



WE EMPOWER

ANNUAL REPORT 2010





## VISION

To be one of the leading global players in the satellite broadband industry and the regional leader in satellite television broadcasting

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WE EMPOWER

A low-angle, upward-looking photograph of a woman in a bright pink shirt, smiling and holding hands with others. Her arms are extended upwards, and the hands of other people are visible, creating a sense of unity and reaching towards the sky. The background is a clear, vibrant blue sky.

**WE EMPOWER**

by closing the digital divide gap  
anywhere in Asia-Pacific





A low-angle, upward-looking photograph of two young children, a boy and a girl, wearing white school uniforms. They are both smiling broadly, showing their teeth. The boy is on the left, and the girl is on the right. The background is bright and out of focus. The text 'WE EMPOWER' is overlaid in the upper left quadrant.

**WE EMPOWER**

by enhancing equal opportunity in education  
for every children









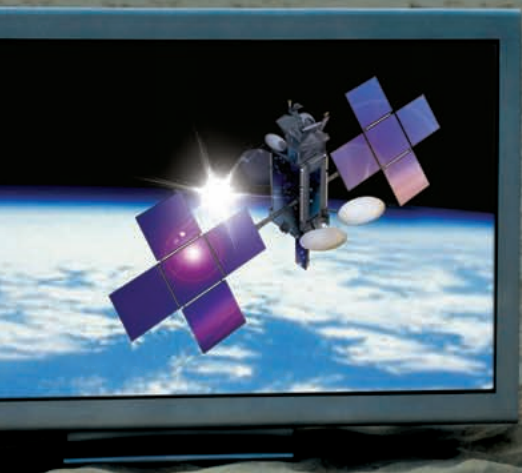


**WE EMPOWER**

by enabling access to broadband internet  
via satellite in remote area

**WE EMPOWER**

by experiencing quality  
of satellite television channels







A large center pivot irrigation system is shown in a field of young green plants. The system consists of a long metal arm supported by a series of wheels, with multiple smaller wheels and pipes extending from it to deliver water to the crops. The ground is dry and brown, with some small puddles of water. The sky is clear and blue.

**WE EMPOWER**

by connecting people in far reaching  
villages whenever and wherever they want





A hand is shown pressing a computer key, with a bright light emanating from the point of contact. A stylized world map is overlaid on the lower half of the image, with a grey arrow pointing towards the Asian continent. The background is a blurred image of a computer keyboard.

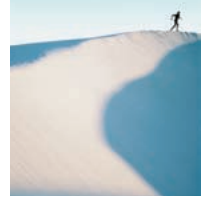
**WE EMPOWER**

by helping drive the Asian economy









## Financial Highlights

### Consolidated Financial Statement

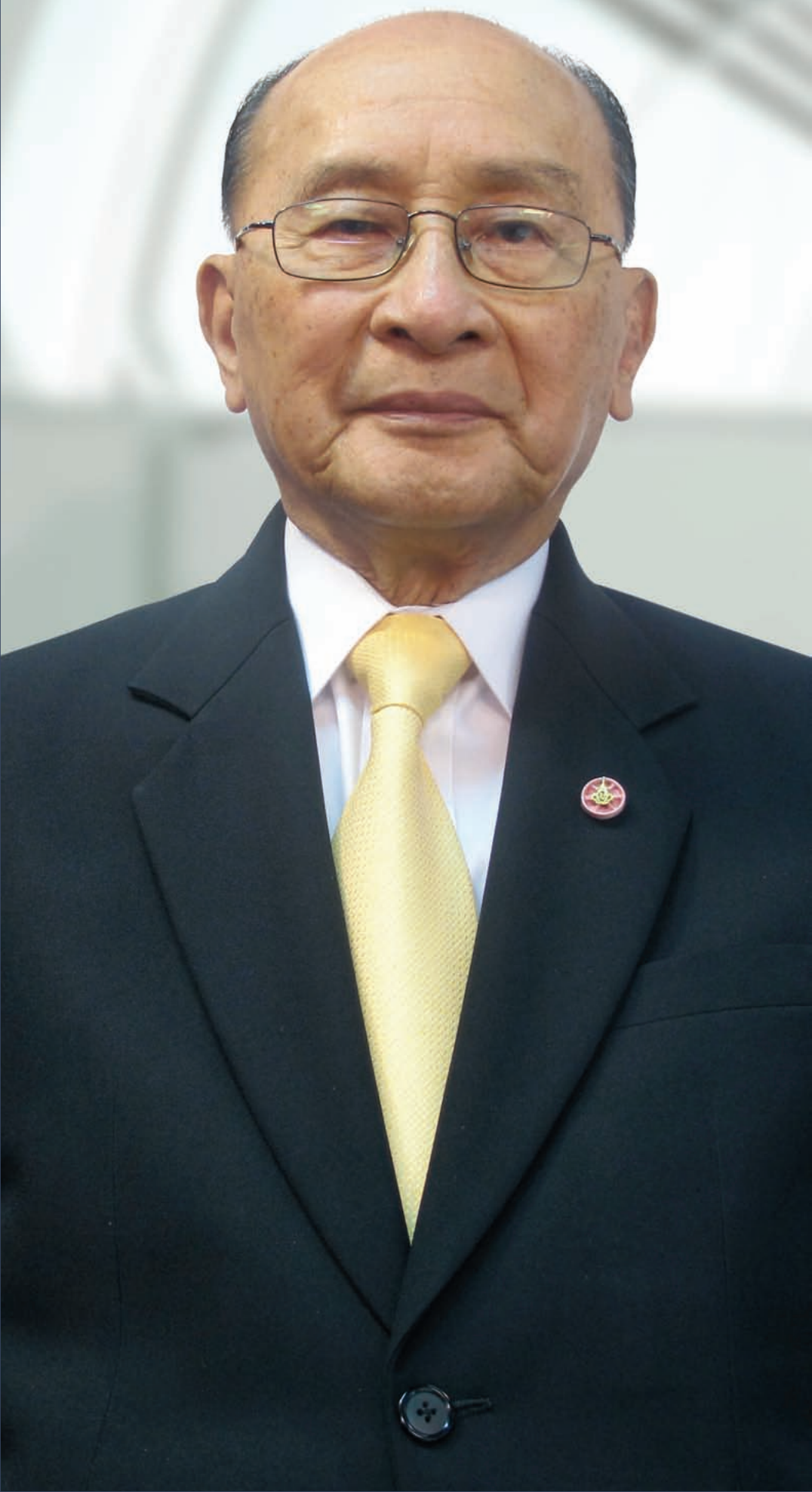
Thaicom Public Co., Ltd

In million Baht, except per share values in Baht

	2010	2009	2008
<b>Operating result</b>			
Total Revenue	6,807	7,685	7,081
Service and Sales Revenue	6,700	7,188	7,013
Gross Profit	849	1,060	1,247
Operating Profit (Loss)	(611)	(117)	(113)
Net Profit (Loss)	(789)	(471)	(713)
EBITDA	1,976	2,655	2,422
<b>Financial Position</b>			
Total Assets	25,848	27,403	28,421
Total Liabilities	11,170	11,777	12,318
Shareholders' Equity	14,679	15,626	16,103
<b>Financial Ratio</b>			
Current Ratio	0.89	0.98	0.86
Debt to Equity Ratio	0.57	0.56	0.58
Gross Profit Margin	13%	15%	18%
Operating Profit Margin	(9%)	(2%)	(2%)
EBITDA Margin	29%	37%	35%
Net Profit Margin	(12%)	(6%)	(10%)
Return on Asset	(3%)	(2%)	(5%)
Return on Shareholders' Equity	(5%)	(3%)	(4%)
Earning per share	(0.72)	(0.43)	(0.65)
Book Value per Share	13.35	14.22	14.65

As of December 31<sup>st</sup>, 2010

WE EMPOWER



## Message from the Chairman of the Board of Directors

Dear Shareholders,

On behalf of the board of director of THAICOM Plc., I would like to sincerely thank you for your continued support and trust to the Company throughout 2010. Despite being faced with challenges such as the national political situation and the economy, THAICOM has strongly abided our neutral political stance and, most importantly, continue to provide business continuity for our valued customers throughout the Asia-Pacific region. The management and staff of THAICOM remain focused and committed in the company's vision and the year 2010 proved successful with many key commercial milestones achieved with the IPSTAR project, which exceeded expectations.

### Our IPSTAR Business

In 2010, we had successfully reached an agreement and signed a major contract with "SoftBank Mobile Corporation" ("SBM"), one of the largest mobile operators in Japan. SBM is using IPSTAR as their mobile backhaul solution by connecting to their Femtocell equipment to provide mobile services in rural areas of Japan. We are confident that this successful Japanese IPSTAR deployment will be a model for IPSTAR mobile solutions in other markets in Asia-Pacific.

In late 2010, we reached another major milestone in the IPSTAR project. The Company signed a contract with "Antrix Corporation Limited" ("Antrix"), a wholly-owned company of the Government of India under the administrative control of the Indian Space Research Organization (ISRO). Antrix has been using the IPSTAR services since September 2010. The IPSTAR services are provided through our two gateways in New Delhi and Mumbai with two diversity sites. Similar to SoftBank Mobile of Japan, Antrix will mainly provide IPSTAR bandwidth for mobile backhaul networks and for rural connectivity. This agreement with Antrix is a major breakthrough in the IPSTAR project as India has the second largest capacity on the IPSTAR satellite and is a major market in terms of demand.

According to IPSTAR business plan, the Company is expected to break even by the year 2011. The demand for broadband continues to grow in all markets across the Asia-Pacific region and the lack of terrestrial infrastructure in many parts of Asia will drive operators to use broadband satellite technology. This will in turn drive the demand for IPSTAR as IPSTAR is the only broadband satellite serving the region.

#### **Our Conventional Satellite Business**

Two THAICOM satellites were de-orbited last year. On January 12, 2010, the Company de-orbited THAICOM 1, the first national satellite of Thailand. Later on October 30, we de-orbited the THAICOM 2 satellite. THAICOM 1 and 2 satellites served the company well and provided services for about 16 years after they were launched in 1993 and 1994 respectively.

In 2010, the satellite broadcasting business in Thailand continues to grow steadily. Over the years, THAICOM 5 has built a strong reputation as the “hot bird” satellite platform for all Thais at the key strategic orbital position of 78.5 degrees east. In 2010, we have a total of 358 television channels on the THAICOM 5 platform.

#### **Our Telephone Business**

During the first three quarters of 2010, the telephone business in Cambodia faced difficulties and challenges for the company due to the strong mobile phone competition in Cambodia. Mfone maintains its long term strategy of quality of signal, large service coverage and premium customer service to distinguish itself from the competition. In the fourth quarter of 2010, the number of Mfone’s mobile subscribers has bounced back to more than 723,860 subscribers after it dropped to 500,000 subscribers in the third quarter. Mfone is expected to continue to significantly increase its subscriber base in 2011. The telephone businesses of Lao Telecommunications continue to grow with a total of 1,658,354 mobile subscribers at the end of 2010, an increase of 22.2% from 2009.

#### **Our Internet and Media Business**

The Company achieved a significant increase in the internet business revenues last year. CS Loxinfo Plc. announced dividends of 0.50 baht per shares for 2010. By the end of 2010, total DTV satellite dishes sold in Thailand, Cambodia, and Laos reached a significant milestone of more than one million since launching the product in 2007. Presently, DTV-Thailand has more than 80 channels on its platform.



### Our Corporate Social Responsibility

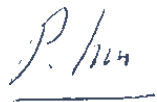
In 2010, through the Thai Kids Thaicom Project, the Company continues to demonstrate its serious commitment of social responsibility by providing DTV satellite dish with television sets to 759 schools across the country. Our goal of connecting 999 schools will be accomplished within 2011. By the end of 2010, the Company has also initiated a continued project to further develop schools to be a 'sustainable knowledge center'. It aims to enhance the school to provide good education as well as vocational skills and knowledge for the children and also the community. Last year, the Company has successfully encouraged staff to join the CSR program on a volunteer basis for the Thai Kids Thaicom Project, in which more than half of the total staff participated.

As a satellite communications operator, the Company also provided support when disasters occurred in Thailand. In 2010, the Company and staff donated necessities for the victims of the severe flooding at Nakhon Ratchasima province. In November, the Company also sent the engineering team with IPSTAR Mobile Vehicle to help rescue AIS' mobile network affected by the severe flooding in the South of Thailand.

### Celebrating 20<sup>th</sup> Anniversary in the Satellite Business and committed to a more successful future

On November 2011, the Company will be celebrating our 20<sup>th</sup> anniversary in the satellite communications business and we are very proud that we are able to take part in developing and shaping the satellite communications business in Thailand and the rest of the Asia-Pacific region for the last two decades. Over the years, THAICOM has gained a reputation as one of the most experienced and respected satellite operator in the region and we would like to sincerely thank our shareholders for your continued support and trust in our management and staff. The Board of Directors THAICOM Plc. is confident that the company's strategic direction in 2011 will enable the Company to gain a significant stake in the emerging market with continuing growth.

Finally, I would like to take this opportunity to thank our shareholders for your support, and the management team and all staff for their dedication and continued devotion to the Company for the benefit to shareholders and the company.



**Paron Israsena**

Chairman of the Board of Directors

## Report of the Audit Committee

Dear Shareholders of Thaicom Plc.

The Audit Committee was appointed by a resolution from the Board of Directors on April 9, 2009, was composed of three independent directors. Professor Hiran Radeesri was appointed as the chairman on April 9, 2009. Mrs. Charintorn Vongsbootorn was appointed as committee member on April 9, 2008. Associated Professor Samrieng Mekkiengkrai was appointed as committee member on April 9, 2009. Mr. Sivaraks Phinicharomna, the Vice President - Internal Auditing of the Company was the secretary to Audit Committee.

In 2010, the Audit Committee conducted 12 meetings to consider and provided opinions on the following issues.

1. Reviewed quarterly and yearly financial statements before proceeding to the Board of Directors to insure conformity with generally accepted accounting principles as well as disclosure properly of related parties and connected transactions including transactions that might have conflict of interests in nature. And, there was a meeting between Audit Committee and auditor without management attending, therefore; the Audit Committee could rest assure on independence and audit performance.
2. Reviewed internal control systems and followed up corrective actions through the 3 years risk base audit plan to cover all risks and all activities of the Company and found that management had taken actions in accordance with audit recommendations. Thus, the Audit Committee could assure that the company had sufficient internal control systems. In addition, the Audit Committee overviewed auditing activities to assure its performing in according with risk based audit plan and developing its activities on the continuous basis.
3. Reviewed the result of risk management from Risk Management Committee and it was confirmed that the process was sufficient and improved continuously.
4. Reviewed whether the Company had followed the best practices of corporate governance issued by the Stock Exchange of Thailand, and complied with other official rules and regulations.
5. Reviewed and provided opinions on connected transactions and those that might have conflict of interests with regarded to its correctness and adequate disclosure.

6. Reviewed auditor independence and recommended annual appointment as well as compensation.
7. Provide opinion on the Vice President of Internal Auditing regarding appointment, assignment and performance evaluation.
8. The Audit Committee had conducted self-evaluation on performance for the year 2010. They were satisfied with the result and reported it to the Board of Directors.

The Audit Committee had unlimited access to the company information. They could request advices and discussed matters with management, internal and external auditor and outside consultant without restriction. The Audit Committee had opinion that the financial statements were accurate and completed per principle of materiality in accordance with the generally accepted accounting principles and disclosed information adequately, the internal control systems of the company were sufficient with no significant weaknesses; the rules and regulations of security exchange commission and stock exchange of Thailand were properly complied as well as other related laws; connected transactions that might lead to conflict of interest were actual transactions carried out during a normal course of business, the consideration was done according to its appropriateness and to the most benefit of the company. Besides, the company had continuous development on the good corporate governance as well.

In 2010, the Audit Committee had satisfied with result of independent evaluation and appropriateness of the auditor. Therefore, recommended the Board of Directors to appoint Mr. Supot Singhasaneh, Certified Public Accountant No. 2826 or Mr. Winid Silamongkol, Certified Public Accountant No. 3378 or Ms. Somboon Supasiripinyo, Certified Public Accountant No. 3731 and Mr. Charoen Phosamritlert, Certified Public Accountant No. 4068 from KPMG Phoomchai Audit Co., Ltd., to be the company's auditors for another year. The appointment has been preceded to the shareholders' meeting for approval.

On behalf of the Audit Committee

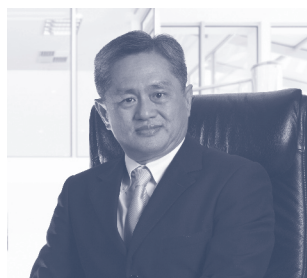


(Prof. Hiran Radeesri)  
Chairman of the Audit Committee  
9 February 2011

# Board of Directors



01	02	03	04
	05	06	07
	08		



01 MR.PARON ISRASENA

CHAIRMAN OF THE BOARD OF DIRECTORS

02 PROF. HIRAN RADEESRI

INDEPENDENT DIRECTOR AND CHAIRMAN  
OF THE AUDIT COMMITTEE

03 MRS.CHARINTORN VONGSPOOTORN

INDEPENDENT DIRECTOR AND MEMBER  
OF THE AUDIT COMMITTEE

04 ASSOC. PROF. SAMRIENG MEKKRIENGKRAI

INDEPENDENT DIRECTOR AND MEMBER  
OF THE AUDIT COMMITTEE

05 MR.SOMPRASONG BOONYACHAI

CHAIRMAN OF THE EXECUTIVE  
COMMITTEE - SATELLITE AND  
INTERNATIONAL BUSINESSES

06 MR.ARAK CHONLATANON

DIRECTOR

07 MR.YONG LUM SUNG

DIRECTOR

08 MR.ANEK PANA-APICHON

DIRECTOR



# Management Team



- |    |                            |                                     |
|----|----------------------------|-------------------------------------|
| 01 | MR.SOMPRASONG BOONYACHAI   | CHAIRMAN OF THE EXECUTIVE COMMITTEE |
| 02 | MR.ARAK CHONLATANON        | CHIEF EXECUTIVE OFFICER             |
| 03 | DR.NONGLUCK PHINAINITISART | PRESIDENT                           |
| 04 | MR.PAIBOON PANUWATTANAWONG | CHIEF TECHNICAL OFFICER             |



05 MR.YONGSIT ROJSRIVICHAIKUL

EXECUTIVE VICE PRESIDENT - MARKETING AND  
SALES - CHINA

06 MR.ATIP RITTAPORN

MANAGING DIRECTOR - INTERNATIONAL

07 MR.TANADIT CHAROENCHAN

CHIEF INVESTMENT OFFICER

08 MR.ANEK PANA-APICHON

ACTING CHIEF FINANCIAL OFFICER

# Profile of the Directors and Managements Team

(as of 16 February 2011)

01

Mr.Paron Israsena

Age - 83

## Chairman of the Board of Director

Percentage of Shareholding<sup>1)</sup> (25/1/2011)

None

Relationship with Management

None

## Highest Education

Master of Engineering (SM\_ME),  
Massachusetts Institute of Technology, USA.

## Governance Training (e.g. DCP and DAP of IOD)

- Role of The Compensation Committee 2006
- The Characteristics of Effective Directors 2006
- Improving the Quality of Financial Reporting 2006
- The Board's Role in setting Effective Compensation Policy
- DAP:Directors Accreditation Program Class 4/2003

## Experience

- 2006 - present     Director, Arsomsilp Institute of the Art
- 2004 - present     Director, The National Science and Technology Development Board
- 2004 - present     Chairman of the Audit Committee, The Thai Red Cross Society
- 2000 - present     Chairman, Shinawatra University Council
- 1996 - present     Director, Chiang Mai University Council
- 1996 - present     Director and Member of the Audit Committee, Padaeng Industry Plc.
- 1996 - present     Director and Chairman of the Audit Committee, Sammakorn Plc.
- 1995 - present     Chairman of the Board of Directors, Thaicom Plc.
- 1990 - present     Honorary Council member of Chulalongkorn University
- 1986 - 1989        Chairman, The Federation of Thai Industries
- 1996 - 2002        Director, Shin Corporation Plc.
- 1993 - 2006        Chairman of the Board of Directors, Seamico Securities Plc.
- 1992 - 1996        Chairman, Committee on Economic and Industry of the Senate
- 1985 - 1995        President and Chief Executive Officer, The Siam Cement Plc.
- 1969 - 1975        Director and Member of the Audit Committee, The Siam Cement Plc.

## Illegal Record in past 10 years

None

\* Includes holding by spouse and minor children

## 02

Professor Hiran Radeesri

Age - 81

**Independent Director and Chairman of the Audit Committee**Percentage of Shareholding<sup>1)</sup> (25/1/2011)

None

Relationship with Management

None

**Highest Education**

Honorary Doctorate Degree in Accounting,  
Thammasat University

**Governance Training (e.g. DCP and DAP of IOD)**

DCP: Directors Certification Program Class 2000

**Experience**

- Present** Independent Director and Chairman of the Audit Committee, Easy Buy Plc.  
Independent Director and Chairman of the Audit Committee, Navakit Insurance Plc.  
Independent Director and Chairman of the Audit Committee, Thaicom Plc.  
Independent Director and Chairman of the Audit Committee, Dusit Thani Plc.  
Chairman-Thai Institute of Directors Association  
Chairman-Corporate Governance Centre, The Stock Exchange of Thailand  
Chairman - Tax Auditor Examination Committee, Revenue Department  
Qualified Member University Council, Thammasat University  
Director, Accounting Profession Supervision Council, Ministry of Commerce  
Director, The directors' pool, Ministry of Finance
- Past** Chairman, Price Waterhouse Co., Ltd.  
Member, the Board of Directors of The Stock Exchange of Thailand  
Chairman of the Audit Committee, The Stock Exchange of Thailand  
Director, Thailand Securities Depository Co., Ltd.  
Governor, State Railway of Thailand  
Chairman of the Board of Directors, Mass Rapid Transit Authority of Thailand  
Qualified Member, Accounting Profession Supervision Council

**Illegal Record in past 10 years**

None

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\* Includes holding by spouse and minor children



03

Mrs.Charintorn Vongspootorn

Age - 64

Independent Director and Member of the Audit Committee

Percentage of Shareholding<sup>1)</sup> (25/1/2011) None

Relationship with Management None

Highest Education

Master of Business Administration,  
Creighton University, U.S.A.

Governance Training (e.g. DCP and DAP of IOD)

- MIA: Monitoring the Internal Audit Function 2/2008
- MFR: Monitoring the Quality of Financial Reporting 5/2007
- MIR: Monitoring the System of Internal Control and Risk Management 2/2007
- DCP: Refresher Class 1/2005
- ACP: Audit Committee Program Class 1/2004
- DCP: Directors Certification Program Class 8/2001

Experience

- 2009 - Present Advisor of Chief Executive Officer, KT ZMICO Securities Company Limited
- 2008 - Present Advisor of the Board, Seamico Asset Management Company Limited
- 1999 - Present Independent Director and Member of the Audit Committee, Thaicom Plc.
- 2001 - 2002 Independent Director and Member of the Audit Committee, Advanced Info Service Plc.
- 1999 Director, Thai Equity Fund  
Senior Executive Vice President, MFC

Illegal Record in past 10 years

None

\* Includes holding by spouse and minor children

## 04

Assoc.Prof.Samrieng Mekkiengkrai

Age -57

Independent Director and Member of the Audit Committee

Percentage of Shareholding<sup>1)</sup> (25/1/2011)

None

Relationship with Management

None

**Highest Education**

LL.M. form University of Miami, U.S.A.

Thai Bar for Thai Bar Council.

**Governance Training (e.g. DCP and DAP of IOD)**

DCP: Directors Certification Program 96/2007

ACP: Audit Committee Program 20/2007

**Experience**

2007 - Present	Director, Independent Director and Member of Audit Committee, Thaicom Plc.
1990 - Present	Researcher of Law and Organization, Chulalongkorn University.
1975 - Present	Associated Professor Level 9, Faculty of Law, Chulalongkorn University.
1989 - 1992	Legal Advisor, Boonchoo, VIP-Ava & Glickman Lawyers Ltd.
1988 - 1989	Legal Advisor, Siam Legal & Business Consultant Offices Ltd.
1986 - 1988	Legal Advisor, Montri & Associates Law Offices Ltd.
1984 - 1986	Legal Advisor, Natee International Law Offices Ltd.
1979 - 1984	Legal Advisor, Ruam Siam Law Offices Ltd.
1975 - 1977	Assistant Legal Advisor, Fairmont State Ltd.
1973 - 1975	Lawyer, Somsak Wiriyabutr Law Offices Ltd.

**Illegal Record in past 10 years**

None

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\* Includes holding by spouse and minor children

05

Mr.Somprasong Boonyachai<sup>2)</sup>

Age - 55

Director and Chairman of the Executive Committee

Percentage of Shareholding<sup>1)</sup> (25/1/2011)0.0000%

Relationship with ManagementNone

Highest Education

Master of Engineering,  
Asian Institute of Technology (AIT)

Governance Training (e.g. DCP and DAP of IOD)

DCP: Directors Certification Program Class 65/2005  
DAP: Directors Accreditation Program Class 30/2004  
RCP : Role of the Chairman Program Class 21/2009

Experience

2009 - presentChairman of the Executive Committee, THAICOM Plc.  
2007 - presentDirector and Chairman of the Group Executive Committee,  
Shin Corporation Plc.  
2008 - presentVice Chairman, Advanced Info Service Plc.  
Chairman of the Executive Committee, Shin Corporation Plc.  
2007 - presentDirector, Shin Corporation Plc.  
2007 - presentDirector and Chairman of the Executive Committee,  
Shin Corporation Plc.  
2006 - presentDirector, Thaicom Plc.  
2004 - PresentDirector, Praram 9 Hospital Co., Ltd.  
2002 - PresentIndependent Director, Power Line Engineering Plc.  
1999 - PresentDirector - Advanced Info Service Plc.

Illegal Record in past 10 years

None

<sup>1)</sup> Includes holding by spouse and minor children  
<sup>2)</sup> Authorized Director



## 06

**Mr.YONG Lum Sung****Age - 61****Director and Member of the Executive Committee****Percentage of Shareholding<sup>1)</sup> (25/1/2011)****None****Relationship with Management****None****Highest Education**

Master in Electrical Engineering, University of Singapore Graduate  
Diploma, Accounting and Finance, Chartered Association of Certified  
Accountants, UK  
Advanced Management Programme, Harvard Business School, USA

**Governance Training (e.g. DCP and DAP of IOD)**

DAP: Directors Accreditation Program Class 74/2008

**Experience**

2010 - present	Director, Tera-Barrier Films Pte Ltd
2010 - present	Executive Committee Member, U Mobile Sdn Bhd
2009 - present	Director, Singex TEDA International Pte Ltd
2009 - present	Director, Muvee Technologies Pte Ltd
2009 - present	Consultant, Exploit Technologies Pte Ltd
2008 - present	Director and Executive Committee Member, THAICOM Plc
2008 - present	Corporate Advisor, Temasek Holdings Ltd
2007 - present	Director, Singex Global (ME) Pte Ltd
2007 - present	Director, Tianjin Binhai Convention & Exhibition Ptd Ltd
2007 - present	Director, Golden Donuts Pte Ltd
2007 - present	Director & Audit Committee Member, Singapore Cruise Centre Pte Ltd
2007 - present	Director & Audit Committee Member, Singex Venues Pte Ltd
2007 - present	Director & Audit Committee Member, Singex Exhibiton Ventures Pte Ltd
2007 - present	Director & Audit Committee Member, Singex Exhibitions Pte
2002 - 2006	Chief Operations Officer, StarHub Ltd
1998 - 2002	President, StarHub Cable Vision Ltd (formerly Singapore Cable Vision Ltd)
1997 - 1998	General Manager, ST SunPage Pte Ltd
1995 - 1998	General Manager, ST Mobile Data Pte Ltd

**Illegal Record in past 10 years**

None

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<sup>1)</sup> Includes holding by spouse and minor children

07

Mr.Arak Chonlatanon <sup>3)</sup>		Age - 60
Director, Member of the Executive Committee and Chief Executive Officer		
Percentage of Shareholding <sup>1)</sup> (25/1/2011)	0.0045%	
Relationship with Management	None	

Highest Education

Bachelor Degree in Electrical Engineering,  
Chulalongkorn University

Governance Training (e.g. DCP and DAP of IOD)

DCP: Directors Certification Program Class 106/2008

Experience

- 2009 - Present

Member of the Executive Committee, Advanced Info Service PLC  
Director, Member of the Executive Committee and Chief Executive Officer, THAICOM Plc  
Director and Chairman of the Executive Committee, CS Loxinfo Plc.
- 2007 - Present

Director, Member of the Executive Committee and" Chairman of the Executive Committee-Media&New Business, Shin Corporation PLC.  
Director, Matchbox Co.,Ltd.  
Director, I.T. Applications and Services Co.,Ltd.
- 1998 - Present

Member of the Executive Committee, Shin Corporation PLC

Illegal Record in past 10 years

None

<sup>1)</sup> Includes holding by spouse and minor children  
<sup>3)</sup> Authorized Director

## 08

Mr.Anek Pana-apichon

Age - 45

**Director and Member of the Executive Committee**Percentage of Shareholding<sup>1)</sup> (25/1/2011)

None

Relationship with Management

None

**Highest Education**

Master of Business Administration,  
Chulalongkorn University

**Governance Training (e.g. DCP and DAP of IOD)**

DCP: Directors Certification Program Class 111/2008

**Experience**

Feb.2011 - present	Acting Chief Financial Officer, Thaicom Plc.
2010 - present	Executive Vice President-Finance and Accounting, Shin Corporation PLC
2010 - present	Director and Member of the Executive Committee, THAICOM Plc
2004 - 2010	Vice President-Finance and Accounting, Shin Corporation PLC

**Illegal Record in past 10 years**

None

<sup>1)</sup> Includes holding by spouse and minor children



09

Dr.Nongluck Phinainitisart Age - 51

President and Member of the Executive Committee

Percentage of Shareholding<sup>1)</sup> (25/1/2011) 0.0062%

Relationship with Management None

Highest Education

Doctorate Degree in Electrical Engineering,  
Chulalongkorn University

Governance Training (e.g. DCP and DAP of IOD)

DCP: Directors Certification Program Class 71/2006  
DAP: Directors Accreditation Program Class 4/2003

Experience

- 2009 - present Independent Director, Khon Kaen Sugar Industry Plc.
- 2007 - Present Member of the Executive Committee, Thaicom Plc.
- 2006 - Present President, Asia-Pacific Satellite Communications Council (APSCC)
- 2007 - 2008 Director, Thaicom Plc.
- 2000 - Present President, Thaicom Plc.
- 2000 - 2006 Member of the Executive Committee, Thaicom Plc.
- 1995 - 2006 Director, Thaicom Plc.
- 1999 - 2000 Executive Vice President, Thaicom Plc.
- 1995 - 1998 Vice President, Thaicom Plc.
- 1991 - 1995 General Manager, Thaicom Plc.
- 1982 - 1991 Telecommunications Engineer Planning, Post and Telegraph Department
- 1986 - 1987 Telecommunication Engineer, Operations Division, International Telecommunication Satellite Organization ("INTELSAT"), Washington D.C., U.S.A.

Illegal Record in past 10 years

None

<sup>1)</sup> Includes holding by spouse and minor children

10

**Mr.Paiboon Panuwattanawong****Age - 50****Chief Technical Officer**Percentage of Shareholding<sup>1)</sup> (25/1/2011)

None

Relationship with Management

None

**Highest Education**

Master of Engineering,  
Carnegie Mellon University, Pittsburgh, U.S.A.

**Governance Training (e.g. DCP and DAP of IOD)**

DCP: Director Certification Program 2009

**Experience**

2004 - Present	Chief Technical Officer, Thaicom Plc.
2000 - 2004	Vice President-Advanced Satellite Systems, Thaicom Plc.
2000 - 2000	Vice President-Product Engineering, Thaicom Plc.
1997 - 2000	Assistant Vice President-Product Engineering, Thaicom Plc.
1996 - 1996	Senior Manager, Thaicom Plc.
1995 - 1996	General Manager, Thaicom Plc.

**Illegal Record in past 10 years**

None

<sup>1)</sup> Includes holding by spouse and minor children

11

Mr.Yongsit Rojsrivichaikul Age - 47

<b>Executive Vice President of Marketing &amp; Sales - China</b>	
Percentage of Shareholding <sup>1)</sup> (25/1/2011)	None
Relationship with Management	None

Highest Education

Master of Business Administration,  
California State University, U.S.A.

Governance Training (e.g. DCP and DAP of IOD)

R-CDC: Charter Directors Class 3/2008  
DCP: Directors Certification Program Class 89/2007  
Directors Diploma Examination Class 22/2007

Experience

2007 - Present	Director and Member of the Executive Committee, CS LoxInfo Plc.
2007 - Present	Member of the Electronic Transaction Committee, Ministry of Information and Communication Technology
2004 - Present	Executive Vice President of Marketing & Sales - China, Thaicom Plc.
1991 - 2004	Vice President – Marketing, Thaicom Plc. Vice President – Marketing & Sales, Thaicom Plc. Vice President – International Sales, Thaicom Plc. Assistant Vice President - Marketing & Sales,Thaicom Plc. Assistant Vice President - International Sales,Thaicom Plc. Marketing & Sales - Manager,Thaicom Plc. Business Development - Manager, Shin Corporation Plc.

Illegal Record in past 10 years

None

<sup>1)</sup> Includes holding by spouse and minor children

12

Mr.Tanadit Charoenchan

Age - 44

**Chief Investment Officer**Percentage of Shareholding<sup>1)</sup> (25/1/2011)

None

Relationship with Management

None

**Highest Education**

Master of Business Administration,  
Sloan School of Management, Massachusetts  
Institute of Technology  
Master of Science (Computer),  
Chulalongkorn University

**Governance Training (e.g. DCP and DAP of IOD)**

DCP: Directors Certification Program Class 110/2008

DAP: Directors Accreditation Program Class 66/2007

**Experience**

Feb.2011 - Present	Chief Investment Officer, Thaicom Plc.
2008 - Feb.2011	Chief Financial Officer, Thaicom Plc.
2007 - Present	Director and Member of the Executive Committee, CS LoxInfo Plc.
2004 - 2008	Acting General Manager, DTV Service Co., Ltd.
2002 - 2008	Vice President – Finance and Accounting, Thaicom Plc.
2000 – 2001	Assistant Vice President – Finance and Accounting, Thaicom Plc.
1995 – 1999	Department Manager-Finance and Accounting, Thaicom Plc.
1992 – 1995	Accounting Manager, IBC Plc.
1989 – 1992	Senior Auditor, SGV Na - Thalang & Co., Ltd.

**Illegal Record in past 10 years**

None

<sup>1)</sup> Includes holding by spouse and minor children

# Information of Directors and Managements of Major shareholder, Subsidiaries, Associated and Related Companies

Company Name / Director and Management Team	Company	Holding Company	Subsidiaries														Associated Companies					
	THCOM	SHIN	DTV	SHEN	IPSTAR	STAR	SPACE	IPI	IPG	MFONE	IPA	IPN	NTU	CDN	CSL	TMC	ADV	HUNSA	WATTA	LTC		
1. Mr.Paron Israsena	X	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2. Professor Hiran Radeesri	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
3. Mrs.Charintorn Vongspootorn	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
4. Assoc.Prof.Samrieng Mekkiengkrai	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
5. Mr.Somprasong Boonyachai	/, //	/, //	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
6. Mr.Yong Lum Sung	/, //	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
7. Mr.Arak Chonlatanon	/, //	/, //	x	x, //	/	/	-	/	/	x	-	-	/	-	/, //	x, //	-	-	-	-		
8. Mr.Anek Pana-apichon <sup>1)</sup>	/, //	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
9. Dr.Nongluck Phinainitsart	//	-	/	-	-	-	-	/	-	-	-	-	-	-	-	-	-	-	-	-		
10. Mr.Paiboon Panuwattanawong	-	-	/	-	/	/	/	/	/	-	/	/	-	-	-	-	-	-	-	-		
11. Mr.Yongsit Rojsrivichaikul	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/, //	/, //	-	-	-	-		
12. Mr.Tanadit Charoenchai	-	-	/	/, //	/	/	/	/	/	/	/	/	/	/	/, //	/, //	-	-	-	/		

X = Chairman      / = Director      // = Member of the Executive Committee

Note      1) Appointed as a director on April 7, 2010.

Company Name:	ACC	Advanced Contact Center Company Limited	BMB	Bridge Mobile Pte. Ltd.
	ADC	Advanced Datanetwork Communications Company Limited	CDN	Cambodian DTV Network Limited
	ADV	AD Venture Public Company Limited	CLH	Clearing House for Number Portability Company Limited
	ADVANC	Advanced Info Service Public Company Limited	CSL	CS LoxInfo Public Company Limited
	AIN	AIN GlobalComm Company Limited	DPC	Digital Phone Company Limited
	AIR	Advanced Internet Revolution Company Limited	DTV	DTV Service Company Limited
	AM	Artware Media Company Limited	FL	Fax Lite Company Limited
	AMB	Advanced Mobile Broadband Company Limited	HUNSA	Hunsa Dot Com Company Limited
	AMC	Advanced Magic Card Company Limited	IPA	IPSTAR Australia Pty Limited
	AMP	Advanced MPay Company Limited	IPG	IPSTAR Global Services Limited
	AWN	Advanced Wireless Network Company Limited	IPI	IPSTAR International Pte Limited



## Related Companies

	ITAS	ITV	AM	MB	ADVANC	ADC	DPC	ACC	AMP	AMC	AWN	SBN	AIN	WDS	AIR	AMB	BMB	CLH	FL	MBB	MMT
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

IPN IPSTAR New Zealand Limited

IPSTAR IPSTAR Company Limited

ITAS I.T. Applications and Services Company Limited

ITV ITV Public Company Limited

LTC Lao Telecommunications Company Limited

MB Matchbox Company Limited

MBB Mobile Broadband Business Company Limited

MFOONE Mfone Company Limited

MMT MIMO Tech Company Limited

NTU NTU (Thailand) Company Limited

SBN Super Broadband Network Company Limited

SHEN Shenington Investments Pte Limited

SHIN Shin Corporation Public Company Limited

SPACE Spacecode LLC

STAR Star Nucleus Company Limited

THCOM Thaicom Public Company Limited

TMC Teleinfo Media Public Company Limited

WATTA Watta Classifieds Company Limited

WDS Wireless Device Supply Company Limited

## Directors’ Shareholding in the Company and its Subsidiaries of the Year 2010

Directors		Position
Mr.Paron	Israsena	Chairman of the Board of Directors
Prof.Hiran	Radeesri	Independent Director and Chairman of the Audit Committee
Mrs.Charintorn	Vongspootorn	Independent Director and Member of the Audit Committee
Assoc.Prof.Samrieng	Mekkriengkrai	Independent Director and Member of the Audit Committee
Mr.Arak	Chonlatanon	Director
Mr.Somprasong	Boonyachai	Director
Mr.Yong Lum Sung		Director
Mr.Anek	Pana-apichon <sup>1)</sup>	Director

**Note**            1)    Became a director in substitution of Ms. Nidchanun Santhavesuk, as of April 7, 2010.

THAICOM Plc.		DTV Service Co., Ltd.		Shenington Investments Pte Ltd.		IPSTAR Co., Ltd.	
Ordinary Shares		Ordinary Shares		Ordinary Shares		Ordinary Shares	
2010	2009	2010	2009	2010	2009	2010	2009
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
50,000	50,000	2	2	-	-	-	-
200	200	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-

Directors’ Shareholding in the Company and its Subsidiaries of the Year 2010

Directors		Position
Mr.Paron	Israsena	Chairman of the Board of Directors
Prof.Hiran	Radeesri	Independent Director and Chairman of the Audit Committee
Mrs.Charintorn	Vongspootorn	Independent Director and Member of the Audit Committee
Assoc.Prof.Samrieng	Mekkriengkrai	Independent Director and Member of the Audit Committee
Mr.Arak	Chonlatanon	Director
Mr.Somprasong	Boonyachai	Director
Mr.Yong Lum Sung		Director
Mr.Anek	Pana-apichon <sup>1)</sup>	Director

**Note**            1)    Became a director in substitution of Ms. Nidchanun Santhavesuk, as of April 7, 2010.

[illegible]



Directors’ Shareholding in the Company and its Subsidiaries of the Year 2010

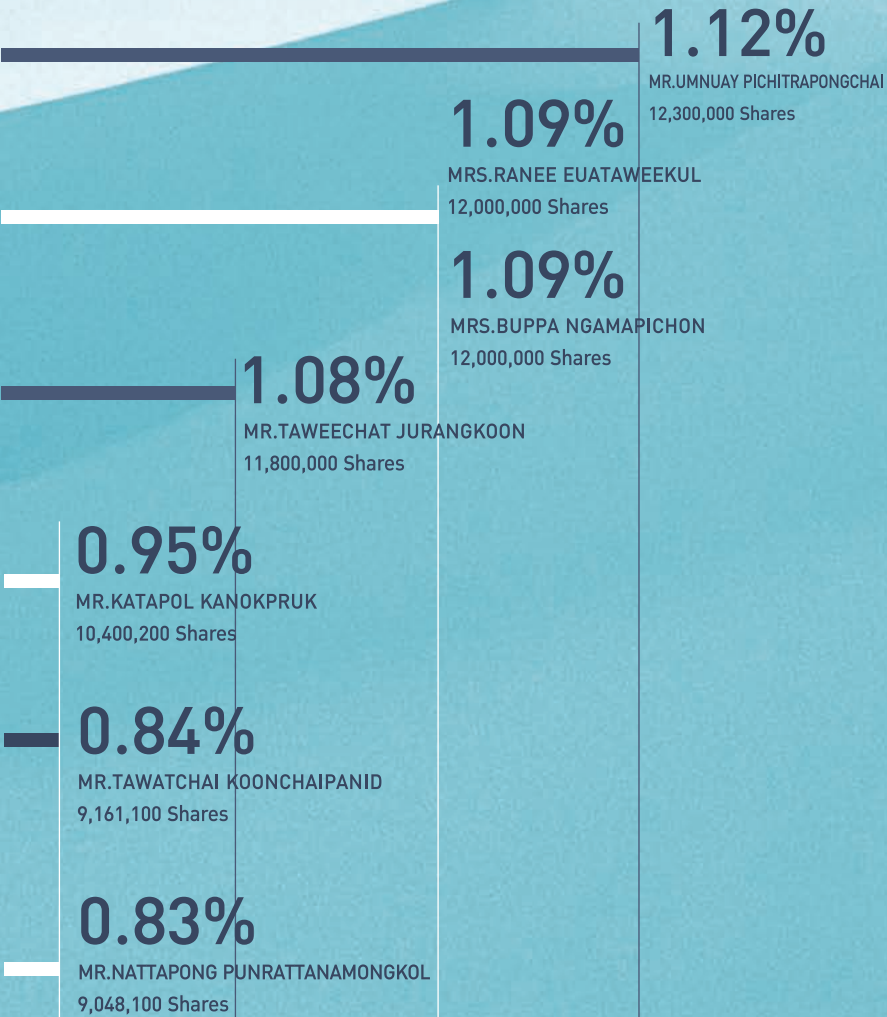
Directors		Position
Mr.Paron	Israsena	Chairman of the Board of Directors
Prof.Hiran	Radeesri	Independent Director and Chairman of the Audit Committee
Mrs.Charintorn	Vongspootorn	Independent Director and Member of the Audit Committee
Assoc.Prof.Samrieng	Mekkriengkrai	Independent Director and Member of the Audit Committee
Mr.Arak	Chonlatanon	Director
Mr.Somprasong	Boonyachai	Director
Mr.Yong Lum Sung		Director
Mr.Anek	Pana-apichon <sup>1)</sup>	Director

**Note**            1)    Became a director in substitution of Ms. Nidchanun Santhavesuk, as of April 7, 2010.

[illegible]

# Major Shareholders : List of the First Top Ten

As of 5 January 2011



**41.14%**SHIN CORPORATION PUBLIC COMPANY LIMITED  
450,870,934 Shares**3.52%**THAI NVDR COMPANY LIMITED  
38,578,133 Shares**2.13%**MR.SIRISAK SONSOPHON  
23,400,000 Shares

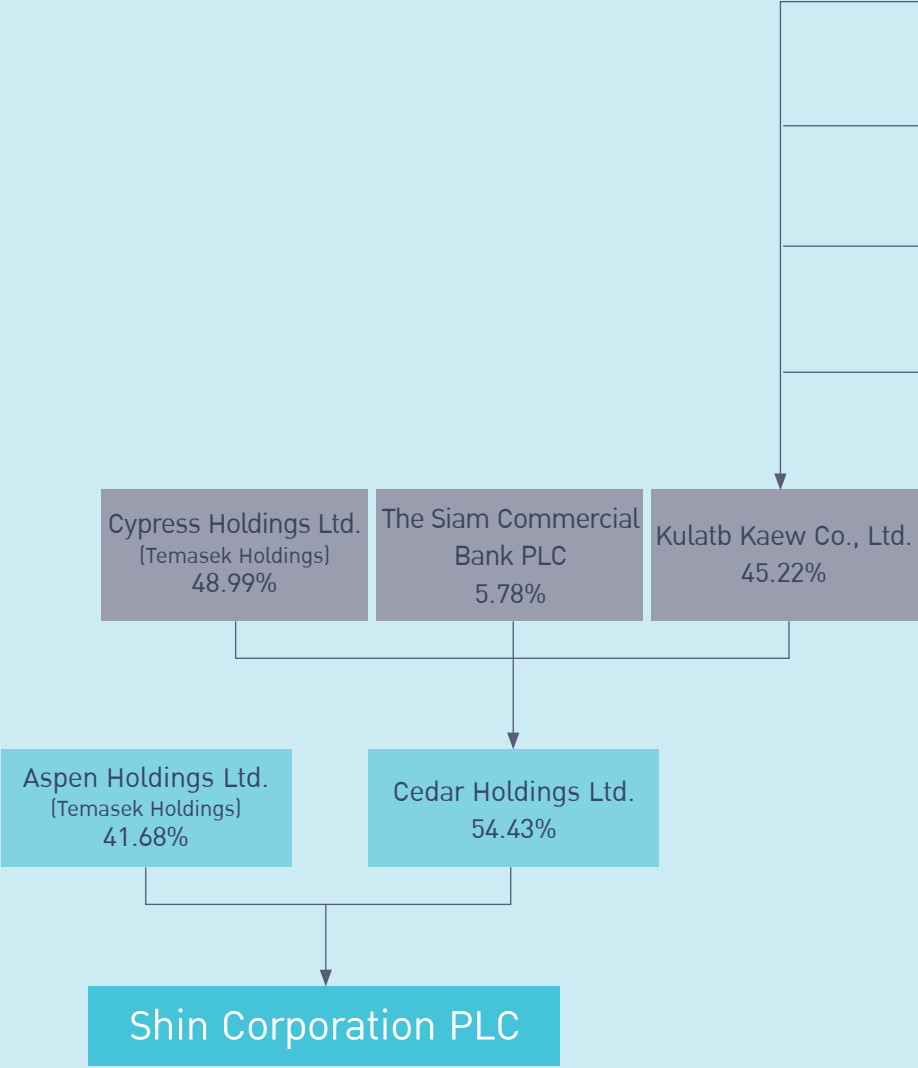
Total 589,558,467 Shares

**53.79%**

The major shareholders whose behaviors have a significant influence on the operational policies or management of the company.

THAICOM Public Company Limited held by Shin Corporation Public Company Limited in the amount of 450,870,934 shares, or 41.14 percent of the paid-up capital.

