclass Rent a Car Co., Ltd.
	2002 - 2007	Director, German - Thai Chamber of Commerce
Illegal Record in the past 10 years	None	

Mr. Chalaluck Bunnag		Age 64
Title	Independent Director and Member of the Audit Committee	
Shareholding <sup>1)</sup>	None	
Relationship with Management	None	
Highest Education	Master Degree in Industrial Administration, Carnegie-Mellon University, USA Master Degree in Civil Engineering, Oklahoma State University, USA	
Governance Training of IOD	DAP: Directors Accreditation Program Class 5/2003	
Experience	2007 - Present Independent Director and Member of the Audit Committee, Shin Corporation Plc 2005 - Present Advisor, CPB Equity Co., Ltd. Chairman of the Board of Directors, Siam Lemmerz Co., Ltd. Director, Siam Aisin Co., Ltd. Director, Thai Tokai Carbon Product Co., Ltd. 2009 - 2011 Advisor, Amata City Co., Ltd. 2005 - 2010 Advisor, The Siam Cement Plc Advisor, Siam Yamato Steel Co., Ltd. Director, Michelin Siam Group Co., Ltd.	
Illegal Record in the past 10 years	None	

Mr. Boon Swan Foo		Age 56
Title	Director, Chairman of the Nomination and Governance Committee, Chairman of the Leadership Development and Compensation Committee, Chairman of the Strategic and Organizational Review Committee and Authorized Director	
Shareholding <sup>1)</sup>	None	
Relationship with Management	None	
Highest Education	Master Degree in Business Administration, NUS	
Governance Training of IOD	-	
Experience	2011 - Present Director, Allgrace Investment Management Pte Ltd. Chairman of the Board of Directors, Global Investments Ltd. Director, MIH Holdings Ltd. Director, Dongfeng Motor Corporation	

	Director, Sino-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd.
	Advisor, Chartis Singapore Insurance Pte Ltd.
2010 - Present	Chairman of the Board of Directors, Perennial China Retail Trust Management Pte Ltd.
	Director, Ascendos Investments Ltd.
2009 - Present	Director, Singbridge International Singapore Pte Ltd.
2008 - Present	Senior Advisor, Temasek Holdings (Private) Ltd.
	Adjunct Professor, Nanyang Technological University
2007 - Present	Director, Shin Corporation Plc
	Director, Cypress Holdings Ltd.
	Director, Aspen Holdings Ltd.
2005 - Present	Advisor, Singapore Technologies Engineering Ltd.
2008 - 2011	Director, China-Singapore Suzhou Industrial Park Devt Co., Ltd.
2007 - 2009	Chairman of the Board of Directors, Nothacker Pte Ltd.
	Director, Motorola Inc
2006 - 2009	Director, Singapore Utilities International Pte Ltd.
2005 - 2009	Chairman of the Board of Directors, Singapore Computer Systems Ltd.
2004 - 2009	Director, Keppel Amfels Inc
Illegal Record in the past 10 years	None

<b>Mr.Bodin Asavanich</b>		<b>Age 67</b>
Title	Director, Member of the Nomination and Governance Committee	
Shareholding <sup>1)</sup>	None	
Relationship with Management	None	
Highest Education	Master of Law (General), New York University, USA	
Governance Training of IOD	DAP: Directors Accreditation Program Class SCC/2004	
Experience	2011 - Present	Advisor of the President, The Siam Cement Plc
	2010 - Present	Director, Shin Corporation Plc
	2008 - Present	SEVP, Group General Counsel, The Siam Commercial Bank Plc
	2002 - Present	Director and Executive Director, The Siam Commercial Bank Plc
	2007 - 2010	Advisor, The Siam Cement Plc
Illegal Record in the past 10 years	None	

Mr. Somprasong Boonyachai		Age 56
Title	Director, Chairman of the Group Executive Committee, Member of the Nomination and Governance Committee, Member of the Leadership Development and Compensation Committee, Member of the Strategic and Organizational Review Committee and Authorized Director Acting-President	
Shareholding <sup>1)</sup>	0.0351%	
Relationship with Management	None	
Highest Education	Master Degree in Engineering, Asian Institute of Technology (AIT)	
Governance Training of IOD	RCP : Role of the Chairman Program Class 21/2009 DCP: Directors Certification Program Class 65/2005 DAP: Directors Accreditation Program Class 30/2004	
Experience	2010 - Present Acting-President, Shin Corporation Plc 2008 - Present Chairman of the Group Executive Committee, Shin Corporation Plc Vice Chairman of the Board of Director, Advanced Info Service Plc 2007 - Present Director, Shin Corporation Plc 2006 - Present Director, Thaicom Plc 2004 - Present Director, Praram 9 Hospital Co., Ltd. 2002 - Present Member of Audit Committee, Independent Director Power Line Engineering Plc 2009 - 2011 Chairman of Executive Committee, Thaicom Plc 2000 - 2008 Member of the Executive Committee, Shin Satellite Plc 1999 - 2008 Chairman of the Executive Committee, Advanced Info Service Plc 1994 - 2008 Director, Advanced Info Service Plc 2004 - 2007 Member of the Executive Committee, CS LoxInfo Plc Director and Member of the Executive Committee, ITV Plc	
Illegal Record in the past 10 years	None	

Mr. Prasert Bunsumpan <sup>2)</sup>		Age 59
Title	Independent Director	
Shareholding <sup>1)</sup>	None	
Relationship with Management	None	
Highest Education	Master Degree in Business Administration, Utah State University, USA	



Governance Training of IOD	DAP: Directors Accreditation Program Class 26/2004
Experience	2011 - Present Independent Director, Shin Corporation Plc 2005 - Present Chairman of the Board of Directors, Thai Lube Base Plc 2007 - 2011 Director, PTT Aromatics and Refining Plc Director, Chief Executive Officer and President, PTT Plc 2005 - 2011 Chairman of the Board of Directors, PTT Chemical Plc 2003 - 2011 Chairman of the Board of Directors, Thai Oil Plc Chairman of the Board of Directors, The Electricity Generating Plc 2000 - 2011 Chairman of the Board of Directors, PTT Exploration and Production Plc 2008 - 2010 Director, Siam City Bank Plc 2003 - 2010 Directors, Thai Oil Plc 2006 - 2008 Member, The National Legislative Assembly 2006 - 2007 Chairman of the Board of Directors, Thai Petroleum Pipeline Co.,Ltd. 2005 - 2007 Director, Rayong Refinery Plc 2003 - 2007 Director, Chief Executive Officer and President, PTT Plc
Illegal Record in the past 10 years	None

<b>Mr. Vikrom Sriprataks</b>		<b>Age 59</b>
Title	Member of the Executive Committee and Member of the Strategic and Organizational Review Committee	
Shareholding <sup>1)</sup>	None	
Relationship with Management	None	
Highest Education	Master Degree in Business Administration, Thammasat University	
Governance Training of IOD	DCP: Directors Certification Program Class 104/2008	
Experience	2009 - Present Vice Chairman of the Executive Committee, Advanced Info Service Plc 2007 - Present Member of the Executive Committee, Shin Corporation Plc Director, Advanced Info Service Plc 2002 - Present Member of the Executive Committee and Chief Technology Officer, Advanced Info Service Plc 2007 - 2009 (Acting) Chief Executive Officer, Advanced Info Service Plc 2000 - 2007 President, Digital Phone Co., Ltd.	
Illegal Record in the past 10 years	None	

Mrs. Suwimol Kaewkoon		Age 56
Title	Member of the Executive Committee	
Shareholding <sup>1)</sup>	None	
Relationship with Management	None	
Highest Education	Master Degree in Business Management, Asian Institute of Management, Philippines	
Governance Training of IOD	DCP: Directors Certification Program Class 102/2008	
Experience	2007 – Present    Member of the Executive Committee, Shin Corporation Plc Chief Customer Officer, Advanced Info Service Plc 2007 – 2008      Director, Payment Solution Co., Ltd. 2006 – 2007      Managing Director, Capital Ok Co., Ltd.	
Illegal Record in the past 10 years	None	

Mr. Wichian Mektrakarn <sup>3)</sup>		Age 57
Title	Member of the Executive Committee	
Shareholding <sup>1)</sup>	None	
Relationship with Management	None	
Highest Education	Bachelor Degree BS EEE – Electrical & Electronics Engineering (Honor), California Polytechnic University, USA	
Governance Training of IOD	DCP: Directors Certification Program Class 107/2008 CMA: Capital Market Academy Class 8/2009	
Experience	2011 – Present    Member of the Executive Committee, Shin Corporation Plc 2010 – Present    Acting Chief Marketing Officer, Advanced Info Service Plc 2009 – Present    Chief Executive Officer, Advanced Info Service Plc 2005 – 2009      President, Advanced Info Service Plc	
Illegal Record in the past 10 years	None	

Ms. Suphajee Suthumpun <sup>4)</sup>		Age 47
Title	Member of the Executive Committee, Member of the Strategic and Organizational Review Committee and Chairman of the Media & New Business	
Shareholding <sup>1)</sup>	None	
Relationship with Management	None	
Highest Education	Master Degree in Business Administration, International Finance and International Accounting, Northrop University, USA	
Governance Training of IOD	DCP: Directors Certification Program Class 89/2007	
Experience	2012 - Present Chairman of the Executive Committee, Thaicom Plc 2011 - Present Member of the Executive Committee, Member of the Strategic and Organizational Review Committee and Chairman of the Media & New Business, Shin Corporation Plc Director and Chief Executive Officer, Thaicom Plc Director and Chairman of the Executive Committee, CS LoxInfo Plc Member of the Executive Committee, Advanced info Service Plc Aug - Dec 2011 Member of the Executive Committee, Thaicom Plc 2010 - 2011 General Manager, Global Technology Services, IBM ASEAN 2009 - 2010 Client Advocacy Executive, Chairman's Office, IBM Headquarters 2007 - 2009 Vice President, General Business, IBM ASEAN 2003 - 2007 Country General Manager, IBM Thailand Co., Ltd.	
Illegal Record in the past 10 years	None	

Mr. Anek Pana-apichon		Age 46
Title	Executive Vice President - Finance & Accounting	
Shareholding <sup>1)</sup>	0.0112%	
Relationship with Management	None	
Highest Education	Master Degree in Business Administration, Chulalongkorn University	
Governance Training of IOD	DCP: Directors Certification Program Class 111/2008	

Experience	2010 - Present Executive Vice President - Finance & Accounting, Shin Corporation Plc Director and Executive Director, Thaicom Plc Feb - Sep 2011 Acting Chief Finance officer, Thaicom Plc 2004 - 2010 Vice President - Finance & Accounting, Shin Corporation Plc
Illegal Record in the past 10 years	None

Mr. Wichai Kittiwittayakul		Age 50
Title	Company Secretary and Senior Vice President - Internal Audit	
Shareholding <sup>1)</sup>	0.0023%	
Relationship with Management	None	
Highest Education	Master Degree in Accounting, Thammasat University	
Governance Training of IOD	DCP: Directors Certification Program Class 104/2008 Company Secretary Program - 2005 Board & CEO Assessment Program - 2003 Effective Audit Committee Program - 2002 Board Practices Program - 2002 Board Composition and Relations Program - 2002 Board Policy Program - 2002	
Experience	2011 - Present	Senior Vice President - Company Secretary and Internal Audit, Shin Corporation Plc Member of the Accounting Education and Technology Committee, Federation of Accounting Professions
	2008 - Present	Company Secretary, Shin Corporation Plc
	2004 - 2011	Vice President - Company Secretary and Internal Audit Shin Corporation Plc
	2007 - 2009	Chairman of the Board, The Institute of Internal Auditors of Thailand (IIA)
	2003 - 2008	Secretary to the Board of Directors, Shin Corporation Plc
Illegal Record in the past 10 years	None	

Mr. Kim Siritaweechai		Age 43
Title	Senior Vice President - Portfolio Management	
Shareholding <sup>1)</sup>	0.0012%	
Relationship with Management	None	
Highest Education	Master Degree in Business Administration, Thammasat University	
Governance Training of IOD	DCP: Directors Certification Program Class 116/2009	
Experience	2011 - Present Senior Vice President - Portfolio Management, Shin Corporation Plc 2010 - Present Executive Director - Advance Info Service Plc 2008 - 2011 Vice President - Portfolio Management, Shin Corporation Plc 2007 - 2008 Assistant Vice President - Portfolio Management, Shin Corporation Plc 2004 - 2007 Assistant Vice President - New Business, Shin Corporation Plc	
Illegal Record in the past 10 years	None	

- Remark:
- <sup>1)</sup> As at 31 December 2011, the number of ordinary shares includes holding by spouse and children age under 20
  - <sup>2)</sup> The Board had appointed Mr. Prasert Bunsumpun to replace Mr. Arak Chonlatanon who had resigned on 26 December 2011.
  - <sup>3)</sup> Mr. Wichian was appointed to the Executive Committee on 17 February 2011.
  - <sup>4)</sup> Ms. Suphajee was appointed to the Executive Committee on 11 August 2011, to replace Mr. Arak Chonlatanon who had resigned from the committee on the same day.

## Directors' Shareholding in the Company and its subsidiaries of the Year 2011

Name	Position	Shin Corporation Plc		Advanced Info Service Plc				Thaicom Plc			
		Ordinary Shares		Ordinary Shares		Debentures		Ordinary Shares		Debentures	
		2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Dr. Virach Aphimeteetamrong	Chairman of the Board of Directors	-	-	-	-	1,000	1,000	-	-	-	-
Mr. Somchai Supphatada	Independent Director and Chairman of the Audit Committee	-	-	-	-	-	-	-	-	-	-
Mr. Chalaluck Bunnag	Independent Director and Member of the Audit Committee	-	-	-	-	-	-	-	-	-	-
Mr. Vithit Leenutaphong	Independent Director and Member of the Audit Committee	-	-	-	-	-	-	-	-	-	-
Mr. Boon Swan Foo	Director	-	-	-	-	-	-	-	-	-	-
Mr. Bodin Asavanich	Director	-	-	-	-	-	-	-	-	-	-
Mr. Somprasong Boonyachai	Director	1,126,459	10	-	-	2,000	2,000	-	200	-	-
Mr. Prasert Bunsumpun <sup>1)</sup>	Independent Director	-	-	-	-	-	-	-	-	-	-

As of December 31, 2011, the number of ordinary shares and debentures includes holdings by spouse and children age under 20.

Name	Position	ITV Plc <sup>2)</sup>		Matchbox Co., Ltd.		I.T. Applications and Services Co., Ltd.	
		Ordinary Shares		Ordinary Shares		Ordinary Shares	
		2011	2010	2011	2010	2011	2010
Dr. Virach Aphimeteetamrong	Chairman of the Board of Directors	-	-	-	-	-	-
Mr. Somchai Supphatada	Independent Director and Chairman of the Audit Committee	-	-	-	-	-	-
Mr. Chalaluck Bunnag	Independent Director and Member of the Audit Committee	-	-	-	-	-	-
Mr. Vithit Leenutaphong	Independent Director and Member of the Audit Committee	-	-	-	-	-	-
Mr. Boon Swan Foo	Director	-	-	-	-	-	-
Mr. Bodin Asavanich	Director	-	-	-	-	-	-
Mr. Somprasong Boonyachai	Director	-	-	260	170	3	3
Mr. Prasert Bunsumpun <sup>1)</sup>	Independent Director	-	-	-	-	-	-

As of December 31, 2011, the number of ordinary shares and debentures includes holdings by spouse and children age under 20.

Remark <sup>1)</sup> The Board had appointed Mr. Prasert Bunsumpun to replace Mr. Arak Chonlatanon on 26 December 2011

<sup>2)</sup> As of March 8, 2007, ITV has to cease its operation under ITV Television Station due to the revocation of the Concession Agreement.

## Details of Directors of the Subsidiaries (Direct and Indirect)

Director	Company	THAICOM	DTV	SHEN	IPSTAR	STAR	SPACE	IPI	IPG	CDN	MFONE	IPA	IPN	ITV	MB	ITAS	AM
1. Mr. Paron Israsena		X	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Professor Hiran Radeesri		/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Mrs.Charintorn Vongsbootorn		/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Assoc.Prof. Samrieng Mekkrengkrai		/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Mr. Yong Lum Sung		/, //	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Mr. Somprasong Boonyachai		/	-	-	-	-	-	-	-	-	-	-	-	-	/	/	-
7. Ms. Suphajee Suthumpun		/, //	X	X, //	/	/	-	/	/	-	X	-	-	-	/	/	-
8. Mr. Anek Pana-apichon		/, //	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9. Dr. Nongluck Phinainitisart		//	/	-	-	-	-	/	-	-	-	-	-	-	-	-	-
10. Mr. Paiboon Panuwattanawong		//	/	-	/	/	/	/	/	-	-	/	/	-	-	-	-
11. Mr. Anant Kaewruamvongs		-	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12. Mr. Vuthi Asvasermcharoen		-	/	-	/	/	-	/	-	-	-	/	/	-	-	-	-
13. Mr. Tanadit Charoenchon		-	-	/, //	-	-	/	-	/	/	/	-	-	-	-	-	-
14. Mr. Atip Rittaporn		-	-	/, //	-	-	-	-	-	-	-	-	-	-	-	-	-
15. Mrs. Naengnoi Na Ranong		-	-	/	-	-	-	-	-	-	-	-	-	-	-	-	-
16. Mr. Lee Theng Kiat		-	-	/	-	-	-	-	-	-	-	-	-	-	-	-	-
17. Mr. Sio Tat Hiang		-	-	/	-	-	-	-	-	-	-	-	-	-	-	-	-
18. Dr. Nasser Marafih		-	-	/	-	-	-	-	-	-	-	-	-	-	-	-	-
19. Mr. Lim Eng Tuan		-	-	//	-	-	-	-	-	-	-	-	-	-	-	-	-
20. Mr. Alvin Oei Yew Kiong		-	-	//	-	-	-	-	-	-	/	-	-	-	-	-	-
21. Mr. Niclolas Tan		-	-	//	-	-	-	-	-	-	-	-	-	-	-	-	-
22. Mr. Mark D. Thompson		-	-	-	/	/	/	-	-	-	-	-	-	-	-	-	-
23. Mr. William L. Snell		-	-	-	-	/	/	-	-	-	-	-	-	-	-	-	-
24. Mr. York Shin Lim Voon Kee		-	-	-	-	-	-	-	/	-	-	-	-	-	-	-	-





## Major Shareholders

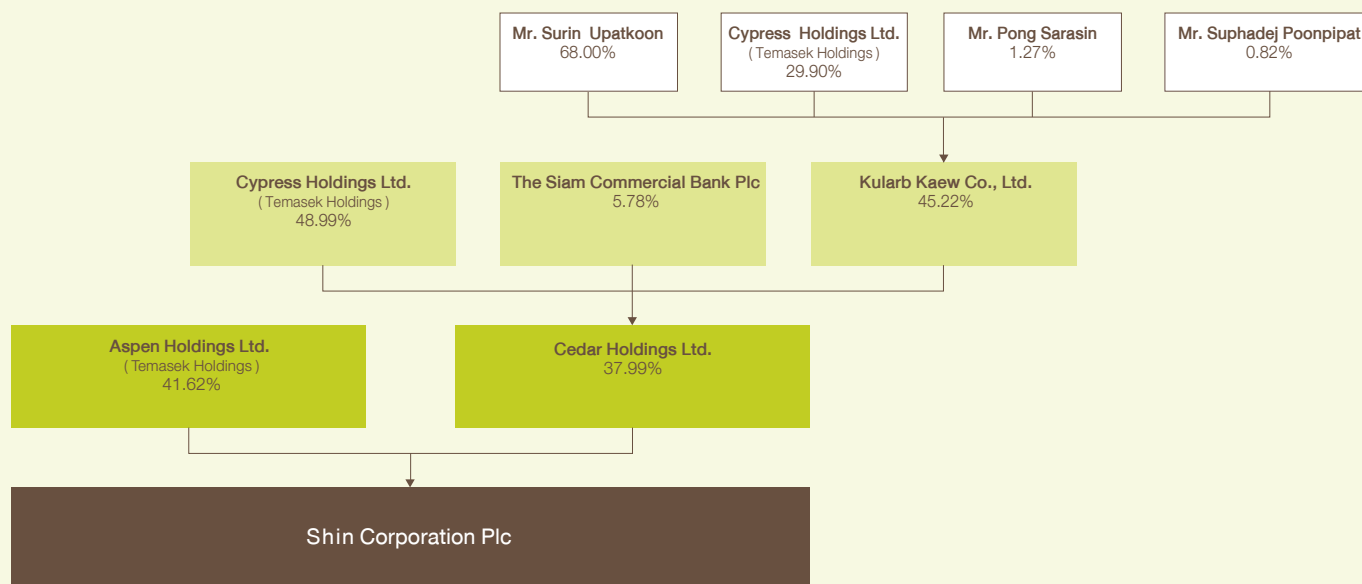
### List of the first top 10 major shareholders

The first top 10 shareholders as of 26 January 2012 prepared by Thailand Securities Depository Co., Ltd. are as follows:

Name	No. of shares	Percentage of Investment (%)
1. ASPEN HOLDINGS LIMITED	1,334,354,825	41.62
2. CEDAR HOLDINGS LIMITED	1,218,028,839	37.99
3. THAI NVDR COMPANY LIMITED	140,486,631	4.38
4. MR. PRACHA DUMRONGSUTTHIPHONG	15,518,400	0.48
5. CHASE NOMINEES LIMITED 15	13,478,700	0.42
6. CREDIT SUISSE AG SINGAPORE BRANCH	11,448,400	0.36
7. HSBC (SINGAPORE) NOMINEES PTE LTD	10,838,800	0.34
8. ELECTRICITY GENERATING AUTHORITY OF THAILAND REGISTERED PROVIDENT FUND BY ING FUNDS (THAILAND) COMPANY LIMITED	9,627,300	0.30
9. CHASE NOMINEES LIMITED	8,860,000	0.28
10. CITIBANK NOMINEES SINGAPORE PTE LTD-ARANDA INVESTMENTS PTE LTD	8,071,100	0.25

The investors can find for more information in website: [www.set.or.th](http://www.set.or.th) before Annual General Meeting of Shareholders for 2012 date.

On 26 January 2012, the shareholding structure of Shin Corporation Plc is as follows:



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## Investment Structure of INTOUCH Group

# Investment Structure of INTOUCH Group

## Shin Corporation Plc <sup>1), 2)</sup>

### Advanced Info Service Plc <sup>2)</sup> 40.45%

Digital Phone Co., Ltd.  
98.55%

Advanced Datanetwork Communications Co., Ltd.  
51.00%

Wireless Device Supply Co., Ltd.  
99.99%

Advanced Contact Center Co., Ltd.  
99.99%

Advanced MPAY Co., Ltd.  
99.99%

Advanced Magic Card Co., Ltd.  
99.99%

AIN GlobalComm Co., Ltd.  
99.99%

Super Broadband Network Co., Ltd.  
99.99%

Advanced Wireless Network Co., Ltd.  
99.99%

Mobile Broadband Business Co., Ltd.  
99.99%

Advanced Mobile Broadband Co., Ltd.  
99.99%

MIMO Tech Co., Ltd.  
99.99%

Fax Lite Co., Ltd.  
99.97%

Advanced Internet Revolution Co., Ltd.  
99.99%

Advanced Broadband Network Co., Ltd.  
99.97%

Clearing House for Number Portability Co., Ltd.  
20.00%

Bridge Mobile Pte. Ltd.  
10.00%

### Thaicom Plc <sup>2)</sup> 41.14%

DTV Service Co., Ltd.  
99.99%

### CS LoxInfo Plc <sup>2)</sup> 42.07%

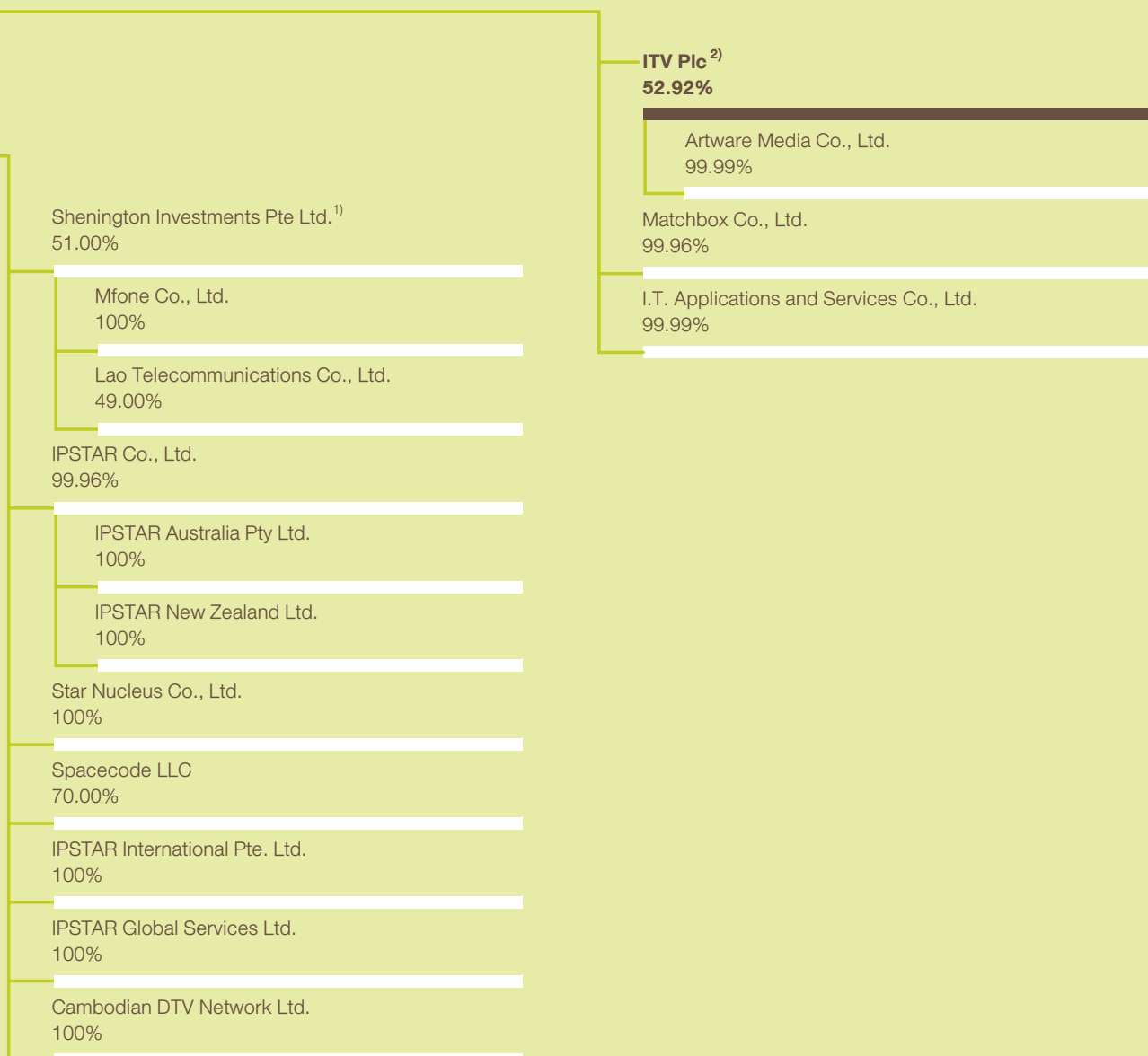
Teleinfo Media Plc  
99.99%

AD Venture Plc  
99.99%

Hunsa Dot Com Co., Ltd. <sup>3)</sup>  
99.99%

Watta Classifieds Co., Ltd.  
60.00%

( As of 4 January 2012 )



1) Holding Company

2) Listed Company on the Stock Exchange of Thailand

3) On process of liquidation

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## General Information of the Company, Subsidiaries and Associated Companies

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### General Information of the Company

#### Shin Corporation Public Company Limited

**Symbol:** INTUCH (The securities trading name was changed from SHIN to INTUCH on 7 April 2011)

**Nature of Business:** Holding company whose primary investments are in telecom, satellite and media & advertising

**Website:** [www.intouchcompany.com](http://www.intouchcompany.com)

**Registration No:** 010753000257

**Head Office:** 414 Phaholyothin Road, Samsennai, Phayathai, Bangkok

**Tel:** (66) 2299 5000

**Fax:** (66) 2271 1058

**Registered Capital:** 5,000,000,000 shares

**Paid-up Capital:** 3,206,420,305 shares

**Par Value:** Baht 1

**Paid-up Capital:** Baht 3,206,420,305

### General Information of the Subsidiaries and Associated Companies

#### Advanced Info Service Public Company Limited

**Symbol:** ADVANC

**Nature of Business:** Operating a 900 MHz cellular telephone system

**Website:** [www.ais.co.th](http://www.ais.co.th)

**Registration No:** 0107535000265

**Head Office:** 414 Phaholyothin Road, Samsennai, Phayathai, Bangkok

**Tel:** (66) 2299 6000

**Fax:** (66) 2299 5165

**Registered Capital:** 4,997,459,800 shares

**Paid-up Capital:** 2,973,095,330 shares

**Par Value:** Baht 1

**Paid-up Capital:** Baht 2,973,095,330

**INTOUCH's Percentage Shareholding:** 40.45%

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## General Information of the Company, Subsidiaries and Associated Companies

---

### General Information of the Company

#### Shin Corporation Public Company Limited

**Symbol:** INTUCH (The securities trading name was changed from SHIN to INTUCH on 7 April 2011)

**Nature of Business:** Holding company whose primary investments are in telecom, satellite and media & advertising

**Website:** [www.intouchcompany.com](http://www.intouchcompany.com)

**Registration No:** 010753000257

**Head Office:** 414 Phaholyothin Road, Samsennai, Phayathai, Bangkok

**Tel:** (66) 2299 5000

**Fax:** (66) 2271 1058

**Registered Capital:** 5,000,000,000 shares

**Paid-up Capital:** 3,206,420,305 shares

**Par Value:** Baht 1

**Paid-up Capital:** Baht 3,206,420,305

### General Information of the Subsidiaries and Associated Companies

#### Advanced Info Service Public Company Limited

**Symbol:** ADVANC

**Nature of Business:** Operating a 900 MHz cellular telephone system

**Website:** [www.ais.co.th](http://www.ais.co.th)

**Registration No:** 0107535000265

**Head Office:** 414 Phaholyothin Road, Samsennai, Phayathai, Bangkok

**Tel:** (66) 2299 6000

**Fax:** (66) 2299 5165

**Registered Capital:** 4,997,459,800 shares

**Paid-up Capital:** 2,973,095,330 shares

**Par Value:** Baht 1

**Paid-up Capital:** Baht 2,973,095,330

**INTOUCH's Percentage Shareholding:** 40.45%

### Thaicom Public Company Limited

Symbol: THCOM  
 Nature of Business: Operating and administering communication satellite projects and rendering transponder services for domestic and international communications  
 Website: www.thaicom.net  
 Registration No: 0107536000897  
 Head Office: 414 Phaholyothin Road, Samsennai, Phayathai, Bangkok  
 Branch Office 1: 41/103 Rattanathibet Road, Bangkrasor, Muang, Nonthaburi  
 Tel: (66) 2591 0736  
 Fax: (66) 2591 0705  
 Branch Office 2: 50 Moo 1, Bor-ngern, Ladlumkaew, Phathumthani  
 Tel: (66) 2599 3000  
 Fax: (66) 2599 3000 Ext. 712  
 Registered Capital: 1,132,082,300 shares  
 Paid-up Capital: 1,095,937,540 shares  
 Par Value: Baht 5  
 Paid-up Capital: Baht 5,479,687,700  
 INTOUCH's Percentage Shareholding: 41.14%

### ITV Public Company Limited

Symbol: ITV  
 Nature of Business: Broadcasting of UHF system and lease of equipment for program production, producing TV programs and arranging related marketing events until 7 March 2007 as the operating agreement was revoked by the Prime Minister's Office. This caused the following disputes that are currently under the process of the arbitration institute.  
 \*On 4 June 2009, the securities transferred to Non-Performing Group-NPG and SET announced that ITV was in NPG-stage 1 on 10 March 2011.  
 Registration No: 0107541000042  
 Head Office: 1010 Shinawatra Tower 3, 6<sup>th</sup> Floor, Viphavadi Rangsit Road, Chatuchak, Bangkok  
 Tel: (66) 2791 1795-6  
 Fax: (66) 2791 1797  
 Registered Capital: 1,560,000,000 Shares  
 Paid-up Capital: 1,206,697,400 Shares  
 Par Value: Baht 5  
 Paid-up Capital: Baht 6,033,487,000  
 INTOUCH's Percentage Shareholding: 52.92%



**Matchbox Company Limited**

Symbol: MB

Nature of Business: Full service advertising agency

Website: [www.matchbox.co.th](http://www.matchbox.co.th)

Head Office: 414 Phaholyothin Road, Samsennai, Phayathai, Bangkok

Tel: (66) 2299 5600

Fax: (66) 2299 5661

Branch Office 1: 408/41 Phaholyothin Road, Samsennai, Phayathai, Bangkok

Tel: (66) 2299 5600

Fax: (66) 2615 3052

Registered Capital: 900,000 shares

Paid-up Capital: 900,000 shares

Par Value: Baht 10

Paid-up Capital: Baht 9,000,000

INTOUCH's Percentage Shareholding: 99.96%

**I.T. Applications and Services Company Limited**

Symbol: ITAS

Nature of Business: Providing computer system

Website: [www.itas.co.th](http://www.itas.co.th)Head Office: 388 Tower B (SP Tower), 3<sup>rd</sup> Floor, Phaholyothin Road, Samsennai,  
Phayathai, Bangkok

Tel: (66) 2273 0760

Fax: (66) 2273 0191

Registered Capital: 1,000,000 shares

Paid-up Capital: 1,000,000 shares

Par Value: Baht 10

Paid-up Capital: Baht 10,000,000

INTOUCH's Percentage Shareholding: 99.99%

## General Information of the Associated Company of Wireless Telecommunication Business

### Digital Phone Company Limited (DPC)

Head Office: 404 Phaholyothin Center Tower, Phaholyothin Road, Samsennai, Phayathai, Bangkok  
Tel: (66) 2299 6000  
Fax: (66) 2299 5455  
Nature of Business: Service provider of digital mobile phone system in GSM 1800 MHz  
Registered Capital: 365.55 million shares  
Par Value: Baht 10  
Paid-up Capital: Baht 3,655.47 million  
AIS's Percentage Shareholding: 98.55%

### Wireless Device Supply Company Limited (WDS)

Head Office: 404 Phaholyothin Center Tower, Phaholyothin Road, Samsennai, Phayathai, Bangkok  
Tel: (66) 2299 5777  
Fax: (66) 2299 5200  
Nature of Business: Importer and distributor of handsets and accessories  
Registered Capital: 0.50 million shares  
Par Value: Baht 100  
Paid-up Capital: Baht 50 million  
AIS's Percentage Shareholding: 99.99%

### Advanced Contact Center Company Limited (ACC)

Head Office: 414 Phaholyothin Road, Samsennai, Phayathai, Bangkok  
Tel: (66) 2299 6000  
Fax: (66) 2299 5959  
Nature of Business: Service provider of call center  
Registered Capital: 27.20 million shares  
Par Value: Baht 10  
Paid-up Capital: Baht 272 million  
AIS's Percentage Shareholding: 99.99%

**Advanced MPAY Company Limited (AMP)**

Head Office: 408/60 Phaholyothin Place Tower, 15<sup>th</sup> Floor, Phaholyothin Road, Samsennai,  
Phayathai, Bangkok

Tel: (66) 2687 4808

Fax: (66) 2687 4788

Nature of Business: Service provider of payment business via mobile phone

Registered Capital: 30 million shares

Par Value: Baht 10

Paid-up Capital: Baht 300 million

AIS's Percentage Shareholding: 99.99%

**Advanced Magic Card Company Limited (AMC)**

Head Office: 414 Phaholyothin Road, Samsennai, Phayathai, Bangkok

Tel: (66) 2299 6000

Fax: (66) 2615 3330

Nature of Business: Distributor of cash card business

Registered Capital: 25 million shares

Par Value: Baht 10

Paid-up Capital: Baht 250 million

AIS's Percentage Shareholding: 99.99%

**AIN GlobalComm Company Limited (AIN)**

Head Office: 408/127 Phaholyothin Place Tower, 29<sup>th</sup> Floor, Phaholyothin Road, Samsennai,  
Phayathai, Bangkok

Tel: (66) 2299 6000

Fax: (66) 2278 7030

Website: [www.ain.co.th](http://www.ain.co.th)

Nature of Business: Service provider of international call

Registered Capital: 2 million shares

Par Value: Baht 100

Paid-up Capital: Baht 100 million

AIS's Percentage Shareholding: 99.99%

#### **Super Broadband Network Company Limited (SBN)**

Head Office: 408/60 Phaholyothin Place Tower, 15<sup>th</sup> Floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok  
Tel: (66) 2299 6000  
Fax: (66) 2619 8777

Website: [www.sbn.co.th](http://www.sbn.co.th)

Nature of Business: Network operator and a telecom service operator i.e. Service provider of internet (ISP), international & national internet gateway, International Private Leased Circuit (IPLC), Internet Protocol Virtual Private Network (IP VPN), a voice over IP, and an IP Television service

Registered Capital: 3 million shares

Par Value: Baht 100

Paid-up Capital: Baht 300 million

AIS's Percentage Shareholding: 99.99%

#### **Advanced Wireless Network Company Limited (AWN)**

Head Office: 408/60 Phaholyothin Place Tower, 15<sup>th</sup> Floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok  
Tel: (66) 2299 6000  
Fax: (66) 2687 4986

Nature of Business: Network operator, a telecom service operator and computer system service provider. Currently, AWN received an Internet License Type I and Telecommunications Business License Type III from NTC

Registered Capital: 3.50 million shares

Par Value: Baht 100

Paid-up Capital: Baht 350 million

AIS's Percentage Shareholding: 99.99%

#### **MIMO Tech Company Limited (MMT)**

Head Office: 1291/1, Phaholyothin Road, Samsennai, Phayathai, Bangkok  
Tel: (66) 2299 6000  
Fax: (66) 2299 5165

Nature of Business: Operate IT, and content aggregator businesses

Registered Capital: 0.50 million shares

Par Value: Baht 100

Paid-up Capital: Baht 50 million

AIS's Percentage Shareholding: 99.99%

**Fax Lite Company Limited (FXL)**

Head Office: 1291/1, Phaholyothin Road, Samsennai, Phayathai, Bangkok

Tel: (66) 2299 6000

Fax: (66) 2299 5165

Nature of Business: Operate in acquiring and/or renting land, building, and related facilities related to telecommunications businesses

Registered Capital: 0.01 million shares

Par Value: Baht 100

Paid-up Capital: Baht 1 million

AIS's Percentage Shareholding: 99.97%

**Advanced Internet Revolution Company Limited (AIR)**

Head Office: 408/60 Phaholyothin Place Tower, 15<sup>th</sup> Floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok

Tel: (66) 2299 6000

Fax: (66) 2299 5200

Nature of Business: Service provider of internet

Registered Capital: 24 million shares

Par Value: Baht 10

Paid-up Capital: Baht 240 million

AIS's Percentage Shareholding: 99.99%

**Advanced Broadband Network Company Limited (ABN)**

Head Office: 408/60 Phaholyothin Place Tower, 15<sup>th</sup> Floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok

Nature of Business: Currently not yet in operation

Registered Capital: 0.01 million shares

Par Value: Baht 100

Paid-up Capital: Baht 1 million

AIS's Percentage Shareholding: 99.97%

**Advanced Datnetwork Communications Company Limited (ADC)**

Head Office: 408/157 Phaholyothin Place Tower, 38<sup>th</sup> Floor, Phaholyothin Road,  
Samsennai, Phayathai, Bangkok

Tel: (66) 2270 1900

Fax: (66) 2270 1860

Website: [www.adc.co.th](http://www.adc.co.th)

Nature of Business: Service provider of online data communication service via telephone landlines  
and optical fiber

Registered Capital: 95.75 million shares

Par Value: Baht 10

Paid-up Capital: Baht 957.52 million

DPC's Percentage Shareholding: 51.00%

**Mobile Broadband Business Company Limited (MBB)**

Head Office: 408/60 Phaholyothin Place Tower, 15<sup>th</sup> Floor, Phaholyothin Road,  
Samsennai, Phayathai, Bangkok

Nature of Business: Currently not yet in operation

Registered Capital: 1.20 million shares

Par Value: Baht 100

Paid-up Capital: Baht 120 million

AWN's Percentage Shareholding: 99.99%

**Advanced Mobile Broadband Company Limited (AMB)**

Head Office: 404 Phaholyothin Center Tower, Phaholyothin Road, Samsennai, Phayathai, Bangkok

Nature of Business: Currently not yet in operation

Registered Capital: 1 million shares

Par Value: Baht 100

Paid-up Capital: Baht 100 million

MBB's Percentage Shareholding: 99.99%

**Clearing House for Number Portability Company Limited (CLH)**

Head Office: 10/97, 6<sup>th</sup> Floor, The Trendy Project, Soi Sukhumvit 13 (Sangchan), Klongtoey Nua, Wattana, Bangkok

Tel: (66) 2646 2523

Fax: (66) 2168 7744

Nature of Business: Jointly invested, operate the information system and the centralized database for the mobile portability service

Registered Capital: 0.02 million shares

Par Value: Baht 100

Paid-up Capital: Baht 2 million

AIS's Percentage Shareholding: 20.00%

**Bridge Mobile Pte. Ltd. (BMB)**

Head Office: 750 Chai Chee Road, #03-02/03, Technopark @ Chai Chee, Singapore 469000

Tel: (65) 6424 6270

Fax: (65) 6745 9453

Nature of Business: Jointly invested, provide international roaming service (incorporated in Singapore)

Registered Capital: 23 million shares

Par Value: 1 USD

Paid-up Capital: USD 23 million

AIS's Percentage Shareholding: 10.00%

**General Information of the Associated Company of Satellite and International Business****DTV Service Company Limited (DTV)**

Head Office: 414 Phaholyothin Road, Samsennai, Phayathai, Bangkok

Branch Office: 50 Moo 1, Bor-ngern, Ladlumkaew, Phatumthani

Tel: (66) 2950 5005

Website: [www.dtvservice.net](http://www.dtvservice.net)

Nature of Business: Providing system integration consultancy service for broadband network, broadband content service, and DTV satellite dish sales service

Registered Capital: 39.88 million shares

Par Value: Baht 10

Paid-up Capital: Baht 398.79 million

THAICOM's Percentage Shareholding: 99.99%



#### Shenington Investments Pte Limited (SHEN)

Head Office: 8 Marina Boulevard #05-02, Marina Bay Financial Centre, Singapore 018981

Tel: (65) 6338 1888

Fax: (65) 6337 5100

Nature of Business: Holding company for investment in international telecommunications

Registered Capital: 15 million shares

Par Value: SGD 1

Paid-up Capital: SGD 14.66 million

THAICOM's Percentage Shareholding: 51.00%

#### IPSTAR Company Limited (IPSTAR)

Head Office: Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands

Nature of Business: Resell bandwidth of Thaicom 4 (IPSTAR) satellite

Registered Capital: 200 million shares

Par Value: USD 0.01

Paid-up Capital: USD 2 million

THAICOM's Percentage Shareholding: 99.96%

#### Star Nucleus Company Limited (STAR)

Head Office: Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands

Nature of Business: Providing engineering and development services, technology and electronics

Registered Capital: 0.05 million shares

Par Value: USD 1

Paid-up Capital: USD 10

THAICOM's Percentage Shareholding: 100%

#### Spacecode LLC (SPACE)

Head Office: 8695 Zumwalt Road, Monmouth, OR 97365 USA

Nature of Business: Providing engineering and development services, technology and electronics

Registered Capital: -

Par Value: -

Paid-up Capital: USD 4.29 million

THAICOM's Percentage Shareholding: 70.00%

**IPSTAR International Pte Limited (IPI)**

Head Office: 8 Marina Boulevard #05-02, Marina Bay Financial Centre, Singapore 018981

Tel: (65) 6338 1888

Fax: (65) 6337 5100

Nature of Business: Resell bandwidth of Thaicom 4 (IPSTAR) satellite

Registered Capital: 0.10 million shares

Par Value: SGD 1

Paid-up Capital: SGD 20,000

THAICOM's Percentage Shareholding: 100%

**IPSTAR Global Services Limited (IPG)**

Head Office: Intercontinental Trust Limited, Suite 802, St. James Court, St. Denis Street, Port Louis, Mauritius

Tel: (230) 213 9800

Fax: (230) 210 9168

Nature of Business: Resell bandwidth of Thaicom 4 (IPSTAR) satellite

Registered Capital: 0.02 million shares

Par Value: USD 1

Paid-up Capital: USD 20,000

THAICOM's Percentage Shareholding: 100%

**Cambodian DTV Network Limited (CDN)**

Head Office: 9A, Street 271, Sangkat Tumrup Teuk, Khan Chamkamon, Phnom Penh, Kingdom of Cambodia

Tel: (855) 023 305 990

Fax: (855) 023 994 669

Website: [www.cdn.com.kh](http://www.cdn.com.kh)

Nature of Business: Providing DTH television service

Registered Capital: 0.001 million shares

Par Value: Riels 2,400,000

Paid-up Capital: Riels 2,400 million or equivalent to USD 0.60 million

THAICOM's Percentage Shareholding: 100%

**Mfone Company Limited (MFONE)**

Head Office: 721 Preah Monivong Blvd., Sangkat Boeng Keng Kang 3,  
Khan Chamkamon, Phnom Penh, Kingdom of Cambodia  
Tel: (855) 023 303 333  
Fax: (855) 023 361 111

Website: [www.mfone.com.kh](http://www.mfone.com.kh)

Nature of Business: Providing fixed line phone, mobile phone and internet services in Cambodia

Registered Capital: 24 million shares

Par Value: USD 1

Paid-up Capital: USD 24 million

SHEN's Percentage Shareholding: 100%

**Lao Telecommunications Company Limited (LTC)**

Head Office: Lanexang Avenue 0100, Vientiane, Lao People's Democratic Republic  
Tel: (856) 2121 6465-6  
Fax: (856) 2121 9690

Nature of Business: Providing fixed line phone, mobile phone, public phone, public international facilities  
and internet services in Laos

Registered Capital: 96.84 million shares

Par Value: USD 1

Paid-up Capital: USD 96.84 million

SHEN's Percentage Shareholding: 49.00%

**IPSTAR Australia Pty Limited (IPA)**

Head Office: Artarmon Central, Unit 13, 12-18 Clarendon Street, Artarmon, NSW 2064, Australia  
Tel: (612) 8875 4300  
Fax: (612) 8875 4399

Nature of Business: Providing IPSTAR services in Australia

Registered Capital: 6.95 million shares

Par Value: AUD 1

Paid-up Capital: AUD 6.95 million

IPSTAR's Percentage Shareholding: 100%

**IPSTAR New Zealand Limited (IPN)**

Head Office: C/- Clendons Barristers & Solicitors Level 1, Levy Building,  
Corner of Commerce & Customs Sts, Auckland, New Zealand

Nature of Business: Providing IPSTAR services in New Zealand

Registered Capital: 8.51 million shares

Par Value: NZD 1

Paid-up Capital: NZD 8.51 million

IPSTAR's Percentage Shareholding: 100%

**CS LoxInfo Public Company Limited (CSL)**

Symbol: CSL

Head Office: 414 Phaholyothin Road, Samsennai, Phayathai, Bangkok

Branch Office: 90 CyberWorld Tower A, 17<sup>th</sup>- 20<sup>th</sup> Floor, Ratchadapisek Road, Huai Khwang,  
Huai Khwang, Bangkok

Tel: (66) 2263 8000

Fax: (66) 2263 8132

Website: [www.csloxinfo.com](http://www.csloxinfo.com)

Nature of Business: Providing internet under the name of "CS LoxInfo" and satellite uplink-downlink services

Registered Capital: 599,145,700 shares

Paid-up Capital: 594,419,804 shares

Par Value: Baht 0.25

Paid-up Capital: Baht 148,604,951

DTV's Percentage Shareholding: 42.07%

**Teleinfo Media Public Company Limited (TMC)**

Head Office: 414 Phaholyothin Road, Samsennai, Phayathai, Bangkok

Branch Office 1: 2028 Rim-Tang-Rot-Fai Sai Paknum Road, Phakhanong, Klongtoey, Bangkok

Branch Office 2: 1126/2 Vanit Bldg. 2, 25<sup>th</sup>- 28<sup>th</sup> Floor, New Phetchaburi Road, Makkasan,  
Ratchathewi, Bangkok

Tel: (66) 2262 8888

Fax: (66) 2262 8899

Website: [www.teleinfomedia.net](http://www.teleinfomedia.net)

Nature of Business: Publishing telephone directories and advertising

Registered Capital: 15.65 million shares

Par Value: Baht 10

Paid-up Capital: Baht 156.54 million

CSL's Percentage Shareholding: 99.99%

**AD Venture Public Company Limited (ADV)**

Head Office: 414 Phaholyothin Road, Samsennai, Phayathai, Bangkok

Branch Office 1: 1126/2 Vanit Bldg. 2, Room 2101, 21<sup>st</sup> Floor, New Phetchaburi Road, Makkasan, Ratchathewi, Bangkok

Tel: (66) 2262 8888

Fax: (66) 2262 8899

Branch Office 2: 154/1 Ratchasima Center Bldg., 3<sup>rd</sup> Floor, Manut Road, Mueang Nakorn-Ratchasima, Nakorn-Ratchasima

Branch Office 3: 79/3-4-5, 2,3,4 Floor, Klang Mueang Road, Nai Mueang, Mueang Khonkhean, Khonkhean

Nature of Business: Provider of mobile contents, community portal services, and other internet related businesses

Registered Capital: 1.07 million shares

Par Value: Baht 10

Paid-up Capital: Baht 10.75 million

CSL's Percentage Shareholding: 99.99%

**Watta Classifieds Company Limited (WATTA)**

Head Office: 71/30 Borommaratchachonnani Road, Arun-amarin, Bangkoknoi, Bangkok

Branch Office: 71/36 Borommaratchachonnani Road, Arun-amarin, Bangkoknoi, Bangkok

Tel: (66) 2422 8000

Fax: (66) 2422 8032

Website: [www.watta.co.th](http://www.watta.co.th)

Nature of Business: Provides sub-advertisement and classified services in its own publications publishes and sells various publications such as newspapers, magazines, pocket books and others

Registered Capital: 0.20 million shares

Par Value: Baht 100

Paid-up Capital: Baht 20 million

CSL's Percentage Shareholding: 60.00%

**Hunsa Dot Com Company Limited (HUNSA)**

Head Office: 414 Phaholyothin Road, Samsennai, Phayathai, Bangkok

Branch Office: 1126/2 Vanit Bldg. 2, Room 2101, 21<sup>st</sup> Floor, New Phetchaburi Road, Makkasan,  
Ratchathewi, Bangkok

Tel: (66) 2262 8888

Fax: (66) 2262 8899

Website: [www.hunsa.com](http://www.hunsa.com)

Nature of Business: Currently on process of liquidation

Registered Capital: 0.80 million shares

Par Value: Baht 10

Paid-up Capital: Baht 8 million

ADV's Percentage Shareholding: 99.99%

**General Information of the Associated Company of Media Business****Artware Media Company Limited (AM)**

Head Office: 1010 Shinawatra Tower 3, Viphavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok

Tel: (66) 2791 1000

Fax: (66) 2791 1010

Nature of Business: Currently not in operation

Registered Capital: 0.25 million shares

Par Value: Baht 100

Paid-up Capital: Baht 25 million

ITV's Percentage Shareholding: 99.99%

Remark The information on registered capital, paid-up capital and percent of shareholding as of 4 January 2012.

## Milestones

### Pre – 2011 Milestones

- 1983 • Shinawatra Computer Service and Investment Company Limited was established to supply and lease mini and mainframe computers (the company's name was changed to Shinawatra Computer Company Limited in 1984, and then Shin Corporation Public Company Limited in 1999, the Company).
  
- 1990 • Shinawatra Computer Company Limited was listed on the Stock Exchange of Thailand (SET).  
 • Advanced Info Service Company Limited (AIS) was permitted by the Telephone Organization of Thailand (currently TOT Public Company Limited – TOT) to provide mobile telephone services on the 900 MHz band exclusively under the BTO (build-transfer-operate) concept. In 1996, the operating period was extended to 25 years, ending in 2015.
  
- 1991 • Shinawatra Satellite Company Limited was permitted by the Ministry of Transport and Communications to operate Thailand's first commercial satellite for 30 years, with 8 years of exclusivity.  
 • Advanced Info Service Company Limited was listed on the SET and changed to a Public Company Limited in 1992.
  
- 1993 • Thaicom 1 satellite was successfully launched into orbit.  
 • Shinawatra Satellite Company Limited was changed to Public Company Limited.
  
- 1994 • Shinawatra Satellite Public Company Limited was listed on the SET (its name was changed to Shin Satellite Public Company Limited in 1999, and then Thaicom Public Company Limited in 2008, THAICOM).  
 • Thaicom 2 satellite was successfully launched into orbit.
  
- 1997 • Thaicom 3 satellite was successfully launched into orbit.
  
- 1999 • Singapore Telecom International Pte. Ltd. became a shareholder in AIS, diluting the Company's stake to 42%.
  
- 2000 • The Company bought 45.59% stakes in Digital Phone Company Limited (DPC), an operator providing mobile telephone services on the 1800 MHz band, from Samart Corporation Public Company Limited. After a capital increase, the Company's stakes in DPC increased to 47.55%.  
 • The Company invested in ITV, taking 39% stakes via a capital increase.
  
- 2001 • The wireless business was restructured, with DPC moved to directly under AIS, whose stake rose to 98.17% after acquiring DPC from TMI Mauritius Limited.  
 • The Company and AIS changed par value from Baht 10 per share to Baht 1 per share.  
 • The Company became ITV's major shareholder with 77.48% stake via purchasing shares from Siam Commercial Bank and a tender offer.



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- 2002 • ITV was listed on the SET, issuing new ordinary shares for an Initial Public Offering (IPO) that included some shares held by the Company. As a result, the Company's stakes in ITV diluted to 55.53%.
  
  - 2003 • The Company and AirAsia Sdn. Bhd. established Thai AirAsia Company Limited (TAA), holding 50% and 49%, respectively, to operate a budget airline. The Company also set up Capital OK Company Limited with DBS Bank, Singapore, with 60% and 40% stakes, respectively, to operate a consumer finance business. These two businesses started operations in 2004.
  
  - 2004 • CS LoxInfo Public Company Limited (CSL) purchased a 38.25% stake in Teleinfo Media Company Limited (TMC) from the Company and 25% from Singtel Interactive Pte. Ltd., which made CSL to be the major shareholder in TMC with 63.25% stakes. This allowed CSL to enhance revenue by using the strengths lying in TMC's information system.  
• CSL was listed on the SET through an IPO.
  
  - 2005 • THAICOM increased capital by issuing 208 million new ordinary shares at Baht 15.30 each, placed with institutional and individual investors, bringing in Baht 3,182 million. This diluted the Company's holding in THAICOM to 41.34%.  
• Thaicom 4 (IPSTAR) satellite, the first broadband satellite in Asia Pacific, was successfully launched into orbit. IPSTAR commenced with services for TOT, which is the national service operator for IPSTAR in Thailand.  
• ITV (holding 60%), CA Mobile Ltd. (25%) and Mitsui & Co., Ltd. (15%) established Media Connex Company Limited to operate mobile content business. In 2006, the holding proportion was changed to ITV 60% and Mitsui 40%.  
• TMC became a wholly owned subsidiary of CSL after CSL purchased the remaining 36.75% in TMC from TOT.
  
  - 2006 • Thaicom 5 satellite was successfully launched into orbit and Thaicom 3 satellite was taken out of its orbit, as it had experienced an extensive power loss that made it incapable of providing further service.  
• The Company's holding in OK increased to 99.99% after the Company acquired OK shares held by DBS Bank.  
• The Company sold its entire stake in TAA to Asia Aviation Company Limited (AA), in which the Company holds 49%. This diluted the Company's holding in TAA to 24.50%.  
• CSL acquired AD Venture Company Limited (ADV) from the Company and Mitsubishi group. ADV was a shareholder of Shineedotcom Company Limited, which operates mobile content business as well as portal web, hunsa.com.
  
  - 2007 • On 6 March 2007, the cabinet resolved to cease ITV's broadcasting. The Prime Minister's Office (PMO) sent the notice dated 7 March 2007, to revoke the operating agreement of ITV on the ground that ITV did not pay the shortfall fees including interest and fine. The PMO also ordered ITV to transfer back the assets under BTO concept of the operating agreement. Hence, ITV had to cease the operation of the UHF system television station. However, ITV further proceeds in litigation and files the claim against the PMO according to the dispute settlement process asking for compensation in the form of money damages to be payable to ITV. During this time, the cases are under the dispute settlement process at the Arbitration Institute.

- The Company bought Payment Solution Co., Ltd. (PS) from OK.
- The Company sold its entire stake in OK to ACAP Advisory Plc and ORIX Corporation.
- The Company sold its entire stake in AA (49%), to TAA's top management.
- THAICOM sold 49% stake in Shenington Investment Pte. Ltd. (SHEN) to Asia Mobile Holdings Pte. Ltd., diluting THAICOM's holding in SHEN to 51%.

