

true

Annual Report



2010

THE POWER OF TOGETHERNESS

Annual Report

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Financial Highlights

	(Unit : Million Baht)		
	2010	2009 (re)	2008 (re)
Consolidated Financial Results			
Service revenues	59,062	59,671	60,094
Service revenues excluding IC	52,649	52,605	51,921
Total revenues	62,378	62,474	61,265
EBITDA	18,392	19,582	18,515
Operating profit	7,140	8,752	7,384
Results from ongoing operations	(610)	(518)	105
Results from ongoing operations before deferred tax	257	511	288
Net profit (loss) to equity holders of the Company	1,959	1,228	(2,355)
Consolidated Balance Sheets and Cash Flows			
Total assets	115,022	116,421	118,024
Total liabilities	102,552	105,779	111,404
Total shareholder's equity	12,470	10,642	6,620
Cash flow from operations	9,269	9,444	11,894
Free cash flow ^{1/}	1,786	4,155	4,611
Key Financial and Efficiency Ratios			
EBITDA margin	29.5%	31.3%	30.2%
EBITDA margin (on total revenue excl. IC)	32.9%	35.3%	34.9%
Operating profit margin	11.4%	14.0%	12.1%
Asset Turnover (times)	0.5	0.5	0.5
EBITDA / Interest coverage ratio (times) ^{2/}	2.8	2.6	2.5
Net debt / EBITDA (times) ^{2/}	3.3	3.1	3.7
Per Share Data and Others			
Profit (loss) per share (Baht) ^{3/}	0.28	0.18	(0.66)
Book value per share (Baht)	1.60	1.37	1.47
Share price at year end (Baht)	7.10	3.06	1.79
No. of outstanding shares at year end (million shares)	7,776	7,776	4,503
Market capitalization	55,208	23,794	8,061

^{1/} Cash flow from operations less capital expenditure

^{2/} Excluding liabilities under finance leases

^{3/} After accumulated dividend for preferred shares.

^{4/} Restatement for the year 2008 and year 2010:

- In Q2 2010, the consolidated results for the period have been normalized to exclude costs relating to TrueVisions refinancing from being reported under "Other Financial Fees" to be presented under the non-recurring items. These include hedging unwinding costs for interest expenses of Bt 878.6 mn.
- In Q2 2010, adjustments have been made to reported deferred income tax to exclude the following items: 1) deferred income tax gain of Bt 1.016 bn from the reorganization of the pay-TV group; 2) One time adjustment relating to the reversal of a deferred income tax liability of Bt 598 mn.
- In 2009, FY 2008 consolidated operating expenses relating to convergence packages (mainly depreciation and amortization) have been reclassified from SG&A to cost of services.
- In 2009, FY 2008 other income of Bt 43 mn (relating to reversal of provisions for obsolete inventory) has been reclassified to be under cost of sales.

Company Background and Major Developments and Awards

True Corporation Plc, one of Thailand's strongest and most recognizable brands, is the only fully-integrated, nationwide telecom operator providing services to some 23 million subscribers.

True's strength is its ability to offer the convergence benefits of its networks, products and services. Our five key business segments are: **TrueMove**, Thailand's third-largest mobile operator, which maintains a strong position in the mobile Internet market supported by the Kingdom's largest Wi-Fi network; **TrueOnline**, the largest Broadband and fixed-line phone provider in the Bangkok Metropolitan Area (BMA), as well as the leading data communications service provider nationwide; and **TrueVisions**, the only nationwide pay-TV operator. We offer payment and booking solutions under **TrueMoney** and digital content and lifestyle convergence services under the **TrueLife** banner. We also operate a chain of True Coffee shops in which our convergence products and services are showcased.

We report our financial results in three business segments: TrueMove, TrueOnline and TrueVisions. Results for TrueMoney and TrueLife are included in TrueOnline.

True seeks to promote the development of the country through innovation and technology. We work to bridge the digital divide and to build a sustainable knowledge-based society by bringing the possibilities and opportunities offered by the digital revolution to every household, and especially the youth of Thailand. Four key brand values – credible, creative, caring and courageous – guide our work as we seek to enhance value for shareholders, customers, the organization, society and employees alike.

Our convergence strategy allows us to meet lifestyle choices by building upon the complementary strengths of our communications services and solutions. This in turn helps drive subscriber growth and loyalty. Packages bundling TrueOnline with TrueMove or TrueVisions services, or TrueVisions with TrueMove services, have proven highly successful. Meanwhile our digital content and e-commerce offerings provide added value across the Group.

True is backed by the Charoen Pokphand Group (CP Group) – Asia's largest agro-conglomerate – with a shareholding of 64.7 percent of the total registered and paid-up capital of Baht 77,757 million as of December 13, 2010.

At the end of 2010, True Group had an annual turnover of Baht 62.4 billion (including interconnection revenue), infrastructure investments of Baht 205 billion, and employed 14,907 permanent staff.

Business background

We were incorporated in November 1990 as a fixed-line phone service provider under a build-transfer-operate concession with TOT Corporation Public Company Limited (“TOT”) to build, install, jointly operate and maintain a 2.6 million-line wireline network in the BMA for a period of 25 years, ending in October 2017.

Our company was registered as a public limited company in 1993 under the name TelecomAsia Corporation Public Company Limited and was listed on the Stock Exchange of Thailand in December 1993 under a security symbol “TA”. We rebranded under the “True” name and adopted the security symbol “TRUE” in April 2004.

In addition to our traditional fixed-line phone, value-added, public phone and other services, we launched the WE PCT (personal communication telephone) service in 1999, hi-speed data transmission services including ADSL and cable modem in 2001, Wi-Fi services in 2003, International Internet Gateway service in 2007, and International Data Gateway and International Direct Dialing services (IDD) in 2008. True Internet Gateway in 2009 became the first private operator to be granted a license by the National Telecommunications Commission for submarine cable landing rights. In 2010, the business rebranded as True International Gateway and expanded regionally with deals signed in Cambodia and Laos.

We extended our services into the mobile telecommunications segment through a subsidiary, Bangkok Inter Teletech Public Company Limited (“BITCO”) (the parent company of TA Orange), by acquiring a 41.1 percent equity interest in BITCO in October 2001. Full commercial launch of TA Orange’s mobile services took place in March 2002. TA Orange was subsequently rebranded “TrueMove” at the beginning of 2006. We gradually increased our shareholding in BITCO to 93.4 percent by the end of 2006. In December 2007, a rights offering of BITCO shares saw CP Group increase its shareholding in BITCO to 23.9 percent, leaving True’s shareholding at 75.3 percent. In 2009, True purchased the aforementioned BITCO shares from CP Group and injected Baht 2.6 billion into BITCO. This resulted in True’s ownership in BITCO increasing to 98.9 percent.

In January 2006, True purchased UBC shares from MIH and completed the tender offer for UBC shares held by the public in March 2006, allowing True to own 91.8 percent (effective holding) of UBC. The pay-TV operator was renamed “TrueVisions” at the beginning of 2007. After the restructuring of TrueVisions Group in the first half of 2010 and the repurchasing of shares from minority shareholders from November 2010 to February 2011, True’s effective holding in TrueVisions increased to 99.3 percent.

TrueMoney was established on December 15, 2003 as the payment gateway for True Group. It received a 10-year license from the Electronic Transactions Commission in July 2009 to operate electronic payment services.

TrueLife, the digital content segment, consists mainly of a wholly-owned subsidiary True Life Plus (“TLP”), previously True Digital Entertainment, and NC True, a joint venture with NCsoft, Korea’s largest developer and publisher of online games. Through a business alliance with Dragonfly GF, Korea’s leading game software developer, TLP launched “Special Force” in 2006 which was the No. 1 casual online game for four consecutive years. Apart from online games, we also provide digital content services such as music downloads, web portals, publications and application development. In June 2009, we launched the True App Center, an application training center to stimulate content development and help drive mobile non-voice revenue. By the end of 2010, the center had developed more than 110 custom applications for leading smartphone platforms including iOS, Android and BlackBerry.

In late December 2010, True Group signed an agreement to purchase shares in a mobile network and four local companies from Hutchison Group. The transaction was completed in January 2011 which awards a number of key benefits to True Group, including giving the Group a first-mover advantage in launching commercial 3G services nationwide and extending mobile operations until at least 2025.

Major developments in 2010 included:

True Group

- July: TrueVisions refinancing was completed with support from four major Thai banks (Bangkok Bank, Kasikornbank, TISCO and TMB). A Baht 12 billion facility was put in place with favorable terms, including eight-year maturity and a low interest rate with more relaxed conditions compared with existing loans which had three years of repayments remaining and were subject to an interest rate of 7.7 percent.
- July: A reorganization of TrueVisions' corporate structure was completed to accommodate the changing regulatory regime and to develop a more flexible business that would better facilitate future growth. True Visions Group Company Limited ("TVG") was formed as a new holding company, 99.99 percent owned by True, by purchasing a 73-percent stake in True Visions Public Company Limited ("TVS") from True Multimedia. TVG also purchased a 48-percent stake in True Visions Cable Public Company Limited ("TVC") from TVS. True's effective holding in TVS increased to 98.3 percent (91.8 percent previously) and in TVC to 98.5 percent (91.2 percent previously).
- November: As a result of the repurchasing of shares from minor retail shareholders in TVS from November 2010 to February 2011, True's effective holding in TVS and TVC increased to 99.3 percent and 99.0 percent respectively.
- November: CP Group increased its stake in True Corp in 2010 by purchasing all of the shares owned by German development bank Kreditanstalt Fur Wiederaufbau ("KfW"). The share purchase increased CP Group's holding in True from 55.7 percent of total shares to 64.7 percent.

TrueMove

- March: TrueMove launched the "Motorola Milestone", the first premium smartphone using the Android 2.1 operating system, in Thailand.
- June: A "Data Roaming Flat Rate" offered to TrueMove's postpaid subscribers using international roaming services via GPRS and EDGE was expanded to the Conexus Mobile Alliance network in Macau and Vietnam for a maximum charge of Baht 399 a day. The package was revised in December 2010 with the "No. 11" campaign, enabling customers to send SMS messages while abroad to any country for Baht 11 a message.
- June: "The more you call, the cheaper call rate you get" promotion for postpaid subscribers was launched starting at Baht 199 per month depending on usage. The cheapest rate is Baht 0.75 per minute, 24-hours a day to all networks.
- September: iPhone 4 was launched in Thailand with TrueMove leading the market in terms of sales, packages and customer service. The strength of the offering saw the proportion of customers buying an iPhone from True and subscribing to TrueMove services triple to about 90% from a year ago.
- October: "IT Friends" were introduced as in-store brand ambassadors offering expert advice and additional services for smartphone customers. More than 300 "IT Friends" are currently on hand at True Shops nationwide, supporting TrueMove's position as the premium smartphone operator.
- October: Gains were made in the lucrative non-voice market with the launch of Hi-speed NET SIMs which offer enhanced mobile Internet services (3G/EDGE) for prepaid subscribers using smartphones, Wi-Fi-enabled handsets and notebooks.
- December: Mobile Number Portability, which enables customers to change their mobile operator while keeping their existing phone number, was launched on a trial basis with limited capacity in Bangkok.

TrueOnline

- February: A new promotion was launched offering 4 Mbps Broadband with Baht 599 of free TrueMove calls for Baht 599 a month. A renewed focus on customer retention saw existing TrueOnline hi-speed Internet users (3–5 Mbps) automatically upgraded with an additional 1 Mbps speed.
- March: True took action to slow the decline in the residential fixed-line market by offering its more than 1.3 million subscribers a special all-network rate of Baht 3 per call nationwide, 24 hours a day. This helped stimulate demand for fixed-line service which saw the rate of decline in fixed-line revenue drop to single-digits for the first year.
- April: True Internet Gateway rebranded as True International Gateway, reinforcing its position as a complete gateway provider and regional player.
- April: True International Communication, the provider of True's IDD “006” service received the ISO9001:2008 certification from B.S.I. Management Systems (Thailand), which certifies the quality of operations, maintenance, sales and services.
- May: True Internet Data Center (IDC) launched True Cloud Services, cloud computing technology, including virtual servers and cloud storage facilities, offered as a pay-per-use service.
- June: A new hi-speed package “Eco hi-speed Internet Pack” targeting Internet newcomers and light users was launched offering 100 hours of Internet access at 2 Mbps for 399 Baht per month.
- June: Ultra hi-speed Internet delivering speeds of up to 50 Mbps via VDSL2 (Very High Speed Digital Subscriber Line 2) technology was launched by TrueOnline in Thailand. The service is available with speeds of 30 Mbps and 50 Mbps.
- August: TrueOnline was the first operator to launch 6 Mbps Broadband as standard on a mass scale by offering hi-speed Internet 6 Mbps at Baht 599 per month and upgrading existing 4 Mbps customers who pay Baht 599 a month to 6 Mbps.
- December: New hi-speed Internet services, offering speeds of 10 to 100Mbps using DOCSIS 3.0 technology were trial launched in select areas. The new technology, which also carries HDTV, will see TrueOnline gain a competitive advantage by leading the transition from traditional to next-generation Broadband in Thailand.

TrueVisions

- January: CP Group through TrueVisions entered into an agreement with leading Chinese multinational media company, Phoenix TV Group, to launch Phoenix InfoNews which provides Chinese-language news and analysis on TrueVisions' Channel 95.
- May: The debut of “TrueVisions HD” saw the business achieve a strategic milestone by becoming the first operator to launch HDTV in Thailand.
- June: “True Academy Fantasia 7” was launched with nationwide broadcasting via Modern9 TV.
- October: TNN24 began broadcasting via the Thaicom 5 satellite to increase its coverage to a potential 10 million households from 1.8 million. The satellite also enables the station to broadcast to more than 110 countries in Asia, Europe, Australia and Africa.
- November: TrueVisions improved its operational efficiency through the repurchasing of shares from minor retail shareholders which continued until February 2011.
- December: TrueVisions in association with Siam Sport acquired the rights to provide live broadcasts of “Sponsor Thai Premiere League” for 204 matches over three consecutive seasons from 2011 to 2013.

TrueMoney

- July: TrueMoney became the first Thai e-payment provider to receive funds from the GSM Association to support its “Banking Last Mile” project which seeks to open 10,000 new TrueMoney Express kiosks at the sub-district level within one year.
- November: A Memorandum of Understanding was signed with the Bank of Thailand to promote the implementation of a national payment message standard (NPMS) to replace current message systems and reduce transaction costs through electronic payments.

TrueLife

- February: True App Center announced that 1.3 million downloads of True applications had been made via the Apple App Store.
- April: The True Digital Book Store, www.truebookstore.com, was launched featuring downloadable digital content from leading publishers and famous writers.
- July: True launched “TrueLife+” as its convergence brand under the concept “Better Convenience, Better Enjoyment, Better Bonding and Better Value”. A new campaign, “TrueLife Free to Air”, was launched at the same time to expand the market base of middle- to low-end consumers. Subscribers can enjoy 35 quality TV channels for just Baht 30 per month.

Awards received in 2010

- True received the “Sufficiency Economy Award” (Ranked No. 2 in the Large-Scale Enterprise Category) at the 2nd Sufficiency Economy Awards Contest 2009–2010 organized by the Office of the Royal Development Projects Board.
- True won the “Business Excellence Enabler Utilizing Communications Technology” award in the Service Sector category at the Thailand ICT Excellence Awards 2009.
- For the second year running True received an award in the “Marketing Excellence” category at the Thailand Corporate Excellence Awards held by the Thailand Management Association. True also ranked in the top five companies in the “Innovation Excellence” category.
- True was presented with the “Occupational Health and Work Environment Award 2010” in the safety category for the fifth consecutive year (2006–2010). The award was presented during the 24th National Safety Week.
- True ranked in the top 10 companies at the Thailand’s Most Innovative Company 2010 awards for the second consecutive year. The competition included 480 publicly-listed companies. True was recognized for its outstanding convergence strategy and was the only telecommunications firm to win the award.
- True Touch won a plate and a bronze medal in the “Contact Center Best Practices (Outsourced) – Large Call Center” category at the 2010 Top Ranking Performers in the Contact Center World Awards in Las Vegas, USA. This was the first time a Thai company won the prize.
- TrueMove iPhone Care Center won the “Best Overall Call Center” award at the 2010 Thailand National Call Center Awards organized by the Call Center Industry Association of Thailand.

Nature of Business

Products and Services

True Corporation Public Company Limited is Thailand's only integrated communications solutions provider. True facilitates subscriber lifestyles through the convergence of its voice (fixed-line and mobile), video and data services. By embracing innovation and by offering a comprehensive selection of networks, services and content, True is also well placed to seize future growth opportunities.

True's convergence lifestyle strategy is unique within the Thai market. It focuses on providing customers with their preferred combinations of content and services from our integrated platform. It also helps us to differentiate ourselves from the competition, drive subscriber growth and customer loyalty as well as maximize the full potential of our services. We believe convergence enhances value for our customers and delivers significant benefits in the medium and long term.

Since the beginning of 2007, True has been organized into five core businesses (this document follows this category format):

- Online business under TrueOnline, consisting of fixed-line phone and value-added services, business data services, Broadband Internet services, WE PCT (Personal Communication Telephone) plus the lifestyle venture, True Coffee;
- Wireless business under TrueMove (formerly TA Orange);
- Pay-TV business under TrueVisions (formerly UBC);
- Digital commerce under TrueMoney;
- Digital content business under TrueLife.

For the purpose of financial reporting, we group the performances of the digital (commerce and content) businesses (under the TrueMoney and TrueLife brands) under the TrueOnline segment.

The tables below present our Group service revenue^{1/} and EBITDA^{2/} profile

Service revenue^{1/}:

Unit: Baht million	2007	%	2008	%	2009	%	2010	%
TrueOnline	20,194	39	20,996	40	21,245	40	21,363	40
TrueMove (excluding IC)	22,993	44	21,652	42	22,055	42	21,980	42
TrueVisions	8,631	17	9,273	18	9,305	18	9,305	18
Total	51,818	100	51,921	100	52,605	100	52,649	100

EBITDA^{2/}:

Unit: Baht million	2007	%	2008	%	2009	%	2010	%
TrueOnline	9,670	49	10,195	55	9,804	50	9,670	53
TrueMove	7,566	38	5,691	31	7,226	37	6,313	34
TrueVisions	2,527	13	2,666	14	2,622	13	2,326	13
Intersegment elimination	(9)	–	(37)	–	(70)	–	83	–
Total	19,754	100	18,515	100	19,582	100	18,392	100

Remark: ^{1/} After intersegment elimination; ^{2/} Before intersegment elimination

(1) TrueOnline

TrueOnline comprises fixed-line telephone and its value-added services such as public phones, as well as Broadband Internet, business data services, Internet and data gateways, WE PCT, and new businesses such as International Direct Dialing (“IDD”). Our Broadband Internet businesses have continued to grow rapidly and help to maintain overall revenue generated by TrueOnline.

i) Fixed-line phone, WE PCT and public phone services

True is the largest fixed-line telephone service provider in the Bangkok Metropolitan Area (“BMA”) with a fixed-line capacity of 2.6 million and approximately 1.8 million lines in commercial use.

The Company operates WE PCT through its subsidiary, Asia Wireless Communication (“AWC”), in which it holds 99.99 percent equity interest. Together with AWC, the Company officially launched its Personal Communication Telephone (“PCT”) service in November 1999 as a value-added service of our traditional fixed-line services.

WE PCT is a cordless fixed-phone service. A subscriber’s PCT phone number is the same as his or her fixed-line number. Up to nine PCT handsets can be used with one fixed-line number, with each handset holder assigned an individual access code so callers to the fixed line number can direct their calls to a specific person.

In August 1991, True signed a 25-year Agreement for Joint Operation and Joint Investment for Expansion of Telephone Service (“Joint Operation Agreement”) under Build Transfer Operate (“BTO”) terms with the Telephone Organization of Thailand (later renamed “TOT”) to construct, install, maintain and jointly operate a two million-line wireline network in the BMA which will expire in 2017. The agreement was subsequently extended to cover an additional 600,000 lines. We have transferred our fixed-line network to TOT which collects revenues from subscribers and makes payment to True of its proportion stipulated by the Joint Operation Agreement at the rate of 84.0 percent for two million lines and 79.0 percent for 600,000 lines. The Company receives an 82.0 percent share of revenue from each value-added service and 76.5 percent from the public phone service.

As for the WE PCT service, the Company is entitled to 82.0 percent of the revenue generated from such service and AWC is entitled to approximately 70.0 percent of this amount. The PCT service is also available

to TOT subscribers. TOT shares with True approximately 80.0 percent of revenue received from its subscribers as a PCT network rental fee.

In addition, our subsidiaries have been granted licenses from the National Telecommunications Commission (“NTC”) for services including fixed-line phone and public phone services nationwide. (See details in the Regulatory Update section.)

Value-Added Services

In addition to fixed-line phone services, the Company offers a range of value-added services to meet customers' needs, including:

- A 26,000-telephone public phone service in the BMA under the approval of TOT;
- Voice Mailbox, Call Waiting, Conference Calling, Call Forwarding, Hot Line, Abbreviated Dialing, Automatic Call Repetition and Outgoing Call Barring;
- Caller ID displaying the incoming call number on Call ID phones.

The Company also provides services for corporate customers requiring a large number of telephone lines and provides a range of valued-added services including:

- Direct Inward Dialing (“DID”), which automatically directs incoming calls to a specified party, providing direct access to each internal telephone number;
- Hunting Lines service, which bundles two or more telephone lines at one location into a single number;
- Integrated Service Digital Network (“ISDN”), which enables a telephone network to handle all forms of voice, data and image communications simultaneously on the same telephone line;
- Televoting, a special service for companies with peak periods of short message traffic. It enables companies to perform many marketing activities without investing in infrastructure. Voting results are available in as little as five seconds;
- Free Phone 1-800, allowing businesses to provide their customers with a free contact call service. The cost of customer Free Phone calls is automatically billed to the business. Customers can call from any telephone by dialing 1-800 followed by six digits;
- Voice Conferencing, a service that enables customers to participate in conferences via telephone lines from wherever they are at any time;
- VoIP services, called NetTalk by True.

Network and PCT service area

Our core fixed-line network is Thailand's most modern and fiber-rich, including more than 176,000 kilometers of fiber-optic cables, covering 4,200 square kilometers in the BMA. This enables us to minimize the use of copper cables (averaging 3 to 4 kilometers) and provide high-quality voice and data communications services.

At the end of 2010, the Company had 1,834,694 fixed-line subscribers comprising 1,236,980 residential subscribers and 597,714 business customers. This reflected a 1.3 percent decline from last year. The decline in fixed-line subscribers and revenue is in line with the global trend, however the decline has continually slowed over the past few years with the rate of decline in revenue dropping from double-digits to single-digits in 2010. The average revenue per user (“ARPU”) for full-year 2010 was Baht 285 per month, a 5.7 percent decline from 2009. The majority of revenue (55.0 percent) came from business customers.

The WE PCT service covers 2,500 square kilometers of the inner area of the BMA. In September 2004, the PCT brand was repositioned as “WE PCT” to reflect the strategy of building communities and bringing together people via free calls within True Group's networks which include True's fixed-line network (area code 02), TrueMove's mobile phone network and the PCT network. The service targets students and young people. At

the end of 2010, WE PCT had 89,698 subscribers down from 177,970 last year partially due to the continued impact from mobile competition and from a new tariff scheme aimed at mitigating risks associated with fixed-line interconnection charge (“IC”) regulations.

ii) Broadband Internet, other Internet services and VAS

Broadband Internet

True Group is Thailand’s leading Broadband or hi-speed Internet operator with an estimated 66 percent share of Broadband market value in the BMA. We provide the service using cable modem (currently via DOCSIS 3.0 technology) and DSL (Digital Subscriber Line) technologies. By consistently expanding coverage, bringing in new technologies and higher speeds with an increased focus on customer services, TrueOnline continues to lead the Broadband market in terms of innovation and service quality.

In 2003, the Company and certain other service providers, such as KSC, started offering wireless Broadband services or Wireless Fidelity (“Wi-Fi”). Our extensive Wi-Fi network is a key differentiator for products and services under the Group and helps drive Broadband growth. With 18,600 hotspots in the BMA and key provinces at the end of 2010, our network is unmatched by the competition. Our Wi-Fi hotspots cover prime locations including coffee shops, restaurants, hotels, hospitals, department stores, movie theaters, convention centers and office buildings.

In April 2005, we also launched Thailand’s first Pre Pay high-speed Internet service, providing an alternative for customers seeking value-for-money and convenience.

True’s subsidiary, True Universal Convergence Co., Ltd. (“TUC”), has been granted a Type Three license from the NTC to provide fixed-line telephone, Broadband and data services nationwide using new infrastructure and technology such as NGN (next generation network), xDSL, and Gigabit Ethernet. TUC provides data and Broadband circuits as well as data network services to True’s subsidiaries including True Internet Co., Ltd. (“TI”), and True Multimedia Co., Ltd. (“TM”). These provide hi-speed Internet and data services to end-customers and non-voice services to consumers and business customers, respectively.

Our modern fixed-line network allows us to provide a faster, more stable Broadband service and to realize lower installation, operating and maintenance costs. The network not only provides ADSL, but also ADSL2+, VDSL2, G.SHDSL and Gigabit Ethernet, and is well positioned for the eventual evolution into an IP-based NGN.

We also offer rich content catering for consumer lifestyles, including music, gaming, sports and E-books, as well as a variety of value-added services, such as WhiteNet filtering (allowing parents to control their children’s Internet access). In 2010, three new value-added services were introduced for personal computers: Premier League, quality TV and MOD (Movies on Demand).

In early January 2010, we upgraded the standard speed (for the Baht 599 per month package) to 4 Mbps from 3 Mbps and offered new premium subscribers a free Wi-Fi router. This led to strong subscriber acquisitions during the first half of 2010. In August 2010, True was the first operator to upgrade standard speeds from 4 Mbps to 6 Mbps on a mass scale. This further fueled subscriber growth throughout the rest of the year. Net subscriber additions more than doubled to 122,154 in 2010 (from 57,958 in 2009). This took the number of Broadband subscribers to 813,763 at the end of 2010.

True Group also targets the hi-end segment. In 2009, we launched the “Ultra Broadband” service for the first time in Thailand. The first project was at a Sansiri condominium, “SIRI at Sukhumvit”, and offered a connection speed of up to 30 Mbps, plus a Wi-Fi service at the speed of 4 Mbps. In June 2010, we launched a new Ultra Broadband package with a speed of 50 Mbps, the fastest in Thailand’s consumer Broadband market. The service is now available at over 200 hi-end residential complexes in central Bangkok.

In mid December 2010, TrueOnline soft-launched its new cable modem technology, DOCSIS 3.0, in central Bangkok, mainly on Asoke and Sukhumvit roads, in Haad Yai, Khon Kaen, Korat and Chiang Mai, offering 10 Mbps to 100 Mbps download speeds starting from 699 Baht per month. The official launch is targeted for the first half of 2011. This new technology will see True Group lead the transformation from traditional to next-generation Broadband services in Thailand, maintaining the company's leadership in terms of speed, quality and innovation.

Other Internet services and VAS

The Company provides Internet (including content and applications) services through:

- (1) Asia Infonet Co., Ltd. ("AI"), in which the Company has a 65.0 percent equity interest, under an Agreement to Operate whereby CAT Telecom Plc or CAT (previously the Communications Authority of Thailand) granted a non-exclusive right to provide commercial Internet services to users throughout Thailand until 2006 over facilities leased from CAT or any entity approved by CAT. In February 2010, Asia Infonet's Type One ISP license, granted by the NTC, was extended for another five years and will expire on February 4, 2015. The license is renewable every five years; and
- (2) True Internet Co., Ltd. ("TI"), in which the Company has a 99.99 percent equity interest. In August 2009, True Internet's Type One ISP license, granted by the NTC, was extended for another five years to expire on August 17, 2014. The license is renewable every five years.

We are Thailand's No.1 Internet Service Provider ("ISP") with more than 1.9 million subscribers, including Broadband and dial-up Internet users. We offer Internet access to both consumers and business customers, along with a range of value-added services, including an Internet Data Center and security services for corporate customers.

Our Internet and Broadband services took full advantage of the international Internet gateway license granted to one of our subsidiaries, True International Gateway ("TIG"), in 2006 which has allowed us to provide a better quality and less costly service to our customers.

iii) Business Data Services ("BDS")

True's business data services offer converged data and voice communication solutions, and managed services to business customers through various technologies. These include: Digital Data Network ("DDN") or Leased-Line; Multiprotocol Label-Switching ("MPLS"); Metro Ethernet (a fiber-to-the-building technology designed specifically for business customers); and IP-Lease Line (a hybrid between an IP-based data service and a lease line service which improves the quality of connection beyond standard IP-based services). In addition, the Company offers a Managed Network Service (a combination of three network operation services including network performance management, fault management and configuration management). Furthermore, our service infrastructure is built on modern IP technology that is ready to support cloud computing.

In May 2010, True IDC marked its position on the cutting edge of technology and services in Thailand with the introduction of True Cloud Services, which offer private, public and hybrid clouds through two packages: Cloud Server, a virtual server accessible via the Internet; and Cloud Storage, which offers unlimited storage via the Internet. Both packages are charged on a daily, per-use basis.

True Group is one of the major players in the data transmission business in Thailand. True's modern network gives it a competitive advantage. We seek to differentiate ourselves from competitors through a focus on service quality and by meeting customer needs. We also benefit by combining our various products and services (e.g. content, VoIP and Internet) as well as by providing services with our business partners (e.g. the collaboration with Cisco to roll out a high quality IP network). As a result, we do not have to compete solely on price.

We were the first network provider in Thailand to earn the “Cisco Powered” designation in 2007, joining an elite group of around 300 similarly certified users worldwide. In 2008, True’s service quality to our partner, Cisco, was rated “excellent” by Cisco customers.

Beside large corporate clients, True aims to expand its business customer base more aggressively into the SME segment, particularly in the provinces. Significant growth opportunity exists in the provinces where overall penetration and True’s market share remain relatively low. True plans to utilize its wide selection of products and services (e.g., data services, VoIP, Internet), to secure and expand its provincial market share through convergence and bundling strategies.

In addition, our recent focus has been on the fiber market which presents high growth opportunities. We have invested in the fiber optic network via Gigabit-capable Passive Optical Network (GPON) technology, and reached corporate clients in 47 buildings on 11 key roads in Central Bangkok within 2010. We will invest in GPON technology in another 123 buildings in 2011.

At the end of 2010, there were 21,566 circuits under our service with average revenue per circuit of Baht 9,035 a month.

iv) International Gateway services

True International Gateway Co., Ltd. (“TIG”, previously known as True Internet Gateway), a subsidiary of True Corp, received an International Internet Gateway and Domestic Internet Exchange License (Type Two with Network) from the NTC on May 19, 2006, and an International Data Gateway License (Type Two with Network) on October 21, 2008.

The two aforementioned licenses allow TIG to provide Internet and international data services. Currently, TIG has Points of Presence (“PoPs”) in Bangkok, Singapore, Hong Kong, the UK and the USA which enhance the efficiency of the connection and service quality.

Since its launch, TIG has considerably expanded its capacity to support the growth of Internet and international data services which have doubled annually. Most of TIG’s bandwidth capacity is utilized within the True Group with the rest utilized by external customers including local ISPs, local and multinational corporations, and international telecom operators. The proportion of bandwidth utilized by external customers has increased from approximately 10 percent in 2009 to 27 percent in 2010.

TIG offers three types of international data services – International Private Leased Circuit (“IPLC”), Internet Protocol Virtual Private Network (“IP VPN”) and Virtual Node. Currently, we are focusing and serving a number of major international carriers who have a presence in the Asia Pacific region and demand a large amount of bandwidth as well as a reliable network and high quality services. To facilitate corporate customers requiring a variety of bandwidth sizes and international destinations, TIG continues to partner with global international carriers to reach countries beyond Singapore and Hong Kong where TIG already has its own facilities.

In November 2009, TIG was the first private operator to be granted a license for submarine cable landing rights by the NTC. The license gives TIG the right to lay new submarine cable of its own as well as to access submarine cable capacity currently available in the market. The submarine cable capacity combined with its existing terrestrial connectivity gives TIG a competitive advantage. It can offer enhanced network reliability through both terrestrial and submarine connectivity at prices lower than services provided solely through submarine cables.

In 2010, TIG signed a number of contracts to provide Virtual Node services for leading international carriers from India, China and Korea. The Company also expanded its Internet and data gateway operations into Laos and Cambodia as part of a new focus to develop its business in neighboring countries.

v) International Direct Dialing (“IDD”) service

After being granted a Type Three license from the NTC to provide overseas call services, True’s subsidiary, True International Communication (“TIC”), officially launched its IDD service via Time Division Multiplexing (“TDM”) technology with the “006” dialing prefix on December 1, 2007. Currently, True’s IDD services are available only to True’s fixed-line and TrueMove’s mobile subscribers due to regulatory restriction.

Since its inception, True’s IDD service has grown well, generating revenue of Baht 656 million (before inter-segment elimination) in 2010, a 47.1 percent increase from Baht 446 million in 2009.

In July 2009, TIC introduced a new IDD service via VoIP technology with the “00600” prefix to TrueMove’s prepaid subscribers under TrueMove’s “Inter SIM” promotion. This offers cheaper rates than the “006” service, with VoIP calls costing Baht 1 per minute (24 hours a day) to 28 destinations worldwide. In August 2009 the “Inter SIM” package was expanded to TrueMove’s postpaid subscribers. In late 2010, the True-AoT Inter SIM was launched as a SIM given out free to arriving international tourists at Airports of Thailand airports to encourage the use of TrueMove services and IDD.

(2) TrueMove

The Company operates a mobile telecommunications business through its subsidiary, TrueMove (previously TA Orange), in which the Company indirectly holds an equity interest through a subsidiary, Bangkok Inter Teletech Public Company Limited (“BITCO”). True’s shareholding in BITCO/TrueMove was 98.9 percent at the end of 2010.

TrueMove operates under the Agreement to Operate and Provide Services under the Digital PCN 1800 System (“Agreement to Operate”), dated June 20, 1996, granted by CAT. This allows for the provision of services until September 2013. Under the agreement, TrueMove shares 25 percent of its revenue, after deducting access charge (“AC”) payments and other deductible expenses (e.g. content), with CAT until September 2011. This then increases to 30 percent until the end of the agreement.

In June 2008, CAT allowed TrueMove to use 5 MHz of the 850 MHz frequencies to develop a HSPA (High Speed Package Access) service. This came under the existing Agreement to Operate between CAT and TrueMove. In this regard, TrueMove will use CAT’s gateways and is willing to allow CAT to jointly use its base stations. The collaboration will also include co-branding.

In January 2009, TrueMove signed a Memorandum of Agreement with CAT to use the transferred network and equipment for another five years following the end of its concession in 2013. As a result, TrueMove can operate its business on equal terms to other operators. CAT also granted TrueMove permission to trial-launch third-generation (3G) wireless services on 850 MHz on a non-commercial basis.

By the end of 2009, our 3G 850 MHz cell sites covered a two-kilometer radius of most BTS and MRT routes in the BMA as well as key provincial areas including Pattaya, Phuket (chiefly the International Airport and Patong Beach) and Chiang Mai (mainly the International Airport and surrounding areas). During 2010, we continued to increase network capacity in the areas approved by CAT for the 3G 850 MHz trial to improve the quality and speed of our mobile Internet services.

Subscribers

TrueMove has grown rapidly since it launched full commercial operations in March 2002 and has been successful in acquiring close to one-third of the market’s net additional subscribers each year since 2004. At the end of 2010, TrueMove was Thailand’s third-largest mobile operator, with 17.1 million subscribers, of which 7.7 percent were postpaid subscribers.

Services

Pre Pay

Most of TrueMove's revenue is derived from sales of prepaid airtime, which do not require a monthly subscription fee. Subscribers purchase a SIM card with an initial credit balance and can top-up their credit balance through various means, including purchase of top-up cards, transfer of funds through ATMs, transfer of credit balances from other mobile phone accounts, and "over-the-air" top-ups.

TrueMove was the first telecommunications operator in Thailand to provide "over the air" top-up services through 80,000 airtime resellers such as individuals or small shops who register with TrueMove and are eligible to transfer airtime to subscribers via SMS. TrueMove prepaid subscribers can top-up with as little as Baht 10 at more than 18,000 public phone booths in the BMA. TrueMove also provides subscribers a mobile payment channel via TrueMoney services to meet a new generation of lifestyle needs.

Post Pay

TrueMove's postpaid service allows customers to choose a monthly service plan comprising voice-only, data-only or voice and data services, priced from Baht 99 to Baht 2,000. Top-up packages allow subscribers to purchase voice or non-voice services on top of their monthly package at a better-value rate. Subscribers are billed monthly for subscription fees, airtime and the use of other voice and non-voice services.

Voice Services

Our subscribers have access to local, domestic and international long-distance dialing. In addition, we offer a variety of value-added services in different combinations according to the airtime package selected. These services include call waiting, call forwarding, call conferencing and caller identification. We also offer our voice subscribers international roaming services, which enable them to make and receive calls when outside Thailand.

Non-Voice Services

TrueMove provides a range of non-voice services to enhance customer lifestyles. Content is delivered through various channels covering all mobile-accessible channels and web-based services through the www.truelife.com portal. Non-voice services comprise a variety of popular content, including photo-based communication, financial information services, games, cartoons, screen savers and ring tones, music and sports. Our subscribers are increasingly using our non-voice services, in particular ring-back tones, messaging and downloadable pictures, images and audio through mobile Internet services.

We currently group non-voice services into three main categories:

Messaging:

- Short Messaging Service ("SMS"): allows subscribers to send short text messages to other mobile users;
- Voice SMS: Thailand's first voice short-messaging service allows subscribers to send audio messages to fixed-line and mobile handsets;
- Multimedia Messaging Service ("MMS"): allows subscribers to send pictures, text and sound/voice in a single-packet message.

Mobile Internet service:

- EDGE/GPRS and 3G/HSPA*: provide mobile data communications with GSM-based technology and "push" e-mail (*TrueMove's 3G/HSPA service on the 850 MHz frequency is available in main business districts of Bangkok and key provincial/tourist areas such as Chonburi, Phuket and Chiang Mai on a trial basis);
- Mobile Chat: a WAP-based instant-messaging service that allows subscribers to engage in online and mobile chat;

- Mobile Web: allows subscribers with compatible mobile handsets to access the Internet, including through available Wi-Fi connections;
- Blackberry and iPhone services: including Blackberry Messenger, chat, push-mail, and Internet surfing.

Content:

- Ring-back Tones: offers personalized ring-back tones and exclusive song selections;
- Voicemail: enables subscribers to retrieve audio message recordings;
- Multimedia Content Services: allow subscribers to access content such as music, sports, news and finance. TrueMove is able to use content as a growth driver by leveraging the exclusive content assets of TrueMusic, TrueLife, TrueOnline and TrueVisions.

In 2010, non-voice services contributed 15.0 percent to TrueMove's service revenue (excluding IC), compared with 13.3 percent in the same period the previous year. Service revenue from mobile Internet, messaging (SMS/MMS) and content contributed 31.8 percent, 25.5 percent and 42.7 percent of total non-voice revenue respectively. This was compared to 18.1 percent, 30.3 percent and 51.6 percent in the previous year.

Revenue from mobile Internet services has been growing rapidly due to the rising popularity of social network services and smartphone usage. In 2010, TrueMove's mobile Internet grew 97.5 percent from the same period last year to Baht 1,123 million.

Mobile Handset and Accessories Sales

We offer a broad range of mobile handsets and related accessories. Our key handset products are high-quality smartphones including iPhone 4, iPhone 3G S and BlackBerry. Handsets are either sold outright (untied to any service) or tied with TrueMove's monthly (postpaid) packages.

International Roaming Services

We allow people whose network operators have international roaming agreements with TrueMove to use TrueMove's cellular network when traveling in Thailand. TrueMove subscribers may also use the networks of international operators with whom TrueMove has entered into international roaming agreements. The roaming services include voicemail, SMS, MMS, mobile Internet (via EDGE/GPRS), Email, Caller Identification, Missed Call Alert, Short Code, BlackBerry roaming and Wi-Fi.

In June 2008, TrueMove joined Conexus Mobile Alliance, increasing the Conexus Mobile subscriber base using roaming services (both voice and non-voice) to 210 million. As a result, these subscribers can use roaming services in Thailand on TrueMove's network. TrueMove subscribers will also have more options when traveling in the Asia Pacific region. TrueMove and Conexus Mobile Alliance also announced a regional rollout of a mobile data roaming plan for BlackBerry smartphones among alliance members. The new plan offers a high mobile data access ceiling in most markets, allowing corporate email access and convenient wireless Internet access as well as providing cost benefits to active business travelers who use the services of Conexus Mobile Alliance.

In February 2009, TrueMove launched a new promotion "Data Roaming Flat Rate" offering TrueMove subscribers mobile data roaming on the Conexus Mobile network for a maximum charge of Baht 399 per day. Subscribers are charged according to their actual usage if using less than the Baht 399 limit. Due to popular demand, this promotion was extended then offered again in June and December 2010.

Network

TrueMove was the last of the three major Thai mobile operators to launch commercial operations, and as such has been able to take advantage of the latest technical developments for its GSM network rollout, which has made our network relatively more efficient and cost-effective. We now cover approximately 93 percent of Thailand's population, putting us on a par with other major mobile operators.

Bundled Packages

TrueMove features, as a key part of bundling packages with other Group services, include:

- TrueMove was a major part of the bundling promotion with TrueVisions and True Internet for the seventh season of the highly popular Academy Fantasia (AF) reality TV show. From 2006, voting has been restricted to TrueMove subscribers only;
- The TrueLife Free View mass market promotion – (see “TrueVisions” section for more details); and
- The “All Together Bonus”, which was launched as True’s first bundled package in 2004, offers a combination of True services and remains popular among TrueMove subscribers today. The success of this strategy was followed by many more convergence product bundles, for example, free Wi-Fi service and higher upload speeds for TrueMove or TrueVisions customers who subscribe to TrueOnline’s high speed packages. Convergence has become one of True’s core strategies for driving sustainable growth across all ranges of products and services.

We have consistently sought to develop and market innovative non-voice products and services. For example, we were the first in Thailand to offer voice SMS, remixable ring tones (through the IRemix service), and “over-the air” top-ups to our subscribers. We also provide EDGE (Enhanced Data rates for GSM Evolution) and other multimedia content-based services, along with comprehensive wireless Internet services using Wi-Fi technology. In 2008, TrueMove launched the Game SIM to attract online gamers as well as the Inter SIM for customers who make frequent international calls. It also launched the world’s first Touch SIM using RFID (radio-frequency identification) technology. This allows for payments to be made from the E-wallet and E-Purse payment services with a single swipe of any mobile handset.

In 2009, TrueMove successfully launched the Apple iPhone 3G and 3G S models in the Thai market. In late September 2010, TrueMove performed extremely well on the launch of the Apple iPhone 4, as demonstrated by its surging product sales and strong gains in postpaid net adds and revenue in 4Q10. Our 3G 850 MHz trial services, extensive Wi-Fi coverage, and attractive tariffs provide TrueMove with a competitive edge and help position it as the 3G leader in Thailand.

The purchase of shares in Hutchison Group companies

In late December 2010, True Group signed an agreement to purchase shares in Hutchison Group companies. The transaction was completed in January 2011. While the acquired companies will not be held under TrueMove, they will help transform the Group’s mobile business by giving it a first-mover advantage in offering nationwide 3G 850MHz services on a commercial basis before other operators. The deal, which has extended mobile operations until 2025, also increased our business scale as Hutch has approximately 800,000 local subscribers who generate annual revenue of about Baht 4 billion.

(3) TrueVisions

TrueVisions (formerly UBC) is Thailand’s leading nationwide pay-TV provider, offering its service via digital direct-to-home and digital HFC (hybrid fiber-coaxial) network platforms.

TrueVisions was formed in 1998 by a merger of UBC (formerly IBC) and UBC Cable (formerly UTV). TrueVisions operates pay-TV services under a 25-year Agreements for Joint Venture in the Membership Television (and Cable Television) Services with the Mass Communications Organization of Thailand (“MCOT”) which is due to end on September 30, 2014 for services via satellite and on December 31, 2019 for services via cable.

TrueVisions provides its DStv (digital direct to home satellite) service using Ku-band transmission and MPEG-2 video compression. This enables TrueVisions to increase the number of channels, improve sound and picture quality, control access to its signal, and distribute its service everywhere in Thailand. This service is now transmitted via the Thaicom 5 satellite.

TrueVisions provides its cable TV services, both digital and analog, using the HFC network of True Multimedia (a True subsidiary) which passes approximately 800,000 homes in the BMA.

At the beginning of 2006, we successfully integrated TrueVisions into the Group following the acquisition of TrueVisions shares which increased True's effective shareholding to 91.8 percent. TrueVisions has since shifted its marketing strategy to penetrate the mass market. As a result, TrueVisions was able to almost double its subscriber base after becoming a subsidiary of True Group.

In the first half of 2010, TrueVisions was restructured into TrueVisions Group of which 99.99 percent was held indirectly by True. This was aimed at facilitating operations, especially the obtaining of pay TV licenses from the regulator whenever they are available, and business growth opportunities. This resulted in True having an effective holding of 99.31 percent in TrueVisions company and 98.99 percent in TrueVisions Cable company, as of February 2011.

Following the entry into force of the Broadcasting Act in March 2008, TrueVisions commenced negotiations with MCOT to carry advertising similar to other pay TV operators. On October 8, 2009, the MCOT Board of Directors approved for TrueVisions to air advertising subject to revenue sharing of 6.5 percent. Following this decision, TrueVisions began gradually introducing paid advertising while ensuring the viewer experience was not impacted. In 2010, we gradually increased the number of channels carrying advertising, including both local and turnaround channels. For 2010, the first full year of operations, advertising contributed Baht 482 million of revenue to TrueVisions.

At the end of 2010, TrueVisions had 1,705,054 subscribers, of which 929,492 subscribed to normal packages while the rest were Free View and Free-to-Air subscribers.

TrueVisions offers a variety of top local and international channels including movies (e.g., HBO, Cinemax, and Star Movies); sports (e.g., ESPN, Star Sports, TrueVisions' own sports channels), infotainment (e.g., Discovery Channel, National Geographic), and news (e.g., CNN, CNBC, Bloomberg, BBC World, Phoenix InfoNews), in addition to free TV channels and pay-per-view.

Our four TrueVisions' packages along with the number of non-standard channels (standard channels include six free TV channels and 15 educational channels) included in each package are presented below.

Package:	No. of channels	Monthly fee (Baht)
Platinum	100	2,000
Gold	91	1,413
Silver	77	590
True Knowledge	67	340

In addition to the above packages, TrueVisions provides three A-La-Carte packages (10 further channels) from HBO, Disney and Discovery. Subscribers to our Platinum packages are able to choose their preferred packages at a discount rate, while the Discovery and Disney packages are also available to our Silver subscribers.

TrueVisions has expanded into the mass market, offering bundled service packages with TrueMove called "TrueLife Freeview" (previously, "TrueVisions-UBC TrueMove Freeview"). "TrueLife Freeview" is one of the mainstream convergence bundles, where subscribers to the Baht 299 Freeview package can watch 43 TrueVisions basic channels and get TrueMove airtime worth Baht 299. TrueLife Freeview facilitated TrueVisions' expansion into the mass market and played an important role in increasing penetration of the provincial market, which accounted for 50.0 percent of total subscribers at the end of 2010. The mass market strategy helped lift TrueVisions total subscribers to 1,705,054 at the end of the year.

In addition, Freeview customers can upgrade their package to the Knowledge package which has 14 additional channels. At the end of 2010, 38 percent of subscribers upgraded to the Knowledge or higher packages providing additional revenue to the business.

In 2011, TrueVisions plans to further strengthen the Freeview package by offering additional TrueVisions and Free-to-Air channels starting at 53 channels for Baht 299 and up to 215 channels for an additional Baht 100 a month. This offer makes TrueLife Freeview even more competitive in terms of quality and value.

We also sell satellite dishes outright, with a basic offer of 49 Freeview channels. Customers also have the option of upgrading to the Knowledge package in a similar way to TrueLife Freeview subscribers.

Other key products/services include:

- Personal Video Recorder (PVR): providing advanced features (e.g, recording, zooming, instant-replay) that enhance subscriber convenience and viewing experience;
- DsTV dish as part of the (Satellite Selling Kit) SSK promotion: allowing subscribers to watch TrueVisions' 49 channels with no monthly fee. This promotion allows customers who use a TrueMove SIM and top-up every month to watch seven more channels from TrueVisions;
- The popular reality TV show, Academy Fantasia, which runs once a year (normally from May to September) has helped retain subscribers during the low-season period while generating key content for other parts of True Group.

TrueVisions remains committed to building on its content leadership. Our premium packages offer access to highly popular and almost entirely exclusive international programming (only three of our 43 turnaround channels are non-exclusive). Meanwhile, we continue to cater to local audiences by providing Thai-language dubbing and subtitles, and in-house content to match local tastes.

In addition, in May 2010 we started offering two new High Definition (HD)-format channels targeting premium subscribers: TrueSport HD (Channel 111) which broadcasts key sports matches around the world; and HBO HD (Channel 112) with over 100 World box-office movies each month. The offering started with the broadcasting of the FIFA World Cup 2010 on TrueSport HD, offering an enhanced viewing experience for our premium subscribers who paid additional fees. Furthermore, the new HD-format reality show channel was launched with the latest season of True's Academy Fantasia which ran from June to September 2010.

(4) TrueMoney

In 2005 TrueMoney received approval from the Bank of Thailand to offer an electronic cash service and also acts as a payment agent with the approval of the Revenue Department. It offers complete financial services for consumers under the concept "Refill-Pay-Transfer-Withdraw". TrueMoney's key products and services include:

TrueMoney Cash Card

The TrueMoney Cash Card allows TrueMove and True customers to top up their selected True Group services, including TrueMove Pre Pay, WE PCT Buddy, Prepay hi-speed Internet, Internet Kit, Wi-Fi, True World, True E-book and many online games. Top-ups are made using the cash card's PIN code.

Payment and Collection Service

By the end of 2010, TrueMoney had about 18,000 counters (including True and TrueMove shops and TrueMoney Express) supporting 120 payment services. Payments are processed off a bar-coded statement and can be made by cash, check or credit card, either in full or partially. Customers can make payments online, without statements, for certain services. Overdue payments can also be made.

TrueMoney Express offers various payment services such as bill payment, E-Cash Card sales and direct top-up to True prepay products.

In addition, the launch of the innovative WeBooking by TrueMoney offers a convenient and fast way to book and pay via all channels and covers various lifestyle activities such as entertainment, travel and accommodation, education, sports and health.

TrueMoney services via TrueMove

This service, launched at the beginning of 2006, allows TrueMove subscribers to perform commercial and financial transactions using their mobile phone, anytime and anywhere, under an international-standard high-security system. Using TrueMoney, TrueMove subscribers can:

- Top up their credit balance for many prepaid services from the True Group, such as TrueMove Pre Pay, Internet airtime, online gaming and PCT services;
- Top up their TrueLife Free View package, with the fee automatically deducted each month from subscribers' TrueMoney accounts. Subscribers can also upgrade to higher-tier TrueVisions' A-La-Carte packages or buy TrueVisions' prepaid programs using TrueMoney, which has proved to be of great value for TrueVisions;
- Pay bills and merchants for True Group products and services as well as for services outside the Group, such as electricity and water supply bills, insurance bills, many e-commerce merchants, taxi fares, online purchases of movie tickets, and bowling fees. TrueMoney also has a system to alert customers to pay electricity and water supply bills before due date;
- Transfer funds from their TrueMoney account to another TrueMoney account, or transfer funds from their bank account to their TrueMoney account;
- Withdraw money from their TrueMoney account using a TrueMoney Card at ATMs nationwide; and
- Keep amounts of up to Baht 30,000 in each TrueMoney account. Customers can top up their TrueMoney account from many sources by using a TrueMoney Cash Card, a registered bank account or credit card.

In 2007 TrueMoney opened TrueMoney Express, a payment agent offering many payment services such as bill payment, E-Cash Card sales and direct top-up to True prepay products, at around 2,000 locations throughout the country. In November 2007 we announced the successful development of the world's first intelligent contactless mobile payment system using a TrueMoney RFID (radio-frequency identification) SIM, in collaboration with China's Watchdata Technologies Co Ltd. The system became operational early in 2008.

TrueMoney was granted a 10-year license from the Electronic Transactions Commission in July 2009 to operate electronic payment services.

In May 2010, TrueMoney became the first Thai brand to receive US\$250,000 from the GSM Association to help fund the expansion of TrueMoney Express in Thailand. In November 2010, the business signed a Memorandum of Understanding with the Bank of Thailand to promote the implementation of a national payment message standard (NPMS) to replace current message systems and reduce transaction costs through electronic payments.

By the end of 2010, some 7.3 million TrueMove subscribers were using TrueMoney services, up from 5.7 million and 4.6 million at the end of 2009 and 2008 respectively.

(5) TrueLife

TrueLife provides digital content and access to both mobile and online digital communities. It also acts as a digital convergence and communicator platform for consumer-to-consumer, business-to-consumer and business-to-business transactions.

TrueLife has three main components: Digital content and community services; TrueLife Shops; and TrueLife+ (our convergence bundling packages).

Online portal Truelife.com provides an online community and communicator platform – e.g., minihome, Club, Chatroom and instant messaging – which allows users to interact, communicate and share. It also offers content which brings together people with similar lifestyles or interests. Main content categories are Music, Sport, TV and Movies. Launched in 2006, Truelife.com has approximately 1.4 million registered members.

In 2007 True Digital Plus's online game "Special Force" quickly became popular with Thai gamers, and has now been the number one "casual" online game in Thailand for four consecutive years. FIFA Online grew in popularity during 2010, thanks to the FIFA World Cup 2010, while other games such as Hip Street Fashion targeted high-ARPU younger female gamers, who are expected to become an increasingly significant market segment. A strategic alliance made with leading Korean games provider Dragonfly in 2009 should also provide exciting new games for the Thai market.

True Group is also an online games provider through NC True, a joint-venture between True and NC Soft, a world-class online games maker from Korea. NC True's leading games include Lineage II, Guild Wars, and recently Point Blank which became increasingly popular during 2009 and significantly increased revenue contributions in 2010. In 2010, NC True launched a dance game, Love Beat, featuring popular local and international songs. The game is becoming increasingly popular among teenagers.

TrueLife Shops bring together the full range of True products and services, including True Coffee, True Music and True Broadband under one roof. Their purpose is to provide first-hand experience of the convergence lifestyle. Shops are located in areas within the BMA frequented by trendsetters and the younger generation.

TrueLife+, which represents our bundling of True products and services, offering customers greater value through packages that suit their lifestyles, was launched in 2010.

TrueLife has revamped its online shopping service, www.weloveshopping.com, after its merger with www.marketathome.com in 2007. By the end of 2010, www.weloveshopping.com featured over 249,000 online stores with around 4.8 million products and services.

In June 2009, True launched the "True App Center" to train Thai developers in the major mobile operating systems including iPhone, Windows Mobile and Android. This helps support both handset sales and mobile Internet packages. The center had developed about 110 applications by the end of 2010.

Marketing Strategy

True is now one of Thailand's leading lifestyle brands. We aim to provide tailored solutions and a range of bundled telecommunications services across our voice, video and data platforms that match with customer lifestyles. We believe that demand has been shifting towards convergence services that can fulfill all lifestyle needs. All True products and services are marketed under the "True" brand. These marketing strategies will differentiate us from our competitors, helping us obtain a greater market share and lowering churn rates.

Retention marketing is also a key strategy, especially in the mobile business where competition is intense.

Distribution and Sales

To reach the consumer segment, we offer all of our services through shops in the BMA and the provinces. Each of these outlets is staffed by our personnel and is equipped for “one-stop” shopping, offering a range of wireline, wireless communications services, pay TV services, handsets, accessories, ADSL modems and other telecommunications equipment, as well as, in the case of the larger True stores, Internet access service. We also sell our products and services throughout Thailand through accredited dealer shops, and independent distributors and dealers who work on a commission basis.

Our conventional distribution channels include:

- Wholesale partners who purchase deactivated SIM cards and top-up cards, mobile handsets and accessories from us for distribution onto sub-dealers, manage sub-dealers and provide logistical support. Wholesale partners primarily sell our prepaid SIM cards and top-up cards. Sub-dealers also provide other services such as mobile handset repairs and music and game downloads;
- The direct sales channel markets our services to SME and corporate clients. It also plays an important role in customer acquisition for TrueMove with approximately 30 percent of net additional subscribers being acquired through this channel. We further categorize the direct sales channel into: direct sales teams (DST), direct sales agents (DSA), and freelance;
- Multi-retailers located in hypermarkets, specialty stores, and convenience store chains.
- Retail shops refer to True shops, TrueMove shops and kiosks, located in high visibility and high traffic locations, such as shopping malls, hypermarkets, office buildings, etc. TrueLife shops and True Coffee also fall into this category;
- Retail channel partners comprise of retail partners, and mobile sales vans or “Move Up Vans” which are mobile sales points for True Group sales agents nationwide.

True Group's prepaid services (mainly mobile telecommunications services) are normally sold through the first three channels – wholesale partners, the direct sales channel and multi-retailers while retail shops (both our own and our partners') serve as a sales channel for True Group's convergence products and services as well as an after-sales service channel.

For top-up services (to refill TrueMove's prepaid airtime, TrueMoney credit, or topping up TrueLife Freeview packages), we offer several electronic channels in addition to using physical cards (i.e., Cash card and Top up card) as follows:

- ATM – Subscribers can transfer funds directly from their bank account to top-up either a TrueMove or TrueMoney account;
- Mobile payment via TrueMoney (see details in “TrueMoney services via Truemove”);
- E-cash – Airtime purchases can also be made over the counter at our partners such as Kasikornbank and 7-Eleven.
- Direct top up – Customers can use a device installed at several of our own locations as well as our partners, such as 7-Eleven, to directly top up their accounts (an online top up transaction is also categorized as a direct top up); and
- Public phone booths – since 2007, TrueMove prepaid subscribers have been able to top up by as little as Baht 10 at over 18,000 public phone booths in the BMA.

In addition, TrueMove airtime can be sold through independent non-mobile agents or “over-the-air” airtime resellers such as individuals or small shops who are provided with a special SIM card to allow airtime transfer to end-users. These agents can refill their airtime credit through several means (e.g., Cash card, Top up card and ATM). Approximately 80,000 resellers were registered on our system at the end of 2010.

Although physical cards currently make the greatest contribution to our top-up revenues, electronic channels have become increasingly popular among our customers due to the variety of payment methods and increased number of electronic top up locations. In 2009, we boosted profitability by pushing top up sales through electronic channels to save costs associated with physical cards (production, logistics and warehousing, etc.). This initiative continued throughout 2010. We also continued to manage our sales mix so that revenues are generated through channels that are subject to low commission (i.e., via ATM).

We arrange account executives dedicated to both the SME and the corporate segments, and sales managers and sales executives servicing the various SME and corporate subscribers.

TrueVisions' primary sales channels include telesales, direct door-to-door sales, an Internet website, a nationwide agency network and non-traditional channels via Move Up vans.

Procurement of Products and Services

Network Capacity for Services

The Company believes that its extensive fiber-optic wireline network covering the whole of the BMA gives it a key competitive advantage. Voice and data travel through the fiber-optic cable network at a higher speed than through copper wire or via radio waves. In addition, the network architecture can eliminate call failures due to accidental interruption or any other causes. The network has a spider web design covering the entire service area, which enables True to utilize other routes should one suffer any malfunction.

TrueMove has been able to take advantage of the latest technological developments as it has built its network later than the two other major operators. This means its network is relatively more efficient and cost effective.

Network Acquisition

The Company primarily imports network equipment directly from leading telecommunications technology suppliers from around the world, including Siemens, Alcatel, Lucent, NEC and Huawei. The Company has also employed a number of suppliers to assist in network acquisition and installation to expand its service coverage, and is not dependent upon any specific distributor or supplier.

Technical and Management Support

The Company and its subsidiaries have acquired technical and management support from strategic partners: Verizon Communications Inc for True, Orange SA for TrueMove and MIH for TrueVisions. No further support has been provided since our strategic partners sold or reduced their shareholdings. These strategic partners all transferred substantial telecommunications expertise to True Group during the time when they were our shareholders and our management team is capable of operating without their support.

Thai Telecom Industry

Mobile Business

Mobile operators in Thailand are Advanced Info Service Public Company Limited ("AIS"), and its majority-owned subsidiary, Digital Phone Company ("DPC"); Total Access Communication Public Company Limited ("DTAC"); our majority-owned subsidiary, TrueMove; Hutchison-CAT Wireless Multimedia Co. (CAT's marketing service provider under the "Hutch" brand name); and Thai Mobile.

Thailand's mobile market has grown substantially from approximately 7.9 million subscribers in 2001 to over 70 million subscribers by the end of 2010, including around one million subscribers of small operators such as Thai Mobile and Hutch. The three largest mobile operators – namely AIS, DTAC and TrueMove – added approximately 5.7 million subscribers during 2010, up from 3.5 million in 2009. This increased Thailand's mobile penetration rate to about 105 percent (based on population figures from the National Statistical Office of Thailand

as of December 31, 2010 at 67.4 million). This high penetration rate was led by the increasing trend of mobile users carrying more than one handset and/or having Internet-ready devices such as tablets and netbooks.

This is comparatively low when compared to other countries in the region with high mobile penetration such as Hong Kong (171.2 percent: source: the Office of the Telecommunications Authority, the Government of the Hong Kong Special Administrative Region), and Singapore (137.4 percent; source: Infocomm Development Authority of Singapore - Statistics on Telecom services for 2009).

Moreover, the mobile penetration rate is usually calculated based on the total number of SIM cards or mobile phones in customers' hands. However, a significant portion of subscribers are multi-SIM users (carrying at least two phones or two SIM cards); human mobile penetration rate (the number of individual mobile users over the population number) in Thailand could be about 80 percent.

Our two largest competitors, AIS (together with its majority-owned subsidiary, DPC) and DTAC held a 44.6 percent and 30.9 percent market share of subscribers (excluding subscribers of smaller operators, namely Thai Mobile and Hutch-CAT), respectively, at the end of 2010. We are the third-largest mobile provider with a market share of 24.5 percent.

The mobile industry in Thailand has experienced high levels of competition. Mobile service providers have been competing for market share through promotional activities and by providing prepaid plans that offer competitive pricing to attract low-income subscribers and that are easily refillable at various places such as convenience stores and gas stations. This has been one of the reasons for a significant increase in the number of prepaid subscribers from the year 2002 onwards. Mobile service providers are also focusing on the growth in non-voice services, which has been facilitated by the launch of new feature-rich handset models with an expanding range of services.

During 2005 to 2006, the Thai mobile sector experienced intense price competition with TrueMove and its competitors significantly reducing tariffs, resulting in a decline in ARPU by 10 percent in 2005 and by 26 percent in 2006. This, however, contributed to the huge subscriber growth of 32 percent in 2006 while TrueMove market share rose to 19.4 percent from 15.1 percent in 2005.

