

SUSTAINABLE AND PROFITABLE GROWTH



ANNUAL REPORT 2012 THAICOM Public Company Limited

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SUSTAINABLE AND PROFITABLE GROWTH

VISION

TO BE A LEADING
ASIAN SATELLITE
OPERATOR



Consolidated Financial Statement

Thaicom Public Company Limited

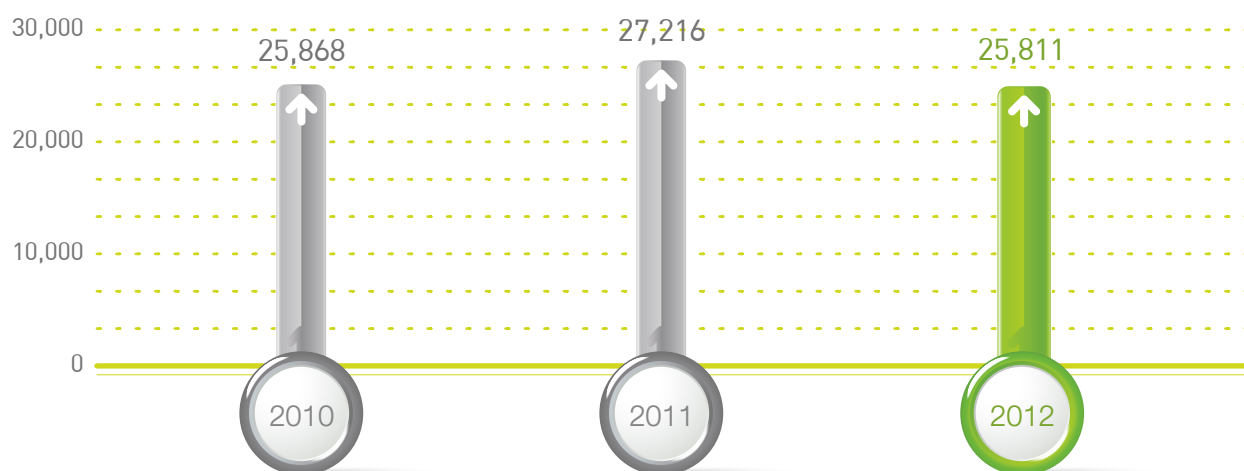
In million Baht, except per share values in Baht

	2010	2011	2012
Operating results			
Total Revenue	5,965	6,773	7,392
Service and Sales Revenue	5,858	6,624	7,266
Gross Profit	1,104	2,116	2,782
Operating Profit (Loss)	(228)	712	1,334
Net Profit (Loss)	(806)	(490)	174
EBITDA	1,904	2,868	3,481
Financial Position			
Total Assets	25,868	27,216	25,811
Total Liabilities	11,325	13,039	11,572
Shareholders' Equity	14,543	14,176	14,239
Financial Ratios			
Current Ratio	0.89	0.69	1.51
Debt to Equity Ratio	0.58	0.72	0.50
Gross Profit Margin	19%	32%	38%
Operating Profit Margin	(4%)	11%	18%
EBITDA Margin	33%	43%	48%
Net Profit Margin	(14%)	(7%)	2%
Return on Assets	(3%)	(2%)	1%
Return on Shareholders' Equity	(5%)	(3%)	1%
Earnings per share	(0.74)	(0.45)	0.16
Book Value per Share	13.23	12.90	12.96

As of 31 December 2012

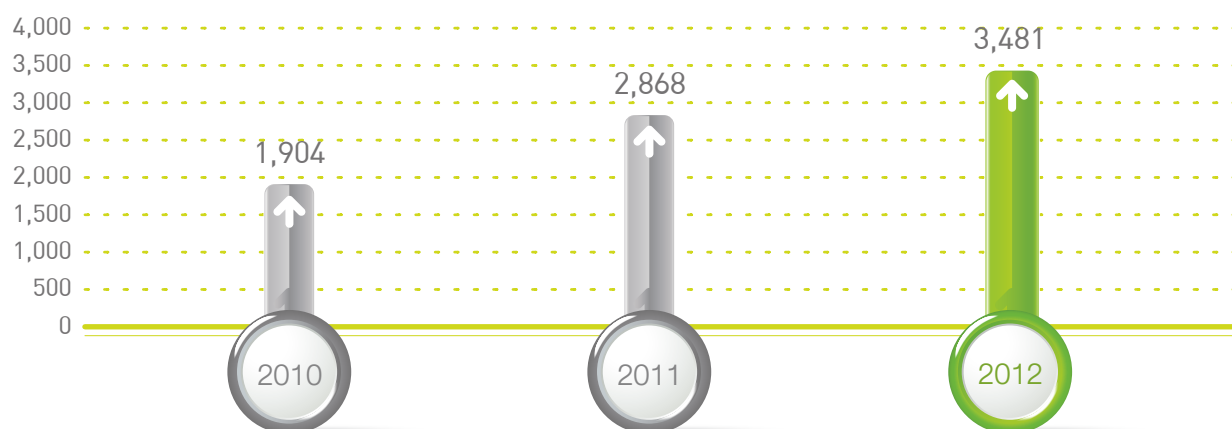
Total Assets

(million baht)



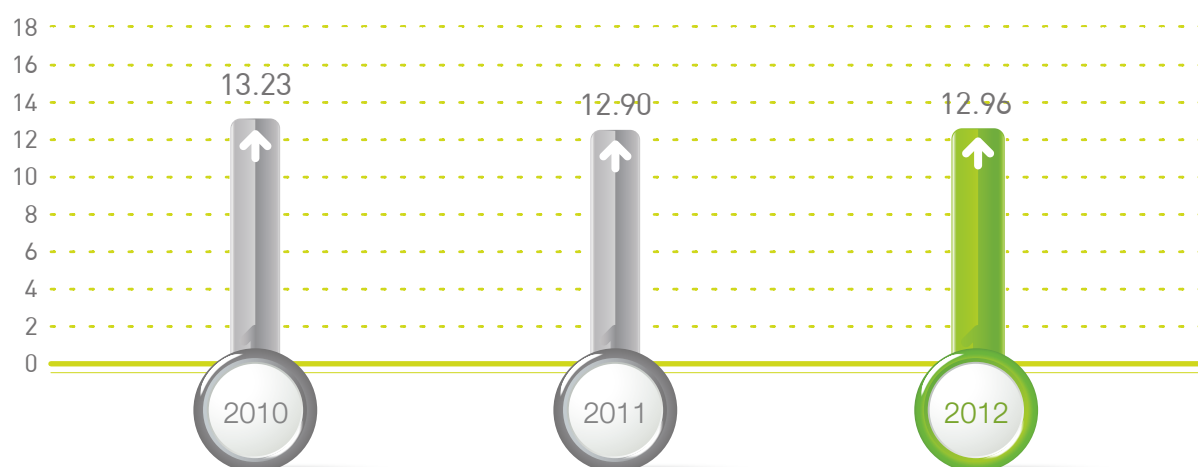
EBITDA

(million baht)



Book Value per Share

(baht)





SUSTAINABLE AND PROFITABLE GROWTH



Growing sustainably and profitably,
with each step into the future

Thaicom 6 will be in orbit offering full service this year with Thaicom 7 following in 2014. Even before launch, nearly 40% of Thaicom 6 capacity has already been sold.



SUSTAINABLE AND PROFITABLE GROWTH



Moving forward with greater vision that creates new opportunities

Thaicom 6 has expanded into the African market under the name Africom-1, and is ready to offer unmatched satellite telecommunication and broadcasting services.



SUSTAINABLE AND PROFITABLE GROWTH



Being a world leader with creativity and innovation

Thaicom was the first satellite operator to innovate and initiate broadband satellite service. Today, Thaicom is the world's leader and has captured the largest share in the global broadband satellite market.



SUSTAINABLE **AND** PROFITABLE **GROWTH**



Providing leading-edge innovated solutions that answer every need with a full spectrum of services

Creative innovation never stops at Thaicom. The result is a growing range of services and solutions that add value to partners' businesses and offer greater satisfaction to customers.



SUSTAINABLE AND PROFITABLE GROWTH



Taking pride in success
that has brought new strength
to Thai technology

Thaicom has successfully preserved Thailand’s right for satellite orbital slots at 120 and 50.5 degrees East - giving the country a powerful advantage.



SUSTAINABLE **AND** PROFITABLE **GROWTH**



Insightful management backed by
a strong team committed
to maintaining industry leadership

Thaicom puts the focus on human resource development
and firm moral principles of corporate governance to
ensure transparency and sustainable progress.

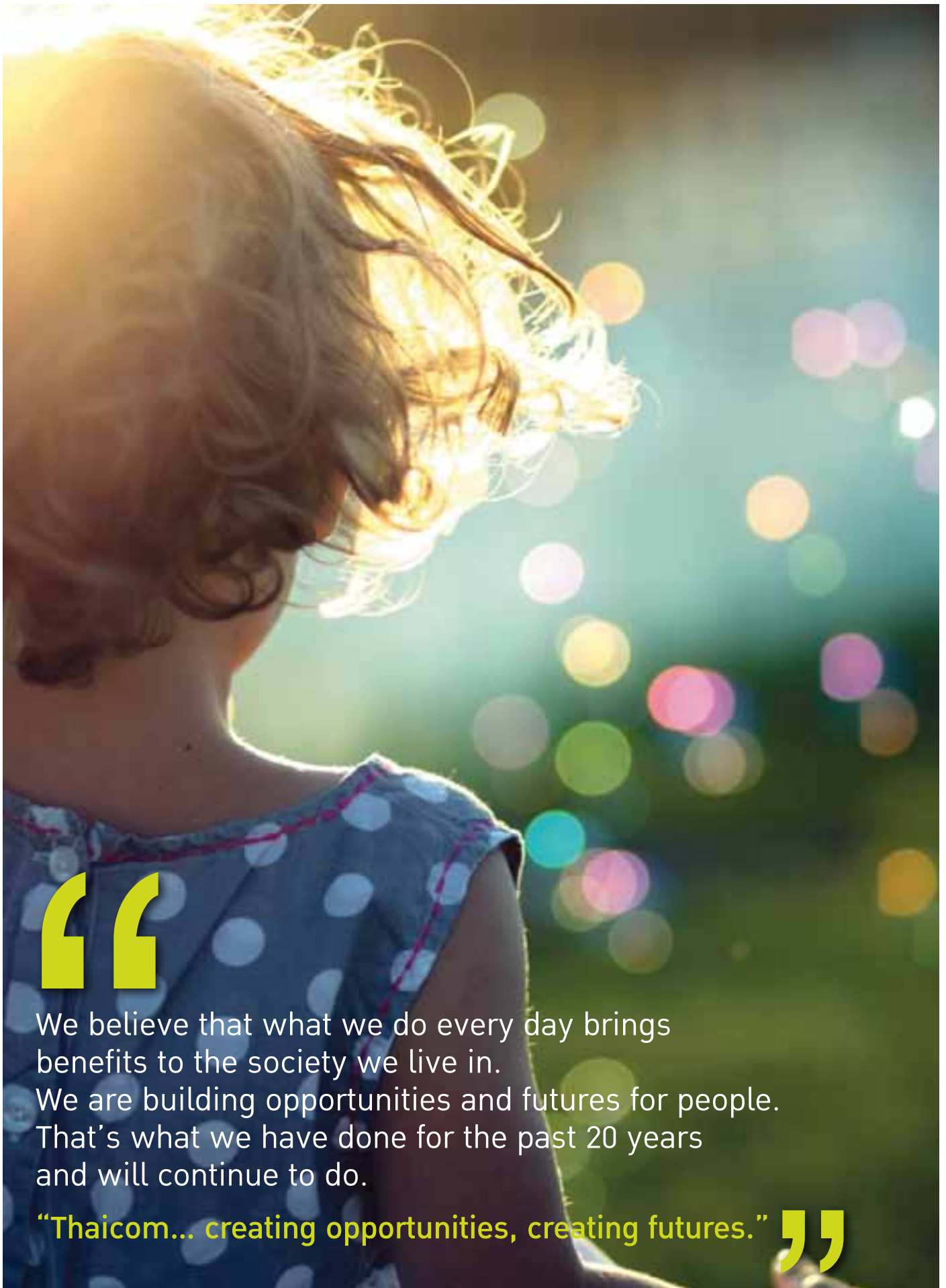


SUSTAINABLE AND PROFITABLE GROWTH



Growing together with society,
creating opportunity,
creating a sustainable future

For 20 years Thaicom has proudly brought knowledge and unprecedented educational opportunities to people and the society in which we live.



“

We believe that what we do every day brings benefits to the society we live in. We are building opportunities and futures for people. That's what we have done for the past 20 years and will continue to do.

“Thaicom... creating opportunities, creating futures.””

Thaicom Corporate Social Responsibility



At Thaicom, we take our role as a good corporate citizen very seriously, and we view that creating a strong, progressive and caring society starts with education. In that respect, Thaicom is uniquely positioned to provide access to education to millions of students throughout the country by virtue of our satellite operations.

Since our inception in 1991, we have utilized our satellites to broadcast educational content produced by the Wang Klaikangwon School, a demonstration school for distance learning. Schools which purchased satellite reception dishes could provide access for their students to contents that cover materials from elementary to secondary school levels and are updated regularly.

Throughout our 21-year history, Thaicom has consistently provided information and knowledge about satellites to students and the general public through visits by these groups to our satellite museum, as well as the publication of information booklets on satellites for distribution to the public.

When Thaicom established DTV, its own satellite dish system provider, Thaicom realized it had another excellent opportunity to expand its reach and reduce the education gap between urban and rural students and to provide access to educational materials in remote areas. In 2009, we launched our Thai Kids Thaicom project, and our initial target was to distribute 999 satellite dishes and TV sets to rural and remote

schools. The project was very successful, and within 2 years we had installed the 999 sets. Surveys show that nearly 160,000 students can now access and watch educational programming through this initiative.



Thai Kids Thaicom 2

With the success of our first project, Thaicom launched the second phase of Thai Kids Thaicom in 2012. With our continuing commitment to bridge the education gap of children in Thailand, Thai Kids Thaicom 2 will expand the opportunity for access to educational materials to the Office of Non-Formal and Informal Education (ONIE). This Office offers adult, literacy, and continuing education services at the village and district level throughout Thailand.



The second phase of our Thai Kids Thaicom project will see the installation of an additional 999 satellite dishes and tv sets at schools under the ONIE's auspices as well as at NGO groups. This phase of the project is expected to be completed in three years. In 2012, 320 sets were installed at schools and NGOs around the country, including schools in Sakon Nakorn and Kalasin provinces who received the supplies from His Majesty the King through the Office of His Majesty's Principal Private Secretary and the Office of the National Broadcasting and Telecommunications Commission.



O-NET Tutoring: A First for Education via Satellite

In many areas of the country, particularly in rural and remote areas, students have limited or no access to special tutoring on specific subjects. In urban centers, students have access to a wide variety of tutoring services that aim to prepare them for entrance examinations for high school and university. Unlike their peers in urban areas, however, students in rural and remote areas face these qualification examinations with whatever they have gleaned from classroom instruction.

As an extension of its Thai Kids Thaicom project, in 2012 Thaicom became the first company in Thailand to provide specialized satellite TV programming created specifically for students at the Grade 6 level to prepare them for their O-NET examinations. In collaboration with AIS One-2-Call, the Company produced 76 hours of programming covering 8 subjects, including mathematics, science, social studies, English, Thai, hygiene, arts, and technology and careers. The programs were broadcast on weekdays from 15 October, 2012 to 31 January, 2013, with reruns on weekends.

Students could view the programs via our DTV subsidiary's channel, and also log in to our website, www.thaikidsthaicom.net and www.scoolclub.com to review each of the lessons. Initial unofficial feedback on the project has been very positive, with some educators noting substantially improved test scores.



Creating New Experiences and Partnerships

As an expansion of the Thai Kids Thaicom project, the Company has also initiated training programs for vocational students at schools throughout the country. Thaicom's engineers regularly volunteer to travel to vocational schools and universities to train students on how to install satellite dishes and the required set-top boxes. This training format creates shared value between the Company and the students and ultimately, the home communities of these students.

The training program teaches students the basics of satellite communication and provides practical, hands-on experience in installing satellite dishes and their proper maintenance. It is expected that students will be able to use this knowledge and experience in their future careers while at the same time providing a wider market base for the Company in the communities. In 2012, Thaicom's engineers provided training to nearly 300 students at 5 colleges.



Schools at the Center of Communities as Sustainable Knowledge Centers

In many communities, schools form a central focal point for the population. Leveraging that very important position, Thaicom launched a 'Schools as a Sustainable Knowledge Center' project in 2010. Two prototype schools were selected in Khong Jiam, Ubon Ratchathani province with the aim of turning them into a community supported sustainable knowledge center. By involving members from the community, Thaicom developed a number of special training sessions in cooperation with local organizations including the Faculty of Science, Ubon Ratchathani University, and Khong Jiam Hospital to provide the community with the skills and knowledge in which they expressed an interest. While Thaicom provided support in the form of materials

and appliances, the University provided training in areas of organic rice farming, production of organic fertilizer, manufacture of mulberry paper, and the making of herbal massage balls and herbal soaps. Other initiatives at the schools include sustainable agriculture practices, education on local herbal resources, and adult education.

As these communities grow and their schools become sustainable knowledge centers, linkages with other communities will be created to form a network of communities who can support each other with their different areas of expertise, in effect forming the foundation for what in education circles is latterly called constructionism.



A Commitment to Contribute Creating a Volunteering Spirit

Drawing our employees from all around the country, Thaicom encourages them to participate in the Company's CSR activities and to propose prospective ideas for activities within their own hometown communities. Throughout the year, in addition to our core projects, including the training of vocational students by volunteer engineers, our employees volunteer in reconstruction and maintenance projects at schools and temples; join in campaigns to keep our canals and waterways clean; assist people and communities affected by natural disasters, etc.

In 2012, nearly half of Thaicom's employees supported CSR activities in one form or another.



Thaicom Staff Fund for Kids

As an independent effort, staff and management of Thaicom established a support fund for children. This fund receives donations from people within the organization who recognize the importance of providing opportunities for children, particularly in the area of education. Donations to the fund have been used to provide special chairs and accessories for children with disabilities; pay for tuition, books and uniforms; build fish-raising pools to supply fresh fish for school meals and serve as an additional source of income for the local community; support special instructors at small village schools to teach English on short-term commitments; and to provide necessary educational supplies to students and schools.



The Next Step

In an extension of the Company's corporate social responsibility activities, in 2013 Thaicom will learn to create economic value through creating societal value, or "Creating Shared Value: CSV". By embracing the communities and industries in which we operate and by understanding their needs, we will be able to provide those needs to grow and to benefit together. This will help develop our organization and our communities & industries as a whole socially, environmentally and economically. Shifting the organization to "creating shared value" is a long-term development; we will learn and will gradually embed this thinking in our company from 2013 onward.



Message from the Chairman of the Board of Directors

Dear Shareholders,

On behalf of the Board of Directors of Thaicom Public Company Limited, I am very happy to present you with an overview of the Company's performance this past year, including our corporate governance policies, and the future direction of the Company.

It is by now well known that Thaicom had an exceptional year in 2012, and that the Company maintained its course for growth with a net profit of 786 million Baht for its stand-alone operations, and a consolidated net profit of 174 million Baht in 2012, all the result of the very dedicated efforts of the Company's management and staff.

The Board of Directors involvement throughout the year came in the form of setting policies for the Company, and by reviewing the Company's performance on a regular basis at our Board meetings. The Company's management worked closely with the Board of Directors, and we had opportunities to provide guidance and assistance to the management in making careful decisions on the Company's operations.

In 2012, the Board and the Company's management also worked on several other issues which we had discussed with shareholders previously. We assisted in establishing a succession plan under which the Board and the Company's management have identified several qualified people who will undergo additional training to prepare them for increased responsibilities in the future. Regardless of this succession planning, the Company will also focus on further professional development for other people in the organization starting in 2013 under a plan to turn the Company into a learning and high-performance organization.

In the area of social responsibility, the Board has worked with the Management to shift the focus more on to creating shared value by utilizing the Company's satellite assets in creating an educational environment at the community level with schools acting as sustainable knowledge centers in those communities.

For 2013, the Board has tasked the Company's management with strengthening and improving its corporate governance while also improving its capacity to meet with future changes in social, economic and environmental conditions, particularly those which will occur when the ASEAN Economic Community becomes a reality in 2015.

On behalf of Thaicom's Board of Directors, I would like to thank all shareholders for their continued trust and support of the Company. I would also like to reiterate that all of us at Thaicom are putting our utmost efforts into building a company of which all Thais can be proud.



Paron Israsena

Chairman of the Board of Directors



Message from the CEO

Dear Shareholders,

The year that has just passed, 2012, was the year of success for Thaicom. We ended 2012 with a consolidated net profit of 174 million Baht, the first profit in five years, and a stand-alone profit on our satellite operations of 786 million Baht, an improvement of 265% over the previous year. Revenues of our satellite business, our core business, grew by 10.5% year on year, and the Company, for the first time in several years, is able to return a dividend to our shareholders.

Behind this success lies careful planning, concentration and hard work by our management and staff, an internal restructuring from product-centric operations to function-based activities, and improved efficiency throughout all our businesses. In 2011 we set a goal to turn the company around. In 2012, we achieved that goal and created a strong foundation for future growth.

In 2012, IPSTAR revenues grew substantially from full-year revenues realized from deals signed in 2011, including Softbank, Measat, and NBN Co. IPSTAR is now ranked first in the world in terms of market share in capacity utilization of a High-Throughput-Satellite by Northern Sky Research (NSR), with a share of 24% of the world's total utilization. This year, we will maintain our momentum of growth in other key markets, such as Thailand, China and India. Our initiatives in open-platform policy, end-to-end solutions, and a focus on partnership with strategic partners had contributed and will continually contribute to the growth of IPSTAR business in 2013 and beyond.

Our broadcast satellite, Thaicom 5, also performed exceptionally well in 2012. We have achieved significant growth in revenue from continual expansion of broadcasting services and the provision of value-added services to our clients. With the launch of Thaicom 6 in 2013, this segment of our business will expand rapidly, as pre-launch sales of transponders on this new satellite from both domestic and foreign clients have already reached 40%, including our new market in Africa, where we have launched our marketing campaign under the name Africom-1. In addition, the launch of Thaicom 7 in 2014 will further contribute to the growth of this segment.

Also, there were other important highlights throughout 2012; the 20-year Satellite Operator license awarded to the Company by NBTC; the successful preservation of the 50.5 degrees East orbital slot for Thailand; and the Director General Award on Radio Wave Day by Japan's MIC Kanto Bureau of Communications for the Company's contribution in restoring communications services in 2011's Tsunami in Japan, which made Thaicom the first company in Asia to receive such an award.

In 2012 we have created a strong foundation; in 2013 we will build on that foundation to grow the Company in a sustainable and profitable manner. To grow horizontally, we will be expanding our fleet with the Thaicom 6 and Thaicom 7 satellites, and we will now be working on possibilities of future satellites: Thaicom 8 or IPSTAR 2, and Thaicom 9. For vertical growth we will be looking at creating partnerships across all aspects of our satellite operations to expand market penetration, to maximize resource utilization and to create initiative business models.

Beyond the commercial aspect, in order to build "sustainable and profitable growth" for Thaicom, we will look at our internal competencies, to ensure that our people are the best in the business. To accomplish this, we have initiated a program to turn Thaicom into a "Great Workplace"; to strengthen our company with desired corporate culture, working climate, career path, and capability development for our people. Together, these elements will contribute to making Thaicom one of Asia's leading satellite operators.

As with our shareholders and employees, we take responsibility toward our society seriously. We feel that the future of our nation lies in the youth of our nation, and as such, their education is of utmost importance. Since our establishment, Thaicom has utilized our resources to provide access to education for millions of people around the country. In essence, we have been creating opportunities and futures for people for more than 20 years.

We initiated a project to provide satellite dishes and television sets to schools in rural areas under our Thai Kids Thaicom project in 2009. Now in its second phase, this

project has installed more than 1,300 dishes at schools and provides access to educational channels broadcasted via Thaicom 5 to more than 160,000 students. We have also worked with other organizations to expand the network and scope of Thai Kids Thaicom activities, including turning community schools into sustainable knowledge centers with the cooperation of Ubon Ratchathani University; and training of vocational school students on how to install satellite dishes.

In extension to the corporate social responsibility, Thaicom will learn to create economic value through creating societal value, or "Creating Shared Value: CSV". The concept of CSV will be one of the most powerful forces driving growth in the global economy. It represents a new way of understanding customers, productivity, and the external influences on corporate success. Shifting the organization to "creating shared value" is a long-term development; we will learn and will gradually embed this thinking in our company from 2013 onward.

In closing, on behalf of all of us at Thaicom, I would like to thank all of you for your continued trust and support of Thaicom. For 21 years we have provided services to our customers, benefits to society, and solutions to the satellite industry. In our 22nd year, we will continue to focus on our core competencies to ensure product and service excellence, customer satisfaction, and of course, shareholder returns. We aim to grow sustainably and profitably. And we aim to be the Leading Asian Satellite Operator, a company that everyone will be proud of.



Suphajeer Suthumpun

Chairman of the Executive Committee

And Chief Executive Officer

Audit Committee Report for the Year 2012

To: The Shareholders of Thaicom Plc.

The Audit Committee of Thaicom Plc. (“the Committee”) was appointed by a resolution of the Board of Directors and comprises three independent directors. Professor Hiran Radeesri was appointed as the Chairman of the Committee while Mrs. Charintorn Vongspootorn and Associate Professor Samrieng Mekkiengkrai were appointed as members. The Secretary to the Committee is Mr. Adisak Buakhom, who also serves as the acting head of the Internal Audit Department.

The Committee undertook its significant duties by reviewing the financial statements, internal control, internal audit, risk management and regulatory compliance as set forth in the Audit Committee Charter approved by the Board of Directors in accordance with notifications of the Stock Exchange of Thailand and good corporate governance practices. The Committee also visited both domestic and overseas branch and representative office to observe their business operations.

During the year 2012, the Committee held a total of 15 meetings. All of the Committee’s members attended these meetings. The Committee reported on its performance and made recommendations to the Board of Directors for approval, consent or matters to be informed on a quarterly basis. The Committee’s significant activities are summarized below.

1. **Financial Statements** : The Committee reviewed the quarterly and annual financial statements of the Company and the companies in the group for the year 2012 including disclosure of information in the notes to financial statements. The Committee discussed significant accounting policies, internal controls, estimates and judgments applied in preparing these reports with the Company’s management and the external auditors. The Committee also held a private meeting with the external auditors without the presence of the Company’s management to consider the internal control system and the accuracy and reliability of the Company’s financial statements, and to ensure that the external auditors had maintained their independence.

The management has the primary responsibility for the preparation of financial statements and internal control over financial reporting, while the external auditors are responsible for expressing an opinion on the financial statements. The Committee believes that the Company’s financial reports have been presented fairly, in all material respects, and provide adequate disclosure in accordance with Thai Financial Reporting Standards.

2. **Connected Transactions** : The Committee reviewed the connected transactions or transactions that might have led to a conflict of interest. The Committee had considered the value or price of these transactions to determine that they were reasonable and beneficial to the Company. The Committee also oversaw the Company’s compliance with relevant laws and the notifications of the Capital Market Supervisory Board and Stock Exchange of Thailand, and ensured that all disclosures were correct, complete and adequate.
3. **Risk Management and Internal Control Systems** : The Committee reviewed the risk management system including the actions taken to mitigate significant risks to acceptable levels in order to achieve the Company’s objectives. The Committee also reviewed the

results of the evaluation of internal control systems reported by both the internal and external auditors, and ensured that recommended corrective actions were implemented.

The Committee concluded that the internal control systems were adequate, efficient and effective with no significant weaknesses.

4. **Internal Audit** : The Committee reviewed and approved the audit scope and audit plan based on a three-year plan along with the quarterly internal audit results and the progress made. In addition, the Committee reviewed the Internal Audit Department's independence, annual budget and headcount, and evaluated the performance of the Head of Internal Audit. Based on this review, the Company's system of internal auditing is adequate and effective.
5. **Regulatory Compliance** : The Committee reviewed the Company's compliance with rules and regulations of the Stock Exchange of Thailand, the Securities and Exchange Commission, and the laws pertaining to the Company's business operations by holding meetings with the Compliance Department and the Legal Department. The Committee believes that the Company has performed in accordance with related laws and regulations without material flaw. The external auditor did not report any suspicious circumstances in which a director, executive or other person responsible for the Company's operations might be suspected of committing an offense under Section 89/25 of the Securities and Exchange Act.
6. **Audit Committee Self-Assessment** : The Committee conducted a self-assessment to review and evaluate its performance by benchmarking it with the Audit Committee Charter and best practice guidelines. The Committee is satisfied that it has been effective in carrying out its duties and has followed the terms of reference in its charter. The results of the self-assessment were reported to the Board of Directors.
7. **External Auditor** : The Committee considered the external auditors' independence, performance, experience and qualifications, along with the appropriateness of the audit fees. The Committee also considered the auditors' rotation and consequently recommended that the Board of Directors propose the appointment of auditors from KPMG Phoomchai Audit Co., Ltd. as the Company's external auditors for 2013 with the audit fees fixed at 2,258,000 baht.

In conclusion, the Committee believes that it had completely discharged its duties in the year 2012 with the utmost care, independence and benefit to the Company.

On behalf of the Committee



(Prof. Hiran Radeesri)

Chairman of the Audit Committee

13 February 2013

Board of Directors



Mr. Paron Israsena

Chairman of the Board of Directors &
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



Mr. Chaiyan Peungkiatpairote
Director



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

Management Team



Ms. Suphajee Suthumpun
Director, Executive Chairman and
Chief Executive Officer



Dr. Nongluck Phinainitisart
Chief Commercial Officer



Mr. Paiboon Panuwattanawong
Chief Technical Officer



Mr. Vuthi Asvasermcharoen
Chief Financial Officer



Mr. Teerayuth Boonchote
Senior Vice President - Technology
Innovation



Mr. Mekin Petplai
Senior Vice President - Marketing and Sales
Thailand & Territory 1
and Senior Vice President - Media Platform



Mr. Pradeep Unni
Senior Vice President - Marketing and Sales
India & Territory 2

Directors and Management Team Profiles

Mr. Paron Israsena

Chairman of the Board of Directors and Independent Director

Age 84

Percentage of Shareholding¹⁾

- 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
- Audit Committee - expectations and responsibilities to expand.
- The Board's Role in setting Effective Compensation Policy 2001

Experience

2011 - Present	Chairman of the Board of Directors, Thonburi Automotive Assembly Plant Co., Ltd.
1997 - Present	Director, Nai Lert Park Hotel Co., Ltd.
1996 - Present	Director and Chairman of the Audit Committee, Sammakorn Plc.
1996 - Present	Director and Member of the Audit Committee, Padaeng Industry Plc.
2004 - 2012	Director, The National Science and Technology Development Board
1996 - 2011	Director, Chiang Mai University Council
1990 - 2012	Honorary Council member of Chulalongkorn University

Criminal Record in past 10 years

- None

Prof. Hiran Radeesri

Independent Director and Chairman of the Audit Committee

Age 82

Percentage of Shareholding¹⁾

- 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, Navakit Insurance Plc. Independent Director and Chairman of the Audit Committee, Thaicom Plc. Independent Director and Chairman of the Audit Committee, Dusit Thani Plc. Chairman-Thai Institute of Directors Association Chairman-Corporate Governance Centre, The Stock Exchange of Thailand Chairman - Tax Auditor Examination Committee, Revenue Department Qualified Member University Council, Thammasat University Director, Accounting Profession Supervision Council, Federation of Accounting Professions 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 holding by spouse and minor children as of 31 December 2012

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

Age 66

Percentage of Shareholding¹⁾

- None

Relationship with Management

- None

Highest Education

Master of Business Administration, Creighton University, USA

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
- ACP: Advance Audit Committee Programs 2010

Experience

- 2010 - Present Chairman of the Audit Committee, Ini3 Digital Comany Limited.
- 2008 - Present Advisor of Chief Executive Officer, KT ZIMICO Securities Company Limited
- 2008 - Present Advisor of the Board, Solaris Asset Management Company Limited
- 1999 - Present Independent Director and Member of the Audit Committee, Thaicom Plc.

