Thaicom Public Company Limited and its Subsidiaries

Financial statements for the year ended
31 December 2012
and
Independent Auditor's Report

Audit report of Certified Public Accountant

To the shareholders of Thaicom Public Company Limited

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

Management's Responsibility for the Consolidated and Separate Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of matter

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

(Winid Silamongkol)
Certified Public Accountant
Registration No. 3378

KPMG Phoomchai Audit Ltd.
Bangkok
13 February 2013

Thaicom Public Company Limited and its Subsidiaries

Statements of financial position

		Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Assets	*Note*	2012	2011	2012	2011
			(in Baht)		
Current assets					
Cash and cash equivalents	*5*	2,267,621,303	2,865,910,278	870,590,941	1,826,976,965
Trade and other accounts receivable	*6*	1,177,620,221	1,348,032,287	871,469,123	1,200,716,119
Amounts due from related parties	*4*	4,911,148	3,165,306	126,714,293	121,026,729
Short-term loan to a jointly-controlled entity	*4*	132,542,942	78,943,333	270,495,799	161,108,842
Inventories	*7*	327,798,453	241,325,439	183,982,344	157,556,913
Prepaid insurance		37,065,112	46,548,715	33,420,268	43,476,821
Other current assets		92,400,511	94,742,684	38,920,711	24,384,430
Non-current assets held for abandonment	*8*	1,769,143,585	-	-	-
Total current assets		**5,809,103,275**	**4,678,668,042**	**2,395,593,479**	**3,535,246,819**
Non-current assets					
Long-term loans to subsidiaries	*4*	-	-	18,249,491	28,352,057
Investments in subsidiaries	*9*	-	-	1,665,633,042	693,814,754
Investments in jointly - controlled entity	*9*	-	-	137,638,749	137,638,749
Investments in assosiate	*9*	455,548,980	451,456,794	-	-
Property and equipment	*10*	5,646,545,668	6,611,264,046	3,969,935,934	2,645,391,418
Property and equipment under operating agreement	*11*	11,481,852,986	12,828,228,105	11,481,852,986	12,828,228,105
Deferred charges	*11*	89,688,659	105,469,663	88,936,521	104,217,567
Intangible assets	*11*	919,601,792	1,012,335,308	783,132,186	862,029,593
Deferred tax assets	*12*	677,043,253	838,407,154	537,754,725	701,394,814
Other non-current assets	*13*	731,323,303	689,733,349	730,240,031	665,025,700
Total non-current assets		**20,001,604,641**	**22,536,894,419**	**19,413,373,665**	**18,666,092,757**
Total assets		**25,810,707,916**	**27,215,562,461**	**21,808,967,144**	**22,201,339,576**

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

Thaicom Public Company Limited and its Subsidiaries

Statements of financial position

Liabilities and equity	Note	Consolidated financial statements 31 December 2012	Consolidated financial statements 31 December 2011	Separate financial statements 31 December 2012	Separate financial statements 31 December 2011
			(in Baht)		
Current liabilities					
Trade and other accounts payable	15	804,050,074	727,874,630	481,937,685	345,478,622
Accounts payable - property and equipment		48,013,725	465,593,431	30,220,007	39,721,597
Amounts due to related parties	4	2,718,658	2,257,934	99,911,413	4,109,566
Short-term loan from other related party	4	133,177,020	79,295,387	-	-
Current portion of long-term loans	14	115,391,579	4,626,119,926	6,314,926	3,302,283,518
Advance receipts from customers		526,258,951	328,265,190	369,893,464	91,266,707
Accrued operating agreement fee		214,974,893	264,616,591	214,974,893	205,166,880
Income tax payable		158,891,573	146,268,255	-	-
Other current liabilities	16	80,140,889	140,796,308	54,777,365	81,106,057
Liabilities of non-current assets classified as held for abandonment	8	1,769,143,585	-	-	-
Total current liabilities		**3,852,760,947**	**6,781,087,652**	**1,258,029,753**	**4,069,132,947**
Non-current liabilities					
Long-term loans	14	7,045,724,317	5,651,249,369	6,905,844,917	5,359,051,249
Employee benefits obligations	17	287,319,515	167,308,396	155,443,026	95,542,141
Deferred tax liabilities	12	-	119,535,340	-	-
Other non-current liabilities	18	386,388,296	319,934,576	375,580,808	308,590,681
Total non-current liabilities		**7,719,432,128**	**6,258,027,681**	**7,436,868,751**	**5,763,184,071**
Total liabilities		**11,572,193,075**	**13,039,115,333**	**8,694,898,504**	**9,832,317,018**

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

Thaicom Public Company Limited and its Subsidiaries

Statements of financial position

		Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Liabilities and equity	*Note*	2012	2011	2012	2011
			(in Baht)		
Equity					
Share capital	*19*				
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
Premium on ordinary shares	*19*	4,301,989,672	4,301,989,672	4,301,989,672	4,301,989,672
Retained earnings					
Appropriated					
Legal reserve	*20*	453,152,821	413,853,344	453,152,821	413,853,344
Unappropriated		3,763,906,918	3,732,488,641	2,879,238,447	2,173,491,842
Other components of equity		203,939,183	211,349,446	-	-
Equity attributable to owners of the Company		**14,202,676,294**	**14,139,368,803**	**13,114,068,640**	**12,369,022,558**
Non-controlling interests		35,838,547	37,078,325	-	-
Total equity		**14,238,514,841**	**14,176,447,128**	**13,114,068,640**	**12,369,022,558**
Total liabilities and equity		**25,810,707,916**	**27,215,562,461**	**21,808,967,144**	**22,201,339,576**

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

Thaicom Public Company Limited and its Subsidiaries

Statements of income

	Note	Consolidated financial statements For the year ended 31 December 2012	2011	Separate financial statements For the year ended 31 December 2012	2011
Continuing operations			*(in Baht)*		
Income	*4*				
Revenues from sale of goods and rendering of services	*23*	7,265,912,942	6,623,763,255	5,086,117,111	4,587,549,106
Net foreign exchange gain		19,576,152	-	25,750,165	-
Other income	*24*	106,108,178	149,572,405	600,803,256	203,819,379
Total income		**7,391,597,272**	**6,773,335,660**	**5,712,670,532**	**4,791,368,485**
Expenses	*4*				
Cost of sale of goods and rendering of services		3,737,776,072	3,910,867,343	2,828,605,152	3,055,833,890
Operating agreements fee		746,595,329	596,988,870	746,595,329	596,988,870
Selling expenses		141,216,689	155,941,930	72,751,151	71,450,066
Administrative expenses		1,239,782,528	1,186,163,364	646,300,800	647,135,857
Directors and management benefit expenses		66,466,386	61,816,891	66,235,130	61,592,742
Net foreign exchange loss		-	84,862,682	-	66,323,639
Impairment losses on non-current assets held for abandonment		175,273,209	-	-	-
Finance costs		419,778,276	451,689,687	392,317,478	416,000,121
Total expenses		**6,526,888,489**	**6,448,330,767**	**4,752,805,040**	**4,915,325,185**
Share of profit of associate	*9*	164,103,038	141,289,974	-	-
Profit (loss) before income tax expense from continuing operations		**1,028,811,821**	**466,294,867**	**959,865,492**	**(123,956,700)**
Income tax expense	*27*	(346,508,297)	(501,262,666)	(173,875,953)	(352,039,633)
Profit (loss) from continuing operations		**682,303,524**	**(34,967,799)**	**785,989,539**	**(475,996,333)**
Discontinued operation					
Loss from discontinued operation, net of income tax	*8*	(508,403,144)	(467,276,736)	-	-
Profit (loss) for the year		**173,900,380**	**(502,244,535)**	**785,989,539**	**(475,996,333)**
Profit (loss) attributable to:					
Owner of the Company		173,900,380	(490,025,932)	785,989,539	(475,996,333)
Non-controlling interest		-	(12,218,603)	-	-
Profit (loss) for the year		**173,900,380**	**(502,244,535)**	**785,989,539**	**(475,996,333)**
Earnings (loss) per share	*29*				
Basic		0.16	(0.45)	0.72	(0.43)
Diluted		0.16	(0.45)	0.72	(0.43)
Earnings (loss) per share - continuing operations	*29*				
Basic		0.62	(0.02)	0.72	(0.43)
Diluted		0.62	(0.02)	0.72	(0.43)