However, 2007 saw the industry moving to more rational competition as operators entered into the interconnection regime which requires them to pay for access to other networks (Baht 1 per minute on average), putting a floor on prices. This continued in 2008. Operators have increased tariffs gradually resulting in lower usage, due to consumers' price sensitivity. The decline in ARPU was due partly to customers holding more than one SIM (double SIM effect) to enjoy differences in on-net and off-net tariffs launched by operators to limit IC charges. In 2008 small operators offered low tariff promotions because they did not have to pay IC charges. CAT has been negotiating with other operators to enter the IC regime since 2008.

In 2009, price competition continued to subside, especially voice tariffs. Although unfavorable macro conditions during the year impacted voice revenues for some operators, the Big Three either grew or sustained their revenue through non-voice services, especially mobile Internet services. Mobile Internet usage in Thailand has grown strongly over the past few years. This has mainly been supported by the increasing popularity and affordability of smartphones such as iPhone and BlackBerry, as well as from continued development of content and applications.

In 2010, competition increased slightly as operators started cutting prices to counter a softening in demand in 2Q10 caused by the political uncertainty. The competition was most concentrated in the on-net segment, where competitors reduced tariffs leading to an overall reduction in price per minute charges. This had an impact on TrueMove's performance in 2Q10 and 3Q10. However, voice revenue started to recover from August after new "per-call" and "single-rate" promotions targeting medium to light users were launched. The recovery gained momentum throughout 4Q10 and the positive trend is expected to continue.

Fixed-line Telephone Business

The fixed-line market in Thailand is currently serviced by three companies. TOT, the state-owned enterprise that formerly regulated the provision of fixed-line telephone services, is still the only nationwide provider of local and domestic long-distance fixed-line telephone services in Thailand. Two other operators, True and TT&T Public Company Limited (“TT&T”) are providing fixed-line telephone services under concessions granted by TOT. While our service coverage concentrates in the BMA, TT&T covers certain provinces of Thailand.

Thailand's fixed-line penetration rate has been stable at approximately 12 percent of the total population (or approximately 30 percent of nationwide households) for several years. At the end of 2009, TOT was the largest nationwide fixed-line operator in terms of subscribers with slightly more than 4 million subscribers while True was the largest fixed-line operator in the BMA with approximately 1.9 million subscribers. However, True fixed-line subscribers declined to 1.8 million in 2010.

Our fixed-line telephone business has been mostly affected in recent years by the continuing migration of traffic to mobile.

In addition, our fixed-line telephone business is expected to face growing competition from VoIP services whose tariffs are lower than that for traditional fixed-line operators. Rising Internet usage and the growing availability of personal computers (PCs) are also expected to be factors driving the increasing use of PCs by Thai consumers for making VoIP calls. Also, the NTC has granted more fixed-line licenses, which means we may face competition from newcomers.

Business Data Services

The business data market in Thailand continues to grow at about 10-15 percent a year due to the popularity of on-line data transmission and an increase in Internet users. There is high competition between the large number of operators and suppliers of alternatives, such as ADSL providers. The major players in the data communications market in Thailand currently include TOT, CAT, United Information Highway Co., Ltd. and United Broadband Technology Co., Ltd. (collectively, “UCOM”), Advanced Datanetwork Communications Co., Ltd. (“ADC”) under the Shin Corporation Group, TT&T and True Corporation. All these carriers provide leased line, frame relay and Multiprotocol Label Switching (MPLS) services. Our principal competitors are TOT (which has the widest coverage throughout Thailand) and UCOM (which has broader coverage outside of the BMA than we do). New market entrants such as Symphony have recorded tremendous growth since 2008 by targeting the very high-end fiber segment.

As of 2009, True was the 2nd largest business data provider with a 24 percent share of the nationwide market value of Baht 13.4 billion. TOT remained the market leader with a 29 percent share and UIH ranked 3rd with a 21 percent share. As there is no industry information for 2010, we estimate that True's market share remained stable at 24 percent during the year, in a market worth Baht 14.6 billion.

Broadband Business

The Broadband subscriber base in Thailand is relatively small, with a household penetration rate of about 13.5 percent of some 20 million households, compared to rates in other countries in the region such as Hong Kong (79.1 percent; source: the Office of the Telecommunications Authority, The Government of the Hong Kong Special Administrative Region) and Singapore (142.2 percent; source: Infocomm Development Authority of Singapore - Statistics on Telecom services for 2009).

There are several operators in the Thai Broadband market, including United Broadband Technology (“UBT”), Lenso DataCom (under Q-Net service), Samart, CS Loxinfo, TOT, Jasmine International Public Company Limited (“JAS”) operating under the “3BB” brand, ADC, and True.

True Group has experienced significant growth in its Broadband subscriber base, from 3,708 subscribers at the end of 2002 to 690,519 at the end of 2009 and 813,763 at the end of 2010. We are one of the largest Broadband service providers in Thailand based on the number of subscribers, and have approximately a 66-percent share of the market value in the BMA.

There are several reasons for the rapid increase in the number of Broadband subscribers, including the decrease in the cost of modems, the increased popularity of online content, such as games, and the decrease in monthly fees as Broadband service providers increase the size of their customer bases. In addition, the International Internet Gateway fees have reduced significantly following the industry liberalization by the NTC.

Internet Services

The Thailand Internet market has experienced significant growth in recent years. According to estimates by the ITU, the market had grown to approximately 17.5 million users by the end of 2010, representing a population penetration rate of approximately 26.3 percent, still relatively low when compared with other countries in the region.

Starting in June 2005, the NTC awarded licenses for the provision of Internet services to several ISPs, including True subsidiaries True Internet Company Limited and Asia Infonet. Other major Internet operators include CS Loxinfo and Internet Thailand.

Competition within the Internet/Broadband market has been intense since 2006 through 2010 due to the large number of ISPs and we expect to face increasing competition from new entrants going forward. In addition, the NTC has granted new nationwide fixed-line licenses, which would result in higher competition in both the fixed-line and Broadband market in the BMA, our key business area. Despite the intense competition, service charges remained relatively stable at approximately Baht 9 per hour for dial-up Internet service and a minimum of Baht 399 per month for Broadband service.

In November 2010 Cabinet approved the Information and Communication Technology Ministry's National Broadband Plan, which aims to spend Baht 20 billion over the next five years to provide hi-speed Internet coverage to 80 percent of the population with a targeted top download speed of 100 Mbps. The policy aims to provide free hi-speed Internet to selected schools, hospitals and low-income earners. TrueMove joined five other operators, including TOT and CAT, in signing a Memorandum of Understanding to support the policy which is inline with True Group's mission to help reduce the digital divide in Thailand and transform the Kingdom into a knowledge-based society.

Pay-TV Business

Thailand had roughly 6 million pay-TV subscribers at the end of 2010, representing a household penetration of approximately 29 percent (Source: Company data). This is relatively low when compared with other Asian countries: Malaysia 50 percent, Singapore 57 percent, and Hong Kong 72 percent (Source: Pan-Regional TV in Asia 2009, Quarter 2, 2009, Casbaa). This presents high growth potential.

TrueVisions is currently the only nationwide pay-TV provider. However, our position as the principal provider is not secured by regulation and we continue to face the threat of new entrants. The Mass Communications Organization of Thailand ("MCOT") granted pay-television licenses to two other companies in 1996, but those companies have not launched their services. The Public Relations Department ("PRD") of Thailand grants annual operating licenses, and has licensed several regional cable pay-TV operators, of which an estimated 78 firms are presently operating. Following the enactment of the Radio and Television Broadcasting Act in March 2008, pay TV operators are allowed to advertise, creating opportunities to generate additional revenues from existing content. This will add value to TrueVisions' business; however, it could also strengthen the financial position of small pay-TV operators and help them compete more aggressively with us. However, TrueVisions' superior content provides us with a strong advantage.

Currently, it is estimated that more than 450 cable operators in the provinces are offering services to around 1.5 to 2 million subscribers without the necessary licenses. However, the provincial cable systems have come under increased scrutiny from copyright owners. Meanwhile, the new Broadcasting bill will ensure all pay TV providers must operate according to the same regulatory standards as TrueVisions.

After receiving approval from MCOT to advertise, TrueVisions sees itself as a highly attractive choice for advertisers mainly because of its unique audience profile. This comprises both premium subscribers with high purchasing power and growing numbers of mass market subscribers. Furthermore, the nature of TrueVisions content allows it to clearly define the viewer characteristics for each channel to the benefit of advertisers.

During 2010, TrueVisions strategically expanded into the mass market to tap its lucrative, high-margin advertising revenue. Increasing the number of eyeballs or audience size is crucial to the business' success in the mass market, which is highly competitive. The overall TV advertising market was valued at about Baht 61 billion in 2010 (source: AGB Nielsen), with the pay-TV segment accounting for less than 5 percent. This relatively low penetration provides long-term growth opportunities for the industry.

Over the last few years, TrueVisions has worked closely with its content partners to roll out initiatives aimed at protecting the intellectual property rights relating to content deployed on TrueVisions' platforms. We have targeted operators illegally airing content such as DVD movies which are legally carried by channels on our platform such as HBO.

In 2011, we plan to replace analogue set-top decoder boxes with digital versions, which will further reduce piracy.

The investment in infrastructure necessary to provide a high-quality pay-TV service is significant. Start-up costs include investments to secure transmission platforms, encryption technology, decoder hardware, and customer service and support systems.

In addition, TrueVisions has to compete indirectly with the national free-to-air television stations in Thailand, as well as cinemas, video, music and other entertainment options. We believe that our unique programming, including popular first-run movies, knowledge content and sporting events, gives us a distinct advantage over these indirect competitors. The national free-to-air television stations are uplinked to the same satellite used by us and consequently form part of the bouquet available to our subscribers. In 2011, we have adapted our offering to increase our free-to-air coverage to include the maximum number of channels available, currently 215.

Regulatory Update

The regulatory landscape continues to evolve. The Thai telecommunication regulatory regime was set up by the 1997 Constitution, the Act on Organizations Allocated Frequency Waves and Supervision of the Radio and Television Broadcasting and Telecommunications Business "Frequency Allocation Act" B.E. 2543, and the Telecommunication Business Operations Act B.E. 2544 ("TBO Act").

There are several pending regulatory issues in which we hope to see progress. These include the issue of licenses for 3G on 2.1 GHz, industry-wide implementation of IC and the establishment of the National Broadcasting and Telecommunications Commissions ("NBTC").

The current Constitution was enacted in August 2007 after political transition. Nevertheless, key laws and regulations remain essentially in effect and the National Telecommunication Commission ("NTC") still maintains its power in regulating the telecommunications industry.

In addition, Section 47 of the Constitution indicates that, the NBTC be set up to regulate the telecom and broadcasting industry and that the Act for the setting up of the NBTC must be enacted within 180 days of the new government announcing its policy. The Act on Organizations Allocated Frequency Waves and Supervision of the Radio and Television Broadcasting and Telecommunications Business ("Frequency Allocation Act") B.E. 2553

which paves the way for the establishment of the NBTC was passed into law in December 2010. However, as of the time of writing (March 2010), the NBTC has not yet been set up. Any delays in the NBTC's establishment are expected to result in delays in the issuance of new policies and regulations.

On March 5, 2008, the Radio and Television Broadcasting Act B.E. 2551 ("Broadcasting Act") came into force, giving authority to the existing NTC to temporarily regulate and grant licenses (one-year) for community radio and non-frequency use services before the establishment of the proposed NBTC. A regulation allowing the granting of such licenses was enacted on November 9, 2009 and the regulator started to grant licenses to small local operators from mid-2010.

Since its establishment, the NTC has issued several regulations prescribing, among other things, the Interconnect Regulation B.E. 2549, bringing the Thai mobile industry into the IC regime since 2007 and creating a more level playing field.

In August 2009, Mobile Number Portability ("MNP") regulations were introduced and the NTC set a final deadline of December 15, 2010 for existing mobile operators to launch the MNP service. MNP was launched with a limited capacity in Bangkok on December 5, 2010. This service will be expanded in terms of capacity and geographical coverage throughout 2011.

In early 2010, the NTC approved the IC rate between Hutch and DTAC at Baht 0.50 per minute. This resulted in Hutch partially complying with the IC regulation. However, TrueMove and Hutch have yet to resolve the matter.

In addition, during 2Q10, the NTC proposed the IC rate between fixed-line and mobile network with fixed-line operators charging mobile operators Baht 0.36 per min and mobile operators charging fixed-line operators Baht 0.50 per min. True, as one of Thailand's fixed-line operators which disagrees with such a proposed rate, has filed an appeal with the Administrative Court opposing the NTC's regulation.

In 2009, the NTC progressed towards the granting of 3G 2.1 GHz licenses by trying to formulate an Information Memorandum (IM) on 3G Licensing Framework, and by holding two public hearings to gather opinions/ comments on this subject-matter from all interested parties. With the four newly appointed commissioners, the NTC had a full set of legitimate members and it was pushing for the 3G 2.1GHz auction to take place.

The final IM was drafted with the 3G licensing regulation published in the Royal Gazette in July 2010. This allowed the NTC to open the application process for 3G 2.1GHz licensing to interested parties with the auction period targeted towards the end of September 2010. True Group, along with other key mobile operators – AIS and DTAC – submitted its application to participate in the 3G bidding through its recently setup subsidiary, Real Move Company Limited. Real Move passed the NTC's pre-qualification process for the 3G auction and was ready to enter the bidding process on September 20, 2010.

Unfortunately, a few days before the auction was due to take place, CAT filed a lawsuit with the Central Administrative Court, questioning the NTC's authority to allocate frequency. On September 16, the Central Administrative Court ruled in favor of CAT and ordered a suspension to the NTC's 3G auction.

The NTC then appealed to the Supreme Court which on October 23, 2010 upheld the Central Administrative Court verdict and suggested the matter be submitted to the Constitutional Court for a final decision on whether the NTC has the authority to allocate frequency or not.

The NTC has liberalized the industry by issuing numerous service licenses. The list of all licenses obtained by True's subsidiaries and associates is shown below.

True's subsidiaries/associates	Type	Business	Validity	Date of Board approval	Expiry date
Internet Service Provider (ISP) license					
1 KSC Commercial Internet (KSC)	1	ISP	5 years	23 Jun 2009	22 Jun 2014
2 True Internet (TI)	1	ISP	5 years	18 Aug 2009	17 Aug 2014
3 Asia Infonet (AI)	1	ISP	5 years	5 Feb 2010	4 Feb 2015
4 True International Gateway (TIG)	2	International Internet Gateway & Internet Exchange (IIG & IX)	5 years	19 May 2006	18 May 2011
5 TrueMove (TMove)	1	ISP	5 years	25 Aug 2009	24 Aug 2014
Telecommunications license					
1 True Public Communication (TPC)	1	Public Phone Service	5 years	29 Jun 2009	28 Jun 2014
2 Asia Wireless Communication (AWC)	1	Resale PCT & mobile	5 years	23 Feb 2010	22 Feb 2015
3 True Internet Data Center (TIDC)	1	Resale Internet/data center/video conference services	5 years	20 May 2009	19 May 2014
4 True Life Plus (formerly, True Digital Entertainment)	1	Resale Internet & mobile* services	5 years	2 Aug 2009	1 Aug 2014
5 True Internet (TI)	1	International Calling Card (ICC)	5 years	11 Oct 2009	10 Oct 2014
6 True Universal Convergence (TUC)	3	Fixed Line Service	20 years	8 Dec 2006	7 Dec 2026
7 True International Communication (TIC)	3	International Direct Dialing (IDD)	20 years	25 Jan 2007	24 Jan 2027
8 True Universal Convergence (TUC)	1	Resale PSTN (GPRS, DSL) & leased circuit/channel services	5 years	26 Aug 2009	25 Aug 2014
9 Samut Pakan Media Corporation (SMUT)	3	Mobile service	15 years	23 Sep 2009	22 Sep 2024
10 True International Gateway (TIG)	3	International Private Leased Circuit (IPLC)	15 years	11 Nov 2009	10 Nov 2024
11 KSC Commercial Internet (KSC)	1	Resale IPLC	5 years	11 Nov 2009	10 Nov 2014
12 True Distribution and Sales (TD&S)	1	Resale mobile services	5 years	1 Dec 2010	30 Nov 2015
13 Real Move (RMV)	1	Resale mobile services	5 years	16 Dec 2010	15 Dec 2015

Revenues Breakdown

Revenues breakdown by business group

Business Group	2010		2009		2008	
	Baht Million	%	Baht Million	%	Baht Million	%
1. True Online						
Revenues	21,935	35.1%	21,784	34.9%	21,646	35.4%
2. True Move						
Revenues	30,981	49.7%	31,312	50.1%	30,224	49.3%
3. True Visions						
Revenues	9,462	15.2%	9,378	15.0%	9,395	15.3%
Total Revenues	62,378	100.0%	62,474	100.0%	61,265	100.0%

Revenues for the year ended breakdown by company

Business Group/Operation by	2010		2009		2008	
	Baht Million	%	Baht Million	%	Baht Million	%
1. True Online						
True Corporation Public Company Limited	7,840	12.6%	8,705	13.9%	10,402	17.0%
True Multimedia Co., Ltd.	209	0.3%	1,045	1.7%	1,283	2.1%
True Internet Co., Ltd.	6,167	9.9%	5,833	9.3%	2,891	4.7%
True Leasing Co., Ltd.	1,071	1.7%	926	1.5%	751	1.2%
True Life Plus Co., Ltd.	1,929	3.1%	2,240	3.6%	4,142	6.8%
KSC Commercial Internet Co., Ltd.	423	0.7%	375	0.6%	340	0.6%
Wire & Wireless Co., Ltd.	813	1.3%	545	0.9%	355	0.6%
Asia Wireless Communication Co., Ltd.	199	0.3%	299	0.5%	402	0.7%
True Public Communication Co., Ltd.	122	0.2%	167	0.3%	222	0.4%
True Touch Co., Ltd.	173	0.3%	229	0.4%	224	0.4%
True Digital Content & Media Co., Ltd.	214	0.3%	148	0.2%	143	0.2%
True International Communication Co., Ltd.	96	0.2%	129	0.2%	124	0.2%
True International Gateway Co., Ltd.	254	0.4%	176	0.3%	54	0.1%
True Lifestyle Retail Co., Ltd.	161	0.3%	173	0.3%	102	0.2%
True Money Co., Ltd.	223	0.4%	150	0.2%	72	0.1%
True Universal Convergence Co., Ltd.	1,443	2.2%	531	0.8%	13	0.0%
True Internet Data Center Co., Ltd.	69	0.1%	66	0.1%	57	0.1%
True Digital Plus Co., Ltd.	488	0.7%	—	0.0%	—	0.0%
True Properties Co., Ltd.	33	0.1%	30	0.1%	28	0.0%
Others	8	0.0%	17	0.0%	41	0.0%
Revenues	21,935	35.1%	21,784	34.9%	21,646	35.4%
2. True Move						
BITCO Group of companies						
Revenues	30,981	49.7%	31,312	50.1%	30,224	49.3%
3. True Visions						
True Visions Group of companies						
Revenues	9,462	15.2%	9,378	15.0%	9,395	15.3%
Total Revenues	62,378	100.0%	62,474	100.0%	61,265	100.0%

Corporate Information

True Corporation Public Company Limited (“the Company”), with the security symbol “TRUE” on the Stock Exchange of Thailand, was established on 13th November 1990 initially under the name of CP Telecommunication Co.,Ltd. with authorized capital of Baht 1,000 million to undertake a major telecommunication infrastructure project, and registered as a public company limited on 11th February 1993. The Public Company Registration No. 0107536000081

As at 31st December 2010, the Company’s authorized capital is Baht 153,332,070,330, divided into 15,333,207,033 ordinary shares with a par value of Baht 10 per share. The Company’s paid-up capital is Baht 77,757,424,030, divided into 7,775,742,403 ordinary shares with a par value of Baht 10 per share.

The company’s head office is located at:

18 True Tower, Ratchadapisek Road, Huai Khwang,

Huai Khwang, Bangkok 10310

Telephone: (662) 643-1111 Fax: (662) 643-1651

Website: www.truecorp.co.th

The Company’s subsidiaries, associates companies and other investments are as follows:

Company Name	Address	Type of Business	Paid-up Capital	% of investment
Asia DBS Public Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	DBS system operator	THB 100 million divided into 10 million ordinary shares with a par value of Baht 10 each and fully paid up.	89.99
Asia Infonet Company Limited	1 Fortune Town, 14 th , 17 th Floors, Ratchadapisek Road, Din Dang, Bangkok 10400 Tel. (662) 641-1800	Internet services provider	THB 15 million divided into 1.5 million ordinary shares with a par value of Baht 10 each and fully paid up.	65.00

Company Name	Address	Type of Business	Paid-up Capital	% of investment
Asia Wireless Communication Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	PCT operator	THB 10,441.85 million divided into 1,044.18 million ordinary shares with a par value of Baht 10 each and fully paid up.	99.99
Bangkok Inter Teletech Public Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Holding Company	THB 82,678 million divided into 33,071 million ordinary shares with a par value of Baht 2.50 each and fully paid up.	98.91
BeboydCg Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Production of animation	THB 16.52 million divided into 1.65 million ordinary shares with a par value of Baht 10 each and fully paid up.	70.00
Cineplex Company Limited	118/1 Tipco Tower, Rama VI Road, Samsen Nai, Phayathai, Bangkok 10400 Tel. (662) 615-9000 Fax. (662) 615-9900	Program production	THB 1,283.43 million divided into 128.34 million ordinary shares with a par value of Baht 10 each and fully paid up.	98.57
Click TV Company Limited	118/1 Tipco Tower, Rama VI Road, Samsen Nai, Phayathai, Bangkok 10400 Tel. (662) 615-9000 Fax. (662) 615-9900	Interactive TV business	THB 46 million divided into 4.6 million ordinary shares with a par value of Baht 10 each and fully paid up.	98.57
Channel [V] Music (Thailand) Company Limited	6 th Floor Siam Discovery, Unit No. 608–609, 989 Rama I Road, Pathumwan, Bangkok 10330 Tel. (662) 207-6788 Fax. (662) 207-6789	Music and sound	THB 110 million divided into 1.1 million ordinary shares with a par value of Baht 100 each and fully paid up.	25.63
IBC Symphony Company Limited	118/1 Tipco Tower, Rama VI Road, Samsen Nai, Phayathai, Bangkok 10400 Tel. (662) 615-9000 Fax. (662) 615-9900	Dormant	THB 30 million divided into 3 million ordinary shares with a par value of Baht 10 each and fully paid up.	98.57
Internet Knowledge Service Center Company Limited	2/4 Siam Commercial, Samaggi Insurance tower, 10 th Floor, Vibhavadee-Rangsit Road, Thungsonghong, Laksi, Bangkok 10210 Tel. (662) 979-7000	Non-government telecommunication services	THB 50 million divided into 12 million ordinary shares with a par value of Baht 10 each, 2.67 ordinary shares fully paid up and 9.33 ordinary shares call-up Baht 2.50 each.	56.93

Company Name	Address	Type of Business	Paid-up Capital	% of investment
K.I.N. (Thailand) Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Holding Company	THB 352.50 million divided into 11.75 million ordinary shares with a par value of Baht 30 each and fully paid up.	99.99
KSC Commercial Internet Company Limited	2/4 Siam Commercial, Samaggi Insurance tower, 10 th Floor, Vibhavadee-Rangsit Road, Thungsonghong, Laksi, Bangkok 10210 Tel. (662) 979-7000	Internet services provider	THB 153 million divided into 15.30 million ordinary shares with a par value of Baht 10 each and fully paid up.	56.83
MKSC World Dot Com Company Limited	2/4 Siam Commercial, Samaggi Insurance tower, 10 th Floor, Vibhavadee-Rangsit Road, Thungsonghong, Laksi, Bangkok 10210 Tel. (662) 979-7000	Internet services and distributor	THB 139.64 million divided into 13.95 million ordinary shares with a par value of Baht 10 each and 0.01 million preference shares with a par value of Baht 10 each and fully paid up.	91.08
Panther Entertainment Company Limited	118/1 Tipco Tower, Rama VI Road, Samsen Nai, Phayathai, Bangkok 10400 Tel. (662) 725-7400 Fax. (662) 725-7401	Artist management and related business	THB 75 million divided into 7.5 million ordinary shares with a par value of Baht 10 each and fully paid up.	99.52
Real Future Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Holding company	THB 1 million divided into 100,000 ordinary shares with a par value of Baht 10 each and fully paid up.	99.99
Real Move Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Service provider of mobile phone system network	THB 1 million divided into 10,000 million ordinary shares with a par value of Baht 100 each and fully paid up.	98.77
Samut Pakan Media Corporation Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Telecommunication services	THB 1 million divided into 10,000 ordinary shares with a par value of Baht 100 each and fully paid up.	98.85

Company Name	Address	Type of Business	Paid-up Capital	% of investment
Sattellite Service Company Limited	118/1 Tipco Tower, Rama VI Road, Samsen Nai, Phayathai, Bangkok 10400 Tel. (662) 615-9000 Fax. (662) 615-9900	Sales and rental of equipment related to Pay Television	THB 1,338 million divided into 223 million ordinary shares with a par value of Baht 6 each and fully paid up.	98.57
Song Dao Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Collection agent	THB 1 million divided into 10,000 ordinary shares with a par value of Baht 100 each and fully paid up.	98.84
Tele Engineering and Services Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Content provider	THB 25 million divided into 2.5 million ordinary shares with a par value of Baht 10 each and fully paid up.	99.99
Telecom Holding Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Holding Company	THB 18,955.25 million divided into 1,895.52 million ordinary shares with a par value of Baht 10 each and fully paid up.	99.99
Telecom International Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Holding Company	THB 300 million divided into 30 million ordinary shares with a par value of Baht 10 each and fully paid up.	99.99
Telecom KSC Company Limited	2/4 Siam Commercial, Samaggi Insurance tower, 10 th Floor, Vibhavadee-Rangsit Road, Thungsonghong, Laksi, Bangkok 10210 Tel. (662) 979-7000	Non-government telecommunication services	THB 250,000 divided into 100,000 ordinary shares with a par value of Baht 10 each and call-up Baht 2.50 each.	34.39
True Digital Content & Media Company Limited	121/102-103, RS Tower, Ratchadapisek Road, Din Dang, Bangkok 10400	Digital content and marketing media	THB 54 million divided into 5.4 million ordinary shares with a par value of Baht 10 each and fully paid up.	97.04
True Digital Media Company Limited	118/1 Tipco Tower, Rama VI Road, Samsen Nai, Phayathai, Bangkok 10400 Tel. (662) 615-9000 Fax. (662) 615-9900	Advertising sale and agency	THB 25 million divided into 2.5 million ordinary shares with a par value of Baht 10 each and fully paid up.	98.57

Company Name	Address	Type of Business	Paid-up Capital	% of investment
True Digital Plus Company Limited	121/72 RS Tower, Ratchadapisek Road, Din Dang, Bangkok 10400 Tel. (662) 686-2255	Online game	THB 357 million divided into 35.70 million ordinary shares with a par value of Baht 10 each and fully paid up.	100.00
True Distribution and Sales Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Retail services	THB 1,501 million divided into 15.01 ordinary shares with a par value of Baht 100 each and fully paid up.	98.76
True Information Technology Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	IT service and training	THB 257 million divided into 38 million ordinary shares with a par value of Baht 10 each, 5 million ordinary shares fully paid up, 8 million ordinary shares call-up Baht 8.75 each. and 25 million ordinary shares call-up Baht 5.48 each.	99.99
True International Communication Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Telecommunication services	THB 22 million divided into 850,000 ordinary shares with a par value of Baht 100 each 10,000 ordinary shares fully paid up and 840,000 ordinary shares call-up Baht 25 each up.	99.99
True Internet Company Limited	1 Fortune Town, 14 th , 27 th Floors, Ratchadapisek Road, Din Dang, Bangkok 10400 Tel. (662) 641-1800	Internet solution provider	THB 602.80 million divided into 60.28 million ordinary shares with a par value of Baht 10 each, and fully paid up.	99.99
True Internet Data Center Company Limited	18 True Tower, 14 th Floor, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Internet data center	THB 149.59 million divided into 14.96 million ordinary shares with a par value of Baht 10 each and fully paid up.	70.00
True International Gateway Company Limited	1 Fortune Town Building, 15 th Floors, Ratchadapisek Road, Din Dang, Bangkok 10400 Tel. (662) 641-1800	Telecommunication and internet services	THB 51 million divided into 510,000 ordinary shares with a par value of Baht 100 each and fully paid up.	99.99

Company Name	Address	Type of Business	Paid-up Capital	% of investment
True Leasing Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Rental services	THB 1,285 million divided into 128.50 million ordinary shares with a par value of Baht 10 each and fully paid up.	99.99
True Life Plus Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Telecommunication services reseller	THB 1,775 million divided into 257.5 million ordinary shares with a par value of Baht 10 each, 97.5 million ordinary shares fully paid up and 160 million ordinary shares call-up Baht 5 each.	99.99
True Lifestyle Retail Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Internet cafe and related services	THB 131 million divided into 13.1 million ordinary shares with a par value of Baht 10 each and fully paid up.	99.99
True Magic Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Production and distribution of movies film	THB 3.5 million divided into 350,000 ordinary shares with a par value of Baht 10 each and fully paid up.	99.99
True Money Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Payment service centre and electronic card services	THB 200 million divided into 20 million ordinary shares with a par value of Baht 10 each and fully paid up.	99.99
True Move Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Cellular operator	THB 37,281 million divided into 3,728 million ordinary shares with a par value of Baht 10 each and fully paid up.	98.83
True Multimedia Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	NON-POTS and multimedia services	THB 6,562 million divided into 656.2 million ordinary shares with a par value of Baht 10 each and fully paid up.	91.08

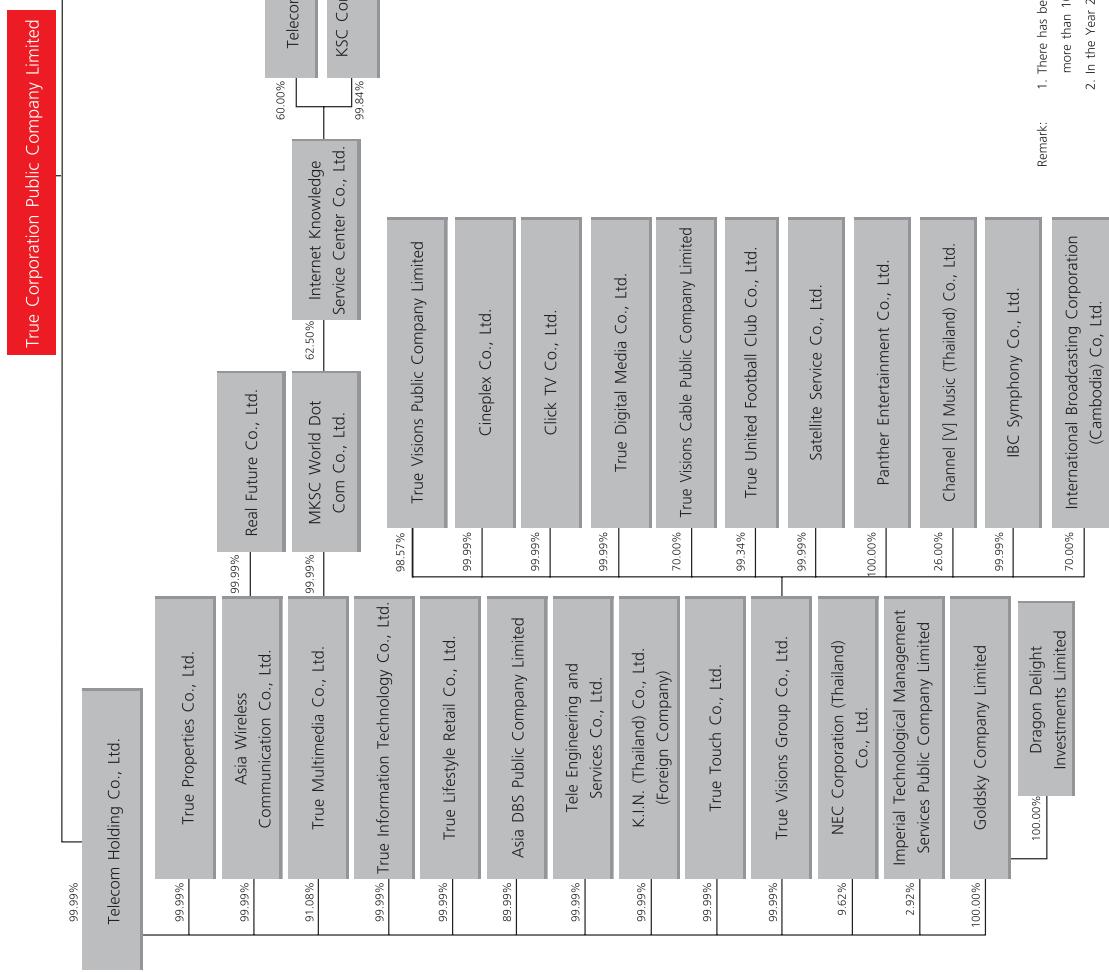
Company Name	Address	Type of Business	Paid-up Capital	% of investment
True Music Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Content provider	THB 200,000 divided into 20,000 ordinary shares with a par value of Baht 10 each and fully paid up.	98.79
True Music Radio Company Limited	23/6-7, 2 nd -4 th Floor, Soi Soonwijai, Rama 9 Road, Bangkapi, Bangkok Tel. (662) 641-4838-9 Fax. (662) 641-4840	Trading and production of advertising media	THB 1 million divided into 10,000 ordinary shares with a par value of Baht 100 each and fully paid up.	69.94
True Properties Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Rental services	THB 3,008 million divided into 30.08 million ordinary shares with a par value of Baht 100 each and fully paid up.	99.99
True Public Communication Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Telecommunication services	THB 86 million divided into 860,000 ordinary shares with a par value of Baht 100 each and fully paid up.	99.99
True Touch Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Call centre services	THB 193 million divided into 1.93 million ordinary shares with a par value of Baht 100 each and fully paid up.	99.99
True United Football Club Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Football Club and related activities management	THB 20 million divided into 2 million ordinary shares with a par value of Baht 10 each and fully paid up.	70.00
True Universal Convergence Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Telecommunication services	THB 2,041 million divided into 27.51 million ordinary shares with a par value of Baht 10 each, 11.50 million ordinary shares fully paid up and 16 million shares call-up Baht 55.625 each.	99.99

Company Name	Address	Type of Business	Paid-up Capital	% of investment
True Visions Public Company Limited	118/1 Tipco Building, Rama VI Road, Phayathai, Bangkok 10400 Tel. (662) 615-9000 Fax. (662) 615-9900	Pay Television	THB 2,266.72 million divided into 755.57 million ordinary shares with a par value of Baht 3 each and fully paid up.	98.57
True Visions Cable Public Company Limited	118/1 Tipco Tower, Rama VI Road, Samsen Nai, Phayathai, Bangkok 10400 Tel. (662) 615-9000 Fax. (662) 615-9900	Pay television via cable system	THB 7,608.65 million divided into 760.86 million ordinary shares with a par value of Baht 10 each and fully paid up.	98.61
True Visions Group Company Limited	118/1 Tipco Tower, Rama VI Road, Samsen Nai, Phayathai, Bangkok 10400 Tel. (662) 615-9000 Fax. (662) 615-9900	Holding company	THB 420 million divided into 4.2 million ordinary shares with a par value of Baht 100 each and fully paid up.	99.99
Wire & Wireless Company Limited	54 W&W Building, Soi Pattanakarn 20, Pattanakarn Road, Suanluang, Bangkok 10250 Tel. (662) 717-9000 Fax. (662) 717-9900	Construction	THB 100 million divided into 10 million ordinary shares with a par value of Baht 10 each and fully paid up.	87.50
NC True Company Limited	18 True Tower, 14 th Floor, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Developer and service provider of games online	THB 241.58 million divided into 11.84 million ordinary shares and 12.32 million preference shares with a par value of Baht 10 each and fully paid up.	51.00 Shareholding but 40.00 Voting Rights
Thai Smart Card Company Limited	191 Silom Complex Building, 27 th Floor, Room No. 2, Silom Road, Bangrak, Bangkok	Central Service Bureau for clearing electronic payment transactions	THB 1,600 million divided into 160 million ordinary shares with a par value of Baht 10 each and fully paid up.	15.76
NEC Corporation (Thailand) Company Limited	159 Sermit Tower, 2 nd , 24 th Floor, Sukumvit 21, Klongtoey Nua, Wattana, Bangkok	Telecommunication equipment manufacturer	THB 343 million divided into 343,000 ordinary shares with a par value of Baht 1,000 each and fully paid up.	9.62
Clearing House for Number Portability Co., Ltd.	409/1 1 st Floor Moo 5, Srinagarindra, Samrong Nua, Samut Prakarn, Samut Prakarn	provide mobile number portability service	THB 2 million divided into 20,000 ordinary shares with a par value of Baht 100 each and fully paid up.	20.00

Company Name	Address	Type of Business	Paid-up Capital	% of investment
International Broadcasting Corporation (Cambodia) Company Limited	8 Lenine Blvd., Phnom Penh City, Cambodia	Dormant	USD 1 million divided into 1 million ordinary shares with a par value of USD 1 each and fully paid up.	69.00
K.I.N. (Thailand) Company Limited	P.O. Box 957, Offshore Incorporation, Road Town, Tortola, British Virgin Island	Holding Company	USD 1 divided into 1 ordinary share with a par value of USD 1 each and fully paid up.	99.99
Nilubon Company Limited	P.O. Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Island	Holding Company	USD 8,000 divided into 8,000 ordinary shares with a par value of USD 1 each and fully paid up.	99.99
Dragon Delight Investments Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Holding Company	USD 1 divided into 1 ordinary shares with a par value of USD 1 each and fully paid up.	100.00
Gold Palace Investments Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Holding Company	USD 1 divided into 1 ordinary shares with a par value of USD 1 each and fully paid up.	100.00
Gold Light Company Limited	c/o First Island Trust Company Ltd, Suite 308, St James Court, St Denis Street, Port Louis, Republic of Mauritius	Holding Company	USD 1 divided into 1 ordinary shares with a par value of USD 1 each and fully paid up.	100.00
Goldsky Company Limited	c/o First Island Trust Company Ltd, Suite 308, St James Court, St Denis Street, Port Louis, Republic of Mauritius	Holding Company	USD 1 divided into 1 ordinary shares with a par value of USD 1 each and fully paid up.	100.00
TA Orient Telecom Investment Company Limited	21 st Far East Finance Centre, 16 Harcourt Road, Central, Hong Kong	Holding Company	USD 15 million divided into 15 million ordinary shares with a par value of USD 1 each and fully paid up.	99.99
Chongqing Communication Equipment Company Limited	140 Daping Zhengjie Chongqing, People's Republic of China	Telecommunication equipment manufacturer	RMB 292 million	38.21

GROUP INVESTMENT STRUCTURE

As of 31st December 2010



Remark:

1. There has been no persons who may have conflict of interests with the Company holding its subsidiaries and associated companies' shares

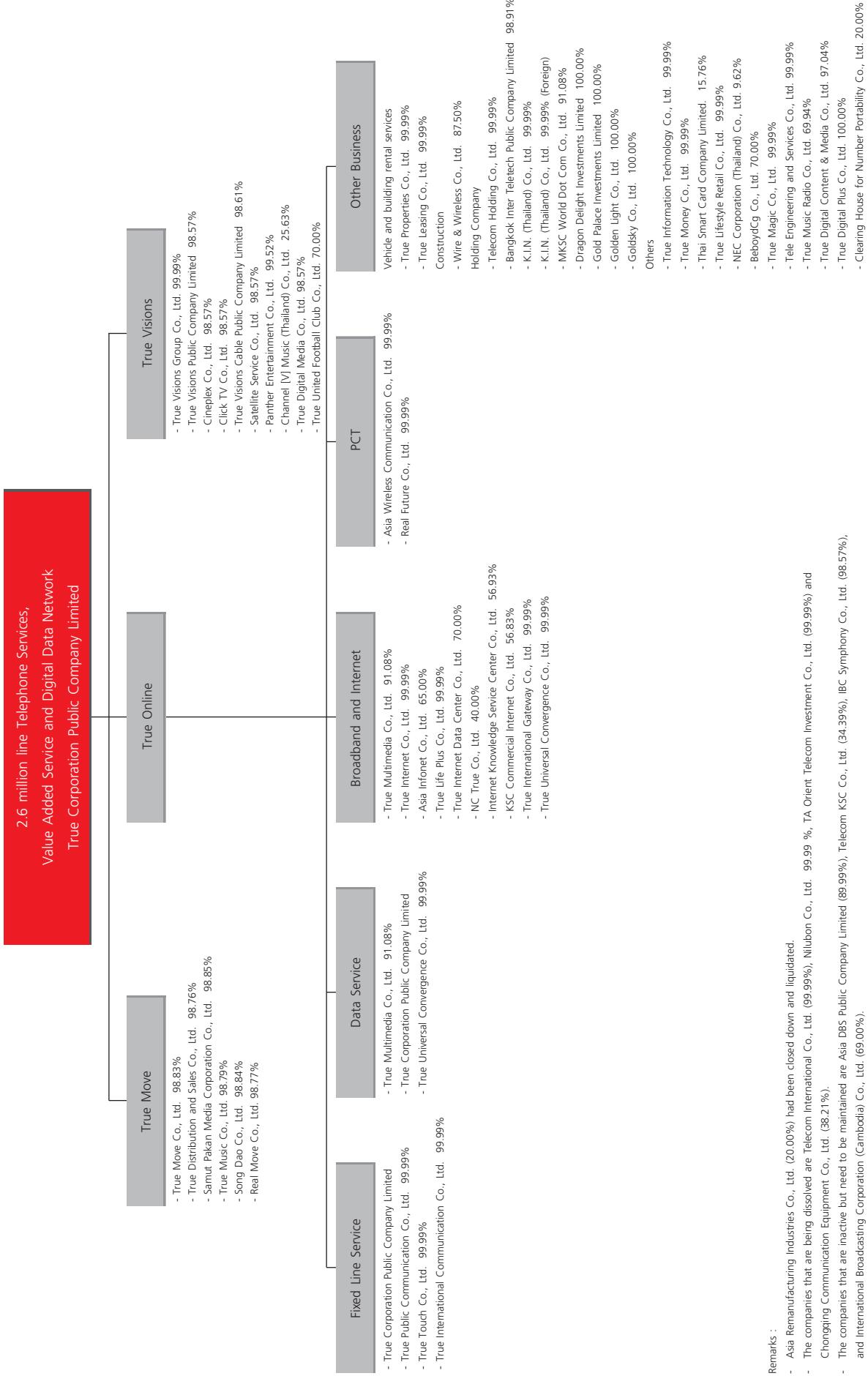
more than 10% of total issued shares.

2. In the Year 2010, the Company had already closed down and liquidated 1 inactive subsidiary i.e. Asia Remanufacturing Industries Co., Ltd. (20.00%).

3. Besides the Item 2 above, the Company is going to close down 4 inactive subsidiaries and associated companies i.e. Telecom International Co., Ltd. (99.99%), Nilubon Co., Ltd. (99.99%), TA Orient Telecom Investment Co., Ltd. (99.99%) and Chongqing Communication Equipment Co., Ltd. (38.21%).

INVESTMENT STRUCTURE BY BUSINESS GROUP

As at 31st December 2010



Shareholders

(A) Major Shareholders¹ (as of 15th March 2010)

Name	No. of Shares (Million Shares)	% of Total Issued Shares ²
1. CP Group ³	4,525.85	58.20
2. THAI NVDR COMPANY LIMITED ⁴	408.94	5.26
3. THAI TRUST FUND ⁵	357.99	4.60
4. KREDITANSTALT FÜR WIEDERAUFBAU ("KfW") ⁶	341.34	4.39
5. UOB KAY HIAN (HONG KONG) LIMITED - Client Account ⁷	139.70	1.80
6. CLEARSTREAM NOMINEES LTD ⁸	69.49	0.89
7. KIM ENG SECURITIES PTE. LTD. ⁹	59.24	0.76
8. MELLON BANK, N.A. ¹⁰	53.80	0.69
9. N.C.B. TRUST LIMITED-GENERAL UK RESIDENT-TREATY A/C CLIENT ⁸	49.71	0.64
10. THAILAND EQUITY FUND ¹¹	36.80	0.47

1 There is no cross-shareholding between the Company and its major shareholders.

2 Including ordinary shares and preferred shares.

3 Consisting of 1) Charoen Pokphand Group Company Limited ("CPG"), where the Chearavanont Family is a major shareholder by holding 91.68% of the shares (The first ten shareholders are Mr. Sumet Jiaravanon 12.96%, Mr. Dhanin Chearavanont 12.76%, Mr. Jaran Jiaravanont 12.63%, Mr. Kiat Chiaravanont 5.76% and Mr. Phongthep Chiaravanont 3.65% with the following shareholders each holding 3.62%: Mrs. Yupa Chearavanont, Mr. Prathip Chiaravanond, Mrs. Phatanee Leksrisompong, Mr. Watcharachai Chiaravanond, Mr. Manu Chiaravanond and Mr. Manas Chiaravanond. 2) Bangkok Telecom Holding Company Limited (99.99% held by CPG) 3) Bangkok Produce Merchandising Public Company Limited (99.44% held by Charoen Pokphand Foods Public Company Limited ("CPF")) 4) Bangkok Agro-Industrial Products Public Company Limited (99.98% held by CPF) 5) Charoen Pokphand Northeastern Public Company Limited (99.61% held by CPF) 6) Kasetphand Industry Company Limited (99.99% held by CPG) 7) Charoen Pokphand IN-EX Company Limited (99.99% held by CPG) 8) Unique Network Company Limited (41.06% held by Thana Holding Company Limited and 58.94% held by Art Telecom Service Company Limited) 9) Wide Broad Cast Company Limited (58.55% held by Thana Holding Company Limited and 41.45% held by Telecommunication Network Company Limited) 10) C.P. Interfood (Thailand) Company Limited (99.99% held by CPG) 11) Star Marketing Company Limited (99.99% held by CPG) 12) Advance Pharma Company Limited (99.99% held by CPG) and 13) Golden Tower Trading Limited (held by an outsider having no relation to CPG but reported as in the same group because Golden Tower Trading Limited might vote in the same direction as CPG at the True shareholders meetings)

4 A subsidiary wholly owned by the SET. The NVDR is a security as specified by the SET and is automatically regarded as a listed security on the SET. By investing in NVDRs, the investor will receive all financial benefits, as if they invest in a company's ordinary shares. The only difference between investing in the NVDR and the company's ordinary shares is that NVDR holders have no rights to vote.

5 Thai Trust Fund is managed by the Thai Trust Fund Management Co., Ltd. and established by the Stock Exchange of Thailand ("SET"). The Thai Trust Fund has Thai nationality. Its purpose is to provide an alternative portfolio investment vehicle for foreign investors in the SET. As of 15th March 2010, Thai Trust Fund held shares for KfW 4.60 percent of the Company's paid-up capital.

6 A financial institution for development, 100% of its share is held by the government of the Federal Republic of Germany.

7 The company is registered in Hong Kong and invests in the SET without disclosing that the investment is neither for itself nor for others. True has no authority to request that company for the afore-mentioned disclosure.

8 The company is registered in England and invests in the SET without disclosing that the investment is neither for itself nor for others. True has no authority to request that company for the afore-mentioned disclosure.

9 The company is registered in Singapore and invests in the SET without disclosing that the investment is neither for itself nor for others. True has no authority to request that company for the afore-mentioned disclosure.

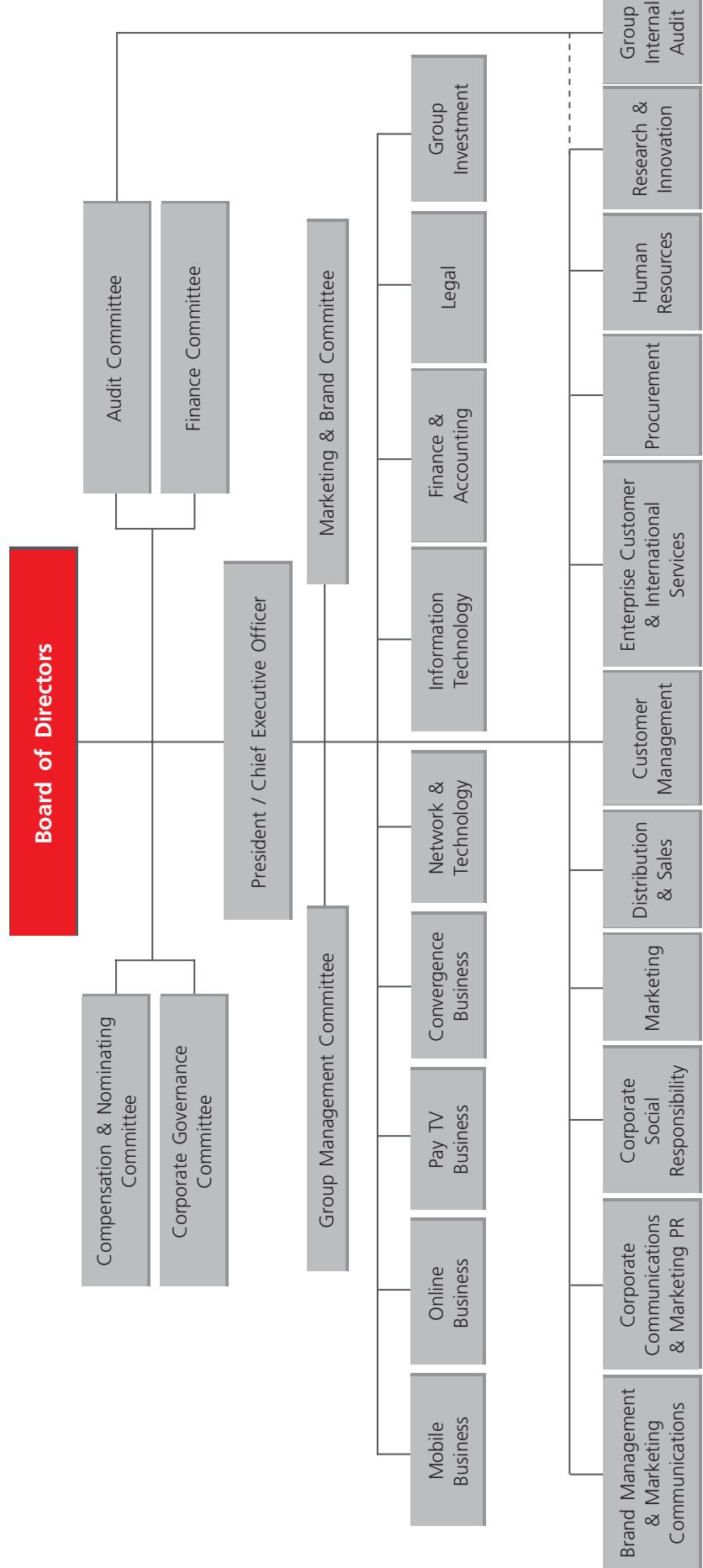
10 The company is registered in U.S.A and invests in the SET without disclosing that the investment is neither for itself nor for others. True has no authority to request that company for the afore-mentioned disclosure.

11 Closed-end Fund, established by the MFC Asset Management Public Company Limited. It invests in the SET without disclosing that the investment is neither for itself nor for others. True has no authority to request that company for the afore-mentioned disclosure.

(B) A major shareholder who has significant influence in determining the Company's management policy or business operation is Charoen Pokphand Group Company Limited.

Management

True Corporation Public Company Limited



The Management Structure of the Company consists of:

- A. The Board of Directors
- B. The Committees of the Board of Directors:
 - 1) Audit Committee
 - 2) Compensation and Nominating Committee
 - 3) Finance Committee
 - 4) Corporate Governance Committee
- C. The Executive Officers

A. The Board of Directors

Pursuant to the Company's Articles of Association, it is stipulated that the Board of Directors shall consist of not less than 5 directors and that not less than one half of all directors shall have residence in the Kingdom. The qualifications of the Company's directors shall be as prescribed by law.

As of 31st December 2010, the Company's Board of Directors consists of 16 members as follows:

- (1) 4 Executive Directors
- (2) 12 Non-Executive Directors consisting of:
 - 6 Independent Directors, accounting for 37.5 percent of the Board's total numbers
 - 6 Directors from various organizations irrelevant to the Company's business management, including representatives of the major shareholders.

Definitions:

Executive Director means

A director who holds a management position and engages in the Company's business management.

Non-Executive Director means

A director who does not hold a management position and does not engage in the Company's business management, whether or not he or she is an Independent Director.

Independent Director means

A director who is independent of any major shareholder, free from any other relationship that would interfere with the exercise of independent judgment and holds the following qualifications which are more rigorous than that defined by the Capital Market Supervisory Board in area of shareholding percentage:

- (1) holding shares **not** exceeding 0.75 percent of the total number of voting rights of the Company, its parent company, subsidiary, affiliate, principal shareholder or controlling person of the Company, including the shares held by related persons of the independent director;
- (2) **neither being nor** having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the Company, its parent company, subsidiary, affiliate, same-level subsidiary, principal shareholder or controlling person of the Company unless the foregoing status has ended not less than two years prior to the date of appointment;
- (3) **not** being a person related by blood or registration under laws i.e. father, mother, spouse, sibling, and child, including spouse of the children; of executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the Company or its subsidiary;
- (4) **not** having a business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, in the manner which may interfere with his or her independent judgement, and **neither being nor** having been a principal shareholder or controlling person of any person having business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company unless the foregoing relationship has ended not less than two years prior to the date of appointment.

The term 'business relationship' aforementioned under paragraph one includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or its counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or twenty million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board concerning rules on connected transactions *mutatis mutandis*. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences;

- (5) neither being nor having been an auditor of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, and not being a principal shareholder or controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate, major shareholders or controlling person of the Company unless the foregoing relationship has ended not less than two years from the date of appointment;
- (6) neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from the Company, its parent company, subsidiary, affiliate, major shareholders or controlling person of the Company, and neither being nor having been a principal shareholder, controlling person or partner of the professional advisor unless the foregoing relationship has ended not less than two years from the date of appointment;
- (7) not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the major shareholder;
- (8) not operate any business which has the same nature as and is in significant competition with the business of the Company or subsidiary, or not being a principal partner in any partnership, or not being an executive director, employee, staff, or advisor who receives salary; or holding shares not exceeding one per cent of the total number of voting rights of any other company operating business which has the same nature as and is in significant competition with the business of the Company or subsidiary;
- (9) not having any characteristics which make him/her incapable of expressing independent opinions with regard to the Company's business affairs;
- (10) After having been appointed as independent director with qualifications complying with the criteria under the above (1) to (9), the independent director may be assigned by the Board of Directors to take part in the business decision of the Company, its parent company, subsidiary, affiliate, same-level subsidiary, major shareholder or controlling person of the Company on the condition that such decision must be a collective one;
- (11) In case of any person either having or having had a business relationship or professional service exceeding the amount under the above (4) or (6), such person shall be waived from the prohibition concerning neither having nor having had a business relationship or professional service by the Board of Directors' approval only if the Company provides the opinion of the Board of Directors which perform duty under Section 89/7 of the Securities and Exchange Act B.E. 2535 that the appointment of such person does not impact his or her independent judgement and the Company shall disclose the information required by the Capital Market Supervisory Board in the notice of shareholders' meeting in the agenda for election of such independent director.

The Board of Directors of the Company (as of 31st December 2010) is as follows:

Name ^{1/}	Position	Attendance of Board Meeting in the Year 2010 ^{2/}
1. Mr. Narong Srisa-an	Independent Director and Chairman of the Corporate Governance Committee	7/8
2. Mr. Vitthya Vejjajiva	Independent Director and Chairman of the Audit Committee	8/8
3. Dr. Kosol Petchsuwan	Independent Director and Member of the Audit Committee	8/8
4. Mr. Joti Bhokavanij	Independent Director and Member of the Audit Committee	7/8
5. Mr. Harald Link	Independent Director	6/8
6. Mr. Rawat Chamchalerm	Independent Director	7/7 ^{3/}
7. Mr. Dhanin Clearavanont	Chairman	4/8
8. Dr. Ajva Taulananda	Vice Chairman	6/8
9. Mr. Chaleo Souvannakitti	Vice Chairman	8/8
10. Mr. Athueck Asvanund	Vice Chairman and Group General Counsel	8/8
11. Mr. Suphachai Clearavanont	Director, President and Chief Executive Officer	8/8
12. Mr. Soopakij Clearavanont	Director	2/8
13. Mr. Chatchaval Jiaravanon	Director and Managing Director - Group Investment	7/8
14. Mr. Vichaow Rakphongphairoj	Director, Managing Director and Group Chief Operating Officer - Network & Technology	8/8
15. Mr. Umroong Sanphasitvong	Director	8/8
16. Mr. Narong Clearavanont	Director	2/8

Remark: 1/ Two former directors, Mr. Norbert Vay and Mr. Jens B. Bessai, who are Directors of the Company nominated by KfW, resigned from the position as directors of the Board of the Company, effective on 31st December 2010.

2/ In the Year 2010, the Board of Directors held 8 meetings.

Furthermore, the Company has stated in its Policy on Corporate Governance that the Company allows non-executive directors to hold meetings amongst themselves without participation from executive directors and management, if they would like to have a discussion on management issues or any issues they are interested in. Non-executive directors had held one such meeting in 2010.

3/ The Company held 1 Board of Directors meeting before Mr. Rawat Chamchalerm joined.

All Directors have qualifications as prescribed by law. None are prohibited persons under the laws and shall not possess any untrustworthy characteristics under regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

All Directors take their responsibilities very seriously. They cooperate on all decisions affecting the Company, entailing major work and responsibility. They attend all meetings except in unavoidable circumstances. Directors unable to attend meetings notify the Board of their absence in advance while providing their comments

on the major agenda items. In addition, the Board of Directors gives priority to attend training courses organized by the Thai Institute of Directors Association ("IOD").

Certain Directors who are Independent Directors are genuinely independent and are not authorized signatories binding the Company. All Independent Directors are qualified according to the regulations of the Capital Market Supervisory Board and the Policy on Corporate Governance of the Company.

Authorized Directors

Mr. Suphachai Clearavanont or Mr. Vichaow Rakphongphairoj jointly sign with Mr. Athueck Asvanund or Mr. Soopakij Clearavanont or Mr. Chatchaval Jiaravanon, with the Company's seal affixed.

Authority and Responsibilities of the Board of Directors

The Board of Directors is granted the authority and duty to manage the Company in compliance with the Company's objectives, Articles of Association, and the resolutions of shareholder meetings. With regard to the management of the Company, the Board of Directors has the authority to make any decision related to the Company's regular operations except for matters that require the approval of the shareholder meeting as specified by law.

In addition, the Board of Directors may grant authorization to one or more directors, or any other person, to perform any acts on its behalf. However, for any decision on major operations such as a major investment or a major loan procurement, the management team shall propose the said transactions to the Board of Directors for approval.

Election of Directors

The Company allows minority shareholders to submit nominations for directors before the Annual General Meeting of the Shareholders by using the form provided by the Company and sending it by registered mail to the Company within the specified period.

The Compensation and Nominating Committee is responsible for appraising the qualifications of persons proposed as Directors (including Independent Directors) of the Company in light of the significant prestige and experience required to fill the role. The Committee's deliberations are presented to the Board of Directors for consideration and approval in case of replacement. In case of proposing additional Directors, the Board of Directors will present the relevant information, together with the Compensation and Nominating Committee's opinion, to the Shareholders' Meeting for consideration and approval.

Directors are appointed by shareholders by majority vote. All shareholders have the right to appoint directors. Each shareholder is entitled to one vote for each share held and shall exercise all the votes he or she holds to appoint one or several person(s) to be director(s), provided that he or she cannot divide his or her votes to any person to any extent.

B. The Committees of the Board of Directors

1) Audit Committee

The Audit Committee of the Company consists of 3 persons as follows:

Name	Position	Attendance of the Audit Committee Meeting in the Year 2010 ^{1/}
1. Mr. Vitthya Vejjajiva	Chairman of the Audit Committee	7/7
2. Dr. Kosol Petchsuwan	Member of the Audit Committee	7/7
3. Mr. Joti Bhokavanij	Member of the Audit Committee	7/7

Remark: 1/ In the Year 2010, the Audit Committee held 7 meetings, one of which was a meeting with the external auditor without the presence of management.

The scope of duty and responsibilities of the Audit Committee:

1. To review the Company's financial reporting process to ensure that it is accurate and adequate;
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and effective, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit;
3. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business;
4. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;
5. To review the Connected Transactions, or the transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;
6. To prepare, and to disclose in the Company's annual report, an Audit Committee's Report which will be signed by the Audit Committee's Chairman and consist of at least the following information:
 - a) an opinion on the accuracy, completeness and creditability of the Company's financial report,
 - b) an opinion on the adequacy of the Company's internal control system,
 - c) an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
 - d) an opinion on the suitability of an auditor,
 - e) an opinion on the transactions that may lead to conflicts of interests,
 - f) the number of Audit Committee meetings, and the attendance of such meetings by each committee member,
 - g) an opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter, and
 - h) other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors; and
7. To perform any other act as required by law or as delegated by the Board of Directors.

2) Compensation and Nominating Committee

The Compensation and Nominating Committee is responsible for making recommendations to the Board of Directors regarding the compensation of directors and CEO; and the nomination of directors of the Company. The Committee consists of the following members:

Name ^{1/}	Attendance of the Compensation and Nominating Committee Meeting in the Year 2010 ^{2/}
1. Mr. Dhanin Clearavanont	0/1
2. Mr. Soopakij Clearavanont	1/1
3. Mr. Umroong Sanphasitvong	1/1

Remark: 1/ Mr. Heinrich Heims, member of the Compensation and Nominating Committee of the Company nominated by KfW, has resigned from the position as member of the Compensation and Nominating Committee, effective on 31st December 2010. Thereafter, the Board of Directors Meeting No. 1/2554 held on 25th February 2011 passed a resolution to appoint Mr. Joti Bhokavanij, Independent Director and member of the Audit Committee to be member of the Compensation and Nominating Committee in replacement of Mr. Heinrich Heims.

2/ In the Year 2010, the Compensation and Nominating Committee held 1 meeting.

3) Finance Committee

The Finance Committee assists the Board of Directors in reviewing the financial management of the Company. The Committee consists of the following members:

Name ^{1/}	Attendance of the Finance Committee Meeting in the Year 2010 ^{2/}
1. Dr. Ajva Taulananda	5/5
2. Mr. Chaleo Souvannakitti	5/5
3. Mr. Umroong Sanphasitvong	5/5

Remark: 1/ Mr. Jens B. Bessai, Director of the Company nominated by KfW, has resigned from the positions as Director of the Board and member of the Finance Committee of the Company, effective on 31st December 2010. Thereafter, the Board of Directors Meeting No. 1/2554 held on 25th February 2011 passed a resolution to appoint Mr. Joti Bhokavanij, Independent Director and member of Audit Committee to be member of the Finance Committee in replacement of Mr. Jens B. Bessai.
2/ In the Year 2010, the Finance Committee held 5 meetings.