- 2008
- The Company sold all PS shares.
  - AIS bought shares of Advanced Mpay Co., Ltd. (AMP) held by NTT DoCoMo Co., Ltd., resulting to AIS's stake in AMP increased to 99.99%.
  - AIS sold Advanced Data Network Communications Co., Ltd. shares, representing 51% stakes to DPC, a subsidiary with 98.55% owned by AIS, in order to restructure the group organization to create a synergy of voice and data communication via mobile and internet network.
  - CSL decreased its capital by reducing par value from Baht 1.00 to Baht 0.25.

- 2009
- Cambodia Shinawatra Company Limited renamed into "Mfone Company Limited".

- 2010
- THAICOM 1A and THAICOM 2 satellite were deorbited after they have reached their end of life.

## 2011 Milestones

- 2011
- The Company changed corporate name and logo of more than 20 years from "SHIN" to "INTOUCH" which reflect a more friendly and optimistic image.
  - THAICOM was granted an approval from The Ministry of Information and Communication Technology to build THAICOM 6 satellite, which is expected to be launched in mid 2013. The increasing demand from THAICOM's existing and new customers is expected to continue.
  - THAICOM and Asia Satellite Telecommunications Co., Ltd. signed a cooperation agreement to place an interim satellite at the 120 degrees East orbital slot, while a new satellite will be launched in early 2014. This cooperation will preserve the 120 degrees East orbital slot for Thailand and will provide additional broadcast, telecommunications and broadband services across the Asia-Pacific region.
  - The Company sold part of its investment in AIS, comprising 61 million shares or 2.05% of AIS's paid-up capital, to Singtel Strategic Investments Pte. Ltd., who has been one of AIS existing shareholders, at Baht 130 per share, amounting to Baht 7,930 million. After the transaction, the Company is still the major shareholder of AIS with 40.45% shareholding. Therefore it will not affect the Company's control in AIS or the business operations of AIS.

## Nature of Business

### Wireless Communication Business

Advanced Info Service Public Company Limited (AIS) is the top Thailand mobile telecommunication company with 54% revenue market share. As of December 2011, AIS registered 33.5 million mobile subscribers, representing 44% subscribers market share. With over 21 years of operation, AIS continues to deliver excellent service to Thai community through superior network covered more than 97% nationwide. In addition to the mobile operator business, AIS also have subsidiary companies which are determined to support the core business operation.

### AIS and subsidiaries provide mobile telephone services on 900 MHz and 1800 MHz based on GSM technology

In 1990, AIS entered into the 25-year BTO contract with TOT Corporation Public Company Limited (TOT) to operate and service of 900 MHz GSM Network. The terms of the agreement required AIS to build and raise capital for investment in the cellular network and transfer the network ownership to the TOT and also entitled to share its revenue from service to the TOT at 30% of postpaid revenue, and 20% of prepaid revenue.

**Digital Phone Co., Ltd. (DPC)** operates on another frequency at 1800 MHz

using GSM network. Under a 16-year BTO contract with CAT Telecom Public Company Limited (CAT), started in 1997 and will end in 2013, DPC is required to pay revenue share to CAT, currently at the rate of 30% of its revenue from its mobile phone operation. DPC also has a network roaming agreement with AIS to enable nationwide service to both the GSM 1800 customers as well as the GSM 900 customers in order to provide better network service quality for both networks.

**Bridge Mobile Pte. Ltd. (BMB)** provides international roaming services across 217 countries to serve the customers with the boundless connectivity service. AIS also gives a better roaming service and privileges by taking part in Bridge Alliance, a partnership with 11 leading mobile operators in Asia Pacific.

**AIN GlobalComm Co., Ltd. (AIN)** provides an international direct dialing call or IDD service over 240 destinations by dialing prefix 005 and 00500.

**Nowadays, an unceasing technology development has result in changing Thais lifestyle.**

In July 2011, AIS introduced a new era of mobile internet with over 1,884 base stations of 3G on 900 MHz, covered Bangkok, vicinity, and 9 strategic cities. Also, by joining hands

with a strategic partnership, Jasmine International Plc., over 70,000 WiFi hotspots was launched at speed up to 6 Mbps. Moreover, AIS expanded nationwide coverage of EDGE Plus as AIS witness the benefit for customer after it was upgraded in 2010. EDGE Plus technology supports maximum data upload speed of 236 kbps (50% higher than EDGE) and download speed of 296 kbps (30% higher than EDGE) while provides simultaneous voice call and data connection.

**MIMO Tech Co., Ltd. (MMT)** operates as a data content aggregator or a pool of content and application which will support various services of AIS and other subsidiaries from the growing consumer demand on mobile data.

**Advanced Wireless Network Co., Ltd. (AWN)** provides telecommunication services, network and computer system services.

**Super Broadband Network Co., Ltd. (SBN)** offers data service on a fixed line facility which offered various services e.g. an internet (ISP), international & national internet gateway, International Private Leased Circuit (IPLC), Internet Protocol Virtual Private Network (IP VPN), a voice over IP, and an IP television.

**Advanced Datanetwork Communications Co., Ltd. (ADC)** offers a data

communication service via a telephone line network and an optical fiber service which offer varied services that include web hosting, data back up and integrated internet services.

**Advanced Contact Center Co., Ltd. (ACC)**, is the key differentiation for AIS as its services evolved from simple after-sales and customer service maintenance to an increasingly proactive and customer-oriented approach, including promoting new marketing campaigns and suggesting new products and services to both existing and new customers. Also, AIS is attentive to the special needs of the disabilities customers. AIS call center developed “iSign”, a webcam service which uses sign language to communicate with hearing-impaired customers. To better serve AIS customer, AIS also provides customer support via “iCall”, our online webcam call center through chat or VOIP, and social networking i.e. Pantip webboard, Facebook, Twitter.

AIS developed service for financial transactions via mobile phone named “mPAY” through **Advanced MPAY Co., Ltd. (AMP)**. AMP received a license from the Bank of Thailand (BOT) to provide payment service based on the electronic cash card. mPAY covers many daily-life transactions including bill payment, online shopping, recharge of prepaid phone credit, online game

credit refill as well as payment for goods and services. The electronic transaction has become popular as it provides more prompt and convenient service to customers.

**Wireless Device Supply Co., Ltd. (WDS)** sells and distributes handset, SIM cards, and refill cards through over 950 authorized dealers nationwide. As the smart phone adoption continues to grow, handset business is a crucial complementary business to the operator growth particularly for non-voice segment.

## Competition and industry outlook

### Non-voice services are the growth engine

Year 2011 marked a changing phase of competition as non-voice services became widely available and were the focal point of competitive focus, while there was little competitive movement in the voice only market. The economy improved throughout the year whereas demand for mobile data grew outstandingly. Consequently, the telecom industry posted an impressive total revenue growth of 10% YoY, with continually voice revenue growth and more than 30% growth of non-voice revenue.

During 2011, even though there was some organic growth outside of Bangkok, overall growth in voice market

was relatively subdued as it reached saturation with a high mobile penetration rate of 109%. Consequently, to drive and capture market growth, operators turned their attention to focus on the growing importance of the non-voice market. In 2011, non-voice services represented almost 20% of service revenue, compared to lower than 17% in 2010 and lower than 14% in 2009. In 2012, we believe that non-voice growth will gain significant momentum, especially as operators move to opening up regional markets.

### Low Capex cycle while waiting for the new 3G licenses

In 2011, Thailand’s mobile industry took a step nearer to the future by introducing 3G services in many areas and strengthening WiFi connectivity in high traffic locations. Although competition in the data market was very upbeat, price competition remained low key. Operators aggressively launched several marketing campaigns to attract customers, and competed to claim data network coverage in Bangkok and other key strategic cities throughout Thailand. Despite higher Capex compared to 2010, operators continued to preserve financial liquidity for the upcoming 2.1GHz license auction, resulting in a low Capex level in 2011. In late 2011, the National Broadcasting and Telecommunications Commission

(NBTC) has issued three draft master plans designed to manage and administer the key areas of frequency, telecom and broadcasting. These plans will go to public hearing in early 2012. Meanwhile, the NBTC also appointed a subcommittee to consider the forthcoming 3G auction, which is likely to take place in 2H12.

#### **Moving to the new era of mobile industry amidst rising competition in non-voice market**

Despite the growth of the non-voice market in 2011, operators were yet to maximize the full potential of data services due to several technical and commercial limitations. First of all, the non-standard spectrum band operators are developing based on 900MHz and 850MHz, which means less variety of inexpensive compatible devices. Besides, some of these frequencies offer limited capacity and non-voice expansion due to current utilization under 2G technology. Also, the current business that runs on Built-Transfer-Operate contracts are approaching their expiry dates, causing operators to delay investment until the 2.1GHz licenses are granted.

Year 2012 will mark a structural transition from the existing BTO based agreements with the state-owned enterprises like TOT and CAT towards a

licensing regime under an independent regulatory body, the NBTC, that is absent from business conflict of interest. This vital change will unlock the expiring BTO contracts issue, ensure the long term business future of existing operators, and create a level playing field and transparency for the Thai telecom industry. The new environment will prompt operators to invest in, develop and launch new technologies. The issuance of new frequency licenses will enhance network capacity for long term growth, as well as support Thailand to adopt an efficient and standard technology at an appropriate price. This will create both economic and financial incentives for industry players to continue long term investment for nation telecommunication infrastructure. Most essentially, this will push information access to a new level via high speed network and more differentiated products and services. The essence is in new spectrum licenses to be auctioned by the regulator to make possible the change in new technologies and competitive structure. The industry players this year are closely following developments as mandated by the NBTC.

Today, as telecommunication technologies and customer demand evolve, people expect more mobile connectivity and better solutions. All operators will be hoping to capture

this very lucrative market. The industry expects more people to use cheaper, smarter devices as prices continue to fall in the year ahead. At the same time, providers will need to offer high quality connectivity and social network solutions for non-smartphone customers. Operators will also offer more diversified solutions, and matching individual customer lifestyles. This year, to match changing Thai lifestyles, AIS expect to see a wealth of Thai language applications, relevant to Thai people. By launching full 3G services in 2012, the industry expects a richer, more diverse and livelier application market, which will complement the demands of customers.

#### **Satellite and International Business**

THAICOM Public Company Limited (THAICOM) is the leader in satellite business in Thailand. We uphold the customers' demand via 2 satellites, which are THAICOM 4 (IPSTAR) and THAICOM 5 (conventional satellite). We also enhance to related businesses, which are Internet-related services, media services (telephone directories and distribution), and telephone-related services.

#### **Products and Services**

**Now we are ready for THAICOM 6 and 7 as the full utilization in THAICOM 5 and higher demand in THAICOM 4**

THAICOM was granted the 30-year satellite agreement for the operation of domestic communication satellite from the Ministry of Information and Communication Technology (MICT), expiring in 2021, to operate two satellites namely THAICOM 4 (IPSTAR) and THAICOM 5.

THAICOM 4 (IPSTAR) offers a variety of the high-speed broadband satellite solutions via Internet Protocol (IP) network throughout the Asia-Pacific Region. THAICOM 4 (IPSTAR) uses beehive wave distribution technology, thus enabling efficient frequency reuse with massive bandwidth capacity of up to 45 Gbps. The technology has enabled THAICOM to cater to millions of high speed Internet users, from individual subscribers to corporate users, including Internet and telecommunication service providers.

THAICOM 5 is a conventional satellite, offering end-to-end satellite solutions to both Thai and foreign customers. As the full utilization of THAICOM 5 presently, THAICOM now is going to launch THAICOM 6 and 7 satellites in the near future.

In May 2011, THAICOM received approval from the Ministry of Information and Communication Technology (MICT) to build and launch the THAICOM 6 satellite. THAICOM 6 will meet the

increasing demand for satellite services and transponders in Asia and Africa and serve as a viable replacement for existing satellites in the region which have reached their end of life. THAICOM 6 will be placed at the Company's prime orbital slot of 78.5 degrees East and co-located with THAICOM 5 to support the robust market growth. THAICOM 6 is a three-axis stabilized type medium-size satellite with a total of 26 transponders: 18 C-band and 8 Ku-band. THAICOM expects to launch the THAICOM 6 satellite into orbit around the second quarter of the year 2013.

In December 2011, THAICOM entered into a cooperation agreement with Asia Satellite Telecommunications Co., Ltd., to preserve the 120 degrees East orbital slot and to develop and build a satellite to provide satellite services in order to improve the Company's earnings in the future. The satellite is a medium-size satellite with a total of 28 C-band transponders, and will serve markets in Asia and Australia. THAICOM will own up to 14 transponders and operate the satellite under the name THAICOM 7. It is expected that the THAICOM 7 satellite will be completed and launched into the 120 degrees East orbital slot in 2014.

#### **Enhance to satellite reception dish (DTV) and Internet-related business**

DTV Service Company Limited (DTV)

sells Ku-band satellite reception dishes which can be directed at the THAICOM 5 satellite to receive broadcast transmissions. Customers may buy the equipment as a set (dish and box) or opt for only the IRD box. Compact in size and relatively inexpensive, the dish offers viewers an opportunity to view a wide variety of TV channels, including free-to-air and education channels.

CS LOXINFO Public Company Limited (CSL) provides Internet-related businesses under the satellite agreement for the operation of domestic communication satellite from CAT granting it the exclusive license to provide television transponder services via satellite and Internet for 22 years, expiring in 2016. CSL has major services including Internet services via Leased Circuit/Leased Line, High-speed Internet services via telephone line (ADSL), High-speed Internet services via satellite network (IPSTAR), and Internet services via telephone line (Dial-up), Internet Data Center (IDC), Internet value added services, VoIP service, and Uplink/ Downlink services.

Regarding media services, THCOM has investments through Teleinfo Media Public Company Limited (TMC), a subsidiary of CSL. TMC publishes and distributes the White Pages and Yellow Pages Telephone Directory and operates call center for directory enquiries plus



general and entertainment information via 1188 and 1900 222 xxx.

### **Shenington Investment, THAICOM's partner in international business**

THAICOM offers telephone services through its investment in Shenington Investments Pte Ltd. (SHEN), a holding company registered in Singapore. The two subsidiaries under Shenington are Mfone Company Limited, and Lao Telecommunications Company Limited.

Mfone Company Limited (Mfone) was granted a 35-year concession from the Government of Cambodia, expiring in 2028, to provide fixed-line phone service under CDMA 450 system, mobile phone under GSM 900 MHz/1800 MHz, and UMTS or 3G 2100 MHz systems, international calling and Internet. Mfone also provides VoIP international calling service, an economical service pack via Internet for cellular and fixed-line phone users.

Lao Telecommunications Company Limited (LTC) is a joint venture between the Government of Lao PDR (51%) and SHEN (49%). LTC has a 25-year license, expiring in 2021, to provide comprehensive telecommunication services for Laos using the latest digital technology including fixed-line (PSTN and CDMA-200 1X 450 MHz)

and mobile (GSM 900/1800 MHz and 3G networks), International calling and Internet.

### **Industry and Competition**

#### **Conventional Satellite**

In general, each communication satellite is designed to address specific markets due to certain limitations of orbital slot, frequency coordination, regulation, and investment budget. As a result, not all satellites compete directly with each other, with the possible exception of satellites with global footprints that cover many regions. THAICOM has positioned itself as a 'Hot Bird' with its prime orbital slot at 78.5 degrees East, and strategically is a key player in Asia's broadcasting industry – in terms of the number of viewers and TV channels under the satellite platform.

In 2011, THAICOM focused on both the domestic and international broadcasting markets, resulting in dramatic business growth. The total number of TV channels broadcast via the Company's conventional satellite increased from 358 in 2010 to more than 420 at the end of 2011.

In 2012, THAICOM will continue with its 'Hot Bird' strategy, and focus on providing end-to-end satellite TV

solutions to customers. The creation of value-added services will also assist customers in their business operations. In addition, THAICOM will focus on pre-launch sales of THAICOM 6 capacity.

#### **Broadband Satellite – IPSTAR**

By the end of 1Q11 there were an estimated total of 540.69 million broadband subscribers worldwide, accounting for 2.9% growth from last quarter, or an overall year on year growth of up to 12% ([www.point-topic.com](http://www.point-topic.com)). Asia-Pacific accounted for 13% of world broadband subscribers for 1Q11, this is the 4<sup>th</sup> largest share after Southeast Asia (28.9%), Western Europe (22.5%), and North America (18.4%).

In terms of absolute numbers of broadband subscribers, Asia-Pacific has also made remarkable progress in the past few years with the number of broadband subscribers growing almost sevenfold in six years, from 27 million in 2003 to 187.3 million in 2009. For the first quarter of 2011, the number of net additional subscribers increased by 6.44 million (42.3% of total), up from last quarter's gain of 4.68 million, with China (including Hong Kong and Macau) accounting for a majority of this increase.



On average, 70% of the population in developing countries within the region lives in rural areas. At present, satellites are primarily used for broadcasting, and particularly to provide communication links to rural and remote areas where no network infrastructure is available. A widening digital divide between urban and rural areas still exists in some countries; however, due to the region's fast-growing population, economy and Internet penetration, service providers in countries like Malaysia, Philippines, Vietnam and Myanmar are now expanding telephony and broadband services to remote and isolated areas.

Thailand continues to show strong growth in the Internet market, with 18.3 million Internet users from a total population of 66.72 million people. This translates into a penetration rate of approximately 27.4%. Thailand ranks ninth in terms of overall number of broadband Internet subscribers for countries within Asia. (Source: <http://www.internetworldstats.com>)

### Media and Advertising Business

The media and advertising business comprises a television station, ITV Public Company Limited (ITV), and an advertising production house, Matchbox Co., Ltd. (MB).

ITV Public Company Limited (ITV) used to operate as Thailand's first UHF system television station under the name ITV Television. ITV was awarded a BTO Operating Agreement for television in UHF system, signed by the Prime Minister's Office on 3 July 1995, to build and operate a UHF television master station for a period of 30 years, ending 3 July 2025. Under the Agreement, ITV shares its revenue with the Prime Minister's Office at a rate specified in the Agreement.

However, the ITV's Agreement was revoked by the Prime Minister's Office on 7 March 2007 on the ground that ITV did not pay the shortfall fees including interest and fine. The Prime Minister's Office also ordered ITV to transfer back the assets under BTO Agreement. Hence, ITV had to cease the operation of the UHF system television station. Then, the parties entered into dispute resolution process by arbitration.

Matchbox Co., Ltd. (MB)'s major activities centered on advertising and production services, producing advertising materials and coordinating media, including television, newspapers, radio, advertising signs and websites. MB also organized event marketing for customers to build up end-user feelings toward products and impress them with the product quality.

In 2011, according to Nielsen Media Research, the total advertising expenditures in Thailand amounted to Baht 103.8 billion, slightly increased by 2.8% from 2010. This is mainly due to the slower consumption and the global economic slowdown.

## Risk Factors

Shin Corporation Plc (the Company or INTOUCH) is a holding company with investments in the following areas: wireless communications; satellite & international business; and media & advertising business. There are both internal and external factors in all these areas that may affect the Company's finances and operations

The Company has established a risk management process and appointed a Risk Management Committee composed of management from relevant departments, which is responsible for setting out policy and undertaking risk assessments by identifying factors that may affect the Company's objectives and estimating their likelihood and impact in order to develop effective mitigation plans to reduce the risks to acceptable levels. The Risk Management Committee submits risk assessments to the Audit Committee, Executive Committee and Board of Directors for consideration and review at least once a year.

The risks factors set out in the following list are those which the Company presently considers may have a significant negative impact on its business earnings, financial position or future performance.

However, there may be other risks of which the Company is currently unaware or deemed immaterial to its operations.

The risk factors for Advanced Info Service Plc. (AIS), Thaicom Plc. (THAICOM) and ITV Plc. (ITV) can be found in their annual registration statements (Form 56-1).

### 1. Risks to the Company

#### 1.1 Lower than expected dividends from subsidiaries

As a holding company, The Company is dependent on the receipt of dividends from its subsidiaries and associated companies, the payment of which depends on their future financial performance and cash flow. If the performance of its subsidiaries and associated companies fails to reach the predetermined targets, the dividend payments may be lower than expected.

In addition, the ability of the subsidiaries and associated companies to pay dividends to their shareholders, including the Company, is subject to applicable laws and any restrictions or covenants contained in each company's debt instruments and credit agreements.

To mitigate the risks involved, each business unit is required to draw up an annual business plan before the beginning of every year, determine its strategic direction and prepare a budget. Each plan must be reviewed and approved by the business unit's executive committee and

board of directors prior to implementation. In general, the Company's executive committee meetings are held on a monthly basis to consider and review the business plans, and evaluate business performance, financial management and marketing strategies in order to ensure that the appropriate risk management is achieved on a timely basis.

#### 1.2 Business expansion

The Company's subsidiaries and associated companies continue to expand their businesses. Should these companies be unable to obtain the necessary investment capital by themselves, the Company, as the major shareholder, would incur the risk of having to inject more capital or secure the necessary funding. Moreover, if the Company were to expand its own business, it would also be exposed to this risk along with lower-than-expected returns on investment.

However, this should not present a major problem as the Company has a strong financial status and sustainable cash inflow from dividend income which should maintain its liquidity.

To reduce the risk involved in new investment, any proposal for business expansion will be carefully studied before approval is granted in order to determine

the potential return. The Company also places a strong emphasis on maintaining good relationships with its investors and the financial community, both local and foreign, in order to facilitate future financing requirements.

### 1.3 Foreign exchange

Because investment in telecommunication and satellite technology involves foreign currency, INTOUCH Group is by necessity exposed to foreign exchange risk.

INTOUCH Group manages foreign exchange risk through hedging instruments such as entering into forward contracts in foreign currency in order to soften the risk from fluctuations in the exchange rate. INTOUCH Group has consistently been very conservative in its financial policies while the management of foreign currency risk is based on net foreign-currency-dominated transactions, revenue and cash flow structures. After careful and detailed analysis, the most appropriate financial instrument is then selected.

On 31 December 2011, the Company and its subsidiaries had outstanding foreign currency assets and liabilities of Baht 3,032 million and Baht 6,726 million, respectively, after entering into foreign currency forward contracts, cross-currency interest rate swaps and

foreign currency options. (The details are shown in the notes to the financial statement, Item 32.)

### 1.4 Global economic recession

In the year 2011, economic growth in Thailand has been declining and this trend is expected to continue into 2012 because of the economic crisis in Europe and the flood disaster in Thailand which has affected the local economy by causing a decline in consumption and private-sector investment. These factors might have a negative impact on the revenue of companies in the group.

Both the external and internal factors mentioned above might cause a fluctuation in foreign exchange and interest rates. In addition, banks have become more selective in providing credit, which might cause stagflation in the local economy. This might have an impact on the country's liquidity including the cost and availability of funds for the investment needs of the group.

However, INTOUCH Group has prudently managed its own liquidity by diversifying its source of funds, maintaining sufficient excess cash to support operations and investments, and appropriately managing the foreign exchange and interest rate risks.

### 1.5 Risk if the Company is deemed to be foreign entity

*As the Foreign Business Act B.E. 2542* (the FBA) regulates qualification of Thai companies and the proportion of foreign shareholding, the definition of "Foreigner" in the FBA is also applied in the *Telecommunications Business Act B.E. 2544* (the TBA) in regards of the qualifications of applicants who applies for type 2 & 3 telecommunication licenses.

In 2006, the Ministry of Commerce (MOC) investigated nominee shareholding on behalf of foreigners in Thai companies including the major shareholders of Kularb Kaew Co., Ltd. (Kularb Kaew), a Thai company holding shares in Cedar Holding Co., Ltd. (Cedar), Shin Corporation Plc's major shareholder. The issue is whether or not the major Thai shareholder of Kularb Kaew may hold shares on behalf of foreigners.

If Kularb Kaew is found to be a "foreigner" under the law, then Cedar could be deemed a "foreigner" and the Company, AIS and DPC may be questioned over their ability to continue providing services in Thailand. Nevertheless, the Company believes that the Company has not committed any wrongdoing. However, the operating agreements between state agencies and the telecom companies in

the group do not contain a clause limiting foreign shareholding.

According to the shareholders list of Kularb Kaew retrieved from the MOC on 16 February 2012, it showed all 7 shareholders of Kularb Kaew are Thai nationalities without any foreigner, and no court ruling has been judged in such case. The Company cannot ensure that whether or not the outcome of this case, any change in law or announcement will affect to the operating agreements and licenses held by the subsidiaries, and whether the existing legal principles relating to the definition of “foreigner” will be changed by future laws or regulations or will be subject to restrictions under the Foreign Dominance Announcement.

1.6 Actions may be undertaken by state agencies as a result of the judgment of the Supreme Court of Justice’s Criminal Division for Persons Holding Political Positions in the assets seizure case on 26 February 2010.

The judgment of the Supreme Court of Justice’s Criminal Division for Persons Holding Political Position on 26 February 2010 concerns the Company and its affiliated companies in some aspects. With regard to such aspects, the impact of judgment is limited on the issue that some properties of the person holding political position was improperly acquired by an abuse of power while being in political

position. The judgment does not contain any ruling or analysis on the result, the validity or invalidity of the actions already taken, nor does it contain any order indicating that the Company, its affiliated companies or state agencies shall take any actions. Furthermore, only the party to the case shall abide by the judgment.

Accordingly, there is no reason for the Company and its affiliated companies to take any actions since the Company and its affiliated companies are not involved in such case. Moreover, the Company believes that it and its affiliated companies took all actions in good faith and in accordance with the provisions of the existing agreements and the agreement is binding on the parties to such agreement

1.7 Risk arising from the investigation of the Ministry of Information and Communication Technology relating to complying with the Agreement on the Operation of Domestic Communication Satellite

With reference to a letter dated 1 March 2011 of the Ministry of Information and Communication Technology (MICT) to the Company demanding to comply with the Agreement on the Operation of Domestic Communication Satellite on three issues: 1) launching of Thaicom 3’s backup satellite into orbit; 2) return the insurance proceeds in the amount

of USD 6,765,299 used for leasing transponders on foreign satellite to MICT; and 3) increase the Company’s shareholding in THAICOM to be not less than 51 percent.

On 14 March 2011, The Company and THAICOM already submitted the clarification letter to MICT that the Company and THAICOM have been acted in good faith and with prior approval from MICT every time, and the Company believes that it has correctly and fully complied with the terms and conditions of the Agreement on the Operation of Domestic Communications Satellite. However the Company and THAICOM are ready to collaborate with MICT to consider any action to be benefits for all parties.

The Company understood that MICT will give an opportunity to the Company and THAICOM to provide the fact and background and also find a solution to be mutual benefit. In case that it becomes a dispute, the Company shall be entitled to submit the case to be settled by arbitration as it is dispute resolution process as agreed in the Agreement.

## **2. Wireless Communications Business**

2.1 Assignment of frequency for the operation of mobile cellular IMT 2.1 GHz or 3G

After The Supreme Administrative Court upheld an injunction order of the Central Administrative Court which has temporarily suspended the assignment of frequency for the operation of mobile cellular IMT 2.1 GHz and the process according to the Notification of the National Telecommunications Commission (NTC) on the Criteria and Procedures for the Assignment of Frequency for the operation of Mobile Cellular IMT 2.1 GHz, on 23 September 2010, the assignment of the frequency for the operation of IMT 2.1 GHz by NTC has been suspended pending the formation of the new NBTC and the formulation of the Telecoms and Frequency Master Plan.

On 7 October 2011, The 11 members of the National Broadcasting and Telecommunications Commission (NBTC) were appointed as defined in the Act on the Organization to Assign Radio Frequency and Regulate the Broadcasting and Telecommunication Services B.E. 2553. At present, NBTC is preparing to formulate a Telecommunications Master Plan, Frequency Management Master Plan and National Table of Frequency Allocations and, also, study the process of licensing of use the spectrum for the operation of IMT 2.1 GHz which the speaker of NBTC has given an interview on Thairath Online Newspaper on 28 December 2011 that NBTC has agreed to set up the commission to prepare the

readiness for the bid of 3G license to work in parallel with a public hearing in order to speed up the process and be able open the bid for 3G in the year 2012.

## 2.2 Organization regulating telecommunication and broadcasting business

On 19 December 2010, the Act on the Organization to Assign Radio Frequency and Regulate the Broadcasting and Telecommunication Services B.E. 2553 has been launched on 19 December 2010 to substitute of the previous in order to be in conformity with Article 47 of the Constitution of the Kingdom of Thailand B.E. 2550, which prescribes the establishment of an independent state organization to assign the frequencies and regulate telecommunication and broadcasting business under the specified conditions.

On 7 October 2011, The 11 members of the National Broadcasting and Telecommunications Commission (NBTC) were appointed.

AIS cannot estimate whether the exercise of power, the scope of policies and regulations of NBTC in the future shall have a significant impact on the industry and AIS 's current scope of telecommunication business operation including financial status and business opportunities or not.

## 2.3 The Jointly Undertake Work Agreement between State Enterprise and Private Sector as stated in the Act Permitting the Private Sector to Jointly Undertake Work or to Operate the Work of State Enterprise B.E. 2535.

### 2.3.1 The amendment of the Jointly Undertake Work Agreement between Advanced Info Service Public Company Limited (AIS) and TOT Public Company Limited (TOT)

As the Ministry of Information Technology and Communication sent a letter to the Council of State requesting for its opinion regarding the amendment of the Cellular Mobile Telephone Service Agreement (the Agreement) between TOT, as formerly being Telephone Organization of Thailand, and AIS after the enforcement of the Act Permitting the Private Sector to Jointly Undertake Work or to Operate the Work of State Enterprise B.E. 2535 came into effect, whether the current amendment is in line with the said Act and if such amendment is in breach of the said Act, what should be done.

The Office of the Council of State has been of the opinion in a memorandum regarding the enforcement of the Act Permitting the Private Sector to Jointly Undertake Work or to Operate the Work of State Enterprises B.E. 2535 (The case between the TOT and AIS no. 291/2550), that:

“...TOT entered into the Agreement on behalf of the State by virtue of the legal authority of the Telephone Organization of Thailand. Therefore, the said Agreement has been executed between the State and private sector for the assignment of the private sector to provide public service on behalf of the State. The State is obliged to comply with the provisions of the Agreement.

Since the amendments to the Agreement relevant to which consultation is being sought were not legitimately carried out according to the Act Permitting the Private Sector to Jointly Undertake the Work or Operate the Work of State Enterprises which was in force at the time of those amendments due to the lack of the submission of those amendments to the Coordinating Committee for consideration according to Section 22 and to the Cabinet as an authority in charge for approval of such amendments to the Agreement pursuant to the Act as above-concluded, the amendments made to the Agreement with the TOT as the contracting party were, therefore, carried out without legal authority. However, the amendment procedures of the Agreement which represent administrative juristic acts are capable of being separated from the amendments to the Agreement and those amendments to the Agreement are still in force so long as they are not rescinded

or extinguished by virtue of time clause or by other causes. If the Cabinet as a lawful authority, after having considered the causes for the rescission, the impact and the appropriateness on the basis of the State's and the public interest, is of the opinion that the illegitimate procedures have caused considerable damage, the Cabinet can rescinding such amendments to the Agreement. But if the Cabinet considers on justification and in the light of the State's or the public interest and the continuity of providing public services, the Cabinet may exercise its discretion to grant approval to re-proceed the amendment procedures, as appropriate, by the project owner and the Coordinating Committee pursuant to Clause 22 being the parties to submit the facts, justifications and opinions for the consideration of the Cabinet.”

In addition, the Coordinating Committee according to Clause 22 has already submitted the opinion regarding the amendments of the Agreement of AIS to the Minister of the Information and Communications Technology.

AIS firmly believes in the principles and the grounds of the amendments of the Agreement that AIS has fully complied with the Jointly Undertake Work Agreement and all related laws including the principles of good governance. Thus, AIS believes that there shall be

no material change which shall have an impact on AIS. However, AIS cannot foresee the outcome of the consideration on the part of the state and the cabinet, if the amendments of the Agreement of AIS are invalidated; this may result in a shortening of the term of the Agreement and/or a higher prepaid revenue share, for instance.

### 2.3.2 The amendment of the Jointly Undertake Work Agreement between Digital Phone Company Limited (DPC), a subsidiary company of AIS and CAT Telecom Public Company Limited (CAT)

As the Ministry of Information Technology and Communication sent a letter to the Council of State requesting for its opinion regarding the amendment of the Digital PCN (Personal Communication Network) 1800 Service Agreement (the Agreement) between CAT and DPC after the enforcement of the Act Permitting the Private Sector to Jointly Undertake Work or to Operate the Work of State Enterprise B.E. 2535 came into effect whether the current amendment is in line with the said Act and if such amendment is in breach of the said Act what should be done.

The Office of the Council of State has been of the opinion in a memorandum regarding the enforcement of the Act Permitting the Private Sector to Jointly Undertake Work or to Operate the



Work of State Enterprise B.E. 2535 (The case between the CAT and DPC no. 294/2550), that:

“...the assignment of the rights and duties by Total Access Communication Public Company Limited (DTAC) to DPC and the entering into an agreement between DPC and CAT dated 19 November 1996 are considered as the permission of CAT granted to a private sector to provide cellular mobile phone service whereby DPC shall be under the supervision and regulation of CAT and pay remuneration to CAT. DPC shall, therefore, have to comply with the said Act. Since CAT has already specifically prescribed the scope of the project and the private sector to provide the service, besides, the project has already been carried out. Therefore, there is no need to invite private sector to submit any proposal according to Chapter 3. However, Chapter 3 shall be applied mutatis in so far as it is not contrary to the fact whereby CAT has to set up the Coordinating Committee in accordance with Section 13 to proceed according to Section 21 of the said Act i.e. the committee shall present the selection results including reasons, topics of negotiation related to the state benefit, the drafted contract and all relating documents to the Minister in charge in order to submit for cabinet’s consideration within ninety days as from the decision date of the committee.

Therefore, the process is under the authority and duties of the committee according to Section 13 to consider as it sees fit and DPC as the transferee of the rights and obligations from DTAC under the Digital PCN (Personal Communication Network) 1800 Service Agreement between CAT and DTAC. DPC shall be entitled to provide telecommunication service based on the transferred rights and obligations although the current agreement between CAT and DPC has not been in compliance with the Act Permitting the Private Sector to Jointly Undertake Work or to Operate the Work of State Enterprise. However, the current agreement is still effective as long as it is not rescinded or invalid by time or other conditions. Therefore, CAT and DPC are bound to comply with the said Agreement.”

In addition, the Coordinating Committee pursuant to Clause 13 has already submitted the opinion regarding the amendments of the Agreement of DPC to the Minister of the Information and Communications Technology.

AIS firmly believes in the principles and the grounds of the amendments of the Agreement that DPC has fully complied with the Jointly Undertake Work Agreement and all related laws including the principles of good governance. Thus, AIS believes that there shall be

no material change which shall have an impact on AIS. However, AIS cannot foresee the outcome of the consideration on the part of the state and the cabinet, if the amendments of the Agreement of DPC are invalidated; this may result in a shortening of the term of the Agreement and an increase of revenue sharing which has to be additionally paid.

#### 2.4 Law on use & connection of telecommunication network (Interconnection Charge)

According to the Telecommunication Business Act B.E. 2544 and the announcement of NTC regarding the Use and Interconnect of Telecommunication Networks B.E. 2549, AIS has entered into the Interconnection Agreements with Total Access Communication Public Company Limited True Move Company Limited CAT Telecom Public Company Limited and with Digital Phone Company Limited, which have been approved by NTC. AIS has already provided the service based on such Interconnection Agreements but no interconnection charges have yet been collected or any record relating to the Interconnection Charge has been booked in AIS’s provisional financial statement because TOT the contract grantor has issued a written notice to AIS that AIS is not a legitimate licensee of telecommunication network, therefore, is not entitled to enter

into the Interconnection Agreement by virtue of the announcement of NTC regarding the Use and Interconnect of Telecommunication Networks B.E. 2549.

On 31 August 2007, TOT filed a lawsuit against NTC at the Central Administrative Court in order to withdraw the said announcement (on 15 September 2010, the Central Administrative Court dismissed the case which filed by TOT for the revocation of NTC' Notification on the Use and Interconnect of Telecommunication Networks B.E. 2549, TOT has already submitted an appeal to the Supreme Administrative Court.), and on 4 February 2008, TOT issued a written notice to AIS informing that AIS should wait for the court decree to be used as a guideline, and if AIS complies with the announcement of the NTC prior to the final judgment of the administrative court, TOT shall not acknowledge it, and AIS must be liable for such action.

However, after having considered the letter from TOT, the relevant laws and the comments of the legal consultant, the management of AIS is of the opinion that non-compliance with the above Interconnection Agreement would be in conflict with the announcement of NTC regarding the Use and Interconnect of Telecommunication Network.

Therefore, AIS decided to comply with the said Agreements which are in line with the legal provisions currently in force by issuing invoices to collect the interconnection charge from the contractual parties.

On 30 December 2008, AIS has remitted the revenue sharing incurred from the interconnection of the telecommunication network since February 2007 to June 2008 in the amount of Baht 761 million based on the rate and calculation method of AIS to TOT. Later, AIS and TOT had set up the negotiation committee to seek for the conclusion but it could not be done as TOT required AIS to pay revenue sharing calculated on gross interconnection charges received by AIS at the rate specified in the Agreement without deduction of interconnection charges which AIS has to pay to other operators. Thus, on 26 January 2011, TOT sent a letter demanding AIS to pay the revenue sharing on the interconnection charges of the concession year 17–20 in the amount of Baht 17,803,381,680.57 plus interest at the rate of 1.25 per month. But AIS disagreed and sent a letter opposing the said claim to TOT and AIS has submitted the dispute to the Arbitration Institute, the Alternative Dispute Resolution, and Office the Judiciary ref. no. Black 19/2554 on

9 March 2011 requesting the Arbitral Tribunal to give an award that TOT has no right to claim for such revenue sharing.

## 2.5 Disputes relating to the excise tax

### 2.5.1 The case between Advanced Info Service Public Company Limited (AIS) and TOT Public Company Limited (TOT)

On 22 January 2008, TOT submitted a dispute (Case No. Black 9/2551) to the Arbitration Institute, the Alternative Dispute Resolution, and Office the Judiciary demanding AIS to pay additional revenue sharing for Baht 31,463 million plus interest at the rate of 1.25 percent per month of the unpaid amount computing from the default date (10 January 2007) until full payment is made.

On 20 May 2011, the Arbitral Tribunal has resolved to dismiss the disputes by giving the reason which can be summarized that AIS had lawfully paid the revenue sharing. Therefore, AIS has not committed a breach of the agreement and AIS does not have to pay any additional revenue sharing to TOT.

TOT submitted an application to the Central Administrative Court to set aside the award of the Arbitral Tribunal. At present, the case is



pending consideration of the Central Administrative Court.

#### 2.5.2 The case between Digital Phone Company Limited (DPC), a subsidiary of AIS and CAT Telecom Public Company Limited (CAT)

On 9 January 2008, CAT submitted a dispute (Case no. Black 3/2551) to the Arbitration Institute, the Alternative Dispute Resolution, and Office the Judiciary demanding DPC a subsidiary of AIS to pay additional payment of revenue sharing for Baht 2,449 million under the Digital PCN (Personal Communication Network) Agreement plus penalty at the rate of 1.25 percent per month of the unpaid amount of each year computing from the default date until full payment is made totaling Baht 3,410 million. Such claimed amount is the same amount of the excise tax which DPC has delivered during 16 September 2003 to 15 September 2007, and deducted from revenue sharing pursuant to the resolution of the cabinet on 11 February 2003 and as same as the standard practice of the telecommunication business industry.

On 1 March 2011, the Arbitral Tribunal has resolved to dismiss the dispute by giving the reason which can be summarized that the original debt had completely been paid and extinguished.

CAT cannot re-claim for the alleged deficit amount, including the penalty and the value added tax.

CAT submitted an application to the Central Administrative Court to set aside the award of the Arbitral Tribunal. At present, the case is pending consideration of the Central Administrative Court.

#### 2.6 Dispute between Digital Phone Company Limited (DPC), a subsidiary of AIS and CAT Telecom Public Company Limited (CAT)

On 3 February 2009, CAT submitted a dispute (Case no. Black 8/2552) to the Arbitration Institute, the Alternative Dispute Resolution, and Office the Judiciary demanding DPC to deliver and transfer an ownership of 3,343 towers including 2,653 equipments of Power Supply under the Digital PCN (Personal Communication Network) Agreement. If DPC fails to do so, DPC must reimburse Baht 2,230 million to CAT. DPC considers that all disputed assets, towers and the equipments of Power Supply, are not the property as stipulated in clause 2.1 of the Agreement which DPC is obligated to deliver and transfer under the Agreement.

DPC has submitted an objection to such demand and there has been an

appointment of 5 arbitrators and the case is pending ruling.

#### 2.7 Dispute between Digital Phone Company Limited (DPC), a subsidiary of AIS and CAT Telecom Public Company Limited (CAT)

On 15 July 2010, CAT submitted a dispute (Case no. Black 62/2553) to the Arbitration Institute, the Alternative Dispute Resolution, and Office the Judiciary demanding DPC to pay additional remuneration for concession year 10-12 incurred due to DPC having reduced the roaming charge rate between DPC – AIS from Baht 2.10 to Baht 1.10 during the period of 1 April 2007 – 31 December 2008 without approval of CAT in the amount of Baht 1,640 million plus penalty calculating up to March 2010 in the amount of Baht 365 million totaling Baht 2,000 million and also the penalty at the rate of 1.25 per month calculating from April 2010.

On 12 September 2011, CAT submitted a further dispute of the concession year 12 (1 April 2009-15 June 2009) to the Arbitration Institute, the Alternative Dispute Resolution and Office the Judiciary (Case no. Black 89/2554) in the amount of Baht 113 million.

At present, the case is pending the process of submission of an objection

by DPC according to arbitration procedures. The trial of the case may take several years. However, the management of AIS believes that the ruling of the Arbitration Panel of this case shall positively ease off as DPC has informed CAT of the application of the roaming rate of 1.10 Baht per minute since July 2006, (to which CAT has given a written approval of such application until March 2007 and has also given an approval during the period of January 2009 to March 2009, and during the disputed period CAT has never sent any refusal or objection to DPC. The roaming rate at 1.10 Baht per minute is also in conformity with market conditions where the rate of service charge has been lowered from the previous higher roaming service charge rate. Besides, DPC has also entered into a roaming agreement with AIS by using the rate of 1.10 Baht per minute as approved by NTC.

## 2.8 Dispute between Digital Phone Company Limited (DPC), a subsidiary of AIS and TOT Public Company Limited (TOT)

On 9 May 2011, TOT has filed a lawsuit against CAT as the defendant no.1 and DPC as the defendant no.2 to the Central Administrative Court, case no.black-1009/2554 demanding CAT and DPC to jointly pay the Access Charge

under the Interconnection Agreement of DPC dated 8 September 1998 as follows:

- 1) The Access Charge, which DPC has to pay to TOT calculating on the amount of the mobile number which DPC had rendered the service in each month at the of Baht 200 per number, in the amount of Baht 432,218,677.35;
- 2) The Access Charge, which CAT has to pay to TOT calculating on a half of the revenue sharing which CAT had received from DPC, in the amount of Baht 2,330,813,273.92; and
- 3) The Access Charge, which CAT did not fully pay to TOT due to the deduction of the Access Charge at the rate of Baht 22 / number / month, in the amount of Baht 191,019,147.89

The total amount of claim is Baht 2,954,051,099.16 plus interest. At present, the case is pending consideration of the Central Administrative Court.

The trial procedure of the Central Administrative Court may take several years. However, the management of AIS believes that DPC has no obligation to pay the Access Charge as claimed by TOT because DPC has already terminated the said Agreement with TOT by considering that the said Agreement

is in violation of or contrary to the current law. Therefore, there shall unlikely be any material affect to AIS.

## 3. Satellite and International Business

### 3.1 Risk associated with the provision of satellite service

#### 3.1.1 In-orbit failure

The satellite is state of the art technology and engineering. Once launched into orbit, the satellite will be under some risks such as a system failure, solar discharges or a collision with other objects in space. These damages will affect THAIKOM's service to the customers. It will degrade, temporarily or permanently, the satellite's performance to uplink and downlink the signals. THAIKOM may lose the current customers and/or may not acquire new customers while replacing the damaged satellite. However, all satellites are designed to some extents withstand a certain amount of damages. The probability of satellites suffering a severe damage to the point of complete failure is very rare. THAIKOM maintains a contingency plan to minimize the adverse effects to the customers in the case of a severe damage to the satellite. These include transferring the customers as many as possible to the available transponders on the

remaining Thaicom satellites. THAICOM has also made the agreements with other satellite operators on a temporary leasing of its transponders until the launch of the replacement satellite. Normally, the construction period of a new satellite will take approximately 24 - 30 months depends on the complexity and size of the satellite.

THAICOM is aware of the potential risks of satellites in geo-stationary orbit; therefore, it minimizes such risks by fully insuring the Thaicom satellites. Under the Agreement for the operation of Domestic Communication Satellite, the Ministry of Information and Communication Technology (MICT) and THAICOM are co-beneficiaries. MICT is the owner of the satellite assets while THAICOM owns the right to operate them. The insurance policy is for full coverage with partial loss, meaning that THAICOM can immediately make a claim when the satellite is partially damaged. To make claim, THAICOM has to submit the Notice of Loss and the Proof of Loss to the insurer. After insurers are in agreement with the Proof of Loss, the claim under the policy will be paid within 45 days following agreement.

The insured value equals to the satellite's book value on the insured date. However, the insured value does not cover a compensation for the loss of

revenue, to THAICOM or its customers, owing to the satellite's damage. This could possibly affect THAICOM's operational performance.

THAICOM is considering the cost - benefit of the insurance policy that insured value cover a compensation for the loss of revenue owing to the satellite's damage.

#### Insured Value Project

Satellite	Insured value (Million USD)		Period
Thaicom 4 (IPSTAR)	181.82		August 2011 – August 2012
Thaicom 5	66.50		May 2011 – May 2012

However, the insurance policy shall not cover the damages to/or the loss of the satellite caused by/or resulting from:

- (1) War, invasion, defence, acts leading to war made by the government, or military action
- (2) Anti-satellite equipment, atomic-bomb, or nuclear-related equipment
- (3) Rebellion, uprising, riot, strike, revolution, civil war, or terrorism
- (4) Seizure by government agencies
- (5) Nuclear reaction, radiation by radioactive waste, which, directly or indirectly, cause loss/damage to the satellite, but except for radiation

naturally occurring in the space environment

- (6) Electromagnetic or radio frequency interference
- (7) Intentional or wilful acts of the insured or the authorized person (s) that cause loss of or failure of the Satellite.

#### 3.1.2 Technological changes

Satellite broadcasting and telecommunications technologies change quickly, and often leads to reduce the investment costs. However, the conventional satellite technology has not changed that much. Therefore its changes will have less impact on the customers' decisions to select THAICOM or other satellites. Certainly, the competency of the operators is an important factor in winning the trust, and for a long term business relationship with the customers. THAICOM has continually developed and followed up the satellite broadcasting technology trends in order to prepare for the launch of the future satellite.

Considering the Broadband satellite technology, Thaicom 4 (IPSTAR) when its first operate is the most advanced satellite and operate with the lowest cost per transponder. Currently, there are other Broadband satellite service providers who have developed the

space as well as ground technologies that can compete with Thaicom 4 (IPSTAR). This will allow the competitive advantages of Thaicom 4 (IPSTAR) decreased and led to a drop in profit margin of both bandwidth and ground equipment.

However, the Thaicom 4 (IPSTAR) is the only broadband satellite in Asia-Pacific and THAICOM continues to develop the new technologies for the ground system to be more cost-effective in order to maintain its competitive edges.

### 3.1.3 Service lives of satellites

Although satellites generally have 12-16 years of service life, there are some factors that will be shortened their life expectancies. This takes into account the quality of the spacecraft, the sturdiness and the durability of its components, the launch vehicle, the efficiency of the launch process, the satellites' fuel consumption and the operator skills in controlling the satellites under different conditions. THAICOM might lose its customers and revenues if the Thaicom satellite has shorter service lives than expected and THAICOM cannot launch any replacement satellite in time.

Thaicom satellite engineering team will regularly perform a calculation

process for the remaining service lives of the satellites. If a satellite is toward the end of its service life, the involved departments will be informed to deliberate on such issues as the budget for the construction of the replacement satellite, the source of financing and the return from investment.

### 3.1.4 Changes in laws, rules, regulations and government policy

THAICOM was incorporated and registered in Thailand to operate satellite telecommunications in the country under the Agreement for the operation of Domestic Communication Satellite. There is a business risk from the rise in competition due to the changes in the Government's rules and regulations on satellite telecommunications license, as well as related telecommunications liberalization policies. In addition, other changes in laws, rules, regulations and policy of the Government can have significant impact, either directly or indirectly, on THAICOM's businesses.

The Agreement for the Operation of Domestic Communication Satellite will expire in the year 2021. The changes in laws, regulations and policy of the government may result in THAICOM not being able to extend the term of the Agreement. THAICOM will try to acquire the license to continue its business

operations after the Agreement has expired. Moreover, such change may lead to new satellite operators who will be THAICOM's competitors in the future.

### 3.1.5 Legal and regulations risks in countries where THAICOM operates

At present, the globalization trend has created a more liberalized telecommunications landscape around the world. It has enabled THAICOM to expand the satellite telecommunications services to many countries. THAICOM strictly abides by the Rules, Regulations, Government Policy, or International Agreement as well as Telecommunications Law of the countries where it operates. The satellite telecommunications business in each country is strictly controlled by its Government and any changes to its policy and regulations including any change in the policy to providing supporter subsidy to the telecom industry may affect THAICOM's license standing and business strategy. In addition, the changes in the policy and regulations of the ITU International Agreement, the Agreement in Asia-Pacific and the countries where THAICOM serves, can significantly impact THAICOM's business opportunities, financial status, and performance. These changes can increase the operating cost and limit THAICOM's business activities.

Additionally, THAICOM may have a tax exposure arising from the change in tax law or the interpretation of tax law in each country.

IPSTAR Service coverage for the Thaicom 4 (IPSTAR) satellite covers 14 countries in the Asia Pacific region, current IPSTAR is commercially available in 13 countries (apart from Taiwan, which has acquired all required landing licenses and is in the process of selecting the most appropriate landing partner). Risks associated with landing rights and licenses have been an issue for commercializing in the past, but with these problems resolved, an increase in sales is expected, such as the case of India.

THAICOM strictly abides by the Law, the Rules, Regulations, Government Policy, or International Agreement of the countries where it operates. Whenever necessary, THAICOM hires and consults law firms in those countries for proper legal process and advice.

### 3.1.6 Potential loss of major customers

Major source of THAICOM's revenue comes from major customers who provide telecommunication and broadcast services. In 2011, THAICOM's revenue from three major customers was 13% of the total revenues from THAICOM's sales and services.

In case one of these major customers have cancelled their services, not renewed the Contract, or renewed the Contract with additional terms and conditions whereas suffering THAICOM business. For example, they may reduce the service costs in the new Contract. Major customers may have financial problem that will delay their payment to THAICOM. These factors will affect THAICOM's business.

However, the major customer has never defaulted on payments to THAICOM as their television broadcasting programs must be on-air for the viewers. In addition, to change to other satellites service will bring technical hurdles as it requires to relocate or reposition the customer's antennas from the Thaicom satellites. The change to other satellites would be very cost prohibitive as well. These are important factors that the customers will not switch to use other satellites.

Commercial risk is part of IPSTAR business. Since IPSTAR wholesales its satellite bandwidth and user terminals through intermediary channels, such as service providers, through which IPSTAR's services is provisioned to End Users. The reliance on a single dominant partner as an intermediary may present itself as an inherent risk as this may lead to limitations to distribution

channels as well as no competitiveness within the market for IPSTAR products and services. With THAICOM's strategy in establishing good relationship with associated partners, good cooperation and trust in IPSTAR business ventures is the expected outcome which will strengthen the IPSTAR business of today, as shown by India, and in the near future, with China.

### 3.1.7 The increasing demand of satellite service slower than forecasted

The expansion of the broadband satellite or Thaicom 4 (IPSTAR) business; for instance, the development of IP communications services including data and multimedia, will depend on the growth of the demand of Internet Protocol (IP) communications as well as high-speed Internet access which may not materialize as forecasted. An insignificant increase in such demand is likely to create a negative impact on THAICOM's cash flow, or ability to repay debt in the future. THAICOM may also be challenged by other terrestrial communications services.

In addition, the expansion of THAICOM's conventional satellite business depends on the demand for television broadcasting services and development, which may not materialize as planned. However, the development

on the television technology and high definition television services will increase demand for satellite services.

### 3.1.8 Competition from other satellite operators and terrestrial network operators

Even though THAICOM is the only satellite service operator in Thailand at present, the Authority may grant the same license to other satellite operators in the future. THAICOM's major international customers are from Indochina and South Asia. The major satellite competitors in these regions include such as AsiaSat, Intelsat, Apstar, New Skies, ABS and Measat. Some of these competitors have large footprint coverage areas and have a tremendous source of funds than THAICOM. The merger and acquisition of the satellite operators has also affected THAICOM. It will cause a highly competition in the market and lead to a price war of the transponder leasing services.

THAICOM has also competed with terrestrial network operators such as fiber optic, DSL, microwave, VHF/UHF broadcasting, digital data services, value-added broadband services, etc. Normally, the terrestrial network services have charged lower than the satellite services. The competition with these terrestrial network operators will limit THAICOM's

price setting. Therefore THAICOM may lose the existing customers to terrestrial services or it will be difficult to get new customers. However, satellite services provide low cost and quickly deployment to remote and less density areas. The satellite also enhances the terrestrial network expansion.

### 3.1.9 Risk resulting from allegations of breach of the terms of the Agreement for the operation of domestic communication satellite

THAICOM provides the satellite telecommunications services under the Agreement for the operation of Domestic Communication Satellite that may be terminated, if THAICOM breaches or violates any material Conditions of the Agreement for the operation of domestic communication satellite. This will incur a significant impact of THAICOM's business opportunities, financial status, and performance.

According to the necessity that THAICOM needed to raise its capital by Public Offering (PO) of new shares and Shin Corporation Plc's proportional percentage of shareholding would be less than 51 percent, the Satellite Agreement for the operation of domestic communication satellite was amended in 2004 to lower the percentage of shareholding in THAICOM that Shin

Corporation Plc was required to own from 51 percent to 40 percent. Moreover, MICT submitted the matter to the Cabinet for consideration but the Secretary General of the Cabinet notified the Ministry that the matter was not required to be submitted to the Cabinet. Later on the Council of State gave its opinion and advice that under the Private Sector State Business Participation Act, any change in the Agreement for the operation of domestic communication satellite required the Cabinet's approval and therefore the amendment to the Agreement for the operation of domestic communication satellite may have to be approved by the Cabinet or if may have been considered void. THAICOM may be accused of breaching the Agreement for the operation of domestic communication satellite prior to the amendment and MICT has requested the opinion of the Juridical Council (the Council of State) on this issue, but the Juridical Council notified MICT that this issue is being considered by the Supreme Court and the Juridical Council could not give any opinion on the issue.

After the Supreme Court gave its decision on 26 February 2010, MICT requested the opinion of the Coordinating Committee, which, by majority votes, recommended that MICT should submit the matter to the Cabinet to resolve that Shin Corporation



Plc shall hold not less than fifty-one percent shares in THAICOM. On 1 March 2011, the Ministry notified THAICOM in writing that THAICOM complied with the recommendation of the Coordinating Committee. On 14 March 2011, THAICOM responded in writing that THAICOM has complied with the terms and conditions of the Operating Agreement and every action taken by THAICOM received prior authorization of the Ministry. In the case the Ministry is of the opinion that THAICOM fails to comply with the Operating Agreement or the law in whatever matter, the Minister should inform THAICOM, and when THAICOM has known of then, THAICOM is pleased to consider together with MICT to take actions which are beneficial to all.

3.1.10 Risk from the ambiguities from the interpretation of the laws relating to compliance with the Agreement for the operation of domestic communication satellite

#### 3.1.10.1 The Issue of Back-up Satellite

Under the Agreement for the operation of domestic communication satellite, THAICOM is required to provide a back-up satellite to each main satellite that it launched into orbit. There is a query whether or not the Thaicom 4 (IPSTAR) satellite should be considered as a backup for Thaicom 3 since the

technical specifications are not the same with the Thaicom 3 Satellite. MICT requested the opinion of the Juridical Council (the Council of State) on this issue but the Juridical Council notified MICT that this issue is being considered by the Supreme Court and the Juridical Council could not give any opinion on the issue.

After the Supreme Court gave its decision on 26 February 2010 that the Thaicom 4 (IPSTAR) could not be considered a back-up satellite for Thaicom 3 and Thaicom 4 (IPSTAR) satellites, by its specifications and design, is intended to provide services mainly to customers abroad and therefore is not under the Agreement. MICT requested the opinion of the Coordinating Committee, which recommended that MICT should notify THAICOM to provide back-up satellite for Thaicom 3 in compliance with the Agreement and MICT should request the Cabinet's direction on the issue of Thaicom 4 (IPSTAR) to ensure fairness for THAICOM and MICT and in accordance with the Supreme Court's decision.

