



# Breakthrough

Annual Report 2012

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## VISION

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

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## MISSION

/ We strive to deliver sustainable growth and long-term value to shareholders by investing and managing telecom and media businesses

/ We actively explore new business opportunities in telecom and media

/ We commit to good corporate governance practices

/ We focus on contribution to society through our integrated CSV

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

# Financial Highlights

Shin Corporation Public Company Limited and its Subsidiaries  
As at 31 December

Baht Million

2012 2011 2010  
Re-presented Re-presented

## OPERATING RESULTS - CONSOLIDATED

Revenues from sales of goods and rendering of services	8,545	8,019	7,125
Share of profits of associates	14,337	10,069	9,196
Total revenues	23,134	25,595	16,486
Gross profit	2,879	2,233	1,206
Profit for the year attributed to owners of the Company	13,787	16,559	8,016
Total assets	48,056	55,527	47,173
Total liabilities	17,509	26,201	16,454
Total equity attributable to equity holders of the Company	22,543	21,159	22,142

## FINANCIAL RATIO - CONSOLIDATED

Net profit margin	60%	65%	49%
Return on equity	63%	76%	28%
Return on assets	27%	32%	15%
Debt-to-equity ratio (times)	0.78	1.24	0.74
Basic earning per share (Baht)	4.30	5.17	2.50
Book Value per share (Baht)	7.03	6.60	6.92
Dividend per share (Baht)	3.78	5.50	6.77

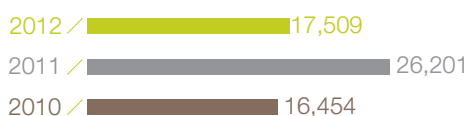
Number of share (Million) (at one Baht par value per share)	3,206.42	3,206.42	3,201.08
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Dividend Policy: The board of director of the Company may recommend annual dividends, subject to the approval of the Company's shareholders, at an annual general meeting. From time to time, the Company's board of directors may declare interim dividends. At present, the dividend payment policy will be considered not less than 40% of the net profit after tax of saperated financial statement of the Company, subject to our financial needs or unless the payment of dividends would materially affect our operations.

## TOTAL ASSETS (Baht Million)



## TOTAL LIABILITIES (Baht Million)



## TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (Baht Million)





# Breakthrough

3

Factors

Regulatory Breakthrough

Technology Breakthrough

Consumer Behavior  
Breakthrough

4

Aspects

Telecommunication

Media

Information  
Technology

Digital Content

5

Projects

3G on 2.1GHz  
Under License  
from NBTC

Satellite Service  
Under License  
from NBTC

Investment in  
Venture Capital  
projects

Capturing the  
Growth of Cloud  
Computing

Exploring the  
opportunities in  
Digital Terrestrial  
Television

Shin Corporation Public Company Limited (INTOUCH) is focused on the telecom and media businesses, and its leadership and management strive to increase shareholder value in terms of dividend yield and business growth. INTOUCH has remained committed to the principles of transparency and ethical business conduct that have been demonstrated competently for over 20 years, and continues to stay true to these values. In the past year, our company has devised three key factors that will allow us the vital opportunity for business growth, which are Regulatory breakthrough, Technology breakthrough, and Consumer behavior breakthrough.

From the three contributing factors, INTOUCH recognizes the potential of investing its resources in four interconnected aspects, namely Telecom, Media, IT and Digital Content, through the following five strategies: 3G on 2.1GHz under License from NBTC; Satellite Service under License from NBTC; Investment in Venture Capital projects; Capturing the growth of Cloud Computing; and Exploring the opportunities in Digital Terrestrial Television.



# Regulatory Breakthrough



INTOUCH Group has managed its business for more than 20 years under its contract, in both Wireless Telecommunications and Satellite & International businesses. Thailand's telecom industry has been developing continuously and the Act on Organization to Assign Radio Frequency and Regulate the Broadcasting and Telecommunications Services was passed in the year 2000 (and amended in 2010). The National Broadcasting and Telecommunications Commission (NBTC) was then founded in 2011. The new regulations have allowed INTOUCH to expand its business interests significantly and increase revenue.





A photograph of a smiling man in a striped shirt holding a baby in a white outfit. They are standing in a grassy yard in front of a white house with arched windows. A young boy is partially visible in the foreground on the right. A decorative geometric shape is in the top left corner.

# Technology

Breakthrough



Since INTOUCH has mainly focused on technology-related businesses, advances in technology have contributed to business growth. Examples of these are the upgrade from 2G to 3G (with 4G on the horizon), voice-based to data communications, and low-speed to high-speed data transmission. Television broadcasting has also crossed over from analog to digital technology, with High Definition TV in demand.



# Consumer Behavior

## Breakthrough





The breakthroughs in technology and regulatory control mentioned earlier have created a new trend among consumers with a noted change in their habits. Many people have begun to embrace technology or feel more comfortable with it, and now take an active interest in following trends that have created skills and the desire to utilize and expand their technological interests. This has created endless business possibilities for new products and services, which will generate more capital flow.



# Breakthrough: 5 Projects



1 /

3G on 2.1GHz

AIS has expanded its network to provide a 3G service on the 2.1GHz frequency band under a registered license issued by the NBTC on 7 December 2012. This will create stability and allow AIS to conduct its business for another 15 years, as permitted in the license, with provisions made for any unforeseen events. Should the NBTC hold an auction for other radio frequencies, AIS would consider bidding for these in order to generate additional business growth.

2 /

Satellite Service

Under THAICOM, THAICOM 6 is currently under construction and is expected to be launched in 2013. On 26 June 2012, THAICOM was granted a Telecommunication Service License Type III by the NBTC with a duration of 20 years, which also includes permission to operate the seventh satellite (THAICOM 7) when it is launched in 2014.





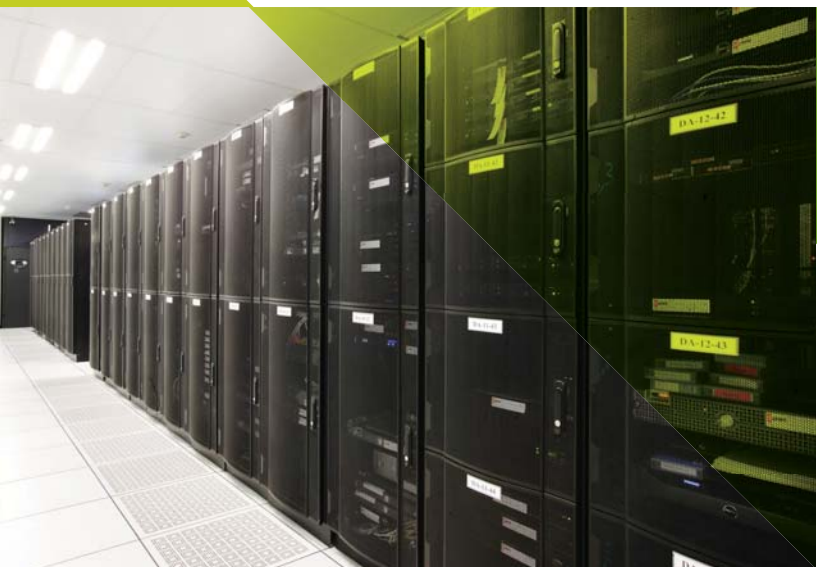
### 3 / Venture Capital Projects

As of May 2012, INTOUCH has mobilized on a venture capital under the name InVent, to support SMEs that demonstrated their expertise in telecommunications and media. This project has been met with great success with its first joint investor, Ookbee Company Limited with a 25% holding around 57 million baht. Ookbee is the developer of digital publication platform that provides digital book contents, known as e-book or e-magazine. Other business opportunities are under way and being closely researched for our potential future investments.



### 4 / Cloud Computing

Cloud Computing is another service offer from INTOUCH Group that is projected to gain popularity in the near future through provider CS Loxinfo Public Company Limited (CSL). This Cloud Computing feature is a potential capital growth for CSL, who currently provides internet data center services.



### 5 / Digital Terrestrial Television

With NBTC's policy in analog-to-digital conversion, along with regulations and bidding conditions in line with 2013 compliances, INTOUCH sees the potential growth from such policy. We are conducting scrupulous research on its possibilities and suitable investment strategies, in consideration to all vested parties involved.



# Social Responsibility

INTOUCH or Shin Corporation Public Company Limited believes that a successful organization that can sustain growth in the future needs to develop the organization to remain intrinsic “Good Deeds” as a result of business operations in compliance with Corporate Governance morals, ethics, laws as well as social responsibility Creating Shared Value that combines business competitiveness and mutual welfare in order to build trust and confidence that allow business and society to live together with fraternity and develop sustainable growth.

## The Healthy Rice Growing Project by INTOUCH to Support and Improve Life Quality and Add Value of Rice for Thai Farmers

Rice is the most important food source for Thai people. The rice consumed domestically is grown by Thai farmers, known as “Nation’s Backbone,” playing a key role in the first tier of agriculture production. Today farmers shift rice farming from original method to modern agriculture technology heavily using chemical fertilizer and pesticide in order to maximize crop yield, maintain monoculture and satisfy market demand. Pesticide farming, on the other hand, harms farmers’ health, incur expense and increase production cost.

Therefore, INTOUCH established the project “**Healthy Rice Growing by INTOUCH**” at the Rice Species Learning Center of Ban Dak Kanon Village, Tambon Thammoon, City of Chainat. Her Royal Highness Princess Maha Chakri Sirindhorn graciously visited the Learning Center to witness rice field, Rice Berry growing, hydroponics planting and rice milling initiated by Camp Sanook Kid with INTOUCH since 2009 known as “Rice Species Experiment Station” before renaming to “Rice Breed Learning Center of Ban Dak Kanon Village.” This project results from the Royal Grace of Her Royal Highness Princess Sirindhorn and the pride of every INTOUCH management and staff.

The Healthy Rice Growing Project by INTOUCH has been created to encourage the growing of nutritious rice without using chemical substance but adding value of rice, reducing production cost and developing life quality of farmers pursuant to Self

Dependence Concept leading to strength and better economic condition in accordance with the Principle of Sufficiency Economy. Focusing on supporting knowledge base and “Healthy Rice Growing” process applied to practice in a wider scale in society, the project set the target in 3 phases; firstly to support and develop the lead group of farmers in growing healthy and chemical-free rice rich in nutrition for better quality life reflected by good health, family income and environment conservation in the long run, secondly to expand growing area and number of farmers to grow healthy rice as well as implementing market management and thirdly to form a Community Enterprise relying on themselves, supporting each other in the community and achieving sustainable growth.

At present there are participating farmers from 9 families on the 60-Rai land growing Rice Berry, a hybrid aromatic rice breed from the mix of Homnil Rice and Jasmine Rice 105, containing high antioxidant with low-medium sugar index, helping reduce heart and blood vessel cancer risk.

The participating farmers not only improve their life quality benefiting community’s economy but also extend body of knowledge to other communities. INTOUCH is willing to support and encourage Thai farmers to rely on themselves and foster communities to sustain growth which creates value added in business operations for community and society to develop and prosper together.





### Apply the Principle of Sufficiency Economy to Schools and Communities in the Camp Sanook Kid with INTOUCH

For 12 consecutive years, the project Camp Sanook Kid with INTOUCH has provided creative learning and thinking opportunity, promoting public mind to live the sufficient life in accordance with the Principle of Sufficiency Economy through the project concept “Self-Sufficiency of Youths and Schools.” Students and people in community established the Learning Center for Sufficiency Economy in schools and communities. The Learning Centers for Sufficiency Economy which were established in 2012 include;

“Young Sufficiency Economy Agriculturist Skills Development Center at Ban Tha Muen Ram based on the Royal Initiatives,” located at Wat Tha Muen Ram School, Amphoe Wangthong, Pitsanulok, encourages youths to learn and practice agricultural skills, be proud of the agriculturist value and generate income for themselves and their families. In addition, the project inspires the community to love and care about environment by promoting mix plantation to replace monoculture or single plantation in the same area for maximize output and to reduce the use chemical substance which deteriorates soil conditions and harms the users. Agricultural foods can be served for school lunch and processed to create value added. Biofertilizer is made from local materials in the agriculture plots of school and allocated to community.

### 1-2/ The Healthy Rice Growing Project by INTOUCH

### 3/ Young Sufficiency Economy Agriculturist Skills Development Center at Ban Tha Muen Ram based on the Royal Initiatives, Pitsanulok



“Mulberry Learning Center of Ban Chompoophan,” located at Ban Chompoophan School, Amphoe Poophan, Sakonnakhon, was established for students and communities to learn about mulberry growing process, benefits of mulberry and mulberry processing into various products. The project helps conserve mulberry growing, the original profession of community, distribute and share knowledge with other communities.

“Krajud Learning Center of Pradoorieng Community for Conservation and Product Development,” located at Wat Pradoorieng School, Amphoe Kuankanoon, Phattalung, was established to serve as knowledge center for Krajud (*Lepironia articalata*) benefits and development of Krajud to various products sold to visitors. Krajud handicraft is a profession generating income for community, conserving local life and inheriting wisdom. Knowledge is distributed and shared with other communities.

“Local Heritage Learning Center of Ban Prasae,” located at Wat Takienggam School, Amphoe Klang, Rayong, was established to compile and conserve way of life, culture and wisdom of Prasae Community such as robe offering to monks in water and Nava Queen Pageant contest. New generation will learn and conserve tourist destination and community value subject to dilution from changing economic and social condition. In the meantime, income is generated for the community. Students provide information while Prasae tour guides lead the visitors to see around the places on tourist tricycles.

Today there are a variety of projects pertaining to the Philosophy of Sufficiency Economy in terms of agriculture, arts, culture and technology based on self-reliance approach and sustainable development.

“Love for Moms” with the project Thai Literature Conservation Contest with INTOUCH

“Love for Moms” is the main topic for Thai Literature drawing contest in the project 6<sup>th</sup> Thai Literature Conservation Contest with INTOUCH to pay homage in recognition of Her Majesty the Queen Sirikit’s Royal Grace on the occasion of Her Majesty the Queen’s 80<sup>th</sup> Birthday and to encourage youths to express love, gratitude and be grateful to Mother’s benevolence. At the same time, the project stimulates youths to love Thai language and literature and apply the idea from reading to daily life.

Honorary Professor Khunying Khaisri Sri-Aroon, Secretary of Her Royal Highness Princess Maha Chakri Sirindhorn Foundation, disclosed “the project Thai Literature Conservation Contest with INTOUCH helps inherit Thai literature, wisdom and cultural heritage of our nation which we need to conserve and succeed. The project allows students to think, research and present what they read in art impressions and apply the idea from reading to daily life. The project receives a warm welcome because children involve in many activities. They learn, read, think and write about good things for life. In addition, we support Her Royal Highness Princess Maha Chakri Sirindhorn Foundation in providing education aid for deficient students.” Khunying Khaisri added.

5 Years of Forestation and Water Source Conservation with INTOUCH

Throughout the past five years (2008 – 2012), the Forestation and Water Source Conservation with INTOUCH, has infiltrated youths and communities to save the environment and recognize the importance of natural resources. In celebrating honor of His Majesty the King and Her Majesty the Queen, the project follows Royal Initiatives in water and forest conservation, especially “Forest in People’s Mind”





and “Forest 3 for 4 Benefits” in cooperation with youths, people and Government Agencies in reforestation, reproducing aquatic animals and returning to ecosystem. The participants learn about Royal Initiative projects in five Royal Development Study Centers including the Kung Kraben Bay Royal Development Study Center in Chanthaburi, the Phupan Royal Development Study Center in Sakonnakhon, the Khao Hin Sorn Royal Development Study Center in Chachoengsao, the Huay Sai Royal Development Study Center in Phetchaburi and the Huay Hongkhrai Royal Development Study Center in Chiangmai.

In 2012 the Forestation and Water Source Conservation project with INTOUCH continued the approach “Participation” and “Forest in People’s Mind” through continual cooperation with the Royal Thai Navy and the Kung Kraben Bay Royal Development Study Center in Chanthaburi, foresting 31,000 mangrove trees in Trat and Chanthaburi starting at Ban Klongna in Trat with 5,000 trees beneficial for food source and aquatic animal reproduction area, bank erosion protection and applications of Nipa Palms such as Nipa leaves for roofing and Nipa fruits for foods and desserts. Mangrove forest plant signs are made to educate youths and communities. Supporting fund to rehabilitate mangrove forest was given to mangrove forest conservationists of Ban Klongna. In the second area, over 26,000 trees of Mangrove, Bruguiera and Rhizophoraceae were planted in Ban Thatai, Amphoe Thamai and Laem Mae Nokkaew, Amphoe Na Yaiaam, Chanthaburi. Crab reproduction house is supported for Laem Mae Nokkaew Community to solve the depopulation of crabs. The reproduction house receives crab breeder donation and nurtures before releasing to the sea. The crab reproduction house was developed to Learning Center to make people and youths aware of sustainable coastal resource management. Moreover, INTOUCH supported funds for 10 schools in the area to develop environment conservation projects.

Based on learning and cooperating with unions, schools and local communities throughout the past 5 years, we understand changes of youths and people, realize the environmental crisis and find out solution to conserve and reforest and refurbish water source to be natural heritage for later generations.

INTOUCH continually contributes to Thai society in sustaining mutual growth of business and society towards future.

- 4/ **Mulberry Learning Center of Ban Chompoophan, Sakonnakhon**
- 5/ **Krajud Learning Center of Pradoorieng Community for Conservation and Product Development, Phattalung**
- 6/ **Local Heritage Learning Center of Ban Prasae, Rayong**
- 7/ **“Love for Moms” with the project Thai Literature Conservation Contest with INTOUCH**
- 8/ **5 Years of Forestation and Water Source Conservation with INTOUCH**

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

**To: All shareholders**

The year 2012 was another significant milestone for the Company and the companies in INTOUCH Group as we achieved our business targets and breakthrough objectives, which will help the Company move into a new chapter of its business operations. We have started investing in Venture Capital projects and the recent change in regulations concerning Digital Terrestrial Television has created an opportunity for the Company to get involved in this new business. Advanced Info Service Plc (AIS) has obtained the new 3G license while Thaicom Plc (THCOM) has been granted a new license to operate its satellite business. All these breakthroughs will lay the foundations for the Company's future over the next 15 to 20 years.

As for last year's operating performance, the net profit was 13,787 million baht while the Company was able to generate a very high Total Shareholders Return of 69%, from an annual dividend of 3.78 baht per share and an increase in the Company's share price over the year from 43 baht per share on 30 December 2011 to 69 baht per share on 28 December 2012. This was supported by the additional sale of the Company's shares by Cedar Holdings Co., Ltd., one of the major shareholders, to institutional and minor investors and Thai NVDR Co., Ltd., which increased the Company's free float and improved its stock liquidity in the market. As of 9 January 2013, Cedar Holdings Co., Ltd. only holds 13.35% of the Company's shares.

From an investment aspect, the Company has continued to focus on the telecom and media sector, mainly in Thailand. AIS is the leading wireless business operator in terms of market share, revenue and subscribers. AIS is now expanding its new 3G network on the 2100 MHz spectrum in order to meet subscriber demand for data services and new applications as well as the existing voice services. The Company believes that the telecom industry will continue to grow even though the penetration rate has exceeded 100%.

As for the satellite and international business line, THCOM is committed to its conventional and broadband satellites. The operating results in 2012 were positive and THCOM has declared a dividend of 0.40 baht per share. The satellite business is showing a positive trend due to more broadcasting of satellite TV, and THCOM is expanding its broadband satellite business into the key markets in China and India. In addition, the Thaicom 6 satellite is expected to be launched this year.



Corporate social responsibility projects are an important mission for the Company. Along with the continuing programs such as Camp Sanook Kid with INTOUCH and the Thai Literature Conservation Contest with INTOUCH, the Company has initiated the Healthy Rice Growing Project by INTOUCH to support Thai farmers by helping them grow organic rice that has higher nutritional and economic value. The aim of this project is to improve the farmers' quality of life and encourage them to become self-sufficient so local communities can develop on a sustainable basis, following His Majesty the King's philosophy of self-sufficiency.

We would like to thank all our shareholders, supporting financial institutions, business allies and other partners, as well as all our executives and staff, and express our sincere appreciation 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, ethical business conduct and transparency, and an effective system of checks and balances. Our business is conducted in accordance with all related laws and regulations, and strives to maximize all stakeholders' interests whilst ensuring that everyone is treated fairly. 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.

**As for last year's operating performance, the net profit was 13,787 million baht while the Company was able to generate a very high Total Shareholders Return of**

69%

Dr. Virach Aphimeteetamrong  
Chairman of the Board

Somprasong Boonyachai  
Chief Executive Officer

# Audit Committee Report for 2012

## 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 2012, the Committee held a total of six 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 2012 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. The management has the primary responsibility for the preparation of financial statements and internal control over financial reporting, while the external auditors are responsible for expressing an opinion on the financial statements.

## / Risk Management and Internal Controls 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 2012.

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. In addition, the Committee considered and approved the appointment of external experts to work with the Internal Audit Department in planning and auditing the Company’s information systems.

/ **Internal Audit:** The Committee reviewed and approved the audit scope and audit plan for 2012 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 and code of conduct to align them with best practices and regulatory guidelines suitable for the current business environment and ownership structure.



- / **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 2012.
- / **External Auditor:** The Committee considered the external auditors' independence, performance, experience and qualifications, along with the appropriateness of the audit fees. The Committee also considered the auditors' rotation and consequently recommended that the Board of Directors propose the appointment of auditors from KPMG Phoomchai Audit Ltd. as the Company's external auditors for 2013 at the annual general meeting of shareholders. The Committee and the other audit committees in the group worked together to establish the external auditor selection policy.

In addition, the Committee reviewed the external auditors' independence in providing audit and non-audit services to ensure that it had not been 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 conclusion, the Committee believes that it completely discharged its duties in the year 2012 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  
15 February 2013

## Board of Directors



1 / Dr. Virach Aphimeteetamrong  
4 / Mr. Vithit Leenutaphong  
7 / Mr. Prasert Bunsumpun

2 / Mr. Somchai Supphatada  
5 / Mr. Chalaluck Bunnag  
8 / Mr. Somprasong Boonyachai

3 / Mr. Boon Swan Foo  
6 / Mr. Bodin Asavanich



## Executive Committee



1 / Mr. Somprasong Boonyachai

2 / Mr. Vikrom Sriprataks\*

3 / Mr. Wichian Mektrakarn

4 / Ms. Suphajee Suthumpun

5 / Mrs. Suwimol Kaewkoon

\* Resigned from the Executive Committee on 1 January 2013

## Management Team



1 / Ms. Suphajee Suthumpun

2 / Mr. Anek Pana-apichon

3 / Mr. Wichai Kittiwittayakul

4 / Mr. Kim Siritaweechai

# The Details of Directors and Management Team

## Dr. Virach Aphimeteetamrong

Age 69

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 Rating Co., Ltd.
		Director, TRIS Corporation 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 Agro Energy Plc
	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 53

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	Independent Director and Member of the Audit Committee, Shin Corporation Plc

Illegal Record in the past 10 years None

### Mr. Boon Swan Foo

Age 57

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 None

Experience	2012 – Present	Director, China National Offshore Oil Corporation Director, Singbridge Holding Pte Ltd.
	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
	2005 – Present	Advisor, Singapore Technologies Engineering Ltd.
	2007 – 2012	Director, Cypress Holdings Ltd. Director, Aspen Holdings 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

### Mr. Vithit Leenutaphong

Age 57

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  
2002 - 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.

Illegal Record in the past 10 years None

### Mr. Chalaluck Bunnag

Age 65

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	2011 - Present	Director and CEO, Siam Sindhorn Co., Ltd.
	2009 - Present	Advisor, Amata City Co., Ltd.
	2007 - Present	Independent Director and Member of the Audit Committee, Shin Corporation Plc
	2005 - Present	Advisor, CPB Equity Co., Ltd. Director, Siam Aisin Co., Ltd. Director, Thai Tokai Carbon Product Co., Ltd.
	2005 - 2011	Chairman of the Board of Directors, Siam Lemmerz 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. Bodin Asavanich

Age 68

Title Director, Member of the Nomination and Governance Committee

Shareholding <sup>1)</sup> 0.0009%

Relationship with Management None

Highest Education Master of Law (General) New York University, USA  
Master of Comparative Jurisprudence, New York University, USA

Governance Training of IOD None

Experience	2012 - Present	Sub Commission on the Laws concerning Logistics, Law Reform Commission of Thailand Commissioner on the Laws concerning Private and Business Laws, Law Reform Commission of Thailand Committee, The Foundation for the Promotion of Social Sciences and Humanities Textbooks
	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
	2006 - Present	Senior Vice Chairman, The Federation of Thai Industries Vice Chairman, Industrial Development Foundation, The Federation of Thai Industries
	2005 - Present	Legal Advisor, Elephant Reintroduction Foundation
	2002 - Present	Director and Executive Director, The Siam Commercial Bank Plc
	2001 - Present	Director, SCG Legal Counsel Ltd.
	2003 - 2012	Member of the Board of Trustees, Sirindhorn International Institute of Technology Thammasat University
	2007 - 2010	Advisor, The Siam Cement Plc

Illegal Record in the past 10 years None



**Mr. Prasert Bunsumpun <sup>2)</sup>**

Age 60

Title Independent Director, Member of the Strategic and Organizational Review Committee and Member of the Leadership Development and Compensation Committee

Shareholding <sup>1)</sup> 0.0006%

Relationship with Management None

Highest Education Honorary Doctor of Engineering, Chulalongkorn University  
 Honorary Doctor of Management, National Institute of Development Administration (NIDA)  
 Honorary Doctor of Management Science, Petchaburi Rajabhat University  
 Honorary Doctor of Management, Mahasarakham University  
 Honorary Doctor of Public and Local Innovative Management, Suan Sunandha Rajabhat University  
 Master Degree in Business Administration, Utah State University, USA

Governance Training of IOD RCP: Role of the Chairman Program Class 27/2012  
 DAP: Directors Accreditation Program Class 26/2004

Experience Jan 2013 - Present Member of the Leadership Development and Compensation Committee, Shin Corporation Plc  
 2012 - Present Chairman of the Board of Directors, Thoresen Thai Agencies Plc  
 Chairman of the Board of Directors, Mermaid Maritime Plc  
 Member of the Strategic and Organizational Review Committee, Shin Corporation Plc  
 2011 - Present Independent Director, Shin Corporation Plc  
 Director, Krung Thai Bank Plc  
 Chairman of the Board of Director, PTT Global Chemical Plc  
 Chairman, Thailand Business Council for Sustainable Development  
 2006 - Present Chairman of the Board of Directors/ Director/ Chairman of the Executive Committee, IRPC Plc  
 2005 - 2012 Chairman of the Board of Directors, Thai Lube Base Plc  
 2007 - 2011 Director, PTT Aromatics and Refining Plc  
 2005 - 2011 Chairman of the Board of Directors/ Vice Chairman/ Director, PTT Chemical Plc  
 2003 - 2011 Director, Chief Executive Officer and President, PTT Plc  
 2000 - 2011 Chairman of the Board of Directors, Director, PTT Exploration and Production Plc  
 2003 - 2010 Directors, Thai Oil Plc  
 2006 - 2008 Member, The National Legislative Assembly

Illegal Record in the past 10 years None

**Mr. Somprasong Boonyachai**

Age 57

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, Authorized Director and 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 Independent Director and Member of the Audit Committee, Power Line Engineering Plc  
 2009 – 2011 Chairman of the 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. Vikrom Sriprataks <sup>3)</sup>**

Age 60

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 - 2012	Vice Chairman of the Executive Committee, Advanced Info Service Plc
	2007 - 2012	Member of the Executive Committee, Shin Corporation Plc Director, Advanced Info Service Plc
	2007 - 2009	Member of the Executive Committee and Chief Executive Officer, Advanced Info Service Plc
	2002 - 2009	(Acting) Chief Technology Officer, Advanced Info Service Plc

Illegal Record in the past 10 years None

### Mr. Wichian Mektrakarn <sup>4)</sup>

Age 58

Title Member of the Executive Committee and Member of the Strategic and Organizational Review Committee

Shareholding <sup>1)</sup> 0.0002%

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

Experience	Jan 2013 - Present	Member of the Strategic and Organizational Review Committee, Shin Corporation Plc
	2011 - Present	Member of the Executive Committee, Shin Corporation Plc
	2009 - Present	Chief Executive Officer, Advanced Info Service Plc
	2010 - 2012	Acting Chief Marketing Officer, Advanced Info Service Plc
	2005 - 2009	President, Advanced Info Service Plc

Illegal Record in the past 10 years None

### Ms. Suphajee Suthumpun

Age 48

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, Chairman of the Executive Committee, Chairman of the Remuneration Committee, and Member of the Nomination and CG 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

### Mrs. Suwimol Kaewkoon

Age 57

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	Jan 2013 - Present	Chief Organization Development, Advanced Info Service Plc
	2007 - Present	Member of the Executive Committee, Shin Corporation Plc
	2007 - 2012	Chief Customer Officer, Advanced Info Service Plc
	2002 - 2006	Chief Customer Champion & Terminal Business Officer, Advanced Info Service Plc

Illegal Record in the past 10 years None

### Mr. Anek Pana-apichon

Age 47

Title Executive Vice President - Finance & Accounting

Shareholding <sup>1)</sup> 0.0081%

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
	Feb - Sep 2011	Director and Executive Director, Thaicom Plc
	2004 - 2010	Acting Chief Finance Officer, Thaicom Plc
		Vice President - Finance & Accounting, Shin Corporation Plc

Illegal Record in the past 10 years None

### Mr. Wichai Kittiwittayakul

Age 51

Title Company Secretary and Senior Vice President - Internal Audit

Shareholding <sup>1)</sup> 0.0000%

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 Educational 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 44

Title Senior Vice President - Portfolio Management

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 116/2009

Experience	2011 - Present	Senior Vice President-Portfolio Management, Shin Corporation Plc
	2010 - Present	Executive Director, Advanced 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 2012, the number of ordinary shares includes holding by spouse and children age under 20.
- <sup>2)</sup> Mr. Prasert was appointed to the Strategic and Organizational Review Committee and the Leadership Development and Compensation Committee on 15 August 2012 and 25 January 2013 respectively.
- <sup>3)</sup> Mr. Vikrom had resigned from the Executive Committee and the Strategic and Organizational Review Committee on 1 January 2013.
- <sup>4)</sup> Mr. Wichian was appointed to the Strategic and Organizational Review Committee to replace Mr. Vikrom on 25 January 2013.