The shareholding structure of Shin Corporation Public Company Limited is as follows:





Mr.Surin Upatkoon  
68.00%

Cypress Holdings Ltd.  
(Temasek Holdings)  
29.90%

Mr.Pong Sarasin  
1.27%

Mr.Suphadej Poonpipat  
0.82%

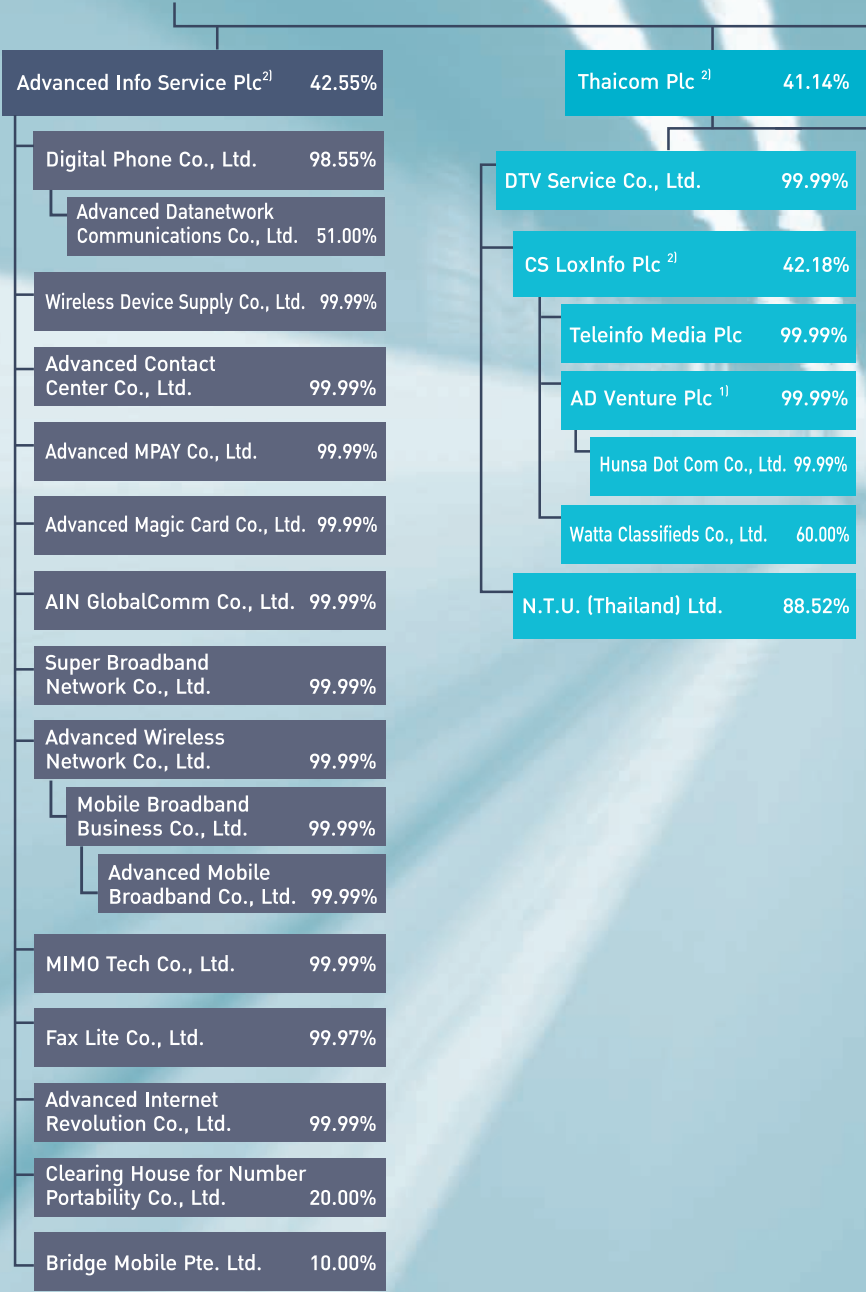


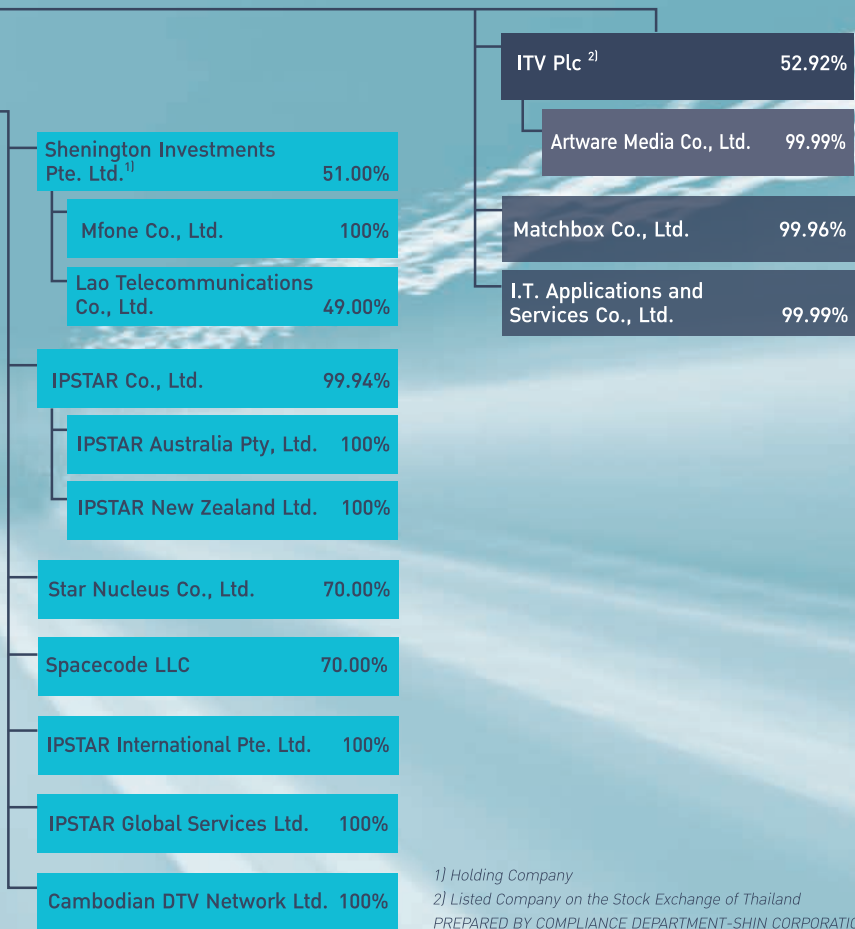
*As of January 12, 2011*

# Invesment Structure of Shin Corporation Group

(As of January 5, 2011)

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





1) Holding Company

2) Listed Company on the Stock Exchange of Thailand

PREPARED BY COMPLIANCE DEPARTMENT-SHIN CORPORATION PLC

# General Information of the Company Subsidiaries and Associate Companies

## Thaicom Public Company Limited

Head Office	414 Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400
Branch 1	41/103 Rattanathibet Road, Muang, Nonthaburi 11000
Telephone	(662) 591 0736 to 49, (662) 596 5060
Fax	(662) 591 0705
Branch 2	50 Moo 1, Bor-ngern, Ladlumkaew, Pathumthani 12140
Telephone	(662) 599 3000
Fax	(662) 599 3000 Ext.712
Website	www.thaicom.net
Type of Business	Telecommunications business (Offering satellite transponder leasing and related services, telephone services, Internet and media services, and publishing telephone directories and print classified directories services)
Registered Capital	1,132,082,300 Shares
Par Value	5 Baht
Paid Up Capital	5,479,687,700 Baht

## DTV Service Company Limited (“DTV”)

Head Office	414 Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400
Branch 1	50 Moo 1, Bor-ngern, Ladlumkaew, Pathumthani 12140
Telephone	(662) 950 5005
Website	www.dtvservice.net
Type of Business	Providing meeting center via internet and broadband content services and sale of direct television equipments
Registered Capital	39,879,147 shares
Par Value	10 Baht
Paid Up Capital	398,791,470 Baht
% of Investment	99.99%

### Shenington Investments Pte. Limited (“SHEN”)

<b>Head Office</b>	8 Marina Boulevard #05-02, Marina Bay Financial Centre, Singapore 018981.
<b>Telephone</b>	(65) 6338 1888
<b>Fax</b>	(65) 337 5100
<b>Telex:</b>	RS20852
	ABOSIN Cable: ABOGADO
<b>Type of Business</b>	Holding company for investment in international telecommunications
<b>Registered Capital</b>	15,000,000 Shares
<b>Par Value</b>	1 SGD
<b>Paid Up Capital</b>	14,660,000 SGD
<b>% of Investment</b>	51%

### Mfone Co., Ltd. (“Mfone”) <sup>1)</sup>

<b>Head Office</b>	Lot No.721, Monivong Blvd, Sangkat Boeung Keng Kang 3, Chamkarmorn, Phnom Penh.
<b>Telephone</b>	023 303 333
<b>Fax</b>	023 361 111
<b>Website</b>	www.mfone.com.kh
<b>Type of Business</b>	Providing fixed line, mobile phone and internet services
<b>Registered Capital</b>	24,000,000 Shares
<b>Par Value</b>	1 USD
<b>Paid Up Capital</b>	24,000,000 USD
<b>% of Investment</b>	100% by SHEN

### Lao Telecommunications Company Limited (“LTC”) <sup>1)</sup>

<b>Head Office</b>	Lanexang Avenue 0100, Vientiane, Lao People’s Democratic Republic
<b>Telephone</b>	(856) 21 216 465-6
<b>Fax</b>	(856) 21 219 690
<b>Type of Business</b>	Providing fixed line, mobile phone, public phone, public international facilities and internet services
<b>Registered Capital</b>	96,840,000 Shares
<b>Par Value</b>	1 USD
<b>Paid Up Capital</b>	96,840,000 USD
<b>% of Investment</b>	49.00% by SHEN



### Cambodian DTV Network Limited (“CDN”)

<b>Head Office</b>	#A-09, St. 271, Sangkat Tumnub Toeuk, Khan Chamka Morn, Phnom Penh.
<b>Telephone</b>	023-305 990
<b>Website</b>	www.cdn.com.kh
<b>Type of Business</b>	Sale of direct television equipment
<b>Registered Capital</b>	1,000 Shares
<b>Par Value</b>	2,400,000 Riels
<b>Paid Up Capital</b>	2,400,000,000 Riels { = 600,000 USD : Rate 4,000 Riels/USD}
<b>% of Investment</b>	100%

### IPSTAR Company Limited (“IPSTAR”)

<b>Head Office</b>	Trident Chambers, P.O. Bo x 146, Road Town, Tortola, British Virgin Islands
<b>Type of Business</b>	Providing Thaicom 4 transponder services
<b>Registered Capital</b>	200 Million Shares
<b>Par Value</b>	0.01 USD
<b>Paid Up Capital</b>	2 MUSD
<b>% of Investment</b>	99.94%

### IPSTAR Australia Pty Limited<sup>21</sup>

<b>Head Office</b>	Bldg A, L3, Suite 3.1, 64 Talavera Road, North Ryde, NSW 2113, AUSTRALIA
<b>Type of Business</b>	Sale of user terminal of Thaicom 4 and providing Thaicom 4 transponder services in Australia
<b>Registered Capital</b>	6,950,000 Shares
<b>Par Value</b>	1 AUD
<b>Paid Up Capital</b>	6,950,000 AUD
<b>% of Investment</b>	100% by IPSTAR

### IPSTAR New Zealand Limited <sup>2)</sup>

<b>Head Office</b>	13/22-24 Caloola Road, Wentworthville NSW 2145, New Zealand
<b>Type of Business</b>	Sale of user terminal of Thaicom 4 and providing Thaicom 4 transponder services in New Zealand
<b>Registered Capital</b>	8,510,000 Shares
<b>Par Value</b>	1 NZD
<b>Paid Up Capital</b>	8,510,000 NZD
<b>% of Investment</b>	100% by IPSTAR

### Star Nucleus Company Limited ("STAR")

<b>Head Office</b>	Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands
<b>Type of Business</b>	Providing broadband technological services via Thaicom 4 satellite
<b>Registered Capital</b>	50,000 Million Shares
<b>Par Value</b>	1 USD
<b>Paid Up Capital</b>	10 USD
<b>% of Investment</b>	70.00%

### Spacecode LLC ("SPACE")

<b>Head Office</b>	8695 Zumwalt Road, Monmouth, OR 97365 U.S.A.
<b>Type of Business</b>	Providing engineering and development services, technology and electronics
<b>Registered Capital</b>	-
<b>Par Value</b>	-
<b>Paid Up Capital</b>	4.29 MUSD
<b>% of Investment</b>	70.00%

IPSTAR International Pte Limited

Head Office	8 Marina Boulevard #05-02, Marina Bay Financial Centre, Singapore 018981.
Telephone	(65) 6338 1888
Fax	(65) 337 5100
Telex:	RS20852 ABOSIN Cable: ABOGADO
Type of Business	Providing Thaicom 4 transponder services
Registered Capital	100,000 Shares
Par Value	1 SGD
Paid Up Capital	20,000 SGD
% of Investment	100%

IPSTAR Global Services Limited

Head Office	Intercontinental Trust Limited Suite 802, St. James Court, St. Denis Street, Port Louis, Mauritius
Telephone	(230) 213 9800
Fax	(230) 210 9168
Type of Business	Providing Thaicom 4 transponder service Registered Capital 20,000 Shares
Par Value	1 USD
Paid Up Capital	20,000 USD
% of Investment	100%

### CS LoxInfo Public Company Limited (“CSL”) <sup>3)</sup>

<b>Head Office</b>	414 Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400 Branch 1: 90 CyberWorld Tower A, 17 <sup>th</sup> - 20 <sup>th</sup> Floor, Ratchadapisek Road, Huai Khwang, Huai Khwang, Bangkok, 10310
<b>Telephone</b>	0 2263 8000
<b>Fax</b>	0 2263 8132
<b>Website</b>	www.csloxinfo.com
<b>Type of Business</b>	Internet data center services, Internet access and satellite uplink-downlink Service for domestic and international communications
<b>Registered Capital</b>	619,914,436 shares
<b>Par Value</b>	0.25 Baht
<b>Paid Up Capital</b>	148,185,918.75 Baht
<b>% of Investment</b>	42.19% by DTV

### Teleinfo Media Public Company Limited (“TMC”) <sup>4)</sup>

<b>Head Office</b>	414 Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400
<b>Branch 1</b>	2028 Rim-Tang-Rot-Fai Sai Paknum Road, Phakhanong, Klongtoey, Bangkok
<b>Branch 2</b>	25 <sup>th</sup> - 28 <sup>th</sup> Floor, Vanit Bldg. 2, 1126/2 New Phetchaburi Road, Makkasan, Ratchathewi, Bangkok 10400
<b>Telephone</b>	0 2262 8888
<b>Fax</b>	0 2262 8899
<b>Website</b>	www.teleinformedia.net
<b>Type of Business</b>	Publishing telephone directories and advertising
<b>Registered Capital</b>	17,353,400 shares
<b>Par Value</b>	10 Baht
<b>Paid Up Capital</b>	173,534,000 Baht
<b>% of Investment</b>	100% by CSL

**AD Venture Public Company Limited (“ADV”) <sup>4)</sup>**

<b>Head Office</b>	414 Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400
<b>Branch 1</b>	273 Soi Sang U-thai, 50 Sukkhumvit Road, Phakhanong, Klongtoey, Bangkok
<b>Branch 2</b>	25 <sup>th</sup> - 28 <sup>th</sup> Floor, Vanit Bldg. 2, 1126/2 New Phetchaburi Road, Makkasan, Ratchathewi, Bangkok 10400
<b>Telephone</b>	0 2262 8888
<b>Fax</b>	0 2262 8899
<b>Website</b>	www.teleinfomedia.net
<b>Type of Business</b>	Provider of mobile contents, community portal services, and other internet-related businesses
<b>Registered Capital</b>	1,074,813 shares
<b>Par Value</b>	10 Baht
<b>Paid Up Capital</b>	10,748,130 Baht
<b>% of Investment</b>	100% by CSL

**Shineedotcom Company Limited (“SHINEE”) <sup>5)</sup>**

On October 28, 2010, Shineedotcom Company Limited [SHINEE] had registered its liquidation with the MOC, and the process of liquidation had been completed on January 5, 2011.

<b>Head Office</b>	414 Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400
<b>Branch 1</b>	Room 2101, 21 <sup>st</sup> Floor, 1126/2 Vanit Bldg. 2, New Phetchaburi Road, Makkasan, Ratchathewi, Bangkok 10400
<b>Telephone</b>	0 2262 8888
<b>Fax</b>	0 2262 8899
<b>Registered Capital</b>	4,260,800 shares
<b>Par Value</b>	10 Baht
<b>Paid Up Capital</b>	42,608,000 Baht
<b>% of Investment</b>	100% by ADV

### Hunsadotcom Company Limited (“HUNSA”) <sup>5)</sup>

<b>Head Office</b>	414 Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400
<b>Branch 1</b>	Room 2101, 21 <sup>st</sup> Floor, 1126/2 Vanit Bldg. 2, New Phetchaburi Road, Makkasan, Ratchathewi, Bangkok 10400
<b>Telephone</b>	0 2262 8888
<b>Fax</b>	0 2262 8899
<b>Website</b>	www.hunsa.com
<b>Type of Business</b>	Provider of mobile contents, community portal services, and other internet - related businesses
<b>Registered Capital</b>	800,000 shares
<b>Par Value</b>	10 Baht
<b>Paid Up Capital</b>	8,000,000 Baht
<b>% of Investment</b>	100% by ADV

### Watta Classifieds Company Limited (“WATTA”) <sup>4)</sup>

<b>Head Office</b>	71/130 Borommaratchachonnani Road, Arun-amarin, Bangkoknoi, Bangkok 10700
<b>Branch 1</b>	71/136 Borommaratchachonnani Road, Arun-amarin, Bangkoknoi, Bangkok 10700
<b>Telephone</b>	0 2422 8000
<b>Fax</b>	0 2422 8032
<b>Website</b>	www.watta.co.th
<b>Type of Business</b>	Provides sub-advertisement and classified services in its own publications publishes and sells various publications such as newspapers, magazines, pocket books and others.
<b>Registered Capital</b>	200,000 shares
<b>Par Value</b>	100 Baht
<b>Paid Up Capital</b>	20,000,000 Baht
<b>% of Investment</b>	100% by CSL



**N.T.U. (Thailand) Limited <sup>3)</sup>**

<b>Head Office</b>	19/1-2 Wangdek2 Building 1st Floor Viphavadi- Rangsit Rd. Jompol, Jatujak, Bangkok 10900
<b>Telephone</b>	(662) 272 2540-2
<b>Fax</b>	(662) 272 2543-4
<b>Website</b>	www.ntuthailand.com
<b>Type of Business</b>	Provide organising services related to conduct training, educational seminar and spread the various kind of knowledge
<b>Registered Capital</b>	120,000 shares
<b>Par Value</b>	100 Baht
<b>Paid Up Capital</b>	7,500,000 Baht
<b>% of Investment</b>	88.52% by DTV

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**As of January 12, 2011**

- 1) Holds shares through Shenington Investment Pte. Limited
- 2) Holds shares through IPSTAR Company Limited
- 3) Holds shares through DTV Service Company Limited
- 4) Holds shares through CS LoxInfo Public Company Limited
- 5) Holds shares through AD Venture Company Limited

## Dividend Policy

### (a) Dividend policy of the Company

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

### (b) Dividend policy of the subsidiaries and associated companies

The company's subsidiaries and associated has dividend policy in line with the company and the board of subsidiaries and associated will consider and propose to shareholders meeting approval, subject to its investment plan and financial needs or unless the payment of dividends would materially affect our operations.



## General Background and Major Developments

The Company was founded on November 7<sup>th</sup>, 1991 by Shin Corporation Plc. (“SHIN”), which was granted a 30-year Agreement for the operation of Domestic Communication Satellite from the Ministry of Transport and Communications (currently transferred to the Ministry of Information and Communication Technology - the “MICT”) to operate the national satellite project. The Agreement expires in 2021. The Company has the right to build, launch and operate the Thaicom satellite project throughout the Agreement for the operation of Domestic Communication Satellite period. Under the agreement, the Company is required to pay the Ministry of Information and Communication Technology an agreed percentage of the Company’s annual gross revenue earned from the transponder business, or a minimum remuneration, whichever is higher. Moreover, the Company must transfer to MICT the ownership of the satellites, satellite control station (Telemetry, Tracking, Command & Monitoring - TTC&M), and all related operational equipment once the construction and installations are complete.

His Majesty the King Bhumibol Adulyadej has officially given a name to the satellites of this project, "THAICOM," as a symbol of the linkage between Thailand and modern communications technology.

The Company became a listed company on the Stock Exchange of Thailand on January 18<sup>th</sup>, 1994. Moreover, the Company expanded to Internet and telephone, and DTV satellite television dish sales businesses in 1997, 2000, and 2007, respectively. As of December 31, 2010, Shin Corporation Plc., which is the Company's major shareholder, holds 41.14% of shares in the Company.

#### Progress and Major Developments during the Past Three Years

### 2008

#### March

The Company has signed two five-year contracts with Myanmar Posts and Telecommunications ("MPT") for the additional bandwidth capacities on the Thaicom 4 (IPSTAR) broadband satellite and on the Thaicom 5 satellite for a total contract value of US\$5 million.

#### April

At the Annual General Meeting of the Company shareholders, a resolution was passed approving the name change of the Company from "Shin Satellite Public Company Limited" to "Thaicom Public Company Limited", which was registered with the Ministry of Commerce on April 10, 2008. The Company has used the new symbol on the Stock Exchange of Thailand (SET), "THCOM".

Shin Broadband Internet (Thailand) Company Limited changed its name to "DTV Service Company Limited" ("DTV"), which was registered with the Ministry of Commerce on April 23, 2008.

#### August

On August 28, 2008, DTV acquired an additional 19,999 ordinary shares in NTU (Thailand) Company Limited ("NTU") from Shin Corporation Public Company Limited at Baht 7 per share, equivalent to 16.67% of the paid-up share capital of NTU, at a total price of Baht 139,993. As a result of this acquisition, DTV owns interest in NTU 88.52%.

- September** On September 8, 2008, the extraordinary shareholders' meeting of DTV passed a resolution to approve the decrease of registered capital from Baht 947,285,000 to Baht 398,791,470; 39,879,147 ordinary shares at Baht 10 each.
- October** Lao Telecommunications Co., Ltd. ("LTC"), the largest telecommunication operator in Laos, officially launched the first 3G Mobile System on October 17, 2008.
- November** The Company has inaugurated its eleventh IPSTAR Gateway in Manila, the Philippines.
- December** The Company has signed a contract with Vietnam Telecom International ("VTI"), a subsidiary company of Vietnam Posts and Telecommunications ("VNPT"). The total contract value is worth US\$3.45 million over 3 years.

The Company has signed a renewal 10-Year contract with the Distance Learning Education via Satellite Foundation of Thailand (DLF) for three-quarters of one Ku-band transponder on the THAICOM 5 satellite to broadcast DLTV channels.

## 2009

- January** Cambodia Shinawatra Co., Ltd. ("CamShin"), a subsidiary of Shenington (51% of its shares held by THCOM), changed its name to "Mfone Co., Ltd" ("Mfone") on January 12, 2009 and increased registered capital from US\$19,200,000 to US\$24,000,000; 24,000,000 ordinary shares at US\$1 each.
- March** IPSTAR Company Limited (Japan Branch), a subsidiary of THCOM, has received all necessary licenses by the Japanese Regulatory to operate the IPSTAR gateway and to provide the IPSTAR service in Japan.



**April**

The Company has officially inaugurated the 14<sup>th</sup> IPSTAR Gateway located in Japan on April 17, 2009

The Company increased its investment in Cambodian DTV Network Ltd., ("CDN") by USD 500,000 of CDN's issued and paid-up share capital (5,000 shares at USD 100 per share). Currently, CDN has USD 0.6 million of issued and paid-up capital.

**May**

The Company's Board of Directors has appointed Mr.Arak Chonlatanon as THAICOM Plc's Chief Executive Officer (CEO), effective from May 13, 2009 onwards.

**June**

The Company has inaugurated its 15<sup>th</sup> IPSTAR Gateway located in Jakarta, Indonesia.

IPSTAR Company Limited increased its investment in IPSTAR New Zealand Ltd.,("IPNZ") by NZD 6,014,133.00 of IPNZ's issued and paid-up share capital. (6,014,133 shares at NZD 1 per share) Currently, IPNZ has NZD 8.51 million of issued and paid-up capital.

**November**

The Company has issued 3-year and 5-year senior debentures to individuals and institutional investors at a total amount of Baht 7 billion with the interest rates of 5.25% and 6.15% per annum respectively. TRIS Rating Co., Ltd. rates the Company and its debentures as "BBB+" with "stable" prevailing trend, reflecting its stable cash flow from the satellite business. The Company applied the proceeds to repay its IPSTAR and Thaicom 5 loan of USD 224 million, so that the Company will have more flexibility in the management of the business, a reduction in uncertainty resulted from currency rate fluctuations as well as lower cost of fund.



## 2010

- January** On January 12, 2010, THAICOM 1A<sup>1</sup> Satellite was deorbited from 120 degrees East since it reached its end of life in Year 2009, The Company has finished transferring all THAICOM 1A's customers to THAICOM 2 and THAICOM 5 since May 2009.
- April** Deal with a major Japanese mobile operator, who leases out bulk 2Gbps IPSTAR bandwidth as its low cost mobile backhaul solution
- May** THAICOM 4 satellite was chosen as the main satellite solution for the first ever electronic elections to be held in the Philippines and was used throughout the country. A total of 680 IPSTAR user terminal units were installed at the Municipal and Provincial Canvassing Centers throughout the country to transmit votes to the data centers in Manila
- On 14 May 2010, THCOM acquired an additional 512,902 ordinary shares in IPSTAR at USD 1 per share, equivalent to 0.26% of the paid-up share capital of IPST, at a total price of USD 512,902. As a result of this acquisition, the company owns interest in IPST 99.94%
- July** The 15<sup>th</sup> and 16<sup>th</sup> IPSTAR gateway in India has been installed successfully
- August** The Company has signed an approximately five-year transponder leasing renewal Contract with MCOT Public Company Limited ("MCOT"), one of the largest national broadcasters in Thailand. This renewal contract will be valid until 2018, with the total value of the contract worth approximately US\$22 million (or approximately Baht 700 million).

<sup>1</sup> "Thaicom 1", Thailand's first satellite, was launched into orbit at 78.5 degree east on 18 December 1993 (Thailand Time). Later in May 1997, THAICOM 1 was drifted to a new orbital position at 120 degree east and renamed "THAICOM 1A".

**October**

On October 30, 2010, THAICOM 2 Satellite was deorbited since it reached its end of life in May 2010. In October, The Extraordinary General Meeting of Shareholders No. 2/2010 of SHINEE Dotcom Company Limited ("SHINEE"), a subsidiary of AD Venture Company Limited ("ADV"), passed a resolution to approve its liquidation by transferred its business to ADV and registered its liquidation with the Ministry of Commerce on 28 October 2010.

**November**

DTV reached 1 million subscribers throughout the country.



## Business Overview

Thaicom Public Company Limited operates four types of businesses - satellite transponder leasing and related services, telephone services, Internet and media services, and publishing telephone directories and print classified directories services. Investment in all these businesses is considered long-term. The investment decision is based mainly on the fundamentals of the business to be invested, including future business trends. Moreover, the Company's investment policy is to be the major shareholder in its investments (whenever possible). The aim is to have overall management authority and to set the business direction of its subsidiaries and associated companies.

## 1. Satellite Transponder Leasing and Related Services

THCOM has a 30-year Agreement for the operation of Domestic Communication Satellite with the Ministry of Information and Communication Technology (“MICT”), expiring in 2021, to operate the national satellite communications project. So far, the Company launched Thaicom 1A, Thaicom 2, Thaicom 3, Thaicom 4 (IPSTAR), and Thaicom 5 into orbit.

The Thaicom 3 satellite was deorbited in October, 2006. The Thaicom 1A satellite and Thaicom 2 reached and were deorbited in January 2010 and October 2010, respectively. Currently, the Company operates two satellites. Moreover, it established subsidiaries, associates, and joint ventures as follows:

Name	Business
IPSTAR Company Limited	Resell bandwidth of Thaicom 4 (IPSTAR) satellite
Spacecode LLC (70% and 30% of its shares held by THCOM and Code Space respectively, while Code Space is not related with THCOM)	Providing engineering and development services, technology and electronics
IPSTAR International Pte Limited	Resell bandwidth of Thaicom 4 (IPSTAR) satellite
IPSTAR Australia Pty Limited	Sale of user terminal of IPSTAR and providing IPSTAR services in Australia
IPSTAR New Zealand Limited	Sale of user terminal of IPSTAR and providing IPSTAR services in New Zealand
Star Nucleus Company Limited (70% and 30% of its shares held by THCOM and Code Space respectively, while Code Space is not related with THCOM)	Providing engineering and development services, technology and electronics
IPSTAR Global Services Company Limited	Resell bandwidth of Thaicom 4 (IPSTAR) satellite
CS Loxinfo Public Company Limited (42.18% of its shares held by THCOM through DTV)	Providing satellite uplink-downlink services with a concession from the Communications Authority of Thailand (“CAT”) granting it the exclusive license to provide television transponder services via satellite and internet via satellite for 22 years, expiring in 2016.

2. Telephone Services

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

Name	Business
Mfone Company Limited (formerly, Cambodia Shinawatra Co., Ltd.) (51% of its shares held by THCOM through Shenington)	Being granted a 35-year agreement from the Cambodia Government, expiring in 2028, to provide mobile telephone digital GSM 900/1800 MHz and 3G 2100 MHz services, CDMA services, and international telecom service (i.e. VoIP).
Lao Telecommunications Company Limited (24.99% of its shares held by THCOM through Shenington)	A joint venture company between the Government of Lao PDR (51%) and Shenington Investments (49%). It has a 25-year license, expiring in 2021, to provide cellular phone, 3G service, fixed line telephone through the Public Switched Telephone Network (“PSTN”), fixed wireless telephone CDMA 2000 1X 450 MHz, public telephone service, international roaming service, international telecom services (i.e. VoIP), and value added services.

### 3. Internet and Media Services

THCOM provides internet and media businesses through its subsidiaries/ associated companies/joint venture companies.

Name	Business
DTV Service Co., Ltd. (formerly, Shin Broadband Internet (Thailand) Co., Ltd.) (99.99% of its shares held by THCOM)	Providing system integration consultancy service for broadband network, broadband content service, and DTV satellite dish sales service, and being granted a 5-year period license (Type I) <sup>2</sup> to operate internet access services from 18 October 2009 to 17 October 2014. DTV is also granted the 5-year period for Type I of Telecom services from 19 July 2010 to 18 July 2015.
Cambodian DTV Network Ltd.	DTV satellite dish sales
Mfone Company Limited (formerly, Cambodia Shinawatra Co., Ltd.) (51% of its shares held by THCOM through Shenington)	Providing Internet services in Cambodia
Lao Telecommunications Company Limited (24.99% of its shares held by THCOM through Shenington)	Providing Internet services in Lao P.D.R.
CS LoxInfo Public Company Limited (42.18% of its shares held by THCOM through DTV)	Being granted a concession from CAT to provide commercial internet service access services via landline and satellites for a period of 10 years ending 2007 under the name of "CS Loxinfo" and a renewed 5-year period license (Type I) to operate internet access services from 8 September 2009 to 7 September 2014.
AD Venture Company Limited (99.99% of ADV's shares held by CSL)	Providing mobile content and web portal services
NTU (Thailand) Co., Ltd. (88.52% of its shares held by THCOM through DTV)	Providing distance meetings, trainings/ seminars service via satellites.

<sup>2</sup> Type I License means Internet Service Providers who give a service without own network, i.e. internet service or other service as the National Telecommunications Commission (NTC) think a proper.

4. Publishing Telephone Directories and Print Classified Directories Services

Name	Business
Teleinfo Media Public Co., Ltd. [“TMC”] (99.99% of its shares held by CSL)	Providing media service for business through Yellow Pages Telephone Directory and other media services, telephone subscribers profile, and call center for general and entertainment information
Watta Classifieds Co., Ltd. (60% of its shares held by CSL)	Providing print classifies directories services



## Income Structure

Income structure of the Company and subsidiaries from 2008-2010.

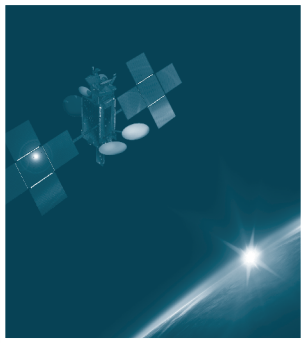
Unit: Million Baht

Type of Business	Operating Company	% held by THCOM	2008		2009		2010	
			Revenue	%	Revenue	%	Revenue	%
Satellite and related services	THCOM and IPSTAR Group	-	4,583	64.72	4,506	58.63	4,598	67.55
Internet and media services	DTV Service	99.99	503	7.10	535	6.96	649	9.53
	Shenington Investments Group <sup>2)</sup>	51.00						
	N.T.U.	88.52						
Telephone services	Shenington Investments Group <sup>2)</sup>	51.00	1,927	27.21	2,147	27.94	1,453	21.35
Net foreign exchange gain			-	-	465	6.05	-	-
Other revenue			68	0.96	32	0.42	107	1.57
<b>Total revenue</b>			<b>7,081</b>	<b>100.00</b>	<b>7,685</b>	<b>100.00</b>	<b>6,807</b>	<b>100.00</b>

Sales and services income by geography from 2008 - 2010

Unit: Million Baht

Country	2008	2009	2010
Thailand	2,672	2,318	2,677
Cambodia	1,393	1,517	959
Lao P.D.R.	795	882	672
Australia	1,183	1,311	1,050
Others	970	1,160	1,342
<b>Total</b>	<b>7,013</b>	<b>7,188</b>	<b>6,700</b>



# Products, Services & Competition

## Business Operation of Each Business Line

### 1 Satellite Communications and Related Services

#### Satellite Communications and Related Services by Thaicom and IPSTAR group

##### Nature of Service

##### Conventional Satellite Transponder Services

Thaicom offers leasing service of the conventional satellite transponder, the communication satellite’s channel that receives the signal from an earth station (transmitting station), amplifies, and retransmits the signal on a different frequency to another earth station (receiving station) anywhere under the satellite’s footprint – allowing telecommunication operators, service providers and broadcasters to benefit from the satellite’s nationwide and cross-regional coverage.

### ■ Conventional Satellites

In 2010, Thaicom has 2 conventional satellites in orbit, namely Thaicom 2 and 5, offering end-to-end satellite solutions to both Thai and foreign customers. As Thaicom 2 had approached its end of life in Year 2010, Thaicom has successfully transferred the customers from Thaicom 2 to Thaicom 5 since May 2010 and has deorbited Thaicom 2 Satellite on October 30, 2010. The conventional satellites' specifications are as follows:

Frequency Band/Beam	THAICOM 2	THAICOM 5
C-Band Regional Beam	10 transponders	18 transponders
Coverage Areas	Thailand, Indochina and East Asia	Thailand, Indochina and Asia South
C-Band Global Beam	- N/A -	7 transponders
Coverage Areas	- N/A -	Africa, Europe, Asia and Australia
Ku-Band Spot Beam	3 transponders	7 transponders
Coverage Areas	Thailand and Indochina	Thailand and Indochina
Ku-Band Switchable Beam (Spot or Steerable)	- N/A -	4 transponders
Coverage Areas	- N/A -	Thailand and Indochina
Ku-Band Steerable Beam	- N/A -	3 transponders
Coverage Areas	- N/A -	Thailand and Indochina
Manufacturer (Country)	Hughes (USA)	Aerospatiale (France)
Model	HS-376	Spacebus 3000
Life Expectancy	approximately 15 years	approximately 14 years
Launch Year	1994	2006

Source: Thaicom Plc.

### Number of Transponders and Consumption Rate of THAICOM Satellites

	2008	2009	2010
<b>Number of transponders*</b>			
C-Band	44	34	24
Ku-Band	18	16	14
<b>Consumption rate (%)</b>			
C-Band	72%	79%	99%
Ku-Band	67%	72%	93%

Source: Thaicom Plc.

**Remarks:** Taken every December 31 of each year

- \* Excluding 1 C-Band transponder used by the Ministry of Information and Communication Technology, and 1 Ku-Band spare transponder on Thaicom 2.
- \*\* On January 12, 2010, Thaicom 1A Satellite was deorbited from 120 degrees East. The company has finished transferring all Thaicom 1A's customers to Thaicom 2 and Thaicom 5 since May 2009.
- \*\*\* On October 30, 2010, Thaicom 2 Satellite was deorbited from 50.5 degrees East. The company has finished transferring all Thaicom 2's customers to Thaicom 5 since May 2010.

#### ■ Satellite Station

Satellite Station is the operation system for satellite control – i.e. telemetry, tracking, command and monitoring. It monitors the overall satellite performance, the efficiency of satellite transponders and the interferences, as well as controls the satellites' operations.

### Video Broadcasting Services

Video broadcasting is Thaicom's core business. Whether for DTH, cable head end or global digital TV programming distribution, Thaicom satellites serve as the gateway into Asia, Australia, Africa and Europe for many of the world's leading broadcasters through Teleport and DTH Center.

#### Teleport and DTH Center

A teleport or telecommunications port is a centralized location that provides access to advanced bandwidth services with a comprehensive range of broadcasting and telecommunications services. Certified in ISO 9002 and ISO 9001:2000, the Thaicom Teleport and DTH Center is equipped with state of the art facilities to support any requirements for domestic or international satellite broadcasting services. Thaicom bundles teleport services, such as tape playout and digital signal compression, with the transponders to provide one-stop or turnkey service for broadcasting customers in cooperation with CSL, who provides uplink and downlink services.

**Thaicom's video broadcasting services include:**

- **Direct-To-Home (DTH)**

Thaicom delivers digital signal compression and transmission services via the satellite directly to residential homes. Digital compression reduces the video transmission cost for broadcasters and allows DTH viewers to use small antennas.

- **Channel Distribution**

Thaicom provides channel distribution service for operators that require broadcasting their TV programs to cable providers or signal repeaters located throughout the coverage area of the satellite. The satellite system's wide coverage makes it ideal for transmitting contents to cable systems across continents. The Thaicom-delivered TV programs reach millions of cable households in Asia, Europe, Africa and Australia - providing broadcasters with extensive audience reach in key markets.

- **Global Digital Television**

Thaicom's Global Digital Television service combines Thaicom's C-band channel distribution with the C-band and Ku-band capacities from other satellites for rebroadcasting of DTH to regions outside of Thaicom's satellite footprints - such as North America, Europe and Australia. The service has been proven popular for broadcasting ethnic language programs globally. By using the Global Digital TV service, broadcasters' television channels can potentially reach viewers in over 150 countries in 6 continents - namely North America, South America, Europe, Africa, Asia and Australia.

- **Satellite News Gathering (SNG)**

Thaicom offers SNG services for mobile delivery of breaking news reports, and sport and concert events in real-time.

IPSTAR System Services

Thaicom began the marketing of the IPSTAR service in 2001 with the introduction of the first generation IPSTAR gateway that is compatible with Thaicom and other conventional satellites. After Thaicom 4’s successful launch in August 11, 2005 and function tests in December 2005, Thaicom has started to provide broadband services via THAICOM 4 together with the IPSTAR user terminals.

THAICOM 4 uses beehive wave distribution technology, thus enabling efficient frequency reuse with massive bandwidth capacity of up to 45 Gbps – 20 times that of conventional satellites. The technology has enabled Thaicom to cater millions of high speed Internet users, from individual subscribers to corporate users, including Internet and telecommunication service providers.

Technical Specifications of THAICOM 4

Specifications	Details
Satellite	<div>- in geostationary orbit</div> <div>- approximately 15.75 years of service life</div>
Orbital Location	<div>- 119.5° E</div>
Bandwidth Capacity	<div>- 45 Gbps</div> <div>- 20 times more capacity than conventional satellites</div>
Beams	<div>- 84 spot beams</div> <div>- 3 shaped beams</div> <div>- 7 broadcast beams</div>
Launch Year	<div>- 2005</div>

Source: THAICOM PLC

### ■ IPSTAR Ground System

The IPSTAR ground system is divided into 2 major components: the IPSTAR gateway and the IPSTAR user terminal.

#### IPSTAR Gateway

IPSTAR gateways have been designed to facilitate a variety of applications, to enable broadband communications for corporate users, Internet Service Providers (ISP) and individual subscribers. IPSTAR is capable of delivering broadband Internet, intranet networks, videoconferencing, multimedia broadcasting and multicasting, online transactions, and telephony.

The IPSTAR network is of the STAR topology type, where for downlinks, data streams are loaded in a single or multiple Time Division Multiplexing (TDM) bands, which will be combined into a wideband channel by using Orthogonal Frequency Division Multiplexing (OFDM) technology. To increase system performance, the band utilized in data transmission uses Turbo Product Codes (TPC) and higher modulation.

For uplinks, data streams are loaded in narrow band channels, and different multiple access nodes are used based on bandwidth characteristics and usage behavior. For example, ALOHA is used to log messages transmitted into the system, while Slotted-ALOHA or TDMA is utilized for other data transmissions.

The new IPSTAR gateway features were introduced to enhance services offered to customers more efficiently and effectively. The launch of the Super Frame implementation was initiated to help improve IPSTAR resource utilization efficiency by approximately 10%, and support voice applications which are also commonly used by Internet users. In addition, the Dynamic CBR released aided in gateway bandwidth resource assignment to further improve quality of voice service over broadband connection via IPSTAR.



### IPSTAR User Terminal

IPSTAR has various types of user terminals. To match customers' needs, IPSTAR user terminals have an integrated design to allow quick deployment of cost-effective broadband satellite links.

- iCON. This user terminal is the replacement of the Professional model, which was already phased out. With a maximum 4 Mbps download and 2 Mbps upload capacities, iCON is designed for easy use and is compatible for various IP-based applications, such as high speed Internet, IP telephony and video services.
- IPX-9200. This user terminal is an effective solution for continuous and heavy duty operations in remote, rugged areas where frequent maintenance is not required. Its capability is the same with the iCON model, but its specialized features make it suitable for heavy corporate and SME Internet users, mobile phone network connectivity, and rural telephony.
- The Company also involves in new development of a number of UT components including modem and antenna systems. The development has been around the new generation of satellite signal transmitter (BUC), receiver (LNB) and transceiver. In sum, most of IPSTAR antenna new components are aimed to be cost-effective while improving on their performances both electrically and mechanically. 4th generation BUC, for example, was designed to be approximately halved the size of its pre-successor. 1.5w transceivers and 0.25w were also proven technically and successfully field-tested in various countries. The new generation iCON series was prototyped and tested. The purpose is to enhance performance of the existing iCON while replacing component parts which are obsolete and lower-priced. It is expected to be launched by Q3 of 2011.

### IPSTAR Products & Services

- **Satellite News Gathering**

The use of SNG continues to be popular in the Asia Pacific market environment. SNG allows for its users to be mobile and utilize the broadcasting equipment freely within the large IPSTAR coverage areas. This popularity has been proven since 2009 as the Thaicom secured a number of bandwidth/equipment contracts with various service partners. For example, two Cambodian national broadcasters as well as a top Indonesian broadcaster committed in the purchasing

of IPSTAR SNG packages, varying in use and business model, this demonstrates ability for IPSTAR to adapt to the need and the requirements of the customers and market conditions.

Moreover, a number of successful trials and demonstrations were carried out in the Philippines, Indonesia and Vietnam, to demonstrate the capabilities of the IPSTAR platform.

- **IPSTAR Mini-Backhaul (ADSL / Wi-Fi) Solution**

Internet Broadband Access service over the IPSTAR system can be categorized into 2 groups, namely single user per terminal and multiple users per terminal. A single user per terminal is aimed at heavy users: business and corporate user, and consumer or SOHO. Meanwhile, the multiple users per terminal specifically targets light users, Hotspot service and/or customer who live in Multi-Dwelling Unit (MDU) such as apartment or condominium. For multiple users per terminal, we can integrate IPSTAR system with network access technologies (both wired & wireless) to distribute the broadband access to neighborhood users via ADSL or Wi-Fi technology.

IPSTAR Mini-Backhaul Solution helps Internet Service Providers (ISP) to substantially reduce investment capital and operational expenditure. It can utilize a single IPSTAR network as backhaul link – allowing Internet subscribers to share the operational cost, enabling service providers to surpass revenue margin.

While there is still high opportunity in the retail market in sub-urban areas, ISPs can use the IPSTAR Mini-Backhaul solution as an interim solution for fast deployment and provide broadband service in un-served or blind spot areas. This makes capital investment more justifiable in terms of financial returns compared to other territorial infrastructure investment.

- **IPSTAR IPTV Solution**

IPSTAR IPTV Solution enables Telcos/SPs to distribute video contents to their users nationwide. Using the THAICOM 4 Satellite to deliver the service overcomes the greatest shortcoming of IPTV service over terrestrial cables - connection speed and service coverage. IPSTAR IPTV also provides users with the experience of high quality broadcast channels i.e. High Definition content (4-5 times the quality of SD video) and Push video on demand to TV set. With cost-effectiveness through one time delivery to multiple consumers and its reliability, IPSTAR IPTV solution creates a new business opportunity for telcos to customize their existing services by enabling a wide range of mass market and niche vertical applications, such as HDTV, training and education services.

IPSTAR IPTV main services are live streaming and Push Video-on-demand (Push VOD). For live streaming, the broadcast contents are delivered to a pre-specified group of users by using only one copy of bandwidth, resulting in higher bandwidth efficiency. Similarly for Push VOD, broadcast contents are delivered using a multicast file transferred feature to store on multiple hybrid STBs (Set-Top-Box) or local media servers allowing only a consumption of one copy of bandwidth, resulting in higher bandwidth efficiency and faster response to customer request. The multicast feature on THAICOM 4 Satellite is the key advantage over other broadband media such as ADSL, leased line and fiber optic.

The targeted customers for consumer market are the residents in condominium, hotel and service apartment while corporate market are Bank, Healthcare, Insurance/MLM, Supermarket, Fast food chain, etc. Now we are working closely with content partners to plan for the commercial launch of IPTV services in Thailand first by 2011, and then other countries soon after.

- **IPSTAR Mobile Backhaul**

THAICOM 4 satellite backhaul also opens up new opportunities for mobile phone carriers to deliver wireless telephony service to areas with limited access to telecommunication infrastructure. IPSTAR mobile backhaul is a cost-effective solution for telcos and governments to provide high quality voice service in the rural area. This solution is now serving mobile phone carriers in Thailand, Laos and Cambodia. Additionally, IPSTAR is looking forward for significant business opportunities in the emerging rural mobile communication markets of China, India, Indonesia and Vietnam.

Aside from macro cell backhauling, IPSTAR also supports femtocell applications. Femtocell is a cellular access point that connects a mobile operator's network through the use of residential broadband connection. This application has been developed to work with a range of different cellular standards, including CDMA, GSM and UMTS. Due to its capabilities in delivering voice, 3G data, video call and other services under the IPSTAR platform, operators can use this application for rapid deployment in both urban and rural areas. As a result, the targeted markets for 2010 will include China, Japan, Thailand, Australia and New Zealand.

Furthermore, as IPSTAR is switching to Open Access Platform, many VSAT operators will ultimately benefit from IPSTAR's massive bandwidth, coverage, competitive costing and spot beam technology. The service will make it possible for partners to utilize their existing VSAT platform with the THAICOM 4 satellite capacity. Open Access Platform also includes THAICOM 4 satellite bandwidth and uplink service available from 18 gateways in 14 Asia Pacific countries.



## System Integration, Engineering Consultancy and Training Services

With over 10 years of experience and expertise in satellite communication business, Thaicom maintains its internal engineering resources to provide consulting, training, and implementation services for satellite network design, system integration, installation, operations and maintenance of satellite application networks and facilities. Thaicom offers services to customers, such as earth station construction, traffic transfer, engineering support, and extensive and advanced training programs. Thaicom is renowned for its success in constructing satellite earth stations and teleports in the region by using state of the art technology, which has drawn customers' trust and reliance on its offered quality services.

### Industry Outlook & Competition

#### Communication Satellite System Category

The satellite communication networks currently delivering services around the world are divided into 3 categories according to their footprints or coverage as follows.

- **Global System.** This system refers to satellites providing intercontinental and global service. Major services include telephony and international TV program broadcast, for example, Intelsat and Inmarsat. Such services are provided by its own satellite networks without the need of link services to other satellites.
- **Regional System.** This system refers to satellites that aim to provide both local and regional services, for example, Europe's Eutelsat, Arabsat in Middle East and North Africa, Asiasat, Apstar, and Thaicom 5 (C-Band) providing services in Asia continent.
- **Domestic System.** This system refers to satellites delivering domestic services with a small footprint covering area of one country and /or its neighboring area, for example, Chinasat in China, Insat in India, Superbird in Japan, and Thaicom 1A and Thaicom 2 which deliver services in Thailand and Indochina.

According to the above, Thaicom is categorized in "Regional system" according to its footprint that covers 4 continents: Asia, Europe, Australia, and Africa. In addition, Thaicom can provide network connectivity to other satellites for linking to North and South America by leasing transponders from providers in such continents.

## Reservation of Satellite Orbit and Frequency Coordination

As the slots for satellites in geostationary orbit are limited, both reservation and frequency coordination are very important and they need to be implemented under the organization of a United Nations agency - the International Telecommunications Union (ITU), of which Thailand is a member with the National Telecommunications Commission (former Department of Posts and Telegraph), Ministry of Information and Communication Technology acting as a country administration to negotiate and coordinate with other administrations.

For the allocation of frequencies, the world has been divided into three Regions as following;

- Region 1 includes Europe, Africa, Middle East, Mongolia and the Russian Federation
- Region 2 includes North & South America and Greenland
- Region 3 includes Asia Pacific including Iran

To implement a new satellite network, the country's representative administration must provide information as requested by the Radiocommunication Bureau (BR), which is a unit under ITU. The data required consists of information of satellite system as well as its associated earth station. Upon verification, BR will publish that satellite information in BR Weekly Circular (CD-ROM format) and notify all ITU member countries of consideration and submission of their comments for any harmful interference expected to occur.

The associated information at "C" stage or "Request for Coordination" of a new satellite network as published in the weekly circular will be reviewed by administrations for comment in case of possible harmful interference to their existing or planned satellite networks. Such comment must be submitted to BR within 4 months from that weekly circular's date of publication. In case there is no comment from the affected administration, the BR takes that as acceptance to the new satellite network. In case of comment requesting further coordination is received, the administration of the new satellite network must initiate the coordination process to affected administrations in order to reach a mutual agreement for the co-existence of their respective satellite networks.

Upon the completion of coordination, the new satellite network can be notified to the BR. At present, the satellite network filings associated to Thaicom-4 at 119.5°E and Thaicom-5 at 78.5°E are notified and registered in the Master Register of ITU.

Service Satellites in Asia-Pacific Region

The numbers of satellites with footprints covering Asia-Pacific Region are as follows;

The service satellite communication networks:

- |                   |          |
|-------------------|----------|
| • Global System   | 25 units |
| • Regional System | 78 units |
| • Domestic System | 24 units |

Total number of satellites in Asia-Pacific Region	127 units
[Updated in November 2010]	

Sources: 1) 2010 International Satellite Directory  
2) Website: [www.tbs-satellite.com](http://www.tbs-satellite.com)

Remark: Orbit range from 0°E to 180°E

Conventional Satellite – Industry Outlook

During the past year, despite the increasing demand, there has been a shortage of satellite capacity in the Asia Pacific region, especially on standard C-band and Ku-band transponders resulting in the increase in market prices in certain markets such as South Asia. Broadcast business remains very strong in the Asia Pacific region and has become a very important business driver for satellite operators. It is expected that not only direct-to-home (DTH) but also High Definition television (HDTV) and 3D video format will be the key drivers for the conventional satellite market in Asia Pacific in the next few years.

In Thailand, the new Broadcasting Act B.E.2551/C.E.2008 has already been imposed since 2008. The National Telecommunication Committee (NTC) is acting as an interim administrative authority to issue temporary licenses to broadcasters. Thaicom expects that the number of Thai TV operators and channels will continue to increase as a result of the legislation. With regards to the foreign market, Thaicom considers the Indochina, South Asian (except India) and African regions as the emerging satellite markets, with high potential of growth for direct-to-home (DTH) and channel distribution services in Indochina and South Asia, and for mobile trunking and internet services in Africa.



### Conventional Satellite - Competition in Asia Pacific

In general, each communication satellite is designed to address on specific markets due to certain limitations such as an orbital slot, frequency coordination, regulation, investment budget, etc. A satellite operator has to scope its target markets before finalize the satellite design. For example, Thaicom 5's C-band was planned to emphasize on Indochina and South Asia regions while its Ku-band was designed to target only Thailand and Indochina countries. As a result, not all satellites in Asia Pacific directly compete with each others, but only few that are on neighboring orbital slots or are from neighboring countries. However, an exception may be made for a satellite with global footprints that can cover many regions.

In the Asia Pacific region, Thaicom's major competitors include Asia Satellite Telecommunications (Asiasat), APT Satellite (Apstar) and Asia Broadcast Satellite (ABS) from Hong Kong, Measat Satellite Systems (Measat) from Malaysia, SES New Skies Satellites (NSS) from Netherlands and Vietnam Posts and Telecommunications (Vinasat) from Vietnam. However, as one of the established satellite operators in this region, Thaicom believe that the effect from the competitions will be minimized due to its long-term reputation, relationship with the customers and the selective neighborhood channels on Thaicom satellites.

### Thaicom's Strategies

Thaicom positions itself as a 'Hot Bird' for having the prime orbital slot at 78.5 degrees East and strategically places itself as a key player in Asia's broadcasting industry – in terms of the number of viewers and TV channels under the satellite platform. In Thailand, there are more than 6 million satellite TV households receiving TV channels from Thaicom-5 and around 3 million households who receive the channels through cable TV networks. In the foreign market, the Company has the largest viewers in Indochina and is one of the top players in South Asia. In 2010, Thaicom focuses on both domestic and international broadcasting markets, resulting to a dramatic business growth. Currently, the total number of TV channels under the conventional satellite platform has increased from 280 channels in 2009 to more than 320 channels at the end of 2010.

Through its subsidiary, Cambodian DTV Network Limited (CDN), Thaicom has deployed the company-developed Integrated Receiver Decoders (IRD) for receiving free TV channels in Cambodia and Laos. This strategic move is aimed to strengthen Thaicom’s Ku-band DTH platform in Indochina. With regards to the C-band channel distribution segment, Thaicom focuses in Indochina and South Asia regions. Moreover, the Company has developed business models with its teleport partners from Europe to provide competitive broadcast services in Asia, Africa, Australia and Europe.