On 1 March 2011, the Ministry notified THAICOM in writing that THAICOM complied with the recommendation of the Coordinating Committee. On 14 March 2011, THAICOM responded in writing that THAICOM has complied

with the terms and conditions of the Operating Agreement and every action taken by THAICOM received prior authorization of the Ministry. In the case the Ministry is of the opinion that THAICOM fails to comply with the Operating Agreement or the law in whatever matter, the Minister should inform THAICOM, and when THAICOM has known of then, THAICOM is pleased to consider together with MICT to take actions which are beneficial to all.

Later on, THAICOM send a letter to MICT requesting its approval for the building and launch of Thaicom 6 satellite as an additional back-up satellite for Thaicom 3 and the approval was given by MICT for Thaicom 6 satellite. For the Thaicom 4 (IPSTAR) satellite, the matter is still pending with MICT.

#### 3.1.10.2 The Issue of the Thaicom 3's insurance proceeds

As a result of the damage of the Thaicom 3 satellite, THAICOM received insurance proceeds amounting of USD 33.0 million which was placed in an escrow account outside Thailand. THAICOM subsequently used all of the insurance proceeds as partial payment for the construction and launch of Thaicom 5 and for the interim lease of transponder capacity until the launch of Thaicom 5.

Under the Budgetary Procedure Act of 1959, all money received by the government agencies shall be delivered to the Ministry of Finance. The Ministry of Information and Communication Technology is a co-beneficiary of the insurance proceeds under the insurance policy. By depositing the insurance proceeds in an escrow account outside Thailand, THAICOM may not be acting in compliance with the provision of the Budgetary Procedure Act 1959. MICT requested the opinion of the Juridical Council (the Council of State) on this issue, but the Juridical Council notified MICT that this issue is being considered by the Supreme Court and the Juridical Council could not give any opinion on the issue.

After the Supreme Court gave its decision on 26 February 2010, that the use by THAICOM of part of the insurance proceeds in the amount of USD 6.7 million to lease transponder capacities from foreign satellite operators to provide service to customers prior to the acquisition of Thaicom 5 was not in compliance with the Agreement. MICT requested the opinion of the Coordinating Committee which recommended that MICT should notify THAICOM to return the said insurance proceed (USD 6.7 million) to MICT and in the case of THAICOM would like to utilize the said amount for the acquisition of

Thaicom 5 as replacement of Thaicom 3, which had become a total loss and had already been de-orbited, THAICOM may submit such request to MICT.

On 1 March 2011, the Ministry notified THAICOM in writing that THAICOM complied with the recommendation of the Coordinating Committee. On 14 March 2011, THAICOM responded in writing that THAICOM has complied with the terms and conditions of the Operating Agreement and every action taken by THAICOM received prior authorization of the Ministry. In the case the Ministry is of the opinion that THAICOM fails to comply with the Operating Agreement or the law in whatever matter, the Minister should inform THAICOM, and when THAICOM has known of then, THAICOM is pleased to consider together with MICT to take actions which are beneficial to all. At present the matter is still pending with MICT.

The detailed steps and process by MICT in connection with the issue of the reduction of Shin Corporation Plc's shareholding in THAICOM from not less than 51 percent to not less than 40 percent in item 3.1.9, the issues of the back-up satellite and Thaicom 3 insurance proceed in item 3.1.10 appear under the heading "Actions that may be taken by government agencies pursuant

to the judgment of the Supreme Court, Criminal Division for Political Office Holders in the Assets Seizure Case against the former Prime Minister given on 26 February 2010.

3.1.10.3 Actions that may be taken by government agencies pursuant to the judgment of the Supreme Court, Criminal Division for Political Office Holders in the Assets Seizure Case against the former Prime Minister given on 26 February 2010

The judgment of the Supreme Court, Criminal Division for Political Office Holders, rendered on 26 February 2010, concerns THAICOM in some aspects. With regard to such aspects, the consequence of the judgment is limited to the holding that some property of the person holding political position was improperly acquired by an abuse of power while being in a political position. The judgment does not contain any ruling or analysis on the result, the validity or invalidity of the actions already taken, nor does it contain any order indicating that THAICOM or relevant government agencies shall take any actions.

MICT appointed an Investigation Committee to consider whether, from the judgment of the Supreme Court, THAICOM has taken actions which are



not in compliance with the Agreement. The Investigation Committee submitted its opinion that (i) Thaicom 4 (IPSTAR) is not the back-up satellite for Thaicom 3 and the THAICOM is under a duty to acquire a back-up satellite for Thaicom 3 (ii) Thaicom 4 (IPSTAR), by its specifications and purpose, is intended to provide service mainly to foreign customers and therefore is not under Agreement (iii) the reduction of Shin Corporation Plc's shareholding in THAICOM from not less than 51 percent to not less than 40 percent, being a material amendment to the Agreement, required the Cabinet's approval to be effective and (iv) MICT's approval for THAICOM to use part of the insurance proceeds in the amount of USD 6.7 million to lease transponder capacity from foreign satellite operators to provide service to customers prior to the building of Thaicom 5 satellite is not in compliance with the Agreement. The ICT Minister forwarded the Investigation Committee's opinion to the Coordinating Committee for consideration and the Coordinating Committee (by majority votes) agreed with the Investigation Committee's opinion and recommended that (i) MICT should notify THAICOM that THAICOM had to acquire Thaicom 3's back up satellite to comply with the Agreement (ii) MICT should submit the matter of Thaicom 4 (IPSTAR) to the Cabinet for direction to ensure fairness

to both THAICOM and MICT and compliance with the Supreme Court's judgment. (iii) MICT should submit the amendment to the Agreement reducing Shin Corporation Plc's shareholding in THAICOM from not less than 51 percent to not less than 40 percent for consideration (iv) MICT should notify THAICOM to return the insurance proceeds in the amount of USD 6.7 million and in the case THAICOM would like to use such amount toward the cost of building and launching Thaicom 5, it should make a formal written request to MICT. The Coordinating Committee submitted its recommendations to the ICT Minister on 7 July 2010

On 1 March 2011, the Ministry notified THAICOM in writing that THAICOM complied with the recommendation of the Coordinating Committee. On 14 March 2011, THAICOM responded in writing that THAICOM has complied with the terms and conditions of the Operating Agreement and every action taken by THAICOM received prior authorization of the Ministry. In the case the Ministry is of the opinion that THAICOM fails to comply with the Operating Agreement or the law in whatever matter, the Minister should inform THAICOM, and when THAICOM has known of then, THAICOM is pleased to consider together with MICT to take actions which are beneficial to all.

However, THAICOM believes that it took all actions in good faith and in accordance with the provisions of the existing agreements. Whether the relevant government agencies will take any action in this regard, no notice of any further action has been given to THAICOM. Nevertheless, the legal teams of THAICOM have considered the matter and view that if any proceeding concerning THAICOM is to be initiated by related parties, such proceeding shall be in accordance with the agreement, law and justice. No proceeding can be improperly concluded or dictated by a single party. THAICOM has every right available under the law and agreements to provide the facts to prove its innocence and good faith; and the outcome of this controversy will be fair to all related parties who are acting in good faith.

3.1.11 Risk on litigation to which THAICOM is not a party but may result in a revocation of Agreement for the operation of domestic communication satellite.

On 20 March 2006, Mr. Satra To-Orn submitted a complaint to the Central Administrative Court (the CAC) against the Ministry of Information and Communications Technology (MICT), the Ministry of Transportation (the Transport Ministry), requesting

the court to (i) order the defendants to terminate the Agreement for the operation of domestic communication satellite entered into with AIS and THAICOM; and (ii) grant a temporary injunction preventing new shareholders of Shin Corporation Plc from taking any action or receiving any benefit under such the Agreement for the operation of Domestic Communication Satellite.

Mr.Satra claims that the defendants should have terminated the Agreement for the operation of domestic communication satellite following the transfer of Shin Corporation Plc's shares to new shareholders which results in material change in shareholding structure and the new shareholders in control of operation of THAICOM that carries on the business which is a Thai national resource that must be owned and operated for the benefit of the Thai people under applicable Thai law. On 17 November 2006, CAC ordered not to accept Mr.Satra's request for provisional remedial measure before delivery of judgment, and On 25 February 2011, the Central Administrative Court delivered its judgement dismissing the case on the ground that there was no evidence to show that THAICOM was an alien under the Foreign Business Act 1999 and the refusal by the MICT to terminate the Operating Agreement

with THAICOM did not constitute failure to perform its duty, and Mr.Satra To-Orn did not file an appeal against the judgement of the CAC. The CAC's judgement was final.

On 19 April 2007, Mr.Supong Limthanakul submitted a complaint to the Central Administrative Court (the CAC) against the Ministry of Information and Communications Technology (the MICT), the National Telecommunications Commission (the NTC), claiming that such government authorities failed to discharge their duties in not carrying out an inspection whether the business operation of THAICOM is contrary to the provision of the law after the sales of Shin Corporation Plc's shares to the new shareholder.

On 28 April 2009, the CAC issued an order making THAICOM the 4th respondent in the case and THAICOM filed the reply to the petition together with supporting evidence with the CAC in July 2009, and on 10 June 2011, the CAC delivered its judgement dismissing the case on the ground that THAICOM is not an alien under the Foreign Business Act B.E.2542 (1999) and the refusal by MICT to terminate the Operating Agreement with THAICOM did not constitute failure to performs its duty. Mr.Supong filed an appeal against the

CAC's judgement with the Supreme Administrative Court (the SAC) on 8 July 2011. On 23 September 2011, THAICOM has filed an argument against appeal with the SAC. The matter is still pending with the SAC.

### 3.1.12 Risk on THAICOM's ability to acquire sufficient transponder capacity for continued service

THAICOM currently operates 2 satellites e.g. Thaicom 4 (IPSTAR) and Thaicom 5. For conventional satellite business, Thaicom 5 has utilization almost 100%. If THAICOM cannot acquire an additional transponder capacity to sufficiently and continuously serve the incoming demands, THAICOM may lose some customers to other satellite competitors. This incident will adversely affect THAICOM's business. However, as THAICOM has been developing the Thaicom 6 project and the Thaicom 7 project, which is expected to be launched into the orbit around the second quarter of the year 2013 and in 2014, respectively, this risk will be minimized. THAICOM will continually acquire additional transponder capacity to serve exceeded demands before the Thaicom 6 satellite launched.

### 3.1.13 Risk from the possibility of retroactive income tax from Thaicom 3's insurance proceeds

As a result of the damage of Thaicom 3 satellite in the year 2003, THAICOM received insurance proceeds in the amount of USD 33 million. THAICOM and the MICT was co-beneficiary of insurance proceeds. In the year 2004, the MICT turns over the insurance proceeds to THAICOM for use in the construction of Thaicom 5 to replace Thaicom 3. THAICOM recognized insurance proceeds as revenue and included it in income tax computation for the year 2005. In the year 2005, THAICOM requested the ruling from the Revenue Department whether the insurance proceeds should be treated as revenue in income tax computation, and the Revenue Department gave its ruling in 2006 that the insurance proceeds should not be treated as revenue for income tax computation. Therefore, THAICOM filed tax return requesting the refund of the tax on insurance proceeds already paid and received the refund from the Revenue department in the same year.

Afterward, there has been reported in the newspaper that the Assets Examination Committee has instructed the Revenue department to demand income tax on

the insurance proceeds in an amount of Baht 306 million from THAICOM as in its opinion, the insurance proceeds constitutes THAICOM's and subject to income tax. However, THAICOM has not yet received any demand from the Revenue department.

### 3.2 Risks associated with the provision of telephone communications service business

#### 3.2.1 Risks relevant to market situation and competition

THAICOM provides telephone communications service business in Cambodia and Lao PDR. The number of local telephone subscribers in both countries is relatively low when compared with the total population figure. This has provided an opportunity for telephone communications business to create new subscriber base. Also, the economy of Cambodia and Lao PDR tends to expand continually as a result of foreign investment and thus giving an opportunity for communications and telecommunications business to benefit from the national economic growth as well as provoking a trend of fiercer combat in telephone communications business, the cellular phone market, in particular. Currently, the number of mobile phone service providers in

Cambodia and Lao PDR is 9 and 4 respectively.

The telephone communications business in Cambodia in the past year confronted a tough price war in an effort to capture market segments from competitors while the communications technology in Lao PDR advanced rapidly introducing modern technology of good quality. Therefore, those entrepreneurs who fail to swiftly react against the competition may be adversely affected.

In anticipation of possible tougher competition, THAICOM has continuously strived to develop and expand the network and service area, improve service quality, and map out new market strategy to fight off future competitions.

#### 3.2.2 Risks relevant to contract renewal of telecommunications service providing in Cambodia and Lao PDR

The telephone communications business in Cambodia and Lao PDR is due to expire in 2028 and 2021 respectively. In the event of THAICOM's failure in negotiating with the Governments for contract renewal, THAICOM is subject to transfer all assets to Cambodian Government and its joint venture stakes to Lao Government without any remuneration. In such case,

THAICOM will lose its revenue earned from the business, which will naturally impact THAICOM's performance. However, THAICOM is confident that its potentiality, promptness and experience in telecommunications business, will contribute to THAICOM's success in renewing the contract to provide services in Cambodia and Lao PDR.

#### 4. Media and advertising business

##### 4.1 The case between ITV and the Permanent Secretary of the Office of the Prime Minister (PMO)

Even though ITV has in good faith complied with the arbitral awards, which are final and immediately binding both parties, with respect to the law and the Operation Agreement, if ITV loses the case to the PMO, ITV may be liable for payment obligations. Such debt burden may arise from the difference of the minimum operating fee in the amount of Baht 2,891 million for the period of 3 July 2004 to 7 March 2007, the interest thereof at the rate of 15% per annum calculated since the date that the Supreme Administrative Court rendered its judgment on 14 December 2007 to 31 December 2011 in the amount of Baht 2,132 million (Since the fourth quarter of 2006, ITV has set aside a provision on its financial statements

for any losses that might incur from the potential defeat in the Court's cases).

Nonetheless, if the Court rules that ITV is required to pay Baht 97,760 million fine to the PMO for the adjustment of its broadcasting programs during the period of 31 January 2004 to 14 December 2007 as well as Baht 656 million difference of the minimum operating fee and interest thereof at the rate of 7.5% per annum calculated since the date that the PMO filed the complaint. Since total obligation claims from the PMO exceeded ITV's existing cash and cash equivalents of Baht 1,126 million in Separate financial statements as at 31 December 2011, ITV may as a consequence face the financial crisis.

##### 4.2 Risks in relation to the announcement of The Stock Exchange of Thailand (SET) about the amendments and procedures for listed company facing possible delisting due to operations or financial conditions as per amended procedures and guidelines effective on 26 January 2011.

Since 7 March 2007, ITV was forced to cease its broadcasting operation of ITV Station. As a result, ITV had to face a disruption of income from television broadcasting business. It also caused the SET to announce that ITV shares

may be subjected to be delisted from 9 March 2007 onwards with reference to the SET's regulation, reference: delisting of securities B.E. 2542 as well as place up the signs NC (Non-Compliance) and SP (Suspension) until ITV is able to restructure its business operations to eliminate the causes of possible delisting.

On 4 June 2009, the SET had withdrawn ITV shares from the main trading board and moved to Non-Performing Group (NPG) until such time that ITV can restructure its operating performance thereby removing the causes of possible delisting.

On 19 January 2011, the SET announced the amendments and procedures for listed company facing possible delisting due to operations or financial conditions as per amended procedures and guidelines which came into effect on 26 January 2011. The SET allowed the ITV 3 years for rehabilitation to resolve the delisting grounds (going through 3 stages - each of 1 year). Starting from 10 March 2011, ITV could submit the request to undertake one-time extension in rehabilitation which the extension period was not more than one (1) year (The maximum rehabilitation period does not exceed four (4) years). To qualify for an extension, ITV must meet all of these criteria:-

1. Shareholder equity must not less than Baht 20 million or the ITV must generate the profits from the its core business in one (1) year period.
2. ITV must have a major core business that is sustained.
3. ITV must have solid plans to resolve the possible delisting grounds.
4. ITV must meet all regulations on requirements of the company directors or management who must not to be the prohibited persons.

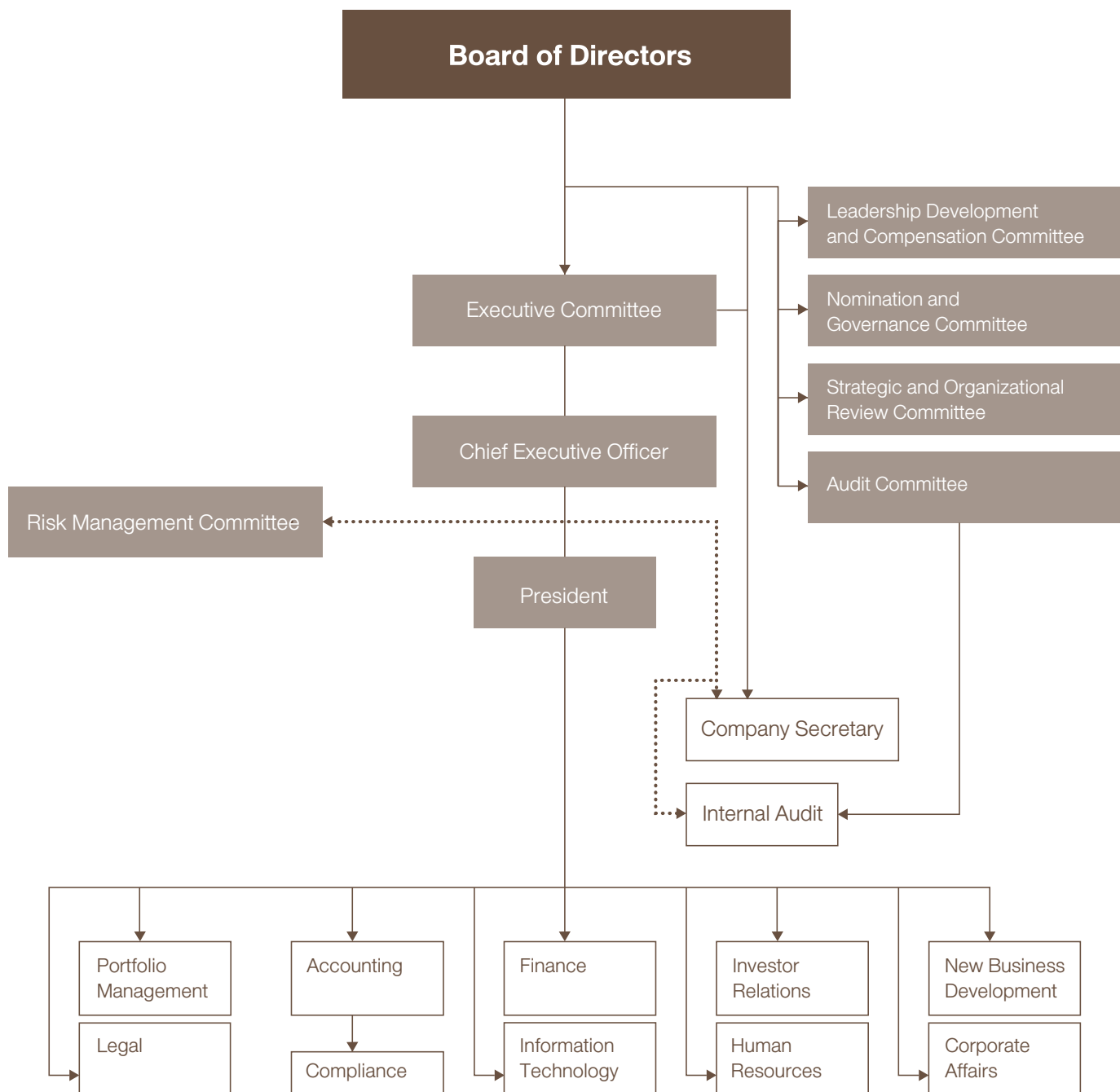
or find ways to improve shareholders' equity in the balance sheet to a positive position, at least Baht 300 million. ITV has to generate a profit from operating main business at least Baht 30 million. Once this has been achieved, ITV has to generate an accumulated profit at least Baht 466 million in one year in case of inconsecutive profit for rectifying the cause of delisting ITV.

If ITV is unable to meet the requirements to resolve its grounds within the given period, the SET will inform to the SET Board to consider approving delisting ITV's securities. This may cause of possible delisting ITV from the SET and ITV's securities will not be able to trade in the SET market any longer.

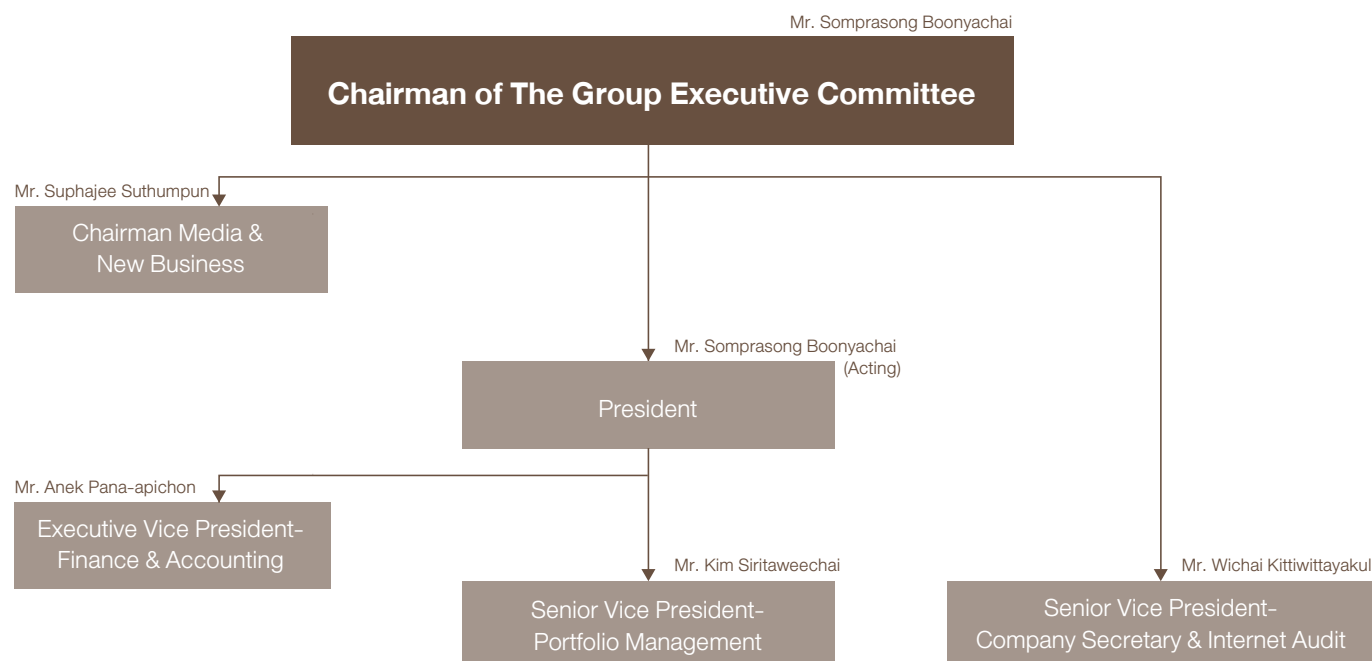
As there are still some ongoing legal cases, the Court's consideration may take time before the final outcome of the justice process and the result of which may have a material impact to ITV's financial status and operating performance in the long run. In terms of the financial position as of 31 December 2011, ITV had a negative shareholders' equity of Baht 3,898 million and an accounting expense from a provision for interest which may arise in case that ITV loses the case at the rate of 15 % per annum on the difference of the minimum operating fee of Baht 2,891 million, equivalent to a yearly amount of Baht 434 million or a quarterly amount of Baht 109 million. According to the conditions on the rehabilitation plan for the period of three (3) years prescribed by the SET, ITV is required to search for new businesses that could increase retained earnings by at least Baht 4,198 million

## Management and Corporate Governance

Organization Chart



## Top four executives



## 1) The Board of Directors

As at 31 December 2011, the Board comprised the following members:

Name of Director	Position	Date Appointed
1. Dr. Virach Aphimeteetamrong	Chairman of the Board of Directors	7 November 2001
2. Mr. Vithit Leenutaphong	Independent Director	16 October 2000
3. Mr. Somchai Supphatada	Independent Director	30 June 2006
4. Mr. Chalaluck Bunnag	Independent Director	14 August 2007
5. Mr. Boon Swan Foo	Non-Executive Director	26 September 2007
6. Mr. Bodin Asavanich	Non-Executive Director	11 August 2010
7. Mr. Somprasong Boonyachai	Executive Director	25 April 2007
8. Mr. Prasert Bunsumpun	Independent Director	26 December 2011

### Director who resigned during the year 2011

Mr. Arak Chonlatanon resigned on 26 December 2011 and the Board appointed Mr. Prasert Bunsumpun to replace him. The Secretary to the Board is Mr. Wichai Kittiwittayakul.

## 2) Duties and Responsibilities of the Board

The Board has the following duties and responsibilities:

- Perform its duties with honesty, integrity and prudence, in accordance with the law, the Company's objectives and Articles of Association, and resolutions passed at shareholders' meetings in order to carefully protect the Company's interests.
- Formulate the Company's strategic vision, direction and policy, and supervise the management team to ensure that they operate efficiently and effectively in order to maximize the wealth and economic value of the Company for its shareholders.
- Consider and approve major issues such as large investments, policy, management authority, and any transactions as prescribed by law.
- Approve or agree to all major related transactions between the Company and its subsidiaries in compliance with the relevant notifications, regulations and guidelines of the Stock Exchange of Thailand.
- Assess the performance of the Executive Chairman and the executive directors, and fix appropriate remuneration on a regular basis.
- Be responsible for overseeing operational results and performance of the management team in order to ensure due attentiveness and care.
- Arrange appropriate accounting systems, including the preparation of financial reports and a reliable auditing system; oversee processes and evaluate the internal control system, the internal audit system and the risk management system to ensure their effectiveness and efficiency, as well as follow up on results.
- Ensure avoidance of conflicts of interest amongst the Company's stakeholders.
- Supervise business operations to enforce ethical work standards.
- Annually review the Company's corporate governance policy and assess due compliance.
- Report on the execution of its responsibility to prepare financial reports, along with the external auditor's report in the Company's annual report covering key issues according to the Policy Statement and the Stock Exchange of Thailand's *Code of Best Practices for Directors of a Listed Company*.

## 3) Authorized Signatories

The following directors have been designated as the Company's authorized signatories: Mr. Boon Swan Foo, Mr. Virach Aphimeteetamrong, and Mr. Somprasong Boonyachai. Validation of all documents requires the signatures of any two of these three directors along with the Company's seal.

## 4) Appointment to the Board of Directors

The Nomination and Governance Committee is responsible for nominating new board members to be appointed by the Board and/or the shareholders. This committee may use various methods such as asking serving board members to propose suitable persons or hiring a recruitment agency. New board members are selected on the basis of the Board's composition and expertise as well as the Company's future business direction in order to find suitable persons with the necessary skills the Board might lack. This process is undertaken in accordance with the rules and regulations specified below (which can be found in the Articles of Association on the Company's website at [www.intouchcompany.com](http://www.intouchcompany.com)).



1. At each annual general meeting of shareholders, one-third of the board members are required to retire. If the total number of members is not a multiple of three, the number of directors nearest to one-third shall retire. The directors to retire from office in the first and second years after the registration of the Company shall be selected by drawing lots. In subsequent years, the longest-serving directors shall retire, but if they vacate office under this condition, they may be re-elected.

2. Regulations for the election of board members at the shareholders' meetings are as follows:

2.1 Every shareholder shall have one vote for each share he or she holds.

2.2 Each shareholder may exercise all the votes he or she has under (2.1) to elect one or several persons as directors. In the event of electing several directors, the shareholder may not allot his or her votes to any person unequally.

2.3 The candidates will be ranked in descending order from the highest to the lowest number of votes received, and appointed in this order until all the positions are filled.

In cases where there is a tie and selection of both candidates would result in an excessive number of directors, the Chairman will cast the deciding vote.

3. If a vacancy arises on the Board for reasons other than the expiration of a director's term of office, the Board will, at the next scheduled meeting, select a temporary replacement, choosing a person with the appropriate qualifications in accordance with Section 68 of the Public Limited Companies Act B.E. 2535 and related laws. The temporary replacement must be approved by a vote of not less than three-quarters of the remaining directors, and will hold the position only until the normal expiration of the departed director's term of office. If this is less than two months, no temporary replacement will be appointed.

## **5) Definition of Independent Director**

An independent director is a qualified and independent person according to the Company's Corporate Governance Policy established by the Board, and the definition of the Capital Market Supervisory Board. An independent director must meet the following criteria:

5.1 Not hold shares exceeding one-half (0.5) percent of the total number of voting shares of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person including shares held by related persons of the independent director.

5.2 Not be nor have been an executive director, officer, employee, controlling person or advisor who receives a salary, of the Company, its parent company, subsidiary, same-level subsidiary, affiliate, major shareholder or controlling person, unless the foregoing status ended not less than two (2) years prior to the date of appointment. This restriction shall not apply to an independent director who has been a government officer or an advisor to a government authority that is a major shareholder or controlling person of the Company.

5.3 Not be a person related by blood or registration under law, such as a father, mother, spouse, sibling, or child, including spouses of children, executives, major shareholders, controlling persons, or persons to be nominated as executives or controlling persons of the Company or its subsidiaries.

5.4 Not have nor have had a business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, in a manner which may interfere with his or her independent judgment, and neither being nor having been a substantial shareholder or controlling person of any entity having business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person who may have a conflict of interest unless the foregoing status ended not less than two (2) years prior to the date of appointment.

The term “business relationship” mentioned above includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or its counterparty being subject to indebtedness payable to the other party in the amount of three (3) percent or more of the net tangible assets of the Company or twenty (20) million baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for the value of connected transactions under the Notification of the Capital Market Supervising Committee Re: Rules on Connected Transactions *mutatis mutandis*. The combination of such indebtedness shall include indebtedness occurring during the course of one (1) year prior to the date on which the business relationship with the person commences.

5.5 Neither be nor have been an auditor of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person nor be a substantial shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, unless the foregoing relationship ended not less than two (2) years from the date of appointment.

5.6 Neither be nor have been any kind of professional advisor including a legal advisor or financial advisor who receives an annual service fee exceeding two (2) million baht from the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, and neither be nor have been a substantial shareholder, controlling person or partner of the professional advisor unless the foregoing relationship ended not less than two (2) years from the date of appointment.

5.7 Not be appointed as a representative of the Company’s directors, the major shareholder or any other shareholder who is a related person to the major shareholder.

5.8 Not conduct any business which of the same nature as the Company’s or its subsidiaries’ businesses and is in competition with them in any material respect, nor be a substantial partner, shareholder holding more than one (1) percent of the voting shares, director (having management role), employee, officer or advisor (obtaining a regular

salary) of any company whose business is of the same nature as the Company's or its subsidiaries' businesses, and is in competition with them in any material respect.

5.9 Not have any characteristics which make him or her incapable of expressing independent opinions with regard to the Company's business affairs.

After having been appointed as an independent director with qualifications complying with the criteria under 5.1 to 5.9, the independent director may be assigned by the Board to take part in the business decisions of the Company, its parent company, subsidiary, affiliate, same-level subsidiary or legal entity who may have a conflict of interest, on condition that these decisions must be collective ones.

## 6) The Audit Committee

The Audit Committee was established on 5 May 1998 and comprises three (3) independent directors with the full qualifications required under the guidelines of the Capital Market Supervisory Board and the Stock Exchange of Thailand. As at 31 December 2011, the following persons were serving on the committee:

Name	Position
1. Mr. Somchai Supphatada	Chairman
2. Mr. Vithit Leenutaphong	Member
3. Mr. Chalaluck Bunnag	Member

Mr. Somchai Supphatada holds the position of Assistant Professor and Head of the Department of Accounting, Thammasat University. He has extensive knowledge and experience as a consultant on accounting standards for more than 13 years along with the competence to review the reliability of financial statements.

Both Mr. Vithit Leenutaphong and Mr. Chalaluck Bunnag are experienced in the field of management, finance and investment.

The Audit Committee has the following duties and responsibilities:

- Review the accuracy of the Company's financial reports in accordance with generally accepted accounting principles, and ensure there is adequate disclosure.
- Review the Company's internal control system and internal audit system to ensure that they are suitable and efficient.
- Review the Company's compliance with the laws on securities and exchange, the regulations of the Stock Exchange of Thailand (the "SET"), and the laws relating to the Company's business.
- Consider, select and nominate an independent person to be the Company's auditor, propose the auditor's remuneration, and attend a non-management meeting with him or her at least once a year.
- Review the external auditor's independence, and establish a policy on the engagement of audit firms to provide non-audit services to the Company.

- 
- Review the Company's Corporate Governance Policy and propose any changes to the Board for approval.
  - Review all connected transactions or transactions that may lead to conflicts of interest, to ensure that they are in compliance with related laws and the regulations of the SET, are reasonable and bring the highest benefit to the Company.
  - Review the risk management system to ensure it is appropriate and effective.
  - Determine the internal audit unit's independence, as well as approve the appointment, rotation, termination, performance appraisal and remuneration of the head of this unit.
  - Review and comment on the internal audit plan and the performance of the internal audit department, and cooperate with the external auditors.
  - Prepare reports to be signed by the Chairman of the Committee and disclosed in the Company's annual report. These must contain the following information:
    - An opinion on the accuracy, completeness and reliability of the Company's financial report.
    - An opinion on the adequacy of the Company's internal control system.
    - An opinion on the compliance with the law on securities and exchange, the regulations of the SET and the laws relating to the Company's business.
    - An opinion on the suitability of the external auditor.
    - An opinion on transactions that may lead to conflicts of interest.
    - The number of committee meetings held and the members' attendance.
    - Any comments or opinions received by the committee regarding its performance in accordance with the charter.
    - Any other transaction which, according to the committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Board.
  - Investigate any circumstances reported by the external auditor where a director, executive or other person responsible for the Company's operations, is suspected of committing an offense under the Securities and Exchange Act (No.4) B.E. 2551. The committee shall report the results of the preliminary investigation to the Board, the Office of the Securities and Exchange Commission, and the external auditor within thirty (30) days from the date reported by the external auditor. The type of suspicious circumstances that must be reported and the procedures for obtaining information pertinent to these are listed in and must comply with the notifications of the Capital Market Supervisory Board.
  - If, during the performance of its duties, the committee finds or suspects any of the following situations which may have a material impact on the Company's financial condition or operating results, it must report these to the Board for rectification within a period of time the committee deems appropriate:
    - A transaction which causes a conflict of interest.
    - Any act of fraud, irregularity, or material defect in an internal control system.
    - An infringement of the law on securities and exchange, the regulations of the SET, or any law relating to the Company's business.

If the Board or management fails to rectify the situation within the period of time stipulated by the committee, any member of the committee may report this situation to the Office of the Securities & Exchange Commission or the SET.
  - Report the committee's performance to the Board at least four (4) times a year.

- Summon members of the management team, executives or employees to make comments, attend meetings, or provide any documents deemed relevant and necessary.
- Hire advisors or external personnel in line with the Company's regulations to make comments or give advice as necessary.
- Annually undertake a self-assessment program to evaluate the committee's scope of work and performance.
- Annually review and reassess the adequacy of this charter and submit any proposed changes to the Board for approval.
- Perform other tasks requested by the Board, which the committee agrees to.

The Audit Committee held seven (7) meetings during 2011 in order to perform its duties as delegated by the Board. Details of its performance and opinions can be found in the Audit Committee Report.

#### 7) The Leadership Development and Compensation Committee

The Leadership Development and Compensation Committee comprises three (3) directors, of whom the majority are non-executive directors. As at 31 December 2011, the following persons were serving on the committee:

Name	Position
1. Mr. Boon Swan Foo	Chairman
2. Mr. Vithit Leenutaphong	Member
3. Mr. Somprasong Boonyachai	Member

The Leadership Development and Compensation Committee has the following duties and responsibilities:

- Fix appropriate annual remuneration in monetary and/or non-monetary form as a motivation and retention measure for the Board, committee members and top executives.
- Draw up guidelines to provide appropriate remuneration for the Board and top executives to be submitted to the Board and/or the shareholders' meetings for approval.
- Review and approve the Company's performance in order to determine the annual KPI bonus and merit-based increase in salary across the Company.
- Consider and approve the long-term compensation plan and related guidelines.
- Consider and approve the performance evaluation of the Company's and its subsidiaries' CEOs and those who report directly to them in order to determine their annual bonus and merit-based increase in salary.
- Consider and approve the annual bonus allocation for the Board.
- Disclose policies governing the directors' remuneration in the annual report.
- In consultation with the Company's Chief Executive Officer (CEO), identify and evaluate potential successors for the Company's and its subsidiaries' chief executive officers and those who report directly to them, and report annually to the Board on executive succession planning.
- In consultation with the Company's CEO, introduce succession planning policies for the Company's and its subsidiaries' CEO positions and those who report directly to them.

- Oversee the processes by which the CEO and members of executive management are evaluated.
- Engage consultants or independent persons to provide opinions or advice if necessary, especially on leadership development.
- The committee is accountable to the Board and under obligation to explain its decisions at the shareholders' meetings, and answer questions that may arise.
- Annually review and reassess the adequacy of its charter and recommend any proposed changes to the Board for approval.
- Report regularly to the Board on matters within the scope of the committee, as well as any special issues that merit the Board's attention.
- Request members of the management or staff to attend the committee meetings or provide pertinent information on the matters under discussion.
- Perform other tasks as designated by the Board.

The Leadership Development and Compensation Committee held seven (7) meetings during 2011 in order to perform its duties as delegated by the Board.

#### 8) The Nomination and Governance Committee

The Nomination and Governance Committee comprises four (4) directors, of whom the majority are non-executive directors. As at 31 December 2011, the following persons were serving on the committee

Name	Position
1. Mr. Boon Swan Foo	Chairman
2. Mr. Somprasong Boonyachai	Member
3. Mr. Vithit Leenutaphong	Member
4. Mr. Bodin Asavanich	Member

The Nomination and Governance Committee has the following duties and responsibilities:

- Annually review with the Board the criteria for board membership, including any minimum qualifications and any necessary qualities or skills, which are set forth in the Company's Corporate Governance Policy.
- Review and make recommendations to the Board with respect to the size, structure, composition, term, processes and practices of the Board and its committees.
- Identify, evaluate and recruit individuals qualified for board membership.
- Consider nominees for directorships proposed by the Company's shareholders.
- Recommend to the Board nominees to be proposed for election at the shareholders' meetings or to be elected by the Board to fill vacancies or newly-created directorships.
- Recommend to the Board nominees (including Chairpersons) for appointment to the Executive Committee and other board committees.

- Consider and nominate the Company's representatives to sit on the boards of the Company's subsidiaries, associates and joint ventures.
- Periodically review the Company's standards of director independence and recommend any proposed changes to the Board for approval.
- Oversee the orientation program for new board members.
- Review and make recommendations to the Board with respect to the Company's process for the continuing education of board members.
- Engage consultants or independent persons to provide opinions or advice if necessary, in accordance with the Company's regulations.
- Implement and oversee the annual performance evaluations of the Board, board committees (including a review of its own performance) and each board member; review the results of each board committee's evaluation and report the results of all the evaluations to the Board.
- Assist the Audit Committee to periodically review the Company's Corporate Governance Policy and recommend any proposed changes to the Board for approval.
- Review potential waivers of the Code of Conduct involving members of the Board or executive management and make recommendations to the Board as necessary.
- In consultation with the Chairman of the Board and CEO, evaluate potential successors for the Chairman of the Board position and other directorships, and report annually to the Board on succession planning.
- Annually review and reassess the adequacy of the committee's charter and submit any proposed changes to the Board for approval.
- Report regularly to the Board on matters within the scope of the committee, as well as any special issues that merit the attention of the Board.
- Perform such other duties required by law or are otherwise necessary or appropriate to ensure the effective functioning of the Board, high quality corporate governance, effective compliance and ethics programs, or as the Board may from time to time assign to the committee.

The Nomination and Governance Committee held two (2) meetings during 2011 in order to perform its duties as delegated by the Board.

#### **9) The Strategic and Organizational Review Committee**

The Strategic and Organizational Review Committee comprises six (6) directors as approved by the Board. As at 31 December 2011, the following persons were serving on the committee:

Name	Position
1. Mr. Boon Swan Foo	Chairman
2. Mr. Vithit Leenutaphong	Member
3. Mr. Somprasong Boonyachai	Member
4. Mr. Yong Lum Sung	Member
5. Mr. Vikrom Sriprataks	Member
6. Ms. Suphajee Suthumpun *	Member

\* Ms. Suphajee was appointed to the Strategic and Organizational Review Committee on 11 August 2011, to replace Mr. Arak Chonlatanon who had resigned from the committee on the same day.

The Strategic and Organizational Review Committee has the following duties and responsibilities:

- Establish and guide the strategic direction of Intouch Group (the “Group”) in conjunction with the management.
- Review the strategic direction of each company in the Group on an annual basis in order to develop the annual business plans for submission to the Board.
- Review the half-yearly performance of each company in the Group and propose any necessary changes in strategic direction to the Board.
- Study major strategic moves or new business ideas proposed by the executive committees of the companies in the Group.
- Establish a sustainable organizational structure and define resource requirements in support of the Group’s strategic direction.
- Coordinate with the Leadership Development and Compensation Committee to ensure alignment between its scope of work and the Group’s strategic direction.
- Establish and oversee all the Group’s new business policies.
- Identify and evaluate new opportunities for business and synergy within the Group.
- Engage consultants or independent persons to provide opinions or advice if necessary.
- Regularly participate in technology- and business-related conferences, exhibitions or overseas company visits in order to learn about and keep abreast of new technology, products and services.
- Annually review and reassess the adequacy of the committee’s charter, and recommend any proposed changes to the Board for approval.
- Report regularly to the Board on matters within the scope of the committee, as well as any special issues that merit the Board’s attention.
- Summon members of the management or staff to attend the committee’s meetings or provide pertinent information on the matters under discussion.
- Perform other tasks as designated by the Board.

The Strategic and Organizational Review Committee held seven (7) meetings during 2011 in order to perform its duties as delegated by the Board.



## 10) The Executive Committee

The Executive Committee comprises qualified and experienced members as recommended by the Nomination and Governance Committee and approved by the Board. As at 31 December 2011, the following persons were serving on the committee:

Name	Position
1. Mr. Somprasong Boonyachai	Chairman
2. Mr. Vikrom Sriprataks	Member
3. Mr. Wichian Mektrakarn *	Member
4. Ms. Suwimol Kaewkoon	Member
5. Ms. Suphajee Suthumpun **	Member

\* Mr. Wichian Mektrakarn was appointed to the Executive Committee on 17 February 2011.

\*\* Ms. Suphajee Suthumpun was appointed to the Executive Committee on 11 August 2011, to replace Mr. Arak Chonlatanon who had resigned from the committee on the same day.

The Executive Committee has the following duties and responsibilities:

- Provide recommendations on the Company's strategic direction, management structure, and annual business plan and budget for the Strategic Organizational Review Committee's consideration.
- Manage the Company's business operations in order to achieve the planned objectives and targets.
- Monitor the financial and operating results of the Company and the companies in the Group, and keep the board members informed by monthly report.
- Identify and evaluate new business opportunities.
- Review the Company's dividend policy and make recommendations to the Board.
- Review and approve all transactions concerning investments and disposal of assets, human resource management, finance and treasury, general administration and any other transaction related to the Company's business within the limits of delegated approval authority granted by the Board.
- Oversee and manage the Company's investments and provide direction on key issues at companies in the Group before the relevant executive committee considers them.
- Review matters that require the Board's approval and make appropriate recommendations with the exception of activities that have been delegated to other board committees.
- Consider and review the Company's risk management and control systems.
- The Executive Committee may delegate its authority to any member of the management or staff as it deems appropriate. However, such authority does not permit the committee or anyone appointed by the committee to approve any transaction between them or related persons having mutual benefits or conflicts of interest (as prescribed in the Company's Articles of Association and Notifications of the Securities Exchange Commission). The approval for transactions shall be in accordance with the policies and principles already determined by the Board and regulatory bodies.

The Executive Committee held sixteen (16) meetings during 2011 in order to perform its duties as delegated by the Board.

### 11) Company Secretary

On August 14, 2008, the Board passed a resolution to establish the Company Secretary Office. The incumbent Company Secretary is Mr. Wichai Kittiwittayakul. The Company Secretary has a dual reporting line to the Board & its committees and the management. The Company Secretary Office has the following duties and responsibilities:

- Organize and facilitate board and board committee meetings.
- Organize the annual general meeting of shareholders, and record and publish the related minutes.
- File all documents and related records.
- Monitor and ensure that the Board is in compliance with all related laws and regulations.
- Handle corporate governance issues and provide advice on these to the Board.
- Assist shareholders, directors and members of management with any board-related matters.
- Follow up on all resolutions passed and instructions given by the Board and shareholders' meetings.
- Perform any other actions specified in the Securities and Exchange Act (No. 4) B.E. 2551 or related laws and regulations including notifications from the Capital Market Supervisory Board.

### 12) Management Team

As at 31 December 2011, the Company's management team, as defined by the Securities and Exchange Commission, consisted of the following persons:

Name	Position
Mr. Somprasong Boonyachai	Chief Executive Officer and Acting President
Ms. Suphajee Suthumpun *	Chairman of the Executive Committee - Media & New Business
Mr. Anek Pana-apichon	Executive Vice President - Finance and Accounting
Mr. Wichai Kittiwittayakul	Senior Vice President - Company Secretary & Internal Audit
Mr. Kim Siritaweechai	Senior Vice President - Portfolio Management

\* Ms. Suphajee was appointed to this position on 1 October 2011 to replace Mr. Arak Chonlatanon.

### 13) Remuneration for the Company's Directors and Management Team

#### Remuneration for the Board of Directors

At the 2011 Annual General Meeting of Shareholders held on 1 April 2011, the shareholders approved a total remuneration for the Board and its sub-committees not exceeding Baht 18 million. Each board member's remuneration consists of a monthly retainer, annual retainer (Bonus), and meeting allowance as specified below:

- The Chairman of the Board shall receive a monthly retainer of Baht 300,000 and an annual retainer but shall not receive a meeting allowance or any remuneration as the chairman or member of any board committee.
- Each director shall receive a monthly retainer of Baht 75,000 an annual retainer, and a meeting allowance of Baht 25,000 for each board or board committee meeting.

- The Chairman of the Audit Committee shall receive a monthly retainer of Baht 25,000 whilst chairmen of other committees shall receive a monthly allowance of Baht 10,000.
- Executive directors shall not receive any remuneration as members of the Board.

Director	Remuneration (Baht)		
	Monthly Retainer	Meeting Fee	Annual retainer
The Board of Directors			
Chairman	300,000	-	✓
Member	75,000	25,000	✓
Audit Committee			
Chairman	25,000	25,000	✓
Member	-	25,000	✓
Other Committees			
Chairman	10,000	25,000	✓
Member	-	25,000	✓

During 2011, the total remuneration paid to the Board and board committee members was Baht 16,674,795 (including accrued annual retainers of Baht 5,375,000 paid in February 2012), an increase of Baht 1,239,796, or 8.03%, from Baht 15,434,999 in 2010.

Unit : Baht

Name	Position	Remuneration for 2011
1. Dr. Virach Aphimeteetamrong	Chairman of the Board of Directors	4,600,000
2. Mr. Somchai Supphatada	Director, Chairman of Audit Committee	2,650,000
3. Mr. Vithit Leenutaphong	Director Member of Audit Committee, Member of Leadership Development and Compensation Committee, Member of Nomination and Governance Committee, Member of Strategic and Organizational Review Committee	3,500,000
4. Mr. Chalaluck Bunnag	Director, Member of Audit Committee	2,350,000

Name	Position	Remuneration for 2011
5. Mr. Boon Swan Foo	Director, Chairman of Leadership Development and Compensation Committee, Chairman of Nomination and Governance Committee, Chairman of Strategic and Organizational Review Committee	3,085,000
6. Mr. Bodin Asavanich	Director, Member of Nomination and Governance Committee	0*
7. Mr. Arak Chonlatanon **	Director, Member of Executive Committee Member of Strategic and Organizational Review Committee	350,000
8. Mr. Prasert Bunsumpun ***	Director	14,795
Committee Members		
9. Mr. Yong Lum Sung	Member of Strategic and Organizational Review Committee	125,000
Total		16,674,795

\* Mr. Bodin declared that he would not accept any kind of director's remuneration from 1 January 2011.

\*\* Mr. Arak became a non-executive director on 1 October 2011 and resigned from the Company on 26 December 2011.

\*\*\* Mr. Prasert was appointed as a director on 26 December 2011 to replace Mr. Arak Chonlatanon.

### Remuneration for the Management Team

The total remuneration for the six (6) members of the management team (as defined by the Securities and Exchange Commission) was Baht 69.21 million which comprised salaries, annual retainer payments, the provident fund and other benefits.

### Other Remuneration

For the five consecutive years between 2002 and 2006, the Company issued and allotted warrants to its directors and employees under an ESOP program. The terms of the warrants issued each year did not exceed five years from the date of issuance and offering for sale. The warrants had similar details, descriptions, rights and conditions, and all of them had expired by 30 July 2011.

## 14) Total Remuneration of Core Subsidiaries' Directors and Management Teams

### 14.1) Advanced Info Service Plc. (AIS)

#### Remuneration for the Board of Directors

During 2011, AIS paid its Board of Directors a total remuneration of Baht 13,257,104 (including accrued annual retainer of Baht 5,254,247 paid in February 2012), an increase of Baht 32,104 or 0.24%, from Baht 13,225,000 in 2010.

Unit : Baht

Name	Position	Remuneration for 2011
1. Dr. Paiboon Limpaphayom	Chairman Chairman of Nomination and Governance Committee, Chairman of Remuneration Committee	2,850,000
2. Mr. Aviruth Wongbuddhapitak	Director, Chairman of Audit Committee, Member of Remuneration Committee	3,100,000
3. Mrs. Tasanee Manorot	Director, Member of Audit Committee	2,150,000
4. Mr. Surasak Vajasit	Director, Member of Audit Committee, Member of Nomination and Governance Committee	2,225,000
5. Mr. Dusit Nontanakorn *	Director	841,438
6. Mr. Hubert Ng Ching-Wah	Director Member of Executive Committee	1,925,000
7. Mr. Arnon Tubtiang **	Director	165,665
Total		13,257,103

\* Mr. Dusit was appointed on 21 February 2011 but ceased to be a director due to his death on 6 September 2011.

\*\* Mr. Arnon resigned from the board on 11 February 2011.

#### Remuneration for the Management Team

The total remuneration for the seven (7) members of the management team (as defined by the Securities and Exchange Commission) was Baht 101.59 million, which comprised salaries, bonus payments, the provident fund and other benefits.

#### Other Remuneration

For the five consecutive years between 2002 and 2006, AIS issued and allotted warrants to its directors and employees under an ESOP program. The terms of the warrants issued each year did not exceed five years from the date of issuance and offering for sale. The warrants had similar details, descriptions, rights and conditions, and all of them had expired by 30 May 2011.

#### 14.2 Thaicom Plc. (Thaicom)

##### Remuneration for the Board of Directors

During 2011, Thaicom paid its Board of Directors a total remuneration of Baht 9,000,000 (including accrued annual retainer of Baht 2,125,000 paid in February 2012), an increase of Baht 925,000 or 11.45%, from Baht 8,075,000 in 2010.

Unit : Baht

Name	Position	Remuneration for 2011
1. Mr. Paron Isarasena Na Ayudhya	Chairman Chairman of Governance and Nomination Committee, Chairman of Remuneration Committee	2,109,896
2. Prof. Hiran Radeesri	Director, Chairman of Audit Committee	1,906,250
3. Mrs. Charintorn Vongspootorn	Director, Member of Audit Committee, Member of Governance and Nomination Committee, Member of Remuneration Committee	1,767,708
4. Mr. Samrieng Mekkiengkrai	Director, Member of Audit Committee	1,517,708
5. Mr. Yong Lum Sung	Director, Member of Executive Committee	1,698,438
	Total	9,000,000

#### Other Remuneration

For the five consecutive years between 2002 and 2006, Thaicom issued and allotted warrants to its directors and employees under an ESOP program. The terms of the warrants issued each year did not exceed five years from the date of issuance and offering for sale. The warrants had similar details, descriptions, rights and conditions, and all of them had expired by 30 May 2011.

#### Remuneration for the Management Team

The total remuneration for seven (7) members of the management team (as defined by the Securities and Exchange Commission) not including Mr. Arak Chonlatanon was Baht 51.57 million which comprised salaries, bonus payments, the provident fund and other benefits.

#### 14.3 ITV Plc. (ITV)

##### Remuneration for the Board of Directors

During 2011, ITV paid its Board of Directors a total remuneration of Baht 4,800,000, equivalent to the amount paid in 2010.

Unit : Baht		
Name	Position	Remuneration for 2011
1. Mr. Somkid Wangcherdchuwong	Chairman	960,000
2. Mr. Vichakoraput Rattanaichai	Director, Chairman of Audit Committee, Secretary to the board of directors	600,000
3. Mr. Nittimon Hastindra Na Ayudhya	Director, Member of Audit Committee,	840,000
4. Mr. Sumatee Innu	Director, Member of Audit Committee,	600,000
5. Mr. Somboon Wongwanich	Director	600,000
6. Mrs. Rattanaporn Nammontri	Director	600,000
7. Mr. Wuttiorn Diawpanich	Director	600,000
Total		4,800,000

#### Contracted Management Service Fees

As ITV currently has no business operations, there was no management remuneration in 2011. However, a total of Baht 13.71 was paid in service fees for legal advice and representation, financial and accounting management, and financial advice.

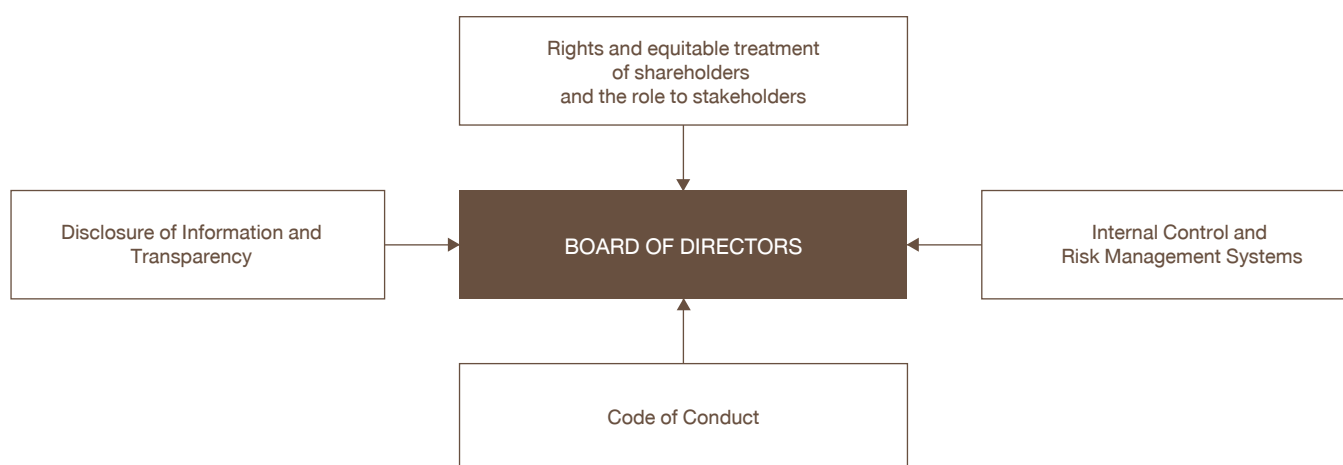
## Corporate Governance

### Corporate Governance Policy

The Board strongly believes that good corporate governance makes a vital contribution to the Company's basic foundations, providing a system of checks and balances, and ensuring transparency and equitable treatment of all shareholders and stakeholders. To this end, the Board and the management team must possess proven leadership skills, vision and accountability in order to promote sustainable growth of business operations, secure the confidence of investors and all related stakeholders, and maximize the economic value of the Company and the long-term wealth of its shareholders.

The Board of Directors ("the Board") of Shin Corporation Plc. ("the Company") passed a resolution to approve the Corporate Governance Policy, which lays down guidelines that comply with the Stock Exchange of Thailand's ("the SET") principles of good corporate governance and best practice recommendations. This policy became effective on 13 November 2002 and has been updated annually to keep it aligned with best business practices. The last update was made on 18 March 2011. These changes are communicated to the Board, management and all members of staff in order to comply with both the letter and spirit of the policy.

The Company's Corporate Governance Policy can be divided into the five sections illustrated in the diagram below.



(For more details of corporate governance of the Company, please see the documents posted on our website at [www.intouchcompany.com](http://www.intouchcompany.com).)



## Corporate Governance Report

In 2011, the Board adopted the Company's corporate governance practices to assist it in the exercise of its responsibilities, and enhance corporate governance in various areas in order to serve the best interests of the Company and its shareholders. This report comprises five sections as shown below.

