

NEW FRONTIERS



**THAICOM**

ANNUAL REPORT 2013 Thaicom Public Company Limited



NEW FRONTIERS



## NEW FRONTIERS



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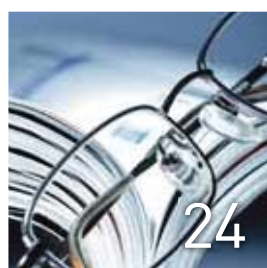
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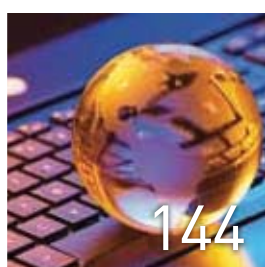
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## VISION

### To be a Leading Asian Satellite Operator

Thaicom, as an Asian satellite operator, will set the benchmark of creating innovative business and technology solutions to contribute to the industry and society at a global scale, while maintaining profitable and sustainable growth.



## MISSION

- Sustain growth and return profits to shareholders,
- Develop innovative solutions and new markets,
- Enhance the company's reputation among all stakeholders,
- Create a great workplace and a high performance organization



## VALUE

# EPIC

- Excellence in Technology
- Passion to Challenge
- Initiative in Innovation
- Commitment to Contribute

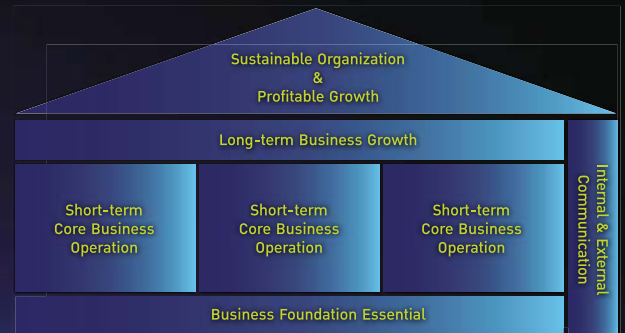
## COMPANY'S STRATEGIES

The Company's business plan calls for the participation of all business units in developing the Company's strategies which will guide the Company towards its objective of sustainable and profitable growth.

The Company's strategies are based on the following elements, namely:

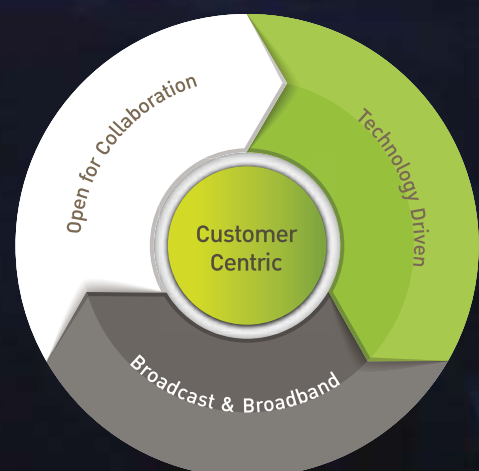
- (1) The foundation of our operations which can be divided into personnel and Technology
- (2) Short-term core business operations which include the provision of broadcasting and broadband services and a combination of these two services to meet customer needs
- (3) Longer-term plans for horizontal growth through further investment in and expansion of our satellite fleet, and for vertical growth which encompasses the integration of elements throughout the satellite business value chain
- (4) Strict adherence to Corporate Governance guidelines and consistent internal and external communication with all our stakeholders

It is on these core strategic directions that all business units will operate to ensure a unified effort to achieve the Company's mission which includes the development and retention of skilled employees; the achievement of sustainable growth and profitability; the development of innovative new services for our customers, and the building up and strengthening of the Company's reputation.



The Company's overall strategic plan can be summarized as follows:

1. To use our more than 20 years of experience and expertise to develop products and services to provide end-to-end solutions to customers
2. To seamlessly integrate broadcast and broadband satellite solutions to address customers' requirements as the Company operates both broadcast and broadband satellites
3. To remain open to collaborative efforts that will meet the different needs of customers in different territories; to adapt and apply experiences gained in one country for customers in other countries; to retain business model flexibility, and to develop beneficial and strategic partnerships with vendors or other business interests



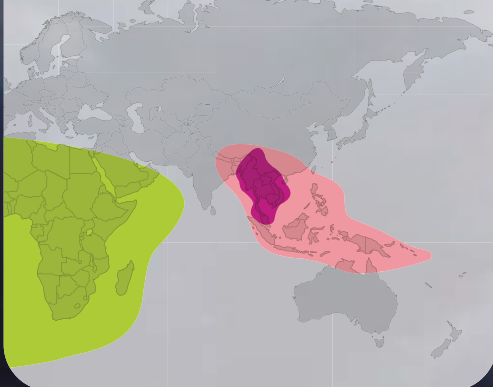


## NEW BIRDS

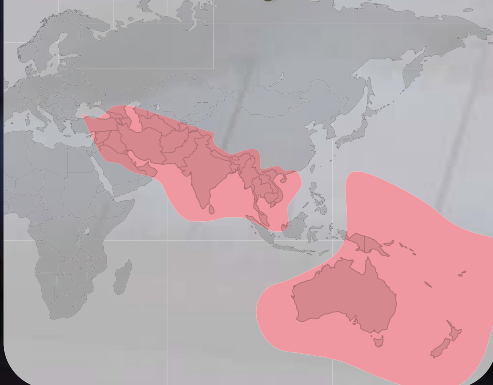
### COMMUNICATION AND ENTERTAINMENT DELIVERED DAILY THROUGH THAICOM SATELLITES

With growing market demand, Thaicom, a key player in driving Thailand farther in the global telecommunications community, launched the Thaicom 6 satellite on 6 January 2014 to provide service from the 78.5 degrees East orbital slot. Thaicom 7 will be launched in mid-2014 to provide service from the 120 degrees East orbital slot. These two satellites add on to the Company's existing satellite capacity and improve the Company's business potential and competitiveness in the global market; another proud moment for the Company and the nation.

Thaicom 6 coverage area



Thaicom 7 coverage area



- C - Band Southeast Asia Beam
- C - Band Africa
- Ku - Band Southeast Asia (Mainland)



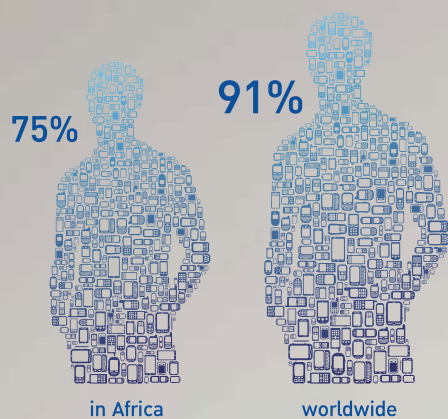
NEW BIRDS

02





The number of mobile phone users in Africa



Global mobile phone penetration rate

Africa is the World's

2<sup>nd</sup>

largest mobile phone market



## NEW TERRITORY

### GROWING OPPORTUNITIES, MOVING FORWARD

Thaicom is expanding its service coverage to Africa, an emerging market with very high potential, to support long-term business expansion in the video distribution segment, and address the huge demand for satellite communications in this region.













In-Flight Connectivity  
Made possible via Ku-band  
Offered by Thaicom and Global Eagle

## THE FIRST OPERATOR IN SOUTH EAST ASIA

To provide 8Mbps internet speeds in-flight.

## NEW PARTNERSHIPS

### PARTNERING WITH INTERNATIONAL COMPANIES IN ENHANCING SERVICE OFFERINGS TAILORED FOR DIFFERENT NEEDS

Thaicom has relentlessly sought business partners who complement our operations and enable us to better serve our customers' needs. With Israel-based Gilat Satellite Networks' ground equipment, communications across Asia-Pacific occurs seamlessly via Thaicom's IPSTAR broadband satellite. With Global Eagle Entertainment, the leader in satellite Wi-fi and in-flight entertainment services, Thaicom has made communications available in the sky or on land, throughout Thailand and across Asia-Pacific.

Growth of flights offering in-flight broadband Wi-Fi service



THAICOM  
MOBILITY SERVICE





## NEW SOLUTIONS

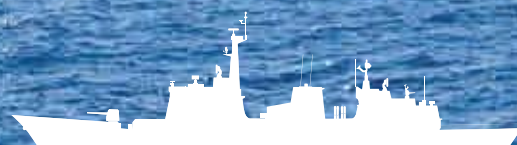
### INNOVATION DRIVEN SOLUTIONS FOR UNLIMITED GROWTH

The sky is no limit for Thaicom's satellite communications services. On land, on water, or in the air, communication is made seamless through Thaicom's mobility service. The service can provide connectivity for moving vehicles, offer maritime solutions for vessels on the ocean, or through the utilization of the latest satellite antenna technology from Thaicom's partners, make fast and efficient broadband connectivity available on airplanes.









On the first mission to Australia,  
HTMS Krabi communicated smoothly  
using Thaicom's network

## NEW PRIDE

### A MISSION OF WHICH TO BE PROUD THAT TURNED A NEW PAGE IN HISTORY OF TRUE UNLIMITED COMMUNICATIONS

It was a real honor when Thaicom was designated by the Royal Thai Navy to install a satellite communication on the move (SatCom on the move) system on HTMS Krabi, the offshore patrol vessel built to celebrate His Majesty the King's 85<sup>th</sup> Birthday. The warship's first mission to Australia was successful, thanks to the communication solution that enabled the ship and those on shore to maintain uninterrupted communication.



2013 shows a consolidated net profit of

**1.1 Billion Baht**

an increase of

**548%**

over the previous year.

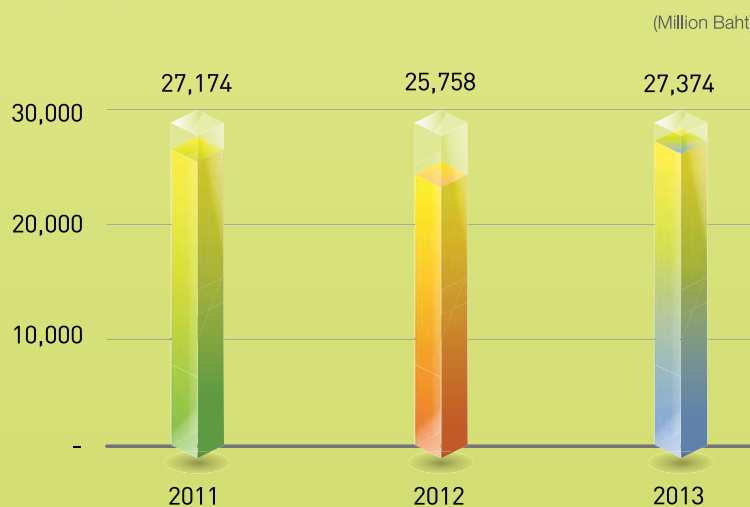
The Company's core  
**Satellite operations**  
contributed 88% of the  
Company's total revenues.

Total assets are

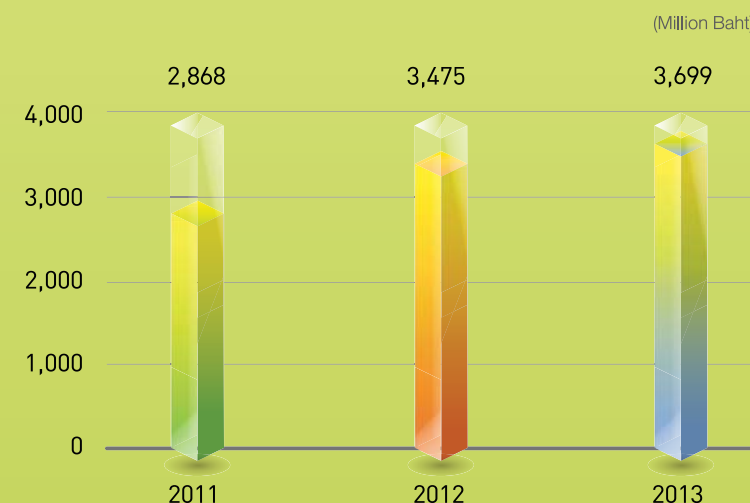
**27.4 Billion Baht**



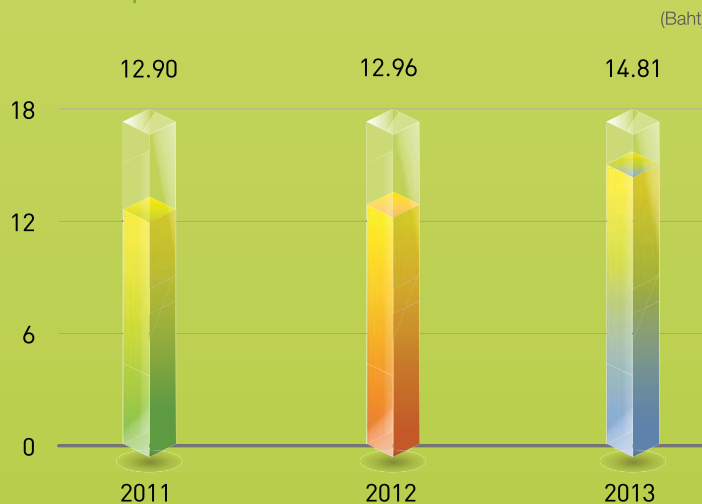
Total Assets



EBITDA



Book Value per Share



## Consolidated Financial Statement

Thaicom Public Company Limited

In million Baht,  
except per share values in Baht

	2011	2012	2013
<b>Operating Results</b>			
Total Revenue	6,773	7,392	8,092
Service and Sales Revenue	6,624	7,266	7,896
Gross Profit	2,116	2,782	3,201
Operating Profit (Loss)	712	1,334	1,611
Net Profit (Loss)	(490)	174	1,128
EBITDA	2,868	3,475	3,699
<b>Financial Position</b>			
Total Assets	27,174	25,758	27,374
Total Liabilities	12,998	11,520	11,793
Shareholders' Equity	14,176	14,239	15,581
<b>Financial Ratios</b>			
Current Ratio	0.69	1.51	0.77
Debt to Equity Ratio	0.72	0.50	0.54
Gross Profit Margin	32%	38%	41%
Operating Profit Margin	11%	18%	20%
EBITDA Margin	43%	48%	47%
Net Profit Margin	(7%)	2%	14%
Return on Asset	(2%)	1%	4%
Return on Shareholders' Equity	(3%)	1%	8%
Earnings per share	(0.45)	0.16	1.03
Book Value per Share	12.90	12.96	14.18

As of 31 December 2013

## Corporate Social Responsibility



### Creating shared value for society

In keeping with our belief that business and society can grow together, Thaicom PLC has been committed to creating opportunities and building a better future throughout our 22 years in business. By creating efficient communication networks, enabling new connections within society, and delivering information that allows people to broaden their horizons and increase their knowledge, we trust that our daily business activities are serving to improve the quality of life for the general population.

Thaicom PLC is committed to the sustainable development of our surrounding communities, and society as a whole. Our long-established socially responsible business practices have led us to instigating a new concept of “creating shared value” between our organization and society so that we can work towards sustainable development in all sectors, including business, the economy, education, society, and the environment. As part of our future plans, we are committed to using our knowledge, skills, and technology to create shared values for all our stakeholders. We also seek to

establish “social enterprise” projects that will encourage communities to find their own strength and pathways to sustainable development because we believe their sustainability is intrinsically linked to the sustainability of our business.

In 2013, Thaicom PLC established four corporate social responsibility program areas, namely Education Support, Community Development, Disaster Preparedness & Emergency Communications, and Volunteerism. Details of each program are as follows:

### Education Support

Because Thaicom PLC believes that a strong education system will lead to a strong nation, we prioritize human development by boosting access to education through our resources, knowledge, and capabilities. With the following projects, we aim to create new opportunities and new futures by using satellite communication technology to extend educational opportunities to underprivileged children and youth living in remote areas.





### • Thai Kids, Thaicom

Thaicom PLC began providing distance education via satellite in 1991 by offering communication satellites, televisions, and related equipment to school children in remote areas so that they would have the same access to quality educational material as urban school children. To this end, we broadcast content from the classrooms of Klai Kang Won School in Hua Hin, Prachuab Kirikhan province, a model school for distance learning.

In order to lessen the disparity between educational opportunities, Thaicom PLC expanded this early initiative into the “Thai Kids, Thaicom” project in 2009. The two-phase project began by installing DTV satellite dishes, televisions, and related equipment to 999

schools during 2009-2011. Plans for the second phase involve installation in an additional 999 schools during 2012-2014. To date, Thaicom PLC has donated satellite dishes, televisions, and related equipment to 1,342 educational institutions (out of a target of 1,998 locations), benefiting some 214,880 children. Beyond this project, Thaicom PLC remains committed to expanding access to knowledge and opportunities for Thai youth.



### • Satellite Installation Training

Since 2012, Thaicom PLC has worked to expand our activities for vocational students. Our “Satellite Installation Training” project involves trainings run by Thaicom PLC volunteers. It aims to develop the skills and professional ability of vocational students as well as to foster character traits such as efficiency and pride in accomplishment. Ultimately, we hope to empower youth participants by providing them with the skills to help themselves and contribute to society.

To date, Thaicom PLC has conducted trainings in nine schools nationwide for over 500 vocational students. This ongoing project is planned to continue through 2014.



### • Promotion of the Constructionism Learning Concept

Thaicom PLC promotes Constructionism as a new step for educational development in Thailand. This learning concept aims to develop a child's maximum capacity through "learning by doing" which stimulates innate knowledge acquisition and enables children to learn for themselves rather than rely on solely teachers as the primary providers of knowledge.

In addition to organizing the first seminar on Constructionism in Thailand, Thaicom PLC has established a pilot school project and media lab to act as a Constructionism model for schools in remote areas. We provided the communications technology and Internet connections for Ban Sam Kah School in Lampang province. We also supported Constructionism trainings conducted by personnel from Darun Sikalai School, which has successfully adopted Constructionism, for teachers throughout the region. This project is ongoing.



### • Other Educational Projects

Thaicom PLC is also committed to using our expertise, knowledge, and resources to promote science and technological education through various activities such as our "Children's Introduction to Satellites with Thaicom PLC" event held on Children's Day 2013, during which children were invited to visit our Satellite Museum at the Thaicom-Kae Rai teleport and meet with Thaicom PLC engineers. In 2013, the museum was opened to the public free of charge and has attracted more than 1,300 visitors. In addition, Thaicom PLC also publishes books about satellites to promote satellite engineering and science and technology, and these are distributed to schools across the nation. In 2013, we collaborated with our subsidiary companies to organize the "Tutoring 2KIDS" project, which prepared students for the O-NET test through tutoring sessions with teachers and tutors that was broadcast on D-Life or Channel 18 via DTV satellite from 15 October 2012 to 31 January 2013. In addition, 78 students from various schools who achieved the highest O-NET scores participated in "Thaicom Satellite Camp" 2013.



## Community Development

Thaicom PLC is committed to promoting sustainable development at the community level. We provide funds, knowledge, and access to satellite communication technology in order to create opportunities for career development and to boost local economies in communities where people have limited access to information. We initiated, in 2013, the “Thaicom Sufficiency Economy Knowledge Center” to boost career development. This project evolved from our “Thai Kids, Thaicom” project at Ban Talong School in Ubon Ratchathani province and expanded into the establishment of the “Thaicom Sufficiency Economy Knowledge Center”. In addition, we support various endeavors that encourage self-development in accordance with community needs, such as the construction of water tank stations to provide enough

water for farming and livestock and the promotion of methods that improve organic rice farming, etc.

All our projects are based on the concept of “Social Enterprise”, which emphasizes social and environmental benefits through the generation of sustainable income sources in the form of profits that come from products and/or services, investment funds, donations or other financial support such as non-profit organizations. This efficient model for community development helps communities to solve local problems and establish productive collaborations for a sustainable the future.





## Disaster Preparedness & Emergency Communications

Thaicom PLC recognizes that we have a critical role to play in disaster preparedness measures and post-disaster recovery through the provision of emergency satellite communication and Internet connections in the wake of natural disasters. Our role in such circumstances is critical as large-scale natural disasters often destroy existing communications infrastructure thereby preventing emergency responders from providing immediate assistance to those in urgent need.

Thaicom PLC has regularly provided critical assistance during major disasters in Thailand and throughout the Asian region. We are the first company in Asia to receive an award from Japan's Ministry of Internal Affairs and Communications (MIC) for assistance we provided during the 2011 tsunami. We aim to respond to disasters wherever and whenever necessary, both in domestic

crises such as a fire at a refugee camp in Mae Hong Son province in 2013 and those that take place elsewhere such as recent earthquakes in Sichuan province, China, and Christchurch, New Zealand. When Typhoon Haiyan struck the Philippines, Thaicom PLC collaborated with the Royal Thai Air Force to transport satellite communication equipment linked to THAICOM-4 (IPSTAR) via a C-130 aircraft to help the affected population.

Furthermore, Thaicom PLC also works with the Thai Red Cross Society on disaster preparedness by installing IPSTAR satellite receivers on Red Cross mobile units for use in emergencies when communication networks are down. We have also provided satellite communication training via DTV satellite dishes to Red Cross personnel across the country.



## Volunteerism

Thaicom PLC encourages all our employees and related parties to participate in social activities that instill a culture of collaboration. Our “Thaicom Volunteers” project enables our staff to join volunteer activities in which they can use their existing skills and abilities to benefit society on an economic, social, and/or environmental level. For example, our satellite installation training project enables Thaicom volunteers to share their expertise while our disaster response efforts allow volunteers to put their skills to good use in times of crisis. In 2013, 515 Thaicom PLC volunteers contributed up to 1,905 hours on various social activities.

In addition, Thaicom PLC volunteers organize various activities such as a fund raised among employees to support the education of underprivileged children.

In 2013, donations totaled 294,468 baht and were used to fund three activities: a visit to a school run by the Foundation for the Blind to donate goods and help with teaching lessons; donations to the Ban Nok Kamin Foundation, and the donation of educational books to three schools in Pathumthani and Nonthaburi provinces.

Thaicom PLC supports social initiative among our employees and we are committed to using our combined capacity to build opportunities for those around us. We believe our future should not be focused solely on creating business profits but also on building lasting and sustainable connections between our corporation and the society we live and work in, both at home and abroad.

## Anti-Corruption

The Board of Directors understands very well the importance of transparency in business operations. To this end, on 8 August 2013, the Board approved the Company’s participation in the creation and implementation of anti-corruption and bribery policies and also insisted on supporting the involvement of the Company in counter-corruption activities. To realize the Board’s decision to participate in collective anti-corruption activities, the Company became a part of the “Private Sector Collective Action Coalition Against Corruption”.

The next step in the process will be for the Company to complete a self-evaluation process on its anti-corruption activities. This evaluation is intended to identify the Company’s strengths and the efficiency of its anti-corruption policies and practices. The results will be presented to the Board of Directors, along with the Company’s proposed actions for improvement or adjustment of its policies. With the Board’s approval, the Company will then initiate its activities by informing the Board, management and employees of the Company’s anti-corruption policies, and to remind all levels to adhere to these policies. As the Company continues its internal campaign to ensure that all employees are adhering to the anti-corruption policies, it will continue to review the results, and when implementation has

been completed, the audit committee will be asked to review and approve the policies and regulations and concur that these policies and regulations have been successfully implemented by the Company. With the approval from the Audit Committee, the plans, policies and regulations related to anti-corruption practices and activities will be presented to the Board of Directors for final acknowledgement and approval for continuous implementation. It is expected that the entire preparatory process prior to final approval and implementation will take approximately 9 months.

The Company’s anti-corruption policies and regulations will be aimed at all those people involved with the Company, from the Board of Directors to the Company’s management and its staff, to ensure fair and transparent business operations, devoid of corrupt practices. The Company also hopes to expand coverage of anti-corruption activities to include its suppliers, business partners and other entities with which the Company has business dealings, and to entice them into joining the Company in preventing corrupt practices from occurring. Further information on the Company’s anti-corruption policy may be found on the Company’s website: [www.thaicom.net](http://www.thaicom.net) under the heading: Sustainability > Corporate Governance > Anti-Bribery and Corruption Policy



“

In 2014, the Company  
starts off on another exciting  
year in which it will explore many  
new frontiers

”



# Message from the Chairman of the Board of Directors

2013 is another year for which the Company can be proud of its many achievements. Early in the year the Company was recognized for its excellence in organizing the Annual general Meeting of Shareholders: a perfect score of 100 was awarded to the Company by the Quality Assessment Program of the Thai Investor Association. Later in the year, the Company's Board of Directors was presented with the "Board of the Year-Best Practices Award 2013" from the Thai Institute of Directors in cooperation with the Stock Exchange of Thailand and the Securities Exchange Commission of Thailand. This is the second consecutive year in which the company's Board was so honoured. What's more, the Company was also recognized by the Thai Institute of Directors for its Corporate Governance performance, and became one of the stock market's listed companies to achieve a 5-star or "Excellent" Corporate Governance score. These awards and recognitions are true accomplishments that reflect the close cooperation and participation that exists between the Company's employees, management and the Board of Directors. Together we have worked to create an organization that is managed in a transparent manner in keeping with internationally accepted corporate governance best practices.

Beside the formal recognitions for excellence, the Company also achieved several other goals in its business operations, including financial, social and reputational. The delay in the launch of Thaicom 6 presented the Company with a true challenge, but through perseverance and hard work, the Company's management and staff were able to overcome the difficulties associated with this delay, and implemented an interim solution to serve the Company's broadcast customers. The sale of IPSTAR bandwidth for the China market, the development of new solutions, and the entry into new partnerships have allowed the Company to offer new End-to-End services such as content delivery networks, as well as in-flight connectivity for air passengers. What's more, in cooperation with government agencies, the Company has also been able to extend its contributions to national development. In cooperation with its sister company, AIS, Thaicom jointly developed a SAT-COM on the Move (Satellite Communication on the Move) solution for the Royal Thai Navy ship HTMS Krabi. By providing this solution, the seamen onboard the ship were able to communicate efficiently and quickly with their home base in Thailand while on manoeuvres abroad, and also to communicate with their families at home.

In the area of corporate recognition, Thaicom was mentioned by quite a few magazines and newspapers, and was voted as Best Mid-Cap Company by investors throughout Asia in Finance Asia's annual survey, while the Company's CEO was voted best CEO for a Mid-Cap company. In the same year, the CEO was also recognized by Thailand's Khao Hoon newspaper as Best woman CEO for a Company traded on the Stock Exchange of Thailand. The year 2013 was also a year of major changes for the Company, and one in which the management and staff worked very hard to ensure that the Company's operations benefitted all stakeholders. The Company's management continued to participate in learning programs to improve efficiency, while employees were also provided plenty of opportunities to acquire and hone their skills. All these activities are aimed at the greater goal of transforming the Company into a leading satellite operator of world standing, a company of which all Thai people can be proud.

In the area of financial performance, the Company has done no less well than in other areas of its operations, with successive improvements throughout the year, offering a Total Shareholder Return of 77%. Additionally, the Company's share performance also led it to be included in the SET 50 index from 1 January 2014, and aims to remain a part of this grouping.

With the successful launch of Thaicom 6 early in 2014, the Company starts off on another exciting year in which it will explore many new frontiers and continue to manage its operations in the best possible way for the benefit of its shareholders, society, and the country.



Paron Isarasena

Chairman of the Board  
of Directors



“

In 2014, Thaicom will continue to grow sustainably across all areas of its operations and move into areas that are new and exciting.

”

# Message from the Chairman of the Executive Committee and CEO

2013 was another successful year for Thaicom. This was the second consecutive year in which the Company was profitable, posting a net profit of 1.13 billion Baht, an increase of 548% over the previous year. Total revenues for the year stood at 7.9 billion Baht, of which 88% was contributed by the Company's core satellite operations.

One of the major achievements in 2013 was the acquisition of an interim satellite to start offering services to our customers in Thailand from 1 August as we were preparing for the launch of Thaicom 6. The launch of Thaicom 6 was successfully completed in January 2014, and the asset was transferred to the Royal Thai Government at the end of January 2014. The added capacity of Thaicom 6 is key to the future growth of Thailand's broadcasting and telecommunications industries.

Other major successes for Thaicom in 2013 included the completion of an agreement for IPSTAR services in China with Synertone Communication Corporation, the renewal and expansion of the IPSTAR services contract with the Telephone Organization of Thailand or TOT Plc., in Thailand to serve public broadband demand nationwide, and the entry into partnerships with companies such as Gilat Satellite Network, and Global Eagle Entertainment, among others.

Thaicom has built a solid foundation and we will now focus on expansion, both horizontally and vertically. Near-term areas of growth for the Company include the launch of Thaicom 7 scheduled for later this year, and potential sales growth in the African market now that Thaicom 6 has been launched. We will continue with the development and provision of End-to-End solutions for customers, the creation of content delivery networks through satellites, and the implementation and offering of Mobility Solutions based on satellite backbones. The Company will also continue to build more partnerships to expand our business portfolios.

Beyond the Company's economic contributions, we at Thaicom remain committed to our social responsibility obligations, and we have made this area one of the Company's core missions. In 2013, we as a Company initiated a move that will see us engaging more and more with the communities in which we are active as we move from the concept of CSR to the more socially engaging concept of creating shared value (CSV).

Throughout the year, Thaicom was also recognized in several ways for its financial performance, stability, management and corporate governance. Among these recognitions were FinanceAsia's ranking of the Company and its CEO as Best Mid-Cap and Best CEO respectively; a perfect score of 100 on its Annual General Meeting for shareholders by the Quality Assessment Program of the Thai Investor Association, the Award of Excellence on its Corporate Governance, and the "Board of the Year-Best Practices Award 2013" from the Thai Institute of Directors.

The year 2014 will be another important year for Thaicom as we aim to grow sustainably across all areas of our operations. Thaicom will expand its markets as well as the scope of its services, including End-to-End solutions, business and technology innovations, and partnership and organizational development based on social and stakeholder responsibility. 2014 will mark the year of New Frontiers for Thaicom, as we embark on this journey and move beyond our comfort zone and move into areas that are new and exciting.

On behalf of Thaicom PLC., I would like to thank our shareholders, the Board of Directors, Management, our employees, business partners and stakeholders for your continued trust and support of Thaicom. For two decades we have demonstrated our technological excellence, and this excellence will help us to continue our growth in a profitable and sustainable manner to ensure that we will return the highest benefits to our shareholders. We are committed to providing the best service possible to our customers, managing our company in keeping with good corporate governance best practice, and contributing to our country's social and economic development. We will be the leading Asian satellite operator, and a company that all Thais can be proud of.



Suphajee Suthumpun

Chairman of the Executive  
Committee and  
Chief Executive Officer



# Audit Committee Report for the Year 2013

**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 consists of three independent directors. Professor Hiran Radeesri was appointed as the Chairman of the Committee while Mrs. Charintorn Vongsbootorn and Associate Professor Samrieng Mekkiengkrai were appointed as members. The Secretary to the Committee is Pol. Lt., Sivaraks Phinicharomna, who also serves as the Chief 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.

In 2013, the Committee held a total of 15 meetings. All of the Committee’s members attended each of 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 2013, including disclosure of information in the notes to the financial statements to ensure that the reports were in compliance with the Thai Financial Reporting Standards (TFRS). The Committee discussed significant accounting policies, internal controls, estimates and judgments applied in preparing these reports with the Company’s management, the external auditors as well as the internal auditor. The Committee also held a private meeting with the external auditor 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.
- 2. Good Corporate Governance:** The Committee reviewed the Company’s adherence to Good Corporate Governance principles and Code of Conduct guidelines and found that the Company’s management and staff observed these guidelines closely. The Company’s management was seen to be actively promoting adherence to the Company’s Code of Conduct by all levels of the Company’s management and staff, activities which resulted in the Company receiving several awards as further outlined in the Annual Report. Furthermore, the Committee also reviewed the Company’s connected transactions or transactions that might lead to conflicts of interest, and has charged the responsible department to report regularly on these issues to the Committee. The Committee also reviewed the Company’s adherence to relevant laws and notifications as required by the Stock Exchange of Thailand and the Securities and Exchange Commission of Thailand to ensure that all disclosures were correct, complete, and adequate. To ensure compliance, the Committee also performed 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 Company’s Board of Directors.
- 3. Risk Management and Internal Control Systems:** The Committee reviewed the Company’s risk management systems, including actions taken to mitigate significant risk to acceptable levels in order to achieve the Company’s objectives. Some of the major elements explored were risks related to changing world and regional economic

conditions, risks related to foreign investments, and risks related to business slowdowns or stoppages. Reviews were done on a quarterly basis in keeping with accepted risk management practices. In 2013 there were regular disruptions to the country's political processes as well as international problems which affected Thaicom's operations. Despite these problems, the Company's management developed risk management systems to avert potential problems, and developed more value added services as well as introducing new technological solutions to offer services to its clients. At the same time the Company also provided sufficient training and learning experiences for its management and staff to keep abreast of global developments. All these activities meant that in 2013, the Company's risk management systems were adequate, efficient and effective in dealing with obstacles.

4. **Internal Audit:** The Committee reviewed the Company's Internal Audit system and monthly and quarterly reports from the Internal Audit Department and found that the internal audit system was sufficiently effective for Thaicom's business operations. This view was reflected by the Company's External Auditor who reported that no irregularities were found in the Company's financial statements. Additionally, to improve the efficiency of the Company's internal Audit system, the Company further developed its preventative audit system, focusing on expanding its internal audit activities, its internal and external communications systems, and its continuous monitoring and continuous auditing system. The Committee reviewed the Company's internal audit scope, long-term and one-year audit plans previously approved, and found that the activities undertaken exceeded the Key Performance indicators set for the year. Furthermore the Committee also reviewed the Internal Audit Department's expenditure and investment budgets, and its personnel requirements, and suggested that the Department should focus on adding further value to the Department's audits by developing and expanding the Department's proactive preventive audits, provide training for its staff in new technologies to make audits more efficient, and to move towards more self-audits at the different business function levels within the Company.
5. **Fraud Audit:** The Committee performed a quarterly fraud audit, reviewing and testing internal controls and systems to prevent fraudulent practices. The review found that under the Company's "whistle-blower" policy, three complaints had been made throughout the year. The complaints were duly investigated, and the Committee noted that only 1 of the complaints might potentially have constituted a fraud. However, the value of the alleged offense was immaterial, and preventative action has been taken to prevent a reoccurrence.
6. **External Auditor:** KPMG Phoomchai has been the Company's external auditor for a period of 5 years, from 2009 to 2013. In 2014, the Group of Companies arranged a selection process for a new auditor. Four companies made presentations, and the Committee duly reviewed the presentations, the skills and knowledge, the proposed fees and independence of the companies proposed. The Committee found that KPMG Phoomchai meets all the requirements and standards desired by the Company, and as such the Committee proposed to the Company's Board of Directors that KPMG Phoomchai be appointed the Company's official external auditor, pending approval by the Company's shareholders at the Annual General Meeting of Shareholders. The Committee also proposes that Mr. Suphoj Singsaneh, Auditor License 2826 and/or Mr. Charoen Phoosamritlert Auditor License 4068 and/or Ms. Somboon Suphasiripinyo Auditor License 3731 of KPMG Phoomchai Audit Co., Ltd., be appointed as the Company's External Auditors for the year 2014 with the audit fee fixed at 1.86 million Baht for the Company's audit, and the audit fee fixed at 6.22 million Baht for the annual audit of the Company's subsidiaries and consolidated financial report.



(Prof. Hiran Radeesri)

On Behalf of the Audit Committee

Chairman of the Audit  
Committee

13 February, 2014



## Board of Directors and Company Secretary



4 3 1 2 5

- |                                      |   |
|--------------------------------------|---|
| 1. Mr. Paron Israsena                | Chairman of the Board of Directors and Independent Director               |
| 2. Prof. Hiran Radeesri              | Independent Director and Chairman of the Audit Committee                  |
| 3. Mrs. Charintorn Vongspootorn      | Independent Director and Member of the Audit Committee                    |
| 4. Assoc.Prof. Samrieng Mekkiengkrai | Independent Director and Member of the Audit Committee                    |
| 5. Mrs. Suphajee Suthumpun           | Director, Chairman of the Executive Committee and Chief Executive Officer |



8	7	6	9
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6. Mr. Somprasong Boonyachai

Director

7. Mr. Yong Lum Sung

Director and Member of the Executive Committee

8. Mr. Anek Pana-apichon

Director and Member of the Executive Committee

9. Mrs. Yupapan Chatsirinoppakun

Assistant Vice President - Executive Office and Company Secretary



## Management Team





4 1 2 3 5

1. Mrs. Suphajee Suthumpun  
Director, Chairman of the Executive  
Committee and Chief Executive Officer
2. Dr. Nongluck Phinainitisart  
Chief Commercial Officer and Member  
of the Executive Committee
3. Mr. Paiboon Panuwattanawong  
Chief Technical Officer and Member  
of the Executive Committee
4. Mr. Vuthi Asvasermcharoen  
Chief Financial Officer
5. Mr. Pradeep Unni  
Executive Vice President - Marketing and  
Sales India & Territory 2



# Directors, Management Team and Company Secretary Profiles

[as of 31 December 2013]



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

Date of Appointment 4 January 1994

Age 85 years

Percentage of Shareholding<sup>1)</sup>

None

## Relationship with other Management

None

## Highest Education

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

## IOD Training Programs / Other Training / Seminars

- MFM: Monitoring Fraud Management Class 4/2010
- RCC: Role of the Compensation Committee Class 1/2006
- The Characteristics of Effective Directors Year 2006
- QFR: Improving the Quality of Financial Reporting Class 3/2006
- DAP: Directors Accreditation Program Class 4/2003

- The 2<sup>nd</sup> National Director Conference 2013 - Board Leadership Evolution
- Thailand's 4<sup>th</sup> National Conference on Collective Action Against Corruption

## Work Experience

- |                |  |
|----------------|--|
| 2011 - Present | Chairman of the Board of Directors, Thonburi Automotive Assembly Plant Co., Ltd.   |
| 1997 - Present | Director, Nai Lert Park Hotel Co., Ltd.  |
| 1994 - Present | Chairman of the Board of Directors and Independent Director, Thaicom Plc.<br>Director and Chairman of the Audit Committee, Sammakorn Plc.<br>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    | Qualified Council Member, Chulalongkorn University   |

## Criminal Record in past 10 years

None

### Relationship with other Management

None

### Highest Education

- Honorary Doctorate Degree in Accounting, Thammasat University

### IOD Training Programs / Other Training / Seminars

- DCP: Directors Certification Program Class 2001
- AC preparation for AGM
- The 2<sup>nd</sup> National Director Conference 2013 - Board Leadership Evolution
- CG Forum 2/2013: Board Monitoring - How to Build the spirit of good Corporate Governance
- Thailand's 4<sup>th</sup> National Conference on Collective Action Against Corruption
- CG Forum 3/2013: Conflict of Interest - Fighting Agusive RPT
- Federation of Accounting Professions: Latest Criteria of Internal Audit System (COSO's 2013)

### Work Experience

Present Independent Director and Chairman of the Audit Committee, Navakit Insurance Plc.  
Independent Director and Chairman of the Audit Committee, Thaicom Plc.  
Independent Director and Chairman of the Audit Committee, Dusit Thani Plc.  
Honorary Chairman of the Director, Thai Institute of Directors Association  
Chairman-Corporate Governance Centre, The Stock Exchange of Thailand

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

Date of Appointment 20 March 2001

Age 83 years

### Percentage of Shareholding<sup>1)</sup>

None



Chairman - Tax Auditor Examination Committee, Revenue Department  
Qualified Director of University Council, Thammasat University  
Qualified Director, Federation of Accounting Professions  
Director, The directors' pool, Ministry of Finance  
Director, The directors' pool, Ministry of Finance  
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 Director, Accounting Profession Supervision Council, Federation of Accounting Professions  
Independent Director and Chairman of the Audit Committee, Easy Buy Plc.