Criminal Record in past 10 years

- None

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

Age 59

Percentage of Shareholding¹⁾

- None

Relationship with Management

- None

Highest Education

Master of Laws, University of Miami, USA
Thai Bar for Thai Bar Council.

Governance Training

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

Experience

- 2012 - Present Independent Director, Unique Engineering and Construction PLC
- 2007 - Present 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.

Criminal Record in past 10 years

- None

¹⁾ Includes holding by spouse and minor children as of 31 December 2012

Directors and Management Team Profiles

Mr. Chaiyan Peungkiatpairote

Director

Age 55

Percentage of Shareholding¹⁾

- None

Relationship with Management

- None

Highest Education

Bachelor of Science, Kasetsart University

Governance Training

Governance for Directors and senior executives of state-owned enterprises and public organizations Class 9

Experience

Nov.1, 2011 - Present	Director, CAT TELECOM PUBLIC COMPANY LIMITED
March 29, 2012-Present	Director, Thaicom Plc.
Oct.1, 2012 - Present	Director, Electronic Government Agency (Public Organization)
Oct.1, 2012 - Present	Director, Software Industry Promotion Agency (Public Organization)
Oct.1, 2012 - Present	Director, Electronic Transactions Development Agency (Public Organization)
Oct.1, 2012 - Present	Permanent Secretary, Ministry of Information and Communication Technology
June 29, 2012-Sep.30,2012	Deputy Permanent Secretary, Ministry of Information and Communication Technology
Dec.22,2011-June 28,2012	Inspector General, Ministry of Information and Communication Technology
DEC.2,2010-Dec.21,2011	Executive Director Information and Communication, Technology Industry Promotion Bureau, Ministry of Information and Communication Technology
April 1,2004-Dec.28,2011	Executive Director Space Affairs Bureau, Ministry of Information and Communication Technology

Criminal Record in past 10 years

- None

Mr. Somprasong Boonyachai

Director

Age 57

Percentage of Shareholding¹⁾

- None

Relationship with Management

- None

Highest Education

Master Degree in 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 Director, Advanced Info Service PLC
2007 - Present	Director, Shin Corporation PLC
2006 - Present	Director, Thaicom PLC
2004 - Present	Director, Praram 9 Hospital Co., Ltd.
2002 - Present	Member of Audit Committee, Independent Director Power Line Engineering PLC
2009 - 2011	Chairman of Executive Committee, Thaicom PLC
2000 - 2008	Member of the Executive Committee, Shin Satellite PLC
1999 - 2008	Chairman of the Executive Committee, Advanced Info Service PLC
1994 - 2008	Director, Advanced Info Service PLC
2004 - 2007	Member of the Executive Committee, CS LoxInfo PLC
	Director and Member of the Executive Committee, ITV PLC

Criminal Record in past 10 years

- None

¹⁾ Includes holding by spouse and minor children as of 31 December 2012

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

Age 63

Percentage of Shareholding¹⁾

- None

Relationship with Management

- None

Highest Education

Master in Electrical Engineering, University of Singapore
 Certified Diploma in Accounting and Finance, Chartered
 Association of Certified Accountants, UK

Advanced Management Programme, Harvard Business
 School, USA

Governance Training

- DAP: Directors Accreditation Program §u 74/2008

Experience

2012 - Present	Director, D-Sim Lab Technologies Pte Ltd
2012 - Present	Corporate Advisor, Temasek International Advisors Pte Ltd
2010 - Present	Director, Tera-Barrier Films Pte Ltd
2010 - Present	Executive Committee Member, U Mobile Sdn Bhd
2009 - Present	Consultant, Exploit Technologies Pte Ltd
2008 - Present	Director and Executive Committee Member, THAICOM Plc

2007 - Present	Strategic and Organizational Review Committee Member, Shin Corporation PLC
2007 - Present	Strategy Committee Member, Star Hub 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 - 2012	Director, Muvee Technologies Pte Ltd
2008 - 2012	Corporate Advisor, Temasek Holdings Ltd
2009 - 2011	Director, Singex TEDA International Pte Ltd
2007 - 2011	Director, Singex Global (ME) Pte Ltd

Criminal Record in past 10 years

- None

¹⁾ Includes holding by spouse and minor children as of 31 December 2012

Directors and Management Team Profiles

Ms. Suphajee Suthumpun

Director, Executive Chairman and Chief Executive Officer

Age 48

Percentage of Shareholding¹⁾

- None

Relationship with Management

- None

Highest Education

Master Degree in 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	Member of the Executive Committee, Member of the Strategic and Organizational Review Committee and Chairman of the Media & New Business, Shin Corporation PLC Director and Chief Executive Officer, Thaicom PLC Director, Chairman of the Executive Committee, Chairman of the Remuneration Committee, and Member of the Nomination and CG Committee, CS LoxInfo PLC Member of the Executive Committee, Advanced Info Service PLC
Aug - Dec 2011	Member of the Executive Committee, Thaicom PLC
2010 - 2011	General Manager, Global Technology Services, IBM ASEAN
2009 - 2010	Client Advocacy Executive, Chairman's Office, IBM Headquarters
2007 - 2009	Vice President, General Business, IBM ASEAN
2003 - 2007	Country General Manager, IBM Thailand Co., Ltd.

Criminal Record in past 10 years

- None

Mr. Anek Pana-apichon

Director and Member of the Executive Committee

Age 47

Percentage of Shareholding¹⁾

- None

Relationship with Management

- None

Highest Education

Master Degree in Business Administration, Chulalongkorn University

Governance Training

- DCP: Directors Certification Program Class 111/2008

Experience

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

Criminal Record in past 10 years

- None

¹⁾ Includes holding by spouse and minor children as of 31 December 2012

Dr. Nongluck Phinainitisart**Chief Commercial Officer and Member of the Executive Committee**

Age 53

Percentage of Shareholding¹⁾

- 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, Thaicom Plc.
2000 - Present	Chief Commercial Officer, Thaicom Plc.
2006 - 2010	President, Asia-Pacific Satellite Communications Council (APSCC)
2007 - 2008	Director, Thaicom Plc.

Criminal Record in past 10 years

- None

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

Age 52

Percentage of Shareholding¹⁾

- 0.0003%

Relationship with Management

- None

Highest Education

Master of Engineering, Carnegie Mellon University, Pittsburgh, USA

Governance Training

- DCP: Director Certification Program 2009

Experience

Nov 2011 - Present	Member of the Executive Committee, Thaicom Plc.
2004 - Present	Chief Technical Officer , Thaicom Plc

Criminal Record in past 10 years

- None

¹⁾ Includes holding by spouse and minor children as of 31 December 2012

Directors and Management Team Profiles

Mr. Vuthi Asvasermcharoen

Chief Financial Officer

Age 45

Percentage of Shareholding¹⁾

- None

Relationship with Management

- None

Highest Education

Master of Business Administration, Indiana University of Pennsylvania, USA

Governance Training

- None

Experience

May 2012 - Present	Director and member of the Executive Committee, CS Lox Info Plc.
Oct 2011 - Present	Chief Financial Officer, Thaicom Plc.
Jan 2011 - Jun2011	Chief Financial Officer (CFO) GMM Grammy
2004 - 2010	Deputy Chief Financial Officer Sahaviriya Steel Industries

Criminal Record in past 10 years

- None

Mr. Teerayuth Boonchote

Senior Vice President - Technology Innovation

Age 47

Percentage of Shareholding¹⁾

- 0.0001%

Relationship with Management

- None

Highest Education

Master of Business Administration, Sasin Graduate Institute of Business Chulalongkorn University
Master of Electrical Engineering, Chulalongkorn University

Governance Training

- None

Experience

Jan 2012 - Present	Senior Vice President, Broadcast, Thaicom Plc.
Apr 2011-Dec2011	Senior Vice President, IPSTAR Operations, Thaicom Plc.
2004 - Mar 2011	Vice President, IPSTAR Operations, Thaicom Plc.

Criminal Record in past 10 years

- None

¹⁾ Includes holding by spouse and minor children as of 31 December 2012

Mr. Makin Petplai

Senior Vice President - Marketing and Sales Thailand
& Territory 1

Senior Vice President - Media Platform

Age 44

Percentage of Shareholding¹⁾

- None

Relationship with Management

- None

Highest Education

Bachelor of Computer Engineering, Kasetsart University

Governance Training

- None

Experience

Jan 2012 - Present Senior Vice President, Marketing and Sales
Thailand & Territory 1, Thaicom Plc.

2004 - 2011 Vice President, Marketing and Sales (TIC),
Thaicom Plc.

Criminal Record in past 10 years

- None

Mr. Pradeep Unni

Senior Vice President, Marketing and Sales
India & Territory 2

Age 43

Percentage of Shareholding¹⁾

- None

Relationship with Management

- None

Highest Education

MBA - International Business Griffith University, Australia

Governance Training

- None

Experience

Jan 2012 - Present Senior Vice President, Marketing and
Sales – India & Territory 2, Thaicom Plc.

Apr 2011 - Dec 2011 Senior Vice President, Marketing and
Sales – India, Thaicom Plc.

Jul 2009 - Mar 2011 Vice President – Marketing and
Sales-India, Thaicom Plc.

2007 - Jun 2009 Vice President – International Sales,
Thaicom Plc.

Criminal Record in past 10 years

- None

¹⁾ Includes holding by spouse and minor children as of 31 December 2012

Information of Directors and Management of Subsidiaries, Associated and Related Companies as of 31 December 2012

Directors and management team	Company name					
	THCOM	IPSTAR	IPA	IPN	IPI	
1. Mr. Paron Israsena	X	-	-	-	-	
2. Prof. Hiran Radeesri	/	-	-	-	-	
3. Mrs. Charintorn Vongspootorn	/	-	-	-	-	
4. Assoc.Prof. Samrieng Mekkiengkrai	/	-	-	-	-	
5. Mr. Chaian Peungkiatpairote	/	-	-	-	-	
6. Mr. Somprasong Boonyachai	/	-	-	-	-	
7. Mr. Yong Lum Sung	/, //	-	-	-	-	
8. Ms. Suphatee Suthumpun	/, //	/	-	-	/	
9. Mr. Anek Pana-apichon	/, //	-	-	-	-	
10. Dr. Nongluck Phinainitisart	//	-	-	-	/	
11. Mr. Paiboon Panuwattanawong	//	/	/	/	/	
12. Mr. Anant Kaewruamvongs	-	-	-	-	-	
13. Mr. Vuthi Asvasercharoen	-	/	/	/	/	
14. Mr. Mark D. Thompson	-	/	-	-	-	
15. Mr. William L. Snell	-	-	-	-	-	
16. Mr. York Shin Lim Voon Kee	-	-	-	-	-	
17. Mr. Tommy Lo Seen Chong	-	-	-	-	-	
18. Mr. Ly Sam An	-	-	-	-	-	
19. Mr. Pal Vudhica	-	-	-	-	-	
20. Ms. Le May Phoeung	-	-	-	-	-	
21. Dr. Nasser Marafih	-	-	-	-	-	
22. Mr. Sio Tat Hiang	-	-	-	-	-	
23. Mr. Stephen Geoffrey Miller	-	-	-	-	-	
24. Mrs. Naengnoi Na Ranong	-	-	-	-	-	
25. Mr. Atip Rittaporn	-	-	-	-	-	
26. Mr. Alvin Oei Yew Kiong	-	-	-	-	-	
27. Mr. Kek Soon Eng	-	-	-	-	-	
28. Mr. Teh Kwang Hwee	-	-	-	-	/	
29. Dr. Supoj Chinveerapan	-	-	/	/	-	
30. Mr. Jiroj Srinamwong	-	-	-	-	-	
31. Mr. Makin Petplai	-	-	-	-	-	
32. Mr. Komson Seripapong	-	-	-	-	-	
33. Mr. Ekachai Phakdurong	-	-	-	-	-	
34. Mr. Salil Charuchinda	-	-	-	-	-	

X = Chairman / = Director // = Executive Committee

Note ¹⁾ MFONE filed for insolvency proceedings with the Court in Phnom Penh on January 9, 2013

Company Name

CDN	Cambodian DTV Network Limited
DTV	DTV Services Company Limited
IPA	IPSTAR Australia Pty Limited
IPI	IPSTAR International Pte Limited
IPG	IPSTAR Global Services Limited

Company name								
	IPG	STAR	SPACE	DTV	CDN	TCB	SHEN	MFONE ¹⁾
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
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	-	-	-	-	-	/	-	-

Company name

IPN IPSTAR New Zealand Limited

IPSTAR IPSTAR Company Limited

MFONE Mfone Co.,Ltd

SHEN Shenington Investments Pte Limited

SPACE Spacecode LLC

Company name

STAR Star Nucleus Company Limited

TCB TC Broadcasting Company Limited

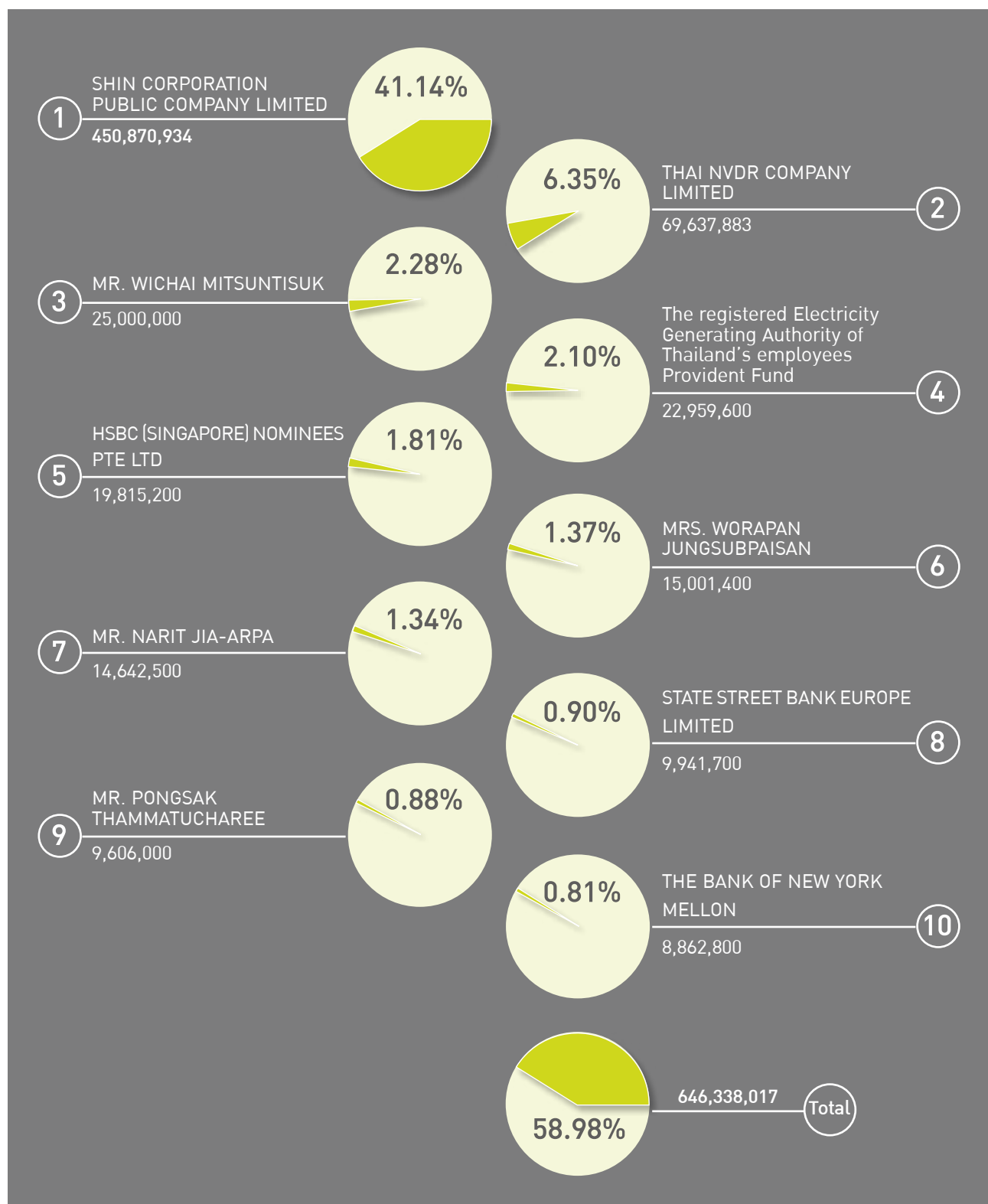
Directors' Shareholding in the Company and its Subsidiaries for the Year 2012

Directors/Position	THAICOM Plc.		DTV Service Co., Ltd.		Shenington Investments Pte Ltd.		IPSTAR Co., Ltd.	
	Ordinary Shares ²⁾		Ordinary Shares		Ordinary Shares		Ordinary Shares	
	2012	2011	2012	2011	2012	2011	2012	2011
Mr. Paron Israsena Chairman of the Board of Directors	-	-	-	-	-	-	-	-
Prof. Hiran Radeesri Independent Director and Chairman of the Audit Committee	-	-	-	-	-	-	-	-
Mrs. Charintorn Vongspootorn Independent Director and Member of the Audit Committee	-	-	-	-	-	-	-	-
Assoc. Prof. Samrieng Mekkiengkrai Independent Director and Member of the Audit Committee	-	-	-	-	-	-	-	-
Ms. Suphajee Suthumpun Director	-	-	2	2	-	-	-	-
Mr. Chaiyan Peungkiatpairote ¹⁾ Director	-	-	-	-	-	-	-	-
Mr. Somprasong Boonyachai Director	-	-	-	-	-	-	-	-
Mr. Yong Lum Sung Director	-	-	-	-	-	-	-	-
Mr. Anek Pana-apichon Director	-	-	-	-	-	-	-	-

Note ¹⁾ Appointed as a Member of the Board of Directors on 29 March 2012 and the registration of change of director was made at the Ministry of Commerce on 11 April 2012.

²⁾ Shareholding includes that of spouse and children who have not yet reached majority, as of 31 December 2012.

Major shareholders



Source : Major Shareholders as of December 26, 2012 prepared by Thailand Securities Depository Co., Ltd.

Investors can find more information at website: www.set.or.th before Annual General Shareholders Meeting for the year 2013.

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 in the amount of 450,870,934 shares, or 41.14 percent of the paid-up capital (as of December 26, 2012). Major shareholders of Shin Corporation Public Company Limited are as follows :

No.	Name	No. of Shares	Percentage of Investment
1	Aspen Holding Ltd.	1,334,354,825 ¹⁾	41.62
2	Cedar Holding Ltd.	428,049,239 ²⁾	13.35

¹⁾ The latest register book closing date as of 30 August 2012.

²⁾ Shareholding of Cedar Holdings Ltd. on 9 January 2013 reported to the Securities and Exchange Commission Thailand in Form 246-2.

INVESTMENT STRUCTURE OF INTOUCH GROUP

As of 3 January 2013

Shin Corporation Plc^{1), 2)}





1) Holding Company

2) Listed Company On The Stock Exchange of Thailand

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

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

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

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, Bo-ngern, Ladlumkaew, Pathumthani Tel : (66) 2599 3000 Fax : (66) 2599 3000 Ext. 712
Website :	www.thaicom.net
Type of Business	The Company operates four types of businesses – satellite transponder leasing and related services, telephone services, internet and media services, and publishing of telephone directories and print classified directories.
Registered Capital	1,132,082,300 Shares
Par Value	Baht 5
Paid Up Capital	Baht 5,479,687,700

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 New Zealand Limited (IPN)¹⁾

Office	C/-Clendons Barristers & Solicitors Level 1, Levy Building, Corner of Commerce & Customs Sts, Auckland, New Zealand
Type of Business	Sale of user terminal of IPSTAR and providing IPSTAR services in New Zealand
Registered Capital	8,514,133 Shares
Par Value	NZD 1
Paid Up Capital	NZD 8,514,133
% of Investment	100% by IPSTAR

IPSTAR Australia Pty Limited (IPA)

Office	5 George Place, Artarmon, NSW 2064, AUSTRALIA Tel : (612) 8458 0500 Fax : (612) 8006 5592
Type of Business	Sale of user terminal of IPSTAR and 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%

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	20,000 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%

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%

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, to operate internet access services
Registered Capital	39,879,147 shares
Par Value	Baht 10
Paid Up Capital	Baht 398,791,470
% of Investment	99.99%

CS LoxInfo Public Company Limited (CSL) ²⁾

Head Office	414 Phaholyothin Road, Samsennai, Phayathai, Bangkok
Branch Office	17 th - 20 th 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	Provide our corporate customers with solutions for a broad range of internet-based services
Registered Capital	597,009,143 shares
Par Value	Baht 0.25
Paid Up Capital	Baht 148,628,692.25
% of Investment	42.07% by DTV

Teleinfo Media Public Company Limited (TMC) ³⁾

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	2 ^{5th} - 28 th 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	Provide advertising platform through Print, Website, PC, Mobile and Laptop for business and individual users
Registered Capital	15,654,400 shares
Par Value	Baht 10
Paid Up Capital	Baht 156,544,000
% of Investment	100% by CSL

AD Venture Public Company Limited (ADV) ³⁾

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	3 rd Floor, Ratchasima Center Bldg., 154/1 Manut Road, Nai Mueang, Mueang Nakorn-Ratchasima, Nakorn – Ratchasima
Branch Office 3	2 nd - 4 th Floor, 79/3-4-5, Klang Mueang Road, Nai Mueang, Mueang Khonkhean, Khonkhean
Type of Business	Content provider through mobile phone and community portal services
Registered Capital	1,074,813 shares
Par Value	Baht 10
Paid Up Capital	Baht 10,748,130
% of Investment	100% by CSL

Watta Classifieds Company Limited (WATTA) ³⁾

CS LoxInfo Public Company Limited disposed of its 120,000 ordinary shares (60% of registered capital) investment in Watta Classifieds Company Limited to non - related persons on 16 October 2012. Accordingly WATTA Classifieds Company Limited has ceased to be a subsidiary of CS LoxInfo Public Company Limited.

Cambodian DTV Network Limited (CDN)

Office	9A , Street 271, Tomnup Teuk, Chamkar Mon, Phnom Penh, Kingdom of Cambodia Tel : (855) 023 305 990 Fax : (855) 023 994 669
Website	www.cdn.com.kh
Type of Business	DTV satellite dish sales
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%

TC Broadcasting Company Limited (TCB)

Nature of Business	*not yet operational, registered as a legal entity on December 11, 2012
Head Office	414 Phaholyothin Road, Samsennai, Phayathai, Bangkok
Registered Capital	100,000 shares
Par Value	10 Baht
Paid Up Capital	250,000 Baht
% 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	14,658,000 Shares
Par Value	SGD 1
Paid Up Capital	SGD 14,658,000
% of Investment	51.00%

Mfone Company Limited (Mfone) ⁴⁾

Office	721 Preah Monivong Blvd., Boeng Keng Kang 3, Chamkar Mon, Phnom Penh, Kingdom of Cambodia Tel : (855) 023 303 333 Fax : (855) 023 361 111
Website	www.mfone.com.kh
Type of Business	Providing fixed line phone and 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

* A petition for insolvency proceedings has been filed with the Court in Phnom Penh on January 9, 2013

Lao Telecommunications Company Limited (LTC) ⁴⁾

Office	Lanexang Avenue 0100, Vientiane, Lao People's Democratic Republic Tel : (856) 2121 6465-6 Fax : (856) 2121 9690
Type of Business	Providing Internet services, cellular phone, 3G service, fixed line telephone through the Public Switched Telephone Network ("PSTN"), fixed wireless telephone CDMA 2000 1X 450 MHz, public telephone service, international roaming service, international telecom services (i.e. VoIP), and value added services in Lao P.D.R.
Registered Capital	96,840,000 Shares
Par Value	USD 1
Paid Up Capital	USD 96,840,000
% of Investment	49.00% by SHEN

As of December 31, 2012

¹⁾ Holds shares through IPSTAR Company Limited

²⁾ Holds shares through DTV Service Company Limited

³⁾ Holds shares through CS LoxInfo Public Company Limited

⁴⁾ Holds shares through Shenington Investment Pte. 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 has 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 2012, INTOUCH, which is the Company's major shareholder, holds 41.14% of the Company's shares.

Major Developments 2010 – 2012*

2010

January	THAICOM 1A Satellite was de-orbited from 120 degrees East.
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	THAICOM 2 Satellite was de-orbited as it had reached its end of life. 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	<p>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 AUD 100 million over a period of five years.</p> <p>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.</p> <p>The company announced that the Ministry of Information and Communication Technology (MICT) approved the Thaicom 6 satellite project. The project is worth approximately USD 160 million. The company expects to launch the Thaicom 6 satellite in mid- 2013.</p>

*(See Progress and Major Developments of CS LoxInfo Plc (CSL) (The Company’s subsidiary) in CSL’s 2012 Annual Registration Statements (Form 56-1) available for download at www.sec.or.th)

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's Board of Directors passed a resolution approving the appointment of Mr. Paiboon Panuwattanawong as a Member of the Executive Committee on 10 November 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 slot in 2014. The project is worth approximately USD171 million.

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.

February

The Company received the "Board of The Year Award 2010/11" from The Thai Institute of Directors Association (Thai IOD). The award honors the Company's Board of Directors for Good Corporate Governance and Management.

On 23 February 2012, the Company acquired 6.95 million ordinary shares of IPSTAR Australia Pty Limited (IPA) from iPSTAR Co., Ltd., an equivalent of 100% of registered share capital of IPA, at the price of USD 4.6 per share, totaling of USD 31.97 million. This acquisition has no impact on the consolidated financial statements of the Company. IPA has changed the status from an indirect subsidiary to a direct subsidiary of the Company.

March

The THAICOM 6 satellite financing deal between THAICOM and Kasikorn Bank won the "Asia Pacific Communications Deal of the Year 2011" from Euromoney's Project Finance magazine. This is the first time that a Thai satellite project was financed through a local commercial bank with a structure similarly to that of foreign Export Credit Agencies (ECA).

June

The National Broadcast, Television and Telecommunication Commission (NBTC) awarded Thaicom a 20-year Type III¹ Telecom Services license to operate Thaicom 7. This is the first satellite to be operated under a license.

Thaicom 4 (IPSTAR) was recognized with an award from Japan's Ministry of Information Communication on National Radio Wave Day. The award was granted for the support provided by IPSTAR in the immediate aftermath of the great earthquake in 2011. The award is a point of special pride for Thaicom, as it is the first Thai company in Asia to win this award.

August

Thaicom announced that Thaicom and VT iDirect (iDirect), Inc., a company of VT Systems, Inc. have signed a cooperation agreement that will provide IPSTAR's customers with an alternative integrated solution based on the iDirect ground system platform using the THAICOM 4 broadband satellite. iDirect is a world leader in satellite-based IP communications technology.

Northern Sky Research (NSR), a world-renown company that conducts surveys on industrial satellite data, reported that Thaicom 4 (IPSTAR) is ranked number 1 in terms of market share in the world for High Through-put Satellite (HTS) service.

December

The World Teleport Association (WTA) announced the ranking of satellite and teleport service providers with the highest revenue growth. Thaicom is the 7th runner up in the world with a 24% revenue growth rate achieved in 2010-2011.

The Board of Director of the Company approved the incorporation of TC Broadcast Company Limited. The authorised capital of TCBC is Bath 1,000,000 divided into 100,000 ordinary shares of Baht 10 par value each. The issued share capital of TCB is Baht 250,000. The Company holds 99,995 shares, equivalent to 99.99% shareholding.

2013

January

The Company announced that it had reached a Framework Agreement with China Telecom Satellite (CTS) and Synertone Communication Corporation (Synertone) to proceed with the sale of IPSTAR Bandwidth in China. Under the Framework Agreement, Thaicom will sell all IPSTAR capacity available for China to Synertone, and will also be entitled for revenue sharing from bandwidth sales by Synertone in China. In addition, Thaicom will also take an equity stake in Synertone to strengthen the business partnership in the Chinese market.

Thaicom 4 (IPSTAR) became the first broadband satellite to provide commercial WIMAX backhaul services in Japan. After several months of systems testing, Japan's UQ Communications has installed WIMAX Base Stations using backhaul via the IPSTAR broadband satellite and is offering a commercial WIMAX service in several areas of Japan as one cost-effective method of extending coverage to underserved areas.

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

“

THAICOM's business operations can be divided into four different main sectors as follows : satellite transponder leasing and related services; telephone services abroad; internet and media services; and telephone directory publishing. Investment in all these businesses is considered long-term.”

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 abroad; internet and media services; and telephone directory 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.

THAICOM was also granted licenses from The National Broadcasting and Telecommunications Commission (NBTC) as follows:

- ⇒ A 20-year Type III⁽¹⁾ telecom services license, valid from 26 June 2012 to 25 June 2032.
- ⇒ A 5-year Type I⁽²⁾ telecom services license, valid from 16 August 2011 to 15 August 2016.

The satellites THAICOM 1A, THAICOM 2, and THAICOM 3, have been deorbited. Currently, the Company operates two satellites, THAICOM 4 (IPSTAR) and THAICOM 5.

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

⁽²⁾ Type One Licence: being a licence granted to the telecommunications business operator who operates without his or her own network for telecommunications services which are deemed appropriate to be fully liberalized. The Commission shall grant a licence once notified by a person who intends to operate such business



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	Provider 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 it is CAT Telecom Public Company Limited), 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 ⁽¹⁾ (formerly, Cambodia Shinawatra Co., Ltd.) (51% of its shares held by THAICOM through Shen)	Mfone was granted a 35-year agreement from the Cambodian Government, expiring in 2028, to provide mobile telephone digital GSM 900/1800 MHz and CDMA as well as international telecom services (i.e. VoIP). Mfone was also granted a 30-year license to provide 3G 2100 MHz cellular phone services, expiring in 2036.
Lao Telecommunications Company Limited (24.99% of its shares held by THAICOM through Shen)	A joint venture company between the Government of the Lao PDR (51%) and Shenington Investments (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 2000 1X 450 MHz, public telephone, international roaming, international telecom services (i.e. VoIP), and value added services.

3. Internet and Media Services

THAICOM operates internet and media businesses through its subsidiaries/associated/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 Type I ⁽²⁾ internet access services license by the NBTC. The license expires on 17 October, 2014.
Cambodian DTV Network Ltd.	Satellite Receiver Complete Set Sale and providing Satellite Television Platform Service in Cambodia
Mfone Company Limited ⁽¹⁾ (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 Shenington)	Provides Internet services in Lao PDR.
CS LoxInfo Public Company Limited (42.07% of its shares held by THAICOM through DTV)	The Company was granted a license by the NBTC to provide commercial internet services, and access services via landline and satellites. (For more details, please see CSL's 2012 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

⁽¹⁾ The Board of Directors of the Company approved SHEN Management's proposal to allow Mfone to enter into insolvency proceedings in accordance with the laws of the Kingdom of Cambodia. SHEN Management has already informed the Company that the petition for insolvency proceedings has been filed to the Court in Phnom Penh on January 9, 2013. On February 14th, 2013, Mfone's application for insolvency proceedings has been accepted by the Phnom Penh court and that the process is now going forward under a court-appointed Administrator.

The Company (Thaicom), also noted that the insolvency proceedings of Mfone will have no significant adverse financial impacts on the Company's consolidated and stand-alone performance of 2013, as the Company has already provisioned for this eventuality in 2012

⁽²⁾ Type I License means Service Providers who give a service without own network, i.e. internet service or other service as the NBTC think a proper.



