



**In Pursuit
of Growth**

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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Financial Highlights (Consolidated)

In million Baht, except per share values in Baht

	2009	2010	2011
Operating results			
Total Revenue	7,685	6,807	7,404
Service and Sales Revenue	7,188	6,700	7,254
Gross Profit	1,060	849	1,781
Operating Profit (Loss)	(117)	(624)	253
Net Profit (Loss)	(471)	(806)	(490)
EBITDA	2,655	1,963	2,861
Financial Position			
Total Assets	27,419	25,868	27,216
Total Liabilities	11,912	11,325	13,039
Shareholders' Equity	15,507	14,543	14,176
Financial Ratios			
Current Ratio	0.98	0.89	0.69
Debt to Equity Ratio	0.57	0.58	0.72
Gross Profit Margin	15%	13%	25%
Operating Profit Margin	(2%)	(9%)	3%
EBITDA Margin	37%	29%	39%
Net Profit Margin	(6%)	(12%)	(7%)
Return on Asset	(2%)	(3%)	(2%)
Return on Shareholders' Equity	(3%)	(5%)	(3%)
Earning per Share	(0.43)	(0.74)	(0.45)
Book Value per Share	14.11	13.23	12.90

As of 31 December 2011

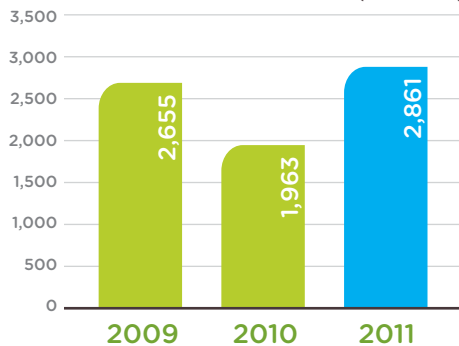
In Pursuit of Growth

We are propelled by the goal for a better tomorrow, engaged in the mission to serve the different needs of people better. Together with our partners, our mission is to deliver new opportunities in media and communications, along with premium services and innovative solutions.

THAICOM revolves around you

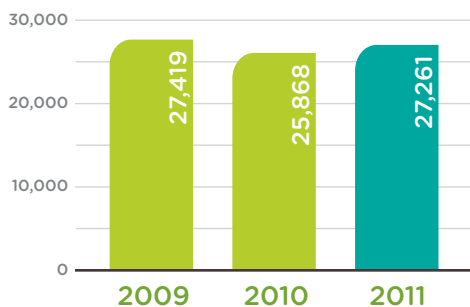
EBITDA

(Million Baht)



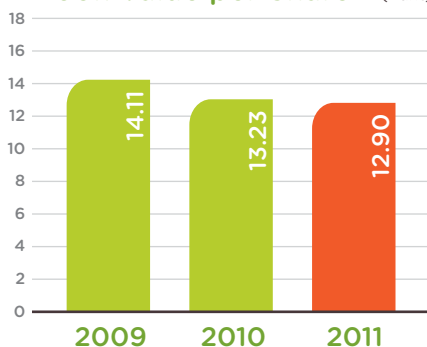
Total Assets

(Million Baht)



Book Value per Share

(Baht)



A satellite view of Earth from space, showing a vast expanse of blue oceans and white clouds. The horizon is visible in the upper right, with a bright light source creating a lens flare effect. A large, semi-transparent white circle is positioned on the right side of the image, partially overlapping the horizon.

MISSIONS LAUNCHED

Envisioning future demand,
THAICOM is on a mission to best serve
the needs of today and tomorrow.

A small graphic of a satellite launch, showing a white trail and a bright starburst at the point of launch.

*Two new THAICOM satellites will join the constellation,
THAICOM 6 in 2013 and THAICOM 7 in 2014.*





PARTNERSHIP ESTABLISHED

Premium quality service and superior innovation are the foundation on which our long-term relationships are built.

THAICOM inked a partnership agreement with MEASAT Global for IPSTAR Bandwidth to provide a complete range of broadcast and telecommunications services in Malaysia.





DISTANCE REACHED

The world's most advanced high-speed satellite internet technology has removed the distance barrier and expanded opportunities.

Chosen as a part of Australia's National Broadband Network Plan, IPSTAR joined forces with NBN Co in providing the high-speed broadband service.





DIFFERENCES PERCEIVED

With a variety of programs to accommodate the needs of the viewer, satellite television is widely acclaimed as the media choice of the future.

THAICOM 5, the region's "Hot Bird", carries more than 400 television channels and caters to viewers nationwide with six million satellite dishes.



An aerial photograph showing the aftermath of a disaster. A large, teal-colored corrugated metal roof has collapsed and is surrounded by a massive pile of debris, including wooden planks, metal scraps, and other building materials. In the background, a paved road is visible with a few people walking through the wreckage. The overall scene is one of significant destruction.

TRUST GAINED

When disaster strikes, the most reliable and resilient communication systems become a pillar of hope, connecting people in their time of need.

In Japan's 9.0-Richter earthquake, IPSTAR contributed to the rapid recovery of 3G base stations and promptly restored communication in high-risk areas.



DREAMS FULFILLED

THAICOM's distance learning via satellite fulfills the needs of Thai children by bridging the education gap.

The "Thai Kids, THAICOM" Project won the first prize for Corporate Social Responsibility from The World Teleport Association. The "Thai Kids, THAICOM 2" Project was launched in January 2012 to deliver 999 sets of satellite reception equipment to schools in remote areas nationwide.





Corporate Social Responsibility

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 concept is always linked with education. Since the company's core business is satellite operations, we aim to utilize the satellite assets to bring the maximum benefits to our stakeholders. Satellites are an effective vehicle in delivering the same quality of transmission to people across a large geographical area. This means that wherever children are, they can receive the same educational contents as children living in the city. If we believe that children are our most valuable resource, providing support in education to these children will inevitably lead to the future strength of the nation.

Strengthen Thai Youth, Strengthen Thailand

- Aim to promote education and closing the educational gap between rural and urban students throughout Thailand
- Support schools where there is a lack of teachers or lack of specific knowledge by donating satellite dish sets
- Enhance collaboration between organizations for the interests of society
- Encourage employees to be "good and responsible" citizens by engaging in CSR activities inside and outside the company on a voluntary basis
- Endorse the company as the satellite knowledge centre
- Enhance schools and develop them as sustainable knowledge centers for the community and children
- Continue to provide support to the schools under the Thai Kids THAICOM project

THAI KIDS THAICOM Project

The first Thai Kids THAICOM project was launched on 14 September 2009. THAICOM 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 satellites as a source for education. Over a two-year period, the Company reached its target of donating DTV - satellite TV dish sets and televisions to 999 schools across the country. A satisfaction survey at the schools under this project, shows that 81% have gained advantages from watching the education programs. There are more than 160,000 students watching the educational channels through the Thai Kids THAICOM project.



With the success of the first project, THAICOM launched the second phase of Thai Kids THAICOM on 12 January 2012. With its continuing commitment to bridging the educational gap of children in Thailand, Thai Kids THAICOM 2 will expand the equal opportunity in education to the Department of Non-Formal and Informal Education. The second project aims to donate another 999 satellite dishes and television sets to primary schools, secondary schools, schools under the Department of Non-Formal and Informal Education (NFE), NGO youth groups, and



Vocational/University students who volunteer to install satellite dishes at remote schools throughout the country. The project period is three years. Thai Kids THAICOM also plans to install more set-top boxes at schools under the first program to provide on-going support for them.

The objective of Thai Kids THAICOM 2 is to seek cooperation with partners to jointly carry out activities such as collaboration with Non-Formal and Informal Education and Vocational schools for THAICOM training on “How To Install A Satellite Dish.” A clear example of this is the cooperation with the Faculty of Science, Ubon Ratchathani University to develop and support Baan Bahai School to become a sustainable knowledge center for children and the community.

The THAICOM training on “How to Install a Satellite Dish” aims to create a network of volunteers around the country, and promote cooperation in social activities between the Company and various target groups. With the cooperation of the Department of Non-Formal and Informal Education and Vocational Education Schools, the Company is targeting these college and university students in different parts of Thailand as volunteers to be trained and become installers of satellite dishes as well as gain some knowledge about satellites. THAICOM, through the training course, will provide these students with knowledge and understanding of satellite dish installation at a level that they can use for their future career.

In addition, the Company wants to promote awareness of “volunteering” in social activities through these students. Activities such as these may help to expand CSR activities by these students in the future.

THAICOM remains committed to the participants of the first Thai Kids THAICOM project. The Company will continue to provide maintenance for the satellite dish sets, and help when natural disasters occur. After the floods last year, THAICOM helped to repair school buildings, painting and cleaning them, and donated classroom doors, and bought fish for schools in Nonthaburi and Pathumthani.

THAICOM “VOLUNTEERS”

THAICOM supports and encourages its employees to be “volunteers” to help society. The Company aims to stimulate employees’ perception and behavior to be a good and responsible citizen of society.

Last year, although many of the employees suffered from the flooding as the majority live in the affected areas including Nonthaburi and Pathumthani provinces, they united as “volunteers” to help those who have suffered even more. Together THAICOM employees donated food, money and essential supplies to relief efforts throughout Pathumthani and Nonthaburi provinces.



Help school recovery... bring educational life back to normal for children after severe flooding

After the floods had receded in late 2011, the Company also helped restore schools under the Thai Kids THAICOM Project in Nonthaburi and Pathumthani. Twelve schools received support ranging from assistance in cleaning to repairs of class rooms.



Schools as Sustainable Knowledge Centers

In addition to the Thai Kids THAICOM Project, the company also initiated a program to turn schools into sustainable knowledge centers for children and communities. The Baan Bahai School in Khong Jiam, Ubon Ratchathani province, was selected as our pilot school to implement this concept.

After launching the first two pilot schools, Baan Bahai and Baan Ta Long Schools in Khong Jiam district, Ubon Ratchathani province, under the "sustainable knowledge center" concept, the company has further supported the construction of "learning centers" in these schools.



In collaboration with the Dean of the Faculty of Science, Ubon Ratchathani University, we have provided career training courses for Baan Bahai School. The courses covered four different areas: 1) Bio-Fertilizer production, 2) Mushroom Cultivation, 3) Thai Traditional Medicine, and 4) the Cultivation of Rice. When evaluating the projects, we found that the Bio-Fertilizer course was the most popular in the community. The bio-fertilizer can be used in gardens or on agricultural land, reducing costs and improving the soil.

In late 2011, the company provided support by purchasing a grinding machine to use chopped leaves and wood as raw materials in the production of the bio-fertilizer. In 2011, with the cooperation from Ubon

Ratchathani University, we

provided training in the cultivation of mushrooms (straw mushrooms and timber mushrooms) and an experiment on growing organic rice to make organic rice products. With the Thai Traditional Medicine group, we cooperated with Khong Jiam Hospital to train participants in how to make herbal compress products and give Thai massages. We also encourage the community to learn about their local herbs and medicinal plants so that they can use them in their households or produce herbal products for the community.



In 2012, the company plans to continue to support the activities of Baan Bahai School. Such activities should be of benefit to the students and the community by increasing incomes and providing them with a sustainable knowledge center.

The use of satellites in disaster management for the benefit of society

THAICOM is the only commercial satellite operator in Thailand. It is our commitment to use satellites for the interests of the country. Our IPSTAR satellite system, via the THAICOM 4 satellite, is ideally suited to quickly help restore communication networks during disasters.

IPSTAR provides bandwidth for rescue teams after New Zealand's earthquake

IPSTAR New Zealand (IPNZ), THAICOM's subsidiary, provided IPSTAR bandwidth to the search and rescue teams working at the disaster recovery sites in central Christchurch, New Zealand, after a severe earthquake struck Christchurch on 22 February 2011. The earthquake caused major outages of mobile, terrestrial and other vital communications networks. With the use of a mobile satellite platform and IPSTAR bandwidth provided free of charge by IPSTAR NZ and its NZ satellite broadband partner, Farmside, international search and rescue teams were able to swiftly relay and co-ordinate information from various search sites, as well as keep in touch with their own families.



In the aftermath of the Tohoku-Kanto earthquake, IPSTAR contributed to the recovery of mobile communication networks in Japan

In 2011, IPSTAR Japan Branch, a subsidiary of THAICOM, provided support to cell-phone carriers in Japan to recover their mobile communication networks in the affected areas by providing IPSTAR user terminals. With the THAICOM 4 (IPSTAR) broadband satellite, cell-phone carriers can quickly recover their 3G base stations using mobile backhaul solution in damaged areas. The Company provided 10 IPSTAR user terminals and 60 sets of satellite antennas to two major cell-phone carriers. The cell-phone carriers installed the IPSTAR user terminals at the evacuation centers located in the devastated areas where it was very difficult to recover the existing cell stations. Cell-phone carriers connected the IPSTAR user terminals with their small base stations or compact "Femtocell" base stations to build instant cell-phone networks in those areas.

THAICOM-TOT support MICT with the installation of CCTVs via satellite for 24-hour flood surveillance

Due to the on-going flood crisis, in October 2011, THAICOM and TOT jointly supported the Ministry of Information and Communication Technology ("MICT") by using the IPSTAR broadband satellite system and THAICOM 4 Satellite to receive and transmit live pictures via CCTV cameras, which were installed in critically hit areas. These CCTVs monitored the water level in real-time, and

the information was fed to the government's Flood Relief Operation Center. The Center was able to effectively assist those affected on a timely basis.

In recent years, THAICOM has provided IPSTAR broadband satellite system access and bandwidth on the THAICOM 4 satellite to help recover communication networks when disasters occurred. It is THAICOM's on-going commitment to utilize its satellite system for disaster relief management for the benefit of people in affected areas.

THAICOM Receives “CSR” Award from the World Teleport Association Awards for Excellence 2011

THAICOM received the “Corporate Social Responsibility” Award from the World Teleport Association (WTA) during an award ceremony in Washington, DC., USA. The WTA award of “Corporate Social Responsibility” is a new award category for 2011. It honors a teleport or satellite operator whose technology, innovation and pro bono work has played a key role in enabling the broader society to become better as a result of its effort. In addition to the Thai Kids THAICOM Project, the Company takes advantage of the THAICOM satellite as well as “Digital DTH” to help promote education of children in local and remote areas for equal opportunity in education.

Donation of 20 ‘THAICOM CORNER’ science book shelves on THAICOM’s 20th Anniversary

This social contribution project was launched in 2007 with the objective to donate “THAICOM CORNER” book shelves filled with science books to many school libraries throughout the country. THAICOM CORNER is a specially designed book shelf that looks like a rocket. The scientific books on the THAICOM Corner shelf are very easy to read and understand and filled with lots of graphics and photos. On the occasion of THAICOM's 20th Anniversary, the company had already handed over 20 THAICOM CORNER book shelves to schools in Pathumthani and Nonthaburi provinces. The Company plans to donate additional THAICOM CORNER book shelves to schools in the future, since books are the nearest and cheapest source of information for children.





Message from the Chairman of the Board of Directors

Dear Shareholders

The year 2011 was one of the remarkable years for THAICOM Public Company Limited. As Chairman of the Board of Directors, I would like to take this opportunity to relate to you some of the management, policy and strategic changes that occurred over the past year.

One of the very first missions of the Board of Directors was to recruit the new Chief Executive Officer for the company to replace the retiring executive. After many months of meetings and deliberations, our choice fell on Ms. Suphajee Suthumpun. Ms. Suphajee has all the required management skills we were looking for; industrious, knowledgeable and accepted both at domestic and international level, with a long and illustrious career at a multinational company with responsibilities for all operations at the Asian countries level, Ms. Suphajee was appointed as Chief Executive Officer effective 1 August 2011.

At the operating level, the year 2011 saw significant improvement in the Company's financial results, reporting two consecutive quarters of consolidated profits for the last half of the year. These results are an important indicator of the Company's growth momentum for the coming year, and all this despite the severe flooding experienced in the fourth quarter of the year, particularly at our Lad Lum Kaew station in Pathum Thani Province where the flooding was exceptionally severe. The hard work and efforts of our management and staff, however, prevented our facilities from being inundated, and we were able to continue providing uninterrupted service to our customers.

In 2011, the Board of Directors also gave its approval for the Company's management to help preserve the country's orbital slot registered with the International Telecommunication Union at 120 degrees East.

To ensure good corporate governance, the Board of Directors also developed and implemented a "Whistle Blower" policy to combat and prevent illegal activities, fraud and misconduct. The policy aims to provide channels for employees to inform management of potential cases of misconduct, ensure appropriate and fair action is taken when investigating potentially fraudulent activities, and to protect the employees who notify management of potential cases of misconduct. The policy was implemented on 16 February 2011, and will continue to be actively promoted throughout 2012 to ensure that the Company maintains its image of good corporate citizenship.

The Board of Directors also strongly supports the Company's Corporate Social Responsibility activities related to education. With more than 1,000 satellite receiver sets now distributed and installed at schools throughout the country, the hard work of the Company's volunteers have earned the Company recognition at the international level from the World Teleport Association.

In addition to this prestigious award, I am also proud to inform you that the Board of Directors of THAICOM PLC was recognized with the Board of the Year Award 2010/11 for distinctive practices by the Thai Institute of Directors Association, the Stock Exchange of Thailand, Federation of Thai Capital Market Organizations, Thai Bankers Association, and the Thai Listed Companies Association. As 1 of only 10 companies, from more than 400 listed companies in Thailand, to receive this award, THAICOM can honestly and proudly declare that its management team has performed its duties in adherence to good corporate governance guidelines with efficiency, disclosure and transparency to all stakeholders. The Company's Management will continue to develop and improve its management systems and corporate governance policies so that the Company may become one of the top performing companies in the country, and be recognized as such with the Thailand National Quality Award in the future.

For 2012, the Company's Board of Directors will ask the Management team to focus on personnel development policies to ensure that the Company can meet its future management personnel requirements. One of the tasks will be to develop and implement a Successor Plan for upper management positions.

In the area of social policy, the Board of Directors will work with the Company's Management to develop and implement activities for the betterment of society; to help increase the competitiveness, capabilities, and economic conditions of communities under the plan known as Corporate Shared Value (CSV).

The Board of Directors is confident that if the Company bases its growth on a good foundation, including strong business performance, recognition as one of the country's leading corporations, and participation in environmental protection and social and community development, that growth will be sustainable and of benefit to society and the country.



Paron Israsena
Chairman of the Board of Directors



Message from the CEO

Dear Shareholders,

This year is the year that we as a company celebrate our 20th Anniversary. As you may be aware, this is also my first year at THAICOM, and I am pleased to say that I am proud to be with THAICOM in a year in which the company has been successful in many areas.

In 2011, THAICOM's performance has improved markedly, and the momentum of growth has begun. Since the second quarter, our core business, satellites, has recorded three consecutive quarters of net profits. The Company has also reported consolidated net operating profits for two consecutive quarters in the second half of the year.

Our strategy to focus more on bandwidth as opposed to retail sales for IPSTAR has proven itself. We have been successful in increasing IPSTAR bandwidth utilization through our key markets; namely Thailand, Japan, India, Australia, Malaysia and Myanmar.

THAICOM 5's broadcasting business has also been very successful, and the satellite has become a "hot-bird", providing services to Thailand and neighboring countries, with more than 400 television channels, and millions of DTH viewers. Our strategy to make the most efficient use of THAICOM 5 for conventional satellite services has been well proven.

This year is also the year that THAICOM has set out on a path for future growth. The THAICOM 6 and THAICOM 7 satellite projects have commenced, and the launch dates have been set for 2013 and 2014 respectively. THAICOM 6 will add satellite broadcasting capacity to strengthen our hot-bird position at 78.5°E, the same location as THAICOM 5, while THAICOM 7 will add capacity at another orbital location, 120°E, to complement service coverage of the THAICOM fleet, and to open up new capacity for the telecommunication segment. It should be noted here that THAICOM 7

is the mission that, apart from being a growth opportunity for THAICOM, has helped to preserve a valuable satellite orbital location at 120°E for Thailand. Also, the Company anticipates that THAICOM 7 will be the first satellite to operate under a license from Thailand's NBTC under the new Telecommunication and Broadcasting law.

We can consider THAICOM 7 as the first step in a new chapter for THAICOM. The license from the NBTC, once applicable, will provide more competitiveness for the company when compared to our present concession-based model, in terms of flexibility and fees. Apart from that, the investment in THAICOM 7 is "asset-light", or in other words, does not require massive capital expenditures like our previous satellites. The more favorable licensing scheme, and the better investment mechanism combined, will help THAICOM to accelerate returns to stakeholders.

While our satellite projects were progressing, the company also underwent a structural overhaul to streamline our operations. Shifting our focus from product-centric operations, we have reshaped ourselves to be more function-focused. This shift will improve efficiency and responsiveness, and will help to keep up the growth momentum that materialized in 2011.

With the internal refocus on efficiencies, we also revisited our strategies related to IPSTAR to ensure that in 2012, we can leverage and replicate our successes in Australia with NBN Co., MEASAT in Malaysia, and SBM in Japan, in other target markets. Our focus will be on increasing IPSTAR bandwidth utilization in emerging markets, such as China, India, Indonesia and the Philippines. At the same time, in those markets where we have a strong presence such as Malaysia, Australia, Thailand and Myanmar, we will focus on maximizing utilization of IPSTAR bandwidth to boost our revenues from these markets.

To boost demand for broadcasting services, we aim to secure pre-launch sales of THAICOM 6, and to introduce HDTV to the market. To add more value for our customers, we will provide end-to-end solutions and managed services for both broadband and broadcast clients. We will also look into new business opportunities and partnerships, including possibilities for additional satellites beyond THAICOM 7, to ensure the viability and growth of the company over the long term.

Apart from our business operations, THAICOM continues to contribute to society. The Company's CSR program, "THAI KIDS THAICOM", initiated in 2009, reached the goal of providing 999 satellite dishes and television sets to schools in 2011. With this program, more than 160,000 students across the country can now access educational content, news and knowledge through our THAICOM satellite.

The THAI KIDS THAICOM project has been recognized by the World Teleport Association (WTA) through its "Corporate Social Responsibility Award" of 2011, as a teleport or satellite operator whose technology, innovation and pro bono work has played a key role in enabling the broader society to become better as a result of its efforts. Our efforts in CSR will continue with the second phase of THAI KIDS THAICOM launched in early 2012.

Finally, I would like to express my appreciation for your trust in THAICOM and the support you have given us over the years. With 20 years of delivering the best to shareholders, customers, partners, and society, THAICOM remains committed to growing our business sustainably, with transparency and integrity. Most importantly, we are committed to providing opportunities for a better life to the people we serve.



Suphatee Suthumpun
Chairman of the Executive Committee
and Chief Executive Officer

Report of the Audit Committee

To the Shareholders of THAIKOM Plc.

The Audit Committee was appointed by a resolution of the Board of Directors. The Audit Committee is composed of three independent directors, of whom Professor Hiran Radeesri was appointed as the chairman. Mrs. Charintorn Vongsbootorn and Associate Professor Samrieng Mekkiengkrai were appointed as committee members. Mr. Sivaraks Phinicharomna, the Vice President of Internal Auditing is the secretary to the Audit Committee.

In 2011, the Audit Committee conducted 13 meetings to consider and provide opinions on the following issues:

1. Reviewed quarterly and yearly financial statements before presentation to the Board of Directors to insure proper control and preparation of accurate and complete financial statements, including adequate disclosure in accordance with generally accepted accounting principles. The Audit Committee also met independently with the external Auditor without management attending, once every year.
2. Reviewed internal control systems and followed up on the implementation of corrective actions to the control system. The internal audit team presents an annual audit plan that is based on a 3-year risk-base audit plan that covers all risks and activities of the Company. Activities that carry a high risk factor are audited annually by the committee, and it was found that in the previous year the Company's management had taken actions in accordance with audit recommendations and in keeping with internal audit plans. In addition, the Audit Committee ensured that the internal audit activities were accomplished according to plan. The Audit Committee followed up audit results, audit development and audit methodology to increase efficiency and effectiveness. The internal auditor took the results from the performance evaluation into consideration to improve efficiency and effectiveness.
3. Reviewed the result of risk management to ensure that sufficient and proper attention is paid to managing risks. The Company's management established a risk management committee, and the reports from the committee show that the Company's risk management activities are sufficient and continuously being improved.
4. Reviewed whether the Company complied with the rules and regulations of the Stock Exchange of Thailand, the Securities Exchange Commission, and other official rules and regulations related to the Company's activities.
5. Reviewed and provided opinions on connected transactions and those that might have conflicts of interest to ensure compliance to rules, fairness and adequacy of disclosure.
6. Reviewed the independence of the Auditor and recommended the appointment and compensation for the Auditor.
7. Provided an opinion and evaluation on the appointment, transfer, performance and compensation of the Vice President of Internal Auditing.
8. The Audit Committee conducted a self-evaluation on its performance for the year 2011 and was satisfied with its performance. The results of this self-evaluation were reported to the Company's Board of Directors.

The Audit Committee had unlimited access to the Company's information. The Committee could request advice and discuss matters with management, internal and external auditors and outside consultants without restriction. The Audit Committee received reports from related management, internal auditor and external auditors that the Company maintains and adheres to good corporate governance principles, and as such, finds that the financial statements are accurate and were completed as per the principles of materiality in accordance with the generally accepted accounting principles and practices; that the Company discloses information adequately, and that the Company's internal control systems are sufficient with no significant weaknesses. The Audit

Committee also finds that the rules and regulations of the Securities Exchange Commission and the Stock Exchange of Thailand were properly complied with, as well as other related laws. Connected transactions that might lead to conflict of interest whether in the normal course of business or not, must be undertaken with careful consideration of appropriateness and benefit to the Company. The Company has continuously developed and improved on its corporate governance.

For the year 2011, the Audit Committee is satisfied with the results of the independence evaluation and appropriateness of the Auditor. Therefore, the Audit Committee proposed to the Board of Directors to appoint KPMG Phoomchai Audit Co., Ltd., as the Auditor for THAICOM for another year with the same audit fee as the previous year of 2,258,000 Baht, and to propose this matter at the general shareholder meeting for approval.

On behalf of the Audit Committee



(Prof. Hiran Radeesri)
Chairman of the Audit Committee

14 February 2012

Board of Directors



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03



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- 01 MR. PARON ISRASENA**
CHAIRMAN OF THE BOARD OF DIRECTORS AND INDEPENDENT DIRECTOR
-
- 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



06



07



08

05 MR. SOMPRASONG BOONYACHAI
DIRECTOR

06 MR. YONG LUM SUNG
DIRECTOR AND MEMBER OF THE EXECUTIVE COMMITTEE

07 MS. SUPHAJEE SUTHUMPUN
DIRECTOR, CHAIRMAN OF THE EXECUTIVE COMMITTEE AND CHIEF EXECUTIVE OFFICER

08 MR. ANEK PANA-APICHON
DIRECTOR AND MEMBER OF THE EXECUTIVE COMMITTEE

Management Team



01

05

-
- 01 MS. SUPHAJEE SUTHUMPUN**
CHAIRMAN OF THE EXECUTIVE COMMITTEE & CHIEF EXECUTIVE OFFICER
-
- 02 DR. NONLUCK PHINAITISART**
CHIEF COMMERCIAL OFFICER
-



03

04

02

03 MR. PAIBOON PANUWATTANAWONG
CHIEF TECHNICAL OFFICER

04 MR. VUTHI ASVASERMCHAROEN
CHIEF FINANCIAL OFFICER

05 MR. TANADIT CHAROENCHAN
EXECUTIVE VICE PRESIDENT, PORTFOLIO MANAGEMENT AND SPECIAL PROJECT

Directors and Management Team Profiles

(As of 4 January 2012)



Mr. Paron Israsena Chairman of the Board of Directors and Independent Director

Age 84

Percentage of
Shareholding ¹⁾
None

Relationship with
Management
None

Highest Education

Master of Engineering (SM_ME),
Massachusetts Institute of Technology, USA.

Governance Training

Role of The Compensation Committee 2006
The Characteristics of Effective Directors 2006
Improving the Quality of Financial Reporting 2006
DAP : Directors Accreditation Program Class 4/2003
The Board's Role in setting Effective Compensation Policy 2000

Experience

2006 - Present Director, Arsomsilp Institute of the Art
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
2004 - 2010 Director, The National Science and Technology Development Board
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
1986 - 1989 Chairman, The Federation of Thai Industries
1985 - 1995 President and Chief Executive Officer, The Siam Cement Plc.
1969 - 1975 Director and Member of the Audit Committee, The Siam Cement Plc.

Criminal Record in past 10 years

None

¹⁾ Includes holdings by spouse and minor children as of 31 December 2011



Prof. Hiran Radeesri Independent Director and Chairman of the Audit Committee

Age 82

Percentage of
Shareholding ¹⁾
None

Relationship with
Management
None

Highest Education

Honorary Doctorate Degree in Accounting,
Thammasat University

Governance Training

DCP: Directors Certification Program Class 2001

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 Center, The Stock Exchange of Thailand
Chairman - Tax Auditor Examination Committee, Revenue Department
Qualified Member University Council, Thammasat University

Director, Accounting Profession Supervision Council, Federation of Accounting
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

Criminal Record in past 10 years

None

¹⁾ Includes holdings by spouse and minor children as of 31 December 2011



Mrs. Charintorn Vongspootorn
Independent Director and
Member of the Audit Committee

Age 65

Percentage of Shareholding ¹⁾
 None

Relationship with Management
 None

Highest Education

Master of Business Administration,
 Creighton University, USA.

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.
 1997 - 1999 Director, Thai Equity Fund
 Senior Executive Vice President, MFC

Governance Training

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

Criminal Record in past 10 years

None

¹⁾ Includes holdings by spouse and minor children as of 31 December 2011

Experience

2010 - Present Chairman of the Audit Committee, Ini3 Digital Co.,Ltd.
 2009 - Present Advisor of Chief Executive Officer, KT ZMICO Securities Co.,Ltd.
 2008 - Present Advisor of the Board, Seamico Asset Management Co.,Ltd.



Assoc.Prof. Samrieng Mekkiengkrai
Independent Director and
Member of the Audit Committee

Age 58

Percentage of Shareholding ¹⁾
 None

Relationship with Management
 None

Highest Education

LL.M., University of Miami, USA.
 Thai Bar for Thai Bar Council.

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.

Governance Training

ACP: Audit Committee Program Class 20/2007
 DCP: Directors Certification Program Class 96/2007

Criminal Record in past 10 years

None

¹⁾ Includes holdings by spouse and minor children as of 31 December 2011

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.



Mr. Somprasong Boonyachai ²⁾
Director

Age 56

Percentage of Shareholding ¹⁾
None

Relationship with Management
None

Highest Education

Master of Engineering,
Asian Institute of Technology (AIT)

Governance Training

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

Experience

2010 - Present Acting-President, Shin Corporation Plc.
2008 - Present Chairman of the Group Executive Committee, Shin Corporation Plc.
Vice Chairman of the Board of Directors, Advanced Info Service Plc.
2007 - Present Director, Shin Corporation Plc.
2006 - Present Director, THAICOM Plc.
2004 - Present Director, Praram 9 Hospital Co., Ltd.
2002 - Present Member of the Audit Committee and Independent Director, Power Line Engineering Plc.
2009 - 2011 Chairman of the Executive Committee, THAICOM Plc.

2000 - 2008 Member of the Executive Committee, Shin Satellite Plc.
1999 - 2008 Chairman of the Executive Committee, Advanced Info Service Plc.
1994 - 2008 Director, Advanced Info Service Plc.
2004 - 2007 Member of the Executive Committee, CS LoxInfo Plc.
Director and Member of the Executive Committee, ITV Plc.

Criminal Record in past 10 years

None

¹⁾ Includes holdings by spouse and minor children as of 31 December 2011

²⁾ Authorized Director



Mr. Yong Lum Sung
Director and Member of the Executive Committee

Age 62

Percentage of Shareholding ¹⁾
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

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, 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, 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
2009 - 2011 Director, Singex TEDA International Pte Ltd.
2007 - 2011 Director, Singex Global (ME) Pte Ltd.
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 - 1996 General Manager, ST Mobile Data Pte Ltd.

Criminal Record in past 10 years

None

¹⁾ Includes holdings by spouse and minor children as of 31 December 2011



Ms. Suphajee Suthumpun ³⁾
Director, Chairman of the Executive Committee and
Chief Executive Officer

Age 47

Percentage of Shareholding ¹⁾
 None

Relationship with Management
 None

Highest Education

Master of Business Administration,
 International Finance and International Accounting
 Northrop University, USA

Governance Training

DCP : Directors Certification Program Class 89/2007

Experience

2012 - Present Chairman of the Executive Committee, THAICOM Plc.
 2011 - Present Chairman - the Media & New Business, Shin Corporation Plc.
 Member of the Executive Committee and Member of the Strategic and Organizational Review Committee, Shin Corporation Plc.
 Director and Chief Executive Officer, THAICOM Plc.
 Director and Chairman of the Executive Committee, CS LoxInfo Plc.
 Member of the Executive Committee, Advanced Info Service Plc.

Aug 2011 - Dec 2011 Member of the Executive Committee, THAICOM Plc.
 2010 - 2011 General Manager, Global Technology Services IBM ASEAN
 2009 - 2010 Client Advocacy Executive, Chairman's Office, IBM Headquarters
 2007 - 2009 Vice President, General Business IBM ASEAN
 2003 - 2007 Country General Manager IBM Thailand Co., Ltd.

Criminal Record in past 10 years

None

¹⁾ Includes holdings by spouse and minor children as of 31 December 2011

³⁾ Authorized Director



Mr. Anek Pana-apichon
Director and Member of the
Executive Committee

Age 46

Percentage of Shareholding ¹⁾
 None

Relationship with Management
 None

Highest Education

Master of Business Administration,
 Chulalongkorn University

Governance Training

DCP : Directors Certification Program Class 111/2008

Experience

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

Criminal Record in past 10 years

None

¹⁾ Includes holdings by spouse and minor children as of 31 December 2011



Dr. Nongluck Phinaitisart
Chief Commercial Officer and
Member of the Executive Committee Age 52

Percentage of Shareholding ¹⁾
 0.0062%

Relationship with Management
 None

Highest Education

Doctorate Degree in Electrical Engineering,
 Chulalongkorn University

Governance Training

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

Experience

2012 - Present Director, Thailand Post Company Limited
 2011 - Present Director, Government Savings Bank
 2010 - Present Director, The Society of Satellite Professional International
 2009 - Present Independent Director, Khon Kaen Sugar Industry Plc.
 2007 - Present Member of the Executive Committee, THAIKOM Plc.
 2000 - Present Chief Commercial Officer, THAIKOM Plc.
 2006 - 2010 President, Asia-Pacific Satellite Communications Council (APSCC)
 2007 - 2008 Director, THAIKOM Plc.
 2000 - 2006 Member of the Executive Committee, THAIKOM Plc.

1999 - 2000 Executive Vice President, THAIKOM Plc.
 1995 - 2006 Director, THAIKOM Plc.
 1995 - 1998 Vice President, THAIKOM Plc.
 1991 - 1995 General Manager, THAIKOM Plc.
 1986 - 1987 Telecommunication Engineer, Operations Division, International Telecommunication Satellite Organization (INTELSAT), Washington D.C., USA.
 1982 - 1991 Telecommunications Engineer Planning, Post and Telegraph Department

Criminal Record in past 10 years

None

¹⁾ Includes holdings by spouse and minor children as of 31 December 2011



Mr. Paiboon Panuwattanawong
Chief Technical Officer and
Member of the Executive Committee Age 51

Percentage of Shareholding ¹⁾
 0.0003%

Relationship with Management
 None

Highest Education

Master of Engineering,
 Carnegie Mellon University, Pittsburgh, USA.

Governance Training

DCP: Directors Certification Program Class 2009

Experience

Nov 2011 - Present Member of the Executive Committee, THAIKOM Plc.
 2004 - Present Chief Technical Officer, THAIKOM Plc.
 2000 - 2004 Vice President-Advanced Satellite Systems, THAIKOM Plc.
 2000 - 2000 Vice President-Product Engineering, THAIKOM Plc.
 1997 - 2000 Assistant Vice President-Product Engineering, THAIKOM Plc.
 1996 - 1996 Senior Manager, THAIKOM Plc.
 1995 - 1996 General Manager, THAIKOM Plc.

Criminal Record in past 10 years

None

¹⁾ Includes holdings by spouse and minor children as of 31 December 2011



Mr. Tanadit Charoenchan
Executive Vice President, Portfolio
Management and Special Project

Age 44

Percentage of Shareholding ¹⁾
 0.0115%

Relationship with Management
 None

Highest Education

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

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.

Governance Training

DCP: Directors Certification Program Class 110/2008
 DAP: Directors Accreditation Program Class 66/2007

Experience

2012 - Present Executive Vice President, Portfolio
 Management and Special Project,
 THAICOM Plc.
 Jun 2011 - Dec 2011 Acting-Executive Vice President of
 Marketing & Sales - China,
 THAICOM Plc.
 Feb 2011 - Dec 2011 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.

Criminal Record in past 10 years

None

¹⁾ Includes holdings by spouse and minor children as of
 31 December 2011



Mr. Vuthi Asvasermcharoen
Chief Financial Officer

Age 44

Percentage of Shareholding ¹⁾
 None

Relationship with Management
 None

Highest Education

Master of Business Administration,
 Indiana University of Pennsylvania, USA.