4) Corporate Governance Committee

The Corporate Governance Committee assists the Board of Directors in setting and reviewing the Company's corporate governance policy as well as oversees that the Company has a sound and appropriate corporate governance practice. The Committee consists of the following members:

Name ^{1/}	Attendance of the Corporate Governance Committee in the Year 2010 ^{2/}
1. Mr. Narong Srisa-an	4/4
2. Mr. Vitthya Vejjajiva	4/4
3. Dr. Kosol Petchsuwan	4/4
4. Mr. Joti Bhokavanij	3/4
5. Dr. Ajva Taulananda	3/4

Remark: 1/ Mr. Jens B. Bessai, Director of the Company nominated by KfW, has resigned from the positions as Director of the Board and member of the Corporate Governance Committee of the Company, effective on 31st December 2010.

Thereafter, the Board of Directors Meeting No. 1/2554 held on 25th February 2011 passed a resolution to appoint and change the membership of committees of Mr. Joti Bhokavanij, Independent director and member of Audit Committee as follows;

From a member of the Audit Committee and the Corporate Governance Committee

To a member of the Audit Committee, the Compensation and Nominating Committee and the Finance Committee.

2/ In the Year 2010, the Corporate Governance Committee held 4 meetings.

Company Secretary

The Board of Directors appointed Mrs. Rangsinee Sujaritsunchai as a Company Secretary. The Company Secretary is responsible for providing advice on laws and regulations related to the Board, helping organize the Board's activities, monitoring compliance with the Board's resolutions and undertaking duties as prescribed in the Securities and Exchange Act.

C. The Executive Officers

As of 31st December 2010, the executive officers of the Company are as follows:

Name	Position
1. Mr. Suphachai Clearavanont	Director, President and Chief Executive Officer
2. Mr. Vichaow Rakphongphairoj	Director, Managing Director and Group Chief Operating Officer - Network & Technology
3. Mr. Chatchaval Jiaravanon	Director and Managing Director - Group Investment
4. Mr. Athueck Asvanund	Vice Chairman and Group General Counsel
5. Mr. William Harris	Executive Director - International Business Development and Assistant to CEO
6. Mr. Noppadol Dej-Udom	Group Chief Financial Officer
7. Mr. Thiti Nantapatsiri	Managing Director - Pay TV Business
8. Mr. Adhiruth Thothaveesansuk	Managing Director - Convergence Business Managing Director - Business Customer
9. Mr. Songtham Phianpattanawit	Managing Director - Enterprise Customer & International Services, and Group Chief Operating Officer - IT & CM

The term "Executive Officers" refers to the notification of the Capital Market Supervisory Board which means Directors; the President; persons with managerial authority who are among the top four ranked individuals in the Company, after the President; and all other persons who occupy a position equivalent to a top four ranking.

All the Executive Officers have qualifications as prescribed by law and the Officers themselves are not forbidden individuals under the laws and shall not possess any untrustworthy characteristics under regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

Authority and Responsibility of the President

The President has authority to supervise and carry on the Company's day-to-day business, and if any matter/transaction is significant, the President will submit said matter/transaction to the independent directors and/or the relevant Committee and/or the Board of Directors and/or shareholders as the case may be, to approve the said matter/transaction.

In addition, the President has no authority to approve any matter or transaction proposed by the Company or its subsidiaries in which he or she may have a conflict of interest or any other forms of conflict. In such a case, the matter/transaction must be carried out according to the relevant laws and regulations.

Remuneration of the Company's Directors and Executive Officers

(1) Remuneration

(1.1) Remuneration of Directors

The 19 directors of the Company were remunerated Baht 33,100,000 for the year 2010.

	Remuneration per person (Baht)	Total (Baht)
Group 1		
- Chairman (Mr. Dhanin Clearavanont)	3,600,000	
- Independent Directors who are also the Chairman of the Committee (Mr. Vitthya Vejjajiva and Mr. Narong Srisa-an)	3,600,000	
Total		10,800,000
Group 2		
- Independent Directors who are also Committee members (Dr. Kosol Petchsuwan and Mr. Joti Bhokavanij)	2,400,000	
Total		4,800,000
Group 3		
- Vice Chairman (Mr. Sumet Jiaravanon: January–February 2010) (Dr. Ajva Taulananda, Mr. Chaleo Souvannakitti and Mr. Athueck Asvanund)	300,000 1,800,000	
Total		5,700,000
Group 4		
- Independent Directors (Mr. Harald Link) (Mr. Rawat Chamchalerm: March–December 2010)	1,200,000 1,000,000	
- Directors (Mr. Suphachai Clearavanont, Mr. Soopakij Clearavanont, Mr. Chatchal Jiaravanon, Mr. Vichaow Rakphongphairoj, Mr. Umroong Sanphasitvong, Mr. Narong Clearavanont, Mr. Norbert Vay and Mr. Jens B. Bessai)	1,200,000	
Total		11,800,000
Grand Total		33,100,000

In addition, Mr. Joti Bhokavanij, Independent Director and Member of the Audit Committee of the Company, also holds a position of Director in two subsidiaries of the Company, as a representative of the Company's Audit Committee. He received remuneration for the Year 2010 from the Company's subsidiaries as follows:

<u>Total remuneration in the year 2010</u>		
1) Director of Bangkok Inter Teletech Public Company Limited	–	Baht
2) Director of True Move Company Limited	<u>600,000</u>	Baht
Total remuneration	<u><u>600,000</u></u>	Baht

(1.2) Remuneration of Executive Officers

The top nine executives received remuneration totaling Baht 116.97 million for the year 2010 (January to December) comprising of salary, performance pay, provident fund and other benefits.

(2) Other Compensation

Other compensation received by Directors and Executive Officers of the Company are as provided under the Employee Stock Option Plan. Currently, there are three non-expired Employee Stock Option Plans, namely:

- (2.1) Employee Stock Option Plan 2007
- (2.2) Employee Stock Option Plan 2006
- (2.3) Employee Stock Option Plan 2005

Details of Employee Stock Option Plans

(2.1) Employee Stock Option Plan 2007

The Annual General Meeting of the Shareholders for the Year 2007 held on 24th April 2007 and the Extraordinary General Meeting of the Shareholders No. 1/2550 held on 16th July 2007 approved the issuance and offering of non-transferable warrants to purchase the Company's ordinary shares to certain Directors and employees at executive level of the Company and/or its subsidiaries ("ESOP 2007 Project"). Summary details are as follows:

Number of Warrants	: 38,000,000 units
Issued and Outstanding	
Date of Issuance	: 15 th May 2008
Maturity	: 5 years from the issuance date
Date of Expiry	: 14 th May 2013
Exercise Period	: Each Warrant Holder received 3 separate warrant certificates. Each certificate represented 1/3 of the total amount of warrants allotted and is exercisable for subscribing for ordinary shares as follow: The 1 st Certificate: Warrant Holders can start exercising from the last business day of May 2008 until its expiration. The 2 nd Certificate: Warrant Holders can start exercising from the last business day of February 2009 until its expiration. The 3 rd Certificate: Warrant Holders can start exercising from the last business day of February 2010 until its expiration.
Exercise Price and Ratio	: One unit of warrants entitles purchase of one ordinary share at Baht 7.00

(2.2) Employee Stock Option Plan 2006

The Annual General Meeting of the Shareholders of the Company for the Year 2006 held on 11th April 2006 approved the issuance and offering of non-transferable warrants to purchase the Company's ordinary shares to certain Directors and employees at executive level of the Company and/or its subsidiaries ("ESOP 2006 Project"). Summary details are as follows:

Number of Warrants	: 36,051,007 units
Issued and Outstanding	
Date of Issuance	: 31 st January 2007
Maturity	: 5 years from the issuance date
Date of Expiry	: 30 th January 2012
Exercise Period	: Each Warrant Holder received 3 separate warrant certificates. Each certificate represented 1/3 of the total amount of warrants allotted and is exercisable for subscribing for ordinary shares as follow: The 1 st Certificate: Warrant Holders can start exercising from the last business day of April 2007 until its expiration. The 2 nd Certificate: Warrant Holders can start exercising from the last business day of April 2008 until its expiration. The 3 rd Certificate: Warrant Holders can start exercising from the last business day of April 2009 until its expiration.
Exercise Price and Ratio	: One unit of warrants entitles purchase of one ordinary share at Baht 10.19

(2.3) Employee Stock Option Plan 2005

The Extraordinary General Meeting of the Shareholders No. 1/2548 held on 15th July 2005 approved the issuance and offering of non-transferable warrants to purchase the Company's ordinary shares to the directors and employees at executive level of the Company and/or its subsidiaries ("ESOP 2005 Project"). Summary details are as follows:

Number of Warrants	: 18,774,429 units
Issued and Outstanding	
Date of Issuance	: 28 th April 2006
Maturity	: 5 years from the issuance date
Date of Expiry	: 27 th April 2011
Exercise Period	: Each Warrant Holder received 3 separate warrant certificates. Each certificate represented 1/3 of the total amount of warrants allotted and is exercisable for subscribing for ordinary shares as follows: The 1 st Certificate: Warrant Holders can start exercising from the last business day of May 2006 until its expiration. The 2 nd Certificate: Warrant Holders can start exercising from the last business day of May 2007 until its expiration. The 3 rd Certificate: Warrant Holders can start exercising from the last business day of May 2008 until its expiration.
Exercise Price and Ratio	: One unit of warrant entitles purchase of one ordinary share at Baht 9.73

Details of warrants allotted to Directors and Executive Officers under ESOP Plan

Name	Warrants under ESOP 2007		Warrants under ESOP 2006		Warrants under ESOP 2005	
	No. of warrants	% of project	No. of warrants	% of project	No. of warrants	% of project
1. Mr. Soopakij Clearavanont	1,400,000	3.68	–	–	–	–
2. Mr. Suphachai Clearavanont	1,875,000	4.93	3,200,000	8.88	1,900,000	10.12
3. Mr. Vichaow Rakphongphairoj	1,875,000	4.93	1,600,000	4.44	1,000,000	5.33
4. Mr. Chatchaval Jiaravanon	300,000	0.79	300,000	0.83	350,000	1.86
5. Mr. Athueck Asvanund	1,875,000	4.93	2,000,000	5.55	1,200,000	6.39
6. Mr. William Harris	1,875,000	4.93	1,600,000	4.44	1,000,000	5.33
7. Mr. Adhiruth Thothaveesansuk	1,400,000	3.68	1,600,000	4.44	1,000,000	5.33
8. Mr. Thiti Nantapatsiri	1,400,000	3.68	1,600,000	4.44	1,000,000	5.33
9. Mr. Songtham Phianpattanawit	1,400,000	3.68	1,600,000	4.44	1,000,000	5.33
10. Mr. Noppadol Dej-Udom	1,000,000	2.63	800,000	2.22	500,000	2.66

Insider Trading Policy

The Board of Directors is aware of the importance of protecting the Company from personal insider trading. The Company has a code of conduct regarding inside information and insider trading, as well as the use of applicable laws to monitor and prevent the personal use of confidential Company information by management and related persons. In addition, the Company has a policy of strict compliance to its requirement that Directors and senior management who have gained inside information on the Company by virtue of their positions do not use that information in any way that violates their responsibilities to the Company and its Shareholders. Material information which has not yet been disclosed is kept confidential, apart from disclosure to the relevant Director and senior management of the Company. Directors and senior management must report purchases, sales, transfers and assignations of securities issued by the Company to the Securities and Exchange Commission (“SEC”) within three working days of the transaction’s execution, and provide a copy of this report to the Company for its records and incorporation in its regular report to the Board of Directors. In this regard, Directors and senior management are required to submit an accurate report on the securities holding within the required period. This will be deemed one of the material obligations which senior management of the Company need to be aware of and need to meet. This gives confidence to Directors and senior management that the business is being managed and developed in a manner which is trustworthy, transparent, and consistent with the Corporate Governance Policy of the Company. It also provides shareholders, including general investors, with confidence in the Company’s Directors and senior management.

Internal Control

After an assessment of the Company’s internal controls system with the Audit Committee, the Board of Directors has an opinion that the Company’s internal controls system are adequate and suitable. Moreover, the external auditor did not identify any findings in respect of the Company’s internal controls system which would be considered to be material weaknesses that could have a material impact on the financial statements. The Board also emphasized the development of the Company’s Corporate Governance in order to help improve the internal controls system within the Company on a continuing basis.

Personnel

As of 31st December 2010, the total number of employees was as follows:

Work Group and Classification	No. of Employees
Management	80
Service Area & Network Operation	1,282
Marketing & Sales	817
Information Technology	114
Customer Services	338
Finance & Accounting	190
Support	280
Total	3,101

Source: The Company

Remuneration for the Company's Employees

Remuneration

- Monthly Salary
- Annual Performance Pay: between zero and 4 times the monthly salary, subject to the Company's performance and financial status.
- Retirement: the employee must be aged 60 years or can take early retirement with agreement between the Company and the employee. Severance pay will be paid accord to the labor law.

In 2010, the total remuneration for employees was approximately Baht 2,203.07 million comprising of wages, salaries, social security fund, provident fund and other benefits.

Other Compensation & Benefits

- Health Plans and Employee Welfare
 - In-house clinic
 - Annual Medical Check-up
 - New Employees' Medical Check-up
 - Group Health Insurance
 - Group Accident Insurance
 - Group Life Insurance
 - Social Security Fund
 - Provident Fund
- Annual Leave

The employee shall be entitled to paid annual leave of 10, 12 or 15 working days per calendar year dependent on the seniority of their position or their number of years of service as follows:

- Assistant Director or equivalent level and upwards: 15 working days
- Below Assistant Director or equivalent level:
 - Past probation to less than 3 years 10 working days
 - 3 years upwards to less than 5 years 12 working days
 - 5 years upwards 15 working days

Employee Training and Development

The Company's focus on employee training and employee development led to the establishment of the "Learning & Development Center". The main objective of the Learning & Development Center is to build the employees' competence, which will be the cornerstone of individual and professional development and career opportunities for employees. The Learning & Development Center provides various learning options for the continual development of employees to help them fulfill their current assignments and achieve their career goals. People development will ultimately strengthen organizational performance.

The other major roles of the Learning & Development Center, beyond being an employee training and development programs provider, are those of change agent and business partner for every department.

The Learning & Development Center acts as the change agent by being the change facilitator, who supports the Company's new strategies and directions and encourages all employees to prepare themselves for more complicated challenges.

At the same time, the Learning & Development Center is a business partner for every department which works closely with them, designing and developing appropriate training and development programs to match each department's business roadmap and providing all necessary support.

Currently, the Learning & Development Center has developed Distance Learning via MPLS for employees who work outside Bangkok in order to add more learning channels to facilitate their sustainable and continual career development.

There are approximately 300 to 400 in-house training programs per year. In 2010, the training totaled 38,990 mandays with a budget of Baht 39 million. The core competency program includes courses such as the 4Cs, Corporate Culture, Effective Communication, Planning to Increase Work Efficiency and Effective Self Development. The executive development program includes courses such as Core Skills for Leaders, Problem Solving and Decision Making and Change Management. The core business and new technologies program includes courses such as 3G Technology, GPRS & EDGE, Broadband Network, NGN Network, VOIP Technology and Data Communications and Networking. Also, we provide a safety program for technicians and engineers. In the part of the commercial and customer service program for sales, customer service officers and technicians, there are courses such as True Product and Services, Service Excellence and Managing Your Image.

Furthermore, the Learning & Development Center cooperates with the government sector in order to arrange ICT training programs. In addition, the Learning & Development Center also arranges training for students, which we consider part of our Corporate Social Responsibility program.

DIRECTORS' AND EXECUTIVE OFFICERS' INFORMATION (AS OF 31ST DECEMBER 2010)

Name	: Mr. Narong Srisa-an
Position	: Independent Director
Age (year)	: 82
True Share Ownership (31/12/10)	: 10,000 shares (0.00% of the total issued and paid-up shares of the Company)
Debentures Ownership (31/12/10) (issued by True/its subsidiaries)	: -
Family Relationship	: -
Education	: Honorary Master Degree of Economics, Thammasat University
Related training programs held by the Thai Institute of Directors Association (IOD)	: Director Accreditation Program (DAP)
Major Experience	<p>: <u>Companies Listed on the Stock Exchange of Thailand</u></p> <p>1998–Present Independent Director and Chairman of the Corporate Governance Committee, True Corporation Public Company Limited</p> <p>2006–Present Chairman and Chairman of Executive Board, Oishi Group Public Company Limited</p> <p><u>Non-listed Companies</u></p> <p>Present Chairman, Double A (1991) Public Company Limited (Formerly named Advance Agro Public Company Limited)</p> <p>Director, Vice Chairman and Vice Executive Chairman, Thai Beverage Public Company Limited</p> <p>Vice Chairman and Executive Chairman, Beer Thai (1991) Public Company Limited</p> <p>Chairman, Sura Bangyikhan Company Limited</p> <p>Chairman of Executive Board, Thai Beverage Can Limited</p> <p>Chairman, Thanakorn Vegetable Oil Products Company Limited</p> <p>Director, Telecom Holding Company Limited</p>

Name	: Mr. Vitthya Vejjajiva
Position	: Independent Director and Chairman of the Audit Committee
Age (year)	: 74
True Share Ownership (31/12/10)	: –
Debentures Ownership (31/12/10)	: –
(issued by True/its subsidiaries)	: –
Family Relationship	: –
Education	: Master Degree of Laws, Harvard University, USA Master Degree of Arts, University of Cambridge, England Bachelor of Laws, University of Cambridge, England Barrister-at-law, Gray's Inn
Related training programs held by the Thai Institute of Directors Association (IOD)	: Director Accreditation Program (DAP) Audit Committee Program (ACP) Chairman 2000
Major Experience	: <u>Companies Listed on the Stock Exchange of Thailand</u> 1998–Present Independent Director and Chairman of the Audit Committee, True Corporation Public Company Limited Present Independent Director and Member of the Audit Committee, Glow Energy Public Company Limited 2002–Present Independent Director and Chairman of the Audit Committee, Finansa Public Company Limited <u>Non-listed Companies</u> 1998–Present Chairman, K Line (Thailand) Company Limited and its subsidiaries 1991–1992 Permanent Secretary of the Ministry of Foreign Affairs 1988 Ambassador Extraordinary and Plenipotentiary of the United States of America 1984 Ambassador Extraordinary and Plenipotentiary of Belgium and the European Community 1981 Ambassador Extraordinary and Plenipotentiary of Canada 1979 Director, General of Department of Economic Affairs

Name	: Dr. Kosol Petchsuwan
Position	: Independent Director and Member of the Audit Committee
Age (year)	: 71
True Share Ownership (31/12/10)	: –
Debentures Ownership (31/12/10)	: –
(issued by True/its subsidiaries)	: –
Family Relationship	: –
Education	: Doctor of Philosophy (Engineering), Imperial College London Bachelor of Engineering, Imperial College London
Related training programs held by the Thai Institute of Directors Association (IOD)	: Director Accreditation Program (DAP) Director Certification Program (DCP) Audit Committee Program (ACP) Chairman 2000
Major Experience	: <u>Companies Listed on the Stock Exchange of Thailand</u> 1999-Present Independent Director and Member of the Audit Committee, True Corporation Public Company Limited 2004-Present Independent Director and Chairman of the Audit Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited (Formerly named ACL Bank Public Company Limited) <u>Non-listed Companies</u> 2001-2009 Director, Mahidol Wittayanusorn School (Public Organization) 2001-2005 President, The Telecommunications Association of Thailand under Royal Patronage 2000-2001 Chairman, The Aeronautical Radio of Thailand Limited 1986-1992 Rector, King Mongkut's Institute of Technology Ladkrabang

Name	: Mr. Joti Bhokavani
Position	: Independent Director and Member of the Audit Committee
Age (year)	: 68
True Share Ownership (31/12/10)	: –
Debentures Ownership (31/12/10)	: –
(issued by True/its subsidiaries)	: –
Family Relationship	: –
Education	: Fellow of the Association of Chartered Certified Accountants, England Programme for Management Development, Harvard Business School, USA Marketing Management Programme, Stanford University, Graduate School of Business, USA
Related training programs held by the Thai Institute of Directors Association (IOD)	: Director Accreditation Program (DAP) Chairman 2000 Director Certification Program (DCP)
Major Experience	: <u>Companies Listed on the Stock Exchange of Thailand</u> 1999–Present Independent Director and Member of the Audit Committee, True Corporation Public Company Limited 2004–2006 Chief Executive Officer, ACL Bank Public Company Limited (Presently known as Industrial and Commercial Bank of China (Thai) Public Company Limited) 2000–2001 Executive Chairman, TISCO Finance Public Company Limited (Presently known as TISCO Bank Public Company Limited) 1994–1997 President & CEO, Thai Wah Group of Companies 1992–1994 Managing Director and Consul-General of Denmark for Bangkok The East Asiatic (Thailand) Public Company Limited <u>Non-listed Companies</u> 2002–Present Director, True Move Company Limited Director, Bangkok Inter Teletech Public Company Limited Present Director, Kingfisher Holdings Limited Director, Thai Smart Card Company Limited

Name	: Mr. Harald Link
Position	: Independent Director
Age (year)	: 56
True Share Ownership (31/12/10)	: 50,000 shares (0.00% of the total issued and paid-up shares of the Company)
Debentures Ownership (31/12/10) (issued by True/its subsidiaries)	: –
Family Relationship	: –
Education	: MBA, St. Gallen University, Switzerland
Related training programs held by the Thai Institute of Directors Association (IOD)	: –
Major Experience	: <u>Companies Listed on the Stock Exchange of Thailand</u> Mar 2010–Present Independent Director, True Corporation Public Company Limited 2000–Feb 2010 Director, True Corporation Public Company Limited 1998–Present Independent Director, Siam City Cement Public Company Limited <u>Non-listed Companies</u> 1987–Present Chairman, B. Grimm Group of Companies

Name	Mr. Rawat Chamchalerm
Position	Independent Director
Age (year)	66
True Share Ownership (31/12/10)	28,300 shares (0.00% of the total issued and paid-up shares of the Company)
Debentures Ownership (31/12/10) (issued by True/its subsidiaries)	–
Family Relationship	–
Education	Master Degree of Laws, Chulalongkorn University Bachelor of Laws, Thammasat University Barrister, Thai Bar Association Special Certificate: National Defence College, Joint Public-Private Course (Class 1)
Related training programs held by the Thai Institute of Directors Association (IOD)	Director Accreditation Program (DAP)
Major Experience	<p>: <u>Companies Listed on the Stock Exchange of Thailand</u></p> <p>Mar 2010–Present Independent Director, True Corporation Public Company Limited</p> <p>Present Chairman of the Board, Sino-Thai Engineering and Construction Public Company Limited</p> <p>2004–2006 Chairman and Independent Director, MCOT Public Company Limited</p> <p>2003–2005 Director, Krung Thai Bank Public Company Limited Legal Counsel, Thai Airways International Public Company Limited</p> <p><u>Non-listed Companies</u></p> <p>Present Vice Chairman, Don Muang Tollway Public Company Limited Vice Chairman, Siam City Leasing Factoring Public Company Limited Adjunct Professor, Faculty of Law, Chulalongkorn University Adjunct Professor, Institute of Legal Education Thai Bar Association Adjunct Professor, Master Degree, Mahidol University Adjunct Professor, Faculty of Law, Mae Fah Luang University</p> <p>2002–Present Expert Member, Board of Special Case, Department of Special Investigation (DSI) Director, The Officer of Board of Royal Thai Police Expert Director, Ministry of Public Health Expert Director, Ministry of Agriculture and Cooperatives</p> <p>2001–Present Director, Board of Directors on Disclosure of Information Member of the Council of State, Office of the Council of State</p> <p>1995–Present Director, National Olympic Committee of Thailand</p> <p>2003–2004 Vice Chairman, Thai Bar Association</p> <p>2001–2004 Attorney General, Office of the Attorney General</p> <p>2000–2003 Director, Government Pension Fund</p> <p>2002–2004 Deputy Attorney General, Office of the Attorney General Chairman and Independent Director, The Mass Communication Organization of Thailand</p> <p>2000–2002 Chairman and Independent Director, The Mass Communication Organization of Thailand</p> <p>1996–2000 Director General, Technical Affairs Department, Office of the Attorney General</p> <p>2000–2006 Director, Provincial Waterworks Authority</p> <p>1996–2009 Director, Saengchai Sunthornwat Foundation</p> <p>1987–1993 Legal Adviser, Commander of the Royal Thai Army Legal Adviser, Supreme Commander</p> <p>1993–1996 Director, The Communications Authority of Thailand (Presently known as CAT Telecom Public Company Limited)</p> <p>1985–1997 Director, Metropolitan Waterworks Authority</p>

Name	: Mr. Dhanin Clearavanont
Position	: Chairman
Age (year)	: 71
True Share Ownership (31/12/10)	: –
Debentures Ownership (31/12/10)	: –
(issued by True/its subsidiaries)	
Family Relationship	: Mr. Soopakij's, Mr. Narong's and Mr. Suphachai's father
Education	: Commercial School, Hong Kong Shantou Secondary School, The People's Republic of China The National Defence College of Thailand
Related training programs held by the Thai Institute of Directors Association (IOD)	: Director Accreditation Program (DAP)
Major Experience	<p>: <u>Companies Listed on the Stock Exchange of Thailand</u></p> <p>Present Chairman, True Corporation Public Company Limited Chairman, Charoen Pokphand Foods Public Company Limited Chairman, CP All Public Company Limited</p> <p><u>Non-listed Companies</u></p> <p>Present Honorary Chairman, True Move Company Limited Director, Bangkok Inter Teletech Public Company Limited Chairman and Chief Executive Officer, Charoen Pokphand Group Company Limited and its subsidiaries</p>

Name	: Dr. Ajva Taulananda
Position	: Vice Chairman
Age (year)	: 73
True Share Ownership (31/12/10)	: –
Debentures Ownership (31/12/10)	: –
(issued by True/its subsidiaries)	: –
Family Relationship	: –
Education	: Honorary Doctorate of Management, The University of Thai Chamber of Commerce Honorary Doctorate of Engineering, Ramkhamhaeng University Honorary Doctorate of Engineering, Chulalongkorn University Doctorate of Industrial Engineering and System, Illinois Institute of Technology, USA Master Degree of Industrial Engineering, Iowa State of University, USA Bachelor of Industrial Engineering, Chulalongkorn University Special Certificate: Public - Private joint defence curricum, Class 1, The National Defence College of Thailand
Related training programs held by the Thai Institute of Directors Association (IOD)	: Director Accreditation Program (DAP) Chairman 2000 Director Certification Program (DCP)
Major Experience	: <u>Companies Listed on the Stock Exchange of Thailand</u> 1992–Present Vice Chairman, True Corporation Public Company Limited 1993–1999 Director and President, True Corporation Public Company Limited <u>Non-listed Companies</u> 1992–Present Vice Chairman, Charoen Pokphand Group 2001–2004 Chairman, Thai Chamber of Commerce and Board of Trade of Thailand 1991–1992 Deputy Minister, Ministry of Agriculture and Cooperatives Present Director, Subsidiaries of True Corporation Public Company Limited Chairman, Board of Trustee of Thailand Management Association Director, Office of the National Economic and Social Development Board Director, National Science and Technology Development Agency

Name	: Mr. Chaleo Souvannakitti
Position	: Vice Chairman
Age (year)	: 82
True Share Ownership (31/12/10)	: 3,350,000 shares (0.04% of the total issued and paid-up shares of the Company)
Debentures Ownership (31/12/10) (issued by True/its subsidiaries)	: -
Family Relationship	: -
Education	: Master Degree of Business Administration, Indiana University, USA Bachelor of Accounting, Faculty of Commerce and Accountancy, Chulalongkorn University Certificate of Statistic, Indian Statistical Institute, Calcutta, India
Related training programs held by the Thai Institute of Directors Association (IOD)	: -
Major Experience	: <u>Companies Listed on the Stock Exchange of Thailand</u> 1992–Present Vice Chairman, True Corporation Public Company Limited <u>Non-listed Companies</u> 1992–Present Director, Telecom Holding Company Limited Director, Subsidiaries of True Corporation Public Company Limited <u>Other Important Position</u> : Chairman, Audit Committee Board of Trade of Thailand : Managing Director, Transport Company Limited : President, Bangkok Transit Authority : Managing Director, Business Venture Promotion Limited : President, Marketing Association of Thailand (MAT) : Chairman, The River Transportation Association : Managing Director, C.P. Intertrade Company Limited : Honorary Secretary General, The Thai Chamber of Commerce and Board of Trade of Thailand

Name	: Mr. Athueck Asvanund*
Position	: Vice Chairman and Group General Counsel
Age (year)	: 59
True Share Ownership (31/12/10)	: –
Debentures Ownership (31/12/10)	: –
(issued by True/its subsidiaries)	: –
Family Relationship	: –
Education	: Master Degree of Laws, specialized in International Legal Studies, New York University, USA Bachelor of Laws (Honours), Thammasat University
Training	: Capital Market Academy Leader Program
Related training programs held by the Thai Institute of Directors Association (IOD)	: Director Accreditation Program (DAP)
Major Experience	<p>: <u>Companies Listed on the Stock Exchange of Thailand</u></p> <p>1997–Present Vice Chairman and Group General Counsel, True Corporation Public Company Limited Advisor to the Board of Directors, CP All Public Company Limited</p> <p>2008–Feb 2009 Company Secretary, True Corporation Public Company Limited</p> <p><u>Non-listed Companies</u></p> <p>1997–Present Vice Chairman and Group General Counsel, Subsidiaries of True Corporation Public Company Limited Group General Counsel, Charoen Pokphand Group Company Limited and its subsidiaries Director, True Visions Public Company Limited and its subsidiaries</p> <p>2002–Present Director, True Move Company Limited</p> <p>2001–2006 Associate Judge, Central Intellectual Property and International Trade Court</p> <p>1978–1997 Baker & McKenzie</p> <p>Present Part-time Lecturer, Business Law, Faculty of Law, Chulalongkorn University</p>

* Authorized Signatory

Name	: Mr. Suphachai Clearavanont*
Position	: Director, President and Chief Executive Officer
Age (year)	: 43
True Share Ownership (31/12/10)	: 1,250,000 shares (0.01% of the total issued and paid-up shares of the Company)
Debentures Ownership (31/12/10) (issued by True/its subsidiaries)	: -
Family Relationship	: Mr. Dhanin's son, Mr. Soopakij's and Mr. Narong's younger brother
Education	: Bachelor of Business Administration in Financial Management, Boston University, USA
Related training programs held by the Thai Institute of Directors Association (IOD)	: -
Major Experience	<p>: <u>Companies Listed on the Stock Exchange of Thailand</u></p> <p>True Corporation Public Company Limited</p> <p>1999–Present President and Chief Executive Officer</p> <p>1997 Senior Executive Vice President</p> <p>1996 Executive Vice President, Business Operations</p> <p>1995 General Manager, East Region</p> <p>1994 Senior Vice President, Planning and Project Coordination & Support</p> <p>1993 Vice President, the Operation Room</p> <p>1992 Senior Officer, the President's Office</p> <p><u>Non-listed Companies</u></p> <p>2006–Present Chief Executive Officer, True Visions Public Company Limited</p> <p>2002–Present Chief Executive Officer, True Move Company Limited</p> <p>2001–Present Chairman, Pantavanij Company Limited</p> <p>2000–2005 Chairman, Freewill Solutions Company Limited</p> <p>1999–Present Chairman, Wire & Wireless Company Limited</p> <p>1996 President, Asia Multimedia Company Limited</p> <p>1995 Chief Operating Officer, True Visions Cable Public Company Limited</p> <p>Managing Director, Wire & Wireless Company Limited</p> <p>1991 2 Years with Vinythai Company Limited</p> <p>1990 1 Year with Soltex Federal Credit Union, USA</p> <p>1989 1 Year with Siam Makro Company Limited</p> <p><u>Directorships</u></p> <ul style="list-style-type: none"> - True Corporation Public Company Limited - True Move Company Limited - True Visions Public Company Limited - Other subsidiaries of True Corporation Public Company Limited - Pantavanij Company Limited - CPPC Public Company Limited - Chia Tai Enterprises International Limited - Asia Freewill Company Limited - Freewill Solutions Company Limited - C.P. Pokphand Company Limited <p><u>Social Contributions & Other Experience</u></p> <p>2010–Present Director of The National Electronics and Computer Technology Center</p> <p>Director of Ramathibodi Foundation</p> <p>The Bangkok Art and Culture Centre Foundation Committee</p> <p>2009–Present Board Member of Board of Trustees, Bangkok University</p> <p>2008–Present Member of Fund Raising and Public Relations Committee for the construction of a Medical Facility in Honor of HM The King and the Purchase of Medical Equipments</p> <p>Member of Management Committee on Nation-wide Strategic Approach Eye Provisioning Project</p> <p>2007 Member of the Bid Committee of Bangkok for the Host City of the 1st Summer Youth Olympic Games in 2010, Ministry of Tourism & Sports</p> <p>2006–Present Chairman of the Sub Committee for Fund Raising Thai Red Cross Eye Bank</p> <p>1999–Present Member of the Thai Red Cross Eye Bank Committee</p> <p>Director & Advisor of the Telecommunications Association of Thailand under the Royal Patronage (TCT)</p> <p>2005–2007 Member of the Listed Companies Association (LCA)</p>

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Name	Mr. Soopakij Clearavanont*
Position	Director
Age (year)	47
True Share Ownership (31/12/10)	3,000 shares (0.00% of the total issued and paid-up shares of the Company)
Debentures Ownership (31/12/10) (issued by True/its subsidiaries)	–
Family Relationship	Mr. Dhanin's son, Mr. Narong's and Mr. Suphachai's elder brother
Education	Bachelor of Science Degree in the College of Business and Public Administration of New York University, USA
Related training programs held by the Thai Institute of Directors Association (IOD)	–
Major Experience	<p><u>Companies Listed on the Stock Exchange of Thailand</u></p> <p>Present Director, True Corporation Public Company Limited Director, CP All Public Company Limited</p> <p><u>Non-listed Companies</u></p> <p>Present Chairman, True Visions Public Company Limited Chairman, True Visions Cable Public Company Limited Executive Chairman, Telecom Holding Company Limited Chairman, Chia Tai Land Holding Company Limited Chairman, Chia Tai Property Management Company Limited Chairman, Chia Tai Real Estate Group Company Limited Chairman, Fortune Leasing Company Limited Chairman, Mass Gain Investment Limited Chairman, Beijing Lotus Supermarket Chain Store Company Limited Chairman, Chia Tai Lotus (Shanghai) Company Limited Co-Chairman, Shanghai Kinghill Limited - Super Brand Mall CEO & Executive Vice Chairman, Marketing and Distribution Business (China), Charoen Pokphand Group Company Limited Chief Executive Officer, Real Estate & Land Development Business (China), Charoen Pokphand Group Company Limited Chief Executive Officer & Executive Vice Chairman, Chia Tai Enterprises International Limited Executive Vice Chairman & CEO, Shanghai Lotus Supermarket Chain Store Company Limited Vice Chairman, Automotive Industrial Products (China), Charoen Pokphand Group Company Limited Vice Chairman, Chia Tai International Finance Company Limited Vice Chairman, Chia Tai Vision Limited Vice Chairman, Shanghai Fortune World Development Company Limited Vice Chairman, Chia Tai Trading (Beijing) Company Limited Vice Chairman, Real Estate and Land Development Business (Thailand), Charoen Pokphand Group Company Limited Director, True Move Company Limited Director, Chia Tai Development Investment Company Limited Director, Chia Tai Group Company Limited Director, CP Pokphand Company Limited Director, Fortune Shanghai Limited Director, Lotus-CPF (PRC) Investment Company Limited</p> <p><u>Community Service</u></p> <p>2009 Committee Members of The Build Foundation 2009 Advisor to Minister of Culture 2008 Honorary Consul of the Russian Federation for the provinces of Phuket 2006 Award of Bai Yu Lan from Shanghai Government 2006 Member of Fudan Incentive Management Fund Committee of Fudan University 2006 Management Committee of Chia Tai International Center of Peking University 2006 Advisor of the Standing Committee on Public Health of The House of Representatives 2005 Member of Young Thai Entrepreneurs Association (YTEA) 2005 Vice President of Thai-Chinese Promotion of Investment and Trade Association 2004 Committee on Cultural Promotion Fund of Office of The National Cultural Commission 2004 Vice President of Thailand Equestrian Federation 2002 Member of Young Thai Entrepreneurs Assembly 2002 Vice Chairman of Thailand-China Business Council 1993 Committee on Children Youth, Women and The Elderly</p>

* Authorized Signatory

Name	: Mr. Chatchaval Jiaravanon*
Position	: Director and Managing Director - Group Investment
Age (year)	: 48
True Share Ownership (31/12/10)	: -
Debentures Ownership (31/12/10)	: -
(issued by True/its subsidiaries)	
Family Relationship	: Mr. Sumet's son
Education	: Bachelor of Business Administration University of Southern California, USA
Related training programs held by the Thai Institute of Directors Association (IOD)	: Director Accreditation Program (DAP)
Major Experience	<p>: <u>Companies Listed on the Stock Exchange of Thailand</u></p> <p>1993–Present Director and Managing Director-Group Investment, True Corporation Public Company Limited</p> <p>2001–Present Director and Member of the Audit Committee, Ticon Industrial Connection Public Company Limited</p> <p>2007–Present Chairman of Board and Chairman of the Executive Board, Finansia Syrus Securities Public Company Limited</p> <p>2005–Present Director, Amanah Leasing Public Company Limited (Formerly named Nava Leasing Public Company Limited)</p> <p>2004–Present Chairman of Board, Metrostar Property Public Company Limited</p> <p>2000–Present Director, AEON Thana Sinsap (Thailand) Public Company Limited</p> <p><u>Non-listed Companies</u></p> <p>2000–Present President and CEO, Telecom Holding Company Limited</p> <p>1997–Present CEO, True Multimedia Company Limited, True Internet Company Limited and Asia Infonet Company Limited</p> <p>2006–Present Chairman, Thai Kodama Company Limited</p> <p>1992–2005 Director, Thai Kodama Company Limited</p> <p>1990–Present Director, Metro Machinery Company Limited</p> <p>Present Director, Subsidiaries of True Corporation Public Company Limited</p>

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Name	: Mr. Vichaow Rakphongphairoj*
Position	: Director, Managing Director and Group Chief Operating Officer - Network & Technology
Age (year)	: 53
True Share Ownership (31/12/10)	: –
Debentures Ownership (31/12/10) (issued by True/its subsidiaries)	: –
Family Relationship	: –
Education	: Master Degree of Business Administration, Pepperdine University, USA Master Degree of Electrical Engineering, University of Wisconsin, USA Bachelor of Electrical Engineering, Arizona State University, USA
Related training programs held by the Thai Institute of Directors Association (IOD)	: Director Certification Program (DCP)
Major Experience	<p>: <u>Companies Listed on the Stock Exchange of Thailand</u> True Corporation Public Company Limited 2000-Present Director, Managing Director and Group Chief Operating Officer - Network & Technology</p> <p>1998-2000 E.V.P., Business & Enterprise 1997-1998 E.V.P., Central Operation & Information Technology 1996-1997 Region Director, Bangkok-Southeast Region 1995-1996 Region Director, Bangkok-West Region</p> <p><u>Non-listed Companies</u> Present Director, Subsidiaries of True Corporation Public Company Limited</p>

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Name	: Mr. Umroong Sanphasitvong
Position	: Director
Age (year)	: 58
True Share Ownership (31/12/10)	: 384,000 shares (0.00% of the total issued and paid-up shares of the Company)
Debentures Ownership (31/12/10) (issued by True/its subsidiaries)	: -
Family Relationship	: -
Education	: Master Degree of Accounting, Thammasat University Bachelor of Accounting, Thammasat University
Related training programs held by the Thai Institute of Directors Association (IOD)	: Director Certification Program (DCP)
Major Experience	<p>: <u>Companies Listed on the Stock Exchange of Thailand</u></p> <p>2001-Present Director, True Corporation Public Company Limited</p> <p>Present Director, CP All Public Company Limited</p> <p><u>Non-listed Companies</u></p> <p>Present Deputy Group CFO, Charoen Pokphand Group Company Limited</p> <p>Director, CPPC Public Company Limited</p> <p>Director, VinaSiam Bank</p> <p>Director, C.P. Lotus Corporation</p>

Name	: Mr. Narong Clearavanont
Position	: Director
Age (year)	: 46
True Share Ownership (31/12/10)	: 84,000 shares (0.00% of the total issued and paid-up shares of the Company)
Debentures Ownership (31/12/10) (issued by True/its subsidiaries)	: -
Family Relationship	: Mr. Dhanin's son, Mr. Soopakij's younger brother and Mr. Suphachai's elder brother
Education	: Bachelor of Science, Major Business Administration, New York University, USA Advance Management Program: Transforming Proven Leaders into Global Executives, Harvard Business School, Harvard University
Related training programs held by the Thai Institute of Directors Association (IOD)	: Director Accreditation Program (DAP) (2550)
Major Experience	<p>: <u>Companies Listed on the Stock Exchange of Thailand</u></p> <p>2008-Present Director, True Corporation Public Company Limited</p> <p>1999-Present Director, CP All Public Company Limited</p> <p><u>Non-listed Companies</u></p> <p>Present Director, True Visions Group Company Limited</p> <p>2010-Present President, CP Corporate University Vice Chairman, Panther Entertainment Company Limited Vice Chairman, Marketing and Distribution Business (Thailand) Vice Chairman, Marketing and Distribution Business (China) Vice Chairman, Real Estate & Land Development Business (China)</p> <p>2009-Present Director, Cineplex Company Limited Director, Satellite Service Company Limited</p> <p>2008-Present Director, CPPC Public Company Limited Legal Representative and Director, Beston Action Utility Wear (Lianyungang) Co., Ltd. Director, True Visions Public Company Limited</p> <p>2007-Present Director, True Visions Cable Public Company Limited Executive Vice Chairman, CP Lotus Corporation Co., Ltd. Executive Vice Chairman, Chia Tai (China) Investment Co., Ltd.</p> <p>2007-2010 Executive Director, C.P. Pokphand Co., Ltd.</p> <p>Present Board of Director, Qingdao Lotus Supermarket Chain Store Co., Ltd. Board of Director, Jinan Lotus Supermarket Chain Store Co., Ltd. Board of Director, Shantou Lotus Supermarket Chain Store Co., Ltd. Board of Director, Guangzhou Lotus Supermarket Chain Store Co., Ltd. Board of Director, Xi'an Lotus Supermarket Chain Store Co., Ltd. Vice Chairman, CP Food Product (Shanghai) Co., Ltd. Board of Director, Beijing Lotus Supermarket Chain Store Co., Ltd. Board of Director, Foshan C.P. Lotus Management Consulting Co., Ltd. Board of Director, Changsha Chulian Supermarket Co., Ltd. Board of Director, Chengdu Ailian Supermarket Co., Ltd.</p> <p>2002 Director, Business Development Bank</p> <p>2001-Present Chairman, Yangtze Supermarket Investment Co., Ltd.</p> <p>1997 President, Ek-Chor Trading (Shanghai) Co., Ltd.</p> <p>1995-1997 President, Ek-Chor Distribution (Thailand) Co., Ltd.</p>

Name	: Mr. William Harris
Position	: Executive Director, International Business Development and Assistant to CEO
Age (year)	: 49
True Share Ownership (31/12/10)	: 517,838 shares (0.01% of the total issued and paid-up shares of the Company)
Debentures Ownership (31/12/10) (issued by True/its subsidiaries)	: -
Family Relationship	: -
Education	: Master Degree of Business Administration, Major in Finance and Marketing, Wharton School of the University of Pennsylvania Bachelor of Science in Economics, Wharton School of the University of Pennsylvania
Related training programs held by the Thai Institute of Directors Association (IOD)	: -
Major Experience	<p>: <u>Companies Listed on the Stock Exchange of Thailand</u></p> <p>2009–Present Executive Director, International Business Development and Assistant to CEO, True Corporation Public Company Limited</p> <p>2001–2007 Chief Financial Officer True Corporation Public Company Limited</p> <p>1999–2000 Executive Vice President - Corporate Finance True Corporation Public Company Limited</p> <p><u>Non-listed Companies</u></p> <p>Present Director, True Visions Public Company Limited Director, True Digital Content and Media Company Limited Director, True Visions Group Company Limited Director, Dragon Delight Investments Limited Director, Gold Palace Investments Limited Director, K.I.N. (Thailand) Company Limited</p> <p>2006–Present Director, True Move Company Limited Director, Bangkok Inter Teletech Public Company Limited</p> <p>1993–1999 Director Credit Policy, Verizon Communications, Philadelphia</p>

Name	: Mr. Noppadol Dej-Udom
Position	: Group Chief Financial Officer
Age (year)	: 43
True Share Ownership (31/12/10)	: –
Debentures Ownership (31/12/10) (issued by True/its subsidiaries)	: –
Family Relationship	: –
Education	: Master Degree in Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University Bachelor Degree in Mechanical Engineering, Rensselaer Polytechnic Institute, USA : Director Certification Program 101/2008
Related training programs held by the Thai Institute of Directors Association (IOD)	: <u>Companies Listed on the Stock Exchange of Thailand</u> True Corporation Public Company Limited
Major Experience	: 2007–Present Group Chief Financial Officer 2003–2007 Director & General Manager - Online 2000–2003 Senior Vice President - Corporate Finance <u>Non-listed Companies</u> Present Director, True Internet Company Limited Director, True International Communication Company Limited Director, True Music Company Limited Director, True Money Company Limited Director, True Leasing Company Limited Director, Real Move Company Limited Director, Real Future Company Limited Director, True Visions Group Company Limited 2009–Present Director, True Information Technology Company Limited 2004–Present Director, Asia DBS Public Company Limited

Name	: Mr. Thiti Nantapatsiri																		
Position	: Managing Director - Pay TV Business																		
Age (year)	: 56																		
True Share Ownership (31/12/10)	: –																		
Debentures Ownership (31/12/10)	: –																		
(issued by True/its subsidiaries)	: –																		
Family Relationship	: –																		
Education	: Bachelor Degree of Engineering (Electrical), King Mongkut's Institute of Technology, Ladkrabang Campus																		
Related training programs held by the Thai Institute of Directors Association (IOD)	: –																		
Major Experience	<p>: <u>Companies Listed on the Stock Exchange of Thailand</u></p> <table> <tr> <td>Present</td> <td>Managing Director - Pay TV Business, True Corporation Public Company Limited</td> </tr> <tr> <td>1999-2003</td> <td>Executive Vice President, Loxley Public Company Limited</td> </tr> <tr> <td>1997-1999</td> <td>First Senior Vice President, Loxley Public Company Limited</td> </tr> </table> <p><u>Non-listed Companies</u></p> <table> <tr> <td>Present</td> <td>Managing Director, True Visions Group Company Limited Director, True United Football Club Company Limited</td> </tr> <tr> <td>2008-Present</td> <td>Director, Panther Entertainment Company Limited</td> </tr> <tr> <td>2007-Present</td> <td>Director, True Music Radio Company Limited</td> </tr> <tr> <td>2006-Present</td> <td>Director, True Visions Public Company Limited Director, True Internet Company Limited Director, Samutpakan Media Corporation Company Limited Director, Cineplex Company Limited Director, Click TV Company Limited Director, True Digital Media Company Limited Director, IBC Symphony Company Limited Director, True Visions Cable Public Company Limited Director, Satellite Service Company Limited Director, True Music Company Limited Director, BeBoydCG Company Limited</td> </tr> <tr> <td>2001-2002</td> <td>President & CEO, Hutchison CAT Wireless Multimedia Company Limited</td> </tr> <tr> <td>1992-2000</td> <td>President & CEO, Hutchison Telecommunications (Thailand) Company Limited</td> </tr> </table>	Present	Managing Director - Pay TV Business, True Corporation Public Company Limited	1999-2003	Executive Vice President, Loxley Public Company Limited	1997-1999	First Senior Vice President, Loxley Public Company Limited	Present	Managing Director, True Visions Group Company Limited Director, True United Football Club Company Limited	2008-Present	Director, Panther Entertainment Company Limited	2007-Present	Director, True Music Radio Company Limited	2006-Present	Director, True Visions Public Company Limited Director, True Internet Company Limited Director, Samutpakan Media Corporation Company Limited Director, Cineplex Company Limited Director, Click TV Company Limited Director, True Digital Media Company Limited Director, IBC Symphony Company Limited Director, True Visions Cable Public Company Limited Director, Satellite Service Company Limited Director, True Music Company Limited Director, BeBoydCG Company Limited	2001-2002	President & CEO, Hutchison CAT Wireless Multimedia Company Limited	1992-2000	President & CEO, Hutchison Telecommunications (Thailand) Company Limited
Present	Managing Director - Pay TV Business, True Corporation Public Company Limited																		
1999-2003	Executive Vice President, Loxley Public Company Limited																		
1997-1999	First Senior Vice President, Loxley Public Company Limited																		
Present	Managing Director, True Visions Group Company Limited Director, True United Football Club Company Limited																		
2008-Present	Director, Panther Entertainment Company Limited																		
2007-Present	Director, True Music Radio Company Limited																		
2006-Present	Director, True Visions Public Company Limited Director, True Internet Company Limited Director, Samutpakan Media Corporation Company Limited Director, Cineplex Company Limited Director, Click TV Company Limited Director, True Digital Media Company Limited Director, IBC Symphony Company Limited Director, True Visions Cable Public Company Limited Director, Satellite Service Company Limited Director, True Music Company Limited Director, BeBoydCG Company Limited																		
2001-2002	President & CEO, Hutchison CAT Wireless Multimedia Company Limited																		
1992-2000	President & CEO, Hutchison Telecommunications (Thailand) Company Limited																		

Name	: Mr. Adhiruth Thothaveesansuk
Position	: Managing Director - Convergence Business and Managing Director - Business Customer
Age (year)	: 47
True Share Ownership (31/12/10)	: 850,404 shares (0.01% of the total issued and paid-up shares of the Company)
Debentures Ownership (31/12/10) (issued by True/its subsidiaries)	: –
Family Relationship	: –
Education	: Master Degree of Finance & Marketing, Indiana University of Pennsylvania, USA Bachelor of Industrial Management, Thammasat University
Related training programs held by the Thai Institute of Directors Association (IOD)	: Director Certification Program (DCP) Director Diploma of Australian Institution of Director 2005
Major Experience	<p>: <u>Companies Listed on the Stock Exchange of Thailand</u></p> <p>Present Managing Director - Convergence Business and Managing Director - Business Customer, True Corporation Public Company Limited</p> <p>2001 Executive Vice President, True Corporation Public Company Limited</p> <p><u>Non-listed Companies</u></p> <p>Present President, True Money Company Limited President, True Digital Plus Company Limited President, True Life Plus Company Limited President, NC True Company Limited President, True Digital Content and Media Company Limited Director, True Visions Public Company Limited Director, True Visions Group Company Limited Director, True United Football Club Company Limited Director, Gold Palace Investments Limited Director, True Visions Cable Public Company Limited Director, Satellite Service Company Limited Director, Panther Entertainment Company Limited Director, True Music Company Limited</p> <p>2006–Present Director, True Public Communication Company Limited</p> <p>2003–Present President, Asia Wireless Communication Company Limited</p> <p>2002 Chief Commercial Officer, True Move Company Limited</p> <p>1998–2002 General Manager, Wire & Wireless Company Limited</p> <p>1998–2001 President, Asia Wireless Communication Company Limited</p>

Name	: Mr. Songtham Phianpattanawit
Position	: Managing Director - Enterprise Customer & International Services and Group Chief Operating Officer - IT & CM
Age (year)	: 52
True Share Ownership (31/12/10)	: 700 shares (0.00% of the total issued and paid-up shares of the Company)
Debentures Ownership (31/12/10) (issued by True/its subsidiaries)	: -
Family Relationship	: -
Education	: Bachelor of Science (Computer Science), University of South Alabama, USA
Related training programs held by the Thai Institute of Directors Association (IOD)	: Director Certification Program (DCP no.54)
Major Experience	<p>: <u>Companies Listed on the Stock Exchange of Thailand</u></p> <p>Present Managing Director - Enterprise Customer & International Services and Group Chief Operating Officer - IT & CM True Corporation Public Company Limited</p> <p><u>Non-listed Companies</u></p> <p>Present President, True Information Technology Company Limited President, True International Communication Company Limited Director and Executive Director - Corporate Solution, True Move Company Limited Director and President, Wire & Wireless Company Limited President, True Touch Company Limited Executive Committee, Pantavanij Company Limited Director, Freewill Solutions Company Limited Director, Clearing House for Number Portability Company Limited</p> <p>2006–Present President, True International Gateway Company Limited Director, Bangkok Inter Teletech Public Company Limited</p> <p>2005–Present Director, True Internet Data Center Company Limited</p> <p>2003–2008 Director, True Multimedia Company Limited</p> <p>2001–2003 Country General Manager / MD, IBM Thailand Company Limited Chairman, IBM Solution Delivery Company Limited</p> <p>2001–2002 Director, IBM Storage Product Thailand Company Limited</p> <p>2000 Director, Sales & Marketing, IBM Thailand Company Limited Country Manager System Sales, IBM Thailand Company Limited</p> <p>1998 Country Manager Finance & Administration and CFO, IBM Thailand Company Limited</p> <p>1997 Service Business Executive, IBM Thailand Company Limited</p>

The Company Directors' Shareholding in True's affiliates as of 31st December 2010 are as follows:

Director	Company	Change in 2010	Outstanding Share(s)
Mr. Dhanin Clearavanont	Telecom Holding Co., Ltd. Bangkok Inter Teletech Public Company Limited	– –	1 1
Mr. Chaleo Souvannakitti	Telecom Holding Co., Ltd. Telecom International Co., Ltd.	– –	1 1
Dr. Ajva Taulananda	Telecom International Co., Ltd. True Information Technology Co., Ltd. True Touch Co., Ltd. True Multimedia Co., Ltd. Asia DBS Public Company Limited Asia Infonet Co., Ltd. Asia Wireless Communication Co., Ltd. True Internet Co., Ltd. True Lifestyle Retail Co., Ltd.	– – – – – – – – –	1 1 1 1 1 1 1 1 1
Mr. Chatchaval Jiaravanon	Telecom International Co., Ltd. Wire & Wireless Co., Ltd. True Touch Co., Ltd. True Internet Co., Ltd. Asia DBS Public Company Limited Asia Infonet Co., Ltd. Asia Wireless Communication Co., Ltd. True Multimedia Co., Ltd. True Lifestyle Retail Co., Ltd. True Internet Data Center Co., Ltd.	– – – – – – – – – –	1 5 1 1 1 1 1 1 1
Mr. Soopakij Clearavanont	Telecom International Co., Ltd. True Touch Co., Ltd. True Internet Co., Ltd. Asia DBS Public Company Limited Asia Infonet Co., Ltd. Asia Wireless Communication Co., Ltd. True Multimedia Co., Ltd. Real Move Co., Ltd.	– – – – – – – –	1 1 1 1 1 1 1 1

Directorships of the Company's Directors and Executives in Subsidiaries, Associated and Related Companies (As of 31st December 2010)

		Subsidiaries/Associated Companies																			
		True	False	True	False	True	False	True	False	True	False	True	False	True	False	True	False	True	False	True	False
Name																					
1. Mr. Dhanin	Clearavonant	C	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
2. Dr. Ayu	Taulananda	VC	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
3. Mr. Chaleo	Souvannakitti	VC	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
4. Mr. Athueck	Asvanund	VC	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
5. Mr. Narong	Srisa-an*	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
6. Mr. Vitthya	Vejjaiyava*	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
7. Mr. Joti	Bhokavanij*	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
8. Dr. Kosol	Petchsuwan*	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
9. Mr. Harald	Link*	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
10. Mr. Rawat	Chamchaleem*	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
11. Mr. Suphachai	Clearavonant	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
12. Mr. Soopakij	Clearavonant	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
13. Mr. Narong	Clearavonant	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
14. Mr. Chatchaval	Jiavavon	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
15. Mr. Vichaow	Rakphongphairoj	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
16. Mr. Umroong	Samphasitvong	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
17. Mr. William	Haris	E	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
18. Mr. Noppadol	Dej-Udom	E	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
19. Mr. Adhiruth	Thothaveesansuk	E	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
20. Mr. Songtham	Phianpattanawit	E	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
21. Mr. Thiti	Nantapatsiri	E	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/

* Independent Director

C = Chairman

VC = Vice Chairman

E = Executive Officer

/ = Director

Remark:

Abbreviation	Full Name	Abbreviation	Full Name
True	True Corporation Public Company Limited		
TH	Telecom Holding Co., Ltd.	TP	True Properties Co., Ltd.
TE	Tele Engineering and Services Co., Ltd.	TLS	True Leasing Co., Ltd.
TLR	True Lifestyle Retail Co., Ltd.	K.I.N.	K.I.N. (Thailand) Co., Ltd.
TTT	True Information Technology Co., Ltd. (Formerly named: Telecom Training and Development Co., Ltd.)	W&W	Wire & Wireless Co., Ltd.
TT	True Touch Co., Ltd.	TMN	True Money Co., Ltd.
True Internet	True Internet Co., Ltd.	Asia DBS	Asia DBS Public Company Limited
AI	Asia Infonet Co., Ltd.	TDC	True Internet Data Center Co., Ltd.
TLP	True Life Plus Co., Ltd. (Formerly named: True Digital Entertainment Co., Ltd.)	Nilubon <BVI>	Nilubon Co., Ltd. (Registered in foreign)
K.I.N. <BVI>	K.I.N. (Thailand) Co., Ltd. (Registered in foreign)	TA Orient	TA Orient Telecom Investment Co., Ltd. (Registered in foreign)
BITCO	Bangkok Inter Teletech Public Company Limited	TMV	True Movie Co., Ltd.
TVS	True Visions Public Company Limited	TSC	Thai Smart Card Co., Ltd.
NEC	NEC Corporation (Thailand) Co., Ltd.	NC True	NC True Co., Ltd.
TDS	True Distribution and Sales Co., Ltd.	SD	Song Dao Company Limited
TIG	True International Gateway Co., Ltd. (Formerly named: True Internet Gateway Co., Ltd.)	SM	Samut Pakan Media Corporation Co., Ltd.
TPC	True Public Communication Co., Ltd.	TUC	True Universal Convergence Co., Ltd.
CNP	Cineplex Co., Ltd.	CTV	Click TV Co., Ltd.
TDM	True Digital Media Co., Ltd. (Formerly named: Red Media Co., Ltd.)	IBC	IBC Symphony Co., Ltd.
TVSC	True Visions Cable Public Company Limited	SV	Satellite Service Co., Ltd.
PTE	Panther Entertainment Co., Ltd.	TMS	True Music Co., Ltd.
Beboyd	BeboydCg Co., Ltd.	TTC	True International Communication Co., Ltd.
TMR	True Music Radio Co., Ltd.	TDCM	True Digital Content and Media Co., Ltd. (Formerly named: Future Gamer Co., Ltd.)
TDP	True Digital Plus Co., Ltd. (Formerly named: Online Station Co., Ltd.)	RMV	Real Movie Company Limited
Real Future	Real Future Company Limited	CHNP	Clearing House for Number Portability Co., Ltd.
TVG	True Visions Group Co., Ltd.	TUFC	True United Football Club Co., Ltd.
DDI	Dragon Delight Investments Limited (Registered in foreign)	GPI	Gold Palace Investments Limited (Registered in foreign)

Corporate Governance Report

The Company fully recognizes the importance of corporate governance and established its Corporate Governance policy in 2002. This is regularly modified to take account of changes in the Company's business. It is also kept in line with corporate governance-related laws and regulations issued by the Stock Exchange of Thailand to international standards.

True has two levels of corporate governance oversight, by the Board of Directors and by management. The Board of Directors has established the Corporate Governance Committee which comprises Mr. Narong Srisa-an, Mr. Vitthya Vejjajiva, Dr. Ajva Taulananda, Dr. Kosol Petchsuwan, Mr. Joti Bhokavanij and Mr. Jens B. Bessai (Mr. Jens B. Bessai resigned from the position as a member of the Board and the Corporate Governance Committee of the Company, effective on 31st December 2010). Corporate governance at management level is overseen by the CEO and other senior executives.

In 2010, the Company carried out its operations according to the corporate governance policy as follows:

Section 1 Rights of Shareholders

1. The Board of Directors recognizes the rights of shareholders and treats its shareholders in a fair and equitable manner. The corporate governance policy indicates that the Company – as much as possible – takes the rights of shareholders into consideration without being limited to the rights specified only by law.

2. In 2010, the Company held one shareholder meeting: the Annual General Meeting of the Shareholders (the “AGM”) for the year 2010 on April 23, 2010. For the convenience of shareholders, the meeting was scheduled on a working day during working hours (at 2 pm) and held in Bangkok where transportation is convenient.

3. The Company issued the AGM 2010 invitation letter with related documents in both Thai and English as the Company has done in recent years. The Company sends shareholders an invitation letter to inform them of dates, times, locations, meeting agendas and the background to issues which shareholders are being

asked to vote on, background information and the opinions of the Board in each session are listed in the meeting agendas as indicated in the AGM 2010 invitation letter, and rules and regulations for the meeting and its voting processes. This information is provided to shareholders in the notice of meeting in advance of the meeting. Information is explained in detail so a reader who has no background knowledge of the topic will still be able to easily understand it and it was sent to shareholders 30 days prior to the meeting date. All information regarding the shareholder meeting both in Thai and English was posted on the Company's website 30 days prior to the AGM Day, so that shareholders can study all information sufficient. The Company also announced via the SET's electronic media that it had disclosed the said documents on the Company website.

4. For the AGM 2010, the Company did not add other agenda items that were not specified in the invitation letter.

5. The Company adds to the agenda of every annual general meeting the matter of the remuneration of directors for which shareholder approval is sought. At the AGM 2010, the Compensation and Nominating Committee reviewed the appropriateness of directors' remuneration taking into account compensation within the industry in which the Company operates, experience, obligations and responsibilities of directors. The Compensation and Nominating Committee proposed the recommendation to the Board of Directors that the existing remuneration of directors approved at the AGM 2009 should be proposed to the AGM 2010 for approval. Remuneration of directors has remained unchanged since 2002. The Company proposed the remuneration of directors based on each position to the AGM 2010 for approval.

6. The Company's policy prohibits any action that could be considered to violate a shareholder's right to access information on the shareholder meeting. Shareholders can make advance inquiries about information they do not understand or submit advance questions to the Company's Investor Relations Department on 0-2699-2515 or to the Company Secretary Department on 0-2699-2660.

7. The Company allows shareholders to vote on individual nominees (to be selected as the Board of Directors). The Company nominated directors to the shareholders to vote one by one, to give the shareholders the right to elect the Board of Directors they really want.

8. The Company encourages shareholders' participation and voting in meetings at no charge. Any action that could be considered to violate their right to attend meetings is prohibited.

9. The Company has streamlined its procedures for attending and voting at meetings. The chairman of the meeting ensures there is appropriate time set aside for discussion and encourages shareholders to express their opinions and ask questions related to the Company's operations. Moreover, after the meeting directors meet with shareholders in person and provide them with an opportunity to ask any questions they may not want to ask during the meeting.

