



# Annual Report 2012

Loxley Public Company Limited



**ICT, Telecom, Technology & Project**

**Joint Venture Business**

**Service Business**

**Trading Business**

**Service Business**

**Joint Venture Business**

**Trading Business**

**Joint Venture Business**

**Trading Business**

**ICT, Telecom, Technology & Project**

**Service Business**

**Service Business**

**Service Business**

**Service Business**

**Joint Venture Business**

**ICT, Telecom, Technology & Project**

**Trading Business**



## VISION

# VISION

“ Inspired Choice for Customers,  
Business Partners and Investors ”



## MISSION

# MISSION

- + We seek to provide greater value in products and services to ensure complete customer satisfaction.
- + We strive to keep ahead of market changes and foster a climate of business innovation.
- + We seek to maintain our leadership in the area of information technology for our business progress.
- + We seek to continually strengthen our financial and human resources.
- + We shall adhere to the fair conduct of business for our shareholders, employees and society.





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# Background, Major Changes And Milestones



Loxley Company Limited has operated its business for over 73 years. It was founded on 15 January 1939 under the name Loxley Rice Company (Bangkok) Limited as a joint venture between Ng Yuk Long Lamsam and Andrew Beattie of W.R. Loxley Company of Hong Kong. Initially, the Company's main activities were exports of agricultural products of Thailand, including rice and timbers.

For over seven decades, the business has grown from strength to strength. In 1957, the Company's name was changed to Loxley (Bangkok) Company Limited and expanded its export businesses as well as distribution of foreign products including industrial products and advanced technology products. Due to its outstanding performance, the Company had attracted a huge number of leading local and foreign corporations, many of which later became the company's business partners. By the year 1988, with an aim to meet the ever-changing market demands, the Company expanded its business to cover technology.

On 1 April 1993, the Company was transformed into a public company, being listed on the Stock Exchange of Thailand under the name of Loxley Public Company Limited. Our shares began to be traded on 25 January 1994 under the designation "LOXLEY" in the commercial group of stocks.

The Company has always committed to operating its business with a comprehensive range of products and services, focusing on sustainable growth in order to cater clients' needs and to manage our assets in accordance with the value-added principle for maximum benefits of shareholders, employees, and the society.

## Three eras of Loxley's 73-year development

### The First Era : from 1939 to 1952

The Company commenced its operation by exporting agricultural products, including rice and timbers, prior to expansion of imports of products after the World War II.

### The Second Era : from 1953 to 1987

Most of the Company's imported products, which included machines, electrical appliances, and motors, were from England. Later, various categories of products were imported from Asian and other western countries, such as motors from Japan, cosmetics from Korea, Olivetti typewriter from Italy. The Company's experience in advanced technology products in this era has contributed to unrivalled expertise in the area of technology in later years.

### The Third Era : from 1988 to present

Loxley has expanded the business to cover public utility infrastructure, telecommunication, energy, information technology and communications, as well as consumer products and services. It has not only developed its own working systems and products, but also been distributors and joint ventures of internationally-recognized products and technology. The Company has presently met consumers' demands with a wide range of products.

# Message from the Chairman

Loxley Public Company Limited experienced continuous growth in 2012, especially its ICT Business Group, Technology Business Group and Project Business Group which have been awarded many government infrastructure projects. Despite the continuous impact experienced by the Trading Business Group from the flood situation in 2011, the team has adjusted its strategy for further enhancing its competitiveness and has improved its readiness efforts for expansion to neighboring countries and countries in the Asean Economic Community (AEC) specifically Guangdong Province in China, Lao PDR and Cambodia. The Service Business Group's growth, meanwhile, has expanded its core business at Suvarnabhumi Airport to include other airports in the provincial areas and has increased its services to draw more customer groups in the private sector. Also, in 2012, the Company's investments in primary related companies brought about a relatively significant increase in equity profit.

In 2012, the Company and its subsidiaries reported a consolidated income amounting to Baht 14,135 million, with a Baht 526 million net profit representing a 76 per cent increase from Baht 298 million in 2011.

In 2013, the Company has prepared plans, both in terms of trade and investment, to accommodate the establishment of the AEC in 2015, particularly in respect of projects in the government sector related to transportation, telecommunication, communications and water management. Furthermore, the Company plans to communicate more with its investors and analysts.

Finally, on behalf of the Company's Board of Directors, I would like to thank our shareholders, customers, trading partners and business alliances in all sectors which have together rendered considerable and constant support to the Company's business operations. I would also like to take this opportunity to express my gratitude to the Management and colleagues for all their contributions with diligence and dedication to achieve the Company's success. The Company is determined to operate its business fairly, taking into consideration stakeholders of all groups in order to maintain confidence and sustainable growth.



(Mr. Pairote Lamsam)  
Chairman of the Board

# Activities in 2012



Mr. Pairote Lamsam, Chairman, and Mr. Dhongchai Lamsam, President of Loxley Public Company Limited, along with the Board of Directors attended an Annual General Meeting of Shareholders for 2012 to report operating results of the Company's Groups to shareholders.



OPPY (Old People Playing Young) Club in Loxley's Group, founded by Khunying Chatchanee Chatikavanij, was a host for the event "12<sup>th</sup> Anniversary OPPY.... Happy Club for Old People Who Have Young Hearts for Technology Learning" to sell club members' handmade items. All proceeds will be contributed to Wat Botworadit's project for bed shelter remodeling. Mr. Vasant Chatikavanij was an honored guest in this event.



Loxley Public Company Limited welcomed a group of business delegates from the Chamber of Commerce of Federal Democratic Republic of Nepal. The purpose of visit is to study business opportunities and business matching in Thailand. Mr. Marit Sa-ngeampong, the Ambassador, was an honored guest in this event.



Loxley Public Company Limited signed a Memorandum of Understanding (MOU) with Office of Vocational Education Commission, underlying teaching for human resource development. In this event, Mr. Sakda Kongpetch, Deputy Minister of Education, was a respectable witness.



Loxley Public Company Limited financially contributed for organizing "the International disability Badminton of 2012" in Spain. The fund was officially received by Mr. Sumet Mukdapitak, Manager of Badminton disabled team.



Loxley Public Company Limited signed an agreement with Defence Technology Institute (Public Organisation) to exchange academic information, present knowledge and experience concerning research and development towards science and technology for a purpose of growing self-reliant ideas as well as public use.



Loxley Public Company Limited and MappointAsia (Thailand) Company Limited have been appointed the official enterprise partner for "Google Enterprise" to customize the applications and services. Loxley is particularly in charge of "Google Apps" and "Google Search Appliance" while MappointAsia is responsible for "Google GEO" or "Google Earth".



**Loxley Public Company Limited** signed an agreement with **Space One Co., Ltd.** for Kodak (Singapore) printer rent modeled Nexpress SX3300 to shift the Company's effectiveness in printing to the top leader in the field.

**Asia Security Management (ASM) Co., Ltd.** bestowed certificates to honor employees who performed well when the fire occurred at Bangchak's refineries. Mr. Anusorn Sangnimnuan, President of Bangchak Petroleum, said they deserved his praise.



**Loxley Public Company Limited, Loxley International Co., Ltd.** and Mr. Hiroyuki Inaba from Dohtonbori Co., Ltd., unveiled Ai Japanese Village, a new gourmet dining experience at The Promenade.



**Loxley Public Company Limited** hosted formal dining banquet for Thailand women's national football team prior to their trip to Vietnam for the AFC Women's Asian Cup 2012.



**Loxley Public Company Limited** provided the flood victims, in Prachinburi, 1,000 survival bags through Lt. Gen. Udomdej Sitabutr, Head of 1<sup>st</sup> Army Division.



**L Solar1 Co., Ltd.** welcomed the Senate Standing Committee on Energy for a solar power plant at Ban Bor Thong, Kabinburi, Prachinburi province, to witness the electricity generation by solar power.



**Loxley International Co., Ltd.** received an honor trophy from Kristie Kenney, the US Ambassador to Thailand, in an occasion that the Company has been selected as one of ten business partners who have played an important role in promoting export, co-trading, and co-investment.



# Financial Summary

## Loxley Public Company Limited and Its Subsidiaries

Unit : million Baht

Item	2012	2011	2010 * Restated
Total Revenues	14,278.54	14,247.66	10,413.06
Net Profit (Loss)	526.06	298.07	(138.86)
Earning (Loss) Per Share (Baht)	0.26	0.15	(0.07)
Total Assets	13,329.97	12,194.26	9,792.86
Total Liabilities	8,528.15	7,788.68	5,617.60
Paid-up Shares	2,000.00	2,000.00	2,000.00
Share Par Value (Baht)	1.00	1.00	1.00
Shareholders' Equity	4,801.82	4,405.59	4,175.26
Dividend Per Share (Baht)	N/A	0.075	0.05
Dividend to Net Income Ratio (%)	N/A	50%	-72%

\* The adaption of deferred tax from unrealized gain on available-for-sale investments has been applied retrospectively for 2010, which are included for comparative purposes.

### Summary of 2012 operating results of Loxley Public Company Limited and its subsidiaries :

<b>Assets :</b>	Total assets as at 31 December 2012 amounted to Baht 13,329.97 million increase Baht 1,135.71 million or 9.31% from 2011.
<b>Shareholders' Equity :</b>	Shareholders' equity as at December 31, 2012 amounted to Baht 4,801.82 million increase Baht 396.23 million or 8.99% from 2011.
<b>Revenues :</b>	Total revenues for 2012 was Baht 14,278.54 million increase Baht 30.88 million or 0.22 % from Baht 14,247.66 million of 2011.
<b>Net Profit :</b>	In 2012 Loxley and its subsidiaries recorded a net profit of Baht 526.06 million increase Baht 227.99 million or 76.49 % from Baht 298.07 million of 2011.

### Financial Ratio

Financial ratio	31 December 2012	31 December 2011	31 December 2010 * Restated
Net profit (loss) to total revenue	3.68%	2.09%	-1.33%
Return on average equity	11.43%	6.95%	-3.23%
Return on average total assets	4.12%	2.71%	-1.45%
Earning per share (Baht)	0.26	0.15	-0.07
<b>Net book value per share (Baht)</b>	<b>2.40</b>	<b>2.20</b>	<b>2.09</b>

\* The adaption of deferred tax from unrealized gain on available-for-sale investments has been applied retrospectively for 2010, which are included for comparative purposes.



# Revenue Structure Presented By Business Segment

(ANNOUNCEMENT 56-2 FROM COMMITTEES OF STOCK EXCHANGE OF THAILAND)

COMPARED INFORMATION FOR THE SAME PERIOD ENDED 2012, 2011 AND 2010

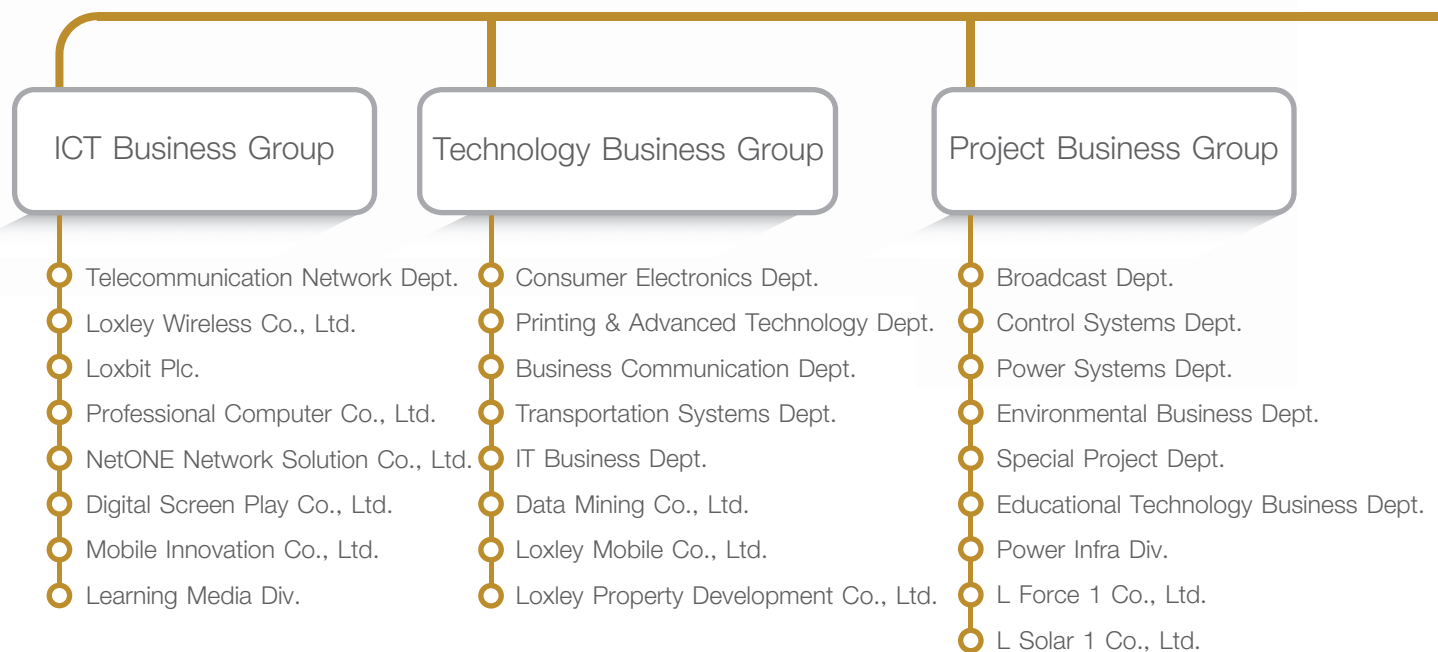
## LOXLEY PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Unit : million Baht

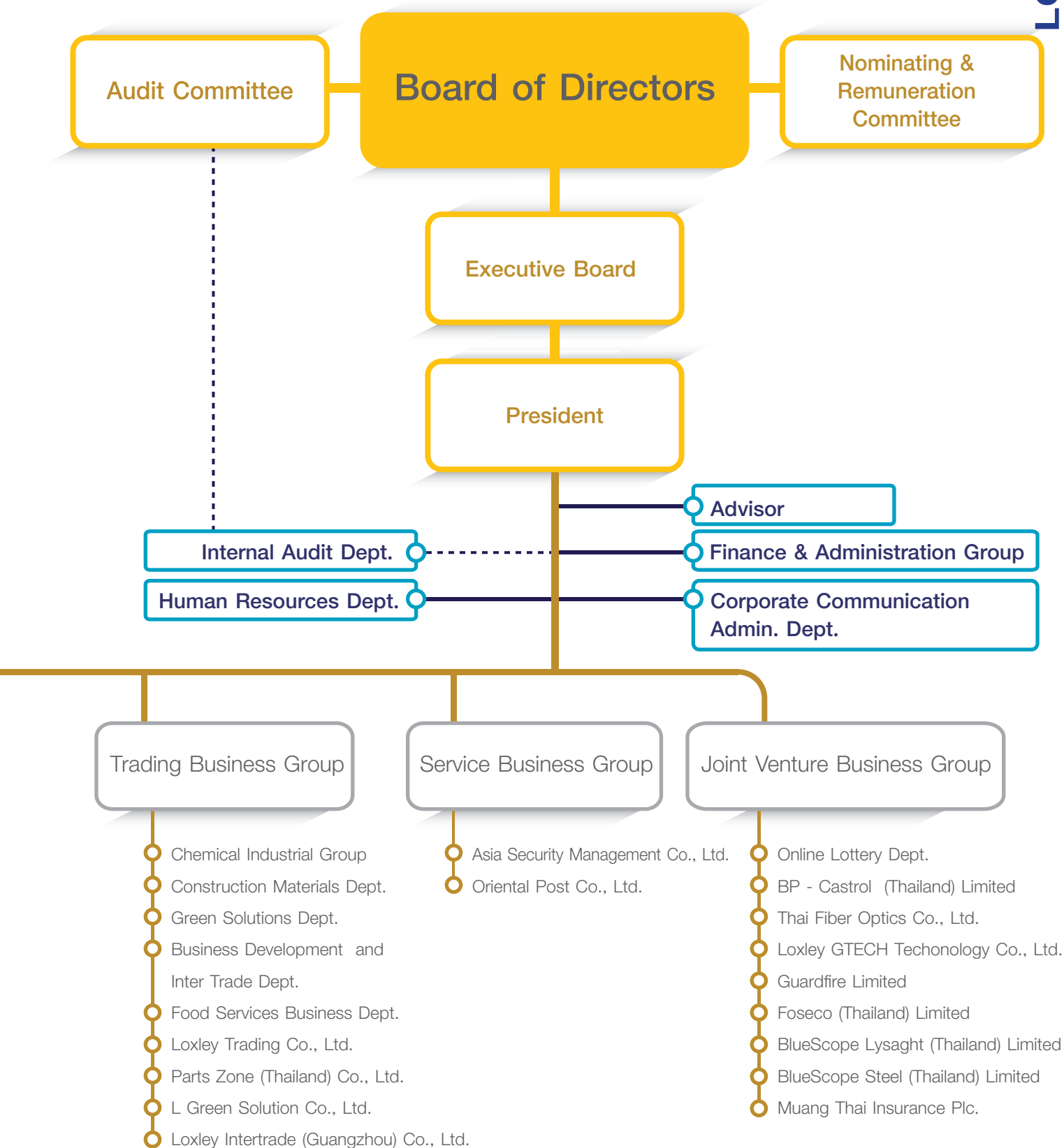
REVENUE STRUCTURE	2012		2011		2010	
	TOTAL REVENUE	% C.SIZE	TOTAL REVENUE	% C.SIZE	TOTAL REVENUE	% C.SIZE
<b>1. TECHNOLOGY</b>	<b>9,443.00</b>	<b>66.13</b>	<b>8,934.00</b>	<b>62.70</b>	<b>5,436.00</b>	<b>52.20</b>
1.1 ICT BUSINESS GROUP	7,605.00	53.26	6,107.00	42.86	2,978.00	28.60
1.2 TECHNOLOGY BUSINESS GROUP	737.00	5.16	440.00	3.09	406.00	3.90
1.3 PROJECT BUSINESS GROUP	1,095.00	7.67	2,383.00	16.73	2,050.00	19.69
1.4 OTHER BUSINESS GROUP	6.00	0.04	4.00	0.03	2.00	0.02
<b>2. TRADING</b>	<b>3,993.00</b>	<b>27.96</b>	<b>4,681.00</b>	<b>32.85</b>	<b>4,526.00</b>	<b>43.46</b>
2.1 TRADING BUSINESS GROUP	3,993.00	27.96	4,681.00	32.85	4,526.00	43.46
<b>3. SERVICES AND OTHERS</b>	<b>1,164.00</b>	<b>8.15</b>	<b>984.00</b>	<b>6.91</b>	<b>803.00</b>	<b>7.71</b>
3.1 SERVICE BUSINESS GROUP	1,144.00	8.01	908.00	6.37	750.00	7.20
3.2 FINANCE & ADMIN / OTHERS	20.00	0.14	76.00	0.53	53.00	0.51
<b>TOTAL REVENUE</b>	<b>14,600.00</b>	<b>102.25</b>	<b>14,599.00</b>	<b>102.46</b>	<b>10,765.00</b>	<b>103.38</b>
<u>LESS</u> RELATED TRANSACTION	-331.00	-2.32	-379.00	-2.66	-382.00	-3.67
<u>ADD</u> UNALLOCATED OTHER REVENUE	10.00	0.07	28.00	0.20	30.00	0.29
<b>GRAND TOTAL REVENUE</b>	<b>14,279.00</b>	<b>100.00</b>	<b>14,248.00</b>	<b>100.00</b>	<b>10,413.00</b>	<b>100.00</b>



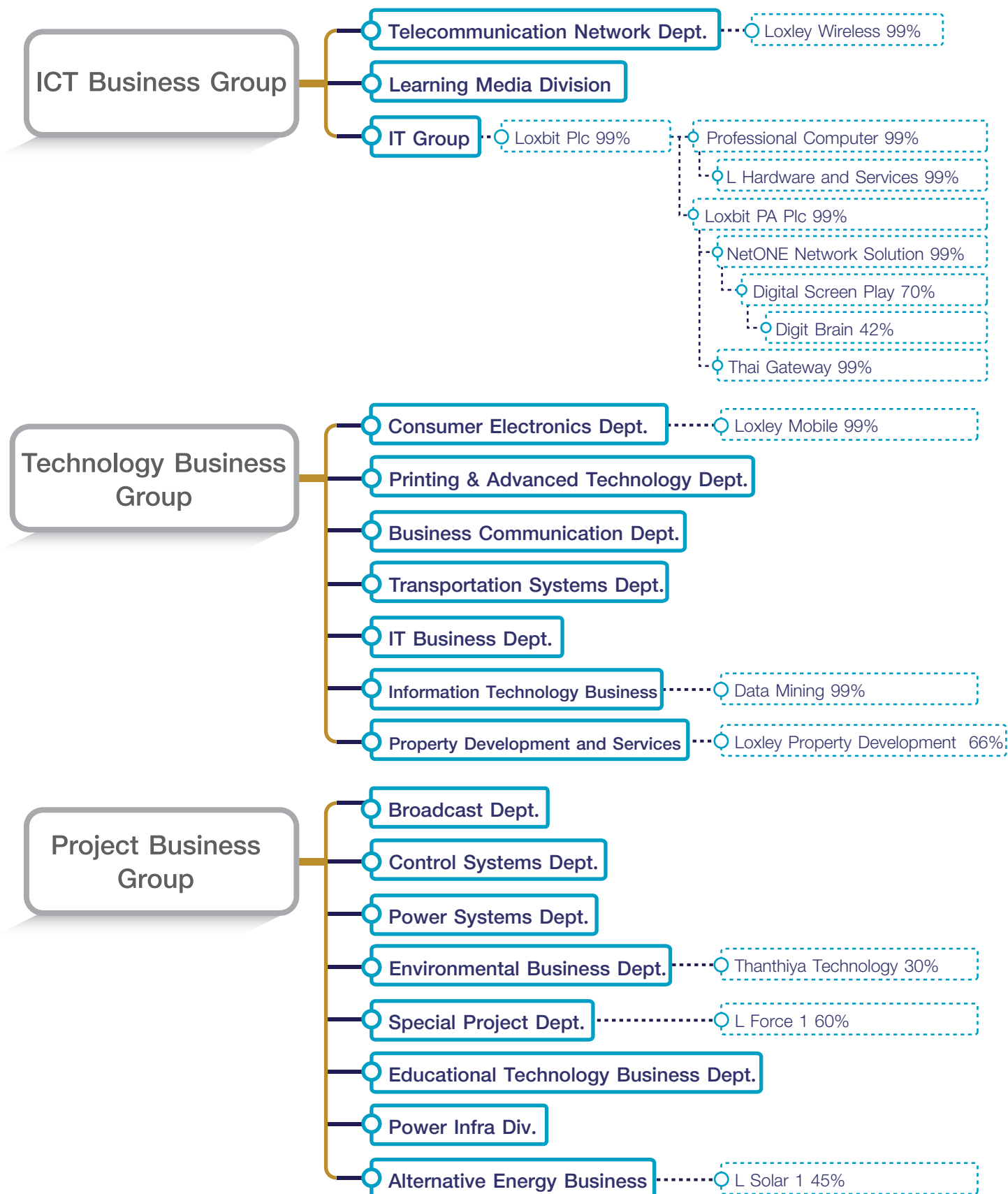
# Corporate Structure

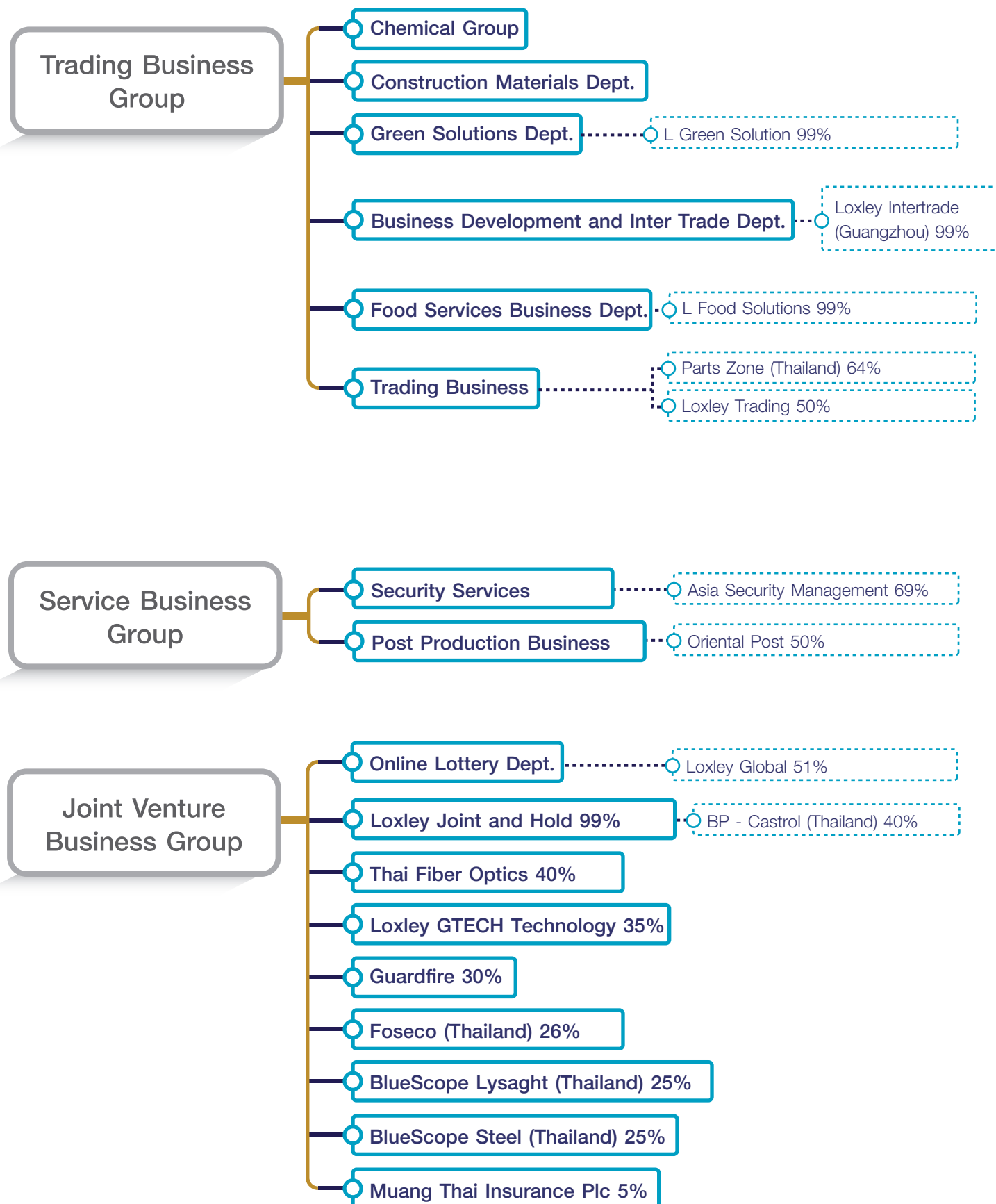


\* ICT Business Group, Technology Business Group, and Project Business Group collectively called the Technology Business Segment according to characteristic of works which mostly are projects.



# Subsidiaries' Organization Chart







# Board of Directors



**Mr. Pairote Lamsam**  
Chairman



**Mr. Sukit Wanglee**  
Vice Chairman



**Mr. Dhongchai Lamsam**  
President



**Dr. Supavud Saicheua**  
Independent Director



**Mr. Charoon Chinalai**  
Independent Director



**Mr. Joti Bhokavanij\***  
Independent Director



**Mr. Vasant Chatikavanij**  
Director



**Mr. Suraphand Bhasitnirandr**  
Director



**Dr. Sompop Chareonkul**  
Director

Remark: \* Mr. Joti Bhokavanij was appointed to be independent director on 28 March 2012.



**Dr. Harit Sutabutr**  
Independent Director



**Dr. Wissanu Krea-ngam**  
Independent Director



**Mr. Sirin Nimmanahaeminda**  
Independent Director



**Mr. Supachai Wanglee**  
Director



**Mr. Suebtrakul Soonthornthum**  
Director



**Mr. Poomchai Lamsam**  
Director



**Mr. Suroj Lamsam**  
Director



**Lt. Chalermchoke Lamsam**  
Director



## Executive Board



**Mr. Dhongchai Lamsam**  
President



**Mr. Suebtrakul Soonthornthum**  
Senior Executive Vice President  
Joint Venture Business Group



**Mr. Vasant Chatikavanij**  
Senior Executive Vice President  
ICT Business Group



**Lt. Chalermchoke Lamsam**  
Senior Executive Vice President  
Project Business Group



**Mrs. Kosoom Sinphurmsukskul**  
Executive Vice President  
Trading Business Group



**Mr. Thongyai Chanthanawan**  
Executive Vice President  
ICT Business Group



**Mr. Suraphand Bhasitnirandr**

Senior Executive Vice President  
Trading Business Group



**Dr. Sompop Chareonkul**

Senior Executive Vice President  
Service Business Group



**Mr. Suroj Lamsam**

Senior Executive Vice President  
Technology Business Group



**Mr. Natavoot Chitasombat**

Executive Vice President  
Project Business Group



**Mr. Saknarong Saengsangapong**

Executive Vice President  
ICT Business Group



**Mr. Supat Karachalkul**

Executive Vice President  
Finance and Administration Group



# List of Department Management (2012)

## SENIOR VICE PRESIDENT

- |                                 |                                  |
|---------------------------------|----------------------------------|
| 1. MRS. SUGANYA VEERAKIATIKIT   | ADMINISTRATION & GENERAL AFFAIRS |
| 2. MR. ANUSONE RUTHAIYANONT     | TRANSPORTATION SYSTEMS           |
| 3. MR. WACHARA ASVANUWATRA      | CHEMICAL INDUSTRY                |
| 4. MR. THONGCHAI KONGSAKPHAISAL | CHEMICAL INDUSTRY                |
| 5. MR. NARISORN MANASPITI       | ONLINE LOTTERY                   |
| 6. MR. PRASERT SUVITHYASIRI     | INTERNATIONAL BUSINESS           |
| 7. MR. PATTARA POJANAPANICH     | BROADCAST                        |
| 8. MR. NIMIT PRASERTSUK         | POWER SYSTEMS                    |
| 9. MR. KITTICHA RAKTAKANIT      | GREEN SOLUTIONS                  |

## VICE PRESIDENT

1. MR. WIROTE LIMPANAWATTANAKUL  
TRANSPORTATION SYSTEMS
2. MR. KOMSON RUNGRUENGSORAKARN  
CORPORATE COMMUNICATION ADMINISTRATION
3. MISS PATRA LAOHAPOLWATANA  
INTERNATIONAL LEGAL AFFAIRS
4. MR. TIM TAK TIMOTHY WONG  
OFFICE OF THE PRESIDENT
5. MISS NALINEE BIJAISORADAT  
INFORMATION SYSTEMS
6. MISS SARIPORN PRUKSATHORN  
ACCOUNTING MANAGEMENT
7. MR. SUTON RAKPRATHED  
BROADCAST
8. MR. SANIT RATANAVADI  
OFFICE OF THE PRESIDENT
9. MR. DAWARIT TANSUPHASIRI (PH.D)  
HUMAN RESOURCES
10. MR. ANUCHA DUNGSIRISANGTHONG  
CHEMICAL INDUSTRY
11. MRS. SUPHATTRA BUSARAKUL  
PRINTING & ADVANCED TECHNOLOGY
12. MR. ARTHASITH KATANYUTANON  
SPECIAL PROJECT
13. MR. PICHA MOOPUTTARAK  
LEGAL & SECURITIES
14. MR. NATTAPON DEJVITAK  
BUSINESS DEVELOPMENT (TRADING BUSINESS GROUP)
15. MR. PIBOON PIBOONTUM  
ALTERNATIVE ENERGY
16. MR. PISES DISSAWAT  
OFFICE OF THE PRESIDENT
17. MR. WITAWAT MESOMMONTA  
FOOD SERVICES BUSINESS
18. MR. MANIT LOHATEPANONT  
OFFICE OF THE PRESIDENT
19. MRS. KRUARMAS PUWATTANAVANICH  
FINANCE & CREDIT
20. MRS. SUDKANUENG MALITHONG  
OFFICE OF THE PRESIDENT
21. MRS. WANIDA SANGKAEW  
CONSUMER ELECTRONICS
22. MR. PAKORN APAPHANT (PH.D)  
OFFICE OF THE PRESIDENT
23. MR. KREANGSAK CHANA  
CONSTRUCTION MATERIALS
24. MR. YUTHAPORN CHITAKASEM  
BUSINESS DEVELOPMENT (SERVICES BUSINESS GROUP)

## ASSISTANT VICE PRESIDENT

1. MR. TAWEEWAT TACHAKUMTORNKIT  
ENVIRONMENTAL BUSINESS
2. MR. WERASAK PATTARAPAKORN  
TRANSPORTATION SYSTEMS
3. MR. SIRICHA CHAROENPHOLPHANT  
POWER SYSTEMS
4. MR. WICHAN WITOONKITWANICH  
CHEMICAL INDUSTRY
5. MISS MALINEE SAHAVONGJAROEN  
ACCOUNTING MANAGEMENT
6. MR. WATCHARIN THANGJIDVIRIYAKUL  
OFFICE OF THE PRESIDENT
7. CDR. NIJKASEM PANYARACHUN  
OFFICE OF THE PRESIDENT
8. MRS. NETRA RUTHAIYANONT  
OFFICE OF THE PRESIDENT
9. MR. VORANUN UTANJID  
HUMAN RESOURCES
10. MISS SASANPIN RATANANUPONG  
GREEN SOLUTIONS
11. MR. CHAIRAT LAOSURASOONTORN  
BUSINESS COMMUNICATION
12. MR. PATIYUT CHANTRAKANTANOND  
CONTROL SYSTEMS
13. MR. BOONLERT JAIMUN  
STRATEGIC INVESTMENT AND INVESTOR RELATIONS
14. MRS. PENSIRI SOWANWANICHAKUL  
IT BUSINESS
15. MR. PUTTHITORN VONGPRECHAKUL  
FOOD SERVICES BUSINESS
16. MISS NANTAKA TECHAAPAICHUN  
TELECOMMUNICATION NETWORK
17. MRS. THANIDA GREECHURT  
FINANCE & ADMIN. GROUP'S ADMINISTRATION
18. MR. PANU KHONGTHON  
POWER INFRA
19. MR. WATCHARAPONG PATHOMPANICH  
OFFICE OF THE PRESIDENT
20. MR. VEERAYUT KOSIRINOND  
OFFICE OF THE PRESIDENT



# Directors in the Subsidiaries Directly Owned by Loxley

## LOXLEY WIRELESS CO., LTD.



1. MR. DHONGCHAI LAMSAM
2. MR. VASANT CHATIKAVANIJ
3. LT. CHALERMCHOKE LAMSAM
4. MR. THONGYAI CHANTHANAWAN (MD)
5. MR. TIM TAK TIMOTHY WONG
6. MR. WERACHAI KITSIRISIN
7. MR. MONCHAI MANEEPAIROJ

## LOXBIT PLC



1. MR. VASANT CHATIKAVANIJ
2. MR. SAKNARONG SAENGSAANGAPONG (MD)
3. MRS. VANIDA VIRIYATHARANGKUNR
4. MR. TIM TAK TIMOTHY WONG
5. MRS. PUANGKAEW POJANAPANICH
6. MR. THAVISAKDI THANGSUPHANICH
7. MRS. VONGTHIP CHUMPANI

## ASIA SECURITY MANAGEMENT CO., LTD.



1. MR. DHONGCHAI LAMSAM
2. MR. SUEBTRAKUL SOONTHORNTHUM
3. DR. SOMPOP CHAREONKUL
4. ADM. TAVEECHAI LIENGPHIBOON
5. AM. ADIREG SASTARARUCHI
6. MR. CHUSAK BHACHAIYUD
7. MR. KARN THONGYAI (MD)
8. MR. SUPAT KARACHALKUL
9. MR. ZAMIR ELDAR
10. MR. SHAI MEIRAV
11. MR. EHUD HERBST
12. MISS OSNAT LEVAV

## LOXLEY PROPERTY DEVELOPMENT CO., LTD.



1. MR. PAIROTE LAMSAM
2. MR. DHONGCHAI LAMSAM
3. MR. SUEBTRAKUL SOONTHORNTHUM
4. MR. VASANT CHATIKAVANIJ
5. MR. SURAPHAND BHASITNIRANDR
6. MR. SUROJ LAMSAM (MD)
7. LT. CHALERMCHOKE LAMSAM
8. MRS. SUGANYA VEERAKIATIKIT
9. MR. VICHAYA CHATIKAVANIJ
10. MR. SUPAT KARACHALKUL

## LOXLEY TRADING CO., LTD.



1. KHUNYING CHATCHANI CHATIKAVANIJ
2. MR. PAIROTE LAMSAM
3. MR. SUPHOT WANGLEE
4. MR. DHONGCHAI LAMSAM
5. MR. SUEBTRAKUL SOONTHORNTHUM
6. DR. SOMPOP CHAREONKUL
7. MR. SURAPHAND BHASITNIRANDR
8. MR. PHEAT WANGLEE
9. MRS. KOSOOM SINPHURMSUKSKUL (MD)

## L FOOD SOLUTIONS CO., LTD.



1. MR. DHONGCHAI LAMSAM
2. MR. SURAPHAND BHASITNIRANDR
3. MR. SUROJ LAMSAM
4. MRS. KOSOOM SINPHURMSUKSKUL
5. MR. SRAN SMUTKOCHORN (MD)
6. DR. DAWARIT TANSUPHASIRI
7. MR. MANIT LOHATEPANONT
8. MR. WITAWAT MESOMMONTA
9. MR. CHARASPONG LAMSAM
10. MISS SUPHANNA BHASITNIRANDR

## L GREEN SOLUTION CO., LTD.



1. MR. SURAPHAND BHASITNIRANDR
2. LT. CHALERMCHOKE LAMSAM
3. MR. NATAVOOT CHITASOMBAT
4. MR. SUPAT KARACHALKUL
5. MR. TIM TAK TIMOTHY WONG
6. MR. KITTICHA RAKTAKANIT (MD)
7. MR. NATAPON DEJVITAK
8. MR. GRAHAM STORAH

## L FORCE 1 CO., LTD.



1. LT. CHALERMCHOKE LAMSAM
2. MR. PIBOON PIBOONTUM
3. MR. SAKDA SRIVIRIYAPHAIBOON (MD)
4. MR. PONGPUN WADWIENG
5. MRS. JUREERAT SRIVIRIYAPHAIBOON
6. MR. PATTARA POJANAPANICH
7. MR. TACHIT TIVARUANGRONG

## LOXLEY MOBILE CO., LTD.



1. MR. VASANT CHATIKAVANIJ
2. MR. SUROJ LAMSAM (MD)
3. LT. CHALERMCHOKE LAMSAM
4. MR. TIM TAK TIMOTHY WONG
5. MRS. SUGANYA VEERAKIATIKIT
6. MRS. WANIDA SANGKAEW

## PARTZONE (THAILAND) CO., LTD.



1. MR. SURAPHAND BHASITNIRANDR
2. MR. CHALERMCHOKE LAMSAM
3. MR. GRAHAM STORAH
4. MR. NATAPON DEJVITAK
5. MR. WACHIRA YONGYAI (MD)
6. MR. KEATTISAK IAMSRI
7. MR. PONGTHEP SURATTANAVONGKUL

## DATA MINING CO., LTD.



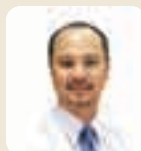
1. MR. DHONGCHAI LAMSAM
2. MR. SUEBTRAKUL SOONTHORNTHUM
3. MR. VASANT CHATIKAVANIJ
4. MR. SUROJ LAMSAM
5. MRS. SUGANYA VEERAKIATIKIT
6. MRS. SUDKANUENG MALITHONG

## SOCIETE COMMERCIALE LAO CO., LTD.



1. MR. SUEBTRAKUL SOONTHORNTHUM
2. DR. SOMPOP CHAREONKUL
3. DR. JINGJAI HANCHANLASH
4. MRS. VANIDA EKSANGSRI
5. MR. VIPHET SIHACHAKR
6. MRS. SANGMANEE VIYAGATE

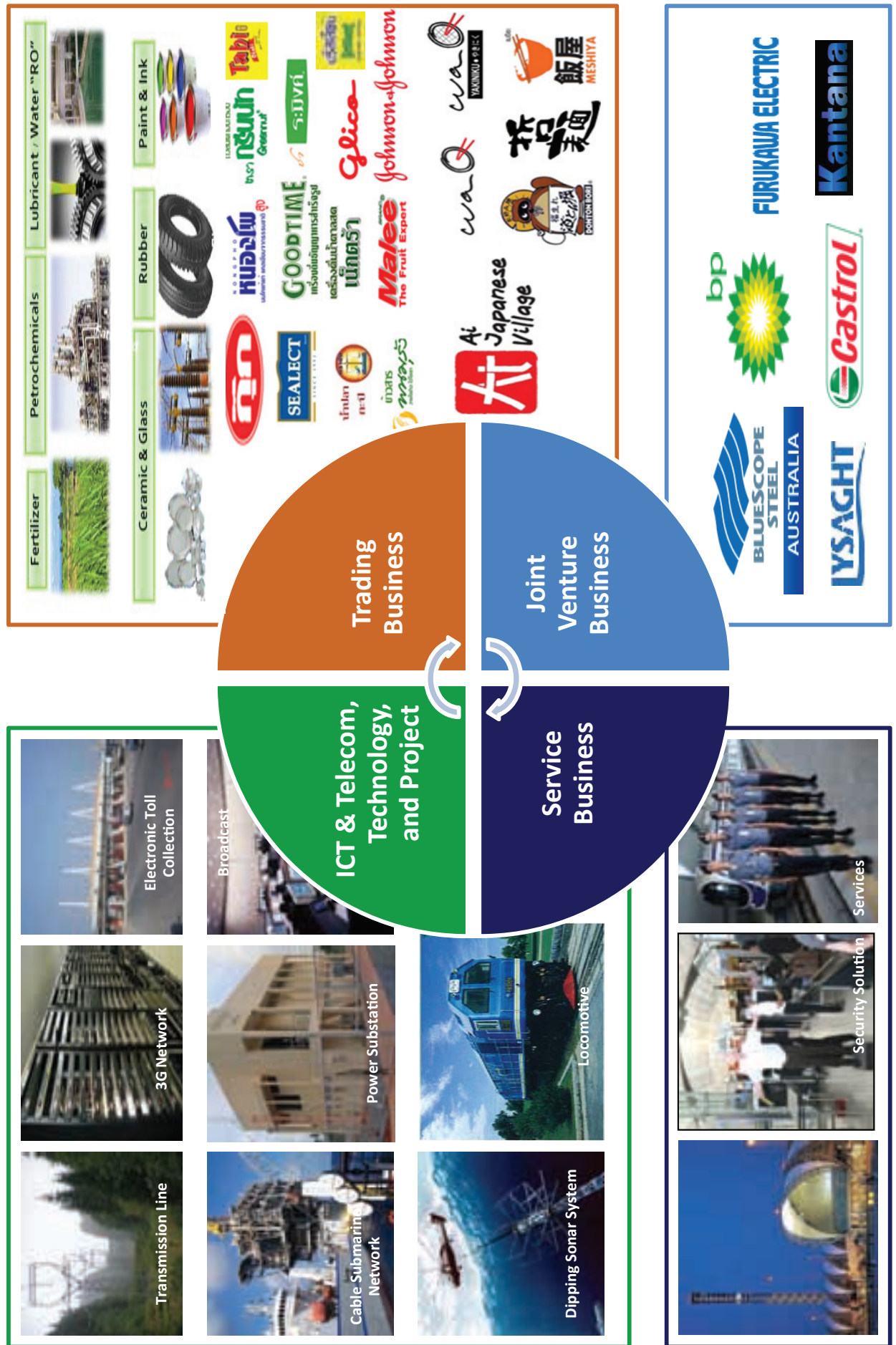
## LOXLEY INTERTRADE (GUANGZHOU) CO., LTD.