### 1) The Board of Directors

#### 1.1) Composition of the Board

The Board comprises members who have a broad knowledge and experience of many business areas. As at 31 December 2011, the Board comprised eight (8) members. The current composition is as follows:

- Four (4) independent directors (a proportion of 4/8 or 50% of the total)
- Three (3) non-executive directors
- One (1) executive director

The Board annually reviews its size, composition and expertise to align it with the Company's business direction as recommended by the Nomination and Governance Committee in order to ensure that the Board performs its duties effectively with careful decision making in the best interests of the Company.

The Board firmly believes that its current size and qualifications enable effective and efficient supervision and monitoring of the Company's business operations and performance.

#### 1.2) Separation of Positions: Chairman of the Board and Chief Executive Officer

The Company has a policy to separate the positions of Chairman of the Board and Chief Executive Officer. The Chairman of the Board is responsible for the operations, leadership and governance of the Board. The Chief Executive Officer is responsible for implementing the Company's business plans, strategies and policies. The board meeting on 26 December 2011 resolved to appoint Dr. Virach Aphimeteetamong, the Chairman of the Board, as an authorized director. As a result, he was disqualified from being an independent director.

#### 1.3) Term of Directorship

A director's term of office is specified in the Company's Articles of Association. The Company has a policy whereby there is no limitation on a director's age or the number of times he or she may be re-elected.

It is the Board's policy that an independent director may not be considered to remain "independent" after he or she has completed three (3) consecutive terms or a total of nine (9) years. However, the Board may still approve extensions for a period of one (1) year each time. In 2011, the Board approved a one-year extension for Mr. Vithit Leenutaphong.

#### 1.4) The Company's Approval Authority

The Board has clearly segregated the purview of authority between itself and the management and formulated an internal approval authority table with appropriate limits to delegate authority to each level of management. This provides the flexibility for each person to perform his or her duties and make effective decisions within an appropriate control system.

The approval authority can be divided into four major categories:

1. Investment and Management
2. Human Resources
3. Finance and Treasury
4. General Administration and Expenses

#### 1.5) Board Committees

As of 31 December 2011, the Board had established the following five (5) board committees to undertake the review of specific essential tasks:

1. The Audit Committee
2. The Leadership Development and Compensation Committee
3. The Nomination and Governance Committee
4. The Strategic and Organizational Review Committee
5. The Executive Committee

All the committees have a clearly defined policy and framework to perform their duties, hold meetings and report directly to the Board.

The majority of members of the Leadership Development & Compensation committee and the Nomination & Governance Committee (including the chairman) are not independent directors. Although this is not in line with the SET recommendation in *The Principles of Good Corporate Governance*, the Board considers their composition suitable for the current business environment and ownership structure.

#### 1.6) Directorships on Other Boards

In *The Principles of Good Corporate Governance*, the SET recommends that a person should not serve on the boards of more than five (5) companies at the same time. However, the Company does not limit the number of outside directorships because the Nomination & Governance Committee carefully selects qualified people who are able to devote sufficient time and attention to the Company's affairs.

### 1.7) Succession Planning

The Board has set out a succession plan for top executives, especially the Chief Executive Officer. As delegated by the Board, the Leadership Development and Compensation Committee in consultation with the CEO have developed a succession plan for the CEO position and those who report directly to the CEO.

Moreover, the Company has also developed a succession plan for the management team (department heads and higher) by identifying existing personnel. In cases where there are no potential successors, a development program has been established to train suitable candidates. If a situation should arise where there is no suitable person available to replace a member of the management team, outside candidates will be considered in order to guarantee a smooth handover and continuity of operations, and retain the confidence of the Company's stakeholders.

### 1.8) Board Performance Self-Assessment

The effectiveness of the Board is vital to the success of the Company and it is current policy to conduct two rigorous evaluations every year, namely an overall assessment and a self-assessment by each member.

The objective of each evaluation is to review the performance of the Board and its individual members in order to improve overall effectiveness.

In 2011, the Board conducted the two evaluations mentioned above. The results of the evaluation were considered by the Nomination and Governance Committee, who drew up a development plan, then assigned the Company Secretary to consult with the Chairman of the Board before the development plan was scrutinized by an executive session and then submitted to the Board for consideration. The Board approved the development plan and assigned the Company Secretary and the management team to implement it. This plan is linked to the Company's Key Performance Indicators.

### 1.9) Board Members Training and Development

The Company has compiled a manual for its board members, which includes a summary of all related laws, rules and regulations and a definition of board members' duties, roles and other responsibilities. During the induction program, new directors will be fully briefed by a cross-functional management team on the background and operations of the Company and its subsidiaries.

Moreover, the Company encourages all board members to attend various seminars and courses that may benefit their performance.

### 1.10) Board Meetings

#### a. Schedules and Agendas

The Board holds at least seven (7) regular meetings each year and meets at other times as necessary. The schedule for the year's meetings is drawn up in advance so all board members are able to attend each meeting in order to act in the best interests of the Company.

The main items on the agenda cover business plans, quarterly financial statements, key policies, new investment projects and operating results. The Secretary to the Board is responsible for scheduling the meetings and distributing the supporting documentation at least seven (7) days before the date of the meeting in order to provide each board member with sufficient time to study the details.

Each meeting generally lasts two to three hours. The Chairman of the Board must allow adequate time for the management to present the necessary information and the members to discuss each item on the agenda in order to ensure that the shareholders' best interests are represented fairly. All board members have a right to express their opinions and submit items for the agenda.

The Secretary to the Board must attend all board meetings. He or she is responsible for ensuring that accurate and sufficient documentation exists to meet all legal requirements and enable authorized persons to determine when, how and by whom the Board's business was conducted. In order to fulfill these responsibilities, as required by the organization's bylaws, the Secretary to the Board must record the minutes of each meeting (later agreed upon and accepted by the Board) and file any supporting documents. All the documentation pertaining to each board meeting must always be available to all board members, shareholders and other concerned parties.

Attendance record for directors and members of board committees in 2011

(Number of meetings attended / Total meetings held)

Name	2011 Annual General Meeting	Extraordinary General Meeting No.1/2011	Board of Directors	Committees					
				Audit	Nomination & Governance	Leadership Development & Compensation	Strategic & Organizational Review	Executive	Other
Current directors									
Dr. Virach Aphimeteetamrong	Yes	Yes	11/11						
Mr. Somchai Supphatada	Yes	Yes	11/11	7/7					
Mr. Vithit Leenutaphong	No	Yes	10/11	7/7	2/2	7/7	7/7		12/12
Mr. Chalaluck Bunnag	Yes	No	10/11	7/7					5/5
Mr. Boon Swan Foo	Yes	Yes	11/11		2/2	7/7	7/7		6/6
Mr.Bodin Asavanich	Yes	Yes	7/11		2/2				
Mr. Somprasong Boonyachai	Yes	Yes	11/11		2/2	7/7	7/7	16/16	13/13
Mr. Prasert Bunsumpun	-	-	-						
Director who resigned from the Board in 2011									
Mr. Arak Chonlatanon	Yes	Yes	10/11				4/4	11/11	

Name	2011 Annual General Meeting	Extraordinary General Meeting No.1/2011	Board of Directors	Committees					
				Audit	Nomination & Governance	Leadership Development & Compensation	Strategic & Organizational Review	Executive	Other
Committee Members									
Mr. Yong Lum Sung							5/7		
Mr. Vikrom Sriprataks							5/7	16/16	
Mrs. Suwimol Kaewkoon								15/16	
Ms. Suphajee Suthumpun							3/3	6/6	

#### b. Executive Sessions

It is the Company's policy that the non-executive directors shall hold meetings at least once a year to discuss matters relating to the Company's business or issues of common interest without the presence of executive directors. This session was held on 28 November 2011.

#### 1.11) Access to Information

Members of the Board have separate and independent access to senior management and the Company Secretary at all times if he or she needs additional information concerning the Company's performance and other information other than that provided at board meetings.

The Board also receives analysts' reports on the Company, its subsidiaries and their competitors every month. These reports enable the Board to keep abreast of the key issues and developments in each industry related to the Company's core businesses.

#### 1.12) Remuneration for Directors and the Management Team

The Company has a clearly defined remuneration policy, with remuneration for directors and the management team reviewed annually by the Leadership Development and Compensation Committee and submitted to the Board and shareholders for approval.

Remuneration is adequate, determined in a manner equitable with industry standards, and is performance-based as a way to motivate and retain qualified directors. All the details are disclosed under "Remuneration for the Company's Directors and Management Team".

## 2) Rights and Equitable Treatment of Shareholders, and the Role to Stakeholders

### 2.1) Rights and Equitable Treatment of Shareholders

The Company respects the shareholders' rights and treats all shareholders equitably whether they are retail, foreign, institutional or major shareholders. Every shareholder is entitled to the rights and equitable treatment detailed below:

1. The right to receive share certificates and share transfers, and to be sufficiently informed of operating results and management policies on a timely basis.
2. The right to an equitable dividend.
3. The right to participate in meetings, vote and make recommendations on decisions concerning major corporate actions such as amendments to the Articles of Association, appointments to the Board, appointment of the Company's external auditors, and issuance of new share capital.
4. The right to be furnished with information concerning connected transactions.
5. The right to elect directors.
6. The right to sell shares back to the Company, should the shareholder disagree with the resolutions of a shareholders' meeting to amend the Company's Articles of Association concerning voting rights or dividend payments.

Moreover, all shareholders have equal rights as set forth in the Company's Articles of Association and related laws and regulations. To ensure equitable treatment for all shareholders, the Company holds regular and transparent shareholders' meetings, and provides a mechanism to protect against the release of inside information and a system to oversee the transactions of related parties and adequately disclose information about the Company.

At present, the Company does not have any established procedures for minority shareholders to propose items for consideration at the shareholders' meetings in advance or nominate candidates for the Board. As these procedures are recommended by the SET in The Principles of Good Corporate Governance, the Board will set up appropriate procedures to be implemented for the shareholders' meeting in the year 2013 since the Company's free float has been raised to 20.35% of the total number of paid-up shares (as recorded on the book closing date on 26 January 2012), and the Company is of the opinion this will benefit all the shareholders.

### Shareholders Meetings

The Board holds the Annual General Meeting of Shareholders within four months of the end of the financial year. Extraordinary meetings may be held if warranted by particular circumstances that may affect the shareholders' benefits or are required by law.

It is the Company's policy to conduct all shareholders' meetings in a transparent manner with appropriate procedures in accordance with the law, which includes calling for a meeting and the distribution of supporting documentation, agendas and

board resolutions in both Thai and English. This encompasses the meeting procedures as well as preparation and distribution of the minutes in accordance with regulations issued by the SET.

Information about each item on the agenda of the Annual General Meeting of Shareholders is posted on the Company's website for shareholders to access 30 days before the meeting. Supporting documents were posted on the Company's website on 2 March 2011 and mailed to shareholders on 18 March 2011.

The Company has introduced a bar code system to facilitate registration and vote-counting in order to expedite the procedure accurately. Before each meeting begins, the shareholders are informed of the rules along with meeting and voting procedures, including their right to ask questions about and give opinions on the items to be discussed.

The Chairman of the Board, the Chief Executive Officer, committee members, and the external auditors attend each meeting to provide explanations and answer questions about items on the agenda. The chairman of the meeting allots sufficient time to encourage shareholders to express their opinions and ask questions.

At each meeting, the Company appoints at least one independent director to act as a proxy and vote on behalf of shareholders who are unable to attend but had informed the Company of their absence beforehand.

The minutes of the shareholders' meetings are published within fourteen (14) days of the meeting and also posted on the Company's website for the benefit of absent shareholders. Shareholders may obtain further information on the meetings or submit their questions in advance by contacting the Company Secretary.

At the 2011 Annual General Meeting of Shareholders held on 1 April 2011, there were 273 shareholders present in person along with proxies acting for absent shareholders, representing 97.93% of the Company's total issued shares. There were 25 shareholders who had authorized the Company's audit committee members and independent directors as their proxies, representing 96.69% of the Company's total issued shares. All the Company's board members attended the meeting with the exception of Mr. Vithit Leenutaphong.

In addition, the Company held an Extraordinary General Meeting of Shareholders on 14 December 2011 in order to propose the partial sale of the Company's investment in AIS to a connected person, namely Singtel Strategic Investments Pte. Ltd. The shareholders' meeting approved this transaction.

The minutes of these meetings were posted on the Company's website at [www.intouchcompany.com](http://www.intouchcompany.com).

2.2) Role to Stakeholders

2.2.1) Rights of Stakeholders

The Company assigns the highest priority to the rights of stakeholders and has set guidelines within the Code of Conduct and Corporate Social Responsibilities policy to oversee all aspects of the business and ensure that appropriate priorities are maintained for all shareholders, employees, managers, customers, business partners, creditors, and the public and community at large. The Company facilitates cooperation among the various groups of stakeholders according to their roles and duties in order to create a fair and stable business environment that runs smoothly for the benefit of all parties concerned.



Shareholders	The Company acts as a representative of its shareholders in carrying out the business in order to maximize their satisfaction with regard to the Company’s long-term sustainable growth and value as well as the disclosure of transparent and reliable information.
Employees	All members of staff are valuable assets and a critical success factor, so the Company places emphasis on developing and promoting a good culture and working atmosphere, teamwork, courtesy, and respect for individuality. The employment, promotion and transfer of all staff members are conducted in a fair manner based on ethical standards whilst maximizing human resource utilization.  The Company is responsible for implementing and maintaining a safe working environment in order to protect the lives and property of all its employees. The Company must also adhere strictly to the labour law.
Customers	Customer satisfaction and consumer confidence are very important to the Company. The Company aims to provide high quality goods and services at reasonable prices, and maintain a good relationship with its customers. The Company has thus determined the following guidelines:  Products and Services The Company shall provide high quality products and services, and continuously strive to improve these. The Company shall also provide complete and accurate disclosure of all information pertaining to its products and services without any misrepresentation.



#### Confidentiality of Customers' Information

Directors, management, and staff members at all levels shall not disclose any information on customers without prior permission from those customers or authorized personnel of any company in the Group. The only exception to this is information requested by law enforcement officers acting in accordance with the law.

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Competitors	The Company has a policy of free and fair competition and will not try to monopolize the industry. The Company does not force its business partners to distribute only the Company's products. The Company does not acquire information on its competitors by any illegal or unethical methods.
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Society and the Environment	The Company is aware that it is a Thai company and has a responsibility to Thailand and Thai society. The Company is committed to making a contribution to society by supporting activities of public interest and cooperating with the communities in which those activities are located.
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The Company has a policy to produce goods and render services that are environmentally friendly and comply with all related environmental laws.

The Company supports activities that protect the environment and save energy. In addition, the Company has a policy to purchase and promote the use of products that are environmentally friendly.

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Business Partners and Creditors	The Company's dealings with any business partner shall be conducted in a manner that upholds the reputation of the Company and all relevant laws. All Company personnel must be aware of the common interests of the Company's business partners and treat them equitably. The selection of business partners shall be fair. The Company shall also consider its business partners to be the key factor in jointly creating a value chain for customers.
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The Company shall keep all its promises and perform in accordance with the terms and conditions agreed with its creditors for the repayment of principal and interest, as well as safeguarding all guaranteed assets.

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#### 2.2.2) Channel for Stakeholders to Communicate Concerns

Any stakeholder, who wishes to offer suggestions or report unfair treatment, illegal acts or any activity that infringes the Company's Code of Conduct, can contact the Board or the Audit Committee in writing at the following address:

Shin Corporation Plc.  
Company Secretary Office  
Intouch Tower, 13th Floor  
414 Phaholyothin Road  
Samsennai, Phayathai  
Bangkok 10400

Or by email at:

- [companysecretary@intouchcompany.com](mailto:companysecretary@intouchcompany.com) (to contact the Board)
- [auditcommitte@intouchcompany.com](mailto:auditcommitte@intouchcompany.com) (to contact the Audit Committee)

All suggestions, complaints or reports will be forwarded to the relevant parties and all actions taken reported to the Board and/or the Audit Committee.

### **3) Disclosure of Information and Transparency**

It is the Company's mission and policy to disclose financial information and operating results to investors, along with other information that is fair, accurate, complete, transparent, and issued in a timely manner. In 2011, the Company drew up and implemented a disclosure policy in order to help the Company comply with relevant laws on the disclosure of information and fulfill the investor's satisfaction.

An investor relations unit was established in 1995 to communicate information to shareholders and investors through various channels, including road shows, meetings with analysts, press releases, publications in various kinds of media, posting information on its own website, teleconferences, and investor and analyst visits. This unit also answers questions over the telephone and via e-mail. The Company has developed a policy manual on investor relations activities in order to ensure thorough compliance with all relevant laws and regulations.

The following investor-relations activities were conducted during 2011:

1. Meetings with analysts and fund managers (18 times).
2. "Opportunity Day" arranged by SET (4 times).
3. Newsletters sent to shareholders to update them on the Company's performance and CSR activities (every quarter).
4. Non-deal roadshows (2 times).

All the information disclosed during the meetings is also posted on the Company's website in order to ensure fair and adequate distribution of information to the other stakeholders.

For more information about the Company, please contact Ms. Tomyantee Kongpoolsilpa in the Investor Relations Department (Tel. (66) 2299 5050, by e-mail at [investor@intouchcompany.com](mailto:investor@intouchcompany.com) or via the Company's website at [www.intouchcompany.com](http://www.intouchcompany.com)).

### **4) Risk Management Systems and Internal Controls**

#### **4.1) Risk Management**

Risk management is an integral part of the Company's business. The Risk Management Committee and the Risk Management Unit established to formulate this policy, manage both internal and external risks, and develop risk responses in order to reduce risks to an acceptable level and ensure long-term value added to the Company's shareholders. In addition, the Executive Committee and the Audit Committee periodically monitor and review the risk management plan, and report the results to the Board for consideration.

All managers and employees are responsible for taking charge of the risks inherent in their business operations in order to keep them at an acceptable level. Information has always been provided to employees, which includes training and workshops to create a greater awareness of the importance of risk management.

#### 4.2) Internal Controls

The Company has a policy to arrange and maintain an efficient and effective internal control system. The Board and the management team are responsible for maintaining the internal control system and reviewing its efficiency on a regular basis in order to safeguard the shareholders' investments and the Company's assets. The internal control system covers the areas of finance, operations, compliance, and risk management, and provides a reasonable assurance that the following objectives and goals can be achieved:

- Reliability and integrity of information and financial reports.
- Compliance with regulations, policies, procedures and related laws.
- Safeguarding of the Company's assets.
- Efficiency, effectiveness and operational economy for employment of resources.
- Effective achievement of the Company's objectives and strategies.

A good internal control system can provide early warning signals of any problems as well as reduce risks to an acceptable level.

The Company's internal control system is based on a framework developed by *the Treadway Commission's Committee of Sponsoring Organization (COSO)*. The following points summarize the key control systems implemented by the Company:

##### (1) Organization & Control Environment

The Company has formulated business plans complete with objectives, strategies, long-term vision and budgets, and has determined evaluation criteria. It has restructured the organization to align it with these business plans. The Company has implemented a good corporate governance system, hires qualified personnel and continuously develops its human resources. It has established key policies and procedures to be used as guidelines in order to control financial transactions, purchasing activities and risk management. Codes of conduct have also been developed as guidelines for directors, management and employees.

##### (2) Risk Assessment

The Company has had a formalized, enterprise-wide risk-management system in place since 2002. The Risk Management Unit, Risk Management Committee and Audit Committee play major roles in overseeing the implementation of the risk

management system. Risk is an integral part of business activities so every member of each business unit has the task of performing risk assessments when executing business transactions.

### (3) Management Control

The Company has established controls over the various management duties and their segregation in order to ensure there is a system of checks and balances outlining proper written authority and approval levels and limits. Guidelines for connected and related transactions have also been developed to ensure compliance with relevant laws.

### (4) Information and Communication

The Company has implemented a management information system to assist in decision-making. Critical information and data are collected, analyzed and stored in the Company's database. Two-way communications are done efficiently within the Company. At the board level, information and supporting documentation are provided to all members in order to make more informed decision-making possible.

### (5) Monitoring

The monitoring system is handled by the management team and the Board to assess adherence to established plans. The internal audit department is responsible for monitoring the internal controls independently, and giving an assessment and recommendations to the management team.

At Board Meeting No. 2/2012, held on February 14, 2012 with the Audit Committee present, the Board assessed the following five areas of the Company's internal control system: organization and control environment; risk management; management control; information and communication; and monitoring. The Board found that the internal control system was operating effectively.

KPMG Phoomchai Audit Limited, the Company's external auditors, who conducted the audit of the 2011 financial statements, concluded that there was no material deficiency in the Company's accounting and financial control system.

## 4.3) Internal Audit

The Company has established an internal audit department that functions as an independent unit. The internal audit department reports directly to the Audit Committee and administratively to the President. Its duties and responsibilities include monitoring and assessing the effectiveness of the Company's and its subsidiaries' internal control systems, risk management systems and corporate governance to ensure that these are adequate and effective.

The internal audit department has adopted a risk-based approach in formulating the annual audit plan which focuses on key business risks that might have an impact on business goals and the accuracy of financial reports. This plan is reviewed and approved by the Audit Committee on an annual basis. The Audit Committee also reviews the audit results and progress reports on a quarterly basis.

The internal audit department conducts its activities by referring to the publication *International Standards for the Professional Practice of Internal Auditing* as a framework. All the internal audit staff members are provided with sufficient training and the necessary methodology to carry out operational, compliance, financial and information technology audits effectively.

## 5) Business Code of Conduct

In order to maintain high ethical standards, the Company has formulated a Business Code of Conduct to guide all of its directors, managers and employees as they perform their duties. The code covers the following areas:

- |  |   |
|--|---|
| 1. Responsibility to Shareholders                    | 10. Safeguarding of the Company's Assets                                |
| 2. Responsibility to Customers                       | 11. Use of Inside Information and Trading of the Group's Securities     |
| 3. Responsibility to Business Partners and Creditors | 12. Distribution of Information and Interviews with the Press or Public |
| 4. Responsibility to Staff                           | 13. Related Transactions within the Group                               |
| 5. Business Competition                              | 14. Compliance with Laws, Rules and Regulations                         |
| 6. Responsibility to Society and the Environment     |   |
| 7. Conflicts of Interest                             |   |
| 8. Giving Gifts, Entertainment and Gratuities        |   |
| 9. Participation in Political Activities             |   |

Any violation of this code is subject to a full range of disciplinary action including dismissal. In addition, managers and supervisors at all levels are under the obligation to encourage their subordinates to abide by the code and always behave as model citizens, and to monitor their subordinates' compliance.

### 5.1) Whistle-Blower Policy

The Company has established a policy and procedures including an "Ethics Hotline" whereby any director, manager or staff member who observes or suspects a case of fraud, dishonest practice or a similar matter can report this directly to Human Resources, Internal Audit and Risk Management, the Ethics Committee or the Audit Committee. The aim of this policy is to encourage violations to be reported in good faith with an assurance that the informant will be treated fairly and given the best possible protection from reprisals.

During the year 2011, no case of misconduct or fraud was reported to the Ethics Committee or the Audit Committee.

## 5.2) Conflicts of Interest

The Board has established a policy to control any conflict of interest that may arise between related parties, such as directors, managers, major shareholders or employees in order to show integrity, fairness and transparency in all transactions. Business decisions and actions must be based on upholding the best interests of the Company, not for personal gain or the benefit of a family member or close friend.

All directors and executives must report their own or related persons' interests when entering into a transaction with the Company or any of its affiliated companies as required by the Company's policy on rules and procedures for reporting of directors' and executives' interests in Shin Corporation and its affiliated companies. The company secretary will submit copies of the report to the chairman of the Board and the chairman of the Audit Committee, and report the details at the next board meeting.

## 5.3) Monitoring the Handling of Insider Information

The Company has a policy to maintain the confidentiality of material non-public information from unauthorized access that may lead to misuse. An information security policy has been developed that classifies documents by their level of confidentiality, controlling access on a need-to-know basis only.

In addition, all directors, managers and employees are required to report their personal trading of the Company's securities and are prohibited from using information that has not been released to the public in order to trade the Company's securities for their own or others' interests. This policy also requires each person to refrain from trading the Company's securities one month prior to the release of such information to the public.

The company secretary reports details of the Company's securities held by directors and management, and any change in these holdings, at the next board meeting.

Any breach of the policy on holding and trading the Company's securities shall be regarded as a violation of the Company's rules and is subject to serious disciplinary action under Sections 241 and 242 of *the Securities and Exchange Act (No.4) B.E. 2551*.

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## Related-Party Transactions

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During the year 2011, INTOUCH Group entered into a number of transactions with related parties, the terms of which were negotiated on an arm's length basis in the ordinary course of business and according to normal business conditions. The details have been disclosed in Note 6 to the Financial Statements ending 31 December 2011.

### 1. Transactions with related companies that may cause conflicts of interest

The major shareholders of INTOUCH are Cedar Holdings Limited ("Cedar") and Aspen Holdings Limited ("Aspen"), which is a company incorporated in Thailand and an indirect subsidiary of Temasek Holdings (Pte) Ltd. ("Temasek"). Cedar is a company incorporated in Thailand whose shareholders are comprised of Siam Commercial Bank Plc holding 5.8%, Kularb Kaew Co., Ltd. ("Kularb Kaew") holding 45.2% and Cypress Holdings Ltd. ("Cypress"), an indirect subsidiary of Temasek, holding 49.0% of the shares in Cedar. Kularb Kaew is held by four major shareholders, namely Cypress (29.9%), Khun Surin Upatkoon (68.0%), Khun Pong Sarasin (1.3%) and Khun Suphadej Poonpipat (0.8%).

The transactions made by the Company, its subsidiaries and jointly-controlled entities with entities under Cedar, Aspen, and the Temasek Group are recognised as related companies that may cause conflicts of interest.

In 2011, the significant transactions made with related companies that may cause conflicts of interest and the reasons for these are described in the table below.

Name of related company/ Type of relationship	Type of transaction	Amount of significant transactions of the Company and its subsidiaries for the year ending 31 December 2011 (in million baht)				Rationale and Price Policy
		The Company	THAI COM and its subsidiaries	Other companies	Total	
1. Advanced Info Service Plc and its group (AIS) Singtel holds 23.32% of AIS, an associated company of the Company, and has the same major shareholder as the Company.	Expenditure:					
	INTOUCH Group used a mobile phone service and other related services from AIS	0.65	3.91	0.10	4.65	INTOUCH Group uses the AIS service in order to operate its business as the network has good coverage. This is normal business practice and internal customers are normally charged the same rates as external customers.
	Income:					
	INTOUCH Group provided maintenance and development of computer programs, advertising and transponder rental to AIS as follows:					A jointly-control entity (LTC) used International Roaming. This is normal business practice and internal customers are normally charged the same rates as external customers.
	1. Income from computer services	-	-	63.98	63.98	A subsidiary (ITAS) provides accounting program services. The prices are in line with other companies who provide the same services.
	2. Income from advertising	-	-	10.77	10.77	A subsidiary (ITAS) provides advertising service in website. The prices are the same prices as external customers.



Name of related company/ Type of relationship	Type of transaction	Amount of significant transactions of the Company and its subsidiaries for the year ending 31 December 2011 (in million baht)				Rationale and Price Policy
		The Company	THAICOM and its subsidiaries	Other companies	Total	
	3. Income from website design	-	2.59	-	2.59	A subsidiary of THAICOM (DTV) provides a website design service. This is normal business practice and internal customers pay the same prices as external customers.
	4. Income from advertising	-	-	312.28	312.28	A subsidiary (MB) provides advertising services, production of advertisements and media. This is normal business practice and internal customers pay the same prices as external customers.
	5. Income from transponder rental and others	-	51.39	-	51.39	A subsidiary (THAICOM) provides satellite transponder services for transmission of television and communications signals. This is normal business practice and internal customers pay the same prices as external customers.
	6. Income from International Roaming	-	8.04	-	8.04	Jointly-control entities (Mfone and LTC) provide International Roaming in Cambodia and Lao PDR, respectively. This is normal business practice and internal customers are normally charged the same rates as external customers.

Name of related company/ Type of relationship	Type of transaction	Amount of significant transactions of the Company and its subsidiaries for the year ending 31 December 2011 (in million baht)				Rationale and Price Policy
		The Company	THAICOM and its subsidiaries	Other companies	Total	
	7. Dividend income	10,223	-	-	10,223	INTOUCH has dividend income, as per the resolution of the shareholders' meeting or Board of Directors of AIS.
	8. Interest income	0.33	-	2.50	2.83	INTOUCH Group had investment in AIS's debenture, through private funds, managed by independent fund manager. The interest rate was the same rate as other debenture's holders.
2. CS Loxinfo Plc and its group (CSL) CSL is an indirectly associated company of INTOUCH (CSL is an associated of THAICOM), which Singtel holds 14.18% of CSL, and has the same major shareholder as the Company.	Expenditure: INTOUCH Group used leased-line internet and advertised in the Yellow Pages.					
	1. Rental and other services	0.69	23.90	1.16	25.75	CSL provides downlink and uplink transmission of television services and leased-line internet in general. This is normal business practice and internal customers are normally charged at the market rate.
	2. Advertising	0.03	0.04	-	0.07	INTOUCH Group advertises in the Yellow Pages. Internal customers are normally charged at the same rate as external customers.

Name of related company/ Type of relationship	Type of transaction	Amount of significant transactions of the Company and its subsidiaries for the year ending 31 December 2011 (in million baht)				Rationale and Price Policy
		The Company	THAICOM and its subsidiaries	Other companies	Total	
	Income: INTOUCH Group provided maintenance and development of computer programs, advertising and transponder rental as follows:					
	1. Income from computer services	-	0.20	5.95	6.15	A subsidiary (ITAS) provides accounting program services. The prices are charged in line with other companies who provide the same services.
						A subsidiary of THAICOM (DTV) provides domain name. Internal customers pay the same prices as external customers.
	2. Income from advertising	-	-	12.62	12.62	A subsidiary (MB) provides advertising services, production of advertisements and media. This is normal business practice and internal customers pay the same prices as external customers.
	3. Income from transponder rental	-	10.08	-	10.08	A subsidiary (THAICOM) provides satellite transponder services for transmission of television and communications signals. This is normal business practice and internal customers pay the same prices as external customers.

Name of related company/ Type of relationship	Type of transaction	Amount of significant transactions of the Company and its subsidiaries for the year ending 31 December 2011 (in million baht)				Rationale and Price Policy
		The Company	THAICOM and its subsidiaries	Other companies	Total	
	4. Dividend income	-	130.05	-	130.05	A subsidiary of THAICOM (DTV) had dividend received, as per the resolution of the shareholders' meeting or Board of Directors of CSL.
3. Shenington Investment Pte Limited (SHEN)	Income:					
SHEN is held by THAICOM and AMH 51%:49%, respectively. AMH has the same major shareholder as the Company.	INTOUCH Group provided business consultancy and others.	-	1.62	0.01	1.63	<p>A subsidiary (THAICOM) has a policy to govern its investments to derive maximize benefit. SHEN pays a consultant and management fees on a monthly basis. The fees are at actual costs of managements and related staffs.</p> <p>A subsidiary (ITAS) provides accounting program services. The prices are charged in line with other companies who provide the same services.</p>
4. Mfone Co., Ltd. (Mfone)	Expenditure:					
SHEN holds 100% of Mfone, while SHEN is held by THAICOM and AMH at 51%:49%, respectively. AMH has the same major shareholder as the Company.	INTOUCH Group paid repair and maintenance of base station and others.	-	3.72	-	3.72	A jointly-control entity (Mfone) provides base station operation and maintenance service, which is a supported business to THAICOM. The service charge was according to normal contracts and the condition was on arm's length basis.

Name of related company/ Type of relationship	Type of transaction	Amount of significant transactions of the Company and its subsidiaries for the year ending 31 December 2011 (in million baht)				Rationale and Price Policy
		The Company	THAICOM and its subsidiaries	Other companies	Total	
	Income: INTOUCH Group provided transponder rental and others as follows:	-	8.45	-	8.45	A subsidiary (THCOM) provides satellite transponder services and distributes IPSTAR user terminal. This is a normal business practice and the service charge was according to the contract and the condition was the same as external customers.
5. Lao Telecommunications Co., Ltd. (LTC) SHEN holds 49% of LTC, while SHEN is held by THAICOM and AMH at 51%:49%, respectively. AMH has the same major shareholder as the Company.	Income: INTOUCH Group provided transponder rental and advertising as follows:					
	1. Income from transponder rental.	-	0.57	-	0.57	A subsidiary (THAICOM) provides satellite transponder services and distributes IPSTAR user terminal. This is a normal business practice and internal customers pay the same prices as external customers.
	2. Income from advertising.	-	-	2.60	2.60	A subsidiary (MB) provides advertising services, production of advertisements and media. This is normal business practice and internal customers pay the same prices as external customers.

Name of related company/ Type of relationship	Type of transaction	Amount of significant transactions of the Company and its subsidiaries for the year ending 31 December 2011 (in million baht)				Rationale and Price Policy
		The Company	THAICOM and its subsidiaries	Other companies	Total	
6. Asia Mobile Holding Pte Limited and its group (AMH) AMH has the same major shareholder as the Company.	Expenditure: INTOUCH Group paid an interest.	-	0.61	-	0.61	A jointly-controlled entity (SHEN) received financial support in the form of Shareholder Loan from AMH (proportionated portion).  The interest was charged at the actual cost of financing plus margin on an arm's length basis.
7. StarHub Limited (StarHub) StarHub has the same major shareholders as the Company.	Expenditure: INTOUCH Group paid for International Roaming.	-	0.17	-	0.17	Jointly-control entity (Mfone) used International Roaming. This is normal business practice and internal customers are normally charged the same rates as external customers.
	Income: INTOUCH Group had income from International Roaming	-	0.90	-	0.90	Jointly-control entity (Mfone) provide International Roaming in Cambodia. This is normal business practice and internal customers are normally charged the same rates as external customers.
8. Cedar, Aspen Cedar and Aspen are major shareholder of the Company.	Dividend paid	15,779	-	-	15,779	As per the resolution of the shareholders' meeting or board of directors of the Company.

Name of related company/ Type of relationship	Type of transaction	Amount of significant transactions of the Company and its subsidiaries for the year ending 31 December 2011 (in million baht)				Rationale and Price Policy
		The Company	THAICOM and its subsidiaries	Other companies	Total	
9. Singtel Singtel has the same major shareholder as the Company.	Disposal partial of investment in associate	7,930	-	-	7,930	As per the resolution of the extraordinary shareholders' meeting of the Company. In the opinion of independent financial consultant, the price is reasonable, which is higher than the price figured out by market value approach.

## 2. Related-party transaction policy and procedure

INTOUCH Group has a policy whereby internal customers are charged the same rate as external customers. If there is no comparable market price, INTOUCH Group will make an estimation based on other products or services available under similar conditions or circumstances. In some cases, INTOUCH Group will seek an estimate from an independent consultant to ensure that the price is fair and reasonable. As in other transactions, approval must be granted by the authorized person(s) according to the type and size of the transaction, and members of management with a conflict of interest will not have approval authority. Furthermore, the Audit Committee is responsible for reviewing all significant related-party transactions on a quarterly basis in order to ensure that no conflict of interest has occurred.

The Company has a policy to comply with all SET regulations pertaining to related-party transactions.

## 3. Future related-party transaction policy

The Company will continue to follow its policy that all related-party transactions be synchronized among its business units with rational prices and conditions.

## Management Discussion and Analysis of Financial Results of Operations

### Overview

We are a holding company with investments mainly in telecommunications, media and advertising. Our discrete business segments are as follows: local wireless telecommunication managed by Advanced Info Service Plc (AIS), an associated company; satellite and international businesses managed by Thaicom Plc (THAICOM), a subsidiary company, and jointly-controlled entities of THAICOM that operate telecommunications services in Cambodia and Laos; media and advertising businesses, managed by subsidiaries of the Company, ITV Plc (ITV), Matchbox Co., Ltd. (Matchbox) and other businesses, primarily managed by DTV Co., Ltd. (DTV) and CS Loxinfo Plc (CSL).

ITV had been operating a free-to-air television broadcasting station in Thailand until its license was revoked by the Prime Minister's Office on 7 March 2007 and the company had to cease operations. As a result, there is currently no revenue from ITV, which is now included in the media and advertising business. This matter is currently under arbitration and the outcome cannot be predicted. The details of this case have been included in the notes to the financial statement.

On 1 April 2011, we notified the Stock Exchange of Thailand (SET) that the Company had changed its logo and securities trading name as it had expanded from a telecommunications service provider to an enterprise of diversity and the technology-centric parameters had gradually increased to focus on customer satisfaction. The previous logo of more than 20 years was changed from SHIN to INTOUCH, which is derived from a smile and reflects the Company's friendly approach, sense of partnership and easy accessibility. The securities trading name was changed from SHIN to INTUCH, which was adopted by the SET on 7 April 2011.

### Proposed dividend

On 14 February 2012, the Company's board of directors approved the payment of an interim dividend of Baht 1.58 per share (totaling approximately Baht 5,066 million) from the operating results for the period 1 January to 29 March 2012, which will be proposed to the Annual General Meeting of Shareholders for 2012. This dividend is subject to receiving a dividend of Baht 4.26 per share from AIS (from the operating results for the second half of 2011), which will be proposed to the AIS Annual General Meeting of Shareholders for approval.

### Disposal partial of investment in AIS

In December 2011, the Company sold 61 million of AIS shares, or 2.05% of AIS's paid-up capital, to Singtel Strategic Investments Pte Ltd at Baht 130 per share, amounting to Baht 7,930 million. The profit from the sale (after the deduction of related expenses) was Baht 7,264 million on the consolidated financial statements and Baht 7,499 million on the separate financial statements.

After the partial disposal of AIS shares, the Company still holds 40.45% of the paid-up capital. This disposal has not affected to the control and operations of AIS.



## Brief impact of the change in accounting policies on the consolidated financial statements

From 1 January 2011, consequent to the adoption of new and revised Thai Financial Reporting Standards as set out in Note 3 to the financial statements for the year ended 31 December 2011, INTOUCH Group's accounting policies that used to prepare the financial statements for the year ended 31 December 2010 were changed. The impact on both the consolidated and the separated financial statements has been summarized below:

- TAS 27 (revised 2009): Consolidated and Separate Financial Statements became effective on 1 January 2011 and has been applied prospectively. According to the former accounting standard, INTOUCH Group did not allocate ITV's excess loss over equity to minority interests (non-controlling interests) in the financial statements before 1 January 2011. However, from the first quarter of 2011, INTOUCH Group has allocated ITV's loss to non-controlling interests; subsequently, the profit attributable to owners of the Company in the consolidated statement of income increased by approximately Baht 199 million in 2011.
- TAS 19: Employee Benefits, INTOUCH Group chose to retrospectively adjust the present value of defined benefit obligation when employees' services ended. For the 2011 statements, this resulted in a decrease of approximately Baht 31 million in the consolidated profit and Baht 4 million in the separate profit attributed to owners of the Company. For the 2010 statements (which are included in the 2011 statements for comparative purposes), these decreases were approximately Baht 24 million and Baht 4 million, respectively. Moreover, the consolidated and separate retained earnings as at 31 December 2010 decreased approximately Baht 232 million and Baht 40 million, respectively.

## The change in rate of corporate income tax

On 11 October 2011, the Cabinet announced a reduction in the rate of corporate income tax to 23% for accounting period ending 31 December 2012, and to 20% for accounting period ended 31 December 2013 onwards. Then, on 21 December 2011, there was a Decree, under the revenue code, on the reduction and exemption of income tax (issued 530) B.E. 2554, announced to decrease the rate of corporate income tax to 23% for the accounting period ended 31 December 2012 and 20% for the accounting period ended 31 December 2013-2014. However, the Federation of Accounting Professions has opined that the corporate income tax rate is certainly be used to value deferred tax assets and deferred tax liabilities at 23% for the accounting period ending 2012 and 20% for the accounting period ending 2013 onwards, as per the Cabinet's announcement.

As a result of this change, the deferred tax assets of INTOUCH Group were reduced and the consolidated profit attributed to owners of the parent decreased by Baht 1,358 million.

The consolidated profit attributable to owners of the parent for 2011 was Baht 16,559 million, based on total consolidated revenue of Baht 26,225 million. The consolidated net profit depends primarily on the results of operations of AIS Group, an associated company and the primary focus of wireless communications business. We account for AIS Group using the equity method, and the share of the net profits for 2011 was Baht 9,912 million, which was 37.8% of our total consolidated revenue

and 59.9% of our consolidated net profit attributable to owners of the parent. *For a discussion and analysis of the results of AIS Group, please see the MD&A for AIS below.*

#### The Company's Operations (using the Cost Method)

The following table provides the Company's statements of income for the years indicated. This table should be read in conjunction with the Company's financial statements.

	Year Ended			
	2011		2010	
	(in millions of Baht)		(Restated) (in millions of Baht)	
Dividend income	10,268	57.6%	21,908	99.9%
Gain from sale partial of investment in associate	7,499	42.1%	-	-
Other income	56	0.3%	29	0.1%
Total revenues	17,823	100.0%	21,937	100.0%
Administrative expenses	205	1.2%	195	0.9%
Management benefits	86	0.5%	89	0.4%
Total expenses	291	1.7%	284	1.3%
Profit before finance costs	17,532	98.3%	21,653	98.7%
Finance costs	(2)	0.0%	(2)	0.0%
Net profit for the year	17,530	98.3%	21,651	98.7%

## The Company's Net Result

The Company's net profit decreased 19.0% from Baht 21,651 million in 2010 to Baht 17,530 million, in 2011, due mainly to a special dividend received from AIS in 2010, while, in 2011, there was a gain from the disposal partial of investment in AIS

The following table provides the Company's statements of financial position for the years indicated. This table should be read in conjunction with the Company's financial statements.

	As at			
	31 December 2011		31 December 2010 (Restated)	
	(in millions of Baht)		(in millions of Baht)	
Cash & cash equivalents and current investment	9,820	44.7%	1,827	12.7%
Other current assets	20	0.1%	45	0.3%
Investments in subsidiaries and associates	12,077	54.9%	12,502	86.6%
Other non-current assets	65	0.3%	58	0.4%
Total assets	21,982	100.0%	14,432	100.0%
Dividend payable	7,503	34.1%	-	-
Other liabilities	125	0.6%	130	0.9%
Total liabilities	7,628	34.7%	130	0.9%
Equity				
Share capital	3,206	14.6%	3,201	22.2%
Premium on share capital	10,342	47.0%	10,198	70.6%
Legal reserve and others	500	2.3%	499	3.5%
Retained earnings	306	1.4%	404	2.8%
Equity attributable to owners of the Company	14,354	65.3%	14,302	99.1%
Total liabilities and equity	21,982	100.0%	14,432	100.0%

## The Company's Financial Position

Total assets as at 31 December 2011 increased 52.3% from 31 December 2010 from an increase in cash & cash equivalents and current investment, as a result of the net proceeds from the disposal partial of the investment in AIS amounting to Baht 7,924 million, which reduced the investment in subsidiaries and associates. Total liabilities increased due to the dividend payable, which was distributed in January 2012. Equity attributable to owners of the Company was Baht 14,354 million, a slight increase from Baht 14,302 million in 31 December 2010.

## INTOUCH Group's Operations (using the Consolidation Method)

The following tables provide a breakdown of our total consolidated revenue and consolidated expenses by showing each item as a percentage of total consolidated revenue, for the years indicated. This table should be read in conjunction with our consolidated financial statements.

	Year Ended 31 December			
	2011		2010	
	(in millions of Baht)		(Restated) (in millions of Baht)	
Revenue:				
Revenue from sales of goods and rendering of services:				
- Telephone network in foreign entities (other than AIS)	1,182	4.5%	1,467	8.5%
- Satellite	5,738	21.9%	4,627	26.7%
- Media and advertising	1,305	5.0%	1,104	6.4%
- Others*	424	1.6%	769	4.4%
Total revenue from sales of goods and rendering of services	8,649	33.0%	7,967	46.0%
Share of profits from investments - equity method:				
- AIS (local wireless telecommunications)	9,912	37.8%	9,042	52.2%
- Other	157	0.6%	154	0.9%
Total share of net results from investments - equity method	10,069	38.4%	9,196	53.1%
Gain from disposal partial of investment in associate	7,264	27.7%	-	-
Other income	243	0.9%	165	0.9%
Total revenue	26,225	100.0%	17,328	100.0%

	Year Ended 31 December			
	2011		2010	
	(in millions of Baht)		(Restated) (in millions of Baht)	
Expenses:				
Cost of sales and services	6,129	23.4%	6,521	37.6%
Operating agreement fees	621	2.4%	494	2.9%
Selling expenses	173	0.7%	244	1.4%
Administrative expenses	1,593	6.1%	1,494	8.6%
Loss on provision for interest on unpaid operating agreement fees	433	1.6%	433	2.5%
Net foreign exchange loss	85	0.3%	90	0.5%
Management benefits	153	0.6%	137	0.8%
Total expenses	9,187	35.1%	9,413	54.3%
Profit before finance costs and income tax	17,038	64.9%	7,915	45.7%
Finance costs	(482)	(1.8)%	(499)	(2.9)%
Tax (expense) income	(487)	(1.9)%	124	0.7%
Profit for the year	16,069	61.2%	7,540	43.5%
Attributable to:				
Owners of the parent	16,559	63.1%	8,016	46.3%
Non-controlling interests	(490)	(1.9)%	(476)	(2.8)%
	16,069	61.2%	7,540	43.5%

\* Includes internet, direct satellite television, information technology businesses and consolidation elimination

## Total revenue

Total revenue increased 51.3%, from Baht 17,328 million in 2010 to Baht 26,225 million in 2011.

*Revenue from sales and services* rose 8.6% from 2010. The revenue of satellite business rose 24.0% from Baht 4,627 million in 2010 to Baht 5,738 million in 2011. In addition, the revenue from media and advertising rose 18.2%. However, this was offset with the drop of telephone networks in foreign entities that decreased 19.4% from Baht 1,467 million in 2010 to Baht 1,182 million in 2011. Other revenue also dropped 44.9%.

*Satellite revenue* increased 24%, mainly from Thaicom 4 (IPSTAR) as a result of increased bandwidth usage in India, Japan, Australia, Malaysia, Thailand, the Philippines, New Zealand, Myanmar and Indonesia. Besides, THAICOM had recognized the revenue from bandwidth usage in full amount from the customer in Japan and the gateway access from NBN Co. However, this was offset with a decrease of UT sale, as a result of implementing Open Platform strategy to increase bandwidth sales by enabling other providers' ground system (including user terminal) to use the IPSTAR bandwidth. The revenue from conventional satellite increased slightly, as a result from the rise of transponder lease, particularly from broadcasting satellite operators.

*Revenue from telephone networks in foreign entities in Cambodia and Laos* decreased 19.4%. This was primarily due to high competition in Laos and Cambodia.

*In Laos* the total number of telephone subscribers, both mobile and fixed-line, decreased 21.7% to 1.30 million in 2011 from 1.66 million in 2010, mainly, due to the high competition. However, the prepaid mobile ARPU increased 70.1% from 2010. This was due to, in August 2011, the price war has been stopped since the Ministry of Post, Telecommunication and Communication (MPTC) of Laos announced a strictly tariff control for telephone service and not allowed operators to give free airtime bonus to the customer. The ARPU of PSTN increased slightly from last year.

*In Cambodia* the total number of subscribers as of 2011 was 0.46 million, decreased from 0.72 million in 2010, primarily due to a decrease in the mobile prepaid subscribers, as a result from high pricing competition. The mobile ARPU increased 32.0% from 2010, because of promotion campaign, which was resulted to a rise in minute of usage.

*Media and advertising revenues* increased 18.2% due to the decrease in marketing event, especially from AIS Group.

*Other revenue* decreased 44.9% as a result from a drop of satellite television dish set sales both in Thailand and Cambodia. By the end of 2011, the accumulated sales volume of satellite television dish set was 1.17 million sets, an increase of 0.22 million sets from 0.95 million sets in 2010.

*Share of profits of associates* rose 9.5% from Baht 9,196 million in 2010 to Baht 10,069 million in 2011, mainly contributed by AIS Group.

The net profit of the standalone AIS Group (not including the adjustment to derivatives and intercompany gain made by the Company to its share of profits from AIS Group's results) was Baht 22,218 million in 2011, increased 8.3% from Baht 20,514 million in 2010. The normalized profit, after excluding goodwill impairment on Digital Phone Co., Ltd. (DPC) and the impact from the decrease of corporate income tax rate, was Baht 26,600 million, an increase of 20.5% from 2010 normalized profit of Baht 22,074 million.

The normalized profit increased, mainly, from the growth of both voice and non-voice revenue, but this was offset with the drop from sale margin and selling and administrative expenses that rose.

The growth of voice service revenue was mainly from various localized tariff plans to capture regional customers as well as segmented voice plans to serve different customer behavior. These led to a strong growth of prepaid voice revenue. On postpaid segment, with the strong network quality, and mix and match package, AIS completed the product range to serve the needs of targeted customers. Meanwhile, we continued to gain quality subscribers due to a streamlined distribution policy. The success resulted in an increase in postpaid voice revenue.

The rise of non-voice service revenue was mainly driven by mobile data usage and internet subscribers, supported by a demand of the growth in internet usage and the 3G, EDGE+ and WiFi that cover over Thailand. Furthermore, the increasing of smart device and tablet adoption surged the sale revenue, while margin was small as a result from lower price due to a high competition in handset market.

The cost of service was stable, mainly, from the network amortization expenses that decreased as a result from fully amortized assets, even though AIS continues to invest in data network. Although, these were offset with the increase in base rental & utility costs as a result from higher number of cell sites. Other service costs increased from call center staff costs, 3G-900 MHz related expenses, together with the one-time reversal of network at Baht 360 million in the 2nd quarter of 2010.

The higher of selling and administrative expenses was mainly due to the rebranding campaign, to better serve the dynamic of customer demand, together with staff costs and contribution to flood relief. *More details are provided in the MD&A for AIS below.*

## Expenses

Total expenses decreased slightly from Baht 9,413 million in 2010 to Baht 9,187 million in 2011.

*Cost of sales and services* decreased 6.0% from Baht 6,521 million in 2010 to Baht 6,129 million in 2011, primarily from the drop of satellite business and cost of other businesses, but this was offset with the increase from media and advertising businesses.

The drop of satellite business was due to cost of Thaicom conventional satellite as a result of a decrease in providing the system integration services, transponder rental for the global digital television service. In addition, cost of fiber optic for satellite transponder leasing service provided to broadcasting satellite operators, also cost of in-orbit insurance dropped.

However, the cost of Thaicom 4 (IPSTAR) slightly increased from gateway operation cost in India, but this was offset with the drop of in-orbit insurance and cost of UT sold following its sale.

In addition, cost of other businesses dropped following the revenue of computer service and the sale of satellite television dish, although, the cost of media and advertising businesses rose, following its revenue.

*Operating agreement fees* from the telephone networks in foreign entities increased 25.7% from 2010 and satellite business increased 30.9%. These were mainly as a result of an increase in revenue from IPSTAR bandwidth, although this was offset by a decrease in revenue from telephone networks in Cambodia.

*Selling expenses* dropped 29.1% from Baht 244 million in 2010 to Baht 173 million in 2011. This was mainly due to the decrease of marketing expenses from satellite business, telephone networks in foreign entities businesses and direct satellite TV business.

*Administrative expenses* rose 6.6% from Baht 1,494 million in 2010 to Baht 1,593 million in 2011 as a result from staff costs and obsolete inventory.

*Net foreign exchange loss* was Baht 85 million in 2011 and Baht 90 million in 2010. In 2010, the Baht was appreciated against dollar and INTOUCH Group had net foreign exchange loss from the translation of net assets position, while, in 2011, the Baht was depreciated against dollar and INTOUCH Group had net foreign exchange loss from the translation of net liabilities position as well as the realized foreign exchange loss from repayment of loans during the year.

#### Profit before finance costs and tax

As a result of the foregoing items, the profit before finance costs and tax increased 115.3% from Baht 7,915 million in 2010 to Baht 17,038 million in 2011.

#### Finance costs

The finance costs slightly decreased from Baht 499 million in 2010 to Baht 482 million in 2011



## Tax (expense) income

In 2011, there was a tax expense of Baht 487 million as a result from the decrease of corporate income tax rate that impacted to the deferred tax assets to decrease by recognized in the tax expense. In 2010, there was tax income of Baht 124 million resulted from the operating loss in the satellite business.

## Net results attributable to non-controlling interests

The losses from subsidiaries shared to non-controlling interests in the amount of Baht 490 million in 2011, of which were as a result from the decrease in corporate income tax rate approximately Baht 215 million and the loss of ITV allocated to non-controlling interest approximately Baht 199 million, according to revised TAS that effective on 1 January 2011. Apart from these, net results attributable to non-controlling interests of 2011 improved when compared to Baht 476 million in 2010. This was mainly due to less loss from satellite business.

## Profit attributable to owners of the Company

As a result of the foregoing items, our net results rose from Baht 8,016 million in 2010 to Baht 16,559 million in 2011.

## Consolidated Financial Position

The following table provides the consolidated financial position for the years indicated. This table should be read in conjunction with the consolidated financial statements.

	As at 31 December			
	2011		2010	
			(Restate)	
	(in millions of Baht)		(in millions of Baht)	
Cash & cash equivalents and current investment	13,954	25.1%	4,335	9.2%
Other current assets	2,312	4.2%	2,188	4.6%
Investments in associates	16,977	30.6%	18,039	38.2%
Property and equipment, net	6,668	12.0%	5,318	11.3%
Property and equipment under operating agreements, net	12,828	23.1%	14,177	30.1%
Other non-current assets	2,788	5.0%	3,116	6.6%
Total assets	55,527	100.0%	47,173	100.0%

	As at 31 December			
	2011		2010	
			(Restate)	
	(in millions of Baht)		(in millions of Baht)	
Dividend payable	7,503	13.5%	-	-
Total current liabilities	12,366	22.3%	8,443	17.9%
Long-term borrowing	5,653	10.2%	7,549	16.0%
Other liabilities	679	1.2%	462	1.0%
Total liabilities	26,201	47.2%	16,454	34.9%
Equity attributable to owners of the parent	21,159	38.1%	22,142	46.9%
Non-controlling interests	8,167	14.7%	8,577	18.2%
Total equity	29,326	52.8%	30,719	65.1%
Total liabilities and equity	55,527	100.0%	47,173	100.0%

### Assets

As at 31 December 2011, the cash & cash equivalents and current investment totaled Baht 13,954 million, an increase of 221.9% from 31 December 2010, mainly due to net proceeds from disposal partial of investment in AIS at Baht 7,924 million.

The investments in associates decreased 5.9%, mainly, from the disposal of partial investment in associate.

The net consolidated property and equipment increased 25.4% as there was an additional investment in the Thaicom 6 project.

The net consolidated property and equipment under operating agreements dropped 9.5% due to amortization in the satellite businesses.

### Liabilities

As at 31 December 2011, the consolidated liabilities had risen 59.2%, mainly due to a dividend payable, which was paid in January 2012 and additional loan from financial institutions for the Thaicom 6 project.

## Equity

The consolidated equity decreased from 31 December 2010, primary due to the dividend paid of Baht 17,628 million, which was exceed the operational profit of 2011.

## Consolidated Cash Flow\*

The following table summarizes our consolidated cash flow for the years indicated:

	For the year ended 31 December	
	2011	2010
		(Restated)
	(in millions of Baht)	(in millions of Baht)
Net cash provided by operating activities	13,264	23,574
Net cash provided by (used in) investing activities	5,401	(689)
Net cash used in financing activities	(9,041)	(22,454)
Net increased (decreased) in cash & cash equivalents and current investment	9,624	431
Cash & cash equivalents and current investment at beginning of year	4,335	3,908
Effects of exchange rate changes on balances held in foreign currencies	(5)	(4)
Cash & cash equivalents and current investment at end of year	13,954	4,335

\*Cash flow comprises cash & cash equivalents and current investment.

As at 31 December 2011, consolidated cash & cash equivalents and current investment totaled Baht 13,954 million, an increase of Baht 9,624 million (excluding the effects of exchange rate changes on balances held in foreign currencies) from the end of 2010, while the consolidated cash & cash equivalents and current investment as at 31 December 2010 had decreased by Baht 431 million since the end of 2009.

### *Net cash flows provided by operating activities*

The consolidated cash flow provided by operating activities was Baht 13,264 million, a decrease of 43.73% from 2010, mainly due to a decrease of dividend received from AIS, as in 2010, there was a special dividend paid from AIS.

### *Net cash flows provided by (used in) investing activities*

The net cash provided by investing activities was Baht 5,401 million, an increase when compared to 2010 which had cash used in investing activities at Baht 689 million. In 2011, there was net proceed from the disposal partial of investment in

associate, but this was offset with a higher investment in property and equipment, including the investment in Thaicom 6.

#### *Net cash flows used in financing activities*

The consolidated cash flows used in financing activities amounted to Baht 9,041 million, a decrease of 59.7% from 2010, mainly from a special dividend payment.

#### Possible key and influential factors affecting the Company's future operations or financial position

The Company conducts business as a holding company that has investment in other companies. Thus, it is possible that the material impact of financial position or operational result of the investments will have affect to the Company. The detail of aforesaid investments is disclosed in the 2012 annual registration statement of AIS and THAICOM, in item financial position and results of operation.