10. For the sake of transparency and historical record, the Company encourages the use of voting cards for every agenda that need to be voted. The Company also arranges an independent law office to verify the vote counting. The voting cards will be kept as evidence if there is any dispute over the results of the election after the meeting.

Section 2

Equitable Treatment of Shareholders

1. The Company granted equitable rights to shareholders' in the voting process where one share is equal one vote.

2. The Company allows shareholders who cannot attend meetings to cast a proxy vote, without any conditions that will make it difficult for shareholders to appoint their proxy. Shareholders must submit a proxy form to the Company Secretary Department before the meeting so it can be verified.

3. The Company encourages the use of proxy forms on which shareholders can specify their voting preferences. The proxy forms are attached together with the invitation letter to the shareholder meeting. The Company provides options for shareholders to appoint two independent directors as their proxy (with their background information provided).

The Company has notified the shareholders of documents or other evidence needed to identify themselves in order to participate at the AGM as well as providing clear guidelines and advice on proxy voting in the invitation letter as the Company has done in past years.

4. The Company allowed minority shareholders to propose any issues to be added to the meeting agenda as well as submit nominations for directors in advance by using the form provided by the Company and sending it by registered mail to the Company from December 1, 2009 to January 31, 2010 for the 2010 AGM. The Company posted the above proposals on its website and through the SET's electronic media. Nevertheless, shareholders did not propose any issues or nominations for directors.

5. The Company's code of conduct covers inside information and insider trading, as well as the use of applicable laws to monitor and prevent the personal use of confidential Company information by management and related persons. Material information which has not yet been disclosed is kept confidential, apart from disclosure to the relevant senior management of the Company. Directors and senior management must report purchases, sales, transfers and assignations of securities issued by the Company to the Securities and Exchange Commission (SEC) within three working days of the transaction's execution, and provide a copy of this report to the Company for its records and incorporation in its regular report to the Board of Directors. In 2010, there were no Board members or executives violating this practice.

6. In 2010, there were also no Board members or executives violating the rule on conflict of interest in proposed Company transactions.

7. In 2010, the Company did not conduct transactions which provided financial assistance to companies which were not subsidiaries of the Company.

8. The Company has measures and procedures for approving the entering into related party transactions by setting up the internal "Rules of Entering into Related Party Transactions" which was approved by the Board of Directors and in compliance with legal obligations including the Rules and Regulations of the Capital Market Supervisory Board and the Stock Exchange of Thailand (SET).

In the year 2010, the Company continued to strictly follow the rules concerning entering into related party transactions. Details of related party transactions that occurred in the year 2010 have been disclosed in its annual report and annual registration statement (Form 56-1) under the topic "Related Party Transaction".

Section 3

Role of Stakeholders

1. The Board of Directors recognizes the importance of acknowledging the rights of all stakeholders and their ability to positively influence the Company's conduct and activities, and vice versa. Accordingly, the Company has established a "Code of Conduct" covering employees and stakeholders which includes:

Employees

- The right to privacy and the right to be protected from any violation of that privacy
- The right to receive fair and equal treatment
- The right to fair and equal employment such as the right to take leave and to receive fringe benefits, and the opportunity to be promoted, to transfer to other work units, and to receive performance assessments

Customers

- The right to receive fair and equal treatment
- The right to receive full and efficient service from the Company's employees
- The right to receive quality goods and highly efficient service
- The right to protection of confidential information

Suppliers and dealers (business partners)

- The right to receive fair and equal treatment
- The right to protection of confidential information
- The right to be treated honestly and reliably
- The right to information on relevant laws, regulations and policies
- The right to fair competition

Competitors

- The right to receive fair and accurate comparisons of products and services without defaming competitors or their products and services
- Not to engage in industrial espionage, sabotage or bribery with regard to competitors or potential competitors
- The right to receive fair and equal treatment, to not give preference to any competitor over another in terms of quality and testing as well as installing and maintaining the regulated common carrier services.

Creditors

- The right to be treated in accordance with terms and conditions of all agreements under relevant law and regulations
- The right to receive correct and complete financial information
- The right to receive payments owing, as well as safeguarding all guaranteed assets given as security

Investors

- The right to receive fair and equal treatment
- The right to be treated with the best intentions of the management to operate the business with their best knowledge, skills, and honesty

- The right to be protected from the use of insider information for pursuing private interests

Government agencies

- The right to regulate, monitor and punish according to laws and regulations and the government agency's standard practice.

2. The Company's Internal Audit Department reports directly to, and is accountable to, the Audit Committee.

3. The Company has established a provident fund for employees.

4. In 2010, the Board of Directors approved the improvement the Company's corporate governance by providing channels for any stakeholder to make complaints or provide information concerning fraud, wrongdoing or violations of the Company's Code of Conduct to the Board of Directors via the Audit Committee as follows:

Stakeholders can, in confidentiality, make complaints or provide information concerning fraud, wrongdoing or violations of the Company's Codes of Conduct to the Company's Board of Directors via the Audit Committee through the following channels;

- Email: auditcommittee@truecorp.co.th
- Mail address

Audit Committee
True Corporation Public Company Limited
18 True Tower, 28th floor, Ratchadapisek road, Huai Khwang,
Bangkok 10310

The Company Secretary, in the capacity of Secretary of the Audit Committee, will be responsible for gathering the issues and forwarding them to the Audit Committee for its consideration and further action. The Audit Committee will summarize results of any investigation and report to the Board of Directors every quarter.

Conditions for processing complaints and information:

- Anonymous letters are not accepted
- Stakeholders who submit complaints or information must provide their full names. The Company will keep their personal information confidential. Only officers or persons authorized by the Audit Committee can access the information.
- Irrelevant issues such as the following shall not be processed by the Audit Committee:
 - Job inquiries
 - Surveys and other requests for information about the Company
 - Offers or advertisements of goods and services
 - Requests for donation and sponsorship

5. The Board of Directors has approved a Corporate Social Responsibility (CSR) policy which is available on the Company's website in English and Thai. The Company operates its business while adopting the sufficiency economy philosophy and taking into consideration environmental and social matters with a focus on promoting a knowledge-based society as a path to sustainable development for Thailand. The Company places emphasis on using modern telecommunications technology to develop educational projects which help with the development of youth and underprivileged children in Thai society.

Over the year 2010 True undertook a comprehensive program of CSR activities which covered seven major areas: Environment; Governance and Ethical Practice; Community; Customers; Suppliers; Shareholders and Investors; and Employees (Details of the Corporate Social Responsibility (CSR) activities are shown in Attachment to the Report on Corporate Governance).

Section 4

Disclosure and Transparency

1. The Company discloses financial and non-financial information (as required by SET regulations) accurately, thoroughly, and in a timely and transparent manner through various channels including the SET and the Company's website, in Thai and English. All disclosed information is updated regularly. The Company also posts on its website detailed information for analysts and investors such as a graphical summary of financial results showing core business performance, comparative financial statements, investor news, etc.

2. The Company submitted its 2010 financial reports both quarterly and annually to the SEC and SET in a timely manner. The Company has focused on providing accurate financial statements according to accounting standards under the appropriate accounting policy. The Company is also strict in terms of meeting deadlines for the submission of financial statements and financial reports to the SEC and the SET. The Company, in its history, has never been asked by the SEC to make any correction to its financial statements, neither has it submitted the financial report late.

3. The Company provides a summary of the Corporate Governance Policy approved by its Board and corporate governance practice through various channels such as the annual report and website.

4. The Company provides a statement of the Board's responsibilities concerning the Company's financial report. This statement is presented in the Company's annual report.

5. The Company discloses the roles and responsibilities of the Board of Directors and its committees, the total number of meetings and the number of meetings each member attends, as well as the results of tasks performed during the year in the annual report, according to the SET and the SEC regulations.

6. The Company paid Directors remuneration in the year 2009 according to rates approved by shareholders at the 2010 AGM, which are the same rates approved by the 2009 AGM and which have not changed since 2002.

Remuneration of Directors is paid on a monthly basis as follows:

Chairman	Baht 300,000 per month
Honorary Chairman	Baht 200,000 per month
Vice Chairman	Baht 150,000 per month
Director	Baht 100,000 per month

Any Director being an employee of the Company shall receive the Director's remuneration in addition to his or her salary as an employee.

Independent Directors who hold a position on a Committee shall receive remuneration as follows:

Independent Directors who are also the Chairman of a Committee Baht 300,000 per month

Independent Directors who are also member of a Committee Baht 200,000 per month

Remuneration of Independent Directors who are not members of a Committee, and directors who are not Independent Directors shall remain the same.

7. In 2010, the Company paid senior executives remuneration according to their contributions and responsibilities, comparable with that paid by other companies in the same industry.

8. The Company discloses details of remuneration of Directors and senior executives, including the nature and amount of payment, in its annual report and Form 56-1.

9. The Company has an Investor Relations Department to communicate with the public fairly and equitably. Investors can contact Investor Relations by phone at 0-2699-2515 or by e-mail at ir_office@truecorp.co.th. In 2010, Investor Relations held analyst and investor meetings following the release of the Company's quarterly results at the Company's headquarters. For analysts and investors who cannot attend the meeting in person, a Webcast is provided. Since the 3rd quarter of 2010, the Company had also joined the "Opportunity Days" organized by the Stock Exchange of Thailand to allow investors to receive information directly from the Company. The Company also held roadshows to meet with local and international investors while Company executives met with analysts on a regular basis. In addition to the above activities, the Company also held presentations by the heads of business units who provided overviews of their respective business operations directly to analysts. At this presentation, which is held at least once a year each business unit provides an individual presentation one business unit at a time. Site visits are also held to provide retail investors with an opportunity to better understand the Company's operations.

Section 5

Responsibilities of the Board

1. Board Structure

1.1 As of 31 December 2010, the Board of Directors consisted of four executive directors and 12 non-executive directors. Independent directors make up 37.5 percent of the total number. The Company has disclosed each director's background in its annual report and Form 56-1 and on its website at www.truecorp.co.th

1.2 The term of service for each director is clearly stated in the Company's corporate governance policy and Articles of Association which are in accordance with legal requirements.

1.3 The Company has specified the details of Independent Directors' qualifications in its annual report and Form 56-1. Mr. Joti Bhokavanij who serves as the Independent Director and Audit Committee member has an accounting and finance background. The Company revised the qualifications of Independent Directors by using a more rigorous definition than that defined by the Capital Market Supervisory Board in area of shareholding percentage i.e. an Independent Director of the Company must have no more than 0.75 percent share ownership in the Company, its parent company, subsidiary, affiliate, principal shareholder or controlling person of the Company, including the shares held by related persons of the Independent Director.

1.4 The Company details the background and position of each member of the Board in its Annual Report and Form 56-1. Shareholders can download this information from the SET website at www.set.or.th or from the Company website at www.truecorp.co.th.

1.5 The Company formally stated a policy pertaining to the number of board positions allowed for the Directors by specifying in the Company's Corporate Governance Policy that a director can hold positions in the board of other companies, provided that this does not interfere with the performance of his or her duties at the Company.

1.6 The Chairman of the Board is a non-executive director and the CEO is not the same person as the Chairman. The roles and responsibilities of the Chairman are in accordance with the law. The roles and responsibilities of the CEO are determined by the Board of Directors.

1.7 The function of Company Secretary is in place to serve the Board of Directors in area of providing advice on laws and regulations related to the Board, helping organize the Board's activities, and monitoring compliance with the Board's resolutions.

The Company Secretary also meets with counterparts from other listed companies from time to time to discuss best practice.

2. Committees

2.1 The Board of Directors has established the following committees to reflect good corporate governance:

The Audit Committee is responsible for reviewing the Company's financial reporting process, reviewing the Company's internal control system and internal audit system, determining an internal audit unit's independence, reviewing the Company's compliance with the law and regulation on securities and exchange including the laws relating to the Company's business, considering and proposing appointment of the Company's external auditor and reviewing the transactions that may lead to conflicts of interest. Details of the Audit Committee's duty and responsibilities have been disclosed under the topic "Management".

The Compensation and Nominating Committee is responsible for making recommendations to the Board of Directors regarding the compensation of directors and CEO; and the nomination of directors of the Company.

The Finance Committee is responsible for assisting the Board of Directors to review and monitor the Company's financial management.

The Corporate Governance Committee is responsible for assisting the Board of Directors to establish and review the Company's corporate governance policy as well as making sure that the Company has a sound and appropriate corporate governance practice.

Shareholders can download the information regarding each committee, such as responsibilities and name lists, from the Company's website at www.truecorp.co.th. The Company has also specified the details of committee members, numbers of meetings attended and committees' reports in its annual report.

2.2 So that the committees can perform their duties transparently, independently, and at the same time effectively, their membership comprises independent directors, and non-executive directors.

3. Roles and Responsibilities of the Board

3.1 The Board of Directors reviews and approves key business matters such as the vision and mission of the Company, strategy, financial targets, risks, major plans of action and budget. The Board monitors the performance of management to ensure their efficiency and effectiveness. The Board also embraces the philosophy of Sufficiency Economy which calls for sustainability, moderation (i.e. realizing the actual capability of the Company), reasonableness and self-immunity as well as doing business in an honest, cautious and prudent manner.

The Company in its history has not done anything to violate or contravene the SEC and SET's regulations.

3.2 The Board sets and approves a written corporate governance policy for the Company and reviews the policy and its compliance annually.

3.3 The Board of Directors ensures that a written code of business conduct is in place so that all directors, executives and employees understand the Company's ethical standards for doing business. Compliance with the code is closely monitored by the Board.

3.4 The Board of Directors considers transactions involving conflicts of interest thoroughly. It follows clear guidelines on approving such transactions so that they are conducted in the best interests of the Company and all shareholders. The person who has an interest in the transaction does not participate in the decision-making process. The Board also monitors compliance with the regulations regarding criteria, procedures and disclosure of transactions involving conflicts of interest.

3.5 The Board of Directors ensures that internal control systems are in place, including financial, compliance and policy controls, and reviews the system at least annually. The Board also assigns the Audit Committee to monitor the independent audit and report on the system.

3.6 The Company runs a risk management system covering operational and financial risk as well as maintaining internal auditing using a Risk-Based Audit Approach. To manage operational risk the Company has established the BCP Steering Committee to develop and maintain a business continuity plan. The Company has also established a Crisis Management Team to support significant business operations of the Company which may face a crisis, by implementing and managing a crisis response. To manage financial risk, the Company has a financial management policy to mitigate risks arising from fluctuations in currency exchange rates. This policy includes entering into forward foreign exchange contracts, negotiating payment terms for foreign currency settlements on an individual transaction basis, and negotiating with foreign suppliers to share foreign exchange exposure, etc. The Company has formalized and announced the "Risk Management Policy & Framework" to be an integral part of business strategies and operations.

4. Board Meetings

4.1 The Company sets its meeting schedule in advance and notifies each director of this schedule. However, in an emergency the Company can also call for an additional Board meeting.

4.2 The Company has stated in its Corporate Governance policy that the Company allows non-executive directors to hold meetings amongst themselves without participation from executive directors and management, if they would like to have a discussion on the management issues or any issues they are interested in. Non-executive directors had held one such meeting in 2010.

4.3 In 2010 the Company held eight Board meetings respectively which are appropriate to the obligations and responsibilities of the Board and the nature of the Company during the year.

4.4 The Chairman and/or Vice Chairman of the Board and the CEO jointly set the agenda for each Board meeting. Moreover, each Board member is free to suggest agenda items.

4.5 Meeting documents are sent to each director before the meeting. These documents are concise but contain all relevant information. Any confidential issues are discussed during the meeting.

4.6 The Chairman of the Board allocates enough time for the meeting to receive full presentations from management and host comprehensive discussions by directors.

4.7 The Board is able to access additional information, under a prearranged agreement, via the CEO, the Company Secretary and/or the executive designated as a contact person.

4.8 Top executives attend Board meetings to detail the issues that they are directly responsible for.

5. Board Self Assessment

5.1 The Board of Directors make self-assessment on a yearly basis.

6. Remuneration

6.1 Board members' remuneration is comparable of other directors in the Company's industry, and reflects the experience, obligations, range of work, accountability, responsibilities and contributions of each director. Members of the Board with greater responsibilities, such as independent directors who also hold committee memberships, are paid more.

In 2010 the Company disclosed the remuneration of each director in its annual report and Form 56-1.

6.2 Remuneration of the CEO and top executives is set in accordance with Board policy, within the limits approved by shareholders (for the types of remuneration that require such approval). Executives' salaries, performance pay, and other long-term compensation reflect the Company's performance and that of each executive.

6.3 The Compensation and Nominating Committee appraises the performance of the CEO annually to set his compensation. The basis of the appraisal is agreed upon by the CEO ahead of the evaluation. The criteria are objective, including financial performance, long-term strategic performance, career development planning, etc. The Chairman of the Board or a senior director communicates the evaluation results to the CEO.

7. Board and Management Training

7.1 The Company encourages and facilitates training for all internal parties who have a role in corporate governance, including directors, members of the Audit Committee, executives, the Company Secretary, etc. Training – either internal or external – enables them to continuously improve their performance.

7.2 Every time that the Company had new directors, to be in line with the Company's policy, the Company provided new directors with material and information beneficial for fulfilling their duties. The Company also provided an introduction to the Company's various businesses and business direction for new directors.

7.3 The Company officially implemented "Succession Plan" for senior executives in order to maintain the confidence of investors and stakeholders and to allow business operations to continue without interruption.

Attachment to the Report on Corporate Governance

Corporate Social Responsibility (CSR) Activities 2010

The Board of Directors has approved a Corporate Social Responsibility (CSR) policy which is available on the Company's website in English and Thai. The Company operates its business while adopting the sufficiency economy philosophy and taking into consideration environmental and social matters with a focus on promoting a knowledge-based society as a path to sustainable development for Thailand. The Company places emphasis on using modern telecommunications technology to develop educational projects which help with the development of youth and underprivileged children in Thai society.

Over the year 2010 True undertook a comprehensive program of CSR activities which covered the seven major areas: Environment; Governance and Ethical Practice; Community; Customers; Suppliers; Shareholders and Investors; and Employees. Details are as follows:

Environment and Energy Conservation

TrueVisions in association with the Advertising Association of Thailand and the Department of Natural Parks, Wildlife and Plant Conservation organized the True Young Producer Award 2010 under the theme "Reduce Carbon Dioxide = Reduce Global Warming." University students used their talent and creativity to produce TV commercials to promote and build awareness of environmental conservation. The winner will receive a royal trophy bestowed by HRH Princess Maha Chakri Sirindhorn, scholarship and an educational trip to Japan. All 10 winning projects were produced and broadcast via TrueVisions TV channels.

True joined the CSR Club activity, "Mangrove forest classroom" which is an activity under the reforestation project to honor His Majesty the King under the concept of sustainable development. The project emphasizes organizing activities with ZERO Waste in association with CSR Clubs from 41 organizations and 747 people from the community. Trees were planted at the mangrove forest in Pa Prasae-Phang Rat National Forest Reserve, Klaeng District, Rayong Province. Participants also changed their behavior by using less energy and reducing waste.

True in association with the Bangkok Metropolitan Administration and World Wide Fund Thailand promoted the Earth Hour 2010 campaign to switch lights off for an hour on Saturday, March 27th 2010 from 8:30–9:30 pm.

True organized the annual "The National Nature Photography Contest 2010" along with an exhibition of the entries. The event was held during the National Wildlife Week.

Corporate Governance and Ethical Practices

The Litigation & Arbitration Department participated in various events and held the following lectures:

- "The Law of Telecommunications Business" for the Faculty of Law, Kluay Nam Thai Campus, Bangkok University.
- "Business Law Seminar" on the topic of "Thai Telecommunications Law" for the undergraduate program of the Faculty of Law, Chulalongkorn University.
- "Business Law Seminar" on the topic of "Thai Telecommunications Law" for 4th-year students in the undergraduate program, Faculty of Law, Chulalongkorn University.

- A special lecture for True management and staff on “Creative Leadership and Impact on Regulatory.”

Community

The website www.trueplookpanya.com is an online resource of instructional and learning material that provides information in a modern multimedia format. It serves as a knowledge base featuring educational content in 8 key subject areas for Thai students, from kindergarten up to university level. Currently, the number of website visitors has reached as much as 3.2 million page views per month, together with monthly increases in content uploads from website members to share information and knowledge. The website contains more than 200,000 multimedia knowledge items, including images, sound, text and video. In addition, the first competition titled “Creative Video To Share Knowledge” was organized to garner interest and build up the website’s knowledge database.

During 2010, True Plook Panya purchased equipment and digital educational media for 500 schools under the True Plook Panya project including 5 model schools. In addition, True organized the workshop “Integration of True Plook Panya Media for Model Schools” for school management and teachers to build understanding and usage of the installed educational equipment and digital media content. A best teacher’s competition under the theme: “The integration of True Plook Panya media for teaching and learning in the school” was held to encourage teachers to use True Plook Panya resources to improve their teaching. As at the end of 2010, schools under the True Plook Panya program amounted to 3,000 and model schools totaled 12 schools.

True’s annual “Let Them See Love” campaign held the following activities under the theme “The Beauty of Giving” as follows:

- Produced a TV and radio commercial “The greatest merit” to promote organ donation.
- Produced a two-episode television documentary on organ donation.
- Held “The Beauty of Giving” art exhibition at True Urbanpark Siam Paragon by showcasing printed media from invited artists depicting organ donation themes.
- Established the first Digital Art Gallery in Thailand to allow the general public to create his or her own artwork under the concept of “The Beauty of Giving” on www.helplink.net

The website www.helplink.net set up new channels to update information faster for members on Facebook and Twitter. In addition, it presented Baht 29,226 donated by TrueMove subscribers via SMS and TrueMoney to the Cardiac Children Foundation of Thailand which will provide heart operations for 2,500 children. Throughout 2010, the community website organized and promoted the following activities:

- Donation to the Foundation for the Welfare of the Mentally Retarded of Thailand under the Royal Patronage of HM the Queen. Total donation amounted to Baht 211,658.
- Invitation to students to participate in a photo contest under the concept “Be Hip and Create Value through Blood Donation” in order to win scholarships worth a total of Baht 10,000 and certificates. The objective of this activity was to present blood donation as a simple thing to do, and to encourage a sense of pride among donors.
- Collaboration with UNICEF Thailand to launch an awareness campaign among Thai people which brings to attention problems Thai children encounter in their daily lives, and to help them solve these issues. True helped support the campaign by broadcasting the TV commercial titled “The Voices You Don’t Hear” through a variety of True’s media.

TrueVisions donated Baht 6,221,851 from holding the “Bangkok Charity Cup 2010” to Prime Minister Abhisit Vejjajiva to help earthquake victims in Haiti. In addition, the company also donated Baht 16 million in revenue from the True AF6 votes and ticket sales for the final AF6 concert in 2009 to the Chaipattana Foundation, the Rajaprajanigroh Foundation under the Royal Patronage, the Somdet Chaopraya Hospital Foundation under the Royal Patronage of HRH Princess Sirindhorn and the Thai Red Cross Eye Bank.

TrueMove handed over Baht 2,160,740 to the Thai Red Cross Society to help earthquake victims in Haiti. This amount comprised donations by TrueMove customers via SMS (without deducting expenses) and included Baht 500,000 contributed by TrueMove.

True and the Thai Journalists’ Association jointly held activities under the 13th “Pirab Noi” project 2010 holding a workshop for university students studying communication arts, journalism and mass communications nationwide, on how to become quality journalists with a sense of ethics and responsibility towards society. More than 70 university students attended the workshops.

True organized the “True Ruam Namjai Chuay Pai Naow” campaign by purchasing 10,000 sweaters and blankets to assist cold weather victims in remote areas nationwide. In addition, customers and the public were invited to donate their sweaters and blankets at the donation boxes located at TrueMove Square in Siam Square Soi 2, True Coffee at Mahidol University, True Shop at Seacon Square and Future Park Rangsit and Siam Paragon. Money donated via TrueMove’s SMS was given to the World Vision Foundation of Thailand to help the victims.

True organized the first “True Innovation Awards 2010” under the concept “Combining Ideas for the Thai People.” The awards were supported by Chulalongkorn University and CNBC (Asia Pacific) with a total of 761 teams participating nationwide.

True in collaboration with the Thai Broadcast Journalist Association announced results of “The 6th Sai Fah Noi Awards 2010,” the annual radio-television documentary contest. Winners were awarded with trophies, certificates and scholarships worth over Baht 135,000.

True Group and CP Group together donated a total of Baht 30,000,000 via The Royal Thai Army to assist flood victims.

TrueMoney collaborated with CP Fresh Mart, the Royal Thai Navy and TNN to organize the “Khon Thai Rak Kan” project where the public could make donations of Baht 10 or more at TrueMoney Express counters located in over 500 CP Fresh Mart shops nationwide. The donated money was handed over to the Royal Thai Navy to purchase food and necessities for flood victims.

True Group together with True Academy Fantasia Season 7 artists handed over Baht 377,073.25 donated by True management and staff to The Rajaprajanugroh Foundation under Royal Patronage to help flood victims.

TrueMove donated Baht 1 million in addition to donations by TrueMove customers amounting to Baht 6,162,980 via SMS (without deducting expenses) through “Krob Krua Kao 3 TV Program” to assist flood victims.

Customers

True gave 30 mobile handsets with Inter SIMs to Thai Airways under the “InterSIM for TG Airline” promotion which allows tourists travelling to Thailand with Thai Airways to make free calls to their home countries.

To help TrueMove customers living in 28 provinces nationwide affected by the flood disaster, TrueMove offered the following measures to alleviate difficulties:

- Extended the number of TrueMove validity days for subscribers in the affected areas to 30 days to assist customers who could not top up money within the validity expiration date.
- Exempted postpaid customers from temporary service suspension in case they had difficulties in paying their monthly bills on time due to the flood disaster.

Suppliers

True's vendors (Thai Scan Center Company and Be Mic Company) joined True's purchasing team to host a lunch for monks and poor children at Bot Woradit Temple in Angthong province. In addition, an auction was held to sell 2010 New Year gifts and presents received from vendors to raise money for the children. The vendors also donated necessities for the children including 30 sacks of rice, stationary, slippers, sports equipment, clothes, and caps.

Shareholders and Investors

True organized a shareholders' visit to observe TrueVisions' businesses and operations with a tour of the master control room, TNN 24's operations and studios.

Employees

The Learning & Development Center held “Summer Splash English”, an English training course for True employees' children aiming to enhance English communication skills for children during the school break.

True organized the 5K & 10K weight-loss competition to reduce health-risks and increase awareness of good health among employees. The program was supported by training sessions on how to exercise properly, as well as other activities throughout 2010.



Dividend Policy

The Company has not paid or declared any dividends on its issued shares since operations began. The Company can pay dividends only out of its profits after deducting its cumulative losses, and only if it has set aside a legal reserve.

The Company has a policy to declare an annual dividend equal to at least 50% of its net profits from the Company's Financial Statement for that year, after statutory reserves and subject to availability of cash, according to the regulations indicated in related laws and conditions of its credit facilities.

For the dividend policy of subsidiary companies, each subsidiary company's Board of Directors will consider the payment of dividends from the balance of cash flows taking into account the capital expenditure requirements of the subsidiary company. Subject to the availability of cash flows at the subsidiary company and only if it has set aside a legal reserve, the Board of Directors of each subsidiary company shall consider the payment of dividends on a case-by-case basis.



Risk Factors

True Group considers that 2011 will offer a wide range of opportunities for business expansion however it is recognized that at the same time True and/or its subsidiaries possibly face a variety of risks that may impact operations.

Risks relating to operations

Risk related to macroeconomic factors

Thailand's macro conditions in 2010 continued to improve from the previous year despite the impact from political unrest in the first half of the year. The telecom industry is continuing to grow, with service revenue for the mobile business excluding interconnection charges (IC) increasing 5.8 percent from the previous year, as mobile communications have become a necessity for the Thai way of life. Non-voice revenue, especially mobile Internet, is growing well mainly on the lower cost and higher demand for smartphones, while at the same time the Broadband and pay-TV businesses are also expanding.

We expect the Kingdom's macro conditions will improve in 2011 even though the growth rate may be lower than in 2010. The telecom industry will continue to expand with some challenges, while the abovementioned services will continue to grow well in 2011. True Group will continue to develop its convergence strategy to maintain its position as Thailand's only quadruple play telecom operator, offering fixed and mobile telephone services, pay-TV and Broadband Internet, as well as developing content and leading innovation to differentiate itself in the market. The Group will leverage the purchase of shares in Hutchison Group companies to grow its mobile business and lead third-generation (3G) services in Thailand.

Risk related to market competition

The Company and its group of businesses, especially TrueMove, fixed-line, Internet and Broadband, will continue to face intensifying competition. The cellular market is close to saturation while Broadband operators can now offer services nationwide following industry deregulation by the National Telecommunications Commission ("NTC"). From 2009, competition risk for the pay-TV business, TrueVisions, will be higher as the enactment of the Radio and Television Broadcasting Act B.E. 2551 in March 2008 allows pay TV (cable and satellite TV) operators to advertise and will result in new comers to the market, especially satellite TV operators.

However, we believe that TrueVisions has a competitive advantage with its superior content quality which is mostly exclusive content. Moreover, the enactment of the Radio and Television Broadcasting Act

B.E. 2551 will see the issuance of one-year temporary licenses for non-frequency operators (currently temporary licenses are only issued to existing local operators and not to national operators). Therefore all operators will have to engage in business under the same regulatory framework as TrueVisions. They will also be required to legally purchase content, which will reduce their competitiveness.

Since 2007, Thailand's mobile industry has moved towards more rational competition as operators entered into the interconnection charge ("IC") regime which requires them to pay for access to other networks (Baht 1 per minute on average), putting a floor on prices, especially off-net calls. However, in the second and third quarters of 2010 competition within on-net promotions increased when bigger operators offered on-net promotions to compete with smaller operators. This had an impact on TrueMove, whose marketing campaign was targeting on-net customers, resulting in TrueMove's prepaid-voice revenue declining 7.4 percent in 2010 from 2009, while the overall market was still growing. However, in 4Q10 TrueMove launched new promotions including "single rate" and "per call" promotions to target different customer segments, which sparked a recovery in prepaid-voice revenue which grew 6.0 percent from 3Q10.

In December 2010, operators launched Mobile Number Portability ("MNP"), allowing customers to change their network without changing their phone number. In its initial stage the service was launched on a limited scale, with a capacity of only 200 customers per operator per day. Competition is expected to increase in the future as the service gradually expands. However, TrueMove may have an opportunity to attract more high-ARPU postpaid subscribers who are smartphone users interested in accessing Wi-Fi and 3G 850 MHz, which is currently provided on a non-commercial trial basis, as TrueMove has greater coverage than other operators in these areas. TrueMove may, however, risk losing some of its prepaid customers, especially in the provinces, where TrueMove has less network coverage compared with other operators.

Moreover, we expect to see greater competition in 3G in the future. After the courts ordered the suspension of the NTC's auction for licenses and IMT (International Mobile Telecommunications) or 3G 2.1 GHz spectrum in September 2010, operators have had to find an alternative way to provide 3G services for their customers. TOT, who officially launched its 3G 2.1 GHz service in December 2009 with five operators joining the service as MVNOs (Mobile Virtual Network Operator), planned to expand the 3G services nationwide after receiving Cabinet approval to increase investment in September 2010. In this regard, TOT may allow new operators to join its business as MVNOs or resellers, which may include major mobile operators. Later, CAT Telecom or CAT allowed TrueMove and DTAC to install more base stations to provide trial 3G 850 MHz services (TrueMove can add 777 base stations bringing its total base stations to 1,433; DTAC can add 1,184 base stations making its total 1,220). DTAC may also receive approval from CAT to commercially provide 3G 850 MHz services. Since True Group successfully purchased shares in Hutchison Group companies from its former shareholder, True Group will be able to provide commercial 3G services nationwide. AIS has also announced that it will make additional investments in its 3G 900 MHz service, which will increase competition.

Apart from the above issues, TrueMove faces further risks due to the change in the holding structure of certain operators to accommodate foreign partners who have considerable capital and mobile experience. To counter future competition, True Group has a policy to continuously expand its network to increase coverage and has formed a strategy to become the leader in 3G through the purchase of shares in Hutchison Group companies. The Hutch deal will enable True Group to provide mobile services for 14 years until 2025 and to commercially provide 3G services nationwide. True Group will also build on its position as a premium smartphone operator, differentiating itself from other operators with its diversity of content and applications, while expanding its Wi-Fi and 3G 850 MHz coverage and improving service quality in all businesses.

In the Broadband Internet market, we face intense competition after the NTC granted licenses for nationwide fixed line and Broadband Internet services to AIS's subsidiary, Super Broadband Network Company Limited and Triple-T Broadband Company Limited (now called "3BB") which has expanded its services into the BMA since 2008. This resulted in a lower market share (by value) in the BMA of 66 percent for True's subsidiary

at the end of 2010, down from 70 percent in the previous year. True Group's Broadband business may also face competition from 3G services in the future as mobile operators plan to expand their coverage. However, Thailand's Broadband market still has more opportunity to grow, since Broadband penetration remains low at 13.5 percent at the end of 2010. 3G services are expected to complement, rather than replace existing wireline Broadband services which provide higher speeds with greater stability. In 2011, True Group plans to provide hi-speed Broadband, with speeds of 10 to 100 Mbps via DOCSIS 3.0 technology to cover major provinces, enabling True Group to provide faster speeds at lower costs than its competitors because the existing network can be enhanced to provide DOCSIS 3.0.

In addition, the Company's wireline business will face indirect and growing competition from mobile phone businesses and Voice over Internet Protocol (VoIP) services, whose tariffs are lower than those for traditional wireline services although the quality of such services is not comparable.

We expect competition to remain intense, but believe True Group is well positioned to meet this challenge given our ability to provide fully integrated services with various content under our convergence strategy which differentiates True Group from other operators with support from the strength of its brand. The Company's subsidiaries have applied for additional licenses to take advantage of new opportunities offered by regulatory liberalization and to compete fairly with other operators.

Risk from technological change

The communications industry is characterized by rapid changes in technology, evolving customer needs which are driven by the evolution of new products and services, and regulatory changes. These changes have contributed to the opening up of the market and the introduction of new technologies. These aforementioned factors are expected to continue to affect Thailand's communications industry in the future. Due to the need to respond to new technological trends, True Group may experience significant increases in investment and operating expenses. Failing to invest in new technology may result in a decline in the Group's competitiveness and lower levels of customer satisfaction.

However, we believe that with diversified services, products, revenue and customer bases we are in a better position to cope with these changes and retain revenues within the Group than are operators which provide a single service.

Risks unique to TrueVisions

Key risks relating to TrueVisions' operations include relying on third-party suppliers for the majority of programming and unauthorized access to its programming signals.

If TrueVisions is unable to obtain attractive programming or if the cost of this programming substantially increases in the future, its performance would be adversely affected. Subscribers who are interested in overseas programs are mostly subscribers to premium packages (Platinum, Gold and Silver). At the end of December 2010, there were 454,660 subscribers for these packages representing 26.7 percent of TrueVisions' subscriber base including free view and free-to-air packages. In addition, the cost of imported programming in 2010 was around 21 percent of TrueVisions' service revenue.

Unauthorized access to TrueVisions' programming signals is difficult to prevent and will adversely affect its operational results, cash flow and programming arrangements. However, TrueVisions expects that the issuance of temporary licenses by the NTC to existing pay TV operators following the enforcement of new regulations and procedures for issuance of pay TV licenses on November 9, 2009 will reduce this risk as all operators will come under the supervision of the NTC.

In addition, TrueVisions is in the process of changing set-top boxes to hybrid set-top boxes with a new encryption system which is more effective in preventing unauthorized access to the programming signals.

Risk from paying higher revenue-sharing (from 25 to 30 percent) and purchasing shares in Hutchison Group companies may result in an increase in TrueMove's expenses and may impact True's performance.

The revenue-sharing that TrueMove has to pay to CAT will increase from 25 percent to 30 percent from September 16, 2011 which will impact the performance of TrueMove and True Group. In addition, the purchase of shares in Hutchison Group companies may increase True's expenses from interest expenses for loans of Baht 6.3 billion relating to the purchase of the shares in Hutchison Group companies, and for investment expenditure to upgrade the network to 3G HSPA. There may be other expenses relating to the merger, especially in the initial state following the merger when the Company could not generate revenue in full which may affect True Group's performance. However, the Company plans to reduce duplicated expenses which will partly reduce the aforementioned impact.

Risks relating to the regulatory environment

Thailand's communications industry is in a state of transition and a significant degree of uncertainty exists regarding the regulatory environment.

In accordance with Thailand's commitment to the World Trade Organization ("WTO") to liberalize its telecommunications sector by 2006, the Thai government embarked on a reform of the country's telecommunications regulatory regime with the passage of two major legislative acts: the Frequency Allocation Act, on March 7, 2000; and the Telecommunications Business Act, on November 16, 2001.

In October 2004, the NTC was established as the independent regulator of the telecommunications industry, assuming the regulatory functions previously exercised by the Telephone Organization of Thailand, which as of July 31, 2002 was transformed into TOT Public Company Limited ("TOT"); the Communications Authority of Thailand, which as of August 14, 2003 was transformed into CAT Telecom Public Company Limited ("CAT") and the Thailand Post Company Limited.

In March 2008, the Radio and Television Broadcasting Act B.E. 2551 ("Broadcasting Act") came into force. In December 2010, the Act on Organizations Allocated Frequency Waves and Supervision of the Radio and Television Broadcasting and Telecommunications Business B.E. 2553 ("Frequency Allocation Act") also came into force which will facilitate the setting up of a new industry regulator, the National Broadcasting and Telecommunications Commission ("NBTC") to replace the NTC to regulate the radio, television and telecommunication business.

The Broadcasting Act Section 78 has given authority and power for the existing NTC to act as a temporary NBTC to issue regulations and grant (one-year) temporary licenses for community radio and other services that do not require radio frequencies before the NBTC can be set up. The delay in the establishment of the NBTC (according to the Constitution and Frequency Allocation Act may hinder opportunities for True's growth. However, Article 13 of the Frequency Allocation Act stipulates that the process for selecting the candidates must be completed within 90 days from the date the registered associations, institutes or organizations having been informed to nominate persons suitable to be elected as the members of the NBTC. Short-listing of the candidates to be selected by the selection committee must also be completed within 90 days as stipulated in Article 15. Thereafter, Article 17 stipulates that the House of Senate must vote on the short-listed candidates proposed by the Secretary-General of the House of Senate within 60 days from the date the House received the list of the candidates. If the 60-day period has ended and the number of the candidates elected as the members of the NBTC has not filled all of the 11 seats as required by law, the President of the Senate must notify the Prime Minister. The Prime Minister must propose the list of candidates for the Cabinet to consider and elect more members to the NBTC to fill all of the 11 seats within 30 days from the date the Prime Minister was notified. Therefore, the entire period of electing the members of the NBTC as stipulated by the law should not be longer than 180 days from the date the House of Senate's Secretariat has announced the nomination of

persons suitable to be elected as members of the NBTC. However, there could be other factors that may delay the selection process and the appointment of the NBTC commissioners.

True Group will continue to play an active role in discussions with the NTC and the ICT Ministry as well as the Ministry of Finance (“MOF”) (CAT’s and TOT’s shareholder) regarding the telecommunication industry’s regulatory environment and to advocate free-and-fair competition on a level playing field.

Frequency allocation for operating 3G mobile business

Since its establishment, the NTC has issued a number of additional policies and regulations that may have a significant impact on our business. It also issued several new regulations in 2010 including the regulation concerning the granting of 3G mobile licenses. Section 47 of the new Constitution enacted in August 2007 indicates that a new regulatory body, the National Broadcasting and Telecommunication Commission (“NBTC”) will be set up and will be the only independent body to regulate the telecom and broadcasting industry. Even though the Frequency Allocation Act was enacted in late 2010, the establishment of the NBTC has not been completed. Likewise, certain regulations required under Section 8 of the Telecommunication Business Act B.E. 2544 regarding indirect foreign shareholdings and its amendment in B.E. 2549 under Section 3 regarding the NTC’s authority to regulate the indirect foreign shareholding issued in accordance with Section 47 of the Constitution, have not been implemented. The above are considered conditions precedent that if not implemented may affect the NTC’s authority to grant 3G licenses and possibly lead to any decision to grant the licenses being overruled by the courts.

However, in 2009, the NTC made some progress towards the granting of 3G 2.1 GHz licenses by trying to formulate an Information Memorandum (IM) on a 3G Licensing Framework, and by holding public hearings to gather opinions/comments on this issue from all interested parties. It was hoped that the NTC may, with all its vacant seats filled by four newly appointed commissioners, be able to grant 3G 2.1 GHz licenses around the end of 2010, subject, however, to the final settlement of certain unresolved legal entanglements surrounding this issue.

The NTC issued the 3G licensing regulation on July 29, 2010 which was published in the Royal Gazette on the same day allowing for the immediate enactment of the IM and allowing the NTC to progress with the 3G 2.1 GHz licensing with the auction period scheduled from September 20–28, 2010.

However, in September 2010, CAT filed a lawsuit with the Central Administrative Court questioning the NTC’s authority to allocate frequency. Subsequently, the Central Administrative Court ruled in favor of CAT and ordered a suspension to the NTC’s 3G auction until the case has been finalized or the court orders otherwise.

The delay in launching 3G services presented a risk to TrueMove as its Agreement to Operate will expire in September 2013. However, TrueMove has made efforts to find ways to reduce this risk which included purchasing shares in Hutchison Group companies. As a result, on January 27, 2011, True Group and CAT signed an agreement to allow Real Move, True’s subsidiary, to become a reseller of CAT’s 3G HSPA services for 14 years until 2025 which helped extend the period it can operate its mobile business beyond TrueMove’s agreement. (See more detail in “Risks related to the expiry of Agreement to Operate and Joint Operation Agreement with CAT and TOT”.)

Risks related to the expiry of Agreement to Operate and Joint Operation Agreement with CAT and TOT. This may result in an increase in our expenses to continuously operate the business.

TrueMove’s Agreement to Operate will expire in 2013. So TrueMove’s business operations may be affected by the expiration of the Agreement to Operate. However, the Company has been working in many ways to ensure the continuation of its services.

In January 2009 a Memorandum of Agreement (MOA) was signed between TrueMove and CAT for the right to use the network and equipment which TrueMove built and transferred to CAT for a further five years following the expiry of the Agreement to Operate in 2013. This will allow TrueMove to continue its operations until 2018, similar to DTAC, and the MOA is immediately binding. However, CAT may submit the MOA to the Cabinet for consideration since it may be considered as a private-public joint venture because the MOA value is more than Baht 1 billion. The conditions of the MOA will determine whether it has to follow any specified law or not. At the moment, there is no such condition. In addition, TrueMove may have expenses related to frequency expenses to be paid to CAT or NBTC in order to provide 2G services on 1800 MHz but the issue is still unclear. We are currently unable to predict the value of the expenses.

TrueMove also received approval from CAT to provide 3G HSPA on 850 MHz as a trial service in January 2009 but has not yet received approval for its commercial services. CAT has also accused TrueMove of installing 3G equipment outside the CAT approved areas, but TrueMove has already removed the equipment and currently only provides normal services in those areas. Currently TrueMove's 3G 850 MHz network covers the entire BMA and some provinces such as Chonburi, Phuket and Chiang Mai (which are areas with significant 3G users). In December 2010, CAT approved TrueMove's request to install an additional 777 base stations bringing its total to 1,433 base stations for its 3G 850 MHz trial service which will deliver additional benefits to consumers. Moreover, after the 3G 2.1 GHz auction was suspended according to the Central Administration Court ruling, the ICT Minister set a policy to allow CAT and TOT's concessionaires to provide 3G services on existing frequency since the delay in launching 3G services may have an impact on the country's competitiveness. Currently TrueMove is expecting to receive approval for the commercial launch of 3G on 850 MHz according to the legal process. However, the business expansion may be delayed because of uncertainty in the NTC's policy since the aforementioned court order to suspend the auction of 3G 2.1 GHz. However, TrueMove's upgrading to 3G HSPA on 850 MHz network is proceeding on the existing CAT frequency and has no relation with the 2.1 GHz frequency band so the NTC should not hold or delay TrueMove's network upgrade.

The MOF has proposed 2G concession conversions to convert concession contracts into licenses and upgrade services to 3G technology. However, the detail in the proposal is incomplete and operators may have different opinions which may not be in line with CAT, TOT and the MOF and therefore they may not be able to reach an agreement on the matter.

However, on December 30, 2010 True Group signed a Share Purchase Agreement with Hutchison Group and as a result, on January 27, 2011, True Group and CAT reached the agreement to allow Real Move to become the reseller of CAT's 3G HSPA services nationwide for 14 years until 2025. This has helped extend True's mobile business operations beyond the term of TrueMove's Agreement to Operate.

Even though TrueMove's Agreement to Operate has expired, TrueMove believes that it can continuously provide mobile phone services to customers. As indicated in Section 20 and 22 of Telecommunication Business Act B.E. 2544, the NTC has the power to prescribe certain conditions for the operators to perform for the prevention of damages to public interest. In addition, the Telecommunications Business Licensing for Type 3 License (no. 16) stipulated that any of CAT's concessionaires who would like to continue its service should submit its renewal application to the NTC prior to the expiration date. At the moment, there is still uncertainty on the frequency expenses and capacity TrueMove has to pay apart from the licensing fee which is set by the NTC or the NBTC.

The Joint Operation Agreement between the Company and TOT for fixed line service and its additional services will expire in October 2017. After the Joint Operation Agreement has expired the Company may face risks from higher investment or higher operational expenses because the Company has to transfer the network to TOT according to the conditions in the Joint Operation Agreement. However, True Universal Convergence Company Limited which is the Company's subsidiary (in which the Company holds a stake of 99.99 percent) has been granted a license for nationwide fixed line and Broadband Internet services. True Universal Convergence has continuously invested in network expansion to lower the Company's risks.

Risk related to the fact that TrueMove's Agreement to Operate may be cancelled before the Agreement's expiry date, or that the business may have to pay additional expenses to the government sector from past amendments to the Agreement to Operate

TrueMove may face risks because the Agreement to Operate could be cancelled before the expiry date and may have to pay additional expenses to the government sector as in January 2007, the Cabinet approved a proposal made to the Council of State to consider legal issues regarding the Private-Public Joint Venture Law B.E. 2535 as to whether the agreements to operate are in compliance with the law or not.

TrueMove's Agreement to Operate is the agreement that was derived partly from DTAC's rights transfer and duty to provide services where the rights transfer and duty agreement was between CAT, DTAC and Wireless Communication Services Limited (WCS) who was the recipient of the rights on June 19, 1996. On June 20, 1996, CAT granted WCS the Agreement to Operate so it could become a mobile operator from June 20, 1996 to September 15, 2013. WCS and CAT later agreed to amend the Agreement to Operate on two occasions. The first amendment was made on February 23, 2000, where CAT agreed to allow WCS not to pay annual revenue-sharing and minimum benefits for the 2nd to 4th years of operations (September 16, 1997 – September 15, 2000) when operations were temporarily halted (March 15, 1998 – September 30, 2000). The second amendment, made on September 8, 2000, reduced the annual revenue-sharing paid to CAT during the 5th to 10th years of operations (September 16, 2000 – September 15, 2006) from 25 percent to 20 percent, and from 30 percent to 25 percent during the 11th to 15th years of operations (September 16, 2006 – September 15, 2011) while adding a minimum net benefit of Baht 1,442 million; adding a minimum benefit of Baht 1,917 million during the 8th to 17th years of operations (September 16, 2003 – September 15, 2013); reducing the minimum benefit in the 2nd year of operations (September 16, 1997 – September 15, 1998) and during the 5th to 7th years of operations (September 16, 2000 – September 15, 2003) to a combined amount of Baht 340 million, with the waiver of the minimum benefit totaling Baht 135 million during the 3rd to 4th years of operations (September 16, 1998 – September 15, 2000).

On October 31, 2001 True Group purchased shares in WCS (which was later renamed CP Orange Limited) from CP Group and later changed the name to TA Orange Limited and True Move Company Limited, respectively.

On May 18, 2007, the Council of State issued its opinion that CAT's actions regarding certain processes were not in line with the Private-Public Joint Venture Law B.E. 2535 and that the Agreement to Operate between CAT and TrueMove remains in effect as long as it does not expire and is not cancelled by the Cabinet or by other conditions. Therefore, CAT and TrueMove will have to comply further with the Agreement to Operate.

However, the Council of State also considers that the Agreement to Operate's co-owners, as well as the co-ordination committee, according to Section 13 and Section 22 of the Private-Public Joint Venture Law B.E. 2535, should negotiate with all parties to the joint venture and propose the result of the negotiations to the Cabinet. The Cabinet will have authority to make the final decision (according to Private-Public Joint Venture Law B.E. 2535) to cancel or approve the amendments to the agreement. The Cabinet may allow the Company to continue its operations considering the benefits to the state and public interest, as well as the continuity of public services. On TrueMove's Agreement to Operate, the Council of State has the opinion that it is a new agreement signed on June 20, 1996 after the enforcement of the Private-Public Joint Venture Law B.E. 2535, so the Council of State's opinion was that CAT should establish a committee according to the Section 13 of the Private-Public Joint Venture Law B.E. 2535 to negotiate with TrueMove.

In early February 2011, the ICT Minister submitted the results of negotiations from the committees under Section 13 and Section 22 to the Cabinet. Regarding TrueMove, the Committee under Section 13 directed CAT to negotiate with TrueMove to lower the tariff and expand the network for more coverage as well as to negotiate on the amendments to the agreement that resulted in reduced government benefits. However, the Cabinet resolved to establish another committee to negotiate with operators to claim damages resulting from past amendments to the agreements. Currently, the negotiations have not been concluded.

Furthermore, the Council of State's ruling and the Cabinet resolution are only binding for state enterprises, not TrueMove. However, TrueMove can bind itself by accepting the Cabinet's resolution. In addition, TrueMove and the state enterprise will only conclude negotiations when both parties have a mutual agreement, otherwise the dispute will be settled by the court. As a result, if TrueMove loses the court case before the Agreement expires, it may not be able to operate its telecommunications business or it may have an additional burden to pay to the state.

A court judgment in a case not related to the telecommunications business ruled that a contract between the government and a private operator which failed to comply with the Private-Public Joint Venture Law B.E. 2535 was not binding upon the relevant parties. Section 145 of the Civil Procedural Code establishes a principle that, save for certain exceptions which were inapplicable to TrueMove, a judgment is binding upon only parties to the relevant case, the mentioned judgment therefore had no effect upon TrueMove's Agreement to Operate. In any case, even if this court ruling is applied to TrueMove's Agreement to Operate, the Agreement may be interpreted as not binding, and under this scenario, TrueMove would have the right to claim back from CAT reimbursement of revenue sharing paid and the transferred assets. However the Council of State ruled on May 18, 2007 that the Agreement to Operate between CAT and TrueMove remains in effect as long as it does not expire and is not cancelled by the Cabinet or by other conditions.

Risk from the dispute with TOT regarding TOT's call for TrueMove and CAT to pay access charges. This may result in an increase in our expenses.

TrueMove operates its mobile phone business under the Agreement to Operate and Provide Services with CAT which allows TrueMove to operate and provide wireless telecommunications services. In addition, TrueMove was also signatory to an access charge agreement with CAT and TOT, under which TrueMove and CAT paid Baht 200 per subscriber per month and half of the revenue sharing that CAT receives from TrueMove, directly to TOT for postpaid subscribers and 18 percent of revenue for prepaid subscribers. In addition, TrueMove has to make a revenue-sharing payment of 25 or 30 percent (depending on the time frame specified in the agreement) of net revenue, after the access charge payment, to CAT.

In May 2006, the NTC announced its Interconnection Charge Regulation B.E. 2549 which stipulated that telecommunications operators who have telecommunications networks must allow other operators to access their networks on an equal basis. Should any conflicting agreement exist prior to such regulation, the Interconnection Charge Regulation shall prevail. The regulation sets a new interconnection system whereby ("IC") will reflect actual network usage by each operator. Under the Regulation, operators are also required to enter into agreements with one another to establish IC rates, based on each operator's cost. On November 17, 2006 TrueMove signed an IC agreement with Total Access Communications Public Company Limited ("DTAC") with the contract taking immediate effect. On January 16, 2007 TrueMove signed an IC agreement with Advanced Info Service Public Company Limited ("AIS").

Following the entry into the IC agreement with DTAC, and in compliance with the said regulations, TrueMove ceased paying access charges under the access charge ("AC") agreement with CAT and TOT which conflicted with the Interconnection Charge Regulation in terms of equal treatment of AC payment (TOT being the only beneficiary of AC). TrueMove and CAT believe that this is in line with the law and the adoption of the new IC regime stipulated in the Interconnection Charge Regulation B.E. 2006 introduced by the NTC. In addition, TrueMove has notified TOT of the cancellation of the AC agreement, therefore it is no longer bound by, or legally able to make payments under the previous AC agreements.

On November 17, 2006 TrueMove notified TOT and CAT informing them that it would cease paying AC on the basis that the rate and collection of AC under the agreement were contrary to various aspects of the law. TrueMove also asked TOT to comply with the NTC's regulations and enter an IC contract in compliance with the law, or to temporarily apply the provisional rate announced by the NTC, while negotiations on an agreement with TOT proceeded.

On November 23, 2006, TOT issued a letter stating that TrueMove was not entitled under the new law to use or connect its network with TOT's because it was not a telecommunications licensee, as granted by the NTC, and did not have its own telecommunications network. TOT also disputed that the AC agreement violated any law and that the rate and collection of AC under the previous AC agreement continued to apply. However, TrueMove considers that TOT's claim is not in line with the Telecommunication Act B.E. 2544.

In addition, TOT threatened not to integrate TrueMove's 1.5 million new phone numbers, allocated by the NTC to its system because TrueMove did not pay the AC, meaning that TOT subscribers would not be able to call TrueMove subscribers with those new phone numbers. However, TrueMove filed a lawsuit with the Central Administrative Court requesting an injunction and on January 26, 2007 the Court granted an injunction ordering TOT to include new TrueMove numbers on its network so that all subscribers of TrueMove and TOT could communicate with each other. This was in line with the NTC's regulation and public interest. On January 30, 2007, TOT appealed the injunction to the Supreme Administrative Court, which later confirmed the Central Administrative Court's ruling. However, since March 2, 2007, TOT has made a permanent connection to all new TrueMove numbers following the Administrative Court injunction. In addition, on February 26, 2009 the Central Administrative Court finally ruled that TOT must make the connection for those numbers to be used to full capacity and compensate TrueMove Baht 1,000,000 as claimed. TOT subsequently appealed this decision to the Supreme Administrative Court with the final verdict still pending as of the time of writing. In addition, on October 9, 2009, the Central Administrative Court ruled against TOT in its dispute with the NTC who ordered TOT to allow 1.5 million new DTAC and TrueMove numbers to connect to its network. TOT also appealed this case to the Supreme Administrative Court. On March 2, 2010, TrueMove submitted information to the Supreme Administrative Court to support the NTC's order. However, the rulings on the two cases as mentioned herein are still not final.

In June 2007, TrueMove brought the said issue of TOT denying entering into an IC contract to the NTC's Dispute Resolution Committee. On November 28, 2007 the NTC issued its final decision, confirming that TrueMove has the same rights, duties and responsibilities in relation to the interconnection regime as the licensee. The NTC unanimously ruled on the dispute ordering TOT to negotiate with TrueMove on the IC contract. On June 23, 2008 TOT agreed to negotiate with TrueMove concerning the IC contract on the condition that the contract will only cover new numbers issued by the NTC. TrueMove agreed with this proposal but negotiations have yet to be concluded. With regards to the old numbers, TrueMove is still in dispute and is awaiting the court ruling.

On November 16, 2007 TOT filed a lawsuit against TrueMove with the Civil Court, claiming violation of the AC agreement and requesting AC payments of Baht 4,508.1 million with related interest and value-added tax. On September 16, 2009, it was ruled that the case was not under Civil Court jurisdiction and thus dismissed from the Civil Court. Therefore at the time of writing the case is not yet final. If we are not successful in resolving this issue in our favor, in addition to a penalty equal to 100 percent of any AC CAT may have paid to TOT on our account and interest thereon, we may be required to pay both new interconnection charges as well as existing access charges, which will result in a material increase in our costs.

If a final court order requires TrueMove to pay access charges it would record additional expenses and be liable to accrue additional access charges of Baht 20,049.8 million (or Baht 14,965.71 million, net of revenue sharing paid to CAT) for the period from November 18, 2006 to December 31, 2010 (see details in Note 38.2 to the Consolidated and Company Financial Statements for the year ended 31 December, 2010).

Disputes on excise tax

In January 2007, the Cabinet endorsed the zero-rate excise tax, ending the 2003 resolution that imposed an excise tax of 2 percent and 10 percent for fixed-line phones and mobile phones, respectively. The resolution stated that state enterprises, namely TOT and CAT, were responsible for the excise tax in order to avoid a negative impact on consumers. According to the 2003 Cabinet resolution, private telecom operators were

instructed to deduct part of the revenue sharing payable to TOT and CAT to be paid as excise tax directly to the MOF before remitting the remainder to the state counter parties. This resulted in a decrease in revenue sharing during that period payable to, and as agreed by, related state enterprises in line with the Cabinet resolution. Following changes in the government in 2007, the zero-rate excise tax was implemented allowing TOT and CAT to receive full revenue share. During the implementation of the excise tax regime the total amount paid by the private operators to government agencies (MOF and CAT) remained the same. There are currently a number of disputes between private telecom firms and state counter parties relating to this issue including the shortfall in revenue sharing payable to TOT and CAT. CAT has notified TrueMove on a number of occasions to reimburse the shortfall in revenue sharing. In January 2008, CAT filed an arbitration case against TrueMove to settle the dispute claiming (as of the filing date) approximately Baht 9 billion, including interest. CAT has to prove and justify its claim in the arbitration proceedings. The case is currently in the arbitration process.

On January 22, 2008, TOT filed an arbitration case to claim shared revenue from the fixed line business from which True received more than its right of Baht 1,479 million, including interest. True later on April 18, 2008 filed an appeal. The case is currently in the arbitration process. On February 9, 2011, TOT notified the company demanding the return of money TOT provided True with from January, 2003 – December, 2006 to pay excise tax and additional tax to the Ministry of Interior (“MOI”) on behalf of TOT within February 15, 2011. The claim is Baht 1,479 million, including interest of 7.5 percent and value-added tax as required by law. In this case, True is not bound to return the money to TOT because it had completed the task assigned by TOT by paying excise tax and additional tax to the MOI. The Excise Department has already issued a tax invoice under TOT's tax ID. Hence, True neither breached the contract nor broke the law and therefore is not bound to return the money to TOT. In addition, the claim duplicates the amount in dispute for which TOT filed the case with the arbitration tribunal. The dispute is currently in the arbitration process and has not been settled.

Interconnection charges for fixedline business

In April 2010, the NTC approved the temporary IC rate for fixed line at Baht 0.36 per minute. This has placed True at risk of being charged the IC on its fixed line business. This also means the company may incur increased expenses in the future. A certain operator has petitioned the NTC to force True to enter an IC contract and later petitioned for the collection of IC for True's fixed line business. However, True believes it is not bound to pay the IC because the Joint Operation Agreement for fixed line business required True to invest, provide, install and maintain the equipment and for TOT to collect revenues from customers and share the revenues with the Company at the rate stipulated in the Joint Operation Agreement. On August 3, 2010, True filed an appeal with the Central Administrative Court opposing the NTC's notification of the temporary IC rate. The appeal hearing is ongoing.

Risk from a possible investigation into contracts related to purchase of shares in Hutchison Group companies which may affect the Group's business

On December 30, 2010, True Group signed a Share Purchase Agreement with Hutchison Group companies, and on January 27, 2011, True Group reached an agreement with CAT authorizing Real Move as a reseller of mobile phone services on CAT's HSPA technology nationwide for about 14 years until 2025. In addition, BFKT, one of the companies purchased by True Group under this deal, has signed a contract with CAT to be the lessor of telecommunications network equipment and accessories to CAT, including maintenance services for said telecommunications network equipment and accessories. Emphasis would be made to maintain and rent services for the 3G service on High Speed Packet Access (HSPA) to CAT throughout Thailand. Certain government agencies, such as the Office of the Auditor General of Thailand (“OAG”) have queried CAT on various aspects of the deal including whether the deal falls under the Private-Public Joint Venture Act B.E. 2535.

We are unable to forecast the outcome of the action by the OAG. However, we are confident that the contracts made by Real Move and BFKT with CAT do not fall under the Private-Public Joint Venture Act. The contract between Real Move and CAT is a wholesaling and reselling contract which is in line with the NTC

regulations on wholesaling/reselling effective from December 29, 2006. As the reseller of the telecommunications services, Real Move purchases part of the packaged telecommunications services from CAT, by minutes for voice service and by megabytes for data service, to resell to customers without using properties or rights belong to the state. The frequency and mobile phone network remain CAT's properties. BFKT meanwhile is the lessor of electronic telecommunications equipment to CAT. As part of the normal business operations, CAT may rent properties or equipment from other operators in accordance to CAT's procurement regulations.

Other court cases that may affect the Company

On February 26, 2010 the Supreme Court's Criminal Division for Persons Holding Political Positions ruled on a case concerning the actions of an individual exercising his political authority to benefit his telecom business. The government is subsequently considering whether to take action to recoup losses to the state. The said court judgment relates to an individual judgment concerning the abuse of authority affecting a state agency and has no effect on other telecom companies or TrueMove being non-parties to the said court case. As a private operator, TrueMove has at all times maintained its operations in line with government policy and specifically in line with its Agreement to Operate.

We compete with the grantors of the Joint Operation Agreement and the Agreement to Operate and this has led to and could continue to lead to disputes with them, which could affect our operations.

The Company and its subsidiary, TrueMove operate under the Joint Operation Agreement and/or the Agreement to Operate, granted by TOT or CAT. A dispute with either TOT or CAT over compliance with either of the agreements themselves, or the NTC's regulations could affect the ability of the Company and its subsidiaries to conduct business. If the final outcome is not in favor of the Company, it could also affect the ability of the Company and its subsidiaries to conduct business. Our Joint Operation Agreement could be cancelled by TOT if True violates certain laws, is placed under receivership by a court in a bankruptcy case, or willfully and continually breaches the agreements in any material respect.

Under the revenue-sharing provisions of the Company's Joint Operation Agreement, TOT collects all fixed-line revenues from subscribers within True's network and makes payment to True of its proportion stipulated by the Joint Operation Agreement. TOT may withhold or delay payments of revenues to the Company to offset any obligations it believes it is legally owed (although this has not occurred to date).

As well as the Company being a party to the Joint Operation Agreement and the Agreement to Operate with TOT and CAT, respectively, they are also our competitors. This has led, and could continue to lead, to disputes between the Company and TOT or between TrueMove and CAT. Previously TOT and True brought certain disputes to the courts and the Arbitration Tribunal for adjudication. We may not be able to successfully resolve any of these disputes in our favor, and if we were unsuccessful, our business and financial situation could be affected. To date, judgments have been issued both in favor and against cases brought by the Company, most of which have not yet been concluded.

