

**Thaicom Public Company Limited
and its Subsidiaries**

Annual financial statements
and
Audit report of Certified Public Accountant

For the years ended
31 December 2011 and 2010

Audit report of Certified Public Accountant

To the shareholders of Thaicom Public Company Limited

I have audited the accompanying consolidated and separate statements of financial position as at 31 December 2011 and 2010, and the related statements of income, comprehensive income, changes in equity and cash flows for the years then ended of Thaicom Public Company Limited and its subsidiaries, and of Thaicom Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2011 and 2010 and the results of operations and cash flows for the years then ended of Thaicom Public Company Limited and its subsidiaries, and of Thaicom Public Company Limited, respectively, in accordance with Financial Reporting Standards.

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

(Winid Silamongkol)
Certified Public Accountant
Registration No. 3378

KPMG Phoomchai Audit Ltd.
Bangkok
14 February 2012

Thaicom Public Company Limited and its Subsidiaries

Statements of financial position

As at 31 December 2011 and 2010

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

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

Thaicom Public Company Limited and its Subsidiaries

Statements of financial position

As at 31 December 2011 and 2010

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

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

Thaicom Public Company Limited and its Subsidiaries

Statements of financial position

As at 31 December 2011 and 2010

| Liabilities and equity | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|--------------------------------------|-----------------------|----------------------------------|-----------------------|
| | | 2011 | 2010 (Restated) | 2011 | 2010 (Restated) |
| <i>(in Baht)</i> | | | | | |
| Equity | | | | | |
| Share capital | 20 | | | | |
| Authorised share capital | | 5,660,411,500 | 5,660,411,500 | 5,660,411,500 | 5,660,411,500 |
| Issued and paid-up share capital | | 5,479,687,700 | 5,479,687,700 | 5,479,687,700 | 5,479,687,700 |
| Additional paid-in capital | | | | | |
| Premium on ordinary shares | 20 | 4,301,989,672 | 4,301,989,672 | 4,301,989,672 | 4,301,989,672 |
| Retained earnings | | | | | |
| Appropriated | | | | | |
| Legal reserve | 21 | 413,853,344 | 413,853,344 | 413,853,344 | 413,853,344 |
| Unappropriated | | 3,732,488,641 | 4,222,514,573 | 2,173,491,842 | 2,649,488,175 |
| Other components of equity | | 211,349,446 | 80,310,004 | - | - |
| Equity attributable to owners of the Company | | 14,139,368,803 | 14,498,355,293 | 12,369,022,558 | 12,845,018,891 |
| Non-controlling interests | | 37,078,325 | 44,872,906 | - | - |
| Total equity | | 14,176,447,128 | 14,543,228,199 | 12,369,022,558 | 12,845,018,891 |
| Total liabilities and equity | | 27,215,562,461 | 25,868,107,607 | 22,201,339,576 | 20,827,278,085 |

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

Thaicom Public Company Limited and its Subsidiaries

Statements of income

For the years ended 31 December 2011 and 2010

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

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

Thaicom Public Company Limited and its Subsidiaries

Statements of comprehensive income

As at 31 December 2011 and 2010

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

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

Thaicom Public Company Limited and its Subsidiaries
Statements of changes in equity
As at 31 December 2011 and 2010

| Consolidated financial statements | | | | | | | | | | |
|---|--|----------------------|--------------------|----------------------|--|--|---|---|----------------------------------|-----------------------|
| | <u>Retained earnings</u> | | | | <u>Other components of equity</u> | | | | | |
| Note | Issued and paid-up share capital | Share premium | Legal reserve | Unappropriated | Cumulative gain on dilution of investment in a subsidiary and an associate <i>(in Baht)</i> | Currency translation differences | Total other components of equity | Equity attributable to owners of the Company | Non- controlling interests | Total equity |
| Balance at 1 January 2010 - as reported | 5,479,687,700 | 4,301,989,672 | 413,853,344 | 5,146,786,449 | 349,347,698 | (108,967,271) | 240,380,427 | 15,582,697,592 | 43,112,513 | 15,625,810,105 |
| Impact of changes in accounting policies | 4 | - | - | (118,564,820) | - | - | - | (118,564,820) | (67,549) | (118,632,369) |
| Balance at 1 January 2010 - restated | 5,479,687,700 | 4,301,989,672 | 413,853,344 | 5,028,221,629 | 349,347,698 | (108,967,271) | 240,380,427 | 15,464,132,772 | 43,044,964 | 15,507,177,736 |
| Transactions with owners, recorded directly in equity | | | | | | | | | | |
| Unrealised loss from decrease in shareholding in a subsidiary and an associate | - | - | - | - | (15,517,427) | - | (15,517,427) | (15,517,427) | - | (15,517,427) |
| Total transactions with owners, recorded directly in equity | - | - | - | - | (15,517,427) | - | (15,517,427) | (15,517,427) | - | (15,517,427) |
| Comprehensive income for the year | | | | | | | | | | |
| Profit or (loss) | - | - | - | (805,707,056) | - | - | - | (805,707,056) | 6,261,273 | (799,445,783) |
| Other comprehensive income | 22 | - | - | - | - | (144,552,996) | (144,552,996) | (144,552,996) | (4,433,331) | (148,986,327) |
| Total comprehensive income for the year | - | - | - | (805,707,056) | - | (144,552,996) | (144,552,996) | (950,260,052) | 1,827,942 | (948,432,110) |
| Balance at 31 December 2010 | 5,479,687,700 | 4,301,989,672 | 413,853,344 | 4,222,514,573 | 333,830,271 | (253,520,267) | 80,310,004 | 14,498,355,293 | 44,872,906 | 14,543,228,199 |

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

Thaicom Public Company Limited and its Subsidiaries
Statements of changes in equity
As at 31 December 2011 and 2010

| | | Consolidated financial statements | | | | | | | | | |
|--|-------------|--|----------------------|--------------------|----------------------|--|--|---|---|----------------------------------|-----------------------|
| | | Retained earnings | | | | Other components of equity | | | | | |
| | | Issued and paid-up share capital | Share premium | Legal reserve | Unappropriated | Cumulative gain on dilution of investment in a subsidiary and an associate <i>(in Baht)</i> | Currency translation differences | Total other components of equity | Equity attributable to owners of the Company | Non- controlling interests | Total equity |
| | <i>Note</i> | | | | | | | | | | |
| Balance at 1 January 2011 - as reported | | 5,479,687,700 | 4,301,989,672 | 413,853,344 | 4,357,853,344 | 333,830,271 | (253,520,267) | 80,310,004 | 14,633,694,064 | 44,958,094 | 14,678,652,158 |
| Impact of changes in accounting policies | 4 | - | - | - | (135,338,771) | - | - | - | (135,338,771) | (85,188) | (135,423,959) |
| Balance at 1 January 2011 - restated | | 5,479,687,700 | 4,301,989,672 | 413,853,344 | 4,222,514,573 | 333,830,271 | (253,520,267) | 80,310,004 | 14,498,355,293 | 44,872,906 | 14,543,228,199 |
| Transactions with owners, recorded directly in equity | | | | | | | | | | | |
| Unrealised gain from decrease in shareholding in an associate | | - | - | - | - | (2,463,843) | - | (2,463,843) | (2,463,843) | - | (2,463,843) |
| Net income recognised directly in equity | | - | - | - | - | (2,463,843) | - | (2,463,843) | (2,463,843) | - | (2,463,843) |
| Comprehensive income for the year | | | | | | | | | | | |
| Loss | | - | - | - | (490,025,932) | - | - | - | (490,025,932) | (12,218,603) | (502,244,535) |
| Other comprehensive income | 22 | - | - | - | - | - | 133,503,285 | 133,503,285 | 133,503,285 | 4,424,022 | 137,927,307 |
| Total comprehensive income for the year | | - | - | - | (490,025,932) | - | 133,503,285 | 133,503,285 | (356,522,647) | (7,794,581) | (364,317,228) |
| Balance at 31 December 2011 | | 5,479,687,700 | 4,301,989,672 | 413,853,344 | 3,732,488,641 | 331,366,428 | (120,016,982) | 211,349,446 | 14,139,368,803 | 37,078,325 | 14,176,447,128 |

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

Thaicom Public Company Limited and its Subsidiaries

Statements of changes in equity

As at 31 December 2011 and 2010

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

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

Thaicom Public Company Limited and its Subsidiaries

Statements of cash flows

For the years ended 31 December 2011 and 2010

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

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

Thaicom Public Company Limited and its Subsidiaries

Statements of cash flows

For the years ended 31 December 2011 and 2010

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

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

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

| Note | Contents |
|-------------|--|
| 1 | General information |
| 2 | Basis of preparation of the financial statements |
| 3 | Impact of severe flooding in Thailand |
| 4 | Changes in accounting policies |
| 5 | Significant accounting policies |
| 6 | Related party transactions and balances |
| 7 | Cash and cash equivalents |
| 8 | Trade and other accounts receivable |
| 9 | Inventories |
| 10 | Investments in subsidiaries, jointly-controlled entities and associates |
| 11 | Property and equipment |
| 12 | Property and equipment under agreements for operation, deferred charges and intangible assets |
| 13 | Deferred tax |
| 14 | Other non-current assets |
| 15 | Interest-bearing liabilities |
| 16 | Trade and other accounts payable |
| 17 | Other current liabilities |
| 18 | Employee benefit obligations |
| 19 | Other liabilities |
| 20 | Share capital and warrants |
| 21 | Provisions |
| 22 | Other comprehensive income |
| 23 | Segment information |
| 24 | Revenues from sale of goods and rendering of services |
| 25 | Other income |
| 26 | Expenses by nature |
| 27 | Provident funds |
| 28 | Income tax expense |
| 29 | Promotional privileges |
| 30 | Loss per share |
| 31 | Financial instruments |
| 32 | Commitments with non-related parties |
| 33 | Contingent liabilities |
| 34 | Other events |
| 35 | Events after the reporting period |
| 36 | Thai Financial Reporting Standards (TFRS) not yet adopted |
| 37 | Reclassification of accounts |

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

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 14 February 2012

1 General information

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

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

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

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

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

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

Details of the Company’s subsidiaries and jointly controlled entities as at 31 December 2011 and 2010 were as follows:

| Name of the entity | Type of business | Country of incorporation | Ownership Interest (%) | |
|------------------------------|--|----------------------------|------------------------|-------|
| | | | 2011 | 2010 |
| <i>Direct subsidiaries</i> | | | | |
| DTV Service Company Limited | Providing meeting center via internet and broadband content services and sale of direct television equipment | Thailand | 100 | 100 |
| iPSTAR Company Limited | Providing Thaicom 4 transponder services | The British Virgin Islands | 99.96 | 99.94 |
| Star Nucleus Company Limited | Providing broadband technological services via Thaicom 4 satellite | The British Virgin Islands | 100 | 70 |

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

| Name of the entity | Type of business | Country of incorporation | Ownership Interest (%) | |
|---|--|------------------------------|------------------------|-------|
| | | | 2011 | 2010 |
| 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 service | Mauritius | 100 | 100 |
| Cambodian DTV Network Limited | Sale of direct television equipment | Cambodia | 100 | 100 |
| <i>Indirect subsidiaries</i> | | | | |
| <i>Subsidiary of DTV Service Company Limited</i> | | | | |
| NTU (Thailand) Company Limited | Provide organizing services related to conduct training, educational seminar and spread the various kind of knowledge. | Thailand | - | 88.52 |
| <i>Subsidiaries of iPSTAR Company Limited</i> | | | | |
| IPSTAR Australia Pty Limited | Sale of user terminal of Thaicom 4 and providing Thaicom 4 transponder services in Australia. | Australia | 100 | 100 |
| IPSTAR New Zealand Company Limited | Sale of user terminal of Thaicom 4 and providing Thaicom 4 transponder services in New Zealand | New Zealand | 100 | 100 |
| <i>Jointly-controlled entities</i> | | | | |
| Shenington Investments Pte Limited | Holding company for investment in international telecommunications | Singapore | 51 | 51 |
| <i>Subsidiaries of Shenington Investments Pte Limited</i> | | | | |
| Mfone Company Limited | Providing fixed line, mobile phone and internet services | Cambodia | 51 | 51 |
| <i>Jointly- controlled of Shenington Investments Pte Limited</i> | | | | |
| Lao Telecommunications Company Limited | Providing fixed line, mobile phone, public phone, public international facilities and internet services | Lao PDR | 24.99 | 24.99 |

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

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

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) and guidelines promulgated by the Federation of Accounting Professions (“FAP”), applicable rules and regulations of the Thai Securities and Exchange Commission

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

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

(b) Basis of measurement

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

(c) Presentation currency

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

(d) Use of estimates and judgements

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

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

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

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

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

3 Impact of severe flooding in Thailand

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

4 Changes in accounting policies

(a) Overview

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

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

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

(b) Presentation of financial statements

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

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

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

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

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

(c) Accounting for business combinations

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

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

Acquisitions on or after 1 January 2011

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

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

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

Acquisitions between 1 January 2008 and 31 December 2010

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

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

Acquisitions prior to 1 January 2008

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

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

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

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

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

(e) Accounting for property, plant and equipment

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

The principal changes introduced by the revised TAS 16 and affecting the Group are that (i) costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation; (ii) the depreciation charge has to be determined separately for each significant part of an asset; and (iii) in determining the depreciable amount, the residual value of an item of property, plant and equipment has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

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

(f) Accounting for borrowing costs

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

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

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

(g) Accounting for employee benefits

The Group has adopted TAS 19 Employee Benefits.

