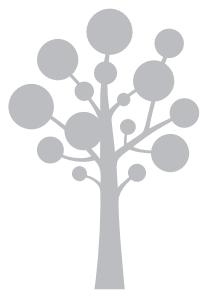






Content

● Financial Highlights	2
● Company Background and Major Developments and Awards	3
● Nature of Business	8
● Revenues Breakdown	30
● Corporate Information	31
● Group Investment Structure	44
● Shareholders	46
● Management	47
● Corporate Governance Report	84
● Dividend Policy	94
● Risk Factors	95
● Connected Transactions	106
● References	115
● Audit Fees	116
● Report of the Audit Committee for the Year 2011	117
● Report of the Compensation and Nominating Committee for the Year 2011	119
● Report of the Corporate Governance Committee for the Year 2011	120
● Report of the Finance Committee for the Year 2011	121
● Report of the Board of Directors' Responsibilities for Financial Statements for the Year 2011	122
● Management's Discussion and Analysis	123
● Financial Statements	135



Financial Highlights

	(Unit: Baht million)		
	2011	2010 (restated)	2009
Consolidated Financial Results			
Service revenues ^{1/}	56,802	52,649	52,605
Total revenues	71,938	62,378	62,474
EBITDA	17,104	18,392	19,582
Operating profit	4,074	7,139	8,752
Results from ongoing operations	(5,399)	(1,358)	(518)
Results from ongoing operations before deferred tax	(3,200)	264	511
Net profit (loss) to equity holders of the Company	(2,694)	1,211	1,228
Consolidated Balance Sheets and Cash Flows			
Total assets	151,518	114,276	116,421
Total liabilities	130,049	102,569	105,779
Total shareholders' equity	21,469	11,707	10,642
Cash flow from operations	4,630	9,269	9,444
Free cash flow ^{2/}	(6,391)	1,786	4,155
Key Financial and Efficiency Ratios			
EBITDA margin (on revenues excl. IC and network rental)	26.9%	32.9%	35.3%
Operating profit margin	5.7%	11.4%	14.0%
Asset turnover (times)	0.5	0.5	0.5
EBITDA / Interest coverage ratio (times) ^{3/}	2.4	2.8	2.6
Net debt / EBITDA (times) ^{3/}	3.9	3.3	3.1
Per Share Data and Others			
Profit (loss) per share (Baht) ^{4/}	(0.23)	0.17	0.18
Book value per share (Baht)	1.48	1.51	1.37
Share price at year-end (Baht)	3.14	7.10	3.06
No. of outstanding shares at year-end (million shares)	14,503	7,776	7,776
Market capitalization	45,540	55,208	23,794

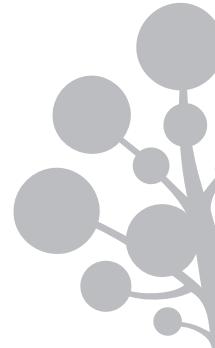
^{1/} Revenues from telephone and other services excluding interconnection (IC) revenue and network rental revenue

^{2/} Cash flow from operations less capital expenditure

^{3/} Excluding liabilities under finance leases

^{4/} After accumulated dividends for preferred shares (only applied to 2009 results)

Company Background, Major Developments and Awards



True Corporation Plc (“the Company”, “the Group” or “True Group”), one of Thailand’s strongest and most recognizable brands, is the only fully-integrated, nationwide telecom operator providing services to some 24 million subscribers.

True Group’s strength is its ability to offer the convergence benefits of its networks, products and services. Our three core business segments are: **True Mobile Group**, which includes **TrueMove**, Thailand’s third-largest mobile operator, **TrueMove H**, our 3G brand which in conjunction with CAT Telecom Public Company Limited (“CAT”) provides nationwide commercial 3G+ services via HSPA technology on the 850 MHz spectrum, and **Hutch**, which provides CDMA services; **TrueOnline**, the largest fixed-line phone provider in the Bangkok Metropolitan Area (“BMA”) and the Broadband and WiFi operator with the most comprehensive nationwide network using ADSL, DOCSIS 3.0 cable modem and FTTH (fiber to the home) technologies; and **TrueVisions**, the only nationwide pay TV and high-definition TV (“HDTV”) operator. The results of our digital convergence and other businesses, which include digital commerce under **TrueMoney**, convergence packages and digital content and media which are grouped under the **TrueLife** brand, and the lifestyle venture **True Coffee**, are reported under TrueOnline.

True Group seeks to promote the development of the country through innovation and technology. We work to bridge the digital divide and build a sustainable knowledge-based society by delivering 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 the demands of our subscribers’ lifestyles 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 True Mobile Group or TrueVisions services, or TrueVisions with True Mobile Group services, have proven successful in terms of customer acquisitions and retention. Meanwhile our digital content and e-commerce offerings add value across the Group.

The Company is backed by the Charoen Pokphand Group (“CP Group”) – Asia’s largest agro-conglomerate – with a shareholding of 64.7% of the total registered and paid-up capital of Baht 145,032 million as at December 31, 2011.

At the end of 2011, True Group had an annual turnover of Baht 71.9 billion (including interconnection revenue), infrastructure investments of Baht 225.6 billion, and employed 18,702 permanent staff.

Business background

We were incorporated in November 1990 as a fixed-line phone service provider and the following year we signed 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 the 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, public phone, and WE PCT (personal communication telephone) services, we started providing hi-speed data communication services, including ADSL and cable modems, in 2001, WiFi services in 2003, International Internet Gateway services in 2007, and International Data Gateway and International Direct Dialing (IDD) services in 2008. During 2011, our cable modem network was expanded and upgraded using DOCSIS 3.0 technology, which enables us to offer the fastest consumer Broadband service in Thailand. We target to cover 3 million households within 2012 using both ADSL and DOCSIS 3.0 technologies, up from 2.3 million households at the end of 2011.

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% equity interest in BITCO in October 2001. TA Orange's mobile services were fully launched in March 2002. TA Orange was subsequently rebranded "TrueMove" at the beginning of 2006. We gradually increased our indirect shareholding in BITCO to 99.4% as at December 31, 2011.

We further expanded our mobile business through the purchase of shares of four local companies from Hutchison Group which was completed in January 2011. The transaction gave the Company a first-mover advantage in launching commercial 3G services nationwide using HSPA technology on the 850 MHz spectrum. Full commercial 3G+ services were officially launched by our subsidiary Real Move Co., Ltd. ("Real Move") under the TrueMove H brand on August 30, 2011 and will operate until at least 2025.

In January 2006, True Group purchased shares of the United Broadcasting Corporation ("UBC") from MIH and completed the tender offer for UBC shares held by the public in March 2006, allowing the Company to own 91.8% (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, the Group's effective holding in TrueVisions increased to 99.3%. While TrueVisions' main revenue source comes from monthly subscription fees, MCOT in 2009 authorized the Company to carry advertising which presented a new opportunity to drive revenue growth and profitability at the business. Throughout 2011, TrueVisions also focused on combating piracy. The rollout of an enhanced, more secure broadcasting system featuring MPEG-4 encryption began in October 2011 and is expected to be completed within 12 months. This will significantly reduce the illegal accessing of TrueVisions' content and will help increase subscriber acquisitions and service revenue.

Our **convergence and other businesses** underpin the strength of the Group's core operations – True Mobile Group, TrueOnline and TrueVisions – by providing a diverse range of products and services which integrates the Company's telecommunications, content and media services into a single, seamless offering. Since 2010, this section has been organized into three main businesses. **True Life Plus** offers convergence bundles of products and services drawn from True Group's core businesses. **True Digital Plus** is our gaming and E-sports operation which publishes online games. We also operate an online games business through NC True, a joint-venture with NCsoft, Korea's largest developer and publisher of online games. Lastly, **True Digital Content and Media** produces key content, media and publishing (such as e-books and e-magazines). It also operates the True App Center, an application training center aimed at stimulating content development and driving mobile non-voice revenue. By the end of 2011, the center had developed more than 220 custom applications

for leading smartphone platforms including iOS, Android and BlackBerry, up from 122 a year earlier. **True Coffee**, is our chain of coffee shops which provide a key touchpoint with customers and act as a prime venue for showcasing our new services and products, including smartphones and tablet devices.

To complement its convergence offering, True Group has, since December 2003, offered a digital payment gateway via its brand **TrueMoney**, which received a 10-year license from the Electronic Transactions Commission in July 2009 to operate electronic payment services. Since then TrueMoney has significantly expanded its payment platforms to enable customers to make purchases online via a mobile E-wallet and to conduct financial transactions for some 300 products and services, including the payment of utility bills. Most recently the Company launched TrueMoney self-service kiosks which enable customers to access a wide range of Group products and payment services 24 hours a day.

Major developments in 2011

True Group

- January: Completed the purchase of shares of four local companies from Hutchison Group, enabling the Company to move ahead with its 3G+ services (using HSPA technology) under a reseller agreement with CAT Telecom.
- April: Shareholders at the 2011 AGM approved the restructuring of the mobile business to improve operational efficiency and facilitate future funding opportunities. TrueMove, TrueMove H and Hutch are now organized under the “True Mobile Group”, with TrueMove H (under Real Move) as the flagship brand.
- April: Microsoft and True Corporation launched a collaborative venture to extend technology and cloud services within Thailand. The partnership will provide end-to-end cloud services focused on digital content, home entertainment, email and communications with the key aim of delivering better service, greater choices and increased value for customers.

- March - June: A Baht 13.1 billion recapitalization plan was announced in March. The subsequent rights offering was over-subscribed (by 10.58%) during the subscription period which ran from May 30 to June 3, 2011.
- May: The CRM strategy was strengthened with the launch of “True ID”, an innovative channel that allows customers to access True Group privileges, including online shopping, content, mobile top-ups and bill payments, via their mobile phone.
- September - October: A Baht 48.9 billion loan agreement with four Thai banks and the tender offer for TrueMove US Dollar bonds were announced in early September. The initial drawdown from the loan was made mainly to repay existing debts relating to the Hutch acquisition and loans supporting the Broadband cable modem network expansion. The buy-back of TrueMove US Dollar bonds was completed in October with more than 97% of the bond value tendered.

True Mobile Group

- January: TrueMove introduced prepaid “Hi-speed micro SIMs”, a 3G/WiFi data service with download speeds of up to 7.2 Mbps, for new devices such as the iPhone 4 or iPad.
- April: The “TrueMove H” brand was launched under True Group’s subsidiary, Real Move, to facilitate future 3G+ reseller services
- August: TrueMove H’s 3G+ service, offering download speeds of up to 42 Mbps and WiFi connectivity of up to 8 Mbps was officially launched in the BMA and 16 key provinces under the FREEYOU campaign.
- September: TrueMove H launched its sales of iPad 2 with WiFi + 3G at 50 True Shops nationwide.
- September: The Telecommunication Consumer Protection Institute’s subcommittee (under the NBTC) and TrueMove signed a memorandum of agreement to collaborate on consumer protection and to more effectively resolve consumer complaints.

- October: TrueMove H became the first 3G+ service to cover the entire MRT (Mass Rapid Transport; metro) network, including stations and in-train usage.
- November: TrueMove H launched the iSIM offering data-only packages for tablet devices and smartphones.
- December: iPhone 4 S was launched in Thailand with TrueMove H offering the most comprehensive voice and data packages plus bundles offering unlimited WiFi access and a wide range of content, applications and convergence services from across True Group.
- December: TrueMove H launched Thailand's first 3G+ prepaid SIM and expanded 3G+ service coverage to all 77 amphoe muang (administrative districts).

TrueOnline

- March: "Ultra hi-speed Internet 100 Mbps" using DOCSIS 3.0 technology with speeds of 10 - 100 Mbps and 8 Mbps WiFi was launched. DOCSIS 3.0 cable modem technology enhances True Group's convergence offering by bundling Broadband with TrueVisions cable TV services.
- March: TrueOnline continued to support True Mobile Group's leadership in the hi-speed mobile Internet market by offering 8 Mbps WiFi for the first time in Thailand via some 20,000 hot spots nationwide.
- March: True Ethernet Fiber service, an advanced business IP network over fiber-optic cables offering speeds of 2 Mbps to 10 Gbps was launched in Bangkok and major provinces. It is the first and only such service in Thailand to have attained global service quality assurance from the Metro Ethernet Forum.
- May: Pattaya City's Mayor signed a memorandum of understanding with True Universal Convergence Co., Ltd. for the development of hi-speed Internet services via a multimedia network to cover the entire city.
- June: The Group strengthened its Broadband market leadership by upgrading the maximum speed of the standard mass Broadband

service to 7 Mbps (from 6 Mbps), the fastest in the industry, with the same price of Baht 599 per month for xDSL subscribers. The service, which combines ADSL and DOCSIS 3.0 technologies, was rebranded as "Ultra hi-speed Internet 7 - 100 Mbps".

- September: "Ultra WiFi" service offering speeds of up to 100 Mbps, the fastest consumer WiFi in Thailand, was launched at Siam Paragon. The WiFi 8 Mbps network was expanded to 100,000 domestic and international hot spots.
- September: TrueOnline launched "Ultra hi-speed Internet via FTTH" offering maximum speeds of 50 Mbps to 100 Mbps.

TrueVisions

- February: TrueVisions and TrueMove jointly launched "TrueVisions on Mobile", a new convergence app which allows customers to watch their favorite programs on the iPhone via TrueMove and TrueMove H's 3G/WiFi network.
- February: TrueVisions launched "COFFEE MASTER by TrueCoffee" a 24-hour reality TV show to find Thailand's best barista from 12 contestants. The program offered Baht 1 million in prizes and was broadcast on TrueVisions Channel 60 and HD Channel 113 for two months.
- March - October: TrueVisions added 16 new channels to its network including FOX Thailand, Siam Geela TV, Super Buntoeng, Animax, TAN Network, ASEAN TV, T Sports, and True Select. This increased the total number of channels to 127.
- June: TrueVisions and Modernine TV launched "True Academy Fantasia Season 8", a popular reality TV program which received one of the strongest market responses in its history.
- July: An additional eight HD channels, including True Sport HD 2, Star Movies HD and AXN HD, were introduced increasing the total number of HD channels to 11 from 3.

- August: TrueVisions joined forces with S.M. Entertainment Co., Ltd., Korea's leading entertainment firm, to establish the joint-venture SM True Co., Ltd. The new company has exclusive rights to license and distribute all SM products and merchandise in Thailand, as well as act as the management agency for SM artists who visit the kingdom.
- August: TrueVisions maintained its lead of football coverage by securing rights to provide live coverage of more than 1,000 football matches from 10 leagues including the English Premier League 2011/12 season, Thai Premier League and UEFA Champion's League for the 2012-15 seasons.
- September: TrueVisions rolled out "TrueVisions HD Plus" a new set-top box which revolutionizes the viewing experience in terms of quality, as well as enabling a range of new services such as a Personal Video Recorder and TV On Demand. Platinum, Gold and Silver subscribers could swap their old set top box for a new HD one from October. This is part of our plan to switch to an enhanced, more secure broadcasting system which will also help to eradicate piracy.

Convergence and others:

- January: TrueLife+ launched the "TrueLife FreeView 215 channels" package offering quality TV shows on 215 channels and Baht 399 worth of free calls per month from TrueMove.
- March: TrueMoney joined with the Department of Land Transportation to extend TrueMoney's e-commerce solutions to include the payment of annual road tax.
- April: TrueMoney introduced three new e-payment channels.
- November: TrueMoney launched "TrueMoney kiosks", offering complete payment solutions at more than 2,000 locations including PTT gas stations, MRT and BTS stations and True shops.
- December: TrueLife+ launched a new satellite set-top box with no monthly fee to penetrate the mass-market segment.

Awards received in 2011

- Prime Minister Abhisit Vejjajiva presented True Corp with an honorary plate during an event hosted by the Ministry of Social Development and Human Security in recognition of the organization's funding of projects to support elderly people.
- Reader's Digest Thailand presented TrueMove with the Trusted Brand 2011 Gold Award in the Phone Service (Fixed line or Mobile) category at the Reader's Digest Asia Trusted Brands 2011 Awards which were held in Bangkok.
- True Group received an honorable certificate from the "Passing on Good Deeds" project for its volunteer spirit to help people during the floods and other emergency situations. The project was hosted by the Public Relations Department to celebrate His Majesty the King's 84th birthday.
- HRH Princess Maha Chakri Sirindhorn presented True Group with the Marketing Excellence Award at the Thailand Corporate Excellence Awards 2010 which were held by the Thailand Management Association and Sasin Graduate Institute of Business Administration. True Group is the only Thai telecommunications company to have won this award for three consecutive years. The Group was also one of 10 companies to be inaugurated in the "A Decade of Excellence: Hall of Fame" for having been nominated for Corporate Excellence at the awards every year for the past 10 years.



Nature of Business

Products and Services

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

True Group'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.

True Group's businesses have been organized into the following categories:

- Online business under TrueOnline, consisting of fixed-line phone and value-added services ("VAS"), business data services, Broadband Internet services, WiFi, WE PCT (Personal Communication Telephone) plus the lifestyle venture, True Coffee;
- Cellular business under True Mobile Group comprising TrueMove, TrueMove H and Hutch;
- Pay TV business under TrueVisions; and
- Convergence and other businesses, which include a retail business for True Group's bundled packages, e-commerce under TrueMoney and digital content under TrueLife.

For the purpose of financial reporting, the performance of the "Convergence and other businesses" segment is reported under TrueOnline.

The table below presents our Group service revenue^{1/} profile.

Service revenue^{1/}

Unit: Baht million	2008	%	2009	%	2010	%	2011	%
TrueOnline	20,996	40	21,245	40	21,267	40	21,433	38
True Mobile Group (ex. IC and network rental)	21,652	42	22,055	42	22,076	42	26,252	46
TrueVisions	9,273	18	9,305	18	9,305	18	9,256	16
Total	51,921	100	52,605	100	52,649	100	56,941	100

Remark: ^{1/}After intersegment elimination

The table below presents our Group EBITDA^{2/} profile.

EBITDA^{2/}:

Unit: Baht million	2008	%	2009	%	2010	%	2011	%
TrueOnline	10,195	55	9,804	50	9,751	53	9,973	58
True Mobile Group	5,691	31	7,226	37	6,233	34	4,974	29
TrueVisions	2,666	14	2,622	13	2,322	13	2,236	13
Intersegment elimination	(37)	-	(70)	-	87	-	(80)	-
Total	18,515	100	19,582	100	18,392	100	17,104	100

Remark: ^{2/}Before intersegment elimination

(1) TrueOnline

TrueOnline comprises fixed-line telephone and its value-added services such as public phones and WE PCT, as well as Broadband Internet, business data services, Internet, data gateways and International Direct Dialing ("IDD") which was successfully transferred to True Mobile Group at the beginning of 2011. 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

TrueOnline is the largest fixed-line telephone service provider in the Bangkok Metropolitan Area ("BMA") with a fixed-line capacity of 2.6 million lines of which approximately 1.8 million lines are in commercial use.

The Company operates WE PCT through its subsidiary, Asia Wireless Communication ("AWC"), in which it holds a 100.00 percent equity interest. Together with AWC, the Company officially launched its 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.

In August 1991, True Group 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 2-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 Group of its proportion as stipulated by the Joint Operation Agreement at the rate of 84.0 percent for 2 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 Group approximately 80.0 percent of revenue received from its subscribers as a PCT network rental fee.

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; and Caller ID.

The Company also provides services for corporate customers requiring a large number of telephone lines and provides a range of value-added services including: Direct Inward Dialing (“DID”); Hunting Lines service, which bundles two or more telephone lines at one location into a single number; Integrated Service Digital Network (“ISDN”), which can carry all forms of voice, data and image communications simultaneously on the same telephone line; Televoting; Free Phone 1-800, allowing businesses to provide their customers with a free contact call service; Voice Conferencing; and a VoIP service, 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 2011, the Company had 1,805,892 fixed-line subscribers comprising 1,213,296 residential subscribers and 592,596 business customers. This reflected a 1.6 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. The rate of decline in revenue dropped from double-digits to single-digits in 2010 and 2011. The average revenue per user (“ARPU”) for the full-year 2011 was Baht 272 per month, a 4.6 percent decline from 2010. The majority of revenue (57.5 percent) came from business customers.