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

Thaicom Public Company Limited and its Subsidiaries

Statements of comprehensive income

	Note	Consolidated financial statements For the year ended 31 December 2012	2011	Separate financial statements For the year ended 31 December 2012	2011
			(in Baht)		
Profit (loss) for the year		**173,900,380**	**(502,244,535)**	**785,989,539**	**(475,996,333)**
Other comprehensive income	*21*				
Foreign currency translation differences for foreign operations		(8,740,540)	137,927,307	-	-
Defined benefit plan actuarial losses		(107,204,541)	-	(51,179,321)	
Share of other comprehensive loss of associate		(17,544,342)	-	-	-
Income tax on other comprehensive income		21,566,257	-	10,235,864	-
Other comprehensive income for the year, net of income tax		**(111,923,166)**	**137,927,307**	**(40,943,457)**	**-**
Total comprehensive income for the year		**61,977,214**	**(364,317,228)**	**745,046,082**	**(475,996,333)**
Total comprehensive income attributable to:					
Owners of the Company		63,216,992	(356,522,647)	745,046,082	(475,996,333)
Non-controlling interests		(1,239,778)	(7,794,581)	-	-
Total comprehensive income for the year		**61,977,214**	**(364,317,228)**	**745,046,082**	**(475,996,333)**

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

Thaicom Public Company Limited and its Subsidiaries

Statement of changes in equity

		Consolidated financial statements									
				Retained earnings		Other components of equity					
Year ended 31 December 2011	*Note*	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Cumulative gain on dilution of investment in a subsidiary and an associate	Currency translation differences	Total other components of equity	Equity attributable to owners of the Company	Non-controlling interests	Total equity
						(in Baht)					
Balance at 1 January 2011		**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 loss from decrease in shareholding in an associate		-	-	-	-	(2,463,843)	-	(2,463,843)	(2,463,843)	-	(2,463,843)
Total transactions with owners, recorded directly in equity		**-**	**-**	**-**	**-**	**(2,463,843)**	**-**	**(2,463,843)**	**(2,463,843)**	**-**	**(2,463,843)**
Comprehensive income for the year											
Loss	*29*	-	-	-	(490,025,932)	-	-	-	(490,025,932)	(12,218,603)	(502,244,535)
Other comprehensive income	*21*	-	-	-	-	-	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

		Consolidated financial statements									
				Retained earnings		Other components of equity					
Year ended 31 December 2012	*Note*	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Cumulative gain on dilution of investment in a subsidiary and an associate	Currency translation differences	Total other components of equity	Equity attributable to owners of the Company	Non-controlling interests	Total equity
						(in Baht)					
Balance at 1 January 2012		**5,479,687,700**	**4,301,989,672**	**413,853,344**	**3,732,488,641**	**331,366,428**	**(120,016,982)**	**211,349,446**	**14,139,368,803**	**37,078,325**	**14,176,447,128**
Transactions with owners, recorded directly in equity											
Unrealised gain from decrease in shareholding in an associate	*9*	-	-	-	-	90,499	-	90,499	90,499	-	90,499
Net income recognised directly in equity		**-**	**-**	**-**	**-**	**90,499**	**-**	**90,499**	**90,499**	**-**	**90,499**
Comprehensive income for the year											
Profit	*29*	-	-	39,299,477	134,600,903	-	-	-	173,900,380	-	173,900,380
Other comprehensive income	*21*	-	-	-	(103,182,626)	-	(7,500,762)	(7,500,762)	(110,683,388)	(1,239,778)	(111,923,166)
Total comprehensive income for the year		**-**	**-**	**39,299,477**	**31,418,277**	**-**	**(7,500,762)**	**(7,500,762)**	**63,216,992**	**(1,239,778)**	**61,977,214**
Balance at 31 December 2012		**5,479,687,700**	**4,301,989,672**	**453,152,821**	**3,763,906,918**	**331,456,927**	**(127,517,744)**	**203,939,183**	**14,202,676,294**	**35,838,547**	**14,238,514,841**

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

Thaicom Public Company Limited and its Subsidiaries

Statements of changes in equity

		Separate financial statements				
				Retained earnings		
Year ended 31 December 2011	*Note*	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Total equity
				(in Baht)		
Balance at 1 January 2011		**5,479,687,700**	**4,301,989,672**	**413,853,344**	**2,649,488,175**	**12,845,018,891**
Comprehensive income for the year						
Loss	*29*	-	-	-	(475,996,333)	(475,996,333)
Total comprehensive income for the year		**-**	**-**	**-**	**(475,996,333)**	**(475,996,333)**
Balance at 31 December 2011		**5,479,687,700**	**4,301,989,672**	**413,853,344**	**2,173,491,842**	**12,369,022,558**
Year ended 31 December 2012						
Balance at 1 January 2012 - as reported		**5,479,687,700**	**4,301,989,672**	**413,853,344**	**2,173,491,842**	**12,369,022,558**
Comprehensive income for the year						
Profit	*29*	-	-	39,299,477	746,690,062	785,989,539
Other comprehensive income	*21*	-	-	-	(40,943,457)	(40,943,457)
Total comprehensive income for the year		**-**	**-**	**39,299,477**	**705,746,605**	**745,046,082**
Balance at 31 December 2012		**5,479,687,700**	**4,301,989,672**	**453,152,821**	**2,879,238,447**	**13,114,068,640**

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

Thaicom Public Company Limited and its Subsidiaries

Statements of cash flows

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

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

Thaicom Public Company Limited and its Subsidiaries

Statements of cash flows

	Note	Consolidated financial statements For the year ended 31 December 2012	Consolidated financial statements For the year ended 31 December 2011	Separate financial statements For the year ended 31 December 2012	Separate financial statements For the year ended 31 December 2011
			(in Baht)		
Cash flows from investing activities					
Dividends received	*9*	142,556,994	130,051,995	319,966,000	-
Net cash outflow on acquisition of subsidiaries	*9*	-	-	(971,818,295)	(1,254,000)
Payment of property and equipment		(1,923,181,181)	(2,388,875,694)	(1,740,487,321)	(2,048,511,503)
Payment for property and equipment under operating agreement		(4,920,216)	(1,942,429)	(4,920,214)	(1,942,429)
Proceeds from sale of property and equipment		8,707,858	69,170,220	179,206,394	68,047,778
Short-term loan to a jointly-controlled entity	*4*	(57,190,674)	(76,633,636)	(116,715,662)	(156,395,175)
Long-term loan to subsidiaries	*4*	-	-	9,262,730	187,797,262
Payments for deferred charges		(24,314,388)	(96,124,061)	(24,314,388)	(96,042,625)
Purchase of intangible assets		(12,591,767)	(4,787,959)	(7,226,413)	(4,532,099)
Proceeds from sale of intangible assets		-	195,600	-	195,600
Net cash used in investing activities		**(1,870,933,374)**	**(2,368,945,964)**	**(2,357,047,169)**	**(2,052,637,191)**
Cash flows from financing activities					
Proceeds from short-term borrowings	*14*	-	2,156,217,186	-	2,156,217,186
Repayment of short-term borrowings	*14*	-	(2,156,217,186)	-	(2,156,217,186)
Proceeds from long-term borrowings	*14*	1,620,836,454	1,628,429,113	1,616,412,436	1,628,429,113
Repayments of long-term borrowings	*14*	(3,466,236,413)	(309,727,580)	(3,305,519,526)	(5,399,505)
Proceeds from other related party	*4*	57,597,419	77,317,196	-	-
Interest paid		(438,833,753)	(464,479,944)	(394,600,876)	(407,257,597)
Net cash from (used in) financing activities		**(2,226,636,293)**	**931,538,785**	**(2,083,707,966)**	**1,215,772,011**
Net increase (decrease) in cash and cash equivalents		**(585,451,646)**	**1,599,701,001**	**(954,759,040)**	**1,314,248,762**
Cash and cash equivalents at beginning of year		2,865,910,278	1,271,920,158	1,826,976,965	518,439,084
Effects of non-current assets held for abandon		(11,210,345)	-	-	-
Effects of exchange rate changes on balances held in foreign currencies		(1,626,984)	(5,710,881)	(1,626,984)	(5,710,881)
Cash and cash equivalents at end of year	*5*	**2,267,621,303**	**2,865,910,278**	**870,590,941**	**1,826,976,965**
Non-cash transactions					
Acquisition of property and equipment by issue of debt		27,369,099	83,276,116	27,369,099	42,109,884