1994 - 1995

Sr. Assistant Manager - Credit
 Department, National Finance &
 Securities

1990 - 1992

Assistant Manager - Marketing
 Securities, Capital Nomura Securities

Governance Training

-

Experience

Oct 2011 - Present Chief Financial Officer, THAICOM Plc.
 Jan 2011 - Jun 2011 Chief Financial Officer (CFO),
 GMM Grammy
 2004 - 2010 Deputy Chief Financial Officer,
 Sahaviriya Steel Industries
 2001 - 2004 Vice President, Bangkok Bank
 1997 - 2001 Vice President - Business Development,
 Electricity Generating (EGCO)
 1995 - 1997 Sr. Associate - Investment Banking,
 Finance One

Criminal Record in past 10 years

None

¹⁾ Includes holdings by spouse and minor children as of
 31 December 2011

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

Company Name / Director and Management Team	Com- pany	Holding Com- pany	Subsidiaries											Associated				
	THCOM	INTUCH	DTV	SHEN	IPSTAR	STAR	SPACE	IPI	IPG	MFONE	IPA	IPN	CDN	CSL	TMC	ADV	HUNSA	
1. Mr. Paron Israsena	X	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2. Prof. Hiran Radeesri	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3. Mrs. Charintorn Vongspootorn	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4. Assoc.Prof. Samrieng Mekkiengkrai	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5. Mr. Somprasong Boonyachai	/	/, //	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6. Mr. Yong Lum Sung	/, //	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
7. Ms. Suphatee Suthumpun ¹⁾	/, //	//	X	X, //	/	/	-	/	/	X	-	-	-	/, //	X, //	-	-	
8. Mr. Anek Pana-apichon	/, //	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9. Dr. Nongluck Phinainitisart	//	-	/	-	-	-	-	/	-	-	-	-	-	-	-	-	-	
10. Mr. Paiboon Panuwattanawong	//	-	/	-	/	/	/	/	/	-	/	/	-	-	-	-	-	
11. Mr. Tanadit Charoenchan	-	-	-	/, //	-	-	/	-	/	/	-	-	/	/, //	/, //	-	-	
12. Mr. Vuthi Asvasermcharoen	-	-	/	-	/	/	-	/	-	-	/	/	-	-	-	-	-	

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

Note

¹⁾ Appointed as a director and a Member of the Executive Committee in place of Mr. Arak Chonlatanon on 10 August 2011 and the registration of change of director was made at the Ministry of Commerce on 11 August 2011 and appointed as Chairman of the Executive Committee on 1 January 2012.

Company Name:

ABN	Advanced Broadband Network Company Limited
ACC	Advanced Contact Center Company Limited
ADC	Advanced Datanetwork Communications Company Limited
ADV	AD Venture Public Company Limited
AIS	Advanced Info Service Public Company Limited
AIN	AIN GlobalComm Company Limited
AIR	Advanced Internet Revolution Company Limited
AM	Artware Media Company Limited
AMB	Advanced Mobile Broadband Company Limited
AMC	Advanced Magic Card Company Limited
AMP	Advanced MPay Company Limited
AWN	Advanced Wireless Network Company Limited
BMB	Bridge Mobile Pte. Ltd.
CDN	Cambodian DTV Network Limited

Companies			Related Companies																					
	WATTA	LTC	ITAS	ITV	AM	MB	AIS	ADC	DPC	ACC	AMP	AMC	AWN	SBN	AIN	WDS	AIR	AMB	BMB	CLH	FXL	MBB	MMT	ABN
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	/	-	-	/	/	-	-	x	-	x	x	x	x	-	x	x	-	-	x	x	x	x
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

CLH Clearing House for Number Portability Company Limited
CSL CS LoxInfo Public Company Limited
DPC Digital Phone Company Limited
DTV DTV Service Company Limited
FXL Fax Lite Company Limited
HUNSA Hunsa Dot Com Company Limited
IPA IPSTAR Australia Pty Limited
IPG IPSTAR Global Services Limited
IPI IPSTAR International Pte Limited
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
MFONE Mfone Company Limited
MMT MIMO Tech 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 for the Year 2011

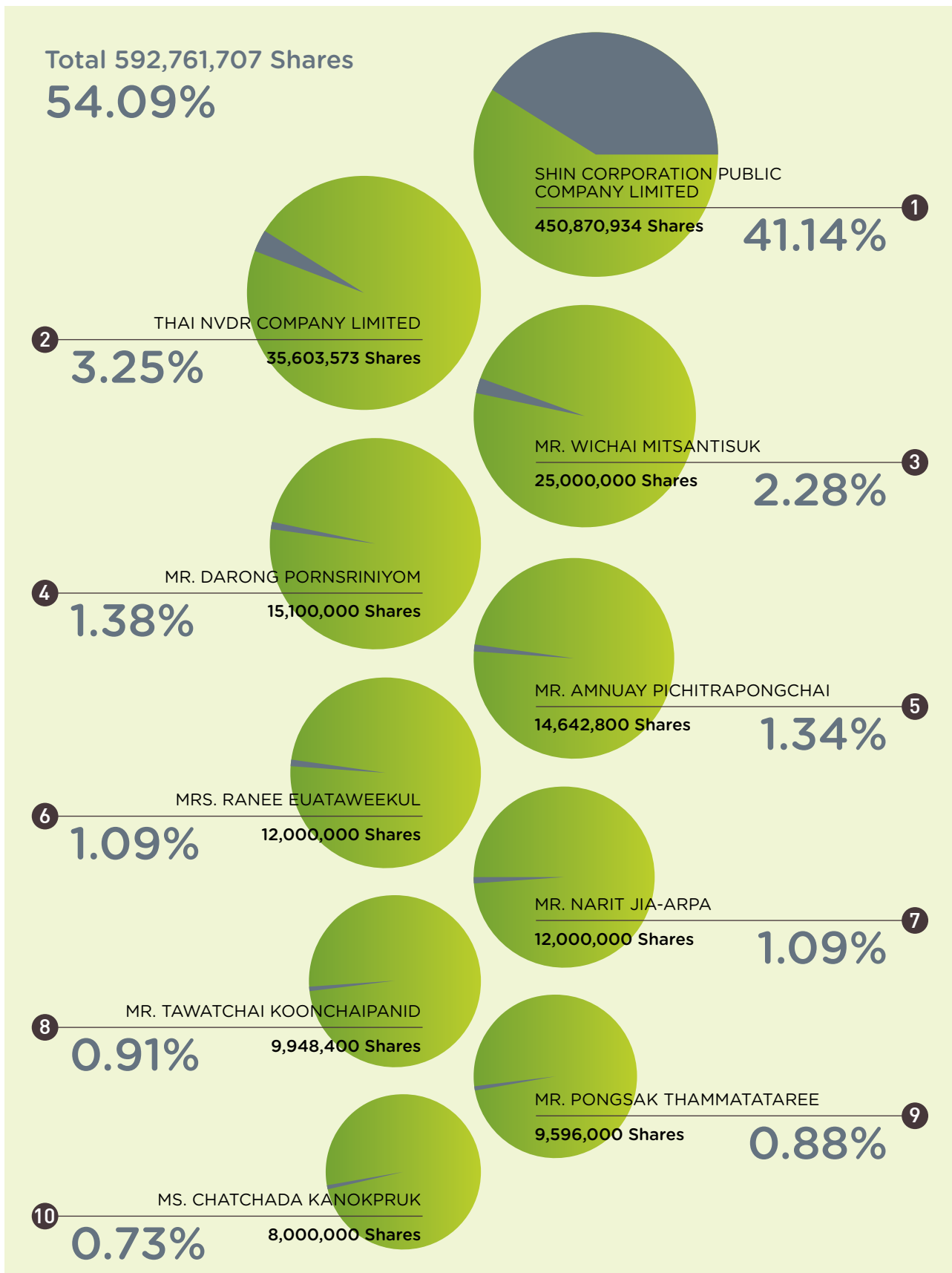
Directors / Position	THAICOM Plc.		DTV Service Co., Ltd.		Shenington Investments Pte Ltd.		IPSTAR Co., Ltd.	
	Ordinary Shares ²⁾		Ordinary Shares		Ordinary Shares		Ordinary Shares	
	2011	2010	2011	2010	2011	2010	2011	2010
Mr. Paron Israsena Chairman of the Board of Directors and Independent Director	-	-	-	-	-	-	-	-
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 Mekkiengkrai Independent Director and Member of the Audit Committee	-	-	-	-	-	-	-	-
Ms. Suphajee Suthumpun ¹⁾ Director, Chairman of the Executive Committee and Chief Executive Officer	-	-	2	-	-	-	-	-
Mr. Somprasong Boonyachai Director	-	-	-	-	-	-	-	-
Mr. Yong Lum Sung Director and Member of the Executive Committee	-	-	-	-	-	-	-	-
Mr. Anek Pana-apichon Director and Member of the Executive Committee	-	-	-	-	-	-	-	-

Note ¹⁾ Appointed as a director and a member of the Executive Committee in place of Mr. Arak Chonlatanon on 10 August 2011.

²⁾ Shareholding includes that of spouse and children who have not yet reached majority, as of 31 December 2011.

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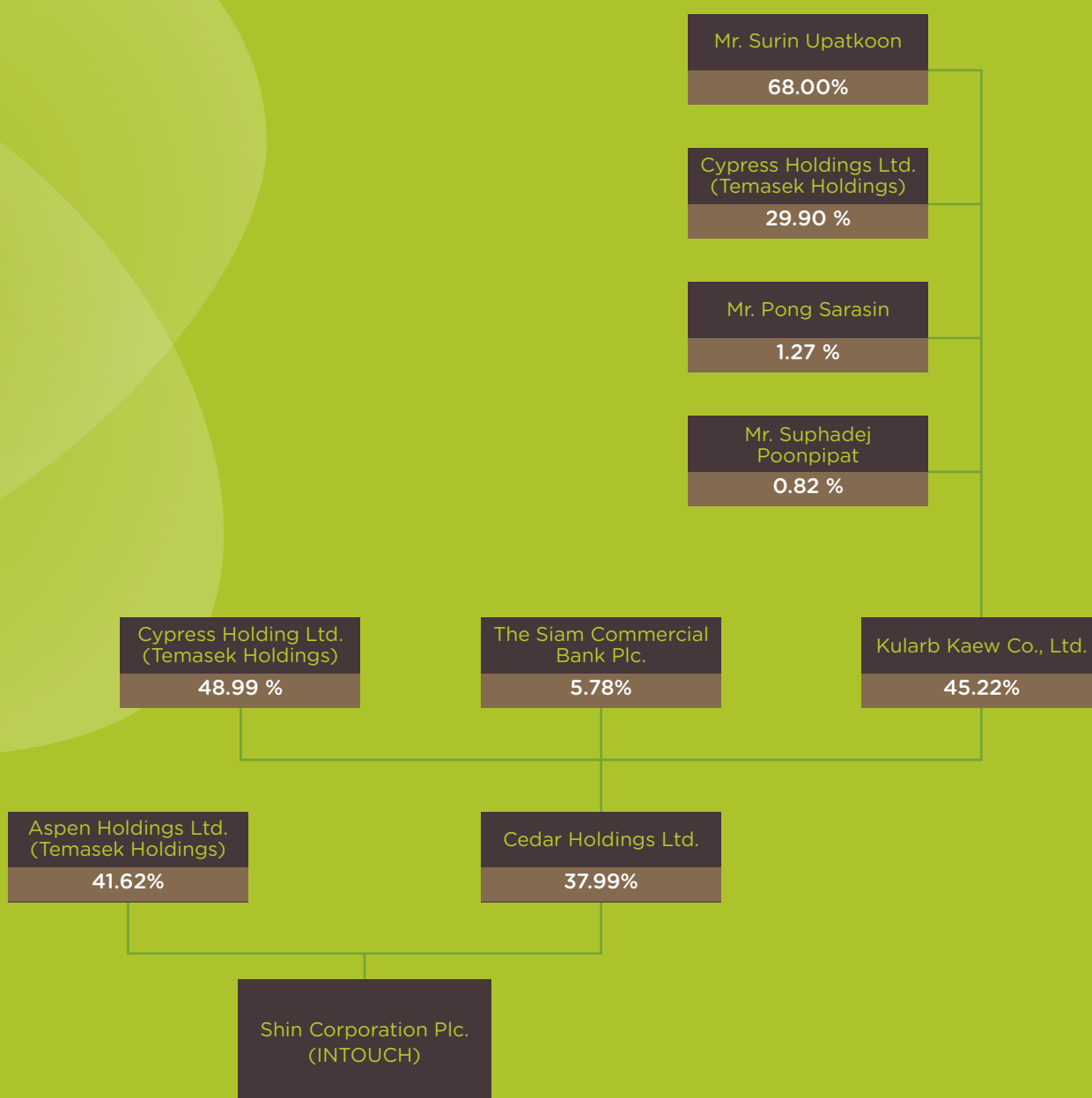
Major shareholders



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

Thaicom Public Company Limited held by Shin Corporation Public Company Limited (INTOUCH) in the amount of 450,870,934 shares, or 41.14 percent of the paid-up capital (as of 22 December 2011).

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



As of 26 January 2012

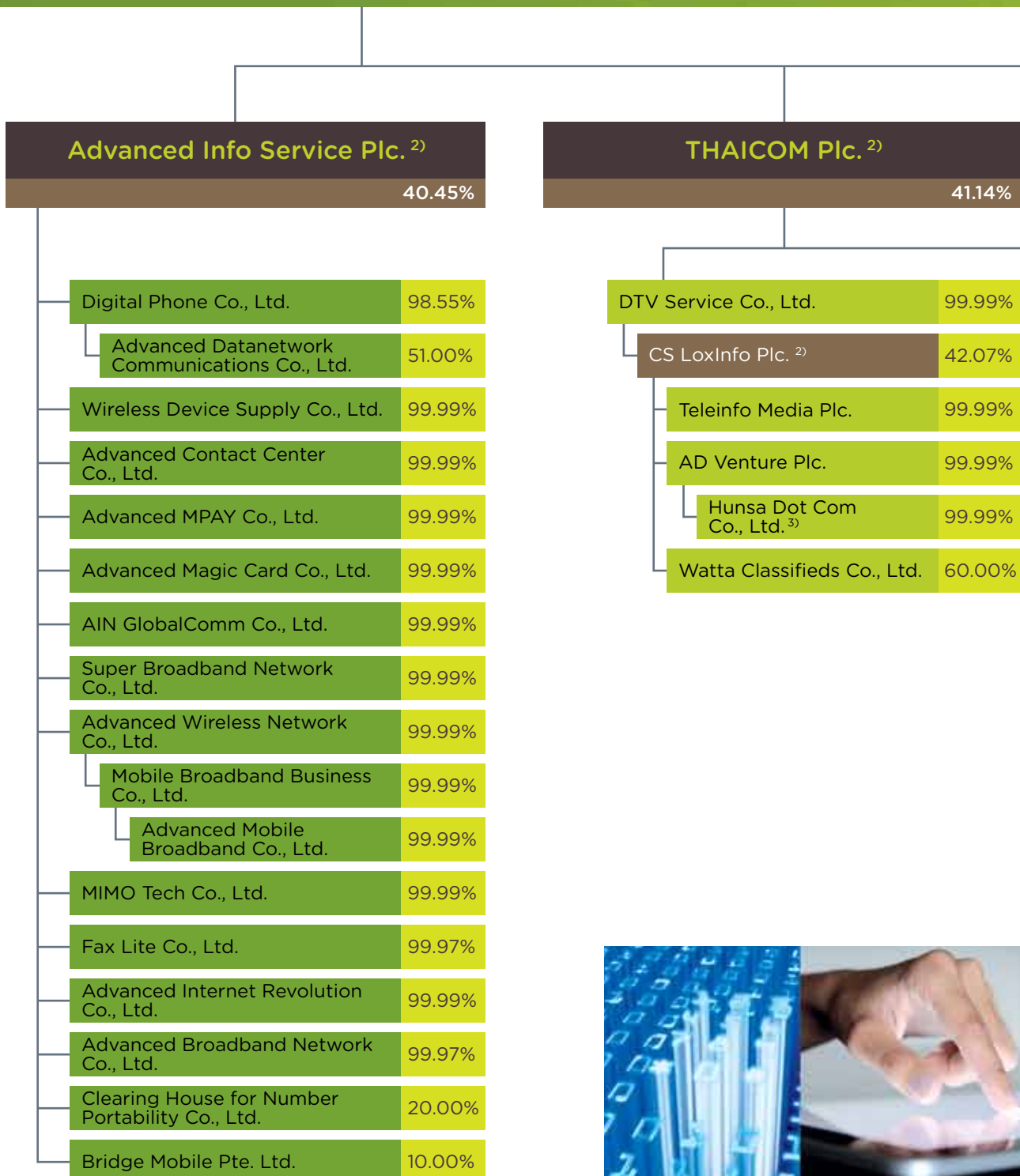
INVESTMENT STRUCTURE OF INTOUCH GROUP

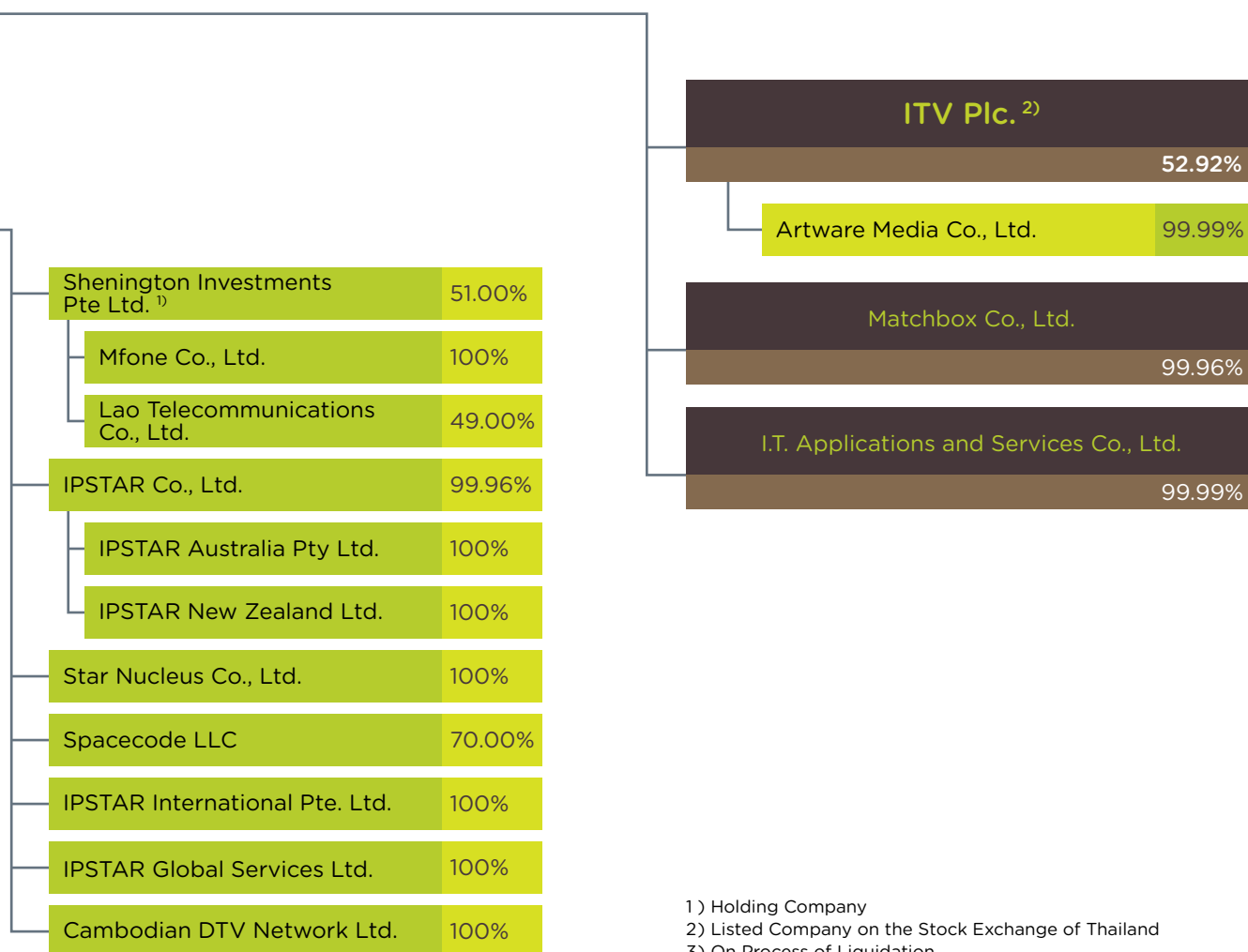
As of 4 January 2012



INTOUCH

Shin Corporation Plc. ^{1), 2)} (INTOUCH)





General Information of the Company, Subsidiaries and Associated Companies

Thaicom Public Company Limited (THAICOM)

Head Office	414 Phaholyothin Road, Samsennai, Phayathai, Bangkok
Branch Office 1	41/103 Rattanathibet Road, Muang, Nonthaburi
Tel:	(66) 2591 0736 to 49, (66) 2596 5060
Fax:	(66) 2591 0705
Branch Office 2	50 Moo 1, Bor-ngern, Ladlumkaew, Pathumthani
Tel:	(66) 2599 3000
Fax:	(66) 2599 3000 Ext.712
Website	www.thaicom.net
Type of Business	Operating and administering communication satellite projects and rendering transponder services for domestic and international communications
Registered Capital	1,132,082,300 Shares
Par Value	Baht 5
Paid Up Capital	Baht 5,479,687,700

DTV Service Company Limited (DTV)

Head Office	414 Phaholyothin Road, Samsennai, Phayathai, Bangkok
Branch Office	50 Moo 1, Bor-ngern, Ladlumkaew, Pathumthani
Tel:	(66) 2950 5005
Website	www.dtvservice.net
Type of Business	Providing system integration consultancy service for broadband network, broadband content service, and DTV satellite dish sales service
Registered Capital	39,879,147 shares
Par Value	Baht 10
Paid Up Capital	Baht 398,791,470
% of Investment	99.99%

Shenington Investments Pte Limited (SHEN)

Office	8 Marina Boulevard #05-02, Marina Bay Financial Centre, Singapore 018981
Tel:	(65) 6338 1888
Fax:	(65) 6337 5100
Type of Business	Holding company for investment in international telecommunications
Registered Capital	15,000,000 Shares
Par Value	SGD 1
Paid Up Capital	SGD 14,660,000
% of Investment	51.00%

Mfone Company Limited (Mfone) ¹⁾

Office	721 Preah Monivong Blvd, Sangkat Boeng Keng Kang 3, Khan Chamkamon, Phnom Penh, Kingdom of Cambodia
Tel:	(855) 023 303 333
Fax:	(855) 023 361 111
Website	www.mfone.com.kh
Type of Business	Providing fixed line phone, mobile phone and internet services in Cambodia
Registered Capital	24,000,000 Shares
Par Value	USD 1
Paid Up Capital	USD 24,000,000
% of Investment	100% by SHEN

Lao Telecommunications Company Limited (LTC) ¹⁾

Office	Lanexang Avenue 0100, Vientiane, Lao People's Democratic Republic
Tel :	(856) 2121 6465-6
Fax :	(856) 2121 9690
Type of Business	Providing fixed line, mobile phone, public phone, public international facilities and internet services in Laos
Registered Capital	96,840,000 Shares
Par Value	USD 1
Paid Up Capital	USD 96,840,000
% of Investment	49.00% by SHEN

Cambodian DTV Network Limited (CDN)

Office	9A , Street 271, Sangkat Tumnup Teuk, Khan Chamkamon, Phnom Penh, Kingdom of Cambodia
Tel:	(855) 023 305 990
Fax:	(855) 023 994 669
Website	www.cdn.com.kh
Type of Business	Providing DTH television service
Registered Capital	1,000 Shares
Par Value	Riels 2,400,000
Paid Up Capital	Riels 2,400,000,000 (equivalent to USD 600,000 : Rate Riels 4,000/USD)
% of Investment	100%

IPSTAR Company Limited (IPSTAR)

Office	Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands
Type of Business	Resell bandwidth of Thaicom 4 (IPSTAR) satellite
Registered Capital	200,000,000 Shares
Par Value	USD 0.01
Paid Up Capital	USD 2,000,000
% of Investment	99.96%

IPSTAR Australia Pty Limited (IPA) ²⁾

Office	Artarmon Central, Unit 13, 12-18 Clarendon Street, Artarmon, NSW 2064, Australia
Tel:	(612) 8875 4300
Fax:	(612) 8875 4399
Type of Business	Providing IPSTAR services in Australia
Registered Capital	6,950,000 Shares
Par Value	AUD 1
Paid Up Capital	AUD 6,950,000
% of Investment	100% by IPSTAR

IPSTAR New Zealand Limited (IPN) ²⁾

Office	C/-Clendons Barristers & Solicitors Level 1, Levy Building, Corner of Commerce & Customs Sts, Auckland, New Zealand
Type of Business	Providing IPSTAR services in New Zealand
Registered Capital	8,510,000 Shares
Par Value	NZD 1
Paid Up Capital	NZD 8,510,000
% of Investment	100% by IPSTAR

Star Nucleus Company Limited (STAR)

Office	Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands
Type of Business	Providing engineering and development services, technology and electronics
Registered Capital	50,000 Shares
Par Value	USD 1
Paid Up Capital	USD 10
% of Investment	100%

Spacecode LLC (SPACE)

Office	8695 Zumwalt Road, Monmouth, OR 97365 USA
Type of Business	Providing engineering and development services, technology and electronics
Registered Capital	-
Par Value	-
Paid Up Capital	USD 4,290,000
% of Investment	70.00%

IPSTAR International Pte Limited (IPI)

Office	8 Marina Boulevard #05-02, Marina Bay Financial Centre, Singapore 018981
Tel:	(65) 6338 1888
Fax:	(65) 6337 5100
Type of Business	Resell bandwidth of Thaicom 4 (IPSTAR) satellite
Registered Capital	100,000 Shares
Par Value	SGD 1
Paid Up Capital	SGD 20,000
% of Investment	100%

IPSTAR Global Services Limited (IPG)

Office	Intercontinental Trust Limited, Suite 802, St. James Court, St. Denis Street, Port Louis, Mauritius
Tel:	(230) 213 9800
Fax:	(230) 210 9168
Type of Business	Resell bandwidth of Thaicom 4 (IPSTAR) satellite
Registered Capital	20,000 Shares
Par Value	USD 1
Paid Up Capital	USD 20,000
% of Investment	100%

CS LoxInfo Public Company Limited (CSL) ³⁾

Head Office	414 Phaholyothin Road, Samsennai, Phayathai, Bangkok
Branch Office	17th- 20th Floor, CyberWorld Tower A, 90 Ratchadapisek Road, Huai Khwang, Huai Khwang, Bangkok
Tel:	(66) 2263 8000
Fax:	(66) 2263 8132
Website	www.csloxinfo.com
Type of Business	Providing internet under the name of "CS LoxInfo" and satellite uplink-downlink services
Registered Capital	599,145,700 shares
Par Value	Baht 0.25
Paid Up Capital	Baht 148,604,951
% of Investment	42.07% by DTV

Teleinfo Media Public Company Limited (TMC) ⁴⁾

Head Office	414 Phaholyothin Road, Samsennai, Phayathai, Bangkok
Branch Office 1	2028 Rim Tang Rot Fai Sai Paknam Road, Phakhanong, Klongtoey, Bangkok
Branch Office 2	25th- 28th Floor, Vanit Bldg. 2, 1126/2 New Phetchaburi Road, Makkasan, Ratchathewi, Bangkok
Tel:	(66) 2262 8888
Fax:	(66) 2262 8899
Website	www.teleinfomedia.net
Type of Business	Publishing telephone directories and advertising
Registered Capital	15,654,400 shares
Par Value	Baht 10
Paid Up Capital	Baht 156,544,000
% of Investment	99.99% by CSL

AD Venture Public Company Limited (ADV) ⁴⁾

Head Office	414 Phaholyothin Road, Samsennai, Phayathai, Bangkok
Branch Office 1	Room 2101, 21 st Floor, Vanit Bldg. 2, 1126/2 New Phetchaburi Road, Makkasan, Ratchathewi, Bangkok
Tel:	(66) 2262 8888
Fax:	(66) 2262 8899
Branch Office 2	3rd Floor, Ratchasima Center Bldg., 154/1 Manut Road, Nai Mueang, Mueang Nakorn-Ratchasima, Nakorn - Ratchasima
Branch Office 3	2nd-4th Floor, 79/3-4-5, Klang Mueang Road, Nai Mueang, Mueang Khonkhean, Khonkhean
Website	www.teleinfomedia.net

Type of Business	Provider of mobile contents, community portal services, and other internet related businesses
Registered Capital	1,074,813 shares
Par Value	Baht 10
Paid Up Capital	Baht 10,748,130
% of Investment	99.99% by CSL

Hunsa Dot Com Company Limited (HUNSA) ⁵⁾

Head Office	414 Phaholyothin Road, Samsennai, Phayathai, Bangkok
Branch Office	Room 2101, 21st Floor, Vanit Bldg. 2, 1126/2 New Phetchaburi Road, Makkasan, Ratchathewi, Bangkok
Tel:	(66) 2262 8888
Fax:	(66) 2262 8899
Website	www.hunsa.com
Type of Business	Currently on process of liquidation
Registered Capital	800,000 shares
Par Value	Baht 10
Paid Up Capital	Baht 8,000,000
% of Investment	99.99% by ADV

Watta Classifieds Company Limited (WATTA) ⁴⁾

Head Office	71/30 Borommaratchachonnani Road, Arun-amarin, Bangkoknoi, Bangkok
Branch Office	71/36 Borommaratchachonnani Road, Arun-amarin, Bangkoknoi, Bangkok
Tel:	(66) 2422 8000
Fax:	(66) 2422 8032
Website	www.watta.co.th
Type of Business	Provides sub-advertisement and classified services in its own publications, publishes and sells various publications such as newspapers, magazines, pocket books and others
Registered Capital	200,000 shares
Par Value	Baht 100
Paid Up Capital	Baht 20,000,000
% of Investment	60.00% by CSL

As of January 4, 2012

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



Milestones

General Background

Established on 7 November 1991 by Shin Corporation Plc. (INTOUCH), the Company was granted a 30-year Domestic Communication Satellite Operating Agreement by the Ministry of Transport and Communications (currently transferred to the Ministry of Information and Communication Technology (MICT)). The Agreement expires in 2021. The Company has the right to build, launch and operate satellites with a requirement that the Company 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. Under the Agreement, the Company must transfer 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 to the MICT.

His Majesty the King Bhumibol Adulyadej officially named 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 18 January 1994 and is officially traded under the symbol THCOM. Since its establishment, the Company has expanded its business activities to include Internet and telephone services, and DTV satellite television dish sales. As of 31 December 2011, INTOUCH, which is the Company's major shareholder, holds 41.14% of the Company's shares.

Major Developments 2009-2011*

2009

January

Cambodia Shinawatra Co., Ltd., a subsidiary of Shenington (51.0% owned by THAICOM), changed its name to "Mfone Co., Ltd" (Mfone) on 12 January 2009, and increased its registered capital from USD 19.2 million to USD 24 million.

March

IPSTAR Co., Ltd., (Japan Branch), a subsidiary of THAICOM, received all necessary licenses from Japanese regulators to operate the IPSTAR gateway and to provide IPSTAR services in Japan.

April

The Company officially inaugurated the IPSTAR gateway in Japan on 17 April 2009.

The Company increased its investment in Cambodian DTV Network Ltd., (CDN) by USD 500,000. Currently, CDN has a paid-up capital of USD 600,000.

May

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

June

The Company inaugurated its IPSTAR gateway located in Jakarta, Indonesia.

IPSTAR Company Limited increased its investment in IPSTAR New Zealand Ltd., (IPNZ) by NZD 6,014,133.00. Currently IPNZ has a paid up and registered capital of NZD 8.51 million.

November

The Company issued 3 and 5-year senior debentures to individuals and institutional investors at a total amount of Baht 7 billion with 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" the prevailing trend, reflecting its stable cash flow from its 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, reduce the uncertainty resulting from currency rate fluctuations, as well as lower cost of funds.

* (See Major Developments for CSL (CS LoxInfo Plc., a subsidiary of THAICOM) in CSL's 2011 Annual Report 2011 available for download at www.sec.or.th)

2010

January

On 12 January 2010, the THAICOM 1A Satellite was de-orbited from 120 degrees East as it had reached its end of life in 2009.

April

A major deal was signed with a Japanese mobile operator to lease out 2Gbps of IPSTAR bandwidth in bulk to serve as a low-cost mobile backhaul solution.

May

On 14 May 2010, THAICOM 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 IPSTAR, at a total price of USD 512,902. As a result of this acquisition, the company owns a 99.94% interest in IPSTAR.

July

The IPSTAR gateways in India were installed successfully.

October

On 30 October 2010, the THAICOM 2 Satellite was de-orbited as it had reached its end of life in May 2010.

In October, The Extraordinary General Meeting of Shareholders No. 2/2010 of SHINEE Dotcom Co., Ltd., (SHINEE), a subsidiary of AD Venture Co., Ltd., (ADV), passed a resolution to approve its liquidation by transfer of its business to ADV and to register its liquidation with the Ministry of Commerce on 28 October 2010.

November

DTV reached 1 million subscribers throughout the country.

December

The Company signed an IPSTAR service agreement 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.

2011

March

The Company received the "Corporate Social Responsibility" Award for Excellence 2011 from the World Teleport Association (WTA). The award is in recognition of a teleport or satellite operator whose technology, innovation and pro bono work has played a key role in enabling the broader society to become better as a result of its efforts.

May

IPSTAR Australia Pty Ltd (IPA) signed a contract with NBN Co., Ltd., (NBN Co) for Australia's National Broadband Network's Interim Satellite Service. The contract is valued at AUD100 million over a period of five years.

The company signed an agreement with a subsidiary of MEASAT Global Berhad (MEASAT) for the Malaysian payload of the THAICOM 4 (IPSTAR) satellite. According to the agreement, the MEASAT subsidiary will secure a major portion of the IPSTAR capacity over Malaysia allowing the MEASAT subsidiary to become the IPSTAR National Satellite Operator (NSO) with exclusive rights to provide bandwidth capacity and its related broadband services in Malaysia.

The company announced that the Ministry of Information and Communication Technology (MICT) approved the Thaicom 6 satellite project. The project is worth approximately USD160 million. The company expects to launch the Thaicom 6 satellite within the second quarter of the year 2013.

July

THAICOM Plc's Board of Directors announced the appointment of Ms. Suphajee Suthumpun as the Chief Executive Officer (CEO) of the Company to replace Mr. Arak Chonlatanon. This appointment took effect on 1 August 2011.

November

The Company acquired an additional 40,000 ordinary shares in IPSTAR at USD 1 per share, equivalent to 0.02% of the paid-up share capital of IPSTAR, at a total price of USD 40,000. As a result of this acquisition, the company owns a 99.96% interest in IPSTAR.

THAICOM Plc's Board of Directors passed a resolution approving the appointment of Mr. Paiboon Panuwattanawong as a Member of the Executive Committee on November 10th, 2011

December

DTV Service Co., Ltd. sold all its shares in NTU (106,220 shares, or 88.52%), for the sum of Baht 0.15 million.

The Company acquired an additional 30% interest in Star Nucleus Co., Ltd., for USD 3, increasing its ownership from 70% to 100%.

The Company entered into a cooperation agreement with Asia Satellite Telecommunications Co., Ltd., to preserve the 120 degrees East orbital slot. The agreement will see the Company develop and launch a new satellite, named Thaicom 7. This new satellite will be completed and launched into the 120 degrees East orbital in 2014.

2012**January**

THAICOM Public Company Limited's Board of Directors announced the appointment of Ms. Suphajee Suthumpun as the Chairman of the Executive Committee in place of Mr. Somprasong Boonyachai who resigned from the position of Member of the Executive Committee, effective on 1 January 2012.



Nature of Business

THAICOM's business operations can be divided into four different main sectors as follows: satellite transponder leasing and related services; telephone services; Internet and media services; and telephone directory and classifieds publishing. Investment in all these businesses is considered long-term. The investment decision is based mainly on the fundamentals of the business in which the investment is made, and future business trends. 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

THAICOM 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. Since its inception, the Company has launched the Thaicom 1A, Thaicom 2, Thaicom 3, Thaicom 4 (IPSTAR), and Thaicom 5 satellites.

Currently, the Company operates two satellites, Thaicom 4 (IPSTAR) and Thaicom 5. The Company has been granted a 5-year Type I¹⁾ telecom license by the National Broadcasting and Telecommunications Commission (NBTC) to offer services from 16 August 2011 to 15 August 2016.

¹⁾ License type I means Service Providers who provide services without their own network, i.e. internet services or other services as the NBTC sees proper.

The Company established subsidiaries, associates, and joint ventures as follows:

Name	Business
IPSTAR Company Limited	Resells Thaicom 4 (IPSTAR) satellite bandwidth
Spacecode LLC (70% and 30% of its shares held by THAICOM and Code Space respectively, while Code Space is not related with THAICOM)	Provides engineering and development services, technology and electronics
IPSTAR International Pte Limited	Resells Thaicom 4 (IPSTAR) satellite bandwidth
IPSTAR Australia Pty Limited	Sell, and provide IPSTAR services in Australia
IPSTAR New Zealand Limited	Sell, and provide IPSTAR services in New Zealand
Star Nucleus Company Limited	Providers of engineering and development services, technology and electronics
IPSTAR Global Services Company Limited	Resells Thaicom 4 (IPSTAR) satellite bandwidth
CS Loxinfo Public Company Limited (42.07% of its shares held by THAICOM through DTV)	Provides satellite uplink-downlink services with a concession from the Communications Authority of Thailand (CAT) (At present is CAT Telecom Plc), granting it an exclusive license to provide television transponder services via satellite and internet via satellite for 22 years, expiring in 2016.