See note 37 to the Consolidated and Company Financial Statements for the year ended December 31, 2010 related to "Litigation and Arbitration Disputes and Contingent Liabilities".

Risks relating to the financial situation

Risk related to the Company's highly-leveraged position and restrictions from financial agreements

The Company and its subsidiaries have high debt levels and may be at risk of failing to find funding each year to repay principal and interest. However, we would be able to negotiate with our creditors or raise new loans to repay existing loans and adjust our principal repayments to suit our cash flow.

True Group's operations are limited by a number of debt and other financial agreements. These agreements could prohibit True Group from exploiting business opportunities or lead to accelerated debt repayment if some of the debt covenants are not in line with those indicated by the financial agreements, or if TOT cancels

the Joint Operation Agreement with the Company. However, TOT must seek an arbitration decision in order to cancel the Joint Operation Agreement and a final court decision must rule accordingly. Currently, True Group remains in compliance with all covenants in the loan agreements.

TrueMove's long-term loan contract requires True Group and CP Group to provide financial support to TrueMove. We and CP Group have entered a Sponsor Support Agreement for TrueMove. At present, we are obliged by the contract to provide financial support to TrueMove of Baht 3.3 billion in case TrueMove requires a general cash deficiency support. CP Group is obliged to provide Baht 500 million. In addition, in the event TrueMove requires a regulatory cash deficiency support, True Group and CP Group are to provide financial support of Baht 10 billion to TrueMove (Baht 6 billion from True Group and Baht 4 billion from CP Group), with any amount exceeding Baht 10 billion to be provided by True.

Risk from foreign exchange rate, interest rate movements

True Group is subject to exchange rate fluctuations, which could increase principal, interest payments and capital expenditure. As of December 31, 2010 approximately 36.1 percent of True Group's consolidated liabilities were denominated in foreign currencies, most of which was denominated in US Dollars. In the year 2010, True Group had consolidated capital expenditure of approximately Baht 7.5 billion, 10.3 percent of which was in foreign currencies.

True Group has put in place hedging tools to reduce its exposure to exchange rate fluctuations, for approximately 95.7 percent of our total foreign debt outstanding. This covers TrueMove's USD 26.4 million loan from Kreditanstalt für Wiederaufbau ("KfW") and a USD 690 million TrueMove bond. In addition, the Company has also entered into an interest rate swap to reduce interest rate exposure. However, there is no hedging in place for the Japanese Yen-denominated deferred payment note of Baht 4.3 billion, a long-term debt regarding equipment procurement and an installation contract, which matures from 2014 to 2017.

As at the end of December 2010, of True Group's total consolidated debt (excluding finance leases), approximately 40.8 percent was subject to floating interest rates, excluding a portion that has been hedged to fixed interest rates. If there is any increment in the interest rate, the Company will have the burden from higher interest expenses. However, interest rates on part of TrueMove's debts will reduce over time if it is able to achieve the conditions set out in loan agreements.

No dividend payment in the near future

At the end of 2010, the Company reported a net profit of Baht 2.0 billion with a deficit of Baht 44.1 billion from the impact of the floating of the Baht in 1997. In accordance with Thailand's Public Company Limited Act, the Company is able to pay dividends to its shareholders only from profits earned, after provision has been made for a legal reserve, and after deficit has been depleted. Therefore, shareholders may not receive a dividend in the near future, as stated in the law.

Risk from having majority shareholders holding more than a 50 percent stake

Investors may be exposed to a risk from the circumstance in which majority shareholders hold more than a 50 percent stake in True. This is because the group of majority shareholders may control agendas which require majority votes, such as appointments of directors. Therefore, retail shareholders may not be able to accumulate sufficient votes to check and balance agendas proposed by the majority shareholders. As of December 9, 2010, the group of majority shareholders in True Group comprises CP Group and affiliated companies which hold combined shares of 64.7 percent of the total allocated shares.

Connected Transactions

i) During 2010, the Company carried out the transaction with subsidiaries, associate, joint ventures and related companies as disclosed in financial statements for the year ended 31 December 2010 (Note 40). The significant connected transactions of the Company and subsidiaries that carried out with associate and related companies are as follows:

Company Name	Relationship	Details of transactions	2010 (Baht'000)	Rationale and necessity
1. The Company				
1.1 Charoen Pokphand Group of companies (CPG)	CPG is a major shareholder of the Company.	Sale : - Coin distribution service and service other Purchase : - Office rental and related services - Development purchasing system - Other services	5,140 9,533 2,000 32,349	- The transactions arose in ordinary course of business that the Company proposed to the third party. - The transactions arose in ordinary course of business at the rate of Baht 200–220 per square metre per month for rental and Baht 220–520 per square metre per month for service. The maturity are normally in the year and are allowed to be renewed. - The transactions arose in ordinary course of business. - The transactions arose in ordinary course of business.
1.2 NEC Corporation (Thailand) Co., Ltd. (NEC)	The Company indirectly holds 9.62% in NEC's equity interest and related through directorship, i.e. Mr. Chatchaval Jiaravanon.	Purchase : - Repair and maintenance network services.	124	- The transactions arose in ordinary course of business.
1.3 True Internet Data Center Co., Ltd. (TIDC)	The Company indirectly holds 70.00% in TIDC's equity interest and related through directorships, i.e. Mr. Chatchaval Jiaravanon.	Sale : - Accessories and services related to fixed line Purchase : - Internet server rental - Other service	264 2,918 4,916	- The transactions arose in ordinary course of business that the Company proposed to the third party. - The transactions arose in ordinary course of business at the rate of Baht 810,536.60 per month. The maturity are normally in the year and are allowed to be renewed. - The transactions arose in ordinary course of business.

Company Name	Relationship	Details of transactions	2010 (Baht'000)	Rationale and necessity
1.4 Asia Infonet Co., Ltd. (AI)	The Company indirectly holds 65.00% in AI's equity interest and related through directorships, i.e. Mr. Vichaow Rakphongphairoj.	Sale : - Accessories and services related to fixed line Purchase : - Rebate	32 (593)	- The transactions arose in ordinary course of business that the Company proposed to the third party. - The transactions arose in ordinary course of business that the Company proposed to the third party.
1.5 BeboydCg Company Limited (Bboyd)	The Company indirectly holds 70.00% in Bboyd's equity interest and related through directorships, i.e. Mr. Suphachai Clearavanont.	Purchase : - Right	1,623	- The transactions arose in ordinary course of business that the Company proposed to the third party.
2. Bangkok Inter Teletech Group of companies (BITCO) (The Company directly and indirectly holds 98.91%)				
2.1 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company directly holds 96.44% and indirectly holds 2.47% in BITCO's equity interest.	Sale : - Sales of mobile handset and accessories - Refill Card Purchase : - Office rental and related services - Commission from refill card and other service - Other services	11,256 2,035,710 33,896 76,585 103,100	- The transactions arose in ordinary course of business that BITCO's subsidiary proposed to the third party. - The transactions arose in ordinary course of business that BITCO's subsidiary proposed to the third party. - The transactions arose in ordinary course of business at the rate of Baht 816,988 per month. The maturity is normally 3 years and allowed to be renewed. - The transactions arose in ordinary course of business. - The transactions arose in ordinary course of business.
2.2 True Internet Data Center Co., Ltd. (TIDC)	The Company directly holds 96.44% and indirectly holds 2.47% in BITCO's equity interest and indirectly holds 70.00% in TIDC's equity interest. These companies are related through directorships, i.e. Mr. Songtham Phianpattanawit.	Sale : - Other services	46	- The transactions arose in ordinary course of business that the Company proposed to the third party.
2.3 BeboydCg Company Limited (Bboyd)	The Company directly holds 96.44% and indirectly holds 2.47% in BITCO's equity interest and indirectly holds 70.00% in Bboyd's equity interest. These companies are related through directorships, i.e. Mr. Suphachai Clearavanont.	Purchase : - Content	2,299	- The transactions arose in ordinary course of business.
2.4 NC True Co., Ltd. (NC True)	The Company directly holds 96.44% and indirectly holds 2.47% in BITCO's equity interest and directly holds 40.00% in NC True's equity interest. These companies are related through directorships, i.e. Mr. Suphachai Clearavanont.	Purchase : - Content	1,901	- The transactions arose in ordinary course of business.

Company Name	Relationship	Details of transactions	2010 (Baht'000)	Rationale and necessity
3. True Multimedia Co., Ltd. (TM) (The Company indirectly holds 91.08%)				
3.1 Asia Infonet Co., Ltd. (AI)	The Company indirectly holds 91.08% in TM's equity interest and 65.00% in AI's equity interest. These companies are related through directorship, i.e. Mr. Taj Bussadeegarn.	Sale : - Digital Data Network services	(7,977)	- The transactions arose in ordinary course of business that the Company proposed to the third party.
3.2 Charoen Pokphand Group of companies (CPG)	CPG is a major shareholder of the Company. The Company indirectly holds 91.08% in TM's equity interest.	Sale : - Digital Data Network services Purchase : - Other services	3,129 353	- The transactions arose in ordinary course of business that the Company proposed to the third party. - The transactions arose in ordinary course of business.
4. True Internet Co., Ltd. (TI) (The Company directly holds 99.99%)				
4.1 Charoen Pokphand Group of companies (CPG)	CPG is a major shareholder of the Company. The Company directly holds 99.99% in TI's equity interest.	Sale : - Internet services Purchase : - Office rental and related services	8,883 22,054	- The transactions arose in ordinary course of business that TI proposed to the third party. - The transactions arose in ordinary course of business at the rate of Baht 149,688 per month. The maturity is normally one year and allowed to be renewed.
4.2 Asia Infonet Co., Ltd. (AI)	The Company directly holds 99.99% in TI's equity interest and indirectly holds 65.00% in AI's equity interest.	Purchase : - Corporate internet services	141,159	- The transactions arose in ordinary course of business.
4.3 True Internet Data Center Co., Ltd. (TIDC)	The Company directly holds 99.99% in TI's equity interest and indirectly holds 70.00 in TIDC's equity interest.	Sale : - Internet services Purchase : - Internet server rental	2,748 22,840	- The transactions arose in ordinary course of business that TI proposed to the third party. - The transactions arose in ordinary course of business.
4.4 NC True Co., Ltd. (NC True)	The Company directly holds 99.99% in TI's equity interest and 40.00% in NC True's equity interest. These companies are related through directorships, i.e. Mr. Suphachai Clearavanont.	Sale : - Internet services	2,666	- The transactions arose in ordinary course of business that TI proposed to the third party.
5. True Properties Co., Ltd. (TP) (The Company indirectly holds 99.99%)				
5.1 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company indirectly holds 99.99% in TP's equity interest.	Sale : - Office rental and related services Purchase : - Other services	10,336 1,956	- The transactions arose in ordinary course of business at the rate of Baht 455 per square metre. The maturity is normally 3 years and allowed to be renewed. - The transactions arose in ordinary course of business.
5.2 NC True Co., Ltd. (NC TRUE)	The Company indirectly holds 99.99% in TP's equity interest and directly holds 40.00% in NC True's equity interest.	Sale : - Office rental and related services	5,556	- The transaction arose in ordinary course of business at the rate of Baht 455 per square metre. The maturity is normally one year and allowed to be renewed.

Company Name	Relationship	Details of transactions	2010 (Baht'000)	Rationale and necessity
5.3 True Internet Data Center Co., Ltd. (TIDC)	The Company indirectly holds 99.99% in TP's equity interest and 70.00% in TIDC's equity interest. These companies are related through directorships, i.e. Mr. Chatchaval Jiaravanon.	Sale : - Office rental and related services	6,492	- The transaction arose in ordinary course of business at the rate of Baht 455 per square metre. The maturity is normally one year and allowed to be renewed.
6. True Leasing Co., Ltd. (TLS) (The Company directly holds 99.99%)				
6.1 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company directly holds 99.99% in TLS's equity interest.	Sale : - Vehicle rental and related services	305,484	- The transactions arose in ordinary course of business at the rate of Baht 15,000 per unit per month. The maturity is normally 3 years.
7. True Life Plus Co., Ltd. (TLP) (The Company directly and indirectly holds 99.99%)				
7.1 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company directly holds 57.38% and indirectly holds 42.61% in TLP's equity interest.	Purchase : - Office rental and related services	5,773	- The transactions arose in ordinary course of business.
7.2 True Internet Data Center Co., Ltd. (TIDC)	The Company indirectly holds 70.00% in TIDC's equity interest and directly holds 57.38% and indirectly holds 42.61% in TLP's equity interest.	Purchase : - Internet server rental	1,449	- The transactions arose in ordinary course of business.
8. Asia Wireless Communication Co., Ltd. (AWC) (The Company indirectly holds 99.99%)				
8.1 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company indirectly holds 99.99% in AWC's equity interest.	Purchase : - Other services - Telephone	672 37,211	- The transactions arose in ordinary course of business. - The transactions arose in ordinary course of business.
8.2 NEC Corporation (Thailand) Co., Ltd. (NEC)	The Company indirectly holds 99.99% in AWC's equity interest and 9.62% in NEC's equity interest.	Purchase : - Repair and maintenance network services	3,533	- The transactions arose in ordinary course of business.
9. True Internet Data Center Co., Ltd. (TIDC) (the Company indirectly holds 70.00%)				
9.1 NC True Co., Ltd. (NC TRUE)	The Company indirectly holds 70.00% in TIDC's equity interest and directly holds 40.00% in NC TRUE's equity interest.	Sale : - Internet server rental and other services	3,440	- The transactions arose in ordinary course of business at the rate of Baht 54,000 per unit per month. The maturity is normally one year.
10. True Lifestyle retail Co., Ltd. (TLR) (The Company indirectly holds 99.99%)				
10.1 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company indirectly holds 99.99 TLR's equity interest.	Purchase : - Other services - Purchase of goods	1,752 12,535	- The transactions arose in ordinary course of business. - The transactions arose in ordinary course of business.
11. True Visions Group of companies (TVG) (The Company indirectly holds 99.99%)				

Company Name	Relationship	Details of transactions	2010 (Baht'000)	Rationale and necessity
11.1 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company indirectly holds 99.99% in TVG's equity interest.	Sale : - Activities sponsorship Purchase : - Other services	115,078 16,632	- The transactions arose in ordinary course of business that TVG proposed to the third party. - The transactions arose in ordinary course of business.
11.2 Channel [V] Music (Thailand) Co., Ltd. (Channel V)	The Company indirectly holds 99.99% in TVG's equity interest and directly holds 25.63 in Channel V's equity interest.	Purchase : - Content	45,903	- The transactions arose in ordinary course of business.
12. True Touch Co., Ltd. (TT) (The Company indirectly holds 99.99%)				
12.1 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company directly holds 99.99% in TT's equity interest.	Sale : - call center Purchase : - Office rental and related services	2,205 22,157	- The transactions arose in ordinary course of business that True Visions proposed to the third party. - The transactions arose in ordinary course of business.
13. True Money Co., Ltd. (TMN) (The Company directly and indirectly holds 99.99%)				
13.1 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company directly holds 49.00% and indirectly holds 51.00% in TMN's equity interest.	Purchase : - Commission from cash card	514,802	- The transactions arose in ordinary course of business.
13.2 NC True Co., Ltd. (NC TRUE)	The Company directly holds 49.00% and indirectly holds 51.00% in TMN's equity interest and directly holds 40.00% in NC TRUE's equity interest. These companies are related through directorships, i.e. Mr. Suphachai Clearavanont and Mr. Adhiruth Thothaveesansuk.	Sale : - Collection agent fee	47,368	- The transactions arose in ordinary course of business that TMN proposed to the third party.
13.3 True Internet Data Center Co., Ltd. (TIDC)	The Company directly holds 49.00% and indirectly holds 51.00% in TMN's equity interest and indirectly holds 70.00% in TIDC's equity interest.	Purchase : - Internet server rental	1,116	- The transactions arose in ordinary course of business.
14. True Internet Gateway Co., Ltd. (TIG) (The Company directly holds 99.99%)				
14.1 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company directly holds 99.99% in TIG's equity interest.	Purchase : - Office rental and other services	1,771	- The transactions arose in ordinary course of business.
14.2 True Internet Data Center Co., Ltd. (TIDC)	The Company directly holds 99.99% in TIG's equity interest and indirectly holds 70.00% in TIDC's equity interest. These companies are related through directorships, i.e. Mr. Songtham Phianpattanawit.	Purchase : - Internet server rental	4,041	- The transactions arose in ordinary course of business.

Company Name	Relationship	Details of transactions	2010 (Baht'000)	Rationale and necessity
15. True Public Communication Co., Ltd. (TPC) (The Company directly holds 99.99%)				
15.1 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company directly holds 99.99% in TPC's equity interest.	Purchase : - Other service	8,570	- The transactions arose in ordinary course of business.
16. Wire and Wireless Co., Ltd. (WW) (The Company directly holds 87.50%)				
16.1 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company directly holds 87.50% in WW's equity interest.	Sale : - Sale of equipment Purchase : - Internet gateway transmission service - Other service	1,730 1,213 2,180	- The transactions arose in ordinary course of business that WW proposed to the third party. - The transactions arose in ordinary course of business that WW proposed to the third party. - The transactions arose in ordinary course of business.
17. True Universal Convergence Co., Ltd. (TUC) (The Company directly and indirectly holds 99.99%)				
17.1 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company directly holds 0.09% and indirectly holds 99.90% in TUC's equity interest.	Sale : - Digital Data Network services Purchase : - Other service	90,488 5,744	- The transactions arose in ordinary course of business that the Company proposed to the third party. - The transactions arose in ordinary course of business.
17.2 True Internet Data Center Co., Ltd. (TIDC)	The Company directly holds 0.09% and indirectly holds 99.90% in TUC's equity interest and indirectly holds 70.00% in TIDC's equity interest. These companies are related through directorships, i.e. Mr. Chatchaval Jiaravanon.	Sale : - Digital Data Network services Purchase : - Other service	2,450 1,076	- The transactions arose in ordinary course of business that the Company proposed to the third party. - The transactions arose in ordinary course of business.
18. KSC Commercial Internet Co., Ltd. (KSC) (The Company directly and indirectly holds 56.83%)				
18.1 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company indirectly holds 56.83% in KSC's equity interest.	Purchase : - Other service	1,288	- The transactions arose in ordinary course of business that the Company proposed to the third party.
18.2 True Internet Data Center Co., Ltd. (TIDC)	The Company indirectly holds 56.83% in KSC's equity interest and 70.00% in TIDC's equity interest, respectively.	Sale : - Internet services Purchase : - Internet services and other services	259 5,486	- The transactions arose in ordinary course of business that the Company proposed to the third party. - The transactions arose in ordinary course of business.
19. True Digital Content & Media Co., Ltd. (TDCM) (The Company indirectly holds 90.00%)				
19.1 NC True Co., Ltd. (NC True)	The Company indirectly holds 90.00% in TDCM's equity interest and directly holds 40.00% in NC True's equity interest. These companies are related through directorships, i.e. Mr. Adhiruth Thothaveesansuk.	Sale : - Advertising Purchase : - content	32,423 1,927	- The transactions arose in ordinary course of business that the Company proposed to the third party. - The transactions arose in ordinary course of business

Company Name	Relationship	Details of transactions	2010 (Baht'000)	Rationale and necessity
19.2 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company indirectly holds 90.00% in TDCM's equity interest.	Sale : - Sale of good Purchase : - Advertising Purchase : - Other service	8,798 2,403 4,772	- The transactions arose in ordinary course of business that the Company proposed to the third party. - The transactions arose in ordinary course of business that the Company proposed to the third party. - The transactions arose in ordinary course of business
19.3 True Internet Data Center Co., Ltd. (TIDC)	The Company indirectly holds 90.00% in TDCM's equity interest and 70.00% in TIDC's equity interest, respectively.	Purchase : - Other service	1,362	- The transactions arose in ordinary course of business.
20. True Digital Plus Co., Ltd. (TDP) (The Company indirectly holds 100%)				
20.1 True Internet Data Center Co., Ltd. (TIDC)	The Company indirectly holds 100.00% in TDP's equity interest and 70.00% in TIDC's equity interest, respectively.	Purchase : - Internet services and other services	6,809	- The transactions arose in ordinary course of business.
20.2 NC True Co., Ltd. (NC True)	The Company indirectly holds 100.00% in TDP's equity interest and directly holds 40.00% in NC True's equity interest. These companies are related through directorships, i.e. Mr. Adhiruth Thothaveesansuk.	Purchase : - content	7,073	- The transactions arose in ordinary course of business.
21. True Information Technology Co., Ltd. (TIT) (The Company indirectly holds 99.99%)				
21.1 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company indirectly holds 99.99% in TIT's equity interest.	Purchase : - Other service	7,989	- The transactions arose in ordinary course of business.

ii) Outstanding balances arising from sales of goods and services:

Change in outstanding balances arising from sales of goods and services are as follows:

Unit : Thousand Baht

Joint ventures, associates and related companies	31 December 2009	Increase (Decrease)	31 December 2010
Asia Infonet Co., Ltd.	31,316	(11,203)	20,113
True Internet Data Center Co., Ltd.	13,336	(10,048)	3,288
BeboydCg Company Limited.	1	1	2
NC True Co., Ltd.	6,391	29,884	36,275
NEC Corporation (Thailand) Co., Ltd.	165	—	165
CP Group of companies	484,427	464,005	948,432
Total	535,636	472,639	1,008,275

iii) Outstanding balances arising from purchases of goods and services:

Change in outstanding balances arising from purchases of goods and services are as follows:

Unit : Thousand Baht

Joint ventures, associates and related companies	31 December 2009	Increase (Decrease)	31 December 2010
Asia Infonet Co., Ltd.	59,462	(55,754)	3,708
True Internet Data Center Co., Ltd.	16,202	(1,206)	14,996
BeboydCg Company Limited.	148	2,889	3,037
NC True Co., Ltd.	24,773	84,041	108,814
Channel [V] Music (Thailand) Co., Ltd.	–	3,951	3,951
CP Group of companies	20,246	10,872	31,118
NEC Corporation (Thailand) Co., Ltd.	35	10	45
Kreditanstalt für Wiederaufbau (KfW)	195	(195)	–
Total	121,061	44,608	165,669

iv) Outstanding balances arising from loans to related parties

Change in outstanding balances arising from loans to related parties are as follows:

Unit : Thousand Baht

Related companies	31 December 2009	Increase (Decrease)	31 December 2010
True Music Radio Co., Ltd.	–	3,500	3,500
BeboydCg Company Limited.	7,500	900	8,400
Total	7,500	4,400	11,900

v) Outstanding balances arising from loans from a related party

Change in outstanding balances arising from loans from a related party are as follows:

Unit : Thousand Baht

Related companies	31 December 2009	Increase (Decrease)	31 December 2010
Kreditanstalt für Wiederaufbau (KfW)	2,046,918	(1,254,108)	792,810

The loan from Kreditanstalt für Wiederaufbau rank pari passu with other secured lenders and carry interest at LIBOR plus a fixed percentage per annum. The loans are secured against various categories of assets. The first repayment was due in September 2006 and the final maturity date will be on 31 December 2011. The related interest expenses were Baht 28.05 million for year ended 31 December 2010. Starting from 9 December 2010, upon the completion of the shares sale and purchase between KfW and CPG, KfW is accounted as non related party.

vi) Commitments

The Company has carried the commitment to support a certain subsidiary pertaining to loans agreements entered into by True Move with its creditors. The financial supports are set as follows:

1. Regulatory sponsor support to governmental authorities arising out the mobile phone concession: where True Move experience cash shortfalls for its normal operation due to regulatory cost, the sponsors shall provide financial support on a quarterly basis for the amount of the shortfall caused by the excess regulatory costs.
2. General cash deficiency sponsor support: where the cash flows of True Move are insufficient for its normal operations or debt repayments pursuant to the terms of the financing documents with its lenders, the Company will provide financial support to the subsidiary in a total amount no exceeding Baht 7,000.00 million.

Under the terms and conditions of the agreements, the Company and concerned parties must comply with certain conditions as stipulated in the agreements. The sponsor support funds must be injected into the subsidiary in the form as specified in the agreements.

Measures and Procedures for Approving the Entering into of Connected Transactions

The Company has measures and procedures for approving the entering into connected transactions in compliance with legal obligations including the Rules and Regulations of the Capital Market Supervisory Board and the Stock Exchange of Thailand (“SET”). Based on, the said relevant laws and regulations the Company has clearly set up “Rules of Entering into Related Party Transactions”, to be adhered and properly followed by the Board and employees. Under the Rules of Entering into Related Party Transaction, the measures and procedures for approving the entering into related party transactions are set forth as follows:

1. The following related party transactions can be approved by Management without any approval from the Company’s Board of Directors and the Shareholders’ Meeting under the purpose of clause 89/12 of the Securities and Exchange Act (No. 4) B.E. 2551:

1.1 A transaction under general commercial terms

“general commercial term” mean a commercial term that a person of ordinary prudence would agree with any unrelated counterparty under the similar circumstances, on the basis of commercial negotiation and without any dependent interest resulted from the status of the director, executive or related person, including the commercial terms with the prices and the conditions or the gross margin as follows:

- (a) prices and conditions that the Company, or its subsidiary receives from or offers to general persons.
- (b) prices and conditions that a director, an executive or related person offers to general persons.
- (c) prices and conditions that the Company, or its subsidiaries can prove that it is same as operators in similar business offer to general persons.
- (d) in case the comparison of price of goods or services cannot be made because of the distinctiveness or specifically made to order, however the Company or its subsidiaries can prove that
 - the gross margin that the Company or its subsidiaries receive from the related party transaction is similar to the gross margin they receive from transactions with other parties; or
 - the gross margin that the director, executive or related person receive from the related party transaction is similar to the gross margin they receive from transactions with other parties; and there is no difference of condition and terms between them.

- 1.2 A loan in accordance with the regulations on the welfare of the staff members and employees;
- 1.3 A transaction in which the counterparty to the Company or both parties are:
 - (a) a subsidiary or subsidiaries whose shares are held by the Company in the amount not less than ninety percent of its total number of shares sold; or
 - (b) a subsidiary or subsidiaries whose shares are held by a director, an executive or a related person or which such person has interest, whether directly or indirectly, not more than the amount, rate or characteristic as specified in the notification of the Capital Market Supervisory Board;
- 1.4 A transaction in particular category or with value not more than the amount or rate as specified in the notification of the Capital Market Supervisory Board.

2. The following related party transactions require approval from the Company's Board of Directors but do not require approval from the Shareholders' Meeting

- 2.1 A transaction under Clause 1 which requires an approval from the Company's Board of Directors under other internal procedures of the Company such as Procedure for Budget.
- 2.2 A transaction under Clause 1.3 (b) or 1.4 that may be prescribed by the Capital Market Supervisory Board to require an approval from the Board of Directors, relevant notification shall be prescribed later.

3. Any related party transactions other than those under Clause 1 and 2 require approval from the Company's Board of Directors and the Shareholders' Meeting before entering into such transactions.

Policy for Future Connected Transactions

With regard to future connected transactions, the Company anticipates that there will be connected transactions in the ordinary course of business of the Company with its affiliates and that the Company shall proceed with such transactions in a transparent manner pursuant to the good corporate governance policy of the Company as well as all relevant regulations.

References

Registrar : Thailand Securities Depository Company Limited
62 The Stock Exchange of Thailand Building,
Rachadapisek Road, Klongtoey, Bangkok 10110
Telephone: (662) 229-2800
Fax: (662) 359-1259
Call center: (662) 229-2888
Website: <http://www.tsd.co.th>

Auditor : Mr. Pisit Thangtanagul
Certified Public Accountant (Thailand) No. 4095
PricewaterhouseCoopers ABAS Limited
179/74-80 Bangkok City Tower, 15th Floor,
South Sathorn Road, Sathorn, Bangkok 10120
Telephone: (662) 286-9999, (662) 344-1000
Fax: (662) 286-5050

Debenture Registrar/ : Secured Debentures
Debentureholders' Representative : TMB Bank Public Company Limited
393 Silom Road, Bangrak, Bangkok 10500
Telephone: (662) 230-5575, (662) 230-5487,
(662) 230-5731
Fax: (662) 266-8150

Unsecured Debentures
Bank of Ayudhya Public Company Limited
1222 Rama III Road, Bang Phongphang,
Yannawa, Bangkok 10120
Telephone: (662) 296-3582, (662) 296-4782,
(662) 296-4788, (662) 296-2988
Fax: (662) 296-2202, (662) 683-1297

Audit Fees

1. Audit fees

The audit fees and related expenses incurred during the year 2010 were Baht 25.34 million. The Company and subsidiaries during the year paid Baht 16.37 million to the appointed auditing firm. The remaining fees of Baht 8.97 million will be paid the following year.

2. Other non-audit fees

During the year 2010, the appointed auditing firm provided other non-audit services, i.e. agreed-upon procedures, tax consulting and other services to the Company and subsidiaries. The fees were Baht 5.57 million of which Baht 3.95 million was paid during the year. The remaining Baht 1.62 million will be paid the following year.

Report

of the Audit Committee for the Year 2010

The Audit Committee comprising of three Independent Directors, Mr. Vitthya Vejjajiva, Dr. Kosol Petchsuwan and Mr. Joti Bhokavanij, was reappointed by the Board of Directors Meeting No. 1/2552 held on 27th February 2010 to perform duties and discharge responsibilities under the charter for the Audit Committee. During the Year 2010, the Audit Committee proceeded as follows:

1. Held seven meetings in 2010 in order to discharge its functions as assigned by the Board of Directors. The Audit Committee reported its activities to the Board of Directors on a quarterly basis;

Name	Position	Attendance of the Audit Committee In the Year 2010*
1. Mr. Vitthya Vejjajiva	Chairman of the Audit Committee	7/7
2. Dr. Kosol Petchsuwan	Member of the Audit Committee	7/7
3. Mr. Joti Bhokavanij	Member of the Audit Committee	7/7

Remark * In the Year 2010, the Audit Committee held one meeting with the external auditor without the presence of Management.

2. Reviewed the independence and performance of the external auditor including the external auditor's remuneration. The Audit Committee deemed that the external auditor performed independently and provided useful opinions and recommendations regarding financial reporting and internal controls. Therefore, the Audit Committee recommended the appointment of external auditors from PricewaterhouseCoopers ABAS Limited as the Company's Auditor and the external auditor's remuneration for the Year 2010 to the Board of Directors for approval by the Annual General Meeting of the Shareholders;

3. Discussed with the external auditor the scope of their audits before they commenced, followed up their audits and considered their Management Letter;

4. Acknowledged the audit plan and external auditor's findings and provided recommendations;

5. Reviewed the annual and quarterly financial reports of the Company and its subsidiaries. The Audit Committee agreed with the external auditor that the Company's financial statements represented the Company's financial position and financial performance fairly, in all material respects, in accordance with generally accepted accounting principles;

6. Reviewed the Company's and its subsidiaries' practices relating to related party transactions to ensure compliance with the law and regulation of the Stock Exchange of Thailand. The Audit Committee deemed that the entering into related party transactions of the Company and its subsidiaries complied with the law and the Stock Exchange of Thailand's regulation, was reasonable and most beneficial to the Company;

7. Reviewed the compliance with the Securities and Exchange laws, regulations of the Stock Exchange of Thailand, and other laws related to the Company's business. Based on the reports of external auditor, internal audit and Management, the Audit Committee deemed that the Company has complied with all related laws and regulations;

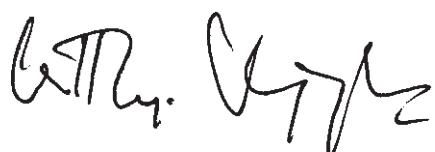
8. Reviewed the Internal Control System to evaluate the adequacy and effectiveness to reasonably ensure the Company's performance in achieving its goals based on the internal audit report for the Year 2010, which covers key business processes. The Audit Committee deemed that the Company's Internal Control System was adequate and appropriate. Moreover, with the dynamic environment of telecommunication business, the Audit Committee supported continual development of the Internal Control System to suit the changed environment within the Company;

9. Followed up risk management activities under "Risk Management Policy and Framework" of the Company which was an integral part of business strategies and operations to ensure continuous and effective risk management of the Company;

10. Monitored results of providing a channel for any stakeholders to make complaints or provide clues concerning fraud, wrongdoing or violations of the Company's Code of Conduct to the Board of Directors via the Audit Committee; and

11. Oversaw the Internal Audit function and its Charter i.e. approving the Internal Audit Plan based on the risk management guideline, acknowledging the annual and quarterly Internal Audit results, providing comments to the Internal Audit Department and recommendations on actions to be taken by Management including continual follow-up on the progress. Furthermore, the Audit Committee reviewed the independence and performance of the Internal Audit Department and deemed that the Internal Audit System was performed independently, adequately, and effectively. Moreover, internal audit quality has been continuously improved both in terms of human resources and operation to meet international professional standards.

The Audit Committee maintains its independence in performing the duties as assigned. In this regard, the Audit Committee has received good cooperation from Management and external auditor. In summary, the Audit Committee is of the opinion that the Board of Directors and Management of the Company have operated business with ethics and were determined to professionally perform duties to achieve the Company's goals, emphasizing on operating business with effective Internal Control and Internal Audit Systems, good corporate governance and continued development on operation systems.



Mr. Vitthya Vejjajiva
Chairman of the Audit Committee

Report of the Compensation and Nominating Committee for the Year 2010

By virtue of the resolution of the Board of Directors of the Company passed at its meeting No. 8/2544 held on 16th November 2001, the Compensation and Nominating Committee (the "Committee") was appointed to perform and discharge certain responsibilities under the Charter for the Compensation and Nominating Committee. During the Year 2010, the Committee held one meeting in order to discharge its functions as assigned by the Board of Directors which can be summarized as follows:

1. considered the nomination of Independent Directors and proposed to the Board of Directors for appointment;
2. considered and proposed recommendation to the Board of Directors regarding the election of Directors to replace the Directors retiring by rotation;
3. considered and proposed recommendation to the Board of Directors regarding the Directors' remuneration;
4. considered and approved the variable payout to the CEO/President for the Year 2009 (payout in 2010); and
5. considered and approved the Executives Variable Pay Plan for the Year 2010 (payout in 2011).



Mr. Umroong Sanphasitvong
Representative of
the Compensation and Nominating Committee

Report of the Corporate Governance Committee for the Year 2010

By virtue of a resolution of the Board of Directors of the Company passed at its meeting No. 3/2549 held on 24th March 2006, the Corporate Governance Committee was appointed to perform and discharge responsibilities under the charter for the Corporate Governance Committee. During the Year 2010, the Corporate Governance Committee proceeded as follows:

1. held four meetings in order to discharge its functions as assigned by the Board of Directors;
2. considered the Corporate Governance Report of the Company for disclosure in the Annual Report for the Year 2010 and proposed to the Board of Directors for approval;
3. followed up on result of providing an opportunity to shareholders to propose agenda items and nominees for election as directors of the Company in advance of the 2010 Annual General Meeting of the Shareholders;
4. reviewed the Thai Institute of Directors Association's Corporate Governance Assessment Report 2009 and proposed to the Board of Directors with recommendations for further improving the Corporate Governance of the Company;
5. reviewed the Company's Policy on Corporate Governance and proposed some revisions to the Board of Directors for approval;
6. formally stated a policy pertaining to the non-executive directors meeting and proposed to the Board of Directors for approval;
7. acknowledged the Report on the employees engagement and practice of the Company's Code of Conduct;
8. considered corporate governance improvement by providing a channel for any stakeholders to make complaints or provide clues concerning fraud, wrongdoing or violations of the Company's Code of Conduct to the Board of Directors via the Audit Committee;
9. considered the Company's activities in relation to corporate governance including corporate social responsibility to ensure that they are properly in practice and in compliance with the Company's policies; and
10. considered the results of self-assessment of the Board of Directors and proposed to the Board of Directors for acknowledgement.



Mr. Narong Srisa-an

Chairman of the Corporate Governance Committee

Report

of the Finance Committee
for the Year 2010

By virtue of a resolution of the Board of Directors of True Corporation Public Company Limited (the "Company") passed at its meeting No. 8/2544 held on 16th November 2001, the Finance Committee was appointed to perform and discharge certain responsibilities under the Charter for the Finance Committee. During the Year 2010, the Finance Committee has carried out the following tasks:

1. held five meetings in order to discharge its functions as assigned by the Board of Directors;
2. considered financial targets, provided recommendation to Management and proposed to the Board of Directors for approval;
3. considered the Annual Hedging Plan together with the Policy on the Use of Derivative Securities in Financial Transactions and proposed recommendation to the Board of Directors for approval;
4. considered the quarterly and annual financial results of the Company and its subsidiaries as well as provided recommendations to Management;
5. considered the issuance and offering of Debentures for the Company and provided recommendation to the Board of Directors for proposing to the 2010 Annual General Meeting of the Shareholders for approval;
6. considered various investment projects, provided recommendations to Management and proposed to the Board of Directors for approval;
7. considered the sale of shares of True International Communication Company Limited held by the Company to True Move Company Limited and provided recommendation to the Board of Directors for proposing to the 2010 Annual General Meeting of the Shareholders for approval;
8. considered and approved the recapitalization of certain subsidiaries as well as provided recommendations to Management;
9. considered and approved refinancing plan of certain subsidiaries and provided recommendations to Management;
10. considered and approved capital increase of certain subsidiaries;
11. considered and approved restructuring of subsidiary's hedging arrangements and provided recommendations to Management;
12. considered and approved entering into interest swap transaction and International Swaps and Derivatives Association Agreement with commercial bank for subsidiary;
13. considered and provided recommendations to Management regarding the credit facilities to be used to support existing repayment schedules of subsidiary;
14. considered and approved business restructuring plan of certain subsidiaries;
15. acknowledged the borrowing of long-term loan by subsidiary; and
16. acknowledged the updated report on subsidiary's refinancing.



Dr. Ajva Taulananda
Chairman of the Finance Committee

Report of the Board of Director's Responsibilities for Financial Statements for the Year 2010

The Board of Directors is responsible for the financial statements of the Company and its subsidiaries. The aforementioned financial statements have been prepared in accordance with Generally Accepted Accounting Principles, using appropriate accounting policy consistently employed by the Company as well as applying careful judgment and best estimation. Important information is adequately disclosed in the notes to financial statements.

The Board of Directors has provided and maintained an effective internal controls system to reasonably ensure that accounting records are accurate, complete and adequate to protect its assets.

To accomplish this task, the Board of Directors has appointed an Audit Committee, which consists of Independent Directors responsible for the quality of financial statements and internal controls system, whose comments on these issues are readily included in the Audit Committee Report in this Annual Report.

The Board of Directors is of the opinion that the Company's overall internal controls system is adequate and suitable and has rendered reasonably credibility to the reliability of the financial statements of the Company and its subsidiaries for the year ended 31st December 2010.



Mr. Dhanin Clearavanont
Chairman of the Board

Management's Discussion and Analysis

OVERVIEW

Despite tough challenges from competition and the impact of political unrest in the first half of the year, Group service revenue was stable in 2010. Strong growth in Broadband, mobile non-voice, and advertising revenues offset declines in prepaid voice revenue at TrueMove. Group EBITDA, however, declined mainly on higher network costs which were partially offset by a net IC gain and contributions from product sales, particularly the iPhone 4.

Our convergence strategy continued to flourish in 2010 with the number of households using multiple True services rising 5.6 percent YoY to 2.5 million.

During the year, consolidated service revenue excluding interconnection charges (IC) was stable, rising 0.1 percent to Baht 52.6 billion. Overall performance improved in 4Q10, especially with the prepaid recovery and strong iPhone 4 sales at TrueMove. FY10 EBITDA, however, declined 6.1 percent to Baht 18.4 billion mainly on higher network costs which were partially offset by a net IC gain and contributions from product sales.

FY10 net income from ongoing operations (NIOGO), excluding deferred tax, decreased to Baht 257 million. However, bottom-line profit rose to Baht 1.9 billion from Baht 1.2 billion in 2009 mainly on a one-time gain relating to the TrueVisions refinancing. Net profit to shareholders of the parent company rose to Baht 2.0 billion in 2010 from Baht 1.2 billion the previous year mainly on a FX gain from the strengthening of the Thai Baht.

TrueVisions completed its Baht 12 billion refinancing in June which lowered the cost of borrowing, eliminated FX exposure and increased operational flexibility to support future business opportunities.

Free Cash Flow decreased Baht 2.4 billion (to Baht 1.8 billion), due to higher capital expenditure (capex).

True Group repaid Baht 5.7 billion of debt in 2010 and long-term debt fell slightly to Baht 67 billion. However, the Group net debt-to-EBITDA ratio rose to 3.3 times from 3.1 times in 2009.

TrueMove service revenue (excluding IC) was stable YoY at Baht 23.6 billion as growth in postpaid and non-voice revenue offset declines in prepaid voice revenue. Rising mobile Internet and smartphone usage drove the strong growth in postpaid and non-voice revenue which rose 9.0 percent and 12.8 percent, respectively. Throughout the year, True Group built on its position as the leading premium smartphone operator which saw mobile Internet revenue almost double.

However, prepaid revenue declined 6.6 percent on intense competition in on-net promotions. This recovered in 4Q10 with the launch of promotions targeting new customer segments. TrueMove ended the year with 17.1 million subscribers, up 1.3 million from 2009, with a stable subscriber market share of 24.5 percent. In 2010, net IC balance improved to a gain of Baht 181 million.

TrueOnline service revenue increased 3.6 percent from 2009 to Baht 27.3 billion driven by strong growth in Broadband, business data and convergence. Broadband revenue rose 9.7 percent to Baht 6.5 billion, on network upgrades and the launch of the 6 Mbps service. The rate of decline in fixed-line revenue slowed throughout the year to 9.4 percent (from 13.8 percent in 2009) thanks to targeted Broadband bundle promotions and a greater focus on business customers. Another high point was the positive market response to the 4Q10 trial launch of DOCSIS 3.0 technology, which currently delivers download speeds of 10 to 100 Mbps.

Broadband net adds more than doubled from 2009 to 122,154, increasing the subscriber base by 17.7 percent to 813,763. The rate of decline in fixed-line revenue slowed in 2010, while contributions from new businesses, such as international direct dialing (IDD), continued to rise.

TrueVisions service revenue increased 0.5 percent to Baht 9.6 billion. Advertising revenue from the first full year of operations was Baht 482 million. This fully offset declines in subscription revenue from the tourism and hospitality industries caused by political unrest in the year's first half.

Mass market expansion fuelled a 2.5 percent growth in subscribers to 1.7 million, while the upselling rate remained high at 38.0 percent.

The launch of TrueVisions HD in 2Q10, which introduced high definition television (HDTV) channels to Thailand, was a strategic milestone that will facilitate premium subscriber acquisitions and revenue in the long term.

TrueLife, a digital content provider, and **TrueMoney**, a payment gateway, continued to play key roles in the development and delivery of True's convergence strategy.

TrueLife+ was launched in the second half as the umbrella for True's convergence products and services. Throughout the year, **TrueLife** continued to build on its role as the Group's key convergence content provider. By the year-end, the True App Center had developed more than 110 smartphone applications for key operating systems including iOS, BlackBerry and Android. The brand also operates one of the biggest B2C e-commerce portals in Thailand, weloveshopping.com, where people can share their products and services and shop online more easily. Online games continued to grow with Point Blank and Special Force holding a strong market position and FIFA Online gaining in popularity.

E-wallet services continued to gain ground in 2010, with about 70 percent of local online game content providers using **TrueMoney** services. The business became the first Thai brand to be awarded funds by the GSM Association to develop financial services nationwide under its TrueMoney Express franchise. Currently it has more than 18,000 kiosks across Thailand.

In July, the Company achieved a key milestone with the successful refinancing and restructuring of TrueVisions. The refinancing was completed with support from four major Thai banks (Bangkok Bank, Kasikornbank, TISCO and TMB). A Baht 12 billion facility was put in place with favorable terms, including eight-year maturity and a low interest rate with more relaxed conditions compared with existing loans which had three years of repayments remaining and were subject to an interest rate of 7.7 percent.

The reorganization of TrueVisions' corporate structure was completed to accommodate the changing regulatory regime and to develop a more flexible business that would better facilitate future growth. True Visions Group Company Limited ("TVG") was formed as a new holding company, 99.99 percent owned by True, by purchasing a 73-percent stake in True Visions Public Company Limited ("TVS") from True Multimedia. TVG also purchased a 48-percent stake in True Visions Cable Public Company Limited ("TVC") from TVS. True's effective holding in TVS increased to 98.3 percent (91.8 percent previously) and in TVC to 98.5 percent (91.2 percent previously).

As a result of the repurchasing of shares from minority shareholders in TVS from November 2010 to February 2011, True's effective holding in TVS and TVC increased to 99.3 percent and 99.0 percent respectively.

Also in November, CP Group increased its stake in True Corp by purchasing all of the shares owned by German development bank KfW. The share purchase increased CP Group's holding in True from 55.8 percent of total shares to 64.7 percent.

In terms of regulatory developments, the National Telecommunications Commission scheduled a September 2010 auction for 3G 2.1 GHz spectrum and licenses True Group, through its new subsidiary, Real Move passed the prequalification process for the 3G auction. Unfortunately, a few days before the auction, the Central Administrative Court ruled in favor of CAT, who questioned the NTC's authority to allocate spectrum and ordered the NTC to suspend the 3G auction. The Supreme Court later upheld the Central Administrative Court verdict. Since then, there has been no progress regarding the allocation of 3G 2.1 GHz spectrum.

However, a major positive development was the passing into law of the Frequency Allocation Act in December, which paves the way for the establishment of the National Broadcasting and Telecommunications Commission as the new industry regulator.

In December, the board of CAT Telecom approved TrueMove's request to add 700 more base stations for use in the non-commercial 3G 850MHz trial, bringing our total to more than 1,400 base stations.

Later that month, True Group signed an agreement to purchase shares in a mobile network and four local companies from Hutchison Group. The transaction, which was completed in January 2011, awarded a number of key benefits to True Group, including giving the Group a first-mover advantage in launching commercial 3G services nationwide and extending mobile operations until at least 2025.

Mobile Number Portability ("MNP") which enables customers to change their mobile operator while keeping their existing phone number, was launched on a trial basis in December with a limited capacity in Bangkok.

Looking forward

The Group is targeting service revenue excluding IC to grow by mid single-digits during 2011. Throughout the year, True will roll out new technologies to expand its convergence strategy and strengthen its position as Thailand's only quadruple-play operator, providing voice, data and video services in fixed line and mobile formats. This will be supported by further content development and product and service innovation to differentiate True in the market.

The Group will leverage the purchase of shares in Hutchison Group companies to grow its mobile business and lead 3G in Thailand. To grow revenue we will increase network quality, build capacity and expand coverage for TrueOnline, TrueVisions and TrueMove, especially in the provinces. We will also focus on improving customer services across all businesses.

TrueMove will build on its position as the leading premium smartphone operator to strengthen non-voice contributions. Products such as Hi-Speed Net SIMS will serve the rising demand for mobile Internet in the prepaid market. Both 2G and 3G networks will be expanded to areas with high growth potential, especially in the Northeast. Convergence offerings and MNP will be used to increase postpaid acquisitions, while the prepaid recovery is expected to continue throughout the year.

Broadband revenue and subscriber growth will accelerate at TrueOnline on momentum gained from 2010's record net adds, the roll out of DOCSIS 3.0 and the expansion of Wi-Fi and ADSL coverage. True will maintain its market leadership in 2011, when it will pioneer the transition from traditional to next-generation Broadband in Thailand with DOCSIS 3.0.

TrueVisions will continue to focus on the production and acquisition of exclusive content. Further mass-market expansion will drive advertising revenue, while technological innovation will differentiate TrueVisions in the premium market. Hybrid set-top boxes will be rolled out, enabling subscribers to watch HDTV and access the Internet and other data rich content from their television, while new encryption and compression technology (MPEG-4) will be deployed to combat piracy and free-up transponder capacity.

Group-wide cost management will continue throughout the year to improve profitability, with deleveraging remaining a key priority for the business.

CONSOLIDATED RESULTS OF OPERATIONS

The results of operations are discussed on a normalized basis without non-recurring items, which are disclosed in the normalized consolidated profit and loss statements.

- **Group revenue** was stable as growth at TrueOnline offset the impact from competition at TrueMove and TrueVisions. EBITDA decreased on higher costs, mainly for network expansion. However, accelerated growth in 4Q10 helped stabilize overall full-year performance with a recovery in prepaid revenue at TrueMove, higher advertising revenue at TrueVisions, strong iPhone 4 sales and seasonality, while cost controls supported EBITDA. True expects the recovery to continue throughout 2011.
- **Service revenue** excluding IC was stable, rising 0.1 percent to Baht 52.6 billion on slight growth in all business segments (TrueOnline 3.6 percent, TrueMove 0.2 percent, TrueVisions 0.5 percent). **Total full-year revenue** decreased slightly mainly on lower IC revenue.
- **EBITDA** fell 6.1 percent to Baht 18.4 billion on cost increases, which were partially offset by a higher net IC balance (Baht 213 million) and increased contributions from product sales (Baht 146 million). **EBITDA margin** (on revenue excluding IC) was lower at 32.9 percent (35.0 percent in 2009, excluding a one-time item at TrueVisions relating to the reversal of Baht 207 million in content related costs) mainly on competition and higher network expansion costs.

- Strong uptake of smartphones drove **product sales**, which increased 18.3 percent, while gross margin improved to 12.4 percent (from 9.5 percent in 2009).
- **Consolidated operating expenses** increased 2.8 percent to Baht 55.2 billion mainly from increases in Core Opex (cash network operating expenses and Selling, General and Administrative (SG&A) expenses) and depreciation and amortization expenses, which were partially offset by lower IC and regulatory costs.
- **Core Opex** increased 6.7 percent (to Baht 27.8 billion) excluding the one-time item at TrueVisions. This was mainly due to network expansion at Broadband and TrueMove and higher costs for expansion in new business, such as TrueVisions' HDTV and TrueOnline's IDD and international gateway. SG&A expenses also rose with new promotions at TrueOnline and the expansion of distribution channels at TrueMove.
- **Depreciation and amortization expenses** increased 3.9 percent (to Baht 11.2 billion) largely on the expansion of mobile and Broadband networks.
- **Interest expenses (net)** decreased 11.1 percent (to Baht 6.0 billion) on loan repayments (Baht 5.7 billion), declines in market rates and the completion of TrueVisions' refinancing which reduced effective interest rates.
- **Income tax** reduced to Baht 1.4 billion (from Baht 1.9 billion in FY09) mostly on lower current tax at TrueVisions (due to losses from share sales in the corporate restructuring in 2Q10) and deferred income tax at TrueMove (following a review of tax obligations). This saw the effective tax rate lower to 43.6 percent (from 61.5 percent in 2009). Income tax expenses were normalized to exclude a Baht 1.6 billion gain, mainly relating to the TrueVisions refinancing.
- **Net Income from Ongoing Operations (NIOGO)** fell slightly to a Baht 610 million loss, (from a Baht 518 million loss in 2009) as lower income tax and interest expenses helped compensate the lower EBITDA and increased depreciation and amortization expenses. NIOGO, excluding deferred income tax, decreased to a Baht 257 million profit (from a Baht 511 million profit in 2009).
- **Net profit attributable to shareholders of the parent company** was Baht 2.0 billion, including a one-time gain of Baht 2.6 billion, the majority of which came from a Baht 1.5 billion FX gain on the strength of the Thai Baht (Baht 30.29/USD at YE10 and Baht 33.52/USD at YE09. This was partially offset by the loss from the depreciation in the Thai Baht against the Japanese Yen (Baht 37.42/100 Yen at YE10 and Baht 36.56/Yen 100 at YE09).
- **Cash capex** was Baht 7.5 billion including Baht 3.4 billion at TrueMove, Baht 3.4 billion at TrueOnline and Baht 681 million at TrueVisions. This represented a Baht 2.2 billion increase from 2009 of which Baht 780 million was at TrueMove and Baht 846 million at TrueOnline.
- **Free Cash Flow** (cash flow from operations minus capex) decreased Baht 2.4 billion (to Baht 1.8 billion), due to higher capex. In 2010, Free Cash Flow at TrueMove increased to Baht 229 million.
- **Key changes in accounting policy.** In 2Q10, quarterly results were normalized to exclude gains (losses) relating to the **TrueVisions' refinancing** (net loss of Baht 691.5 million). These included hedging unwinding costs for interest expenses of Baht 878.6 million (Baht 617.8 million at TrueOnline and Baht 260.8 million at TrueVisions) which have been included under "Other Financial Fees", a part of the "Financial Costs" section in the audited consolidated financial statements. FX losses from loan repayments at hedging rates totaling Baht 828.7 million (Baht 517.0 million at TrueOnline and Baht 311.7 million at TrueVisions) and gains from deferred income tax of Baht 1.016 billion

(at TrueVisions) relating to losses on share sales incurred during the reorganization of TrueVisions have been treated as non-recurring items.

- Also in 2Q10, the **reversal of deferred income tax liabilities** of Baht 598 million (Baht 548 million at TrueMove and Baht 50 million at TrueOnline) was normalized as a non-recurring item. The reversal was made following review of tax obligations. Unrealized gains (losses) from the mark-to-market of foreign currency denominated liabilities and other income (expenses) have also been treated as non-recurring items.
- In 3Q10, **TrueOnline other income** for 3Q09 was retroactively reclassified to exclude dividends (Baht 1,531 million) received from TrueVisions to be in line with the current policy for benefits from intra-Group investments.
- **Other key issues** Starting from 1 January 2011, True Group has adopted several new accounting standards, new financial reporting standards, and new interpretations and amendments to accounting standards. Some of these may have an impact on the financial statements to be presented. (Please see more detail in Note 3.2 to FY2010 Financial Statements.)
- On 27 January 2011, True completed **the acquisition of four local subsidiaries from Hutchison Group**. The transaction value was Baht 6.3 billion, including Baht 4.3 million for the share purchase and Baht 6.3 billion for refinancing at BFKT, an acquired company. The deal has extended the operating period of True's mobile business by about 14 years until 2025, while giving True a first-mover advantage in commercial 3G 850MHz nationwide services under its reseller contract with CAT. The acquisition will increase True's business scale as Hutch has about 800,000 subscribers and approximately 1,400 towers.
- In September 2011, TrueMove's revenue-share, paid to CAT Telecom under the concession agreement, will increase to 30 percent from 25 percent. However, we will look to grow revenue, especially non-voice, while managing costs to compensate for the negative impact from the revenue share increase.

Consolidated Results of Operations - Normalized Basis

(Unaudited) (Baht in millions unless otherwise indicated)	2010	2009	% Change
Revenues			
Revenues from telephone and other services	59,062	59,671	(1.0)
- Interconnection revenue	6,414	7,066	(9.2)
- Revenue from service excluding IC	52,649	52,605	0.1
Revenues from product sales	3,316	2,804	18.3
Total revenues	62,378	62,474	(0.2)
Operating expenses			
Cost of providing services	39,976	39,661	0.8
Regulatory costs	7,041	7,408	(5.0)
Network operating expenses	22,849	22,652	0.9
- Interconnection costs	6,233	7,098	(12.2)
- Network operating expenses excluding IC	16,616	15,554	6.8
Depreciation and amortization - Network	10,086	9,600	5.1
Cost of sales	2,904	2,538	14.4
Selling and administrative expenses	12,359	11,524	7.3
Depreciation and amortization	1,165	1,230	(5.3)
Others	11,194	10,293	8.7
Total operating expenses	55,239	53,722	2.8
EBITDA	18,392	19,582	(6.1)
Depreciation and amortization	(11,252)	(10,830)	3.9
Operating profit	7,140	8,752	(18.4)
Interest income	60	86	(30.8)
Interest expense	(6,100)	(6,880)	(11.3)
Other financial fees	(415)	(559)	(25.7)
Income tax (expense) revenue	(1,437)	(1,934)	(25.7)
Current tax	(570)	(905)	(37.0)
Deferred income tax	(866)	(1,030)	(15.8)
Income (loss) from continuing operations	(752)	(534)	(40.8)
Share of results in associates	40	(1)	NM
(Income) loss attributable to minority interest	102	16	518.9
Net income (loss) from continuing operations			
including share of results in associates (NIODO)	(610)	(518)	(17.6)
Non recurring items			
Gain (loss) on foreign exchange	1,497	1,585	(5.6)
Hedging unwinding cost from TVS refinancing	(879)	-	NM
Adjustment for deferred tax	1,614	-	NM
Other (expenses) income	336	161	109.3
Net profit (loss) to equity holders of the Company	1,959	1,228	59.6
Minority interest	(102)	(16)	(518.9)
Net profit (loss) for the year	1,857	1,211	53.3
NIODO before deferred income tax	257	511	(49.8)

Note :

- In Q2 2010, the consolidated results for the period have been normalized to exclude costs relating to TrueVisions refinancing from being reported under "Other Financial Fee" to be presented under the non-recurring items. These include hedging unwinding costs for interest expenses of Baht 878.6 million
- In Q2 2010, adjustments have been made to the reported deferred income tax to exclude the following items: 1) deferred income tax gain of Baht 1,016 million from the reorganization of the pay TV group; 2) One time adjustment relating to the reversal of a deferred income tax liability of Baht 598 million.