The WE PCT service covers 1,500 square kilometers of the inner area of the BMA. In line with global trends, subscribers to the PCT service have substantially declined in recent years due

to competition from mobile operators, as well as a new tariff scheme aimed at mitigating risks associated with fixed-line interconnection charge (“IC”) regulations. Some WE PCT customers have migrated to other services within the Group such as TrueMove and TrueMove H. At the end of 2011, WE PCT had 45,599 subscribers down from 89,698 in 2010.

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 58 percent share of the BMA’s Broadband market as of 3Q11. We provide the service using cable modem (DOCSIS 3.0 technology), DSL (Digital Subscriber Line) and FTTx technologies. By consistently expanding coverage, bringing in new technologies and higher speeds with an increased focus on customer service, TrueOnline continues to lead the Broadband market in terms of innovation and service quality.

In 2003, the Company and certain other service providers started offering wireless Broadband services (“WiFi”). Our extensive WiFi network is a key differentiator for products and services under the Group and helps drive Broadband growth. At the end of 2011, the Group’s WiFi network featured more than 100,000 domestic and international hotspots, the fastest download speed for a mass consumer WiFi service (up to 8 Mbps), as well as “Ultra WiFi”, the fastest consumer WiFi available in Thailand (up to 100 Mbps). As a result, our network is currently unmatched by the competition.

The Company’s subsidiary, True Universal Convergence Co., Ltd. (“TUC”), was 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 the Group’s subsidiaries including True Internet Co., Ltd., and True Multimedia Co., Ltd. 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 efficient operations and maintenance. The network not only provides ADSL, but also ADSL2+, VDSL2, G.SHDSL, Gigabit Ethernet and DOCSIS 3.0 services, 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 White Net filtering (allowing parents to control their children's Internet access). In August 2010, TrueOnline became the first operator to upgrade standard speeds (for the Baht 599 per month package) 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 during the year. The Company continued the positive growth trend throughout 2011. In June 2011, it upgraded the mass standard speed from 6 Mbps to 7 Mbps. This took the number of Broadband subscribers to 1,334,936 as at the end of 2011.

TrueOnline soft-launched its new cable modem technology, DOCSIS 3.0, in December 2010, offering 10 Mbps to 100 Mbps download speeds starting from 699 Baht per month. The service was officially launched in March 2011 together with the launch of the 8 Mbps WiFi service. TrueOnline further expanded its cable modem network and rebranded its Broadband services as "Ultra high-speed Internet 7 - 100 Mbps" via ADSL and DOCSIS 3.0 technologies with the installation of 1.1 million DOCSIS 3.0 homepasses in 20 provinces including the BMA. DOCSIS 3.0 technology can support download speeds of more than 300 Mbps. It also makes triple-play a reality in the home. In September, "Ultra WiFi" was launched at Siam Paragon. During 2011, we also expanded the number of WiFi hot spots from 18,000 to more than 100,000 (domestic and international). This cemented

our position as Thailand's only lifestyle convergence operator offering fully integrated services that meet the requirements of customers' lifestyles while maintaining the Company's leadership in terms of speed, service quality and innovation.

True Group also targets the hi-end segment. In 2009, we launched the "Ultra Broadband" service, which offered a connection speed of up to 50 Mbps via VDSL. In September 2011, the Ultra high-speed Internet premium offering was expanded beyond DOCSIS 3.0 to incorporate FTTH (Fiber to the home) technology which provides guaranteed maximum upload and download speeds of 50 Mbps to more than 100 Mbps. These hi-end services provide stable connections for downloading and uploading high-definition content as well as supporting audio-visual streaming.

For the enterprise segment, True Group offers 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: network performance management, fault management and configuration management). Furthermore, our service infrastructure is built on modern IP technology that supports cloud computing.

True Group is one of the major players in the data transmission business in Thailand. The Company'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 from 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 at the time. In 2008, the Group’s service quality to our partner, Cisco, was rated “excellent” by Cisco customers.

New services introduced in 2011, included True Ethernet Fiber service, an advanced IP network which enables the secure transferring of large multi-format files over fiber-optic cables with download speeds of 2 Mbps to 10 Gbps. It is the first and only such service in Thailand to have attained global service quality assurance from the Metro Ethernet Forum.

Beside large corporate clients, True Group aims to expand its business customer base more aggressively into the SME segment. Significant growth opportunity exists in the provinces where overall penetration and the Company’s market share remain relatively low. We plan to utilize our wide selection of products and services (e.g., data services, VoIP, Internet), to secure and expand the Group’s 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 143 buildings and five key roads by the end of 2011. We plan to further expand to more than 200 buildings and 13 roads within 2012. At the end of 2011, there were 22,533 circuits under our service with average revenue per circuit of Baht 9,266 a month.

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 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 100.00 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 1.6 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 the provision of 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 in 2006 which has allowed us to provide a better quality and less costly service to our customers.

iii) 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 international Internet and international data

services. Currently, TIG has Points of Presence in Bangkok, Singapore, Hong Kong, the UK and the US which enhance the efficiency of international connections and service quality.

Since its launch, TIG has considerably expanded its capacity to support the growth of Internet and international data services which have grown annually. TIG continued to increase its revenue contribution to True Group with an increase of 26.6% YoY from 2010. Most of TIG's international Internet bandwidth capacity is utilized within True Group with the rest utilized by external customers including local ISPs, local and multinational corporations, and international telecom operators.

TIG offers three types of international data services – International Private Leased Circuit (“IPLC”), Internet Protocol Virtual Private Network (“IP VPN”) and Virtual Nodes. Currently, TIG is focusing on serving major international carriers who have a presence in the Asia-Pacific region and demand a large amount of international connectivity as well as a reliable network and high quality of 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 to locations where TIG already has connectivity.

In November 2009, TIG became 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 capability combined with its existing terrestrial connectivity gives TIG competitive advantages over its competitors both commercially and technically.

In 2010, TIG signed a number of contracts to provide both Virtual Node services as well as license coverage for leading international carriers from the US, Germany, Taiwan, Japan, India and China. The Company also expanded its Internet

and data gateway operations into Laos, Cambodia, and Vietnam as part of a new focus to develop its business in neighboring countries. In 2011, TIG signed a contract with China Telecom to extend its infrastructure in Thailand. The business has also reached an agreement with Myanmar Post & Telegraph to develop infrastructure and connectivity within the Mae Sot area of Tak province in Thailand. This will also be used to support the development of communications for multinational companies and industrial parks around the Tavoy deep-sea port which is being developed in Myanmar.

iv) Other services

In May 2010, True IDC positioned itself 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. These services were expanded in 2011 with the introduction of “True Cloud Protection”, which provides cloud-based backup and recovery solutions for corporate customers.

(2) True Mobile Group

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 Group's shareholding in BITCO was 99.4% as at December 31, 2011.

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 shared 25 percent of its revenue, after deducting access charge (“AC”) payments and other deductible expenses (e.g. content), with CAT until September 2011, after

which the proportion of revenue shared with CAT was increased to 30 percent until the end of the agreement.

In June 2008, CAT allowed TrueMove to use 5 MHz of the 850 MHz band to develop an 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 agreement to operate in 2013. CAT also granted TrueMove permission to trial-launch third-generation (3G) wireless services on 850 MHz on a non-commercial basis, which we plan to terminate in 2012.

In January 2011 True Group completed the purchase of shares of four local companies from Hutchison Group which increased our business scale through the acquisition of approximately 800,000 subscribers. In April 2011, under the reseller agreement between Real Move Co., Ltd. ("Real Move") and CAT, which is effective until 2025, the TrueMove H brand was established to facilitate the launch of nationwide commercial 3G+ services using HSPA technology on the 850 MHz spectrum. The official launch of TrueMove H in the BMA and 16 provinces under the FREEYOU campaign, offering 3G+ services with speeds of up to 42 Mbps and WiFi connectivity of up to 8 Mbps, on August 30, 2011 effectively gave the Group a 3G first-mover advantage.

Shareholders at True Corporation's 2011 Annual General Meeting, held in April, approved the restructuring of the mobile business to improve operational efficiency and facilitate future funding opportunities. This re-organized TrueMove, TrueMove H and Hutch under the umbrella of the "True Mobile Group", the entirety of which comes under Real Future Co., Ltd. a Group subsidiary which holds a 99.4 percent of BITCO. BITCO in turn holds 99.99

percent in Real Move, under which TrueMove H operates as the Company's flagship brand.

Subscribers

TrueMove has grown rapidly since it launched full commercial operations in March 2002. At the end of 2011, TrueMove was Thailand's third-largest mobile operator, with 18.2 million subscribers, of which 7.0 percent were postpaid subscribers.

True Mobile Group has been successful in acquiring close to one-third of the market's net additional subscribers each year since 2004. At the end of 2011, True Mobile Group had 18.9 million subscribers, 17.1 million prepay and 1.8 million postpay. This accounted for 25 percent of Thailand's mobile market by subscribers (excluding CAT, TOT and its MVNOs).

Services

Pre Pay

Most of True Mobile Group's revenue is derived from sales of prepaid airtime, which does 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 cash cards, top-up cards, ATMs, the transfer of credit from other True Mobile Group phone accounts, and "over-the-air" top-ups.

TrueMove prepaid subscribers can top-up as little as Baht 10 at more than 28,000 phone booths. True Mobile Group also provides subscribers with a mobile payment channel via TrueMoney to meet a new generation of lifestyle needs.

Post Pay

True Mobile Group'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 ID. We also offer our voice subscribers international roaming services, which enable them to make and receive calls when outside Thailand.

Non-Voice Services

True Mobile Group 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, ring tones, music and sports. Our subscribers are increasingly using our non-voice services, in particular messaging and downloadable pictures, images and audio, as well as the accessing of social networks, through mobile Internet services.

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

- Messaging, which includes Short Messaging Service (“SMS”), allowing subscribers to send short text messages; Voice SMS whereby subscribers send audio messages to fixed-line and mobile handsets; and Multimedia Messaging Service (“MMS”), allowing the sending of pictures, text and sound/voice in a single-packet message.
- Mobile Internet service via EDGE/GPRS, CDMA and 3G/HSPA (TrueMove H’s 3G+/HSPA service on the 850 MHz frequency is currently available in key urban centers in 77 provinces) and WiFi technologies which provide subscribers access to a range of data services from their handsets, including

email, Internet, VoIP audio and video services. Additional services include Mobile Chat, a WAP-based instant-messaging service that allows subscribers to engage in online and mobile chat; and BlackBerry and iPhone services.

- Content, which includes Ring-back Tones (personalized ring-back tones and exclusive song selections); Voicemail; and Multimedia Content Services, which allow subscribers to access content such as music, sports, news and finance. TrueMove/TrueMove H is able to use content as a growth driver by leveraging the exclusive content assets of TrueMusic, TrueLife, TrueOnline and TrueVisions.

In 2011, non-voice services contributed 20 percent of True Mobile Group’s service revenue (excluding IC and network rental). Service revenue from mobile Internet, messaging and content contributed 52-percent, 19-percent and 29-percent of total non-voice revenue, respectively. Revenue from mobile Internet services has grown rapidly due to the rising popularity of social networks and the increased usage of smartphones and tablet devices. In 2011, True Mobile Group’s mobile Internet revenue grew 144.5 percent year-on-year to Baht 2.7 billion; Mobile Internet revenue growth was still very strong (115.3 percent YoY in 2011) when excluding contributions from the Hutch consolidation and TrueMove H’s launch.

International Roaming Services

We allow people whose network operators have international roaming agreements with True Mobile Group to use its cellular network when traveling in Thailand. True Mobile Group subscribers may also use the networks of international operators with whom we have entered into international roaming agreements. The roaming services include voicemail, SMS, MMS, mobile Internet (via EDGE/GPRS/3G), Email, Caller Identification, Missed Call Alert, BlackBerry roaming and WiFi. This service allows True Mobile Group customers to stay in touch with both business and personal contacts in more than 230 destinations worldwide.

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. The subscriber base had reached more than 320 million as at September 30, 2011. As a result, these subscribers can use roaming services in Thailand on True Mobile Group's network. True Mobile Group subscribers will also have more options when traveling in the Asia-Pacific region. True Mobile Group and Conexus Mobile Alliance also regionally rolled out a mobile data roaming plan for smartphones among alliance members. This 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 alliance's services.

In 2009, the Company launched the "Data Roaming Flat Rate" promotion where TrueMove subscribers would pay for their mobile data roaming on the Conexus Mobile network up to a maximum charge of Baht 399 per day. Due to popular demand, this regular promotion has been continued each year. In December 2011, True Mobile Group re-launched the promotion with a maximum charge of Baht 299 per day, covering 14 countries worldwide (10 countries within the Conexus Mobile network). Moreover, True Mobile Group caps the fee for sending SMS messages while roaming at Baht 11 per message and lowers tariffs for receiving calls by up to 70% on all networks in all countries.

International Direct Dialing ("IDD") service

IDD was originally introduced, operated and reported under the TrueOnline Group. At the 2010 AGM, shareholders approved the transfer of True International Communication Co., Ltd. to be under TrueMove. TIC was granted a Type Three license from the NTC to provide overseas call services. The IDD service, using Time Division Multiplexing ("TDM") technology with the "006" dialing prefix, was officially launched on July 8, 2008. Currently, True Group's IDD services are available only to subscribers to the Company's fixed-line and True Mobile Group's services due to regulatory restrictions.

Since its inception, True Group's IDD service has grown well, generating revenue of Baht 601 million (before inter-segment elimination) in 2011. There was a slight decline from 2010, however, mainly because of increasing VoIP usage and lower inbound international roaming customers during the flooding in 4Q11.

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 from Baht 1 per minute (24 hours a day) to 15 countries. In August 2009 the Inter SIM package was expanded to TrueMove's postpaid subscribers. Currently, Inter SIM can be used in 230 destinations worldwide with True Mobile Group's International Roaming Service. Since late 2010, the True-AOT Inter SIM has been given free to inbound international tourists at airports operated by Airports of Thailand to encourage the use of True Mobile Group services and IDD.

Network

True Mobile Group 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. Our 2G network now covers approximately 93 percent of Thailand's population, putting us on par with other major mobile operators. However, as at February 2012 our 3G+ service coverage (available in 633 amphoe (districts) in 77 provinces) was the most extensive in Thailand. We plan to expand to 8,000 tambon (sub-districts), reaching 95 percent of the population within 2012.

Bundled Packages

True Mobile Group features, are a key part of bundled packages with other Group services, which include:

- TrueMove and True Move H formed a major part of the bundling promotion with TrueVisions and TrueOnline for the eighth season of the highly popular Academy Fantasia (AF8) reality TV show. From 2006, voting has been restricted to TrueMove and TrueMove H subscribers only;
- The TrueLife FreeView mass market promotion for TrueMove and TrueMove H subscribers – (see “TrueVisions” section for more details); and
- The “All Together Bonus” campaign, which was launched as True Group’s first bundled package in 2004, offers a combination of True Group services and remains popular with TrueMove subscribers today. The success of this strategy was followed by many more convergence product bundles, for example, TrueLife FreeView which offers free airtime for TrueMove/ TrueMove H subscribers (depending on the monthly fee and length of service contract), and a free WiFi service for TrueMove/TrueMove H or TrueVisions customers who subscribe to TrueOnline’s hi-speed packages. Convergence has become one of True Group’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 3G, EDGE and other multimedia content-based services, along with comprehensive wireless Internet services using WiFi 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 2011, we launched iSim, an innovative data-only

package for tablets and aircards, to attract data-centric customers.

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. Success continued with the launch of iPad 2 in September 2011 and iPhone 4 S in December 2011. In addition, TrueMove H’s 3G+ 850 MHz service provides extensive WiFi coverage, access to a wide range of content, applications and services from across True Group and attractive tariffs which continue to provide True Mobile Group with a competitive edge and help position it as the 3G and premium smartphone leader in Thailand.

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 4 S and BlackBerry. True Group has also taken the lead in the sales of other smart devices, such as tablets. Handsets are either sold outright (untied to any service) or tied with TrueMove or TrueMove H’s monthly (postpaid) packages.

(3) TrueVisions

TrueVisions is Thailand’s leading nationwide pay TV provider, offering its service via digital direct-to-home satellite (DSTV) and digital HFC (hybrid-fiber-coaxial) cable 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 Agreement 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 service using Ku-band and C-band transmission and MPEG-2 and MPEG

4 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. In 3Q11, TrueVisions launched early-bird incentives for premium subscribers to replace their set-top boxes with a new hybrid model, which not only supports high-definition (“HD”) content but is also equipped with MPEG-4 encryption and secured silicon technology. These will enhance the viewing experience and eradicate piracy when the more secure broadcasting system is activated in April and October 2012 for cable and DSTV, respectively.

TrueVisions provides its cable TV services, both digital and analog, using the HFC network of True Multimedia (a True Group 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 Group’s effective shareholding to 91.8 percent. TrueVisions has since shifted its marketing strategy to penetrate the mass market, a move which has seen the business almost double its subscriber base.

In 2010, TrueVisions was restructured into TrueVisions Group, True Group indirectly held 100% of TrueVisions Group at the end of 2011. This was aimed at facilitating operations, especially the obtaining of pay TV licenses from the regulator whenever they are available, and business growth opportunities. True Group had an effective holding of 99.31 percent in TrueVisions Company and 98.99 percent in TrueVisions Cable Company, as at December 31, 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, the first full year of operations, advertising contributed Baht 482 million of revenue to TrueVisions. By the end of 2011, 27 of the 127 channels in TrueVisions’ portfolio carried advertising. The deployment of a specialized sales team during 2011 helped drive advertising revenue to Baht 707 million for the year, an increase of 46.7% from 2010.

At the end of 2011, TrueVisions had 1,641,998 subscribers, of which 826,590 subscribed to normal packages while the rest were FreeView 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	106	2,000
Gold	97	1,413
Silver	84	590
True Knowledge	74	340

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

TrueVisions has expanded into the mass market, offering bundled service packages with True Mobile Group called “TrueLife FreeView” (previously, “TrueVisions-UBC TrueMove FreeView”). TrueLife FreeView is one of the mainstream convergence bundles which offer three postpaid and one prepaid packages.

TrueLife FreeView facilitated TrueVisions’ expansion into the mass market and played an important role in increasing penetration of the provincial market, which accounted for 49.8 percent of total subscribers at the end of 2011. The mass market strategy contributed significantly to TrueVisions subscriber base, which totaled 1,641,998 customers at the end of 2011. In addition, FreeView customers can upgrade to the Knowledge package which has 15 additional channels. At the end of 2011, 32.4 percent of subscribers had upgraded to Knowledge or higher-tariff packages.

We also sell satellite dishes outright, with a basic offer of 47 free 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:

- High Definition Personal Video Recorder (“HD PVR”): providing advanced features (e.g, recording, zooming, instant-replay) that enhance the viewing experience;
- DSTV dish as part of the (Satellite Selling Kit) SSK promotion: allowing subscribers to watch 47 TrueVisions channels with no monthly fee. This promotion allows customers who use a TrueMove/TrueMove H SIM and top-up every month to watch an additional 12 TrueVisions channels; and

- The popular reality TV show, Academy Fantasia, which runs annually (normally from May to September), has helped retain subscribers during the low-season 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 47 turnaround channels are non-exclusive). We ensure our content is locally relevant by providing Thai-language dubbing and subtitles, and in-house content to match Thai tastes.

In May 2010, TrueVisions became the first cable or satellite operator in Thailand to offer HD-format channels targeting premium subscribers with the enhanced viewing experience. Initially three channels were offered – TrueSport HD (Channel 122), which broadcasts key sports matches from around the world; and HBO HD (Channel 121) with over 100 International box-office movies each month—along with coverage of the FIFA World Cup 2010; and True AF HD (Channel 120), which broadcasts reality TV shows. In July 2011, the service was expanded to 11 HD channels (including True Sport HD 2, Star Movies HD, and AXN HD), all of which are available to cable subscribers while DSTV subscribers can currently access three HD channels.

(4) TrueMoney

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

- TrueMoney Cash Card which allows True Group customers to top up their selected True Group services, including TrueMove/TrueMove H Pre Pay, True WiFi, and many online games.