By 2011, Thaicom will focus on providing end-to-end satellite TV solutions to customers, and strengthening and adding value to its existing services in order to cope with the competitions. In addition, Thaicom will explore opportunities in new markets such as Africa.

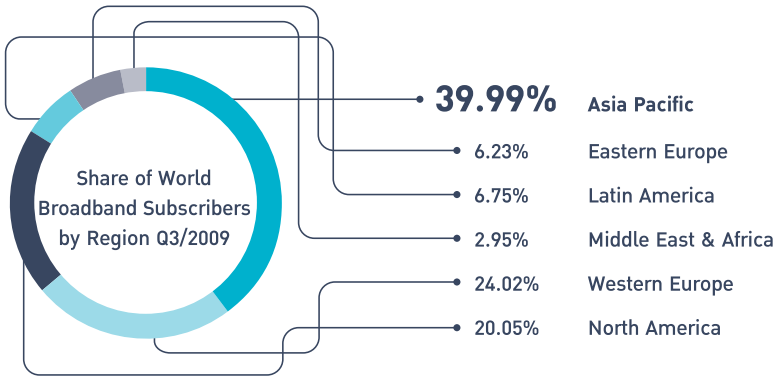
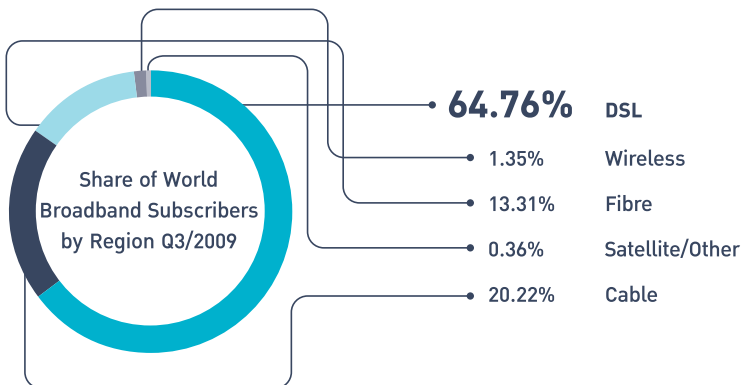
**Broadband Industry**

**Asia-Pacific Overview**

Asia-Pacific is the world’s leading region in terms of telecommunication infrastructure, and Information and Communication Technology (ICT) development. The region continues to show a strong growth in the global mobile market, with five of the world’s ten largest mobile markets - China, India, Indonesia, Japan and Vietnam. These countries alone represent over 38% of the world’s mobile phone subscribers.

In 2010, Asia-Pacific has an estimated total of 3.1 billion phone subscribers, with 2.6 billion of these are mobile phone subscribers while the remaining 500 million users are fixed line. In terms of fixed line deployment, there are 306 million subscribers in China, representing more than half of the total regional subscriber base. Asia-Pacific continues to show a strong year on year growth of 23% in the mobile phone subscribers base with a slightly 2% decline in the number of fixed line subscribers.



**Figure 1:** Share of World Broadband Subscribers by Region in Q3/2010**Figure 2:** Total Broadband Market Share by Technology in Q3/2010Source: [www.point-topic.com](http://www.point-topic.com)

In terms of broadband access, Asia-Pacific had also made remarkable progress in the past few years with the number of broadband subscribers grew almost sevenfold in six years, from 27 million in 2003 to 187.3 million in 2009. Towards Q3 of 2010, the number of subscribers has increased to 200 million with China (including Hong Kong and Macau)'s 121 million broadband subscribers accounting over half of Asia-Pacific.

On average, 70% of the population in developing countries within the region lives in the rural area. At present, satellites are primarily used for broadcasting service, most especially in providing communication links to rural and remote areas where no network infrastructure is available. A widening digital divide gap between urban and rural areas still exists in some countries, like in the case of China, where there is a lack of both economic feasibility and political urgency for the government to provide telephone and broadband services nationwide. However, due to the region's fast-growing population, economy and Internet penetration, service providers in countries like Malaysia, Philippines, Vietnam and Myanmar are now expanding telephony and broadband services to remote and isolated areas.

Lastly, the growth in mobile industry also affects the overall demand for IP-based networks since broadband can also be used for mobile trunking solutions. Towards the end of 2010, the number of mobile cellular subscribers in the region has reached 2.6 billion, making Asia-Pacific the region with the largest mobile phone market share.

The growth of mobile cellular subscribers had been impressive, with a year-on-year growth average of 26% between 2000 and 2009. In the end of 2009, China and India alone had over 764 and 427 million mobile phone subscribers respectively. Towards the end of 2010, the figure has increased to 833 and 671 million, representing more than a quarter of the world's total subscribers. With a regional penetration rate approaching to 68%, almost 7 out of 10 people living in Asia-Pacific enjoy the benefits of mobile telephony today. This success is set to continue, with mobile connection forecasts to exceed 3 billion by 2013.

#### **Thailand's Broadband Internet Industry**

Thailand continues to show a strong growth in Internet markets with 17.5 million Internet users and 26.3% penetration rate. In term of broadband internet subscribers, the overall number of broadband internet subscribers is expected to reach 2.8 million within this year, showing a strong year on year growth of 33%.

In 2005, Thaicom had partnered with TOT Public Company Limited, the current largest telecommunication service provider in the country, as the National Service Operator (NSO) for IPSTAR - making TOT the exclusive partner of IPSTAR and providing TOT a long-term contract to lease 50% of

the satellite's bandwidth capacity in Thailand. Aside from TOT, other major service providers in the country include Acumen, CS Loxinfo, Samart Telecom and CAT Telecom. Today, TOT has utilized IPSTAR in many governmental, Universal Service Obligation (USO) and non-governmental vertical projects in Thailand – such as rural telephony, SchoolNet, Ministry of Education Network (MoENet), IPSTAR Mini-ADSL, the Internet Tambon project and Femtocell.

IPSTAR bandwidth usage in the country is growing rapidly, especially in support of TOT's expansion project in the northeastern and northern parts of Thailand. In addition, TOT has started utilizing the platform for IPSTAR Mini-ADSL applications within the retail market, because it can be deployed faster and can provide broadband service in un-served or blind spot areas – making capital investment more justifiable in terms of financial returns when compared with territorial infrastructure investment.

### China's Broadband Internet Industry

As of July 2010, China Internet Network Information Center (CNNIC) reports that the number of overall net citizens in China has continued to increase. In June 2010, the number of net citizens has reached 420 million with an increase of 36 million compared to the end of 2009. CNNIC analyses that the consistent expansion of net citizen scale has relation to the good internet development environment due to several major reasons: National economy keeps a fast and stable development; the demand on various circles of society increases; and the policy speeds up the step for applications of other relevant technologies.

In terms of the broadband net citizen scale, according to CNNIC, the number of broadband net citizens has continued to increase; and the growth of broadband user scale mainly due to the constant expansion of coverage for basic services of broadband. In June 2010, the popularization of broadband has reached 98.1% and the number of broadband net citizens has reached 363.81 million. Although the number of broadband net citizens in China is increasing, the proportion among the overall net citizens is falling due to the rapid growth of net citizens only use mobile to surf the internet. As of June 2010, the proportion of the group only using mobile to surf the internet among the overall net citizens has increased to 11.7% and reach to 49.14 million, a 18.42 million increase compared to the end of 2009.

Despite such significant increase in Internet usage, there still remains a wide digital divide gap between the urban and rural areas in China. The CNNIC reports that the number of rural net citizens has reached 115.08 million with an increase of 7.7% in the half year, which is 27.4% of the overall net citizens; but the number of urban net citizens has reached 304.92 million with an increase of 10%, which is 72.6% of the overall net citizens. The analysis of CNNIC claims that the growth of net citizens in rural areas still appears slower than the urban areas due to several reasons: limited by backward economic and social development, inefficient internet access conditions and poor hardware equipments.

However due to the large geographic region which China covers, the slow deployment of Internet infrastructure in rural areas has not been properly addressed by the government. Therefore, China's rural population presents a huge market potential for IPSTAR, since satellite communications can provide a cost-effective alternative to prohibitive, unavailable land-based Internet infrastructures. (Source: [www.cnnic.cn](http://www.cnnic.cn))

Today, Thaicom delivers IPSTAR service in China, with 3 second generation gateways in Beijing, Guangzhou, and Shanghai. Meanwhile, Since January 2007, IPSTAR has commenced commercial services in China with its partner, China SatCom, a major satellite provider in the country. However, towards the end of 2008, a new policy was issued to shift the partnership to IPSTAR's current service partner China Telecom.

Today, IPSTAR is marketed in the country primarily for vertical projects. The satellite was also utilized in disaster and emergency relief operations, for example during the Sichuan earthquake.

Thaicom has been working from ground up with local telecom partners to further commercialize IPSTAR services in the country, and in the process, to build a group of distribution channels in China. Moreover, IPSTAR has been working in close collaboration with its local partners to convey the importance of developing and launching a successful Universal Service Obligation (USO) program in the country.

### **India's Broadband Internet Industry**

The Indian telecommunications industry is one of the fastest growing in the world. Recently, the number of telephone subscriber base in the country reached 653.92 million as on May 31, 2010, an increase of 2.49 per cent from 638.05 million in April 2010, according to the Telecom Regulatory Authority of India (TRAI). As such, the overall tele-density has touched 55.38 and wireless subscriber base has increased to 617.53 million at the end of May 2010 from 601.22 million in April 2010, with a registered growth of 2.71 per cent (Source: [www.ibef.org](http://www.ibef.org))

Today, this growth has been aided by India's open market for both domestic and international telecom service providers.

With the population of just over a Billion people, in early 2010, India has an estimated 81 million internet users, 52 million of which are active monthly internet users, according to the yearly report released by Internet & Mobile Association of India (IAMAI) and IMRB. Most recent figures released by the Telecom Regulatory Authority of India (TRAI), indicated that by early 2010, the number of broadband subscribers has grown by 2.42 per cent at 8.03 million, as compared to 7.83 million in December 2009.

Mobile phone subscription growth has also surpassed fixed line service, with India's mobile phone segment added up 8.217 million new subscribers in December 2007 alone. In September 2009, the total number of wireless subscribers has reached 471.73 million. According to TRAI, the number of mobile phone subscribers in India totaled 612.2 million at the end of April 2010, up by 100 million subscribers in the last five months, with a majority of subscribers from rural areas. The source of this remarkable growth was due to robust consumer spending and intensifying price competition. Moreover, wireless subscribers for GSM, CDMA and WLL (F) reach 601.22 million at the end of April 2010, increasing from 584.32 Million in March 2010 registering a growth of 2.89%. [Source: [www.telecomindiaonline.com](http://www.telecomindiaonline.com)]. Meanwhile, the fixed line sector had experienced a decrease in subscription from 2006 to early 2008 – from 41 million subscribers to 39 million, Moreover, the number of fixed line subscribers has decreased to 37 million in late 2009 and up to April 2010 has reduced to only 36.83 million subscribers. [Source: [www.trai.gov.in](http://www.trai.gov.in)]

With India's growing demand for broadband connectivity, service providers can utilize the IPSTAR as backhaul for various government and customer-based solutions – such as rural telephony, mobile network backhaul and high speed Internet.

#### **Australia and New Zealand's Broadband Internet Industry**

The household penetration of Internet is relatively high in developed countries, such as Australia and New Zealand, with internet penetration at 81% and 85% respectively [Source: <http://en.wikipedia.org>]. The high availability of computers among households and the high priority placed by the governments on the policies that promote broadband Internet access serve as driving factors for the increased use of Internet in both countries.



IPSTAR Australia Pty. Ltd. (IPA), a wholly-owned subsidiary of Thaicom, is the National Service Operator (NSO) of IPSTAR in Australia. Today, several IPSTAR service providers in the country - such as the Australian Private Networks (APN), Broadband Wireless, SkyMesh, Westnet and Westvic - have been authorized by the government to support the Australian Broadband Guarantee (ABG), a program that provides subsidies to Internet service providers to deliver broadband to underserved, rural areas in the country. Up to date, over 100,000 IPSTAR user terminals have been delivered to the territory.

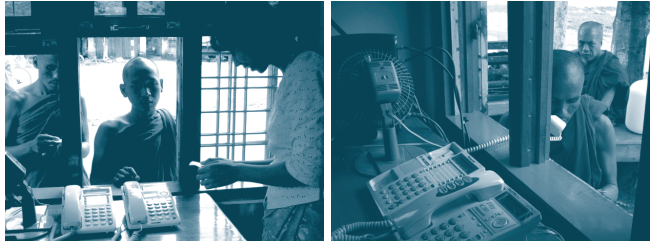
IPSTAR New Zealand Limited (IPNZ), another wholly-owned subsidiary of Thaicom, was set up to provide IPSTAR services in New Zealand. Its main target markets in the country are the farming industry and the rural households.

During mid-2008, IPSTAR's NSO in New Zealand, BayCity Communications, had launched the new satellite broadband Internet service, called 'Rocket Broadband'. Moreover, Voice Link, a value-added Voice over IP (VoIP) service to Rocket Broadband, was also offered by BayCity. Today, over 14,000 IPSTAR user terminals have been deployed nationwide by various service providers across New Zealand.

### Myanmar's Broadband Internet Industry

In 2010, the number of Internet users has increased to 110,000. This figure represents approximately 0.2% of the country's population of 53.4 million (Source: [www.internetworldstats.com](http://www.internetworldstats.com))

Currently, Myanmar Posts and Telecommunications (MPT), the National Service Operator (NSO) for IPSTAR and a state-governed telecommunication regulator is cooperating closely with newly established service provider in Myanmar in developing a more tailored consumer package that would be most suitable for the consumer market. To date, MPT's service provider partners consist of GlobalNet, MMG Technologies and Myanmar World Distribution. The main services deployed in Myanmar are Voice over IP (VoIP), which amounts to 7,400 subscribers, and broadband Internet, which accounts to 900 subscribers. Currently, there are more than 2,400 user terminals deployed in the country. By 2011, IPSTAR is planning to accelerate IPSTAR deployment in Myanmar by providing effective service plans to both service providers and end users.



### Cambodia's Broadband Internet Industry

As of 2010, the total population of Cambodia has reached 14.75 million. From this figure, approximately 78,000 are Internet users. Internet penetration rate in the country is a mere 0.5% in 2010. [Source: [www.Internetworldstats.com](http://www.Internetworldstats.com)].

Since April 2007, IPSTAR's second generation service was launched in the country, with Mfone (formerly known as CamShin) as the IPSTAR gateway operator. Today, a total of 2,450 IPSTAR user terminals have been deployed nationwide by service providers Mfone and Telecom Cambodia. To continually increase the number of distribution channels, Thaicom intends to find and closely collaborate with local partners. In late 2009, several service providers with experience in USO projects, especially relating to rural telephony, have been appointed by Thaicom.

### Laos' Broadband Internet Industry

Laos is one of the countries in Asia with the lowest telecom penetration rate, with approximately 527,400 Internet users. [Source: [www.Internetworldstats.com](http://www.Internetworldstats.com)]. This is primarily due to the country's limited infrastructure, economy and geographical barriers. However, with Lao Telecom's rural connectivity projects, IPSTAR has been deployed in far-flung, remote areas to deliver not only broadband Internet, but also Voice over IP (VoIP) and mobile network backhaul services. As a result, there is a considerable potential for IPSTAR in the country. But as there is no satellite footprint covering Laos, IPSTAR's present strategy is to focus mainly on the marketing of user terminals while utilizing the first generation gateway. As a result, IPSTAR can support Laos' rural telephony projects which provide low cost, high quality voice service throughout the country.

### **Vietnam's Broadband Internet Industry**

Vietnam is considered as one of the fastest growing broadband Internet markets in Asia, having a total of 24.3 million Internet users - constituting to almost 27.1% of the country's population (Source: [www.internetworldstats.com](http://www.internetworldstats.com)). The Vietnamese government supports rural connectivity projects that help bridge the digital divide in the country and plans to use IPSTAR applications for future government projects.

In December 2008, THAICOM closed a contract with Vietnam Telecom International (VTI) for an additional IPSTAR capacity of 76 Mbps. The signed agreement further enables VTI to offer and boost IPSTAR services - such as broadband Internet, mobile backhaul and rural telephony - throughout the country.

### **Malaysia's Broadband Internet Industry**

According to the Department of Statistics of Malaysia, Malaysia has a population of 28.25 million. The number of Internet users in the country has reached 16.9 million in 2010 with the penetration rate of 60% (Source: [www.internetworldstars.com](http://www.internetworldstars.com)). Out of these users, there are more than 2.6 million broadband subscribers with over 31.7% household penetration rate.

The Malaysian government presently implements the Universal Service Provision (USP) with the prime objective of minimizing the digital divide in the country. USP is divided into 3 major phases. The objective of Phase 1 is to provide basic telephony service to underserved areas in 89 districts, where Public Switched Telephone Network (PSTN) subscriber penetration rate falls below 20%, while the emphasis of Phase 2 is on the provision of satellite broadband Internet for 87 districts in the country. Meanwhile, Phase 3 enables the government to provide Internet connection to libraries and USP communication centers nationwide.

In 2007, Thaicom had formed a strategic partnership with Time dotCom (TdC), an established telecommunication company with well-developed distribution networks in Malaysia, to provide service for various market segments - such as the enterprise and SME markets, and those of the USP-based government projects, where customers integrate Thaicom's satellite services with their additional services such as system integration, terrestrial transmission and other value added services for providing to the end users. In certain occasions, Thaicom develop partnership relation with customers to form strategic business cooperation such as the cooperation with Teleport partners.

### South Korea's Broadband Internet Industry

South Korea, one of the most advanced broadband markets around the world with a 105% broadband/household penetration in Q1 2010, is also a world leader in terms of the deployment of FTTx. South Korea has the highest broadband penetration rate and is also leading globally in terms of average broadband speed. The next big aim for the Korean government is to launch 1 Gbps broadband services by 2012. According to the research report of Point-Topic, South Korea established a robust national broadband development strategy which received widespread political support is one of the major reasons behind the situation (Source: <http://point-topic.com>). IPSTAR's market opportunity in South Korea lies in the provision of cost-effective satellite backhaul for Digital Video Broadcast (DVB) service. With the Ministry of Information and Communication and the Korean Broadcasting Commission's future plan to shift 1.9 million analog subscriber lines to digital platform by 2012, IPSTAR still has a huge market potential in providing DVB service throughout South Korea.

Currently, IPSTAR is looking forward to expand its market to some of the major potential service providers in South Korea.

### Japan's Broadband Internet Industry

In well-developed countries where only specialized market opportunity exists for service providers, IPSTAR can only provide targeted services, such as rural connectivity, disaster management, or other unique and creative breakthrough applications. These are IPSTAR's main target markets in Japan - a country where telecommunication infrastructure is extremely advanced, Internet penetration rate is relatively high and broadband subscription price is continuously decreasing. In June 2009, the household penetration rate of Internet in the country has grown to 64%; the Japanese Government has an even more ambitious target to provide 100% broadband coverage and 90% ultra high speed FTTH coverage by March 2011 (Source: [www.liberal.org.au](http://www.liberal.org.au); <http://point-topic.com>).

In April 2009, IPSTAR officially has launched services in Japan, with sales beginning to pick up with initial strategies directed towards retail broadband and government-funded projects. In early 2010, IPSTAR has a significant breakthrough in the Japanese market and deal with a major Japanese mobile operator, who leases out bulk 2 Gbps IPSTAR bandwidth as its low cost mobile backhaul solution.

### The Philippines and Indonesia's Broadband Internet Industry

In the Philippines, the Internet penetration rate in 2010 is at 29.7%, an increase from 2009's figure of 24.5%, still significantly higher compared with Indonesia's 2010 figure of 12.3% rate, a slight decline in penetration compared to 2009's figure of 12.5%. In contrast with other countries in Asia, the Philippines' Internet utilization rate has been increasing steadily, making it the sixth country with the most Internet users in Asia ([www.internetworldstats.com](http://www.internetworldstats.com)). Indonesia is still to reach the previous year's forecasted figure for 2010 of 50 million Internet users.

Consisted of geographically isolated groups of islands with limited access to reliable network infrastructures, the Philippines and Indonesia provide IPSTAR the opportunity to deliver and expand broadband satellite service in both markets-the most efficient and cost-effective solution in connecting remote and rural areas to high speed Internet.

Previously, IPSTAR had been using its first generation gateway in Taiwan to deliver high speed Internet access to the Philippines. Subsequently in 2007, IPSTAR had entered into an agreement with TNRI, a telecommunication service provider in the Philippines, to offer broadband service in the country by using the THAICOM 4 satellite - launched into orbit in August 2005. The IPSTAR gateway in the Philippines is now completed and fully operational, with the inauguration event took place in Manila in November 2008.

With commercial deals signed in Q4 2008 with the service provider WIT, IPSTAR had successfully launched the new retail broadband Internet package in the Philippines, called 'IPSTAR BigSky'. In addition, with more partnerships gained throughout 2010, the growth and expansion of IPSTAR business in the Philippines will be anticipated to continue throughout 2011.

Meanwhile, IPSTAR has sealed a partnership in 2008 with Infracom, an IT solution provider in Indonesia. This partnership has since launched retail broadband services and established local distribution partners nationwide to accelerate IPSTAR roll-out and to provide customer service in Indonesia. With ongoing market developments, further growth can be expected by 2011.

## An Outlook of the IPSTAR Service Expansion and Distribution

### - IPSTAR Gateway Implementation

In 2010, two new gateways at Delhi and Mumbai in India have been completed and are fully operational to provide IPSTAR service, adding 2 more to the existing 14 second generation IPSTAR gateways in Australia, Cambodia, China, Myanmar, New Zealand, Thailand, the Philippines, Malaysia, Vietnam, Indonesia and Japan. The main gateway in Japan started its expansion to support much more bandwidth capacity for mobile operator's service. Meanwhile, the 2nd gateway, which shall be used as back up in the event of disaster recovery that the main gateway is not able to service, is currently under implementation and is planned for completion in early 2011.

### - IPSTAR User Terminal Deployment

Up to 2010, more than 200,000 IPSTAR user terminal has been deployed in all countries, however for 2011, there will be slower demands for IPSTAR user terminals, especially in the Australian market, due to the transition in the Australian Government's subsidy program. However, the slow growth should be offset by the new demand of IPSTAR user terminal for corporate or Telco business in Japan and India. Moreover in markets like Indonesia, where the population exceeds 200 million and residents live in geographically dispersed island groups, IPSTAR can enable fast deployment and lower communications service cost.

### - IPSTAR User Terminal Product Development

In 2010, IPSTAR continued its focus on improving the Quality of Service (QoS) offered by the iCON user terminal. The new improvements were intended to enhance the overall performance of iCON by adding new software features, such as Super Frame, Dynamic CBR and Watchdog. The new features also help to improve the quality of Voice over IP (VoIP) applications, increase bandwidth efficiency and reduce the satellite's signal interference. These features are also customized to the mobile backhaul application with femtocell for our Telco (mobile operator) customer in Japan.

As a result of iCON's continuous improvements, customization, and with new models prototyped and tested, very soon end users can experience better Quality of Service (QoS), speed and service reliability. This next generation iCON will integrate several electronic components into one chip set, thus making the user terminal more robust and cost effective while giving better performance. The new iCON model is expected to be launched by Q3 of 2011.

## 2011 Market Strategy

In 2010, IPSTAR has successfully launched services in most countries under the satellite's footprint. The IPSTAR service launch in Taiwan and Korea, as the remaining country, is expected in early year 2011.

For 2011, Thaicom has placed several key strategic directions to enhance the commercialization of IPSTAR's services within the region. Thaicom will concentrate on increasing bandwidth sales through the IPSTAR unbundled strategies on 5 core segments - which include consumer broadband and IPTV, Universal Service Obligation (USO) projects and rural telephony, government and enterprise networks, cellular backhaul, and broadcasting.

To sustain and increase the utilization of the THAICOM 4 satellite's bandwidth, Thaicom plans to continue to provide unbundled IPSTAR space and ground segments. An example of this is the utilization of the DVB platform for broadcasting services, which will enable VSAT platform providers to use the IPSTAR bandwidth.

Thaicom will continue to concentrate on the five core segments of 2010 into the year 2011:

Through consumer broadband and IPTV applications, Thaicom will continue with the retail markets through partnerships with local service providers. IPSTAR consumer broadband and IPTV are targeted for consumers/SMEs.

The Universal Service Obligation (USO) projects, rural telephony and cellular backhaul aimed at providing basic telecommunications infrastructure to remote villages and households, will be part of Thaicom's broadband strategy, and continue in engaging with key government ministries to help support USO initiatives. Under the government and enterprise network segment, Thaicom will continue to work with solution providers and system integrators who require bandwidth-demanding applications, such Virtual Private Network (VPN).

Meanwhile in the cellular backhaul segment, Thaicom will continue to help incumbent mobile operators planning to expand their rural network coverage with IPSTAR's cellular backhaul solution..

Lastly with the broadcasting segment, Thaicom will provide viable and proven solutions for DVB services, especially for Satellite News Gathering (SNG). In highly regulated markets, such as China and Vietnam, Thaicom's key strategy will be to pursue closer business cooperation through joint partnership ventures.

## Description of Customers and Relationship between Thaicom and its Customers

Thaicom generally classifies its customers, both domestic and international, into 2 segments in accordance with their applications as the following:

### 1) Telecommunications Segment comprising

- General communication service providers e.g. public phone operators and mobile phone operators, who use satellite services for their own telephone network links of distant provincial exchanges.
- Satellite communication service operators e.g. VSAT operators, government units and state enterprises, who provide telecommunication services via satellite communication networks for receiving and transmitting data, voice, or video content.
- Users of satellites for internal business e.g. private companies, government agencies or state enterprises using satellites for their inter-office communication.

### 2) Broadcasting Segment comprising

- Terrestrial Free-TV stations e.g. national free TV stations from Thailand and Indochina countries using satellites for broadcasting TV signals to their rebroadcast stations.
- Satellite TV/Radio operators e.g. free-TV, pay-TV and radio broadcasters who wish to transmit their TV/Radio channels via satellites to cable TV headends or directly to home viewers.

### Percentage of customers by service category\*

Unit : %

	2008	2009	2010
Telecommunications	36.1	30.7	26.6
Broadcasting	63.9	69.3	73.4

\* Calculated from the number of transponders used by customers of Thaicom 1, Thaicom 2, and Thaicom 5, excluding THAICOM 4.

\*\* On January 12, 2010, Thaicom 1A Satellite was deorbited from 120 degrees East. The company has finished transferring all Thaicom 1A's customers to Thaicom 2 and Thaicom 5 since May 2009.

\*\*\* On October 30, 2010, Thaicom 2 Satellite was deorbited from 50.5 degrees East. The company has finished transferring all Thaicom 2's customers to Thaicom 5 since May 2010.



In general, the relationship between Thaicom and its customers are supplier-customer relationship, where customers integrate Thaicom's satellite services with their additional services such as system integration, terrestrial transmission and other value added services for providing to the end users. In certain occasions, Thaicom develop partnership relation with customers to form strategic business cooperation such as the cooperation with Teleport partners.

In the past 3 years, none of the customers used more than 30% of the total sales volume with the majority of customers in Thailand (50%), Indochina countries (16%) and South East Asia (12%).

## Service Procurement

### 1) Process for Procuring Satellite and Gateway Builders

The procurement for satellite and gateway builders starts from making an analysis of customers' requirements by the marketing team. e.g. target countries, services needed etc. while the engineering team studies satellite and gateway qualifications e.g. design of service area, satellite technologies to be used, application bandwidth, gateway location and number of transponders to match customers' needs. Then the specifications of required satellite will be sent to several satellite and gateway builders for their proposals. Thaicom will then select a proper builder taking into consideration their past record of satellite and gateway building, construction period, financial support, price, and other special conditions offered. This procurement process normally takes about 6-9 months and the average satellite construction period is about 24-30 months, and it takes 6 months for a gateway building.

### 2) Process for Satellite Orbit Service

As a Thaicom representative receives requirements from a customer, Thaicom will explore the technical conditions of the network incorporated with customers' requirements to consider which of its services, being such a major service as satellite transponder leasing or such value added services as uplinks/downlinks, signal compression will be a perfect solution to best respond to customers' needs. The working procedure is as follows.

- Thaicom engineering team will explore the technical conditions of customers' satellite network application to allocate an appropriate bandwidth and will also make a technical calculation to find out the most efficient solution and then will give advice to customers how to utilize satellite for optimized efficiency.

- In the cases where customers wish to use other value added services which include teleport service, network design, equipment procurement, turnkey services, etc., Thaicom engineering team will coordinate closely with customers to design a solution that best serves customers' needs.
- Prior to the actual application, Thaicom will have its customers explore the content of service contract draft before the contract signing and start of service.

After the customers have signed the contract to lease the transponder, they are required to coordinate with Thaicom technical teams i.e. Communications Engineering Department and Customer & Network Service Department prior to the process of signal transmission to Thaicom satellites. In the first place, customers are to supply all network technical information e.g. the size of dish antenna, frequency and power of signals to the Communications Engineering Department to ensure that the overall network power does not exceed the lease limit and that the dish antenna specifications meet standard requirements.

After that the Communications Engineering Department will issue a document containing information for signal and frequency launching. For any application on Thaicom transponders, the Customer and Network Service Department will coordinate with the customers in giving a functional test of their ground equipments before actual use and also a quality test of Thaicom signals to ensure the efficiency of Thaicom signals and that they do not cause disturbances to other users and nearby satellites.

### **3) Process for Satellite Turnkey Services**

This is a fast, convenient, and economical service suitable for customers desiring to use Thaicom transponders at their specified locations. Details are as follows.

- Consultancy service for the design of satellite application system, uplink/downlink station, system installation and functional test plans including the assessment of cost for the system and uplink/downlink station to effectively correspond with customers' application and requirements. The service also includes the improvement or development of the system currently in use to make it operable with the satellite system.

- Purchase and procurement service of equipments necessary for system and uplink/downlink station installation. Thaicom has formed a long relationship with a variety of manufacturers with a ready reserve of equipments and systems to enable a fast installation.
- System and uplink/downlink station installation service at customers' venues including system functional and venue tests by expertise engineers and technicians to ensure proper function of the system. This service includes an implementation training for customers' technical staff and an efficient after-sales service.

## Business Privileges and Limitations

### 1) Business Privileges under Agreement for the operation of Domestic Communication Satellite

Thaicom has been granted a 30-year Agreement for the operation of Domestic Communication Satellite from the Ministry of Information and Communication Technology (MICT) starting from September 11, 1991. Under the Agreement for the operation of Domestic Communication Satellite, Thaicom is required to transfer the ownership of all satellites to the MICT after they have been launched into orbit and passed the functional test. The gateways and related equipments will become the assets of the MICT following the installation and efficiency test (except for those installed abroad) and the MICT will grant the said assets in possession of Thaicom for further business operation. Thaicom is also required to pay the MICT a minimum remuneration totaling Baht 1,415 millions throughout the 30-year agreement period. The current remuneration rate paid to the Ministry of Communications is 17.50% of gross revenue. The contract also requires SHIN Corporation Public Company Limited to hold a minimum 40% stakes of Thaicom. (Details of the Agreement for the operation of Domestic Communication Satellite are summarized in Exhibit 4.)

### 2) BOI Investment Promotion Certificate

Thaicom has been granted a BOI promotional privilege for Thaicom 1A, Thaicom 2, and Thaicom 3 under 7.5 category: Satellite Telecommunications Business with privileges as specified by the Board of Investment especially for Thaicom 3 which had been granted an 8-year corporate tax exemption for net profits earned from the promoted business starting from the commencement date of earnings from the promoted business operation i.e. from December 1, 1997 to November 30, 2005. Thaicom has also been exempted from import tax of raw materials e.g. master tape etc. imported for its business provided for customers abroad.

On November 19, 2003 Thaicom was granted promotional privileges from the Board of Investment for IPSTAR project with an 8-year corporate tax exemption for net profits earned from services provided to customers in foreign countries starting from the commencement date of earnings from the promoted business operation.

### **Satellite Communications Service and its Related Services by CS Loxinfo Public Company Limited**

CS Loxinfo Public Company Limited (“CSL”) provides an integrated uplink/downlink service at its Lardlumkaew Thaicom Teleport and DTH Center. Services comprise TV signal uplinks/downlinks, live broadcast, tape playback both in analog and digital systems. The services are provided both on a full-time basis with 24-hour operating staff, which is suitable for exact broadcasting schedule programs, and on an occasional basis, which is suitable for the broadcasting of live programs, news, or a seasonal sports competition. The service is provided in cooperation with Thaicom Public Co., Ltd.

CSL has been licensed for uplink/downlink and Internet via satellite services under a 22-year operating agreement starting from August 9, 1994 ending August 8, 2016.

## **2 Internet Access and Related Services**

### **Internet Access Service by CS Loxinfo Public Company Limited**

(See more details from CSL’s 2010 Annual Registration Statements (Form 56-1) available for download at [www.sec.or.th](http://www.sec.or.th))

### **Internet Software Development and Information & Entertainment Services via Mobile Phone System by AD Venture Co., Ltd.**

Ad Venture Co., Ltd. (“ADV”) is a holding company 99.99% shared by CSL. ADV provides Internet Software Development and Information & Entertainment Services via Mobile Phone System.

(See details of ADV from CSL’s 2010 Annual Registration Statements (Form 56-1) available for download at [www.sec.or.th](http://www.sec.or.th))

## Internet Access and Related Services by DTV Service Co., Ltd. ("DTV")

### Nature of Products or Services

#### DTV Satellite Dish Sales Service

**Nature of Service:** The service includes sales of KU Band dish to receive signals from THAICOM 5 satellite, available both in full set or IRD Box. The dish, with compact size at reasonable price offers viewers with clear viewing of TV programs especially free-to-air TV and education channels. Sales is made through satellite installation shops, electrical appliance shops, Shopping Mall, etc. nationwide. The sales are for equipment only or inclusive of installation fee.

#### Type of Earnings

1. Sales of DTV full set and IRD Box
2. Sales of DTV accessories e.g. remote control, LNB, etc.

**Future Service Plan:** The Company keeps on giving significance to substituting the fish bone antenna with small satellite dish both in town and upcountry market enabling clear viewing of all TV channels and solving the previous problems while offering other programs i.e. news, documentary, movies, cartoons and a variety of education channels. In addition, the Company will continue to develop new devices with suitable application thus further facilitating customers for expansion of customer group and building up of customer satisfaction. Furthermore, DTV also focus on establishing training program for installation operators for the purpose to create sales channel.

#### Web Development Service

**Nature of Service:** This service includes web design and development for web customers or general customers. Multimedia technology is applied in the creation of work with an emphasis on data presentation technique to captivate and draw attention of website visitors.

**Type of Earnings:** Collected according to the nature and type of work as quoted or agreed upon.

## System Integration Service

**Nature of Service:** The service starts from acquiring customers' needs and bringing them into effect with an emphasis on services using satellite communications and other internet media.

1. Platform Service. For example, IPTV, VDO Conference, Data Transfer, Multimedia Online, etc.

2. System Integration. This service offers network and software services to meet customers' demand for network connection to transfer varieties of data content both one-way and two-way transaction, etc.

**Customer Group:** Business organizations or government agencies, state enterprises including private units with nationwide branches, institutions, direct sales businesses or co-operatives where conferences, in-house trainings or seminars are held regularly, and various industrial sectors such as tourism, hotel, news agencies, TV stations or major program producers, etc.

The relationship with customers is between service users and providers with or without contract.

### Type of Earnings

1. Service charges collected for data transfer service team, broadcast service
2. Sales of signal receiver kits
3. Bandwidth fee (per use or monthly)
4. Software fee (per use or monthly)
5. System installation fee
- 4) Platform Service

**Nature of Service:** This service includes selling and leasing of platforms or systems developed by DTV such as IPTV Channel (Internet network TV channel), or Multimedia Streaming Platform used for broadcasting video or audio content via Internet network e.g. TV, radio broadcast via Internet, etc. The platforms and applications developed are ideally suitable for broadband Internet application. This service also includes development of particular services to match customers' specific demand.

### Type of Earnings

1. Earning from payment per use : for the purchase of systems for IPTV Channel Platform, Video Streaming or accessories
2. Monthly earning : Collected consecutively on a monthly basis for platform leasing service

## Competition and Marketing

### Industry Outlook and Competition

#### 1) DTV Satellite Dish Sales Service

Various forms of TV receiver dish are available in the current market e.g. satellite dish and antenna thereby forcing fierce competition in price, coverage channel while new models of satellite dish are also introduced. Nevertheless, DTV remains competitive in respect of price.

#### 2) Web Development Service

To date, DTV offers services to current customers only without expanding the market or increasing the sales due to the recent severe competition by smaller or individual rivals which has put DTV into a price disadvantaged position.

#### 3) System Integration Service

Currently there are several operators providing system integration service, each of which has particular technical expertise. DTV has put its emphasis on IP File Transfer technology especially via satellite broadband IPSTAR service for in-house training.

#### 4) Platform Service

At present, DTV keeps providing services to current customer group with earnings from existing equipments while customer base has not been much expanded. Besides, similar platform services are widely spread with low investment cost where customers have alternatives to choose the available services, make their own investment or do it by themselves.

### Marketing and Sales

The marketing and sales can be divided into 2 service groups according to service category as follows:

#### 1. Direct Sales Group

This group comprises system integration where emphasis is on direct contact with customers to give product description, gather customers' needs, or demonstrate the products. The majority of customers are organizations where mass media advertising is not much popular.

#### 2. Sales through Distributors

This group mainly distributes full set DTV through distributors. Marketing activities are undertaken utilizing sales support media at sales point. Mass Media is occasionally applied with incentives for distributors with big sales volume.

## Description of Customers and Relationship between DTV and Its Customers

### DTV Service

Customers comprise distributors of electrical appliance or satellite dish including Modern Trade, end users, building and other organize nationwide. The relationship reflects in the form of such after sales services as service delivery, marketing support, technical and logistical advice, including equipment repair service.

### System Integration and Platform Services

Customers comprise government agencies, state enterprises, and private units with branches nationwide or institutions, direct sales businesses where conferences, in-house trainings or seminars are regularly organized including various industrial sectors such as tourism or hotel businesses, etc.

The relationship with customers is between service users and providers on annual/monthly contract basis or payment of service fee per use.

## Business Privileges and Restrictions

### 1) License for Internet Service Provider

DTV has been granted license by the National Telecommunications Commission (NTC) to provide Internet service Type 1 for five year from October 18, 2009 expiring on October 17, 2014. If the licensee does not materially or severely breach the conditions, NTC will renew the license immediately.

### Meeting/Training/Seminar Center Services by NTU (Thailand) Co., Ltd. ("NTU")

NTU (Thailand) Co., Ltd. ("NTU") offers meeting, training, seminar center services for efficient personnel development of organizations using distance learning technology via satellite as a medium to broadcast the on-air lecture live to educational centers and enterprises both in government and private sectors nationwide.

## Description of Products or Services

- 1) Program production service for live broadcast/ videoconference via satellite
- 2) A distant training via satellite course on "Modern Management" organized annually for NTU members.



### 3) In-house Training

NTU joins hand with other enterprises to support training activities providing training/seminar services with up-to-date and effective curriculum equipped with competent instructors of diverse fields such as planning and management, human resources management and development, sales and marketing, communications, psychology, self development and skill developments, in the form of both satellite distant education and in-house training in the public and private sectors.

### 4) Provide Consulting Services

NTU provides consulting services in the field of Management, Human Resources Development and Business Development etc. These include study visits in the country and overseas. At present Thai Consultant Database Center, Ministry of Finance has certified NTU as the Consulting Company, Type A, No. 2576 in the field of Education and Organization Development.

## Marketing and Competitive Edge

### 1) Description of target customer group

NTU provides commercial distant education services giving live broadcasts of on-air meetings/trainings/seminars to learning destination centers where signal receiving devices are equipped and the picture and sound signals will be displayed via a television screen or a projector.

At present, most of service providers are educational organizations that do not focus on commercial service, for example, the Ministry of Education, the Sukhothai Thammathirat Open University, etc. Other private service providers put an emphasis on-subscription basis for members to view the whole programs regardless of different needs of customers. Such service is rather a fixed-by-provider type than a Precision Programming as currently provided by NTU. NTU's customers therefore include employees, officials of both government and private sectors who require training in different fields.

### 2) Competitive Status

Currently, domestic distance learning service is still limited in educational institutions, foundations, or associations. The media used to send the knowledge to target groups are radio, cassette tape, CD, TV, videoconference, website (www) or e-learning, documents and printed materials.

In addition, there are several distance learning service providers, i.e. educational organizations and private enterprises that deploy such tools as e-learning virtual classroom or virtual campus, and videoconference (using Internet as a medium to transmit data and a PC to receive data) and are regarded as NTU's major competitors because the media used is a two-way communication with colorful techniques that will draw better interest than using TV. Nevertheless, there are some limitations in accessing target groups e.g. a PC with sufficient capacity and users must have a good knowledge, understanding, and skill in computer. In the case of e-Learning and Video Conference, a venue for installation of expensive videoconference equipments which are of high price is necessary.

Consequently, NTU's service emphasizing on disseminating knowledge and information to a target group of over 25 years old employing its existing technology is regarded as a more advantageous method than others. After installation of signal receiving devices and switching TV on, viewers will be able to view NTU programs. Moreover, the number of videoconference service providers in Thailand is still limited and their operation cost is much higher than that of NTU since NTU network enables access to its network alliances in every province thus greatly lowering its operation cost.

However, it is necessary that NTU expand its network to meet the diverse demand of users and also intro extend their services to provide more alternatives to customers e.g. to expand videoconference service utilizing the existing network.

### **Description of Customers and Relationship between NTU and its Customers**

*Produce, direct, and control live broadcasts of meetings/trainings/seminars via satellite*

Customers of this service are the Department of Cooperative Promotion that have satellite signal receivers installed nationwide and the training is conducted via the Department's center

*Provide trainings/seminars with up-to-date and effective curriculum by competent instructors of diverse fields*

Customers are enterprises with provincial offices e.g. the Department of Highways, and other government and private enterprises that give significance to personnel development and have interest in satellite training.

*Provide In-house trainings*

Customers are organizations with the need of in-house trainings for their employees. NTU manages in-house trainings by co-ordinating the instructors and designing the training programs upon specific requests. The customers are for example, TOT Academy, TOT Public Co., Ltd., Thaicom Public Co., Ltd.

*Consulting Service*

Customers are organizations in public sectors which call for Proposals according to the TOR. In the year 2010, NTU has implemented the project on "Network Development of Trade Association in ASEAN+6 Countries" for Department of Business Development, Ministry of Commerce. The Project came out with 12 strategic plans for 12 Trade Associations including 3 trips for Executives and Representatives of Trade Associations to expand their trade network in China, Vietnam and Indonesia.

**Business Privileges and limitations**

N/A

**3 Telephone Business Service**

Thaicom offers telephone business service by investing in Shenington Investments Pte Ltd. ("Shenington"), a holding company registered in Singapore. To date, there are 2 subsidiaries, Mfone Co., Ltd; and Lao Telecommunications Co., Ltd.

**Mfone Co., Ltd. ("Mfone")**

Mfone Co., Ltd., formerly known as Cambodia Shinawatra Co., Ltd., has officially changed its name to Mfone Co., Ltd. to correspond with its product name to further lift up to international level the Company's image along with its products and services. "Mfone" will be used for marketing and sales activities of all products.

**Nature of Products or Services****1) Nature of Service**

Mfone operates telecom business as described below:

- Cellular Phone under digital phone services GSM 900 MHz, and GSM 1800 MHz, and UMTS or 3G 2100 MHz systems. The network expansion phase 10 had been completed, As at 2010 end, Mfone operates a total of 1028 base stations and network capacity to supply to over 1,500,000 subscribers.

- Fixed-line phone service under CDMA 450 system using wireless signal. This service covers 24 provinces nationwide with up to 30,000 subscribers.
- Internet services: WiFi, ADSL, IPSTAR and ADSL.
- VOIP international calling service, an economical service pack via Internet for cellular and fixed-line phone users.

## 2) Mfone's type of earnings is categorized as follows:

- Telephone service charge per second
- Monthly subscription fee for post paid service
- Selling of telephone sets and sims
- Installation fee and sales of Internet devices
- Monthly Internet service charge
- Interconnection Charge

## Marketing and Competition

### Industry Outlook and Competition

The telecom market competition in Cambodia is relatively high. With an approximate population of 14 million, Cambodia's telephone penetration rate is still at 30% due to it is rebuilding the fixed-line market and quickly launched into alternative technologies, jump starting its telecommunications infrastructure with digital technology. The number of cellular phone users accounts for 97% of the total figure. Prepaid service accommodates 99% of the total mobile telephone user.

During 2009, there were 3 new operators entering into Cambodia market, Metfone (Viettel), Beeline (Sotelco) and Smart (Latelz). Today, there are totally 9 telephone service providers in Cambodia. The competition within the industry therefore rests upon network expansion to cover those areas in demand. Mfone ended its market share at the third largest with services subscriber 723,860, while its major competitor, Metfone (Viettel) ranks top. CamGSM (Mobitel) ranks second.

### Marketing

Mfone intends to stress on expansion of network coverage nationwide along with quality service. Customer Service and Call Centers have been set up, and service centers have been extended to provincial areas for customers' convenience in using Mfone products and services. Compelled by present fiercer competition, Mfone has periodically launched sales promotion campaigns to both users and upcountry distributors to boost sales figures in addition to its product and service development.

Mfone concentrated on strengthening customers' confidence on its network and services by dispatching sales team to promote sales activities both in metropolitan and provincial areas and aggressively increased the distributing outlets nationwide and renovate its Phnom Penh sales office in order to cope with the rapidly increasing customers. In 2011, Mfone will put more focus on the segmentation marketing offering the services package to suit customer's lifestyle as well as escalate Mfone brand image for corporate total solution and increase customer value for money through various series of products.

### Description of Customers and Relationship between Mfone and Its Customers

Mfone customers include general users, international business organizations, corporate users, and government organizations. In 2011, Mfone emphasizes on corporate sales while offering integrated service which includes fixed-line phones, cellular phones and Internet with concentration on value added services.

### Business Privileges and Restrictions

Mfone has been granted a 35-year Operating Agreement for Telephone Business Operation in Cambodia from Cambodia's Ministry of Posts and Telecommunications under a contract dated March 1993, amended on March 4, 2007. At the expiration of agreement term in 2028, Mfone is subject to transfer all of its assets to the Government of Cambodia. Under this contract, Mfone is required to share its earnings throughout the agreement period. In July 2004, the Government of Cambodia reduced the annual remuneration rate from 11% of gross revenue to 7% effective from July 22 2004-2006, and from 2007 onward to 10%. (Summary of contract is as per Exhibit 4) This rate is applicable only for earnings from 2G cellular phone service. As for 3G system, the remuneration rate during 2007-2011 is 4% of gross revenue.

## Lao Telecommunications Co., Ltd. ("LTC")

### Nature of products or services

1) Nature of Service: LTC has been granted a license to operate telecommunication services in Laos as follows:

- Digital Phone Service (GSM 900/1800, WCDMA 2100)
- Public Switched Telephone Network (PSTN)
- CDMA-450 Wireless Local Loop 20001X
- Public Telephone
- Broadband internet, HSPA, Wi-fi Zone, dial-up, ADSL and Prepaid internet and leased line service

- International Roaming Service
- VOIP International Telephone Service
- Value added services for mobile phones

2) LTC's earnings can be categorized as below:

- Local and international telephone service charges
- Monthly subscription fee
- Sales of handsets (CDMA-450 wireless Local Loop system) and sim cards
- Monthly Internet service charge, leased line service charge, prepaid Internet cards
- International Roaming (IR) charge and International Sharing Charge (ISC)
- Value added service charge

## Marketing Conditions and Competition

### Industry and Competitive Status

LTC's exclusivity rights expired in 2001. There are currently 3 fixed-line operators in Laos, namely LTC, ETL, and LAT (Star Telecom); 4 cellular phone operators, namely LTC, ETL, Millicom and STAR TELECOM. LTC's market share ranks top while STAR TELECOM ranks second and ETL ranks third. ETL is 100% owned by the Government. LAT, a JV between Government & Viettel. Millicom is a private company owned by the Russian Company. The five major Internet service providers are LTC, ETL, Planet Online, Lanexang Internet, and Sky telecom with LTC holding 50% market share.

The telecommunication system in Laos has developed extensively during past few years using up-to-date technology following global trend in telecommunication technology development to provide superb service to consumers. In particular, Laos is the first country in the world to implement IPSTAR TRUNKING system with GSM 900 phone in rugged areas. LTC is first mobile operator providing 3G cellular phone system in LAO P.D.R. 3G networks has already been covered all of the province and improved data speed from 7.2 Mbps to be 14.4 Mbps. While STAR TELECOM ranks second in mobile market has launched 3G service in Q4 this year. LTC has total telephone subscribers amount of 1,658,801 subscribe

To date, the total number of mobile phone subscribers is approximately 3.3 million with a growth rate of 37% in 2009. The diversified promotion campaigns launched continuously has actively stimulated the market with a huge increase in customers. Over 99% of total mobile phone subscribers are in prepaid system.

### Marketing

LTC has been prepared to cope with tougher competition with an emphasis on proper network expansion plan to extend the service area and network to cover all portions of the country. A quality service is also LTC's focus with an introduction of CRM and PRM systems. Customer Service and Call Centers are established to facilitate customers and distributors. Consecutive sales promotion campaigns and activities are arranged for the benefit of customers.

LTC has focused on segmentation of each brand both of Master and second brand (fighting brand) by differentiate strategy, Localized marketing strategy, directed sale and creating brand loyalty are used continuously to maintain its top rank in market share and to achieve a quality service in accordance with the international standards, and to build customers' satisfaction and also set up network quality team to monitor and control the network, LTC has strived consistently and has been awarded ISO 9001-2008 certification.

### Social Responsibility

LTC has implemented the Corporate Social Responsibility (CSR) system which is a project to help and share responsibility in the society by taking part in the development of economy, local community, and the society in broader areas. Such activities include contribution of medical equipments to hospitals, construction of schools, giving support to talented students and youths, assisting those suffered from natural disasters, participating in and providing support to conferences organized by private sector. LTC has been awarded high rank honorable medals consecutively for 3 years by the Government of Laos for its outstanding management. LTC also received the Gold Elephant Award as the Outstanding Firm of the Year from the Trade Council of the Lao People's Democratic Republic.

### Description of Customers and Relationship with Customers

LTC's customers include general public, international business organizations, general corporate users, and government organizations, NGOs, Diplomatic Missions, and UN agencies. LTC has successively developed its relations with customers implementing Customer and Partner Relation Management scheme. LTC enjoys cordial relationship with media too.

## Business Privileges and Restrictions

LTC is a joint venture with a 25-year license from the Joint Venture Agreement for Telecommunications Business Operation in Laos People's Democratic Republic from 1996 to 2021. Under the joint venture contract, at the expiration of the 25-year term, LTC is required to transfer all of its shares to the Government of Laos without any charges or compensation. (Summary of contract is as per Exhibit 4) In February 2010, LTC announced its dividend payment to shareholders for LTC's 2009 performance for an amount of US\$20 million Combined with interim dividend of USD 10 million and In JULY, announced additional dividend USD 5 million, the total dividend paid for 2009 performance was USD 35 million, a 40% increase over the previous year. Over last 13 years including this year, LTC has paid dividend to shareholders to the tune of US\$104 million.