1. MR. SURAPHAND BHASITNIRANDR
2. MR. CHALERMCHOKE LAMSAM
3. MR. NATAPON DEJVITAK
4. MR. TIM TAK TIMOTHY WONG (MD)
5. MRS. SUGANYA VEERAKIATIKIT



# Business and Operation Structure





## Overview

The Group has been divided into 2 major units, i.e., Telecommunications, and Computer products, where the former is responsible for complete telecommunications infrastructure services, telecommunications equipment distribution, and wireless broadband internet services, while the latter is responsible for financial and banking services, IT, and computer services.

The Group is carrying on such two major projects as the establishment of 3rd generation mobile telecommunication network (3G) for TOT Public Company Limited and that of optical fiber cable for CAT Telecom Public Company Limited. Besides, the Group has been appointed the official enterprise partner for Google to customize the search engine giant's applications and services, particularly on "Search Appliance" or intranet search engine and "Google Apps" for corporate e-mail system and more. This is the first era for Google to partner with the local organization for penetrating enterprise solution market, in response to the customers' higher demands for using familiar technologies in the organization.

Due to the rapid change of technology, the Group is well prepared while simultaneously reform our business practices along with management structure for more flexibility and efficiency in accordance with the business environment.

## Telecommunication Network Department

### Scope of Products or Services

The Department engages in a procurement and complete services of large telecommunications equipment as a System Integrator including (1) Transmission: SDH & DWDM high-speed communications equipment, Microwave equipment, Fiber Optics (2) Satellite System: Mobile Satellite Communication trucks (3) Access System and (4) Mobile Base Station construction.

### Marketing and Competition

The Department is targeting at large enterprises in either government and private entities, e.g., CAT Telecom (Public) Co., Ltd., TOT (Public) Co., Ltd., Provincial Electricity Authority (PEA), Higher Education Commission, Signal Department Royal Thai Army, etc. Additionally, the Department also possesses staff with high expertise in project management and technical support in order to ensure efficient system the customers purchased and look for.

Most projects are resulted from high competition auctions especially in the government entities where e-auction policy was enforced. Part of the business competitions are of international companies. However, the Department holds supporting factors essentially required in such competition especially in consistent service quality and suitability of product solutions bundling for current business operations and customer requirements.

## Ongoing Project

Ongoing project includes the Fiber Optics installation project in the southern and lower northeast areas under the national education network project during 2012-2013 of the Higher Education Commission.



## Loxley Wireless Company Limited

### Scope of Products or Services

Loxley Wireless Co., Ltd. is a subsidiary of Loxley Public Co., Ltd. that engages in telecommunications business in 4 major areas including:

1. Telecommunications Services: Distribution of Carrier-grade communications equipment by Huawei, and Alcatel-Lucent including SDH, DWDM, and NGN, as well as Aastra's enterprise product, e.g., PABX including installation and after-sale maintenance services
2. Wireless Communications Services: Distribution of Cambium Networks's "Canopy" Micro wave equipment, Wireless Transmission Solutions, e.g., Radio Frequency Repeaters, etc.
3. Network Optimization: Mobile network optimization service via various techniques, e.g., dead signal area improvement, repeater installation, indoor and outdoor antenna installations, etc.
4. Type III Telecommunications Operator: High-speed data communications provider for corporate customers, e.g., Internet broadband, Voice over IP, Video surveillance (CCTV), Virtual private network (VPN), etc.

### Marketing and Competition

The business covers variety of customers including government projects and private entities that results in an emphasis on project and service featuring suitable for each customer as well as building customer relationship prior and after sales. Its distribution channel includes sales through distributors, contractors, direct sales through staff, direct bidding or in joint bidding.

## Ongoing Project

The Company is carrying on such two major projects as the establishment of optical fiber cable for CAT Telecom Public Company Limited to provide telecommunication system linking from the ground to the platform in the Gulf of Thailand covering the distance of 1,340 KM., i.e., Sriracha-platform-Songkhla, and that of 3rd generation mobile telecommunication network (3G) for TOT Public Company Limited. These two projects are expected to be completed by the first and fourth quarter of 2013 respectively.



## Loxbit Public Company Limited

### Scope of Products or Services

The Company is a system integrator in Information Technology field focusing on transaction automation, interactive voice response systems, voice recording system, electronic payment systems, Image Cheque Clearing & Achieving System (ICAS) and management, automated teller machine systems, large computer equipment, Information Technology for banking applications and regulatory complaints such as risk management, Basel II and IFRS, full color digital variable data printing and total mail solution. The Company provides total solution services.

From the market research and the rapid change of products, the Company products must be met international standards and compliant. Its team should be authorized from manufacturers to handle and offer services in addition to performing as a distributor. This should provide value-added services to its customers.

### Marketing and Competitive

The Company's prospects include banking, finance, and insurance businesses which are service providers in the government sector, state enterprise, and the private sector. Competition in this business field is intense due to rapid changes in technology and customer requirements including the new international standards regulations and rules for banking and financial industries. The products' specifications and models must therefore be continuously updated in order to meet and exceed market expectations.

Loxbit has more advantages over its competitors due to its wide range of technical expertise ranging from qualified technicians to highly effective engineers and business advisors to experience application development programmers. Its well-defined organization enables itself to respond to customers' requirements swiftly. Moreover, the Company's emphasis on suitable solutions and providing additional after-sales service continuously gains customers' confidence and product loyalty.

### Ongoing Projects and Future Plans

The Company has new platform of IVR, VRS, EDC and ATM installation projects for banks, full color Credit Card Statement printing based on lifestyle. Loxbit aims at becoming the one-stop shopping company which provides all necessary equipment and procedures for prospective and existing customers. Loxbit plans to provide cloud services, risk management and IFRS for banking and financial institutes. The new technology for Interactive Voice Response System that allows multiple protocols of communications in one single generic platform will give the users access to it by their own convenience channels and make the providers a lot easier to maintain and manage, the replacement project for EDC and the new system that comply BOT, VISA and Master Card.



## Professional Computer Company Limited

### Scope of Products or Services

The Company offers total IT solution services including distributing, renting, and maintaining computer hardware, software, network and site preparation. It also offers consultancy services in Information Technology and computer center management through its professional and highly qualified staff.

It is a founder member of The Association of Thai Software Industry (ATSI), Software Industry Club of The Federation of Thai Industries and receives quality standards of ISO9001:2008 from MASCI, CMM standard level2, ISO 29110 (The Foundation of innovate and develop Institute) and other awards including IBM BEACON Award (2003). Moreover, the Company has been granted certification for the Maturity Model for Software (SW-CMM) Level 2 which was a world-wide software development standard in 2005. The Company also emphasizes upgrading its software development team to CMM level 2 and its IT Outsourcing team to Information Technology Infrastructure Library (ITIL) Certifications. Presently, the Company's staffs have completed more than 100 certifications within the IT field.

### Marketing and Competition

The big flood in year 2011 affected Government IT budget of year 2012 to decrease and procurement process was delayed for the first half of the year 2012. The Company still emphasizes offering standardized solutions and services and reasonable prices. The Company has the policy to continuously emphasize to controlling product costs, delivery, including increasing efficient management.

The Company also selects products from manufacturers with quality standards such as IBM, HP, EMC, CISCO, Oracle, Google and Microsoft. Its prospective customers include the government sector, state enterprises, telecommunication businesses, healthcare businesses, and banking businesses. In addition, we'd increased to expand our market on Agriculture Factory and also The Private Company by offering services through delegated distributors and sales representatives.

### Ongoing Projects and Future Plans

Projects to be delivered are : Krung Thai Computer Services Company Limited, Fund for Student Loan' Project, Office of the Permanent Secretary for the Ministry of Interior, projects for the Comptroller General's Department, and the Revenue Department.

In the future the Company will target of Student Loan Fund projects and Application Transform to BPM projects etc.



## NetONE Network Solution Company Limited

### Scope of Products or Services

The company has engaged in providing data communication system integrator by operating as a distributor as well as a Service Provider to deliver hire-purchase Network Equipments and Computer Infrastructure and Design and Installation of Data Communication; including Mission Critical Networks Maintenance by using a combination of Audio and Video data collected through Internet Network .

Moreover, the company also offers Network and Computer Infrastructure Security Installation which is currently in high demand among the core customers ranging from SMEs to large-scale enterprises where Internet and Network Connection between branches are used with its commitment to maintaining superior quality in its products and services.

The Company also is a distributor of quality products from world class vendors such as Cisco System Inc, F5 Network, Blue Coat and Microsoft; with CISCO Gold-Certified Partner which is the highest level of certification-specific rewards and recognitions that a few partners achieved.

## Marketing and Competition

The continuous development of Internet technologies in Thailand continues to enhance sales and service channels. In addition, the varieties of effective and highly secure services which fulfill customers' business needs encourage them to request for the company's products and services consistently.

## Future Plans

The company has developed Vertical Marketing Expansion in Middle and Large-scale industrial enterprises, Education and Hospital Group for example.

With its policy, the company aims to expand Service Outsourcing of Network and Data Network Security, Network Administrator Desktop Support which are in high demand in today's market.

In compliance with its objective, the company is committed to developing International Standard by achieving ISO/IEC20000-1:2011 in year 2012, it is also to making continual improvement to achieve ISO/IEC 27001 by year 2013. Moreover, the company also encourages its engineers to attend training in order to achieve up-to-standard international certifications and provides internal network laboratories for engineers to research and test work procedures.



## Digital Screen Play Company Limited

### Scope of Products or Services

The Company is a subsidiary of NetONE Network Solution Co., Ltd. that engages in e-Learning services over the Internet in one-stop service operations. The Company possesses experts in both Digital Contents Production and e-Learning Management and Services for either educational institutes or any interested organizations in e-Learning over the Internet. The Company has vast experience in education center over Rajabhat University's Information Technology system as public-private partnership for over 10 years. It also implemented the electronics learning center for Ministry of Information and Communications Technology, ICT Integrated Learning Centers, Triam Udom Suksa School, and several organizations.

From years of experience in e-Learning business, the Company has gained expertise in manufacturing and design of digital contents for every level of education which is an essential factor for the customers to utilize its ICT system for education.

### Marketing and Competition

The Company's feature is the possession of staff with high expertise in both e-Learning services over the Internet, and network services that can be integrated and efficiently expanded its business operations in the highly competitive market.

### Ongoing Projects and Future Plan

The Company's pending projects along the 10 years course for Phranakorn Rajabhat University starting from 2006, the 3-year ICT educational Integration Learning Center project for Triam Udom Suksa School, the 1-year e-Learning Center Management for MICT, including content development in online gaming over social media for Bank of Thailand, which is currently in implementation stage.

In the near future, the Company plans to develop its services for universities, and companies, who are interested in supporting the government's e-Learning policy, by importing the Smart Classroom system, to Edutainment Digital Contents over various devices, e.g., Tablet PC, Smart TV, Interactive TV, and Smart Phones.



## Mobile Innovation Company Limited

### Scope of Products or Services

Mobile Innovation Co., Ltd. is a joint venture between Loxley Public Co., Ltd. and NTT DoCoMo Inc., Japan's leading mobile and wireless communications company.

The Company provides Thailand's first Real Time Fleet Management System services as an Application Service Provider (ASP) entitled Fleet Expert. This tracing and tracking technology combines GSM communication networks, GPS Satellites (Global Positioning System) and Digital Vector Map technologies to enable call center monitoring of accurate co-ordinates of fleet, text based fleet positions and information on existing conditions. The system permits authorized staff to monitor fleets' movements, drivers' behaviors, vehicles' status, with details reports for vehicle management such as Safety & Economical Driving Report, Trip Management Report etc. as well as to interactively communicate (2-way communication) to the drivers directly from the control center.

## Marketing and Competition

Its competitive strategy is focused not only on good-quality services and provision of reliable and constant services to clients, but also on appropriate and reasonable pricing. Work will, therefore, be based on and follow the direction of its clients' requirements with a clientele base both in the private and public sectors. Its target clients range from entities which have a number of cars, such as logistics companies and retailers. Market competition focuses on pricing and various service strategy offerings.

Despite a severe competition within the industry, most of the competitors are focusing on prices. The company emphasizes on not only having highly skillful and experienced personnel who handle services, providing both consultation and after-sales services but also continuously develop more suitable solutions and value added services for our customers. Thus the Company gains customers' confidence and product loyalty and we can expand customer base.

## Future Plans

The Company focuses not only on providing management services and location monitoring systems but also new services for every category of logistics businesses including private vehicles and will be expanding its operations to neighboring countries, especially ASEAN region, with accessibility to GSM telephone signals. In year 2013 the company will set up our first subsidiary company at Hanoi, Vietnam. The company will also continuing increasingly invest on procuring equipment and upgrading its various technologies to achieve better operational efficiency which should effectively meet and exceed its clients' demands and expectations.



## Learning Media Division

### Scope of Products or Services

The Division has operated in the ICT training business whose courses of training have been designed and customized to fit with specific groups and can be applied in actual application. Beside the regular ICT training courses, "Train-the-Trainer in ICT" also provided to government and private sectors. In addition, the division arranges seminars for government and private organizations covering all level of customers including children, youth, students, government agents, private employees, and retirees, as well as computer facility rental to subsidiaries and other organizations.

The Division also administered the Old People Playing Young (OPPY) Club who has offered ICT training for its members since 2000 with over 4,000 members as well as other fun activities, e.g., sightseeing, invention, arts, etc.

### Marketing and Competition

In general ICT training under highly competitive market, the service provider has to compete in both quality and price while the market for ICT training course for the elderly and senior executives is less competitive where the Division is focusing on. However, others competitor that the Division may have to pay attention to is social activities and health care activities for senior citizens which have a high impact on living style of these target group.

The Division has advertised via various media, e.g., newspapers, magazines, radio, television, and past customers, who may also introduce new customers, when the new training courses are arranged. Additionally, it also publicizes new training courses and activities through strategic partners, e.g., hospital, other business sector related to health care activities and Government Pension Fund etc.

### Future Plans and Projects

The Division has planned to expand its elder customer base through strategic partnership with state and private enterprises, e.g., ICT training for Thai citizen and vulnerable group including child, physical disability and elderly. Train-the-trainer in ICT subjects also provided to government and private sector. Besides ICT training, the division plan will be involved in research and development of training courses for Google Enterprise with related BU in ICT group.



## Overview

The Group has been providing services and procurement of technology products involving 3G mobile service reseller or MVNO. We also provide services and sales of hi-speed printing products, PABX, installation of expressway management system, railway signaling system, information protection system, as well as real estate management and services.

In 2012, the Group has mostly provided services to each core customers, significantly involving in specialized technologies. Meanwhile, the Group has gone an extra mile to expand business opportunities to the related fields for entry into AEC.

## Consumer Electronics Department

### Scope of Products or Services

The Department was authorized from Sony Ericsson, Motorola and HTC to operate its repair and after-sale service centers of their mobile phones and tablet. Additionally, the Department was chosen by TOT (Public) Co., Ltd. as one of its 3G mobile phone reseller or Mobile Virtual Network Operator (MVNO) and also licensed by the National Broadcasting and Telecommunications Commission (NBTC) to operate under the Type I telecommunications service. Its i-KooL Real 3G mobile service brand has been operating for 3 years to provide data, voice, SMS, and video call adding airtime revenue to the Department continuously.

### Marketing and Competition

Today the Telecommunications and IT business has been developed in the area of technology of data communication speed that supports modern applications and entertainment activities, e.g., applications as an assistive tool for effective work processes, music and movies, games, facebook, etc. Therefore, more utilization of 3G high-speed data communication capability by consumers, the Department as MVNO would also gain more Airtime revenue from its customers. It also plans to put emphasis on Data services and corporate customers who focuses on data usage. In addition, the Department also held marketing activities to build customer base from its successful marketing that puts it to being the second-best of TOT's MVNOs.

### Future Plans

The Department plans to distribute 3G SIM cards and devices that leads closer to daily activities by providing various applications for each group of consumers and plans to cooperate with a foreign partner to expand its business into travelers visiting Thailand. Different packages shall be adjusted for the best use of target groups. Additionally, the Department puts emphasis on travelers by setting booths in airports. As TOT's 3G network is being expanded into provincial areas and the roaming with AIS, the Company will expand its distribution channels into such areas as well as efficient after-sale services in order to increase and retain its subscribers in the long run.

## Printing & Advanced Technology Department

### Scope of Products or Services

The Department imports Miyakoshi's Variable Digital Inkjet and offset printing products from Japan and desktop digital Inkjet printing import including complete consultants services in design, procurement, and installation of printing processes, as well as security printing techniques. In addition to various printing services, it also provides toner/ink, spare parts, printing apparatus, and after-sale services.

### Marketing and Competition

Generally, the ultimate color printer is in demand of current market. Products in the Department, the ultimate color printer in particular, are able to satisfactorily meet the customers' needs. In terms of production cost decrease, this type of printer can handle printing for a paper size up to 14x26 inches, which is considered the largest size of paper for digital printing system. At present, ultimate color printing refers to a fine quality printing that provides precise colors from the first page to the last with maximum speed of 131 pages per second and heavy duty to handle non-stop task for 7X24. Besides, ultimate colors include Gold, Pearl-Silver, and Red UV Fluorescent while this type of printer is capable of Dimensional printing, glossy and matt coating, all of which are through a single process which is aimed to enhance publishers' competitive advantages.

### Future Plans

The Department has focused more on penetrating the market for ultimate color printer in both private and educational sectors.

## Business Communication Department

### Scope of Products or Services

The Department is providing communication system products and services to both state and private organizations. The products and services can be categorized into Voice Network, and Data Network. The Voice Network products include legacy PABX, IP PABX, Unified Communications, Voice Over IP, Contact Center and related applications. The Data Network products include Router, Switch, Data Security, Wireless Access Point, and Video Conference. At present the Department distributes products and services from world-class manufacturers including Avaya, Aruba, Audio Code, Hua Wei, Dell, HP and many more.

Most of the products and services are imported with distributing licenses. Only a few specific products are ordered directly from distributors for turn-key projects.

### Marketing and Competition

During this era of digital technologies, both government and private sectors have increasing demands for the latest technologies in order to increase their competitiveness and effectiveness in the marketplace. Despite fierce competition in terms of price and service among domestic and international companies, the Department has had an advantage on having a large base of customers who have trusts on the company's good service and product quality, thanks to our 25-year experience. This has contributed to the Department's good performance over the years.

Furthermore, the Department has incessantly focused on personnel development. To improve the employees' skills and working effectiveness, all of the employees at all levels have been given opportunities to be trained in related fields in national and international institutes on a regular basis.

### Ongoing Projects and Future Plans

Currently, the Department's ongoing projects include IP call center (IPCC) system for CAT Telecom Public Company Limited; call center system for Department of Provincial Administration, and Department of Disaster Prevention and Mitigation under Ministry of Interior; wire intercom system for Post Publishing Public Company Limited; telephone network system improvement for Sukhothai Thammathirat University; and telephone system expansion and improvement for Thai Airways International Public Company Limited. Future projects which are about to be proposed for auction include a data security for Metropolitan Electricity Authority; call center system expansion for Department of Provincial Administration under Ministry of Interior; IPCC system development and expansion for CAT Telecom Public Company Limited; and telephone system improvement for leading hotels including the Four Wings Hotel and the Hilton Silom Hotel.

In the future, the Department plans to bid more projects of governmental, state enterprise, and private organizations, which include Multi-Channel Contact Center projects, Data Networks and Wireless Networks projects, and Unified Communications projects, etc.



## Transportation Systems Department

### Scope of Products or Services

The Transportation Systems Department provide a full systems service to the customer complete with design, manufacture (in country and oversea) assembly, installation, test, documentation (operate and maintenance), training, and maintenance service to make sure that our customer will received a full comprehensive system. Our services cover Railway Signaling System, Community Train Control System, Train Telecommunication, Intelligent Traffic Control System, Toll Collection System (Cash and Electronic), Traffic Control System, and Building Security.

All of our products are emphasized the use of environment friendly equipment and control all process under the international standard ISO 9001.

### Marketing and Competition

All Government policies which emphasize infrastructure development, especially road and rail transportation systems have provided the Department with good business opportunities. The Department has undertaken projects for responsible authorities such as the State Railway of Thailand, the Expressway Authority of Thailand, Mass Rapid Transit Authority of Thailand, Bangkok Expressway Public Company Limited, Donmuang Tollway Co. Ltd., Department of Highway, Metropolitan Waterworks Authority of Thailand. The Department has partnered with the well-known international corporations (particularly European, Japan, Korea Companies) which offer high quality technologies at reasonable prices. Since the Department's products offering require specialized skills and expertise, competition in this market has not been intense.

### Future Plans

The Department consistently follows up on Government related plan and policies on Transportation Systems Development include the investment in the concession process or PPP project if required by the Government.



## IT Business Department

### Scope of Products or Services

The Department has been providing design and installation of complete Information and Communication Technology network with technical experts with high experience by planning according to customer's requirement to most efficiently access and utilize the information system as well as corporate risk management and prevention in hardware and software asset. In the past, the Department has developed a Data Communication Network system, software application system, IT security system, including information center upgrade for the government entities, state enterprises, banks, and major private companies.

One of the Department's major products includes the Location Based Information System (LBIS) that tops off corporate information technology usage in order to efficiently support strategic planning and decision making of top executives. It also analyzes information, provides overall data, and details of each information point with complete accuracy. Its main customers include government entities, state enterprises, bank, and private companies, who utilize the system in survey, assessment, project/department monitoring system in Real Time. It also received an award in flood prevention and preparation system with remedy and problem solving processes in order to completely meet with corporate requirements.

### Marketing and Competition

Technology development and implementation in any organization has directly and indirectly influenced the business. Therefore highest utilization of technology is vital in whether or not the organization will proceed with effectiveness and efficiency in the highly competitive market.

As today's Information and Communications Technology market is highly competitive with rapid changes, the Company must put emphasis on providing suitable solutions for its customers by providing Perceived Price in order to gain Perceived Value. Additionally, after-sale service is also essential in utilizing service mind into providing best services.



## Data Mining Company Limited

### Scope of Products and Services

The Company has been operated in information technology business, computer system, network and peripherals, and related processing systems, e.g., specific application and data processing software, and system integration from core systems to complicated process design solutions to meet customer needs.

### Marketing and Competition

The Company's major customers are law enforcement entities, anticorruption agencies in both government and private sectors where vital financial information is required for investigation to prevent money laundering and abusive terrorist activities.

### Future Plans and Projects

The Company has planned to expand the business to cover state organizations by offering computer system installation service in addition to financial protection and crime control.



## Loxley Property Development Company Limited

### Functions and Responsibilities

The Company engages in the real estate business in 2 areas, i.e., real estate development, and real estate management. In real estate development area, the Company has to prepare feasibility study of any real estate investment through research and analysis. A summarized report will be prepared for determination of the highest return on investment. Additionally, the real estate management area includes office space rental, advertisement billboard rental, cleaning services, and public utility within the buildings as well as other related completed services.

### Operations in Preceding Year and 2013 Plan

In 2012, the operation has provided consistent return as well as adding corporate images in various projects including real estate investment in high potential areas around Bangkok and provincial areas. In real estate management, the Company emphasizes business strategy building, customer base expansion, and service development up to international standards, as well as efficient team building through continuous training and practices.



## Overview

The Group is in public utility operations, e.g., TV and Radio communications, energy processes, electrical systems, waste water management, including specialized tools and electronic equipment, by winning auctions organized by the government, state enterprises, and private organizations domestically and internationally covering survey processes, design, installation, customized implementation, maintenance, and consultations in various projects.

In 2012, the Group has been able to constantly serve both public and private organizations while fully entering the green industry as alternative choice to provide power, in addition to our existing solar energy business.

## Broadcast Department

### Scope of Products and Services

Broadcast Department operates as representative or authorized dealer for television and radio transmitter and other related broadcasting product such as studio equipment. The Department also operates as System Integrator (SI) to provide a total solution (products and services) for television and radio broadcasting organization in both private and public sector.

Another important role for the Department is to cooperate with other agencies in order to provide information to the Thai public in relation to broadcasting technology.

### Marketing and Competition

As a result of the imposed change from analog broadcasting to digital broadcasting by The National Broadcasting and Telecommunication Commission (NBTC) in 2012, this will creates a lot of changes in broadcasting industry. Digital technology will certainly enhance broadcasting capability in many ways, which will in turn, creates a higher market value and competition level as well.

The Department existing customers are varied from both government and private sector, such as the Public Relations Department (PRD), The Royal Thai Army television and radio (CH5), MCOT Public Company Limited (CH9) and Parliament television and radio station.

### Ongoing Projects and Future Plans

Broadcast department has some major projects which are under implementation or has plan to delivered in 2013, such as the procurement of radio transmitter for the Office of Secretary of the parliament, the upgraded of television transmitter & the digital trial project for The Royal Thai Army Television (CH 5).

As for Thailand's digital transition, the Department plans to extend its functions for both products and services in order to serve such a vibrant Thai's broadcasting industry. Currently, the department is negotiating with a number of oversea counterparts for such an expansion. In the mean time, the department is conducting feasibility study for a future joint venture with various new / existing investors as a result of broadcasting reformation imposed by NBTC.



## Control Systems Department

### Scope of Products or Services

The Department provides engineering and integration services in Automation Control Systems, Supervisory Control and Data Acquisition, (SCADA) systems and Telemetry Systems for clients in infrastructure and utilities. The provided services are based on the total-solution and turn-key basis.

Its business alliances are technology owners which cover wide range of products, technology and applications. Thus, the Department can fulfill to the client's needs and wants.

### Marketing and Competition

The competition of services in control systems industry has been high for local and foreign players. However, our key strengths are the experiences and track records in working with multinational contractors in providing quality services to our clients. The Department is a leading local company who provides total telemetry solutions for water forecasting, flood early warning and water management.

### Ongoing Projects and Future Plan

Due to the flood disaster in Thailand including Bangkok during 4th Quarter of 2011, some projects scheduled for completion in 2011 were affected and delayed until early 2012. The projects are the telemetry system for flood forecasting of Mae Klong river basin for the Royal Irrigation Department, and Dispatcher Training Simulator (DTS) for the Metropolitan Electricity Authority. In the year 2012, the Department had already completed all those projects and already delivered to the Owners.

Project in year 2012, the Department is under implementing the projects for the Royal Irrigation Department (RID): the telemetry system for flood forecasting of Kok basin, Chiangrai province and the telemetry system for flood forecasting of Loei basin, Loei provinces. The Department is also implementing the project for Electricity Generating Authority of Thailand (EGAT): Boiler Control Renovation of Bang Pa-Kong Thermal Power Station unit 2.

With our in depth experiences in the Control Systems technology, the Department continues to explore and pursue the opportunities in the Telemetry applications in water management for the Royal Irrigation Department as well as the Metropolitan Water Authority (MWA), and also in the SCADA systems for utilities clients such as Metropolitan Electricity Authority (MEA), Trans-Thai Malaysia Co., Ltd. Electricity Generating Authority of Thailand (EGAT), Thai Airways International Public Co., Ltd. and some Private Company, etc. The Department is also interested in applying the technology for the High Efficiency CCTV System.



## Power System Department

### Scope of Products or Services

The Department is engaged in business related to the power systems for both public and private sectors. Work under its mandate consists of system integration spanning a range of activities including engineering, design, product procurement, construction, and project management so as to meet customer requirements. Examples of activities include: construction and renovation of Electrical Substations, construction of Electrical Transmission and Distribution Line Systems, Construction of Underground Cables, Construction of Submarine Cables, procurement and installation of Electrical Substation Control Systems, Solar Electricity Generating Systems, Factory Electricity Systems, Building Electricity Systems as well as other electrical system-related activities such as maintenance, system testing and consultancy services.

The Department has good working relations with business allies who are domestically and internationally reputable manufacturers and distributors. With such cooperation from its various business partners, our solutions can be flexible and most suitable to meet our customers' requirements and expectations.

### Marketing and Competition

The government has continued to invest in expanding the electrical and power distribution systems, apart from encouraging private sectors to co-invest in all forms of power system, since they represent major factors for the country's development and people's quality of living while our neighboring countries such as Lao People's Democratic Republic and Republic of the Union of Myanmar have continued to carry out such systems. Additionally, the private sector has shown greater interest for investments in electrical and power systems-hence, reason for numerous

business opportunities. Department's experience in this specialized business, recent undertaking to introduce a quality service policy, and highly experienced staffs have all contributed to the Department's valuable reputation, status, and business potential. Our current key customers include the Provincial Electricity Authority of Thailand, the Metropolitan Electricity Authority, and the Electricity Generating Authority of Thailand.

The Department offers services by submitting tenders as well as through direct selling to our prospects as a main contractor or sub-contractor. The system design, product procurement, and effective project management are the key areas of our expertise.

### **Ongoing Projects and Future Plan**

Projects under implementation including:

1. Construction of Transmission Substations of the Provincial Electricity Authority
  - 115-22 KV Conventional system: 2 substations in the north-eastern area
  - 115-33 KV Conventional system: 1 substations in the southern area
2. Construction of Transmission Substations of the Metropolitan Electricity Authority
  - 115-24 KV Gas Insulated Switchgear: 2 substation in the central area

The Department plans to solidify its reputation in Electrical Systems' procurement and installations, and in other power related activities such as energy replacement and management. The Department also plans to implement Smart Grid, a full range of electrical and energy equipment to provide full coverage of power-related activities in the country.

In addition, the Department plans to expand its business more into the neighboring countries which have tendency to increase investment in electricity and power system improvement in respond to the AEC trends in the near future.



## **Environmental Business Department**

### **Scope of Products or Services**

The Department provides environment-related activities including environmental balance, waste or contamination resuscitation, especially in water supply businesses, wastewater treatment/reclamation, hazardous waste treatment and waste to energy. It provides consultation services on technical management including installation design, sale, installation and system maintenance services, which benefit the public. The Department selects highly experienced partners, manufacturers, and distributors by applying analytical and comparative procedures on their competencies in order to meet the market's demands and customers' requirements, consistently.

### **Marketing and Competition**

At the current market situation, competition in this market is very competitive and expected to be at a highly intense level; the Department concentrates on developing good relationships with its customers so as to maintain its solid customer base. Moreover, the Department partakes in small to medium size projects so as to expand its market coverage and increase marketing activities and performances by utilizing its skillful engineers and its contemporary technologies. The Department utilizes its direct approach strategies with customers in both the public and private sectors.

### **Future Plans**

The Department plans to focus on all environmentally related projects, in particularly in water supply businesses, wastewater treatment/reclamation, and waste to energy, including: concession projects of Water Supply Systems, Construction of water treatment plants and distribution pipeline, Operation and maintenance of Water & Waste Water Treatment System Projects, Wastewater treatment system projects for communities and industries, Municipal Solids Waste to Energy Projects and others market in neighboring countries.

## Educational Technology Business Department

### Scope of Products or Services

The Department has operational offices both in the central and regional areas, providing rental services and distributing high quality computers and telecommunication equipment both imported and local made to governmental and private educational institutions across the country. The services include network installations, maintenance and repairs of office automations.

Also, the Department acts as distributors of many other products including software for e-learning, authoring tools, e-classroom, online English language learning and PC management to support innovations in creative learning processes.

Although most of the products are imported, the Department has had business alliances who are main local distributors of IT products. These distributors have helped in procurement and delivery of products and thus lessening the number of imported products and stock management workloads.

### Marketing and Competition

Products distributed by the Department are necessities for education market, and hence, a large number of competitors, especially small competitors who have tried to cut the costs. However, to maximize customers' satisfaction, the Department has had a strong point in creating trust and reliability in the company's stability, quality products, good after-sale services, and reasonable prices, among customers.

### Future Plans

The Department has continuously planned to seek new products with high quality and reasonable prices to serve customers, and to search for governmental projects to increase sales volume.

## Special Project Department

### Scope of Products or Services

The Department supplies, provides installation, maintenance and after-sales services for specialized, electronic equipment and systems. Most products require specialized skills and high levels of technology. The products are mostly imported from highly-reputable and well established companies in the USA and European countries. Some products are locally purchased while others such as software applications are developed in house by the Department.

The Department has always focused on providing products that meet customers' requirements and put importance on good long-term relationship with customers. Moreover, it has also focused on providing first class after-sales services while ensuring no surplus products that would eventually affect the environment.

### Marketing and Competition

The Department's target customers are mostly government agencies, military and police authorities as well as other organizations involved in various communication and security technologies. Direct approach strategies to prospective customers on a project basis have been the mostly-used distribution channel. To respond to customer needs and satisfaction, the Department always researches and develops products to keep up with advancement of technology.

Competition within this market is moderate since the Department's products and service are within highly specialized fields. Any competition in these fields would be based on technological expertise, readiness of information, sales strategies, customer care, in addition to good relationship with customers.

The market trend mainly depends on the allocation of government budget and whether the suitable products are represented. Meanwhile, the overall economical situation has slight effect on the business operations because the products and services offered are in highly specialized fields which are somewhat niche.

### Ongoing Projects and Future Plans

The Department's main projects are a project for the Royal Thai Arm Forces to provide and install antenna systems and another to provide the Defense Technology Institute with a material vertical mixer, with delivery expected in 2013.



## Power Infra Division

### Scope of Products or Services

The Division procures, imports and installs high voltage transmission lines as well as offers other products to meet the clients' requirements. It imports main equipment on a complete set basis and has other equipment produced domestically so as to provide integration services to its clients.

### Marketing and Competition

Its main prospective customers include state enterprises such as the Electricity Generating Authority of Thailand and others. The Division contacts prospects directly and offers quality products and services - with its high technical skilled personnel - at reasonable prices. This has granted the Division additional advantages over its competitors.

### Future Plans

The Division plans to expand to regional markets and other markets in neighboring countries.



## L Solar 1 Company Limited

### Scope of Products or Services

The Company has been constructing its solar energy power plant project with capacity of 8.7 MW in 215 Rais of land in Bothong District, Kabinburi, Prachinburi where generation capability is 11-12 million kW/hour/year. Such capacity can substitute 4.35 million liters of fuel usage and reduces 6,000 tons per year of Carbon Dioxide. The Company's operations have been supported and granted permission from the government, e.g., investment promotion in solar energy power plant by the Board of Investment of Thailand (BOI) with adder benefit from Provincial Electricity Authority (PEA) for renewable energy producers. Additionally, the Company has assigned part of its area for Alternative Energy Center and Sufficiency Agricultural Learning Center by growing plants and herbs as a model for Bothong community.

### Marketing and Competition

At present, there are number of interested investors in natural alternative energy production. Therefore, the Company foresees the feasibility of alternative electricity generation by high energy Amorphous Silicon Thin-Film Module solar cell technology suitable for humid environment in Thailand. The solar cells can obtain sunlight from 6 AM until 6 PM in addition to future flood withstanding risk due to hilly terrain around the project location.

### Future Project

The Company is still in search for co-investor in solar energy power plant project under the current operation and suitable location for sustainable development. In addition to being the producer and distributor, the Company has utilized its experience by turning itself to being Solar Farm implementer and provides consultations for private companies including government registration processes, analyses of cost, return on investment, risk, and opportunity for interested investors.



## Overview

The Group engages in manufacturing and distribution of consumer, industrial chemical, and distribution of construction equipments, tools, and services plus automobile services and other specialized procurement that meet customers' requirements.

In 2012, the Group opened two more branches of Ai Japanese Village in two leading shopping centers in Bangkok with high recognition. Additionally, the Group had increased its distribution channels by expansion into neighboring countries, e.g. Vietnam and China as well as AEC which includes Myanmar, Laos, and Cambodia via business reinforcement strategies, merchandized and service bundling within the Group to meet with customer demand. The Group also expanded its business partnership network and distribution channel to cover domestic and international markets.

## Chemical Industrial Group

The Group includes the Sales and Marketing Department, Planning/Market Development, Marketing Service and Logistics Department, and Green Natural Products Co., Ltd. which is a manufacturer of essential oils mainly from Kaffir Lime and Turmeric, etc.

### Scope of Products or Services

The Chemical Industrial Group is an official distributor of both domestic and imported chemical products by including high quality product line with competitive price as well as environmentally friendly materials with latest technology in order to offer for consumer product manufacturers, e.g., detergents, cosmetics, food medical products, animal feed, ceramic glass products, paint toner, rubber plastic, lubricant, petrochemical, textile, paper, agriculture, and cleaning products. The Group realizes the upcoming expansion and competition as a result of the ASEAN Economic Community in 2015 therefore we have expanded our market into Vietnam and Myanmar as a potentially high growth in the near future.

### Marketing and Competition

Relevant factors directly impacting the Group include foreign exchange rates, and oil price that affect cost and thus competitive pricing. As a result, the group has put an emphasis specifically on risk management of foreign exchange rates and logistics.

The Group has utilized its high potential by emphasizing the management strategies and complete inventory management services including as a service provider.

### Future Plans

The Group intends to invest in high demand products with clear future, i.e., as a manufacturer, co-investment in either shareholding or takeover of high potential business in the market.



## Construction Materials & Green Solution Group

### Scope of Products or Services

The Group comprises of Construction Materials Department and Green Solutions Department. It functions from acquiring, marketing through servicing and installing the product regarding the construction sector in 4 groups; (1) Building Envelope products including, Bluescope Lysaght metal sheet roofing and DECRA natural stone coated roof tile, and also with others products including; steel decking, Ranbuild pre-fabrication steel building and aluminum composite panel; (2) Hyundai Elevator for elevator and escalator; (3) Mechanical and Electrical products including, Bticino, Jung and AllLight system of lighting control and home automation system, and COXGomyl building maintenance unit; and (4) Green Solution which including Atlantis system of roof garden, vertical garden and water management solution, Synthesis high quality shade fabric for architecture, and GreenRoad soil stabilizer .

The Group's currently supplies ranges product and continuously improves our service with an intention to create a better customers' satisfaction from our total solution for construction, also look for new products and services by means of more advance technology, higher quality and environmental friendliness.

### Market and Competition

Currently, the construction material market's competition is highly intensive, especially in pricing rivalry by the local manufacturers and imported products from China. As a consequence, the Group strategizes as a provider of the wide selection of construction solutions to serve each specific requirement of projects along with additional services from designing, consulting and installing in order to expand the business opportunities

As the Group now servicing both private and public sectors, the direct marketing and sales are applied by cooperation of the marketing team that functions as a customer approaching and product presenting forefront, and the sales team that service customers in commercial and other detail issues.

### Ongoing Projects and Future Plans

The Group, currently, is carrying several ongoing projects such as, the new MRT purple line from Tao Poon to Bang Yai, the constructions of power plants, the home automation contract for The Circle II Condominium, and the water management along with fabric roof for Chainat Football Club's stadium. The Department also started the collaboration with SHERA in order to market the Infill Wall to the premium high rise sector.

Although there is not any predictable sign for an economic situation, the group is working intimately to clients with large construction projects both government and private sector, from project development stage, in order to secure the project achievement. In addition, the Group aims to be one of the leading construction materials' providers with the plan in acquiring new high technology and environmental friendly product that able to create a sustainable market opportunity for the Group.



## International Trade and Business Development Department

The International Trade and Business Development department aims to promoting international businesses of Loxley both in trade and investment by primarily focusing on AEC (ASEAN Economic Community) and China. Throughout 2012, the department has laid down the foundation and established Intertrade Network among Thailand, Cambodia, Lao, Myanmar, Vietnam, and China.

The department has completed setting up a subsidiary company in Guangzhou China, "Loxley Intertrade (Guangzhou) Company Limited". The foreign representative office in Cambodia is on process of appointing, while the business activities in Vietnam are operated continuously, and SCL Company Limited is a joint-venture business with local investors.