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

Thaicom Public Company Limited and its Subsidiaries
Notes to the financial statements

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

These notes form an integral part of the financial statements.

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

1 General information

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

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

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

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

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

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

Details of the Company's subsidiaries and jointly controlled entities as at 31 December 2012 and 2011 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2012	2011
Direct subsidiaries				
DTV Service Company Limited	Providing meeting center via internet and broadband content services and sale of direct television equipment	Thailand	99.99	99.99
iPSTAR Company Limited	Providing Thaicom 4 transponder services	The British Virgin Islands	99.96	99.96

Name of the entity	Type of business	Country of incorporation	Ownership Interest (%) 2012	2011
Star Nucleus Company Limited	Providing broadband technological services via Thaicom 4 satellite	The British Virgin Islands	100	100
Spacecode LLC	Providing engineering and development services, technology and electronics	The United States of America	70	70
IPSTAR International Pte Limited	Providing Thaicom 4 transponder services	Singapore	100	100
IPSTAR Global Services Company Limited	Providing Thaicom 4 transponder services	Mauritius	100	100
Cambodian DTV Network Limited	Sale of direct television equipment	Cambodia	100	100
IPSTAR Australia Pty Limited	Sale of user terminal of Thaicom 4 and providing Thaicom 4 transponder services in Australia.	Australia	100	100
TC Broadcasting Company Limited	Providing broadcasting, television and telecommunication	Thailand	99.99	-
Indirect subsidiary				
Subsidiary of iPSTAR Company Limited				
IPSTAR New Zealand Company Limited	Sale of user terminal of Thaicom 4 and providing Thaicom 4 transponder services in New Zealand	New Zealand	100	100
Jointly-controlled entity				
Shenington Investments Pte Limited	Holding company for investment in international telecommunications	Singapore	51	51

Name of the entity	Type of business	Country of incorporation	Ownership Interest (%)	
			2012	2011
Subsidiary of Shenington Investments Pte Limited				
Mfone Company Limited (Note 8)	Providing fixed line, mobile phone and Internet services	Cambodia	51	51
Jointly-controlled entity of Shenington Investments Pte Limited				
Lao Telecommunications Company Limited	Providing fixed line, mobile phone, public phone, public international facilities and Internet services	Lao PDR	24.99	24.99

2 Basis of preparation of the financial statements

(a) Statement of compliance

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

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

(b) Basis of measurement

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

(c) Presentation currency

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

(d) Use of estimates and judgements

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

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

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

- Note 3(v) Current and deferred taxation
- Note 6 Allowance for doubtful accounts
- Note 7 Measurement of the net realisable value of inventory.
- Notes 10 and 11 Estimated useful lives of assets and measurement of the recoverable amounts
- Note 10 Lease classification
- Note 12 Utilisation of deferred tax assets
- Notes 31 and 32 Provisions and contingencies
- Note 30 Measurement of fair values of financial derivative

3 Significant accounting policies

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

(a) Basis of consolidation

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

Business combinations

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

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

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

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

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

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

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

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

Acquisitions from entities under common control

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

Subsidiaries

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

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

Jointly-controlled entities

Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The consolidated financial statements include the Group's proportionate share of the entities' assets, liabilities, revenue and expenses combined with items of a similar nature on a line by line basis, from the date that joint control commences until the date that joint control ceases.

Loss of control

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

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

Transactions eliminated on consolidation

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

Gain (loss) on dilution from investment

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

(b) Foreign currencies

Foreign currency transactions

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

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

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

Foreign entities

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

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

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

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

(c) Derivative financial instruments

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

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

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

(d) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments with original maturities of three months or less. Bank overdrafts that are repayable on demand are a component of operating activities for the purpose of the statement of cash flows.

(e) Trade and other accounts receivable

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

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments, net of deposit from customers. Bad debts are written off when incurred.

(f) Inventories

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

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(g) Non-current assets held for sale

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

(h) Investments

Investments in subsidiaries, jointly-controlled entity and associate

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

Disposal of investments

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

(i) Property and equipment

Owned assets

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

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

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

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

Subsequent costs

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

Depreciation

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

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

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

No depreciation is provided on assets under construction.

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

(j) Property and equipment under agreements for operation

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

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

(k) Deferred charges

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

(l) Intangible assets

Goodwill

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

Research and development

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

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

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

Other intangible assets

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

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

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

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

(m) Impairment

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

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

Calculation of recoverable amount

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

Reversals of impairment

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

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

(n) Long-term lease agreements

Leases - where the Group is the lessee

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

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

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

Leases - where the Group is the lessor

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

(o) Interest-bearing liabilities

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

(p) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(q) Employee Benefit

Defined contribution plans

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

Post-employment benefits and other long-term employee benefits

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

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

Short-term employee benefits

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

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

Share-based payments

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

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

(r) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Warranties

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

(s) Revenue

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

Sale of goods and services rendered

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

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

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

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

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

Dividend income

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

Interest income

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

(t) Finance costs

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

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

(u) Lease payment

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

Determining whether an arrangement contains a lease

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

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

(v) Income tax

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

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

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

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same

taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.
A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4 Related parties

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

The Company is controlled by Shin Corporation Public Company Limited ("Intouch") (incorporated in Thailand), which owns 41.14% (*2011: 41.14%*) of the Company's shares. Transactions with Intouch Group, Cedar Group, Aspen Group, and Temasek Group are recognised as related party transactions of the Group.