### Criminal Record in past 10 years

None





**Mrs. Charintorn Vongspootorn**

**Independent Director and  
Member of the Audit Committee**

Date of Appointment 8 December 1999

Age 67 years

**Percentage of Shareholding<sup>1)</sup>**

None

**Relationship with other Management**

None

**Highest Education**

- Master of Business Administration, Creighton University, USA

**IOD Training Programs / Other Training / Seminars**

- MFM: Monitoring Fraud Risk Management Class 2/2010
- ACP: Advance Audit Committee Programs year 2010
- RCC: Role of the Compensation Committee 6/2008
- MIA: Monitoring the Internal Audit Function 2/2008
- MIR: Monitoring the System of Internal Control and Risk Management Class 2/2007

- MFR: Monitoring the Quality of Financial Reporting Class 5/2007
- DCP Refresher Course Class 1/2005
- ACP: Audit Committee Program Class 1/2004
- DCP: Directors Certification Program Class 8/2001
- CG Forum 2/2013: Board Monitoring - How to build the spirit of good Corporate Governance
- Thailand's 4<sup>th</sup> National Conference on Collective Action Against Corruption
- CG Forum 3/2013: Conflict of Interest - Fighting Abusive RPT

**Work Experience**

- 2013 - Present Advisor of Chief Executive Officer, SEAMICO Securities Co., Ltd.
- 2010 - 2013 Independent Director and Member of the Audit Committee, Ini3 Digital Co., Ltd.
- 2008 - 2013 Advisor of Chief Executive Officer, KT ZMICO Securities Co., Ltd.
- 2008 - 2013 Advisor of the Board of Directors, Solaris Asset Management Co., Ltd.
- 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**

Date of Appointment 10 April 2007

Age 60 years

**Percentage of Shareholding<sup>1)</sup>**

None

**Relationship with other Management**

None

**Highest Education**

- Master of Laws, University of Miami, USA
- Thai Barrister At Law, Institute of Legal Education of Thai Bar Association

**IOD Training Programs / Other Training / Seminars**

- FSD: Financial Statement for Directors Class 9/2010
- MFM: Monitoring Fraud Risk Management Class 2/2010
- ACP: Audit Committee Program Class 20/2007
- DCP: Directors Certification Program Class 96/2007

- AC preparation for AGM
- CG Forum 2/2013: Board Monitoring - How to build the spirit of good Corporate Governance

**Work 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 Associate Professor Level 9, Faculty of Law, Chulalongkorn University

**Criminal Record in past 10 years**

None

### Relationship with other Management

None

### Highest Education

- Master Degree in Engineering, Asian Institute of Technology (AIT)

### IOD Training Programs / Other Training / Seminars

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

### Work Experience

- 2010 - Present Acting-President, Shin Corporation Plc
- 2008 - Present Chairman of the 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.

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

#### Director

Date of Appointment 11 August 2006

Age 58 years

#### Percentage of Shareholding<sup>1)</sup>

None



- 2002 - Present Independent Director and Member of the Audit Committee, Power Line Engineering Plc
- 2009 - 2011 Chairman of the Executive Committee, Thaicom Plc
- 2000 - 2008 Member of the Executive Committee, Shin Satellite Plc
- 1999 - 2008 Chairman of the Executive Committee, Advanced Info Service Plc
- 1994 - 2008 Director, Advanced Info Service Plc

#### Criminal Record in past 10 years

None

### Relationship with other Management

None

### Highest Education

- Master Degree in Business Administration, International Finance and International Accounting, Northrop University, USA

### IOD Training Programs / Other Training / Seminars

- DCP: Directors Certification Program Class 89/2007
- CMA: Executives Program Capital Market Academy Class 16
- Thammasat Leadership Program Class 1

### Work Experience

- 2012 - Present Chairman of the Executive Committee, Thaicom Plc
- 2011 - Present Member of the Executive Committee, Member of the Strategic and Organizational 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

### Mrs. Suphajee Suthumpun<sup>2)</sup>

#### Director, Chairman of the Executive Committee Chief Executive Officer

Date of Appointment 10 August 2011, 1 January 2012 and 1 August 2011, respectively

Age 49 years

#### Percentage of Shareholding<sup>1)</sup>

None



- Aug - Dec 2011 Committee, and Chairman of the Nomination and CG Committee, CS LoxInfo Plc  
Member of the Executive Committee, Advanced Info Service Plc
- 2010 - 2011 Member of the Executive Committee, Thaicom Plc  
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

#### Criminal Record in past 10 years

None





### Mr. Yong Lum Sung

#### Director and Member of the Executive Committee

Date of Appointment 13 May 2008

Age 64 years

#### Percentage of Shareholding<sup>1)</sup>

None

#### Relationship with other 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

#### IOD Training Programs / Other Training / Seminars

- DCP: Directors Certification Program Class 182/2013
- DAP: Directors Accreditation Program Class 74/2008

#### Work Experience

- |                |  |
|----------------|--|
| 2013 - Present | Director, Care Corner Singapore Ltd.<br>Chairman and Audit Committee Member, Macquaries APTT Management Pte Ltd.<br>Director and Audit Committee Member, Singtex Holdings Pte Ltd. |
| 2012 - Present | Director, D-Sim Lab Technologies Pte Ltd<br>Corporate Advisor, Temasek International Advisors Pte Ltd  |
| 2010 - Present | Director, Tera-Barrier Films Pte Ltd<br>Executive Committee Member, U Mobile Sdn Bhd   |
| 2009 - Present | Consultant, Exploit Technologies Pte Ltd   |
| 2008 - Present | Director and Executive Committee Member, Thaicom Plc<br>Strategic and Organizational Review Committee Member, Shin Corporation PLC   |

- |                |   |
|----------------|---|
| 2007 - Present | Director, Tianjin Binhai Convention & Exhibition Pte Ltd<br>Director, Golden Donuts Pte Ltd<br>Director & Audit Committee Member, Singapore Cruise Centre Pte Ltd   |
| 2007 - 2013    | Director & Audit Committee Member, Singex Venues Pte Ltd<br>Director & Audit Committee Member, Singex Exhibition Ventures Pte Ltd<br>Director & Audit Committee Member, Singex Exhibitions Pte Ltd<br>Strategy Committee Member, Star Hub Ltd |
| 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

## Relationship with other Management

None

## Highest Education

- Master Degree in Business Administration, Chulalongkorn University

## IOD Training Programs / Other Training / Seminars

- DCP: Directors Certification Program Class 111/2008
- The 2<sup>nd</sup> National Director Conference 2013 - Board Leadership Evolution
- CMA: Executives Program Capital Market Academy Class 15

## Work 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

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

Date of Appointment 7 April 2010  
 and 1 April 2010, respectively  
 Age 48 years

## Percentage of Shareholding<sup>1)</sup>

None



2004 - 2010    Vice President - Finance & Accounting,  
 Shin Corporation Plc

## Criminal Record in past 10 years

None

## Relationship with other Management

None

## Highest Education

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

## IOD Training Programs / Other Training / Seminars

- DCP: Directors Certification Program year 2009

## Work Experience

Nov 2011 - Present    Member of the Executive Committee,  
 Thaicom Plc

2007 - Present    Director, DTV Service Co., Ltd.  
 Director, IPSTAR Co., Ltd.  
 Director, Star Nucleus Co., Ltd.  
 Director, Spacecode LLC  
 Director, IPSTAR International pte Ltd.  
 Director, IPSTAR Global Services Ltd.

## Mr. Paiboon Panuwattanawong<sup>3)</sup> Chief Technical Officer and Member of the Executive Committee

Date of Appointment 1 July 2009  
 and 10 November 2011, respectively  
 Age 53 years

## Percentage of Shareholding<sup>1)</sup>

0.0003%



2004 - Present    Director, IPSTAR Australia Pty Ltd.  
 Director, IPSTAR New Zealand Ltd.  
 Chief Technical Officer, Thaicom Plc.

## Criminal Record in past 10 years

None



**Dr. Nongluck Phinainitisart<sup>3)</sup>**  
**Chief Commercial Officer and**  
**Member of the Executive Committee**  
 Date of Appointment 1 January 2012  
 and 11 May 2007, respectively  
 Age 54 years

**Percentage of Shareholding<sup>1)</sup>**  
 None

#### Relationship with other Management

None

#### Highest Education

- Doctorate Degree in Electrical Engineering, Chulalongkorn University

#### IOD Training Programs / Other Training / Seminars

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

#### Work Experience

- |                |  |
|----------------|--|
| 2013 - Present | Chairman of the Board of Directors, Thailand Post Co., Ltd       |
| 2011 - Present | Director, Government Savings Bank                                |
| 2010 - Present | Director, The Society of Satellite Professional International    |
| 2009 - Present | Independent director, Khon Kaen Sugar Industry Plc               |
|                | Director, IPSTAR International Pte Ltd.                          |
| 2007 - Present | Member of the Executive Committee, Thaicom Plc.                  |
|                | Director, DTC Service Co., Ltd.                                  |
| 2000 - Present | Chief Commercial Officer, Thaicom Plc                            |
| 2012 - 2013    | Director, Thailand Post Company Limited                          |
| 2006 - 2010    | President, Asia-Pacific Satellite Communications Council (APSCC) |
| 2007 - 2008    | Director, Thaicom Plc.   |

#### Criminal Record in past 10 years

None



**Mr. Vuthi Asvasermcharoen<sup>3)</sup>**  
**Chief Financial Officer**  
 Date of Appointment 1 October 2011

Age 46 years

**Percentage of Shareholding<sup>1)</sup>**  
 None

#### Relationship with other Management

None

#### Highest Education

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

#### IOD Training Programs / Other Training / Seminars

- DCP: Directors Certification Program Class 166/2012

#### Work Experience

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

#### Criminal Record in past 10 years

None



## Relationship with other Management

None

## Highest Education

- MBA - International Business  
Griffith University, Australia

## IOD Training Programs / Other Training / Seminars

- DCP: Directors Certification Program Class 182/2013

## Work Experience

May 2013 - Present	Executive Vice President, Marketing and Sales – India & Territory 2, Thaicom Plc.	Jul 2009 - Mar 2011	Vice President – Marketing and Sales – India, Thaicom Plc.
Jan 2012 - Apr 2013	Senior Vice President, Marketing and Sales – India & Territory 2, Thaicom Plc.	2007 - Jun 2009	Vice President – International Sales, Thaicom Plc.
Apr 2011 - Dec 2011	Senior Vice President, Marketing and Sales – India, Thaicom Plc.		

## Mr. Pradeep Unni<sup>3)</sup>

**Executive Vice President - Marketing and Sales India & Territory 2**

Date of Appointment 10 May 2013

Age 44 years

**Percentage of Shareholding<sup>1)</sup>**

None



## Criminal Record in past 10 years

None

## Relationship with other Management

None

## Highest Education

- Bachelor of Communication Art, Chulalongkorn University

## IOD Training Programs / Other Training / Seminars

- CSP: Company Secretary Program Class 48/2012
- EDP: TLCA Executive Development Program Class 12/2013
- AC preparation for AGM
- CG Forum 2/2013: Board Monitoring - How to build the spirit of good Corporate Governance
- Thailand's 4<sup>th</sup> National Conference on Collective Action Against Corruption
- CG Forum 3/2013: Conflict of Interest - Fighting Abusive RPT

## Mrs. Yupapan Chatsirinoppakun

**Assistant Vice President - Executive Office and Company Secretary<sup>4)</sup>**

Date of Appointment 1 April 2012 and 12 November 2012, respectively

Age 50 years

**Percentage of Shareholding<sup>1)</sup>**

None



## Work Experience

2012 - Present	Company Secretary, Thaicom Plc
2012 - Present	Assistant Vice President - Executive Office, Thaicom Plc.
1989 - 2012	Secretary to Chairman of the Executive Committee, Thaicom Plc.

## Criminal Record in past 10 years

None

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

<sup>2)</sup> Authorized Director

<sup>3)</sup> Management as per definition of Securities and Exchanges Commission

<sup>4)</sup> Duties and Responsibilities of Company Secretary presented at Topic 8 Management Structure > 8.3 Company Secretary

\* Thaicom Plc., formerly known as Shin Satellite Plc., registered the change of name at Ministry of Commerce on 10 April 2008

## Information of Directors and Management of Subsidiaries, Associated and Related Companies

Directors and Managements	Holding Company	Company	IPSTAR	IPA	IPN	IPI	IPG
	INTUCH	THCOM					
1. Mr. Paron Israsena Na Ayudhya	-	X	-	-	-	-	-
2. Prof. Hiran Radeesri	-	/	-	-	-	-	-
3. Mrs. Charintorn Vongsbootorn	-	/	-	-	-	-	-
4. Assoc.Prof. Samrieng Mekkiengkrai	-	/	-	-	-	-	-
5. Mr. Somprasong Boonyachai	/, //	/	-	-	-	-	-
6. Mr. Yong Lum Sung	-	/, //	-	-	-	-	-
7. Mrs. Suphaje Suthumpun**	//	/, //	/	-	-	/	/
8. Mr. Anek Pana-apichon	-	/, //	-	-	-	-	-
9. Dr. Nongluck Phinainitisart**	-	//	-	-	-	/	-
10. Mr. Paiboon Panuwattanawong**	-	//	/	/	/	/	/
11. Mr. Vuthi Asvasermcharoen**	-	-	/	/	/	/	/
12. Mr. Pradeep Unni**	-	-	-	-	-	-	-
13. Mr. Mark D. Thompson	-	-	/	-	-	-	-
14. Mr. William L. Snell	-	-	-	-	-	-	-
15. Mr. York Shin Lim Voonkee	-	-	-	-	-	-	/
16. Mr. Tommy Lo Seen Chong	-	-	-	-	-	-	/
17. Mr. Ly Sam An	-	-	-	-	-	-	-
18. Mr. Pal Vudhica	-	-	-	-	-	-	-
19. Ms. Le May Phoeung	-	-	-	-	-	-	-
20. Dr. Nasser Marafih	-	-	-	-	-	-	-
21. Mr. Sio Tat Hiang	-	-	-	-	-	-	-
22. Mr. Stephen Geoffrey Miller	-	-	-	-	-	-	-
23. Mrs. Naengnoi Na Ranong	-	-	-	-	-	-	-
24. Mr. Chutidej Prinhtitipa	-	-	-	-	-	-	-
25. Mr. Alvin Oei Yew Kiong	-	-	-	-	-	-	-
26. Mr. Kek Soon Eng	-	-	-	-	-	-	-
27. Mr. Teh Kwang Hwee	-	-	-	-	-	/	-
28. Mr. Takehiko Fukuoka	-	-	-	-	-	-	-
29. Dr. Supoj Chinveerapan	-	-	-	/	/	-	-
30. Mr. Jiroj Srinamwong	-	-	-	-	-	-	-
31. Mr. Komson Seripapong	-	-	-	-	-	-	-
32. Mr. Ekachai Phakdurong	-	-	-	-	-	-	-
33. Mr. Salil Charuchinda	-	-	-	-	-	-	-
34. Mr. Patompob Suwansiri	-	-	-	-	-	-	-
35. Mr. Pramote Boonnumsuk	-	-	-	-	-	-	-
36. Mrs. Pannee Nivasnanda	-	-	-	-	-	-	-

X = Chairman      / = Director      // = Executive Director

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

2) IPJ registered the Company under Japan laws as of 12 April 2013

\*\* Management level as per definition of Securities and Exchanges Commission (SEC)

Company Names	CDN	Cambodian DTV Network Limited	IPG	IPSTAR Global Services Limited
	CSL	CS Loxinfo Public Company Limited	IPN	IPSTAR New Zealand Limited
	DTV	DTV Services Company Limited	IPSTAR	IPSTAR Company Limited
	INTUCH	Shin Corporation Public Company Limited	IPJ	IPSTAR Japan Limited
	IPA	IPSTAR Australia Pty Limited	LTC	Lao Telecommunications Company Limited
	IPI	IPSTAR International Pte Limited	Mfone	Mfone Company Limited

as of 31 December 2013

Subsidiaries (Direct and Indirect)								Joint Venture (Direct and Indirect)	
STAR	SPACE	DTV	CDN	TCB	SHEN	MFONE <sup>1)</sup>	IPJ <sup>2)</sup>	CSL	LTC
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SHEN Sherington Investments Pte Limited  
 SPACE Spacecode LLC  
 STAR Star Nucleus Company Limited  
 TCB TC Broadcasting Company Limited  
 THCOM Thaicom Public Company Limited



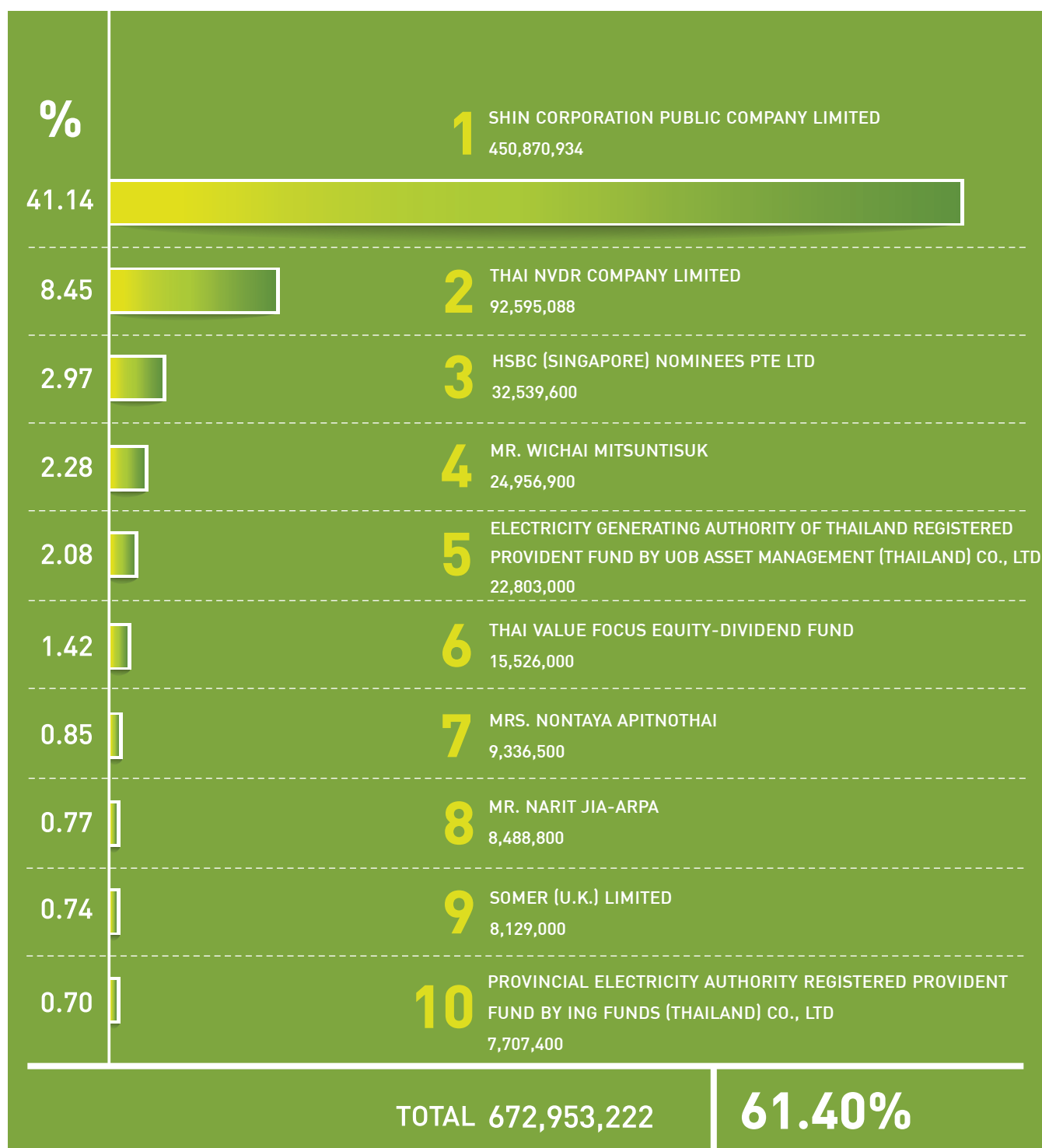
## Directors' Shareholding in the Company and its subsidiaries of the Year 2013

Directors / Position	THAICOM Plc.		DTV Service Co., Ltd.		Shenington Investments Pte Ltd.		IPSTAR Co., Ltd.	
	Ordinary Shares <sup>1)</sup>		Ordinary Shares		Ordinary Shares		Ordinary Shares	
	2013	2012	2013	2012	2013	2012	2013	2012
Mr. Paron Israsena Chairman of the Board of Directors and Independent Director	-	-	-	-	-	-	-	-
Prof. Hiran Radeesri Independent Director and Chairman of the Audit Committee	-	-	-	-	-	-	-	-
Mrs. Charintorn Vongspootorn Independent Director and Member of the Audit Committee	-	-	-	-	-	-	-	-
Assoc.Prof. Samrieng Mekkiengkrai Independent Director and Member of the Audit Committee	-	-	-	-	-	-	-	-
Mr. Somprasong Boonyachai Director	-	-	-	-	-	-	-	-
Mr. Yong Lum Sung Director	-	-	-	-	-	-	-	-
Mrs. Suphajee Suthumpun Director	-	-	2	2	-	-	-	-
Mr. Anek Pana-apichon Director	-	-	-	-	-	-	-	-

<sup>1)</sup> "Shareholding includes that of spouse and children who have not yet reached majority , as of 31 December 2013.

[illegible]

## Major Shareholders



Source: Major shareholders as at the latest register book closing date of 11 October 2013

prepared by Thailand Securities Depository Company Limited.

Investors can find more information at website: [www.set.or.th](http://www.set.or.th) before Annual General Shareholders meeting for the year 2014.



## 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% of the Company's paid-up capital (as of 31 December 2013). Major shareholder of Shin Corporation Public Company Limited is as follow:

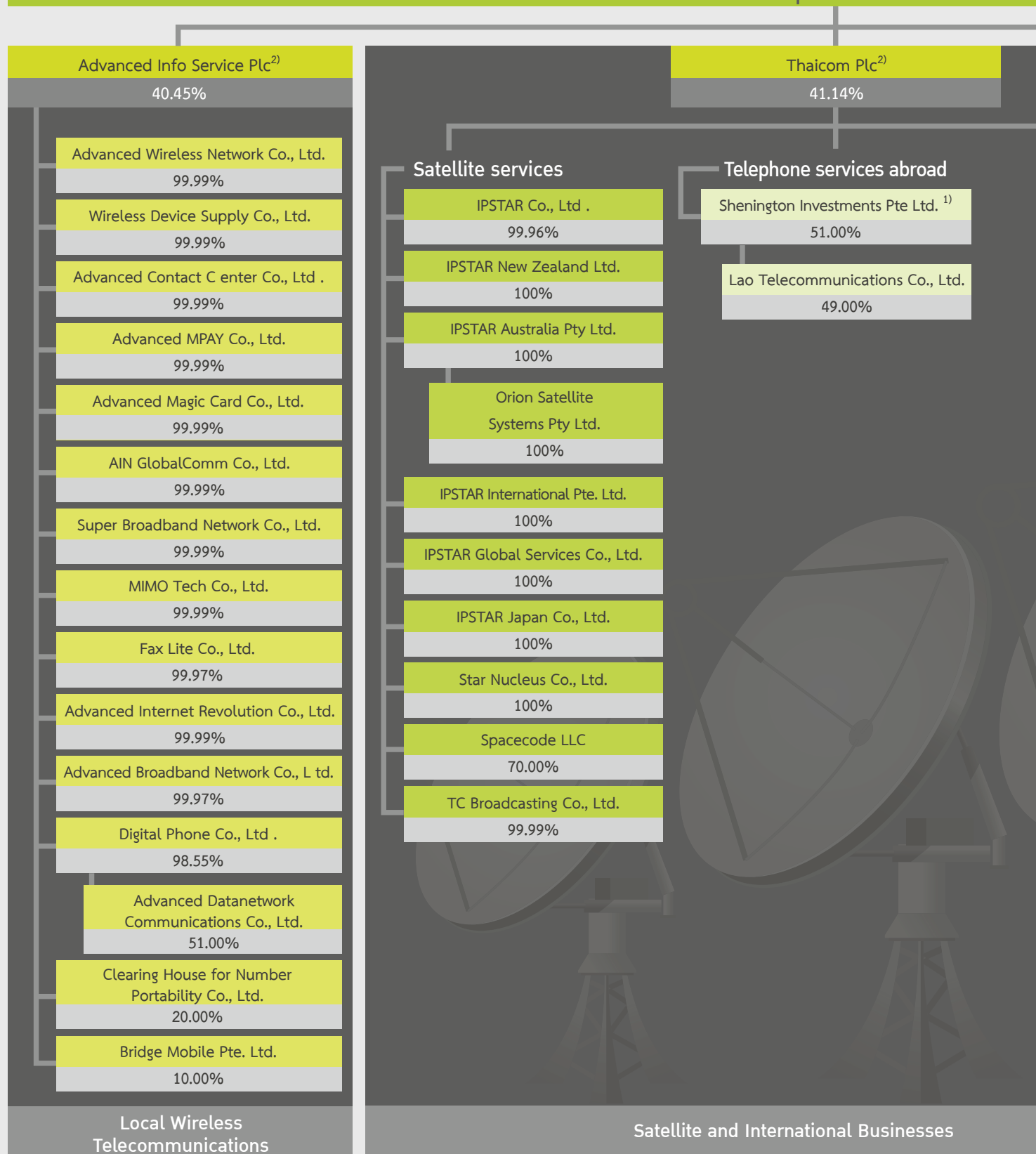
Name	No. of Shares	Percentage (%)
ASPEN HOLDING LTD.	1,334,354,825 <sup>1)</sup>	41.62

<sup>1)</sup> The latest register book closing date of Shin Corporation Public Company Limited as of 27 August 2013.

# Investment Structure of INTOUCH Group

as of 31 December 2013

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



## Internet and media services

DTV Service Co., Ltd.

99.99%

CS Loxinfo Plc <sup>2)</sup>

42.07%

Teleinfo Media Plc

99.99%

AD Venture Plc

99.99%

Cambodian DTV Network Ltd.

100%

Meditech Solution Co., Ltd.

30.00%

Ookbee Co., Ltd.

25.03%

Computerlogy Co., Ltd.

25.01%

Matchbox Co., Ltd.

99.96%

I.T. Applications  
and Services Co., Ltd.

99.99%

Intouch Media Co., Ltd.

99.99%

Touch TV Co., Ltd.

99.99%

ITV Plc <sup>2), 3)</sup>

52.92%

Artware Media Co., Ltd.

99.99%

## Other Businesses

Venture Capital

Others

1) Holding Company

2) Listed Company on the Stock Exchange of Thailand

3) On 4 June 2009, the securities transferred to Non-Performing Group-NPG and SET announced that ITV was in NPG-stage 1 on 10 March 2011, NPG-stage 2 on 12 March 2012 and NPG-stage 3 on 12 March 2013.



## General Information of the Company, Subsidiaries and Associated Companies

### Information of the Company

Company's Name	: Thaicom Public Company Limited
Symbol	: THCOM
Type of Business	: - Satellite Transponder Leasing and Related Services - Telephone Services abroad - Internet and Media Services - Publishing Telephone and Print Classified Directories Services
Company's Registration Number	: 0107536000897 (formerly number Bor Mor Jor. 163)
Company's Website	: <a href="http://www.thaicom.net">www.thaicom.net</a>
Registered Office	: 414 Phahonyothin Road, Samsen Nai Sub-District, Phaya Thai District, Bangkok 10400
Registered Capital	: Baht 5,483,097,700.00 as of 31 December 2013
Paid-Up Capital	: Baht 5,479,687,700.00 as of 31 December 2013
Par Value	: Baht 5 per share
Telephone Number	: (66) 2596 5060
Fax	: (66) 2591 0705

## Information of subsidiaries in which the Company held more than 10% of the fully paid-up capital

Subsidiaries' Information	Type of Business	The Company's Capital Information	Percentage of Shares Held (%)
<b>IPSTAR Company Limited (IPSTAR)</b> Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands	Resell bandwidth of Thaicom 4 (IPSTAR) satellite	Registered Capital: 200,000,000 shares Paid-Up Capital: USD 2 million Par Value: USD 0.01	99.96
<b>IPSTAR New Zealand Limited (IPN)</b> P.O. BOX 305, 356, Triton Plaza, Albany, Auckland, New Zealand Tel (649) 414 5920 Fax (649) 414 5922	Sale of user terminal of Thaicom 4 and providing Thaicom 4 (IPSTAR) transponder services in New Zealand	Registered Capital: 8,514,133 shares Paid-Up Capital: NZD 8.51 million Par Value: NZD 1 per share	100
<b>IPSTAR Australia Pty Limited (IPA)</b> 5 George Place, Artarmon, NSW 2064, Australia Tel (612) 8458 0500 Fax (612) 8006 5592	Sale of user terminal of Thaicom 4 and providing Thaicom 4 (IPSTAR) transponder services in Australia	Registered Capital: 6,950,000 shares Paid-Up Capital: AUD 6.95 million Par Value: AUD 1 per share	100
<b>Orion Satellite Systems Pty Limited (OSS)</b> <sup>2)</sup> (subsidiary company, its shares held by IPA) Level 2, 231 Adelaide Terrace, Perth, WA 6000, Australia Tel (61) 8 9225 7800 Fax (61) 8 9225 7811	Provision of satellite communication services and business solutions	Registered Capital: 13,374,572 shares Paid-Up Capital: AUD 13.37 million	100
<b>IPSTAR International Pte Limited (IPI)</b> 8 Marina Boulevard #05-02, Marina Bay Financial Centre, Singapore 018981 Tel (65) 6338 1888 Fax (65) 6337 5100	Resell bandwidth of Thaicom 4 (IPSTAR) satellite	Registered Capital: 20,000 shares Paid-Up Capital: SGD 20,000 Par Value: SGD 1	100
<b>IPSTAR Global Services Limited (IPG)</b> Intercontinental Trust Limited, Suite 802, St. James Court, St. Denis Street, Port Louis, Mauritius Tel (230) 213 9800 Fax (230) 210 9168	Resell bandwidth of Thaicom 4 (IPSTAR) satellite	Registered Capital: 20,000 shares Paid-Up Capital: USD 20,000 Par Value: USD 1	100

Subsidiaries' Information	Type of Business	The Company's Capital Information	Percentage of Shares Held (%)
<b>IPSTAR Japan Company Limited (IPJ)</b> <sup>1)</sup> 1231-1 Hio, Oganomachi, Chichibu-gun, Saitama, Japan	Sale of user terminal of Thaicom 4 and providing Thaicom 4 (IPSTAR) transponder services in Japan	Registered Capital: 10,000 shares Paid-Up Capital: JPY 100 million Par Value: JPY 10,000 per share	100
<b>Star Nucleus Company Limited (STAR)</b> Trident Chambers, P.O. Box 146, Road Town, Tortolar, British Virgin Islands	Providing broadband technological services via Thaicom 4 (IPSATR) satellite	Registered Capital: 50,000 shares Paid-Up Capital: USD 10 Par Value: USD 1	100
<b>Spacecode LLC</b> 8695 Zumwalt Road, Monmouth, OR 97365 USA	Providing engineering and development services, technology and electronics	Paid-Up Capital: USD 4.29 million	70
<b>TC Broadcasting Company Limited (TCB)</b> 414 Phaholyothin Road, Samsen Nai Sub- District, Phaya Thai District, Bangkok Tel (66) 2596 5060	Providing broadcasting, television and telecommunication	Registered Capital: 10,000 shares Paid-Up Capital: Baht 0.25 million Par Value: Baht 10 per share	99.99
<b>Shenington Investments Pte Limited (SHEN)</b> (jointly-controlled entity with shares holding Thaicom) 8 Marina Boulevard #05-02, Marina Bay Financial Centre, Singapore 018981 Tel (65) 6338 1888 Fax (65) 6337 5100	Holding company for investment in international telecommunications	Registered Capital: 14,658,000 shares Paid-Up Capital: SGD 14.66 million Par Value: SGD 1	51
<b>Lao Telecommunications Company Limited (LTC)</b> (jointly-controlled entity its shares held by SHEN) Lanexang Avenue 0100, Vientiane, Lao People's Democratic Republic Tel (856) 2121 6465-6 Fax (856) 2121 9690	Providing fixed line, mobile phone, public phone, public international facilities and Internet services	Registered Capital: 96,840,000 shares Paid-Up Capital: USD 96.84 million Par Value: USD 1	49



Subsidiaries' Information	Type of Business	The Company's Capital Information	Percentage of Shares Held (%)
<b>DTV Service Company Limited (DTV)</b> 414 Phaholyothin Road, Samsen Nai Sub-District, Phaya Thai District, Bangkok Tel (662) 950 5005 Fax (662) 591 0708	Providing system integration consultancy service for broadband network, broadband content service, and DTV satellite dish sales service, and to operate internet access service	Registered Capital: 39,879,147 shares Paid-Up Capital: Baht 398.79 million Par Value: Baht 10 per share	99.99
<b>Cambodia DTV Network Limited (CDN)</b> 9A, Street 271, Tomnup Teuk, Chamkar Mon, Phnom Penh, Kingdom of Cambodia Tel (855) 023 305 990 Fax (855) 023 994 669	Satellite Receiver Sale of Sets and providing Satellite Television Platform Service in Cambodia	Registered Capital: 1,000 shares Paid-Up Capital: Riels 2,400 million (equivalent to USD 600,000) Par Value: Riels 2,400,000 per share	100
<b>CS LoxInfo Public Company Limited (CSL)</b> (associate company, its shares held by DTV) 414 Phaholyothin Road, Samsen Nai Sub-District, Phaya Thai District, Bangkok Tel (66) 2263 8000 Fax (66) 2263 8132	Providing internet data centre service, internet and satellite uplink-downlink services for communication	Registered Capital: 597,009,143 shares Paid-Up Capital: Baht 148,628,692.25 Par Value: Baht 0.25 per share	42.07
<b>AD Venture Public Company Limited (ADV)</b> (subsidiary company, its shares held by CSL) 414 Phaholyothin Road, Samsen Nai Sub-District, Phaya Thai District, Bangkok Tel (66) 2262 8888 Fax (66) 2262 8899	Content provider through mobile phone and community portal services, and other business relating to internet businesses	Registered Capital: 1,074,813 shares Paid-Up Capital: Baht 10.75 million Par Value: Baht 10 per share	99.99
<b>Teleinfo Media Public Company Limited (TMC)</b> (subsidiary company, its shares held by CSL) 414 Phaholyothin Road, Samsen Nai Sub-District, Phaya Thai District, Bangkok Tel (66) 2262 8888 Fax (66) 2262 8899	Provide advertising platform through Print, Website, PC, Mobile for individual and business users	Registered Capital: 15,654,400 shares Paid-Up Capital: Baht 156.54 million Par Value: Baht 10 per share	99.99

Remark

<sup>1)</sup> IPJ registered as a limited company under Japanese law on 12 April 2013

<sup>2)</sup> IPA acquired 100% of OSS shares on 7 February 2014



## 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, and all related operational equipment once the construction and installations are complete, to the MICT.

On 17 December 1991, His Majesty King Bhumibol Adulyadej officially bestowed the name on the first of the Company’s satellites, namely ‘THAICOM’. This name is symbolic of the linkage between Thailand and modern communications technology.

Since its inception, THAICOM has launched 6 satellites, THAICOM’s 1, 2 and 3 (now all de-orbited), THAICOM 4 also known as IPSTAR, THAICOM 5, and most recently, THAICOM 6 which was launched on 6 January, 2014. In addition to its main earth control station, the Company has also built high-quality satellite service facilities in Pathumthani province. This teleport and DTH centre, one of the largest in Asia, has been ISO9001:2000 certified since 2002.

In 1997, the Company expanded its business operations to include internet services, while telephone services and DTV satellite television dish sales operations were added in 2000 and 2007 respectively.

The Company became a listed company on the Stock Exchange of Thailand on 18 January 1994, and is officially traded under the symbol “THCOM”. As of 31 December 2013, Shin Corporation Plc., (INTOUCH), which is the Company’s major shareholder, holds 41.14% of the Company’s shares.



## Major Developments 2011-2013\*

2011

**November** The Company acquired an additional 40,000 ordinary shares in IPSTAR at USD 1 per share, an equivalent of 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 has a 99.96% interest in IPSTAR

**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. (STAR) for USD 3, increasing its ownership from 70% to 100%.

2012

**February** 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's status has changed from an indirect subsidiary to a direct subsidiary of the Company.

**June** The National Broadcast, Television and Telecommunication Commission (NBTC) awarded THAICOM a 20-year Type III<sup>1</sup> Telecom Services Licence to operate THAICOM 7. This is the first satellite to be operated under a licence.

**December** The Company's Board of Directors approved the incorporation of TC Broadcasting Company Limited (TCBC). The registered capital of TCBC is Bath 1,000,000 divided into 100,000 ordinary shares with a par value of Baht 10 per share. The paid up capital of TCBC is Baht 250,000. The Company holds 99,995 shares, equivalent to a 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 to 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.

\* For further information and the progress and major developments of CS LoxInfo Plc (CSL) (the Company's subsidiary), please see CSL's Annual Registration Statements 2013 (Form 56-1) which is available for download at [www.sec.or.th](http://www.sec.or.th)

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

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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 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

## April

TOT Public Company Limited extended its contract period with THCOM for another 8 years (2013-2021). TOT expanded the usage to enhance its efficiency as the leadership in the broadband business in Thailand and to support the public services for government projects across the country. TOT is still the sole provider of IPSTAR capacity in Thailand

## May

THAICOM procured an interim satellite to provide services at the 78.5 degrees East orbital slot ahead of the launch of THAICOM 6. The satellite's technical characteristics were sufficient to provide interim broadcasting capacity to customers. The interim satellite began service in August 2013

THAICOM entered into a Cooperation Framework Agreement with Gilat Satellite Networks Limited, the global leader in satellite networking technology from Israel, to provide integrated platform solutions using Gilat's ground system on THAICOM-4 (IPSTAR) in countries across Asia-Pacific where the system best suits customers. This cooperation is another step in THAICOM's Open Access Platform (OAP) strategy, which allows ground equipment vendors with efficient technology to access THAICOM-4 (IPSTAR), to provide customers with more choice and greater flexibility, and to better serve their requirements.

The Company's Board of Directors approved the establishment of IPSTAR Japan Company Limited (IPJ). The registered capital of IPJ is JPY100,000,000, divided into 10,000 ordinary shares valued at JPY10,000 per share, and fully paid up. The Company holds 10,000 shares, equivalent to a 100% shareholding.

## June

The Company was recognized by FinanceAsia, a well-respected Finance and Investment magazine in Asia, as "An Outstanding Thai Company of the Year" in three categories: Best Mid-Cap (#1), Best CEO (#1), and Best CSR (#6). The survey results were based on the response of top analysts and investors throughout Asia. The report of these rankings was published in FinanceAsia magazine's June Issue

## August

The Company received a perfect score of 100 on the AGM Checklist 2013 from the AGM Assessment Program for Listed Companies for the year 2013 by the Thai Investor Association

The Board of Directors approved THAICOM's Anti-Corruption and Bribery Policy, and also signalled its intent to join "Thailand's Private Sector Collective Action Coalition Against Corruption" (Collective Anti-Corruption: CAC), an organization which coordinates with the private sector on the development and implementation of an Anti-Corruption framework and foster participation and cooperation with civil society, the media, and international organizations to foster cleaner business practices.

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## October

The Company received a score of “Excellent” in the Corporate Governance Report of Thai Listed Companies for the year 2013 (CGR 2013) published by the Thai Institute of Directors (IOD).

THAICOM signed an MOU with Kasetsart University to collaborate on satellite communication technology research and development under the “SATCOM On The Move” Project, which is a joint research and satellite communications technologies development project based on a partnership between students, researchers and THAICOM staff.

## November

The Company was awarded the “Board of the Year Award” for the year 2013 in the “Board of the Year for Distinctive Practices” category by the Thai Institute of Directors (IOD). The award honours boards of directors that perform their duties effectively in accordance with “Very Good” practices.

IPSTAR started THAICOM 4 (IPSTAR) services in the People’s Republic of China, after all parties to the agreement (IPSTAR, and VastSuccess Holdings) had fulfilled their obligations under the Definitive Agreement.

The Company was shortlisted as one of 5 nominees in the Best Investor Relations category for the SET AWARDS 2013. The Company was recognized with an “Outstanding Investor Relations Award” for a company with a market capitalization of between Baht 20-50 billion.

On 29 November 2013, the Company acquired additional shares in IPSTAR New Zealand Company Limited (IPN) from IPSTAR Company Limited (IPSTAR) at the par value of NZD 1 per share. As a result of this acquisition, the Company now holds a total of 8,514,133 shares in IPN, or 100%.