## Directors' Shareholding in the Company and its Subsidiaries of the Year 2012

Name	Position	Shin Corporation									
		Plc		Advanced Info Service Plc				Thaicom Plc			
		Ordinary Shares		Ordinary Shares		Debentures		Ordinary Shares		Debentures	
		2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
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	30,000	-	10,000	-	-	-	20,000	-	-	-
Mr. Prasert Bunsumpun	Independent Director	20,000	-	-	-	-	-	50,000	-	-	-
Mr. Somprasong Boonyachai	Director	1,126,459	1,126,459	-	-	2,000	2,000	-	-	-	-

As of December 31, 2012, the number of ordinary shares and debentures includes holdings by spouse and minor children

Name	Position	I.T. Applications and					
		ITV Plc <sup>1)</sup>		Matchbox Co., Ltd.		Services Co., Ltd.	
		Ordinary Shares		Ordinary Shares		Ordinary Shares	
		2012	2011	2012	2011	2012	2011
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. Prasert Bunsumpun	Independent Director	-	-	-	-	-	-
Mr. Somprasong Boonyachai	Director	-	-	260	260	4	3

As of December 31, 2012, the number of ordinary shares and debentures includes holdings by spouse and minor children

Remark <sup>1)</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	TCB	SHEN	IPSTAR	IPA	STAR	SPACE	IPI	IPG	ODN	MFONE <sup>1)</sup>	IPN	ITV	MB	ITAS	AM
1. Mr. Paron Israsena		X	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Professor Hiran Radeesri		/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Mrs. Charintorn Vongspootorn		/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Assoc.Prof. Samrieng Mekkiengkrai		/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Mr. Yong Lum Sung		/, //	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Mr. Somprasong Boonyachai		/	-	-	-	-	-	-	-	-	-	-	-	-	-	/	/	-
7. Ms. Suphahee Suthumpun		/, //	X	/	X, //	/	-	/	-	/	/	-	X	-	-	/	/	-
8. Mr. Anek Pana-apichon		/, //	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9. Mr. Chaiyan Peungkiatpairote		/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10. Dr. Nongluck Phinaitisart		//	/	/	-	-	-	-	-	/	-	-	-	-	-	-	-	-
11. Mr. Paiboon Panuwattanawong		//	/	-	-	/	/	/	/	/	/	-	-	/	-	-	-	-
12. Mr. Anant Kaewruamvongs		-	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13. Mr. Vuthi Asvasermcharoen		-	/	/	/, //	/	/	/	-	/	/	/	/	/	-	-	-	-
14. Mr. Ekachai Phakdurong		-	-	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15. Mr. Salil Charuchinda		-	-	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16. Mrs. Naengnoi Na Ranong		-	-	-	/	-	-	-	-	-	-	-	-	-	-	-	-	-
17. Mr. Stephen Geoffrey Miller		-	-	-	/	-	-	-	-	-	-	-	-	-	-	-	-	-
18. Mr. Sio Tat Hiang		-	-	-	/	-	-	-	-	-	-	-	-	-	-	-	-	-
19. Dr. Nasser Marafih		-	-	-	/	-	-	-	-	-	-	-	-	-	-	-	-	-
20. Mr. Alvin Oei Yew Kiong		-	-	-	//	-	-	-	-	-	-	-	/	-	-	-	-	-
21. Mr. Mark D. Thompson		-	-	-	-	/	-	/	/	-	-	-	-	-	-	-	-	-
22. Mr. William L. Snell		-	-	-	-	-	-	/	/	-	-	-	-	-	-	-	-	-
23. Mr. Teh Kwang Hwee		-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-	-
24. Mr. York Shin Lim Voon Kee		-	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-
25. Mr. Tommy Lo Seen Chong		-	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-



As of 31 December 2012

Remark 1) Mfone Co., Ltd. filed for insolvency at the Court in Phnom Penh on 9 January 2013.

Company Name	AM	Artware Media Company Limited	ITV	ITV Public Company Limited
	CDN	Cambodian DTV Network Limited	MB	Matchbox Company Limited
	DTV	DTV Service Company Limited	MFONE	Mfone Company Limited
	IPA	IPSTAR Australia Pty Limited	SHEN	Shenington Investments Pte Limited
	IPG	IPSTAR Global Services Limited	SPACE	Spacecode LLC
	IPI	IPSTAR International Pte Limited	STAR	Star Nucleus Company Limited
	IPN	IPSTAR New Zealand Limited	TCB	TC Broadcasting Company Limited
	IPSTAR	IPSTAR Company Limited	THAICOM	Thaicom Public Company Limited
	ITAS	I.T. Applications and Services Company Limited		

# Major Shareholders

## List of the first top 10 major shareholders

The first top 10 shareholders as of 30 August 2012 <sup>1)</sup> prepared by Thailand Securities Depository Co., Ltd. are as follows:

	Name <sup>2)</sup>	No. of shares	Percentage of Investment (%)
1.	ASPEN HOLDINGS LIMITED	1,334,354,825	41.62
2.	CEDAR HOLDINGS LIMITED <sup>3)</sup>	428,049,239	13.35 <sup>4)</sup>
3.	THAI NVDR COMPANY LIMITED <sup>5)</sup>	171,750,706	5.36
4.	CHASE NOMINEES LIMITED 28	24,599,700	0.77
5.	LITTLEDOWN NOMINEES LIMITED	24,352,900	0.76
6.	MR. PRACHA DUMRONGSUTTHIPHONG	21,143,500	0.66
7.	HSBC (SINGAPORE) NOMINEES PTE LTD	21,118,800	0.66
8.	CHASE NOMINEES LIMITED	18,524,800	0.58
9.	SCB DIVIDEND STOCK 70/30 LONG TERM EQUITY FUND	13,977,100	0.44
10.	CHASE NOMINEES LIMITED 1	12,579,500	0.39

Remark <sup>1)</sup> The latest register book closing date of the Company prepared by Thailand Securities Depository Co., Ltd. (Registrar)

<sup>2)</sup> 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 2013 date.

<sup>3)</sup> Cedar Holdings Limited is a company incorporated in Thailand whose shareholders are comprised of The Siam Commercial Bank Public Company Limited holding 5.78%, Kularb Kaew Company Limited (Kularb Kaew) holding 45.22% and Cypress Holdings Limited (Cypress) holding 48.99%.

<sup>4)</sup> Shareholding of Cedar Holdings Limited on 9 January 2013 reported to the Securities and Exchange Commission Thailand in Form 246-2.

<sup>5)</sup> The information of investors under Thai NVDR Co., Ltd. is shown on the website: [www.set.or.th](http://www.set.or.th)

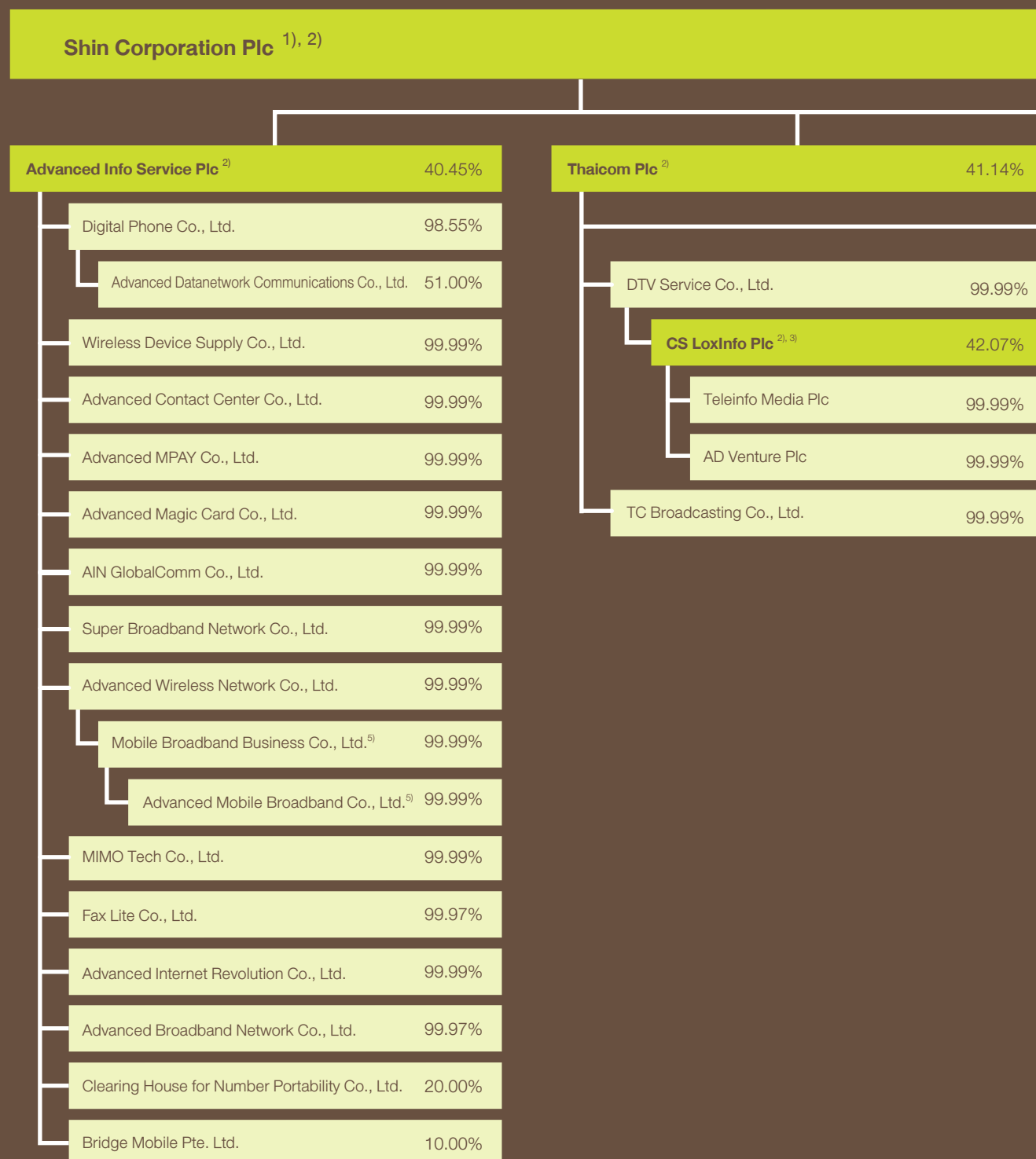


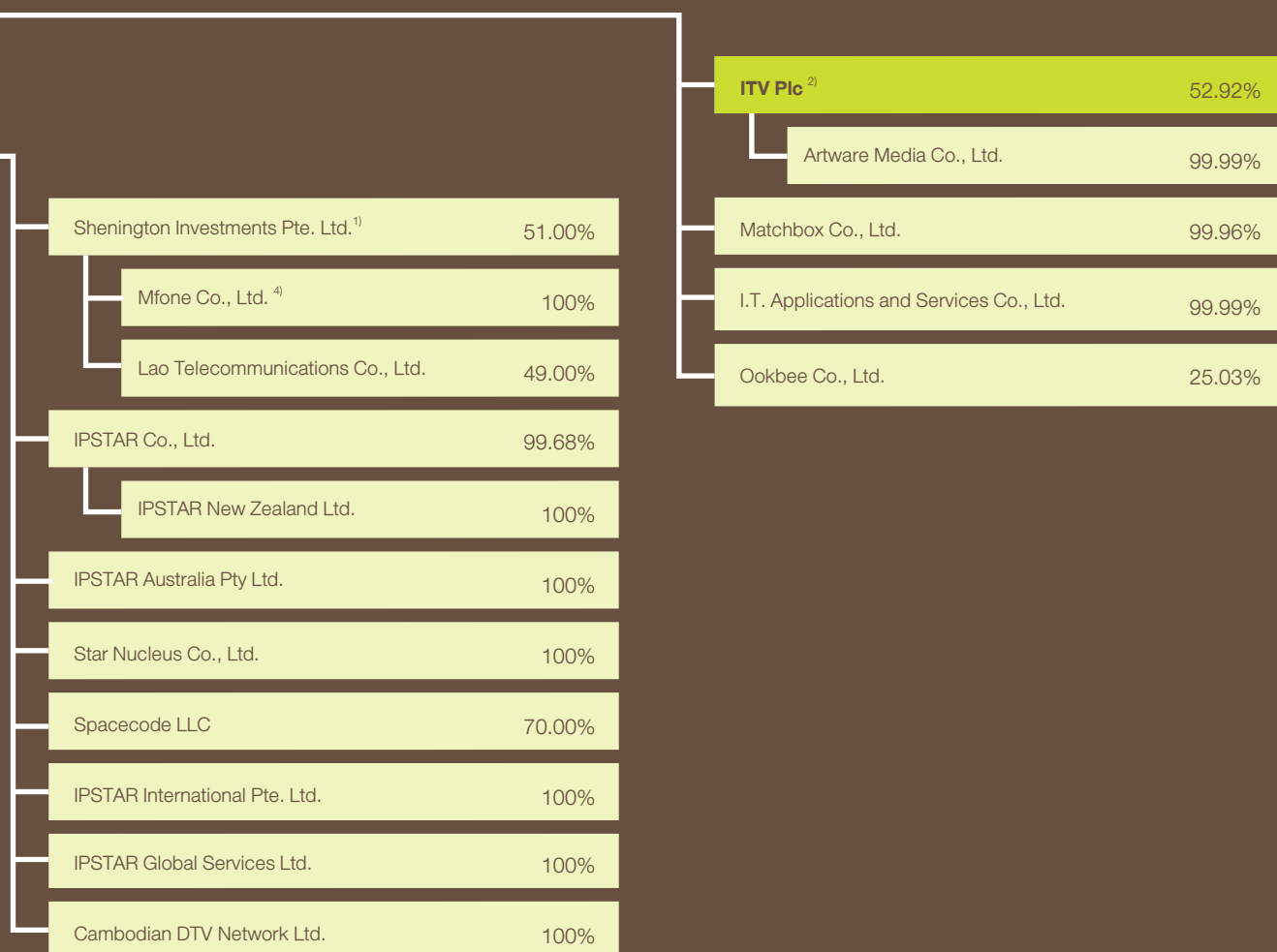
# Investment Structure of INTOUCH Group



# Investment Structure of INTOUCH Group

(As of 3 January 2013)





<sup>1)</sup> Holding Company

<sup>2)</sup> Listed Company on the Stock Exchange of Thailand

<sup>3)</sup> CS LoxInfo Plc disposed all of an investment in Watta Classifieds Co., Ltd. (Watta), which is 120,000 ordinary shares to Mr. Somboon Ijayavorakul on 16 October 2012 as the result Watta ceasing to be a subsidiary of CS LoxInfo Plc.

<sup>4)</sup> Mfone Co., Ltd. filed for insolvency at the Court in Phnom Penh on 9 January 2013.

<sup>5)</sup> On 7 February 2013, BOD's resolutions of Advanced Info Service Plc approved the dissolution of two subsidiaries: Mobile Broadband Business Co., Ltd. and Advance Mobile Broadband Co., Ltd. The dissolution currently is under the legal and liquidation process.

# General Information of the Company, Subsidiaries and Associated Companies

## General Information of the Company

### Shin Corporation Public Company Limited (INTOUCH)

Symbol: INTUCH  
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: 0107535000257  
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 (AIS)

Symbol: ADVANC  
Nature of Business: Operate cellular mobile telephone network in the 900MHz, 1800MHz, and 2.1GHz frequency under the digital GSM and UMTS (Universal Mobile Telecommunication System) technology  
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 (THAICOM)**

Symbol: THCOM

Nature of Business: Operate satellite transponder leasing and related services, telephone services, internet and media services and publishing of telephone directories and print classified

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 (ITV)**

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 March 7, 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 and NPG-stage 2 on 12 March 2012.

Registration No: 0107541000042

Head Office: 1010 Shinawatra Tower 3, 6<sup>th</sup> Floor, Viphavadi Rangsit Road, Chatuchak, 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 (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: 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 (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%

**Ookbee Company Limited (OOKB)**

Nature of Business: Service provider for the digital publication platform and e-booking

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

Head Office: 1104/207-209, Noble Cube Pattanakarn, Pattanakarn Road, Suanluang, Bangkok

Tel: (66) 2187 2701-8

Fax: (66) 2187 2700

Registered Capital: 133,400 shares

Paid-up Capital: 133,400 shares

Par Value: Baht 10

Paid-up Capital: Baht 1,334,000

INTOUCH's Percentage Shareholding: 25.03%

**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 network in 1800MHz frequency

Registered Capital: 365.55 million shares

Par Value: Baht 10

Paid-up Capital: Baht 3,655.47 million

AIS's Percentage Shareholding: 98.55%

**Advanced Datanetwork 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

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%

**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 telephone service gateway  
 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), voice over IP, and an IP Television  
 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, Telecommunications Business License Type III, and 2.1GHz License from NBTC  
 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 lease, building, and related facilities for 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 start the operation  
 Registered Capital: 0.01 million shares  
 Par Value: Baht 100  
 Paid-up Capital: Baht 1 million  
 AIS's Percentage Shareholding: 99.97%

**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%

**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: Dissolution and liquidation in process

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: Dissolution and liquidation in process

Registered Capital: 1 million shares

Par Value: Baht 100

Paid-up Capital: Baht 100 million

MBB's Percentage Shareholding: 99.99%

## 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, Phathumthani

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, to operate internet access services

Registered Capital: 39.88 million shares

Par Value: Baht 10

Paid-up Capital: Baht 398.79 million

THAICOM's Percentage Shareholding: 99.99%

### 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: Provide our corporate customers with solutions for broad range of internet-based services

Registered Capital: 597,009,143 shares

Paid-up Capital: 594,514,769 shares

Par Value: Baht 0.25

Paid-up Capital: Baht 148,628,692.25

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: Provide advertising platform through print, website, PC, mobile and laptop for business and individual users

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: Content provider through mobile phone and community portal services  
 Registered Capital: 1.07 million shares  
 Par Value: Baht 10  
 Paid-up Capital: Baht 10.75 million  
 CSL's Percentage Shareholding: 99.99%

**TC Broadcasting Company Limited (TCB)**

Head Office: 414 Phaholyothin Road, Samsennai, Phayathai, Bangkok  
 Nature of Business: Currently not start the operation (Registered as a legal entity on 11 December 2012)  
 Registered Capital: 0.10 million shares  
 Par Value: Baht 10  
 Paid-up Capital: Baht 0.25 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: 14.66 million shares  
 Par Value: SGD 1  
 Paid-up Capital: SGD 14.66 million  
 THAICOM's Percentage Shareholding: 51.00%

**Mfone Company Limited (MFONE)**

Head Office: 721 Preah Monivong Blvd., Boeng Keng Kang 3, Chamkar Mon, 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  
 \*A petition for insolvency proceedings has been filed with the Court in Phnom Penh on 9 January 2013.  
 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 Internet services, cellular phone, 3G service, fixed line telephone through the Public Switched Telephone Network (PSTN), fixed wireless telephone CDMA 2000 1X 450MHz, public telephone service, international roaming service, international telecom services (i.e. VoIP), and value added services in Lao P.D.R.

Registered Capital: 96.84 million shares

Par Value: USD 1

Paid-up Capital: USD 96.84 million

SHEN's Percentage Shareholding: 49.00%

**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%

**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: Sale of user terminal of IPSTAR and 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%

**IPSTAR Australia Pty Limited (IPA)**

Head Office: 5 George Place, Artarmon, NSW 2064, Australia

Tel: (612) 8458 0500

Fax: (612) 8006 5592

Nature of Business: Sale of user terminal of IPSTAR and providing IPSTAR services in Australia

Registered Capital: 6.95 million shares

Par Value: AUD 1

Paid-up Capital: AUD 6.95 million

THAICOM's Percentage Shareholding: 100%

**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: 0.02 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, Tomnup Teuk, Chamkar Mon, Phnom Penh, Kingdom of Cambodia  
 Tel: (855) 023 305 990  
 Fax: (855) 023 994 669  
 Website: www.cdn.com.kh  
 Nature of Business: DTV satellite dish sales  
 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%

**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 3 January 2013.

# Milestones

## Pre – 2012 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 / The Company 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 900MHz 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.  
 / AIS 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 1800MHz 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 10 baht per share to 1 baht per share.  
 / The Company became ITV's major shareholder with 77.48% stake via shares purchase from Siam Commercial Bank and a tender offer.
- 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.

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- 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 15.30 baht each, placed with institutional and individual investors, bringing in 3,182 million baht. 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 1.00 baht to 0.25 baht.



- 2010 / THAICOM 1A and THAICOM 2 satellite were deorbited after they have reached their end of life.
- 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 130 baht per share, amounting to 7,930 million baht. 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.

## 2012 Milestones

- 2012 / The Company launched a corporate venture capital project under the name “InVent”, which is a new paradigm shift for Thai industry to have corporate venture capital injecting funds into Small & Medium Enterprises (SMEs) who have great potential and performance in IT, telecommunications, and media. This will support Thai SMEs to gain competitiveness for the coming ASEAN Economic Community (AEC) in 2015 and also expanding the Company’s investment portfolio.
- / The Company invested in the first InVent investment, Ookbee Limited, who is a market leader in providing e-publication platform, by taking 25% stake with total investment of 57 million baht. The project can be valuable not only in facilitating investment capital but also provide business opportunity and networking with INTOUCH group.
- / Advanced Wireless Network Co., Ltd., a wholly owned subsidiary of AIS, was officially awarded the 2.1GHz license from the National Broadcasting and Telecommunications Commission (NBTC)
- / The NBTC awarded the 20-year period for license Type III of Telecom services to THAICOM for THAICOM 7 operations. This is the first satellite under a license system.

# Nature of Business

## Wireless Telecommunication Business

Advanced Info Services Public Company Limited (AIS) is the leading Thai mobile telecommunication service company with 54% of revenue market share and serving 44% of subscriber market share (nearly 36 million subscribers) as of December 2012. By utilizing 21 years of extensive experience in the industry, AIS is committed to delivering the highest standard of mobile services to Thai society through premium quality mobile network, which covers 97% of the country.

In 1990, AIS entered into the 25-year BTO contract with TOT Corporation Public Company Limited (TOT) to operate and service of 900MHz GSM Network and 3G network. The terms of the agreement required AIS to entitle to share its revenue from service to the TOT.

Digital Phone Company Limited (DPC), entered into a 16-year BTO contract with CAT Telecom Public Company Limited (CAT) to operate mobile telephone services on 1800MHz. DPC has a network roaming agreement with AIS, allowing both operators' subscribers to enjoy a nationwide mobile phone service.

Advanced Wireless Network Company Limited (AWN), a wholly-owned subsidiary of AIS, attended the 2.1GHz spectrum auction and received operating licenses from the NBTC in December 2012. AIS subscribers will enjoy a 3G full service from 2013 onwards.

In 2012, AIS enhanced the mobile Internet customer experience by increasing data network capacity in response to growing data usage and the evolving digital lifestyle of Thais. The subscribers can access the Internet seamlessly through quality data network which incorporates 3G, WiFi and EDGE+ technology. In 2012, AIS continued to focus on the quality of services to create better customer experiences by increasing the number of 3G-900MHz base stations from 1,884 in 2011 to 3,500, expanding the coverage to include Bangkok and 17 other provinces. In collaboration with Jasmine International Public Company Limited (JAS), AIS provided WiFi services through more than 50,000 WiFi hotspots nationwide with speeds of up to 6 Mbps.

Bridge Mobile Pte Limited (BMB) provides international roaming services across 214 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 Company Limited (AIN) provides an international direct dialing call or IDD service over 240 destinations by dialing prefix 005 and 00500.

Advanced Contact Center Company Limited (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. To better serve AIS customer, AIS also provides customer support via "iCall", an online webcam call center through chat or VoIP. Social networking i.e. Pantip webboard, Facebook, Twitter. 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.

As the usage of smart devices such as Smartphones, Tablets and Aircards continues to grow, AIS has responded to this trend by training more than 694 device gurus in the relevant smart device technologies so that they can educate and advise smart device users, especially in terms of technical aspects. Customers can meet with device gurus at AIS service centers, AIS Serenade service centers, and AIS call centers. To provide customers with greater independency and freedom, AIS also launched "eService" application, allowing customers to check their balance and usage, change their promotions, and pay their bills online.

In addition, AIS has developed the "mPAY" service to enable customers to use their mobile phones to make transactions, such as paying their mobile phone service bills, shopping online, topping up their mobile phone service credit and playing games online.

Wireless Device Supply Company Limited (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.

### Industry and Competition

At the end of 2012, the number of Thai mobile phone users reached 118% of the population due to a number of new users living primarily in provincial areas and an increase in the number of customers using data communication devices such as Smartphones and Tablets. The growth of the mobile service business was largely due to non-voice services, which grew by 33%. Competition in the mobile market was also focused on the non-voice services due to the growing popularity of Smartphones and high demand for 3G services. At the same time, voice services grew by 5% as a result of the country's improved economic performance which helped increase the number of voice usage and new users, particularly in provincial areas.

Non-voice service continued to grow as handset manufacturers introduced a variety of mid to low-end Smartphones, new Tablets and data connecting devices to the market. The rising popularity of social media platforms, such as Facebook and Twitter, also supported the growth of non-voice services in major cities and started in provincial areas. Mobile operators adjusted their strategy by cooperating with mobile handset manufacturers, including Apple, Samsung, and HTC to be the first operator to launch a new Smartphone model or an exclusive Smartphone. In addition, some packages were designed for particular Smartphones and data devices. These can be used as main packages or on-top packages, and they can also be bundled voice call and Internet usage packages, dedicated voice call packages and dedicated mobile data packages.

Responding to these market trends, mobile operators competed to be the leader in the mobile Internet broadband market and satisfy their customers' demands. While waiting for the auction of 2.1GHz, which is the standard frequency for 3G services, mobile operators invested in and developed their 3G networks on their available spectrums.

Non-voice services are expected to continue being a key industry growth driver in 2013, while competition in data services

is predicted to be more intense. Voice services are expected to grow at a slower rate as the voice market reaches saturation point from increased subscribers and usage.

With the auction late last year of 2.1GHz licenses, and the 3 major incumbent operators acquiring 15MHz of bandwidth each, the mobile industry is set to benefit from new network investment and additional network capacity, especially for mobile data service. It is also expected that the 3 operators will launch 3G-2.1GHz services in 2013, generating greater revenue growth and heightening competition in the data service market.

In addition, the number of new mobile applications aimed at providing entertainment and facilitating daily life activities and business transactions via mobile phones is predicted to increase. Mobile operators are expected to join hands with strategic partners to offer customers comprehensive packages that combine both data service packages and quality Smartphones.

### Satellite and International Business

THAICOM Public Company Limited (THAICOM) is the leader in satellite business in Thailand. THAICOM uphold the customers' demand via 2 satellites, which are THAICOM 4 (broadband satellite) and THAICOM 5 (conventional satellite). THAICOM also enhances to related businesses, which are telephone services abroad, Internet and media services, and publishing telephone directories service.

THAICOM, founded in 1991, has a 30-year Agreement for the operation of Domestic Communication Satellite with the Ministry of Information and Communication Technology (MICT), expiring in 2021, to operate the national satellite communications project. THAICOM launched 5 satellites into the orbit; however, THAICOM operated two satellites currently, which are

THAICOM 5, a conventional satellite, receiving the signal from an earth station (transmitting station), amplifies, and retransmits the signal on a different frequency to another earth station (receiving station) anywhere under the satellite's footprint. This allows telecommunication operators, service providers and broadcasters to benefit from the satellite's nationwide and cross-regional coverage.

THAICOM 4 (IPSTAR), a broadband satellite, offers a network throughout 14 countries of Asia-Pacific Region. THAICOM began the marketing of the IPSTAR service in 2001, using beehive wave distribution technology, thus enabling efficient frequency reuse with massive bandwidth capacity of up to 45 Gbps – 20 times that of conventional satellites. The technology has enabled THAICOM to cater millions of high speed Internet users, from individual subscribers to corporate users, including Internet and telecommunication service providers.

### New Satellites

THAICOM 6 and THAICOM 7 will expand THAICOM conventional fleet from one to three satellites, following their launch in 2013 and 2014, respectively. These new satellites will significantly enhance THAICOM's capability to provide services to meet increasing demand in Asia-Pacific and Africa.

Carrying 18 C-band and 8 Ku-band transponders, THAICOM 6 will co-locate with THAICOM 5 at 78.5 degrees East, the Company's prime orbital slot for broadcast services. In addition to Asia, THAICOM 6 will provide broadcasters and telecom operators in Africa with a full range of end-to-end satellite communication services via its high-power C-band beam dedicated to Africa under the name AFRICOM 1.

THAICOM 7 will be placed at 120 degrees East orbital slot and will have maximum 14 high-power C-band transponders serving Asia and Australia. It will be the first satellite that THAICOM operates under the 20-year license from the National Broadcasting and Telecommunications Commission (NBTC), which will enhance THAICOM's ability to compete in the market as the cost structure reduces.

### Telephone Services

THAICOM is a provider of telephone services through an investment in Shenington Investments Pte Limited (SHEN), which is a holding company. Its main objective is to invest in international telecommunications. Currently, Shenington has invested in two companies:

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 900MHz/1800MHz, and UMTS or 3G-2100MHz 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. (Mfone filed for insolvency at the Court in Phnom Penh on 9 January 2013)

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 450MHz) and mobile (GSM 900/1800MHz and 3G networks), international calling and Internet.

### Internet and Media Services

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), Internet services via telephone line (Dial-up), Internet Data Center (IDC), Internet value added services, VoIP service, and Uplink/Downlink services.

### Publishing Telephone Directories Service

Regarding media services, THAICOM 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.



## Industry and Competition

### Conventional Satellite

THAICOM plans to make its satellites, which are located at 78.5 East, to be “Hotbird” or demanded satellites based on: the number of subscribers, number of channels in the platform, and being a leader of broadcasting satellite TV services throughout Asia continent. Thailand in present, there are approximately 14 million households having satellite TV and cable TV, and more than 11 millions households are pointing at THAICOM 5. Others are cable television’s consumers. For international market, company still owns the leading position in market share based on consumers in Indochina.

The C-band transponder leasing market is driven by the growth of Video Distribution sector for the next decade while Direct-to-Home (DTH) services will be the driver for Ku-band demand gains. Pay-TV services and the growth of satellite TV channels are the key factors to the success of DTH and Video Distribution sectors.

In recent years, there has been a shortage of satellite capacity in the Asia Pacific region, especially on standard C-band and Ku-band transponders resulting in the increase in market prices. It is expected that DTH, High Definition (HD), Ultra High Definition (Ultra HD), and 3D television will be the key drivers for the conventional satellite market in Asia-Pacific in the next few years.

The growths of Video Distribution for C-Band and DTH services for Ku-band are the key drivers for upcoming year. THAICOM main strategy is to develop strong neighborhood by broadcasting premium channels. THAICOM has also deployed new technology i.e. MPEG-4/DVB-S2 and HDTV to facilitate future demands.

In the Asia-Pacific region, THAICOM’s major competitors include Asiasat, APT Satellite (Apstar) and Asia Broadcast Satellite (ABS) from Hong Kong, Measat from Malaysia, SES Astra (SES, NSS) from Luxembourg, and Vinasat from Vietnam. However, as one of the established satellite operators in this region, THAICOM believes that the effect from the competitions will be minimized due to its long-term reputation, relationship with the customers and the selective neighborhood channels on THAICOM satellites.

### Broadband Satellite

In the global broadband market, DSL is the most popular access technology although its market share dropped from 63.2% in 1Q11 to 60.4% in 1Q12. Satellite and Mobile, as the primary home broadband connection, are putting on subscribers at an increasing rate having a market share of 1.9%. It is expected that consumers are churning from DSL to the higher bandwidth products where available and that the trend is accelerating.

Broadband satellites or High Throughput Satellites (HTS) are primarily deployed to provide broadband Internet access service (point-to-point) to regions unserved or underserved by terrestrial technologies. They can deliver services comparable to terrestrial services in terms of pricing and service quality. Besides the consumers, HTS could provide services to governments and enterprises for nearly every application in the industry, especially to terrestrial cellular network operators who face growing demand for broadband backhauls to rural cell sites. According to Northern Sky Research’s report, the Global Assessment of Satellite Supply & Demand 9th Edition (September 2012), THAICOM has become the world’s market leader of leased HTS capacity in 2011, as it leapt up from an 18% market share in 2010 to a 24% market share in 2011. In the next decade, the HTS capacity leasing market is expected to be driven by the growth of demand of broadband access and enterprise data applications.

Asia is the world’s leading region in terms of telecommunication infrastructure, and Information and Communication Technology (ICT) development. The region continues to show a strong growth in the global mobile market, with five countries of the world’s ten largest mobile markets – China, India, Indonesia, Japan and Philippines. These countries alone represent about 46% of the world’s mobile phone subscribers.

By the end of 1Q12, there were total 612.6 million broadband subscribers worldwide. Accounted for 42.8% of the share of world broadband subscribers, Asia (including Asia-Pacific, South and East Asia) maintains the largest share followed by Europe (29.4%), America (24.6%) and Middle East and Africa (3.2%). The number of broadband subscribers in the region has increased around 16% from 1Q11 to 262.1 million subscribers in 1Q12, led by the net addition subscribers from China, Japan, India and Australia. (Source: [www.point-topic.com](http://www.point-topic.com))

In order to understand customers in different countries and satisfy their needs precisely, THAICOM clearly identify its broadband satellite market into segments including Telco Backhaul and Enterprise, Government and Universal Service Obligation (USO) program, Disaster Management and Retail Market. THAICOM will focus on a particular market segment in each country and offer solutions to serve the customers' needs to drive IPSTAR capacity utilization within the country.