## 4 Advertising Business via Telephone Directories and Classified Ads.

(See details of Teleinfo Media Co., Ltd. ("TMC") and Watta Classified Co., Ltd. ("Watta") from CSL's 2010 Annual Registration Statements (Form 56-1) available for download at [www.sec.or.th](http://www.sec.or.th))





# Risk Factors

The Company’s business operation is subject to various risks, both general and specific ones. The risks factors set out in the following list are those which the Company presently considers may have a significant negative impact on its business earnings, financial position or future performance. Investors wishing to invest in the Company’s securities should therefore take careful consideration on risk factors stated herein including other risks currently unknown to the Company or risks presently viewed by the Company as not materially affecting the Company’s business operation. Where such risk factors become real, the Company’s business, financial status and operation result may be adversely affected thus possibly resulting in the falling price of the Company’s ordinary shares as well as the Company’s debenture price and will led to investors’ losses.

Besides, there are risk factors involving the Company’s Internet business that investors may study from the Annual Registration Statement (Form 56-1) of CS Loxinfo Public Company Limited.

# 1 Risk associated with the provision of satellite service

## 1.1 Technology and operating risks

### 1.1.1 In-Orbit failure

The satellite is state of the art technology and engineering. Once launched into orbit, the satellite will be under some risks such as a system failure, solar discharges or a collision with other objects in space. These damages will affect the Company's service to the customers. It will degrade, temporarily or permanently, the satellite's performance to uplink and downlink the signals. The Company may lose the current customers and/or may not acquire new customers while replacing the damaged satellite. However, all satellites are designed to some extents withstand a certain amount of damages. The probability of satellites suffering a severe damage to the point of complete failure is very rare. THCOM maintains a contingency plan to minimize the adverse effects to the customers in the case of a severe damage to the satellite. These include transferring the customers as many as possible to the available transponders on the remaining Thaicom satellites. The Company has also made the agreements with other satellite operators on a temporary leasing of its transponders until the launch of the replacement satellite. Normally, the construction period of a new satellite will take approximately 24 - 30 months depends on the complexity and size of the satellite.

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

The insured value equals to the satellite’s book value on the insured date. However, the insured value does not cover a compensation for the loss of revenue, to the Company or its customers, owing to the satellite’s damage. This could possibly affect the Company’s operational performance.

Insured Value Project

Satellite	Insured value (Million USD)	Period
Thaicom 4 (IPSTAR)	199.86	August 2010 - August 2011
Thaicom 5	73.60	May 2010 - May 2011

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

1. War, invasion, defence, acts leading to war made by the government, or military action
2. Anti-satellite equipment, atomic-bomb, or nuclear-related equipment
3. Rebellion, uprising, riot, strike, revolution, civil war, or terrorism
4. Seizure by government agencies
5. Nuclear reaction, radiation by radioactive waste, which, directly or indirectly, causes loss/damage to the satellite, but except for radiation naturally occurring in the space environment
6. Electromagnetic or radio frequency interference
7. Intentional or wilful acts of the insured or the authorized person (s) that cause loss of or failure of the Satellite.

1.1.2 Technological changes

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

Considering the Broadband satellite technology, Thaicom 4 (IPSTAR) when its first operate is the most advanced satellite and operate with the lowest cost per transponder. Currently, there are other Broadband satellite service providers who have developed the space as well as ground technologies that can compete with Thaicom 4 (IPSTAR). This will allow the competitive advantages of Thaicom 4 (IPSTAR) decreased and led to a drop in profit margin of both bandwidth and ground equipment.

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

#### **1.1.3 Service lives of satellites**

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

Thaicom satellite engineering team will regularly perform a calculation process for the remaining service lives of the satellites. If the remaining service life of a satellite is less than 5 years, the involved departments will be informed to deliberate on such issues as the budget for the construction of the replacement satellite, the source of financing and the return from investment.

#### **1.1.4 Reservation of satellite orbit and frequency coordination**

When the Company has a plan to launch a satellite into a new orbital slot, it will not be allowed to use the new orbit position until the orbital slot reservation is filed with the International Telecommunications Union ("ITU") through the Administration of Thailand and the right to use the orbital slot has been approved by the Administration of Thailand which the Administration will consider the necessity of the assignment. As the positions for satellites in geo-stationary orbit are limited, both reservation and frequency coordination are very important and come under the organization of a United Nation's agency - the International Telecommunications Union ("ITU"), of which Thailand is a member. The Ministry of Information and Communication Technology ("MICT") and the

National Telecommunications Commission (“NTC”) are acting as an agent to negotiate and coordinate with others. Priority will be accorded to those who apply for orbit reservation first. Those Companies must launch their satellites within 7 years upon receiving approval. The limited orbital slots call for efficient use of resources through coordination of frequency. Such endeavour has become more and more complicated and time-consuming as transponder demand has risen, resulting in an increase in the number of geo-stationary satellites and their proximity of location. Therefore, the elimination or minimization of signal interference may require modification to the satellite design, changes to the service region, or modification to the ground equipment. These will cause technical limitations in some service areas or frequencies as referred to the Agreement on the Frequency Coordination.

### **1.1.5 Operating risk**

The satellite operation requires technical know-how and expertise of the engineering employees. The Company provides a comprehensive training process to ensure its employee has required skills and abilities to control and operate the satellites. However, the satellite operations are performed by human, there could be some risks of making an error. Therefore, to avoid any error in the operation particularly when sending the command to the satellites, the engineers have to check to ensure that there is no mistake in sending the commands. In case there is an error when sending the command to the satellite, the Company has a procedure and contingency plan in place for any corrective action.

## **1.2 Business risk**

### **1.2.1 Changes in laws, rules, regulations and government policy**

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

The Agreement for the Operation of Domestic Communication Satellite will expire in the year 2021. The changes in laws, regulations and policy of the government may result in the Company not being able to extend the term of the Agreement. The Company will try to acquire the license to continue its business operations after the Agreement has expired. Moreover, such change may lead to new satellite operators who will be the Company's competitors in the future.

#### **1.2.2 Legal and regulations risks in countries where THCOM operates**

At present, the globalization trend has created a more liberalized telecommunications landscape around the world. It has enabled THCOM to expand the satellite telecommunications services to many countries. The Company strictly abides by the Rules, Regulations, Government Policy, or International Agreement as well as Telecommunications Law of the countries where it operates. The satellite telecommunications business in each country is strictly controlled by its Government and any changes to its policy and regulations including any change in the policy to providing supporter subsidy to the telecom industry may affect the Company's license standing and business strategy. In addition, the changes in the policy and regulations of the ITU International Agreement, the Agreement in Asia-Pacific and the countries where the Company serves, can significantly impact the Company's business opportunities, financial status, and performance. These changes can increase the operating cost and limit the Company's business activities. Additionally, the Company may have a tax exposure arising from the change in tax law or the interpretation of tax law in each country. IPSTAR Service coverage for the Thaicom 4 satellite covers 14 countries in the Asia Pacific region, current IPSTAR is commercially available in 13 countries (apart from Taiwan, which has acquired all required landing licenses and is in the process of selecting the most appropriate landing partner). Risks associated with landing rights and licenses have been an issue for commercializing in the past, but with these problems resolved, an increase in sales is expected, such as the case of India.

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

### 1.2.3 Potential loss of major customers

Major source of the Company's revenue comes from major customers who provide telecommunication services. In 2010, Company's revenue from three major customers was 18.1% of the total revenues from the Company's sales and services.

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

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

Commercial risk is part of IPSTAR business. Since IPSTAR wholesales its satellite bandwidth and user terminals through intermediary channels, such as service providers, through which IPSTAR's services is provisioned to End Users. The reliance on a single dominant partner as an intermediary may present itself as an inherent risk as this may lead to limitations to distribution channels as well as no competitiveness within the market for IPSTAR products and services. With the company's strategy in establishing good relationship with associated partners, good cooperation and trust in IPSTAR business ventures is the expected outcome which will strengthen the IPSTAR business of today, as shown by India, and in the near future, with China.

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

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

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

#### **1.2.5 Competition from other satellite operators and terrestrial network operators**

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

The Company has also competed with terrestrial network operators such as fiber optic, DSL, microwave, VHF/UHF broadcasting, digital data services, value-added broadband services, etc. Normally, the terrestrial network services have charged lower than the satellite services. The competition with these terrestrial network operators will limit the Company's price setting. Therefore the Company may lose the existing customers to terrestrial services or it will be difficult to get new customers. However, satellite services provide low cost and quickly deployment to remote and less density areas. The satellite also enhances the terrestrial network expansion.

#### **1.2.6 Risk resulting from allegations of breach of the terms of the agreement for the operation of domestic communication satellite**

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



According to the necessity that the Company needed to raise its capital by Public Offering (PO) of new shares and Shin Corp's proportional percentage of shareholding would be less than 51%, the Satellite Agreement for the operation of domestic communication satellite was amended in 2004 to lower the percentage of shareholding in Thaicom Plc. that Shin Corporation was required to own from 51% to 40%. Moreover, MICT submitted the matter to the Cabinet for consideration but the Secretary General of the Cabinet notified the Ministry that the matter was not required to be submitted to the Cabinet. Later on the Council of State gave its opinion and advice that under the Private Sector State Business Participation Act, any change in the Agreement for the operation of domestic communication satellite required the Cabinet's approval and therefore the amendment to the Agreement for the operation of domestic communication satellite may have to be approved by the Cabinet or if may have been considered void. The Company may be accused of breaching the Agreement for the operation of domestic communication satellite prior to the amendment and MICT has requested the opinion of the Juridical Council (the Council of State) on this issue, but the Juridical Council notified MICT that this issue is being considered by the Supreme Court and the Juridical Council could not give any opinion on the issue. After the Supreme Court gave its decision on February 26, 2010, MICT requested the opinion of the Co-ordinating Committee, which, by majority votes, recommended that MICT should submit the matter to the Cabinet to resolve that Shin Corporation shall hold not less than fifty-one percent shares in the company. The matter is at present pending in MICT.

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

#### *The Issue of Back-up Satellite:*

Under the Agreement for the operation of domestic communication satellite, THCOM is required to provide a back-up satellite to each main satellite that it launched into orbit. There is a query whether or not the Thaicom 4 (IPSTAR) satellite should be considered as a backup for Thaicom 3 since the technical specifications are not the same with the Thaicom 3 Satellite. MICT requested the opinion of the Juridical Council (the Council of State) on this issue but the Juridical Council notified MICT that this issue is being considered by the Supreme Court and the Juridical Council could not give any opinion on the issue. After the Supreme Court gave its decision on February 26, 2010 that the Thaicom 4 (IPSTAR) could not be considered a back-up satellite for Thaicom 3 and Thaicom 4 (IPSTAR) satellites, by its specifications and design, is intended to provide services mainly to customers abroad and therefore is not under the Agreement. MICT requested the opinion of the Co-ordinating Committee, which

recommended that MICT should notify the Company to provide back-up satellite for Thaicom 3 in compliance with the Agreement and MICT should request the Cabinet's direction on the issue of Thaicom 4 (IPSTAR) to ensure fairness for the Company and MICT and in accordance with the Supreme Court's decision. The matter is at present pending in MICT.

*The Issue of the Thaicom 3's Insurance Proceeds:*

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

Under the Budgetary Procedure Act of 1959, all money received by the government agencies shall be delivered to the Ministry of Finance. The Ministry of Information and Communication Technology is a co-beneficiary of the insurance proceeds under the insurance policy. By depositing the insurance proceeds in an escrow account outside Thailand, the Company may not be acting in compliance with the provision of the Budgetary Procedure Act 1959. MICT requested the opinion of the Juridical Council (the Council of State) on this issue, but the Juridical Council notified MICT that this issue is being considered by the Supreme Court and the Juridical Council could not give any opinion on the issue. After the Supreme Court gave its decision on February 26, 2010, that the use by the Company of part of the insurance proceeds in the amount of US\$ 6.7 million to lease transponder capacities from foreign satellite operators to provide service to customers prior to the acquisition of Thaicom 5 was not in compliance with the Agreement. MICT requested the opinion of the Co-ordinating Committee which recommended that MICT should notify the Company to return the said insurance proceed (US\$ 6.7 million) to MICT and in the case of the Company would like to utilize the said amount for the acquisition of Thaicom 5 as replacement of Thaicom 3, which had become a total loss and had already been de-orbited, the Company may submit such request to MICT. The matter is at present pending in MICT.

The detailed steps and process by MICT in connection with the issue of the reduction of Shin Corporation's shareholding in the Company from not less than 51 percent to not less than 40 percent in item the issues of the back-up satellite and Thaicom 3 insurance proceed in item 1.2.7 appear in under the heading "Actions that may be taken by government agencies pursuant to the judgment of the Supreme Court, Criminal Division for Political Office Holden in the Assets Seizure Case against the former Prime Minister given on February 26, 2010.

*The issue of the obligation to replace the expired satellite:*

Thaicom 1A satellite has reached the end of the working life and been de-orbited in January 2010 and Thaicom 2 satellite will reach the end of its working life and been de-orbited from 50.5 degree east in October 2010. The Company is unable to launch a new satellite to replace them before Thaicom 2 expires. It proposed to the Ministry of Information and Communication Technology ("MICT") to lease transponder capacities from other satellite operators to provide services to customers for a temporary period and to launch a new satellite into orbit in 2012 at the earliest and 2014 at the latest. As the new satellite will have a working life of 15 years which is 6-8 years beyond the term of the Agreement for the operation of Domestic Communication Satellite, the Company requested MICT to consider extending the Agreement for the operation of Domestic Communication Satellite Period and to adjusting the License Fee of the new satellite to make the New Satellite Project feasible.

The Coordinating Committee of MICT considered the Company's proposal and was of the opinion that as the Agreement for the operation of Domestic Communication Satellite does not provide for the lease of transponder capacities, MICT has to amend the Agreement for the operation of Domestic Communication Satellite to permit the lease of transponder capacities by the Company. MICT and the Coordinating Committee also took the view that because the Company fails to launch the new satellite in time upon the expiring of Thaicom 1A & 2 satellite, there is an issue to be considered whether such failure constitutes a breach of the Agreement for the operation of Domestic Communication Satellite and the opinion on this issue be requested from the Office of the Attorney demand. On this issue, the Company's view is that it has already fully complied with the obligations under the Agreement for the operation of Domestic Communication Satellite as Attachment 3 to the Agreement requires the Company to launch only two sets of main and back-up satellites which the Company has already done so The Company has no contractual obligation to launch the new satellite but it considers the new satellite to be a good business opportunity to expand and strengthen the Thaicom Satellite Project which is the National Project which will also benefit the country. The Co-ordinating Committee recommended MICT should request the opinion of the Office of the Attorney – General whether the Company is required to acquire replacement satellites for Thaicom 1A and Thaicom 2 which have reached the end of lives. At present the matter is still pending in MICT.

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

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

MICT appointed an Investigation Committee to consider whether, from the judgment of the Supreme Court, the Company has taken actions which are not in compliance with the Agreement. The Investigation Committee submitted its opinion that (i) Thaicom 4 (IPSTAR) is not the back-up satellite for Thaicom 3 and the Company is under a duty to acquire a back-up satellite for Thaicom 3 (ii) Thaicom 4 (IPSTAR), by its specifications and purpose, is intended to provide service mainly to foreign customers and therefore is not under Agreement (iii) the reduction of Shin Corporation's shareholding in the company from not less than 51 percent to not less than 40 percent, being a material amendment to the Agreement, required the Cabinet's approval to be effective and (iv) MICT's approval for the Company to use part of the insurance proceeds in the amount of US\$ 6.7 million to lease transponder capacity from foreign satellite operators to provide service to customers prior to the building of Thaicom 5 satellite is not in compliance with the Agreement. The ICT Minister forwarded the Investigation Committee's opinion to the Co-ordinating Committee for consideration and the Co-ordinating Committee (by majority votes) agreed with the Investigation Committee's opinion and recommended that (i) MICT should notify the Company that the Company had to acquire Thaicom 3's back up satellite to comply with the Agreement (ii) MICT should submit the matter of Thaicom 4 (IPSTAR) to the Cabinet for direction to ensure fairness to both the Company and MICT and compliance with the Supreme Court's judgment. (iii) MICT should submit the amendment to the Agreement reducing Shin Corporation's shareholding in the Company from not less than 51 percent to not less than 40 percent for consideration (iv) MICT should notify the company to return the insurance proceeds in the amount of US\$ 6.7 million and in the case the Company would like to use such amount toward the cost of building and launching Thaicom 5, it should make a formal written request to MICT. The Co-ordinating Committee submitted its recommendations to the ICT Minister on July 7, 2010. The matter is at present pending in MICT.

Accordingly, there is no reason for the Company to take any action as the judgment of the Supreme Court is binding only the parties in the case and not on the Company. Moreover, the Company believes that it took all actions in good faith and in accordance with the provisions of the existing agreements. Whether the relevant government agencies will take any action in this regard, no notice of any further action has been given to the Company. Nevertheless, the legal teams of the Company have considered the matter and view that if any proceeding concerning the Company is to be initiated by related parties, such proceeding shall be in accordance with the agreement, law and justice. No proceeding can be improperly concluded or dictated by a single party. The Company has every right available under the law and agreements to provide the facts to prove its innocence and good faith; and the outcome of this controversy will be fair to all related parties who are acting in good faith.

#### **1.2.8 Risk from the change of the Company's status to be an alien under the Foreign Business Act**

The Foreign Business Act (the "FBA") is an act to regulate the level of permitted foreign shareholdings in Thai companies. A definition of "foreigner" defined in the FBA also applies in the Telecommunications Business Act (the "TBA") as regards qualifications of applicants for licenses under type 2 and 3. There is a provision under FBA prohibiting Thais to act as nominees for foreigner carrying on businesses which require permission.

In 2006, the Ministry of Commerce investigated shareholding on behalf of foreigners in companies including major shareholders in Kularb Kaew Co., Ltd. ("Kularb Kaew"), a Thai company holding shares in Cedar Holding Co., Ltd. ("Cedar"), which holds majority of the shares in Shin Corporation Public Co., Ltd. The issue is whether a major Thai shareholder of Kularb Kaew holds shares on behalf of foreigner. The Ministry of Commerce has summarized the case and referred to the competent official. The case is under the process by competent official.

If Kularb Kaew is found under a final court decision to be a "foreigner," then Cedar could be deemed to be a "foreigner" resulting in Shin Corporation being a foreigner under the FBA. In such case, the other foreigner shareholders of the Company can hold shares in the Company together only up to 8.85% to enable the Company to maintain its status as a Thai company and with no effect on the Agreement for the operation of domestic communication satellite.

On December 31, 2010, the Company had the foreign shareholder 2.59%, therefore, although Kularb Kaew is found under a final court decision to be a “foreigner,” the status of the Company still as a Thai company.

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

On March 20, 2006, Mr.Satra To-Orn submitted a complaint to the Central Administrative Court (the “CAC”) against the Ministry of Information and Communications Technology (MICT), the Ministry of Transportation (the “Transport Ministry”), requesting the court to (i) order the defendants to terminate the Agreement for the operation of domestic communication satellite entered into with AIS and the Company; and (ii) grant a temporary injunction preventing new shareholders of Shin Corporation from taking any action or receiving any benefit under such the Agreement for the operation of Domestic Communication Satellite.

Mr.Satra claims that the defendants should have terminated the Agreement for the operation of domestic communication satellite following the transfer of Shin Corporation’s shares to new shareholders which results in material shareholding structure and in control of operation of the Company that carries on the business which is a Thai national resource that must be owned and operated for the benefit of the Thai people under applicable Thai law. The CAC ruled that Mr.Satra had no right standing as he had not been a party to the Agreement for the operation of domestic communication satellite. However, Mr.Satra appealed to the Supreme Administrative Court on 12 September 2006 which later ruled that Mr.Satra has standing citing his public interest on the ground that if the Company business were under control of alien, it would cause damage or result in national security and unavoidably affected Mr.Satra. Accordingly the Supreme Administrative Court ordered the CAC to accept the complaint which is now in the process of hearing. On 17 November 2006, CAC ordered not to accept Mr.Satra’s order of provisional remedial measure before delivery of judgment because CAC desire that the cause of the case is not sufficient to pursue Mr.Satra’s request and this case concerns to examination of the Agreement for the operation of Domestic Communication Satellite which has the provision and liability to response. The order of CAC would be final. In case of such complaint is still in the procedure of CAC.

The Company should not be affected in so far as there is no decision to the extent that shareholders of the Company are under control of alien. In addition, whether or not the Agreement for the operation of domestic communication satellite could be revoked shall be considered under the terms and conditions of the Agreement for the operation of domestic communication satellite.

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

On April 28, 2009, the CAC issued an order making the Company the 4<sup>th</sup> respondent in the case and the Company filed the reply to the petition together with supporting evidence with the CAC in July 2009. The matter is at present pending in the Central Administrative Court.

#### **1.2.10 Risk on the Company's ability to acquire sufficient transponder capacity for continued service**

As Thaicom 2 satellite reached its end-of-life in 2010, the Company currently operates 2 satellites e.g. Thaicom 4 (IPSTAR) and Thaicom 5. For conventional satellite business Thaicom 5 has utilization almost 90%. If the Company cannot acquire an additional transponder capacity to sufficiently and continuously serve the incoming demands, the Company may lose some customers to other satellite competitors. This incident will adversely affect the Company's business. The Company will continually acquire additional transponder capacity.

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

As a result of the damage of Thaicom 3 satellite in the year 2003, the Company received insurance proceeds in the amount of USD 33 million. The Company and the MICT was co-beneficiary of insurance proceeds. In the year 2004, the MICT turns over the insurance proceeds to the Company for use in the construction of Thaicom 5 to replace Thaicom 3. The Company recognized insurance proceeds as revenue and included it in income tax computation for the year 2005. In the year 2005, the Company requested the ruling from the Revenue Department whether the insurance proceeds should be treated as revenue in income tax computation, and the Revenue Department gave its ruling in 2006 that the insurance proceeds

should not be treated as revenue for income tax computation. Therefore, the Company filed tax return requesting the refund of the tax on insurance proceeds already paid and received the refund from the Revenue department in the same year.

Afterward, there has been reported in the newspaper that the Assets Examination Committee has instructed the Revenue department to demand income tax on the insurance proceeds in an amount of Baht 306 million from the Company as in its opinion, the insurance proceeds constitutes the Company's and subject to income tax. However, the Company has not yet received any demand from the Revenue department.

#### **1.2.12 Risk from depending on sole vendor**

The major capital expenditure for satellite operator is the satellite and launch cost. Presently, there are a few experienced satellite manufacturers and launch service providers in the market. Moreover, parts of IPSTAR user terminal are the intellectual property which belongs to key manufacturer.

To mitigate the risk from depending on sole vendor, the Company has sought for other qualified manufactures that provide the services at the reasonable price. Moreover, there are a number of new satellite manufacturers in the market and this will help reducing the risk from depending on sole manufacturers.

### **1.3 Financial Risks**

#### **1.3.1 Risk from currency exchange rate fluctuations**

Since the company has offered satellite communications services both domestic and international, telephone service in Cambodia and Lao PDR, its revenues and expenses in foreign currencies have incurred. As a result, the company is by necessity exposed to foreign exchange risk. In 2010, the proportion of revenue based on foreign currency is at 84% of revenue from sales and services. The Company Group has managed exchange rate fluctuations based on net foreign-currency-dominated transactions, revenue and cash flow structures. After careful and detailed analysis, the most appropriate financial instrument has been selected to mitigate the effect of the exchange rate fluctuation and to reduce the risk from currency exchange rate fluctuations.





As of December 31, 2010, the Thaicom group of companies has total assets and debts in foreign currency of Baht 1,789.67 million and Baht 3,439.30 million respectively, after the preventive of risk. The Company recorded loss on foreign exchange of Baht 90.0 million in 2010, most of which were unrealized.

### **1.3.2 Risk from the effects of the global economic recession towards liquidity in local capital market**

Changes in global economic condition may affect Thai economic. This might have an impact on the country's liquidity including the cost and availability of funds for the investment needs of the company. However, the company has prudently managed its own liquidity by diversifying its source of funds, maintaining sufficient excess cash to support operations and investments, and appropriately managing the foreign exchange and interest rate risks.

### **1.3.3 Risk from delay collection**

Since THCOM's main markets for satellite services are Indo-China and South Asia, which some countries in these regions employ the foreign exchange control. Customers located in the countries with the foreign exchange control or lack of foreign currency liquidity such as India, Myanmar and Vietnam have to request for an approval from relevant government agency to purchase the foreign currency, as a result the long approval process may caused a delay in making the payment to THCOM. This may create a negative impact on the Company's cash flow, or ability to repay debt in the future.

### **1.3.4 Risk from Interest rate fluctuations**

As of December 31, 2010, Thaicom Plc's borrowing is fixed-interest rate loan. However, the borrowings of our subsidiaries, accounted for 16% of total borrowing, are still floating-rate loan. Thus, an increase in market interest rate would have an effect on the Company's cash flow and resulted in a rising in financial cost. To prevent the exposure from the fluctuation of interest rate, the Company closely monitors the change in the market interest rate to ensure that the proper financial instruments are efficient adopted at the right time.

### **1.3.5 Risk from failure by the Company to successfully comply with the covenants required in the Loan Agreements and Terms and Conditions of the debenture**

Thaicom Plc's borrowing is debentures, with total amount of Baht 7 billion. THCOM has to comply with the terms and conditions of the debentures. Moreover, the subsidiaries of the Company also have to comply with a number of covenants in the loan agreement.

The breach of the terms and condition of the debenture as well as the covenants of the loan will be considered as a default and the Lenders have the right to accelerate the repayment. Therefore, the breach of covenants may adversely affect on the Company's cash flow and financial status.

## **1.4 Management risk**

### **1.4.1 Loss of specialized experts in management**

Satellite technology-related operations, including telecommunications, require highly qualified personnel with thorough knowledge and good skill in high technology as one of the factors in the operations' success. Presently, there are a limited number of people with thorough knowledge and skill, especially in telecommunications technology in Thailand. Moreover, the Company has expanded its operation to many countries the Company require the personnel having knowledge and experience in each locality. Therefore, the loss of employees working at the executive or management level, such as high-rank executives in satellite engineering division, and lack of experienced staffs might adversely affect the Company's operations. For this reason, the Company regularly sends its executives at every level to training and observation tours abroad as well as rewarding them with proper benefits.

### **1.4.2 Risk from the use of information technology**

The current company business covers the Asia Pacific, having branch offices, representative offices and trading partners in many countries. This IT business nature exposes the Company to risk if its computer system and information data receive threat which can be detrimental to its business. In light of this, the Company finds it appropriate to lay down policy and issue regulations controlling the use of information technology. This aims to reduce possible threat on risk exposure. The Company has a clear policy to continually educate its employees on the use of computer system and data with safety and maximum effectiveness. This education places emphasis on risk associated with the computer system by strict control and compliance with the applicable law. The Company policy also realizes the legitimate

private right of users on the basis of accuracy of information and the ability to provide employees with the service of computer information system so that they can perform their function with efficiency. In addition, the Company makes an investment on computer and computer network equipment as a backup for the Company information technology system. The Company reviews IT risks and IT security on an annual basis. The Company also arranges for a backup for computer and network system to support the company information technology.

#### **1.4.3 Risk from disclosure of the Company's confidential information**

The Company is a listed company on the Stock Exchange of Thailand ("SET") and carrying on the business of providing transponder service which uses high technology, the Company is required to use due care in keeping the Company's confidential information in order not to adversely affect the Company's business and be contrary to the law, regulations and notifications of the SEC and the SET. For this purpose, the company has issued the Regulation on the Handling of the Company's Confidential Information to be strictly complied with by the Company's employees and executives.

#### **1.4.4 Risk from the provision of transponder service the content of which are contrary to the applicable laws or regulation**

The Company provided transponder service to many television channels and the contracts/agreements required the television channels to be responsible for their contents. However, there may occasionally be contents contrary to applicable laws or regulation on the Company's transponder. In order to reduce or prevent such risk from happening, the Company required that the customers must have all the necessary licenses to carry on the television broadcasting business and that the contents of the television program shall not infringe other people's intellectual property rights or contrary to the laws, public order or good moral of the people, and the Company is entitled to terminate the service to the customer if such thing happened, and the Company would comply strictly with the lawful orders of the competent government agencies.

## 2 Risks Associated with the provision of telephone communications service business

### 2.1 Technological and operational risks

#### 2.1.1 Risks from technological changes

The technological development in communications and telecommunications businesses emerges quickly enhancing business growth and competitive potentiality. Businesses that fail to adjust themselves to keep pace with new technologies with cost competitiveness will lose customers to their rivals. In anticipation of the significance of and technological effects on communications and telecommunications businesses, the Company has studied and developed new technologies to strengthen its competitiveness to match the global communications technologies. Yet, the rapid scientific and technological progress of the world in modern era could result in the Company's loss of competitiveness or higher cost for the adaptation and development of new technologies which may impact the Company's future performance.

#### 2.1.2 Risks involving frequency allocation for mobile business operation

In providing mobile business service, the Company requires communications frequency allocation from concerned government agencies. Since a frequency has a limited capacity to cater service users, the frequency allocation will influence the expansion of subscriber base and the competitiveness as well. If, in the future, a new frequency is developed and put into service and the Company is not allocated with such frequency, it is likely that the Company's business performance will be affected. However, the Company is certain that with its extensive experience and potentiality, it is possible for the Company to be granted with allocation of new frequency, if any, in the future.

#### 2.1.3 Operational risks

The Company operates telephone communications business which comprises services of fixed-line telephone, cellular phone, international calls, and other value-added services via a massive telecommunications network with a vast serviced area. There is, then, a possibility of problems arising from the malfunction of equipments, communications, or computer systems, which may affect the functionality of network system, for instance, problems in signal receiving and transmission or data transmission, which will affect the Company's service quality and popularity among subscriber groups. Adequately equipped, however, with a testing and monitoring

process for the network and computer systems and the equipments and a risk management system under the supervision of the Risk Management Committee and the Company's Management to analyze, monitor, and evaluate the risk reduction activities, the Company has the confidence that it will help decrease the possibility of problems arising out of network malfunction.

## 2.2 Risks in business operation

### 2.2.1 Risks resulting from overseas business operation

The Company has always recognized the risks of political stability in conducting telephone communications business overseas as there are more political risks doing business in developing countries than in developed ones. Incidents of political instability in a country may adversely affect the Company's income and business thereof. Nevertheless, the Company has never experienced such effect since Cambodia and Laos have remained politically stable which has contributed to the Company's smooth business operation.

### 2.2.2 Risks involving laws and government regulations

The Company is subject to comply with applicable laws and regulations of the countries where it operates. Changes relevant to laws, regulations and government policies may adversely affect the Company's income and business operation as well as future growth, for example, changes of rules in granting operating license, frequency allocation, etc. of which the consequences could not be predicted to positively or negatively affect the Company's performance, and to what extent. However, it is the Company's belief that changes of laws or rules are generally based on sound commercial logic. In addition, in the course of the Company's business operation and expansion as well as development of new technology, the Company has always been extremely prudent in abiding by applicable laws of each country in order to maintain good relationship and enable smooth business run.

### 2.2.3 Risks relevant to market situation and competition

The Company provides telephone communications service business in Cambodia and Lao PDR. The number of local telephone subscribers in both countries is relatively low when compared with the total population figure. This has provided an opportunity for telephone communications business to create new subscriber base. Also, the economy of Cambodia and Lao PDR tends to expand continually as a result of foreign investment and thus

giving an opportunity for communications and telecommunications business to benefit from the national economic growth as well as provoking a trend of fiercer combat in telephone communications business, the cellular phone market, in particular. Currently, the number of mobile phone service providers in Cambodia and Lao PDR is 9 and 4 respectively.

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

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

#### **2.2.4 Risks relevant to contract renewal of telecommunications service providing in Cambodia and Laos**

The telephone communications business in Cambodia and Lao PDR is due to expire in 2028 and 2021 respectively. In the event of the Company's failure in negotiating with the Governments for contract renewal, the Company is subject to transfer all assets to Cambodian Government and its joint venture stakes to Lao Government without any remuneration. In such case, the Company will lose its revenue earned from the business, which will naturally impact the Company's performance. However, the Company is confident that its potentiality, promptness and experience in telecommunications business, will contribute to the Company's success in renewing the contract to provide services in Cambodia and Lao PDR.





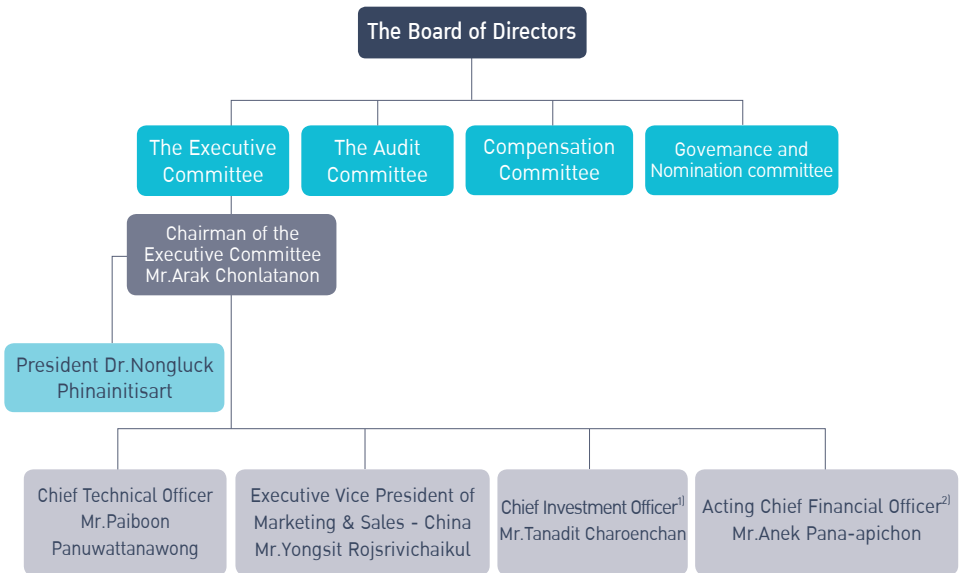
## Good Corporate Governance and Management

### Corporate Governance Policy

The Board of Directors believes that the Principles of Good Corporate Governance are essential factors in maximizing long-term earnings to stakeholders. The Board therefore prescribed and approved the Company's Corporate Governance Policy to promote transparency in the management of business affairs, protect the rights of minority shareholders and other stakeholders, encourage the shareholders' participation in the supervision of the management of the Company's affairs, manage the risks to ensure the stability and security of the Company's business, lay down the business' philosophy and ethics to take into account the social responsibility in the conduct of business. The first Corporate Governance Policy of the Company was made on November 12, 2002 and implemented until 2005 when it was first revised. The Board of Directors was entrusted with the task of reviewing and revising the Company's Corporate Governance Policy on an annual basis to ensure that it is in accord with the rapidly changing

circumstance. In the year 2010, the Board of Directors at its meeting No.3/2010 on March 25, 2010 reviewed and revised the Company's Corporate Governance Policy on the part relating to the scope of the powers and duties of the Governance and Nomination Committee that in the case the position of the Chairman of the Executive Committee of the Company becomes vacant, the Governance and Nomination Committee shall nominate suitable and qualified person to the Board of Directors for consideration and appointment as the Board of Directors has the power to appoint the Chairman of the Executive Committee.

## Management Structure and Nominating the Board of Directors



1) Appointed as Chief Investment Officer on February 4, 2011

2) Appointed as Acting Chief Financial Officer on February 4, 2011





The Board of Directors

Names of Directors	Title	Number of Shares Held <sup>1)</sup>	Number of Debenture Held <sup>2)</sup>
1. Mr.Paron Israsena	Chairman and Independent Director	-0-	-0-
2. Prof.Hiran Radeesri	Director, Chairman of the Audit Committee and Independent Director	-0-	-0-
3. Mrs.Charintorn Vongspootorn	Director, Member of Audit Committee and Independent Director	-0-	-0-
4. Assoc.Prof. Samrieng Mekkiengkrai	Director, Member of Audit Committee and Independent Director	-0-	-0-
5. Mr.Somprasong Boonyachai	Director and Chairman of Executive Committee	200	-0-
6. Mr.Arak Chonlatanon	Director and Member of Executive Committee	50,000	-0-
7. Mr.Yong Lum Sung	Director and Member of Executive Committee	-0-	-0-
8. Miss Nidchanun Santhavesuk <sup>3)</sup>	Director and Member of Executive Committee	-0-	-0-
9. Mr.Anek Pana-apichon <sup>4)</sup>	Director and Member of Executive Committee	-0-	-0-

Note:

- 1) As of December 31, 2010
- 2) As of December 31, 2010
- 3) Resigned from the Board and Member of the Executive Committee on March 1, 2010 and the registration of change of director was made at the Ministry of Commerce on March 2, 2010.
- 4) Appointed as a Member of the Executive Committee on April 1, 2010 and director on April 7, 2010 and the registration of change of director was made at the Ministry of Commerce on April 8, 2010.
  - Mr.Kamonmit Vudhijumnonk is the Company Secretary.

Composition and Independence

The Company’s Board of Directors comprises 5 experienced directors covering various fields of business experience. One third of the board and at least 3 is Independent Director. At least half of the directors are non-executive directors to balance power between oversight and management functions. The authorized directors are any two of Mr.Somprasong Boonyachai and Mr.Arak Chonlatanon for signing their names together with the Company’s seal affixed.

Definition of Independent Director

1.1 Independent directors shall have all the qualifications stipulated by the Capital Market Supervisory Board. Independent directors have a duty to protect the interests of every shareholder in a fair and impartial manner in order to avoid any conflict of interests that may arise. They shall be able to attend board meetings and independently express their comments and opinions.

Independent directors shall have the following qualifications:

1.1.1 Holds no more than 0.5% of total voting stocks of the Company, its parent company, its subsidiaries, its associated companies, major shareholder or controlling persons who may have conflicts of interest, including stocks held by connected persons of the independent director;

1.1.2 Is not or has not ever been an executive director, employee, staff, advisor who receives salary of a controlling person of the Company, its parent company, its subsidiaries, its associated companies, same-level subsidiaries, a major shareholder or controlling persons who may have conflicts of interest unless the foregoing status has ended for more than 2 years before the date of appointment as independent director;

1.1.3 Is not a person related by blood or legal registration, such as father, mother, spouse, sibling and child, including spouse of the children, management, major shareholders, controlling persons, or persons to be nominated as management or controlling person of the Company or its subsidiaries;

1.1.4 Has not or has not had a business relationship with the Company, its parent company, its subsidiaries, its associated companies or controlling persons who may have conflicts of interest, in the manner that may interfere with his independent judgment, or is not or has not ever been a major shareholder or controlling persons of any person having business relationship with the Company, its parent company, its subsidiaries, its associated companies a major shareholder or controlling persons who may have conflicts of interest unless the foregoing relationship has ended for more than 2 years appointment as independent director;

The term 'business relationship' aforementioned under paragraph one includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the applicant or his counterparty being subject to indebtedness payable to the other party in the amount of 3 percent or more of the net tangible assets of the applicant or 20 million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of Capital Market Supervisory Board concerning Rules on Connected Transactions. The combination of such indebtedness shall include indebtedness taking place during the course of 1 years prior to the date on which the business relationship with the person commences;

1.1.5 Is not or has not ever been an auditor of the Company, its parent company, its subsidiaries or its associated companies who may have conflicts of interest and is not a major shareholder, or partner of an audit firm which employs auditors of the Company, its parent company, its subsidiaries, its associated companies, a major shareholder or controlling persons who may have conflicts of interest unless the foregoing relationship has ended for more than 2 years appointment as independent director;

1.1.6 Is not or has not ever been any professional advisor including legal or financial advisor who receives an annual service fee exceeding 2 million Baht from the Company, its parent company, its subsidiaries, its associated companies, a major shareholder or controlling persons who may have conflicts of interest, and is not a major shareholder, controlling persons or partner of the professional advisor unless the foregoing relationship has ended for more than 2 years appointment as independent director;

1.1.7 Does not represent the Company's or its major shareholder's board member or a shareholder who is related to the Company's major shareholder;

1.1.8 Is not an entrepreneur in any business similar to or material competing with the Company or its subsidiaries or not being the material partner in partnership, executive director, employee, staff, advisor who receives salary or holds no more than 1% of total voting stocks of the company similar to or material competing with the Company or its subsidiaries;

1.1.9 Has not any characteristics which make him incapable of expressing independent opinions with regard to the Company's business.

1.2 After having been appointed as Independent Director with qualifications complying with the criteria under 1.1.1 to 1.1.9 mentioned above, the Independent Director may be assigned by the Board of Directors to take part in the business decision of the Company, its subsidiary, affiliate, same-level subsidiary or juristic person who may have conflicts of interest on the condition that such decision must be a collective one.

1.3 The Company may appoint a person who has a business relationship or provides a professional service described in Item Nos. 1.1.4 or 1.1.6 above if the Board carefully considers the business relationship or service provided and concludes that the appointment will not interfere with the exercise of independent judgment in the independent director's responsibilities. The Company must disclose the following information in the item regarding the appointment of independent directors on the agenda of the shareholders' meeting:

1.3.1 The nature of the business relationship or professional service that excludes the nominated independent director from the standard requirements.

1.3.2 The reason or need to retain or appoint this person as an independent director.

1.3.3 The Board's opinion on proposing the appointment of this person as an independent director.

## Leadership and Vision of the Board of Directors

The Board of Directors as representatives of the shareholders has the duty to oversee that the management will perform in accordance with company's objectives, policies, procedures, rules, regulations and resolutions from the shareholders' meeting with honesty, loyalty and meticulously takes care of shareholders' interest including other stakeholders. To conduct their duties, the board participates in review process of vision, mission, strategies, target setting, business plan and budget of the Company. The Board has agreed with segregation of duties and responsibilities among The Board, the Audit Committee, the Committees and management. In addition, the board has mechanisms to oversee and follow up management operation and management control in an appropriate and timely fashion.

## Responsibilities

In the Board of Directors meeting no. 3/2006 on March 21, 2006, the Directors have revised their duties and responsibilities, in writing, as follows:

- To establish the policies, assign the business direction for the Company and subsidiaries including exercise authority over management to assure operating efficiency and effectiveness in order to maximize benefit to shareholders and continuous improvement.
- To consider and decide upon significant issues on business operation of the Company and subsidiaries, such as policies, business plan, asset acquisition and disposal, project investments, level of authorities and other issues required by law.
- To monitor performance of management in terms of efficiency for the best interest of the Company and subsidiaries by establishing accounting systems, reliable financial reporting and auditing, including evaluation process for effectiveness and efficiency of internal control systems, risk management and appropriate follow up procedures.

- To ensure no conflicts of interest among stakeholders through a process review of related party transactions.
- To ensure business operation is in accordance with good corporate governance and ethics.
- To review the corporate governance policy and evaluate compliance with corporate governance policy at least once a year.
- To have Board of directors conduct performance self-evaluation annually.
- The Board may delegate power to any individual to conduct business on specific cases or other matters. The delegation of power shall not include power to execute conflict of interest or transactions in the Company or subsidiaries as prescribed in the Company's Articles of Association or as regulated by the Securities and Exchange Commission or the Stock Exchange of Thailand except in the cases which are in compliance with the policy or the criteria approved by the Board.

The Board also prescribed the procedure for directors and management to report their stock-holding in the company including those of their spouse and minor children, in accordance with the rules and regulations of the Securities and Exchange Commission and Stock Exchange of Thailand in the format of Form 59-1 within the period presented under the SEC Notification No. Sor Jor 14/1997.

The Company also has a policy to have an annual review of corporate governance policy by Directors in order to comply with the Stock Exchange of Thailand and international practice of The Organization for Economic Co-Operation and Development (OECD).

## Appointing the Board of Directors

The Board should be qualified based on experience according to company requirements, having no prohibited conditions according to the Public Company Limited Act or other related laws. The Board shall have sufficient time to devote its knowledge and ability to work for the Company. The Board of Directors has assigned a governance and nomination committee that will be responsible for director selection and propose their appointment at the Shareholders' Meeting. The Company has a policy requiring the director to hold office of director in not more than five other companies and the term of the director is three years. However, the independent directors shall not hold office continuously for more than 3 consecutive terms or 9 years, whichever is longer unless the Board of Directors considers it necessary for such independent directors to continue in office, it can extend the term of one year each time.

According to the Articles of Association, the term of one third of the directors shall end every Annual General Meeting of Shareholders. The longest serving directors shall be due first, and may be re-elected to resume duty. In case of vacancy (ies) due to other reasons, the Board, by a vote in which three fourths of its members agree, shall elect someone who has qualifications and no prohibited conditions according to clause 68 of the Public Companies Act, B.E. 2535 [1992]. The Board can thereby appoint him/ her a director in the next Meeting. An exception is the case of a term with less than 2 months remaining, where the term of the newly appointed director shall expire at the same time as the preceding director. The Company has a Governance and Nomination Committee to select a new director for appointment.

The Company does not limit the maximum times a director may be re-elected. Neither is their age an issue, but rather their working capability.

The Company has a policy of supporting the participation of directors in seminars and training courses organized by concerned bodies such as SET or IOD which are useful for the performance of duties of directors. New directors will be provided with documents and information on the Company's business to enable the new director to perform his/her duties efficiently.

## The Chairman of the Board and the Chairman of the Executive Committee

The Company has a policy on segregation of duties between the Chairman of the Board, and the Chairman of the Executive Committee, that they shall not be the same person, in order to maintain a balance of power between direction and management functions.

- **The Chairman of the Board** is leader of directors and is responsible for monitoring and supervising management functions of the Executive Committee in accordance with the approved business plan. The Chairman also acts as the chairman of the Board of Directors' and at Shareholders' meetings.
- **The Chairman of the Executive Committee** is the head of the Company's management team, responsible to the Board to achieve the approved business plan and reports the business performance to the Board.

Board Meetings

Meeting schedule is determined in advance to be held six times in a year. Additional meetings may be held as required. At the meeting, the Chairman of the Board will allocate sufficient time for management to provide document and information for discussion on significant issues. All directors are open to discuss and provide opinions including initiating meeting agenda(s). The secretary of the Board is responsible for making arrangement for the meeting, preparing adequate document and information attached to the meeting invitation and send to the directors at least seven days in advance. This will allow the director to have sufficient knowledge of the concerned agenda. The meeting normally takes three hours and it has formal minutes in writing that are always available to the directors for their review. The director who has an interest in the transactions cannot be in the meeting.

In year 2010, the Board held regular meetings 6 times and special meetings 3 times, with the participation of the following directors.

Directors	Regular Meetings		Special Meetings	
	Meeting	Participation	Meeting	Participation
Mr.Paron Israsena	6	6/6	3	3/3
Prof.Hiran Radeesri	6	6/6	3	3/3
Mrs.Charintorn Vongsbootorn	6	6/6	3	3/3
Assoc.Prof.Samrieng Mekkiengkrai	6	6/6	3	3/3
Mr.Somprasong Boonyachai	6	6/6	3	3/3
Mr.Yong Lum Sung	6	6/6	3	3/3
Mr.Arak Chonlatanon	6	4/6	3	2/3
Miss Nidchanun Santhavesuk <sup>1)</sup>	2	1/2	-	-
Mr.Anek Pana-apichon <sup>2)</sup>	3	3/3	3	3/3

Note:

- 1) Resigned from the Board and Member of the Executive Committee on March 1, 2010 and the registration of change of director was made at the Ministry of Commerce on March 2, 2010.
- 2) Appointed as a Member of the Executive Committee on April 1, 2010 and director on April 7, 2010 and the registration of change of director was made at the Ministry of Commerce on April 8, 2010.

## The Committee

The Board of Directors has established three Committees which are the Audit Committee, the Compensation Committee and the Governance and Nomination Committee.

In year 2010, the Audit Committee held meetings 12 times, with the participation of the following directors.

### Audit Committee

Members	Position	Meeting	Participation
1. Prof.Hiran Radeesri	Chairman of the Audit Committee and Independent Director	12	12
2. Mrs.Charintorn Vongspootorn	Member of Audit Committee and Independent Director	12	12
3. Assoc.Prof. Samrieng Mekkiengkrai	Member of Audit Committee And Independent Director	12	12

All three members of the Audit Committee are independent directors and one must have experience in Finance and Accounting. The Audit Committee must be independent according to the Announcement of the Stock Exchange of Thailand. The term of office is three years and may be re-appointed but not more than three consecutive terms unless the Board of Directors considers otherwise. In 2010, the Audit Committee held 12 meetings and conducted meetings in accordance with the following duties and responsibilities:

- To ensure that the company has accurate, complete and credible financial reports
- To ensure that the Company has appropriated and effective internal control system and internal auditing activities, the Audit Committee shall consider the independence of the internal audit department, including consent to the appointment, rotation, promotion, and termination of the department head and others who are responsible for internal audit activities.
- To ensure that the Company complies the Security Exchange of Thailand (SET) and the Security and Exchange Commission (SEC) as well as all rules and regulations related to the Company's business.



- To select and propose independent person who will be the Company's external auditor and propose his or her compensation, the Audit Committee also conducts meeting with the external auditor without management attending at least once a year.
- To consider connected transaction or transaction that may lead to conflict of interests whether it complies with all rules and regulations of the SET and SEC and ensure the transactions are appropriate and provided the best interest to the Company.
- To assure that the company has appropriate and effective risk management process.
- To prepare Audit Committee's report and discloses in the Company's annual report. The report must be signed by the Chairman of the Audit Committee and included at least the following comments:
  - 1 Accurateness, completeness and credibility of the Company's Financial Report.
  - 2 Adequacy of the Company's internal control system
  - 3 Compliance with laws of SEC's, SET's laws and regulations and other law relevant to the Company's business.
  - 4 Suitability of the external auditor
  - 5 Transaction that may cause conflict of interest
  - 6 Number of committee meetings and attendance of each member
  - 7 Other concerns that have arisen as the audit committee performed its duties as defined in the committee's charter
  - 8 Anything else which should be made available to shareholders and general investors within the scope of duties and responsibilities assigned by the Board.
- To report activities of the Audit Committee to the Board of Directors at least 4 times a year.
- To have authority to hire independent consultant or professional when needed.
- To have authority to invite executive, manager or employee to attend meetings for discussion or answers the Audit Committee's questions.
- To review scope, authority and responsibility and conduct self-evaluation on the annual basis.

- To carry out any assignment by the Board of Directors that is agreed upon by the Audit Committee.
- In carry out the Audit Committee duties and responsibilities, if there are unusual transactions or the following activities which may have material impact to the financial position and operation result of the Company, the Audit Committee must report the Board of Directors to take corrective action within a reasonable period of time.
  - 1 Conflict of interest transaction
  - 2 Fraud or unusual transaction or significant deficiency in the internal control system
  - 3 Violation under the laws of SEC's, SET's laws and regulations or other law relevant to the Company's business.