2014

## January

On 6 January 2014, the Company successfully launched its THAICOM 6 satellite into orbit. The satellite has a service life expectancy of around 15 years. The THAICOM 6 satellite consists of 8 Ku-band transponders which provide service coverage of Thailand and Indo-China, and 18 C-band transponders which provide service coverage of Southeast Asia and Africa.

The Stock Exchange of Thailand has announced components of the SET50 indices for the first half of the year 2014 during 1 January - 30 June. The Company is one of the new components of the SET50 Index as well.

## February

On 7 February 2014 IPSTAR Australia Pty Company Limited (IPA), the Company’s subsidiary had acquired ordinary shares of Orion Satellite Systems Pty Ltd. (OSS) from Orion Satellite Investments Ltd. in the amount of 5.96 shares for a total price of AUD5.96 million. As a result of this transaction, IPA held OSS shares at a ratio of 100% of OSS’s registered capital.

## Nature of Business and Income Structure



THAICOM Public Company Limited's business operations can be divided into four different main sectors as follows: satellite transponder leasing and related services, overseas telephone services, 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 to be invested in, including 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 Relating Services

The Company 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), THAICOM 5, and THAICOM 6 satellites.

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

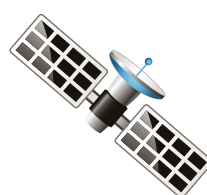
- A 5-year Type One<sup>(1)</sup> telecom services licence, valid from 16 August 2011 to 15 August 2016.
- A 20-year Type Three<sup>(2)</sup> telecom services licence, valid from 26 June 2012 to 25 June 2032.

<sup>(1)</sup> 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

<sup>(2)</sup> Type Three Licence: being a licence granted to the telecommunications business operator who operates with his or her own network for telecommunications services intended for general public, or services which may cause a significant impact on free and fair competition or on public interest, or a service which requires special consumer protection

The Company established subsidiaries, associates, and joint ventures to operate and provide satellite and related services as per the following:

Name	Type of Business
IPSTAR Company Limited	Resell THAICOM 4(IPSTAR) satellite bandwidth
Spacecode LLC	Provides engineering and development services, technology and electronics
IPSTAR International Pte Limited	Resell THAICOM 4 (IPSTAR) satellite bandwidth
IPSTAR Australia Pty Limited	Provide IPSTAR services in Australia
IPSTAR New Zealand Limited	Provide IPSTAR services in New Zealand
Star Nucleus Company Limited	Provides engineering and development services, technology and electronics
IPSTAR Global Services Company Limited	Resell THAICOM 4(IPSTAR) satellite bandwidth
TC Broadcasting Company Limited	Provide broadcasting, television and telecommunication services under a 15-year license granted by the NBTC, from 4 March 2013 to 3 March 2028.
IPSTAR Japan Ltd. <sup>1)</sup>	Provide IPSTAR services in Japan
Orion Satellite Systems Pty Limited (oss) <sup>2)</sup>	Provide of satellite communication services and business solutions
CS Loxinfo Public Company Limited	Provide 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

The Company 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.

Name	Type of Business
Lao Telecommunications Company Limited	A joint venture company with the Government of the Lao People's Democratic Republic, this company has a 25-year licence, expiring in 2021, to provide cellular phone, 3G, fixed line telephone through the Public Switched Telephone Network (PSTN), fixed wireless telephone CDMA-450, public telephone, international roaming, inter national telecom (i.e. VoIP), and value added services for mobile telephones.



### 3. Internet and Media Services

The Company is a provider of internet and media services through its subsidiaries, associated companies, and joint venture companies as described below:



Name	Type of Business
DTV Service Company Ltd. (formerly, Shin Broadband (Thailand) Company Limited)	Provides system integration consultancy service for broadband networks, broadband content, and DTV satellite dish sales. DTV was granted a 5-year Internet type 1 internet access services <sup>(3)</sup> licence by the NBTC. The licence expires on 17 October, 2014.  The company was also granted a 15-year network service <sup>(4)</sup> license valid from 21 January 2013 to 20 January 2028, and  A 1-year Channel Operator <sup>(5)</sup> licence valid from 28 January 2013 to 27 January 2014; however, DTV has already submitted an application to request an extension of the licence. Extensions are granted in 2-year lots.
Cambodian DTV Network Ltd.	Sale of complete Satellite Receiver Sets and provision of Satellite Television Platform Service in Cambodia





Name	Type of Business
Lao Telecommunications Company Limited	Provides Internet services in Lao People's Democratic Republic.
CS LoxInfo Public Company Limited	The Company was granted a licence by the NBTC to provide commercial internet service and access services via landline and satellites. (For more information, please see CSL's Annual Registration Statements (Form 56-1) for the year 2013, available for download at <a href="http://www.sec.or.th">www.sec.or.th</a> )
AD Venture Public Company Limited	Provides mobile content and web portal services and develops programs for use on websites

#### 4. Telephone Directories and Classifieds Publishing Services

Name	Type of Business
Teleinfo Media Public Co., Ltd. (TMC)	Provides media services for business through the Yellow Pages Telephone Directory and other media services; telephone subscribers' profiles, call centre for general and entertainment information, Online Yellow Pages, and other web-based services

#### Remark

<sup>(1)</sup> The Company was registered on 12 April 2013 under Japanese Law.

<sup>(2)</sup> IPA acquired 100% of oss shares on 7 February 2014

<sup>(3)</sup> Type I License means Service Providers who give a service without their own network for telecommunications services which are deemed appropriate to be fully liberalized

<sup>(4)</sup> A license to operate voice or TV broadcast on networks without the use of frequency at the national level.

<sup>(5)</sup> A license as a channel operator which includes:

- 1) License to broadcast the TV channel D-Life via satellite
- 2) License to broadcast the TV channel HDTV1 VARIETY via satellite
- 3) icense to broadcast the TV channel HDTV2 Movie via satellite
- 4) License to broadcasting the TV channel Lao Star via satellite

## Revenue Structure

Revenue structure of the Company and its subsidiaries for the year ended of 2011-2013 are as follows:

Unit: Million Baht

Type of Business	Operating Company	% share held by THCOM	2011		2012		2013	
			Revenue	%	Revenue	%	Revenue	%
Satellite and Related Services	- THAICOM - TC Broadcasting - IPSTAR Group	-	5,738	76.05	6,309	78.96	6,964	83.62
Internet and Media Services	- DTV Service - Cambodian DTV Network	99.99 100.00	368	4.88	292	3.65	204	2.45
Telephone Services	- Shenington Investments Group	51.00	576	7.63	697	8.72	825	9.91
Segment elimination			(58)	(0.77)	(32)	0.39	(97)	(1.16)
Net foreign exchange gain			-	-	20	0.25	-	-
Other revenues			150	1.99	106	1.33	196	2.35
Share of profit of associate			141	1.87	164	2.05	195	2.34
<b>Total revenue from Continuing operations</b>			<b>6,915</b>	<b>91.65</b>	<b>7,556</b>	<b>94.57</b>	<b>8,287</b>	<b>99.51</b>
Revenue from Discontinued operation*			630	8.35	434	5.43	41	0.49
<b>Total revenue (After Discontinued operation)</b>			<b>7,545</b>	<b>100.00</b>	<b>7,990</b>	<b>100.00</b>	<b>8,328</b>	<b>100.00</b>

\* Mfone Company Limited filed for insolvency with the Phnom Penh Court on 9 January 2013. Statements of income for the years ended 31 December 2013, 2012 and 2011 have been re-stated to show the discontinued operations separately from continuing operations (Please see details in the Notes to the financial statements of THAICOM, item 9). On 14 February 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 revenues by geography for the years 2011 – 2013:

Unit: Million Baht

Country	2011	2012	2013
Thailand	2,656	3,072	3,552
Lao People's Democratic Republic	616	753	894
Australia	1,088	1,082	1,187
China	15	16	71
India	304	317	346
Japan	877	833	715
Others	1,068	1,193	1,132
<b>Total Continuing Operations</b>	<b>6,624</b>	<b>7,266</b>	<b>7,896</b>
Discontinued Operation	630	434	41
<b>Total</b>	<b>7,254</b>	<b>7,700</b>	<b>7,937</b>

## Nature of Business

Thaicom's business operations can be divided into the following categories:

### 1 Satellite Communications and Related Services

#### A) Satellite Communications and Related Services by THAICOM and IPSTAR group

##### Nature of Service

##### (1) Conventional Satellite Services

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



##### Conventional Satellite

In 2013, THAICOM operated 2 conventional satellites at the 78.5 degrees East orbital slot. THAICOM 5 and an interim satellite for THAICOM 6 offer end-to-end satellite solutions to both Thai and foreign customers. The THAICOM 6 satellite was successfully launched on 6 January 2014. The specifications of the THAICOM 5 and THAICOM 6 satellites are as follows:

Frequency Band	THAICOM 5	THAICOM 6
C-Band	Regional Beam: 18 transponders Coverage Areas: Thailand, Indochina and South Asia	Southeast Asia Beam: 12 transponders Coverage Areas: Thailand and Southeast Asia
	Global Beam: 7 transponders Coverage Areas: Africa, Europe, Asia and Australia	Africa Beam: 6 transponders Coverage Areas: Africa
Ku-Band	Spot Beam: 7 transponders Coverage Areas: Thailand and Indochina	Southeast Asia (Mainland) Beam: 8 transponders Coverage Areas: Thailand, Laos, Cambodia, and Myanmar.
	Switchable Beam (Spot or Steerable): 4 transponders Coverage Areas: Thailand and Indochina	
	Steerable Beam: 3 transponders Coverage Areas: Thailand and Indochina	
Manufacturer (Country)	Aerospatiale (France)	Orbital Sciences Corporation (USA)
Model	Spacebus 3000	Star 2.3
Life Expectancy	Approximately 14 years	Approximately 15 years
Launch Year	2006	2014

Source: THAICOM Plc.

## Number of Transponders and Consumption Rate of THAICOM Satellites

(As of 31 December 2013)

	2011	2012	2013**
Number of Transponders (Channel)*			
C-Band	24	24	37
Ku-Band	14	14	20
Consumption Rate (%)			
C-Band	98%	98%	90%
Ku-Band	100%	100%	100%

Source: THAICOM Plc.

Remark:

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

\*\* Includes the transponders on the interim satellite colocated with THAICOM 5 at 78.5 degrees East.

The new satellite THAICOM 6 is co-located 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.

### New Satellite

THAICOM 7 will expand THAICOM's conventional fleet from two to three satellites, and will be launched in 2014. THAICOM 7 will significantly enhance the Company's capability to provide services to meet increasing demand in Asia Pacific. 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 the 20-year licence from the National Broadcasting and Telecommunications Commission (NBTC).



### ▲ Satellite Station and Teleport & 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.

### ▲ Conventional Satellite Market Segments

1) **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 Teleport and DTH Center.

#### THAICOM's video broadcasting services include:

##### ● Direct-To-Home (DTH)

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

##### ● Channel Distribution

THAICOM provides channel distribution services

for operators who require broadcasting of their TV programs to cable providers or signal repeaters located throughout the coverage area of the satellite. The satellite 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.

##### ● Global Digital Television

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

##### ● Satellite News Gathering (SNG)

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

## 2) 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.

## (2) Broadband Satellite Services

### ▲ THAICOM 4 (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 in 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.

#### Primary Technical Specifications of THAICOM 4 (IPSTAR)

Specifications	Details
Satellite Orbital Level	– geostationary orbit
Life Expectancy	– approximately 15 years
Orbital Location	– 119.5° E
Bandwidth Capacity	– 45 Gbps or 20 times more capacity than conventional satellites
Type of Beams	- SPOT Beam: 84 beams - SHAPED Beam: 3 beams - BROADCAST Beam: 7 beams
Launch Year	- 2005

Source: THAICOM Plc.

### ▲ IPSTAR Ground System

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

#### 1) 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.

The services are supported via a wide-band forward link from IPSTAR Gateway to the IPSTAR user terminal and a narrow-band return link from the IPSTAR user terminal to the IPSTAR Gateway. The size of IPSTAR Gateways is scalable to accommodate high capacity demand. Currently, there are 15 active IPSTAR Gateways in 11 countries.

#### 2) IPSTAR User Terminal

The Company is involved in the development of a number of new user terminal components, including modem and antenna systems. The development centers around a new generation of satellite signal transmitters (BUC), receivers (LNB). These new IPSTAR antenna components aim to be more cost-effective while improving on their performances. As an example, the 4<sup>th</sup> generation BUC was designed to be approximately half the size of its predecessor.

In addition to the IPSTAR ground system, the Company has implemented an Open Access Platform (OAP)

strategy to allow gateways and user terminals of other technology vendors to access and work with the THAICOM 4 (IPSTAR) broadband satellite.

## 人 **Broadband (IPSTAR) Satellite Market Segments**

### ◎ **Telco Backhaul**

THAICOM 4 (IPSTAR) 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. Mobile backhaul over IPSTAR has now proven itself both technologically and business-wise as a viable model, with the deployment of thousands of small-cell 3G sites in Japan and hundreds of GSM sites in India. Due to the growth in the number of mobile users with higher bandwidth consumption, and the preparation of Business Continuity and Emergency Communication capabilities, we expect higher demand for mobile and small-cell backhaul in the region.

### ◎ **Government & USO program**

The THAICOM 4 (IPSTAR) satellite 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. The satellite can also be used to provide e-education and Wi-Fi/internet for students and schools in support of the national education system. Through the satellite, Universal Service Obligation (USO) programs in remote areas such as Wi-Fi/internet for communities



and broadband internet access can also be offered. An example of the communications solutions made available through IPSTAR is our contract with Australia's NBN (National Broadband Network) project to support almost 80,000 broadband users nationwide. Utilization of IPSTAR bandwidth by NBN Co. continues to increase as more and more customers sign up for the service, particularly in remote areas where access to terrestrial networks is limited or non-existent.

### ◎ **Mobility**

Mobility satellite service has experienced strong growth in recent years and this growth is expected to continue. THAICOM will focus on expanding mobility platform services which are designed for providing high-speed and real-time on-the-move communications across a variety of modes of transportation, including vehicular, maritime (vessel) and in-flight (aircraft) connectivity anywhere and anytime. In 2013, THAICOM signed a memorandum of understanding (MOU) with Global Eagle Entertainment Inc. (Nasdaq: ENT), a leading provider of satellite-based in-flight Wi-Fi and device-based entertainment for airlines, to jointly develop, implement and support in-flight connectivity solutions for airlines in Thailand and the surrounding region. This

partnership will help enable airlines in Thailand and the Asia Pacific region to enjoy a unique and reliable in-flight connectivity service that reflects the specific preferences of these airlines and the passengers they serve. The end-to-end in-flight connectivity platform will expand our horizon in supporting evolving communication needs and our entry into a new target market in Asia-Pacific.

#### © 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.

#### © Retail Market

Globally, the number of subscribers to satellite broadband is expected to grow from nearly 4 million in 2012 to about 8.1 million in 2021 (Northern Sky Research, Broadband Satellite Markets 11<sup>th</sup> Edition), the majority of which will be retail broadband consumers.

In the Asia-Pacific region, THAICOM 4 (IPSTAR), the only high throughput satellite, has served retail customers since 2005. The company expects the retail market to continue to grow in many countries, including Myanmar, Australia, and New Zealand, as a result of the open country policy of Myanmar and the increasing demand for Internet access in rural areas of Australia and New Zealand where access to broadband networks is limited to non-existent. In addition, the Company plans to expand its penetration of retail markets in the Philippines and Indonesia through our Open Access Platform (OAP) strategy.



#### {3} System Integration, Engineering Consultancy and Training Services

With over 20 years of experience and expertise 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.

## Marketing and Competitiveness

### (1) Conventional Satellite Industry Outlook

Broadcast services will remain the key growth driver for global C-Band and Ku-Band transponders demand for the next decade. The Direct-to-Home (DTH) market will score the biggest Ku-Band demand gains while the Video Distribution market will continue to dominate the demand for C-Band transponders.

#### 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. Pay-TV in Asia has reached 50% penetration of all Asian TV households. We expect to see sustained growth the in demand for pay-tv services, driven by the increasing availability of satellite TV DTH platforms over the next few years. In addition, High Definition (HD), Ultra High Definition (Ultra HD), and 3D television will continue to boost the demand for C-Band and Ku-Band transponders in Asia Pacific. In Thailand, the new licensing regime under the National Broadcasting and Telecommunications Commission (NBTC) will set the stage for a more level playing field. This will encourage growth in the local broadcast market. The implementation of a Digital Terrestrial Television (DTT) platform will also create additional demand for conventional satellite services.

### 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.

In the long term, the Video Distribution segment will become an important market segment due to the trend of African content localization; bandwidth utilization for content distribution will increase significantly across the continent.

The mobile telephony market is the most promising market in the region, having reached 750 million subscribers in 2012. This is still only 75 percent penetration of the market, compared to 91% 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 the Conventional Satellite Industry

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 operators 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 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 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 world's second-largest and second-most-populous continent, yet has the lowest population density. Despite its population of more than 1 billion, the continent has the lowest telecommunication technology penetration rate, making it a market that is full of potential. THAICOM believes that the effect from competition will be minimized through cooperation with strategic partners and expansion of existing customers networks.

### Conventional Satellite Strategies in 2014

The Company's satellites positioned at the 78.5 degrees East orbital slot, are considered "Hotbirds" due to the high demand for transponders on these satellites and the high number of satellite dishes aimed at the location to receive television broadcasts. 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 2013 resulted in continued growth for the year, with the number of channels increasing from 465 channels in 2012 to 641 channels in 2013 (as of 31 December). 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 to facilitate future demands. In the African market, THAICOM will leverage its strategic partnerships with current partners and customers to expand its market. We will also focus



on country markets and communications solutions such as mobile backhaul, VSAT, Internet trunking and video distribution.

## Broadband Satellite Competition in Asia-Pacific Region

Even though THAICOM 4 (IPSTAR) is still the only High Throughput Satellite (HTS) in the Asia Pacific region, there will be future launches of Global HTS players with coverage over Asia Pacific.

With this in mind, the Company has continually focussed on differentiating itself from these potential competitors. The key to THAICOM's competitiveness is the presence and landing rights in 13 countries in Asia-Pacific which are the key success factors for providing broadband services in the region. In addition, the Company has maintained good relationships with customers and business partners to ensure customer satisfaction and a win-win cooperation framework.

## IPSTAR/Broadband Satellite Strategies in 2014

THAICOM clearly identifies its broadband satellite market segments into 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. Currently, THAICOM 4 (IPSTAR) is also working on providing mobility services for satellite-on-the-move applications such as wifi on aircraft, ships, and other forms of transport.



## © Open Access Platform (OAP)

THAICOM's IPSTAR Open Access Platform (OAP) strategy allows satellite technology equipment vendors to access the THAICOM 4 (IPSTAR) 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 its customers to be able to choose world-class ground equipment technology, to be used in conjunction with our THAICOM 4 (IPSTAR) 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.

In 2013, THAICOM developed and signed several partnership and cooperation agreements with top satellite ground system manufacturers which will allow them to provide IPSTAR broadband services to interested customers or service providers. With our Open Access Platform policy, these partnerships will expand IPSTAR's market reach and penetration by supporting more features, applications & services to meet customer requirements. In 2014, the Company will focus on expanding its services into the Philippines and Indonesia markets.

#### ● **Managed Services**

The Company provides one-stop shop services for satellite networks on a turnkey basis aimed at corporate groups such as mining, oil and gas exploration, the retail industry, corporate banking, and the entertainment and broadcasting industry. Examples of the end-to-end managed services are the E-cinema platform, which is a simple and low-cost solution allowing customers to distribute movies via THAICOM's satellites to small theatres in remote areas, and the Digital Cinema Satellite Distribution (DCSD) platform. The DCSD platform is most suitable for movie distributors to reliably and efficiently send high-quality and large movies to theaters. Using advanced error-correction technology, the platform assures that theaters perfectly receive movie files, even in bad weather conditions. The DCSD platform will serve as a platform to distribute Hollywood movies across Asia Pacific.

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 location. 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.

#### **(B) Satellite Communication Services and Related Services by CS Loxinfo Public Company Limited**

CS Loxinfo Public Company Limited ("CSL") provides an integrated uplink/downlink service at the Lat Lum Kaeo THAICOM Teleport and DTH Center. Services include TV signal uplink/downlink, live broadcast, and tape playback (analog and digital). The services are provided both on a full-time basis with 24-hour operating staff, which is suitable for scheduled programming, and on an occasional basis, which is suitable for the broadcasting of live programs, news, or seasonal sports programs. The service is provided in cooperation with THAICOM Public Company Limited.





CSL has a 22-year licence agreement with CAT Telecom Public Company Limited (CAT) to provide uplink/downlink and internet via satellite services. The licence expires on 8 August, 2016.

### (C) Voice and TV Broadcast network services without frequency use operated by TC Broadcasting Company Limited

#### Nature of Products or Services

The voice or television broadcast network services offered by TC Broadcasting will consist of gathering content from different sources and include content such as public announcements, news, programs or public service content, (multiplex) from producers of voice or TV broadcast contents, and the provision of encryption services for clients who have specific conditions for channel reception by end-users such as

Conditional Access (CA), or BISS Key encryption before broadcast of the voice or TV signals to authorized satellite network broadcast reception boxes, with a coverage area for such services including all areas of Thailand served by the Satellite footprint.

#### Type of Income

- Income from the provision of Multiplex services
- Income from the provision of special services for clients such as Conditional Access (CA) and BISS Key encryption services, etc.

#### Future Service Plan

TC Broadcasting Co., Ltd., has developed a business plan that calls for roll-out of voice and television broadcasting network services over a 1-year period, with full uptake by clients as per set targets over that period, as evidenced by initiation of services in 2013, with client base reaching expected target within early 2014.

## Business Privileges and Restrictions

TC Broadcasting Co., Ltd., was granted a license by the National Broadcasting and Telecommunications Commission to operate a voice or TV broadcasting network not requiring the use of frequency. The licence was granted for a period of 15 years, commencing on 4 March, 2013, and expiring on 3 March, 2028.

## 2 Internet Access Services and Related Services

### (A) Internet Access Services by CS Loxinfo Public Company Limited

(For more information, please see CSL's Annual Registration Statements (Form 56-1) for the year 2013, available for download at [www.sec.or.th](http://www.sec.or.th))

### (B) Web-based Internet Software Development and Mobile Information & Entertainment Services by AD Venture Public Company Limited

AD Venture Public Company Limited ("ADV") is a holding company 99.99% owned by CSLoxinfo. ADV provides web-based internet software development and mobile information and entertainment services (For further information on ADV, please see CSL's Annual Registration Statements (Form 56-1) for the year 2013, available for download at [www.sec.or.th](http://www.sec.or.th))



### (C) Internet Access and Related Services by DTV Service Company ("DTV")

#### (1) DTV Satellite Dish Sales

DTV's products consist of satellite dishes and IRD boxes to receive signals from THAICOM 5's and THAICOM 6's KU Band transponders. 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.

#### Industry Outlook and Competition

A wide variety of TV receivers is available in the market, including satellite dishes and traditional antennas. This availability creates fierce price competition, and new lowcost alternatives enter the market frequently. Nevertheless, DTV remains competitive in respect of price.

### 2) Broadband and Television Network System Integration Services

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 can be divided as follows:

1. Platform Services such as: IPTV, VDO Conferencing, Data Transfer, Multimedia Online, etc.
2. System integration services

#### 2.1 Broadband Network Services

For broadband networks the Company offers network and software services to meet customer demand for network connections to transfer data in different formats for both one-way and two-way transactions. The Company also arranges training as per customer requirement.

Customer Group - Business organizations or government agencies, state enterprises and private sector operations with nationwide branches, direct sales businesses, or cooperatives where in-house conferences, training or seminars are held regularly. The service can also be extended to include various industrial sectors such as tourism, hotels, news agencies, TV stations or major program producers, etc. The relationship with the customers is a service user/provider relationship, and can be either contractual or non-contractual in nature.

## 2.2 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 the service on a 'one-time' investment by the building's owner or a 'monthly' rental model.

Customer Group – Owners or operators of Multi-Dwelling Units (MDU) such as apartment buildings, condominiums or hotels which want to provide an in-house TV network to serve customers in their own building.

## Industry Outlook and Competition

Currently there are several operators providing broadband network system integration services, each with their own particular technical expertise. DTV has placed emphasis on IP file transfer technology using the IPSTAR broadband satellite for in-house education and training.

For master antenna TV network services, there are competitors in the market who provide TV channels via satellite just like DTV, while others provide TV channels via cable TV networks. DTV will focus on penetrating new buildings, especially condominiums. DTV will stress the installation of TV networks with HDTV boxes inside

customers' buildings, which will present viewers with higher quality viewing than regular boxes. Additionally, DTV will also market its DTV-IP Gateway Box to local cable operators to convert existing cable TV networks from analogue to digital.

## (3) Platform Service

This service includes selling and leasing of platforms or systems developed by DTV such as IPTV Channel (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 particular services to match customers' specific demands.

## Industry Outlook and Competition

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.

## Future Service Plan

The Company will continue to promote the installation of small satellite dishes in both the urban and rural markets to enhance television viewing. At the same time, the Company provides access to many outstanding satellite TV channels and programs, including news, documentaries, movies, cartoons, music and several education channels. 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 an HDTV box to support High Definition TV program viewing, and a Hybrid Box which offers customers a choice of viewing TV programs via satellite or internet through

the same box. As part of its market-building activities, DTV will also provide training to its dealers covering installation and benefits of new devices.

### Business Operating Rights and Restrictions

#### ● Right to operate as an internet service provider

DTV was granted a Type 1<sup>(1)</sup> licence by the National Broadcasting and Telecommunications Commission (NBTC) to provide Internet services for 5 years from 18 October 2009 to 17 October 2014. If the licensee does not materially or severely breach the conditions of the licence, the NBTC will renew the licence promptly.

#### ● Right to operate Satellite TV Services

DTV was granted a licence<sup>(2)</sup> by the National Broadcasting and Telecommunications Commission to operate a voice or TV broadcasting network not requiring the use of frequency. The licence was granted for a period of 15 years, commencing on 21 January, 2013, and expiring on 20 January, 2028.

#### ● Right to operate Satellite TV Services

DTV was granted a licence<sup>(3)</sup> by the National Broadcasting and Telecommunications Commission (NBTC) to provide Satellite TV Broadcasting services as a Channel Operator for 1 year from 28 January 2013 to 27 January 2014. DTV has already submitted an application requesting the extension of the licences for an additional 2-year period.

### (D) Sales of Satellite Receiver Sets and Related Services by Cambodian DTV Network Ltd. (CDN)

CDN sells satellite receiver sets (dishes and IRD boxes), satellite television platform services and transponder leasing services for satellite TV operators in Cambodia.

#### (1) Sales of Satellite Receiver Sets

The Company sells satellite TV reception sets (dishes and set-top boxes) to receive broadcast signals from THAICOM 4 (IPSTAR) and THAICOM 5 C-band and Ku-band. The dish is small, inexpensive and easy to install and can be sold as a complete set or just the set top box. With high satellite signal quality, customers can watch Cambodian TV channels clearly. CDN sells all products through an established dealer network which has many distribution outlets in Cambodia, including satellite shops, electrical appliances stores and department stores.

#### Industry Outlook and Competition

Competition within the Cambodian market is very high, with several different receiver sets competing for customers. The TV broadcasters, including cable, satellite and terrestrial TV, are competing based on pricing and the number of channels each can provide. For this reason, CDN is trying to maintain its position as market leader.

<sup>(1)</sup> Type I Licence means Service Providers who give a service without their own network for telecommunications services which are deemed appropriate to be fully liberalized.

<sup>(2)</sup> The licence to operate voice or TV broadcasts in order to provide voice or TV broadcast network without the use of frequency at the national level.

<sup>(3)</sup> The licences for a Channel Operator include 1) Licence to broadcast D-Life channel via satellite 2) Licence to broadcast HDTV1 Variety channel via satellite 3) Licence to broadcast HDTV2 Movies via satellite, and 4) Licence to broadcast Lao Star channel via satellite



## (2) Satellite Television Platform Service in Cambodia

To provide satellite television platform and transponder leasing services for television broadcasting or satellite radio via THAICOM 4 (IPSTAR) and THAICOM 5 to satellite broadcasters in Cambodia.

### Industry Outlook and Competition

CDN continues to develop newer platforms to improve the quality of service. This is achieved by increasing the number of channels on THAICOM 4 in order to support the expansion of the TV business in Cambodia, especially for HD TV channels. Today, Cambodia has a new provider who provides digital terrestrial broadcasting service which, however, has limitations in terms of signal strength, coverage of uplink station and subscription system that puts them in a less competitive position within the market.

### Future Service Plan

CDN will continue to target households located in urban and rural areas. CDN plans to offer more channels such as news, documentaries, movies, cartoon, music and other channels to make the platform more interesting and outstanding. In addition, CDN also plans to adjust its device prices to suit different groups, while also developing new devices with more capacity and

convenience to expand its market and ensure customer satisfaction. In 2013, CDN became the first operator in Cambodia to launch High Definition Platform services available through HD receivers.

## 3 Telephone Business

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

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

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

- ⊙ Digital Phone Service (GSM 900/1800, WCDMA 2100, LTE 1800 MHz)
- ⊙ Public Switched Telephone Network (PSTN)
- ⊙ CDMA-450 Wireless Local Loop 20001X
- ⊙ Public Telephone
- ⊙ Broadband internet, HSPA, Wi-Fi Zone, dial-up, ADSL, FTTH and leased line service
- ⊙ International Roaming Service
- ⊙ Value added services for mobile phones



## Industry Outlook and Competition

LTC's exclusive rights expired in 2001. Currently, there are 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% Government owned, while LAT is a JV between the Government & Viettel. BEELINE is a private company owned by the Russian company VIMPELCOM. 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. LTC is first mobile operator to provide 3G cellular phone service in the Lao P.D.R., with the network now covering all provinces of the country. In 2013, the system was improved significantly to allow for higher data usage by customers, with 21.1Mbps service available nationwide, and 42.2Mbps service available in the capital, Vientiane. LTC also introduced 4G service in Vientiane

and is providing coverage through 30 sites. UNITEL, ETL and BEELINE at present only provide 3G networks. LTC has a total of 1,366,467 telephone subscribers. (Source: LTC information estimated as at end of October 2013)

The Ministry of Post, Telecommunication and Communication (MPTC) maintains strict control over tariffs on telecom services, and does not allow operators to give away free airtime to customers. However, earlier in 2013, the MPTC relaxed regulations slightly. Operators are allowed to offer half-price promotions on domestic tariffs for periods of no longer than 7 consecutive days, and cumulatively no more than 90 days in any one calendar year. LTC's ARPU rates (average revenue per user) have continued to grow.

The MPTC also announced that all mobile prepaid subscribers had to register for using mobile services. This announcement led to most customers who held multiple SIM cards to churn out of the market, retaining only one regular number. This has led to a reduction in the market size, which now stands at 2.9 million subscribers (based on revenue generating numbers only). Approximately 95% of total mobile phone subscribers are in prepaid system.



## Marketing

As competition grew stronger in the market, LTC placed greater emphasis on network expansion to ensure nationwide coverage. At the same time, to ensure high service quality, LTC introduced CRM (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 centres 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.

## Business Privileges and Restrictions

LTC is a joint venture with a 25-year licence 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, Sherington Investments Pte Ltd. is required to transfer all of its shares in LTC to the Government of Laos without any charges or compensation. In 2013 LTC announced a dividend payment of US\$ 15 million to shareholders for LTC's 2012 performance. Over the last 16 years, LTC has announced dividend payments to shareholders in the neighborhood of US\$134 million.

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

(For more information on Teleinfo Media Co., Ltd. (TMC), please see the Annual Registration Statements (Form 56-1) of CSLoxinfo, which is available for download at [www.sec.or.th](http://www.sec.or.th))



The Board of Directors realizes that its operations may face many risks, including economic, social, political, financial, innovation, technological, and climate changes. The Board has established a “Risks Management Committee” to manage not only the general risks but also specific risks which affect the Company. The Company’s Risk Management shall be reviewed quarterly by the Risk Management Committee. The Committee will summarize and report all risks to the Board of Directors for its consideration and acknowledgement. The following information describes the significant risk factors which might affect the Company’s operations, financial status or business performance. However, the Company has already prepared plans to deal with and mitigate the risks outlined below.

## Strategic Risks

### 1. Competition from other satellite operators and terrestrial network operators

Although the Company is, at present, the only satellite service operator in Thailand and THAICOM 4 (IPSTAR) is currently the only broadband satellite in Asia-Pacific; the Company does compete with other satellite operators especially in international markets. In addition, the Company competes with terrestrial and wireless network operators such as fiber optic, DSL, WiMAX, 4G LTE, Analog or Digital Terrestrial broadcasting and Cable TV broadcasting. Generally, In urban areas, where terrestrial network infrastructures have been established, the terrestrial services normally charge lower than satellite services. Therefore, the Company may lose existing customers to the terrestrial network operators or find difficulty attracting new customers. However, in order to mitigate this risk, the Company focuses on



a “Hot Bird” strategy or creating a high demand for its satellites based on: the number of subscribers, the number of channels on the platform, and a differentiation strategy to offer end-to-end value-added services to customers. Furthermore, the Company has also entered into partnerships with operators of terrestrial and wireless networks to promote satellite services to enhance and backup terrestrial network infrastructures.

## 2. Risks related to THAICOM 7

### Risk Involving Launch Delay and Failure

The construction and launch of a satellite consists of a complicated process that involves extensive testing. There is, therefore, a possibility of a launch delay or launch failure. Even when in orbit, the satellite still risks missing its intended orbital location, or it might use more fuel than estimated to get into the allotted orbital location and, consequently, suffer a reduced service life. In some cases, the satellite might be so irrecoverably damaged that it cannot function, or become partially damaged and not function fully.

A launch delay or launch failure would impact the marketing plan and result in a loss of revenues from the Thaicom 7 satellite. 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 that 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 risks, 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.

## 3. Risk related to reservation of satellite orbital slots and permission for additional frequency- 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. In addition, the Company must also include any other relevant information related to the requested slot, including a satellite license to launch the satellite and begin commercial services.

The Company has a process to acquire additional orbital positions and added frequency allocation necessary for new investments. The Company, in addition to performing frequency coordination activities, must also file for the necessary telecommunication licenses with the National Broadcasting and telecommunication Commission (NBTC). The Company may initiate such activities ahead of schedule of the actual satellite construction, in particular in some project areas that can be realized in advance such as ground infrastructure for future satellites. As a result of such preparations the Company will be able to launch satellites on time and meet set targets. This will also result in savings on investment funds, when certain elements can be completed before the completion of frequency coordination or the acquisition of permits.

## Operations Risks

### 1. Service life of satellites

Although satellites generally have no less than 15 years of service life, there are some factors that will 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 the Company's satellites have shorter service lives than expected and the Company cannot launch any replacement satellite in time.

Therefore, the Company's satellite engineering team regularly calculates the remaining service lives of our satellites. If a satellite nears its end of service life, the responsible department 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.

In addition, to mitigate the risk from shorter satellite service life, the Company has recruited professional staff, and implemented operating procedures to maximize asset utilization. Even so, satellite operation requires technical know-how and expertise. The Company provides a comprehensive training process of at least 6 months to 1 year to ensure that 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 in sending commands to the satellites, the Company has a procedure and contingency plan in place for any corrective action.

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## **2. In-Orbit failure: Risks originating from damage to the satellite or defects while in the orbit**

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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 services to its customers. It will degrade, temporarily or permanently, the satellite's performance to uplink and downlink 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 satellites. 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 as presented in Attachment 5, 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 insurers. After the 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.

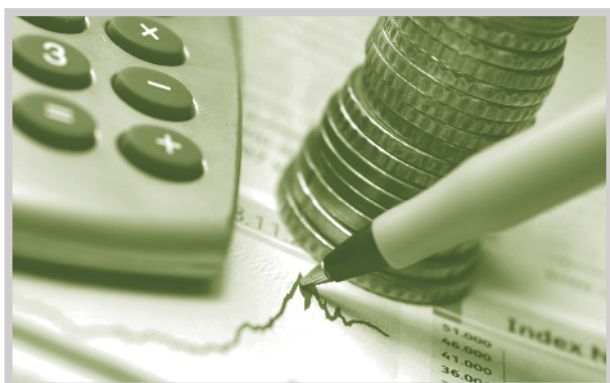
However, the insurance policy shall not cover the damages to/or the loss of the satellite caused by/or resulting from:

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.

## Financial Risks

### Risk from currency exchange rate fluctuations

THAICOM offers both domestic and international satellite communications services and international telecommunications services. Therefore, the Company may face the risk of currency exchange fluctuations in its accounts payable and accounts receivable, as well as any loans it may have that are in foreign currencies. These fluctuations could affect the Company's cash flows.



Exchange rate risk arises from the foreign currency transactions that the Company performs during normal business operations related to foreign currencies, and may have an effect in terms of foreign exchange gains or losses, including gains or losses on derivatives transactions. Significant factors that affect the movement of the exchange rate are as follow:

1. Changes in the global economic situation,
2. Changes in monetary and fiscal policies.

The Company has a hedging policy to manage the risks by controlling the net foreign-currency-dominated transactions. In other words, the risk is managed by balancing the revenue and expense structure. In the event of an imbalance, the Company may use several hedging approaches such as Foreign Exchange Forward, Foreign Exchange Option, Foreign Currency Deposit Account, Cross Currency Swap and Interest rate Swap etc.

### Risks involving changes in laws, rules, regulations and government policies

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

The Company provides satellite communication services under the Agreement for the Operation of Domestic Communication Satellite, dated 11 September 1991. The agreement is between the Ministry of Transport (presently under the supervision of the Ministry of Information and Communication Technology 'MICT') and Shinawatra Computer and Communications Co., Ltd. (this name has been officially changed to "Shin Corporation Public Company Limited" (SHIN)). Shin Corporation is the major shareholder of the Company. Therefore, risks related to allegations of breach of the terms of the Agreement for the Operation of Domestic Communication Satellite may be divided and summarized under the following 3 points:

### (A) The Issue of Shareholding Ratio

As per the Agreement for the Operation of Domestic Communication Satellite, dated 11 September 1991, Clause 4, SHIN Corporation has to establish a new company (Currently THAICOM) to operate the satellite business under the Agreement. This new company has to have a registered capital of no less than 1 billion Baht, and SHIN must hold not less than 51% of the shares in this new Company. Due to the necessity for the Company to raise capital through a Public Offering (PO) of new shares, SHIN's (INTOUCH) proportional percentage of shareholding would be less than 51%. Before the new PO, the Company consulted with the MICT and asked it to review the Agreement to decrease the shareholding ratio from 51% to at least not less than 40%. Moreover, the Ministry of Information and Communication Technology (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. Furthermore, the Cabinet had a policy to decrease the number of matters to be considered by the Cabinet, subject to the regulations of the Office of the Prime Minister section 22. Further with the regulation has not mention for any further proceed after the matter was rejected. As the matter was not deemed to be an issue to be considered by the Cabinet, it was returned to MICT. MICT further requested the opinion of the Juridical Council (the Council of State) on this issue twice. The Juridical Council informed the MICT that where the Secretary General of the Cabinet had informed the MICT that the matter was not required to be considered by the Cabinet, then MICT could make final decision in the case. Previously, the Juridical Council had given an opinion that the Agreement for the Operation of Domestic Communication Satellite could be amended, as per the Company's request, because regardless of the shareholding ratio, SHIN still retained the rights and duties and obligations under the Agreement. Further, although SHIN's shareholding

might be reduced, it's duties and commitments would remain in place, and the reduction in shareholding would not affect the benefits to be returned to the MICT under this Agreement.

Furthermore, the reduction of shares held by SHIN from 51% to 40% of the total number of shares issued in the publicly listed company, Thaicom, would negate the classification of SHIN as a controlling entity according to Section 247 of the Securities and Exchange Act B.E. 2535, which states that if any one shareholder holds more than 40% of a company's shares, that shareholder will be considered a controlling entity. At the Co-ordinating Committee Meeting regarding the Agreement for the Operation of Domestic Communication Satellite (Co-ordinating Committee) in 2013, the Committee resolved that MICT will pass on the reduction of the shareholding ratio matter on to the Office of the Attorney General for clarification. At present the matter is under discussion and in progress. The Company continues to coordinate closely with the MICT on this issue.