- Payment and Collection Service provided through some 28,500 TrueMoney counters (including True and TrueMove shops and TrueMoney Express) as at the end of 2011, supporting some 300 payment services. Customers can also make online payments for certain services.
- TrueMoney Express offers various payment services such as bill payment, E-Cash Card sales and direct top-ups for True Group 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 True Mobile Group

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

- Top up their credit balance for many True Group prepaid services, such as TrueMove/TrueMove H Pre Pay, Internet airtime and online gaming;
- Top up their TrueLife FreeView package, with the fee automatically deducted each month from subscribers' TrueMoney accounts. Subscribers can also upgrade to TrueVisions' higher-tier A-La-Carte packages or pay for prepaid programs;
- Pay bills for True Group products and services as well as for services outside the Group, such as utility bills, insurance payments, e-commerce merchants, and annual car tax;
- 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 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-ups for True Group prepay products, at around 2,000 locations throughout the country. This was expanded to 25,000 locations by the end of 2011. In November 2007 we announced the successful development of Touch SIM, the world's first intelligent contactless mobile payment system using a TrueMoney RFID 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. In November 2011, TrueMoney launched "TrueMoney kiosks", offering complete payment solutions under the "Top-up, Pay, Transfer, Purchase, Reserve" concept. TrueMoney kiosks are available at more than 2,000 locations nationwide, including PTT gas stations, MRT and BTS stations and True shops.

By the end of 2011, some 9 million True Mobile Group subscribers were using TrueMoney services, up from 7.3 million at the end of 2010.

(5) TrueLife

TrueLife provides digital content and access to both mobile and online digital communities. It also acts as a digital convergence and communications 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).

Since 2006, the online portal Truelife.com has been providing 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 connects people with similar lifestyles or interests. Main content categories are Music, Sport, TV and Movies. Truelife.com has approximately 1.8 million registered members.

True Digital Plus, our gaming and E-sports operation, became a key market player in 2007 on the publication of its flagship game “Special Force” which quickly became popular with Thai gamers. It was the number one “casual” online game in Thailand from 2007 to 2011. FIFA Online, which gained significant momentum during 2010 thanks to the FIFA World Cup 2010, continues to remain popular with the Thai gaming community. At the end of 2011, the number of FIFA Online users was 5 million, with 20 million at Special Force. Currently the two games contribute almost 70% of the True Digital Plus’s revenue. True Digital Plus formed a strategic alliance with leading Korean games provider, Dragonfly, in 2009 in order to introduce more exciting new games to the Thai market. During 2011, True Digital Plus successfully launched Magic World 2 and the game has enjoyed rising popularity ever since.

True Group also publishes online games through NC True, a joint-venture with NCsoft, a world-class online games maker from Korea. NC True’s leading games include Lineage II, Guild Wars and Point Blank which, since its launch in 2009, has

significantly increased revenue contributions and had become one of the most popular online games in Thailand by the end of 2011. In 2010, NC True launched a dance game, Love Beat, featuring popular local and international songs, which by the end of 2011 had become the number two game in its segment. The game is becoming increasingly popular among teenagers.

In 2011, True Digital Plus launched its iFamilyPlus brand of Internet cafes, which will provide a family- and education-focused format and safe environment for younger gamers incorporating fun, education, service, and food and beverages. The brand will be operated on a franchise basis and the network is targeted to expand from three branches to 15 within 2012.

TrueLife Shops bring together the full range of True Group 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 that are frequented by trendsetters and the younger generation.

TrueLife+ was launched in 2010 as the umbrella under which the bundling of True Group products and services – which offer customers greater value through packages that suit their lifestyles – will be provided. In January 2011, TrueLife+ launched the “TrueLife FreeView 215 channels” package offering quality TV shows on 215 channels and Baht 399 of TrueMove credit. The package was further revised to offer up to 240 channels with a monthly fee of Baht 349 with Baht 349 of TrueMove credit.

In December 2011, TrueLife+ launched a single set-top box that can receive both Ku- and C-band signals, priced at Baht 1,590 with no additional monthly charge. This convergence service benefits customers by providing them with access to more channels and a better signal quality, even during rain. TrueMove/TrueMove H customers can watch 59 TrueVisions channels and upgrade to the Platinum package.

TrueLife has revamped its online shopping service, www.weloveshopping.com, after its merger with www.marketathome.com in 2007. By the end of 2011, www.weloveshopping.com featured over 289,000 online stores with around 7.2 million products and services.

In June 2009, True Group launched the “True App Center” to train Thai developers in the major mobile operating systems including iOS, Windows Mobile and Android. This helps support both handset sales and mobile Internet packages. The center had developed more than 220 applications by the end of 2011, up from 122 a year earlier.

Marketing Strategy

True Group 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 all customer lifestyles. We believe that demand has been shifting towards convergence services that can fulfill all lifestyle needs. All True Group products and services are marketed under the “True” brand. These marketing strategies 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 and pay TV businesses 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. We also sell our products and services throughout Thailand through accredited dealer shops, 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 devices 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 games downloads;
- The direct sales channel markets our services to SME and corporate clients. It also plays an important role in customer acquisitions for True Mobile Group. We further categorize the direct sales channel into direct sales teams, direct sales agents, and freelance;
- Multi-retailers located in hypermarkets, specialty stores, and convenience store chains;
- Retail shops, which refer to True shops, True Group partners' 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; and
- Retail channel partners who comprise 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, direct sales 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/TrueMove H 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/TrueMove H or TrueMoney account;
- TrueMoney – Mobile payment services (see details in “TrueMoney services via TrueMove/TrueMove H”);
- 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 can top-up by as little as Baht 10 at over 28,000 public phone booths in the BMA.

In addition, TrueMove/TrueMove H 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 2011.

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 the increased number of electronic top-up locations. Since 2009, we have boosted profitability by pushing top-up sales through electronic channels to save costs associated with physical cards (production, logistics and warehousing, etc.). 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 Group 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, as such, 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 subsidiaries, TrueMove, Real Move (under which the TrueMove H brand operates) and Hutchison-CAT Wireless Multimedia Co., Ltd.; and CAT and TOT, both Thai state-owned telecommunications enterprises.

Thailand's mobile market has grown substantially from approximately 7.9 million subscribers in 2001 to over 75.6 million subscribers by the end of 2011, excluding TOT, CAT and the Mobile Virtual Network Operators (MVNOs) using TOT's network. The three largest operators in 2011 contributed to an increase of 5.7 million subscribers (8.1%) from the previous year. This increased Thailand's mobile penetration rate to about 115 percent (based on a 2011 population of 67.8 million as estimated by the National Economic and Social Development Board). 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 feature phones, smartphones, tablets and netbooks.

This is comparatively low when compared to other countries in the region with high mobile penetration such as Hong Kong (202.7 percent as of October 2011: source: the Office of the Telecommunications Authority, the Government of the Hong Kong Special Administrative Region), and Singapore (143.6 percent; source: Infocomm Development Authority of Singapore – Statistics on Telecom services for 2010).

Our two largest competitors, AIS (together with its majority-owned subsidiary, DPC) and DTAC held a 44.3-percent and 30.7-percent market share of subscribers (excluding subscribers of CAT, TOT and its MVNOs), respectively, at the end of 2011. True Mobile Group is the third-largest mobile provider with a market share of 25 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 growth in non-voice services, which has been facilitated by the launch of new feature-rich handset models with an expanding range of services.

After intense price competition from 2005 to 2008, the situation started to stabilize in 2009, especially for voice tariffs. The Big Three either grew or sustained their revenue by focusing on non-voice services, especially mobile Internet, the usage of which has grown strongly in Thailand supported by the increasing popularity and affordability of smartphones such as the iPhone and BlackBerry, as well as from the continued development of content and applications.

Competition increased slightly in 2010 as operators started cutting prices to counter a softening in demand in the first half of the year caused by 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. However, voice revenue started to recover in August that year after new "per-call" and "single-rate" promotions targeting medium to light users were launched.

In 2011, the mobile service industry grew mainly on the rising popularity of data services, the

introduction of commercial 3G and increasing usage of smartphones, smart devices and social networks. Competition among mobile operators remained high. Several campaigns and new services, most notably 3G, were launched to attract data-centric users by bundling mobile Internet packages with mobile devices, offering data-only SIMs, and introducing several new data-usage price plans. Mobile operators paid more attention to service quality/network coverage and customer relationship management given the increased ease for customers to switch mobile operators while retaining their phone numbers due to the implementation of Mobile Number Portability ("MNP").

The Thai mobile industry was affected by flooding in 4Q11 with the launches of many campaigns postponed and the purchasing power of some customers reduced as a result. During the year, TrueMove H gained a first-mover advantage in 3G. TrueMove also benefited from the expansion of its provincial network coverage (especially in the Northeast), the introduction of all-net promotions which drove prepaid revenue, and record prepaid non-voice revenue which increased mainly due to the enhancement of the data network and the introduction of more flexible data charging.

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 agreements to operate 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 10-12 percent of the total population (or approximately 30-32 percent of nationwide households) for several years. At the end of 2010, TOT was the largest nationwide fixed-line operator in terms of subscribers with approximately

3.8 million subscribers while True was the largest fixed-line operator in the BMA with approximately 1.8 million subscribers. True fixed-line subscribers remained around 1.8 million in 2011.

Our fixed-line telephone business has been mostly affected in recent years by the continuing migration of traffic to mobile, which is a global trend.

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 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 Intouch (formerly 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 True Group). New market entrants such as Symphony have recorded tremendous growth since 2008 by targeting the very high-end fiber segment.

At the end of 2011, True Group was the second largest business data provider with a 24-percent share

of the nationwide market value of approximately Baht 11 billion. TOT remained the market leader with a 26-percent share and UIH ranked 3rd with a 21-percent share.

Broadband Business

The Broadband subscriber base in Thailand is relatively small with a household penetration rate of about 14 percent of some 20.3 million households, compared to rates in other countries in the region such as Singapore (82 percent; source: Infocomm Development Authority of Singapore – Statistics on Telecom services for 2010).

There are several operators in the Thai Broadband market, including TOT, CAT, Jasmine International Public Company Limited (“JAS”) operating under the “3BB” brand, CS Loxinfo, Advanced Datanetwork Communications (“ADC”), and True Group.

True Group has experienced significant growth in its Broadband subscriber base, from 3,708 subscribers at the end of 2002 to 1.33 million at the end of 2011. We are one of the largest Broadband service providers in Thailand based on the number of subscribers, and have approximately a 58-percent share of the market in the BMA as of 3Q11.

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 social networks, 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

Thailand's Internet market has experienced significant growth in recent years. According to estimates by Internet World Stats, the market had grown to approximately 18.3 million users by the end of

2011, representing a population penetration rate of approximately 27.4 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 Group subsidiaries True Internet Co., Ltd. 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 2011 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 markets in the BMA, our key business area. Despite the intense competition, service charges remained relatively stable during 2011 at approximately Baht 9 per hour for dial-up Internet service and a minimum of Baht 390 per month for Broadband service.

In November 2010, the 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 in-line with True Group's mission to help reduce the digital divide in Thailand and transform the kingdom into a knowledge-based society. This initiative, when fully implemented, would support the mission of the Asean Economic Community (AEC), due to be formed in 2015, to promote wider coverage and increased access to Broadband. We therefore believe that growth in the Thai Broadband market will continue to grow strongly.

Pay TV Business

Thailand had roughly 11.6 million pay TV subscribers at the end of 2011, representing a household penetration of approximately 57 percent (Source: Company data). This is relatively low when compared with other Asian countries: Singapore 65 percent, Hong Kong 84 percent, and Taiwan 94 percent (Source: Asia-Pacific Pay-TV Industry 2010). 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. MCOT granted pay TV 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 77 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 approximately 445 cable operators in the provinces are offering services to around 2.6 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 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 and 2011, 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 62 billion in 2011 (Source: AGB Nielsen). The pay-TV segment accounts for a relatively small percentage of the overall TV advertising market. 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 started replacing old set-top boxes with new ones which support an enhanced/more secure broadcasting system (using MPEG-4 encryption). We plan to complete the roll out of this system in October 2012. Once activated, the new broadcasting system will eradicate the piracy of TrueVisions content.

The investment in infrastructure necessary to provide a high-quality pay TV service is significant. In addition, TrueVisions has to compete indirectly with the national free-to-air television stations in Thailand. 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. Our exclusive rights to English Premier League football are key to subscriber attraction and retention. True Group also has the right to provide Premier League and Premier League-related content through other

platforms, including TrueMove, TrueMove H and TrueOnline.

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 B.E. 2543, and the Telecommunication Business Operations Act (“TBO Act”) B.E. 2544.

There are several pending regulatory issues in which we hope to see progress. These include the issue of 3G 2.1 GHz, licenses the re-farming of frequencies that are utilized by operators who are approaching the expiry of their agreements to operate, industry-wide implementation of IC and an increase in the number of MNP transactions processed by each operator on a daily basis. The current Constitution was enacted in August 2007. Key laws and regulations remain essentially in effect. In addition, Section 47 of the Constitution indicates that the National Broadcasting and Telecommunications Commission (“NBTC”) be set up to regulate the telecom and broadcasting industry. The Act on Organizations Allocated Frequency Waves and Supervision of the Radio and Television Broadcasting and Telecommunications Business B.E. 2553 (“Frequency Allocation Act”) which paved the way for the establishment of the NBTC was passed into law in December 2010. The formation of the NBTC was completed in September 2011.

On March 5, 2008, the Radio and Television Broadcasting Act B.E. 2551 (“Broadcasting Act”) came into force, giving authority to the NTC to temporarily regulate and grant one-year licenses for community radio and non-frequency use services before the establishment of the 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.

From its establishment to its dissolution, the NTC 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, MNP regulations were introduced and the service was launched on December 5, 2010. The service was expanded throughout 2011. In February 2012, in a move fully supported by True Group, the NBTC instructed all operators to increase their MNP transactions to 40,000 per day.

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 the matter from all interested parties. The final IM was drafted with the 3G licensing regulation published in the Royal Gazette in July 2010 empowering the NTC to open the application process for 3G 2.1GHz licensing to interested parties. True Group, along with other key mobile operators – AIS and DTAC – passed the NTC’s pre-qualification process for the 3G auction which was set for 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 process for auctioning 3G licenses has re-started since the formation of the NBTC in September 2011. The commission drafted its spectrum master plan, telecommunications master plan and broadcasting master plan and held public hearings on the matter in early 2012. The 3G 2.1 GHz auction is now expected to be held within 2012.

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

True's subsidiaries/ associates	Type	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&IXX)	5 years	19 May 2011	18 May 2016
5 TrueMove (TMV)	1	ISP	5 years	25 Aug 2009	24 Aug 2014
Telecommunications license					
6 True Life Plus (formerly, True Digital Entertainment)	1	Resale Internet & mobile services	5 years	2 Aug 2009	1 Aug 2014
7 True Internet (TI)	1	International Calling Card (ICC)	5 years	11 Oct 2009	10 Oct 2014
8 True Public Communication (TPC)	1	Public Phone Service	5 years	29 Jun 2009	28 Jun 2014
9 Asia Wireless Communication (AWC)	1	Resale PCT & mobile	5 years	23 Feb 2010	22 Feb 2015
10 True Internet Data Center (TIDC)	1	Resale Internet/ data center/ video conference services	5 years	20 May 2009	19 May 2014
11 True International Gateway (TIG)	3	International Private Leased Circuit (IPLC)	15 years	11 Nov 2009	10 Nov 2024
12 True International Communication (TIC)	3	International Direct Dialing (IDD)	20 years	25 Jan 2007	24 Jan 2027
13 True Universal Convergence (TUC)	3	Fixed Line Service	20 years	8 Dec 2006	7 Dec 2026
14 True Universal Convergence (TUC)	1	Resale PSTN (GPRS, DSL) & leased circuit/channel services	5 years	26 Aug 2009	25 Aug 2014
15 Samut Pakan Media Corporation (SAMUT)	3	Mobile service	15 years	23 Sep 2009	22 Sep 2024
16 KSC Commercial Internet (KSC)	1	Resale IPLC	5 years	11 Nov 2009	10 Nov 2014
17 True Distribution and Sales (TD&S)	1	Resale mobile services	5 years	1 Dec 2010	30 Nov 2015
18 Real Move (RMV)	1	Resale mobile services	5 years	16 Dec 2010	15 Dec 2015

Revenues Breakdown

Revenues breakdown by business group

Business Group	2011		2010		2009	
	Baht Million	%	Baht Million	%	Baht Million	%
1. True Online						
Revenues	22,440	31.2%	21,935	35.1%	21,784	34.9%
2. True Mobile						
Revenues	40,102	55.7%	30,981	49.7%	31,312	50.1%
3. True Visions						
Revenues	9,396	13.1%	9,462	15.2%	9,378	15.0%
Total Revenues	71,938	100.0%	62,378	100.0%	62,474	100.0%

Revenues for the year ended breakdown by company

Business Group/Operation by	2011		2010		2009	
	Baht Million	%	Baht Million	%	Baht Million	%
1. True Online						
True Corporation Public Company Limited	7,216	10.0%	7,840	12.6%	8,705	13.9%
True Multimedia Co., Ltd.	127	0.2%	209	0.3%	1,045	1.7%
True Internet Co., Ltd.	7,186	10.0%	6,167	9.9%	5,833	9.3%
True Leasing Co., Ltd.	1,591	2.2%	1,071	1.7%	926	1.5%
True Life Plus Co., Ltd.	1,592	2.2%	1,929	3.1%	2,240	3.6%
KSC Commercial Internet Co., Ltd.	415	0.6%	423	0.7%	375	0.6%
Wire & Wireless Co., Ltd.	644	0.9%	813	1.3%	545	0.9%
Asia Wireless Communication Co., Ltd.	73	0.1%	199	0.3%	299	0.5%
True Public Communication Co., Ltd.	74	0.1%	122	0.2%	167	0.3%
True Touch Co., Ltd.	195	0.3%	173	0.3%	229	0.4%
True Digital Content & Media Co., Ltd.	230	0.3%	214	0.3%	148	0.2%
True International Communication Co., Ltd.	-	-	96	0.2%	129	0.2%
True International Gateway Co., Ltd.	302	0.4%	254	0.4%	176	0.3%
True Lifestyle Retail Co., Ltd.	188	0.3%	161	0.3%	173	0.3%
True Money Co., Ltd.	303	0.4%	223	0.4%	150	0.2%
True Universal Convergence Co., Ltd.	1,609	2.2%	1,443	2.2%	531	0.8%
True Internet Data Center Co., Ltd.	82	0.1%	69	0.1%	66	0.1%
True Digital Plus Co., Ltd.	546	0.9%	488	0.7%	-	-
True Properties Co., Ltd.	32	0.0%	33	0.1%	30	0.1%
Others	35	0.0%	8	0.0%	17	0.0%
Revenues	22,440	31.2%	21,935	35.1%	21,784	34.9%
2. True Mobile						
BITCO Group of companies	35,165	48.8%				
BFKT (Thailand) Co., Ltd.	1,559	2.2%				
Hutchison CAT Wireless MultiMedia Co.,Ltd.	2,717	3.8%				
Real Move Co., Ltd.	661	0.9%				
Revenues	40,102	55.7%	30,981	49.7%	31,312	50.1%
3. True Visions						
True Visions Group of companies						
Revenues	9,396	13.1%	9,462	15.2%	9,378	15.0%
Total Revenues	71,938	100.0%	62,378	100.0%	62,474	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 2011, 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 145,031,791,510, divided into 14,503,179,151 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, 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 follow :

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.	90.00
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.	100.00
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 148,928.29 million divided into 59,571.31 million ordinary shares with a par value of Baht 2.50 each and fully paid up.	99.40
BFKT (Thailand) Limited	1768 Thai Summit Tower 14 th Floor, New Petchburi Road, Bangkabi, HuaiKhwang, Bangkok 10310 Tel. - Fax. -	Mobile network operator	THB 12,458.32 million divided into 124.58 million ordinary shares with a par value of Baht 100 each and fully paid up	100.00
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.	100.00
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.	99.31