## **ADVANCE INFO SERVICE PLC**

### **2011 Management Discussion and Analysis**

#### **EXECUTIVE SUMMARY**

Driven by trend of mobile data in year 2011, AIS achieved an outstanding revenue growth of 14% YoY. The results were due to an impressive service revenue growth at 12% YoY along with an upbeat handset market that posted 41% YoY sales growth. During the year, AIS's strong foothold in Thai mobile market with quality network and services helped us to gain revenue market share. Thai consumers increasingly gained access to mobile data with the rising trend of social networks and smart device adoption. Our mobile data revenue significantly rose over 70% YoY. From smart devices to normal feature phones, AIS has offered a wide range of data packages to serve our dispersed customer base, including high volume data plans for the tech-savvys to the minimum 3G data package at Bt9 per day for light users.

In the latter half of 2011 after AIS launched our 3G, EDGE+, Wifi connectivity, we have been able to provide an enhanced seamless mobile data experience to our customers. Operators were fairly rationale in reasonable data pricing ushering in fair usage policy. Half a year after 3G service began its debut, AIS registered a fast-growing 3G subscriber base at 1.2mn whereas mobile internet usage grew more than 100% in 2H11.

Moving into 2012, AIS' strategic focus continues to be on "quality" to drive "customer experience". We plan to strengthen our existing 3G service quality, by deploying additional nearly 2,000 base stations, covering Bangkok and greater areas and other key cities. This is mainly a capacity increase exercise targeting to improve mobile data experience of customers in area where demand is prominent.

Despite increasing spending for data capacity expansion under both 2G and 3G networks as well as undertaking a major rebranding project, AIS achieved Bt56,622mn of EBITDA, a 9.5% YoY growth. Stripping out non-recurring items, service margin

was maintained, despite a lower group EBITDA margin due to the dilution effect of a growing lower margin handset business. Net profit recorded Bt22,218mn, improved 8.3% YoY even with Bt2.8bn deferred tax adjustment while normalized net profit recorded Bt26,600mn, 21% YoY growth. AIS, therefore, generated a healthy free cash flow of Bt51bn while maintaining flexibility for the future growth opportunities. Moving into 2012, under the new regulator NBTC, the Thai telecom industry will face a structural transition from Build-Transfer-Operate (BTO) contract to license regime. This will unlock the expiring BTO contracts issue and ensure the long-term business future of existing operators. The new license system will create a level playing field which will lead to a renew capex cycle.

## SIGNIFICANT EVENT

**Impairment loss from DPC goodwill of Bt1,542m recognized in 2011**

In 4Q11, the AIS Group recorded in the statement a Bt384mn impairment loss of Goodwill in DPC, a subsidiary operating mobile service on GSM 1800MHz. As a result, DPC Goodwill became zero. In 2011, the AIS Group recorded in the income statement for the period a Bt1,542mm impairment loss of goodwill on DPC. Such item is not tax deductible, unrecoverable and is non-cash expense. This resulted in no more outstanding balance of DPC goodwill on financial statement.

**Change in corporate income tax rate**

On 11 October 2011, the Cabinet announced the change in the corporate income tax rate to 23% for accounting periods ending 31 December 2012 or after, and to 20% for accounting periods ending 31 December 2013 onward. Deferred tax assets and liabilities carried as at 31 December 2011 have been calculated based on these changed tax rates. The recorded deferred tax asset in the consolidated and separate financial statements carried as at 31 December 2011 was reduced by Bt2,840mn and Bt2,637mn respectively. The reduced deferred tax was accrued in income tax expense in statement of income.

## RESULTS

### Revenue

In 2011, despite reaching over 100% penetration, the mobile market continued to expand due to strong growth of internet SIM users and organic growth from regional subscribers. AIS registered 33.5mn subscribers and grew from 31.2mn last year, representing 2.3mn net addition. During the year, AIS implemented a successful distribution policy and extended termination period due to the flood crisis that occurred in late Sep-11. As a result, postpaid churn rate dropped to 1.5% in 4Q11 compared to 1.8% last year, while the prepaid churn posted a slight decrease.

AIS generated total revenue of Bt126,437mn, a strong growth of 13.6% YoY driven by both rising mobile usage and device sales. Service revenue excluding IC grew 12% from last year. We witnessed a strong growth in both voice and non-voice, both cities and regional market. As a result, Prepaid ARPU increased 4.1% YoY reaching Bt203 while Postpaid ARPU increased 5% reaching Bt691. Minutes of use on both prepaid and postpaid rose 10% YoY as we promoted all-network calls. Net interconnection revenue hence declined to Bt451mn from Bt601mn in 2010.

### Voice Revenue

During the year, competition in voice market remained stable, voice revenue stood at Bt71,429mn, a significant increase at 8.3% YoY. As the largest coverage and most reliable network in Thailand, AIS covered a strong footprint in both Bangkok and regional markets. We offered various localized tariff plans to capture regional customers as well as segmented voice plans to serve different customer behavior. These led to a strong growth of prepaid voice revenue at 10.6% YoY in 2011. On postpaid segment, with the strong network quality, and mix and match package, AIS completed the product range to serve the needs of targeted customers. Meanwhile, we continued to gain quality subscribers due to a streamlined distribution policy. The success resulted in a 2.1% YoY increase in postpaid voice revenue. However, we expect in year 2012 a more subdued growth in voice revenue as additional organic growth in regional market should be less significant as mobile penetration exceeds 100%.

### Non-voice revenue

Supported by the growing trend of social networks and smart device adoption, demand for mobile connectivity has considerably increased. AIS data users continued to expand, reaching 9mn, an increase of 39% compared to last year. This was the key driver to the overall non-voice growth of 31% YoY and AIS achieved Bt19,736mn of revenue, a portion that contributes 20% of overall service revenue excluding IC from 17% in 2010. Anticipating a surge demand in data market, AIS introduced in mid-2011 seamless data connectivity throughout Thailand via 3G, EDGE+, and WiFi. As a result, mobile data revenue strongly increased by 76% YoY in 2H11, compared to 64% YoY in 1H11. Apart from smartphone data package, we also supported non-smartphone users by offering “Unlimited Social by Opera Mini”, which allows non-smartphones to access popular social networks. We expect non-voice growth momentum to continue in the future as non-messaging revenue (non-voice revenue, excluding SMS and ring back tone) expanded to 14.6% of service revenue, excluding IC, from merely 11.3% last year.

### Handset sales

Alongside with the rising data market, handset market continued to be upbeat. Device sales improved in both smartphone and non-smartphone segments. As part of the AIS Quality DNAs strategy to serve data demand, AIS in 2011 offered a wide range of smart devices e.g. Samsung Galaxy S, Samsung Galaxy Tab 10.1, iPhone 4s, and air cards resulting in healthy sales revenue growth of 41% YoY. Additionally, a large number of non-smartphones also expanded in regional markets. A lot of these have data connection capability, serving mid to lower tier of customers. Handset market competition increased resulting in BlackBerry contributing lower margins due to reformed distribution policy of RIM since 2H10. Therefore, we generated lower sales margin at 11.9% compared to 14.7% last year.

### International revenues

Revenue from international call business continued to expand 10% YoY in terms of both user and usage due to several marketing campaigns. International roaming revenue, however, declined at 6.3% YoY due to global price pressures.

## Expenses

### Cost of services excluding IC

In 2011, AIS launched key initiatives to support mobile internet demand and maintain service quality, such as 3G-900MHz and EDGE+ nationwide. As a result, several cost items in cost of service, excluding IC, increased to achieve our goals. Because of higher roaming traffic on DPC network during the 3G-900MHz start-up and increased DPC revenue sharing from 25% to 30%, revenue sharing expense increased 14% YoY. Number of cell sites increased to 17k from 15.8k in 2010, therefore, base rental and utility cost increased 8.4% YoY. To maintain the reliability of network, especially during the flood in 4Q11, several preventive maintenance and mitigation programs were implemented, resulting in 7.8% YoY higher maintenance expense. Other costs of services were Bt3,758mn and increased 32% YoY due to increased call center staff cost, 3G-900MHz related expenses and the Bt360mn one-time reversal item in 2Q10. Excluding the one-time reversal item, other costs of services increased 17.4% YoY. Despite the above rising costs, overall cost of services excluding IC was stable from last year due to lower network amortization, which declined 7.5% YoY. The network amortization is expected to decrease further in 2012 because new assets' costs were lower than the amount of fully amortized assets and contracts that will expire in 2013 for DPC and 2015 for AIS.

### Selling and general administrative expenses (SG&A)

AIS implemented rebranding campaign in 2011 to serve the dynamic of customer demand better. The campaign increased marketing expense 22% YoY. However, marketing spending was well controlled at 2.2% of total revenue and stable to 2.1% in 2010 due to mild competition and economy of scale. Regarding flood crisis in 4Q11, AIS launched many programs to help customers, staffs and Thai people and recorded more than Bt210mn of contributions to flood relief.

AIS extended monthly payment date for postpaid customers who affected by flooding, as a result, bad debt provision increased 3.8% YoY. However, the ratio of bad debt expense to postpaid revenue was 2.5% and slightly decreased from 2.6% in 2010. Affected postpaid customers resumed the payment since December 2011. General administrative and staff expenses increased 11% YoY due to higher staff cost, including special rewards and flood relief supports, and donation.

### Profit

AIS EBITDA was Bt56,623mn and increased 9.5% YoY due to strong revenue growth, particularly from mobile internet, offsetting by higher cash OPEX, largely from the Bt360mn one-time reversal, rebranding campaign and staff cost. However, EBITDA margin decreased to 44.8% from 46.5% in 2010 mainly due to dilution from handset business margin, higher revenue share of DPC due to network roaming during 3G-900MHz start-up, and the one-time reversal item. Net income was Bt22,218mn and increased 8.3% YoY due to the strong EBITDA growth, higher interest income and the lower amortization but offset by the adjustment of deferred tax asset. The deferred tax adjustment was Bt2,840mn, which come from the lower corporate tax rate government policy started from 2012. Excluding the DPC goodwill impairment and the deferred tax adjustment, normalized net income was Bt26,600mn and increased 21% YoY.

### Financial position and cash flow

As we were expecting auctions on new spectrum licenses, AIS was judicious in committing new CAPEX on the existing Built-Transfer-Operate contracts to maintain our market position and revenue market share. In 2011, CAPEX spending was 5.7bn and increased 18% YoY mainly due to data services, i.e. 3G-900MHz project and data capacity expansion. This is below the initial guidance of Bt10bn as there were some delayed projects through the year. Cash increased to Bt21,887mn from Bt12,168mn from EBITDA growth. However, total asset continued to decrease from Bt97,347mn in 2010 to Bt86,672mn because the new CAPEX was smaller than network that was fully amortized in the period and deferred tax asset was adjusted due to the new corporate income tax rate.

To maintain flexibility for upcoming investment, AIS repaid Bt13,978mn of debt while securing a new Bt1,200mn loan. As a result, interest bearing debt fell to Bt22,374mn from Bt35,139mn in 2010 while average cost of debt declined to 4.5% from 4.8% in 2010. With our prudent management, we maintained high liquidity. Our current ratio improved to 1.12 from 0.74 in 2010. In 2012, a debenture of Bt5,000mn and loans of Bt493mn will be due.

Equity was Bt39,464mn and decreased from Bt41,191mn in 2010 due to lower unappropriated retained earnings after interim dividend payment. Therefore, net debt to equity and net debt to EBITDA was lower to 0.01 which enlarges debt capacity once the need for future investment arrives.

From our strong revenue generation and solid cost management, AIS generated Bt48,216mn cash flow from operation in 2011, an increase of 7.5% YoY. Majority of the cash flow was spent on dividend payment which amounted Bt24,103mn and debt repayment which amounted Bt14,050mn while working capital requirement was Bt9,388mn. We ended the year with Bt7,909mn increase in cash on hand. We are confident that this level of strong cash generation will support our endeavor for the upcoming new license auction as well as maintaining full commitment to shareholder return.

### FINANCIAL RESULT

Table 1 – Revenue

(Bt million) / (% to total service revenue excluded IC)

	2010		2011		YoY (Amount)	YoY (%)
Voice revenue	65,942	75.3%	71,429	73.0%	5,487	8.3%
Postpaid (voice)	17,493	20.0%	17,859	18.2%	366	2.1%
Prepaid (voice)	48,449	55.4%	53,570	54.7%	5,121	10.6%
Non-voice revenue	15,040	17.2%	19,736	20.2%	4,696	31.2%
International roaming	2,703	3.1%	2,533	2.6%	-170	-6.3%
Others (IDD, other fees)	3,831	4.4%	4,212	4.3%	381	9.9%
<b>Service revenue excluding IC</b>	<b>87,516</b>	<b>100.0%</b>	<b>97,911</b>	<b>100.0%</b>	<b>10,395</b>	<b>11.9%</b>



Table 2 – Sales (Bt million) / (% to total revenue)

	2010		2011		YoY (Amount) YoY (%)	
Sales revenue	9,349	8.4%	13,180	10.4%	3,831	41.0%
Cost of sales	7,974	7.2%	11,613	9.2%	3,639	45.6%
<b>Net sales</b>	<b>1,375</b>	<b>1.2%</b>	<b>1,567</b>	<b>1.2%</b>	<b>192</b>	<b>14.0%</b>
<b>Sales Margin (%)</b>	<b>14.7%</b>		<b>11.9%</b>			

Table 3 – Interconnection (IC) (Bt million) / (% to total revenue)

	2010		2011		YoY (Amount) YoY (%)	
Interconnection revenue	14,474	13.0%	15,346	12.1%	872	6.0%
Interconnection cost	13,873	12.5%	14,895	11.8%	1,022	7.4%
<b>Net interconnection</b>	<b>601</b>	<b>0.5%</b>	<b>451</b>	<b>0.4%</b>	<b>- 150</b>	<b>-24.9%</b>

Table 4 – Cost of services ex IC and sales (Bt million) / (% to total revenue)

	2010		2011		YoY (Amount) YoY (%)	
Network amortization	18,395	16.5%	17,017	13.5%	-1,378	-7.5%
Base station rental & utility	2,752	2.5%	2,984	2.4%	232	8.4%
Maintenance	1,376	1.2%	1,484	1.2%	108	7.8%
Other cost of services	2,840	2.6%	3,758	3.0%	918	32.3%
Cost of services ex. IC	25,363	22.8%	25,243	20.0%	-120	-0.5%
Revenue sharing expense	21,553	19.4%	24,469	19.4%	2,916	13.5%

Table 5 – SG&A (Bt million) / (% to total revenue)

	2010		2011		YoY (Amount) YoY (%)	
Marketing expense	2,324	2.1%	2,826	2.2%	502	21.6%
General administrative & staff cost	6,712	6.0%	7,476	5.9%	764	11.4%
Bad debt provision	589	0.5%	611	0.5%	22	3.8%
Depreciation	214	0.2%	203	0.2%	-11	-5.0%
<b>Total SG&amp;A</b>	<b>9,840</b>	<b>8.8%</b>	<b>11,118</b>	<b>8.8%</b>	<b>1,278</b>	<b>13.0%</b>
<b>% Bad debt to postpaid revenue</b>	<b>2.6%</b>		<b>2.5%</b>			

Table 6 – EBITDA

(Bt million) / (% to total revenue)

	2010		2011		YoY (Amount)	YoY (%)
Operating Profit	32,736	29.4%	39,100	30.9%	6,363	19.4%
Depreciation of PPE	2,694	2.4%	2,511	2.0%	-184	-6.8%
Amortization	16,366	14.7%	15,164	12.0%	-1,202	-7.3%
(Gain)/Loss on disposal of PPE	84	0.1%	-3	0.0%	-87	-103.3%
Management Benefit	-114	-0.1%	-116	-0.1%	-2	1.7%
Other financial cost	-47	0.0%	-32	0.0%	14	-30.3%
<b>EBITDA</b>	<b>51,720</b>	<b>46.5%</b>	<b>56,623</b>	<b>44.8%</b>	<b>4,903</b>	<b>9.5%</b>

Table 7 – Financial cost

(Bt million) / (% to total revenue)

	2010		2011		YoY (Amount)	YoY (%)
Total financial cost	1,753	1.6%	1,666	1.3%	-87	-5.0%

Table 8 – Consolidated (Bt million)

Where

		2010	2011	YoY (Amount)	YoY (%)
<b>Net income</b>		<b>20,514</b>	<b>22,218</b>	<b>1,704</b>	<b>8.3%</b>
Add: Impairment of DPC goodwill	Impairment loss	1,560	1,542		
Add: Adjustment of deferred tax asset	Income tax expenses	0	2,840		
<b>Normalized net income</b>		<b>22,074</b>	<b>26,600</b>	<b>4,526</b>	<b>20.5%</b>

Table 9 – Financial Position

(Bt Million) / (% to total asset)

	2010		2011	
Cash	12,618	13.0%	21,887	25.3%
ST investment	4,219	4.3%	727	0.8%
Trade receivable	5,660	5.8%	7,037	8.1%
Inventories	1,127	1.2%	1,087	1.3%
Others	2,329	2.4%	2,440	2.8%
<b>Current Asset</b>	<b>25,953</b>	<b>26.7%</b>	<b>33,178</b>	<b>38.3%</b>

Table 9 – Financial Position

(Bt Million) / (% to total asset)

	2010		2011	
Networks and PPE	55,265	56.8%	44,121	50.9%
Goodwill	1,577	1.6%	35	0.0%
Intangible asset	2,764	2.8%	2,275	2.6%
Defer tax asset	9,933	10.2%	6,422	7.4%
Others	1,856	1.9%	642	0.7%
<b>Total Assets</b>	<b>97,347</b>	<b>100.0%</b>	<b>86,672</b>	<b>100.0%</b>
Trade accounts payable	2,472	2.5%	3,520	4.1%
CP of LT loans	15,883	16.3%	5,469	6.3%
Accrued R/S expense	3,328	3.4%	4,593	5.3%
Others	13,603	14.0%	16,152	18.6%
<b>Current Liabilities</b>	<b>35,285</b>	<b>36.2%</b>	<b>29,734</b>	<b>34.3%</b>
Total interest-bearing debt	35,139	36.1%	22,374	25.8%
<b>Total Liabilities</b>	<b>56,157</b>	<b>57.7%</b>	<b>47,209</b>	<b>54.5%</b>
Unappropriated retained earning	15,073	15.5%	13,246	15.3%
<b>Total Equity</b>	<b>41,191</b>	<b>42.3%</b>	<b>39,464</b>	<b>45.5%</b>

Table 10 – Key Financial Ratio

	2010	2011
Debt ratio	0.58	0.54
Net debt to equity	0.55	0.01
Net debt to EBITDA	0.44	0.01
Total liabilities to equity	1.36	1.20
Current ratio	0.74	1.12
Interest coverage	19.18	23.94
DSCR	2.06	5.58
ROE (%)	39%	66%

Table 11 – Debt Repayment Schedule

(Bt Million)

	Debenture	Long term loan
2011	4,000	9,978
1Q12	-	-
2Q12	-	247
3Q12	5,000	-
4Q12	-	247
2013	8,000	493
2014	2,500	2,939
2015	-	1,093
2016	-	1,093
2017	-	493
2018	-	247

Table 12 – Source and use of fund : 2011

(Bt. Million)

Source of Fund		Use of Fund	
Operating CF before change in working capital	57,604	CAPEX & Fixed assets	5,707
Interest received	620	Finance cost and finance lease paid	1,803
Sale of property and equipment	12	Changes in working capital	9,388
Share capital and share premium	189	Debt repayment	14,050
Net change in current/long investments	3,494	Dividend payment	24,103
Proceed from long term borrowing	1,200	Reduction of share capital to non-controlling interests	159
		Cash increased	7,909
<b>Total</b>	<b>63,119</b>	<b>Total</b>	<b>63,119</b>

## Comparison of 2011 outlook and actual

FY2011	Guidance	Actual
Service revenue (excluding IC)	High-single digit	+11.9%
Non-voice revenue	25-30%	31%
EBITDA margin	45%	44.8%
CAPEX	Bt10bn cash capex (including 3G 900MHz)	Bt5.7bn

The service revenue, excluding IC improved 11.9%, above the guidance of high-single digit due to stronger-than-expected voice growth. The revenue guidance of high-single digit growth was based on strong growth in non-voice revenue. We expected a subdued growth in voice revenue as the market saturated while mobile penetration reached over 100%. However, in 2011, with our successful marketing campaigns and recovered economy, voice revenue grew firmly at 8% in both cities and regional markets, particularly the prepaid segment. Additionally, in mid 2011, 3G services were introduced to support growing demand for mobile internet. As a result, non-voice revenue improved 31% yoy hitting the high range of the guidance of 25-30%. Also, strong device sales in both high-end and low-end models resulted in growing handset sales of 40%. Nevertheless, the growth was lower than our guidance of 50% due to impact from flood in last quarter of the year.

EBITDA margin was 44.8% in accordance with the guideline of 45%. This came from an expansion of handset business. In addition, the EBITDA margin was driven by solid revenue and cost efficiency, despite high cost from rebranding activities and higher network opex from 3G services. Marketing spending was managed at 2.2% of total revenue due to benign competition, hitting the low range of 2 to 2.5% on guidance.

Capex was Bt5.7bn lower than the Bt10bn guidance due to the delay of some investment projects caused by flood in late 2011, resulting in behind schedule payment date.

## FY2012 MANAGEMENT OUTLOOK & STRATEGY

Service revenue excluding IC	5-6%
Non-voice revenue	25% YoY
Sales revenue	10%+
EBITDA margin	44%
CAPEX	Bt8bn CAPEX (cash flow)

AIS expects 5-6% growth in service revenue, excluding IC, from strong mobile internet demand and stable voice market. Growing smartphone users, social networks popularity and limited fixed line internet access, will continue to drive mobile internet demand. We believe the operators will try to maintain positive momentum in non-voice market growth by providing more extensive 3G services and promoting 3G smart devices, i.e. smartphones, tablets and air cards. AIS is aiming to promote

smartphone through several marketing campaigns as well as a wide range of devices to expand mobile data customer base in new emergent markets. As a result, we expect our device sales revenue to increase 10%+. We estimate that 50% of the new devices sales this year to be 3G compatible while 30% to be smartphones (not all 3G phone is considered as smartphone). Non-voice competition is expected to increase in terms of coverage and speed claim. However, aggressive price competition in non-voice service is not yet expected because mobile internet demand is very strong while supply remains fairly limited. AIS' strategic focus will be on "quality" to drive "customer experience". We intend to create better mobile internet experience to ensure that our quality service and a long-term relationship between AIS and customers is maintained. For voice market, we believe operators are tending to maintain voice revenue market share due to matured market, resulting in benign competition. AIS will leverage our widest network coverage and local distribution channels to capture new quality voice and data subscribers.

Non-voice revenue is expected to increase 25% due to smart device growth and 3G service. Our "Quality DNAs" (Quality in Device, Network, Application and Service) philosophy continues to be our value proposition that AIS delivers to customers, steering toward more segmented approach. **Device:** Selected smart devices with bundled attractive data packages will be offered to each customer segment. We want to encourage new data customers to experience our nationwide seamless data network by introducing more variety of segmented data price plans. **Network:** Our seamless data network will be strengthened by increasing capacity on 3G-900MHz network and collaborating with strategic partners. Additional 2,000 3G-900MHz base stations will be installed in key strategic provinces where demand is prominent to ensure that our 3G service has better quality and reliability. WiFi service will be expanded by our partners and AIS itself in shopping areas and key points of attraction to enhance mobile internet experience. **Applications:** More new content and applications will be created to support both smartphone users and mass market segments e.g. digital lifestyles content such as eBook, Music. The AIS core value, **Services**, will be reinforced in several dimensions. We will create superior experience at AIS touch points starting from shops to after-sales services. Customers can try smart devices with suggestions from our staff before they decide to buy. Our service infrastructure will be modernized to increase speed and offer the right solutions and privileges for individual customers. With the "Quality DNAs", AIS is confident that we can deliver quality experience and build long-term brand attachment with customers.

As AIS will promote more smart devices in 2012, EBITDA margin target is 44%, which is slightly lower from 44.8% in 2011. The lower EBITDA margin was an effect of margin dilution from handset business, while service margin remains stable. Handset sales business, which has lower margin compared to mobile service business, will become a larger portion in our revenue mix. Our cost efficiency will be maintained owing to AIS economy of scales and management disciplines. Though our rebranding campaign will continue in 2012, marketing spending will likely be capped in range of 2-2.5% of total revenue. Net interconnection charge expects to decrease further but will maintain as a net IC gainer. However, AIS does not expect the net IC gain to be sustainable.

AIS expects to spend Bt8bn CAPEX mainly to strengthen our 3G-900MHz footprints and enlarge data capacity. After launching an interim 3G-900MHz service in July 2011 and upgrading network to EDGE+ nationwide, mass customers start to realize benefit from wireless internet access, resulting in higher mobile internet usage. AIS continue to deliver seamless quality

mobile internet network by installing an additional 2,000 3G-900MHz base stations in greater Bangkok and key provinces where consumers' 3G-900MHz devices and demand are ready. We expect to complete the project by Q3. Service at touch points is also important. AIS will upgrade our AIS shops in order to customize our services in line with "Your Word Your Way" concept. Network amortization continues to decrease because majority of network asset is fully depreciated while new investment remains low. We expect network amortization will decrease 7% YoY.

Capital structure is well planned to preserve our strength for future investment, while maintaining our 100% dividend payout. After establishment of regulator, NBTC (National Broadcasting and Telecom Commission) and progress of NBTC works, AIS has to prepare for the shift of regulatory framework by managing our financial status for upcoming events such as spectrum auction (2.1GHz, 1800MHz and 900MHz) and new technology roll-out. To maintain a leadership position in 3G and beyond, our gearing ratios are managed at low level while our cost efficiency runs high to have full flexibility to finance potential investment, strengthening competitive edge, and withstanding competitive pressure.

## OPERATIONAL DATA

Subscribers	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
GSM Advance	2,835,800	2,878,500	2,898,800	2,928,100	2,976,500	3,027,500	3,056,200	3,116,200	3,193,600
GSM 1800	78,900	78,300	78,400	76,400	76,100	76,100	86,500	95,700	98,000
Postpaid	2,914,700	2,956,800	2,977,200	3,004,500	3,052,600	3,103,600	3,142,700	3,211,900	3,291,600
Prepaid	25,858,200	26,552,400	27,030,500	27,497,600	28,148,100	28,847,700	29,342,300	29,552,000	30,168,300
Total subscribers	28,772,900	29,509,200	30,007,700	30,502,100	31,200,700	31,951,300	32,485,000	32,763,900	33,459,900
<b>Net additions</b>									
Postpaid	80,100	42,100	20,400	27,300	48,100	51,000	39,100	69,200	79,700
Prepaid	410,500	694,200	478,100	467,100	650,500	699,600	494,600	209,700	616,300
Total net additions	490,600	736,300	498,500	494,400	698,600	750,600	533,700	278,900	696,000
<b>Churn rate (%)</b>									
Postpaid	2.2%	2.3%	2.2%	2.1%	1.8%	1.6%	1.7%	1.6%	1.5%
Prepaid	5.2%	4.7%	4.7%	4.3%	4.4%	4.4%	4.7%	5.0%	4.3%
Blended	4.9%	4.4%	4.5%	4.1%	4.2%	4.1%	4.4%	4.7%	4.1%
<b>Subscriber market share</b>									
Postpaid	42%	43%	43%	43%	43%	43%	43%	43%	N/A
Prepaid	44%	44%	44%	44%	44%	44%	44%	44%	N/A
Total	44%	44%	44%	44%	44%	44%	44%	44%	N/A
<b>ARPU excl. IC (Bt)</b>									
GSM Advance	660	648	645	645	660	655	661	673	698
GSM 1800	623	610	596	594	584	544	496	459	454

Postpaid	659	647	643	644	658	652	656	667	691
Prepaid	192	193	185	184	195	197	195	193	203
Blended	239	239	231	230	241	241	239	239	251
<b>ARPU incl. net IC (Bt)</b>									
GSM Advance	619	608	605	614	624	618	621	632	655
GSM 1800	604	592	578	576	574	535	482	442	437
Postpaid	619	608	605	613	623	616	617	626	649
Prepaid	198	198	190	192	201	203	200	199	209
Blended	240	239	231	234	243	243	240	240	252
<b>MOU (minutes: billable outgoing only)</b>									
GSM Advance	535	524	509	522	532	527	530	529	588
GSM 1800	492	483	476	387	496	486	479	463	499
Postpaid	534	523	508	518	532	526	529	527	585
Prepaid	255	263	273	280	292	304	299	300	323
Blended	283	289	297	304	316	326	322	322	349

AIS Investor Relations Contact

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## Disclaimer

*Some statements made in this material are forward-looking statements with the relevant assumptions, which are subject to various risks and uncertainties. These include statements with respect to our corporate plans, strategies and beliefs and other statements that are not historical facts. These statements can be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “anticipate”, “intend”, “estimate”, “continue” “plan” or other similar words.*

*The statements are based on our management’s assumptions and beliefs in light of the information currently available to us. These assumptions involve risks and uncertainties which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Please note that the company and executives/staff do not control and cannot guarantee the relevance, timeliness, or accuracy of these statements.*

## ARPU DEFINITION

In accordance with international practice, we have adjusted ARPU disclosure to better reflect all revenues generated from the mobile network. We believe the new definition should provide a more transparent representation of our reported service revenues and maintain the conservative approach of recognizing revenue on a net basis. The revenue items included in the calculation of ARPU figures are based on consolidated revenue, according to the Thai accounting standard. The ARPU definition is outlined accordingly.



	ARPU exclude IC	ARPU include IC
Definition	<p>Consolidated service revenue excludes international call revenues from AIN and interconnection revenues divided by an average of subscribers at the beginning and ending period.</p> <p>= <math>\frac{\text{Service revenue} - \text{AIN revenue} - \text{Gross IC revenue}}{(\text{beg.sub} + \text{end.sub}) / 2}</math></p>	<p><b>Consolidated service revenue excludes international call revenues from AIN divided by average of subscribers at the beginning and ending period.</b></p> <p>= <math>\frac{\text{Service revenue} - \text{AIN revenue} - \text{Gross IC revenue} + \text{Net IC revenue}}{(\text{beg.sub} + \text{end.sub}) / 2}</math></p>
Revenue composition	<p><input checked="" type="checkbox"/> Voice</p> <p><input checked="" type="checkbox"/> Value-added service (call management, SMS, MMS, data)</p> <p><input checked="" type="checkbox"/> International roaming</p> <p><input checked="" type="checkbox"/> International call via CAT, TOT</p> <p><input checked="" type="checkbox"/> Others</p> <p><input type="checkbox"/> Net interconnection revenue</p> <p><input type="checkbox"/> International call via AIN (AIS subsidiary)</p> <p>All categories are net of third-party sharing and commission</p>	<p><input checked="" type="checkbox"/> Voice</p> <p><input checked="" type="checkbox"/> Value-added service (call management, SMS, MMS, data)</p> <p><input checked="" type="checkbox"/> International roaming</p> <p><input checked="" type="checkbox"/> International call via CAT, TOT</p> <p><input checked="" type="checkbox"/> Others</p> <p><input checked="" type="checkbox"/> Net interconnection revenue</p> <p><input type="checkbox"/> International call via AIN (AIS subsidiary)</p> <p>All categories are net of third-party sharing and commission</p>

*From 1Q08 onward, disclosure of ARPU is based on new definition (net all-in) only. Disclosure of "ARPU net voice + value-added service" is discontinued*

## GLOSSARY OF TERMS AND DEFINITIONS

### Operational data

Subscriber	Number of registered SIM at ending period whose status is not defined as churn
Postpaid churn	Subscribers whose payment status is overdue more than 45 days from due date
Prepaid churn	Subscribers who do not make a refill within 37 days after validity expires
Net additions	Change of number of subscribers and ending period from the beginning period
ARPU excl. IC	Consolidated service revenue excludes international call revenues from AIN divided by average of subscribers at the beginning and ending period. It includes voice revenue, value-added services, international roaming, international calls and other revenues such as national roaming, broadband and transmission
ARPU incl. IC	Including net interconnection (IC revenue – IC cost)
MOU	Number of billed outgoing minutes generated from voice calls, including international call usage and SMS divided by the number of average subscribers
Churn rate	Number of subscriber disconnections in the period divided by the sum of gross new subscribers in the period and the subscribers at the beginning period
Voice	Any domestic and international voice usage generated by postpaid, prepaid and corporate subscribers
International roaming	Inbound roaming revenue only (revenue generated by foreign roamers using the AIS network).
IDD	International call (IDD) and other telecommunication services under subsidiaries.
Non-voice (data)	Includes all non-voice services e.g. SMS, MMS, GPRS, ring-back tone, infotainment and data transmission; excluding call management services e.g. call forward, conference call, call divert

## Financial data

EBITDA margin	Operating profit before depreciation, amortization, and allowance for impairment as a percentage to total revenue
Interest Coverage	Operating profit for the period divided by Interest expenses for the period
DSCR	Debt service coverage ratio calculated from EBITDA after tax divided by repayment of short-term and current portion of long-term borrowing, debentures and interest paid for the period
Net Debt / EBITDA	Short-term and long-term interest-bearing debts minus cash divided by EBITDA
Net Debt / Equity	Short-term and long-term interest-bearing debts minus cash divided by total shareholder's equity at ending period
Interest-bearing Debt to Equity	Short-term and long-term interest-bearing debts divided by total shareholder's equity at ending period
Total Liabilities to Equity	Total liabilities at ending period divided by total shareholder's equity at ending period
Debt Ratio	Total liabilities at ending period divided by total assets at ending period
Free cash flow to EV	(EBITDA – capex – tax) / (market capitalization + book value of net debt)
Free cash flow (FCF)	Up to 2009 FCF = Operating Cash Flow after Working Capital – CAPEX; From 2010 onward, FCF = EBITDA – CAPEX
Network OPEX	Cost of services excluding amortization & depreciation & IC
Cash OPEX	Network OPEX + SG&A excluding amortization & depreciation
ROE (%)	Return to Equity: Annualized normalized net income divided by average equity

## Audit Fees

### 1. Audit Fees

In 2011, the Company and its subsidiaries paid the audit fees as follows:

(Unit: Baht Million)		
Company	The auditor of the Company under KPMG	The other auditors under KPMG and KPMG's related firms
Shin Corporation Public Company Limited	2.19	-
Thaicom Public Company Limited and its Group	4.08	5.12
ITV Public Company Limited and its Group	0.58	0.08
Other subsidiaries	-	0.54
Total audit fees	6.85	5.74
Out of pocket expenses	0.26	0.13
Total audit fees and out of pocket expenses	7.11	5.87

Remark : KPMG means KPMG Phoomchai Audit Ltd.

### 2. Non-audit fees

In 2011, the Company and its subsidiaries paid professional service for the convergence of International Financial Reporting Standards, professional service for the audit of revenue report and other related information, together with consulting service for oversea business operation in the amount of Baht 0.50 million to KPMG and Baht 5.58 million to related firms of KPMG. However, there are some more for uncompleted services in the amount of Baht 0.50 million to KPMG and Baht 4.32 million to related firms of KPMG.

## The Board of Directors' Responsibility for Financial Reporting

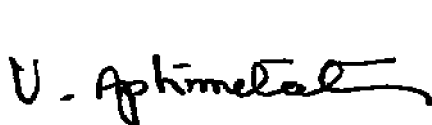
The Board of Directors is responsible for the financial statements of Shin Corporation Plc and the consolidated financial statements of the Company and its subsidiaries, including the financial information presented in this annual report. The aforementioned financial statements are prepared in accordance with generally accepted accounting principles, using careful judgment and the best estimations. Important information is adequately and transparently disclosed in the notes to financial statements for the Company's shareholders and investors.

The Board of Directors has provided and maintained a risk management system along with appropriate and efficient internal controls to ensure that accounting records are accurate, reliable and adequate to protect the Company's assets and uncover any weaknesses that may occur in order to prevent fraud or materially irregular operations.

In this regard, the Board of Directors has appointed the Audit Committee to be responsible for reviewing the accounting policy, financial reports, internal controls, internal audit, risk management system and disclosure of connected transactions. All the Audit Committee's comments on these issues have been presented in the Audit Committee Report for 2011 included in this annual report.

The financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries have been examined by an external auditor, KPMG Phoomchai Audit Ltd. To conduct the audits and express an opinion in accordance with generally accepted auditing standards, the external auditor was provided with all of the Company's records and related data as requested. The external auditor's opinion is presented in the auditor's report included in this annual report.

The Board of Directors believes that the Company's overall internal control system has functioned at a satisfactory level and rendered credibility and reliability to the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2011. The Board of Directors also believes that all these financial statements have been prepared in accordance with generally accepted accounting principles and related regulations.



(Dr. Virach Aphimeteetamrong)  
Chairman of the Board



(Mr. Somprasong Boonyachai)  
Chairman of the Executive Committee

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## Audit Report of Certified Public Accountant

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To the shareholders of Shin Corporation Public Company Limited

I have audited the accompanying consolidated and separate statements of financial position as at 31 December 2011 and 2010, and the related statements of income and comprehensive income, changes in equity and cash flows for the years then ended of Shin Corporation Public Company Limited and its subsidiaries, and of Shin Corporation Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2011 and 2010 and the results of operations and cash flows for the years then ended of Shin Corporation Public Company Limited and its subsidiaries, and of Shin Corporation Public Company Limited, respectively, in accordance with Financial Reporting Standards.

As explained in notes 2 and 3 to the financial statements, with effect from 1 January 2011 the Company has adopted certain new and revised financial reporting standards. The consolidated and separate financial statements for the year ended 31 December 2010 have been restated accordingly.

As mentioned in notes to the financial statements No. 2.2 and 34 as at 31 December 2011, ITV's current liabilities exceed its current assets by an amount of Baht 3,898 million and there is a deficit in excess of the share capital of an amount of Baht 3,898 million and ITV 's Television Broadcasting Station under a UHF Radio-Television Broadcasting Agreement ("Operating Agreement") was revoked by the Office of the Permanent Secretary of the Office of the Prime Minister ("PMO") as ITV did not pay the unpaid operating fee totaling Baht 2,210 million and the interest on the total unpaid operating agreement fee at 15% per annum including the penalty arising from the alteration of television programming of Baht 97,760 million and adjust television programs fee which are still under dispute with PMO. Subsequently, ITV ceased its operations and delivered their assets under the operating agreement to PMO. ITV has filed statements of claim regarding the unpaid operating agreement totaling Baht 2,210 million plus the interest and adjust television programs fee to the arbitration process.

These events indicate a material uncertainty which may cast significant doubt on ITV's ability to continue as a going concern. I have expressed a disclaimer of opinion on the ITV 2011 and 2010 financial statements due to the significance of the matters mentioned above. Assets and liabilities of ITV included in the consolidated financial statements as at 31 December 2011, represent 2.04 % (2010: 2.37 %) and 19.20% (2010: 28.33%) of consolidated total assets and liabilities, respectively and the net value of asset of ITV included in the Company financial statements as at 31 December 2011 and 2010 is nil.



(Winid Silamongkol)  
Certified Public Accountant  
Registration No. 3378

KPMG Phoomchai Audit Ltd.  
Bangkok  
14 February 2012

Shin Corporation Public Company Limited and its Subsidiaries  
 Statements of financial position As at 31 December 2011 and 2010

		Consolidated		Separate	
		financial statements		financial statements	
Assets	Note	2011	2010	2011	2010
			(Restated)		(Restated)
		(in Baht)			
<b>Current assets</b>					
Cash and cash equivalents	7	11,436,559,716	2,489,672,568	8,442,694,924	1,070,372,447
Current investments	8	2,516,994,607	1,845,526,825	1,377,179,866	756,698,740
Trade and other receivables	9	1,987,556,141	1,769,396,184	19,433,915	15,242,698
Amounts due from, advances and loans					
to related parties	6	82,108,638	1,382,554	-	30,000,000
Inventories	10	242,734,611	416,534,653	-	-
<b>Total current assets</b>		<b>16,265,953,713</b>	<b>6,522,512,784</b>	<b>9,839,308,705</b>	<b>1,872,313,885</b>
<b>Non-current assets</b>					
Investments in subsidiaries	11	-	-	3,694,940,468	3,694,940,468
Investments in associates	11	16,977,470,395	18,039,342,525	8,382,315,318	8,807,455,529
Long-term investments	8	25,000,000	25,000,000	25,000,000	25,000,000
Property and equipment	13	6,668,280,524	5,317,833,876	32,176,950	24,406,612
Property and equipment under operating					
agreements	14	12,828,228,105	14,177,096,096	-	-
Intangible assets	15	1,217,241,726	1,253,421,346	4,252,250	7,025,161
Deferred tax assets	16	846,188,384	1,174,346,261	-	-
Other non-current assets		698,681,932	663,462,841	3,805,983	948,080
<b>Total non-current assets</b>		<b>39,261,091,066</b>	<b>40,650,502,945</b>	<b>12,142,490,969</b>	<b>12,559,775,850</b>
<b>Total assets</b>		<b>55,527,044,779</b>	<b>47,173,015,729</b>	<b>21,981,799,674</b>	<b>14,432,089,735</b>

Shin Corporation Public Company Limited and its Subsidiaries  
Statements of financial position As at 31 December 2011 and 2010

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
		(in Baht)			
<i>Current liabilities</i>					
Trade and other payables	18	1,757,321,141	1,733,752,786	79,450,917	84,325,579
Dividend payables		7,502,986,495	-	7,502,986,495	-
Accounts payables-equipment		465,593,431	920,779,639	-	-
Amounts due to and loans from related parties	6	81,722,822	3,045,672	4,974,863	4,226,013
Current portion of long-term borrowings	17	4,627,159,881	856,342,983	631,954	475,107
Accrued operating agreement fees		264,616,590	205,457,499	-	-
Provision for unpaid operating agreement fee and interest	34.2	5,023,160,387	4,589,742,578	-	-
Current income tax payable		146,268,255	133,293,397	-	-
<b>Total current liabilities</b>		<b>19,868,829,002</b>	<b>8,442,414,554</b>	<b>7,588,044,229</b>	<b>89,026,699</b>
<i>Non-current liabilities</i>					
Long-term borrowings	17	5,652,998,801	7,548,869,308	1,545,004	2,263,425
Employee benefit obligation	19	232,111,092	216,844,256	38,331,083	39,035,566
Deferred tax liabilities	16	119,535,340	130,806,517	-	-
Other non-current liabilities		327,955,400	114,721,586	-	-
<b>Total non-current liabilities</b>		<b>6,332,600,633</b>	<b>8,011,241,667</b>	<b>39,876,087</b>	<b>41,298,991</b>
<b>Total liabilities</b>		<b>26,201,429,635</b>	<b>16,453,656,221</b>	<b>7,627,920,316</b>	<b>130,325,690</b>

The accompanying notes are an integral part of these financial statements

Shin Corporation Public Company Limited and its Subsidiaries  
 Statements of financial position As at 31 December 2011 and 2010

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
			(in Baht)		
<b>Shareholders' Equity</b>					
Share capital	20				
Authorized share capital - ordinary shares		5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
Issued and paid-up share capital - ordinary shares		3,206,420,305	3,201,083,769	3,206,420,305	3,201,083,769
Reserves	20, 21				
Share premium on issued of share - ordinary shares		10,341,569,221	10,197,776,579	10,341,569,221	10,197,776,579
Retained earnings					
Appropriated					
Legal reserve		500,000,000	500,000,000	500,000,000	500,000,000
Unappropriated		3,006,338,536	4,075,445,759	305,757,355	404,096,704
Other components of equity		4,104,580,421	4,167,971,123	132,477	(1,193,007)
<b>Total equity attributable to equity holders of the Company</b>		<b>21,158,908,483</b>	<b>22,142,277,230</b>	<b>14,353,879,358</b>	<b>14,301,764,045</b>
Non-controlling interests		8,166,706,661	8,577,082,278	-	-
<b>Total equity</b>		<b>29,325,615,144</b>	<b>30,719,359,508</b>	<b>14,353,879,358</b>	<b>14,301,764,045</b>
<b>Total liabilities and equity</b>		<b>55,527,044,779</b>	<b>47,173,015,729</b>	<b>21,981,799,674</b>	<b>14,432,089,735</b>



Shin Corporation Public Company Limited and its Subsidiaries  
Statements of income For the years ended 31 December 2011 and 2010

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010 (Restated)	2011	2010 (Restated)
		(in Baht)			
<b>Revenues</b>	<b>24</b>				
Revenues from sales and rendering of services		8,648,958,434	7,966,815,871	-	-
Dividends income		-	-	10,268,429,765	21,908,217,278
Gain from disposal partial of investment in associate	11 b)	7,263,825,147	-	7,499,188,788	-
Other income	25	243,544,610	165,218,750	55,493,759	28,621,772
Share of profit of associates		10,069,139,005	9,195,909,560	-	-
<b>Total revenues</b>		<b>26,225,467,196</b>	<b>17,327,944,181</b>	<b>17,823,112,312</b>	<b>21,936,839,050</b>
<b>Expenses</b>	<b>24</b>				
Cost of sales and rendering of services		6,129,512,277	6,520,932,196	-	-
Operating agreement fee		620,810,252	493,925,091	-	-
Loss on provision for interest of unpaid operating agreement fee	34.2	433,417,808	433,417,808	-	-
Selling expense		173,017,932	244,172,437	-	-
Administrative expense		1,592,789,336	1,493,942,103	205,076,306	195,132,514
Net foreign exchange loss		84,842,990	90,077,573	-	-
Management benefit expenses	6	152,767,145	137,004,226	85,870,000	88,923,661
<b>Total expenses</b>		<b>9,187,157,740</b>	<b>9,413,471,434</b>	<b>290,946,306</b>	<b>284,056,175</b>
<b>Profit before finance costs and income tax expenses</b>		<b>17,038,309,456</b>	<b>7,914,472,747</b>	<b>17,532,166,006</b>	<b>21,652,782,875</b>
Finance costs		(482,175,707)	(498,946,900)	(2,087,381)	(2,111,961)
<b>Profit before income tax expense</b>		<b>16,556,133,749</b>	<b>7,415,525,847</b>	<b>17,530,078,625</b>	<b>21,650,670,914</b>
Tax (expense) income	28	(487,077,047)	124,016,557	-	-
<b>Profit for the year</b>		<b>16,069,056,702</b>	<b>7,539,542,404</b>	<b>17,530,078,625</b>	<b>21,650,670,914</b>
<b>Attributable to:</b>					
Owners of the parent		16,559,310,751	8,015,694,421	17,530,078,625	21,650,670,914
Non-controlling interests		(490,254,049)	(476,152,017)	-	-
		<b>16,069,056,702</b>	<b>7,539,542,404</b>	<b>17,530,078,625</b>	<b>21,650,670,914</b>
<b>Earnings per share</b>	<b>30</b>				
Basic		5.17	2.50	5.47	6.76
Diluted		5.17	2.50	5.47	6.76

## Shin Corporation Public Company Limited and its Subsidiaries

## Statements of comprehensive income For the years ended 31 December 2011 and 2010

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010 (Restated)	2011	2010 (Restated)
		(in Baht)			
<b>Profit for the year</b>		<b>16,069,056,702</b>	<b>7,539,542,404</b>	<b>17,530,078,625</b>	<b>21,650,670,914</b>
<b>Other comprehensive income, net of income tax</b>	23				
Foreign currency translation differences for foreign operations		134,623,212	(148,953,170)	-	-
Net change in fair value of available-for-sale investments		1,704,641	(9,048,085)	1,325,484	(1,121,180)
Share of other comprehensive income of associates		506,902	(647,085)	-	-
<b>Other comprehensive income for the year, net of income tax</b>		<b>136,834,755</b>	<b>(158,648,340)</b>	<b>1,325,484</b>	<b>(1,121,180)</b>
<b>Total comprehensive income for the year</b>		<b>16,205,891,457</b>	<b>7,380,894,064</b>	<b>17,531,404,109</b>	<b>21,649,549,734</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		16,616,267,074	7,946,563,304	17,531,404,109	21,649,549,734
Non-controlling interests		(410,375,617)	(565,669,240)	-	-
		<b>16,205,891,457</b>	<b>7,380,894,064</b>	<b>17,531,404,109</b>	<b>21,649,549,734</b>

The accompanying notes are an integral part of these financial statements

## Shin Corporation Public Company Limited and its Subsidiaries

## Statements of changes in equity For the years ended 31 December 2011 and 2010

## Consolidated financial statements

Note	Equity attributable to owners of the Company									
	Retain earnings			Other components of equity						Total equity
	Issued and paid-up share capital	Premium on share capital	Legal reserve	Unappropriated	Unrealised gain on dilution from investments	Currency translation differences	Fair value changes in available-for-sale investments	Share of other comprehensive income of associates	Total other components of equity	
						(in Baht)				
<b>Balance at 1 January 2011 - as reported</b>										
Impact of changes in accounting policies										
<b>Balance at 1 January 2011 - restated</b>										
<b>Change in equity for the year</b>										
Increased in share capital	3,201,083,769	10,197,776,579	500,000,000	4,307,705,119	4,286,827,900	(118,310,721)	(1,898,971)	(847,085)	4,167,971,123	31,080,179,000
Dividends	-	-	-	(232,263,360)	-	-	-	-	-	(310,819,482)
Unrealised gain on dilution of investments in subsidiaries and associate	-	-	-	-	-	-	-	-	-	-
<b>Comprehensive income for the year</b>	-	-	-	-	-	-	-	-	-	-
Profit (loss) for the year	-	-	-	16,559,310,751	(186,864,770)	-	-	-	(186,864,770)	15,882,191,932
Other comprehensive income for the year	-	-	-	-	-	54,923,251	1,526,170	506,902	56,956,323	136,834,755
<b>Total comprehensive income for the period</b>	-	-	-	16,559,310,751	(186,864,770)	54,923,251	1,526,170	506,902	(129,908,447)	16,016,028,887
<b>Balance at 31 December 2011</b>	3,208,420,305	10,341,569,221	500,000,000	3,006,336,536	4,166,480,875	(63,387,470)	(372,801)	(140,183)	4,104,590,421	23,325,615,144

The accompanying notes are an integral part of these financial statements

## Shin Corporation Public Company Limited and its Subsidiaries

## Statements of changes in equity For the years ended 31 December 2011 and 2010

		Separate financial statements					
		Issued and paid-up share capital	Share premium	Retain earnings		Other components of equity	
				Legal reserve	Unappropriated (in Baht)	Fair value changes in available-for-sale investments	Total other components of equity
Note							
	<b>Balance at 1 January 2010 - as reported</b>	<b>3,201,066,604</b>	<b>10,197,303,923</b>	<b>500,000,000</b>	<b>460,097,876</b>	<b>(71,827)</b>	<b>14,358,396,576</b>
3	Impact of changes in accounting policies	-	-	-	(35,558,278)	-	(35,558,278)
	<b>Balance at 1 January 2010 - restated</b>	<b>3,201,066,604</b>	<b>10,197,303,923</b>	<b>500,000,000</b>	<b>424,539,598</b>	<b>(71,827)</b>	<b>14,322,838,298</b>
	<b>Changes in equity for the year</b>						
	Increased in share capital	17,165	472,656	-	-	-	489,821
	Dividends	-	-	-	(21,671,113,808)	-	(21,671,113,808)
	<b>Comprehensive income for the year</b>						
	Profit for the year	-	-	-	21,650,670,914	-	21,650,670,914
23	Other comprehensive income for the year	-	-	-	-	(1,121,180)	(1,121,180)
	<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,650,670,914</b>	<b>(1,121,180)</b>	<b>21,649,549,734</b>
	<b>Balance at 31 December 2010</b>	<b>3,201,083,769</b>	<b>10,197,776,579</b>	<b>500,000,000</b>	<b>404,096,704</b>	<b>(1,193,007)</b>	<b>14,301,764,045</b>
	<b>Balance at 1 January 2011 - as reported</b>	<b>3,201,083,769</b>	<b>10,197,776,579</b>	<b>500,000,000</b>	<b>444,083,015</b>	<b>(1,193,007)</b>	<b>14,341,750,356</b>
3	Impact of changes in accounting policies	-	-	-	(39,986,311)	-	(39,986,311)
	<b>Balance at 1 January 2011 - restated</b>	<b>3,201,083,769</b>	<b>10,197,776,579</b>	<b>500,000,000</b>	<b>404,096,704</b>	<b>(1,193,007)</b>	<b>14,301,764,045</b>
	<b>Changes in equity for the year</b>						
20	Increased in share capital	5,336,536	143,792,642	-	-	-	149,129,178
31	Dividends	-	-	-	(17,628,417,974)	-	(17,628,417,974)
	<b>Comprehensive income for the year</b>						
	Profit for the year	-	-	-	17,530,078,625	-	17,530,078,625
23	Other comprehensive income for the year	-	-	-	-	1,325,484	1,325,484
	<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,530,078,625</b>	<b>1,325,484</b>	<b>17,531,404,109</b>
	<b>Balance at 31 December 2011</b>	<b>3,206,420,305</b>	<b>10,341,569,221</b>	<b>500,000,000</b>	<b>305,757,355</b>	<b>132,477</b>	<b>14,353,879,358</b>

The accompanying notes are an integral part of these financial statements

Shin Corporation Public Company Limited and its Subsidiaries  
**Statements of cash flows** For the years ended 31 December 2011 and 2010

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2011	2010	2011	2010
			(Restated)		(Restated)
		(in Baht)			
<b>Cash flows from operating activities</b>					
Profit for the period attributed to					
owners of the Company		16,559,310,751	8,015,694,421	17,530,078,625	21,650,670,914
Adjustments for					
Depreciation and amortisation	13, 14, 15	2,640,062,787	2,619,234,075	13,590,597	14,493,931
Employee benefit obligations	19	17,400,639	16,406,863	2,485,357	2,366,571
Interest income		(135,600,916)	(88,172,943)	(41,350,995)	(28,382,547)
Interest expense		468,921,199	485,775,944	1,955,963	1,966,304
Tax expense (income)	28	487,077,047	(124,016,557)	-	-
Share of profit of associates		(10,069,139,005)	(9,195,909,560)	-	-
Dividends income		-	-	(10,268,429,765)	(21,908,217,278)
Gain from sale of partial of investment in associate	11 b)	(7,263,825,147)	-	(7,499,188,788)	-
Loss on provision for interest of unpaid operating					
agreement fee		433,417,809	433,417,809	-	-
Unrealised loss on foreign exchange		39,746,326	96,094,206	-	-
Allowance for doubtful accounts		43,183,064	41,469,861	-	-
Allowance for obsolete inventory		28,507,449	25,736,123	-	-
Amortisation cost of loans		6,139,008	6,139,009	-	-
Loss for the period attributed to non-controlling interests		(490,254,049)	(476,152,017)	-	-
Others		4,078,223	(3,588,815)	7,207,248	6,681,978
		2,769,025,185	1,852,128,419	(253,651,758)	(260,420,127)
<b>Changes in operating assets and liabilities</b>					
Trade and other receivables		(212,157,534)	116,429,065	(3,838,498)	(6,944,225)
Inventories		213,427,335	2,507,593	-	-
Other non-current assets		(35,219,092)	(21,655,765)	(2,857,904)	1,478,708
Trade and other payables		25,178,354	208,499,354	(5,701,994)	38,440,843
Accrued operating agreement fees		59,159,091	(440,596,959)	-	-
Other non-current liabilities		196,210,669	(20,419,103)	(3,189,840)	-
Interest received		118,128,379	103,676,330	32,908,364	33,804,931
Dividends received		10,353,482,075	21,992,269,595	10,268,429,765	21,908,217,278
Tax paid		(223,804,477)	(210,378,697)	-	-
<b>Net cash provided by operating activities</b>		<b>13,263,429,985</b>	<b>23,582,459,832</b>	<b>10,032,098,135</b>	<b>21,714,577,408</b>

Shin Corporation Public Company Limited and its Subsidiaries  
Statements of cash flows For the years ended 31 December 2011 and 2010

	Consolidated		Separate	
	financial statements		financial statements	
Note	2011	2010	2011	2010
		(Restated)		(Restated)
	(in Baht)			
<b>Cash flows from investing activities</b>				
Purchase of property and equipment	(2,411,212,653)	(682,977,303)	(17,866,016)	(3,628,598)
Purchase of other intangible assets	(101,188,165)	(13,932,740)	(119,690)	(1,204,274)
Net cash outflow on investments in property and equipment under operating agreements	(1,942,429)	-	-	-
(Increase) decrease in current investments	(669,941,585)	262,334,484	(619,155,642)	164,394,292
(Increase) decrease in loans and advances to related parties	(78,416,397)	(280,168)	30,000,000	(30,000,000)
Net cash received from disposal of investment in associate	7,924,329,000	-	7,924,329,000	-
Net cash received from disposal of equipments	68,979,056	8,475,058	42,991	244,393
<b>Net cash provided by (used in) investing activities</b>	<b>4,730,606,827</b>	<b>(426,380,669)</b>	<b>7,317,230,643</b>	<b>129,805,813</b>
<b>Cash flows from financing activities</b>				
Proceeds from short-term borrowings	2,156,217,186	-	-	-
Proceeds from long-term borrowings	1,624,601,573	116,070,247	-	-
Proceeds from borrowings from related party	77,317,196	-	-	-
Proceeds from increase in share capital	149,129,179	489,820	149,129,179	489,820
Repayments of short-term borrowings	(2,410,762,804)	(80,869,123)	-	-
Repayments of long-term borrowings	(64,306,964)	(353,029,621)	(556,514)	(367,533)
Interest paid	(448,202,669)	(465,566,904)	(147,486)	(144,467)
Dividends paid	(10,125,431,480)	(21,671,113,808)	(10,125,431,480)	(21,671,113,808)
<b>Net cash used in financing activities</b>	<b>(9,041,438,783)</b>	<b>(22,454,019,389)</b>	<b>(9,977,006,301)</b>	<b>(21,671,135,988)</b>
<b>Net increase in cash and cash equivalents</b>				
	<b>8,952,598,029</b>	<b>702,059,774</b>	<b>7,372,322,477</b>	<b>173,247,233</b>
Cash and cash equivalents at beginning of year	2,489,672,568	1,791,391,958	1,070,372,447	897,125,214
Effects of exchange rate changes on balances held in foreign currencies	(5,710,881)	(3,779,164)	-	-
<b>Cash and cash equivalents at end of year</b>	<b>11,436,559,716</b>	<b>2,489,672,568</b>	<b>8,442,694,924</b>	<b>1,070,372,447</b>
<b>Non-cash transactions</b>				
Purchase of property and equipment and other intangible assets by liabilities	77,092,712	73,525,857	741,449	134,071
Property and equipment under finance leases	9,326,913	26,075,455	2,176,958	2,738,532

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements For the years ended 31 December 2011 and 2010

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These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 14 February 2012.