### (B) The Issue of Back-up Satellite

Under the Agreement for the Operation of Domestic Communication Satellite, the satellites provided under the obligation shall be agreed upon by the MICT and the Company. This agreement will include the technical specifications of the satellites. Under this agreement any subsequent satellite shall not be of lower specifications than the initial main satellite. However, the number of transponders and frequency on the satellites will depend on the consideration between the MICT and the Company.

Where the issue of Thaicom 4 (IPSTAR) is concerned, the Company performed in strict accordance to its obligations under the agreement. THAICOM 4 (IPSTAR) was approved by the MICT and launched as a subordinate or back-up satellite. There is a query whether or not the Thaicom 4 satellite should be considered



a back-up satellite for Thaicom 3 since the technical specifications are not the same as Thaicom 3. In The Supreme Court's consideration of cases brought before it under the charge of Criminal Activity by Persons Holding Political Positions, there was mention of some facts related to THAICOM 4 (IPSTAR). However, the Company is not a party in the said court case, hence the final judgement of the Court is not binding and cannot be enforced on the Company.

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. 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 MICT should request the Cabinet's direction on the issue of THAICOM 4 (IPSTAR) to ensure fairness for the Company and MICT. 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 matter of the THAICOM 4 (IPSTAR) satellite is still pending with the MICT, and the Company continues to coordinate with the MICT on this issue. To date, the Coordinating Committee has passed its findings of its consultations on to the Office of the Attorney General.

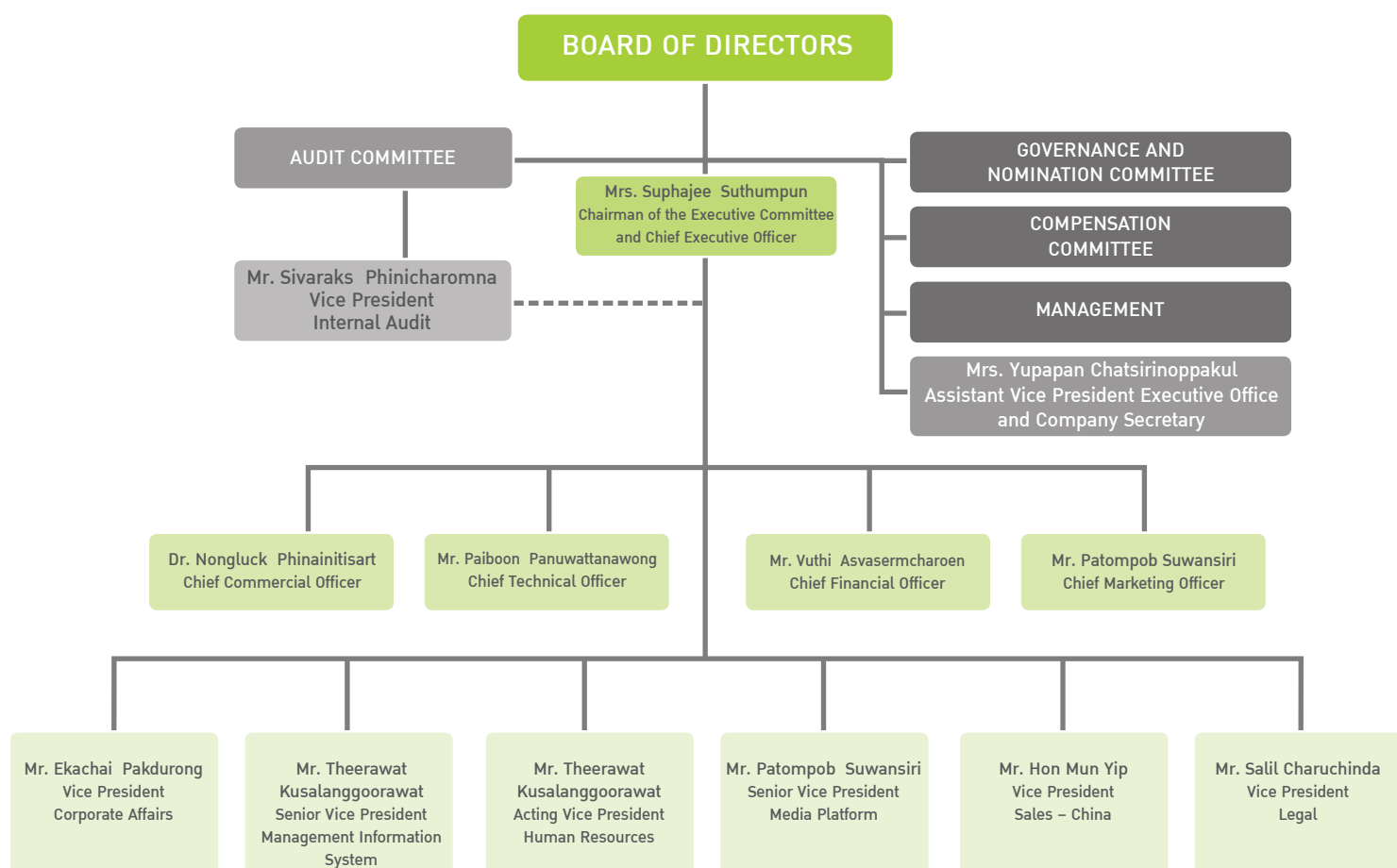
### **(C) The Issue of THAICOM 3's Insurance Proceeds**

As a result of the damage of the THAICOM 3 satellite, the Company received insurance proceeds amounting to US\$ 33.0 million which was placed in an escrow account outside Thailand, in agreement with the MICT, and approval from the Juridical Council (the Council of State) to establish such an escrow account.

The Company 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, in keeping with the Company's objectives and obligations under its agreement with the MICT.

The MICT, however, requested the Juridical Council (the Council of State) to give an opinion on the establishment and utilization of an escrow account to deposit the insurance proceeds outside Thailand, as it was concerned that the Company might not be acting in compliance with the provision of the Budgetary Procedures Act of 1959. The Juridical Council notified the MICT that this issue was being considered by the Supreme Court, so the Juridical Council could not give any opinion on the issue. MICT requested the opinion of the Coordinating Committee which recommended that MICT should notify the Company to return the said insurance proceed (US\$ 6.7 million) to MICT and in case the Company would like to utilize the said amount for the acquisition of THAICOM 5 as a replacement for THAICOM 3, which had become a total loss and had already been de-orbited, the Company could submit such request to the MICT. On 1 March 2011, the Ministry notified the Company in writing that the Company should 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. Subsequent to this date, the Coordinating Committee resolved to consult with the Office of the Attorney General, and on 28 November 2012, the Office of the Attorney General gave an opinion that both parties had already complied with the Operating Agreement in the said issued completely. Subsequent to the opinion of the Attorney General, the matter has remained pending with the MICT, and the Company is continuing to work closely with the Ministry on this issue.

## Organization Structure Thaicom Public Company Limited



(as of 31 December 2013)

## Board of Directors

The Board of Directors consists of:

Name - Surname	Title	Date of Appointment
1. Mr. Paron Israsena	Chairman and Independent Director	4 January 1994
2. Prof. Hiran Radeesri	Director, Independent Director, and Chairman of the Audit Committee	20 March 2001
3. Mrs. Charintorn Vongspootorn	Director, Independent Director, Member of the Audit Committee, Chairman of the Governance and Nomination Committee, and Chairman of the Compensation Committee	8 December 1999
4. Assoc. Prof. Samrieng Mekkriengkrai	Director, Independent Director, Member of the Audit Committee, Member of the Governance and Nomination Committee, and Member of the Compensation Committee	10 August 2007
5. Mr. Somprasong Boonyachai	Director, Member of the Governance and Nomination Committee, and Member of the Compensation Committee	11 August 2006
6. Mr. Yong Lum Sung	Director and Member of the Executive Committee	13 May 2008
7. Mrs. Suphajee Suthumpun	Director, Chairman of the Executive Committee and Chief Executive Officer	10 August 2011
8. Mr. Anek Pana-apichon	Director and Member of the Executive Committee	7 April 2010

● Mr. Chaiyan Peungkiatpairrote resigned as director of the Company with effect from 15 March 2013

● Date of Appointment, herein, means the effective date of the first appointment to be a Member of the Board

## Authorized Directors of the Company

The directors who are authorized to sign on behalf of the Company are Mr. Somprasong Boonyachai and Mrs. Suphajee Suthumpun co-sign with the Company's seal being affixed.

## Board of Directors and Sub-Committees' Attendance

In 2013, the Board of Directors and sub-Committees held regular and extra-ordinary meetings including one meeting of non-executive directors. A summary of the meeting schedule and attendance of each director is shown below:

(Attendance of Meeting/Total number of Meetings during 2013)

Name - Surname	AGM 2013	Board of Directors <sup>2)</sup>	Sub-Committee					
			Audit Committee	Compensa- tion	Governance and Nomination	Executive Director	Non- Executive Director	Indepen- dent Director
Current Directors								
1. Mr. Paron Israsena	Present	19/20					1/1	1/1
2. Prof. Hiran Radeesri	Present	18/20	17/17				1/1	1/1
3. Mrs. Charintorn Vongspootorn	Present	20/20	17/17	5/5	4/4		1/1	1/1
4. Assoc. Prof. Samrieng Mekkriengkrai	Present	20/20	17/17	5/5	4/4		1/1	1/1
5. Mr. Chaiyan Peungkiatpairoj <sup>1)</sup>	Present	3/4						
6. Mr. Somprasong Boonyachai	Present	20/20		5/5	4/4		1/1	
7. Mr. Yong Lum Sung	Present	19/20				18/18		
8. Mrs. Suphajee Suthumpun	Present	20/20				18/18		1/1
9. Mr. Anek Pana-apichon	Present	18/20				17/18	1/1	
Sub-Committee								
1. Dr. Nongluck Phinainitisart						15/18		
2. Mr. Paiboon Panuwattanawong						18/18		

Remark

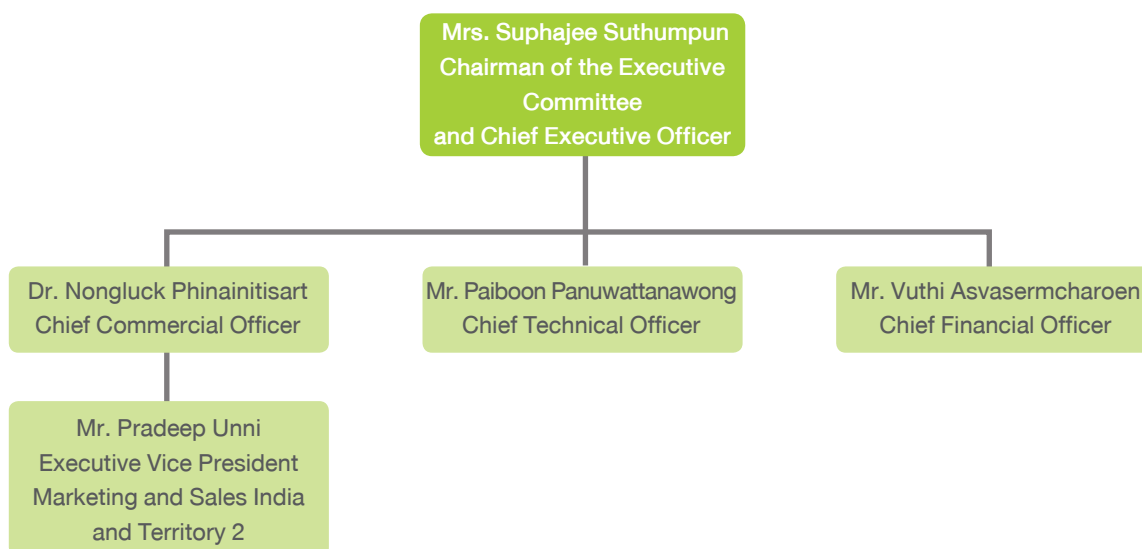
<sup>1)</sup> Resigned as director of the Company with effect from 15 March 2013

<sup>2)</sup> The company's Board of Directors held 20 meetings in 2013 and 1 unofficial meeting





## Management Structure of the Company



(As of 31 December 2013)

### Remark

The Company's Management Structure for the top 4-level management subject to the definition of Notification of Securities and Exchange Commission

## Management

As at 31 December 2013, the Company's top 4-level management as described by the definition of the Notification of Securities and Exchange Commission consisted of the following 5 persons:

Name – Surname	Title
1. Mrs. Suphajee Suthumpun	Chairman of the Executive Committee and Chief Executive Officer
2. Dr. Nongluck Phinainitisart	Chief Commercial Officer
3. Mr. Paiboon Panuwattanawong	Chief Technical Officer
4. Mr. Vuthi Asvasermcharoen	Chief Financial Officer
5. Mr. Pradeep Unni	Executive Vice President Marketing and Sales India and Territory 2

The Company Management has been empowered by the Board of Directors to operate the Company's business in line with the Company objectives, Articles of Association and other policies as laid down by the Board of Directors. The Chief Executive Officer and the Executive Committee are 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. These duties include adhering to and formulating of Corporate Governance Policy, IT Security Policy, Internal Control and Internal Audit Policy, Human Rights Policy, Policy concerning

Energy Conservation, Policy concerning Safety, Occupational Health & Work Environment, Policy concerning responsibility for company assets, Social Responsibility Policy, Anti-Bribery and Corruption Policy, Reporting and Investigation of Misconduct and and/or Fraud and Whistleblower Protection, Policy on managing conflicts of interest including Human Resource Management and/or to overcome problems which may create conflicts with the Company. Management is further responsible for maintaining efficient communication with any other party which may have dealings with the Company, and perform any other business that may be assigned by the Board of Directors and the Executive Committee.

## Company Secretary

Mrs. Yupapan Chatsirinoppakun has been Company Secretary since 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.

### The Company Secretary's responsibilities include:

- (1) Preparation and filing of the following documents:
  - (a) Directors list
  - (b) Board of Directors meeting invitations, Minutes of the Board of Directors meetings and the Company's annual report
  - (c) Shareholder meeting invitations and the minutes of the shareholders meeting
- (2) Filing mutual benefits report which report is created by the directors or the executives.
- (3) 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
- (4) Present any resolutions from the Board of Directors and Shareholders to Management for their acknowledgement; consult with and propose basic information to the Board of Directors and Management on Company regulations and Corporate Governance guidelines.
- (5) Disclose information and present reports related to the Company Secretary's areas of responsibility to related authorities
- (6) Arrange shareholders meetings
- (7) Communicate with shareholders to inform them of their rights as a shareholder
- (8) Provide information and news to the Board of Directors on events related to the Company's operations
- (9) Provide an introductory information session for newly appointed directors
- (10) Serve an administrative function for the Board of Directors
- (11) Other operations as assigned by The Securities and Exchange Commission

### Remuneration of Directors and Management

The Company established a remuneration scheme for Directors and Executives based on the following criteria:

1. The Company has formulated a remuneration policy for the Board of Directors to ensure proper compensation for Board Members. Remuneration is compared with the results of regular surveys held by the Thai Institute

of Directors (IOD), and is revised when a change occurs. The Company also takes into consideration the duties and responsibilities of Board Members and provides additional remuneration when directors carry out additional duties on Sub-Committees.

2. The remuneration of executives consists of salary, bonus, provident fund and other fringe benefits which are linked to the performance of the Company and the performance of each executive.
3. Non-Monetary remuneration: the Company has implemented a project to allocate warrants to directors and employees to motivate employees.

### Financial Remuneration

#### (A) Directors' Remuneration

At the Annual General Meeting of Shareholders for the year 2013 held on 28 March 2013, the 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 shareholders in the Company for the year 2013, of no more than Baht 12 million.

This remuneration was the same as for the year 2012. Details are shown in the table below:

#### Director's Remuneration Policy for the year 2013

Director	Financial Remuneration (Baht) for the year 2013		
	Monthly Allowance	Meeting Allowance	Annual Remuneration
<b>Board of Directors</b>			
Chairman	150,000	×	✓
Directors	25,000	25,000	✓
<b>Audit Committee</b>			
Chairman	25,000	25,000	✓
Directors	×	25,000	✓
<b>Governance and Nomination Committee</b>			
Chairman	10,000	25,000	✓
Directors	×	25,000	✓
<b>Compensation Committee</b>			
Chairman	10,000	25,000	✓
Directors	×	25,000	✓
<b>Executive Committee</b>			
Chairman	10,000	25,000	✓
Directors	×	25,000	✓

#### Remark

- Directors who are employees or executives or shareholders of the Company are not entitled to receive any allowance for their duties as Director or member of Sub-Committees.

- The Chairman of the Board of Directors is not entitled to receive an allowance for Board of Directors or Sub-Committee meetings and also is not entitled to receive a monthly allowance for duties as Chairman of Sub-Committees.

For the year 2013, the total financial compensation for the Chairman, Independent Directors, Non-Executive Directors and a single Representative Director from the Ministry of Information and Communication Technology was Baht 10,640,000, consisting of monthly allowances and meeting allowances and annual remuneration. Directors who are representatives from SHIN Corporation Plc., and Executive Directors of the Company shall not receive any remuneration for their duties as Company Director. The table below summarizes payments made to each individual:

Unit: Thai Baht

Member of the Board of Directors	Annual Remuneration	Monthly Allowance and Meeting Allowance						Total Remuneration
		Board of Directors	Audit Committee	Compensation Committee	Governance and Nomination Committee	Executive Director	Non-Executive Director <sup>2)</sup>	
1. Mr. Paron Israsena	440,000	1,800,000						2,240,000
2. Prof. Hiran Radeesri	660,000	750,000	725,000				50,000	2,185,000
3. Mrs. Charintorn Vongspootorn	550,000	800,000	425,000	245,000	220,000		50,000	2,290,000
4. Assoc. Prof. Samrieng Mekkiengkrai	550,000	800,000	425,000	125,000	100,000		50,000	2,050,000
5. Mr. Chaiyan Peungkiatpairote <sup>1)</sup>	-	150,000						150,000
6. Mr. Yong Lum Sung	500,000	775,000				450,000		1,725,000
							<b>Total</b>	<b>10,640,000</b>

<sup>1)</sup> Mr. Chaiyan Peungkiatpairote resigned as director with effect from 15 March 2013

<sup>2)</sup> The allowance paid includes payments to non-executive directors and for meetings between the independent directors and the CEO

## (B) Management Remuneration

In 2013, the total remuneration for 6 members of the Company's management (including management who resigned during the year 2013) was Baht 54.37 million which consisted of salary, and bonus, which is based on the Company's operations and performance and the performance of each individual.

### Other Remuneration for Directors and Management

#### (A) Warrant program to purchase the Company's ordinary shares for directors and employees of the Company and/or its Subsidiaries

In 2013, the Company issued and offered warrants to purchase the Company's ordinary shares to directors and employees of the Company and its Subsidiaries as part of a Performance Share Plan to motivate employees and to retain valuable personnel to ensure continued benefits to the Company.

The program allows only certain members of the Company management and staff to allocate a certain amount of their annual bonus to request warrants for the Company's shares. Warrants are allocated on pre-set criteria, as are bonus payments to employees, depending on the conditions and criteria and targets set by the Company.

Summary of Directors and Employees who are entitled to receive warrants as per the Warrant Program (ESOP: Grant VI). The Annual General Meeting of Shareholders for the year 2013 held on 28 March 2013 approved the warrant program as proposed.



Name List of Director-Employee	Number of Allocated Warrant	Percentage of Total Allocated Warrant
1. Mrs. Suphajee Suthumpun	Not exceeding 116,600 units	Not exceeding 16.36
2. Mr. Paiboon Panuwattanawong	Not exceeding 93,100 units	Not exceeding 13.65
3. Dr. Nongluck Phinainitisart	Not exceeding 93,100 units	Not exceeding 13.65
4. Mr. Vuthi Asvasermcharoen	Not exceeding 84,600 units	Not exceeding 12.40
5. Mr. Makin Petplai	Not exceeding 47,800 units	Not exceeding 7.01
6. Mr. Teerayuth Boonchote	Not exceeding 47,800 units	Not exceeding 7.01
7. Mr. Pradeep Unni	Not exceeding 47,800 units	Not exceeding 7.01
8. Mr. Ekachai Phakdurong	Not exceeding 22,200 units	Not exceeding 3.26
9. Mr. Jiroj Srinamwong	Not exceeding 22,200 units	Not exceeding 3.26
10. Dr. Supoj Chinveeraphan	Not exceeding 22,200 units	Not exceeding 3.26
11. Mr. Komson Seripapong	Not exceeding 22,200 units	Not exceeding 3.26
12. Other Employees	Not exceeding 62,400 units	Not exceeding 9.87
Total of Issuance Warrant	682,000 units	100.00%

#### (B) Provident Fund

In 2013 the Company paid a total of Baht 2.36 million into the provident fund for 6 executives (including executives who resigned during the year)

As of 31 December 2013, the Company and its affiliated companies had a total of 3,007 employees divided by type of business as follows:

Company	Employee
Internet and Media services	64
Satellite Transponder Leasing and Related Services	709
Telephone Services	2,234
<b>Total</b>	<b>3,007</b>

The remuneration for employees of the Company and its subsidiaries includes salary, pension fund, and other benefits. In 2013, the compensation paid to the Company's employees was Baht 1,255 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 9).

#### *Remark*

*The Management, herein, means the Company's Management according to the definition of Notification of Securities and Exchange Commission (based on the organization structure as of 31 December 2013, i.e. Chief Executive Officer, Chief Management Officer and Executive Vice President)*

## Human Resources Development Policy

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 who conform to the Company's core values to work with the Company according to demand and suitability of each department.
2. Promote employees' career advancement by providing them with clear personal development goals and ensure that employees at all levels follow the development plans systematically and continuously resulting in effective performance and preparedness for higher job responsibility. Provide proper curriculum to develop individual employees' capabilities at all levels to prepare them for individual growth in alignment with the Company's growth. To become a learning organization, with a focus on enhancing leadership skills, technology and business knowledge. Training can consist of Leadership and Functional competency skills development, starting at a basic level before selected employees advance to higher levels. The Company aims to ensure that all employees develop technical knowledge and technical skills to ensure efficient performance and suitable career growth. The HR policy also focuses on fostering good behavior and ethics in accordance to the Corporate Governance policy. In 2013, the Company provided an average of 16.8 hours of training for each employee. The Company is committed to increasing this level of training, and to provide further suitable training opportunities for its staff in 2014.
3. Manage payrolls and remuneration packages properly, in line with systems employed by other leading companies. Determine suitable wage and remuneration structures that are competitive within the same industry; this will be achieved by regular comparisons of existing salary levels to industry benchmarks as well as other benefits that might suit employees. With operations in different areas of the country as well as different countries throughout the region, setting competitive remuneration packages will ensure that the company attracts competent and qualified personnel.
4. Treat all employees on Merit System basis in HR related processes i.e. recruitment, performance appraisal, promotion, and welfare management.
5. Prioritize internal employees who have proper knowledge and background for promotion to higher positions before initiating external recruitment in order to build a career path for employees within the Company.
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 level positions. These plans that are regularly monitored and adapted or altered where necessary 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.

## 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, and the latest revision was issued on 22 March, 2013. 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 and CG principle of the Stock Exchange of Thailand and Thai Institute of Directors.

In 2013 the Company also issued a CG Handbook of best practices for all persons who have a direct interest in the management and operations of the Company, including the Board of Directors, Management, and staff. The CG handbook also contains a Code of Conduct for all mentioned. (For more details, please visit the Company web-site: [www.thaicom.net](http://www.thaicom.net) , topic > Sustainability > Corporate Governance). The Company encourages its directors, management and staff to operate and perform the Company's business in an open and transparent manner in accordance with the law and the code of conduct to avoid conflicts of interest, and to serve as an example for others.

The Board of Directors is committed to ensuring that the Company will strictly comply with corporate governance policies and best practice guidelines. The Board will continue to focus on developing and improving corporate governance to ensure international compliance, particularly the Corporate Governance requirements of the ASEAN Region. This compliance will also ensure that the Company can maintain its goal of sustainable growth and contributions to its shareholders and stakeholders in all sectors.

### Corporate Governance Awards

In 2013 the Company was recognized for its excellence in Corporate Governance as follows:

- The Company's 2013 Annual General Meeting of Shareholders was evaluated under the AGM Assessment Program by the Thai Investor Association, and was awarded a **perfect score of 100**
- The Thai Institute of Directors (IOD) awarded the Company a score of "**Excellent**" for the Company's Corporate Governance for the Year 2013 (CGR)
- The Company was awarded the **Board of The Year Award** for distinctive practices for 2012/2013 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.

## Adherence to Corporate Governance Best Practice Policy

The Board of Directors closely adhered to Good Corporate Governance guidelines for listed companies in performing its various duties to ensure maximum benefits and returns to the Company's shareholders and other stakeholders. The Board also supported a number of activities to promote the implementation and adherence to good corporate governance practices within the Company, including the establishment of a Corporate Governance Committee, dissemination of Corporate Governance best practice through a CG day, and the publication of a CG policy and Code of Conduct handbook. The activities undertaken can be divided into the following 5 categories:

### Section 1 Rights of Shareholders

#### The Rights and Equitable Treatment of Shareholders

The Company has a policy to involve shareholders in the governance of the Company's operations and to promote their principal rights as outlined below:

- Right to attend shareholders' meetings, express his/her opinions, give recommendations, and be involved in decision making for significant changes;
- Right to appoint directors at shareholders meetings;
- Right to appoint Auditors of the Company;
- 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;
- Right to receive the share certificates, transfer shares, and acknowledge the information about operating performance and business policy in a regular and timely manner;
- Other rights as prescribed by law and the Company's Articles of Association.

#### Shareholders' Meeting

In 2013, the Company's Annual General Meeting of shareholders was held on 28 March, 2013. At the AGM, shareholders participated in the decision making process on the following items:

1. The opportunity to propose no less than 3 months in advance of the AGM, items for inclusion on the meeting's agenda. Invitations and notifications with guidelines and procedures on the methodology to propose agenda items and nominate directors 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](http://www.thaicom.net)
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.
3. The Company will send invitation letters to attend the AGM to shareholders no less than 21 days in advance of the proposed meeting date. The invitation letters will include information on the date, time, place, and any other relevant information required. The invitation and related information will also be posted on the Company's web-site: [www.thaicom.net](http://www.thaicom.net) in both Thai and English 30 days in advance of the AGM. This will provide shareholders enough time to acknowledge and study the information and to present any questions they may have in advance of the meeting date.
4. The Company, in sending out its AGM invitation letter, also encloses a Proxy Form (B) which may be used by shareholders who are unable to attend the meeting in person. The Proxy form contains all necessary agenda items requiring a vote by shareholders. Shareholders may complete this form and authorize an Independent Director, appointed by the Company as a Proxy for Shareholders, or another representative if they so choose, to submit their votes on the day of the meeting.
5. The Company has a policy to conduct shareholders meetings according to the laws and guidelines prepared by regulatory authorities and in compliance with good corporate governance. In 2013, the Company arranged one Annual General Meeting of Shareholders, which was held at the Viphavadee Ballroom, Lobby Floor, Centara Grand Central Plaza Hotel, Lad Prao, Bangkok, 1695 Paholyothin Road, Jatuchak, Bangkok.



The Company ensures that sufficient staff and the necessary technology are available for the convenience of shareholders in checking their relevant documents when registering to attend the meeting. The Company utilizes a barcode system to count the votes for each agenda item. The barcode system is supplied and operated by the Thailand Securities Depository Co., Ltd.

6. The Company also provides opportunities for shareholders to submit their questions in advance to an 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 meeting and can be checked by shareholders if they so desire.
7. After the Meeting, the Company will post the agenda and outcome of the voting on each agenda item on the Stock Exchange of Thailand's website as well as the Company's website. The Minutes of the AGM will be posted on the Company's website within 14 days after the AGM, and shareholders will be informed of the availability of the Minutes through the SET's website as well as the Company's website.

## **Section 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 whether they are a retail, foreign, institutional, or wholesale investor.

1. Every shareholder shall have the right to propose items for inclusion on the agenda of the annual general meeting of shareholders, as well as the right to propose suitable candidates for selection as Directors at least 3 months in advance of the AGM. Invitations and notifications with guidelines and procedures on how to propose directors for nomination and to propose agenda items 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](http://www.thaicom.net)
2. At the AGM, the Company informs shareholders of the regulations and methodologies that will be applied throughout the meeting as well as in the voting process, and the rights of shareholders in casting their votes. Documents relevant to the AGM, including information necessary to inform shareholders and proxy forms are all provided to shareholders well in advance of the AGM and provided in both Thai and English versions to ensure that both Thai and foreign investors have access to the necessary information
3. The Company will not add items to the meeting agenda or change significant information without prior notice to the shareholders.
4. The Company will provide the opportunity to shareholders to vote for and appointment Directors individually. The Company will also support the use of ballots to ensure transparency and the possibility of vote verification.
5. The Company has issued a policy and practical guidelines on the use of internal information to prevent members of the Board, Management, and staff from using such information for personal or third party gain. This policy and these guidelines have been publicized internally to ensure compliance, and the Company regularly audits this compliance.
6. The Board of Directors and executives must disclose conflict of interest information as well as information about related persons to ensure transparency in the consideration of the Company's business transactions. Directors and executives holding stakes in the transactions must not take part in the decision making process of these transactions. All transactions will proceed according to the Company's approval process for related transactions.
7. The Company has a policy regarding securities trading of the Company's stock by Directors and executives which requires that all directors and executives report their trading activities in accordance with the rules and regulations of the Securities and Exchange Commission (SEC) to the Board.

### Section 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. This concern covers, although not exclusively, the Board of Directors, Management, employees, shareholders, customers, business partners, competitors, creditors, communities in which we operate and society as a whole, and the environment.

The Company issued an ethics manual, "Thaicom Best Business Practice", and distributed this manual to directors, executives and employees for their acknowledgment and to strictly adhere to the guidelines published in this manual. The Company has also developed a punishment framework in case of violation or misconduct. The ethics manual is available for public scrutiny and may be downloaded from the Company's website: [www.thaicom.net](http://www.thaicom.net) topic > sustainability corporate governance > code of conduct. The manual, upon distribution to the Board of Directors, management and staff, was duly acknowledged and signed by each recipient. The Company has also authorized the Internal Audit Department, Human Resources Department and the Code of Conduct Committee or Audit Committee to report any infractions or non-compliance with the ethics guidelines.

In addition, the Company Secretary Department and the Compliance Office arranged support activities to promote awareness and understanding of Good Corporate Governance and the Code of Conduct among the Board of Directors, management and staff. These activities and others aim to build a strong culture of good corporate governance within the organization.

The Company's Code of Conduct covers the following areas:

**Responsibility to shareholders:** The Company is determined to operate its businesses in a manner that ensures the greatest shareholder satisfaction. This includes long-term growth in the Company's value, consistent returns, and transparent and trustworthy disclosure of data to shareholders.

**Responsibility to customers:** The Company is dedicated to creating customer satisfaction and trust that they are receiving high quality products and services at reasonable prices. Maintaining good customer relations is of great importance to the Company.

**Responsibility to business partners and creditors:** Any business transaction with a partner must, by no means, damage the Company's reputation or violate any laws. All transactions must be based on equality and mutual benefit. The selection of business partners must be fair. The Company regards partners as a critical factor in creating value for customers. The Company firmly observes contractual agreements and strictly follows the conditions of such agreements, including the repayment of loans and interest or other charges due to creditors.

**Responsibility to society and environment** As a Thai business entity, the Company realizes that it has certain duties and responsibilities toward the country. The Company is an integral part of the country's business and social fabric, and as such must help and lend support to local activities in the communities where the Company has business operations.

For its performance in the year 2013, the Company will issue a Sustainability Report separate from its Annual Report. This report will be available online on the Company's website: [www.thaicom.net](http://www.thaicom.net) under the heading Corporate Social Responsibilities.

**Responsibility to Staff:** Our employees are our most valuable asset, and they represent an important factor in the Company's success. Consequently, the Company actively promotes the professional development of staff to ensure that they have the necessary skills to perform their tasks to the utmost of their abilities. The Company is also focused on creating a strong corporate culture with a good atmosphere that promotes teamwork, respects their individuality and privacy, and creates equal opportunities for all. Occupational health and safety are of prime concern, and the Company aims to create a safe and suitable work environment. The

Company constantly monitors industry standards for remuneration and benefits and implements such changes when necessary. Regulations and laws governing working hours, freedom of association and bargaining rights, no forced labor and no child labor are stringently upheld by the Company.

**Human rights** The Company supports and respects human rights and will operate its business based on the principles and intention of the Universal Declaration of Human Rights under the auspices of the United Nations. Under no circumstance will the Company take part in any action which is against the principles of human rights.

**Competition in business** The Company has a policy to support and promote free and fair competition in business. It has no policy to resort to competition in business in any form in order to acquire information from competitors which is not lawful and which is against ethics.

**Anti-corruption practices** The Company opposes all forms of corruption, and has no policy to offer money, gifts, special privileges, or other incentives in any form, whether directly or through third parties to customers, business partners, external organizations or government entities, or state officials to derive or retain benefits or business advantages.

Prohibited practices under the Company's anti-corruption policy also include payment of cash rewards or any other financial benefit in order to help speed up or pave the way for business expedition with the exception of traditional business incentives such as trade discounts and sales promotion campaigns sponsored by the Company.

**Observance of the law, rules and regulations** Directors, executives and staff must operate the business in agreement with the Company's Articles of Association, applicable laws, rules, and regulations. They must under no circumstances knowingly participate in or take any action that is in violation of these regulations.

**Political activities** Directors, executives and staff have the freedom to exercise their political rights, such as casting ballots or being members of a political party. Even so, if staff at certain levels participate in election campaigning for a political party or are appointed committee members of a political party, participation in public events held by such a party can give rise to an understanding that the Company or companies in the Group are involved in or favour a particular political party. Although not illegal, staff should refrain from participating in such activities. Directors, executives and staff wishing to take a political appointment or run for an election at the local or national level must leave the service of the company prior to such activity.

**Conflict of interest** Working for the Company can lead to situations whereby personal interests of directors, executives and staff are in conflict with the Company's interests. Such conflicts may arise in many forms. The company, thereby, has established guidelines which must be followed by everyone:

#### *1. Taking money or other forms of payment*

Directors, executives and staff must not take money or any other form of payment in private from the customers or business partners of the company or any person as a result of working for the company. Directors, executives and staff must not lend or borrow or solicit money or any object from customers or those who conduct business with the Company with the exception that the borrowing is from a commercial bank or financial institution as customers of such bank or institution.

#### *2. Conducting other businesses outside the company*

Conducting private business by directors, executives and staff must not affect them in performing their duties and working hours. Conducting business or taking part in business which competes with the business of the Company is prohibited, regardless of directors, executives or staff receiving direct or indirect benefits from such activities.

### 3. Conducting any businesses with companies in the Group

Conducting any business with companies within the Group, whether in own name, the name of the family or any juristic person where executives or staff stand to gain or lose requires the disclosure of the potential conflict of interest in conducting the business.

Directors, executives and staff with a conflict of interest are prohibited from approving any transaction agreement or taking any action on behalf of the company. A person who performs a transaction on behalf of the company has the duty to check whether or not there is a relationship between the business partner and any directors, executives or staff prior to completing the transaction in order to prevent any possible conflict of interests from arising. The definition of 'relationship' is to be in agreement with the principles on 'Disclosure of Data and Operation of Registered Companies in Relevant Transaction' which is distributed by the Security Exchange of Thailand Committee.

### 4. Holding directorships in other companies

The company has no policy to release executives to be directors in other companies. Company executives from personnel level PG 13 up must receive approval from an authorized person before assuming a directorship in another company.

Position	Approve by
Executive Level PG 13-15	Chairman of the Executive Committee
Executive Level UC up	Executive Committee
Executive holding company directorship	Executive Committee

### 5. Accepting gifts and attending business receptions

Directors, executives and staff should refrain from accepting gifts whether in the form of cash or not from business partners or persons relevant to the company's business. The exception is in the acceptance of seasonal or traditional gifts, but the value of such gifts must not exceed 5,000 baht. In case the gift or asset has a value exceeding 5,000 baht, a report must be submitted to the recipient's superior for appropriate action.

Directors, executives and staff can attend business receptions for the benefit of the company's business, but should refrain from attending receptions whose nature is beyond a normal business relationship between persons related to the company or its business activities.

### 6. Attendance of seminars and study tours

Directors, executives and staff may accept invitations to attend training, seminars and study tours, 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.

**Protecting and looking after company assets** Directors, executives and staff at every level have a duty and responsibility to safeguard the Company's assets and not use them for personal benefit or that of others. The company has a policy to prepare business documents, record financial and accounting data and prepare financial reports in keeping with internationally accepted accounting standards, in a timely manner, reporting information fully, correctly and honestly. Directors, executives and staff must appropriately control confidential data and sensitive information that they may possess or become aware of as part of their responsibilities, and

must not communicate such information to other work units or outsiders. They also have a duty to exert their best effort in protecting such confidential data, and in filing the confidential documents.

**Intellectual property rights** The intellectual property rights of the company includes various copyrights, patents, trademarks and trade secrets which are essential in maintaining the Company's competitive advantage. Directors, executives and staff have a duty to protect, keep and defend the Company's intellectual property rights. Directors, executives and staff must also respect the lawful rights on intellectual properties of others.

**Use of inside Information and trading of the Company's securities** Directors, executives and staff must not use, for the benefit of their own or others, important or undisclosed inside information of the Company. Directors, executives and staff of the company have freedom in trading the securities of the Company, but to prevent conflicts of interest from happening, directors, executives, and staff should refrain from or stop trading the securities of the Company for a period of 1 month before the disclosure of quarterly financial performance information to the public.

**Giving information or interviews to the press or the public** Any information about the company to be supplied to outside sources must be factual and accurate, and presented with care. Unless specifically authorized due to position or appointed to do so, no executive, director or staff may provide information or give an interview to the press or public in relation to the Company's activities.

**Transactions between related companies** In case of transactions between related companies, a strict approval process is followed, and at all times are the benefits of the Company of foremost importance in such transactions. Even so, all transactions are performed on an arm's length basis.

#### **Report of Non-Compliance with Code of Conduct**

Directors, executives and staff must strictly comply with the Code of Conduct and immediately file a report if and when they come across an act of non-compliance. The company will, in reference to the Regulations on Human Resource Management, take disciplinary action, in accordance with the nature of the incident of non-compliance against those who have violated or performed any action not in line with the Code of Conduct. The Company has implemented a Whistle Blower Policy as well as an investigation process and Whistle Blower Protection mechanism to prevent, detect and reduce fraud and misconduct within the organization.

#### **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:

##### **Company Secretary**

THAICOM Public Company Limited  
Thaicom Satellite Station,  
41/103 Rattana Thibet Road,  
Nonthaburi Province 11000

The Company also makes available to 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 at [ir@thaicom.net](mailto:ir@thaicom.net), the Company Secretary at [comsec@thaicom.net](mailto:comsec@thaicom.net), 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.

#### **Section 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. All important information is provided in both Thai and English-language versions for the convenience of interested parties.

Disclosure of information by the Company shall include but not be limited to:

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 by telephone, or by visiting the Company's website at: [www.thaicom.net/ir](http://www.thaicom.net/ir).
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.
3. Significant information
  - Company information such as vision, nature of business, company structure and major shareholders
  - Board of Directors and Executive names
  - Annual Registration Statements ( Form 56-1), Annual Report, Financial Statement and MD&A with any other relevant documents
  - Any documents relating to Shareholders Meetings, Articles of Association
  - Policies of the Company
  - Charters of Sub-Committees
4. 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](mailto:kens@thaicom.net), or by telephone at 0-2596-5072/3 or

### Investor Relations

THAICOM Public Company Limited  
 Thaicom Satellite Station,  
 41/103 Rattana Thibet Road,  
 Nonthaburi Province 11000.  
 Tel 02-596-5072-3  
 Fax 02-591-0724  
 E-mail ir@thaicom.net

## Section 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:

### 1. Structure and Composition of the Board of Directors

The Company's Directors must hold qualifications pursuant to the related Notifications of the Securities and Exchange Commission (SEC). The Company has to additionally consider knowledge, ability, experience, and management expertise of that person. The Directors must have adequate time and devote their knowledge and abilities in performing duties to the Company. The Chairperson of the BOD has assigned the Governance and Nomination Committee (hereinafter in the corporate governance policy called "Nomination Committee") to perform the duty of recruiting and nominating Directors for the BODs, for which final nominations and approvals will be determined at the Company's Annual General Meeting of Shareholders.