### Media Business

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

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 or minimum guarantee at 25.2 billion baht.

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'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 2012, according to Nielsen Media Research, the total advertising expenditures in Thailand amounted to 117.8 billion baht, slightly increased by 12.4% from 2011. The impressive growth was due to television advertising rate adjustment in 2012, higher advertising spending of in store media and cinema, and shallower of advertising spending in 4Q11 from flood impact.

### Venture Capital Project under "InVent"

InVent Project has been launched on 29 May 2012. This project has been made to encourage SMEs that have potential in IT, telecom and media including other related businesses, and will enhance the competitiveness, build the synergy of INTOUCH Group and increase corporate growth.

INTOUCH launched the first company under InVent project named "Ookbee" (Ookbee Company Limited) by purchasing 33,400 newly-issued shares and equivalent to 25.03% of the paid-up capital, amounted to 57.48 million baht, which is paid-in cash from INTOUCH working capital. The price agreed was based on discounted cash flow method.

Ookbee is digital application platform provider and developer. Ookbee provides application for purchasing and reading of e-publication, converting and distributing e-publication for publishers, and also operates book stores such as AIS bookstore and B2S bookstore.

# 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 risk 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 both in term of trade and funding, INTOUCH Group is by necessity exposed to foreign exchange risk and interest rate 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.

For interest rate risk, the Company has regularly tracked any changes of the factors that will affect the interest rate movement and managed appropriate interest rate risk management that correspond to the different situation.

On 31 December 2012, the Company and its subsidiaries had outstanding foreign currency assets and liabilities of 1,310 million baht and 3,791 million baht, respectively, after entering into foreign currency forward contracts, cross-currency interest rate swaps and foreign currency options (the details are shown in the notes in the financial statement, Item 31).

### 1.4 Global economic recession

In the year 2012, Thailand's economy has been affected by the slowdown of export due to the economic downturn in major economies as well as the ongoing impact of flood disaster in the late 2011. However, the government had adopted policies to stimulate domestic economy and to reduce the impact of negative factors mentioned above. Thailand's economy will continue to sustain the growth rate at a reasonable level.

Despite the expected improvement in major economies in the year 2013 from the supportive government measures to bolster their economies, nevertheless, the downside risk from uncertainty still remain large. Business and household is expected to remain cautious in their spending. Both these external and internal factors mentioned above may affect the revenue of companies in the Group. In addition, the government policy to stimulate the economy through accommodative

measures in major economies may lead to the sudden movement of capital flows which might cause the fluctuation and volatility of foreign exchange rate. The financial institutions will become more selective in providing credit, which might have an impact on INTOUCH Group's liquidity including the cost and availability of funds for the investment needs of the group in the future.

However, INTOUCH Group has prudently managed its own liquidity by diversifying its source of funding in form of short-term working capital with many banks, as well as signing the loan agreement in advance for the forecasted investment projects in the coming year.

### 1.5 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

Regarding to the three issues: 1) Thaicom 3's backup satellite 2) Decreasing of the Company's shareholding in THAICOM 3) Return the insurance proceeds used for leasing transponders on foreign satellite to MICT. The Company and THAICOM already submitted the clarification letter to MICT showing that the Company and THAICOM have been acted in good faith and with prior approval from MICT every times. The Company has been informed MICT including concreted beneficial solutions in order to comply with the provisions of the Agreement.

If it becomes a dispute, the case shall be settled pursuant to dispute resolution procedure as agreed in the Agreement.

## 2/ Wireless Communications Business

### 2.1 Risk in network quality as the consequent impact from the delay of obtaining the 2.1GHz license

The delay in the issuance of licenses for the 2.1GHz frequency may cause impact on the launch of 3G services on the 2.1GHz frequency which may be effect in an opportunity and advantage of AIS and may pose a risk in terms of managing the quality of the 900MHz and 1800MHz frequency by the main factors as follows:

- 1/ As AIS has currently allocated part of 900MHz as the frequency to be used for 3G mobile devices and the increasing of customer using 2G service, they may be affected by inadequate capacity.

2/ As AIS has currently operate the roaming on 1800MHz frequency which possesses by Digital Phone Co., Ltd., a subsidiary of AIS, thus it may be affected on the quality of the service by the expiration and uncertainty of the concession between DPC and CAT Telecom Public Company Limited (CAT) which is scheduled to expire on September 2013 as AIS shall have insufficient frequency to provide the service if AIS delay to launch 3G service.

In managing the risk, AIS has invested and expanded 900MHz network as well as studying the possibility of continuing the 900MHz and 1800MHz operations. In addition, DPC's proposal to continue operation of 1800MHz network has been prepared and ready to be submitted as required to CAT Telecom Public Company Limited.

## 2.2 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.

### 2.2.1 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 Communications sent a letter to the Council of State requesting for opinion regarding the amendment of the Cellular Mobile Telephone Service Agreement (the Agreement) between TOT, formerly known as the 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 Enterprises B.E. 2535 came into effect whether the current amendment is in line with the said Act and to determine what course of action should be taken if such amendment is in breach of the said Act.

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), the Office of the Council of State stated its opinion 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 the authority in charge of the 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 invalidated by virtue of time or by other conditions. 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 rescind such amendments to the Agreement. However, if the Cabinet bases its consideration 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 Section 22 being the parties to submit the facts, justifications and opinions for the consideration of the Cabinet."

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

AIS firmly believes in the principles and the grounds of the amendments of the Agreement and AIS has fully complied with the Jointly Undertaken 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 in the case that the amendments of the Agreement of AIS are revoked; this may result in a shortening of the term of the Agreement and/or a higher prepaid revenue share, for instance.

## 2.2.2 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 Enterprises B.E. 2535 came into effect whether the current amendment is in line with the said Act, and to determine what course of action should be taken if such amendment is in breach of the said Act.

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 the 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 the private sector to jointly undertake work or operate the work of the State and select the private sector by way of auction as prescribed in Chapter 3, but the provisions in Chapter 3 shall be applied mutatis mutandis 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, namely, the committee shall present the selection

results including reasons, negotiated issues 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 shall be 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, shall be entitled to provide telecommunication services based on the transferred rights and obligations even though the current agreement between CAT and DPC is not in compliance with the Act Permitting the Private Sector to Jointly Undertake Work or to Operate the Work of State Enterprises. However, the current agreement is still effective as long as it is not rescinded or invalidated by time or other conditions. Therefore, CAT and DPC are bound to comply with the said Agreement.”

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

AIS firmly believes in the principles and the grounds of the amendments of the Agreement and DPC has fully complied with the Jointly Undertaken 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 in the case that the amendments of the Agreement of DPC are invalidated; this may result in a shortening of the term of the Agreement and an increase in the amount of revenue sharing which has to be additionally paid.

## 2.3 Disputes relating to the excise tax

### 2.3.1 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, Alternative Dispute Resolution Office, and the Office of the Judiciary, demanding AIS to pay additional revenue sharing for 31,463 million baht.

On 20 May 2011, the Arbitral Tribunal unanimously 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 the consideration of the Central Administrative Court. However, the management of AIS firmly believe that this case shall reach a positive conclusion since AIS has fully paid the revenue sharing according to the same amount of excise tax.

### 2.3.2 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, Alternative Dispute Resolution Office, and Office of the Judiciary, demanding DPC, a subsidiary of AIS, to pay additional revenue sharing for 2,449 million baht under the Digital PCN (Personal Communication Network) Agreement plus penalty at the rate of 1.25% per month of the unpaid amount of each year computing from the default date until full payment is made totalling 3,410 million baht. Such claimed amount is the same amount of the excise tax as DPC has paid during 16 September 2003 to 15 September 2007, and was deducted from revenue sharing pursuant to the resolution of the cabinet on 11 February 2003 and is the same standard practice of the telecommunications industry.

On 1 March 2011, the Arbitral Tribunal resolved to dismiss the dispute by giving the reason which can be summarized that the original debt had been completely paid and settled. CAT cannot re-claim for the alleged deficit amount, including the penalty and the value added tax.

CAT submitted a request to the Central Administrative Court to set aside the award of the Arbitral Tribunal. At present, the case is pending the consideration of the Central Administrative Court. However, the management of AIS firmly believes that this case shall positively ease off since the revenue sharing demanded by CAT is the same amount of excise tax which has already been paid by DPC.

### 2.4 Dispute on Interconnection Charge

According to the Telecommunication Business Act B.E. 2544 and the Notification of NTC regarding the Use and Interconnection of Telecommunication Networks B.E. 2549, AIS has the duty to enter into the interconnection agreements with other operators. However, TOT, the contract grantor, has issued a written notice to AIS stating that AIS is not a legitimate licensee of telecommunication networks and is, therefore, not entitled to enter into the interconnection agreements by virtue of the Notification of NTC regarding the Use and Interconnection of Telecommunication Networks B.E. 2549. After having considered together with the comment of legal consultants, the management of AIS is of the opinion that non-compliance with the above interconnection agreements would be in conflict with the Notification of NTC regarding the Use and Interconnection of Telecommunication Networks. 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 charges from the contractual parties based on the rate and calculation method of AIS and paid to TOT. However, TOT required AIS to pay the revenue sharing calculated on gross amount of 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.

On 26 January 2011, TOT sent a letter demanding AIS to pay the revenue sharing of the interconnection charges of the concession years 17–20 in the amount of 17,803 million baht plus interest at the rate of 1.25% per month. However, AIS disagreed and sent a letter opposing the said claim to TOT and 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. At present, the case is pending consideration of the Arbitral Tribunal. The management of AIS firmly believes that there shall unlikely be any material impact since AIS has fully complied with the law

### 2.5 Dispute between Digital Phone Company Limited (DPC), a subsidiary of AIS, and CAT Telecom Public Company Limited (CAT) regarding the reduction of roaming charge between DPC and AIS

On 7 April 2010, Digital Phone Company Limited (DPC) submitted a dispute (Case no. Black 27/2553) to the Arbitration Institute,

the Alternative Dispute Resolution, and Office the Judiciary, requesting the Arbitration Panel to set aside the allegation of CAT that DPC was in breach of agreement on the grounds that the agreement was made without approval from CAT and would terminate the agreement as stated in a letter dated 6 January 2010, and demanding CAT to pay compensation of 50 million baht to DPC.

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

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

Later, the Arbitration Institute has ordered all three disputes to be considered together and, at present, such disputes are pending consideration of the Arbitral Tribunal which 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 had 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 additional approval during the period of January 2009 to March 2009, and during the disputed periods, 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 using the rate of 1.10 baht per minute as approved by NTC.

**2.6 Dispute between Digital Phone Company Limited (DPC), a subsidiary of AIS, and CAT Telecom Public Company Limited on Tower and Power Supply ownership**

On 3 February 2009, CAT submitted a dispute (Case no. Black 8/2552) to the Arbitration Institute, Alternative Dispute Resolution Office, and the Office of the Judiciary, demanding DPC to deliver and transfer ownership of 3,343 Towers including 2,653 units of Power Supply equipment under the terms and conditions of the Digital PCN (Personal Communication Network) Agreement. If having failed to do so, CAT demanded that DPC is obligated to pay 2,230 million baht to CAT. DPC considers that all disputed Towers and Power Supply equipment, are not included under the definition of equipment as stipulated in clause 2.1 of the Agreement of which DPC is obligated to deliver and transfer under the terms and conditions of the Agreement. The case is pending consideration of the Arbitral Tribunal.

On 18 July 2012, the Arbitral Tribunal unanimously resolved to dismiss all of the disputes by giving the reason which can be summarised that the right of CAT to demand DPC to deliver properties which are objects of the contract shall be in accordance with Clause 12 of the Digital PCN (Personal Communication Network) which states that such a right can be exercised after 60 days upon expiration of the contract. Therefore, the submission of the dispute by CAT is prematurely. CAT has submitted a request 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. However, the management of AIS firmly believes that the outcome of the case shall positively ease off.

## **2.7 The determination of Maximum Rate of Service Fee for Domestic Telecommunications Voice Services**

On 2 July 2012, AIS filed a lawsuit against the Office of the National Broadcasting and Telecommunication Commission (Case no. Black 1067/2555), to the Central Administrative Court, demanding that the Court revoke the Notification on The Determination of Maximum Rate of Service Fee for Domestic Telecommunications Voice Services B.E. 2555, which allows operators to charge domestic voice services at a maximum rate of 0.99 baht per minute, specifically applying only to operators with significant market power (which on 30 September 2010, the Office of the National Broadcasting and Telecommunication Commission specified AIS being the operators with significant market power in the retail domestic mobile phone services market and domestic mobile network service as stated in the order of the Office of the National Broadcasting and Telecommunications Commission no. 32/2553).

### 3/ Satellite and International Business

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

##### 3.1.1 In-orbit failure

The satellite is a high level engineering construction work. Once launched into orbit, the satellite may have damages as a result of satellite system failure, solar discharges or a collision with other objects in space. These damages may cause the ability to do telecast service to be lower, temporarily or permanently, or the damages may be in total which may impact the service providing. This may lead to the loss of current customers and/or may lose the opportunity to acquire new customers while the search for a new satellite to provide service is in progress. However, the satellite builders design a satellite in such a way as to withstand any bad environment in the space which contributes to the reliability of the satellite to be in par with the international standard. Even though the probability of satellites suffering a severe damage to the point of complete failure is very slim, THAICOM arranges for a contingency plan to cope with the damages that may be suffered by the customers in case a satellite is so damaged that it is completely out of order. These include transferring the customers as many as possible to the available transponders on the remaining THAICOM satellites. THAICOM has also discussed with other satellite operators for the agreements 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, depending on the complexity and size of the satellite.

THAICOM is aware of the potential risks of satellites in geostationary 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 insurers. After the insurers are in agreement with the Proof of Loss, the claim under the policy will be paid after the agreement is reached.

The insured value equals to the satellite's book value on the date the insurance takes effect. 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.

##### Insured Value Project

Satellite	Insured value (Million USD)	Period
Thaicom 4 (IPSTAR)	163.72	August 2012 – August 2013
Thaicom 5	59.39	May 2012 – May 2013

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

- 1/ War, invasion, defense, 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 willful 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. In order to manage the risk from technological changes, THAICOM has followed up the changes in technology closely in terms of hardware, software and IT to improve service and develop new technologies.

The changes in the satellite technology which is currently in use takes a long time to develop, so THAICOM has planned to follow up the changes in the satellite technology and use the standard technologies and equipments to establish competitive service in the market as the reliability of the satellite is considered to be a very crucial factor in satellite service business.

In the Broadcasting and Telecommunications Services,

THAICOM has used high-quality technologies in order to improve the services efficiency.

In accordance with the business plan of Thaicom 4 (IPSTAR) broadband satellite, THAICOM has used the open platform policy which allows the satellite technology equipment of other vendors to access the Thaicom 4 (IPSTAR) broadband satellite services, in order to provide customers with flexibility in choosing the most appropriate solution for their specific requirements. However, THAICOM has verified and screened to ensure that the systems and equipments of other vendors are high efficiency and reliability.

### 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, 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 departments involved 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. In addition, to mitigate the risk from the satellites having shorter life THAICOM has followed the risk mitigation on the operating risk and associated with the satellite insurance as stated in section 3.1.1, in case the satellite life is shorter than the design life.

### 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.

On 26 June 2012, THAICOM was granted a 20-year Type III<sup>1</sup> of Telecom services by The National Broadcasting and Telecommunications Commission (NBTC). THAICOM needs to comply with the rules and regulations of the NBTC's license and follow up on any changes in those rules and regulations which may occur in the future.

THAICOM also needs to follow up on changes in rules and regulations related to Broadcasting Businesses, which may have an impact on THAICOM's satellite broadcasting services.

### 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

<sup>1</sup> Type Three Licence: being a licence granted to the telecommunications business operator who operates with his or her own network for telecommunications services intended for general public, or services which may cause a significant impact on free and fair competition or on public interest, or a service which requires special consumer protection



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 the 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.

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 2012, THAICOM's revenue from three major customers was 28% of the total revenues from THAICOM's sales and services. In case the major customers face financial problems or have been approached by other satellite operators, they may cancel their services or may not renew the contracts with THAICOM. These factors can affect THAICOM's financial results, as it usually takes time to attract new customers.

However, THAICOM major customers have never defaulted on their payments, especially for broadcast customers, as their programs must be on-air for the viewers. In addition, it will bring technical hurdles and will be very cost prohibitive to switch services to another satellite.

THAICOM usually signs long term contracts with the major customers offering high-quality services with flexible technical and business solutions to help the customers grow. In addition, THAICOM consistently maintains good relationship with the customers to ensure customer satisfaction and win-win cooperation.

### 3.1.7 Marketing risk

THAICOM expects minimum risks from the conventional satellite business. Thaicom 5 satellite is currently fully utilized while there is a high demand of broadcast services in the region. As a result, 38% of Thaicom 6 capacity has already been reserved as of the end of year 2012. THAICOM expects to see more reservation of

Thaicom 6 and Thaicom 7 capacity in 2013. On the other hand, the expansion of the broadband satellite or Thaicom 4 (IPSTAR) business will depend on the growth of the demand of Internet Protocol (IP) communications and high-speed Internet access. A slowdown in such demand is likely to create a negative impact on THAICOM's cash flow, or ability to repay debt in the future. However, THAICOM focuses on key strategies such as market segmentation, open access platform and end-to-end managed services to drive the demand in each country.

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

THAICOM is the only satellite service operator in Thailand at present while Thaicom 4 (IPSTAR) is currently the only broadband satellite in Asia-Pacific. The Thai authority may grant similar licenses to other satellite operators for providing satellite services in Thailand. The major satellite competitors in the region include such as AsiaSat, Intelsat, Apstar, SES Astra, ABS and Measat. Some of these competitors have larger footprint coverage areas and greater source of funds than THAICOM. Moreover, there may be another broadband satellite coming into the region in the future. These factors will cause competition to increase and may lead to a price war of the satellite services.

In addition, THAICOM has competed with terrestrial and wireless network operators such as fiber optic, DSL, WiMAX, 4G LTE, Analog or Digital Terrestrial broadcasting, Cable TV broadcasting, etc. In urban areas, where terrestrial network infrastructures have been established, the terrestrial services normally charge lower than satellite services. Therefore, THAICOM may lose existing customers to the terrestrial network operators or find difficulty attracting new customers. However, satellite services offer lower cost and faster deployment in remote and less density areas as well as for emergency communications. Satellite services also enhance terrestrial network operators. For example, a Digital Terrestrial Television station may transmit its signal via a satellite to expand coverage nationwide.

### 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%, 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% to 40%. 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 51% 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 and THAICOM continuingly coordinates with MICT on this issue.

### 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 33.0 million USD 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 6.7 million USD 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 (6.7 million USD) 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 and THAICOM continuingly coordinates with MICT on this issue.

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% to not less than 40% 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:

- 1/ 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
- 2/ Thaicom 4 (IPSTAR), by its specifications and purpose, is intended to provide service mainly to foreign customers and therefore is not under Agreement
- 3/ The reduction of Shin Corporation Plc's shareholding in THAICOM from not less than 51% to not less than 40%, being a material amendment to the Agreement, required the Cabinet's approval to be effective
- 4/ MICT's approval for THAICOM to use part of the insurance proceeds in the amount of 6.7 million USD 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

- 1/ MICT should notify THAICOM that THAICOM had to acquire Thaicom 3's back up satellite to comply with the Agreement.
- 2/ 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.
- 3/ MICT should submit the amendment to the Agreement reducing Shin Corporation Plc's shareholding in THAICOM from not less than 51% to not less than 40% for consideration.
- 4/ MICT should notify THAICOM to return the insurance proceeds in the amount of 6.7 million USD 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. At present the matter is still pending with MICT and THAICOM continuingly coordinates with MICT on this issue.

- 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 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 4<sup>th</sup> 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 perform 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.

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

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

THAICOM provides telephone communications services in the Lao PDR. The number of telephone subscribers is relatively low when compared with the total population of the country. This has provided an opportunity for telephone communications businesses to create new subscribers. The economy of the Lao PDR tends to grow steadily as a result of foreign investment. This consistent growth provides opportunities for communications and telecommunications businesses to grow, but it also leads to increased competition in the telephone communications market, particularly in the cellular phone market. Currently, there are 4

mobile phone service providers in the Lao PDR.

In anticipation of possible tougher competition, THAICOM has focused on the development and expansion of its network and service area, improved service quality, and mapped out new market strategies to remain competitive.

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

The telephone communications business in Lao PDR is due to expire in 2021. In the event of THAICOM's failure in negotiating with the Governments for contract renewal, THAICOM has to transfer its joint venture stakes to Lao Government without any remuneration. Under such an event, THAICOM will lose its revenue earned from this business. 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 Lao PDR.

## 4/ Media and advertising business

### 4.1 Risk from the cases 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 OA, 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 2,891 million baht 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 2012 in the amount of 2,566 million baht (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 97,760 million baht 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 656 million baht 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 1,130 million baht

in Separate financial statements as at 31 December 2012, 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 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 20 million baht or ITV must generate the profits from ITV's 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 ITV directors or management who must not to be the prohibited persons.

As there are still some ongoing legal cases, the Court's

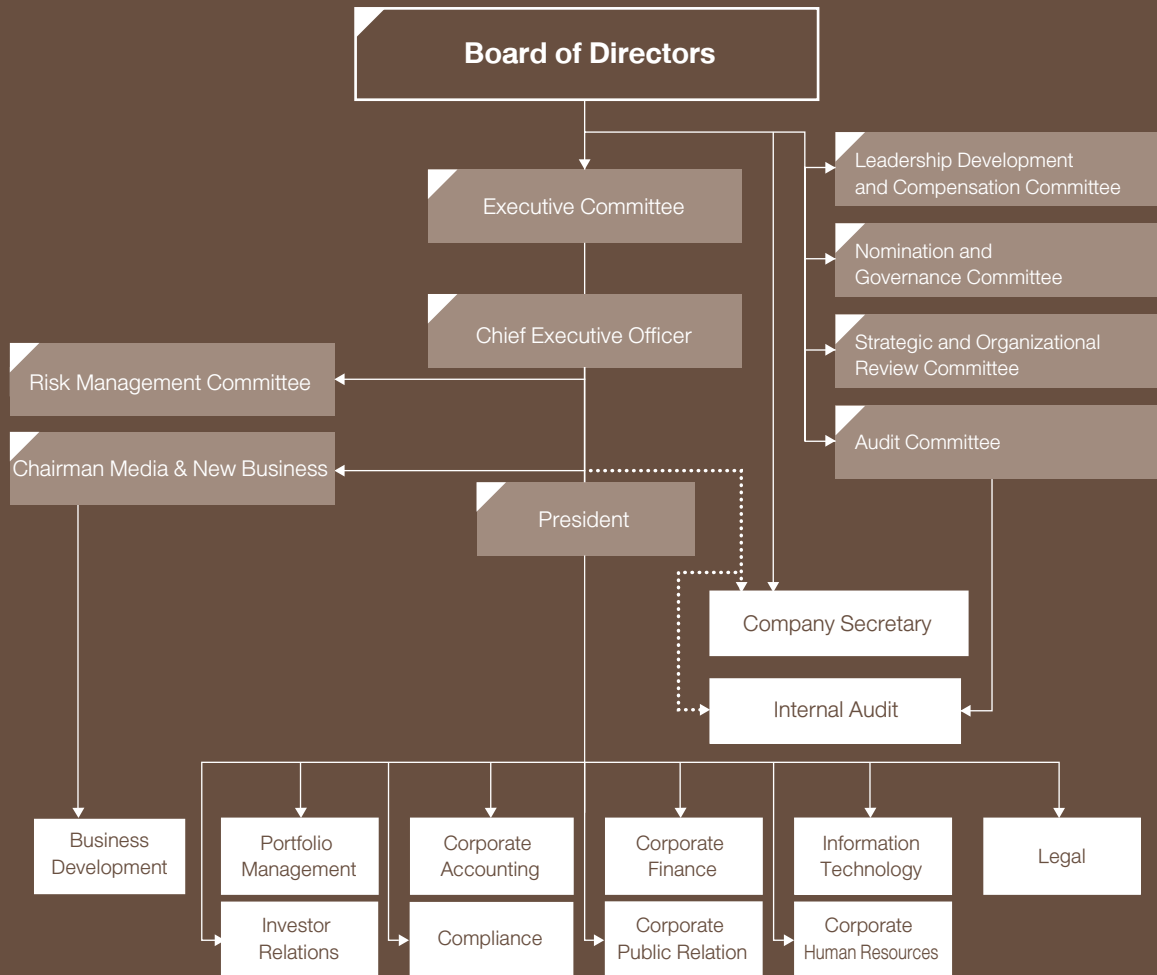


consideration may take time before the final outcome of the justice process and the result of which may have a material impact to ITV's financial status and operating performance in the long run. In terms of the financial position as of 31 December 2012, ITV had a negative shareholders' equity of 4,321 million baht 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 2,891 million baht, equivalent to a yearly amount of 434 million baht or a quarterly amount of 109 million baht. 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 4,621 million baht or find ways to improve shareholders' equity in the balance sheet to a positive position, at least 300 million baht. ITV has to generate a profit from operating main business at least 30 million baht. Once this has been achieved, ITV has to generate an accumulated profit at least 466 million baht in one year in case of inconsecutive profit for rectifying the cause of delisting ITV.

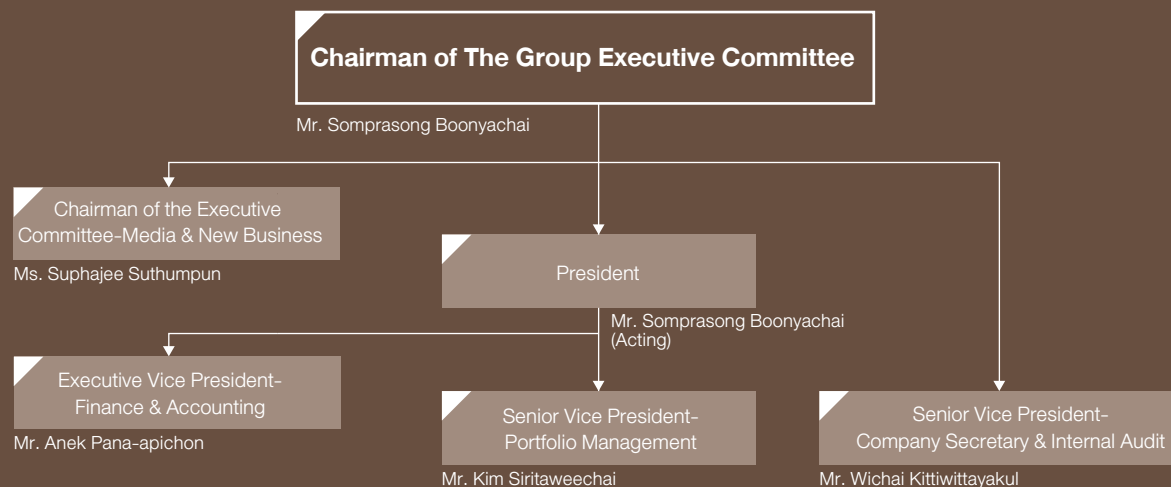
If ITV is unable to meet the requirements to resolve its grounds within the given period, the SET will inform to the SET Board to consider approving delisting ITV's securities. This may cause of possible delisting ITV from the SET and ITV's securities will not be able to trade in the SET market any longer.

# Management and Corporate Governance

## Organization Chart



## Top four executives



## Management Structure

### 1) The Board of Directors

As at 31 December 2012, 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. Prasert Bunsumpun	Independent Director	26 December 2011
6/ Mr. Boon Swan Foo	Non-Executive Director	26 September 2007
7/ Mr. Bodin Asavanich	Non-Executive Director	11 August 2010
8/ Mr. Somprasong Boonyachai	Executive Director	25 April 2007

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 2012, 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 14 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 the Audit Committee 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 six (6) meetings during 2012 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 2012, 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. Prasert Bunsumpun *	Member

\* Mr. Prasert was appointed to the Leadership Development and Compensation Committee on 25 January 2013.

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 four (4) meetings during 2012 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 2012, 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. 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 one (1) meeting during 2012 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 seven (7) directors as approved by the Board.

As at 31 December 2012, the following persons were serving on the committee:

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

\* Mr. Prasert was appointed to the Strategic and Organizational Review Committee on 15 August 2012.

\*\* Mr. Vikrom had resigned from the Strategic and Organizational Review Committee on 1 January 2013 and was replaced by Mr. Wichian Mektrakarn on 25 January 2013.

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 three (3) meetings during 2012 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 2012, the following persons were serving on the committee:

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

\* Mr. Vikrom had resigned from the Executive Committee on 1 January 2013.



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 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 appointed persons 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.
- / Engage consultants or independent persons to provide opinions or advice if necessary.
- / The committee may ask members of the management or other persons to attend its meetings or provide pertinent information as necessary.
- / Report to the Board on a quarterly basis regarding the material actions taken by the Executive Committee under the CEO Report agenda
- / Annually review its own performance and assess the adequacy of the Executive Committee Charter, which may be done in conjunction with the annual evaluation of the Board and its other committees, conducted under the oversight of the Nomination and Governance Committee.
- / Take any other action or assume any other powers and responsibilities that may from time to time be assigned or delegated to the Committee by the Board.

The Executive Committee held eighteen (18) meetings during 2012 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, who is highly experienced and qualified, understands the nature and scope of the Company's business, and has extensive knowledge of the related laws and regulations.

The Company Secretary has a dual reporting line to the Board and 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 2012, the Company's management team, as defined by the Securities and Exchange Commission, consisted of the following persons:

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

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

- / Remuneration for the Board of Directors

At the 2012 Annual General Meeting of Shareholders held on 30 March 2012, the shareholders approved a total remuneration for the Board and its sub-committees not exceeding 24 million baht. 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 300,000 baht 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 75,000 baht, an annual retainer, and a meeting allowance of 25,000 baht for each board or board committee meeting.
- / The Chairman of the Audit Committee shall receive a monthly retainer of 25,000 baht, whilst chairmen of other committees shall receive a monthly allowance of 10,000 baht.
- / 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 2012, the total remuneration paid to the Board and board committee members was 19,735,000 baht (including accrued annual retainers of 8,900,000 baht paid in February 2013), an increase of 3,060,205 baht, or 18.35%, from 16,674,795 baht in 2011.

		Unit: Baht
Name	Position	Remuneration for 2012
1/ Dr. Virach Aphimeteetamrong	Chairman of the Board of Directors	4,900,000
2/ Mr. Somchai Supphatada	Director, Chairman of Audit Committee	2,875,000
3/ Mr. Vithit Leenutaphong	Director, Member of Audit Committee, Member of Nomination and Governance Committee, Member of Leadership Development and Compensation Committee, Member of Strategic and Organizational Review Committee	3,575,000
4/ Mr. Chalaluck Bunnag	Director, Member of Audit Committee	2,475,000
5/ Mr. Prasert Bunsumpun	Director, Member of Strategic and Organizational Review Committee	2,350,000
6/ Mr. Boon Swan Foo	Director, Chairman of Nomination and Governance Committee, Chairman of Leadership Development and Compensation Committee, Chairman of Strategic and Organizational Review Committee	3,485,000
7/ Mr. Bodin Asavanich	Director, Member of Nomination and Governance Committee	0*
Committee Members		
8/ Mr. Yong Lum Sung	Member of Strategic and Organizational Review Committee	75,000
Total		19,735,000

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

#### / Remuneration for the Management Team

The total remuneration for the six (6) members of the management team (as defined by the Office of the Securities and Exchange Commission) was 68.74 million baht, which comprised salaries, annual retainer payments, the provident fund and other benefits.

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

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

##### / Remuneration for the Board of Directors

During 2012, AIS paid its Board of Directors a total remuneration of 14,581,452 baht (including accrued annual retainer of 6,600,000 baht paid in February 2013), an increase of 1,324,349 baht, or 9.99%, from 13,257,103 baht in 2011.