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

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

(h) Accounting for share-based payments

The Group has adopted TFRS 2 Share-based Payment.

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

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

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

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

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

| | Consolidated financial statements | | | Separate financial statements | | |
|--|--------------------------------------|------------------|-----------|----------------------------------|-----------------|-----------|
| | As reported | Adjustment | Restated | As reported | Adjustment | Restated |
| <i>Statements of financial position as at 1 January 2010</i> | | | | | | |
| Assets | | | | | | |
| Non-current assets | | | | | | |
| Investments in associate | 418,505 | (17,975) | 400,530 | - | - | - |
| Deferred tax assets | 868,081 | 34,173 | 902,254 | 763,184 | 24,113 | 787,297 |
| Total | | 16,198 | | | 24,113 | |
| Liabilities | | | | | | |
| Current liabilities | | | | | | |
| Accrued expenses | 232,547 | 3,139 | 235,686 | 143,775 | 2,862 | 146,637 |
| Total | | 3,139 | | | 2,862 | |
| Non-current liabilities | | | | | | |
| Long-term employee benefit obligations | - | 131,691 | 131,691 | - | 77,515 | 77,515 |
| Total | | 131,691 | | | 77,515 | |
| Total | | 134,830 | | | 80,377 | |
| Equity | | | | | | |
| Unappropriated retain earnings | 5,146,786 | (118,565) | 5,028,221 | 3,476,747 | (56,264) | 3,420,483 |
| Non-controlling interests | 43,113 | (68) | 43,045 | - | - | - |
| Total | | (118,633) | | | (56,264) | |

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

| | Consolidated financial statements | | | Separate financial statements | | |
|---|--|------------------|-------------|--|-----------------|-----------|
| | As reported | Adjustment | Restated | As reported | Adjustment | Restated |
| <i>(in thousand Baht)</i> | | | | | | |
| Statements of financial position as at 31 December 2010 | | | | | | |
| Assets | | | | | | |
| Non-current assets | | | | | | |
| Investments in associate | 459,264 | (19,396) | 439,868 | - | - | - |
| Deferred tax assets | 1,118,532 | 39,305 | 1,157,837 | 1,025,621 | 27,813 | 1,053,434 |
| Total | | 19,909 | | | 27,813 | |
| Liabilities | | | | | | |
| Current liabilities | | | | | | |
| Accrued expenses | 256,991 | 4,457 | 261,448 | 162,314 | 4,108 | 166,422 |
| Total current liabilities | | 4,457 | | | 4,108 | |
| Non-current liabilities | | | | | | |
| Long-term employee benefit obligations | - | 150,876 | 150,876 | - | 88,604 | 88,604 |
| Total | | 150,876 | | | 88,604 | |
| Total | | 155,333 | | | 92,712 | |
| Equity | | | | | | |
| Unappropriated retain earnings | 4,357,853 | (135,339) | 4,222,514 | 2,714,387 | (64,899) | 2,649,488 |
| Non-controlling interests | 44,958 | (85) | 44,873 | - | - | - |
| Total | | (135,424) | | | (64,899) | |
| <i>(in thousand Baht)</i> | | | | | | |
| Statements of income for the year ended 31 December 2010 | | | | | | |
| Share of profit of associate | 169,629 | (1,420) | 168,209 | - | - | - |
| Administrative expenses | (1,172,521) | (11,628) | (1,184,149) | (664,459) | (7,504) | (671,963) |
| Directors and management benefit expenses | (43,280) | (617) | (43,897) | (42,777) | (617) | (43,394) |
| Finance costs | (488,154) | (8,259) | (496,413) | (422,313) | (4,214) | (426,527) |
| Income tax | 129,816 | 5,132 | 134,948 | 262,437 | 3,700 | 266,137 |
| Total | | (16,792) | | | (8,635) | |
| Profit (loss) attributable to | | | | | | |
| Owners of the Company | (788,933) | (16,774) | (805,707) | (762,360) | (8,635) | (770,995) |
| Non-controlling interests | 6,279 | (18) | 6,261 | - | - | - |
| | | (16,792) | | | (8,635) | |
| Loss per share | | | | | | |
| Basic | (0.72) | | (0.74) | (0.70) | | (0.70) |
| Diluted | (0.72) | | (0.74) | (0.70) | | (0.70) |

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

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

| | Consolidated financial statements | | | Separate financial statements | | |
|--|--------------------------------------|-------------------------|----------------------|----------------------------------|------------------------|----------------------|
| | Before recognition | Recognised | After recognition | Before recognition | Recognised | After recognition |
| <i>(in thousand Baht)</i> | | | | | | |
| Statements of financial position as at 31 December 2011 | | | | | | |
| Assets | | | | | | |
| Non-current assets | | | | | | |
| Investments in associate | 474,834 | (23,377) | 451,457 | - | - | - |
| Deferred tax assets | 805,130 | <u>33,277</u> | 838,407 | 681,490 | <u>19,905</u> | 701,395 |
| Total | | <u>9,900</u> | | | <u>19,905</u> | |
| Liabilities | | | | | | |
| Current liabilities | | | | | | |
| Trade and other accounts payable | 723,418 | <u>4,457</u> | 727,875 | 341,435 | <u>4,044</u> | 345,479 |
| Total current liabilities | | <u>4,457</u> | | | <u>4,044</u> | |
| Non-current liabilities | | | | | | |
| Long-term employee benefit obligations | - | <u>167,308</u> | 167,308 | - | <u>95,542</u> | 95,542 |
| Total | | <u>167,308</u> | | | <u>95,542</u> | |
| Total | | <u>171,765</u> | | | <u>99,586</u> | |
| Equity | | | | | | |
| Unappropriated retain earnings | 3,894,354 | (161,865) | 3,732,489 | 2,253,174 | (79,682) | 2,173,492 |
| Non-controlling interests | 37,078 | <u>-</u> | 37,078 | - | <u>-</u> | - |
| Total | | <u>(161,865)</u> | | | <u>(79,682)</u> | |

| | Consolidated financial statements | | | Separate financial statements | | |
|---|--------------------------------------|------------------------|----------------------|----------------------------------|-----------------------|----------------------|
| | Before recognition | Recognised | After recognition | Before recognition | Recognised | After recognition |
| <i>(in thousand Baht)</i> | | | | | | |
| Statements of income for the year ended 31 December 2011 | | | | | | |
| Share of profit of associate | 142,806 | (1,516) | 141,290 | - | - | - |
| Administrative expenses | (1,290,368) | (10,852) | (1,301,220) | (639,744) | (7,392) | (647,136) |
| Directors and management benefit expenses | (67,449) | 5,352 | (62,097) | (66,945) | 5,352 | (61,593) |
| Finance costs | (470,310) | (8,575) | (478,885) | (411,166) | (4,834) | (416,000) |
| Income tax | (480,104) | <u>(2,610)</u> | (482,714) | (350,665) | <u>(1,375)</u> | (352,040) |
| Total | | <u>(18,201)</u> | | | <u>(8,249)</u> | |
| Loss attributable to | | | | | | |
| Owners of the Company | (471,844) | (18,182) | (490,026) | (467,747) | (8,249) | (475,996) |
| Non-controlling interests | (12,200) | <u>(19)</u> | (12,219) | - | <u>-</u> | - |
| | | <u>(18,201)</u> | | | <u>(8,249)</u> | |
| Loss per share | | | | | | |
| Basic | (0.43) | | (0.45) | (0.43) | | (0.43) |
| Diluted | (0.43) | | (0.45) | (0.43) | | (0.43) |

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

5 Significant accounting policies

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

(a) Basis of consolidation

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

Business combinations

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

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

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

Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net 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.

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

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.

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

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

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly-controlled entities are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Gain (loss) on dilution from investment

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

(b) Foreign currency transactions

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

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

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

Foreign entities

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

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

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

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

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

(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.

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

(g) Investments

Investments in subsidiaries, jointly-controlled entities and associate

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

Disposal of investments

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

(h) Property and equipment

Owned assets

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

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

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

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

Subsequent costs

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

Depreciation

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

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

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

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

No depreciation is provided on assets under construction.

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

(i) *Property and equipment under agreements for operation*

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

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

(j) *Deferred charges*

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

(k) *Intangible assets*

Goodwill

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

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

Research and development

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

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

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated from the commencement of the commercial production of the product on a straight-line method over the period of their expected benefit, not exceeding 20 years.

Other intangible assets

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

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

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

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

(l) Impairment

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

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

Calculation of recoverable amount

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

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

Reversals of impairment

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

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

(m) Long-term lease agreements

Leases - where the Group is the lessee

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

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

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

Leases - where the Group is the lessor

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

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

(n) *Interest-bearing liabilities*

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

(o) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

(p) *Employee Benefit*

Defined contribution plans

The Group operates a provident fund, which is a defined contribution plan. The assets of which are held in a separate trust fund which is managed by external fund manager. The provident fund is funded by payments from employees and by the relevant Group companies. Contributions to the provident fund are charged to the statements of income in the year to which they relate.

Post-employment benefits and other long-term employee benefits

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

Short-term employee benefits

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

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

Share-based payments

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

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

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

(q) Provisions

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

Warranties

A provision for warranties is recognised when the underlying or services are sold. The provision is based on historical expense related to warranty data and a weighting of all possible outcomes against their associated probabilities.

(r) Revenue

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

Sale of goods and services rendered

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

Revenue and cost of sales of gateway equipment with installation are recognised using the percentage of completion method. The stage of completion is measured by reference to the related contract costs incurred for work performed to date compared with the estimated total costs for the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Revenue from rendering transponder services and services related to the satellite business, internet services, and other business related to the internet business, and telephone services is recognised when the said services are provided to customers and there are certainties regarding recovery of the consideration due.

Revenue from leases on equipment is recognised over the period and at the rate of the leasing contract.

Revenue arising from royalties is recognised on an accrual basis in accordance with the substance of the relevant agreements.

Interest and dividend income

Interest income is recognised in the statement of income as it accrues. Dividend income is recognised in the statement of income on the date the Group's right to receive payments is established.

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

(s) Finance costs

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

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

(t) Lease payment

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

Determining whether an arrangement contains a lease

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

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

(u) Income tax

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

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

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

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

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

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

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

6 Related party transactions and balances

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company is controlled by Shin Corporation Public Company Limited (“Intouch”) (incorporated in Thailand), which owns 41.14% (2010: 41.14%) of the Company’s shares. Transactions with Intouch Group, Cedar Group, Aspen Group, and Temasek Group are recognised as related party transactions of the Group.

Sales and service transactions with related parties were conducted under normal commercial terms and conditions, which were the same as for other customers. Consulting and management services were charged at an agreed percentage of assets. Transactions between the Company and Codespace, Inc. were conducted based on hourly rates plus reimbursement of actual expenses.