2. Telephone Services

THAICOM is a provider of telephone services through an investment in Shenington Investments Pte Ltd., (Shen), 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 THAICOM through Shen)	Being granted a 35-year agreement from the Cambodian Government, expiring in 2028, to provide mobile telephone digital GSM 900/1800 MHz and 3G 2100 MHz services, CDMA services, and international telecom services (i.e. VoIP). Mfone also granted a 30-year period license to provide 3G 2100 Mhz cellular phone service, expiring in 2036.
Lao Telecommunications Company Limited (24.99% of its shares held by THAICOM through Shenington)	A joint venture company between the Government of Lao PDR (51%) and Shenington (49%). It has a 25-year license, expiring in 2021, to provide cellular phone, 3G, fixed line telephone through the Public Switched Telephone Network (PSTN), fixed wireless telephone CDMA, public telephone, international roaming, international telecom (i.e. VoIP), and value added services.

3. Internet and Media Services

THAICOM operates 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 THAICOM)	Provides system integration consultancy service for broadband network, broadband content, and DTV satellite dish sales. The Company was granted a 5-year period license (Type I) ¹ from NBTC to operate internet access services from 18 October 2009 to 17 October 2014.
Cambodian DTV Network Ltd.	DTV satellite dish sales
Mfone Company Limited (formerly, Cambodia Shinawatra Co., Ltd.) (51% of its shares held by THAICOM through Shen)	Provides Internet services in Cambodia
Lao Telecommunications Company Limited (24.99% of its shares held by THAICOM through Shen)	Provides Internet services in Lao P.D.R.

Name	Business
CS LoxInfo Public Company Limited (42.07% of its shares held by THAICOM through DTV)	Being granted a license from NBTC to provide commercial internet service, access services via landline and satellites (See more details from CSL's 2011 Annual Registration Statements (Form 56-1) available for download at www.sec.or.th).
AD Venture Company Limited (99.99% of ADV's shares held by CSL)	Provides mobile content and web portal services
NTU (Thailand) Co., Ltd. ²⁾ (88.52% of its shares held by THAICOM through DTV)	Provides long distance meetings, training and seminar services via satellites.

¹⁾ License type I means Service Providers who provide services without their own network, i.e. internet services or other services as the NBTC sees proper.

²⁾ DTV sold out all equities in NTU in December, 2011

4. Telephone Directories and Classifieds Publishing Services

Name	Business
Teleinfo Media Public Co., Ltd. (TMC) (100% of its shares held by CSL)	Provides media services for business through the Yellow Pages Telephone Directory and other media services; telephone subscribers' profile, call center for general and entertainment information, Online Yellow Pages and other Web-based services
Watta Classifieds Co., Ltd. (60% of its shares held by CSL)	Provides print classifieds directories services, publishes and distributes printed matter, news and advertisement services on internet and phone.

Unit: Million Baht

			2009		2010		2011	
Type of Business	Operating Company	% held by THCOM	Revenue	%	Revenue	%	Revenue	%
Satellite and related services Group	THCOM and IPSTAR	-	4,506	58.63	4,598	67.55	5,682	77
Internet and media services	DTV Service Shenington Investments Group NTU ⁽¹⁾	99.99 51	535	6.96	649	9.53	405	5
Telephone services	Shenington Investments Group	51	2,147	27.94	1,453	21.35	1,167	16
Net foreign exchange gain			465	6.05	-	-	-	-
Other revenue			32	0.42	107	1.57	150	2
Total revenue			7,685	100.00	6,807	100.00	7,404	100.00

⁽¹⁾ DTV sold out all equities in NTU in December, 2011.

Unit: Million Baht

Country	2009	2010	2011
Thailand	2,480	2,625	2,655
Cambodia	1,514	1,014	800
Lao	817	672	616
Australia	1,322	1,050	1,088
Others	1,055	1,339	2,095
Total	7,188	6,700	7,254

Products, Services and Competition

1. Satellite Communications and Related Services

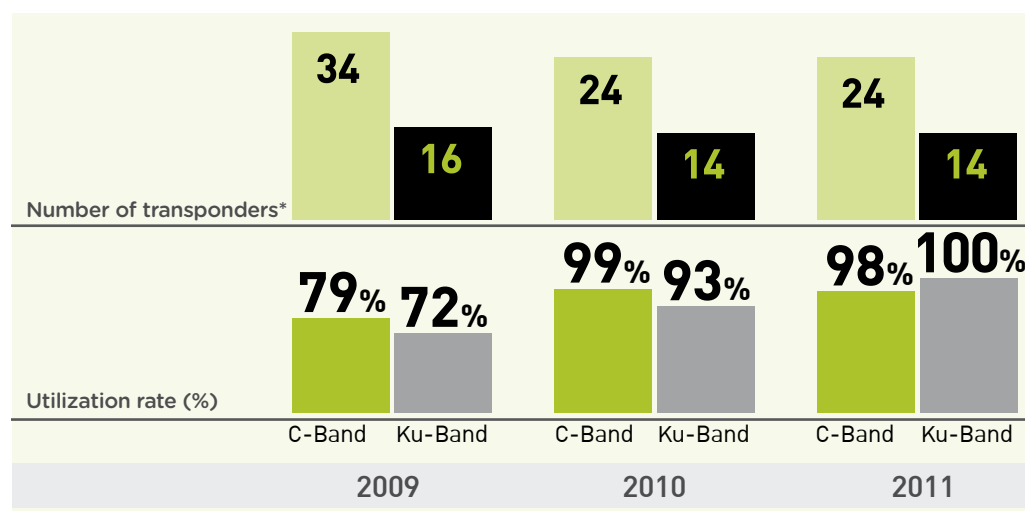
1.1 Transponder Leasing Services

THAICOM offers leasing services of conventional satellite transponders. Transponders serve as a relay on communication satellites for signals received from an earth station (transmitting station). The signals are amplified and retransmitted at a different frequency to on-ground receivers anywhere within the satellite's footprint. The process allows telecommunications operators, service providers and broadcasters to benefit from the satellite's national and cross-regional coverage.

i) Conventional Satellites

In 2011, THAICOM operated 1 conventional satellite at the 78.5 degrees East orbital slot. Known as THAICOM 5, the satellite offers end-to-end satellite solutions to both Thai and foreign customers.

Conventional Satellites Number of Transponders and Utilization Rates



Source: THAICOM

Remarks: As at 31 December of each calendar 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 12 January, 2010, THAICOM 1A Satellite was de-orbited from the 120 degrees East slot. The company completed the transfer of customers to THAICOM 2 and THAICOM 5 by May, 2009

*** On 30 October, 2010, the THAICOM 2 satellite was de-orbited from the 50.5 degrees East slot. The company completed the transfer of its customers from THAICOM 2 to THAICOM 5 by May, 2010.

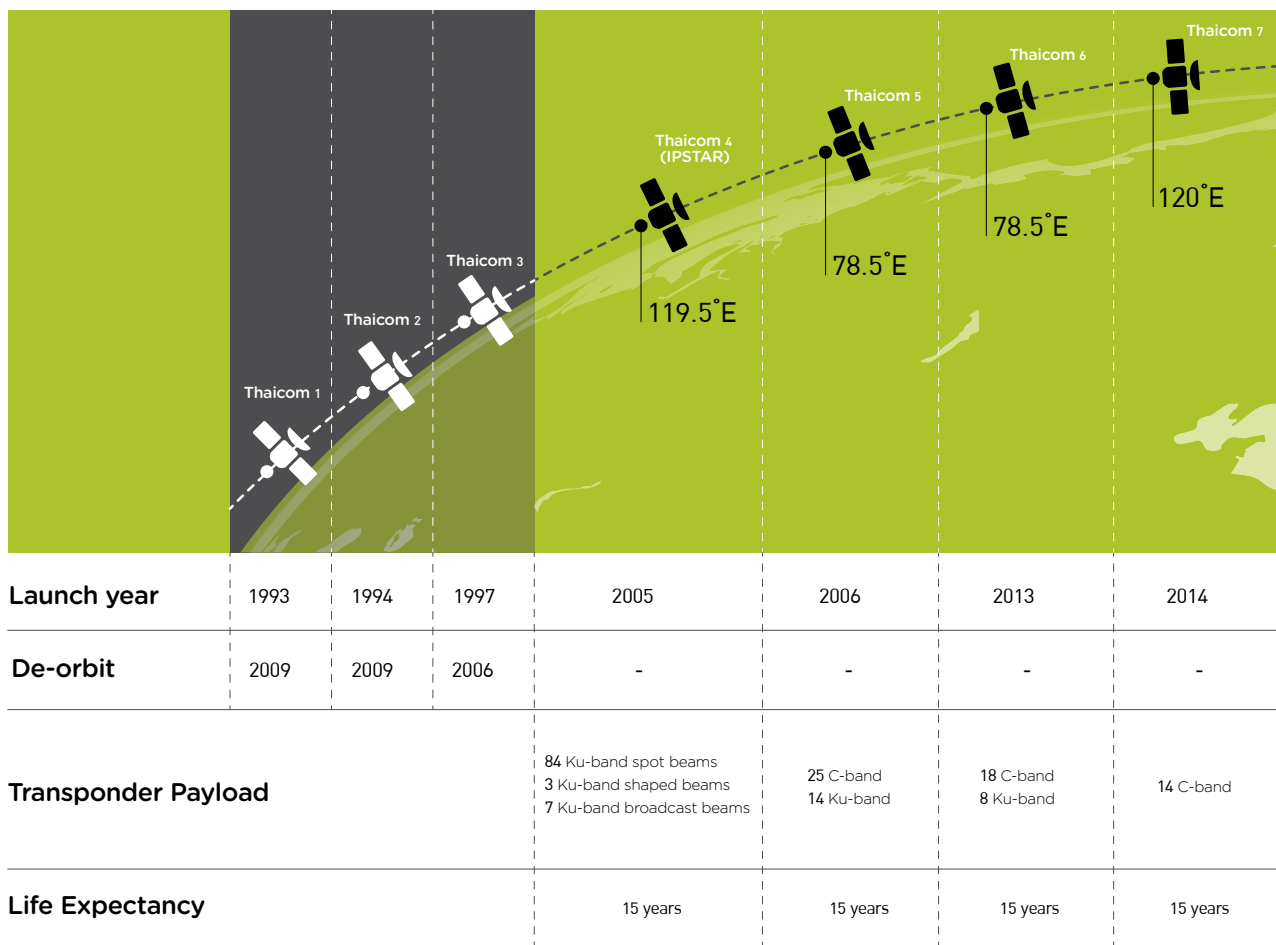
THAICOM 6 Project

In May 2011, THAICOM received approval from the Ministry of Information and Communication Technology (MICT) to build and launch the THAICOM 6 satellite. THAICOM 6 will meet the increasing demand for satellite services and transponders in Asia and Africa and serve as a viable replacement for existing satellites in the region which have reached their end of life. THAICOM 6 will be placed at the Company's prime orbital slot of 78.5 degrees East and co-located with THAICOM 5 to support the robust market growth. THAICOM 6 is a three-axis stabilized type medium-size satellite with a total of 26 transponders: 18 C-band and 8 Ku-band. THAICOM expects to launch the THAICOM 6 satellite into orbit around the second quarter of the year 2013.

THAICOM 7 Project

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

THAICOM Satellites Description



Source: THAICOM.

ii) Video Broadcasting Services

Video broadcasting is one of THAICOM's core businesses. THAICOM satellites serve as the gateway into Asia, Australia, Africa and Europe for many of the world's leading broadcasters through our Teleport and DTH Center.

THAICOM's video broadcasting services include:

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

THAICOM offers digital compression and transmission of broadcast signals 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 services for operators who require broadcasting of 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.

- **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 contents to regions outside of THAICOM's satellite footprints – such as North America, Europe and Australia.

- **Satellite News Gathering (SNG)**

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

iii) IPSTAR System Services

THAICOM began marketing its IPSTAR service in 2001 with the introduction of the first generation IPSTAR Gateway. After THAICOM 4 (IPSTAR)'s successful launch on 11 August, 2005 and function tests in December 2005, THAICOM started providing broadband services via THAICOM 4 (IPSTAR) in combination with the IPSTAR user terminals.

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

IPSTAR Ground System (IGS)

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

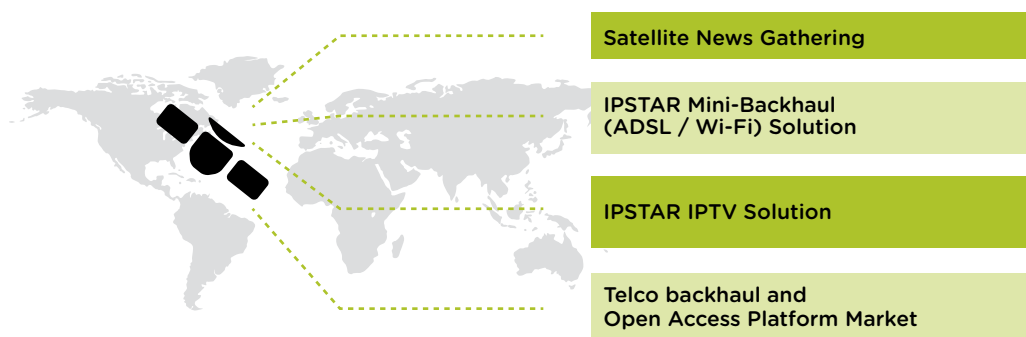
- **IPSTAR Gateway**

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, video conferencing, multimedia broadcasting and multicasting, online transactions, and telephony.

- **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.

IPSTAR Products & Services





• Satellite News Gathering

In 2011, the popularity of our Satellite News Gathering service (SNG) grew rapidly. Smaller SNG equipment, combined with THAICOM 4 (IPSTAR)'s wide coverage area across Asia Pacific countries, spurred the demand. Similarly, significant growth in Thailand's satellite TV segment (Direct-to-home-DTH) has resulted in a rapid increase in the demand for both monthly and occasional-use SNG service.

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

Internet broadband access services over the IPSTAR system can be categorized into 2 groups, namely: single user per terminal, and multiple users per terminal. The single user per terminal service is aimed at heavy users: business and corporate users, and consumers or SOHO, while the multiple users per terminal service specifically targets light users, Hotspot service and/or customers who live in Multi-Dwelling Units (MDU) such as apartment buildings or condominiums. For multiple users per terminal, we can integrate the IPSTAR system with network access technologies (both wired & wireless) to provide broadband access to neighborhood users via ADSL or Wi-Fi technology.

Our IPSTAR Mini-Backhaul Solution helps Internet Service Providers (ISP) to substantially reduce investment capital and operational expenditure. By utilizing a single IPSTAR network as backhaul link, Internet subscribers will share the operational cost, enabling service providers to surpass revenue margins.

While there are still plenty of opportunities in the retail market in sub-urban areas, ISPs can also 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 telecommunications companies and service providers to distribute video contents to their users nationwide. Using the THAICOM 4 (IPSTAR) 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 sets. 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's main IPTV 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 channel of bandwidth, resulting in higher bandwidth efficiency. Similarly for Push VOD, broadcast contents are delivered using a multicast file transfer feature to store the content on multiple hybrid STBs (Set-Top-Box) or local media servers consuming only one channel of bandwidth, resulting in higher bandwidth efficiency and faster response to customer requests. The multicast feature on

THAICOM 4 (IPSTAR) Satellite is the key advantage over other broadband media such as ADSL, leased line and fiber optic.

IPSTAR is working closely with content and technology partners to plan for the commercial launch of an IPTV project in Thailand by 2012, and in other countries soon after.

• Telco backhaul and Open Access Platform Market

THAICOM 4 (IPSTAR) satellite backhaul has become a reliable solution for mobile network operators to deliver voice and data services to areas with limited access to telecommunication infrastructure. With extensive use in backhaul for BTS stations of all sizes - from macro cells and micro cells, to small-cell IP-node-B's, IPSTAR has become the most cost effective solution for telecom operators in the Asia Pacific region. In 2011, more than 3,000 small-cell 3G sites were deployed in Japan, several hundred GSM sites were deployed in India, and the CDMA backhaul market in China was penetrated, helping to bridge the digital divide for millions of people by providing them access to cellular communications, at the same time generating revenues for mobile operators from regions which had previously been inaccessible. In the aftermath of the Japan tsunami, IPSTAR backhaul was extensively used by all the national operators to restore their network coverage by connecting BTS stations to their core network. Mobile backhaul over IPSTAR has now proven itself both technologically and business-wise as a viable model. Due to growth in the number of mobile users with higher bandwidth requirements, and the preparation of Business Continuity and Emergency Communication capabilities, we expect higher demand for mobile and small-cell backhaul and OAP solutions from IPSTAR from all regions.

As a part of our Open Access Platform (OAP), operators in several countries have made use of the higher bandwidth capacity of IPSTAR by switching over from conventional satellites, without the need of having to change any ground systems and remote node modems. The key achievement during the past year was providing IPSTAR bandwidth to projects such as the National Broadband Network (NBN) of Australia over third party ground systems.

In 2012, an upgraded smart backhaul service with improved visibility, flexibility, features, and functions will be offered, which will be ideal for targeting rural areas and also as a back-up solution in urban areas. As before, IPSTAR will also keep working with governments and other organizations in technical collaborations to provide Business Continuity and Emergency Communication solutions. Since the trend in the satellite industry is moving towards mobile satellite services, the company will explore opportunities and develop solutions for maritime, and aeronautical services, as well as applications for moving trains.

iv) System Integration, Engineering Consultancy and Training Services

With over 20 years of experience in satellite communications, THAICOM's engineering resources provide consultation, training, and implementation services for satellite network design, system integration, installation, operations and maintenance of satellite application networks and facilities. THAICOM offers a variety of services to its customers, including earth station construction, traffic transfer, engineering support, and extensive 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.

Industry Outlook & Competition

Conventional Satellite - Industry Outlook

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

Asia Pacific Overview

In recent years, despite the increasing demand, there has been a shortage of satellite capacity in the Asia Pacific region. The shortage of C-band and Ku-band transponders has resulted in an increase in market prices. Broadcasting remains very strong in the Asia Pacific region and has become a very important business driver for satellite operators. Pay-TV in Asia has reached 50.0% penetration of all Asian TV households. It is expected that DTH, High Definition (HD) and 3D television will be the key drivers for the conventional satellite market in Asia Pacific in the next few years.

In Indochina, the broadcast market has evolved significantly in the past few years due to the proliferation of DTH services in Thailand, Vietnam, Myanmar and Cambodia, creating high demand for Ku-band transponders.

In Thailand, the enforcement of the new Frequency Allocation Law led to the establishment of a single regulator for the broadcasting and telecom sectors, the National Broadcasting and Telecommunication Commission (NBTC). The legislation will encourage further growth in the local broadcast market.

Africa Overview

Africa is an emerging market with great potential. The key drivers for satellite services in Africa are growing demand for cellular backhaul, internet connectivity, and enterprise and government services. *The mobile telephony market is the most promising market in the region, having reached 500 million subscribers in 2010. This is still only 41.0 % penetration of the market, compared to a 78.0% penetration rate globally,* according to the International Telecommunications Union (ITU). Growth in the market for cellular backhaul services provided by satellite is being driven as a result of the rapid roll-out by mobile operators of coverage to secondary urban and rural areas beyond the reach of terrestrial networks. VSATs in Africa connect enterprises and several vertical markets such as oil and gas, and support applications such as distance learning, internet access, telemedicine and e-government projects.

Conventional Satellite - Competition

In general, each communication satellite is designed to address specific markets due to certain limitations such as orbital slot, frequency coordination, regulation, investment budget, etc. A satellite operator has to scope its target markets before finalizing the satellite design. For example, THAICOM 5's C-band was planned to serve the Indochina and South Asia regions while its Ku-band was designed to target only Thailand and countries within Indochina. As a result, not all satellites compete directly with each other, with the possible exception of satellites with global footprints that cover many regions.

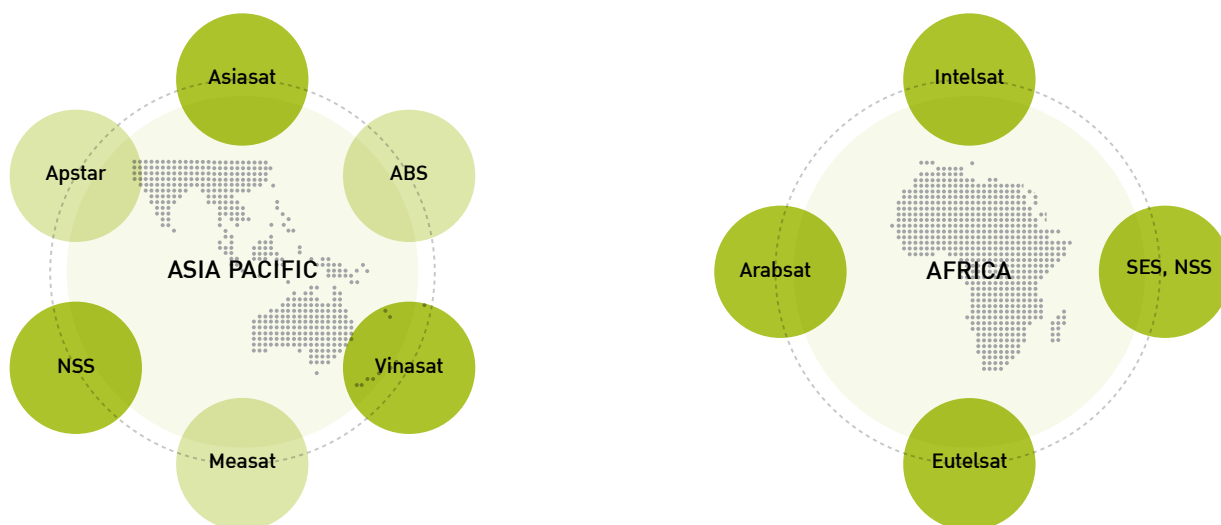
Competition in Asia Pacific

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 Astra (NSS) from Luxembourg, and Vietnam Post and Telecommunications (Vinasat) from Vietnam. However, as an established satellite operator in this region, THAICOM believes that the effect from the competition will be minimized due to its long-standing reputation, its close relationship with customers, and the selective neighborhood channels on THAICOM's satellites.

Competition in Africa

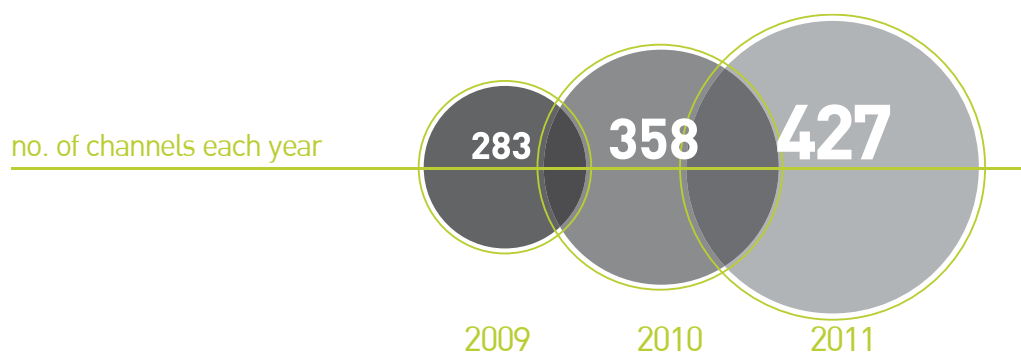
Many satellite operators have found interest and opportunities in the African market. Some of the major players in this market include Intelsat (Intelsat) from the United States of America, SES Astra (SES, NSS) from Luxembourg, Arabsat (Arabsat) from Saudi Arabia, and Eutelsat (Atlantic Bird, W series) from France. Africa is the second largest continent in the world with the second

highest population after Asia. Despite this, the penetration rate of telecommunications technology is still quite low, making Africa a market full of potential. THAICOM believes that the effect from competition will be minimized through cooperation with strategic partners and expansion of existing customer networks.



Conventional Satellite - Strategies

THAICOM has positioned itself as a 'Hot Bird' with its prime orbital slot at 78.5 degrees East, and strategically is a key player in Asia's broadcasting industry – in terms of the number of viewers and TV channels under the satellite platform. In 2011, THAICOM focused on both the domestic and international broadcasting markets, resulting in dramatic business growth. The total number of TV channels broadcast via the company's conventional satellite increased from 358 in 2010 to 427 at the end of 2011.



Through its subsidiary, Cambodian DTV Network Ltd., (CDN), THAICOM has deployed company-developed Integrated Receiver Decoders (IRD) for receiving free TV channels in Cambodia and the Lao PDR. This strategic move is aimed at strengthening THAICOM's Ku-band DTH platform in Indochina. With regards to the C-band channel distribution segment, THAICOM's focus is on Indochina and South Asia. The Company has also developed business models with its teleport partners from Europe to provide competitive broadcast services in Asia, Africa, Australia and Europe.

In 2012, THAICOM will continue with its 'Hot Bird' strategy, and focus on providing end-to-end satellite TV solutions to customers. The creation of value-added services will also assist customers in their business operations. In addition, THAICOM will focus on pre-launch sales of THAICOM 6 capacity.

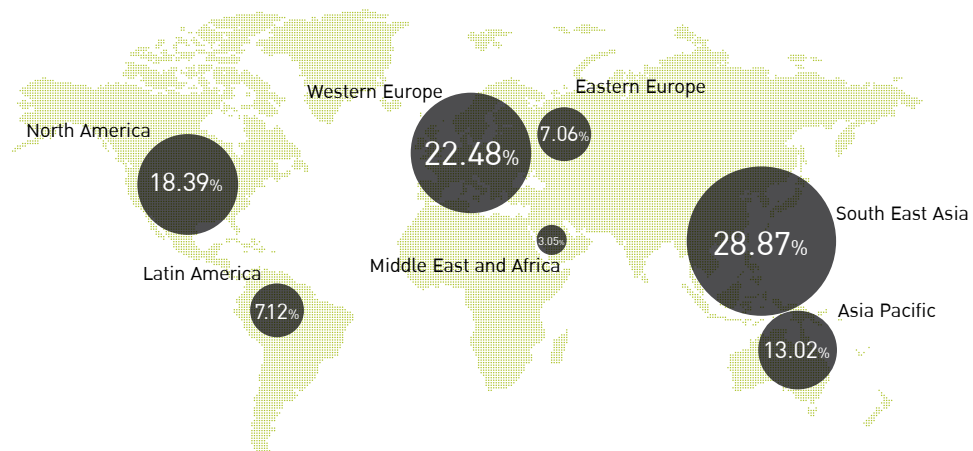
Broadband - Industry Outlook

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 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 38.0% of the world's mobile phone subscribers.

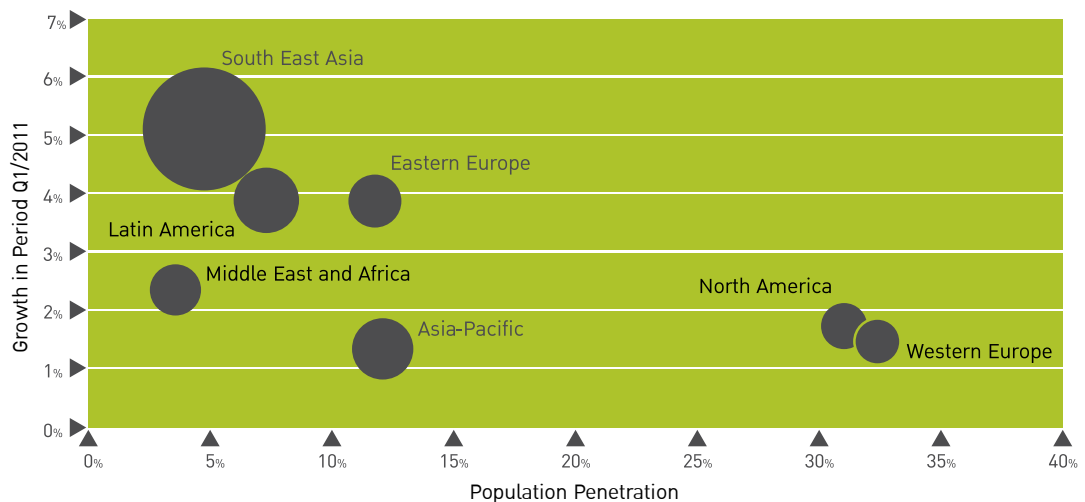
By the end of Q1 2011 there were an estimated total of 540.69 million broadband subscribers worldwide, accounting for 2.9% growth from last quarter, or an overall year on year growth of up to 12.0% (www.point-topic.com). Asia-Pacific accounted for 13.0% of world broadband subscribers for Q1 2011, this is the 4th largest share after South and East Asia (28.9%), Western Europe (22.5%) and North America (18.4%).

Share of the World Broadband Subscribers by Region in Q1 2011



However, when comparing penetration and quarterly growth by region, Asia-Pacific had the lowest growth overall with only 1.4% compared to other regions.

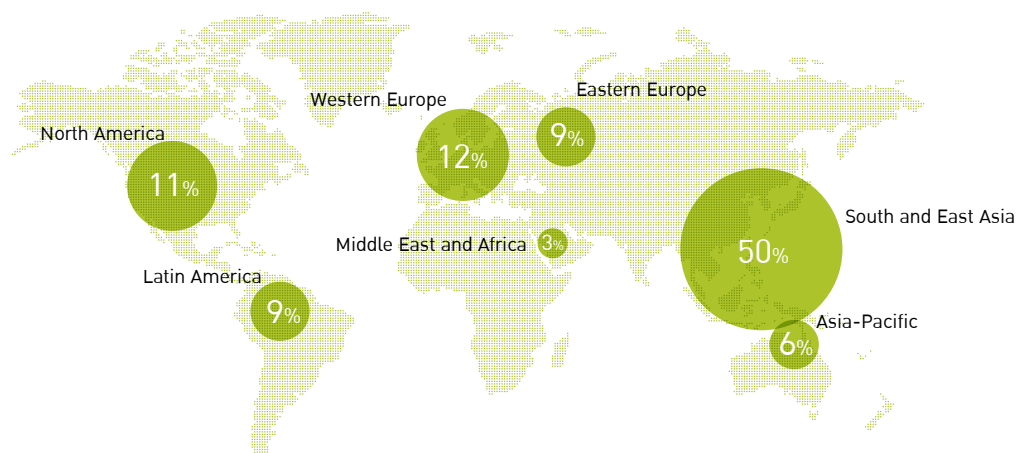
Penetration & Quarterly Growth by Region in Q1 2011



Source: www.point-topic.com

In terms of absolute numbers of broadband subscribers, Asia-Pacific has also made remarkable progress in the past few years with the number of broadband subscribers growing almost sevenfold in six years, from 27 million in 2003 to 187.3 million in 2009. For the first quarter of 2011, the number of net additional subscribers increased by 6.44 million (42.3% of total), up from last quarter's gain of 4.68 million, with China (including Hong Kong and Macau) accounting for a majority of this increase. India holds the second largest number of net additions within the region, followed by Vietnam, while Thailand added 47,395 new subscribers.

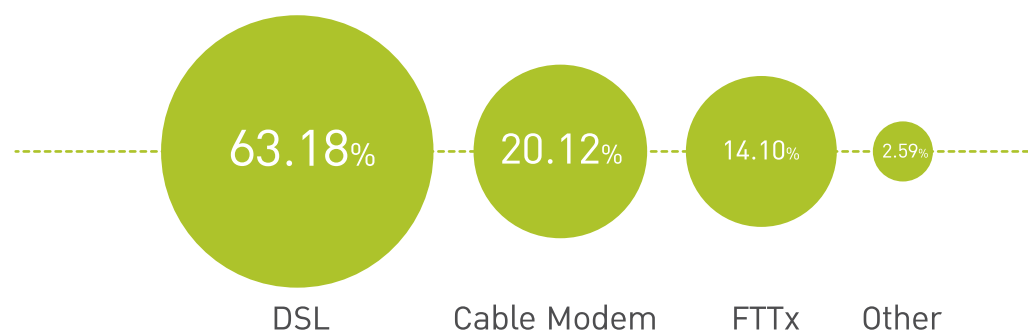
Regional Share of World Broadband Net Additions in Q1 2011



Source: www.point-topic.com

On average, 70.0% of the population in developing countries within the region lives in rural areas. At present, satellites are primarily used for broadcasting, and particularly to provide communication links to rural and remote areas where no network infrastructure is available. A widening digital divide between urban and rural areas still exists in some countries however, due to the region's fast-growing population, economy and Internet penetration, service providers in countries like Malaysia, Philippines, Vietnam and Myanmar are now expanding telephony and broadband services to remote and isolated areas.

Total Broadband by Technology in Q1 2011



Source: www.point-topic.com

Technology trends during 2011 showed that DSL still remains the most popular type of technology used with a 63.2% market share compared against other technologies, followed by cable modems (20.1%), and FTTx (14.1%).

Thailand's Broadband Internet Industry

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

In 2005, THAICOM partnered with TOT Public Company Limited, currently the largest telecommunication service provider in the country, to serve as the National Service Operator (NSO) for IPSTAR. TOT is the exclusive partner of IPSTAR and has a long-term contract to lease 50.0% 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, a total of 66,700 IPSTAR user terminals have been deployed. TOT has utilized IPSTAR in many governmental, Universal Service Obligation (USO), and non-governmental vertical projects in Thailand, including projects such as rural telephony, SchoolNet, Ministry of Education Network (MoENet), IPSTAR Mini-ADSL, the Internet Tambon project, Femtocell and Broadcast projects.

IPSTAR bandwidth usage in the country is growing rapidly, especially in support of TOT's expansion projects 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 June 2011, China Internet Network Information Center (CNNIC) reports that the number of overall net citizens in China has continued to increase to 485 million users. It is forecast that by 2013, China's net citizens will reach 718 million. Despite such a significant increase in Internet usage, there still remains a digital divide between the urban and rural areas in China. This large gap is attributed to slow economic and social development in rural areas, difficult geographic conditions, as well as a lack of quality hardware.

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 infrastructure. (Source: www.cnnic.cn)

Today, THAICOM delivers IPSTAR service in China, through 3 second-generation gateways located in Beijing, Guangzhou, and Shanghai, primarily for vertical projects.

The satellite was also utilized in disaster and emergency relief operations during the Sichuan earthquake.

India's Broadband Internet Industry

The Indian telecommunications industry is one of the fastest growing in the world. In June 2011, the number of telephone subscribers in the country reached 900 million, an increase of 41.0% from 638 million in April 2010. The overall tele-density has reached 74.0%, and the wireless subscriber base has increased to 851 million. This growth has been aided by India's open market for both domestic and international telecom service providers.

With a population of just over 1.2 Billion people, India has an estimated 100 million internet users (40 million of which use internet through their mobile phone), 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 2011, the number of broadband subscribers has grown by 62.0% at 13 million, as compared to 8 million in early 2010.

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

Australia and New Zealand's Broadband Internet Industry

The number of households with internet access in Australia and New Zealand is relatively high, at 81.0% and 85.0% respectively (Source: <http://en.wikipedia.org>). The high availability of computers among households and the high priority placed by the governments on 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) for IPSTAR in Australia. IPSTAR initially worked with several service providers in the country 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. Following the end of the ABG program, IPA partnered with NBN Co., an Australian government entity established under the National Broadband Network (NBN) initiative, *to provide satellite internet connectivity for the last mile. 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 agricultural sector and rural households. Today, over 15,000 IPSTAR user terminals have been deployed nationwide by various service providers across New Zealand.

Myanmar's Broadband Internet Industry

In March 2011, the number of Internet users in Myanmar was quoted as having reached 380,000 (Source: www.myanmar-business.org). This figure represents approximately 0.7% of the country's population of 54 million (Source: [www. https://www.cia.gov](https://www.cia.gov))

Currently, Myanmar Post and Telecommunications (MPT), the National Service Operator (NSO) for IPSTAR and a state-governed telecommunication regulator is cooperating closely with newly established service providers in Myanmar to develop more feature-rich services. Called "SKYNET Multi-play service (MPS)", the program bundles Internet broadband, mobile phone, and DTH service into one package for consumers. Currently, there are more than 4,500 user terminals deployed in the country, and in 2012, IPSTAR aims 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 June 2011, the population of Cambodia had reached 14.7 million, yet only 329,680 people were Internet users. (Source: www.Internetworldstats.com).

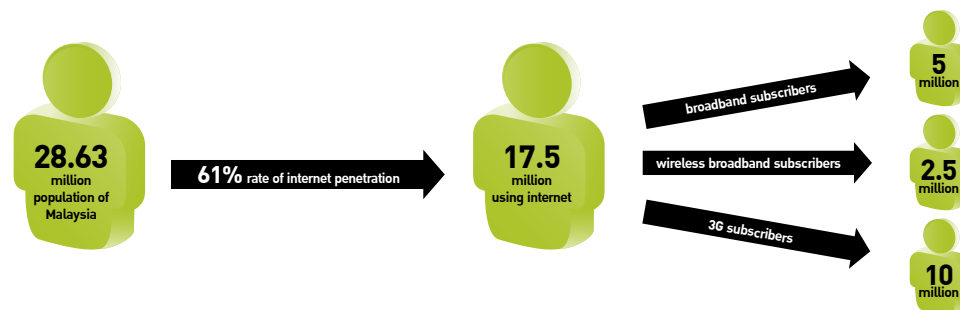
In 2007, IPSTAR's second generation service was launched in the country, with Mfone (formerly known as CamShin) as the IPSTAR Gateway operator. Today, a total of 2,450 IPSTAR user terminals have been deployed nationwide by service providers Mfone and Telecom Cambodia. THAICOM continues to find and closely collaborate with local partners to extend its existing market foothold.