		Unit: Baht
Name	Position	Remuneration for 2012
1/ Dr. Paiboon Limpaphayom	Chairman, Chairman of Nomination and Governance Committee, Chairman of Remuneration Committee	2,950,000

		Unit: Baht
Name	Position	Remuneration for 2012
2/ Mr. Aviruth Wongbuddhapitak	Director, Chairman of Audit Committee, Member of Remuneration Committee	3,675,000
3/ Mrs. Tasanee Manorot	Director, Member of Audit Committee	2,325,000
4/ Mr. Surasak Vajasit	Director, Member of Audit Committee, Member of Nomination and Governance Committee	2,350,000
5/ Mr. Hubert Ng Ching-Wah	Director, Member of Executive Committee	2,100,000
6/ Mr. Montchai Noosong *	Director	1,181,452
Total		14,581,452

\* Mr. Montchai was appointed on 28 March 2012.

#### / Remuneration for the Management Team

The total remuneration for the 8 members of the management team (as defined by the Office of the Securities and Exchange Commission) was 135.74 million baht, which comprised salaries, bonus payments, the provident fund and other benefits.

## 14.2 Thaicom Plc (Thaicom)

#### / Remuneration for the Board of Directors

During 2012, Thaicom paid its Board of Directors a total remuneration of 9,470,000 baht (including accrued annual retainer of 2,840,000 baht paid in February 2013), an increase of 470,000 baht, or 5.22%, from 9,000,000 baht in 2011.

		Unit: Baht
Name	Position	Remuneration for 2012
1/ Mr. Paron Isarasena Na Ayudhaya	Chairman	2,200,000
2/ Prof. Hiran Radeesri	Director, Chairman of Audit Committee	1,850,000
3/ Mrs. Charintorn Vongsbootorn	Director, Chairman of Governance and Nomination Committee, Chairman of Remuneration Committee, Member of Audit Committee	1,805,000
4/ Mr. Samrieng Mekkiengkrai	Director, Member of Audit Committee, Member of Governance and Nomination Committee, Member of Remuneration Committee	1,500,000
5/ Mr. Yong Lum Sung	Director, Member of Executive Committee	1,385,000
6/ Mr. Chaiyan Peungkiatpairote *	Director	730,000
Total		9,470,000

\* Mr. Chaiyan was appointed on 29 March 2012.

## / Remuneration for the Management Team

The total remuneration for 7 members of the management team (as defined by the Office of the Securities and Exchange Commission) was 56.76 million baht, which comprised salaries, bonus payments, the provident fund and other benefits.

**14.3 ITV Plc (ITV)**

## / Remuneration for the Board of Directors

During 2012, ITV paid its Board of Directors a total remuneration of 4,800,000 baht, equivalent to the amount paid in 2011.

		Unit: Baht
Name	Position	Remuneration for 2012
1/ Mr. Somkid Wangcherdchuwong	Chairman	960,000
2/ Mr. Vichakoraput Rattanavichaien	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 Inhnu	Director, Member of Audit Committee	600,000
5/ Mr. Somboon Wongwanich	Director	600,000
6/ Mrs. Rattanaporn Nammontri	Director	600,000
7/ Mr. Wuttiporn 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 2012. However, a total of 22.02 million baht was paid in service fees for legal advice and representation, financial and accounting management, and financial advice.



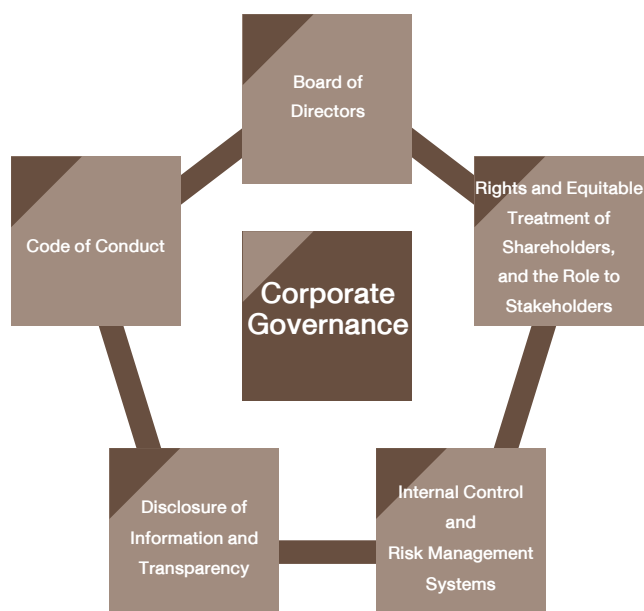
## Corporate Governance

### 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 14 March 2012. 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 at Shin Corporation, please see the documents posted on our website at [www.intouchcompany.com](http://www.intouchcompany.com).)

### Corporate Governance Report

In 2012, 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 2012, the Board comprised eight (8) members and one more was in the process of being recruited. 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 2012, 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 2012, 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. The objective of each evaluation is to review the performance of the Board and its individual members in order to improve overall effectiveness. The two evaluations are described below.

- / An overall assessment covering eight areas: Strategic Direction, Monitoring and Supervision, Accountability, Teamwork, Structure, Policy, Meeting, and Training and Development.
- / A self-assessment by each member covering eight areas: Strategic Thought and Leadership, Corporate Governance, Competence, Independence, Preparedness as a Director, Personal Attributes, Awareness of Stakeholders, and Innovation.

In 2012, the Board conducted the above two evaluations and concluded that it was operating in an effective manner. The Board recommended that informal interactive events be arranged for its members and the Company's senior executives to build relationships and a tailor-made course be created to improve its expertise.

#### 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, especially those organized by the Thai Institute of Directors that may benefit their performance.

In 2012, the Company invited outside guest speakers to describe the emerging issues and business matters relevant to the companies in the group along with roles the Board should play. In addition, the Company organized a company visit for its board members at Singapore Telecommunications Ltd. (SingTel) in Singapore in order to enhance their vision and business knowledge.

#### 1.10) Board Meetings

##### 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 2012

(Number of meetings attended / Total meetings held)

Name	2012 Annual General Meeting	Board of Directors	Committees						
			Audit	Leadership Development & Compensation		Strategic & Organizational Review		Executive	Other
				Nomination & Governance					
Current Directors									
1/ Dr. Virach Aphimeteetamrong	Yes	9/9							
2/ Mr. Somchai Supphatada	Yes	9/9	6/6						
3/ Mr. Vithit Leenutaphong	No	8/9	6/6	1/1	4/4	3/3			1/1
4/ Mr. Chalaluck Bunnag	Yes	9/9	6/6						
5/ Mr. Prasert Bunsumpun	Yes	8/9				2/2*			
6/ Mr. Boon Swan Foo	No	8/9		1/1	4/4	3/3			1/1
7/ Mr. Bodin Asavanich	Yes	8/9		1/1					
8/ Mr. Somprasong Boonyachai	Yes	9/9		1/1	4/4	3/3	18/18		1/1
Committee Members									
9/ Mr. Yong Lum Sung						3/3			
10/ Mrs. Suwimol Kaewkoon							17/18		
11/ Mr. Wichian Mektrakarn							17/18		
12/ Ms. Suphajee Suthumpun						3/3	17/18		
Committee member who resigned in 2012									
13/ Mr. Vikrom Sriprataks						2/3	15/18		

\* Mr. Prasert was appointed to the Strategic and Organizational Review Committee on 15 August 2012.

## 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.

## 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.

In addition, the Company has established criteria and procedures for minority shareholders to propose agenda items for the annual general shareholders’ meeting in advance and nominate candidates for directorship, as these procedures are recommended by the SET in The Principles of Good Corporate Governance and 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 29 February 2012 and mailed to shareholders on 9 March 2012.

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' meeting 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.

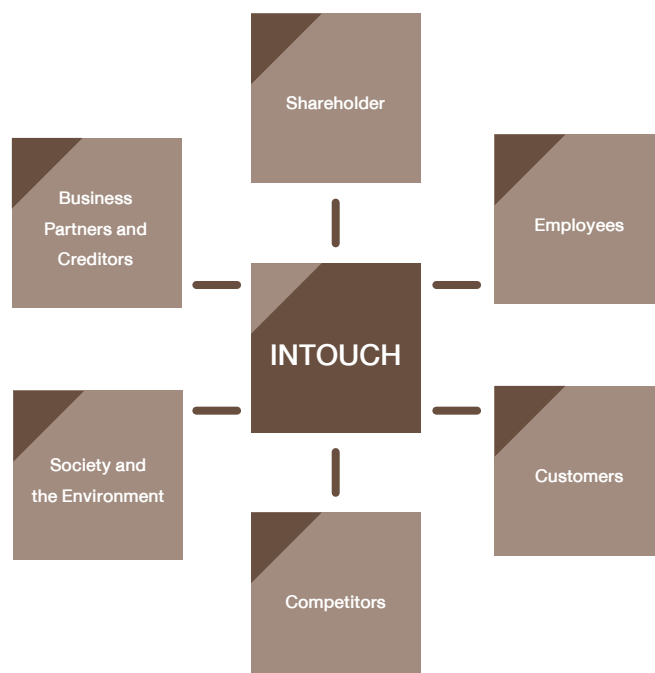
At the 2012 Annual General Meeting of Shareholders held on 30 March 2012, there were 1,595 shareholders present in person along with proxies acting for absent shareholders, representing 87.55% of the Company's total issued shares. There were 459 shareholders who had authorized the Company's audit committee members and independent directors as their proxies, representing 84.21% of the Company's total issued shares. All the Company's board members attended the meeting with the exception of Mr. Boon Swan Foo and Mr. Vithit Leenutaphong.

The minutes of the meeting 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	<p>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.</p> <p>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.</p>
Customers	<p>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:</p> <p><b>Products and Services</b></p> <p>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.</p> <p><b>Confidentiality of Customers' Information</b></p> <p>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.</p>
Competitors	<p>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.</p> <p>The Company does not acquire information on its competitors by any illegal or unethical methods.</p>
Society and the Environment	<p>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.</p> <p>The Company has a policy to produce goods and render services that are environmentally friendly, makes the best use of natural resources and comply with all related environmental laws.</p> <p>The Company supports activities that protect the environment and save energy. In addition, the Company conducts an environmental training program for all staff members, and has a policy to purchase and promote the use of products that are environmentally friendly.</p>
Business Partners and Creditors	<p>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.</p> <p>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.</p>

## 2.2.2) Channel for Stakeholders to Communicate Concerns

Any stakeholder who wishes to offer suggestions or report unfair treatment, illegal acts or any infringement of the Company's code of conduct, or any matter that may cause damage to the Company, can contact the Board or the Audit Committee in writing at the following address:

Shin Corporation PLC  
Company Secretary Office  
Intouch Tower, 13<sup>th</sup> Floor  
414 Phahonyothin Road  
Samsennai, Phayathai  
Bangkok 10400

Or by email at:

auditcommittee@intouchcompany.com (to contact the Audit Committee)  
companysecretary@intouchcompany.com (to contact the Board)

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 reported in a timely manner. Information disclosed through the SET and the Company's website in both Thai and English is periodically updated and includes the following important details:

- / Investment structure
- / Organization chart
- / Authority, duties and responsibilities of the Board and its committees
- / Articles of Association
- / Corporate Governance Policy
- / Annual report / Form 56-1
- / Operating results, including management discussion and analysis
- / Minutes and supporting documents in relation to the annual general shareholder's meeting
- / Presentation for investors and analysts
- / CSR activities

The Company has drawn up and implemented a disclosure policy to help it comply with relevant laws on the disclosure of information and promote investor confidence in the Company's integrity.

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 for these activities in order to ensure thorough compliance with all relevant laws and regulations.

The following investor-relations activities were conducted during 2012:

- / Meetings with analysts and fund managers (55 times).
- / “Opportunity Day” arranged by SET (4 times).
- / Newsletters sent to shareholders to update them on the Company’s performance and CSR activities (every quarter).
- / Non-deal roadshows (10 times).
- / Local fund (3 times)
- / Half Year Analyst Meeting – Presentation of the Company’s semi-annual and strategy, plus Q&A.

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 and its activities, 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 key control systems implemented by the Company are summarized below.

#### (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. 2/2013, held on 5 February 2013 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 concluded that the Company's internal control systems were found to be adequate and effective, with no material deficiency. In addition, the monitoring systems for safeguarding the Company's and its subsidiaries' assets from misappropriate use by the directors or management were adequate and effective.

KPMG Phoomchai Audit Limited, the Company's external auditors, who conducted the audit of the 2012 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:

- |   |   |
|---|---|
| / Responsibility to shareholders                    | / Participation in political activities                               |
| / Responsibility to customers                       | / Conflicts of interest   |
| / Responsibility to business partners and creditors | / Safeguarding the Company's assets                                   |
| / Responsibility to society and the environment     | / Intellectual property   |
| / Responsibility to staff                           | / Use of inside information and trading of the group's securities     |
| / Human rights                                      | / Distribution of information and interviews with the press or public |
| / Business competition                              | / Related transactions within the group                               |
| / Anti-corruption                                   |   |
| / Compliance with laws, rules and regulations       |   |

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 people to report violations in good faith with an assurance that the informant will be treated fairly and given the best possible protection from reprisals.

During the year 2012, 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 any change in 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*.

### 5.4) Anti-Corruption

The Company is opposed to all forms of corruption and has a policy not to offer money, incentives or other special benefits either directly or through third parties, to its customers, suppliers, government officials or any other person in order to obtain or maintain business or any other competitive advantage. There is no policy to pay a reward to expedite or facilitate the performance of a routine administrative function.

In 2012, the Company signed a declaration of collective action by private sector with the objective of creating a coalition against corruption that will cooperate with civil society, the media, and international organizations in order to foster cleaner business practices. The Company is currently drawing up an Anti-Corruption Council for anti-corruption certificate in 2013.

# Related-Party Transactions

## Related-Party Transactions

During the year 2012, 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 4 to the Financial Statements ending 31 December 2012.

Transactions with related companies that may cause conflicts of interest

In 2012, the Company, its subsidiaries and jointly-controlled entities made significant transactions with related companies that may cause conflicts of interest and the reasons for these are described in the table as follows:

		Amount of significant transactions of the Company and its subsidiaries for the year ending 31 December 2012 (in million baht)				Rationale and Price Policy
Name of related company/ Type of relationship	Type of transaction	The Company	THAICOM 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	0.92	4.57	0.01	5.50	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. 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.
	Income:					
	INTOUCH Group provided maintenance and development of computer programs, advertising and transponder rental to AIS as follows:					
	1. Dividend income	12,219	-	-	12,219	INTOUCH has dividend income, as per the resolution of the shareholders' meeting or the Board of Directors of AIS.

Amount of significant transactions of the Company and its subsidiaries for the year ending 31 December 2012 (in million baht)						
Name of related company/ Type of relationship	Type of transaction	The Company	THAICOM and its subsidiaries	Other companies	Total	Rationale and Price Policy
	2. Income from computer services	-	-	95.74	95.74	A subsidiary (ITAS) provides accounting program services. The prices are in line with other companies who provide the same services.
	3. Income from website design	-	0.68	-	0.68	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	-	-	259.31	259.31	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	-	52.17	-	52.17	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. Interest income	0.45	-	0.94	1.39	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 14.14% 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	0.71	24.21	0.28	25.20	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.

Amount of significant transactions of the Company and its subsidiaries for the year ending 31 December 2012 (in million baht)						
Name of related company/ Type of relationship	Type of transaction	The Company	THAICOM and its subsidiaries	Other companies	Total	Rationale and Price Policy
	2. Advertising	0.13	0.09	-	0.22	INTOUCH Group advertised in the Yellow Pages. Internal customers are normally charged at the same rate as external customers.
	Income: INTOUCH Group provided maintenance and development of computer programs, advertising and transponder rental as follows:					
	1. Income from computer services	-	0.06	6.52	6.58	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	-	-	0.53	0.53	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	-	11.66	-	11.66	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.
	4. Dividend income	-	142.56	-	142.56	A subsidiary of THAICOM (DTV) had dividend received, as per the resolution of the shareholders' meeting or the Board of Directors of CSL.

Amount of significant transactions of the Company and its subsidiaries for the year ending 31 December 2012 (in million baht)						
Name of related company/ Type of relationship	Type of transaction	The Company	THAICOM and its subsidiaries	Other companies	Total	Rationale and Price Policy
3. Shenington Investment Pte Limited (SHEN) SHEN is held by THAICOM and AMH 51%:49%, respectively. AMH has the same major shareholder as the Company.	Income: INTOUCH Group provided business consultancy and others.	-	1.01	0.05	1.02	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.  A subsidiary (ITAS) provides accounting program services. The prices are charged in line with other companies who provide the same services.
4. Mfone Co., Ltd. (Mfone) 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 (Mfone is in the process of insolvency proceedings).	Income: INTOUCH Group provided transponder rental and others  Provision for bad debt	-  -	1.02  -	-  6.68	1.02  6.68	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.  A subsidiary (MB) had set a provision for bad debt to Mfone due to Mfone is in the process of insolvency proceedings.
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.	Expenditure: INTOUCH Group paid for International Roaming.  Income: INTOUCH Group provided transponder rental and advertising as follows:	-	0.04	-	0.04	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.



Amount of significant transactions of the Company and its subsidiaries for the year ending 31 December 2012 (in million baht)						
Name of related company/ Type of relationship	Type of transaction	The Company	THAICOM and its subsidiaries	Other companies	Total	Rationale and Price Policy
	Income from transponder rental.	-	0.26	-	0.26	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.
	Credit note	-	-	2.25	2.25	A subsidiary (MB) issued a credit note to LTC
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.	-	2.91	-	2.91	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.
	Income: INTOUCH had interest income	-	3.33	-	3.33	
7. StarHub Limited (StarHub) StarHub has the same major shareholders as the Company.	Expenditure: INTOUCH Group paid for International Roaming.	-	0.13	-	0.13	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	-	0.18	-	0.18	Jointly-control entity (Mfone) provides 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	9,061	-	-	9,061	As per the resolution of the shareholders' meeting or the Board of Directors of the Company.

#### 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.

#### 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

### Summary of operating results

The consolidated revenue for the year ended 31 December 2012 was 23,134 million baht based on the consolidated profit attributable to owners of the Company of 13,787 million baht. The consolidated net profit depends primarily on the results of operations of AIS Group, an associated company and the primary focus of our local wireless communications business. We account for AIS Group using the equity method. Our share of the net profits from AIS Group, for the year 2012, was 14,171 million baht, which contributed 61.3% of our total consolidated revenue and 102.8% of our consolidated net profit attributable to owners of the Company.

The consolidated revenue decreased from the year 2011 when a gain of 7,264 million baht was recorded from the partial sale of investment in an associate. However, excluding this gain, the consolidated revenue actually increased, mainly from the share of the net profits of AIS Group, the satellite business and telecommunications in Laos.

### 2.1GHz License Granted

Advanced Wireless Network Company Limited ("AWN"), a subsidiary of AIS, has been granted permission by the National Broadcasting and Telecommunications Commission ("NBTC") to provide and operate a Cellular Mobile Telephone service on the frequency bands 1950-1965MHz and 2140-2155MHz. Operations commenced on 7 December 2012 and will continue until 6 December 2027.

### Thaicom 6 and Thaicom 7

Thaicom 6 and Thaicom 7 are currently in the process of integrating sub-system parts of the satellite. Both satellites will significantly enhance THAICOM's capability to provide services to meet increasing demand in Asia Pacific and Africa. Thaicom 6 and Thaicom 7 are scheduled to be launched in 2013 and 2014, respectively. On 26 June 2012, THAICOM was granted a telecom operation license type III by NBTC to operate Thaicom 7 for a twenty-year period.

### Investment under "InVent" Project

The principle aim of the "InVent" project is to encourage small businesses that show potential in areas related to the Company's business interests in order to foster synergy within the group, enhance competitiveness and increase growth.

On 25 September 2012, the Company made an investment in Ookbee Co., Ltd. ("OOKB"), a service provider for the digital publication platform and e-booking. The Company subscribed to newly issued shares equivalent to 25.03% of OOKB's registered share capital, amounting to 57.48 million baht, and recorded the transaction as "investment in an associated company".

### Non-current assets held for abandonment and discontinued operations

On 12 November 2012, THAICOM's board of directors approved the sale of Mfone Co., Ltd. ("Mfone"), a subsidiary of THAICOM's jointly-controlled entity. The share purchase agreement contained conditions that both parties had to fulfill within 60 days. However,

after 60 days, the potential buyer was unable to fulfill the conditions and terminated the agreement.

On 9 January 2013, Mfone filed a petition at the Phnom Penh Municipal Court to begin insolvency proceedings as per legal opinion of THAICOM. The court will appoint an administrator to liquidate all Mfone's assets and settle its liabilities. Before the administrator is appointed, Mfone must not take any action that would deplete or encumber its assets or create any obligations and liabilities.

As at 31 December 2012, Mfone's assets and liabilities were presented as "non-current assets and liabilities held for abandonment" in the consolidated statements of financial position while the operational results of Mfone for the year 2012 and 2011 have been reported separately as "discontinued operations" in the consolidated statements of income of INTOUCH Group.

### General Information

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, and its jointly-controlled entities that operate telecommunications services in Laos and Cambodia (although Mfone, the telecommunication operator in Cambodia has entered insolvency proceedings); media and advertising businesses managed by our subsidiaries ITV Plc (ITV), Matchbox Co., Ltd. (MB), and an associated company, OOKB. Other businesses are 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.

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

(Should be read in conjunction with the Company's financial statements)

	Year ended 31 December			
	2012		2011	
	Mn. baht	%	Mn. baht	%
Dividend income	12,255	99.3%	10,268	57.6%
Gain from partial sale of investment in associate	-	-	7,499	42.1%
Other income	88	0.7%	56	0.3%
Total revenues	12,343	100.0%	17,823	100.0%
Total expenses	(330)	2.7%	(291)	1.7%
Net profit for the year	12,010	97.3%	17,530	98.3%

2011 profit was included a gain from partial sale of investment in AIS, apart from this, 2012 profit rose from higher dividend received

#### The Company's net results

In 2012, the net profit rose by 1,979 million baht or 19.7% from the normalized profit of 2011, excluding a gain from the partial sale of AIS shares amounting to 7,499 million baht. This was mainly due to higher dividends received from AIS (10.16 baht per share compared to 8.09 baht per share in 2011). But, if a gain from the partial sale of AIS shares was taken into account, the net profit of 2012 dropped.

The Company's Financial Position (using the Cost Method of accounting)  
(Should be read in conjunction with the Company's financial statements)

	As at 31 December			
	2012		2011	
	Mn. baht	%	Mn. baht	%
<b>Assets</b>				
Cash & cash equivalents and current investment	2,178	15.1%	9,820	44.7%
Other current assets	15	0.1%	20	0.1%
Investments in subsidiaries and associates	12,135	84.4%	12,077	54.9%
Other non-current assets.	57	0.4%	65	0.3%
<b>Total assets</b>	<b>14,385</b>	<b>100.0%</b>	<b>21,982</b>	<b>100.0%</b>
<b>Liabilities</b>				
Dividend payable	-	-	7,503	34.1%
Other liabilities	141	1.0%	125	0.6%
<b>Total liabilities</b>	<b>141</b>	<b>1.0%</b>	<b>7,628</b>	<b>34.7%</b>
<b>Equity</b>				
Share capital	3,206	22.3%	3,206	14.6%
Premium on share capital	10,342	71.9%	10,342	47.0%
Legal reserve and others	504	3.5%	500	2.3%
Retained earnings	192	1.3%	306	1.4%
<b>Equity attributable to owners of the Company</b>	<b>14,244</b>	<b>99.0%</b>	<b>14,354</b>	<b>65.3%</b>
<b>Total liabilities and equity</b>	<b>14,385</b>	<b>100.0%</b>	<b>21,982</b>	<b>100.0%</b>

Cash dropped due to a proceed from the partial sale of investment in AIS in 2011, of which was paid as dividend in January 2012

#### Assets

Cash & cash equivalents and current investment as at 31 December 2012 totalled 2,178 million baht, a decrease of 77.8% from the end of 2011. This was mainly due to the partial sale of AIS shares in 2011, which increased the cash on hand although the proceeds were passed on to the shareholders through a dividend in January 2012.

#### Liability and equity

Total liabilities as at 31 December 2012 decreased 98.2% due to a drop of dividend payable. Equity attributable to owners of the Company decreased slightly from the end of 2011.

Consolidated operation results, showing each item as a percentage of total consolidated revenue  
(Should be read in conjunction with the Company's financial statements)

	For the year ended 31 December			
	2012		2011	
	Mn. baht	%	Mn. baht	%
	(Re-presentation)			
Revenue:				
Revenue from sales of goods and rendering of services:				
- Satellite	6,316	27.3%	5,738	22.4%
- Telephone network in foreign entities (other than AIS)	700	3.0%	576	2.3%
- Media and advertising	1,192	5.1%	1,305	5.0%
- Others*	337	1.5%	400	1.6%
Total revenue from sales of goods and rendering of services	8,545	36.9%	8,019	31.4%
Share of net result from investments - Equity Method:				
- AIS (local wireless telecommunications)	14,171	61.3%	9,912	38.7%
- Others	165	0.7%	157	0.6%
Total share of net results from investments - Equity Method	14,336	62.0%	10,069	39.3%
Gain from partial sale of investment in associate	-	-	7,264	28.4%
Net foreign exchange gain	20	0.1%	-	-
Other income	233	1.0%	243	0.9%
Total revenue	23,134	100.0%	25,595	100.0%
Expenses:				
Cost of sales and services	4,920	21.3%	5,188	20.3%
Operating agreement fees	747	3.2%	597	2.3%
Loss on provision for interest on unpaid operating agreement fees	433	1.9%	433	1.7%
Selling expenses	137	0.6%	164	0.6%
Administrative expenses	1,591	6.9%	1,478	5.8%
Net foreign exchange loss	-	-	85	0.3%
Impairment losses on non-current assets held for abandonment	175	0.8%	-	-
Management benefits	159	0.7%	153	0.6%
Total expenses	8,162	35.4%	8,098	31.6%
Profit before finance costs and income tax	14,972	61.3%	17,497	68.4%
Finance costs	(424)	(1.8)%	(455)	(1.8)%
Tax expense	(353)	(1.5)%	(506)	(2.0)%
Profit for the year – continued operation	14,195	61.3%	16,536	64.6%
Loss from discontinued operations	(508)	(2.2)%	(467)	(1.8)%
Profit for the year	13,687	59.1%	16,069	62.8%
Attributable to:				
Owners of the Company	13,787	59.5%	16,559	64.7%
Non-controlling interests	(100)	(0.4)%	(490)	(1.9)%
Profit for the year	13,687	59.1%	16,069	62.8%

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



<i>Sale and service revenue rose from satellite business and telephone network in Laos</i>	<p><b>Revenue from sales and services</b></p> <p>Sales and service revenue increased 6.6% from 8,019 million baht in 2011 to 8,545 million baht in 2012; mainly from the satellite business and telephone network business in Laos, although there was a drop in revenue from the media, advertising and other businesses.</p>
<i>Revenue from conventional satellite rose following the growth of TV satellite and IPSTAR rose from bandwidth usage in foreign countries</i>	<p><b>Satellite Business</b></p> <p>Revenue from the satellite business increased 10.1% from 2011, mainly from the conventional satellite due to a rise in transponder leasing, particularly by broadcasting satellite operators that continue to expand, and other value added services. The revenue from Thaicom 4 (IPSTAR) also increased due to a rise in bandwidth usage in Australia, Japan, India, Myanmar and New Zealand; however, this was offset by a drop in UT sales after the Open Platform strategy was implemented to increase bandwidth sales by enabling other providers' ground systems (including UTs) to use IPSTAR's bandwidth. Furthermore, there were sales of IPSTAR gateways in Japan and equipment for an IPSTAR gateway in Australia in 2011 but none in 2012.</p>
<i>Revenue from telephone business in Laos increased from ARPU, due to the government has controlled the tariff</i>	<p><b>Telephone networks in Laos</b></p> <p>The total number of mobile and fixed-line telephone subscribers in Laos in 2012 was 1.34 million, a slight increase from 1.30 million in 2011. However, revenue increased by 22.3% from ARPU after the MPTC announced a tariff control for telecommunication services, which led ARPU to rise</p> <p><b>Media and advertising</b></p> <p>Media and advertising revenue decreased 8.7% due to a drop in customer's marketing activities.</p> <p><b>Other revenue</b></p> <p>Other revenue decreased slightly from 2011, due to competitive pricing and contents in Thailand. By the end of 2012, the accumulated sales volume of satellite TV dishes set was 1.39 million sets, an increase of 0.22 million sets.</p> <p><b>Share of net results from investments – Equity Method.</b>  <i>(For more details of AIS, please see part "Management Discussion and Analysis of Financial Results of AIS" herewith)</i></p>
<i>Net profit up from an increase in mobile internet and voice revenue</i>	<p>The share of net results rose 42.4% from 10,069 million baht in 2011 to 14,336 million baht in 2012, mainly contributed by AIS Group.</p> <p>The net profit of the standalone AIS Group was 34,883 million baht in 2012, an increase of 57.0% from the profit of 22,218 million baht in 2011(excluding the adjustment to derivatives and intercompany gain made by the Company to its share of profits from AIS Group's results). The net profit in 2011 was impacted by goodwill impairment on DPC and a decrease of corporate tax rate which reduced the deferred tax assets value. Stripped of these non-recurring items, the normalized net profit of 2011 was 26,600 million baht.</p> <p>The increase of normalized net profit of 31.1% from 2011 was mainly from revenue, lower finance costs after debt repayment in 2011 and lower tax expense after a reduction in corporate income tax rate, although the costs and administrative expense were higher.</p> <p>Non-voice service revenue rose 33% from 2011, driven primarily by a marked growth in mobile internet usage. Voice service revenue increased 5%, mainly in rural areas where AIS has widespread coverage. Sales revenue rose 34% due to the continuing popularity of smart devices and strong mobile internet demand.</p> <p>The cost of sales and operating agreement fees were higher than 2011 while SG&amp;A also increased, primarily from written-off obsolete equipment.</p>

*Cost of sales and services down due to declining revenue in media and advertising businesses, following its decreased revenue*

#### Cost of sales and services

The cost of sales and services decreased by 5.2%, mainly in the media and advertising businesses, satellite business and other businesses, although costs in the telephone network in Laos increased.

Costs in the media and advertising businesses and other businesses dropped, following its revenues. In the satellite business, mainly Thaicom 4 (IPSTAR), the cost of UT sales dropped with lower revenue while in-orbit satellite insurance also dropped, although the cost of gateway operations in China increased. However, the service cost of the conventional satellite rose following an increase in revenue.

Costs in the telephone network in Laos rose due to depreciation on its expanded network and an increase in international roaming.

*Operating agreement fees up follow the growth of revenue*

#### Operating agreement fees

The total cost of operating agreement fees rose 25.1% from 2011, mainly due to an increase in service revenue in the satellite business along with higher fees.

*Administrative expenses down from the reversal of allowance for bad debt and provision of obsolete inventory*

#### Administrative expenses

The administrative expenses rose 7.6% from 1,478 million baht in 2011 to 1,591 million baht in 2012, due to an increase in staff costs and related expenses from the sale of Mfone, although this was offset by the reversal of an allowance for bad debt owed by satellite customers and a decrease in the provision for obsolete inventory in the satellite business.

#### Impairment losses on non-current assets held for abandonment

In 2012, THAICOM recognized an impairment loss on Mfone (which operates telecommunication services in Cambodia) in the amount of 175 million baht.

#### Tax expenses

Tax expenses dropped 30.2% from 506 million baht in 2011 to 353 million baht in 2012, mainly; from a drop in the corporate income tax rate which INTOUCH Group had recorded the impact in 2011. This had effected to the deferred tax assets value to be dropped and income tax to be rose.

#### Loss from discontinued operations, net of income tax

The consolidated financial statements for the year 2012 and 2011 have separated the operational results of Mfone under "loss from discontinued operations, net of income tax". This is to present discontinued operations separately from continued operations.