Any Audit Committee's member may report such transactions or activities to the SEC and SET if the director or manger fails to take corrective action within a reasonable period of time,

- In case the auditor discovers any suspicious circumstance that the director, manager or any person responsible for the operation of such juristic person commit an offense under the law, and informed such circumstance to the Audit Committee to continue the inspection without delay and the Audit Committee shall report the preliminary inspection to the SEC office and the auditor within 30 days from the notification date of the auditor. The circumstance that shall be informed and the procedures for acquiring the fact related to such circumstance shall be complied with the notification of the Capital Market Supervisory Board.

The members of the Audit Committee also holds meeting among themselves exclusively to consider important problems relating to the management of the Company and notify the Chief Executive Officer and the Board of the results of the meeting.

The Audit Committee conducted self-evaluation and reported the result to the Board of Directors in the Board of Directors' meeting no. 2/2010 on February 19, 2010.

## Compensation Committee

1. Mr.Paron	Israsena	Chairman of the Committee
2. Mrs.Charintorn	Vongspootorn	Member
3. Mr.Somprasong	Boonyachai	Member

The Compensation Committee comprises of 3 members of which the chairman is the independent Director. The 2 members are one non-executive director and one independent director. The members of the Committee shall hold office for a term of 3 years and may be re-appointed, but shall not be more than three consecutive terms unless the Board considers it necessary for the members to continue in office. The Committee's scope of work and responsibilities are:

- Fix appropriate remuneration both monetary and non-monetary in order to be an incentive for members of the Board, the Committee and high level executives to remain with the Company and submit its recommendation to the Board of Directors for approval;
- Consider and approve the EV Bonus Plan (Economic Value Bonus Plan) and prescribe criteria for implementation of EV Bonus Plan including consider and the allocation of annual EV Bonus to the Company's executives and submit its recommendation to the Board of Directors for approval;
- Supervise the implementation of EV Bonus Plan and to give final determination in case there are problems or controversies in the implementation of EV Bonus Plan and report to the Board of Directors;
- consider and approve the annual remuneration of directors and submit its recommendation to the Board of Directors and for the Shareholders' Meeting for approval;
- prescribe criteria and policy for determining the remuneration of the Board for the Board's or the Shareholders' consideration, as the case may be;
- The Committee is responsible to the Board and has a duty to provide reason/answer relating to the remuneration of directors at the Shareholders' Meeting;
- consider and approve the evaluation of performance for determining the annual EV Bonus of the Company's CEO and submit its recommendation to the Board of Directors for approval;
- Engage consultant or independent person to give opinion or advice as necessary and in accordance with the Company's regulations;
- Review and assess the adequacy of the Charter of the Compensation Committee and recommend to the Board if any change or amendment is needed;

- Report the performance of important tasks to the Board on a regular basis and the important issues for the Board's knowledge;
- Require the management, executives or concerned persons to give opinion, information or to participate in the meeting;
- Carry out any other duties assigned by the Board.

In 2010, the Compensation Committee took into account the business performance of the Company and the industry-wide standard of directors' remuneration in recommending the directors' remuneration to the Shareholders' meeting, which was within the total amount approved by the Annual General Meeting for the year 2010.

## Governance and Nomination Committee

1. Mr.Paron	Israsena	Chairman of the Committee
2. Mrs.Charintorn	Vongspootorn	Member
3. Mr.Somprasong	Boonyachai	Member

The Governance and Nomination Committee comprises of three members of which the chairman is the independent director. The two members are one non-executive director and one independent director. The members of the Committee shall hold office for a term of 3 years and may be re-appointed, but shall not be more than three consecutive terms unless the Board considers it necessary for the members to continue in office. The Committee's scope of work and responsibilities are:

- Lay down policy on compliance with good corporate governance, review annually the Company's Corporate Governance Policy and recommend any amendments or revisions for the Board's consideration;
- Prescribe the criteria and policy on the nomination of members of the Board and of the Board's committees;
- Consider the nomination of directors from qualified candidates and recommend to the Board or the Shareholders, as the case may be;
- Nominate qualified person for the post of Executive Chairman in the case of vacancy and consider the criteria for succession with regard to high level executive positions and submits to the Board of Directors for appointment;
- Nominate qualified persons to the posts of members and chairman of the Board's committee for the Board's consideration;
- Nominate qualified persons to be appointed as directors of the subsidiaries, affiliates and joint ventures;

- Carry out the annual evaluation of the performance of the Board, the Board's committees (including its own's performance) and of each member of the Board, review the result of the evaluation of each of the Board's committees and report to the Board;
- Engage consultant or independent person to give opinion or advice as necessary and in accordance with the Company's regulations;
- Review and assess the adequacy of the charter of the Governance and Nomination Committee and recommend to the Board if any change or amendment is needed;
- Report the performance of important tasks to the Board on a regular basis and the important issues for the Board's knowledge;
- Carry out any other duties assigned by the Board.

In 2010, the Governance and Nomination Committee selected and nominated qualified persons for the position of director and submitted to the Board for consideration and approval to recommend to the Annual General Meeting for the year 2010 for appointment as the Company's directors.

In the year 2010, the Compensation Committee held 4 meetings and the Governance and Nomination Committee held 3 meetings. The Chairman and two members attended all the meetings.

## Selecting and Appointing the Board of Directors

The Company has appointed the Governance and Nomination Committee to select qualified persons who has appropriated educations and experiences. In case there is a vacancy, the Governance and Nomination Committee will review qualification of the persons before nominating a number of them to the Board of Directors. The Board will review and select a nominee director to fit the vacancy and propose at the shareholders' meeting for approval in accordance with rules and regulations specified in the Articles of Association of the Company as follows:

1. Each shareholder shall have a number of votes equal to the number of shares held.
2. Each shareholder may exercise all the votes he/she has under item 1 to elect one or several persons as director or directors. If several persons are to be elected as directors, the shareholder may not allot his/her votes to any person in any number.
3. The candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be appointed as directors in that order until all of the director positions are filled. Where the votes cast for candidates in descending order are tied, which would otherwise cause the number of directors to be exceeded, the Chairman is entitled to a casting vote.

In the selection of an appropriate director, the Governance and Nomination Committee and the Board of Directors shall select a person who has the qualifications and who possesses no prohibited characteristics under Section 68 of Public Company Limited Act B.E.2535 and the notifications of the Securities and Exchange Commission and the Stock Exchange of Thailand. In addition, the Board also considers competence, knowledge, experience and their managerial skills to assure that the nominee shall be of the best advantage to the Company's business.

## The Board of Directors' Self-Evaluation

At the meeting of Board of Directors no.2/2011 on February 16, 2011, the Board of Directors conducted its self-evaluation using the form of the Stock Exchange of Thailand. The Board is of the opinion that its self-evaluation is an important step in the development of good corporate governance and the result of the self-evaluation has been forwarded to the Governance and Nomination Committee for use in the next selection of directors.

## Executive Committee

- |                                       |   |
|---------------------------------------|---|
| 1. Mr.Somprasong Boonyachai           | Chairman of the Executive Committee <sup>1)</sup> |
| 2. Mr.Yong Lum Sung                   | Member  |
| 3. Mr.Arak Chonlatanon                | Member  |
| 4. Dr.Nongluck Phinainitisart         | Member  |
| 5. Mr.Anek Pana-apichon <sup>1)</sup> | Member  |

<sup>1)</sup> Miss Nidchanun Santhavesuk resigned and appointed Mr.Anek Pana-apichon as a Member of the Executive Committee on April 1, 2010.

The Executive Committee comprises the Executive Chairman of the Satellite and International Business Line, the Executive Chairman of the Wireless Business Line, the President, and/or the appropriate person(s), as approved by the Board of Directors. The Board has agreed to their scope of duties and responsibilities in writing at its meeting no.5/2000 on November 13, 2000 amended at its meeting no.2/2005 on February 17, 2005, meeting no. 3/2006 on March 21, 2006, and meeting no. 8/2008 on August 13, 2008 as follows:

- Formulate the Company's strategic direction, management structure, and annual business plan and budget for the Board's approval;
- Manage the Company's business operations in order to achieve the planned objectives and targets;
- Supervise and monitor the operating results and financial standing of the Company and report the business performance together with the remedial actions to be taken in the case the business performance of the Company fails to meet the target to the Board of Directors every month;

- Identify and evaluate new business opportunities;
- Review and make recommendations to the Board regarding the Company's dividend policy;
- Review and approve all transactions concerning investments and disposal of assets, human resource management, finance and treasury, general administration and any other transaction related to the Company's business within the limits of delegated approval authority granted by the Board;
- Review matters that require the Board's approval and make appropriate recommendations with the exception of activities that have been delegated to other Board sub-committees;
- Consider and review the Company's risk management and control system;
- The Committee may delegate its authority to any member of the management or staff as it deems appropriate. However, such authority does not permit the Committee or appointed persons to approve any transaction between them or related persons having mutual benefits or conflicts of interest (as prescribed in the Company's articles of association and *Notifications of the Securities Exchange Commission*). The approval for transactions shall be in accordance with the policies and principles already determined by the Board and regulatory bodies;
- Engage consultants or independent persons to provide opinions or advice if necessary;
- The Committee may ask members of the management or other persons to attend its meetings or provide pertinent information as necessary;
- Report to the Board on a monthly basis regarding the material actions taken by the Committee under the CEO Report agenda;
- Annually review its own performance and assess the adequacy of the charter of the Executive Committee, which may be done in conjunction with the annual evaluation of the Board and its other committees, conducted under the oversight of the Governance and Nomination Sub-Committee; and
- Take any other action or assume any other powers and responsibilities that may from time to time be assigned or delegated to the Committee by the Board.

- The Executive Committee has the authority to approve financial transactions up to Baht 400 million. This includes general expenses in normal business operations, project investment, capital asset or fixed asset investments. Exceptions to this are transactions of borrowings, lending, credit line facilities, debt instrument offerings, guarantees, loans or credit guarantees, money deposits and withdrawal, and foreign exchange and interest rate risk hedging instruments. The limits on its authority to approve these issues per each transaction are set at Baht 1 billion and Baht 800 million, respectively. However, in the acquiring or selling of asset, or any financial aids to related company, it must act as prescribed in the Announcement of the Stock Exchange of Thailand.

The Executive Committee may delegate power to managerial employees to approve one or more such financial transactions according to the Executive Committee's discretion.

The delegation shall not include power to execute conflict of interest or transactions in the Company or subsidiaries as prescribed in the Company's Articles of Association or as regulated by the Securities and Exchange Commission or the Stock Exchange of Thailand, except in the cases which are in compliance with the policy or criteria approved by the Board.

## Management Team

1. Mr.Arak Chonlatanon	Chief Executive Officer
2. Dr.Nongluck Phinainitisart	President
3. Mr.Pai boon Panuwattanawong	Chief Technical Officer
4. Mr.Yongsit Rojsrivichaikul	Executive Vice President of Marketing & Sales - China
5. Mr.Tanadit Charoenchan <sup>1)</sup>	Chief Investment Officer
6. Mr.Anek Pana-apichon <sup>2)</sup>	Acting Chief Financial Officer

**Note:** Mr.Atip Rittaporn, Managing Director - International Business, is not a member of the Management team of the Company since he receives remuneration from the subsidiaries.

1) Appointed as Chief Investment Officer on February 4, 2011

2) Appointed as Acting Chief Financial Officer on February 4, 2011

The Management of the Company has the duty to implement the policy laid down by the Board of Directors, be responsible for the overall business performance, control the expenses and investment in accordance with the Board of Directors' direction specified in the annual business plan, implement human resources policy, solve the problems or conflicts that may affect the organization, maintain effective communications with persons concerned and to carry out any other tasks assigned by the Board of Directors and the Executive Committee.



The Chief Executive Officer has the authority to approve financial transactions up to Baht 100 million. This includes general expenses in normal business operations, project investment, capital asset or fixed asset investments. Exceptions to this are transactions of borrowings, lending, credit line facilities, debt instrument offerings, guarantees, loans or credit guarantees, money deposits and withdrawal, and foreign exchange and interest rate risk hedging instruments. The limits on its authority to approve these issues per each transaction are set at Baht 700 million and Baht 500 million, respectively. However, in the acquiring or selling of asset, or any financial aids to related company, it must act as prescribed in the Announcement of the Stock Exchange of Thailand.

## Remuneration of Directors

### 1. Directors' Remuneration

The Company established a compensation policy of the Board of Directors at a fair level by comparing it with the survey conducted by the Thai Institute of Directors and adjusted accordingly when there is change. Besides, the Board also considers additional compensation when directors have more duties and responsibilities at the sub committee level.

The monetary remuneration of 5 members of the Board of Directors in year 2010 was 8,075,000 Baht, composed of monthly allowance, bonus, and meeting allowance. The directors nominated by Shin Corporation and directors who are executives are not entitled to remuneration as director/ executive director.

Names of Directors	Board of Director				Committee						Total Compensation *2010
	Monthly Allowance	Bonus	Meeting allowance	Total (Baht)	Meeting Allowance					Total (Baht)	
					Audit Committee	Executive Committee	Governance & Nomination Committee	Compensation Committee	Non- Executive		
Mr.Paron Israsena	1,800,000	350,000	-	2,150,000	-	-	-	-	-	-	2,150,000
Prof.Hiran Radeesri	600,000	600,000	225,000	1,425,000	300,000	-	-	-	-	300,000	1,725,000
Mrs.Charintorn Vongspootorn	300,000	500,000	225,000	1,025,000	300,000	-	75,000	100,000	-	475,000	1,500,000
Assoc.Prof.Samrieng Mekkrongkrai	300,000	500,000	225,000	1,025,000	300,000	-	-	-	-	300,000	1,325,000
Mr.Yong Lum Sung	300,000	450,000	225,000	975,000	-	400,000	-	-	-	400,000	1,375,000
Total	3,300,000	2,400,000	900,000	6,600,000	900,000	400,000	75,000	100,000	-	1,475,000	8,075,000

\* Monthly Allowance and Meeting Allowance paid between January - December 2010, except for Bonus paid in February 2011 (Recorded as an accrual basis)

## 2. Management Remuneration

The remuneration of 4 members of the management in year 2010 was baht 35,906,497 (excluding the remuneration of Mr.Arak Chonlatanon, the Chief of Executive Officer, who receives the remuneration from Shin Corporation, the parent company). Management remuneration was composed of salary, bonus, provident fund, and other fringe benefits. Such remuneration was based on the business performance of the Company and the performance of each executive.

## 3. Other Remuneration

The Company has an Employee Stock Option Plan (ESOP) planned for a period of five years as a means of motivating and rewarding employees. (Please see more details under “Capital Structure” section)

### Name list of Directors and Employee Who Receive Warrant

Name	Grant I Number of Issues and Offers 8,000,000 Units		Grant II Number of Issues and Offers 4,400,100 Units		Grant III Number of Issues and Offers 5,894,200 Units	
	No. of Unit	Percentage	No. of Unit	Percentage	No. of Unit	Percentage
1. Dr.Dumrong Kasemset *	2,436,400	30.46	1,235,200	28.07	1,154,200	19.58
2. Dr.Nongluck Phinainitisart	1,692,800	21.16	637,100	14.48	600,000	10.18
3. Mr.Yongsit Rojsrivichaikul	700,000	8.75	209,800	4.77	550,000	9.33
4. Dr.Avudh Ploysongsang**	204,300	2.55	100,000	2.27	160,000	2.71
5. Mr.Kamonmit Vudhijumnonk	203,600	2.55	72,700	1.65	140,000	2.38
6. Mr.Tanadit Charoenchai	162,000	2.03	218,000	4.95	240,000	4.07
7. Mr.Pai boon Panuwattanawong	399,900	5.00	527,300	11.98	700,000	11.88
8. Mr.Makin Petplai	173,800	2.17	209,800	4.77	400,000	6.79
9. Mr.Pradeep Unni	260,700	3.26	209,800	4.77	400,000	6.79
10. Mr.Sivaraks Phinicharomna	221,400	2.77	107,000	2.43	140,000	2.38
11. Mr.Teerayuth Boonchote	218,900	2.74	113,200	2.57	240,000	4.07
12. Mr.Teerawat Kusalanggoorawat	379,300	4.74	171,400	3.90	240,000	4.07
13. Others	946,900	11.84	588,800	13.38	930,000	15.78
Total Warrants issued	8,000,000	100.00	4,400,100	100.00	5,894,200	100.00

**Note:** Proportion of warrants under Grant I and Grant II equal to 1 warrant to 2.04490 common stock.  
Proportion of warrant Grant III equal 1 warrant to 1.02245 common stock.

The warrants under Grant I, Grant II and Grant III expired on March 26, 2007, May 29, 2008 and May 30, 2009 respectively.

\* Resigned from the Company on May 13, 2009.

\*\* Resigned from the Company on July 1, 2006.

The Annual General Meeting of Shareholders for the year 2005 on March 31, 2005 approved the employees Stock Option Plan, Grant IV (ESOP: Grant IV) to the total amount of 7,562,100 units, and the Annual General Meeting of shareholders for the year 2006 held on April 24, 2006 approved the Employee Stock Option Plan, Grant V (ESOP: Grant V) in the total amount of 10,058,800 units.

The list of directors and employees entitled to receive warrants under ESOP: Grant IV and Grant V are given below:

Name	Grant IV Number of Issues and Offers 7,562,100 Units		Grant V Number of Issues and Offers 10,058,800 Units	
	No. of Unit	Percentage	No. of Unit	Percentage
1. Dr.Dumrong Kasemset *	929,900	12.30	1,099,800	10.93
2. Dr.Nongluck Phinainitisart	500,000	6.61	900,000	8.95
3. Mr.Yongsit Rojsrivichaikul	440,000	5.82	800,000	7.95
4. Dr.Avudh Ploysongsang**	140,800	1.86	50,000	0.50
5. Mr.Kamonmit Vudhijumnonk	105,900	1.40	150,000	1.49
6. Mr.Tanadit Charoenchan	250,000	3.30	300,000	2.98
7. Mr.Paiboon Panuwattanawong	900,000	11.90	1,100,000	10.94
8. Mr.Makin Petplai	400,000	5.29	600,000	5.96
9. Mr.Pradeep Unni	350,000	4.63	440,000	4.37
10. Mr.Sivaraks Phinicharomna	136,100	1.80	150,000	1.49
11. Mr.Teerayuth Boonchote	250,000	3.30	350,000	3.48
12. Mr.Teerawat Kusalanggoorawat	225,000	2.98	300,000	2.98
13. Mr.Atip Rittaporn	400,000	5.29	450,000	4.48
14. Mr.Jiroj Srinamwong	70,000	0.93	150,000	1.49
15. Mr.Pramook Chaiwongwutthikul	n/a	n/a	170,000	1.69
16. Other employees	2,464,400	32.59	3,049,000	30.31
Total Warrants Issued	7,562,100	100	10,058,800	100

**Note:** Proportion of warrants under Grant IV equal to 1 warrant to 1.02245 common stocks.  
Proportion of warrants under Grant V equal to 1 warrant to 1 common stock.

The warrants under Grant V expired on May 30, 2010.

\* Resigned from the Company on May 13, 2009.

\*\* Resigned from the Company on July 1, 2006.

## The Rights and Equitable Treatment of Shareholders and Stakeholders

### The Rights and Equitable Treatment of Shareholders

The Company has a policy to conduct shareholders' meetings according to the laws and guidelines prepared by regulatory authorities. In 2010, there was 1 shareholders' meetings of the Company, the Annual General Meeting of Shareholders for the year 2010, held at the Auditorium Meeting Room, Shinawatra Tower 3, 9<sup>th</sup> Floor, no.1010, Vipavadee Rangsit Road, Chatuchak, Bangkok. The agendas of the annual general meeting and the extraordinary general meeting of shareholders were announced in the Company's website on the date the Board of Director approved the calling of the meeting and the agenda to enable the shareholders to know of the date and the agenda of the meeting even before the notice for the meeting was sent. The invitation letter to the meeting, together with information on the meeting agenda, was distributed to shareholders approximately 9 days before the meeting date. This meeting was attended by the Chairman of the Board of Directors, Chairman of the Audit Committee, Chairman of the Governance and Nomination Committee, Chairman of the Compensation Committee, Directors, and members.

In each shareholder meeting, every shareholder has rights, including equitable treatment in acknowledging the information, rendering opinions and questioning according to the meeting agenda and issues under discussion. The Chairman of the meeting shall allocate sufficient time for each matter as well as promote queries and discussion. The shareholders will receive the agenda for the meeting and other documents for the meeting in advance both by post and via the Company's website.

In each shareholder meeting, the Company shall appoint at least one independent director to be the proxy for shareholders who cannot attend the meeting, and inform earlier on the invitation letter. The Company also educates shareholders to understand their roles and encourages them to exercise their rights to protect their interests by distributing the pamphlet from the Stock Exchange of Thailand regarding "Good Shareholder Practice".



The pamphlet contains various important topics for shareholders such as the role of shareholders in overseeing the performance of the Board and Management, approving the financial statements, the appointment of the Company's auditors, the appointment of directors, and fixing their remuneration, approving the increase in the Company's registered capital and connected transactions, the voting process and the questioning of directors and management, including demanding remedy in case their rights are violated and forming an association to protect shareholders' rights.

To promote the rights of the Shareholders, on October 18, 2010, the Company has announced on the website inviting the minority shareholders to propose a qualified person to be appointed as the director of the Board of the Company and propose the meeting agenda for consideration of the annual general meeting of shareholders.

## The Rights and Equitable Treatment of Stakeholders

The Company takes account of the right of other stakeholders and considers the importance of the stakeholders' support in creating the Company's competitiveness and profitability and in building Company's long term business success. The Company, therefore has policy to take care and look after the interest of all stakeholders, they are, the stakeholders inside the organization such as shareholders, employees, and the stakeholders outside the organization such as suppliers, customers, competitors and the public, and encourages the co-operation between and among stakeholders in accordance with their roles and responsibilities to ensure that the running of Company's business can proceed smoothly, securely and in the interest of all stakeholders, for instance.

**Shareholders** : the Company intends to run the business for shareholder satisfaction by maintaining the Company's profitability, adequate information disclosure, reliability and equitability.

**Employees** : the Company aims to develop a culture and work environment which is conducive to open-mindedness and respect for each individual's ideas to achieve the same objective and vision, which is to create new innovations and improve existing products.

**Customers** : the Company has acquired ISO 9000 Certification to assure customer satisfaction that products and services are of international quality.

**Suppliers** : the Company's business partnerships are made while considering its effect on the Company, compliance with laws and regulations, and fair trade. These relationships were made to benefit the value chain to the customers.

**Competitors** : the Company's policies support fair trade and free trade. The Company does not try to force a monopoly through its partners.

**Society** : the Company's objective does not only include profit-making. The Company realizes its obligation to society, thus it tries to open opportunities for everyone to participate in activities that will be beneficial to everyone concerned both here and abroad. In addition, the Company promotes the environment and natural preservation activities, and has the policy to select and promote the use of the environment friendliness products.

The Company has provided channels for stakeholders to communicate their opinions including to report the cases of finding, or receipt of unfair treatment due to, illegal acts or acts in violation of business ethics of officers or employees of the Company, by making report or complaint in writing and sending it to any one or more independent directors of the Company, or Company Secretary at

THAICOM Public Company Limited  
Company Secretary  
Thaicom Satellite Station,  
No. 41/103 Rattanathibet Road, Nonthaburi 11000.

Apart from that, the Company also makes available to the stakeholders inside the organization channels of communications through Internet Webboard, and the stakeholders outside the organization through website [www.thaicom.net](http://www.thaicom.net) /telephone/e-mail to the Investors Relations Department/ Public Relations Department or the Internal Audit Department. The Internal Audit Department shall investigate the facts alleged in the complaint and report to the Audit Committee and the Board of Directors and notify the Company to take corrective actions required for such complaint, and if the Company find that its employees/officers committed illegal acts or acts in violation of the Company's business ethics, the Company shall proceed to impose appropriate punishment on the wrong does.

## Conflict of Interest

### Acceptance of money or other benefits

The directors, executives or employees having interests which may compromise them in the performance of their duties and affects the interests of customers and the Group shall comply with the followings.

1. The directors, executives and employees shall not accept personally money, gift or other things from customers, suppliers or other persons due to the fact that he or she is acting in the name of the Company. In the case they are offered gifts, or things not in the form of cash by customers, suppliers or third parties, they may accept such gifts, interests or things if such giving are in accordance with the custom or the events provide that such gifts or things are appropriate to the occasions and have a value not exceeding Baht 5,000. In case he or she has to accept gifts or things worth more than Baht 5,000, he or she shall report to his/her superior for consideration.
2. The directors, executives and employees shall not borrow money or ask for donation from customers or persons doing business with the Company except borrowing money from the banks or financial institutions as their customer.
3. The directors, executives and employees may accept invitation to a business party in the Company's business interest but should avoid the invitation if such business party is inappropriate considering the relationship such person has or may have in the future with the Company.
4. The directors, executives, and employees may accept invitation for training, observation tour or seminar the expenses for which are paid by the customer/supplier of the Company, provide that it is strictly for the Company's business interest and approved by the superior and there is no other money or gifts given.
5. The Company has no policy to second the executives to be director of any company outside the Group. The executives ranking PG 13 and above must receive approval from appropriate superior for becoming a director of other companies except in non-profit charitable organizations and the holding of such directorship will not constitute a breach of the Laws or Regulations concerning the Company's business and shall not be for the purpose of using his/her position with the Company to promote other business interest. To be a director of a company outside the Group, the executives ranking PG 13-15 must receive approval from the Executive Chairman, the executives ranking UC must receive approval from the Executive Committee and the executives who are the President, the Executive Chairman or the director of the Company must receive approval from the Board of Directors.

## Information Disclosure and Transparency

The Company values accurate, complete, thorough, and timely disclosure of financial, operational, and other relevant information for investors and concerned persons to use in investment decisions. This disclosure is made through communication channels via the Stock Exchange of Thailand (SET), the Securities and Exchange Commission (SEC), and the Company's Internet web site. The Company has also established an Investors Relations Department to be responsible for communicating useful information to shareholders, investors, analysts, as well as preparing policies and handbooks for investor relations activities and information disclosure to the Stock Exchange in order to ensure that the Company fully complies with laws, rules and regulations.

Other than information disclosure according to the law, the Company also holds quarterly Mini Info Meetings to disclose operational performance to investors, analysts, fund managers, and interested persons, by a member of the Executive Committee to give explanations and reply to queries as they arise. Interested persons can contact and request information from the Investors Relations Department, tel. 02-596-5072-3, or search the website [www.thaicom.net/ir](http://www.thaicom.net/ir).

In the year 2010, the Company used such Web to notify the shareholders of the agenda of the AGM and relevant information more than one month before the actual meeting.

## Internal Control, Internal Auditing Activities and Risk Management

### Internal Control and Internal Auditing Activities

The company has established Internal Control systems according to the standards set by the SET and the Committee of Sponsoring Organizations of the Treadway Commission or COSO. The Internal Control Framework consists of five components:

#### 1. Control Environment

The Company has set up internal control systems in the areas of finance, accounting, operation, organization, and human resources including power of authority and finance authority based on the Good Corporate Governance policy of Shin Corporation.





## **2. Risk Assessment**

The Company has formed a Risk Management Committee and developed a risk management system based on recommended Enterprise Risk Management activities of COSO, customized to align with the Company's business and its continuing development.

## **3. Control Activities**

The Company has created control mechanisms for management and executives by adopting the Quality Management System of the ISO to align operations with the customer's vision and other control activities which emphasize information reliability, asset safeguarding, and compliance with the rules and regulations of the Company and outside authorities and to strengthen information security.

## **4. Information and Communication**

The Company realizes the importance of its information system and the distribution of information to both inside and outside through its intranet and website. A culture of openness is promoted to emphasize communication between all levels.

## **5. Follow-up and Monitoring**

The Company conducts performance assessment of employees two times a year and reports financial performance quarterly through a meeting with investors and other interested parties.

In the Board of Directors' Meeting no. 2/2011 on February 16, 2011 with the Audit Committee also attending, the sufficiency of the control of internal control system were evaluated with five different measures, including organizational control and environment, risk management, management control activities, information systems and communication, and monitoring systems. The evaluation concluded that the Company has sufficient control of important document and internal control system, especially management control, to enable the Company, to safeguard assets from unauthorized persons and business transactions are conducted in accordance with approved level of authority, including being properly recorded to ensure reliability and accuracy of financial statements. The Company maintains documentary systems to make it available in a timely fashion for auditing process by external auditors and government authorities. Besides, there is a continuous development of the appropriate risk management system.

The Company has an independent Internal Audit Office with approved charter from the Audit Committee and Management by reporting functionally to the Audit Committee and administratively to the CEO particularly on the day to day administrative transactions and the internal auditors were certified by internationally internal auditing institutions or associations such as Certified Internal Auditors (CIA), Certified Information System Auditors (CISA), Certified Fraud Examiner (CFE) and Certificate in International Financial Reporting Standards. The Internal Audit Office has unlimited access to information, personnel and all departments to achieve auditing activities and reports its result to the Audit Committee and CEO to activate corrective and preventive actions as well as continuous improvement on the timely fashion.

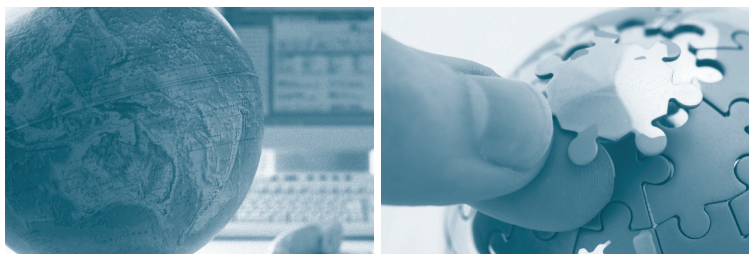
In 2010, the Internal Audit Office adopted the results from risk management activities as information based to prepare its risk based audit plan from 2010-2012. The plan covered reliable of information on accounting and finance, efficiency and effectiveness of operation, compliance with rules and regulations, development of information technology and communication and development of quality management systems under ISO requirements. The Office also developed non-audit activities such as consulting on internal control of operation on newly business line. In addition, the Office had encouraged and trained internal auditors in modern internal auditing standardized by the Institute of Internal Auditors for their continuous learning and growth.

As results, most audit issues raised by internal and external auditors had been corrected and improved due to the effective follow up of the auditors and corporation of management as well.

The Internal Audit Office and PricewaterhouseCoopers ABAS Co., Ltd. did not find any material non-conformance of the control of important document and internal control systems in 2010. The Company had sufficient and effective internal control systems

## **Risk Management**

The Company practiced risk management in accordance with the Risk Management Handbook and Guidelines of Shin Corporation Public Co. Ltd., by educating the staff, as well as conducting workshops and established a Risk Management Committee comprised of the President and management at different levels.



The Committee designed various steps of risk management concurrently with guidelines from COSO, the Stock Exchange of Thailand and business operations which starts from analysis of internal and external environment, vision, mission and objective setting, strategies and measurement, risk identification and impact evaluation, prevent and lessen its impact through the business plan and internal control activities including, regularly reporting its results to the Board of Directors. Therefore, risk management of the Company becomes a continuous process supported by all levels.

In 2010, the Risk Management Committee had reviewed risk management policy, risk management manual, scope and criteria for risk assessment, including monitored risk status on the quarterly basis. In addition, the Company established training program and developed risk management at subsidiary in the country of Cambodia and joint venture-company in the People Republic of Lao as well.

## Corporate Philosophy and Code of Conduct

In order to maintain operational standards and business ethics, the Company has established a written philosophy and code of conduct in order to become a leading company at both local and international levels that is recognized as responsible to employees, shareholders, customers, competitors, partners, creditors, and society, including the use of information, information disclosure, conflict of interest, safeguarding of company assets, participation in political activities, legal and regulatory compliance, good corporate governance, and reliable reporting.

The Company designs reporting channels for management and employees to identify transactions that may conflict with the above standards independently though an Ethical Hotline on the internal website of the Company.

The Company also prepares a program to build awareness on business ethics for management and employees through various steps as follows:

1. Provide basic knowledge of Ethics such as in the orientation for new employees.
2. Provide continuous knowledge of Ethics such as presentation of motion picture and ethical information in the Company intranet.
3. Stimulate ethical behavior in practice such as questionnaire distribution to all employees, result disclosure and maintain statistical surveys for progressive analysis of the program.

On February 16, 2011, the Board of Directors approved "Policy of Whistle Brower on Fraud and Misconduct" as well as "Investigation Process" and "Whistle Blower Protection" as a mechanism to prevent, detect, and reduce negative impact from fraud and misconduct within the organization.

## Inside Information

The Company is committed to ethics, integrity, and honesty in carrying out business with customers, partners, and shareholders and has Code of Conduct as a guideline for management and employees to adhere to. Disclosure of inside information by employees or management to others or for their own interests or involvement in activities that may lead to conflict of interest is considered severe misconduct and subjected them to the highest disciplinary action.

In addition, the Company prohibits employees and management who work in the department or business unit that know inside information to buy or sell the Company's marketable securities during a month before disclosure of financial statements to the public.

The Company also educates directors and management of duties to report, his or her as well as their close relatives, the holding or changes in holding of Company's securities to the Securities Exchange Commission (SEC) in accordance with Section 59 of the Securities and Exchange Act B.E. 2535 and the SET regulations.

Regarding supporting data or document within the group of companies, data rules have been issued to prevent leaked information e.g. requesting letter of confidentiality and prohibiting of photo copies without permission.

The Audit Committee had reviewed preventive systems of inside information to assure its efficiency and effectiveness.

## Employees

As of 31 December 2010, the Company and its affiliated companies have 3,276\* employees divided by type of business as follows:

Company	Permanent Employees	Temporary Employees
Thaicom Public Company Limited	594	17
<i>Engineering</i>	269	6
<i>Marketing and Sales</i>	157	2
<i>Other</i>	168	9
Cambodian DTV Network Ltd.	21	-
DTV Service Company Limited	77	17
NTU (Thailand) Company Limited	8	-
Mfone Company Limited*	567	55
Lao Telecommunications Company Limited*	1,736	145
IPSTAR Australia Pty Limited	33	3
IPSTAR New Zealand Limited	2	1
<b>Total</b>	<b>3,038</b>	<b>238</b>

\* Total employees but the Company recognizes employee compensation of LTC and Mfone according to stakeholder proportion (24.99% and 51% respectively) in the Financial Statement.

The compensation for employees of the Company and its subsidiaries includes salary, pension fund, and other benefits. In 2010, the compensation paid to the Company's employees was Baht 704 million (including employee compensation of LTC and Mfone according to stakeholder proportion: 24.99% and 51% respectively).

## HR Policy

As employees are considered valuable resources, the Company aims at maintaining and developing employees systematically and continuously in order to improve their abilities and boost their work morale. The HR policy is as follows:

1. Recruit and select qualified professionals to work with the Company according to demand and suitability of each department
2. Promote employees' career advancement by providing them with clear personnel development and ensure that employees at all levels follow the development plans systematically and continuously resulting in effective performance and preparedness for higher job responsibility
3. Manage payrolls and remuneration packages properly like other leading companies

4. Rely on Merit System and individual performance and achievement for a pay rise and a job promotion
5. Prioritize the internal employees who have proper knowledge and background for higher positions before initiating external recruitment
6. Encourage teamwork so that the employees can cooperate well with one another like family members
7. Supervisors at all levels are expected to monitor their subordinates, encourage positive attitude toward their jobs, train them professionally, be role models, resulting in effective performance of the employees.

## Related Transactions

During the year 2010, the Company and its subsidiaries have the following list of related transactions as stated in the Notes to the Financial Statements by the Auditor as follows:

Related Companies/ Relationship	Transaction	Value of Related Transactions at December 31, 2010 (Mil.. Baht)	Reason and Necessity of Transaction
		Consolidated	
Shin Corporation Public Company Limited ("SHIN") / The major shareholder holds 41.14% shares of the Company with joint directors. - A Holding company acquiring the controlling interest in various companies.	1. Other receivables	0.1	The Company claimed for the actual advance paid.
Advance Info Service Public Company Limited ("AIS") / SHIN holds 42.55% shares with joint directors - Provides mobile phone service business	1. Revenues - The Company leased transponders on THAICOM satellite.	54.52	The Company is the sole service provider of transponder leasing in the country under ordinary course of business. Service fee was charged under normal contracts and trade conditions on an arm's length basis. DTV, a subsidiary offered Web design service to general public under ordinary course of business. Service fee was charged on an arm's length basis. LTC and Mfone, the jointly- controlled entities offered International Roaming Service in Laos and Cambodia under ordinary course of business. Service fee was charged based on market price on an arm's length basis.
	- Web design service	1.94	
	- International Roaming service	6.37	

Related Companies/ Relationship	Transaction	Value of Related Transactions at December 31, 2010 (Mil.. Baht)	Reason and Necessity of Transaction
		Consolidated	
	2. Expenses - The Company paid for mobile phone expenses of its executives and employees.	6.30	The Company Group used mobile phone services to support the ordinary course of business. AIS network covered overall service areas. Service fee was based on market price on an arm's length basis.
	3. Trade accounts receivable and accrued income	11.59	
	4. Trade accounts payable and other accrued expenses	0.90	
CS LoxInfo Public Company Limited ("CSL") / The Company's subsidiary holds 42.19% shares (after deducting treasury stock) with joint directors - Provides Internet and TV signal uplink/downlink services	1. Revenues - The Company leased transponders on THAICOM satellite, provided TV signal uplink services and sold IPSTAR user terminals.	13.51	The Company is the country's sole service provider of transponder leasing and the distributor of IPSTAR user terminals. Service fee was charged under normal contracts and conditions on an arm's length basis.
	2. Expenses - The Company paid for uplink and Internet service charges.	13.89	The Company used uplink and Internet services under ordinary course of business. Service fee was charged under normal contracts and trade conditions on an arm's length basis.
	3. Trade accounts receivable and accrued income	2.49	
	4. Other receivable	0.92	
	5. Trade accounts payable and other accrued expenses	11.86	



Related Companies/ Relationship	Transaction	Value of Related Transactions at December 31, 2010 (Mil.. Baht)	Reason and Necessity of Transaction
		Consolidated	
Matchbox Co., Ltd. ("MB") / SHIN holds 99.96% shares. - Conducts advertising broker, agency business through all advertising media.	1. Expenses - DTV hired SMB for advertising and public relations services such as printed and advertising media.	13.73	The Company used advertising and public relations services, which supported the ordinary course of business. Service fee was charged under normal contracts and trade conditions on an arm's length basis.
	2. Trade accounts payable and other accrued expenses	7.87	
IT Applications and Services Co., Ltd. ("ITAS") / SHIN holds 99.99% shares. - Provides management software package with related software and consultancy services.	1. Expenses - The Company used software service for accounting data processing.	8.36	The Company used software programs for accounting data processing, which supported the ordinary course of business. Service fee was charged at prices closed to those of other companies that conduct the same nature of business.
	2. Trade accounts payable and other accrued expenses	0.65	
Codespace Inc / The Company and Codespace Inc jointly hold shares in SpacecodeLLC at 70% : 30%. - Provides engineering and development services on communication technology and electronics.	1. Expenses - The Company hired Codespace for development of products for IPSTAR project.	22.66	Such transactions supported the ordinary course of business. Service fee was charged at an hourly rate plus actual expenses.
	2. Trade accounts payable and others	2.06	

Related Companies/ Relationship	Transaction	Value of Related Transactions at December 31, 2010 (Mil. Baht)	Reason and Necessity of Transaction
		Consolidated	
Shenington Investments Pte Ltd ("SHEN") / The Company and Asia Mobile Holdings Pte Ltd. (AMH) jointly hold shares in SHEN at 51% : 49%. - A holding company investing in telecom service business	1. Other income		
	- The Company provided consultancy services. SHEN paid consultancy and service fees on a monthly basis. Service fee was charged based on the cost of executives and employees providing the service in order to support business course of its subsidiaries.	1.01	This is the Company's supervision policy on subsidiaries to enable maximum benefits over the supervision.
	2. Other receivables	1.08	
Mfone Co., Ltd. ["Mfone"]/ SHEN holds 100% shares. - Provides telecom services in Cambodia.	1. Revenues		
	- The Company leased transponders on THAICOM and IPSTAR satellites.	14.71	The Company provided transponder leasing service which supported the ordinary course of business. Service fee was charged under normal contracts and trade conditions on an arm's length basis.
	2. Expenses		
	- The Company paid for gateway operating fee and maintenance service fee	4.42	The Company paid for gateway operating fee and maintenance service fee for IPSTAR gateway in Cambodia. The service was under ordinary course of business and charged under normal contracts and trade conditions on an arm's length basis.
	3. Trade accounts receivable and accrued income	16.88	
	4. Other receivables	0.37	
	5. Trade accounts payable and other accrued expenses	0.97	

Related Companies/ Relationship	Transaction	Value of Related Transactions at December 31, 2010 (Mil.. Baht)	Reason and Necessity of Transaction
		Consolidated	
Lao Telecommunication Co., Ltd (“LTC”) / SHEN and Lao People’s Democratic Republic jointly hold shares at 49% : 51%. - Provides telecom services in Lao People’s Democratic Republic.	1. Revenues - The Company leased transponders on THAICOM and IPSTAR satellites.	5.47	The Company provided transponder leasing service which supported the ordinary course of business. Service fee was charged under normal contracts and trade conditions on an arm’s length basis.
	2. Trade accounts receivable and accrued income	4.49	
	3. Other receivables	0.16	
	4. Trade accounts payable and other accrued expenses	0.31	
Asia Mobile Holdings Pte Ltd. (“AMH”) and the Group / Major shareholders jointly hold the Company’s shares.	1. Revenue - International Roaming Service	1.32	Mfone, the jointly-controlled entities offered Airtime International Roaming Service in Cambodia under ordinary course of business. Service fee was charged based on market price on an arm’s length basis.  The competition in Cambodia’s telecom (mobile phone) market being severe, Mfone was in need for executives with marketing expertise. AMH provided executives with the said qualifications for Mfone in order to increase Mfone’s mobile phone market share. Service fee was charged based on the cost of executives providing the consultation plus actual expenses.
	2. Expenses - SHEN hired AMH to provide executives with marketing expertise for Mfone.	0.31	
	3. Trade accounts receivable and accrued income	0.52	
	4. Other accounts payable	0.60	

Related Companies/ Relationship	Transaction	Value of Related Transactions at December 31, 2010 (Mil. Baht)	Reason and Necessity of Transaction
		Consolidated	
Other related parties	1. Revenue - Web design service	0.90	DTV, a subsidiary offered Web design service to general public under ordinary course of business. Service fee was charged on an arm's length basis.
	2. Expenses	0.43	The Company used the services which supported the ordinary course of business. Service fee was charged under normal contract and trade conditions under an arm's length basis.
	3. Trade accounts receivable and accrued income	0.40	
	4. Trade accounts payable and other accrued expenses	0.06	

## Necessity and Justification of Transactions

In 2010, Thaicom Plc. and its subsidiaries ("the Company") had related transactions as shown in Note 4 of the 2010 audited financial statements. The auditor's remarks on related transactions stated that those transactions which the Company had undertaken with SHIN group and Temasek Group e.g. its subsidiaries, associated companies, joint ly-controlled entities, executives and other businesses on which SHIN and Temasek and the Company had significant influence, whether directly or indirectly, were shown as related transactions.

The Company set the sale and purchase prices for goods and services with related parties under normal contracts and trade conditions on an arm's length basis. Crucial transactions required to adhere to the rules set forth by the Securities Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) had been examined and approved of justification and necessity to the Company by the Audit Committee.

## Methods of Related Transactions

Thaicom Plc. is a listed company in the Stock Exchange of Thailand. Its business target is to create maximum benefits to its shareholders with a policy to sufficiently disclose information to investors and abide by the rules, regulations and laws of the country where the Company undertakes business. To enable transparent proceedings on related transactions, lessen conflicts of interest and conform with good governance principles as well as the laws, rules and regulations of such related supervisory units as the Stock Exchange of Thailand (SET) and the Office of the SEC in order to provide sufficient information for investment decision, the Company has set up criteria for related transactions as follows:

The Company proceed the related transactions between the Company and its subsidiaries on an arm's length basis for the Company's maximum interest under fair prices and business conditions which shall not create conflicts of interest. Where there is doubt whether related prices are based on an arm's length basis or not, the Company is required to submit such transactions to the Audit Committee for approval prior to the proceeding.

The Company has authorized its executives a certain limit of budget for endorsement in accordance with their ranks. Nevertheless, the approval authority is prohibited to those directors and executives who have stakes or may have personal conflicts of interest over the transactions. Additionally, these directors and executives, having no voting right shall not attend meetings related to the transactions. The Audit Committee shall examine the related transactions between the Company and its subsidiaries and related parties to ensure the conformity with the rules and regulations of the Stock Exchange of Thailand. However, the related transactions between the Company and related parties with less than 10% of shares will not be examined by the Audit Committee pursuant to the Notification of the Stock Exchange of Thailand Re: Disclosure of Information of Related Transactions.

The related transactions shall be conducted as usual since they are practiced under normal course of business and in accordance with trade conditions on an arm's length basis with prices or remuneration fees within the rate approved in accordance with the Company's financial practices. The vendor selection process is required to be regularly reviewed to ensure fair competition from outside vendors who may offer greater benefits to the Company and also serve as external sources for comparison of price and trading terms.

The Company discloses information on related transactions in compliance with Article 47 of the Thai Generally Accepted Accounting Principles regarding disclosure of information on related parties, and in accordance with the regulations of the Office of the Securities Exchange Commission and the Stock Exchange of Thailand. The Legal and Compliance Department and the Accounting Department shall submit the related transactions or those which may cause conflicts of interest to the Audit Committee for examination and comments on necessity and justification for the Company's maximum benefits before forwarding to the Board of Directors. In addition, related transactions shall be submitted by the Accounting Department on a monthly basis to comply with the rules and regulations of the Stock Exchange of Thailand (SET) and the Office of the Securities Exchange Committee (SEC).

### **Future Policy or Trends of Related Transactions**

In the future, the Company may have to do related transactions through both customary and non-customary business transactions under reasonable prices and conditions that yield maximum benefits to the Company. Further, the Company will fully abide by the laws on securities and stock exchange, as well as rules, notifications, orders or regulations of the Stock Exchange of Thailand (SET) including regulations and practices relevant to disclosure of related transactions, acquisition or disposal of major assets of listed companies and subsidiaries. The related transactions will be disclosed in the notes to the financial statements audited by the auditor.

## Board of Directors' Responsibility for Financial Reporting

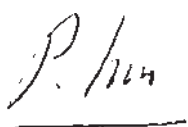
The Board of Directors is responsible for Thaicom Public Company Limited's financial statements and Thaicom Public Company Limited and its subsidiaries' consolidated financial statements, including the financial information presented in this annual report. The aforementioned financial statements are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

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

In this regard, the Board of Directors has appointed an Audit Committee to be responsible for reviewing the accounting policy, financial reports, internal controls, internal audit and risk management system. The Audit Committee has also reviewed a disclosure of related party transactions. All their comments on these issues have been included in the Audit Committee Report which is presented in this annual report.

The financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries have been examined by an external auditor, KPMG Phoomchai Audit Limited. To conduct the audits and express an opinion in accordance with generally accepted auditing standards, the auditor was provided with all of the Company's records and related data as requested. The auditor's opinion is presented in the auditor's report as part of this annual report.

The Board of Directors believes that the Company's overall internal control system has functioned up to a satisfactory level and rendered credibility and reliability to Thaicom Public Company Limited's financial statements and Thaicom Public Company Limited and its subsidiaries' consolidated financial statements for the year ended 31 December 2010. The Board of Directors also believes that all these financial statements have been prepared in accordance with generally accepted accounting principles and related regulations.



(Mr. Paron Israsena)  
Chairman of the Board



(Mr. Arak Chonlatanon)  
Chairman of the Executive Committee

## Audit Report of Certified Public

To the shareholders of Thaicom Public Company Limited

I have audited the accompanying consolidated and separate balance sheets as at 31 December 2010 and 2009, and the related statements of income, changes in equity and cash flows for the years then ended of Thaicom Public Company Limited and its subsidiaries, and of Thaicom Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2010 and 2009 and the results of operations and cash flows for the years then ended of Thaicom Public Company Limited and its subsidiaries, and of Thaicom Public Company Limited, respectively, in accordance with generally accepted accounting principles.