Vietnam's Broadband Internet Industry

Vietnam is considered one of the fastest growing broadband Internet markets in Asia. With a total population of 90.5 million in 2011, the internet penetration rate stood at 31.6% or a total of 28.6 million Internet users. (Source: 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.

Malaysia's Broadband Internet Industry

According to the Department of Statistics of Malaysia, Malaysia has a population of 28.63 million. The number of Internet users in the country has reached 17.5 million in 2011, for a penetration rate of 61.0% (Source: www.malaysiawireless.com). Out of these users, there are more than 5 million broadband subscribers, 2.5 million wireless broadband subscribers and 10 million 3G subscribers.



The Malaysian government has implemented a Universal Service Provision (USP) with the prime objective of minimizing the digital divide in the country. Divided into 3 major phases, the project aims to: provide basic telephony service to underserved areas in 89 districts during phase 1; provide satellite broadband Internet for 87 districts in the country during phase 2, and provide Internet connection to libraries and USP communication centers nationwide during phase 3.

In 2011, THAICOM signed a bulk bandwidth deal with Measat, an established telecommunication company with well-developed distribution networks in Malaysia. As NSO, Measat will provide services for various market segments – such as the enterprise and SME markets, and those of the USP-based government projects.

South Korea's Broadband Internet Industry

South Korea is one of the most advanced broadband markets in the world, with a mobile phone penetration rate of over 105.0% in 2011. South Korea has one of the world's highest broadband internet penetration rates, with 85.0% of households having broadband subscriptions. South Korea is also leading globally in terms of average broadband speed, with strong support from the government. The next big aim for the Korean government is to launch 1 Gbps speeds on fixed lines and 10 Mbps on wireless by 2012/13. 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 the digital platform by 2012, IPSTAR still has a huge market potential in providing DVB service throughout 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 April 2009, IPSTAR officially launched its services in Japan, with sales beginning to pick up with initial strategies directed towards retail broadband and government-funded projects. In early 2010, IPSTAR had a significant breakthrough in the Japanese market when it signed a deal with a major Japanese mobile operator.

Furthermore, during the March 2011 Great Tohoku-Kanto Earthquake, IPSTAR through cell-phone carriers in Japan, offered disaster recovery support to recover the mobile communication networks in the affected areas by providing 10 IPSTAR user terminals and 60 satellite antennas. In addition, IPSTAR installed VoIP enabled notebook computers connected via Thaicom 4 (IPSTAR) in Wakabayashi-ward, Sendai City to provide free IP phone services to the residents.

The Philippines and Indonesia's Broadband Internet Industry

According to market research firm Nielsen, in the Philippines, the Internet penetration rate in 2011 stood at 33.0%, while a similar study showed that the number of internet users in Indonesia significantly increased to 55 million people in 2011 from 45 million the previous year.

Consisting of geographically isolated groups of islands with limited access to reliable network infrastructure, 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.

Initially, IPSTAR delivered high speed Internet access to the Philippines through its gateway in Taiwan. In 2007, IPSTAR entered into an agreement with TNRI, a telecommunication service provider in the Philippines, to offer broadband services in the country by using the THAICOM 4 (IPSTAR) satellite through its newly completed gateway in the Philippines.

With commercial deals signed in the fourth quarter of 2008 with the service provider WIT, IPSTAR successfully launched a new retail broadband Internet package in the Philippines, called 'IPSTAR BigSky'. With more partnerships gained throughout 2010, the growth and expansion of IPSTAR services in the Philippines will continue throughout 2012.

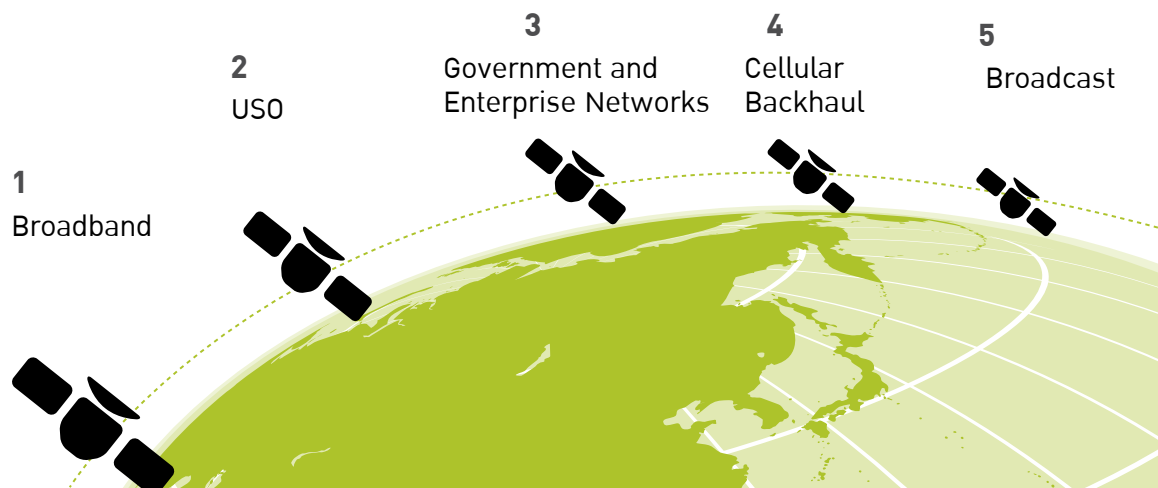
Similarly, in Indonesia, IPSTAR sealed a partnership in 2008 with Infracom, an IT solution provider, which has since launched retail broadband services and established local distribution partners nationwide to accelerate IPSTAR roll-out and to provide customer service in Indonesia. With ongoing market developments, further growth can be expected throughout 2012.

IPSTAR Satellite - Strategies

In 2011, IPSTAR successfully launched services in most countries under the satellite's footprint, while

services in Taiwan and Korea are expected to commence in 2012.

For 2012, THAICOM will continue with several key strategic directions to enhance the commercialization of IPSTAR's services within the region. THAICOM will concentrate on increasing bandwidth sales in 5 core segments: 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 (IPSTAR) satellite's bandwidth, with proven success cases in such countries as Malaysia, Japan and Australia, 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.

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. THAICOM will also continue to engage 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 as 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. In 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.

Service Procurement

Process for Procuring Satellites and Gateway Builders

The procurement for satellites and gateway builders starts with an analysis of customers' requirements by the marketing team; e.g. target countries, services needed etc., while the engineering team studies satellite and gateway specifications; e.g. design of service area, satellite technologies to be used, application bandwidth, gateway location and the number of transponders required to match customers' needs. The specifications of a 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. The average satellite construction period is about 24-30 months, while gateway construction requires approximately 6 months.

Process for Satellite Services

When a THAICOM representative receives requirements from a customer, THAICOM will explore the technical conditions of the network to be incorporated with the customers' requirements. Whether the customer wishes to lease a satellite transponder or make use of such value added services as uplinks/downlinks, signal compression or others, THAICOM will develop a solution to best respond to the customer's needs.

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. THAICOM will assist clients in designing the proper uplink/downlink services and station, as well as provide assistance in acquiring the necessary equipment for the system's operation. THAICOM can also assist the client in the installation of systems at the customer's own operating site.

Business Privileges and Limitations

Satellite Concession

THAICOM was granted a 30-year concession to operate domestic communication satellites by the Ministry of Information and Communication Technology (MICT) in 1991. Under the agreement, THAICOM is required to transfer the ownership of all satellites to the MICT after they have been launched into orbit and passed the functionality test. The gateways and related equipment will also become assets of the MICT following their installation and completion of efficiency tests (except for those installed abroad). The MICT will allow THAICOM to use those assets for its business operations. THAICOM is also required to pay the MICT a minimum remuneration totaling Baht 1.415 billion throughout the 30-year agreement period. The current remuneration rate paid to the MICT is 20.5% of gross revenue.

BOI Investment Promotion Certificate

THAICOM was granted BOI promotional privileges from the Board of Investment for the 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.

1.2 Satellite Communications and Related Services by CS Loxinfo Plc.

CS Loxinfo Public Company Limited (CSL) provides an integrated uplink/downlink service at its Ladlumkaew THAICOM Teleport and DTH Center. Services comprise TV signal uplinks/downlinks, live broadcast, and tape playback, both in analog and digital format. The services are provided on a full-time basis with 24-hour operating staff. CSL has been licensed for uplink/downlink and Internet via satellite services under a 22-year operating agreement ending on 8 August 2016.

2. Internet Access and Related Services

2.1 Internet Access Service by CS Loxinfo Public Company Limited

(See more details from CSL's 2011 Annual Registration Statements (Form 56-1) available for download at www.sec.or.th)

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

Ad Venture Co., Ltd. (ADV) is 99.99% owned by CSL. ADV provides internet software development and information & entertainment services via mobile phone.

(See details of ADV from CSL's 2011 Annual Registration Statements (Form 56-1) available for download at www.sec.or.th)

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

Nature of Products or Services

DTV Satellite Dish Sales

DTV sells KU Band satellite reception dishes which can be directed at the THAICOM 5 satellite to receive broadcast transmissions. Customers may buy the equipment as a set (dish and box) or opt for only the IRD box. Compact in size and relatively inexpensive, the dish offers viewers an opportunity to view a wide variety of TV channels, including free-to-air and education channels. The equipment is sold through satellite dish installation shops, electrical appliance shops, shopping malls, etc. nationwide.



Future Plans: The company will continue to promote the replacement of traditional fish bone antennas with its small satellite dishes in both the urban and rural markets. At the same time, the company will also focus on providing quality programming, i.e. news, documentaries, movies, cartoons, and a variety of education channels. In addition, the company will continue to develop new devices and adjust prices for competitiveness in the market. As part of its market-building activities, DTV will also provide training to its dealers covering installation and benefits of new devices.

Web Development 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 techniques to captivate and draw the attention of website visitors.

System Integration Service

The company will work with a customer to analyze the customer's needs and then devise solutions that utilize satellite communications or internet media formats. Solutions provided will fall under one of two categories, namely Platform Services, such as IPTV, VDO Conferencing, Data Transfer, Multimedia Online, etc., or System Integration, whereby the company offers network and software solutions to meet a customer's demand for network connection to transfer data in either a uni-directional or bidirectional manner.

Platform Service

This service includes selling and leasing of platforms or systems developed by DTV such as IPTV Channels (Internet TV channel), or Multimedia Streaming Platforms used for broadcasting video or audio content via Internet networks. The platforms and applications developed are ideal for broadband Internet application. This service also includes development of unique services to match customers' specific demand.

Industry Outlook and Competition

DTV Satellite Dish Sales

A wide variety of TV receivers are available in the market, including satellite dishes and traditional

antennas. This availability creates fierce price competition, and new low-cost alternatives enter the market frequently. Nevertheless, DTV remains competitive in respect of price.

Web Development Service

Today, DTV offers services only to current customers, without actively seeking to expand its market or sales, as recent competition by smaller companies or individuals has put DTV at a price disadvantage.

System Integration Service

Currently there are several operators providing system integration services, each with their own particular technical expertise. DTV has put its emphasis on IP File Transfer technology using the IPSTAR broadband satellite for in-house training.

Platform Service

DTV continues to provide services to its current customer group with earnings being realized from existing equipment. The customer base has not been actively expanded, as similar platform services are widely available at low cost through other vendors.

Business Privileges and Restrictions

License for Internet Service Provider

DTV was granted a license by the National Telecommunications Commission (NTC) to provide Type 1 Internet services for a period of five years from 2009. It is expected that the license will be renewed upon its expiration in 2014. DTV was also granted a 5-year license to provide Type I Telecom services from 2010 to 2015.

2.4 Meeting /Training/ Seminar Center/ Consulting Services by NTU (Thailand) Ltd. (NTU)

NTU (Thailand) Ltd. (NTU) was sold by DTV to a third party in December 2011. NTU offers meeting, training, and seminar center services for efficient personnel development of organizations using distance learning technology via satellite as a medium to broadcast the on-air lectures live to educational centers and enterprises in the government and private sectors.

3. Telephone Business

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

3.1 Mfone Co., Ltd. (Mfone)

Formerly known as Cambodia Shinawatra Co., Ltd., the company officially changed its name to Mfone Co., Ltd. to correspond with its product name. Mfone offers the following marketing and sales activities in Cambodia:

Nature of Products or Services

- Cellular Phone services utilizing the GSM 900MHz, and GSM 1800 MHz, and UMTS or 3G 2100 MHz systems. As at end 2011, Mfone had enough network capacity to supply service to more than 1,500,000 subscribers.
- Fixed-line phone services utilizing the CDMA 450 system using wireless signals. This service covers 24 provinces nationwide with up to 30,000 subscribers.

- Internet services: WiFi, ADSL, IPSTAR.
- VoIP international calling service, an economical service pack via Internet for cellular and fixed-line phone users.

Industry Outlook and Competition

Competition in the Cambodian telecom market is relatively high. With an approximate population of 14 million people, Cambodia's telephone penetration rate is still at 30.0% with the number of cellular phone users accounting for 97.0% of the total figure. Prepaid services account for 99.0% of the total mobile telephone market.

As at the end of 2011, there were 8 mobile phone operators serving the Cambodian market, with an additional 2 operators having been given operating licenses near the end of the year. Mfone ended the year in third place in terms of market share, with a total of 723,860 subscribers, while its major competitor Metfone (Viettel) ranks top, and CamGSM (Mobitel) second.

Marketing

Mfone intends to focus on network expansion to provide nationwide coverage and high quality service. Customer service and call centers have been set up throughout the country for the convenience of our customers. Due to fierce competition, Mfone has periodically launched sales promotion campaigns to boost sales figures, while also improving its products and services.

In 2012, Mfone will focus on a number of market segments and offer services suited to customers' lifestyles. Mfone will also focus on providing total corporate solutions and increase customer value for money through various new products.

Business Privileges and Restrictions

Mfone was granted a 35-year Operating Agreement by the Cambodian Ministry of Post and Telecommunications to operate telephone services in Cambodia. The contract was issued in 1993, amended in 2007, and expires in 2028. When the contract expires, Mfone will have 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 11.0% of gross revenue to 7.0% effective from 22 July, 2004-2006, and 10% from 2007 onward. This rate is applicable only for earnings from 2G cellular phone service, while the rate for the 3G system was 4% of gross revenue from 2007-2011.

3.2 Lao Telecommunications Co., Ltd. (LTC)

Nature of products or services

LTC has been granted a license to operate telecommunication services in Lao PDR 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, Wifi Zone, dial-up, ADSL and Prepaid internet and leased line service
- International Roaming Service
- VOIP International Telephone Service
- Value added services for mobile phones

Industry Outlook and Competition

LTC's exclusivity rights expired in 2001. There are currently 3 fixed-line operators in Lao PDR, namely LTC, ETL, and LAT (Star Telecom); 4 cellular phone operators, namely LTC, ETL, Millicom

and STAR TELECOM. LTC has the largest market share with 1,210,588 subscribers, while UNITEL ranks second and ETL ranks third. ETL is 100.0% owned by the government, while LAT is a joint venture between the Lao Government & Viettel. Millicom is a private Russian-owned company and was renamed BEELINE in the fourth quarter of 2011. The five major Internet service providers are LTC, ETL, Planet Online, UNITEL and BEELINE, with LTC holding a 50.0% market share.

Telecommunication systems in the Lao PDR have developed and improved extensively over the past few years with the introduction of state-of-the-art technology on a par with global trends. The Lao PDR is the first country in the world to implement the IPSTAR TRUNKING system with GSM 900 phones in rugged areas. LTC was the first mobile operator to provide 3G services through its nationwide network, and it offers data speeds of 14.4 Mbps. UNITEL and ETL, the second and third largest operators in terms of subscribers also launched 3G services in 2011.

The total number of mobile phone subscribers is approximately 2.9 million. In the first half of 2011 a price war erupted, negatively affecting the bottom line of all operators. In the third quarter, the Lao Ministry of Post, Telecommunication and Communication announced new control measures on telecom service tariffs, prohibiting the provision of free airtime to subscribers. Subscribers who had previously used multiple SIM cards to take advantage of the different promotional packages churned out and returned to using the service provider of choice. This churn out resulted in an overall perceived reduction of the number of subscribers. Over 98.0% of all mobile phone subscribers use the prepaid system.

Marketing

As competition grew stronger in the market, LTC placed greater emphasis on network expansion to ensure nationwide coverage. At the same time, to ensure high service quality, LTC introduced CRM and PRM systems, and created a network quality team to monitor and control the network. Customer service and call centers exist throughout the country to assist customers and distributors alike. All these efforts have resulted in LTC being awarded ISO 9001-2008 certification.

LTC has implemented a number of different marketing strategies to create brand loyalty and retain its number one position in the market. With targeted local marketing events and direct sales activities, the company has created a strong network of dealers throughout the country, while also meeting the different needs of customers in different regions of the country.

Business Privileges and Restrictions

LTC is a joint venture with a 25-year license through the Joint Venture Agreement for Telecommunications Business Operation in Lao PDR 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 Lao PDR without any charges or compensation.

In February 2011, LTC announced a dividend payment to shareholders for LTC's 2010 performance in the amount of USD15 million. Since 1996, LTC has made dividend payment to shareholders to the tune of USD119 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 2011 Annual Registration Statements (Form 56-1) available for download at www.sec.or.th)



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Risk Factors

The Company's business operation is subject to various risks, both general and specific ones. The risk factors set out in the following list are those which the Company presently considers may have a significant negative impact on its business earnings, financial position or future performance. Investors wishing to invest in the Company's securities should therefore take careful consideration of 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 operations. Where such risk factors become real, the Company's business, financial status and operating results may be adversely affected thus possibly resulting in a drop in the price of the Company's ordinary shares as well as the Company's debenture price and will lead to investors' losses.

In addition to these, there are also risk factors related to the Company's Internet business that investors may study from the 2011 Annual Report of CS Loxinfo Public Company Limited.

1 Risks associated with the provision of satellite services

1.1 Technology and operating risks

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 extent to withstand a certain amount of damage. The probability of satellites suffering severe damage to the point of complete failure is very rare. THAICOM maintains a contingency plan to minimise the adverse effects to customers in the case of severe damage to the satellite. These plans include transferring as many customers as possible to available transponders on the remaining Thaicom satellites. The Company has also made agreements with other satellite operators for temporary leasing of transponders until the launch of a replacement satellite. Normally, the construction period of a new satellite will take approximately 24 - 30 months depending on the complexity and size of the satellite.

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 THAICOM 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 is equal to the satellite's book value on the insured date. However, the insured value does not cover 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. The company is considering the cost - benefit of the insurance policy and the insured value cover and compensation in the event of loss of revenue due to the satellite's damage.

Insured Value Project

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

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

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

Technological changes

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

Where Broadband satellite technology is concerned, Thaicom 4 (IPSTAR) when first launched and operated, was the most advanced satellite and operated at 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 may decrease the competitive advantages of Thaicom 4 (IPSTAR) and lead to a drop in profit margin of both bandwidth and ground equipment.

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

Service life of satellites

Although satellites generally have 12-16 years of service life, there are some factors that may shorten their life expectancy. These factors include the quality of the spacecraft, the sturdiness and the durability of its components, the launch vehicle, and the efficiency of the launch process, the satellites' fuel consumption and the operator's skill in controlling the satellites under different conditions. The Company might lose its customers and revenues if Thaicom satellites have shorter service lives than expected and the Company cannot launch any replacement satellite in time.

Reservation of satellite orbit and frequency coordination

When the Company has a plan to launch a satellite into a new orbital slot, it must first file a reservation with the International Telecommunications Union (ITU) through the Administration of Thailand. The Thai Administating body must first approve the request and consider the necessity of the new satellite. 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 in the Agreement on the Frequency Coordination.

Operating risk

Satellite operations requires special technical know-how and expertise. The Company provides a comprehensive training process to ensure its employees have the required skills and abilities to control and operate the satellites. However, there remains the possibility of human error. In case there is an error when sending commands to the satellites, the Company has a procedure and contingency plan in place for any corrective action.

Risk from natural disasters

Both the Thaicom Satellite station and the Thaicom Teleport and DTH center are subject to risks of natural disasters that could result in equipment damage and / or employees' ability or accessibility to operate equipment on a temporary or permanent basis. The company is aware of this risk factor; therefore, both Thaicom Satellite Station and Thaicom Teleport and DTH Center have been designed to have the capability to back up each other. In addition, there is a capability to operate and control the satellite from a remote location in case employees cannot have physical access to either facility. The company has applied experience gained from managing the flooding crisis in 2011 to improve facilities and infrastructure at both the Thaicom Satellite Station and the Thaicom Teleport and DTH center.

1.2 Risks related to Thaicom 6 and Thaicom 7**Risk involving launch delay and failure**

The construction and launch of a satellite demands a complicated process, testing and technology, therefore, there is a possibility of a launch delay or launch failure. Even when in orbit, the satellite still risks missing its precise orbital location, or it might use more fuel than estimated to get into the allotted orbital location and, consequently may have a reduced service life. In some cases, the satellite might be so irrecoverably damaged that it can not function, or become partially damaged and can not function fully. A launch delay or launch failure would impact the marketing plan and result in a loss of revenues. The time frame for the construction of a satellite depends on the complexity and size of the satellite. The Company closely monitors the building of satellites and their launch vehicles to ensure they are ready for launch on schedule. On most satellites, many units and components have redundancy units in case of failure of the main unit. During assembly, the satellite will undergo various tests to ensure that it is ready to cope with the space environment. Even so, despite the design and tests to mitigate risk, there is still a possibility of an in-orbit malfunction and failure. This is covered by a FULL COVERAGE insurance policy to protect the investment.

1.3 Business risks**Changes in laws, rules, regulations and government policy**

THAICOM was incorporated and registered in Thailand to operate satellite telecommunications in the country under the Agreement for the operation of Domestic Communication Satellite. There is a business risk from the rise in competition due to changes in the Government's rules and regulations on satellite telecommunications licenses, as well as related telecommunications liberalization policies. In addition, other changes in laws, rules, regulations and policies 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. Such changes may also lead to new satellite operators who will be the Company's competitors in the future.

Legal and regulations risks in countries where THAICOM operates

At present, the globalization trend has created a more liberalized telecommunications landscape around the world. It has enabled THAICOM to expand the satellite telecommunications services to many countries. The Company strictly abides by the rules, regulations, government policies, or international agreements as well as telecommunications laws of the countries where it operates. The satellite telecommunications business in each country is strictly controlled by its government and any changes to its policies and regulations including any change in policies to provide supporting subsidies to the telecom industry may affect the Company's license standing and business strategy. In addition, changes in the policy and regulations of the ITU International Agreement, or agreements 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. Whenever necessary, the Company hires and consults law firms in those countries where it operates to ensure proper legal compliance.

Potential loss of major customers

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

In case one of these major customers cancels their services, does not renew the contract, or renews the contract with additional terms and conditions such as reducing the service costs, the Company's business may be affected.

Historically, the Company's major customers have never defaulted on their payments, as they must broadcast their programs for the in viewers. Changing over to other satellites will bring technical hurdles as it requires relocating or repositioning the customer's antennas from the Thaicom satellites, and be very cost prohibitive.

Commercial risk is part of the IPSTAR business. IPSTAR wholesales its satellite bandwidth and user terminals through intermediary channels, such as service providers. The reliance on a single dominant partner as an intermediary may itself be an inherent risk as this may lead to limitations to distribution channels as well as limit competition within the market for IPSTAR products and services. With the company's strategy in establishing good relationships with associated partners, good cooperation and trust in IPSTAR business ventures is the expected outcome.

Marketing risk

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 forecast. 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, developments in television technology and high definition television services will increase demand for satellite services.

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 operators such as AsiaSat, Intelsat, Apstar, New Skies, ABS and Measat. Some of these competitors have large footprint coverage areas and financial resources. Mergers and acquisitions of satellite operators may also affect the Company, as it may cause higher competition in the market and lead to a price war in transponder leasing services.

The Company also competes with terrestrial network operators such as fiber optic, DSL, microwave, VHF/UHF broadcasting, digital data services, value-added broadband services, etc. Normally, terrestrial network services have cost less than satellite services. The competition with these terrestrial network operators will limit the Company's price setting. Therefore the Company may lose existing customers to terrestrial services or may have difficulty in acquiring new customers. However, satellite services provide low cost and quick deployment to remote and less populated areas.

Risk resulting from allegations of breach of the terms of the Agreement for the Operation of Domestic Communication Satellite

THAICOM provides satellite telecommunications services under the Agreement for the Operation of Domestic Communication Satellite. This Agreement 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 on the Company's business opportunities, financial status, and performance.

Due to the necessity for the Company to raise capital through the Public Offering (PO) of new shares, INTOUCH's proportional percentage of shareholding would be less than 51.0%, the Satellite Agreement for the Operation of Domestic Communication Satellite was amended in 2004 to lower the percentage of shareholding in THAICOM that INTOUCH was required to own from 51.0% to 40.0%. 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 may have to be approved by the Cabinet or it may have been considered void. The Company may be accused of breaching the Agreement prior to the amendment, and MICT has requested the opinion of the Juridical Council (the Council of State) on this issue. The Juridical Council notified MICT that this issue is being considered by the Supreme Court and the Juridical Council could not give any opinion on the issue. After the Supreme Court gave its decision on 26 February 2010, MICT requested the opinion of the Co-ordinating Committee, which, by majority votes, recommended that MICT should submit the matter to the Cabinet to resolve that INTOUCH shall hold not less than 51.0% shares in the company. On 1 March 2011, the Ministry notified the Company in writing that the Company is required to comply with the recommendation of the Co-ordinating Committee. On 14 March 2011, the Company replied in writing that the Company has complied with the terms and conditions of the Operating Agreement and every action taken by the Company received prior authorisation of the Ministry. In the case the Ministry is of the opinion that the Company has failed to comply with the Operating Agreement or the law in whatever matter, the Minister should inform the Company, and once notified, the Company and MICT may jointly consider to take actions which are beneficial to all.

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, THAICOM is required to provide a back-up satellite to each main satellite that it launches 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 as 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. The Supreme Court gave its decision on 26 February 2010 that Thaicom 4 (IPSTAR) could not be considered a back-up satellite for Thaicom 3, and that the Thaicom 4 (IPSTAR) satellite, 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 a back-up satellite for Thaicom 3 in compliance with the Agreement and that the 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. On 1 March 2011, the Ministry notified the Company in writing that the Company is required to comply with the recommendation of the Co-ordinating Committee. On 14 March 2011, the Company responded in writing that the Company has complied with the terms and conditions of the Operating Agreement and every action taken by the Company received prior authorization of the Ministry. Later on, the Company sent a letter to the MICT requesting its approval for the building and launch of the Thaicom 6 satellite as an additional back-up satellite for Thaicom 3. The MICT approved the Thaicom 6 satellite, while the matter of the Thaicom 4 (IPSTAR) satellite is still pending with the MICT.

The Issue of Thaicom 3's Insurance Proceeds:

As a result of the damage of the Thaicom 3 satellite, the Company received insurance proceeds amounting to USD 33 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 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. The Supreme Court gave its decision on 26 February 2010, noting that the use by the Company of part of the insurance proceeds in the amount of USD 6.7 million to lease transponder capacities from foreign satellite operators to provide service to customers prior to the acquisition of Thaicom 5 was not in compliance with the Agreement. MICT requested the opinion of the Co-ordinating Committee which recommended that MICT should notify the Company to return the said insurance proceeds (USD 6.7 million) to MICT and if the Company would like to utilize the said amount for the acquisition of Thaicom 5 as a replacement of Thaicom 3, which had become a total loss and had already been de-orbited, the Company should submit such request to MICT. On 1 March 2011, the Ministry notified the Company in writing that the Company is required to comply with the recommendation of the Co-ordinating Committee. On 14 March 2011, the Company responded in writing that the Company has complied with the terms and conditions of the Operating Agreement

and every action taken by the Company received prior authorization of the Ministry. At present the matter is still pending with 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 26 February 2010, concerns Thaicom Plc., 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 Plc.'s shareholding in the company from not less than 51.0% to not less than 40.0%, 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 USD 6.7 million to lease transponder capacity from foreign satellite operators to provide service to customers prior to the building of Thaicom 5 satellite is not in compliance with the Agreement. The ICT Minister forwarded the Investigation Committee's opinion to the Co-ordinating Committee for consideration and the Co-ordinating Committee (by majority vote) 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 51.0% to not less than 40.0% to the Cabinet for consideration (iv) MICT should notify the company to return the insurance proceeds in the amount of USD 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 7 July 2010. On 1 March 2011, the Ministry notified the Company in writing that the Company is required to comply with the recommendation of the Co-ordinating Committee. On 14 March 2011, the Company responded in writing that the Company has complied with the terms and conditions of the Operating Agreement and every action taken by the Company received prior authorization of the Ministry. 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.

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

Mr.Satra claims that the defendants should have terminated the Agreement for the Operation of Domestic Communication Satellite following the transfer of Shin Corporation Plc.'s shares to new shareholders. This transfer resulted in a material change in the shareholding structure and put the new shareholders in control of operations of the Company that operates a business based on a Thai national resource that must be owned and operated for the benefit of the Thai people under applicable Thai law. On 17 November 2006, the CAC ruled not to accept Mr.Satra's request for provisional remedial measures before delivery of judgement. On 25 February 2011, the Central Administrative Court delivered its judgement dismissing the case on the ground that there was no evidence to show that the Company was an alien under the Foreign Business Act 1999 and the refusal by the MICT to terminate the Operating Agreement with the Company did not constitute failure to perform its duty, and Mr.Satra To-Orn did not file an appeal against the judgement of the CAC. The CAC's judgement was final.

On 19 April 2007, Mr.Supong Limthanakul submitted a complaint to the Central Administrative Court (CAC) against the Ministry of Information and Communications Technology (MICT), the National Telecommunications Commission (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 sale of Shin Corporation's shares to the new shareholder.

On 28 April 2009, the CAC issued an order making the Company the 4th respondent in the case and the Company filed the reply to the petition together with supporting evidence with the CAC in July 2009,

On 10 June 2011, the CAC delivered its judgement dismissing the case on the ground that the Company is not an alien under the Foreign Business Act 1999 and the refusal by MICT to terminate the Operating Agreement with the Company did not constitute failure to perform its duty. Mr.Supong filed an appeal against the CAC's judgement with the Supreme Administrative Court (SAC) on 8 July 2011. On 23 September 2011, the Company filed an argument against appeal with the SAC. The matter is still pending with the SAC.

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

The Company currently operates 2 satellites, Thaicom 4 (IPSTAR) and Thaicom 5. The conventional satellite, Thaicom 5 is almost fully utilized. If the Company cannot acquire 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. However, as the Company has been developing the Thaicom 6 and Thaicom 7 projects, which are expected to be launched into orbit around the second quarter of the years 2013 and 2014 respectively, this risk will be minimised. The Company will continue to acquire additional transponder

capacity to serve demands before the Thaicom 6 satellite is launched.

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

As a result of the damage of the Thaicom 3 satellite in the year 2003, the Company received insurance proceeds in the amount of USD 33 million. The Company and the MICT were co-beneficiaries of the insurance proceeds. In 2004, the MICT turned 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 the 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 the income tax computation. 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 a 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 have been reports in newspapers 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 constituted revenue and is subject to income tax. However, the Company has not yet received any demand from the Revenue Department.

Risk from depending on sole vendors

The major capital expenditure for satellite operators is the satellite and launch cost. Previously there were few experienced satellite manufacturers and launch service providers in the market. At present, however, a number of new satellite manufacturers in the market will help reduce the risk of depending on sole manufacturers.

Certain parts of the IPSTAR user terminal are patented by a key manufacturer. To mitigate the risk from depending on a sole vendor, the Company has sought for other qualified manufactures that provide the services at a reasonable price. The company has also used an open platform strategy for IPSTAR service so that other vendors' system and equipment are able to work with IPSTAR's system.

1.4 Financial Risks

Risk from currency exchange rate fluctuations

Since the company offers both domestic and international satellite communications services and telephone service in Cambodia and the Lao PDR, portions of its revenues and expenses are in foreign currencies. As a result, the company is by necessity exposed to foreign exchange risk. In 2011, the proportion of revenue based on foreign currency is at 88% 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 exchange rate fluctuations and to reduce the risk from currency exchange rate fluctuations.

As of 31 December 2011, the THAICOM group has total assets and debts in foreign currency of Baht 3,032 million and Baht 6,730 million respectively. The Company recorded losses on foreign exchange of Baht 84.80 million in 2011, most of which were unrealized.

Risk from indirect effects of the global economy and uncertainty of the economic environment

Economic recession may cause an impact and reduce the liquidity of the money and equity markets,

which may affect customers' demand for satellite services and 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.

Risk from collection delays

Since THAICOM provides satellite services in some countries that have foreign exchange control policies, customers located in such countries have to request for an approval from the relevant government agency to purchase foreign currency. As a result, the long approval process may cause a delay in making payment to THAICOM. This may create a negative impact on the Company's cash flow, or ability to repay debt in the future. However, the Company has a policy for credit management to control customer payments.

Risk from interest rate fluctuations

THAICOM's borrowing is comprised of fixed-interest rate debentures and floating rate loans from banks that support the Thaicom 6 satellite project. As of 31 December 2011, XX% of total borrowing by THAICOM and its subsidiaries is in the form of floating-rate loans. The company will have a greater proportion of floating interest rate loans in the future from draw downs on the loan for the Thaicom 6 satellite project. Thus, an increase in the market interest rate would have an effect on the Company's cash flow and result in a rise in financial cost. To prevent the exposure from the fluctuation of interest rates, the Company closely monitors the change in the market interest rate to ensure that the proper financial instruments are adopted at the right time.

Risk from failure by the Company to successfully comply with the covenants required in the Loan Agreements and Terms and Conditions of the Debentures

THAICOM group have borrowings from banks and debentures, thus the company has to comply with the terms and conditions of the debentures. The Company and its subsidiaries must also comply with a number of covenants in the loan agreement.

The breach of the terms and conditions of the debentures 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 the Company's cash flow and financial status.

1.5 Management risks

Loss of specialized experts in management

Satellite technology-related operations, including telecommunications, require highly qualified personnel with thorough knowledge in high technology to ensure 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 operations to many countries where the Company requires personnel with knowledge and experience in each locality. Therefore, the loss of employees working at the executive or management level, such as high-ranking executives in the satellite engineering division, and lack of experienced staff 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.

Risk as a result of the use of information technology

The Company's business covers service operations in Asia Pacific, with subsidiaries, country representatives and business partners in many countries using the Company internet network. This gives rise to risk in the event that the computers and the information are exposed to a threat, and could be detrimental to the Company's business. In light of this, the Company determines

rules, policies and procedures in the assessment and management of risks. The role also includes the review of the adequacy of policy and information technology risk management on an annual basis whereby the risks are prioritised and direction/strategy to deal with risk within a reasonable budget is mapped out. The committee is to lay down policy and write up rules governing the use of information technology in order to reduce risk that may originate from such a threat. Also in place is a clear policy to continually impart knowledge to employees so that they use computers and information technology at the maximum level of safety and effectiveness by controlling and adhering to the applicable law. This is based on the legitimate right of privacy of the users, the accuracy of the data and the efficient service of use of computer and information technology for company business. There is a regular report to the Company directors, the Audit Committee and the management on the information technology risk status and various relevant progresses. The activity also includes arrangements for a back-up of the computer and network for the company information technology system.

Risk from disclosure of the Company's confidential information

The Company is a listed company on the Stock Exchange of Thailand (SET) and carries on the business of providing transponder service which uses high technology. The Company is required to use due care in keeping the Company's information confidential 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 and an Information Disclosure Policy.

2 Risks associated with the provision of telephone communications services

2.1 Technological and operational risks

Risk 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 the modern era could result in the Company's loss of competitiveness or higher costs for the adaptation and development of new technologies which may impact the Company's future performance.

Risk involving frequency allocation for mobile business operations

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

Operational risk

The Company operates telephone communications businesses which include 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 equipment, communications, or computer systems, which may affect the functionality of network systems, 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 equipment, 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 is confident that it will help decrease the possibility of problems arising out of network malfunction.

2.2 Risks in business operation

Risk resulting from overseas business operations

The Company has always recognized the risks of political stability in conducting telephone communications businesses 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. Nevertheless, the Company has never experienced such effects since Cambodia and the Lao PDR have remained politically stable which has contributed to the Company's smooth business operation.

Risk involving laws and government regulations

The Company is subject to comply with applicable laws and regulations of the countries where it operates. Changes to relevant laws, regulations and government policies may adversely affect the Company's income and business operations as well as future growth. 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 relationships and enable smooth business operations.

Risk relevant to market situation and competition

The Company provides telephone communications service businesses in Cambodia and the 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 the telephone communications business to create a new subscriber base. Also, the economies of Cambodia and the Lao PDR tend to expand continually as a result of foreign investment, thus giving an opportunity for communications and telecommunications businesses to benefit from the national economic growth as well as provoking a trend of increased competition in the telephone communications business, particularly in the cellular phone market. Currently, the number of mobile phone service providers in Cambodia and the Lao PDR is 9 and 4 respectively.