In 2012, Mfone incurred an operational loss, net of income tax, of 508 million baht (proportionated), an increase from 41 million baht in or a rise of 8.8% from 467 million baht in 2011. This was due to the decline in mobile subscribers, arising from high competition in Cambodia.

#### Net results attributable to non-controlling interests

The losses from subsidiaries shared to non-controlling interests, mainly in THAICOM and ITV. In 2012, the net result attributable to non-controlling interests was 100 million baht, a decrease of 79.6% from 490 million baht in 2011.

The net result attributable to non-controlling interests of ITV is loss at approximately 200 million baht annually. However, in 2012, THAICOM made an operational profit, even though there was an impairment loss recorded on non-current assets classified as held for abandonment, while there was an operational loss recorded in 2011.

## Consolidated Financial Position

(Should be read in conjunction with the Company's financial statements)

Asset	As at December			
	2012		2011	
	Mn. baht	%	Mn. baht	%
Cash & cash equivalents and current investment	5,681	11.8%	13,954	25.1%
Other current assets	2,106	4.4%	2,312	4.2%
Non-current assets held for abandonment	1,769	3.7%	-	-
Investments in associates	18,758	39.0%	16,977	30.6%
Property and equipment, net	5,707	11.9%	6,668	12.0%
Property and equipment under operating agreements, net	11,482	23.9%	12,828	23.1%
Other non-current assets.	2,552	5.3%	2,788	5.0%
<b>Total assets</b>	<b>48,055</b>	<b>100.0%</b>	<b>55,527</b>	<b>100.0%</b>
Liabilities and equity				
Dividend payable	-	-	7,503	13.5%
Current portion of long-term borrowings	116	0.2%	4,627	8.3%
Total current liabilities	7,811	16.3%	7,739	14.0%
Liabilities of non-current assets held for abandonment	1,769	3.7%	-	-
Long-term borrowings	7,047	14.7%	5,653	10.2%
Other liabilities	766	1.6%	679	1.2%
<b>Total liabilities</b>	<b>17,509</b>	<b>36.4%</b>	<b>26,201</b>	<b>47.2%</b>
Equity attributable to equity holders of the Company	22,543	46.9%	21,159	38.1%
Non-controlling interests	8,003	16.7%	8,167	14.7%
<b>Total equity</b>	<b>30,546</b>	<b>63.6%</b>	<b>29,326</b>	<b>52.8%</b>
<b>Total liabilities and equity</b>	<b>48,055</b>	<b>100.0%</b>	<b>55,527</b>	<b>100.0%</b>

*Cash dropped mainly due* Assets

*to cash proceed from the partial sale of investment in AIS in 2011, of which was paid as dividend in January 2012 and there was a repayment of debenture in November 2012*

As at 31 December 2012, the cash & cash equivalents and current investment totaled 5,681 million baht, a decrease of 59.3% from the end of 2011, mainly due to cash proceed from the partial sale of investment in AIS in 2011, of which was paid as dividend in January 2012. Furthermore, there was a repayment of debenture in November 2012. The investments in associates increased 10.5%, mainly, from the operational result of 2012, but it was offset with the interim dividend of associates.

## Liabilities and equity

As at 31 December 2012, the consolidated liabilities dropped 33.2%, mainly due to a dividend paid in January 2012, in addition with the repayment of debenture tranche I at 3,300 million baht in November 2012.

The consolidated equity decreased from 2011, primary due to the operational profit of 2012, but it was offset with the interim dividend paid of the Company.

## Consolidated Cash Flow\*

(Should be read in conjunction with the Company's financial statements)

	For the period ended December	
	2012	2011
	Mn. baht	Mn. baht
Net cash provided by operating activities	15,800	13,265
Net cash provided by (used in) investing activities	(2,230)	5,401
Net cash used in financing activities	(21,831)	(9,041)
Net increased (decreased) in cash & cash equivalents and current investment	(8,261)	9,625
Cash & cash equivalents and current investment at beginning of year	13,954	4,335
Effects from cash & cash equivalents of non-current assets held for abandonment	(11)	-
Effects of exchange rate changes on balances held in foreign currencies	(2)	(6)
Cash & cash equivalents and current investment at end of year	5,681	13,954

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

*Cash dropped mainly due to cash proceed from the partial sale of investment in AIS in 2011, of which was paid as dividend in January 2012 and the repayment of debenture in November 2012*

## Consolidated cash flow

As at 31 December 2012, consolidated cash & cash equivalents and current investment totaled 5,681 million baht, a decrease of 8,261 million baht from the end of 2011 (excluding the effects of exchange rate changes on balances held in foreign currencies).

## Net cash flows provided by operating activities

In 2012, the consolidated cash flow provided by operating activities was 15,800 million baht, an increase of 19.1% from 2011, mainly due to an increase of dividend receipt and profit from operating activities.

This was because, in 2011, there was proceed from the partial sale of investment in AIS, of which was paid as dividend in January 2012. Also, in 2012, there was a higher investment in property and equipment, including the investment in Thaicom 6 than in 2011.

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

The net cash used in investing activities was 2,230 million baht when compared to the net cash provided 5,401 million baht in 2011.

## Net cash flows used in financing activities

The consolidated cash flows used in financing activities amounted to 21,831 million baht, an increase sharply from 2011, mainly from higher payment of dividend during 2012 than in 2011 and repayment of loan.

## 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 item financial position and results of operation.

## 2012 Management Discussion and Analysis of Financial Results of AIS

(An associate which INTOUCH has significant influence and using Equity Method for the consolidated financial statements)

### EXECUTIVE SUMMARY

2012 was an outstanding year for mobile data services in the Thai telecom market, thanks to a wider availability of affordable smart devices and increased social network usage. Because there was a long delay in the allocation of the 2.1GHz frequency, AIS re-farmed a portion of its limited bandwidth on 900MHz to deploy 3G in major cities and capture the data growth market. In 2012, we achieved a further 4.5 million 3G subscriptions with our coverage of 3,500 sites in 18 key strategic cities. This drove our non-voice revenue in 2012 to grow 33%, slightly above our guidance of 30%, and drove revenue contribution to 24% compared to 20% in 2011. Meanwhile, voice services continued to grow 5% from 2011, but at a slower rate as mobile penetration reached 120%, reflecting narrower voice penetration. With our “Quality DNAs” concept, AIS mobile data services grew well, despite the constraints of our 900MHz capacity. AIS outperformed industry competitors in the voice market due to our strong nationwide network coverage. Therefore, AIS total revenue increased 12%. Despite more investment to upgrade network technology and enhance capacity, AIS retained tight cost management and achieved an EBITDA growth of 8.5% and net profit growth of 57%.

A key milestone in 2012, that will bring a structural shift to AIS’ business model, was the issuing of the 2.1GHz license in December 2012. Advanced Wireless Network (AWN), a wholly owned subsidiary of AIS, was granted a 15-year license to operate 2x15MHz bandwidth on 2.1GHz. This new license allows AIS to break away from over 20 years of a Thai telecom concession based business model, resulting in a reduced regulatory fee burden, a fully owned asset ownership and fairer terms and conditions for all industry players. AIS plans to invest Bt70bn from 2013 to 2015, inclusive, in the new 3G-2.1GHz network, while maintaining its existing 900MHz network. AIS expects service revenue to grow 6-8% in 2013, driven mainly by mobile data growth while voice growth tends to slowdown. Operating expenses are expected to increase due to rising marketing expense and additional revenue share incurred on roaming and rental charges from utilizing existing 900MHz network, thus our EBITDA margin is expected to be 41-42%. Our strong cash flow from operation and new debt (if needed) will be used to fund the investment and will continue to support our financial position and maintain our current dividend policy.

### SIGNIFICANT EVENT

#### Impairment loss of investment in DPC in the separate financial statements

In 4Q12, the Company reviewed the carrying amount of investment in DPC, a subsidiary operating mobile service on GSM 1800MHz, by comparing net book value with the recoverable net present value of future cash generation, assuming that the Build-Transfer-Operate (BTO) contract of the 1800MHz will expire on 15 September 2013. As a result, the Company recorded a non-cash loss from impairment of Bt2,475mn, which impacted on the net income, but only in the separate financial statements. Based on the projected future cash flow and outstanding net cash on hand in DPC, the recoverable amount of investment in DPC remains at Bt4,479mn on the separate financial statements (Note 11 of the Financial Statement 2012).

#### Adjustment of employee benefit obligations

The Company adjusted actuarial assumptions for the calculation of employee benefit obligations, such as discount rate and future salary increase, to reflect the current situation. Because of the adjustment, the Company recorded actuarial losses on the comprehensive income of Bt723mn in the consolidated financial statements and Bt417mn in the separate financial statements. (Note 21 of the Financial Statement 2012).

#### Write-off obsolete equipment

In 4Q12, the Company wrote-off obsolete equipment with a value of Bt377mn, and recorded the write-off in administrative expenses. Equipment availability and functionality is checked regularly, and if it is found to be obsolete or not functional, it is written off.

## RESULTS

### Operational summary

AIS registered 35.7mn subscribers, which grew from 33.5mn last year and represented a 2.3mn net addition in 2012. The subscriber growth came from multiple SIMs users, in response to higher demand for mobile internet, as well as some organic growth from provincial markets. AIS continued to focus on quality subscribers, which resulted in a stable churn rate of 1.5% and 4.3% for the postpaid and prepaid segments, respectively. The trend of using mobile data expanded in both the prepaid and postpaid segments. Prepaid average revenue per user (ARPU) increased to Bt219, an increase of 7.4% YoY, while minutes of use (MOU) increased 2.2% YoY to 330 minutes, as prepaid subscribers continued to use voice while also starting to consume more data. However, in the postpaid segment, ARPU stayed flat at Bt682, while MOU declined 8% YoY to 538 minutes because of high mobile usage during the flood crisis at that time. Excluding the high usage in 4Q11, postpaid ARPU gradually rose for the first three quarters in 2012 with an average of Bt673 compared to Bt645 in 2011.

### Revenue

In 2012, AIS generated total revenue of Bt141,568mn, an increase of 12% YoY, underpinned by both strong mobile usage and device sales. Service revenue, excluding IC, reached Bt108,355mn and increased 11% YoY, above our 2012 guidance, from continued growth momentum from both voice and data services. Device sales expanded to Bt17,695mn, an increase of 34% YoY, supported by growing demand for smart devices. Particularly in 4Q12, device sales increased sharply 85% YoY due to the arrival of iPhone 5.

### Voice Revenue

In 2012, the competition in voice market remained stable. Due to our strong nationwide network coverage and segmentation strategy, voice revenue stood at Bt74,742mn, an increase of 5.4% YoY, supported by both postpaid and prepaid segments. Prepaid voice revenue recorded a decent growth of 4.6% YoY mainly from regional users. Meanwhile, postpaid voice revenue grew 7.6% YoY because of strong demand for postpaid subscriptions with smartphone packages. The overall voice growth somewhat decelerated from a 2011 growth of 8%, reflecting limited room for further voice penetration.

### Non-voice revenue

Non-voice growth momentum continued in 2012 supported by higher demand for mobile internet, smart device adoption and social media applications. Non-voice revenue stood at Bt26,197mn, an increase of 33% YoY, supported by a strong mobile data revenue of 65% YoY. Data users increased to 12.2mn, with 4.5mn 3G-900MHz subscriptions, and represented 34% of total subscribers compared to 27% last year. During the year, smart device adoption expanded due to more affordable devices, starting at less than Bt4,000, with a total of 17% of all subscribers using smart devices. In response to increased data user and usage, AIS enhanced customer data experience through improved data capacity on 3G-900MHz coupled with a range of innovative applications, for example, AIS Guide&Go, AIS MusicStore and, AIS BookStore to match customers' digital lifestyles.

### International and other revenue

Revenue from international call and other business was Bt4,611mn and increased 9.5% YoY because of higher usage and more subscribers using IDD services, encouraged by several marketing campaigns. International roaming (IR) revenue declined 7% YoY due to falling revenue from visitors roaming in Thailand (inbound), partly offset by growing revenue generated from AIS subscribers roaming internationally (outbound), particularly with data roaming. In response to the demand for mobile data, AIS launched several new roaming applications and services in 2012, focusing on international data roaming experience, for example, easy-to-activate roaming packages, bill shock prevention solutions and SMS alerts to prevent excessive and unwanted data roaming usage.

### Handset sales

Sales revenue was Bt17,695mn, an increase of 34%YoY due to higher smartphone sales and increased customer demand for mobile data, particularly following the launch of iPhone 5 in 4Q12. AIS offered affordable smart devices bundled with a range of



customized, attractive tariffs and valued added services, such as AIS Bookstore, and targeted specific customer lifestyles and segments. However, handset pricing competition drove the sales margin lower to 8.3% from 11.9% last year.

#### Interconnection charges (IC)

Net interconnection revenue stood at Bt565mn and improved from Bt451 last year. This was underpinned by higher IC receipts as more all-networks promotions were promoted from peers while IC cost was stable.

#### Expenses

##### Cost of services excluding IC

In 2012, total cost of service, excluding IC, was stable at Bt25,219mn, due to network amortization that decreased 12%YoY to Bt14,907mn from fully amortized assets under the Build-Operate-Transfer contracts. The declined amortization was offset by rising network operating expense and other cost of service. Network operating expense increased 21%YoY to Bt5,393mn due to 3G-900MHz network expansion and an increase of voice and data capacity. Other cost of service increased 31%YoY due to the network expansion and amortization of the 2.1GHz license cost and started in December 2012 after the license was officially awarded.

##### Selling and general administrative expenses (SG&A)

SG&A was Bt11,958mn, an increase of 7.6%YoY, mainly from higher administrative cost as we wrote off obsolete equipment with a value of Bt377mn. To build AIS-3G awareness and customer relations activities, marketing expense slightly increased 2.3%YoY to Bt2,890mn. However, the marketing expense dropped to 2.0% of total revenue, compared to 2.2% in 2011. Bad debt decreased 11% to Bt543mn or 2.0% of postpaid revenue, compared to 2.5% in 2011. The lower bad debt indicated a quality subscriber base and an effective customer relations program.

#### Profit

Strong service revenue growth drove EBITDA to Bt61,436mn, an increase of 8.5%YoY in 2012, despite an increase of cash operating expense to serve mobile data demand. As a result of smartphone popularity, which caused the low-margin handset sales business to contribute more to the revenue mix, as well as the maintenance of 900MHz network quality, EBITDA margin declined to 43.4% from 44.8% in 2011. In 2012, net income was Bt34,883mn, increasing 57%YoY, due to a higher EBITDA, lower network amortization, lower finance cost (after repayment of Bt5.5bn interest bearing debt in 2012), reduced corporate tax (from 30% to 23%) and no special items as in 2011; namely, the DPC goodwill impairment of Bt1,542mn and the deferred tax adjustment of Bt2,840mn. Net profit margin increased to 24.6% from 17.6% due to lower amortization, finance cost and corporate tax, in spite of lower EBITDA margin. Excluding the special items in 2011, normalized net income was 34,883mn and increased 31%YoY.

#### Financial position and cash flow

At the end of 2012, total assets increased to Bt100,968mn from Bt86,672mn in 2011, due to the acquisition of the 2.1GHz spectrum license and an increase in current assets, including cash and trade receivable. The 2.1GHz license of Bt14,625mn was recorded as a non-current asset and will be fully amortized in 15 years in accordance with its license period. Cash was Bt23,531mn and increased from Bt21,887mn in 2011. Network under Build-Transfer-Operate (BTO) contracts continued to decrease as the contracts are approaching expiration, despite an increased CAPEX in 2012.

Interest bearing debt was Bt20,915mn and decreased from Bt22,415mn in 2011, as AIS repaid Bt5.5bn while drawing down new loans of Bt4bn in 2012. Liquidity, represented by current ratio, was 1.05 and was slightly lower from 1.12 in 2011. AIS still maintained a net cash position even though the Company paid Bt7,321mn for the first installment of the 2.1GHz license cost. Consolidated equities were Bt43,542mn and increased from Bt39,464mn in 2011 due to net income growth.

In 2012, AIS had a cash flow from operation of Bt51,133mn, an increase of 6%YoY, due to the higher EBITDA. CAPEX was Bt9,598mn and increased from Bt5,707mn in 2011 due to the 3G-900MHz project and network capacity expansion. The CAPEX

was higher than the 2012 guidance of Bt8,000mn because investment on 3G-2.1GHz started after obtaining the license. Free cash flow (EBITDA-CAPEX) was Bt51,838mn and grew 1.8%YoY.

## FINANCIAL RESULT

Table 1 – Revenue

(Bt million) / (% to total service revenue excluded IC)

	2011		2012		YoY (Amount)	YoY (%)
Voice revenue	70,944	72.5%	74,742	69.0%	3,798	5.4%
Postpaid (voice)	17,374	17.7%	18,698	17.3%	1,324	7.6%
Prepaid (voice)	53,570	54.7%	56,044	51.7%	2,474	4.6%
Non-voice revenue	19,736	20.2%	26,197	24.2%	6,461	33%
International roaming	3,019	3.1%	2,805	2.6%	-214	-7.1%
Others (IDD, other fees)	4,212	4.3%	4,611	4.3%	398	9.5%
Service revenue excluding IC	97,911	100.0%	108,355	100.0%	10,444	11%

Table 2 – Sales

(Bt million) / (% to total revenue)

	2011		2012		YoY (Amount)	YoY (%)
Sales revenue	13,180	10.4%	17,695	12.5%	4,515	34%
Cost of sales	11,613	9.2%	16,218	11.5%	4,605	40%
Net sales	1,567	1.2%	1,477	1.0%	-90	-5.8%
Sales Margin (%)	11.9%		8.3%			

Table 3 – Interconnection (IC)

(Bt million) / (% to total revenue)

	2011		2012		YoY (Amount)	YoY (%)
Interconnection revenue	15,346	12.1%	15,518	11.0%	172	1.1%
Interconnection cost	14,895	11.8%	14,953	10.6%	58	0.4%
Net interconnection	451	0.4%	565	0.4%	114	25%

Table 4 – Cost of services ex IC

(Bt million) / (% to total revenue)

	2011		2012		YoY (Amount)	YoY (%)
Network amortization	17,017	13.5%	14,907	10.5%	-2,110	-12%
Network operating expenses	4,468	3.5%	5,393	3.8%	924	21%
Base station rental & utility	2,984	2.4%	3,575	2.5%	591	20%
Maintenance	1,484	1.2%	1,818	1.3%	333	22%
Other cost of services	3,758	3.0%	4,919	3.5%	1,161	31%
Cost of services ex. IC	25,243	20.0%	25,219	17.8%	-25	-0.1%
Revenue sharing expense	24,469	19.4%	27,580	19.5%	3,111	13%

Table 5 – SG&amp;A

	(Bt million) / (% to total revenue)					
	2011		2012		YoY (Amount)	YoY (%)
Marketing expense	2,826	2.2%	2,890	2.0%	64	2.3%
General administrative & staff cost	7,476	5.9%	8,324	5.9%	847	11%
Bad debt provision	611	0.5%	543	0.4%	-69	-11%
Depreciation	203	0.2%	201	0.1%	-2	-1.1%
Total SG&A	11,118	8.8%	11,958	8.4%	840	7.6%
% Bad debt to postpaid revenue	2.5%		2.0%			

Table 6 – EBITDA

	(Bt million) / (% to total revenue)					
	2011		2012		YoY (Amount)	YoY (%)
Operating Profit	39,100	30.9%	45,640	32.2%	6,540	17%
Depreciation of PPE	2,511	2.0%	2,183	1.5%	-328	-13%
Amortization	15,164	12.0%	13,447	9.5%	-1,717	-11%
(Gain)/Loss on disposal of PPE	-3	0.0%	364	0.3%	367	
Management Benefit	-116	-0.1%	-153	-0.1%	-37	32%
Other financial cost	-32	0.0%	-45	0.0%	-12	38%
EBITDA	56,623	44.8%	61,436	43.4%	4,813	8.5%

Table 7 – Financial cost

	(Bt million) / (% to total revenue)					
	2011		2012		YoY (Amount)	YoY (%)
Total financial cost	1,666	1.3%	1,093	0.8%	1,666	-34%

Table 8 – Consolidated (Bt million)

	Where	2011	2012	YoY (Amount)	YoY (%)
Net income		22,218	34,883	12,666	57%
Add: Impairment of DPC goodwill	Impairment loss	1,542	0		
Add: Adjustment of deferred tax asset	Income tax expenses	2,840	0		
Normalized net income		26,600	34,883	8,283	31%

Table 9 – Financial Position

	(Bt Million) / (% to total asset)			
	2011		2012	
Cash	21,887	25.3%	23,531	23.3%
ST investment	727	0.8%	1,340	1.3%
Trade receivable	7,037	8.1%	8,065	8.0%
Inventories	1,087	1.3%	1,427	1.4%
Others	2,440	2.8%	3,741	3.7%
Current Asset	33,178	38.3%	38,103	37.7%
License for Telecom	-	0.0%	14,577	14.4%
Networks and PPE	44,121	50.9%	40,297	39.9%
Intangible asset	2,275	2.6%	2,033	2.0%
Defer tax asset	6,422	7.4%	5,314	5.3%
Others	676	0.8%	644	0.6%
Total Assets	86,672	100.0%	100,968	100.0%
Trade accounts payable	3,520	4.1%	7,341	7.3%
CP of LT loans	5,469	6.3%	8,462	8.4%
Accrued R/S expense	4,593	5.3%	4,855	4.8%
Others	16,152	18.6%	15,630	15.5%
Current Liabilities	29,734	34.3%	36,288	35.9%
Total interest-bearing debt	22,415	25.9%	20,915	20.7%
Total Liabilities	47,209	54.5%	57,426	56.9%
Unappropriated retained earning	13,246	15.3%	17,344	17.2%
Total Equity	39,464	45.5%	43,542	43.1%

Table 10 – Key Financial Ratio

	2011	2012
Debt ratio	0.54	0.57
Net debt to equity	0.01	Net cash
Net debt to EBITDA	0.01	Net cash
Total liabilities to equity	1.2	1.3
Current ratio	1.12	1.05
Interest coverage	23.9	43.5
DSCR	5.6	4.5
ROE (%)	66%	84%

Table 11 – Debt Repayment Schedule

	(Bt Million)	
	Debt	Long term loan
2012	5,000	493
1Q13	-	-
2Q13	4,000	247
3Q13	4,000	-
4Q13	-	247
2014	2,500	2,939
2015	-	2,399
2016	-	3,093
2017	-	1,187
2018	-	247

Table 12 – Source and use of fund: 2012

		(Bt. Million)	
Source of Fund		Use of Fund	
Operating CF before change in working capital	62,570	Dividend payment	30,241
Proceeds of long-term borrowings	3,999	Income tax paid	11,110
Interest received	746	CAPEX & Fixed assets	9,598
Sale of property and equipment	28	Payment of license fee for telecommunication	7,321
		Debt repayment	5,486
		Cash increased	1,472
		Finance cost and finance lease paid	1,173
		Net change in current/long investments	613
		Changes in working capital	328
Total	67,343	Total	67,343

## FY2013 MANAGEMENT OUTLOOK &amp; STRATEGY

Service revenue growth	6-8% YoY
Non-voice revenue growth	25-30% YoY
EBITDA margin	41-42%
CAPEX	Bt70bn in 3 years (10% allocated for 2G maintenance)
3G-2.1GHz network coverage	<ul style="list-style-type: none"> <li>• 97% population coverage, equivalent to current 900MHz network</li> <li>• Service launch in all 77 provinces in Thailand since the first year</li> <li>• Approximately 20,000 of 3G-2.1GHz sites</li> </ul>
3G-2.1GHz subscribers	8-10 million (40% using 3G devices)

## New license on 2.1GHz

The long awaited 3G licensing in Thailand was finally pushed through and the National Broadcasting and Telecommunications Commission (NBTC) granted the first 2.1GHz license in December 2012. Advanced Wireless Network (AWN), a wholly-own subsidiary

of AIS, is among one of three that receives a 15-year 2.1GHz license (2x15MHz bandwidth), at the bidding cost of Bt14,625mn. The licensing of new spectrum on 2.1GHz allows AIS to unleash capacity issue and provide full scale 3G service nationwide on a different cost structure from the existing 900MHz/1800MHz BTO (Build-Transfer-Operate) contract scheme. On the license scheme, revenues are subjected to annual license fee of 5.75% and network ownership belongs to AWN. On BTO contracts, revenues are subjected to revenue share of 20-30% paid to TOT/CAT (state-owned enterprises) and network ownership is also transferred to them. The 2.1GHz license is valid for 15 years while BTO contract on 900MHz expires in 2015 and 1800MHz contract in 2013. Meanwhile, we will continue to operate 900/1800MHz (2G network) in parallel with 2.1GHz (3G network) and will optimize both networks to deliver better quality service to our subscribers. Before an expiration of BTO contract, we expect NBTC to announce direction for spectrum reallocation. We intend to operate 900/1800MHz in the long-term.

### **Investment plan: Bt70bn in the next three years**

To maintain the leader position in Thai mobile market and prepare for expiration of the 900/1800MHz contract in 2015/2013, we plan to roll-out 3G-2.1GHz network ahead of NBTC schedule requirement. We intend to build 97% population coverage in 3 years versus the license coverage requirement of 80% within 4 years. Our 2.1GHz network will cover all 77 provinces in Thailand in the first year. By 2015, we intend to have approximately 20,000 sites of 2.1GHz with coverage equivalent to the existing 900MHz network and capacity of the new network matched actual demand. To achieve this roll-out plan, we estimate the consolidated capital expenditure (CAPEX) of Bt70bn in the next three years, provided that 90% of the CAPEX is for rolling out 2.1GHz network and the remaining is for maintaining 900/1800MHz networks that AIS retains rights to operate until 2015/2013. This Bt70bn will cover investment in radio equipment, core network, partial passive infrastructure i.e. towers and transmission, and IT system/equipment.

### **Network sharing with 2G infrastructure**

Under the Bt70bn investment budget, we intend to build a new 3G-2.1GHz network as stand-alone due to the lack of asset ownership on the existing 2G network beyond 2015. Nevertheless, we also consider the competitive advantage of fast network rollout thus some of 2.1GHz equipment will be placed on 900MHz facilities/towers and will also share parts of transmission. Some new towers are also required as 2.1GHz coverage is naturally smaller than 900/1800MHz. Tower/facility/transmission rental will be based on rental agreement between AWN, the 2.1GHz-license company, and AIS who owns operating right of existing network infrastructure until 2015. The rental revenue of AIS is subjected to revenue share to TOT according to the BTO contract. Beyond 2015, a new agreement will need to be sought out between AWN and TOT, the owner of 900MHz asset. We expect to conclude a business deal before expiration of the 900MHz BTO contract.

### **Roaming between 2G and 3G**

For best customers' experience, 2.1GHz subscribers will seamlessly roam on nationwide 900MHz network in the areas where 2.1GHz coverage is unavailable at the beginning and when customers are not using 3G devices, hence this will incur roaming cost. Similar to the network rental above, the roaming cost is as well subjected to revenue share paid to TOT during the BTO contract period. After that, roaming charges will be subjected to negotiation with TOT. The major factors that will drive roaming cost are roaming rate and roaming traffic. Roaming rate is expected to be in-line with the NBTC's guided reference interconnection rate of Bt0.45/minute. Roaming traffic will largely depends on 3G network coverage and 3G device adoption. As 3G coverage and device adoption expands, the roaming traffic will be smaller.

### **Mobile growth toward data centric segment**

Mobile service revenue growth is expected between 6-8% in 2013, driven mainly by mobile data growth while voice growth tends to slowdown. With the new spectrum on 2.1GHz, AIS is ready to deliver a better data experience to customers and better serve the pent-up demand for mobile internet in wider area. The 3G on 2.1GHz will essentially answers mass data connectivity for Thailand where fixed broadband infrastructure is limited and fixed line penetration is merely 10%. While overall mobile penetration today



is 118%, data penetration remains low everywhere, urban or rural. We believe that nationwide 3G coverage will expand overall mobile penetration further and data penetration to be more comparable to regional peers driven by the new data-centric segment, namely smartphone and tablet. Non-voice revenue (including mobile data, messaging, contents, and other value added services) is projected to grow 25-30% in 2013.

Meanwhile, voice growth is expected to slowdown from the past few years as market is highly penetrated, and estimated around 2-3% in 2013. We believe there is some room for voice growth in low-end segment and rural penetration while their mobile data usages also increase.

### **Attracting customers to 3G service**

To strengthen our leadership in the new market environment, "Quality DNAs" (device, network, application, and service), our commitment to excellence, continue to be our core value to customers. Leading with our network quality, we will deploy marketing campaigns to attract subscribers to the better 3G services on 2.1GHz spectrum. Through our solid nationwide distribution channels, we will push more affordable 3G devices from leading handset manufacturers bundling with segmented price plans and applications/service innovation. Moving to 3G technology, overall pricing is moving toward more bundling and data pricing is moving to volume base pricing with fair usage policy, the scheme that is more suitable to the always-on/always-connect behavior. We target to achieve around 8-10 million 3G subscribers in 2013. However, not all customers on 3G subscription will be using 3G handsets and we expect 3G device penetrations to be 40% of all 3G subscription.

### **New cost structure**

The new 2.1GHz operation will change our cost structure in many aspects as customers move from the existing 2G subscription on BTO contracts to the new 3G subscription on licensing scheme.

- 1/ The revenue share (20-30%) on BTO contracts will gradually be replaced by annual license fee (5.75%) from increasing number of 2.1GHz subscribers with 3G devices.
- 2/ Operating expense will increase from expansion of 2.1GHz sites while running operation on 900/1800MHz network in parallel. Marketing campaigns will be launched to achieve the 2.1GHz subscriber target and increase 3G handset penetration. Marketing spending is expected around 2.5% of total revenue.
- 3/ As mentioned earlier, 3G service will rely on the existing 2G infrastructure in terms of network rental and roaming service. Both rental and roaming charges will be incurred on 2.1GHz company and paid to AIS, and subsequently subjected to revenue share paid to TOT during the BTO contract period. Revenue share on network rental is expected to rise as we expand 3G sites while revenue share on roaming depends on 3G handset penetration and network coverage. The larger the number of 3G handsets and network coverage, the smaller roaming charges.
- 4/ Amortization of 2.1GHz license is based on 15-year straight line basis while 2.1GHz network equipment will depreciated according to its useful life. Asset under the 900/1800MHz Build-Transfer-Operate (BTO) contract will be fully amortized by 2015/2013.

In 2013, EBITDA margin is expected to decline to 41-42% as rising marketing expense and additional revenue share incurred on roaming and rental charges from utilizing existing 900MHz network.

### **Capital management: 100% dividend payout**

The Company aims to maintain the same dividend policy that commits 100% payout ratio and pays dividend twice a year. The dividend payout ratio is based on consolidated earnings and subjected to the availability of retain earnings on the separated financial statement. This commitment is supported by our strong cash flow from operation and the low debt level. The CAPEX and license payment will be funded by internal cash flow and additional borrowings if required. Given that the Company is currently in net cash

position and has strong financial credit rating (A- by S&P), the management is comfortable to raise gearing. If and when there is new business opportunities or significant changes that may impact future operation and investment and hence capital structure, the Company will be prompt to discuss our new direction with the investment community.