(Winid Silamongkol)  
Certified Public Accountant  
Registration No. 3378

KPMG Phoomchai Audit Ltd.  
Bangkok  
16 February 2011



## Thaicom Public Company Limited and its Subsidiaries

## Balance sheets

As at 31 December 2010 and 2009

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
		Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	5	1,271,920,158	797,638,777	518,439,084	158,252,974
Trade accounts receivable and accrued income	6	1,022,742,169	1,046,554,872	772,643,229	882,331,498
Amounts due from related parties	4	1,480,493	1,102,376	122,981,072	100,684,581
Inventories	7	413,012,426	431,125,212	258,518,041	274,918,812
Prepaid insurance		63,406,136	103,384,880	61,115,000	100,552,164
Other current assets	8	253,626,526	266,832,992	115,881,164	90,910,635
Total current assets		3,026,187,908	2,646,639,109	1,849,577,590	1,607,650,664
Non-current assets					
Long-term loans and advance to subsidiaries	4	-	-	208,540,401	334,075,920
Investments in subsidiaries, jointly - controlled entities and associate	9	459,263,827	418,505,173	830,199,503	813,500,645
Property and equipment	10	5,262,645,552	6,045,849,391	1,089,280,069	1,235,904,614
Property and equipment under operating agreements	11	14,177,126,018	15,527,787,930	14,177,126,018	15,527,787,930
Deferred charges	11	41,052,706	57,465,742	38,941,430	55,117,006
Intangible assets	11	1,103,078,199	1,208,068,765	947,955,427	1,031,265,654
Deferred tax assets	12	1,118,531,530	868,080,777	1,025,620,731	763,183,772
Other non-current assets	13	660,312,455	630,883,725	632,223,201	598,705,233
Total non-current assets		22,822,010,287	24,756,641,503	18,949,886,780	20,359,540,774
Total assets		25,848,198,195	27,403,280,612	20,799,464,370	21,967,191,438

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

## Thaicom Public Company Limited and its Subsidiaries

# Balance sheets (Cont'd)

As at 31 December 2010 and 2009

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
		Baht	Baht	Baht	Baht
Liabilities and equity Note					
Current liabilities					
Short-term loans from financial institutions	14	-	81,337,973	-	73,819,689
Trade accounts payable	15	530,828,685	462,049,412	305,730,593	267,388,162
Accounts payable - property and equipment		920,779,639	152,078,107	28,453,807	21,817,849
Amounts due to related parties	4	3,634,502	7,006,628	52,577,744	44,422,326
Current portion of long-term loans	14	854,473,636	635,848,976	5,443,896	2,369,376
Advance receipts from customers		320,371,771	197,059,208	22,652,016	44,467,097
Accrued operating agreement fee		205,457,499	646,054,457	129,836,727	545,652,570
Accrued expenses		256,991,382	232,547,234	162,314,539	143,775,427
Income tax payable		131,345,430	111,220,668	-	-
Other current liabilities	16	171,007,224	169,122,324	88,079,998	81,488,649
Total current liabilities		3,394,889,768	2,694,324,987	795,089,320	1,225,201,145
Non-current liabilities					
Long-term accounts payable					
- property and equipment		-	761,252,273	-	-
Long-term loans	14	7,543,878,945	8,072,038,517	7,005,284,380	6,982,051,488
Deferred tax liabilities	12	130,806,518	145,589,152	-	-
Other non-current liabilities		99,970,773	104,265,578	89,173,110	87,660,724
Total non-current liabilities		7,774,656,236	9,083,145,520	7,094,457,490	7,069,712,212
Total liabilities		11,169,546,004	11,777,470,507	7,889,546,810	8,294,913,357

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

Thaicom Public Company Limited and its Subsidiaries  
**Balance sheets (Cont'd)**  
 As at 31 December 2010 and 2009

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
		Baht	Baht	Baht	Baht
Liabilities and equity					
Equity					
Share capital	17				
Authorised share capital		5,660,411,500	5,660,411,500	5,660,411,500	5,660,411,500
Issued and paid-up share capital		5,479,687,700	5,479,687,700	5,479,687,700	5,479,687,700
Additional paid-in capital					
Premium on ordinary shares	18	4,301,989,672	4,301,989,672	4,301,989,672	4,301,989,672
Unrealised profit on changes on shareholding in a subsidiary and an associate		333,830,271	349,347,698	-	-
Currency translation differences		(253,520,267)	(108,967,271)	-	-
Retained earnings					
Appropriated					
Legal reserve	18	413,853,344	413,853,344	413,853,344	413,853,344
Unappropriated		4,357,853,377	5,146,786,449	2,714,386,844	3,476,747,365
Total equity attributable to equity holders of the Company		14,633,694,097	15,582,697,592	12,909,917,560	13,672,278,081
Minority interests		44,958,094	43,112,513	-	-
Total equity		14,678,652,191	15,625,810,105	12,909,917,560	13,672,278,081
Total liabilities and equity		25,848,198,195	27,403,280,612	20,799,464,370	21,967,191,438

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

## Thaicom Public Company Limited and its Subsidiaries

# Statements of income

As at 31 December 2010 and 2009

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
		Baht	Baht	Baht	Baht
<b>Income</b>	4				
Revenues from sale of goods and rendering of services	20	6,699,753,084	7,188,364,004	3,818,187,799	3,972,418,178
Dividend income		-	-	69,999,988	83,941,277
Net foreign exchange gain		-	465,108,917	-	337,625,387
Other income	21	107,350,149	31,623,391	128,600,569	91,020,252
<b>Total income</b>		<b>6,807,103,233</b>	<b>7,685,096,312</b>	<b>4,016,788,356</b>	<b>4,485,005,094</b>
<b>Expenses</b>	4				
Cost of sale of goods and rendering of services		5,356,645,339	5,589,273,470	3,283,887,076	3,518,574,146
Operating agreements fee		493,925,090	538,625,427	458,871,750	476,126,911
Selling expenses		244,597,881	224,380,281	84,123,054	75,003,458
Administrative expenses		1,172,521,028	908,560,914	664,458,910	450,510,310
Directors and management benefit expenses		43,280,565	44,142,251	42,777,000	43,606,497
Net foreign exchange loss		90,079,141	-	85,154,952	-
<b>Total expenses</b>		<b>7,401,049,044</b>	<b>7,304,982,343</b>	<b>4,619,272,742</b>	<b>4,563,821,322</b>
Share of profit of associates	9	169,629,217	124,627,213	-	-
<b>Profit (loss) before finance costs and income tax expense</b>		<b>(424,316,594)</b>	<b>504,741,182</b>	<b>(602,484,386)</b>	<b>(78,816,228)</b>
Finance costs		(488,153,808)	(1,087,395,748)	(422,313,095)	(1,015,785,545)
<b>Loss before income tax expense</b>		<b>(912,470,402)</b>	<b>(582,654,566)</b>	<b>(1,024,797,481)</b>	<b>(1,094,601,773)</b>
Income tax expense	24	129,816,242	111,732,540	262,436,960	323,933,542
<b>Loss for the year</b>		<b>(782,654,160)</b>	<b>(470,922,026)</b>	<b>(762,360,521)</b>	<b>(770,668,231)</b>
Profit (loss) attributable to:					
Equity holders of the Company		(788,933,072)	(471,228,885)	-	-
Minority interests		6,278,912	306,859	-	-
<b>Loss for the year</b>		<b>(782,654,160)</b>	<b>(470,922,026)</b>	<b>(762,360,521)</b>	<b>(770,668,231)</b>
<b>Loss per share</b>	26				
Basic		(0.72)	(0.43)	(0.70)	(0.70)
Diluted		(0.72)	(0.43)	(0.70)	(0.70)

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

Thaicom Public Company Limited and its Subsidiaries  
**Statements of changes in equity**  
 For the years ended 31 December 2010 and 2009

	Issued and paid-up Share capital	Additional paid-in capital  share premium	Unrealised surpluses (deficits)  Cumulative gain on dilution of investment in an associate
<b>Balance at 1 January 2009</b>	<b>5,479,687,700</b>	<b>4,301,989,672</b>	<b>346,224,720</b>
Unrealised gain from decrease in shareholding in an associate	-	-	3,122,978
Translation loss relating to financial statements of foreign operations	-	-	-
Net income (expense) recognised directly in equity	-	-	3,122,978
Profit (loss) for the year	-	-	-
<b>Balance at 31 December 2009</b>	<b>5,479,687,700</b>	<b>4,301,989,672</b>	<b>349,347,698</b>

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

## Consolidated financial statements

Currency translation differences	Retained earnings		Total equity attributable to equity holders of the Company	Minority interests	Total equity
	Legal reserve	Unappropriated			
Baht					
(101,247,548)	413,853,344	5,618,015,334	16,058,523,222	44,721,094	16,103,244,316
-	-	-	3,122,978	-	3,122,978
(7,719,723)	-	-	(7,719,723)	(1,915,440)	(9,635,163)
(7,719,723)	-	-	(4,596,745)	(1,915,440)	(6,512,185)
-	-	(471,228,885)	(471,228,885)	306,859	(470,922,026)
(108,967,271)	413,853,344	5,146,786,449	15,582,697,592	43,112,513	15,625,810,105

Thaicom Public Company Limited and its Subsidiaries

**Statements of changes in equity (Cont'd)**

For the years ended 31 December 2010 and 2009

	Issued and paid-up Share capital	Additional paid-in capital  share premium	Unrealised surpluses (deficits)  Cumulative gain on dilution of investment in an associate
<b>Balance at 1 January 2010</b>	<b>5,479,687,700</b>	<b>4,301,989,672</b>	<b>349,347,698</b>
Unrealised loss from decrease in shareholding in a subsidiary and an associate	-	-	(15,517,427)
Translation loss relating to financial statements of foreign operations	-	-	-
Net expense recognised directly in equity	-	-	(15,517,427)
Profit (loss) for the year	-	-	-
<b>Balance at 31 December 2010</b>	<b>5,479,687,700</b>	<b>4,301,989,672</b>	<b>333,830,271</b>

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

## Consolidated financial statements

Currency translation differences	Retained earnings		Total equity attributable to equity holders of the Company	Minority interests	Total equity
	Legal reserve	Unappropriated			
Baht					
(108,967,271)	413,853,344	5,146,786,449	15,582,697,592	43,112,513	15,625,810,105
-	-	-	(15,517,427)	-	(15,517,427)
(144,552,996)	-	-	(144,552,996)	(4,433,331)	(148,986,327)
(144,552,996)	-	-	(160,070,423)	(4,433,331)	(164,503,754)
-	-	(788,933,072)	(788,933,072)	6,278,912	(782,654,160)
(253,520,267)	413,853,344	4,357,853,377	14,633,694,097	44,958,094	14,678,652,191



Thaicom Public Company Limited and its Subsidiaries

## Statements of changes in equity (Cont'd)

For the years ended 31 December 2010 and 2009

### Separate financial statements

	Issued and paid-up Share capital	Additional paid-in capital	Retained earnings		Total equity attributable to equity holders of the Company
		share premium	Legal reserve	Unappropriated	
					Baht
Balance at 1 January 2009	5,479,687,700	4,301,989,672	413,853,344	4,247,415,596	14,442,946,312
Loss for the year	-	-	-	(770,668,231)	(770,668,231)
Balance at 31 December 2009					
and at January 2010	5,479,687,700	4,301,989,672	413,853,344	3,476,747,365	13,672,278,081
Loss for the year	-	-	-	(762,360,521)	(762,360,521)
Balance at 31 December 2009	5,479,687,700	4,301,989,672	413,853,344	2,714,386,844	12,909,917,560

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

Thaicom Public Company Limited and its Subsidiaries  
**Statements of cash flows**  
For the years ended 31 December 2010 and 2009

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
		Baht	Baht	Baht	Baht
<b>Cash flows from operating activities</b>					
Loss for the year		(788,933,072)	(471,228,885)	(762,360,521)	(770,668,231)
<i>Adjustments for</i>					
Depreciation of property and equipment	10	1,112,813,516	1,102,348,637	397,136,119	373,194,838
Amortisation of property and equipment under operating agreements	11	1,350,661,910	1,541,525,781	1,350,661,910	1,541,525,781
Amortisation of deferred charges	11	17,145,064	13,913,891	16,175,576	12,692,993
Amortisation of intangible assets	11	106,080,181	114,476,240	94,942,943	101,584,591
Interest income	21	(30,938,731)	(18,665,373)	(34,159,274)	(18,118,454)
Dividend income		-	-	(69,999,988)	-
Finance cost		488,153,808	592,700,493	422,313,095	521,090,290
(Gain) loss on exchange rate		103,827,244	(297,806,037)	3,545,245	(383,038,836)
Amortisation of borrowing costs	14	6,139,009	494,695,255	6,139,009	494,695,255
(Reversal of) allowance for doubtful accounts	6	43,556,249	(86,813,678)	48,247,155	(108,342,142)
Profit (loss) on minority interest		6,278,912	306,859	-	-
Allowance for obsolete inventory		25,736,123	23,870,136	16,948,065	25,019,665
Gain on disposal of property and equipment		(5,453,498)	(15,616,383)	(4,875,326)	(1,370,842)
Write-off property and equipment	10	17,813,426	15,562,619	1,151,629	662,771
Write-off deferred changes	11	-	7,884,202	-	7,884,202
Share of profits of associate	9	(169,629,217)	(124,627,213)	-	-
Income tax expense	24	(129,816,242)	(111,732,539)	(262,436,960)	(323,933,542)
		2,153,434,682	2,780,794,005	1,223,428,677	1,472,878,339
<b>Changes in operating assets and liabilities</b>					
Trade accounts receivable and accrued income		(19,743,546)	(41,879,209)	61,441,114	75,712,118
Amounts due from related parties		(378,117)	2,249,615	(22,296,490)	(16,104,814)
Inventories		4,507,653	105,828,203	6,377,170	20,884,000
Prepaid insurance		39,978,744	35,877,607	39,437,164	35,836,316
Other current assets		(3,860,157)	5,376,174	(26,502,583)	75,503,848
Other non-current assets		35,363,568	(85,391,668)	31,274,330	(84,098,776)

Thaicom Public Company Limited and its Subsidiaries  
**Statements of cash flows (Cont'd)**  
For the years ended 31 December 2010 and 2009

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
		Baht	Baht	Baht	Baht
Trade accounts payable		68,779,273	(55,010,382)	38,342,431	(32,692,001)
Amounts due to related parties		(3,372,126)	1,074,759	8,155,418	18,947,905
Advance receipts from customers		(34,517,302)	21,296,369	(21,815,081)	1,617,013
Accrued operating agreement fee		(440,596,959)	86,509,378	(415,815,843)	70,667,825
Accrued expenses		29,119,507	(8,465,971)	22,413,386	(17,276,528)
Other current liabilities		159,714,764	1,185,961	6,591,349	(2,307,147)
Other non-current liabilities		(4,294,775)	6,862,076	1,512,386	6,191,868
Interest received		31,306,495	20,874,797	35,691,327	26,069,363
Income tax paid		(180,084,681)	(219,304,572)	(64,792,298)	(80,616,501)
<b>Net cash provided by operating activities</b>		<b>1,835,357,023</b>	<b>2,657,877,142</b>	<b>923,442,457</b>	<b>1,571,212,828</b>
<b><i>Cash flows from investing activities</i></b>					
Dividends received	9 d), f)	130,051,995	157,562,994	69,999,988	-
Net cash outflow on acquisition of subsidiaries	9 a)	-	-	(16,698,858)	(17,712,050)
Payment of property and equipment		(697,586,723)	(1,105,574,460)	(254,779,180)	(200,945,945)
Payment for property and equipment under operating agreements		-	(140,282)	-	(140,282)
Proceeds from sale of property and equipment		8,224,964	22,560,263	7,353,660	3,298,785
Long-term loans and advance to related company		-	-	125,300,588	(164,685,116)
Payments for deferred charges		(732,028)	(42,037,544)	-	(40,074,674)
Purchase of intangible assets		(11,283,575)	(46,631,492)	(11,283,575)	(45,791,492)
<b>Net cash used in investing activities</b>		<b>(571,325,367)</b>	<b>(1,014,260,521)</b>	<b>(80,107,377)</b>	<b>(466,050,774)</b>

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

## Thaicom Public Company Limited and its Subsidiaries

# Statements of cash flows (Cont'd)

For the years ended 31 December 2010 and 2009

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
		Baht	Baht	Baht	Baht
<b>Cash flows from financing activities</b>					
Proceeds from short-term borrowings	14	-	90,869,123	-	73,350,839
Proceeds from long-term borrowings,	-				
net of finance cost	14	139,039,636	7,269,612,987	23,336,922	6,977,344,918
Repayments of short-term borrowings	14	[80,869,123]	[303,961,630]	[73,350,839]	-
Repayments of long-term borrowings	14	[351,312,458]	[8,497,837,971]	[3,168,520]	[8,113,781,989]
Interest paid		[492,829,166]	[577,919,681]	[426,187,369]	[504,291,524]
<b>Net cash used in financing activities</b>		<b>[785,971,111]</b>	<b>[2,019,237,172]</b>	<b>[479,369,806]</b>	<b>[1,567,377,756]</b>
<b>Net decrease in cash and cash equivalents</b>		<b>478,060,545</b>	<b>[375,620,551]</b>	<b>363,965,274</b>	<b>[462,215,702]</b>
Cash and cash equivalents at beginning of year		797,638,777	1,173,334,744	158,252,974	620,544,092
Effects of exchange rate changes on balances held in foreign currencies		[3,779,164]	[75,416]	[3,779,164]	[75,416]
<b>Cash and cash equivalents at end of year</b>	<b>5</b>	<b>1,271,920,158</b>	<b>797,638,777</b>	<b>518,439,084</b>	<b>158,252,974</b>
<b>Supplementary information for cash flows</b>					
Income tax paid		492,829,166	219,304,572	426,187,369	80,616,501
<b>Non-cash transactions</b>					
Acquisition of property and equipment					
by issue of debt		95,573,261	696,251,499	47,574,895	17,984,757
Dividend income		-	-	-	83,941,277

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

Thaicom Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 16 February 2011

### 1 General information

Thaicom Public Company Limited, the "Company", is incorporated in Thailand and has its registered office at 414 Phaholyotin Road, Samsen Nai, Phayathai, Bangkok 10400.

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

The Company's major shareholder was Shin Corporation Public Company Limited (41.14% shareholding) which is incorporated in Thailand.

The Company, its subsidiaries, associate, and jointly controlled entities (Collectively referred to as "the Group") are primarily involved in transponder services for domestic and international communications, sale of user terminal of iPSTAR, broadband content services, sale of direct television equipment, Internet data center services, Internet services, satellite uplink-downlink services, printing and publishing of business telephone directories, banner advertising, telephone network services, mobile contents, and engineering and development services on communication technology and electronics, which are mainly operated under agreements for operation.

The Group has operations in 10 countries; Thailand, Singapore, Cambodia, Lao PDR, Australia, New Zealand, the United States of America, Mauritius, the British Virgin Islands and Japan.

## 1 General information (Cont'd)

The Company obtained agreements for operation from the Ministry of Transport and Communications for a period of 30 years to operate and administer satellite projects and to render transponder services for domestic and international communications as well as the right to collect, for a 30-year period, service charges from users of the transponders. These agreements for operation have been transferred to the Ministry of Information Communication and Technology and will expire in 2021.

Details of the Company's subsidiaries and jointly controlled entities as at 31 December 2010 and 2009 were as follows:

Name of the entity	Type of business	Country of Ownership	Ownership Interest (%)	
			2009	2008
<b>Direct subsidiaries</b>				
DTV Service Company Limited	Providing meeting center via internet and broadband content services and sale of direct television equipment	Thailand	100	100
iPSTAR Company Limited	Providing iPSTAR transponder services	The British Virgin Islands	99.94	99.68
Star Nucleus Company Limited	Providing broadband technological services via iPSTAR satellite	The British Virgin Islands	70	70
Spacecode LLC	Providing engineering and development services, technology and electronics	The United States of America	70	70
iPSTAR International Pte Limited	Providing iPSTAR transponder services	Singapore	100	100
iPSTAR Global Services Company Limited	Providing iPSTAR transponder service	Mauritius	100	100
Cambodian DTV Network Limited	Sale of direct television equipment	Cambodia	100	100
<b>Indirect subsidiaries</b>				
<b>Subsidiary of DTV Service Company Limited</b>				
NTU (Thailand) Company Limited	Provide organizing services related to conduct training, educational seminar and spread the various kind of knowledge.	Thailand	88.52	88.52

## 1 General information (Cont'd)

Name of the entity	Type of business	Country of Ownership	Ownership Interest (%)	
			2009	2008
<i>Subsidiaries of iPSTAR Company Limited</i>				
IPSTAR Australia Pty Limited	Sale of user terminal of iPSTAR and providing iPSTAR transponder services in Australia.	Australia	100	100
IPSTAR New Zealand Company Limited	Sale of user terminal of iPSTAR and providing iPSTAR transponder services in New Zealand	New Zealand	100	100
<i>Jointly-controlled entities</i>				
Shenington Investments Pte Limited	Holding company for investment in international telecommunications	Singapore	51	51
<i>Subsidiaries of Shenington Investments Pte Limited</i>				
Mfone Company Limited	Providing fixed line, mobile phone and Internet services	Cambodia	51	51
<i>Jointly-controlled of Shenington Investments Pte Limited</i>				
Lao Telecommunications Company Limited	Providing fixed line, mobile phone public phone, public international facilities and Internet services	Lao PDR	24.99	24.99

## 2 Basis of preparation of the financial statements

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are 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 thousand unless otherwise stated. They are prepared on the historical cost basis except as stated in the accounting policies.

## 2 Basis of preparation of the financial statements (Cont'd)

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; and with generally accepted accounting principles in Thailand.

During 2010, the FAP announced the re-numbering of the following TFRS.

Former no.	Revised no.	Topic
TAS 11	TAS 101	Doubtful Account and Bad Debts
TAS 26	TAS 102	Income Recognition For Real Estate Business
TAS 27	TAS 103	Disclosures in the Financial Statements of Banks and Similar Financial Institutions
TAS 34	TAS 104	Accounting for Troubled Debt Restructuring
TAS 40	TAS 105	Accounting for Investment in Debt and Equity Securities
TAS 42	TAS 106	Accounting For Investment Companies
TAS 48	TAS 107	Financial Instruments Disclosure and Presentation

The Group has adopted the revised Framework for the Preparation and Presentation of Financial Statements (revised 2009), which was issued by the FAP during 2010 and effective on 26 May 2010. The adoption of the revised framework does not have any material impact on the consolidated or separate financial statements.

The FAP has issued during 2010 a number of new and revised TFRS which are not currently effective and have not been adopted in the preparation of these financial statements. These new and revised standards and interpretations are disclosed in note 32.

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and 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 6 Allowance for doubtful accounts
- Note 7 Measurement of the net realisable value of inventory.
- Notes 10 and 11 Estimated useful lives of fixed assets and Measurement of the recoverable amounts.
- Note 10 Lease classification
- Note 12 Utilisation of deferred tax assets
- Notes 28 and 29 Provisions and contingencies
- Note 27 Measurement of fair values of financial derivative

### 3 Significant accounting policies

#### *(a) Basis of consolidation*

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

##### *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 policy adopted by the Group.

##### *Jointly-controlled entities*

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. The consolidated financial statements include the Group’s proportionate share of the entities’ assets, liabilities, revenue and expenses combined with items of a similar nature on a line by line basis, from the date that joint control commences until the date that joint control ceases.

### 3 Significant accounting policies (Cont'd)

#### *Associates*

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. The consolidated financial statements include the Group's share of the income, expenses and equity movements of associates, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

#### *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.

#### *Gain (loss) on dilution from investment*

Dilution gains or losses that arise on shares issued by subsidiaries, jointly-controlled entities or associates to third parties are recognised in a separate component of equity as an unrealised gain (loss) on dilution of investment in the balance sheets of consolidated financial statements.

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

Transactions denominated in foreign currencies are translated into Thai Baht at the rate of exchange prevailing on the transaction dates. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into Thai Baht at the rate of exchange prevailing at the report date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statements.

### 3 Significant accounting policies (Cont'd)

Statements of income and cash flows of foreign entities are translated into the Group's reporting currency at the weighted average exchange rates for the year and balance sheets are translated at the exchange rates ruling on the balance sheet date. Currency translation differences arising from the retranslation of the net investment in foreign entities are taken to equity. On disposal of a foreign entity, accumulated currency translation differences are recognised as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are stated at exchange rates ruling on the balance sheet date.

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

Derivative financial instruments are used to manage exposure to foreign exchange arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in the statement of income when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the statement of income. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

#### *(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 with original maturities of three months or less. Bank overdrafts that are repayable on demand are a component of operating activities for the purpose of the statement of cash flows.

### 3 Significant accounting policies (Cont'd)

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

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

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred and recognised in the statement of income as administrative expenses.

#### *(f) Inventories*

Inventories are stated at the lower of cost or net realisable value.

Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as taxes and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective 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 in the consolidated financial statements are accounted for using the equity method.

3 Significant accounting policies (Cont'd)

(h) Property and equipment

All property and equipment is initially recorded at cost, and subsequently stated at historical cost less accumulated depreciation and loss from impairment. Depreciation is calculated using the straight-line method to write off the cost of each asset to its residual values over its estimated useful life as follows:

Leasehold land	30 years
Buildings and improvements	5-10 years
Equipment	5-10 years
Furniture and fixtures	5 years
Office equipment	5 years
Computer equipment	3-5 years
Motor vehicles	5 years

The Group does not provide depreciation on assets under construction.

Borrowing costs to finance the construction of property and equipment are capitalised during the period of time that is required to complete and prepare the property and equipment for its intended use as part of the cost of the asset. The borrowing cost includes interest on bank overdrafts, short-term and long-term borrowings, amortisation of discounted bills of exchange, amortisation of deferred financial expenses and related taxes.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The estimated recoverable amount is the higher of the anticipated, discounted cash flows from the continuing use of the asset and the amount obtainable from the sale of the asset, less any cost of disposal.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining in operating profit.

Repair and maintenance expenses are charged to the income statements during the financial year in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related assets.

### 3 Significant accounting policies (Cont'd)

#### *(ii) Property and equipment under agreements for operation*

Property and equipment under agreements for operation comprises satellites, commanding and monitoring stations, and other operational equipment, where title has been transferred to the Government agency. They are amortised using the straight-line method over the shorter of the estimated useful lives of satellites and other related assets, or the operation period, ranging from 5 to 27.5 years. Property and equipment under agreements for operation is not revalued. Its carrying amount is reviewed annually and adjusted for impairment where it is considered necessary.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The estimated recoverable amount is the higher of the anticipated, discounted cash flows from the continuing use of the asset and the amount obtainable from the sale of the asset, less any cost of disposal.

#### *(jj) Deferred charges*

Deferred charges principally represent rights to the use of equipment and costs of equipment provided to certain overseas customers in connection with the utilisation of transponder services. The rights to the use of the equipment is amortised using the straight-line method over 5 years. The cost of equipment provided to certain overseas customers in connection with the utilisation of transponder services, which is a transfer of equipment to customers at the end of the service agreement, is amortised on the straight-line basis over the period of each service agreement.

#### *(k) Intangible assets*

##### *Goodwill*

Goodwill in a business combination represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Negative goodwill in a business combination represents the excess of the fair value of the Group's share of the identifiable net assets acquired over the cost of acquisition.

##### *Other intangible assets*

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

### 3 Significant accounting policies (Cont'd)

The cost of other intangible assets comprises the development of IPSTAR technology, expenditure on acquired software, patents, trademarks and licenses and is amortised using the straight-line method over their period of their benefits of related assets for a period of 5 to 15.75 years.

Specific software is recognised as assets when acquired and operated to intend purposes and is amortised using the straight-line method over their expected benefits for a period of 3 - 5 years.

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditure is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line method over the period of their expected benefit, not exceeding 20 years.

#### *(I) Impairment*

The carrying amounts of the Group'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.

Goodwill and other intangible assets with indefinite useful lives, and intangible assets not yet available for use, are tested for impairment annually and as and when indicators of impairment are identified.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of income.

#### *Calculation of recoverable amount*

The recoverable amount of assets is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated 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.

### 3 Significant accounting policies (Cont'd)

#### *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.

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.

#### **(m) Long-term lease agreements**

##### *Leases - where the Group is the lessee*

Leases of property and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other payables. The interest element of the finance charge is charged to the income statements over the lease period. The property and equipment acquired under finance leasing contracts are depreciated over the shorter of the estimated useful life of the assets or the lease term. However, if there is reasonable certainty that the lessee will obtain ownership by the end of the lease term, depreciation is calculated over the estimated useful life of the assets.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statements on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which the termination takes place.



### 3 Significant accounting policies (Cont'd)

#### *Leases - where the Group is the lessor*

Assets leased out under operating leases are included in property and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar fixed assets. Rental income is recognised on a straight-line basis over the lease term.

#### **(n) Interest-bearing liabilities**

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

#### **(o) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

#### **(p) Employee Benefit**

The Group operates a provident fund, which is a defined contribution plan. The assets of which are held in a separate trust fund which is managed by external fund manager. The provident fund is funded by payments from employees and by the relevant Group companies. Contributions to the provident fund are charged to the statements of income in the year to which they relate. However, the Group does not provide for employment benefits payable to employees under the Thai Labour Law.

Warrants granted to directors and employees of the Group are recognised when they are exercised.

#### **(q) Provisions**

Provisions are recognised when there is a probability that the Group's resource will be required to settle. Provisions are measured at the present value at the reporting date.

#### *Warranties*

A provision for warranties is recognised when the underlying or services are sold. The provision is based on historical expense related to warranty data and a weighting of all possible outcomes against their associated probabilities.

### 3 Significant accounting policies (Cont'd)

#### (r) Revenue

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

##### *Sale of goods and services rendered*

Revenue is recognised in the statement of income 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.

Revenue and cost of sales of gateway equipment with installation are recognised using the percentage of completion method. The stage of completion is measured by reference to the related contract costs incurred for work performed to date compared with the estimated total costs for the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Revenue from rendering transponder services and services related to the satellite business, internet services, and other business related to the Internet business, and telephone services is recognised when the said services are provided to customers and there are certainties regarding recovery of the consideration due.

Revenue from leases on equipment is recognised over the period and at the rate of the leasing contract.

Revenue arising from royalties is recognised on an accrual basis in accordance with the substance of the relevant agreements.

##### *Interest and dividend income*

Interest income is recognised in the statement of income as it accrues. Dividend income is recognised in the statement of income on the date the Group's right to receive payments is established.

### 3 Significant accounting policies (Cont'd)

#### *(s) Expenses*

##### *Lease payments*

Payments made under operating leases are recognised in the statement of income on a straight line basis over the term of the lease. Contingent rentals are charged to the statement of income for the accounting period in which they are incurred.

##### *Finance costs*

Interest expenses and similar costs are charged to the statement of income for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognised in the statement of income using the effective interest rate method.

#### *(t) Income tax*

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

##### *Current tax*

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

##### *Deferred tax*

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on tax rates enacted or substantially enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset 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.

## 4 Related party transactions and balances

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company is controlled by Shin Corporation Public Company Limited ("Shin") (incorporated in Thailand), which owns 41.14% (2009: 41.14%) of the Company's shares. Transactions with Shin Group, Cedar Group, Aspen Group, and Temasek Group are recognised as related party transactions of the Group.

Sales and service transactions with related parties were conducted under normal commercial terms and conditions, which were the same as for other customers. Consulting and management services were charged at an agreed percentage of assets. Transactions between the Company and Codespace, Inc. were conducted based on hourly rates plus reimbursement of actual expenses.

## 4 Related party transactions and balances (Cont'd)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
<b>Revenues</b>				
<b>Revenues from sale of goods and rendering of services</b>				
Subsidiaries	-	-	900,367	1,076,114
Associate	13,513	10,226	13,378	9,713
Jointly-controlled entities	20,181	23,473	3,025	16,316
Related parties under common control	63,726	70,892	54,127	56,643
Other related parties	1,321	1,011	-	-
<b>Other income</b>				
Subsidiaries	-	-	135,536	76,293
Jointly-controlled entities	1,008	840	2,058	1,714
<b>Total revenue</b>	<b>99,749</b>	<b>106,442</b>	<b>1,108,491</b>	<b>1,236,793</b>
<b>Expenses</b>				
<b>Purchases of goods and services</b>				
Subsidiaries	-	-	41,979	30,683
Associate	9,853	13,168	9,783	11,211
Jointly-controlled entities	3,758	4,153	7,669	8,475
Related parties under common control	49	494	49	486
Other related parties	22,659	19,907	13,432	15,316
<b>Selling and administrative expenses</b>				
Parent company	-	98	-	-
Subsidiaries	-	-	4,044	2,409
Associate	4,034	2,374	3,047	2,295
Jointly-controlled entities	659	(532)	1,251	(1,114)
Related parties under common control	28,772	26,742	14,146	18,333
Other related party	317	3,977	-	-
Directors and management benefit expenses	43,281	44,142	42,777	43,606
<b>Total expenses</b>	<b>113,382</b>	<b>114,523</b>	<b>138,177</b>	<b>131,700</b>

## 4 Related party transactions and balances (Cont'd)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
<b>Trade accounts receivable and accrued income - related parties</b>				
<b>Trade accounts receivable - related parties</b>				
Subsidiaries	-	-	37,683	146,050
Associate	-	1,355	-	1,352
Jointly-controlled entities	20,973	8,883	2,309	4,394
Related parties under common control	7,495	7,600	4,551	5,062
Other related party	520	780	-	-
<b>Total</b>	<b>28,988</b>	<b>18,618</b>	<b>44,543</b>	<b>156,858</b>
<b>Accrued income - related parties</b>				
Subsidiaries	-	-	199,215	255,240
Associate	2,487	2,880	2,487	2,880
Jointly-controlled entities	1,372	1,029	1,478	117
Related parties under common control	4,476	4,470	4,287	4,470
<b>Total</b>	<b>8,335</b>	<b>8,379</b>	<b>207,467</b>	<b>262,707</b>
<b>Total trade accounts receivable and accrued income - related parties</b>	<b>37,323</b>	<b>26,997</b>	<b>252,010</b>	<b>419,565</b>
<b>Amounts due from related parties</b>				
Parent Company	98	-	98	-
Subsidiaries	-	-	37,486	14,612
Associate	924	-	924	-
Jointly-controlled entities	458	1,102	84,473	86,072
<b>Total</b>	<b>1,480</b>	<b>1,102</b>	<b>122,981</b>	<b>100,684</b>
<b>Other current assets - related parties</b>				
Subsidiaries	-	-	11,771	1,733
Jointly-controlled entities	186	-	313	-
Related parties under common control	16	4	16	4
<b>Total</b>	<b>202</b>	<b>4</b>	<b>12,100</b>	<b>1,737</b>
<b>Long-term loans and advance to a subsidiary and an associate</b>				
Subsidiary	-	-	208,540	334,076
<b>Total</b>	<b>-</b>	<b>-</b>	<b>208,540</b>	<b>334,076</b>

## 4 Related party transactions and balances (Cont'd)

As at 31 December 2010, the long-term loan to a subsidiary bears interest at the rate of 6.00 – 6.73% per annum (2009: 3.76-6.73% per annum) and is repayable within three months.

Movement of long-term loan and advance to subsidiaries for the years ended 31 December 2010 and 2009 were as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
<b>At 1 January</b>	-	-	<b>334,076</b>	<b>168,805</b>
Increase	-	-	-	228,215
Decrease	-	-	(103,359)	(50,736)
Unrealised loss on exchange rate	-	-	(22,177)	(12,208)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>208,540</b>	<b>334,076</b>

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
<b>Trade accounts payable</b>				
<b>- related parties</b>				
Subsidiaries	-	-	726	2,110
Associate	11,546	21,978	11,518	21,525
Jointly-controlled entities	274	250	332	332
Related parties under common control	7,974	4,743	417	4,610
Other related party	-	2,284	-	2,284
<b>Total</b>	<b>19,794</b>	<b>29,255</b>	<b>12,993</b>	<b>30,861</b>

### Amounts due to related parties

Subsidiaries	-	-	49,469	41,348
Jointly-controlled entities	82	333	167	670
Related parties under common control	887	4,377	879	1,063
Other related parties	2,666	2,297	2,063	1,341
<b>Total</b>	<b>3,635</b>	<b>7,007</b>	<b>52,578</b>	<b>44,422</b>

## 4 Related party transactions and balances (Cont'd)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
<b>Account payable - property and equipment - related parties</b>				
Subsidiaries	-	-	-	4,428
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,428</b>
<b>Advances receipts from customers - related parties</b>				
Subsidiary	-	-	-	36,236
Associate	46	185	-	-
Jointly-controlled entities	-	171	-	336
Related parties under common control	11	26	-	-
<b>Total</b>	<b>57</b>	<b>382</b>	<b>-</b>	<b>36,572</b>
<b>Accrued expenses - related parties</b>				
Subsidiaries	-	-	33,952	27,825
Associate	268	21	268	21
Jointly-controlled entities	890	328	1,815	670
Related parties under common control	710	1,835	303	548
<b>Total</b>	<b>1,868</b>	<b>2,184</b>	<b>36,338</b>	<b>29,064</b>
<b>Other current liabilities - related parties</b>				
Subsidiaries	-	-	58	-
Related parties under common control	160	160	160	160
<b>Total</b>	<b>160</b>	<b>160</b>	<b>218</b>	<b>160</b>
<b>Other non-current liabilities - related parties</b>				
Jointly-controlled entities	40	40	54	54
<b>Total</b>	<b>40</b>	<b>40</b>	<b>54</b>	<b>54</b>



4 Related party transactions and balances (Cont'd)

Warrants of Shin Corporation Public Company Limited granted to an executive director of the Company

Shin Corporation Public Company Limited, the parent company, issued warrants which are in registered form, are non-transferable and have no offering price, to directors who are management of the Company. The term of the warrant is not exceeding five years. As at 31 December 2010, the details were as follow:

	Issued date	Issued (units)	Exercise ratio (unit : share)	Exercise price (Baht/share)	Exercise period	
					First	Last
ESOP - Grant I	27 March 2002	18,336,300	1: 1.06942	16.645	Expired on 26 March 2007	
ESOP - Grant II	30 May 2003	12,222,100	1: 1.13918	11.999	Expired on 29 May 2008	
ESOP - Grant III	31 May 2004	8,823,100	1: 1.20475	30.222	Expired on 30 May 2009	
ESOP - Grant IV	31 May 2005	8,329,800	1: 1.29023	32.367	Expired on 30 May 2010	
ESOP - Grant V	31 July 2006	7,823,000	1: 1.32042	28.536	31 July 2007	30 July 2011

Directors' remuneration

The directors' remuneration represent monthly compensation, annual remuneration, and meeting fees whereas the directors benefit approved by the shareholders of the Company at their Annual General Meetings. The directors' remuneration is as part of directors and management benefit expenses presented in the statement of income.

Commitments with related parties

As at 31 December 2010, the Company had issued letters of comfort to the bankers of subsidiaries. Under the terms of the letters of comfort, the Company must hold its interests in its subsidiaries at the ratio as specified in the letters. The Company also confirms to the banks that the Company will provide necessary financial support to these subsidiaries to ensure that these subsidiaries will be able to meet their repayment obligations under their related loan agreements.

Significant agreements with related parties

a. The Company had entered into an agreement with an associated company, under which the associate was committed to provide uplink data service for a period of approximately five years. The Company was committed to pay for the service in respect of the agreements at approximately Baht 16.79 million (31 December 2009: approximately Baht 10.03 million).

## 4 Related party transactions and balances (Cont'd)

b. The Company had entered into an agreement with a jointly-controlled entity, under which the jointly-controlled entity was committed to responsible for ensuring the IPSTAR gateway system in Cambodia perform in accordance with the industry standard and provide maintenance service for a period of approximately five years. The Company was committed to pay for the service in respect of the agreements at approximately USD 0.40 million *(31 December 2009: approximately USD 0.64 million)*.

c. The Company and subsidiary had entered into agreements with subsidiaries, under which the Company and subsidiaries were committed to pay royalty fee 1% of revenue from sale or lease of IPSTAR gateway, 1% of revenue from sale or lease of IPSTAR User terminal and 3% of revenue from sale or service of Thaicom 4 bandwidth.

d. The Company had entered into agreements with subsidiaries, associate and jointly-controlled entities, under which the Company was committed to provide transponder service, IPSTAR bandwidth service and advisory service. Subsidiaries, associate and jointly-controlled entities were committed to pay the Company for the service of the agreements at approximately USD 134.75 million and Baht 7.56 million *(31 December 2009 : approximately USD 147.43 million and Baht 7.56 million)*. The service fees of some contracts vary to the actual used or number of installed user terminal at the rate stated in the contract.

## 5 Cash and Cash equivalents

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Cash on hand	66,725	48,580	36,484	27,324
Current accounts and saving deposits held at call with banks	823,318	568,008	298,565	130,929
Fixed deposits	381,877	181,051	183,390	-
<b>Total</b>	<b>1,271,920</b>	<b>797,639</b>	<b>518,439</b>	<b>158,253</b>
The weighted average interest rate of deposit held banks and fixed deposits	<b>1.93%</b>	<b>1.41%</b>	<b>0.11%</b>	<b>0.25%</b>

## 6 Trade accounts receivable and accrued income

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
		(in thousand Baht)			
Trade accounts receivable					
Related parties	4	28,988	18,618	44,543	156,858
Other parties		1,189,904	1,229,709	637,604	534,141
Total		1,218,892	1,248,327	682,147	690,999
Accrued income					
Related parties	4	8,335	8,379	207,467	262,707
Other parties		85,947	214,816	76,877	180,661
Total		94,282	223,195	284,344	443,368
Total trade accounts receivable and accrued income					
		1,313,174	1,471,522	966,491	1,134,367
Less allowance for doubtful accounts		(290,432)	(424,967)	(193,848)	(252,036)
Total		1,022,742	1,046,555	772,643	882,331
(Reversal of) bad and doubtful debts expenses for the year					
		43,556	(86,814)	48,247	(108,342)

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<i>(in thousand Baht)</i>				
Within credit terms	483,600	273,955	277,359	140,411
Overdue:				
Less than 3 months	242,573	312,290	105,846	157,066
3 - 6 months	91,644	131,377	75,169	64,681
6 - 12 months	86,555	83,822	28,528	43,419
Over 12 months	314,520	446,883	195,245	285,422
<b>Total</b>	<b>1,218,892</b>	<b>1,248,327</b>	<b>682,147</b>	<b>690,999</b>
Less allowance for doubtful accounts	(290,432)	(424,967)	(193,848)	(252,036)
<b>Net</b>	<b>928,460</b>	<b>823,360</b>	<b>488,299</b>	<b>438,963</b>

The normal credit terms were granted by the Group ranging 30 days to 60 days. As at 31 December 2010, 69% of the total trade accounts receivable of the Company is the government sector (2009 : 40%).

## 7 Inventories

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Raw material and supplies	72,980	71,055	59,497	63,777
Work in process	8,261	7,497	-	-
Finished goods	396,768	326,967	237,976	164,874
Goods in transit	11,504	83,254	10,954	86,112
	489,513	488,773	308,427	314,763
Less allowance for obsolete inventories	(76,501)	(57,648)	(49,909)	(39,844)
<b>Total</b>	<b>413,012</b>	<b>431,125</b>	<b>258,518</b>	<b>274,919</b>

## 8 Other current assets

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
VAT receivable	-	4,120	-	-
Prepaid expenses	61,927	73,393	11,635	11,562
Advance payments	51,540	61,382	32,976	38,234
Deposits	37,616	20,040	10,520	10,148
Others	109,997	110,377	60,750	30,967
	261,080	269,312	115,881	90,911
Less impairment of assets	(7,453)	(2,479)	-	-
<b>Total</b>	<b>253,627</b>	<b>266,833</b>	<b>115,881</b>	<b>90,911</b>

## 9 Investments in subsidiaries, jointly-controlled entities and associates

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
At 1 January	418,505	380,791	813,500	795,788
Share of net profits of investments - equity method	169,629	124,627	-	-
Acquisition of ordinary shares	-	-	16,700	17,712
Unrealised gain from decrease in shareholding in an associate	1,182	3,123	-	-
Dividend income <i>9 d), f</i>	(130,052)	(90,036)	-	-
<b>At 31 December</b>	<b>459,264</b>	<b>418,505</b>	<b>830,200</b>	<b>813,500</b>

## 9 Investments in subsidiaries, jointly-controlled entities and associates (Cont'd)

Investments in subsidiaries, jointly-controlled entities and associate as at 31 December 2010 and 2009 and dividend income from those investments for the years ended 31 December 2010 and 2009 were as follows:

### Consolidated financial statements

Ownership interest		Paid-up capital		Cost method		Equity method		Impairment		At equity-net		Dividend income	
2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
[%]		(in million Baht)											

#### Associate

CS Loxinfo Public

Company Limited	42.19	42.56	148	160	1,482	1,482	459	419	-	-	459	419	130	90
<b>Total</b>					<b>1,482</b>	<b>1,482</b>	<b>459</b>	<b>419</b>	<b>-</b>	<b>-</b>	<b>459</b>	<b>419</b>	<b>130</b>	<b>90</b>

### Separate financial statements

Ownership interest		Paid-up capital		Cost method		Cost method		Impairment		At cost-net		Dividend income	
2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
[%]		(in million Baht)											

#### Subsidiaries

DTV Service Company Limited	100.00	100.00	Baht 399 million	Baht 399 million	399	399	-	-	399	399	70	-
Spacecode LLC	70.00	70.00	USD 4 million	USD 4 million	119	119	-	-	119	119	-	-
iPSTAR Company Limited	99.94	99.68	USD 2 million	USD 2 million	152	136	-	-	152	136	-	-
Star Nucleus Company Limited	70.00	70.00	-	-	-	-	-	-	-	-	-	-
IPSTAR International Pte Limited	100.00	100.00	SGD 20,000	SGD 20,000	1	1	-	-	1	1	-	-
IPSTAR Global Services Company Limited	100.00	100.00	USD 20,000	USD 20,000	1	1	-	-	1	1	-	-
Cambodian DTV Network Company Limited	100.00	100.00	USD 600,000	USD 600,000	21	21	-	-	21	21	-	-

#### Jointly-controlled entity

Shenington Investments Pte Limited	51.00	51.00	SGD 15 million	SGD 15 million	137	137	-	-	137	137	-	84
<b>Total</b>					<b>830</b>	<b>814</b>	<b>-</b>	<b>-</b>	<b>830</b>	<b>814</b>	<b>70</b>	<b>84</b>

## 9 Investments in subsidiaries, jointly-controlled entities and associates (Cont'd)

The following summarised financial information on associated companies which have been accounted for using the equity method.

	Ownership (%)	Current assets	Non current assets	Total assets	Current liabilities	Non current liabilities	Total liabilities	Total revenues	Total expenses	Net profit/(loss)
	(%)	(in million Baht)								
<b>2010</b>										
CS Loxinfo Public Company Limited	42.19	317	531	848	(291)	(70)	(361)	1,140	(932)	169
<b>Total</b>		<b>317</b>	<b>531</b>	<b>848</b>	<b>(291)</b>	<b>(70)</b>	<b>(361)</b>	<b>1,140</b>	<b>(932)</b>	<b>169</b>
<b>2009</b>										
CS Loxinfo Public Company Limited	42.56	310	534	844	(294)	(103)	(397)	1,113	(946)	123
<b>Total</b>		<b>310</b>	<b>534</b>	<b>844</b>	<b>(294)</b>	<b>(103)</b>	<b>(397)</b>	<b>1,113</b>	<b>(946)</b>	<b>123</b>

The following amounts represent 51% share of the assets, liabilities, revenues and net profit (loss) of the Shenington group which include share of Mfone Company Limited and Lao Telecommunications Company Limited of 51% and 24.99%, respectively which have been included in the consolidated financial statements.

	Ownership (%)	Current assets	Non current assets	Total assets	Current liabilities	Non current liabilities	Total liabilities	Total revenues	Total expenses	Net profit/(loss)
	(%)	(in million Baht)								
<b>2010</b>										
Group of Shenington Investments Pte Limited	51	428	4,117	4,545	(2,287)	(358)	(2,645)	1,524	(1,857)	372
<b>Total</b>		<b>428</b>	<b>4,117</b>	<b>4,545</b>	<b>(2,287)</b>	<b>(358)</b>	<b>(2,645)</b>	<b>1,524</b>	<b>(1,857)</b>	<b>372</b>
<b>2009</b>										
Group of Shenington Investments Pte Limited	51	588	4,724	5,312	(1,413)	(1,491)	(2,904)	2,243	(1,934)	214
<b>Total</b>		<b>588</b>	<b>4,724</b>	<b>5,312</b>	<b>(1,413)</b>	<b>(1,491)</b>	<b>(2,904)</b>	<b>2,243</b>	<b>(1,934)</b>	<b>214</b>

## 9 Investments in subsidiaries, jointly-controlled entities and associates (Cont'd)

Significant movements in investments in subsidiaries, jointly-controlled entities and associates during the year ended 31 December 2010 were as follows:

### *Subsidiaries*

#### **a) Acquisition of additional ordinary shares in IPSTAR Company Limited ("IPST")**

On 14 May 2010, THCOM acquired an additional 512,902 ordinary shares in IPSTAR at USD 1 per share, equivalent to 0.26% of the paid-up share capital of IPST, at a total price of USD 512,902. As a result of this acquisition, the company owns interest in IPST 99.94%.

#### **b) Dividend payment of DTV Service Company Limited ("DTV")**

At the Board of Directors' meeting of DTV held on 13 December 2010, the directors passed a resolution to approve the interim dividends of Baht 1.75 per share, totalling Baht 70 million. The dividend was paid on 29 December 2010.

### *Jointly-controlled entity*

#### **c) Dividend payment of Lao Telecommunications Company Limited ("LTC")**

At the Annual General Meeting of the shareholders of LTC held on 9 February 2010, the shareholders approved the appropriation of dividend from 2009 operation of USD 30 million which including interim dividend of USD 10 million. The interim dividend of USD 10 million was paid on 4 March 2010.

At the Extraordinary Meeting of the shareholders of LTC held on 14 July 2010, the shareholders approved the additional appropriation of dividend from 2009 operation from USD 30 million to USD 35 million.

### *Associate*

#### **d) Dividend payment of CS Loxinfo Public Company Limited ("CSL")**

At the Annual General Meeting of the shareholders of CSL held on 7 April 2010, the shareholders approve the appropriation of dividend payment for the last seven-month of 2009 of the CSL of Baht 0.27 per share, amounting to Baht 158.67 million. The dividend was paid on 4 May 2010.

At the Board of Directors' meeting of CSL held on 10 August 2010, the directors passed a resolution to approve the interim dividends of Baht 0.25 per share, totalling Baht 147.58 million. The dividend was paid on 7 September 2010.

## 9 Investments in subsidiaries, jointly-controlled entities and associates (Cont'd)

### e) Increase and reduction of share capital of CS Loxinfo Public Company Limited ("CSL")

#### *Increase of share capital of CS Loxinfo Public Company Limited ("CSL")*

At the annual general meeting of the shareholders of CSL held on 7 April 2010, a resolution was passed to approve the issuance of 2,750,000 additional ordinary shares to reserve for the change in the exercise ratio for ESOP Grant II, Grant III, Grant IV and Grant V, equivalent to 0.43% of the total issued and paid-up share capital of CSL. CSL has registered the increased share capital to the Ministry of Commerce on 28 April 2010.

#### *Reduction of share capital of CS Loxinfo Public Company Limited ("CSL")*

At the Annual General Meeting of the shareholders of CSL held on 7 April 2010, the shareholders approve the reduction the ordinary shares because the warrant of CSL for ESOP-Grant I expired on 13 May 2009 in number of 5,678,038 shares, equivalent to 0.89% of the total issued and paid-up shares capital of CSL. CSL has registered the decreased share capital to the Ministry of Commerce on 28 April 2010.

#### *Shares written off and a decrease in paid-up capital of CS Loxinfo Public Company Limited ("CSL")*

At the Board of Directors' meeting of CSL held on 10 November 2010, the directors approved a resolution to write off treasury shares. Under the Ministerial Regulation concerning treasury stock, CSL is required to dispose of all of its repurchased shares within 3 years of the repurchase. The period for CSL to dispose of the repurchased shares expired on 22 November 2010. Accordingly CSL wrote off treasury shares of 51.7 million shares, or Baht 12.9 million, which is equal to 8.04% of the paidup capital before cancellation. CSL has reduced its paid-up capital from 642,686,869 shares at 0.25 each, amounting to Baht 160,671,717.25, to 590,986,869 shares at Baht 0.25 each, amounting to Baht 147,746,717.25. CSL has registered the reduced paid-up capital to the Ministry of Commerce on November 26, 2010.

Significant movements in investments in subsidiaries, jointly-controlled entities and associates during the year ended 31 December 2009 were as follows:



## 9 Investments in subsidiaries, jointly-controlled entities and associates (Cont'd)

### *Subsidiaries*

#### **a) Increase of share capital of Cambodian DTV Network Company Limited**

On 10 April 2009, Cambodian DTV Network Company Limited ("CDN") registered additional capital with the Ministry of Commerce of Cambodia for Cambodian Riel 2,000 million (USD 500,000) from registered share capital Cambodian Riel 400 million (USD 100,000), divided into 1,000 shares of Cambodian Riel 400,000 each (USD 100) to be registered share capital of Cambodian Riel 2,400 million (USD 600,000), divided into 1,000 shares of Cambodian Riel 2,400,000 each (USD 600).

#### **b) Additional share capital of IPSTAR New Zealand Company Limited**

In June 2009, at the board of directors' meeting and the extraordinary shareholders meeting of IPSTAR New Zealand Company Limited passed the resolution to approve the increase of share capital of USD 4 million (approximately NZD 6.01 million) from registered share capital NZD 2.5 million to be registered share capital NZD 8.51 million, divided into 8,514,133 shares of NZD 1 each. The additional share capital was registered with the Ministry of Commerce of New Zealand on 21 August 2009.

### *Jointly-controlled entities*

#### **c) Dividend payment of Lao Telecommunications Company Limited ("LTC")**

At the Annual General Meeting of the shareholders of LTC held on 3 February 2009, the shareholders approved the appropriation of dividend from 2008 operation of USD 25 million which including interim dividend of USD 10 million, approved at the Extraordinary General Meeting of shareholders 1/2008 held on 26 July 2008. The final dividend of USD 15 million was paid on 13 February 2009 and 17 February 2009.