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

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

| | Consolidated | | Separate | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | financial statements | financial statements | financial statements | financial statements |
| | 2011 | 2010 | 2011 | 2010 |
| | <i>(in thousand Baht)</i> | | | |
| Revenues | | | | |
| <i>Revenues from sale of goods and rendering of services</i> | | | | |
| Subsidiaries | - | - | 1,346,351 | 900,367 |
| Jointly-controlled entities | 8,888 | 20,181 | 354 | 3,025 |
| Associate | 10,284 | 13,513 | 10,080 | 13,378 |
| Related parties under common control | 62,018 | 63,726 | 51,387 | 54,127 |
| Other related party | 904 | 1,321 | - | - |
| <i>Other income</i> | | | | |
| Subsidiaries | - | - | 112,825 | 135,536 |
| Jointly-controlled entities | 1,753 | 1,008 | 3,577 | 2,058 |
| Total revenue | 83,847 | 99,749 | 1,524,574 | 1,108,491 |
| Expenses | | | | |
| <i>Purchases of goods and services</i> | | | | |
| Subsidiaries | - | - | 48,098 | 41,979 |
| Jointly-controlled entities | 3,683 | 3,758 | 7,514 | 7,669 |
| Associate | 20,854 | 9,853 | 20,684 | 9,783 |
| Related party under common control | 1,168 | 49 | 25 | 49 |
| Other related parties | 37,325 | 22,659 | 13,552 | 13,432 |
| <i>Selling and administrative expenses</i> | | | | |
| Subsidiaries | - | - | 1,769 | 4,044 |
| Jointly-controlled entities | 176 | 659 | 262 | 1,251 |
| Associate | 3,087 | 4,034 | 2,758 | 3,047 |
| Related parties under common control | 15,024 | 28,772 | 10,528 | 14,146 |
| Other related party | - | 317 | - | - |
| Directors and management benefit expenses | 62,746 | 44,485 | 62,242 | 43,981 |
| <i>Other expenses</i> | | | | |
| Other related party | 609 | - | - | - |
| Total expenses | 144,672 | 114,586 | 167,432 | 139,381 |

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

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

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

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

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

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

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

| | Consolidated financial statements | | Separate financial statements | |
|---|--|------------|--|----------------|
| | 2011 | 2010 | 2011 | 2010 |
| | <i>(in thousand Baht)</i> | | | |
| Other current assets - related parties | | | | |
| Subsidiaries | - | - | 357 | 11,771 |
| Jointly-controlled entity | 621 | 186 | 1,267 | 313 |
| Related parties under common control | - | 16 | - | 16 |
| Total | 621 | 202 | 1,624 | 12,100 |
| Long term loan to subsidiary | - | - | 28,352 | 208,540 |

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

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

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

| | Consolidated financial statements | | Separate financial statements | |
|---|--|---------------|--|---------------|
| | 2011 | 2010 | 2011 | 2010 |
| | <i>(in thousand Baht)</i> | | | |
| Trade accounts payable - related parties | | | | |
| Subsidiary | - | - | 201 | 726 |
| Jointly-controlled entity | 328 | 274 | 332 | 332 |
| Associate | 5,547 | 11,546 | 5,533 | 11,518 |
| Related parties under common control | 7,882 | 7,974 | 263 | 417 |
| Total | 13,757 | 19,794 | 6,329 | 12,993 |
| Amounts due to related parties | | | | |
| Subsidiaries | - | - | 1,234 | 49,469 |
| Jointly-controlled entity | 1,248 | 82 | 2,547 | 167 |
| Related parties under common control | 379 | 887 | 329 | 879 |
| Other related party | 631 | 2,666 | - | 2,063 |
| Total | 2,258 | 3,635 | 4,110 | 52,578 |

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

| | Consolidated | | Separate | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | financial statements | financial statements | financial statements | financial statements |
| | 2011 | 2010 | 2011 | 2010 |
| | <i>(in thousand Baht)</i> | | | |
| Advances receipts from customers | | | | |
| - related parties | | | | |
| Subsidiary | - | - | 29,684 | - |
| Jointly-controlled entity | 261 | - | - | - |
| Associate | - | 46 | - | - |
| Related party under common control | 6 | 11 | - | - |
| Total | 267 | 57 | 29,684 | - |
| Accrued expenses - related parties | | | | |
| Subsidiary | - | - | 4,129 | 33,952 |
| Jointly-controlled entity | 936 | 890 | 1,910 | 1,815 |
| Associate | 1,070 | 268 | 1,070 | 268 |
| Related parties under common control | 452 | 710 | 422 | 303 |
| Other related party | 2,837 | - | 2,228 | - |
| Total | 5,295 | 1,868 | 9,759 | 36,338 |
| Other current liabilities | | | | |
| - related parties | | | | |
| Subsidiary | - | - | 2,031 | 58 |
| Related parties under common control | 144 | 160 | 144 | 160 |
| Total | 144 | 160 | 2,175 | 218 |
| Other non-current liabilities | | | | |
| - related parties | | | | |
| | - | 40 | - | 54 |
| Short term loan from other related party | 79,295 | - | - | - |

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

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

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

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

Key management personnel compensation

Key management personnel compensation comprised:

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

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

Directors' remuneration

The directors' remuneration represent monthly compensation, annual remuneration, and meeting fees whereas the directors benefit approved by the shareholders of the Company at their Annual General Meetings. The directors' remuneration is as part of directors and management benefit expenses presented in the statement of income.

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

As at 31 December 2011, Shin Corporation Public Company Limited ("Intouch"), the parent company, issued warrants which are in registered form, are non-transferable and have no offering price, to directors who are management of the Company. The term of the warrant is not exceeding five years. The five ESOP are ESOP - Grant I, ESOP-Grant II, ESOP-Grant III, ESOP-Grant IV and ESOP-Grant V were expired during 2007 - 2011.

Commitments for related parties

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

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

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

Significant agreements with related parties

- a. The Company entered into an agreement with an associated company, under which the associate was committed to provide uplink data service for a period of approximately five years. The Company was committed to pay for the service in respect of the agreements at approximately Baht 8.39 million (2010: *approximately Baht 16.79 million*).
- b. The Company entered into an agreement with a jointly-controlled entity, under which the jointly-controlled entity was committed to responsible for ensuring the IPSTAR gateway system perform in accordance with the industry standard and provide maintenance service in Cambodia for a period of approximately five years. The Company was committed to pay for the service in respect of the agreements at approximately USD 0.16 million (2010: *approximately USD 0.40 million*).
- c. The Company and subsidiary entered into agreements with subsidiaries, under which the Company and subsidiaries were committed to pay royalty fee 1% of revenue from sale or lease of IPSTAR gateway, 1% of revenue from sale or lease of IPSTAR User terminal and 3% of revenue from sale or service of IPSTAR bandwidth.
- d. The Company entered into agreements with subsidiaries, jointly-controlled entities and associate, under which the Company was committed to provide transponder service, IPSTAR bandwidth service and advisory service. Subsidiaries, jointly-controlled entities and associate were committed to pay the Company for the service of the agreements at approximately USD 115.94 million and Baht 7.56 million (2010: *approximately USD 134.75 million and Baht 7.56 million*). The service fees of contracts vary to the actual used or number of installed user terminal at the rate stated in the contract.
- e. The Company entered into agreements with a certain related party, under which the related party was committed to maintain accounting program service for a period of one year with an option to renew. As at 31 December 2011, the Company has no commitment to pay.

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

7 Cash and Cash equivalents

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

8 Trade and other accounts receivable

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

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

Aging analyses for trade accounts receivable were as follows:

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

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

9 Inventories

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

10 Investments in subsidiaries, jointly-controlled entities and associates

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

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

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

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

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

| | Ownership interest | | Paid-up capital | | Separate financial statements | | | | | | | |
|---|--------------------------|--------|------------------|------------------|-------------------------------|------------|------------|----------|---------------|------------|-----------------|-----------|
| | 2011 | 2010 | 2011 | 2010 | Cost method | | Impairment | | At cost - net | | Dividend income | |
| | (%) | | | | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| | <i>(in million Baht)</i> | | | | | | | | | | | |
| <i>Subsidiaries</i> | | | | | | | | | | | | |
| DTV Service Company Limited | 100.00 | 100.00 | Baht 399 million | Baht 399 million | 399 | 399 | - | - | 399 | 399 | - | 70 |
| Spacecode LLC | 70.00 | 70.00 | USD 4 million | USD 4 million | 119 | 119 | - | - | 119 | 119 | - | - |
| iPSTAR Company Limited | 99.96 | 99.94 | USD 2 million | USD 2 million | 154 | 152 | - | - | 154 | 152 | - | - |
| Star Nucleus Company Limited | 100.00 | 70.00 | - | - | - | - | - | - | - | - | - | - |
| IPSTAR International Pte Limited | 100.00 | 100.00 | SGD 20,000 | SGD 20,000 | 1 | 1 | - | - | 1 | 1 | - | - |
| IPSTAR Global Services Company Limited | 100.00 | 100.00 | USD 20,000 | USD 20,000 | 1 | 1 | - | - | 1 | 1 | - | - |
| Cambodian DTV Network Company Limited | 100.00 | 100.00 | USD 600,000 | USD 600,000 | 21 | 21 | - | - | 21 | 21 | - | - |
| <i>Jointly-controlled entity</i> | | | | | | | | | | | | |
| Shenington Investments Pte Limited | 51.00 | 51.00 | SGD 15 million | SGD 15 million | 137 | 137 | - | - | 137 | 137 | - | - |
| Total | | | | | 832 | 830 | - | - | 832 | 830 | - | 70 |

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

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

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

The following summarised financial information on interests in jointly-controlled entity which has been proportionately consolidated in the consolidated financial statements represents the Group's share of 51% of the Shenington group which include share of Mfone Company Limited and Lao Telecommunications Company Limited of 51% and 24.99%, respectively which have been included in the consolidated financial statements.

| | Ownership (%) | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities | Total revenues | Total expenses | Net loss |
|---|----------------------|--------------------------|---------------------------|---------------------|----------------------------|--------------------------------|--------------------------|-----------------------|-----------------------|-----------------|
| | | <i>(in million Baht)</i> | | | | | | | | |
| 2011 | | | | | | | | | | |
| Group of Shenington Investments Pte Limited | 51 | 318 | 3,871 | 4,189 | (2,245) | (472) | (2,717) | 1,237 | (1,680) | (478) |
| Total | | 318 | 3,871 | 4,189 | (2,245) | (472) | (2,717) | 1,237 | (1,680) | (478) |
| 2010 | | | | | | | | | | |
| Group of Shenington Investments Pte Limited | 51 | 428 | 4,128 | 4,556 | (2,287) | (416) | (2,703) | 1,524 | (1,864) | (377) |
| Total | | 428 | 4,128 | 4,556 | (2,287) | (416) | (2,703) | 1,524 | (1,864) | (377) |

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

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

Subsidiary

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

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

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

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

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

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

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

| | 2011 |
|--|-----------------------------|
| | Consolidated |
| | financial statements |
| | <i>(in million Baht)</i> |
| Group’s ownership interest at 27 December | 2.94 |
| Effect of increase in Group’s ownership interest | 1.56 |
| Share of comprehensive income | - |
| Group’s ownership interest at 31 December | 4.50 |

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

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

The following effect of sale investment in NTU

| | 2011 |
|-----------------------------------|-----------------------------|
| | Consolidated |
| | financial statements |
| | <i>(in million Baht)</i> |
| Decrease in net total assets | (1.36) |
| Decrease in net total liabilities | 1.99 |
| Increase in shareholders’ equity | (0.63) |
| Decrease in net assets | (0.91) |

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

Jointly-controlled entity

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

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

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

Associate

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

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

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

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

Increase of share capital

At the annual general meeting of the shareholders of CSL held on 30 March 2011, a resolution was passed to approve the issuance of 750,000 additional ordinary shares to reserve for the change in the exercise ratio, equivalent to 0.13% of the total issued and paid-up share capital of CSL. As a result of the proposed dividend payment, the exercise ratio of the warrants issued under ESOP-Grant IV and ESOP Grant V has been affected. CSL has registered the increased share capital to the Ministry of Commerce on 22 April 2011.

Reduction of share capital

At the Annual General Meeting of the shareholders of CSL held on 30 March 2011, the shareholders approve the reduction of ordinary shares because the warrant of CSL for ESOP-Grant II and ESOP-Grant III expired on 30 April 2010 and on 30 May 2010 respectively, in number of 21,518,736 shares, equivalent to 3.63% of the total issued and paid-up shares capital of CSL. CSL has registered the decreased share capital to the Ministry of Commerce on 21 April 2011.