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

Significant transactions for the years ended 31 December 2012 and 2011 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in thousand Baht)			
Revenues				
Revenues from sale of goods and rendering of services				
Subsidiaries	-	-	1,471,384	1,346,351
Jointly-controlled entities	1,275	8,888	-	354
Associate	11,725	10,284	11,665	10,080
Related parties under common control	52,016	62,018	51,962	51,387
Other related party	178	904	-	-
Other income				
Subsidiaries	-	-	514,723	112,825
Jointly-controlled entities	4,342	1,753	8,861	3,577
Related parties under common control	158	-	158	-
Total revenue	**69,694**	**83,847**	**2,058,753**	**1,524,574**
Expenses				
Purchases of goods and services				
Subsidiaries	-	-	55,747	48,098
Jointly-controlled entities	(1,493)	3,683	(3,121)	7,514
Associate	21,375	20,854	21,375	20,684
Related party under common control	1,934	1,168	420	25
Other related parties	34,577	37,325	14,307	13,552
Selling and administrative expenses				
Subsidiaries	-	-	4,706	1,769
Jointly-controlled entities	38	176	77	262
Associate	2,929	3,087	2,740	2,758
Related parties under common control	24,163	15,024	12,906	10,528
Directors and management benefit expenses	67,467	62,746	66,952	62,242
Other expenses				
Other related party	2,915	609	-	-
Total expenses	**153,905**	**144,672**	**176,109**	**167,432**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Key management personnel compensation

Key management personnel compensation comprised:

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

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

Directors' remuneration

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

Commitments for related parties

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

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

Significant agreements with related parties

a. The Company entered into an agreement with an associate, under which the associate was committed to provide uplink data service for a period of approximately five years. The Company was committed to pay for the service in respect of the agreements at approximately Baht 41.38 million *(2011: approximately Baht 8.39 million).*

b. The Company entered into an agreement with a jointly-controlled entity, under which the jointly-controlled entity was committed to ensure the IPSTAR gateway system performance in accordance with the industry standard and provide maintenance service in Cambodia for a period of approximately five years. The contract expired during 2012. As at 31 December 2012, the Company was not committed to pay *(2011: approximately USD 0.16 million).*

c. The Company and subsidiary entered into agreements with subsidiaries, under which the Company and subsidiaries were committed to pay royalty fee at 1% of revenue from sale or lease of IPSTAR gateway, 1% of revenue from sale or lease of IPSTAR User terminal and 3% of revenue from sale or service of IPSTAR bandwidth.

d. The Company entered into agreements with subsidiaries and associate, under which the Company was committed to provide transponder service, IPSTAR bandwidth service and advisory service. Subsidiaries and associate were committed to pay the Company for the service of the agreements at approximately USD 101.37 million *(2011: approximately USD 115.94 million and Baht 7.56 million)*. The service fees of contracts vary to the actual used or number of installed user terminal at the rate stated in the contract.

e. The Company had entered into agreements with a certain related party, under which the related party was committed to maintain accounting program service for a period of one year with an option to renew. The company was committed to pay for the service in respect of the agreements at approximately Baht 5.31 million *(2011: approximately Baht 4.85 Baht)*.

f. The Company entered into an agreement with an associate, under which the Company was committed to provide satellite uplink equipment for a period of approximately three years and seven months. An associate was committed to pay for rental fee in respect of the agreements at approximately Baht 23.41 million.

5 Cash and Cash equivalents

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

6 Trade and other accounts receivable

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

Aging analyses for trade accounts receivable were as follows:

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

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

7 Inventories

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

8 Non-current assets held for abandonment and discontinued operation.

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

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

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

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

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

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

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

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

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

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

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

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

9 Investments in subsidiaries, jointly-controlled entity and associate

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

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

	Consolidated financial statements													
	Ownership interest		Paid-up capital		Cost method		Equity method		Impairment		At equity-net		Dividend income	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	(%)				*(in million Baht)*									
Associate														
CS Loxinfo Public Company Limited	42.07	42.07	148	148	1,482	1,482	456	451	-	-	456	451	143	130
Total					**1,482**	**1,482**	**456**	**451**	**-**	**-**	**456**	**451**	**143**	**130**

	Separate financial statements											
	Ownership interest		Paid-up capital		Cost		Impairment		Cost - net of impairment		**Dividend income**	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	(%)				*(in million Baht)*							
Subsidiaries												
DTV Service Company Limited	99.99	99.99	Baht 399 million	Baht 399 million	399	399	-	-	399	399	-	-
Spacecode LLC	70.00	70.00	USD 4 million	USD 4 million	118	118	-	-	118	118	-	-
iPSTAR Company Limited	99.96	99.96	USD 2 million	USD 2 million	154	154	-	-	154	154	-	-
Star Nucleus Company Limited	100.00	100.00	-	-	-	-	-	-	-	-	-	-
IPSTAR International Pte Limited	100.00	100.00	SGD 20,000	SGD 20,000	1	1	-	-	1	-	-	-
IPSTAR Global Services Company Limited	100.00	100.00	USD 20,000	USD 20,000	1	1	-	-	1	-	-	-
Cambodian DTV Network Company Limited	100.00	100.00	USD 600,000	USD 600,000	21	21	-	-	21	21	-	-
IPSTAR Australia Pty Limited	100.00	-	AUD 6.95 million	-	971	-	-	-	971	-	320	-
TC Broadcast Company Limited	99.99	-	-	-	-	-	-	-	-	-	-	-
Total					**1,665**	**694**	**-**	**-**	**1,665**	**694**	**320**	**-**
Jointly-controlled entity												
Shenington Investments Pte Limited	51.00	51.00	SGD 15 million	SGD 15 million	**138**	**138**	**-**	**-**	**138**	**138**	**-**	**-**

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

	Ownership *(%)*	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Total revenues	Total expenses	Net profit
						(in million Baht)				
2012										
CS Loxinfo Public Company Limited	42.07	403	495	898	(356)	(63)	(419)	1,239	(1,020)	161
Total		**403**	**495**	**898**	**(356)**	**(63)**	**(419)**	**1,239**	**(1,020)**	**161**
2011										
CS Loxinfo Public Company Limited	42.07	362	483	845	(303)	(65)	(368)	1,195	(970)	140
Total		**362**	**483**	**845**	**(303)**	**(65)**	**(368)**	**1,195**	**(970)**	**140**

The following summarised financial information on interests in jointly-controlled entity which has been proportionately consolidated in the consolidated financial statements represents the Group's share of 51% of the Shenington group.

	Ownership *(%)*	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Total revenues	Total expenses	Net loss
						(in million Baht)				
2012										
Group of Shenington Investments Pte Limited	51	170	1,507	1,677	(333)	(459)	(792)	1,167	(1,668)	(535)
Total		**170**	**1,507**	**1,677**	**(333)**	**(459)**	**(792)**	**1,167**	**(1,668)**	**(535)**
2011										
Group of Shenington Investments Pte Limited	51	318	3,871	4,189	(2,245)	(472)	(2,717)	1,237	(1,680)	(478)
Total		**318**	**3,871**	**4,189**	**(2,245)**	**(472)**	**(2,717)**	**1,237**	**(1,680)**	**(478)**

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

Subsidiaries

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

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

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

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

c) The incorporation of TC Broadcast Company Limited ("TCB")

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

Associate

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

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

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

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

Increase of share capital

At the annual general meeting of the shareholders of CSL held on 29 March 2012, a resolution was passed to approve the issuance of 175,000 additional ordinary shares to support the change in the exercise ratio, equivalent to 0.03% of the total issued and paid-up share capital of CSL. As a result of the proposed dividend payment, the exercise ratio of the warrants issued under ESOP-Grant V has been affected. CSL has registered the increased share capital to the Ministry of Commerce on 23 April 2012.

Reduction of share capital

At the annual general meeting of the shareholders of CSL held on 29 March 2012, a resolution was passed to reduce the ordinary shares because the warrant of CSL for ESOP-Grant IV expired on 30 May 2011, in number of 2,311,557 shares, equivalent to 0.39% of the total issued and paid-up shares capital of CSL. CSL has registered the decreased share capital to the Ministry of Commerce on 20 April 2012.