Products supplied to our 'Intertrade Network' cover both consumer products and industrial ones. With the aim of gaining both competitiveness in the market and the best quality, the department sources top-class products both domestically and internationally. Furthermore, the house brand of Loxley has been developed by collaboration with standard-guaranteed OEM partners.

In addition to sourcing and developing new products, the department also seeks for any business opportunities with partners, such as those in Japan, China, Australia, Switzerland, and etc. The major objective is to import technology and introduce to Thailand and countries in our 'Intertrade Network'. For instances, Algae-biofuel production, Waste-to-Energy solution, Energy saving solution, Rapid car body repair technology, and etc.

## Upcoming Projects

In the coming years, International Trade and Business Development Department will emphasize its main area of interest on establishing strong network with SMEs in order to secure the 'Supply', along with reinforcing the 'Intertrade Network' followed by expanding market to other countries in due course. The department also continuously puts its effort towards developing Loxley's owned-brand products, which match consumer needs. With respect to the investment, the department still keeps looking for business opportunities to cooperate with high-potential local partners in the foreseeable future.

## Food Services Business Department

2012 marked the foothold foundation of Loxley's food services business, with 2 new Ai Japanese Village branches joining the existing 3 at The Mega Bangna and The Promenade Community Mall respectively. This is a significant growth of 5 stores opening within a period of roughly over 1 year, totaling a commercial space of 2,200 square meters, since the opening of the first store in July 2011.

Differentiating through "Original and Variety" concept strategy, combining with the first-of-its-kind Japanese village design concept, Ai Japanese Village has received a remarkable success and has been patronized by over 30,000 customers on average per month.

Key achievements of the Food Services department are upon establishing a strong restaurant business foundation and know-how, with improved operation efficiency and control. The spinoff of L Food Solutions Company Limited, a wholly owned subsidiary of Loxley PLC has provided flexibility for a dynamic day-to-day restaurant operation. This achievement is incorporated by the rising popularity of Ai Japanese Village through various local store marketing activities such as Valentine's day and Mother's day festival, and continually creating brand awareness through countless media over the year.

## Future Plans

Centralized kitchen and distribution center will be one of the key investments in 2013 to enhance food quality and consistency for existing and future stores, and to be the development resource for packaged food products that integrates with the growth strategy of Loxley Trading Business Group. The Department has planned to open new equity stores and 4 franchise stores.

## Loxley Trading Company Limited

### Scope of Products or Service

Loxley Trading Co., Ltd. is a member of Loxley PLC where its operation includes distribution of leading consumer products over 30 years. The company provides marketing channel expansion to introduce business in the new market and grow in present market. The company distributes its merchandize around country with more than 40,000 places through wholesales stores, retail stores, modern retail stores, hotel, leading restaurants and consumer groups. In addition to being a sales and distributor, the company also provides marketing events and activities for the merchandize owners. Nowadays the company serves many leading brands including "Cook" cooking oil, "Nongpho" UHT milk, "Tra Chang" fish sauce, "Green Nut" roasted peas, "Sealect" canned tuna and sardine and "Raming" organic tea, etc.

### Marketing and Competition

In light of intense competition and recent natural disaster, the company still succeeds in delivering product to reach on the top of shelf among consumers due to the good understanding of market place and excellent execution in operation.

### Future Plan

In addition to being a leading sales and distributor that covers every type of customers, the company has strong intention to develop its own brand products and also expand to AEC market in the near future.



### Scope of Products or Service

The Company distributes vehicle spare parts and motorcycle spare part of the after Market as well as equipment and tools for vehicle services, industries and other uses.

Product offered are from its sole distributorship agreements and authorized distributors. Nevertheless, the Company stresses gaining sole distributorship rights for any product it considers suitable for its own marketing and pricing activities. However, for popular and highly needed products with many distributors, the Company will still pursue such orders in order to meet the exceeding demands of such market segment. The company also has policy to develop new key products using private brand in order to increase competitive advantage in the domestic and AEC market.

### Market and Competition

The Company upholds the policy to generate controllable distribution channels such as its retail outlets, dealers, direct sales, or sale representatives. The Company has wholesale representatives throughout the whole country. For retailing business, the Company distributes thru its branches.

In the After Market of Car Parts and technical tools, there are a large number of direct competitors, family business is mostly. The indirect competitors are manufacturers and importers. With the Company's experienced personnel, clear business strategy and supports from major business allies, it ensures that its business will grow as planned. In addition, the Market has high potential according to the climbing growth rate of car and motorcycle sale. The Company's prospective customers are providers of repair and maintenance services for cars and motorcycles.

Referring to vehicle spare parts, vehicle technology has not changed drastically, except new car models. Nowadays, there are many spare part manufacturers and the Free Trade Area policy of the government brings more distributors in the country. Then, the company needs to expand its area coverage and to become a market leader.

Beside the head office and main distribution centre, which located in Bangkok, the company also has branches in Chiang Mai for north region and in Surat Thani for south region. The branch will be served for parts distribution, remote office and service center for the region.

### Future Plans

The Company plans to appoint intensive sales force to well cover all market segments in Thailand. The term of new market development, the company plan to develop into commercial market including Modern trade-Hardware, Technical College, Bus and Truck, and industries.

The Company plan to open up a new branch in Udon Thani Province in year 2013. The branch will be served for parts distribution, remote office and service center for the region.

# Service Business Group



## Overview

The Group offers security services at Suvarnabhumi and Phuket Airports, including security solutions, equipments and officers for security services in office buildings, hotels, and hospitals, as well as in media, education, and entertainment business.

In 2012, demands for security services in the airport industry and office buildings were risen. Meanwhile, the competition in post production services in advertising and film industries is quite high. The Group, however, has maintained customer base and widely recognized both domestically and internationally.

## Asia Security Management Company Limited

### Scope of Products or Services

Asia Security Management (ASM) Co., Ltd. is a joint venture between Loxley Public Co., Ltd. and ICTS Europe Holdings B.V., who is a world leading security service provider in European countries.

ASM is providing security services at Suvarnabhumi Airport for Airports of Thailand (Public) Co., Ltd. since 2006 until present. Additionally, in 2008, the Company expanded business to offer security guard services, which are considered one of the fast-growing markets.

### Marketing and Competition

Presently, there are over 3,700 employees working for ASM where our management system is of international standards and the growth still continues. Our customers include government and private enterprises, i.e., aviation, service, financial, industrials, and building group. In 2012, the Company has expanded business in providing regional airport security services in Chiang Mai International Airport and Phuket International Airport. By establishing branch offices, the Company has planned to invest more in provincial general guard business, particularly in Phuket in which a number of 5-6-star hotels are located. In 2013, additional branch offices will be built in Laem Chabang Industrial Estate, focusing on our target customers such as industrial plants in the area as well as hotels in Chonburi. Starting on April 1st, 2012, the Company has requested to increase our service rates in response to the government's new policy for minimum wage increase throughout the country. Most of our clients well responded to this change.

### Future Plans

The Company's expectation is to expand our airport security business throughout the country, i.e., Phuket, U-Tapao Pattaya, Krabi, and Samui, due to the fast growing market attributed by the larger number of passengers each year. To cope with this, an airport expansion plan is in consideration, followed by the higher demand for security outsource services.



### Scope of Products or Services

Oriental Post specialized in the post production business of television commercial, feature film, and documentary for local and international market. Company provides service solution to cope with the growth and development of today's technology that include digital color correction, editing, visual effect creation, compositing, 3D animation, kinetransfer, advanced digital media transfer and encoding the media to be capable for social media distribution service with the group of creative people and expertise.

In addition, the Company separates the services business to serve the demand of the growing for digital films and post production named Postique Co., Ltd., where is established to provide comprehensive high-end video post production facilities such as digital cinema package, digital subtitling, direct-to-print films, and 3D stereoscopic to serve the film industry with qualified product.

### Marketing and Competition

Our strategies gear towards diversifying our services to suite with client's requirement in terms of their budget and time and adapt to change in the digital workflow. We have stronger alliance to cope with full post or partial post production work. Overall competition for both local and international are severe due to the increasing growth and demand of post production business. A strong point of the Company is that there is a team of experts available on hands to give advices from shooting to post production to meet the real needs of clients in limited time. The prospective customers of the Company are from production house, advertising agency and film production. Moreover, the Company has had plans to meet the increasing demands for digital shooting in order to keep abreast with the changing shooting technology. Strong competitive in terms of price will happen so the strategy of maintain our qualify work and just in time will be the selling point and give confidence to our clients.

### Future Plans

The Company has focused on business expansion to regional markets which offer high growth of opportunities. Additionally, it has planned to increase revenues from special effect technology for film and advertising productions by emphasizing on quality, services, and time management to enhance the efficiency in meeting future demands of technology standards. The Company has also enhanced the efficiency of the Storage Area Network, which can safely store high resolutions images.

To meet the higher demand for digital filming industry, the Company has committed to developing quality products and innovations. Among them is 3-dimension stereoscopic color collection technique. We also help to custom made the workflow for client to fit their demand and within the budget in cost effective way.



# Joint Venture Business Group



## Overview

The Company strives for new opportunities by targeting at consistently profitable business with growth potential. The Group's revenue structure is low fluctuation. In fact, it is continuously growing, resulting in the substantial profit growth.

In 2012, since the Government Lottery Office has periodically announced to carry out the online lottery project, the Group, along with our personnel and related systems, needs to step up the preparations for it to begin sales, once the government's plan is in effect. Other businesses in the Group have been able to generate satisfactory profits.



## Online Lottery Department

### Scope of Products or Services

The Department is a subcontractor of Loxley GTECH Technology Co. Ltd. who is the Online Lottery System Services provider for the Government Lottery Office (GLO) under the Lottery System Service Contract (signed on 29 July 2005). The subcontract services performed by the Department include site preparation, lottery systems installation, telecommunication networks implantation, installation of 12,000 lottery terminals, Lottery system operation, training and support retailers. The duration of the contract along with monthly service payment is 5 years starting from the 1<sup>st</sup> day of Commercial Launch.

By end of 2006, the Department had installed up to 7,000 terminals at retailers nation wide authorized by GLO. However, up until now, GLO has not been able to launch the online lottery commercially due to legal issues and government policy. By year end 2012, there were 5,161 terminals installed at retailers and the Department has to maintain them for commercially launch should GLO issue notice to service.



## Loxley GTECH Technology Company Limited

### Scope of Products or Services

The Company is a Joint Venture between Loxley Public Company Limited group and GTECH Corporation group. It is the provider of the Online Lottery System Service Contract for the Government Lottery Office (GLO). The contract includes design, procuring, implementing and operating the Online Lottery System. The System consists of the two Data Centers (one for primary and the other for backup), an online communication network system, and terminal installation to retailers who are selected by GLO.

The Online Lottery System is provided by GTECH Corporation of USA. It is a global IT company and the world's leading full-service lottery provider. GTECH designs, installs, operates, and supports complex computer and

telecommunications systems for lotteries around the world, including many of the largest revenue-producers. GTECH has more than 100 customers on six continents.

The Company is currently working with the GLO to ensure Online Services are launched at the earliest possible opportunity.



## BP - Castrol (Thailand) Limited

### Scope of Products or Services

The Company has partnered with BP Oil from the UK to jointly form a business, which operates as a manufacturer and distributor of engine lubricants under the trade name of "CASTROL" and "BP". While both products have different market potentials, they are both well-perceived and renowned. The Company used raw materials from various sources within the country; it continues to produce high quality products that meet customers' demands and expectations. Moreover, the Company engages itself in continuous activities to develop new products as well as ensures its existing ones highly meet customers' requirements.

Meanwhile, the Company consistently improves the quality of distribution channels (using distributors as the primary channel) in order to facilitate smooth, accurate, quick and easy delivery to the customers and end consumers.

### Marketing and Competition

Lubricants market in Thailand is highly competitive. Competitors have continuously deployed 'price cutting' strategies, promotion activities, and mass advertisements. The top 5 lubricant companies in Thailand include PTT, Shell, BP - Castrol, Caltex and Exxon/Mobil. These companies represent 65% of the market while the remaining 35% belong to smaller competitors, around 200 companies. As one of the leading companies, the Company has continuously reviewed the growth agenda and business strategies in order to sustain the competitiveness in the market while upholds the principle of providing the superior quality products and service offers to customers and consumers.

The target customers include land and marine transportation businesses, industries which utilize heavy machineries, as well as any party that employs transportation vehicles.

### Future Plans

The Company's goal is to win in lubricant globally. The key strategy to drive future growth are not only by offering innovative products but also to win in workshop channels (both cars and motorcycle) through the strong customer relationship and differentiated services and product offers provided by the Company's branded workshop (service centers) operating under the name "Castrol Auto Service" and "Castrol BikePoint".

We will also communicate to consumers through global sponsorship campaigns such as FIFA World Cup 2014, World Rally Championship and World Superbikes.



## BlueScope Steel (Thailand) Limited



## BlueScope Lysaght (Thailand) Limited

### Scope of Products or Services

BlueScope Steel (Thailand) Limited and BlueScope Lysaght (Thailand) Limited are joint venture companies between Loxley Public Co., Ltd. and BlueScope Steel Limited, an Australian leading world leader in the coated steel business, which has largest investment portfolio in Thailand. The Companies manufacture and distribute zinc coated steel, prepainted steel, and aluminium/zinc alloy coated steel. The Companies' steel production plant located at Map Ta Phut includes metallic coating lines and painting operation. Presently, the Companies is the sole manufacturer and distributor of ZINCALUME, the aluminium/zinc alloy coated steel, which has the excellent barrier protection of aluminium, the cathodic protection of zinc providing cut edge protection providing up to four times the life of galvanized steel. CRP ANTIBACTERIAL WITH FOODGRADE, another innovation, is a prepainted galvanized steel product specially designed for cool room panel application to serve the food industry. The product is designed to meet USDA food grade requirements and provide a long life in damp cool room environments. Moreover, the Companies are leading modern coated steel manufacturers for building and construction industries, including roll-forming manufacturers for building construction and structure work of pre-engineered buildings.

## Marketing and Competition

Due to the world economic crisis, steel price has been fluctuated. The domestic market has been declined under higher competition. As a result of slower economy from political influences and flood disaster in late 2011, some of the government mega projects have been postponed causing deceleration in investment. The Companies' market strategies has been refined to promptly serve the demand in the market on providing more range of products offering and providing a solution to the Turnkey Project with pre-engineering buildings and Ranbuild® (small pre-engineering buildings) with cost efficiency. Furthermore the company has been successfully expanding into upcountry residential and retail market under the product brands of P-ZACS® and Jing Joe Lek steel.

International market has been in similar situation due to declining economic growth in the world country leaders caused by the United States and EU. financial institution crisis.

## Future Plans

The Companies plans to increase their proportion in the domestic construction material market especially due to their new outstanding products, which continuously meet customers' requirements such as New CLEAN COLORBOND® Thermetech, which provides better thermal properties to modern building designs, as well as PZACS Natural and Dazzle, that provide new aesthetical look for mass market steel roofing. The company also focuses on building value and competitiveness in upcountry retail market through strong brand promotion and channels development. Moreover, The company continues developing the solutions product such as Ranbuild® pre-engineered buildings and EnduroFrame® residential truss package to increase market opportunities.



## Thai Fiber Optics Company Limited

### Scope of Products or Services

Thai Fiber Optics Co., Ltd. (TFOC) is a joint venture between Loxley Public Co., Ltd. and Bangkok Telecom Co., Ltd., a leading copper telephone cable manufacturer in Thailand under the fiber optic design and manufacturing technology supervision from the world leader Furukawa Electric Co., Ltd. of Japan follow International Telecommunication Union (ITU). The company would like to serve the 3G network which are already auction the license.

In addition, the Company has been aware of the environmental impact. We design and produce green product under RoHS (Restriction of Hazardous Substances Directive in electrical and electronic equipment). It also received the ISO 9001:2008 and ISO 14001:2004 certification from Bureau Veritas (BVQI), a renowned international organization.

### Marketing and Competition

There shall installed 3G infrastructure after the license auction, Broadband Internet and WIFI. The Transmission of multimedia content usage in Smart Device would mainly require fiber optic network. Therefore, the Ministry of Industry has issued restricted TIS for optical fiber cable manufacturers and importers in Thailand to be granted a license.

The Company has expanded manufacturing capacity for AEC market. Under high domestic demand, there have the newcomers who establish their manufacture in Thailand. The main importers are China and India. Most of the competitors would mainly exercise their price advantage as their marketing tactic whose inadequate quality and infrastructure instability would affect customers who would have unnecessary reinvestment eventually and customer service quality.

### On-going Projects and Future Plans

The company has remained undelivered NEdNet Project final year that Loxley Public Co., Ltd. got award. The products value is 218 Million Baht. The Company has been continuously developing its products to meet with customer's requirement and FTTx network indoor and outdoor product for serve Broadband customers.



## Finance and Administration Group

### Functions and Responsibilities

The Group is responsible for finance, accounting, and legal, including credit for new projects, credit for working capital and other related investment. The group comprises five departments – Accounting Management Department, Finance & Credit Department, Corporate and Project Financial Management Department, Legal & Securities Department and Strategic Investment & Investor Relations Department.

### Operations in Preceding Year and 2013 Plan

In 2012, the Group maintained its policy focusing on liquidity maintenance, preparing for the investment credit in addition to the usual working capital and utilizing proper financial tools to ensure the highest efficiency with competitive cost at the same time. It also accelerated collection from debtors within specified time frame and rigorously approved credits to avoid doubtful debts. The Group also adjusted its operations to support the accounting system that must be compliant to new accounting standards and rules and regulations. The Group arranged trainings for related persons to prepare them for the ASEAN Economic Community integration in the near future. In addition, the Group provided more information to investors and analyst to allow its stakeholders to have clear picture of the Company's overall business and its future operation plan. This year, the Company participated in the Stock Exchange of Thailand's program to provide consultancy on investor relations to listed companies. The program was organized to encourage listed companies to further improve their investor relations activities.

For the year 2013, the Group would focus on improving key competence among its employees across all levels to support long-term corporate success. Operation process and information technology have been further improved to better address current knowledge-based business environment and borderless communications. To achieve such goal, the Group emphasized on innovation and human resource development to ensure highly capable professionals who are ready to cope with change, work in harmony with other units in driving the Company towards the ultimate goal and are loyal to the Company. Effective financial cost management as well as trade credit extension to support new investment and future business are also in focus. Considering that the highly fluctuating global economy that increased business risk, the Company has ensured more thorough plans, especially those related to investment where risks are considered in parallel to keeping balance between return on investment value and period. For investor relations, the Group will focus its effort in establishing investors' good understanding of the Group's business and future plan. Opinion and viewpoints of investors and analysts will be presented to the Management to support the Company's business improvement to better address international standard.

## Internal Audit Department

### Functions and Responsibilities

The Internal Audit Department is an independent unit whose responsibility is to audit and verify the adequacy of the Company's and its subsidiary's internal control processes, risk assessment, audit and verification report with respective suggestions, verification of related transactions, analysis and evaluation of operations, and other functions in internal control and audit. It also provides suggestions to ensure accuracy and reliability in the information system and financial reports

within the Company and its subsidiaries to comply with related laws and regulations. Company asset protection is accurately controlled and stored to guarantee transparency with caution, efficiency, and effectiveness according to corporate goal.

### Operations in Preceding Year and 2013 Plan

The Department has prepared the annual auditing plan for approval by the Audit Committee. The Department has verified the corporate financial information proposed to the management as well as the internal control processes verification within the Company and its subsidiaries. It also provides assistance and support for other departments and subsidiaries' work processes in order to obtain proper internal control activities to meet with Company objectives.

The Department also conducts verification of related transactions to ensure compliance with the rules and regulations set forth by the Securities and Exchange Commission and the Stock Exchange of Thailand.

The Department has emphasized comments and suggestions from the external auditor in order to improve the Company's general operation processes. It also is a mechanism in emphasizing proper internal control according to the good governance guidelines as well as encouraging the Company's adequate and consistent internal control processes.



## Corporate Communication Administration Department

### Functions and Responsibilities

The Department's responsibilities include conducting and supporting public relation activities, manage marketing and social work, and publishing significant company-related media such as the Company's yearly calendar, poster, website and other creative material

### Operations in Preceding Year and 2013 Plan

In 2012, the Department had public relation work and marketing-related activities that supported other business units continuously including: introducing new products and business channels for Trading Business Group, ICT Business Group, Technology Business Group, Service Business Group, Project Business Group, Online Lottery Project, etc. The Department was also responsible for supporting business information and news in form of printing media and online such as Loxley website, LoxFeed, and Loxley Facebook as well as organized other internal and external activities such as, the Company's staff club, welcome parties, photographic service, conferences; and organized social activities.

In 2013, the Department will continue to provide services to business units in the Company and its subsidiaries. It will focus on public relation activities, promotion of marketing-related activities as well as mass media connections.



## Human Resources and Administration Group

HR & Administration Group is comprised of Human Resources Department, Administration & General Affairs Department, and Corporate Social Responsibility Department.

### Human Resources Department

#### Functions and Responsibilities

The Department is responsible for management and development of human resource through coordination and providing suggestions in wage and compensation benefit, recruitment, human resource strategic planning, as well as human resource development planning towards corporate vision and missions by putting emphasis on adjustment according environment and business competition, aggressive management by utilizing the information technology as a tool.

#### Operations in Preceding Year and 2013 Plan

During 2012, the Company has aimed at strengthen skills, knowledge, and competency among staff in current functions and along the growth path of staff especially among preliminary and middle management. It has continued a training module called Team Quality Management (TQM) with top human resource development institutes as well as an introduction of Advanced – TQM Module and Young Executive Synergy (YES) Module as part of our talent management program. We also arranged activities in internal communications and staff relations to promote participation and relationships among staff namely HR Pa Sanchorn, HR Pa Chim, and HR on the Road. Additionally, the Department has prepared itself by recruiting management executives and staff with competent qualification, especially for the food and service business as well as international business expansion.

In 2013, the Department will focus on staff efficiency & productivity, project management, and cost reduction policy as well as a readiness for international market expansion. In addition, the Department will also stress on coordination among Human Resource Departments of Loxley Group to ensure highest efficiency and effectiveness to acclaim the corporate policy of Loxley Group in the future.



# Corporate Social Responsibility Activities

One of Loxley Public Company Limited's missions is to contribute to the society, its business, partners and employees. The Company, in cooperation with volunteers and Penang Market community, has run the "Recuperation for Sustainable Community" program from 2010-2011 and in 2012 introduced the "Participatory Sustainable Community" program which is operated by a network of many parties. The Company also supported the Thai Community Lacrosse in initiating the Loxley Thai Community Lacrosse (TLCL) as well as provided special support for sports development among people with brain and intellectual disabilities and the National Disabled Badminton Athlete Team by providing financial support through the "Special Olympic Thailand" and "Sports Association For The Disabled of Thailand Under The Royal Patronage".

The "Participatory Sustainable Community" program is operated by a network of volunteers with focus on participation from the Company's employees, the Penang Market communities and the 70-Rai Development Community. Under this program, various activities related to education, social and environment development were introduced. Youth competency and skill development activities were organized to train young people in the



Penang Market community to think, speak, listen and learn how to plan in a systematic way. The project was later expanded to the 70-Rai Development Community in Khlong Toey area. The Company worked with the Sikkha Asia Foundation in arranging activities to promote reading habit in families. Based on cooperation network, the activities were later expanded from one to other communities, and from one to many families. The Company also partnered with Duangprateep Foundation in introducing and organizing the "Story Telling for Better

Society project". Under this project, volunteers were recruited and trained to design and produce puppets to support other volunteers in conducting story telling programs and the Duangprateep Foundation.

**Loxley Thai Community Lacrosse (LTCL)** was operated by the Thai Community Lacrosse. It provided Lacrosse sports skill training for students at Wat Khlong Toey. This not only promotes young children's health, including the underprivileged in the community, but also encouraged young children and youth to realize their value and be inspired to spend their free time wisely.

The Company provided financial support to the Special Olympic of Thailand's activities as part of its plan to give opportunity for people with brain and intellectual disabilities as well as the Sports Association for The Disabled of Thailand under The Royal Patronage. The sports activities supported by the Company are The National Special Olympic Games, MATP Skill Competition, and Youth Sports Competition. These activities offer the disabled athletes with a platform to show off their sports talent and a chance to continue physical training. The Company also allocated some budget for Thailand's National Disabled Badminton Athlete Team to buy sports equipment and to support their travel to participate in national and international



competitions. Budget for the plan to communicate sports activities of the brain and intellectual disabled persons and disabled badminton competition to the public was set aside.



# Risk Factors



## Risk factors in business

### Risks from Over Dependence on Key Accounts

The majority of revenue was attributed to the project implementations for 1-2 key accounts. Despite the frequent winnings in competitions, the company could possibly lose business opportunities due to higher competitiveness towards prices, technologies, and services in both domestic and international market. To lower such threats, the company highly focuses on improving service quality to meet the needs of customers and market trends while continuously strengthening relationship with all business partners. Apart from this, there is the development of other service systems which have the potential for market needs.

### Risks from business expansion and new business investment

One of the company's policies is to strive for new opportunities to strengthen our competitive advantages and increase revenues while being in preparation for entering AEC in the near future. Hence, in 2012 the company has stressed on penetrating neighboring countries' markets such as Myanmar and China, in addition to what we has executed in Vietnam and Laos. Besides foreign markets, due to the support by government and communities, the new business investment in an alternative energy or green energy is also in our focus, with aim for long-term profitable return. However, there are some risks along the way in terms of law, regulations, and government's policies. To eliminate those risks, the company has studied both benefits and drawbacks in business activities while determining the forecast returns, which we expected to generate in a long run. For restaurant business in the fierce competition, the company has taken an important role to partner particularly with those leading food brands, allowing us to enjoy extra revenue and leading us to successfully create our own consumer brands in the future.



## Risk factor in Management

### Risks in Human Resources

Human resources are considered the key factor in business practice. According to the fact that the duty of each employee, whether they are supervisors or subordinates, is associated with one another, the company equally gives an importance to all of them. To lower risks of losing some key employees, we have strongly emphasized on adding their job satisfaction. In fact, the job performance and development plan has been put in place, in order enable employees to work for replacement if needed. Also, with our strategic objective to promote new young executives, the company has raised our employees' capabilities through organizing workshops and personnel development activities, concentrating on knowledge improvement, work ethic, positive mind setting, and teamwork for relationship building. Lastly, our income policies together with fringe benefits and other reward programs such as extra bonuses are fair enough to encourage employees to cultivate not only their productivity, but also their long-term loyalty to the company.



# Legal Disputes

Loxley GTECH Technology Co., Ltd., an associate of the Company, has entered into an agreement with the Government Lottery Office (GLO) of Thailand on 29 July 2005 to service the lottery project. The term stipulated in the agreement required that the lottery commence within 7 months after the agreement has been signed. However, the date of debut sales of lottery has been delayed without definite schedule.

Since 2009 until now, the associate has submitted letters to GLO demanding that the Government should comply with the contract and compensate for losses arising from non-compliance.

Currently, the GLO has not determined the date of debut sales of lottery clearly; then, the associate has taken legal process to enforce GLO to compliance with the agreement.

# **Details of the Company**

Company Name	:	Loxley Public Company Limited
Location of Head Office	:	No. 102 Na Ranong Road, Klong Toey Subdistrict, Klong Toey District, Bangkok 10110
Telephone No.	:	0-2348-8000
Facsimile No.	:	0-2348-8001
Type of Business	:	Commerce
Number and Type of Total Issued Shares	:	
Registered Capital	:	Baht 2,000,000,000, divided into 2,000,000,000 ordinary shares
Paid-up Capital	:	Baht 2,000,000,000, divided into 2,000,000,000 ordinary shares
Par Value per Share	:	Baht 1.00

## Information on Registered Capital

Date/Month/Year of Registration in Articles of Association	Increased / Decreased Capital (Million Baht)	Capital after Increase/ Decrease of Capital (Million Baht)	Reason of Capital Increase/Decrease	Number of Shares and Price of Capital Increase/Decrease
1 April 1993	240.00	400.00	Business expansion and increase of investment fund	24,000,000 shares, at Baht 10.00 per share
27 January 1995	60.00	460.00	Reservation for the exercise of conversion right on debentures	6,000,000 shares, at Baht 10.00 per share
20 March 1996	60.00	520.00	Reservation for the exercise of conversion right on debentures	6,000,000 shares, at Baht 10.00 per share
30 November 2000	(120.00)	400.00	Reduction of shares for non- converted debentures	12,000,000 shares, at Baht 10.00 per share
4 December 2000	1,600.00	2,000.00	- Offering 65 million shares to existing shareholders - Reservation of 85 million shares for the exercise of conversion rights on debentures - Offering 10 million shares to Company directors and staff	- 65,000,000 shares, at Baht 10.00 per share - 85,000,000 shares, at Baht 10.00 per share - 10,000,000 shares, at Baht 10.00 per share
25 December 2003	-	-	Reduction of share value from Baht 10.00 to Baht 1.00	2,000,000,000 shares, at Baht 1.00 per share
3 May 2007	(1.92)	1,998.07	Cancellation of non-issued ordinary shares	1,998,078,970 shares, at Baht 1.00 per share
11 May 2007	1.92  650.00	2,000.00  2,650.00	- Offering shares to Ekpavee Company Limited - Reservation for the exercise of conversion right on debentures	- 2,000,000,000 shares, at Baht 1.00 per share - 2,650,000,000 shares, at Baht 1.00 per share
8 May 2008	(650.00)	2,000.00	Reduction of reserve shares for the exercise of conversion right on debentures	2,000,000,000 shares, at Baht 1.00 per share

## (1) The Company's Securities

At 31 December 2012, the Company has authorized share capital valued at 2,000,000,000 Baht, with issued and paid-up share capital at 2,000,000,000 Baht, 1 Baht per share.

## (2) Shareholders

Details of top 10 major shareholders whose names were shown in the share register book as of 28 December 2012 (the latest share registry book closing date) were as follows:

No	Name	Number of Shares	Total Shareholding Percentage
1	Ekpavee Co., Ltd.	556,341,060	27.82
2	Thai NVDR Co., Ltd.*	96,298,817	4.81
3	Mr. Kiatchai Limpichotpong	75,104,000	3.75
4	Mrs. Amphai Harnkaivilai	40,000,000	2.00
5	Mr. Pairote Lamsam	35,589,030	1.78
6	Mr. Preecha Angkhumsab	33,300,000	1.66
7	Mr. Dhongchai Lamsam	25,459,090	1.27
8	Mrs. Woraparn Jungsubpaisal	25,194,200	1.26
9	Mr. Photipong Lamsam	24,733,680	1.23
10	M.L. Prasobchai Kasemsant	20,400,000	1.02

\* Thai NVDR Company Limited is a subsidiary established by The Stock Exchange of Thailand. It is automatically regarded as a listed security by SET. Those who invest in Thai NVDR receive the same full financial benefits as they would receive had they invested directly in shares, however, without any voting right in shareholders meeting.

### Ekpavee Co., Ltd. and Lamsam Group comprise

(as at the close of share registry book dated 28 December 2012)

Name	Shareholding Percentage
1 Ekpavee Co., Ltd.	27.82
2 Mr. Pairote Lamsam	1.78
3 Mr. Dhongchai Lamsam	1.27
4 Mr. Photiphong Lamsam	1.23
5 Mr. Banyong Lamsam	0.96
6 M.R. Sam-aungvarn Lamsam	0.56
7 LT. Chalermchoke Lamsam	0.47
8 Mr. Sukit Wanglee	0.23
9 Mrs. Rujiraporn Wanglee	0.23
10 Mrs. Chanjaree Lamsam	0.19
<b>Total</b>	<b>34.74</b>

## (3) Dividend Payment Policy

It is the Company's policy to make dividend payments of at least 40% of its net profits before vested interests in subsidiaries and associated companies.

In 2007, the Company did not pay dividend in order to reserve the capital for future business expansions. In 2008 and 2009, the Company did not pay dividend due to retained deficit. In 2010, the Company paid dividends at the rate of Baht 0.05 per share for a total of Baht 100 million. In 2011, the Company paid dividends at the rate of Baht 0.075 per share for a total of Baht 150 million.

It is the policies of the Company's subsidiaries, however, to pay dividends when they have an excess out of their operating profits less investment costs, working capital and debts payable. Dividend payments by each subsidiary, however, depend on the category of its business and conditions of the industries in which it is engaged.



# Details of Ownership in Loxley Subsidiaries and Associated Companies

As of 31 December 2012, the Company's paid-up capital is Baht 2,000,000,000. The Company holds shares, directly and indirectly, in 20 subsidiaries and 15 associated companies and jointly-controlled entities, as follows:

## Subsidiaries directly owned by Loxley

No.	Name of companies	Address	Type of business	Registered capital (Million Baht)	% of shareholding
1	Loxley Wireless Co., Ltd.	No. 555 Rasa Tower, Phaholyothin Road, Chatuchak Subdistrict, Chatuchak District, Bangkok	Sale and service of telecommunication and information technology systems	100	99
2	Data Mining Co., Ltd. (former name, Loxley Energy Co., Ltd.)	No. 102 Na Ranong Road, Klongtoey Subdistrict, Klongtoey District, Bangkok	Service of information technology equipment and computer systems	8	99
3	LOXBIT PLC	No. 475, 8 <sup>th</sup> Floor, Unit No. 801, Siripinyo Building, Sriyudhaya Road, Phayathai Subdistrict, Rajthevi District, Bangkok	Trading of telecommunication equipment, computers and computer programs	375	99
4	Loxley Joint & Hold Co., Ltd.	No. 102 Na Ranong Road, Klongtoey Subdistrict, Klongtoey District, Bangkok	Holding company	1,000	99
5	Loxley Mobile Co., Ltd.	No. 193/62, 16 <sup>th</sup> Floor, Lake Ratchada Building, Ratchadapisek Road, Klongtoey Subdistrict, Klongtoey District, Bangkok	Sale and service of various prepaid electronics cash card	20	99
6	L Food Solutions Co., Ltd.	No. 102 Na Ranong Road, Klongtoey Subdistrict, Klongtoey District, Bangkok	Provide food service	10	99
7	Loxley Intertrade (Guangzhou) Co., Ltd.	Room 2011, 20 <sup>th</sup> Floor, 33 Yian Plaza, Jianshe Liu Rd., Yaexiu, Guangzhou 510060	Trading in the People's Republic of China	0.16 USD	99
8	L Green Solution Co., Ltd.	No. 102 Na Ranong Road, Klongtoey Subdistrict, Klongtoey District, Bangkok	Provide alternative energy source of all types, selling electricity and gas, and waste management	10	99
9	Asia Security Management Co., Ltd.	No. 102 Na Ranong Road, Klongtoey Subdistrict, Klongtoey District, Bangkok	Provide security services at Suvarnaphumi Airport and others	100	69
10	Loxley Property Development Co., Ltd.	No. 102 Na Ranong Road, Klongtoey Subdistrict, Klongtoey District, Bangkok	Renting of building, advertising board and providing services	133	66

No.	Name of companies	Address	Type of business	Registered capital (Million Baht)	% of shareholding
11	Part Zone (Thailand) Co., Ltd.	No. 19 Ramkamhaeng Road, Meenburee District, Bangkok	Trading in automotive parts and equipment	25	64
12	Societe Commerciale Lao	Unit 36, Bon Dongpalad, Alley 10 Chanthabouly District, Vientiane, LAO. P.D.R.	Trading in Lao People's Democratic Republic	4,135 Million Kip	62
13	L Force 1 Co., Ltd.	No. 102 Na Ranong Road, Klongtoey Subdistrict, Klongtoey District, Bangkok	Supply, manufacture and sell of shooting stimulation for fixed shooting and trapshooting	20	60
14	Loxley Global Co., Ltd.	No. 102 Na Ranong Road, Klongtoey Subdistrict, Klongtoey District, Bangkok	Holding company	99	51

#### Subsidiaries which Loxley Controls

No.	Name of companies	Address	Type of business	Registered capital (Million Baht)	% of shareholding
15	Loxley Trading Co., Ltd.	No. 102 Loxley Building, Na Ranong Road, Klongtoey Subdistrict, Klongtoey District, Bangkok	Sale of consumer products	50	50

#### Subsidiaries indirectly owned by Loxley

No.	Name of companies	Address	Type of business	Registered capital (Million Baht)	% of shareholding
16	Loxbit PA Plc (former name, Point Asia Plc)	No. 102 Loxley Building, 14 <sup>th</sup> Floor, Na Ranong Road, Klongtoey Subdistrict, Klongtoey District, Bangkok	Telecommunication and computerized database service	45	99
17	NetONE Network Solution Co., Ltd.	No. 408/81, 19 <sup>th</sup> Floor, Phaholyothin Place Building, Phaholyothin Road, Samsean Nai Subdistrict, Chatuchak District, Bangkok	Trading of computer, computer spare parts and equipment, of all types	70	99
18	Thai Gateway Co., Ltd.	No. 102 Na Ranong Road, Klongtoey Subdistrict, Klongtoey District, Bangkok	Trading of telecommunication equipment	20	99
19	Professional Computer Co., Ltd.	No. 475 Siripinyo Building, 17 <sup>th</sup> -18 <sup>th</sup> Floors, Sriyudhaya Road, Phayathai Subdistrict, Rajthevi District, Bangkok	Supply, maintenance and set up of work system, installation of computers and management of computerized center	230	99
20	L Hardware and Services Co., Ltd.	No. 44/385-389 Moo 10, Navamin Road, Klong-kum Subdistrict, Bueng-kum District, Bangkok	Installation and repair of IT equipment, sale of computers and peripherals	5	99

### Indirectly Jointly - controlled entities

No.	Name of companies	Address	Type of business	Registered capital (Million Baht)	% of shareholding
1	VH Services (Thai) Co., Ltd.	No. 1 CP Tower 2 (Fortune Town), 26 <sup>th</sup> Floor, Ratchadapisek Road, Dindaeng Subdistrict, Dindaeng District, Bangkok	Operate boutique hotel	50	50
2	Loxley & AIT Holding Co., Ltd.	No. 555 Rasa Tower, Phaholyothin Road, Chatuchak Subdistrict, Chatuchak District, Bangkok	Provide installation service of power plant telecommunication	200	50

### Associated companies

No.	Name of companies	Address	Type of business	Registered capital (Million Baht)	% of shareholding
1	Oriental Post Co., Ltd.	No. 333/3 Rachadanivej Village, Soi 19, Pracha-uthit Road, Samsennok Subdistrict, Huay-kwang District, Bangkok	Advertising series post production services	150	50
2	L Solar 1 Co., Ltd.	No. 102 Na Ranong Road, Klongtoey Subdistrict, Klongtoey District, Bangkok	Operate solar power plant	220	45
3	Thai Fiber Optics Co., Ltd.	989 Siam Tower Building, Rama I Road, Patumwan Subdistrict, Patumwan District, Bangkok	Manufacture of fiber optic	100	40
4	Loxley GTECH Technology Co., Ltd.	No. 102 Na Ranong Road, Klongtoey Subdistrict, Klongtoey District, Bangkok	Sale and service of information technology and online lottery sale system	300	35
5	Guardfire Limited	No. 1780 Tiauhong-Bangna Building, Bangna-trad Road, Bangna Subdistrict, Bangna District, Bangkok	Import and sale of accident preventive systems	20	30
6	Thanthiya Technology Co., Ltd.	99/286 Soi Senawattana, Phaholyothin Road, Bangkok,	Manufacture and sale of water and waste water treatment equipment and systems	4	30
7	Mobile Innovation Co., Ltd. (former name, L Spot Co., Ltd.)	No. 128/224, 227, 228 21 <sup>st</sup> Floor, Phayathai Plaza Building, Phayathai Road, Thung Phayathai Subdistrict, Rajthevi District, Bangkok	Services of real time vehicles tracking management system	184	27
8	Foseco (Thailand) Limited (former name, OLN (Thailand) Limited)	No. 170/69, 22 <sup>nd</sup> Floor, Ocean Tower I Building, Rajchadaphisek Road, Klongtoey Subdistrict, Klongtoey District, Bangkok	Manufacture and sale of chemicals for metal casting	10	26

No.	Name of companies	Address	Type of business	Registered capital (Million Baht)	% of shareholding
9	BlueScope Steel (Thailand) Limited (former name, BHP Steel (Thailand) Limited)	No. 2 Soi G9, Pakornsongkrohrad Road, Maptaphut Subdistrict, Muang District, Rayong	Manufacture and sale of cold rolled steel	5,000	25
10	BlueScope Lysaght (Thailand) Limited (former name, BHP Steel Lysaght (Thailand) Limited)	No. 16, Soi Phahonyothin 96, Prachathipat Subdistrict, Thanyaburi District, Patumthani	Manufacture and sale of steel roofing	600	25

#### Associated companies indirectly owned by Loxley

No.	Name of companies	Address	Type of business	Registered capital (Million Baht)	% of shareholding
11	BP-Castrol (Thailand) Limited	No.183, 23 <sup>th</sup> floor, Rajanakarn Building, South-Sathorn Road, Yannawa Subdistrict, Sathorn District, Bangkok	Sale of Castrol and BP lubricant	49	40
12	Ecartstudio Co., Ltd.	No. 129, Praram 9 Road, Huay-kwang Subdistrict, Huay-kwang District, Bangkok	Website design service	3	30
13	MOCAP Limited	989 Siam Tower Building, Rama I Road, Patumwan Subdistrict, Patumwan District, Bangkok	Outsourcing contact center	61	25



# Management

Loxley's management structure comprises a company committee, whose members are experts in different fields. Sub-committees are appointed by the company committee to oversee and manage businesses. Each member of the committees has responsibilities as follows:



## The Company's Board of Directors

Pursuant with the Company's Articles of Association, the Company's Board of Directors shall consist of not less than 5 and not more than 21 members of whom not less than half of that number must have residence in the Kingdom. And, the Company's directors must be qualified in accordance with the prerequisites of law.