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

Significant movements in investments in subsidiaries, jointly-controlled entities and associates during the year ended 31 December 2010 were as follows:

Subsidiaries

a) Acquisition of additional ordinary shares in IPSTAR Company Limited (“IPST”)

On 14 May 2010, the Company acquired an additional 512,902 ordinary shares in IPSTAR at USD 1 per share, equivalent to 0.26% of the paid-up share capital of IPST, at a total price of USD 512,902. As a result of this acquisition, the company owns interest in IPST of 99.94%.

b) Dividend payment of DTV Service Company Limited (“DTV”)

At the Board of Directors’ meeting of DTV held on 13 December 2010, the directors passed a resolution to approve the interim dividends of Baht 1.75 per share, totalling Baht 70 million. The dividend was paid on 29 December 2010.

Jointly-controlled entity

c) Dividend payment of Lao Telecommunications Company Limited (“LTC”)

At the Annual General Meeting of the shareholders of LTC held on 9 February 2010, the shareholders approved the appropriation of dividend from 2009 operation of USD 30 million which including interim dividend of USD 10 million. The interim dividend of USD 10 million was paid on 4 March 2010.

At the Extraordinary Meeting of the shareholders of LTC held on 14 July 2010, the shareholders approved the additional appropriation of dividend from 2009 operation from USD 30 million to USD 35 million.

Associate

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

At the Annual General Meeting of the shareholders of CSL held on 7 April 2010, the shareholders approve the appropriation of dividend payment for the last seven-month of 2009 of the CSL of Baht 0.27 per share, amounting to Baht 158.67 million. The dividend was paid on 4 May 2010.

At the Board of Directors’ meeting of CSL held on 10 August 2010, the directors passed a resolution to approve the interim dividends of Baht 0.25 per share, totalling Baht 147.58 million. The dividend was paid on 7 September 2010.

e) Increase and reduction of share capital of CS Loxinfo Public Company Limited (“CSL”)

Increase of share capital of CS Loxinfo Public Company Limited (“CSL”)

At the annual general meeting of the shareholders of CSL held on 7 April 2010, a resolution was passed to approve the issuance of 2,750,000 additional ordinary shares to reserve for the change in the exercise ratio for ESOP Grant II, Grant III, Grant IV and Grant V, equivalent to 0.43% of the total issued and paid-up share capital of CSL. CSL has registered the increased share capital to the Ministry of Commerce on 28 April 2010.

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

Reduction of share capital of CS Loxinfo Public Company Limited (“CSL”)

At the Annual General Meeting of the shareholders of CSL held on 7 April 2010, the shareholders approve the reduction the ordinary shares because the warrant of CSL for ESOP-Grant I expired on 13 May 2009 in number of 5,678,038 shares, equivalent to 0.89% of the total issued and paid-up shares capital of CSL. CSL has registered the decreased share capital to the Ministry of Commerce on 28 April 2010.

Shares written off and a decrease in paid-up capital of CS Loxinfo Public Company Limited (“CSL”)

At the Board of Directors’ meeting of CSL held on 10 November 2010, the directors approved a resolution to write off treasury shares. Under the Ministerial Regulation concerning treasury stock, CSL is required to dispose of all of its repurchased shares within 3 years of the repurchase. The period for CSL to dispose of the repurchased shares expired on 22 November 2010. Accordingly CSL wrote off treasury shares of 51.7 million shares, or Baht 12.9 million, which is equal to 8.04 % of the paid-up capital before cancellation. CSL has reduced its paid-up capital from 642,686,869 shares at 0.25 each, amounting to Baht 160,671,717.25, to 590,986,869 shares at Baht 0.25 each, amounting to Baht 147,746,717.25. CSL has registered the reduced paid-up capital to the Ministry of Commerce on November 26, 2010.

Commitments

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

11 Property and equipment

| | Consolidated financial statements | | | | |
|--|--|-------------------------|---|---------------------------------|-------------------------|
| | Leasehold land & building | Equipment | Motor vehicles & office equipment <i>(in thousand Baht)</i> | Assets under construction | Total |
| As at 31 December 2010 | | | | | |
| Cost | 424,669 | 8,951,218 | 533,243 | 753,581 | 10,662,711 |
| Less accumulated depreciation | (194,786) | (4,822,880) | (353,808) | - | (5,371,474) |
| Less accumulated impairment loss | - | (28,591) | - | - | (28,591) |
| Net book value | <u>229,883</u> | <u>4,099,747</u> | <u>179,435</u> | <u>753,581</u> | <u>5,262,646</u> |
| Transactions during the year ended 31 December 2011 | | | | | |
| Opening net book value | 229,883 | 4,099,747 | 179,435 | 753,581 | 5,262,646 |
| Additions | 18,948 | 354,363 | 97,054 | 1,923,279 | 2,393,644 |
| Disposals, net | (163) | (38,627) | (640) | - | (39,430) |
| Write-offs, net | (4) | (25,946) | (414) | (522) | (26,886) |
| Transfers, net | 2,293 | 801,035 | 1,496 | (872,710) | (67,886) |
| Depreciation charges | (41,601) | (1,010,024) | (74,153) | - | (1,125,778) |
| Foreign currency translation adjustment | 10,721 | 173,420 | 4,990 | 25,823 | 214,954 |
| Closing net book value | <u>220,077</u> | <u>4,353,968</u> | <u>207,768</u> | <u>1,829,451</u> | <u>6,611,264</u> |

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

| | Consolidated financial statements | | | | |
|---|--|-------------------------|---|---------------------------------|-------------------------|
| | Leasehold land & building | Equipment | Motor vehicles & office equipment <i>(in thousand Baht)</i> | Assets under construction | Total |
| As at 31 December 2011 | | | | | |
| Cost | 463,938 | 10,204,137 | 631,448 | 1,829,451 | 13,128,974 |
| <i>Less</i> accumulated depreciation | (243,861) | (5,821,577) | (423,680) | - | (6,489,118) |
| <i>Less</i> accumulated impairment loss | - | (28,592) | - | - | (28,592) |
| Net book value | <u>220,077</u> | <u>4,353,968</u> | <u>207,768</u> | <u>1,829,451</u> | <u>6,611,264</u> |
| Net book value | | | | | |
| At 1 January 2010 | | | | | |
| Owned assets | 272,560 | 4,576,912 | 170,393 | 1,016,144 | 6,036,009 |
| Assets under finance leases | - | - | 9,840 | - | 9,840 |
| | <u>272,560</u> | <u>4,576,912</u> | <u>180,233</u> | <u>1,016,144</u> | <u>6,045,849</u> |
| At 31 December 2010 and 1 January 2011 | | | | | |
| Owned assets | 229,883 | 4,099,747 | 153,732 | 753,581 | 5,236,943 |
| Assets under finance leases | - | - | 25,703 | - | 25,703 |
| | <u>229,883</u> | <u>4,099,747</u> | <u>179,435</u> | <u>753,581</u> | <u>5,262,646</u> |
| At 31 December 2011 | | | | | |
| Owned assets | 220,077 | 4,353,968 | 181,913 | 1,829,451 | 6,585,409 |
| Assets under finance leases | - | - | 25,855 | - | 25,855 |
| | <u>220,077</u> | <u>4,353,968</u> | <u>207,768</u> | <u>1,829,451</u> | <u>6,611,264</u> |

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

As at 31 December 2011 the accumulated impairment loss of Baht 28.6 million (2010: Baht 28.6 million) comprised an impairment loss for analogue mobile telephone network of a jointly controlled entity which ceased its operation in 2005 amounting to Baht 16.2 million and an impairment loss for rural telephone network of another jointly controlled entity amounting to Baht 12.4 million.

As at 31 December 2011, net book value of property and equipment includes property and equipment under agreements for operation of a jointly-controlled entity, Mfone Company Limited ("Mfone"), of approximately 1,997.73 Baht million (2010: Baht 2,317.96 million). According to the agreement, Mfone must transfer its ownership of the property and equipment to the government of Cambodia on the expiration date of the agreements for operation, on 4 March 2028 (Note 32 b).

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

| | Separate financial statements | | | | |
|--|---------------------------------|-------------------------|-----------------------------------|-------------------------|-------------------------|
| | Leasehold land & building | Equipment | Motor | Assets | Total |
| | | | vehicles & office equipment | under construction | |
| <i>(in thousand Baht)</i> | | | | | |
| As at 31 December 2010 | | | | | |
| Cost | 68,128 | 3,554,945 | 216,777 | - | 3,839,850 |
| <i>Less</i> accumulated depreciation | <u>(49,022)</u> | <u>(2,551,991)</u> | <u>(149,557)</u> | <u>-</u> | <u>(2,750,570)</u> |
| Net book value | <u>19,106</u> | <u>1,002,954</u> | <u>67,220</u> | <u>-</u> | <u>1,089,280</u> |
| Transactions during the year ended 31 December 2011 | | | | | |
| Opening net book value | 19,106 | 1,002,954 | 67,220 | - | 1,089,280 |
| Additions | 10,445 | 308,227 | 20,402 | 1,720,641 | 2,059,715 |
| Disposals, net | (163) | (38,625) | (261) | - | (39,049) |
| Write-offs, net | - | (2,635) | (250) | - | (2,885) |
| Transfers, net | - | (100,499) | (416) | - | (100,915) |
| Depreciation charges | <u>(4,475)</u> | <u>(330,938)</u> | <u>(25,342)</u> | <u>-</u> | <u>(360,755)</u> |
| Closing net book value | <u>24,913</u> | <u>838,484</u> | <u>61,353</u> | <u>1,720,641</u> | <u>2,645,391</u> |
| As at 31 December 2011 | | | | | |
| Cost | 78,279 | 3,563,331 | 227,587 | 1,720,641 | 5,589,838 |
| <i>Less</i> accumulated depreciation | <u>(53,366)</u> | <u>(2,724,847)</u> | <u>(166,234)</u> | <u>-</u> | <u>(2,944,447)</u> |
| Net book value | <u>24,913</u> | <u>838,484</u> | <u>61,353</u> | <u>1,720,641</u> | <u>2,645,391</u> |
| Net book value | | | | | |
| At 1 January 2010 | | | | | |
| Owned assets | 20,272 | 1,154,811 | 45,958 | 6,115 | 1,227,156 |
| Assets under finance leases | <u>-</u> | <u>-</u> | <u>8,749</u> | <u>-</u> | <u>8,749</u> |
| | <u>20,272</u> | <u>1,154,811</u> | <u>54,707</u> | <u>6,115</u> | <u>1,235,905</u> |
| At 31 December 2010 and 1 January 2011 | | | | | |
| Owned assets | 19,106 | 1,002,954 | 42,052 | - | 1,064,112 |
| Assets under finance leases | <u>-</u> | <u>-</u> | <u>25,168</u> | <u>-</u> | <u>25,168</u> |
| | <u>19,106</u> | <u>1,002,954</u> | <u>67,220</u> | <u>-</u> | <u>1,089,280</u> |
| At 31 December 2011 | | | | | |
| Owned assets | 24,913 | 838,484 | 35,812 | 1,720,641 | 2,619,850 |
| Assets under finance leases | <u>-</u> | <u>-</u> | <u>25,541</u> | <u>-</u> | <u>25,541</u> |
| | <u>24,913</u> | <u>838,484</u> | <u>61,353</u> | <u>1,720,641</u> | <u>2,645,391</u> |

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

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

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

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

Capital expenditure commitments

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

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

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

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

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

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

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

| | Separate financial statements | | |
|--|--|-----------------------|-----------------------|
| | Property and equipment under agreement for operation | Deferred charges | Intangible assets |
| | <i>(in thousand Baht)</i> | | |
| As at 31 December 2010 | | | |
| Cost | 21,138,175 | 581,910 | 1,453,380 |
| <i>Less</i> accumulated amortisation | <u>(6,961,049)</u> | <u>(542,969)</u> | <u>(505,425)</u> |
| Net book value | <u>14,177,126</u> | <u>38,941</u> | <u>947,955</u> |
| Transactions during the year ended 31 December 2011 | | | |
| Opening net book value | 14,177,126 | 38,941 | 947,955 |
| Additions | 1,987 | 96,043 | 4,551 |
| Disposals, net | - | - | (196) |
| Transfers, net | - | - | (249) |
| Amortisation charges for the year | <u>(1,350,885)</u> | <u>(30,766)</u> | <u>(90,032)</u> |
| Closing net book value | <u>12,828,228</u> | <u>104,218</u> | <u>862,029</u> |
| As at 31 December 2011 | | | |
| Cost | 21,140,162 | 677,953 | 1,457,487 |
| <i>Less</i> accumulated amortisation | <u>(8,311,934)</u> | <u>(573,735)</u> | <u>(595,458)</u> |
| Net book value | <u>12,828,228</u> | <u>104,218</u> | <u>862,029</u> |
| <i>Net book value</i> | | | |
| At 1 January 2010 | <u>15,527,788</u> | <u>55,117</u> | <u>1,031,266</u> |
| At 31 December 2010 and 1 January 2011 | <u>14,177,126</u> | <u>38,941</u> | <u>947,955</u> |
| At 31 December 2011 | <u>12,828,228</u> | <u>104,218</u> | <u>862,029</u> |

13 Deferred tax

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

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

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.