4. Telephone Directories and Classifieds Publishing Services

Name	Business
Teleinfo Media Public Co., Ltd. (TMC) (99.99% of its shares held by CSL)	Provides media services for business through the Yellow Pages Telephone Directory and other media services; telephone subscribers' profiles, call center for general and entertainment information, Online Yellow Pages and other web-based services
Watta Classifieds Co., Ltd. ⁽³⁾ (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

⁽³⁾ CSL sold all shares in Watta Classifieds Co., Ltd. in October, 2012

Income Structure

Income structure of the Company and subsidiaries from 2010 - 2012

Unit: Million Baht

Type of Business	Operating Company	% held by THCOM	2010		2011		2012	
			Revenue	%	Revenue	%	Revenue	%
Satellite and related services	THCOM and IPSTAR Group	-	4,599	67.56%	5,684	76.77%	6,279	80.24%
Internet and media services	DTV Service	99.99	621	9.12%	366	4.94%	285	3.64%
	Shenington Investments Group	51.00						
Telephone services	Shenington Investments Group	51.00	638	9.37%	574	7.75%	702	8.97%
Net foreign exchange gain			-	-	-	-	20	0.26%
Other revenues			107	1.57%	150	2.03%	106	1.35%
Total revenue from Continuing operations			5,965	87.63%	6,773	91.48%	7,392	94.47%
Revenue from Discontinued operation ⁽⁴⁾			842	12.37%	630	8.51%	434	5.55%
Total revenue (After Discontinued operation)			6,807	100.00	7,404	100.00	7,825	100.00

⁽¹⁾ Mfone Company Limited filed for insolvency at the Court in Phnom Penh on January 9, 2013, Statements of income for the year ended 31 December, 2012, 2011 and 2010 has been re-presented to show the discontinued operations separately from continuing operations (Please see detail in Note to the financial statements of Thaicom item 8) On February 14th, 2013, Mfone's application for insolvency proceedings has been accepted by the Phnom Penh court and that the process is now going forward under a court-appointed Administrator.

Sales and services income by geography from 2010 - 2012

Unit: Million Baht

COUNTRY	2010	2011	2012
Thailand	2,625	2,656	3,072
Lao P.D.R.	672	616	753
Australia	1,050	1,088	1,082
China	31	15	16
India	148	304	317
Japan	315	877	833
Others	936	1,068	1,193
Total	5,777	6,624	7,266
Discontinued operation	922	630	434
Total (After discontinued operation)	6,700	7,254	7,700

Products, Services and Competition

1 Satellite Communications and Related Services

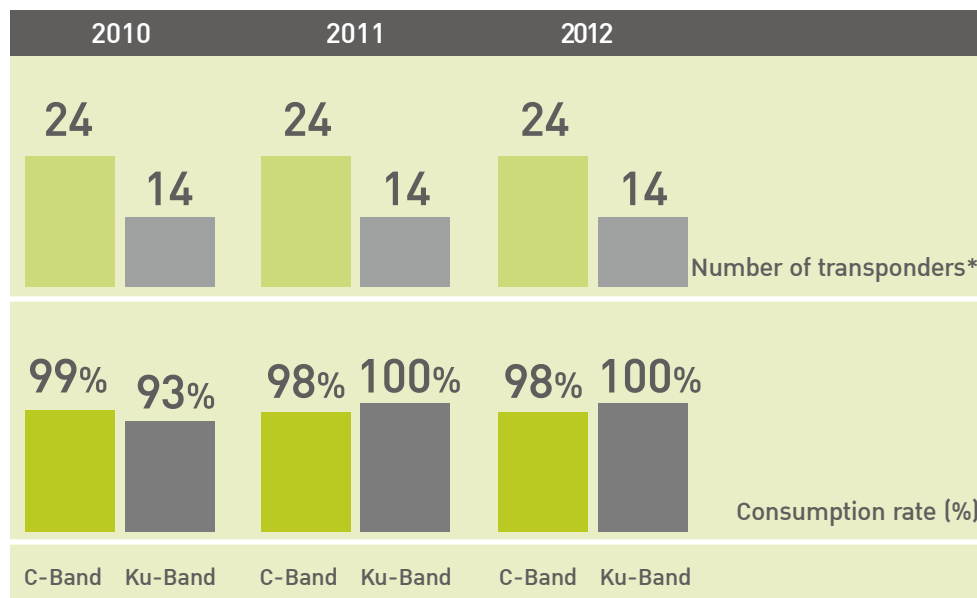
1.1 Transponder Leasing

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 Satellite

In 2012, 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.

Number of Transponders and Consumption Rate of THAICOM Satellites



Source: THAICOM Plc.

Remarks: Taken every December 31 of each year

* Excluding 1 C-Band transponder used by the Ministry of Information and Communication Technology.

New Satellites

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

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

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

ii. Satellite Station & Teleport and DTH Center

Satellite Station

A Satellite Station is the operations center for satellite control - i.e. telemetry, tracking, command and monitoring. The station monitors the overall satellite performance, including the efficiency of satellite transponders and frequency interference, and controls the satellites' operations.

Teleport and DTH Center

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

iii. Conventional Satellite Key Market Segment

o Broadcast

Video broadcasting is one of THAICOM's core businesses. Whether for Direct-to-Home (DTH), Channel Distribution, or Global Digital Television broadcasting, 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:

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

THAICOM delivers digital signal compression and transmission services via the satellite directly to residential homes. Digital compression reduces the video transmission cost for broadcasters while the high-power Ku-band transponders allow nationwide DTH viewers to use small antennas.

o **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 C-band transponders' wide coverage makes it ideal for transmitting contents to cable systems across continents. The THAICOM-delivered TV programs reach millions of cable households in Asia, Europe, Africa and Australia – providing broadcasters with extensive audience reach in key markets.

o **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. The service has been proven popular for broadcasting ethnic language programs globally. By using the Global Digital TV service, broadcasters' television channels can potentially reach viewers in over 150 countries in North America, South America, Europe, Africa, Asia and Australia.



o **Satellite News Gathering (SNG)**

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

o **Telecommunication**

Owing to the large coverage area of its satellites and their insensitivity to distance and terrain, THAICOM provides an effective medium for high speed links to many telecommunication applications such as Mobile Trunking, Rural Telephony, domestic and international VSAT.

1.2 Broadband Satellite Services

i. IPSTAR Satellite

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 – 20 times that of conventional satellites. 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.

ii. IPSTAR Ground System

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

o **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.

In 2012, the Company improved the bandwidth efficiency on the forward link (download). The Company implemented new software which enables IPSTAR gateways to use the higher modulation code called 16-Ary. The higher modulation code increases data throughput by approximately 15-20% from the same bandwidth frequency. We also implemented the automated interference detection and recovery system. This system will help to improve the system's reliability and overall gateway performance. In addition, we have consolidated the monitoring system for both the IPSTAR ground system and the THAICOM 4 satellite.

In 2013, the Company will upgrade the existing platform with new hardware such as the NMS Database system. This upgrade will help to improve the quality of service to our existing customers and to increase overall reliability of the gateway's performance.

In addition, the Company will implement new software in order to handle IPV6 applications and to increase the number of return links (upload links) per NMS. This will help to maximize the utilization of the existing hardware.

o 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.

- o The new iCON, this user terminal is designed to be a replacement of the current version of iCON in the next 2 years. The new iCON retains the same core features and is fully compatible with all existing gateways and applications such as IP-based applications, Internet browsing, IP telephony and Mobile backhaul. The new iCON offers 6 Mbps download and 4 Mbps upload capabilities and is suitable for IPV6 networks.
- o iCON. This user terminal is the current version IPSTAR user Terminal with a maximum 4 Mbps download and 2 Mbps upload capacity. iCON is designed for easy use and is compatible for various IP-based applications, such as high speed Internet, IP telephony and video services.
- o IPX-9200. This user terminal is an effective solution for continuous and heavy duty operations in remote, rugged areas where frequent maintenance is not required. Its capability is the same as the iCON model, but its specialized features make it suitable for heavy corporate and SME Internet users, mobile phone network connectivity, and rural telephony.

The Company is also involved in the development of a number of new UT components including modem and antenna systems. The development centers around a new generation of satellite signal transmitters (BUC), and receivers (LNB). These new IPSTAR antenna components aim to be more cost-effective while improving on their performance.

IPSTAR User Terminal Product Development

In 2012, the Company designed a new version of the iCON modem which will be produced in the third quarter of 2013. The new iCON is fully compatible with the IPSTAR gateway, and retains core features such as Super Frame, Dynamic CBR and Watchdog. In 2013, the software of the new iCON will be ready for IPV6 features.

The new iCON is also fully compatible with Xtender. The xtender helps the user terminal to increase the data throughput to 8/2Mbps download/upload simultaneously. It was designed to boost the efficiency of the IPSTAR user terminal with WAN network acceleration for optimized efficiency of corporate users' communications. With its effective software design and high performance CPU, the combination of Xtender and the user terminal offers maximum TCP acceleration and reliability, enabling the IPSTAR user terminal to handle 1,000 simultaneous sessions or 100 computer users. The Xtender works well with the existing software features such as Super Frame, Dynamic CBR and Watchdog. The features





also help to improve the quality of Voice over IP (VoIP) applications, increase bandwidth efficiency and reduce the satellite's signal interference. These features are also suitable for the mobile backhaul application with Femtocell for our Telcos (mobile operators).

iii. Broadband Satellite Key Market Segment

o 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.

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.

o Telco backhaul

THAICOM 4 satellite backhaul has become a 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 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.

o Government & USO program

IPSTAR is perfectly designed to serve many IP-based applications. It can be used as a virtual private network (VPN) for government Intranet/Extranet connections, enabling central management to connect to remote branches with a secure tunnel. Other areas where governments can utilize IPSTAR's unique services include the extension of educational resources access for schools by connecting schools to the internet. Through these connections, e-education services can be offered and help reduce the education gap between rural and urban areas.

Alternative service for education: Distance education via the IPSTAR satellite can reach underserved populations of students who cannot attend a school that offers the educational services they desire, perhaps because they live too far away. IPSTAR can provide not only in-school access to the internet for education, but also can serve customers in remote areas with access to Wi-Fi, broadband, and VPN services as well. Clear examples of these services include Thailand's Ministry of Education (MoE), through which IPSTAR has provided 26,000 schools with high speed broadband connections since 2004; and IPSTAR broadband service in Australia, where our contract with the NBN (National Broadband Network) project by the Australian government, calls for us to support almost 80,000 users in nationwide.

o Disaster Recovery and Emergency Communications

Establishing a communication link is a major enabler for the management of humanitarian aid and emergency response operations in any disaster event. But when needed the most, terrestrial and cellular networks can be among the first casualties of a disaster.

IPSTAR has proved time and again that it is the ideal satellite platform as a backup for terrestrial networks in disaster situations across the Asia-Pacific region. The IPSTAR product and solution portfolio is designed to meet the precise needs of first responders and telecom operators in putting communication networks back on line in the event of natural or man-made disasters.

In fact, IPSTAR has served as the broadband communication backup of choice in the hours, days and weeks following many disasters in the region-offering first responders and telecom operators with communication services that the damaged terrestrial networks could no longer provide.

o Retail Market

Globally, the number of subscribers to satellite broadband is expected to grow from 1.5 million in 2011 to about 6 million in 2020 (Northern Sky Research, NSR), the majority of which will be retail consumers.

In the Asia-Pacific region, THAICOM4 (IPSTAR), the only high throughput satellite, has served retail customers since its launch in 2005. With steady economic and telecommunications growth in countries such as Thailand, Australia, New Zealand and Myanmar, the retail market is expected to continue to grow.

In 2012, Myanmar's economy grew by more than 20% as a result of its open country policy which boosted local and foreign investment. As a result of this growth, demand for Internet access is also increasing. In New Zealand, broadband internet access demand is also growing steadily at between 5-10%, and IPSTAR is being utilized to serve customers in rural areas which are un-served or underserved by other types of broadband.

1.3 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 & Strategy

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 standard 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), Ultra High Definition (Ultra HD), and 3D television will be the key drivers for the conventional satellite market in Asia Pacific in the next few years.

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 650 million subscribers in 2011. This is still only 65 % penetration of the market, compared to an 86.0% 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.

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 (SES, 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 in 2013

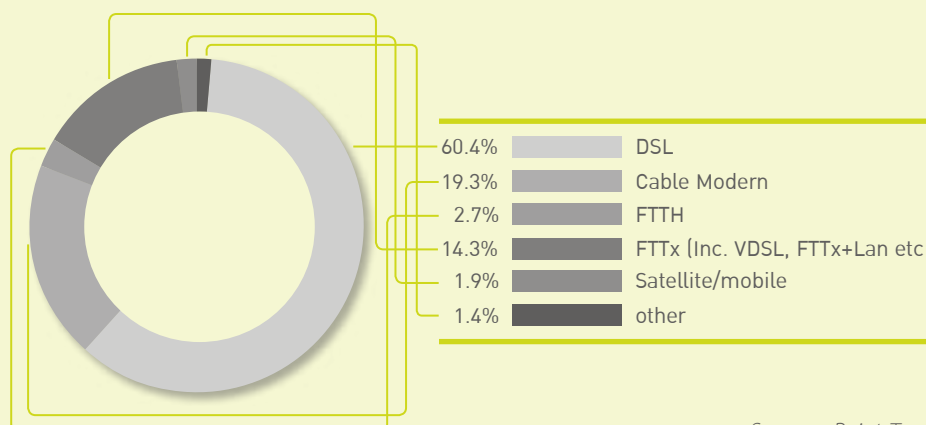
The Company's satellite positioned at the 78.5 degrees East orbital slot is known as a "Hotbird" satellite based on the number of subscribers or terrestrial antennas, and the number of channels on the platform. With the launch of Thaicom 6 in mid-2013 and its co-location with Thaicom 5 at 78.5 East, the Company will continue to promote the location as a "Hotbird" position. The Company's strong position at this orbital location

gives it a leadership position as Asia's leading satellite TV broadcaster. Within Thailand, approximately 14 million households have satellite or cable TV; of those, more than 11 million households receive their satellite broadcasts from Thaicom 5. Internationally, the Company is still ranked number one in terms of market share in Indochina. The Company's focus on the satellite TV market in 2012 resulted in exceptional growth for the year, with the number of channels increasing from 427 at the end of 2011 to 465 channels in 2012. Growth of Video Distribution for C-Band and Direct-to-Home (DTH) services for Ku-band are the key drivers for the coming year. Our main strategy is to develop a strong channel neighborhood by broadcasting premium channels. Thaicom has also deployed new technology, including MPEG-4/DVB-S2 and HDTV services to facilitate future demands. In the African market, Thaicom will focus on telecom applications, including mobile backhaul, VSAT, and internet trunking, by working with telecom partners, teleport partners and cable operators for video distribution.

IPSTAR/Broadband Satellite Industry Outlook

In the global broadband market, DSL is the most popular access technology although its market share dropped from 63.2% in Q1 2011 to 60.4% in Q1 2012, followed by Cable Modem and FTTH. Satellite and Mobile, as the primary home broadband connection, are putting on subscribers at an increasing rate having a market share of 1.9%. It is expected that consumers are churning from DSL to the higher bandwidth products where available and that the trend is accelerating. (Source: www.point-topic.com)

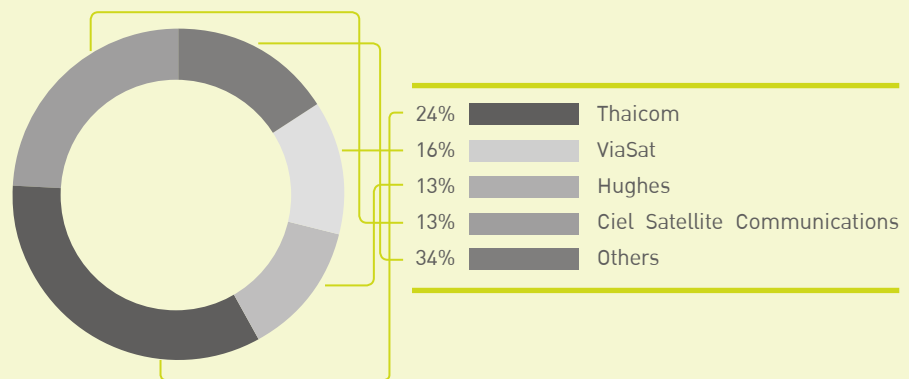
Broadband Line Market Shares - Q1 2012



Source : Point Topic

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

Global Market Share of Leased HTS Capacity, 2011



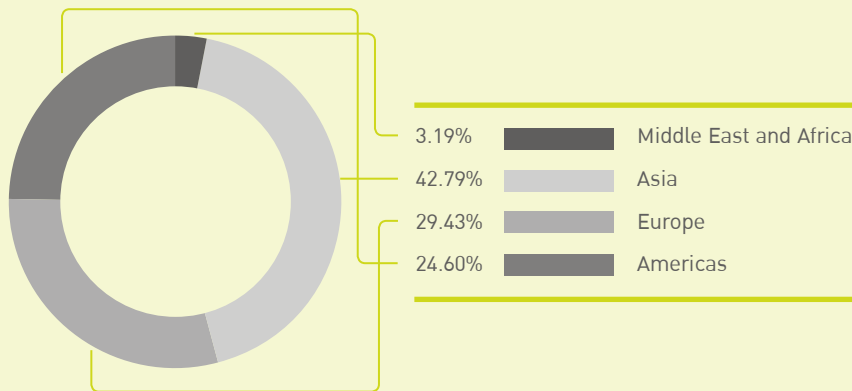
Source : NSR

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 the Philippines. These countries alone represent over 46% of the world's mobile phone subscribers.

By the end of Q1 2012, there were a total of 612.6 million broadband subscribers worldwide; this represents a 2.7% growth in the first quarter of 2012 and an 11.5% growth in the 12 months since Q1 2011. Accounting for 42.8% of the share of world broadband subscribers, Asia (including Asia-Pacific, South and East Asia) maintains the largest share followed by Europe (29.4%), America (24.6%) and the Middle East and Africa (3.2%). The number of broadband subscribers in the region has increased around 16% from Q1 2011 to 262.1 million subscribers in Q1 2012, led by the net addition of subscribers from China, Japan, India and Australia. (Source:www.point-topic.com)

Share of World Broadband Subscribers by Region in Q1 - 2012



Source: www.point-topic.com

Broadband access and enterprise data, backhaul services and VSAT networking, will continue to drive HTS capacity demand in Asia-Pacific in the coming years. In addition, the industry is looking forward to offloading 3G and 4G data-traffic using broadband satellite capacity.

Competition

Although Thaicom-4 (IPSTAR) satellite is the only broadband or HTS satellite in the region, there is competition from terrestrial and wireless network operators. In addition, other broadband satellites may come to the region in the future. However, the Company has differentiated itself from the competitors, and maintained good relations with customers and business partners to ensure customer satisfaction and win-win cooperation. In addition, the Company has a presence and landing rights in 13 countries in Asia-Pacific, which are the key success factors for providing broadband services in the region.

IPSTAR/Broadband Satellite Strategies in 2013

• Market Segmentation

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

- **Open Access Platform (OAP)**

THAICOM's IPSTAR Open Access Platform strategy allows satellite technology equipment vendors to access the THAICOM 4 broadband satellite to provide customers with flexibility in choosing the most appropriate solution for their specific requirements. THAICOM will be able to offer a complete solution to all market segments across Asia Pacific.

The Asia Pacific market is very diverse and requirements for satellite connectivity vary greatly from market to market. Hence, THAICOM wants customers to be able to choose world-class ground equipment technology, to be used in conjunction with our THAICOM 4 broadband satellite alongside IPSTAR's current ground system offering.

As a part of our Open Access Platform (OAP) strategy, 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.

- **Managed Services**

As of January 2012, THAICOM began to provide IPSTAR Managed Services to enterprise customers and multinational telecom operators. The service provides a one-stop shop for satellite networks on a turnkey basis aimed at corporate groups such as mining, oil and gas exploration, the retail industry, corporate banking, entertainment and broadcasting industry. An example of IPSTAR managed services delivered in 2012 is the turnkey solution provided to an entertainment company whom delivers digital contents to over 1,000 rural sites in Thailand by utilizing the DVB platform for broadcasting services with encryption.

In terms of enterprise networks, IPSTAR delivers fully managed VPN nationwide service that enables a seamless network by utilizing cost-effective satellite broadband technology at each of the customer branch locations. This service is suitable for corporate banking, gas stations, department stores and the franchise industry. In addition, IPSTAR Managed Service has undergone Proof of Concept testing with multinational telecom operators in order to deliver future enterprise networks on a region-wide scale to over 14 countries in the Asia Pacific region. THAICOM is therefore ready to deliver enterprise grade network services through local IPSTAR service providers and system integrators who are positioned to meet service requirements for any demanding VSAT application such as Virtual Private Network (VPN) and ERP application integration, Satellite News Gathering (SNG) and Digital Signage Solution.

2. Internet Access and Related Services

2.1 Internet Access Service by CS Loxinfo Public Company Limited

(See more details from CSL's 2012 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 100.0% owned by CSL. ADV provides internet software development and information & entertainment services via mobile phone.

(See more details of ADV from CSL's 2012 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

1) DTV Satellite Dish Sales Service

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 Service Plan:

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, and develop new applications to expand its customer base and customer satisfaction. An example of these new developments includes the HDTV box launched earlier in 2012, which allowed customers to view HD programs, and the development of a Hybrid box, which will allow customers to watch content from both satellite and internet sources. As part of its market-building activities, DTV will also provide training to its dealers covering installation and benefits of new devices.

2) 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.

3) 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.

Customers to be targeted for these services include: business organizations or government agencies, state enterprises including private units with nationwide branches, institutions, direct sales businesses or co-operatives where conferences, in-house training or seminars are held regularly, and various industrial sectors such as tourism, hotel, news agencies, TV stations or major program producers, etc.

Master Antenna TV Network Service

This service offers antenna network solutions to meet the needs of customers who live in buildings such as Hotels, Apartments or Condominiums. DTV can provide these services as a one-time investment by building owners, or as a monthly rental model.

4) 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

1) 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.

2) 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.

3) System Integration Service

Broadband Network 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.

Master Antenna TV Network Service:

There are some competitors in the market who provide TV channels via satellite similar to DTV's services, while other competitors provide TV channels via Cable TV networks. DTV will focus on new construction projects for condominiums & apartments and propose solutions to contractors utilizing our HDTV Box

4) 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.

Marketing and Sales

Marketing and sales can be divided into 2 groups as follows:

1. Direct Sales Group

This group comprises system integration services where the emphasis is on direct contact with customers to give product descriptions, gather customers' needs, or demonstrate the products. The majority of customers are organizations.

2. Sales through Distributors & Other modern trade

This group consists mainly of distributors of full DTV sets. Marketing activities are undertaken utilizing point of sale support. Mass Media is occasionally applied with incentives for distributors with big sales volume.

Description of Customers and Relationship between DTV and Its Customers

DTV Service

Customers consist of distributors of electrical appliance or satellite dishes including Modern Trade, end users, buildings and other organizations nationwide. Customers in this group receive such after sales services as service delivery, marketing support, and technical and logistical advice, including equipment repair service.

System Integration and Platform Services

Customers in this group include government agencies, state enterprises, and private organizations with branches nationwide or institutions, direct sales businesses where conferences, in-house training or seminars are regularly organized, including various industrial sectors such as the tourism or hotel segments.

Customers in this group can opt for annual or monthly contracts, or for pay-per-service contracts.

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.

¹ DTV was also granted a 5-year license to provide Type I Telecom services from 2010 to 2015.

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.

**9 January, 2013, Mfone filed for insolvency with the Cambodian Authorities.*

3.2 Lao Telecommunications Co., Ltd. (“LTC”)

Nature of products or services

1) Nature of Service:

LTC has been granted a license to operate telecommunication services in Laos as follows:

- ❑ Digital Phone Service (GSM 900/1800,WCDMA 2100)
- ❑ Public Switched Telephone Network (PSTN)
- ❑ CDMA-450 Wireless Local Loop 20001X
- ❑ Public Telephone
- ❑ Broadband internet, HSPA, 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

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

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



Marketing Conditions and Competition

Industry and Competitive Status

LTC's exclusivity rights expired in 2001. There are currently 3 fixed-line operators in Laos, namely LTC, ETL, and LAT (Star Telecom); 4 cellular phone operators, namely LTC, ETL, BEELINE and STAR TELECOM. LTC's market share ranks top while UNITEL ranks second and ETL ranks third. ETL is 100% owned by the Government, while LAT is a JV between the Government & Viettel. BEELINE is a Russian-owned private company. The five major Internet service providers are LTC, ETL, Planet Online, UNITEL and BEELINE with LTC holding 50% 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 2012.

After the Ministry of Post, Telecommunication and Communication (MPTC) announced tariff controls for telecom services, disallowing operators to give free airtime, LTC has increased its average revenue per unit (ARPU) steadily in this year. In the 3rd quarter, MPTC announced that all mobile prepaid subscribers have to register for using the service. Most

customers who held multi-SIM cards churned out and kept only their regular post-paid number. This churn has resulted in a mobile market size reduction to 2.7 million subscribers (*revenue generating subscriber only*).

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 (Customer Relationship Management) and PRM (Partner Relationship Management) 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 focused its marketing activities on specific customer segments while promoting a single brand, MPHONE. Localized marketing campaigns offer service packages tailor-made to customer lifestyles; other activities are aimed at new target groups such as teenagers under 14 years old, entrepreneurs and organizations. LTC has also focussed on increasing data service usage and the improvement of internet network services to support corporate customers who need high-speed internet, and home internet services through leased line and fibre to the home (FTTH) technology. By combining these services and by implementing a business support system, LTC continues to provide its customers with quality services and maintains its top rank in market share.

Social Responsibility

LTC has implemented a Corporate Social Responsibility (CSR) program that aims to share the responsibility of economic, social and community development throughout the country. Activities under the CSR program include contribution of medical equipment to hospitals, construction of schools, giving support to talented students and youths, assisting those suffering from natural disasters, and participating in and providing support to conferences organized by the private sector. LTC has been recognized for its achievements and been awarded with medals of distinction for 3 consecutive years by the Government of Laos for its outstanding management. LTC also received the Gold Elephant Award as the Outstanding Firm of the Year from the Trade Council of the Lao People's Democratic Republic.

Description of Customers and Relationship with Customers

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

Business Privileges and Restrictions

LTC is a joint venture with a 25-year license from the Joint Venture Agreement for Telecommunications Business Operation in the Lao People's Democratic Republic from 1996 to 2021. Under the joint venture contract, at the expiration of the 25-year term, Shenington Investments Pte., Ltd., is required to transfer all of its shares in LTC to the Government of Laos without any charges or compensation. In 2012, LTC did not announce a dividend payment to shareholders for LTC's 2011 performance. Over the last 15 years, LTC has announced dividend payment to shareholders to the tune of US\$119 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 2012 Annual Registration Statement (Form 56-1) available for download at www.sec.or.th)

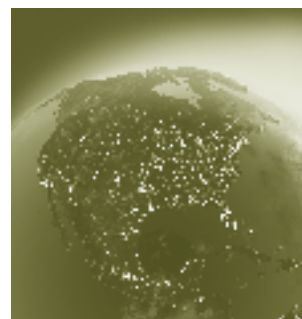
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The Company is aware of the potential risks of satellites in geo-stationary orbit; therefore, it minimizes such risks by fully insuring the Thaicom satellites.

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Risk Factors



The Company's business operations are 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 on risk factors stated herein including other risks currently unknown to the Company or risks presently viewed by the Company as not materially affecting the Company's business 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 may affect the Company's ability to repurchase the debentures, which 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 2012 Annual Registration Statement (Form 56-1) 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 discussed 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.

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

Project Insured Value

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

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

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

The changes in the satellite technology which is currently in use takes a long time to develop, therefore the Company is able to follow these developments closely, and select the best, most suitable and reliable technologies and equipment to establish competitive services in the market, as the reliability of the satellite is considered to be a crucial factor in the satellite service business.

In the area of broadcasting and telecommunications services, the Company has closely followed technological developments, and has considered the use of high-quality technologies in order to improve service efficiency.

For broadband satellite technology, the Company's open platform policy allows satellite technology equipment produced by other vendors to access the THAICOM 4 broadband satellite services. This open access provides customers with flexibility in choosing the most appropriate solution for their specific requirements. However, the Company has screened and verified the systems and equipment of other vendors to ensure that they provide highly efficient and reliable service.

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.

Thaicom's satellite engineers regularly calculate the remaining service lives of our satellites. If a satellite nears its end of service life, the responsible departments will be informed, and plans for a replacement satellite will be drawn up based on careful study of budget requirements, the source of financing, and the return on investment. Additionally, to mitigate the risk from shorter satellite service life, the Company has initiated risk mitigation actions as described in 'Operating Risk' below, and 'satellite insurance' above.

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

Operating risk

Satellite operation 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.

Business Disruption

The Company is aware of the importance of providing uninterrupted service. To this end, the Company has established a Business Continuity Management Committee to assess risks which could cause a disruption in services, and to create contingency plans to mitigate or retire such risks and minimize the impact. The risk evaluation and control plan will be reviewed regularly by the management.

As part of its physical risk reduction activities, the Company has created a back-up site for its main satellite control station to improve reliability in case the main site experiences problems and can not be operated.

Due to the floods experienced in late 2011, the Company invested in extensive flood prevention measures. Flood barriers and retention walls have been reinforced and/or constructed around the satellite control and uplink stations to protect the facilities from flooding. The facilities have also been equipped with water pumps where needed.

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 to have 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 cannot function, or become partially damaged and cannot 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 new satellite depends on the complexity and size of the satellite, and can range from between 24 – 30 months.

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.

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

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

Legal and regulatory 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.

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



The Company strictly abides by the laws, regulations, rules, government policies or international agreements in countries where it operates. Whenever necessary, the Company hires and consults law firms in those countries where it operates to ensure proper legal compliance and advice.

Potential loss of major customers

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

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

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

Marketing risk

The Company expects minimum risks from the conventional satellite business. Thaicom 5 satellite is currently fully utilized while there is a high demand for broadcast services in the region. As a result, 38% of Thaicom 6 capacity has already been reserved as of the end of year 2012. The Company expects to see more reservation of Thaicom 6 and Thaicom 7 capacity in 2013.

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

Competition from other satellite operators and terrestrial network operators

The Company is the only satellite service operator in Thailand at present, while Thaicom 4 (IPSTAR) is currently the only broadband satellite in Asia-Pacific. The Thai authority may grant similar licenses to other satellite operators for providing satellite services in Thailand. The major satellite competitors in the region include AsiaSat, Intelsat, Apstar, SES Astra, ABS and Measat. Some of these competitors have larger footprint coverage areas and greater sources of funds than the Company. Moreover, there may be another broadband

satellite coming into the region in the future. These factors will cause competition to increase and may lead to a price war in satellite services.

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

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 for the operation of domestic communication satellite may have to be approved by the Cabinet or it may have been considered void. The Company may be accused of breaching the Agreement for the Operation of Domestic Communication Satellite prior to the amendment and MICT has requested the opinion of the Juridical Council (the Council of State) on this issue. 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 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 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 taking 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 Coordinating 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, and the Company is continuing its coordination with the MICT on this issue.

The Issue of the Thaicom 3's Insurance Proceeds:

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

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

The Supreme Court gave its decision on February 26, 2010, noting that the use by the Company of part of the insurance proceeds in the amount of US\$ 6.7 million to lease transponder capacities from foreign satellite operators to provide service to customers prior to the acquisition of Thaicom 5 was not in compliance with the Agreement. MICT requested the opinion of the Coordinating Committee which recommended that MICT should notify the Company to return the said insurance proceeds (US\$ 6.7 million) to MICT and if the Company would like to utilize the said amount for the acquisition of Thaicom 5 as replacement of Thaicom 3, which had become a total loss and had already been de-orbited, the Company should submit such request to MICT.

On March 1, 2011, the Ministry notified the Company in writing that the Company is required to comply with the recommendation of the Coordinating Committee. On March 14, 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, and the Company is continuing to coordinate with the MICT on this issue.

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 INTOUCH'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 Coordinating Committee for consideration and the Coordinating 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 INTOUCH Corporation's shareholding in the Company from not less than 51.0% to not less than 40.0% 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 Coordinating 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 Coordinating 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. At present the matter is still pending with the MICT and the Company continues to coordinate with the MICT on this issue.