Company Name	Address	Type of Business	Paid-up Capital	% of investment
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.	25.82
Hutchison CAT Wireless MultiMedia Limited	1768 Thai Summit Tower, 23 th Floor, New Petchburi Road, Bangkabi, Huai Khwang, Bangkok 10310 Tel. - Fax. -	Cellular Digital AMPS 800 Band A System operator	THB 950 million divided into 95 million ordinary shares with a par value of Baht 10 each and fully paid up	67.96
Hutchison MultiMedia Services (Thailand) Limited	539/2 Gypsum Metropolitan Tower, 18 th Floor, Sri-Ayudhya Road, Phayathai, Rajdhavee, Bangkok 10400 Tel. - Fax. -	Distribution Center Services	THB 230 million divided into 23 million ordinary shares with a par value of Baht 10 each and fully paid up	100.00
Hutchison Telecommunications (Thailand) Company Limited	539/2 Gypsum Metropolitan Tower, 18 th Floor, Sri-Ayudhya Road, Phayathai, Rajdhavee, Bangkok 10400 Tel. - Fax. -	Call Center Services	THB 54 million divided into 3.6 million ordinary shares with a par value of Baht 15 each and fully paid up	100.00
Hutchison Wireless MultiMedia Holdings Limited	1768 Thai Summit Tower, New Petchburi Road, Bangkrabi, Huai Khwang, Bangkok 10310 Tel. - Fax. -	Holding company	THB 10 million divided into 590,000 ordinary shares and 410,000 prefered shares with a par value of Baht 10 each and fully paid up	91.94

Company Name	Address	Type of Business	Paid-up Capital	% of investment
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 million ordinary shares fully paid up and 9.33 million ordinary shares call-up Baht 2.50 each	56.93
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.	100.00
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 153.04 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 and 0.01 million preferred shares with a par value of Baht 10 each 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.	99.77

Company Name	Address	Type of Business	Paid-up Capital	% of investment
Real Future Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Holding company	THB 22,844.39 million divided into 2,284.44 million ordinary shares with a par value of Baht 10 each and fully paid up.	100.00
Real Move Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Servcie provider of mobile phone system network	THB 3,001 million divided into 30.01 million ordinary shares with a par value of Baht 100 each and fully paid up.	99.40
Samut Pakan Media Corporation Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Telecommuni- cation services	THB 1 million divided into 10,000 ordinary shares with a par value of Baht 100 each and fully paid up.	99.34
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.	99.31
SM True Co., Ltd.	118/1 Tipco Tower, Rama VI Road, Samsen Nai, Phayathai, Bangkok 10400 Tel. (662) 615-9000 Fax. (662) 615-9900	Artist management and related business	THB 20 million divided into 0.2 million ordinary shares with a par value of Baht 100 each and fully paid up.	51.00
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.	99.33

Company Name	Address	Type of Business	Paid-up Capital	% of investment
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.	100.00
Telecom Holding Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Holding Company	THB 21,066.45 million divided into 2,106.64 million ordinary shares with a par value of Baht 10 each and fully paid up.	100.00
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.	100.00
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
Thai News Network (TNN) Company Limited	118/1 Tipco Tower, Rama VI Road, Samsen Nai, Phayathai, Bangkok 10400 Tel. (662) 615-9000 Fax. (662) 615-9900	News channel	THB 240 million divided into 2.4 million ordinary shares with a par value of Baht 100 each and fully paid up.	100.00
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.	98.52

Company Name	Address	Type of Business	Paid-up Capital	% of investment
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.	100.00
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 million ordinary shares with a par value of Baht 100 each and fully paid up.	99.32
True GS Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Home shopping	THB 240 million divided into 2.4 million ordinary shares with a par value of Baht 100 each call-up Baht 75 each.	45.00
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 688.22 million divided into 84.7 million ordinary shares with a par value of Baht 10 each, 38 million ordinary shares fully paid up and 46.7 million ordinary shares call-up Baht 6.6 each.	100.00

Company Name	Address	Type of Business	Paid-up Capital	% of investment
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.	99.32
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 752.80 million divided into 75.28 million ordinary shares with a par value of Baht 10 each and fully paid	100.00
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 436 million divided into 4.36 million ordinary shares with a par value of Baht 100 each and fully paid up.	100.00
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.	100.00

Company Name	Address	Type of Business	Paid-up Capital	% of investment
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	100.00
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 217 million divided into 21.7 million ordinary shares with a par value of Baht 10 each and fully paid up.	100.00
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.	100.00
True Move Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Cellular operator	THB 41,281.25 million divided into 4,128.13 million ordinary shares with a par value of Baht 10 each and fully paid up.	99.32
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	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	services Content provider	THB 200,000 divided into 20,000 ordinary shares with a par value of Baht 10 each and fully paid up.	99.29
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.	100.00
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.	100.00
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.	100.00
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	THB 20 million divided into 2 million ordinary shares with a par value of Baht 10 each and fully paid up.	70.00

Company Name	Address	Type of Business	Paid-up Capital	% of investment
True Universal Convergence Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	management Telecommunication services	THB 4,000 million divided into 40 million ordinary shares with a par value of Baht 100 each, and fully paid up.	100.00
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.	99.31
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.	98.99
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 893 million divided into 8.93 million ordinary shares with a par value of Baht 100 each and fully paid up.	100.00
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, 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 preferred shares with a par value of Baht 10 each and fully paid up.	51.00 Shareholding but 40.00 Voting Rights

Company Name	Address	Type of Business	Paid-up Capital	% of investment
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 Company Limited	10/97, 6 th Floor, The Trendy Condominium, Soi Sukhumvit 13 (Saeng Chan), Klongtoey Nua, Wattana, Bangkok	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
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.	69.52
K.I.N. (Thailand) Company Limited	P.O. Box 957, Offshore Incorporation Centre, 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.	100.00
Nilubon Company Limited	P.O. Box 71, Craigmur 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.	100.00
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

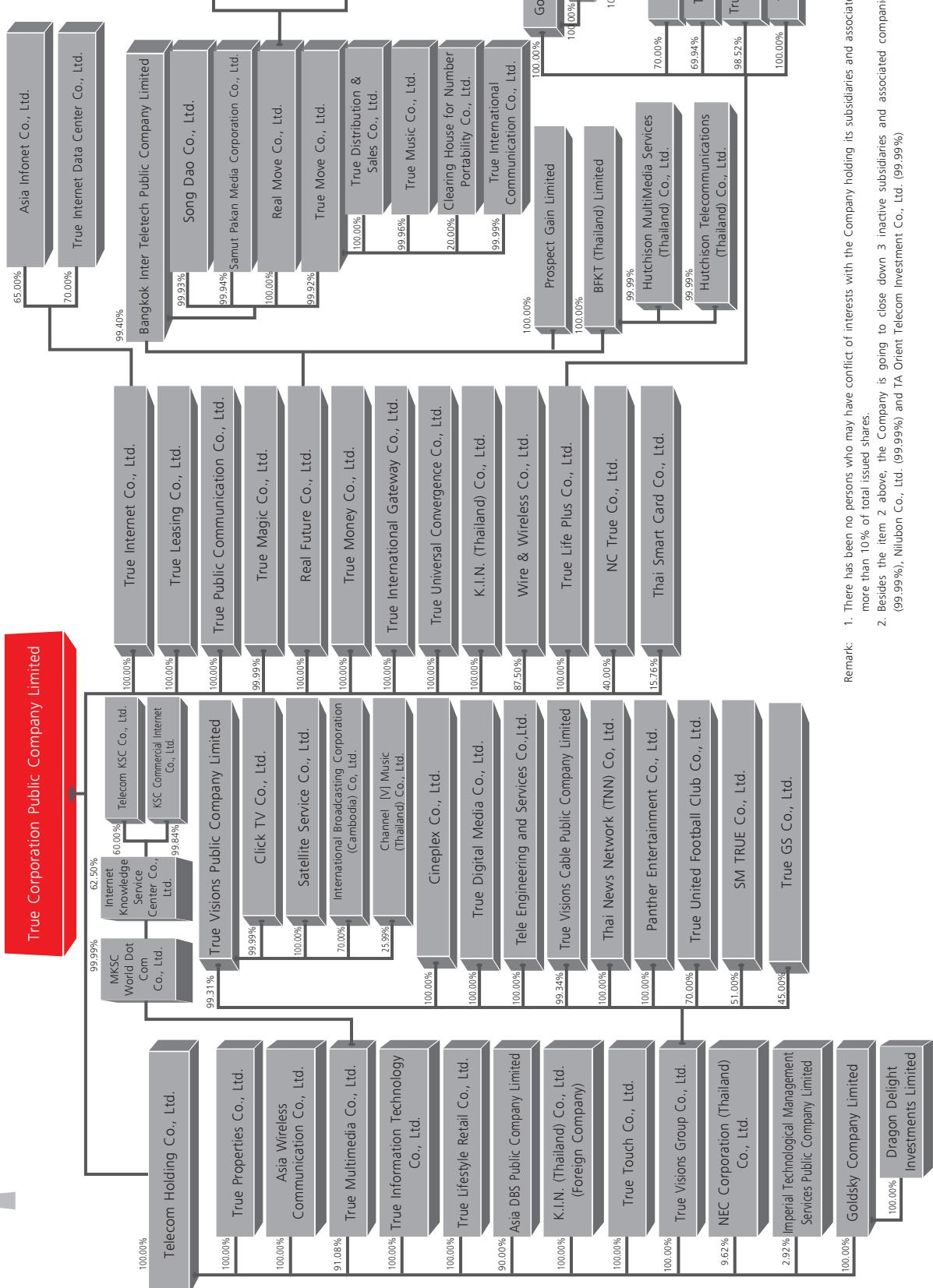
Company Name	Address	Type of Business	Paid-up Capital	% of investment
Gold Palace Investments Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Holding Company	USD 6 million divided into 6 million ordinary shares with a par value of USD 1 each and fully paid up.	100.00
Golden Light Company Limited	Suite 308, St James Court, St Denis Street, Port Louis, Republic of Mauritius	Holding Company	USD 6 million divided into 6 million ordinary shares with a par value of USD 1 each and fully paid up.	100.00
Goldsky Company Limited	Suite 308, St James Court, St Denis Street, Port Louis, Republic of Mauritius	Holding Company	USD 1 divided into 1 ordinary share 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.	100.00
Rosy Legend Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Holding Company	USD 1 divided into 1 ordinary share with a par value of USD 1 each and fully paid up.	99.40
Prospect Gain Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Holding Company	USD 1 divided into 1 ordinary share with a par value of USD 1 each and fully paid up.	100.00
True Internet Technology (Shanghai) Company Limited	Room 2202-05, Johnson Building, No. 145 Pujian Road, Shanghai 200127, P.R.China Tel. (86)21 5889 0800 - 8049 Fax.(86)21 5889 0800 - 8033	Developing, designing, producing and sale of software products	USD 2.5 million divided into 2.5 million ordinary shares with a par value of USD 1 each and fully paid up.	100.00



Group Investment Structure

As of 31st December 2011

True Corporation Public Company Limited



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.

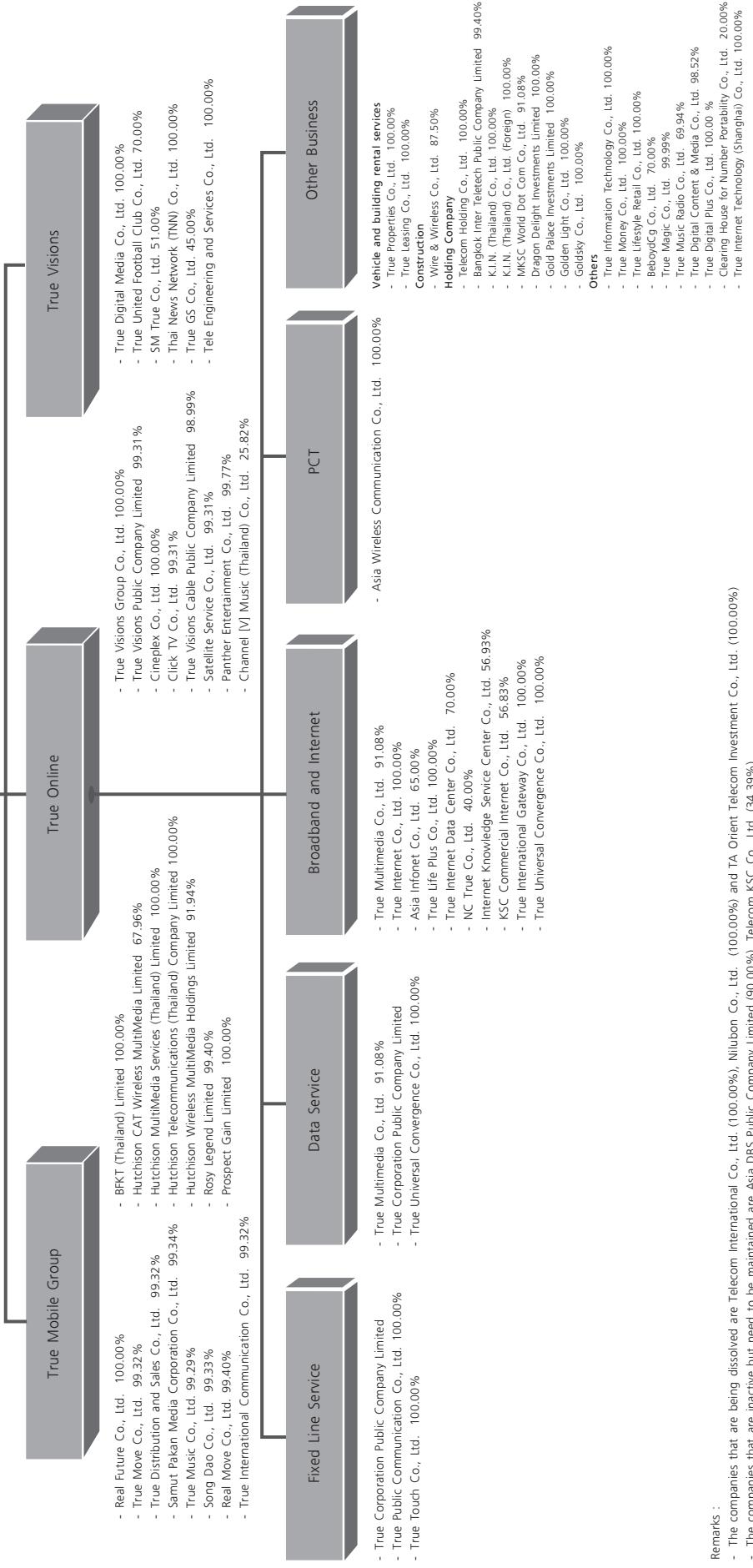
2. Besides the item 2 above, the Company is going to close down 3 inactive subsidiaries and associated companies i.e. Telecom International Co., Ltd. (99.99%), Niubon Co., Ltd. (99.99%) and TA Orient Telecom Investment Co., Ltd. (99.99%)



Investment Structure

by Business Group as of 31st December 2011

2.6 million line Telephone Services,
Value Added Service and Digital Data Network
True Corporation Public Company Limited





Shareholders

(A) Major Shareholders ^{1/} as of 12th April 2011 (the latest share register book closing date)

NAME	No. of Shares (Million Shares)	% of Total Issued Shares
1. CP Group ^{2/}	5,034.48	64.74
2. UBS AG LONDON BRANCH ^{3/}	248.88	3.20
3. THAI NVDR COMPANY LIMITED ^{4/}	190.57	2.45
4. UBS AG HONG KONG BRANCH ^{3/}	170.00	2.19
5. MR. WANIT DECHANUBEKSA	94.40	1.21
6. CLEARSTREAM NOMINEES LTD ^{5/}	53.39	0.69
7. CORE PACIFIC-YAMAICHI INTERNATIONAL (H.K.) LIMITED-CLIENT ^{6/}	50.43	0.65
8. MR. JARAN CHIARAVANONT	39.93	0.51
9. THANA HOLDING COMPANY LIMITED	39.91	0.51
10. MR. LEK SRIPRATAK	34.91	0.45

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

2/ Consisting of 1) Charoen Pokphand Group Company Limited ("CPG"), where the Charavanont Family is a major shareholder by holding 91.68% of the shares (The first ten shareholders are Mr. Sumet Jiaravanon 12.96%, Mr. Dhanin Charavanont 12.96%, Mr. Jaran Chiaravanont 12.75%, Mr. Montri Jiaravanont 12.63%, Mr. Kiat Chiaravanont 5.76%, and Mr. Phongthep Chiaravanont 3.65% with the following shareholders each holding 3.62%: Mrs. Yupa Charavanont, 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's Shareholders Meeting) (All 13 companies do not undertake the same business and compete with TRUE GROUP)

3/ The company is registered in Switzerland 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.

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 the 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.

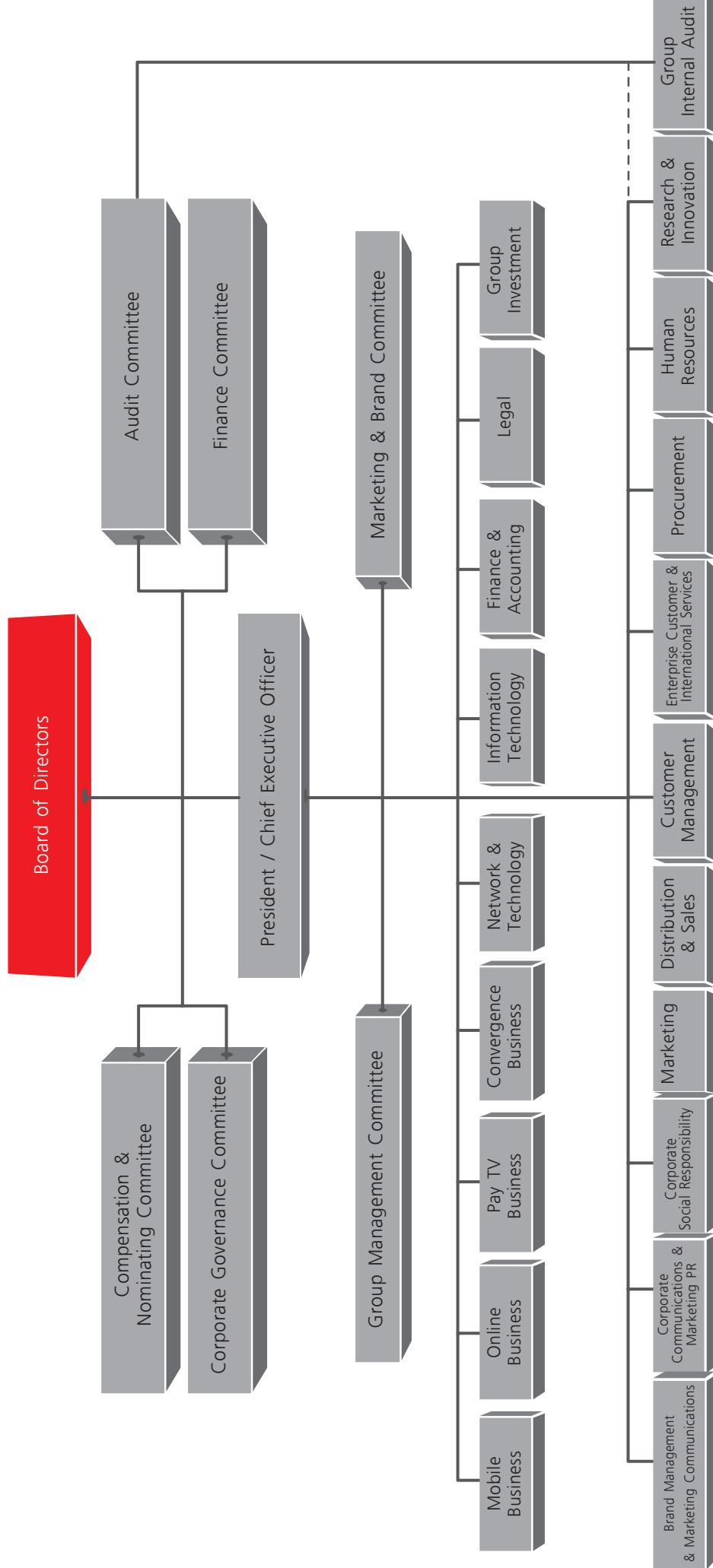
5/ The company is registered in England and invests in the SET without disclosing that the investment is neither for itself nor for others. True has no authority to request that company for the afore-mentioned disclosure.