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

The subsidiaries have tax loss carried forward to offset future taxable income, which is not recognised in the consolidated financial statements as follows:

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

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

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

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

| | Consolidated financial statements | | | At 31 December 2010 |
|--|--|--------------------------------|------------------------|------------------------------------|
| | At 1 January 2010 | (Charged)/credited to: | | |
| | | Profit or loss (Note 28) | Equity | |
| | | <i>(in thousand Baht)</i> | | |
| <i>Deferred tax liabilities</i> | | | | |
| Depreciation/amortisation | 148,126 | (1,004) | (13,995) | 133,127 |
| Gain on foreign exchange | (24,205) | (250) | 22,100 | (2,355) |
| Others | 21,668 | - | (21,633) | 35 |
| Total | <u>145,589</u> | <u>(1,254)</u> | <u>(13,528)</u> | <u>130,807</u> |
| <i>Deferred tax assets</i> | | | | |
| Cumulative deficit | 724,092 | 252,434 | - | 976,526 |
| Allowance for doubtful accounts | 25,579 | (116) | (3,533) | 21,930 |
| Allowance for obsolete inventory | 14,509 | 2,753 | 269 | 17,531 |
| Depreciation | 11,498 | (280) | (843) | 10,375 |
| Deposits | 28,214 | 4,052 | - | 32,266 |
| Finance costs | 18,393 | 7,323 | (2,170) | 23,546 |
| Advance receipts from customers | 7,171 | 118 | (348) | 6,941 |
| Others | 72,799 | 1,847 | (5,924) | 68,722 |
| Total | <u>902,255</u> | <u>268,131</u> | <u>(12,549)</u> | <u>1,157,837</u> |
| Net | <u>756,666</u> | <u>269,385</u> | <u>979</u> | <u>1,027,030</u> |

| | Separate financial statements | | | At 31 December 2011 |
|-----------------------------------|--------------------------------------|--------------------------------|-----------------|------------------------------------|
| | At 1 January 2011 | (Charged)/credited to: | | |
| | | Profit or loss (Note 28) | Equity | |
| | | <i>(in thousand Baht)</i> | | |
| <i>Deferred tax assets</i> | | | | |
| Depreciation/amortisation | (2,320) | 863 | - | (1,457) |
| Cumulative deficit | 976,526 | (344,519) | - | 632,007 |
| Allowance for obsolete inventory | 14,973 | (4,149) | - | 10,824 |
| Deposits | 32,265 | 368 | - | 32,633 |
| Others | 31,991 | (4,603) | - | 27,388 |
| Total | <u>1,053,435</u> | <u>(352,040)</u> | <u>-</u> | <u>701,395</u> |

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

15 Interest-bearing liabilities

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

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

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

Long-term debentures

As at 31 December 2011, the Company has 2 tranches of Baht 7,000 million, with a par value of Baht 1,000 each, unsubordinated and unsecured with having registered and bond holders representative debentures as follow:

| Issue date | No. of units (Million) | Amount (Million Baht) | Interest rate (per annum) | Term of interest payment | Principal payment term | Outstanding balance as at 31 December 2011 (in million Baht) |
|------------------------|-----------------------------------|----------------------------------|--------------------------------------|---|--------------------------------------|---|
| 6 November 2009 | 3.3 | 3,300 | 5.25% | Quarterly | Entirely redeemed on 6 November 2012 | 3,300 |
| 6 November 2009 | 3.7 | 3,700 | 6.15% | Quarterly | Entirely redeemed on 6 November 2014 | 3,700 |
| Total debentures | | | | | | 7,000 |
| Less bond issuing cost | | | | | | (10) |
| Net | | | | | | 6,990 |

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

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

The movements in the borrowing can be analysed as follows:

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|--------------------------------------|------------------|----------------------------------|------------------|
| | | 2011 | 2010 | 2011 | 2010 |
| <i>(in thousand Baht)</i> | | | | | |
| For the year ended 31 December | | | | | |
| Opening net book value | | 8,398,353 | 8,789,226 | 7,010,728 | 7,058,241 |
| Proceeds from short-term borrowings | | 2,156,217 | - | 2,156,217 | - |
| Proceeds from finance leases | | 7,150 | 23,336 | 7,150 | 23,336 |
| Proceeds from long-term borrowings, net of financial costs | | 1,620,484 | 115,703 | 1,620,484 | - |
| Repayment of short-term borrowings | | (2,156,217) | (80,869) | (2,156,217) | (73,351) |
| Repayment of long-term borrowings | | (309,727) | (351,312) | (5,399) | (3,168) |
| Amortisation of finance costs | 26 | 6,139 | 6,139 | 6,139 | 6,139 |
| Increase from change in status from accounts payable - property and equipment | | 460,018 | 15,717 | - | - |
| (Gain) loss on exchange rate | | 94,952 | (119,587) | 22,233 | (469) |
| Closing net book value | | 10,277,369 | 8,398,353 | 8,661,335 | 7,010,728 |

Some subsidiaries have to maintain the financial ratios restricted in the long-term agreements.

The interest rate exposure of the borrowings of the Group is as follows:

| | Consolidated financial statements | | Separate financial statements | |
|----------------------------------|--------------------------------------|------------------|----------------------------------|------------------|
| | 2011 | 2010 | 2011 | 2010 |
| <i>(in thousand Baht)</i> | | | | |
| Total borrowings: | | | | |
| - at fixed rates | 7,045,766 | 7,042,166 | 7,018,618 | 7,010,728 |
| - at floating rates | 3,231,603 | 1,356,187 | 1,642,717 | - |
| Total | 10,277,369 | 8,398,353 | 8,661,335 | 7,010,728 |
| Weighted average interest rates: | | | | |
| - Loans | 2.78% | 2.65% | 3.22% | 3.78% |
| - Debentures | 5.73% | 5.73% | 5.73% | 5.73% |

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

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

| | Consolidated financial statements | | Separate financial statements | |
|------------------------|--|---|--|------------------|
| | Carrying amount | Fair value <i>(in thousand Baht)</i> | Carrying amount | Fair value |
| As at 31 December 2011 | | | | |
| Loans | <u>3,287,521</u> | <u>3,267,412</u> | <u>1,671,487</u> | <u>1,669,275</u> |
| Long-term debentures | <u>6,989,848</u> | <u>7,042,659</u> | <u>6,989,848</u> | <u>7,042,659</u> |
| As at 31 December 2010 | | | | |
| Loans | <u>1,414,644</u> | <u>1,413,155</u> | <u>27,019</u> | <u>27,019</u> |
| Long-term debentures | <u>6,983,709</u> | <u>7,013,926</u> | <u>6,983,709</u> | <u>7,013,926</u> |

The fair value of non-current borrowing is estimated using discounted cash flows based on the Group's incremental borrowing rates for similar types of borrowings.

The periods to maturity of long-term borrowings and long-term debentures net of financial costs were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---|--|-------------------------|--|-------------------------|
| | 2011 | 2010 | 2011 | 2010 |
| | <i>(in thousand Baht)</i> | | | |
| Later than 1 year but not later than 2 years | 140,368 | 3,555,210 | 6,010 | 3,297,897 |
| Later than 2 years but not later than 5 years | 3,860,884 | 3,986,941 | 3,710,325 | 3,707,387 |
| Later than 5 years | <u>1,649,997</u> | <u>1,728</u> | <u>1,642,716</u> | - |
| Total | <u>5,651,249</u> | <u>7,543,879</u> | <u>5,359,051</u> | <u>7,005,284</u> |

Credit facilities

As at 31 December 2011 available credit facilities for loans from local and overseas banks are Baht 798 million and USD 26 million (2010: Baht 799 million and USD 26 million).

Facility agreement in relation to the financing of the Thaicom 6 satellite project

The Company entered into a Loan Agreement with a local bank on 29 August 2011 for USD 137 million, for the purpose of the Thaicom 6 satellite project. The term of the loan is 10 years with the interest rate based on margins over the London Inter-Bank Offer Rate ("LIBOR"). In addition, the Company must comply with the conditions in the Loan Agreement in respect of maintaining certain financial ratios, dividend payment policy, guarantee, sale or transfer of assets and investment.

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

16 Trade and other accounts payable

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|--------------------------------------|----------------|----------------------------------|----------------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | <i>(in thousand Baht)</i> | | | |
| Trade accounts payable | | | | | |
| - Related parties | 6 | 13,757 | 19,794 | 6,329 | 12,993 |
| - Other parties | | 323,407 | 511,035 | 119,416 | 292,738 |
| Total | | 337,164 | 530,829 | 125,745 | 305,731 |
| Other accounts payable | | | | | |
| - Accrued expenses | | 325,204 | 268,873 | 191,337 | 166,422 |
| - Others | | 65,507 | 60,869 | 28,397 | 40,553 |
| Total | | 390,711 | 329,742 | 219,734 | 206,975 |
| Total trade and other accounts payable | | 727,875 | 860,571 | 345,479 | 512,706 |

17 Other current liabilities

| | Consolidated financial statements | | Separate financial statements | |
|------------------------------------|--------------------------------------|----------------|----------------------------------|---------------|
| | 2011 | 2010 | 2011 | 2010 |
| | <i>(in thousand Baht)</i> | | | |
| Short-term deposits from customers | 41,047 | 34,182 | 32,923 | 25,673 |
| Other taxes | 63,319 | 33,142 | 16,655 | 7,855 |
| Others | 36,430 | 35,389 | 31,528 | 13,999 |
| Total | 140,796 | 102,713 | 81,106 | 47,527 |

18 Employee benefit obligations

The Group adopted TAS 19 - Employee Benefits with effect from 1 January 2011; the effect on the financial statements is discussed in note 4 (i).

The statement of financial position obligation was determined as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|----------------|----------------------------------|---------------|
| | 2011 | 2010 | 2011 | 2010 |
| | <i>(in thousand Baht)</i> | | | |
| Present value of unfunded obligations | 167,308 | 150,876 | 95,542 | 88,604 |
| Statement of financial position obligation | 167,308 | 150,876 | 95,542 | 88,604 |

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

Movement in the present value of the defined benefit obligations:

| | Consolidated financial statements | | Separate financial statements | |
|---|--|-----------------------|--|----------------------|
| | 2011 | 2010 | 2011 | 2010 |
| | <i>(in thousand Baht)</i> | | | |
| Defined benefit obligations at 1 January | 150,876 | 131,691 | 88,604 | 77,515 |
| Benefits paid by the plan | (6,993) | - | (6,091) | - |
| Current service costs and interest | 21,092 | 19,185 | 13,029 | 11,089 |
| Decrease from disposal of a subsidiary | (891) | - | - | - |
| Loss on exchange rate | 3,224 | - | - | - |
| Defined benefit obligations at 31 December | <u>167,308</u> | <u>150,876</u> | <u>95,542</u> | <u>88,604</u> |

Expense recognised in profit or loss:

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------------------|--|----------------------|--|----------------------|
| | 2011 | 2010 | 2011 | 2010 |
| | <i>(in thousand Baht)</i> | | | |
| Current service costs of employee | 12,518 | 10,926 | 8,195 | 6,875 |
| Interest on obligation | 8,574 | 8,259 | 4,834 | 4,214 |
| Total | <u>21,092</u> | <u>19,185</u> | <u>13,029</u> | <u>11,089</u> |

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

| | Consolidated financial statements | | Separate financial statements | |
|-------------------------|--|------|--|------|
| | 2011 | 2010 | 2011 | 2010 |
| | <i>(%)</i> | | | |
| Discount rate | 4.98 | 4.98 | 5.00 | 5.00 |
| Future salary increases | 6.00 | 6.00 | 6.00 | 6.00 |

19 Other non-current liabilities

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------------------|--|----------------------|--|----------------------|
| | 2011 | 2010 | 2011 | 2010 |
| | <i>(in thousand Baht)</i> | | | |
| Long-term deposits from customers | 168,191 | 99,971 | 156,847 | 89,173 |
| Others | 151,744 | - | 151,744 | - |
| Total | <u>319,935</u> | <u>99,971</u> | <u>308,591</u> | <u>89,173</u> |

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

20 Share capital and warrants

| | Par value per share (Baht) | 2011 Number Baht (thousand shares / thousand Baht) | | 2010 Number Baht | |
|-----------------------------|----------------------------------|---|-------------------------|--------------------------|-------------------------|
| <i>Authorised</i> | | | | | |
| At 31 December | | | | | |
| ordinary shares | 5 | <u>1,132,082</u> | <u>5,660,412</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.