Risk on litigation to which the Company is not a party but may result in a revocation of the Agreement for the Operation of Domestic Communication Satellite.

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

On April 28, 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 B.E.2542 (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.

1.4 Financial Risks

Risk from currency exchange rate fluctuations

Since THAICOM offers both domestic and international satellite communications services, 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, which will affect its cash flows. In 2012, the proportion of revenue based on foreign currency is at 89% 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. The Company has closely monitored the driving factors that impact the shifting exchange rates, and after careful and detailed analysis, the most appropriate financial instrument has been selected to mitigate the effect of the exchange rate fluctuations and to reduce the risk from currency exchange rate fluctuations.

As of December 31, 2012, the THAICOM group of companies has total assets and debts in foreign currency of Baht 1,310.3 million and Baht 3,791.5 million respectively. The Company recorded gains on foreign exchange of Baht 19.6 million in 2012, most of which were unrealized.

Risk from the effects of the economic slowdown

The global economic slowdown may cause a decrease in customers’ demand for satellite services, which may impact the company and lead it to miss its operating performance targets. The uncertain global economic conditions may also affect the liquidity of money markets and the capital markets, and as a result, affect the cost 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 relevant government agencies 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 Credit Collection Policy to control customer payments.

Risk from Interest rate fluctuations

On November 6, 2012, THAICOM redeemed its 3-year debentures in the total amount of Baht 3,300 million. As of December 31, 2012, the Company had Baht 3,700 million worth of outstanding debentures with a fixed interest rate, due in late 2014. The Company also had a long-term, floating interest rate bank loan for the Thaicom 6 Project.

As of December 31, 2012, 48% of Thaicom Plc and its subsidiaries' borrowings are floating interest loans. The Company's proportion of floating interest rate loans will increase in 2013 when it withdraws the remaining amount for the Thaicom 6 project.

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 efficiently 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 debenture

As of December 31, 2012, Thaicom Plc had outstanding debentures of Baht 3,700 million. The company has to comply with the terms and conditions of the debentures. In addition, the Company and its subsidiaries also have borrowings from banks, thus the company and its subsidiaries also have to comply with a number of covenants in the loan agreements.

The breach of the terms and conditions of the debenture as well as the covenants of the loan will be considered as a default, and the Lenders have the right to accelerate the repayment. Therefore, the breach of covenants may adversely affect 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 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.

The Company has also implemented a management succession plan and invoked talent management programs to prepare future leaders for its business.

Risk as a result of the use of information technology

Information technology continues to grow and change rapidly, with new innovations being developed and implemented constantly. The Company must adjust itself to cope with this rapid change, paving the way for Company IT users to be satisfied with the new technology, and to reduce its cost. Since the Company's business covers the Asia-Pacific region with subsidiaries, representatives and trading partners in many countries using the Company's computer system via internet network, the Company, in essence, exposes itself to risks if its computers and IT data receive threats. This can be detrimental to Company business.

In view of this risk exposure, the Company set up a committee to manage IT risks. The committee is responsible for prescribing guidelines, policies and the process in risk assessment and management. The committee is to annually review the adequacy of the policy and associated IT risk management. IT risks are ranked in terms of severity while establishing the means and strategy to manage risks in order to lower risks to an acceptable level at an appropriate cost. The prescriptions of policy and regulations are in place to govern the use of IT in such a way as to reduce risks from possible threat. There are clear policies to continually impart knowledge to IT users to use the technology with maximum safety and effectiveness. Steps are taken to ensure strict adherence to applicable law on the basis of due rights of privacy of IT users and accurate IT data and to enable IT users to use the technology with efficiency. Company Directors, the Audit Committee and the Company's management team receive regular reports on IT policy, risk status and preventative measures being taken. The Company also has a complete back-up of its IT 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, and a responsible unit has been established to regularly monitor compliance with the mentioned policies.

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

Risk involving frequency allocation for mobile business operation

In providing mobile business service, the Company requires communications frequency allocation from concerned government agencies. Since a frequency has a limited capacity to cater service users, the frequency allocation will influence the expansion of 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 a 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 a telephone communications business which includes 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. In the Lao PDR, after the Ministry of Post, Telecommunication and Communication (MPTC) announced controls on tariffs for telecom services and disallowed operators from giving free airtime, all operators focused on quality of service to maintain their subscriber base and try to increase their market share. Adequately equipped with a testing and monitoring process for the network and computer systems and equipment, including a business support system 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 operations of telephone communications services

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 Laos has 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 relevant to laws, regulations and government policies may adversely affect the Company's income and business operations as well as future growth. Changes in rules governing the granting of operating licenses, or frequency allocation, etc., may affect the Company's performance, but it can not be predicted if those changes will be positive or negative for the Company. 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.

Risks relevant to market situation and competition

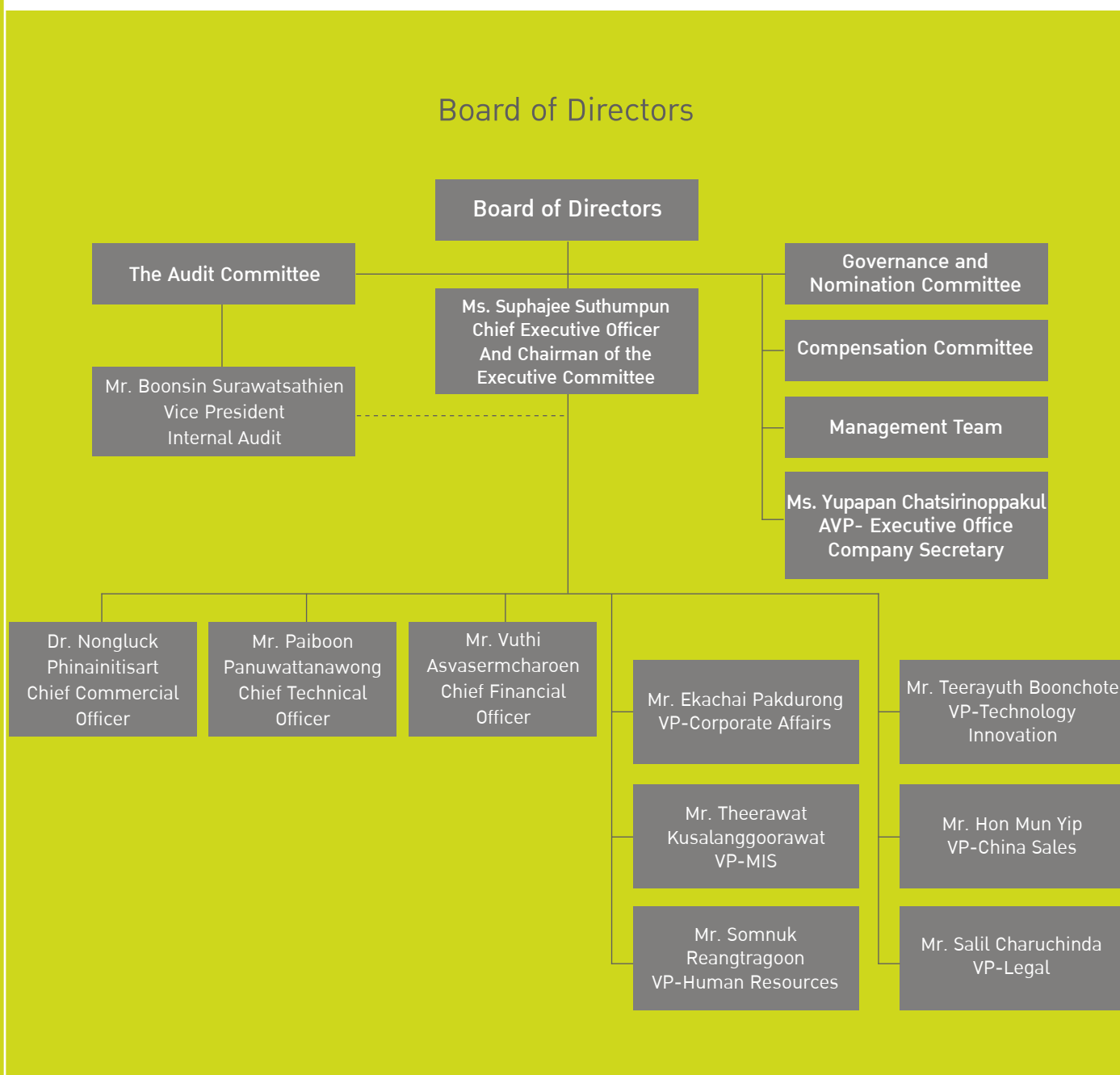
The Company provides telephone communications services in the Lao PDR. The number of telephone subscribers is relatively low when compared with the total population of the country. This has provided an opportunity for telephone communications businesses to create new subscribers. The economy of the Lao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

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

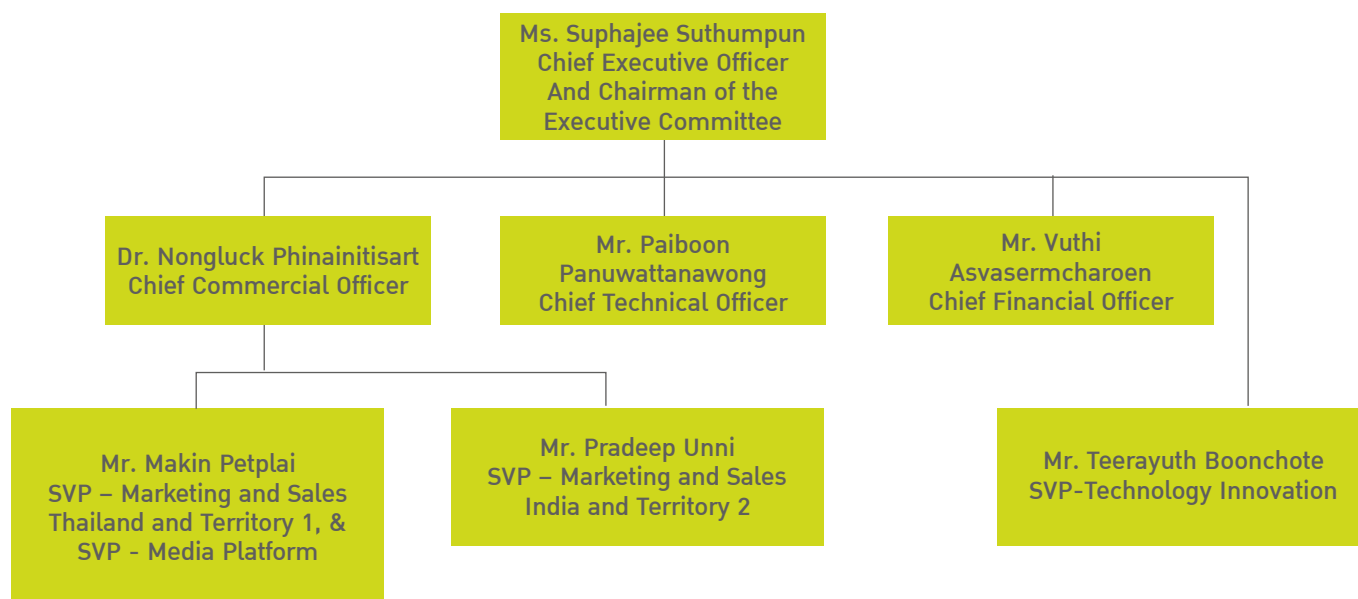
Risk relevant to contract renewals for provision of telecommunications services in the Lao PDR

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

Company Management Structure



Top Level Management



Company Board of Directors

Names of Directors	Title
1. Mr. Paron Israsena	Chairman and Independent Director
2. Prof. Hiran Radeesri	Director, Chairman of the Audit Committee and Independent Director
3. Mrs. Charintorn Vongspootorn	Director, Member of Audit Committee and Independent Director
4. Assoc. Prof. Samrieng Mekkiengkrai	Director, Member of Audit Committee and Independent Director
5. Mr. Chaian Peungkiartipairoj ¹⁾	Director
6. Mr. Somprasong Boonyachai	Director
7. Ms. Suphajee Suthumpun	Director, Chief Executive Officer and Chairman of Executive Committee
8. Mr. Yong Lum Sung	Director and Member of Executive Committee
9. Mr. Anek Pana-apichon	Director and Member of Executive Committee

Note:

¹⁾ Was appointed as a Director on 29 March, 2012, and registered of change of director at the Ministry of Commerce on 11 April, 2012.

Additionally, Ms. Yupapan Chatsirinoppakul was appointed as the Company Secretary on 12 November, 2012

Authorized Directors

The directors authorized to enter into contractual agreements for the Company are Mr. Somprasong Boonyachai and Ms. Suphajee Suthumpun who must jointly sign their names with the Company's seal affixed.

Definition of Independent Director

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. 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;
2. Is not or has never 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. The above restrictions do not apply to the appointment of an independent director who was a Government official or civil servant or consultant to a Government entity which was a major shareholder in the Company or which had a control over the Company;
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;
4. Does not have 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 never 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;
5. Is not or has never 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;
6. Is not or has never 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;

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;
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;
9. Has no characteristics which make him/her incapable of expressing independent opinions with regard to the Company's business.

After having been appointed as Independent Director with qualifications complying with the criteria under 1 to 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.

Leadership and Vision of the Board of Directors

The Board of Directors as a representative of the shareholders has the duty to oversee that the management 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 perform its 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 and clearly identified the segregation of duties and responsibilities among the Board of Directors, the Audit Committee, the sub-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 of the Board of Directors

The Board of Directors has the following duties and responsibilities:

- To establish the policies and assign the business direction for the Company and its subsidiaries including exercising authority over management to assure operating efficiency and effectiveness in order to maximize benefit to shareholders and continuous improvement;
- To consider and decide on significant issues related to the business operations of the Company and subsidiaries, such as business policies, business plans, asset acquisition and disposal, project investments, levels of authority and other issues as required by law;
- To monitor the performance of management in terms of efficiency for the best interest of the Company and its 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 occurs, and to review related party transactions;
- To ensure business operations are in accordance with good corporate governance and ethics guidelines;

- 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.

Selecting and Appointing the Board of Directors

The Company has appointed the Governance and Nomination Committee to select qualified persons who may be presented to the Board of Directors for initial approval, before approval is sought at the Shareholders meeting. The Governance and Nomination Committee may use the following methods to select qualified persons:

1. The Board of Directors may propose a candidate
2. An external consultant may be used to pre-select qualified candidates
3. The Company Secretary will present the list of qualified candidates as per the qualifications identified by the Securities and Exchange Commission, the Stock Exchange of Thailand and the Thai Institute of Directors (IOD) Chartered Directors guidelines
4. Allow minority shareholders to propose a qualified person through the Company's website

On 8 February, 2013, the Company notified the Stock Exchange of Thailand that at the expiration of the period for proposing directors by minority shareholders, no proposals had been received from shareholders in keeping with the rules and regulations specified in the Articles of Association of the Company as follows:

1. 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.
2. At the Annual General Meeting of Shareholders, Directors should be chosen in the following manners:
 - 2.1 Each shareholder shall have a number of votes equal to the number of shares held.
 - 2.2 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 allocate his/her votes in different numbers to different persons.
 - 2.3 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 directorships are filled. When there is a tie in the votes cast for candidates in descending order are tied, which would otherwise cause the number of directors exceed the limit, the Chairman is entitled to casting the deciding vote.
3. In case of vacancy or vacancies 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 is not subject to 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.

Sub-Committees

The Company's Board of directors has appointed four sub-committees as follows: Audit Committee, Compensation Committee, Governance and Nomination Committee, and Executive Committee. These committees serve to assist the Board of Directors in reviewing the Company's operations and to provide recommendations to the Board of Directors. The duties and responsibilities of the Committees have been set out as follows:

Audit Committee

The Audit Committee consists of 3 independent directors who all of whom meet the criteria set out by the Securities and Exchange Commission or the Stock Exchange of Thailand

Members	Position
1. Prof. Hiran Radeesri	Chairman of the Audit Committee and Independent Director
2. Mrs. Charintorn Vongsbootorn	Member of Audit Committee and Independent Director
3. Assoc. Prof. Samrieng Mekkiengkrai	Member of Audit Committee and Independent Director

Professor Hiran Radeesri and Mrs. Charintorn Vongsbootorn have the prerequisite knowledge and experience to review and audit the Company's financial statements. The Audit Committee performs its duties in accordance to the regularly reviewed and updated regulations set forth below:

- 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 consider the disclosure of Company information in cases where conflicts of interest may be questionable, and to ensure complete and correct reporting;
- To assure that the company has appropriate and effective risk management processes;
- Implement a process to receive information from employees on illegal activities or questionable entries in the Company's balance sheets and accounts
- Review and has overview of improvement of internal control systems on the preparation of the Company's financial reports to ensure accuracy
- 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 the 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 management fails to take corrective action within a reasonable period of time;

- In case the auditor discovers any suspicious activities or irregularities performed by a director, manager or any person responsible for the operation of the Company, the Auditor will report to the Audit Committee and the Audit Committee will investigate such activities 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 Audit Committee shall perform a performance self-evaluation and present the results of that evaluation to the Company's Board of Directors
- Members of the Audit Committee should undergo continuing training and education related to the duties and responsibilities of the Audit Committee to ensure that its members are up to date on the latest corporate governance issues, rules, and regulations.

Compensation Committee

The Compensation Sub-Committee shall consist of three members, including the Committee Chairman and two additional committee members. The Committee Chairman and one other member must be independent directors, while the third member of the committee must not be a member of the Company's management.

Members	Position
1. Mrs. Charintorn Vongspootorn	Chairman of the Committee
2. Assoc. Prof.Samrieng Mekkiengkrai	Member
3. Mr. Somprasong Boonyachai	Member

Committee Members resigned in 2012:

Mr. Paron Israsena.

On 22 March, 2012, Mr. Paron Israsena resigned as the Chairman of the Compensation Committee in keeping with Good Corporate Governance guidelines which state that the Chairman of the Company's Board of Directors should not hold any position on Company sub-committees. The Board of Directors appointed Mrs. Charintorn Vongspootorn as the Chairman of the Committee to replace Mr. Paron Israsena, and the Board also appointed Associate Professor Samrieng Mekkiengkrai, an independent director, as a member of the Compensation Committee.

The Compensation 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
- 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;
- Should there be a proposal to sell new shares (or Company Warrants) to members of the Board, Management or employees of the Company, the Compensation Committee should review the guidelines for such a scheme to ensure that they are suitable and sufficiently attractive to serve as an incentive for management and employees to do their best to create added value for the Company's shareholders over the long-term, and to ensure that the scheme is of sufficient interest to entice top performers to remain with the Company, while at the same time, the scheme must be fair for shareholders. Additionally, a member of the management team or a Company employee should be awarded more than 5% of the total number of shares or warrants to be made available, the Compensation Committee must judge as to whether such an award is justified and must agree with the decision. In any case, no member of the Compensation Committee may vote on the issue if such member stands to gain more than 5% of the allotted warrants or shares.
- Prescribe criteria and policy for determining the remuneration of the Board 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;
- Report on the work performed over the past year in accordance with this policy to the Company's shareholders in the Company's annual report, or answer questions from shareholders at the annual general shareholders meeting
- 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.

Governance and Nomination Committee

The Governance and Nomination Committee is composed of three members. The Chairman of the Committee and one other member must be independent directors, while the third member may not be a member of the Company's Management team.

Members	Position
1. Mrs. Charintorn Vongsbootorn	Chairman of the Committee
2. Assoc. Prof. Samrieng Mekkiengkrai	Member
3. Mr. Somprasong Boonyachai	Member

Committee Members resigned in 2012:

Mr. Paron Israsena.

On 22 March, 2012, Mr. Paron Israsena resigned as the Chairman of the Governance and Nomination Committee in keeping with Good Corporate Governance guidelines which state that the Chairman of the Company's Board of Directors should not hold any position on Company sub-committees. The Board of Directors appointed Mrs. Charintorn Vongsbootorn as the Chairman of the Committee to replace Mr. Paron Israsena, and the Board also appointed Associate Professor Samrieng Mekkiengkrai, an independent director, as a member of the Governance and Nomination Committee.

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 consideration of the Board of Directors
- 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 chairmen of the Board's committees 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 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.

Company Executive Committee

The Company's Executive Committee consists of five members including: Chief Executive Officer and Chairman of the Executive Committee, and four other directors, all of whom have the necessary qualifications as set out by the Company's Board of Directors.

Member	Position
1. Suphajee Suthumpun	Chief Executive Officer and Chairman of the Executive Committee
2. Mr. Yong Lum Sung	Director
3. Dr. nongluck Phinainitisart	Director
4. Mr. Paiboon Panuwattanawong	Director
5. Mr. Anek Pana-apichon	Director

The Executive Committee has the following duties and responsibilities:

- Formulate the Company's strategic direction, management structure, and annual business plan and budget for the Board of Directors' 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 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 transactions related to the Company's business within the limits of 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 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 and its other committees, conducted under the oversight of the Governance and Nomination Sub-Committee;
- Take any other action or assume any other powers and responsibilities that may from time to time be assigned or delegated to the Committee by the Board 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 tax payments that are not import taxes, satellite insurance premium payments, and revenue sharing payments that are part of the Company's operating contracts, borrowings and early repayments, lending, credit line facilities, debt instrument offerings, guarantees, loans or credit guarantees, money deposits and withdrawal, and foreign exchange and interest rate risk hedging instruments. The limits on its authority to approve these issues per each transaction are set at Baht 1 billion and Baht 800 million, respectively. However, in the acquisition or sale of 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 policies or criteria approved by the Board of directors.

Company Management

As at 31 December, 2012, the Company's 4-level management as described by the Securities and Exchange Commission consisted of the following 7 people:

1. Suphajee Suthumpun	Chief Executive Officer and Chairman of the Executive Committee
2. Dr. Nongluck Phinainitisart	Chief Commercial Officer
3. Mr. Paiboon Panuwattanawong	Chief Technical Officer
4. Mr. Vuthi Asvasermcharoen	Chief Financial Officer
5. Mr. Teerayuth Boonchote	Senior Vice President - Technology Innovation
6. Mr. Makin Petplai	Senior Vice President - Marketing and Sales Thailand and Territory 1, and Senior Vice President - Media Platform
7. Mr. Pradeep Unni	Senior Vice President - Marketing and Sales India and Territory 2

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 200 million. This includes general expenses in normal business operations. In project investment, capital asset or fixed asset investments, the Chief Executive has the authority to approve financial transactions up to Baht 100 million. Exceptions to this are transactions of payments of revenue shares as stipulated in the company's operating contracts, borrowings and early repayments, 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 800 million and Baht 500 million, respectively. In acquiring or selling assets, or any financial aid to related companies, the process must be in accordance with the rules and regulations as prescribed in the Announcement of the Stock Exchange of Thailand.

Company Secretary

The Company's Board of Directors approved the appointment of a Company Secretary on 13 August, 2008. Ms. Yupapan Chatsirinoppakun was appointed Company Secretary on 12 November, 2012.

The Company Secretary reports to the Board of Directors, sub-committees and management as part of her duties as related to Board meetings, shareholders meetings, and the provision of support in monitoring the Company's adherence to good corporate governance guidelines. Additionally, the Company Secretary has the following responsibilities:

1. Organize and arrange the meetings of the Board of Directors and other Committees as established in accordance with the law, Company Articles of Association and the rules and governance guidelines of the Board of Directors and other committees
2. Inform the management team of the Board of Directors and shareholders' decisions and policies
3. Provide information and basic suggestions to the Board of Directors in line with the Company's regulations and corporate governance guidelines
4. Disclose information and present reports related to the Company Secretary's areas of responsibility to related authorities
5. Arrange shareholders meetings
6. Communicate with shareholders to inform them of their rights as a shareholder
7. Provide information and news to the Board of Directors on events related to the Company's operations
8. Provide an introductory information session for newly appointed directors
9. Serve an administrative function for the Board of Directors

Directors and Management Compensation

Directors Compensation

At the Annual General Meeting of Shareholders on 29 March, 2012, the Company's shareholders approved total compensation for the Chairman of the Board of Directors, External Directors

who are not employees or part of the Company's Management or of the Shareholders in the Company, of no more than Baht 12 million. The compensation is broken down as follows:

- Monthly allowance, meeting allowance, and annual bonus for the Chairman of the Board of Directors set at Baht 150,000 per month
- External Directors will receive monthly compensation of Baht 25,000
- External Director who is also the Chairman of the Audit Committee will receive additional monthly compensation of Baht 25,000
- External Directors who are also the Chairmen of the Compensation Committee, the Governance and Nomination Committee and the Executive Committee will receive additional monthly compensation of Baht 10,000
- Meeting allowances for External Directors who are Chairmen of the Sub-Committees and Directors of the Sub-Committees will receive a meeting allowance of Baht 25,000 for each meeting of their respective committees attended
- Directors who are employees or part of the Management of the Company or of the Company's shareholders will not receive any allowance for their duties as directors on the Board of Directors or Committees
- The Chairman of the Board of Directors will not receive a meeting allowance for any Board meetings or committee meetings, neither will the Chairman receive any monthly compensation for duties as the Chairman of any of the Committees

Directors' Compensation Policy for 2012

Director	Financial Compensation in 2012 (Baht)		
	Monthly Allowance	Meeting Allowance	Annual Bonus
Board of Directors			
Chairman	150,000	×	✓
Directors	25,000	25,000	✓
Audit Committee			
Chairman	25,000	25,000	✓
Directors	×	25,000	✓
Governance and Nomination Committee			
Chairman	10,000	25,000	
Directors	×	25,000	
Compensation Committee			
Chairman	10,000	25,000	✓
Directors	×	25,000	✓
Executive Committee			
Chairman	10,000	25,000	✓
Directors	×	25,000	✓

In 2012, the total financial compensation for the Chairman, Independent Directors, Non-Management Directors and a representative Director from the Ministry of Information and Communication Technology was Baht 9,470,000, which consisted of monthly allowances and meeting allowances. The Directors who represented Intouch Corporation and Directors who are members of the Company's management did not receive any compensation for their duties on the committees. Compensation paid to individuals can be broken down as follows in Thai Baht:

Unit: Baht

Members of The Board	Annual bonus	Monthly Allowance and Meeting Allowance						Total Compensation
		Board of Directors	Audit Committee	Compensation Committee	Governance and Nomination Committee	Executive Committee	Meeting Allowance for non-management directors	
Mr. Paron Israsena	400,000	1,800,000						2,200,000
Prof. Hiran Radeesri	600,000	550,000	675,000				25,000	1,850,000
Mrs. Charintorn Vongsbootorn	500,000	550,000	375,000	190,000	165,000		25,000	1,805,000
Assoc. Prof. Samrieng Mekkiengkrai	500,000	550,000	375,000	25,000	25,000		25,000	1,500,000
Mr. Chaiyan Peungkiartipairoj*	380,000	350,000						730,000
Mr. Yong Lum Sung	460,000	550,000				375,000		1,385,000
Total								9,470,000

* Was appointed a member of the board on 29 March, 2012, with the official notification on the change of directors filed with the Ministry of Commerce on 11 April, 2012

Management Compensation

In 2012, the Management remuneration was composed of salary, bonus, provident fund, and other fringe benefits for a total sum of Baht 56.76 million. Such remuneration is based on the business performance of the Company and the performance of each executive. Management in this sense is defined as the members of the Executive Committee and as described by the Securities and Exchange Commission.

Corporate Governance

Corporate Governance Policy

The Board of Directors believes that the Principles of Good Corporate Governance are essential factors in maximizing long-term earnings for stakeholders. The Board of Directors therefore prescribed and approved the Company's Corporate Governance Policy to promote transparency in the management of business affairs, and to protect the rights of minority shareholders and other stakeholders, while also encouraging them to participate in the supervision of the management of the Company's affairs. The Policy also aims to ensure proper management of risks to ensure the stability and security of the Company's business. At the same time, the Policy describes the Company's business philosophy and ethics, and takes into account the Company's social responsibility in the conduct of its business. The Company's first Corporate Governance Policy was implemented on 12 November 2002, with the latest revision occurring on 25 March, 2012. The Policy is reviewed and revised on an annual basis to ensure that it is in accordance with the rapidly changing social, economic, political and environmental conditions of today's world, and to ensure that it is in line with the Corporate governance guidelines of the AEC.

Corporate Governance Awards

The Company was awarded the Board of The Year Award for 2010/2011 by the Thai Institute of Directors. The award is presented to the Board of Directors of publicly listed companies in Thailand in recognition of excellence in the area of Corporate Governance.

Additionally, in the annual rankings on corporate governance for 2012 for companies listed on the Stock Exchange of Thailand, Thaicom's average score was higher than the average score for all 513 companies surveyed, and was also higher than the average scores attained by all 37 companies in the technology sector, the 100 companies that make up the SET100, and the 92 companies with a Market Capitalization of between 3 - 9 billion Baht.

Compliance with the Corporate Governance Policy

In 2012, the Board of Directors closely adhered to the guidelines provided by the Corporate Governance policy in performing the various duties with which it was tasked to ensure maximum benefits and returns to the Company's shareholders and other stakeholders. The activities undertaken can be divided into the following 5 categories:

The Rights and Equitable Treatment of Shareholders and other Stakeholders

1. The Rights and Equitable Treatment of Shareholders

The Company respects the rights of shareholders, and has a duty to protect the benefits of every shareholder equitably, regardless of whether they are a retail, foreign, institutional, or wholesale investor. Every shareholder shall have the following rights:

- i. Right to receive the share certificates, transfer shares, and acknowledge the information about operating performance and business policy in a regular and timely manner;
- ii. Right to receive a share of profits in the form of a dividend at a ratio in keeping with the shareholding percentage of that individual;
- iii. Right to appoint directors at shareholders meetings;
- iv. Right to attend shareholders' meetings, express his/her opinions, give recommendations, and be involved in decision making for significant changes;
- v. Other rights as prescribed by law and the Company's Articles of Association.

At the Company's Annual General Meeting of shareholders on 29 March, 2012, the Company allowed shareholders to participate in the decision making process on the following items:

- 1.1 The opportunity to propose items for inclusion on the meeting's agenda in advance of the meeting, between October and December, 2011. Invitations and notifications were delivered to shareholders through the Stock Exchange of Thailand's news portal as well as the Company's own website at: www.thaicom.net
- 1.2 In the Shareholders meeting, every shareholder has equal rights to acknowledge the information, give opinions, and make queries in relation to the relevant agenda items under discussion. The Chairman of the meeting shall allocate an appropriate period of time for discussion and promote the expression of opinions within the meeting. Shareholders will receive the necessary information and the Meeting Agenda in advance, both by post and via the Company's website.
- 1.3 The Company attached the Proxy Form which may be used by shareholders to vote on the various agenda items, to the shareholder meeting invitation. By providing the Proxy Form to shareholders in advance, shareholders who are not able to attend the meeting in person can return their proxy votes to an Independent Director or other person to ensure that their votes are included on the various agenda items. This information was also provided on the Company's website.
- 1.4 At every shareholder meeting, at least one Independent Director is appointed by the Company as a proxy for shareholders who cannot attend the meeting. All shareholders are informed of this proxy's identity in the meeting invitation sent to shareholders prior to the meeting. The Independent Director acts as a proxy and votes on behalf of shareholders who cannot attend in person. The Company accommodates this person's activities to ensure efficiency, and also encourages shareholders to ask questions of the Board of Directors and Management on issues related to the agenda items. To facilitate this process, shareholders can submit their questions in advance to the Independent Director. These questions will be forwarded to the Company's management, or the office responsible for organizing the meeting, so that the

necessary information may be gathered to answer the questions. The questions asked and the answers are duly recorded in the minutes of the shareholders meetings.

- 1.5 The Compensation scheme for the Company's Directors is presented annually at the shareholders meeting for approval, and includes a clear explanation of the scheme's details.
- 1.6 The Company has a policy to conduct shareholders meetings according to the laws and guidelines prepared by regulatory authorities. In 2012, there was 1 shareholders meeting of the Company, the Annual General Meeting of Shareholders for the year 2012, held at the Viphavadee Ballroom, Lobby Floor, Centara Grand Central Plaza Hotel, Lad Prao, Bangkok, 1695 Paholyothin Road, Jatuchak, Bangkok. The agenda of the annual general meeting of shareholders was announced on the Company's website on the date the Board of Directors approved the meeting and the agenda items to be discussed at the meeting. The announcement was posted well before the invitation letter to the meeting, together with information on the meeting agenda was distributed to shareholders by post. The materials were delivered to the shareholders 14 days before the meeting date. The 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, and Directors, and members of the Company's management.