6/ 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.

(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



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 2011, the Company's Board of Directors consists of 15 members as follows:

1) 4 Executive Directors

2) 11 Non-Executive Directors consisting of:

- 5 Independent Directors accounting for one-third of the board size or 33.33 percent of the 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 other directors, executives, major shareholders, controlling persons, or persons to be nominated as director 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' afore - mentioned 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 2011) is as follows:

Name ^{1/}	Position	Attendance of Board Meeting in the Year 2011 ^{3/}
1. Mr. Vitthya Vejjajiva	Independent Director, Chairman of the Audit Committee and Member of the Corporate Governance Committee	6/6
2. Dr. Kosol Petchsuwan	Independent Director, Member of the Audit Committee and Chairman of the Corporate Governance Committee	6/6
3. Mr. Joti Bhokavanij	Independent Director, Member of the Audit Committee, Member of the Finance Committee and Member of the Compensation and Nominating Committee	6/6
4. Mr. Harald Link	Independent Director	2/6
5. Prof. Rawat Chamchalerm	Independent Director	6/6
6. Mr. Dhanin Clearavanont	Chairman of the Board and Chairman of the Compensation and Nominating Committee	4/6
7. Dr. Ajva Taulananda	Vice Chairman of the Board, Chairman of the Finance Committee and Member of the Corporate Governance Committee	6/6
8. Mr. Chaleo Souvannakitti ^{2/}	Vice Chairman of the Board and Member of the Finance Committee	1/6
9. Prof. Athueck Asvanund	Vice Chairman of the Board and Group General Counsel	6/6
10. Mr. Umroong Sanphasitvong	Director, Member of the Finance Committee and Member of the Compensation and Nominating Committee	6/6
11. Mr. Suphachai Clearavanont	Director, President and Chief Executive Officer	6/6
12. Mr. Soopakij Clearavanont	Director and Member of the Compensation and Nominating Committee	1/6
13. Mr. Chatchaval Jiaravanon	Director and Managing Director - Group Investment	6/6
14. Mr. Vichaow Rakphongphairoj	Director, Managing Director and Group Chief Operating Officer - Network & Technology	5/6
15. Mr. Narong Clearavanont	Director	5/6

Remark: ^{1/} Mr. Narong Srisa-an, Independent Director, resigned from his positions as member of the Board and Chairman of the Corporate Governance Committee, effective on 30th April 2011.

^{2/} Mr. Chaleo Souvannakitti, Vice Chairman, passed away on 9th January 2012. Thereafter, the Board of Directors Meeting No.2/2555 held on 28th February 2012 passed a resolution to appoint Professor Dr.Warapatr Todhanakasem as a Director and Member of the Finance Committee to replace the late Mr.Chaleo Souvannakitti. The appointment was effective on 1st March 2012.

^{3/} In the Year 2011, the Board of Directors held 6 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 2011.

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.

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 2011^{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 2011, 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	Attendance of the Compensation and Nominating Committee Meeting in the Year 2011 ^{1/}
1. Mr. Dhanin Clearavanont	1/2
2. Mr. Soopakij Clearavanont	1/2
3. Mr. Umroong Sanphasitvong	2/2
4. Mr. Joti Bhokavanij	1/1 ^{2/}

Remark: ^{1/} In the Year 2011, the Compensation and Nominating Committee held 2 meetings.

^{2/} The Compensation and Nominating Committee held 1 meeting before Mr. Joti Bhokavanij joined.

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	Attendance of the Finance Committee Meeting in the Year 2011 ^{1/}
1. Dr. Ajva Taulananda	6/6
2. Mr. Chaleo Souvannakitti ^{2/}	1/6
3. Mr. Umroong Sanphasitvong	5/6
4. Mr. Joti Bhokavanij	5/5 ^{3/}

Remark: ^{1/} In the Year 2011, the Finance Committee held 6 meetings.

^{2/} Mr. Chaleo Souvannakitti passed away on 9th January 2012. Thereafter, the Board of Directors Meeting No.2/2555 held on 28th February 2012 passed a resolution to appoint Professor Dr. Warapatr Todhanakasem as a Director and Member of the Finance Committee to replace the late Mr. Chaleo Souvannakitti. The appointment was effective on 1st March 2012.

^{3/} The Finance Committee held 1 meeting before Mr. Joti Bhokavanij joined.

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 2011 ^{2/}
1. Dr. Kosol Petchsuwan	4/4
2. Mr. Vitthya Vejjajiva	4/4
3. Dr. Ajva Taulananda	4/4

Remark: ^{1/} Mr. Narong Srisa-an, Independent Director, has resigned from the positions as Director of the Board and Chairman of the Corporate Governance Committee of the Company, effective on 30th April 2011.

^{2/} In the Year 2011, 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 2011, 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. Prof. 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 Securities and Exchange Commission which means 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.

Authority and Responsibility of the CEO and President

The Chief Executive Officer (“CEO”) and President is the highest management position of the Company and appointed by the Board of Directors.

The relationship between the Board of Directors and the management is in the form of collaboration. The Board of Directors act as the regulator in terms of providing consultation, comments and suggestions to the management, as well as providing support to the operation of the Company’s business, and monitoring the management and the Company’s performance without interfering with the operation of the Company’s business. The CEO and President is responsible for implementing the Board of Directors’ policy, and managing and supervising the operation of the Company’s business in accordance with the Articles of Association of the Company, the

shareholder’s resolutions, the Board of Directors’ resolutions, the Company’s business direction and relevant legislations.

The authority and responsibility of the CEO and President are as follows:

1. Establish the business direction, mission, business plan and budget of the Company and submit to the Board of Directors for approval.
2. Formulate business strategies and action plans for the Company according to the Company’s business direction and mission as approved by the Board of Directors.
3. Ensure the strategic alignment of the Company and the effective implementation of the Company’s business plan.

4. Direct, control and monitor the Company's day-to-day business and risk management according to the Company's business direction, business plan and budget as approved by the Board of Directors.
5. Ensure that the Company conducts its business in accordance with relevant laws and regulations.
6. Submit reports on the Company's business activities and operating performance to the Board of Directors on a regular basis. If the Board of Directors provides comments or suggestions to management, the CEO and President will be responsible for executing those comments or suggestions in order to achieve an effective outcome.
7. Has the power to engage in any contract or agreement and to approve any expenses as a delegation of authority as defined in the Company's policy and guideline on Signing Authority. However, in the case of entering into any related party transaction or transaction which may have conflicts of interest with the Company or its subsidiaries, such transaction must be carried out according to relevant laws and regulations.
8. Execute any other tasks assigned by the Board of Directors

Remuneration of the Company's Directors and the Executive Officers

(1) Remuneration

(1.1) Remuneration of Directors

During 1st January - 31st December 2011, the 16 directors of the Company were remunerated Baht 28,880,000, details are as follows:

	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	3,600,000	
• Mr. Narong Srisa-an : Jan - Apr 2011	1,200,000	
• Dr. Kosol Petchsuwan (Chairman of the Committee : Since June 2011 Member of the Committee : Jan - May 2011)	3,080,000	
Total		11,480,000
Group 2		
- Independent Directors who are also Committee members (Mr. Joti Bhokavanij)	2,400,000	
Total		2,400,000
Group 3		
- Vice Chairman (Dr. Ajva Taulananda, Mr. Chaleo Souvannakitti and Professor Athueck Asvanund)	1,800,000	
Total		5,400,000
Group 4		
- Independent Directors (Mr. Harald Link and Professor Rawat Chamchaler)	1,200,000	
- Directors (Mr. Suphachai Clearavanont, Mr. Soopakij Clearavanont, Mr. Chatchaval Jiaravanon, Mr. Vichaow Rakphongphairoj, Mr. Umroong Sanphasitvong and Mr. Narong Clearavanont)	1,200,000	
Total		9,600,000
Grand Total		28,880,000

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 2011 from the Company's subsidiaries as follows:

	Total remuneration in the year 2011	– Baht
1) Director of Bangkok Inter Teletech Public Company Limited	600,000	Baht
2) Director of True Move Company Limited	<u>600,000</u>	<u>Baht</u>
Total remuneration	<u>600,000</u>	<u>Baht</u>

(1.2) Remuneration of Executive Officers

The top nine executives received remuneration totaling Baht 102.55 million for the year 2011 (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 two non-expired Employee Stock Option Plans, namely:

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

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

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

Name	Warrants under ESOP 2007		Warrants under ESOP 2006	
	No. of units	% of project	No. of units	% 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
3. Mr. Vichaow Rakphongphairoj	1,875,000	4.93	1,600,000	4.44
4. Mr. Chatchaval Jiaravanon	300,000	0.79	300,000	0.83
5. Prof. Athueck Asvanund	1,875,000	4.93	2,000,000	5.55
6. Mr. William Harris	1,875,000	4.93	1,600,000	4.44
7. Mr. Adhiruth Thothaveesansuk	1,400,000	3.68	1,600,000	4.44
8. Mr. Thiti Nantapatsiri	1,400,000	3.68	1,600,000	4.44
9. Mr. Songtham Phianpattanawit	1,400,000	3.68	1,600,000	4.44
10. Mr. Noppadol Dej-Udom	1,000,000	2.63	800,000	2.22

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 2011, the total number of employees was as follows:

Work Group and Classification	No. of Employees
Management	86
Service Area & Network Operation	1,149
Marketing & Sales	711
Information Technology	117
Customer Services	186
Finance & Accounting	190
Support	264
Total	2,703

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 2011, the total remuneration for employees was approximately Baht 2,170.88 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 350 to 400 in-house training programs per year. In 2011, the training totaled 48,000 mandays with a budget of Baht 48 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, DOCSIS 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 2011)

Name	Mr. Vitthya Vejjajiva
Position	: Independent Director, Chairman of the Audit Committee and Member of the Corporate Governance Committee
Age (year)	: 75
True Share Ownership (31/12/11)	: –
Debentures Ownership (31/12/11) (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 Member of the Corporate Governance Committee, True Corporation Public Company Limited 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, Member of the Audit Committee and Chairman of the Corporate Governance Committee
Age (year)	: 72
True Share Ownership (31/12/11)	: –
Debentures Ownership (31/12/11)	: –
(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 2011-Present Chairman of the Corporate Governance Committee, True Corporation Public Company Limited <u>Non-listed Companies</u> 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) 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 Bhokavanij
Position	: Independent Director, Member of the Audit Committee, Member of the Finance Committee and Member of the Compensation and Nominating Committee
Age (year)	: 69
True Share Ownership (31/12/11)	: –
Debentures Ownership (31/12/11) (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
Major Experience	: Director Certification Program (DCP) <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 Present Member of the Finance Committee and Member of the Compensation and Nominating Committee True Corporation 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 2004–2006 Chief Executive Officer, ACL Bank Public Company Limited (Presently known as Industrial and Commercial Bank of China (Thai) Public Company Limited)

Name	: Mr. Harald Link
Position	: Independent Director
Age (year)	: 57
True Share Ownership (31/12/11)	: 50,000 shares (0.00% of the total issued and paid-up shares of the Company)
Debentures Ownership (31/12/11) (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	<p>: <u>Companies Listed on the Stock Exchange of Thailand</u> Mar 2010–Present Independent Director, True Corporation Public Company Limited</p> <p>2000–Feb 2010 Director, True Corporation Public Company Limited</p> <p>1998–Present Independent Director, Siam City Cement Public Company Limited</p> <p><u>Non-listed Companies</u> 1987–Present Chairman, B. Grimm Group of Companies</p>

Name	Professor Rawat Chamchalerm
Position	: Independent Director
Age (year)	: 67
True Share Ownership (31/12/11)	: 54,435 shares (0.00% of the total issued and paid-up shares of the Company)
Debentures Ownership (31/12/11)	: –
(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) : Director Accreditation Program (DAP)
Related training programs held by the Thai Institute of Directors Association (IOD)	: <u>Companies Listed on the Stock Exchange of Thailand</u>
Major Experience	: Mar 2010–Present Independent Director, True Corporation Public Company Limited Present Independent Director, Serm Suk Public Company Limited Chairman of the Board, Sino-Thai Engineering and Construction Public Company Limited 2004–2006 Chairman and Independent Director, MCOT Public Company Limited 2003–2005 Director, Krung Thai Bank Public Company Limited Legal Counsel, Thai Airways International Public Company Limited <u>Non-listed Companies</u> 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, Doctoral, Bangkokthonburi University Adjunct Professor, Faculty of Law, Mae Fah Luang University 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 Director, Thai National Food Commission Executive Director, National Science and Technology Development Agency Chairman of the Ethics Committee, National Bureau of Agricultural Commodity and Food Standards Director, Board of Directors on Disclosure of Information Member of the Council of State, Office of the Council of State Director, National Olympic Committee of Thailand Vice Chairman, Thai Bar Association Attorney General, Office of the Attorney General Director, Government Pension Fund Deputy Attorney General, Office of the Attorney General Chairman and Independent Director, The Mass Communication Organization of Thailand Board of Director, The Mass Communication Organization of Thailand Director General, Technical Affairs Department, Office of the Attorney General Director, Provincial Waterworks Authority Director, Saengchai Sunthornwat Foundation Legal Adviser, Commander of the Royal Thai Army Legal Adviser, Supreme Commander Director, The Communications Authority of Thailand (Presently known as CAT Telecom Public Company Limited) Director, Metropolitan Waterworks Authority

Name	: Mr. Dhanin Clearavanont
Position	: Chairman of the Board and Chairman of the Compensation and Nominating Committee
Age (year)	: 72
True Share Ownership (31/12/11)	: –
Debentures Ownership (31/12/11)	: –
(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 and Chairman of the Compensation and Nominating Committee, 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, Chairman of the Finance Committee and Member of the Corporate Governance Committee
Age (year)	: 74
True Share Ownership (31/12/11)	: –
Debentures Ownership (31/12/11)	: –
(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 Present Chairman of the Finance Committee and Member of the Corporate Governance Committee, 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 and Member of the Finance Committee
Age (year)	: 83
True Share Ownership (31/12/11)	: 5,397,750 shares (0.04% of the total issued and paid-up shares of the Company)
Debentures Ownership (31/12/11) (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 Present Member of the Finance Committee 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	: Professor Athueck Asvanund*
Position	: Vice Chairman and Group General Counsel
Age (year)	: 60
True Share Ownership (31/12/11)	: –
Debentures Ownership (31/12/11)	: –
(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
	: Capital Market Academy Leader Program
	: Director Accreditation Program (DAP)
Training	
Related training programs held by the Thai Institute of Directors Association (IOD)	: <u>Companies Listed on the Stock Exchange of Thailand</u>
Major Experience	<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>

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Name	: Mr. Umroong Sanphasitvong
Position	: Director, Member of the Finance Committee and Member of the Compensation and Nominating Committee
Age (year)	: 59
True Share Ownership (31/12/11)	: 717,300 shares (0.00% of the total issued and paid-up shares of the Company)
Debentures Ownership (31/12/11) (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 Member of the Finance Committee and Member of the Compensation and Nominating Committee</p> <p>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. Suphachai Clearavanont*
Position	: Director, President and Chief Executive Officer
Age (year)	: 44
True Share Ownership (31/12/11)	: 2,404,439 shares (0.02% of the total issued and paid-up shares of the Company)
Debentures Ownership (31/12/11) (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)	: Director Accreditation Program (DAP) 92/2011
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>2000–Present Chairman, Freewill Solutions Company Limited</p> <p>1999–Present Chairman, Wire & Wireless Company Limited</p> <p>2001–2010 Chairman, Pantavanij 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 - C.P. Lotus Corporation - 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 Management Committee on Nation-wide Strategic Approach Eye Provisioning Project</p> <p>2006–Present Chairman of the Sub Committee for Fund Raising</p> <p>Thai Red Cross Eye Bank</p> <p>Member of the Thai Red Cross Eye Bank Committee</p> <p>1999–Present Director & Advisor of the Telecommunications Association of Thailand under the Royal Patronage (TCT)</p> <p>2008–2009 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>2005–2007 Member of the Listed Companies Association (LCA)</p>

* Authorized Signatory

Name	Mr. Soopakij Clearavanont*	
Position	:	Director and Member of the Compensation and Nominating Committee
Age (year)	:	48
True Share Ownership (31/12/11)	:	3,000 shares (0.00% of the total issued and paid-up shares of the Company)
Debentures Ownership (31/12/11) (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
	:	Director Accreditation Program (DAP) 92/2011
Related training programs held by the Thai Institute of Directors Association (IOD)	:	<u>Companies Listed on the Stock Exchange of Thailand</u>
Major Experience	Present	Director and Member of the Compensation and Nominating Committee, True Corporation Public Company Limited Director, CP All Public Company Limited
		<u>Non-listed Companies</u>
	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
		<u>Community Service</u>
	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

* Authorized Signatory

Name	: Mr. Chatchaval Jiaravanon*
Position	: Director and Managing Director - Group Investment
Age (year)	: 49
True Share Ownership (31/12/11)	: –
Debentures Ownership (31/12/11)	: –
(issued by True/its subsidiaries)	
Family Relationship	: Mr. Dhanin's nephew
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</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)	: 54
True Share Ownership (31/12/11)	: –
Debentures Ownership (31/12/11)	: –
(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 no. 16)
Major Experience	<p>: <u>Companies Listed on the Stock Exchange of Thailand</u> True Corporation Public Company Limited</p> <p>2000-Present Director, Managing Director and Group Chief Operating Officer - Network & Technology</p> <p>1998-2000 E.V.P., Business & Enterprise</p> <p>1997-1998 E.V.P., Central Operation & Information Technology</p> <p>1996-1997 Region Director, Bangkok-Southeast Region</p> <p>1995-1996 Region Director, Bangkok-West Region</p> <p><u>Non-listed Companies</u></p> <p>Present Chairman of Executive Committee, Pantavanij Company Limited</p> <p>Chairman of Executive Committee, Freewill Solutions Company Limited</p> <p>President, True Universal Convergence Company Limited</p> <p>President, True Internet Data Center Company Limited</p> <p>President, True Multimedia Company Limited</p> <p>President, True Internet Company Limited</p> <p>President, Asia Infonet Company Limited</p>

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Name	: Mr. Narong Clearavanont
Position	: Director
Age (year)	: 47
True Share Ownership (31/12/11)	: 161,577 shares (0.00% of the total issued and paid-up shares of the Company)
Debentures Ownership (31/12/11) (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, SM True Company Limited 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.</p> <p>2002 Board of Director, Beijing Lotus Supermarket Chain Store Co., Ltd.</p> <p>2001–Present Board of Director, Foshan C.P. Lotus Management Consulting Co., Ltd.</p> <p>1997 Board of Director, Changsha Chulian Supermarket Co., Ltd.</p> <p>1995–1997 Board of Director, Chengdu Ailian Supermarket Co., Ltd.</p> <p>Director, Business Development Bank</p> <p>Chairman, Yangtze Supermarket Investment Co., Ltd.</p> <p>President, Ek-Chor Trading (Shanghai) Co., Ltd.</p> <p>President, Ek-Chor Distribution (Thailand) Co., Ltd.</p>

Name	: Mr. William Harris
Position	: Executive Director, International Business Development and Assistant to CEO
Age (year)	: 50
True Share Ownership (31/12/11)	: 1,165,767 shares (0.01% of the total issued and paid-up shares of the Company)
Debentures Ownership (31/12/11) (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>2008–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, Rosy Legend Limited Director, Prospect Gain Limited 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 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)	: 44
True Share Ownership (31/12/11)	: 606,773 shares (0.00% of the total issued and paid-up shares of the Company)
Debentures Ownership (31/12/11) (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>
Major Experience	<p>True Corporation Public Company Limited 2007–Present Group Chief Financial Officer</p> <p>2003–2007 Director & General Manager - Online</p> <p>2000–2003 Senior Vice President - Corporate Finance</p> <p><u>Non-listed Companies</u></p> <p>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</p> <p>2009–Present Director, True Information Technology Company Limited</p> <p>2004–Present Director, Asia DBS Public Company Limited</p>