The Company's Board of Directors shall consist of no less than 5 persons, and may consist of more in keeping with the size of the Company's activities. The Board shall have one Chairman and the remaining members shall be directors. All directors shall be independent directors, un-connected or unaffiliated with the Company in any way, including independence from the Company's management, the Company's business operations or any other connection which may give rise to a conflict of interest. The Company has further stipulated that at least One-third of the total number of Directors shall be non-management Directors, and no less than 3 persons. Non-executive Directors must make up no less than half of the total number of directors to ensure balance between executive and non-executive 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, 2013, the Board of Directors as per affidavit of the Company consisted of the following 8 people:

- 4 independent directors (or 50% of the entire Board)
- 5 Non-management directors
- 3 Directors 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 issues that arise, 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.

### Qualifications of Independent Directors

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 0.1% 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 a 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 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.

However, the Company may appoint a person who has or used to have business dealings with the Company, if the Board agrees that an appointment of such person has no effect on performing their duty and expressing an independent opinion. This information shall be disclosed in the invitation letter for the AGM in the agenda item related to the appointment of Independent Directors, and contain the following:

- Characteristics of the person's business affairs or professional services which might cause the disqualification of such a person
- Reason and necessity for maintaining or appointing such person as Independent Director.
- Opinion of the BOD on nominating such person as Independent Director.

## **2. Term of Office**

In accordance with the Company's Articles of Association, in each AGM, one-third of Directors shall be retired by rotation. The Directors with the longest term shall be retired by rotation but may be re-elected.

In case a position of Director becomes vacant through reason other than by rotation, the Directors shall resolve with a minimum of three-fourths of the remaining Directors to select a qualified person who does not possess any of the prohibited characteristics as stipulated in Section 68 of the Public Limited Companies Act 2535 B.E. as a replacement. This person shall act as a Director in the next BoD's meeting, unless the remaining term of such a Director is less than two months. The replacement director shall only act as a Director for the remainder of the term of the Director whom he or she has replaced. The Company's Governance and Nomination Committee will proceed with finding and nominating a new Director at the next AGM.

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.

## **3. 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.

## **4. 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.

#### **5. Board of Directors Meetings**

1. The meeting schedule is determined in advance, with meetings to be held six times in a year. Additional meetings may be held as required.
2. 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.
3. 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.
4. Directors who have a personal interest in specific agenda items and transactions cannot be in attendance when such items are discussed.
5. 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. Information on the number of meetings and the attendance of Directors at these meetings for the year 2013 can be found elsewhere in this report.



## 6. Evaluation of the Board of Directors Performance

The Company shall evaluate the performance of the Board of Directors and the committees, including the following:

1. Board of Directors
2. Audit Committee
3. Governance and Nominations Committee
4. Compensation Committee
5. Executive Committee

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.

## 7. 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 2013 can be found elsewhere in this report.

## 8. 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 2013, Directors and Management applied and participated in the following courses provided by Thailand institute of Directors:

Director / Management	IOD Course
1. Mr. Yong Lum Sung (Director)	DCP: Directors Certification Program Class 182/2013
2. Mr. Pradeep Unni (Executive Vice President Marketing and Sales India and Territory 2)	DCP: Directors Certification Program Class 182/2013

## 9. Evaluation of the Chief Executive Officer

The BoD, excluding executive directors or members of the Compensation Committee, should assess the performance of the Managing Director or Chief Executive Officer annually in keeping with pre-agreed standards and performance criteria covering the Company's financial performance as well as other strategic objectives. The evaluation results will be kept confidential at the Human Resources Department.

The evaluation criteria are divided into 3 parts:

- Part 1 - evaluation of KPI
- Part 2 - evaluation of Leadership Competency
- Part 3 - evaluation of Project Management and Human Resource Management

The results of the evaluation will be used to formulate a compensation package for the CEO for the following year.

## 10. Contact with Management

The BoD supports the participation of executives in meetings of the BoD when such persons are responsible for giving a presentation on a specific agenda item for that meeting. Such participation will allow members of the Board to learn about specific elements of the Company's operations, and the executive to learn of the Board's point of view on specific topics and issues. Members of the Board should be able to contact executives directly if necessary, but such contact should not interfere with the work of the Executive or create conflicts with the work of the Executives.



## **11. Management Succession**

The Board of Directors realizes that human resources management is a major factor in ensuring the success of an organization. Therefore, the Board of Directors authorized the Nomination and Remuneration Committee to annually review and study the management succession plan for the Company. The Committee is responsible for considering the succession of all personnel from VP level up reporting directly to the CEO. Within the Company this consists of 8 individual positions. In 2013, the Committee reviewed and revised the plans twice, not only with the Board of Directors, but also in a meeting with Independent Directors to ensure transparency in the process.

Consideration of potential successors to a higher position is based on the regulations and guidelines issued by the Nomination and Remuneration Committee. In considering successions, the criterion used can be divided into 3 levels: those ready to assume a higher role immediately; those who will be ready to assume a higher position in 2 - 3 years, and those who will be ready for promotion within 3 - 5 years. The succession plan includes both domestic and international training, including leadership coaching.

### **Sub-Committee**

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:

### **Board of Directors**

The Board of Directors as a representative of the shareholders has the duty to oversee that the management will perform in accordance with company's objectives, policies, procedures, rules, regulations and resolutions from the shareholders' meeting with honesty and loyalty, and meticulously takes care of shareholders' interest including other stakeholders. To conduct their duties, the Board of Directors participates in the review process of vision, mission, strategies, target setting, business plan and budget of the Company. The Board of Directors has agreed 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 operations and control in an appropriate and timely fashion in keeping with a written Corporate Governance Policy that is reviewed annually. The Company's Corporate Governance policy is available on the Company intranet, website, or in the form of a printed CG Handbook. This handbook has also been distributed to all employees, management and members of the Board of Directors. Distribution and maintenance of this publication is done by the Company Secretary and Compliance Office.

In 2013 the Company arranged a "CG Day" with the topic: "Basic knowledge and understanding on good corporate governance for sustainable growth of the organization". The events also included a Quiz for employees. The activity was organized to encourage management and staff to participate in answering questions about Good Corporate Governance, and to learn about the Company's Corporate Governance policies.

### Roles, Duties and 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. Moreover, the Company arranged “CG Day” by invited lecture Corporate Governance Center to acknowledge both management and staffs and also has a question and answer part to make sure that there are clearly understand about Best Practice of Good Corporate Governance.
- 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 at least 1 time per year;
- 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.

In addition, the Board of Directors determined that directors and management executives have to inform the Securities Exchange Commission of Thailand (SEC), of any shareholdings they or their spouse or minor children may have in the Company, in both the Form 56-1 and 56-2 reports as per the SEC’s announcement No. Sor. Jor. 12/2552

### **Audit Committee**

The Audit Committee consists of 3 independent directors who all meet the criteria set out by the Securities and Exchange Commission or the Stock Exchange of Thailand. The term for directors serving on the Audit Committee is three years, with the possibility for reappointment, but not exceeding three consecutive terms, unless the BoD views that it is necessary to retain a person as a member of the Committee. The duties and authority of the Audit Committee are included in the Audit Committee Charter. At present, the Audit Committee consists of 3 members, all of whom are Independent Directors:

Name - Surname	Position
1. Prof. Hiran Radeesri	Chairman of the Audit Committee
2. Mrs. Charintorn Vongspootorn	Member of the Audit Committee
3. Assoc. Prof. Samrieng Mekkiengkrai	Member of the Audit Committee

Remark:

*Professor Hiran Radeesri and Mrs. Charintorn Vongspootorn have the prerequisite knowledge and experience to review and audit the Company's financial statements.*

The Audit Committee shall meet not less than 8 times per year. In 2013 the Committee met 17 times and presented subsequent proposals to the Board of Directors.

**Roles, Duties and Responsibilities of the Audit Committee**

The Audit Committee performs its duties in accordance with the regularly reviewed Audit Committee Charter presented 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
- Reviews 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. Accuracy, 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 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.

The term of the Compensation Committee is three years and members may be reappointed, but not exceeding three consecutive terms, unless the BOD views that it is necessary to retain a person as member. The duties and authority of the Compensation Committee are included in the Compensation Committee Charter. The Compensation Committee consists of the following 3 members:

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

The Compensation Committee shall meet not less than 1 time per year. In 2013 the Committee met 5 times and presented results to the Board of Directors.

#### **Roles, Duties and Responsibilities of the Compensation Committee**

The Compensation Committee performs its duties in accordance to the Compensation Committee Charter which had been regularly reviewed by the Board of Directors. The Charter is presented below:

- 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, should a member of the management team or a Company employee 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. The term of office is three years, with the possibility for a reappointment, but not exceeding three consecutive terms, unless the BOD views that it is necessary to retain a person as member. The duties and authority of the Governance and Nomination Committee are presented in the Charter of the Governance and Nomination Committee. The members of the Committee are as follows:

Name - Surname	Position
1. Mrs. Charintorn Vongspootorn	Chairman of the Governance and Nomination Committee
2. Assoc. Prof. Samrieng Mekkiengkrai	Member of the Governance and Nomination Committee
3. Mr. Somprasong Boonyachai	Member of the Governance and Nomination Committee

The Governance and Nomination Committee shall meet not less than 1 time per year. In 2013 the Committee met 4 times and made subsequent presentations to the Board of Directors.

### Roles, Duties and Responsibilities of the Governance and Nomination Committee

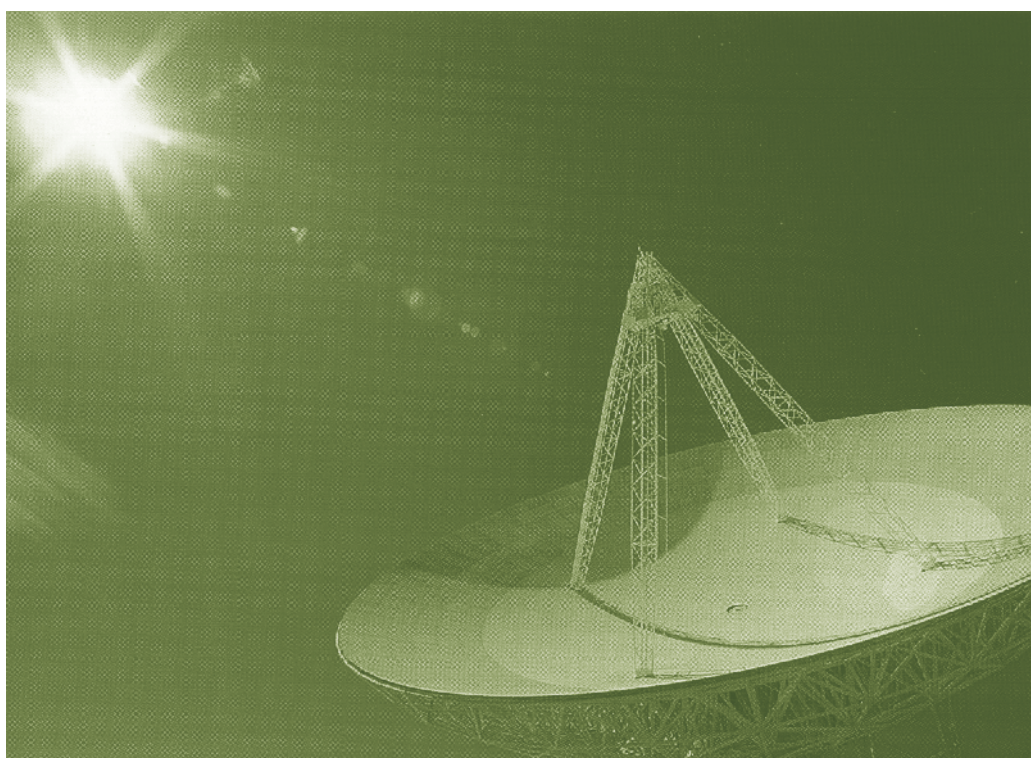
The Governance and Nomination Committee performs its duties in accordance with the Governance and Nomination Committee Charter which is regularly reviewed by the Board of Directors, and is presented below:

- 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.

### 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. The Executive Committee is responsible for setting business operation direction to meet targets set by the Board of Directors. The Committee reports to the Board of Directors. The Executive Committee consists of the following members:



Name - Surname	Position
1. Mrs. Suphajee Suthumpun	Chairman of the Executive Committee and Chief Executive Officer
2. Mr. Yong Lum Sung	Executive Director
3. Dr. Nongluck Phinaitisart	Executive Director
4. Mr. Paiboon Panuwattanawong	Executive Director
5. Mr. Anek Pana-apichon	Executive Director

### Roles, Duties and Responsibilities of the Executive Committee

The Executive Committee performs its duties in accordance with the Executive Committee Charter which is regularly reviewed by Board of Directors. The Charter is presented below:

- 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 as signed 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 Capital Market Supervisory Board, The Securities and Exchange Commission and 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.

In months in which there are no Board meetings, the Company will present a report of operations and financial position to the Board of Directors for consideration and acknowledgment.

## The Selection of Directors and Management Executives

### The Selection of Directors and Management

The Board of Directors has appointed the Governance and Nomination Committee which consists mainly of independent directors, 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 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 22 January 2014, 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 manner:

- 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, which would otherwise cause the number of directors to 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 the prerequisite 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 as a director in the next Meeting. An exception is the case of a term with less than 2 months remaining, where the term of the newly appointed director shall expire at the same time as the preceding director. The Company has a Governance and Nomination Committee to select a new director for appointment.

#### The Selection of Management Executives

The selection of management executives is disclosed in section 5, Role and Responsibility of the Board of Directors, Clause 11 Selection of Management Executives

### Corporate Management and the Management of Subsidiaries

The Board of Directors uses its authority to oversee and manage the Company's subsidiaries and joint venture companies according to the Company's objectives and Articles of Association, as well as in compliance to any resolutions passed at shareholder meetings. This management and oversight is performed through the appointment of management executives, or by authorizing a sub-committee or any other persons if necessary, to perform the business operations in compliance with the directions set by the Board of Directors to ensure good corporate governance and maximum benefits for the Company.

The Company will authorize directors and/or management to be its representatives in subsidiaries or joint venture companies. The authorization of such persons shall be approved by the Company's Board of Directors. The Board of Directors will authorize the Nomination Committee to select eligible persons for such positions, and propose them to the Board of Directors for consideration and approval.

The nominated person shall operate and/or oversee the activities of the subsidiary or joint-venture company in keeping with the Company's policies and in line with Corporate Governance Best Practices as outlined by the Securities and Exchange Commission and the Stock Exchange of Thailand, and the Company's own Code of Conduct to ensure to maximum profit to shareholders.

### Internal Control Information

The Company is committed to carrying out its business with customers, partners and shareholders in an ethical manner with integrity and honesty. A Code of Conduct has been developed and issued to all employees to guide corporate behavior at all levels. 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 has 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 on 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.

## Auditors Fee

In the Year 2013 the Company and its subsidiaries paid Auditors fees as detailed below:

### (1) Auditor Fees

Thaicom Public Company Limited and its subsidiaries paid a total amount of 2.72 million Baht for Auditor fees, and other relevant fees of 6.45 million Baht

### (2) Non-Audit Fees

Thaicom Public Company Limited and its subsidiaries paid for Auditor fees, and others relevant fees total amount of 1.27 million Baht

## Other Best Practice on Good Corporate Governance

### 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 session for new employees
- ii. Provision of further ethics awareness through company activities.
- iii. Stimulation of ethical behavior in practice. For example: honouring good employees.

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	

## Internal Control and Risk Management

### Summary of the Board of Directors’ Opinion to the Internal Control System

For 2013, the Board of Directors evaluated the adequacy of internal control systems in five areas: the organization and its environment; risk management; management control activities; information and communication system; monitoring system and 17 further principles. The Board found that the internal control was adequately undertaken and that risk management measures were appropriately developed.

#### 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 companies in the Group's financial and operating results, and keeps the Board members informed on a quarterly basis.

In the Board of Directors' Meeting on February 13, 2014 with the Audit Committee also attending, the sufficiency of the internal control system was evaluated using five different measures, including organizational control and environment, risk management, management control activities, information systems and communication, monitoring systems and 17 additional principles. The evaluation concluded that the Company has sufficient control of important documents and internal control systems, especially the management control system, to enable the Company to safeguard assets from unauthorized persons, while business transactions are conducted in accordance with approved level of authority, including being properly recorded to ensure reliability and accuracy of financial statements. The Company maintains documentary systems to make information available in a timely fashion for auditing processes by external auditors and government authorities.

Furthermore, there is continuous development of the appropriate risk management systems to assure proper systems for effective internal controls and important document filing. The Company has established an independent Internal Audit Office with an approved charter from the Audit Committee and Management. The Internal Audit Office reports functionally to the Audit Committee and administratively to the CEO, particularly on the day to day administrative transactions. The Internal Auditors were certified by internationally accepted 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 2013, the Internal Audit Office adopted the results from risk management activities as an information base to prepare its risk-based audit plan for 2013-2017. The plan covers reliability of accounting and finance information, operational efficiency and effectiveness, regulatory compliance, development of information technology and communication, and development of quality management systems under ISO requirements. The Internal Audit Office also developed non-audit activities such as consulting on internal control of operations in new business lines. In addition, the Internal Audit Office encouraged and trained internal auditors in modern internal auditing standards by the Institute of Internal Auditors. Most audit issues raised by internal and external auditors have been corrected and improved due to the effective follow up of the auditors and the cooperation of management.



## **Risk Management**

The Company adapted the Risk Management Handbook and Guidelines of Shin Corporation Pcl. 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 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 2013, 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.

## **Internal Audit and Auditor's Opinion**

The Internal Audit Office and KPMG Phoomchai Audit Co., Ltd., the auditor who certified the Company's Financial Statements for the Year 2013, found no defects or lapses in the control of Company documents or internal control. The Auditor found that the Company had sufficient and effective internal control systems. Details of the external Auditor's findings can be found in the Audit Committee Report for the Year 2013 as shown in Attachment 4.

## **Information on the Head of Internal Audit and Head of Compliance**

- (1) The Head of the Internal Audit Office is Pol. Lt. Sivaraks Phinicharomna, whose official position is Vice President of Internal Audit. The Head of the Compliance Office is Mr. Salil Charuchinda, whose official position is Vice President of Legal. (For further personal data on the Head of Internal Audit and the Head of Compliance, please consult Attachment 3)
- (2) On 19 July 2013, the Audit Committee resolved to approve and appoint Pol. Lt. Sivaraks Phinicharomna as Vice President of Internal Audit effective as of 1 July 2013. The Committee considers Pol. Lt. Sivaraks Phinicharomna an eligible person with the proper educational and skill qualifications to perform the duties required of this position.
- (3) The Audit Committee Charter addresses the proper procedure for appointments, removals, transfers or evaluations of personnel. Guidelines are also included on the removal of people from specific positions, including the Head of Internal Audit by the Audit Committee. The Audit Committee Charter shall be reviewed annually to ensure relevance. The Audit Committee Charter can be found on the Company's website at: [www.thaicom.net](http://www.thaicom.net), Topic: Sustainability > Corporate Governance > Charter

During the year 2013, 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, 2013 (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.	51.52	The Company is the sole service provider of transponder leasing in the country under ordinary course of business. Service fee was charged under normal contracts and trade conditions on an arm's length basis.
	- International Roaming service	0.43	LTC, the jointly-controlled entity offered International Roaming Service in Laos under ordinary course of business. Service fee was charged based on market price on an arm's length basis.
	- Service income - Advertising	1.20	DTV, a subsidiary, offered Advertising service under ordinary course of business. Service fee was charged on an arm's length basis.
	2. Expenses	2.22	
	- The Company paid for mobile phone expenses, seminar and training expenses of its executives and employees.		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.
	- International Roaming expenses	0.69	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.
	- Leased area for IPSTAR equipment	0.38	
	3. Trade accounts receivable and accrued income	9.46	
	4. Trade accounts payable, Advance receipts and accrued expenses	0.73	
	5. Other current liabilities	0.16	

Related Companies/Relationship	Transaction	Value of Related Transactions at December 31, 2013 (Million Baht)	Reason and Necessity of Transaction
		Consolidated	
<p>CS LoxInfo Public Company Limited (“CSL”) / The Company’s subsidiary holds 42.07% shares (after deducting treasury stock) with joint directors</p> <p>- Provides Internet and TV signal uplink/downlink services</p>	<p>1. Revenues</p> <p>- The Company leased transponders on THAICOM satellite, provided TV signal uplink services and sold IPSTAR user terminals</p>	12.60	<p>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.</p>
	<p>- The Company sold Satellite Uplink Equipment</p>	39.03	
	<p>- Interest income</p>	2.02	<p>The Company is the distributor of Satellite equipment. Price was charged under normal contracts and conditions on an arm’s length basis.</p> <p>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.</p>
	<p>2. Expenses</p> <p>- The Company paid for uplink and Internet service charges</p>	27.57	
	<p>3. Trade accounts receivable and accrued income</p>	36.63	
	<p>4. Other receivables</p> <p>5. Trade accounts payable and accrued expenses</p>	0.03 5.98	
<p>Matchbox Co., Ltd. (“MB”) / SHIN holds 99.96% shares.</p> <p>- Conducts advertising broker, agency business through all advertising media.</p>	<p>1. Expenses</p> <p>- The Company hired Matchbox for advertising and public relations services such as printed and advertising media.</p>	0.93	<p>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.</p>
<p>IT Applications and Services Co., Ltd. (“ITAS”) / SHIN holds 99.99% shares.</p> <p>- Provides management software package with related software and consultancy services.</p>	<p>1. Expenses</p> <p>- The Company used accounting software and consultancy service</p>	9.91	<p>The Company used software programs for accounting data processing and consultancy service, 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.</p>
	<p>2. Other accounts payable</p>	0.83	

Related Companies/Relationship	Transaction	Value of Related Transactions at December 31, 2013 (Million Baht)	Reason and Necessity of Transaction
		Consolidated	
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 to develop products for IPSTAR project  2. Other receivables 3. Accrued expenses	10.98  11.32 1.25	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 in vesting 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 assets 4. Other receivables	8.94  4.52  142.07 8.61 8.68	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. (Mfone is proceeding the liquidation under the laws of Cambodia)	1. Trade accounts payable and other accounts payable	7.68	LTC, the jointly-controlled entity paid for gateway operating fee and maintenance service fee for IPSTAR gateway in Cambodia. The service was under ordinary course of business and charged under normal contracts and trade conditions on an arm's length basis.
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. Trade accounts payable	0.02  0.25	Mfone offered International Roaming Service under ordinary course of business. Service fee was charged based on market price on an arm's length basis.

Related Companies/Relationship	Transaction	Value of Related Transactions at December 31, 2013 (Million Baht)	Reason and Necessity of Transaction
		Consolidated	
Asia Mobile Holdings Pte Ltd. ("AMH") and the Group / Major shareholders jointly hold the Company's shares.	1. Revenues - International Roaming service	0.04	Mfone offered Airtime International Roaming Service in Cambodia under ordinary course of business. Service fee was charged based on market price on an arm's length basis.
	2. Expenses - SHEN paid consultancy and service fees. Service fee was charged based on the cost of executives and employees providing the service.	1.04	
	- International Roaming expense	0.01	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.
	- Interest expenses	4.24	
	3. Short term loan	142.66	
	4. Other accounts payable	1.88	
	5. Accrued expenses	8.70	
Other related parties	1. Revenues - The Company sold IPSTAR user terminals	5.45	The Company is the distributor of IPSTAR user terminals. Price was charged under normal contract and conditions on an arm's length basis.
	- Web design service and other services	0.36	DTV, a subsidiary, offered Web design service and other services to general public under ordinary course of business. Service fee was charged on an arm's length basis.
	2. Expenses	1.32	The Company used the services which supported the ordinary course of business. Service fee was charged under normal contract and trade conditions on an arm's length basis.
	3. Trade accounts receivable	5.84	
	4. Other accounts payable	0.02	



## Necessity and Justification of Transactions

In 2013, Thaicom Plc. and its subsidiaries (“the Company”) had related transactions as shown in Note 4 of the 2013 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.



As one of Asia's leading satellite communications companies, we at Thaicom PLC are committed to ensuring that our business can look forward to a future of sustainable and profitable growth.

Rapid societal and environmental changes have led to new challenges for business. As an organization that places utmost importance on shared value within our company, Thaicom PLC is adapting in response to these evolving circumstances. By prioritizing social responsibility throughout our management and business structures, as well as within all of our various activities, we aim to institutionalize the concept of corporate social responsibility at Thaicom PLC and achieve our goal of sustainable development.

In an attempt to more clearly define and present the Company's sustainability practices, we have put together our first Sustainable Development Report. We have included several parts from that Sustainable Development Report here in our Annual Report, but for more details please do peruse the full contents of the Sustainable Development Report issued as a separate publication.

## Developing a Sustainable Business

In keeping with accepted business practices for profitable and sustainable growth, Thaicom PLC pursues sustainable development according to the following principles, which outline our responsibilities both in business and toward our stakeholders:

- Thaicom PLC is committed to sustainable growth, which means working closely with the wider society, looking after the environment, and supporting the economic growth of communities in which we operate, especially those in the Asia-Pacific region.
- As a leading satellite operator, Thaicom PLC is committed to using our resources to build networks that benefit our stakeholders and create shared value for all sectors.
- Thaicom PLC is committed to creating shared value by supporting education and learning to expand future opportunities for Thai citizens, in accordance with our belief that a strong education system leads to a strong nation.

In continuation of plans laid in 2013, Thaicom PLC has established the following corporate social responsibility policies which cover economic, social, and environmental issues and take into account all of our stakeholders:

### 1. Activity Monitoring

Thaicom PLC practices good governance through monitoring, transparent management, and responsibility. All stakeholders are treated in an equal and appropriate manner. Aware of our reputation and the confidence placed in us by the public, we are committed to being a good corporate citizen in each of the countries and regions where we do business.

### 2. Business Practices

Thaicom PLC operates in a moral and ethical manner, with sincerity and integrity. We respect the law, support free trade, and avoid any action that might create conflict among our stakeholders. We are against all forms of corruption, maintain political neutrality at all times, and respect the traditions and culture of the societies in which we work.

### 3. Human Rights

Thaicom PLC conducts business with respect for personal rights and freedoms. We promote equality and are against all forms of discrimination or segregation according to gender, ethnicity, and/or social classes. We do not use child labor and will not participate in any activities that violate human rights.

### 4. Employees

- Employees are our most valuable asset.
- We foster an organizational culture derived from the core values of our company while still upholding our Thai identity.
- We encourage all employees to fulfill their full potential through workshops, trainings and knowledge acquisition, as well as performance appraisals and benefits.



- We operate in strict accordance with labor laws and aim to create an environment in which our employees have a happy work-life balance and a safe and sanitary workplace, with full access to health welfare.
- We enable and encourage our employees to volunteer and become involved in social activities that contribute to the betterment of society.

### 5. Customer Relations

Thaicom PLC offers quality products and services that are safe and reliable. We aim for maximum customer satisfaction by focusing on impressive product performance and excellent services that respond directly to our customers' needs. We aim to build a long-lasting relationship with our customers and are committed to responding wholeheartedly to any demands and problems they may have.



## 6. Partnerships and Alliances

In the interest of shared benefit and growth, Thaicom PLC aims to create long-lasting mutually supportive relationships with our business partners and alliances. We treat all partners equally and hospitably, strictly adhere to all contractual and operational agreements, and follow transparent and fair selection policies for partnerships, procurement, and hiring.

## 7. Innovation

Thaicom PLC believes that the ability to innovate is critical to our business and that it will lead to the sustainable growth of our industry and benefit society as a whole. Our employees are encouraged to take an innovative approach to technology, work processes, and business models through the development of the products and services we offer in response to customers' needs and by building cooperative relationships with our business partners and alliances.

## 8. Community Relations

- Thaicom PLC is committed to creating shared values for business and society in all of our transactions in order to foster sustainable growth for business, community, and society.
- Thaicom PLC has instigated a policy to build relationships with local communities in the areas we work in, to establish their needs and collaborate in projects that will improve their quality of life.
- Thaicom PLC believes education is an important foundation for the development of the country, society, communities, as well as businesses. To this end, we have instigated a policy to utilize our products, services, and human and other resources to support the development of community educational outlets to improve quality of life and ensure sustainable growth.
- Thaicom PLC believes it is our duty to provide communication services when disasters strike in the

areas we work. We will work with our clients, business partners, and other organizations, to assist the disaster-affected population as quickly as possible.

## 9. The Environment

Thaicom PLC's policies emphasize environmental protection and the efficient and maximum use of resources. We focus on building an organizational culture of environmental awareness and supporting environmental projects, both within the company and beyond. Our employees take every precaution to prevent our business operations from having a negative or damaging effect on the environment. This includes our use of safe radio frequency that is not detrimental to company personnel or surrounding communities.

### Guidelines for Sustainable Development Management

Thaicom PLC's vision is to use the benefits of satellite technology for the sustainable development of both our business and society as a whole. In 2013, we took the major step of establishing directions for sustainable growth that are both focused and effective. This resulted in the establishment of the Thaicom PLC Sustainable Development Committee. The Committee is chaired by the Chairman of the Executive Committee and the Chief Executive Office, and its members are high-level executives who are responsible for determining relevant policies, strategies, and plans, as well as monitoring related activities.







In 2013, we also set up a working committee called “SD Champion 2013”, to push forward the concept of sustainable development within our organization. Comprised of executives and working groups from various departments, the committee identifies operational plans for sustainable growth that are consistent with Thai PLC’s vision and business direction. The committee is also responsible for reporting on the company’s sustainable development in the economic, social and environmental spheres and communicating relevant information with stakeholders. Information from these reports will be used to improve our future performance.

### Good Governance and Business Ethics

Throughout our operations, Thaicom PLC has always adhered to the principles of good governance and ethical conduct, as outlined in our 2013 “Corporate Governance Policies”. We have raised our standards by including improved policies on shareholders’ rights and equal treatment, the role of stakeholders, information disclosure and transparency, and the role and responsibilities of the committee overseeing our adherence to the Stock Exchange of Thailand’s principles of Excellence Corporate Governance. Due to our ongoing efforts toward good governance, Thaicom PLC was ranked as one of the listed “Companies with Excellence CG Scoring” in the 2013 survey conducted by the Thai Institute of Directors and the Stock Exchange of Thailand.

## Business Practices for Economic Sustainability

### *Building a Global Business for the Thai Economy*

Thaicom PLC recognizes economic management as one of the three integral and connected mechanisms toward sustainable development, alongside social and environmental management. Accordingly, we place a priority on creating ensured profits for our business stakeholders. To this end, we develop high-quality cost-effective satellite communication networks that meet consumer needs and strive to create a robust telecommunications industry that will generate income opportunities for people working in related fields (from radio and television content producers, satellite radio and television operators, cable television providers, television subscriber services, and equipment installers to those in telecommunications such as cellular phone operators, Internet service providers, and advertisers on satellite television and radio, etc.)

Thaicom PLC’s satellite business has brought both direct and indirect profits to the national economy, especially by stimulating investment in information technology that has led to a cycle of economic expansion. Additionally, Thaicom PLC’s satellite communication services in Thailand have created a “footprint” for providing services in many other countries, thereby boosting Thailand’s economic growth through the exportation of technological services. Further benefits to the Thai economy come from Thaicom PLC’s emphasis on business innovations and technological advancement, which has given us a competitive edge and made us a leading satellite operator in the international arena.

Additionally, Thaicom PLC’s operations provide economic benefit to stakeholders through dividends to our shareholders, payment and compensation to our business partners, salary and welfare to our employees, contributions to community projects, general donations, and tax payments to the government.



### *Innovations for a New Future*

Since 2012, Thaicom PLC's strategy for strengthening our economic management has been to adjust our business direction toward new markets and focus on maximum efficiency and adding value to our existing technology. Our business operations have been modified to emphasize product development and integration of services, while pushing for new innovations that will enhance our business capacity and also boost the satellite industry. To this end, we have increased our clients' ability to access information about how users of satellite technology can reduce environmental impact.

## Environmental Sustainability

### *Eco-Friendly Business Practices*

In addition to reducing any direct and indirect environmental impact from our business operations, Thaicom PLC is concerned with the safety of our employees and the communities we work in. To limit any negative impact from our business operations, we have employed the following environmental management strategies:

- Creating a safe environment - By following global safety standards at our Thaicom-Kaerai and Thaicom-Lad Lum Kaew satellite stations, Thaicom PLC has created a safe work environment for both its employees inside the stations and the residents living in surrounding communities.

In 2013, Thaicom PLC increased our safety measures by using tests for radio frequency exposure that have

been certified by experts from King Mongkut's Institute of Technology, Ladkrabang.

- Building an energy-saving culture - Energy conservation is an integral part of our operations at Thaicom PLC and we act in accordance with related laws and recommended regulations. We have established a company policy on energy conservation and a working body to identify goals, framework, and monitoring of our company's energy saving efforts. We also work to build awareness of energy conservation, maximize use of resources, and support energy saving innovations among our employees with our iSAVE project.
- Green procurement - Thaicom PLC's concern with energy saving and environmental impact extends beyond our own operations to those of our partners. In 2013, we established a Green Procurement project scheduled for implementation at the beginning of 2014.
- Efficient logistics - Thaicom PLC aims to reduce the environmental impact of our logistical operations and intends to focus on the reduction of carbon dioxide emissions.

## Social Sustainability

In order to achieve our goal of sustainable development, Thaicom PLC must be fully responsive to all of our stakeholders. To this end, we have drawn up



a framework for both internal and external social sustainability.

This framework covers our interaction with all our stakeholders, including Shareholders, employees, customers and clients, partners, competitors, and society. It is our aim to provide all these stakeholders with the best services at the most competitive prices available, while also dealing with them in a transparent, free and fair, and trustworthy manner, while for our employees we aim to create a great work environment that promotes equality and teamwork.

### ***Staff Relations and Development***

Thaicom PLC has 687 employees in Thailand and abroad. Our labor management process emphasizes the recruitment of highly capable personnel and we encourage all our staff to fulfill their potential. To this end, we provide capacity building for our employees and aim to instill an allegiance to our core operating principles which encompass Excellence in technology, Passion to challenges, Initiative in innovation, and Commitment to contribution. We are committed to fair labor practices, upholding human rights, appropriate payment and compensations, and building strong bonds with our employees.

### **Employee Rights in the Workplace**

Thaicom PLC is fully committed to upholding the rights of our employees. we implement a personnel management policy that adheres to the Universal Declaration of

Human Rights and Article 15 of Thailand's Labor Protection Act B.E. 2541 (1998), which states that, "Employers shall treat male and female employees equally with regard to employment for work, unless such treatment is not possible due to the characteristics or nature of the work." Our personnel management policies ensure equitability in our organizational structure and in the recruitment and appointment of all our employees. We provide equal employment opportunities and respect the human rights, free participation, and privacy of our staff. We provide incentives based on work input and welfare and compensation packages that are competitive within the industry. Furthermore, we are committed to the development of our personnel and ensure equal opportunity promotions, regardless of gender, nationality, or age.

### **Creating a Productive Workspace**

Thaicom PLC prioritizes the safety and health of our employees. We comply with all legal and regulatory constraints regarding safety, hygiene, and workplace conditions and have systematic processes to limit health risks and the risk of accidents.

### **Organizational Bonds**

In order for Thaicom PLC to become a "High Performance Organization", we focus on four main aspects of personnel development: career advancement, capacity building, instilling an organizational culture, and building a positive workspace.

### **Capacity Development and Career Advancement**

Thaicom PLC provides training and development opportunities for all our employees to boost their capabilities and advance their careers by instilling leadership skills and business and technological know-how through classroom training, the sharing of expertise, project-based learning, and knowledge management.

*(For more information, please download the "Sustainable Development Report" from [www. thaicom.net](http://www.thaicom.net))*

## I. Overview

Thaicom Plc ("the Company")'s revenue from sale of goods and rendering of services for 2013 totaled Baht 7,896 million, up by Baht 630 million or 8.7% from Baht 7,266 million for 2012. The revenue growth, mainly contributed by revenues from the satellite business and the telephone and Internet business in Lao PDR, and the efficiency of cost control, resulted in an operating profit (EBIT) for 2013 of Baht 1,611 million, up by Baht 276 million or 20.7% from Baht 1,335 million for 2012, and net cash flow provided by operations of Baht 3,952 million for 2013, up by Baht 500 million or 14.5% from Baht 3,452 million for 2012.

The Company reported a net profit from continuing operations of Baht 1,179 million for 2013, an increase of Baht 497 million or 72.9% from Baht 682 million for 2012, as a result of the revenue growth, the efficiency of cost control, and a decrease in finance cost. Including net loss from discontinued operation of Baht 51 million, the Company's net profit for 2013 amounted to Baht 1,128 million, an increase of Baht 954 million or 548.3% from Baht 174 million for 2012 which included net loss from discontinued operation of Baht 508 million.

In the separate financial statements, the Company had a net profit of Baht 802 million or Baht 0.73 per share for 2013, up by Baht 16 million or 2.0% from Baht 786 million or Baht 0.72 per share for 2012.

At the Annual General Meeting of the shareholders of Lao Telecommunications Co., Ltd. (LTC) held on 29 January 2014, the shareholders approved the appropriation of dividend for 2013 operation of USD 15 million.

At the Board of Directors' meeting of CS LoxInfo Plc (CSL) held on 12 February 2014, the Board of Directors passed a resolution to recommend to the Shareholders'



Annual General Meeting, for the payment of dividends for the second half performance of year 2013 of Baht 0.35 per share. The proposed dividend must be approved by the shareholders at their meeting which will be held on 27 March 2014.

At the Board of Directors' meeting of the Company held on 13 February 2014, the directors passed a resolution to approve the appropriation of dividends of Baht 0.45 per share, amounting to Baht 493 million. The proposed dividends must be approved by the shareholders at their meeting.

## II. Business Summary

### Transponder leasing and related business

The Company's focus on the satellite TV market in 2013 resulted in continued growth in satellite broadcast services. The demand of broadcasters for satellite services had been served by an interim satellite providing services at 78.5 degrees East orbital slot ahead of the launch of Thaicom 6 and commencing services in August 2013 to support the growing demand for commercial satellite services from broadcasting satellite operators in Thailand and Myanmar.

The Company successfully launched the Thaicom 6 satellite into orbit on 6 January 2014 by Falcon 9 rocket from Cape Canaveral, Florida, USA. The Thaicom 6 satellite is Star 2.3 model built by Orbital Sciences



Corporation, U.S.A., containing 33 36-MHz transponder equivalents (TPEs) including 24 C-band transponders and 9 Ku-band transponders. The Thaicom 6 satellite will support the emergence of new technologies in the satellite TV broadcasting segment, with high quality voice and video signals in both standard and high definition, and support the growth of Thailand's broadcasting industry. The Thaicom 6 satellite will also help us expand our fleet and to enter into new markets covering Southeast Asia and Africa. Moreover, the Company had undergone the in-orbit testing of the satellite and transferred the satellite traffic on the customers' part, handed over the satellite and its supporting systems to Ministry of Information and Communication Technology (MICT) on 31 January 2014, and then commenced broadcasting services on 1 February 2014.

In 2013, IPSTAR bandwidth leasing service business has grown from the previous year. This was due to customers' lease of greater bandwidth of IPSTAR. TOT Public Company Limited (TOT) extended the IPSTAR broadband satellite's bandwidth leasing contract, seeing TOT's lease of greater bandwidth from IPSTAR including the remaining bandwidth in Thailand. In Australia, NBN Company Limited (NBN Co) has increased its bandwidth usage. The sale of total IPSTAR Bandwidth in China has also contributed to IPSTAR revenue growth with the Definitive Agreement among the Company, Synertone Communication Corporation, and China Telecom Satellite Communications Limited. IPSTAR bandwidth leasing service in India and Indonesia also grew from last year.

On 7 February 2014, IPSTAR Australia Pty Limited (IPA) acquired 5.96 million ordinary shares of Orion Satellite Systems Pty Limited (OSS) from Orion Satellite Investment Limited, equivalent to 100% of registered share capital of OSS, totalling of AUD 5.96 million, as part of a wider scope to access corporate and enterprise sectors in Australia with IPSTAR broadband

satellite services. Currently, IPSTAR Australia is the country's leading satellite capacity provider and a National Broadband Network (NBN) Retail Service Provider (RSP). In addition, Orion's vast experience in providing premium satellite services and solutions will complement the Company's existing products and services portfolio and help strengthen the Company's end-to-end service capability in Australia.