## **1 General information**

Shin Corporation Public Company Limited, “the Company” is a public limited company and is incorporated and domiciled in Thailand and has its registered office at 414 Phaholyothin Road, Phayathai, Bangkok 10400.

The Company was listed on the Stock Exchange of Thailand (“SET”) in August 1990.

As at 31 December 2011, the principle shareholders of the Company are Cedar Holdings Limited (“Cedar”) and Aspen Holdings Limited (“Aspen”), holding 44.80% (2010: 54.43%) and 41.62%, respectively. Aspen is a company incorporated in Thailand and an indirect subsidiary of Temasek Holdings (Pte) Ltd. (“Temasek”). Cedar is a company incorporated in Thailand whose shareholders are comprised of Siam Commercial Bank Public Company Limited holding 5.8%, Kularb Kaew Company Limited (“Kularb Kaew”) holding 45.2% and Cypress Holdings Limited (“Cypress”), an indirect subsidiary of Temasek, holding 49.0% of the shares in Cedar. Kularb Kaew was held by four major shareholders, namely, Cypress holding 29.9%, Khun Surin Upatkoon holding 68.0%, Khun Pong Sarasin holding 1.3% and Khun Suphadej Poonpipat holding 0.8%.

On 1 April 2011, the Company notified the SET that the Company had changed its logo and securities trading name as it had expanded from a telecommunications service provider to an enterprise of diversity and the technology-centric parameters had gradually increased to focus on customer satisfaction. The previous logo of more than 20 years was changed from SHIN to INTOUCH, which is derived from a smile and reflects the Company’s friendly approach, sense of partnership and easy accessibility.

The securities trading name was changed from SHIN to INTUCH, which was adopted by the SET on 7 April 2011.

Transactions among the Company, its subsidiaries, jointly controlled entities and associates (together referred to as “INTOUCH Group”), also the entities within Cedar, Aspen and Temasek groups are recognised as related party transactions of the Company.

INTOUCH Group are principally engaged in the satellite, internet, telecommunications, media and advertising.

Detail of the Company's subsidiaries, a jointly-controlled entities and associates as at 31 December 2011 and 2010 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest	
			2011	2010
(%)				
<b>Subsidiaries</b>				
Thaicom Public Company Limited and its Group (“THAICOM”)	Operating transponder services for domestic and international communications, sale of user terminal of Thaicom 4 (IPSTAR), broadband content services, sale of direct television equipment, telephone network services and value added services on mobile and engineering and development services on communication technology and electronics.	Thailand	41.14	41.14
ITV Public Company Limited and its Group (“ITV”)	At present, ITV has ceased its operation <i>(note 33 and 34)</i> which used to operate a television broadcasting station under a UHF radio-television broadcasting agreement, provided by the Office of the Permanent Secretary of the Office of the Prime Minister.	Thailand	52.92	52.92
I.T. Applications and Service Company Limited (“ITAS”)	Providing computer program services and related services.	Thailand	99.99	99.99
Matchbox Company Limited (“MB”)	Providing advertising services and production of advertisements for radio and television broadcast.	Thailand	99.96	99.96
<b>Associate</b>				
Advanced Info Service Public Company Limited and its Group (“AIS”)	Operating a 900-MHz and 1800-MHz cellular telephone system, Datakit Virtual Circuit Switch, call center service, broadband service, internet gateway, voice over IP, IP television, distributing electronic cash card, payment via mobile phone, international telephone service and distributing cellular phones.	Thailand	40.45	42.55
CS Loxinfo Public Company Limited and its Group (“CSL”)	Providing internet data center services, internet, satellite uplink downlink services for domestic and international communications the printing and publishing of telephone directories, the conducting classified and printing directories businesses and mobile contents.	Thailand	42.07	42.19

INTOUCH Group has obtained agreements for operation from government agencies and entities regulated by government agencies, in Thailand and other countries, to provide satellites and transponder services, to be an Internet Service Provider, to act as a television broadcaster, and to provide Cellular Telephone Systems in Thailand and Cambodia and telecommunication services in Lao PDR etc. The periods of the agreements range from 10 - 35 years. Under these operating agreements, certain companies in INTOUCH Group must pay fees to the relevant government agencies and entities regulated by government agencies based on a percentage of service income or at the minimum payment specified in the relevant agreements, whichever is higher. As at 31 December 2011, the remaining minimum payment as specified in the agreement is Baht 731 million in the consolidated financial statements, excluding ITV because ITV is in the process of dispute as in note 33 and 34 discussed. In addition, certain companies in the Group, according to their agreements, must procure property and equipment for their operations and must transfer the ownership of such property and equipment to the relevant government agencies and entities regulated by government agencies within the periods specified in the agreements.

The principal agreements for operation are held by subsidiaries, jointly-controlled entities and associates at 31 December 2011 include:

<b>Operating Agreement</b>	<b>Country</b>	<b>Held by</b>	<b>Expiry</b>
<b><i>Subsidiaries</i></b>			
Satellites	Thailand	Thaicom Public Company Limited	September 2021
Telecom Operation License Type I	Thailand	Thaicom Public Company Limited	August 2015
Radio-television broadcasting - under UHF system	Thailand	ITV Public Company Limited	July 2025 ( <i>in the process of dispute note 33 and 34</i> )
Internet Operation License Type I	Thailand	DTV Service Company Limited	October 2014
<b><i>Jointly-controlled entities</i></b>			
Fixed phone, mobile phone, international facilities and internet	Lao PDR	Lao Telecommunications Company Limited	2021
Cellular telephone system	Cambodia	Mfone Company Limited	March 2028
<b><i>Associates</i></b>			
900-MHz cellular telephone system	Thailand	Advanced Info Service Public Company Limited	September 2015
1800-MHz cellular telephone system	Thailand	Digital Phone Company Limited	September 2013
International call	Thailand	AIN GlobalComm Company Limited	July 2026
Datakit Virtual Circuit Switch	Thailand	Advanced Datanetwork Communications Company Limited	September 2022
Satellite uplink-downlink	Thailand	CS Loxinfo Public Company Limited	August 2016
Internet Operation License Type I,II,III	Thailand	CS Loxinfo Public Company Limited	April 2012 - December 2022

## **2 Basis of preparation of financial statements**

### **2.1 Basis of preparation of financial statements**

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are presented in Thai Baht, rounded in the note to the financial statements to the nearest million unless otherwise as stated. They are prepared on the historical cost basis except as stated in the accounting policies.

The financial statements are prepared in accordance with Thai Accounting Standards ("TAS") and TFRS including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP").

The preparation of financial statements in conformity with TAS and TFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and assumptions are based on historical experience and various other factors, including management's assessment of the potential impact on INTOUCH Group's operations and financial position of the economic. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments (*note 9*).
- Net realisable value of inventory is estimated by the expected selling price, less relevant expenses (*note 10*).
- The estimated useful lives of property and equipment including property and equipment under operating agreements and intangible assets are based on future economic benefits of assets or, if it is shorter, the related contract term (*note 13, 14 and 15*).
- The measurement of the recoverable amounts of property and equipment including property and equipment under operating agreements and intangible assets containing goodwill is assessed by the net present value of estimated future cash flow that occur from continuing to use such assets or the asset's selling price less relevant expenses, whichever is higher (*note 13, 14 and 15*).
- Lease classification where INTOUCH Group assumes substantially all the benefits and risks of ownership are transferred to lessee is classified as finance leases. While leases not transferring a significant portion of the risks and rewards of ownership are classified as operating leases (*note 13*).

- The utilisation of deferred tax assets derived from tax losses are recognised to the extent that it is probable that future taxable profit will be available against such deferred tax assets which can be utilised (*note 4 and 16*).
- Provisions and contingencies are recognised when there is a probability that INTOUCH Group's resources will be required to settle. Provisions are measured at the present value at the reporting date (*note 33 and 34*).
- The measurement of fair values of financial derivative; foreign currency forward contracts are determined by using forward exchange market rates at the reporting date. The fair values of cross currency and interest rate swap contracts are determined by using reference rate from broker at the reporting date (*note 32*).

## **2.2 Financial status of ITV Public Company Limited and its Group ("ITV")**

As at 31 December 2011, ITV's current liabilities exceed its current assets by an amount of Baht 3,898 million and deficit in excess of its share capital by an amount of Baht 3,898 million (31 December 2010, ITV's current liabilities exceed its current assets by an amount of Baht 3,476 million and deficit in excess of its share capital by an amount of Baht 3,476 million). In addition, as discussed in note 32 to the financial statements, in consequence of the ruling of the Supreme Administrative Court on 13 December 2006, ITV is liable for unpaid operating agreement fee totaling Baht 2,210 million and the interest on the total unpaid operating agreement fee at 15% per annum including the penalty arising from the alteration of television programming of Baht 97,760 million to the Office of the Permanent Secretary of the Office of the Prime Minister ("PMO"). ITV has not yet paid these unpaid operating agreement fee including interest and penalty which are still under dispute. ITV's operating agreement was revoked on 7 March 2007 by the PMO therefore; ITV ceased its operation at that date. In addition, on 30 March 2007, the PMO claimed the undelivered value of assets under operating agreement amounting to Baht 656 million plus interest. In addition, ITV is still in the arbitration proceeding regarding the unpaid operating agreement fee including interest, penalty arising from the alteration of television programming of Baht 97,760 million and value of undelivered assets including its interest. These events indicate a material uncertainty which may cast significant doubt on ITV's ability to continue as a going concern.

On 10 March, 2011, ITV received the letter from the SET stating that ITV was in the first phase of the Non-Performing Group ("NPG") by the announcement of the SET regarding the amendments and procedures for listed company facing possible delisting due to operations or financial conditions. The said procedures and guidelines required ITV to resolve the delisting grounds within three (3) years (going through 3 stages - each of 1 year) beginning on 10 March, 2011. ITV could undertake one - time extension, not more than one (1) year for rehabilitation (The maximum rehabilitation period does not exceed four (4) years). To qualify for an extension, ITV must meet all of the following criteria:-

1. Shareholder equity must not be less than Baht 20 million or ITV must generate the profits from core business in one (1) year period.
2. ITV must have a sustainable major core business.
3. ITV must have solid plans to resolve the possible delisting grounds.
4. ITV must meet other requirements i.e. ITV directors or management must not be the prohibited persons.

If ITV is unable to meet the requirements to resolve delisting grounds within the given period, the SET will inform to the SET Board to consider approving delisting ITV's securities.

The consolidated financial statements of the Company and its subsidiaries include the financial statements of ITV, which have been prepared on a going concern basis. Accordingly, the recorded assets amounting to Baht 1,131 million represent 2.04% of consolidated total assets (*31 December 2010: Baht 1,122 million, represented 2.37%*) and liabilities amounting to Baht 5,028 million represent 19.2% of consolidated total liabilities (*31 December 2010: Baht 4,598 million, represented 28.33%*) of ITV, and therefore, the recorded deficit in excess of ITV's issued share capital amounting to Baht 3,898 million as at 31 December 2011 (*31 December 2010: Baht 3,476 million*) has been taken up in full in the consolidated financial statements in accordance with generally accepted accounting principles.

However, the Company's legal liability for any losses incurred by ITV is limited to the Company's share paid to ITV's capital. In the event that ITV is unable to continue its operations and the Company declines to make further funds available to ITV, the Company's consolidated net liabilities as at 31 December 2011 and 2010 would be reduced by Baht 3,898 million and Baht 3,476 million, respectively. The retained earnings and shareholders' equity as at 31 December 2011 and 2010 would be increased by Baht 3,898 million and Baht 3,476 million, respectively.

### 3 Impact of INTOUCH Group from the change in accounting standards

From 1 January 2011, consequent to the adoption of new and revised TFRS as set out in note 2 to the financial statements for the year ended 31 December 2010, INTOUCH Group has changed its accounting policies in the following areas:

- Presentation of financial statements
- Accounting for business combinations
- Accounting for acquisitions of non-controlling interests
- Accounting for property, plant and equipment
- Accounting for borrowing costs
- Accounting for employee benefits
- Accounting for share-based payment

Details of the new accounting policies adopted by INTOUCH Group and the impact of the changes on the financial statements are included in note 3.1 to 3.8 as follows:

#### 3.1 Presentation of financial statements

From 1 January 2011, INTOUCH Group has applied TAS 1 (Revised 2009) *Presentation of Financial Statements*. Under the revised standard, a set of financial statements comprises:

- Statement of financial position
- Statement of comprehensive income
- Statement of changes in equity
- Statement of cash flows and
- Notes to the financial statements

INTOUCH Group chooses to present the statement of comprehensive income into two statements of which the statement of income and the statement of comprehensive income.

As a result, INTOUCH Group presents all owner changes in equity in the statement of changes in equity and all non-owner changes in equity in the statement of comprehensive income. While under the previous standard, all such changes were included in the statement of changes in equity.

Comparative information has been re-presented so that it also is in conformity with the revised standards, as disclosed in note 36. Since the change in accounting policy only impacts presentation aspects, there is no impact on reported profit or earnings per share.

### **3.2 Accounting for business combinations**

From 1 January 2011, INTOUCH Group has adopted TFRS 3 (revised 2009) *Business Combinations* and TAS 27 (revised 2009) *Consolidated and Separate Financial Statements*. The new policy has been applied prospectively from 1 January 2011 in accordance with the transitional provisions of the revised standards. However, there have been no business combinations during the year 2011 and, accordingly, adoption of these two revised standards has had no impact on profit or earnings per share for the year 2011.

#### ***Acquisitions on or after 1 January 2011***

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to INTOUCH Group.

For acquisitions on or after 1 January 2011, INTOUCH Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred to; plus
- the fair value of non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the above result is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include transactions, which incur before the acquisition date, between INTOUCH Group and the acquiree.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that INTOUCH Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration assets or liabilities are recognised at fair value at the acquisition date, in the case that there are subsequent changes in fair value after the date. If the contingent consideration is classified as equity, there is no re-measurement and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss or in other comprehensive income.

***Acquisitions between 1 January 2008 and 31 December 2010***

For acquisitions between 1 January 2008 and 31 December 2010, goodwill represented the excess of the cost of the acquisition over INTOUCH Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. There will have no amortisation of goodwill, but need to have impairment test, instead. When the excess was negative (former standard called negative goodwill), a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities that INTOUCH Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

***Acquisitions prior to 1 January 2008***

For acquisitions prior to 1 January 2008, goodwill was measured in the same way as described in the acquisitions between 1 January 2008 and 31 December 2010. However, both positive and negative goodwill were amortised over their estimated useful life of not more than 20 years. On 1 January 2008, on adoption of the former TAS 43 (revised 2007), INTOUCH Group discontinued amortising goodwill but using the impairment test instead. Negative goodwill carried in the financial statements as at 31 December 2007 was derecognised by crediting unappropriated retained earnings on 1 January 2008.

***The allocation of loss from subsidiaries to non-controlling interests (previously termed 'minority interests') incurred on or after 1 January 2011***

From 1 January 2011, INTOUCH Group has applied TAS 27 (revised 2009) *Consolidated and Separate Financial Statements* for the allocation of excess loss over share capital from subsidiaries to non-controlling interests, even though, a subsidiary has an excess loss over its share capital.

The new policy has been applied prospectively from 1 January 2011 in accordance with the transitional provisions of the revised standard. In year 2011, INTOUCH Group has allocated loss from ITV to non-controlling interests, which resulting to the increase of profit attributable to owners of the Company and earnings per share for the year 2011 disclosed in note 3.8.

***The allocation of loss from subsidiaries to minority interests incurred before 1 January 2011***

Before 1 January 2011, INTOUCH Group did not allocate loss from ITV to minority interests, according to the previous TAS.

***3.3 Accounting for acquisitions of non-controlling interests***

From 1 January 2011, INTOUCH Group has applied TAS 27 (revised 2009) *Consolidated and Separate Financial Statements* for all acquisitions of non-controlling interests in subsidiaries.



Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. The new policy has been applied prospectively from 1 January 2011 in accordance with the transitional provisions of the revised standard.

Prior 1 January 2011, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

### **3.4 Accounting for property, plant and equipment**

From 1 January 2011, INTOUCH Group has applied TAS 16 (revised 2009) *Property, Plant and Equipment* in determining and accounting for the cost and depreciable amount of property, plant and equipment. The principal changes affecting INTOUCH Group are as follows:

- (i) Assessment costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation
- (ii) The depreciation charge has to be determined separately for each significant part of an asset
- (iii) In determining the depreciable amount, the residual value of an item of property, plant and equipment has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

The changes have been applied prospectively in accordance with the transitional provisions of the revised standard, except that consideration of the costs of asset dismantlement, removal and restoration, have been applied retrospectively. The changes have had no material impact on the profit and earnings per share for the year 2011 and 2010.

### **3.5 Accounting for borrowing costs**

From 1 January 2011, INTOUCH Group has adopted TAS 23 (revised 2009) *Borrowing Costs*.

Under the revised standard, borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Under the former standard, there was also an option to expense borrowing costs on qualifying assets when incurred.

It was INTOUCH Group's policy under the former TAS 23 to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Consequently the adoption of the revised standard has had no impact on reported net profit and earnings per share.

### **3.6 Accounting for employee benefits**

From 1 January 2011, INTOUCH Group has applied TAS 19 *Employee Benefits*.

Under the new policy, INTOUCH Group's obligation in respect of post-employment benefits that have to compensate according to labor law is recognised in the financial statements based on calculations using the projected unit credit method. Before 1 January 2011, INTOUCH Group recognised this obligation when payments were made.

The change in accounting policy has been applied retrospectively to INTOUCH Group's 2010 financial statements, which are included in the 2011 financial statements for comparative purposes. The impact on the consolidated and separated financial statements was disclosed in note 3.8.

### **3.7 Accounting for share-based payments**

From 1 January 2011, INTOUCH Group has applied TFRS 2 *Share-based Payment*.

Under TFRS 2, share-based payment rewards granted to employees or management are recognised as an employee or management expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to purchase the company ordinary shares. The amount recognised as an expense is adjusted to reflect the number of rewards for which the related service and non-market vesting conditions are expected to be met such that the amount ultimately recognised as an expense is based on the number of right to purchase the company ordinary share that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the right to purchase the company ordinary share is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

INTOUCH Group has not applied the above accounting policy for purchasing the company ordinary share awards granted before 1 January 2011 in accordance with transitional provisions of TFRS 2. The adoption of TFSR 2 has no impact on the profit and earnings per share for the year 2011 as INTOUCH Group did not issue the right to purchase additional ordinary share and adjust such condition during the year.

### 3.8 The adjustment of financial statements to comply with new accounting policy

The retrospective adjustments of the employee benefits to comply with new accounting policy (before the reclassifications) were as follows:

	Consolidated financial statements			Separate financial statements		
	As reported	Adjustment	Restated	As reported	Adjustment	Restated
<i>(in million Baht)</i>						
<b>Impacted items in the retrospective statements of financial position</b>						
<b>As at 1 January 2010</b>						
<b>Assets</b>						
Investment in associates	30,740	(126)	30,614	-	-	-
Deferred tax assets	868	53	921	-	-	-
<b>Liabilities</b>						
Other current liabilities	784	9	793	46	1	47
Long-term employee benefit obligations	-	204	204	-	35	35
<b>Equity</b>						
Unappropriated retain earnings	17,947	(216)	17,731	460	(36)	424
Non-controlling interests	9,212	(69)	9,143	-	-	-
<b>As at 31 December 2010</b>						
<b>Assets</b>						
Investment in associates	18,180	(141)	18,039	-	-	-
Deferred tax assets	1,118	56	1,174	-	-	-
<b>Liabilities</b>						
Other current liabilities	938	9	947	82	1	83
Long-term employee benefit obligations	-	217	217	-	39	39
<b>Equity</b>						
Unappropriated retain earnings	4,307	(232)	4,075	444	(40)	404
Non-controlling interests	8,656	(79)	8,577	-	-	-

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Notes to the financial statements For the years ended 31 December 2011 and 2010

	Consolidated financial statements			Separate financial statements		
	As reported	Adjustment	Restated	As reported	Adjustment	Restated
<i>(in million Baht)</i>						
<b>Impacted items in the retrospective statements of income</b>						
<b>For the year ended 31 December 2010</b>						
Share of profit of associates	9,210	(14)	9,196	-	-	-
Administrative expenses	1,491	3	1,494	193	2	195
Finance costs	(489)	(10)	(499)	-	(2)	(2)
Income tax	121	3	124	-	-	-
<b>Profit for the period</b>	<b>7,564</b>	<b>(24)</b>	<b>7,540</b>	<b>21,655</b>	<b>(4)</b>	<b>21,651</b>
<b>Profit (loss) attributable to</b>						
Owners of the Company	8,032	(16)	8,016	21,655	(4)	21,651
Non-controlling interests	(468)	(8)	(476)	-	-	-
	<b>7,564</b>	<b>(24)</b>	<b>7,540</b>	<b>21,655</b>	<b>(4)</b>	<b>21,651</b>
<b>Earnings per share (in Baht)</b>						
Basic	2.51	(0.1)	2.50	6.76	-	6.76
Diluted	2.51	(0.1)	2.50	6.76	-	6.76
<b>Impacted items in the retrospective statements of cash flows</b>						
<b>For the year ended 31 December 2010</b>						
<b>Cash flows from operating activities</b>						
Profit for the year						
attributed to owners of						
the Company	8,032	(16)	8,016	21,655	(4)	21,651
Employee benefit obligations	-	16	16	-	2	2
Interest expense	476	10	486	-	2	2
Income tax expense	(121)	(3)	(124)	-	-	-
Share of profit of associates	(9,210)	14	(9,196)	-	-	-
Loss for the period attributed						
to non-controlling interests	(468)	(8)	(476)	-	-	-
Other current liabilities	98	1	99	-	-	-
Other non-current liabilities	(6)	(14)	(20)	-	-	-
<b>Net cash provided by (used</b>						
<b>in) operating activities</b>	<b>23,582</b>	<b>-</b>	<b>23,582</b>	<b>21,715</b>	<b>-</b>	<b>21,715</b>

The changes in the financial statements for the year ended 31 December 2011 (before the reclassification and the change in rate of corporate income tax), which are impacted from applying the new accounting policies, of which are from employee benefits, the loss allocation of ITV to non-controlling interests and the acquisition of non-controlling interest.

	Consolidated financial statements			Separate financial statements		
	Before recognition	Recognised	After recognition	Before recognition	Recognised	After recognition
	(in million Baht)					
<b>Impacted items in the statements of financial position</b>						
<b>As at 31 December 2011</b>						
<b>Assets</b>						
Investments in associates	18,357	(158)	18,199	-	-	-
Goodwill	2	(2)	-	-	-	-
Deferred tax assets	1,132	65	1,197	-	-	-
<b>Liabilities</b>						
Other current liabilities	991	16	1,007	74	1	75
Long-term employee benefit obligations	-	233	233	-	38	38
<b>Equity</b>						
Unappropriated retain earnings	4,428	(64)	4,364	353	(44)	309
Other comprehensive income	-	2	2	-	-	-
Non-controlling interests	8,673	(291)	8,382	-	-	-
<b>Impacted items in the statements of income</b>						
<b>For the year ended 31 December 2011</b>						
Share of profit of associates	11,308	(17)	11,291	-	-	-
Administrative expenses	1,568	22	1,590	198	2	200
Finance costs	(467)	(15)	(482)	-	(2)	(2)
Income tax	(145)	9	(136)	-	-	-
<b>Profit for the year</b>	<b>17,500</b>	<b>(45)</b>	<b>17,455</b>	<b>17,538</b>	<b>(4)</b>	<b>17,534</b>

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Notes to the financial statements For the years ended 31 December 2011 and 2010

	Consolidated			Separate		
	financial statements			financial statements		
	Before		After	Before		After
	recognition	Recognised	recognition	recognition	Recognised	recognition
	(in million Baht)					
Impacted items in the statements of income						
Profit (loss) attributable to						
Owners of the Company	17,749	168	17,917	17,538	(4)	17,534
- Employee benefits	-	(31)	-	-	(4)	-
- Loss allocation of ITV	-	199	-	-	-	-
Non-controlling interests	(59)	(213)	(272)	-	-	-
- Employee benefits	-	(14)	-	-	-	-
- Loss allocation of ITV	-	(199)	-	-	-	-
	17,687	(45)	17,642	17,538	(4)	17,534
Earnings per share (in Baht)						
Basic	5.54	0.05	5.59	5.47	-	5.47
- Employee benefits	-	(0.01)	-	-	-	-
- Loss allocation of ITV	-	0.06	-	-	-	-
Diluted	5.54	0.05	5.59	5.47	-	5.47
- Employee benefits	-	(0.01)	-	-	-	-
- Loss allocation of ITV	-	0.06	-	-	-	-

	Consolidated financial statements			Separate financial statements		
	Before recognition	Recognised	After recognition	Before recognition	Recognised	After recognition
	(in million Baht)					
Impacted items in the statements of cash flows						
For the year 31 December 2011						
Cash flows from operating activities						
Profit for the year attributed						
to owners of the Company	17,749	168	17,917	17,538	(4)	17,534
Employee benefit obligations	-	17	17	-	2	2
Interest expense	454	15	469	-	2	2
Income tax expense	(145)	(9)	(136)	-	-	-
Share of profit of associates						
equity accounted	(11,308)	17	(11,291)	-	-	-
Loss for the period attributed						
to non-controlling interests	(59)	(213)	(272)	-	-	-
Other current liabilities	56	5	61	-	-	-
Net cash provided by operating activities	13,263	-	13,263	10,032	-	10,032

#### 4 Impact of INTOUCH Group from the change in rate of corporate income tax

On 11 October 2011, the Cabinet announced a reduction in the rate of corporate income tax to 23% for accounting periods ending 31 December 2012, and to 20% for accounting periods ended 31 December 2013 onwards. Then, on 21 December 2011, there was a decree, under the revenue code, on the reduction and exemption of income tax (issued 530) B.E. 2554, announced to decrease the rate of corporate income tax to 23% for the accounting period ended 31 December 2012 and 20 % for the accounting period ended 31 December 2013-2014. However, the FAP has considered and of the opinion that the rate of corporate income tax is certainly be used to value deferred tax assets and deferred tax liabilities at 23% for the accounting period ended 2012 and 20% for the accounting period ended 2013 onwards, as per the announcement of the Cabinet.

As per the decrease of corporate income tax rate, the deferred tax assets of INTOUCH Group reduce and impacted to the consolidated financial statement (no impact to the separate financial statement) for the year ended 31 December 2011 as follows:

	Consolidated financial statements		
	Before decreased of tax rate	Decreased of tax rate (in million Baht)	After decreased of tax rate
<b>Impacted items in the statements of financial position</b>			
<b>As at 31 December 2011</b>			
<b>Assets</b>			
Investments in associates	18,199	(1,222)	16,977
Deferred tax assets	1,197	(351)	846
<b>Equity</b>			
Unappropriated retain earnings	4,364	(1,358)	3,006
Non-controlling interests	8,382	(215)	8,167
<b>Impacted items in the statements of income</b>			
<b>For the year ended 31 December 2011</b>			
Share of profit of associates	11,291	(1,222)	10,069
Income tax	(136)	(351)	(487)
<b>Profit for the year</b>	<b>17,642</b>	<b>(1,573)</b>	<b>16,069</b>
<b>Profit (loss) attributable to</b>			
Owners of the Company	17,917	(1,358)	16,559
Non-controlling interests	(272)	(218)	(490)
<b>Earnings per share (in Baht)</b>			
Basic	5.59	(0.42)	5.17
Diluted	5.59	(0.42)	5.17

## 5 Significant accounting policies

### (a) *Basis of consolidation*

The consolidated financial statements relate to the Company and its subsidiaries and jointly controlled entities and INTOUCH Group's interests in associates.

#### *Subsidiaries*

Subsidiaries are entities controlled by INTOUCH Group. Control exists when INTOUCH Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed to align them with the policies adopted by INTOUCH Group.

Before 1 January 2011, INTOUCH Group did not allocate excess loss over capital of subsidiaries to non-controlling interests.

Since 1 January 2011, INTOUCH Group has allocated the excess loss of subsidiaries to non-controlling interests, even though such allocation will result to the negative non-controlling interests.

#### *Jointly-controlled entities*

Jointly-controlled entities are those entities over whose activities INTOUCH Group has joint control, established by contractual agreement. The consolidated financial statements include INTOUCH Group's proportionate share of the entities' assets, liabilities, revenue and expenses combined with items of a similar nature on a line by line basis, from the date that joint control commences until the date that joint control ceases.

#### *Loss of control*

Upon the loss of control, INTOUCH Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If INTOUCH Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

#### *Associates*

Associates are those companies in which INTOUCH Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.



The consolidated financial statements include INTOUCH Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When INTOUCH Group's share of losses in an associate exceeds its interest in the associate, INTOUCH Group does not continue to recognise further losses, unless INTOUCH Group has incurred obligations or made payments on behalf of the associates.

*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of INTOUCH Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

*Business combinations*

Business combinations of INTOUCH Group are disclosed in note 3.2.

The business combination of the Company or business combination under common control is accounted similar to pooling of interest, which is according to the FAP practice that issued during the year 2009.

*Acquisition and goodwill measurement*

The acquisition and goodwill measurement of INTOUCH Group is disclosed in note 3.2.

*Allocation of loss from subsidiaries to non-controlling interests (previously termed 'minority interests')*

The allocation of loss from subsidiaries to non-controlling interests of INTOUCH Group is disclosed in note 3.2.

*Acquisition of non-controlling interests*

The acquisition of non-controlling interests of INTOUCH Group is disclosed in note 3.3.

*Gain (loss) on dilution from investment*

Gain (loss) on dilution from investment arise on shares issued by investees to third parties are recognised as an unrealised gain (loss) on dilution of investment which is presented in shareholders' equity in the consolidated financial position.

**(b) Foreign currencies***Foreign currency transactions*

Transactions denominated in foreign currencies are translated into Thai Baht at the rate of exchange prevailing on the transaction dates.

Monetary assets and liabilities at the reporting date denominated in foreign currencies are translated into Thai Baht at the rate of exchange prevailing at the reporting date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

*Foreign entities*

Statements of income and cash flows of foreign entities are translated into INTOUCH Group's reporting currency at the weighted average exchange rates for the year.

The financial position of foreign entities is translated at the exchange rates ruling on the reporting date.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are translated at the rate as at the reporting date.

Currency translation differences arising from the translation of the net investment in foreign entities are taken to statements of comprehensive income and as a currency translation difference in the shareholders' equity. On disposal of a foreign entity, accumulated currency translation differences are recognised in the statement of income as part of the gain or loss on sale.

**(c) Financial instruments**

Financial instruments carried on the statements of financial position include cash and cash equivalents, current investments, trade receivables, related party receivables and payables, trade payables, finance leases, borrowings and certain derivative financial instruments. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

INTOUCH Group is a party to financial instruments that manage exposure to fluctuations in foreign currency exchange and interest rates. These instruments mainly comprise:

*Derivative financial instruments*

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The changes in the fair value are recognised immediately in the statement of income.

*Fair value estimation*

The fair values of foreign currency forward contracts are determined using forward exchange market rates at the reporting date, cross currency and interest rate swap contract are determined by using reference rate from broker at the reporting date.

**(d) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and deposits held at banks and other short-term highly liquid investments with original maturities of three months or less.

**(e) Trade and other accounts receivable**

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred. Bad debts and doubtful accounts are recognised in the statement of income as administrative expense.

**(f) Inventories**

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

Costs are determined using the weighted average principle except work in progress is valued using the specific identification method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs.

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

**(g) Investments**

*Investments in subsidiaries, jointly-controlled entities and associates*

Investments in subsidiaries, jointly-controlled entities and associates in the separate financial statements of the Company are accounted for using the cost method. Investments in associates in the consolidated financial statements are accounted for using the equity method.

*Investments in other debt and equity securities*

Marketable equity securities which are classified as available-for-sale securities are carried at fair value. Fair value of marketable equity securities is calculated by reference to the purchasing prices quoted by the Stock Exchange at the close of business on the reporting date. Increases/decreases in the carrying amount are credited / charged against unrealised gains/losses from revaluation of investment in shareholders' equity.

Investments in non-marketable equity securities are classified as general investments, presented in the statement of financial position at cost. Current investments represent time deposits, bills of exchange and promissory notes with original maturities of more than 3 months but less than 12 months.

Investment in held to maturity bond is presented at amortised cost.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. INTOUCH Group will recognise loss from impairment, if the carrying value of the investment is higher than its recoverable amount. The impairment loss is charged to the statements of income.

When disposing, the difference between the receipt from disposal and the book value of such investments is recognised in the statement of income. When disposing of part of INTOUCH Group's holding of a particular investment in equity securities the carrying amount of the disposed part is determined by reference to the average carrying amount of the total holding of the investment.

**(h) Property and equipment**

All property and equipment is initially recorded at cost and subsequently shown at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs.

The borrowing cost includes interest on bank overdrafts, short-term and long-term borrowings, amortisation of discounted bills of exchange, amortisation of deferred financial expenses and related taxes.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to INTOUCH Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Repair and maintenance expenses are charged to the statements of income during the financial year in which they are incurred.

The residual value of an item of property and equipment has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

Depreciation is calculated using the straight-line method to write off the cost of each asset to its estimated useful lives, or, if it is shorter, the lease term, based on the following useful lives:

	Years
Leasehold land, buildings and improvements	5 - 30
Furniture, fixtures and equipment	5 - 10
Vehicles ( <i>including vehicles under finance leases</i> )	5
Computers and equipment	2 - 10

No depreciation is provided on assets under construction.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognised in profit or loss from operation.

**(i) *Property and equipment under agreements for operation***

Property and equipment under agreements for operation comprises assets used under operational agreements, ownership of which must be transferred to the regulatory government agencies in accordance with the specific terms of the respective agreements. Property and equipment under operational agreements are amortised on a straight-line basis over the shorter of the useful lives of the property and equipment or the remaining agreement term. The useful lives are from 5 years to 27.5 years. Equipment under agreements for operation will not be re-valued, however, the equipment will be reviewed its book value each year and recognise when they are impairment.

**(i) *Intangible assets***

*Goodwill*

INTOUCH Group measures goodwill from the acquisition is disclosed in note 3.2.

Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

*Other intangible assets*

Other intangible assets that are acquired by INTOUCH Group, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses.

Other intangible assets represent the development of Thaicom 4 (IPSTAR) technology, proprietary software for internal use or to service within INTOUCH Group, costs of computer software and equipment provided to certain overseas customers in connection with the utilisation of transponder services from INTOUCH Group, and operating rights, expenditure on acquired patents, trademarks or licenses. Other intangible assets except deferred charge are amortised using the straight-line method over estimated period of their benefits of related assets for a period of 3 - 15.75 years.

Deferred charges principally represent rights to the use of equipment and costs of equipment provided to certain overseas customers in connection with the utilisation of transponder services. The rights to the use of the equipment is amortised using the straight-line method over 5 years. The cost of equipment provided to certain overseas customers in connection with the utilisation of transponder services, which is a transfer of equipment to customers at the end of the service agreement, is amortised on the straight-line basis over the period of each service agreement.

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditure is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of their expected benefit, not exceeding 20 years.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end.

**(k) Impairment**

The carrying amounts of INTOUCH Group's assets are assessed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

Goodwill and other intangible assets with indefinite useful lives, and intangible assets not yet available for use, are tested for impairment annually, even though there is no indicator of impairment are identified.

An impairment loss is recognised in the statement of income. The impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

*Calculation of recoverable amount*

The recoverable amount of assets is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated net 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

### *Reversals of impairment*

An impairment loss in respect of an asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised only to the extent that the reversal amount does not exceed the impairment loss previously recognised. An impairment loss in respect of goodwill is not reversed.

## **(l) Leases**

### *Leases - where INTOUCH Group is the lessee*

Leases of assets where INTOUCH Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated to the finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other payables. The interest element of the finance charge is charged to the statements of income over the lease period. The assets acquired under finance leasing contracts are depreciated over the shorter of the estimated useful life of the assets or the lease term. However, if there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, depreciation is calculated over the estimated useful life of the assets.

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

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

### *Leases - where INTOUCH Group is the lessor*

Assets leased out under operating leases are included in property and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar property and equipment. Rental income is recognised on a straight-line basis over the lease term.

## **(m) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

## **(n) Interest-bearing liabilities**

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of income over the period of the borrowings on an effective interest basis.

**(o) Employee benefits***Short-term employee benefit*

Short-term employee benefit obligations are not measure by discounted cash flow, but recognised in profit or loss in the periods during which services are rendered by employees. A liability is recognised for the amount expected to pay.

*Long-term employee benefit**Post-employment benefits – defined benefit*

INTOUCH Group's obligation in respect of post-employment benefits that have to compensate according to labor law is recognised in the financial statements based on calculations using the projected unit credit method.

*Post-employment benefits – defined contribution plan*

INTOUCH Group operates a provident fund, which is a defined contribution plan, the assets of which are held in a separate trust fund. The provident fund is funded by payments from employees and by INTOUCH Group. Contributions to the provident fund are charged to the statements of income in the year to which they relate.

**(p) Share-based payments**

Before 1 January 2011, warrants granted to directors and employees of INTOUCH Group are recognised when they are exercised.

From 1 January 2011, the share-based payment of INTOUCH Group is disclosed in note 3.7.

**(q) Provisions**

Provisions are recognised when there is a probability that INTOUCH Group's resources will be required to settle. Provisions are measured at the present value at the reporting date.

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

**(r) Revenue***Revenue recognition*

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer and service income is recognised as services are provided. Revenue relating to long-term service contracts is accounted for under the percentage of completion method. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.



Revenue and cost of sales of gateway equipment with installation are recognised using the percentage of completion method. The stage of completion is measured by reference to the related contract costs incurred for work performed to date compared with the estimated total costs for the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Revenue from rendering transponder services and services related to the satellite business, Internet services, and other business related to the internet business, and telephone services is recognised when the services is provided to customers.

Revenue from leases of equipment is recognised in the period at the rate specified in the lease contract.

Revenue from the production of advertising materials is recognised upon completion. Revenue from advertising media is recognised when the service is rendered to the customers.

Interest income is recognised on an accrual basis unless collectability is in doubt.

Dividend income is recognised in the statements of income when INTOUCH Group has a right to receive.

Payments made under operating leases are recognised in the statements of income on an effective interest rate basis over the term of the lease.

**(s) Finance costs**

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), and losses on hedging instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

**(t) Income tax expense**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

**Current tax**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date.

*Deferred tax*

Deferred tax is provided, using the liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes using tax rates or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that the related tax benefit will be realised.

**6 Related party transactions and balances**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, INTOUCH Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of INTOUCH Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of INTOUCH Group that gives them significant influence over the enterprise, key management personnel of INTOUCH Group and close members of the family of these individuals and companies associated with these individuals also constitute related parties. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

INTOUCH Group entered into a number of transactions with related parties, the terms of which were negotiated on an arm's length basis in the ordinary course of business and according to normal trade conditions.

Significant transactions for the years ended 31 December 2011 and 2010 with related parties were as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<b>Sales of goods and services, including dividend received</b>				
<b>Subsidiaries</b>				
Dividend received	-	-	45	46
Interest received	-	-	1	-
	<u>-</u>	<u>-</u>	<u>46</u>	<u>46</u>
<b>Jointly-controlled entity</b>				
Rental income and others	<u>13</u>	<u>38</u>	<u>-</u>	<u>-</u>

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<b>Associates</b>				
Computer services income	73	80	-	-
Advertising income	336	325	-	-
(Gross 2011: Baht 1,233 million, 2010: Baht 944 million)				
Rental income and others	72	76	-	-
Dividend received	10,353	21,992	10,223	21,862
	<b>10,834</b>	<b>22,473</b>	<b>10,223</b>	<b>21,862</b>
<b>Related parties</b>				
Rental income	1	1	-	-
Disposal of partial investment in associate	7,924	-	-	-
	<b>7,925</b>	<b>1</b>	<b>-</b>	<b>-</b>
<b>Purchase of goods and services, including dividend paid</b>				
<b>Subsidiaries</b>				
Computer and management services	-	-	3	3
Advertising expenses and others	-	-	15	13
	<b>-</b>	<b>-</b>	<b>18</b>	<b>16</b>
<b>Jointly-controlled entity</b>				
Rental and other expenses	<b>4</b>	<b>4</b>	<b>-</b>	<b>-</b>
<b>Associates</b>				
Rental and other expenses	<b>30</b>	<b>23</b>	<b>1</b>	<b>1</b>
<b>Related parties</b>				
Consultant and other expenses	<b>1</b>	<b>23</b>	<b>-</b>	<b>-</b>
<b>Directors</b>				
Dividend paid	<b>5</b>	<b>-</b>	<b>5</b>	<b>-</b>
<b>Major shareholders</b>				
Dividend paid	<b>15,779</b>	<b>20,829</b>	<b>15,779</b>	<b>20,829</b>

Balances as at 31 December 2011 and 2010 with related parties were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<b>Trade accounts and notes receivable – related parties</b>				
Jointly-controlled entity	41	30	-	-
Associates	394	240	-	-
<b>Total</b>	<b>435</b>	<b>270</b>	<b>-</b>	<b>-</b>
<b>Accrued income – related parties</b>				
Jointly-controlled entity	-	1	-	-
Associates	15	23	-	-
<b>Total</b>	<b>15</b>	<b>24</b>	<b>-</b>	<b>-</b>
<b>Amounts due from, advances and loans to related parties</b>				
Subsidiary	-	-	-	30
Associates	-	1	-	-
Related parties	82	-	-	-
<b>Total</b>	<b>82</b>	<b>1</b>	<b>-</b>	<b>30</b>
<b>Other receivable – related parties</b>				
Jointly-controlled entity	1	-	-	-
<b>Current investment in debenture through private funds, managed by independent fund manager</b>				
Associate	54	55	7	8

Movements during the years ended 31 December 2011 and 2010 for loan to subsidiary were as follows:

	<b>Separate financial statements</b>	
	2011	2010
	<i>(in million Baht)</i>	
At 1 January	30	-
Addition	-	30
Repayment	(30)	-
<b>At 31 December</b>	<b>-</b>	<b>30</b>

The Company granted an unsecured loan to a subsidiary with the fixed interest per annum, which is 1.0% above the average rate of the three - month fixed deposit rate of three major banks.

Movements of loan to a related party entity (included in amounts due from, advances and loans to related parties) during the years ended 31 December 2011 and 2010 were as follows:

	<b>Consolidated financial statements</b>	
	2011	2010
	<i>(in million Baht)</i>	
At 1 January	-	-
Additions	77	-
Unrealised gain on currency translation	2	-
<b>At 31 December</b>	<b>79</b>	<b>-</b>

Loan to a related party is a call loan with interest rates 3.04% - 3.55% per annum.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2011	2011	2010
	<i>(in million Baht)</i>			
<b>Trade accounts and notes payable – related parties</b>				
<b>Associates</b>	<b>6</b>	<b>12</b>	<b>-</b>	<b>-</b>
<b>Amounts due to and loans from related parties</b>				
Subsidiaries	-	-	4	4
Jointly-controlled entity	1	-	-	-
Associates	1	-	1	-
Related parties	80	3	-	-
<b>Total</b>	<b>82</b>	<b>3</b>	<b>5</b>	<b>4</b>
<b>Other payable – related parties</b>				
Subsidiaries	-	-	2	1
Jointly-controlled entity	1	-	-	-
Associates	1	2	-	-
Related parties	1	-	-	-
<b>Total</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>1</b>
<b>Other non-current liabilities – related parties</b>				
Associates	5	5	-	-

Movements of loan from a related party entity (included in amounts due to, advances and loans from related parties) during the years ended 31 December 2011 and 2010 were as follows:

	<b>Consolidated financial statements</b>	
	2011	2010
	<i>(in million Baht)</i>	
At 1 January	-	-
Additions	77	-
Unrealised loss on currency translation	2	-
<b>At 31 December</b>	<b>79</b>	<b>-</b>

Loan from a related party is a call loan with interest rates 3.04% - 3.55% per annum.

**Management personnel compensation**

Directors, remuneration and key management personnel compensation for the years ended 31 December 2011 and 2010 comprised of:

<i>Year ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<b>Short term employee benefit</b>				
Directors' remuneration	32	29	17	15
Key management personnel compensation	121	108	69	74
<b>Total management benefit expense</b>	<b>153</b>	<b>137</b>	<b>86</b>	<b>89</b>
<b>Long-term employee benefit</b>				
Current service costs, included in administrative expenses	2	2	1	1
Interest on obligation, included in finance costs	1	1	1	1
<b>Total long-term management benefit expense</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>2</b>
<b>Total</b>	<b>156</b>	<b>140</b>	<b>88</b>	<b>91</b>

**Warrants granted to directors (note 20)****Directors' remuneration**

Directors' remuneration represents monthly allowance, bonus and meeting allowance which is paid to chairman of the board, independent directors, non-executive directors as approved by the shareholders.

**Commitments and other agreements with related parties**

As at 31 December 2011 and 2010, the significant commitments with related parties are as follows:

1. The Company and certain associates entered into agreements with a subsidiary, under which the subsidiary committed to maintain accounting programme service for a period of approximately one year to five years with an option to renew. The Company and associates committed to pay the subsidiary for services in respect of the agreements at approximately Baht 55 million per year (2010: approximately Baht 49 million) on the consolidated financial statements and approximately Baht 2 million per year (2010: approximately Baht 2 million) on the separate financial statements.

2. A subsidiary entered into an agreement with an associated company, under which the associated company committed to provide uplink data service for a period of approximately five years. The subsidiary committed to pay for the service in respect of the agreements at approximately Baht 8 million (2010: approximately Baht 17 million).
3. A subsidiary entered into an agreement with a jointly-controlled entity, under which the jointly-controlled entity committed to responsible for ensuring the IPSTAR Gateway System in Cambodia perform in accordance to the industry standard for a period of approximately five years. The subsidiary committed to pay for the service in respect of the agreements at approximately USD 0.2 million (2010: approximately USD 0.4 million).
4. A subsidiary entered into agreements with associates, under which the subsidiary committed to provide transponder service, advisory service and Thaicom 4 (IPSTAR) bandwidth service. Associates committed to pay the subsidiary for the service of the agreements at approximately USD 0.6 million and Baht 8 million (2010: approximately USD 2.5 million and Baht 8 million). The service fees of some contracts vary to the actual used or installed user terminal at the rate stated in the contract.

#### Commitments for related parties

THAICOM issued letters of comfort to the bankers of subsidiaries and subsidiaries of jointly-controlled entities. Under the terms of the letters of comfort, THAICOM must hold its interests in its subsidiaries and subsidiaries of jointly-control entities at the ratio as specified in the letters. THAICOM also confirmed to the banks that THAICOM will provide necessary financial support to these subsidiaries and subsidiaries of jointly-controlled entities to ensure that these subsidiaries and subsidiaries of jointly-controlled entities would be able to meet their repayment obligations under their related loan agreements.

As at 31 December 2011, the letters of comfort to the bankers were USD 2 million (31 December 2010: USD 8 million). At present, the commitments for subsidiary are finished.

## 7 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Cash on hand	160	67	-	-
Deposit at banks - current and saving accounts	1,415	1,055	103	141
Deposit at banks - fixed account, bills of exchange, promissory notes and investment in debenture	9,862	1,368	8,340	929
<b>Total</b>	<b>11,437</b>	<b>2,490</b>	<b>8,443</b>	<b>1,070</b>

The weighted average effective interest rate of bank deposits, time deposits, bills of exchange, promissory notes and investment in debenture was 2.8 % per annum (2010: 1.7% per annum) on the consolidated financial statements and 3.2 % per annum (2010: 1.7% per annum) on the separate financial statements.

**8 Other investments**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<b><i>Current investments</i></b>				
Bill of exchange	876	250	856	250
Deposit at banks – fixed account	1	1	-	-
Debt securities available for sale	1,640	1,597	521	507
Unrealised (loss) on available-for-sale securities	-	(3)	-	(1)
<b>Total</b>	<b>2,517</b>	<b>1,845</b>	<b>1,377</b>	<b>756</b>
<b><i>Long-term investments</i></b>				
Investment in other company	25	25	25	25
<b>Total</b>	<b>2,542</b>	<b>1,870</b>	<b>1,402</b>	<b>781</b>

The weighted average effective interest rate of fixed deposit and bill of exchange was 3.8% per annum (2010: 1.8% per annum) on the consolidated financial statements and the separate financial statements.

The weighted average of the return on current investments for available-for-sale securities is 3.0% per annum (2010: 2.4 % per annum) on the consolidated financial statements and 3.4% per annum (2010: was 1.4%) on the separate financial statements.

**9 Trade and other receivables**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<b><i>Trade receivable</i></b>				
Trade account and notes receivable	1,698	1,544	-	-
Accrued income	159	148	-	-
Less allowance for doubtful accounts	(282)	(303)	-	-
	<b>1,575</b>	<b>1,389</b>	<b>-</b>	<b>-</b>
<b><i>Other receivable</i></b>	<b>413</b>	<b>380</b>	<b>19</b>	<b>15</b>
<b>Total</b>	<b>1,988</b>	<b>1,769</b>	<b>19</b>	<b>15</b>



		Consolidated financial statements	
		2011	2010
		<i>(in million Baht)</i>	
<b>Trade and notes receivable</b>			
	<i>Note</i>		
Related parties	6	435	270
Other parties		1,263	1,274
<b>Total</b>		<b>1,698</b>	<b>1,544</b>
<b>Accrued income</b>			
	<i>Note</i>		
Related parties	6	15	24
Other parties		144	124
<b>Total</b>		<b>159</b>	<b>148</b>
<b>Total trade and notes receivable and accrued income</b>		<b>1,857</b>	<b>1,692</b>
<i>Less allowance for doubtful accounts</i>		<i>(282)</i>	<i>(303)</i>
<b>Net</b>		<b>1,575</b>	<b>1,389</b>

Aging analyses for trade accounts and notes receivable were as follows:

		Consolidated financial statements	
		2011	2010
		<i>(in million Baht)</i>	
Within credit terms		858	739
Overdue:			
Less than 3 months		281	264
3 - 6 months		106	101
6 - 12 months		114	89
Over 12 months		339	351
		<b>1,698</b>	<b>1,544</b>
<i>Less allowance for doubtful accounts</i>		<i>(282)</i>	<i>(303)</i>
<b>Net</b>		<b>1,416</b>	<b>1,241</b>

Other receivables as at 31 December 2011 and 2010 were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Prepaid expenses	114	128	4	2
Income tax receivable	38	43	2	7
Advance payments	30	52	-	-
Deposits	74	38	-	3
Accrued interest income and other accrued income	36	13	10	2
Others account receivable	70	59	-	-
Others	51	47	3	1
<b>Total</b>	<b>413</b>	<b>380</b>	<b>19</b>	<b>15</b>

## 10 Inventories

	<b>Consolidated financial statements</b>	
	2011	2010
	<i>(in million Baht)</i>	
Raw materials	49	73
Work in process	8	12
Finished goods	253	397
Goods in transit	8	11
	<b>318</b>	<b>493</b>
<i>Less allowance for obsolete inventories</i>	<i>(75)</i>	<i>(76)</i>
<b>Net</b>	<b>243</b>	<b>417</b>

# 11 Investments in subsidiaries, jointly-controlled entities and associates

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<b><i>Investment in subsidiaries</i></b>				
At 1 January	-	-	3,695	3,695
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>3,695</b>	<b>3,695</b>
<b><i>Investment in associates</i></b>				
At 1 January – as reported	18,180	30,740	8,807	8,807
Impact of changes in accounting policies	(141)	(127)	-	-
At 1 January – restated	18,039	30,613	-	-
Share of profits of associates	10,069	9,196	-	-
Dividend received	(10,353)	(21,992)	-	-
Unrealised gain on dilution from investment in associates	69	222	-	-
Disposal partial of investment in associate	(847)	-	(425)	-
<b>At 31 December</b>	<b>16,977</b>	<b>18,039</b>	<b>8,382</b>	<b>8,807</b>

## Consolidated financial statements

	Ownership interest		Paid-up capital		Cost method		Equity method		Dividend income	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	(%)								for the years	
<b>Associates</b>										
Advanced Info Service Public Company Limited	40.45	42.55	2,973	2,970	8,382	8,807	16,707	17,796	10,223	21,862
CS Loxinfo Public Company Limited	42.07	42.19	149	148	1,481	1,481	270	243	130	130
<b>Total</b>			<b>3,122</b>	<b>3,118</b>	<b>9,863</b>	<b>10,288</b>	<b>16,977</b>	<b>18,039</b>	<b>10,353</b>	<b>21,992</b>

Shin Corporation Public Company Limited and its Subsidiaries

Notes to the financial statements For the years ended 31 December 2011 and 2010

Separate financial statements												
Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		Dividend income for the years		
		2011	2010	2011	2010	2011	2010	2011	2010			
(in million Baht)												
<b>Subsidiaries</b>												
Thaicom Public Company Limited												
41.14	41.14	5,480	5,480	3,613	3,613	-	-	3,613	3,613	-	-	
52.92	52.92	6,033	6,033	3,297	3,297	(3,297)	(3,297)	-	-	-	-	
I.T. Applications and Services												
99.99	99.99	10	10	10	10	-	-	10	10	45	46	
99.96	99.96	9	9	72	72	-	-	72	72	-	-	
Matchbox Company Limited												
		11,532	11,532	6,992	6,992	(3,297)	(3,297)	3,695	3,695	45	46	
<b>Associate</b>												
Advance Info Service Public Company Limited												
40.45	42.55	2,973	2,970	8,382	8,807	-	-	8,382	8,807	10,223	21,862	
		2,973	2,970	8,382	8,807	-	-	8,382	8,807	10,223	21,862	
<b>Total</b>												
		14,505	14,502	15,374	15,799	(3,297)	(3,297)	12,077	12,502	10,268	21,908	

Significant movements in investments of INTOUCH Group during the year ended 31 December 2011 was as follows:

**a) The increase in share capital from ESOP exercised of the associated companies**

Certain warrants issued to directors and employees (ESOP) of AIS and CSL were exercised, and these share issues were registered as increased share capital with the Ministry of Commerce during January to December 2011, are as follows:

Company	Units of exercise (in thousand units)	Share capital increased (in million Baht)		Premium on share capital increased (in million Baht)		Decrease in interest of the Company (%)	
		from	to	from	to	from	to
AIS	2,215	2,970	2,973	22,173	22,372	42.55	42.50*
CSL	1,065	148	149	459	462	42.19	42.07

\*The interest of the Company prior to disposal some part of AIS

**b) The disposal partial of investment in AIS**

In December 2011, the Company sold part of investment in AIS at 61 million shares or 2.05% of AIS's paid-up capital, to Singtel Strategic Investments Pte Ltd at Baht 130 per share, amounting to Baht 7,930 million. Profit from the sale after deduction of related expenses on the consolidated financial statement and the separate financial statement were Baht 7,264 million and Baht 7,499 million, respectively.

After the sale, the Company still maintains its investment at 40.45% of paid-up capital of AIS. This sale has not affected to the control and operation of AIS.

**c) Dividend payment of subsidiaries, jointly-controlled entity and associates**

During 2011, subsidiaries, jointly-controlled entity and associates approved dividend payment as follows:

Company	Currency	Dividend	Interim dividend	Dividend to be	
		(Per share)	paid during 2010	paid in 2011	Total amount
(Per share)					
(in million)					
Dividend from operation result of 2010					
ITAS (Subsidiary)	(Baht)	25.00	-	25.00	25
IPA (Subsidiary)	(AUD)	0.58	-	0.58	4
LTC (Jointly-Controlled Entity)	(USD)	0.41	0.25	0.16	15
AIS (Associate)	(Baht)	6.92	3.00	3.92	11,649
CSL (Associate)	(Baht)	0.50	0.25	0.16	15
Interim dividend from operation result of 2011					
ITAS (Subsidiary)	(Baht)	20.00	-	20.00	20
AIS (Associate)	(Baht)	4.17	-	4.17	12,396
CSL (Associate)	(Baht)	0.27	-	0.27	160

## 12 Financial summary of jointly-controlled entity and associates

### *Investment in jointly-controlled entity*

#### **Shenington Investment Pte limited ("SHEN")**

SHEN is a jointly-controlled entity between THAICOM and Asia Mobile Holding Pte Limited ("AMH"). As at 31 December 2011 and 2010, the interest in SHEN of THAICOM and AMH is 51% and 49%, respectively.