Name	: Mr. Thiti Nantapatsiri
Position	: Managing Director - Pay TV Business
Age (year)	: 57
True Share Ownership (31/12/11)	: -
Debentures Ownership (31/12/11) (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> <p>Present Managing Director - Pay TV Business, True Corporation Public Company Limited</p> <p>1999-2003 Executive Vice President, Loxley Public Company Limited</p> <p>1997-1999 First Senior Vice President, Loxley Public Company Limited</p> <p><u>Non-listed Companies</u></p> <p>Present Director, Tele Engineering and Services Company Limited Director, BFKT (Thailand) Limited Director, True GS Company Limited Director, SM True Company Limited Managing Director, True Visions Group Company Limited Director, True United Football Club Company Limited</p> <p>2008-Present Director, Panther Entertainment Company Limited</p> <p>2007-Present Director, True Music Radio Company Limited</p> <p>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, True Visions Cable Public Company Limited Director, Satellite Service Company Limited Director, True Music Company Limited Director, BeBoydCG Company Limited</p> <p>2001-2002 President & CEO, Hutchison CAT Wireless Multimedia Company Limited</p> <p>1992-2000 President & CEO, Hutchison Telecommunications (Thailand) Company Limited</p>

Name	: Mr. Adhiruth Thothaveesansuk
Position	: Managing Director - Convergence Business and Managing Director - Business Customer
Age (year)	: 48
True Share Ownership (31/12/11)	: 1,635,797 shares (0.01% of the total issued and paid-up shares of the Company)
Debentures Ownership (31/12/11) (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)
Major Experience	: Director Diploma of Australian Institution of Director 2005
	: <u>Companies Listed on the Stock Exchange of Thailand</u>
Present	Managing Director - Convergence Business and Managing Director - Business Customer, True Corporation Public Company Limited
2001	Executive Vice President, True Corporation Public Company Limited
	: <u>Non-listed Companies</u>
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, BFKT (Thailand) 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
2006–Present	Director, True Public Communication Company Limited
2003–Present	President, Asia Wireless Communication Company Limited
2002	Chief Commercial Officer, True Move Company Limited
1998–2002	General Manager, Wire & Wireless Company Limited
1998–2001	President, Asia Wireless Communication Company Limited

Name	: Mr. Songtham Phianpattanawit
Position	: Managing Director - Enterprise Customer & International Services and Group Chief Operating Officer - IT & CM
Age (year)	: 53
True Share Ownership (31/12/11)	: –
Debentures Ownership (31/12/11)	: –
(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 Director, Hutchison Telecommunications (Thailand) Company Limited 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 2011 are as follows:

Director	Company	Change in 2011	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

Director	Company	Change in 2011	Outstanding Share(s)
Mr. Suphachai Clearavanont	Telecom Holding Co., Ltd.	-	1
	Telecom International Co., Ltd.	-	1
	True Information Technology Co., Ltd.	-	1
	Wire & Wireless Co., Ltd.	-	5
	True Touch Co., Ltd.	-	1
	True Internet Co., Ltd.	-	1
	Asia DBS Public Company Limited	-	1
	Asia Infonet Co., Ltd.	-	1
	Asia Wireless Communication Co., Ltd.	-	1
	True Multimedia Co., Ltd.	-	1
	True Money Co., Ltd.	-	1
	NC True Co., Ltd.	-	1
	True Internet Data Center Co., Ltd.	-	1
	Bangkok Inter Teletech Public Company Limited	-	1
	True Distribution and Sales Co., Ltd.	-	1
	Real Move Co., Ltd.	-	1
	BFKT (Thailand) Limited	1	1
Mr. Vichaow Rakphongphairoj	Telecom International Co., Ltd.	-	1
	True Touch Co., Ltd.	-	1
	True Internet Co., Ltd.	-	1
	Asia DBS Public Company Limited	-	1
	Asia Infonet Co., Ltd.	-	1
	Asia Wireless Communication Co., Ltd.	-	1
	True Multimedia Co., Ltd.	-	1
	K.I.N. (Thailand) Co., Ltd.	-	1
	True Money Co., Ltd.	-	1
	True Magic Co., Ltd.	-	1
	Bangkok Inter Teletech Public Company Limited	-	1
	True Information Technology Co., Ltd.	-	1
	True Visions Group Co., Ltd.	-	1
	Real Move Co., Ltd.	-	1
	Real Future Co., Ltd.	-	1

Directorships of the Company's Directors and Executives in Subsidiaries, Associated and Related Companies (As of 31st December 2011)

Name	True	TE	TP	TH	TLS	K.I.N.	TT	W&W	TTT	TMN	NEC	TSC	TDM	TIC	TMS	PTE	TIC	Bebodyd	RMV	TDCM	TMR	HTCL	GPI	TFC	DDI	GPI	ROSY Legend	Prospect Gain	Golden Light	TITS
1. Mr. Dhanin Clearavavont	C	/								/																				
2. Dr. Aya Taulananda	VC	/	/	/	/	/				/																				
3. Mr. Chaleo Souvanahakitti*	VC	/	/																											
4. Prof. Athueck Asyanund	VC	/																												
5. Mr. Viritya Vejjaiyva*	/																													
6. Mr. Ioti Bokavanij*	/																													
7. Dr. Kosol Petchsuwan*	/																													
8. Mr. Harald Link*	/																													
9. Prof. Rawat Chamchaleerm*	/																													
10. Mr. Suphachai Clearavavont	/	/	/	/	/	/																								
11. Mr. Soopakij Clearavavont	/	/	/	/	/	/																								
12. Mr. Narong Clearavavont	/	/	/	/	/	/																								
13. Mr. Chatchaval Jaravavanon	/	/	/	/	/	/																								
14. Mr. Vichaw Rakphongphairoj	/	/	/	/	/	/																								
15. Mr. Umroong Sanphasivong	/																													
16. Mr. William Harris	E																													
17. Mr. Noppadol Dej-Udom	E	/	/	/	/																									
18. Mr. Adhiruth Thothaveesansuk	E																													
19. Mr. Songtham Phianpattanavit	E	/	/																											
20. Mr. Thiti Nantapatsiri	E	/																												

* Independent Director

C = Chairman

VC = Vice Chairman

E = Executive Officer

/ = Director

** passed away

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.	TIDC	True Internet Data Center Co., Ltd.
TLP	True Life Plus Co., Ltd. (Formerly named: True Digital Entertainment Co., Ltd.)	Nilubon <BV1>	Nilubon Co., Ltd. (Registered in foreign)
K.I.N. <BV1>	K.I.N. (Thailand) Co., Ltd. (Registered in foreign)	TA Orient	TA Orient Telecom Investment Co., Ltd. (Registered in foreign)
BTICO	Bangkok Inter Teletech Public Company Limited	TMV	True Move Company Limited
TVS	True Visions Public Company Limited	TSC	Thai Sintar Card Co., Ltd.
NEC	NEC Corporation (Thailand) Co., Ltd.	NC True	NC True Co., Ltd.
TDS	True Distribution & 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.)	TVSC	True Visions Cable Public Company Limited
SSV	Satellite Service Co., Ltd.	PTE	Panther Entertainment Co., Ltd.
TMS	True Music Co., Ltd.	Beboyd	BeboydCg Co., Ltd.
TIC	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 Move 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)	HTCL	Hutchison Telecommunications (Thailand) Co., Ltd.
BFKT	BFKT (Thailand) Limited	Rosy Legend	Rosy Legend Limited (Registered in foreign)
Prospect Gain	Prospect Gain Limited (Registered in foreign)	TGS	True GS Co., Ltd.
SMT	SM True Co., Ltd.	Golden Light	Golden Light Company Limited (Registered in foreign)
TTS	True Internet Technology (Shanghai) Company Limited (Registered in foreign) (Formerly named: True Software Application (Shanghai) Company Limited)		



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 Dr. Kosol Petchsuwan, Mr. Vitthya Vejjajiva and Dr. Ajva Taulananda. Corporate governance at management level is overseen by the CEO and other senior executives.

In 2011, 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 2011, the Company held one shareholder meeting: the Annual General Meeting of the Shareholders (the "AGM") for the year 2011 on April 8, 2011. 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 2011 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 2011 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 16 days prior to the meeting date. All information regarding the shareholder meeting both in Thai and English was posted on the Company's website 26 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 2011, the Company did not add other agenda items that were not specified in the invitation letter.
5. The Company proposed the remuneration of directors based on each position to the AGM 2011 for approval. 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 2011, 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 2011 for approval. Remuneration of directors has remained unchanged since 2002.
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 and Securities 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 rights 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. The Company has streamlined its procedures for attending and voting at meetings.
9. 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 and Securities 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 an independent director 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 2011 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, 2010 to January 31, 2011 for the 2011 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 2011, there were no Board members or executives violating this practice.
6. In 2011, there were also no Board members or executives violating the rule on conflict of interest in proposed Company transactions.
7. In 2011, 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 2011, the Company continued to strictly follow the rules concerning entering into related party transactions. Details of related party transactions that occurred in the year 2011 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 has focused on safety and occupational health at work by putting in place its "Safety, Occupational Health and Work Environment Policy" where the Company's management of safety, occupational health and the work environment consists of:

1) Providing procedures and operational instructions relating to safety, occupational health and the work environment in the Company's Procedure Manual System (PMS). For example, the procedure for assessing the safety of the workplace and conducting fire evacuation drills, etc.

2) Provide safety instructions (in an e-Book format) for office workers and technicians so they can easily access, study, understand the instructions and put them into practice.

3) Establishing safety rules and regulations for the Company's employees and contractors.

4) Establishing preventive plans and evacuation plans in case of an emergency (at each of the Company's offices) and also providing employees with the relevant instructions and manuals.

5) Provide safety training courses for employees and contractors.

In 2011 the Company won the National Occupational Health and Work Environment Award (for the sixth consecutive year) from the Ministry of Labor. The various safety and work environment activities conducted by the Company as follows:

1) Health programs to encourage employees to take good care of their health.

2) Implementing surveillance measures to counter respiratory disease, providing vaccinations against seasonal flu and Influenza A/H1N1 to public-facing employees at no cost and at a reduced price for other employees.

3) Providing employees with an annual health check-up.

4) Providing female employees with cervical cancer screening (under the Lady Check program by the National Health Security Office) and mammographies at the Breast Foundation under the patronage of HRH the Princess Mother.

5) Provide vaccinations for hepatitis B and A, and vaccinations to prevent cervical cancer, Chickenpox and influenza at discount price for employees and their families.

6) Security officers at each of the Company's offices will have to examine the safety, occupational health and work environment on monthly basis with the results of the inspections to be reviewed regularly by the Company's safety, occupational health and work environment department.

7) Holding activities and campaigns to promote safety and occupational health at the Company by offering prizes for good drivers, along with a range of awards for workplace safety technicians, employees for complete the 5kg and 10kg weight loss programs, the race to the roof-top competition and staff sports day etc.

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

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

5. The Company recognizes the importance of combating corruption and the receiving and paying of bribes. "The Code of Conduct" states that employees are prohibited from the soliciting or paying of any incentives to themselves or others from the party that they do business with. Employees are also prohibited from making any payment or giving any assistance that could be considered to be a bribe or benefit.

6. The Company provided 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. The details are on the Company's website www.truecorp.co.th 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

In 2011, The Audit Committee did not receive any complaint or information concerning fraud, wrongdoing or violations of the Company's Code of conduct, however receive a complaint about the services of a subject which the Audit Committee has already submitted the complaints to the relevant Department to deal with it appropriately. The relevant Department of the Company has already solved the issue.

7. The Board of Directors has approved a Corporate Social Responsibility (CSR) policy which is available on the Company's website in English and Thai. In addition, 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 2011 True Group undertook a comprehensive program of CSR activities. 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 2011 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 2011 according to rates approved by shareholders at the 2011 AGM, which are the same rates approved by the 2010 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 2011, 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 2011, 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. The Company also held roadshows to meet with local and international investors and provided equal opportunities for investors, both institutional and retail, to call the Company for additional information/discussion on the Company's outlook and strategies.

Section 5 Responsibilities of the Board

1. Board Structure

- 1.1 As of 31 December 2011, the Board of

Directors consisted of four executive directors and 11 non-executive directors. The proportion of independent directors was one-third of the board size or 33.33 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. Regarding the number of companies that each director can be appointed a board member of, the Board of Directors of the Company encourages its directors to limit their board positions to no more than five listed companies.
- 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 and investors 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 has officially established "The Criteria and Procedures for Reporting the Interests of Directors and Executives" where all directors and executives complied with the established criteria and procedures.
- 3.5 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.
- 3.6 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.
- 3.7 The Company has established enterprise-wide risk management systems and officially announced its "Risk Management Policy and Framework", in order to integrate risk management with its business strategy and operations. The Internal Audit Department is responsible for reviewing the Company's various operational systems by using a Risk-

based Audit Approach and presents its Internal Audit Report to the Audit Committee on a regular basis.

In addition, the Company reviews the risk assessment to be used for risk management on an annual basis, accordingly.

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 2011.
- 4.3 In 2011 the Company held six 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 The Board of Directors encourages the CEO to invite the top executives to attend Board meetings in order to present details on 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 2011 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.

In 2011, two directors attended the Director Accreditation Program (DAP) conducted by the Thai Institute of Directors Association (IOD).

- 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 has established an official executive "Succession Plan" because the Company is aware that succession planning is a key component of sustainable business success. In light of this, the Company has established processes and procedures to appropriately identify and select candidates for succession at all levels of significant management position. The succession process is consisting of:

1. Establish the list of candidates to enter the succession process:

where top executives and management select the candidates and conduct the evaluation of these candidates by descending order. The candidates have to undergo the followings performance evaluations:

- Employee and its performance evaluation which are consisting of:
 - Past performance and the anticipation of their performance in the future
 - The decision-making ability, strength, what to improve or what to provide for further development and career path
 - Employee's capability assessment
- 360 Degree Feedback Surveys in relation to the Company's corporate value
- 9-Cell Charts evaluation which is a review of the performance and behavior of candidates in relation to the Company's corporate values.

2. Establish candidate slate:

where the person who is currently in the post has to make his or her candidate slate by specifying three (which can be more or less) potential successors and listed those candidates in the order of their readiness.

3. Review the candidate slate and establish the Company's Succession Plan:

where the President, top executives and Human Resources executive have to work together in order to review the candidate slate and establish the Company's overall succession plan which will be based on the following key elements; business unit overview, organization chart, candidate slate, 9-cell charts evaluation, employee evaluation and 360 degree feedback surveys

4. Establish the personal development plan for each of the candidates, execute the development plan and follow up

5. Perform an evaluation and a review of the Succession Plan on an annual basis

Candidates who have been selected to enter the succession program will have to undergo personal development activities assigned to them by the Company. The development consists of on-the-job training, being set challenging assignments and undergoing job rotation to develop leadership skills and business knowledge in all areas of the Company's operations to ensure continuity in the effective preparation of candidates for executive positions whenever a vacancy in a relevant position arises or where a new position is created to support business expansion

2011 Corporate Social Responsibility (CSR) Summary

True Group's ongoing commitment to Corporate Social Responsibility (CSR) is to concentrate on education and promoting a knowledge-based society as a path to sustainable development for Thailand. The Company places emphasis on using modern telecommunications technology to drive the "**True Plook Panya**" project which comprises the following areas: **Cultivating Knowledge; Cultivating Virtues; and Cultivating Love of the Environment**. Activities under these areas aim to strengthen knowledge while creating awareness on good deeds, virtues and the environment to Thai youths as well as the general public nationwide. During 2011, True Group conducted a comprehensive program of CSR activities to celebrate His Majesty the King's 7th cycle birthday on December 5, 2011 as follows:

Cultivating Knowledge

- **"Broadening the Learning Experience for Children at Schools Nationwide"**

Throughout 2011, True Group installed and handed over digital media equipment to support learning at 500 schools in remote areas, totaling 3,500 schools nationwide under the True Plook Panya by the end of the year. In addition, 14 True Plook Panya model schools were established, bringing the total number of model schools to 26 across all regions by year-end. Moreover, two True Plook Panya model schools received a royal recognition award: Doi Kham School in Lamphun province and Baan Pang Sawan School in Nakorn Sawan province.

True Group also presented equipment and digital educational media to support projects initiated by HRH Princess Bajrakitiyabha to celebrate His Majesty the King's 7th cycle birthday on December 5, 2011 as follows:

- Four temporary prisons and the Central Prison in Ratchaburi province to support the "Kamlang Jai" project which aims to inspire prisoners who are due to be released.
- The "Legal Book Corner in School Libraries" project in 6 school libraries in 6 districts in Nongbualamphu province. True also brought these schools into its network of True Plook Panya schools.

- **True Young Scientist**

For 16 consecutive years, True has been organizing the True National Young Scientist

Program, a contest where primary school students can submit their science and technology projects under the topic "Science Project for the Development of Quality of Life, Environment and Sufficient Living". In 2011, the contest response was very positive with 332 projects submitted from 207 schools in 63 provinces nationwide.

- **True Youth Camp**

The 2011 True Youth Camp on the topic of "Think Good – Act Good for Us and for the World" was open to upper secondary students from all over the country where 108 entries from 45 provinces nationwide were submitted.

- **"True Young Producer Award"**

The TV commercial contest under the topic "Think Good – Act Good – Trendy Good" was of particular interest to target groups. In 2011, 862 teams from 39 educational institutions nationwide submitted their works to participate in the competition.

Cultivating Virtues

- **"True Chronicle of Good People"**

True Plook Panya continued to produce "True Chronicle of Good People", a television documentary series that recognizes those who have carried out good deeds as role models, with an aim to inspire others in society to do the same and work towards a sustainably happy society. The program has been aired on TrueVisions' channels since January 2008.

Cultivating Love of the Environment

- **National Nature Photography Contest "Nature and Wildlife Photography"**

True Group collaborated with the Department of National Parks, Wildlife and Plant Conservation Group to organize the "National Nature Photography Contest 2011" on the topic of "Nature and Wildlife Photography". A total of 363 contestants from all over the country submitted a combined total of 1,911 photo entries to the contest this year. The winning and final-round qualifying photos were exhibited during the National Wildlife Protection Week at the Mae Lao Wildlife Sanctuary in Chiang Rai province.

- **True Group's Flood Relief Programs**

In addition to the ongoing True Plook Panya project, True Group carried out other social and community activities In 2011, Thailand encountered

a major flood disaster which prompted True Group to rapidly provided assistance to flood victims. Flood relief activities were either initiated by True or carried out through other organizations. True Group's flood relief activities were as follows:

- Facilitated the operation of the National Flood Relief Center in Don Muang by providing call center staff, free True Group's products and services comprising top-ups plus free validity for TrueMove prepaid subscribers, TrueMove SIM cards, Internet access via WiFi, TrueMove H 3G+ aircards and TrueVisions' services.
- Assisted employees by establishing the "True Search & Rescue" team to evacuate more than 300 staff and family members from flooded areas. In addition, True Group provided temporary accommodation, parking space, sand bags and drinking water for staff as well as facilities for those who had to monitor network performance. The Company also provided financial support to flood-affected employees such as for damaged houses, damaged vehicles, rent costs and loans with free interest.
- Provided measures to assist flood-affected customers by extending the monthly bill payment period for True Group's customers, establishing a team providing technical support free of charge to restore signals for TrueOnline and TrueVisions services in houses located in flood zones within the Bangkok Metropolitan Area, free TrueMove H iSIM cards for TrueOnline customers, organizing a program for corporate customers where they could use cloud services with backup and recovery systems free of charge for 60 days, top ups for subscribers in severely flooded areas in 10 provinces, extending the validity period for prepaid subscribers and providing free calls as well as free SMS to request help via 4567892.
- Donations through various foundations and organizations to assist flood victims including the Thai government, "Senate's Flood Victim Support" program, the Thai Red Cross, the Pharmacy for Society Foundation, the Health & Development Foundation, the Thai Journalists Association and Information Technology Press Club and the 100.5 MHz radio station.
- Donated food and necessary items such as survival bags, TrueMove SIM cards, telecommunications equipment to TOT, CAT Telecom, Thailand Post, ThaiPBS, the Bangkok Metropolitan Administration and the "One Heart for Thais" program.
- Supported True Group's services through True's media channels to invite people to make a donation via the Rajaprajanugroh Foundation's account or via TrueMove SMS for the foundation and Channel 3's Krobkrakao. Moreover, True Group launched a website to provide 24-hour reports on the flood situation, provided free "WiFi by TrueMove H" for people to access the Internet at more than 2,500 7-Eleven shops in the Bangkok Metropolitan Area and free calls at more than 600 True public phones.
- True Group joined 12 private companies to launch the "Power of Thai" project to rehabilitate schools after the flood crisis. The project's target is to restore 84 schools within February 2012, from which True Group hosted the restoration activities for 11 schools. In addition, True Group provided supported by promoting the project through the Company's media channels as well as participated in the project's fund raising activities.