At the Extraordinary General Meeting of the shareholders No. 1/2009, held on 14 July 2009, of LTC, the shareholders approved the appropriation of interim dividend from 2009 operation of USD 10 million

## 9 Investments in subsidiaries, jointly-controlled entities and associates (Cont'd)

### **d) Additional share capital of Mfone Company Limited**

On 8 January 2009, Mfone Company Limited ("Mfone") registered additional share capital with the Ministry of Commerce of Cambodia. The board of director passed a resolution to approve the increase of ordinary share of USD 4.8 million from USD 19.2 million to USD 24 million, comprise of 24 million ordinary shares at USD 1 each.

### **e) Dividend payment of Shenington**

On 3 March 2009, the Board of Directors of Shenington Investments Pte Limited passed the circulation of resolution to approve the appropriation of interim dividends of SGD 0.4844 per share, amounting to SGD 7.1 million in respect of the Company's operation in 2008.

### **Associates**

### **f) Dividend payment of CS Loxinfo Public Company Limited ("CSL")**

At the Annual General Meeting of the shareholders of CSL held on 8 April 2009, the shareholders approved the appropriation of dividend payment for the last seven-month operation of 2008 of the Company of Baht 0.22 per share, amounting to Baht 127 million. The dividend was paid on 6 May 2009.

On 11 August 2009, the Board of Directors' meeting of CSL passed a resolution to approve the interim dividends of Baht 0.14 per share, totaling amount of Baht 81.62 million. CSL paid dividend to shareholders on 8 September 2009.

### **Commitments**

According to the joint venture agreement between the Group and the Government of the Lao People's Democratic Republic, the Group must transfer all of LTC's shares to the Government of the Lao People's Democratic Republic, without any charges or compensation, on the expiration date of the joint venture agreement in 2021.

## 10 Property and equipment

### Consolidated financial statements

	Leasehold land & building	Equipment	Motor vehicles & office equipment	Assets under construction	Total
<i>(in thousand Baht)</i>					
<b>As at 31 December 2009</b>					
Cost	426,933	8,700,471	506,598	1,016,144	10,650,146
Less accumulated depreciation	(154,373)	(4,094,967)	(326,365)	-	(4,575,705)
Less accumulated impairment loss	-	(28,592)	-	-	(28,592)
<b>Net book value</b>	<b>272,560</b>	<b>4,576,912</b>	<b>180,233</b>	<b>1,016,144</b>	<b>6,045,849</b>

### Transactions during the year ended

#### 31 December 2010

Opening net book value	272,560	4,576,912	180,233	1,016,144	6,045,849
Additions	5,891	237,486	69,634	407,393	720,404
Disposals, net	-	(2,024)	(748)	-	(2,772)
Write-offs, net	(1,500)	(12,535)	(773)	(3,005)	(17,813)
Depreciation charges	(8,542)	577,698	9,134	(590,420)	(12,130)
Transfers, net	(38,472)	(1,005,920)	(68,422)	-	(1,112,814)
Foreign currency translation adjustment	(54)	(271,870)	(9,623)	(76,531)	(358,078)
<b>Closing net book value</b>	<b>229,883</b>	<b>4,099,747</b>	<b>179,435</b>	<b>753,581</b>	<b>5,262,646</b>

#### As at 31 December 2010

Cost	424,669	8,951,218	533,243	753,581	10,662,711
Less accumulated depreciation	(194,786)	(4,822,880)	(353,808)	-	(5,371,474)
Less accumulated impairment loss	-	(28,591)	-	-	(28,591)
<b>Net book value</b>	<b>229,883</b>	<b>4,099,747</b>	<b>179,435</b>	<b>753,581</b>	<b>5,262,646</b>

### Net book value

#### At 1 January 2009

Owned assets	229,703	3,894,535	151,307	1,230,355	5,505,900
Assets under finance leases	-	-	9,349	-	9,349
	<b>229,703</b>	<b>3,894,535</b>	<b>160,656</b>	<b>1,230,355</b>	<b>5,515,249</b>

#### At 31 December 2009 and

#### 1 January 2010

Owned assets	272,560	4,576,912	170,393	1,016,144	6,036,009
Assets under finance leases	-	-	9,840	-	9,840
	<b>272,560</b>	<b>4,576,912</b>	<b>180,233</b>	<b>1,016,144</b>	<b>6,045,849</b>

#### At 31 December 2010

Owned assets	229,883	4,099,747	153,732	753,581	5,236,943
Assets under finance leases	-	-	25,703	-	25,703
	<b>229,883</b>	<b>4,099,747</b>	<b>179,435</b>	<b>753,581</b>	<b>5,262,646</b>

## 10 Property and equipment (Cont'd)

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2010 amounted to Baht 2,363.32 million (2009 : Baht 2,423.81 million).

As at 31 December 2010 the accumulated impairment loss of Baht 28.6 million (2009: Baht 28.6 million) comprised an impairment loss for analogue mobile telephone network of a jointly controlled entity which ceased its operation in 2005 amounting to Baht 16.2 million and an impairment loss for rural telephone network of another jointly controlled entity amounting to Baht 12.4 million.

As at 31 December 2010, net book value of property and equipment includes property and equipment under agreements for operation of a jointly-controlled entity, Mfone Company Limited ("Mfone"), of approximately Baht 2,317.96 million (2009: Baht 2,972.61 million). According to the agreement, Mfone must transfer its ownership of the property and equipment to the government of Cambodia on the expiration date of the agreements for operation, on 4 March 2028 (Note 28 b).

	Separate financial statements				
	Leasehold land & building	Equipment	Motor vehicles & office equipment	Assets under construction	Total
	(in thousand Baht)				
<b>As at 31 December 2009</b>					
Cost	65,288	3,428,070	211,638	6,115	3,711,111
Less accumulated depreciation	(45,016)	(2,273,259)	(156,931)	-	(2,475,206)
<b>Net book value</b>	<b>20,272</b>	<b>1,154,811</b>	<b>54,707</b>	<b>6,115</b>	<b>1,235,905</b>
<b>Transactions during the year ended 31 December 2010</b>					
Opening net book value	20,272	1,154,811	54,707	6,115	1,235,905
Additions	3,251	219,287	37,718	809	261,065
Disposals, net	-	(2,024)	(455)	-	(2,479)
Write-offs, net	(260)	(151)	(740)	-	(1,151)
Transfers, net	-	-	-	(6,924)	(6,924)
Depreciation charges	(4,157)	(368,969)	(24,010)	-	(397,136)
<b>Closing net book value</b>	<b>19,106</b>	<b>1,002,954</b>	<b>67,220</b>	<b>-</b>	<b>1,089,280</b>
<b>As at 31 December 2010</b>					
Cost	68,128	3,554,945	216,777	-	3,839,850
Less accumulated depreciation	(49,022)	(2,551,991)	(149,557)	-	(2,750,570)
<b>Net book value</b>	<b>19,106</b>	<b>1,002,954</b>	<b>67,220</b>	<b>-</b>	<b>1,089,280</b>

## 10 Property and equipment (Cont'd)

	Separate financial statements				
	Leasehold land & building	Equipment	Motor vehicles & office equipment	Assets under construction	Total
	<i>(in thousand Baht)</i>				
<b>Net book value</b>					
<b>At 1 January 2009</b>					
Owned assets	24,024	1,329,722	40,243	3,801	1,397,790
Assets under finance leases	-	-	7,928	-	7,928
	<b>24,024</b>	<b>1,329,722</b>	<b>48,171</b>	<b>3,801</b>	<b>1,405,718</b>
<b>At 31 December 2009 and 1 January 2010</b>					
Owned assets	20,272	1,154,811	45,958	6,115	1,227,156
Assets under finance leases	-	-	8,749	-	8,749
	<b>20,272</b>	<b>1,154,811</b>	<b>54,707</b>	<b>6,115</b>	<b>1,235,905</b>
<b>At 31 December 2010</b>					
Owned assets	19,106	1,002,954	42,052	-	1,064,112
Assets under finance leases	-	-	25,168	-	25,168
	<b>19,106</b>	<b>1,002,954</b>	<b>67,220</b>	<b>-</b>	<b>1,089,280</b>

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2010 amounted to Baht 1,863.68 million (2009: Baht 1,930.07 million).

### Capital expenditure commitments

Capital expenditure contracted but not provided for at the reporting date were as follows:

		Consolidated financial statements		Separate financial statements	
<i>Currency</i>		2010	2009	2010	2009
		<i>(in thousand)</i>			
IPSTAR Project	USD	270	432	270	432
	AUD	174	245	-	-
Telephone network	USD	12,296	11,323	-	-
Total	USD	12,566	11,755	270	432
	AUD	174	245	-	-
<b>Total equivalent to Thai Baht</b>		<b>386,089</b>	<b>401,351</b>	<b>8,169</b>	<b>14,484</b>

## 11 Property and equipment under agreements for operation, deferred charges, and intangible assets

	Consolidated financial statements				
	Property and equipment under agreement for operation	Deferred charges	Goodwill	Other intangible assets	Total intangible assets
	<i>(in thousand Baht)</i>				
<b>As at 31 December 2009</b>					
Cost	26,567,212	617,591	57,743	1,602,097	1,659,840
Less accumulated amortisation	(11,039,424)	(560,125)	-	(451,771)	(451,771)
<b>Net book value</b>	<b>15,527,788</b>	<b>57,466</b>	<b>57,743</b>	<b>1,150,326</b>	<b>1,208,069</b>
<b>Transactions during the year ended 31 December 2010</b>					
Opening net book value	15,527,788	57,466	57,743	1,150,326	1,208,069
Additions	-	732	-	11,632	11,632
Write-off	-	-	-	-	-
Transfers, net	-	-	-	-	-
Amortisation charges for the year	(1,350,662)	(17,145)	-	(106,080)	(106,080)
Foreign currency translation adjustment	-	-	-	(10,543)	(10,543)
<b>Closing net book value</b>	<b>14,177,126</b>	<b>41,053</b>	<b>57,743</b>	<b>1,045,335</b>	<b>1,103,078</b>
<b>As at 31 December 2010</b>					
Cost	21,138,175	616,765	57,743	1,600,107	1,657,850
Less accumulated amortisation	(6,961,049)	(575,712)	-	(554,772)	(554,772)
<b>Net book value</b>	<b>14,177,126</b>	<b>41,053</b>	<b>57,743</b>	<b>1,045,335</b>	<b>1,103,078</b>
<b>Net book value</b>					
At 1 January 2009	17,069,060	10,065	57,743	1,223,570	1,281,313
At 31 December 2009 and 1 January 2010	15,527,788	57,466	57,743	1,150,326	1,208,069
At 31 December 2010	14,177,126	41,053	57,743	1,045,335	1,103,078

## 11 Property and equipment under agreements for operation, deferred charges, and intangible assets (Cont'd)

	Separate financial statements		
	Property and equipment under agreement for operation	Deferred charges	Intangible assets
	<i>(in thousand Baht)</i>		
<b>As at 31 December 2009</b>			
Cost	26,567,212	582,448	1,441,748
Less accumulated amortisation	(11,039,424)	(527,331)	(410,482)
<b>Net book value</b>	<b>15,527,788</b>	<b>55,117</b>	<b>1,031,266</b>
<b>Transactions during the year ended 31 December 2010</b>			
Opening net book value	15,527,788	55,117	1,031,266
Additions	-	-	11,632
Write-off, net	-	-	-
Transfers, net	-	-	-
Amortisation charges for the year	(1,350,662)	(16,176)	(94,943)
<b>Closing net book value</b>	<b>14,177,126</b>	<b>38,941</b>	<b>947,955</b>
<b>As at 31 December 2010</b>			
Cost	21,138,175	581,910	1,453,380
Less accumulated amortisation	(6,961,049)	(542,969)	(505,425)
<b>Net book value</b>	<b>14,177,126</b>	<b>38,941</b>	<b>947,955</b>
<b>Net book value</b>			
At 1 January 2009	17,069,060	8,458	1,087,059
At 31 December 2009 and 1 January 2010	15,527,788	55,117	1,031,266
At 31 December 2010	14,177,126	38,941	947,955

## 12 Deferred tax

Deferred tax assets and liabilities determined after appropriate off-setting are included in the balance sheets as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Deferred tax assets	1,118,532	868,081	1,025,621	763,184
Deferred tax liabilities	(130,807)	(145,589)	-	-
<b>Net</b>	<b>987,725</b>	<b>722,492</b>	<b>1,025,621</b>	<b>763,184</b>

Deferred tax assets for tax loss carried forward are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The subsidiaries have tax loss carried forward to offset future taxable income, which is not recognised in the consolidated financial statements as follows:

	2010	2009
	<i>(in thousand Baht)</i>	
<b><i>Year expired</i></b>		
2010	-	42,007
2011	62,064	62,064
2012	43,629	43,629
2013	608	608
2014	16,285	16,285
2015	1,298	-
No expiry date	103,186	124,536
<b>Total</b>	<b>227,070</b>	<b>289,129</b>



# 12 Deferred tax (Cont'd)

Movements in deferred tax assets and liabilities during the year were as follows:

	Consolidated financial statements Charged/(credited) to:			
	At 1 January 2010	Statement of income (Note 24)	Equity	At 31 December 2010
	(in thousand Baht)			
<b>Deferred tax liabilities</b>				
Amortisation assets under				
agreements for operation	145,589	(787)	(13,995)	130,807
Depreciation/amortisation	2,537	(217)	-	2,320
Gain on foreign exchange	(24,205)	(250)	22,100	(2,355)
Others	21,668	-	(21,633)	35
<b>Total</b>	<b>145,589</b>	<b>(1,254)</b>	<b>(13,528)</b>	<b>130,807</b>
<b>Deferred tax assets</b>				
Cumulative deficit	724,092	252,434	-	976,526
Allowance for doubtful accounts	25,579	(116)	(3,533)	21,930
Allowance for obsolete inventory	14,509	2,753	269	17,531
Depreciation	11,498	(280)	(843)	10,375
Deposits	28,214	4,052	-	32,266
Interest expense	18,393	7,323	(2,170)	23,546
Advance receipts from customers	7,171	118	(348)	6,941
Others	38,625	(3,285)	(5,923)	29,417
<b>Total</b>	<b>868,081</b>	<b>262,999</b>	<b>(12,548)</b>	<b>1,118,532</b>
<b>Net</b>	<b>722,492</b>	<b>264,253</b>	<b>980</b>	<b>987,725</b>

## 12 Deferred tax (Cont'd)

	Consolidated financial statements Charged/(credited) to:			
	At 1 January 2009	Statement of income (Note 24)	Equity	At 31 December 2009
	(in thousand Baht)			
<b>Deferred tax liabilities</b>				
Deferred charges	558	(558)	-	-
Amortisation assets under agreements for operation	139,531	11,699	(5,641)	145,589
Depreciation/amortisation	2,754	(217)	-	2,537
Gain on foreign exchange	(20,690)	115	(3,630)	(24,205)
Others	17,378	4,286	4	21,668
<b>Total</b>	<b>139,531</b>	<b>15,325</b>	<b>(9,267)</b>	<b>145,589</b>
<b>Deferred tax assets</b>				
Cumulative deficit	402,262	321,830	-	724,092
Allowance for doubtful accounts	27,139	6	(1,566)	25,579
Allowance for obsolete inventory	14,555	1,832	(1,878)	14,509
Depreciation	20,167	(1,132)	(7,537)	11,498
Deposits	24,169	4,045	-	28,214
Interest expense	14,084	5,097	(788)	18,393
Advance receipts from customers	3,310	3,962	(101)	7,171
Others	64,090	(18,116)	(7,349)	38,625
<b>Total</b>	<b>569,776</b>	<b>317,524</b>	<b>(19,219)</b>	<b>868,081</b>
<b>Net</b>	<b>430,245</b>	<b>302,199</b>	<b>(9,952)</b>	<b>722,492</b>

## 12 Deferred tax (Cont'd)

	Separate financial statements Charged/(credited) to:			
	At 1 January 2010	Statement of income (Note 24)	Equity	At 31 December 2010
	(in thousand Baht)			
<b>Deferred tax liabilities</b>				
Deferred charges	-	-	-	-
Depreciation/amortisation	2,537	(217)	-	2,320
<b>Total</b>	<b>2,537</b>	<b>(217)</b>	<b>-</b>	<b>2,320</b>

<b>Deferred tax assets</b>				
Cumulative deficit	724,092	252,434	-	976,526
Allowance for obsolete inventory	11,953	3,020	-	14,973
Deposits	28,214	4,051	-	32,265
Others	1,462	2,715	-	4,177
<b>Total</b>	<b>765,721</b>	<b>262,220</b>	<b>-</b>	<b>1,027,941</b>
<b>Net</b>	<b>763,184</b>	<b>262,437</b>	<b>-</b>	<b>1,025,621</b>

	Separate financial statements Charged/(credited) to:			
	At 1 January 2009	Statement of income (Note 24)	Equity	At 31 December 2009
	(in thousand Baht)			
<b>Deferred tax liabilities</b>				
Deferred charges	558	(558)	-	-
Depreciation/amortisation	2,754	(217)	-	2,537
<b>Total</b>	<b>3,312</b>	<b>(775)</b>	<b>-</b>	<b>2,537</b>

<b>Deferred tax assets</b>				
Cumulative deficit	402,262	321,830	-	724,092
Allowance for obsolete inventory	10,131	1,822	-	11,953
Deposits	24,169	4,045	-	28,214
Others	6,000	(4,538)	-	1,462
<b>Total</b>	<b>442,562</b>	<b>323,159</b>	<b>-</b>	<b>765,721</b>
<b>Net</b>	<b>439,250</b>	<b>323,934</b>	<b>-</b>	<b>763,184</b>

### 13 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Withholding taxes receivable	372,011	325,272	370,178	322,205
Tax assessment's deposits	285,718	300,125	285,718	300,125
Accounts receivable - others	41,512	44,416	15,256	15,304
	699,241	669,813	671,152	637,634
Less accumulated impairment loss	(38,929)	(38,929)	(38,929)	(38,929)
<b>Total</b>	<b>660,312</b>	<b>630,884</b>	<b>632,223</b>	<b>598,705</b>

### 14 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
<b>Current</b>				
<i>Short-term borrowings</i>				
Loans from financial institutions	-	7,518	-	-
Trust Receipts	-	73,820	-	73,820
Total short-term borrowings	-	81,338	-	73,820
<i>Current portion of long-term borrowings</i>				
Loans from financial institutions	190,214	178,053	-	-
Loans from others	664,260	457,796	5,444	2,369
Total current portion of long-term borrowings	854,474	635,849	5,444	2,369
<b>Non-current</b>				
<i>Long-term borrowings</i>				
Loans from financial institutions	459,725	623,466	-	-
Loans from others	100,445	471,003	21,575	4,482
Total long-term borrowings	560,170	1,094,469	21,575	4,482
<i>Long-term debentures</i>	6,983,709	6,977,570	6,983,709	6,977,570
Total non-current of long-term borrowings	7,543,879	8,072,039	7,005,284	6,982,052
<b>Total</b>	<b>8,398,353</b>	<b>8,789,226</b>	<b>7,010,728</b>	<b>7,058,241</b>

## 14 Interest-bearing liabilities (Cont'd)

As at 31 December 2010, the short-term borrowings are borrowings of subsidiaries from a commercial bank of USD 5.1 million (2009: USD 8.5 million), bearing interest based on margins over the U.S. Dollar London Inter-Bank Offer Rate ("USD 3 mths LIBOR") per annum. The principal will be repayable on six monthly basis. The Company had issued a letter of comfort to the bank to provide financial support (Note 4).

### Long-term debentures

As at 31 December 2010, the Company issued 2 tranches of Baht 7,000 million, with a par value of Baht 1,000 each, unsubordinated and unsecured with having registered and bond holders representative debentures as follow:

Issue date	No. of units (Million)	Amount (Million Baht)	Interest rate (per annum)	Term of interest payment	Principal payment term	Outstanding balance as at 31 December 2010  <i>(in million Baht)</i>
6 November 2009	3.3	3,300	5.25%	Quarterly	Entirely redeemed on 6 November 2012	3,300
6 November 2009	3.7	3,700	6.15%	Quarterly	Entirely redeemed on 6 November 2014	3,700
Total debentures						7,000
Less bond issuing cost						(16)
<b>Net</b>						<b>6,984</b>

Under the terms and conditions of the debentures, the Company has to comply with certain restrictions and maintain certain financial ratios

## 14 Interest-bearing liabilities (Cont'd)

The movements in the borrowing can be analysed as follows:

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
		(in thousand Baht)			
For the year ended 31 December					
Opening net book value		8,789,226	9,310,029	7,058,241	8,003,191
Proceeds from short-term borrowings		-	90,869	-	73,351
Proceeds from finance leases		23,336	717	23,336	717
Proceeds from long-term borrowings, net of financial costs		115,703	292,268	-	
Proceeds from long-term debentures		-	6,976,628	-	6,976,628
Repayment of short-term borrowings		(80,869)	(303,962)	(73,351)	-
Repayment of long-term borrowings		(351,312)	(8,497,838)	(3,168)	(8,113,781)
Amotisation of finance costs	22	6,139	494,695	6,139	494,695
Increase from change in status from accounts payable - property and equipment		15,717	844,582	-	-
Gain on exchange rate		(119,587)	(418,762)	(469)	(376,560)
Closing net book value		8,398,353	8,789,226	7,010,728	7,058,241

Some subsidiaries have to maintain the financial ratios restricted in the long-term agreements.

The interest rate exposure of the borrowings of the Group and the Company is as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in thousand Baht)			
Total borrowings:				
- at fixed rates	7,042,166	7,077,903	7,010,728	7,058,241
- at floating rates	1,356,187	1,711,323	-	-
<b>Total</b>	<b>8,398,353</b>	<b>8,789,226</b>	<b>7,010,728</b>	<b>7,058,241</b>

Weighted average interest rates:

- Loans from financial institutions	2.65%	2.25%	-	-
- Debentures	5.73%	5.73%	5.73%	5.73%

## 14 Interest-bearing liabilities (Cont'd)

The carrying amounts and fair value of interest-bearing liabilities are as follows:

	Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair value	Carrying amount	Fair value
	<i>(in thousand Baht)</i>			
As at 31 December 2010				
Loans	1,414,644	1,413,155	27,019	27,019
Long-term debentures	6,983,709	7,013,926	6,983,709	7,013,926
As at 31 December 2009				
Loans	1,811,656	1,796,432	80,671	80,671
Long-term debentures	6,977,570	7,014,905	6,977,570	7,014,905

The fair value of non-current borrowing is estimated using discounted cash flows based on the Group's incremental borrowing rates for similar types of borrowings.

The periods to maturity of long-term borrowings and long-term debentures net of financial costs were as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Later than 1 year				
but not later than 2 year	3,555,210	568,232	3,297,897	1,778
Later than 2 years				
but not later than 5 years	3,986,941	7,498,134	3,707,387	6,980,274
Later than 5 years	1,728	5,673	-	-
<b>Total</b>	<b>7,543,879</b>	<b>8,072,039</b>	<b>7,005,284</b>	<b>6,982,052</b>

### Credit facilities

As at 31 December 2010 available credit facilities for loans from local and overseas banks are Baht 799 million and USD 16 million (2009: Baht 1,292 million and USD 17 million).

## 15 Trade accounts payable

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
		(in thousand Baht)			
Related parties	4	19,794	29,255	12,993	30,861
Other parties		511,035	432,794	292,738	236,527
<b>Total</b>		<b>530,829</b>	<b>462,049</b>	<b>305,731</b>	<b>267,388</b>

## 16 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<i>(in thousand Baht)</i>				
Deposits from customers	34,182	42,735	25,673	29,752
Other taxes	33,142	45,209	7,855	14,569
Other payables	103,683	81,178	54,552	37,168
<b>Total</b>	<b>171,007</b>	<b>169,122</b>	<b>88,080</b>	<b>81,489</b>

## 17 Share capital, premium on share capital and warrants

		2010		2009	
	Par value per share (Baht)	Number (thousand shares)	Baht	Number (thousand shares)	Baht
<b>Authorised</b>					
<b>At 31 December</b>					
ordinary shares	5	<u>1,132,082</u>	<u>5,660,412</u>	<u>1,132,082</u>	<u>5,660,412</u>
<b>Issued and paid up</b>					
<b>At 1 January</b>					
ordinary shares	5	1,095,938	5,479,688	1,095,938	5,479,688
Issue of new shares	5	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 December</b>					
ordinary shares	5	<u>1,095,938</u>	<u>5,479,688</u>	<u>1,095,938</u>	<u>5,479,688</u>



## 17 Share capital, premium on share capital and warrants (Cont'd)

### Warrants

As at 31 December 2010, the Company had five ESOP schemes for the directors and employees of the Company and its subsidiaries. The warrants are in registered form and are non-transferable. The terms of the warrants do not exceed five years and there is no offering price. The exercise price and period are detailed below:

	Issued date	Issued (million units)	Exercise ratio (units : share)	Exercise Price (Bath/share)	Exercise period	
					First	Last
ESOP - Grant I	27 March 2002	8.00	1: 2.04490	13.081	Expired on 26 March 2007	
ESOP - Grant II	30 May 2003	4.40	1: 2.04490	6.279	Expired on 29 May 2008	
ESOP - Grant III	31 May 2004	5.89	1: 1.02245	13.913	Expired on 30 May 2009	
ESOP - Grant IV	31 May 2005	7.56	1: 1.02245	16.441	Expired on 30 May 2010	
ESOP - Grant V	31 July 2006	10.03	1: 1.00000	11.870	31 May 2007	30 May 2011

Movements in the number of warrants outstanding for the years ended 31 December 2010 are as follows:

	Balance at 1 January 2010	Issue during the period	Exercise during the period	Expired during the period	Balance at 31 December 2010
	(million units)				
<b>ESOP - Grant IV</b>					
Directors	2,967	-	-	(2,967)	-
Employees	4,595	-	-	(4,595)	-
<b>Total</b>	<b>7,562</b>	<b>-</b>	<b>-</b>	<b>(7,562)</b>	<b>-</b>
<b>ESOP - Grant V</b>					
Directors	1,099	-	-	-	1,099
Employees	8,934	-	-	-	8,934
<b>Total</b>	<b>10,033</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,033</b>
<b>Grand Total</b>	<b>17,595</b>	<b>-</b>	<b>-</b>	<b>(7,562)</b>	<b>10,033</b>

Compensation costs related to the warrants are not recognised in these financial statements for the fair value of the non-exercised warrants granted.

## 18 Additional paid-in capital and reserves

### *Share premium*

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

### *Currency translation changes*

The currency translation changes recognised in equity relate to foreign exchange differences arising from translation of the financial statements of foreign operations to Thai Baht.

### *Legal reserve*

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

### *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.

## 19 Segment information

Segment information is presented in respect of the Group’s business and geographic segments based on the Group’s management and internal reporting structure.

*Business segments*

The Group comprises the following main business segments:

- Segment 1     Services relating to the satellite business and the transponder services segment
- Segment 2     Sales and services relating to the internet and media business
- Segment 3     Sales and services relating to the telephone network business in Cambodia and the Lao People’s Democratic Republic.
- Segment 4     Others

*Geographic segments*

In presenting information on the basis of geographical segments, segment revenue is based on the geographic location of customers.

The areas of operation in Thailand are principally satellite business services, internet and media services and printing and publishing of business telephone directories services. Cambodia and Lao PDRs’ main activities are sales and services relating to telephone network business and satellite business services. Australia main activities are sales and services relating to satellite business.

The Group comprises the following main geographic segments:

- Segment 1     Thailand
- Segment 2     Cambodia
- Segment 3     The Lao People’s Democratic Republic.
- Segment 4     Australia
- Segment 5     China
- Segment 6     India
- Segment 7     Others

## 19 Segment information (Cont'd)

### Business segment results

	Satellite business Services		Internet services and media		Telephone network		Others		Consolidation eliminations		Consolidated financial statements	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<i>(in thousand Baht)</i>												
Revenues	4,627,394	4,548,178	642,747	543,517	1,466,762	2,146,602	-	-	(37,150)	(49,933)	6,699,753	7,188,364
Shares of net results from associate	-	-	169,629	124,627	-	-	-	-	-	-	169,629	124,627
Cost of sales and services	(3,978,254)	(4,296,093)	(515,427)	(532,261)	(1,377,288)	(1,344,766)	-	-	20,399	45,221	(5,850,570)	(6,127,899)
Selling and administrative expenses	(990,936)	(722,541)	(132,310)	(108,326)	(290,741)	(293,018)	(60,899)	(60,551)	14,487	7,353	(1,460,399)	(1,177,083)
Segment results	(341,796)	(470,456)	164,639	27,557	(201,267)	508,818	(60,899)	(60,551)	(2,641)	2,641	(441,587)	8,009
Other income											107,350	31,623
Gain (loss) on foreign exchange											(90,079)	465,109
Gain (loss) before finance cost and income tax											(424,316)	504,741
Finance cost											(488,154)	(1,087,396)
Operating loss											(912,470)	(582,655)
Income tax											129,816	111,733
Minority interests											(6,279)	(307)
<b>Net loss</b>											<b>(788,933)</b>	<b>(471,229)</b>
Segment assets	21,803,681	23,038,708	276,278	270,903	4,394,533	5,049,477	265,145	275,842	(1,350,703)	(1,650,154)	25,388,934	26,984,776
Associated											459,264	418,505
<b>Total assets</b>											<b>25,848,198</b>	<b>27,403,281</b>

	Satellite business Services		Internet services and media		Telephone network		Others		Consolidation eliminations		Consolidated financial statements	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<i>(in thousand Baht)</i>												
Segment liabilities	2,071,372	2,554,165	149,652	132,664	1,993,840	1,855,660	6,986	6,034	(1,450,657)	(1,560,279)	2,771,193	2,988,244
Borrowings											8,398,353	8,789,226
<b>Total</b>											<b>11,169,546</b>	<b>11,777,470</b>
Depreciation	430,514	409,082	22,994	23,854	659,306	669,413	-	-	-	-	1,112,814	1,102,349
Amortisation	1,476,650	2,159,973	3,376	4,638	-	-	-	-	-	-	1,480,026	2,164,611
<b>Total depreciation and amortisation</b>	<b>1,907,164</b>	<b>2,569,055</b>	<b>26,370</b>	<b>28,492</b>	<b>659,306</b>	<b>669,413</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,592,840</b>	<b>3,266,960</b>

## 19 Segment information (Cont'd)

Revenue and results, based on geographical segments, in the consolidated financial statements for the years ended 31 December 2010 and 2009 were as follows:

	2010	2009
	<i>(in thousand Baht)</i>	
<b>Segment revenue</b>		
Thailand	2,846,720	2,605,378
Cambodia	959,310	1,514,401
Lao PDR	671,738	817,612
Australia	1,049,881	1,321,968
China	31,374	17,420
India	148,203	114,630
Others	1,162,156	921,582
<b>Total</b>	<b>6,869,382</b>	<b>7,312,991</b>
<b>Segment results</b>		
Thailand	1,230,563	1,056,133
Cambodia	(405,389)	7,596
Lao PDR	155,872	357,272
Australia	125,960	24,325
China	(458,647)	(343,137)
India	(324,226)	(229,168)
Others	(765,720)	(865,012)
<b>Total</b>	<b>(441,587)</b>	<b>8,009</b>
<b>Fixed assets</b>		
Thailand	15,535,904	17,030,155
Cambodia	2,420,454	3,107,481
Lao PDR	1,553,395	1,491,341
Australia	190,597	199,656
China	94,205	154,448
India	242,919	200,844
Others	546,428	655,247
<b>Total</b>	<b>20,583,902</b>	<b>22,839,172</b>

## 20 Revenues from sale of goods and rendering of services

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Revenues from sale of goods	1,410,360	1,510,244	637,280	800,052
Revenues from rendering of services	5,289,393	5,678,120	3,180,908	3,172,366
<b>Total</b>	<b>6,699,753</b>	<b>7,188,364</b>	<b>3,818,188</b>	<b>3,972,418</b>

## 21 Other income

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Consulting and management fees	-	-	44,737	66,686
Interest income	30,939	18,665	34,159	18,118
Gain on sale of equipment	5,453	415	4,876	1,069
Others	70,958	12,543	44,829	5,147
<b>Total</b>	<b>107,350</b>	<b>31,623</b>	<b>128,601</b>	<b>91,020</b>

## 22 Expenses by nature

Significant expenses by nature are as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht)</i>			
Depreciation of property and equipment	1,112,814	1,102,349	397,136	373,194
Amortisation of property and equipment under the agreements for operations, deferred charges and intangible assets	1,473,887	1,669,916	1,445,605	1,655,803
Amortisation of finance costs	6,139	494,695	6,139	494,695
Staff costs	993,126	896,388	603,492	554,362

## 23 Provident funds

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 7% of their basic salaries and by the Group at rates ranging from 3% to 7% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

## 24 Income tax expense

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
		(in thousand Baht)			
Current tax expense		134,437	190,466	-	-
Deferred tax expense	12	(264,253)	(302,199)	(262,437)	(323,934)
<b>Total</b>		<b>(129,816)</b>	<b>(111,733)</b>	<b>(262,437)</b>	<b>(323,934)</b>

### Reconciliation of effective tax rate

	Consolidated financial statements		Separate financial statements	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
<i>(in thousand Baht)</i>				
Loss before tax	(912,470)	(582,655)	(1,024,797)	(1,094,602)
Tax rate	30%	30%	30%	30%
The result of the accounting loss multiplied by the income tax rate	(273,741)	(174,796)	(307,439)	(328,381)
Share of net results from investments - equity method	(50,889)	(37,388)	-	-
Effect of the different basis of income tax calculation or tax rates in other countries	(27,436)	(54,091)	-	-
Tax profits (losses) not recognised as deferred tax asset	36,001	9,608	-	-
Tax on dividend received from a subsidiary	(60,016)	(27,011)	-	-
Effect of the income recognised in different periods for accounting and tax purposes	94,947	54,218	45,002	7,232
Effect of the non-deductible tax expense and expense recognised in different periods for accounting and tax purposes	151,318	117,727	-	(2,785)
<b>Total</b>	<b>(129,816)</b>	<b>(111,733)</b>	<b>(262,437)</b>	<b>(323,934)</b>

## 24 Income tax expense (Cont'd)

### *Income tax reduction rate*

Royal Decree No. 387 B.E. 2544 dated 5 September 2001 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for taxable profit not exceeding Baht 300 million for the five consecutive accounting periods beginning on or after enactment.

Royal Decree No. 475 B.E. 2551 dated 6 August 2008 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for taxable profit not exceeding Baht 300 million for the three consecutive accounting periods beginning on or after 1 January 2008.

## 25 Promotional privileges

The Company was granted promotional privileges under the Investment Promotion Act (B.E. 2520) by the Board of Investment (BOI) in respect of earnings derived from rendering telecommunication services of Thaicom 3 satellite project to customers outside Thailand. Promotional privileges include exemption from corporate income tax for a period of 8 years commencing from December 1997, when its revenue was first earned from the promoted business. The Company must comply with certain terms and conditions required for the promoted industries.

On 19 November 2003, the Company was granted promotional privileges under the Investment Promotion Act (B.E. 2520) as amended by the Investment Promotion Act (No. 3) B.E. 2544 by the BOI in respect of earnings derived from rendering telecommunication services of iPSTAR satellite project to customers outside Thailand. Promotion privileges include exemption from corporate income tax for a period of 8 year, when its revenue was first earned from the promoted business. The Company must comply with certain terms and conditions required for the promoted industries.

In 2010 the Company has revenue from promoted business of Baht 538 million (2009: Baht 419 million).



## 26 Loss per share

### Basic loss per share

The calculations of basic loss per share for the years ended 31 December 2010 and 2009 were based on the loss for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht /thousand shares)</i>			
Loss for the year	(788,933)	(471,229)	(762,361)	(770,668)
<b>Loss attributable to equity holders of the Company (basic)</b>	<b>(788,933)</b>	<b>(471,229)</b>	<b>(762,361)</b>	<b>(770,668)</b>
Number of ordinary shares outstanding at 1 January	1,095,938	1,095,938	1,095,938	1,095,938
Effect of shares issued during the year	-	-	-	-
<b>Weighted average number of ordinary shares outstanding (basic)</b>	<b>1,095,938</b>	<b>1,095,938</b>	<b>1,095,938</b>	<b>1,095,938</b>
<b>Loss per share (basic) (in Baht)</b>	<b>(0.72)</b>	<b>(0.43)</b>	<b>(0.70)</b>	<b>(0.70)</b>

### Diluted loss per share

The calculations of diluted loss per share for the years ended 31 December 2010 and 2009 were based on the loss for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in thousand Baht /thousand shares)</i>			
Loss attributable to equity holders of the Company (basic)	(788,933)	(471,229)	(762,361)	(770,668)
<b>Loss attributable to equity holders of the Company (diluted)</b>	<b>(788,933)</b>	<b>(471,229)</b>	<b>(762,361)</b>	<b>(770,668)</b>
Weighted average number of ordinary shares outstanding (basic)	1,095,938	1,095,938	1,095,938	1,095,938
Effect of shares warrants on issue	-	-	-	-
<b>Weighted average number of ordinary shares outstanding (diluted)</b>	<b>1,095,938</b>	<b>1,095,938</b>	<b>1,095,938</b>	<b>1,095,938</b>
<b>Loss per share (diluted) (in Baht)</b>	<b>(0.72)</b>	<b>(0.43)</b>	<b>(0.70)</b>	<b>(0.70)</b>

## 27 Financial instruments

### *Financial risk management policies*

The principal financial risks faced by the Group are interest rate risk and exchange rate risk. The Group borrows at fixed and floating rates of interest to finance its operations. Sales, purchases and a portion of borrowings are translated in foreign currencies. In order to manage the risks arising from fluctuations in exchange rates and interest rates, the Group makes use of derivative financial instruments.

The objective of using derivative financial instruments are to reduce uncertainty over future cash flows arising from movements in interest and exchange rates, and to manage the liquidity of cash resources. The following strategies are employed to achieve these objectives. Interest rate exposures are managed through interest rate swaps taken out with commercial banks and foreign exchange forward contracts and foreign currency options are take out to manage the currency risks in future sales, purchases and loan repayments. Decisions on the level of risk undertaken are governed by corporate policy, which has established limits by transaction type and by counterparty.

Trading for speculative purposes is prohibited. All derivative transactions are subject to approval of the management before execution.

Management of currency and interest rate exposures is the responsibility of the Treasury Department. Management reports contain detail of cost and market value for all derivative financial instruments including outstanding forward contracts and cross currency and interest rate swap. An analysis of exposures against the limits established by the management is also provided. These limits principally cover the maximum permitted exposure in respect of short-term investment regarding to guideline to short-term investment policy.

### *Capital management*

The primary objective of the Company's capital management is to provide good returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure in order to support asset management plan and new investment opportunities which will create value and strengthen financial position for the whole group.

## 27 Financial instruments (Cont'd)

### Foreign currency risk

As at 31 December, the Group had outstanding foreign currency assets and liabilities after foreign currency forward contracts and foreign currency options as follows:

	Consolidated financial statements			
	2010		2009	
	Foreign currency	Baht	Foreign currency	Baht
	(in million)			
<b>Assets</b>				
US Dollars	28.41	852.55	38.56	1,280.92
Australian Dollars	18.52	563.82	15.71	463.15
KIP	20,732.57	76.71	39,381.45	153.59
New Zealand Dollars	-	-	6.57	155.21
Singapore Dollars	0.01	0.34	0.01	0.34
India Rupee	443.93	277.06	269.88	183.45
Yen	51.54	18.90	8.68	3.11
Indonesia Rupee	92.76	0.29	313.64	1.07
Total		<u>1,789.67</u>		<u>2,240.84</u>
<b>Liabilities</b>				
US Dollars	89.59	2,714.33	69.14	2,317.20
Australian Dollars	7.07	219.15	17.88	537.25
KIP	123,421.94	469.00	90,418.76	361.68
New Zealand Dollars	-	-	1.02	24.71
Singapore Dollars	0.14	3.39	0.16	3.82
India Rupee	45.62	32.70	45.12	34.09
Yen	1.53	0.57	0.43	0.16
Indonesia Rupee	45.06	0.16	2.41	0.01
Total		<u>3,439.30</u>		<u>3,278.92</u>

## 27 Financial instruments (Cont'd)

Foreign currency assets mainly represent cash in bank and accounts receivable. Foreign currency liabilities mainly represent trade accounts payable, accounts payable - property and equipment and borrowings.

### *Credit risk*

The Group has no significant concentrations of credit risks. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high quality financial institutions.

### *Liquidity risk*

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

### *Fair values*

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

The carrying amount of cash and cash equivalents, short-term investments, trade receivables, amounts due from related parties, short-term loans and advances to related parties, trade creditors, accounts payable-property and equipment, amounts due to related parties, and borrowings are assumed to approximate their fair value due to the short maturities of these instruments. The fair values of longterm borrowings and debentures are provided in Note 14.

## 28 Commitments with non-related parties

### a) Agreement for operation of domestic communication satellite

The Company was permitted by the Ministry of Transport and Communications, under an agreement dated 11 September 1991 and an amendment thereto dated 22 March 1992, to operate and administer certain satellite projects and to render transponder services for domestic and international communications as well as the right to collect, for a thirty-year period, service charges from users of the transponders. The agreements for operation have been transferred to the Ministry of Information and Communication Technology ("MICT").

Under the aforementioned agreement, the Company must pay an annual fee to MICT based on a percentage of certain service incomes or at the minimum level specified in the agreement, whichever is higher. As at 31 December 2010, the remaining minimum fee is Baht 806 million (*31 December 2009: Baht 864 million*). In addition, the Company, according to the aforementioned agreement, must transfer its ownership of all satellites, and monitoring stations and other operating equipments to MICT on the date of completion of construction and installation.

### b) Assets transfer commitment under telephone network agreement in Cambodia

Mfone Company Limited ("Mfone"), a jointly-controlled entity in Cambodia, has obtained agreements for operation from the Directorate of Posts and Telecommunications of Cambodia to operate a domestic telephone network under an agreement dated 4 March 1993 and an amendment thereto dated 4 March 1997, for a period of 35 years. Under the agreement, Mfone will transfer its ownership of all fixed assets to the Government of Cambodia on the expiration date of the agreement in 2028 (Note 10).

### c) Shareholder agreement

Lao Telecommunications Company Limited ("LTC") is a joint venture, which was established under the terms of a Joint Venture Contract dated 8 October 1996, signed by the Government of the Lao People's Democratic Republic and Shinawatra Computer and Communications Public Company Limited, the former name of Shin Corporation Public Company Limited. According to the aforementioned Joint Venture Contract, LTC has the right to provide

## 28 Commitments with non-related parties (Cont'd)

telecommunication services - fixed line phone, mobile phone, international facilities, internet and paging - within the Lao PDR for 25<sup>th</sup> years. Currently, Shenington Investments Pte Company Limited, which is a jointly-controlled entities of the Company, owns 49% of LTC's registered shares. At the end of the 25<sup>th</sup> year, in 2021, the Group has to transfer all of LTC's shares to the Government of the Lao People's Democratic Republic without any charges (Note 9). According to the shareholder agreement, LTC is required to invest at least USD 400 million in the projects specified in the agreement within 25<sup>th</sup> years. As at 31 December 2010, LTC has remaining additional investment of approximately USD 81.45 million (31 December 2009: USD 113.26 million).

### d) Agreements for operation of a subsidiary company and associated companies for the satellite uplink-downlink and Satellite Internet services and Internet services in Thailand

CS Loxinfo Public Company Limited ("CSL"), which is an associate of the Company, entered into agreements for operation with CAT Telecom Public Company Limited ("CAT") for a period of 22 years from 9 August 1994 to 8 August 2016 to provide satellite uplink-downlink and internet services.

Currently, the National Telecommunications Commission ("NTC") is responsible for granting licenses to provide internet access services in Thailand. DTV Service Company Limited, a company's subsidiary and CSL operate the business to provide internet and telecommunication services under licenses granted by NTC as follow:

Type of license	Issued Date	Period
<b>License of DTV Service Company Limited</b>		
Internet Operation License Type I	18 October 2009	5 years
Telecom Operation License Type I	19 July 2010	5 years
<b>Licenses of CSL</b>		
Internet Operation License Type II	26 April 2007	5 years
Internet Operation License Type I	8 September 2009	5 years
Telecom Operation License Type I	11 October 2009	5 years
Telecom Operation License Type III	20 December 2007	15 years

## 28 Commitments with non-related parties (Cont'd)

### e) Obligation under “Financing and Project Agreement”

Lao Telecommunications Company Limited (“LTC”) entered into a “Financing and Project Agreement” with the government of the Lao People’s Democratic Republic (“government”) and an organisation in Germany (KfW, Frankfurt am Main) on 25 October 2004 of an amount not exceeding Euro 6.5 million (approximately Baht 259.6 million) for the procurement and installation of Phase VI of a rural telecommunication network. Under the agreement, the ownership of network assets will be transferred to LTC through loan at 30% of the network assets’ value excluding consulting services project and interest rate of loan 4% per year. LTC has recognised the network assets relating to Phase VI and the related portion of the loan in the amount of Baht 70.1 million in June 2010. LTC has paid loan repayment for the loan of Phase IV & V in the amount of Baht 14.6 million in year 2010.

### f) Capital commitment

At 31 December 2010, Shennington Group has capital commitment according to the percentage of share hold by the Group amount of USD 12.3 million (approximately Baht 373 million) (2009: USD 11.3 million; approximately Baht 379 million).

### g) Obligation from shares buy back options

On 23 October 2003, the Company and Codespace Inc. entered into a “Memorandum of Agreement”, which provides Codespace Inc. an option to sell 2.2 million shares of iPSTAR Co., Ltd. to the Company, with the condition that the Company has the first option to purchase these shares. If the offered price per share is greater than the higher of USD 1 or fair market value at offering date, the Company has the right to refuse. If the offered price per share is equal to the higher of USD 1 or fair market value at offering date, the Company has to purchase those shares from Codespace Inc. The Company believes that Codespace Inc. will not exercise the option because according to the result of the financial analysis of the Company, the value per share of iPSTAR Co., Ltd.’s shares is higher than USD 1. Therefore, the Company does not recognise this obligation as its liabilities in these financial statements. As of 31 December 2010, the remaining share option was 0.12 million shares (2009: 0.63 million shares).

## 28 Commitments with non-related parties (Cont'd)

### h) Operating lease commitments

As at 31 December 2010 and 2009, the Group has future aggregate minimum lease payments under non-cancellable operating leases are as follows:

		Consolidated financial statements		Separate financial statements	
Currency		2010	2009	2010	2009
		<i>(in thousand)</i>			
Within one year	THB	41,323	25,660	41,323	25,660
	YEN	362	-	362	-
	USD	8,836	8,130	5,713	6,402
	Rupee	4,622	-	4,622	-
	Rupiah	39,500	-	39,500	-
	Ringgit	116	-	116	-
	PHP	2,977	1,970	2,977	1,970
Total equivalent Baht		315,836	299,595	221,222	241,667
After one year but within five years	THB	43,201	28,920	43,201	28,920
	YEN	453	-	453	-
	USD	16,639	11,898	4,582	5,538
	Rupee	4,532	-	4,532	-
	Ringgit	67	-	67	-
	KIP	2,455	2,455	-	-
	PHP	1,970	3,940	1,970	3,940
Total equivalent Baht		552,777	430,577	187,477	217,419
After five years	THB	16,559	19,837	16,559	19,837
	USD	4,684	3,387	-	-
	KIP	748,335	722,241	-	-
Total equivalent Baht		161,306	136,241	16,559	19,837
<b>Grand total equivalent Baht</b>		<b>1,029,919</b>	<b>866,413</b>	<b>425,258</b>	<b>478,923</b>



28 Commitments with non-related parties (Cont'd)

i) Other commitments

The Group had contingencies with banks, whereby the banks issued letters of guarantee, letters of credit and other guarantees in respect of business contracts, for the following amounts:

		Consolidated financial statements		Separate financial statements	
		31 December 2010	31 December 2009	31 December 2010	31 December 2009
Currency		(in thousand)			
Minimum operating agreement					
fee payable to Ministry of					
Information Communication					
and Technology	THB	222,000	137,000	222,000	137,000
IPSTAR equipment sales	THB	522	338	522	338
Satellite space leasing					
by customers	USD	1,442	212	1,442	212
	THB	487,000	487,358	487,000	487,000
IPSTAR Gateway	USD	379	379	379	379
Forward contracts	AUD	2,318	-	-	-
	THB	730,702	-	730,702	-
Standby letters of credit	USD	-	3,233	-	3,233
Letters of credit	USD	472	250	222	-
Others	THB	3,405	3,552	3,322	3,322

## 29 Contingent liabilities

### Assessment for income tax in India

The Tax Authority in India ('the said Authority'), has held that the payments received by the Company for providing Transponder Services ('TPS') to its Indian Customers and non-resident customers targeting Indian audience ('the Customer') was Royalty under both the Indian Income Tax Act ('the Act'), and the Double Taxation Avoidance Agreement between Thailand and India ('the DTAA') and subject to withholding tax at the rate of 15% on gross basis. But the Company considered income from Transponder Services to be business income, and as the Company does not have permanent establishment in India, such incomes are not taxable in India.

The Tax Authority has raised the tax demand including surcharge and education cess aggregating to Rs. 612.1 million (approximately Baht 439 million) exclusive of interest amounting to Rs. 92.7 million (approximately Baht 66 million) against the said payment received by it from the customers for the Assessment Year ('AY') 1998-99 to 2005-06 (1 April 1997 to 31 March 2005). Further, the said Authority has also levied penalty of Rs.324.9 million (approximately Baht 233 million) for AY 1998-99 to 2001-02.

From Authority's letter dated 22 August 2008, the Authority had asked for payment of the said income tax including interest for late payment amounting to Rs. 83.2 million (approximately Baht 60 million) (calculated up to the end of August 2008). Also from Authority's letter dated 3 December 2008, the authority raised the tax demand for AY 2006-07 including related interest amounting to Rs. 22.6 million (approximately Baht 16 million). And from Authority's letter dated 30 September 2010, the authority raised the tax demand for AY 2007-08 amounting to Rs. 32.2 million (approximately Baht 24 million.) and the Company paid such tax in November 2010.

## 29 Contingent liabilities (Cont'd)

Furthermore, the Authority sent the notices dated 29 March 2010 to the Company tax agent in India that the penalty was assessed against the Company for the AY 2003-2004 and AY 2004-2005 in the amount of Rs. 88.4 million (approximately Baht 63 million) and Rs. 89.4 million (approximately Baht 64 million) respectively and requiring the Company to make payment for the said penalty within 30 days from the date of receipt of the notices (30 March 2010). The Company filed appeals against the penalty with CIT (A) on 26 April 2010.

The Company had received Withholding Tax Certificates ('WTC') from its Customers until AY 2007-2008 net amounting to Rs. 487.9 million (approximately Baht 350 million). The Company had also deposited Rs. 460.2 million (approximately Baht 330 million). The Company presents the deposit as non-current assets in the Balance Sheet.