2. The Equitable Treatment of Shareholders

The Company respects the rights that shareholders have according to the law, and the Company's Articles of Association. The Company has a duty to protect the benefits of every shareholder equitably, regardless of as to whether they are a retail, foreign, institutional, or wholesale investor. Every shareholder shall have the right to propose items for inclusion on the agenda of the general meeting of shareholders, as well as the right to propose suitable candidates for selection as Directors to replace those Directors whose term of office is expiring. Such proposals should be presented to the Board of Directors in advance of the general meeting so that the proposed candidate's suitability and qualifications can be studied.

3. The Rights and Equitable Treatment of Stakeholders

The Company takes into account the rights 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 interests of all stakeholders, as to whether they are internal stakeholders such as shareholders or employees, or external stakeholders such as suppliers, customers, competitors and the public. The Company encourages the co-operation between and among stakeholders in accordance with their roles and responsibilities to ensure that the running of the Company's business can proceed smoothly, securely and in the interest of all stakeholders, including:

Shareholders:	The Company intends to run the business for shareholder satisfaction by maintaining the Company's profitability, provide adequate information disclosure, and ensure 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 9001:2008 Certification to assure customer satisfaction that products and services are of international quality.
Suppliers:	The Company's business partnerships are made while considering their effect on the Company, compliance with laws and regulations, and fair trade. These relationships are 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 objectives do not focus solely on 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 all stakeholders, both domestically and abroad. In addition, the Company promotes environment and nature preservation activities, and has a policy to select and promote the use of environment friendly products.
Society and Environment:	<p>The Company seriously and continuously strives to fulfill its social responsibilities regarding quality and environmental protection, using natural resources efficiently with due regard to the security and environmental awareness of its stakeholders. The Company also supports environmental conservation and the sustainable development of the quality of life in the community.</p> <p>The Company shall consider alternative use of natural resources to alleviate adverse effects on the community, environment and quality of life. The Company supports the reduction in consumption of energy and resources.</p>
Health and Safety:	<p>The Company emphasizes the safety and health of its personnel and the surrounding community. The Company is committed to a high-quality, safe, and healthy environment as a part of its employees' daily lives. The Company is committed to seriously and continuously demonstrating social responsibility by recognizing the importance of quality, safety and health for the well-being and safety of all stakeholders.</p> <p>The Company shall make every effort to avoid and prevent losses from accidents, fire, occupational illness and injury. The Company shall maintain a safe working environment and regularly train its personnel on safety and security plans.</p>
Intellectual Property:	<p>Directors, executive directors and employees who are involved with company's intellectual property shall protect and administer it in the interest of the company and shall not make corporate secrets or other important information available to unauthorized persons before obtaining a signed confidentiality agreement from each of those persons.</p> <p>The Company respects the intellectual property rights of others and has a policy to avoid contravention of such rights, unless otherwise specified by law or orders from public authorities.</p>
Anti-Corruption, Prohibition on Bribery:	The Company personnel shall not offer bribes or other similar benefits to other personnel or outsiders, especially government officials. When offering gifts, assets or other benefits to government officers in Thailand and other countries, it must be ensured that such offerings are not against the local law and customs.

Human rights: The Company has a policy to support the internationally proclaimed human rights including the UN Declaration and conventions on human rights. Directors, executive directors and employees shall respect the personal dignity, privacy and the rights of each individual you interact with during the course of work and shall not in any way cause or contribute to the violation or circumvention of human rights.

Contacting the Company's Board of Directors or Company Secretary

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 the Company Secretary at:

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

The Company also makes available to the stakeholders inside the organization, channels of communication through the Company's Intranet web-board, and to stakeholders outside the organization through the website www.thaicom.net, by telephone or e-mail to the Investor Relations Department, the Company Secretary, or the Internal Audit Department. The Internal Audit Department shall investigate any allegations of wrong-doing presented, and will report the findings to the Audit Committee and the Board of Directors and notify the Company to take corrective actions when required. If the Company finds that its employees/officers having 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 followings:

1. The directors, executives and employees shall not accept personal 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, provided that such gifts or things are appropriate to the occasion 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.

The Board of Directors also prescribes 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 and 59-2 within the period presented under the SEC Notification No. Sor Jor 12/2009

4. 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 website. Interested persons may find additional information on the Company's website as follows:

- 4.1 Information in accordance with the regulations of the SET and SEC and the Company's Articles of Association. The Company presents its operational performance on a regular basis and at least twice per year to shareholders, investors, analysts and other interested parties at scheduled meetings that are attended by the Company's management. The meetings are intended to provide an opportunity for participants to raise questions about the Company's performance, and for the Company to provide detailed explanations on its operational performance. For people interested in receiving additional information, the Company's Investor Relations Department can be contacted, or by visiting the Company's website at: www.thaicom.net/ir.
- 4.2 Presentations of the Company's fully audited financial results on a timely basis to the Securities and Exchange Commission and the Stock Exchange of Thailand.
- 4.3 The Company's Investor Relations Department acts as a portal for access to the Company's performance results. The Department is responsible for communicating useful information to shareholders, investors, analysts, as well as preparing policies and handbooks for investor relations activities and information disclosure to the Stock Exchange in order to ensure that the Company fully complies with laws, rules and regulations. The Department also presents Company information at road shows, both domestically and abroad, to interested parties. For people who would like more information on the Company's operations, please contact the Assistant Vice President for Investor Relations, Mr. Ken Streutker, by email at: kens@thaicom.net, or by telephone at 0-2596-5072/3.

5. Duties and Responsibilities of the Board of Directors

The Company stresses the importance of the duties and responsibilities for its Directors to have toward the Company's shareholders and stakeholders, and as such will continue to perform the following functions to ensure sustainable and long-term business performance:

Composition of the Board of Directors

The Company's Board of Directors consists of experienced and knowledgeable directors who

have a vast amount of experience in different areas of business. As at 31 December, 2012, the Board of Directors consisted of the following 9 people:

- 4 independent directors (or 44.44% of the entire Board)
- 4 Non-management directors
- 1 Director from the Company's management

Even so, the Board of Directors will regularly evaluate the number of members, constitution of the Board and the knowledge and skills of its members to ensure that it suits the business and management direction of the Company. This process will ensure that the Board is able to review, and make the right decisions on issue that arises, all the time keeping in mind the best interest of the Company. The Company's Board of Directors is confident that the size of the board, its constitution and the level of skills and knowledge represented by its members is of the right proportions and flexible enough to follow up on the Company's operations and provide guidance where needed on the Company's operations in the future.

The Segregation of Duties between the Chairman of the Board and the Chairman of the Executive Committee

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

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

Term of Office

The Company has a policy requiring that directors hold the office of director for no longer than 3 years per term, but there are no limits on the number of terms that such directors may be re-elected. The Company also has no policy to limit the age of its Directors, but instead selects Directors on the basis of their qualifications and skills.

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, in which case the Board can extend the term by one year each time.

Evaluation of the Board of Directors Performance

The Company's Governance and Nomination Committee has tasked the Company Secretary with distributing self-evaluation forms to the members of the Board of Directors to complete an evaluation of the Board's performance as a whole, as well as individually of the members of the Board on an annual basis. The results of the evaluation will show as to whether or not the Board has fulfilled its mandate to the fullest of its ability, and will also serve to provide information and support to the Company's management in improving management efficiency and suitability. The evaluation forms used are those developed by the Stock Exchange of Thailand, and the results are provided to the Company's Management.

Directorships in Other Companies

Directors can hold the position of board member in no more than 5 listed companies simultaneously, provided that these appointments do not interfere or cause conflicts of interest with their performance and duties for the Company.

Remuneration for Directors and Management

The Company has developed a clear Remuneration Policy for its Directors and Management,

and the Compensation Committee is in charge of reviewing and presenting Director and Management remuneration proposals to the Board of Directors for approval by the Board and the Company's Shareholders at the general meeting of shareholders. Compensation for the Company's Directors is in line with the duties, responsibilities and capabilities of said persons, and is based on comparisons with compensation paid by companies in the same industry. Compensation is sufficient and attractive enough to retain the Company's Directors. Details of the Compensation scheme and payments for the year 2012 can be found under the heading "Directors Remuneration" above.

Board Meetings

Schedule and Agenda Items

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 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 and initiate meeting agenda items. The Company Secretary is responsible for making arrangements for the meetings, preparing the required documents and information to be attached to the meeting invitation, and to send such materials to the directors at least seven days in advance. This will allow the directors to have sufficient time to inform themselves about the various agenda items for discussion. The minutes of the meeting will be recorded by the Company Secretary, and records of those minutes, duly approved, will be kept at hand for future reference, including any other materials presented as part of the Agenda items of the meeting. Directors who have a personal interest in specific agenda items and transactions cannot be in attendance when such items are discussed.

The Company's Management will present a report on the Company's performance on a monthly basis to the Board of Directors.

It is the Company's policy that the non-executive directors shall hold meetings at least once a year to discuss matters related to the Company's business or issues of common interest without the presence of executive directors. Results of the meeting shall be presented to the Company's CEO. In 2012, this meeting was held on 19 December, 2012.

In 2012, the Board of Directors and the various Committees held regular and extra-ordinary meetings. The schedule and attendance by the Directors at such meetings is shown in the table below.

(number of times present/number of meetings in 2012)

Name/Last Name	AGM 2012	Board Meeting	Committee Meetings				
			Audit	Compensation	Governance and Nomination	Executive	Non-Executive Directors
<u>Committee Members</u>							
1. Mr. Paron Israsena	Present	10/10		3/3 ²⁾	2/2 ²⁾		1/1
2. Prof. Hiran Radeesri	Present	10/10	15/15				1/1
3. Mrs. Charintorn Vongsbootorn	Present	10/10	15/15	4/4	3/3		1/1
4. Assoc. Prof. Samrieng Mekkiengkrai	Present	10/10	15/15	1/1 ³⁾	1/1 ³⁾		1/1
5. Mr. Chaiyan Peungkiartipairoj ¹⁾	Present	5/6					
6. Mr. Somprasong Boonyachai	Present	10/10		4/4	3/3		
7. Ms. Suphatee Suthumpun	Present	10/10				16/16	
8. Mr. Yong Lum Sung	Present	10/10				15/16	
9. Mr. Anek Pana-apichon	Present	10/10				13/16	
<u>Directors</u>							
Dr. Nongluck Phinainitisart						15/16	
Mr. Paiboon Panuwattanawong						15/16	

Notes:

- ¹⁾ Was appointed as Director on 29 March, 2012, and notified with the Ministry of Commerce on 11 April, 2012
- ²⁾ Resigned from the position of Chairman of Compensation Committee and Chairman of the Governance and Nomination Committee on 22 March, 2012
- ³⁾ Appointed as a Director to the Compensation Committee and the Governance and Nomination Committee on 22 March, 2012

Knowledge Development

The Company has created a handbook for Directors that includes information on the Company, the Articles of Association of the Company, and other regulations related to the duties and responsibilities of the Directors so that they may familiarize themselves with their duties and the manner of performing those duties efficiently. For newly appointed directors, the Company also provides an introduction session to the Company, its operations and the businesses of its subsidiaries. In addition, the Company provides Directors with opportunities to attend special training courses and seminars related to their specific duties, particularly those seminars and training sessions organized by the Thai Institute of Directors (IOD).

In 2012, the Company organized a seminar for Directors by inviting a speaker to the Company to give a presentation on emerging issues of which the Directors should be aware particularly as they pertain to the Company's operations. In addition, the Company also organized a study tour for Directors of the operations of Singapore Telecommunications (SingTel) in Singapore for greater insight in the telecommunications industry.

Internal Audit

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

1. Organization and Control Environment

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

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 both internally and externally through its intranet and website. A culture of openness is promoted to emphasize communication between all levels.

5. Follow-up and Monitoring

The company's Executive Committee monitors the Company's and the Company in the Group's financial and operating results, and keeps the board members informed on a quarterly basis.

At the Board of Directors meeting on 13 February 2012, the Company's Audit Committee evaluated the sufficiency of its internal control system using 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.

To ensure that the storage of important documents and the internal risk management system is efficient and constantly updated, the Company has instituted the policy of retaining an independent Internal Audit Office with an approved charter from the Audit Committee and the CEO. The charter clearly defines the duties, responsibilities and authority of the Internal Audit Office. The internal auditors were certified by international internal auditing institutions or associations such as Certified Internal Auditors (CIA), and certified public Accountant (CPA). 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 2012, the Internal Audit Office adopted the results from risk management activities as an information base to prepare its risk based audit plan for 2012-2014. 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 operation on newly business line. In addition, the Office had encouraged and trained internal auditors in modern internal auditing standardized by the Institute of Internal Auditors for their continuous learning and growth. As results, most audit issues raised by internal and external auditors had been corrected and improved due to the effective follow up of the auditors and cooperation of management as well. The Internal Audit Office and KPMG Phoomchai Audit Co., Ltd., the official auditor of the Company's financial statements for 2012, did not find any material non-conformance of the control of important documents and internal control systems in 2012. The Company had sufficient and effective internal control systems

Risk Management

The Company adapted the Risk Management Handbook and Guidelines of Intouch Corporation 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 Risk Management Committee also designed risk management guidelines in line with the guidelines from COSO, the Stock Exchange of Thailand, and the Company's and business operations. The guidelines were adjusted to align with the Company's vision, its internal and external environment, its mission and objectives, strategies and measurements while at the same time measuring potential risks associated with these various facets of the Company's operations. Risk identification and impact evaluation is essential to developing prevention strategies and to lessening the impact. To that end, the results of the evaluations are shared with the Company's management on a regular basis to allow management to devise effective and efficient risk control measures. The Company's risk management activities are a continuous

process and are supported by management at all levels.

In 2012, 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 joint venture-company in the Lao PDR.

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 domestic and international companies 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 has established an ethics hotline as a channel for management and employees to freely report events or transactions that may conflict with the above-mentioned 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 following guidelines:

1. No discrimination against nationality, religion, and sex on employment
2. No sexual discrimination and sexual harassment.
3. No restriction against ideology, religion or participation in political activities except where such activity exposes the Company to danger or damages.

The Company has also established a business ethics awareness program for management and employees, which consists of the following:

- i. Provision of basic knowledge on ethics through an ethics presentation in the orientation for new employees.
- ii. Provision of further ethics awareness through company's activities
- iii. Stimulation of 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

In 2011, the Board of Directors approved the "Whistle Blower on Fraud and Misconduct" policy, as well as the "Investigation Process" and "Whistle Blower Protection" guidelines as a mechanism to prevent, detect, and reduce negative impacts from fraud and misconduct within the organization. The policy covers the following main areas:

1. Protect personnel who inform, coordinate, and support the Company in anti- misconduct or fraud activities.
2. Lay out appropriate and fair guidelines regarding the 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 as to whether their superior or management would be involved in misconduct or fraud, they may choose to report through the following channels:

- | | |
|------------------------------------|-----------------------------------|
| ✓ Internal Audit Executive | ✓ Vice President Human Resource |
| ✓ Chairman of the Ethics 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 from buying or selling 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 spouse or minor children's 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 the sharing of supporting data or documents within the group of companies, data rules have been issued to prevent the leak of information. These rules include requesting a letter of confidentiality or non-disclosure agreement, and the prohibition on making photo copies without permission.

On 4 October, 2010, the Company issued guidelines on the protection of Company Information, and access to Company information, and in 2011, the Audit Committee and the Board of Directors considered and approved a Disclosure Policy proposed by the Investor Relations Department.

Human Resources Development

As of 31 December 2012, the Company and its affiliated companies had a total of 3,369* employees divided by type of business as follows:

Company	Permanent Employees	Temporary Employees
Thaicom Public Company Limited	561	14
<i>Engineering</i>	283	6
<i>Marketing and Sales</i>	66	1
<i>Others</i>	212	7
Cambodian DTV Network Ltd.	16	0
DTV Service Company Limited	75	8
Mfone Company Limited*	496	47
Lao Telecommunications Company Limited*	1,506	589
IPSTAR Australia Pty Limited	27	4
IPSTAR New Zealand Limited	2	1
IPSTAR Japan Limited	22	1
Total	2,705	664

* 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 2012, the compensation paid to the Company's employees was Baht 1.196 Billion (including employee compensation of LTC and Mfone according to stakeholder proportion: 24.99% and 51.0% respectively).

On 31 December, 2012 the Company reported the Mfone operations as discontinued operations in its financial statements (note 8).

The Company considers its employees as a valuable resource, and as such, the Company aims to maintain and develop employees systematically and continuously in order to improve their abilities and boost their work morale. The Company's HR policy can be summed up 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 2012, the Company and its subsidiaries have the following list of related transactions as stated in the Notes to the Financial Statements by the Auditor:

Related Companies/Relationship	Transaction	Value of Related Transactions at December 31, 2012 (Million Baht)	Reason and Necessity of Transaction
		Consolidated	
Advance Info Service Public Company Limited ("AIS") / SHIN holds 40.45% shares with joint directors - Provides mobile phone service business	1. Revenues - The Company leased transponders on THAICOM satellite.	52.12	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. 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.
	- International Roaming service	(0.67)	
Advance Info Service Public Company Limited ("AIS") / SHIN holds 40.45% shares with joint directors - Provides mobile phone service business	2. Expenses - The Company paid for mobile phone expenses, seminar and training expenses of its executives and employees.	2.50	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 ADVANCE. Service fee was based on market price on an arm's length basis. ADVANCE 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.
	- International Roaming expenses	1.51	
	- Leased area for IPSTAR equipment	0.42	
	3. Trade accounts receivable and accrued income	8.99	

Related Companies/Relationship	Transaction	Value of Related Transactions at December 31, 2012 (Million Baht)	Reason and Necessity of Transaction
		Consolidated	
	4. Trade accounts payable, unearned income and other accrued expenses	0.44	
	5. Other current liabilities	0.16	
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	1. Revenues - The Company leased transponders on THAICOM satellite, provided TV signal uplink services and sold IPSTAR user terminals.	11.72	The Company is the country's sole service provider of transponder leasing and the distributor of IPSTAR user terminals. Service fee was charged under normal contracts and conditions on an arm's length basis.
	2. Expenses - The Company paid for uplink and Internet service charges.	24.30	The Company used uplink and Internet services under ordinary course of business. Service fee was charged under normal contracts and trade conditions on an arm's length basis.
	3. Trade accounts receivable and accrued income	10.98	
	4. Other receivables	0.43	
	5. Trade accounts payable and other accrued expenses	6.57	
Matchbox Co., Ltd. ("MB") / SHIN holds 99.96% shares. - Conducts advertising broker, agency business through all advertising media.	1. Expenses - The Company and DTV hired Matchbox for advertising and public relations services such as printed and advertising media.	14.34	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. Other accounts payable	0.09	
IT Applications and Services Co., Ltd. ("ITAS") / SHIN holds 99.99% shares. - Provides management software package with related software and consultancy services.	1. Expenses - The Company used software service for accounting data processing.	6.83	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.

Related Companies/Relationship	Transaction	Value of Related Transactions at December 31, 2012 (Million Baht) Consolidated	Reason and Necessity of Transaction
	2. Other accounts payable 3. Other accrued expenses	2.11 0.61	
Codespace Inc / The Company and Codespace Inc jointly hold shares in SpacecodeLLC at 70%: 30%. - Provides engineering and development services on communication technology and electronics.	1. Expenses - The Company hired Codespace for development of products for IPSTAR project. 2. Other accrued expenses	34.45 2.46	Such transactions supported the ordinary course of business. Service fee was charged at an hourly rate plus actual expenses.
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. - Interest income 2. Short term loan 3. Other current asset 4. Other receivables	1.01 3.33 132.54 3.84 4.45	This is the Company's supervision policy on subsidiaries to enable maximum benefits over the supervision. 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.
Mfone Co., Ltd. ("Mfone") / SHEN holds 100% shares. - Provides telecom services in Cambodia.	1. Revenues - The Company leased transponders on THAICOM and IPSTAR satellites. 2. Expenses - The Company paid for gateway operating fee and maintenance service fee	1.02 (1.49)	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. The Company paid for gateway operating fee and maintenance service fee for IPSTAR gateway in

Related Companies/Relationship	Transaction	Value of Related Transactions at December 31, 2012 (Million Baht)	Reason and Necessity of Transaction
		Consolidated	
	3. Trade accounts receivable and accrued income, net from allowance for doubtful accounts 4. Unearned income	0.48 0.25	Cambodia. The service was under ordinary course of business and charged under normal contracts and trade conditions on an arm's length basis.
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 - International Roaming service 2. Expenses - International Roaming expense 3. Other receivables 4. Trade accounts payable	0.26 0.04 0.03 0.25	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.
Asia Mobile Holdings Pte Ltd. ("AMH") and the Group / Major shareholders jointly hold the Company's shares.	1. Revenue - International Roaming service 2. Expenses - International Roaming expense - Interest expenses 3. Short term loan 4. Other accounts payable 5. Other accrued expenses	0.18 0.13 2.91 133.18 0.65 3.91	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. 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.
Other related parties	1. Revenue - Web design service 2. Expenses 3. Trade accounts receivable and accrued income 4. Trade accounts payable and other accounts payable	0.72 0.49 0.23 0.09	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. 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.

Necessity and Justification of Transactions

In 2012, Thaicom Plc. and its subsidiaries (“the Company”) had related transactions as shown in Note 4 of the 2012 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 to adhere to the rules set forth by the Securities Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) had been examined and approved of justification and necessity to the Company by the Audit Committee.

Methods of Related Transactions

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



The Company 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 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 (SET) and the Office of the Securities Exchange Committee (SEC).

Future Policy or Trends of Related Transactions

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

Management's Discussion and Analysis:THCOM



9.7% yoy increase in consolidated sales and service revenue in 2012.

Growth of Baht 717 million in net profit from continuing operations

I. Overview

Thaicom Plc ("the Company")'s total consolidated revenue from sale of goods and rendering of services for 2012 was Baht 7,266 million, up by Baht 642 million or 9.7% compared to Baht 6,624 million for 2011, due to revenue increase from satellite services and telephone services in Lao PDR. The revenue growth and the efficiency of cost and SG&A control resulted in an operating profit (EBIT) for 2012 of Baht 1,335 million, up by Baht 623 million or 87.5% from Baht 712 million for 2011.

The Company reported net profit from continuing operations of Baht 682 million for 2012, a growth of Baht 717 million from net loss from continuing operations of Baht 35 million for 2011. Including net loss from discontinued operation of Mfone Company Limited (Mfone), a subsidiary of jointly-controlled entity, the Company's net profit was Baht 174 million, compared to net loss of Baht 490 million for 2011. However, regardless of related expenses from filing Mfone into insolvency proceedings and an impairment losses on non-current assets held for abandonment, a total of Baht 254 million recorded in 2012, and expenses arisen from the effect of corporate tax rate change of Baht 360 million recorded in 2011, the Company would generate net profit of Baht 428 million for 2012, as compared to net loss of Baht 130 million for 2011.

In the separate financial statements for 2012, the Company had net profit of Baht 786 million or Baht 0.72 per share, as compared to net loss of Baht 476 million for 2011, due mainly to the revenue growth from satellite services and dividend received from its subsidiary.

At the Annual General Meeting of the shareholders of Lao Telecommunications Co., Ltd. (LTC) held on 4 February 2013, the shareholders approved the appropriation of dividend from 2012 operation of USD 15 million.

At the Board of Directors' meeting of CS LoxInfo Plc (CSL) held on 8 February 2013, the directors passed a resolution to approve the appropriation of dividends from the second half performance of 2012 of Baht 0.30 per share. The proposed dividends must be approved by the shareholders at their meeting.

At the Board of Directors' meeting of the Company held on 13 February 2013, the directors passed a resolution to approve the appropriation of dividends of Baht 0.40 per share, amounting to Baht 438 million. The proposed dividends must be approved by the shareholders at their meeting.

II. Business Summary

Transponder leasing and related business

Strong demand for broadcast service drives growth of the Company's satellite business. The total number of TV channels under the conventional satellite platform increased from 427 channels at the end of 2011 to 465 channels at the end of 2012. Growth of Video Distribution for C-Band and Direct-to-Home (DTH) services for Ku-band are the key drivers for the revenue growth from transponder leasing.

THAICOM 6 and THAICOM 7 will be launched in 2013 and 2014, respectively. These new satellites will significantly enhance the Company's capability to provide services to meet increasing demand in Asia Pacific and Africa. THAICOM 6 will co-locate with THAICOM 5 at 78.5 degrees east, the Company's prime orbital slot for broadcast services. In addition to Asia, THAICOM 6 will provide broadcasters and telecom operators in Africa with a full range of end-to-end satellite communication services via its high-power C-band beam dedicated to Africa under the name AFRICOM 1. THAICOM 7 will be placed at 120 degrees East orbital slot and will have maximum 14 high-power C-band transponders serving Asia and Australia.

The Company's sale of IPSTAR bandwidth has grown continuously. In Q4/2012, the Company had reached a Framework Agreement with China Telecom Satellite (CTS) and Synertone Communication Corporation (Synertone) to proceed with the sale of IPSTAR bandwidth in China. The Company, with cooperation from CTS, its official partner in China, will sell all IPSTAR capacity available for China to Synertone (24% of IPSTAR's total capacity). Moreover, IPSTAR satellite had set another world first when it became the first broadband satellite to provide commercial WiMAX backhaul services in Japan.

Telephone business

As of the end of 2012, LTC, providing telecom services in Lao PDR, had total phone subscribers of 1,335,598. During the third quarter of 2012, the Ministry of Post, Telecommunication and Communication (MPTC) announced all mobile prepaid subscribers had to register for using service. As a result, most of customers who hold multi-SIM cards had churned out and kept only a regular number, leading to decreased mobile market size. LTC has been prepared to cope with tougher competition with an emphasis on proper network expansion plan to extend the service area and network to cover all portions of the country, and on the quality of service.

The telecom market competition in Cambodia has been still high. Mfone, providing telecom services in Cambodia, had total phone subscribers of 365,316 as of the end of 2012. Mfone filed a petition for the opening of insolvency proceedings to the Phnom-Penh Municipal Court on 9 January 2013.

Internet and media business

The total number of Dtv satellite television dish sets sold thus far by DTV Service Co., Ltd. (DTV) was 1,389,113 sets as of the end of 2012, an increase of 220,276 sets from 1,168,837 sets at the end of 2011. Currently, the market competition of satellite dish and set-top box has been relatively high. There are diversified types of set-top box with lower price in the market. Consequently, DTV has lowered its sales prices to be competitive in the market and continued to develop new devices for expanding its customer group and building up customer satisfaction, e.g. HDTV box to support Content Channel in High Definition format and Hybrid Box which is a new alternative box for customer to view contents delivered from a satellite and Internet in the same box.

CSL's ICT business grew from the previous year due mainly to an emphasis on expanding ICT integrated services and ICT solution services to meet its existing corporate customers' needs. In addition, CSL's voice info services & mobile content services business grew from last year due to the growth of its customer base from various product offerings.

On 16 October 2012, CSL has disposed an investment in Watta Classifieds Company Limited (Watta) in order to manage the total profits of its group and prevent the future risk from operation, since Watta's operating result has been net loss continuously. As a result, Watta has ceased being a subsidiary of CSL.

III. Consolidated Operating Results

Selected financial information on THCOM

Unit: MBt	Amount		Change YoY (%)
	2012*	2011*	
Revenue from sale of goods and rendering of services	7,266	6,624	9.7%
Share of profits of associate	164	141	16.3%
Cost of sale of goods and rendering of services	4,484	4,508	-0.5%
SG&A expenses	1,447	1,404	3.1%
Impairment losses on non-current assets held for abandonment	175	-	100.0%
EBIT from normal operations**	1,335	712	87.5%
EBITDA from normal operations ***	3,481	2,868	21.4%
Profit (loss) from continuing operations	682	(35)	2048.6%
Loss from discontinued operation, net of income tax*	(508)	(467)	-8.8%
Profit (loss) attributable to non-controlling interest	-	12	-100.0%
Net profit (loss) before extraordinary items	428	(130)	429.2%
Impairment losses on Mfone's assets / related expenses	(254)	-	-100.0%
Effect of corporate tax rate change****	-	(360)	100.0%
Net profit (loss)	174	(490)	135.5%
EPS (Baht)	0.16	(0.45)	135.6%

* The comparative statement of income has been re-presented to show the discontinued operations separately from continuing operations. The loss from discontinued operation of Baht 508 million (2011: Baht 467 million) is attributable entirely to the owners of the Company.

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

*** EBITDA = EBIT + Depreciation and Amortization

**** 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 sale of goods and rendering of services in 2012 was Baht 7,266 million, an increase of Baht 642 million or 9.7% as compared to Baht 6,624 million in 2011 due to increases in revenue from its satellite business and telephone business in Lao PDR, offset by a revenue decrease from its Internet and media business.

Revenue from sale of goods and rendering of services	2012	2011	%YoY
Satellite and related services	6,279	5,684	10.5%
Telephone services	702	574	22.3%
Internet access and media services	285	366	-22.1%
Total	7,266	6,624	9.7%

Satellite transponder leasing and related services

Revenue from satellite transponders and related services in 2012 was Baht 6,279 million, an increase of Baht 595 million or 10.5% compared to Baht 5,684 million in 2011.

Satellite and related services	2012	2011	%YoY
Thaicom 5	2,921	2,566	13.8%
IPSTAR	3,358	3,118	7.7%
<i>Sales</i>	<i>313</i>	<i>517</i>	<i>-39.5%</i>
<i>Services</i>	<i>3,045</i>	<i>2,601</i>	<i>17.1%</i>
Total	6,279	5,684	10.5%

- Revenue from the Thaicom 5 satellite business for 2012 was Baht 2,921 million, up by Baht 355 million or 13.8% from Baht 2,566 million in 2011 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.

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 427 channels at the end of 2011 to 465 channels at the end of 2012.

- Revenue from the Thaicom 4 (IPSTAR) satellite business was Baht 3,358 million in 2012, up by Baht 241 million or 7.7% from Baht 3,117 million in 2011. This was contributed by:

13.8% yoy revenue increase from transponder leasing service and value-added services for conventional satellite business

7.7% yoy IPSTAR revenue increase mainly from 17.1% IPSTAR service revenue growth.

- Service revenue in 2012 was Baht 3,045 million, a growth of Baht 445 million or 17.1% from Baht 2,600 million in 2011. The main driver of service growth was higher bandwidth usage mainly in Australia, Japan, Malaysia, India, Myanmar, and New Zealand.
- Sales revenue in 2012 was Baht 313 million, a drop of Baht 204 million or 39.5% from Baht 517 million in 2011 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 system (including UT) to use the IPSTAR bandwidth.

Telephone services

The Company's revenue from telephone services in 2012 was Baht 702 million, up by Baht 128 million or 22.3% compared to Baht 574 million in 2011. After MPTC has announced to control the tariffs for telecom service and disallowed all operators to give free airtime to customers, LTC had a continued increase in average revenue per subscriber (ARPU) in 2012. MPTC has also given precedence to competition on quality of service to benefit customers. As a result, LTC still ranks No.1 in Lao PDR's mobile phone market share.

Internet access and media services

Revenue from Internet access and media services in 2012 was Baht 285 million, down by Baht 81 million or 22.1% from Baht 366 million in 2011, due mainly to a revenue decrease in sale of Dtv satellite dish and IRD box. This was because of a drop in Dtv sales volume in Thailand and lower price from its price adjustment to match the competitors' price in the market. There have been various types of TV receiver equipment in the market e.g. satellite dish, local cable TV service, and antenna. Consequently, the market competition has been relatively high especially on price and content. Several operators have also released new models of satellite dish at competitive price to the market. As at the end of 2012, accumulated Dtv sales volume was 1,389,113 sets, up 220,276 sets from 1,168,837 sets at the end of 2011. However, Internet revenue generated by LTC was higher following an increase in the number of subscribers mainly from wireless broadband internet-HSPA service.