Other Social & Community Programs

True Group supported "Wheelchairs for Disabled People", a project dedicated to His Majesty King Bhumibol Adulyadej on the occasion of his 84th birthday, by donating Baht 8,500,000 to purchase 2,000 wheelchairs at the "Song Yok Kamlang Song Pue Pi Nong Kon Pikarn" event which was organized by the Ministry of Social Development and Human Security. Furthermore, True Group collaborated with the Thai Red Cross's Organ Donation Center and Eye Center to organize the "Let Them See Love" project to encourage organ and eye donations, and also cash donations by SMS. And as another donation channel, True Group also offered the www.helplink.net website, the ongoing central webportal to promote activities and request assistance for people in difficulty and suffering from hardships.

Awards and Certificates of Honor

True Group received a Certificate of Honor from the "Passing on Good Deeds" project for its volunteer spirit to assist people during the floods and in other crisis situations. The project was hosted by the Government Public Relations Department to celebrate His Majesty the King's 7th cycle birthday on December 5, 2011.



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

In 2012, True Group expects to see significant developments and operational improvements in each of its core business segments once key strategies have been successfully implemented (notably, the nationwide rollout of our fixed and wireless Broadband services and the upgrading of TrueVisions set-top boxes to a new, more secure broadcasting system). However, it is recognized that at the same time True Group and/or its subsidiaries could possibly face a variety of risks that may impact on operations.

Risks related to Group business operations

Risks related to macroeconomic factors

In 2011, Thailand's equity market was affected by several external factors including slow economic growth in the US and the European sovereign debt crisis, most notably in Greece.

Thailand also faced its most severe flooding in more than 60 years which inundated large areas of land in the central region and Bangkok, and affected consumers and businesses. The flooding caused physical damage to some of our assets as well as affecting the Company's ability to capture growth opportunities as the Company's core customer segment is concentrated in the areas where the most serious flooding took place. Some marketing activities and business expansion plans were delayed as a result of the floods. These delays are expected to impact on the Company's financial performance in the short term.

We believe that Thailand's economic growth should pick up in 2012, in part due to increased spending relating to the repairing of flood damage at a domestic and national level. The Thai telecom industry is expected to grow well in 2012 due to the increasing demand for mobile and fixed Broadband services.

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 further expand its business, especially its 3G+ services, to leverage its 3G first-mover advantage in the Thai market.

Risks related to market competition

The Company and its group of businesses will continue to face intensifying competition.

The cellular voice market is close to saturation and competition in the non-voice market has increased with operators developing in-band 3G services after the Hutch acquisition/True Group-CAT deal saw the launch of TrueMove H's commercial 3G+ reseller services. TOT, the only operator to have been granted a 3G 2.1 GHz license had planned an aggressive 3G rollout for 2011, though the plan was delayed to sometime in 2012 due to the flooding. In this regard, TOT may allow new operators to join its business as Mobile Virtual Network Operators (MVNOs) or resellers, which may include major mobile operators. Apart from the above issues, the Company's subsidiaries under True Mobile Group face further risks due to the change in the holding structure of certain operators to accommodate foreign partners who have considerable capital and mobile experience.

True Group plans to maintain its position as Thailand's 3G leader by continuing to expand its 3G+ service coverage, maintaining its premium service quality and further developing content to support convergence lifestyles.

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 for off-net calls. However, in mid 2010, competition within on-net promotions increased when larger operators offered on-net promotions

to compete with smaller operators. This resulted in a decline in prepaid voice revenue at TrueMove, whose marketing campaign at the time was targeting on-net customers, a trend which continued into the first half of 2011. TrueMove countered this downward trend by expanding its provincial voice and data network coverage, especially in the Northeast where its coverage had been weak. New all-network call promotions further supported the recovery in prepaid revenue in the second half of 2011.

In the Broadband Internet market, True Group has been facing intense competition after the National Telecommunications Commission ("NTC") granted licenses for nationwide fixed line and Broadband Internet services to other operators – namely Super Broadband Network Co., Ltd. and Triple T Broadband Co., Ltd. (now called "3BB") which has been expanding its services into the Bangkok Metropolitan Area ("BMA") since 2008.

In 2011, Broadband ADSL services were nearing the limits of the technology's capacity to increase connection speeds in a cost-effective manner with most operators becoming reluctant to further increase the standard speed to gain market share. It is possible that some operators may opt to reduce service fees in order to increase acquisitions during 2012. In early 2011, True Group launched its hi-speed Internet service which delivered download speeds of up to 100 Mbps via DOCSIS 3.0 cable modem technology. The service covers major provinces, enabling True Group to provide faster speeds at a lower cost than its competitors. The new cable modem service was combined with existing ADSL services and rebranded as "Ultra hi-speed Internet 7 - 100 Mbps", which received a strong response from the market. Meanwhile, competition in the online business also increased in the WiFi and fiber markets.

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

Competition in Thailand's pay TV market has intensified since the enactment of the Radio and Television Broadcasting Act B.E. 2551 in March 2008, which allows pay TV (cable and satellite TV) operators to carry advertising. This has increased the number of newcomers, especially content providers, who are entering the market as satellite TV operators.

However, we believe that TrueVisions' superior quality content, most of which is exclusive, provides True Group with a competitive advantage. TrueVisions' larger subscriber base, to some extent, provides assurance for content providers in terms of it being a secured revenue stream.

While we expect overall competition across all of our businesses to remain intense. We believe True Group has a competitive advantage given the strength of its brand and its ability to provide fully integrated services and diverse content via its convergence strategy, which differentiates True Group from other operators. 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.

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, or piracy.

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 2011, there were 430,097 subscribers to these packages representing 26.2 percent of TrueVisions' subscriber base including FreeView and Free-to-Air packages. In addition, the cost of imported programming in 2011 was about 20.1 percent of TrueVisions' service revenue.

Unauthorized access to TrueVisions' programming signals is difficult to prevent and it adversely affects the business's operational results, cash flow and programming arrangements. However, the establishment of the National Broadcasting and Telecommunications Commission ("NBTC") in September 2011 will eventually result in the formal issuance of pay TV licenses which will mitigate this risk as all operators will come under the supervision of the NBTC. Therefore, all operators will have to engage in business under the same regulatory framework as TrueVisions. They will also be required to purchase content legally, which will reduce their competitiveness. The overall result will be the creation of a level, more competitive and better regulated market for legitimate operators.

In addition, TrueVisions started the process of upgrading to a more secure broadcasting system which will also deliver an enhanced viewing experience. This began with a campaign launched in October 2011 to incentivize premium subscribers to replace their existing set-top boxes for a hybrid set-top boxes which include an MPEG-4 compression and secured silicon technology. Once the new system is operational within October 2012, all premium content will be MPEG-4 encrypted. This will significantly reduce piracy overnight.

Risks 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 operators that only provide a single service.

Risks related to the regulatory environment

Mobile Number Portability risks and limitation

In December 2010, operators launched Mobile Number Portability ("MNP"), allowing customers to change their network without changing their phone number. Since the MNP launch, subsidiaries under True Mobile Group have been attracting high-ARPU postpaid subscribers who are smartphone users interested in accessing WiFi and 3G+ services on the 850 MHz spectrum, as the 3G service coverage provided by True Group's subsidiaries is greater than that provided by other operators in the same areas. However, we have been losing some prepaid customers, especially in the provinces, where in

the past our 2G network coverage was not as extensive as that provided by other key operators.

The limitation of daily MNP transaction quotas at the MNP Clearing House could lower the rate at which True Mobile Group can acquire customers who are currently subscribing to services of other operators. However, the NBTC in early 2012 ordered operators to increase their MNP transfer quotas to a minimum of 40,000 transactions a day. We hope that this new push by the regulator will yield positive results in terms of having all operators providing consumers with the level of service they require.

Risks from Thailand's communications industry being in a state of transition where 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 Organization and Regulation of Broadcasting, and Telecommunications Act B.E. 2543, ("Frequency Allocation Act B.E. 2543") on March 7, 2000; and the Telecommunications Business Act B.E. 2544 ("Telecommunications Business Act"), on November 16, 2001.

Under the Frequency Allocation Act B.E. 2543 two regulatory bodies were to be established the National Telecommunications Commission ("NTC") and the National Broadcasting Commission ("NBC") to regulate the telecommunications and broadcasting industries, respectively. The NTC was established in October 2004 as the independent regulator of the telecommunications industry, assuming the regulatory functions previously exercised by the Telephone Organization of Thailand, which as at July 31, 2002 was transformed into TOT Public Company Limited ("TOT"); the Communications Authority of Thailand, which as at August 14, 2003 was transformed into CAT Telecom Public Company Limited ("CAT"), and the Thailand Post Co., Ltd.

However, due to political and legal wrangling, two rounds of efforts (in 2001 and 2005) to establish the NBC failed. This led to

increased regulatory confusion within the telecommunications and broadcasting sectors.

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 B.E. 2553") came into force. This paved the way for 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 sectors. The process was completed with the formation of the NBTC in September 2011. However, it remains to be seen whether the new body and its 11 commissioners will be effective in driving forward the efficient liberalization and regulation of the telecommunications and broadcasting industries.

True Group will continue to play an active role in discussions with the NBTC, the Ministry of ICT, and 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.

Risks from the allocation of frequencies for operating mobile businesses

In 2009, the NTC made some progress towards the granting of 3G 2.1 GHz licenses by formulating an Information Memorandum ("IM") on a 3G Licensing Framework and holding public hearings to gather opinions/comments on this issue from all interested parties.

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 empowering 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 Supreme Administrative Court ruled in favor of CAT and ordered a suspension of the NTC's 3G auction until the case had been finalized or the court ordered otherwise. The 3G 2.1 GHz auction has

been stalled ever since.

The establishment of the NBTC should facilitate the allocation of frequencies and operating licenses in the near future. This indicates a move towards liberalization of the telecommunications and broadcasting industries. As one of its first actions, the NBTC completed the drafts of its telecommunications master plan, broadcasting master plan and spectrum master plan and in early 2012 held public hearings on the three draft plans, in Bangkok and in other provinces. Now that the process has been completed, the NBTC will need to draft an IM for the frequency auction and hold a public hearing on the memorandum which may require an additional six months or more.

Risks related to the expiry of TrueMove's Agreement to Operate with CAT and its Joint Operation Agreement with TOT, which may result in an increase in our ongoing operating expenses for the business

As TrueMove's Agreement to Operate is due to expire in 2013, we hope that the NBTC will prioritize the re-farming of frequencies currently utilized under the agreements prior to the expiry of said agreement to ensure there is no disruption of service to customers. If there is no clear direction from the regulator on this matter, the expiry of said agreement may affect TrueMove's business operations. However, True Group has been developing a number of contingencies 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 the NBTC in order to provide 2G 1800MHz services. As the issue remains unclear, we are currently unable to predict the value of such expenses.

Moreover, after the 3G 2.1 GHz auction was suspended according to the Supreme Administrative Court ruling, the ICT Minister set a policy to allow CAT and TOT's concessionaires to provide 3G services on existing frequencies since the delay in launching 3G services may have an impact on the country's competitiveness.

In 2011, the MOF engaged operators in serious discussions relating to the matter of 2G concession conversions (to convert concession contracts into licenses and upgrade services to 3G technology). However, the details in the ministry's proposal were incomplete and operators may have different opinions which may not be in line with the opinions held by CAT, TOT and the MOF and therefore they may not be able to reach an agreement on the matter.

To further mitigate risks to True Mobile Group from the impending September 2013 expiry of TrueMove's Agreement to Operate, 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 Co., Ltd. ("Real Move") to become the reseller of CAT's 3G HSPA services nationwide until 2025. (In April 2011, TrueMove H was launched as the Group's 3G reseller brand under Real Move.) This has helped True Group to extend its mobile business operations beyond the term of TrueMove's Agreement to Operate.

Moreover, TrueMove believes that it will be able to continuously provide mobile phone services to customers even after TrueMove's Agreement to Operate has expired. As indicated in Section 20 and Section 22 of the 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) stipulates that any CAT concessionaire that 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 TrueMove's capacity and the frequency expenses it will have

to pay beyond the licensing fee which is set by the NBTC. True Group believes that the establishment of the NBTC will not release the regulator from its constitutional obligation to ensure the continuity of service to consumers.

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 Co., Ltd. ("TUC") 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. TUC has continuously invested in network expansion to lower the Company's risks. Moreover, the new Broadband network which utilizes DOCSIS 3.0 cable modem technology and will be further expanded, can also carry high-quality, cost-efficient voice services.

Risks 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

In January 2007, the Cabinet approved a proposal made to the Council of State to consider legal issues regarding the Private-Public Joint Venture Act B.E. 2535 as to whether operators' Agreements to Operate complied with the law. As a result, TrueMove may face risks because the Agreement to Operate could be cancelled before the expiry date and the Company may have to pay additional expenses to the government sector.

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 Co., Ltd. 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 Act 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 continue to comply 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 Act 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 Act 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 is of the opinion that it is a new agreement signed on June 20, 1996 after the enforcement of the Private-Public Joint Venture Act 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 Act B.E. 2535 to negotiate accordingly 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 to 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 reached a mutual agreement, otherwise the dispute will be settled by the court. As a result, if TrueMove loses the court case before the Agreement to Operate 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 Act 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.

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

TrueMove operates its mobile phone business under the Agreement to Operate 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 ("the Interconnection Charge Regulation") 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 interconnection charges ("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 said regulations, TrueMove ceased paying access charges ("AC") under the Access Charge 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 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 TOT's claim to not be in line with the Telecommunications Business Act.

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 who had been allocated 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 at 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 Central Administrative Court's 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 million as claimed. TOT subsequently appealed this decision to the Supreme Administrative Court with the final verdict still pending as at 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 ruling at 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 IC 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 the matter.

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 did not come under the Civil Court's jurisdiction and it was thus dismissed from the Civil Court. On May 9, 2011 TOT filed a lawsuit against

CAT and TrueMove with the Central Administrative Court requesting AC payment of Baht 41,540.27 million. The case is currently in the Central Administrative Court's process; therefore at the time of writing the case has not been finalized.

If we are not successful in resolving this issue in our favor, in addition to a penalty equal to 100 percent of any AC that CAT may have paid to TOT on our account and interest thereon, we may be required to pay both new IC as well as existing AC, which will result in a material increase in our costs.

If a final court order requires TrueMove to pay AC it would record additional expenses and be liable to accrue additional AC of Baht 25,774.3 million (or Baht 19,164.6 million, net of revenue sharing paid to CAT) for the period from November 18, 2006 to December 31, 2011 (see details in Note 40.2 to the Consolidated and Company Financial Statements for the year ended December 31, 2011).

Risks from disputes over excise tax and revenue sharing

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 at the filing date) approximately Baht 9.0 billion, including interest. On September 16, 2011 the arbitrator ruled to reject CAT's claim against TrueMove, so TrueMove will not have to settle the revenue sharing as claimed by CAT. On November 25, 2011 CAT filed a petition to the Central Administrative Court to revoke the arbitration ruling. The case is currently in the Central Administrative Court's process.

In September 2011, CAT filed another arbitration case against TrueMove claiming for revenue sharing (on gross interconnection revenue) of Baht 11,946.2 million. 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 Group received more than its right of Baht 1,479.6 million, including interest. True Group 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 Group 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 1,479.6 million, including interest of 7.5 percent and value-added tax as required by law. In this case, True Group 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 Group 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.

Risks related to ongoing disputes between CAT and an acquired subsidiary

A company which True Group acquired from the Hutchison Group has ongoing disputes with CAT which could have further negative impacts on other business relationships between True Group and CAT.

In late 2009, CAT filed for arbitration against the acquired subsidiary claiming for a shortfall of

Baht 1,445.0 million in revenue sharing under the Agreement for Marketing Services of Cellular Digital AMPS 800 Band A system. The case is in the arbitration process. At present, the proceedings of the said dispute are under a temporary suspension and have been removed from the case list (see details in Note 39.4 to the Consolidated and Company Financial Statements for the year ended December 31, 2011).

Risks from interconnection charges for the fixed-line business

In April 2010, the NTC approved the temporary IC rate for fixed line at Baht 0.36 per minute. This placed True Group at risk of being charged 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 Group to enter an IC contract and later petitioned for the collection of IC for True Group's fixed-line business. However, True Group believes it is not bound to pay the IC because the Joint Operation Agreement for fixed-line business required True Group 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 Group filed an appeal with the Central Administrative Court opposing the NTC's notification of the temporary IC rate. The appeals process is ongoing.

Risks from a possible investigation into contracts related to purchase of shares in Hutchison Group companies which may affect True 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 High Speed Packet Access (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 via HSPA technology 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.

In July 2011, the Attorney General submitted a letter in response to the NTC’s inquiry as to whether or not the True Group (Real Move and BFKT)-CAT deals were legal. In the letter, the Attorney General clearly stated that the True Group-CAT deal does not fall under the Private-Public Joint Venture Act. Meanwhile, 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 which belong to the state. The frequency and mobile phone network remain the property of CAT. 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.

Risks related to the fact that we compete with the grantors of the Joint Operation Agreement and the Agreement to Operate, a factor which has led to and could continue to lead to disputes with the grantors, 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, respectively. A dispute with either TOT or CAT over compliance with either of the agreements themselves, or the NBTC’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 Group 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 Group’s network and makes payment to True Group 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 Group 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 39 to the Consolidated and Company Financial Statements for the year ended December 31, 2011 related to “Litigation and Arbitration Disputes and Contingent Liabilities”.

Risks related to the financial situation

Risks 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 Group.

Risks from foreign exchange rate and interest rate movements

The financial performance of True Group has been subject to significant exchange rate fluctuations, mainly because a large proportion of the Group's liabilities were in foreign currency denominations. However, this foreign exchange exposure was significantly reduced during 2011 with the early repayment of TrueMove's secured loans from IFC and the scheduled prepayment of a loan from KfW in 2Q11, followed by the tender offer for all of its US Dollar bonds in September 2011. In October 2011, approximately 99% of the outstanding 2013 tranche and 95% of the 2014 tranche were tendered and True Group settled all relevant transactions on October 12, 2011. The repurchase of US Dollar bonds will significantly reduce the Group's foreign exchange exposure and refinancing risk.

As at December 31, 2011 approximately 6.5 percent of True Group's consolidated liabilities were denominated in foreign currencies, substantially lower than the 40.1 percent as at December 31, 2010.

As at the end of December 2011, True Group's total consolidated debt (excluding finance leases), approximately 73.5 percent was subject to floating 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 True Mobile Group'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 2011, the Company reported a net loss of Baht 2.7 billion with a deficit of Baht 48.2 billion mainly from the impact of the floating of the Baht in 1997 as well as costs related to the tender offer for TrueMove's US Dollar bonds in 2011. 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.

Risks from having majority shareholders holding more than a 50-percent stake in the Company

As of December 31, 2011, the group of major shareholders in True Group comprised CP Group and its affiliated companies which hold a combined 64.7 percent of the total issued and paid up shares. Investors may be exposed to a risk from the circumstance in which major shareholders hold more than a 50 percent stake in the Company. This is because the group of major shareholders may control agendas which require majority votes, such as the appointment of directors. Therefore, minority shareholders may not be able to accumulate sufficient votes to check and balance agendas proposed by the major shareholders. However, the Board of Directors will continue to focus on imposing good corporate governance by allowing minority shareholders to propose agendas and nominate Board members prior to the annual shareholders meeting. In addition, with respect to the issues relating to major shareholders and concerning conflicts of interest, the Board will follow measures and procedures as stipulated in the regulations regarding related party transactions which are in line with the law.



Connected Transactions

i) During 2011, 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 2011 (Note 42). 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	2011 (Baht'000)	Rationale and necessity
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 - Sale of good	1,073 24,493 1,500 26,723 1,963	- 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.	120	- 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	315 2,918 4,525	- 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	2011 (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	1 (408)	- 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.