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

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

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

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

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

Subsidiaries

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

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

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

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

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

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

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

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

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

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

The following effect of sale investment in NTU

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

Jointly-controlled entity

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

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

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

Associate

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

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

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

g) Increase and reduction of share capital of CS Loxinfo PublicCompany Limited ("CSL")

Increase of share capital

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

Reduction of share capital

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

Commitments

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

10 Property and equipment

	Consolidated financial statements				
	Leasehold land & building	Equipment	Motor vehicles & office equipment	Assets under construction	Total
			(in thousand Baht)		
As at 31 December 2011					
Cost	463,938	10,204,137	631,448	1,829,451	13,128,974
Less accumulated depreciation	(243,861)	(5,821,577)	(423,680)	-	(6,489,118)
Less accumulated impairment loss	-	(28,592)	-	-	(28,592)
Net book value	**220,077**	**4,353,968**	**207,768**	**1,829,451**	**6,611,264**
Transactions during the year ended 31 December 2012					
Opening net book value	220,077	4,353,968	207,768	1,829,451	6,611,264
Additions	73,991	161,773	40,111	1,647,305	1,923,180
Disposals, net	-	(1,447)	(2,018)	-	(3,465)
Write-offs, net	(3,012)	(6,241)	(1,857)	-	(11,110)
Transfers, net	57,959	33,203	16,402	(143,366)	(35,802)
Depreciation charges	(52,432)	(939,571)	(72,103)	-	(1,064,106)
Foreign currency translation adjustment	(2,993)	(157,844)	(5,083)	(1,814)	(167,734)
Less transferred to assets held for abandonment	(5,263)	(1,551,010)	(49,408)	-	(1,605,681)
Closing net book value	**288,327**	**1,892,831**	**133,812**	**3,331,576**	**5,646,546**
As at 31 December 2012					
Cost	579,376	9,302,519	615,829	3,331,576	13,829,300
Less accumulated depreciation	(285,786)	(5,830,086)	(432,609)	-	(6,548,481)
Less accumulated impairment loss	-	(28,592)	-	-	(28,592)
Less transferred to assets held for abandonment	(5,263)	(1,551,010)	(49,408)	-	(1,605,681)
Net book value	**288,327**	**1,892,831**	**133,812**	**3,331,576**	**5,646,546**
Net book value					
At 1 January 2011					
Owned assets	229,883	4,099,747	153,732	753,581	5,236,943
Assets under finance leases	-	-	25,703	-	25,703
	229,883	**4,099,747**	**179,435**	**753,581**	**5,262,646**
At 31 December 2011 and 1 January 2012					
Owned assets	220,077	4,353,968	181,913	1,829,451	6,585,409
Assets under finance leases	-	-	25,855	-	25,855
	220,077	**4,353,968**	**207,768**	**1,829,451**	**6,611,264**

	Consolidated financial statements				
	Leasehold land & building	Equipment	Motor vehicles & office equipment	Assets under construction	Total
			(in thousand Baht)		
As at 31 December 2012					
Owned assets	288,327	1,892,831	112,765	3,331,576	5,625,499
Assets under finance leases	-	-	21,047	-	21,047
	288,327	**1,892,831**	**133,812**	**3,331,576**	**5,646,546**

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

As at 31 December 2012 the accumulated impairment loss of Baht 28.6 million *(2011: Baht 28.6 million)* comprised an impairment loss for analogue mobile telephone network of a jointly controlled entity which ceased its operation in 2005 amounting to Baht 16.2 million and an impairment loss for rural telephone network of another jointly controlled entity amounting to Baht 12.4 million.

As at 31 December 2012, net book value of property and equipment includes property and equipment under agreements for operation of a jointly-controlled entity, Mfone Company Limited ("Mfone"), of approximately Baht 1,551.01 million *(2011: Baht* 1,997.73 *million)*. According to the agreement, Mfone must transfer its ownership of the property and equipment to the government of Cambodia on the expiration date of the agreements. The Group reclassified these assets to non-current asset held for abandonment in full amount (Note 8).

	Separate financial statements				
	Leasehold land & building	Equipment	Motor vehicles & office equipment	Assets under construction	Total
			(in thousand Baht)		
As at 31 December 2011					
Cost	78,279	3,563,331	227,587	1,720,641	5,589,838
Less accumulated depreciation	(53,366)	(2,724,847)	(166,234)	-	(2,944,447)
Net book value	**24,913**	**838,484**	**61,353**	**1,720,641**	**2,645,391**
Transactions during the year ended 31					
2012					
Opening net book value	24,913	838,484	61,353	1,720,641	2,645,391
Additions	7,433	160,032	17,413	1,546,325	1,731,203
Disposals, net	-	(121,038)	(24)	-	(121,062)
Write-offs, net	(5)	(425)	(1,305)	-	(1,735)
Transfers, net	-	(33,204)	-	-	(33,204)
Depreciation charges	(4,436)	(221,941)	(24,280)	-	(250,657)
Closing net book value	**27,905**	**621,908**	**53,157**	**3,266,966**	**3,969,936**

	Separate financial statements				
	Leasehold land & building	Equipment	Motor vehicles & office equipment	Assets under construction	Total
			(in thousand Baht)		
As at 31 December 2012					
Cost	85,604	2,416,296	200,965	3,266,966	5,969,831
Less accumulated depreciation	(57,699)	(1,794,388)	(147,808)	-	(1,999,895)
Net book value	**27,905**	**621,908**	**53,157**	**3,266,966**	**3,969,936**
Net book value					
At 1 January 2011					
Owned assets	19,106	1,002,954	42,052	-	1,064,112
Assets under finance leases	-	-	25,168	-	25,168
	19,106	**1,002,954**	**67,220**	**-**	**1,089,280**
At 31 December 2011 and 1 January 2012					
Owned assets	24,913	838,484	35,812	1,720,641	2,619,850
Assets under finance leases	-	-	25,541	-	25,541
	24,913	**838,484**	**61,353**	**1,720,641**	**2,645,391**
At 31 December 2012					
Owned assets	27,905	621,908	32,110	3,266,966	3,948,889
Assets under finance leases	-	-	21,047	-	21,047
	27,905	**621,908**	**53,157**	**3,266,966**	**3,969,936**

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

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

As at 31 December 2012, property and equipment included a project in progress of Baht 3,266.97 million *(2011: Baht 1,720.64 million),* relating to the Thaicom 6 project. The Thaicom 6 project will be fully operational with the launch of Thaicom 6 satellite within 2013. According to the operating agreement made with the Ministry of Information Communication and Technology ("MICT"), the Company must transfer its ownership of the Thaicom 6 satellite to MICT on the date of completion of construction and installation.

Capital expenditure commitments

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

	Currency	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		(in thousand)			
THAICOM 4 Project	USD	26	26	26	26
THAICOM 6 Project	USD	37,730	73,374	37,730	73,374
120°E Project	USD	171,000	171,000	171,000	171,000
Telephone network	USD	3,888	7,601	-	-
Total	USD	212,644	252,001	208,756	244,400
Total equivalent to Thai Baht		**6,544,658**	**8,021,672**	**6,424,984**	**7,779,713**

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

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

	Consolidated financial statements				
	Property and equipment under agreement for operation	Deferred charges	Goodwill	Other intangible assets	Total intangible assets
			(in thousand Baht)		
As at 31 December 2011					
Cost	21,140,162	711,224	57,822	1,611,438	1,669,260
Less accumulated amortisation	(8,311,934)	(605,754)	-	(656,925)	(656,925)
Net book value	**12,828,228**	**105,470**	**57,822**	**954,513**	**1,012,335**
Transactions during the year ended 31 December 2012					
Opening net book value	12,828,228	105,470	57,822	954,513	1,012,335
Additions	4,920	24,314	-	12,592	12,592
Write-off	-	-	-	(116)	(116)
Amortisation charges for the year	(1,351,295)	(40,095)	-	(102,207)	(102,207)
Foreign currency translation adjustment	-	-	-	(3,002)	(3,002)
Closing net book value	**11,481,853**	**89,689**	**57,822**	**861,780**	**919,602**
As at 31 December 2012					
Cost	21,147,208	732,466	57,822	1,618,673	1,676,495
Less accumulated amortisation	(9,665,355)	(642,777)	-	(756,893)	(756,893)
Net book value	**11,481,853**	**89,689**	**57,822**	**861,780**	**919,602**