With Open Access Platform policy enabling other providers' ground system to use the IPSTAR bandwidth, the Company developed and signed several partnership and cooperation agreements with top satellite ground system manufacturers allowing them to provide IPSTAR broadband services to interested customers or service providers. These partnerships will expand IPSTAR's market reach and penetration by supporting more features, applications & services to meet customer requirements.

### **Telephone and Internet access businesses**

In 2013, the Company's telephone and Internet access business in Lao PDR had continued to grow from previous year. LTC improved significantly its 3G mobile system to allow for higher data usage by customers and also introduced 4G service in Vientiane. As of the end of 2013, LTC had total phone subscribers of 1,487,256, increased from 1,335,598 at the end of 2012. Currently, there are four mobile network operators in Lao PDR and LTC still ranks No.1 in Lao PDR's mobile phone market share. Moreover, the number of Internet subscribers especially HSPA subscribers continued to increase.

On 7 January 2013, the Company's Board of Directors approved Shenington Investments Pte Ltd. (Shen) Management's proposal to allow Mfone Co., Ltd. (Mfone) to enter into insolvency proceedings in accordance with the laws of the Kingdom of Cambodia. The petition for insolvency proceedings was filed with the Phnom



Penh Court on 9 January 2013. On 14 February 2013, Mfone's application for insolvency proceedings was accepted by the Phnom Penh court and the process is now going forward under a court-appointed Administrator. The Company also noted that the insolvency proceedings of Mfone would 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.

In 2013, CSL's core business especially ICT & Cloud services grew continuously from last year. This was because CSL had changed its business direction from an ISP (Internet Service Provider) to an ICT (Internet/Computer/Telecom Service Provider) conforming to new customers' demands. This included the need to provide a complete solution service for internet, computer and communication. The number of subscribers for Leased Line and Internet Data Center (IDC) services continued to increase over previous year.

### Media business

The total number of Dtv satellite television dish sets sold thus far by DTV Service Co., Ltd. (DTV) was 1,466,116 sets as of the end of 2013, up 77,003 sets from 1,389,113 sets as of the end of 2012. A wide variety of TV receivers is 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, 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 an HDTV box to support High Definition TV program viewing, and a Hybrid Box which offers customers a choice of viewing TV programs via satellite or internet through the same box.

## III. Consolidated Operating Results

### Selected financial information on THCOM

Unit: MBt	Amount		Change YoY (%)
	2013	2012	
Revenue from sale of goods and rendering of services	7,896	7,266	8.7%
Cost of sale of goods and rendering of services	4,695	4,484	4.7%
SG&A expenses	1,590	1,447	9.9%
EBIT from continuing operations*	1,611	1,335	20.7%
EBITDA from continuing operations**	3,699	3,476	6.4%
Share of profits of associate	195	164	18.9%
Reversal of impairment (impairment losses) on non-current assets held for sale	51	(175)	129.1%
Profit (loss) from continuing operations	1,179	682	72.9%
Profit (Loss) from discontinued operation, net of income tax	(51)	(508)	90.0%
Net profit (loss)	1,128	174	548.3%
EPS (Baht)	1.03	0.16	543.8%

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

\*\* EBITDA = EBIT + Depreciation and Amortization

## Revenue from sale of goods and rendering of services

Consolidated revenue from sale of goods and rendering of services in 2013 was Baht 7,896 million, an increase of Baht 630 million or 8.7% compared to Baht 7,266 million in 2012 due to increases in revenue from its satellite business and telephone and Internet business in Lao PDR, offset by a revenue decrease from its media business.

Revenue from sale of goods and rendering of services	2013	2012	%YoY
Satellite and related services	6,964	6,309	10.4%
Telephone and Internet access services*	837	729	14.8%
Media services**	192	260	-26.2%
Consolidation eliminations	(97)	(32)	-203.1%
<b>Total</b>	<b>7,896</b>	<b>7,266</b>	<b>8.7%</b>

\* Include revenue from Telephone and Internet services in Lao PDR generated by Lao Telecommunications Co., Ltd. (LTC)

\*\* Include revenue from Media services generated by DTV Service Co., Ltd. (DTV) and Cambodian DTV Network Ltd. (CDN)

## Satellite transponder leasing and related services

Revenue from satellite transponders and related services in 2013 was Baht 6,964 million, a rise of Baht 655 million or 10.4% compared to Baht 6,309 million in 2012, contributed by Thaicom conventional satellite service and IPSTAR bandwidth leasing service.

Satellite and related services	2013	2012	%YoY
Conventional*	3,394	2,883	17.7%
IPSTAR	3,570	3,426	4.2%
Sales	243	373	-34.9%
Services	3,327	3,053	9.0%
<b>Total</b>	<b>6,964</b>	<b>6,309</b>	<b>10.4%</b>

\* Include the Thaicom 5 satellite and the interim satellite acquired by the Company to provide services ahead of the launch of the Thaicom 6 satellite

Revenue from the Thaicom conventional satellite business for 2013 was Baht 3,394 million, up by Baht 511 million or 17.7% from Baht 2,883 million in 2012, due mainly to:

- Revenue growth from satellite transponder leasing service following the growing demand of Thailand's broadcasters served by an interim satellite providing services at 78.5 degrees East orbital slot ahead of the launch of Thaicom 6 and commencing services in August 2013. The number of television channels under the conventional satellite platform at 78.5 degrees east increased from 465 channels at the end of 2012 to 641 channels at the end of 2013,
- Revenue growth from value-added services e.g. teleport services including tape playout and digital signal compression, and
- Revenue growth from sale of equipment to broadcasting satellite operators.

Revenue from the Thaicom 4 (IPSTAR) satellite business was Baht 3,570 million in 2013, up by Baht 144 million or 4.2% from Baht 3,426 million in 2012. This was contributed by:

- Service revenue growth of Baht 274 million 9.0%, mainly driven by bandwidth leasing service in Thailand, Australia, China, Indonesia, and India,
- Offset by
- Sales revenue drop of Baht 130 million or 34.9%, due mainly to a drop in user terminal (UT) sales volume, due to Open Platform Access strategy to increase bandwidth sales by enabling other providers' ground system to use the IPSTAR bandwidth. This will expand IPSTAR's market reach and penetration.

### Telephone and Internet access services

The Company's revenue from telephone and Internet services in Lao PDR in 2013 was Baht 837 million, up by Baht 108 million or 14.8% compared to Baht 729 million in 2012. The revenue growth was mainly contributed by increases in;

- Revenue from prepaid and postpaid mobile phone services, resulting from higher mobile phone subscriber base and average revenue per subscriber (ARPU),
- Revenue from interconnection charge, international telephone service charge, and international roaming (IR) charge,
- Revenue from sale of SIM card and fixed wireless handset, and
- Revenue from Internet access services, following an increase in the number of HSPA subscribers.

### Media services

Revenue from media services in 2013 was Baht 192 million, down by Baht 68 million or 26.2% from Baht 260 million in 2012, due mainly to revenue decrease in sale of Dtv satellite dish and IRD box, following Dtv sales volume drop from fierce competition in the market.

### Cost of sale of goods and rendering of services

The Company reported consolidated cost of sale of goods and rendering of services for 2013 of Baht 4,695 million, an increase of Baht 211 million or 4.7% compared to Baht 4,484 million in 2012, due to increases in cost from its satellite business and telephone and Internet business in Lao PDR, offset by a cost decrease from its media business. Total cost accounted for 59.5% of total sales and service income for 2013, down from 61.7% in 2012.

Cost of sale of goods and rendering of services	2013	2012	%YoY
Satellite and related services	4,050	3,847	5.3%
Telephone and Internet access services*	518	412	25.7%
Media services**	175	259	-32.4%
Consolidation eliminations	(48)	(34)	41.2%
<b>Total</b>	<b>4,695</b>	<b>4,484</b>	<b>4.7%</b>

\* Include cost from Telephone and Internet services in Lao PDR generated by Lao Telecommunications Co., Ltd. (LTC)

\*\* Include cost from Media services generated by DTV Service Co., Ltd. (DTV) and Cambodian DTV Network Ltd. (CDN)

### Cost of satellite transponder leasing and related services

Cost relating to transponder leasing and related services in 2013 was Baht 4,050 million, an increase of Baht 203 million or 5.3% from Baht 3,847 million in 2012, due to an increase in cost relating to conventional satellite business, offset by a decrease in cost relating to IPSTAR business.

Satellite and related services	2013	2012	%YoY
Conventional*	1,524	1,026	48.5%
IPSTAR	2,526	2,821	-10.5%
<b>Total</b>	<b>4,050</b>	<b>3,847</b>	<b>5.3%</b>

\* Include the Thaicom 5 satellite and the interim satellite acquired by the Company to provide services ahead of the launch of the Thaicom 6 satellite

- Cost relating to the conventional satellite business was Baht 1,524 million, up by Baht 498 million or 48.5% from Baht 1,026 million in 2012, mainly caused by increases in:
  - Transponder rental from acquiring an interim satellite to provide services at 78.5 degrees East orbital slot ahead of the launch of Thaicom 6 satellite, and
  - Operating agreement fee following the revenue growth.

- Cost relating to the Thaicom 4 (IPSTAR) satellite was Baht 2,526 million, down by Baht 295 million or 10.5% from Baht 2,821 million in 2012, primarily due to
  - Lower gateway operation cost in China,
  - Lower cost of UT sales following the UT sales drop,
 Offset by
  - Higher operating agreement fee following the IPSTAR bandwidth revenue growth.

#### **Cost of telephone and Internet access services**

Cost relating to the telephone and Internet business in Lao PDR for 2013 amounted to Baht 518 million, an increase of Baht 106 million or 25.7% from Baht 412 million in 2012, due mainly to increases in:

- Cost of interconnection charge and international sharing charge following the revenue growth,
- Depreciation cost for its expanded telephone network, and
- Cost of sale of SIM card and fixed wireless handset following the sale growth.

#### **Cost of media services**

Cost relating to media business in 2013 was Baht 175 million, down by Baht 84 million or 32.4% from Baht 259 million in 2012, due to a decrease in cost of sales of Dtv satellite dish and IRD box following the revenue drop.

#### **Selling and administrative expenses**

SG&A expenses, including directors and management benefit expenses, totaled Baht 1,590 million in 2013, an increase of Baht 143 million or 9.9% from Baht 1,447 million in 2012, due mainly to:

- An increase in marketing and staff expenses for the satellite business,
  - An increase in staff expenses for the telephone and Internet business in Lao PDR,
- Offset by
- A decrease in related expenses from filing Mfone into insolvency proceedings,
  - A decrease in marketing expenses for the media business.

#### **Loss on exchange rate**

In 2013, the Company reported a loss on foreign exchange of Baht 270 million. This was largely impacted by the revaluation of borrowings for the Thaicom 6 project as a result of the depreciation of the Thai Baht against the US dollar.

#### **Finance costs**

Finance costs totaled Baht 265 million in 2013, down by Baht 155 million, or 36.9%, compared with Baht 420 million in 2012. 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 2013 as compared to 2012. Finance costs in 2013 mostly comprised of interests on the debentures of Baht 3,700 million redeemable on 6 November 2014.

#### **Share of profit of associates**

Share of profit of associates in 2013 was Baht 195 million, up by Baht 31 million or 18.9% from Baht 164 million in 2012, due to an increase of Baht 72 million or 18.5% in CSL's net profit over 2012, due mainly to better performance of YellowPages business. It had recognized profit contributed from the sale of

advertising space for only 8 months in 2012 (resulted from the shift in the distribution of the Thailand YellowPages books from January to May), while recognizing the profit for the full year of 2013. Moreover, CSL did not recognize negative performance from Print Classifieds business in 2013 due to its disposal of the investment in Watta Classifieds Company Limited since 16 October 2012. In addition, CSL's core business especially ICT & Cloud services grew continuously in 2013 as compared to last year. (Please see more details in "Management's Discussion and Analysis" of CSL).

### Income tax expense

In 2013, the Company reported income tax expense of Baht 339 million, down by Baht 8 million or 2.3% from Baht 347 million in 2012.

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

The Company's consolidated statements of income for the years ended 31 December 2013 and 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 has stopped recognizing net loss from Mfone's operation since 14 February 2013 (the date of loss of control), resulting to Mfone's net loss of Baht 51 million in 2013, down by Baht 457 million or 90.0% from Baht 508 million in 2012.

## IV. Financial Position

At the end of 2013, the Company reported total assets of Baht 27,374 million, an increase of Baht 1,616 million or 6.3% from Baht 25,758 million at the end of 2012. This was mainly because of:

- Higher cash and cash equivalents, and current investments which were short-term deposits at financial institutions,
- Purchase for available-for-sale investments in ordinary shares of Synertone Communication Corporation Limited in 2013,

- Additional PP&E mostly for the satellite business and the telephone business in Lao PDR,

Offset by

- Exclusion of the non-current assets held for abandonment from the consolidated balance sheet as of 31 December 2013 due to the loss of control over Mfone since 14 February 2013,
- Year-to-date accumulated depreciation and amortization of PP&E and PP&E under operating agreements.





## THCOM's asset components

Assets	December 31, 2013		December 31, 2012	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	5,424	19.8	5,757	22.3
Available-for-sale investments	700	2.6	-	-
Investment in associates	487	1.8	456	1.8
PP&E, net	8,074	29.5	5,647	21.9
PP&E under the concession agreement, net	10,131	37.0	11,482	44.6

### Trade and other accounts receivable

As of 31 December 2013, the Company had net trade accounts receivable and accrued income of Baht 1,138 million (or 4.2% of total assets), comprising of other parties and related parties which represented 92% and 8% of total trade accounts receivable and accrued income, respectively. The average collection period was 48 days for 2013, lower than 53 days for 2012 (normal collection period of the Company was 30-60 days). As of 31 December 2013 the Company had an allowance for doubtful accounts of Baht 201 million or 18.4% of total trade accounts receivable, lower than 19.4% as of 31 December 2012.

### Liquidity

At the end of 2013, the Company had a current ratio of 0.77, down from 1.51 at the end of 2012 due mainly to an increase in current portion of long-term loans, most of which were the debentures of Baht 3,700 million redeemable on 6 November 2014 and current portion of loan for the Thaicom 6 project scheduled to repay in 2014, offset by increases in cash and cash equivalents, current investments, net trade accounts receivable and accrued income.

### Available-for-sale investments

At the end of 2013, the Company recorded available-for-sale investments of Baht 700 million. On 14 October

2013, the Board of Directors approved purchase of ordinary shares of Synertone Communication Corporation Limited of 64 million shares, representing approximately 5.06%, at the price of HKD 0.5034 per share. This investment is classified as an available-for-sales security.

### Investments in associate

Investment in CSL was presented as "investment in associate" item. At the end of 2013 the Company's investment in CSL totaled Baht 487 million, an increase of Baht 31 million or 6.8% from Baht 456 million at the end of 2012, reflecting a proportionate recognition of CSL's net profit for 2013 amounting to Baht 195 million, offset by a dividend income from CSL of Baht 163 million.

### Property, plant and equipment

Property, Plant and Equipment (PP&E) at the end of 2013 was Baht 8,074 million, an increase of Baht 2,427 million or 43.0% from Baht 5,647 million at the end of 2012. This was due mainly to additions to PP&E for 2013 largely consisting of assets for the satellite business and the telephone business in Lao PDR, offset by accumulated depreciation and amortization of PP&E in 2013.

## PP&E under operating agreement

PP&E under operating agreement at the end of 2013 was Baht 10,131 million, a decrease of Baht 1,351 million or 11.8% from Baht 11,482 million at the end of 2012 mostly due to depreciation expenses in 2013.

## Borrowings and Shareholders' equity

The Company's net borrowings at the end of 2013 were Baht 8,372 million, an increase of Baht 1,211 million or 16.9% from Baht 7,161 million at the end of 2012, mainly attributable to proceeds from long-term loans for the Thaicom 6 project.

The Company's shareholders' equity at the end of 2013 was Baht 15,581 million, an increase of Baht 1,342 million or 9.4% from Baht 14,239 million at the end of 2012, reflecting:

- Net profit for 2013 of Baht 1,128 million,
  - Gain on available-for-sale investments of Baht 564 million,
  - Translation gain relating to financial statements of foreign operations of Baht 88 million,
- Offset by
- Dividends to owners of the Company of Baht 438 million.

With higher net borrowings and shareholders' equity for the year ended 31 December 2013, the ratio of net borrowings to equity at the end of 2013 was 0.54, up from 0.50 at the end of 2012.

## Cash flow

*Net cash flow provided by operating activities* for 2013 was Baht 3,952 million, up by Baht 500 million or 14.5% from Baht 3,452 million in 2012, due mainly to operational improvement for 2013, and higher advance receipts from IPSTAR customers.



*Net cash flow used in investing activities* for 2013 was Baht 4,089 million, most of which were the payments for property and equipment for the satellite business and the telephone business in Lao PDR, and current investments which were short-term deposits at financial institutions. For 2012, net cash flow used in investing activities was Baht 2,019 million.

*Net cash flow provided by financing activities* for 2013 was Baht 225 million mainly comprising of proceeds from long-term borrowings for the Thaicom 6 project, offset by dividends paid to owners of the Company, DTV's repayments of long-term borrowings, and interest payments most of which were debenture interests. For 2012, net cash flow used in financing activities was Baht 2,228 million.

The Company had ending cash of Baht 2,152 million on 31 December 2013.

*This document contains certain forward-looking statements. They refer to future events and to the future financial performance of the Companies. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe" or "continue." Although the Companies believe that the expectations reflected in such forward-looking statements are reasonable at this time, it can give no assurance that such expectations will prove to be correct. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.*

## Board of Directors' responsibility for financial reporting

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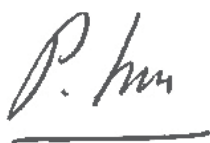
The Board of Directors is responsible for Thaicom Public Company Limited's financial statements and Thaicom Public Company Limited and its subsidiaries' consolidated financial statements, including the financial information presented in this annual report. The aforementioned financial statements are 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 2013. 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

## 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 (the “Group”), and of Thaicom Public Company Limited (the “Company”), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2013, the consolidated and separate statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

### *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 present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2013 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

*D. Dimahasani.*

(Supot Singhasaneh)  
Certified Public Accountant  
Registration No. 2826

KPMG Phoomchai Audit Ltd.  
Bangkok  
13 February 2014

## Financial Statement

### Statements of financial position

Thaicom Public Company Limited and its Subsidiaries

For the year ended 31 December 2013 and 2012

	Note	Consolidated financial statements		Separate financial statements	
		2013 (in Baht)	2012 (in Baht)	2013 (in Baht)	2012 (in Baht)
<b>Assets</b>					
<i><b>Current assets</b></i>					
Cash and cash equivalents	5	2,152,258,274	2,057,409,741	740,069,890	660,379,379
Current investments	6	1,305,171,495	210,211,562	1,305,171,495	210,211,562
Trade and other accounts receivable	7	1,421,956,545	1,177,620,221	1,025,434,154	871,469,123
Amounts due from related parties	4	20,033,365	4,911,148	200,736,415	126,714,293
Short-term loan to a jointly-controlled entity	4	142,073,554	132,542,942	289,946,028	270,495,799
Inventories	8	251,541,126	327,798,453	135,682,536	183,982,344
Prepaid insurance		97,886,358	37,065,112	94,825,386	33,420,268
Other current assets	4	33,158,842	40,115,358	21,932,173	38,920,711
Non-current assets held for abandonment	9	-	1,769,143,585	-	-
<b>Total current assets</b>		<b>5,424,079,559</b>	<b>5,756,818,122</b>	<b>3,813,798,077</b>	<b>2,395,593,479</b>
<i><b>Non-current assets</b></i>					
Long-term loans to subsidiaries	4	-	-	13,026,176	18,249,491
Available-for-sale investments	6	699,839,569	-	-	-
Investments in subsidiaries	10	-	-	1,909,291,039	1,665,633,042
Investments in jointly - controlled entity	10	-	-	137,638,749	137,638,749
Investments in associate	10	487,493,281	455,548,980	-	-
Property and equipment	11	8,074,395,740	5,646,545,668	6,448,063,246	3,969,935,934
Property and equipment under operating agreement	12	10,130,667,889	11,481,852,986	10,130,667,889	11,481,852,986
Deferred charges	12	91,896,098	89,688,659	92,159,255	88,936,521
Intangible assets	12	840,934,097	919,601,792	705,131,115	783,132,186
Deferred tax assets	13	503,842,539	677,043,253	361,067,091	537,754,725
Other non-current assets	14	1,120,903,728	731,323,303	1,116,536,597	730,240,031
<b>Total non-current assets</b>		<b>21,949,972,941</b>	<b>20,001,604,641</b>	<b>20,913,581,157</b>	<b>19,413,373,665</b>
<b>Total assets</b>		<b>27,374,052,500</b>	<b>25,758,422,763</b>	<b>24,727,379,234</b>	<b>21,808,967,144</b>

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



# Statements of financial position

Thaicom Public Company Limited and its Subsidiaries

For the year ended 31 December 2013 and 2012

		Consolidated financial statements		Separate financial statements	
	Note	2013 (in Baht)	2012 (in Baht)	2013 (in Baht)	2012 (in Baht)
<b>Liabilities and equity</b>					
<i>Current liabilities</i>					
Trade and other accounts payable	16	719,628,119	804,050,074	474,605,293	481,937,685
Accounts payable - property and equipment		547,708,716	48,013,725	524,222,285	30,220,007
Amounts due to related parties	4	2,797,258	2,718,658	322,698,298	99,911,413
Short-term loan from other related party	4	142,664,417	133,177,020	-	-
Current portion of long-term loans	15	4,343,758,832	115,391,579	4,269,098,495	6,314,926
Advance receipts from customers		931,770,029	526,258,951	822,680,651	369,893,464
Accrued operating agreement fee		265,274,094	214,974,893	265,274,094	214,974,893
Income tax payable		35,752,760	106,606,420	-	-
Other current liabilities	4, 17	70,546,794	80,140,889	62,224,738	54,777,365
Liabilities of non-current assets classified as held for abandonment	9	-	1,769,143,585	-	-
<b>Total current liabilities</b>		<b>7,059,901,019</b>	<b>3,800,475,794</b>	<b>6,740,803,854</b>	<b>1,258,029,753</b>
<i>Non-current liabilities</i>					
Long-term loans	15	4,028,344,884	7,045,724,317	3,966,805,198	6,905,844,917
Employee benefits obligations	18	335,618,873	287,319,515	181,460,677	155,443,026
Other non-current liabilities	19	368,724,619	386,388,296	358,496,008	375,580,808
<b>Total non-current liabilities</b>		<b>4,732,688,376</b>	<b>7,719,432,128</b>	<b>4,506,761,883</b>	<b>7,436,868,751</b>
<b>Total liabilities</b>		<b>11,792,589,395</b>	<b>11,519,907,922</b>	<b>11,247,565,737</b>	<b>8,694,898,504</b>

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

# Statements of financial position

Thaicom Public Company Limited and its Subsidiaries

For the year ended 31 December 2013 and 2012

		Consolidated financial statements		Separate financial statements	
	Note	2013 (in Baht)	2012 (in Baht)	2013 (in Baht)	2012 (in Baht)
<i>Liabilities and equity</i>					
<i>Equity</i>					
Share capital	20				
Authorised share capital		5,483,097,700	5,660,411,500	5,483,097,700	5,660,411,500
Issued and paid-up share capital		5,479,687,700	5,479,687,700	5,479,687,700	5,479,687,700
Premium on ordinary shares	20	4,301,989,672	4,301,989,672	4,301,989,672	4,301,989,672
Retained earnings					
Appropriated					
Legal reserve	21	493,237,236	453,152,821	493,237,236	453,152,821
Share-based payment transactions	20	2,431,567	-	2,431,567	-
Unappropriated		4,413,069,092	3,763,906,918	3,202,467,322	2,879,238,447
Other components of equity		852,656,376	203,939,183	-	-
<b>Equity attributable to owners of the Company</b>		<b>15,543,071,643</b>	<b>14,202,676,294</b>	<b>13,479,813,497</b>	<b>13,114,068,640</b>
Non-controlling interests		38,391,462	35,838,547	-	-
<b>Total equity</b>		<b>15,581,463,105</b>	<b>14,238,514,841</b>	<b>13,479,813,497</b>	<b>13,114,068,640</b>
<b>Total liabilities and equity</b>		<b>27,374,052,500</b>	<b>25,758,422,763</b>	<b>24,727,379,234</b>	<b>21,808,967,144</b>

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

# Statements of income

Thaicom Public Company Limited and its Subsidiaries  
For the year ended 31 December 2013 and 2012

		Consolidated financial statements		Separate financial statements	
	Note	2013 (in Baht)	2012 (in Baht)	2013 (in Baht)	2012 (in Baht)
<b>Continuing operations</b>					
<b>Income</b>	4				
Revenues from sale of goods and rendering of services	24	7,895,857,673	7,265,912,942	5,743,113,161	5,086,117,111
Net foreign exchange gain		-	19,576,152	-	25,750,165
Other income	25	195,759,011	106,108,178	654,250,367	600,803,256
<b>Total income</b>		<b>8,091,616,684</b>	<b>7,391,597,272</b>	<b>6,397,363,528</b>	<b>5,712,670,532</b>
<b>Expenses</b>	4				
Cost of sale of goods and rendering of services		3,868,470,193	3,737,776,072	3,021,663,557	2,828,605,152
Operating agreements fee		826,536,780	746,595,329	826,506,920	746,595,329
Selling expenses		200,463,144	141,216,689	187,060,190	72,751,151
Administrative expenses		1,261,873,189	1,247,150,959	751,791,734	653,437,975
Directors and management benefit expenses		76,184,355	59,097,955	76,184,355	59,097,955
Net foreign exchange loss		269,837,375	-	313,332,337	-
Impairment losses on non-current assets held for abandonment		-	175,273,209	-	-
Finance costs		265,143,348	419,778,276	242,448,494	392,317,478
<b>Total expenses</b>		<b>6,768,508,384</b>	<b>6,526,888,489</b>	<b>5,418,987,587</b>	<b>4,752,805,040</b>
Share of profit of associate	10	194,509,288	164,103,038	-	-
<b>Profit before income tax expense from continuing operations</b>		<b>1,517,617,588</b>	<b>1,028,811,821</b>	<b>978,375,941</b>	<b>959,865,492</b>
Income tax expense	28	(338,854,456)	(346,508,297)	(176,687,634)	(173,875,953)
<b>Profit from continuing operations</b>		<b>1,178,763,132</b>	<b>682,303,524</b>	<b>801,688,307</b>	<b>785,989,539</b>
<b>Discontinued operation</b>					
Loss from discontinued operation, net of income tax	9	(51,141,526)	(508,403,144)	-	-
<b>Profit for the year</b>		<b>1,127,621,606</b>	<b>173,900,380</b>	<b>801,688,307</b>	<b>785,989,539</b>
Profit attributable to:					
Owner of the Company		1,127,621,606	173,900,380	801,688,307	785,989,539
Non-controlling interest		-	-	-	-
<b>Profit for the year</b>		<b>1,127,621,606</b>	<b>173,900,380</b>	<b>801,688,307</b>	<b>785,989,539</b>
<b>Earnings per share</b>	30				
Basic		1.03	0.16	0.73	0.72
Diluted		1.03	0.16	0.73	0.72
<b>Earnings per share - continuing operations</b>	30				
Basic		1.08	0.62	0.73	0.72
Diluted		1.08	0.62	0.73	0.72

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

# Statements of comprehensive income

Thaicom Public Company Limited and its Subsidiaries

For the year ended 31 December 2013 and 2012

	Note	Consolidated financial statements		Separate financial statements	
		2013 (in Baht)	2012 (in Baht)	2013 (in Baht)	2012 (in Baht)
Profit for the year		1,127,621,606	173,900,380	801,688,307	785,989,539
Other comprehensive income	22				
Foreign currency translation differences for foreign operations		87,606,979	(8,740,540)	-	-
Changes in fair value of available-for-sale investments		563,663,129	-	-	-
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		651,270,108	(111,923,166)	-	(40,943,457)
Total comprehensive income for the year		1,778,891,714	61,977,214	801,688,307	745,046,082
Total comprehensive income attributable to:					
Owners of the Company		1,776,338,799	63,216,992	801,688,307	745,046,082
Non-controlling interests		2,552,915	(1,239,778)	-	-
Total comprehensive income for the year		1,778,891,714	61,977,214	801,688,307	745,046,082

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 2013 and 2012

Consolidated financial statements									
Note	Issued and paid-up share capital (in Baht)	Share premium (in Baht)	Retained earnings		Other components of equity				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)	Changes in fair value of available-for-sale investments (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	14,176,447,128
Transactions with owners, recorded directly in equity									
Unrealised gain from decrease in shareholding in an associate	-	-	-	-	90,499	-	-	90,499	90,499
Net income recognised directly in equity	-	-	-	-	90,499	-	-	90,499	90,499
Comprehensive income for the year									
Profit	-	-	39,299,477	134,600,903	-	-	-	-	173,900,380
Other comprehensive income	-	-	-	(103,182,626)	-	(7,500,762)	-	(7,500,762)	(111,923,166)
Total comprehensive income for the year	-	-	39,299,477	31,418,277	-	(7,500,762)	-	(7,500,762)	(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	14,238,514,841

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 2013 and 2012

Consolidated financial statements									
Note	Issued and paid-up share capital (in Baht)	Share premium (in Baht)	Retained earnings		Other components of equity				Total equity (in Baht)
			Legal reserve (in Baht)	Unappropriated (in Baht)	Cumulative gain on dilution of a subsidiary and an associate (in Baht)	Currency translation differences (in Baht)	Changes in fair value of available-for-sale investments (in Baht)	Total other components of equity (in Baht)	
Balance at 1 January 2013	5,479,687,700	4,301,989,672	453,152,821	3,763,906,918	331,456,927	(127,517,744)	-	203,939,183	14,238,514,841
Transactions with owners, recorded directly in equity									
Share-based payment transactions	-	-	-	2,431,567	-	-	-	-	2,431,567
Dividends to owners of the Company	-	-	-	(438,375,017)	-	-	-	-	(438,375,017)
Net income recognised directly in equity	-	-	-	(435,943,450)	-	-	-	-	(435,943,450)
Comprehensive income for the year									
Profit	-	-	40,084,415	1,087,537,191	-	-	-	-	1,127,621,606
Other comprehensive income	-	-	-	-	-	85,054,064	563,663,129	648,717,193	2,552,915
Total comprehensive income for the year	-	-	40,084,415	1,087,537,191	-	85,054,064	563,663,129	648,717,193	2,552,915
Balance at 31 December 2013	5,479,687,700	4,301,989,672	493,237,236	4,415,500,659	331,456,927	(42,463,680)	563,663,129	852,656,376	15,581,463,105

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

# Statement of changes in equity

Thaicom Public Company Limited and its Subsidiaries

	Note	Separate financial statements				
		Issued and paid-up share capital (in Baht)	share premium (in Baht)	Retained earnings		
				Legal reserve (in Baht)	Unappropriated (in Baht)	
Year ended 31 December 2012						Total equity (in Baht)
Balance at 1 January 2012		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	30	-	-	39,299,477	746,690,062	785,989,539
Other comprehensive income	22	-	-	-	(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
Year ended 31 December 2013						
Balance at 1 January 2013		5,479,687,700	4,301,989,672	453,152,821	2,879,238,447	13,114,068,640
Transactions with owners, recorded directly in equity						
Share-based payment transactions	20	-	-	-	2,431,567	2,431,567
Dividends to owners of the Company	31	-	-	-	(438,375,017)	(438,375,017)
Net income recognised directly in equity		-	-	-	(435,943,450)	(435,943,450)
Comprehensive income for the year						
Profit	30	-	-	40,084,415	761,603,892	801,688,307
Total comprehensive income for the year		-	-	40,084,415	761,603,892	801,688,307
Balance at 31 December 2013		5,479,687,700	4,301,989,672	493,237,236	3,204,898,889	13,479,813,497

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

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# Statements of cash flows

Thaicom Public Company Limited and its Subsidiaries

For the year ended 31 December 2013 and 2012

	Note	Consolidated financial statements		Separate financial statements	
		2013 (in Baht)	2012 (in Baht)	2013 (in Baht)	2012 (in Baht)
<i>Cash flows from operating activities</i>					
Profit for the year		1,127,621,606	173,900,380	801,688,307	785,989,539
<i>Adjustments for</i>					
Depreciation of property and equipment	11, 26	603,879,989	1,064,106,203	226,135,669	250,656,661
Amortisation of property and equipment under operating agreement	12	1,352,708,096	1,351,295,336	1,352,708,096	1,351,295,336
Amortisation of deferred charges	12	27,420,716	40,095,392	26,945,116	39,595,433
Amortisation of intangible assets	12	103,758,258	102,206,882	92,017,433	90,072,158
Impairment loss on assets		6,731,366	175,273,209	6,731,366	-
Investments income		(41,310,114)	(83,376,700)	(422,688,051)	(385,299,804)
Share-based payment transactions		2,431,567	-	2,431,567	-
Finance cost		265,143,348	419,778,276	242,448,494	392,317,478
(Gain) loss on exchange rate		325,779,944	(24,467,306)	295,110,270	(43,837,853)
Amortisation of borrowing costs	15, 26	2,477,440	5,577,234	2,477,440	5,577,234
(Reversal of) allowance for doubtful accounts	7	(10,879,185)	974,345	(5,807,692)	(7,784,174)
(Reversal of) allowance for obsolete inventory		15,106,647	20,907,029	(4,049,200)	3,783,949
Gain on disposal of property and equipment	25	(2,607,811)	(5,242,989)	(8,015,500)	(56,845,447)
Write-off property and equipment	11	8,999,958	11,109,994	6,042,350	471,373
Write-off intangible assets		-	115,585	-	223,611
Share of profits of associate	10	(194,509,287)	(164,103,038)	-	-
Income tax expense	28	338,851,844	346,508,297	176,687,634	173,875,953
		<u>3,931,604,382</u>	<u>3,434,658,129</u>	<u>2,790,863,299</u>	<u>2,600,091,447</u>

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 2013 and 2012

		Consolidated financial statements		Separate financial statements	
	Note	2013 (in Baht)	2012 (in Baht)	2013 (in Baht)	2012 (in Baht)
<i>Changes in operating assets and liabilities</i>					
Trade and other accounts receivable		(219,436,531)	177,768,118	(134,136,732)	332,588,360
Amounts due from related parties		(15,122,216)	(2,605,684)	(50,473,608)	(7,960,935)
Inventories		85,302,594	(78,864,734)	59,045,159	2,994,923
Prepaid insurance		(60,821,246)	9,442,752	(61,405,118)	10,056,553
Other current assets		40,092,942	(110,493,857)	34,363,697	(10,011,397)
Other non-current assets		(339,045,781)	(62,949,242)	(338,461,980)	4,915,073
Trade and other accounts payable		332,304,498	65,119,535	437,840,654	142,966,509
Amounts due to related parties		78,601	526,712	(2,336,549)	95,801,854
Advance receipts from customers		405,511,078	166,262,219	452,787,187	278,626,757
Accrued operating agreement fee		50,299,202	(4,725,634)	50,299,202	9,808,012
Other current liabilities		11,489,531	8,183,433	5,044,035	(26,328,691)
Other non-current liabilities		(25,586,064)	44,188,418	(25,007,189)	66,990,128
Employee benefit obligations	18	37,762,512	5,729,692	26,017,651	3,523,260
Income tax paid		(282,091,009)	(200,445,167)	(37,165,827)	(77,231,632)
<b>Net cash provided by operating activities</b>		<b>3,952,342,493</b>	<b>3,451,794,690</b>	<b>3,207,273,881</b>	<b>3,426,830,221</b>
<i>Cash flows from investing activities</i>					
Interest received		32,252,225	61,966,375	21,944,109	60,808,918
Dividends received	10	162,564,994	142,556,994	380,119,759	319,966,000
Current investment		(1,094,959,933)	(210,211,562)	(1,094,959,933)	(210,211,562)
Purchase for available-for-sale investments	6	(129,014,370)	-	-	-
Payment of property and equipment		(3,012,535,655)	(1,93,181,181)	(2,739,435,367)	(1,744,911,430)
Payment for property and equipment under operating agreement		(1,523,000)	(4,920,216)	(1,523,000)	(4,920,214)
Proceeds from sale of property and equipment		4,477,991	8,707,858	4,594,470	179,206,394
Short-term loan to a jointly-controlled entity	4	-	(57,190,674)	-	(116,715,662)
Long-term loan to subsidiaries	4	-	-	5,763,480	9,262,730
Payments for deferred charges		(29,628,155)	(24,314,388)	(30,167,850)	(24,314,388)
Purchase of intangible assets		(20,239,167)	(12,591,767)	(14,068,363)	(7,226,413)
Net cash outflow on acquisition of subsidiaries	10	-	-	(32,733,218)	(971,818,295)
<b>Net cash used in investing activities</b>		<b>(4,088,605,070)</b>	<b>(2,019,178,561)</b>	<b>(3,500,465,913)</b>	<b>(2,510,873,922)</b>

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 2013 and 2012

	Note	Consolidated financial statements		Separate financial statements	
		2013 (in Baht)	2012 (in Baht)	2013 (in Baht)	2012 (in Baht)
<b><i>Cash flows from financing activities</i></b>					
Dividend paid to owner of the company	31	(438,375,017)	-	(438,375,017)	-
Proceeds from short-term borrowings	15	48,000,000	-	-	-
Repayment of short-term borrowings	15	(48,000,000)	-	-	-
Proceeds from long-term borrowings	15	1,043,766,549	1,620,836,454	1,043,766,548	1,620,836,545
Repayments of long-term borrowings	15	(128,761,056)	(3,467,879,457)	(6,891,262)	(3,307,162,570)
Proceeds from other related party	4	-	57,597,419	-	-
Interest paid		(251,600,397)	(438,833,753)	(231,698,757)	(394,600,876)
<b>Net cash from (used in) financing activities</b>		<b>225,030,079</b>	<b>(2,228,279,337)</b>	<b>366,801,512</b>	<b>(2,080,926,901)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>88,767,502</b>	<b>(795,663,208)</b>	<b>73,609,480</b>	<b>(1,164,970,602)</b>
Cash and cash equivalents at beginning of year		2,057,409,741	2,865,910,278	660,379,379	1,826,976,965
Effects of non-current assets held for abandon		-	(11,210,345)	-	-
Effects of exchange rate changes on balances held in foreign currencies		6,081,031	(1,626,984)	6,081,031	(1,626,984)
<b>Cash and cash equivalents at end of year</b>	<b>5</b>	<b>2,152,258,274</b>	<b>2,057,409,741</b>	<b>740,069,890</b>	<b>660,379,379</b>
<b>Non-cash transactions</b>					
Acquisition of property and equipment by issue of debt		536,037,968	27,369,099	531,692,329	27,369,099

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



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# Notes to the financial statements

Thaicom Public Company Limited and its Subsidiaries

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**These notes form an integral part of the financial statements.**

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English 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 2014.

## 1 General information

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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, jointly controlled entity and associate (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, broadcasting television service, telecommunication, 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.

The Company received a license from the National Broadcasting and Telecommunications Commission (“NBTC”), to provide telecommunication services on its network for domestic and international communications. The license has a term of 20 years and will expire in 2032.

Details of the Company's subsidiaries and jointly controlled entities as at 31 December 2013 and 2012 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2013	2012
<i>Direct subsidiaries</i>				
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
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	99.99
IPSTAR Japan Company Limited	Sale of user terminal of Thaicom 4 and providing Thaicom 4 transponder services in Japan.	Japan	100	-

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2013	2012
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 9)	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
<i>Associate</i> CS Loxinfo Public Company Limited	Providing internet data centre service, internet and satellite uplink-downlink services	Thailand	42.07	42.07

## 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.

The FAP has issued the following new and revised TFRS and Announcements relevant to the Group’s operations and effective for accounting periods beginning on or after 1 January 2013:

TFRS	Topic
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments

The adoption of these new and revised TFRS has no impact on the Group's financial position and result.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for financial statements beginning on or after 1 January 2014 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 37.