Other income

The Company's other income for 2012 was Baht 106 million, a decrease of Baht 44 million or 29.3% compared to Baht 150 million in 2011. This was largely due to a gain from 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 sale of goods and rendering of services

The Company reported total consolidated cost of sale of goods and rendering of services for 2012 of Baht 4,484 million, a decrease of Baht 24 million or 0.5% compared to Baht 4,508 million in 2011, on cost decreases from the satellite business and the Internet and media business, offset by a cost increase from the telephone business. For 2012, total cost accounted for 61.7% of total sales and service income, down from 68.1% in 2011.

Cost of sale of goods and rendering of services	2012	2011	%YoY
Satellite and related services	3,848	3,890	-1.1%
Telephone services	390	351	11.1%
Internet access and media services	246	267	-7.9%
Total	4,484	4,508	-0.5%

Cost of satellite transponder leasing and related services

Cost relating to transponder leasing and related services in 2012 was Baht 3,848 million, a decrease of Baht 42 million or 1.1% from Baht 3,890 million in 2011.

Satellite and related services	2012	2011	%YoY
Thaicom 5	1,030	953	8.1%
IPSTAR	2,818	2,937	-4.1%
Total	3,848	3,890	-1.1%

- Cost relating to the Thaicom 5 satellite business was Baht 1,030 million in 2012, an increase of Baht 77 million or 8.1% from Baht 953 million in 2011 mainly caused by higher operating agreement fee paid to the Ministry of Information and Communication Technology of Thailand (MICT) following the revenue growth and increase in concession-fee rate from 17.5% in 2011 to 20.5% in 2012.
- Cost relating to the Thaicom 4 (IPSTAR) satellite business was Baht 2,818 million in 2012, a decrease of Baht 119 million or 4.1% from Baht 2,937 million in 2011 primarily due to:
 - A decrease in cost of IPSTAR sales mainly from:
 - ⇒ Lower cost of UT sales following the UT sales drop,
 - ⇒ Lower warranty cost for UTs sold in Australia;
 - An increase in cost of IPSTAR service mainly from:
 - ⇒ Higher operating agreement fee paid to MICT following the IPSTAR bandwidth revenue growth and increase in concession-fee rate,
 - ⇒ Higher gateway operation cost in China, offset by
 - ⇒ Lower cost of in-orbit insurance.

Cost of telephone services

Cost relating to the telephone business for 2012 amounted to Baht 390 million, an increase of Baht 39 million or 11.1% from Baht 351 million in 2011, contributed by increases in;

- Depreciation cost for its expanded telephone network.
- Cost of inter-roaming.

Cost of Internet access and media services

Cost relating to the Internet access and media business in 2012 was Baht 246 million, down by Baht 21 million or 7.9% from Baht 267 million in 2011 due largely to a drop in cost of sale of Dtv satellite dish and IRD box, in line with its revenue drop.

Selling and administrative expenses

SG&A expenses, including directors and management benefit expenses, totaled Baht 1,447 million in 2012, an increase of Baht 43 million, or 3.1%, compared to Baht 1,404 million in 2011.

- Satellite and related services
 - Related expenses from filing Mfone into insolvency proceedings in 2012,
 - Higher staff expenses and administrative expenses, offset by
 - The reversal of bad debt provision for satellite customers,
 - Lower obsolete stock provision.
- Telephone services in Lao PDR
Higher marketing and staff expenses for the telephone services in Lao PDR.
- Internet and media services
Lower obsolete stock provision and administrative expenses, offset by higher marketing expenses for Dtv satellite dish sales in Thailand.
- Other business segments
Related expenses from filing Mfone into insolvency proceedings recognized in the jointly-controlled entity's SG&A expenses in 2012.

Impairment losses on non-current assets held for abandonment

On 12 November 2012, the Board of Directors approved the sale of share of Mfone. The Share Purchase Agreement contains conditions that both parties shall fulfill within 60 days from the agreement date. The Company recognized an impairment loss of approximately Baht 251 million in the financial statements for the nine-month period ended 30 September 2012. However, after 60 days from the agreement date, the buyer sent a notice to terminate the Share Purchase Agreement since the buyer could not fulfill the conditions precedent.

On 7 January 2013, the Board of Directors approved proposal of the management of the jointly-controlled entity to file Mfone into insolvency proceedings based on Cambodia Law due to Mfone's deteriorating financial position and continued operating loss; its cash flow has been insufficient for operation and debt repayment. As a result, the Company recognized an impairment loss on non-current assets held for abandonment of Baht 175 million for the year ended 31 December 2012.

Loss on exchange rate

In 2012, the Company reported a gain on foreign exchange of Baht 20 million. This was impacted by:

- A gain on foreign exchange from the revaluation of borrowings for the Thaicom 6 project as a result of the appreciation of the Thai Baht against the US dollar,
- A gain on foreign exchange from the revaluation of Shenington Investment Pte Ltd. (SHEN)'s borrowings as a result of the appreciation of the Singapore dollar against the US dollar, offset by
- A loss on foreign exchange from the revaluation of IPSTAR Co., Ltd.'s assets as a result of the appreciation of the Japanese Yen against the US dollar.

Share of profit of associates

Share of profit of associates in 2012 was Baht 164 million, up by Baht 23 million or 16.3% from Baht 141 million in 2011, due to a 16.4% increase in CSL's net profit over 2011 which was contributed by:

- Higher operating profit from ICT Business as a result of expanding ICT integrated services and ICT solution services to meet its existing corporate customers' needs,

- Higher operating profit from voice info services & mobile content services business, resulting from the growth of mobile subscription revenue (due to an increase in its customer base) and from various product offerings,
- Extraordinary expenses recognized in 2011 of Baht 60 million, compared to extraordinary gain of Baht 6 million recognized in 2012. (See “The Clarification” in CSL’s Management’s Discussion and Analysis for 2012 for more details), offset by
- Operating loss from the publishing of the Thailand YellowPages in 2012 resulting from the impact of flood crisis in the end of year 2011. CSL postponed the delivery of 2012 BKK-YP and Upcountry YP books from January 2012 to May 2012 and from July 2012 to October 2012, respectively.

Finance costs

Finance costs totaled Baht 420 million in 2012, down by Baht 32 million, or 7.1%, compared with Baht 452 million in 2011. This was because of the repayment of the principal amount of Baht 3,300 million of the debentures on 6 November 2012, resulting in a decrease in debenture interests in 2012 as compared to 2011. Finance costs mostly comprised of debenture interests.

Income tax expense

In 2012, the Company reported income tax expense of Baht 347 million, a decrease of Baht 154 million or 30.7% from Baht 501 million in 2011. This was due mainly to the effect of corporate tax rate change in 2011.

Loss from discontinued operation, net of income tax

The Company’s consolidated financial statement for the year ended 31 December 2012 has separated Mfone’s operating result under “Loss from discontinued operation, net of income tax” to show the discontinued operations separately from continuing operations.

The Company recorded net loss of Baht 508 million for Mfone’s operation in 2012, up by Baht 41 million or 8.8% from net loss of Baht 467 million in 2011, due mainly to decreasing number of mobile phone subscribers as a result of intense competition in Cambodia.

IV. Financial Position

At the end of 2012, the Company reported total assets of Baht 25,811 million, a decrease of Baht 1,405 million or 5.2% from Baht 27,216 million at the end of 2011. This was mainly because of the year-to-date accumulated depreciation and amortization charges of PP&E and PP&E under operating agreements, lower cash and cash equivalents, offset by additions to PP&E mainly consisting of assets for the satellite business and the telephone network expansion in Lao PDR.

THCOM’s asset components

Assets	December 31, 2012		December 31, 2011	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	5,809	22.5	4,679	17.2
Investment in associates	456	1.8	451	1.7
PP&E, net	5,647	21.9	6,611	24.3
PP&E under the concession agreement, net	11,482	44.5	12,828	47.1



Liquidity

At the end of 2012, the Company had a current ratio of 1.51x, up from 0.69x at the end of 2011 due mainly to lower current portion of long-term loans resulting from the repayment of the principal amount of Baht 3,300 million of the debentures in Q4/2012.

Investments in associate

Investment in CSL was presented as “investment in associate” item. At the end of 2012 the Company’s investment in CSL was Baht 456 million, an increase of Baht 5 million or 1.1% from Baht 451 million at the end of 2011, reflecting

- A proportionate recognition of CSL’s net profit for 2012 amounting to Baht 164 million, offset by
- Dividend received from CSL of Baht 143 million,
- Share of other comprehensive loss of associate of Baht 18 million.

Property, plant and equipment

Property, Plant and Equipment (PP&E) at the end of 2012 was Baht 5,647 million, a decrease of Baht 964 million or 14.6% from Baht 6,611 million at the end of 2011. This was due mainly to:

- Additions to PP&E of Baht 1,923 million for 2012 largely consisting of assets under construction for the Thaicom 6 project and assets for the telephone network expansion in Lao PDR, Offset by:
- Transferring Mfone’s assets of Baht 1,606 million to “non-current assets held for abandonment”
- Accumulated depreciation charges of PP&E of Baht 1,064 million in 2012.

PP&E at the end of 2012 also included assets under operating agreements of Mfone of approximately Baht 1,551 million, down by Baht 447 million from Baht 1,998 million at the end of 2011. The Company reclassified these assets to non-current asset held for abandonment and discontinued operation in full amount (see Note 8).

PP&E under operating agreements

PP&E under operating agreements at the end of 2012 was Baht 11,482 million, a decrease of Baht 1,346 million from Baht 12,828 million at the end of 2011 mostly due to amortization charges for 2012.

Interest-bearing liabilities and Shareholders’ equity

The Company’s interest-bearing liabilities at the end of 2012 were Baht 7,161 million, a decrease of Baht 3,116 million from Baht 10,277 million at the end of 2011. This was mainly attributable to:

- Repayment of the principal amount of Baht 3,300 million of the debentures in Q4/2012,
- Transferring Mfone’s interest-bearing liabilities to “liabilities of non-current assets held for abandonment” of Baht 1,431 million, offset by
- Proceeds from long-term loans for the Thaicom 6 project.

The Company’s shareholders’ equity at the end of 2012 was Baht 14,239 million, an increase of Baht 63 million from Baht 14,176 million at the end of 2011, reflecting:

- Net profit for 2012 of Baht 174 million, offset by
- Other comprehensive loss of Baht 112 million.

With lower interest-bearing liabilities and higher shareholders' equity for the year ended December 31, 2012, the ratio of interest-bearing liabilities to equity at the end of 2012 was 0.50x, down from 0.72x at the end of 2011.

Cash flow

Net cash flow provided by operating activities for 2012 was Baht 3,512 million, up by Baht 475 million or 15.6% from Baht 3,037 million in 2011, due mainly to operational improvement for 2012. Operating profit for 2012 was Baht 1,335 million, up by Baht 623 million or 87.5% from Baht 712 million for 2011.

Net cash flow used in investing activities for 2012 was Baht 1,871 million, mostly for the Thaicom 6 project and the expansion of telephone network in Lao PDR. For 2011, net cash flow used in investing activities was Baht 2,369 million.

Net cash flow used in financing activities for 2012 was Baht 2,227 million due mainly to:

- Repayment of the principal amount of Baht 3,300 million of the debentures in Q4/2012,
- Interest payment of Baht 439 million most of which consisted of debenture interests, offset by
- Proceeds from long-term loans of Baht 1,621 million mostly for the Thaicom 6 project.

For 2011, net cash flow provided by financing activities was Baht 932 million.

The Company had ending cash of Baht 2,268 million on 31 December 2012.

15.6% yoy increase in operating cash flow driven by operational improvement.

Auditor's Remunerations

During the year 2012, the Company and its subsidiaries paid remunerations as follows:

1. Paid to the Company's Auditor at Baht 4.16 million and to the Auditor's auditing office and its related parties at Baht 5.03 million.
2. Paid remunerations for non-audit consulting service to the Auditor's auditing office and its related parties at Baht 3.64 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," "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

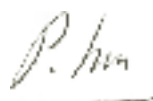
The Board of Directors is responsible for Thaicom Public Company Limited's financial statements and Thaicom Public Company Limited and its subsidiaries' consolidated financial statements, including the financial information presented in this annual report. The aforementioned financial statements are 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 2012. The Board of Directors also believes that all these financial statements have been prepared in accordance with generally accepted accounting principles and related regulations.



(Mr. Paron Israsena)
Chairman of the Board



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

Management's Responsibility for the Consolidated and Separate Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of matter

I draw attention to note 8 to the financial statements which describes the discontinued operation of a subsidiary of a jointly-controlled entity.



(Winid Silamongkol)
Certified Public Accountant
Registration No. 3378

KPMG Phoomchai
Audit Ltd.
Bangkok
13 February 2013

Statements of financial position

Thaicom Public Company Limited and its Subsidiaries
For the year ended 31 December 2011 and 2012

	Note	Consolidated financial statements		Separate financial statements	
		2012 (in Baht)	2011 (in Baht)	2012 (in Baht)	2011 (in Baht)
Assets					
<i>Current assets</i>					
Cash and cash equivalents	5	2,267,621,303	2,865,910,278	870,590,941	1,826,976,965
Trade and other accounts receivable	6	1,177,620,221	1,348,032,287	871,469,123	1,200,716,119
Amounts due from related parties	4	4,911,148	3,165,306	126,714,293	121,026,729
Short-term loan to a jointly-controlled entity	4	132,542,942	78,943,333	270,495,799	161,108,842
Inventories	7	327,798,453	241,325,439	183,982,344	157,556,913
Prepaid insurance		37,065,112	46,548,715	33,420,268	43,476,821
Other current assets		92,400,511	94,742,684	38,920,711	24,384,430
Non-current assets held for abandonment	8	1,769,143,585	-	-	-
Total current assets		5,809,103,275	4,678,668,042	2,395,593,479	3,535,246,819
<i>Non-current assets</i>					
Long-term loans to subsidiaries	4	-	-	18,249,491	28,352,057
Investments in subsidiaries	9	-	-	1,665,633,042	693,814,754
Investments in jointly - controlled entity	9	-	-	137,638,749	137,638,749
Investments in associate	9	455,548,980	451,456,794	-	-
Property and equipment	10	5,646,545,668	6,611,264,046	3,969,935,934	2,645,391,418
Property and equipment under operating agreement	11	11,481,852,986	12,828,228,105	11,481,852,986	12,828,228,105
Deferred charges	11	89,688,659	105,469,663	88,936,521	104,217,567
Intangible assets	11	919,601,792	1,012,335,308	783,132,186	862,029,593
Deferred tax assets	12	677,043,253	838,407,154	537,754,725	701,394,814
Other non-current assets	13	731,323,303	689,733,349	730,240,031	665,025,700
Total non-current assets		20,001,604,641	22,536,894,419	19,413,373,665	18,666,092,757
Total assets		25,810,707,916	27,215,562,461	21,808,967,144	22,201,339,576

The accompanying notes are integral part of these financial statements.

Statements of financial position

Thaicom Public Company Limited and its Subsidiaries
For the year ended 31 December 2011 and 2012

	Note	Consolidated financial statements		Separate financial statements	
		2012 (in Baht)	2011 (in Baht)	2012 (in Baht)	2011 (in Baht)
Liabilities and equity					
<i>Current liabilities</i>					
Trade and other accounts payable	15	804,050,074	727,874,630	481,937,685	345,478,622
Accounts payable - property and equipment		48,013,725	465,593,431	30,220,007	39,721,597
Amounts due to related parties	4	2,718,658	2,257,934	99,911,413	4,109,566
Short-term loan from other related party	4	133,177,020	79,295,387	-	-
Current portion of long-term loans	14	115,391,579	4,626,119,926	6,314,926	3,302,283,518
Advance receipts from customers		526,258,951	328,265,190	369,893,464	91,266,707
Accrued operating agreement fee		214,974,893	264,616,591	214,974,893	205,166,880
Income tax payable		158,891,573	146,268,255	-	-
Other current liabilities	16	80,140,889	140,796,308	54,777,365	81,106,057
Liabilities of non-current assets classified as held for abandonment	8	1,769,143,585	-	-	-
Total current liabilities		3,852,760,947	6,781,087,652	1,258,029,753	4,069,132,947
<i>Non-current liabilities</i>					
Long-term loans	14	7,045,724,317	5,651,249,369	6,905,844,917	5,359,051,249
Employee benefits obligations	17	287,319,515	167,308,396	155,443,026	95,542,141
Deferred tax liabilities	12	-	119,535,340	-	-
Other non-current liabilities	18	386,388,296	319,934,576	375,580,808	308,590,681
Total non-current liabilities		7,719,432,128	6,258,027,681	7,436,868,751	5,763,184,071
Total liabilities		11,572,193,075	13,039,115,333	8,694,898,504	9,832,317,018

The accompanying notes are integral part of these financial statements.

Statements of financial position

Thaicom Public Company Limited and its Subsidiaries
For the year ended 31 December 2011 and 2012

	Note	Consolidated financial statements		Separate financial statements	
		2012 (in Baht)	2011 (in Baht)	2012 (in Baht)	2011 (in Baht)
Liabilities and equity					
Equity					
Share capital	19				
Authorised share capital		<u>5,660,411,500</u>	<u>5,660,411,500</u>	<u>5,660,411,500</u>	<u>5,660,411,500</u>
Issued and paid-up share capital		5,479,687,700	5,479,687,700	5,479,687,700	5,479,687,700
Premium on ordinary shares	19	4,301,989,672	4,301,989,672	4,301,989,672	4,301,989,672
Retained earnings					
Appropriated					
Legal reserve	20	453,152,821	413,853,344	453,152,821	413,853,344
Unappropriated		3,763,906,918	3,732,488,641	2,879,238,447	2,173,491,842
Other components of equity		<u>203,939,183</u>	<u>211,349,446</u>	-	-
Equity attributable to owners					
of the Company		<u>14,202,676,294</u>	<u>14,139,368,803</u>	<u>13,114,068,640</u>	<u>12,369,022,558</u>
Non-controlling interests		<u>35,838,547</u>	<u>37,078,325</u>	-	-
Total equity		<u>14,238,514,841</u>	<u>14,176,447,128</u>	<u>13,114,068,640</u>	<u>12,369,022,558</u>
Total liabilities and equity		<u>25,810,707,916</u>	<u>27,215,562,461</u>	<u>21,808,967,144</u>	<u>22,201,339,576</u>

The accompanying notes are integral part of these financial statements.

Statements of income

Thaicom Public Company Limited and its Subsidiaries
For the year ended 31 December 2011 and 2012

	Note	Consolidated financial statements		Separate financial statements	
		2012 (in Baht)	2011 (in Baht)	2012 (in Baht)	2011 (in Baht)
Continuing operations					
<i>Income</i>	4				
Revenues from sale of goods and rendering of services	23	7,265,912,942	6,623,763,255	5,086,117,111	4,587,549,106
Net foreign exchange gain		19,576,152	-	25,750,165	-
Other income	24	106,108,178	149,572,405	600,803,256	203,819,379
Total income		7,391,597,272	6,773,335,660	5,712,670,532	4,791,368,485
<i>Expenses</i>	4				
Cost of sale of goods and rendering of services		3,737,776,072	3,910,867,343	2,828,605,152	3,055,833,890
Operating agreements fee		746,595,329	596,988,870	746,595,329	596,988,870
Selling expenses		141,216,689	155,941,930	72,751,151	71,450,066
Administrative expenses		1,239,782,528	1,186,163,364	646,300,800	647,135,857
Directors and management benefit expenses		66,466,386	61,816,891	66,235,130	61,592,742
Net foreign exchange loss		-	84,862,682	-	66,323,639
Impairment losses on non-current assets held for abandonment		175,273,209	-	-	-
Finance costs		419,778,276	451,689,687	392,317,478	416,000,121
Total expenses		6,526,888,489	6,448,330,767	4,752,805,040	4,915,325,185
Share of profit of associate	9	164,103,038	141,289,974	-	-
Profit (loss) before income tax expense from continuing operations		1,028,811,821	466,294,867	959,865,492	(123,956,700)
Income tax expense	27	(346,508,297)	(501,262,666)	(173,875,953)	(352,039,633)
Profit (loss) from continuing operation		682,303,524	(34,967,799)	785,989,539	(475,996,333)
Discontinued operation					
Loss from discontinued operation, net of income tax	8	(508,403,144)	(467,276,736)	-	-
Profit (loss) for the year		173,900,380	(502,244,535)	785,989,539	(475,996,333)
Profit (loss) attributable to:					
Owner of the Company		173,900,380	(490,025,932)	785,989,539	(475,996,333)
Non-controlling interest		-	(12,218,603)	-	-
Profit (loss) for the year		173,900,380	(502,244,535)	785,989,539	(475,996,333)

The accompanying notes are integral part of these financial statements.

Statements of comprehensive income

Thaicom Public Company Limited and its Subsidiaries
For the year ended 31 December 2011 and 2012

	Note	Consolidated financial statements		Separate financial statements	
		2012 (in Baht)	2011 (in Baht)	2012 (in Baht)	2011 (in Baht)
Earnings (loss) per share	29				
Basic		0.16	(0.45)	0.72	(0.43)
Diluted		0.16	(0.45)	0.72	(0.43)
Earnings (loss) per share - continuing operations	29				
Basic		0.62	(0.02)	0.72	(0.43)
Diluted		0.62	(0.02)	0.72	(0.43)
Profit (loss) for the year		173,900,380	(502,244,535)	785,989,539	(475,996,333)
Other comprehensive income	21				
Foreign currency translation differences for foreign operations		(8,740,540)	137,927,307	-	-
Defined benefit plan actuarial losses		(107,204,541)	-	(51,179,321)	-
Share of other comprehensive loss of associate		(17,544,342)	-	-	-
Income tax on other comprehensive income		21,566,257	-	10,235,864	-
Other comprehensive income for the year, net of income tax		(111,923,166)	137,927,307	(40,943,457)	-
Total comprehensive income for the year		61,977,214	(364,317,228)	745,046,082	(475,996,333)
Total comprehensive income attributable to:					
Owners of the Company		63,216,992	(356,522,647)	745,046,082	(475,996,333)
Non-controlling interests		(1,239,778)	(7,794,581)	-	-
Total comprehensive income for the year		61,977,214	(364,317,228)	745,046,082	(475,996,333)

The accompanying notes are integral part of these financial statements.

Thaicom Public Company Limited and its Subsidiaries
For the year ended 31 December 2012

The accompanying notes are an integral part of these financial statements

Statement of changes in equity

Thaicom Public Company Limited and its Subsidiaries
For the year ended 31 December 2012

Consolidated financial statements											
	Note	Issued and paid-up share capital (in Baht)	Share premium (in Baht)	Retained earnings		Other components of equity			Equity attributable to owners of the Company (in Baht)	Non-controlling interests (in Baht)	Total equity (in Baht)
				Legal reserve (in Baht)	Unappropriated (in Baht)	Cumulative gain on dilution of investment in a subsidiary and an associate (in Baht)	Currency translation differences (in Baht)	Total other components of equity (in Baht)			
Balance at 1 January 2012		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
Transactions with owners, recorded directly in equity											
Unrealised gain from decrease in shareholding in an associate	9	-	-	-	-	90,499	-	90,499	90,499	-	90,499
Net income recognised directly in equity		-	-	-	-	90,499	-	90,499	90,499	-	90,499
Comprehensive income for the year											
Profit	29	-	-	39,299,477	134,600,903	-	-	-	173,900,380	-	173,900,380
Other comprehensive income	21	-	-	-	(103,182,626)	-	(7,500,762)	(7,500,762)	(110,683,388)	(1,239,778)	(111,923,166)
Total comprehensive income for the year		-	-	39,299,477	31,418,277	-	(7,500,762)	(7,500,762)	63,216,992	(1,239,778)	61,977,214
Balance at 31 December 2012		5,479,687,700	4,301,989,672	453,152,821	3,763,906,918	331,456,927	(127,517,744)	203,939,183	14,202,676,294	35,838,547	14,238,514,841

The accompanying notes are an integral part of these financial statements

Statement of changes in equity

Thaicom Public Company Limited and its Subsidiaries
For the year ended 31 December 2012

Separate financial statements						
	Note	Issued and paid-up share capital (in Baht)	Share premium (in Baht)	Retained earnings		Total equity (in Baht)
				Legal reserve (in Baht)	Unappropriated (in Baht)	
Balance at 1 January 2012		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	29	-	-	-	(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
Year ended 31 December 2012						
Balance at 1 January 2012 - as reported		5,479,687,700	4,301,989,672	413,853,344	2,173,491,842	12,369,022,558
Comprehensive income for the year						
Profit	29	-	-	39,299,477	746,690,062	785,989,539
Other comprehensive income	21	-	-	-	(40,943,457)	(40,943,457)
Total comprehensive income for the year	-	-	-	39,299,477	705,746,605	745,046,082
Balance at 31 December 2012		5,479,687,700	4,301,989,672	453,152,821	2,879,238,447	13,114,068,640

The accompanying notes are an integral part of these financial statements

Statements of cash flows

Thaicom Public Company Limited and its Subsidiaries
For the year ended 31 December 2012

		Consolidated financial statements		Separate financial statements	
	Note	2012 (in Baht)	2011 (in Baht)	2012 (in Baht)	2011 (in Baht)
Cash flows from operating activities					
Profit (loss) for the year		173,900,380	(490,025,932)	785,989,539	(475,996,333)
Adjustments for					
Depreciation of property and equipment	10, 25	1,064,106,203	1,125,777,505	250,656,661	360,754,640
Amortisation of property and equipment under operating agreement	11	1,351,295,336	1,350,885,342	1,351,295,336	1,350,885,342
Amortisation of deferred charges	11	40,095,392	31,707,104	39,595,433	30,766,489
Amortisation of intangible assets	11	102,206,882	99,891,862	90,072,158	90,032,154
Impairment loss on non-current assets held for abandonment		175,273,209	-	-	-
Current services costs of employee	17	12,817,886	12,517,768	8,428,368	8,194,920
Past services costs of employee	17	1,735,025	-	2,181,342	-
Interest income	24	(83,376,700)	(47,011,318)	(65,333,804)	(34,452,546)
Dividend income	24	-	-	(319,966,000)	-
Finance cost		419,778,276	478,885,558	392,317,478	416,000,121
(Gain) loss on exchange rate		(24,467,306)	62,747,948	(43,837,853)	15,620,963
Amortisation of borrowing costs	14, 25	5,577,234	6,139,009	5,577,234	6,139,009
Write-off finance lease liabilities	14	(1,643,044)	(794,794)	(1,643,044)	(794,794)
(Reversal of) allowance for doubtful accounts	6	974,345	45,064,534	(7,784,174)	(5,869,061)
Loss on non-controlling interest		-	(12,218,603)	-	-
Allowance for obsolete inventory		20,907,029	28,507,449	3,783,949	30,420,501
Gain on disposal of property and equipment	24	(5,242,989)	(29,739,705)	(56,845,447)	(28,998,697)
Write-off property and equipment	10	11,109,994	26,885,920	471,373	2,884,946
Write-off intangible assets	11	115,585	-	223,611	-
Share of profits of associate	9	(164,103,038)	(141,289,974)	-	-
Income tax expense	27	346,508,297	482,714,505	173,875,953	352,039,633
		3,447,567,996	3,030,644,178	2,609,058,113	2,117,627,287
Changes in operating assets and liabilities					
Trade and other accounts receivable		177,768,118	(152,877,408)	332,588,360	(317,780,770)
Amounts due from related parties		(2,605,684)	(1,684,813)	(7,960,935)	1,954,343
Inventories		(78,864,734)	211,314,280	2,994,923	171,705,082
Prepaid insurance		9,442,752	16,857,420	10,056,553	17,638,179
Other current assets		(110,493,857)	(54,391,729)	(10,011,397)	(7,774,618)
Other non-current assets		(62,949,242)	40,102,958	4,915,073	37,389,551
Trade and other accounts payable		65,119,535	(138,527,254)	142,966,509	(171,135,896)
Amounts due to related parties		526,712	(1,376,568)	95,801,854	(48,468,178)
Advance receipts from customers		166,262,219	7,893,419	278,626,757	68,614,691
Accrued operating agreement fee		(4,725,634)	59,159,092	9,808,012	75,330,153
Other current liabilities		8,183,433	38,082,924	(26,328,691)	33,579,178
Other non-current liabilities		44,188,418	219,963,803	66,990,128	219,417,571
Employee benefit obligations paid	17	(8,823,219)	(6,993,155)	(7,086,450)	(6,091,420)
Decrease in employee benefit obligations from sale investment in subsidiary	17	-	(891,251)	-	-
Interest received		61,966,375	38,294,618	60,808,918	29,300,840
Income tax paid		(200,445,167)	(268,462,334)	(77,231,632)	(70,192,051)
Net cash provided by operating activities		3,512,118,021	3,037,108,180	3,485,996,095	2,151,113,942

The accompanying notes are an integral part of these financial statements

Statements of cash flows

Thaicom Public Company Limited and its Subsidiaries
For the year ended 31 December 2012

	Note	Consolidated financial statements		Separate financial statements	
		2012 (in Baht)	2011 (in Baht)	2012 (in Baht)	2011 (in Baht)
<i>Cash flows from investing activities</i>					
Dividends received	9	142,556,994	130,051,995	319,966,000	-
Net cash outflow on acquisition of subsidiaries	9	-	-	(971,818,295)	(1,254,000)
Payment of property and equipment		(1,923,181,181)	(2,388,875,694)	(1,740,487,321)	(2,048,511,503)
Payment for property and equipment under operating agreement		(4,920,216)	(1,942,429)	(4,920,214)	(1,942,429)
Proceeds from sale of property and equipment		8,707,858	69,170,220	179,206,394	68,047,778
Short-term loan to a jointly-controlled entity	4	(57,190,674)	(76,633,636)	(116,715,662)	(156,395,175)
Long-term loan to subsidiaries	4	-	-	9,262,730	187,797,262
Payments for deferred charges		(24,314,388)	(96,124,061)	(24,314,388)	(96,042,625)
Purchase of intangible assets		(12,591,767)	(4,787,959)	(7,226,413)	(4,532,099)
Proceeds from sale of intangible assets		-	195,600	-	195,600
Net cash used in investing activities		(1,870,933,374)	(2,368,945,964)	(2,357,047,169)	(2,052,637,191)
<i>Cash flows from financing activities</i>					
Proceeds from short-term borrowings	14	-	2,156,217,186	-	2,156,217,186
Repayment of short-term borrowings	14	-	(2,156,217,186)	-	(2,156,217,186)
Proceeds from long-term borrowings	14	1,620,836,454	1,628,429,113	1,616,412,436	1,628,429,113
Repayments of long-term borrowings	14	(3,466,236,413)	(309,727,580)	(3,305,519,526)	(5,399,505)
Proceeds from other related party	4	57,597,419	77,317,196	-	-
Interest paid		(438,833,753)	(464,479,944)	(394,600,876)	(407,257,597)
Net cash from (used in) financing activities		(2,226,636,293)	931,538,785	(2,083,707,966)	1,215,772,011
Net increase (decrease) in cash and cash equivalents		(585,451,646)	1,599,701,001	(954,759,040)	1,314,248,762
Cash and cash equivalents at beginning of year		2,865,910,278	1,271,920,158	1,826,976,965	518,439,084
Effects of non-current assets held for abandon		(11,210,345)	-	-	-
Effects of exchange rate changes on balances held in foreign currencies		(1,626,984)	(5,710,881)	(1,626,984)	(5,710,881)
Cash and cash equivalents at end of year	5	<u>2,267,621,303</u>	<u>2,865,910,278</u>	<u>870,590,941</u>	<u>1,826,976,965</u>
Non-cash transactions					
Acquisition of property and equipment by issue of debt		27,369,099	83,276,116	27,369,099	42,109,884

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 year ended 31 December 2012

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English translation of the financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorized for issue by the Board of Directors on 13 February 2013

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 2012 and 2011 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2012	2011
Direct subsidiaries				
DTV Service Company Limited	Providing meeting center via internet and broadband content services and sale of direct television equipment	Thailand	99.99	99.99
iPSTAR Company Limited	Providing Thaicom 4 transponder services	The British Virgin Islands	99.96	99.96
Star Nucleus Company Limited	Providing broadband technological services via Thaicom 4 satellite	The British Virgin Islands	100	100
Spacecode LLC	Providing engineering and development services, technology and electronics	The United States of America	70	70
IPSTAR International Pte Limited	Providing Thaicom 4 transponder services	Singapore	100	100
IPSTAR Global Services Company Limited	Providing Thaicom 4 transponder services	Mauritius	100	100

Notes to the financial statements

Thaicom Public Company Limited and its Subsidiaries
For the year ended 31 December 2012

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2012	2011
Cambodian DTV Network Limited	Sale of direct television equipment	Cambodia	100	100
IPSTAR Australia Pty Limited	Sale of user terminal of Thaicom 4 and providing Thaicom 4 transponder services in Australia.	Australia	100	100
TC Broadcasting Company Limited	Providing broadcasting, television and telecommunication	Thailand	99.99	-
<i>Indirect subsidiary</i> <i>Subsidiary of iPSTAR Company Limited</i>				
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
<i>Jointly-controlled entity</i> Shenington Investments Pte Limited	Holding company for investment in international telecommunications	Singapore	51	51
<i>Subsidiary of Shenington Investments Pte Limited</i>				
Mfone Company Limited (Note 8)	Providing fixed line, mobile phone and Internet services	Cambodia	51	51
<i>Jointly-controlled entity of Shenington Investments Pte Limited</i> Lao Telecommunications Company Limited	Providing fixed line, mobile phone, public phone, public international facilities and Internet services	Lao PDR	24.99	24.99

2 Basis of preparation of the financial statements

(a) Statement of compliance

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

As at 31 December 2012, the FAP had issued a number of new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in note 35.