	Consolidated financial statements				
	Property and equipment under agreement for operation	Deferred charges	Goodwill	Other intangible assets	Total intangible assets
		(in thousand Baht)			
Net book value					
At 1 January 2011	**14,177,126**	**41,053**	**59,443**	**1,045,335**	**1,104,778**
At 31 December 2011 and 1 January 2012	**12,828,228**	**105,470**	**57,822**	**954,513**	**1,012,335**
At 31 December 2012	**11,481,853**	**89,689**	**57,822**	**861,780**	**919,602**

	Separate financial statements		
	Property and equipment under agreement for operation	Deferred charges	Intangible assets
		(in thousand Baht)	
As at 31 December 2011			
Cost	21,140,162	677,953	1,457,487
Less accumulated amortisation	(8,311,934)	(573,735)	(595,458)
Net book value	**12,828,228**	**104,218**	**862,029**
Transactions during the year ended 31 December 2012			
Opening net book value	**12,828,228**	**104,218**	**862,029**
Additions	4,920	24,314	11,434
Disposals, net	-	-	(143)
Write-offs, net	-	-	(116)
Amortisation charges for the year	(1,351,295)	(39,595)	(90,072)
Closing net book value	**11,481,853**	**88,937**	**783,132**
As at 31 December 2012			
Cost	21,147,208	701,646	1,468,419
Less accumulated amortisation	(9,665,355)	(612,709)	(685,287)
Net book value	**11,481,853**	**88,937**	**783,132**
Net book value			
At 1 January 2011	**14,177,126**	**38,941**	**947,955**
At 31 December 2011 and 1 January 2012	**12,828,228**	**104,218**	**862,029**
At 31 December 2012	**11,481,853**	**88,937**	**783,132**

12 Deferred tax

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

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

Deferred tax assets for tax loss carried forward are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

		Consolidated financial statements (Charged)/credited to:		
	At 1 January 2011	Profit or loss (*Note 27*)	Equity	**At 31 December 2011**
		(in thousand Baht)		
Deferred tax liabilities				
Depreciation/amortisation	133,127	(19,503)	5,911	119,535
Gain on foreign exchange	(2,355)	2,355	-	-
Others	35	(35)	-	-
Total	**130,807**	**(17,183)**	**5,911**	**119,535**
Deferred tax assets				
Cumulative deficit	976,526	(344,519)	-	632,007
Allowance for doubtful accounts	21,930	(4,949)	755	17,736
Allowance for obsolete inventory	17,531	(4,385)	101	13,247
Depreciation	10,375	(24,882)	20	(14,487)
Deposits	32,266	46,646	1,712	80,624
Finance costs	23,546	-	1,203	24,749
Advance receipts from customers	6,941	(660)	400	6,681
Others	68,722	8,667	461	77,850
Total	**1,157,837**	**(324,082)**	**4,652**	**838,407**
Net	**1,027,030**	**(306,899)**	**(1,259)**	**718,872**

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

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

13 Other non-current assets

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

14 Interest-bearing liabilities

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

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

Long-term debentures

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

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

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

The movements in the borrowing can be analysed as follows:

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

The group has to maintain the financial ratios restricted in the long-term agreements.

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

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

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

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

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

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

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

Credit facilities

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

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

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

15 Trade and other accounts payable

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

16 Other current liabilities

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

17 Employee benefit obligation

The statement of financial position obligation was determined as follows:

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

Movement in the present value of the employee benefit obligations:

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

Expense recognised in profit or loss:

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

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

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

18 Other non-current liabilities

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

19 Share capital and warrants

	Par value per share *(Baht)*	2012 Number	2012 Baht	2011 Number	2011 Baht
		(thousand shares / thousand Baht)			
Authorised					
At 31 December					
ordinary shares	***5***	**1,132,082**	**5,660,412**	**1,132,082**	**5,660,412**
Issued and paid - up					
At 1 January					
ordinary shares	*5*	1,095,938	5,479,688	1,095,938	5,479,688
At 31 December					
ordinary shares	***5***	**1,095,938**	**5,479,688**	**1,095,938**	**5,479,688**

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Share premium

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

20 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

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

Other components of equity

Currency translation differences

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

21 Other comprehensive income

The component of other comprehensive income is as follows:

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

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

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

	Separate financial statements					
	2012			2011		
	Amount before tax	Tax income (expense)	Net of tax	Amount before tax	Tax income (expense)	Net of tax
	(in thousand Baht)					
For the year ended 31 December						
Defined benefit plan actuarial losses, net of tax	(51,179)	10,236	(40,943)	-	-	-
Total other comprehensive income	**(51,179)**	**10,236**	**(40,943)**	**-**	**-**	**-**

22 Segment information

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

Business segments

The Group comprises the following main business segments:

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

Geographic segments

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

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

The Group comprises the following main geographic segments:

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

	Satellite business services		Internet services and media		Telephone network		Others		Consolidation eliminations		Total continuing operations		Discontinued operation		Consolidated financial statements	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
								(in million Baht)								
Revenues	6,316	5,738	289	368	700	576	-	-	(39)	(58)	7,266	6,624	434	630	7,700	7,254
Shares of net results from associate	-	-	164	141	-	-	-	-	-	-	164	141	-	-	164	141
Cost of sales and services	(3,847)	(3,894)	(276)	(317)	(390)	(351)	-	-	29	54	(4,484)	(4,508)	(863)	(965)	(5,347)	(5,473)
Selling and administrative expenses	(1,134)	(1,099)	(89)	(100)	(183)	(161)	(122)	(52)	81	8	(1,447)	(1,404)	(89)	(124)	(1,536)	(1,528)
Segment results	1,335	745	88	92	127	64	(122)	(52)	71	4	1,499	853	(518)	(459)	981	394
Other income											106	150	1	-	107	150
Gain (loss) on foreign exchange											19	(85)	(1)	-	18	(85)
Loss on impairment asset											(175)	-	-	-	(175)	-
Profit (loss) before finance cost and income tax											1,449	918	(518)	(459)	931	459
Finance costs											(420)	(452)	(15)	(27)	(435)	(479)
Operating profit (loss)											1,029	466	(533)	(486)	496	(19)
Income tax											(346)	(501)	24	19	(322)	(483)
Non-controlling interests											-	12	-	-	-	12
Net Profit (loss)											**683**	**(23)**	**(509)**	**(467)**	**174**	**(490)**
Segment assets	22,188	22,666	266	265	1,413	3,997	17	1	(431)	(244)	23,453	26,685	1,769	-	25,222	26,685
Loan to other related party															133	79
Associate															456	451
Total assets															**25,811**	**27,215**

	Satellite business services		Internet services and media		Telephone network		Others		Consolidation elimination		Total continuing operations		Discontinued operation		Consolidated financial statements	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
									(in million Baht)							
Segment liabilities	2,116	1,594	172	140	275	1,014	143	1	(64)	(67)	2,642	2,682	1,769	-	4,411	2,682
Borrowings															7,161	10,357
Total															**11,572**	**13,039**
Depreciation	378	413	8	11	261	250	-	-	-	-	647	674	417	452	1,064	1,126
Amortisation	1,495	1,486	4	2	-	-	-	-	-	-	1,499	1,488	-	-	1,499	1,488
Total depreciation and amortisation	**1,873**	**1,899**	**12**	**13**	**261**	**250**	**-**	**-**	**-**	**-**	**2,146**	**2,162**	**417**	**452**	**2,563**	**2,614**