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

Warrants

As at 31 December 2011, the Company has five ESOP schemes allocated to directors and employees of the Company and its subsidiaries. The warrants are in registered form, are non-transferable and have no offering price. The terms of the warrants do not exceed five years. The five ESOP are ESOP - Grant I, ESOP-Grant II, ESOP-Grant III, ESOP-Grant IV and ESOP-Grant V were expired during 2007 – 2011.

21 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Other components of equity

Currency translation differences

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

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

22 Other comprehensive income

The component of other comprehensive income is as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---|--|-------------------------|--|--------------------|
| | 2011 | 2010 (Restated) | 2011 | 2010 (Restated) |
| <i>(in thousand Baht)</i> | | | | |
| <i>For the year ended 31 December</i> | | | | |
| Currency translation differences | (137,927) | (148,986) | - | - |
| Tax related to the component of other comprehensive income | - | - | - | - |
| Total other comprehensive income, net of tax | <u>(137,927)</u> | <u>(148,986)</u> | <u>-</u> | <u>-</u> |

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

| | Consolidated financial statements | | | | | |
|--|--|------------------------------------|-------------------------|-------------------------|------------------------------------|-------------------------|
| | Amount before tax | 2011 Tax income (expense) | Net of tax | Amount before tax | 2010 Tax income (expense) | Net of tax |
| <i>(in thousand Baht)</i> | | | | | | |
| <i>For the year ended 31 December</i> | | | | | | |
| Foreign currency translation differences | <u>(137,927)</u> | <u>-</u> | <u>(137,927)</u> | <u>(148,986)</u> | <u>-</u> | <u>(148,986)</u> |
| Total other comprehensive income | <u>(137,927)</u> | <u>-</u> | <u>(137,927)</u> | <u>(148,986)</u> | <u>-</u> | <u>(148,986)</u> |

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

23 Segment information

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

Business segments

The Group comprises the following main business segments:

- Segment 1 Services relating to the satellite business and the transponder services segment
- Segment 2 Sales and services relating to the internet and media business
- Segment 3 Sales and services relating to the telephone network business in Cambodia and the Lao People's Democratic Republic.
- Segment 4 Others

Geographic segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographic location of customers.

The areas of operation in Thailand are principally satellite business services, internet and media services and printing and publishing of business telephone directories services. Cambodia and Lao PDRs' main activities are sales and services relating to telephone network business and satellite business services. Australia main activities are sales and services relating to satellite business.

The Group comprises the following main geographic segments:

- Segment 1 Thailand
- Segment 2 Cambodia
- Segment 3 The Lao People's Democratic Republic.
- Segment 4 Australia
- Segment 5 China
- Segment 6 India
- Segment 7 Japan
- Segment 8 Others

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

Business segment results

| | Satellite business services | | Internet services and media | | Telephone network | | Others | | Consolidation eliminations | | Consolidated financial statements | |
|--|-----------------------------|------------------|-----------------------------|------------------|-------------------|------------------|-----------------|-----------------|----------------------------|---------------|-----------------------------------|--------------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| | <i>(in thousand Baht)</i> | | | | | | | | | | | |
| Revenues | 5,737,747 | 4,627,394 | 392,729 | 642,747 | 1,181,913 | 1,466,762 | - | - | (58,518) | (37,150) | 7,253,871 | 6,699,753 |
| Shares of net results from associate | - | - | 141,290 | 168,208 | - | - | - | - | - | - | 141,290 | 168,208 |
| Cost of sales and services | (3,893,845) | (3,978,254) | (333,465) | (515,427) | (1,308,459) | (1,377,288) | - | - | 63,012 | 20,399 | (5,472,757) | (5,850,570) |
| Selling and administrative expenses | <u>(1,099,336)</u> | <u>(999,056)</u> | <u>(103,602)</u> | <u>(132,446)</u> | <u>(280,843)</u> | <u>(294,729)</u> | <u>(51,036)</u> | <u>(60,899)</u> | <u>6,611</u> | <u>14,486</u> | <u>(1,528,206)</u> | <u>(1,472,644)</u> |
| Segment results | 744,566 | (349,916) | 96,952 | 163,082 | (407,389) | (205,255) | (51,036) | (60,899) | 11,105 | (2,265) | 394,198 | (455,253) |
| Other income | | | | | | | | | | | 149,913 | 107,350 |
| Loss on foreign exchange | | | | | | | | | | | <u>(84,755)</u> | <u>(90,079)</u> |
| Gain (loss) before finance cost and income tax | | | | | | | | | | | 459,356 | (437,982) |
| Finance costs | | | | | | | | | | | <u>(478,886)</u> | <u>(496,412)</u> |
| Operating loss | | | | | | | | | | | (19,530) | (934,394) |
| Income tax | | | | | | | | | | | (482,715) | 134,948 |
| Non-controlling interests | | | | | | | | | | | <u>12,219</u> | <u>(6,261)</u> |
| Net loss | | | | | | | | | | | <u>(490,026)</u> | <u>(805,707)</u> |
| Segment assets | 22,666,558 | 20,996,316 | 265,347 | 271,988 | 3,996,695 | 4,399,684 | 1,194 | 22,819 | (244,632) | (262,567) | 26,685,162 | 25,428,240 |
| Loan to other related party Associate | | | | | | | | | | | 78,943 | - |
| | | | | | | | | | | | 451,457 | 439,868 |
| Total assets | | | | | | | | | | | <u>27,215,562</u> | <u>25,868,108</u> |

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

| | Satellite business services | | Internet services and media | | Telephone network | | Others | | Consolidation eliminations | | Consolidated financial statements | |
|--|-----------------------------|------------------|-----------------------------|---------------|-------------------|----------------|----------|----------|----------------------------|-----------|-----------------------------------|-------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| | <i>(in thousand Baht)</i> | | | | | | | | | | | |
| Segment liabilities | 1,594,494 | 1,329,388 | 140,423 | 122,997 | 1,013,601 | 1,576,674 | 962 | 5,919 | (67,029) | (108,452) | 2,682,451 | 2,926,526 |
| Borrowings | | | | | | | | | | | 10,356,664 | 8,398,353 |
| Total | | | | | | | | | | | 13,039,115 | 11,324,879 |
| Depreciation | 412,678 | 430,514 | 14,961 | 22,994 | 698,138 | 659,306 | - | - | - | - | 1,125,777 | 1,112,814 |
| Amortisation | 1,486,482 | 1,476,650 | 2,137 | 3,376 | - | - | - | - | - | - | 1,488,619 | 1,480,026 |
| Total depreciation and amortisation | 1,899,160 | 1,907,164 | 17,098 | 26,370 | 698,138 | 659,306 | - | - | - | - | 2,614,396 | 2,592,840 |

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

Revenue and results, based on geographical segments, in the consolidated financial statements for the years ended 31 December 2011 and 2010 were as follows:

| | 2011 | 2010 |
|-------------------------------|---------------------------|--------------------------|
| | <i>(in thousand Baht)</i> | |
| <i>Segment revenue</i> | | |
| Thailand | 2,796,458 | 2,792,907 |
| Cambodia | 799,895 | 1,014,046 |
| Lao PDR | 615,786 | 671,738 |
| Australia | 1,087,656 | 1,049,881 |
| China | 15,288 | 31,374 |
| India | 304,473 | 148,203 |
| Japan | 877,465 | 315,273 |
| Others | 898,140 | 844,539 |
| Total | <u>7,395,161</u> | <u>6,867,961</u> |
| <i>Segment results</i> | | |
| Thailand | 1,303,177 | 1,144,427 |
| Cambodia | (407,608) | (317,900) |
| Lao PDR | 73,728 | 156,055 |
| Australia | 346,599 | 106,281 |
| China | (474,418) | (458,700) |
| India | (176,385) | (324,414) |
| Japan | 245,761 | (37,640) |
| Others | (516,656) | (723,362) |
| Total | <u>394,198</u> | <u>(455,253)</u> |
| <i>Fixed assets</i> | | |
| Thailand | 15,906,280 | 15,537,605 |
| Cambodia | 2,095,069 | 2,420,454 |
| Lao PDR | 1,599,910 | 1,553,395 |
| Australia | 221,950 | 190,597 |
| China | 41,323 | 94,205 |
| India | 227,035 | 242,919 |
| Japan | 158,269 | 132,846 |
| Others | 307,461 | 413,582 |
| Total | <u>20,557,297</u> | <u>20,585,603</u> |

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

24 Revenues from sale of goods and rendering of services

| | Consolidated | | Separate | |
|-------------------------------------|-----------------------------|-------------------------|-----------------------------|-------------------------|
| | financial statements | | financial statements | |
| | 2011 | 2010 | 2011 | 2010 |
| | <i>(in thousand Baht)</i> | | | |
| Revenues from sale of goods | 994,279 | 1,410,360 | 557,735 | 637,280 |
| Revenues from rendering of services | 6,259,592 | 5,289,393 | 4,029,814 | 3,180,908 |
| Total | <u>7,253,871</u> | <u>6,699,753</u> | <u>4,587,549</u> | <u>3,818,188</u> |

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

25 Other income

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------|--|----------------|--|----------------|
| | 2011 | 2010 | 2011 | 2010 |
| | <i>(in thousand Baht)</i> | | | |
| Consulting and management fees | - | - | - | 44,737 |
| Interest income | 47,011 | 30,939 | 34,453 | 34,159 |
| Gain on sale of equipment | 29,740 | 5,453 | 28,999 | 4,876 |
| Others | 73,162 | 70,958 | 140,367 | 44,829 |
| Total | 149,913 | 107,350 | 203,819 | 128,601 |

26 Expenses by nature

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--|--|-----------|--|-----------|
| | 2011 | 2010 | 2011 | 2010 |
| | <i>(in thousand Baht)</i> | | | |
| Depreciation of property and equipment | 1,125,778 | 1,112,814 | 360,755 | 397,136 |
| Amortisation of property and equipment under the agreements for operations, deferred charges and intangible assets | 1,482,480 | 1,473,887 | 1,471,683 | 1,445,605 |
| Amortisation of finance costs | 6,139 | 6,139 | 6,139 | 6,139 |
| Staff costs | 1,128,048 | 993,126 | 718,252 | 603,492 |

27 Provident funds

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 7% of their basic salaries and by the Group at rates ranging from 3% to 7% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

28 Income tax expense

| | <i>Note</i> | Consolidated financial statements | | Separate financial statements | |
|-----------------------------------|-------------|--|----------------|--|----------------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | <i>(in thousand Baht)</i> | | | |
| Current tax expense | | (175,816) | (134,437) | - | - |
| Deferred tax expense | | | | | |
| Movement in temporary differences | | 53,328 | 269,385 | (1,384) | 266,137 |
| Income tax reduction - deferred | | (360,227) | - | (350,656) | - |
| | 13 | <u>(306,899)</u> | <u>269,385</u> | <u>(352,040)</u> | <u>266,137</u> |
| Total income tax expense | | (482,715) | 134,948 | (352,040) | 266,137 |