In the past year, the telephone communications business in Cambodia confronted a tough price war in an effort to capture market segments from competitors. At the same time, communications technology in the Lao PDR advanced rapidly, with new and high-quality technology entering the market. Entrepreneurs who fail to swiftly react against the competition may be adversely affected. In anticipation of possible tougher competition, the Company has continuously striven to develop and expand the network and service area, improve service quality, and map out new market strategies to fight off future competition.

Risk relevant to contract renewals for provision of telecommunications services in Cambodia and Lao PDR

The telephone communications businesses in Cambodia and the Lao PDR are 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 has to transfer all assets to the Cambodian Government, and all its joint venture stakes to the Lao Government without any remuneration. In such case, the Company will lose its revenue from these businesses. However, the Company is confident that its potentiality, promptness and experience in the telecommunications business will contribute to the Company's success in renewing the contracts to provide services in Cambodia and the Lao PDR.

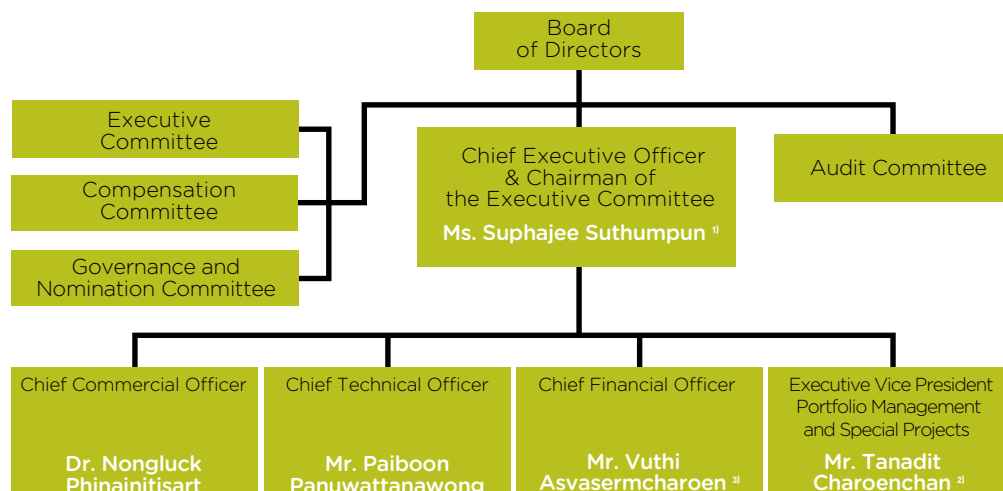


Corporate Governance and Management

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 of Directors 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 12 November 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 circumstances. In the year 2011, the Board of Directors at its meeting No.4/2011 on 21 March 2011 reviewed and revised the Company's Corporate Governance Policy on the part relating to "Policy of Whistle Blower on Fraud and Misconduct" "Investigation Process" and "Whistle Blower Protection". Under this policy, the Company prepared channels for Whistle Blowers to inform, coordinate, and support the Company in anti- misconduct or fraud investigations, laid out appropriate and fair guidelines regarding the investigation process including appropriate sanctions and the protection of Whistle Blowers.

Management Structure and Nominating the Board of Directors



¹⁾ Appointed as Chairman of the Executive Committee on 1 August 2011.

²⁾ Appointed as Executive Vice President, - Portfolio Management and Special Project on 16 December 2011.

³⁾ Appointed as Chief Financial Officer on 1 October 2011.

The Board of Directors

Names of Directors	Title	Number of Shares Held ¹⁾	Number of Debenture Held ²⁾
1. Mr. Paron Israsena	Chairman of the Board 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 ³⁾	Director	-0-	-0-
6. Ms. Suphajee Suthumpun ⁴⁾	Director and Chairman of Executive Committee	-0-	-0-
7. Mr. Yong Lum Sung	Director and Member of Executive Committee	-0-	-0-
8. Mr. Anek Pana-apichon	Director and Member of Executive Committee	-0-	-0-

Note:

¹⁾ As of 31 December 2011

²⁾ As of 31 December 2011

³⁾ Resigned as Chairman of the Executive Committee on 1 January 2012.

⁴⁾ Appointed as a Member of the Board of Directors and a Member of the Executive Committee in place of Mr. Arak Chonlatanon on 10 August 2011 and the registration of change of director was made at the Ministry of Commerce on 11 August 2011 and appointed as Chairman of the Executive Committee on 1 January 2012.

- Mr. Salil Charuchinda 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 of Directors and at least 3 are Independent Directors. 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 Ms. Suphajee Suthumpun 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 conflicts of interest 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 prior to 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 year 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 prior to 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 materially 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 materially competing with the Company or its subsidiaries;
- 1.1.9 Has no characteristics which make him/her 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 subsidiaries, affiliates, same-level subsidiaries or juristic persons 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 of Directors 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 of Directors' 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 and loyalty, and meticulously takes care of shareholders' interest including other stakeholders. To conduct their duties, the Board of Directors participates in the review process of vision, mission, strategies, target setting, business plan and budget of the Company. The Board of Directors has agreed with segregation of duties and responsibilities among the Board of Directors, the Audit Committee, the Committees and management. In addition, the Board of Directors 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 21 March 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 plans, asset acquisition and disposal, project investments, levels of authority 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 processes 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 the corporate governance policy at least once a year;
- To have the Board of Directors conduct an annual performance self-evaluation;
- The Board of Directors 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 conflicts 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 cases which are in compliance with the policy or the criteria approved by the Board of Directors.

The Board of Directors 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 12/2009.

The Company also has a policy to have an annual review of the 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 of Directors 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 of Directors 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 by one year each time.

According to the Articles of Association, the term of one third of the directors shall end at 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 of Directors, 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 of Directors 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 of Directors and the Chairman of the Executive Committee

The Company has a policy on segregation of duties between the Chairman of the Board of Directors, 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 of Directors** 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 of Directors to achieve the approved business plan and reports the business performance to the Board of Directors.

Board Meetings

The meeting schedule is determined in advance with meetings to be held six times in a year. Additional meetings may be held as required. At the meeting, the Chairman of the Board of Directors will allocate sufficient time for management to provide documents 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 of Directors is responsible for making arrangements for the meeting, preparing adequate documents and information attached to the meeting invitation, and send these documents to the directors at least seven days in advance. This will allow the directors 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 the year 2011, the Board of Directors held 6 regular meetings and 12 special meetings, with the participation of the following directors:

Directors	Regular Meetings		Special Meetings	
	Meeting	Participation	Meeting	Participation
1. Mr. Paron Israsena	6	6/6	12	12/12
2. Prof. Hiran Radeesri	6	6/6	12	12/12
3. Mrs. Charintorn Vongspootorn	6	6/6	12	12/12
4. Assoc.Prof.Samrieng Mekkiengkrai	6	6/6	12	12/12
5. Mr. Somprasong Boonyachai	6	6/6	12	12/12
6. Mr. Yong Lum Sung	6	5/6	12	12/12
7. Ms.Suphajee Suthumpun1)	2	2/2	5	5/5
8. Mr. Anek Pana-apichon	6	6/6	12	12/12

Note:

1) Appointed as a Member of the Board of Directors and a Member of the Executive Committee in place of Mr. Arak Chonlatanon on 10 August 2011 and the registration of change of director was made at the Ministry of Commerce on 11 August 2011 and appointed as Chairman of the Executive Committee on 1 January 2012.

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 the year 2011, the Audit Committee held 13 meetings, 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	13	13
2. Mrs. Charintorn Vongspootorn	Member of Audit Committee and Independent Director	13	13
3. Assoc. Prof. Samrieng Mekkiengkrai	Member of Audit Committee and Independent Director	13	13

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 2011, the Audit Committee held 13 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 appropriate and effective internal control systems 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 with the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) as well as all rules and regulations related to the Company's business;
- To select and propose independent persons who will be the Company's external auditor and propose his or her compensation, the Audit Committee also conducts meetings with the external

auditor without management attending at least once a year;

- To consider connected transactions or transactions that may lead to conflicts of interest whether it complies with all rules and regulations of the SET and SEC and ensure the transactions are appropriate and provide the best interest to the Company;
- To assure that the company has appropriate and effective risk management processes;
- To prepare the Audit Committee's report and disclosure in the Company's annual report. The report must be signed by the Chairman of the Audit Committee and include 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 the laws of SEC, SET and regulations and other laws relevant to the Company's business
 4. Suitability of the external auditor
 5. Transactions that may cause conflicts 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 of Directors.
- To report activities of the Audit Committee to the Board of Directors at least 4 times a year;
- To have authority to hire independent consultants or professionals when needed;
- To have authority to invite executives, managers or employees to attend meetings for discussion or answers to the Audit Committee's questions;
- To review scope, authority and responsibility and conduct self-evaluation on an annual basis;
- To carry out any assignment by the Board of Directors that is agreed upon by the Audit Committee;
- In carrying out the Audit Committee duties and responsibilities, if there are unusual transactions or the following activities which may have material impact on the financial position and operating results of the Company, the Audit Committee must report to the Board of Directors to take corrective action within a reasonable period of time;
 1. Conflict of interest transactions
 2. Fraud or unusual transactions or significant deficiency in the internal control system
 3. Violations under the laws of SEC or SET or regulations or other laws relevant to the Company's business.

Any Audit Committee member may report such transactions or activities to the SEC and SET if the Board of Directors or manager fails to take corrective action within a reasonable period of time;

- In case the auditor discovers any suspicious circumstances that the director, manager or any person responsible for the operation of such juristic person commits an offense under the law, and informs such circumstance to the Audit Committee to continue the inspection without delay, the Audit Committee shall report the preliminary inspection results to the SEC office and the auditor within 30 days from the notification date of the auditor. The circumstances that shall be reported and the procedures for acquiring the facts related to such circumstances shall comply with the notifications of the Capital Market Supervisory Board.
- The members of the Audit Committee also hold meetings among themselves exclusively to consider important problems relating to the management of the Company and notify the Chief Executive Officer and the Board of Directors of the results of the meeting.

The Audit Committee conducted self-evaluation and reported the results to the Board of Directors in the Board of Directors' meeting no.2/2012 on 14 February 2012.

Compensation Committee

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

The Compensation Committee is comprised of 3 members, of which the chairman is an independent Director. The 2 members are one non-executive directors and one independent director. The members of the Committee shall hold office for a term of 3 years and may be re-appointed, but no more than three consecutive terms unless the Board of Directors 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 of Directors, 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 the EV Bonus Plan including consideration and the allocation of annual EV Bonus to the Company's executives and submit its recommendations to the Board of Directors for approval;
- Supervise the implementation of the EV Bonus Plan and to give final determination in case there are problems or controversies in the implementation of the 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 of Directors for the Board of Directors' or the Shareholders' consideration, as the case may be;
- The Committee is responsible to the Board of Directors and has a duty to provide reasons/ answers 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 consultants or independent persons to give opinions 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 of Directors if any change or amendment is needed;
- Report the performance of important tasks to the Board of Directors on a regular basis and important issues for the Board of Directors' knowledge;
- Require the management, executives or concerned persons to give opinions, information or to participate in meetings;
- Carry out any other duties assigned by the Board of Directors.

In 2011, 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 2011.

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 is composed of 3 members, of which the chairman is an 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 no more than three consecutive terms unless the Board of Directors 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 of Directors's consideration;
- Prescribe the criteria and policy on the nomination of members of the Board of Directors and of the Board's committees;
- Consider the nomination of directors from qualified candidates and recommend to the Board of Directors or the Shareholders, as the case may be;
- Nominate qualified persons 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 of Directors, the Board's committees (including its own's performance) and of each member of the Board of Directors, review the result of the evaluation of each of the Board's committees and report to the Board of Directors;
- Engage consultants or independent persons to give opinions 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 of Directors if any change or amendment is needed;
- Report the performance of important tasks to the Board of Directors on a regular basis and important issues for the Board of Directors' knowledge;
- Carry out any other duties assigned by the Board of Directors.

In 2011, the Governance and Nomination Committee selected and nominated qualified persons for the position of director and submitted the selections to the Board of Directors for consideration and approval to recommend to the Annual General Meeting for the year 2011 for appointment as the Company's directors.

In the year 2011, the Compensation Committee held 5 meetings and the Governance and Nomination Committee held 5 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 have appropriate education and experience. In case there is a vacancy, the Governance and Nomination Committee will review the qualifications of the persons before nominating a number of them to the Board of Directors. The Board of Directors will review and select a nominee director to fit the vacancy and propose the nominee at the shareholders' meeting for approval in accordance with the 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 of Directors 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.2/2012 on 14 February 2012, the Board of Directors conducted its self-evaluation for the Year 2011 using the form of the Stock Exchange of Thailand. The Board of Directors 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. Ms. Suphajee Suthumpun ¹⁾	Chairman of the Executive Committee
2. Mr. Yong Lum Sung	Member
3. Dr. Nongluck Phinainitisart	Member
4. Mr. Anek Pana-apichon	Member
5. Mr. Paiboon Panuwattanawong ²⁾	Member

Note:

¹⁾ Appointed as Chairman of the Executive Committee in place of Mr. Somprasong Boonyachai on 1 January 2012.

²⁾ Appointed as a Member of the Executive Committee on 10 November 2011.

The Executive Committee is composed of 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 of Directors has agreed to their scope of duties and responsibilities in writing at its meeting no.5/2000 on 13 November 2000, and amended at its meeting no.2/2005 on 17 February 2005, meeting no. 3/2006 on 21 March 2006, and meeting no. 8/2008 on 13 August 2008 as follows:

- Formulate the Company's strategic direction, management structure, and annual business plan and budget for the Board of Directors'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 of Directors 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 of Directors;

- Review matters that require the Board of Directors' 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 of Directors 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 of Directors 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 of Directors 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 of Directors.
- 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 acquiring or selling assets, or any financial aids to related companies, 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 cases which are in compliance with the policy or criteria approved by the Board of Directors.

Management Team

1. Ms. Suphajee Suthumpun ¹⁾	Chief Executive Officer
2. Dr. Nongluck Phinainitisart	Chief Commercial Officer
3. Mr. Paboon Panuwattanawong	Chief Technical Officer
4. Mr. Tanadit Charoenchan ²⁾	Executive Vice President, Portfolio Management and Special Projects
5. Mr. Vuthi Asvasermcharoen ³⁾	Chief Financial Officer

Note :

¹⁾ Appointed as Chief Executive Officer on 1 August 2011

²⁾ Appointed as Executive Vice President, Portfolio Management and Special Projects on 16 December 2011

³⁾ Appointed as Chief Financial Officer on 1 October 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 the CEO's authority to approve these issues per each transaction are set at Baht 700 million and Baht 500 million, respectively. However, in acquiring or selling assets, 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. The Board of Directors 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 2011 was 9,000,000 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/

Names of Directors	Board of Directors				Committee						Total Compensation* 2010
	Monthly Allowance	Annual Compensation	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	309,896	-	2,109,896	-	-	-	-	-	-	2,109,896
Prof. Hiran Radeesri	600,000	531,250	450,000	1,581,250	325,000	-	-	-	-	325,000	1,906,250
Mrs. Charintorn Vongsbootorn	300,000	442,708	450,000	1,192,708	325,000	-	125,000	125,000	-	575,000	1,767,708
Assoc. Prof. Samrieng Mekkiengkrai	300,000	442,708	450,000	1,192,708	325,000	-	-	-	-	325,000	1,517,708
Mr. Yong Lum Sung	300,000	398,438	450,000	1,148,438	-	550,000	-	-	-	550,000	1,698,438
Total	3,300,000	2,125,000	1,800,000	7,722,500	975,000	550,000	125,000	125,000	-	1,775,000	9,000,000

* Monthly Allowance and Meeting Allowance paid between January - December 2011, except for Bonus paid in February 2012 (Recorded as a cash basis)

executive director.

2. Management Remuneration

The remuneration of 7 members of the management in year 2011 was baht 51,570,000 (not included current service costs under TAS 19 Employee Benefits, of Baht 647,742). 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. The management team means Executive Committee and the Company's top four (4) managements, according to the SEC's definition.

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 Employees Who Received Warrants

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 Units	Percentage	No. of Units	Percentage	No. of Units	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 Charoengan	162,000	2.03	218,000	4.95	240,000	4.07
7. Mr. Paiboon 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. Theerawat 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 26 March 2007, 29 May 2008 and 30 May 2009 respectively.

* Resigned from the Company on 13 May 2009.

** Resigned from the Company on 1 May 2011.

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

The Annual General Meeting of Shareholders for the year 2005 on 31 March 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 24 April 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 Units	Percentage	No. of Units	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. Theerawat Kusalonggoorawat	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. 16. Other employees	2,464,400	32.59	3,049,000	30.31
17. 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 IV and Grant V expired on 30 May 2010 and 30 May 2011 respectively.

* Resigned from the Company on 13 May 2009.

** Resigned from the Company on 1 May 2011.

*** Resigned from the Company on 1 July 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 2011, there was 1 shareholders' meeting of the Company, the Annual General Meeting of Shareholders for the year 2011, held at the World Ballroom, 23rd Floor, Centara Grand and Bangkok Convention Centre, at Central World no.999/99 Rama I Road, Pathumwan 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 8 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 so 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 of Directors 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 18 October 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 Directors 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 the Company's long term business success. The Company, therefore has a 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 a 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 Rattathibet Road, Nonthaburi 11000.

The Company also makes available to the stakeholders inside the organization, channels of communication through Internet webboard, and stakeholders outside the organization through the websites www.thaicom.net, by telephone or e-mail to the Investor Relations Department or Corporate Communications 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 finds 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 doers.

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 affect the interests of customers and the Group shall comply with the following:

1. The directors, executives and employees shall not accept personally money, gifts 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 donations 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 invitations 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 invitations for training, observation tours or seminars, the expenses for which are paid by the customer/supplier of the Company, provided 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 interests. To be a director of a company outside the Group, the executives ranking PG 13-15 must receive approval from the Chairman of the Executive Committee, the executives ranking UC, the President, the Chairman of the Executive Committee, and executives who are also directors 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 Investor 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 of Thailand 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. (66) 2596 5072 to 73, or search the website www.thaicom.net/ir.

In the year 2011, 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 in accordance with 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. 2/2012 on February 14, 2012 with the Audit Committee also attending, the sufficiency of the control of internal control systems was 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 documents and internal control systems, especially management control, to enable the Company to safeguard assets from unauthorized persons, and ensure that business transactions are conducted in accordance with approved levels 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 processes by external auditors and government authorities. There is also a continuous development of the appropriate risk management system to assure proper systems for important documents and effective internal controls.

The Company thus adopts 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. The internal auditors were certified by international 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 results to the Audit Committee and CEO to activate corrective and preventive actions as well as continuous improvement in a timely fashion.

In 2011, the Internal Audit Office adopted the results from risk management activities as an information base to prepare its risk based audit plan for 2011-2013. The plan covered reliability of information on accounting and finance, efficiency and effectiveness of operations, compliance with rules and

regulations, development of information technology and communication, and the development of quality management systems under ISO requirements. The Office also developed non-audit activities such as consulting on internal control of operations of new business lines. In addition, the Office encouraged and trained internal auditors in modern internal auditing standards set by the Institute of Internal Auditors for their continuous learning and growth.

As a result, most audit issues raised by internal and external auditors have been corrected and improved due to the effective follow up of the auditors and the cooperation of management.

The Internal Audit Office and PricewaterhouseCoopers ABAS Co., Ltd. did not find any material non-conformance of the control of important documents and internal control systems in 2011. The Company had sufficient and effective internal control systems

Risk Management

The Company adapted the Risk Management Handbook and Guidelines of Shin Corporation Public Co. Ltd., to fit the Company's environment, before conducting training and workshops as well as establishing a Risk Management Committee comprised of the CEO and management at all levels.

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

In 2011, the Risk Management Committee reviewed the risk management policy, risk management manual, scope and criteria for risk assessment, including monitoring risk status on a quarterly basis. In addition, the Company established training programs and developed risk management programs at its subsidiaries in Cambodia and the joint venture-company in the Lao PDR.

The Company also joined a project that aimed to survey and develop good corporate governance of listed companies offered by the Securities Exchange of Thailand and TRIS Corporation Ltd. Their officers came in to survey and recommend improvements according to the following principles, documents, evidence and guidelines:

1. Principles and acceptable guidelines such as COSO and AS/NCS 4360
2. Rules and practices on risk management of Thai listed companies introduced by the Securities Exchange Commission and the Stock Exchange of Thailand.
3. Best practices from the TRIS database that was gathered from disclosed information and in depth analysis of Thai listed companies in past evaluations.
4. Risk management principles from the State Enterprise Policy Office – Ministry of Finance, on increasing management efficiency of State Enterprises in both listed and non-listed entities.

On 2 November 2011, the Risk Management Committee reported results of TRIS's survey and recommendations to the Board of Directors in meeting no.18/2011 in which the Board resolved that management should appoint a working team to finalize implementation on TRIS recommendations by the end of 2012.

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 by adopting similar practices from leading companies at both domestic and international levels regarding responsibilities 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 creates ethical hotline as a channel for management and employees to freely report events or transactions that may conflict with above operational standards and business ethics. The Company also has a policy to support and promote human rights according to the principles of freedom and non-discrimination as per the follow guidelines:

1. No discrimination against nationality, religion, and sex on employment.
2. No sexual discrimination and sexual harassment.
3. No restriction against ideology and participation in political activities except it exposes the Company to negative results.

In 2009, the Company established a program to build awareness on business ethics for management and employees through various steps as follows:

1. Provide basic knowledge of Ethics through an ethics presentation in the orientation for new employees.
2. Provide continuous knowledge of Ethics such as ethical movies and ethical information on the Company's intranet.
3. Stimulate ethical behavior in practice through the distribution of ethics questionnaires to all employees, disclosure of survey results and maintenance of statistical surveys for progressive analysis of the program's effectiveness.

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

1. Protect personnel who inform, coordinate, and support the Company in anti- misconduct or fraud activities.
2. Lay out appropriate and fair guidelines regarding investigation process
3. Prevent, detect and reduce damage from misconduct or fraud
4. In case the whistle blowers feel uncomfortable with the ethical hotline or suspect whether their superior or management would be involved in misconduct or fraud, they may choose to report through the following channels:

- | | |
|-----------------------------------|-----------------------------------|
| ✓ Chief Audit Executive | ✓ Chief Human Resource |
| ✓ Chairman of the Ethic Committee | ✓ Chairman of the Audit Committee |
| ✓ Board of Directors | |

Inside Information

The Company is committed to ethics, integrity, and honesty in carrying out business with customers, partners, and shareholders and has a 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 may subject them to the highest disciplinary action.

In addition, the Company prohibits employees and management who work in a department or business unit that have access to inside information to buy or sell the Company's marketable

securities for a period of one month prior to the disclosure of financial statements to the public. The Company also educates directors and management of their duties to report, his or her as well as their close relatives' holdings or changes in holdings of the 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.

In July 2010, the Audit Committee reviewed the preventive systems in place on inside information to assure their efficiency and effectiveness.

In 2011, the Audit Committee and the Board of Directors considered and approved a Disclosure Policy proposed by the Investor Relations Department.

Employees

As of 31 December 2011, the Company and its affiliated companies have 3,313* employees divided by type of business as follows:

Company	Permanent Employees	Temporary Employees
Thaicom Public Company Limited	609	16
Engineering	296	6
Marketing and Sales	90	0
Other	223	10
Cambodian DTV Network Ltd.	20	0
DTV Service Company Limited	71	14
Mfone Company Limited*	545	49
Lao Telecommunications Company Limited*	1,473	479
IPSTAR Australia Pty Limited	32	2
IPSTAR New Zealand Limited	2	1
Total	2,752	561

* Total employees but the Company recognizes employee compensation of LTC and Mfone according to stakeholder proportion (24.99% and 51.0% respectively) in the Financial Statement.

The compensation for employees of the Company and its subsidiaries includes salary, pension fund, and other benefits. In 2011, the compensation paid to the Company's employees was Baht 1,128 million (including employee compensation of LTC and Mfone according to stakeholder proportion: 24.99% and 51.0% respectively).

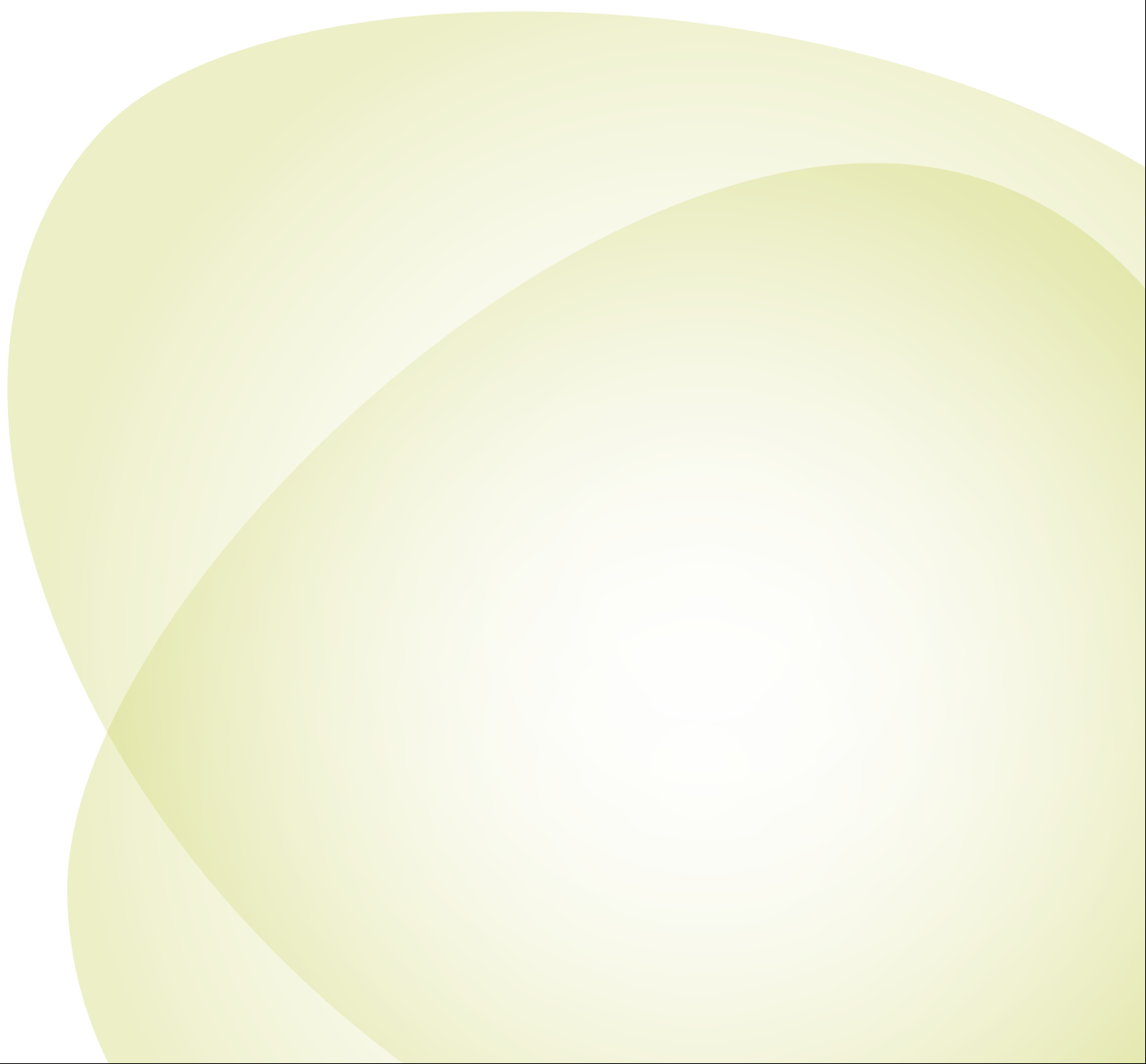
HR Policy

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. Treat all employees on Merit System basis in HR related processes i.e. recruitment, performance appraisal, promotion, and welfare management.
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.
8. The company has succession plans for executive levels that are continuously developed to reduce the inherent risk factor in succession. This systematic development process will also create and foster leaders within the organization and ensure the Company's long-term success.
9. The Company encourages its staff to participate in CSR (Corporate Social Responsibility) activities in order to increase morale, pride and a sense of belonging.
10. Comply with the principle of Good Governance in working processes e.g. transparency and open information system, follow the rule of law, etc.



Related Transactions

During the year 2011, 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 31 December 2011 (Million Baht)	Reason and Necessity of Transaction
		Consolidated	
Advance Info Service Public Company Limited (AIS) / INTOUCH holds 40.45% shares with joint directors - Provides mobile phone service business	1. Revenues		
	- The Company leased transponders on THAIKOM satellite.	51.92	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.
	- Web design service	0.18	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.
	- International Roaming service	8.05	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.
	2. Expenses		
	- The Company paid for mobile phone expenses, seminar and training expenses of its executives and employees.	2.93	The Company Group used mobile phone services to support the ordinary course of business. AIS network covered overall service areas. In addition, The Company Group attended seminar and training course arranged by AIS. Service fee was based on market price on an arm's length basis.
	- International Roaming expenses	1.17	AIS offered International Roaming Service in Thailand under ordinary course of business. Service fee was charged based on market price on an arm's length basis.
CS LoxInfo Public Company Limited (CSL) / The Company's subsidiary holds 42.07% shares (after deducting treasury stock) with joint directors - Provides Internet and TV signal uplink/downlink services	3. Trade accounts receivable and accrued income	12.75	
	4. Trade accounts payable and other accrued expenses	0.42	
	1. Revenues	10.28	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.
	- The Company leased transponders on THAIKOM satellite, provided TV signal uplink services and sold IPSTAR user terminals.		
	2. Expenses	23.94	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.
	- The Company paid for uplink and Internet service charges.		
	3. Trade accounts receivable and accrued income	3.42	
	4. Trade accounts payable and other accrued expenses	6.62	

Related Companies / Relationship	Transaction	Value of Related Transactions at 31 December 2011 (Million Baht)	Reason and Necessity of Transaction
		Consolidated	
Matchbox Co., Ltd. (MB) / INTOUCH holds 99.96% shares. - Conducts advertising broker, agency business through all advertising media.	1. Expenses - DTV hired Matchbox for advertising and public relations services such as printed and advertising media.	3.98	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	7.55	
	3. Other accounts payable	0.04	
IT Applications and Services Co., Ltd. (ITAS) / INTOUCH 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.	7.67	The Company used software programs for accounting data processing, which supported the ordinary course of business. Service fee was charged at prices close to those of other companies that conduct the same nature of business. The transaction is considered a medium-size transaction which must be disclosed to the Stock Exchange of Thailand.
	2. Trade accounts payable and other accrued expenses	0.52	
	3. Other accounts payable	0.34	
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 used software service for accounting data processing.	37.15	Such transactions supported the ordinary course of business. Service fee was charged at an hourly rate plus actual expenses.
	2. Trade accounts payable and other accrued expenses	2.23	
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.
	- Interest income	0.61	
	2. Short term loan	78.94	The company provided financial support in the form of Shareholder Loan. The interest rate was charged at the actual cost of financing plus margin on an arm's length basis.
	3. Other current asset	0.62	
	4. Other receivables	2.59	

Related Companies / Relationship	Transaction	Value of Related Transactions at 31 December 2011 (Million Baht)	Reason and Necessity of Transaction
		Consolidated	
Mfone Co., Ltd. (Mfone)/ SHEN holds 100% shares. - Provides telecom services in Cambodia.	1. Revenues - The Company leased transponders on THAICOM and IPSTAR satellites.	8.45	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	3.86	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	25.10	
	4. Other receivables	0.56	
	5. Other accounts payable and other accrued expenses	2.44	
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.	0.57	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	4.55	
	3. Other receivables	0.02	
	4. Trade accounts payable and other accrued expenses	0.33	
Asia Mobile Holdings Pte Ltd. (AMH) and the Group / Major shareholders jointly hold the Company's shares.	1. Revenue - International Roaming service	0.90	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.
	2. Expenses - Interest expenses	0.61	SHEN, the jointly-controlled entities, received financial support in the form of Shareholder Loan from AMH. The interest was charged at the actual cost of financing plus margin on an arm's length basis.
	3. Trade accounts receivable	0.16	
	4. Short term loan	79.30	
	5. Other accounts payable	0.63	
	6. Other accrued expenses	0.61	
Other related parties	1. Revenue - Web design service	1.88	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	0.62	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	0.35	

Necessity and Justification of Transactions

In 2011, THAICOM and its subsidiaries (the Company) had related transactions as shown in Note 6 of the 2011 audited financial statements. The auditor's remarks on related transactions stated that those transactions which the Company had undertaken with INTOUCH Group and Temasek Group e.g. its subsidiaries, associated companies, jointly-controlled entities, executives and other businesses on which INTOUCH 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 adhering 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 is a listed company on 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 proceeds with 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.

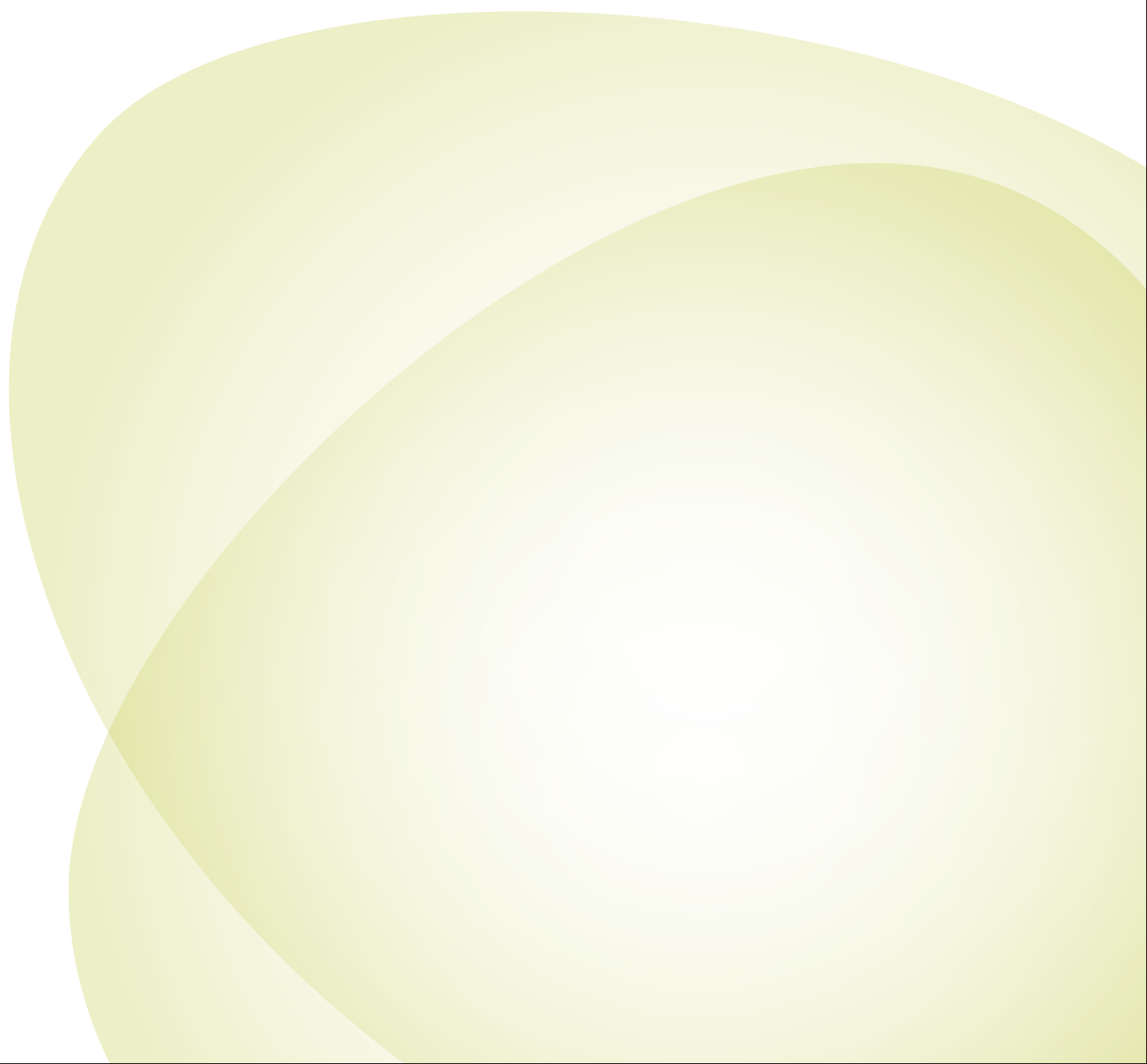
The Company has authorized its executives a certain limit of budget for endorsement in accordance with their ranks. Nevertheless, the approval authority is prohibited to those directors and executives who have stakes or may have personal conflicts of interest over the transactions. Additionally, these directors and executives, having no voting right and 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 24 (revised 2009) 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 and the Office of the Securities Exchange Committee.

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 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.





Management's Discussion and Analysis

I. Overview

8.8% yoy increase in total revenue in 2011.

Growth in EBIT and net cash flow from operating activities

Thaicom Plc ("the Company")'s total consolidated revenue for 2011 was Baht 7,404 million, up by Baht 597 million or 8.8% compared to Baht 6,807 million for 2010, due to a revenue increase from satellite services. The revenue growth and the efficiency of cost control resulted in an operating profit (EBIT) for 2011 of Baht 253 million, up Baht 877 million from an operating loss for 2010 of Baht 624 million. Net cash flow provided by operations for 2011 was Baht 3,038 million, an increase of Baht 1,203 million from 2010.