### ***(b) Basis of measurement***

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

### ***(c) Functional and presentation currency***

The financial statements are presented in Thai Baht, which is the Company's functional currency. 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 7          | Allowance for doubtful accounts   |
| • Note 8          | Measurement of the net realisable value of inventory                        |
| • Notes 11 and 12 | Estimated useful lives of assets and measurement of the recoverable amounts |
| • Note 11         | Lease classification  |
| • Note 13         | Utilisation of deferred tax assets  |
| • Note 18         | Measurement of defined benefit obligations                                  |



- Note 20 Measurement of share-based payments
- Note 32 Measurement of fair values of financial derivative
- Notes 33 and 34 Provisions and contingencies

### 3 Significant accounting policies

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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.

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

#### *Foreign currency transactions*

Transactions in foreign currencies are translated to the functional currency (Baht) at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency 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 the functional currency at the foreign exchange rates ruling at the dates of the transactions.

#### *Foreign entities*

The assets and liabilities of foreign operations 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 operations are stated at exchange rates ruling on the reporting date.

The revenues and expenses of foreign operations 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.

### *Investments in other debt and equity securities*

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

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

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

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

### *Disposal of investments*

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

## ***(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 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, if shorter, the lease term. 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 available-for-sale financial assets is calculated by reference to the fair value.

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

#### *Reversals of impairment*

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

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

### ***(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.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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

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

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

## 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% (2012: 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 2013 and 2012 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
<b>Revenues</b>				
<i>Revenues from sale of goods and rendering of services</i>				
Subsidiaries	-	-	1,569,528	1,471,384
Jointly-controlled entities	17	1,275	-	-
Associate	51,837	11,725	51,630	11,665
Related parties under common control	58,758	52,016	56,974	51,962
Other related party	43	178	-	-
<b>Other income</b>				
Subsidiaries	-	-	469,003	514,723
Jointly-controlled entities	13,464	4,342	27,478	8,861
Associate	2,023	-	2,023	-
Related parties under common control	-	158	-	158
<b>Total revenue</b>	<b>126,142</b>	<b>69,694</b>	<b>2,176,636</b>	<b>2,058,753</b>

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
<b>Expenses</b>				
<i>Purchases of goods and services</i>				
Subsidiaries	-	-	82,353	55,747
Jointly-controlled entities	-	(1,493)	-	(3,121)
Associate	25,052	21,375	24,722	21,375
Related parties under common control	1,092	1,934	399	420
Other related parties	10,988	34,577	10,982	14,307
<i>Selling and administrative expenses</i>				
Subsidiaries	-	-	50,174	4,706
Jointly-controlled entities	-	38	-	77
Associate	2,557	2,929	2,536	2,740
Related parties under common control	14,325	24,163	13,709	12,906
Other related parties	1,040	-	-	-
Directors and management benefit expenses	76,681	59,815	76,681	59,815
<i>Other expenses</i>				
Other related party	4,245	2,915	-	-
<b>Total expenses</b>	<b>135,980</b>	<b>146,253</b>	<b>261,556</b>	<b>168,972</b>

Balance as at 31 December 2013 and 2012 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
<b>Trade accounts receivable and accrued income</b>				
<i>Trade accounts receivable</i>				
Subsidiaries	-	-	126,048	66,683
Jointly-controlled entity	-	24,726	-	2,482
Associate	907	899	899	899
Related parties under common control	10,732	4,872	10,393	4,461
Other related party	54,516	-	2,661	-
<b>Total</b>	<b>66,155</b>	<b>30,497</b>	<b>140,001</b>	<b>74,525</b>

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
<b>Accrued income</b>				
Subsidiaries	-	-	1,176	859
Jointly-controlled entity	-	75	-	-
Associate	35,729	10,080	35,729	10,080
Related parties under common control	4,559	4,342	4,459	4,285
<b>Total</b>	<b>40,288</b>	<b>14,497</b>	<b>41,364</b>	<b>15,224</b>
<b>Total trade accounts receivable and accrued income</b>	<b>106,443</b>	<b>44,994</b>	<b>181,365</b>	<b>89,749</b>
Less allowance for doubtful accounts	(54,515)	(24,318)	(2,661)	(2,482)
<b>Net</b>	<b>51,928</b>	<b>20,676</b>	<b>178,704</b>	<b>87,267</b>
<b>Other receivables</b>				
Subsidiaries	-	-	114,520	27,415
Jointly-controlled entities	8,680	4,478	86,183	98,866
Associate	33	433	33	433
Other related party	11,320	-	-	-
<b>Total</b>	<b>20,033</b>	<b>4,911</b>	<b>200,736</b>	<b>126,714</b>
<b>Short-term loan to a jointly-controlled entity</b>	<b>142,074</b>	<b>132,543</b>	<b>289,946</b>	<b>270,496</b>

As at 31 December 2013, the short-term loan to a jointly-controlled entity bears interest at the rate of 2.74% - 3.10% per annum (2012: 3.25% - 3.81% per annum) and is repayable when requested.

Movements for the year ended 31 December 2013 and 2012 of short-term loan to a jointly-controlled entity were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
At 1 January	132,543	78,943	270,496	161,109
Increase	-	57,191	-	116,716
Unrealised gain (loss) on exchange rate	9,531	(3,591)	19,450	(7,329)
<b>At 31 December</b>	<b>142,074</b>	<b>132,543</b>	<b>289,946</b>	<b>270,496</b>



	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
<b>Other current assets</b>				
Subsidiaries	-	-	74	585
Jointly-controlled entity	8,614	3,837	17,579	7,831
<b>Total</b>	<b>8,614</b>	<b>3,837</b>	<b>17,653</b>	<b>8,416</b>
<b>Long term loan to a subsidiary</b>	<b>-</b>	<b>-</b>	<b>13,026</b>	<b>18,249</b>

As at 31 December 2013, the long-term loan to subsidiaries bears interest at the rate of 4.84% per annum (2012: 5.30% per annum).

Movement of long-term loan to subsidiaries for the years ended 31 December 2013 and 2012 were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
At 1 January	-	-	18,249	28,352
Decrease	-	-	(5,763)	(9,263)
Net foreign exchange gain (loss)	-	-	540	(840)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>13,026</b>	<b>18,249</b>

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
<b>Trade accounts payable</b>				
Subsidiary	-	-	34,938	134
Jointly-controlled entity	249	249	332	332
Associate	2,932	5,504	2,883	5,490
Related parties under common control	673	216	50	215
Other related party	7,623	-	-	-
<b>Total</b>	<b>11,477</b>	<b>5,969</b>	<b>38,203</b>	<b>6,171</b>
<b>Other payables</b>				
Subsidiaries	-	-	322,322	97,937
Related parties under common control	857	2,071	376	1,974
Other related parties	1,940	648	-	-
<b>Total</b>	<b>2,797</b>	<b>2,719</b>	<b>322,698</b>	<b>99,911</b>

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
<b>Advances receipts from customers</b>				
Subsidiaries	-	-	511,945	283,305
Jointly-controlled entity	-	252	-	-
Related party under common control	6	6	-	-
<b>Total</b>	<b>6</b>	<b>258</b>	<b>511,945</b>	<b>283,305</b>
<b>Accrued expenses</b>				
Subsidiary	-	-	14,163	4,500
Associate	3,049	1,071	3,049	1,071
Related parties under common control	48	1,033	43	1,045
Other related parties	9,949	6,369	1,252	2,462
<b>Total</b>	<b>13,046</b>	<b>8,473</b>	<b>18,507</b>	<b>9,078</b>
<b>Other current liabilities</b>				
Subsidiary	-	-	2,466	10
Related parties under common control	160	160	160	160
<b>Total</b>	<b>160</b>	<b>160</b>	<b>2,626</b>	<b>170</b>
<b>Short-term loan from other related party</b>	<b>142,664</b>	<b>133,177</b>	<b>-</b>	<b>-</b>

As at 31 December 2013, the short-term loan from other related party bear interest at the rate of 2.74% - 3.10% per annum (2012: 3.50% - 3.81% per annum) and is repayable when requested.

Movements for the year ended 31 December 2013 and 2012 of short-term loan from other related party

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
At 1 January	133,177	79,295	-	-
Increase	-	57,598	-	-
Unrealised (gain) loss on exchange rate	9,487	(3,716)	-	-
<b>At 31 December</b>	<b>142,664</b>	<b>133,177</b>	<b>-</b>	<b>-</b>

*Key management personnel compensation*

Key management personnel compensation comprised:

	Consolidated financial statements		Separate financial statements	
	2013 (in thousand Baht)	2012 (in thousand Baht)	2013 (in thousand Baht)	2012 (in thousand Baht)
<i>For the year ended 31 December</i>				
Short-term benefits	72,883	58,418	72,883	58,418
Other long-term benefits				
- Current service costs, included in administrative expenses	1,938	680	1,938	680
- Interest on obligation, included in finance costs	497	717	497	717
- Share-based payment	1,363	-	1,363	-
<b>Total</b>	<b>76,681</b>	<b>59,815</b>	<b>76,681</b>	<b>59,815</b>

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.

#### *Significant agreements with related parties*

- 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 29.67 million (2012: approximately Baht 41.38 million).
- 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.

- c. 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 81.16 million and Baht 31.25 million (2012: approximately USD 101.37 million). The service fees of contracts vary to the actual used or number of installed user terminal at the rate stated in the contract.
- d. The Company had entered into agreements with a 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 13.58 million (2012: approximately Baht 5.31 million).
- e. 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 six months. The associate was committed to pay for rental fee in respect of the agreements at approximately Baht 37.76 million. (2012: approximately Baht 23.41 million)
- f. The Company had entered into agreements with a subsidiary, under which a subsidiary was committed to provide broadcasting, television and telecommunication service. The company was committed to pay for the service in respect of the agreements at approximately USD 6,480 per channel/ per year.

## 5 Cash and Cash equivalents

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Cash on hand	31,312	25,299	1,675	2,325
Current accounts and saving deposits	1,269,305	1,831,050	340,183	567,585
Highly liquid short-term investments	851,641	201,061	398,212	90,469
<b>Total</b>	<b>2,152,258</b>	<b>2,057,410</b>	<b>740,070</b>	<b>660,379</b>
The weighted average interest rate of saving deposits and fixed deposits	0.83%	1.47%	0.41%	1.08%

## 6 Other investments

	Consolidated financial statements		Separate financial statements	
	2013 (in thousand Baht)	2012 (in thousand Baht)	2013 (in thousand Baht)	2012 (in thousand Baht)
<i>Current investments</i>				
Short-term deposits at financial institutions	1,305,171	210,212	1,305,171	210,212
	<u>1,305,171</u>	<u>210,212</u>	<u>1,305,171</u>	<u>210,212</u>
<i>Other long-term investments</i>				
Equity securities available for sale	699,840	-	-	-
	<u>699,840</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u><b>2,005,011</b></u>	<u><b>210,212</b></u>	<u><b>1,305,171</b></u>	<u><b>210,212</b></u>

As of 31 December 2013, current investments have interest rates of 0.30% to 3.45% (2012: 3.10% to 3.40%) and mature within 1 year.

On 14 October 2013, the Board of Directors approved purchase of ordinary shares of Synertone Communication Corporation Limited of 64 million shares, representing approximately 5.06%, at the price of HKD 0.5034 per share. This investment is classified as security available-for-sales.

Movements during the years ended 31 December of marketable equity securities available for sale was as follow:

	Consolidated financial statements	
	2013 (in million Baht)	2012 (in million Baht)
<i>Other long-term investments</i>		
<b>Available-for-sale securities</b>		
At 1 January	-	-
Purchases during the year	129,014	-
Valuation adjustment	563,663	-
Unrealised gain on exchange rate	7,163	-
<b>At 31 December</b>	<u><b>699,840</b></u>	<u><b>-</b></u>



## 7 Trade and other accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2013 (in thousand Baht)	2012 (in thousand Baht)	2013 (in thousand Baht)	2012 (in thousand Baht)
<i>Trade accounts receivable</i>					
Related parties	4	66,155	30,497	140,001	74,525
Other parties		1,027,753	956,023	548,965	567,265
<b>Total</b>		<b>1,093,908</b>	<b>986,520</b>	<b>688,966</b>	<b>641,790</b>
<i>Accrued income</i>					
Related parties	4	40,288	14,497	41,364	15,224
Other parties		204,598	174,568	200,735	171,157
<b>Total</b>		<b>244,886</b>	<b>189,065</b>	<b>242,099</b>	<b>186,381</b>

		Consolidated financial statements		Separate financial statements	
		2013 (in thousand Baht)	2012 (in thousand Baht)	2013 (in thousand Baht)	2012 (in thousand Baht)
<i>Other accounts receivable</i>					
Prepaid expenses		121,686	73,320	65,862	25,243
Advance payments		145,641	112,262	92,062	105,504
Others		17,063	8,220	23,694	10,208
<b>Total</b>		<b>284,390</b>	<b>193,802</b>	<b>181,618</b>	<b>140,955</b>
<b>Total trade accounts receivable accrued income and othe accounts receivable</b>					
		<b>1,623,184</b>	<b>1,369,387</b>	<b>1,112,683</b>	<b>969,126</b>
<i>Less allowance for doubtful accounts</i>		(201,227)	(191,767)	(87,249)	(97,657)
<b>Total</b>		<b>1,421,957</b>	<b>1,177,620</b>	<b>1,025,434</b>	<b>871,469</b>
<b>(Reversal of) bad and doubtful debts expenses for the year</b>					
		<b>(10,879)</b>	<b>974</b>	<b>(5,808)</b>	<b>(7,784)</b>

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2013 (in thousand Baht)	2012 (in thousand Baht)	2013 (in thousand Baht)	2012 (in thousand Baht)
Within credit terms	303,506	364,569	207,149	200,470
Overdue:				
Less than 3 months	401,126	284,387	251,943	204,290
3 - 6 months	174,595	129,232	71,486	72,817
6 - 12 months	21,039	55,474	27,909	55,186
Over 12 months	193,642	152,858	130,479	109,027
	<b>1,093,908</b>	<b>986,520</b>	<b>688,966</b>	<b>641,790</b>
Less allowance for doubtful accounts	(201,227)	(191,767)	(87,249)	(97,657)
<b>Total</b>	<b>892,681</b>	<b>794,753</b>	<b>601,717</b>	<b>544,133</b>

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

## 8 Inventories

	Consolidated financial statements		Separate financial statements	
	2013 (in thousand Baht)	2012 (in thousand Baht)	2013 (in thousand Baht)	2012 (in thousand Baht)
Raw material and supplies	63,328	55,417	48,223	42,433
Work in process	2,176	5,913	-	-
Finished goods	280,040	362,766	138,547	199,442
Goods in transit	2,765	679	2,765	8
	<b>348,309</b>	<b>424,775</b>	<b>189,535</b>	<b>241,883</b>
Less allowance for diminution in value	(96,768)	(96,977)	(53,852)	(57,901)
<b>Net</b>	<b>251,541</b>	<b>327,798</b>	<b>135,683</b>	<b>183,982</b>

## 9 Non-current assets held for abandonment and discontinued operation.

On 7 January 2013, the Board of Directors approved proposal of the management of the jointly-controlled entity to file to commence insolvency proceedings for Mfone based on the relevant Cambodian Law, due to the financial position and its operation results from sales and provision of service of its telephone business

segment in Cambodia which Mfone facing a continued losses, resulting in insufficient cash-flows to sustain operations and debt repayment, the Group decided to cease the financial support and thus discontinued such segment. Mfone filed a petition for the opening of insolvency proceedings to the Phnom-Penh Municipal Court (“Court”) on 9 January 2013.

On 14 February 2013, the Court appointed the administrator. As a result, Mfone fell under the control of the Court and the administrator and consequently the Group lost the control over Mfone from that date. On 15 March 2013, the Court ordered Mfone to proceed with the liquidation under the laws of Cambodia and ordered the administrator to implement the liquidation process.

As the Group has given no further commitment and guarantee on behave of Mfone, therefore, the Group does not recognize any liabilities in the Group’s consolidated financial statement.

As at 31 December 2013, the Group’s consolidated financial statement include the write- off the non-current assets and liabilities held for abandonment and separately present the operation result of Mfone under caption ‘loss for the period from the discontinued operation’ for the period from 1 January 2013 to 14 February 2013 (the loss of control date).

The result of discontinued operation for the period from 1 January to 14 February 2013 (the loss of control date) has been re-presented to show the discontinued operations separately from continuing operations.

Consolidated financial statements			
	Note	2013 (in thousand Baht)	2012 (in thousand Baht)
<i>Year ended 31 December</i>			
<b>Results of discontinued operation</b>			
Revenue		41,227	433,768
Expenses		(92,193)	(966,094)
<b>Results from operating activities</b>		<b>(50,966)</b>	<b>(532,326)</b>
Income tax		(176)	23,923
<b>Results from operating activities, net of income tax</b>		<b>(51,142)</b>	<b>(508,403)</b>
<b>Loss per share</b>			
	30		
Basic loss per share (Baht)		(0.05)	(0.46)
Diluted loss per share (Baht)		(0.05)	(0.46)

The loss from discontinued operation of Baht 51.14 million (2012: Baht 508 million) is attributable entirely to the owners of the Company.

Since 31 December 2012, the Group has entirely recognised allowance for impairment on net assets of Mfone. Accordingly, they did not have any impact on the consolidated financial statements from profit or loss transaction at the loss of control date.

Details of the assets and liabilities of non-current assets held for abandonment as of 31 December 2012 are as follows:

Consolidated financial statements	
	2012
	(in thousand baht)
<b>Effect to Financial position of the Company</b>	
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 fee	(44,916)
Other current liabilities	(9,276)
Deferred tax liabilities	(89,955)
<b>Net assets</b>	<b>71,013</b>
Less impairment loss	(71,013)
<b>Net</b>	<b>-</b>

## 10 Investments in subsidiaries, jointly-controlled entity and associate

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
		(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
At 1 January		455,549	451,457	1,803,272	831,454
Acquisition	10 a), d)	-	-	243,658	971,818
Share of net profits of equity - accounted associate		194,509	164,103	-	-
Share of other comprehensive loss of associate	22	-	(17,544)	-	-
Unrealised gain from decrease in shareholding in an associate		-	90	-	-
Dividend income	10 f)	(162,565)	(142,557)	-	-
<b>At 31 December</b>		<b>487,493</b>	<b>455,549</b>	<b>2,046,930</b>	<b>1,803,272</b>

Investments in subsidiaries, jointly-controlled entity and associate as at 31 December 2013 and 2012 and dividend income from those investments for the years ended 31 December 2013 and 2012 were as follows:

Consolidated financial statements													
Ownership interest		Paid-up capital		Cost		Equity		Fair value of listed securities		Dividend income			
2013 (%)	2012 (%)	2013 (in million Baht)	2012 (in million Baht)	2013 (in million Baht)	2012 (in million Baht)	2013 (in million Baht)	2012 (in million Baht)	2013 (in million Baht)	2012 (in million Baht)	2013 (in million Baht)	2012 (in million Baht)		
<i>Associates</i>													
CS Loxinfo Public													
Company Limited		42.07	42.07	148	148	1,482	1,482	487	456	6,005	5,826	163	143
Total						1,482	1,482	487	456			163	143

Separate financial statements										
Ownership interest	Paid-up capital		Cost		Impairment		Cost – net of impairment		Dividend income	
	2013 (%)	2012 (%)	2013 (in million Baht)	2012 (in million Baht)	2013 (in million Baht)	2012 (in million Baht)	2013 (in million Baht)	2012 (in million Baht)	2013 (in million Baht)	2012 (in million Baht)
<b>Subsidiaries</b>										
DTV Service Company Limited	99.99	99.99	Baht 399 million	Baht 399 million	399	399	-	-	-	-
Spacecode LLC	70.00	70.00	USD 4 million	USD 4 million	118	118	-	-	-	-
IPSTAR Company Limited	99.96	99.96	USD 2 million	USD 2 million	154	154	-	-	158	-
Star Nucleus Company Limited	100.00	100.00	-	-	-	-	-	-	-	-
IPSTAR International Pte Limited	100.00	100.00	SGD 20,000	SGD 20,000	1	1	-	-	-	-
IPSTAR Global Services Company Limited	100.00	100.00	USD 20,000	USD 20,000	1	1	-	-	-	-
Cambodian DTV Network Company Limited	100.00	100.00	USD 600,000	USD 600,000	21	21	-	-	-	-
IPSTAR Australia Pty Limited	100.00	100.00	AUD 6.95 million	AUD 6.95 million	971	971	-	-	229	320
TC Broadcast Company Limited	99.99	99.99	Baht 0.25 million	Baht 0.25 million	-	-	-	-	-	-
IPSTAR Japan Company Limited	100.00	-	JPY 100 million	-	33	-	-	-	-	-
IPSTAR New Zealand Company Limited	100.00	-	NZD 8.51 million	-	211	-	-	-	-	-
<b>Total</b>			<b>1,909</b>	<b>1,665</b>	<b>1,909</b>	<b>1,665</b>	<b>-</b>	<b>-</b>	<b>387</b>	<b>320</b>
<b>Jointly-controlled entity</b>										
Shenington Investments Pte Limited	51.00	51.00	SGD 15 million	SGD 15 million	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:

	Reporting date	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)
<b>2013</b>											
CS Loxinfo Public Company Limited	31 Dec	42.07	897	1,321	2,218	(773)	(231)	(1,004)	3,051	(2,466)	462
<b>Total</b>			<b>897</b>	<b>1,321</b>	<b>2,218</b>	<b>(773)</b>	<b>(231)</b>	<b>(1,004)</b>	<b>3,051</b>	<b>(2,466)</b>	<b>462</b>
<b>2012</b>											
CS Loxinfo Public Company Limited	31 Dec	42.07	980	1,154	2,134	(847)	(150)	(997)	2,944	(2,424)	383
<b>Total</b>			<b>980</b>	<b>1,154</b>	<b>2,134</b>	<b>(847)</b>	<b>(150)</b>	<b>(997)</b>	<b>2,944</b>	<b>(2,424)</b>	<b>383</b>

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.

	Reporting date	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)
<b>2013</b>											
Group of Shenington Investments											
Pte Limited	31 Dec	51	268	1,565	1,833	(337)	(512)	(849)	882	(818)	24
<b>Total</b>			<b>268</b>	<b>1,565</b>	<b>1,833</b>	<b>(337)</b>	<b>(512)</b>	<b>(849)</b>	<b>882</b>	<b>(818)</b>	<b>24</b>
<b>2012</b>											
Group of Shenington Investments											
Pte Limited	31 Dec	51	170	1,507	1,677	(333)	(459)	(792)	1,167	(1,668)	535
<b>Total</b>			<b>170</b>	<b>1,507</b>	<b>1,677</b>	<b>(333)</b>	<b>(459)</b>	<b>(792)</b>	<b>1,167</b>	<b>(1,668)</b>	<b>535</b>

Significant movements in investments in subsidiaries, jointly controlled entity and an associate for the year ended 31 December 2013 were as follows:

### *Subsidiaries*

*a) The incorporation of IPSTAR Japan Company Limited ("IPJ")*

At the Board of Director's meeting of the Company, on 10 May 2013, the Directors approved the incorporation of IPSTAR Japan Company Limited. The authorised share capital of IPJ is JPY 100,000,000, divided into 10,000 ordinary shares of JPY 10,000 par value. The capital is fully paid up. The Company holds 10,000 shares, equivalent to 100% shareholding.

*b) Dividend payment of IPSTAR Australia Pty Limited ("IPA")*

At the Board of Directors' meeting of IPA, on 28 June 2013, the Directors approved the appropriation of dividends from retained earnings as at 31 December 2012 of AUD 6 million. The dividend was paid to shareholder in October 2013.

At the Board of Directors' meeting of IPA, on 30 September 2013, the Directors approved the appropriation of interim dividends totalling of AUD 1 million. The dividend was paid to shareholder in October 2013.

At the Board of Directors' meeting of IPA, on 30 December 2013, the Directors approved the appropriation of interim dividends totalling of AUD 1 million.

*c) Dividend payment of IPSTAR Company Limited ("IPST")*

At the Board of Directors' meeting of IPST, on 2 September 2013, the Directors approved the appropriation of dividends from 2012 operation of USD 3 million. The dividend was paid to shareholders in September 2013

At the Board of Directors' meeting of IPST, on 1 October 2013, the Directors approved the appropriation of dividends from 2012 operation of USD 2 million. The dividend was paid to shareholders in October 2013

*d) Acquisition of additional ordinary shares in IPSTAR New Zealand Company Limited ("IPNZ")*

On 29 November 2013, the Company acquired 8.51 million ordinary shares of IPNZ from iPSTAR Co., Ltd., equivalent to 100% of registered share capital of IPNZ, at the price of USD 0.78 per share, totaling of USD 6.60 million. This acquisition has no impact on the consolidated financial statements of the Company. IPNZ has changed the status from an indirect subsidiary to a direct subsidiary of the Company.

### *Jointly-controlled entity*

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

At the annual general meeting of the shareholders of LTC, on 4 February 2013, the shareholders approved the appropriation of dividend from 2012 operation of USD 15 million. The dividend was paid to shareholders in the amount of USD 7.5 million.

## **Associate**

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

At the annual general meeting of the shareholders of CSL, on 28 March 2013, the shareholders approved the appropriation of dividend of Baht 0.30 per share, amounting to Baht 178 million. The dividend was paid to shareholders in April 2013.

At the Board of Directors' meeting of CSL, on 8 August 2013, the directors passed a resolution to approve the interim dividends of Baht 0.35 per share, totaling Baht 208 million. The dividend was paid to shareholders in September 2013.

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

At the annual general meeting of the shareholders of CSL, on 28 March 2013, the shareholders approved a reduction of 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. CSL has registered the decreased share capital to the Ministry of Commerce on 11 April 2013.

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 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.

## 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 year ended 31 December 2012.

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

## Commitments

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

## 11 Property and equipment

Consolidated financial statements					
	Leasehold land & building (in thousand Baht)	Equipment (in thousand Baht)	Motor vehicles & office equipment (in thousand Baht)	Assets under construction (in thousand Baht)	Total (in thousand Baht)
<b>As at 31 December 2012</b>					
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)
<b>Net book value</b>	<b>288,327</b>	<b>1,892,831</b>	<b>133,812</b>	<b>3,331,576</b>	<b>5,646,546</b>
<b>Transactions during the year ended 31 December 2013</b>					
Opening net book value	288,327	1,892,831	133,812	3,331,576	5,646,546
Additions	18,171	289,142	47,202	2,658,020	3,012,535
Disposals, net	-	(997)	(873)	-	(1,870)
Write-offs, net	(1,359)	(7,564)	(77)	-	(9,000)
Transfers, net	3,880	81,902	5,074	(115,007)	(24,151)
Depreciation charges	(52,554)	(501,310)	(50,015)	-	(603,879)
Impairment loss	-	(6,731)	-	-	(6,731)
Foreign currency translation adjustment	(3,609)	54,999	2,349	7,207	60,946
<b>Closing net book value</b>	<b>252,856</b>	<b>1,802,272</b>	<b>137,472</b>	<b>5,881,796</b>	<b>8,074,396</b>



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)
<b>As at 31 December 2013</b>					
Cost	561,169	5,860,232	461,785	5,881,796	12,764,982
Less accumulated depreciation	(308,313)	(4,038,875)	(324,313)	-	(4,671,501)
Less cumulative impairment loss	-	(19,085)	-	-	(19,085)
<b>Net book value</b>	<b>252,856</b>	<b>1,802,272</b>	<b>137,472</b>	<b>5,881,796</b>	<b>8,074,396</b>
<i>Net book value</i>					
<b>At 1 January 2012</b>					
Owned assets	220,077	4,353,968	181,913	1,829,451	6,585,409
Assets under finance leases	-	-	25,855	-	25,855
	<b>220,077</b>	<b>4,353,968</b>	<b>207,768</b>	<b>1,829,451</b>	<b>6,611,264</b>
<b>At 31 December 2012 and 1 January 2013</b>					
Owned assets	288,327	1,892,831	112,765	3,331,576	5,625,499
Assets under finance leases	-	-	21,047	-	21,047
	<b>288,327</b>	<b>1,892,831</b>	<b>133,812</b>	<b>3,331,576</b>	<b>5,646,546</b>
<b>As at 31 December 2013</b>					
Owned assets	252,856	1,802,272	113,338	5,881,796	8,050,262
Assets under finance lease	-	-	24,134	-	24,134
	<b>252,856</b>	<b>1,802,272</b>	<b>137,472</b>	<b>5,881,796</b>	<b>8,074,396</b>

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2013 amounted to Baht 2,193.00 million (2012: Baht 1,622.08 million).

As at 31 December 2013 the accumulated impairment loss of Baht 19.1 million (2012: Baht 28.6 million) comprised an impairment loss for IPSTAR ground system of the Company amounting to Baht 6.7 million and an impairment loss for rural telephone network of another jointly controlled entity amounting to Baht 12.4 million.

### 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)
<b>As at 31 December 2012</b>					
Cost	85,604	2,416,296	200,965	3,266,966	5,969,831
<i>Less</i> accumulated depreciation	(57,699)	(1,794,388)	(147,808)	-	(1,999,895)
<b>Net book value</b>	<b>27,905</b>	<b>621,908</b>	<b>53,157</b>	<b>3,266,966</b>	<b>3,969,936</b>
<b>Transactions during the year ended 31 December 2013</b>					
Opening net book value	27,905	621,908	53,157	3,266,966	3,969,936
Additions	11,420	271,779	27,422	2,428,814	2,739,435
Disposals, net	-	(15,258)	(445)	-	(15,703)
Write-offs, net	(5)	(6,002)	(36)	-	(6,043)
Transfers, net	-	(6,696)	-	-	(6,696)
Depreciation charges	(6,102)	(195,385)	(24,648)	-	(226,135)
Impairment loss	-	(6,731)	-	-	(6,731)
<b>Closing net book value</b>	<b>33,218</b>	<b>663,615</b>	<b>55,450</b>	<b>5,695,780</b>	<b>6,448,063</b>
<b>As at 31 December 2013</b>					
Cost	97,011	2,530,752	218,114	5,695,780	8,541,657
<i>Less</i> accumulated depreciation	(63,793)	(1,860,406)	(162,664)	-	(2,086,863)
<i>Less</i> cumulative impairment loss	-	(6,731)	-	-	(6,731)
<b>Net book value</b>	<b>33,218</b>	<b>663,615</b>	<b>55,450</b>	<b>5,695,780</b>	<b>6,448,063</b>

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)
<b>Net book value</b>					
<b>At 1 January 2012</b>					
Owned assets	24,913	838,484	35,812	1,720,641	2,619,850
Assets under finance leases	-	-	25,541	-	25,541
	<b>24,913</b>	<b>838,484</b>	<b>61,353</b>	<b>1,720,641</b>	<b>2,645,391</b>
<b>At 31 December 2012 and 1 January 2013</b>					
Owned assets	27,905	621,908	32,110	3,266,966	3,948,889
Assets under finance leases	-	-	21,047	-	21,047
	<b>27,905</b>	<b>621,908</b>	<b>53,157</b>	<b>3,266,966</b>	<b>3,969,936</b>
<b>At 31 December 2013</b>					
Owned assets	33,218	663,615	31,316	5,695,780	6,423,929
Assets under finance leases	-	-	24,134	-	24,134
	<b>33,218</b>	<b>663,615</b>	<b>55,450</b>	<b>5,695,780</b>	<b>6,448,063</b>

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2013 amounted to Baht 1,516.48 million (2012: Baht 1,387.02 million).

Borrowing costs for the year ended 31 December 2013 in the amount of Baht 110.23 million (2012: Baht 70.50 million), arising on financing specifically entered into for assets under construction.

As at 31 December 2013, property and equipment included a project in progress of Baht 4,911.26 million (2012: Baht 3,266.97 million), relating to the Thaicom 6 project. According to the operating agreement made with the Ministry of Information Communication and Technology ("MICT"), the Company transfers its ownership of the Thaicom 6 satellite to MICT on 31 January 2014. The Thaicom 6 project will be fully operational with the launch of Thaicom 6 satellite within 2014.

The remaining of assets under constructions comprise construction work, improvements of ground systems, and infrastructure for satellite services to be used in the future. Both the Company and the construction companies have to comply with the terms and conditions in the construction contracts, such as the deliverable outputs, timetables, payment terms, the contract extensions and the conditions to end the contracts.

### *Capital expenditure commitments*

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

		Consolidated financial statements		Separate financial statements	
	Currency	2013 (in thousand Baht)	2012 (in thousand Baht)	2013 (in thousand Baht)	2012 (in thousand Baht)
THAICOM 4 Project	USD	26	26	26	26
THAICOM 6 Project	USD	2,380	37,730	2,380	37,730
120°E Project	USD	171,000	171,000	171,000	171,000
Telephone network	USD	3,473	3,888	-	-
Total	USD	176,879	212,644	173,406	208,756
<b>Total equivalent to Thai Baht</b>		<b>5,828,049</b>	<b>6,544,658</b>	<b>5,713,620</b>	<b>6,424,984</b>

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.

## 12 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)
<b>As at 31 December 2012</b>					
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)
<b>Net book value</b>	<b>11,481,853</b>	<b>89,689</b>	<b>57,822</b>	<b>861,780</b>	<b>919,602</b>
<b>Transactions during the year ended 31 December 2013</b>					
Opening net book value	11,481,853	89,689	57,822	861,780	919,602
Additions	1,523	29,628	-	20,239	20,239
Amortisation charges for the year	(1,352,708)	(27,421)	-	(103,758)	(103,758)
Foreign currency translation adjustment	-	-	-	4,851	4,851
<b>Closing net book value</b>	<b>10,130,668</b>	<b>91,896</b>	<b>57,822</b>	<b>783,112</b>	<b>840,934</b>
<b>As at 31 December 2013</b>					
Cost	21,148,731	732,026	57,822	1,596,107	1,653,929
Less accumulated amortisation	(11,018,063)	(640,130)	-	(812,995)	(812,995)
<b>Net book value</b>	<b>10,130,668</b>	<b>91,896</b>	<b>57,822</b>	<b>783,112</b>	<b>840,934</b>
<i>Net book value</i>					
At 1 January 2012	12,828,228	105,470	57,822	954,513	1,012,335
At 31 December 2012 and 1 January 2013	11,481,853	89,689	57,822	861,780	919,602
At 31 December 2013	10,130,668	91,896	57,822	783,112	840,934

Separate financial statements			
	Property and equipment under agreement for operation (in thousand Baht)	Deferred charges (in thousand Baht)	Other intangible assets (in thousand Baht)
<b>As at 31 December 2012</b>			
Cost	21,147,208	701,646	1,468,419
<i>Less</i> accumulated amortisation	(9,665,355)	(612,709)	(685,287)
<b>Net book value</b>	<b>11,481,853</b>	<b>88,937</b>	<b>783,132</b>
<b>Transactions during the year ended 31 December 2013</b>			
Opening net book value	11,481,853	88,937	783,132
Additions	1,523	30,168	14,068
Disposals, net	-	-	(52)
Amortisation charges for the year	(1,352,708)	(26,946)	(92,017)
<b>Closing net book value</b>	<b>10,130,668</b>	<b>92,159</b>	<b>705,131</b>
<b>As at 31 December 2013</b>			
Cost	21,148,731	731,813	1,429,775
<i>Less</i> accumulated amortisation	(11,018,063)	(639,654)	(724,644)
<b>Net book value</b>	<b>10,130,668</b>	<b>92,159</b>	<b>705,131</b>
<i>Net book value</i>			
At 1 January 2012	12,828,228	104,218	862,029
At 31 December 2012 and 1 January 2013	11,481,853	88,937	783,132
At 31 December 2013	10,130,668	92,159	705,131



## 13 Deferred tax

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

	Consolidated financial statements		Separate financial statements	
	2013 (in thousand Baht)	2012 (in thousand Baht)	2013 (in thousand Baht)	2012 (in thousand Baht)
Deferred tax assets	503,843	677,043	361,067	537,755
<b>Net</b>	<b>503,843</b>	<b>677,043</b>	<b>361,067</b>	<b>537,755</b>

Deferred tax assets for tax loss carried forward are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The subsidiaries have tax losses carried forward to offset future taxable income, which are not recognised in the consolidated financial statements as follows:

	2013 (in thousand Baht)	2012 (in thousand Baht)
Year expired		
2014	20,238	20,238
2015	6,991	6,991
2016	24,290	24,290
2017	86,534	86,534
2018	35,444	-
No expiry date	-	40,925
<b>Total</b>	<b>173,497</b>	<b>178,978</b>

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

Consolidated financial statements						
(Charged)/credited to:						
	At 1 January 2013 <small>(in thousand Baht)</small>	Profit or loss (Note 28) <small>(in thousand Baht)</small>	Other comprehen- sive income <small>(in thousand Baht)</small>	Equity <small>(in thousand Baht)</small>	Discontinued operation <small>(in thousand Baht)</small>	At 31 December 2013 <small>(in thousand Baht)</small>
<i>Deferred tax assets</i>						
Loss carry forward	460,434	(197,983)	-	-	-	262,451
Allowance for doubtful accounts	4,502	117	-	360	-	4,979
Allowance for obsolete inventory	13,375	(255)	-	15	-	13,135
Deposits	32,078	9,886	-	-	-	41,964
Advance receipts from customers	138,460	5,670	-	(7,510)	-	136,620
Employee benefit	53,221	7,529	-	380	-	61,130
Others	(25,027)	3,988	-	4,603	-	(16,436)
<b>Total</b>	<b>677,043</b>	<b>(171,048)</b>	<b>-</b>	<b>(2,152)</b>	<b>-</b>	<b>503,843</b>
<i>Deferred tax liabilities</i>						
Depreciation/amortisation	119,535	-	-	-	(119,535)	-
<b>Total</b>	<b>119,535</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(119,535)</b>	<b>-</b>
<i>Deferred tax assets</i>						
Loss carry forward	632,007	(171,573)	-	-	-	460,434
Allowance for doubtful accounts	17,736	-	-	(411)	(12,823)	4,502
Allowance for obsolete inventory	13,246	161	-	(32)	-	13,375
Deposits	32,634	(556)	-	-	-	32,078
Advance receipts from customers	55,693	86,682	-	(3,915)	-	138,460
Employee benefit	40,478	(8,436)	21,566	(387)	-	53,221
Others	46,613	(41,007)	-	1,597	(32,230)	(25,027)
<b>Total</b>	<b>838,407</b>	<b>(134,729)</b>	<b>21,566</b>	<b>(3,148)</b>	<b>(45,053)</b>	<b>677,043</b>
<b>Net</b>	<b>718,872</b>	<b>(134,729)</b>	<b>21,566</b>	<b>(3,148)</b>	<b>74,482</b>	<b>677,043</b>

Separate financial statements					
(Charged)/credited to:					
	At 1 January 2013 <small>(in thousand Baht)</small>	Profit or loss (Note 28) <small>(in thousand Baht)</small>	Other comprehen- sive income <small>(in thousand Baht)</small>	Equity <small>(in thousand Baht)</small>	At 31 December 2013 <small>(in thousand Baht)</small>
<i>Deferred tax assets</i>					
Loss carry forward	460,434	(197,983)	-	-	262,451
Allowance for obsolete inventory	11,580	(810)	-	-	10,770
Deposits	32,078	9,886	-	-	41,964
Employee benefit	31,089	5,204	-	-	36,293
Others	2,574	7,015	-	-	9,589
<b>Total</b>	<b>537,755</b>	<b>(176,688)</b>	<b>-</b>	<b>-</b>	<b>361,067</b>

Separate financial statements					
(Charged)/credited to:					
	At 1 January 2012 <small>(in thousand Baht)</small>	Profit or loss (Note 28) <small>(in thousand Baht)</small>	Other comprehen- sive income <small>(in thousand Baht)</small>	Equity <small>(in thousand Baht)</small>	At 31 December 2012 <small>(in thousand Baht)</small>
<i>Deferred tax assets</i>					
Loss carry forward	632,007	(171,573)	-	-	460,434
Allowance for obsolete inventory	10,823	757	-	-	11,580
Deposits	32,634	(556)	-	-	32,078
Employee benefit	20,038	815	10,236	-	31,089
Others	5,893	(3,319)	-	-	2,574
<b>Total</b>	<b>701,395</b>	<b>(173,876)</b>	<b>10,236</b>	<b>-</b>	<b>537,755</b>

## 14 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Withholding taxes receivable	575,461	524,926	571,678	523,843
Tax assessment's deposits	219,080	230,063	219,080	230,063
Others deposit	18,743	15,263	18,159	15,263
Advance payment for equipment	346,549	-	346,549	-
	1,159,833	770,252	1,155,466	769,169
<i>Less accumulated impairment loss</i>	(38,929)	(38,929)	(38,929)	(38,929)
<b>Total</b>	<b>1,120,904</b>	<b>731,323</b>	<b>1,116,537</b>	<b>730,240</b>

## 15 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
<b>Current</b>				
<i>Current portion of long-term borrowings</i>				
Loans from financial institutions	633,537	103,583	563,435	-
Loans from others	12,319	11,809	7,761	6,315
Total current portion of long-term borrowings	645,856	115,392	571,196	6,315
Current portion of long-term debentures	3,697,903	-	3,697,903	-
Total current interest – bearing liabilities	4,343,759	115,392	4,269,099	6,315
<b>Non-current</b>				
<i>Long-term borrowings</i>				
Loans from financial institutions	3,994,248	3,315,853	3,944,043	3,190,704
Loans from others	34,097	34,446	22,762	19,716
Total long-term borrowings	4,028,345	3,350,299	3,966,805	3,210,420
Long-term debentures	-	3,695,425	-	3,695,425
Total non-current interest – bearing liabilities	4,028,345	7,045,724	3,966,805	6,905,845
<b>Total</b>	<b>8,372,104</b>	<b>7,161,116</b>	<b>8,235,904</b>	<b>6,912,160</b>

## Long-term debentures

As at 31 December 2013, 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 2013 (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						(2)
<b>Net</b>						<b>3,698</b>

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	2013 (in thousand Baht)	2012 (in thousand Baht)	2013 (in thousand Baht)	2012 (in thousand Baht)
For the year ended 31 December					
Opening net book value		7,161,116	10,277,369	6,912,160	8,661,335
Proceeds from short-term borrowings		48,000	-	-	-
Proceeds from long-term borrowings, net of financial costs		1,043,767	1,620,836	1,043,767	1,620,836
Repayment of short-term borrowings		(48,000)	-	-	-
Repayment of long-term borrowings		(128,761)	(3,467,879)	(6,891)	(3,307,162)
Amortisation of finance costs	26	2,477	5,577	2,477	5,577
Increase from change in status from accounts payable - property and equipment		-	281,618	-	-
(Gain) loss on exchange rate		293,505	(125,149)	284,391	(68,426)
Less transfer to liabilities of non- current assets held for abandonment		-	(1,431,256)	-	-
Closing net book value		8,372,104	7,161,116	8,235,904	6,912,160

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	
	2013 (in thousand Baht)	2012 (in thousand Baht)	2013 (in thousand Baht)	2012 (in thousand Baht)
Total borrowings:				
- at fixed rates	3,744,318	3,741,680	3,728,426	3,721,456
- at floating rates	4,627,786	3,419,436	4,507,478	3,190,704
<b>Total</b>	<b>8,372,104</b>	<b>7,161,116</b>	<b>8,235,904</b>	<b>6,912,160</b>
Weighted average interest rates:				
- Loans	2.85%	3.19%	2.83%	3.07%
- Debentures	6.15%	6.15%	6.15%	6.15%

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 2013				
Loans	4,674,201	4,763,168	4,538,001	4,570,162
Debentures	3,697,903	3,733,532	3,697,903	3,733,532
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

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	
	2013 (in thousand Baht)	2012 (in thousand Baht)	2013 (in thousand Baht)	2012 (in thousand Baht)
Later than 1 year but not later than 2 years	626,399	3,819,197	574,305	3,701,539
Later than 2 years but not later than 5 years	1,707,864	28,589	1,702,196	11,620
Later than 5 years	1,694,082	3,197,938	1,690,304	3,192,686
<b>Total</b>	<b>4,028,345</b>	<b>7,045,724</b>	<b>3,966,805</b>	<b>6,905,845</b>

## Credit facilities

As at 31 December 2013 available credit facilities for loans from local and overseas banks are Baht 1,718 million and USD 20 million (2012: Baht 1,468 million).