Results by Segment

(Unaudited) (Baht in millions unless otherwise indicated)	TrueMove		TrueOnline		TrueVisions		Eliminations		Consolidated						
	2010	2009	% Change	2010	2009	% Change	2010	2009	% Change	2010	2009	% Change			
Revenues															
Revenues from telephone and other services	30,030	30,641	(2.0)	27,328	3.6	9,585	0.5	(7,880)	(6,890)	59,671	59,062	(1.0)			
- Interconnection revenue	6,414	7,066	(9.2)	-	-	-	NM	-	-	6,414	6,414	(9.2)			
- Revenue from service excluding IC	23,616	23,575	0.2	27,328	3.6	9,585	0.5	(7,880)	(6,890)	52,605	52,605	0.1			
Revenues from product sales	2,721	2,532	7.5	703	540	30.3	218	191	13.8	(326)	(460)	18.3			
Total revenues	32,750	33,173	(1.3)	28,031	26,927	4.1	9,803	9,725	0.8	(8,206)	(7,350)	18.3			
Operating expenses															
Cost of services	21,242	21,513	(1.3)	17,511	4.8	6,907	4.4	(5,684)	(5,178)	39,661	39,976	0.8			
Regulatory costs	4,896	4,970	(1.5)	1,617	1,829	(14.9)	529	536	(1.4)	(1)	7,041	7,408	(5.0)		
Network operating expenses	12,574	12,918	(2.7)	10,306	9,499	8.5	5,455	5,201	4.9	(5,486)	(4,966)	22,652	22,849	0.9	
- Interconnection costs	6,233	7,098	(12.2)	-	-	-	NM	-	-	-	6,233	7,098	(12.2)		
- Network operating expenses excluding IC	6,341	5,820	8.9	10,306	9,499	8.5	5,455	5,201	4.9	(5,486)	(4,966)	15,554	16,616	6.8	
Depreciation and amortization - Network	3,772	3,624	4.1	5,588	5,313	5.2	923	878	5.2	(197)	(215)	10,086	9,600	5.1	
Cost of sales	2,472	2,249	9.9	598	459	30.3	138	152	(9.0)	(304)	(322)	2,904	2,538	14.4	
Selling and administrative expenses	6,956	6,290	10.5	6,314	5,737	10.1	1,444	1,329	8.6	(2,350)	(1,832)	12,359	11,524	7.3	
Depreciation and amortization	456	481	(5.1)	473	471	0.6	89	116	(23.1)	147	163	1,165	1,230	(5.3)	
Others	6,495	5,809	11.8	5,840	5,266	10.9	1,355	1,214	11.7	(2,497)	(1,995)	11,194	10,293	8.7	
Total operating expenses	30,666	30,052	2.0	24,422	22,907	6.6	8,489	8,096	4.9	(8,338)	(7,332)	55,239	53,722	2.8	
EBITDA															
Depreciation and amortization	6,313	7,226	(12.6)	9,670	9,804	(1.4)	2,326	2,622	(11.3)	82	(69)	18,392	19,582	(6.1)	
(4,229)	(4,105)	3.0	(6,061)	(5,784)	4.8	(1,012)	(994)	1.9	50	52	(11,257)	(10,830)	3.9		
Operating profit	2,084	3,121	(33.2)	3,609	4,020	(10.2)	1,314	1,628	(19.3)	132	(18)	7,140	8,752	(18.4)	
Interest income	23	35	(33.6)	36	51	(29.7)	194	220	(11.8)	(193)	(219)	60	86	(30.8)	
Interest expense	(3,192)	(3,633)	(32.1)	(2,476)	(3,143)	(21.2)	(624)	(323)	93.4	193	219	(6,100)	(6,880)	(11.3)	
Other financial fees	(145)	(147)	(1.9)	(227)	(404)	(43.8)	(43)	(7)	522.7	-	-	(415)	(559)	(25.7)	
Income tax (expense) revenue	(189)	(787)	(75.9)	(891)	(553)	61.0	(297)	(534)	(44.4)	(60)	(60)	(1,437)	(1,934)	(25.7)	
Current tax	-	NM	(431)	(408)	5.8	(139)	(497)	(72.0)	-	(570)	(570)	(905)	(37.0)	(1,030)	
Deferred income tax	(189)	(787)	(75.9)	(460)	(146)	215.6	(158)	(37)	327.7	(60)	(60)	(866)	(15.8)		
Income (loss) from continuing operations	(1,419)	(1,411)	(0.5)	51	(30)	NM	543	984	(44.8)	72	(77)	(752)	(534)	(40.8)	
Share of results in associates	-	-	-	39	1	NM	2	(2)	NM	-	-	40	(1)		
(Income) loss attributable to minority interest	-	-	-	141	(72)	NM	(25)	0	NM	(14)	89	102	16	518.9	
Net income (loss) from continuing operations including share of results in associates (NI/CO)	(1,419)	(1,411)	(0.5)	230	(101)	NM	520	983	(47.1)	59	11	(610)	(518)	(17.6)	
Non recurring items															
Gain (loss) on foreign exchange	2,540	168.7	(759)	690	NM	797	111	618.0	(9)	-	2,568	1,746	47.1		
Hedging unwinding cost from TTS refinancing	945	107.9	(450)	448	NM	15	207	(92.8)	(2)	-	-	1,497	1,585	(5.6)	
Adjustment for deferred tax	-	-	(618)	-	NM	(261)	-	NM	-	-	-	-	-	NM	
Other (expenses) income	548	-	NM	50	-	1,016	-	NM	(96)	NM	(7)	-	1,614	-	109.3
Net profit (loss) to equity holders of the Company	1,121	(466)	NM	(529)	589	NM	1,317	1,094	20.4	50	11	1,959	1,228	59.6	
Minority interest	-	NM	(141)	72	NM	(0)	NM	14	(89)	(102)	(16)	518.9			
Net profit (loss) for the year	1,121	(466)	NM	(669)	661	NM	1,342	1,094	22.7	64	(77)	1,857	1,211	53.3	
NI/CO before deferred income tax	(1,229)	(624)	(97.1)	690	45	1,447.2	678	1,020	(33.5)	119	71	257	511	(49.8)	
EBITDA margin (gross IC basis)	19.3%	21.8%	34.5%	36.4%	34.5%	27.7%	23.7%	27.0%	27.0%	23.7%	29.5%	31.3%	32.9%	35.3%	
EBITDA margin (net IC basis)	24.0%	27.7%	34.5%	36.4%	34.5%	27.7%	23.7%	27.0%	27.0%	23.7%	29.5%	31.3%	32.9%	35.3%	

Note :

- In Q2 2010, the consolidated results for the period have been normalized to exclude costs relating to TrueVisions refinancing from being reported under "Other Financial Fee" to be presented under the non-recurring items. These include hedging unwinding costs for interest expenses of Baht 878.6 million.
- In Q2 2010, adjustments have been made to the reported deferred income tax to exclude the following items: 1) deferred income tax gain of Baht 1,016 million from the reorganization of the pay TV group; 2) One time adjustment relating to the reversal of a deferred income tax liability of Baht 598 million. (Baht 548 million at TrueMove, Baht 50 million at TrueOnline)

Normalized Revenue Profile

(Unaudited) (Baht in millions unless otherwise indicated)	Consolidated Revenues (Before Intersegment Eliminations)				
	2010		2009		% Change
	Revenue	% of revenue after eliminations	Revenue	% of revenue after eliminations	
TrueVisions	9,803		9,725		0.8
- Service revenue	9,585		9,533		0.5
- Product sales	218		191		13.8
Intersegment elimination	(341)		(346)		(1.5)
TrueVisions after elimination	9,462	15.2%	9,378	15.0%	0.9
TrueMove	32,750		33,173		(1.3)
- Service revenue	30,030		30,641		(2.0)
- Product sales	2,721		2,532		7.5
Intersegment elimination	(1,769)		(1,861)		(4.9)
TrueMove after elimination	30,982	49.7%	31,312	50.1%	(1.1)
TrueOnline	28,031		26,927		4.1
- Traditional voice	7,538		8,564		(12.0)
- Fixed line (excl. IDD & VOIP)	6,975		7,703		(9.4)
- Public phone	328		493		(33.4)
- PCT	235		369		(36.3)
- Broadband, Internet and Business Data Service	11,506		10,573		8.8
- Broadband Internet	6,505		5,931		9.7
- Business data, multimedia & carrier	3,901		3,669		6.3
- Business data service & carrier	3,011		2,776		8.5
- Multimedia	890		893		(0.3)
- Other Internet & VAS	1,100		973		13.1
- New revenue stream, convergence & others	8,284		7,250		14.3
- New revenue stream	948		848		11.8
- International call	836		704		18.7
- Others	112		143		(22.0)
- Convergence & others	7,336		6,402		14.6
TrueOnline service revenue	27,328		26,387		3.6
TrueOnline product sales	703		540		30.3
Intersegment elimination	(6,096)		(5,143)		18.5
TrueOnline after elimination	21,935	35.2%	21,784	34.9%	0.7
Normalized consolidated revenues	70,584		69,824		1.1
Total intersegment elimination	(8,206)		(7,350)		11.6
Normalized consolidated revenues - net	62,378	100.0%	62,474	100.0%	(0.2)

SEGMENT RESULTS

TrueMove

- **FY10 results** were impacted by on-net competition, despite improved performance in 4Q10 driven by a recovery in prepaid revenue, strong iPhone 4 sales and seasonality. Non-voice and postpaid revenues continued to grow strongly supported by network expansion and TrueMove's leadership in the premium smartphone market. As expected, the launch of MNP saw TrueMove achieve a net gain in postpaid subscribers, though some prepaid subscribers migrated to other networks.
- **FY10 service revenue** excluding IC was stable at Baht 23.6 billion with higher non-voice (12.8 percent) and postpaid revenues (9.0 percent) helping compensate the 4.9 percent decline in voice revenue, mainly from intense prepaid on-net competition.
- **EBITDA** decreased 12.6 percent (to Baht 6.3 billion) and **EBITDA margin** (on total revenue excluding IC) was lower at 24.0 percent (from 27.7 percent in FY09) on higher costs which were partially offset by a net IC gain of Baht 213 million.
- TrueMove posted a FY10 **net IC gain** of Baht 181 million (up from a Baht 32 million loss in 2009) due to the popularity of on-net promotions.
- **FY10 total operating expenses** rose 2.0 percent (to Baht 30.7 billion) mainly due to higher Core Opex and depreciation and amortization. **Core Opex** increased 10.4 percent (to Baht 12.8 billion) mainly on costs relating to network expansion, developing new distribution channels and smartphone promotions. **Depreciation and amortization** expenses increased 3.0 percent (to Baht 4.2 billion) on network expansion.
- **Interest expenses (net)** reduced by 11.9 percent YoY (to Baht 3.2 billion) due partly to loan repayment. **Income tax** decreased to Baht 189 million in 2010 (Baht 787 million in 2009), mainly on lower deferred income tax following a review of tax obligations earlier in the year.
- Lower interest and income tax expenses saw **NIOGO** improve slightly from 2009 to a loss of Baht 1.4 billion. Excluding deferred income tax, NIOGO was lower at a loss of Baht 1.2 billion (compared with a Baht 624 million loss in 2009).
- 4Q10 **net adds** were 580,482 bringing the full-year total to 1.3 million, a 23.1 percent market share of net adds. The subscriber base grew 8.3 percent to 17.1 million with subscriber market share stable at 24.5 percent. **Blended ARPU** decreased 8.6 percent to Baht 105 on weaker prepaid performance. Postpaid ARPU rose steadily from 2Q10 to Baht 438 in 4Q10 driven by contributions from smartphone users.
- **Postpaid subscribers** grew 7.1 percent in 2010 to 1.3 million, accounting for 7.7 percent of the total subscriber base. Market share of full-year net adds was high at 33.5 percent. FY10 postpaid revenue rose 9.0 percent (to Baht 6.3 billion) on higher mobile Internet usage.
- **Prepaid revenue** recovered in 4Q10 from the impact of intense on-net competition as strategy shifted from "buffet-style" promotions to "per-call" and "single-rate" campaigns targeting new customer segments. FY10 revenue decreased 6.6 percent YoY (to Baht 14.2 billion) mainly on the impact from on-net competition in 2Q10 and 3Q10.
- **FY10 non-voice revenue** rose 12.8 percent (to Baht 3.5 billion), contributing 15.0 percent of total service revenue excluding IC as higher mobile Internet demand was supported by network expansion and flexible data charging. Mobile Internet revenue almost doubled to Baht 1.1 billion on rising smartphone usage.

- **Voice revenue** decreased 4.9 percent in 2010 (to Baht 17.0 billion) on softer prepaid performance, but the 4Q10 prepaid recovery spurred 5.3 percent growth QoQ.

TrueOnline

- **TrueOnline achieved satisfactory overall performance in 2010.** High points were Broadband net adds more than doubling and the positive market response to the trial of a new service using DOCSIS 3.0, a technology which will see True lead the transition to next-generation Broadband.
- **FY10 service revenue** increased 3.6 percent (to Baht 27.3 billion) as growth in Broadband, Internet and business data services, as well as new businesses, offset declines in traditional voice services (fixed-line, value added services, PCT and public phones). Growth was higher (compared with 1.5 percent in 2009) because of a lower rate of decline in fixed-line revenue (from 13.8 percent in 2009 to 9.4 percent in 2010) thanks to targeted Broadband bundle promotions and a greater focus on business customers.
- **EBITDA** softened 1.4 percent (to Baht 9.7 billion) and **EBITDA margin** decreased to 34.5 percent (from 36.4 percent in 2009, 38.1 percent in 2008) mainly on higher costs relating to network expansion to support Broadband and data businesses.
- **Total operating expenses** increased 6.6 percent (to Baht 24.4 billion) in 2010 mainly on higher network operating costs (relating to network expansion to support Broadband and data business growth) and SG&A expenses (mainly for selling and advertising to support Broadband sales).
- **Depreciation and amortization** expenses increased 4.8 percent (to Baht 6.1 billion) mainly from car leasing, Broadband and business data.
- **Interest expenses (net)** were 21.1 percent lower (to Baht 2.4 billion) mainly from TrueVisions taking on TrueOnline's loan relating to an acquisition of TrueVisions following the debt refinancing in 2Q10. The decline was also due to principal repayments and lower market rates. **Income tax** was higher at Baht 891 million (compared with Baht 553 million in FY09) predominantly on deferred income tax.
- **NIOGO** turned to a profit of Baht 230 million (from a Baht 101 million loss in 2009) on lower interest expenses and higher Minority Interest (minority taking loss from share sales relating to the TrueVisions refinancing). **Excluding deferred income tax, NIOGO** rose to Baht 690 million (from Baht 45 million in 2009).
- **Net loss attributable to shareholders of the parent company** was Baht 529 million (from a Baht 589 million profit in 2009) on FX losses and hedging unwinding costs for loans relating to TrueVisions acquisitions. FY09 net profit was retroactively adjusted to exclude Baht 1,531 million in dividends from a subsidiary.
- **FY10 traditional voice revenue** fell 12.0 percent (to Baht 7.5 billion), a slower rate of decline when compared with 15.9 percent in 2009. PCT and public phone revenues decreased 36.3 percent and 33.4 percent respectively. **Fixed-line subscribers** fell 23,616 in 2010 to 1.83 million while ARPU declined 5.7 percent to Baht 285. **PCT subscribers** dropped to 89,698, but ARPU increased 3.2 percent to Baht 160.

- **Broadband Internet revenue** rose 9.7 percent (to Baht 6.5 billion), in line with 2010 targets. Broadband subscribers grew 17.7 percent to 813,763. Net adds more than doubled to 122,154 (from 57,958 in 2009) with support from network upgrades and the first-to-market launch of 6 Mbps services on a mass scale in 3Q10. ARPU decreased 4.7 percent in 2010 (to Baht 720) as more customers subscribed to standard packages at Baht 599 a month. ARPU increased in 3Q10 and 4Q10 due to the higher number of business customers.
- True's **Wi-Fi network, Thailand's largest** at 18,600 hotspots, supported the growth of Broadband as well as TrueMove's smartphone packages. True plans to introduce higher-bandwidth next-generation Wi-Fi technology and expand our hotspots to 20,000 in 2011.
- **Business data service and carrier** revenues rose 8.5 percent (to Baht 3.0 billion). Circuits in service increased to 21,566 links (19,940 links in 2009) and average revenue per circuit rose 3.9 percent to Baht 9,035. New businesses, such as IDD and International Gateway, continued strong growth in 2010.
- DOCSIS 3.0 services were trial launched in 4Q10 offering download speeds of 10 to 100 Mbps with 25 percent of subscribers opting for speeds higher than 10 Mbps. A commercial launch is planned for the first-half of 2011.

TrueVisions

- TrueVisions **full-year revenue was stable** as gains in advertising revenue offset declines in subscription revenue. EBITDA was impacted by cost increases, mainly relating to the HDTV launch and selling expenses. However, 4Q10 performance improved with rising advertising revenue, an increase in premium subscribers on the start of the new Premier League season and lower costs. The launch of HDTV in 2Q10 was a strategic milestone which will boost premium subscribers and ARPU in the long term.
- **FY10 service revenue** grew 0.5 percent (to Baht 9.6 billion) supported by advertising revenue for the first full year of operations of Baht 482 million (Baht 74 million in 2009). This fully offset a 2.5 percent decline in subscription and installation revenue (to Baht 8.3 billion) from increased competition and the impact of political unrest on revenue from the tourism and hospitality industry in the first half. Other revenue decreased 15.5 percent (to Baht 769 million) due partly to an absence of special programs in 2010 (i.e., "Coffee Master") because of political unrest in the first half of 2010.
- **FY10 EBITDA** decreased 11.3 percent (or 3.7 percent if discounting the impact of a one-time gain from the reversal of Baht 207 million of content related costs in 2009) to Baht 2.3 billion on higher costs. **EBITDA margin** softened to 23.7 percent (from 24.8 percent in 2009, excluding the one-time item).
- **Total operating expenses** for the full year increased 4.9 percent (to Baht 8.5 billion) on higher selling expenses and the one-time item in 2009. Core Opex increased 6.2 percent to Baht 6.8 billion mainly on costs for the HDTV launch and selling expenses for subscriber acquisitions.
- **Depreciation and amortization expenses** increased 1.9 percent to Baht 1.0 billion in 2010.
- **Interest expenses (net)** increased 317 percent to Baht 430 million (Baht 103 million in 2009) from the taking on of related debts previously held by TrueOnline following the completion of the TrueVisions refinancing in 2Q10.

- **Income tax** decreased 44.4 percent (to Baht 297 million) on declines in current tax due to losses from share sales relating to corporate restructuring.
- **NIOGO** decreased to Baht 520 million (Baht 983 million in 2009) mainly on higher interest expenses, which were partially offset by lower income tax. NIOGO, excluding deferred tax, was Baht 678 million compared with Baht 1.0 billion in 2009.
- **Net profit attributable to shareholders of the parent company** increased to Baht 1.3 billion (Baht 1.1 billion in 2009) on one-time items mainly related to debt refinancing.
- **Mass market expansion** drove full-year subscriber growth. TrueVisions ended 2010 with 1.7 million subscribers, up 41,000 or 2.5 percent YoY. The upselling rate remained high in 2010 at 38.0 percent.
- **Premium and standard subscribers** were stable at 929,492 on competition and the impact of political unrest in the first half.
- **ARPU** dropped 7.7 percent YoY to Baht 744 on dilution from lower packages.

TrueLife & TrueMoney

TrueLife, a digital content provider, and TrueMoney, a payment gateway, continued to play key roles in the development and delivery of True Group's convergence strategy. TrueLife+ was launched in the second half as the umbrella for True's convergence products and services.

E-wallet services continued to gain ground in 2010, with about 70 percent of local online game content providers using TrueMoney services. TrueMoney became the first Thai brand to be awarded funds by the GSM Association to develop financial services nationwide under its TrueMoney Express franchise. The company already has 18,000 TrueMoney counters across the country.

We also operate one of the biggest B2C e-commerce portals in Thailand, weloveshopping.com, where people can share their products and services and shop online more easily.

Online games continued to grow with Point Blank and Special Force holding a strong market position and FIFA Online gaining in popularity due to the 2010 World Cup. True App Center has developed more than 110 custom applications for iPhone, Android and BlackBerry smartphone platforms, which continues to differentiate True Group in the market.

Consolidated Balance Sheets and Cash Flows

(Unaudited) (Baht in millions unless otherwise indicated)	2010	2009	% Change
Balance Sheets			
Cash and cash equivalents including restricted cash	5,709	6,264	(8.9)
Trade accounts receivable, net	8,529	8,347	2.2
<i>Total current assets</i>	22,099	20,557	7.5
Investments in subsidiaries, joint ventures and associates	90	50	81.4
Property, plant and equipment, net	65,368	68,693	(4.8)
Intangible assets, net	5,119	5,340	(4.1)
<i>Total non-current assets</i>	92,923	95,864	(3.1)
Total assets	115,022	116,421	(1.2)
Trade accounts payable	6,998	7,126	(1.8)
Other current liabilities	4,088	3,020	35.3
Current portion of long-term borrowings	7,171	7,677	(6.6)
<i>Total current liabilities</i>	29,949	31,422	(4.7)
Long term borrowings	64,675	65,422	(1.1)
Liabilities under agreements for operation	4,123	4,482	(8.0)
<i>Total non-current liabilities</i>	72,603	74,356	(2.4)
Total liabilities	102,552	105,779	(3.1)
Total shareholder's equity	12,470	10,642	17.2
Cash Flows			
Cash flows from operating activities	9,269	9,444	(1.9)
Cash flows from investing activities	(6,937)	(7,578)	(8.5)
- Capex	(7,483)	(5,289)	41.5
Cash flows from financing activities	(2,707)	(1,306)	107.2
Net (decrease) increase in cash and cash equivalents	(375)	559	NM
Beginning cash balance and effects of exchange rate changes	4,916	4,357	12.8
Ending cash balance	4,541	4,916	(7.6)
Free cash flows ^{1/}	1,786	4,155	(57.0)

Note : ^{1/} Free cash flows equal cash flows from operating activities minus capex.

FINANCIAL POSITION

Assets

- **True's consolidated assets** amounted to Baht 115.0 billion as of December 2010, down 1.2 percent from Baht 116.4 billion as of December 2009 due mainly to decreases in Property, Plant and Equipment (PPE) (net).
- **Cash and restricted cash** totaled Baht 5.7 billion, a decrease from Baht 6.3 billion at year-end 2009 mainly from higher capex during the year.

- **Trade account receivables (net)** rose 2.2 percent to Baht 8.5 billion mainly from increases in revenue and postpaid subscribers at TrueMove.
- **Property, Plant and Equipment (PPE) (net)** decreased Baht 3.3 billion to Baht 65.4 billion due mainly to depreciation and amortization expenses of Baht 11.3 billion outpacing new investment.

Liabilities

- **True's consolidated liabilities** decreased Baht 3.2 billion to Baht 102.6 billion at year-end 2010 due mainly to the strengthening in Thai baht against foreign (US Dollar and Japanese Yen) exchange rates which resulted in a lower balance of foreign debts from the mark-to-market of debt outstanding. The Group repaid Baht 5.7 billion of debt during 2010. However, with new borrowings to support business expansion, there was a net additional borrowing of Baht 1.4 billion (including debt issuance cost) in 2010.
- **Trade accounts payable** decreased Baht 128 million to Baht 7.0 billion due mainly to the settlement of accounts payable in the previous year.
- **Other current liabilities** increased Baht 1.1 billion mainly relating to deposits from dealers for cash card sales.
- **Long-term borrowings** (including current portions) decreased by Baht 1.3 billion from 2009 to Baht 71.8 billion (including Baht 5.7 billion in finance leases), mainly from the strengthening of the Thai baht as mentioned above.
- **Liabilities under agreements for operations** (including current portions) decreased Baht 269 million to Baht 4.7 billion mainly from Baht 696 million repayments.
- The Company has complied with the financial covenants imposed by bondholders as indicated in the table below. If we are unable to comply with the financial covenants, we will be required to seek a waiver and consent from the bondholders. If True Corp, as an issuer, is unable to obtain the waiver and consent and an event of default occurs, the bondholders would be able to redeem all outstanding bonds, provided that there is an instruction from majority voting of the secured lenders' group of True Corp and relevant conditions under True Corp's finance documents have been met.

The following table presents covenants for True Corporation's outstanding local debentures (TRUE117A, TRUE144A, and TRUE151A).

Debentures	Covenant ratios (Maintenance Basis)	Actual ratios (as of Dec 31, 2010)*
TRUE117A	Interest coverage \geq 1.2	1.26
	Net debt to EBITDA \leq 5	3.43
TRUE144A	Net debt to EBITDA \leq 5	3.43
TRUE151A	Net debt to EBITDA \leq 5	3.43
TRUE 13NA (1/2553)	–	–

Note : * Based on the audited financial statements of True and preliminary financial statements of 6 affiliate guarantors

Net debt is defined as the principal amount of total interest bearing debt, excluding suppliers' credit (deferred payment notes) minus cash, restricted cash and short-term investments.

EBITDA is defined as the sum of the following for any period: 1) net profit (loss); 2) less foreign exchange gains (losses) and gains on disposals of property, plant and equipment and any other non-cash income (if any); 3) plus depreciation and amortization, provisions for doubtful accounts, interest expenses (including financial fees), any other non-cash expenses (if any), and taxes.

The ratios are based on True, the parent company, and 6 affiliate guarantors including True Leasing Co., Ltd. (TLS), Asia Wireless Communication Co., Ltd. (AWC), True Internet Co., Ltd. (TI), True Internet Gateway Co., Ltd. (TIG), True Public Communication Co., Ltd. (TPC) and True Universal Convergence Co., Ltd. (TUC).

Shareholders' equity

- **Shareholders' equity** increased Baht 1.8 billion to Baht 12.5 billion mainly from the net profit for the year of Baht 1.9 billion. The issued and paid-up capital of common shares increased to Baht 77,757 million as CP Group purchased all of the common shares (converted from preferred shares) owned by KfW. This resulted in the preferred share capital being reduced from Baht 6,993.3 million to nil.

Liquidity and capital resources

- **True's primary capital resources for the year 2010** were cash flows from operations, new borrowings, cash and cash equivalents carried forward from 2009.
- **Consolidated net cash flows from operations** decreased by Baht 175 million to Baht 9.3 billion due mainly to lower cash from operations (before working capital) which was partially offset by lower interest expenses.
- **Consolidated net cash flows from investing activities**. Cash used in investing activities decreased by Baht 641 million to Baht 6.9 billion, mainly due to the higher capex, which was offset by the reduction of proceeds used for investment in subsidiaries. True increased its investment in BITCO by Baht 3,540 million during 2009.
- **Cash capex** was Baht 7.5 billion including Baht 3.4 billion for TrueMove, Baht 3.4 billion for TrueOnline and Baht 681 million for TrueVisions. This represented a Baht 2.2 billion increase from 2009, of which Baht 846 million was at TrueOnline.
- **Free Cash Flow** (cash flow from operations minus capex) decreased Baht 2.4 billion to Baht 1.8 billion mainly due to higher capex.
- **Cash flow from financing activities**. Net cash used in financing activities was Baht 2.7 billion, an increase of Baht 1.4 billion from 2009. In 2010, we repaid Baht 7.2 billion in long-term borrowings (including Baht 1.5 billion for lease financing) and incurred net additional borrowing of Baht 904 million (including Baht 520 million for lease financing).

Conclusion

Deleveraging remains a key long-term Group priority, although some additional borrowing may be necessary to finance business growth. True Group's consolidated debt continued to fall (to Baht 66.9 billion excluding finance leases) from debt repayments as well as the stronger Baht. However, lower EBITDA saw True Group's net-debt-to-EBITDA rise to 3.3 times from 3.1 times in 2009. True's consolidated EBITDA to interest coverage improved to 2.8 times from 2.6 times in 2009 on a lower average cost of debt mainly from TrueVisions refinancing.

FUTURE PROJECTS

In 2011, True Group and its subsidiaries plan to invest around Baht 10 billion to expand our businesses, mainly mobile HSPA service and Broadband, and to strengthen its convergence platform. The major investments are:

TrueMove

TrueMove plans to spend around Baht 2 to 3 billion in 2011 to expand network coverage and capacity to increase its provincial footprint, especially in the Northeast, and to accommodate rising demand for mobile Internet services.

True-Hutch (RealMove/BFKT-HSPA 3G)

Our new subsidiaries, which will start providing HSPA 3G services by the middle of 2011, are expected to require Baht 3 to 4 billion of investment mainly for active HSPA equipment and new IT and billing systems.

TrueOnline

TrueOnline will spend around Baht 4 to 5 billion, mainly to rollout DOCSIS 3.0 technology to launch next-generation Broadband in Thailand, an initiative which is targeting some 2 million home passes in 27 provinces within 2012. DOCSIS 3.0 is currently delivering download speeds of 10 to 100 Mbps and can carry HDTV, making double-play a reality in the home. This service is difficult for non-cable-TV operators to replicate, while True can leverage its existing infrastructure, which comprises almost 900,000 home passes, resulting in relatively low additional investment.

TrueVisions

TrueVisions plans to invest around Baht 1 billion to roll out new technology. We will use MPEG-4 compression to free up transponder capacity and use new encryption technology to combat piracy. It will also leverage the Group's DOCSIS 3.0 cable network to provide more interactive TV and HD channels. Analog set top boxes will be replaced with hybrid/digital boxes during 2011 to further combat piracy and significantly improve the viewing experience.

TRUE CORPORATION PUBLIC COMPANY LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2010

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AUDITOR'S REPORT

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To the Shareholders of True Corporation Public Company Limited

I have audited the accompanying consolidated and company balance sheets as at 31 December 2010 and 2009, of True Corporation Public Company Limited and its subsidiaries, and of True Corporation Public Company Limited, respectively, and the related consolidated and company statements of income, changes in shareholders' equity, and cash flows for the years then ended. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position of True Corporation Public Company Limited and its subsidiaries, and of True Corporation Public Company Limited as at 31 December 2010 and 2009, and the consolidated and company results of operations and cash flows for the years then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion, I draw attention to Note 38.2 to the financial statements in relation to significant uncertainties in respect of outstanding lawsuits and commercial disputes of an access charge. The ultimate outcome of such lawsuits and commercial disputes cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Pisit Thangtanagul
Certified Public Accountant (Thailand) No. 4095
PricewaterhouseCoopers ABAS Limited

Bangkok
25 February 2011

True Corporation Public Company Limited

Balance Sheets

As at 31 December 2010 and 2009

Notes	Consolidated		Company	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	Baht	Baht	Baht	Baht
Assets				
Current assets				
Cash and cash equivalents	12	4,540,534,599	4,916,296,012	251,655,478
Restricted cash	13	1,168,320,859	1,347,634,950	520,047,703
Short-term investments	14	426,230,570	85,419,864	336,491,199
Trade accounts receivable, net	15	8,528,936,650	8,347,317,655	4,160,791,953
Loan to related parties	40	11,900,332	7,500,297	-
Inventories, net	16	997,331,748	746,541,018	63,188,138
Income tax deducted at source		2,448,598,520	2,252,535,658	685,757,572
Claimable value added tax		670,025,680	662,905,538	725,824,388
Other current assets	17	3,307,013,979	2,190,899,169	236,313,285
Total current assets		22,098,892,937	20,557,050,161	6,254,245,328
				7,461,973,426
Non-current assets				
Restricted cash	13	140,411,489	144,480,759	-
Investment in subsidiaries, net	18	-	-	26,855,370,603
Investment in associates, net	18	90,028,989	49,623,374	49,670,000
Investment in other companies, net	14	293,322,895	292,922,895	240,740,500
Investment property, net	19	53,356,398	55,981,398	-
Property, plant and equipment, net	20	65,368,130,225	68,692,548,189	12,361,720,704
Goodwill, net	21	12,428,009,264	12,428,009,264	-
Intangible assets, net	22	5,119,317,325	5,340,454,217	420,951,865
Deferred income tax assets	23	8,530,571,017	8,224,357,888	5,088,886,185
Other non-current assets	24	899,965,372	635,561,406	341,782,269
Total non-current assets		92,923,112,974	95,863,939,390	45,359,122,126
Total assets		115,022,005,911	116,420,989,551	51,613,367,454
				55,043,019,206

The accompanying notes on pages 8 to 80 are an integral part of these financial statements.

True Corporation Public Company Limited

Balance Sheets

As at 31 December 2010 and 2009

Notes	Consolidated		Company	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	Baht	Baht	Baht	Baht
Liabilities and shareholders' equity				
Current liabilities				
Short-term borrowings	25	625,925,230	2,330,000,000	200,000,000
Trade accounts payable		6,998,174,815	7,126,491,041	821,428,931
Current portion of long-term borrowings	25	7,170,770,534	7,676,894,690	3,803,322,390
Unearned income		3,036,249,576	2,941,097,358	64,130,134
Accrued expenses	26	7,683,956,318	7,766,847,497	1,138,214,692
Income tax payable		346,044,985	560,404,275	-
Other current liabilities	27	4,088,036,930	3,020,483,397	438,629,948
Total current liabilities		29,949,158,388	31,422,218,258	6,465,726,095
Non-current liabilities				
Long-term borrowings from a subsidiary	40	-	-	3,053,545,302
Long-term borrowings	25	64,675,353,444	65,421,889,130	25,166,915,905
Deferred income tax liabilities	23	1,638,714,445	2,079,806,364	480,533,835
Long-term trade accounts payable	28	-	74,589,951	-
Liabilities under agreements for operation	29	4,123,452,408	4,482,285,009	-
Other non-current liabilities	30	2,165,533,744	2,297,765,339	297,256,168
Total non-current liabilities		72,603,054,041	74,356,335,793	28,998,251,210
Total liabilities		102,552,212,429	105,778,554,051	35,463,977,305
Shareholders' equity				
Share capital	31			
Authorised share capital				
Preferred shares, 2009: 699,333,982 shares of par Baht 10 each		-	6,993,339,820	-
Common shares, 2010: 15,333,207,033 and 2009: 14,633,873,051 shares of par Baht 10 each		153,332,070,330	146,338,730,510	153,332,070,330
Issued and fully paid-up share capital		153,332,070,330	146,338,730,510	146,338,730,510
Preferred shares, 2009: 699,333,982 shares of par Baht 10 each		-	6,993,339,820	-
Common shares, 2010: 7,775,742,403 and 2009: 7,076,408,421 shares of par Baht 10 each		77,757,424,030	70,764,084,210	77,757,424,030
Premium on share capital				
Common shares		11,432,046,462	11,432,046,462	11,432,046,462
Discount on share capital				
Preferred shares		-	(1,492,776,584)	-
Common shares		(31,827,900,481)	(30,335,123,897)	(31,827,900,481)
Share surplus (discount)	40	(1,522,948,592)	(1,498,437,901)	-
Foreign currency translation adjustment		104,258,344	104,219,057	-
Retained earnings (deficit)				
Appropriated legal reserve	32	34,880,969	34,880,969	34,880,969
Deficit		(44,084,442,145)	(46,043,331,407)	(41,247,060,831)
Total parent's shareholders' equity		11,893,318,587	9,958,900,729	16,149,390,149
Minority interest in subsidiaries	33	576,474,895	683,534,771	-
Total shareholders' equity		12,469,793,482	10,642,435,500	16,149,390,149
Total liabilities and shareholders' equity		115,022,005,911	116,420,989,551	55,043,019,206

The accompanying notes on pages 8 to 80 are an integral part of these financial statements.

True Corporation Public Company Limited

Statements of Income

For the years ended 31 December 2010 and 2009

Notes	Consolidated		Company	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	Baht	Baht	Baht	Baht
Revenues	7			
Revenues from telephone and other services	59,062,426,426	59,670,657,961	12,041,637,257	12,600,484,536
Revenues from product sales	3,316,041,315	2,803,595,296	97,654,905	48,536,145
Total revenues	62,378,467,741	62,474,253,257	12,139,292,162	12,649,020,681
Costs				
Cost of providing services	39,975,779,408	39,660,758,652	5,852,709,371	6,467,209,480
Cost of sales	2,903,936,213	2,537,890,676	87,352,445	37,705,940
Total costs	42,879,715,621	42,198,649,328	5,940,061,816	6,504,915,420
Gross profit	19,498,752,120	20,275,603,929	6,199,230,346	6,144,105,261
Other operating income	580,425,933	356,321,125	417,288,961	1,190,194,542
Profit before expenses	20,079,178,053	20,631,925,054	6,616,519,307	7,334,299,803
Selling expenses	4,466,127,935	3,932,581,641	467,755,699	498,740,336
Administrative expenses	7,680,661,399	7,400,106,020	2,898,982,980	2,848,043,525
Management remunerations	212,335,894	190,842,321	150,069,384	134,947,163
Other operating expenses	447,848,772	323,140,065	82,890,029	29,843,133
Total expenses	12,806,974,000	11,846,670,047	3,599,698,092	3,511,574,157
Operating results	7,272,204,053	8,785,255,007	3,016,821,215	3,822,725,646
Share of results in associates	18 40,405,614	(772,738)	-	-
Profit before finance costs and income tax	7,312,609,667	8,784,482,269	3,016,821,215	3,822,725,646
Finance costs, net	9 (5,632,766,189)	(5,639,170,035)	(2,095,531,092)	(2,254,118,226)
Profit before income tax	1,679,843,478	3,145,312,234	921,290,123	1,568,607,420
Income tax revenue (expense)	10 176,998,563	(1,934,216,001)	(326,381,067)	(537,182,116)
Net profit for the year	1,856,842,041	1,211,096,233	594,909,056	1,031,425,304
Attributable to:				
Equity holders of the Company	1,958,889,262	1,227,584,460	594,909,056	1,031,425,304
Minority interest	(102,047,221)	(16,488,227)	-	-
	1,856,842,041	1,211,096,233	594,909,056	1,031,425,304
Basic and diluted earnings per share				
for profit attributable to the shareholders				
of the Company	11			
- Basic	0.28	0.18	0.08	0.16
- Diluted	0.27	0.16	0.08	0.14

The accompanying notes on pages 8 to 80 are an integral part of these financial statements.

True Corporation Public Company Limited
 Statements of Changes in Shareholders' Equity
 For the years ended 31 December 2010 and 2009

Consolidated									
Attributable to shareholders of the Company									
Issued and fully paid-up	Common	Premium on shares	Discount on shares	Share surplus (discount)	Foreign currency translation adjustment	Legal reserve	Deficit	Total	Minority interest in subsidiaries
Preferred shares	shares	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Opening balance as at 1 January 2010	6,993,339,820	70,764,084,210	11,432,046,462	(31,827,900,481)	(1,498,437,901)	104,219,057	34,880,969	(46,043,331,407)	9,958,900,729
Addition subscribe in subsidiary	-	-	-	-	-	-	-	-	6,001,429
Conversion of shares (Note 31)	(6,993,339,820)	6,993,339,820	-	-	-	-	-	-	6,001,429
Foreign currency translation adjustment	-	-	-	-	39,287	-	-	39,287	(12,255)
Addition investment in subsidiary by purchasing shares from minority interest (Note 33)	-	-	-	(24,510,691)	-	-	-	(24,510,691)	(11,001,829)
Net profit for the year	-	-	-	-	-	1,958,889,262	1,958,889,262	(102,047,221)	1,856,842,041
Closing balance as at 31 December 2010	77,757,424,030	11,432,046,462	(31,827,900,481)	(1,522,948,592)	104,258,344	34,880,969	(44,084,442,145)	11,893,318,587	576,474,895
Opening balance as at 1 January 2009	6,993,339,820	38,038,451,730	11,432,046,462	(5,481,702,713)	1,604,322,099	104,344,130	34,880,969	(47,270,915,867)	5,454,766,630
Issue of shares (Note 31)	-	32,725,632,480	-	(26,346,197,768)	-	-	-	6,379,434,712	-
Addition subscribe in subsidiary	-	-	-	-	-	-	-	-	6,379,434,712
Acquisition of subsidiary (Note 39)	-	-	-	-	-	-	-	-	61,255
Addition investment in subsidiary by purchasing shares from minority interest (Note 40)	-	-	-	-	-	-	-	-	(2,116,827)
Dividend paid to minority in subsidiary (Note 33)	-	-	-	-	-	-	-	-	(2,116,827)
Foreign currency translation adjustment	-	-	-	(125,073)	-	-	-	(125,073)	(125,073)
Dilution in minority interest (Note 18)	-	-	-	(3,102,760,000)	-	-	-	(3,102,760,000)	3,102,760,000
Net profit for the year	-	-	-	-	-	1,227,584,460	1,227,584,460	(16,488,227)	1,211,096,233
Closing balance as at 31 December 2009	6,993,339,820	70,764,084,210	11,432,046,462	(31,827,900,481)	(1,498,437,901)	104,219,057	34,880,969	(46,043,331,407)	9,958,900,729
									683,534,771
									10,642,435,500

The accompanying notes on pages 8 to 80 are an integral part of these financial statements.

True Corporation Public Company Limited
 Statements of Changes in Shareholders' Equity (Cont'd)
 For the years ended 31 December 2010 and 2009

Company						
Issued and fully paid-up		Premium on shares		Legal reserve		Deficit
Preferred shares	Common shares	Baht	Baht	Baht	Baht	Baht
6,993,339,820	70,764,084,210	11,432,046,462	(31,827,900,481)	34,880,969	(41,841,969,887)	15,554,481,093
(6,993,339,820)	6,993,339,820	-	-	-	-	-
-	-	-	-	-	594,909,056	594,909,056
Closing balance as at 31 December 2010	77,757,424,030	11,432,046,462	(31,827,900,481)	34,880,969	(41,247,060,831)	16,149,390,149
Opening balance as at 1 January 2010	6,993,339,820	38,038,451,730	11,432,046,462	(5,481,702,713)	34,880,969	(42,873,395,191)
Issue of shares (Note 31)	-	32,725,632,480	-	(26,346,197,768)	-	-
Net profit for the year	-	-	-	-	1,031,425,304	1,031,425,304
Closing balance as at 31 December 2009	6,993,339,820	70,764,084,210	11,432,046,462	(31,827,900,481)	34,880,969	(41,841,969,887)
						15,554,481,093

True Corporation Public Company Limited
 Statements of Cash Flows
 For the years ended 31 December 2010 and 2009

	Notes	Consolidated		Company	
		31 December 2010	31 December 2009	31 December 2010	31 December 2009
		Baht	Baht	Baht	Baht
Cash flows from operating activities	34	9,268,550,869	9,444,016,066	3,515,927,081	3,122,155,003
Cash flows from investing activities					
Withdrawal (deposit) in restricted cash		169,755,238	69,491,083	188,846,120	(8,211,190)
(Deposit) withdrawal in short-term investments		(317,631,773)	589,969,473	(336,412,982)	599,718,566
Loans made to subsidiaries and joint venture	40	(4,400,036)	(1,500,059)	-	(750,000,000)
Acquisition of property, plant and equipment		(7,154,361,277)	(5,078,424,061)	(292,192,615)	(313,480,992)
Acquisition of intangible assets		(328,324,536)	(210,577,823)	(13,069,387)	(12,191,818)
Proceeds from loans to subsidiary and joint venture	40	-	-	850,000,000	100,000,000
Investment in subsidiary	18	-	(3,540,000,000)	(357,000,000)	(8,464,490,394)
Acquisition of subsidiary, net of cash acquired	39	-	27,091,584	-	-
Acquisition investments in other company		(400,000)	-	-	-
Proceeds from liquidation of investment in subsidiary	18	1,572,497	-	-	-
Proceeds from disposals of property, plant and equipment and intangible assets		696,879,957	562,492,974	111,609,208	1,110,053
Proceeds from capital reduction in subsidiaries	18	-	-	-	1,657,000,000
Dividends received	40	-	3,120,000	301,400,970	1,083,279,988
Net cash (used in) received from investing activities		(6,936,909,930)	(7,578,336,829)	453,181,314	(6,107,265,787)
Cash flows from financing activities					
Issue of common shares	31	-	6,379,434,713	-	6,379,434,713
Additional investment in subsidiary by minority	33	6,001,429	61,255	-	-
Dividend paid to minority	18, 33	-	(25,976,529)	-	-
Addition investment in subsidiary					
by purchasing shares from minority interest	33	(35,512,520)	-	-	-
Proceeds from short-term borrowings		2,901,233,514	3,400,000,000	1,494,773,284	3,400,000,000
Proceeds from borrowings, net of cash paid for debt issuance cost	25	15,982,187,648	13,511,670,549	1,096,259,640	13,095,910,651
Repayments on short-term borrowings		(4,605,308,284)	(3,200,000,000)	(3,094,773,284)	(3,200,000,000)
Repayments on borrowings		(16,955,424,291)	(21,371,461,220)	(3,604,301,160)	(16,788,301,160)
Net cash (used in) received from financing activities		(2,706,822,504)	(1,306,271,232)	(4,108,041,520)	2,887,044,204
Net (decrease) increase in cash and cash equivalents		(375,181,565)	559,408,005	(138,933,125)	(98,066,580)
Opening balance		4,916,296,012	4,356,596,217	390,588,603	488,655,183
Effects of exchange rate changes		(579,848)	291,790	-	-
Closing balance		4,540,534,599	4,916,296,012	251,655,478	390,588,603

Non-cash transactions

The significant non-cash transactions are as follows:

- The acquisition of property, plant and equipment using finance leases and accounts payable for the year ended 31 December 2010 amounting to Baht 943.92 million (2009: Baht 1,918.91 million) and Baht 1,053.15 million (2009: Baht 1,994.11 million), respectively.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2010 and 2009

1. General information

True Corporation Public Company Limited (“the Company”) is a public limited company, incorporated and resident in Thailand. The address of its registered office is 18 True Tower, Ratchadaphisek Road, Huai Khwang, Bangkok, Thailand. The Company is listed on the Stock Exchange of Thailand.

The Company and its subsidiaries, joint ventures, and associates (together “True Group”, or “the Group”) are principally engaged in the telecommunications and diversified communications industries. The Group’s core business is providing telecommunications services and various value-added services, which include, among others, Digital Data Network (“DDN”), Public Telephone, Personal Communication Telephone (“PCT”) Service, Multimedia, Internet Service Provider (“ISP”), Cellular Telephone Service, and Pay-TV Service.

The Group’s activities include those carried out Joint Operation and Joint Investment Agreement, Agreements for operation and licences, as set out in Note 2.

These group consolidated financial statements were authorised for issue by the Board of Directors on 25 February 2011.

2. Joint Operation and Joint Investment Agreement, Agreements for operation and licences

Telephone services

In August 1991, the Company entered into the Joint Operation and Joint Investment for Expansion of Telephone Services Agreement (“the Agreement”) with the Telephone Organisation of Thailand (currently is TOT Public Company Limited) (“TOT”).

The Agreement, a Build Transfer Operate (“BTO”) agreement, as amended and supplemented, granted the Company the right to construct and provide fixed line telephone services for up to 2.6 million lines in the Bangkok Metropolitan Area. The Company was responsible for:

- 1) procuring and constructing the expansion of the existing TOT network.
- 2) on completion of construction of the network expansion, transferring legal ownership of certain network assets, land and buildings to TOT.
- 3) in consideration of the transferred assets receiving a right to operate, maintain the network and provide certain services for 25 years including:
 - fixed line telephone
 - Personal Communication Telephone
 - public telephone (Build Operate Transfer)
 - Digital Data Network
 - acceptance of fault notification and drop wire maintenance
 - customer service centre

Under the provisions of the Agreement, TOT and the Company share the gross revenues collected from operating the networks according to stipulated percentages.

On 8 December 2006, a subsidiary, True Universal Convergence Co., Ltd. (“TUC”) was granted a Type III licence by The National Telecommunication Commission (“NTC”) for fixed line services. TUC is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will expire on 7 December 2026.

On 25 January 2007, a subsidiary, True International Communication Co., Ltd. (“TIC”) was granted a Type III licence by NTC for International Direct Dialling (IDD). TIC is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will expire on 24 January 2027.

On 23 February 2010, a subsidiary, Asia Wireless Communication Co., Ltd. (“AWC”) was granted a Type I, renewal licence by NTC for resale (PCT). AWC is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will expire on 22 February 2015.

2. Joint Operation and Joint Investment Agreement, Agreements for operation and licences (Cont'd)

Telephone services (Cont'd)

On 29 June 2009, a subsidiary, True Public Communication Co., Ltd. ("TPC") was granted a Type I, renewal licence by NTC for public phone services. TPC is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will expire on 28 June 2014.

On 2 August 2009, a subsidiary, True Life Plus Co., Ltd. ("TLP") was granted a Type I licence by NTC for resale (internet). TLP is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will expire on 1 August 2014.

On 11 October 2009, a subsidiary, True Internet Co., Ltd. ("TI") was granted a Type I licence by NTC for International Calling Cards (ICC). TI is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will expire on 10 October 2014.

NON-POTS services

In October 1997, the Group entered into a Joint Investment in Non-Plain Old Telephone System ("NON-POTS") services through a multimedia network Agreement (the "Agreement") with TOT. Under the terms of the Agreement, the Group has certain commitments such as, among others, to acquire, install, manage and maintain the hardware and equipment for NON-POTS services. The Group is also committed to transfer to TOT all hardware and equipment pertaining to such system when the installations are completed. This Agreement is for a period of twenty years commencing from the Agreement date, and the Group is unable to terminate it unless certain criteria specified in the Agreement have been met. During the term of the Agreement, the Group is entitled to collect the service fees, membership fees and other service fees from customers as stipulated in the Agreement.

The Group has placed a letter of guarantee issued by a local bank in favour of TOT amount of Baht 5.00 million to guarantee the Group's compliance with the terms of the Agreement.

Internet services

In October 1996, the Group's joint venture, Asia Infonet Co., Ltd. ("AI") entered into the Joint Investment in the Internet Services Agreement (the "Agreement") with the Communications Authority of Thailand (currently is CAT Telecom Public Company Limited) ("CAT") to provide commercial internet services to users throughout Thailand for a 10-year term. Under the terms of the Agreement the Group is required to provide its internet service over facilities leased from CAT or authorities approved by CAT.

Under the terms of the Agreement the Group has certain commitments including acquiring, installing, managing and maintaining all equipment necessary to provide internet services. The legal ownership of the system assets is transferred to CAT as installations are completed. As consideration for the transferred system assets, CAT granted the Group a ten-year operating right to provide internet services and collect customer deposits, membership and other service fees as set out in the Agreement. The Agreement expired on 3 February 2007.

Following to that, AI was granted a Type I licence for internet provision by the NTC. AI is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The current licence was granted on 5 February 2010 and will expire on 4 February 2015.

On 19 May 2006, a subsidiary, True International Gateway Co., Ltd. ("TIG") was granted a Type II licence by NTC for international internet gateway provision. TIG is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will expire on 18 May 2011.

On 23 June 2009, a subsidiary, KSC Commercial Internet Co., Ltd. ("KSC") was granted a Type I, renewal licence by NTC for internet provision. KSC is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will expire on 22 June 2014.

2. Joint Operation and Joint Investment Agreement, Agreements for operation and licences (Cont'd)

Internet services (Cont'd)

On 18 August 2009, a subsidiary, True Internet Co., Ltd. ("TI") was granted a Type I, renewal licence by NTC for internet provision. TI is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will expire on 17 August 2014.

Cellular telephone services

The Group has invested in share capital of Bangkok Inter Teletech Public Company Limited ("BITCO"), the sole shareholder of True Move Co., Ltd. ("True Move"). True Move is an operator of a nationwide cellular network under a Build Transfer Operate agreement granted by CAT dated 20 June 1996 which was subsequently amended on 8 September 2001.

Under the terms of the agreement, True Move has certain commitments including acquiring, installing, managing and maintaining all equipment necessary to provide nationwide cellular telephone services. The legal ownership of the system assets is transferred to CAT as installations are completed. In addition, True Move is required to pay annual fees to CAT based on the percentage of service income or a minimum fee as specified in the agreement whichever is higher (Note 36.3). As consideration for the transferred system assets and committed fees, CAT granted True Move a seventeen-year right to provide cellular telephone services and collect customer service fees as stipulated in the agreement.

The Group has placed letters of guarantee issued by certain local banks in favour of CAT totalling Baht 1,337.08 million to guarantee the Group's compliance with the terms of the agreement.

Pay-TV services

The Group has invested in True Visions Public Company Limited ("True Visions") and True Visions Cable Public Company Limited ("True Cable"). True Visions and True Cable are engaged in the operation of pay television networks (Digital Satellite Television and Cable Television) under the agreements granted by Mass Communication Organization of Thailand (currently is MCOT Public Company Limited) ("MCOT") dated 17 April 1989 and 6 June 1994 and amendments thereto dated 19 May 1994 and 9 November 1994 which will expire on 30 September 2014 and 31 December 2019. Under the aforementioned agreements, True Visions and True Cable are required to pay annual fees to MCOT based on a fixed percentage of revenue from subscription and installation or at the minimum fee as specified in each of those agreements, whichever is higher (Note 36.3). In addition, True Visions and True Cable must transfer the ownership of certain equipment procured for the operations of television networks to MCOT within the periods specified in each of those agreements.

True Visions and True Cable have placed letters of guarantee issued by certain local banks in favour of MCOT totalling Baht 62.00 million to guarantee the Group's compliance with the terms of the agreements.

3. Accounting policies

The principal accounting policies adopted in the preparation of these consolidated and Company financial statements are set out below.

3.1 Basis of preparation

The consolidated and Company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. The Group has early adopted, prior to its effective date, Thai Accounting Standard, TAS No. 12, "Income Taxes".

The consolidated and Company financial statements have been prepared under the historical cost convention as modified by the revaluation of trading and available-for-sale securities at fair value through profit or loss.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated and Company financial statements are disclosed in Note 5.

An English version of the consolidated and Company financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

3.2 New accounting standards, new financial reporting standards, new interpretation, amendments to accounting standards, and accounting framework

a) Accounting framework

The amendments of accounting framework is effective on 26 May 2010.

b) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards

The following new accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards are mandatory for the accounting periods beginning on or after 1 January 2011 and 1 January 2013, but the Group has not early adopted them, except for TAS 12:

Effective for the periods beginning on or after 1 January 2011

TAS 1 (Revised 2009)	Presentation of Financial Statements
TAS 2 (Revised 2009)	Inventories
TAS 7 (Revised 2009)	Statement of Cash Flows
TAS 8 (Revised 2009)	Accounting Policies, Change in Accounting Estimates and Errors
TAS 10 (Revised 2009)	Events after the reporting Period
TAS 11 (Revised 2009)	Construction Contracts
TAS 16 (Revised 2009)	Property, plant and Equipment
TAS 17 (Revised 2009)	Leases
TAS 18 (Revised 2009)	Revenues
TAS 19	Employee Benefits
TAS 23 (Revised 2009)	Borrowing Costs
TAS 24 (Revised 2009)	Related Party Disclosures

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2010 and 2009

3. Accounting policies (Cont'd)

3.2 New accounting standards, new financial reporting standards, new interpretation, amendments to accounting standards, and accounting framework (Cont'd)

b) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (Cont'd)

Effective for the periods beginning on or after 1 January 2011 (Cont'd)

TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (Revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (Revised 2009)	Interests in Joint Ventures
TAS 33 (Revised 2009)	Earnings per Share
TAS 34 (Revised 2009)	Interim Financial Reporting
TAS 36 (Revised 2009)	Impairment of Assets
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2009)	Intangible Assets
TAS 40 (Revised 2009)	Investment Property
TFRS 2	Share-based Payment
TFRS 3 (Revised 2009)	Business Combinations
TFRS 5 (Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate

Effective for the periods beginning on or after 1 January 2013

TAS 12	Income taxes
TAS 20 (Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates

The Group's management has determined that the new accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards will not significantly impact the financial statements being presented, except for the following new accounting standards and new financial reporting standards.

TAS 1 (Revised 2009), the revised standard will prohibit the presentation of items of income and expenses in the statement of changes in equity. Entities can choose whether to present one statement (the statement of comprehensive income) or two statements (the statement of income and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated statement of financial position as at the beginning comparative period in addition to the current requirement to present statement of financial position at the end of the current period and comparative period. However, for the financial statements which period beginning on or after 1 January 2011 and are the first period apply this standard, an entity can choose to present statement of financial position only two statements without the statement of financial position as at the beginning comparative period. The Group will apply TAS 1 (Revised 2009) from 1 January 2011. It is likely that both statement of income and statement of comprehensive income will be presented as one statement.

TAS 16 (Revised 2009), the revised standard requires the entity to include in cost of property, plant and equipment, an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, when the entity has obligation to do. An entity requires that an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The revised standard also requires an entity to review useful life, residual value and depreciation method at least at each financial year-end. The Group will apply this standard from 1 January 2011. The management is currently assessing the impact of applying this standard.

3. Accounting policies (Cont'd)

3.2 New accounting standards, new financial reporting standards, new interpretation, amendments to accounting standards, and accounting framework (Cont'd)

b) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards (Cont'd)

TAS 19 deal with accounting for employee benefit. The standard classifies employee benefit into 4 categories: a) short-term employee benefits b) post-employment benefits (including defined contribution plan and defined benefit plan) c) other long-term employee benefits and d) termination benefits. The standard requires the entity to measure the defined benefit plan and other long-term employee benefits by using the Projected Unit Credit method (PUC). An entity can choose to recognise any actuarial gain or loss for defined benefit plan either in other comprehensive income or statement of income. Actuarial gain or loss for other long-term employee benefit shall recognise in statement of income. The Group will apply this standard from 1 January 2011. The management is currently assessing the impact of applying this standard.

TAS 23 (Revised 2009), the revised standard requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply prospectively from 1 January 2011 but it is not expected to have any impact on the Group's financial statements because the Group has already applied the capitalised model.

TAS 24 (Revised 2009), the definition of related party has been expanded include parties with joint control over the entity, joint venture in which the entity is a venturer and post-employment benefit plan for the benefit of employees of an entity. The Group will apply the revised standard from 1 January 2011 which may impact only to the disclosure of related parties information in the notes to financial statements.

TAS 27 (Revised 2009), the revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and gain or loss is recognised in statement of income. The Group will apply this standard prospectively to transactions with non-controlling interests from 1 January 2011.

TAS 28 (Revised 2009), on the loss of significant influence, the entity shall measure a remaining investment at fair value and recognise any gain or loss in statement of income. The Group will apply the revised standard from 1 January 2011.

TFRS 3 (Revised 2009), the revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through statement of income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply the revised standard prospectively to all business combination from 1 January 2011.

3. Accounting policies (Cont'd)

3.3 Group accounting - Investments in subsidiaries and associates and interests in joint ventures

a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible including potential voting rights held by another entity, are considered when assessing whether the Group controls another entities. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of income.

Intercompany transactions, balances and unrealised gains on transactions between group of companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group, see (Note 3.12) for the accounting policy on goodwill.

In the Company's separate financial statements, investments in subsidiaries are reported by using the cost method of accounting.

A list of the Group's principal subsidiaries is set out in Note 18.

b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. In the consolidated financial statement, the Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of income, and its share of post-acquisition movements in reserves is recognised in fair value reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investment in associates are accounted for using the cost method of accounting.

A list of the Group's principal associates is set out in Note 18.

3. Accounting policies (Cont'd)

3.3 Group accounting - Investments in subsidiaries and associates and interests in joint ventures (Cont'd)

c) Joint ventures

The Group's interest in jointly controlled entities are accounted for by proportionate consolidation in the consolidated financial statements. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that it is attributable to the other ventures. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

In the Company's separate financial statements, interest in joint ventures are accounted for using the cost method.

The details of the Group's principal joint ventures are set out in Note 18.

3.4 Foreign currency translation

Items included in the financial statements of each entity in the Group are measured using Thai Baht. The consolidated financial statements are presented in Thai Baht.

Statements of income of foreign entities are translated into the Group's reporting currency at weighted average exchange rates for the year and balance sheets are translated at the exchange rates ruling on the balance sheet date. Currency translation differences arising from the translation of the net investment in foreign entities at the date of the reclassification have been recorded in the "Foreign currency translation adjustment" in shareholders' equity. When a foreign entity is reclassified as a foreign operation that is integral to the operation of the Group, the translated amounts for non-monetary items at the date of the change are treated as the historical cost for those items in the period of change and subsequent periods. Currency translation differences which have been deferred are not recognised as income or expenses until the disposal of the operation.

Foreign currency transactions in the Group are accounted for at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the balance sheet date. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of income.

3.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, but do not include deposits with banks which are held to maturity, and other short-term highly liquid investments with original maturity of three months or less, and bank overdrafts. On the balance sheet, bank overdrafts are included in short-term borrowings in current liabilities.

3. Accounting policies (Cont'd)

3.6 Investments

Investments other than investments in subsidiaries, associates and interests in joint ventures are classified into the following categories; trading, held-to-maturity, available-for-sale and general investments. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets. Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in current assets. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rate, are classified as available-for-sale. These are included in non-current assets unless management has expressed intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Investments in non-marketable equity securities are classified as general investments. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Cost of investment includes transaction costs. Trading and available-for-sale investments are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of trading investments and available-for-sale investments are included in the statement of income in the period in which they arise and in shareholders' equity, respectively. Realised gains and losses are determined on the weighted average method and are reflected in the statement of income.

Held-to-maturity investments are carried at amortised cost using the effective yield method.

General investments are carried at original cost.

A test of impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statement of income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of income.

When disposing of part of the Group's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

3.7 Trade accounts receivable

Trade accounts receivable are carried at original invoiced amount less an estimate made for doubtful receivables. The Group records an allowance for doubtful accounts which is equivalent to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on historical collection experience combined with a review of all outstanding receivables at the balance sheet date. Bad debts are written-off during the year in which they are identified and recognised in the statement of income under administrative expenses.

3.8 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the moving average cost method. Allowance is made against cost of network supplies where, in the opinion of the management, there is diminution in value arising on obsolete, slow-moving and defective inventories or is otherwise required by changes in circumstances. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of selling.

3. Accounting policies (Cont'd)

3.9 Investment property

Investment property, principally comprising land, is carried at cost. Land is not depreciated but a review for impairment is periodically undertaken by the Group's management.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of income.

3.10 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. During 2007, the Group reviewed useful lives of its property and equipment and changed the estimated useful lives. Depreciation is calculated on the straight-line method to write-off the cost of each asset to its residual value over the estimated useful life of the respective assets, or the lease term.

Included in property, plant and equipment in network equipment is property, plant and equipment held under the agreements as described in Note 2. These property, plant and equipment are depreciated over the shorter of their useful lives or the remaining agreements periods.

Details of useful lives are as follow:

	Years
Land	Nil
Land improvement	20
Buildings and improvements	15 - 40
Telephone network equipment	
- Switching equipment	15
- Transmission	15 - 35
- Outside plant	15 - 35
- Mobile phone network equipment	12 - 25
PCT network equipment	
- Outside plant and buildings	25 - 35
- Cable and drop wire	5 - 25
- Inside plant	5 - 15
Public phone	8 - 15
Power supply and computer	5 - 15
Network management systems	15
Multimedia network equipment	8 - 35
Vehicle	5 - 7
Leased transponder equipment	12
Leasehold building improvements	Lease period
Furniture, fixtures, tools and office equipment	5 - 8

Expenditure for additions, renewal and betterment, which results in a substantial increase in an asset's current replacement value, is capitalised. Repair and maintenance cost is recognised as an expense when incurred.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with the carrying amounts and are recognised as other income/expense in the statements of income.

Borrowing costs to finance the construction of property, plant and equipment and assets under the agreements are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the property, plant and equipment for its intended use.

3. Accounting policies (Cont'd)

3.11 Leases - where a Group Company is the lessee

Leases of equipment where the Group assumes substantially all risks and rewards 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 equipment or the present value of the minimum lease payments. Each lease payment is allocated between the liability and 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 borrowings. The interest element of the finance cost is charged to the statement of income over the lease period. Equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Leases of assets where a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from lessor) are charged to the statement of income 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 termination takes place.

Leases - where a group company is the lessor

Operating leases

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

3.12 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses (Note 21). Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

3.13 Intangible assets

(a) Computer software development costs

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 10 years.

Generally, costs associated with developing or maintaining computer software programs are recognised as expenses as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and that have probable economic benefit exceeding the cost beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, not exceeding a period of ten years.

3. Accounting policies (Cont'd)

3.13 Intangible assets (Cont'd)

(b) Copyright

Copyright arises from contractual right agreement between a subsidiary and its related party to grant that related party the right to provide song and/or video clip downloading through the subsidiary's website. Copyright is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the contractual right not exceeding a period of four years.

(c) Customer list

Customer list represents the fair value of mobile phone subscriber list arisen from the acquisition in BITCO. The customer list is presented in the consolidated balance sheet as an intangible asset and is amortised using the straight-line method over the estimated customer relationship period of five years.

(d) Film rights and program rights

Film rights and program rights are stated at acquisition cost less accumulated amortisation. Film rights and program rights are recorded as assets and liabilities for rights acquired and obligations incurred under licence agreements when the licence period begins, the cost of each program is known or reasonably determinable, the program material is accepted and it is available for the first showing. Sports rights are written off upon showing the event and general entertainment and films are amortised on a straight-line basis over the shorter of the period of the license and two years or based on showings where the number of showings is limited or amortised after the first broadcast to be based on the ratio relating to the expected revenue earned from each of the revenue-generated program over the lifetime of planned broadcast but not exceeding 5 years. Amortisation of film and program rights is included in the cost of providing services.

(e) Game licence

Licence is stated at acquisition cost less accumulated amortisation. Licence is recorded as asset and liability for rights acquired and obligations incurred under a licence agreement when the licence period begins the cost of each game is known or reasonably determinable and it is available for playing. The licence is amortised using the straight-line method over three years. Amortisation of licence is included in "Cost of providing services".

(f) Rights to operate

Under the subsidiaries' agreements for operation, the subsidiaries must pay annual fees to the grantors based on either fixed percentages of relevant revenues or at the minimum fee amounts stipulated in the agreements whichever is higher. The rights to operate represent the present value of the minimum fees payable over the agreement periods. The rights to operate are presented in the consolidated balance sheet as an intangible asset and are amortised using the straight-line method over the agreement periods. Amortisation of rights to operate are included in "Cost of providing services". The rights to operate are not re-valued subsequent to initial recognition but are reviewed annually for impairment.

(g) Other intangible assets

Other intangible assets represent the fair value of subsidiaries' shares issued in exchange for rights to operate NON-POTS services and to hang dropwire. These intangible assets are amortised using the straight-line method over their estimated useful lives, ranging from 20 - 25 years.

3.14 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.15 Subscriber acquisition cost

Subscriber acquisition cost is the cost of modems distributed to subscribers free of charge under usage contract campaigns. Subscriber acquisition cost is amortised over the contract period. Subscriber acquisition cost is reviewed annually for impairment. Subscriber acquisition cost is included in other current assets.

3. Accounting policies (Cont'd)

3.16 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising from difference between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

3.17 Borrowings

Borrowings are recognised initially at the proceeds received net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of income over the period of the borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

3.18 Provisions

Provisions, excluding the provisions for employee benefits, are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

3.19 Employee benefits

Provident fund

The Group operates a provident fund, being a defined contribution plan. The assets of which are held in a separate trustee-administered fund. The provident fund is funded by payments from employees and by the relevant Group of companies. The Group's contributions to provident fund are charged to the statement of income in the period to which the contributions relate.

The Group does not recognise a provision for post employee benefits, payable to employees under the Thai Labour Law.

3.20 Share capital

- (a) Ordinary shares is classified as equity.
- (b) External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction, net of tax, in equity from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.
- (c) Dividends on ordinary shares are recognised in equity in the period in which they are declared.
- (d) The directors and executive management are entitled to participate in the Stock Option Plan under which non-transferable warrants are issued to the directors and executive management. If the warrants are granted at a discount on the market price no compensation cost is recognised in the statement of income based on that discount. When options are exercised, the proceeds received net of any transaction costs are credited to share capital (par value) and share premium or discount.

3. Accounting policies (Cont'd)

3.21 Revenue recognition

Wireline business

Telephone usage revenues for local and domestic long distance calls are recognised based on completed call time at the tariffs set by TOT. Where a billing period does not coincide with a calendar month the Company estimates the local call usage based on historical usage. Telephone usage revenue earned but not billed is included in the balance sheet in accounts receivable.

Inbound and outbound international long distance calls are connected through the CAT network. CAT bills the Company's customers directly for international calls. CAT pays each carrier at the agreed rate per minute for international traffic. The Company recognises international long distance call revenue based on customer usage reported to the Company by CAT.

Revenue from DDN service is recognised rateably over the service period. Annual revenues from DDN service billed but unearned income are included in the balance sheet in unearned income.

Revenue derived from the installation of fixed lines and the activation of PCT services is recognised on completion of installation services and activation of services. Unearned advance receipts are included in the balance sheet in unearned income.

Revenues from public telephone services are recognised according to metered usage and cash received.

Revenues from internet services are recognised according to actual time used by the customers.