However, the Company reported an extraordinary expense arisen from the effect of corporate tax rate change from 30% to 23% in 2012 and 20% in 2013 onwards of Baht 360 million recognized in Q4/2011, leading to a net loss of Baht 490 million in 2011.

Regardless of this extraordinary item, the Company would have generated a net profit in Q4/2011 of Baht 46 million for the second consecutive profitable quarter, an increase of Baht 30 million from a net profit of Baht 16 million in Q3/2011. The Company's net loss for 2011 would be Baht 130 million, down by Baht 676 million from a net loss of Baht 806 million in 2010.

CS LoxInfo Plc (CSL) declared the payment of dividends for 2011 of Baht 0.54 per share, including an interim dividend for 2011 of 0.27 Baht per share.

II. Business Summary

Transponder leasing and related business

In May 2011, the Company received approval from the Ministry of Information and Communication Technology (MICT) to build and launch the Thaicom 6 satellite. The Thaicom 6 satellite will meet increased demand for satellite service in the future as the trend of demand for transponders is rising in Asia and Africa, and to replace the existing satellites which have reached their end of life. It will be placed on the Company's prime orbital slot at 78.5 degrees East and collocated with the Thaicom 5 satellite, to support the robust market growth. The Thaicom 6 satellite is considered a medium-size three-axis stabilized type satellite, similar to the Thaicom 5 satellite, with a total of 26 transponders: 18 C-band and 8 Ku-band transponders. The Company expects to launch the Thaicom 6 satellite into orbit around the second quarter of 2013.

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

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

Telephone business

As of the end of 2011, Lao Telecommunications Co., Ltd. (LTC) and Mfone Company Limited (Mfone) had total phone subscribers of 1,308,655 and 461,246, respectively. Currently, the telecom market competition in Cambodia is high with nine mobile operators.

Internet and media business

The total number of Dtv satellite television dish sets sold thus far by DTV Service Co., Ltd. (DTV) was 1,168,837 sets as of the end of 2011, an increase of 223,673 sets from 945,164 sets at the end of 2010.

CSL reported an operating profit of Baht 589 million, an increase of Baht 82 million or 16.2% from 2010. This was due mainly 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

	Amount		Change YoY (%)
	2011	2010 (Restated)	
	Unit: MBt		
Revenue from sale of goods and rendering of services	7,254	6,700	8.3%
Share of profits of associate	141	168	-16.1%
Cost of sale of goods and rendering of services	5,473	5,851	-6.5%
SG&A expenses	1,528	1,473	3.7%
EBIT*	253	(624)	140.5%
EBITDA**	2,861	1,963	45.7%
Net profit (loss) before gain (loss) from extraordinary items	(130)	(806)	83.9%
Gain (loss) from extraordinary items****	(360)	-	-100.0%
Net profit (loss)	(490)	(806)	39.2%
EPS (Baht)	(0.45)	(0.74)	39.2%

* EBIT = Sales and service income – Cost of sales and service – SG&A

** EBITDA = EBIT + Depreciation and Amortization

*** From 1 January 2011, consequent to the adoption of new and revised Thai Financial Reporting Standards ("TFRS"), the Company's financial statements for the year ended 31 December 2010, as the prior year comparative statements, were restated to follow the new policy.

**** In Q4/2011, the Company recognized the effect of corporate tax rate change from 30% to 23% in 2012 and 20% in 2013 onwards of Baht 360 million including THCOM's portion of Baht 351 million and CSL group's portion of Baht 9 million.

Sales and service income

Consolidated revenue from the sale of goods and rendering of services in 2011 was Baht 7,254 million, a rise of Baht 554 million or 8.3% compared to Baht 6,700 million in 2010 due to an increase in revenue from the satellite business, offset by decreases in revenue from the telephone business and the Internet and media businesses.

Revenue from sale of goods and rendering of services	2011	2010	Change YoY (%)
Satellite and related services	5,682	4,598	23.6%
Telephone services	1,167	1,453	-19.7%
Internet access and media services	405	649	-37.6%
Total	7,254	6,700	8.3%

Satellite transponder leasing and related services

Revenue from satellite transponders and related services in 2011 was Baht 5,682 million, a rise of Baht 1,084 million or 23.6% compared to Baht 4,598 million in 2010.

Satellite and related services	2011	2010	Change YoY (%)
Thaicom 2, 5	2,415	2,238	7.9%
IPSTAR	3,267	2,360	38.4%
Sales	672	729	-7.8%
Services	2,595	1,631	59.1%
Total	5,682	4,598	23.6%

7.9% yoy revenue increase from transponder leasing service and value-added services for conventional satellite business

- Revenue from the Thaicom conventional satellite business (Thaicom 2 and Thaicom 5) for 2011 was Baht 2,415 million, up by Baht 177 million or 7.9% from Baht 2,238 million in 2010 due mainly to:
 - Revenue growth from satellite transponder leasing service provided to broadcasting satellite operators
 - Revenue growth from value-added services e.g. teleport services including tape playout and digital signal compression; offset by
 - Revenue drop from the effect of the appreciation of Baht against USD

The demand for commercial satellite services from broadcasting satellite operators continues to be strong and growing with an increase in the number of television channels under the conventional satellite platform at 78.5 degrees east from 358 channels at the end of 2010 to more than 420 channels at the end of 2011.

38.4% yoy IPSTAR revenue increase mainly from 59.1% IPSTAR service revenue growth.

- Revenue from the Thaicom 4 (IPSTAR) satellite business was Baht 3,267 million in 2011, up by Baht 907 million or 38.4% from Baht 2,360 million in 2010. This was contributed by:
 - Service revenue in 2011 of Baht 2,595 million, a growth of Baht 964 million or 59.1% from Baht 1,631 million in 2010. The main drivers of service growth were:
 - Higher bandwidth usage mainly in India, Japan, Australia, Malaysia, Thailand, Philippines, New Zealand, Myanmar, and Indonesia.
 - Full charge to customer in Japan. The Company has charged bandwidth usage fees in full to the customer in Japan since April 2011 on a monthly basis, while the Company charged it with a 50% discount for a 1-year advance payment for the service period of April 2010-March 2011.
 - Gateway Access Fee. In Q3/2011, NBN Company Limited (NBN Co) paid a gateway access fee of approximately Baht 100 million to IPSTAR Australia Pty Ltd (IPA)
 - Sales revenue in 2011 was Baht 672 million, a drop of Baht 57 million or 7.8% from Baht 729 million in 2010 due mainly to:
 - User Terminal (UT) sales volume drop. This was the result of implementing Open Platform strategy to increase bandwidth sales by enabling other providers' ground systems (including user terminals) to use the IPSTAR bandwidth; offset by
 - Sale of IPSTAR gateway and equipment for IPSTAR gateway. In 2011, the Company sold an IPSTAR gateway in Japan and equipment for IPSTAR gateway in Australia, and Myanmar.

Telephone services

The Company's revenue from telephone services in 2011 was Baht 1,167 million, down by Baht 286 million or 19.7% compared to Baht 1,453 million in 2010.

- Mfone

Currently, there are 9 mobile operators in Cambodia, leading to a price war, intense competition in the market, decreases in the number of telephone subscribers, and in average mobile phone revenue per subscriber.

- LTC

The mobile phone industry in the Lao PDR also faced higher competition resulting in a drop in the number of telephone subscribers and average mobile phone revenue per subscriber in 2011.

However, the Lao Ministry of Post, Telecommunication, and Communication (MPTC) has controlled the mobile phone tariffs and disallowed free-airtime promotion to customers since Q3/2011. This resulted in higher average mobile phone revenue per subscriber and higher mobile phone revenue in 2H/2011 as compared to 1H/2011. LTC still ranks No.1 in Lao PDR's mobile phone market share.

Mfone and LTC reported financial statements in USD and Lao Kip respectively, so that an appreciation of the Baht against the USD and Lao Kip further reduced the Company's telephone revenue presented in Baht.

Internet access and media services

Revenue from Internet access and media services in 2011 was Baht 405 million, down by Baht 244 million or 37.6% from Baht 649 million in 2010.

- Dtv satellite dish sales

- DTV Service Co., Ltd. (DTV) reported a drop in Dtv satellite dish sales volume in Thailand, leading to lower revenue generated by DTV.

- Cambodian DTV Network limited (CDN) had a decrease in IRD box sales volume in Cambodia, resulting in lower revenue generated by CDN.

- Internet revenue generated by LTC was higher following an increase in the number of subscribers, while Internet revenue generated by Mfone was lower in 2011.

Other income

The Company's other income for 2011 was Baht 150 million, an increase of Baht 43 million or 40.2% compared to Baht 107 million in 2010, largely contributed by a gain from the sale of the existing IPSTAR gateway in Malaysia to MEASAT Satellite Systems Sdn. Bhd. of Baht 29 million and a compensation of Baht 18 million from flood insurance claimed by DTV, recognized in Q4/2011.

Cost of sales and service

The Company reported total consolidated cost of sale and services for 2011 of Baht 5,473 million, a decrease of Baht 378 million or 6.5% compared to Baht 5,851 million in 2010, on cost decreases from the satellite business, the telephone business, and the Internet and media business. For 2011, total cost accounted for 75.4% of total sales and service income, down from 87.3% in 2010.

Cost of sale of goods and rendering of services	2011	2010	Change YoY (%)
Satellite and related services	3,890	3,983	-2.3%
Telephone services	1,260	1,366	-7.8%
Internet access and media services	323	502	-35.7%
Total	5,473	5,851	-6.5%

Cost of satellite transponder leasing and related services

Cost relating to transponder leasing and related services in 2011 was Baht 3,890 million, a decrease of Baht 93 million or 2.3% from Baht 3,983 million in 2010.

Satellite and related services	2011	2010	Change YoY (%)
Thaicom 2, 5	953	1,090	-12.6%
IPSTAR	2,937	2,893	1.5%
Total	3,890	3,983	-2.3%

- Cost relating to the Thaicom conventional satellite (Thaicom 2 and Thaicom 5) was Baht 953 million, a decrease of Baht 137 million or 12.6% from Baht 1,090 million in 2010 mainly due to:
 - Lower cost of providing system integration services.
 - Lower cost of transponder rental for the global digital television service.
 - Lower cost of fiber optic for satellite transponder leasing service provided to broadcasting satellite operators.
 - Lower cost of in-orbit insurance; offset by
 - Higher operating agreement fee following the revenue growth.
- Cost relating to the Thaicom 4 (IPSTAR) satellite was Baht 2,937 million, up by Baht 44 million or 1.5% from Baht 2,893 million in 2010 primarily due to:
 - An increase in cost of IPSTAR service was mainly from:
 - Higher operating agreement fee in line with the IPSTAR bandwidth revenue growth.
 - Higher gateway operation cost in India; offset by
 - Lower cost of in-orbit insurance
 - A decrease in cost of IPSTAR sales was mainly from:
 - Lower cost of UT sales following the UT sales drop.
 - Lower warranty cost for UTs sold in Australia; offset by
 - Cost of IPSTAR gateway sales in Japan and cost of IPSTAR gateway equipment sales in Myanmar incurred in 2011, while these costs were nil in 2010.
 - Higher cost of IPSTAR gateway equipment sales in Australia.

Cost of telephone services

Cost relating to the telephone business for 2011 amounted to Baht 1,260 million, a decrease of Baht 106 million or 7.8% from Baht 1,366 million in 2010.

- Mfone reported cost decreases in:
 - Cost of electricity resulting from its efficiency in cost control.
 - Cost of interconnection charge.
 - Revenue sharing cost following the revenue drop.

- Offset by LTC's cost increases in:
 - Depreciation cost for its expanded telephone network.
 - Cost of inter-roaming.

As stated above, Mfone and LTC reported their financial statements in USD and Lao Kip respectively, so the appreciation of Baht against USD and Lao Kip further lowered the Company's total cost from the telephone business in Cambodia and Lao PDR when converting to Baht.

Cost of Internet access and media services

Cost relating to the Internet access and media business in 2011 was Baht 323 million, down by Baht 179 million or 35.7% from Baht 502 million in 2010.

- DTV reported a drop in cost of Dtv satellite dish sales in Thailand, in line with its revenue drop.
- CDN reported lower cost of IRD box sales in Cambodia, following its revenue drop.

Selling and administrative expenses

SG&A expenses, including directors and management benefit expenses, totaled Baht 1,528 million in 2011, an increase of Baht 55 million, or 3.7%, compared to Baht 1,473 million in 2010. This was contributed by SG&A increase from the satellite business, offset by SG&A decreases from the telephone business, and the Internet and media business.

- Satellite and related services
 - Higher staff expenses and obsolete stock provision, offset by
 - Lower marketing expenses;
- Telephone services
 - Lower marketing expenses for the telephone services in Cambodia and Lao PDR.
- Internet and media services
 - Lower marketing expenses for Dtv satellite dish sales in Thailand.

Loss on exchange rate

In 2011, the Company reported a loss on foreign exchange of Baht 85 million. This was impacted by:

- A loss on foreign exchange caused by the revaluation of borrowings in USD. This had been mainly incurred since Q3/2011 during the period of the Baht depreciation from the revaluation of borrowings for the Thaicom 6 project.
- A loss on foreign exchange caused by the revaluation of assets in USD such as cash deposits, trade accounts receivable and accrued income, during the period of the Baht appreciation.
- A loss on foreign exchange resulted from the revaluation of IPA's assets and liabilities in USD.

The foreign exchange loss for 2011 was Baht 5 million lower than the foreign exchange loss of Baht 90 million for 2010. The revaluation of assets e.g. tax deposit in India, trade accounts receivable and accrued income, caused a loss on exchange rate during the period of the Baht appreciation against USD in 2010.

Share of profit of associates

Share of profit of associates in 2011 was Baht 141 million, down by Baht 27 million or 16.1% from Baht 168 million in 2010, due to a 15.4% decrease in CSL's net profit over 2010 mainly due to extraordinary expenses comprising 1) an expense of Baht 23 million from the effect of corporate tax rate change from 30% to 23% in 2012 and 20% in 2013 onwards and 2) an allowance for goodwill impairment

on its investment in subsidiaries of Baht 37 million. However, CSL reported an increase in operating profit of Baht 82 million or 16.2% from Baht 507 million in 2010. This was due mainly to the growth of Internet access services and voice info services & mobile content services, together with its efficiency in cost and expense control.

Finance costs

Finance costs totaled Baht 479 million in 2011, down by Baht 17 million, or 3.4%, compared with Baht 496 million in 2010. This was because there was no interest expense from the payment of operating agreement fee in 2011. Finance costs consisted mostly of debenture interest.

Income tax expense

In 2011, the Company reported income tax expense of Baht 483 million including 1) income tax expense for 2011 of Baht 132 million and 2) the effect of corporate tax rate change of Baht 351 million, while the Company recognized the future benefit arising from losses carried forward that reduced the future tax base as an income tax receivable of Baht 135 million in 2010.

IV. Financial Position

At the end of 2011, the Company reported total assets of Baht 27,216 million, an increase of Baht 1,348 million or 5.2% from Baht 25,868 million at the end of 2010. This was mainly because of higher cash and cash equivalents, and additions to PP&E mainly consisting of assets for the satellite business and the telephone network expansion, offset by the year-to-date accumulated depreciation and amortization of PP&E and PP&E under operating agreements.

THAICOM'S asset components

Assets	December 31, 2011		December 31, 2010	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	4,679	17.2	3,026	11.7
Investment in associates	451	1.7	440	1.7
PP&E, net	6,611	24.3	5,263	20.3
PP&E under the concession agreement, net	12,828	47.1	14,177	54.8

Liquidity

At the end of 2011, the Company had a current ratio of 0.69 times, down from 0.89 at the end of 2010 due mainly to higher current portion of long-term loans largely including the debentures of Baht 3,300 million redeemable on 6 November 2012.

Investments

Investment in CSL was presented as "investment in subsidiaries, jointly controlled entities and associates" item. At the end of 2011 the Company's investment in CSL was Baht 451 million, an increase of Baht 11 million or 2.5% from Baht 440 million at the end of 2010, reflecting a proportionate recognition of CSL's net profit for 2011 amounting to Baht 141 million, the unrealized gain from the reduction in investment in the associate of Baht 0.35 million, offset by the dividend paid of Baht 130 million.

Property, plant and equipment

Property, Plant and Equipment (PP&E) at the end of 2011 was Baht 6,611 million, an increase of Baht 1,348 million or 25.6% from Baht 5,263 million at the end of 2010. This was due mainly to:

- Additions to PP&E of Baht 2,394 million for 2011 largely consisting of assets under construction for the Thaicom 6 project and satellite equipment, and assets for the telephone network expansion in Lao PDR.

Offset by:

- Accumulated depreciation and amortization of PP&E of Baht 1,153 million in 2011.

PP&E at the end of 2011 also included assets under operating agreements of Mfone of approximately Baht 1,998 million, down by Baht 320 million from Baht 2,318 million at the end of 2010.

PP&E under operating agreements

PP&E under operating agreements at the end of 2011 was Baht 12,828 million, a decrease of Baht 1,349 million from Baht 14,177 million at the end of 2010 mostly due to amortization expenses in 2011.

Borrowings and Shareholders' equity

The Company's net borrowings at the end of 2011 were Baht 10,277 million, an increase of Baht 1,879 million from Baht 8,398 million at the end of 2010. This was mainly attributable to:

- Proceeds from long-term loans for the Thaicom 6 project.
- An increase in borrowings from change in status from account payable of property and equipment of telephone network in Cambodia.

Offset by:

- Repayment of long-term borrowings by IPA, DTV, Mfone, and LTC.
- The Company's shareholders' equity at the end of 2011 was Baht 14,176 million, a decrease of Baht 367 million from Baht 14,543 million at the end of 2010, reflecting:
- Net loss for 2011 of Baht 490 million.

Offset by:

- Translation gain relating to financial statements of foreign operations of Baht 134 million.

With higher net borrowings and lower shareholders' equity for the year ended December 31, 2011, the ratio of net borrowings to equity at the end of 2011 was 0.72 times, up from 0.58 times at the end of 2010.

Cash flow

Net cash flow provided by operating activities for 2011 was Baht 3,038 million, an increase of Baht 1,203 million or 65.6% from Baht 1,835 million in 2010, due mainly to:

- Operational improvement for 2011. Operating profit for 2011 was Baht 253 million, while operating loss was Baht 624 million for 2010.
- Payment of accrued 18th operating agreement fee of Baht 415 million in 1H/2010, while there was no such payment in 2011.

Net cash flow used by investing activities for 2011 was Baht 2,369 million, mostly for the Thaicom 6 project, the expansion of telephone network, and for satellite equipment. For 2010, net cash flow used by investing activities was Baht 571 million.

65.6% yoy increase in operating cash flow driven by operational improvement.

Net cash flow provided by financing activities for 2011 was Baht 931 million due mainly to:

- Proceeds from long-term loans of Baht 1,628 million mostly for the Thaicom 6 project, Offset by:
- Interest payment of Baht 464 million most of which consisted of debenture interest.
- Repayment of long-term borrowings of Baht 310 million by IPA, DTV, Mfone and LTC.

For 2010, net cash flow used in financing activities was Baht 786 million.

The Company had ending cash of Baht 2,866 million on 31 December 2011.

Auditor's Remunerations

During the year 2011, the Company and its subsidiaries paid remunerations as follows:

1. Paid to the Company's Auditor, Baht 4.24 million and to the Auditor's auditing office and its related parties, Baht 5.22 million.
2. Paid remunerations for non-audit consulting service to the Auditor's auditing office and its related parties, Baht 5.27 million, and a future amount payable of Baht 3.75 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.

Board of Directors' Responsibility for Financial Reporting

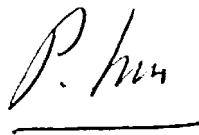
The Board of Directors is responsible for Thaicom Public Company Limited's financial statements and Thaicom Public Company Limited and its subsidiaries' consolidated financial statements, including the financial information presented in this annual report. The aforementioned financial statements are 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 2011. The Board of Directors also believes that all these financial statements have been prepared in accordance with generally accepted accounting principles and related regulations.



(Mr. Paron Israsena)
Chairman of the Board of Directors



(Ms. Suphajee Suthumpun)
**Chairman of the Executive Committee
and Chief Executive Officer**

Audit report of Certified Public Accountant

To the shareholders of Thaicom Public Company Limited

I have audited the accompanying consolidated and separate statements of financial position as at 31 December 2011 and 2010, and the related statements of income, comprehensive 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 2011 and 2010 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 Financial Reporting Standards.

As explained in notes 2 and 4 to the financial statements, with effect from 1 January 2011 the Company has adopted certain new and revised financial reporting standards. The consolidated and separate financial statements for the year ended 31 December 2010 have been restated accordingly.



(Winid Silamongkol)
Certified Public Accountant
Registration No. 3378

KPMG Phoomchai Audit Ltd.
Bangkok
14 February 2012

Statements of financial position

Thaicom Public Company Limited and its Subsidiaries

As at 31 December 2011 and 2010

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
		(in Baht)			
Assets					
Current assets					
Cash and cash equivalents	7	2,865,910,278	1,271,920,158	1,826,976,965	518,439,084
Trade and other accounts receivable	8	1,348,032,287	1,240,219,414	1,200,716,119	877,066,288
Amounts due from related parties	6	3,165,306	1,480,493	121,026,729	122,981,072
Short-term loan to a jointly-controlled entity	6	78,943,333	-	161,108,842	-
Inventories	9	241,325,439	413,012,426	157,556,913	258,518,041
Prepaid insurance		46,548,715	63,406,136	43,476,821	61,115,000
Other current assets		94,742,684	34,449,171	24,384,430	11,458,105
Total current assets		4,678,668,042	3,024,487,798	3,535,246,819	1,849,577,590
Non-current assets					
Long-term loans to subsidiaries	6	-	-	28,352,057	208,540,401
Investments in subsidiaries	10	-	-	693,814,754	692,560,754
Investments in jointly - controlled entity	10	-	-	137,638,749	137,638,749
Investments in associate	10	451,456,794	439,867,741	-	-
Property and equipment	11	6,611,264,046	5,262,645,552	2,645,391,418	1,089,280,069
Property and equipment under operating agreement	12	12,828,228,105	14,177,126,018	12,828,228,105	14,177,126,018
Deferred charges	12	105,469,663	41,052,706	104,217,567	38,941,430
Intangible assets	12	1,012,335,308	1,104,778,309	862,029,593	947,955,427
Deferred tax assets	13	838,407,154	1,157,837,028	701,394,814	1,053,434,446
Other non-current assets	14	689,733,349	660,312,455	665,025,700	632,223,201
Total non-current assets		22,536,894,419	22,843,619,809	18,666,092,757	18,977,700,495
Total assets		27,215,562,461	25,868,107,607	22,201,339,576	20,827,278,085

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

Statements of financial position

Thaicom Public Company Limited and its Subsidiaries

As at 31 December 2011 and 2010

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
		(in Baht)			
Liabilities and equity					
Current liabilities					
Trade and other accounts payable	16	727,874,630	860,571,012	345,478,622	512,706,195
Accounts payable - property and equipment		465,593,431	920,779,639	39,721,597	28,453,807
Amounts due to related parties	6	2,257,934	3,634,502	4,109,566	52,577,744
Short-term loan from other related party	6	79,295,387	-	-	-
Current portion of long-term loans	15	4,626,119,926	854,473,636	3,302,283,518	5,443,896
Advance receipts from customers		328,265,190	320,371,771	91,266,707	22,652,016
Accrued operating agreement fee		264,616,591	205,457,499	205,166,880	129,836,727
Income tax payable		146,268,255	131,345,430	-	-
Other current liabilities	17	140,796,308	102,713,384	81,106,057	47,526,878
Total current liabilities		6,781,087,652	3,399,346,873	4,069,132,947	799,197,263
Non-current liabilities					
Long-term loans	15	5,651,249,369	7,543,878,945	5,359,051,249	7,005,284,380
Employee benefits liabilities	18	167,308,396	150,876,299	95,542,141	88,604,441
Deferred tax liabilities	13	119,535,340	130,806,518	-	-
Other non-current liabilities	19	319,934,576	99,970,773	308,590,681	89,173,110
Total non-current liabilities		6,258,027,681	7,925,532,535	5,763,184,071	7,183,061,931
Total liabilities		13,039,115,333	11,324,879,408	9,832,317,018	7,982,259,194

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

Statements of financial position

Thaicom Public Company Limited and its Subsidiaries

As at 31 December 2011 and 2010

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
		(in Baht)			
Liabilities and equity					
Equity					
Share capital	20				
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	20	4,301,989,672	4,301,989,672	4,301,989,672	4,301,989,672
Retained earnings					
Appropriated					
Legal reserve	21	413,853,344	413,853,344	413,853,344	413,853,344
Unappropriated		3,732,488,641	4,222,514,573	2,173,491,842	2,649,488,175
Other components of equity		211,349,446	80,310,004	-	-
Equity attributable to owners of the Company		14,139,368,803	14,498,355,293	12,369,022,558	12,845,018,891
Non-controlling interests		37,078,325	44,872,906	-	-
Total equity		14,176,447,128	14,543,228,199	12,369,022,558	12,845,018,891
Total liabilities and equity		27,215,562,461	25,868,107,607	22,201,339,576	20,827,278,085

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

Statements of income

Thaicom Public Company Limited and its Subsidiaries

For the years ended 31 December 2011 and 2010

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
		(in Baht)			
Income	6				
Revenues from sale of goods and rendering of services	24	7,253,870,819	6,699,753,084	4,587,549,106	3,818,187,799
Dividend income		-	-	-	69,999,988
Other income	25	149,913,087	107,350,149	203,819,379	128,600,569
Total income		7,403,783,906	6,807,103,233	4,791,368,485	4,016,788,356
Expenses	6				
Cost of sale of goods and rendering of services		4,851,946,912	5,356,645,339	3,055,833,890	3,283,887,076
Operating agreements fee		620,810,252	493,925,090	596,988,870	458,871,750
Selling expenses		164,888,620	244,597,881	71,450,066	84,123,054
Administrative expenses		1,301,220,668	1,184,148,742	647,135,857	671,963,319
Directors and management benefit expenses		62,097,145	43,897,463	61,592,742	43,393,898
Net foreign exchange loss		84,754,755	90,079,141	66,323,639	85,154,952
Finance costs		478,885,558	496,412,332	416,000,121	426,526,867
Total expenses		7,564,603,910	7,909,705,988	4,915,325,185	5,053,920,916
Share of profit of associate	10	141,289,974	168,208,632	-	-
Loss before income tax expense		(19,530,030)	(934,394,123)	(123,956,700)	(1,037,132,560)
Income tax expense	28	(482,714,505)	134,948,340	(352,039,633)	266,137,484
Loss for the year		(502,244,535)	(799,445,783)	(475,996,333)	(770,995,076)
Profit (loss) attributable to:					
Owner of the Company		(490,025,932)	(805,707,056)	(475,996,333)	(770,995,076)
Minority interests		(12,218,603)	6,261,273	-	-
Loss for the year		(502,244,535)	(799,445,783)	(475,996,333)	(770,995,076)
Loss per share	30				
Basic		(0.45)	(0.74)	(0.43)	(0.70)
Diluted		(0.45)	(0.74)	(0.43)	(0.70)

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

Statements of income

Thaicom Public Company Limited and its Subsidiaries

For the years ended 31 December 2011 and 2010

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
		(in Baht)			
Loss for the year		(502,244,535)	(799,445,783)	(475,996,333)	(770,995,076)
Other comprehensive income	22				
Foreign currency translation differences		137,927,307	(148,986,327)	-	-
Other comprehensive income for the year, net of income tax		137,927,307	(148,986,327)	-	-
Total comprehensive income for the year		(364,317,228)	(948,432,110)	(475,996,333)	(770,995,076)
Total comprehensive income attributable to:					
Owners of the Company		(356,522,647)	(950,260,052)	(475,996,333)	(770,995,076)
Non-controlling interests		(7,794,581)	1,827,942	-	-
Total comprehensive income for the year		(364,317,228)	(948,432,110)	(475,996,333)	(770,995,076)

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

Statements of changes in equity

Thaicom Public Company Limited and its Subsidiaries

For the years ended 31 December 2011 and 2010

Consolidated financial statements											
Note	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity			Equity attributable to owners of the Company	Non-controlling interests	Total equity	
			Legal reserve	Unap-propriated	Cumulative gain on dilution of investment in a subsidiary and an associate	Currency translation differences	Total other components of equity				
(in Baht)											
Balance at 1 January 2010 - as reported	5,479,687,700	4,301,989,672	413,853,344	5,146,786,449	349,347,698	(108,967,271)	240,380,427	15,582,697,592	43,112,513	15,625,810,105	
	-	-	-	(118,564,820)	-	-	-	(118,564,820)	(67,549)	(118,632,369)	
Balance at 1 January 2010 - restated	5,479,687,700	4,301,989,672	413,853,344	5,028,221,629	349,347,698	(108,967,271)	240,380,427	15,464,132,772	43,044,964	15,507,177,736	
Transactions with owners, recorded directly in equity											
Unrealised loss from decrease in shareholding in a subsidiary and an associate	-	-	-	-	(15,517,427)	-	(15,517,427)	(15,517,427)	-	(15,517,427)	
Total transactions with owners, recorded directly in equity	-	-	-	-	(15,517,427)	-	(15,517,427)	(15,517,427)	-	(15,517,427)	
Comprehensive income for the year											
Profit or (loss)	-	-	-	(805,707,056)	-	-	-	(805,707,056)	6,261,273	(799,445,783)	
Other comprehensive income	-	-	-	-	-	(144,552,996)	(144,552,996)	(144,552,996)	(4,433,331)	(148,986,327)	
Total comprehensive income for the year	-	-	-	(805,707,056)	-	(144,552,996)	(144,552,996)	(950,260,052)	1,827,942	(948,432,110)	
Balance at 31 December 2010	5,479,687,700	4,301,989,672	413,853,344	4,222,514,573	333,830,271	(253,520,267)	80,310,004	14,498,355,293	44,872,906	14,543,228,199	

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

Statements of changes in equity

Thacom Public Company Limited and its Subsidiaries

For the years ended 31 December 2011 and 2010

		Consolidated financial statements									
	Note	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity			Equity attributable to owners of the Company	Non-controlling interests	Total equity
				Legal reserve	Unap-propriated	Cumulative gain on dilution of investment in a subsidiary and an associate	Currency translation differences	Total other components of equity			
		(in Baht)									
Balance at 1 January 2011 - as reported		5,479,687,700	4,301,989,672	413,853,344	4,357,853,344	333,830,271	(253,520,267)	80,310,004	14,633,694,064	449,580,94	14,678,652,158
Impact of changes in accounting policies	4	-	-	-	(135,338,771)	-	-	-	(135,338,771)	(85188)	(135,423,959)
Balance at 1 January 2011 - restated		5,479,687,700	4,301,989,672	413,853,344	4,222,514,573	333,830,271	(253,520,267)	80,310,004	14,498,355,293	44,872,906	14,543,228,199
Transactions with owners, recorded directly in equity											
Unrealised gain from decrease in shareholding in an associate		-	-	-	-	(2,463,843)	-	(2,463,843)	(2,463,843)	-	(2,463,843)
Net income recognised directly in equity		-	-	-	-	(2,463,843)	-	(2,463,843)	(2,463,843)	-	(2,463,843)
Comprehensive income for the year											
Loss		-	-	-	(490,025,932)	-	-	-	(490,025,932)	(12,218,603)	(502,244,535)
Other comprehensive income	22	-	-	-	-	-	133,503,285	133,503,285	133,503,285	4,424,022	137,927,307
Total comprehensive income for the year		-	-	-	(490,025,932)	-	133,503,285	133,503,285	(356,522,647)	(7,794,581)	(364,317,228)
Balance at 31 December 2011		5,479,687,700	4,301,989,672	413,853,344	3,732,488,641	331,366,428	(120,016,982)	211,349,446	14,139,368,803	37,078,325	14,176,447,128

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

Statements of changes in equity

Thaicom Public Company Limited and its Subsidiaries
For the years ended 31 December 2011 and 2010

	Note	Separate financial statements				
		Issued and paid-up share capital	Share premium	Retained earnings		Total equity
				Legal reserve	Unappropriated	
Balance at 1 January 2010 - as reported		5,479,687,700	4,301,989,672	413,853,344	3,476,747,365	13,672,278,081
Impact of changes in accounting policies	4	-	-	-	(56,264,114)	(56,264,114)
Balance at 1 January 2010 - restated		5,479,687,700	4,301,989,672	413,853,344	3,420,483,251	13,616,013,967
Comprehensive income for the year						
Loss		-	-	-	(770,995,076)	(770,995,076)
Total comprehensive income for the year		-	-	-	(770,995,076)	(770,995,076)
Balance at 31 December 2010		5,479,687,700	4,301,989,672	413,853,344	2,649,488,175	12,845,018,891
Balance at 1 January 2011 - as reported		5,479,687,700	4,301,989,672	413,853,344	2,714,386,844	12,909,917,560
Impact of changes in accounting policies	4	-	-	-	(64,898,669)	(64,898,669)
Balance at 1 January 2011 - restated		5,479,687,700	4,301,989,672	413,853,344	2,649,488,175	12,845,018,891
Comprehensive income for the year						
Loss		-	-	-	(475,996,333)	(475,996,333)
Total comprehensive income for the year		-	-	-	(475,996,333)	(475,996,333)
Balance at 31 December 2011		5,479,687,700	4,301,989,672	413,853,344	2,173,491,842	12,369,022,558

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

Statements of cash flows

Thaicom Public Company Limited and its Subsidiaries

For the years ended 31 December 2011 and 2010

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
		(in Baht)			
Cash flows from operating activities					
Loss for the year		(490,025,932)	(805,707,056)	(475,996,333)	(770,995,076)
Adjustments for					
Depreciation of property and equipment	11, 26	1,125,777,505	1,112,813,516	360,754,640	397,136,119
Amortisation of property and equipment					
under operating agreements	12	1,350,885,342	1,350,661,910	1,350,885,342	1,350,661,910
Amortisation of deferred charges	12	31,707,104	17,145,064	30,766,489	16,175,576
Amortisation of intangible assets	12	99,891,862	106,080,181	90,032,154	94,942,943
Current services costs of employee	18	12,517,768	10,926,603	8,194,920	6,875,369
Interest income	25	(47,011,318)	(30,938,731)	(34,452,546)	(34,159,274)
Dividend income		-	-	-	(69,999,988)
Finance cost		478,885,558	496,412,332	416,000,121	426,526,867
Loss on exchange rate		62,747,948	103,827,244	15,620,963	3,545,245
Amortisation of borrowing costs	15, 26	6,139,009	6,139,009	6,139,009	6,139,009
(Reversal of) allowance for doubtful accounts	8	45,064,534	43,556,249	(5,869,061)	48,247,155
Profit (loss) on non-controlling interest		(12,218,603)	6,261,273	-	-
Allowance for obsolete inventory		28,507,449	25,736,122	30,420,501	16,948,065
Gain on disposal of property and equipment	25	(29,739,705)	(5,453,498)	(28,998,697)	(4,875,326)
Write-off property and equipment	11	26,885,920	17,813,426	2,884,946	1,151,629
Share of profits of associate	10	(141,289,974)	(168,208,632)	-	-
Income tax expense	28	482,714,505	(134,948,340)	352,039,633	(266,137,484)
		3,031,438,972	2,152,116,672	2,118,422,081	1,222,182,739
Changes in operating assets and liabilities					
Trade and other accounts receivable		(152,877,408)	(19,743,546)	(317,780,770)	61,441,114
Amounts due from related parties		(1,684,813)	(378,117)	1,954,343	(22,296,490)
Inventories		211,314,280	4,507,653	171,705,082	6,377,170
Prepaid insurance		16,857,420	39,978,744	17,638,179	39,437,164
Other current assets		(54,391,729)	(3,860,157)	(7,774,618)	(26,502,583)
Other non-current assets		40,102,958	35,363,568	37,389,551	31,274,330
Trade and other accounts payable		(138,527,254)	99,216,790	(171,135,896)	62,001,755
Amounts due to related parties		(1,376,568)	(3,372,126)	(48,468,178)	8,155,418
Advance receipts from customers		7,893,419	(34,517,302)	68,614,691	(21,815,081)
Accrued operating agreement fee		59,159,092	(440,596,959)	75,330,153	(415,815,843)
Other current liabilities		38,082,924	159,714,764	33,579,178	6,591,349
Other non-current liabilities		219,963,803	(4,294,775)	219,417,571	1,512,386
Defined benefit obligations paid	18	(6,993,155)	-	(6,091,420)	-
Decrease in defined benefit obligations					
from sale investment in subsidiary	18	(891,251)	-	-	-
Interest received		38,294,618	31,306,495	29,300,840	35,691,327
Income tax paid		(268,462,334)	(180,084,681)	(70,192,051)	(64,792,298)
Net cash provided by operating activities		3,037,902,974	1,835,357,023	2,151,908,736	923,442,457

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

Statements of cash flows

Thaicom Public Company Limited and its Subsidiaries

For the years ended 31 December 2011 and 2010

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
		(in Baht)			
Cash flows from investing activities					
Dividends received	10	130,051,995	130,051,995	-	69,999,988
Net cash outflow on acquisition of subsidiaries	10	-	-	(1,254,000)	(16,698,858)
Payment of property and equipment		(2,388,875,694)	(697,586,723)	(2,048,511,503)	(254,779,180)
Payment for property and equipment under operating agreements		(1,942,429)	-	(1,942,429)	-
Proceeds from sale of property and equipment		69,170,220	8,224,964	68,047,778	7,353,660
Short-term loan to a jointly-controlled entity	6	(76,633,636)	-	(156,395,175)	-
Long-term loan to subsidiaries	6	-	-	187,797,262	125,300,588
Payments for deferred charges		(96,124,061)	(732,028)	(96,042,625)	-
Purchase of intangible assets		(4,787,959)	(11,283,575)	(4,532,099)	(11,283,575)
Proceeds from sale of intangible assets		195,600	-	195,600	-
Net cash used in investing activities		(2,368,945,964)	(571,325,367)	(2,052,637,191)	(80,107,377)
Cash flows from financing activities					
Proceeds from short-term borrowings	15	2,156,217,186	-	2,156,217,186	-
Repayment of short-term borrowings	15	(2,156,217,186)	(80,869,123)	(2,156,217,186)	(73,350,839)
Proceeds from long-term borrowings	15	1,627,634,319	139,039,636	1,627,634,319	23,336,922
Repayments of long-term borrowings	15	(309,727,580)	(351,312,458)	(5,399,505)	(3,168,520)
Proceeds from other related party	6	77,317,196	-	-	-
Interest paid		(464,479,944)	(492,829,166)	(407,257,597)	(426,187,369)
Net cash provided by (used in) financing activities		930,743,991	(785,971,111)	1,214,977,217	(479,369,806)
Net decrease in cash and cash equivalents		1,599,701,001	478,060,545	1,314,248,762	363,965,274
Cash and cash equivalents at beginning of year		1,271,920,158	797,638,777	518,439,084	158,252,974
Effects of exchange rate changes on balances held in foreign currencies		(5,710,881)	(3,779,164)	(5,710,881)	(3,779,164)
Cash and cash equivalents at end of year	7	2,865,910,278	1,271,920,158	1,826,976,965	518,439,084
Non-cash transactions					
Acquisition of property and equipment by issue of debt		83,276,116	95,573,261	42,109,884	47,574,895

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

Notes to the financial statements

Thaicom Public Company Limited and its Subsidiaries

For the years ended 31 December 2011 and 2010

These notes form an integral part of the financial statements.