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

	2012	2011
	(in thousand Baht)	
Segment revenue		
Thailand	3,235,904	2,796,458
Lao PDR	752,822	615,786
Australia	1,081,853	1,087,656
China	16,145	15,288
India	317,325	304,473
Japan	833,289	877,465
Others	1,192,767	1,068,029
Total continuing operations	**7,430,105**	**6,765,155**
Discontinued operation	433,664	630,006
Total	**7,863,769**	**7,395,161**
Segment results		
Thailand	1,683,400	1,303,177
Lao PDR	141,643	73,728
Australia	388,201	346,599
China	(596,583)	(474,418)
India	(195,220)	(176,385)
Japan	391,113	245,761
Others	(315,505)	(467,296)
Total continuing operations	**1,497,049**	**851,166**
Discontinued operation	(516,524)	(456,968)
Total	**980,525**	**394,198**
Fixed assets		
Thailand	16,014,962	15,906,280
Cambodia	-	2,095,069
Lao PDR	1,374,070	1,599,910
Australia	228,729	221,950
China	23,614	41,323
India	163,091	227,035
Japan	102,829	158,269
Others	230,394	307,461
Total continuing operations	**18,137,689**	**20,557,297**
Discontinued operation	1,605,681	-
Total	**19,743,370**	**20,557,297**

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

23 Revenues from sale of goods and rendering of services

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

24 Other income

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

25 Expenses by nature

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

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in thousand Baht)			
Continued operation				
Depreciation of property and equipment	646,758	771,969	250,657	360,755
Amortisation of property and equipment under the agreements for operations, deferred charges and intangible assets	1,493,598	1,482,480	1,480,720	1,471,683
Amortisation of finance costs	5,577	6,139	5,577	6,139
Staff costs	1,146,080	1,128,048	773,259	718,252
Discontinued operation				
Depreciation of property and equipment	417,348	353,808	-	-
Staff costs	50,355	68,213	-	-

26 Provident funds

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

27 Income tax expense

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
			(in thousand Baht)		
Income tax expense from continuing					
Current tax expense		(211,779)	(175,816)	-	-
Deferred tax expense					
Movement in temporary differences		(105,933)	53,328	(145,080)	(1,384)
Income tax reduction – deferred		(28,796)	(360,227)	(28,796)	(350,656)
Total	*12*	**(134,729)**	**(306,899)**	**(173,876)**	**(352,040)**
Total income tax expense from continuing operations		**(346,508)**	**(501,263)**	**(173,876)**	**(352,040)**
Income tax from discontinued n operation	*8*	23,923	18,548	-	-
Total income tax expense		**(322,585)**	**(482,715)**	**(173,876)**	**(352,040)**

Reconciliation of effective tax rate

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

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

Income tax reduction

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

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

28 Promotional privileges

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

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

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

29 Earning (loss) per share

Basic earnings (loss) per share

The calculations of basic earning (loss) per share for the years ended 31 December 2012 and 2011 were based on the profit (loss) for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements						Separate financial statements					
	2012			2011			2012			2011		
	Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total
	(in thousand Baht /thousand shares)											
Profit (loss) for the year	682,303	(508,403)	173,900	(22,749)	(467,277)	(490,026)	785,990	-	785,990	(475,996)	-	(475,996)
Profit (loss) attributable to ordinary shareholders of the Company (basic)	**682,303**	**(508,403)**	**173,900**	**(22,749)**	**(467,277)**	**(490,026)**	**785,990**	**-**	**785,990**	**(475,996)**	**-**	**(475,996)**
Number of ordinary shares outstanding	**1,095,938**	**1,095,938**	**1,095,938**	**1,095,938**	**1,095,938**	**1,095,938**	**1,095,938**	**1,095,938**	**1,095,938**	**1,095,938**	**1,095,938**	**1,095,938**
Earnings (loss) per share (basic) *(in Baht)*	**0.62**	**(0.46)**	**0.16**	**(0.02)**	**(0.43)**	**(0.45)**	**0.72**	**-**	**0.72**	**(0.43)**	**-**	**(0.43)**

Diluted earnings (loss) per share

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

	Consolidated financial statements						Separate financial statements					
	2012			2011			2012			2011		
	Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total
	(in thousand Baht /thousand shares)											
Profit (loss) for the year	682,303	(508,403)	173,900	(22,749)	(467,277)	(490,026)	785,990	-	785,990	(475,996)	-	(475,996)
Profit (loss) attributable to ordinary shareholders of the Company (diluted)	**682,303**	**(508,403)**	**173,900**	**(22,749)**	**(467,277)**	**(490,026)**	**785,990**	**-**	**785,990**	**(475,996)**	**-**	**(475,996)**
Number of ordinary shares outstanding	**1,095,938**	**1,095,938**	**1,095,938**	**1,095,938**	**1,095,938**	**1,095,938**	**1,095,938**	**1,095,938**	**1,095,938**	**1,095,938**	**1,095,938**	**1,095,938**
Earnings (loss) per share (diluted)												
(in Baht)	**0.62**	**(0.46)**	**0.16**	**(0.02)**	**(0.43)**	**(0.45)**	**0.72**	**-**	**0.72**	**(0.43)**	**-**	**(0.43)**

30 Financial instruments

Financial risk management policies

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

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

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

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

Capital management

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

Foreign currency risk

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

At 31 December 2012 and 2011, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	Consolidated financial statements			
	2012		2011	
	Foreign currency	Baht	Foreign currency	Baht
	(in million)			
Assets				
US Dollars	26.68	877.80	21.52	679.06
Singapore Dollars	1.85	46.23	0.01	0.31
India Rupee	428.48	222.60	444.80	238.19
Japanese Yen	327.16	115.99	587.71	237.69
New Zealand Dollars	1.88	47.68	2.03	49.26
Total		1,310.30		1,204.51
Liabilities				
US Dollars	115.75	3,545.02	60.90	1,938.52
Singapore Dollars	0.06	1.62	0.15	3.62
India Rupee	238.06	142.79	45.43	29.19
Japanese Yen	266.87	94.61	264.88	109.04
New Zealand Dollars	0.30	7.44	0.24	5.96
Total		3,791.48		2,086.33

Foreign currency assets mainly represent cash in bank and accounts receivable. Foreign currency liabilities mainly represent trade accounts payable, accounts payable - property and equipment and borrowings.

Credit risk

The Group has no significant concentrations of credit risks. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high quality financial institutions.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations, including finding short term credit facility from various banks for reserve in case of necessary and to mitigate the effects of fluctuations in cash flows.

Determination of Fair values

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

The carrying amount of cash and cash equivalents, short-term investments, trade receivables, amounts due from related parties, short-term loans and advances to related parties, trade creditors, accounts payable-property and equipment, amounts due to related parties, and borrowings are assumed to approximate their fair value due to the short maturities of these instruments. The fair values of long-term borrowings and debentures are provided in Note 14.

31 Commitments with non-related parties

a) Agreement for operation of domestic communication satellite

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

Under the aforementioned agreement, the Company must pay an annual fee to MICT based on a percentage of certain service incomes or at the minimum level specified in the agreement, whichever is higher. As at 31 December 2012, the remaining minimum fee is Baht 684 million (*2011: Baht 747 million)*. In addition, the Company, according to the aforementioned agreement, must transfer its ownership of all satellites, and monitoring stations and other operating equipments to MICT on the date of completion of construction and installation.

b) Shareholder agreement

Lao Telecommunications Company Limited ("LTC") is a joint venture, which was established under the terms of a Joint Venture Contract dated 8 October 1996, signed by the Government of the Lao People's Democratic Republic and Shinawatra Computer and Communications Public Company Limited, the former name of Shin Corporation Public Company Limited. According to the aforementioned Joint Venture Contract, LTC has the right to provide telecommunication services - fixed line phone, mobile phone, international facilities, internet and paging - within the Lao PDR for 25 years. Currently, Shenington Investments Pte Company Limited, which is a jointly-controlled entities of the Company, owns 49% of LTC's registered shares. At the end of the 25th year, in 2021, the Group has to transfer all of LTC's shares to the Government of the Lao People's Democratic Republic without any charges (Note 10). According to the shareholder agreement, LTC is required to invest at least USD 400 million in the projects specified in the agreement within 25 years. As at 31 December 2012, LTC has remaining additional investment of approximately USD 96.82 million *(2011: USD 108.50 million)*.