(b) Basis of measurement

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

(c) Presentation currency

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

(d) Use of estimates and judgements

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of 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 3(v) Current and deferred taxation
- Note 6 Allowance for doubtful accounts
- Note 7 Measurement of the net realisable value of inventory.
- Notes 10 and 11 Estimated useful lives of assets and measurement of the recoverable amounts
- Note 10 Lease classification
- Note 12 Utilisation of deferred tax assets
- Notes 31 and 32 Provisions and contingencies
- Note 30 Measurement of fair values of financial derivative

3 Significant accounting policies

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

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries and jointly-controlled entities and the Group's interests in associates.

Business combinations

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 recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group 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 currencies

Foreign currency transactions

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

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

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

Foreign entities

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

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

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) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. The assets (or disposal group) are measured at the lower of their carrying value and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and investment properties. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(h) Investments

Investments in subsidiaries, jointly-controlled entity and associate

Investments in subsidiaries, jointly-controlled entity and associate 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.

(i) 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.

(j) 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.

(k) 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.

(l) Intangible assets

Goodwill

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

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.

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.

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.

(m) 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.

(n) 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.

(o) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost 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.

(p) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(q) 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.

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

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.

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

Warranties

A provision for warranties is recognised when the underlying 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.

(s) 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.

Dividend income

Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

Interest income

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

(t) 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.

(u) 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.

(v) 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.

4 Related parties

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% (2011: 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 2012 and 2011 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
Revenues				
<i>Revenues from sale of goods and rendering of services</i>				
Subsidiaries	-	-	1,471,384	1,346,351
Jointly-controlled entities	1,275	8,888	-	354
Associate	11,725	10,284	11,665	10,080
Related parties under common control	52,016	62,018	51,962	51,387
Other related party	178	904	-	-
<i>Other income</i>				
Subsidiaries	-	-	514,723	112,825
Jointly-controlled entities	4,342	1,753	8,861	3,577
Related parties under common control	158	-	158	-
Total revenue	69,694	83,847	2,058,753	1,524,574

	Consolidated financial statements		Separate financial statements	
	2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
Expenses				
Purchases of goods and services				
<i>Subsidiaries</i>	-	-	55,747	48,098
Jointly-controlled entities	(1,493)	3,683	(3,121)	7,514
Associate	21,375	20,854	21,375	20,684
Related party under common control	1,934	1,168	420	25
Other related parties	34,577	37,325	14,307	13,552
<i>Selling and administrative expenses</i>				
Subsidiaries	-	-	4,706	1,769
Jointly-controlled entities	38	176	77	262
Associate	2,929	3,087	2,740	2,758
Related parties under common control	24,163	15,024	12,906	10,528
Directors and management benefit expenses	67,467	62,746	66,952	62,242
<i>Other expenses</i>				
Other related party	2,915	609	-	-
Total expenses	153,905	144,672	176,109	167,432

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

	Consolidated financial statements		Separate financial statements	
	2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
Trade accounts receivable and accrued income - related parties				
<i>Trade accounts receivable</i>				
Subsidiaries	-	-	66,683	219,790
Jointly-controlled entity	24,726	29,306	2,482	3,455
Associate	899	899	899	899
Related parties under common control	4,872	8,635	4,461	4,487
Other related party	-	158	-	-
Total	30,497	38,998	74,525	228,631
<i>Accrued income</i>				
Subsidiaries	-	-	859	252,714
Jointly-controlled entity	75	339	-	-
Associate	10,080	2,520	10,080	2,520
Related parties under common control	4,342	4,463	4,285	4,343
Total	14,497	7,322	15,224	259,577
Total trade accounts receivable and accrued income - related parties	44,994	46,320	89,749	488,208
<i>Less allowance for doubtful accounts</i>	(24,318)	-	(2,482)	-
Net	20,676	46,230	87,267	488,208
Amounts due from related parties				
Subsidiaries	-	-	27,415	27,103
Jointly-controlled entity	4,478	3,165	98,866	93,923
Associate	433	-	433	-
Total	4,911	3,165	126,714	121,026
Short-term loan to a jointly-controlled entity	132,543	78,943	270,496	161,109

As at 31 December 2012, the short-term loan to a jointly-controlled entity bears interest at the rate of 3.25% - 3.81% per annum (2011: 3.04% - 3.55% per annum) and is repayable when requested.

Movements for the year ended 31 December 2012 and 2011 of short-term loan to a jointly-controlled entity were as follows:

	Consolidated financial statements		Separate financial statements	
	2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
At 1 January	78,943	-	161,109	-
Increase	57,191	76,634	116,716	156,395
Unrealised gain (loss) on exchange rate	(3,591)	2,309	(7,329)	4,714
At 31 December	132,543	78,943	270,496	161,109

	Consolidated financial statements		Separate financial statements	
	2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
Other current assets - related parties				
Subsidiaries	-	-	585	357
Jointly-controlled entity	3,837	621	7,831	1,267
Total	3,837	621	8,416	1,624
Long term loan to a subsidiary	-	-	18,249	28,352

As at 31 December 2012, the long-term loan to subsidiaries bears interest at the rate of 5.30% per annum (2011: 6.27% - 6.33%).

Movement of long-term loan to subsidiaries for the years ended 31 December 2012 and 2011 were as follows:

	Consolidated financial statements		Separate financial statements	
	2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
At 1 January	-	-	28,352	208,540
Decrease	-	-	(9,263)	(187,797)
Gain (loss) on exchange rate	-	-	(840)	7,609
At 31 December	-	-	18,249	28,352

	Consolidated financial statements		Separate financial statements	
	2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
Trade accounts payable - related parties				
Subsidiary	-	-	134	201
Jointly-controlled entity	249	328	332	332
Associate	5,504	5,547	5,490	5,533
Related parties under common control	216	7,882	215	263
Total	5,969	13,757	6,171	6,329
Amounts due to related parties				
Subsidiaries	-	-	97,937	1,234
Jointly-controlled entity	-	1,248	-	2,547
Related parties under common control	2,071	379	1,974	329
Other related party	648	631	-	-
Total	2,719	2,258	99,911	4,110

	Consolidated financial statements		Separate financial statements	
	2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
Advances receipts from customers - related parties				
Subsidiary	-	-	283,305	29,684
Jointly-controlled entity	252	261	-	-
Related parties under common control	6	6	-	-
Total	258	267	283,305	29,684
Accrued expenses - related parties				
Subsidiary	-	-	4,500	4,129
Jointly-controlled entity	-	936	-	1,910
Associate	1,071	1,070	1,071	1,070
Related parties under common control	1,033	452	1,045	422
Other related party	6,369	2,837	2,462	2,228
Total	8,473	5,295	9,078	9,759
Other current liabilities - related parties				
Subsidiary	-	-	10	2,031
Related parties under common control	160	144	160	144
Total	160	144	170	2,175
Short-term loan from other related party	133,177	79,295	-	-

As at 31 December 2012, the short-term loan from other related party bear interest at the rate of 3.50% - 3.81% per annum (2011: 3.04% - 3.55% per annum) and is repayable when requested.

Movements for the year ended 31 December 2012 and 2011 of short-term loan from other related party

	Consolidated financial statements		Separate financial statements	
	2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
At 1 January	79,295	-	-	-
Increase	57,598	77,317	-	-
Unrealised (gain) loss on exchange rate	(3,716)	1,978	-	-
At 31 December	133,177	79,295	-	-

Key management personnel compensation

Key management personnel compensation comprised:

	Consolidated financial statements		Separate financial statements	
	2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
For the year ended 31 December				
Short-term employee benefits	66,070	61,449	65,555	60,945
Other long-term benefits				
- Current service costs, included in administrative expenses	680	648	680	648
- Interest on obligation, included in finance costs	717	649	717	649
Total	67,467	62,746	66,952	62,242

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.

Commitments for related parties

The Company had issued letters of comfort to the bankers of a subsidiary of jointly-controlled entity. Under the terms of the letters of comfort, the Company must hold its interests in its subsidiaries of jointly-control entity 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 of jointly-controlled entity to ensure that these subsidiaries of jointly-controlled entity will be able to meet their repayment obligations under their related loan agreements.

As at 31 December 2012, the Company was not commitment from issuing the letter of comfort to the bankers of a subsidiary of jointly-controlled entity (31 December 2011: USD 2.2 million).

Significant agreements with related parties

- a. The Company entered into an agreement with an associate, 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 41.38 million (2011: approximately Baht 8.39 million).
- b. The Company entered into an agreement with a jointly-controlled entity, under which the jointly-controlled entity was committed to ensure the IPSTAR gateway system performance in accordance with the industry standard and provide maintenance service in Cambodia for a period of approximately five years. The contract expired during 2012. As at 31 December 2012, the Company was not committed to pay (2011: approximately USD 0.16 million).
- c. The Company and subsidiary entered into agreements with subsidiaries, under which the Company and subsidiaries were committed to pay royalty fee at 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 and associate, under which the Company was committed to provide transponder service, IPSTAR bandwidth service and advisory service. Subsidiaries and associate were committed to pay the Company for the service of the agreements at approximately USD 101.37 million (2011: approximately USD 115.94 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 had 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. The company was committed to pay for the service in respect of the agreements at approximately Baht 5.31 million (2011: approximately Baht 4.85 Baht).
- f. The Company entered into an agreement with an associate, under which the Company was committed to provide satellite uplink equipment for a period of approximately three years and seven months. An associate was committed to pay for rental fee in respect of the agreements at approximately Baht 23.41 million.

5 Cash and Cash equivalents

	Consolidated financial statements		Separate financial statements	
	2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
Cash on hand	25,298	158,803	2,326	137,814
Current accounts and savings deposits	1,831,050	1,218,498	567,585	528,149
Fixed deposits	411,273	1,488,609	300,680	1,161,014
Total	2,267,621	2,865,910	870,591	1,826,977
The weighted average interest rate of saving deposits and fixed deposits	1.03%	1.19%	0.18%	0.09%

6 Trade and other accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
<i>Trade accounts receivable</i>					
Related parties	4	30,497	38,998	74,525	228,631
Other parties		956,023	1,248,340	567,265	661,734
		986,520	1,287,338	641,790	890,365
<i>Accrued income</i>					
Related parties	4	14,497	7,322	15,224	259,577
Other parties		174,568	133,066	171,157	122,680
		189,065	140,388	186,381	382,257
<i>Other accounts receivable</i>					
Prepaid expenses		73,320	69,250	25,243	9,427
Advance payments		112,262	50,799	105,504	36,272
Others		8,220	78,539	10,208	5,810
		193,802	198,588	140,955	51,509
Total trade accounts receivable accrued income and other accounts receivable		1,369,387	1,626,314	969,126	1,324,131
<i>Less allowance for doubtful accounts</i>		(191,767)	(278,282)	(97,657)	(123,415)
Total		1,177,620	1,348,032	871,469	1,200,716
(Reversal of) bad and doubtful debts expenses for the year		974	45,065	(7,784)	(5,869)

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
Within credit terms	364,569	480,365	200,470	328,315
Overdue : Less than 3 months	284,387	272,420	204,290	309,383
3 - 6 months	129,232	105,149	72,817	56,847
6 - 12 months	55,474	110,336	55,186	53,535
Over 12 months	152,858	319,068	109,027	142,285
	986,520	1,287,338	641,790	890,365
<i>Less allowance for doubtful accounts</i>	(191,767)	(278,282)	(97,657)	(123,415)
Net	794,753	1,009,056	544,133	766,950

The normal credit terms were granted by the Group ranging 30 days to 60 days.

7 Inventories

	Consolidated financial statements		Separate financial statements	
	2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
Raw material and supplies	55,417	49,477	42,433	45,771
Work in process	5,913	5,807	-	-
Finished good	362,766	252,717	199,442	158,415
Goods in transit	679	8,277	8	7,488
	424,775	316,278	241,883	211,674
Less allowance for obsolete inventories	(96,977)	(74,953)	(57,901)	(54,117)
Net	327,798	241,325	183,982	157,557

8 Non-current assets held for abandonment and discontinued operation

On 12 November 2012, the Board of Directors approved the sale of share of Mfone. The Share Purchase Agreement contains conditions that both parties shall fulfill within 60 days from the agreement date. The Group had classified assets and liabilities of non-current assets classified as held for sale as at 30 September 2012 and recognised an impairment loss of approximately Baht 251 million in the financial statements for the nine-month period ended 30 September 2012. However after 60 days from the agreement date, the buyer served a notice to terminate Share Purchase Agreement since the buyer cannot fulfill on the condition precedent.

On 7 January 2013, the Board of Directors approved proposal of the management of the jointly-controlled entity to file Mfone into insolvency proceedings based on Cambodia Law. Due to the financial position and its operation results from sales and provision of service of its telephone business segment in Cambodia which belong to Mfone facing a continue loss, resulting to insufficient cashflow for operation and debt repayment, the Group decided to cease the financial support and thus discontinue such segment. Mfone filed a petition for the opening of insolvency proceedings to the Phnom-Penh Municipal Court ("Court") on 9 January 2013.

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

As at 31 December 2012, the Group has no commitment and guarantee on behave of Mfone, therefore, the Group does not recognize any liabilities in our consolidated financial statement. (Note 4)

For other related expenses, the Group record on accrual basis.

The Group consolidated financial statement for the year ended 31 December 2012 has changed the presentation from non-current assets and liabilities held for sale to non-current assets and liabilities held for abandonment and separated the operation result under caption 'loss for the period from the discontinued operation'.

The comparative statement of income has been re-presented to show the discontinued operations separately from continuing operations.

		Consolidated financial statements	
	Note	2012 (in thousand Baht)	2011 (in thousand Baht)
Year ended 31 December			
Results of discontinued operation			
Revenue		433,768	630,448
Expenses		<u>(966,094)</u>	<u>(1,116,273)</u>
Results from operating activities		(532,326)	(485,825)
Income tax		23,923	18,548
Results from operating activities, net of income tax		<u>(508,403)</u>	<u>(467,277)</u>
Loss per share			
Basic loss per share (Baht)	29	<u>(0.46)</u>	<u>(0.43)</u>
Diluted loss per share (Baht)	29	<u>(0.46)</u>	<u>(0.43)</u>

The loss from discontinued operation of Baht 508 million (2011: Baht 467 million) is attributable entirely to the owners of the Company.

	Consolidated financial statements
	2012 (in thousand Baht)
Cash flows from (used in) discontinued operation	
Net cash used in operating activities	(88,795)
Net cash used in investing activities	(2,104)
Net cash from financing activities	<u>50,326</u>
Net cash used in discontinued operation	<u><u>(40,573)</u></u>

Details of the assets and liabilities of non-current assets held for abandonment are as follows:

		Consolidated financial statements
		2012 (in thousand Baht)
Effect to Financial position of the Company		
Cash and cash equivalents		11,210
Trade and other receivable		15,806
Inventories		7,286
Other current assets		134,670
Property and equipment		1,605,680
Other non-current assets		65,504
Trade and other payables		(155,858)
Current portion of long-term borrowings		(1,431,256)
Advance receipts from customers		(37,882)
Accrued operating agreement		(44,916)
Other current liabilities		(9,276)
Deferred tax liabilities		(89,955)
Net assets		71,013
Less impairment loss		(71,013)
Net		-

9 Investments in subsidiaries, jointly-controlled entity and associate

	Note	Consolidated financial statements		Separate financial statements	
		2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
At 1 January		451,457	439,868	831,454	830,200
Acquisition	9 a)	-	-	971,818	1,254
Share of net profits of equity - accounted associate		164,103	141,290	-	-
Share of other comprehensive loss of associate	21	(17,544)	-	-	-
Unrealised gain from decrease in shareholding in an associate		90	351	-	-
Dividend income	9 d), f)	(142,557)	(130,052)	-	-
At 31 December		455,549	451,457	1,803,272	831,454

Investments in subsidiaries, jointly-controlled entity and associate as at 31 December 2012 and 2011 and dividend income from those investments for the years ended 31 December 2012 and 2011 were as follows:

Consolidated financial statements																	
Ownership interest			Dividend income														
2012 (%)	2011 (%)	Paid-up capital (in million Baht)	2012 (in million Baht)	2011 (in million Baht)	Cost method (in million Baht)	2012 (in million Baht)	2011 (in million Baht)	Equity method (in million Baht)	2012 (in million Baht)	2011 (in million Baht)	Impairment (in million Baht)	2012 (in million Baht)	2011 (in million Baht)	At equity-net (in million Baht)	2012 (in million Baht)	2011 (in million Baht)	income

Separate financial statements												
Ownership interest		Paid-up capital			Cost		Impairment		Cost - net of		Dividend income	
2012 (%)	2011 (%)	2012	2011	2012 (in million Baht)	2011 (in million Baht)	2012 (in million Baht)	2011 (in million Baht)	2012 (in million Baht)	2011 (in million Baht)	2012 (in million Baht)	2011 (in million Baht)	2012 (in million Baht)
Subsidiaries												
DTV Service Company Limited	99.99	99.99	Baht 399 million	Baht 399 million	399	399	-	-	399	399	-	-
Spacecode LLC	70.00	70.00	USD 4 million	USD 4 million	118	118	-	-	118	118	-	-
IPSTAR Company Limited	99.96	99.96	USD 2 million	USD 2 million	154	154	-	-	154	154	-	-
Star Nucleus Company Limited	100.00	100.00	-	-	-	-	-	-	-	-	-	-
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	-	-
IPSTAR Australia Pty Limited	100.00	-	AUD 6.95 million	-	971	-	-	-	971	-	320	-
TC Broadcast Company Limited	99.99	-	-	-	-	-	-	-	-	-	-	-
Total					1,665	694	-	-	1,665	694	320	-
Jointly-controlled entity												
Shenington Investments Pte Limited	51.00	51.00	SGD 15 million	SGD 15 million	138	138	-	-	138	138	-	-

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 (in million Baht)	Non-current assets (in million Baht)	Total assets (in million Baht)	Current liabilities (in million Baht)	Non-current liabilities (in million Baht)	Total liabilities (in million Baht)	Total revenues (in million Baht)	Total expenses (in million Baht)	Net profit (in million Baht)
2012										
CS Loxinfo Public Company Limited	42.07	403	495	898	(356)	(63)	(419)	1,239	(1,020)	161
Total		403	495	898	(356)	(63)	(419)	1,239	(1,020)	161
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

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.

	Ownership (%)	Current assets (in million Baht)	Non-current assets (in million Baht)	Total assets (in million Baht)	Current liabilities (in million Baht)	Non-current liabilities (in million Baht)	Total liabilities (in million Baht)	Total revenues (in million Baht)	Total expenses (in million Baht)	Net profit (in million Baht)
2012										
Group of Shenington Investments Pte Limited	51	170	1,507	1,677	(333)	(459)	(792)	1,167	(1,668)	(535)
Total		170	1,507	1,677	(333)	(459)	(792)	1,167	(1,668)	(535)
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)

Significant movements in investments in subsidiaries, jointly controlled entity and an associate for the nine-month period ended 31 December 2012 were as follows:

Subsidiaries

a) Acquisition of additional ordinary shares in IPSTAR Australia Pty Limited (“IPA”)

On 23 February 2012, the Company acquired 6.95 million ordinary shares of IPA from iPSTAR Co., Ltd., equivalent to 100% of registered share capital of IPA, at the price of USD 4.6 per share, totaling of USD 31.97 million. This acquisition has no impact on the consolidated financial statements of the Company. IPA has changed the status from an indirect subsidiary to a direct subsidiary of the Company.

b) Dividend payment of IPSTAR Australia Pty Limited (“IPA”)

At the Board of Directors’ meeting of IPA held on 21 September 2012, the directors passed a resolution to approve the interim dividends totaling of AUD 10 million. The dividend was paid to shareholders on 15 October 2012.

c) The incorporation of TC Broadcast Company Limited (“TCB”)

At the Board of Director’s meeting of the Company held on 3 December 2012, the directors pass a resolution to approve the incorporation of TC Broadcast Company Limited. The authorised capital of TCBC is Baht 1,000,000 divided into 100,000 ordinary shares of Baht 10 par value each. The issued share capital of TCB is Baht 250,000. The Company holds 99,995 shares, equivalent to 99.99% shareholding.

Associate

d) Dividend payment of CS Loxinfo Public Company Limited (“CSL”)

At the annual general meeting of the shareholders of CSL held on 29 March 2012, the shareholders approved the appropriation of dividend of Baht 0.27 per share, amounting to Baht 160 million. The dividend was paid to shareholders on 24 April 2012.

At the Board of Directors’ meeting of CSL held on 10 August 2012, the directors passed a resolution to approve the interim dividends of Baht 0.30 per share, totaling Baht 178 million. The dividend was paid to shareholders on 6 September 2012.

e) Increase of share capital 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 29 March 2012, a resolution was passed 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, the exercise ratio of the warrants issued under ESOP-Grant V has been affected. CSL has registered the increased share capital to the Ministry of Commerce on 23 April 2012.

Reduction of share capital

At the annual general meeting of the shareholders of CSL held on 29 March 2012, a resolution was passed 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. CSL has registered the decreased share capital to the Ministry of Commerce on 20 April 2012.

f) Assets classified as held for sale of CS Loxinfo Public Company Limited (“CSL”)

On 10 August 2012 the Board of Directors of CSL approved the sale of 120,000 ordinary shares in Watta Classifieds Company Limited (“Watta”), representing 60% of the total issued and paid-up share capital in Watta, at a price of Baht 0, due to continuing losses and poor future prospect from the operations of the subsidiary.

An impairment loss of Baht 9.5 million on the remeasurement of Watta to the lower of its carrying amount and its fair value less costs to sell has been recognised in administrative expenses in the consolidated statement of comprehensive income for the three-month and nine-month periods ended 30 September 2012. Watta contributed a loss of Baht 8.5 million before income tax expense to the consolidated profit before income tax expense for the nine-month period ended 30 September 2012.

The disposal of subsidiary was subsequently completed on 16 October 2012, and accordingly Watta has ceased to be a subsidiary of CSL.

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

Subsidiaries

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

	2011 Consolidated financial statements (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 Group 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

	2010 Consolidated financial statements (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.

Commitments

According to the joint venture agreement between the Group and the Government of the Lao People’s Democratic Republic, the Group must transfer all of LTC’s shares to the Government of the Lao People’s Democratic Republic, without any charges or compensation, on the expiration date of the joint venture agreement in 2021.

10 Property and equipment

	Consolidated financial statements				
	Leasehold land & building (in thousand Baht)	Equipment (in thousand Baht)	Motor vehicles & office equipment (in thousand Baht)	Assets under construction (in thousand Baht)	Total (in thousand Baht)
As at 31 December 2011					
Cost	463,938	10,204,137	631,448	1,829,45	113,128,974
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
Transactions during the year ended 31 December					
Opening net book value	220,077	4,353,968	207,768	1,829,451	6,611,264
Additions	73,991	161,773	40,111	1,647,305	1,923,180
Disposals, net	-	(1,447)	(2,018)	-	(3,465)
Write-offs, net	(3,012)	(6,241)	(1,857)	-	(11,110)
Transfers, net	57,959	33,203	16,402	(143,366)	(35,802)
Depreciation charges	(52,432)	(939,571)	(72,103)	-	(1,064,106)
Foreign currency translation adjustment	(2,993)	(157,844)	(5,083)	(1,814)	(167,734)
Less transferred to assets held for abandonment	(5,263)	(1,551,010)	(49,408)	-	(1,605,681)
Closing net book value	288,327	1,892,831	133,812	3,331,576	5,646,546
As at 31 December 2012					
Cost	579,376	9,302,519	615,829	3,331,576	13,829,300
Less accumulated depreciation	(285,786)	(5,830,086)	(432,609)	-	(6,548,481)
Less accumulated impairment loss	-	(28,592)	-	-	(28,592)
Less transferred to assets held for abandonment	(5,263)	(1,551,010)	(49,408)	-	(1,605,681)
Net book value	288,327	1,892,831	133,812	3,331,576	5,646,546
Net book value At 1 January 2011					
Owned asset	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

	Consolidated financial statements				
	Leasehold land & building (in thousand Baht)	Equipment (in thousand Baht)	Motor vehicles & office equipment (in thousand Baht)	Assets under construction (in thousand Baht)	Total (in thousand Baht)
At 31 December 2011 and 1 January 2012					
Owned assets	220,077	4,353,968	181,913	1,829,451	6,585,409
Assets under finance leases	-	-	25,855	-	25,855
	<u>220,077</u>	<u>4,353,968</u>	<u>207,768</u>	<u>1,829,451</u>	<u>6,611,264</u>
At 31 December 2012					
Owned assets	288,327	1,892,831	112,765	3,331,576	5,625,499
Assets under finance leases	-	-	21,047	-	21,047
	<u>288,327</u>	<u>1,892,831</u>	<u>133,812</u>	<u>3,331,576</u>	<u>5,646,546</u>

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2012 amounted to Baht 1,622.08 million (2011: Baht 2,653.68 million).

As at 31 December 2012 the accumulated impairment loss of Baht 28.6 million (2011: 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 2012, net book value of property and equipment includes property and equipment under agreements for operation of a jointly-controlled entity, Mfone Company Limited ("Mfone"), of approximately Baht 1,551.01 million (2011: Baht 1,997.73 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. The Group reclassified these assets to non-current asset held for abandonment in full amount (Note 8).

	Separate financial statements				
	Leasehold land & building (in thousand Baht)	Equipment (in thousand Baht)	Motor vehicles & office equipment (in thousand Baht)	Assets under construction (in thousand Baht)	Total (in thousand Baht)
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
Transactions during the year ended 31 December 2012					
Opening net book value	24,913	838,484	61,353	1,720,641	2,645,391
Additions	7,433	160,032	17,413	1,546,325	1,731,203
Disposals, net	-	(121,038)	(24)	-	(121,062)
Write-offs, net	(5)	(425)	(1,305)	-	(1,735)
Transfers, net	-	(33,204)	-	-	(33,204)
Depreciation charges	(4,436)	(221,941)	(24,280)	-	(250,657)
Closing net book value	27,905	621,908	53,157	3,266,966	3,969,936
As at 31 December 2012					
Cost	85,604	2,416,296	200,965	3,266,966	5,969,831
Less accumulate depreciation	(57,699)	(1,794,388)	(147,808)	-	(1,999,895)
Net book value	27,905	621,908	53,157	3,266,966	3,969,936

	Separate financial statements				
	Leasehold land & building (in thousand Baht)	Equipment (in thousand Baht)	Motor vehicles & office equipment (in thousand Baht)	Assets under construction (in thousand Baht)	Total (in thousand Baht)
Net book value					
At 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 and 1 January 2012					
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
At 31 December 2012					
Owned assets	27,905	621,908	32,110	3,266,966	3,948,889
Assets under finance leases	-	-	21,047	-	21,047
	27,905	621,908	53,157	3,266,966	3,969,936

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2012 amounted to Baht 1,387.02 million (2011: Baht 2,048.28 million).

Borrowing costs for the year ended 31 December 2012 in the amount of Baht 70.50 million (2011: Baht 11.28 million), arising on financing specifically entered into for assets under construction.

As at 31 December 2012, property and equipment included a project in progress of Baht 3,266.97 million (2011: 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	
		2012 (in thousand)	2011 (in thousand)	2012 (in thousand)	2011 (in thousand)
THAICOM 4 Project	USD	26	26	26	26
THAICOM 6 Project	USD	37,730	73,374	37,730	73,374
120° E Project	USD	171,000	171,000	171,000	171,000
Telephone network	USD	3,888	7,601	-	-
Total	USD	212,644	252,001	208,756	244,400
Total equivalent to Thai Baht		6,544,658	8,021,672	6,424,984	7,779,713

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.