The financial statements were approved and authorized for issue by the Board of Directors on 14 February 2012

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.

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 2011 and 2010 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership Interest (%)	
			2011	2010
Direct subsidiaries				
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 Thaicom 4 transponder services	The British Virgin Islands	99.96	99.94
Star Nucleus Company Limited	Providing broadband technological services via Thaicom 4 satellite	The British Virgin Islands	100	70
Spacecode LLC	Providing engineering and development services, technology and electronics	The United States of America	70	70

Name of the entity	Type of business	Country of incorporation	Ownership Interest (%)	
			2011	2010
IPSTAR International Pte Limited	Providing Thaicom 4 transponder services	Singapore	100	100
IPSTAR Global Services Company Limited	Providing Thaicom 4 transponder service	Mauritius	100	100
Cambodian DTV Network Limited	Sale of direct television equipment	Cambodia	100	100
Indirect subsidiaries				
<i>Subsidiary of DTV Service Company Limited</i>				
NTU (Thailand) Company Limited	Provide organizing services related to conduct training, educational seminar and spread the various kind of knowledge.	Thailand	-	88.52
<i>Subsidiaries of iPSTAR Company Limited</i>				
IPSTAR Australia Pty Limited	Sale of user terminal of Thaicom 4 and providing Thaicom 4 transponder services in Australia.	Australia	100	100
IPSTAR New Zealand Company Limited	Sale of user terminal of Thaicom 4 and providing Thaicom 4 transponder services in New Zealand	New Zealand	100	100
Jointly-controlled entities				
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

As at 31 December 2011, a subsidiary of jointly-controlled entities has deficits of Baht 600.05 million (2010: Baht 61.62 million) and capital deficiency of Baht 212.15 million (2010: equity of Baht 307.43 million). However, the Company's management believed a subsidiary of jointly-controlled entities will continue its operations to generate cash inflow and fulfill all of its current financial obligation. Accordingly, its financial statements entities have been prepared based on a going concern basis.

2 Basis of preparation of the financial statements

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

During 2010 and 2011, the FAP issued the new and revised TFRS relevant to the Group's operations and effective for accounting periods beginning on or after 1 January 2011. The adoption of these new and revised TFRS has resulted in changes in the Group's accounting policies. The effects of these changes are disclosed in note 4.

In addition, the FAP has issued during 2010 a number of new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in note 36.

The financial statements have been prepared on the historical cost basis except as stated in the accounting policies.

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.

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 5(u) Current and deferred taxation
- Note 8 Allowance for doubtful accounts
- Note 9 Measurement of the net realisable value of inventory.
- Notes 11 and 12 Estimated useful lives of assets and measurement of the recoverable amounts
- Note 11 Lease classification
- Note 13 Utilisation of deferred tax assets
- Notes 32 and 33 Provisions and contingencies
- Note 31 Measurement of fair values of financial derivative

3 Impact of severe flooding in Thailand

The Group was affected by the severe flooding in Thailand. Flood waters inundated the satellite and receiver equipment production plants at Navanakorn Industrial Estate, damaging the Group's assets deposited at the site. As a result, the carrying value of certain of the Group's equipment has been reduced by Baht 0.16 million and inventories previously carried at cost of Baht 31.76 million have been written off. The damages will be compensated by the insurance company and the equipment manufacturers for Baht 29.09 million, in which they are recognised losses in the consolidated statement of income for the year ended 31 December 2011 amounted to Baht 2.67 million

4 Changes in accounting policies

(a) Overview

From 1 January 2011, consequent to the adoption of new and revised TFRS as set out in note 2, the Group has changed its accounting policies in the following areas.

- Presentation of financial statements
- Accounting for business combinations
- Accounting for acquisitions of non-controlling interests
- Accounting for property, plant and equipment
- Accounting for borrowing costs
- Accounting for employee benefits
- Accounting for share-based payment

Details of the new accounting policies adopted by the Group and the impact of the changes on the financial statements are included in notes 4(b) to 4(i) below.

(b) Presentation of financial statements

The Group has adopted TAS 1 Presentation of Financial Statements (Revised 2009). Under the revised standard, a set of financial statements comprises:

- Statement of financial position;
- Statement of comprehensive income;
- Statement of changes in equity;
- Statement of cash flows; and
- Notes to the financial statements.

As a result, the Group presents all owner changes in equity in the statement of changes in equity and all non-owner changes in equity in the statement of comprehensive income. Previously, all such changes were included in the statement of changes in equity.

Comparative information has been re-presented so that it is also in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on reported profit or earnings per share.

(c) Accounting for business combinations

The Group has adopted TFRS 3 Business Combinations (revised 2009) and TAS 27 Consolidated and Separate Financial Statements (revised 2009) for all business combinations on or after 1 January 2011. The new policy for accounting for business combinations, together with information on the previous policy, is given below. The new policy has been applied prospectively from 1 January 2011 in accordance with the transitional provisions of the revised standards. There have been no business combinations during 2011 and, accordingly, adoption of these two revised standards has had no impact on profit or earnings per share for 2011.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Acquisitions on or after 1 January 2011

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquiree's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between 1 January 2008 and 31 December 2010

Goodwill represented the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 January 2008

Goodwill was measured in the same way as described in the preceding paragraph. However, both positive and negative goodwill were amortised over their estimated useful life of 10 years. On 1 January 2008, on adoption of the former TAS 43 (revised 2007), the Group discontinued amortising goodwill. Negative goodwill carried in the financial statements as at 31 December 2007 was derecognised by crediting unappropriated retained earnings on 1 January 2008.

(d) Accounting for acquisitions of non-controlling interests (previously termed 'minority interests')

The Group has adopted TAS 27 Consolidated and Separate Financial Statements (revised 2009) for all acquisitions of non-controlling interests in subsidiaries. The new policy for accounting for acquisitions of non-controlling interests, together with information on the previous policy, is given below. The new policy has been applied prospectively from 1 January 2011 in accordance with the transitional provisions of the revised standard.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

(e) Accounting for property, plant and equipment

The Group has adopted TAS 16 (revised 2009) Property, Plant and Equipment in determining and accounting for the cost and depreciable amount of property, plant and equipment.

The principal changes 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 changes have been applied prospectively in accordance with the transitional provisions of the revised standard, except that consideration of the costs of asset dismantlement, removal and restoration, have been applied retrospectively. The changes have had no material impact on the profit and earnings per share for the years ended 31 December 2011 and 2010.

(f) Accounting for borrowing costs

The Group has adopted TAS 23 (revised 2009) Borrowing Costs.

Under the revised standard, borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Under the former standard, there was also an option to expense borrowing costs on qualifying assets when incurred.

It was the Group's policy under the former TAS 23 to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Consequently the adoption of the revised standard has had no impact on reported profit or earnings per share.

(g) Accounting for employee benefits

The Group has adopted TAS 19 Employee Benefits.

Under the new policy, the Group's liability for post-employment benefits and other long-term employee benefit obligations is recognised in the financial statements based on calculations performed at least once in three years by a qualified actuary using the projected unit credit method. Previously, this liability was recognised as and when payments were made.

The change in accounting policy has been applied retrospectively and the Group's 2010 financial statements, which are included in the Group's 2011 financial statements for comparative purposes, have been restated accordingly. The impact on the consolidated and separated financial statements was in note 4 (i).

(h) Accounting for share-based payments

The Group has adopted TFRS 2 Share-based Payment.

Under TFRS 2, share-based payment awards granted to employees are recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The Group has not applied the above accounting policy for share-based payment awards granted before 1 January 2011 in accordance with transitional provisions of TFRS 2. The adoption of TFRS 2 has had no material impact on the profit and earnings per share for the year ended 31 December 2011.

(i) The adjustment of financial statements to comply with new accounting policy

The retrospective adjustments to comply TAS 19 Employee Benefits were as follows:

	Consolidated financial statements			Separate financial statements		
	As reported	Adjustment	Restated	As reported	Adjustment	Restated
(in thousand Baht)						

Statements of financial position as at 1 January 2010

Assets

Non-current assets

Investments in associate	418,505	(17,975)	400,530	-	-	-
Deferred tax assets	868,081	34,173	902,254	763,184	24,113	787,297
Total		16,198			24,113	

Liabilities

Current liabilities

Accrued expenses	232,547	3,139	235,686	143,775	2,862	146,637
Total		3,139			2,862	

Non-current liabilities

Long-term employee benefit obligations	-	131,691	131,691	-	77,515	77,515
Total		131,691			77,515	
Total		134,830			80,377	

Equity

Unappropriated retain earnings	5,146,786	(118,565)	5,028,221	3,476,747	(56,264)	3,420,483
Non-controlling interests	43,113	(68)	43,045	-	-	-
Total		(118,633)			(56,264)	

	Consolidated financial statements			Separate financial statements		
	As reported	Adjustment	Restated	As reported	Adjustment	Restated
	(in thousand Baht)					

Statements of financial position as at 31 December 2010

Assets

Non-current assets

Investments in associate	459,264	(19,396)	439,868	-	-	-
Deferred tax assets	1,118,532	39,305	1,157,837	1,025,621	27,813	1,053,434
Total		19,909			27,813	

Liabilities

Current liabilities

Accrued expenses	256,991	4,457	261,448	162,314	4,108	166,422
Total current liabilities		4,457			4,108	

Non-current liabilities

Long-term employee benefit obligations	-	150,876	150,876	-	88,604	88,604
Total		150,876			88,604	
Total		155,333			92,712	

Equity

Unappropriated retain earnings	4,357,853	(135,339)	4,222,514	2,714,387	(64,899)	2,649,488
Non-controlling interests	44,958	(85)	44,873	-	-	-
Total		(135,424)			(64,899)	

	Consolidated financial statements			Separate financial statements		
	As reported	Adjustment	Restated	As reported	Adjustment	Restated
(in thousand Baht)						

Statements of income

for the year ended 31 December 2010

Share of profit of associate	169,629	(1,420)	168,209	-	-	-
Administrative expenses	(1,172,521)	(11,628)	(1,184,149)	(664,459)	(7,504)	(671,963)
Directors and management benefit expenses	(43,280)	(617)	(43,897)	(42,777)	(617)	(43,394)
Finance costs	(488,154)	(8,259)	(496,413)	(422,313)	(4,214)	(426,527)
Income tax	129,816	5,132	134,948	262,437	3,700	266,137
Total		(16,792)			(8,635)	

Profit (loss) attributable to

Owners of the Company	(788,933)	(16,774)	(805,707)	(762,360)	(8,635)	(770,995)
Non-controlling interests	6,279	(18)	6,261	-	-	-
		(16,792)			(8,635)	

Loss per share

Basic	(0.72)		(0.74)	(0.70)		(0.70)
Diluted	(0.72)		(0.74)	(0.70)		(0.70)

The changes in the financial statements for the year ended 31 December 2011 (current period), which are impacted from applying the new accounting policy

	Consolidated financial statements			Separate financial statements		
	Before recognition	Recognised	After recognition	Before recognition	Recognised	After recognition
(in thousand Baht)						

Statements of financial position as at 31 December 2011

Assets

Non-current assets

Investments in associate	474,834	(23,377)	451,457	-	-	-
Deferred tax assets	805,130	33,277	838,407	681,490	19,905	701,395
Total		9,900			19,905	

Liabilities

Current liabilities

Trade and other accounts payable	723,418	4,457	727,875	341,435	4,044	345,479
Total current liabilities		4,457			4,044	

Non-current liabilities

Long-term employee benefit obligations	-	167,308	167,308	-	95,542	95,542
Total		167,308			95,542	
Total		171,765			99,586	

Equity

Unappropriated retain earnings	3,894,354	(161,865)	3,732,489	2,253,174	(79,682)	2,173,492
Non-controlling interests	37,078	-	37,078	-	-	-
Total		(161,865)			(79,682)	

	Consolidated financial statements			Separate financial statements		
	Before recognition	Recognised	After recognition	Before recognition	Recognised	After recognition
(in thousand Baht)						

**Statements of income for the year
ended 31 December 2011**

Share of profit of associate	142,806	(1,516)	141,290	-	-	-
Administrative expenses	(1,290,368)	(10,852)	(1,301,220)	(639,744)	(7,392)	(647,136)
Directors and management benefit expenses	(67,449)	5,352	(62,097)	(66,945)	5,352	(61,593)
Finance costs	(470,310)	(8,575)	(478,885)	(411,166)	(4,834)	(416,000)
Income tax	(480,104)	(2,610)	(482,714)	(350,665)	(1,375)	(352,040)
Total		(18,201)			(8,249)	

Loss attributable to

Owners of the Company	(471,844)	(18,182)	(490,026)	(467,747)	(8,249)	(475,996)
Non-controlling interests	(12,200)	(19)	(12,219)	-	-	-
		(18,201)			(8,249)	

Loss per share

Basic	(0.43)		(0.45)	(0.43)		(0.43)
Diluted	(0.43)		(0.45)	(0.43)		(0.43)

5 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 4, which addresses changes in 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.

Business combinations

The accounting policy for business combinations has been changed from 1 January 2011. See note 4(c) for details.

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

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

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

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

When share-based payment awards exchanged (replacement awards) for awards held by the acquiree's employees (acquiree's awards) relate to past services, then a part of the market-based measure of the awards replaced is included in the consideration transferred. If they require future services, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

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

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

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

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognised as part of share premium. Any cash paid for the acquisition is recognised directly in equity.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

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.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, 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.

Investments in associates are accounted for in the consolidated financial statements using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

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 consolidated statements of financial position.

(b) Foreign currency transactions

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

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

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

Foreign entities

The assets and liabilities of foreign entities are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are stated at exchange rates ruling on transaction dates.

The revenues and expenses of foreign entities are translated to Thai Baht at the weighted average foreign exchange rates for the year.

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

(c) Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange 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 profit or loss 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 profit or loss. 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.

(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, net of deposit from customers. Bad debts are written off when incurred.

(f) Inventories

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

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase 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 estimated costs to complete and to make the sale.

(g) Investments

Investments in subsidiaries, jointly-controlled entities and associates

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

Disposal of investments

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

(h) Property and equipment

Owned assets

Property and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

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

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognised net within other income in profit or loss.

Subsequent costs

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

Depreciation

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

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment or the lease term is shorter than the substrate, either. The estimated useful lives are 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

No depreciation is provided on assets under construction.

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

(i) 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.

(j) 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 that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 5(a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

Research and development

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

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditure is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated 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.

Other intangible assets

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

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.

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

(l) 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. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year, at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

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.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss.

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.

Leases - where the Group is the lessor

Assets leased out under operating leases are included in property and equipment in the Statements of financial position. 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 profit or loss 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

Defined contribution plans

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.

Post-employment benefits and other long-term employee benefits

The Group's liability for post-employment benefits and other long-term employee benefit obligations is recognised in the financial statements based on calculations performed at least once in three years by a qualified actuary using the projected unit credit method. Previously, this liability was recognised as and when payments were made.

Short-term employee benefits

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

A liability is recognised for the amount expected to be paid under short-term cash bonus plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share-based payments

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

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

(q) Provisions

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

(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 profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

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.

(s) Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, dividends on preference shares classified as liabilities, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), and losses on hedging instruments that are recognised in profit or loss.

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

(t) Lease payment

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

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

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

(u) Income tax

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

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

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

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

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

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

6 Related party transactions and balances

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, 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 (INTOUCH) (incorporated in Thailand), which owns 41.14% (2010: 41.14%) of the Company's shares. Transactions with Intouch 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.

Significant transactions for the years ended 31 December 2011 and 2010 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
Revenues				
Revenues from sale of goods and rendering of services				
Subsidiaries	-	-	1,346,351	900,367
Jointly-controlled entities	8,888	20,181	354	3,025
Associate	10,284	13,513	10,080	13,378
Related parties under common control	62,018	63,726	51,387	54,127
Other related party	904	1,321	-	-
Other income				
Subsidiaries	-	-	112,825	135,536
Jointly-controlled entities	1,753	1,008	3,577	2,058
Total revenue	83,847	99,749	1,524,574	1,108,491

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in thousand Baht)			
Expenses				
Purchases of goods and services				
Subsidiaries	-	-	48,098	41,979
Jointly-controlled entities	3,683	3,758	7,514	7,669
Associate	20,854	9,853	20,684	9,783
Related party under common control	1,168	49	25	49
Other related parties	37,325	22,659	13,552	13,432
Selling and administrative expenses				
Subsidiaries	-	-	1,769	4,044
Jointly-controlled entities	176	659	262	1,251
Associate	3,087	4,034	2,758	3,047
Related parties under common control	15,024	28,772	10,528	14,146
Other related party	-	317	-	-
Directors and management benefit expenses	62,746	44,485	62,242	43,981
Other expenses				
Other related party	609	-	-	-
Total expenses	144,672	114,586	167,432	139,381

Balance as at 31 December 2011 and 2010 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in thousand Baht)			
Trade accounts receivable and accrued income - related parties				
Trade accounts receivable- related parties				
Subsidiaries	-	-	219,790	37,683
Jointly-controlled entities	29,306	20,973	3,455	2,309
Associate	899	-	899	-
Related parties under common control	8,635	7,495	4,487	4,551
Other related party	158	520	-	-
Total	38,998	28,988	228,631	44,543
Accrued income - related parties				
Subsidiaries	-	-	252,714	199,215
Jointly-controlled entity	339	1,372	-	1,478
Associate	2,520	2,487	2,520	2,487
Related parties under common control	4,463	4,476	4,343	4,287
Total	7,322	8,335	259,577	207,467
Total trade accounts receivable and accrued income - related parties	46,320	37,323	488,208	252,010
Amounts due from related parties				
Parent company	-	98	-	98
Subsidiaries	-	-	27,103	37,486
Jointly-controlled entities	3,165	458	93,923	84,473
Associate	-	924	-	924
Total	3,165	1,480	121,026	122,981
Short-term loan to a jointly-controlled entity	78,943	-	161,109	-

As at 31 December 2011, the short-term loan to a jointly-controlled entity bears interest at the rate of 3.04% - 3.55% per annum and is repayable when requested.

Movements for the year ended 31 December 2011 and 2010 of short-term loan to a jointly-controlled entity were as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
At 1 January	-	-	-	-
Increase	76,634	-	156,395	-
Decrease	-	-	-	-
Unrealised gain on exchange rate	2,309	-	4,714	-
At 31 December	78,943	-	161,109	-

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			

Other current assets - related parties

Subsidiaries	-	-	357	11,771
Jointly-controlled entity	621	186	1,267	313
Related parties under common control	-	16	-	16
Total	621	202	1,624	12,100
Long term loan to subsidiary	-	-	28,352	208,540

As at 31 December 2011, the long-term loan to subsidiaries bears interest at the rate of 6.27% - 6.33% per annum (2010: 6.00% - 6.73%).

Movement of long-term loan to subsidiaries for the years ended 31 December 2011 and 2010 were as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
At 1 January	-	-	208,540	334,076
Increase	-	-	-	-
Decrease	-	-	(187,797)	(125,301)
Gain (loss) on exchange rate	-	-	7,609	(235)
At 31 December	-	-	28,352	208,540

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in thousand Baht)			

Trade accounts payable - related parties

Subsidiary	-	-	201	726
Jointly-controlled entity	328	274	332	332
Associate	5,547	11,546	5,533	11,518
Related parties under common control	7,882	7,974	263	417
Total	13,757	19,794	6,329	12,993

Amounts due to related parties

Subsidiaries	-	-	1,234	49,469
Jointly-controlled entity	1,248	82	2,547	167
Related parties under common control	379	887	329	879
Other related party	631	2,666	-	2,063
Total	2,258	3,635	4,110	52,578

Advances receipts from customers - related parties

Subsidiary	-	-	29,684	-
Jointly-controlled entity	261	-	-	-
Associate	-	46	-	-
Related parties under common control	6	11	-	-
Total	267	57	29,684	-

Accrued expenses - related parties

Subsidiary	-	-	4,129	33,952
Jointly-controlled entity	936	890	1,910	1,815
Associate	1,070	268	1,070	268
Related parties under common control	452	710	422	303
Other related party	2,837	-	2,228	-
Total	5,295	1,868	9,759	36,338

Other current liabilities - related parties

Subsidiary	-	-	2,031	58
Related parties under common control	144	160	144	160
Total	144	160	2,175	218

Other non-current liabilities - related parties

	-	40	-	54
Short term loan from other related party	79,295	-	-	-

Movements for the year ended 31 December 2011 and 2010 of short-term loan from other related party

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
At 1 January	-	-	-	-
Increase	77,317	-	-	-
Unrealised loss on exchange rate	1,978	-	-	-
At 31 December	79,295	-	-	-

As at 31 December 2011, the short-term loan from other related party bear interest at the rate of 3.04% - 3.55% per annum and is repayable when requested.

Key management personnel compensation

Key management personnel compensation comprised:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
For the year ended 31 December				
Short-term employee benefits	61,449	43,281	60,945	42,777
Other long-term benefits				
- Current service costs, included in administrative expenses	648	617	648	617
- Interest on obligation, included in finance costs	649	587	649	587
Total	62,746	44,485	62,242	43,981

From time to time directors of the Group, or their related entities, may purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by the Group with employees or customers.

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.

Warrants of Shin Corporation Public Company Limited granted to an executive director of the Company

As at 31 December 2011, Shin Corporation Public Company Limited (INTOUCH), 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. The five ESOP are ESOP - Grant I, ESOP-Grant II, ESOP-Grant III, ESOP-Grant IV and ESOP-Grant V were expired during 2007 - 2011.

Commitments for related parties

The Company had issued letters of comfort to the bankers of a subsidiary and a subsidiary of jointly-controlled entity. Under the terms of the letters of comfort, the Company must hold its interests in its subsidiaries and subsidiaries of jointly-controlled entities at the ratio as specified in the letters until the loans are fully repaid. The Company also confirms to the banks that the Company will provide necessary financial support to these subsidiaries and subsidiaries of jointly-controlled entities to ensure that these subsidiaries and subsidiaries of jointly-controlled entities will be able to meet their repayment obligations under their related loan agreements.

As at 31 December 2011, the company had commitment from issuing the letter of comfort to the bankers of a subsidiary in the amount of USD 2.2 million (2010: USD 3.1 million). As at 31 December 2011, commitment with the bankers of a subsidiary has ceased (2010: USD 5.1million).

Significant agreements with related parties

- a. The Company 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 8.39 million (2010: approximately Baht 16.79 million).
- b. The Company 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 perform in accordance with the industry standard and provide maintenance service in Cambodia for a period of approximately five years. The Company was committed to pay for the service in respect of the agreements at approximately USD 0.16 million (2010: approximately USD 0.40 million).
- c. The Company and subsidiary 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 IPSTAR bandwidth.
- d. The Company entered into agreements with subsidiaries, jointly-controlled entities and associate, under which the Company was committed to provide transponder service, IPSTAR bandwidth service and advisory service. Subsidiaries, jointly-controlled entities and associate were committed to pay the Company for the service of the agreements at approximately USD 115.94 million and Baht 7.56 million (2010: approximately USD 134.75 million and Baht 7.56 million). The service fees of contracts vary to the actual used or number of installed user terminal at the rate stated in the contract.
- e. The Company entered into agreements with a certain related party, under which the related party was committed to maintain accounting program service for a period of one year with an option to renew. As at 31 December 2011, the Company has no commitment to pay.

7 Cash and Cash equivalents

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<i>(in thousand Baht)</i>				
Cash on hand	158,803	66,725	137,814	36,484
Current accounts and saving deposits	1,218,498	823,318	528,149	298,565
Fixed deposits	1,488,609	381,877	1,161,014	183,390
Total	2,865,910	1,271,920	1,826,977	518,439
The weighted average interest rate of saving deposits and fixed deposits				
	1.19%	1.93%	0.09%	0.11%

8 Trade and other accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		(in thousand Baht)			
Trade accounts receivable					
- Related parties	6	38,998	28,988	228,631	44,543
- Other parties		1,248,340	1,189,904	661,734	637,604
Total		1,287,338	1,218,892	890,365	682,147
Accrued income					
- Related parties	6	7,322	8,335	259,577	207,467
- Other parties		133,066	85,947	122,680	76,877
Total		140,388	94,282	382,257	284,344
Other accounts receivable					
- Prepaid expenses		69,250	61,927	9,427	11,635
- Advance payments		50,799	51,540	36,272	32,976
- Others		78,539	104,011	5,810	59,812
Total		198,588	217,478	51,509	104,423
Total trade accounts receivable accrued income and other accounts receivable					
		1,626,314	1,530,652	1,324,131	1,070,914
Less allowance for doubtful accounts		(278,282)	(290,432)	(123,415)	(193,848)
Total		1,348,032	1,240,220	1,200,716	877,066
(Reversal of) bad and doubtful debts expenses for the year					
		45,065	43,556	(5,869)	48,247

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in thousand Baht)			
Within credit terms	480,365	483,600	328,315	277,359
Overdue:				
Less than 3 months	272,420	242,573	309,383	105,846
3 - 6 months	105,149	91,644	56,847	75,169
6 - 12 months	110,336	86,555	53,535	28,528
Over 12 months	319,068	314,520	142,285	195,245
Total	1,287,338	1,218,892	890,365	682,147
Less allowance for doubtful accounts	(278,282)	(290,432)	(123,415)	(193,848)
Net	1,009,056	928,460	766,950	488,299

The normal credit terms were granted by the Group ranging 30 days to 60 days. As at 31 December 2011, 58% of the total trade accounts receivable of the Company is from the government sector (2010: 69%).

9 Inventories

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in thousand Baht)			
Raw material and supplies	49,477	72,980	45,771	59,497
Work in process	5,807	8,261	-	-
Finished goods	252,717	396,768	158,415	237,976
Goods in transit	8,277	11,504	7,488	10,954
	316,278	489,513	211,674	308,427
Less allowance for obsolete inventories	(74,953)	(76,501)	(54,117)	(49,909)
Net	241,325	413,012	157,557	258,518

10 Investments in subsidiaries, jointly-controlled entities and associates

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		(in thousand Baht)			
At 1 January		439,868	400,530	830,200	813,500
Share of net profits of equity – accounted associate		141,290	168,209	-	-
Acquisition		-	-	1,254	16,700
Unrealised gain from decrease in shareholding in an associate		351	1,181	-	-
Dividend income	10 f)	(130,052)	(130,052)	-	-
At 31 December		451,457	439,868	831,454	830,200

Investments in subsidiaries, jointly-controlled entities and associate as at 31 December 2011 and 2010 and dividend income from those investments for the years ended 31 December 2011 and 2010 were as follows:

	Consolidated financial statements													
	Ownership interest		Paid-up capital		Cost method		Equity method		Impairment		At equity-net		Dividend income	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	(in million Baht)													
	(%)													
Associate														
CS Loxinfo Public	42.07	42.19	148	148	1,482	1,482	451	440	-	-	451	440	130	130
Company Limited														
Total					1,482	1,482	451	440	-	-	451	440	130	130

	Separate financial statements											
	Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		Dividend income	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	(%)		(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	99.96	99.94	USD 2 million	USD 2 million	154	152	-	-	154	152	-	-
Star Nucleus Company Limited	100.00	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	-	-
Total					832	830	-	-	832	830	-	70

The following summarised financial information on associated company which have been accounted for using the equity method is not adjusted for the percentage of ownership held by the Group:

	Ownership	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Total revenues	Total expenses	Net profit
	(%)	(in million Baht)								
2011										
CS Loxinfo Public Company Limited	42.07	362	483	845	(303)	(65)	(368)	1,195	(970)	140
Total		362	483	845	(303)	(65)	(368)	1,195	(970)	140
2010										
CS Loxinfo Public Company Limited	42.19	317	540	857	(292)	(96)	(388)	1,140	(941)	168
Total		317	540	857	(292)	(96)	(388)	1,140	(941)	168

The following summarised financial information on interests in jointly-controlled entity which has been proportionately consolidated in the consolidated financial statements represents the Group's share of 51% 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
	(%)	(in million Baht)								
2011										
Group of Shenington										
Investments Pte Limited	51	318	3,871	4,189	(2,245)	(472)	(2,717)	1,237	(1,680)	(478)
Total		318	3,871	4,189	(2,245)	(472)	(2,717)	1,237	(1,680)	(478)
2010										
Group of Shenington										
Investments Pte Limited	51	428	4,128	4,556	(2,287)	(416)	(2,703)	1,524	(1,864)	(377)
Total		428	4,128	4,556	(2,287)	(416)	(2,703)	1,524	(1,864)	(377)

Significant movements in investments in subsidiaries, jointly-controlled entities and associates during the year ended 31 December 2011 were as follows:

Subsidiary

a) Dividend payment of IPSTAR Australia Pty Limited (IPA)

During the second quarter of 2011, IPA declared dividends from 2010 operation to the shareholders of AUD 4 million. The dividend was paid on during the year 2011.

b) Acquisition of additional ordinary shares in IPSTAR Company Limited (IPST)

In November 2011, the Company acquired an additional 40,000 ordinary shares in IPST at USD 1 per share, equivalent to 0.02% of the paid-up share capital of IPST, at a total price of USD 40,000. As a result of this acquisition, the Company owns interest in IPST of 99.96%.

c) Acquisition of non-controlling interests of Star Nucleus Company Limited (STNU)

In December 2011 the Company acquired an additional 30% interest in STNU for USD 3 (Baht 119), increasing its ownership from 70% to 100%. The carrying amount of STNU's net assets in the Group's financial statements on the date of the acquisition was Baht 4.5 million. The Group recognised a decrease in non-controlling interests of Baht 1.56 million and a increase in retained earnings of Baht 1.56 million.

The following summarises the effect of changes in the Group's ownership interest in STNU

	Consolidated financial statements
	2011
	(in million Baht)
Group's ownership interest at 27 December	2.94
Effect of increase in Group's ownership interest	1.56
Share of comprehensive income	-
Group's ownership interest at 31 December	4.50

d) Sale of investment of NTU (Thailand) Company Limited (NTU)

In December 2011, the Company sold out all equities in NTU of 106,220 shares or 88.52% in total amount of Baht 0.15 million at a loss of Baht 0.91 million, which was shown as a part in other incomes in the statement of income.

The following effect of sale investment in NTU

	Consolidated financial statements	
	2011	
	(in million Baht)	
Decrease in net total assets		(1.36)
Decrease in net total liabilities		1.99
Increase in shareholders' equity		(0.63)
Decrease in net assets		(0.91)

Jointly-controlled entity

e) Dividend payment of Lao Telecommunications Company Limited (LTC)

During 2010, the shareholders meetings of LTC approved the dividend from 2009 operation of USD 35 million. The dividend of USD 22.5 million was paid during 2010 and 2011.

On 15 February 2011, at the Annual General Meeting of the shareholders, the shareholders approved the appropriation of dividend from 2010 operation of USD 15 million.

Associate

f) Dividend payment of CS Loxinfo Public Company Limited (CSL)

At the Annual General Meeting of the shareholders of CSL held on 30 March 2011, the shareholders approve the appropriation of dividend payment of the CSL of Baht 0.25 per share, amounting to Baht 148 million. The dividend was paid to shareholders on 25 April 2011.

At the Board of Directors' meeting of CSL held on 10 August 2011, the directors passed a resolution to approve the interim dividends of Baht 0.27 per share, totaling Baht 160 million. The dividend was paid to shareholders on 6 September 2011.

g) Increase and reduction of share capital of CS Loxinfo Public Company Limited (CSL)

Increase of share capital

At the annual general meeting of the shareholders of CSL held on 30 March 2011, a resolution was passed to approve the issuance of 750,000 additional ordinary shares to reserve for 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, the exercise ratio of the warrants issued under ESOP-Grant IV and ESOP Grant V has been affected. CSL has registered the increased share capital to the Ministry of Commerce on 22 April 2011.

Reduction of share capital

At the Annual General Meeting of the shareholders of CSL held on 30 March 2011, the shareholders approve the reduction of 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. CSL has registered the decreased share capital to the Ministry of Commerce on 21 April 2011.

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, the Company 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 of 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.

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 paid-up 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.

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.

11 Property and equipment

	Consolidated financial statements				
	Leasehold land & building	Equipment	Motor vehicles & office equipment	Assets under construction	Total
	(in thousand Baht)				
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)
Net book value	229,883	4,099,747	179,435	753,581	5,262,646
Transactions during the year ended 31 December 2011					
Opening net book value	229,883	4,099,747	179,435	753,581	5,262,646
Additions	18,948	354,363	97,054	1,923,279	2,393,644
Disposals, net	(163)	(38,627)	(640)	-	(39,430)
Write-offs, net	(4)	(25,946)	(414)	(522)	(26,886)
Transfers, net	2,293	801,035	1,496	(872,710)	(67,886)
Depreciation charges	(41,601)	(1,010,024)	(74,153)	-	(1,125,778)
Foreign currency translation adjustment	10,721	173,420	4,990	25,823	214,954
Closing net book value	220,077	4,353,968	207,768	1,829,451	6,611,264
As at 31 December 2011					
Cost	463,938	10,204,137	631,448	1,829,451	13,128,974
Less accumulated depreciation	(243,861)	(5,821,577)	(423,680)	-	(6,489,118)
Less accumulated impairment loss	-	(28,592)	-	-	(28,592)
Net book value	220,077	4,353,968	207,768	1,829,451	6,611,264
Net book value					
At 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
	272,560	4,576,912	180,233	1,016,144	6,045,849
At 31 December 2010 and 1 January 2011					
Owned assets	229,883	4,099,747	153,732	753,581	5,236,943
Assets under finance leases	-	-	25,703	-	25,703
	229,883	4,099,747	179,435	753,581	5,262,646
At 31 December 2011					
Owned assets	220,077	4,353,968	181,913	1,829,451	6,585,409
Assets under finance leases	-	-	25,855	-	25,855
	220,077	4,353,968	207,768	1,829,451	6,611,264

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2011 amounted to Baht 2,653.68 million (2010: Baht 2,363.32 million).

As at 31 December 2011 the accumulated impairment loss of Baht 28.6 million (2010: 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 2011, 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 1,997.73 Baht million (2010: Baht 2,317.96 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 32 b).

	Separate financial statements				
	Leasehold land & building	Equipment	Motor vehicles & office equipment	Assets under construction	Total
	(in thousand Baht)				
As at 31 December 2010					
Cost	68,128	3,554,945	216,777	-	3,839,850
Less accumulated depreciation	(49,022)	(2,551,991)	(149,557)	-	(2,750,570)
Net book value	19,106	1,002,954	67,220	-	1,089,280
Transactions during the year ended					
31 December 2011					
Opening net book value	19,106	1,002,954	67,220	-	1,089,280
Additions	10,445	308,227	20,402	1,720,641	2,059,715
Disposals, net	(163)	(38,625)	(261)	-	(39,049)
Write-offs, net	-	(2,635)	(250)	-	(2,885)
Transfers, net	-	(100,499)	(416)	-	(100,915)
Depreciation charges	(4,475)	(330,938)	(25,342)	-	(360,755)
Closing net book value	24,913	838,484	61,353	1,720,641	2,645,391
As at 31 December 2011					
Cost	78,279	3,563,331	227,587	1,720,641	5,589,838
Less accumulated depreciation	(53,366)	(2,724,847)	(166,234)	-	(2,944,447)
Net book value	24,913	838,484	61,353	1,720,641	2,645,391

	Separate financial statements				
	Leasehold land & building	Equipment	Motor vehicles & office equipment	Assets under construction	Total
	(in thousand Baht)				

Net book value**At 1 January 2010**

Owned assets	20,272	1,154,811	45,958	6,115	1,227,156
Assets under finance leases	-	-	8,749	-	8,749
	20,272	1,154,811	54,707	6,115	1,235,905

At 31 December 2010 and 1 January 2011

Owned assets	19,106	1,002,954	42,052	-	1,064,112
Assets under finance leases	-	-	25,168	-	25,168
	19,106	1,002,954	67,220	-	1,089,280

At 31 December 2011

Owned assets	24,913	838,484	35,812	1,720,641	2,619,850
Assets under finance leases	-	-	25,541	-	25,541
	24,913	838,484	61,353	1,720,641	2,645,391

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2011 amounted to Baht 2,048.28 million (2010: Baht 1,863.68 million).