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

Reconciliation of effective tax rate

| | Consolidated financial statements | | | |
|--|--|-------------------------------------|---------------------------|-------------------------------------|
| | 2011 | | 2010 | |
| | <i>Rate</i> <i>(%)</i> | <i>(in thousand</i> <i>Baht)</i> | <i>Rate</i> <i>(%)</i> | <i>(in thousand</i> <i>Baht)</i> |
| Loss for the year | | (502,245) | | (799,446) |
| Total income tax expense | | 482,715 | | (134,948) |
| Loss before total income tax expense | | <u>(19,530)</u> | | <u>(934,394)</u> |
| Income tax using the Thai corporation tax rate | 30 | 5,859 | 30 | 280,318 |
| Income tax reduction - deferred | | (360,227) | | - |
| Effect of different tax rates in foreign jurisdictions | | 6,494 | | 27,436 |
| Income not subject to tax | | 69,729 | | 110,905 |
| Effect of the income recognised in different periods for account and tax purposes | | (162,436) | | (94,947) |
| Expenses not deductible for tax purposes and expense recognised in different periods for accounting and tax purposes | | (37,731) | | (152,763) |
| Recognition of previously unrecognised tax losses | | 7,048 | | - |
| Current year losses for which no deferred tax asset was recognised | | (11,451) | | (36,001) |
| Total | 2,472 | (482,715) | 14 | 134,948 |

| | Separate financial statements | | | |
|--|--------------------------------------|-------------------------------------|---------------------------|-------------------------------------|
| | 2011 | | 2010 | |
| | <i>Rate</i> <i>(%)</i> | <i>(in thousand</i> <i>Baht)</i> | <i>Rate</i> <i>(%)</i> | <i>(in thousand</i> <i>Baht)</i> |
| Loss for the year | | (475,996) | | (770,995) |
| Total income tax expense | | 352,040 | | (266,137) |
| Loss before total income tax expense | 30 | <u>(123,956)</u> | 30 | <u>(1,037,132)</u> |
| Income tax using the Thai corporation tax rate | | 37,187 | | 311,140 |
| Income tax reduction - deferred | | (350,656) | | - |
| Effect of the income recognised in different periods for account and tax purposes | | (11,124) | | - |
| Effect of the non-deductible tax expense and expense recognised in different periods for accounting and tax purposes | | (27,447) | | (45,003) |
| Total | 284 | (352,040) | 26 | 266,137 |

Income tax reduction - current

Royal Decree No. 387 B.E. 2544 dated 5 September 2001 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for taxable profit not exceeding Baht 300 million for the five consecutive accounting periods beginning on or after enactment. Listed companies that received income tax reduction under this Royal Decree are also eligible to continue the period of tax reduction under Royal Decree No. 475 but not beyond the 2010 accounting period ending on or after 31 December 2010.

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

Income tax reduction - deferred

On 11 October 2011, the Cabinet passed a resolution to reduce the corporate income tax rate from 30% to 23% of net taxable profit for the accounting period 2012 which ends on or after 31 December 2012 and to 20% of net taxable profit for the accounting period which begins on or after 1 January 2013 and onwards.

In order to give effect to the above Cabinet resolution, the Government has issued a Royal Decree under the Revenue Code regarding the Reduction and Exemption in Income Taxes (No. 530) B.E. 2554 to reduce the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

The Federation of Accounting Professions has considered this matter and has resolved that the substantively enacted tax rates which should be applied in measuring deferred tax assets and liabilities shall be the reduced rates as approved by the Cabinet; i.e. 23% shall be applied for the accounting period 2012 and 20% shall be applied for accounting periods 2013 onwards.

29 Promotional privileges

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

On 19 November 2003, the Company was granted promotional privileges under the Investment Promotion Act (B.E. 2520) as amended by the Investment Promotion Act (No. 3) B.E. 2544 by the BOI in respect of earnings derived from rendering telecommunication services of 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 2011 the Company has revenue from promoted business of Baht 1,040 million (*2010: Baht 538 million*).

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

30 Loss per share

Basic loss per share

The calculations of basic loss per share for the years ended 31 December 2011 and 2010 were based on the loss for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--|--|-------------------------|--|-------------------------|
| | 2011 | 2010 | 2011 | 2010 |
| | <i>(in thousand Baht / thousand shares)</i> | | | |
| Loss for the year | <u>(490,026)</u> | <u>(805,707)</u> | <u>(475,996)</u> | <u>(770,995)</u> |
| Loss attributable to ordinary shareholders of the Company (basic) | <u>(490,026)</u> | <u>(805,707)</u> | <u>(475,996)</u> | <u>(770,995)</u> |
| Number of ordinary shares outstanding | <u>1,095,938</u> | <u>1,095,938</u> | <u>1,095,938</u> | <u>1,095,938</u> |
| Loss per share (basic) (in Baht) | <u>(0.45)</u> | <u>(0.74)</u> | <u>(0.43)</u> | <u>(0.70)</u> |

Diluted loss per share

The calculations of diluted loss per share for the years ended 31 December 2011 and 2010 were based on the loss for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--|--|-------------------------|--|-------------------------|
| | 2011 | 2010 | 2011 | 2010 |
| | <i>(in thousand Baht / thousand shares)</i> | | | |
| Loss attributable to ordinary shareholders of the Company (basic) | <u>(490,026)</u> | <u>(805,707)</u> | <u>(475,996)</u> | <u>(770,995)</u> |
| Loss attributable to ordinary shareholders of the Company (diluted) | <u>(490,026)</u> | <u>(805,707)</u> | <u>(475,996)</u> | <u>(770,995)</u> |
| Number of ordinary shares outstanding (basic) | <u>1,095,938</u> | <u>1,095,938</u> | <u>1,095,938</u> | <u>1,095,938</u> |
| Number of ordinary shares outstanding (diluted) | <u>1,095,938</u> | <u>1,095,938</u> | <u>1,095,938</u> | <u>1,095,938</u> |
| Loss per share (diluted) (in Baht) | <u>(0.45)</u> | <u>(0.74)</u> | <u>(0.43)</u> | <u>(0.70)</u> |

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

31 Financial instruments

Financial risk management policies

The principal financial risks faced by the Group are interest rate risk and exchange rate risk. The Group borrows at fixed and floating rates of interest to finance its operations. Sales, purchases and a portion of borrowings are translated in foreign currencies. In order to manage the risks arising from fluctuations in exchange rates and interest rates, the Group makes use of derivative financial instruments.

The objective of using derivative financial instruments are to reduce uncertainty over future cash flows arising from movements in interest and exchange rates, and to manage the liquidity of cash resources. The following strategies are employed to achieve these objectives. Interest rate exposures are managed through interest rate swaps taken out with commercial banks and foreign exchange forward contracts and foreign currency options are take out to manage the currency risks in future sales, purchases and loan repayments. Decisions on the level of risk undertaken are governed by corporate policy, which has established limits by transaction type and by counterparty.

Trading for speculative purposes is prohibited. All derivative transactions are subject to approval of the management before execution.

Management of currency and interest rate exposures is the responsibility of the Treasury Department. Management reports contain detail of cost and market value for all derivative financial instruments including outstanding forward contracts and cross currency and interest rate swap. An analysis of exposures against the limits established by the management is also provided. These limits principally cover the maximum permitted exposure in respect of short-term investment regarding to guideline to short-term investment policy.

Capital management

The primary objective of the Company's capital management is to provide good returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure in order to support asset management plan and new investment opportunities which will create value and strengthen financial position for the whole group.

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies.

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

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

| | Consolidated financial statements | | | |
|--------------------|--|-----------------|---------------------|-----------------|
| | 2011 | | 2010 | |
| | Foreign currency | Baht | Foreign currency | Baht |
| | <i>(in million)</i> | | | |
| Assets | | | | |
| US Dollars | 56.55 | 1,784.32 | 28.41 | 852.55 |
| Australian Dollars | 23.23 | 740.93 | 18.52 | 563.82 |
| Lao Kip | 24,703.10 | 96.34 | 20,732.57 | 76.71 |
| Singapore Dollars | 0.01 | 0.31 | 0.01 | 0.34 |
| India Rupee | 444.80 | 238.19 | 443.93 | 277.06 |
| Japanese Yen | 78.02 | 31.55 | 51.54 | 18.90 |
| Indonesia Rupee | 42.73 | 140.65 | 92.76 | 0.29 |
| Total | | <u>3,032.29</u> | | <u>1,789.67</u> |
| Liabilities | | | | |
| US Dollars | 170.19 | 5,417.44 | 89.59 | 2,714.33 |
| Australian Dollars | 10.10 | 328.06 | 7.07 | 219.15 |
| Lao Kip | 153,748.84 | 615.00 | 123,421.94 | 469.00 |
| Singapore Dollars | 0.15 | 3.62 | 0.14 | 3.39 |
| India Rupee | 45.43 | 29.19 | 45.62 | 32.70 |
| Japanese Yen | - | - | 1.53 | 0.57 |
| Indonesia Rupee | 89.95 | 337.05 | 45.06 | 0.16 |
| Total | | <u>6,730.36</u> | | <u>3,439.30</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.

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

Determination of Fair values

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The carrying amount of cash and cash equivalents, short-term investments, trade receivables, amounts due from related parties, short-term loans and advances to related parties, trade creditors, accounts payable-property and equipment, amounts due to related parties, and borrowings are assumed to approximate their fair value due to the short maturities of these instruments. The fair values of long-term borrowings and debentures are provided in Note 15.

32 Commitments with non-related parties

a) Agreement for operation of domestic communication satellite

The Company was permitted by the Ministry of Transport and Communications, under an agreement dated 11 September 1991 and an amendment thereto dated 22 March 1992, to operate and administer certain satellite projects and to render transponder services for domestic and international communications as well as the right to collect, for a thirty-year period, service charges from users of the transponders. The agreements for operation have been transferred to the Ministry of Information and Communication Technology ("MICT").

Under the aforementioned agreement, the Company must pay an annual fee to MICT based on a percentage of certain service incomes or at the minimum level specified in the agreement, whichever is higher. As at 31 December 2011, the remaining minimum fee is Baht 731 million (2010: Baht 806 million). In addition, the Company, according to the aforementioned agreement, must transfer its ownership of all satellites, and monitoring stations and other operating equipments to MICT on the date of completion of construction and installation.

b) Assets transfer commitment under telephone network agreement in Cambodia

Mfone Company Limited ("Mfone"), a jointly-controlled entity in Cambodia, has obtained agreements for operation from the Directorate of Posts and Telecommunications of Cambodia to operate a domestic telephone network under an agreement dated 4 March 1993 and an amendment thereto dated 4 March 1997, for a period of 35 years. Under the agreement, Mfone will transfer its ownership of all fixed assets to the Government of Cambodia on the expiration date of the agreement in 2028 (Note 11).

c) Shareholder agreement

Lao Telecommunications Company Limited ("LTC") is a joint venture, which was established under the terms of a Joint Venture Contract dated 8 October 1996, signed by the Government of the Lao People's Democratic Republic and Shinawatra Computer and Communications Public Company Limited, the former name of Shin Corporation Public Company Limited. According to the aforementioned Joint Venture Contract, LTC has the right to provide telecommunication services - fixed line phone, mobile phone, international facilities, internet and paging - within the Lao PDR for 25 years. Currently, Shenington Investments Pte Company Limited, which is a jointly-controlled entities of the Company, owns 49% of LTC's registered shares. At the end of the 25th year, in 2021, the Group has to transfer all of LTC's shares to the Government of the Lao People's Democratic Republic without any charges (Note 10). According to the shareholder agreement, LTC is required to invest at least USD 400 million in the projects specified in the agreement within 25 years. As at 31 December 2011, LTC has remaining additional investment of approximately USD 67.33 million (2010: USD 81.45 million).

Thaicom Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2011 and 2010

d) Agreements for operation of a company, subsidiary company and associated companies for the satellite uplink-downlink and Satellite Internet services and Internet services in Thailand

CS Loxinfo Public Company Limited (“CSL”), which is an associate of the Company, entered into agreements for operation with CAT Telecom Public Company Limited (“CAT”) for a period of 22 years from 9 August 1994 to 8 August 2016 to provide satellite uplink-downlink and internet services.