In 2012, members of the Company's Board of Directors are:

No.	Name	Position
1	Mr. Pairote Lamsam	Chairman of the Board
2	Mr. Sukit Wanglee	Vice Chairman of the Board
3	Mr. Dhongchai Lamsam	President and Member of the Nominating and Remuneration Committee
4	Dr. Harit Sutabutr	Independent Director and Chairman of the Audit Committee
5	Dr. Wissanu Krea-ngarm	Independent Director
6	Mr. Sirin Nimmanahaeminda*	Independent Director
7	Dr. Supavud Saicheua	Independent Director
8	Mr. Charoon Chinalai	Independent Director, Member of the Audit Committee and Chairman of the Nominating and Remuneration Committee
9	Mr. Joti Bhokavanij**	Independent Director and Member of the Audit Committee
10	Mr. Supachai Wanglee	Director
11	Mr. Suebrakul Soonthornthum	Director, Senior Executive Vice President and Member of the Nominating and Remuneration Committee
12	Mr. Poomchai Lamsam	Director
13	Mr. Vasant Chatikavanij	Director and Senior Executive Vice President
14	Mr. Suraphand Bhasitnirandr	Director, Senior Executive Vice President and Member of the Nominating and Remuneration Committee
15	Dr. Sompop Chareonkul	Director and Senior Executive Vice President
16	Mr. Suroj Lamsam	Director and Senior Executive Vice President
17	Lt. Chalermchoke Lamsam	Director and Senior Executive Vice President

Company Secretary is Mr. Pichai Mooputtarak.

Remarks: \* Mr. Sirin Nimmanahaeminda resigned from the position of member of the Audit Committee on 20 June 2012.

\*\* Mr. Joti Bhokavanij was appointed to be independent director on 28 March 2012 and member of the Audit Committee on 20 June 2012.

## Authority of Directors and Restrictions on Authority of Directors

Number and names of the directors who are authorized to sign on behalf of the Company are as follows: Two of the following eight persons jointly sign and affix the Company's seal: Mr. Pairote Lamsam, Mr. Dhongchai Lamsam, Mr. Sukit Wanglee, Mr. Supachai Wanglee, Mr. Poomchai Lamsam, Mr. Vasant Chatikavanij, Mr. Suroj Lamsam, Lt. Chalermchoke Lamsam OR any one of the eight directors above mentioned jointly signs with any one of the following directors totaling two directors and affix the Company's seal: Mr. Suebrakul Soonthornthum, or Mr. Suraphand Bhasitnirandr, or Mr. Sompop Chareonkul.

## Independent Directors

The Company's independent directors whose opinions, instructions, and warnings are independent and free from the Company's management. As a result, the Company does not authorize any independent director the rights to enter into any legally binding documentation with the Management.

An Independent Director is required to follow the guidelines as follows:

1. Holds not more than 1% of the common shares from the Company, its parent company, subsidiaries, joint-ventures, juristic persons with possible conflicts of interests including his/her relatives' shareholding activities.
2. Does not or has not been a director related to operation management, staff member, employee, permanent consultant, or administrative person of the Company, its parent company, subsidiaries, joint-ventures, partners, or juristic person with conflicts of interest for the past 2 years on the date of appointment.
3. Does not relate either by birth or marriage, e.g., father, mother, spouse, brother or sister, child, and child's spouse, of the Management, major shareholder, influential person, Management candidate, or influential person of the Company's subsidiaries.
4. Does not or has not related in business operations, e.g., regular business transactions, real-estate rental, asset service transaction, financial assistance, including related activities where debt payment transaction is required from 3% of the Company's net assets or Baht 20 million, whichever is less, with the Company, its parent company, subsidiaries, joint-ventures, or juristic person with possible conflict of interest affecting independent judgment, as well as not being a major shareholder, non-independent director, or management executive of the business related with the Company, its parent company, subsidiaries, joint-venture, or juristic person with possible conflicts of interest, for the past 2 years prior to the appointment.
5. Does not or has not been the Auditor of the Company, its parent company, subsidiaries, joint-venture, or juristic person with possible conflicts of interest, as well as not being a major shareholder, non-independent committee, management executive, or shareholder of Auditing office where the Auditor of the Company, its parent company, subsidiaries, joint-venture, or juristic person with possible conflicts of interest, belongs to, for the past 2 years prior to the appointment.
6. Does not or has not provided professional services including legal advice or financial advice with annual fee of over Baht 2 million from the Company, its parent company, subsidiaries, joint-venture, or juristic person with possible conflicts of interest. However, in the case when such professional is a juristic person, it would include being a major shareholder, non-independent committee, management executive or management share of such professional, for the past 2 years prior to the appointment.
7. Is not a Director appointed on behalf of the major shareholder or a shareholder related to the major shareholder of the Company.
8. Does not possess any other features that would affect independent opinion regarding Company's operations.

Furthermore, after the Independent Director has been appointed, he/she would be delegated by the Board of Directors to authorize transactions on the operations of the Company, its parent company, subsidiaries, joint-venture, or juristic person with possible conflicts of interest, under an optional collective decision.

## Scope of Authority and Responsibilities of the Company's Board of Directors

1. Discharges its duties in line with the laws, Company Objectives and its Articles of Association as well as resolutions adopted by general meeting(s) of shareholders and exerts care in safeguarding the Company's interests.
2. Sets out policies, objectives, strategies, and directs the Company's course of action as well as supervises and monitors the management's activities to ensure that they are effectively implemented pursuant with the policies that had been laid down.

3. Make approvals on issues of substance such as policies, business plans, major investment and any other items as prescribed by the law unless such matters are subjected to resolutions from general meeting(s) of shareholders as required by law.
4. Nominates director(s) duly authorized to sign to bind the Company, appoints Chairman of the Board and Deputy Chairman or else assigns one or several directors or any other person(s) to carry out any action on behalf of the Board.
5. Appoints the company secretary to be responsible for any operations abide by law.
6. Convenes shareholders meetings, Board of Directors meetings and ensures that there are preparations for financial reports which shall be presented in conjunction with the Licensed Auditor's report in the annual report covering major issues pursuant with the Stock Exchange of Thailand's policy and as prescribed by the law.
7. Establishes the internal control, risk management, and regulation according to the corporate governance guidelines as well as transparent, accurate, and timely disclosure of information for shareholders, investors, and stakeholders.

### Meetings of the Board of Directors

The Board meetings are scheduled at least once every quarter, where special meetings may be arranged as necessary. Meeting agenda would be specified in advance which includes operation performance monitoring as one of them. During the meeting, each Board member is free to express his/her opinion and advise additional agendas where the Chairperson is responsible to manage proper timing in order for the Management to prepare documentation and information related to the agenda. The secretary to the Board is responsible for meeting appointment, document preparation, meeting invitation all of which is to be submitted at least 7 days in advance for prior consideration unless necessary including recording minutes of meeting, and safekeeping for future verification.

Meetings of the Board of Directors and Sub-Committees in 2012:

No.	Name	Frequency of Attendance / Number of Meetings			
		Board of Directors	Executive Board	Audit Committee	Nominating and Remuneration Committee
1	Mr. Pairote Lamsam	7/7	-	-	-
2	Mr. Sukit Wanglee	7/7	-	-	-
3	Mr. Dhongchai Lamsam	7/7	12/12	-	1/1
4	Dr. Harit Sutabutr	7/7	-	6/6	-
5	Dr. Wissanu Krea-ngarm	7/7	-	-	-
6	Mr. Sirin Nimmanahaeminda*	6/7	-	3/3	-
7	Dr. Supavud Saicheua	5/7	-	-	-
8	Mr. Charoon Chinalai	7/7	-	6/6	1/1
9	Mr. Joti Bhokavanij**	4/5	-	2/2	-
10	Mr. Supachai Wanglee	6/7	-	-	-
11	Mr. Suebtrakul Soonthornthum	6/7	8/12	-	1/1
12	Mr. Poomchai Lamsam	5/7	-	-	-
13	Mr. Vasant Chatikavanij	7/7	11/12	-	-
14	Mr. Suraphand Bhasitnirandr	7/7	12/12	-	1/1
15	Dr. Sompop Chareonkul	6/7	11/12	-	-
16	Mr. Suroj Lamsam	6/7	8/12	-	-

17	Lt. Chalermchoke Lamsam	7/7	10/12	-	-
18	Mr. Sakchai Weerasakwattana***	-	1/6	-	-
19	Mrs. Kosoom Sinphurmsukskul	-	11/12	-	-
20	Mr. Thongyai Chanthanawan	-	11/12	-	-
21	Mr. Natavoot Chitasombat	-	11/12	-	-
22	Mr. Saknarong Saengsangapong	-	11/12	-	-
23	Mr. Supat Karachalkul	-	12/12	-	-

Remarks: \* Mr. Sirin Nimmanahaeminda resigned from the position of the Audit Committee member on 20 June 2012. (attended the Audit Committee meeting no.1-3)

\*\* Mr. Joti Bhokavanij was appointed to be Independent Director on 28 March 2012 (attended the Board meeting no. 3-7) and be Audit Committee member on 20 June 2012 (attended the Audit Committee meeting no. 5-6).

\*\*\*Mr. Sakchai Weerasakwattana resigned from the position of Executive Vice President on 15 August 2012.

## The Executive Board

In 2012, members of the Executive Board are:

No.	Name	Position
1	Mr. Dhongchai Lamsam	President
2	Mr. Suebtrakul Soonthornthum	Senior Executive Vice President
3	Mr. Vasant Chatikavanij	Senior Executive Vice President
4	Mr. Suraphand Bhasitnirandr	Senior Executive Vice President
5	Dr. Sompop Chareonkul	Senior Executive Vice President
6	Mr. Suroj Lamsam	Senior Executive Vice President
7	Lt. Chalermchoke Lamsam	Senior Executive Vice President
8	Mr. Sakchai Weerasakwattana*	Executive Vice President
9	Mrs. Kosoom Sinphurmsukskul**	Executive Vice President
10	Mr. Thongyai Chanthanawan**	Executive Vice President
11	Mr. Natavoot Chitasombat**	Executive Vice President
12	Mr. Saknarong Saengsangapong**	Executive Vice President
13	Mr. Supat Karachalkul**	Executive Vice President

Secretary to the Executive Board is Mr. Pichai Mooputtarak.

Remarks: \* was appointed to the position on 1 January 2012 and resigned from the position on 15 August 2012.

\*\* was appointed to the position on 1 January 2012

### Scope of Authority and Responsibilities of the Executive Board

1. Determines business plans, budgets, strategies, core management structure for business operations and defines various management authorities of the Company compatible to economic conditions and competition. With the Board of Directors' approval, leads the Company through any crisis.

2. Inspects, follows-up and implements Company policies and operating results as well as controlling operating costs to ensure effective and efficient implementation of business plans.
3. With the President's authorization, considers matters concerning recruitment, appointment, employment, re-location, discharge, re-positioning, transfer, work suspension, termination of employment and defines remuneration including expenses and facilities for employees from Senior Vice Presidents downwards.
4. Considers issues pertaining to investment, seeks new business opportunities as well as handling other activities of the Company which are or relate to its normal course of operations.
5. Takes action on various matters as assigned by the Company's Board or shareholders or as required by the laws or the Company's Articles of Association which includes screening various matters for submission to the Company's Board.

### **Management Authorization to the President**

In reference to the Company's Board of Directors Meeting no.2/2001 held on April 9, 2001. The Board approved the President's scope of authority and responsibilities as follows:

1. Monitor and supervise work undertaken by the management to ensure that they are implemented in accordance with policies laid down by the Company's Board of Directors.
2. Administer the operations and approve various matters concerning the Company's operation in its normal course of business so as to ensure continuity.
3. Look after, operate and perform regular work in the normal course of operations in the Company's interest to ensure that they are implemented in line with the Company's Objectives and Articles of Association as well as pursuant with orders, resolutions, policies, plans and budgets approved or assigned by the Company's Board under the framework of relevant laws.
4. The President is vested with the authority, in cases of new or overseas investments, borrowing or lending of money right through to guarantee over and above those in the normal course of business in order to protect the Company's rights and interests and to ensure that the conduct of its operations are carried out effectively, to carry out such various actions although any of such matters may be submitted, at his/her discretion, to the Board for its consideration/approval. The exception is where the Company is required to act in accordance with criteria prescribed by the Stock Exchange of Thailand, the President will take action along such criteria as well. In case the President or person(s) who may have conflicts of interests as defined by the Notifications of Office of Securities and Exchange Commission or the Stock Exchange of Thailand have vested interests or may have any conflict of interests in any other manner with the Company or its subsidiaries, such transaction can be approved only by the Independent Directors and/or the Company's Board of Directors.

On this matter governing the normal signing of approval for various matters for the Company and its subsidiaries, the Company normally has a policy in place which sets out the scope of authority concerning the signing for approval of such matters which are in a form that will be decentralizing power by setting out the line and matters for which an executive at any specific level will be authorized to approve. Review, improvement and changes will also be made appropriately in accordance with the circumstances. As for other matters which are of material importance to the Company, the Company has prescribed that two directors signing jointly under affixment of the Company's seal will have the authority to act on its behalf.

## **The Audit Committee**

The Audit Committee is an independent entity which will give its support to, and act in the name of, the Company's Board of Directors in order to review financial information to be submitted to shareholders and other relevant parties, review internal control system set up by management and the Company's Board and the internal audit procedure as well as communicating with the Company's auditor.

The Company has specified the qualifications of the Audit Committee in the Audit Committee Charter as follows:

1. Holds not more than 1% of the common shares from the Company, its parent company, subsidiaries, joint-ventures, juristic persons with possible conflicts of interests including his/her relatives' shareholding activities.
2. Does not or has not been a committee related to operation management, staff member, employee, permanent consultant, or administrative person of the Company, its parent company, subsidiaries,

- joint-ventures, partners, or juristic person with conflicts of interest for the past 2 years on the date of appointment.
3. Does not relate either by birth or marriage, e.g., father, mother, spouse, brother or sister, child, and child's spouse, of the Management, major shareholder, influential person, Management candidate, or influential person of the Company's subsidiaries.
  4. Does not or has not related in business operations, e.g., regular business transactions, real-estate rental, asset service transaction, financial assistance, including related activities where debt payment transaction is required from 3% of the Company's net assets or Baht 20 million, whichever is less, with the Company, its parent company, subsidiaries, joint-ventures, or juristic person with possible conflict of interest affecting independent judgment, as well as not being a major shareholder, non-independent director, or management executive of the business related with the Company, its parent company, subsidiaries, joint-venture, or juristic person with possible conflicts of interest, for the past 2 years prior to the appointment.
  5. Does not or has not been the Auditor of the Company, its parent company, subsidiaries, joint-venture, or juristic person with possible conflicts of interest, as well as not being a major shareholder, non-independent director, management executive, or shareholder of Auditing office where the Auditor of the Company, its parent company, subsidiaries, joint-venture, or juristic person with possible conflicts of interest, belongs to, for the past 2 years prior to the appointment.
  6. Does not or has not provided professional services including legal advice or financial advice with annual fee of over Baht 2 million from the Company, its parent company, subsidiaries, joint-venture, or juristic person with possible conflicts of interest. However, in the case when such professional is a juristic person, it would include being a major shareholder, non-independent director, management executive or management share of such professional, for the past 2 years prior to the appointment.
  7. Is not a Director appointed on behalf of the major shareholder or a shareholder related to the major shareholder of the Company.
  8. Is not a Director delegated by the Board of Directors to make a decision on behalf of the Company, its parent company, subsidiaries, joint-venture, or juristic person with possible conflicts of interest.
  9. In the case when an Independent Director is appointed as an Independent Director in the Company, its parent company, subsidiaries, he/she is required to disclose information related to such position including remuneration received in Form 56-1 and 56-2, accordingly.
  10. Does not possess any other features that would affect independent opinion regarding Company's operations.

In 2012, The Audit Committee of Loxley Public Company Limited consists of:

No.	Name	Position
1	Dr. Harit Sutabutr	Chairman of Audit Committee
2	Mr. Charoon Chinalai	Audit Committee Member
3	Mr. Sirin Nimmanahaeminda*	Audit Committee Member
4	Mr. Joti Bhokavanij**	Audit Committee Member

*(Acting) Secretary to the Audit Committee is Mr. Pichai Mooputtarak.*

Remarks: \* Mr. Sirin Nimmanahaeminda resigned from the position of the Audit Committee member on 20 June 2012.

\*\* Mr. Joti Bhokavanij who possesses accounting and finance experience was appointed to be the Audit Committee member on 20 June 2012.

## The Audit Committee's Scope of Duties and Authority

1. The Audit Committee is responsible for the following functions specified by the Board of Directors:

- 1.1 Verify the Company's financial reports
- 1.2 Optimize the Company's Internal Control and Internal Audit processes properly and efficiently as well as verify the independence of the Internal Auditor including consideration of appointment, transfer, and dismiss the Internal Auditor or related agency responsible for Internal Audit
- 1.3 Follow Securities and Exchange Regulations and Rules of the Stock Exchange of Thailand, Public Company Act, Accounting Act, or related laws
- 1.4 Optimize the Company's Risk Management properly and effectively
- 1.5 Nominate an independent candidate as an Internal Auditor as well as his/her salary including participation in auditor's meeting with the absence of the Management at least once a year
- 1.6 Verify all related transactions or transactions with possible conflicts of interests according to the law and Securities and Exchange regulations to ensure integrity for the Company's maximum benefit
- 1.7 Prepare the Audit Committee Report to be included in the Company's Annual Report and signed by the Audit Committee Chairperson with the following details:
  - 1.7.1 Opinion on integrity and confidence of the Company's Financial Report
  - 1.7.2 Opinion on the adequacy of the Company's Internal Control
  - 1.7.3 Opinion on the compliance to the Securities and Exchange regulations, Stock Exchange rules, or related business laws
  - 1.7.4 Opinion on the Auditor's qualification
  - 1.7.5 Opinion on the transactions with possible conflicts of interests
  - 1.7.6 Number of Audit Committee meetings and each Committee member's participation
  - 1.7.7 Opinion or suggestion of the Audit Committee by complying with the Charter
  - 1.7.8 Other transactions worth for the shareholders and general investors under the assigned roles and responsibilities from the Board of Directors
- 1.8 Perform additional assignment from the Board of Directors with an approval from the Audit Committee

On performing the activities specified in the first paragraph, the Audit Committee is directly accounted for the Board of Directors where the Board of Directors is accounted for the Company's operation to the public.

Whenever the Audit Committee's duties are changed, the Company shall prepare the change of duty policy and the updated member and duties of the Audit Committee set forth by the Stock Exchange to be submitted to the Stock Exchange by 3 days after such changes according to the Stock Exchange's guidelines on electronic reporting.

2. Should the Audit Committee find or suspect any of the following transactions or actions that would significantly affect the Company's financial status or operations, the Audit Committee shall report the Board of Directors in order to adjust such items accordingly on time:

- 2.1 Errors or incomplete transaction record in Accounting or Financial Reports
- 2.2 Improper or inefficient Internal Control and Internal Audit
- 2.3 Inefficient Risk Management
- 2.4 Transactions with conflict of interest
- 2.5 Fraudulent or significant defects in Internal Control
- 2.6 Breaching of Securities and Exchange Regulations, Stock Exchange rules or related laws

Should the Board of Directors or the Management does not correct such impairment specified in the first paragraph, an Audit Committee member may report such impairment to the Securities and Exchange Commission or the Stock Exchange directly.



## The Nominating and Remuneration Committee

The Nominating and Remuneration Committee consists of:

No.	Name	Position
1	Mr. Charoon Chinalai*	Chairman of Nominating and Remuneration Committee
2	Mr. Dhongchai Lamsam	Member
3	Mr. Suebtrakul Soonthornthum	Member
4	Mr. Suraphand Bhasitnirandr	Member

*The Secretary of this Committee is Dr. Dawarit Tansuphasiri.*

*Remark: \* Mr. Charoon Chinalai was appointed to the position of Chairman of Nominating and Remuneration Committee on 29 February 2012.*

### Scope of Authority and Responsibilities of the Nominating and Remuneration Committee

1. Searches for a suitable list of directors and senior executives from the positions of executive directors upwards from individuals inside or outside the Company.
2. Submits nominations of members of the Board of Directors and senior executives who have been short-listed as well proposing their remuneration and other fringe benefits for the approval by the Company's Board or shareholders.
3. Reviews the ratio, number and qualifications as well as performance evaluation guidelines for directors.
4. Conducts studies in order to make proposals for policies, criteria governing payment of remuneration as well as payment of remuneration and other fringe benefits for the Company's Board, members of other committee(s) or sub-committee(s) appointed by the Company's Board. Data for such studies will be compiled by work units in the Company's organization.
5. Takes other action as assigned by the Company's Board or the Chairman of the Board or pursuant to Rules of the Office of the Securities and Exchange Commission (SEC) or the Stock Exchange or other laws.

### Selection Procedures of Directors and Sub-Committee Members

As far as search for the Company's Board of Directors, President and members of the Executive Board right through to members of the sub-committees is concerned, they will be first short-listed and selected from those already screened by the Nominating and Remuneration Committee and then submitted to the Company's Board of Directors and/or the shareholders meeting for further consideration. Action in this respect will be taken in line with the Company's policy and matters as suitable qualifications, adeptness and capabilities as well as ability to devote adequate time to the Company's operations will always be taken into consideration.

Appointment and removal of directors will be made by majority votes adopted by meeting(s) of shareholders in accordance with the following criteria and procedure:

1. One shareholder will have one vote for one share.
2. Each shareholder must cast all the votes he/she holds under (1) to select one or several person(s) as director(s) although they may not share out their votes in any more or less manner to any candidate.
3. Person(s) receiving the maximum number of votes in the respective order will be appointed as director(s) for the number of directors to be selected or appointed on that occasion. Where persons selected in the next sequence receive equal votes which exceed the number of director(s) to be selected or appointed on that occasion, the decisive vote shall be cast by the chairman of that meeting.

At each Annual Ordinary General Meeting, one-third members of the Board shall retire. The number of directors to retire if there is a fraction of this number shall be the nearest figure to this one-third.

Directors to retire in the first and second years after the Company's incorporation will be decided by lots. For subsequent years, however, director(s) with the longest term in office shall retire. However, those who retire at the end of their term may be re-elected.

A vacancy in the Board by reasons other than retirement at the end of the term will be filled at the next Board meeting by a qualified person selected by the Board who must not also be subjected to any restriction by law unless the remaining term of that director is less than two months. The replacing director will remain in his/her post only for the remaining term of the directors/he replaces.

The Board's resolution under paragraph one shall consist of not less than three-fourths of votes from the remaining directors.



# Executives Remuneration

## 1) Remuneration for year 2012:

- 1.1 Total remuneration for 17 members of the Company's Board of Directors was Baht 15,600,000. (constituting meeting allowances and remuneration\*)
- 1.2 Total remuneration for the Audit Committee and Nominating and Remuneration Committee members was Baht 1,860,000. (constituting meeting allowances)
- 1.3 Total remuneration for 12 Executive Board members was Baht 44,340,000 (constituting salaries, performance pay, and other benefits).

Note: \* The payment was not included the compensation and welfare paid to directors as the Company's staff or sub committee of any working group.

Details were as follows:

(In Baht)

Name	Company's Directors	Remuneration	Audit Committee	Nominating and Remuneration Committee
1. Mr. Pairote Lamsam	1,200,000	500,000	-	-
2. Mr. Sukit Wanglee	600,000	300,000	-	-
3. Mr. Dhongchai Lamsam	600,000	300,000	-	240,000
4. Dr. Harit Sutabutr	600,000	300,000	360,000	-
5. Dr. Wissanu Krea-ngam	600,000	300,000	-	-
6. Mr. Sirin Nimmanahaeminda* <sup>1</sup>	600,000	300,000	113,150	-
7. Dr. Supavud Saicheua	600,000	300,000	-	-
8. Mr. Charoon Chinalai* <sup>2</sup>	600,000	300,000	240,000	300,000
9. Mr. Joti Bhokavanij* <sup>3</sup>	400,000	-	126,850	-
10. Mr. Supachai Wanglee	600,000	300,000	-	-
11. Mr. Suebtrakul Soonthornthum	600,000	300,000	-	240,000
12. Mr. Poomchai Lamsam	600,000	300,000	-	-
13. Mr. Vasant Chatikavanij	600,000	300,000	-	-
14. Mr. Suraphand Bhasitnirandr	600,000	300,000	-	240,000
15. Dr. Sompop Chareonkul	600,000	300,000	-	-
16. Mr. Suroj Lamsam	600,000	300,000	-	-
17. Lt. Chalermchoke Lamsam	600,000	300,000	-	-
<b>Total</b>	<b>10,600,000</b>	<b>5,000,000</b>	<b>840,000</b>	<b>1,020,000</b>

Remarks:

- \*<sup>1</sup> Mr. Sirin Nimmanahaeminda resigned from the position of member of the Audit Committee on 20 June 2012.
- \*<sup>2</sup> Mr. Charoon Chinalai was appointed to the position of Chairman of Nominating and Remuneration Committee on 29 February 2012.
- \*<sup>3</sup> Mr. Joti Bhokavanij was appointed to be independent director on 28 March 2012 and member of the Audit Committee on 20 June 2012.

## 2) Other Compensation -None-

## 3) Provident Funds

To encourage savings for its employees and to ensure that they will be equipped with additional welfare measures in time of necessity and on their retirement, the Company and some of its subsidiaries have set up a Contributory Fund and a Provident Fund for permanent employees in which respect monthly contributions will be made by employees at the rate of 5% of their monthly salaries while the Company and its subsidiaries will also make their contributions towards such Contribution Funds and Provident Funds in accordance with rules/regulations set up by that particular company.



# Corporate Governance

Good corporate governance has always been the foremost priority of the Company in establishing all business guidelines. Our prime objectives of practicing good corporate governance are to materialize Company's goals in achieving optimum efficiency, transparency and measurable framework in all operations, in order to grow trust among shareholders, stakeholders, investors, and all involved individuals. The Board of Directors as well as the Committees has their separated responsibilities as clearly stated. In 2012, the Company's corporate governance policies are as follows:

## 1. Right of Shareholders

The Company resolved to call an Annual General Meeting of Shareholders for the Year 2012 on 30 April 2012 at the Imperial Queens Park, Sukhumvit 22, Bangkok, by notifying shareholders not less than 30 days prior to the meeting. The notice of the annual general meeting which clearly specifies information on agenda items together with the opinions of the Board of Directors shall be made available at the corporate website for the shareholders to prepare themselves in joining the meeting. In addition to all proxy forms and the information related to voting decision, the annual report is available for them in CD-ROM in both Thai and English versions, and in publishing material for those who request. In case of inquiry or additional information request, there is a help desk telephone number available.

The Company is aware of the shareholders' rights in terms of receiving adequate information and be able to make the decisions of significant issues, based on the good corporate governance and to comply with laws as follows.

### 1. Fundamental Right of the Shareholders

- The right to receive a share certificate, to transfer share, and to be proposed adequate information in timely manner and in appropriate form before making a significant decision.
- The rights to vote and participate in the decision of important issues, which may affect the Company, for instance, the approval of the Board of Directors' remuneration.
- The rights to select or remove of the Board of Directors and approve the appointment of auditors.
- The rights to share profit/dividend.

2. The invitation letter of the Annual General Meeting which clearly specifies meeting venue, date, time, agenda, and matters to be proposed to the meeting shall be sent to the shareholders at least 21 days ahead of the meeting date. The information must also be announced in the newspaper for 3 consecutive days and at least 3 days prior to the the meeting date.

3. In the election of the individual director, each shareholder shall have one vote on each share. The Company shall enclose the Brief Background of all candidates concerning their education, profession, role of the Director in other organizations, and stake holding.

4. In every shareholders' meeting, the Chairman, directors and relevant executives are responsible to attend the meeting in order to answer questions from the shareholders. Before commencement, the Chairman will declare to the shareholders how to exercise their right and vote in line with the agenda. During the meeting, the Chairman shall open the opportunity for every shareholder to express his/her opinion and recommendation, and inquire in each agenda, and shall give the sufficient time for discussion. The Chairman, the directors and the executives, and relevant Sub-Committees shall pay attention to every question and answer every question clearly and shall summarize each agenda by voting and counting the number of votes.

5. After the meeting, the resolution on this agenda item along with the minutes of the meeting shall be posted on the Company's website within 14 days after the meeting date.

## 2. Equitable Treatment of Shareholders

The Company realizes to protect and due care for the interests of all major and minor shareholders or institutional investors as fairly basis. The meeting is conducted to be in line with the agenda without any additional topic, if not necessary, from what have been expressed in the invitation letter. In addition, the Company provides the opportunity for shareholders to exercise the rights to propose agenda items and qualified nominees for election as directors in advance during the period specified by the Company at least 3 months ahead of the end of the fiscal date by publishing

the procedure through the electronic system on SET's as well as the Company's website. The shareholders will receive adequate information equally and timely. In the meeting, voting cards are provided for each agenda, especially, the agenda of appointment of directors of which been appointed by individual and such significant agenda as the acquirement or dismissal of asset or connected transaction. For those who are not able to participate the meeting, proxy form shall be distributed to the shareholders who would like to appoint proxy while their votes are equal to the number of their shares. However, for those who have no idea about their proxy, the Company allows them to appoint proxy to one of the independent Directors, with stamp duty available for registration.

In additions to the abovementioned meeting, the Company also offers the equality of obtaining accurate and timely information of the Company by normally disclosing the information via the Stock Exchange of Thailand's system and then via other mass media in order to be in compliance with the rules, and the shareholders or investors including general people shall realize the information for making decisions regarding the investment.

Moreover, the Company shall prevent abuse of internal information for personal benefit which could exploit other shareholders. The Company's Management must disclose their own interest as well as their related persons in the Company's transactions and avoid any decision making on such transaction to ensure other executives can make decision based on the Company's benefits. Furthermore, legal measure is also applied, e.g., the Directors and the Management must report changes of personal assets to the Office of Securities and Exchange Commission according to section 59 of the Securities and Exchange Act 1992 on every sale, transfer, or acquisition of the Company's assets within 3 days after the transaction date, etc. Furthermore, the Company prohibits the executives or units from disclosing the inside information to outsiders or persons who do not have relevant duties and must maintain the important and undisclosed information as confidential, and must not purchase and sell the Company's securities within 1 month before the disclosure of quarterly and yearly financial statement to the public. Finally, the Company also identifies the rule to prohibit each director and employee from using their duties and authorities or opportunity of working to seek the benefit for themselves or others. If any one violates this rule, he/she shall obtain the disciplinary punishment immediately.

### **3. Role of Stakeholders**

The Company always realizes the importance to the corporate governance that is aligned with the responsibility to all stakeholders (CSR), i.e. shareholders, employees of the Company, customers, competitors, suppliers/creditors, communities, societies and environment. By being aware of their rights based on the appropriate consideration, the Company has set policy to respond the stakeholders' needs as follows.

#### **Responsibility to Shareholders**

- All Board of Directors have a duty to promote strong and healthy business while generating sustainable growth for shareholders in a long run.
- The executives are committed to conducting business with efficiency, and integrity as the ethical business should do.
- The Company shall report the business status and performance in accuracy.
- The executives shall refrain from any activities that could cause conflicts of interest and serve self-interest without notifying the Company.
- Confidential information shall not be divulged to outside parties.
- The executives shall perform duties with integrity and make decisions in good faith and in fairness to the shareholders.
- The Company shall welcome all beneficial recommendation to the business practice and to add value to the Company. This information shall be treated confidentially prior to the transfer to the Board of Directors.

#### **Responsibility to Employees and Executives**

- Provide fair and proper compensation in line with the labor market environment, knowledge, ability, responsibility, and performance of each person
- Cultivate and develop good benefit aligned with the Company's status and appropriate wage rate such as the availability of health insurance for those employees who need to work off-site, medical care coverage, financial aid for the family member's death, provident fund, annual medical check-up and free drinks service.

- Ensure that the work environment is always safe and healthy to employees and their properties such as having security guard in place for 24 hours 7 days a week, establishing a yearly in-house facility maintenance plan or monthly pest control service and many more.
- Treat employees fairly and value their development, knowledge, and competency transfer through extensive and regular opportunities given to them, particularly promoting new young executives.
- Promote accessibility for internal communication in order to keep employees posted on both internal and external current news through “CONNECT”, a company’s periodical, and intranet system for two-way communication, enabling employees to post their views.
- Provide channel for report or complaint any ethical and illegal behavior affecting employees’ working performance while setting up a policy to protect the reporter and involved witness.
- Promote the staff club and CSR Department for social activities to contribute benefits to the employees, community, and society.
- Promote employees’ understanding of the code of conduct, responsibilities along with other fringe benefits they deserve by circulating a book called “Code of Conduct” and making it available online internally for easy access.

#### **Responsibility to Customers and General Public**

- Fix the proper prices for products and services based on their quality and market needs.
- Fairly determine trade conditions and business negotiation in line with the trade with general individual.
- Procure and provide services based on trade conditions with high responsibility.
- Disclose thorough information on product and service in accuracy.
- Pay attention to the views and comments of all customers and third parties in a fair manner for product and service improvement.
- Treat customers’ confidential information as ours by refraining from seeking undue benefits for oneself and related parties by exploiting customers’ information.
- Avoid taking or requesting unethical benefits from customers.

#### **Responsibility to Business Partners and creditors**

- Refrain from deliberately specifying a certain product or tending to do so by stressing on a certain product, unless there is a rational backup reason. Inform customers on the change of product or its unique qualification. In case of re-proposing the price, the bidder who propose the unused price deserves a right to take this opportunity as well.
- Select a fair bidder who is truly focusing on proposing price. Do not attempt to gather bidders just to meet the requirement, but to provide fair bidding while thoroughly providing information details and conditions in written paper with no exception.
- Refrain from requesting bribery, except an appropriate case, and taking side on any parties so obviously that it causes a misunderstanding to other partners, leading to decline in participating in or negative corporate image.
- Stringently observe contracts, agreements, and conditions given to creditors. If conditions cannot be observed, negotiate with business partners well in advance to jointly find remedies and prevent damage.

#### **Responsibility to Business Competitors**

- Comply with the rules of fair competition and treat business competitors fairly while refraining from defaming business competitors through slander.
- Emphasize on competing towards product and service quality by taking the optimum customer satisfaction into account.

#### **Responsibility to Community, Society, and Environment**

- Establish a division to take into consideration for the safety of society through a wide-range of activities by stressing on promoting energy efficiency to achieve sustainable development for environment and quality of life of the public. This plan has been conducted since 2010 (for more information, please review “Corporate Social Responsibility Activities”)

- Promote environmental friendly business by encouraging the procurement of more green products and services such as setting up a Green Solution Department or upholding alternative energy, etc.
- Utilization of natural resources shall take into account options with the minimum damage to the environment, i.e., the use of automatic light system to turn it off during lunch time, turning off all in-building air conditioners 10 minutes before the end of working hours, and posting monthly report of in-building utility usage.
- Put in place a policy or principle regarding the copy right piracy, for instance, encouraging all employees to install an illegal software detection program in their computers.
- Any illegal actions on purpose deserve the serious corporate penalty.

#### **4. Disclosure and Transparency**

In response to SET's policy, the Company has strong determination to reveal accurate complete, consistent and transparent information, both financial and general information that related to Company's business. Such information is disclosed to shareholders, investors and any related parties via the following channels.

1. Disclose corporate information through Company's website ([www.loxley.co.th](http://www.loxley.co.th)) as one of the channels for those who are interested in corporate business anywhere and anytime. The Company's website is now under the updating process.
2. The Company shall assign the Securities Division to disclose significant information regarding the Company, including financial reports (by quarterly and yearly), non-financial information and other information as stipulated by SEC and SET.
3. Apart from the financial statements, the Company shall further report accurately and timely on the responsibilities of the Board of Directors for the financial statements, which appear together with the report of the independent auditors, and the Management Discussion and Analysis (MD&A) in the annual report (Form 56-1), in accordance with stipulation of SEC and SET.
4. The Company shall disclose structure, roles and responsibilities of the Board as well as the number of meetings and that of attendances of the Board and each Committee in 2012.
5. The Company shall disclose the Directors and Management's Remunerations of 2012 that reflect their duties and responsibilities individually: Policy of Directors' Remuneration has been set to be comparable to the general practice in same industry.
6. The Company has assigned the President, Management and Strategic Investment and Investor Relations Department as a focal point in conducting proactive investor relations activities to promote effective communication channels with investors. Opportunities are also provided for investors to receive accurate and adequate Company information through various channels, such as the Company's website and Investor Relation Division which can be reach directly at the Company's headquarter.

In 2012, the Company has established multiple Investor Relation events in order to provide shareholders and institutional investors and business analysts to visit the refinery and meet business executives in order to generate understandings in the business of the Company; as well as to participate in two meetings, between the registered companies and investors, organized by SET in providing educate and enriching relationship between them while facilitating communication exchange between them for further business improvement.

#### **5. Board Responsibilities**

Corporate governance principles are defined as a process under which there is a structure and an internal managing mechanism connecting relationship between the board, the management, employees and shareholders, particularly reflecting governing principles in multiples areas toward the Board responsibilities to deliver transparency, integrity, and efficiency as listed in the following areas:

##### **5.1 Structure of the Board of Directors**

The Board of Directors has a total of 17 members, consisting of 7 executive directors, 10 non-executive directors, and 6 independent directors. Remaining are Audit Committees and those from outside the company. In other words, more than half of the members of the Board of Directors are not a part of executive team.

The independent directors and those from outside the company are ready to take part in setting out the Company goals, carry out all the management and strategic policies, appoint the Board, and deliver an effective resource utilization plan. They must hinder all actions which, by other directors or managements, may cause conflicts affecting the equity of all stockholders. Therefore, for best benefit of the shareholders and to strike a balance of power within the Company, the Board of Directors is totally aware of such concern while freely perform as the representative of shareholders, not endlessly enabling power to any particular individual or parties.

The Company has set the roles of independent directors in accordance with the notification of SEC and SET, with an objective to provide them true independence.

To promote a balance of power within the Company, a clear separation of Board's roles and authorities is in place, with the fact that the positions of Chairman of Board of Directors and Chairman of Executive Board must not be attained by the same person. The Chairman of Board of Directors should be the Chairman of the Executive Board while the President should be the Chairman of the Executive Officer. The Executive Board is acting as a head of financial management section, fundamentally considering and approving the Company's investment and annual budget. Apart from this, the Chairman of Board of Directors must not be a member of Sub Committee. Free from the dependence, the Chairman of Board of Directors and the Sub Committee members, i.e., Audit Committee, Nominating & Remuneration Committee, hold clearly separate roles and responsibilities. Each of them oversees the Company's direction with neutrality and pay careful attention to conduct business with accuracy, integrity, transparency, and efficiency. The Board of Directors is in charge of formulating policies and executive meetings while monitoring corporate performance according to Company's objectives and stressing on the benefits of all shareholders.

To comply with the Securities and Exchange Act (Issue 4) B.E. 2551, the Company has appointed the Company Secretary to function a wide-range of tasks including preparing and keeping important documents of the Company and ensuring that good corporate governance is implemented by the Executive Board and management to demonstrate Company's commitment to operate the business with ethics and to comply by laws as well as regulations of the Capital Market Committee.

### **5.2 Sub Committee**

To achieve the ultimate corporate objectives, the committee should have specific skill that suitable for the Company business, vision, and help the Board for consideration in significant matters for best benefit of the Company. Nowadays, with clear separate roles and responsibilities, the Sub Committee includes the Board of Directors, Audit Committees, Nominating & Remuneration. (More details regarding the roles and responsibilities in Management Section).

### **5.3 Roles, Duties and Responsibilities of Committee**

The Company has realized the importance of its Board of Directors' performance with responsibilities and honesty. Therefore, the Corporate Governance policy guideline has been delivered to the Board to help them manage their operation as expected by the Corporate Committee and by law. The guideline includes vital information related to the business operations, which will be updated periodically. The Corporate Governance Policy has also been updated for the new executives by the company secretary to remind them on their roles and responsibilities. The Corporate Board of Directors and other committees have played the important role to lead the team and have responsibilities based on hierarchy while having a full right to raise their opinions towards Company's vision, strategies, business plans and budget. To keep the Corporate Governance policy up to date and consistently measure all employees' performance, the Company has publicized a manual book called "Business Ethics" as a mutual guideline. This is to ensure that all employees will continue their duty with honesty, integrity, and morality not only to the Company, but also to all stakeholders and other related parties. The Company frequently communicates with the employees and monitors their behaviors in order to ensure that they strictly comply with such policy.

Besides, the Board has set the policy regarding the prevention of plausible conflicts of interest. In case that it is inevitable to do so, the business principles shall be complied as normal basis as treating the third parties. In case of failure to do so, the Company shall follow the procedures of approval for related items, which the stakeholders in this case shall not be allowed to vote.

The Board of Directors involved and agreed on set out the Company's Governance principles for the executive boards as well as management with effective internal control system which allows frequently measurable

process. When the unusual situation occurs, the deep investigation process shall be conducted prior to the prompt solutions. The internal control system is considered a key of business management in terms of lowering risks, cultivating growth, and achieving business targets. In addition, it aids in protecting corporate assets as well as shareholders' investment fund.

#### **5.4 Board of Directors' Meeting**

The Board of Directors' Meeting schedules have been set ahead, unless an additional unscheduled agenda has been called on by the Chairman of the Board of Directors or an appropriate number of the Board Committee to fulfill the requirement of the Company. The meeting shall be conducted with transparency as well as adequate time for raising significant issues and question answering. The meeting schedule will be sent to each director by the Company Secretary for preparation and arrangement for meeting participation. After the meeting, the written meeting document shall be prepared and filed neatly for audit purposes by quarterly basis. Other Sub Committee meetings have been set separately, as mentioned earlier. (More details regarding the number of Board meetings of 2012 in Management Section).