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

The Company entered into a Loan Agreement with a local bank on 29 August 2011 for USD 137 million, for the purpose of the Thaicom 6 satellite project. The term of the loan is 10 years with the interest rate based on margins over the London Inter-Bank Offer Rate ("LIBOR"). In addition, the Company must comply with the conditions in the Loan Agreement in respect of maintaining certain financial ratios, dividend payment policy, guarantee, sale or transfer of assets and investment.

## 16 Trade and other accounts payable

		Consolidated financial statements		Separate financial statements	
	Note	2013 (in thousand Baht)	2012 (in thousand Baht)	2013 (in thousand Baht)	2012 (in thousand Baht)
<b>Trade accounts payable</b>					
- Related parties	4	11,477	5,969	38,203	6,171
- Other parties		205,566	244,184	130,884	94,874
<b>Total</b>		<b>217,043</b>	<b>250,153</b>	<b>169,087</b>	<b>101,045</b>
<b>Other accounts payable</b>					
- Accrued expenses		363,808	325,883	218,983	202,031
- Forward contracts		40,374	-	32,515	-
- Others		98,403	228,014	54,020	178,862
<b>Total</b>		<b>502,585</b>	<b>553,897</b>	<b>305,518</b>	<b>380,893</b>
<b>Total trade and other accounts payable</b>		<b>719,628</b>	<b>804,050</b>	<b>474,605</b>	<b>481,938</b>

## 17 Other current liabilities

		Consolidated financial statements		Separate financial statements	
		2013 (in thousand Baht)	2012 (in thousand Baht)	2013 (in thousand Baht)	2012 (in thousand Baht)
Short-term deposits from customers		19,839	26,986	20,920	25,331
Other taxes		49,992	41,655	41,285	20,075
Others		716	11,500	20	9,371
<b>Total</b>		<b>70,547</b>	<b>80,141</b>	<b>62,225</b>	<b>54,777</b>

## 18 Employee benefit obligation

The statement of financial position obligation was determined as follows:

	Consolidated financial statements		Separate financial statements	
	2013 (in thousand Baht)	2012 (in thousand Baht)	2013 (in thousand Baht)	2012 (in thousand Baht)
Present value of unfunded obligations	335,619	180,115	181,461	104,264
Actuarial losses in other comprehensive income	-	107,205	-	51,179
<b>Statement of financial position obligation</b>	<b>335,619</b>	<b>287,320</b>	<b>181,461</b>	<b>155,443</b>

Movement in the present value of the employee benefit obligations:

	Consolidated financial statements		Separate financial statements	
	2013 (in thousand Baht)	2012 (in thousand Baht)	2013 (in thousand Baht)	2012 (in thousand Baht)
Employee benefit obligations				
at 1 January	287,320	167,308	155,443	95,542
Benefits paid by the plan	(2,542)	(8,823)	(151)	(7,086)
Current service costs and interest	42,490	22,588	25,933	13,627
Past service costs	248	1,735	236	2,181
Curtailment gain	(2,434)	-	-	-
Actuarial losses in other comprehensive income	-	107,205	-	51,179
(Gain) loss on exchange rate	10,537	(2,693)	-	-
<b>Employee benefit obligations at 31 December</b>	<b>335,619</b>	<b>287,320</b>	<b>181,461</b>	<b>155,443</b>

Expense recognised in profit or loss:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Current service costs of employee	31,131	12,818	19,907	8,428
Past service costs	248	1,735	236	2,181
Interest on obligation	11,359	9,770	6,026	5,199
<b>Total</b>	<b>42,738</b>	<b>24,323</b>	<b>26,169</b>	<b>15,808</b>

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

	Consolidated financial statements		Separate financial statements	
	2556	2555	2556	2555
	(%)	(%)	(%)	(%)
Discount rate	3.90	3.90	3.90	3.90
Future salary increases	8.00-15.00	8.00-15.00	8.00	8.00

## 19 Other non-current liabilities

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Long-term deposits from customers	235,474	244,751	225,245	233,944
Others	133,251	141,637	133,251	141,637
<b>Total</b>	<b>368,725</b>	<b>386,388</b>	<b>358,496</b>	<b>375,581</b>

## 20 Share capital and warrants

		2013		2012	
	Par value per share (Baht)	Number (thousand shares)	Amount (thousand Baht)	Number (thousand shares)	Amount (thousand Baht)
<i>Authorised</i>					
At 1 January					
- ordinary shares	5	1,132,082	5,660,412	1,132,082	5,660,412
Reduction of shares	5	(36,145)	(180,724)	-	-
Increase of new shares	5	682	3,410	-	-
At 31 December					
- ordinary shares	5	<u>1,096,619</u>	<u>5,483,098</u>	<u>1,132,082</u>	<u>5,660,412</u>
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	5	<u>1,095,938</u>	<u>5,479,688</u>	<u>1,095,938</u>	<u>5,479,688</u>
At 31 December					
- ordinary shares	5	<u>1,095,938</u>	<u>5,479,688</u>	<u>1,095,938</u>	<u>5,479,688</u>

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.

### *Reduction of ordinary shares*

At the annual general meeting of the shareholders of the Company held on 28 March 2013, the shareholders approved the reduction of the Company's registered capital from Baht 5,660,411,500 to Baht 5,479,687,700 by way of decreasing 36,144,760 registered shares at the par value of Baht 5 per share, in total of Baht 180,723,800. The Company registered the decreased share capital with the Ministry of Commerce on 29 April 2013.

### *Issue of ordinary shares*

At the annual general meeting of the shareholders of the Company held on 28 March 2013, a resolution was passed to approve the issuance of 682,000 ordinary shares at the par value of Baht 5 per share, in total of Baht 3,410,000 to reserve for the exercise of the warrant. The Company registered the increased share capital with the Ministry of Commerce on 9 May 2013.

## Share-based payment

### a) Information of project

At the annual general meeting of the shareholders held on 28 March 2013, the shareholders approved the issuance and offering of warrants to directors and employees of the Company and its subsidiaries. The warrants are offered directly to full-time employees who have qualifications according to the plan.

Issued date:	28 March 2013
Issued:	682,000 units
Exercise price:	23.266 (Baht/unit)
Number of reserved shares:	682,000 units
Offer period:	5 year after first time to offered the warrant
Offer price per unit:	Baht 0 (zero Baht)
Exercise ratio:	One unit of warrant per one ordinary share

### b) Fair value measurement

The measurement is in reference to the fair value of the offered ordinary shares issued at the grant date using Monte Carlo Simulation techniques. The assumptions are as below:

Fair value at grant date	Baht 35.037
Share price at grant date	Baht 35.750
Exercise price	Baht 23.266
Expected volatility	55.392%
Expected dividend	1.119%
Risk-free interest rate	3.074%

### Reconciliation of other reserve-shared-base payment:

	Consolidated financial statements	Separate financial statements
	2013 (in thousand Baht)	2012 (in thousand Baht)
<i>For the year ended 31 December 2013</i>		
At 1 January	-	-
Total expense recognised during year		
in statement of income	2,432	2,432
<b>31 December</b>	<b>2,432</b>	<b>2,432</b>



### *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.

## 21 Reserves

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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.

#### **Fair value changes in available-for-sale investments**

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

## 22 Other comprehensive income

The component of other comprehensive income is as follows:

	Consolidated financial statements		Separate financial statements	
	2013 (in thousand Baht)	2012 (in thousand Baht)	2013 (in thousand Baht)	2012 (in thousand Baht)
<i>For the year ended 31 December</i>				
Foreign currency translation differences for foreign operations	87,607	(8,740)	-	-
Net change in fair value of available-for sale investments	563,663	-	-	-
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
<b>Total other comprehensive income, net of tax</b>	<b>651,270</b>	<b>(111,923)</b>	<b>-</b>	<b>(40,943)</b>

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

Consolidated financial statements						
	2013			2012		
	Amount before tax (in thousand Baht)	Tax income (in thousand Baht)	Net of tax (in thousand Baht)	Amount before tax (in thousand Baht)	Tax income (in thousand Baht)	Net of tax (in thousand Baht)
<i>For the year ended 31 December</i>						
Foreign currency translation						
differences for foreign operations	87,607	-	87,607	(8,740)	-	(8,740)
Net change in fair value of						
available-for sale investments	563,663	-	563,663	-	-	-
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)
<b>Total other comprehensive</b>						
<b>    income</b>	<b>651,270</b>	<b>-</b>	<b>651,270</b>	<b>(133,489)</b>	<b>21,566</b>	<b>(111,923)</b>

Consolidated financial statements						
	2013			2012		
	Amount before tax (in thousand Baht)	Tax income (in thousand Baht)	Net of tax (in thousand Baht)	Amount before tax (in thousand Baht)	Tax income (in thousand Baht)	Net of tax (in thousand Baht)
<i>For the year ended 31 December</i>						
Defined benefit plan actuarial						
losses, net of tax	-	-	-	(51,179)	10,236	(40,943)
<b>Total other comprehensive</b>						
<b>    income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(51,179)</b>	<b>10,236</b>	<b>(40,943)</b>

## 23 Segment information

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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 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. Lao PDRs' main activities are sales and services relating to telephone network business and satellite business services. Australia, China, India and Japan activities are sales and services relating to satellite business.

The Group comprises the following main geographic segments:

Segment 1	Thailand
Segment 2	The Lao People's Democratic Republic.
Segment 3	Australia
Segment 4	China
Segment 5	India
Segment 6	Japan
Segment 7	Others

	Satellite business services		Internet services and media		Telephone network		Consolidation eliminations		Total continuing operations		Discontinued operation		Consolidated financial statements	
	2013 (in million Baht)	2012 (in million Baht)	2013 (in million Baht)	2012 (in million Baht)	2013 (in million Baht)	2012 (in million Baht)	2013 (in million Baht)	2012 (in million Baht)	2013 (in million Baht)	2012 (in million Baht)	2013 (in million Baht)	2012 (in million Baht)	2013 (in million Baht)	2012 (in million Baht)
Revenues	6,964	6,309	204	292	825	697	(97)	(32)	7,896	7,266	41	434	7,937	7,700
Shares of net results from associate	-	-	195	164	-	-	-	-	195	164	-	-	195	164
Cost of sales and services	(4,050)	(3,847)	(184)	(285)	(509)	(386)	48	34	(4,695)	(4,484)	(36)	(863)	(4,731)	(5,347)
Selling and administrative expenses	(1,338)	(1,095)	(69)	(104)	(247)	(335)	64	87	(1,590)	(1,447)	(55)	(89)	(1,645)	(1,536)
Segment results	1,576	1,367	146	67	69	(24)	15	89	1,806	1,499	(50)	(518)	1,756	981
Other income									196	106	-	1	196	107
Gain (loss) on foreign exchange									(270)	19	-	(1)	270	18
Loss on impairment asset									51	(175)	-	-	51	(175)
Profit (loss) before finance cost and income tax														
Finance costs									1,783	1,449	(50)	(518)	1,733	931
Operating profit (loss)									(265)	(420)	(1)	(15)	(266)	(435)
Income tax									1,518	1,029	(51)	(533)	1,467	496
Non-controlling interests									(339)	(346)	-	24	(339)	(322)
Non-controlling interests									-	-	-	-	-	-
<b>Net Profit (loss)</b>									<b>1,179</b>	<b>683</b>	<b>(51)</b>	<b>(509)</b>	<b>1,128</b>	<b>174</b>

	Satellite business services		Internet services and media		Telephone network		Consolidation eliminations		Total continuing operations		Discontinued operation		Consolidated financial statements	
	2013 (in million Baht)	2012 (in million Baht)	2013 (in million Baht)	2012 (in million Baht)	2013 (in million Baht)	2012 (in million Baht)	2013 (in million Baht)	2012 (in million Baht)	2013 (in million Baht)	2012 (in million Baht)	2013 (in million Baht)	2012 (in million Baht)	2013 (in million Baht)	2012 (in million Baht)
Segment assets	25,102	22,032	232	266	1,749	1,430	(378)	(275)	26,705	23,453	-	1,769	26,705	25,222
Loan to other related party	303	289	-	-	-	-	(161)	(156)	142	133	-	-	142	133
Associate	-	-	487	456	-	-	-	-	487	456	-	-	487	456
<b>Total assets</b>	<b>2,829</b>	<b>2,116</b>	<b>154</b>	<b>172</b>	<b>443</b>	<b>285</b>	<b>(189)</b>	<b>(64)</b>	<b>3,237</b>	<b>2,509</b>	<b>-</b>	<b>1,769</b>	<b>3,237</b>	<b>4,278</b>
Segment liabilities	-	-	-	-	291	272	(148)	(139)	143	133	-	-	143	133
Loan from other related party	-	-	-	-	91	114	-	-	8,372	7,161	-	-	8,372	7,161
<b>Total</b>	<b>8,236</b>	<b>6,912</b>	<b>45</b>	<b>135</b>	<b>91</b>	<b>114</b>	<b>-</b>	<b>-</b>	<b>11,752</b>	<b>11,572</b>	<b>-</b>	<b>-</b>	<b>11,752</b>	<b>11,572</b>



Revenue and results, based on geographical segments, in the consolidated financial statements for the years ended 31 December 2013 and 2012 were as follows:

	2013 (in thousand Baht)	2012 (in thousand Baht)
<b>Segment revenue</b>		
Thailand	3,551,941	3,071,801
Lao PDR	893,576	752,822
Australia	1,187,015	1,081,853
China	70,955	16,145
India	345,939	317,325
Japan	714,777	833,289
Others	1,131,654	1,192,678
<b>Total continuing operations</b>	<b>7,895,857</b>	<b>7,265,913</b>
Discontinued operation	41,166	433,753
<b>Total</b>	<b>7,937,023</b>	<b>7,699,666</b>

#### Major customer

For the year ended 31 December 2013 and 2012, the Group has no revenue transactions with a single external customer amount to 10 percent or more of the Group's revenues.

	2013 (in thousand Baht)	2012 (in thousand Baht)
<b>Segment revenue</b>		
Thailand	1,707,858	1,683,400
Lao PDR	142,227	141,643
Australia	281,681	388,201
China	(484,984)	(596,583)
India	(115,653)	(195,220)
Japan	339,663	391,113
Others	(65,088)	(315,505)
<b>Total continuing operations</b>	<b>1,805,704</b>	<b>1,497,049</b>
Discontinued operation	(49,314)	(516,524)
<b>Total</b>	<b>1,756,390</b>	<b>980,525</b>

Other non-current assets based on geographical segments in the consolidated financial statements as at 31 December 2013 and 2012 were as follows:

	2013 (in thousand Baht)	2012 (in thousand Baht)
<i>Other non-current assets</i>		
Thailand	18,809,620	17,201,834
Lao PDR	1,420,887	1,374,070
Australia	143,084	228,729
China	722,554	23,614
India	110,201	163,091
Japan	53,257	102,829
Others	186,527	230,394
<b>Total</b>	<b>21,446,130</b>	<b>19,324,561</b>

## 24 Revenues from sale of goods and rendering of services

	Consolidated financial statements		Separate financial statements	
	2013 (in thousand Baht)	2012 (in thousand Baht)	2013 (in thousand Baht)	2012 (in thousand Baht)
<b>Continuing operation</b>				
Revenues from sale of goods	415,873	581,738	281,949	323,080
Revenues from rendering of services	7,479,984	6,684,175	5,461,164	4,763,037
<b>Total revenue from continuing operation</b>	<b>7,895,857</b>	<b>7,265,913</b>	<b>5,743,113</b>	<b>5,086,117</b>
Discontinued operation	41,166	433,753	-	-
<b>Total</b>	<b>7,937,023</b>	<b>7,699,666</b>	<b>5,743,113</b>	<b>5,086,117</b>

## 25 Other income

		Consolidated financial statements		Separate financial statements	
	Note	2013 (in thousand Baht)	2012 (in thousand Baht)	2013 (in thousand Baht)	2012 (in thousand Baht)
<b>Continuing operation</b>					
Consulting and management fees		-	-	103,789	121,448
Dividend income	10 b), c)	-	-	387,081	319,966
Interest income		41,310	83,377	33,583	65,334
Gain on sale of equipment		2,608	5,243	8,015	56,845
Penalty		104,429	-	104,429	-
Others		47,412	17,488	17,353	37,210
<b>Total other income from continuing operation</b>		<b>195,759</b>	<b>106,108</b>	<b>654,250</b>	<b>600,803</b>
Discontinued operation		62	761	-	-
<b>Total</b>		<b>195,821</b>	<b>106,869</b>	<b>654,250</b>	<b>600,803</b>

## 26 Expenses by nature

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

		Consolidated financial statements		Separate financial statements	
		2013 (in thousand Baht)	2012 (in thousand Baht)	2013 (in thousand Baht)	2012 (in thousand Baht)
<b>Continued operation</b>					
Depreciation of property and equipment		603,880	646,758	226,136	250,657
Amortisation of property and equipment under the agreements for operations, deferred charges and intangible assets		1,483,887	1,493,598	1,471,671	1,480,720
Amortisation of finance costs		2,477	5,577	2,477	5,577
Staff costs		1,247,093	1,146,080	856,143	773,259
<b>Discontinued operation</b>					
Depreciation of property and equipment		-	417,348	-	-
Staff costs		8,459	50,355	-	-

## 27 Provident funds

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 7% of their basic salaries and by the Group at rates ranging from 3% to 7% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

## 28 Income tax expense

		Consolidated financial statements		Separate financial statements	
	Note	2013 (in thousand Baht)	2012 (in thousand Baht)	2013 (in thousand Baht)	2012 (in thousand Baht)
Income tax expense from continuing					
Current tax expense		(167,806)	(211,779)	-	-
Deferred tax expense					
Movement in temporary differences		(171,048)	(105,933)	(176,688)	(145,080)
Income tax reduction - deferred		-	(28,796)	-	(28,796)
Total	13	<u>(171,048)</u>	<u>(134,729)</u>	<u>(176,688)</u>	<u>(173,876)</u>
Total income tax expense from continuing operations		(338,854)	(346,508)	(176,688)	(173,876)
Income tax from discontinued operation	9	(176)	23,923	-	-
Total income tax expense		<u>(339,030)</u>	<u>(322,585)</u>	<u>(176,688)</u>	<u>(173,876)</u>

### Reconciliation of effective tax rate

Consolidated financial statements				
	2013		2012	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit for the year		1,178,763		682,304
Total income tax expense		338,854		346,508
Profit before total income tax expense		1,517,617		1,028,812
Income tax using the Thai corporation tax rate	20	(303,523)	23	(236,627)
Income tax reduction - deferred		-		28,796
Effect of different tax rates in foreign jurisdictions		(75,403)		(147,183)
Income not subject to tax		78,319		108,431
Effect of the income recognised in different periods for account and tax purposes		(9,886)		1,137
Expenses not deductible for tax purposes and expense recognised in different periods for accounting and tax purposes		(37,664)		(94,137)
Recognition of previously unrecognised tax losses		16,392		-
Current year losses for which no deferred tax asset was recognised		(7,089)		(6,925)
<b>Total</b>	<b>23</b>	<b>(338,854)</b>	<b>33</b>	<b>(346,508)</b>

Consolidated financial statements				
	2013		2012	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit for the year		801,688		785,990
Total income tax expense		176,688		173,876
Profit before total income tax expense		978,376		959,866
Income tax using the Thai corporation tax rate	20	(195,675)	23	(220,769)
Income tax reduction - deferred		-		28,796
Income not subject to tax		45,805		63,993
Effect of the income recognised in different periods for account and tax purposes		(9,886)		1,137
Effect of the non-deductible tax expense and expense recognised in different periods for accounting and tax purposes		(16,932)		(47,033)
<b>Total</b>	<b>18</b>	<b>(176,688)</b>	<b>18</b>	<b>(173,876)</b>

### *Income tax reduction*

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

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

## 29 Promotional privileges

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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 2013 the Company has revenue from promoted business of Baht 1,494 million (2012: Baht 1,347 million).



30 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2013 and 2012 were based on the profit 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						
	2013			2012		2013			2012			
	Continuing operations	Discon- tinued operation	Total	Continuing operations	Discon- tinued operation	Total	Continuing operations	Discon- tinued operation	Total	Continuing operations	Discon- tinued operation	Total
	(in thousand Baht / thousand shares)											
Profit (loss) for the year	1,178,763	(51,141)	1,127,622	682,303	(508,403)	173,900	801,688	-	801,688	785,990	-	785,990
Profit (loss) attributable to ordinary shareholders of the Company (basic)	1,178,763	(51,141)	1,127,622	682,303	(508,403)	173,900	801,688	-	801,688	785,990	-	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	1,095,938	1,095,938	1,095,938	1,095,938
Earnings (loss) per share (basic) (in Baht)	1.08	(0.05)	1.03	0.62	(0.46)	0.16	0.73	-	0.73	0.72	-	0.72

### *Diluted earnings per share*

The calculations of diluted earnings per share for the years ended 31 December 2013 and 2012 were based on the profit 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				
	2013					2012				
	Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total	
	(in thousand Baht / thousand shares)									
Profit (loss) for the period	1,178,763	(51,141)	1,127,622	682,303	(508,403)	173,900	801,688	-	801,688	785,990
Profit (loss) attributable to ordinary shareholders of the Company (diluted)	1,178,763	(51,141)	1,127,622	682,303	(508,403)	173,900	801,688	-	801,688	785,990
Weighted average number of ordinary shares outstanding (basic)	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
Effect of exercise of shares options	231	231	231	-	-	-	231	231	231	-
Weighted average number of ordinary shares outstanding (diluted)	1,096,169	1,096,169	1,096,169	1,095,938	1,095,938	1,095,938	1,096,169	1,096,169	1,096,169	1,095,938
Earnings (loss) per share (diluted) (in Baht)	1.08	(0.05)	1.03	0.62	(0.46)	0.16	0.73	-	0.73	0.72

## 31 Dividends

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At the annual general meeting of the shareholders of the Company held on 28 March 2013, the shareholders approved the appropriation of dividend of Baht 0.40 per share, amounting to Baht 438 million. The dividend was paid to shareholders on 24 April 2013.

## 32 Financial instruments

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### *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 2013 and 2012, 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				
	2013		2012	
	Foreign currency (in million)	Baht (in million)	Foreign currency (in million)	Baht (in million)
<b>Assets</b>				
US Dollars	35.45	1,152.02	28.68	877.80
Singapore Dollars	-	-	1.85	46.23
India Rupee	427.91	211.81	428.48	222.60
Japanese Yen	114.57	35.87	327.16	115.99
New Zealand Dollars	1.78	47.93	1.88	47.68
<b>Total</b>		<u>1,447.63</u>		<u>1,310.30</u>
<b>Liabilities</b>				
US Dollars	166.26	5,477.15	115.75	3,545.02
Singapore Dollars	0.03	0.72	0.06	1.62
India Rupee	236.33	133.08	238.06	142.79
Japanese Yen	-	-	266.87	94.61
New Zealand Dollars	0.28	7.66	0.30	7.44
<b>Total</b>		<u>5,618.61</u>		<u>3,791.48</u>

Foreign currency assets mainly represent cash in bank and accounts receivable. Foreign currency liabilities mainly represent trade accounts payable, accounts payable - property and equipment and borrowings.

### *Credit risk*

The Group has no significant concentrations of credit risks. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high quality financial institutions.

### *Liquidity risk*

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations, including finding short term credit facility from various banks for reserve in case of necessary and to mitigate the effects of fluctuations in cash flows.

### *Determination of Fair values*

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The carrying amount of cash and cash equivalents, short-term investments, trade receivables, amounts due from related parties, short-term loans and advances to related parties, trade creditors, accounts payable-property and equipment, amounts due to related parties, and borrowings are assumed to approximate their fair value due to the short maturities of these instruments. The fair values of long-term borrowings and debentures are provided in Note 15.

## **33 Commitments with non-related parties**

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### **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 2013, the remaining minimum fee is Baht 618 million (2012: Baht 684 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 25<sup>th</sup> year, in 2021, the Group has to transfer all of LTC’s shares to the Government of the Lao People’s Democratic Republic without any charges (Note 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 2013, LTC has remaining additional investment of approximately USD 71.54 million (2012: USD 96.82 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”), 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 subsidiaries and an associate operate the business to provide internet, broadcasting and telecommunication services under licenses granted by NTC as follow:

Type of license	Issued Date	Period
<b>License of the Company</b>		
Telecom Operation License Type I	16 August 2011	5 years
Telecom Operation License Type III	26 June 2012	20 years
<b>License of DTV Service Company Limited</b>		
Internet Operation License Type I	18 October 2009	5 years
<b>License of TC Broadcasting Company Limited</b>		
Broadcasting Operation License	4 March 2013	15 years
<b>Licenses of CSL</b>		
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	15 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 292.64 million) for the procurement and installation of Phase IV, V and 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 1% to 4% per annual, respectively. As at 31 December 2013, LTC has recognised the network assets relating to Phase IV, V and VI and the related portion of the loan in the amount of Kip 57.85 billion (approximately Baht 237.20 million) (*2012: Kip 57.85 billion, approximately Baht 219.84 million*) and has paid loan repayment for the loan in the amount of Kip 42.34 billion (approximately Baht 173.60 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 2013, the remaining share option was 0.08 million shares (*2012: 0.08 million shares*).

**f) Operating lease commitments**

As at 31 December 2013 and 2012, the Group has future aggregate minimum lease payments under non-cancellable operating leases are as follows:

		Consolidated financial statements		Separate financial statements	
	Currency	2013 (in thousand Baht)	2012 (in thousand Baht)	2013 (in thousand Baht)	2012 (in thousand Baht)
Within one year	THB	21,919	22,525	21,919	22,525
	YEN	5,717	17,269	-	2,174
	USD	7,342	3,795	7,307	3,760
	Rupee	801	5,577	801	5,577
	Rupiah	56,461	15,000	56,461	15,000
	Ringgit	132	7	132	7
	PHP	1,194	564	1,194	564
	CNY	733	-	733	-
	KIP	301,480	388,530	-	-
	AUD	307	154	-	-
	NZD	164	307	-	-
Total equivalent Baht		286,582	163,599	269,526	142,932

		Consolidated financial statements		Separate financial statements	
	Currency	2013 (in thousand Baht)	2012 (in thousand Baht)	2013 (in thousand Baht)	2012 (in thousand Baht)
After one year but within five years	THB	30,185	48,425	30,185	48,425
	YEN	13,448	13,339	-	-
	USD	12,076	7,798	12,043	7,764
	Rupee	-	801	-	801
	Ringgit	66	-	66	-
	PHP	60	-	60	-
	CNY	183	-	183	-
	KIP	432,636	431,426	-	-
	AUD	331	479	-	-
	NZD	819	819	-	-
Total equivalent Baht		467,023	331,430	428,631	287,869
After five years	THB	5,933	9,475	5,933	9,475
	USD	2,183	2,225	2,183	2,225
	YEN	2,000	6,800	-	-
	KIP	302,513	252,581	-	-
Total equivalent Baht		79,728	81,343	77,856	77,950
Grand total equivalent Baht		833,333	576,372	776,013	508,751

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:

		Consolidated financial statements		Separate financial statements	
	Currency	2013 (in thousand Baht)	2012 (in thousand Baht)	2013 (in thousand Baht)	2012 (in thousand Baht)
Minimum operating agreement fee payable to Ministry of Information Communication and Technology	THB	44,667	65,000	44,667	65,000
	USD	144	166	144	166
	THB	860	552	860	552
Satellite space leasing by customers	USD	2,249	2,008	2,249	2,008
	THB	170,000	447,417	170,000	447,417
	AUD	5,000	5,000	-	-
Letters of credit	USD	-	250	-	-
Others	THB	3,332	3,332	3,322	3,322

## 34 Contingent liabilities

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### 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 426 million) against the said payment received by it from the customers and also levied penalty of Rs. 566.1 million (approximately Baht 299 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') 2009-2010 net amounting to Rs. 498.4 million (approximately Baht 264 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 243 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 86 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.

The Supreme Court of India issued a letter dated 9 November 2011, to inform the agent of the Company's tax consultant of the appeal. Currently, the matter is in process, awaiting the Supreme Court of India's consideration.

## 35 Other events

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- a) According to the judgment of the Supreme Court, Criminal Division for Persons Holding Political Positions rendered on 26 February 2010, concerns the Company and its affiliated companies in many aspects. The Company is of the opinion that the consequence of the judgment is limited to the holding that some property of the person holding political position was improperly acquired by an abuse of power while being in a political position. The judgment does not contain any order indicating that the Company or its affiliated companies shall take any actions as the Company is not involved to the case. The Company and its affiliated companies have been operating to the best of its ability in accordance with the law and the agreements and in good faith. The Company and its affiliated companies have every right available under the law and agreements to provide the facts to prove its innocence and good faith in any proceeding which may be initiated by the relevant government agencies in accordance with the law and justice.
- b) On 19 April 2007, Mr. Supong Limthanakul brought legal actions against the National Telecommunications Commission (“NTC”), the office of the NTC and the Ministry of Information and Communication Technology (“MICT”) in the Central Administrative Court (“CAC”) on the ground that the three state agencies neglected to perform their duties in overseeing whether the Company has been carrying on its telecommunications business lawfully after the sale of Shin Corporation Public Company Limited’s shares to the new shareholder.

CAC issued an order dated 8 April 2009 making the Company the fourth respondent in order to allow the Company to file the Reply to the petitioner’s claim including evidence, documentary or otherwise to CAC and the Company filed the Reply and supporting evidence in July 2009. On 10 June 2011, CAC has dismissed the verdict.

On 8 July 2011, Mr. Supong 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.

## 36 Events after the reporting period

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

At the Board of Directors’ meeting of the Company held on 13 February 2014, the directors passed a resolution to approve the appropriation of dividends of Baht 0.45 per share, amounting to Baht 493 million. The proposed dividends must be approved by the shareholders at their meeting.

- b) *Acquisition of ordinary shares in Orion Satellite Systems Pty Limited (“OSS”) by IPSTAR Australia Pty Limited (“IPA”), a subsidiary of the Company*

On 7 February 2014, IPA had acquired 5.96 million ordinary shares of OSS from Orion Satellite Investment Limited, equivalent to 100% of registered share capital of OSS, totalling of AUD 5.96 million.

- c) *Dividend payment of Lao Telecommunications Company Limited (“LTC”)*

At the annual general meeting of the shareholders of LTC held on 29 January 2014, the shareholders approved the appropriation of dividend from 2013 operation of USD 15 million.

- d) *Proposed dividend payment of CS Loxinfo Public Company Limited (“CSL”)*

At the Board of Directors’ meeting of CSL held on 12 February 2014, the directors passed a resolution to approve the appropriation of dividends of Baht 0.35 per share, amounting to Baht 208 million. The proposed dividends must be approved by the shareholders at their meeting.

- e) *Proposed bonus share payment of Synertone Communication Corporation (“Synertone”)*

At the extra general meeting of Synertone held on 10 February 2014, the Shareholders passed a resolution to approve the bonus issue of shares on the basis of four bonus shares for every one existing share. IPSTAR International Company Limited is eligible to get the Bonus issue of shares amounting to 256 million shares.

- f) *Issuance and offering of debenture*

On 13 February 2014, the Board of Directors of the Company had a resolution to issue and offer of debenture of the Company total amount not exceeding 7,000 MB, with term up to 10 years which has objective for capital expenditure investment and / or refinancing and / or for general working capital, in which the Board of Directors would consider and approve matters related to the issuance and offering of debentures. However, the matter shall subsequently be proposed to the Annual General Meeting of Shareholders for the year 2014 for their consideration and approval.

### 37 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group has not adopted the new and revised TFRS that have been issued 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 1 (revised 2012)	Presentation of financial statements	2014
TAS 7 (revised 2012)	Statement of Cash Flows	2014
TAS 12 (revised 2012)	Income Taxes	2014
TAS 17 (revised 2012)	Leases	2014
TAS 18 (revised 2012)	Revenue Recognition	2014
TAS 19 (revised 2012)	Employee Benefits	2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	2014
TAS 24 (revised 2012)	Related Party Disclosures	2014
TAS 28 (revised 2012)	Investments in Associates	2014
TAS 31 (revised 2012)	Interests in Joint Ventures	2014
TAS 34 (revised 2012)	Interim Financial Reports	2014
TAS 36 (revised 2012)	Impairment of Assets	2014
TAS 38 (revised 2012)	Intangible Assets	2014
TFRS 2 (revised 2012)	Share-based Payment	2014
TFRS 3 (revised 2012)	Business Combinations	2014
TFRS 5 (revised 2012)	Non-current Assets held for Sale and Discontinued Operations	2014
TFRS 8 (revised 2012)	Operating Segments	2014
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2014
TFRIC 4	Determining whether an Arrangement contains a Lease	2014
TFRIC 10	Interim Financial Reporting and Impairment	2014
TFRIC 12	Service Concession Arrangements	2014
TIC 29	Service Concession Arrangements - Disclosure	2014



Management expects to adopt and apply these new and revised 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 these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

#### *TFRIC 12 – Service Concession Arrangements*

TFRIC 12 gives guidance on the accounting by operators for public-to-private service concession agreements. These infrastructures include constructs or acquires from a third party for the purpose of the service arrangement and existing infrastructure to which the grantor gives the operator access for the purpose of the service arrangement.

The Company is the operator that operates under concession agreement for satellite business. So the Company is operator under TFRIC 12. The Company is currently considering the impact to the financial statements.

### 38 Reclassification of accounts

Certain accounts in the 2012 financial statements have been reclassified to conform to the presentation in the 2013 financial statements.

2012						
	Consolidated financial statements			Separate financial statements		
	Before reclass (in million Baht)	Reclass (in million Baht)	After reclass (in million Baht)	Before reclass (in million Baht)	Reclass (in million Baht)	After reclass (in million Baht)
<i>Statement of financial position</i>						
Cash and cash equivalent	2,267,621	(210,212)	2,057,409	870,591	(210,212)	660,379
Current investment	-	210,212	210,212	-	210,212	210,212
Other current assets	92,400	(52,285)	40,115	-	-	-
Income tax payable	(158,891)	52,285	106,606	-	-	-
		-			-	
<i>Statement of income</i>						
Administrative expenses	1,239,783	7,368	1,247,151	646,301	7,137	653,438
Directors and management benefit expenses	66,466	(7,368)	59,098	66,235	(7,137)	59,098
		-			-	

## **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 stand-alone net profits, and shall not exceed the retained earnings as shown in the Company's Financial Statement. However, the dividend payment shall not materially affect our investment plans and operations, and depends on cash flows as well as any other future obligations of Company and subsidiaries and any obligations with the financial institutions.

## **b. Dividend policy of the subsidiaries and associated companies**

The company's subsidiaries and associated companies have dividend policies in line with that of the company. The Board of Directors of the Company and those of its subsidiaries and associated companies will consider and propose dividend payments to shareholders for approval, subject to their investment plans and financial needs or unless the payment of dividends would materially affect their 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 re-converting them to pictures when they are received.

## Digital Direct-to-Home (DTH)

Digital signals transmitted directly to the customer's home.

## Digital Subscriber Line (DSL)

A technology that provides digital data transmission over the wires of a local telephone network. Typically, the download speed of consumer DSL services ranges from 256 kilobits per second (Kbps) to 24,000 Kbps, depending on DSL technology, line conditions and service level implemented.

## Downlink

After a ground station 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.

### 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 26 GHz and 29 GHz 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 5 GHz. 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.

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## Investor Information

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THAIKOM 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.



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The first part of the paper discusses the importance of the research and the objectives of the study. It then moves on to a literature review, which provides a background on the topic and identifies the gaps in the existing research. The methodology section describes the research design, data collection, and analysis. The results section presents the findings of the study, and the conclusion summarizes the main points and offers suggestions for future research.

The study was conducted in a laboratory setting, where participants were asked to perform a series of tasks. The tasks were designed to measure the participants' ability to perform under different conditions. The results of the study show that there is a significant difference in performance between the two groups. This difference is attributed to the differences in the experimental conditions. The study also found that the participants' performance improved over time, which suggests that practice can lead to better performance.

The study has several limitations, which include a small sample size and a lack of control over the experimental conditions. Despite these limitations, the study provides valuable insights into the topic. The findings suggest that there is a need for further research in this area, particularly in relation to the effects of practice on performance. The study also highlights the importance of controlling the experimental conditions in order to obtain accurate results.

In conclusion, the study shows that there is a significant difference in performance between the two groups. This difference is attributed to the differences in the experimental conditions. The study also found that the participants' performance improved over time, which suggests that practice can lead to better performance. The study has several limitations, which include a small sample size and a lack of control over the experimental conditions. Despite these limitations, the study provides valuable insights into the topic. The findings suggest that there is a need for further research in this area, particularly in relation to the effects of practice on performance. The study also highlights the importance of controlling the experimental conditions in order to obtain accurate results.



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