11 Property and equipment under agreements for operation, deferred charges, and intangible assets

	Consolidated financial statements				
	Property and equipment under agreement for operation (in thousand Baht)	Deferred charges (in thousand Baht)	Goodwill (in thousand Baht)	Other intangible assets (in thousand Baht)	Total intangible assets (in thousand Baht)
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
Transactions during the year ended 31 December 2012					
Opening net book value	12,828,228	105,470	57,822	954,513	1,012,335
Additions	4,920	24,314	-	12,592	12,592
Write-off	-	-	-	(116)	(116)
Amortisation charges for the year	(1,351,295)	(40,095)	-	(102,207)	(102,207)
Foreign currency translation adjustment	-	-	-	(3,002)	(3,002)
Closing net book value	11,481,853	89,689	57,822	861,780	919,602
As at 31 December 2012					
Cost	21,147,208	732,466	57,822	1,618,673	1,676,495
Less accumulated amortisation	(9,665,355)	(642,777)	-	(756,893)	(756,893)
Net book value	11,481,853	89,689	57,822	861,780	919,602
Net book value					
At 1 January 2011	14,177,126	41,053	59,443	1,045,335	1,104,778
At 31 December 2011 and 1 January 2012	12,828,228	105,470	57,822	954,513	1,012,335
At 31 December 2012	11,481,853	89,689	57,822	861,780	919,602

	Separate financial statements		
	Property and equipment under agreement for operation (in thousand Baht)	Deferred charges (in thousand Baht)	Intangible assets (in thousand Baht)
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
Transactions during the year ended 31 December 2012			
Opening net book value	12,828,228	104,218	862,029
Additions	4,920	24,314	11,434
Disposals, net	-	-	(143)
Write-offs, net	-	-	(116)
Amortisation charges for the year	(1,351,295)	(39,595)	(90,072)
Closing net book value	11,481,853	88,937	783,132
As at 31 December 2012			
Cost	21,147,208	701,646	1,468,419
Less accumulated amortisation	(9,665,355)	(612,709)	(685,287)
Net book value	11,481,853	88,937	783,132
At 1 January 2011	14,177,126	38,941	947,955
At 31 December 2011 and 1 January 2012	12,828,228	104,218	862,029
At 31 December 2012	11,481,853	88,937	783,132

12 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	
	2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
Deferred tax assets	677,043	838,407	537,755	701,395
Deferred tax liabilities	-	(119,535)	-	-
Net	677,043	718,872	537,755	701,395

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:

	2012 (in thousand Baht)	2011 (in thousand Baht)
Year expired		
2012	-	43,437
2014	17,107	17,107
2016	24,966	24,966
2017	86,275	-
No expiry date	84,545	119,903
Total	212,893	205,413

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

	Consolidated financial statements (Charged)/credited to:					
	At 1 January 2012 (in thousand Baht)	Profit or loss (Note 27) (in thousand Baht)	Other comprehensive income (in thousand Baht)	Equity (in thousand Baht)	Discontinued operation (in thousand Baht)	At 31 December 2012 (in thousand Baht)
Deferred tax liabilities						
Depreciation/amortisation	119,535	-	-	-	(119,535)	-
Gain on foreign exchange	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total	119,535	-	-	-	(119,535)	-
Deferred tax assets						
Cumulative deficit	632,007	(171,573)	-	-	-	460,434
Allowance for doubtful accounts	17,736	-	-	(178)	(12,823)	4,735
Allowance for obsolete inventory	13,247	161	-	(33)	-	13,375
Depreciation	(14,487)	(2,228)	-	(260)	-	(16,975)
Deposits	80,624	(556)	-	-	-	80,068
Finance costs	24,749	-	-	-	(32,230)	(7,481)
Advance receipts from customers	6,681	86,609	-	(3,726)	-	89,564
Others	77,850	(47,142)	21,566	1,049	-	53,323
Total	838,407	(134,729)	21,566	(3,148)	(45,053)	677,043
Net	718,872	(134,729)	21,566	(3,148)	74,482	677,043

	Consolidated financial statements (Charged)/credited to:			
	At 1 January 2012 (in thousand Baht)	Profit or loss (Note 27) (in thousand Baht)	Equity (in thousand Baht)	At 31 December 2012 (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	4,749
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

Separate financial statements (Charged)/credited to:					
	At 1 January 2012 (in thousand Baht)	Profit or loss (Note 27) (in thousand Baht)	Other comprehensive income (in thousand Baht)	Equity (in thousand Baht)	At 31 December 2012 (in thousand Baht)
<i>Deferred tax assets</i>					
Depreciation/amortisation	(1,457)	156	-	-	(1,301)
Cumulative deficit	632,007	(171,573)	-	-	460,434
Allowance for obsolete inventory	10,824	757	-	-	11,581
Deposits	32,633	(556)	-	-	32,077
Others	27,388	(2,660)	10,236	-	34,964
Total	701,395	(173,876)	10,236	-	537,755

Separate financial statements (Charged)/credited to:					
	At 1 January 2012 (in thousand Baht)	Profit or loss (Note 27) (in thousand Baht)	Other comprehensive income (in thousand Baht)	Equity (in thousand Baht)	At 31 December 2012 (in thousand Baht)
<i>Deferred tax assets</i>					
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

13 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
Withholding taxes receivable	524,926	447,777	523,843	446,612
Tax assessment's deposits	245,325	237,148	245,325	237,148
Others deposit	1	43,737	1	20,195
	770,252	728,662	769,169	703,955
Less accumulated impairment loss	(38,929)	(38,929)	(38,929)	(38,929)
Total	731,323	689,733	730,240	665,026

14 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
Current				
<i>Current portion of long-term borrowings</i>				
Loans from financial institutions	103,583	111,335	-	-
Loans from others	11,809	1,217,885	6,315	5,384
Total current portion of long-term borrowings	115,392	1,329,220	6,315	5,384
Current portion of long-term debentures	-	3,296,900	-	3,296,900
Total current interest - bearing liabilities	115,392	4,626,120	6,315	3,302,284
Non-current				
<i>Long-term borrowings</i>				
Loans from financial institutions	3,315,853	1,913,893	3,190,704	1,642,717
Loans from others	34,446	44,408	19,716	23,386
Total long-term borrowings	3,350,299	1,958,301	3,210,420	1,666,103
<i>Long-term debentures</i>	3,695,425	3,692,948	3,695,425	3,692,948
Total non - current interest - bearing liabilities	7,045,724	5,651,249	6,905,845	5,359,051
Total	7,161,116	10,277,369	6,912,160	8,661,335

As at 31 December 2011, borrowings from others are borrowings of subsidiary of jointly-controlled entities of Baht 1,206.38 million for the purpose of the telecommunication project, weighted average interest rate is 4.73% per annum. As at 31 December 2012, an aforementioned borrowing was reclassified to liabilities of non-current assets held for abandonment (Note 8).

Long-term debentures

As at 31 December 2012, the Company has once tranches of Baht 3,700 million, with a par value of Baht 1,000 each, unsubordinated and unsecured with having registered and bond holders representative debentures as follow:

Issue date	No. of units (Million)	Amount (Million Baht)	Interest rate (per annum)	Term of interest payment	Principal payment term	Outstanding balance as at 31 December 2012 (in million Baht)
6 November 2009	3.7	3,700	6.15 %	Quarterly	Entirely redeemed on 6 November 2014	3,700
Total debentures						3,700
Less bond issuing cost						(5)
Net						<u>3,695</u>

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:

		Consolidated financial statements		Separate financial statements	
	Note	2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
For the year ended 31 December					
Opening net book value		10,277,369	8,398,353	8,661,335	7,010,728
Proceeds from short-term borrowings		-	2,156,217	-	2,156,217
Proceeds from long-term borrowings, net of financial costs		1,620,836	1,628,428	1,620,836	1,628,428
Repayment of short-term borrowings		(3,425,227)	(2,156,217)	(3,300,000)	(2,156,217)
Repayment of long-term borrowings		(41,009)	(309,727)	(5,519)	(5,399)
Decrease from write-off finance lease liabilities		(1,643)	(794)	(1,643)	(794)
Amortisation of finance costs	25	5,577	6,139	5,577	6,139
Increase from change in status from accounts payable - property and equipment		281,618	460,018	-	-
(Gain) loss on exchange rate		(125,149)	94,952	(68,426)	22,233
Less transfer to liabilities of non-current assets held for abandonment		(1,431,256)	-	-	-
Closing net book value		7,161,116	10,277,369	6,912,160	8,661,335

The group has 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	
	2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
Total borrowings:				
- at fixed rates	3,741,680	7,045,766	3,721,456	7,018,618
- at floating rates	3,419,436	3,231,603	3,190,704	1,642,717
Total	7,161,116	10,277,369	6,912,160	8,661,335
Weighted average interest rates:				
- Loans	3.19%	2.78%	3.07%	3.22%
- Debentures	6.15%	5.73%	6.15%	5.73%

The carrying amounts and fair value of interest-bearing liabilities are as follows:

	Consolidated financial statements		Separate financial statements	
	Carrying amount (in thousand Baht)	Fair value (in thousand Baht)	Carrying amount (in thousand Baht)	Fair value (in thousand Baht)
As at 31 December 2012				
Loans	3,465,691	3,460,719	3,216,735	3,237,847
Debentures	3,695,425	3,737,396	3,695,425	3,737,396
As at 31 December 2011				
Loans	3,287,521	3,267,412	1,671,487	1,669,275
Debentures	6,989,848	7,042,659	6,989,848	7,042,659

The fair value of 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	
	2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
Later than 1 year but not later than 2 years	3,819,197	140,368	3,701,539	6,010
Later than 2 years but not later than 5 years	28,589	3,860,884	11,620	3,710,325
Later than 5 years	3,197,938	1,649,997	3,192,686	1,642,716
Total	7,045,724	5,651,249	6,905,845	5,359,051

Credit facilities

As at 31 December 2012 available credit facilities for loans from local and overseas banks are Baht 1,468 million (2011: Baht 798 million and USD 20 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.

15 Trade and other accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
Trade accounts payable					
- Related parties	4	5,969	13,757	6,171	6,329
- Other parties		244,184	323,407	94,874	119,416
Total		250,153	337,164	101,045	125,745
Other accounts payable					
- Accrued expenses		325,883	325,204	202,031	191,337
- Others		228,014	65,507	178,862	28,397
Total		553,897	390,711	380,893	219,734
Total trade and other accounts payable		804,050	727,875	481,938	345,479

16 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
Short-term deposits from customers	26,986	41,047	25,331	32,923
Other taxes	41,655	63,319	20,075	16,655
Others	11,500	36,430	9,371	31,528
Total	80,141	140,796	54,777	81,106

17 Employee benefit obligation

The statement of financial position obligation was determined as follows:

	Consolidated financial statements		Separate financial statements	
	2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
Present value of unfunded obligations	180,115	167,308	104,264	95,542
Actuarial losses in other comprehensive income	107,205	-	51,179	-
Statement of financial position obligation	287,320	167,308	155,443	95,542

Movement in the present value of the employee benefit obligations:

	Consolidated financial statements		Separate financial statements	
	2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
Employee benefit obligations at 1 January	167,308	150,876	95,542	88,604
Benefits paid by the plan	(8,823)	(6,993)	(7,086)	(6,091)
Current service costs and interest	22,588	21,092	13,627	13,029
Past service costs	1,735	-	2,181	-
Decrease from disposal of a subsidiary	-	(891)	-	-
Actuarial losses in other comprehensive income	107,205	-	51,179	-
(Gain) loss on exchange rate	(2,693)	3,224	-	-
Employee benefit obligations at 31 December	287,320	167,308	155,443	95,542

Expense recognised in profit or loss:

	Consolidated financial statements		Separate financial statements	
	2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
Current service costs of employee	12,818	12,518	8,428	8,195
Past service costs	1,735	-	2,181	-
Interest on obligation	9,770	8,574	5,199	4,834
Total	24,323	21,092	15,808	13,029

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Consolidated financial statements		Separate financial statements	
	2012 (%)	2011 (%)	2012 (%)	2011 (%)
Discount rate	3.90	4.98	3.90	5.00
Future salary increases	8.00 - 15.00	6.00	8.00	6.00

18 Other non-current liabilities

	Consolidated financial statements		Separate financial statements	
	2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
Long-term deposits from customers	244,751	168,191	233,944	156,847
Others	141,637	151,744	141,637	151,744
Total	386,388	319,935	375,581	308,591

19 Share capital and warrants

	Par value per share (Baht)	2012		2011	
		Number (thousand shares)	Baht (thousand Baht)	Number (thousand shares)	Baht (thousand Baht)
Authorised At 31 December ordinary shares	5	1,132,082	5,660,412	1,132,082	5,660,412
<i>Issued and paid - up</i>					
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.

20 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.

21 Other comprehensive income

The component of other comprehensive income is as follows:

	Consolidated financial statements		Separate financial statements	
	2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
<i>For the year ended 31 December</i>				
Foreign currency translation differences for foreign operations	(8,740)	137,927	-	-
Defined benefit plan actuarial losses, net of tax	(107,205)	-	(51,179)	-
Share of other comprehensive loss of associate	(17,544)	-	-	-
Tax related to the component of other comprehensive income	21,566	-	10,236	-
Total other comprehensive income, net of tax	(111,923)	137,927	(40,943)	-

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

	Consolidated financial statements					
	2012			2011		
	Amount before tax (in thousand Baht)	Tax income (expense) (in thousand Baht)	Net of tax (in thousand Baht)	Amount before tax (in thousand Baht)	Tax income (expense) (in thousand Baht)	Net of tax (in thousand Baht)
<i>For the year ended 31 December</i>						
Foreign currency translation differences for foreign operations	(8,740)	-	(8,740)	(137,927)	-	(137,927)
Defined benefit plan actuarial losses, net of tax	(107,205)	21,566	(85,639)	-	-	-
Share of other comprehensive loss of associate	(17,544)	-	(17,544)	-	-	-
Total other comprehensive income	(133,489)	21,566	(111,923)	(137,927)	-	(137,927)
<i>For the year ended 31 December</i>						
Defined benefit plan actuarial losses, net of tax	(51,179)	10,236	(40,943)	-	-	-
Total other comprehensive income	(51,179)	10,236	(40,943)	-	-	-

22 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

Segment information

	Satellite business services		Internet services and media		Telephone network		Others		Consolidation eliminations		Total continuing operations		Discontinued operation		Consolidated financial statements	
	2012 (in million Baht)	2011 (in million Baht)	2012 (in million Baht)	2011 (in million Baht)	2012 (in million Baht)	2011 (in million Baht)	2012 (in million Baht)	2011 (in million Baht)	2012 (in million Baht)	2011 (in million Baht)	2012 (in million Baht)	2011 (in million Baht)	2012 (in million Baht)	2011 (in million Baht)	2012 (in million Baht)	2011 (in million Baht)
Revenues	6,316	5,738	289	368	700	576	-	-	(39)	(58)	7,266	6,624	434	630	7,700	7,254
Shares of net results from associate	-	-	164	141	-	-	-	-	-	-	164	141	-	-	164	141
Cost of sales and services	(3,847)	(3,894)	(276)	(317)	(390)	(351)	-	-	29	54	(4,484)	(4,508)	(863)	(965)	(5,347)	(5,473)
Selling and administrative expenses	(1,134)	(1,099)	(89)	(100)	(183)	(161)	(122)	(52)	81	8	(1,447)	(1,404)	(89)	(124)	(1,536)	(1,528)
Segment results	1,335	745	88	92	127	64	(122)	(52)	71	4	1,499	853	(518)	(459)	981	394
Other income											106	150	1	-	107	150
Gain (loss) on foreign exchange											19	(85)	(1)	-	18	(85)
Loss on impairment asset											(175)	-	-	-	(175)	-
Profit (loss) before finance cost and income tax											1,449	918	(518)	(459)	931	459
Finance costs											(420)	(452)	(15)	(27)	(435)	(479)
Operating profit (loss)											1,029	466	(533)	(486)	496	(20)
Income tax											(346)	(501)	24	19	(322)	(482)
Non-controlling interests											-	12	-	-	-	12
Net Profit (loss)											683	(23)	(509)	(467)	174	(490)
Segment assets	22,188	22,666	266	265	1,413	3,997	17	1	(431)	(244)	23,453	26,685	1,769	-	25,222	26,685
Loan to other related party															133	79
Associate															456	451
Total assets															25,811	27,215
Segment liabilities	2,116	1,594	172	140	275	1,014	143	1	(64)	(67)	2,642	2,682	1,769	-	4,411	2,682
Borrowings															7,161	10,357
Total															11,572	13,039
Depreciation	378	413	8	11	261	250	-	-	-	-	647	674	417	452	1,064	1,126
Amortisation	1,495	1,486	4	2	-	-	-	-	-	-	1,499	1,488	-	-	1,499	1,488
Total depreciation and amortisation	1,873	1,899	12	17	261	250	-	-	-	-	2,146	2,162	417	452	2,563	2,614

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

	2012 (in thousand Baht)	2011 (in thousand Baht)
<i>Segment revenue</i>		
Thailand	3,235,904	2,796,458
Lao PDR	752,822	615,786
Australia	1,081,853	1,087,656
China	16,145	15,288
India	317,325	304,473
Japan	833,289	877,465
Others	1,192,767	1,068,029
Total continuing operations	7,430,105	6,765,155
Discontinued operation	433,664	630,006
Total	7,863,769	7,395,161
<i>Segment results</i>		
Thailand	1,683,400	1,303,177
Lao PDR	141,643	73,728
Australia	388,201	346,599
China	(596,583)	(474,418)
India	(195,220)	(176,385)
Japan	391,113	245,761
Others	(315,505)	(467,296)
Total continuing operations	1,497,049	851,166
Discontinued operation	(516,524)	(456,968)
Total	980,525	394,198

	2012 (in thousand Baht)	2011 (in thousand Baht)
Fixed assets		
continuing operations		
Thailand	16,014,962	15,906,280
Cambodia	-	2,095,069
Lao PDR	1,374,070	1,599,910
Australia	228,729	221,950
China	23,614	41,323
India	163,091	227,035
Japan	102,829	158,269
Others	230,394	307,461
Total continuing operations	18,137,689	20,557,297
Discontinued operation	1,605,681	-
Total	19,743,370	20,557,297

Fixed assets comprised of property and equipment, property and equipment under operating agreement, deferred charges and intangible assets.

23 Revenues from sale of goods and rendering of services

	Consolidated financial statements		Separate financial statements	
	2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
Continuing operation				
Revenues from sale of goods	581,738	987,743	323,080	557,735
Revenues from rendering of services	6,684,175	5,633,658	4,763,037	4,029,814
Total revenue from continuing operation	7,265,913	6,621,401	5,086,117	4,587,549
Discontinued operation	433,753	632,470	-	-
Total	7,699,666	7,253,871	5,086,117	4,587,549

24 Other income

	Note	Consolidated financial statements		Separate financial statements	
		2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
Continuing operation					
Consulting and management fees	9 b)	-	-	121,448	33,609
Dividend income		-	-	319,966	-
Interest income		83,377	46,967	65,334	34,453
Gain on sale of equipment		5,243	29,677	56,845	28,999
Others		17,488	72,928	37,210	106,758
Total other income from continuing operation		106,108	149,572	600,803	203,819
Discontinued operation		761	341	-	-
Total		106,869	149,913	600,803	203,819

25 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	
	2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
Continued operation				
Depreciation of property and equipment	646,758	771,969	250,657	360,755
Amortisation of property and equipment under the agreements for operations, deferred charges and intangible assets	1,493,598	1,482,480	1,480,720	1,471,683
Amortisation of finance costs	5,577	6,139	5,577	6,139
Staff costs	1,146,080	1,059,835	773,259	718,252
Discontinued operation				
Depreciation of property and equipment	417,348	353,808	-	-
Staff costs	50,355	68,213	-	-

26 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.

27 Income tax expense

	Note	Consolidated financial statements		Separate financial statements	
		2012 (in thousand Baht)	2011 (in thousand Baht)	2012 (in thousand Baht)	2011 (in thousand Baht)
Income tax expense from continuing					
Current tax expense		(211,779)	(175,816)	-	-
Deferred tax expense					
Movement in temporary differences		(105,933)	53,328	(145,080)	(1,384)
Income tax reduction - deferred		(28,796)	(360,227)	(28,796)	(350,656)
Total	12	(134,279)	(306,899)	(173,876)	(352,040)
Total income tax expense from continuing operations		(346,508)	(501,263)	(173,876)	(352,040)
Income tax from discontinued operation	8	23,923	18,548	-	-
Total income tax expense		(322,585)	(482,715)	(173,876)	(352,040)

Reconciliation of effective tax rate

	Consolidated financial statements			
	2012		2011	
	Rate [%]	(in thousand Baht)	Rate [%]	(in thousand Baht)
Profit (loss) for the year		682,304		(34,968)
Total income tax expense		346,508		501,263
Loss before total income tax expense		<u>1,028,812</u>		<u>466,295</u>
Income tax using the Thai corporation tax rate	23	(236,627)	30	(139,889)
Income tax reduction - deferred		28,796		(360,227)
Effect of different tax rates in foreign jurisdictions		(147,183)		45,114
Income not subject to tax		108,431		69,729
Effect of the income recognised in different periods for account and tax purposes		1,137		(76,032)
Expenses not deductible for tax purposes and expense recognised in different periods for accounting and tax purposes		(94,137)		(35,555)
Recognition of previously unrecognised tax losses		-		7,048
Current year losses for which no deferred tax asset was recognised		(6,925)		(11,451)
Total	33	(346,508)	108	(501,263)

	Separate financial statements			
	2012		2011	
	Rate [%]	(in thousand Baht)	Rate [%]	(in thousand Baht)
Profit (loss) for the year		785,990		(475,996)
Total income tax expense		173,876		352,040
Loss before total income tax expense		<u>959,866</u>		<u>(123,956)</u>
Income tax using the Thai corporation tax rate	23	(220,769)	30	37,187
Income tax reduction - deferred		28,796		(350,656)
Income not subject to tax		63,993		-
Effect of the income recognised in different periods for account and tax purposes		1,137		(11,124)
Effect of the non-deductible tax expense and expense recognised in different periods for accounting and tax purposes		(47,033)		(27,447)
Total	18	(173,876)	284	(352,040)

Income tax reduction

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

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

28 Promotional privileges

The Company was granted promotional privileges under the Investment Promotion Act (B.E. 2520) by the Board of Investment (BOI) in respect of earnings derived from rendering telecommunication services of Thaicom 3 satellite project to customers outside Thailand. Promotional privileges include exemption from corporate income tax for a period of 8 years commencing from December 1997, when its revenue was first earned from the promoted business. The Company must comply with certain terms and conditions required for the promoted industries.

On 19 November 2003, the Company was granted promotional privileges under the Investment Promotion Act (B.E. 2520) as amended by the Investment Promotion Act (No. 3) B.E. 2544 by the BOI in respect of earnings derived from rendering telecommunication services of iPSTAR satellite project to customers outside Thailand. Promotion privileges include exemption from corporate income tax for a period of 8 year, when its revenue was first earned from the promoted business. The Company must comply with certain terms and conditions required for the promoted industries.

In 2012 the Company has revenue from promoted business of Baht 1,347 million (2011: Baht 1,040 million).

29 Earning (loss) per share

Basic earnings (loss) per share

The calculations of basic earning (loss) per share for the years ended 31 December 2012 and 2011 were based on the profit (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			
	2012		2011		2012		2011	
	Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation
	(in thousand Baht /thousand shares)							
Profit (loss) for the year	682,303	(508,403)	173,900	(22,749)	(467,277)	(490,026)	785,990	-
Profit (loss) attributable to ordinary shareholders of the Company (basic)	682,303	(508,403)	173,900	(22,749)	(467,277)	(490,026)	785,990	-
Number of ordinary shares outstanding	1,095,938	1,095,938	1,095,938	1,095,938	1,095,938	1,095,938	1,095,938	1,095,938
Earnings (loss) per share (basic) (in Baht)	0.62	(0.46)	0.16	(0.02)	(0.43)	(0.45)	0.72	(0.43)

Diluted earnings (loss) per share

The calculations of diluted earnings (loss) per share for the years ended 31 December 2011 and 2010 were based on the profit (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				
	2012		2011			2012		2011		
	Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total	Total
	(in thousand Baht /thousand shares)									
Profit (loss) for the year	682,303	(508,403)	173,900	(22,749)	(467,277)	(490,026)	785,990	-	785,990	(475,996)
Profit (loss) attributable to ordinary shareholders of the Company (diluted)	682,303	(508,403)	173,900	(22,749)	(467,277)	(490,026)	785,990	-	785,990	(475,996)
Number of ordinary shares outstanding	1,095,938	1,095,938	1,095,938	1,095,938	1,095,938	1,095,938	1,095,938	1,095,938	1,095,938	1,095,938
Earnings (loss) per share (diluted) (in Baht)	0.62	(0.46)	0.16	(0.02)	(0.43)	(0.45)	0.72	-	0.72	(0.43)

30 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 2012 and 2011, 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			
	2012		2011	
	Foreign currency (in million)	Baht (in million)	Foreign currency (in million)	Baht (in million)
Assets				
US Dollars	28.68	877.80	21.52	679.06
Singapore Dollars	1.85	46.23	0.01	0.31
India Rupee	428.48	222.60	444.80	238.19
Japanese Yen	327.16	115.99	587.71	237.69
New Zealand Dollars	1.88	47.68	2.03	49.26
Total		1,310.30		1,204.51
Liabilities				
US Dollars	115.75	3,545.02	60.90	1,938.52
Singapore Dollars	0.06	1.62	0.15	3.62
India Rupee	238.06	142.79	45.43	29.19
Japanese Yen	266.87	94.61	264.88	109.04
New Zealand Dollars	0.30	7.44	0.24	5.96
Total		3,791.48		2,086.33

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 14.

31 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 2012, the remaining minimum fee is Baht 684 million (*2011: Baht 747 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) 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 2012, LTC has remaining additional investment of approximately USD 96.82 million (*2011: USD 108.50 million*).

c) 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
Telecom Operation License Type III	26 June 2012	20 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 2012	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	5 years

d) 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 258.99 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. As at 31 December 2012, LTC has recognised the network assets relating to Phase VI and the related portion of the loan in the amount of Kip 18.44 billion (approximately Baht 70.06 million) and has paid loan repayment for the loan in the amount of Kip 3.69 billion (approximately Baht 14.01 million).

e) 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 2012, the remaining share option was 0.08 million shares (2011: 0.08 million shares).

f) Operating lease commitments

As at 31 December 2012 and 2011, the Group has future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Currency	Consolidated financial statements		Separate financial statements	
		2012 (in thousands)	2011 (in thousands)	2012 (in thousands)	2011 (in thousands)
Within one year	THB	22,525	19,567	22,525	19,567
	YEN	17,269	4,347	2,174	4,347
	USD	3,795	6,740	3,760	5,441
	Rupee	5,577	5,352	5,577	5,352
	Rupiah	15,000	40,500	15,000	40,500
	Ringgit	7	54	7	54
	KIP	388,530	147,994	-	-
	PHP	564	2,061	564	2,061
	AUD	154	164	-	-
	NZD	307	-	-	-
	Total equivalent Baht	163,599	247,481	142,932	200,219
After one year but within five years	THB	48,425	16,418	48,425	16,418
	YEN	13,339	1,087	-	1,087
	USD	7,798	12,784	7,764	6,405
	Rupee	801	6,153	801	6,153
	Ringgit	-	4	-	4
	KIP	431,426	689,103	-	-
	AUD	479	633	-	-
	NZD	819	-	-	-
	Total equivalent Baht	331,430	451,114	287,869	224,738
After five years	THB	9,475	13,017	9,475	13,017
	USD	2,225	4,830	2,225	3,416
	YEN	6,800	-	-	-
	KIP	252,581	134,235	-	-
	Total equivalent Baht	81,343	167,292	77,950	121,747
Grand total equivalent Baht		576,372	865,887	508,751	546,704

g) 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	
		2012 (in thousands)	2011 (in thousands)	2012 (in thousands)	2011 (in thousands)
Minimum operating agreement fee payable to Ministry of Information Communication and Technology	THB	65,000	62,000	65,000	62,000
IPSTAR equipment sales	USD	166	-	166	-
	THB	552	644	552	644
Satellite space leasing by customers	USD	2,008	2,398	2,008	2,398
	THB	447,417	492,198	447,417	492,198
Letters of credit	USD	250	250	-	-
Others	THB	3,332	3,332	3,322	3,322

32 Contingent liabilities

Assessment for income tax in India

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 income is 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. 804.5 million (approximately Baht 450 million) against the said payment received by it from the customers and also levied penalty of Rs. 566.1 million (approximately Baht 317 million) for the Assessment Year ('AY') 1998-1999 to 2009-2010 (1 April 1997 to 31 March 2009).

So far, the Company had received Withholding Tax Certificates ('WTC') from its customers until Assessment Year ('AY') 2007-2008 net amounting to Rs. 498.4 million (approximately Baht 279 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 258 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 91 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. 804.5 million (approximately Baht 450 million) will be charged as expense immediately, but the Company has already placed withholding tax and the deposit against part of the tax demand. The Company is liable for tax demand in the amount of Rs. 8.4 million (approximately Baht 4 million).

33 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 September 2011, CAC has dismissed the verdict.

On 8 July 2011, Mr. Supong Limthanakul has filed an appeal with the Supreme Administrative Court ("SAC"). The case is under consideration by SAC. On 23 September 2011, 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.

34 Events after the reporting period

a) *Proposed dividend payment of the Company*

At the Board of Directors' meeting of the Company held on 13 February 2013, the directors passed a resolution to approve the appropriation of dividends of Baht 0.40 per share, amounting to Baht 438 million. The proposed dividends must be approved by the shareholders at their meeting.

b) *Dividend payment of Lao Telecommunications Company Limited ("LTC")*

At the Annual General Meeting of the shareholders of LTC held on 4 February 2013, the shareholders approved the appropriation of dividend from 2012 operation of USD 15 million.

c) *Proposed dividend payment of CS Loxinfo Public Company Limited ("CSL")*

At the Board of Directors' meeting of CSL held on 8 February 2013, the directors passed a resolution to approve the appropriation of dividends of Baht 0.30 per share, amounting to Baht 178 million. The proposed dividends must be approved by the shareholders at their meeting.

d) *Reduction of share capital of CS Loxinfo Public Company Limited ("CSL")*

At the meeting of the Board of Directors of CSL held on 8 February 2013, the directors approved the reduction of the ordinary shares because the warrant of CSL for ESOP-Grant V expired on 30 May 2012, in number of 2,494,374 shares, equivalent to 0.42% of the total issued and paid-up share capital of CSL. The directors will propose this to the shareholders for approval.

35 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
TFRS 8	Operating Segments	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.

TFRS 8 – Operating segments

The principal change introduced by TFRS 8 is the introduction of the concept of presenting operating segments based on the information that internally is provided to the Group/Company's chief operating decision maker. Since the change in accounting policy only impacts disclosure aspects, there is no impact on the Group/Company's financial statements.

TAS 20 – Accounting for government grants and disclosures of government assistance

Management is of the opinion that the adoption of TAS 20 from 1 January 2013 will not have a significant impact on the Group's/Company's financial statements.

36 Reclassification of accounts

Certain accounts in the 2011 financial statements have been re-presented to conform to the presentation in the 2012 financial statements as follows:

	2011 Consolidated financial statements		
	Before reclass. (in thousand Baht)	Reclass (in thousand Baht)	After reclass. (in thousand Baht)
Statement of income			
Revenues from sale of goods and rendering of services	7,253,871	(630,107)	6,623,764
Other income	149,913	(341)	149,572
Total income	7,403,784	(630,448)	6,773,336
Cost of sale of goods and rendering	4,851,947	(941,080)	3,910,867
Operating agreements fee	620,810	(23,821)	596,989
Selling expenses	164,889	(8,947)	155,942
Administrative expenses	1,301,221	(115,057)	1,186,164
Directors and management benefit expenses	62,097	(280)	61,817
Net foreign exchange loss	84,754	108	84,861
Finance costs	478,886	(27,196)	451,690
Total expenses	7,564,604	(1,116,274)	6,448,331
Share of profit of associate	141,290	-	141,290
Profit (loss) before income tax expense	(19,531)	485,826	466,295
Income tax expense	(482,715)	(18,548)	(501,263)
Profit (loss) for the year	(502,245)	467,278	(34,968)

The re-presentation has been made because, in the opinion of management, the new classification is more appropriate to the Company's business.

Dividend Policy

(a) 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.

(b) Dividend policy of the subsidiaries and associated companies

The Company's subsidiaries and associated companies have dividend policies in line with the Company and the Board of the subsidiaries and associated companies will consider and propose dividend payments to shareholders at an Annual General Meeting for approval, subject to their investment plans and financial needs or unless the payment of dividends would materially affect operations.

GLOSSARY

3G	Third-generation, up-and-coming digital wireless technology delivers high-speed data, voice, audio, and video through cellular networks.
4G	Fourth-generation, up-and-coming digital wireless technology delivers higher-speed (4-10 times of 3G) data, voice, audio, and video through cellular networks
Analog	A variable signal continuous in both time and amplitude.
Backhaul	Transporting traffic between distributed sites (typically access points) and more centralized points of presence.
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.
CCTV	Closed-circuit television
Code Division Multiple Access (CDMA)	A digital cellular technology that uses spread-spectrum techniques. Individual conversations are encoded with a pseudo-random digital sequence. CDMA allows more subscribers to connect at any given time.
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 reconvert 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 send the signal to the satellite, the antenna on the spacecraft will transmit data and voice signals and repeat to the desired location on Earth within the footprint coverage, called "Downlink".
Femto cell	A device used to improve mobile network coverage in small areas. Femto cells connect locally to mobile phones and similar devices through their normal GSM, CDMA, or UMTS connections, and then route the connections over a broadband internet connection back to the carrier, bypassing the normal cell towers that are arrayed across the countryside.

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).
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.
High throughput satellite (HTS)	Broadband satellite
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 an ideal for satellite broadband Internet applications, allowing users to access web pages, video and other multimedia data at high speed, direct from the satellite network to internet users.
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.
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.

Universal Service Obligation (USO)

The practice of providing a baseline level of telecommunication services to every resident of a country

Uplink

The act of transmitting a signal up to a satellite. The communications satellite is act 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

Ordinary Share Registrar

Thailand Securities Depository Company Limited

The Stock Exchange of Thailand Building,

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Tel : (66) 2229 2800

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Capital Market Academy Building, The Stock Exchange of Thailand

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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 current policy of the board of directors of the Company and its subsidiaries 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.



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