#### **5.5 Board Self Assessment**

In the Board of Directors' meeting, each Committee is responsible for self assessment to review and evaluate his/her own performance to comply with Corporate Governance of the Company. Comments and recommendations shall further considered in the Board of Directors' meeting for improvement.

#### **5.6 Directors' Remuneration**

The policy of Directors' Remuneration has been clearly and transparently set to be comparable to the general practice in same industry and be appealing enough to attract and retain qualified directors. The Nominating & Remuneration Committee will consider the remuneration and propose for consideration of the Board of Directors prior to further approval from the shareholders. The directors' remuneration by individual has been disclosed in the Company's Annual Report, in line with the Notifications of SEC and SET.

#### **5.7 Development of Directors and Management**

The Company truly pays attention to the development of our personnel, Directors and Management in particular. The Company will provide Directors the effective and quality development programs to uphold up-to-date views towards competitive business management through periodical seminars, trainings, conferences, and brainstorming activities. All these development activities have been led by renowned specialists in numerous fields. In addition to the development of management skills, the Company supports the increase of business ethics and self personalities of the directors through multiple trainings in the field, all of which shall be disclosed in the Corporate Governance Report of the Human Resources Department. Being part of the promoting programs, all new executives or management should be qualified by attending and passing such mentioned programs to ensure their capabilities. Each program is designated in accordance with the level of position and shall be disclosed in the Corporate Governance Report for the Board of Directors' meeting.

#### **Internal Information Management**

The Company has established a policy to avoid the use of internal information by Directors for self interest such as legal stock trading. The company has encouraged the Board of Directors to report asset movements to SEC and SET within 3 days from the transaction or transfer date, according to the Securities and Exchange Act B.E. 2535. Besides, any departments or Directors who are notified of internal information should not disclose to other parties and any individuals who are not involved with this matter. The significant information shall be treated confidentially and circulated merely in the associated group of Executive Board. In the period of 1 month prior to the publicly disclosure of quarterly financial report and annual report, both direct and indirect proposing for corporate stock trading or even the intention to do so should be completely prohibited. This is to ensure the consistent and appropriate compliance with existent internal control as well as strengthen the confidence of management and stakeholders. The Company organized that good internal control allows the Company to notice irregularity and gives early warning for possible risks of inappropriate behavior as well as set penalties for those who avoid doing so.

The Company has never had any labor argument for the past 3 years. As at 31 December 2012, it had 796 permanent staff, and 88 contract staff, divided by groups as follows:

Segment	Total (Personnel)
ICT Group	80
Technology Business Group	188
Project Business Group	174
Trading Business Group	198
Joint Venture Business Group	20
Office of the President	65
Finance and Administration Group	93
Human Resources and Administration Group	50
Internal Audit Department	7
Corporate Communication Department	9
<b>Total Employees</b>	<b>884</b>

## Personnel Policy

To accomplish the corporate visions, the Company clearly identified goals and missions both on organizational unit basis and individual basis. The Company developed personnel competency by training and development systems. It sent appropriate and potential staff to attend necessary training and development courses to uplift their knowledge, understanding, technology, and work skills. The Company organized both internal and external training programs by either inviting knowledgeable speakers/trainers, or sending its staff to attend courses organized by external training organizers. Also, it sponsored its staff on overseas training programs or field trips to learn more work skills and services in business sectors or in technology not available in Thailand.

The Company continued implying the Appropriate Remuneration Policy by considering both Performance-based Pay and Variable Pay. It also emphasized on organizing activities to promote internal communication, and various personnel relation activities to gain more participation resulting in positive relationship among staff. Also, it conducted the personnel development schemes with emphasis on current skill, knowledge and competency development as well as preparation for the career growth in conjunction with the Succession Planning, especially in executive levels.

Total Personnel Remuneration of Company staff from January to December 2012 in form of salaries, wages, overtime, and bonus is Baht 479 million.

## Information of Company Executives

Name-Surname Position	Age (Years)	Education / Training	Shareholding Ratio (%)		Family Relationship among Executive	Work Experience for the Past 5 Years		
			Own	Spouse & Children below 20 Years old		Duration	Position	Organization
1. Mr. Pairote Lamsam Chairman	79	- B.A.(Commerce) University of Manchester England - Director Accreditation Program 17/2004 Thai Institute of Directors Association	35,589,030 1.78%	None	Brother of Mr. Dhongchai Lamsam and Mr. Poomchai Lamsam, Uncle of Mr. Vasant Chatikavanij, Mr. Suroj Lamsam, and LT. Chalermchoke Lamsam	2010-present 2000-present 1995-present 1991-present 1990-present 1989-present 1981-present 1972-present 1969-present 1960-present	Director Advisor to the Board Chairman Director Director Director Chairman Chairman Director Director Director Chairman Managing Director	Loxley Joint and Hold Company Limited Kasikorn Bank Public Company Limited Loxley Trading Company Limited BlueScope Steel (Thailand) Limited BlueScope Lysaght (Thailand) Limited BP - Castrol (Thailand) Limited Loxley Public Company Limited Ekpaee Company Limited Loxley Property Development Company Limited Loxley International Company Limited Zin Suaph Company Limited Siam Sanitary Ware Company Limited Lamsam Estate Company Limited
2. Mr. Sukit Wanglee Vice Chairman	82	- Mechanical Engineering Leicester College, England - Director Accreditation Program 12/2004 Thai Institute of Directors Association	4,659,840 0.23%	None	Brother of Mr. Supachai Wanglee	2010-present 2003-present 1996-present 1990-present 1984-present 1982-present	Chairman Chairman Chairman Director Director Vice Chairman	Thai Metal Drum Manufacturing Public Company Limited Rojana Industrial Park Public Company Limited Poonphol Company Limited Ekpaee Company Limited Siam Sanitary Ware Company Limited Loxley Public Company Limited

Name-Surname Position	Age (Years)	Education / Training	Shareholding Ratio (%)		Family Relationship among Executive	Work Experience for the Past 5 Years		
			Own	Spouse & Children below 20 Years old		Duration	Position	Organization
3. Mr. Dhongchai Lamsam - President - Nominating & Remuneration Committee Member	66	- Bachelor of Science (Honors), Chemical Technology, Chulalongkorn University - M.Sc. Industrial Engineering Illinois Institute of Technology, U.S.A. - Advanced Management Program, Harvard Business School, U.S.A. - Director Accreditation Program 12/2004 Thai Institute of Directors Association	25,459,090 1.27%	1,112,870 0.06%	Brother of Mr. Patrote Lamsam and Mr. Poomchai Lamsam Uncle of Mr. Vasant Chatkavanij and Mr. Suraj Lamsam Father of LT. Chalemrchoke Lamsam	2012-present	Director	L Food Solution Company Limited
						2010-present	Director	Loxley Joint and Hold Company Limited
4. Dr. Harit Sutabutr - Independent Director - Chairman of the Audit Committee	76	- Ph.D. Mechanical Engineering University of California, Berkeley - Director Accreditation Program 16/2004 Thai Institute of Directors Association	52,500 0.003%	None	None	2006-present	Chairman	Asia Security Management Company Limited
							Director	Loxley Global Company Limited
						2005-present	Director	L-TAG Technologies Company Limited
						2003-present	Director	Loxley GTECH Technology Company Limited
						2001-present	Director	Loxley Wireless Company Limited
						2000-present	Director	Law Enforcement Technology Solutions Co.,Ltd.
						1998-present	Chairman	Oriental Post Company Limited
						1996-present	Director	Thai Fiber Optics Company Limited
							Director	General Aviation Company Limited
						1995-present	Director	Data Mining Company Limited
						1994-present	Director	BP – Castrol (Thailand) Limited
						1990-present	Managing Director	Ekpaavee Company Limited
						1989-present	Director	Loxley Property Development Company Limited
							Director	BlueScope Steel (Thailand) Limited
							Director	BlueScope Lysaght (Thailand) Limited
						1983-present	President	Loxley Public Company Limited
						1981-present	Managing Director	Loxley International Company Limited
						1977-present	Director	Loxley Trading Company Limited
						1972-present	Director	Zin Suapah Company Limited
						1960-present	Director	Lamsam Estate Company Limited
						2002-present	Senior Adviser to the Director	National Science and Technology Development Agency
						1998-2002	Acting Deputy Director	National Science and Technology Development Agency
						1998-present	Vice Chairman of the University Council	King Mongkut's University of Technology Thonburi
						1993-present	Independent Director	Loxley Public Company Limited
						1992-1998	President	King Mongkut's University of Technology Thonburi
						1987-1999	Director	National Center for Metal & Material Technology, National Science and Technology Development Agency, Ministry of Science and Technology

Name-Surname Position	Age (Years)	Education / Training	Shareholding Ratio (%)		Family Relationship among Executive	Work Experience for the Past 5 Years		
			Own	Spouse & Children below 20 Years old		Duration	Position	Organization
5. Dr. Wissanu Krea-Ngam Independent Director	61	<ul style="list-style-type: none"> <li>- LL.D. Honoris Causa Chulalongkorn University 2001</li> <li>- Certificate from National Defense College 1997</li> <li>- J.S.D. University of California, Berkeley 1976</li> <li>- LL.M. University of California, Berkeley 1974</li> <li>- Barrister-AT-Law (Thal) 1973</li> <li>- LL.B. (Hons. 1st Class) Thammasat University 1972</li> <li>- Director Accreditation Program 68/2008 Thai Institute of Directors Association</li> </ul>	None	None	None	2011-present	Director	Serm Suk Public Company Limited
						2010-present	Director	Post Publishing Public Company Limited
						2009-present	Chairman	Amata Corporation Public Company Limited
						2008-present	Chairman	Bangkok First Investment and Trust Public Company Limited
						2006-present	Independent Director	Loxley Public Company Limited
						2006-2007	Chairman	Sikarin Public Company Limited
						2002-2006	Member of National-Legislative Assembly	National Legislative Assembly
						2002-2006	Deputy Prime Minister	Government House
						1993-2002	Secretary General of the Cabinet	Government House
						1992-2000	Senator	Senate
6. Mr. Sirin Nimmanahaeminda Independent Director	65	<ul style="list-style-type: none"> <li>- M.B.A. Stanford University, Palo Alto, California, U.S.A.</li> <li>- B.A. (Economics), University of Michigan, Ann Arbor, Michigan, U.S.A.</li> </ul>	None	None	None	2011-2012	Audit Committee Member	Loxley Public Company Limited
						2008-present	Independent Director	Loxley Public Company Limited
						2007-2010	Director to the Risk Management Committee	PTT Exploration and Production Public Company Limited
						2006-2010	Independent Director, Director to the Audit Committee, and Director to the Remuneration Committee	PTT Exploration and Production Public Company Limited
						2006-2007	Director and Executive Board	Thai Airways International Public Company Limited
						2005-2007	Chairman	Thai Sri Insurance Company Limited
						2002-present	Chairman, Independent Director, and Chairman of the Audit Committee	Trinity Wattana Public Company Limited
						2001-present	Chairman of the Executive Board	Niyom Panich Group of Companies
						1996-present	Vice Chairman, Director to the Risk Management Committee	Double A (1991) Public Company Limited

Name-Surname Position	Age (Years)	Education / Training	Shareholding Ratio (%)		Family Relationship among Executive	Work Experience for the Past 5 Years		
			Own	Spouse & Children below 20 Years old		Duration	Position	Organization
7. Dr. Supavud Saicheua Independent Director	56	- Ph.D. in Economics University of Hawaii at Manoa, U.S.A. - M.A. in Economics University of the Philippines (Diliman), Philippines - B.A. in Economics Victoria University of Wellington, New Zealand - Director Accreditation Program 36/2005 Thai Institute of Directors Association	None	None	None	2012-present	Advisor of Investment Committee	Government Pension Fund
						2011-present	Commission Member Committee	Office of the Police Commission
						2008-2011	Investment Expert of Investment Committee	Strategic Committee for Reconstruction and Future Development Government Pension Fund
						2007-present 2007-Jan 2008	Independent Director Committee	Loxley Public Company Limited Macro Economic Steering Committee, Office of the Prime Minister
						2006-present	Sub-Committee	The National Economic and Social Development Board (NESDB)
						2006-present	Trustee	Kerati Institute Asia
						2005-present	Executive Director Managing Director (Head of Research)	Phatra Securities Public Company Limited
						2004-Jan 2006	Advisor to the Board of Directors	Industrial Estate Authority of Thailand
						2004-2005	Director and Independent Director	Golden Land Property Development Public Company Limited
						2003-2005	Director	Securities Analyst Association
						2002-2006	Committee	The Economic Society of Thailand
						2001-2003	Investment Expert of Investment Committee	Government Pension Fund
						1999-2005	Research Committee on Economics	National Research Council of Thailand
						1992-present 1980-present	Director Independent Director	Parinda Public Company Limited Loxley Public Company Limited
8. Mr. Charoon Chinalai - Independent Director - Audit Committee Member - Chairman of Nominating & Remuneration Committee	74	- Civil Engineering King's College London University, England - Director Accreditation Program 12/2004 Thai Institute of Directors Association	None	None	None		Director	CoffariThai Company Limited
							Director	EkThana Engineering Company Limited
							Director	

Name-Surname Position	Age (Years)	Education / Training	Shareholding Ratio (%)		Family Relationship among Executive	Work Experience for the Past 5 Years		
			Own	Spouse & Children below 20 Years old		Duration	Position	Organization
9. Mr. Joti Bhokavanij - Independent Director - Audit Committee Member	70	<ul style="list-style-type: none"> <li>- Fellow of the Association of Chartered Certified Accountants, England</li> <li>- Programme for Management Development Harvard Business School, U.S.A.</li> <li>- Marketing Management Programme Stanford University, Graduate School of Business, U.S.A.</li> <li>Related training programs held by the Thai Institute of Directors Association (IOD)</li> <li>- Director Accreditation Program (DAP)</li> <li>- Chairman 2000</li> <li>- Director Certification Program (DCP)</li> <li>- IOD National Director Conference 2012 - Moving Corporate Governance Forward : Challenge for Thai Directors</li> <li>- Monitoring the Quality of Financial Reporting</li> <li>- Successful Formulation &amp; Execution of Strategy</li> <li>- How to Measure the Success of Corporate Strategy (HMS)</li> <li>- Monitoring Fraud Risk Management (MFV)</li> <li>- Monitoring the Internal Audit Function (MIA)</li> <li>- Monitoring the System of Internal Control and Risk Management (MIR)</li> </ul>	None	None	None	2012-present	Independent Director Audit Committee Member	Loxley Public Company Limited
						2004-2006	Chief Executive Officer	ACL Bank Public Company Limited (Presently Known as Industrial and Commercial Bank of China (Thai) Public Company Limited)
						2002-present	Director Director	True Move Company Limited Bangkok Inter Teletech Public Company Limited
							Director	Kingfisher Holdings Limited
						1999-present	Director Independent Director and Member of the Audit Committee	Thai Smart Card Company Limited True Corporation Public Company Limited
							Member of the Finance Committee and Member of the Compensation and Nominating Committee	True Corporation Public Company Limited
						2000-2001	Executive Chairman	TISCO Finance Public Company Limited (Presently Known as TISCO Bank Public Company Limited)
						1994-1997	Consul-General of Managing Director	Denmark for Bangkok The East Asia (Thailand) Public Company Limited
10. Mr. Supachai Wanglee Director	79	<ul style="list-style-type: none"> <li>- Master of Engineering University of Pennsylvania, U.S.A.</li> <li>- Director Accreditation Program 12/2004 Thai Institute of Directors Association</li> </ul>	2,897,530 0.15%	None	Brother of Mr. Sukit Wanglee	1977-present	Director	Loxley Public Company Limited
							Director	Supha-Aroon Company Limited
						1982-2010	Director	Sathon Than Company Limited
						1976-present	Director	Pathaweewathana Company Limited
						1973-present	Director	Tawara Company Limited
						1971-2010	Director	Poonpatanakran Company Limited
							Director	Suep Siri Company Limited
						1970-present	Director	Pipatanasin Company Limited
						1967-present	Director	Pirakit Company Limited
						1964-present	Managing Director	CES Company Limited
						1962-present	Director	Poipipat Company Limited
							Director	Poonvanich Company Limited

Name-Surname Position	Age (Years)	Education / Training	Shareholding Ratio (%)		Family Relationship among Executive	Work Experience for the Past 5 Years		
			Own	Spouse & Children below 20 Years old		Duration	Position	Organization
11. Mr. Suebrakul Soonthornthum - Director - Senior Executive Vice President - Nominating & Remuneration Committee Member	70	- MBIM,Hon.Dr. : Curtin University, Australia - PMD. Harvard University, Graduate School of Business Administration - U.S.A. - National Defense College - Thailand - Director Accreditation Program 17/2004 Thailand Institute of Directors Association	None	None	None	2010-present	Director	Loxley Joint and Hold Company Limited
						2006-present	Director	Asia Security Management Company Limited
						2004-present	Director	United Overseas Bank (Thai) Public Company Limited
						2000-present	Chairman	Muang Thai Real Estate Public Company Limited
12. Mr. Poomchai Lamsam Director	64	- B.A. Political Science, (1973) University of Colorado, U.S.A. - Strayer College, U.S.A. - Trent College, England - Saint Gabriel, Thailand - Director Accreditation Program 28/2004 Thailand Institute of Directors Association	1,000,000 0.05%	55,250 0.003%	Brother of Mr. Pairote Lamsam and Mr. Dhongchai Lamsam Uncle of Mr. Vasant Chatkavanij, Mr. Suroj Lamsam, and LT. Chalermchoke Lamsam	1999-present	Independent Director	BP - Castrol (Thailand) Limited
						1996-present	Independent Director	Vanachai Group Public Company Limited
						1992-present	Chairman	Fosco (Thailand) Limited
							Senior Executive Vice President	Loxley Public Company Limited
						1991-present	Chairman	Guardfire Limited
						1987-present	Director	Blue Scope Lysaght (Thailand) Limited
							Director	Blue Scope Steel (Thailand) Limited
							Independent Director	Muang Thai Life Assurance Public Company Limited
						2010-present	Director and Advisor	Muang Thai Life Assurance Public Company Limited
						2010-present	Advisor	Muang Thai Insurance Public Company Limited
						1989-present	Director	Loxley Public Company Limited
						1988-present	Director	Muangthai Real Estate Public Company Limited
13. Mr. Vasant Chatkavanij - Director - Senior Executive Vice President	56	- M.S.Chemical Engineering Lehigh University, U.S.A. - B.S.E. Chemical Engineering, Princeton University, U.S.A. - Director Accreditation Program 12/2004 Thailand Institute of Directors Association	1,849,980 0.09%	None	Nephew of Mr. Pairote Lamsam, Mr. Dhongchai Lamsam, and Mr. Poomchai Lamsam Cousin of Mr. Suroj Lamsam and LT. Chalermchoke Lamsam	1987-present	Vice Chairman	Phatra Leasing Public Company Limited
						2012-present	Director	Loxley & AIT Holding Company Limited
						2011-present	Chairman	Loxley Mobile Company Limited
						2010-present	Senior Executive Vice President	Loxley Public Company Limited
						2009-present	Director	Muangthai Asset Company Limited
						2008-present	Chairman	Ecartstudio Company Limited
						2007-2010	Executive Vice President	Loxley Public Company Limited
							Director	Mobile Innovation Company Limited
							Director	Loxley Wireless Company Limited
						2006-present	Chairman	NetONE Network Solution Company Limited
						2001-present	Director	TT&T Public Company Limited
						1999-present	Chairman	Loxbit PA Public Company Limited
						1995-present	Director	Data Mining Company Limited
						1993-present	Chairman	LOXBIT Public Company Limited
						1989-present	Director	Loxley Property Development Company Limited
						1981-present	Director	Loxley International Company Limited
						2005-2007	Director	Teleinfo Media Public Company Limited
						2002-2008	Director	CS Loxinfo Public Company Limited
						1994-2008	Chairman	MOCAP Limited
						1984-2007	Executive Director	Loxley Public Company Limited

Name-Surname Position	Age (Years)	Education / Training	Shareholding Ratio (%)		Family Relationship among Executive	Work Experience for the Past 5 Years		
			Own	Spouse & Children below 20 Years old		Duration	Position	Organization
14. Mr. Suraphand Bhasitnirandir - Director - Senior Executive Vice President - Nominating & Remuneration Committee Member	61	<ul style="list-style-type: none"> <li>- Master Degree in Business Administration, University of West Los Angeles, U.S.A.</li> <li>- Bachelor Degree in Accountancy (Honours), Chulalongkorn University</li> <li>- Director Accreditation Program 12/2004</li> <li>- Thai Institute of Directors Association</li> <li>- Certificate Politics and Governance in Democratic Systems for Executives Course King Pradiachipok's Institute 10/2006</li> <li>- Certificate Capital Market Academy Leader Program Capital Market Academy 5/2007</li> <li>- Certificate Top Executive Program in Commerce and Trade University of the Thai Chamber of Commerce 5/2012</li> </ul>	None	None	None	2012-present	Chairman Chairman Chairman CEO Director - Senior Executive Vice President - Chairman of Management Committee of Trading and International Business - Chairman of Human Resources and Corporate Administration Group - Chairman of Risk Management Committee	Loxley Intertrade (Guangzhou) Company Limited L Green Solution Company Limited Mainstay Property Solutions Company Limited L Food Solutions Company Limited Nakhon Pathom Rajabhat University Loxley Public Company Limited
						2011-present		
						2010-present 2008-present 2008-2010 2007-2010	Director Director Director Executive Vice President	Parts Zone (Thailand) Company Limited Loxley Property Development Company Limited MOCAP Limited Loxley Public Company Limited
						2007-present 2005-present	Director Chairman Director Executive Director	Loxley Trading Company Limited L-Elevator and Engineering Company Limited Guardfire Company Limited L-TAG Technologies Company Limited Loxley Public Company Limited
15. Dr. Sompop Chareonkul - Director - Senior Executive Vice President	64	<ul style="list-style-type: none"> <li>- B.Commerce (1st Class Honours), Chulalongkorn University</li> <li>- MBA, (Marketing), University of Wisconsin-Madison, U.S.A.</li> <li>- M.S. (Business Administration), University of Wisconsin-Madison, U.S.A.</li> <li>- Ph.D.(Business Administration), University of Wisconsin-Madison, U.S.A.</li> <li>- National Defense College (4212)</li> <li>- Director Accreditation Program 15/2004</li> <li>- Thai Institute of Directors Association</li> <li>- Advanced Security Management Program National Defense College Association of Thailand</li> <li>- Top Executive Program in Commerce and Trade : TEPCoT 4 (Commerce Academy) Poornpalungpandin Program (RIAL I) Chulalongkorn University</li> </ul>	800,000 0.04%	None	None	2011-present	Senior Executive Vice President Director Chairman of the Executive Board Chairman of the Executive Board Executive Vice President Qualified Director Honorary Counsel Member Member	Loxley Public Company Limited Vanachai Group Public Company Limited Asia Security Management Company Limited Law Enforcement Technology Solutions Company Limited Loxley Public Company Limited The Central Committee on the Price of Goods and Services, Ministry of Commerce Software Industry Promotion Agency (Public Organization) The Civil Service Sub-Commission on Ethics Promotion for Public Sector Transparency National Campaign Against Vote-Buying Following a Sensational Leak of the Council for Nation Security Loxley Trading Company Limited The National Legislative Assembly, Thailand Loxley Public Company Limited Oriental Post Company Limited Societe Commerciale Lao Company Limited
						2011-2011 2008-present		
						2008-2010		
						2007-2008		
						2007-present 2006-2007 1999-2007 1998-present 1994-present	Director Member Executive Director Executive Director Director	

Name-Surname Position	Age (Years)	Education / Training	Shareholding Ratio (%)		Family Relationship among Executive	Work Experience for the Past 5 Years		
			Own	Spouse & Children below 20 Years old		Duration	Position	Organization
16. Mr. Suroj Lamsam - Director - Senior Executive Vice President	46	<ul style="list-style-type: none"> <li>- MM. Sasin Graduate Institute of Business Administration of Chulalongkorn</li> <li>- M.A., Communications, New York University New York, U.S.A.</li> <li>- BA, Marketing and Consumer Studies Syracuse University, Syracuse, New York</li> <li>- Graduate Diploma in Management of Public Economy King Prajadhipok's Institute</li> <li>- Director Accreditation Program 40/2005 Thai Institute of Directors Association</li> </ul>	1,137,150 0.06%	None	Nephew of Mr. Paireote Lamsam, Mr. Dhongchai Lamsam, and Mr. Poomchai Lamsam Nephew-in-law of Dr. Jingjai Hanchanlath Cousin of Mr. Vasant Chatkavanij and LT. Chalermschoke Lamsam	2012-present	Director	L Food Solutions Company Limited Mainstay Property Solutions Company Limited Loxley Public Company Limited
						2011-present	Senior Executive Vice President	Loxley Public Company Limited
						2009-2010	Chairman	Loxley Mobile Company Limited
						2008-present	Executive Director	National Innovation Agency Office of Small and Medium Enterprises Promotion
						2008-present	President	Loxley Property Development Company Limited
						2008-2010	President	Data Mining Company Limited Thai Gateway Company Limited Loxley Public Company Limited
						2005-present	Executive Vice President	TT&T Public Company Limited
						2004-2008	Director	Loxley Public Company Limited
						2000-present	Executive Director	Loxbit PA Public Company Limited
						1999-present	Director	Thanakorn Vegetable Oil Company Limited
							Director	Navakij Company Limited
							Director	The Lamsam Estate Company Limited
17. LT. Chalermschoke Lamsam - Director - Senior Executive Vice President	39	<ul style="list-style-type: none"> <li>- Bachelor of Business Administration, Chulalongkorn University</li> <li>- MBA, Seattle University, U.S.A.</li> <li>- Public Administration and Public Laws, King Prajadhipok's Institute</li> </ul>	9,406,370 0.47%	3,733,750 0.19%	Son of Mr. Dhongchai Lamsam Nephew of Mr. Paireote Lamsam, and Mr. Poomchai Lamsam Cousin of Mr. Vasant Chatkavanij, and Mr. Suroj Lamsam	2012-present	Director	L Green Solution Company Limited Muang Thai Insurance Public Company Limited Loxley Public Company Limited
						2011-present	Advisor Senior Executive Vice President	Loxley Public Company Limited
						2010-present	Director	L Force 1 Company Limited
							Director	Loxley Mobile Company Limited
							Director	Parts Zone (Thailand) Company Limited
							Director	Loxley Wireless Company Limited
							Director	Loxley Property Development Company Limited
							Director	L Solar 1 Company Limited
						2008-2010	Executive Vice President	Loxley Public Company Limited
						2006-2008	President	Asia Security Management Company Limited
						2006	Executive Director Assistant Vice President	Loxley Public Company Limited
						2005-2006	Assistant Vice President (Marketing)	Loxley GTECH Technology Company Limited
						2005-present	Director	Thai Fiber Optics Company Limited
						2004-2005	Director	L-TAG Technologies Company Limited
						2002-present	Senior Manager Director	Loxley Public Company Limited Law Enforcement Technology Solutions Company Limited
						2002-2003	Manager	Loxley Public Company Limited
						2000-present	Executive Director	Loxley International Company Limited
						2000-2001	Director	LTS Travel Service Company Limited
						1997-2000	Assistant Manager Officer, Directorate of Intelligence	Loxley Public Company Limited Royal Thai Army

Name-Surname Position	Age (Years)	Education / Training	Shareholding Ratio (%)		Family Relationship among Executive	Work Experience for the Past 5 Years		
			Own	Spouse & Children below 20 Years old		Duration	Position	Organization
18. Mrs. Kosoom Sinphumsukskul Executive Vice President	59	<ul style="list-style-type: none"> <li>- Master of Business Administration (MBA) University of Dallas, U.S.A.</li> <li>- Finance &amp; Accounting for the Non-Financial Professionals, Double Digits Ltd.</li> <li>- Senior Executive, Sasin Graduate Institute of Business Administration of Chulalongkorn University, Bangkok</li> <li>- Director Accreditation Program 99/2012</li> <li>- Financial Statements for Directors 2012</li> <li>- Thai Institute of Directors Association</li> </ul>	None	None	Cousin of Mr. Dhongchai Lamsam	2012-present  2005-2012 2000-present	Executive Vice President Director Director Managing Director Director	Loxley Public Company Limited L Food Solutions Company Limited L-TAG Technologies Company Limited Loxley Trading Company Limited Thai Herbal Product Co.Ltd.
19. Mr. Thongyai Chanthanawan Executive Vice President	55	<ul style="list-style-type: none"> <li>- Bachelor in Electrical Engineering (Power) Kasetsart University</li> <li>- Director Accreditation Program 99/2012</li> <li>- Director Certification Program 168/2013</li> <li>- Thai Institute of Directors Association</li> </ul>	None	None	None	2012-present  1998-present	Executive Vice President Director Director Managing Director	Loxley Public Company Limited Loxley & AIT Holding Company Limited Andaman Submarine Cable Company Limited Loxley Wireless Company Limited
20. Mr. Natavoot Chitasombat Executive Vice President	56	<ul style="list-style-type: none"> <li>- Master of Economics, University of Nebraska, U.S.A.</li> <li>- Bachelor of Accounting, Bangkok University</li> <li>- Director Accreditation Program 99/2012</li> <li>- Director Certification Program 168/2013</li> <li>- Thai Institute of Directors Association</li> </ul>	None	None	None	2012-present  2003-2008	Executive Vice President Director Director Senior Vice President of Power Systems and Environmental Business Dept.	Loxley Public Company Limited L Green Solution Company Limited Thanthiya Technology Company Limited Loxley Public Company Limited

Name-Surname Position	Age (Years)	Education / Training	Shareholding Ratio (%)		Family Relationship among Executive	Work Experience for the Past 5 Years		
			Own	Spouse & Children below 20 Years old		Duration	Position	Organization
21. Mr. Saknarong Saengsangapong Executive Vice President	51	<ul style="list-style-type: none"> <li>- Master Degree, Business Administration (International Program), Bangkok University</li> <li>- Bachelor of Science, Chiangmai University</li> <li>- Certificate in Advance Computer Engineering, CICC, Tokyo, JAPAN</li> <li>- Columbia Senior Executive Program, Columbia University, U.S.A.</li> <li>- Advance Certificate in Politics &amp; Governance in Democratic Systems for Executives, King Prajadhipok's Institute</li> <li>- National Defence Program for Public and Private Executive 23 (NDC 2010)</li> <li>- National Defence College</li> <li>- Director Accreditation Program 99/2012</li> <li>- Thai Institute of Directors Association</li> </ul>	112,000 0.005%	None	None	2012-present	Executive Vice President	Loxley Public Company Limited
						2006-Present	President & CEO	Loxbit Public Company Limited
						2004-Present	Director	L Hardware & Services Company Limited
						1998-present	Director	Netone Network Solution Company Limited
						1993-present	President	Professional Computer Company Limited
22. Mr. Supat Karachakul Executive Vice President	48	<ul style="list-style-type: none"> <li>- B.A. Accountancy, Assumption University</li> <li>- LLB, Laws, Thammasat University</li> <li>- Director Accreditation Program 99/2012</li> <li>- Director Certification Program 168/2013</li> <li>- Thai Institute of Directors Association</li> </ul>	None	None	None	2012-present	Executive Vice President	Loxley Public Company Limited
							Director	L Green Solution Company Limited
							Director	Loxley Property Development Company Limited
						2011-present	Chief Financial Officer	Loxley Public Company Limited
						2010-present	Director	L Solar 1 Company Limited
						2006-present	Director	Loxley Global Company Limited
						2006-2011	Director Senior Vice President	Asia Security Management Company Limited Loxley Public Company Limited

Remark: Director No.1-3 and 10-17 are directors who have the authorizes to sign and binding the Company Specified in Company's Certificate.

# Information of Directors' Positions in the Related Companies as on 31 December 2012

## Direct and Indirect Subsidiaries

Director	Company																						
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
1	Mr. Pairote Lamsam																						
2	Mr. Sukit Wanglee																						
3	Mr. Dhongchai Lamsam																						
4	Dr. Harit Sutabutr																						
5	Dr. Wissanu Krea-ngam																						
6	Mr. Sirin Nimmanahaeminda																						
7	Dr. Supavud Saicheua																						
8	Mr. Charoon Chinalai																						
9	Mr. Joti Bhokavanij																						
10	Mr. Supachai Wanglee																						
11	Mr. Suebtrakul Soonthornthum																						
12	Mr. Poomchai Lamsam																						
13	Mr. Vasant Chatikavanij																						
14	Mr. Suraphand Bhasitirandr																						
15	Dr. Sompop Chareonkul																						
16	Mr. Suraj Lamsam																						
17	Lt. Chalerchoke Lamsam																						
18	Mrs. Kosoom Sinphumsukskul																						
19	Mr. Thongyai Chanthanawan																						
20	Mr. Natavoot Chitasombat																						
21	Mr. Saknarong Saengsangapong																						
22	Mr. Supat Karachakul																						
Loxley Public Company Limited		C	/	P	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
1 Loxley Wireless Company Limited				C																			
2 Data Mining Co., Ltd.					C																		
3 Loxbit Public Company Limited		/		/																			
4 Loxley Joint and Hold Co., Ltd.					/																		
5 Loxley Mobile Company Limited																							
6 L Food Solutions Company Limited					/																		
7 Loxley Intertrade (Guangzhou) Co., Ltd.																							
8 L Green Solution Company Limited																							
9 Asia Security Management Co., Ltd.					/																		
10 Loxley Property Development Co., Ltd.		C		/																			
11 Parts Zone (Thailand) Co., Ltd.																							
12 Societe Commercial Lao																							
13 L Force 1 Co., Ltd.																							
14 Loxley Global Co., Ltd.					C																		
15 Loxley Trading Company Limited		C		/																			
16 Professional Computer Company Limited																							
17 Loxbit PA Public Company Limited																							
18 NetOne Network Solution Co., Ltd.																							
19 Thai Gateway Company Limited																							
20 L Hardware & Services Co., Ltd.																							

## Other Related Parties

## Direct and Indirect Associates

Director  <
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Remarks : C = Chairman P = President / = Director // = Senior Executive Vice President /// = Executive Vice President (Director No. 1-3 and 10-16 are directors who have the authorizes to sign and binding the Company specified in Company's Certificate.)



## Information of Directors' Positions in the Subsidiaries as on 31 December 2012

Direct and Indirect Subsidiaries

Director	Company																	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1 Mr. Tim Tak Timothy Wong		/		/														
2 Mr. Werachai Kitsirisin		/																
3 Mr. Monchai Maneepairoj		/																
4 Mrs. Vanida Viriyatharangkunr				/													/	
5 Mrs. Puangkaew Pojanapanich				/														
6 Mr. Thavisakdi Thangsuphanich				/														
7 Mrs. Vongthip Chumpani				/														
8 Mrs. Sukanueng Malithong			/															
9 Mrs. Suganya Veerakiatikit			/					/									/	
10 Mrs. Vanida Sangkaew						/				/								
11 Mr. Sran Smutkochoorn										P								
12 Mr. Dawarit Tansuphasiri										/								
13 Mr. Manit Lohatepanont										/								
14 Mr. Witawat Mesommonta										/								
15 Mr. Charaspong Lamsam										/								
16 Miss Suphanna Bhasitnirandir										/								
17 Mr. Nattapon Dejvitak												/						
1 Loxley Wireless Company Limited																		
2 Data Mining Co., Ltd.									/									
3 Loxbit Public Company Limited		/			/		/											
4 Loxley Joint and Hold Co., Ltd.																		
5 Loxley Mobile Company Limited		/								/	/							
6 L Food Solutions Company Limited													/	/	/	/	/	
7 Loxley Intertrade (Guangzhou) Co., Ltd.	P									/								/
8 L Green Solution Company Limited	/																	/
9 Asia Security Management Co., Ltd.																		
10 Loxley Property Development Co., Ltd.										/								
11 Parts Zone (Thailand) Co., Ltd.																		/
12 Societe Commercial Lao																		
13 L Force 1 Co., Ltd.																		
14 Loxley Global Co., Ltd.																		
15 Loxley Trading Company Limited																		
16 Professional Computer Company Limited					/					/								
17 Loxbit PA Public Company Limited					/													
18 NetOne Network Solution Co., Ltd.																		
19 Thai Gateway Company Limited	/				/					/								
20 L Hardware & Services Co., Ltd.					/													

20	L Hardware & Services Co., Ltd.																			
19	Thai Gateway Company Limited																			
18	NetOne Network Solution Co., Ltd.																			
17	Loxbit PA Public Company Limited																			
16	Professional Computer Company Limited																			
15	Loxley Trading Company Limited																			
14	Loxley Global Co., Ltd.																			
13	L Force 1 Co., Ltd.																			
12	Societe Commercial Lao																/	/	/	
11	Parts Zone (Thailand) Co., Ltd.		/										P	/	/					
10	Loxley Property Development Co., Ltd.											/								
9	Asia Security Management Co., Ltd.			/	/	/	P	/	/	/	/									
8	L Green Solution Company Limited	P	/																	
7	Loxley Intertrade (Guangzhou) Co., Ltd.																			
6	L Food Solutions Company Limited																			
5	Loxley Mobile Company Limited																			
4	Loxley Joint and Hold Co., Ltd.																			
3	Loxbit Public Company Limited																			
2	Data Mining Co., Ltd.																			
1	Loxley Wireless Company Limited																			
<div>Director</div> <div>Company</div>		18	Mr. Kittichai Raktakanit																	
		19	Mr. Arthur Graham Storah																	
		20	Mr. Chusak Bhachaiyud																	
		21	Adm. Taveechai Liengphiboon																	
		22	AM. Adireg Sastararuchi																	
		23	Mr. Karn Thongyai																	
		24	Mr. Zamir Eldar																	
		25	Mr. Chai Meirav																	
		26	Mr. Ehud Herbst																	
		27	Miss Osnat Levav																	
		28	Mr. Vichaya Chatikavanij																	
		29	Mr. Wachira Yongyai																	
		30	Mr. Keattisak Iamsri																	
		31	Mr. Pongthep Surattanavongkul																	
		32	Mr. Viphet Sihachakr																	
		33	Mr. Jingjai Hanchanlath																	
		34	Mrs. Sangmanee Vivagate																	

20	L Hardware & Services Co., Ltd.																			/
19	Thai Gateway Company Limited																			
18	NetOne Network Solution Co., Ltd.																	/		
17	Loxbit PA Public Company Limited													/	/	/				
16	Professional Computer Company Limited																			
15	Loxley Trading Company Limited										/	/	/							
14	Loxley Global Co., Ltd.							/	/	/										
13	L Force 1 Co., Ltd.		/	/	/	/	/	/												
12	Societe Commercial Lao	/																		
11	Parts Zone (Thailand) Co., Ltd.																			
10	Loxley Property Development Co., Ltd.																			
9	Asia Security Management Co., Ltd.																			
8	L Green Solution Company Limited																			
7	Loxley Intertrade (Guangzhou) Co., Ltd.																			
6	L Food Solutions Company Limited																			
5	Loxley Mobile Company Limited																			
4	Loxley Joint and Hold Co., Ltd.																			
3	Loxbit Public Company Limited																			
2	Data Mining Co., Ltd.																			
1	Loxley Wireless Company Limited																			
<div>Director</div> <div>Company</div>		35	Mrs. Vanida Eksaengsri																	
		36	Mr. Piboon Piboonum																	
		37	Mr. Sakda Srivirahphaiboon																	
		38	Mr. Pongphan Wadwieng																	
		39	Mrs. Jureerat Srivirahphaiboon																	
		40	Mr. Pattara Pojanapanich																	
		41	Mr. Tachit Tivaruangrong																	
		42	Mr. Christopher Sze Hoo Lam																	
		43	Mr. Gerald Hin Tsun To																	
		44	Mr. Kim Pun Wong																	
		45	Khunying Chatchani Chatikavanij																	
		46	Mr. Suphot Wanglee																	
		47	Mr. Pheat Wanglee																	
		48	Mr. Ali Aljunied																	
		49	Mr. Pahol Pojanapanich																	
		50	Miss Kanya Ratana-amomsak																	
		51	Mr. Paritwat Tharincharoen																	
		52	Mr. Kitti Chongcharoenkitjakarn																	

Remarks : P = President / = Director



# Internal Control and Audit

The Company has emphasized on the internal control and audit system. The Company has had comprehensive internal control covering the areas of finance, administration and operation, ensuring working efficiency and compliancy with related laws, rules and regulations. Working descriptions of the operators and executives are clearly assigned. The company's assets are effectively managed. Works of internal control staffs and monitoring staffs are separated for transparency and reciprocal examination. Monthly financial reports are presented to relevant departments. The Company has transparently disclosed information in related transactions to ensure confidence and financial report credibility.

The established Internal Audit Department is responsible for auditing of internal control processes according to its annual audit planning with monitoring and correction of significant issues to be reported to the Audit Committee according to the Stock Exchange of Thailand's regulations.

The Audit Committee has assessed the Company's internal control and audit processes including encouraging risk management processes and various advices as well as emphasizing the importance of the auditor's remarks. The Committee concluded that the Company and its subsidiaries have adequately established proper internal control processes in 5 categories as follows:

## **1. Environment of Control**

The Company has properly structured itself in a good environment, which is an important factor in internal control processes. Under the Company's vision, goal, strategies, budgeting, and ethics; the Company has continuously restructured itself according to the concurrent business planning to ensure efficient operations of the management that can be clearly monitored, verified, and assessed. Additionally, the Company's regulations also cover every type of transactions, continuous human resource development policy, and delegation of responsibilities to ensure efficient operations.