#### OPERATIONAL DATA

Subscribers	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12
GSM Advance	2,976,500	3,027,500	3,056,200	3,116,200	3,193,600	3,288,500	3,371,900	3,452,000	3,592,800
GSM 1800	76,100	76,100	86,500	95,700	98,000	96,400	96,700	94,300	90,500
Postpaid	3,052,600	3,103,600	3,142,700	3,211,900	3,291,600	3,384,900	3,468,600	3,546,300	3,683,300
Prepaid	28,148,100	28,847,700	29,342,300	29,552,000	30,168,300	30,752,700	31,339,800	31,777,600	32,060,400
Total subscribers	31,200,700	31,951,300	32,485,000	32,763,900	33,459,900	34,137,600	34,808,400	35,323,900	35,743,700
Net additions									
Postpaid	48,100	51,000	39,100	69,200	79,700	93,300	83,700	77,700	137,000
Prepaid	650,500	699,600	494,600	209,700	616,300	584,400	587,100	437,800	282,800
Total net additions	698,600	750,600	533,700	278,900	696,000	677,700	670,800	515,500	419,800
Churn rate (%)									
Postpaid	1.8%	1.6%	1.7%	1.6%	1.5%	1.7%	1.6%	1.6%	1.5%
Prepaid	4.4%	4.4%	4.7%	5.0%	4.3%	4.4%	4.4%	4.3%	4.3%
Blended	4.2%	4.1%	4.4%	4.7%	4.1%	4.2%	4.1%	4.1%	4.0%
Subscriber market share									
Postpaid	43%	43%	43%	45%	45%	44%	43%	42%	n/a
Prepaid	44%	44%	44%	44%	44%	44%	45%	45%	n/a
Total	44%	44%	44%	44%	44%	44%	45%	44%	n/a
ARPU excl. IC (Bt)									
GSM Advance	647	649	645	652	694	678	681	683	690
GSM 1800	585	545	497	461	454	431	417	402	402
Postpaid	645	646	641	647	687	670	673	676	682
Prepaid	197	198	196	195	204	207	203	201	219
Blended	241	242	239	239	251	253	250	248	267
ARPU incl. net IC (Bt)									
GSM Advance	611	612	606	611	651	638	643	648	657
GSM 1800	576	536	484	445	437	415	401	384	388
Postpaid	610	610	602	606	644	632	637	640	650
Prepaid	203	204	202	201	209	213	208	206	225
Blended	243	244	240	240	252	254	251	250	268
MOU (minutes: billable outgoing only)									
GSM Advance	532	527	530	529	588	573	552	547	540
GSM 1800	496	484	479	463	499	486	484	478	482
Postpaid	532	526	529	527	585	570	550	545	538
Prepaid	292	301	299	300	323	334	322	324	330
Blended	316	323	322	322	349	358	345	346	351

**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.*

**Audit Fees****Audit Fees**

In 2012, the Company and its subsidiaries paid the audit fees as follows:

Company	(Unit: Baht Million)	
	The auditor of the Company under KPMG	The other auditors under KPMG and KPMG’s related firms
Shin Corporation Public Company Limited	2.17	-
Thaicom Public Company Limited and its Group	4.01	5.01
ITV Public Company Limited and its Group	0.58	0.05
Other subsidiaries	-	0.54
Total audit fees	6.76	5.60
Out of pocket expenses	0.21	0.05
Total audit fees and out of pocket expenses	6.97	5.65

Remark: KPMG means KPMG Phoomchai Audit Ltd.

**Non-audit fees**

In 2012, the Company and its subsidiaries paid professional service for the audit of information system, revenue report and other related information, the convergence of International Financial Reporting Standards, the due diligence, together with consulting service for oversea business operation in the amount of Baht 1.04 million to KPMG and Baht 4.33 million to related firms of KPMG. The Company and its subsidiaries had no more fee to pay for uncompleted services in 2012 to KPMG and 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 2012 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 2012. 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

# Audit Report of Certified Public Accountant

## To the shareholders of Shin Corporation Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Shin Corporation Public Company Limited and its subsidiaries, and of Shin Corporation Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2012, the consolidated and separate statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

## Management's Responsibility for the Consolidated and Separate Financial Statements

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

## Auditor's Responsibility

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

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

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

## Opinion

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position as at 31 December 2012 and the financial performance and cash flows for the year then ended of Shin Corporation Public Company Limited and its subsidiaries, and of Shin Corporation Public Company Limited, respectively, in accordance with Thai Financial Reporting Standards.

### Emphasis of matter

- 1) As mentioned in notes to the financial statements No. 2.2 and 33 as at 31 December 2012, ITV's current liabilities exceed its current assets by an amount of 4,321 million baht and there is a deficit in excess of the share capital of an amount of 4,321 million baht 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 totalling 2,210 million baht 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 97,760 million baht 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 totalling 2,210 million baht 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 2012 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 2012, represent 2.36 % and 31.16% 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 2012 is nil.

- 2) I draw attention to note 9 to the financial statements which describes the discontinued operation of a subsidiary of a jointly-controlled entity.



Mr. Winid Silamongkol  
Certified Public Accountant  
Registration No. 3378

KPMG Phoomchai Audit Ltd.  
Bangkok  
15 February 2013



Shin Corporation Public Company Limited and its Subsidiaries  
 Statements of financial position  
 As at 31 December 2012 and 2011

		Consolidated		Separate	
		financial statements		financial statements	
Assets	Note	2012	2011	2012	2011
		(in Baht)			
<i>Current assets</i>					
Cash and cash equivalents	5	2,532,464,836	11,436,559,716	164,576,959	8,442,694,924
Current investments	6	3,130,564,716	2,516,994,607	2,013,077,013	1,377,179,866
Trade and other receivables	7	1,644,652,839	1,987,556,141	14,913,010	19,433,915
Amounts due from, advances and loans					
to related parties	4	137,454,090	82,108,638	-	-
Inventories	8	342,319,693	242,734,611	-	-
Non-current assets held for abandonment	9	1,769,143,585	-	-	-
<b>Total current assets</b>		<b>9,556,599,759</b>	<b>16,265,953,713</b>	<b>2,192,566,982</b>	<b>9,839,308,705</b>
<i>Non-current assets</i>					
Investments in subsidiaries	10	-	-	3,694,940,468	3,694,940,468
Investments in associates	10	18,758,429,064	16,977,470,395	8,439,796,727	8,382,315,318
Long-term investments	6	25,000,000	25,000,000	25,000,000	25,000,000
Property and equipment	12	5,707,070,934	6,668,280,524	26,868,853	32,176,950
Property and equipment under operating					
agreements	13	11,481,852,986	12,828,228,105	-	-
Intangible assets	14	1,098,522,991	1,217,241,726	1,620,489	4,252,250
Deferred tax assets	15	684,796,252	846,188,384	-	-
Other non-current assets		743,310,486	698,681,932	3,806,625	3,805,983
<b>Total non-current assets</b>		<b>38,498,982,713</b>	<b>39,261,091,066</b>	<b>12,192,033,162</b>	<b>12,142,490,969</b>
<b>Total assets</b>		<b>48,055,582,472</b>	<b>55,527,044,779</b>	<b>14,384,600,144</b>	<b>21,981,799,674</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 2012 and 2011

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		(in Baht)			
<b>Current liabilities</b>					
Trade and other payables	17	1,797,562,366	1,757,321,141	84,842,394	79,450,917
Dividend payables		-	7,502,986,495	-	7,502,986,495
Accounts payables - equipment		48,021,633	465,593,431	-	-
Amounts due to and loans from related parties	4	134,254,757	81,722,822	6,541,017	4,974,863
Current portion of long-term borrowings	16	116,332,479	4,627,159,881	940,900	631,954
Accrued operating agreement fees		214,974,893	264,616,590	-	-
Provision for unpaid operating agreement fee and interest	33.2	5,456,578,195	5,023,160,387	-	-
Income tax payable		159,123,883	146,268,255	-	-
Liabilities of non-current assets classified as held for abandonment	9	1,769,143,585	-	-	-
<b>Total current liabilities</b>		<b>9,695,991,791</b>	<b>19,868,829,002</b>	<b>92,324,311</b>	<b>7,588,044,229</b>
<b>Non-current liabilities</b>					
Long-term borrowings	16	7,047,177,373	5,652,998,801	1,453,057	1,545,004
Employee benefit obligation	18	371,856,741	232,111,092	47,121,445	38,331,083
Deferred tax liabilities	15	-	119,535,340	-	-
Other non-current liabilities		394,137,447	327,955,400	-	-
<b>Total non-current liabilities</b>		<b>7,813,171,561</b>	<b>6,332,600,633</b>	<b>48,574,502</b>	<b>39,876,087</b>
<b>Total liabilities</b>		<b>17,509,163,352</b>	<b>26,201,429,635</b>	<b>140,898,813</b>	<b>7,627,920,316</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 2012 and 2011

		Consolidated		Separate	
		financial statements		financial statements	
Liabilities and equity	Note	2012	2011	2012	2011
		(in Baht)			
<b>Shareholders' Equity</b>					
Share capital	19				
Authorised 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	3,206,420,305	3,206,420,305	3,206,420,305
Reserves	19, 20				
Share premium on issued of share - ordinary shares		10,341,569,221	10,341,569,221	10,341,569,221	10,341,569,221
Retained earnings					
Appropriated					
Legal reserve		500,000,000	500,000,000	500,000,000	500,000,000
Unappropriated		4,384,563,023	3,006,338,536	192,255,459	305,757,355
Other components of equity		4,110,639,168	4,104,580,421	3,456,346	132,477
<b>Total equity attributable to equity holders of the Company</b>		<b>22,543,191,717</b>	<b>21,158,908,483</b>	<b>14,243,701,331</b>	<b>14,353,879,358</b>
Non-controlling interests		8,003,227,403	8,166,706,661	-	-
<b>Total equity</b>		<b>30,546,419,120</b>	<b>29,325,615,144</b>	<b>14,243,701,331</b>	<b>14,353,879,358</b>
<b>Total liabilities and equity</b>		<b>48,055,582,472</b>	<b>55,527,044,779</b>	<b>14,384,600,144</b>	<b>21,981,799,674</b>

The accompanying notes are an integral part of these financial statements

Shin Corporation Public Company Limited and its Subsidiaries  
 Statements of Income  
 As at 31 December 2012 and 2011

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
		(in Baht)			
<b>Revenues</b>	<b>23</b>				
Revenues from sales and rendering of services		8,544,817,475	8,018,850,870	-	-
Dividends income	10	-	-	12,254,547,780	10,268,429,765
Gain from disposal of partial investment in an associate		-	7,263,825,147	-	7,499,188,788
Other income	24	233,487,638	243,203,928	88,319,786	55,493,759
Net foreign exchange gain		19,554,466	-	-	-
Share of profit of associates		14,336,542,304	10,069,139,005	-	-
<b>Total revenues</b>		<b>23,134,401,883</b>	<b>25,595,018,950</b>	<b>12,342,867,566</b>	<b>17,823,112,312</b>
<b>Expenses</b>	<b>23</b>				
Cost of sales and rendering of services		4,919,647,309	5,188,432,708	-	-
Operating agreement fee		746,595,329	596,988,870	-	-
Loss on provision for interest of unpaid operating agreement fee	33.2	433,417,808	433,417,808	-	-
Selling expenses		137,338,571	164,071,242	-	-
Administrative expenses		1,591,153,552	1,477,732,032	241,295,976	205,076,306
Net foreign exchange loss		-	84,950,917	-	-
Impairment losses on non-current assets held for abandonment		175,273,209	-	-	-
Management benefit expenses	4	159,065,772	152,486,891	88,479,516	85,870,000
<b>Total expenses</b>		<b>8,162,491,550</b>	<b>8,098,080,468</b>	<b>329,775,492</b>	<b>290,946,306</b>
<b>Profit before finance costs and income tax expenses</b>		<b>14,971,910,333</b>	<b>17,496,938,482</b>	<b>12,013,092,074</b>	<b>17,532,166,006</b>
Finance costs		(423,824,618)	(454,979,836)	(2,800,129)	(2,087,381)
<b>Profit before income tax expense</b>		<b>14,548,085,715</b>	<b>17,041,958,646</b>	<b>12,010,291,945</b>	<b>17,530,078,625</b>
Tax expense	27	(352,719,792)	(505,625,208)	-	-
<b>Profit for the year - continued operations</b>		<b>14,195,365,923</b>	<b>16,536,333,438</b>	<b>12,010,291,945</b>	<b>17,530,078,625</b>
Loss for the year from discontinued operation - net	9	(508,403,144)	(467,276,736)	-	-
<b>Profit for the year</b>		<b>13,686,962,779</b>	<b>16,069,056,702</b>	<b>12,010,291,945</b>	<b>17,530,078,625</b>

The accompanying notes are an integral part of these financial statements

## Shin Corporation Public Company Limited and its Subsidiaries

## Statements of Income

As at 31 December 2012 and 2011

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2012	2011	2012	2011
		(in Baht)			
Attributable to:					
Owners of the parent					
Profit for the year - continued operations		14,295,142,450	17,026,587,487	12,010,291,945	17,530,078,625
Loss for the year from discontinued operation	9	(508,403,144)	(467,276,736)	-	-
Profit for the year to owners of the parent		13,786,739,306	16,559,310,751	12,010,291,945	17,530,078,625
Non-controlling interests					
Loss for the year - continued operations		(99,776,527)	(490,254,049)	-	-
Loss for the year to non-controlling interests		(99,776,527)	(490,254,049)	-	-
		13,686,962,779	16,069,056,702	12,010,291,945	17,530,078,625
Basic and diluted earnings (loss) per share					
From continued operations		4.46	5.31	3.75	5.47
From discontinued operation		(0.16)	(0.14)	-	-
Owners of the parent	29	4.30	5.17	3.75	5.47

The accompanying notes are an integral part of these financial statements

Shin Corporation Public Company Limited and its Subsidiaries  
 Statements of comprehensive income  
 For the years ended 31 December 2012 and 2011

	Consolidated financial statements		Separate financial statements	
Note	2012	2011	2012	2011
	(in Baht)			
<b>Profit for the year</b>	<b>13,686,962,779</b>	<b>16,069,056,702</b>	<b>12,010,291,945</b>	<b>17,530,078,625</b>
<b>Other comprehensive income, net of income tax</b>	<b>22</b>			
Foreign currency translation differences for foreign operations	(8,746,504)	134,623,212	-	-
Net change in fair value of available-for-sale investments	9,046,991	1,704,641	3,323,869	1,325,484
Share of other comprehensive income of associates	504,937	506,902	-	-
Actuarial gains or losses from employee benefit plan	18 (349,096,500)	-	(3,640,021)	-
<b>Other comprehensive income for the year, net of income tax</b>	<b>(348,291,076)</b>	<b>136,834,755</b>	<b>(316,152)</b>	<b>1,325,484</b>
<b>Total comprehensive income for the year</b>	<b>13,338,671,703</b>	<b>16,205,891,457</b>	<b>12,009,975,793</b>	<b>17,531,404,109</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	13,502,150,961	16,616,267,074	12,009,975,793	17,531,404,109
Non-controlling interests	(163,479,258)	(410,375,617)	-	-
	<b>13,338,671,703</b>	<b>16,205,891,457</b>	<b>12,009,975,793</b>	<b>17,531,404,109</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 2012 and 2011

Consolidated financial statements													
Equity attributable to owners of the Company													
	Note	Issued and paid-up share capital	Premium on share capital	Retain earnings		Unrealised gain on dilution from investments	Other components of equity				Equity attributable to owners of the Company	Non-controlling interests	Total equity
				Legal reserve	Unappropriated		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)													
Balance at 1 January 2011		3,201,083,789	10,197,776,579	500,000,000	4,075,445,759	4,288,627,900	(118,310,721)	(1,898,971)	(647,086)	4,167,871,123	22,142,277,230	8,577,082,278	30,719,399,508
Change in equity for the year													
Increased in share capital	19	5,336,536	143,792,642	-	-	-	-	-	-	-	149,129,178	-	149,129,178
Dividends	30	-	-	-	(17,628,417,974)	-	-	-	-	-	(17,628,417,974)	-	(17,628,417,974)
Unrealised gain on dilution of investments in subsidiaries and associate		-	-	-	-	66,517,745	-	-	-	66,517,745	66,517,745	-	66,517,745
Comprehensive income for the year													
Profit (loss) for the year		-	-	-	16,559,310,751	(186,864,770)	-	-	-	(186,864,770)	16,372,445,981	(490,254,049)	15,882,191,932
Other comprehensive income for the year	22	-	-	-	-	-	54,923,251	1,526,170	506,902	56,956,323	56,956,323	79,878,432	136,834,755
Total comprehensive income for the year		-	-	-	16,559,310,751	(186,864,770)	54,923,251	1,526,170	506,902	(129,908,447)	16,429,402,304	(410,375,617)	16,019,026,687
Balance at 31 December 2011		3,206,420,305	10,341,569,221	500,000,000	3,008,398,598	4,188,480,875	(63,387,470)	(872,801)	(140,189)	4,104,580,421	21,155,908,483	8,166,706,861	29,325,615,144

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 2012 and 2011

Consolidated financial statements										
Equity attributable to owners of the Company										
Note	Issued and paid-up share capital	Premium on share capital	Retain earnings		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	Equity attributable to owners of the Company
			Legal reserve	Unappropriated						
	3,206,420,305	10,341,569,221	500,000,000	3,006,338,536	4,168,480,875	(63,387,470)	(372,801)	(140,189)	4,104,560,421	21,158,908,483
<b>Balance at 1 January 2012 - as reported</b>										<b>29,325,615,144</b>
<b>Changes in equity for the year</b>										
Dividends	-	-	-	(12,120,153,820)	-	-	-	-	-	(12,120,153,820)
Unrealised gain on dilution of investments in subsidiaries and associate	-	-	-	-	2,286,093	-	-	-	2,286,093	2,286,093
<b>Comprehensive income for the year</b>										
Profit (loss) for the year	-	-	-	13,786,739,306	-	-	-	-	-	13,786,739,306
Other comprehensive income for the year	-	-	-	-	-	(3,085,813)	6,353,530	504,937	3,772,654	3,772,654
Employee benefits plan actuarial gain (loss)	-	-	-	(288,360,999)	-	-	-	-	(288,360,999)	(288,360,999)
<b>Total comprehensive income for the year</b>				<b>13,498,378,307</b>		<b>(3,085,813)</b>	<b>6,353,530</b>	<b>504,937</b>	<b>3,772,654</b>	<b>13,502,150,961</b>
<b>Balance at 31 December 2012</b>	<b>3,206,420,305</b>	<b>10,341,569,221</b>	<b>500,000,000</b>	<b>4,384,563,023</b>	<b>4,170,766,968</b>	<b>(66,473,283)</b>	<b>5,980,729</b>	<b>364,754</b>	<b>4,110,639,168</b>	<b>22,543,191,717</b>
										<b>13,388,671,703</b>
										<b>30,548,419,120</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 2012 and 2011

		Separate financial statements					
	Note	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
<b>Balance at 1 January 2011</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>(1,193,007)</b>
<b>Changes in equity for the year</b>							
Increased in share capital	19	5,336,536	143,792,642	-	-	-	-
Dividends	30	-	-	-	(17,628,417,974)	-	-
<b>Comprehensive income for the year</b>							
Profit for the year		-	-	-	17,530,078,625	-	-
Other comprehensive income for the year	22	-	-	-	-	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>1,325,484</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>132,477</b>
<b>Balance at 1 January 2012</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>132,477</b>
<b>Changes in equity for the year</b>							
Dividends	30	-	-	-	(12,120,153,820)	-	-
<b>Comprehensive income for the year</b>							
Profit for the year		-	-	-	12,010,291,945	-	-
Other comprehensive income for the year	22	-	-	-	-	3,323,869	3,323,869
Employee benefits plan actuarial gain (loss)	18	-	-	-	(3,640,021)	-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>12,006,651,924</b>	<b>3,323,869</b>	<b>3,323,869</b>
<b>Balance at 31 December 2012</b>		<b>3,206,420,305</b>	<b>10,341,569,221</b>	<b>500,000,000</b>	<b>192,255,459</b>	<b>3,456,346</b>	<b>3,456,346</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 2012 and 2011

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2012	2011	2012	2011
		(in Baht)			
<b>Cash flows from operating activities</b>					
Profit for the year attributed to					
owners of the Company		13,786,739,306	16,559,310,751	12,010,291,945	17,530,078,625
<b>Adjustments for</b>					
Depreciation and amortisation	12, 13, 14	2,591,731,026	2,640,062,787	15,436,383	13,590,597
Past service costs and current service					
costs of employee	18	20,220,484	17,400,639	2,930,541	2,485,357
Interest income		(210,073,495)	(135,600,916)	(62,884,885)	(41,350,995)
Interest expense		423,373,022	468,921,199	2,330,588	1,955,963
Income tax expense	27	328,796,950	487,077,047	-	-
Share of profit of associates		(14,336,542,304)	(10,069,139,005)	-	-
Dividends income	10	-	-	(12,254,547,780)	(10,268,429,765)
Gain from sale of partial of investment in an associate		-	(7,263,825,147)	-	(7,499,188,788)
Loss on provision for interest of unpaid operating					
agreement fee		433,417,808	433,417,809	-	-
Unrealised (gain) loss on foreign exchange		(24,467,306)	39,746,326	-	-
Allowance for doubtful accounts		5,703,925	43,183,064	-	-
Impairment loss on non-current assets held for abandonment		175,273,209	-	-	-
Allowance for obsolete inventory		20,907,029	28,507,449	-	-
Amortisation cost of loans		5,577,234	6,139,008	-	-
Loss for the period attributed to non-controlling interests		(99,776,527)	(490,254,049)	-	-
Others		6,302,910	4,078,223	10,093,049	7,207,248
		3,127,183,271	2,769,025,185	(276,350,159)	(253,651,758)
<b>Changes in operating assets and liabilities</b>					
Trade and other receivables		300,199,325	(212,157,534)	(11,496,456)	(3,838,498)
Inventories		(89,249,807)	213,427,335	-	-
Other non-current assets		(117,772,366)	(35,219,092)	(642)	(2,857,904)
Trade and other payables		234,403,140	25,178,354	4,582,513	(5,701,994)
Accrued operating agreement fees		(4,725,634)	59,159,091	-	-
Other non-current liabilities		48,478,021	196,210,669	2,219,800	(3,189,840)
Interest received		206,053,433	118,128,379	68,744,209	32,908,364
Dividends received		12,362,110,914	10,353,482,075	12,254,547,780	10,268,429,765
Income tax paid		(292,962,056)	(223,804,477)	-	-
<b>Net cash from operating activities</b>		<b>15,773,718,241</b>	<b>13,263,429,985</b>	<b>12,042,247,045</b>	<b>10,032,098,135</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 2012 and 2011

	Consolidated		Separate	
	financial statements		financial statements	
Note	2012	2011	2012	2011
	(in Baht)			
<b>Cash flows from investing activities</b>				
Acquisition of an associated company	(57,481,410)	-	(57,481,410)	-
Purchase of property and equipment	(2,085,138,249)	(2,411,212,653)	(6,293,204)	(17,866,016)
Purchase of other intangible assets	(31,895,851)	(101,188,165)	(139,742)	(119,690)
Net cash outflow on investments in property and equipment under operating agreements	(4,920,214)	(1,942,429)	-	-
Increase in current investments	(604,523,117)	(669,941,585)	(632,573,278)	(619,155,642)
(Increase) decrease in loans and advances to related parties	(59,796,358)	(78,416,397)	-	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	9,417,342	68,979,056	6,168	42,991
<b>Net cash from (used in) investing activities</b>	<b>(2,834,337,857)</b>	<b>4,730,606,827</b>	<b>(696,481,466)</b>	<b>7,317,230,643</b>
<b>Cash flows from financing activities</b>				
Proceeds from short-term borrowings	-	2,156,217,186	-	-
Proceeds from long-term borrowings	1,616,616,517	1,624,601,573	-	-
Proceeds from borrowings from related party	57,597,419	77,317,196	-	-
Proceeds from increase in share capital	-	149,129,179	-	149,129,179
Repayments of short-term borrowings	-	(2,410,762,804)	-	-
Repayments of long-term borrowings	(3,467,479,280)	(64,306,964)	(630,439)	(556,514)
Interest paid	(414,232,276)	(448,202,669)	(112,790)	(147,486)
Dividends paid	(19,623,140,315)	(10,125,431,480)	(19,623,140,315)	(10,125,431,480)
<b>Net cash used in financing activities</b>	<b>(21,830,637,935)</b>	<b>(9,041,438,783)</b>	<b>(19,623,883,544)</b>	<b>(9,977,006,301)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>				
	<b>(8,891,257,551)</b>	<b>8,952,598,029</b>	<b>(8,278,117,965)</b>	<b>7,372,322,477</b>
Cash and cash equivalents at beginning of year	11,436,559,716	2,489,672,568	8,442,694,924	1,070,372,447
Impact from cash and cash equivalents of non-current assets held for discontinue	(11,210,345)	-	-	-
Effects of exchange rate changes on balances held in foreign currencies	(1,626,984)	(5,710,881)	-	-
<b>Cash and cash equivalents at end of year</b>	<b>5</b> <b>2,532,464,836</b>	<b>11,436,559,716</b>	<b>164,576,959</b>	<b>8,442,694,924</b>
<b>Non-cash transactions</b>				
Purchase of property and equipment and other intangible assets by liabilities	27,702,229	77,092,712	898,771	741,449
Property and equipment under finance leases	5,829,778	9,326,913	2,393,957	2,176,958

The accompanying notes are an integral part of these financial statements

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

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## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 15 February 2013.

## 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 2012, the principle shareholders of the Company are Cedar Holdings Limited ("Cedar") and Aspen Holdings Limited ("Aspen"), holding 23.6% (2011: 44.8%) and 41.6% (2011: 41.6%), respectively. Both companies are incorporated in Thailand.

Transactions among INTOUCH Group are transactions among the Company, its subsidiaries, jointly-controlled entities and associates, also the transactions with management and other related companies of the Company, including with Cedar and Aspen and entities within Cedar and Aspen are recognized 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 2012 and 2011 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest	
			2012	2011
			(%)	
<i>Subsidiaries</i>				
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 32 and 33</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



## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

Name of the entity	Type of business	Country of incorporation	Ownership interest	
			2012	2011
			(%)	
Matchbox Company Limited ("MB")	Providing advertising services and production of advertisements for radio and television broadcast.	Thailand	99.96	99.96
<b>Associates</b>				
Advanced Info Service Public Company Limited and its Group ("AIS")	Operating a 900-MHz, 1800-MHz and 2.1-GHz 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, distributing cellular phones, operate in land and building rental, service and related facilities, operate IT, and content aggregator businesses	Thailand	40.45	40.45
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	42.07
Ookbee Company Limited ("OOKB")	Service provider for digital publication platform and e-bookings.	Thailand	25.03	-

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 Telephone Systems in Thailand and Cambodia (the company which provides Telephone Systems in Cambodia had filed a complaint with the bankruptcy as described in note 9) and telecommunication services in Lao PDR etc. The periods of the agreements range from 10 - 35 years. Under these operating agreements and authorisations, 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 or as stipulated in authorisations.

As at 31 December 2012, the remaining minimum payment as specified in the agreement is Baht 684 million in the consolidated financial statements (2011: Baht 747 million), excluding ITV because ITV is in the process of dispute as in note 32 and 33 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.

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

The principal agreements for operation and authorisations are held by subsidiaries, jointly-controlled entities and associates at 31 December 2012 include:

Operating Agreement and License	Country	Held by	Expiry
<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 32 and 33</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 ( <i>in the process of filing bankruptcy note 9</i> )
<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
2.1-GHz cellular telephone system	Thailand	Advanced Wireless Network Company Limited	December 2027
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 2014 - December 2022

Shin Corporation Public Company Limited and its Subsidiaries  
 Notes to the financial statements  
 For the years ended 31 December 2012 and 2011

## 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 7*).
- Net realisable value of inventory is estimated by the expected selling price, less relevant expenses (*note 8*).
- 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 12, 13 and 14*).
- 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 12, 13 and 14*).
- Lease classification where 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 12*).
- 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 15*).

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

- 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 32 and 33*).
- The measurement of fair values of foreign currency forward contracts is 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 31*).

**2.2 Financial status of ITV Public Company Limited and its Group ("ITV")**

As at 31 December 2012, ITV's current liabilities exceed its current assets by an amount of Baht 4,321 million and deficit in excess of its share capital by an amount of Baht 4,321 million (*2011: Baht 3,898 million and Baht 3,898 million, respectively*). In addition, as discussed in note 32 a) and 33.2 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 totalling 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 and 12 March 2012, ITV received the letter from the Stock Exchange of Thailand ("SET") stating that ITV was in the first phase and the second phase, respectively, 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.

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

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 1,136 million represent 2.4% of consolidated total assets (2011: Baht 1,131 million, represented 2.0%) and liabilities amounting to Baht 5,457 million represent 31.2% of consolidated total liabilities (2011: Baht 5,028 million, represented 19.2%) of ITV, and therefore, the recorded deficit in excess of ITV's issued share capital amounting to Baht 4,321 million as at 31 December 2012 (2011: Baht 3,898 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 2012 and 2011 would be reduced by Baht 4,321 million and Baht 3,898 million, respectively. The retained earnings and shareholders' equity as at 31 December 2012 and 2011 would be increased by Baht 4,321 million and Baht 3,898 million, respectively.

### 3 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.

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

*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*

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.

## 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.

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Shin Corporation Public Company Limited and its Subsidiaries

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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.

*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.



## Shin Corporation Public Company Limited and its Subsidiaries

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For the years ended 31 December 2012 and 2011

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.

*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.

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

INTOUCH Group is a party to financial instruments that manage exposure to fluctuations in foreign currency exchange and interest rates. The instrument is mainly derivative financial instruments, which are initially recognised at fair value on the date that the derivative contracts are entered into and are subsequently remeasured 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) Non-current assets held for sale**

Non-current assets (or discontinued assets that are consisted of assets and liabilities) which are estimated that the economic benefit of that asset is obtained through the asset's sale rather than through its continuous use in the business are classified to assets held for sale. Assets (or component of discontinued assets) are measured with lower amount of book value and fair value less expenses that related to the sale. Impairment loss of non-current assets are allocated to goodwill in priority, then allocated proportionately to the carried forward of assets and liabilities, with exceptional to inventory, financial assets, deferred tax assets and property investment. The initial impairment loss and gain or loss from re-measurement will be recognised in statements of income. The gain recognition will not be exceeding the initial impairment loss.

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**(h) 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 subsidiaries, jointly-controlled entities and associates in the consolidated financial statements are disclosed in note 3 a).

*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.

**(i) 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.

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

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 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 repair and maintenance of property and equipment are recognised in profit or loss as 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 - 5

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 the statements of income.

**(l) 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.

**(k) Intangible assets***Goodwill*

INTOUCH Group measures goodwill from the acquisition is disclosed in note 3 (a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

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*Other intangible assets*

Other intangible assets that are acquired by INTOUCH Group, which have definite useful lives, are stated at cost less accumulated amortisation and impairment losses.

Other intangible assets represent deferred charges (rights to the use of equipment and costs of equipment provided to certain overseas customers in connection with the utilisation of transponder services), the development of Thaicom 4 (IPSTAR) technology, proprietary software for internal use or to service within INTOUCH Group, and costs of computer software and 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. The cost of equipment provided to certain customers in connection with the utilization of transponder services is amortised on the straight-line basis over the period of each service agreement.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

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.

**(I) 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.

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 For the years ended 31 December 2012 and 2011

*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.

**(m) 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.

**(n) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

**(o) 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. The transaction charges are recognised in the statement of income over the period of the borrowings on an effective interest basis.

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**(p) 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.

Actuarial gains or losses are recognised in other comprehensive income and the employee benefits expenditure is recognised in the statement of income.

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.

**(q) 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, share-based payment rewards granted to employees or management are recognised as an expense.

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expenses in profit or loss.

**(r) 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.



## Shin Corporation Public Company Limited and its Subsidiaries

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For the years ended 31 December 2012 and 2011

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.

**(s) 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 from 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 and has a certainty of economic benefit from the services.

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 when INTOUCH Group has a right to receive.

Revenue received under operating leases are recognised on an effective interest rate basis over the term of the lease.

**(t) Finance costs**

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration 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.

Shin Corporation Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2012 and 2011

**(u) Income tax expense**

Income tax expense for the year comprises current and deferred tax. Current and deferred taxes 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.