Currently, the National Broadcasting and Telecommunications Commission (“NBTC”) (previously termed “the National Telecommunications Commission (“NTC”) is responsible for granting licenses to provide telecommunication services and internet access services in Thailand. The Company, DTV Service Company Limited, a company’s subsidiary and CSL operate the business to provide internet and telecommunication services under licenses granted by NTC as follow:

| Type of license | Issued Date | Period |
|---|------------------|----------|
| License of the Company | | |
| Telecom Operation License Type I | 16 August 2011 | 5 years |
| License of DTV Service Company Limited | | |
| Internet Operation License Type I | 18 October 2009 | 5 years |
| Licenses of CSL | | |
| Internet Operation License Type II | 26 April 2007 | 5 years |
| Internet Operation License Type I | 8 September 2009 | 5 years |
| Telecom Operation License Type I | 11 October 2009 | 5 years |
| Telecom Operation License Type III | 20 December 2007 | 15 years |

e) Obligation under “Financing and Project Agreement”

Lao Telecommunications Company Limited (“LTC”) entered into a “Financing and Project Agreement” with the government of the Lao People’s Democratic Republic (“government”) and an organisation in Germany (KfW, Frankfurt am Main) on 25 October 2004 of an amount not exceeding Euro 6.5 million (approximately Baht 266.68 million) for the procurement and installation of Phase VI of a rural telecommunication network. Under the agreement, the ownership of network assets will be transferred to LTC through loan at 30% of the network assets’ value excluding consulting services project and interest rate of loan 4% per year. LTC has recognised the network assets relating to Phase VI and the related portion of the loan in the amount of Baht 70.1 million in June 2010. As at 31 December 2011, LTC has paid loan repayment for the loan of Phase IV, V and VI in the amount of Baht 21.8 million.

g) Obligation from shares buy back options

On 23 October 2003, the Company and Codespace Inc. entered into a “Memorandum of Agreement”, which provides Codespace Inc. an option to sell 2.2 million shares of iPSTAR Co., Ltd. to the Company, with the condition that the Company has the first option to purchase these shares. If the offered price per share is greater than the higher of USD 1 or fair market value at offering date, the Company has the right to refuse. If the offered price per share is equal to the higher of USD 1 or fair market value at offering date, the Company has to purchase those shares from Codespace Inc. The Company believes that Codespace Inc. will not exercise the option because according to the result of the financial analysis of the Company, the value per share of iPSTAR Co., Ltd.’s shares is higher than USD 1. As of 31 December 2011, the remaining share option was 0.08 million shares (2010: 0.12 million shares).

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

h) Operating lease commitments

As at 31 December 2011 and 2010, the Group has future aggregate minimum lease payments under non-cancellable operating leases are as follows:

| | Currency | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------|--------------------------------------|-----------------------|----------------------------------|-----------------------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | <i>(in thousands)</i> | | | |
| Within one year | THB | 19,567 | 41,323 | 19,567 | 41,323 |
| | YEN | 4,347 | 362 | 4,347 | 362 |
| | USD | 6,740 | 7,306 | 5,441 | 5,713 |
| | Rupee | 5,352 | 4,622 | 5,352 | 4,622 |
| | Rupiah | 40,500 | 39,500 | 40,500 | 39,500 |
| | Ringgit | 54 | 116 | 54 | 116 |
| | KIP | 147,994 | - | - | - |
| | PHP | 2,061 | 2,977 | 2,061 | 2,977 |
| | AUD | 164 | 89 | - | - |
| Total equivalent Baht | | <u>247,481</u> | <u>272,220</u> | <u>200,219</u> | <u>221,222</u> |
| After one year but within five years | THB | 16,418 | 43,201 | 16,418 | 43,201 |
| | YEN | 1,087 | 453 | 1,087 | 453 |
| | USD | 12,784 | 10,731 | 6,405 | 4,582 |
| | Rupee | 6,153 | 4,532 | 6,153 | 4,532 |
| | Ringgit | 4 | 67 | 4 | 67 |
| | KIP | 689,103 | 614 | - | - |
| | PHP | - | 1,970 | - | 1,970 |
| | AUD | 633 | 86 | - | - |
| | Total equivalent Baht | | <u>451,114</u> | <u>376,431</u> | <u>224,738</u> |
| After five years | THB | 13,017 | 16,559 | 13,017 | 16,559 |
| | USD | 4,830 | 2,389 | 3,416 | - |
| | KIP | 134,235 | 187,009 | - | - |
| Total equivalent Baht | | <u>167,292</u> | <u>89,640</u> | <u>121,747</u> | <u>16,559</u> |
| Grand total equivalent Baht | | <u>865,887</u> | <u>738,291</u> | <u>546,704</u> | <u>425,258</u> |

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

i) Other commitments

The Group had commitments with banks, whereby the banks issued letters of guarantee, letters of credit and other guarantees in respect of business contracts, for the following amounts:

| | Currency | Consolidated financial statements | | Separate financial statements | |
|---|----------|--------------------------------------|---------|----------------------------------|---------|
| | | 2011 | 2010 | 2011 | 2010 |
| | | <i>(in thousands)</i> | | | |
| Minimum operating agreement fee payable to Ministry of Information Communication and Technology | THB | 284,000 | 222,000 | 284,000 | 222,000 |
| IPSTAR equipment sales | THB | 644 | 522 | 644 | 522 |
| Satellite space leasing by customers | USD | 2,398 | 1,442 | 2,398 | 1,442 |
| | THB | 492,198 | 487,000 | 492,198 | 487,000 |
| IPSTAR Gateway | USD | - | 379 | - | 379 |
| Forward contracts | AUD | - | 2,318 | - | - |
| | THB | - | 730,702 | - | 730,702 |
| Letters of credit | USD | 250 | 472 | - | 222 |
| Others | THB | 3,332 | 3,405 | 3,322 | 3,322 |

33 Contingent liabilities

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 incomes are not taxable in India.

The Tax Authority still insists on its consideration and has raised the tax demand including surcharge, education cess and interest aggregating to Rs. 779.5 million (approximately Baht 459 million) against the said payment received by it from the customers and also levied penalty of Rs. 566.1 million (approximately Baht 333 million) for the Assessment Year ('AY') 1998-1999 to 2007-2008 (1 April 1997 to 31 March 2007).

So far, The Company had received Withholding Tax Certificates ('WTC') from its customers until AY 2007-2008 net amounting to Rs. 487.6 million (approximately Baht 287 million), in which part of the amount is substituted and paid by the customer on behalf of the Company. The Company had also deposited Rs. 460.2 million (approximately Baht 271 million). The deposit is presented as non-current assets in the statements of financial position.

On 4 March 2011 Income Tax Appellate Tribunal (ITAT) gave its decision that the Company's income from transponder services in India was not a royalty and as the company has no permanent establishment in India, such income was not taxable in India.

Thaicom Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2011 and 2010

As the consequence, the Company does not have to pay interest and penalty imposed by the Revenue Department of India, and ITAT also decided that the demand for penalty for the assessment year 1998-99, 1999-00, 2000-01, 2001-02 and 2002-03 made by the Revenue Department of India against the Company be cancelled. The Revenue Department of India did not appeal against the ITAT's decision on penalty for the said assessment years to the High Court of Delhi and the ITAT's decision on penalty was final. On 30 December 2011, the Tax authority notified the partial return of deposit placed by the Company against the penalty for the Assessment Year ('AY') 1998-1999 to 2001-2002 and interest, aggregating to Rs. 162.4 million (approximately Baht 96 million.)

Further to ITAT decision as stated in the preceding paragraphs, the Company is in the process of requesting the refund of the remaining deposit and withholding tax from the Tax Authority. Upon the final decision of the Supreme court and the receipt of refund, the Company will forward the Customer the amount they substituted on behalf of the Company.

On September 28, 2011, the Tax Authority has filed an appeal against the decision of High Court on 17 February 2011 which decided that the Company's income from transponder services in India was not a royalty, to the Supreme Court. At the moment, this issue is still under the consideration of the Supreme Court.

If the Supreme court decides finally that the Company's income is taxable in India, the total tax liability demanded by the said Authority of Rs. 779.5 million (approximately Baht 459 million) will be charged as expense immediately, but the Company will not be required to make any additional tax payment as the amount of WTC and the deposit made by the Company fully cover the tax demand.

34 Other events

- a) According to the judgment of the Supreme Court, Criminal Division for Persons Holding Political Positions rendered on 26 February 2010, concerns the Company and its affiliated companies in many aspects. The Company is of the opinion that the consequence of the judgment is limited to the holding that some property of the person holding political position was improperly acquired by an abuse of power while being in a political position. The judgment does not contain any order indicating that the Company or its affiliated companies shall take any actions as the Company is not involved to the case. The Company and its affiliated companies have been operating to the best of its ability in accordance with the law and the agreements and in good faith. The Company and its affiliated companies have every right available under the law and agreements to provide the facts to prove its innocence and good faith in any proceeding which may be initiated by the relevant government agencies in accordance with the law and justice.
- b) On 19 April 2007, Mr. Supong Limthanakul brought legal actions against the National Telecommunications Commission ("NTC"), the office of the NTC and the Ministry of Information and Communication Technology ("MICT") in the Central Administrative Court ("CAC") on the ground that the three state agencies neglected to perform their duties in overseeing whether the Company has been carrying on its telecommunications business lawfully after the sale of Shin Corporation Public Company Limited's shares to the new shareholder.

CAC issued an order dated 8 April 2009 making the Company the fourth respondent in order to allow the Company to file the Reply to the petitioner's claim including evidence, documentary or otherwise to CAC and the Company filed the Reply and supporting evidence in July 2009. On 10 June 2011, CAC has dismissed the verdict.

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

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

The Company is of the opinion that it will not be adversely affected in any way as the actions were brought against NTC, office of the NTC and MICT for neglecting to perform their duties and will not constitute a cause for terminating the operating agreement as the Company has fully complied with the terms and conditions of the operating agreement.

35 Events after the reporting period

a) Proposed dividend payment of CS Loxinfo Public Company Limited (“CSL”)

At the Board of Directors’ meeting of CSL held on 10 February 2012, the directors passed a resolution to approve the appropriation of dividends of Baht 0.27 per share, amounting to Baht 160 million. The proposed dividends must be approved by the shareholders at their meeting.

b) Increase of share capital and reduction of share capital

Increase of share capital

At the Board of Directors’ meeting of CSL held on 10 February 2012, the directors passed a resolution to approve the issuance of 175,000 additional ordinary shares to support the change in the exercise ratio, equivalent to 0.03% of the total issued and paid-up share capital of CSL. As a result of the proposed dividend payment in note 34 (a), the exercise ratio of the warrants issued under ESOP-Grant V has been affected. The directors will propose this to the shareholders for approval.

Reduction of share capital

At the Board of Directors’ meeting of CSL held on 10 February 2012, the directors passed a resolution to reduce the ordinary shares because the warrant of CSL for ESOP-Grant IV expired on 30 May 2011, in number of 2,311,557 shares, equivalent to 0.39% of the total issued and paid-up shares capital of CSL. The directors will propose this to the shareholders for approval

36 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group has not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are expected to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

| TFRS | Topic | Year effective |
|-----------------------|---|----------------|
| TAS 12 | Income Taxes | 2013 |
| TAS 20 | Accounting for Government Grants and Disclosures of Government Assistance | 2013 |
| TAS 21 (revised 2009) | The Effects of Changes in Foreign Exchange Rates | 2013 |

At present, the Group has early adopted TAS 12 Income Taxes.

Management expects to adopt and apply these new TFRS in accordance with the FAP’s announcement and has made a preliminary assessment of the potential initial impact on the consolidated and separate

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2011 and 2010

financial statements of those new standards assessed to have the greatest potential impact on the financial statements in the period of initial application. These standards are as follows:

TAS 21 (revised 2009) - The effects of changes in foreign exchange rates

The principal change introduced by TAS 21 is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21. Foreign currencies are defined by TAS 21 as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Company is Thai Baht. Accordingly, the adoption of TAS 21 from 1 January 2013 is not expected to have a significant impact on the Company's reported assets, liabilities or retained earnings.

37 Reclassification of accounts

Certain accounts in the 2010 financial statements have been reclassified to conform to the presentation in the 2011 financial statements as follows:

| | 2010 | | | | | |
|---|-----------------------------------|-----------|----------------|-------------------------------|-----------|----------------|
| | Consolidated financial statements | | | Separate financial statements | | |
| | Before reclass. | Reclass | After reclass. | Before reclass. | Reclass. | After reclass. |
| | (in thousand Baht) | | | | | |
| <i>Statement of financial position</i> | | | | | | |
| Trade and other | | | | | | |
| accounts receivable | 1,022,742 | 217,477 | 1,240,219 | 772,643 | 104,423 | 877,066 |
| Other current assets | 253,626 | (219,177) | 34,449 | 115,881 | (104,423) | 11,458 |
| Intangible assets | 1,103,078 | 1,700 | 1,104,778 | 947,955 | - | 947,955 |
| Trade and other | | | | | | |
| accounts payable | 530,829 | 329,742 | 860,571 | 305,731 | 206,975 | 512,706 |
| Accrued expenses | 261,448 | (261,448) | - | 166,422 | (166,422) | - |
| Other current liabilities | 171,007 | (68,294) | 102,713 | 88,080 | (40,553) | 47,527 |
| | | - | | | - | |

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Company's business.