## **2. Risk Assessment**

The management has verified the risk management policies both internal and external factors in order to prevent or lessen impacts in business performance, operations, financial management, safety management, and significant risks affecting corporate performance. Efficient risk control measures were adjusted and utilized for use in different scenarios. The corporate strategies can be adjusted accordingly to perform countermeasure and prevention in every related risk to ensure that corporate goal shall be met. In addition, it also cooperates with corporate departments to encourage mutual risk management in every level properly and efficiently.

## **3. Control**

Policies and measures or its management processes have been specified in written format for the reciprocal control. The reduction or control of risk can be done by categorizing functions into business groups in order to efficiently cascade its management processes. The monitoring procedures within the Company and its subsidiaries have been done in order to the operation be in line with the corporate policies and goal. In addition, the Company also consistently performs monitoring of its own operations and its subsidiaries' by appointment of directors or management executives as directors of its subsidiaries to ensure close management.

## **4. Internal Information and Communications**

The Company has established adequate information system and financial information system. The Company has encouraged communications via e-mail among management executives and staff. The Company also provides information on operations, rules and regulations, job function handbook, and related regulations within its corporate website to provide information access for all staff and precise operations. There are internal and external communications and corporate website to distribute current information or notices for all staff.

## **5. Monitoring and Assessment**

The Company has established the monitoring and assessment processes for the management and executive committee by reporting the assessment of corporate performance monthly compared with the budget and plan. Additionally, the Internal Audit department will independently monitor and assess by directly reporting to the management with suggestions for improvement to prevent possible damage and avoid risks to raise confidence in the management through its adequate and proper internal control processes.



# Report of Board's Responsibility for Financial Report

The Company's Board of Directors is responsible for the financial statements of the Company and its subsidiaries as well as the financial data shown in the Annual Report. Such financial statements are prepared according to the accounting standards generally accepted in Thailand by adoption of appropriate accounting policies and with constant practices, utmost care and discretion. Moreover, essential information is sufficiently disclosed in the notes to the financial statements.

The Company's Board procures an efficient internal control system to ensure proper and complete accounting recording. The Financial statements of the Company and its subsidiaries are audited by the Company's auditor, KPMG Phoomchai Audit Limited. In conducting the audit, the auditor is provided by the Company's Board with information and documents to allow audit and expression of opinion by the auditor pursuant to the accounting standards, the auditor's opinion is shown within "Auditor's Report", a part of the Annual Report.

The Company's Board of Directors opines that the Company's overall internal control system is at a satisfying level. The system can reasonably assure that the Company's and its subsidiaries' annual financial statements ending 31 December 2012 are reliable, comply with the generally accepted accounting standards and properly adhere to the laws and other related regulations.

(Mr. Pairote Lamsam)

Chairman of the Board

(Mr. Dhongchai Lamsam)

President



# Report of the Audit Committee

The Audit Committee of Loxley Public Co., Ltd. consists of 3 independent members whose experience and qualifications meet all regulations required by Securities and Exchange Commission and the Stock Exchange of Thailand, as well as not being the Company executive or staff to ensure independence in performing its duty. During 2012, 6 Audit Committee meetings were held with the following attendance details:

No.	Name	Position	No. of Total Meetings	No. of Meeting Attended
1	Dr. Harit Sutabutr	Chairman	6	6
2	Mr. Charoon Chinalai	Member	6	6
3	Mr. Sirin Nimmanahaeminda <sup>*1</sup>	Member	3	3
4	Mr. Joti Bhokavanij <sup>*2</sup>	Member	2	2

Remarks: <sup>\*1</sup> Mr. Sirin Nimmanahaeminda resigned from the position of member of the Audit Committee on 20 June 2012.

<sup>\*2</sup> Mr. Joti Bhokavanij was appointed to be member of the Audit Committee on 20 June 2012

Mr. Pichai Mooputtarak was the acting secretary to the Audit Committee.

The Audit Committee has submitted result of each meeting to the Company Board of Directors in order to take appropriate action. The Audit Committee performed following functions:

1. Reviewed Company's and subsidiaries' Quarterly Financial report and Annual Financial reports after being audited by the Auditor. The Audit Committee can confirm that the Company's and subsidiaries' financial reports conform with the generally accepted accounting standard with adequate information disclosure
2. Reviewed the 2-month and 5-month Company financial reports to see whether the goal has been met the target.
3. The company's Auditor was invited to attend the Quarterly Audit Committee meetings to submit its reports, financial report verification, and suggestions about the internal control process as well as credibility of the financial report.
4. The Company's and its subsidiaries' management were invited to attend the Audit Committee's meetings from time to time to provide information, to acknowledge comments, and suggestion in order to promote management efficiency of the Group of companies.
5. Reviewed that the Company has followed the business guidelines required by the Securities and Exchange law, regulations of the Stock Exchange of Thailand, and related laws.
6. Reviewed and assessed the adequacy of the internal control processes and gave recommendations that led to proper internal control processes and adequate internal auditing including promoting efficient business operations through Control Self-Assessment processes as well as risk management processes with the affirmation from the management that they realized that importance of risk management and regularly managed the risks
7. Approved the annual auditing plan and acknowledged the auditing report and followed up on corrective actions of significant issues raised by the report to ensure good corporate governance
8. Reviewed the Company's Quarterly information disclosure especially in related transactions to ensure compliance with the notification of the Securities and Exchange Commission regarding information disclosure and the registered company's code of conduct for related transactions
9. Nominated the Company's auditor and remuneration for the year 2012 prior to seeking approval from the Company Board of Directors and Shareholders, respectively

The Audit Committee has performed its duty with a satisfactory degree of independence and has received good cooperation from the management. The Audit Committee concluded that the Company has prepared the financial report with proper information disclosure according to the generally accepted accounting standard and conformed with rules, regulations, and related laws, without significant issues that may affect efficiency of the business' internal control and risk management processes. The Company Board of Directors was duly informed of the above opinion.



(Dr. Harit Sutabutr)

Chairman of Audit Committee



# Related Transactions

The Company does not have a policy engaging in related party transactions with related companies, major shareholders, or the Company's management, unless it is a related party transaction between the Company and its subsidiaries or associated companies. However, if the Company needs to engage in related party transactions with related companies, major shareholders, or the Company's management, it would be done under the rules and regulations of the stock market, taking into consideration the highest benefits of the Company's shareholders as the main priority.

According to the notes to the financial statement ending 31 December 2012, note#5, related parties are those parties linked to the Group and the Company as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Sale of goods and rendering of services	Market prices, contractually agreed prices or third party compatible prices
Fees and other income	Market prices or contractually agreed prices
Purchase of goods and rendering of services	Market prices, contractually agreed prices or prices agreed by distributors who absorb distribution costs
Selling expenses	Market prices or contractually agreed prices
Administrative expenses	Market prices or contractually agreed prices

Significant transactions for the year ended 31 December 2012 with related-parties were as follows:

Related Companies	Description of Transaction	Value (MB)	Justification and Necessity for Transaction
L-TAG Technologies Co., Ltd. 80% of its shares are held by Ekpavee Co., Ltd., with the following directors in common: Mr. Dhongchai Lamsam, Mr. Suraphand Bhasitnirandr, and Lt. Chalermchoke Lamsam	income from services	0.37	- space rental service as third party compatible price, accounting service and other services as scope of works and agreement
	Purchase of goods and services	1.50	- purchase of goods for use in projects
	account receivable - net	0.20	
	account payable	0.03	
Sin Suapah Co., Ltd. 20% of its shares are held by Ekpavee Co., Ltd., with the following directors in common: Mr. Pairote Lamsam, Mr. Dhongchai Lamsam, and Mr. Suebtrakul Soonthornthum	income from services	1.16	- accounting service and other services as scope of works and agreement
	expenses for services	0.39	- parking and building space rental services as agreement
	account receivable - net	0.10	

Related Companies	Description of Transaction	Value (MB)	Justification and Necessity for Transaction
Loxley Pacific Co., Ltd. 15% of its shares are held by Loxley Wireless Co., Ltd.	income from services account receivable - net	3.19 0.02	- space rental service as third party compatible price, consultancy service and other services as scope of works
Thanakorn Vegetable Oil Products Co., Ltd. 6% of its shares are held by Ekpavee Co., Ltd., with a director in common, namely Mr. Suroj Lamsam	Purchase of goods Account payable	1,221.58 145.98	- Thanakorn Vegetable Oil Products Co., Ltd. manufactures of vegetable oil and distributes to Loxley Trading Co., Ltd., the Company's subsidiary; general distributor agreement was used by accepting expense for goods distribution from center.
Foseco (Thailand) Limited 26% of its shares are held by Loxley Plc, with a director in common, namely Mr. Suebrakul Soonthornthum.	Income from service account receivable - net	9.02 1.94	- warehouse rental service as third party compatible price
BlueScope Lysaght (Thailand) Limited 25% of its shares are held by Loxley Plc, with the following directors in common: Mr. Pairote Lamsam and Mr. Suebrakul Soonthornthum	income from selling goods and services income from service  purchase of goods account receivable - net account payable	0.71 3.50  55.96 0.16 16.79	- sale of project materials and advertising space rental service as agreement - warehouse rental service as third party compatible price - BlueScope Lysaght (Thailand) Limited is the manufacturer of steel roofing and construction materials. Prices are at general market price.
LTS Travel Service Co., Ltd. Mr. Dhongchai Lamsam is its major shareholder with a director in common, namely Lt. Chalermchoke Lamsam.	income from service  purchase of goods account receivable - net account payable	1.09  23.29 0.09 1.28	- space rental service as third party compatible price, accounting service and other services as scope of works and agreement - purchase of air tickets from LTS Travel Service Co., Ltd., the air tickets selling agent, at general market price
MOCAP Co., Ltd. 25% of its shares are held by Loxbit Plc.	income from service  project management expense account receivable – net	0.49  0.30 0.04	- cleaning service and consultancy service as scope of works - project management expense as agreement

Related Companies	Description of Transaction	Value (MB)	Justification and Necessity for Transaction
Loxley International Co., Ltd. Mr. Pairote Lamsam and Mr. Dhongchai Lamsam are its major shareholders with the following directors in common: Mr. Pairote Lamsam, Mr. Dhongchai Lamsam, Mr. Vasant Chatikavanij, and Mr. Chalermchoke Lamsam	Income from service  service expense account receivable - net account payable	1.65  17.44 0.18 10.11	- space rental service as third party compatible price, accounting service and other services as scope of works and agreement - security service consultancy as scope of works
Law Enforcement Technology Solution Co., Ltd. Mr. Dhongchai Lamsam is its major shareholder. Directors in common are Mr. Dhongchai Lamsam, Dr. Sompop Charoenkul, and Lt. Chalermchoke Lamsam.	income from service  service expense account receivable - net account payable	3.14  2.36 0.38 0.58	- space rental service as third party compatible price, accounting service and other services as scope of works - security maintenance service and CCTV equipment expenses for projects as agreement
Muang Thai Insurance Plc. 5% of its shares are held by Loxley Plc.	Sale of goods and rendering of services Service expense account receivable - net account payable	2.63  7.35 4.10 0.91	- income from projects and maintenance service as scope of works - insurance premium as scope of works and agreement
Lamsam Estate Co., Ltd. Directors in common are: Mr. Pairote Lamsam, Mr. Dhongchai Lamsam, and Mr. Suroj Lamsam	Income from service	1.87	- space rental service and other services at general market price
BP – Castrol (Thailand) Limited 40% of its shares are held by Loxley Joint and Hold Co., Ltd., with the following directors in common: Mr. Pairote Lamsam, Mr. Dhongchai Lamsam, and Mr. Suebtrakul Soonthornthum	sale of goods  other income  account receivable - net	14.21  1.00 1.12	- sale of car lifts and other products at general market - allowance for promoting company's activities
Green General Products Co., Ltd. 75% of its shares are held by Ekpavee Co., Ltd. with a director in common, namely Lt. Chalermchoke Lamsam	Income from service  product purchase account receivable - net account payable	4.45  26.25 0.04 3.61	- consultancy service and other services as scope of works - purchase of kaffir oil as agreement

Related Companies	Description of Transaction	Value (MB)	Justification and Necessity for Transaction
Ecartstudio Co., Ltd. 30% of its shares held by Loxbit Plc. with a director in common, namely Mr. Vasant Chatikavanij.	project management expense	46.46	- project management expense as agreement
	account payable	1.19	
L Solar 1 Co., Ltd. 45% of its shares held by Loxley Plc. Directors in common are: Lt. Chalermchoke Lamsam and Mr. Supat Karachalkul	Sale of goods	1.91	- sale of office supplies as third party compatible prices
	income from service	3.11	- consultancy service and other services as scope of works
	project management expense	0.19	- project management expense as agreement
	account receivable - net	0.28	
	account payable	0.19	
L Elevator and Engineering Co., Ltd. Ekpavee Co., Ltd. is its major shareholder. Directors in common are Mr. Suraphand Bhasitnirandr and Mr. Supat Karachalkul.	income from service	2.16	- space rental service as third party compatible price, consultancy service and other services as scope of works
	purchase of goods	4.26	- purchase of elevator equipment for projects as agreement
	service expense	0.51	- expense of elevator maintenance for projects as agreement
	account receivable - net	0.18	
	account payable	0.65	
Thanthiya Technology Co., Ltd. 30% of its shares held by Loxley Plc. with a director in common, namely Mr. Natavoot Chitasombat.	project management expense	8.64	- expense for project management to design water treatment systems as agreement
	account payable	7.28	
General Aviation Co., Ltd. Ekpavee Co., Ltd. is its major shareholder. Directors in common are Mr. Dhongchai Lamsam and Mr. Suebtrakul Soonthornthum	income from service	0.05	- accounting service and other services as scope of works
	service expense	4.35	- consultancy service as scope of works
	account payable	0.65	
Other related companies (Loxley Plc.'s subsidiaries and associated companies)	sale of goods and services	1.91	- total value of related party transactions between the Company and its subsidiaries with various related companies. Size of transaction is relatively small. All related party transactions are conducted in ordinary course of business, with prices and conditions in compliance with general market prices and conditions.
	fee and other income	0.40	
	purchase of goods and services	0.14	
	selling expenses	0.03	
	administrative expenses	0.99	
	account receivable - net	1.39	



# Explanation and Analysis of Operations and Financial Status

## Income

In 2012, the Company's consolidated income was 14,278.54 million baht. According to its income structure, 65% of the Company's income was generated by the Technology Business, 27% by the Trading Business and 8% by the Service Business. The 9,443 million baht income from the Technology Business comprised income from ICT&Telecom Business, Project Business and Technology Business at 80%, 12% and 8% respectively.

The Company's 2012 income represented a slight increase from 2011 where 14,247.66 million baht was recorded. Overall, the Technology Business and Service Business posted incremental income. Mega projects contributed mostly to the Technology Business. For the Service Business, its income increase was boosted by the larger customer base. However, the Trading Business experienced lower income. Lower consumer product sales caused by the end of 2011 flood had an impact on 2012 operation as some of the customers still had large inventory in the end of 2011. In addition, some flood-affected manufacturers had to stop production and supply of goods during the first half of the year.

## Gross Margin and Earning Before Financial Cost and Tax ("EBIT")

Gross margin in 2012 was 2,041.61 million baht, which was similar to 2010 of 2,039.22 million baht. Gross profit margin still remained at 14%.

Selling and administration expenses in 2012 were 2,016.5 million baht, an increase from 1,945.82 million baht in 2011. This increase was mainly from feasibility study on various future projects, and the expenses related to new business which had just start up.

The Company's EBIT increased from 578.51 million baht in 2011 to 870.16 million baht or increase by 50%. The growing profit was mainly contributed by the ICT&Telecom Business operation, and through investment in associated companies. The Company recognized the share of profit of equity of 708.98 million baht in 2012. This represented a significant improvement compared to 375.89 million baht in 2011.

## Net Profit

Net profit for the year was 526.06 million baht, 227.98 million baht or 76% higher than the previous year's net profit of 298.07 million baht. The profit increase is driven by the higher significant share of profit of equity from associated companies and income and net profit from the ICT&Telecom Business.

## Statement of Financial Position

In 2012, the Company's consolidated assets are 13,329.96 million baht. Main assets comprises trade account receivables, investment in associates and other companies, inventory, and property, plant and equipment which account for 41%, 30%, 9% and 8% of the total assets respectively.

Total assets in 2012 increased by 1,135.70 million baht or 9% from 2011. This increase was mainly from the increase in trade account receivable which increased by 1,121.69 million baht as a result of income recognition from mega project in the ICT&Telecom Business.

Total liabilities were 8,528.15 million baht, including bank overdraft and short-term loan from financial institutions, trade account payable and long-term debt which accounted for 38%, 23% and 18% of the total liabilities respectively.

Total liabilities in 2012 increased by 739.47 million baht or 9% from 2011, mainly from the increasing bank overdraft and short-term loan from financial institutions to support mega projects from the ICT&Telecom Business.

Book Value per Share increased from 2.10 baht per share in 2011 to 2.30 baht per share in 2012 as a result of operation in 2012 with net profit amounted to 526.06 million baht.

### **Source of Funds**

Sources of the Company's funds included 6,699.62 million baht current liabilities or 50%, non-current liabilities of 1,828.53 million baht or 14% and shareholders' equity of 4,801.82 million baht or 36%.

Considering debt to equity ratio, the Company's debt to equity ratio was 1.78 times in 2012, unchanged from 1.77 times in 2011. Interest bearing debt to equity ratio in 2012 was 0.99 times, increased from 0.75 times in 2011 due to higher loans for more projects. Current ratio slightly increased from 1.17 times in 2011 to 1.18 times in 2012.

### **Cash Flow**

Considering cash flow in 2012, the Company's operating cash outflow was 1,627.59 million baht for working capital. Its cash inflow came from investing and financing activities.

For investing activities, cash inflow of 153.89 million baht was contributed by received dividend of 374.13 million baht. The Company invested more in fixed assets totaling 194.02 million baht.

The Company raised 1,055.74 million baht funds, mostly are cash inflow from short-term loan that was increased to support more projects.

At the end of 2011, cash balance was 976.24 million baht. In 2012, total cash outflow from the above mentioned activities was 417.96 million baht. The Company's cash balance as of the end of 2012 was 558.29 million.



# Independent Auditor's Report

## To the Shareholders of Loxley Public Company Limited

I have audited the accompanying consolidated and separate statements of Loxley Public Company Limited and its subsidiaries, and of Loxley 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, 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 qualified audit opinion.

### Basis for Qualified Opinion

As described in note 13 to the financial statements, the consolidated and separate financial statements as at 31 December 2012 of Loxley Public Company Limited and its subsidiaries, and of Loxley Public Company Limited, respectively, included investments in two associates which have an accounting period ended 30 June. Investments in those associates were recorded by including the financial statements of those associates for the year ended 30 June 2012 which were audited by other auditors and for the six-month period ended 31 December 2012 which had been reviewed, but not audited by auditors. The carrying value of those investments in the consolidated financial statements as at 31 December 2012 was Baht 2,062 million and the share of their net profit for the six-month period ended 31 December 2012 was Baht 187 million and the carrying value of those investments in the separate financial statements as at 31 December 2012 was Baht 950 million.

### Qualified Opinion

In my opinion, except for the effects of such adjustments, if any, as might have been disclosed had I audited the financial statements of two associates as described in basis for qualified 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 Loxley Public Company Limited and its subsidiaries, and of Loxley Public Company Limited, respectively, in accordance with Thai Financial Reporting Standards.

Certified Public Accountant

Registration No. 3636

KPMG Phoomchai Audit Ltd.

Bangkok

27 February 2013



# Loxley Public Company Limited and its Subsidiaries

## Statement of financial position



### Statement of financial position

		Consolidated financial Statements		Separate financial Statements	
		31 December		31 December	
Assets	Note	2012	2011	2012	2011
(in Baht)					
Current assets					
Cash and cash equivalents	6	558,287,392	976,243,225	61,499,654	243,840,094
Current investments	7	1,840,451	6,361,095	-	-
Trade and other accounts receivable	8,18	1,885,429,403	2,207,668,212	575,259,293	754,066,538
Unbilled trade accounts receivable		3,382,123,245	1,988,447,629	344,007,569	521,093,494
Retentions receivable		135,212,099	84,958,488	135,212,099	84,958,488
Short-term loans to related parties	5	-	-	5,000,000	-
Short-term loans to other parties	9	10,000,000	10,000,000	-	-
Inventories	10	1,233,005,743	1,316,058,917	358,064,192	285,571,499
Advances paid to suppliers		306,738,172	227,749,049	200,803,486	59,755,754
Dividend receivables	5	4,500,000	-	204,500,000	70,000,000
Other current assets	11	357,052,898	415,168,140	41,398,822	131,175,448
Total current assets		7,874,189,403	7,232,654,755	1,925,745,115	2,150,461,315
Non - current assets					
Investments in subsidiaries	4,12	-	-	1,771,059,980	1,742,050,463
Investments in jointly-controlled entities	13	32,148,906	14,957,214	-	-
Investments in associates	13	3,634,219,496	3,281,101,471	1,209,054,328	1,196,496,328
Other long-term investments	14	308,120,547	275,736,412	270,990,347	218,606,212
Property, plant and equipment	15,18	1,121,195,592	1,065,833,571	498,690,780	493,805,193
Intangible assets	16	57,486,155	45,246,253	36,880,041	36,365,086
Retentions receivable		45,580,031	89,661,741	45,580,031	89,661,741
Other non-current assets	7,17	257,025,555	189,071,745	89,570,746	77,428,895
Total non-current assets		5,455,776,282	4,961,608,407	3,921,826,253	3,854,413,918
Total assets		13,329,965,685	12,194,263,162	5,847,571,368	6,004,875,233

The accompanying notes are an integral part of these financial Statements.



## Statement of financial position

		Consolidated financial Statements		Separate financial Statements	
		31 December		31 December	
Liabilities and equity	Note	2012	2011	2012	2011
(in Baht)					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	18	3,213,996,021	1,955,544,506	459,813,318	614,445,512
Trade and other accounts payable	19	2,000,783,223	2,826,633,967	367,655,879	784,100,604
Advances received from customers		369,790,934	296,318,295	270,994,012	124,129,775
Current portion of long-term liabilities	18	179,905,583	183,430,073	111,508,572	115,975,602
Short-term loans from related parties	5, 18	5,800,000	2,300,000	67,000,000	18,000,000
Short-term loans from other party	18	43,677,004	45,996,713	-	-
Income tax payable		2,809,905	26,839,780	-	-
Other current liabilities	20	882,854,441	847,911,325	192,100,008	273,110,022
<b>Total current liabilities</b>		<b>6,699,617,111</b>	<b>6,184,974,659</b>	<b>1,469,071,789</b>	<b>1,929,761,515</b>
<b>Non-current liabilities</b>					
Long-term liabilities	18	1,323,458,536	1,128,730,963	1,065,652,339	956,669,948
Employees' provident fund		2,803,981	27,038,284	2,803,981	27,038,284
Deferred tax liabilities	21	114,655,189	106,176,362	96,931,189	88,452,362
Employee benefit obligations	22	380,047,199	334,108,744	252,312,746	222,122,152
Other non-current liabilities		7,568,435	7,648,655	-	-
<b>Total non-current liabilities</b>		<b>1,828,533,340</b>	<b>1,603,703,008</b>	<b>1,417,700,255</b>	<b>1,294,282,746</b>
<b>Total liabilities</b>		<b>8,528,150,451</b>	<b>7,788,677,667</b>	<b>2,886,772,044</b>	<b>3,224,044,261</b>

The accompanying notes are an integral part of these financial Statements.

## Statement of financial position

		Consolidated financial Statements		Separate financial Statements	
		31 December		31 December	
Liabilities and equity	Note	2012	2011	2012	2011
(in Baht)					
Equity					
Share capital	23				
Authorised share capital		2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000
Issued and paid-up share capital		2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000
Retained earnings					
Appropriated					
Legal reserve	24	41,546,500	26,360,500	41,546,500	26,360,500
Unappropriated		905,043,336	551,476,309	531,520,510	400,653,466
Other components of equity	24	1,653,561,866	1,619,207,427	387,732,314	353,817,006
Equity attributable to equity holders of the Company		4,600,151,702	4,197,044,236	2,960,799,324	2,780,830,972
Non-controlling interests		201,663,532	208,541,259	-	-
Total equity		4,801,815,234	4,405,585,495	2,960,799,324	2,780,830,972
Total liabilities and equity		13,329,965,685	12,194,263,162	5,847,571,368	6,004,875,233

The accompanying notes are an integral part of these financial Statements.


**Statement of income**

		Consolidated financial Statements		Separate financial Statements	
		For the year ended 31 December		For the year ended 31 December	
	Note	2012	2011	2012	2011
(in Baht)					
Income	26				
Revenue from sale of goods and rendering of services	5	14,134,696,845	14,126,634,539	3,375,132,612	4,455,978,069
Fees and other income	5,27	143,847,392	121,027,189	834,245,588	641,959,423
Total income		14,278,544,237	14,247,661,728	4,209,378,200	5,097,937,492
Expenses					
Cost of sale of goods and rendering of services	5	12,093,059,755	12,087,414,816	2,708,172,454	3,780,837,725
Selling expenses	5,28	722,226,599	730,629,633	407,389,636	374,081,570
Administrative expenses	5,29	1,294,272,735	1,227,007,986	694,329,492	605,936,129
Finance costs	5	232,215,842	158,447,776	95,769,426	90,844,506
Total expenses	31	14,341,774,931	14,203,500,211	3,905,661,008	4,851,699,930
Share of profit (loss) of equity accounted investees					
Jointly-controlled entities	13	(7,808,258)	(3,720,849)	-	-
Associates	13	708,978,148	379,617,281	-	-
Total		701,169,890	375,896,432	-	-
Profit before income tax expense		637,939,196	420,057,949	303,717,192	246,237,562
Income tax expense	32	(114,749,621)	(114,708,438)	-	-
Profit for the year		523,189,575	305,349,511	303,717,192	246,237,562
Profit (loss) attributable to:					
Equity holders of the Company		526,056,664	298,072,201	303,717,192	246,237,562
Non-controlling interests		(2,867,089)	7,277,310	-	-
Profit for the year		523,189,575	305,349,511	303,717,192	246,237,562
Basic earnings per share	33	0.26	0.15	0.15	0.12

The accompanying notes are an integral part of these financial Statements.



## Statement of comprehensive income

	Note	Consolidated financial Statements		Separate financial Statements	
		For the year ended 31 December		For the year ended 31 December	
		2012	2011	2012	2011
(in Baht)					
Profit for the year		523,189,575	305,349,511	303,717,192	246,237,562
Other comprehensive income					
Foreign currency translation differences for foreign operations		(505,036)	638,882	-	-
Net change in fair value of available-for-sale investments		33,915,308	(4,484,195)	33,915,308	(4,484,195)
Revaluation of land, net - portion of Company		-	27,433,075	-	27,433,075
Revaluation of land, net - portion of subsidiary		-	8,862,000	-	-
Defined benefit plan actuarial losses		(6,743,771)	-	(7,664,148)	-
Other comprehensive income for the year	25	26,666,501	32,449,762	26,251,160	22,948,880
Total comprehensive income for the year		549,856,076	337,799,273	329,968,352	269,186,442
Total comprehensive income attributable to:					
Equity holders of the Company		552,567,045	332,183,201	329,968,352	269,186,442
Non-controlling interests		(2,710,969)	5,616,072	-	-
Total comprehensive income for the year		549,856,076	337,799,273	329,968,352	269,186,442

The accompanying notes are an integral part of these financial Statements.

## Consolidated financial statements

	Note	Issued and paid-up share capital	Retained earnings		Other components of equity						Equity attributable to equity holders of the Company	Non-controlling interests	Total equity	
			Legal reserve	Unappropriated	Currency translation differences	Fair value changes of available-for-sale investments, net	Revaluation surplus on land, net		Change in percentage of holding in subsidiaries and associates	Total other components of equity				
							Portion of Company	Portion of subsidiary						
														(in Baht)
Year ended 31 December 2011														
Balance at 1 January 2011														
Transactions with owners, recorded directly in equity														
Contributions by and distributions to equity holders														
Dividends of subsidiaries to non-controlling interests														
Dividends to owners of the Company														
34	-	-	-	-	-	-	-	-	-	-	-	-	(6,670,463)	(6,670,463)
Total contributions by and distributions to equity holders														
Changes in ownership interests in subsidiaries														
Acquisition of non-controlling interests without a change in control														
Total changes in ownership interests in subsidiaries														
Total transactions with owners, recorded directly in equity														
Comprehensive income for the year														
Profit or loss														
Other comprehensive income														
25	-	-	-	-	424,921	(4,484,195)	27,433,075	10,737,199	-	-	-	298,072,201	7,277,310	305,349,511
Total comprehensive income for the year														
Transfer to legal reserve														
24	-	12,310,500	(12,310,500)	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 December 2011														
	2,000,000,000	26,360,500	551,476,309	(3,058,883)	134,352,406	219,464,600	47,089,123	1,221,360,181	1,619,207,427	4,197,044,236	208,541,259	4,405,585,495		

The accompanying notes are an integral part of these financial Statements.

## Statement of changes in equity

### Consolidated financial statements

			Retained earnings		Other components of equity					Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
		Issued and paid-up share capital	Legal reserve	Unappropriated	Currency translation differences	Fair value changes of available-for-sale investments, net	Revaluation surplus on land, net		Change in percentage of holding in subsidiaries and associates	Total other components of equity		
	Note						Portion of Company	Portion of subsidiary				
(in Baht)												
Year ended 31 December 2012		2,000,000,000	26,360,500	551,476,309	(3,058,883)	134,352,406	219,464,600	47,089,123	1,221,360,181	1,619,207,427	4,197,044,236	208,541,259
Balance at 1 January 2012												4,405,585,495
Transactions with owners, recorded directly in equity												
Contributions by and distributions to equity holders												
Paid-up share capital of non-controlling interests		-	-	-	-	-	-	-	-	-	-	8,000,000
Dividends of subsidiaries to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(6,886,450)
Dividends to owners of the Company	34	-	-	(150,000,000)	-	-	-	-	-	(150,000,000)	-	(150,000,000)
Total contributions by and distributions to equity holders		-	-	(150,000,000)	-	-	-	-	-	(150,000,000)	1,113,550	(148,886,450)
Changes in ownership interests in subsidiaries												
Decrease in non-controlling interests without a change in control		-	-	-	-	-	-	-	540,421	540,421	540,421	477,001
Decrease in non-controlling interests with a change in control		-	-	-	-	-	-	-	-	-	-	(5,757,309)
Total changes in ownership interests in subsidiaries		-	-	-	-	-	-	-	540,421	540,421	(4,739,887)	(4,739,887)
Total transactions with owners, recorded directly in equity		-	-	(150,000,000)	-	-	-	-	540,421	(149,459,579)	(4,166,758)	(153,626,337)
Comprehensive income for the year												
Profit or loss		-	-	526,056,664	-	-	-	-	-	-	526,056,664	(2,867,089)
Other comprehensive income	25	-	-	(7,303,637)	(101,290)	33,915,308	-	-	-	33,814,018	26,510,381	156,120
Total comprehensive income for the year		-	-	518,753,027	(101,290)	33,915,308	-	-	-	33,814,018	552,567,045	(2,710,969)
Transfer to legal reserve	24	-	(15,186,000)	(15,186,000)	-	-	-	-	-	-	-	-
Balance at 31 December 2012		2,000,000,000	41,546,500	905,043,336	(3,160,173)	168,267,714	219,464,600	47,089,123	1,221,900,602	1,653,561,866	4,600,151,702	201,663,532
												4,801,815,234

The accompanying notes are an integral part of these financial Statements.

## Statement of changes in equity

### Separate financial statements

	Note	Issued and paid-up share capital	Retained earnings		Other components of equity			Total equity
			Legal reserve	Unappropriated	Fair value changes of available-for-sale investments, net	Revaluation surplus on land, net	Total other components of equity	
(in Baht)								
Year ended 31 December 2011								
Balance at 1 January 2011		2,000,000,000	14,050,000	266,681,429	138,836,601	192,031,525	330,868,126	2,611,599,555
Transactions with owners, recorded directly in equity								
Contributions by and distributions to equity holders								
Dividends to owners of the Company	34	-	-	(99,955,025)	-	-	-	(99,955,025)
Total contributions by and distributions to equity holders		-	-	(99,955,025)	-	-	-	(99,955,025)
Comprehensive income for the year								
Profit or loss		-	-	246,237,562	-	-	-	246,237,562
Other comprehensive income	25	-	-	-	(4,484,195)	27,433,075	22,948,880	22,948,880
Total comprehensive income for the year		-	-	246,237,562	(4,484,195)	27,433,075	22,948,880	269,186,442
Transfer to legal reserve	24	-	12,310,500	(12,310,500)	-	-	-	-
Balance at 31 December 2011		2,000,000,000	26,360,500	400,653,466	134,352,406	219,464,600	353,817,006	2,780,830,972

The accompanying notes are an integral part of these financial Statements.

## Statement of changes in equity

### Separate financial statements

		Issued and paid-up share capital	Retained earnings		Other components of equity			Total equity
	Note		Legal reserve	Unappropriated	Fair value changes of available-for-sale investments, net	Revaluation surplus on land, net	Total other components of equity	
(in Baht)								
Year ended 31 December 2012								
Balance at 1 January 2012		2,000,000,000	26,360,500	400,653,466	134,352,406	219,464,600	353,817,006	2,780,830,972
Transactions with owners, recorded directly in equity								
Contributions by and distributions to equity holders								
Dividends to owners of the Company	34	-	-	(150,000,000)	-	-	-	(150,000,000)
Total contributions by and distributions to equity holders		-	-	(150,000,000)	-	-	-	(150,000,000)
Comprehensive income for the year								
Profit or loss		-	-	303,717,192	-	-	-	303,717,192
Other comprehensive income	25	-	-	(7,664,148)	33,915,308	-	33,915,308	26,251,160
Total comprehensive income for the year		-	-	296,053,044	33,915,308	-	33,915,308	329,968,352
Transfer to legal reserve	24	-	15,186,000	(15,186,000)	-	-	-	-
Balance at 31 December 2012		2,000,000,000	41,546,500	531,520,510	168,267,714	219,464,600	387,732,314	2,960,799,324

The accompanying notes are an integral part of these financial Statements.

## Statements of cash flows

	Consolidated financial Statements		Separate financial Statements	
	For the year ended 31 December		For the year ended 31 December	
	2012	2011	2012	2011
<i>(in Baht)</i>				
<b>Cash flows from operating activities</b>				
Profit for the year	523,189,575	305,349,511	303,717,192	246,237,562
<i>Adjustments for</i>				
Depreciation and amortisation	142,989,445	128,456,780	41,841,507	39,918,169
Interest income	(36,027,256)	(35,463,211)	(28,505,589)	(27,055,427)
Finance costs	232,215,842	158,447,776	95,769,426	90,844,506
Dividends received	(9,864,662)	(25,965,747)	(716,227,370)	(495,259,027)
Written off withholding tax deducted at source	2,048,304	2,776,791	87,492	25,384
Set up (reverse) provision for:				
- Doubtful accounts for trade and other accounts receivable	24,248,894	28,841,412	24,716,686	24,988,846
- Doubtful accounts for short-term loans to related party	11,220,000	11,818,065	11,220,000	11,818,065
- Decline in value of inventories	4,190,824	4,830,675	3,653,387	4,525,463
- Decline in value of investment in associates	(348,894)	-	-	-
Gain from liquidation of investments in subsidiaries	-	-	(82,095)	-
Loss (gain) on sales of investments in subsidiaries	-	-	512,228	(7,650)
Gain on sales of investments in associates	-	(1,556,066)	-	(493,363)
Gain on sales of other long-term investments	(924,803)	-	(4,603)	-
Gain from liquidation of other long-term investments	(184,680)	-	(184,680)	-
Loss (gain) from deconsolidation of subsidiaries	2,354,861	(120,314)	-	-
Loss (gain) on disposals of property, plant and equipment and intangible assets	(8,219,301)	13,632,509	(2,908,054)	(180,662)
Share of profit of jointly-controlled entities and associates	(701,169,890)	(375,896,432)	-	-
Exchange differences on translation of the financial statements of foreign entities	(505,036)	638,882	-	-
Income tax expense	114,749,621	114,708,438	-	-
	<b>299,962,844</b>	<b>330,499,069</b>	<b>(266,394,473)</b>	<b>(104,638,134)</b>

The accompanying notes are an integral part of these financial Statements.


**Statements of cash flows**

	Consolidated financial Statements For the year ended 31 December		Separate financial Statements For the year ended 31 December	
	2012	2011	2012	2011
	<i>(in Baht)</i>			
<i>Changes in operating assets and liabilities</i>				
Trade and other accounts receivable	320,289,645	120,074,416	179,115,177	(20,181,147)
Unbilled trade accounts receivable	(1,399,300,879)	(1,314,653,076)	177,085,925	(92,616,026)
Retentions receivable	(6,171,901)	(33,237,084)	(6,171,901)	(33,237,084)
Inventories	73,331,579	(656,258,188)	(76,146,081)	(19,488,091)
Advances paid to suppliers	(78,989,123)	(38,153,271)	(141,047,732)	108,750,949
Other current assets	58,396,337	(257,310,589)	90,208,729	(87,772,673)
Other non-current assets	3,867,032	(3,475,346)	(806,902)	(19,903,320)
Trade and other accounts payable	(825,620,438)	1,031,149,588	(416,444,725)	118,296,518
Advances received from customers	73,877,239	(28,375,864)	146,864,237	(146,684,704)
Employees' provident fund	(24,234,302)	(10,386,833)	(24,234,302)	(10,386,833)
Employee benefit obligations	40,545,499	37,229,626	22,526,446	16,786,582
Other current liabilities	38,266,425	181,508,277	(81,347,131)	14,517,687
Withholding tax deducted at source refunded	42,203,426	60,133,108	32,338,828	34,289,623
Income tax and withholding tax deducted at source paid	(244,011,788)	(153,162,556)	(33,019,730)	(32,383,935)
<b>Net cash used in operating activities</b>	<b>(1,627,588,405)</b>	<b>(734,418,723)</b>	<b>(397,473,635)</b>	<b>(274,650,588)</b>
<i>Cash flows from investing activities</i>				
Interest received	10,146,178	10,788,696	3,524,790	2,507,745
Dividends received	374,131,678	363,758,337	581,727,850	444,458,502
Decrease in current investments in				
fixed deposits and promissory notes with maturity				
more than 3 months and pledged as collateral	3,556,310	5,031,412	-	-
Effect on cash flows from sales and deconsolidation				
of subsidiaries	(5,242,042)	(7,274)	-	-
Increase in investments in subsidiaries	-	(957,400)	(30,539,168)	(42,957,400)
Increase in investment in jointly-controlled entities	(24,999,950)	(10,002,000)	-	-
Increase in investments in associate	(12,558,000)	-	(12,558,000)	-
Increase in other long-term investments	(10,000,000)	-	(10,000,000)	-
Increase in short-term loans to related parties	(11,220,000)	(11,818,065)	(16,220,000)	(11,818,065)

The accompanying notes are an integral part of these financial Statements.


**Statements of cash flows**

	Note	Consolidated financial Statements		Separate financial Statements	
		For the year ended 31 December		For the year ended 31 December	
		2012	2011	2012	2011
		(in Baht)			
Decrease in short-term loans to other party		-	1,000,000	-	-
Cash dividends of subsidiaries paid to non-controlling interests		(6,886,450)	(6,670,463)	-	-
Increase in property, plant and equipment		(194,015,790)	(240,494,620)	(41,514,667)	(60,760,838)
Increase in intangible assets		(21,579,405)	(14,769,922)	(6,971,531)	(13,781,226)
Proceeds from sales of investments in subsidiaries		10,017,422	7,650	1,017,422	7,650
Proceeds from sales of investments in associates		-	10,090,283	-	-
Proceeds from sales of other long-term investments		20,934,803	-	14,603	-
Proceeds from liquidation of a subsidiary		-	-	82,095	-
Proceeds from liquidation of an associate		-	-	-	2,743,363
Proceeds from liquidation of other long-term investments		184,680	-	184,680	-
Proceeds from issue of ordinary shares of subsidiary		8,000,000	-	-	-
Proceeds from sales of property, plant and equipment and intangible assets		13,420,469	13,056,803	4,152,203	9,431,229
Net cash provided by investing activities		153,889,903	119,013,437	472,900,277	329,830,960
Cash flows from financing activities					
Finance costs paid		(235,171,329)	(157,654,660)	(95,682,959)	(90,756,676)
Dividends paid to owners of the Company		(150,000,000)	(99,955,025)	(150,000,000)	(99,955,025)
Increase (decrease) in bank overdrafts and short-term loans from financial institutions		1,258,451,515	838,548,786	(154,632,195)	50,723,198
Increase in short-term loans from related parties		3,500,000	1,300,000	49,000,000	18,000,000
Increase (decrease) in short-term loans from other party		(2,319,709)	5,050,527	-	-
Increase in long-term liabilities		524,590,000	1,040,032,156	200,000,000	1,000,000,000
Repayment of long-term liabilities		(343,307,808)	(892,531,595)	(106,451,928)	(919,822,751)
Net cash provided by (used in) financing activities		1,055,742,669	734,790,189	257,767,082	41,811,254
Net increase (decrease) in cash and cash equivalents		(417,955,833)	119,384,903	(182,340,440)	13,369,118
Cash and cash equivalents at 1 January		976,243,225	856,858,322	243,840,094	230,470,976
Cash and cash equivalents at 31 December	6	558,287,392	976,243,225	61,499,654	243,840,094

The accompanying notes are an integral part of these financial Statements.



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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Executive Board of Directors on 27 February 2013.

## 1 General information

Loxley Public Company Limited, the “Company”, is incorporated in Thailand, and has its registered office at 102 Na Ranong Road, Klong Toey, Klong Toey, Bangkok, 10110, Thailand.

The Company was listed on the Stock Exchange of Thailand in 1994.