The following amounts represent INTOUCH Group's share of the assets, liabilities, revenues and operating results of jointly-controlled entity in its consolidated financial statements for the years ended 31 December 2011 and 2010:

	<b>Shenington Investment Pte Limited and its subsidiary</b>	
	2011	2010
		Restated
	<i>(in million Baht)</i>	
<b>Consolidated statements of financial position</b>		
Current assets	318	428
Non-current assets	3,871	4,128
Current liabilities	(2,245)	(2,287)
Non-current liabilities	(472)	(416)
<b>Net assets</b>	<b>1,472</b>	<b>1,853</b>
<b>Consolidated statements of income</b>		
<b>Revenue</b>	<b>1,237</b>	<b>1,524</b>
<b>Loss for the year</b>	<b>(478)</b>	<b>(377)</b>

### *Investment in associates*

The following amounts represent the financial summary of associates for the years ended 31 December 2011 and 2010

	<b>AIS</b>		<b>CSL</b>	
	2011	2010	2011	2010
		Restated		Restated
	<i>(in million Baht)</i>			
<b>Consolidated statements of financial position</b>				
Current assets	33,178	25,953	860	751
Non-current assets	53,494	71,394	1,149	1,280
Current liabilities	(29,734)	(35,285)	(720)	(693)
Non-current liabilities	(17,474)	(20,871)	(154)	(229)
<b>Net assets</b>	<b>39,464</b>	<b>41,191</b>	<b>1,135</b>	<b>1,109</b>
<b>Market value of associates</b>	<b>417,720</b>	<b>252,456</b>	<b>3,326</b>	<b>3,142</b>
<b>Consolidated statements of income</b>				
<b>Revenue</b>	<b>126,437</b>	<b>111,339</b>	<b>2,841</b>	<b>2,701</b>
<b>Net profit for the year</b>	<b>22,218</b>	<b>20,513</b>	<b>335</b>	<b>396</b>

Shin Corporation Public Company Limited and its Subsidiaries

Notes to the financial statements For the years ended 31 December 2011 and 2010

**13 Property and equipment**

<b>Consolidated financial Statements</b>						
	Buildings & improvements	Furniture, fixtures & equipment	Vehicles & vehicles under finance leases	Computers & equipment	Assets under construction	<b>Total</b>
	<i>(in million Baht)</i>					
<b>As at 31 December 2009</b>						
Cost	481	9,005	139	304	1,016	10,945
Less Accumulated depreciation	(193)	(4,285)	(81)	(235)	-	(4,794)
Less Allowance for impairment	-	(37)	-	-	-	(37)
<b>Net book value</b>	<b>288</b>	<b>4,683</b>	<b>58</b>	<b>69</b>	<b>1,016</b>	<b>6,114</b>
<b>Transactions during the year ended 31 December 2010</b>						
Purchases	6	263	34	23	408	734
Transfer- net	(8)	587	-	-	(590)	(11)
Disposals- net	-	(2)	(1)	-	-	(3)
Write-off- net	(2)	(13)	(1)	-	(3)	(19)
Depreciation charged	(42)	(1,042)	(23)	(31)	-	(1,138)
Foreign currency translation: adjustment	-	(280)	(1)	(1)	(77)	(359)
<b>Closing net book value</b>	<b>242</b>	<b>4,196</b>	<b>66</b>	<b>60</b>	<b>754</b>	<b>5,318</b>
<b>As at 31 December 2010</b>						
Cost	479	9,261	149	315	754	10,958
Less Accumulated depreciation	(237)	(5,036)	(83)	(255)	-	(5,611)
Less Allowance for impairment	-	(29)	-	-	-	(29)
<b>Net book value</b>	<b>242</b>	<b>4,196</b>	<b>66</b>	<b>60</b>	<b>754</b>	<b>5,318</b>



**Consolidated financial Statements**

	Buildings & improvements	Furniture, fixtures & equipment	Vehicles & vehicles under finance leases <i>(in million Baht)</i>	Computers & equipment	Assets under construction	<b>Total</b>
<b>As at 31 December 2010</b>						
Cost	479	9,261	149	315	754	10,958
Less Accumulated depreciation	(237)	(5,036)	(83)	(255)	-	(5,611)
Less Allowance for impairment	-	(29)	-	-	-	(29)
<b>Net book value</b>	<b>242</b>	<b>4,196</b>	<b>66</b>	<b>60</b>	<b>754</b>	<b>5,318</b>
<b>Transactions during the year ended 31 December 2011</b>						
Purchases	19	403	20	51	1,927	2,420
Transfer- net	3	803	-	3	(877)	(68)
Disposals- net	-	(38)	-	-	-	(38)
Write-off- net	-	(26)	(3)	-	(1)	(30)
Depreciation charged	(45)	(1,045)	(24)	(35)	-	(1,149)
Foreign currency translations adjustment	12	175	1	1	26	215
<b>Closing net book value</b>	<b>231</b>	<b>4,468</b>	<b>60</b>	<b>80</b>	<b>1,829</b>	<b>6,668</b>
<b>As at 31 December 2011</b>						
Cost	514	10,566	162	357	1,829	13,428
Less Accumulated depreciation	(283)	(6,070)	(102)	(277)	-	(6,732)
Less Allowance for impairment	-	(28)	-	-	-	(28)
<b>Net book value</b>	<b>231</b>	<b>4,468</b>	<b>60</b>	<b>80</b>	<b>1,829</b>	<b>6,668</b>

Borrowing costs to finance the construction a project in process for the year ended 31 December 2011 amounted to Baht 11 million are capitalised as part of asset acquisition during the year.

As at 31 December 2011, property and equipment included a project in progress of Baht 1,721 million relating to the Thaicom 6 project. The project will be fully operational after the launch of Thaicom 6 satellite within 2013 According to the operating agreement made with the Ministry of Information Communication and Technology ("MICT"), THAICOM must transfer its ownership of the Thaicom 6 satellite to MICT on the date of completion of construction and installation.

As at 31 December 2011, property and equipment includes property and equipment under the operating agreements of Mfone of approximately Baht 1,998 million (Proportional) *(31 December 2010: Baht 2,318 million)*. According to the operating agreement, Mfone must transfer its ownership of this related property and equipment to the government of Cambodia on the expiration date of the operating agreement, 4 March 2028 as describe in note 33 e).

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements For the years ended 31 December 2011 and 2010

	Separate financial statements					Total
	Buildings & improvements	Furniture, fixtures & equipment	Vehicles & vehicles under finance leases	Computers & equipment	Assets under construction	
	<i>(in million Baht)</i>					
<b>As at 31 December 2009</b>						
Cost	16	26	15	43	-	100
Less Accumulated depreciation	(7)	(20)	(7)	(37)	-	(71)
<b>Net book value</b>	<b>9</b>	<b>6</b>	<b>8</b>	<b>6</b>	<b>-</b>	<b>29</b>
<b>Transactions during the year ended 31 December 2010</b>						
Purchases	-	-	3	3	1	7
Transfer- net	-	-	-	-	(1)	(1)
Depreciation charge	(3)	(2)	(3)	(3)	-	(11)
<b>Closing net book value</b>	<b>6</b>	<b>4</b>	<b>8</b>	<b>6</b>	<b>-</b>	<b>24</b>
<b>As at 31 December 2010</b>						
Cost	17	25	18	43	-	103
Less Accumulated depreciation	(11)	(21)	(10)	(37)	-	(79)
<b>Net book value</b>	<b>6</b>	<b>4</b>	<b>8</b>	<b>6</b>	<b>-</b>	<b>24</b>
<b>Transactions during the year ended 31 December 2011</b>						
Purchases	1	6	11	2	-	20
Transfer- net	-	-	-	-	-	-
Disposal- net	-	(1)	-	-	-	(1)
Depreciation charge	(3)	(2)	(3)	(3)	-	(11)
<b>Closing net book value</b>	<b>4</b>	<b>7</b>	<b>16</b>	<b>5</b>	<b>-</b>	<b>32</b>
<b>As at 31 December 2011</b>						
Cost	17	29	29	45	-	120
Less Accumulated depreciation	(13)	(22)	(13)	(40)	-	(88)
<b>Net book value</b>	<b>4</b>	<b>7</b>	<b>16</b>	<b>5</b>	<b>-</b>	<b>32</b>

## 14 Property and equipment under operating agreements

	Consolidated financial statements Satellite equipment (in million Baht)
<b>At 31 December 2009</b>	
Cost	26,566
Less Accumulated amortisation	(11,038)
<b>Net book value</b>	<b>15,528</b>
<b>Transactions during the year ended 31 December 2010</b>	
Write-off, net	-
Amortisation charge	(1,351)
<b>Closing net book value</b>	<b>14,177</b>
<b>At 31 December 2010</b>	
Cost	21,138
Less Accumulated amortisation	(6,961)
<b>Net book value</b>	<b>14,177</b>
<b>Transactions during the year ended 31 December 2011</b>	
Write-off, net	2
Amortisation charge	(1,351)
<b>Closing net book value</b>	<b>12,828</b>
<b>At 31 December 2011</b>	
Cost	21,140
Less Accumulated amortisation	(8,312)
<b>Net book value</b>	<b>12,828</b>

**15 Intangible assets**

	<b>Consolidated financial statements</b>		
	<b>Goodwill</b>	<b>Others</b>	<b>Total</b>
	<i>(in million Baht)</i>		
<b>At 31 December 2009</b>			
Cost	1,249	2,049	3,298
Less Accumulated amortisation	-	(812)	(812)
Less Allowance for impairment	(1,105)	-	(1,105)
<b>Net book value</b>	<b>144</b>	<b>1,237</b>	<b>1,381</b>
<b>Transactions during the year ended 31 December 2010</b>			
Purchases	-	16	16
Write-off-net	-	(4)	(4)
Amortisation charge	-	(130)	(130)
Foreign currency translation adjustment	-	(10)	(10)
<b>Closing net book value</b>	<b>144</b>	<b>1,109</b>	<b>1,253</b>
<b>At 31 December 2010</b>			
Cost	1,249	2,047	3,296
Less Accumulated amortisation	-	(938)	(938)
Less Allowance for impairment	(1,105)	-	(1,105)
<b>Net book value</b>	<b>144</b>	<b>1,109</b>	<b>1,253</b>
<b>Transactions during the year ended 31 December 2011</b>			
Purchases	-	102	102
Disposal of investment in subsidiary	(2)	-	(2)
Amortisation charge	-	(140)	(140)
Foreign currency translation adjustment	-	4	4
<b>Closing net book value</b>	<b>142</b>	<b>1,075</b>	<b>1,217</b>
<b>At 31 December 2011</b>			
Cost	1,247	2,158	3,405
Less Accumulated amortisation	-	(1,083)	(1,083)
Less Allowance for impairment	(1,105)	-	(1,105)
<b>Net book value</b>	<b>142</b>	<b>1,075</b>	<b>1,217</b>

**Separate  
financial statements**  
*(in million Baht)*

**At 31 December 2009**

Cost	60
<i>Less</i> Accumulated amortisation	(51)
<b>Net book value</b>	<b>9</b>

**Transactions during the year ended 31 December 2010**

Purchase	1
Amortisation charge	(3)
<b>Closing net book value</b>	<b>7</b>

**At 31 December 2010**

Cost	60
<i>Less</i> Accumulated amortisation	(53)
<b>Net book value</b>	<b>7</b>

**Transactions during the year ended 31 December 2011**

Purchase	-
Amortisation charge	(3)
<b>Closing net book value</b>	<b>4</b>

**At 31 December 2011**

Cost	60
<i>Less</i> Accumulated amortisation	(56)
<b>Net book value</b>	<b>4</b>

**16 Deferred income tax**

Deferred tax assets and liabilities determined after appropriate offsetting are included in the statements of financial position as follows:

	<b>Consolidated financial statements</b>	
	2011	2010 Restated
	<i>(in million Baht)</i>	
Deferred tax assets	846	1,174
Deferred tax liabilities	<u>(120)</u>	<u>(131)</u>
<b>Total</b>	<b><u>726</u></b>	<b><u>1,043</u></b>

Deferred income tax is calculated on temporary differences under the statements of financial position liability method.

Deferred tax assets for tax loss carried forward are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. INTOUCH Group has tax loss carried forward to offset future tax income amounting to Baht 5,606 million *(2010: Baht 12,670 million)* which is recognised as a deferred tax assets up to the amount it expects to be utilised of Bath 632 million *(2010: Baht 1,004 million)*.

## Consolidated financial statement

Allowance for doubtful accounts	Loss carry forward	Depreciation/ amortisation	Allowance for obsolescence	Deposits
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Deferred tax assets									
Balance brought forward	26	748	11	15	28	19	7	14	868
– as per reported									
Impact of changes in accounting policies	-	-	-	-	-	-	-	53	53
Balance brought forward									
– restated	26	748	11	15	28	19	7	67	921
Impact to statement of income	-	256		2	4	7	-	(4)	265
Impact to equity	(4)	-	(1)	-	-	(2)	-	(5)	(12)
Balance carried forward	22	1,004	10	17	32	24	7	58	1,174

Shin Corporation Public Company Limited and its Subsidiaries

Notes to the financial statements For the years ended 31 December 2011 and 2010

**Consolidated financial statement**  
**For the year ended 31 December 2011**

	Allowance for doubtful accounts	Loss carry forward	Depreciation/ amortisation	Allowance for obsolescence	Deposits	Finance costs	Advance receipt from customer	Others	Total
					<i>(in million Baht)</i>				
<b>Deferred tax assets</b>									
Balance brought forward	22	1,004	10	17	32	24	7	58	1,174
Impact to statement of income	(5)	(21)	(26)	(5)	1	-	46	28	18
Impact from decrease of corporate income tax rate to statements of income	-	(351)	-	-	-	-	-	-	(351)
Impact to equity	1	-	12	-	-	1	2	(11)	5
<b>Balance carried forward</b>	<b>18</b>	<b>632</b>	<b>(4)</b>	<b>12</b>	<b>33</b>	<b>25</b>	<b>55</b>	<b>75</b>	<b>846</b>



**Consolidated financial statements**  
**For the year ended 31 December 2010**

	Amortisation on assets under operating agreement	Depreciation/ Amortisation	Currency differences	Others	Total
			<i>(in million Baht)</i>		
<b>Deferred tax liabilities</b>					
Balance brought forward	(146)	(3)	24	(21)	(146)
Impact to statement of income	1	1	-	-	2
Impact to equity	14	-	(22)	21	13
<b>Balance carried forward</b>	<b>(131)</b>	<b>(2)</b>	<b>2</b>	<b>-</b>	<b>(131)</b>

**Consolidated financial statements**  
**For the year ended 31 December 2011**

	Amortisation on assets under operating agreement	Depreciation/ Amortisation	Currency differences	Others	Total
			<i>(in million Baht)</i>		
<b>Deferred tax liabilities</b>					
Balance brought forward	(131)	(2)	2	-	(131)
Impact to statement of income	-	1	2	14	17
Impact to equity	(7)	-	-	1	(6)
<b>Balance carried forward</b>	<b>(138)</b>	<b>(1)</b>	<b>4</b>	<b>15</b>	<b>(120)</b>

**17 Interest bearing liabilities**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<b><i>Current</i></b>				
Current portion of long-term borrowings	1,323	849	-	-
Current portion of debenture	3,297	-	-	-
Current portion of finance lease liabilities	7	7	1	1
	<u>4,627</u>	<u>856</u>	<u>1</u>	<u>1</u>
<b><i>Non-current</i></b>				
Long-term borrowings	1,935	538	-	-
Debenture	3,693	6,984	-	-
Finance lease liabilities	25	27	1	2
	<u>5,653</u>	<u>7,549</u>	<u>1</u>	<u>2</u>
<b>Total borrowings</b>	<u>10,280</u>	<u>8,405</u>	<u>2</u>	<u>3</u>

The movements in the borrowings for the years ended 31 December were as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
At 1 January	8,405	8,794	3	-
Additions	3,785	142	-	3
Repayments	(2,473)	(434)	(1)	-
Amortisation of finance cost	6	6	-	-
Increase from changing of accounts payable - equipment	460	16	-	-
Foreign currency translation adjustment	97	(119)	-	-
<b>At 31 December</b>	<u>10,280</u>	<u>8,405</u>	<u>2</u>	<u>3</u>

## Long-term debenture

As at 31 December 2011 and 2010, THAICOM has two tranches of long-term debenture, value Baht 7,000 million, at 1,000 each. The debenture is registered, unsecured and unsubordinated as detailed below:

Date of issue	Unit (in million)	Amount (in million Baht)	Interest rate p.a.	Interest due	Principal due	Outstanding as at 31 December	
						2011 (in million Baht)	2010
6 Nov'09	3.3	3,300	5.25%	Quarterly	Entire redeemed on 6 November 2012	3,300	3,300
6 Nov'09	3.7	3,700	6.15%	Quarterly	Entire redeemed on 6 November 2014	3,700	3,700
<b>Total debenture</b>						<b>7,000</b>	<b>7,000</b>
Less Debenture issuing cost						(10)	(16)
<b>Net</b>						<b>6,990</b>	<b>6,984</b>

THAICOM must comply with the conditions in the debenture issue and debenture holder agreement with regards to maintaining certain financial ratios.

The interest rate exposure of the borrowings of INTOUCH Group and the Company are as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<b>Total borrowings:</b>				
at fixed rates	7,048	7,049	2	3
at floating rates	3,232	1,356	-	-
	<b>10,280</b>	<b>8,405</b>	<b>2</b>	<b>3</b>
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(%)</i>			
<b>Weighted average interest rate</b>				
Long-term borrowings	2.77	2.63	-	-
Debenture	5.73	5.73	-	-
Finance lease liabilities	3.87	4.12	6.38	6.38

Maturity of non-current borrowings as at 31 December 2011 is as follows:

	Consolidated financial statements		Separate financial statements	
	Loan	Financial lease liabilities	Loan	Financial lease liabilities
Maturity		(in million Baht)		
2012	4,620	7	-	1
2013	134	7	-	1
2014 and after	5,494	18	-	-
<b>Total</b>	<b>10,248</b>	<b>32</b>	<b>-</b>	<b>2</b>

#### ***Borrowing facilities***

As of 31 December 2011, THAICOM has unutilised short-term loan facilities made available by various financial institutions in an aggregate amount of Baht 798 million and USD 26 million (2010: Baht 799 million and USD 26 million).

#### ***Facility agreement in relation to the financing of the Thaicom 6 satellite project***

THAICOM entered into a loan agreement with a local bank on 29 August 2011 for USD 137 million, for the purpose of the Thaicom 6 satellite project. The term of the loan is 10 years with the interest rate based on margins over London Inter-Bank Offer Rate ("LIBOR"). In addition, THAICOM must comply with the conditions in the loan agreement in respect of maintaining certain financial ratios, dividend payment policy, guarantee, sale or transfer of assets and investment.

#### ***Fair values***

The carrying amount of cash and cash equivalents, trade accounts receivable, trade accounts payable and short-term loan approximate the fair value due to the short maturities of these instruments. The value of non-current borrowings is estimated using discounted cash flows based on INTOUCH Group's incremental borrowing rates for similar types of borrowings, are as follows:

	Consolidated financial statements			
	2011		2010	
	Book Value	Fair value	Book Value	Fair value
	(in million Baht)			
Long-term debt (exclude finance lease liabilities)	<b>5,628</b>	<b>5,695</b>	<b>7,522</b>	<b>7,573</b>

## 18 Trade and other payables

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
		<i>(in million Baht)</i>			
<b>Trade payables</b>					
Related parties	6	6	12	-	-
Other parties		745	775	-	1
<b>Total</b>		<b>751</b>	<b>787</b>	<b>-</b>	<b>1</b>
<b>Other payables</b>		<b>1,006</b>	<b>947</b>	<b>79</b>	<b>83</b>
<b>Total</b>		<b>1,757</b>	<b>1,734</b>	<b>79</b>	<b>84</b>

Other payables as at 31 December 2011 and 2010 are as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Accrued expenses	447	415	69	57
Deferred income and advance receipts	329	349	-	-
Other payable	42	47	9	5
Tax payable	68	60	1	19
Deposit from customers	33	26	-	-
Provision for warranty	36	14	-	-
Others	51	36	-	2
<b>Total</b>	<b>1,006</b>	<b>947</b>	<b>79</b>	<b>83</b>

## 19 Employee benefit obligations

INTOUCH Group adopted TAS 19 – Employee Benefit with effect from 1 January 2011; the effect on the financial statement is disclosed in note 3.8

The statement of financial position obligation as at 31 December 2011 and 2010 were determined as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Present value of unfunded obligations	<b>232</b>	<b>217</b>	<b>38</b>	<b>39</b>

Movement in the present value of the defined benefit obligations for the years ended 31 December 2011 and 2010 are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
At 1 January	217	204	39	35
Benefits paid by the plan	(17)	(14)	(5)	-
Current service costs of employee and interest on obligation	32	27	4	4
<b>At 31 December</b>	<b>232</b>	<b>217</b>	<b>38</b>	<b>39</b>

Expense recognised in statements of income for the years ended 31 December 2011 and 2010 are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Current service costs of employee	17	17	2	2
Interest on obligation	15	10	2	2
<b>Total</b>	<b>32</b>	<b>27</b>	<b>4</b>	<b>4</b>

Principal actuarial assumptions for the year 2010 – 2012 at the reporting date:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31 December		31 December	
	2011	2010	2011	2010
	%			
Estimate of discount rate (average)	5.0	5.0	5.0	5.0
Estimate of future salary increases (average)	6.0	6.0	6.0	6.0

## 20 Share capital, premium and warrants

### *Share capital and premium*

Movements in share capital are as follows:

	Authorised number of shares (in million shares)	Issued and fully paid-up shares			Total
		Number of shares	Ordinary shares	Share premium (in million Baht)	
At 1 January 2010	5,000	3,201	3,201	10,198	13,399
Issue of shares	-	-	-	-	-
<b>At 31 December 2010</b>	<b>5,000</b>	<b>3,201</b>	<b>3,201</b>	<b>10,198</b>	<b>13,399</b>
Issue of shares	-	5	5	144	149
<b>At 31 December 2011</b>	<b>5,000</b>	<b>3,206</b>	<b>3,206</b>	<b>10,342</b>	<b>13,548</b>

### *Warrants issued and offered to directors and employees (ESOP)*

The Company issued and offered five grants of warrants to directors and employees of the Company and its subsidiaries, which are in registered form and are non-transferable. The warrants have no offering price and their terms do not exceed 5 years. The exercise ratio and price are as follows:

	Issued date	Issued units (in million units)	Percentage*	Exercise price	Exercise period	
				(Baht/unit)	Start	End
ESOP - Grant I	27 March 2002	29.00	0.99	-	Expired since 26 March 2007	
ESOP - Grant II	30 May 2003	18.08	0.61	-	Expired since 29 May 2008	
ESOP - Grant III	31 May 2004	13.66	0.46	-	Expired since 30 May 2009	
ESOP - Grant IV	31 May 2005	16.00	0.54	-	Expired since 30 May 2010	
ESOP - Grant V	31 July 2006	14.09	0.47	-	Expired since 30 July 2011	

\*Percentage of the Company's total issued and paid-up share capital (before dilution) at the issued date.

Movements in the number of outstanding warrants are as follows:

For the year ended 31 December 2011				
	At 1 January 2011	Exercised during the year	Expired during the year	At 31 December 2011
	(in million units)			
<b>ESOP - Grant V</b>				
- Directors	2	(2)	-	-
- Employees	3	(2)	(1)	-
<b>Total</b>	<b>5</b>	<b>(4)</b>	<b>(1)</b>	<b>-</b>

**21 Additional paid-in capital and reserves*****Share premium***

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

***Legal reserve***

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

**22 Capital management**

The primary objective of the Company's capital management is to provide good returns to shareholders and benefits to other stakeholders, also to maintain an optimal capital structure in order to support asset management plan and new investment opportunities which will create value and strengthen financial position for INTOUCH Group.

**23 Other comprehensive income**

The component of other comprehensive income for the years ended 31 December 2011 and 2010 are as follows:

	<b>Consolidated financial statements</b>	
	2011	2010
	<i>(in million Baht)</i>	
Foreign currency translation differences	135	(149)
Change in fair value of available-for-sale investments		
Profit (loss) during the year	14	(3)
Less reclassification of (profit) loss, recognised in the statements of income	(13)	(6)
Share of other comprehensive income of associates	1	(1)
Tax related to the component of other comprehensive income	-	-
<b>Total other comprehensive income for the year, net of income tax</b>	<b>137</b>	<b>(159)</b>



Separated finance statements			
	2011		2010
	<i>(in million Baht)</i>		
Change in fair value of available-for-sale investments			
Profit during the year	14		5
Less reclassification of (profit) loss, recognised in the statements of income	(13)	1	(6)
Tax related to the component of other comprehensive income		-	-
<b>Total other comprehensive income for the year, net of income tax</b>		<b>1</b>	<b>(1)</b>

The income tax impact to the component of other comprehensive income is as follows:

Consolidated financial statements						
	2011			2010		
	Amount before tax	Tax income (expense)	Net of tax	Amount before tax	Tax income (expense)	Net of tax
	<i>(in million Baht)</i>					
Foreign currency translation differences	135	-	135	(149)	-	(149)
Change in fair value of available-for-sale investments	1	-	1	(9)	-	(9)
Share of other comprehensive income of associates	1	-	1	(1)	-	(1)
<b>Total other comprehensive income</b>	<b>137</b>	<b>-</b>	<b>137</b>	<b>(159)</b>	<b>-</b>	<b>(159)</b>

	Separated financial statements					
	2011			2010		
	Amount	Tax	Net of tax	Amount	Tax	Net of tax
	before tax	income		before tax	income	
		(expense)			(expense)	
			(in million Baht)			
Change in fair value of available-for-sale investment	1	-	1	(1)	-	(1)
<b>Total other comprehensive income</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>(1)</b>	<b>-</b>	<b>(1)</b>

## 24 Segment information

INTOUCH Group is organised into the following main business segments:

Local wireless telecommunications	Provision of local mobile telecommunication, trading and rental of telecommunications equipment and accessories in Thailand.
Satellite business and international business	Transponder rental and related services, uplink and downlink services, sale and service related to media, internet and provide telecommunication services in Lao PDR and Cambodia.
Media and advertising	Airtime rental, television broadcasting ( <i>ceased its operation due to the revocation of the Operating Agreement in March 2007</i> ) and the provision of advertising services to INTOUCH Group and third parties.
Corporate and other activities	Corporate and other activities primarily relating to development and synergies that exist within the business, setting financial and performance targets for operating companies and assisting operating companies in obtaining financing on the most attractive terms possible and information technology businesses.

Financial informations by business segment are as follows:

Consolidated financial statement – restated for the year ended 31 December 2010						
	Local wireless telecommu- nications	Satellite & inter- national business	Media & advertising	Corporate and others	Consolidation eliminations	INTOUCH Group
	<i>(in million Baht)</i>					
Revenues	-	6,700	1,104	266	(103)	7,967
Share of profits of associates	9,042	154	-	-	-	9,196
Cost of sales and services	-	(5,850)	(1,006)	(217)	59	(7,014)
Selling and administrative expenses	-	(1,474)	(579)	(300)	44	(2,309)
<b>Profit (loss) from operating activities</b>	<b>9,042</b>	<b>(470)</b>	<b>(481)</b>	<b>(251)</b>	<b>-</b>	<b>7,840</b>
Net foreign exchange gain	-	(90)	-	-	-	(90)
Other income	-	107	28	30	-	165
<b>Profit (loss) before finance costs and income tax</b>	<b>9,042</b>	<b>(453)</b>	<b>(453)</b>	<b>(221)</b>	<b>-</b>	<b>7,915</b>
Finance costs	-	(495)	(1)	(3)	-	(499)
Income tax	-	136	(4)	(8)	-	124
Net results from subsidiaries to non-controlling interest	-	476	-	-	-	476
<b>Net profit (loss)</b>	<b>9,042</b>	<b>(336)</b>	<b>(458)</b>	<b>(232)</b>	<b>-</b>	<b>8,016</b>
<b>Other information</b>						
Segment assets	-	25,522	1,549	2,140	(77)	29,134
Investments in equity method	17,796	243	-	-	-	18,039
<b>Total consolidated assets</b>	<b>17,796</b>	<b>25,765</b>	<b>1,549</b>	<b>2,140</b>	<b>(77)</b>	<b>47,173</b>
Segment liabilities	-	2,932	4,960	230	(73)	8,049
Borrowings	-	8,398	2	5	-	8,405
<b>Total consolidated liabilities</b>	<b>-</b>	<b>11,330</b>	<b>4,962</b>	<b>235</b>	<b>(73)</b>	<b>16,454</b>
Depreciation	-	1,113	5	20	-	1,138
Amortisation	-	1,473	-	8	-	1,481
<b>Depreciation and amortisation</b>	<b>-</b>	<b>2,586</b>	<b>5</b>	<b>28</b>	<b>-</b>	<b>2,619</b>

Shin Corporation Public Company Limited and its Subsidiaries

Notes to the financial statements For the years ended 31 December 2011 and 2010

**Consolidated financial statement**  
**for the year ended 31 December 2011**

	Local wireless telecommu- nications	Satellite & inter- national business	Media & advertising	Corporate and others	Consolidation eliminations	INTOUCH Group
<i>(in million Baht)</i>						
Revenues	-	7,254	1,305	126	(36)	8,649
Share of profits of associates	9,912	157	-	-	-	10,069
Cost of sales and services	-	(5,473)	(1,187)	(95)	5	(6,750)
Selling and administrative expenses	-	(1,529)	(548)	(305)	30	(2,352)
<b>Profit(loss) from operating activities</b>	<b>9,912</b>	<b>409</b>	<b>(430)</b>	<b>(274)</b>	<b>(1)</b>	<b>9,616</b>
Net foreign exchange loss	-	(85)	-	-	-	(85)
Gain from disposal of associate	-	-	-	7,264	-	7,264
Other income	-	150	36	57	-	243
<b>Profit (loss) before finance costs and income tax</b>	<b>9,912</b>	<b>474</b>	<b>(394)</b>	<b>7,047</b>	<b>(1)</b>	<b>17,038</b>
Finance costs	-	(479)	(1)	(2)	-	(482)
Income tax	-	(483)	-	(4)	-	(487)
Net results from subsidiaries to non-controlling interest	-	291	199	-	-	490
<b>Net profit (loss)</b>	<b>9,912</b>	<b>(197)</b>	<b>(196)</b>	<b>7,041</b>	<b>(1)</b>	<b>16,559</b>
<b>Other information</b>						
Segment assets	-	26,849	1,692	10,027	(19)	38,549
Investments in equity method	16,707	271	-	-	-	16,978
<b>Total consolidated assets</b>	<b>16,707</b>	<b>27,120</b>	<b>1,692</b>	<b>10,027</b>	<b>(19)</b>	<b>55,527</b>
Segment liabilities	-	2,762	5,499	7,674	(14)	15,921
Borrowings	-	10,277	-	3	-	10,280
<b>Total consolidated liabilities</b>	<b>-</b>	<b>13,039</b>	<b>5,499</b>	<b>7,677</b>	<b>(14)</b>	<b>26,201</b>
Depreciation	-	1,126	4	19	-	1,149
Amortisation	-	1,483	-	8	-	1,491
<b>Depreciation and amortisation</b>	<b>-</b>	<b>2,609</b>	<b>4</b>	<b>27</b>	<b>-</b>	<b>2,640</b>

For the satellite and international business segment can be shown financial information by sub-business segments as follows:

Consolidated financial statements - restated for the year ended 31 December 2010						
	Satellite business services	Internet & media services	Tele- phone network	Others	Conso- lidation eliminations	INTOUCH Group
	<i>(in million Baht)</i>					
Revenues	4,627	643	1,467	-	(37)	6,700
Shares of profits of associates	-	154	-	-	-	154
Allocated costs and expenses	(4,977)	(648)	(1,672)	(61)	34	(7,324)
<b>Profit (loss) from operating activities</b>	<b>(350)</b>	<b>149</b>	<b>(205)</b>	<b>(61)</b>	<b>(3)</b>	<b>(470)</b>
Net foreign exchange loss						(90)
Other income						107
<b>Profit before finance costs and income tax</b>						<b>(453)</b>
Finance costs						(495)
<b>Operating loss</b>						<b>(948)</b>
Income tax						136
Net results from subsidiaries to non-controlling interest						476
<b>Net loss</b>						<b>(336)</b>
<b>Other information</b>						
Segment assets	21,090	272	4,399	23	(262)	25,522
Investment in equity method						243
<b>Total consolidated assets</b>						<b>25,765</b>
Segment liabilities	1,334	123	1,577	6	(108)	2,932
Borrowings						8,398
<b>Total consolidated liabilities</b>						<b>11,330</b>
Depreciation	431	23	659	-	-	1,113
Amortisation	1,470	3	-	-	-	1,473
<b>Depreciation and amortisation</b>	<b>1,901</b>	<b>26</b>	<b>659</b>	<b>-</b>	<b>-</b>	<b>2,586</b>

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Consolidated financial statements						
for the year ended 31 December 2011						
	Satellite business services	Internet & media services	Tele- phone network	Others	Conso- lidation eliminations	INTOUCH Group
	<i>(in million Baht)</i>					
Revenues	5,738	393	1,182	-	(59)	7,254
Shares of profits of associates	-	157	-	-	-	157
Allocated costs and expenses	(4,993)	(438)	(1,589)	(51)	69	(7,002)
<b>Profit (loss) from operating activities</b>	<b>745</b>	<b>112</b>	<b>(407)</b>	<b>(51)</b>	<b>10</b>	<b>409</b>
Net foreign exchange loss						(85)
Other income						150
<b>Profit before finance costs and income tax</b>						<b>474</b>
Finance costs						(479)
<b>Operating loss</b>						<b>(5)</b>
Income tax						(483)
Net results from subsidiaries to non-controlling interest						291
<b>Net loss</b>						<b>(197)</b>
<b>Other information</b>						
Segment assets	22,831	265	3,997	1	(245)	26,849
Associate						271
<b>Total consolidated assets</b>						<b>27,120</b>
Segment liabilities	1,674	140	1,014	1	(67)	2,762
Borrowings						10,277
<b>Total consolidated liabilities</b>						<b>13,039</b>
Depreciation	413	15	698	-	-	1,126
Amortisation	1,481	2	-	-	-	1,483
<b>Depreciation and amortisation</b>	<b>1,894</b>	<b>17</b>	<b>698</b>	<b>-</b>	<b>-</b>	<b>2,609</b>

## Financial information by business geographical areas

Revenue and results, based on geographical segments, in the consolidated financial statements for the years ended 31 December 2011 and 2010 are as follows:

	Revenue		Segment results		Assets*	
	2011	2010 Restated	2011	2010 Restated	2011	2010
			<i>(in million Baht)</i>			
Thailand	14,120	13,085	10,525	9,440	16,062	15,703
Cambodia	800	1,014	(408)	(318)	2,095	2,420
Lao PDR	616	672	74	156	1,600	1,553
Australia	1,088	1,050	346	106	222	190
People's Republic of China	15	31	(474)	(459)	41	94
India	304	148	(176)	(324)	227	242
Japan	877	315	246	(37)	158	133
Others	898	848	(517)	(724)	308	413
	<b>18,718</b>	<b>17,163</b>	<b>9,616</b>	<b>7,840</b>	<b>20,713</b>	<b>20,748</b>

\*Comprise of property and equipment, property and equipment under operating agreement and intangible assets.

## 25 Other income

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Interest income	135	88	54	28
Gain on sale of equipment	30	6	-	-
Others income	79	71	1	-
<b>Total</b>	<b>244</b>	<b>165</b>	<b>55</b>	<b>28</b>

**26 Expenses by nature**

The expenses by nature have been charged in cost of sales of goods and rendering of services, selling and administrative expenses can be classified are as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Depreciation	1,149	1,138	11	11
Amortisation charge	1,491	1,481	3	3
Staff cost	1,302	1,283	147	158
Net foreign exchange loss	85	90	-	-
Amortisation of finance costs	6	6	-	-

**27 Provident fund**

INTOUCH Group has established a contributory registered provident fund, in accordance with the Provident Fund Act B.E. 2530. The registered provident fund plan was approved by the Ministry of Finance on 23 July 1990 and the provident fund's name was amended on 21 January 1993. Under the plan, the employees must contribute 3% - 7% of their basic salaries. INTOUCH Group's contribution is based on the length of service of staff. INTOUCH Group has appointed a fund manager to manage the fund in accordance with the terms and conditions prescribed in Ministerial Regulation No. 2 (B.E. 2532) issued under the Provident Fund Act B.E. 2530.

INTOUCH Group had a contribution to provident fund for the year ended 31 December 2011 at Baht 33 million on the consolidated financial statements *(2010: Baht 28 million)* and Baht 5 million on the separate financial statements *(2010: Baht 5 million)*.

**28 Income tax expense**

Reconciliation of income tax for the years ended 31 December are as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2011	2010	2011	2010
	<i>Restated</i>			
	<i>(in million Baht)</i>			
Current tax	180	143	-	-
Deferred tax (income) expense	307	(267)	-	-
	<b>487</b>	<b>(124)</b>	<b>-</b>	<b>-</b>



Reconciliation of income tax expense and the results of the accounting profit multiplied by the income tax rates for the years ended 31 December 2011 and 2010 are as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010 Restated	2011	2010 Restated
	<i>(in million Baht)</i>			
Profits before tax	16,556	7,416	17,530	21,651
Tax rates	30%	30%	30%	30%
The result of the accounting profit multiplied by the income tax rates	4,967	2,225	5,259	6,495
Share of profit of associates	(3,021)	(2,759)	-	-
Effect of change in corporate income tax rate	351	-	-	-
Effect of gain on related parties transactions	(5)	(62)	-	-
Effect of the different basis of income tax calculation on tax rates in other countries	(6)	(27)	-	-
Tax losses in current period not recognised as deferred tax assets	198	241	71	77
Tax losses in previous period not recognised as deferred tax assets	(2,187)	-	(2,250)	-
Effect of exceptional revenue - dividend income	-	-	(3,080)	(6,572)
Effect of the non-deductible tax expense and income and expense recognised in the different period between accounting and tax	190	258	-	-
<b>Tax charge</b>	<b>487</b>	<b>(124)</b>	<b>-</b>	<b>-</b>

## 29 Promotional privileges

A subsidiary was granted promotional privileges under the Investment Promotion Act (B.E. 2520) by the Board of Investment (BOI) in respect of earnings derived from rendering telecommunication services of Thaicom 3 satellite project to customers outside Thailand. Promotional privileges include exemption from corporate income tax for a period of eight years commencing from December 1997, when its revenue was first earned from the promoted business. The subsidiary must comply with certain terms and conditions required for the promoted industries.

On 19 November 2003, the subsidiary was granted promotional privileges under the Investment Promotion Act (B.E. 2520) as amended by the Investment Promotion Act (No. 3) B.E. 2544 by the BOI in respect of earnings derived from rendering telecommunication services of Thaicom 4 (IPSTAR) satellite project to customers outside Thailand. Promotional privileges include exemption from corporate income tax for a period of eight years from the date revenue is first earned from the promoted business. The subsidiary must comply with certain terms and conditions required for the promoted industries. In 2011, the subsidiary has revenue from promoted amounting to Baht 1,040 million (2010: Baht 538 million).

**30 Earnings per share**

Basic earnings per share are calculated by dividing the profit for the year attributable to the equity holders of the Company shareholders by the weighted average number of ordinary shares outstanding during the year.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume the conversion of all potential dilutive ordinary shares, which is the weighted average number of ordinary shares which would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares. The assumed proceeds from the exercise of ESOP would be considered to have been received from the issue of shares at fair value. These represent share options where the exercise price is less than the average market price of the Company's shares during the years ended 31 December 2011 and 2010.

Warrants issued to directors and employees (ESOP) of subsidiaries and associates are not impacted to the calculation of diluted earnings per share.

The basic earnings per share and the diluted earnings per share are as follows:

Consolidated financial statements						
For the year ended 31 December						
	Net profit attributable to holder of the Company		Weighted average number of shares		Earnings per share	
	2011	2010	2011	2010	2011	2010
	Restated				Restated	
	<i>(in million Baht)</i>		<i>(in million shares)</i>		<i>(in Baht)</i>	
Basic earnings per share	16,559	8,016	3,204	3,201	5.17	2.50
The effect of dilutive potential shares	-	-	-	-	-	-
<b>Diluted earnings per share</b>	<b>16,559</b>	<b>8,016</b>	<b>3,204</b>	<b>3,201</b>	<b>5.17</b>	<b>2.50</b>

Separate financial statements						
For the year ended 31 December						
	Net profit attributable to holder of the Company		Weighted average number of shares		Earnings per share	
	2011	2010	2011	2010	2011	2010
	Restated				Restated	
	<i>(in million Baht)</i>		<i>(in million shares)</i>		<i>(in Baht)</i>	
Basic earnings per share	17,530	21,651	3,204	3,201	5.47	6.76
The effect of dilutive potential shares	-	-	-	-	-	-
<b>Diluted earnings per share</b>	<b>17,530</b>	<b>21,651</b>	<b>3,204</b>	<b>3,201</b>	<b>5.47</b>	<b>6.76</b>

### 31 Dividends

The general shareholders' meeting and the board of directors meeting passed the resolution to approve the annual and interim dividend payments are as follows:

	Date of meeting	For the operation result of	Dividend ratio (Baht/share)	Total dividend (million Baht)
The resolution of:				
The general shareholders	1 Apr 2011	1 Jan - 31 Mar 2011	1.53	4,899
The board of directors	11 Aug 2011	1 Apr - 10 Aug 2011	1.63	5,226
The board of directors	26 Dec 2011	11 Aug - 25 Dec 2011	2.34	7,503

### 32 Financial instruments

The principal financial risks faced by INTOUCH Group are interest rate risk and exchange rate risk. INTOUCH Group borrows at fixed and floating rates of interest to finance its operations. Sales, purchases and a portion of borrowings are transacted in foreign currencies. In order to manage the risks arising from fluctuations in exchange rates and interest rates, INTOUCH Group makes use of derivative financial instruments.

The objectives of using derivative financial instruments are to reduce uncertainty over future cash flows arising from movements in interest and exchange rates, and to manage the liquidity of cash resources. The following strategies are employed to achieve these objectives. Interest rate exposures are managed through interest rate swaps taken out with commercial banks and foreign exchange forward contracts and foreign currency options are taken out to manage the currency risks in future sales, purchases and loan repayments. Decisions on the level of risk undertaken are governed by corporate INTOUCH Group's policy, which has established limits by transaction type and by counterparty.

Trading for speculative purposes is prohibited. All derivative transactions are subject to approval of the management before execution.

Management of currency and interest rate exposures is the responsibility of the Corporate Finance Department. Management reports contain details of cost and market value for all derivative financial instruments including outstanding forward contracts and cross currency and interest rate swap. For the investment, INTOUCH Group has guideline to short-term investment which specifies the policy for INTOUCH Group short-term investment as well as the level of acceptable risk undertaken by counterparty type.

**Foreign currency risk**

As at 31 December 2011 and 2010, INTOUCH Group had outstanding foreign currency assets and liabilities after foreign currency forward contracts and cross currency interest rate swap and foreign currency options are as follows:

<b>Consolidated financial statements</b>				
	2011		2010	
	Foreign currency		Foreign currency	
	(Unit: million)	(in million Baht)	(Unit: million)	(in million Baht)
<b>Assets</b>				
US Dollars	57	1,784	28	853
Australian Dollars	23	741	19	564
KIP	24,703	96	20,733	77
Indian Rupees	445	238	444	277
Japanese Yen	78	32	52	19
Indonesia Rupiah	43	141	93	-
<b>Total</b>		<b>3,032</b>		<b>1,790</b>
<b>Liabilities</b>				
US Dollars	170	5,417	90	2,714
Australian Dollars	10	328	7	219
KIP	153,749	615	123,422	469
Singapore Dollars	-	-	-	3
Indian Rupees	45	29	46	33
Japanese Yen	-	-	2	1
Indonesia Rupiah	90	337	45	-
<b>Total</b>		<b>6,726</b>		<b>3,439</b>

The major foreign currency assets represent cash at bank, accounts receivable and deposits. The major foreign accounts currency liabilities represent, trade accounts payable, accounts payable - equipment and borrowings.

**Credit risk**

INTOUCH Group has no significant concentrations of credit risk. INTOUCH Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high quality financial institutions.

**Liquidity risk**

INTOUCH Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance INTOUCH Group's operations, including finding short term credit facility from various banks for reserve in case of necessary and to mitigate the effects of fluctuations in cash flows.

### ***Fair value of other financial instruments***

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

The carrying amount of cash and cash equivalents, current investments, trade accounts receivables, amounts due from related parties, short-term loans and advances to related parties, trade accounts payable, accounts payable – equipment, amounts due to related parties, short-term borrowings, other current assets and other current liabilities are assumed to approximate their fair value due to the short maturities of these instruments. The fair values of long-term borrowings and debentures are provided in note 17.

## **33 Contingent liabilities and commitments**

### **a) Operating Agreement commitments ITV Public Company Limited ("ITV")**

On 7 March 2007, ITV received the letter of termination of the Operating Agreement from the PMO. This caused the following disputes that are currently under the process of consideration.

1. **A case in which ITV is the plaintiff** regarding to the arbitration institution dispute No. 46/2550 whereby the PMO's unduly termination of the Operating Agreement which was wrongfully performed in breach of the Operating Agreement and against the law, including the arbitration institution dispute No. 1/2550 on 4 January 2007 which is the disputes of the payment of the program penalty fee and interest in the total amount approximately Baht 100,000 million. Both disputes are currently under the consideration of the arbitration institution, the arbitration proceeding shall continue.
2. **A case in which ITV is the defendant** whereby the PMO demanded that ITV make the payment of the program penalty fee, interest, approximately totaling Baht 100,000 million in the Black Case No. 640/2550. Later, on 19 December 2007, the Supreme Administrative Court upheld the Central Administrative Court's verdict for the dismissal of the aforesaid case in order to allow the parties to the Operating Agreement to use the arbitration proceeding for Cases No. 1/2550 and No. 46/2550.

This shall be subject to the judgment of the Court which may vary from the estimated amount defined in the financial statements, affecting the amount of income, expenditure, assets and liabilities, and disclosure information regarding assets and unpredictable liabilities.

### **b) Shareholder agreements**

INTOUCH Group has entered into shareholder agreements and other agreements with strategic partners and government agencies both in Thailand and other countries as follows:

**Singapore Telecommunications Limited (“Singtel”)**

The Company has shareholders’ agreement with Singtel in respect of its equity investment in AIS which sets out the participatory right of the shareholders in the management and control of AIS. This shareholders’ agreement contains a provision for resolution of disputes between the shareholders. In the event that the shareholders are unable to reach agreement on significant corporate actions, either shareholder (the seller) may serve notice on the other shareholder (the buyer) requiring the buyer to either purchase the seller’s interest in AIS, or if the buyer does not do so, then the seller must purchase the buyer’s interest in AIS. At present, there are no significant corporate actions on which the shareholders are not in agreement.

**The Government of the Lao People's Democratic Republic (“Lao PDR”)**

Lao Telecommunications Company Limited (“LTC”) is an indirect jointly-controlled entity of THAICOM, which was established under the terms of a Jointly-controlled entity Contract dated 8 October 1996, signed by Lao PDR and Shinawatra Computer and Communications Public Company Limited, the former name of the Company. According to the aforementioned Jointly-controlled entity Contract, LTC has the right to provide telecommunication services – fixed line phone, mobile phone, international facilities, internet and paging within the Lao PDR for 25 years. Currently, SHEN, which is a 51% jointly-controlled entity of THAICOM, owns 49% of LTC’s registered shares. At the end of the 25th year, in 2021, THAICOM has to transfer all of LTC’s shares to Lao PDR without any charges. According to the shareholder agreement, LTC is required to invest at least USD 400 million in the projects specified in the agreement within 25 years. As at 31 December 2011, LTC has remaining additional investment of approximately USD 67 million (31 December 2010: USD 81 million).

**c) Capital commitments**

INTOUCH Group’s capital expenditure that are contracted but not recognised in the consolidated financial statements (Company: nil) were as follows:

		<b>Consolidated financial statements</b>	
		31 December	
	<b>Currency</b>	2011	2010
<i>(in million )</i>			
THAICOM 4 Project	USD	26	-
THAICOM 6 Project	USD	73	-
120°E Project	USD	171	-
Telephone network	USD	8	12
Total	USD	<u>252</u>	<u>12</u>
<b>Total equivalent to Thai Baht</b>		<b><u>8,022</u></b>	<b><u>381</u></b>

**d) Obligation from shares buy back options of THAICOM**

On 23 October 2003, THAICOM and Codespace Inc. entered into a “Memorandum of Agreement”, which provides Codespace Inc. an option to sell 2.2 million shares of IPSTAR to THAICOM, with the condition that THAICOM has the first option to purchase these shares. If the offered price per share is greater than the higher of USD 1 or fair market value at offering date, THAICOM has the right to refuse. If the offered price per share is the higher of the equal of USD1 or fair market value at offering date, THAICOM has to purchase those shares from Codespace Inc. THAICOM believes that Codespace Inc. will not exercise the option because according to the result of the financial analysis of THAICOM, the value of IPSTAR’s shares is higher than USD1, therefore, INTOUCH Group does not recognise this obligation as its liabilities in these financial statements. As of 31 December 2011, the remaining share option was 0.08 million shares *(31 December 2010: 0.12 million shares)*.

**e) Operating agreement commitments**

Certain subsidiary and jointly-controlled entities have obtained operating agreement from government agencies, both in Thailand and other countries for the operation of satellite services, internet services and mobile telephone networks. Under the terms of the operating agreement, they have certain commitments to the government agencies, including commitments to procure, install and maintain operational equipment, and commitments to pay annual fees to the relevant government agencies based on revenue percentages or minimum fees, whichever is higher, as set out in the individual agreements. INTOUCH Group accounts for such commitments on a time basis as the expenditure is incurred.

**THAICOM**

THAICOM was permitted by the Ministry of Transport and Communications, under an agreement dated 11 September 1991 and an amendment thereto dated 22 March 1992, to operate and administer certain satellite projects and to render transponder services for domestic and international communications as well as the right to collect, for a thirty-year period, service charges from users of the transponders. The operating agreement has been transferred to the Ministry of Information Communication and Technology (“MICT”).

Under the aforementioned agreement, THAICOM must pay an annual fee to MICT based on a percentage of certain service incomes or at the minimum level specified in the agreement, whichever is higher. As at 31 December 2011, the remaining minimum operating agreement fee was Baht 731 million *(As at 31 December 2010: Baht 806 million)*. In addition, THAICOM, according to the aforementioned agreement, must transfer its ownership of all satellites, and monitoring stations and other operating equipment to MICT on the date of completion of construction and installation.

**Mfone Company Limited (“Mfone”)**

Mfone, an indirect jointly-controlled entity of THAICOM in Cambodia, has obtained an operating agreement from the Directorate of Posts and Telecommunications of Cambodia to operate a domestic telephone network under an agreement dated 4 March 1993 and an amendment thereto dated 4 March 1997, for a period of 35 years. Under the agreement, Mfone will transfer its ownership of all fixed assets to the Government of Cambodia on the expiration date of the agreement, in 2028 (note 13).

**f) Operating lease commitments – where a group company is the lessee**

The future minimum lease payments under non-cancelable operating leases as at 31 December (Company: nil) are as follows:

	<b>Consolidated financial statements</b>	
	<b>2011</b>	<b>2010</b>
	<i>(in million Baht)</i>	
Not later than 1 year	248	272
Later than 1 year and not later than 5 years	460	376
Later than 5 years	167	89
<b>Total</b>	<b>875</b>	<b>737</b>

**g) Obligation under “Financing and Project Agreement”**

LTC, an indirect jointly-controlled entity of THAICOM, entered into a “Financing and Project Agreement” with the government of the Lao PDR (“government”) and an organisation in Germany (KfW, Frankfurt am Main) on 25 October 2004 of an amount not exceeding Euro 6.5 million (approximately Baht 267 million) for the procurement and installation of Phase VI of a rural telecommunication network. Under the agreement, the ownership of network assets will be transferred to LTC through loan at 30% of the network assets’ value excluding consulting services project, with the interest rate at 4% annum. LTC has recognised the network assets relating to Phase VI and the related portion of the loan in the amount of Baht 70 million. As at 31 December 2011, LTC paid loan for Phase IV and V in the amount of Baht 22 million.

**34 Significant events, disputes and litigations of INTOUCH Group*****34.1 The judgment of the Supreme Court, Criminal Division for Persons Holding Political Positions***

According to the judgment of the Supreme Court, Criminal Division for Persons Holding Political Positions rendered on 26 February 2010, concerns the Company and its affiliated companies in many aspects. The Company is of the opinion that the consequence of the judgment is limited to the holding that some property of the person holding political position was improperly acquired by an abuse of power while being in a political position. The judgment does not contain any order indicating that the Company or its affiliated companies shall take any actions as the Company is not involved to the case.

The Company and its affiliated companies have been operating to the best of its ability in accordance with the law and the agreements and in good faith. The Company and its affiliated companies have every right available under the law and agreements to provide the facts to prove its innocence and good faith in any proceeding which may be initiated by the relevant government agencies in accordance with the law and justice.



### ***34.2 The dispute between ITV and the PMO relating to the Operating Agreement***

ITV is a defendant in various legal actions, which were occurred before the revocation of the Operating Agreement, from operate a television broadcasting station that court case from doing news and trading. In the opinion of the directors, after taking appropriate legal advice, the outcome of such actions will not give rise to any significant loss. ITV has not recorded any provisions for these legal cases.

#### **1) The progression of the dispute between ITV and the PMO**

Up to the present, ITV filed two statements of claim to the Arbitration Institute as follows:

1. The Black Case No. 1/2550, ITV filed the statement of claim which referred to the penalty for alteration of television programming and interest of overdue operating agreement fee.
2. The Black Case No. 46/2550, ITV filed the statement of claim to the Arbitration Institute seeking an arbitral award granted by the arbitration panel to rule that the Operating Agreement terminated by the PMO was not in accordance with law and the terms of Agreement, the PMO's claim for ITV for payment of the operating agreement fee (fraction), interest, penalty fee and value of undelivered assets was incorrect, and compensation shall be paid to ITV by the PMO.

Both statements of claim are in the process of consideration by the Arbitration Institute. The sequence of significant events of the dispute between ITV and the PMO up to 31 December 2011 was disclosed in the financial statements for the year ended 31 December 2011.

#### **2) The sequence of the dispute between ITV and the PMO**

**On 30 January 2004**, the arbitration award granted by the arbitration panel on the dispute between ITV and the PMO in accordance with the Operating Agreement can be summarised as follows:

1. The PMO shall indemnify ITV in the amount of Baht 20 million;
2. The operating fee to be paid shall be reduced and adjusted by reducing the operating fee to 6.50% (from the original rate of 44%) of gross revenue or the minimum guarantee of Baht 230 million (reduced and adjusted from the original operating agreement of the 8th year of Baht 800 million, the 9th year of Baht 900 million, and the 10th – 30th year of Baht 1,000 million each year), whichever is higher, starting from 3 July 2002;
3. The PMO shall return parts of the minimum guarantee of Baht 800 million paid by ITV subject to conditions during the arbitration proceedings on 3 July 2003. The amount to be returned is Baht 570 million;
4. ITV is eligible to broadcast its television programmes during the prime time (7.00 p.m. – 9.30 p.m.) without being restricted to news, documentaries and social benefit items. ITV must, however, broadcast news, documentaries and social benefit programmes for not less than 50% of its total airtime, subject to the rules and regulations issued by governmental agencies applicable in general to all television stations.

**On 27 April 2004**, the PMO filed the complaint with the Central Administrative Court for setting aside the arbitral award granted by the arbitration panel.

**On 9 May 2006**, the Central Administrative Court handed down its ruling regarding the revocation of the arbitration award.

**On 7 June 2006**, ITV filed an appeal against the verdict of the Administrative Court of the First Instance with the Supreme Administrative Court, and the Supreme Administrative Court received the execution of the judgment.

**On 13 December 2006**, the Supreme Administrative Court ruled to uphold the judgment of the Central Administrative Court regarding on revocation of the arbitral award dated 30 January 2004. As a consequence of that ruling, ITV has to follow the previous terms and conditions as specified in the Operating Agreement on the following:

1. ITV is required to change its television programmes to be in line with Clause 11 of the Operating Agreement which covers the combination of news, documentaries and social benefit programmes which shall not be less than 70% of total air-time, and all programmes broadcasted during the prime time (7.00 p.m. – 9.30 p.m.), have to be these kinds of programmes.
2. ITV is required to follow Clause 5 (the operating fee to be rate of 44% and the minimum guarantee of Baht 1,000 million) of the Operating Agreement in respect of payment of operating fee to the PMO.