Since the management and Tax Advisor in India are of the opinion that the income from the TPS is not subject to Tax in India, the Company did not make any provision for the liability against the balance amount of Rs. 397.5 million (approximately Baht 285 million), payable to the said Authority.

On 16 October 2009, the ITAT (Special Bench) pronounced its decision on the Company's appeal against the order of the Income Tax Authority of India and CIT (A) on the issue whether the income from transponder service is a royalty or a business income that the income from transponder service is a royalty and subject to withholding tax at the rate prescribed by law, and the use of transponder service constitutes the use of a process. However, the decision related to the income tax and interest thereon only, and did not include the issue of penalty and interest thereon, which is still pending before ITAT. The ITAT scheduled the hearing of the Company's appeal for the issue on penalty and interest on 18 January 2011. ITAT postponed the hearing of the request of the Revenue Authority.

## 29 Contingent liabilities (Cont'd)

However, the Company's tax consultant in India is of the opinion that the decision of the ITAT (Special Bench) is likely to be incorrect as it is not in accordance with the decision of the High Court on telecom service which can be used as precedent by analogy and the decision in the PanAmSat International Systems Inc. case and should be challenged before the High Court, and the Company filed an appeal against the ITAT (Special Bench) decision with the High Court in December 2009 which is within the period of 120 days presented by laws. The High Court has scheduled the hearing on whether or not to accept the Company's appeal on 29 November 2010. The High Court postponed the hearing of the request of the Revenue Authority. Therefore, the Company's management takes the view that the Company's income is not taxable in India and the case will be decided in the Company's favour on appeal.

If the Supreme court decides finally that the Company's income is taxable in India, the total tax liability demanded by the said Authority of Rs. 779.5 million (approximately Baht 558 million) which will be charged as expense immediately, but the Company will not be required to make any additional tax payment as the amount of WTC and the deposit made by the Company fully cover the tax demand. This, however, does not include the Penalty and the interest related to the Penalty already assessed in the amount of Rs. 566.1 million (approximately Baht 406 million) which will be charged as expenses if there is a final judgement that the Company is liable for Penalty and interest related to such Penalty, which the Company has already placed deposit against part of the Penalty and interest related to such Penalty leaving the total liability for Penalty and interest related to such Penalty in the amount of Rs. 397.5 million (approximately Baht 285 million) as stated in the preceding paragraphs together with interest at the maximum rate not exceeding one (1) percent per month as from the date of receipt of the Demand Notice until the date the payment.

However, even though it has been decided that the income from transponder service is a Royalty, if the Company did not conceal any income or intentionally declared incorrect amount of income in its income tax returns, the penalty and interest imposed on the Company may be set aside.

## 30 Other events

a) According to the judgment of the Supreme Court, Criminal Division for Persons Holding Political Positions rendered on 26 February 2010, concerns the Company and its affiliated companies in many aspects. The Company is of the opinion that the consequence of the judgment is limited to the holding that some property of the person holding political position was improperly acquired by an abuse of power while being in a political position. The judgment does not contain any order indicating that the Company or its affiliated companies shall take any actions as the Company is not involved to the case. The Company and its affiliated companies have been operating to the best of its ability in accordance with the law and the agreements and in good faith. The Company and its affiliated companies have every right available under the law and agreements to provide the facts to prove its innocence and good faith in any proceeding which may be initiated by the relevant government agencies in accordance with the law and justice.

b) On 19 April 2007, Mr. Supong Limthanakul brought legal actions against the National Telecommunications Commission ("NTC"), the office of the NTC and the Ministry of Information and Communication Technology ("MICT") in the Central Administrative Court ("CAC") on the ground that the three state agencies neglected to perform their duties in overseeing whether the Company has been carrying on its telecommunications business lawfully after the sale of Shin Corporation Public Company Limited's shares to the new shareholder.

CAC issued an order dated 8 April 2009 making the Company the fourth respondent in order to allow the Company to file the Reply to the petitioner's claim including evidence, documentary or otherwise to CAC and the Company filed the Reply and supporting evidence in July 2009.

The Company is of the opinion that it will not be adversely affected in any way as the actions were brought against NTC, office of the NTC and MICT for neglecting to perform their duties and will not constitute a cause for terminating the operating agreement as the Company has fully complied with the terms and conditions of the operating agreement.

## 31 Events after the reporting period

### ***a) Proposed dividend payment of CS Loxinfo Public Company Limited ("CSL")***

At the Board of Directors' meeting of CSL held on 16 February 2011, the directors passed a resolution to approve the appropriation of dividends of Baht 0.25 per share, amounting to Baht 148 million. The proposed dividends must be approved by the shareholders at their meeting.

### ***b) Increase of Share Capital and Reduction of Share Capital***

#### *Increase of Share Capital*

At the Board of Directors' meeting of CSL on 16 February 2011, a resolution was passed to approve the issuance of 750,000 additional ordinary shares to support the change in the exercise ratio, equivalent to 0.13% of the total issued and paid-up share capital of CSL. As a result of the proposed dividend payment on note 31 (a), the exercise ratio of the warrants issued under ESOP-Grant IV and ESOP Grant V has been affected. The Board of Directors will propose this to the shareholders for approval.

#### *Reduction of Share Capital*

At the Board of Directors' meeting of CSL on 16 February 2011, a resolution was passed to reduce the ordinary shares because the warrant of CSL for ESOP-Grant II and ESOP-Grant III expired on 30 April 2010 and on 30 May 2010 respectively, in number of 21,518,736 shares, equivalent to 3.63% of the total issued and paid-up shares capital of CSL. The Board of Directors will propose this to the shareholders for approval.

## 32 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group 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 1 (revised 2009)	Presentation of Financial Statements	2011
TAS 2 (revised 2009)	Inventories	2011
TAS 7 (revised 2009)	Statement of Cash Flows	2011
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors	2011
TAS 10 (revised 2009)	Events after the Reporting Period	2011
TAS 12	Income Taxes	2013
TAS 16 (revised 2009)	Property, Plant and Equipment	2011
TAS 17 (revised 2009)	Leases	2011
TAS 18 (revised 2009)	Revenue	2011
TAS 19	Employee Benefits	2011
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TAS 23 (revised 2009)	Borrowing Costs	2011
TAS 24 (revised 2009)	Related Party Disclosures	2011
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements	2011
TAS 28 (revised 2009)	Investments in Associates	2011
TAS 31 (revised 2009)	Interests in Joint Ventures	2011
TAS 33 (revised 2009)	Earnings per Share	2011
TAS 34 (revised 2009)	Interim Financial Reporting	2011
TAS 36 (revised 2009)	Impairment of Assets	2011
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets	2011
TAS 38 (revised 2009)	Intangible Assets	2011
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations	2011

## 32 Thai Financial Reporting Standards (TFRS) not yet adopted (Cont'd)

At present, the Group has early adopted TAS 12 Income Taxes but has not adopted other standards that were announced by FAP and have effective for the accounting periods beginning on or after 1 January 2011. Management has made an assessment of the potential initial impact on the consolidated and separate financial statements of those new standards assessed to have material impact on the financial statements in the period of initial application. These standards are as follows:

### *TAS 16 (revised 2009) – Property, plant and equipment*

The principal changes introduced by the revised TAS 16 and affecting the Group are that (i) costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation; (ii) the depreciation charge has to be determined separately for each significant part of an asset; and (iii) in determining the depreciable amount, the residual value of an item of property, plant and equipment has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

The revised TAS 16 permits as a transitional provision that these changes may be introduced prospectively from the year of introduction. Management intends to adopt this transitional provision and accordingly the introduction of the revised TAS 16 from 1 January 2011 has no impact on the financial statements of 2010 or prior years. Management has already reviewed the impact on the 2011 financial statements of introducing the revised TAS 16 from 1 January 2011 concluding that the effects are not significant.



## 32 Thai Financial Reporting Standards (TFRS) not yet adopted (Cont'd)

### *TAS 19 – Employee benefits*

The Group does not presently account for the costs of post-employment benefits under defined benefit plans; other long-term employee benefits; and termination benefits until such costs are incurred. The new TAS 19 includes the requirements to recognise and account for such costs in the period in which the service is performed. The requirements are complex and require actuarial assumptions to measure the obligation and expense. Moreover, the obligations are measured on a discounted basis because they may be settled many years after the employees render the related service. The transitional provisions of TAS 19 permit the transitional liability to be recognised and accounted for in one of four different ways: (i) retrospectively; (ii) immediately in equity (retained earnings) at the transition date; (iii) immediately in profit or loss at the transition date; (iv) as an expense on a straight-line basis over up to five years from the transition date. Management has determined that the transitional liability as at 1 January 2011 for postemployment benefits is Baht 148.3 million for the Group and Baht 88.6 million for the Company. Management intends to adopt transitional provision (ii) to recognise and account for this liability.

### 33 Reclassification of accounts

Certain accounts in the 2009 financial statements have been reclassified to conform to the presentation in the 2010 financial statements as follows:

	2009					
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
	(in thousand Baht)			(in thousand Baht)		
<b>Balance sheet</b>						
Short-term loans and						
advance to subsidiaries	-	-	-	334,076	(334,076)	-
Long-term loans and						
advance to subsidiaries	-	-	-	-	334,076	334,076
		-			-	
<b>Statements of cash flows</b>						
Interest paid	(577,920)	577,920	-	(504,292)	504,292	-
Cash flows from						
operating activities	2,079,957	577,920	2,657,877	1,066,921	504,292	1,571,213
Interest paid	-	(577,920)	(577,920)	-	(504,292)	(504,292)
Cash flows from						
financing activities	(1,441,317)	(577,920)	(2,019,237)	(1,063,086)	(504,292)	(1,567,378)

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Company's business.



## Management's Discussion and Analysis: THCOM

### I. Overview

Thaicom Plc ("the Company")'s total revenue from sale of goods and rendering of services for 2010 was Baht 6,700 million, down by Baht 488 million compared to 2009, due to a revenue drop from telephone services, offset by revenue growth from satellite services resulting from a 38.0% increase in IPSTAR service revenues, and a revenue increase from Internet and media services. Share of profit of associates for 2010 also increased by 36.0% year-on-year. The Company reported a loss on foreign exchange of Baht 90 million and a net loss of Baht 789 million for 2010.

CS LoxInfo Plc ("CSL") declared it would pay a dividend for 2010 of Baht 0.50 per share, including an interim dividend total dividend for the year 2010 of 0.25 Baht per share.

## II. Business Summary

### Transponder leasing and related business

In Thailand, there are more than 6 million satellite TV households receiving TV channels from the Thaicom-5 satellite and around 3 million households who receive the channels through cable TV networks. In the foreign market, the Company has the largest viewers in Indochina and is one of the top players in South Asia. In 2010, the Company focuses on both domestic and international broadcasting markets, resulting to a dramatic business growth. Currently, the total number of TV channels under the conventional satellite platform at 78.5 degrees east has increased from 283 channels at the end of 2009 to 358 channels at the end of 2010.

In 2010, two new gateways at Delhi and Mumbai in India have been completed and are fully operational to provide IPSTAR service, adding 2 more to the existing 14 second generation IPSTAR gateways in Australia, Cambodia, China, Myanmar, New Zealand, Thailand, the Philippines, Malaysia, Vietnam, Indonesia and Japan.

The Company has implemented Open Platform strategy to enhance the commercialization of IPSTAR services within the region by concentrating on increasing bandwidth sales. This strategy enables other providers' ground system (including user terminal) to use the IPSTAR bandwidth.

### Telephone business

A growth of the telephone business in Lao PDR yielded an increase in telephone subscribers, especially in prepaid mobile phone service. As of the end of 2010, Lao Telecommunications Co., Ltd. ("LTC") and Mfone Company Limited ("Mfone") had total phone subscribers of 1,658,354 and 723,860, respectively. Currently, the telecom market competition in Cambodia is high with 9 mobile operators.

### Internet and media business

In 2010, DTV Service Co., Ltd. ("DTV"), the Company's subsidiary, had a continued growth of DTV sales volume. The total number of DTV satellite television dish sets sold thus far by DTV was 945,164 sets as of the end of 2010, an increase of 352,278 sets from the end of 2009.

CSL reported a 39.4% year-on-year growth in net profit for 2010. This was due to the growth of Internet access services and voice info services & mobile content services, in parallel with its efficiency in cost and expense control.

### III. Consolidated Operating Results

#### Selected financial information on THCOM

Unit: MBt	Amount		Change YoY [%]
	2010	2009	
Revenue from sale of goods and rendering of services	6,700	7,188	-6.8%
Share of profits of associate	170	125	36.0%
Cost of sale of goods and rendering of services	5,851	6,128	-4.5%
SG&A expenses	1,460	1,177	24.0%
EBIT*	(611)	(117)	-422.2%
EBITDA**	1,976	2,655	-25.6%
Net profit	(789)	(471)	-67.5%
EPS (Baht)	(0.72)	(0.43)	-67.4%

\* EBIT = Sales and service income – Cost of sales and service – SG&A

\*\* EBITDA = EBIT + Depreciation and Amortization

n.m. = not meaningful

#### Sales and service income

Consolidated revenue from sale of goods and rendering of services in 2010 was Baht 6,700 million, a decrease of Baht 488 million or 6.8% compared to Baht 7,188 million in 2009 due to a decrease in revenue from the telephone business, offset by increases in revenue from the satellite business and in revenue from the Internet access and media business.

Revenue from sale of goods and rendering of services	2010	2009	%YoY
Satellite and related services	4,598	4,506	2.0%
Telephone services	1,453	2,147	-32.3%
Internet access and media services	649	535	21.3%
<b>Total</b>	<b>6,700</b>	<b>7,188</b>	<b>-6.8%</b>

#### Satellite transponder leasing and related services

Revenue from satellite transponders and related services in 2010 was Baht 4,598 million, a rise of Baht 92 million or 2.0% compared to Baht 4,506 million in 2009.

Satellite and related services	2010	2009	%YoY
Thaicom 2, 5 and related services	2,238	2,338	-4.3%
IPSTAR services	2,360	2,168	8.9%
<i>Sales</i>	729	986	-26.1%
<i>Services</i>	1,631	1,182	38.0%
<b>Total</b>	<b>4,598</b>	<b>4,506</b>	<b>2.0%</b>

- Revenue from the Thaicom conventional satellite business for 2010 was Baht 2,238 million, a decrease of Baht 100 million or 4.3% from Baht 2,338 million in 2009, mainly due to the appreciation of Baht against USD. The Company's broadcasting business has grown significantly with an increase in the number of Television channels under the conventional satellite platform at 78.5 degrees east from 283 channels at the end of 2009 to 358 channels at the end of 2010.
- IPSTAR revenue was Baht 2,360 million in 2010, up by Baht 192 million or 8.9% from Baht 2,168 million in 2009 because of an increase of Baht 449 million or 38.0% in IPSTAR service revenue following an increase in bandwidth usage mainly in Japan, India, Australia, and New Zealand, offset by a UT sales drop. These were the results of implementing Open Platform strategy to increase bandwidth sales by enabling other providers' ground system (including user terminal) to use the IPSTAR bandwidth.

#### **Telephone services**

The Company's revenue from the telephone service business in 2010 was Baht 1,453 million, a decrease of Baht 694 million or 32.3% compared to Baht 2,147 million in 2009. Currently, there are 9 mobile operators in Cambodia, leading to a price war and the intense competition in the market, and a decline in the number of Mfone's subscribers. The mobile phone industry in Lao PDR also faces higher competition; however, LTC still has the continued growth of telephone subscribers and ranks No.1 in Lao PDR's mobile phone market share. Moreover, the appreciation of Baht has caused lower revenue from the telephone business in Cambodia in Baht as Mfone reported financial statements in US dollars.

At the end of 2010, LTC's telephone subscribers amounted to 1,658,354, a 22.2% increase from 1,357,005 subscribers at the end of 2009. Mfone reported 723,860 subscribers at the end of 2010, a 15.8% decline from 860,089 subscribers at the end of 2009.

#### **Internet access and media services**

Revenue from the Internet access and media business in 2010 was Baht 649 million, rose by Baht 114 million or 21.3% from Baht 535 million in 2009, mainly due to DTV sales growth. As at the end of 2010, accumulated DTV sales volume was 945,164 sets, up 352,278 sets from the end of 2009.

### **Cost of sales and service**

The Company reported total cost for 2010 of Baht 5,851 million, a decrease of Baht 277 million or 4.5% compared to Baht 6,128 million in 2009, due to decreases in cost of sales and services from the satellite business and the telephone business, offset by an increase in cost from the Internet and media business. For 2010, total cost accounted for 87.3% of total sales and service income, up from 85.3% in 2009.

Cost of sale of goods and rendering of services	2010	2009	%YoY
Satellite and related services	3,983	4,231	-5.9%
Telephone services	1,366	1,447	-5.6%
Internet access and media services	502	450	11.6%
<b>Total</b>	<b>5,851</b>	<b>6,128</b>	<b>-4.5%</b>

#### Cost of satellite transponder leasing and related services

Cost relating to transponder leasing and related services in 2010 was Baht 3,983 million, a decrease of Baht 248 million or 5.9% from Baht 4,231 million in 2009.

Satellite and related services	2010	2009	%YoY
Thaicom 2, 5 and related services	1,090	1,280	-14.8%
IPSTAR services	2,893	2,951	-2.0%
<b>Total</b>	<b>3,983</b>	<b>4,231</b>	<b>-5.9%</b>

- Cost relating to the Thaicom conventional satellite and related business was Baht 1,090 million, a decrease of Baht 190 million or 14.8% from Baht 1,280 million in 2009 mainly due to a decrease in depreciation as the Thaicom 1A satellite and the Thaicom 2 satellite had been fully depreciated since February 2009 and December 2009 respectively, and lower operating agreement fee in accordance with the revenue drop.
- Cost of providing IPSTAR services was Baht 2,893 million, down by Baht 58 million or 2.0% from Baht 2,951 million in 2009 mainly due to decreases in cost of in-orbit insurance, and in UT cost following the UT sales drop, offset by increases in operating agreement fee in accordance with the IPSTAR bandwidth revenue growth, and in warranty cost for UT in Australia.

#### Cost of telephone services

Cost relating to the telephone business for 2010 amounted to Baht 1,366 million, a decrease of Baht 81 million or 5.6% from Baht 1,447 million in 2009. Mfone reported decreases in depreciation cost as a one-time write-off of USD 3.3 million was recognized in Q1/2009, in revenue sharing cost corresponding to the revenue drop, in cost of VOIP international calling service and in interconnection charge, offset by higher depreciation cost for the expanded telephone network. As stated above that Mfone reported its financial statements in US dollars, so the appreciation of Baht against US dollar further lowered total cost from the telephone business in Cambodia when converting US dollar to Baht. LTC reported an increase in depreciation cost for the expanded telephone network in Lao PDR, offset by decreases in cost of inter-roaming and in cost of rental equipment.

### Cost of Internet access and media services

Cost relating to the Internet access and media business in 2010 was Baht 502 million, up by Baht 52 million or 11.6% from Baht 450 million in 2009, due to increases in cost of DTV sales corresponding to the sales growth.

### Selling and administrative expenses

SG&A expenses, including director and management benefit expenses, were Baht 1,460 million in 2010, an increase of Baht 283 million, or 24.0%, compared to Baht 1,177 million in 2009. This was due to higher doubtful debt provision as the allowance for doubtful accounts of Baht 44 million was reported in 2010, while the reversal of doubtful accounts of Baht 87 million mostly for the satellite business was reported in 2009. Staff expenses and special rewards for staff, marketing and administrative expenses from the satellite business and the telephone business in Lao PDR also increased year-on-year, but administrative and marketing expenses from the telephone business in Cambodia decreased from the previous year.

### Loss on exchange rate

The Baht has appreciated against the US Dollar in 2010, the revaluation of assets e.g. tax deposit in India, trade accounts receivable and accrued income, caused a loss on exchange rate of Baht 90 million most of which were unrealized, while a gain of Baht 465 million was reported in 2009.

### Share of profit of associates – equity method

Share of profit of associates in 2010 was Baht 170 million, up by Baht 45 million or 36.0% from Baht 125 million in 2009, due to a 39.4% increase in CSL's net profit over 2009 mainly caused by revenue increase from Internet access service including the continued growth of leased line services, Internet Data Center Services (IDC), and internet equipment & solution sales, and revenue growth from voice info services & mobile content services resulting from an efficient marketing plan and various products offering, together with its efficiency in cost and expense control.

### Finance costs

Finance costs totaled Baht 488 million in 2010, down by Baht 599 million, or 55.1%, compared with Baht 1,087 million in 2009. Finance costs in 2010 mostly comprised of interests on debenture, while finance costs in 2009 mostly consisted of the amortization of finance costs which was a non-cash item and did not affect the Company's cash flow, and the breakage cost for the early repayment of long-term loans in November 2009 for the Thaicom 4 and Thaicom 5 projects.



## Income tax expense

The Company recognized the future benefit arising from losses carried forward that reduced the future tax base as an income tax receivable of Baht 130 million in 2010, an increase of Baht 18 million from Baht 112 million in 2009.

## IV. Financial Position

At the end of 2010, the Company reported total assets of Baht 25,848 million, a decrease of Baht 1,555 million or 5.7% from Baht 27,403 million at the end of 2009. This was mainly because of the depreciation and amortization of PP&E and PP&E under operating agreements offset by increased cash and cash equivalents.

### THCOM's asset components

Assets	December 31, 2010		December 31, 2009	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	3,026	11.7	2,647	9.7
Investment in associates	459	1.8	419	1.5
PP&E, net	5,263	20.4	6,046	22.1
PP&E under the concession agreement, net	14,177	54.8	15,528	56.7

## Liquidity

At the end of 2010, the Company had a current ratio of 0.89 times, down from 0.98 at the end of 2009 due to higher accounts payable - property and equipment for the telephone network, and increased current portion of long-term loans.

## Investments

Investment in CSL was presented as "investment in subsidiaries, jointly controlled entities and associate" item. At the end of 2010 the Company's investment in CSL was Baht 459 million, an increase of Baht 40 million or 9.5% from Baht 419 million at the end of 2009, reflecting a proportionate recognition of CSL's net profit for 2010 amounting to Baht 170 million, the unrealized gain from the reduction in investment in the associate of Baht 1 million, offset by the dividend paid of Baht 130 million.

## Property, plant and equipment

Property, Plant and Equipment (PP&E) at the end of 2010 was Baht 5,263 million, a decrease of Baht 783 million or 13.0% from Baht 6,046 million at the end of 2009. This was mainly due to depreciation and amortization of PP&E of Baht 1,131 million, foreign currency translation adjustments of Baht 358 million, offset by the purchase of assets of Baht 720 million in 2010 most of which were assets for the expansion of telephone network in Lao PDR and Cambodia, and satellite equipment. PP&E at the end of 2010 also included the assets under operating agreements of Mfone of approximately Baht 2,318 million, down Baht 655 million from Baht 2,973 million at the end of 2009.

## PP&E under operating agreements

PP&E under operating agreements at the end of 2010 was Baht 14,177 million, a decrease of Baht 1,351 million from Baht 15,528 million at the end of 2009 mostly due to depreciation and amortization expenses in 2010.

## Borrowings and Shareholders' equity

The Company's net borrowings at the end of 2010 were Baht 8,398 million, a decrease of Baht 391 million from Baht 8,789 million at the end of 2009. This was mainly due to the repayments of long-term borrowings made by Mfone, DTV and IPA, and a gain on exchange rate from the appreciation of Baht against USD.

The Company's shareholders' equity at the end of 2010 was Baht 14,679 million, a decrease of Baht 947 million from Baht 15,626 million at the end of 2009, reflecting a net loss for 2010 of Baht 789 million, and a translation loss relating to financial statements of foreign operations of Baht 149 million.

With lower net borrowings and shareholders' equity for the period ended December 31, 2010, the ratio of net borrowings to equity at the end of 2010 was 0.57 times, slightly up from 0.56 times at the end of 2009.

## Cash flow

The Company's net cash inflow from operating activities for 2010 was Baht 1,835 million. Net cash outflow from investing activities was Baht 571 million, mainly due to payments of Baht 698 million for the satellite equipment and the expansion of telephone network. The Company had net cash outflows from financing activities of Baht 786 million mainly due to long-term loan repayments of Baht 351 million including the loan repayments for the expansion of telephone network in Cambodia, the repayment of long-term loans of DTV and IPA and short-term loan repayment of Baht 81 million mostly from satellite business and interest payment of Baht 493 million, offset by the proceeds from long-term borrowings of Baht 139 million.

The Company had ending cash of Baht 1,272 million on December 31, 2010.

## V. Impact from the Change in Accounting Standards to be in accordance with International Financial Reporting Standards “IFRS”

During 2010, the Federation of Accounting Professions “FAP” announced the revision of TAS and TFRS, totally 25 standards, some are to replace existing standards and some are additional standards. These standards were published in the Royal Thai Government Gazette. In addition, there are drafts of TAS and TFRS that are expected to be announced in the future.

At present, the Group has early adopted TAS 12 *Income Taxes*, but has not yet adopted other accounting standards that are announced by FAP and have effective for the accounting periods beginning on or after January 1, 2011, including the draft of accounting standards.

If these accounting standards are adopted, the Group believes that the impacts of adopting these TAS and TFRS shall have no material impact on the consolidated and the separate financial statements of the Company except the new TAS 19 *Employee Benefits*.

The principal changes introduced by the revised TAS 16 *Property, Plant and Equipment* and affecting the Group are that (i) costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation; (ii) the depreciation charge has to be determined separately for each significant part of an asset; and (iii) in determining the depreciable amount, the residual value of an item of property, plant and equipment has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

The revised TAS 16 permits as a transitional provision that these changes may be introduced prospectively from the year of introduction. Management intends to adopt this transitional provision and accordingly the introduction of the revised TAS 16 from January 1, 2011 has no impact on the financial statements of 2010 or prior years. Management has already reviewed the impact on the 2011 financial statements of introducing the revised TAS 16 from January 1, 2011 concluding that the effects are not significant.

However, the new TAS 19 *Employee Benefits*, effective on January 1, 2011, may have material impact on the financial statements in the period of initial application. The Group has to recognize a liability when an employee has provided service in exchange for benefits to be paid in the future. The Group/the Company intends to adopt transitional provision that permits the transitional liability to be recognized and accounted for immediately in equity (retained earnings) at the transition date. Management has determined that the transitional liability as at January 1, 2011 for post-employment benefits are Baht 148.3 million for the Group and Baht 88.6 million for the Company.

### Auditor's Remunerations

During the year 2010, the Company and its subsidiaries paid remunerations as follow:

1. Paid to the Company's Auditor at Baht 4.22 million and to the Auditor's auditing office and its related parties at Baht 4.94 million.
2. Paid remunerations for non-audit consulting service to the Auditor's auditing office and its related parties at Baht 6.45 million and the future payable amount is Baht 6.21 million.

This document contains certain forward-looking statements. They refer to future events and to the future financial performance of the Companies. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe" or "continue." Although the Companies believe that the expectations reflected in such forward-looking statements are reasonable at this time, it can give no assurance that such expectations will prove to be correct. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.



## Corporate Social Responsibility

### OUR BELIEF

THAICOM believes that, as a socially responsible corporation, it should encourage the development of society and play an active role in its development. The Company's social contribution theme is always linked with "**education**". That is, the Company aims to contribute to society by helping to further the development of education. We believe that "**children**" are the most valued assets in society.

As most people are familiar, the CSR concept has been adopted around the world and has become an international standard for many leading companies, among them large telecommunications companies. CSR is a concept to integrate business as part of the whole society, as part of the surrounding environment and world that we live in. Businesses need to foster relationships with employees, customers, vendors, shareholders, investors, partners, community and other related stakeholders.

## OUR SOCIAL RESPONSIBILITY OBJECTIVES:

Since the company's main business is "satellite", we therefore aim to utilize the "satellite" assets for maximum benefits to all our stakeholders. Our first and foremost, the Company's social responsibility theme since we launched the first THAICOM satellite into the orbit has always remained to be "education". The satellite is an effective vehicle in delivering the same quality of transmission within a large coverage area to people. This means wherever "children" are, they can receive nearly the same educational contents as children living in the city. In remote areas of Thailand as well as in other Asian countries, many rural children lack of equal opportunity in education.

- Aiming to promote education and closing the educational gap between the students in the city and remote areas of Thailand
- Supporting schools where there is a lack of teachers or lack of specific knowledge of teachers by donating satellite dish sets
- Encouraging employees to be a "good and responsible" citizenship to the society by engaging in CSR activities inside and outside the company on a "voluntary basis"
- Endorsing the company as the satellite knowledge centre to the public
- Further enhancing the "school" and develop it as the 'sustainable knowledge center' for the community and the children

## OUR PROJECTS:

### Thai Kids Thaicom Project

#### ***Donation of a DTV satellite dish sets with TV, targeting 999 remote schools in Thailand***

Thai Kids Thaicom is the current corporate social responsibility project of THAICOM, launched in September 2009. The project aims to promote education and closing the educational gap between the students in the city and remote areas of Thailand. We encourage the use of THAICOM satellite as the educational source. Every students wherever they are in Thailand can watch the education channels to develop their knowledge.

Under the Thai Kids Thaicom project, THAICOM is aiming to donate a DTV - satellite TV dish set with a television set to 999 schools across the country in the remote areas where there is lack of teachers and that matches the Company's criteria.



### Our Criteria:

- Elementary or secondary school with at least 80-100 students
- Ratio of students per teacher of 20 to 1
- Located in the remote areas and far from the city center
- Does not have a satellite dish to receive educational programs

All selected schools can watch the education channels, “DLTV”, which currently broadcasts a total of 15 educational channels from Kraikangwon Palace School, at Hua-Hin district, Prachuap Khiri Khan Province of Thailand. DLTV provides not only the Thai standard educational programs (Grade 1-12), but also the vocational training channel (Tailor, Hair-dresser, Technician, Cooking) to the general public.

In addition, THAICOM also provides on-going support and maintenance of the satellite TV dish sets donated to the schools under the Thai Kids Thaicom project.

Presently, THAICOM has already donated and installed the satellite-DTV dish set with television to the total of 759 schools (as of February 9, 2011) across the country. We are expected to reach the Thai Kids Thaicom project’s goal of 999 schools within 2011, which is two years faster than we planned. However, we will launch a continued campaign for donating satellite dish and television sets in the future.

In 2011, THAICOM is planning to launch the “Thai Kids THAICOM Toys Library” borrowing the concept and system support from the Meechai Viravaidya Foundation. It aims to collect toys such as dolls, knowledge development games, wood crafts toys that help develop a learning process of the students. The Toy Library will be set up at selected schools under the Thai Kids Thaicom Project. The Company will request for a donation of these types of toys from children in the city, Thaicom staff, and the general public. The Toy Library not only teaches children self-learning, but is also teaches them how to “share” and “donate” the toys to others. In addition, children who are capable to borrow the toy must do something “good” first in exchange with the toy.

## Providing Educational Fund towards Drawing Competition

In the second half of 2010, THAICOM provided educational funds totaling 100,000 baht to students who are studying in the schools under the Thai Kids Thaicom Project, through the drawing competition. The theme concept of the drawing competition was "My Satellite" which the students can use their imagination on 'the benefits of the satellite'. More than 300 students across the country participated and 30 students had been rewarded.

Thai Kids Thaicom project is planning to launch other activities to school children to encourage their imagination in the near future.

## Further Promoting Schools as a "Sustainable Knowledge Center" for the Community

After the successful outcome of the Thai Kids Thaicom project last year, the Company foresees the importance and relevance that 'schools' can help in developing its community. Schools can play a vital role not only provide standard education to children, but also to provide knowledge which is suitable and beneficial for the children's future career as well as their family's career. At the end of 2010, we chose "Baan Bahai School" and "Bann Ta Long School" in Khong Jiam district, Ubon Ratchathani province as the two first "pilot schools" to implement the concept of "a sustainable knowledge center. The Company has urged the school director together with the community leaders and teachers to create what they want to develop their community. We sponsored career observation trips to Meechai Viravaidya Foundation Project in Buri Ram and Sakon Nakhon and also sponsored the construction of the necessary facilities at both schools to support the project.

At the end of 2010, we contacted the Dean of Faculty of Science, Ubon Ratchathani University for her advice regarding community interests such as herb processing, grow mushrooms, etc. In 2011, the Company is planning to sign the Memorandum of Understanding for cooperation with Ubon Ratchathani University, Community and Baan Bahai school for developing school to be "a sustainable knowledge center."

## Continue Promoting Science Education

Since 1994, the Company founded the Satellite Exhibition at the THAICOM Satellite Station in Nonthaburi to disseminate knowledge on the history and development of satellite telecommunications. Every year, Thaicom Satellite station receives to more than 30 groups of visitors (ranging from 10-150 persons per group) from schools, universities, educational institutes, Government Agencies, Military, private companies, etc. from Bangkok, other provinces and overseas. The Company provides a satellite station facilities tour and gives information on satellites and related fields by experts from Thaicom satellite engineers. This program is free of charge to all visitors.



**Publishing a Satellite Book: “Learning about the Satellite with THAICOM”**

THAICOM’s intention has always been to provide knowledge regarding the satellite field. THAICOM has produced a book named “Knowledge about the Satellite” to give away to children and the general public free of charge. This book contains information such as explaining what a satellite is, how satellites work, how to control satellites and about satellite launchers with graphics to help explain. The Company gathered information from many sources as well as our own experts in the satellite field. In 2010, we published the second edition of this book.

**Launching a Satellite Cartoon Book for Kids: “The Rabbit Moon” Episode: Getting to Know About the Satellite**

In early 2010, the Company produced a cartoon satellite book version using a cute animal character, “rabbit”, a young girl name “Pang” and a “THAICOM” engineer, about her adventures in outer space. This cartoon targets “kids”. It contains general information about the THAICOM satellites similar to the “Learning about the Satellite with THAICOM” book. However, this book is very easy for kids to read and understand. The Company has distributed this book for free to children.

**Supporting Children’s Day**

THAICOM continues to support gifts for Children’s Day to schools under our social responsibility projects, to requested schools, communities, government agencies, military camps in Bangkok, Nonthaburi, Pathumthani, and other provinces. These gifts are used for Children’s Day activities at the requesters’ sites. In 2011, we gave away pencil cases with pencils, paper note books, hats, pens, and cartoon bag tag. Total value of these given away items was approximately 200,000 baht, and was donated to more than 40 schools, institutions and organizations.



## Encouraging Employees to take active role in the community

THAICOM is encouraging its employees to be involve in social responsibility activities on the voluntary basis. The Company aims to stimulate employees' perception and behavior to be a good and responsible citizen of society'.The involvement of THAICOM employees in CSR activities includes selecting schools in desired province (s) or their hometown for the Thai Kids THAICOM project and participating in on-site CSR school activities. In the last two years, THAICOM has added CSR activities in the annual employee outing program.

In September 2010, the Company brought employees to join CSR activities in three schools near the outing venue in Saraburi and Nakhon Ratchasima. Besides the donation and installation of the satellite dish and television set under Thai Kids THAICOM project to these schools, other activities included painting school buildings, cleaning and re-setting school library shelves, repairing school buildings, playing sports and fun games with students, and hosting lunch, etc. As mentioned earlier, the participation of staff on our CSR activity is based on a volunteer basis.

In addition, whenever there is a need for donation from the general public due to natural disasters, the Company will donate in certain amount of money and also encourage employees who want to donate either necessities or money to the victims along with the Company.

Last year, there were severe flooding in Nakhon Ratchasima and THAICOM donated 100,000 baht in cash and the employees donated approximately 15,200 baht in cash with the necessities valued at least 40,000 baht to the victims through Thai Channel 9 Television Station. We also provided manpower support at Channel 9 Station by helping pack the necessities so that it can be easily given away at the flooding areas.

During November every year, THAICOM encouraged staff to participate in the social contribution activity to celebrate the Company's Anniversary. Last year, we sponsored dinner and donated necessities to the "Boys' Orphanage" in Pakkred, Nonthaburi where there are more than 200 boys registered in this center. The staff had also donated money and the necessities that were requested by this center. Total value of the donation was approximately 16,000 baht. In addition, volunteer staff of more than 40 joined the activity on site with the boys to entertain during their dinner.

## Using our Strengths in the Satellite Business to Support Disaster Recovery Management

THAICOM is the only commercial satellite operator in Thailand at present; therefore it is important that we utilize the satellite capacity for the benefit of the nation. One of the major areas which “Satellites” is ideal is for fast deployment and restoration of communication networks during disasters.

In November 2010, THAICOM helped recover a mobile-phone network during severe flooding in the South of Thailand. All mobile networks were affected causing cuts on communications. Therefore THAICOM provided the IPSTAR network via THAICOM 4 satellite to help Advanced Info Service Public Company Limited (AIS) recover their mobile phone network. THAICOM provided a total of 20 IPSTAR satellite terminals which were used to connect temporary mobile cell sites (FemtoCell) in the affected areas. The IPSTAR satellite terminal is easily set up and can be connected to alternate energy sources such as solar panels and batteries. During this event, IPSTAR also helped victims for charging their mobile phones using our vehicle’s battery (IPSTAR Mobile VSAT Vehicle).

THAICOM provided IPSTAR solution in past disasters including the 2004 Asian Tsunami and the 2008 Sichuan earthquake, China.

## Supporting “Distance Learning Education Foundation” (DLEF)

THAICOM has provided support to DLEF since the Company launched the THAICOM 1 satellite in 1993. The Company provides full-time manpower to help broadcast the DLTV channels through the THAICOM satellite from the Krai-Kang Won Palace School, Hua Hin district, Pra chuap Khiri Khan Province. Currently, we have sent four engineering and technical staff for the broadcasting tasks. We have also donated 300,000 baht per year for the last 10 years starting from 2000, instead of hiring two security guards for the school which we paid since 1995. In addition, we support the DLEF activities using our IPSTAR Mobile VSAT Vehicle and bandwidth allocation. For example, the DLEF generally visits three times a year to provincial schools under the DLEF project.



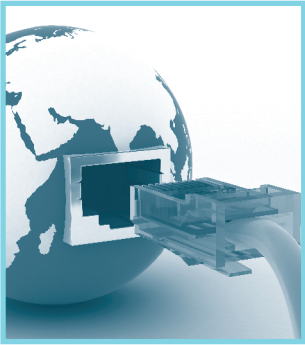
## Providing Education Funds to Mae-Fah Luang University

Since 2005, THAICOM has rented space in Mae-Fah Luang University, Chiang-Rai Province to be used as the "Reference Site" for the Satellite signals of the THAICOM 4. The Company has proposed to Mae-Fah Luang University to use some of the rental fee which is 80,000 baht from more than hundred thousand baht per year as the scholarships for the undergraduate students until present. This amount can create more leverage for the company's social responsibility to help poor students and also relevant to the major CSR objective of the Company to participate in the promotion of "education" for society.

## Providing On-the-Job Training and Apprenticeship to the Engineering Faculty of Thai Universities

Throughout the years, THAICOM has provided on-the-job training to the undergraduate and graduate students from the Thai universities, especially in the Faculty of Engineering. With more than 19 years of experience in the satellite field with R&D in many related technologies on both broadcast and telecom fields, our engineering team provides coaching and knowledge in their fields. The Company has also supported by recruiting interns and sponsoring the "Senior Projects" of these students. The Company has not only provided the satellite professional knowledge and related fields to these students, but the Company also gained benefits from future recruitment to the outstanding students. The students can learn what are today's latest technology and trends which they may not be able to find in their class room.

In January 2011, THAICOM signed the Memorandum of Understanding with the King Mongkut's Institute of Technology Ladkrabang (KMTL), to jointly support "Senior Projects" for its students. THAICOM will offer funds for KMTL student in the Faculty of Engineering, during their apprenticeship at THAICOM.



## Glossary

### Analog

A variable signal continuous in both time and amplitude.

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### Asymmetric Digital Subscriber Line (ADSL)

ADSL is a form of DSL, a data communications technology that enables fast data transmission over copper telephone lines. The volume of data flow is greater in the “download” direction than the “upload” direction.

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### ASIC (Application Specific Integrated Circuit)

An Integrated Circuit (“IC”) is designed for a particular application. For example, the ASIC chip built by connecting existing circuit building blocks in new ways that is designed to decode digital signals.

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### Asymmetric

A type of data transmission that has a different (or asymmetric) downstream and upstream rate.

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### Bandwidth

A range of frequencies occupied by an electronic signal. Bandwidth also refers to data (information) transmission rates when communicating over certain media or devices. Any digital or analog signal has a bandwidth. Bandwidth is measured in Megabits per second.

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### Bit

A binary digit. The smallest unit of information that can take on one of two values, such as true or false or zero or one.

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### Broadband

A type of high-speed data transmission through Internet Protocol ("IP").

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### Broadcast Beam

A group of transponders aimed at the Earth's surface as a result of combining of a number of SPOT Beams. The level of combining may vary according to the service area. It is mostly used in one-way communication.

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### Byte

The unit of digital storage that is larger than a "bit", typically consists of eight bits.

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### C-band

The frequency range from 4-8 GHz, covers large footprint. C-band needs a large dish to receive signals. It is suitable for general telecommunications services such as audio, video or data transmission.

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### Cable Modem

A type of modem that provides access to a data signal sent over the cable television infrastructure. It can achieve up to 4 Mbps. Everyone in the neighborhood shares the bandwidth therefore, the more people using the Internet, the slower it becomes.

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### Compression

A way of squeezing more data through a transponder.

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### Compressed Video

A digital transmission process used to transmit a video signal. When the vast amount of information in a video transmission is compressed into a fraction of its former bandwidth by a codec, the resulting compressed video can be transmitted more economically and through existing phone lines. While compressed video requires less bandwidth, signal quality may be reduced. For Example, picture quality is generally not as good as full-motion video. Quick motions often appear somewhat blurred. This quality issue is becoming less of a concern as more and more playback systems for compressed video.

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### Digital

A type of data stored in two statuses (i.e., opened or closed status, or number 0 or 1).

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### Digital Broadcasting

Converting TV pictures to numbers when transmitting and re-converting them to pictures when they are received.

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### Digital Direct-to-Home (DTH)

Digital signals transmitted directly to the customer's home.

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### Digital Subscriber Line (DSL)

A technology that provides digital data transmission over the wires of a local telephone network. Typically, the download speed of consumer DSL services ranges from 256 kilobits per second (Kbps) to 24,000 Kbps, depending on DSL technology, line conditions and service level implemented. Customers must be within 5 kilometers from the telephone exchanges. DSL is suitable for densely populated towns.

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### Digital Video Broadcast (DVB)

A suite of internationally accepted, open standards for digital television.

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### Dish

An earthbound dish-shaped antenna used for receiving satellite signals. Also referred to as downlink dish and ground receiving dish.

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### Downlink

After a ground station send the signal to the satellite, the antenna on the spacecraft will transmit data and voice signals and repeat to the desired location on Earth within the footprint coverage, called "Downlink".

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### Downloading

A procedure for transferring or retrieving a file from a distant computer.

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### Encryption

The process of obscuring information to make it unreadable without special knowledge or proper equipment sometimes referred to as scrambling.

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### Fiber Optics

A technology that uses glass (or plastic) threads (fibers) to transmit data. Fiber optic cables are high-cost to install and more fragile than wire and difficult to splice.

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### Free-to-Air

A term used to describe television (TV) and radio broadcasts which are broadcast unencrypted and may therefore be picked up via any suitable receiver.

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### Frequency

The rate of change of phase of a sinusoidal waveform.

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### Gateway

Two meanings: 1) In Networking: a gateway is a medium of data transmission from one network to other networks. 2) In a satellite system (including IPSTAR), a gateway is a main earth station that links the satellite system to the ground system (i.e. the Internet).

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### Geostationary Earth Orbit (GEO)

A geostationary orbit mostly used for communication purposes, directly above the Earth's equator (0° latitude), at an altitude of approximately 35,786 km above ground. In geostationary orbits, a satellite rotates around the Earth with an angular velocity equal to the Earth's rotation so that the satellite appears stationary with respect to a fixed point on the rotating Earth. GEO takes only three or four satellites to cover the Earth's surface (except the area around the North and South Pole).

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### Hertz (Hz)

A unit of frequency, equal to one cycle per second of a sound wave or electromagnetic wave.

1 Gigahertz (GHz) = 1,000,000,000 Hertz

1 Megahertz (MHz) = 1,000,000 Hertz

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### High Definition Television (HDTV)

An improved television system which provides approximately twice the vertical and horizontal resolution of existing television standards. It also provides audio quality approaching that of compact discs. HDTV provides the resolution of 2 million pixels (1,920 x 1,080 active lines). That is four (4) times that of traditional TV formats such as NTSC, SECAM, PAL.

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### Inter Broadcast

International television broadcaster.

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### Integrated Services Digital Network (ISDN)

A circuit-switched telephone network system, designed to allow digital transmission of voice and data over ordinary telephone copper wires, resulting in better quality and higher speeds than that available with the PSTN system. Data travels at 64 - 128K bits per second.

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### Internet Protocol Television (IPTV)

A system where a digital television service is delivered using packets over a network infrastructure. For residential users, IPTV is often provided in conjunction with Video on Demand and may be bundled with Internet services such as Internet access and VoIP<sup>1</sup>. Despite its name, IPTV typically does not come to consumers over the Internet, but over carrier owned fiber optic, or coaxial cables. IPTV is provided by cable TV companies, telephone companies, and soon by electric utilities using BPL.

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### **IPSTAR-1 Satellite**

The Thaicom 4 satellite.

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### **Ka-band**

The frequency range from 18-31 GHz covers a very small foot print. Small dishes are enough to receive signals from the satellite for home users. It is normally used in communicating to and from the satellite, such as transmissions from the IPSTAR gateway to the THAICOM 4 (IPSTAR) satellite.

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### **Ku-band**

The frequency range from 12-18 GHz, suitable for DTH video broadcasting services. Ku-band is also an ideal for satellite broadband Internet applications, allowing users to access web pages, video and other multimedia data at high speed, direct from the satellite network to internet users.

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### **Leased Line**

A symmetric telecommunications line connecting two locations together.

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### **Local Multipoint Distribution Service (LMDS)**

A broadband wireless access technology that uses microwave signals operating between the 26 GHz and 29 GHz bands. LMDS is a point-to-multipoint, fixed wireless technology for the last mile.

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### **Low Earth Orbit (LEO)**

An orbit within the locus extending from the Earth's surface up to an altitude of 2,000 km. The commonly accepted definition for LEO is between 200–2,000 km above the Earth's surface. LEO satellite can circle the Earth in about an hour and a half but require at least 32 satellites to cover the Earth.

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### **Medium Earth Orbit (MEO)**

The region of space around the Earth above low Earth orbit (2,000 km) and below geostationary orbit (35,786 km), requiring 10-20 satellites to cover the Earth.

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### Microwave

Electromagnetic waves with wavelengths approximately in the range of 30 cm (frequency = 1 GHz) to 1 mm (300 GHz).

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### Modulate

To transform data to the suitable format before sending to any communication mean such as modulating a digital signal to be transmitted to a satellite.

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### Multi-Channel Multipoint Distribution Service (MMDS)

A wireless telecommunications technology, used for general-purpose broadband networking or, more commonly, as an alternative method of cable television programming reception. The MMDS band uses microwave frequencies from 2 GHz to 3 GHz in range.

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### Multi-Channel Per Carrier (MCPC)

A type of data transmission by blending multiple channels into a common carrier, as in blending television signals into a common carrier to be transmitted to a satellite.

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### Multimedia

Systems that support the interactive use of text, audio, still images, video, and graphics. Each of these elements must be converted in some way from analog to digital before they can be used in a computer application. Thus, the distinction of multimedia is the convergence of previously diverse systems.

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### Point-to-Multipoint

A specific type of multipoint link which consists of a central connection endpoint (CE) that is connected to multiple peripheral CEs. Any transmission of data that originates from the central CE is received by all of the peripheral CEs while any transmission of data that originates from any of the peripheral CEs is only received by the central CE.

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### Point-to-Point

A dedicated link that connects exactly two communications facilities.

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### Quarter TV

Broadcasts of approximately one quarter of the normal quality. Most often used by customers for in-house training courses.

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### Radio Frequency (RF)

Frequencies between 100 KHz and 20 GHz.

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### Shaped Beam

A satellite signal that is modified to have a suitable shape for different geographical area coverage. Mostly used in two-way communication service in an opened and less populated area.

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### Spot Beam

A satellite signal that is specially concentrated in power so that it will cover only a limited geographic area. When seen from the satellite, the Spot Beam covers the service areas in multiple, narrowed, circular-shaped footprints connected in the shape of a cellular network. It is a suitable beam type for two-way communications services over a densely populated area.

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### Streaming

Playing video or sound in real time as it is downloaded over the Internet. Data is decompressed and played (by use of a web browser plug-in) as it is transferred to your computer over the World Wide Web. Streaming requires a powerful computer and fast connection since the file is not stored on your computer.

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### Teleport

A teleport (telecommunications port) is an earth station providing a comprehensive range of television and radio broadcasting and telecommunications services, including networking service and high quality internet service to user in remote area.

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### Terminal

The end point of a network. In the IPSTAR system, it refers to the satellite modem (internal unit) and the satellite dish, including cables (external unit).

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### Transponder

An electronic device, inside a satellite, that uses the satellite dish to receive signals from the teleport, lower the signals' frequency, amplifies them, then retransmits them to a ground teleport. Two or three transponders aimed at a target area are called a beam, hence "India Beam" for a group of transponders that cover India.

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### Turnaround Service

The act of receiving signals from other satellites and re-sending them to a Thaicom satellite.

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### Turnkey Service

An integrated service that is readily usable by buyer.

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### TTC & M

The abbreviation of Telemetry, Tracking, Command and Monitoring, which is an operation system for satellite control.

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### Uplink

The act of transmitting a signal up to a satellite. The communications satellite is act as a repeater to a ground station. The ground station will sent a signal through the microwave up to the satellite. The link from a satellite to a ground station is called "Uplink".

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### Uploading

A transfer of copies of files from one computer to a remote database or another computer. It is a reverse of "Downloading".

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### Very Small Aperture Terminal (VSAT)

A system that provides sound, data and pictures by sending and receiving computer data and other telecommunication data via satellite.

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### 3G – Third Generation

An advanced cell phone system (which GSM was the second generation system) that includes the availability of broadband on cell phones.

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### Wi-Fi

A broadband transmission system that transmits over the air at frequencies of 2.4 GHz or 5 GHz. This frequency is considerably higher than the frequencies used for cell phones, walkie-talkies and televisions. The higher frequency allows the signal to carry more data. Wi-Fi transmits and receives in short distances of about 100 feet (30.48 m.)

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### WiMAX

WiMAX is a wireless broadband transmission system known as IEEE 802.16e. Unlike WiFi which has a maximum range of about 100 feet, WiMAX may reach three miles or more. With new chips WiMAX may be accessed by cell phones and laptops.

## Other References

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SET ticker	THCOM
Reuters	THCOM.BK
Bloomberg	THCOM TB

Foreign limit : 40%

Fiscal year ends : December 31

External Auditor : KPMG Phoomchai Audit Ltd.

The Company and its subsidiaries have a policy to issue a dividend of not less than, 40% and not more than 60% of net profit after tax if the funds are not required elsewhere or when the payment would have no significant effect on the running of the Company or its subsidiaries.





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