The Company’s major shareholder during the financial year was Ekpavee Company Limited (28% shareholding) which was incorporated in Thailand.

The principal businesses of the Company are trading and turnkey contract sales of telecommunication equipment and other items; and providing food service. Active subsidiaries mainly engage in their core businesses of trading, sales and services of computers, sales of consumer products and others services. Details of the Company’s subsidiaries as at 31 December 2012 and 2011 were as follows:

Name of the entity	Type of Business	Ownership interest (%)	
		2012	2011
<i>Direct subsidiaries</i>			
Loxley Wireless Company Limited	Sale and service of telecommunication and information technology systems	99	99
Data Mining Co., Ltd.	Service of information technology equipment and computer systems	99	99
Loxbit Public Company Limited	Trading of telecommunication equipment, computers and computer programs	99	99
Loxley Joint and Hold Co., Ltd.	Holding company	99	99
Loxley Mobile Company Limited	Sale and service of various prepaid electronics cash card	99	99
L Food Solutions Company Limited	Provide food service	99	-
Loxley Intertrade (Guangzhou) Co., Ltd.	Trading in the People’s Republic of China	99	-
L Green Solution Company Limited	Provide alternative energy source of all types, selling electricity and gas, and waste management	99	-
Asia Security Management Co., Ltd	Provide security service at Suvarnabhumi Airport and others	69	69
Loxley Property Development Co., Ltd.	Renting of building, advertising board and providing services	66	66

Name of the entity	Type of Business	Ownership interest (%)	
		2012	2011
Parts Zone (Thailand) Co., Ltd.	Trading in automotive parts and equipment	64	64
Societe Commercial Lao	Trading in Lao People's Democratic	62	67
L Force 1 Co., Ltd.	Supply, manufacture and sell of shooting stimulation for fixed shooting and trapshooting	60	60
Loxley Global Co., Ltd.	Holding company	51	51
Loxley Trading Company Limited	Sale of consumer products	50	50
Jago Company Limited (not yet started principal commercial operations)	Sale of online lottery	-	99
<b>Indirect subsidiaries</b>			
Professional Computer Company Limited	Supply, maintenance and set up of work system, installation of computers and management of computerised center	99	99
Loxbit PA Public Company Limited	Telecommunication and computerised database service	99	99
NetOne Network Solution Co., Ltd.	Trading of computer, computer spare parts and equipment, of all types	99	99
Thai Gateway Company Limited	Trading of telecommunication equipment	99	99
L Hardware & Services Co., Ltd.	Installation and repair of IT equipment, sale of computers and peripherals	99	99
Digital Screen Play Company Limited	Educational services through network system	-	70
Digit Brain Company Limited	Sales of knowledge related equipment and media	-	42

The above direct subsidiaries and indirect subsidiaries were incorporated in Thailand except Societe Commercial Lao which was incorporated in Lao People's Democratic Republic and Loxley Intertrade (Guangzhou) Co., Ltd. which was incorporated in the People's Republic of China.

## 2 Basis of preparation of the financial statements

### (a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards ("TFRS"); guidelines promulgated by the Federation of Accounting Professions ("FAP"); applicable rules and regulations of the Thai Securities and Exchange Commission.

As at 31 December 2012, the FAP had issued a number of new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in note 39.

**(b) Basis of measurement**

- The financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:
- Land are measured at fair value;
- Investment in available-for-sale securities are measured at fair value

**(c) Presentation currency**

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest million.

**(d) Use of estimates and judgements**

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 3 (r)	Deferred taxation
Note 15	Valuation of land
Note 22	Employee benefit obligations

### **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**(a) Basis of consolidation**

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly-controlled entities.

*Business combinations*

The Group/Company applies the acquisition method for all business combinations other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group/Company takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group/Company to the previous owners of the acquiree, and equity interests issued by the Group/Company. Consideration transferred also includes the fair value of any contingent consideration. If a business combination results in the termination of pre-existing relationships between the Group/Company and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group/Company measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group/Company incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

#### *Subsidiaries*

Subsidiaries are entities controlled by the Group. Control exists when the 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 where necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

#### *Loss of control*

Upon the loss of control, the 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 the 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 and jointly-controlled entities*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly-controlled entities 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 the Group's share of profit or loss and other comprehensive income of associate and jointly-controlled entity after adjustments to align the accounting policies with those of the Group, from the date that significant influence and joint control commences until the date that significant influence and joint control ceases. When the Group's share of losses exceeds its interest in an associate and jointly-controlled entity, the Group's carrying amount of that interest is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate and jointly-controlled entity.

#### *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 and jointly-controlled entities are eliminated against the investment to the extent of the 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.

### **(b) Foreign currencies**

#### *Foreign currency transactions*

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

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*

The assets and liabilities of foreign entities are translated to Thai Baht at the foreign exchange rates ruling at the reporting date. Except for intra-group balances are translated using exchange rates ruling on transaction dates.

The revenues and expenses of foreign entities are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investment.

### **(c) *Derivative financial instruments***

Derivative financial instruments are used to manage exposure to foreign exchange, interest rate arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes.

Gains or losses from forward exchange contracts used to hedge anticipated future currency transactions are deferred until the forecasted transaction occurs. Where the hedged item is a recognised asset or liability, it is translated at the contracted forward rates.

### **(d) *Cash and cash equivalents***

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

### **(e) *Trade and other accounts receivable***

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

Unbilled trade accounts receivable represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised for the portion of work performed, less progress billings and recognised losses.

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.

### **(f) *Inventories***

#### *Merchandise inventories*

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Construction contracts work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost which includes all expenditure related directly to specific projects and an allocation of fixed and variable costs incurred in the Group's/Company's contract activities based on normal operating capacity.

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.

An allowance is made for all deteriorated, damaged, obsolete and certain slow-moving inventories.

**(g) Investments***Investments in subsidiaries, jointly-controlled entities and associates*

Investments in subsidiaries, jointly-controlled entities and associates in the separate financial statements of the Company are accounted for using the cost method. Investments in associates and jointly-controlled entities in the consolidated financial statements are accounted for using the equity method.

*Investments in other equity securities*

Marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments classified as available-for-sale is determined as the quoted bid price at the reporting date.

*Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group/Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

**(h) Property, plant and equipment***Recognition and measurement**Owned assets*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except for land which are stated at their revalued amounts. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any 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. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

*Leased assets*

Leases in terms of which the Group/Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease,

less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss. When a sale and leaseback results in a finance lease, any gain on the sale is deferred and recognised as income over the lease term.

#### *Revalued assets*

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is recognised in other comprehensive income under the heading 'revaluation surplus' in the revaluation reserve in equity unless it offsets a previous decrease in value recognised loss in profit or loss in respect of the same asset. A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset. Upon disposal of a revalued asset, any related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

#### *Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group/ Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### *Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings and Improvements	5, 6, 8, 20	years
Furniture, fixtures and office equipment	3, 5	years
Tools and equipment	3, 5	years
Equipment held for lease	3, 5	years
Vehicles	5	years

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### **(i) Intangible assets**

#### *Goodwill*

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3(a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill.

#### *Other intangible assets*

Other intangible assets that are acquired by the Group/Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

*Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

*Amortisation*

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Software license	3 - 10	Years
------------------	--------	-------

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(j) Impairment**

The carrying amounts of the Group's/Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

*Calculation of recoverable amount*

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*Reversals of impairment*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(k) Interest-bearing liabilities**

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

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

Trade and other accounts payable are stated at cost.

**(m) Employee benefits**

*Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity (Employees' provident fund) and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

*Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's/Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on long term government bond or risk free long term bond that have maturity dates approximating the terms of the Group's/Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed and considered appropriateness annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group/Company, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group/Company. An economic benefit is available to the Group/Company if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group/Company recognises all actuarial gains or losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

*Termination benefits*

Termination benefits are recognised as an expense when the Group/Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group/Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

*Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or other benefits if the

Group/Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

**(n) Provisions**

A provision is recognised if, as a result of a past event, the Group/Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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.

*Warranties*

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.

**(o) Revenue**

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates.

*Sale of goods and services rendered*

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. 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. Service income is recognised as services are provided.

*Service contracts revenue*

Services contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

*Rental income*

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of lease. Contingent rentals are recognised as income in the accounting period in which they are earned.

*Dividend income*

Dividend income is recognised in profit or loss on the date the Group's/Company's right to receive payments is established (as declared for dividend date).

*Interest income*

Interest income is recognised in profit or loss as it accrues.

**(p) Finance costs**

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, and losses on hedging instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

**(q) Lease payments**

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease

expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

*Determining whether an arrangement contains a lease*

At inception of an arrangement, the Group/Company determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group/Company the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group/Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group/Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's/Company's incremental borrowing rate.

**(r) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group/Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group/Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group/Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(s) Earnings per share**

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group/Company by the weighted average number of ordinary shares outstanding during the year.

## 4 Acquisitions and disposals of subsidiaries

### 2012

In January 2012, Loxley Mobile Company Limited, a subsidiary of the Company, called for additional paid-up in share capital from 25% to 100%. The Company paid for the said share amounting to Baht 15 million. As at 31 December 2012, the said subsidiary has total authorised and fully paid up share capital amounting to Baht 20 million.

In January 2012, the Company sold its investments in Societe Commercial Lao amounting to 240 shares, 5% of interest at a cost of Baht 1 million, with a gain from sale in consolidated financial statements amounting to Baht 0.54 million. As at 31 December 2012, the Company's percentage of holding in the subsidiary is 62%.

In June 2012, the Company incorporated a new subsidiary, L Food Solutions Company Limited with a registered capital and fully paid up share capital of Baht 10 million. The new subsidiary engages in providing food service. The Company holds 99% of the shares and voting interest in the subsidiary and has included the subsidiary's financial statements in the consolidated financial statements for the year ended 31 December 2012. The consolidation of such entity does not have any material impact on the consolidated financial statements.

In June 2012, the Company incorporated a new subsidiary, Loxley Intertrade (Guangzhou) Co., Ltd., in the People's Republic of China, with a registered capital of USD 160,000 and paid up share capital of USD 96,000 (equivalent to Baht 3 million). The new subsidiary engages in trading in the People's Republic of China. The Company holds 99% of the shares and voting interest in the subsidiary and has included the subsidiary's financial statements in the consolidated financial statements for the year ended 31 December 2012. The consolidation of such entity does not have any material impact on the consolidated financial statements.

The Company deconsolidated the financial statements of Jago Company Limited, a subsidiary, from the consolidated financial statements for year ended 31 December 2012 after the subsidiary was liquidated on 14 June 2012, resulting in the Company's permanent loss of control in the subsidiary. The deconsolidation of such entity does not have any material impact on the consolidated financial statements.

In November 2012, the Company purchased 99,997 shares of L Green Solution Company Limited from a related company, representing 99% of paid-up share capital, at a cost of Baht 2.5 million. The said Company has Baht 10 million of registered capital and a cost of Baht 2.5 million of paid-up share capital. The Company is engaged in providing alternative energy source of all types, selling electricity and gas, and waste management. The group holds 99% of voting interest in the subsidiary and has included the subsidiary's financial statements in the consolidated financial statements for the year ended 31 December 2012. The consolidation of such entity does not have any material impact on the consolidated financial statements.

In December 2012, NetOne Network Solution Co., Ltd., an indirect subsidiary of the Company, sold 70% of its investment in Digital Screen Play Company Limited and 42% of its investment in Digit Brain Company Limited, which are indirect subsidiaries to a third party at Baht 9 million, with a loss from sale amounting to Baht 2 million in the consolidated financial statements. The Company deconsolidated the financial statements of these companies from the consolidated financial statements for year ended 31 December 2012.

## 5 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group/Company if the Group/Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group/Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Significant relationships with related parties were as follows:

Name of entities	Nature of relationships
<b>Major shareholder</b>	
Ekpavee Company Limited	A major shareholder, 28% shareholding of the Company, common director
<b>Subsidiaries</b>	
Loxbit Public Company Limited	A subsidiary, 99% shareholding, common director
Loxley Wireless Company Limited	A subsidiary, 99% shareholding, common director
Data Mining Co., Ltd.	A subsidiary, 99% shareholding, common director
Loxley Joint and Hold Co., Ltd.	A subsidiary, 99% shareholding, common director
Loxley Mobile Company Limited	A subsidiary, 99% shareholding, common director
L Food Solutions Company Limited	A subsidiary, 99% shareholding, common director
Loxley Intertrade (Guangzhou) Co., Ltd.	A subsidiary, 99% shareholding, common director
L Green Solution Company Limited	A subsidiary, 99% shareholding, common director
Asia Security Management Co., Ltd.	A subsidiary, 69% shareholding, common director
Loxley Property Development Co., Ltd.	A subsidiary, 66% shareholding, common director
Parts Zone (Thailand) Co., Ltd.	A subsidiary, 64% shareholding, common director
Societe Commercial Lao	A subsidiary, 62% shareholding, common director
L Force 1 Co., Ltd.	A subsidiary, 60% shareholding, common director
Loxley Global Co., Ltd.	A subsidiary, 51% shareholding, common director
Loxley Trading Company Limited	A subsidiary, 50% shareholding, common director
<b>Indirect subsidiaries</b>	
Loxbit PA Public Company Limited	An indirect subsidiary, 99% shareholding, common director
NetOne Network Solution Co., Ltd.	An indirect subsidiary, 99% shareholding, common director
Thai Gateway Company Limited	An indirect subsidiary, 99% shareholding, common director
Professional Computer Company Limited	An indirect subsidiary, 99% shareholding, common director
L Hardware & Services Co., Ltd.	An indirect subsidiary, 99% shareholding, common director
<b>Direct jointly-controlled entity</b>	
CKLX Joint Venture	A jointly-controlled entity, 25% shareholding
<b>Indirect Jointly-controlled entities</b>	
VH Services (Thai) Co., Ltd.	An indirect jointly-controlled entity, 50% shareholding, common director
Loxley & AIT Holding Co., Ltd.	An indirect jointly-controlled entity, 50% shareholding, common director
<b>Associates</b>	
Oriental Post Co., Ltd.	An associate, 50% shareholding, common director
L Solar 1 Co., Ltd.	An associate, 45% shareholding, common director
Thai Fiber Optics Company Limited	An associate, 40% shareholding, common director
Guardfire Limited	An associate, 30% shareholding, common director
Thanthiya Technology Co., Ltd.	An associate, 30% shareholding, common director

Name of entities	Nature of relationships
<b>Associates</b>	
Mobile Innovation Co., Ltd.	An associate, 27% shareholding, common director
Foseco (Thailand) Limited	An associate, 26% shareholding, common director
BlueScope Steel (Thailand) Limited	An associate, 25% shareholding, common director
BlueScope Lysaght (Thailand) Limited	An associate, 25% shareholding, common director
Loxley GTECH Technology Co., Ltd.	An associate, 35% shareholding (direct and indirect), common director
<b>Indirect associates</b>	
BP-Castrol (Thailand) Limited	An indirect associate, 40% shareholding, common director
Ecartstudio Company Limited	An indirect associate, 30% shareholding, common director
MOCAP Limited	An indirect associate, 25% shareholding
<b>Key management personnel</b>	
Key management personnel	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.
<b>Other related parties</b>	
MuangThai Insurance Public Company Limited	A related party, 5% shareholding
Amata City Company Limited	A related party, 1% shareholding
L-Elevator and Engineering Co., Ltd.	A related party, shareholding by the major shareholder, common director
L-Mobile and Computer Co., Ltd.	A related party, shareholding by the major shareholder, common director
General Aviation Co., Ltd.	A related party, shareholding by the major shareholder, common director
L-TAG Technologies Company Limited	A related party, shareholding by the major shareholder, common director
Green Natural Products Co., Ltd.	A related party, shareholding by the major shareholder, common director
Zin Suapah Company Limited	A related party, shareholding by the major shareholder, common director
Thanakorn Vegetable Oil Co., Ltd.	A related party, shareholding by the major shareholder, common director
Loxley International Company Limited	A related party, shareholding by the major shareholder, common director
Law Enforcement Technology Solutions Co., Ltd.	A related party, shareholding by the major shareholder, common director
LTS Travel Service Co., Ltd.	A related party, shareholding by the major shareholder, common director

The above related parties were incorporated in Thailand except Societe Commercial Lao which was incorporated in Lao People's Democratic Republic and Loxley Intertrade (Guangzhou) Co., Ltd. which was incorporated in the People's Republic of China.

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Sale of goods and rendering of services	Market prices, contractually agreed prices or third party compatible prices
Fees and other income	Market prices or contractually agreed prices
Dividend income	As declared for dividend
Purchase of goods and rendering of services	Market prices, contractually agreed prices or prices agreed by distributors who absorb distribution costs
Selling expenses	Market prices or contractually agreed prices
Administrative expenses	Market prices or contractually agreed prices
Finance costs	Market rates or contractually agreed rates
Key management personnel compensation	Shareholders and/or Board of Directors approve

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>Subsidiaries</b>				
Sale of goods and rendering of services	-	-	109	27
Fees and other income	-	-	26	85
Dividend income	-	-	527	342
Purchases of goods and rendering of services	-	-	27	129
Selling expenses	-	-	8	9
Administrative expenses	-	-	141	112
<b>Associates</b>				
Sale of goods and rendering of services	18	10	2	1
Fees and other income	17	33	16	33
Dividend income	-	-	181	138
Purchase of goods and rendering of services	111	73	109	73
Selling expenses	-	3	-	3
<b>Other related parties</b>				
Sale of goods and rendering of services	12	34	3	17
Fees and other income	12	8	12	8
Dividend income	10	26	8	16
Purchases of goods and rendering of services	1,257 <sup>1</sup>	1,719 <sup>1</sup>	35	32
Selling expenses	5	4	5	4
Administrative expenses	47	40	15	11
Key management personnel compensation	184	167	58	55

<sup>1</sup> The amount mainly comprises a subsidiary's purchase of vegetable oil from a related party totaling Baht 1,222 million and Baht 1,686 million for the years ended 31 December 2012 and 2011 in the consolidated financial statements, respectively. The pricing policy is based on prices agreed by distributors who absorb distribution costs.

**Key management personnel compensation**

Key management personnel compensation comprised:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			
Short-term management benefits	170	155	51	48
Long-term management benefits	14	22	7	7
<b>Total</b>	<b>184</b>	<b>167</b>	<b>58</b>	<b>55</b>

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

**Trade and other accounts receivable from related parties**

Year ended 31 December	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		(in million Baht)			
<b>Subsidiaries</b>					
Loxley Wireless Company Limited		-	-	21	40
Parts Zone (Thailand) Co., Ltd.		-	-	11	9
Loxley Mobile Company Limited		-	-	6	-
Loxbit Public Company Limited		-	-	3	-
Professional Computer Company Limited		-	-	1	1
Asia Security Management Co., Ltd.		-	-	-	4
Others		-	-	2	2
<b>Associates</b>					
Loxley GTECH Technology Co., Ltd.	13	194	167	194	167
L Solar 1 Co., Ltd.		-	20	-	20
Foseco (Thailand) Limited		2	-	2	-
Others		2	4	1	2
<b>Other related parties</b>					
Others		9	9	7	5
<b>Total</b>		<b>207</b>	<b>200</b>	<b>248</b>	<b>250</b>
<i>Less allowance for doubtful accounts</i>		(197)	(167)	(194)	(167)
<b>Net</b>		<b>10</b>	<b>33</b>	<b>54</b>	<b>83</b>
Bad debts and doubtful debts expense for the year		27	24	27	24

### Dividend receivables

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<i>(in million Baht)</i>				
<b>Subsidiaries</b>				
Loxley Wireless Company Limited	-	-	200	40
Loxbit Public Company Limited	-	-	-	30
<b>Associate</b>				
L Solar 1 Co., Ltd.	5	-	5	-
<b>Total</b>	<b>5</b>	<b>-</b>	<b>205</b>	<b>70</b>

### Loans to related parties

Year ended 31 December	Note	Interest rate		Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011	2012	2011
		(% per annum)		(in million Baht)			
Short-term loans							
Subsidiary							
Loxley Mobile Company Limited		6	-	-	-	5	-
Associate							
Loxley GTECH Technology Co., Ltd.	13	6	6	423	412	423	412
Total				423	412	428	412
Less allowance for doubtful accounts				(423)	(412)	(423)	(412)
Net				-	-	5	-
Bad debts and doubtful debts expense for the year				11	12	11	12

Movements during the years ended 31 December 2012 and 2011 of loans to related parties were as follows:

Loans to related parties	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<i>(in million Baht)</i>				
<b>Short-term loans</b>				
<b>Subsidiary</b>				
At 1 January	-	-	-	-
Increase	-	-	5	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>

<i>Loans to related parties</i>	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<i>(in million Baht)</i>				
<b>Associate</b>				
At 1 January	-	-	-	-
Increase	11	12	11	12
Decrease from set up allowance for doubtful accounts	(11)	(12)	(11)	(12)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total short-term loans to related parties</b>				
At 1 January	-	-	-	-
Increase	11	12	16	12
Decrease from set up allowance for doubtful accounts	(11)	(12)	(11)	(12)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>

The currency denomination of short-term loans to related parties as at 31 December 2012 and 2011 was denominated entirely in Thai Baht.

***Trade and other accounts payable - related parties***

<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<i>(in million Baht)</i>				
<b>Subsidiaries</b>				
Loxley Property Development Co., Ltd.	-	-	2	20
L Food Solutions Company Limited	-	-	1	-
Asia Security Management Co., Ltd.	-	-	1	1
Loxbit PA Public Company Limited	-	-	-	2
Others	-	-	3	2
<b>Associates</b>				
BlueScope Lysaght (Thailand) Limited	17	9	17	9
Thanthiya Technology Co., Ltd.	7	-	7	-
Others	1	-	-	-
<b>Other related parties</b>				
Thanakorn Vegetable Oil Products Co., Ltd.	145	183	-	-
Loxley International Company Limited	10	12	-	-
Green Natural Products Co., Ltd.	4	4	4	4
Others	5	5	3	4
<b>Total</b>	<b>189</b>	<b>213</b>	<b>38</b>	<b>42</b>

### Loans from related parties

Year ended 31 December	Interest rate		Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011	2012	2011
	(% per annum)		(in million Baht)			
<b>Short-term loans</b>						
<b>Subsidiary</b>						
Loxley Joint and Hold Co., Ltd.	2.5	2	-	-	67	18
<b>Related parties</b>						
L-Elevator and Engineering Co., Ltd.	5	-	4	-	-	-
Director	3	3	2	2	-	-
<b>Total</b>			<b>6</b>	<b>2</b>	<b>67</b>	<b>18</b>

Movements during the years ended 31 December 2012 and 2011 of loans from related parties were as follows:

Loans from related parties	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			
<b>Short-term loans</b>				
<b>Subsidiary</b>				
At 1 January	-	-	18	-
Increase	-	-	95	225
Decrease	-	-	(46)	(207)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>67</b>	<b>18</b>
<b>Other related parties</b>				
At 1 January	2	1	-	-
Increase	5	7	-	-
Decrease	(1)	(6)	-	-
<b>At 31 December</b>	<b>6</b>	<b>2</b>	<b>-</b>	<b>-</b>
<b>Total short-term loans from related parties</b>				
At 1 January	2	1	18	-
Increase	5	7	95	225
Decrease	(1)	(6)	(46)	(207)
<b>At 31 December</b>	<b>6</b>	<b>2</b>	<b>67</b>	<b>18</b>

### Significant agreements with related parties

A subsidiary has entered into a technical service agreement with a related party in a foreign country to provide the subsidiary with services, information, technology and know-how pertaining to airport security operation. The term of this agreement shall be terminated on the effective date of termination as agreed in writing by the parties or on the date the Airports of Thailand Public Company Limited contract expires, is terminated or revoked. A subsidiary is committed to pay a service fee based on certain percentage as indicated in the agreement.

## 6 Cash and cash equivalents

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<i>(in million Baht)</i>				
Cash on hand and cash at banks-current accounts	51	128	10	35
Cash at banks-savings accounts	456	516	1	208
Highly liquid short-term investments	51	332	50	1
<b>Total</b>	<b>558</b>	<b>976</b>	<b>61</b>	<b>244</b>

Highly liquid short-term investments consisted of promissory notes and fixed deposits at banks and others.

The currency denomination of cash and cash equivalents as at 31 December 2012 and 2011 was as follows:

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<i>(in million Baht)</i>				
Thai Baht (THB)	530	974	54	242
United States Dollars (USD)	28	2	7	2
<b>Total</b>	<b>558</b>	<b>976</b>	<b>61</b>	<b>244</b>

## 7 Deposits pledged as collateral

Certain short-term and long-term fixed deposits and promissory notes at financial institutions have been pledged as collateral for the projects performance. The short-term portion is included as part of current investments, while the long-term is included in other non-current assets. As at 31 December 2012, the pledged deposit amounts to Baht 29 million for the Group (31 December 2011: Baht 27 million).

## 8 Trade and other accounts receivable

Year ended 31 December	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
(in million Baht)					
Related parties	5	207	200	248	250
Other parties		2,054	2,361	580	731
<b>Total</b>		<b>2,261</b>	<b>2,561</b>	<b>828</b>	<b>981</b>
Less allowance for doubtful accounts		(376)	(353)	(252)	(227)
<b>Net</b>		<b>1,885</b>	<b>2,208</b>	<b>576</b>	<b>754</b>
Bad debts and doubtful debts expenses of the year		24	29	25	25

Aging analyses for trade and other accounts receivable were as follow:

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			
<b>Related parties</b>				
Within credit terms	4	23	41	30
Overdue:				
Less than 3 months	6	6	12	12
3-6 months	7	6	7	46
6-12 months	13	11	13	12
Over 12 months	177	154	175	150
<b>Total</b>	<b>207</b>	<b>200</b>	<b>248</b>	<b>250</b>
Less allowance for doubtful accounts	(197)	(167)	(194)	(167)
<b>Net</b>	<b>10</b>	<b>33</b>	<b>54</b>	<b>83</b>
<b>Other parties</b>				
Within credit terms	1,098	1,131	315	410
Overdue:				
Less than 3 months	646	926	174	225
3-6 months	49	48	7	10
6-12 months	51	47	28	16
Over 12 months	210	209	56	70
<b>Total</b>	<b>2,054</b>	<b>2,361</b>	<b>580</b>	<b>731</b>
Less allowance for doubtful accounts	(179)	(186)	(58)	(60)
<b>Net</b>	<b>1,875</b>	<b>2,175</b>	<b>522</b>	<b>671</b>
<b>Total</b>	<b>1,885</b>	<b>2,208</b>	<b>576</b>	<b>754</b>

Included in trade and other accounts receivable from other parties over the age thresholds of 6 months as at 31 December 2012 and 2011 are amounts receivable from government agencies and state enterprises as follows:

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			
6-12 months	45	26	25	16
Over 12 months	44	14	10	9
<b>Total</b>	<b>89</b>	<b>40</b>	<b>35</b>	<b>25</b>

The currency denomination of trade and other accounts receivable as at 31 December 2012 and 2011 was as follows:

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Thai Baht (THB)	2,252	2,522	819	942
United States Dollars (USD)	9	36	9	36
Euros (EUR)	-	3	-	3
<b>Total</b>	<b>2,261</b>	<b>2,561</b>	<b>828</b>	<b>981</b>

## 9 Short-term loans to other parties

Year ended 31 December	Interest rate		Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011	2012	2011
	<i>(% per annum)</i>		<i>(in million Baht)</i>			
Former subsidiary	3	3	98	98	-	-
Other parties	5	5	10	10	-	-
<b>Total</b>			<b>108</b>	<b>108</b>	<b>-</b>	<b>-</b>
Less allowance for doubtful accounts			(98)	(98)	-	-
<b>Net</b>			<b>10</b>	<b>10</b>	<b>-</b>	<b>-</b>

Movements during the years ended 31 December 2012 and 2011 of the short-term loans to other parties was as follows:

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
<b>Short-term</b>				
<b>Other parties</b>				
At 1 January	10	11	-	-
Decrease	-	(1)	-	-
<b>At 31 December</b>	<b>10</b>	<b>10</b>	<b>-</b>	<b>-</b>

The Group and Company's short-term loans to other parties as at 31 December 2012 and 2011 was denominated entirely in Thai Baht.

## 10 Inventories

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Merchandise inventories	590	500	267	203
Project equipment and project in progress	675	828	106	87
Goods in transit	14	31	13	22
<b>Total</b>	<b>1,279</b>	<b>1,359</b>	<b>386</b>	<b>312</b>
Less allowance for decline in value	(46)	(43)	(28)	(26)
<b>Net</b>	<b>1,233</b>	<b>1,316</b>	<b>358</b>	<b>286</b>

## 11 Other current assets

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Value added tax	156	125	-	1
Promotion receivables	88	96	-	-
Prepaid expenses	30	35	6	5
Advance to employees	26	21	6	9
Accrued income	17	13	15	11
Deposit	5	10	-	-
Insurance receivable	1	93	1	93
Others	34	22	13	12
<b>Total</b>	<b>357</b>	<b>415</b>	<b>41</b>	<b>131</b>

## 12 Investments in subsidiaries

	Separate financial statements	
	2012	2011
	<i>(in million Baht)</i>	
At 1 January	1,742	1,699
Acquisitions/increase	30	43
Write-off impaired investment previous fully provided for:		
Investment - at cost	-	(3)
Allowance for impairment	-	3
Decrease	(1)	-
<b>At 31 December</b>	<b>1,771</b>	<b>1,742</b>

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

Separate financial statements												
	Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		Dividend income	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
(in million Baht)												
(in million Baht)												
Subsidiaries												
Loxley Wireless Company Limited	99	99	100 million Baht	100 million Baht	100	100	-	-	100	100	300	40
Data Mining Co., Ltd.	99	99	8 million Baht	8 million Baht	8	8	-	-	8	8	-	-
Loxbit Public Company Limited	99	99	375 million Baht	375 million Baht	401	401	-	-	401	401	40	50
Loxley Joint and Hold Co., Ltd.	99	99	1,000 million Baht	1,000 million Baht	1,000	1,000	-	-	1,000	1,000	179	246
Loxley Mobile Company Limited	99	99	20 million Baht	5 million Baht	20	5	-	-	20	5	-	-
L Food Solutions Company Limited	99	-	10 million Baht	-	10	-	-	-	10	-	-	-
Loxley Intertrade (Guangzhou) Co., Ltd.	99	-	0.10 million USD	-	3	-	-	-	3	-	-	-
L Green Solution Company Limited	99	-	2.5 million Baht	-	2	-	-	-	2	-	-	-
Asia Security Management Co., Ltd.	69	69	100 million Baht	100 million Baht	70	70	-	-	70	70	-	-
Loxley Property Development Co., Ltd.	66	66	133 million Baht	133 million Baht	91	91	-	-	91	91	2	1
Parts Zone (Thailand) Co., Ltd.	64	64	25 million Baht	25 million Baht	16	16	-	-	16	16	1	-
Societe Commercial Lao	62	67	4,135 million Baht	4,135 million Baht	19	20	(6)	(6)	13	14	-	-
L Force 1 Co., Ltd.	60	60	20 million Baht	20 million Baht	12	12	-	-	12	12	-	-
Loxley Global Co., Ltd.	51	51	99 million Baht	99 million Baht	50	50	(50)	(50)	-	-	-	-
Loxley Trading Company Limited	50	50	50 million Baht	50 million Baht	25	25	-	-	25	25	5	5
Jago Company Limited	-	99	-	330 million Baht	-	-	-	-	-	-	-	-
					1,827	1,798	(56)	(56)	1,771	1,742	527	342

### 13 Investments in jointly-controlled entities and associates

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<i>(in million Baht)</i>				
<b>Jointly-controlled entities</b>				
At 1 January	15	9	-	-
Share of loss from investments	(8)	(4)	-	-
Acquisitions	25	10	-	-
<b>At 31 December</b>	<b>32</b>	<b>15</b>	<b>-</b>	<b>-</b>
<b>Associates</b>				
At 1 January	3,281	3,248	1,197	1,199
Share of profit from investments	709	380	-	-
Acquisitions	12	-	12	-
Dividend income	(368)	(338)	-	-
Decreases	-	(9)	-	(2)
<b>At 31 December</b>	<b>3,634</b>	<b>3,281</b>	<b>1,209</b>	<b>1,197</b>
<b>Total</b>				
At 1 January	3,296	3,257	1,197	1,199
Share of profit from investments	701	376	-	-
Acquisitions	37	10	12	-
Dividend income	(368)	(338)	-	-
Decreases	-	(9)	-	(2)
<b>At 31 December</b>	<b>3,666</b>	<b>3,296</b>	<b>1,209</b>	<b>1,197</b>

Investments in jointly-controlled entities and associates are based on the audited financial statements as at 31 December 2012 and 2011 except:

- BlueScope Lysaght (Thailand) Limited and BlueScope Steel (Thailand) Limited which have an accounting period ended 30 June. Investments in those associates were recorded by including the financial statements of those associates for the years ended 30 June 2012 and 2011 which were audited by other auditors who have been approved by the Securities and Exchange Commission of Thailand and for the six-month periods ended 31 December 2012 and 2011, which had been reviewed, but not audited by auditors. The carrying value of those investments in the consolidated financial statements as at 31 December 2012 and 2011 was Baht 2,062 million and Baht 1,873 million, respectively and the share of their net profit for the six-month periods ended 31 December 2012 and 2011 was Baht 187 million and Baht 53 million, respectively. The carrying value of those investments in the separate financial statements as at 31 December 2012 and 2011 was Baht 950 million.

#### 2012

In April 2012, the Company purchased a 30% equity interest in Thanthiya Technology Co., Ltd. for Baht 12 million. The above company is incorporated in Thailand and engages in managing water and water systems for industrial use, and has an authorised and fully paid up capital of Baht 4 million. The Company classified this investment as an associate.

In December 2012, a subsidiary of the Company invested 50% in Loxley & AIT Holding Co., Ltd. amounting to Baht 25 million. The company engaged in venture capital for supporting business expansion regarding information technology communication and telecommunication network system in the ASEAN Economics Community (AEC) with authorised share capital of Baht 200 million and paid-up share capital of Baht 50 million. The group has 50% voting interest in the said company and recorded as investment in jointly-controlled entity. The group recognised interest in joint venture using equity method which is an alternative policy other than proportionate consolidation according to Thai Accounting Standard 31 (revised 2009) Interest in Joint venture.

Investments in jointly-controlled entities and associates as at 31 December 2012 and 2011, and dividend income for the years then ended were as follows:

Consolidated financial statements														
Ownership interest		Paid-up capital		Cost method		Equity method		Impairment		At equity - net		Dividend income		
2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	
		2012	2011	(in million Baht)										
		(%)												
Jointly-controlled entities														
CKLX Joint Venture	25	25	-	-	-	6	8	-	-	6	8	-	-	
VH Services (Thai) Co., Ltd.	50	50	20 million Baht	20 million Baht	10	10	1	7	-	-	1	7	-	
Loxley & AIT Holding Co., Ltd.	50	-	50 million Baht	-	25	-	25	-	-	25	-	-	-	
Associates														
Oriental Post Co., Ltd.	50	50	150 million Baht	150 million Baht	84	84	119	141	-	-	119	141	20	5
L Solar 1 Co., Ltd.	45	45	220 million Baht	220 million Baht	99	99	109	84	-	-	109	84	4	-
Thai Fiber Optics Company Limited	40	40	100 million Baht	100 million Baht	40	40	156	147	-	-	156	147	5	-
BP - Castrol (Thailand) Limited	40	40	49 million Baht	49 million Baht	20	20	1,061	929	-	-	1,061	929	188	200
Loxley GTECH Technology Co., Ltd.	35	35	300 million Baht	300 million Baht	105	105	-	-	-	-	-	-	-	-
Guardfire Limited	30	30	20 million Baht	20 million Baht	6	6	70	66	-	-	70	66	12	-
Ecartstudio Company Limited	30	30	3 million Baht	3 million Baht	8	8	5	5	-	(5)	5	-	-	-
Thanthiya Technology Co., Ltd.	30	-	4 million Baht	-	12	-	10	-	-	-	10	-	-	-
Mobile Innovation Co., Ltd.	27	27	184 million Baht	184 million Baht	50	50	17	16	-	-	17	16	-	-
Foseco (Thailand) Limited	26	26	10 million Baht	10 million Baht	3	3	24	23	-	-	24	23	14	8
BlueScope Lysaght (Thailand) Limited	25	25	600 million Baht	600 million Baht	150	150	298	265	-	-	298	265	-	-
BlueScope Steel (Thailand) Limited	25	25	5,000 million Baht	5,000 million Baht	800	800	1,764	1,608	-	-	1,764	1,608	125	125
MOCAP Limited	25	25	61 million Baht	61 million Baht	15	15	1	2	-	-	1	2	-	-
Total				1,392	1,380	3,634	3,286	-	(5)	3,634	3,281	368	338	
				1,427	1,390	3,666	3,301	-	(5)	3,666	3,296	368	338	

Separate financial statements												
	Ownership interest		Paid-up capital		Cost method		Impairment		At cost – net		Dividend income	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	(in million Baht)											
(%)												
Jointly-controlled entity												
CKLX Joint Venture	25	25	-	-	-	-	-	-	-	-	-	-
Associates												
Oriental Post Co., Ltd.	50	50	150 million Baht	150 million Baht	84	-	-	84	84	20	5	5
L Solar 1 Co., Ltd.	45	45	220 million Baht	220 million Baht	99	-	-	99	99	5	-	-
Thai Fiber Optics Company Limited	40	40	100 million Baht	100 million Baht	40	-	-	40	40	5	-	-
Guardfire Limited	30	30	20 million Baht	20 million Baht	6	-	-	6	6	12	-	-
Thanthiya Technology Co., Ltd.	30	-	4 million Baht	-	12	-	-	12	-	-	-	-
Mobile Innovation Co., Ltd.	27	27	184 million Baht	184 million Baht	50	(35)	(35)	15	15	-	-	-
Foseco (Thailand) Limited	26	26	10 million Baht	10 million Baht	3	-	-	3	3	14	8	8
BlueScope Lysaght (Thailand) Limited	25	25	600 million Baht	600 million Baht	150	-	-	150	150	-	-	-
BlueScope Steel (Thailand) Limited	25	25	5,000 million Baht	5,000 million Baht	800	-	-	800	800	125	125	125
Loxley GTECH Technology Co., Ltd.	18	18	300 million Baht	300 million Baht	55	(55)	(55)	-	-	-	-	-
					1,299	1,287	(90)	1,209	1,197	181	138	138
Total					1,299	1,287	(90)	1,209	1,197	181	138	138

### **Investment in the 3-digit and 2-digit online lotteries project**

Loxley GTECH Technology Co., Ltd., an associate of the Company, has entered into an agreement with the Government Lottery Office (GLO) of Thailand on 29 July 2005 to service the lottery project. The terms stipulated in the agreement require that the lottery commence within 7 months after the agreement has been signed. Because of circumstances, however, the project could not begin as scheduled. On 28 May 2008, the associate received a letter from the GLO indicating that the project was to be launched by 16 September 2008. Later, on 18 August 2008, the associate was informed in writing by the GLO about the results of their examination of the lottery system and the lottery vending machines installation. According to the GLO's letter, the associate was permitted to partially install the vending machine (6,761 machines) in preparation for the project commencement. On 7 November 2008, the associate sent the notice letter to the GLO requesting them to comply with the contract and manage to have the sales of lottery started. The associate also demanded compensation for losses arising from the investment outlay totaling over Baht 2 billion within 30 days. In the case the GLO neglected to take appropriate actions, the associate would take legal action against the GLO as deemed necessary. On 24 December 2008, the GLO replied to the associate's letter requesting fairness regarding the commercial launch of 3-digit and 2-digit online lotteries. The GLO responded that they had passed a resolution agreeing to such project; and that their resolution had been furnished to the Ministry of Finance.

In April 2009, the associate lodged another letter with the GLO demanding that the Government should comply with the contract. However, the Board of Directors of the GLO passed a resolution for the GLO to conduct further study over legal and social impacts concerns. A public poll commissioned later on revealed that more than 50 percent of the respondents supported the lottery launch. In August 2009, the Council of State replied to the queries of the GLO in respect of the sale of the 3-digit and 2-digit online lotteries that the GLO could be done under the Government Lottery Office Act, B.E.2517. And the associate received a letter from the GLO dated 14 December 2009 notifying that its Board of Directors ("the Board") had passed a resolution on 4 December 2009 agreeing in principle to the sales of 3-digit and 2-digit online lotteries. The Board then requested that the project preparation be completed within 90 days for commercial launch, and reported to the Board for further Cabinet notification.

In January 2010, the Prime Minister appointed a panel to study and examine the facts and legal concerns over the sales of 3-digit and 2-digit online lotteries so as to determine options of and alternatives to the sales of online lotteries within 30 days. As a consequence, the Board issued a letter dated 15 January 2010 to the associate stating that the Board had resolved on 5 January 2010 to delay the commercial launch preparation in accordance with the Board's previous resolution on 4 December 2009 until the Prime Minister's appointed panel could finalise its decision for the Board's consideration. On 30 March 2010, the associate submitted a letter to the GLO requesting that they honor the agreement, and pay for the damages arising from non-compliance. The associate demanded that the GLO urgently comply with the contract, and launch the sales of lotteries. The associate also called for payment for damages incurred due to the operational delay and breach of agreement until the GLO honor the agreement. The demanded payment together with interest must be paid to the associate within 30 days after the GLO received the letter. The associate would, otherwise, take legal action and other measures deemed necessary to protect and enforce its rights. Consequently, on 9 June 2010, the associate was informed in writing by the GLO that GLO, as a government agency operating under the GLO Act, B.E. 2517, must strictly abide by the cabinet resolution and the minister's direction. GLO is aware of the business consequence that the associate has sustained, and has already furnished all relevant facts to those having authorities under the GLO Act for consideration. Once the conclusion is obtained, the associate shall be accordingly informed. GLO strongly hopes that the issue will be resolved in the near future. However, the associate will be able to recover all amounts due under the agreement with the GLO as it proposes to take legal action in consultation with its legal advisors to make GLO honor the agreement and to recover all expenses incurred plus related damages due under the terms of the agreement. However, as at 31 December 2012 and 2011, the associate did not officially receive any further correspondence from the GLO regarding the project progress, and accordingly could not determine the date of debut sales of lottery. Currently, the associate has taken legal process to enforce GLO to compliance with the agreement. Furthermore, losses of the associate's financial positions have been increasing and operating costs have been rising over the initial budgets. The Company cannot be reliably estimating the effect and the amount of time required to recover its investment in the associate.