**On 14 December 2006**, the PMO issued a letter dated 14 December 2006 claiming that ITV should:

1. ITV is required to alter the television programming in order to comply with Clause 11 of the Operating Agreement.
2. ITV is required to pay the unpaid operating fee totalling Baht 2,210 million, for the 9th operating year (the Seventh Payment) in the amount of Baht 670 million, the 10th operating year (the Eighth Payment) in the amount of Baht 770 million and the 11th operating year (the Ninth Payment) in the amount of Baht 770 million plus 15% interest per annum on the unpaid operating fee, calculated on a daily basis from the date the payment become overdue.
3. ITV is required to pay the penalty fee in accordance with Clause 11, second paragraph, of the Operating Agreement from 1 April 2004 to 13 December 2006 at the rate of 10% of the annual operating fee, calculated on a daily basis from the date the payment become overdue. As ITV had not scheduled programmes following Clause 11, first paragraph, the penalty fee for breach determined by the PMO is in the amount of Baht 97,760 million (ITV changed its programming schedule following the Supreme Administrative Court's judgment on 14 December 2006).

The PMO demanded that all payments must be paid within 45 days of the receipt of such notice (received on 15 December 2006). In the event that ITV fails to repay such amount within the allocated period of time, the PMO will have to act in accordance with the terms of the Operating Agreement and any relevant law.

**On 21 December 2006**, ITV sent a letter to the PMO which can be summarised as follows:

1. ITV has altered the television programming in compliance with Clause 11 of the Operating Agreement since 14 December 2006.
2. ITV was not at default for the payment of the operating fee since the operating fee amounting to Baht 230 million was paid to the PMO in accordance with the arbitral award. Since the arbitral award was bound to both parties under Clause 15 of the Operating Agreement, ITV had no liability on interest of the operating fee during the period that the arbitral award was granted until the Supreme Administrative Court's judgment was handed down.
3. ITV disagreed with the PMO on the issue of the penalty fee amounting to Baht 97,760 million with the 45 days payment period as follows:
  - 3.1 ITV has not breached the Operating Agreement because ITV has complied with Clause 15 of the Operating Agreement which states that "The arbitral award shall be bound to both parties", the last paragraph in Clause 30 of the Arbitration rules of Judiciary Office and the second paragraph of Section 70 of Act on Establishment of Administrative Courts and Administrative Court Procedure, B.E. 2542. Consequently, the alteration of television programming from 1 April 2004 to 13 December 2006 (the date that the Supreme Administrative Court's judgment was handed down) has duly complied with the Operating Agreement and law.
  - 3.2 As to the Operating Agreement regarding the penalty fee incurred on the alteration of television programming, the PMO has the right to terminate the Operating Agreement. However, in order to comply with the arbitration proceeding as stated in section 3.1, if it is apparent that ITV breaches the Operating Agreement, the PMO shall be entitled to terminate the Operating Agreement if the process of settlement of dispute becomes final.
  - 3.3 The Supreme Administrative Court gazette No. 78/2549 dated 13 December 2006 stated that "Regarding the matter of the penalty, the parties have to resolve these themselves, and if the dispute cannot be resolved, the statement of claims is required to be filed in accordance with the procedure defined in the Operating Agreement".
  - 3.4 The issue of interest and the penalty incurred from the alteration of television programming had not been finalised since it was not an issue raised for consideration by the Supreme Administrative Court. Therefore, if the parties had any controversy thereon and it cannot be resolved, the statement of claims shall then enter into arbitration proceeding in accordance with Clause 15 of the Operating Agreement stating that "If any dispute or controversy arises in connection with this Operating Agreement, both parties shall agree to submit the said dispute for arbitration, and the Arbitration Committee's award shall be final and binding".

ITV and its legal consultant viewed that the calculation of the penalty of the PMO was not in compliance with the objective of the Operating Agreement. The penalty should be calculated at Baht 274,000 per day as a maximum amount, not Baht 100 million per day as stated by the PMO. However, if the penalty fees are charged, the penalty for the period from 1 April 2004 to 13 December 2006 should be Baht 268 million, not Baht 97,760 million as claimed to be paid and led to cancellation of agreement by the PMO.

With regard to the interest on the unpaid operating fee claimed by the PMO, ITV and its legal consultant is of the opinion that during the period that ITV complied with the arbitral award, ITV neither had a liability to settle the debt nor was at default to pay the operating fee since the operating fee of Baht 230 million was paid in accordance with the arbitral award. The arbitral award become binding on both parties under Clause 15 at the time it comes into force, since ITV was not at default in the payment of the operating fee or make the delay payment. In addition, the PMO has not requested provisional remedial measures from the Court to order ITV not to comply with the arbitral award in such period of time. Consequently, ITV has no liability for the interest of the operating fee and the PMO has no right to claim for the unpaid operating fee during the period that the arbitral award was valid and the judgment of the Central Administrative Court was not enforceable during the period that the appeal was submitted to the Supreme Administrative Court.

**On 4 January 2007**, referring to the penalty for alteration of television programming and interest of overdue operating fee, ITV filed the statement of claim, the Black Case No. 1/2550, to the Arbitration Institute. With regard to operating fee in the amount of Baht 2,210 million, ITV has the opinion that in order to comply with the Operating Agreement and to compromise with the PMO not to terminate the Operating Agreement affecting ITV's business. ITV proposed that the PMO to pay the amount of Baht 2,210 million with the condition that the PMO shall enter into the arbitration proceeding seeking the arbitral award on the penalty fee and interest of the operating fee. Nevertheless, the PMO did not accept the said proposal on 31 January 2007.

**On 2 February 2007**, ITV submitted a letter to the Prime Minister appealing for justice proposing that the PMO accept the operating fee in the amount of Baht 2,210 million and enter into the arbitral proceedings on the issue of the penalty fee and interest.

**On 13 February 2007**, the PMO did not accept the said proposal. As a result, ITV's proposal shall not be enforceable from the date that the PMO rejected ITV's proposal in writing and ITV had no onward liability on its proposal onward in accordance with Section 357 of the Civil Code. Thereafter, the Central Administrative Court made an order striking out the case, the Black Case No. 640/2550 dated 22 June 2007 from the Case List. The Court ruled that the PMO's claimant stating that ITV accepted the unpaid debts of Baht 2,210 million cannot be viewed as ITV accepting liability because it was an option proposed by ITV which it had not become final, and thus considered as a dispute to be enter into arbitration proceedings.

**On 20 February 2007**, ITV issued a complaint to prescribe provisional remedial measures, and a complaint of compelling urgency was filed with the Central Administrative Court. The following matters are as follows:

1. ITV requested the Central Administrative Court to rule that the right to terminate the Operating Agreement of the PMO will be revoked during the period that the penalty fee was incurred from the change of television programming, and interest of the unpaid operating fee of approximately Baht 100,000 million will not be paid until the arbitral award is granted and the dispute becomes finalised.
2. ITV requested the Central Administrative Court to specify the grace period to make the payment of the unpaid operating fee amounting to Baht 2,210 million within 30 days of the date of the receipt of the Court order.

**On 21 February 2007**, the Central Administrative Court ordered the rejection of the complaint to prescribe provisional remedial measures and the complaint of compelling urgency. The Court ruled that in the case of the PMO's right of termination of Operating Agreement, ITV was entitled to claim for damages arisen from such termination if ITV viewed that such termination was incorrect. In respect of the fact that the PMO requested ITV to pay the penalty fee and interest of the operating fee as well as requested the Court demanding ITV to pay the operating fee amount of Baht 2,210 million to the PMO within 30 days from the date that the Court had granted the order, the Court opinioned that it was the case that such issues shall be mutually negotiated between ITV and the PMO. If ITV viewed that ITV should not be bound to pay or requested to provide debt settlement, ITV was eligible to process under the Operating Agreement and legal proceeding. Therefore, the Court did not deem it necessary to prescribe provisional remedial measures to ITV during the time that such process was being made. The order of the Central Administrative Court shall be deemed final and cannot be further appealed.

**On 7 March 2007**, the letter of revocation of the Operating Agreement was sent by the PMO requesting the Company to repay the debt and return all operations assets under the operating agreement back to the PMO within the period specified by the PMO in accordance with the Cabinet resolution passed on 6 March 2007. Such termination caused ITV to cease carrying on the business of the UHF television broadcasting station.

**On 28 March 2007**, ITV sent a letter to the PMO disputing that the termination of the Operating Agreement exercised by the PMO demanding that ITV pay the debts of approximately Baht 100,000 million was not in compliance with the law and terms of agreement. The reason is that ITV has not breached the Operating Agreement and disagreed with the said revocation. The termination of the Operating Agreement harmed ITV's business operations which shall be the responsibility of the PMO, and ITV reserved its right on any further legal action against the PMO.

**On 30 March 2007**, the PMO filed against ITV for the complaint to the Central Administrative Court in the Black Case No. 640/2550 requesting that ITV pay unpaid operating fee of Baht 2,210 million, the 12<sup>th</sup> operating fee of Baht 677 million (counted from the date the arbitration panel judged the arbitral award to 7 March 2007), interest of overdue operating fees of Baht 562 million (counted from the date the arbitration panel judged the arbitral award to the date of requesting of the order, 30 March 2007), adjusting of television program fee of Baht 97,760 million, and the undelivered value of assets under operating of Baht 656 million with 7.5% of the interest of the undelivered value of assets counted from the requested date until ITV repays in full. The undelivered value of assets fee is a new issue that the PMO has previously not raised. The aggregated amount is Baht 101,865 million.

**On 8 May 2007**, ITV filed against the PMO for the complaint to the Central Administrative Court in the Black Case No. 910/2550 requesting that the PMO pay the compensation in the amount of Baht 119,252 million in respect of Article 5 pa.4 which has not been approved by cabinet caused ITV's damages.

**On 9 May 2007**, ITV filed the statement of claim, the Black Case No. 46/2550, with the Arbitration Institute seeking an arbitral award granted by the arbitration panel to rule that the Operating Agreement terminated by the PMO was not in accordance with law and the terms of Agreement, the PMO's claim for ITV for payment of the operating fee (fraction), interest, penalty fee and value of undelivered assets was incorrect, and compensation shall be paid to ITV by the PMO.

**On 30 May 2007**, the Central Administrative court ordered the dismissal of the Black Case No. 910/2550 filed by ITV in respect of Article 5 pa.4 which has not been approved by cabinet caused ITV's damages. The reason for the dismissal of the case was its expiry by law (10 years).

**On 22 June 2007**, the Central Administrative Court passed an order striking out the Black Case No. 640/2550 in which the PMO demanded that ITV pay the operating fee, interest, penalty fee and value of undelivered assets from the Case List, so that the parties of the Operating Agreement shall enter into arbitration proceedings as specified in the Operating Agreement. On 24 July 2007, the PMO filed and appeal against the verdict of the Central Administrative Court (of the First Instance) with the Supreme Administrative Court regarding revocation of the Black Case No. 640/2007 by the Central Administrative Court. In addition, the PMO also issued a complaint to prescribe provisional remedial measures in order to stop arbitration proceedings and await for order of the Supreme Administrative Court.

**On 11 July 2007**, ITV appealed to the Supreme Administrative Court for the Central Administrative Court's order to dismiss the Black Case No. 910/2550 because of its expiry. (The case No.910/2550 was the issue that ITV filed the dispute against the PMO in respect of Article 5 pa.4 which has not been approved by cabinet caused ITV's damages and claim to be paid for damages from the PMO in the amount of Baht 119,252 million.)

**On 24 July 2007**, the PMO filed an appeal against the verdict of the Central Administrative Court (of the First Instance) with the Supreme Administrative Court regarding revocation of the Black Case No. 640/2007 by the Central Administrative Court. In addition, the PMO also issued a complaint to prescribe provisional remedial measures in order to stop arbitration proceedings and await for order of the Supreme Administrative Court.

**On 29 October 2007**, ITV filed a complaint to prescribe the provisional remedial measures to the Central Administrative Court to prescribe provisional remedial measures and the complaint in the case of compelling urgency filed. The complaint was to request the Court to order that the Public Television Bill shall not become effective. The said Bill was approved in principle by the Cabinet and shall be brought to be considered by rules to drop the draft bill on the Thai Public Television Broadcasting Station Act ("TPBS") which was approved by the Cabinet on 24 April 2007 and shall be submitted to the National Legislative Assembly ("NLA") on 31 October 2007. ITV contested that if the Bill is approved and becomes enforceable, neither the award granted by the Arbitration Committee nor the judgment given by the Administrative Court on the dispute or case arisen between ITV and the PMO after 31 October 2007, which one of the claims that ITV claimed against the PMO to indemnify for damages and grant ITV of the operating right to re-operate the UHF Broadcasting Television Station for the remaining period as specified in the Operating Agreement shall not be effective for final approval before its effective announcement. The reason is that all assets including rights, obligations and encumbrance of the Company shall be transferred to the government subject to Section 56, Transitory Provisions of the Bill. Consequently ITV then requested the Central Administrative Court to commence urgent proceedings and rule that the Bill shall not be brought for the NLA's consideration in accordance with any method that the Court shall deem appropriate until the case becomes final or the Court passes other judgment.

**On 30 October 2007**, the Central Administrative Court rejected the complaint clarified that the approval process of the Bill taken by the NLA is a legislative power under the Constitutional Law, not acting as the administrative power, therefore, the Court is unreasonable and insufficient to make an order forbidden the undertaking of the NLA to cancel the aforesaid complaint of ITV for the reason that NLA is not the Administrative Government agency, but it act as a State Legislative Assembly Council Authority which the Administrative court has no access right to prohibit its bill approval process. In addition, since the said disputes are currently on the account of the Arbitration Committee or the court is on the process of consideration of ITV cases, the Central Administrative Court shall then be deemed unreasonable to prescribe the provisional remedial measures as ITV's complaint. The Administrative court remedial measures shall not be appropriated in the meantime.

**On 31 October 2007**, the said bill was approved by the NLA and its effective date shall be announced by the government gazette at a later stage. Nevertheless, the other claims of ITV that claimed the PMO indemnify for damages by paying the damages amount will remain valid if in case the court rules in favour of ITV in the existing lawsuits.

**On 14 November 2007**, the Supreme Administrative Court reaffirmed the Central Administrative Court's order in dismissing the case No. 910/2550 due to its expiry (10 years). Such case was filed by ITV requesting the PMO to pay the amount of Baht 119,252 million regarding the invalidity of Article 5 pa.4 due to the PMO did not propose to the cabinet for approval caused ITV's damage.

**On 19 December 2007**, the Supreme Administrative Court upheld the Central Administrative Court's verdict for the dismissal of the referenced case in order to allow the parties to the Operating Agreement to use the arbitration proceeding. Accordingly, that ITV submitted the arbitration institution dispute No. 1/2550 to the arbitration institution on 4 January 2007, (prior to the termination of the Operating Agreement) seeking the ruling on the fine for the adjustment of the broadcasting schedule and the interest on the difference of the minimum operating fee, and the arbitration institution dispute No. 46/2550 on 9 May 2007, (after the termination of the Operating Agreement) with regard to PMO's illegally terminating the Operating Agreement in breach of the Operating Agreement and against the law, and both disputes are currently under the consideration of the arbitration institution, the arbitration proceeding shall continue.

**On 15 January 2008**, the State Legislative Assembly Council Authority announced Thai Public Television Broadcasting Station Act ("TPBS") effective date by law, being 15 January 2008. The Bill granted by the Arbitration Committee nor the judgment given by the Administrative Court on the dispute or case arisen between ITV and the PMO, for which one of the claims ITV made against the PMO to indemnify for damages and grant ITV of the operating agreement right to re-operate the UHF Broadcasting Television Station for the remaining period as specified in the Operating Agreement, shall not be effective. The reason is that all assets including rights, obligations and encumbrance of ITV shall be transferred to the government subject to Section 57, Transitory Provisions of the Bill. Nevertheless, the other claims of ITV made to the PMO to indemnify for damages by paying such damages amount still be valid if the court rules in favourable of ITV lawsuit cases.

**On 3 March 2008**, ITV filed the complaint with the Arbitration Institution for including the Black Case No. 1/2550 and the Black Case No. 46/2550 as one case which is under the consideration of the Arbitration Institution.

**On 7 March 2008**, ITV Arbitrator for those 2 cases is approved.

**10 June 2010**, ITV deposited of Baht 5 million which computed from ITV's claim amount of Baht 22 million for the Black Case No. 46/2550, for the Black Case No. 1/2550, ITV had deposited of Baht 20,000 which is a minimum amount set for the case without disputed amount claim and ITV deposited five time of such amount totalling of Baht 100,000.

**24 November 2011**, ITV has speeded up the arbitral proceedings to the Thai Arbitration Institute by object the allowance given to PMO to extend the deposit period. After 23 times postpone in the last two years, PMO intend to postpone the arbitral proceedings and there is no reason to extend anymore.

**2 December 2011**, PMO filed the petition requesting to postpone the deposit (the 24<sup>th</sup> extension) by referring to the 23<sup>rd</sup> letter – Nor Ror 1306/7334, dated 22 September 2011. PMO request for another 60 days started from 28 September 2011.

**21 December 2011**, The Thai Arbitration Institute had made appointment to both litigants for negotiation. The resolution was to postpone the arbitral proceedings of the case no. 1/2550 and initiating the proceedings of case no. 46/2550 first. The Arbitration Institute ordered the parties to made a deposit for fee, expense and commission of arbitrators of approximately Baht 10 million and the parties had made such deposit.



**30 December 2011**, PMO sent a letter to the Thai Arbitration Institute requesting to postpone the arbitral proceedings of the Black Case No. 1/2550 and initiating the proceedings of the Black Case No. 46/2550 first.

**17 January 2012**, According to the Thai Arbitration Institute proposed, ITV issued a letter to delay the proceeds of the Black Case No. 1/2550 and wait for the award of the Black Case No. 46/2550. Later on, the Thai Arbitration Institute issued an order to delay the process of the Black Case No. 1/2550. On the same day, PMO deposited for Arbitrator commission at Baht 100,000 for the Black Case No. 1/2550 and Baht 10 million for the Black Case No. 46/2550, including the expenditure of both cases at Baht 15,000 each.

**20 January 2012**, According to the order of Thai Arbitration Institute, ITV deposited additional for Arbitrator commission of the Black Case No. 46/2550 at Baht 5 million, totally Baht 10 million.

In conclusion, ITV is awaiting to hear the arbitral award ruling on the said contingent liabilities for the Black Case No. 1/2550 and the compensation of damages arisen from illegal termination of agreement the Black Case No. 46/2550. It shall be dependent on the judgment which cannot be predicted.

### **3) The contingent liabilities and the accounting recognition of the dispute between ITV and the PMO**

After the Supreme Administrative Court's judgment on revocation of the arbitration award on 13 December 2006 and the dispute between ITV and the PMO, the contingent liability are as follows:

#### **1. In regard of the penalty arising from the alteration of television programming**

The said liability has not been recorded in ITV's financial statements as the Black Case No. 640/2550 filed by the PMO demanding that ITV pay the operating fee, interest, the penalty fee and value of undelivered assets was dismissed by the Central Administrative Court which shall await the arbitral award the Black Case No. 1/2550 granted by the arbitration panel and the final legal proceeding.

#### **2. In regard of the operating fee of the 9th, 10th and 11th year amounting to Baht 2,210 million and 15% interest of such amount**

Since quarter ended 31 December 2006, the provision for unpaid operating fee amounting to Baht 2,210 million plus 15% interest from the date that the arbitral award was revoked by the Supreme Administrative Court, as of 13 December 2006 was recorded in the consolidated financial statements. The reason is that ITV proposed condition to pay such amount to the PMO and brought the issue of the penalty fee and interest into the arbitral proceeding under the Operating Agreement. Thereafter, in the first quarter of 2007, the PMO did not accept the said payment; it shall be deemed that ITV's proposal was not mutually accepted. ITV thus had no liability on the operating agreement fee amounting to Baht 2,210 million plus 15% interest per annum. In addition, the Central Administrative Court made the order striking out the case No. 640/2550 in which the PMO demanded that ITV pay the operating agreement fee, interest, the penalty fee and value of undelivered assets out of the Case List, so that the disputes shall be brought into the arbitration proceeding and legal process by the Operating Agreement to be finalised.

### 3. Value of undelivered assets

The undelivered asset in the amount of Baht 656 million plus 7.50% interest per annum of the undelivered asset from the date that the case was filed to the Court until the said amount is fully paid. The PMO has not requested ITV to pay such amount. Consequently, ITV has no liability to further deliver such asset. In addition, the Central Administrative Court made the order striking out the said case out from the Case List, therefore, the said items have not been recorded by ITV. Since the value of asset claimed by the PMO is only the business estimation comprising income, expense, profit, tax and investment asset, which terms regarding the asset only stated that ITV is required to procure the asset for the undertaking of UHF Television Broadcasting Station to cover the population at the rate of 96.72% of the population in the country without the condition of value of required asset and ITV has complied with such requirement, therefore, ITV has neither liability to procure asset nor indemnify to the PMO.

ITV is awaiting to hear the arbitral award ruling on the said contingent liabilities for the Black Case No. 1/2550 and the compensation of damages arisen from illegal termination of agreement the Black Case No. 46/2550. It shall be dependent on the judgment which cannot be predicted.

However, ITV has already recorded provision for unpaid operating fee amounting to Baht 2,891 million and interest from the date that the arbitral award was revoked by the Supreme Administrative Court amounting to Baht 2,132 million in these financial statements, of which Baht 433 million was loss on provision for interest of the unpaid operating fee for the year ended 31 December 2011 (2010: Baht 433 million).

#### 34.3 Assessment for income tax in India

The Tax Authority in India ('the said Authority'), has held that the payments received by THAICOM for providing Transponder Services ('TPS') to its Indian Customers and non-resident customers targeting Indian audience ('the Customer') was Royalty under both the Indian Income Tax Act ('the Act'), and the Double Taxation Avoidance Agreement between Thailand and India ('the DTAA') and subject to withholding tax at the rate of 15% on gross basis. But THAICOM considered income from Transponder Services to be business income, and as THAICOM does not have permanent establishment in India, such incomes are not taxable in India.

The Tax Authority still insists on its consideration and has raised the tax demand including surcharge, education cess and interest aggregating to Rs. 780 million (approximately Baht 459 million) against the said payment received by it from the customers and also levied penalty of Rs. 566 million (approximately Baht 333 million) for the Assessment Year ('AY') 1998-1999 to 2007-2008 (1 April 1997 to 31 March 2007).

So far, THAICOM had received Withholding Tax Certificates ('WTC') from its customers until AY 2007-2008 net amounting to Rs. 488 million (approximately Baht 287 million), in which part of the amount is substituted and paid by the Customer on behalf of THAICOM. THAICOM had also deposited Rs. 460 million (approximately Baht 271 million). On 30 December 2011, the Revenue Department of India returned a part of deposit to THAICOM in the amount of Rs.162 million (approximately Baht 96 million). THAICOM presents the deposit as non-current assets in the statements of financial position.

On 4 March 2011, the Income Tax Appellate Tribunal ("ITAT") gave its decision that THAICOM's income from transponder services in India was not a royalty and as THAICOM has no permanent establishment in India such income was not taxable in India.

As the consequence, THAICOM does not have to pay interest and penalty imposed by the Revenue Department of India, and ITAT also decided that the demand for penalty for the assessment year 1998-1999, 1999-2000, 2000-2001, 2001-2002 and 2002-2003 made by the Revenue Department of India against THAICOM be cancelled. The Revenue Department of India did not appeal against the ITAT's decision on penalty for the said assessment years to the High Court of Delhi and the ITAT's decision on penalty was final. On 30 December 2011, the Tax authority notified the partial return of deposit placed by THAICOM against the penalty for the Assessment Year ('AY') 1998-1999 to 2001-2002 and interest, aggregating to Rs. 162 million (approximately Baht 96 million.)

Further to ITAT decision as stated in the preceding paragraphs, THAICOM is in the process of requesting the refund of the remaining deposit and withholding tax. Upon the final decision of the Supreme Court and the receipt of refund, THAICOM will forward the customer up to the amount they substituted on behalf of THAICOM.

On 28 September 2011, The Revenue Department of India had filed an appeal against the decision of High Court that THAICOM's income from transponder services in India was not a royalty, to the Supreme Court. At the moment, this issue is still under the consideration of the Supreme Court.

If the Supreme court decides finally that THAICOM's income is taxable in India, the total tax liability demanded by the said Authority of Rs. 780 million (approximately Baht 459 million) will be charged as expense immediately, but the Company will not be required to make any additional tax payment as the amount of WTC and the deposit made by the Company fully cover the tax demand.

#### ***34.4 The amendments or supplements to the Agreement for Operation of AIS and Digital Phone Company Limited ("DPC")***

##### **AIS**

##### ***1) The opinion of the Council of State relating to the amendments or supplements to the Agreement for Operation***

Pursuant to the letter of the Ministry of Information and Communication Technology to the Council of State requesting opinion on whether the amendments or supplements to the agreement between TOT Public Company Limited who is the Telephone Organisation of Thailand at that time ("TOT") and AIS after the enforcement of the Act on Private Participation in State Undertaking, B.E. 2535 are legitimately effected and in case those amendments or supplements to the Agreement are not legitimately effected according to such Act, what guidelines TOT should implement.

The Council of State was of the opinion by its Memorandum of the Council of State No. 291/2550 on Enforcement of the Act on Private Participation in State Undertaking, B.E. 2535 (in the case of the Agreement Permitting Undertaking of Cellular Mobile Telephone Services, "the Agreement" between TOT and AIS) that

\*“... since TOT being the contracting party in this case acted on behalf of the State by virtue of the authority and duty pursuant to Telephone Organisation of Thailand Act, the executed Agreement thus represents the agreement between the State and the private sector in order to authorise the private sector to provide public services to the public on behalf of the State. The State therefore is obligated to perform according to those stipulated in that Agreement.

However, since the amendments to the Agreement upon which the consultation is being sought were not legitimately carried out according to the Act on Private Participation in State Undertaking, B.E. 2535 which was in force at the time of effecting those amendments because those amendments had not been proposed for the consideration of the Coordination committee according to Section 22 and not forwarded to the Cabinet, being the organ charged with the authority to approve of the amendments to the Agreement pursuant to the Act as aforesaid, the amendments made to the Agreement with TOT as the contracting party were therefore carried out without legal authority. However, the procedures to amend the Agreement represent administrative juristic acts which are capable of being separated from the amendments to the Agreement already effected and those amendments to the Agreement are still in force so long as they are not rescinded or extinguished by statute of limitation or by other causes. In case the Cabinet, vested with the authority under the law and having considered the causes for the rescission, the impact, and the propriety on the basis of the State's and the public interest, is of the opinion that the illegitimate procedures have resulted in damage that warrants rescinding the amendments to the Agreement already effected, the Cabinet may legitimately rescind such amendments to the Agreement. However, if the Cabinet, upon having considered the same, deems it justified, with regard to the State's or the public interest and the continuity of providing public services, the Cabinet may exercise its discretion to grant approval for the procedures to further amend the Agreement, as appropriate, with the unit owning the project and the Coordination committee pursuant to Section 22 being the parties to submit the facts, justifications, and opinion for the consideration of the Cabinet.”

*\*The above clauses in “...” represent some parts of the Memorandum of the Council of State No. 291/2550. The full text Memorandum of the Council of State is available only in Thai language.*

In addition, the Coordinating Committee according to Clause 22 has already submitted the opinion regarding the amendments of the Agreement of AIS to the Minister of the Information and Communications Technology.

*2) The deduction of excise tax from the revenue sharing between AIS and TOT*

On 22 January 2008, TOT submitted a dispute the Black Case No. 9/2551 to the Arbitration Institute, Dispute Reconciliation Office, Justice Court Office demanding AIS to pay additional payment of revenue sharing amounting to Baht 31,463 million under the Cellular Mobile Phone Contract plus interest at the rate of 1.25 percent per month computing from the default date on 10 January 2007 until the full payment is made.

This amount is the same as an excise tax that AIS had submitted to Excise Department during 28 January 2003 to 26 February 2007 and deducted it from revenue sharing according to the resolution of the Cabinet dated 11 February 2003. Thus, AIS has fully complied with the Cabinet's resolution dated 11 February 2003 and this practice is the same as other operators in mobile phone or cellular radio telecommunication industries according to the resolution of the Cabinet. Moreover, TOT had sent letter No. Tor Sor Tor. Bor Yor./843 dated 10 March 2003 stating that the company has fully complied with the Cabinet's resolution and AIS burden remains at the same percentage rate as specified in the contract and the submission of the said excise tax return shall not affect the terms of the contract.

On 20 May 2011, the Arbitral Tribunal has dismissed the case by giving the reason which can be summarised that AIS was not in breach of the Agreement since AIS has completely made the payment of the revenue sharing and all debt was therefore paid in full. Therefore, TOT has no right to re-claim for the alleged deficit amount.

On 22 September 2011, TOT has submitted the Black Case No. 1918/2554 to the Central Administrative Court to revoke the Arbitral Tribunal's award.

*3) TOT's letter demanding the payment of additional revenue sharing due to the reduction of revenue sharing rate with respect to pre-paid services and the deduction of the cost relating to the roaming activities*

With reference to a letter dated 31 January 2011 of TOT demanding AIS to pay an additional revenue sharing due to the reduction of revenue sharing rate with respect to pre-paid services amounting to Baht 29,534 million, the deduction of the cost relating to the roaming activities amounting to Baht 7,462 million and due to the deduction of excise tax payment from the revenue sharing including value added tax (VAT), penalty and surcharge for the total amount of Baht 36,817 million plus interest at the rate of 7.5% per annum to TOT within 15 February 2011.

AIS has sent a letter opposing such demand to TOT on 4 February 2011, with the following reasons:

- 1) For the reduction of revenue sharing rate with respect to pre-paid services and the deduction of the cost relating to the roaming activities:
  - 1.1) Pursuant to the above-mentioned TOT letter, TOT has raised some part of the judgment of the Supreme Court's Criminal Division for Person Holding Political Positions, the Red Case No. Or Mor. 1/2553 ("the Judgment") as the ground of its demand against AIS. In fact, the said Judgment has no binding effect to the company at all since neither TOT nor AIS are the parties to the said case.
  - 1.2) The said Court did not give judgment to revoke the amendment no. 6 regarding pre-paid services ("Amendment No.6") and amendment no. 7 regarding the roaming activities ("Amendment No. 7") (collectively hereinafter referred to as "the Amendments") of the Agreement Permitting Undertaking of Cellular Mobile Telephone Services ("the Agreement"). Further, the Judgment did not rule that AIS has committed a breach by failure to comply with the terms and conditions of the Agreement nor that the Amendments have had no binding effect between TOT and AIS at all.

- 1.3) The Amendments are still valid and binding upon both parties and, in the past, AIS has been completely and correctly complying with the terms and conditions of the Amendments. Thus, AIS is not obligated to make any additional payment of revenue sharing as demanded by TOT.
  - 1.4) Definite evidence concerning the intention and reason for making the Amendments, which is available to TOT and other government authorities, indicates that the Amendments were made by taking into account of the public interest, especially the mobile phone users who have been able to access into cheaper service tariff whilst TOT has gained much higher revenue sharing.
- 2) For the deduction of excise tax payment from the revenue sharing:
- 2.1) It was the government policy which aimed to convert certain amount of revenue sharing under the Agreement into the excise tax payment in connection with the transformation of the then Telephone Organisation of Thailand to a public company limited under the main principle that: (i) there shall be no damage to the State who would receive the same revenue sharing; and (ii) no additional financial burden to the private operator and the service users. Thus, after summing up the excise tax payment and the revenue sharing (after deduction of excise tax), the State (i.e. the Ministry of Finance - the Excise Department) and TOT, whose 100% of its shares are held by the Ministry of Finance, would receive the same net income without any damage.
  - 2.2) TOT is obliged to comply with the government's policy and the resolutions legitimately passed by the Cabinet, which applied to all mobile phone operators, that they were required to deduct the excise tax payment from the revenue sharing before delivering to the contractual party. It was TOT who informed AIS to pay such excise tax and deduct such payment from revenue sharing in accordance with the Cabinet's resolution with which AIS was faithfully complied.
  - 2.3) The said court did not rule that the Cabinet's resolution regarding such excise tax was unlawful and did not revoke or cancel such Cabinet's resolution.
  - 2.4) During B.E. 2546 to 2550 which there were the deductions of excise tax, TOT has never demanded AIS to pay any additional revenue sharing. Rather, TOT has confirmed that it has completely received the revenue sharing in accordance with the Agreement by issuing receipts and tax invoices together with returning bank guarantees which were placed as security for the payment of the revenue sharing by AIS.
  - 2.5) With respect to VAT, penalty and surcharge demanded, AIS is not obliged to make such payment. Given such tax obligation actually exists; it would be TOT, as the recipient of payment, to be responsible for such tax payment under the Revenue Code. In the past, TOT has ever questioned the Revenue Department whether it actually has the authority under the law to collect such tax payment.
  - 2.6) This TOT's claim is a duplication of the claimed amount with respect to excise tax which TOT has raised earlier on 22 January 2008 in the pending arbitration process at the Arbitration Institute.

Therefore, AIS's management believes that the said demand shall have no material impact to the financial statements of AIS because AIS is not obligated to make any additional payment as demanded by TOT.

On 11 February 2011, AIS has submitted the dispute under the Black Case No. 8/2554 to the Arbitration Institute, Dispute Reconciliation Office, Justice Court Office in order that the Arbitration Tribunal shall make an award that the Amendment No.6 and No.7 are still valid and binding upon both parties, and TOT has no right to claim for revenue sharing including interest and the value added tax according to such letter. At present, the said dispute is pending on the Arbitration process.

Later, on 26 August 2011, TOT sent a letter dated 22 August 2011 informing AIS cancellation of the said demand due to its misunderstanding of the facts; and, given that TOT has not yet proceeded in accordance with the said demand, the Amendments No. 6 and 7 shall be still considered effective.

From the above-mentioned facts, it would be deemed that there is no longer need of further arbitral procedures for the dispute by AIS. Therefore, on 3 October 2011, AIS submitted a request to withdraw the dispute, case no. 8/2554 and the Arbitration Institute sent a letter issued on 6 October 2011 to inform the order granting the said withdrawal.

#### *4) Interconnection Agreements*

According to Telecommunication Business Operation Act B.E. 2544 and the announcement of NTC regarding the Use and Interconnect of Telecommunication Network B.E. 2549, AIS has entered into an interconnection ("IC") agreement with other operators approved by NTC and the effective period of the agreement is listed below:

Operators	Effective period
1) Total Access Communication PCL.	30 November 2006 onwards
2) Truemove Company Limited	16 January 2007 onwards
3) Digital Phone Company Limited	1 June 2009 onwards
4) CAT Telecom Public Company Limited	7 April 2010 onwards

On 31 August 2007, TOT has filed a lawsuit against NTC to the Central Administrative Court to revoke the said announcement, and on 4 February 2008 TOT sent a letter to AIS informing that the company should wait for the final judgment of the Court. Should AIS undertake the IC agreements per the NTC announcement before the final judgment of the Court, TOT shall not recognise the AIS's related actions and AIS must be responsible for such actions.

However, after having considered the letter from TOT, the relevant laws and the comments of the legal consultant, the management of AIS is of the opinion that non-compliance with the above Interconnection Agreement would be in conflict with the announcement of NTC regarding the Use and Interconnect of Telecommunication Network. Therefore, AIS decided to comply with the said Agreements which are in line with the legal provisions currently in force by issuing invoices to collect the interconnection charge from the contractual parties.

On 30 December 2008, AIS has remitted the revenue sharing incurred from the interconnection of the telecommunication network since February 2007 to June 2008 in the amount of Baht 761 million based on the rate and calculation method of AIS to TOT. Later, AIS and TOT had set up the negotiation committee to seek for the conclusion but it could not be done as TOT required AIS to pay revenue sharing calculated on gross interconnection charges received by AIS at the rate specified in the Agreement without deduction of interconnection charges which AIS has to pay to other operators. Thus, on 26 January 2011, TOT sent a letter demanding AIS to pay the revenue sharing on the interconnection charges of the concession year 17–20 in the amount of Baht 17,803 million plus interest at the rate of 1.25 per month. But AIS disagreed and sent a letter opposing the said claim to TOT and AIS has submitted the dispute to the Dispute Reconciliation Office, Arbitration Institute ref. the Black Case No. 19/2554 on 9 March 2011 requesting the Arbitral Tribunal to give an award that TOT has no right to claim for such revenue sharing.

## DPC

### *1) The opinion of the Council of State relating to the amendments or supplements to the Agreement for Operation*

Pursuant to the letter of the Ministry of Information and Communication Technology to the Council of State requesting opinion on whether the amendments or supplements to the agreement between CAT and DPC, a subsidiary of AIS, after the enforcement of the Act on Private Participation in State Undertaking, B.E. 2535 (the “Act”) are legitimately effected and in case those amendments or supplements to the Agreement are not legitimately effected according to such Act, what guidelines CAT should implement.

According to the opinion of the Council of State regarding the enforcement of the Act on Private Participation in State Undertaking, B.E. 2535 regarding the Contract permitting the provision of cellular mobile phone service between CAT and DPC on case No. 294/2550 that

\*\*\*“...the assignment of the rights and duties by Total Access Communication Public Company Limited (“DTAC”) to DPC and the entering into an agreement between DPC and CAT dated 19 November B.E. 2539 are considered as the permission of CAT granted to a private sector to provide cellular mobile phone service, it shall not be deemed to be part of cellular mobile phone service between CAT and DTAC, so DPC shall be the contracting party of CAT and was under the supervision and regulation of CAT and pay remuneration to CAT. DPC shall, therefore, have to comply with the said Act since CAT has already specified the scope of the project and the private sector to provide the service. Besides, the project has already been carried out. Therefore, there is no need to invite private sector to submit any proposal according to Chapter 3. However, Chapter 3 shall be applied in so far as it is not contrary to the fact whereby CAT has to set up the Coordinating Committee in accordance with Section 13 to proceed according to Section 21 of the said Act, provided that the Coordinating Committee will propose the selection result including the reason, negotiation issues, state benefits and the draft of agreement to the Minister who supervised the project in order to propose to the Cabinet within 90 days since the decision by Coordinating Committee.



Therefore, the procedures are within the power and authority of the Committee according to Section 13 to consider as appropriate and DPC has already been assigned of the rights and duties from Total Access Communication Public Company Limited according to the Contract Permitting the Provision of Cellular Mobile Phone Service between CAT and Total Access Communication Public Company Limited, DPC shall have the right to provide telecommunication service even though the Contract between CAT and DPC has not been done or performed in accordance with the Act. However, the Contract between CAT and DPC shall remain valid in so far as it is not revoked or terminated by time of ending or other cause. Thus, CAT and DPC shall remain oblige to fulfil the said agreement.”

*\*\*The above clauses in “...” represent some parts of the Memorandum of the Council of State No. 294/2550. The full text Memorandum of the Council of State is available only in Thai language.*

In addition, the Coordinating Committee pursuant to Clause 13 has already submitted the opinion regarding the amendments of the Agreement of DPC to the Minister of the Information and Communications Technology.

*2) The deduction of excise tax from the revenue sharing between DPC and CAT*

On 9 January 2008, CAT submitted a dispute the Black Case No. 3/2551 to the Arbitration Institute and the Dispute Reconciliation Office, Justice Court Office demanding DPC, a subsidiary of AIS, to pay additional payment of revenue sharing amounting to Baht 2,449 million under the Digital Personal Communication Network Contract plus penalty at the rate of 1.25% per month of the unpaid amount of each year computing from the default date until the full payment is made which total penalty calculated up to December 2007 is Baht 1,500 million, totalling Baht 3,949 million.

On 1 October 2008, CAT has submitted the revision of petition to adjust on amount of claimed to Baht 3,410 million which penalty fee calculated from the outstanding revenue sharing up to January 2008 for Baht 790 million plus value added tax Baht 171 million.

This amount is the same as an excise tax that DPC submitted to Excise Department during 16 September 2003 to 15 September 2007 and deducted it from revenue sharing according to the resolution of the Cabinet dated 11 February 2003. Moreover, CAT has sent a letter No. CAT 603 (Kor Tor.) 739 notifying DPC to comply with such Cabinet’s resolution. Thus, DPC has correctly and fully complied with the Cabinet’s resolution dated 11 February 2003 and this practice is the same as other operators in mobile phone or cellular radio telecommunication industries according to the resolution of the Cabinet.

On 1 March 2011, the Arbitral Tribunal has dismissed the case by giving the reason which can be summarised that DPC was not in breach of the Agreement since DPC has completely made the payment of the revenue sharing and all debt was therefore paid in full. Therefore, CAT has no right to re-claim for the alleged deficit amount, including the penalty and the value added tax.

On 3 June 2011, CAT has submitted the Black Case No. 1259/2554 to the Central Administrative Court to revoke the Arbitral Tribunal’s award. Presently, the said case is pending on the Central Administrative Court process.

*3) The deduction of access charge from revenue sharing between DPC and CAT*

Pursuant to the resolution of the meeting on 14 January 2004 between TOT, CAT, DPC and True Move Company Limited ("True Move") by the Minister of the Information and Communications Technology Ministry, the Chairman, that TOT consented to reduce access charge of mobile phone from revenue sharing which TOT received from CAT in the amount of Baht 22 /number/month to DPC and True Move starting from the 6<sup>th</sup> operation year as DTAC had received from TOT.

On 12 October 2006 TOT sent a letter to CAT that TOT could not reduce access charge of mobile phone to DPC and True Move and demanding CAT to pay the access charge that DPC and True Move have deducted as a discount of access charge plus legal interest rate computing from the default date until the fully payment is made.

On 29 July 2008, CAT submitted a dispute the Black Case No. 68/2551 to the Arbitration Institute and the Dispute Reconciliation Office, Justice Court Office demanding DPC to pay access charge of mobile phone that DPC had deducted for Baht 154 million (additional consideration of the 7<sup>th</sup> -10<sup>th</sup> operation year) plus value added tax and interest at the rate 1.25 percent per month of the above principal amount starting from the default date of each year since the 7<sup>th</sup> -10<sup>th</sup> operation year until the full payment is made.

On 15 October 2009, CAT submitted a dispute the Black Case No. 96/2552 to the Arbitration Institute and the Dispute Reconciliation Office, Justice Court Office demanding DPC to pay access charge of mobile phone that DPC had deducted for Baht 22 million (additional consideration of the 11<sup>th</sup> operation year) including the penalty at the rate of 1.25 percent per month which calculated up to 15 October 2009, total amount of claim Baht 26 million.

At present, the said dispute is pending on the Arbitration process. According to arbitration procedures, the proceedings shall take several years. For the demanded amount, DPC has re-calculated and found that the said amount is only Baht 138 million which DPC has recorded as payable under the Agreement for operation in its financial statement but has not recorded the penalty for overdue payment, as AIS's management believes that the outcome of the said dispute shall be in favour of DPC and have no material impact on the consolidated financial statements of AIS since DPC has correctly and fully complied with the law and the relating Agreements in all respects.

*4) Access charge payment between DPC, CAT and TOT*

On 9 May 2011, TOT has submitted the Black Case No. 1099/2554 to the Central Administrative Court against CAT as the defendant No. 1 and DPC as the defendant No. 2 demanding CAT and DPC to pay the access charge amounting to Baht 2,436 million plus value added tax and interest calculated up to 9 May 2011, total amount of claim is Baht 2,954 million plus interest until the full payment is made as follows:

- 4.1) Part of DPC calculating on the amount of the mobile phone number which DPC had rendered the service at the rate of Baht 200/number/month, in the amount of Baht 432 million.

4.2) Part of CAT calculating on a half of the revenue sharing which CAT had received from DPC, in the amount of Baht 2,331 million.

4.3) The discount of access charge at the rate of Baht 22/ number / month that DPC deducted from the revenue sharing, in the amount of Baht 191 million. Part of this demand is the same amount as CAT has claimed according to the dispute the Black Case No. 68/2551 mentioned above but different in terms of the calculation period and interest.

At present, the said case is pending consideration of the Central Administrative Court. AIS's management believes that the outcome of the said case shall be in favour of DPC and have no material impact on the consolidated financial statements of AIS since DPC has correctly and fully complied with the law and the relating agreements in all respects.

*5) To deliver and transfer ownership of towers and equipment of power supply between DPC and CAT*

On 3 February 2009, CAT has submitted a dispute under the Black Case No. 8/2552 to the Alternative Dispute Resolution Office, the Arbitration Institute, demanding DPC, a subsidiary of AIS, to deliver and transfer ownership of 3,343 towers including 2,653 equipment of power supply under the Digital PCN ("Personal Communication Network Agreement"). Failure to do so, DPC must reimburse Baht 2,230 million to CAT. DPC considers that all disputed assets, towers and the equipment of power supply are not the property as stipulated in the Agreement.

At present, the said dispute is pending on the Arbitration process. According to arbitration procedures, the proceedings shall take several years. However, AIS's management believes that the outcome of this dispute shall be in favour of DPC and have no material impact on the consolidated financial statements of AIS since DPC has correctly and fully complied with the law and the relating Agreements in all respects.

*6) The reduction of roaming fee between DPC and CAT*

Starting from 1 July 2006, CAT allowed DPC, a subsidiary of AIS, to reduce roaming fee per minute from Baht 2.10 to Baht 1.10 to be in line with the decrease of mobile phone service fee. The approval has been renewed for 3-month period several times thereafter until 31 March 2007. After that, CAT did not notify DPC of any changes until on 24 March 2008, CAT had sent a letter to notify DPC to charge roaming fee at Baht 2.10 per minute starting from 1 April 2007. On 8 May 2008, DPC sent a request letter to CAT to reconsider the roaming fee adjustment. The reason for such request was based on the market environment where the prevailing mobile phone service charge to consumers in the market was significantly lower than the specified roaming fee. Such high roaming fee is therefore unreasonable for DPC to provide the roaming service to any operators. In the letter, DPC informed CAT that during the period when CAT is reconsidering the request, DPC will charge roaming fee at Baht 1.10 per minute according to the previous agreed terms and conditions. On 31 March 2009, CAT has approved DPC to charge roaming fee at Baht 1.10 per minute during 1 January 2009 – 31 March 2009. Moreover, DPC has entered into the national roaming agreement with AIS to charge roaming fee at Baht 1.10 per minute approved by NTC on 16 June 2009.

On 15 July 2010, CAT has submitted a dispute under the Black Case No. 62/2553 to the Alternative Dispute Resolution Office, the Arbitration Institute, demanding DPC to pay additional payment of revenue sharing of 10th – 12th operation year that DPC reduced roaming fee per minute from Baht 2.10 to Baht 1.10 during 1 April 2007 – 31 December 2008 amounting to Baht 1,636 million plus penalty computing up to March 2010 of Baht 364 million, totaling Baht 2,000 million and penalty at the rate of 1.25 percent per month from April 2010 until the full payment is made by alleging that CAT had approved the said roaming fee reduction up to 31 March 2007 only.

On 12 September 2011, CAT has submitted a dispute to the Alternative Dispute Resolution Office, the Arbitration Institute; the Black Case No. 89/2554 demanding DPC to make additional payment of revenue sharing of 12th operation year which DPC reduced roaming fee from Baht 2.10 per minute to Baht 1.10 per minute during 1 April 2009 – 15 June 2009 in the amount of Baht 113 million plus penalty at the rate of 1.25% per month from 1 April 2009 until full payment is made.

At present, the said dispute is pending on the Arbitration process. According to arbitration procedures, the proceedings shall take several years. However, AIS's management believes that the outcome of the said dispute shall have no material impact on the consolidated financial statements of AIS since DPC has correctly and fully complied with the law and the relating Agreements in all respects.

*7) The damage arisen from uncollectible international call service charges between DPC and CAT*

On 8 April 2011, CAT submitted a dispute the Black Case No. 32/2554 to the Arbitration Institute and the Dispute Reconciliation Office, Justice Court Office demanding DPC to pay Baht 33 million including interest at the rate of 15% per annum of the claimed amount, total amount of claim Baht 35 million by alleging that DPC has committed a breach of the Digital PCN (Personal Communication Network) 1800 Service Agreement due to subscriber fraud on the Digital PCN 1800 Service Agreement between DPC and subscribers for 1,209 numbers during 1997 – 2003 causing damages to CAT where CAT was unable to collect the international call service charges occurred from the use of such numbers.

At present, the said dispute is pending on arbitration procedures which shall take several years. However, AIS's management believes that the outcome of the said dispute shall favorably ease off and has no material impact on the consolidated financial statements of AIS since DPC has correctly and fully complied with the law and the relating conditions of the Agreement in all respects.

**AIN Globalcomm Company Limited ("AIN")**

*The international direct dialling service by using the symbol "+" between AIN and CAT*

On 7 March 2008, CAT has submitted the Black Case No. 1245/2551 to the Civil Court against AIS as the defendant no. 1 and AIN, a subsidiary of AIS, as the defendant no. 2 requesting AIS and AIN to pay compensation with interest rate at 7.5% per annum for damage up to the date of case submission equalling to Baht 130 million. The reason in a case is to change traffic of the international direct dialling service by AIS and AIN during 1-27 March 2007 through AIS subscriber by using the symbol "+" dialling from no. 005 of AIN, instead of no. 001 of CAT without the prior notification to subscriber.

On 4 September 2008, CAT has submitted a petition revision to adjust compensation for Baht 583 million (including interest) because CAT was damaged consecutively until 7 March 2008. On 19 November 2008, CAT has submitted the order of provisional remedial measure before delivery of judgment to cease AIS and AIN to transfer the traffic 001 or symbol “+” of CAT to traffic 005 of AIN. On 26 February 2009, the Civil Court has dismissed the CAT’s request and on 20 March 2009, CAT has appealed such dismissal.

On 17 December 2009, the Civil Court has dismissed the case as the facts cannot be proved that CAT has either an exclusive right to use the symbol “+” or the right to prohibit AIS and AIN to use the symbol “+” and it cannot also been proved that the changing of the connection setting of the international direct dialling service from using the symbol “+” for the code 001 of CAT to “+” for the code 005 of AIN has caused mistaken to the subscribers who use international direct dialling service that they are using the code 001 of CAT, therefore, the acts of AIS have not infringed any right of CAT and also of AIN which CAT alleged to jointly commit the wrongdoing with AIS have not infringed the right of CAT as well. However, CAT has appealed such dismissal on 10 March 2010. Presently, the said case is pending on the Court of Appeals process.

#### ***34.5 The order to THAIKOM and the Company as co-defendant***

On 19 April 2007, Mr. Supong Limthanakul brought legal actions against the National Telecommunications Commission (“NTC”), the office of the NTC and the Ministry of Information and Communication Technology (“MICT”) in the Central Administrative Court (“CAC”) on the ground that the three state agencies neglected to perform their duties in overseeing whether THAIKOM has been carrying on its telecommunications business lawfully after the sale of the Company’s shares to the new shareholder.

CAC issued an order dated 8 April 2009 and 20 July 2010 making THAIKOM the fourth respondent and the Company the fifth respondent in order to allow THAIKOM and the Company to file the reply to the petitioner’s claim including evidence, documentary or otherwise to CAC. THAIKOM and the Company have filed the reply and supporting evidence in July 2009 and September 2010, respectively.

On 8 July 2011, Mr. Supong Limthanakul has filed an appeal with the Supreme Administrative Court (“SAC”). The case is under consideration by SAC. On 23 September 2011, THAIKOM and the Company have filed an argument against appeal with SAC.

The management of THAIKOM and the Company is of the opinion that it will not be adversely affected in any way as the actions were brought against NTC, office of the NTC and MICT for neglecting to perform their duties and will not constitute a cause for terminating the operating agreement as THAIKOM has fully complied with the terms and conditions of the operating agreement.

#### ***34.6 Other litigation***

A subsidiary has a legal case in the Central Labor Court. The legal consultant of the subsidiary has the opinion that the subsidiary has taken actions as required by law. The outcome of the case is not expected to have material impact to the consolidated financial statements of INTOUCH Group.

**34.7 Impact of flooding**

In the last quarter of 2011, there was severe flooding in Thailand. However, INTOUCH Group has insurance coverage of INTOUCH Group's asset for disaster risk. The damage caused by this incident does not materially affect INTOUCH Group's financial statements.

**35 Bank guarantees**

As at 31 December 2011, INTOUCH Group had commitments with banks, in respect of letters of guarantees for satellite space segment leasing, customs duties, electricity usage and other transactions in the ordinary course of business in the amount of Baht 781 million, USD 3 million (*As at 31 December 2010: Baht 717 million and USD 2 million*) on a consolidated basis.

**36 Reclassification of accounts**

Certain accounts in the 2010 financial statements have been reclassified to conform to the presentation in the 2011 financial statements. These reclassifications have principally been made following changes in accounting policies consequent to the adoption of new or revised TFRS as disclosed in note 3. The significant reclassifications after the restated financial statements are as follows:

	Consolidated financial statements			Separate financial statements		
	Before Reclass.	Reclass.	After Reclass.	Before Reclass.	Reclass.	After Reclass.
<i>(in million Baht)</i>						
<b><u>Statement of financial position</u></b>						
<b><u>For the year ended 31 December 2010</u></b>						
<b><u>Current assets</u></b>						
Trade accounts, notes						
receivable and accrued	1,390	(1,390)	-	-	-	-
income						
Trade and other receivables	-	1,769	1,769	-	15	15
Other current assets	379	(379)	-	15	(15)	-
<b>Total current assets</b>	<b>6,553</b>	<b>-</b>	<b>6,553</b>	<b>1,872</b>	<b>-</b>	<b>1,872</b>
<b><u>Non-current assets</u></b>						
Investment in subsidiaries,						
jointly-controlled entities and						
associates	18,039	(18,039)	-	12,502	(12,502)	-
Investment in subsidiaries	-	-	-	-	3,695	3,695
Investment in associates	-	18,039	18,039	-	8,807	8,807
<b>Total non-current assets</b>	<b>40,651</b>	<b>-</b>	<b>40,651</b>	<b>12,560</b>	<b>-</b>	<b>12,560</b>
<b><u>Current liabilities</u></b>						
Trade accounts and notes						
payable	787	(787)	-	1	(1)	-
Trade and other payables	-	1,734	1,734	-	84	84
Other current liabilities	947	(947)	-	83	(83)	-
<b>Total current liabilities</b>	<b>8,442</b>	<b>-</b>	<b>8,442</b>	<b>89</b>	<b>-</b>	<b>89</b>

	Consolidated financial statements			Separate financial statements		
	Before Reclass.	Reclass.	After Reclass.	Before Reclass.	Reclass.	After Reclass.
<i>(in million Baht)</i>						
<b>Equity</b>						
Unrealised gain on dilution of investments in subsidiaries and associates	4,289	(4,289)	-	-	-	-
Unrealised loss from revaluation of investments	(3)	3	-	(1)	1	-
Currency translation differences	(118)	118	-	-	-	-
Other components of equity	-	4,168	4,168	-	(1)	(1)
<b>Total equity attributable to equity holders of the Company</b>	<b>22,142</b>	<b>-</b>	<b>22,142</b>	<b>14,357</b>	<b>-</b>	<b>14,357</b>

### 37 TFRS not yet adopted

The followings are issued and revised TAS, which INTOUCH Group has not adopted at the report date, as they will effective on or after 1 January 2013:

TAS 20 Accounting for Government Grants and Disclosure of Government Assistance

TAS 21 (revised 2009) The Effects of Changes in Foreign Exchange Rates

TAS 20 describes accounting for, and disclosure of, government grants and other forms of government assistance.

TAS 21 requires each entity to determine its functional currency and measure its results and financial position in that currency. In addition, TAS 21 has identified the method to translate financial statements into a presentation currency, in case that the financial statements are not reported in functional currency.

Management has determined that these issued and revised TFRS are not expected to have a significant impact on INTOUCH Group's financial position and the statement of income when they are effective.

**38 Events after the reporting period*****Dividend payment******Proposed dividend payment of associates***

At the Board of Directors' meeting AIS and CSL, passed resolutions to propose the dividend payment to the annual general shareholders meetings to approve as follows:

Company	Date of Meeting	Dividend	Interim dividend paid in 2011 (Baht/share)	Amount to be paid (Baht/share)	Amount (in million Baht)
AIS (operation result of 2011)	9 February 2012	8.43	4.17	4.26	12,665
CSL	10 February 2012	0.54	0.27	0.27	160

***Proposed dividend payment of the Company***

On 14 February 2012, the Company's board of directors passed a resolution regarding to approve interim dividend payment from the operating result for the period from 1 January to 29 March 2012 to the Company's shareholders at Baht 1.58 per share, approximately Baht 5,066 million.

The board of director of AIS passed a resolution to call the annual general shareholders' meeting for the year 2012 on 28 March 2012 of which there is an agenda of dividend payment for the operating result of the second half of the year 2011 at Baht 4.26 per share. The Company expects to realize dividend, after the approval by the annual general shareholders' meeting of AIS, in the amount of approximately Baht 5,124 million (1,203 million shares; Baht 4.26 per share). Thus, the proposed dividend payment of the Company will be depended on the resolution of the annual general shareholders' meeting for the year 2012 of AIS.

The Company will propose these dividend payments to the 2012 annual general meeting of shareholders for approval.



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## Reference Persons

### **Security Registrar:**

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