**4 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.

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

Significant transactions for the years ended 31 December 2012 and 2011 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
<b>Sales of goods and services, including dividend received</b>				
<b>Subsidiaries</b>				
Dividend received	-	-	35	45
Interest received	-	-	-	1
	<u>-</u>	<u>-</u>	<u>35</u>	<u>46</u>
<b>Jointly-controlled entity</b>				
Rental income and others	<u>3</u>	<u>13</u>	<u>-</u>	<u>-</u>
<b>Associates</b>				
Computer services income	104	73	-	-
Advertising income	259	336	-	-
(Gross 2012: Baht 996 million, 2011: Baht 1,233 million)				
Rental income and others	64	72	-	-
Dividend received	12,362	10,353	12,220	10,223
	<u>12,789</u>	<u>10,834</u>	<u>12,220</u>	<u>10,223</u>
<b>Related parties</b>				
Rental income	-	1	-	-
Disposal of partial investment in associate	-	7,924	-	-
	<u>-</u>	<u>7,925</u>	<u>-</u>	<u>-</u>
<b>Purchase of goods and services, including dividend paid</b>				
<b>Subsidiaries</b>				
Computer and management services	-	-	3	3
Advertising expenses and others	-	-	16	15
	<u>-</u>	<u>-</u>	<u>19</u>	<u>18</u>
<b>Jointly-controlled entity</b>				
Rental and other expenses	<u>5</u>	<u>4</u>	<u>-</u>	<u>-</u>
<b>Associates</b>				
Rental and other expenses	<u>31</u>	<u>30</u>	<u>2</u>	<u>1</u>
<b>Related parties</b>				
Consultant and other expenses	<u>3</u>	<u>1</u>	<u>-</u>	<u>-</u>
<b>Directors</b>				
Dividend paid	<u>4</u>	<u>5</u>	<u>4</u>	<u>5</u>
<b>Major shareholders</b>				
Dividend paid	<u>9,061</u>	<u>15,779</u>	<u>9,061</u>	<u>15,779</u>

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

Balances as at 31 December 2012 and 2011 with related parties were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
<b>Trade accounts and notes receivable – related parties</b>				
Jointly-controlled entity	32	41	-	-
Associates	224	394	-	-
<b>Total</b>	<b>256</b>	<b>435</b>	<b>-</b>	<b>-</b>
Less allowance for doubtful accounts	(31)	-	-	-
<b>Net</b>	<b>225</b>	<b>435</b>	<b>-</b>	<b>-</b>
<b>Accrued income – related parties</b>				
Associates	19	15	-	-
<b>Amounts due from, advances and loans to related parties</b>				
Related parties	137	82	-	-
<b>Other receivable – related parties</b>				
Jointly-controlled entity	4	1	-	-
<b>Current investment in debenture through private funds, managed by independent fund manager</b>				
Associate	12	54	12	7

Movements during the years ended 31 December 2012 and 2011 for loan to subsidiary were as follows:

	<b>Separate financial statements</b>	
	2012	2011
	<i>(in million Baht)</i>	
At 1 January	-	30
Repayment	-	(30)
<b>At 31 December</b>	<b>-</b>	<b>-</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 2012 and 2011 were as follows:

	<b>Consolidated financial statements</b>	
	2012	2011
	<i>(in million Baht)</i>	
At 1 January	79	-
Additions	57	77
Unrealised gain on currency translation	(4)	2
<b>At 31 December</b>	<b>132</b>	<b>79</b>

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

Loan to a related party is a call loan with interest rates 3.25% – 3.81% per annum (2011: 3.04% – 3.55% per annum).

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			
<b>Trade accounts and notes payable – related parties</b>				
Associates	6	6	-	-
<b>Amounts due to and loans from related parties</b>				
Subsidiaries	-	-	6	4
Jointly-controlled entity	-	1	-	-
Associates	-	1	-	1
Related parties	134	80	-	-
<b>Total</b>	<b>134</b>	<b>82</b>	<b>6</b>	<b>5</b>
<b>Other payable – related parties</b>				
Subsidiaries	-	-	2	2
Jointly-controlled entity	-	1	-	-
Associates	2	1	-	-
Related parties	4	1	-	-
<b>Total</b>	<b>6</b>	<b>3</b>	<b>2</b>	<b>2</b>
<b>Other non-current liabilities – related parties</b>				
Associates	3	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 2012 and 2011 were as follows:

	Consolidated financial statements	
	2012	2011
	(in million Baht)	
At 1 January	79	-
Additions	58	77
Unrealised loss on currency translation	(4)	2
<b>At 31 December</b>	<b>133</b>	<b>79</b>

Loan from a related party is a call loan with interest rates 3.25% – 3.81% per annum (2011: 3.04% – 3.55% per annum).

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

**Management personnel compensation**

Directors, remuneration and key management personnel compensation for the years ended 31 December 2012 and 2011 comprised of:

<i>Year ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
<b>Short term employee benefit</b>				
Directors' remuneration	34	31	20	17
Key management personnel compensation	125	121	69	69
<b>Total management benefit expense</b>	<b>159</b>	<b>152</b>	<b>89</b>	<b>86</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>162</b>	<b>155</b>	<b>91</b>	<b>88</b>

**Directors' remuneration**

Directors' remuneration represents monthly allowance, bonus and meeting allowance which is paid to chairman of the board, independent directors, and non-executive directors as approved by the shareholders.

**Commitments and other agreements with related parties**

As at 31 December 2012 and 2011, 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 one year with an option to renew one year each. The parties have the right to terminate the agreement by giving at least three-month advance written notice. As at 31 December 2012, the Company and associates had no commitment to pay the subsidiary for services in respect of the agreements as the agreement had matured (2011: nil).
2. A subsidiary entered into an agreement with an associate had matured, under which the associate committed to provide uplink data service for a period of approximately five years. As at 31 December 2012, the subsidiary committed to pay for the service in respect of the agreements at approximately Baht 41 million (2011: approximately Baht 8 million).
3. A subsidiary entered into an agreement with a jointly-controlled entity, under which the jointly-controlled entity committed to ensure the performance of IPSTAR Gateway System in Cambodia perform in accordance to the industry standard for a period of approximately five years. As at 31 December 2012, the subsidiary had no commitment to pay for the service in respect of the agreements as the agreement had matured (2011: approximately USD 0.2 million).

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

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 3 million *(2011: approximately USD 0.6 million and Baht 8 million)*.
5. A subsidiary entered into an agreement with an associate, under which the subsidiary committed to provide satellite uplink equipment for a period of approximately three years and seven months. An associate was committed to pay for rental fee in respect of the agreements at approximately Baht 23 million *(2011: nil)*.

**Commitments for related parties**

THAICOM issued letters of comfort to the banks of subsidiaries of jointly-controlled entities. Under the terms of the letters of comfort, THAICOM must hold its interests in 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 of jointly-controlled entities to ensure that these subsidiaries of jointly-controlled entities would be able to meet their repayment obligations under their related loan agreements.

As at 31 December 2012, the commitments were finished *(2011: USD 2 million)*.

**5 Cash and cash equivalents**

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Cash on hand	26	160	-	-
Deposit at banks - current and saving accounts	2,053	1,415	165	103
Deposit at banks - fixed account, bills of exchange, promissory notes and investment in debenture	453	9,862	-	8,340
<b>Total</b>	<b>2,532</b>	<b>11,437</b>	<b>165</b>	<b>8,443</b>

The weighted average effective interest rate of bank deposits, time deposits, bills of exchange, promissory notes and investment in debenture was 1.0 % per annum *(2011: 2.8% per annum)* in the consolidated financial statements and 0.5 % per annum *(2011: 3.2% per annum)* in the separate financial statements.

**6 Other investments**

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
<b>Current investments</b>				
Bill of exchange	-	876	-	856
Deposit at banks - fixed account	865	1	863	-
Debt securities available for sale	2,266	1,640	1,150	521
<b>Total</b>	<b>3,131</b>	<b>2,517</b>	<b>2,013</b>	<b>1,377</b>
<b>Long-term investments</b>				
Investment in other company	25	25	25	25
<b>Total</b>	<b>3,156</b>	<b>2,542</b>	<b>2,038</b>	<b>1,402</b>



## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

The weighted average effective interest rate of fixed deposit and bill of exchange was 3.3% per annum (2011: 3.8% per annum) in the consolidated financial statements and the separate financial statements.

The weighted average of the return on current investments for available-for-sale securities is 3.8% per annum (2011: 3.0 % per annum) in the consolidated financial statements and 3.7% per annum (2011: 3.4% per annum) in the separate financial statements.

**7 Trade and other receivables**

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			
<b>Trade receivable</b>				
Trade account and notes receivable	1,250	1,698	-	-
Accrued income	198	159	-	-
Less allowance for doubtful accounts	(202)	(282)	-	-
	<b>1,246</b>	<b>1,575</b>	<b>-</b>	<b>-</b>
<b>Other receivable</b>	<b>399</b>	<b>413</b>	<b>15</b>	<b>19</b>
<b>Total</b>	<b>1,645</b>	<b>1,988</b>	<b>15</b>	<b>19</b>

		Consolidated financial statements	
	Note	2012	2011
		(in million Baht)	
<b>Trade and notes receivable</b>			
Related parties	4	256	435
Other parties		994	1,263
<b>Total</b>		<b>1,250</b>	<b>1,698</b>
<b>Accrued income</b>			
Related parties	4	19	15
Other parties		179	144
<b>Total</b>		<b>198</b>	<b>159</b>
<b>Total trade and notes receivable and accrued income</b>		<b>1,448</b>	<b>1,857</b>
Less allowance for doubtful accounts		(202)	(282)
<b>Net</b>		<b>1,246</b>	<b>1,575</b>

Aging analyses for trade accounts receivable and notes receivable were as follows:

	Consolidated financial statements	
	2012	2011
	(in million Baht)	
Within credit terms	597	858
Overdue:		
Less than 3 months	288	281
3 - 6 months	139	106
6 - 12 months	56	114
Over 12 months	170	339
	<b>1,250</b>	<b>1,698</b>
Less allowance for doubtful accounts	(202)	(282)
<b>Net</b>	<b>1,048</b>	<b>1,416</b>

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

Other receivables as at 31 December 2012 and 2011 were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Prepaid expenses	119	114	6	4
Accrued interest income and other income	36	36	4	10
Advance payments	49	30	-	-
Deposits	91	74	-	-
Others account receivable	3	70	-	-
Income tax receivable	51	38	2	2
Others	50	51	3	3
<b>Total</b>	<b>399</b>	<b>413</b>	<b>15</b>	<b>19</b>

**8 Inventories**

	Consolidated financial statements	
	2012	2011
	<i>(in million Baht)</i>	
Raw materials	55	49
Work in process	20	8
Finished goods	363	253
Goods in transit	1	8
	<b>439</b>	<b>318</b>
<i>Less allowance for obsolete inventories</i>	<i>(97)</i>	<i>(75)</i>
<b>Net</b>	<b>342</b>	<b>243</b>

**9 Non-current assets held for abandonment and discontinued operations**

On 12 November 2012, the Board of Directors of THAICOM approved the sale share of Mfone Company Limited ("Mfone"), a subsidiary of a jointly-controlled entity of THAICOM. The share purchase agreement has conditions that both parties shall fulfill within 60 days from the agreement date. As at 30 September, the assets and liabilities of Mfone were classified to non-current assets held for sale and recognised an impairment loss of approximately Baht 251 million in the statements of income for the nine-month period ended 30 September 2012. However, after 60 days from the agreement date, the buyer served a notice to terminate share purchase agreement since the buyer cannot fulfill on the condition precedent.

On 7 January 2013, the Board of Directors of THAICOM approved the proposal of the management of the jointly-controlled entity that Mfone will enter into insolvency proceedings, based on the laws of Cambodia. Due to the financial position and its operation results facing a continued loss, resulting to insufficient cash flow for operation and debt repayment, THAICOM Group decided to cease the financial support and thus discontinue such segment. Mfone filed a petition for the opening of insolvency proceedings to the Phnom – Penh Municipal Court on 9 January 2013. At present, the petition is in the process of the Court.

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

The Group's legal consultant is of opinion that, by Cambodian Law, once Mfone enter in to the insolvency proceedings, the Court will then order to appoint the administrator, who will solely settle all assets and liabilities of Mfone. During the period from the date in financial report to the date that Court appoints the administrator, Mfone must not take any action that would deplete or encumber assets or create any obligations and liabilities.

As at 31 December 2012, INTOUCH Group has no commitment and guarantee on behave of Mfone, therefore, the Group does not recognise any liabilities in the consolidated financial statement. Other related expenses, the Group records on accrual basis.

As at 31 December 2012, assets and liabilities of Mfone has changed the presentation to non-current assets held for abandonment and directed liabilities of non-current assets held for abandonment, respectively, in the consolidated statements of financial position and operating result of Mfone are presented as discontinued operations in the consolidated statements of income.

Details of the assets and liabilities of Mfone are as follows:

	<b>Consolidated financial statements</b>
	31 December 2012
	<i>(in million Baht)</i>
<b>Assets</b>	
Cash and cash equivalents	11
Trade and other receivable	150
Inventories	7
Property and equipment	1,606
Other non-current assets	66
Less impairment loss	(71)
<b>Assets of non-current assets held for abandonment</b>	<b>1,769</b>
<b>Liabilities and equity</b>	
Trade and other payables	203
Current portion of long-term borrowings	1,431
Accrued operating agreement fee	45
Deferred tax liabilities	90
<b>Liabilities of non-current assets held for abandonment</b>	<b>1,769</b>

The operation result and cash flow of Mfone are as follows:

	<b>Consolidated financial statements</b>	
	2012	2011
	<i>(in million Baht)</i>	
<b>Operation result of non-current assets held for discontinue</b>		
Revenue	434	630
Expenditure	(966)	(1,116)
<b>Loss for the year of discontinued operations</b>	<b>(532)</b>	<b>(486)</b>
Tax	24	19
<b>Loss for the year of discontinued operations (net of tax)</b>	<b>(508)</b>	<b>(467)</b>
Impact from operation loss of Mfone to loss per share of the Company		
Basic and diluted (Baht per share)	(0.16)	(0.14)

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

**Consolidated cash flows***(in million Baht)*

For the year ended 31 December 2012

**Cash flow provided (used in) by assets of discontinued operations**

Net cash flow used in operating activities	(89)
Net cash flow provided by investing activities	(2)
Net cash flow provided by financing activities	50
<b>Net cash flow provided (used in) by assets of discontinued operations</b>	<b>(41)</b>

**10 Investments in subsidiaries, jointly-controlled entities and associates**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<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	16,977	18,039	8,382	8,807
Acquisition	58	-	58	-
Share of profits of associates	14,336	10,069	-	-
Dividend received	(12,362)	(10,353)	-	-
Other comprehensive income	1	-	-	-
Unrealised gain on dilution from investment in associates	2	69	-	-
Actuarial gains or losses adjustment for employee benefit plan	(254)	-	-	-
Disposal partial of investment in associate	-	(847)	-	(425)
<b>At 31 December</b>	<b>18,758</b>	<b>16,977</b>	<b>8,440</b>	<b>8,382</b>

Shin Corporation Public Company Limited and its Subsidiaries  
Notes to the financial statements  
For the years ended 31 December 2012 and 2011

Investments in subsidiaries and associates as at 31 December 2012 and 2011 and dividend for the years then ended were as follows:

Consolidated financial statements									
	Ownership interest		Paid-up capital		Cost method		Equity method		Dividend income for the years
	2012	2011	2012	2011	2012	2011	2012	2011	
	(%)						(in million Baht)		
<b>Associates</b>									
Advanced Info Service Public Company Limited	40.45	40.45	2,973	2,973	8,382	8,382	18,425	16,707	10,223
CS Loxinfo Public Company Limited	42.07	42.07	149	149	1,481	1,481	274	270	130
Ookbee Company Limited	25.03	-	1	-	58	-	59	-	-
<b>Total</b>			<b>3,123</b>	<b>3,122</b>	<b>9,921</b>	<b>9,863</b>	<b>18,758</b>	<b>16,977</b>	<b>10,353</b>
<b>Separate financial statements</b>									
	Ownership interest		Paid-up capital		Cost method		Impairment		Dividend income for the years
	2012	2011	2012	2011	2012	2011	2012	2011	
	(%)						(in million Baht)		
<b>Subsidiaries</b>									
Thaicom Public Company Limited	41.14	41.14	5,480	5,480	3,613	-	-	3,613	-
ITV Public Company Limited	52.92	52.92	6,033	6,033	3,297	(3,297)	(3,297)	-	-
I.T. Applications and Services Company Limited	99.99	99.99	10	10	10	-	-	10	45
Matchbox Company Limited	99.96	99.96	9	9	72	-	-	72	15
			<b>11,532</b>	<b>11,532</b>	<b>6,992</b>	<b>(3,297)</b>	<b>(3,297)</b>	<b>3,695</b>	<b>45</b>
<b>Associate</b>									
Advance Info Service Public Company Limited	40.45	40.45	2,973	2,973	8,382	-	-	8,382	10,223
Ookbee Company Limited	25.03	-	1	-	58	-	-	58	-
			<b>2,974</b>	<b>2,973</b>	<b>8,382</b>	<b>-</b>	<b>-</b>	<b>8,382</b>	<b>10,223</b>
<b>Total</b>			<b>14,506</b>	<b>14,505</b>	<b>15,374</b>	<b>(3,297)</b>	<b>(3,297)</b>	<b>12,077</b>	<b>10,268</b>

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

Significant movements in investments of INTOUCH Group during the year ended 31 December 2012 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 CSL were exercised, and these share issues were registered as increased share capital with the Ministry of Commerce during January to December 2012, 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
CSL	60	149	149	462	462	42.07	42.07

**b) Dividend payment of subsidiaries, jointly-controlled entity and associates**

During 2012, subsidiaries, jointly-controlled entity and associates approved dividend payment as follows:

Company	Currency	Dividend (Per share)	Interim dividend paid during 2011 (Per share)	Dividend to be paid in 2012 (Per share)	Total amount (in million)
<b>Dividend from operation result of 2011</b>					
<i>Subsidiary</i>					
ITAS	(Baht)	40	20	20	20
MB	(Baht)	16.67	-	16.67	15
IPA	(AUD)	1.43	-	1.43	10
<i>Associate</i>					
AIS from operation result of 2011	(Baht)	8.43	4.17	4.26	12,665
1 January – 30 June 2012	(Baht)	5.90	-	5.90	17,540
CSL from operation result of 2011	(Baht)	0.54	0.27	0.27	160
1 January – 30 June 2012	(Baht)	0.30	-	0.30	178

**c) Acquisition of additional ordinary shares in IPSTAR Australia Pty Limited ("IPA")**

On 23 February 2012, THAIKOM acquired 6.95 million ordinary shares of IPA, equivalent to 100% of registered share capital of IPA at the amount of USD 31.97 million from IPSTAR Company Limited ("IPST"), a subsidiary of THAIKOM. As a result of this acquisition, IPA was changed its status from an indirect subsidiary to a direct subsidiary of THAIKOM. There was no impact on the consolidated financial statements of the Company and THAIKOM.

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

**d) Establishment of a TC Broadcasting Company Limited ("TCB")**

On 3 December 2012, the Board of Director of THAICOM passed a resolution to establish TCB with a registered capital Baht 1 million, with 100,000 ordinary shares at Baht 10 each and the paid-up capital is Baht 250,000. THAICOM holds 99.99%.

**e) Acquisition of ordinary shares in Ookbee Company Limited ("OOKB")**

On 25 September 2012, the Company purchased 33,400 newly issued shares of OOKB, equivalent to 25.03% of the registered share capital of OOKB, at the amount of Baht 57.48 million. The Company recognised investment in OOKB as investment in associate.

**f) Dispose all investment in Watta Classifieds Company Limited ("Watta")**

On 10 August 2012, the Board of Directors of CSL approved to dispose all investment in Watta at 120,000 ordinary shares, representing 60% of the total issued and paid-up share capital. This was to cease the continued operation loss in the future. On 16 October 2012, CSL has disposed such investment, and accordingly Watta is no longer a subsidiary of CSL.

**11 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 2012 and 2011, 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 2012 and 2011:

	Shenington Investment Pte Limited and its subsidiary, and jointly-controlled entity	
	2012	2011
	<i>(in million Baht)</i>	
<b>Consolidated statements of financial position</b>		
Current assets	170	318
Non-current assets	1,793	3,871
Current liabilities	(333)	(2,245)
Non-current liabilities	(2,252)	(472)
<b>Net assets</b>	<b>(622)</b>	<b>1,472</b>
<b>Consolidated statements of income</b>		
Revenue	1,167	1,237
Loss for the year	(535)	(478)



## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

*Investment in Associates*

The following amounts represent the financial summary of associates for the years ended 31 December 2012 and 2011

	AIS		CSL		Ookbee*	
	2012	2011	2012	2011	2012	2011
	<i>(in million Baht)</i>					
<b>Consolidated statements of financial position</b>						
Current assets	38,066	33,178	959	860	51	-
Non-current assets	62,949	53,494	1,175	1,149	18	-
Current liabilities	(36,215)	(29,734)	(847)	(720)	(6)	-
Non-current liabilities	(21,138)	(17,474)	(150)	(154)	-	-
<b>Net assets</b>	<b>43,662</b>	<b>39,464</b>	<b>1,137</b>	<b>1,135</b>	<b>63</b>	<b>-</b>
<b>Market value of associates</b>	<b>621,377</b>	<b>417,720</b>	<b>5,826</b>	<b>3,326</b>	<b>-</b>	<b>-</b>
<b>Consolidated statements of income</b>						
Revenue	141,568	126,437	2,945	2,841	16	-
<b>Net profit for the year</b>	<b>35,004</b>	<b>22,218</b>	<b>383</b>	<b>335</b>	<b>5</b>	<b>-</b>

\*Summarized financial data from the date of investment until 31 December 2012.

**12 Property and equipment**

	Consolidated financial Statements					
	Buildings & improvements	Furniture, fixtures & equipment	Vehicles & vehicles under finance leases	Computers & equipment	Assets under construction	Total
	<i>(in million Baht)</i>					
<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>

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

Consolidated financial Statements						
	Buildings & improvements	Furniture, fixtures & equipment	Vehicles & vehicles under finance leases (in million Baht)	Computers & equipment	Assets under construction	Total
<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>
<b>Transactions during the year ended 31 December 2012</b>						
Purchases	76	183	17	18	1,659	1,953
Transfer- net	65	48	1	1	(152)	(37)
Disposals- net	(1)	(2)	(1)	-	-	(4)
Write-off- net	(3)	(6)	(2)	-	-	(11)
Depreciation charged	(56)	(977)	(23)	(32)	-	(1,088)
Foreign currency translations adjustment	(3)	(161)	(1)	(1)	(2)	(168)
Transfer to non-current assets held for discontinuance	(5)	(1,574)	(1)	(26)	-	(1,606)
<b>Closing net book value</b>	<b>304</b>	<b>1,979</b>	<b>50</b>	<b>40</b>	<b>3,334</b>	<b>5,707</b>
<b>As at 31 December 2012</b>						
Cost	595	5,665	145	292	3,334	10,031
Less Accumulated depreciation	(291)	(3,671)	(95)	(252)	-	(4,309)
Less Allowance for impairment	-	(15)	-	-	-	(15)
<b>Net book value</b>	<b>304</b>	<b>1,979</b>	<b>50</b>	<b>40</b>	<b>3,334</b>	<b>5,707</b>

Borrowing costs to finance the construction a project in process for the year ended 31 December 2012 amounted to Baht 71 million (2011: Baht 11 million) are capitalised as part of asset acquisition during the year.

As at 31 December 2012, property and equipment included a project in progress of Baht 3,267 million relating to the Thaicom 6 project (2011: Baht 1,721 million). 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.

The transferred asset to non-current assets held for abandonment of approximately Baht 1,606 million (proportional) were property and equipment of Mfone as disclosed in note 9. Part of this transferred property and equipment was property and equipment under the operating agreements of approximately Baht 1,551 million (proportional) (2011: Baht 1,998 million), which 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 32 e.

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

	Separate financial statements				
	Buildings & improvements	Furniture, fixtures & equipment	Vehicles & vehicles under finance leases <i>(in million Baht)</i>	Computers & equipment	Total
<b>As at 31 December 2010</b>					
Cost	17	25	18	43	103
<i>Less</i> 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>24</b>
<b>Transactions during the year ended 31 December 2011</b>					
Purchases	1	6	11	2	20
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>32</b>
<b>As at 31 December 2011</b>					
Cost	17	29	29	45	120
<i>Less</i> 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>32</b>
<b>Transactions during the year ended 31 December 2012</b>					
Purchases	-	-	4	4	8
Disposal- net	-	-	(1)	-	(1)
Depreciation charge	(2)	(2)	(5)	(3)	(12)
<b>Closing net book value</b>	<b>2</b>	<b>5</b>	<b>14</b>	<b>6</b>	<b>27</b>
<b>As at 31 December 2012</b>					
Cost	17	29	32	49	127
<i>Less</i> Accumulated depreciation	(15)	(24)	(18)	(43)	(100)
<b>Net book value</b>	<b>2</b>	<b>5</b>	<b>14</b>	<b>6</b>	<b>27</b>

## 13 Property and equipment under operating agreements

	Consolidated financial statements Satellite equipment (in million Baht)
<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>
<b>Transactions during the year ended 31 December 2012</b>	
Purchases	5
Amortisation charge	(1,351)
<b>Closing net book value</b>	<b>11,482</b>
<b>At 31 December 2012</b>	
Cost	21,147
Less Accumulated amortisation	(9,665)
<b>Net book value</b>	<b>11,482</b>

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

## 14 Intangible assets

	Consolidated financial statements		
	Goodwill	Others	Total
	(in million Baht)		
<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>
<b>Transactions during the year ended 31 December 2012</b>			
Purchases	-	36	36
Amortisation charge	-	(152)	(152)
Foreign currency translation adjustment	-	(2)	(2)
<b>Closing net book value</b>	<b>142</b>	<b>957</b>	<b>1,099</b>
<b>At 31 December 2012</b>			
Cost	1,247	2,188	3,435
Less Accumulated amortisation	-	(1,231)	(1,231)
Less Allowance for impairment	(1,105)	-	(1,105)
<b>Net book value</b>	<b>142</b>	<b>957</b>	<b>1,099</b>

	Separate financial statements (in million Baht)
<b>At 31 December 2010</b>	
Cost	60
<i>Less</i> Accumulated amortisation	(53)
<b>Net book value</b>	<b>7</b>
<b>Transactions during the year ended 31 December 2011</b>	
Amortisation charge	(3)
<b>Closing net book value</b>	<b>4</b>
<b>At 31 December 2011</b>	
Cost	60
<i>Less</i> Accumulated amortisation	(56)
<b>Net book value</b>	<b>4</b>
<b>Transactions during the year ended 31 December 2012</b>	
Amortisation charge	(2)
<b>Closing net book value</b>	<b>2</b>
<b>At 31 December 2012</b>	
Cost	60
<i>Less</i> Accumulated amortisation	(58)
<b>Net book value</b>	<b>2</b>

Shin Corporation Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2012 and 2011

## 15 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>	
	2012	2011
	<i>(in million Baht)</i>	
Deferred tax assets	685	846
Deferred tax liabilities	-	(120)
<b>Total</b>	<b>685</b>	<b>726</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 4,090 million *(2011: Baht 5,606 million)* which is recognised as a deferred tax assets up to the amount it expects to be utilised of Baht 460 million *(2011: Baht 632 million)*.

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Notes to the financial statements  
For the years ended 31 December 2012 and 2011

The movements in deferred tax assets and liabilities during the years ended 31 December 2012 and 2011, without taking into consideration the offsetting of balances within the same tax jurisdiction are as follows:

Consolidated financial statement								
For the year ended 31 December 2011								
	Allowance for doubtful accounts	Loss carry forward	Depreciation/ amortisation	Allowance for obsolescence	Deposits (in million Baht)	Finance costs	Advance receipt from customer	Others

Shin Corporation Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2012 and 2011

**Consolidated financial statements**  
**For the year ended 31 December 2011**

	Amortisation on assets under operating agreement	Currency differences <i>(in million Baht)</i>	Total
<b>Deferred tax liabilities</b>			
Balance brought forward	(133)	2	(131)
Impact to statement of income	19	(2)	17
Impact to equity	(6)	-	(6)
<b>Balance carried forward</b>	<b>(120)</b>	<b>-</b>	<b>(120)</b>

**Consolidated  
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for the year ended  
31 December 2012**

	Depreciation/Amortisation <i>(in million Baht)</i>
<b>Deferred tax liabilities</b>	
Balance brought forward	(120)
Impact to statement of income	
Liabilities of non-current assets classified as held for abandonment	120
<b>Balance carried forward</b>	<b>-</b>

**16 Interest bearing liabilities**

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			
<b>Current</b>				
Current portion of long-term borrowings	109	1,323	-	-
Current portion of debenture	-	3,297	-	-
Current portion of finance lease liabilities	7	7	1	1
	<b>116</b>	<b>4,627</b>	<b>1</b>	<b>1</b>
<b>Non-current</b>				
Long-term borrowings	3,331	1,935	-	-
Debenture	3,695	3,693	-	-
Finance lease liabilities	21	25	1	1
	<b>7,047</b>	<b>5,653</b>	<b>1</b>	<b>1</b>
<b>Total borrowings</b>	<b>7,163</b>	<b>10,280</b>	<b>2</b>	<b>2</b>



## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

The movements in the borrowings for the years ended 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
At 1 January	10,280	8,405	2	3
Additions	1,617	3,785	1	-
Repayments	(3,467)	(2,473)	(1)	(1)
Amortisation of finance cost	6	6	-	-
Increase from changing of accounts payable - equipment	282	460	-	-
Transferred to directed liabilities of non-current assets held for discontinue	(1,431)	-	-	-
Foreign currency translation adjustment	(124)	97	-	-
<b>At 31 December</b>	<b>7,163</b>	<b>10,280</b>	<b>2</b>	<b>2</b>

## Long-term debenture

As at 31 December 2012 and 2011, THAIKOM 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 <i>(in million)</i>	Amount <i>(in million Baht)</i>	Interest rate p.a.	Interest due	Principal due	Outstanding as at 31 December	
						2012	2011
						<i>(in million Baht)</i>	
6 Nov'09	3.3	3,300	5.25%	Quarterly	Entire redeemed on 6 November 2012	-	3,300
6 Nov'09	3.7	3,700	6.15%	Quarterly	Entire redeemed on 6 November 2012	3,700	3,700
<b>Total debenture</b>						<b>3,700</b>	<b>7,000</b>
<i>Less</i> Debenture issuing cost						(5)	(10)
<b>Net</b>						<b>3,695</b>	<b>6,990</b>

THAIKOM 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	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
<b>Total borrowings:</b>				
at fixed rates	4,184	7,048	2	2
at floating rates	2,979	3,232	-	-
	<b>7,163</b>	<b>10,280</b>	<b>2</b>	<b>2</b>

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
	(%)			
<b>Weighted average interest rate</b>				
Long-term borrowings	3.24	2.77	-	-
Debenture	6.15	5.73	-	-
Finance lease liabilities	3.53	3.87	5.75	6.38

Maturity of non-current borrowings as at 31 December 2012 is as follows:

Maturity	Consolidated		Separate	
	financial statements		financial statements	
	Loan	Financial lease liabilities	Loan	Financial lease liabilities
	(in million Baht)			
2013	109	7	-	1
2014	3,813	7	-	1
2015 and after	3,213	14	-	-
<b>Total</b>	<b>7,135</b>	<b>28</b>	<b>-</b>	<b>2</b>

**Borrowing facilities**

As of 31 December 2012, THAIKOM has unutilised short-term loan facilities made available by various financial institutions in an aggregate amount of Baht 1,468 million (2011: Baht 799 million and USD 20 million).