In respect of the above, the Company recorded full impairment loss on all remaining balances in respects of such project in the separate financial statements for the year ended 31 December 2012 and 2011 as required by TAS 36 (revised 2009) "Impairment of Assets." The standard provided that when the recoverable amount of an investment is less than its carrying value, the Company must record impairment loss on such investment directly in profit or loss by reducing the investment cost to its recoverable amount. The details are as follows:

Separate financial statements	Investment	Trade receivable (note 5)	Short-term loans (note 5)	Total
<i>(in million Baht)</i>				
<b>Balance</b>				
At 1 January 2011	105	143	400	648
Addition	-	24	12	36
<b>At 31 December 2011</b>	<b>105</b>	<b>167</b>	<b>412</b>	<b>684</b>
Addition	-	27	11	38
<b>At 31 December 2012</b>	<b>105</b>	<b>194</b>	<b>423</b>	<b>722</b>
<b>Allowance for doubtful accounts</b>				
At 1 January 2011	105	143	400	648
Addition	-	24	12	36
<b>At 31 December 2011</b>	<b>105</b>	<b>167</b>	<b>412</b>	<b>684</b>
Addition	-	27	11	38
<b>At 31 December 2012</b>	<b>105</b>	<b>194</b>	<b>423</b>	<b>722</b>
<b>Net book value</b>				
At 31 December 2011	-	-	-	-
At 31 December 2012	-	-	-	-

In the consolidated financial statements, the Group complies with TAS 28 (revised 2009) "Investments in Associates" which states that the Group normally must record share of loss of an associate equals to its interest in the associate. The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the investor's net investment in the associate, such as a settlement of loan that is neither planned nor likely to occur in the foreseeable future. The Group's additional share of loss recognised under the equity method is treated as deductions to the components of the interests in the associate. The Group only recognises additional share of loss as liability only when the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

As at 31 December 2012 and 2011, the Group recorded additional share of loss over its interest in the associate on the consolidated financial statements, representing 35% interest in the associate. Such share of loss over its interest in the associate is presented as deductions to the trade receivable and short-term loans to the associate. In addition, the Group recorded additional allowance for short-term loans to the associate in the consolidated financial statements. The details are as follows:

Consolidated financial statements	Investment	Trade receivable (note 5)	Short-term loans (note 5)	Total
<i>(in million Baht)</i>				
<b>Balance</b>				
At 1 January 2011	105	143	400	648
Addition	-	24	12	36
<b>At 31 December 2011</b>	<b>105</b>	<b>167</b>	<b>412</b>	<b>684</b>
Addition	-	27	11	38
<b>At 31 December 2012</b>	<b>105</b>	<b>194</b>	<b>423</b>	<b>722</b>
<b>Equity loss</b>				
At 1 January 2011	105	143	57	305
Addition	-	-	-	-
<b>At 31 December 2011</b>	<b>105</b>	<b>143</b>	<b>57</b>	<b>305</b>
Addition	-	-	-	-
<b>At 31 December 2012</b>	<b>105</b>	<b>143</b>	<b>57</b>	<b>305</b>
<b>Allowance for doubtful accounts</b>				
At 1 January 2011	-	-	343	343
Addition	-	24	12	36
<b>At 31 December 2011</b>	<b>-</b>	<b>24</b>	<b>355</b>	<b>379</b>
Addition	-	27	11	38
<b>At 31 December 2012</b>	<b>-</b>	<b>51</b>	<b>366</b>	<b>417</b>
<b>Net book value</b>				
At 31 December 2011	-	-	-	-
At 31 December 2012	-	-	-	-

## 14 Other long-term investments

Movements during the years ended 31 December 2012 and 2011 of other long-term investments were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
<b>Available-for-sale securities</b>				
At 1 January	204	234	204	234
Valuation adjustment	42	(30)	42	(30)
<b>At 31 December</b>	<b>246</b>	<b>204</b>	<b>246</b>	<b>204</b>
<b>General investments</b>				
At 1 January	72	72	15	15
Additions/increase	10	-	10	-
Disposals/decrease	(20)	-	-	-
<b>At 31 December</b>	<b>62</b>	<b>72</b>	<b>25</b>	<b>15</b>
<b>Total</b>	<b>308</b>	<b>276</b>	<b>271</b>	<b>219</b>

Other long-term investments as at 31 December 2012 and 2011, and dividend income for the years then ended were as follows:

Consolidated financial statements															
	Ownership interest		Paid-up capital		Cost method		Impairment		Unrealised gain from fair value changes		Fair value (Market price of listed securities)/ At cost - net		Dividend income		
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	
	(%)		(in million Baht)												
Available-for-sale securities															
- at fair value															
Other related party															
Muang Thai Insurance Public Company Limited	5	5	590	590	36	36	-	-	210	168	246	204	2	13	
General investments - at cost															
Other related parties															
Loxley Pacific Company Limited	-	15	-	700	-	161	-	(141)	-	-	-	20	-	-	
Thanakorn Vegetable Oil Product Co., Ltd.	7	7	300	300	35	35	-	-	-	-	35	35	2	10	
Others					13	13	(11)	(11)	-	-	2	2	-	-	
Other parties					35	25	(10)	(10)	-	-	25	15	6	3	
					83	234	(21)	(162)	-	-	62	72	8	13	
Total					119	270	(21)	(162)	210	168	308	276	10	26	

(in million Baht)

Separate financial statements													
Ownership interest		Paid-up capital		Cost method		Impairment		Unrealised gain from fair value changes		Fair value (Market price of listed securities)/ At cost - net		Dividend income	
2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
(%)													
(in million Baht)													
<b>Available-for-sale securities</b>													
<b>- at fair value</b>													
<b>Other related party</b>													
Muang Thai Insurance Public													
Company Limited													
5	5	590	590	36	36	-	-	210	168	246	204	2	13
<b>General investments - at cost</b>													
<b>Other parties</b>													
Total													
		71	61	35	25	(10)	(10)	-	-	25	15	6	3
						(10)	(10)	210	168	271	219	8	16

## 15 Property, plant and equipment

	Consolidated financial statements						
	Land	Buildings and improvements	Furniture, fixtures and office equipment	Tools and equipment	Equipment held for lease	Vehicles	Construction in progress
							Total
<i>Cost / revaluation *</i>							
At 1 January 2011	462	994	364	201	103	80	19
Additions	-	19	43	66	13	22	77
Disposals/written-off	-	-	(29)	(4)	-	(13)	(2)
Transfers in (out)	-	65	(2)	(7)	-	-	(80)
<b>At 31 December 2011</b>							
<b>and 1 January 2012</b>	<b>462</b>	<b>1,078</b>	<b>376</b>	<b>256</b>	<b>116</b>	<b>89</b>	<b>14</b>
Additions	1	12	34	19	1	4	122
Disposals/written-off	-	(5)	(21)	(10)	-	(15)	(1)
Transfers in (out)	-	70	4	3	-	1	(78)
Decrease from deconsolidation of subsidiaries	-	(4)	(2)	(26)	-	(2)	-
<b>At 31 December 2012</b>	<b>463</b>	<b>1,151</b>	<b>391</b>	<b>242</b>	<b>117</b>	<b>77</b>	<b>57</b>
							<b>2,498</b>

(in million Baht)

\* Appraised land as at 31 December 2012 for the Group amounted to Baht 363 million (2011: Baht 363 million), based on the information provided by an independent appraiser and the Department of Lands in 2010.

	Consolidated financial statements							
	Land	Buildings and improvements	Furniture, fixtures and office equipment	Tools and equipment	Equipment held for lease	Vehicles	Construction in progress	Total
(in million Baht)								
<i>Accumulated depreciation</i>								
At 1 January 2011	-	649	308	140	98	53	-	1,248
Depreciation charge for the year	-	47	27	29	7	11	-	121
Disposals/written-off	-	-	(30)	(8)	(1)	(5)	-	(44)
<b>At 31 December 2011 and 1 January 2012</b>								
At 31 December 2011	-	696	305	161	104	59	-	1,325
Depreciation charge for the year	-	57	28	33	6	10	-	134
Disposals/written-off	-	(2)	(20)	(15)	-	(15)	-	(52)
Decrease from deconsolidation of subsidiaries	-	(4)	(1)	(24)	-	(1)	-	(30)
<b>At 31 December 2012</b>								
At 31 December 2012	-	747	312	155	110	53	-	1,377
<i>Net book value</i>								
At 31 December 2011	462	382	71	95	12	30	14	1,066
At 31 December 2012	463	404	79	87	7	24	57	1,121

The cost of fully depreciated property, plant and equipment that was still in use as at 31 December 2012 for the Group amounted to Baht 699 million (2011: Baht 681 million).

	Separate financial statements							
	Land	Buildings and improvements	Furniture, fixtures and office equipment	Tools and equipment	Equipment held for lease	Vehicles	Construction in progress	Total
	(in million Baht)							
<b>Cost / revaluation*</b>								
At 1 January 2011	344	415	206	58	-	22	3	1,048
Additions	-	9	34	3	-	9	5	60
Disposals/written-off	-	-	(4)	-	-	(10)	-	(14)
<b>At 31 December 2011 and 1 January 2012</b>	<b>344</b>	<b>424</b>	<b>236</b>	<b>61</b>	<b>-</b>	<b>21</b>	<b>8</b>	<b>1,094</b>
Additions	1	7	21	3	-	1	8	41
Disposals/written-off	-	-	(15)	(8)	-	(2)	-	(25)
Transfers in (out)	-	6	1	-	-	-	(7)	-
<b>At 31 December 2012</b>	<b>345</b>	<b>437</b>	<b>243</b>	<b>56</b>	<b>-</b>	<b>20</b>	<b>9</b>	<b>1,110</b>

\* Appraised land as at 31 December 2012 for the Company amounted to Baht 274 million (2011: Baht 274 million), based on the information provided by an independent appraiser and the Department of Lands in 2010.

<b>Accumulated depreciation</b>								
At 1 January 2011	-	324	181	50	-	16	-	571
Depreciation charge for the year	-	15	14	3	-	2	-	34
Disposals/written-off	-	-	(3)	-	-	(2)	-	(5)
<b>At 31 December 2011 and 1 January 2012</b>	<b>-</b>	<b>339</b>	<b>192</b>	<b>53</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>600</b>
Depreciation charge for the year	-	14	15	3	-	1	-	33
Disposals/written-off	-	-	(13)	(8)	-	(1)	-	(22)
<b>At 31 December 2012</b>	<b>-</b>	<b>353</b>	<b>194</b>	<b>48</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>611</b>
<b>Net book value</b>								
At 31 December 2011	344	85	44	8	-	5	8	494
At 31 December 2012	345	84	49	8	-	4	9	499

The cost of fully depreciated property, plant and equipment that was still in use as at 31 December 2012 for the Company amounted to Baht 431 million (2011: Baht 425 million).

## 16 Intangible assets

	Consolidated financial statements			Separate financial statements
	Software License	Goodwill	Total	Software License
	<i>(in million Baht)</i>			
<b>Cost</b>				
At 1 January 2011	69	58	127	45
Additions	15	-	15	14
Transfer in	2	-	2	-
<b>At 31 December 2011 and 1 January 2012</b>	<b>86</b>	<b>58</b>	<b>144</b>	<b>59</b>
Additions	22	-	22	7
Decrease from deconsolidation of subsidiaries	(1)	-	(1)	-
<b>At 31 December 2012</b>	<b>107</b>	<b>58</b>	<b>165</b>	<b>66</b>
<b>Accumulated amortisation</b>				
At 1 January 2011	34	58	92	18
Amortisation charge for the year	7	-	7	5
<b>At 31 December 2011 and 1 January 2012</b>	<b>41</b>	<b>58</b>	<b>99</b>	<b>23</b>
Amortisation charge for the year	9	-	9	6
<b>At 31 December 2012</b>	<b>50</b>	<b>58</b>	<b>108</b>	<b>29</b>
<b>Net book value</b>				
At 31 December 2011	45	-	45	36
At 31 December 2012	57	-	57	37

## 17 Other non-current assets

<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Withholding taxes deducted at sources	150	89	33	32
Deposits	36	37	33	32
Fixed deposits pledged as collateral	28	27	-	-
Prepaid land rental	17	18	-	-
Loan to staff	7	8	6	7
Others	19	10	18	6
<b>Total</b>	<b>257</b>	<b>189</b>	<b>90</b>	<b>77</b>

## 18 Interest-bearing liabilities

Year ended 31 December	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
(in million Baht)					
Current					
Bank overdrafts					
unsecured		161	128	1	-
Short-term loans from financial institutions					
secured		160	124	-	-
unsecured		1,938	1,240	190	284
Liabilities under trust receipts					
secured		955	464	269	330
Bank overdrafts and short-term loans from financial institutions		3,214	1,956	460	614
Current portion of long-term loans from financial institutions					
secured		40	42	-	-
unsecured		100	106	100	106
Current portion of finance lease liabilities					
secured		40	35	12	10
Current portion of long-term liabilities		180	183	112	116
Short-term loans from related parties					
unsecured	5	6	2	67	18
Short-term loans from other party					
unsecured		44	46	-	-
		3,444	2,187	639	748
Non-current					
Long-term loans from financial institutions					
secured		228	124	-	-
unsecured		1,050	950	1,050	950
Finance lease liabilities					
secured		45	55	16	7
		1,323	1,129	1,066	957
Total		4,767	3,316	1,705	1,705

### Bank overdrafts and short-term loans from financial institutions and related parties

As at 31 December 2012, the above loans bear interest at the floating rates ranging from 3.55% to 7.75% p.a. (2011: 4.1% - 7.875% p.a.).

Under the terms of trust receipts, the Group/Company imported merchandise in trust for the banks. The Group/Company was obligated to maintain the goods or the proceeds from their sale or to hold them ready for repossession by the bank.

### Long-term liabilities

- (a) The above long-term loans bear interest at the rates 5% per annum and MLR -1.75% to MLR-2.35% per annum; and are repayable in installments up to October 2016.
- (b) The Group/Company entered into financial lease agreements for machinery and equipment which are repayable in amounts as specified in the agreements up to June 2016

The Group/Company is subject to certain terms of the long-term loans, including the maintenance of certain financial ratios.

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities, 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>			
Within one year	3,404	2,152	627	738
After one year but within five years	1,278	1,074	1,050	950
<b>Total</b>	<b>4,682</b>	<b>3,226</b>	<b>1,677</b>	<b>1,688</b>

Secured interest-bearing liabilities as at 31 December 2012 and 2011 were secured on the following assets:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Land and buildings	290	310	-	-
Trade accounts receivable *	168	133	2	16
<b>Total</b>	<b>458</b>	<b>443</b>	<b>2</b>	<b>16</b>

\* The Group/Company have transferred to banks as collateral under the project works the right of collection of trade accounts receivable from such projects.

### Finance lease liabilities

Finance lease liabilities as at 31 December were payable as follows:

	Consolidated financial statements					
	2012			2011		
	Principal	Interest	Payments	Principal	Interest	Payments
	<i>(in million Baht)</i>					
Within one year	40	5	45	35	5	40
After one year but within five years	45	3	48	55	4	59
<b>Total</b>	<b>85</b>	<b>8</b>	<b>93</b>	<b>90</b>	<b>9</b>	<b>99</b>

	Separate financial statements					
	2012			2011		
	Principal	Interest	Payments	Principal	Interest	Payments
	<i>(in million Baht)</i>					
Within one year	11	2	13	10	1	11
After one year but within five years	16	1	17	7	-	7
<b>Total</b>	<b>27</b>	<b>3</b>	<b>30</b>	<b>17</b>	<b>1</b>	<b>18</b>

The currency denomination of interest-bearing liabilities 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>			
Thai Baht (THB)	4,504	2,994	1,442	1,383
United States Dollars (USD)	254	316	254	316
Euro (EUR)	7	4	7	4
Japanese Yen (JPY)	1	1	1	1
Great Britain Pounds (GBP)	1	1	1	1
<b>Total</b>	<b>4,767</b>	<b>3,316</b>	<b>1,705</b>	<b>1,705</b>

## 19 Trade and other accounts payable

Year ended 31 December	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		<i>(in million Baht)</i>			
Related parties	5	189	213	38	42
Other parties		1,812	2,614	330	742
<b>Total</b>		<b>2,001</b>	<b>2,827</b>	<b>368</b>	<b>784</b>

The currency denomination of trade and other accounts payable as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Thai Baht (THB)	1,910	2,415	321	688
United States Dollars (USD)	81	396	41	92
Euro (EUR)	8	12	4	-
Australian Dollars (AUD)	1	-	1	-
Japanese Yen (JPY)	1	-	1	-
Canadian Dollars (CAD)	-	3	-	3
Great Britain Pounds (GBP)	-	1	-	1
<b>Total</b>	<b>2,001</b>	<b>2,827</b>	<b>368</b>	<b>784</b>

## 20 Other current liabilities

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			
Accrued cost and warranty cost	630	572	131	206
Accrued expenses	154	181	11	32
Others	99	95	50	35
<b>Total</b>	<b>883</b>	<b>848</b>	<b>192</b>	<b>273</b>

## 21 Deferred tax liabilities

Deferred tax liabilities present include in the statements of financial position as at the years ended 31 December were as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		(in million Baht)			
<i>Deferred tax liabilities</i>					
Credit (charge) to other comprehensive income					
At 1 January		106	168	88	142
Available-for-sale investments					
Change in fair value	32	9	(6)	9	(6)
Decrease from income tax rate reduction	32	-	(20)	-	(20)
Land revaluation					
Decrease from income tax rate reduction	32	-	(36)	-	(28)
<b>At 31 December</b>		<b>115</b>	<b>106</b>	<b>97</b>	<b>88</b>

Deferred tax assets occurred from temporary differences which were not recorded in financial statements as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in million Baht)			
Temporary differences				
- Provisions	251	178	222	172
- Others	116	121	69	67
Loss carrying forward	286	281	251	244
<b>Total</b>	<b>653</b>	<b>580</b>	<b>542</b>	<b>483</b>

The Group/Company did not recognise deferred tax assets because a part of the Group's/Company's income is dividend income which is exempted from tax, so it is not probable that future taxable profit will be available against which the Group/Company can utilise the benefits therefrom.

## 22 Employee benefit obligations

Independent actuaries carried out an evaluation of the Company's obligations for employees' post-employment benefit using the Projected Unit Credit Method. The Company has provided the obligations for employees' post-employment benefit as follows:

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
(in million Baht)				
<b>Statements of financial position obligations for</b>				
Present value of unfunded obligations	<b>380</b>	<b>334</b>	<b>252</b>	<b>222</b>
<b>Movement in employee benefit obligations</b>				
Employee benefit obligations at 1 January	334	297	222	205
Expense recognised in profit or loss during year	52	48	30	28
Benefit paid during year	(13)	(11)	(8)	(11)
Actuarial losses in other comprehensive income	7	-	8	-
Employee benefit obligations at 31 December	<b>380</b>	<b>334</b>	<b>252</b>	<b>222</b>
<b>Expense recognised in profit or loss</b>				
Current service cost	39	35	21	19
Interest on obligation	13	13	9	9
<b>Total</b>	<b>52</b>	<b>48</b>	<b>30</b>	<b>28</b>

### Actuarial gains and losses recognised in other comprehensive income

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
(in million Baht)				
Included in retained earnings				
At 1 January	-	-	-	-
Recognised during the year	7	-	8	-
<b>At 31 December</b>	<b>7</b>	<b>-</b>	<b>8</b>	<b>-</b>

### Principal actuarial assumptions

Discount rate (%)	3.4 - 4	4 - 4.5	4	4.5
Future salary increase (%)	3 - 5	3 - 5	5	5
Retirement age (year old)	60	60	60	60

## 23 Share capital

	<i>Par value per share</i>	2012		2011	
		Number	Baht	Number	Baht
	(in Baht)	(million shares / million Baht)			
<b>Authorised</b>					
At 1 January					
Ordinary shares	1	2,000	2,000	2,000	2,000
<b>At 31 December</b>					
ordinary shares	1	2,000	2,000	2,000	2,000
<b>Issued and paid up</b>					
At 1 January					
Ordinary shares	1	2,000	2,000	2,000	2,000
<b>At 31 December</b>					
ordinary shares	1	2,000	2,000	2,000	2,000

## 24 Reserves

Reserves comprise:

### *Appropriations of profit and/or retained earnings*

#### **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, if any, 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.

#### **Other components of equity**

##### **Currency translation differences**

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

##### **Fair value changes**

The fair value changes account within equity comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

##### **Valuation changes**

The valuation changes account within equity cumulative net change in the valuation of land included in the financial statements at valuation until such land is sold or otherwise disposed of.

##### **Change in percentage of holding in subsidiaries and associates**

Change in percentage of holding in subsidiaries and associates within equity comprises of effect from dilution of percentage of holding of the Company in subsidiaries and associates and difference from changes in parent's ownership interest in subsidiaries that do not result in a loss of control.

##### **Movements in reserves**

Movements in reserves are shown in the statements of changes in equity.

## 25 Other comprehensive income

	Consolidated financial statements					
	Attributable to owners of the Company					
	Currency translation differences	Fair value changes in available-for-sale Investments, net	Retained earnings	Total	Non-controlling interests	Total other comprehensive income
<i>(in million Baht)</i>						
<b>For the year ended 31 December 2012</b>						
Currency translation of the financial statements of foreign entity	-	-	-	-	(1)	(1)
Available-for-sale investments						
Change in fair value recognised in equity	-	34	-	34	-	34
Defined benefit plan actuarial losses	-	-	(7)	(7)	1	(6)
<b>Total other comprehensive income for the year</b>	<b>-</b>	<b>34</b>	<b>(7)</b>	<b>27</b>	<b>-</b>	<b>27</b>

	Consolidated financial statements					
	Attributable to owners of the Company					
	Currency translation differences	Fair value changes in available-for-sale Investments, net	Retained earnings	Total	Non-controlling interests	Total other comprehensive income
<i>(in million Baht)</i>						
<b>For the year ended 31 December 2011</b>						
Currency translation of the financial statements of foreign entity	1	-	-	1	-	1
Available-for-sale investments						
Change in fair value recognised in equity	-	(24)	-	(24)	-	(24)
Increase from income tax rate reduction of deferred tax liabilities	-	20	-	20	-	20
Revaluation on land						
Increase from income tax rate reduction of deferred tax liabilities	-	-	27	34	2	36
Increase from changes in percentage of holding in subsidiary	-	-	4	4	(4)	-
<b>Total other comprehensive income for the year</b>	<b>1</b>	<b>(4)</b>	<b>27</b>	<b>35</b>	<b>(2)</b>	<b>33</b>

	Separate financial statements			
	Fair value changes in available-for-sale Investments, net	Revaluation surplus on land, net	Retained earnings	Total other comprehensive income
(in million Baht)				
<b>For the year ended 31 December 2012</b>				
Available-for-sale investments				
Change in fair value recognised in equity	34	-	-	34
Defined benefit plan actuarial losses	-	-	(8)	(8)
<b>Total other comprehensive income for the year</b>	<b>34</b>	<b>-</b>	<b>(8)</b>	<b>26</b>
<b>For the year ended 31 December 2011</b>				
Available-for-sale investments				
Change in fair value recognised in equity	(24)	-	-	(24)
Increase from income tax rate reduction of deferred tax liabilities	20	-	-	20
Revaluation on land				
Increase from income tax rate reduction of deferred tax liabilities	-	27	-	27
<b>Total other comprehensive income for the year</b>	<b>(4)</b>	<b>27</b>	<b>-</b>	<b>23</b>

## 26 Segment reporting

Segment reporting is presented in respect of the Group's business segments. The primary format is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on mutually agreed terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise gain on sales of investments, share of profits from investments in jointly-controlled entities and associates accounted for using the equity method, dividend income and central expenses.

### **Business segments**

The Group comprises the following main business segments:

Technology	Sales and service of information technology, infrastructure, telecommunications, consumer electronics, special project, lottery business and others.
Trading	Trading of chemicals, construction materials, consumer products and providing food service.
Service and others	Engagement in international businesses, rendering of services, provision of finance and administrative supports, and others.

The Group's major operations are in Thailand.

Business segments results

	Technology		Trading		Service and others		Eliminations		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	<i>(in million Baht)</i>									
Revenues from sale of goods and rendering of services	9,365	8,856	3,931	4,659	1,139	893	(300)	(282)	14,135	14,126
Other income	78	78	62	22	25	91	(31)	(97)	134	94
Unallocated revenue									10	28
<b>Total revenue</b>									<b>14,279</b>	<b>14,248</b>
Cost of sale of goods and rendering of services	(7,939)	(7,493)	(3,404)	(4,122)	(972)	(729)	222	257	(12,093)	(12,087)
Selling and administrative expenses	(1,087)	(1,037)	(628)	(619)	(133)	(158)	107	122	(1,741)	(1,692)
Unallocated expenses									(276)	(266)
Finance costs	(157)	(90)	(28)	(23)	(49)	(46)	2	-	(232)	(159)
<b>Total expenses</b>									<b>(14,342)</b>	<b>(14,204)</b>
Share of profit from investments in jointly-controlled entities and associates under equity method, net									701	376
<b>Profit before income tax expense</b>									<b>638</b>	<b>420</b>
Income tax expense	(109)	(100)	(3)	(8)	(3)	(7)	-	-	(115)	(115)
<b>Profit for the year</b>									<b>523</b>	<b>305</b>
Segment assets									7,812	6,775
Unallocated assets	5,419	4,452	1,232	1,350	1,220	1,051	(59)	(78)	5,518	5,419
<b>Total assets</b>									<b>13,330</b>	<b>12,194</b>
<b>Unallocated liabilities</b>									<b>8,528</b>	<b>7,789</b>
Depreciation	(60)	(58)	(17)	(17)	(66)	(54)	-	-	(143)	(129)

## 27 Fees and other income

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<i>(in million Baht)</i>				
Gain on exchange rate	31	-	23	-
Rental income	19	20	19	20
Management fee income	14	26	12	87
Dividend income	10	26	716	495
Others	70	49	64	39
<b>Total</b>	<b>144</b>	<b>121</b>	<b>834</b>	<b>641</b>

## 28 Selling expenses

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<i>(in million Baht)</i>				
Employee expenditure	422	382	303	274
Promotion expenses	167	199	49	46
Transportation	62	61	27	22
Travelling expenses	34	48	7	16
Others	37	41	21	16
<b>Total</b>	<b>722</b>	<b>731</b>	<b>407</b>	<b>374</b>

## 29 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<i>(in million Baht)</i>				
Employee expenditure	717	679	291	273
Office, equipment and vehicle rental	164	130	113	80
Entertainment	88	62	77	52
Depreciation and amortisation expense	70	70	40	37
Travelling expense	44	36	34	23
Professional fees	42	73	11	10
Utilities	37	33	20	16
Office overhead	15	17	8	8
Provisions for doubtful accounts, declining value in stock and investment	15	16	15	16
Equipment repair and maintenance	14	10	8	7
Others	88	101	77	84
<b>Total</b>	<b>1,294</b>	<b>1,227</b>	<b>694</b>	<b>606</b>

### 30 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<i>(in million Baht)</i>				
Salaries, wages, overtimes and bonus	1,582	1,410	479	431
Welfare	76	82	18	24
Pension and other benefits	71	54	36	27
Employees' long-term benefits	52	48	30	28
Contribution to defined benefit plans	37	35	18	18
Social security	25	31	6	8
Travelling expenses	16	16	-	-
Training expenses	5	11	5	11
<b>Total</b>	<b>1,864</b>	<b>1,687</b>	<b>592</b>	<b>547</b>

In 2005, the Company established a new contributory funded provident fund covering substantially all employees. This fund was registered with the Ministry of Finance under the Provident Fund Act B.E. 2530. Membership is voluntary upon attaining permanent status. Under the regulations of the fund, members are required to make monthly contributions to the fund at 5% of the members' basic salaries and the Company is required to make monthly contributions to the fund at 5% of the members' basic salaries. The Company will transfer its previous contributory funded provident fund to the new fund within 10 years according to the accounting period. The first transfer of the fund commenced in 2005. However, during 2012, the Company transferred all amount to the new fund.

### 31 Expenses by nature

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<i>(in million Baht)</i>				
Changes in work in progress and finished goods sold	11,151	11,231	2,641	3,693
Employee benefits expense	1,864	1,687	592	547
Finances cost	232	158	96	91
Office, equipment and vehicle rental	184	142	113	80
Promotion expenses	157	199	45	46
Depreciation and amortisation expense	143	129	42	40
Transportation expenses	106	112	63	71
Entertainment	105	83	78	54
Travelling expenses	80	84	40	39
Utilities	61	50	20	16
Professional fee	42	73	11	10
Provisions for doubtful accounts, declining value in stock and investment	15	16	15	16
Loss on exchange rate	-	35	-	20
Others	202	205	150	129
<b>Total expenses</b>	<b>14,342</b>	<b>14,204</b>	<b>3,906</b>	<b>4,852</b>

## 32 Income tax expense

### *Income tax recognised in profit and loss*

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Current tax expense	115	115	-	-
Deferred tax expense	-	-	-	-
<b>Total</b>	<b>115</b>	<b>115</b>	<b>-</b>	<b>-</b>

### *Income tax recognised in other comprehensive income*

<b>Tax (expense) benefit</b>				
Available-for-sale investments	(9)	26	(9)	26
Land revaluation	-	36	-	28
<b>Total</b>	<b>(9)</b>	<b>62</b>	<b>(9)</b>	<b>54</b>

### *Reconciliation of effective tax rate*

	Consolidated financial statements			
	2012		2011	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax expense		638		420
Income tax using the Thai corporation tax rate	23%	147	30%	126
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net and others		(32)		(11)
<b>Total</b>	<b>18%</b>	<b>115</b>	<b>27%</b>	<b>115</b>

	Separate financial statements			
	2012		2011	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax expense		304		246
Income tax using the Thai corporation tax rate	23%	70	30%	74
Tax effect of partial income and expenses that are not taxable income or not deductible in determining taxable profit, net		(70)		(74)
<b>Total</b>	<b>0%</b>	<b>-</b>	<b>0%</b>	<b>-</b>

### *Income tax reduction*

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness.

### 33 Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2012 and 2011 were based on the profit for the years attributable to equity holders of the Company and the number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht / million shares)</i>			
Profit for the year attributable to equity holders of the Company (basic)	526	298	304	246
Number of ordinary shares outstanding	2,000	2,000	2,000	2,000
Basic earnings per share (in Baht)	0.26	0.15	0.15	0.12

### 34 Dividends

At the annual general meeting of shareholders of the Company held on 30 April 2012, the shareholders approved the appropriation of dividends of Baht 0.075 per share, amounting to Baht 150 million.

At the annual general meeting of shareholders of the Company held on 27 April 2011, the shareholders approved the appropriation of dividends of Baht 0.05 per share, amounting to Baht 100 million.

### 35 Financial instruments

#### *Financial risk management policies*

The Group/Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group/Company does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group/Company. The Group/Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group/Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

#### *Capital management*

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

#### *Interest rate risk*

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's/ Company's operations and its cash flows. The Group/Company manages interest rate risk by analyzing exposure on an ongoing basis and by using a mix of both fixed interest rates and floating interest rates, depending on the market circumstances.

#### *Foreign currency risk*

The Group/Company is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group/Company primarily utilizes forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

At 31 December 2012 and 2011, the Group/Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
(in million Baht)					
<b>United States Dollars (USD)</b>					
Cash and cash equivalent	6	28	2	7	2
Trade and other accounts receivable	8	9	36	9	36
Interest-bearing liabilities	18	(254)	(316)	(254)	(316)
Trade and other accounts payable	19	(81)	(396)	(41)	(92)
<b>Euros (EUR)</b>					
Trade and other accounts receivable	8	-	3	-	3
Interest-bearing liabilities	18	(7)	(4)	(7)	(4)
Trade and other accounts payable	19	(8)	(12)	(4)	-
<b>Canadian Dollars (CAD)</b>					
Trade and other accounts payable	19	-	(3)	-	(3)
<b>Australian Dollars (AUD)</b>					
Trade and other accounts payable	19	(1)	-	(1)	-
<b>Great Britain Pounds (GBP)</b>					
Interest-bearing liabilities	18	(1)	(1)	(1)	(1)
Trade and other accounts payable	19	-	(1)	-	(1)
<b>Japanese Yen (JPY)</b>					
Interest-bearing liabilities	18	(1)	(1)	(1)	(1)
Trade and other accounts payable	19	(1)	-	(1)	-
<b>Gross statements of financial position exposure</b>		<b>(317)</b>	<b>(693)</b>	<b>(294)</b>	<b>(377)</b>
<b>Currency forwards, net</b>		37	113	28	75
<b>Net exposure of liabilities</b>		<b>(280)</b>	<b>(580)</b>	<b>(266)</b>	<b>(302)</b>

#### **Credit risk**

Credit risk is the potential financial loss resulting from the failure of a customer or a counter party to settle its financial and contractual obligations to the Group/Company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position. However, due to the large number of parties comprising the Group's/Company's customer base, management does not anticipate material losses from its debt collection.

#### **Liquidity risk**

The Group/Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's/Company's operations and to mitigate the effects of fluctuations in cash flows.

### Determination of fair values

A number of the Group's/Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. 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. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Group/Company uses the following methods and assumptions in estimating the fair value of financial instruments:

- Cash and short-term investments

The carrying amount approximates fair value because of the short period to maturity.

- Accounts receivable and accounts payable - trade and others

The carrying amount approximates fair value because of the short period to maturity.

- Loans to and loans from related and other companies

The carrying amount approximates fair value because most of these financial instruments bear interest at market rates.

- Investment in common shares

The carrying amount of investment in common shares for which there are no available quoted market prices approximates the fair value based on the underlying net asset base of the investment. The fair value of investments in available-for-sale equity securities is determined by reference to their quoted bid price at the reporting date.

- Bank overdrafts and short-term loans from financial institutions

The carrying amount approximates fair value because of the short period to maturity of these financial instruments.

- Long-term loan

The carrying amount approximates fair value because most of these financial instruments bear interest at market rates.

- Short-term foreign currency forward contracts with maturity of shorter than 6 months

Fair values of foreign currency forward contracts are measured at the market rates of forward contracts on the statement of financial position date. The fair values closely approximate the contract values because of short maturity of the contracts.

## 36 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
<b>Other commitments</b>				
Unnegotiated letters of credits for goods and supplies	929	292	68	129
Purchase orders for goods and services accepted by suppliers	2,326	977	1,500	678
Purchase forward contracts	37	113	28	75
Bank guarantees <i>(for projects performance and customers tender guarantees)</i>	4,750	5,509	1,822	1,884
<b>Total</b>	<b>8,042</b>	<b>6,891</b>	<b>3,418</b>	<b>2,766</b>

The above short-term purchase and sale forward contracts will come to maturity within January 2013.

## 37 Contingent liabilities

As at 31 December 2012:

- (a) A subsidiary is subject to a litigation claim as it and three other parties were jointly sued by a customer claiming for wrongful act compensation over alleged violations. The claim for compensation amounted to Baht 37.47 million, of which Baht 27.50 million and Baht 9.97 million are attributable respectively to the principle and 7.5% interest from 30 June 2004 to 30 April 2009. The customer additionally claimed for 7.5% interest to be accrued on top of the principle from 1 May 2009 onwards. On 12 October 2010, the court has suspended consideration of the civil case and temporarily taken the case off its case field in order to await the result of the criminal case which is linked to this case. Consequently, on 28 December 2010, the court issued judgments to dismiss the criminal case and on 18 October 2012, the court issued judgments to dismiss the criminal case; no provision for such compensation has been set aside in the financial statements.
- (b) Another subsidiary was involved in a lawsuit in 2009 in respect to a claim for compensation of Baht 10 million, by an insurance company of a contractor at Suvarnabhumi International Airport in conjunction with the loss of assets. In October 2012, the Court of First Instance dismissed the case. However, the plaintiff filed the case to the Court of Appeals. As at 31 December 2012, the litigation proceeding in the Court of Appeals was underway and the outcome was yet to be determined. The management of the Company and its subsidiary believe, however, that the subsidiary is not liable to pay compensation and that it will be able to recover in full from its insurer any damages incurred from such litigation should the outcome be otherwise.

## 38 Events after the reporting period

- (a) In January 2012, the Company sold its investments 200,000 shares (20%) in Loxley Wireless Company Limited, a subsidiary, to directors and executive of the subsidiary at the price of Baht 475 per share, totaling to Baht 95 million (the proposed price is higher than the subsidiary's book value as at 30 September 2012). The above transactions were approved by the Board of Directors' meeting on 18 December 2012.
- (b) In January 2012, Loxley & AIT Holding Co., Ltd. which is an indirect jointly-controlled entity purchased a 55% equity interest in Andaman Submarine Cable Co., Ltd., with a registered capital of Baht 100 million and paid up share capital of Baht 50 million. The above company engages in business expansion regarding information technology, communication and telecommunication network system in ASEAN Economics Community (AEC).

## 39 Thai Financial Reporting Standards (TFRS) not yet adopted

The management considers that the adoption of the above new and revised TFRS has no material impact on the consolidated and separate financial statements.

The Group/Company has not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are anticipated to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

TFRS	Topic	Year effective
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TFRS 8	Operating Segments	2013

***TAS 21 (revised 2009) - The effects of changes in foreign exchange rates***

The principal change introduced by TAS 21 is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21. Foreign currencies are defined by TAS 21 as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Company is Thai Baht. Accordingly, the adoption of TAS 21 from 1 January 2013 is not expected to have a significant impact on the Group's/Company's reported assets, liabilities, or retained earnings.

***TFRS 8 - Operating segments***

The principal change introduced by TFRS 8 is the introduction of the concept of presenting operating segments based on the information that internally is provided to the Group/Company's chief operating decision maker. Since the change in accounting policy only impacts disclosure aspects, there is no impact on the Group/Company's financial statements.



# Auditor Remuneration

## Financial Audit Fees

The Company and its subsidiaries paid annual financial audit fees to audit firm, individual, or related business to the auditor or audit firm in the total amount of Baht 9,579,000.00

## Other Non-audit Fee

- Observation fee in merchandize annihilation: Baht 76,800.00 (Loxley Trading Company Limited)
- Financial information verification service for 2012 consolidated financial statements: Baht 162,500.00

## Other Parties

### Registrar

Thailand Securities Depository Company Limited  
4<sup>th</sup> and 7<sup>th</sup> Floor, 62 Thailand Securities Depository Building  
Ratchadapisek Road, Klongtoey Subdistrict, Klongtoey District, Bangkok 10110  
Tel : +66 (0) 2229-2800 or Call Center +66 (0) 2229-2888 Fax : +66 (0) 2359-1259

### Auditor

Mrs. Siripen Sukcharoenyingyong	Certified auditor No. 3636 and/or
Mr. Vichien Thamatrakul	Certified auditor No. 3183 and/or
Mr. Charoen Poosamritlert	Certified auditor No. 4068 and/or
Mr. Veerachai Ratanajaratkul	Certified auditor No. 4323

KPMG Phoomchai Audit Limited  
21<sup>st</sup> Floor, Empire Tower Building  
195 South Sathorn, Yannawa Subdistrict  
Sathorn District, Bangkok 10120  
Tel : +66 (0) 2677-2000 Fax : +66 (0) 2677-2222

**Financial Advisor** -None-

**Legal Advisor** -None-



## OFFICE LOCATIONS

### ■ Head Office

102 Na Ranong Road, Klong Toey,  
Bangkok 10110, Thailand

Telephone : +66 (0) 2348-8000

Facsimile : +66 (0) 2348-8001

Homepage : [www.loxley.co.th](http://www.loxley.co.th)

### ■ Branch Offices

#### **Loxley Bangkhen Building**

2 Soi Phaholyothin 19, Chatuchak,  
Bangkok 10900, Thailand

Telephone : +66 (0) 2515-8200

#### **Loxley Suapah Building**

304 Suapah Road, Pomprab Sattruphai,  
Bangkok 10100, Thailand

#### **Siripinyo Building**

475 11<sup>th</sup> Floor Siripinyo Building,  
Sri Ayudhaya Road, Thanonphrayathai,  
Ratchathewi, Bangkok 10400, Thailand

Telephone : +66 (0) 2248-0270-71

### ■ Regional Office

244/2 Wua Lai Road, Hai Ya Subdistrict,  
Muang Chiangmai District,

Chiangmai Province 50100, Thailand

Telephone : +66 (0) 5328-3238

### ■ Warehouse

83 Moo 5, Baanmai Subdistrict,  
Muang Pathumthani District,  
Pathumthani Province 12000, Thailand

Telephone : +66 (0) 2963-7940-5

9/45 Moo 5, Phaholyothin Road,  
Klong Nueng Subdistrict, Klong Luang District,  
Pathumthani Province 12120, Thailand

1 Moo 9, Huaybon-Thalan Road,  
Bankuar Subdistrict, Banmor District,  
Saraburi Province 18270, Thailand

Telephone : +66 (0) 3628-8800



**Loxley Public Company Limited**

102 Na Ranong Road. Klong Toey, Bangkok 10110, Thailand  
Phone +66 (0) 2348-8000 Fax +66 (0) 2348-8001



[www.loxley.co.th](http://www.loxley.co.th)