As at 31 December 2011, borrowing costs of Baht 11.28 million arising on financing specifically entered into for assets under construction were capitalised during the period.

As at 31 December 2011, property and equipment included a project in progress of Baht 1,720.64 million relating to the Thaicom 6 project. The Thaicom 6 project will be fully operational with the launch of Thaicom 6 satellite within 2013. According to the operating agreement made with the Ministry of Information Communication and Technology (MICT), the Company must transfer its ownership of the Thaicom 6 satellite to MICT on the date of completion of construction and installation.

Capital expenditure commitments

Capital expenditure contracted but not provided for at the reporting date were as follows:

	Currency	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		(in thousand Baht)			
THAICOM 4 Project	USD	26	270	26	270
THAICOM 6 Project	USD	73,374	-	73,374	-
120°E Project	USD	171,000	-	171,000	-
Telephone network	USD	7,601	12,296	-	-
Total	USD	252,001	12,566	244,400	270
Total equivalent to Thai Baht		8,021,672	380,692	7,779,713	8,169

The Company signed a cooperation agreement to preserve the orbital location of 120 degrees East by cooperating investment with Asia Satellite Telecommunications Company Limited in the total amount of USD 171 million for 15 years for the whole project.

12 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
	(in thousand Baht)				
As at 31 December 2010					
Cost	21,138,175	616,765	59,443	1,600,107	1,659,550
Less accumulated amortisation	(6,961,049)	(575,712)	-	(554,772)	(554,772)
Net book value	14,177,126	41,053	59,443	1,045,335	1,104,778
Transactions during the year ended 31 December 2011					
Opening net book value	14,177,126	41,053	59,443	1,045,335	1,104,778
Additions	1,987	96,124	-	4,807	4,807
Write-off	-	(4)	(1,621)	-	(1,621)
Disposals, net	-	-	-	(196)	(196)
Transfers, net	-	-	-	(249)	(249)
Amortisation charges for the year	(1,350,885)	(31,703)	-	(99,892)	(99,892)
Foreign currency translation adjustment	-	-	-	4,708	4,708
Closing net book value	12,828,228	105,470	57,822	954,513	1,012,335
As at 31 December 2011					
Cost	21,140,162	711,224	57,822	1,611,438	1,669,260
Less accumulated amortisation	(8,311,934)	(605,754)	-	(656,925)	(656,925)
Net book value	12,828,228	105,470	57,822	954,513	1,012,335
Net book value					
At 1 January 2010	15,527,788	57,466	57,743	1,150,326	1,208,069
At 31 December 2010 and 1 January 2011	14,177,126	41,053	59,443	1,045,335	1,104,778
At 31 December 2011	12,828,228	105,470	57,822	954,513	1,012,335

	Separate financial statements		
	Property and equipment under agreement for operation	Deferred charges	Intangible assets
	(in thousand Baht)		

As at 31 December 2010

Cost	21,138,175	581,910	1,453,380
Less accumulated amortisation	(6,961,049)	(542,969)	(505,425)
Net book value	14,177,126	38,941	947,955

Transactions during the year ended 31 December 2011

Opening net book value	14,177,126	38,941	947,955
Additions	1,987	96,043	4,551
Disposals, net	-	-	(196)
Transfers, net	-	-	(249)
Amortisation charges for the year	(1,350,885)	(30,766)	(90,032)
Closing net book value	12,828,228	104,218	862,029

As at 31 December 2011

Cost	21,140,162	677,953	1,457,487
Less accumulated amortisation	(8,311,934)	(573,735)	(595,458)
Net book value	12,828,228	104,218	862,029

Net book value

At 1 January 2010	15,527,788	55,117	1,031,266
At 31 December 2010 and 1 January 2011	14,177,126	38,941	947,955
At 31 December 2011	12,828,228	104,218	862,029

13 Deferred tax

Deferred tax assets and liabilities determined after appropriate off-setting are included in the statement of financial position as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in thousand Baht)			
Deferred tax assets	838,407	1,157,837	701,395	1,053,434
Deferred tax liabilities	(119,535)	(130,807)	-	-
Net	718,872	1,027,030	701,395	1,053,434

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:

	2011	2010
	<i>(in thousand Baht)</i>	
Year expired		
2011	-	62,064
2012	43,437	43,629
2013	-	608
2014	17,107	16,285
2015	-	1,298
2016	51,484	-
No expiry date	119,903	103,186
Total	231,931	227,070

Movements in total deferred tax assets and liabilities during the year were as follows:

	Consolidated financial statements			
	At 1 January 2011	(Charged)/credited to:		At 31 December 2011
		Profit or loss (Note 28)	Equity	
	(in thousand Baht)			
Deferred tax liabilities				
Depreciation/amortisation	133,127	(19,503)	5,911	119,535
Gain on foreign exchange	(2,355)	2,355	-	-
Others	35	(35)	-	-
Total	130,807	(17,183)	5,911	119,535
Deferred tax assets				
Cumulative deficit	976,526	(344,519)	-	632,007
Allowance for doubtful accounts	21,930	(4,949)	755	17,736
Allowance for obsolete inventory	17,531	(4,385)	101	13,247
Depreciation	10,375	(24,882)	20	(14,487)
Deposits	32,266	46,646	1,712	80,624
Finance costs	23,546	-	1,203	24,749
Advance receipts from customers	6,941	(660)	400	6,681
Others	68,722	8,667	461	77,850
Total	1,157,837	(324,082)	4,652	838,407
Net	1,027,030	(306,899)	(1,259)	718,872

	Consolidated financial statements			
	At 1 January 2010	(Charged)/credited to:		At 31 December 2010
		Profit or loss (Note 28)	Equity	
		(in thousand Baht)		

Deferred tax liabilities

Depreciation/amortisation	148,126	(1,004)	(13,995)	133,127
Gain on foreign exchange	(24,205)	(250)	22,100	(2,355)
Others	21,668	-	(21,633)	35
Total	145,589	(1,254)	(13,528)	130,807

Deferred tax assets

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
Finance costs	18,393	7,323	(2,170)	23,546
Advance receipts from customers	7,171	118	(348)	6,941
Others	72,799	1,847	(5,924)	68,722
Total	902,255	268,131	(12,549)	1,157,837
Net	756,666	269,385	979	1,027,030

	Separate financial statements			
	At 1 January 2011	(Charged)/credited to:		At 31 December 2011
		Profit or loss (Note 28)	Equity	
	(in thousand Baht)			

Deferred tax assets

Depreciation/amortisation	(2,320)	863	-	(1,457)
Cumulative deficit	976,526	(344,519)	-	632,007
Allowance for obsolete inventory	14,973	(4,149)	-	10,824
Deposits	32,265	368	-	32,633
Others	31,991	(4,603)	-	27,388
Total	1,053,435	(352,040)	-	701,395

	Separate financial statements			
	At 1 January 2010	(Charged)/credited to:		At 31 December 2010
		Profit or loss (Note 28)	Equity	
	(in thousand Baht)			

Deferred tax assets

Depreciation/amortisation	(2,537)	217	-	(2,320)
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	25,576	6,415	-	31,991
Total	787,298	266,137	-	1,053,435

14 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in thousand Baht)			
Withholding taxes receivable	447,777	372,011	446,612	370,178
Tax assessment's deposits	237,148	285,718	237,148	285,718
Others deposit	43,737	41,512	20,195	15,256
	728,662	699,241	703,955	671,152
Less accumulated impairment loss	(38,929)	(38,929)	(38,929)	(38,929)
Total	689,733	660,312	665,026	632,223

15 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in thousand Baht)			
Current				
<i>Current portion of long-term borrowings</i>				
Loans from financial institutions	111,335	190,214	-	-
Loans from others	1,217,885	664,260	5,384	5,444
Total current portion of long-term borrowings	1,329,220	854,474	5,384	5,444
Current portion of long-term debentures	3,296,900	-	3,296,900	-
Total current interest -bearing liabilities	4,626,120	854,474	3,302,284	5,444
Non-current				
<i>Long-term borrowings</i>				
Loans from financial institutions	1,913,893	459,725	1,642,717	-
Loans from others	44,408	100,445	23,386	21,575
Total long-term borrowings	1,958,301	560,170	1,666,103	21,575
Long-term debentures	3,692,948	6,983,709	3,692,948	6,983,709
Total non-current interest -bearing liabilities	5,651,249	7,543,879	5,359,051	7,005,284
Total	10,277,369	8,398,353	8,661,335	7,010,728

As at 31 December 2011, borrowings from others are borrowings of subsidiary of jointly-controlled entities of Baht 1,206.38 million (2010: Baht 706.25 million) for the purpose of the telecommunication project. The weighted average interest rate is 4.73% per annum (2010: 3.82% per annum). As at 31 December 2011, an aforementioned borrowing was reclassified to current portion of long term-borrowings in full amount.

Long-term debentures

As at 31 December 2011, the Company has 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	Amount	Interest rate	Term of interest payment	Principal payment term	Outstanding balance as at 31 December 2011
	(Million)	(Million Baht)	(per annum)			(in million Baht)
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						(10)
Net						6,990

Under the terms and conditions of the debentures, the Company has to comply with certain restrictions and maintain certain financial ratios

The movements in the borrowing can be analysed as follows:

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		(in thousand Baht)			
For the year ended 31 December					
Opening net book value		8,398,353	8,789,226	7,010,728	7,058,241
Proceeds from short-term borrowings		2,156,217	-	2,156,217	-
Proceeds from finance leases		7,150	23,336	7,150	23,336
Proceeds from long-term borrowings, net of financial costs		1,620,484	115,703	1,620,484	-
Repayment of short-term borrowings		(2,156,217)	(80,869)	(2,156,217)	(73,351)
Repayment of long-term borrowings		(309,727)	(351,312)	(5,399)	(3,168)
Amortisation of finance costs	26	6,139	6,139	6,139	6,139
Increase from change in status from accounts payable - property and equipment		460,018	15,717	-	-
(Gain) loss on exchange rate		94,952	(119,587)	22,233	(469)
Closing net book value		10,277,369	8,398,353	8,661,335	7,010,728

Some subsidiaries have to maintain the financial ratios restricted in the long-term agreements.

The interest rate exposure of the borrowings of the Group is as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
Total borrowings:				
- at fixed rates	7,045,766	7,042,166	7,018,618	7,010,728
- at floating rates	3,231,603	1,356,187	1,642,717	-
Total	10,277,369	8,398,353	8,661,335	7,010,728

Weighted average interest rates:

- Loans	2.78%	2.65%	3.22%	3.78%
- Debentures	5.73%	5.73%	5.73%	5.73%

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 2011				
Loans	3,287,521	3,267,412	1,671,487	1,669,275
Long-term debentures	6,989,848	7,042,659	6,989,848	7,042,659
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

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	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
Later than 1 year but not later than 2 years	140,368	3,555,210	6,010	3,297,897
Later than 2 years but not later than 5 years	3,860,884	3,986,941	3,710,325	3,707,387
Later than 5 years	1,649,997	1,728	1,642,716	-
Total	5,651,249	7,543,879	5,359,051	7,005,284

Credit facilities

As at 31 December 2011 available credit facilities for loans from local and overseas banks are Baht 798 million and USD 26 million (2010: Baht 799 million and USD 26 million).

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

The Company entered into a Loan Agreement with a local bank on 29 August 2011 for USD 137 million, for the purpose of the Thaicom 6 satellite project. The term of the loan is 10 years with the interest rate based on margins over the London Inter-Bank Offer Rate (LIBOR). In addition, the Company must comply with the conditions in the Loan Agreement in respect of maintaining certain financial ratios, dividend payment policy, guarantee, sale or transfer of assets and investment.

16 Trade and other accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		(in thousand Baht)			
Trade accounts payable					
- Related parties	6	13,757	19,794	6,329	12,993
- Other parties		323,407	511,035	119,416	292,738
Total		337,164	530,829	125,745	305,731
Other accounts payable					
- Accrued expenses		325,204	268,873	191,337	166,422
- Others		65,507	60,869	28,397	40,553
Total		390,711	329,742	219,734	206,975
Total trade and other accounts payable		727,875	860,571	345,479	512,706

17 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<i>(in thousand Baht)</i>				
Short-term deposits from customers	41,047	34,182	32,923	25,673
Other taxes	63,319	33,142	16,655	7,855
Others	36,430	35,389	31,528	13,999
Total	140,796	102,713	81,106	47,527

18 Employee benefit obligations

The Group adopted TAS 19 - Employee Benefits with effect from 1 January 2011; the effect on the financial statements is discussed in note 4 (i).

The statement of financial position obligation was determined as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
Present value of unfunded obligations	167,308	150,876	95,542	88,604
Statement of financial position obligation	167,308	150,876	95,542	88,604

Movement in the present value of the defined benefit obligations:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	150,876	131,691	88,604	77,515
Benefits paid by the plan	(6,993)	-	(6,091)	-
Current service costs and interest	21,092	19,185	13,029	11,089
Decrease from disposal of a subsidiary	(891)	-	-	-
Loss on exchange rate	3,224	-	-	-
Defined benefit obligations at 31 December	167,308	150,876	95,542	88,604

Expense recognised in profit or loss:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
Current service costs of employee	12,518	10,926	8,195	6,875
Interest on obligation	8,574	8,259	4,834	4,214
Total	21,092	19,185	13,029	11,089

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(%)			
Discount rate	4.98	4.98	5.00	5.00
Future salary increases	6.00	6.00	6.00	6.00

19 Other non-current liabilities

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	(in thousand Baht)			
Long-term deposits from customers	168,191	99,971	156,847	89,173
Others	151,744	-	151,744	-
Total	319,935	99,971	308,591	89,173

20 Share capital and warrants

	Par value per share	2011		2010	
		Number	Baht	Number	Baht
		(thousand shares / thousand Baht)			
Authorised					
At 31 December					
ordinary shares	5	1,132,082	5,660,412	1,132,082	5,660,412
Issued and paid - up					
At 1 January					
ordinary shares	5	1,095,938	5,479,688	1,095,938	5,479,688
At 31 December					
ordinary shares	5	1,095,938	5,479,688	1,095,938	5,479,688

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

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.

Warrants

As at 31 December 2011, the Company has five ESOP schemes allocated to directors and employees of the Company and its subsidiaries. The warrants are in registered form, are non-transferable and have no offering price. The terms of the warrants do not exceed five years. The five ESOP are ESOP - Grant I, ESOP-Grant II, ESOP-Grant III, ESOP-Grant IV and ESOP-Grant V were expired during 2007 - 2011.

21 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

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.

Other components of equity

Currency translation differences

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

22 Other comprehensive income

The component of other comprehensive income is as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010 (Restated)	2011	2010 (Restated)
	<i>(in thousand Baht)</i>			
For the year ended 31 December				
Currency translation differences	(137,927)	(148,986)	-	-
Tax related to the component of other comprehensive income	-	-	-	-
Total other comprehensive income, net of tax	(137,927)	(148,986)	-	-

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

	Consolidated financial statements					
	2011			2010		
	Amount before tax	Tax income (expense)	Net of tax	Amount before tax	Tax income (expense)	Net of tax
	(in thousand Baht)					

For the year ended 31 December

Foreign currency

translation differences	(137,927)	-	(137,927)	(148,986)	-	(148,986)
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Total other

comprehensive income	(137,927)	-	(137,927)	(148,986)	-	(148,986)
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23 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	Japan
Segment 8	Others

Business segment results

	Satellite business services		Internet services and media		Telephone network		Others		Consolidation eliminations		Consolidated financial statements	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	<i>(in thousand Baht)</i>											
Revenues	5,737,747	4,627,394	392,729	642,747	1,181,913	1,466,762	-	-	(58,518)	(37,150)	7,253,871	6,699,753
Shares of net results from associate	-	-	141,290	168,208	-	-	-	-	-	-	141,290	168,208
Cost of sales and services	(3,893,845)	(3,978,254)	(333,465)	(515,427)	(1,308,459)	(1,377,288)	-	-	63,012	20,399	(5,472,757)	(5,850,570)
Selling and administrative expenses	(1,099,336)	(999,056)	(103,602)	(132,446)	(280,843)	(294,729)	(51,036)	(60,899)	6,611	14,486	(1,528,206)	(1,472,644)
Segment results	744,566	(349,916)	96,952	163,082	(407,389)	(205,255)	(51,036)	(60,899)	11,105	(2,265)	394,198	(455,253)
Other income											149,913	107,350
Loss on foreign exchange											(84,755)	(90,079)
Gain (loss) before finance cost and income tax												
Finance costs											459,356	(437,982)
Operating loss											(478,886)	(496,412)
Income tax											(19,530)	(934,394)
Non-controlling interests											(482,715)	134,948
											12,219	(6,261)
Net loss											(490,026)	(805,707)
Segment assets	22,666,558	20,996,316	265,347	271,988	3,996,695	4,399,684	1,194	22,819	(244,632)	(262,567)	26,685,162	25,428,240
Loan to other related party											78,943	-
Associate											451,457	439,868
Total assets											27,215,562	25,868,108
Segment liabilities	1,594,494	1,329,388	140,423	122,997	1,013,601	1,576,674	962	5,919	(67,029)	(108,452)	2,682,451	2,926,526
Borrowings											10,356,664	8,398,353
Total											13,039,115	11,324,879
Depreciation	412,678	430,514	14,961	22,994	698,138	659,306	-	-	-	-	1,125,777	1,112,814
Amortisation	1,486,482	1,476,650	2,137	3,376	-	-	-	-	-	-	1,488,619	1,480,026
Total depreciation and amortisation	1,899,160	1,907,164	17,098	26,370	698,138	659,306	-	-	-	-	2,614,396	2,592,840

Revenue and results, based on geographical segments, in the consolidated financial statements for the years ended 31 December 2011 and 2010 were as follows:

	2011	2010
	<i>(in thousand Baht)</i>	
Segment revenue		
Thailand	2,796,458	2,792,907
Cambodia	799,895	1,014,046
Lao PDR	615,786	671,738
Australia	1,087,656	1,049,881
China	15,288	31,374
India	304,473	148,203
Japan	877,465	315,273
Others	898,140	844,539
Total	7,395,161	6,867,961
Segment results		
Thailand	1,303,177	1,144,427
Cambodia	(407,608)	(317,900)
Lao PDR	73,728	156,055
Australia	346,599	106,281
China	(474,418)	(458,700)
India	(176,385)	(324,414)
Japan	245,761	(37,640)
Others	(516,656)	(723,362)
Total	394,198	(455,253)
Fixed assets		
Thailand	15,906,280	15,537,605
Cambodia	2,095,069	2,420,454
Lao PDR	1,599,910	1,553,395
Australia	221,950	190,597
China	41,323	94,205
India	227,035	242,919
Japan	158,269	132,846
Others	307,461	413,582
Total	20,557,297	20,585,603

Fixed assets comprised of property and equipment, property and equipment under operating agreement, deferred charges and intangible assets.

24 Revenues from sale of goods and rendering of services

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
Revenues from sale of goods	994,279	1,410,360	557,735	637,280
Revenues from rendering of services	6,259,592	5,289,393	4,029,814	3,180,908
Total	7,253,871	6,699,753	4,587,549	3,818,188

25 Other income

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
Consulting and management fees	-	-	-	44,737
Interest income	47,011	30,939	34,453	34,159
Gain on sale of equipment	29,740	5,453	28,999	4,876
Others	73,162	70,958	140,367	44,829
Total	149,913	107,350	203,819	128,601

26 Expenses by nature

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
Depreciation of property and equipment	1,125,778	1,112,814	360,755	397,136
Amortisation of property and equipment under the agreements for operations, deferred charges and intangible assets	1,482,480	1,473,887	1,471,683	1,445,605
Amortisation of finance costs	6,139	6,139	6,139	6,139
Staff costs	1,128,048	993,126	718,252	603,492

27 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.

28 Income tax expense

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		(in thousand Baht)			
Current tax expense		(175,816)	(134,437)	-	-
Deferred tax expense					
Movement in temporary differences		53,328	269,385	(1,384)	266,137
Income tax reduction - deferred		(360,227)	-	(350,656)	-
	13	(306,899)	269,385	(352,040)	266,137
Total income tax expense		(482,715)	134,948	(352,040)	266,137

Reconciliation of effective tax rate

	Consolidated financial statements			
	2011		2010	
	Rate		Rate	
	(%)	(in thousand Baht)	(%)	(in thousand Baht)
Loss for the year		(502,245)		(799,446)
Total income tax expense		482,715		(134,948)
Loss before total income tax expense		(19,530)		(934,394)
Income tax using the Thai corporation tax rate	30	5,859	30	280,318
Income tax reduction - deferred		(360,227)		-
Effect of different tax rates in foreign jurisdictions		6,494		27,436
Income not subject to tax		69,729		110,905
Effect of the income recognised in different periods for account and tax purposes		(162,436)		(94,947)
Expenses not deductible for tax purposes and expense recognised in different periods for accounting and tax purposes		(37,731)		(152,763)
Recognition of previously unrecognised tax losses		7,048		-
Current year losses for which no deferred tax asset was recognised		(11,451)		(36,001)
Total	2,472	(482,715)	14	134,948

	Separate financial statements			
	2011		2010	
	Rate		Rate	
	(%)	(in thousand Baht)	(%)	(in thousand Baht)
Loss for the year		(475,996)		(770,995)
Total income tax expense		352,040		(266,137)
Loss before total income tax expense	30	(123,956)	30	(1,037,132)
Income tax using the Thai corporation tax rate		37,187		311,140
Income tax reduction - deferred		(350,656)		-
Effect of the income recognised in different periods				
for account and tax purposes		(11,124)		-
Effect of the non-deductible tax expense and				
expense recognised in different periods				
for accounting and tax purposes		(27,447)		(45,003)
Total	284	(352,040)	26	266,137

Income tax reduction - current

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. Listed companies that received income tax reduction under this Royal Decree are also eligible to continue the period of tax reduction under Royal Decree No. 475 but not beyond the 2010 accounting period ending on or after 31 December 2010.

Income tax reduction - deferred

On 11 October 2011, the Cabinet passed a resolution to reduce the corporate income tax rate from 30% to 23% of net taxable profit for the accounting period 2012 which ends on or after 31 December 2012 and to 20% of net taxable profit for the accounting period which begins on or after 1 January 2013 and onwards.

In order to give effect to the above Cabinet resolution, the Government has issued a Royal Decree under the Revenue Code regarding the Reduction and Exemption in Income Taxes (No. 530) B.E. 2554 to reduce the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

The Federation of Accounting Professions has considered this matter and has resolved that the substantively enacted tax rates which should be applied in measuring deferred tax assets and liabilities shall be the reduced rates as approved by the Cabinet; i.e. 23% shall be applied for the accounting period 2012 and 20% shall be applied for accounting periods 2013 onwards.

29 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 iSTAR 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 2011 the Company has revenue from promoted business of Baht 1,040 million (2010: Baht 538 million).

30 Loss per share

Basic loss per share

The calculations of basic loss per share for the years ended 31 December 2011 and 2010 were based on the loss for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in thousand Baht /thousand shares)</i>			
Loss for the year	(490,026)	(805,707)	(475,996)	(770,995)
Loss attributable to ordinary shareholders of the Company (basic)	(490,026)	(805,707)	(475,996)	(770,995)
Number of ordinary shares outstanding	1,095,938	1,095,938	1,095,938	1,095,938
Loss per share (basic) (in Baht)	(0.45)	(0.74)	(0.43)	(0.70)

Diluted loss per share

The calculations of diluted loss per share for the years ended 31 December 2011 and 2010 were based on the loss for the years attributable to ordinary shareholders of the Company and the 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	
	2011	2010	2011	2010
	<i>(in thousand Baht /thousand shares)</i>			
Loss attributable to ordinary shareholders of the Company (basic)	(490,026)	(805,707)	(475,996)	(770,995)
Loss attributable to ordinary shareholders of the Company (diluted)	(490,026)	(805,707)	(475,996)	(770,995)
Number of ordinary shares outstanding (basic)	1,095,938	1,095,938	1,095,938	1,095,938
Number of ordinary shares outstanding (diluted)	1,095,938	1,095,938	1,095,938	1,095,938
Loss per share (diluted) (in Baht)	(0.45)	(0.74)	(0.43)	(0.70)

31 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.

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies.

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

	Consolidated financial statements			
	2011		2010	
	Foreign currency	Baht	Foreign currency	Baht
	(in million)			
Assets				
US Dollars	56.55	1,784.32	28.41	852.55
Australian Dollars	23.23	740.93	18.52	563.82
Lao Kip	24,703.10	96.34	20,732.57	76.71
Singapore Dollars	0.01	0.31	0.01	0.34
India Rupee	444.80	238.19	443.93	277.06
Japanese Yen	78.02	31.55	51.54	18.90
Indonesia Rupee	42.73	140.65	92.76	0.29
Total		3,032.29		1,789.67
Liabilities				
US Dollars	170.19	5,417.44	89.59	2,714.33
Australian Dollars	10.10	328.06	7.07	219.15
Lao Kip	153,748.84	615.00	123,421.94	469.00
Singapore Dollars	0.15	3.62	0.14	3.39
India Rupee	45.43	29.19	45.62	32.70
Japanese Yen	-	-	1.53	0.57
Indonesia Rupee	89.95	337.05	45.06	0.16
Total		6,730.36		3,439.30

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, including finding short term credit facility from various banks for reserve in case of necessary and to mitigate the effects of fluctuations in cash flows.

Determination of 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 long-term borrowings and debentures are provided in Note 15.

32 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 2011, the remaining minimum fee is Baht 731 million (2010: Baht 806 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 11).

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 telecommunication services - fixed line phone, mobile phone, international facilities, internet and paging - within the Lao PDR for 25 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 25th 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 10). According to the shareholder agreement, LTC is required to invest at least USD 400 million in the projects specified in the agreement within 25 years. As at 31 December 2011, LTC has remaining additional investment of approximately USD 67.33 million (2010: USD 81.45 million).

d) Agreements for operation of a company, 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 Broadcasting and Telecommunications Commission (NBTC) (previously termed "the National Telecommunications Commission (NTC)" is responsible for granting licenses to provide telecommunication services and internet access services in Thailand. The Company, 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
License of the Company		
Telecom Operation License Type I	16 August 2011	5 years
License of DTV Service Company Limited		
Internet Operation License Type I	18 October 2009	5 years
Licenses of CSL		
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

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 266.68 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. As at 31 December 2011, LTC has paid loan repayment for the loan of Phase IV, V and VI in the amount of Baht 21.8 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. As of 31 December 2011, the remaining share option was 0.08 million shares (2010: 0.12 million shares).

h) Operating lease commitments

As at 31 December 2011 and 2010, the Group has future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Currency	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		(in thousands)			
Within one year	THB	19,567	41,323	19,567	41,323
	YEN	4,347	362	4,347	362
	USD	6,740	7,306	5,441	5,713
	Rupee	5,352	4,622	5,352	4,622
	Rupiah	40,500	39,500	40,500	39,500
	Ringgit	54	116	54	116
	KIP	147,994	-	-	-
	PHP	2,061	2,977	2,061	2,977
	AUD	164	89	-	-
Total equivalent Baht		247,481	272,220	200,219	221,222
After one year but within five years	THB	16,418	43,201	16,418	43,201
	YEN	1,087	453	1,087	453
	USD	12,784	10,731	6,405	4,582
	Rupee	6,153	4,532	6,153	4,532
	Ringgit	4	67	4	67
	KIP	689,103	614	-	-
	PHP	-	1,970	-	1,970
	AUD	633	86	-	-
Total equivalent Baht		451,114	376,431	224,738	187,477
After five years	THB	13,017	16,559	13,017	16,559
	USD	4,830	2,389	3,416	-
	KIP	134,235	187,009	-	-
Total equivalent Baht		167,292	89,640	121,747	16,559
Grand total equivalent Baht		865,887	738,291	546,704	425,258

i) Other commitments

The Group had commitments with banks, whereby the banks issued letters of guarantee, letters of credit and other guarantees in respect of business contracts, for the following amounts:

	Currency	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		(in thousands)			
Minimum operating agreement fee payable to Ministry of Information					
Communication and Technology	THB	284,000	222,000	284,000	222,000
IPSTAR equipment sales	THB	644	522	644	522
Satellite space leasing by customers	USD	2,398	1,442	2,398	1,442
	THB	492,198	487,000	492,198	487,000
IPSTAR Gateway	USD	-	379	-	379
Forward contracts	AUD	-	2,318	-	-
	THB	-	730,702	-	730,702
Letters of credit	USD	250	472	-	222
Others	THB	3,332	3,405	3,322	3,322

33 Contingent liabilities

The Tax Authority in India (the Tax 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 still insists on its consideration and has raised the tax demand including surcharge, education cess and interest aggregating to Rs. 779.5 million (approximately Baht 459 million) against the said payment received by it from the customers and also levied penalty of Rs. 566.1 million (approximately Baht 333 million) for the Assessment Year (AY) 1998-1999 to 2007-2008 (1 April 1997 to 31 March 2007).

So far, The Company had received Withholding Tax Certificates (WTC) from its customers until AY 2007-2008 net amounting to Rs. 487.6 million (approximately Baht 287 million), in which part of the amount is substituted and paid by the customer on behalf of the Company. The Company had also deposited Rs. 460.2 million (approximately Baht 271 million). The deposit is presented as non-current assets in the statements of financial position.

On 4 March 2011 Income Tax Appellate Tribunal (ITAT) gave its decision that the Company's income from transponder services in India was not a royalty and as the company has no permanent establishment in India, such income was not taxable in India.

As the consequence, the Company does not have to pay interest and penalty imposed by the Revenue Department of India, and ITAT also decided that the demand for penalty for the assessment year 1998-99, 1999-00, 2000-01, 2001-02 and 2002-03 made by the Revenue Department of India against the Company be cancelled. The Revenue Department of India did not appeal against the ITAT's decision on penalty for the said assessment years to the High Court of Delhi and the ITAT's

decision on penalty was final. On 30 December 2011, the Tax authority notified the partial return of deposit placed by the Company against the penalty for the Assessment Year (AY) 1998-1999 to 2001-2002 and interest, aggregating to Rs. 162.4 million (approximately Baht 96 million.)

Further to ITAT decision as stated in the preceding paragraphs, the Company is in the process of requesting the refund of the remaining deposit and withholding tax from the Tax Authority. Upon the final decision of the Supreme court and the receipt of refund, the Company will forward the Customer the amount they substituted on behalf of the Company.

On September 28, 2011, the Tax Authority has filed an appeal against the decision of High Court on 17 February 2011 which decided that the Company's income from transponder services in India was not a royalty, to the Supreme Court. At the moment, this issue is still under the consideration of the Supreme Court.

If the Supreme court decides finally that the Company's income is taxable in India, the total tax liability demanded by the said Authority of Rs. 779.5 million (approximately Baht 459 million) will be charged as expense immediately, but the Company will not be required to make any additional tax payment as the amount of WTC and the deposit made by the Company fully cover the tax demand.

34 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. On 10 June 2011, CAC has dismissed the verdict.

On 8 July 2011, Mr Supong Thanakun has filed an appeal with the Supreme Administrative Court (SAC). The case is under consideration by SAC. On 23 September 2011, the Company has filed an argument against appeal with the Supreme Administrative Court (SAC).

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.

35 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 10 February 2012, the directors passed a resolution to approve the appropriation of dividends of Baht 0.27 per share, amounting to Baht 160 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 held on 10 February 2012, the directors passed a resolution to approve the issuance of 175,000 additional ordinary shares to support the change in the exercise ratio, equivalent to 0.03% of the total issued and paid-up share capital of CSL. As a result of the proposed dividend payment in note 34 (a), the exercise ratio of the warrants issued under ESOP-Grant V has been affected. The directors will propose this to the shareholders for approval.

Reduction of share capital

At the Board of Directors' meeting of CSL held on 10 February 2012, the directors passed a resolution to reduce the ordinary shares because the warrant of CSL for ESOP-Grant IV expired on 30 May 2011, in number of 2,311,557 shares, equivalent to 0.39% of the total issued and paid-up shares capital of CSL. The directors will propose this to the shareholders for approval.

36 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 expected 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 12	Income Taxes	2013
TAS 20	Accounting for Government Grants and Disclosures of Government Assistance	2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013

At present, the Group has early adopted TAS 12 Income Taxes.

Management expects to adopt and apply these new TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of those new standards assessed to have the greatest potential impact on the financial statements in the period of initial application. These standards are as follows:

TAS 21 (revised 2009) - The effects of changes in foreign exchange rates

The principal change introduced by TAS 21 is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21. Foreign currencies are defined by TAS 21 as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Company is Thai Baht. Accordingly, the adoption of TAS 21 from 1 January 2013 is not expected to have a significant impact on the Company's reported assets, liabilities or retained earnings.

37 Reclassification of accounts

Certain accounts in the 2010 financial statements have been reclassified to conform to the presentation in the 2011 financial statements as follows:

	2010					
	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
	(in thousand Baht)					

Statement of financial position

Trade and other accounts

receivable	1,022,742	217,477	1,240,219	772,643	104,423	877,066
Other current assets	253,626	(219,177)	34,449	115,881	(104,423)	11,458
Intangible assets	1,103,078	1,700	1,104,778	947,955	-	947,955
Trade and other accounts payable	530,829	329,742	860,571	305,731	206,975	512,706
Accrued expenses	261,448	(261,448)	-	166,422	(166,422)	-
Other current liabilities	171,007	(68,294)	102,713	88,080	(40,553)	47,527
		<u>-</u>			<u>-</u>	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Company's business.

Dividend Policy

Dividend policy of the Company

The Board of Directors 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.

Dividend policy of the subsidiaries and associated companies

The Company's subsidiaries and associated companies have dividend policies in line with the Company's, and the Boards of subsidiaries and associated companies will consider and propose dividend payments at shareholders meetings for approval, subject to investment plans and financial needs or unless the payment of dividends would materially affect operations.

Glossary

Analog

A variable signal continuous in both time and amplitude.

Asymmetric Digital Subscriber Line (ADSL)

ADSL is a form of DSL, a data communications technology that enables fast data transmission over copper telephone lines.

ASIC (Application Specific Integrated Circuit)

An Integrated Circuit (IC) designed for a particular application.

Asymmetric

A type of data transmission that has a different (or asymmetric) downstream and upstream rate.

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.

Broadband

A type of high-speed data transmission through Internet Protocol (IP).

Broadcast Beam

A group of transponders aimed at the Earth's surface as a result of combining of a number of SPOT Beams.

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.

Compression

A way of squeezing more data through a transponder.

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.

Digital Broadcasting

Converting TV pictures to numbers when transmitting and re-converting them to pictures when they are received.

Digital Direct-to-Home (DTH)

Digital signals transmitted directly to the customer's home.

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.

Downlink

After a ground station sends 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".

Fiber Optics

A technology that uses glass (or plastic) threads (fibers) to transmit data.

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.

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).

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).

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.

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.

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. Despite its name, IPTV typically does not come to consumers over the Internet, but over carrier owned fiber optic, or coaxial cables.

IPSTAR-1 Satellite

The Thaicom 4 satellite.

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.

Ku-band

The frequency range from 12-18 GHz, suitable for DTH video broadcasting services. Ku-band is also 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.

Leased Line

A symmetric telecommunications line connecting two locations together.

Local Multipoint Distribution Service (LMDS)

A broadband wireless access technology that uses microwave signals operating between the 26GHz and 29GHz bands. LMDS is a point-to-multipoint, fixed wireless technology for the last mile.

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.

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.

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.

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.

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.

Point-to-Point

A dedicated link that connects exactly two communications facilities.

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 open and less populated area.

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.

Streaming

Playing video or sound in real time as it is downloaded over the Internet.

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.

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).

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.

Turnaround Service

The act of receiving signals from other satellites and re-sending them to a Thaicom satellite.

Turnkey Service

An integrated service that is readily usable by buyer.

TTC & M

The abbreviation of Telemetry, Tracking, Command and Monitoring, which is an operation system for satellite control.

Uplink

The act of transmitting a signal up to a satellite. The communications satellite acts as a repeater to a ground station.

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.

WiFi

A broadband transmission system that transmits over the air at frequencies of 2.4 GHz or 5GHz. The higher frequency allows the signal to carry more data. WiFi transmits and receives in short distances of about 100 feet (30.48 m.)

WiMAX

WiMAX is a wireless broadband transmission system known as IEEE 802.16e. 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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THAICOM is listed on the Stock Exchange of Thailand (SET)

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 40.0%, and not more than 60.0% of net profit after tax if the funds are not required elsewhere or when the payment will have no significant effect on the running of the Company or its subsidiaries.



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