Sales of telephone equipment and PCT handsets are recognised on delivery of equipment and handsets or customer acceptance.

Revenues from radio program are recognised when the program is broadcasted.

Wireless business

Revenues from mobile phone services are recognised based on completed call time. Cash received from selling of scratch cards is recognised as unearned income until such time that the customers make calls.

Inbound and outbound international long distance calls are connected through the CAT network. CAT bills the Company's customers directly for international calls. CAT pays each carrier at the agreed rate per minute for international traffic. The Company recognises international long distance call revenue based on customer usage reported to the Company by CAT.

Sales of mobile phone are recognised upon delivery of equipment, handsets or customer acceptance.

Pay-TV business

Revenues from monthly subscription fees are recognised in the month in which the service is provided, commencing from completion of installation. Monthly subscription fees include a rental charge to subscribers who rent rather than purchase set-top boxes.

Revenues from sponsorship agreements and commissions on media are recognised upon the showing of the program for which the sponsorship payments are made.

Revenue from equipment installation and connection fees are recorded as unearned income when the installation is accomplished and recognised over estimated subscription period.

Revenue from maintenance services is recognised when the maintenance service is completed.

Revenue from the sale of music albums is the invoiced value of goods supplied net of output tax, goods returned and discounts.

3. Accounting policies (Cont'd)

3.21 Revenue recognition (Cont'd)

Pay-TV business (Cont'd)

Revenues from production of concerts represent the income from production of concerts and shows, which are recognised as income when the concerts and shows have taken place.

Subscription fees received in advance is recorded as deferred revenue and recognised as income when services are rendered according to the terms of subscribers' agreements.

Sales of set-top boxes are recognised on delivery of set-top boxes or customer acceptance.

Group

In accordance with the agreements described in Note 2, TOT, CAT and MCOT are entitled to receive a share of certain revenues generated by the Group. The revenues sharing are calculated according to the percentage and methodology as stipulated in the agreements. The revenue sharing is included in cost of providing services.

Revenue from rendering services is based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed.

All revenues have been presented net of cash discounts and related cash-based promotions.

Other revenues earned by the Group are recognised on the following bases:

royalty and rental income - on an accrual basis;
interest income - on an effective yield basis; and
dividend income - when the Group's right to receive payment is established.

3.22 Segment reporting

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments.

3.23 Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of the carrying amount and fair value less cost to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

4. Financial risk management

4.1 Financial risk factors

The Group's activities expose it to various financial risks. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts and interest rate swap to hedge certain exposures.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investing excess liquidity.

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4. Financial risk management (Cont'd)

4.1 Financial risk factors (Cont'd)

(a) Foreign exchange rate risk

Purchases of property, equipment and network equipment of BITCO Group are mainly made in foreign currencies, primarily US Dollars and Euros, and loans from financial institutions of certain subsidiaries. In order to manage the risk arising from fluctuations in currency exchange rates, the Group makes use of forward foreign exchange contracts. Trading of the forward foreign exchange contracts for speculative purpose is prohibited by the Group's policy.

External foreign exchange contracts are designated at Group level as hedges of foreign exchange rate risk on specific assets, liabilities and future transactions.

(b) Interest rate risk

The Group has no significant interest-bearing assets. The Group maintains its borrowings in fixed rate instruments. The Group borrows at variable rates and uses interest rate swap as interest payments, which have the economic effect of converting borrowings from floating rates to fixed rates. The interest rate swaps allow the subsidiaries to raise long-term borrowings at floating rates and swap them into fixed rates that are lower than those available if the subsidiaries borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with the other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts are calculated by reference to the agreed notional principal amounts.

(c) 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 credit quality financial institutions.

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

4.2 Accounting for financial instruments and hedging activities

The Group is party to derivative financial instruments, which mainly comprise foreign currency forward contracts and interest rate swap agreements. Such instruments are not recognised in the financial statements on inception.

Foreign currency forward contracts protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset will be realised or a foreign currency liability settled. Any increase or decrease in the amount required to realise the asset or settle the liability is offset by a corresponding movement in the value of the forward exchange contract. The gains and losses on the derivative instruments and the underlying financial asset or liability are therefore offset for financial reporting purposes and are not recognised in the financial statements. The cost incurred in establishing each agreement is amortised over the contract period, if any.

Interest rate swap agreements protect the Group from movements in interest rates. Any differential to be paid or received on an interest rate swap agreement is recognised as a component of interest revenue or expense over the period of the agreement. Gains and losses on early termination of interest rate swaps or on repayment of the borrowing are taken to the statement of income.

Disclosures about derivative financial instruments to which the Group is a party are provided in Note 35.

4. Financial risk management (Cont'd)

4.3 Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quoted for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Information on the fair values of borrowings, interest rate swaps and forward foreign currency exchange contracts is included in Note 25 and Note 35.

5. Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5.1 Estimated impairment of goodwill, property, plant and equipment and intangible assets

The Group tests annually whether goodwill has suffered any impairment, in accordance with accounting policy stated in Note 3.14. The Group also considers impairment indicator for property, plant and equipment and intangible assets. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. The change in the assumption used would impact the recoverable amount.

5.2 Allowance for doubtful accounts

Allowances for doubtful accounts are intended to adjust the value of receivables for probable credit losses. The management uses judgment to establish reserves for estimated losses for each outstanding debtor. The allowances for doubtful accounts are determined through a combination of percentage of revenues, analysis of debt aging, collection experience, and taking into account of change in the current economic environment. However, the use of different estimates and assumptions could affect the amounts of allowances for receivable losses and adjustments to the allowances may therefore be required in the future.

5.3 Useful lives for property, plant and equipment and intangible assets

The Group's property, plant and equipment are deal with telecommunication network and computer system network. The annual depreciation charge is sensitive to the estimated useful lives and residual values allocated to each type of asset. Useful lives and residual values are assessed annually and change when necessary to reflect current situation on their remaining useful lives in light of technological change, prospective economic utilisation and physical condition of the assets concerned.

5. Critical accounting estimates and judgements (Cont'd)

5.4 Deferred tax

Deferred tax assets and liabilities are recognised for temporary difference arising between tax bases of assets and liabilities and their carrying amount for accounting purposes as at balance sheet date. Significant management judgment is used in considering whether it is highly probable that the Group will generate sufficient taxable profits from its future operations to minimise these deferred tax assets. The Group's assumptions regarding the future taxable profits and the anticipated timing of minimise of deductible temporary differences and significant changes in these assumptions from period to period may have a material impact on financial position and results of operations.

5.5 Borrowings

The fair values are based on discounted cash flows using a discount rate based upon the borrowing rate which the directors expect would be available to the Group at the balance sheet date. The change in the discount rate would impact the fair value of the borrowings.

6. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to minimise the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or issue new debentures to finance debts or sell assets to reduce debts.

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7. Consolidated segment information

Primary reporting format - business segments

Baht : Million

For the year ended 31 December 2010	Wireline	Wireless	Pay-TV	Eliminate	Group Consolidated
Revenues:					
Gross segment revenues	28,030.94	32,750.32	9,802.93	-	70,584.19
Inter-segment revenues	(6,095.61)	(1,768.78)	(341.34)	-	(8,205.73)
Revenues	<u>21,935.33</u>	<u>30,981.54</u>	<u>9,461.59</u>	<u>-</u>	<u>62,378.46</u>
Operating results	3,925.69	1,857.36	1,365.67	123.48	7,272.20
Finance costs					(5,632.77)
Share of results in associates					40.41
Profit before income tax					1,679.84
Income tax					177.00
Profit before minority interest					1,856.84
Minority interest					102.05
Net profit for the year					<u>1,958.89</u>
Segment assets	52,197.56	43,366.86	19,020.88	-	114,585.30
Investments in joint ventures, associates and other					436.71
Consolidated total assets					<u>115,022.01</u>
Segment liabilities	46,453.28	36,379.37	19,719.56	-	102,552.21
Capital expenditure	4,651.35	2,019.89	2,121.26	45.13	8,837.63
Depreciation and amortisation	5,905.44	4,228.88	2,378.48	(45.55)	12,467.25

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7. Consolidated segment information (Cont'd)

Primary reporting format - business segments

	Baht : Million				
For the year ended 31 December 2009	Wireline	Wireless	Pay-TV	Eliminate	Group Consolidated
Revenues:					
Gross segment revenues	26,927.03	33,172.69	9,724.59	-	69,824.31
Inter-segment revenues	(5,143.06)	(1,860.57)	(346.43)	-	(7,350.06)
Revenues	<u>21,783.97</u>	<u>31,312.12</u>	<u>9,378.16</u>	<u>-</u>	<u>62,474.25</u>
Operating results	4,267.85	3,031.80	1,503.53	(17.93)	8,785.25
Finance costs					(5,639.17)
Share of results in associates					(0.77)
Profit before income tax					3,145.31
Income tax					(1,934.22)
Profit before minority interest					1,211.09
Minority interest					16.49
Net profit for the year					<u>1,227.58</u>
Segment assets	62,319.76	45,466.67	8,236.03	-	116,022.46
Investments in joint ventures, associates and other					398.53
Consolidated total assets					<u>116,420.99</u>
Segment liabilities	55,186.86	39,797.03	10,794.66	-	105,778.55
Capital expenditure	4,024.95	4,786.48	2,109.02	(222.86)	10,697.59
Depreciation and amortisation	5,632.79	4,104.97	2,334.21	(76.09)	11,995.88

The Group divides its business into three main categories, i.e. Wireline, Wireless and Pay-TV, and each mainly consisted of the following:

- Wireline - to install and provide services of 2.6 million fixed lines including public telephone and related value added service, data service, multimedia services, NON-POTS and broadband service, PCT, internet service, vehicle and building rental service, electronic card service, and other services;
- Wireless - to provide cellular telephone services, sales of handsets and accessories, and other supporting services in the Group;
- Pay-TV - to provide pay television services both via cable and satellite platform, rental and trading of related equipment and other related services to the pay television business, advertising sale and agency.

Sales transactions between business segments are eliminated. Segment assets consist of property, plant and equipment, intangible assets, inventories, receivables and operating cash, and exclude investments. Segment liabilities consist of operating liabilities and borrowings. Capital expenditure consist of additions to property, plant and equipment (Note 20) and intangible assets (Note 22), including additions resulting from acquisition through business combinations (Note 20, Note 22 and Note 39).

The Group operates only in Thailand. Therefore, no geographical segments are reported under the secondary reporting format.

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8. Expenses by nature

The following items have been included in arriving at operating results:

For the years ended 31 December	Consolidated		Company	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Regulatory cost and network expenses	18,112.28	19,346.13	2,589.08	2,988.61
Staff costs	7,255.07	6,612.79	2,203.07	2,518.59
Selling, advertising and publicity	2,527.91	2,238.64	197.70	195.60
Doubtful accounts	1,235.14	1,034.66	289.53	300.20
Depreciation of property, plant and equipment				
- owned assets	8,774.21	8,466.74	2,023.03	2,104.05
- owned assets (vehicles)				
leased out under operating leases	233.49	163.48	-	-
- leased assets under finance leases	1,398.16	1,272.80	-	-
Amortisation of intangible assets				
- Intangible assets	2,061.38	2,092.87	152.73	190.12
- Others	183.31	204.62	-	-
Impairment				
- Property, plant and equipment	49.97	64.87	-	-

9. Finance costs, net

For the years ended 31 December	Consolidated		Company	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Interest expense	6,099.58	6,879.58	1,870.62	2,231.07
Foreign exchange (gain) loss	(1,700.62)	(1,712.60)	97.34	(272.69)
Other financial fees	1,293.54	558.54	150.80	369.56
Total	5,692.50	5,725.52	2,118.76	2,327.94
Less Interest income	(59.73)	(86.35)	(23.23)	(73.82)
Finance costs, net	5,632.77	5,639.17	2,095.53	2,254.12

10. Income tax

For the years ended 31 December	Consolidated		Company	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Current tax	570.31	904.65	-	-
Deferred income tax expense (revenue)	(747.31)	1,029.57	326.38	534.05
Additional prior year income tax	-	-	-	3.13
Income tax expense (revenue)	(177.00)	1,934.22	326.38	537.18

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10. Income tax (Cont'd)

The tax on the Group's profit before tax differs from the tax for filing purposes amount as follows:

For the years ended 31 December	Consolidated		Company	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Net profit before income tax	1,679.84	3,145.31	921.29	1,568.61
Tax calculated at the tax rate of 30% (2009: 30%)	503.95	943.59	276.39	470.58
Income not subject to tax	-	-	(90.42)	(324.98)
(Income) expenses not deductible for tax purposes	(1,403.24)	46.75	(36.98)	56.34
Current year tax losses for which no deferred tax asset was recognised	1,570.07	1,327.11	177.39	335.24
Utilisation of previously unrecognised deferred tax asset from tax losses	(847.78)	(383.23)	-	-
Income tax expense (revenue)	(177.00)	1,934.22	326.38	537.18

Further information about deferred income tax is presented in Note 23.

11. Basic and diluted earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the net profit attributable to common shareholders by the weighted average number of common shares outstanding during the year (2010: 7,120.48 million shares and 2009: 6,646.04 million shares).

	Consolidated		Company	
	2010	2009	2010	2009
Net profit for the year (Baht Million)	1,958.89	1,227.58	594.91	1,031.43
Net profit attributable to shareholders (Baht Million)	1,958.89	1,227.58	594.91	1,031.43
Weighted average number of common shares in issue (million shares)	7,120.48	6,646.04	7,120.48	6,646.04
Basic earnings per share (Baht)	0.28	0.18	0.08	0.16

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11. Basic and diluted earnings per share (Cont'd)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. The dilutive potential common shares are consisted of 88.55 million units of stock options (2009: 143.82 million units) and no convertible preferred shares (2009: 699.33 million shares) on an as-if-converted method.

	Consolidated		Company	
	2010	2009	2010	2009
Net profit for the year (Baht Million)	1,958.89	1,227.58	594.91	1,031.43
Net profit used to determine diluted earnings per share (Baht Million)	1,958.89	1,227.58	594.91	1,031.43
Weighted average number of common shares for diluted earnings per share (million shares)	7,209.02	7,489.19	7,209.02	7,489.19
Diluted earnings per share (Baht)	0.27	0.16	0.08	0.14

12. Cash and cash equivalents

As at 31 December	Consolidated		Company	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Cash on hand	1,365.26	471.94	28.06	21.41
Deposits held at call with banks	2,643.42	4,444.36	145.61	369.18
Short-term investments				
- Debt securities	531.85	-	77.99	-
	4,540.53	4,916.30	251.66	390.59

The average effective interest rate on cash at banks were 0.61% and 0.82% in 2010 and 2009, respectively.

13. Restricted cash

Restricted cash consist of

As at 31 December	Consolidated		Company	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Current	1,168.32	1,347.64	520.05	708.89
Non-current	140.41	144.48	-	-
	1,308.73	1,492.12	520.05	708.89

Current:

As at 31 December	Consolidated		Company	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Saving deposits	804.36	1,325.18	0.36	708.54
Time deposits	363.96	22.46	519.69	0.35
	1,168.32	1,347.64	520.05	708.89

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13. Restricted cash (Cont'd)

The average effective interest rates for time deposit accounts were 0.61% and 0.82% in 2010 and 2009, respectively.

The consolidated restricted cash included a subsidiary's cash advanced from customers amount of Baht 240.18 million represents cash received from selling of electronic cash cards, being deposited at banks. In order to comply with the Notification of the Bank of Thailand applicable to electronic card businesses, the balance of the deposit has to be maintained at the outstanding value of the cash cards on hands and electronics wallet of the customers as the minimum.

Under the terms of loan, financing and supplier agreements, the Company and certain subsidiaries have these deposits in the security accounts with the contracted parties.

Non-Current:

As at 31 December	Consolidated		Company	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Saving deposits	81.00	75.72	-	-
Time deposits	59.41	68.76	-	-
	140.41	144.48	-	-

The average effective interest rates for time deposit accounts were 0.61% and 0.82% in 2010 and 2009, respectively.

These deposits are pledged as collateral with the contracted parties.

14. Investments

As at 31 December	Consolidated		Company	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Current	426.23	85.42	336.49	-
Non-current	293.32	292.92	240.74	240.74
Total	719.55	378.34	577.23	240.74
Current:				
Time deposits	3.21	21.41	-	-
Held-to-maturity - Debt securities	336.49	-	336.49	-
Trading securities - Equity securities	86.53	64.01	-	-
Total current investments	426.23	85.42	336.49	-

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14. Investments (Cont'd)

Movement of investment

For the year ended 31 December 2010

	Consolidated	Company
	Baht Million	Baht Million
Opening net book value	85.42	-
Additions	657.62	336.46
Disposals	(299.21)	-
Reclassifications	(18.19)	-
Interest received	0.16	0.03
Fair value adjustment	0.43	-
Closing net book value	426.23	336.49

As at 31 December

	Consolidated		Company	
	2010	2009	2010	2009
	Baht Million	Baht Million	Baht Million	Baht Million
Non-current:				
General investments				
- Non-marketable equity securities	293.32	292.92	240.74	240.74
Total	293.32	292.92	240.74	240.74

Movement of general investments

For the year ended 31 December 2010

	Consolidated	Company
	Baht Million	Baht Million
Opening net book value	292.92	240.74
Additions	0.40	-
Closing net book value	293.32	240.74

15. Trade accounts receivable, net

As at 31 December

	Consolidated		Company	
	2010	2009	2010	2009
	Baht Million	Baht Million	Baht Million	Baht Million
Receivable from TOT	484.17	462.72	484.17	462.72
Billed customers	9,099.60	8,637.70	2,690.74	3,040.66
Receivables and accrued income from related parties (Note 40)	1,008.27	535.64	2,186.23	1,964.84
Trade accounts receivable	10,592.04	9,636.06	5,361.14	5,468.22
Accrued income	3,306.69	2,972.16	1,346.39	1,264.22
Total trade accounts receivable	13,898.73	12,608.22	6,707.53	6,732.44
<u>Less</u> Allowance for doubtful accounts	(5,369.80)	(4,260.90)	(2,546.74)	(2,272.09)
Trade accounts receivable, net	8,528.93	8,347.32	4,160.79	4,460.35

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15. Trade accounts receivable, net (Cont'd)

Outstanding trade accounts receivable as at 31 December can be analysed as follows:

As at 31 December	Consolidated		Company	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Current	4,613.25	4,123.61	1,516.56	1,670.08
Less than 3 months	1,270.65	1,156.54	875.48	896.70
3 - 6 months	432.71	453.13	710.28	560.87
6 - 12 months	1,777.60	1,342.61	237.41	263.49
More than 12 months	2,497.83	2,560.17	2,021.41	2,077.08
Trade accounts receivable	10,592.04	9,636.06	5,361.14	5,468.22
Accrued income	3,306.69	2,972.16	1,346.39	1,264.22
Total trade accounts receivable	13,898.73	12,608.22	6,707.53	6,732.44
<u>Less</u> Allowance for doubtful accounts	(5,369.80)	(4,260.90)	(2,546.74)	(2,272.09)
Trade accounts receivable, net	<u>8,528.93</u>	<u>8,347.32</u>	<u>4,160.79</u>	<u>4,460.35</u>

Concentrations of credit risk with respect to trade accounts receivable are limited due to the Group's large number of customers, who are end users of telephone services, covering business and residential. The Group's experience in the collection of accounts indicates that the allowance provided will be sufficient. Due to these factors management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade accounts receivable.

As at 31 December 2010, trade accounts receivable in the consolidated and Company balance sheets included accrued income from TOT since 1 January 2006, amount of Baht 287.34 million (2009: Baht 287.34 million). The receivables are derived from international call revenue sharing that the Company's customers made calls through CAT's network, which the Company receives the revenue sharing from CAT through TOT. The Company has accounted for the international call revenue sharing from TOT based on the contractual terms as stipulated in the Agreement. During 2004, CAT announced to reduce the rate of revenue sharing that CAT paid to TOT, therefore, TOT has remitted the sharing to the Company based on the reduced rates as determined by CAT. The Company sent TOT a letter of dissension in respect of the reduced rates as proposed by CAT. The Company's external legal counsel is of the opinion that the Company entitles to receive the service rates in accordance with the Agreement. The Company's management believes that the amount is recoverable.

In addition, trade accounts receivable as at 31 December 2010, in the consolidated and Company balance sheets included accrued income from TOT amount of Baht 225.72 million (2009: Baht 223.20 million) in respect of interconnection fee for TOT service because TOT has not provided sufficient and clarified information to enable the Company to agree with its fee calculation method. The Company has accounted for interconnection fee based on existing usage information that the Company recorded the minutes of international call usage for calculation interconnection fee. This matter is under negotiation with TOT. The Company's management believes that the amount is recoverable.

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16. Inventories, net

As at 31 December	Consolidated		Company	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Spareparts for networks (at cost)	759.41	546.27	262.55	255.70
<u>Less</u> Allowance for decline in value	(338.76)	(354.87)	(199.54)	(199.55)
Spareparts for networks - net	420.65	191.40	63.01	56.15
Merchandise (at cost)	762.20	792.52	45.22	58.46
<u>Less</u> Allowance for decline in value	(189.61)	(242.89)	(45.04)	(49.12)
Merchandise - net	572.59	549.63	0.18	9.34
Work in process (at cost)	0.37	1.08	-	-
Goods in transit (at cost)	3.72	4.43	-	-
Inventories, net	997.33	746.54	63.19	65.49

During 2010, the reversal of damage and obsolete inventories, net of provision were charged to the consolidated and Company's statements of income of Baht 69.39 million and Baht 4.09 million, respectively (2009: Baht 81.99 million and Baht 16.33 million, respectively).

17. Other current assets

As at 31 December	Consolidated		Company	
	2010 Million Baht	2009 Million Baht	2010 Million Baht	2009 Million Baht
Advances to contractors	975.48	184.76	0.08	0.08
Value added tax pending receipt of tax invoices	831.54	699.09	12.54	36.63
Prepaid expenses	617.47	504.14	110.12	86.78
Film and program right (Note 22)	322.65	288.29	-	-
Deferred regulatory cost	132.69	83.08	-	-
Subscriber acquisition cost, net	75.90	72.58	-	-
Interest receivable	55.25	48.06	38.01	38.17
Others	296.03	310.90	75.56	99.16
	3,307.01	2,190.90	236.31	260.82

Subscriber acquisition cost is mainly modems distributed to subscribers free of charge under a one-year usage contract campaign. Subscriber acquisition cost is amortised over the contract period. The amortisation for the year recorded in the consolidated financial statements was Baht 146.08 million (2009: Baht 143.25 million).

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18. Investments in subsidiaries, associates and joint ventures, net

Subsidiary undertakings

Name of subsidiaries	Business	Country of incorporation
Asia DBS Public Company Limited (89.99%)*	DBS system operator	Thailand
Asia Wireless Communication Co., Ltd. (99.99%)*	PCT operator	Thailand
Bangkok Inter Teletech Public Company Limited ("BITCO") (98.91%)	Holding company	Thailand
Cineplex Co., Ltd. (2010: 98.57% and 2009: 91.79%)*	Program production	Thailand
Click TV Co., Ltd. (2010: 98.57% and 2009: 91.79%)*	Interactive TV business	Thailand
IBC Symphony Co., Ltd. (2010: 98.57% and 2009: 91.79%)*	Dormant	Thailand
Internet Knowledge Service Center Co., Ltd. (56.93%)*	Non-government telecommunication	Thailand
K.I.N. (Thailand) Co., Ltd. (99.99%)	Holding company	Thailand
KSC Commercial Internet Co., Ltd. ("KSC") (56.83%)*	Internet services provider	Thailand
MKSC World Dot Com Co., Ltd. (2010: 91.08% and 2009: 91.05%)*	Internet services and distributor	Thailand
Panther Entertainment Co., Ltd. (2010: 99.52% and 2009: 91.79 %)*	Artist management and related business	Thailand
Real Future Co., Ltd. (99.99%)**	Holding company	Thailand
Real Move Co., Ltd. (98.77%)**	Service provider of mobile phone system network	Thailand
Samut Pakan Media Corporation Co., Ltd. (98.85%)*	Telecommunication services	Thailand
Satellite Service Co., Ltd. (2010: 98.57% and 2009: 91.79%)*	Sales and rental of equipment related to Pay Television	Thailand
Song Dao Co., Ltd. (98.84%)*	Collection agent	Thailand
Tele Engineering and Services Co., Ltd. (99.99%)*	Content provider	Thailand
Telecom Holding Co., Ltd. (99.99%)	Holding company	Thailand
Telecom International Co., Ltd. (99.99%)*	Holding company	Thailand
Telecom KSC Co., Ltd. (34.39%)*	Non-government telecommunication	Thailand
True Digital Content & Media Co., Ltd. (2010: 97.04% and 2009: 90.00%)*	Digital content and marketing media	Thailand
True Digital Media Co., Ltd. (2010: 98.57% and 2009: 91.79%)*	Advertising sale and agency	Thailand
True Digital Plus Co., Ltd. (2010: 100.00% and 2009: 90.00%)*	Online game	Thailand
True Distribution and Sales Co., Ltd. (98.76%)*	Retail services	Thailand
True Information Technology Co., Ltd. (99.99%)*	IT services and training	Thailand
True International Communication Co., Ltd. (99.99%)	Telecommunication services	Thailand
True International Gateway Co., Ltd. (99.99%)	Telecommunication and internet services	Thailand
True Internet Co., Ltd. (99.99%)	Internet solution provider	Thailand
True Leasing Co., Ltd. (99.99%)	Rental services	Thailand
True Life Plus Co., Ltd. (99.99%)	Telecommunication services reseller	Thailand
True Lifestyle Retail Co., Ltd. (99.99%)*	Internet café and related services	Thailand
True Magic Co., Ltd. (99.99%)	Production and distribution of movie films	Thailand
True Money Co., Ltd. (99.99%)	Payment service centre and electronic card services	Thailand
True Move Co., Ltd. (98.83%)*	Cellular operator	Thailand
True Multimedia Co., Ltd. (91.08%)*	NON-POTS and multimedia services	Thailand
True Music Co., Ltd. (98.79%)*	Content provider	Thailand
True Music Radio Co., Ltd. (69.94%)*	Trading and production of advertising media	Thailand
True Properties Co., Ltd. (99.99%)*	Rental services	Thailand
True Public Communication Co., Ltd. (99.99%)	Telecommunication services	Thailand
True Touch Co., Ltd. (99.99%)*	Call centre services	Thailand
True United Football Club Co., Ltd. (70.00%)*	Football Club and related activities management	Thailand
True Universal Convergence Co., Ltd. (99.99%)*	Telecommunication services	Thailand
True Visions Public Company Limited (2010: 98.57% and 2009: 91.79%)*	Pay Television	Thailand
True Visions Cable Public Company Limited (2010: 98.61% and 2009: 91.19%)*	Pay television via cable system	Thailand
True Visions Group Co., Ltd. (99.99%)*	Holding company	Thailand
Wire & Wireless Co., Ltd. (87.50%)	Construction	Thailand

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18. Investments in subsidiaries, associates and joint ventures, net (Cont'd)

Subsidiary undertakings (Cont'd)

Name of subsidiaries	Business	Country of incorporation
International Broadcasting Corporation (Cambodia) Co., Ltd. (2010: 69.00% and 2009: 64.25%)*	Dormant	Cambodia
K.I.N. (Thailand) Co., Ltd. (99.99%)*	Holding company	British Virgin Island
Nilubon Co., Ltd. (99.99%)*	Holding company	British Virgin Island
TA Orient Telecom Investment Co., Ltd. (99.99%)*	Holding company	British Virgin Island
Dragon Delight Investments Limited (100.00%)**	Holding company	British Virgin Island
Gold Palace Investments Limited (100.00%)**	Holding company	British Virgin Island
Golden Light Co., Ltd. (100.00%)**	Holding company	Republic of Mauritius
Goldsky Co., Ltd. (100.00%)**	Holding company	Republic of Mauritius

* indirectly owned by the Company

** indirectly owned by the Company and new established subsidiaries

All foreign companies are classified as foreign operations that are integral to the operations of the Group. Before 2000, TA Orient Telecom Investment Co., Ltd. was classified as a foreign entity.

Telecom International China Co., Ltd. and Telecom Asia (China) Co., Ltd., the solely owned subsidiaries in British Virgin Island, were dissolved on 28 January 2010 and 4 February 2010, respectively. The negative impact from these liquidation was Baht 0.89 million.

Internet Shopping Mall Co., Ltd. and Online Advertising Goldsite Co., Ltd. the Group subsidiaries with 58.10% and 57.24% of its equity interest, respectively, were registered for liquidation during December 2009. The negative impact from these liquidation was Baht 0.86 million.

Movement of investments is as follows:

For the years ended 31 December	Consolidated		Company	
	2010 Million Baht	2009 Million Baht	2010 Million Baht	2009 Million Baht
Opening net book value	49.62	53.51	26,548.04	19,740.55
Additional investments	-	-	357.00	8,464.49
Dividend income	-	(3.12)	-	-
Decrease in share capital of a subsidiary	-	-	-	(1,657.00)
Share of results	40.41	(0.77)	-	-
Closing net book value	90.03	49.62	26,905.04	26,548.04

Investments in subsidiaries at a carrying value of Baht 11,992.68 million are secured against a subsidiary's borrowings (Note 25 and Note 36).

In June 2009, the Company additionally invested in BITCO amount of Baht 6,121.49 million, resulting in changes of equity interest from 74.28% to 96.44% for the Company and from 77.21% to 98.91% for the Group. The dilution of the minority interest amount of Baht 3,102.76 million was adjusted to the "Share surplus (discount)" in the consolidated balance sheet (Note 33).

In June 2009, the Company invested in True Public Communication Co., Ltd. amount of Baht 85.00 million, resulting in changes of its equity interest from 99.94% to 99.99%.

In July 2009, a subsidiary acquired 480,000 shares of KSC Commercial Internet Co., Ltd., previously the Group's joint venture which 37.80% hold of its equity interest at the considerations of Baht 4.80 million. Resulting in the increase of the Group's equity interest to 56.02%, the Group accounted for as a subsidiary from the acquisition date (Note 39).

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18. Investments in subsidiaries, associates and joint ventures, net (Cont'd)

In September 2009, the Company acquired 48 million ordinary shares of Telecom Holding Co., Ltd. from True Properties Co., Ltd. at the considerations of Baht 480.00 million, to eliminate the cross holding between subsidiaries. In addition, Telecom Holding Co., Ltd. reduced 48 million ordinary shares and paid to the Company totalling Baht 480.00 million.

In November 2009, the Company made additional investment in Telecom Holding Co., Ltd., its wholly owned subsidiary amount of Baht 1,778.00 million to further invest in True Universal Convergence Co., Ltd.

In November 2009 and April 2010, True Leasing Co., Ltd., the Company's subsidiary has reduced and increased its registered share capital amount net of Baht 1,177.00 million. The amount of Baht 1,177.00 million was paid to the Company.

During 2009, a subsidiary paid dividends to the parent company amount of Baht 1,530.51 million and paid to its minority shareholders amount of Baht 25.98 million.

In November 2010, the Company made additional investment in Telecom Holding Co., Ltd. ("TH"), its wholly owned subsidiary, amount of Baht 357.00 million. TH used its proceeds to further invest in True Universal Convergence Co., Ltd.

Apart from the above, there was no change in the investments in subsidiaries, associates and joint ventures.

Associate undertakings

Name of associates	Business	Country of incorporation
NC True Co., Ltd. ("NC True") (40.00%)	Developer and service provider of games online	Thailand
Channel [V] Music (Thailand) Co., Ltd. ("Channel V") (25.63%)*	Music and sound	Thailand

* indirectly owned by the Company

Investments are comprised of:

As at 31 December 2010	Consolidated					Investment -at cost method Baht Million	Investment -at equity method Baht Million
	Business	Relationship	Paid-up capital Baht Million	% Ownership interest			
Associates							
NC True Co., Ltd.	Developer and service provider of games online	Shareholder	241.58	40.00	123.20	60.55	
Channel [V] Music (Thailand) Co., Ltd.	Music and sound	Shareholder	110.00	25.63	28.60	29.48	
Total investment in associates					<u>151.80</u>	<u>90.03</u>	

As at 31 December 2009	Consolidated					Investment -at cost method Baht Million	Investment -at equity method Baht Million
	Business	Relationship	Paid-up capital Baht Million	% Ownership interest			
Associates							
NC True Co., Ltd.	Developer and service provider of games online	Shareholder	241.58	40.00	123.20	21.93	
Channel [V] Music (Thailand) Co., Ltd.	Music and sound	Shareholder	110.00	23.87	28.60	27.69	
Total investment in associates					<u>151.80</u>	<u>49.62</u>	

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18. Investments in subsidiaries, associates and joint ventures, net (Cont'd)

The Group's share of the results of its principal associates, all of which are unlisted companies, and its share of the assets, liabilities and income are as follows:

As at 31 December 2010

Associates	% Ownership interest	Assets Baht Million	Liabilities Baht Million	Revenues Baht Million	Net profit Baht Million
NC True Co., Ltd.	40.00	89.22	28.68	128.99	38.61
Channel [V] Music (Thailand) Co., Ltd.	25.63	32.04	2.28	22.49	1.80
		<u>121.26</u>	<u>30.96</u>	<u>151.48</u>	<u>40.41</u>

As at 31 December 2009

Associates	% Ownership interest	Assets Baht Million	Liabilities Baht Million	Revenues Baht Million	Net profit/(loss) Baht Million
NC True Co., Ltd.	40.00	33.39	11.46	44.61	0.83
Channel [V] Music (Thailand) Co., Ltd.	23.87	29.89	2.20	19.66	(1.60)
		<u>63.28</u>	<u>13.66</u>	<u>64.27</u>	<u>(0.77)</u>

Joint ventures

Name of joint ventures	Business	Country of incorporation
Asia Infonet Co., Ltd. ("AI") (65.00%)*	Internet services provider	Thailand
BeboydCg Company Limited ("Bboyd") (70.00%)*	Production of animation	Thailand
True Internet Data Center Co., Ltd. ("TIDC") (70.00%)*	Internet Data Center	Thailand

* indirectly owned by the Company

Prior to 21 July 2009, KSC Commercial Internet Co., Ltd. ("KSC") was accounted for as a joint venture of which the Group's equity interest at 37.80%. Commencing 21 July 2009, KSC was accounted for as a subsidiary as described in Note 39.

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18. Investments in subsidiaries, associates and joint ventures, net (Cont'd)

The following amounts represent the Group's share of the assets, liabilities, revenues and expenses of the joint ventures included in the consolidated balance sheets and statements of income:

	2010			2009			
	AI Baht Million	TIDC Baht Million	Bboyd Baht Million	KSC Baht Million	AI Baht Million	TIDC Baht Million	Bboyd Baht Million
Cash and restricted cash	4.94	16.04	2.66	-	11.14	16.47	1.97
Current assets	74.15	34.62	2.16	-	80.96	20.98	4.03
Non-current assets	3.80	2.51	0.29	-	4.61	2.40	0.29
Property, plant and equipment, net	0.12	208.02	0.91	-	0.59	225.76	2.54
Intangible assets, net	0.26	3.37	-	-	0.32	4.34	2.29
Total assets	83.27	264.56	6.02	-	97.62	269.95	11.12
Current liabilities	(30.31)	(55.57)	(8.22)	-	(127.05)	(55.98)	(6.61)
Non-current liabilities	(1.15)	(37.86)	-	-	(1.24)	(56.13)	-
Total liabilities	(31.46)	(93.43)	(8.22)	-	(128.29)	(112.11)	(6.61)
Net assets (liabilities)	51.81	171.13	(2.20)	-	(30.67)	157.84	4.51
Revenues	4.11	68.96	3.70	183.39	5.45	65.82	6.33
Operating results	(12.93)	(40.66)	(13.60)	23.80	(5.06)	(20.15)	(17.68)
Finance income (expense)	0.03	(6.40)	0.02	0.14	0.07	(8.36)	0.01
Income tax	(1.23)	(15.40)	-	-	(11.55)	(15.15)	-
Net profit (loss)	(14.13)	(62.46)	(13.58)	23.94	(16.54)	(43.66)	(17.67)
Depreciation and amortisation	0.51	37.78	0.60	4.78	1.59	33.45	1.18
Proportionate interest in joint venture capital commitments	nil	17.39	nil	nil	nil	17.68	nil

There are no contingent liabilities in these joint ventures.

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18. Investments in subsidiaries, associates and joint ventures, net (Cont'd)

As at 31 December 2010

Subsidiaries	Business	Relationship	Company		Allowance		Net investment Baht Million
			Paid-up capital Baht Million	% Ownership interest	Investment -at cost Baht Million	Allowance for impairment Baht Million	
Telecom Holding Co., Ltd.	Holding company	Shareholder	18,955.25	99.99	18,955.25	9,598.64	9,356.61
Bangkok Inter Teletech Public Co., Ltd.	Holding company	Shareholder	82,678.29	96.44	22,803.40	8,647.90	14,155.50
True Leasing Co., Ltd.	Rental services	Shareholder	1,285.00	99.99	1,660.00	-	1,660.00
True Life Plus Co., Ltd.	Telecommunication services reseller	Shareholder	1,775.00	21.73	559.50	-	559.50
True Internet Co., Ltd.	Internet solution provider	Shareholder	602.80	99.99	539.88	-	539.88
K.I.N. (Thailand) Co., Ltd.	Holding company	Shareholder	352.50	93.62	330.00	299.87	30.13
Wire & Wireless Co., Ltd.	Construction	Shareholder	100.00	87.50	292.25	-	292.25
True Money Co., Ltd.	Payment service center and electronic card services	Shareholder	200.00	49.00	98.00	-	98.00
True Public Communication Co., Ltd.	Telecommunication services	Shareholder	86.00	99.99	86.00	-	86.00
True International Gateway Co., Ltd.	Telecommunication and internet services	Shareholder	51.00	99.99	51.00	-	51.00
True International Communication Co., Ltd.	Telecommunication services	Shareholder	22.00	99.99	22.00	-	22.00
True Magic Co., Ltd.	Production and distribution of movie films	Shareholder	3.50	99.99	3.50	-	3.50
True Universal Convergence Co., Ltd.	Telecommunication services	Shareholder	1,685.00	0.04	1.00	-	1.00
Total investment in subsidiaries			45,401.78		18,546.41		26,855.37
Associate							
NC True Co., Ltd.	Developer and service provider of games online	Shareholder	241.58	40.00	123.20	73.53	49.67
Total investment in associate					123.20	73.53	49.67
Total investments in subsidiaries and associate			45,524.98	18,619.94			26,905.04

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18. Investments in subsidiaries, associates and joint ventures, net (Cont'd)

As at 31 December 2009

		Company			Investment -at cost method	Allowance for impairment	Net investment
	Business	Relationship	Paid-up capital Baht Million	% Ownership interest	Baht Million	Baht Million	Baht Million
Subsidiaries							
Telecom Holding Co., Ltd.	Holding company	Shareholder	18,598.25	99.99	18,598.25	9,598.64	8,999.61
Bangkok Inter Teletech Public Co., Ltd.	Holding company	Shareholder	82,678.29	96.44	22,803.40	8,647.90	14,155.50
True Leasing Co., Ltd.	Rental services	Shareholder	1,285.00	99.99	1,660.00	-	1,660.00
True Life Plus Co., Ltd.	Telecommunication services reseller	Shareholder	1,775.00	21.73	559.50	-	559.50
True Internet Co., Ltd.	Internet solution provider	Shareholder	602.80	99.99	539.88	-	539.88
K.I.N. (Thailand) Co., Ltd.	Holding company	Shareholder	352.50	93.62	330.00	299.87	30.13
Wire & Wireless Co., Ltd.	Construction	Shareholder	100.00	87.50	292.25	-	292.25
True Money Co., Ltd.	Payment service center and electronic card services	Shareholder	200.00	49.00	98.00	98.00	98.00
True Public Communication Co., Ltd.	Telecommunication services	Shareholder	86.00	99.99	86.00	-	86.00
True International Gateway Co., Ltd.	Telecommunication and internet services	Shareholder	51.00	99.99	51.00	-	51.00
True International Communication Co., Ltd.	Telecommunication services	Shareholder	22.00	99.99	22.00	-	22.00
True Magic Co., Ltd.	Production and distribution of movie films	Shareholder	3.50	99.99	3.50	-	3.50
True Universal Convergence Co., Ltd.	Telecommunication services	Shareholder	1,685.00	0.04	1.00	-	1.00
Total investment in subsidiaries			45,044.78		18,546.41		26,498.37
Associate							
NC True Co., Ltd.	Developer and service provider of games online	Shareholder	241.58	40.00	123.20	73.53	49.67
Total investment in associate			123.20		73.53		49.67
Total investments in subsidiaries and associate			45,167.98		18,619.94		26,548.04

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19. Investment property, net

	Consolidated	
	2010 Baht Million	2009 Baht Million
For the years ended 31 December		
Opening net book value	55.98	56.65
Impairment charge	(2.62)	(0.67)
Closing net book value	<u>53.36</u>	<u>55.98</u>
As at 31 December		
Cost	118.92	118.92
<u>Less</u> Allowance for decline in value	<u>(65.56)</u>	<u>(62.94)</u>
Net book value	<u>53.36</u>	<u>55.98</u>

20. Property, plant and equipment, net

As at 31 December	Consolidated		Company	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Network equipment				
Opening net book value	60,814.90	63,926.57	13,827.14	15,474.21
Additions	5,153.16	4,213.86	247.38	256.78
Disposals, net	(280.47)	(209.87)	(49.33)	(1.01)
Adjustments/Reclassifications	629.51	908.42	28.17	1.21
Depreciation charge	(8,391.89)	(7,957.62)	(1,892.62)	(1,904.05)
Impairment charge	(49.97)	(66.46)	-	-
Closing net book value	<u>57,875.24</u>	<u>60,814.90</u>	<u>12,160.74</u>	<u>13,827.14</u>
Non-network equipment				
Opening net book value	7,877.65	7,453.51	299.21	446.45
Additions	1,890.40	2,617.40	44.81	56.70
Acquisitions of subsidiaries	-	17.65	-	-
Disposals, net	(245.27)	(179.65)	(11.17)	(2.26)
Adjustments/Reclassifications	(15.92)	(87.45)	(1.46)	(1.68)
Depreciation charge	(2,013.97)	(1,945.40)	(130.41)	(200.00)
Impairment charge	-	1.59	-	-
Closing net book value	<u>7,492.89</u>	<u>7,877.65</u>	<u>200.98</u>	<u>299.21</u>
Total	<u>65,368.13</u>	<u>68,692.55</u>	<u>12,361.72</u>	<u>14,126.35</u>

Network equipment

Borrowing costs of Baht 50.25 million (2009: Baht 62.30 million) were capitalised as cost of assets during the year which included in "Additions".

Network equipment in the consolidated and Company financial statements at net book value of Baht 19,586.93 million and Baht 9,156.38 million (2009: Baht 21,968.08 million and Baht 10,719.31 million), respectively were transferred to the parties under the agreements (Note 2). According to the agreements, the Group has the rights to operate and maintain these assets over the agreement periods.

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20. Property, plant and equipment, net (Cont'd)

Additions include Baht 45.54 million (2009: Baht 495.40 million) of assets leased under finance leases (where the Group is the lessee).

Leased assets are finance leases of transponder to provide Pay-TV services and network assets (where the Group is a lessee), details are as follows:

	Consolidated	
	2010	2009
	Baht Million	Baht Million
Cost - capitalised finance leases	5,081.71	5,046.47
<u>Less</u> Accumulated depreciation	(1,728.72)	(1,305.61)
Net book value	<u>3,352.99</u>	<u>3,740.86</u>

Borrowings in Thai Baht are secured by the rights to operate network equipment of the Group amount of Baht 18,819.55 million (2009: Baht 20,949.51 million) (Note 25).

Non-network equipment

Additions include Baht 898.38 million (2009: Baht 1,423.50 million) of assets leased under finance leases (where the Group is the lessee).

Leased assets are finance leases of vehicles and computers (where the Group is a lessee), details are as follows:

	Consolidated	
	2010	2009
	Baht Million	Baht Million
Cost - capitalised finance leases	4,883.51	5,018.66
<u>Less</u> Accumulated depreciation	(2,119.90)	(1,717.80)
Net book value	<u>2,763.61</u>	<u>3,300.86</u>

Borrowings are secured by buildings included in non-network equipment at a net book value of Baht 1,008.53 million (2009: Baht 1,033.23 million) (Note 25 and Note 36).

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20. Property, plant and equipment, net (Cont'd)

Consolidated									
	Land and land improvement Bait Million	Building and improvement Bait Million	Telephone network equipment Bait Million	Wireless network equipment Bait Million	Public Phones Bait Million	Multimedia network equipment Bait Million	Power supply and computers Bait Million	Pay-TV Bait Million	Work in progress Bait Million
Network equipment									Total Bait Million
As at 1 January 2009									
Cost	1,848.18	1,825.14 (1,107.86)	69,494.74 (57,000.21)	71,425.43 (33,508.49)	2,390.95 (2,074.99)	9,836.91 (6,001.08)	4,021.77 (3,484.53)	13,992.02 (5,980.35)	2,934.77
<u>Less</u> Accumulated depreciation	-	(0.18)	(92.35)	(3,924.08)	(38.65)	(154.70)	(313.87)	(152.00)	-
Allowance for impairment									(109,157.51)
Net book value	1,848.18	717.10	12,402.18	33,982.86	277.31	3,681.13	223.37	7,859.67	2,934.77
Year ended 31 December 2009									
Opening net book value	1,848.18	717.10	12,402.18	33,982.86	277.31	3,681.13	223.37	7,859.67	2,934.77
Additions	-	0.13	195.01 (0.77)	2.39 (4.03)	-	189.37 (6.61)	1.77	774.99 (198.44)	3,050.20
Disposals, net	-	-	44.59 (80.38)	2,182.27 (3,970.66)	1.05 (60.18)	1,102.82 (697.27)	23.55 (37.64)	851.43 (1,471.72)	-
Adjustments/Reclassifications	0.97	-	(638.38) (1,639.57)	(8.52)	-	-	-	(57.94)	(2,639.88)
Depreciation charge	-	-	-	-	-	-	-	-	(7,957.62)
Impairment charge	-	-	-	-	-	-	-	-	(66.46)
Closing net book value	1,849.15	681.24	10,298.47	32,184.31	218.16	4,269.44	211.05	7,757.99	3,345.09
As at 31 December 2009									
Cost	1,849.15	1,869.87 (1,188.45)	68,957.23 (58,566.41)	73,678.70 (37,551.79)	2,381.12 (2,124.91)	10,474.71 (6,050.57)	4,047.10 (3,522.18)	14,908.45 (6,940.52)	3,345.09
<u>Less</u> Accumulated depreciation	-	(0.18)	(92.35)	(3,942.60)	(38.05)	(154.70)	(313.87)	(209.94)	-
Allowance for impairment									(115,944.83)
Net book value	1,849.15	681.24	10,298.47	32,184.31	218.16	4,269.44	211.05	7,757.99	3,345.09
Year ended 31 December 2010									
Opening net book value	1,849.15	681.24	10,298.47	32,184.31	218.16	4,269.44	211.05	7,757.99	3,345.09
Additions	-	0.53	211.21 (5.72)	31.01 (0.08)	0.60 (24.24)	109.66 (12.10)	0.24	868.24 (230.96)	3,931.67
Disposals, net	-	-	4.19 (83.12)	34.08 (1,618.09)	2,110.30 (4,171.08)	0.32 (78.59)	-	481.72 (1,566.24)	(7.37) (3,818.67)
Adjustments/Reclassifications	-	-	-	-	(22.01)	33.22	-	(61.18)	-
Depreciation charge	-	-	-	-	-	-	-	-	(8,391.89)
Impairment charge	-	-	-	-	-	-	-	-	(49.97)
Closing net book value	1,849.15	602.84	8,919.95	30,132.45	149.47	5,324.83	196.26	7,249.57	3,450.72
As at 31 December 2010									
Cost	1,849.15	1,874.59 (1,271.57)	69,067.24 (60,054.94)	75,803.00 (41,722.86)	2,296.78 (2,142.48)	11,590.95 (6,111.42)	4,081.38 (3,569.96)	15,504.45 (7,993.45)	3,450.72
<u>Less</u> Accumulated depreciation	-	(0.18)	(92.35)	(3,947.69)	(4.83)	(154.70)	(315.16)	(261.43)	-
Allowance for impairment									(4,776.34)
Net book value	1,849.15	602.84	8,919.95	30,132.45	149.47	5,324.83	196.26	7,249.57	3,450.72
As at 31 December 2010, the Group's fully depreciated network equipment which is presented in cost before accumulated depreciation amount of Bait 25,009.27 million (2009: Bait 23,512.58 million).									57,875.24

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20. Property, plant and equipment, net (Cont'd)

		Consolidated						
		Land and land improvement Baht Million	Building and improvement Baht Million	Furniture, fixtures and equipment Baht Million	Power supply and computers Baht Million	Vehicles Baht Million	Work in progress Baht Million	Total Baht Million
As at 1 January 2009								
Cost	565.83	2,886.14	4,407.93	4,409.30	4,641.62	322.01	17,232.83	
<u>Less</u> Accumulated depreciation	(4.53)	(1,627.83)	(3,052.59)	(3,379.26)	(1,584.96)	-	(9,649.17)	
Allowance for impairment	(14.34)	(7.45)	(7.28)	(101.08)	-	-	(130.15)	
Net book value	546.96	1,250.86	1,348.06	928.96	3,056.66	322.01	7,453.51	
Year ended 31 December 2009								
Opening net book value	546.96	1,250.86	1,348.06	928.96	3,056.66	322.01	7,453.51	
Additions	-	58.67	271.48	124.09	1,927.53	235.63	2,617.40	
Acquisitions of subsidiary (Note 39)	-	0.60	15.10	-	0.10	1.85	17.65	
Disposals, net	-	(7.41)	(4.19)	(4.81)	(155.37)	(7.87)	(179.65)	
Adjustments/Reclassifications	-	56.68	(24.22)	218.07	-	(337.98)	(87.45)	
Depreciation charge	-	(158.15)	(362.69)	(410.84)	(1,013.66)	-	(1,945.40)	
Impairment charge	-	-	1.59	-	-	-	1.59	
Closing net book value	546.90	1,201.25	1,245.13	855.47	3,815.26	213.64	7,877.65	
As at 31 December 2009								
Cost	565.83	2,978.00	4,496.51	4,599.75	5,801.80	213.64	18,655.53	
<u>Less</u> Accumulated depreciation	(4.59)	(1,769.30)	(3,145.69)	(3,743.20)	(1,986.54)	-	(10,649.32)	
Allowance for impairment	(14.34)	(7.45)	(105.69)	(1.08)	-	-	(128.56)	
Net book value	546.90	1,201.25	1,245.13	855.47	3,815.26	213.64	7,877.65	
Year ended 31 December 2010								
Opening net book value	546.90	1,201.25	1,245.13	855.47	3,815.26	213.64	7,877.65	
Additions	-	36.75	368.92	152.06	1,172.55	160.12	1,890.40	
Disposals, net	-	(5.41)	(11.42)	(9.96)	(218.04)	(0.44)	(245.27)	
Adjustments/Reclassifications	-	83.17	51.99	58.18	-	(209.26)	(15.27)	
Depreciation charge	-	(132.97)	(379.84)	(340.22)	(1,160.88)	-	(2,013.97)	
Closing net book value	546.84	1,182.79	1,274.78	715.53	3,608.89	164.06	7,492.89	
As at 31 December 2010								
Cost	565.83	3,065.34	4,794.14	4,701.58	6,037.36	164.06	19,328.31	
<u>Less</u> Accumulated depreciation	(4.65)	(1,875.10)	(3,413.67)	(3,984.97)	(2,428.47)	-	(11,706.86)	
Allowance for impairment	(14.34)	(7.45)	(105.69)	(1.08)	-	-	(128.56)	
Net book value	546.84	1,182.79	1,274.78	715.53	3,608.89	164.06	7,492.89	

As at 31 December 2010, the Group's fully depreciated non-network equipment which is presented in cost before accumulated depreciation amount of Baht 5,644.22 million (2009: Baht 5,701.03 million).

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20. Property, plant and equipment, net (Cont'd)

		Company							
		Telephone network equipment		Wireless network equipment		Public phones		Power supply and computers	
		Baht Million	Baht Million	Baht Million	Baht Million	Baht Million	Baht Million	Baht Million	Total Baht Million
As at 1 January 2009									
Cost	1,848.18	1,824.68 (1,107.50) (0.18)	68,700.58 (56,928.37) (92.35)	5,381.14 (2,619.13) (1,959.34)	2,300.88 (2,038.68)	3,904.84 (3,447.72) (313.87)	-	21.05	83,981.35 (66,141.40) (2,365.74)
Less Accumulated depreciation	-	-	-	-	-	-	-	-	-
Allowance for impairment	-	-	-	-	-	-	-	-	-
Net book value	1,848.18	717.00	11,679.86	802.67	262.20	143.25	-	21.05	15,474.21
Year ended 31 December 2009									
Opening net book value	1,848.18	717.00	11,679.86	802.67	262.20	143.25	-	21.05	15,474.21
Additions	-	-	195.13 (0.77)	-	-	1.77	-	59.88	256.78
Disposals, net	-	-	58.63 (1,627.34)	-	(0.24)	-	-	(67.83)	(1.01)
Adjustments/Reclassifications	0.97	0.02 (79.84)	(1,627.34)	(125.93)	1.05 (57.48)	8.37 (13.46)	-	-	1.21
Depreciation charge	-	-	-	-	-	-	-	-	(1,904.05)
Closing net book value	1,849.15	637.18	10,305.51	676.74	205.53	139.93	-	13.10	13,827.14
As at 31 December 2009									
Cost	1,849.15	1,824.70 (1,187.34) (0.18)	68,951.86 (58,554.00) (92.35)	5,381.14 (2,745.06) (1,959.34)	2,292.44 (2,086.91)	3,914.98 (3,461.18) (313.87)	-	13.10	84,227.37 (68,034.49) (2,365.74)
Less Accumulated depreciation	-	-	-	-	-	-	-	-	-
Allowance for impairment	-	-	-	-	-	-	-	-	-
Net book value	1,849.15	637.18	10,305.51	676.74	205.53	139.93	-	13.10	13,827.14
Year ended 31 December 2010									
Opening net book value	1,849.15	637.18 0.04	10,305.51 239.85 (41.85)	676.74 - (0.11)	205.53 0.60 (0.11)	139.93 0.23 (7.37)	-	13.10	13,827.14
Additions	-	-	34.12 (1,616.27)	0.01 (125.93)	0.25 (56.80)	0.77 (13.78)	-	6.66 (6.98)	247.38 (49.33)
Disposals, net	-	-	-	-	-	-	-	-	-
Adjustments/Reclassifications	-	-	-	-	-	-	-	-	-
Depreciation charge	-	-	-	-	-	-	-	-	-
Closing net book value	1,849.15	557.38	8,921.36	550.82	149.47	127.15	-	5.41	12,160.74
As at 31 December 2010									
Cost	1,849.15	1,824.74 (1,267.18) (0.18)	69,068.51 (60,054.80) (92.35)	5,381.14 (2,870.98) (1,959.34)	2,280.88 (2,131.41) (315.16)	3,922.64 (3,480.33)	-	5.41	84,332.47 (69,804.70) (2,367.03)
Less Accumulated depreciation	-	-	-	-	-	-	-	-	-
Allowance for impairment	-	-	-	-	-	-	-	-	-
Net book value	1,849.15	557.38	8,921.36	550.82	149.47	127.15	-	5.41	12,160.74
As at 31 December 2010, the Company's fully depreciated network equipment which is presented in cost before accumulated depreciation amount of Baht 18,826.33 million (2009: Baht 18,433.68 million).									

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20. Property, plant and equipment, net (Cont'd)

		Company					
		Furniture, fixtures and equipment Baht Million	Power supply and computers Baht Million	Vehicles Baht Million	Work in progress Baht Million	Total Baht Million	
	Leasehold and improvement Baht Million						
As at 1 January 2009	289.73 (200.83)	594.68 (433.73)	1,344.27 (1,147.97)	1.16 (1.15)	0.29	2,230.13	(1,783.68)
Cost							
Less Accumulated depreciation							
Net book value	88.90	160.95	196.30	0.01	0.29	446.45	
Year ended 31 December 2009							
Opening net book value	88.90	160.95	196.30	0.01	0.29	446.45	
Additions	10.63	11.81	21.37	-	12.89	56.70	
Disposals, net	(0.49)	(0.95)	(0.82)	-	-	(2.26)	
Adjustments/Reclassifications	8.48	3.01	0.01	-	(13.18)	(1.68)	
Depreciation charge	(61.85)	(43.53)	(94.62)	-	-	(200.00)	
Closing net book value	45.67	131.29	122.24	0.01	-	299.21	
As at 31 December 2009	307.91 (262.24)	586.38 (455.09)	1,314.64 (1,192.40)	1.16 (1.15)	0.29	2,210.09	(1,910.88)
Cost							
Less Accumulated depreciation							
Net book value	45.67	131.29	122.24	0.01	-	299.21	
Year ended 31 December 2010							
Opening net book value	45.67	131.29	122.24	0.01	-	299.21	
Additions	4.13	13.89	15.11	-	11.68	44.81	
Disposals, net	-	(1.75)	(9.27)	-	(0.15)	(11.17)	
Adjustments/Reclassifications	7.44	1.43	(0.06)	-	(10.27)	(1.46)	
Depreciation charge	(35.60)	(35.73)	(59.08)	-	-	(130.41)	
Closing net book value	21.64	109.13	68.94	0.01	1.26	200.98	
As at 31 December 2010	299.77 (278.13)	581.42 (472.29)	1,261.59 (1,192.65)	1.16 (1.15)	1.26	2,145.20	(1,944.22)
Cost							
Less Accumulated depreciation							
Net book value	21.64	109.13	68.94	0.01	1.26	200.98	
As at 31 December 2010, the Company's fully depreciated non-network equipment which is presented in cost before accumulated depreciation amount of Baht 1,550.78 million (2009: Baht 1,961.42 million).							

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21. Goodwill, net

Movement of goodwill is as follow:

	Consolidated
	Baht Million
At 1 January 2009	
Cost	21,154.48
<u>Less</u> Accumulated amortisation	<u>(8,773.78)</u>
Net book value	<u>12,380.70</u>
Year ended 31 December 2009	
Opening net book value	12,380.70
Acquisition of subsidiary (Note 39)	<u>47.31</u>
Closing net book value	<u>12,428.01</u>
At 31 December 2009	
Cost	21,201.79
<u>Less</u> Accumulated amortisation	<u>(8,773.78)</u>
Net book value	<u>12,428.01</u>
Year ended 31 December 2010	
Opening net book value	<u>12,428.01</u>
Closing net book value	<u>12,428.01</u>
At 31 December 2010	
Cost	21,201.79
<u>Less</u> Accumulated amortisation	<u>(8,773.78)</u>
Net book value	<u>12,428.01</u>

22. Intangible assets, net

	Consolidated		Company	
	2010	2009	2010	2009
	Baht Million	Baht Million	Baht Million	Baht Million
As at 31 December				
Current (included in "Other current assets" (Note 17))	322.65	288.29	-	-
Non-current	<u>5,119.32</u>	<u>5,340.45</u>	<u>420.95</u>	<u>630.36</u>
Total	<u>5,441.97</u>	<u>5,628.74</u>	<u>420.95</u>	<u>630.36</u>

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22. Intangible assets, net (Cont'd)

Consolidated						
Trademark, Copyright and Licence Baht Million	Computer software Baht Million	Right to operate NON-POTS Baht Million	Right to hang Dropwire Baht Million	Customer list Baht Million	Film and Program right Baht Million	Rights to operate Baht Million
As at 1 January 2009						
Cost	244.45	7,685.44	381.49	227.33	400.14	1,123.35
<u>Less</u> Accumulated amortisation	(68.41)	(5,203.93)	(213.63)	(107.65)	(340.12)	(793.19)
Net book value	176.04	2,481.51	167.86	119.68	60.02	330.16
Year ended 31 December 2009						
Opening net book value	176.04	2,481.51	167.86	119.68	60.02	330.16
Additions	3.30	178.39	-	-	1,386.74	500.29
Acquisition of subsidiary (Note 39)	-	6.05	-	-	-	2,269.02
Disposals, net	-	(7.54)	-	-	-	-
Adjustments/Reclassifications	-	3.35	-	-	-	-
Amortisation charge	(14.31)	(521.61)	(19.08)	(9.09)	(60.02)	(1,371.94)
Closing net book value	165.03	2,140.15	148.78	110.59	-	344.96
As at 31 December 2009						
Cost	247.75	7,840.37	381.49	227.33	400.14	1,344.78
<u>Less</u> Accumulated amortisation	(82.72)	(5,700.22)	(232.71)	(116.74)	(400.14)	(99.82)
Net book value	165.03	2,140.15	148.78	110.59	-	344.96
Year ended 31 December 2010						
Opening net book value	165.03	2,140.15	148.78	110.59	-	344.96
Additions	48.96	150.10	-	-	1,455.75	2,672.49
Disposals, net	(0.11)	(0.81)	-	-	-	-
Adjustments/Reclassifications	24.33	150.96	-	-	-	-
Amortisation charge	(83.37)	(454.41)	(19.07)	(9.10)	(1,398.61)	(96.82)
Closing net book value	154.84	1,985.99	129.71	101.49	-	412.10
As at 31 December 2010						
Cost	347.90	7,792.91	381.49	227.33	400.14	1,000.00
<u>Less</u> Accumulated amortisation	(193.06)	(5,806.92)	(251.78)	(125.84)	(400.14)	(587.90)
Net book value	154.84	1,985.99	129.71	101.49	-	412.10

During the year ended 31 December 2010, the Group has changed accounting estimate in benefit useful life of films and programming rights from straight-line basis over two years to be based on the ratio relating to the expected revenue earned from each of the revenue-generated program over the lifetime of planned broadcast but not exceeding 5 years. This change was result to amortisation for this year decreased Baht 35.53 million.

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22. Intangible assets, net (Cont'd)

The right to operate NON-POTS services represents the fair value of TOT's interest in the nationwide NON-POTS agreement for which a subsidiary, True Multimedia Co., Ltd. ("TM") issued 18.50 million ordinary shares in exchange for the agreement.

The right to hang dropwire represents the fair value of TOT's interest in the multimedia network which TM issued 40.00 million ordinary shares in exchange for this privilege.