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

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

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

Type of license	Issued Date	Period
License of the Company		
Telecom Operation License Type I	16 August 2011	5 years
Telecom Operation License Type III	26 June 2012	20 years
License of DTV Service Company Limited		
Internet Operation License Type I	18 October 2009	5 years
Licenses of CSL		
Internet Operation License Type II	26 April 2012	5 years
Internet Operation License Type I	8 September 2009	5 years
Telecom Operation License Type I	11 October 2009	5 years
Telecom Operation License Type III	20 December 2007	15 years

d) Obligation under "Financing and Project Agreement"

Lao Telecommunications Company Limited ("LTC") entered into a "Financing and Project Agreement" with the government of the Lao People's Democratic Republic ("government") and an organisation in Germany (KfW, Frankfurt am Main) on 25 October 2004 of an amount not exceeding Euro 6.5 million (approximately Baht 258.99 million) for the procurement and installation of Phase VI of a rural telecommunication network. Under the agreement, the ownership of network assets will be transferred to LTC through loan at 30% of the network assets' value excluding consulting services project and interest rate of loan 4% per year. As at 31 December 2012, LTC has recognised the network assets relating to Phase VI and the related portion of the loan in the amount of Kip 18.44 billion (approximately Baht 70.06 million) and has paid loan repayment for the loan in the amount of Kip 3.69 billion (approximately Baht 14.01 million).
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e) Obligation from shares buy back options

On 23 October 2003, the Company and Codespace Inc. entered into a "Memorandum of Agreement", which provides Codespace Inc. an option to sell 2.2 million shares of iPSTAR Co., Ltd. to the Company, with the condition that the Company has the first option to purchase these shares. If the offered price per share is greater than the higher of USD 1 or fair market value at offering date, the Company has the right to refuse. If the offered price per share is equal to the higher of USD 1 or fair market value at offering date, the Company has to purchase those shares from Codespace Inc. The Company believes that Codespace Inc. will not exercise the option because according to the result of the financial analysis of the Company, the value per share of iPSTAR Co., Ltd.'s shares is higher than USD 1. As of 31 December 2012, the remaining share option was 0.08 million shares *(2011: 0.08 million shares).*

f) Operating lease commitments

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

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

g) Other commitments

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

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

32 Contingent liabilities

Assessment for income tax in India

The Tax Authority in India ('the Tax Authority'), has held that the payments received by the Company for providing Transponder Services ('TPS') to its Indian Customers and non-resident customers targeting Indian audience ('the Customer') was Royalty under both the Indian Income Tax Act ('the Act'), and the Double Taxation Avoidance Agreement between Thailand and India ('the DTAA') and subject to withholding tax at the rate of 15% on gross basis. But the Company considered income from Transponder Services to be business income, and as the Company does not have permanent establishment in India, such income is not taxable in India.

The Tax Authority still insists on its consideration and has raised the tax demand including surcharge, education cess and interest aggregating to Rs. 804.5 million (approximately Baht 450 million) against the said payment received by it from the customers and also levied penalty of Rs. 566.1 million (approximately Baht 317 million) for the Assessment Year ('AY') 1998-1999 to 2009-2010 (1 April 1997 to 31 March 2009).

So far, the Company had received Withholding Tax Certificates ('WTC') from its customers until Assessment Year ('AY') 2007-2008 net amounting to Rs. 498.4 million (approximately Baht 279 million), in which part of the amount is substituted and paid by the customer on behalf of the Company. The Company had also deposited Rs. 460.2 million (approximately Baht 258 million). The deposit is presented as non-current assets in the statements of financial position.

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

As the consequence, the Company does not have to pay interest and penalty imposed by the Revenue Department of India, and ITAT also decided that the demand for penalty for the assessment year 1998-99, 1999-00, 2000-01, 2001-02 and 2002-03 made by the Revenue Department of India against the Company be cancelled. The Revenue Department of India did not appeal against the ITAT's decision on penalty for the said assessment years to the High Court of Delhi and the ITAT's decision on penalty was final. On 30 December 2011, the Tax authority notified the partial return of deposit placed by the Company against the penalty for the Assessment Year ('AY') 1998-1999 to 2001-2002 and interest, aggregating to Rs. 162.4 million (approximately Baht 91 million.)

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

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

If the Supreme court decides finally that the Company's income is taxable in India, the total tax liability demanded by the said Authority of Rs. 804.5 million (approximately Baht 450 million) will be charged as expense immediately, but the Company has already placed withholding tax and the deposit against part of the tax demand. The Company is liable for tax demand in the amount of Rs. 8.4 million (approximately Baht 4 million).

33 Other events

a) According to the judgment of the Supreme Court, Criminal Division for Persons Holding Political Positions rendered on 26 February 2010, concerns the Company and its affiliated companies in many aspects. The Company is of the opinion that the consequence of the judgment is limited to the holding that some property of the person holding political position was improperly acquired by an abuse of power while being in a political position. The judgment does not contain any order indicating that the Company or its affiliated companies shall take any actions as the Company is not involved to the case. The Company and its affiliated companies have been operating to the best of its ability in accordance with the law and the agreements and in good faith. The Company and its affiliated companies have every right available under the law and agreements to provide the facts to prove its innocence and good faith in any proceeding which may be initiated by the relevant government agencies in accordance with the law and justice.

b) On 19 April 2007, Mr. Supong Limthanakul brought legal actions against the National Telecommunications Commission ("NTC"), the office of the NTC and the Ministry of Information and Communication Technology ("MICT") in the Central Administrative Court ("CAC") on the ground that the three state agencies neglected to perform their duties in overseeing whether the Company has been carrying on its telecommunications business lawfully after the sale of Shin Corporation Public Company Limited's shares to the new shareholder.

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

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

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

34 Events after the reporting period

a) Proposed dividend payment of the Company

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

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

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

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

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

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

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

35 Thai Financial Reporting Standards (TFRS) not yet adopted

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

TFRS	Topic	Year effective
TAS 12	Income Taxes	2013
TAS 20	Accounting for Government Grants and Disclosures of Government Assistance	2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TFRS 8	Operating Segments	2013

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

Management expects to adopt and apply these new TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of those new standards assessed to have the greatest potential impact on the financial statements in the period of initial application. These standards are as follows:

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

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

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

TFRS 8 – Operating segments

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

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

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

36 Reclassification of accounts

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

	2011 Consolidated financial statements		
	Before reclass.	Reclass	After reclass.
	(in thousand Baht)		
Statement of income			
Revenues from sale of goods and rendering of services	7,253,871	(630,107)	6,623,764
Other income	149,913	(341)	149,572
Total income	**7,403,784**	**(630,448)**	**6,773,336**
Cost of sale of goods and rendering	4,851,947	(941,080)	3,910,867
Operating agreements fee	620,810	(23,821)	596,989
Selling expenses	164,889	(8,947)	155,942
Administrative expenses	1,301,221	(115,057)	1,186,164
Directors and management benefit expenses	62,097	(280)	61,817
Net foreign exchange loss	84,754	108	84,861
Finance costs	478,886	(27,196)	451,690
Total expenses	**7,564,604**	**(1,116,274)**	**6,448,330**
Share of profit of associate	141,290	-	141,290
Profit (loss) before income tax expense	**(19,531)**	**485,826**	**466,295**
Income tax expense	(482,715)	(18,548)	(501,263)
Profit (loss) for the year	**(502,245)**	**467,278**	**(34,968)**

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