**Facility agreement in relation to the financing of the Thaicom 6 satellite project**

THAIKOM 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, THAIKOM 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 value of non-current borrowings is estimated using discounted cash flows based on INTOUCH Group's incremental borrowing rates for similar types of borrowings. The fair value of interest bearing liabilities is as follows:

	Consolidated financial statements			
	2012		2011	
	Book Value	Fair value	Book Value	Fair value
	(in million Baht)			
Long-term debt (exclude finance lease liabilities)	<b>7,026</b>	<b>7,063</b>	<b>5,628</b>	<b>5,695</b>

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

**17 Trade and other payables**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2012	2011	2012	2011
		<i>(in million Baht)</i>			
<b>Trade payables</b>					
Related parties	4	6	6	-	-
Other parties		454	745	-	-
<b>Total</b>		<b>460</b>	<b>751</b>	<b>-</b>	<b>-</b>
<b>Other payables</b>		<b>1,338</b>	<b>1,006</b>	<b>85</b>	<b>79</b>
<b>Total</b>		<b>1,798</b>	<b>1,757</b>	<b>85</b>	<b>79</b>

Other payables as at 31 December 2012 and 2011 are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Accrued expenses	477	447	75	69
Note payable - debenture	131	-	-	-
Deferred income and advance receipts	526	329	-	-
Other payable	70	42	10	9
Tax payable	45	68	-	1
Deposit from customers	26	33	-	-
Provision for warranty	11	36	-	-
Others	52	51	-	-
<b>Total</b>	<b>1,338</b>	<b>1,006</b>	<b>85</b>	<b>79</b>

**18 Employee benefit obligations**

Obligation as at 31 December 2012 and 2011 in the statements of financial position were determined as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Present value of unfunded obligations	<b>372</b>	<b>232</b>	<b>47</b>	<b>38</b>

Movement in the present value of the defined benefit obligations for the years ended 31 December 2012 and 2011 are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
At 1 January	232	217	38	39
Benefits paid by the plan	(9)	(20)	-	(5)
Actuarial gains or losses from employee benefit plan	118	-	4	-
Current service costs of employee and interest on obligation	33	32	5	4
(Gain) loss from foreign exchange	(2)	3	-	-
<b>At 31 December</b>	<b>372</b>	<b>232</b>	<b>47</b>	<b>38</b>

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

Expense recognised in statements of income for the years ended 31 December 2012 and 2011 are as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Past service costs and current service costs of employee	20	17	3	2
Interest on obligation	13	15	2	2
<b>Total</b>	<b>33</b>	<b>32</b>	<b>5</b>	<b>4</b>

Principal actuarial assumptions for the years ended of the reporting date:

	Consolidated financial statements		Separate financial statements	
	31 December		31 December	
	2012	2011	2012	2011
	%			
Estimate of discount rate (average)	3.7 - 3.9	5.0	3.7	5.0
Estimate of future salary increases (average)	7.5 - 15.0	6.0	7.5	6.0

**19 Share capital and premium**

Movements in share capital are as follows:

	Issued and fully paid-up shares				
	Authorised number of shares <i>(in million shares)</i>	Number of shares	Ordinary shares	Share premium <i>(in million Baht)</i>	Total
At 1 January 2011	5,000	3,201	3,201	10,198	13,399
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>
Issue of shares	-	-	-	-	-
<b>At 31 December 2012</b>	<b>5,000</b>	<b>3,206</b>	<b>3,206</b>	<b>10,342</b>	<b>13,548</b>

**20 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.

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

**21 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.

**22 Other comprehensive income**

The component of other comprehensive income for the years ended 31 December 2012 and 2011 are as follows:

	Consolidated financial statements			
	2012	(in million Baht)		2011
Foreign currency translation differences		(9)		135
Change in fair value of available-for-sale investments				
Profit (loss) during the year	34		14	
Less reclassification of (profit) loss, recognised in the statements of income	(25)	9	(13)	1
Share of other comprehensive income of associates		1		1
Loss from actuarial gains or losses adjustment of employee benefit plan		(372)		-
Tax related to the component of other comprehensive income		23		-
<b>Total other comprehensive income for the year, net of income tax</b>		<b>(348)</b>		<b>137</b>
	Separated finance statements			
	2012	(in million Baht)		2011
Change in fair value of available-for-sale investments				
Profit during the year	28		14	
Less reclassification of (profit) loss, recognised in the statements of income	(25)	3	(13)	1
Loss from actuarial gains or losses adjustment of employee benefit plan		(3)		-
Tax related to the component of other comprehensive income		-		-
<b>Total other comprehensive income for the year, net of income tax</b>		<b>-</b>		<b>1</b>

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

The income tax impact to the component of other comprehensive income is as follows:

	Consolidated financial statements					
	2012			2011		
	Amount before tax	Tax income (expense)	Net of tax	Amount before tax	Tax income (expense)	Net of tax
	(in million Baht)					
Foreign currency translation differences	(9)	-	(9)	135	-	135
Change in fair value of available-for-sale investments	9	-	9	1	-	1
Share of other comprehensive income of associates	1	-	1	1	-	1
Actuarial losses adjustment of employee benefit plan	(372)	23	(349)	-	-	-
<b>Total other comprehensive income</b>	<b>(371)</b>	<b>23</b>	<b>(348)</b>	<b>137</b>	<b>-</b>	<b>137</b>
	Separated financial statements					
	2012			2011		
	Amount before tax	Tax income (expense)	Net of tax	Amount before tax	Tax income (expense)	Net of tax
	(in million Baht)					
Change in fair value of available-for-sale investments	3	-	3	1	-	1
Actuarial losses adjustment of employee benefit plan	(3)	-	(3)	-	-	-
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>

**23 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 (the Company which operated a telecommunication in Cambodia is filed a complaint with bankruptcy as disclosed in note 9)
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 the 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.

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

Financial information by business segment is as follows:

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	-	6,624	1,305	126	(36)	8,019
Share of profits of associates	9,912	157	-	-	-	10,069
Cost of sales and services	-	(4,508)	(1,187)	(95)	5	(5,785)
Selling and administrative expenses	-	(1,405)	(548)	(305)	30	(2,228)
<b>Profit(loss) from operating activities</b>	<b>9,912</b>	<b>868</b>	<b>(430)</b>	<b>(274)</b>	<b>(1)</b>	<b>10,075</b>
Net foreign exchange loss	-	(85)	-	-	-	(85)
Gain from disposal of partial investment in an 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>933</b>	<b>(394)</b>	<b>7,047</b>	<b>(1)</b>	<b>17,497</b>
Finance costs	-	(452)	(1)	(2)	-	(455)
Income tax	-	(502)	-	(4)	-	(506)
<b>Profit (loss) – continued operations</b>	<b>9,912</b>	<b>(21)</b>	<b>(395)</b>	<b>7,041</b>	<b>(1)</b>	<b>16,536</b>
Loss from discontinued Operations – net of tax	-	(467)	-	-	-	(467)
Net results from subsidiaries to non-controlling interest	-	291	199	-	-	490
<b>Net profit (loss) for the year</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	-	674	4	19	-	697
Amortisation	-	1,483	-	8	-	1,491
<b>Depreciation and amortisation</b>	<b>-</b>	<b>2,157</b>	<b>4</b>	<b>27</b>	<b>-</b>	<b>2,188</b>



Shin Corporation Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2012 and 2011

**Consolidated financial statement**  
**for the year ended 31 December 2012**

	Local wireless telecommu- nications	Satellite & inter- national business	Media & advertising	Corporate and others	Consolidation eliminations	INTOUCH Group
	<i>(in million Baht)</i>					
Revenues	-	7,266	1,192	132	(45)	8,545
Share of profits of associates	14,171	165	-	-	-	14,336
Cost of sales and services	-	(4,484)	(1,079)	(103)	-	(5,666)
Selling and administrative expenses	-	(1,446)	(575)	(344)	45	(2,320)
<b>Profit (loss) from operating activities</b>	<b>14,171</b>	<b>1,501</b>	<b>(462)</b>	<b>(315)</b>	<b>-</b>	<b>14,895</b>
Net foreign exchange gain	-	19	-	-	-	19
Impairment losses on non- current assets held for abandonment	-	(175)	-	-	-	(175)
Other income	-	106	37	90	-	233
<b>Profit (loss) before finance costs and income tax</b>	<b>14,171</b>	<b>1,451</b>	<b>(425)</b>	<b>(225)</b>	<b>-</b>	<b>14,972</b>
Finance costs	-	(420)	(1)	(3)	-	(424)
Income tax	-	(346)	(1)	(5)	-	(352)
<b>Profit (loss) – continued operations</b>	<b>14,171</b>	<b>685</b>	<b>(427)</b>	<b>(233)</b>	<b>-</b>	<b>14,196</b>
Loss from discontinued operations – net of tax	-	(509)	-	-	-	(509)
Net results from subsidiaries to non-controlling interest	-	(102)	202	-	-	100
<b>Net profit (loss) for the year</b>	<b>14,171</b>	<b>74</b>	<b>(225)</b>	<b>(233)</b>	<b>-</b>	<b>13,787</b>
<b>Other information</b>						
Segment assets	-	25,440	1,483	2,386	(12)	29,297
Investments in equity method	18,425	274	59	-	-	18,758
<b>Total consolidated assets</b>	<b>18,425</b>	<b>25,714</b>	<b>1,542</b>	<b>2,386</b>	<b>(12)</b>	<b>48,055</b>
Segment liabilities	-	4,411	5,732	211	(8)	10,346
Borrowings	-	7,161	-	2	-	7,163
<b>Total consolidated liabilities</b>	<b>-</b>	<b>11,572</b>	<b>5,732</b>	<b>213</b>	<b>(8)</b>	<b>17,509</b>
Depreciation	-	647	4	20	-	671
Amortisation	-	1,495	-	8	-	1,503
<b>Depreciation and amortisation</b>	<b>-</b>	<b>2,142</b>	<b>4</b>	<b>28</b>	<b>-</b>	<b>2,174</b>

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

For the satellite and international business segment can be shown financial information by sub-business segments as follows:

Consolidated financial statements								
for the year ended 31 December 2011								
	Satellite business services	Internet & media services	Tele- phone network	Others	Conso- lidation eliminations	Total continued operation	Discon- tinued operation	INTOUCH Group
	<i>(in million Baht)</i>							
Revenues	5,738	368	576	-	(58)	6,624	630	7,254
Shares of profits of associates	-	157	-	-	-	157	-	157
Allocated costs and expenses	(4,993)	(418)	(512)	(52)	62	(5,913)	(1,089)	(7,002)
<b>Profit (loss) from operating activities</b>	<b>745</b>	<b>107</b>	<b>64</b>	<b>(52)</b>	<b>4</b>	<b>868</b>	<b>(459)</b>	<b>409</b>
Net foreign exchange loss						(85)	-	(85)
Loss from impairment								
Other income						150	-	150
<b>Profit (loss) before finance costs and income tax</b>						<b>933</b>	<b>(459)</b>	<b>474</b>
Finance costs						(452)	(27)	(479)
<b>Operating profit (loss)</b>						<b>481</b>	<b>(486)</b>	<b>(5)</b>
Income tax						(502)	19	(483)
Net results from subsidiaries to non-controlling interest						291	-	291
<b>Net profit (loss)</b>						<b>270</b>	<b>(467)</b>	<b>(197)</b>
<b>Other information</b>								
Segment assets	22,831	265	3,997	1	(245)	26,849	-	26,849
Associate								271
<b>Total consolidated assets</b>								<b>27,120</b>
Segment liabilities	1,674	140	1,014	1	(67)	2,762	-	2,762
Borrowings								10,277
<b>Total consolidated liabilities</b>								<b>13,039</b>
Depreciation	413	11	250	-	-	674	452	1,126
Amortisation	1,481	2	-	-	-	1,483	-	1,483
<b>Depreciation and amortisation</b>	<b>1,894</b>	<b>13</b>	<b>250</b>	<b>-</b>	<b>-</b>	<b>2,157</b>	<b>452</b>	<b>2,609</b>

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

Consolidated financial statements								
for the year ended 31 December 2012								
	Satellite business services	Internet & media services	Tele- phone network	Others	Conso- lidation eliminations	Total continued operation	Discon- tinued operation	INTOUCH Group
	<i>(in million Baht)</i>							
Revenues	6,316	289	700	-	(39)	7,266	434	7,700
Shares of profits of associates	-	165	-	-	-	165	-	165
Allocated costs and expenses	(4,980)	(366)	(573)	(121)	110	(5,930)	(952)	(6,882)
<b>Profit (loss) from operating activities</b>	<b>1,336</b>	<b>88</b>	<b>127</b>	<b>(121)</b>	<b>71</b>	<b>1,501</b>	<b>(518)</b>	<b>983</b>
Net foreign exchange gain (loss)						19	(1)	18
Loss from impairment						(175)	-	(175)
Other income						106	1	107
<b>Profit (loss) before finance costs and income tax</b>						<b>1,451</b>	<b>(518)</b>	<b>933</b>
Finance costs						(420)	(15)	(435)
<b>Operating profit (loss)</b>						<b>1,031</b>	<b>(533)</b>	<b>(498)</b>
Income tax						(346)	24	(322)
Net results from subsidiaries to non-controlling interest						(102)	-	(102)
<b>Net profit (loss)</b>						<b>583</b>	<b>(509)</b>	<b>74</b>
<b>Other information</b>								
Segment assets	22,406	266	1,413	17	(431)	23,671	1,769	25,440
Associate								274
<b>Total consolidated assets</b>								<b>25,714</b>
Segment liabilities	2,116	172	275	143	(64)	2,642	1,769	4,411
Borrowings								7,161
<b>Total consolidated liabilities</b>								<b>11,572</b>
Depreciation	378	8	261	-	-	647	417	1,064
Amortisation	1,491	4	-	-	-	1,495	-	1,495
<b>Depreciation and amortisation</b>	<b>1,869</b>	<b>12</b>	<b>261</b>	<b>-</b>	<b>-</b>	<b>2,142</b>	<b>417</b>	<b>2,559</b>

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

**Financial information by business geographical areas**

Revenue and results, based on geographical segments, in the consolidated financial statements for the years ended 31 December 2012 and 2011 are as follows:

	Revenue		Segment results		Assets*	
	2012	2011	2012	2011	2012	2011
			<i>(in million Baht)</i>			
Thailand	18,253	13,490	15,599	10,983	16,164	16,063
Cambodia	-	-	-	-	-	2,095
Lao PDR	753	616	141	74	1,374	1,600
Australia	1,082	1,088	388	346	229	222
People's Republic of China	16	15	(597)	(474)	24	41
India	317	304	(195)	(176)	163	227
Japan	833	877	391	246	103	158
Others	1,193	1,068	(314)	(465)	230	307
<b>Total continued operations</b>	<b>22,447</b>	<b>17,458</b>	<b>15,413</b>	<b>10,534</b>	<b>18,287</b>	<b>20,713</b>
Discontinued operations	434	630	(518)	(459)	1,606	-
	<b>22,881</b>	<b>18,088</b>	<b>14,895</b>	<b>10,075</b>	<b>19,893</b>	<b>20,713</b>

\*Comprise of property and equipment, property and equipment under operating agreement and intangible assets.

**24 Other income**

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
			<i>(in million Baht)</i>	
Interest income	210	135	63	54
Gain on sale of equipment	6	30	-	-
Others income	17	78	25	1
<b>Total</b>	<b>233</b>	<b>243</b>	<b>88</b>	<b>55</b>

**25 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:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
			<i>(in million Baht)</i>	
Depreciation	671	697	12	11
Amortisation charge	1,503	1,491	2	3
Staff cost	1,245	1,176	158	147

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

**26 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 2012 at Baht 43 million on the consolidated financial statements (2011: Baht 33 million) and Baht 6 million on the separate financial statements (2011: Baht 5 million).

**27 Income tax expense**

Reconciliation of income tax for the years ended 31 December are as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			
Current tax	217	175	-	-
Deferred tax expense	136	331	-	-
	<b>353</b>	<b>506</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 2012 and 2011 are as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			
Profits before tax	14,548	17,042	12,010	17,530
Tax rates	23%	30%	23%	30%
The result of the accounting profit multiplied by the income tax rates	3,346	5,113	2,762	5,259
Share of profit of associates	(3,297)	(3,021)	-	-
Effect of change in corporate income tax rate	(29)	363	-	-
Effect of the different basis of income tax calculation on tax rates in other countries	153	(45)	-	-
Tax losses in current period not recognised as deferred tax assets	162	209	56	71
Tax losses in previous period not recognised as deferred tax assets	(3)	(2,197)	-	(2,250)
Effect of exceptional revenue - dividend income	-	-	(2,818)	(3,080)
Effect of the non-deductible tax expense and income and expense recognised in the different period between accounting and tax	21	84	-	-
<b>Tax charge</b>	<b>353</b>	<b>506</b>	<b>-</b>	<b>-</b>

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

**28 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 2012, the subsidiary has revenue from promoted amounting to Baht 1,347 million *(2011: Baht 1,040 million)*.

**29 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.

The basic earnings per share and the diluted earnings per share are as follows:

	<b>Consolidated financial statements</b>					
	<b>For the year ended 31 December</b>					
	Profit attributable to holder of the Company		Weighted average number of shares		Earnings per share attributable to holder of the Company	
	2012	2011	2012	2011	2012	2011
	<i>(in million Baht)</i>		<i>(in million shares)</i>		<i>(in Baht)</i>	
Basic earnings per share	13,787	16,559	3,206	3,204	4.30	5.17
The effect of dilutive potential shares	-	-	-	-	-	-
<b>Diluted earnings per share</b>	<b>13,787</b>	<b>16,559</b>	<b>3,206</b>	<b>3,204</b>	<b>4.30</b>	<b>5.17</b>
<b>Separate financial statements</b>						
<b>For the year ended 31 December</b>						
	Profit attributable to holder of the Company		Weighted average number of shares		Earnings per share attributable to holder of the Company	
	2012	2011	2012	2011	2012	2011
	<i>(in million Baht)</i>		<i>(in million shares)</i>		<i>(in Baht)</i>	
Basic earnings per share	12,010	17,530	3,206	3,204	3.75	5.47
The effect of dilutive potential shares	-	-	-	-	-	-
<b>Diluted earnings per share</b>	<b>12,010</b>	<b>17,530</b>	<b>3,206</b>	<b>3,204</b>	<b>3.75</b>	<b>5.47</b>

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

**30 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:

	<b>Date of meeting</b>	<b>Dividend paid from the operation result of</b>	<b>Dividend ratio (Baht/share)</b>	<b>Total dividend (million Baht)</b>
The resolution of:				
The general shareholders	30 Mar 2012	1 Jan - 29 Mar 2012	1.58	5,066
The Board of Directors	14 Aug 2012	30 Mar - 13 Aug 2012	2.20	7,054

**31 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.

***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.



## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2012 and 2011

*Foreign currency risk*

As at 31 December 2012 and 2011, 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:

	Consolidated financial statements			
	2012		2011	
	Foreign currency (Unit: million)	(in million Baht)	Foreign currency (Unit: million)	(in million Baht)
<b>Assets</b>				
US Dollars	29	878	22	679
Singapore Dollars	2	46	-	-
Indian Rupees	428	222	445	238
Japanese Yen	327	116	588	238
New Zealand Dollars	2	48	2	49
<b>Total</b>		<b>1,310</b>		<b>1,204</b>
<b>Liabilities</b>				
US Dollars	116	3,545	61	1,939
Singapore Dollars	-	1	-	3
Indian Rupees	238	143	45	29
Japanese Yen	267	95	265	109
New Zealand Dollars	-	7	-	6
<b>Total</b>		<b>3,791</b>		<b>2,086</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.

*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 16.

Shin Corporation Public Company Limited and its Subsidiaries  
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## 32 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 Case Number Black 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")

According to the Shareholders Agreement between the Company and Singtel Strategic Investments Private Limited and its amendments, the parties confirm that they did not have any mutual intention at the time that they entered into the Shareholders Agreement to act and have no act together or in exercising their voting rights for the purpose of achieving a common control of the voting rights or of the business of AIS. However, 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 is no significant argument between the parties.

## Shin Corporation Public Company Limited and its Subsidiaries

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**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 2012, LTC has remaining additional investment of approximately USD 97 million (2011: USD 109 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>		2012	2011
<i>(in million)</i>			
THAICOM 6 Project	USD	38	73
120°E Project	USD	171	171
Telephone network	USD	4	8
Total	USD	<u>213</u>	<u>252</u>
<b>Total equivalent to Thai Baht</b>		<b><u>6,545</u></b>	<b><u>8,022</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 USD 1 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 USD 1, therefore, INTOUCH Group does not recognise this obligation as its liabilities in these financial statements. As of 31 December 2012, the remaining share option was 0.08 million shares (2011: 0.08 million shares).

## Shin Corporation Public Company Limited and its Subsidiaries

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**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 2012, the remaining minimum operating agreement fee was Baht 684 million (2011: Baht 747 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.

**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>	
	2012	2011
	<i>(in million Baht)</i>	
Not later than 1 year	171	248
Later than 1 year and not later than 5 years	339	460
Later than 5 years	81	167
<b>Total</b>	<b>591</b>	<b>875</b>

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**g) Obligation under "Financing and Project Agreement"**

LTC, an indirect jointly-controlled entity of THAIKOM, 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. As at 31 December 2012, LTC has recognised the network assets relating to Phase VI and the related portion of the loan in the amount of Baht 70 million (*2011: Baht 70 million*) and paid loan in the amount of Baht 14 million (*2011: Baht 22 million*).

**33 Significant events, disputes and litigations of INTOUCH Group**

***33.1 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.

***33.2 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. Case Number Black 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. Case Number Black 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.

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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 2012 was disclosed in the financial statements for the year ended 31 December 2012.

## 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.

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**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.



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- 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, Case Number Black 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.

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**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, Case Number Black 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.

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**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 Case Number Black 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 Case Number Black 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, Case Number Black 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 Case Number Black 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 Case Number Black 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 an appeal against the verdict of the Central Administrative Court (of the First Instance) with the Supreme Administrative Court regarding revocation of Case Number Black 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.

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**On 11 July 2007**, ITV appealed to the Supreme Administrative Court for the Central Administrative Court's order to dismiss Case Number Black 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 and appeal against the verdict of the Central Administrative Court (of the First Instance) with the Supreme Administrative Court regarding revocation of Case Number Black 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.

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**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 Case Number Black 1/2550 and Case Number Black 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.

**On 10 June 2010**, ITV deposited of Baht 5 million which computed from ITV's claim amount of Baht 22 million for the Case Number Black 46/2550, For the Case Number Black 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.

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**On 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.

**On 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.

**On 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.

**On 30 December 2011**, PMO sent a letter to the Thai Arbitration Institute requesting to postpone the arbitral proceedings of the Case Number Black 1/2550 and initiating the proceedings of Case Number Black 46/2550 first.

**On 17 January 2012**, According to the Thai Arbitration Institute proposed, ITV issued a letter to delay the proceed of the Case Number Black 1/2550 and wait for the award of the Case Number Black 46/2550. Later on, the Thai Arbitration Institute issued an order to delay the process of the Case Number Black 1/2550. On the same day, PMO deposited for Arbitrator commission at Baht 100,000 for the Case Number Black 1/2550 and Baht 10 million for the Case Number Black 46/2550, including the expenditure of both cases at Baht 15,000 each.

**On 20 January 2012**, According to the order of Thai Arbitration Institute, ITV deposited additional for Arbitrator commission of the Case Number Black 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 Case Number Black 1/2550 and the compensation of damages arisen from illegal termination of agreement Case Number Black 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 Case Number Black 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 Case Number Black 1/2550 granted by the arbitration panel and the final legal proceeding.

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**2. In regard of the operating fee of the 9th, 10th and 11st 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 Case Number Black 1/2550 and the compensation of damages arisen from illegal termination of agreement Case Number Black 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 2,566 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 2012 (2011: Baht 433 million).



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### ***33.3 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. 805 million (approximately Baht 450 million) against the said payment received by it from the customers and also levied penalty of Rs. 566 million (approximately Baht 317 million) for the Assessment Year ('AY') 1998-1999 to 2009-2010 (1 April 1997 to 31 March 2009).

So far, THAICOM had received Withholding Tax Certificates ('WTC') from its customers until AY 2009-2010 net amounting to Rs. 498 million (approximately Baht 279 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 258 million).

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 91 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. 805 million (approximately Baht 450 million) will be charged as expense immediately, but THAICOM has WTC and the deposit which will cover some part of the tax demand, the remaining is Rs. 8 million (approximately Baht 4 million).

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### ***33.4 The major commercial disputes and significant litigation of AIS Group***

#### **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.*

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For the years ended 31 December 2012 and 2011

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 Case Number Black 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 Case Number Black 1918/2554 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) 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 1	6 January 2007 onwards
3) Digital Phone Company Limited	1 June 2009 onwards
4) CAT Telecom Public Company Limited	7 April 2010 onwards

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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.

Having considered the said TOT's letter, related laws and the legal counsel's opinion, the AIS management is of the opinion that non-compliance by AIS with the IC agreements shall be deemed violating the said NTC announcement. Therefore, AIS has decided to comply with the IC agreements in line with the current legal provisions.

According to the Agreement to operate cellular mobile telephone service, AIS has to pay the higher of stipulated annual minimum payment or the percentage of service revenues prior to deducting expenses and taxes. However, AIS had to comply with the regulation while TOT would like to wait for the final judgment of the Court. As a result, AIS anticipated entering into a negotiation with TOT in relation to a calculation method of the revenue sharing. AIS calculated the revenue sharing from the net IC revenue which is similar to other operators in the telecommunication industry on a conservative basis. The revenue sharing amount to be paid to TOT is subject to the final judgment of the Court in relation to revoking the announcement of NTC and a negotiation between TOT and AIS. AIS will make adjustment in the financial statement in the period when the issue has been agreed. AIS management is certain that it will not incur significant expense more than the revenue sharing amount which AIS has recorded.

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. Number 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.

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#### **Digital Phone Company Limited ("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."

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*\*\*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 Case Number Black 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 Case Number Black 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.

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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 Case Number Black 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 Case Number Black 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.

On 23 March 2012, the Arbitral Tribunal has dismissed the said two disputes by giving the reason which can be summarised that CAT has not yet paid the discount Bath 22/number/month to TOT. Moreover, CAT cannot prove that DPC has breached the Agreement and DPC has not made the full payment of the revenue sharing. Therefore, CAT has no right to re-claim for the alleged deficit amount, including the penalty fine and the value added tax.

On 25 June 2012, CAT has submitted the Case Number Black 1016/2555 to the Central Administrative Court to revoke the Arbitral Tribunal's award. Presently, the said case is pending on the Central Administrative Court process.

*4) Access charge payment between DPC, CAT and TOT*

On 9 May 2011, TOT has submitted the Case Number Black 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.



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- 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 Case Number Black 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 Case Number Black 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.

On 18 July 2012, the Arbitral Tribunal has given the arbitration award to dismiss the said disputes under the reason that the request by CAT to demand the delivery of the assets from DPC was the premature exercise of legal claim under the contract.

On 25 October 2012, CAT has submitted the Case Number Black 2757/2555 to the Central Administrative Court to revoke the Arbitral Tribunal's award. Presently, the said case is pending on the Central Administrative Court process.

*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.

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On 15 July 2010, CAT has submitted a dispute under Case Number Black 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; Case Number Black 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 Case Number Black 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.

*8) Revenue sharing on interconnection charge between DPC and CAT*

On 24 August 2012, CAT has submitted a dispute under Case Number Black 110/2555 to the Alternative Dispute Resolution Office, The Arbitration Institute, demanding DPC to pay additional payment of revenue sharing of 10th – 14th operation year amounting to Baht 183 million and penalty at the rate of 1.25 percent per month of the above principal amount starting from the default date of each year until the full payment is made.

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Such amount represents the revenue sharing which CAT calculated on gross interconnection charge received by DPC from other operators at the percentage rate specified in the Agreement without deduction of interconnection charge which DPC has to pay to other operators.

At present, the said dispute is pending on the Arbitration procedures. AIS management believes that the outcome of the said dispute shall be settled favourably 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 Case Number Black 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.

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On 16 August 2012, the Court of Appeals has issued an order confirming the dismissal of the Civil Court by dismissing the request for the order of provisional remedial measure of CAT, and CAT has submitted the petition to appeal to the Supreme Court on 19 October 2012.

**AIS and DPC***Withholding tax between AIS, DPC and the Revenue Department*

Pursuant to the letter dated 18 January 2013, the Revenue Department has challenged AIS and DPC to pay surcharge of Baht 128 million and Baht 6 million, respectively, regarding the withholding tax on revenue sharing payment after excise tax deduction by giving the opinion that the excise tax is a part of revenue sharing. Therefore, AIS and DPC will be liable to pay the shortage of withholding tax amount of excise tax which came from the revenue sharing payment without excise tax deduction. AIS and DPC are preparing to appeal to the Commission of Appeal.

**33.5 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.

**33.6 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.

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## Notes to the financial statements

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**34 Bank guarantees**

As at 31 December 2012, 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 519 million, USD 2 million (2011: Baht 781 million and USD 3 million) on a consolidated basis.

**35 TFRS not yet adopted**

The followings are issued and revised TAS, which INTOUCH Group has not adopted at the report date, as they will be 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.

**36 Re-presentation**

Certain accounts in the 2011 consolidated statements of income have been re-presented to conform to the presentation of the 2012 statements of income, which is in accordance with TFRS 9. The major representations are as follows:

	Before Re-presentation	Re-presentation (in million Baht)	After Re-presentation
<b>Revenue</b>			
Revenues from sale of goods and rendering of services	8,649	(630)	8,019
<b>Total revenue</b>	<b>26,225</b>	<b>(630)</b>	<b>25,595</b>
<b>Expense</b>			
Cost of sale of goods and rendering	6,129	(941)	5,188
Operating agreements fee	621	(24)	597
Selling expenses	173	(9)	164
Administrative expenses	1,593	(115)	1,478
<b>Total expenses</b>	<b>9,187</b>	<b>(1,089)</b>	<b>8,098</b>
<b>Profit before financial costs and income tax</b>	<b>17,038</b>	<b>459</b>	<b>17,497</b>
Financial costs	(482)	27	(455)
<b>Profit before income tax</b>	<b>16,556</b>	<b>486</b>	<b>17,042</b>
Income tax expense	(487)	(19)	(506)
<b>Profit for the year – continued operations</b>	<b>16,069</b>	<b>467</b>	<b>16,536</b>
Loss for the year – discontinued operations – net	-	(467)	(467)
<b>Profit for the year</b>	<b>16,069</b>	<b>-</b>	<b>16,069</b>

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### 37 Events after the reporting period

#### *Dividend payment*

##### *Proposed dividend payment of associates and subsidiaries*

The Board of Directors of AIS, CSL and THAICOM, passed resolutions to propose the dividend payment from the operating result of 2012 to the annual general shareholders meetings as follows:

Company	Date of Meeting	Dividend	Interim dividend paid in 2012 (Baht/share)	Amount to be paid (Baht/share)	Amount (in million Baht)
AIS	7 February 2013	10.90	5.90	5.00	14,865
CSL	8 February 2013	0.60	0.30	0.30	178
THAICOM	13 February 2013	0.40	-	0.40	438

##### *Proposed dividend payment of the Company*

On 15 February 2013, 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 28 March 2013 to the Company's shareholders at Baht 1.88 per share, approximately Baht 6,028 million. The Company will propose to the annual general shareholders' meeting for the year 2013 of the Company to approve afterward.

On 7 February 2013, the Board of Director of AIS passed a resolution to call the annual general shareholders' meeting for the year 2013 on 27 March 2013 of which there is an agenda of dividend payment for the operating result of the second half of the year 2012 at Baht 5.00 per share. On 13 February 2013, the board of director of THAICOM passed a resolution to call the annual general shareholders' meeting for the year 2013 on 28 March 2013 of which there is an agenda of dividend payment for the operating result of the year 2012 at Baht 0.40 per share.

The Company expects to realise dividend income from AIS and THAICOM, after the approval by the annual general shareholders' meeting of AIS and THAICOM, in the amount of approximately Baht 6,194 million (From AIS, 1,203 million shares; Baht 5.00 per share and from THAICOM, 451 million shares; Baht 0.40 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 2013 of AIS and THAICOM.

#### Reference Persons

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