Movement of intangible assets:

	Company
	Computer software
	Baht Million
As at 1 January 2009	
Cost	2,523.66
<u>Less</u> Accumulated amortisation	<u>(1,727.71)</u>
Net book value	<u>795.95</u>
Year ended 31 December 2009	
Opening net book value	795.95
Additions	12.19
Disposals, net	(0.12)
Adjustments/Reclassifications	12.46
Amortisation charge	<u>(190.12)</u>
Closing net book value	<u>630.36</u>
As at 31 December 2009	
Cost	2,548.18
<u>Less</u> Accumulated amortisation	<u>(1,917.82)</u>
Net book value	<u>630.36</u>
Year ended 31 December 2010	
Opening net book value	630.36
Additions	13.07
Disposals, net	(70.91)
Adjustments/Reclassifications	1.16
Amortisation charge	<u>(152.73)</u>
Closing net book value	<u>420.95</u>
As at 31 December 2010	
Cost	2,306.74
<u>Less</u> Accumulated amortisation	<u>(1,885.79)</u>
Net book value	<u>420.95</u>

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23. Deferred income taxes

Deferred income taxes are calculated in full on temporary differences, using the liability method and using a principal tax rate of 30% (2009: 30%). The deferred taxation related to the temporary differences between the carrying amounts and the tax bases of assets and liabilities of the Group are summarised below:

As at 31 December	Consolidated		
	2009 Baht Million	Credit (debit) to statement of income Baht Million	2010 Baht Million
		2010 Baht Million	
Deferred income tax assets			
Difference on network assets	1,342.39	-	1,342.39
Depreciation	5,815.86	(612.56)	5,203.30
Allowances	230.96	10.04	241.00
Borrowings	346.63	10.07	356.70
Other current assets	16.50	2.40	18.90
Unearned income	177.64	29.66	207.30
Accrued expenses	16.37	1.34	17.71
Other current liabilities	5.69	1.82	7.51
Tax loss carry forwards	253.67	817.03	1,070.70
Minimum payment fees	18.65	32.15	50.80
Film and program right	-	14.26	14.26
	8,224.36	306.21	8,530.57
Deferred income tax liabilities			
Accounts receivable - billed customers	(475.29)	113.99	(361.30)
Debt issuance cost	(188.07)	49.39	(138.68)
Leased assets	(123.29)	(47.77)	(171.06)
Depreciation	(1,268.23)	340.36	(927.87)
Accrued regulatory cost	(24.93)	(14.87)	(39.80)
	(2,079.81)	441.10	(1,638.71)
Deferred income tax - net	6,144.55	747.31	6,891.86
Company			
As at 31 December	Credit (debit) to statement of income Baht Million		
	2009 Baht Million	2010 Baht Million	2010 Baht Million
	2010 Baht Million		
Deferred income tax assets			
Depreciation	5,040.52	(605.67)	4,434.85
Allowances	74.60	(1.22)	73.38
Borrowings	515.24	65.42	580.66
Other current assets	0.05	(0.05)	-
	5,630.41	(541.52)	5,088.89
Deferred income tax liabilities			
Accounts receivable - billed customers	(475.29)	113.99	(361.30)
Depreciation	(116.26)	59.54	(56.72)
Leased assets	(4.22)	4.22	-
Debt issuance cost	(99.91)	37.39	(62.52)
	(695.68)	215.14	(480.54)
Deferred income tax - net	4,934.73	(326.38)	4,608.35

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23. Deferred income taxes (Cont'd)

The movement on deferred income taxes during the year is as follows:

At 31 December	Consolidated		Company	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Cumulative effect of adoption of accounting for deferred income taxes	6,144.55	7,174.12	4,934.73	5,468.78
Charge to statements of income	747.31	(1,029.57)	(326.38)	(534.05)
	6,891.86	6,144.55	4,608.35	4,934.73

The Group did not recognise deferred income tax assets of Baht 6,985.79 million in respect of tax losses carried forward approximately Baht 23,285.95 million. A summary of the tax losses carried forward and the expiry dates are set out below:

Expiry year	Consolidated Baht Million	Company Baht Million
2011	3,663.29	-
2012	3,009.38	1,329.84
2013	7,904.67	1,590.35
2014	4,600.65	1,021.70
2015	7,676.96	591.29
	26,854.95	4,533.18

24. Other non-current assets

At 31 December	Consolidated		Company	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Value added tax pending receipt of tax invoices related to debt restructuring	199.27	199.27	199.27	199.27
Deposits	355.47	415.40	115.15	134.41
Account receivable	246.59	-	-	-
Others	98.64	20.89	27.36	71.47
Total	899.97	635.56	341.78	405.15

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25. Borrowings

Short-term borrowings

As at 31 December	Consolidated		Company	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Loans from banks	625.93	530.00	200.00	-
Short-term debenture	-	1,800.00	-	1,800.00
Total	625.93	2,330.00	200.00	1,800.00

Short-term borrowings are unsecured loans from bank and finance institution and short-term debenture. The loans from bank and finance institution are bearing interest rate at MLR and will be due during the next six months.

Long-term borrowings

Borrowings are denominated in Thai Baht, United States Dollars and Japanese Yen.

As at 31 December	Consolidated		Company	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Current				
- Banks and financial institutions	5,204.79	5,571.75	3,200.00	2,800.00
- Finance leases	1,362.66	1,300.84	-	-
- Debentures	603.32	804.30	603.32	804.30
Total Current	7,170.77	7,676.89	3,803.32	3,604.30
Non-current				
- Banks and financial institutions	21,372.12	19,706.80	6,716.13	9,806.18
- Finance leases	4,298.44	5,206.25	-	-
- Debentures	34,772.24	36,382.11	14,218.24	13,706.89
- Suppliers credit	4,232.55	4,126.73	4,232.55	4,126.73
Total Non-current	64,675.35	65,421.89	25,166.92	27,639.80
Total	71,846.12	73,098.78	28,970.24	31,244.10

Movement of borrowings can be analysed as follows:

For the year ended 31 December 2010	Consolidated Baht Million	Company Baht Million
Opening net book value	73,098.78	31,244.10
Additional borrowings:		
- principal (net of debt issuance cost)	15,982.19	1,096.26
- non-cash finance leases	943.92	-
- interest	8.48	8.48
Repayment of borrowings	(16,030.64)	(3,604.30)
Amortisation of debt issuance costs	379.36	128.36
Currencies translations	(2,535.97)	97.34
Closing net book value	71,846.12	28,970.24

Borrowings are net of unamortised debt issuance costs of Baht 753.72 million for consolidation (2009: Baht 918.33 million) and Baht 208.40 million for the Company (2009: Baht 333.02 million).

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25. Borrowings (Cont'd)

Bank borrowings

Bank borrowings mature until 2018 and bear average interest of 5.81% annually (2009: 6.25% annually).

Borrowings include secured liabilities being loans under leases, and loans from banks and financial institutions of Baht 47.07 billion (2009: Baht 46.30 billion) and Baht 24.74 billion (2009: Baht 27.12 billion) in the consolidated and Company financial statements, respectively. The bank borrowings are secured with shares of subsidiaries, network equipment, and land and building of the Group and guaranteed by a subsidiary of the Group (Note 36).

During 2010, two subsidiaries entered into loan agreements with certain Thai banks. The loan is denominated in Thai Baht amounting to Baht 14.50 billion and matures until 2018. The loan is secured by conditional assignment of the subsidiary's right in revenue account. The other loan is guaranteed by its subsidiaries and pledging of its subsidiaries' shares. Two subsidiaries used their proceeds to prepay of their secured borrowings and settle all relevant swap contracts. The unwinding fee of Baht 878.55 million was recognised in finance costs for the year ended 31 December 2010 (Note 9).

Maturity of non-current borrowings (excluding finance lease liabilities and unamortised debt issuance cost):

As at 31 December	Consolidated		Company	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Between 1 and 2 years	6,073.42	6,514.19	4,000.00	3,803.32
Between 2 and 5 years	48,093.67	50,493.05	19,275.27	20,042.77
Over 5 years	6,958.05	4,126.73	2,100.05	4,126.73
	61,125.14	61,133.97	25,375.32	27,972.82

The carrying amounts and fair values of certain non-current borrowings (excluding finance lease liabilities) of the Group are as follows:

	Carrying amounts		Fair values	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Bank and financial institutions	21,705.14	19,211.16	21,771.35	18,266.57
Debentures	35,187.45	36,912.91	37,201.05	36,341.37
Loans from a related company (Note 40)	-	883.17	-	827.83
Suppliers credit	4,232.55	4,126.73	4,163.19	4,057.16

The carrying amounts of borrowings are excluded the unamortised debt issuance cost.

The fair value of current borrowings and lease obligation are equals their carrying amount, as the impact of discounting is not significant. The fair values are based on discounted cash flows using a discount rate based on the borrowing rate of 6.20% (2009: 6.70%).

The carrying amounts and fair values of the Group's non-current borrowings (excluding finance lease liabilities) are denominated in the following currencies:

	Carrying amounts		Fair values	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Thai Baht	35,988.14	27,001.98	36,186.55	26,775.19
US dollar	20,904.45	30,005.26	22,785.85	28,660.58
Japanese Yen	4,232.55	4,126.73	4,163.19	4,057.16

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25. Borrowings (Cont'd)

The interest rate exposure of the borrowings of the Group and the Company are as follows:

As at 31 December	Consolidated		Company	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Total borrowings (excluding the unamortised debt issuance cost)				
- at fixed rates	45,684.42	49,480.07	19,118.87	19,842.35
- at floating rates	26,915.43	24,537.05	10,059.77	11,734.77
	72,599.85	74,017.12	29,178.64	31,577.12

The Group has the following undrawn committed borrowing facilities:

	Consolidated	
	2010 Baht Million	2009 Baht Million
Floating rate		
- expiring within one year	4,966.14	2,265.15
- expiring beyond one year	-	0.70
	4,966.14	2,265.85

The Group has the following weighted average effective interest rates:

As at 31 December	Consolidated		Company	
	2010	2009	2010	2009
Weighted average effective interest rates:				
- banks and financial institutions	5.74%	4.63%	6.26%	6.51%
- finance lease	6.54%	5.86%	-	-
- debentures	7.10%	9.64%	6.75%	6.79%

Finance lease liabilities

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Gross finance lease liabilities - minimum lease payment:

As at 31 December	Consolidated	
	2010 Baht Million	2009 Baht Million
Not later than 1 year	1,654.33	1,640.16
Later than 1 year and not later than 5 years	3,622.42	4,149.61
Later than 5 years	1,352.79	2,009.70
	6,629.54	7,799.47
Future finance charges on finance leases	(968.44)	(1,292.38)
	5,661.10	6,507.09

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25. Borrowings (Cont'd)

Finance lease liabilities (Cont'd)

As at 31 December	Consolidated	
	2010 Baht Million	2009 Baht Million
Representing lease liabilities:		
- current	1,362.66	1,300.84
- non-current	4,298.44	5,206.25
	<hr/>	<hr/>
	5,661.10	6,507.09

The present value of finance lease liabilities is as follows:

As at 31 December	Consolidated	
	2010 Baht Million	2009 Baht Million
Not later than 1 year	1,362.66	1,300.84
Later than 1 year and not later than 5 years	3,056.63	3,412.31
Later than 5 years	1,241.81	1,793.94
	<hr/>	<hr/>
	5,661.10	6,507.09

Debentures and US Dollars Notes

Debentures are the Company's secured and unsecured debentures issued during 2004 and 2010 and mature until 2015. The debentures are denominated in Thai Baht and bear average interest of 6.58% annually. The US Dollars Notes are the notes issued by a subsidiary in 2006 and 2007 and mature until 2014. The notes bear average interest of 10.63% annually. The notes are guaranteed by its parent company and subsidiaries under its group.

Suppliers credit

Suppliers credit are the Company's Deferred Payment Note ("DPN") issued to certain unsecured creditors since 2002. The DPN are denominated in Japanese Yen, mature in 2017 and bear interest of 2.0% annually.

Under the terms and conditions of certain financing agreement, the Company and certain subsidiaries must comply with certain conditions including maintaining financial ratios. In addition, creditors' consent must be obtained if the Company or certain subsidiaries would incur certain type of indebtedness.

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26. Accrued expenses

As at 31 December	Consolidated		Company	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Regulatory cost	3,092.51	3,216.80	241.42	356.84
Network facility expenses	743.67	831.93	117.83	90.18
Interest expenses	657.57	719.84	226.72	242.88
Performance pay	444.71	421.19	129.29	145.20
Current portion of liabilities under agreements for operation (Note 29)	529.90	440.32	-	-
Accrued license fee	261.64	321.20	-	-
Others	1,953.96	1,815.57	422.95	406.20
Total	7,683.96	7,766.85	1,138.21	1,241.30

27. Other current liabilities

As at 31 December	Consolidated		Company	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Other payables	850.61	774.30	109.97	71.11
Output VAT pending tax invoice	1,069.12	925.12	226.93	187.80
Others	2,168.31	1,321.06	101.73	112.94
Total	4,088.04	3,020.48	438.63	371.85

28. Long-term trade accounts payable

Movement of long-term trade accounts payable can be analysed as follows:

For the year ended 31 December	Consolidated	
	2010 Baht Million	2009 Baht Million
Opening net book value	74.59	359.77
Additions	-	775.36
Reclassification (included in "Trade accounts payable")	(74.59)	(1,060.54)
Closing net book value	-	74.59

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29. Liabilities under agreements for operation

Detail of liabilities under agreements for operation can be summarised as follows:

As at 31 December	Consolidated	
	2010 Baht Million	2009 Baht Million
Current (included in "Accrued expenses") (Note 26)	529.90	440.32
Non-current	4,123.45	4,482.29
	4,653.35	4,922.61

Movement of liabilities under agreements for operation can be analysed as follow:

For the year ended 31 December 2010	Consolidated	
	Baht Million	
Opening net book value		4,922.61
Repayments		(696.00)
Interest expense charge		426.74
Closing net book value		4,653.35

According to the MOA as described in Note 36.8, the subsidiary recognised "rights to operate" as intangible assets (Note 22) and "Liabilities under agreements for operations" amount of Baht 2,269.02 million in the consolidated balance sheet. This amount derived from the best estimated cost of obtaining right discounted by MLR at the MOA's signing date and might be changed when the Group reaches the definitive agreement. The interest derived from liabilities being capitalised and contrary recognised in the consolidated statement of income.

30. Other non-current liabilities

As at 31 December	Consolidated		Company	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Deposit received from customers	1,759.46	1,899.81	-	-
Valued added tax pending receipt of tax invoice related to debt restructuring	199.27	199.27	199.27	199.27
Withholding tax related to debt restructuring	97.99	97.99	97.99	97.99
Others	108.81	100.70	-	-
Total	2,165.53	2,297.77	297.26	297.26

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31. Share capital, premium and discount on share capital

	Number of Shares Million	Common Shares Baht Million	Preferred Shares Baht Million	Share Premium (Discount) Baht Million	Total Baht Million
At 1 January 2009	4,503.18	38,038.45	6,993.34	5,950.34	50,982.13
- Issue of common shares	3,272.56	32,725.63	-	(26,346.20)	6,379.43
At 31 December 2009	7,775.74	70,764.08	6,993.34	(20,395.86)	57,361.56
- Conversion of preferred shares	-	6,993.34	(6,993.34)	-	-
At 31 December 2010	7,775.74	77,757.42	-	(20,395.86)	57,361.56

The total authorised number of shares is 15,333.21 million shares (2009: 15,333.21 million shares) with a par value of Baht 10 per share (2009: Baht 10 per share). All issued shares are fully paid.

The Company issued 3,272.56 million shares at par value of Baht 10 per share for the right offering during February 2009 according to the approval of the Extraordinary General Shareholders Meeting No. 1/2551. The exercised price was Baht 1.95 per share. The proceed was Baht 6,379.43 million net of related expenses of Baht 2.06 million. The Company completed the registration of change in paid up capital with the Ministry of Commerce on 17 February 2009.

Preferred shares

Upon the completion of the shares sale and purchase between KfW and Charoen Pokphand Group of Company Limited ("CPG"), the 699.33 million of preferred shares were converted to common shares. The Company completed registration the change of share capital with the Ministry of Commerce on 8 December 2010. In this regard, the unpaid cumulative dividends amount of Baht 5,601.20 million were irrevocable waived.

Equity warrants

Movements in the number of outstanding warrants are as follows:

For the years ended 31 December	2010 Million Units	2009 Million Units
At beginning of year	143.82	143.82
Lapsed	(55.27)	-
At end of year	88.55	143.82

Compensation cost is not recognised in these financial statements for the fair value or the intrinsic value of share options warrants granted.

Warrants outstanding at the year ended have the following terms:

	Exercise price Baht per share	31 December 2010 Million Unit	31 December 2009 Million Unit
Expiry date			
6 February 2010	11.20	-	18.27
9 June 2010	10.60	-	37.00
27 April 2011	9.73	17.35	17.35
30 January 2012	10.19	33.89	33.89
14 May 2013	7.00	37.31	37.31
		88.55	143.82

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32. Legal reserve

The legal reserve of the Company was established in accordance with the provisions of the Public Company Limited Act B.E. 2535, which requires the appropriation as legal reserve of at least 5% of net profit for the year after deduction of accumulated deficit brought forward (if any) until the reserve is not less than 10% of the authorised share capital. This reserve is not available for dividend distribution.

33. Minority interests

As at 31 December	Consolidated	
	2010 Baht Million	2009 Baht Million
Opening net book value	683.53	1,165.30
Acquisition of subsidiary (Note 39)	-	(2.12)
Additional subscription in subsidiary	6.00	0.06
Share purchased from minority interest (Note 40)	(11.00)	(3,540.00)
Dilution in minority interest (Note 18)	-	3,102.76
Foreign currency translation adjustment	(0.01)	-
Dividend income (Note 18)	-	(25.98)
Share of results of subsidiaries	(102.05)	(16.49)
 Closing net book value	 576.47	 683.53

On 11 June 2009, the Company exercised its option to purchase BITCO's shares from Charoen Pokphand Holding Company Limited ("CP") in regarding to CP's proposal. The number of shares purchased was 6,000 million shares at Baht 0.59 per share totalling Baht 3,540.00 million. Consequently, the Company and the Group's equity interest in BITCO are 96.44% and 98.91%, respectively (Note 18 and Note 40).

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34. Cash flows from operating activities

Reconciliation of profit to cash flows from operating activities:

For the years ended 31 December	Notes	Consolidated		Company	
		2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Profit before income tax		1,679.85	3,145.32	921.29	1,568.61
Adjustments for:					
Depreciation and amortisation		12,988.89	12,536.77	2,304.11	2,475.34
Interest income	9	(59.73)	(86.35)	(23.23)	(73.82)
Interest expense	9	6,099.58	6,879.58	1,870.62	2,231.07
Dividend income	40	-	-	(301.40)	(1,083.28)
(Gain) loss on disposals of property, plant and equipment		(175.77)	(165.43)	19.80	2.28
Doubtful accounts	8	1,235.14	1,034.66	289.53	300.20
Impairment charge of property, plant and equipment	20	49.97	64.87	-	-
Other operating assets and liabilities written-off		(13.06)	2.28	-	-
Gain on liquidation of subsidiaries		(0.87)	-	-	-
Unrealised (gain) loss on foreign exchange		(2,520.65)	(1,906.37)	97.16	(281.32)
Foreign exchange loss on repayments of borrowings		924.78	38.61	-	-
Share of results in associates	18	(40.41)	0.77	-	-
Changes in operating assets and liabilities					
- Trade accounts receivable		(1,416.33)	(1,347.72)	10.66	306.28
- Short-term investments		(23.18)	120.91	-	-
- Inventories		(896.77)	(735.47)	(5.12)	10.88
- Other current assets		340.31	541.44	394.71	250.90
- Film and program rights		(1,465.75)	(1,386.74)	-	-
- Other non-current assets		(264.40)	(82.71)	63.37	(34.86)
- Trade accounts payable		(198.38)	(951.32)	(25.54)	(115.67)
- Accrued expenses and other current liabilities		454.05	162.12	(104.53)	(149.70)
- Other non-current liabilities		(169.45)	(294.89)	-	(6.22)
Cash generated from operations		16,527.82	17,570.33	5,511.43	5,400.69
Add Interest received		52.54	84.41	26.44	69.93
Less Interest paid		(5,539.83)	(6,333.84)	(1,688.57)	(1,996.17)
Income tax paid		(1,771.98)	(1,876.88)	(333.37)	(352.29)
Net cash from operating activities		<u>9,268.55</u>	<u>9,444.02</u>	<u>3,515.93</u>	<u>3,122.16</u>

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35. Financial instruments

i) Objective and significant terms and conditions

In order to manage the risks arising from fluctuations in currency exchange rates, the Group adopts the following foreign currency risk management practices:

- entering into forward foreign exchange contracts;
- negotiating payment terms for foreign currency settlements on an individual transaction basis; and
- negotiating with foreign suppliers to share foreign exchange exposure.

Transaction risk is calculated in each foreign currency transaction and is projected six months forward. Exchange rates are monitored and forecasted information supplied by recognised research and financial analysis is used to estimate future exchange rates. These are compared against premiums on forward exchange contracts, and after making adjustments for the related risk, a decision is taken on whether to cover foreign currency transactions.

Transactions, if hedged with forward exchange contracts, are not hedged on a net basis, but rather on a transaction by transaction basis.

As at 31 December 2010 and 2009, the Group had outstanding foreign currency assets and liabilities as follows:

	Consolidated		Company	
	2010 Currency Million	2009 Currency Million	2010 Currency Million	2009 Currency Million
Assets				
US Dollar	15.79	15.33	-	-
Euro	0.01	-	-	-
Japanese Yen	0.10	0.10	-	-
HK Dollar	-	0.11	-	-
Liabilities				
US Dollar	896.57	1,134.49	0.05	0.35
Japanese Yen	11,310.84	11,287.32	11,310.39	11,287.27
Great British Pound Sterling	-	0.22	-	-
Euro	1.07	1.02	-	-
HK Dollar	-	0.26	-	-
Singapore Dollar	-	0.02	-	-

Foreign currency assets represent cash and accounts receivable whilst the above foreign currency liabilities represent trade accounts payable, long-term trade accounts payable, borrowings and other payables.

Forward foreign exchange contracts

Forward foreign exchange contracts are entered into to manage exposure to fluctuations in foreign currency exchange rates on specific transactions. The Group's policy is to enter into forward foreign exchange contracts for 100% of short-term loans anticipated in each month over the following six months.

As at 31 December 2010, the latest settlement date of open forward contracts will be on 14 October 2011. The Baht amounts to be received and contractual exchange rates of the Group's outstanding contracts were as follows:

	Consolidated	
	2010 Million Baht	2009 Million Baht
US Dollar 9.94 million (2009: US Dollar 77.60 million) at averaged rate of Baht 36.00/US Dollar (2009: Baht 37.05/US Dollar)	357.87	2,874.72

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35. Financial instruments (Cont'd)

i) Objective and significant terms and conditions (Cont'd)

Net fair values

The net fair values of the Group's derivative financial instruments at the balance sheet date were as follows:

	Consolidated	
	2010 Million Baht	2009 Million Baht
Unfavourable forward foreign exchange contracts	(56.39)	(280.18)

The fair values of forward foreign exchange contracts have been calculated based on rates quoted by the Group's lending bankers at balance sheet date, as if these agreements had been terminated.

ii) Interest rate exposures

The notional principal amount of the outstanding interest rate swap contracts as at 31 December 2010 was Baht 3,634.62 million.

As at 31 December 2010, the fixed interest rates were ranging from 5.08% to 6.50% and the floating rates are THB FIX and LIBOR plus certain margins.

As at 31 December 2010, the latest settlement date on interest rates swap contracts of the Group will be on 30 June 2011.

The net fair values of derivative financial instruments at the balance sheet date were:

	Consolidated		Company	
	2010 Million Baht	2009 Million Baht	2010 Million Baht	2009 Million Baht
(Unfavourable) favourable interest rates swap contracts	(17.85)	(265.64)	3.79	19.31

iii) Cross currency and interest rate swap

As at 31 December 2010, the latest settlement date on cross currency and interest rate swap will be on 16 December 2013. The principal amount is US Dollar 690.00 million and the fixed interest rates, ranging from 10.99% to 12.50% and the average exchange rates 35.27 Baht/USD.

The net fair values of cross currency and interest rate swap contracts at the balance sheet date were:

	Consolidated	
	2010 Million Baht	2009 Million Baht
Unfavourable cross currency and interest rate swap contracts	(5,102.23)	(4,773.49)

36. Contracts and commitments

36.1 The Company entered into the agreement for Joint-Operation and Investments for Expansion of 2.6 million lines Telephone Services with TOT and other supplements to the Agreement for the following services:

- Wireline Services
- Value Added Services
- Personal Communication Telephone Services
- Public Telephone Services
- Receiving telephone service orders, and receiving payment for installation charges, deposits and monthly usage
- Fault notification and dropwire maintenance
- Personal Communication Telephone Service for TOT subscribers

Under the provisions of the “Agreement”, the “Amendment” and the Supplementary Agreements, TOT and the Company will share the gross revenues collected from operating the telephone network in accordance with the percentages as stipulated in the agreements. Among the Company’s responsibilities are the acquisition, installation, project management, operation and maintenance of the system as set out in the agreements. In addition, the Company is required to transfer to TOT certain equipment pertaining to such system together with the land and buildings acquired by the Company related to the project.

36.2 Agreement for PCT operation

According to the Joint Operation and Joint Investment Agreement and the PCT Supplemental Agreement (“the Agreement”) between the Company and TOT to jointly operate and invest in the expansion of basic telephone services, including a personal communication telephone system in the telephone areas of Bangkok using the same long-distance telephone area code (the “Territory”), the Company is obliged to operate and comply with the Agreement. Asia Wireless Communication Co., Ltd. (“AWC”), a subsidiary of the Company will operate and share revenues with the Company in accordance with the PCT Contract (the “Contract”). In July 2001, the Company entered into the Contract with AWC, which became effective on 25 July 2001. The principal terms and conditions include the following.

- a. AWC is responsible, at its own cost and expense, to procure, purchase, install, operate and maintain a personal communication telephone system in the Territory, all of which are to be performed in accordance with the requirements of the Agreement; and
- b. In consideration of the foregoing, AWC is entitled to receive a portion of the revenue generated by the PCT services in accordance with the calculation methodology set out in the Contract.

On 1 July 2006, the Company and AWC entered into the Addendum to the PCT contract. The Company increased the additional revenue sharing from the PCT services since 1 July 2006 onwards. The said Addendum was ceased on 31 December 2007. The principal terms and conditions are still effective and unchanged.

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36. Contracts and commitments (Cont'd)

36.3 The certain subsidiaries have agreements with state enterprises, CAT, TOT and MCOT to provide nationwide cellular telephone service, the lease of long distance circuits and Pay TV service, respectively.

Under the terms of the agreements, the subsidiaries have certain commitments to acquire, install, manage and maintain all equipment. The subsidiaries are also committed to transfer to CAT, TOT and MCOT all equipment pertaining to such systems as the installations are completed. During the term of the agreements, the subsidiaries are entitled to collect deposits, membership fees and other service fees from customers as stipulated in the agreements. Under the term of the agreements, certain subsidiaries are obliged to pay minimum fee as follows:

Period due	Minimum fee Baht million
Within 1 year	731.50
Between 1 - 2 years	790.00
Between 2 - 5 years	2,325.00
Over 5 years	2,325.00

In addition, the subsidiaries are contingently liable to certain foreign and local banks for letters of guarantee totalling Baht 1,404.08 million issued by the said banks in favour of CAT, TOT and MCOT. The letters of guarantee cover the guarantee for the subsidiaries in compliance with the provisions of the agreements referred to above.

36.4 The Company and subsidiaries are contingently liable to certain foreign and local banks for letters of guarantee in favour of certain government agencies, certain state enterprises and companies amount of Baht 247.52 million and Baht 2,360.12 million, respectively.

36.5 Under the terms of various agreements, the Company's and certain subsidiaries' assets have been pledged and/or mortgaged as collateral with the contracted parties, details of which are as follows:

	Carrying Value at 31 December					
	Consolidated				Company	
			Mortgaged Value			
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Fixed and saving deposits	1,308.73	1,492.11	-	-	520.05	708.89
Investments in shares of subsidiaries	11,992.68	18,045.28	-	-	-	-
Land and building	1,008.53	1,033.23	24,870.63	24,870.63	-	-

In addition, the Group and the Company's rights to operate network assets are secured against borrowings (Note 25).

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36. Contracts and commitments (Cont'd)

36.6 The Company and subsidiaries have entered into contracts with various contractors to supply and install additional network and expansion of network equipment capability and various agreements related to capital expenditure. Total commitments as at 31 December 2010 were Baht 107.49 million and Baht 9,897.84 million, respectively (2009: Baht 131.84 million and Baht 2,913.31 million, respectively).

36.7 On 28 September 2004, the Company entered into the Sponsor Support Agreements ("SSA") with the secured lenders of True Move pursuant to which the Company agreed to provide financial support as set forth below:

36.7.1 In the case of regulatory sponsor support to governmental authorities arising out the mobile phone agreement: where True Move experiences cash shortfalls for its normal operations due to regulatory costs as specified in the SSA, the sponsors shall provide financial support on a quarterly basis for the amount of the shortfall caused by the excess regulatory costs.

36.7.2 In the case of general cash deficiency sponsor support: where the cash flows of True Move are insufficient for its normal operations or debt repayments pursuant to the terms of the financing documents with its lenders, the Company will provide financial support to True Move in a total amount not exceeding Baht 7,000.00 million.

Under the terms and conditions of the SSA, the Company and concerned parties must comply with certain conditions as stipulated in the SSA. The sponsor support funds must be injected into True Move in the form as specified in the SSA.

36.8 On 29 January 2009, a subsidiary entered into the Memorandum of Agreement ("MOA") with the grantor of its agreement for operation of cellular telephone services, Digital PCN (PERSONAL COMMUNICATION NETWORK) 1800. The MOA has legally binding immediately. Whereby, the subsidiary retains right and obligation to use assets transferred to the grantor and provide service as it was the agreement for operation for the next five years commencing from the expire date of agreement for operation. Under the MOA, the subsidiary and the grantor must comply with the conditions stipulated therein.

37. Litigations and Arbitration disputes and contingent liabilities

37.1 Litigations outstanding at the Administrative Court

37.1.1 Litigation cases filed by the Company against TOT

Dispute in relation to Y-Tel 1234. On 11 October 2001, the Company filed a lawsuit against TOT with the Central Administrative Court to claim damages totalling Baht 1,197.63 million in relation to call tariff reduction campaign, "Y-Tel 1234". The Company claimed that the reduction of call tariffs was a breach of the wireline Agreement that required tariffs under TOT's network to be set at the same rate as those under the Company's wireline network. The Central Administrative Court rendered its judgment to dismiss the case on 28 October 2005. On 28 November 2005, the Company filed an appeal to the Supreme Administrative Court. The lawsuit is currently in the judicial process of the Supreme Administrative Court.

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37. Litigations and Arbitration disputes and contingent liabilities (Cont'd)

37.1 Litigations outstanding at the Administrative Court (Cont'd)

37.1.2 Litigation case filed by TOT against the Company

Dispute in relation to the use of True's logo on public payphone booths. On 23 July 2004, TOT filed an arbitration claim against the Company alleging that the Company failed to comply with TOT's requirements for the public payphone booths. TOT claimed damages for the use of the Company's logo on the public payphone booths amount of Baht 433.85 million. On 30 November 2005, the Company submitted the statement of objection. On 12 July 2006, the Arbitration Panel awarded in TOT's favour. On 6 November 2006, the Company filed a lawsuit in order to withdraw the arbitral award at the Central Administrative Court. On 27 February 2008, TOT filed a motion to the Central Administrative Court to enforcing according to the Arbitration's award and claim for payment of Baht 150.00 million and Baht 90.00 per month per payphone booth from the day of filing until the Company cease using True's logo on public phone boots of TOT. The Central Administrative court ordered to combine the case which the Company requested to repeal the execution of Arbitration's ruling. The Central Administrative Court has fixed the date of 26 December 2008 as final pursuance of fact-finding. On 24 February 2009, the Court ruled in favour of TOT and enforced the arbitral award for the black case number 61/2547 and red case number 77/2549, dated 12 July 2006. The Court ordered the Company to pay Baht 150 million within 60 days from the final date of the case and repay court fees for the total amount of Baht 80,000 to TOT. The Company appealed to the Court on 25 March 2009. The lawsuit is currently in the judicial process of the Supreme Administrative Court.

The ultimate outcomes of the aforementioned arbitration are presently unable to be determined, and accordingly, no recognition of revenue and provision for possible liability has been made in the financial statements.

37.2 Arbitration disputes outstanding at the Thai Arbitration Institute

37.2.1 Arbitration cases filed by the Company against TOT

Dispute in relation to revenue sharing collected from international call services. On 28 January 2005, the Company filed an arbitration claim against TOT regarding the calculation of revenue sharing from international calls under the Joint Operation and Joint Investment Agreement. The Company claimed damages in the amount of Baht 5,000.00 million for failure to obtain the actual number of international incoming calls, and damages of Baht 3,407.68 million for the incorrect calculation. Both amounts are entitled to bear interest.

Dispute in relation to the Agreement Article 38. On 15 May 2006, the Company filed an arbitration claim against TOT asking TOT to discontinue using its authority over the Agreement as well as to discontinue using its authority over the contract from the date its status changed. The authority to regulate shall be transferred to the Ministry of Transport or the Ministry of Information and Communication Technology. This case has no monetary claim amount. TOT submitted the objection statement on 17 June 2006. On 8 November 2006, the Company filed an arbitration claim against the authorisation limits of TOT on the Agreement Article 38 as a separate case.

37. Litigations and Arbitration disputes and contingent liabilities (Cont'd)

37.2 Arbitration disputes outstanding at the Thai Arbitration Institute (Cont'd)

37.2.1 Arbitration cases filed by the Company against TOT (Cont'd)

Dispute in relation to revenue sharing collected from international call. On 25 December 2007, the Company filed an arbitration claim against TOT of Baht 1,968.70 million in respect of revenue sharing collected from international calls whereby TOT failed to deliver to the Company on a tariff stipulated in the agreement. The following are requested of the arbitrator to adjudicate on:

1. Requesting TOT to comply with the Agreement in respect of revenue sharing collected from international call and make payment according to the conditions stipulated in the Agreement.
2. Requesting TOT to pay damages amount of Baht 1,968.70 million.
3. Requesting TOT to apply the rate in calculation of revenue sharing both in-coming and out-going call base on the rate of Baht 6 per minute as stipulated in the Agreement as from September 2007 and onwards.
4. Requesting TOT to pay related interest at the rate stipulated in the Agreement Article 21 (MLR+1) or 7.86% per annum calculated from the amount unpaid from the date of submitting the arbitration claim until full payment has been made.

On 29 April 2008, TOT submitted a statement of objection. The case is currently within the arbitration process.

37.2.2 Arbitration cases filed by TOT against the Company

Dispute in relation to the use of True's name and logo on invoices, tax invoices and receipts. On 13 December 2004, TOT filed an arbitration claim against the Company, claiming advertisement compensation for the unauthorised publication of True's name and logo on TOT's invoices, tax invoices and receipts to customers at the rate of Baht 4 per invoice, tax invoice and receipt from August 2001 until August 2004 for the total of Baht 785.64 million plus interest. However, on 11 March 2005, TOT claimed other damages amounts of Baht 106.80 million and Baht 1,030.50 million for changing of the invoices pattern to A4 size. The Company submitted a statement of objection on 25 November 2005. The case is currently within the arbitration process.

Dispute in relation to the lease of telephone conduits. On 31 May 2005, TOT filed an arbitration claim against the Company seeking an order to pay rent for the lease of telephone conduits from May 2004 to April 2005 in the amount of Baht 6.72 million plus interest and onwards. The Company submitted a statement of objection on 19 September 2005. The case is currently within the arbitration process.

Dispute in relation to TA1234 campaign. On 30 June 2005, TOT filed an arbitration claim alleging that it suffered damage from the loss of revenue sharing from 16 November 2000 to March 2005 of Baht 15,804.18 million plus interest as a result of the Company's invoices for domestic long distance call services at reduced tariff rates under the Company's "TA 1234" campaign. TOT also sought an order compelling the Company to collect domestic long distance call tariffs at the rates agreed in the Joint Operation and Joint Investment Agreement.

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37. Litigations and Arbitration disputes and contingent liabilities (Cont'd)

37.2 Arbitration disputes outstanding at the Thai Arbitration Institute (Cont'd)

37.2.2 Arbitration cases filed by TOT against the Company (Cont'd)

Dispute in relation to high speed internet (ADSL) service. On 28 October 2005, TOT filed an arbitration claim against the Company, claiming that the Company was in breach of the wireline agreement by allowing other parties to provide high speed internet service (ADSL). TOT claimed the compensation amount of Baht 2,010.21 million plus interest. In addition, TOT has claimed continuous damages from July 2005 at the rate of Baht 180.00 million per month, plus interest. TOT also requested an order prohibiting the Company from providing ADSL service or allowing any other parties to provide ADSL service.

Dispute in relation to revenue sharing under the Agreement. On 22 January 2008, TOT filed arbitration against the Company claimed for un-eligible revenue sharing paid to the Company amount of Baht 1,479.62 million plus interest. The Company filed a protest on 18 April 2008. The case is currently under the process of Arbitration.

All the above pending cases at Thai Arbitration Institute were proposed to be conciliated by the Arbitrator Office. However, on 24 September 2007, both parties agreed to cease the reconciliation and bring such cases into the arbitration process.

The ultimate outcomes of the aforementioned arbitration are presently unable to be determined, and accordingly, no recognition of revenue and provision for possible liability has been made in the financial statements.

37.3 Assessment from the Excise Department

On 21 July 2006, the Company was informed by the Excise Department regarding claims for penalties and surcharge on delay of payments for excise tax from January 2005 to March 2005 amount of Baht 185.87 million. On 21 August 2006, the Company filed for alleviation of this administrative order. Subsequently, on 1 September 2006, the Company filed an objection against this administrative order. On 30 April 2007, the Director General of Excise Department ruled to reject the Company's objection. On 2 May 2007, the Company filed an appeal with Excise Tax Appeal Committee requesting repeal of the ruling of the Director General of the Excise Department. On 19 September 2008, the Excise Tax Appeal Committee dismissed the Company's appeal and ordered the Company to pay the excise tax according to the decision of excise tax assessment for the amount of Baht 185.87 million. On 22 January 2009, the Company filed against ruling of Excise Tax Appeal Committee with the Central Tax Court. On 29 September 2009, the Central Tax Court pronounced a judgment withdrawing all the penalties and surcharge. However, on 2 March 2010, the Company appealed other points which are the results of the judgment. The case is currently in the appealing process.

On 8 May 2008, the Company filed against the Excise Department with the Central Tax Court claiming for excise tax which had been submitted with no statutory duty from the tax month of January 2005 to the tax month of December 2005 totalling of Baht 372.02 million and the Excise Department denied to refund. On 29 October 2008, the Central Tax Court ruled that the Excise Department, the defendant, does not deem to refund the claimed excise tax including interest and dismissed the case. The case is currently in the appealing process.

On 13 February 2009, the Company filed a request to the Director General of the Excise Department to make a claim for an excise tax refund for the period between January 2006 to February 2007 in the total amount of Baht 348.87 million on the grounds that the Company is not obligated to pay excise tax. On 23 April 2009, the Excise Department denied the claim for the excise tax refund. On 13 May 2009, the Company filed an appeal against the administrative order of the Excise Department. The appeal is under the consideration of the Excise Department.

37. Litigations and Arbitration disputes and contingent liabilities (Cont'd)

37.3 Assessment from Excise Department (Cont'd)

The ultimate outcomes of the aforementioned cases are presently unable to be determined, and accordingly, no recognition of revenue for contingent asset or provision for possible liability has been made in the financial statements.

37.4 Litigations and arbitration disputes of subsidiaries

In March 2005, a distribution agency appointed by several subsidiaries whose contract had been terminated, filed a civil lawsuit claiming damages up to maximum of Baht 300.00 million from the said subsidiaries, based on alleged breach of the Commercial Dwelling Unit ("CMDU") subscription agreements. Subsequently, on 26 May 2008, the Civil Court ruled in favour of subsidiary and ordered the plaintiff to pay Baht 1.66 million plus interest at 7.5% per annum from the dated of counterclaim until completion of payment. Currently, the case is under the process of appealing.

On 23 August 2006, CAT filed a lawsuit against a subsidiary at the Central Administrative Court to claim for space and antenna rental amount of Baht 12.48 million. On 21 January 2009, the Court dismissed the case and ruled that the subsidiary does not deem to pay such claim to CAT. However, CAT filed an appeal on 19 February 2009 and the subsidiary filed a reply of an appeal on 26 April 2009. The lawsuit is currently in the judicial process of the Supreme Administrative Court.

On 13 October 2006, CAT filed an arbitration claim against the subsidiary to claim for a numbering fee amount of Baht 113.58 million. Subsequently, on 15 August 2008, the Arbitration ruled in favour of CAT by ordering the subsidiary to pay of Baht 99.60 million (excluded interest at 7.5% per annum). The subsidiary acknowledged on 24 August 2008. The subsidiary currently files the protest with the Central Administrative Court. The case is currently under the court process.

On 1 December 2006, a subsidiary was filed a civil case by a group of person claiming damages amount of Baht 44.37 million. However, on 9 September 2007, most of the cases were withdrawn. There is only one case outstanding, and the amount of damages claimed is Baht 7.00 million. This case is under the court process.

On 9 August 2007, CAT notified four banks which issued the letters of guarantee to a subsidiary claiming that the subsidiary was not performed according to the agreement and requested of Baht 370.00 million from the banks. These cases are related to the cases that CAT bought to the Arbitration Institute and the cases are still pending at the arbitration panel. On 29 August 2007, the subsidiary filed the motions to the Civil Court and the Central Administrative Court requested for injunctive relief to prevent CAT from claiming bank guarantees and to prohibit the four banks to pay for until the arbitration award are issued. The Courts ruled in favour of the subsidiary. On 27 September 2007, the subsidiary submitted a claim against CAT through the Thai Arbitration Institute and the case is currently under consideration of the Arbitration Office.

On 9 January 2008, CAT filed for arbitration against the subsidiary claiming for shortcomings revenue sharing from the subsidiary including penalties and interest at the total amount of Baht 8,969.08 million. The case is currently under the process of Arbitration.

On 19 February 2008, CAT filed an arbitral dispute against the subsidiary claiming for additional revenue sharing amount of Baht 45.95 million. The case is currently under the process of Arbitration.

On 6 August 2008, CAT filed an arbitration against the subsidiary claiming for an access charges which the subsidiary deducted from revenue sharing for the concession period 7th - 11th year (discount for access charges Baht 22 per number) amount of Baht 689.84 million. On 19 March 2010, CAT has filed amendment claim from Baht 689.84 million to Baht 1,379.68 million. On 16 July 2010, the arbitrators have unanimous made an award to dismiss CAT's claiming. On 27 October 2010, CAT brought the case to the Central Administrative Court asked to revoke the arbitration's award. The case is under consideration of the Central Administrative Court.

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37. Litigations and Arbitration disputes and contingent liabilities (Cont'd)

37.4 Litigations and arbitration disputes of subsidiaries (Cont'd)

On 29 January 2009, CAT filed an arbitral dispute against the subsidiary claiming for transfer and conveyance of 4,546 units of masts and towers together with their accessories to CAT. If, in any event, the transfer and conveyance of the subsidiary are impracticable, the subsidiary shall pay to CAT for the amount of Baht 2,766.16 million. The subsidiary filed a statement of objection to the Arbitration Office on 3 September 2009. The case is currently under the process of Arbitration.

On 15 May 2009, CAT filed an arbitral dispute against the subsidiary claiming for reimbursement of numbering fee for four-digit special number "1331", which CAT paid to NTC, for the amount of Baht 3.96 million plus 7.5% per annum interest, value added tax, 1.25% per month stipulated penalty and fees and costs resulting from arbitral process. The claimed penalty would be in effect from the date that CAT had paid the numbering fee to NTC to the date that the subsidiary fully reimburses to CAT. The subsidiary made a statement of objection on 11 December 2009. The case is currently under the process of Arbitration.

On 24 September 2009, the subsidiary filed against CAT with the Civil Court claiming for the damage of Baht 50.00 million. The damage caused by CAT illegally failed to return Letters of Bank Guarantee ("LG") to the subsidiary, thus the subsidiary is being unable to efficiently facilitate its LG. Moreover, the subsidiary is bound to pay the fees for those LG. On 14 June 2010, as agreed upon both the Civil Court and the Central Administrative Court, the case was moved in the jurisdiction of the Central Administrative Court. The case is currently under the court process.

On 14 May 2010, the subsidiary filed against CAT with the Civil Court claiming for the damage of Baht 1,908.62 million plus interest regarding to breaching the contract caused by CAT on the ground of not paying the international call revenue sharing. The case is currently under the process of the Civil Court.

On 11 June 2010, Advance Info Service Public Company Limited ("AIS") filed with arbitration against the subsidiary claiming for interconnection charges payment amount of Baht 88.60 million. The subsidiary is being under the process of the protestation.

The ultimate outcome of the aforementioned issues cannot presently be determined, and accordingly, no provision for possible liability has been made in the financial statements.

37.5 Agreement for operation of the subsidiary

In May 2007, the Council of State issued an opinion stating that the cellular telephone services under the agreement for operation of the subsidiary with CAT may require the Thai Cabinet's approval, pursuant to the Act on Private Sector Participation in State Undertaking. In the case that CAT did not obtain the approval, it would cause the subsidiary to be subject to less favourable conditions. The Group's legal counsellor opined that according to the law, the Council of State's opinion is not legally binding on the subsidiary. Therefore the subsidiary can carry on its business under the agreement for operation.

37.6 Access charges

The Group has outstanding cases in respect of access charges which is in the process of considerations and cannot presently be determined the outcome as mentioned in Note 38.

38. Access charges

38.1 The Company's access charges

On 21 August 2002, the Company filed an arbitration claim regarding a dispute arising from the wireline Agreement between the Company and TOT. The terms of the wireline Agreement provided that the Company is entitled to additional considerations from TOT if TOT provides or allows any third parties to provide "special services" over the network. TOT allowed CAT and other mobile telecommunications service providers to use this network for mobile telecommunications services and obtained access charges from CAT and the other mobile telecommunications service providers. However, TOT disagreed that the use of the Company's wireline network for mobile telecommunications services was a "special service" and therefore refused to provide the Company with the additional considerations. The Company claimed for its portion of revenue sharing regarding access charges received by TOT starting from October 1992 to June 2003 amount of Baht 25,419.40 million. On 21 February 2006, the Arbitration delivered to the Company rulings of the arbitration dated 17 January 2006. The arbitral rulings are as follows:

1. The Company is entitled to benefits derived from TOT's provisions of special services on the Company's network or from TOT's permission for other parties to provide special services on the Company's network.
2. With respect to benefits from the beginning until 22 August 2002, TOT must pay the Company the sum of Baht 9,175.82 million plus interest at the rate of 7.5% per annum from 22 August 2002. The payment must be made within 60 days from the receipt of the arbitral award.
3. As from 23 August 2002, TOT must pay to the Company 50% of the benefit derived by TOT from the portion accessing to the Company's network.

On 20 April 2006, TOT filed a motion with the Central Administrative Court requesting an order to withdraw the arbitral award. Subsequently, on 19 September 2006, the Company submitted a statement of objection to the Central Administrative Court, and the court accepted the Company's statement of objection for consideration on 28 September 2006. On 8 May 2008, the Company as the petitioner requested the Central Administrative Court for the execution of the Arbitration's ruling. The court ordered to combine the case which TOT requested to repeal the execution for Arbitration's ruling. The case is currently in the judicial process of the Central Administrative Court.

38.2 A subsidiary's access charges

On 5 October 2006, a subsidiary issued a letter to TOT requesting it to enter into negotiation regarding the interconnection agreement ("IC") between its network and TOT's network. On 17 November 2006, the subsidiary issued a written notification informing TOT and CAT that it will cease payment of access charge under the Access Charge Agreement on the basis that the rate and the collection of access charge under the Access Charge Agreement were contrary to the law in a number of respects. The subsidiary also requested TOT to enter into the interconnection charge agreement to be in compliance with the law or temporarily apply the provisional rate announced by the NTC while the negotiations on the interconnection agreement with TOT has not been concluded.

However, on 23 November 2006, TOT issued a letter informing the subsidiary that the subsidiary was not entitled to interconnect its network with the TOT network because the subsidiary was not a telecommunications licensee, as granted by the NTC, and did not have its own telecommunications network. TOT also disputed that the Access Charge Agreement did not violate any law and that the rate and the collection of access charge under the Access Charge Agreement continuously prevail.

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38. Access charges

38.2 The subsidiary's access charges (Cont'd)

Pertaining to the NTC's announcement regarding the dispute resolution in respect of uses and interconnection of telecommunication network (IC), the subsidiary has brought the dispute to the Dispute Resolution Committee ("DRC") on 29 June 2007, requesting TOT to enter into the contract in relation to interconnection (IC). The DRC considered this and NTC deemed that the subsidiary is entitled to negotiate with TOT regarding the interconnection contract (IC) on 21 November 2007 and 28 November 2007, respectively. Subsequently, TOT agreed to enter into the interconnection charge agreement (IC) with the subsidiary on the condition that specific only the new numbers allocated by NTC. On 23 June 2008, the subsidiary notified to agree with TOT's offering. For the old numbers, the subsidiary will carry on the case and depend on judgment of the Civil Court.

On 16 November 2007, TOT filed a lawsuit against the subsidiary with the Civil Court, claiming violation of the access charges contract (agreement) and requested for access charges payment amount of Baht 4,508.10 million with related interest and value added tax. On 16 September 2009, the Civil Court and the Central Administrative Court agreed that the case was within the Central Administrative Court's jurisdiction and thus, struck the case out of the case-list.

If the subsidiary has to pay such access charges, the subsidiary would record additional expense and be liable to accrue additional access charges for the period from 18 November 2006 to 31 December 2010 are as follows:

	Accrued access charges Million Baht	Net effect to the consolidated statement of income, net of revenue sharing to CAT Million Baht
For the period from 18 November 2006 to 31 December 2009	14,591.78	10,898.98
For the year ended 31 December 2010	5,458.03	4,066.73
Total	20,049.81	14,965.71

The management and its external lawyer have opined that the subsidiary would not be liable to pay the said access charges.

The ultimate outcomes of the aforementioned cases are presently unable to be determined, and accordingly, no recognition of revenue and provision for possible liability has been made in the financial statements.

39. Acquisition

On 21 July 2009, the Group acquired an additional 18.22% of equity interest in KSC Commercial Internet Co., Ltd. ("KSC") resulting in the Group's equity interest in KSC becoming 56.02% (Note 18). The considerations of Baht 4.80 million was settled in cash. The fair value of the net identifiable liabilities of the company at the date of acquisition was Baht 42.51 million and goodwill resulting from acquisition of Baht 47.31 million.

The acquired business contributed revenues of Baht 192.01 million and net profit of Baht 13.52 million to the Group for the period from 21 July 2009 to 31 December 2009. If the acquisition had occurred on 1 January 2009, consolidated revenue and consolidated profit for the year ended 31 December 2009 would have been Baht 477.44 million and Baht 45.61 million, respectively.

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39. Acquisition (Cont'd)

Detail of acquisition of this investment is as follows:

	Baht Million
Purchased considerations:	
Cash paid	4.80
Fair value of net identifiable liabilities	42.51
Goodwill	<u>47.31</u>
	Baht Million
Cash and cash equivalents	31.89
Restricted cash	3.80
Trade accounts receivable, net	42.70
Inventories, net	3.02
Income tax deducted at source	7.01
Other current assets	9.41
Property, plant and equipment, net (Non-network assets)	17.65
Intangible assets, net	7.91
Other non-current assets	2.53
Trade accounts payable	(109.98)
Unearned income	(12.72)
Accrued expenses	(14.49)
Other current liabilities	(7.48)
Borrowing	(25.88)
Minority interest in subsidiaries	<u>2.12</u>
	Baht Million
Net identifiable liabilities	<u>(42.51)</u>
	Baht Million
Cash and cash equivalents acquired	31.89
Less Cash paid for acquisition	<u>(4.80)</u>
Net cash inflow from the acquisition	<u>27.09</u>

40. Related party transactions

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, joint ventures 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.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
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40. Related party transactions (Cont'd)

The following transactions were carried out with related parties:

i) Sales of goods and services

For the years ended 31 December	Consolidated		Company	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Sales of goods:				
Subsidiaries	-	-	112.29	4.27
Joint ventures	0.01	0.02	0.03	-
Associate	-	0.17	-	-
Related company				
CP Group of companies	21.48	7.24	-	0.02
	<u>21.49</u>	<u>7.43</u>	<u>112.32</u>	<u>4.29</u>
Sales of services:				
Subsidiaries	-	-	4,177.90	3,741.41
Joint ventures	4.42	36.29	0.97	0.96
Associate	91.45	29.33	-	-
Related companies				
CP Group of companies	2,581.08	3,463.67	5.14	9.38
NEC Corporation (Thailand) Co., Ltd.	-	0.07	-	0.07
	<u>2,676.95</u>	<u>3,529.36</u>	<u>4,184.01</u>	<u>3,751.82</u>

Sales of goods and services to related parties were carried out on commercial terms and conditions and at market prices.

CP Group of companies is the major shareholder of the Company.

The Group holds a 9.62% equity interest in NEC Corporation (Thailand) Co., Ltd.

ii) Purchases of goods and services

For the years ended 31 December	Consolidated		Company	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Purchases of goods:				
Subsidiaries	-	-	3.88	28.81
Joint ventures	0.05	0.01	-	-
Associate	1.54	1.26	-	-
Related companies				
CP Group of companies	50.10	50.88	-	4.69
	<u>51.69</u>	<u>52.15</u>	<u>3.88</u>	<u>33.50</u>

True Corporation Public Company Limited
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40. Related party transactions (Cont'd)

ii) Purchases of goods and services (Cont'd)

For the years ended 31 December	Consolidated		Company	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Purchases of services:				
Subsidiaries	-	-	1,085.09	975.05
Joint ventures	198.25	304.69	29.82	41.66
Associates	56.80	18.41	-	-
Related companies				
CP Group of companies	877.02	719.05	43.88	61.54
NEC Corporation (Thailand) Co., Ltd.	4.12	5.10	0.12	0.24
	<u>1,136.19</u>	<u>1,047.25</u>	<u>1,158.91</u>	<u>1,078.49</u>

Purchases from related companies were carried out on commercial terms and conditions and at market prices.

iii) Outstanding balances arising from sales and purchases of goods and services

As at 31 December	Consolidated		Company	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Receivables from related parties: (included in "Trade accounts receivable")				
Subsidiaries	-	-	2,184.77	1,962.72
Joint ventures	23.40	44.66	0.20	0.34
Associate	36.28	6.39	0.13	0.03
Related companies				
CP Group of companies	948.43	484.43	0.97	1.59
NEC Corporation (Thailand) Co., Ltd.	0.16	0.16	0.16	0.16
Receivables, net (Note 15)	<u>1,008.27</u>	<u>535.64</u>	<u>2,186.23</u>	<u>1,964.84</u>
Receivables from related parties: (included in "Other current assets")				
Related companies:				
CP Group of companies	0.06	0.06	-	-
NEC Corporation (Thailand) Co., Ltd.	2.31	-	2.31	-
	<u>2.37</u>	<u>0.06</u>	<u>2.31</u>	<u>-</u>

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
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40. Related party transactions (Cont'd)

iii) Outstanding balances arising from sales and purchases of goods and services (Cont'd)

As at 31 December	Consolidated		Company	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Payables to related parties: (included in "Trade accounts payable")				
Subsidiaries	-	-	427.25	540.00
Joint ventures	21.75	75.81	13.96	20.21
Associates	112.76	24.77	-	-
Related companies				
CP Group of companies	31.12	20.24	4.30	3.72
NEC Corporation (Thailand) Co., Ltd.	0.04	0.04	0.02	0.02
Kreditanstalt fuer Wiederaufbau	-	0.20	-	0.20
	165.67	121.06	445.53	564.15

iv) Loans to related parties

As at 31 December	Consolidated		Company	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Loans to related parties				
Current	11.90	7.50	-	850.00
Total	11.90	7.50	-	850.00

Movement of loans to related parties can be analysed as follows:

	Consolidated Baht Million	Company Baht Million
For the year ended 31 December 2010		
Opening net book value	7.50	850.00
Additions	4.40	-
Repayments	-	(850.00)
Closing net book value	11.90	-

The loans to related parties in the consolidated financial statements as at 31 December 2010 are loan of Baht 8.40 million and Baht 3.50 million to BboydCG Company Limited and True Music Radio Co., Ltd, respectively, which are call promissory notes. The loans bear interest at MLR per annum.

The loan to related party in the Company financial statements as at 31 December 2009 was loan to True Universal Convergence Co., Ltd., which was call promissory note. The loan beared interest at 6.00% per annum.

The consolidated and Company related interest income for the year ended 31 December 2010 were Baht 0.49 million and Baht 12.44 million, respectively (2009: Baht 0.58 million and Baht 39.39 million, respectively).

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40. Related party transactions (Cont'd)

v) Loans from a related party

As at 31 December	Consolidated		Company	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Current	792.81	1,196.55	-	-
Non-current	-	850.37	3,053.55	2,869.04
Total (Note 25)	792.81	2,046.92	3,053.55	2,869.04

Movement of loans from a related party can be analysed as follows:

For the year ended 31 December 2010	Consolidated	Company
	Baht Million	Baht Million
Opening net book value	2,046.92	2,869.04
Addition borrowings:		
- Non-cash transaction - interest	-	184.51
Repayments	(1,196.55)	-
Amortisation of debt issuance cost	27.30	-
Currency translation	(84.86)	-
Closing net book value	792.81	3,053.55

The loans in consolidated are presented net of amortised debt issuance cost of Baht 5.50 million.

The loans in the consolidated financial statements are the loans from Kreditanstalt fuer Wiederaufbau ("KfW"). The loans rank pari passu with other secured lenders and carry interest at LIBOR plus a fixed percentage per annum. The loans are secured against various categories of assets as described in Note 25. The first repayment was due in September 2006 and the final maturity date will be on 30 June 2011. Under the terms and conditions of the agreements, BITCO Group must comply with certain significant conditions and maintain financial ratio at the specific period as stipulated in the agreements. The related interest expenses were Baht 28.05 million and Baht 75.13 million for the years ended 31 December 2010 and 2009, respectively. These loans are presented in the balance sheet as part of borrowings (Note 25). Starting from 9 December 2010, upon the completion of the shares sale and purchase between KfW and CPG (Note 31), KfW is accounted as non related party.

The loan in the Company financial statements is the loan from True Visions Public Company Limited in form of the unsecured promissory note at the face value of Baht 4,302.56 million. The fair value of the said promissory note on the inception date was Baht 2,307.00 million with discounted amount of Baht 1,995.56 million. The effective interest rate is 6.43% per annum. The maturity date will be on 5 July 2016.

Maturity of non-current loans from related party:

As at 31 December 2010	Consolidated	Company
	Baht Million	Baht Million
Due within 1 year	792.81	-
Between 1 and 2 years	-	-
Between 2 and 5 years	-	-
Over 5 years	-	3,053.55
	-	3,053.55
	792.81	3,053.55

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40. Related party transactions (Cont'd)

vi) Interest receivable and interest payable arising from loans to and loans from related parties

As at 31 December	Consolidated		Company	
	2010 Baht Million	2009 Baht Million	2010 Baht Million	2009 Baht Million
Interest receivable: (included in "Other current assets")				
Joint venture	0.04	0.06	-	-
	<u>0.04</u>	<u>0.06</u>	<u>-</u>	<u>-</u>
Interest payable: (included in "Accrued expenses")				
Related company:				
Kreditanstalt fuer Wiederaufbau	0.08	0.20	-	-
	<u>0.08</u>	<u>0.20</u>	<u>-</u>	<u>-</u>

vii) Directors and key management's remuneration

The total remuneration of the directors and the key management of the Company and the Group in 2010 were Baht 150.07 million and Baht 212.34 million, respectively (2009: Baht 134.95 million and Baht 190.84 million, respectively).

viii) Equity warrants granted to directors and senior executives

There are no warrants granted to directors and senior executives during 2010 and 2009. The outstanding number of stock options granted to directors and senior executives of the Company as at 31 December 2010 was 88.55 million units (2009: 143.82 million units) (Note 31).

ix) Shares acquisition through CP

Pertaining to the Sponsor Support Agreement ("SSA") (Note 36), on 13 December 2007, Charoen Pokphand Holding Company Limited ("CP"), a shareholder in BITCO and a subsidiary of Charoen Pokphand Group provided a financial support in form of capital injection at the amount of Baht 3,000.00 million through the subscription of BITCO's rights offering shares of 6,000 million shares at Baht 0.50 per share, resulting in increasing of CP's equity interest in BITCO from 0.76% to 23.92% and dilution of the Company's equity interest in BITCO from 98.17% to 75.26%. CP offered the Company options to full or partial purchase of BITCO's shares at the specific time and prices as stipulated in the Memorandum, in this regard CP's proposal was approved by the Annual General Meeting of the Company's shareholders on 29 April 2008.

In accordance with the FAP Notification No. Sor Nor 113/2547 dated 23 April 2004 and the Securities and Exchange Commission Notification and Accounting Guidance - Business Combination Under Common Control, the selling price of the additional shares is higher than its carrying value, there is a gain to the investor, which should be accounted for share surplus under "Shareholders' equity". The amount of Baht 1,825.58 million was derived from dilution of the Company's equity interest in BITCO and was presented in shareholders' equity under "Share surplus (discount)" in the consolidated balance sheet. The subscription of BITCO's rights offering shares is approved by the Company's Board of Directors on 22 February 2008.

True Corporation Public Company Limited
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For the years ended 31 December 2010 and 2009

40. Related party transactions (Cont'd)

ix) Shares acquisition through CP (Cont'd)

On 11 June 2009, the Company exercised its option to purchase BITCO's shares from Charoen Pokphand Holding Company Limited ("CP") in regard to CP's proposal. The number of shares purchased was 6,000 million shares at Baht 0.59 per share totalling Baht 3,540.00 million, resulting in the increase of the Company and the Group's equity interest in BITCO to 96.44% and 98.91%, respectively (Note 18 and Note 33).

x) Dividend received

During 2010, the Company received a dividend of Baht 301.40 million (2009: Baht 1,083.28 million) from a subsidiary, which was recognised as "Dividend income" under "Other operating income" in the Company statement of income.

41. Post balance sheet events

On 27 January 2011, the Group has completed the purchase of shares in Hutchison Wireless MultiMedia Holdings Limited ("HWMH"), BFKT (Thailand) Limited ("BFKT"), Rosy Legend Limited ("RL") and Prospect Gain Limited ("PG"), resulting in the Group's equity interest of 91.36%, 100.00%, 98.77% and 100.00% in the acquired companies, respectively. The total consideration is Baht 4.35 million. Furthermore, the Group financed to BFKT at the amount of not exceeding Baht 6,300.00 million. This acquisition will enable the Group to become a nationwide 3G service provider using HSPA (High Speed Packet Access) technology. In addition, the Group reaps the benefit from the fast growing mobile internet market and helps to further expand the Group's existing mobile business. The acquired companies currently have approximately 0.80 million mobile subscribers generating annual service revenues of approximately Baht 4.00 billion and have 1,400 base stations using CDMA (Code Division Multiple Access) technology. The Group accounts the acquired companies for as subsidiaries commencing from the completion date. The Group is currently under the assessing of fair values of the identifiable assets and liabilities of the acquired companies, which is expected to be completed within the first quarter of 2011.

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