2. Bangkok Inter Teletech Group of companies (BITCO) (The Company directly and indirectly holds 99.40%)

2.1 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company indirectly holds 99.40% 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	18,109 3,509,727 40,953 63,822 102,622	- 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 99.40% 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	43	- The transactions arose in ordinary course of business that the Company proposed to the third party.
2.3 BeboydCg Company Limited (Bboyd)	The Company indirectly holds 99.40% 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	1,178	- The transactions arose in ordinary course of business.
2.4 NC True Co., Ltd. (NC True)	The Company indirectly holds 99.40% 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	1,973	- The transactions arose in ordinary course of business.

3. True Multimedia Co., Ltd. (TM) (The Company indirectly holds 91.08%)

3.1 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	644 309	- The transactions arose in ordinary course of business that the Company proposed to the third party. - The transactions arose in ordinary course of business.
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Company Name	Relationship	Details of transactions	2011 (Baht'000)	Rationale and necessity
3.2 NEC Corporation (Thailand) Co., Ltd. (NEC)	The Company indirectly holds 91.08% in TM's equity interest and 9.62% in NEC's equity interest, respectively..	Purchase : - Purchase of equipment	259	- The transactions arose in ordinary course of business.

4. True Internet Co., Ltd. (TI) (The Company directly holds 100.00%)

4.1 Charoen Pokphand Group of companies (CPG)	CPG is a major shareholder of the Company. The Company directly holds 100.00% in TI's equity interest.	Sale : - Internet services Purchase : - Office rental and related services	10,272 21,011	- 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 True Internet Data Center Co., Ltd. (TIDC)	The Company directly holds 100.00% in TI's equity interest and indirectly holds 70.00 in TIDC's equity interest.	Sale : - Internet services Purchase : - Internet server rental	2,618 29,386	- The transactions arose in ordinary course of business that TI proposed to the third party. - The transactions arose in ordinary course of business.
4.3 NC True Co., Ltd. (NC True)	The Company directly holds 100.00% in TI's equity interest and 40.00% in NC True's equity interest. These companies are related through directorships, i.e. Mr. Suphachai Chiaravanont.	Sale : - Internet services	4,344	- The transactions arose in ordinary course of business that TI proposed to the third party.
4.4 BeboydCg Company Limited (Bboyd)	The Company indirectly holds 100.00% in TI's equity interest and indirectly holds 70.00% in Bboyd's equity interest. These companies are related through directorships, i.e. Mr. Suphachai Chiaravanont.	Sale : - Internet services	1,050	- The transactions arose in ordinary course of business.

5. True Properties Co., Ltd. (TP) (The Company indirectly holds 100.00%)

5.1 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company indirectly holds 100.00% in TP's equity interest.	Sale : - Office rental and related services Purchase : - Other services	9,818 2,217	- 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 100.00% in TP's equity interest and directly holds 40.00% in NC True's equity interest.	Sale : - Office rental and related services	5,775	- 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.
5.3 True Internet Data Center Co., Ltd. (TIDC)	The Company indirectly holds 100.00% in TP's equity interest and 70.00% in TIDC's equity interest. These companies are related through directorships, i.e. Mr. Hatchaval Jiaravanon.	Sale : - Office rental and related services	6,625	- 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	2011 (Baht'000)	Rationale and necessity
6. True Leasing Co., Ltd. (TLS) (The Company directly holds 100.00%)				
6.1 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company directly holds 100.00% in TLS's equity interest.	Sale : - Vehicle rental and related services	328,736	- 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.
6.2 True GS Co., Ltd. (TGS)	The Company directly holds 100.00% in TLS's equity interest and indirectly holds 45.00% in TGS's equity interest.	Sale : - Vehicle rental and related services	435	- 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 100.00%)				
7.1 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company directly holds 21.73% and indirectly holds 78.27% in TLP's equity interest.	Purchase : - Office rental and related services	1,198	- The transactions arose in ordinary course of business.
8. Asia Wireless Communication Co., Ltd. (AWC) (The Company indirectly holds 100.00%)				
8.1 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company indirectly holds 100.00% in AWC's equity interest.	Purchase : - Other services - Telephone	10 362	- 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 100.00% in AWC's equity interest and 9.62% in NEC's equity interest.	Purchase : - Repair and maintenance network services	2,375	- The transactions arose in ordinary course of business.
9. True Internet Data Center Co., Ltd. (TIDC) (the Company indirectly holds 70.00%)				
9.1 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company indirectly holds 70.00% in TIDC's equity interest.	Sale : - Internet server rental and other services	4,921	- The transactions arose in ordinary course of business.
9.2 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	3,888	- 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 100.00%)				
10.1 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company indirectly holds 100.00% in TLR's equity interest.	Purchase : - Purchase of goods	12,079	- The transactions arose in ordinary course of business.
11. True Visions Group of companies (TVG) (The Company indirectly holds 100.00%)				
11.1 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company indirectly holds 100.00% in TVG's equity interest.	Sale : - Activities sponsorship Purchase : - Other services	91,464 16,940	- The transactions arose in ordinary course of business that TVG proposed to the third party. - The transactions arose in ordinary course of business.

Company Name	Relationship	Details of transactions	2011 (Baht'000)	Rationale and necessity
11.2 Channel [V] Music (Thailand) Co., Ltd. (Channel V)	The Company indirectly holds 100.00% in TVG's equity interest and directly holds 25.63 in Channel V's equity interest.	Purchase : - Content	48,198	- The transactions arose in ordinary course of business.
11.2 True GS Co., Ltd. (TGS)	The Company directly holds 100.00% in TVG's equity interest and indirectly holds 45.00% in TGS's equity interest.	Sale : - Advertising	652	- The transactions arose in ordinary course of business.

12. True Touch Co., Ltd. (TT) (The Company indirectly holds 100.00%)

12.1 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company directly holds 100.00% in TT's equity interest.	Sale : - call center Purchase : - Office rental and related services	2,574 25,572	- The transactions arose in ordinary course of business that True Visions proposed to the third party. - The transactions arose in ordinary course of business.
12.2 True GS Co., Ltd. (TGS)	The Company directly holds 100.00% in TT's equity interest and indirectly holds 45.00% in TGS's equity interest.	Sale : - Call Center	4,026	- The transactions arose in ordinary course of business.

13. True Money Co., Ltd. (TMN) (The Company directly and indirectly holds 100.00%)

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	248,049	- 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 Chearavavon and Mr. Adhiruth Thothaveesansuk.	Sale : - Collection agent fee	71,906	- 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	1,337	- The transactions arose in ordinary course of business.

14. True Internet Gateway Co., Ltd. (TIG) (The Company directly holds 100.00%)

14.1 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company directly holds 100.00% in TIG's equity interest.	Purchase : - Office rental and other services	1,734	- The transactions arose in ordinary course of business.
14.2 True Internet Data Center Co., Ltd. (TIDC)	The Company directly holds 100% 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	5,241	- The transactions arose in ordinary course of business.

Company Name	Relationship	Details of transactions	2011 (Baht'000)	Rationale and necessity
15. True Public Communication Co., Ltd. (TPC) (The Company directly holds 100.00%)				
15.1 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company directly holds 100% in TPC's equity interest.	Purchase : - Other service	7,292	- 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	4,030 14,469 921	- 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 100.00%)				
17.1 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company directly holds 0.03% and indirectly holds 99.97% in TUC's equity interest.	Sale : - Digital Data Network services Purchase : - Other service	190,094 8,009	- 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 0.03% and indirectly holds 99.97% 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	3,261 1,369	- 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 - Internet services Purchase : other services	4,450 1,186 466	- 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.
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 4,526	- 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. พูงารายการ : บริษัท ทู ดิจิตอล คอนเน็คชัน แอนด์ มีเดีย จำกัด (TDCM) (บริษัทฯ ถือหุ้นโดยอ้อมร้อยละ 98.52)				
19.1 NC True Co., Ltd. (NC True)	The Company indirectly holds 98.52% 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 Purchase of goods	41,791 342 932	- The transactions arose in ordinary course of business that the Company proposed to the third party. - The transactions arose in ordinary course of business - The transactions arose in ordinary course of business

Company Name	Relationship	Details of transactions	2011 (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 98.52% in TDCM's equity interest.	Sale : - Sale of good - Advertising Purchase : - Other service	9,681 1,200 6,391	- 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 98.52% in TDCM's equity interest and 70.00% in TIDC's equity interest, respectively.	Purchase : - Other service	1,670	- 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	7,616	- 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	10,466	- The transactions arose in ordinary course of business.
20.3 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company indirectly holds 100.00% in TDP's equity interest.	Purchase : - Other Services	864	- The transactions arose in ordinary course of business.

21. True Information Technology Co., Ltd. (TIT) (The Company indirectly holds 100.00%)

21.1 Charoen Pokphand Group of Companies (CPG)	CPG is a major shareholder of the Company. The Company indirectly holds 100.00% in TIT's equity interest.	Purchase : - Other Services	7,841	- The transactions arose in ordinary course of business.
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ii) Outstanding balances arising from sales 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 2010	Increase (Decrease)	31 December 2011
Asia Infonet Co., Ltd.	20,113	(12,559)	7,554
True Internet Data Center Co., Ltd.	3,288	392	3,680
BeboydCg Company Limited.	2	19	21
NC True Co., Ltd.	36,275	(31,725)	4,550
True GS Co., Ltd.	57,109	57,109	57,109
NEC Corporation (Thailand) Co., Ltd.	165	-	165
CP Group of companies	948,432	730,686	1,679,118
Total	1,008,275	743,922	1,752,197

ii) 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 2010	Increase (Decrease)	31 December 2011
Asia Infonet Co., Ltd.	3,708	(2,734)	974
True Internet Data Center Co., Ltd.	14,996	11,218	26,214
B BoydCg Company Limited.	3,037	(2,014)	1,023
NC True Co., Ltd.	108,814	69,512	178,326
Channel [V] Music (Thailand) Co., Ltd.	3,951	18,096	22,047
CP Group of companies	31,118	18,076	49,194
NEC Corporation (Thailand) Co., Ltd.	45	(3)	42
Total	165,669	112,151	277,820

ii) 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 2010	Increase (Decrease)	31 December 2011
True Music Radio Co., Ltd.	3,500	(3,500)	-
B BoydCg Company Limited.	8,400	300	8,700
Total	11,900	(3,200)	8,700

V.) 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. Posit 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/**Debentureholders'****Representative**

Secured Debentures
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



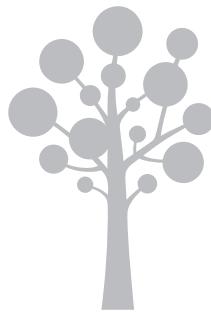
Audit Fees

1. Audit fees

The audit fees and related expenses occurred during the year 2011 was Baht 30.11 million. The Company and subsidiaries paid during the year amount of Baht 22.09 million to the appointed auditing firm. The remaining fees of Baht 8.02 million will be paid in the following year.

2. Other non-audit fees

During the year 2011, the appointed auditing firm provided other non-audit services, i.e. agree-upon procedures, tax consulting service and other to the Company. The fees were Baht 1.84 million of which Baht 0.25 million was paid during the year. The remaining of Baht 1.59 million will be paid in the following year.



Report of the Audit Committee for the Year 2011

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 2009 to perform duties and discharge responsibilities under the Charter for the Audit Committee. During the Year 2011, the Audit Committee proceeded as follows:

1. Held seven meetings in 2011 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 2011 *
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 2011, 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 2011 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 which included performance of 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 Rules of Entering into Related Party Transactions of the Company which is in line 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;

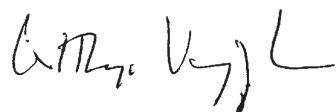
7. Reviewed the compliance with the Securities and Exchange laws, regulations of the Stock Exchange of Thailand, and other laws related to the Company's business. Based on the reports of external auditor, internal audit and Management, the Audit Committee deemed that the Company has complied with all 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 2011, 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 stakeholder 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;

In the Year 2011, there were no complaints or clues about fraud, wrongdoing or violations of the Company's Code of Conduct but there was one complaint on the Company's service submitted to the Audit Committee. The Audit Committee passed on such service complaint to the relevant business unit for appropriate action and such business unit resolved the issue; and

11. Oversaw the Internal Audit function i.e. approving the Internal Audit Plan based on the risk management guideline (risk-based audit), acknowledging the quarterly and annual Internal Audit results, providing comments to the Internal Audit Department and submitting corrective requirements to be taken by Management including continual follow-up on the progress. In this regard, 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;

Furthermore, in order to ensure the efficiency and effectiveness of the internal audit function, the Audit Committee recommended Management to engage outside professional, Pricewaterhouse Coopers ABAS Limited, to conduct a review of the internal audit work including linkage between the internal audit and risk management function to ensure effectiveness of the linkage.

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 2011



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 2011, the Committee held two meetings in order to discharge its functions as assigned by the Board of Directors which can be summarized as follows:

1. considered and proposed recommendation to the Board of Directors regarding the election of Directors to replace the Directors retiring by rotation;
2. considered and proposed recommendation to the Board of Directors regarding the Directors' remuneration;
3. considered and approved the variable payout to the CEO/President for the Year 2010 (payout in 2011);
4. considered and approved the Executives Variable Pay Plan for the Year 2011 (payout in 2012);
5. considered the appointment of Mr. Joti Bhokavanij, who is an Independent Director and a member of the Audit Committee of the Company, to be a member of the Compensation and Nominating Committee in lieu of Mr. Heinrich Heims who resigned and proposed to the Board of Directors for approval; and
6. considered revision of Executives Variable Pay Plan for the Year 2012 onwards and advised Management to revise the measures to reflect more on business circumstances.

Mr. Umroong Sanphasitvong

Representative of
the Compensation and Nominating Committee



Report of the **Corporate Governance Committee** for the Year 2011

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 2011, 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. appointed Dr. Kosol Petchsuwan as Chairman of the Committee to replace Mr. Narong Srisa-an who resigned because of his age and concern over his medical issue;
3. considered the Corporate Governance Report of the Company for disclosure in the Annual Report for the Year 2011 and proposed to the Board of Directors for approval;
4. 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 2011 Annual General Meeting of the Shareholders;
5. reviewed the Thai Institute of Directors Association's Corporate Governance Assessment Report for the Year 2010 and proposed to the Board of Directors with recommendations for further improving the Corporate Governance of the Company;
6. encouraged Directors to participate in Director Training Program;
7. encouraged non-executive directors to have meeting among themselves without presence of Management;
8. provided recommendations to the Board of Directors regarding the number of Board positions in other companies that each Director should hold;
9. reviewed the Company's Policy on Corporate Governance and proposed some revisions to the Board of Directors for approval;
10. acknowledged the Report on the employees engagement and practice of the Company's Code of Conduct;
11. 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
12. considered the results of self-assessment of the Board of Directors and proposed to the Board of Directors for acknowledgement.



Dr. Kosol Petchsuwan

Chairman of the Corporate Governance Committee

Report of the Finance Committee for the Year 2011



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 2011, the Finance Committee has carried out the following tasks:

1. held six 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 consideration and approval;
3. considered the Annual Financial 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 appointment of Mr. Joti Bhokavanij to be member of the Finance Committee to replace Mr. Jens Bessai, representative of KfW, who resigned after KfW no longer hold shares in the Company and proposed to the Board of Directors for consideration and approval;
6. considered restructuring of the wireless business group and proposed to the Board of Directors for consideration and approval;
7. considered the sale of ordinary shares of Bangkok Inter Teletech Public Company Limited to Real Future Company Limited and provided recommendation to the Board of Directors for proposing to the 2011 Annual General Meeting of the Shareholders for approval;
8. considered the purchase of ordinary shares of Real Future Company Limited from Asia Wireless Communication Company Limited and provided recommendation to the Board of Directors for proposing to the 2011 Annual General Meeting of the Shareholders for approval;
9. considered capital increase in subsidiaries and proposed to the Board of Directors for consideration and approval;
10. considered the re-allotment of shares from capital increase for the second time of rights offering under the resolutions of the Extraordinary General Meeting of the Shareholders No. 1/2551 and proposed to the Board of Directors for consideration and approval;
11. considered revision of authorized signatories for bank accounts and e-payment authorizers and proposed to the Board of Directors for consideration and approval;
12. considered the entering into significant loan agreement of a subsidiary and proposed to the Board of Directors for consideration and approval;
13. considered various investment projects, provided recommendations to Management and proposed to the Board of Directors for approval;
14. considered and approved the entering into loan agreement of a subsidiary and proposed to the Board of Directors for acknowledgement;
15. considered and approved the proposal to buy back debenture of True Move Company Limited;
16. considered and approved the entering into International Swaps and Derivatives Association Agreement with commercial bank for the Company and subsidiary;
17. considered the shareholding restructuring of a subsidiary and provided recommendation to Management; and
18. acknowledged the progress report on Wireless Business Refinancing.



Dr. Ajva Taulananda

Chairman of the Finance Committee

Report of the **Board of Directors'** Responsibilities for Financial Statements for the Year 2011



The Board of Directors is responsible for the consolidated 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.

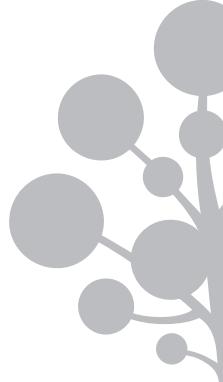
To accomplish this task, the Board of Directors has appointed an Audit Committee, which consists of Independent Directors responsible for the quality of financial statements and internal controls system, whose comments on these issues are readily included in the Audit Committee Report in this Annual 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 consolidated financial statements of the Company and its subsidiaries for the year ended 31st December 2011.

A handwritten signature in black ink, appearing to read "Dhanin Clearavanont". The signature is fluid and cursive, with a prominent 'D' at the beginning.

Mr. Dhanin Clearavanont
Chairman of the Board

Management's Discussion and Analysis



OVERVIEW

True Group achieved a number of transformational milestones during 2011, such as the launch of TrueMove H's 3G+ services and the deployment of its next-generation Broadband network, despite tough challenges from competition and impacts from the flooding in 4Q11. Reaching these goals helped deliver strong growth in full-year Group service revenue and provided robust foundations to facilitate further strong growth in 2012 and beyond.

In 2011, True Group service revenue, which excludes interconnection charges (IC) and network rental revenue, rose 7.9% YoY to Baht 56.8 billion, driven mainly by the success of "Ultra hi-speed Internet 7 - 100 Mbps" and new mobile businesses. The Company, however, posted a net loss for the full year as the initial cost of rolling out TrueMove H's 3G+ service outweighed profits at TrueOnline and TrueVisions.

Costs related to the launch and expansion of TrueMove H's 3G+ service, which were essential in establishing the business as Thailand's leading 3G brand, flood-related expenses and TrueMove's higher revenue sharing softened full-year EBITDA, which declined 7.0% YoY to Baht 17.1 billion. Net income from ongoing operations (NIOGO), excluding deferred income tax was a loss of Baht 3.2 billion in 2011. Meanwhile, the bottom line declined from a profit of Baht 1.2 billion in 2010 to a loss of Baht 2.7 billion in 2011, after positive contributions from non-recurring items totaling Baht 2.7 billion.

During 2011, True Group completed a number of key financing activities, including a rights offering, the securing of credit facilities totaling Baht 49 billion at True Mobile Group and the buy-back of TrueMove US Dollar bonds. These

transactions enabled the Company to consolidate the balance sheet and strengthen its financial position by reducing interest expenses and refinancing risk while facilitating future business expansion.

At **True Mobile Group** cellular revenue, which excludes interconnection charges and network rental revenue, surged 17.0% YoY to Baht 27.2 billion in 2011, mainly on new revenue from TrueMove H, strong results at TrueMove, and the Hutch consolidation. Rising mobile Internet and smartphone usage contributed to 50.4% YoY growth in non-voice revenue. Product sales were Baht 5.8 billion, up 112.7% from 2010 supported by the continued popularity of smartphone devices, the strength of TrueMove H's 3G+ services and True Mobile Group's highly competitive non-voice packages and tariffs. True Mobile Group acquired 1.5 million net adds (at TrueMove and TrueMove H) in 2011 and ended the year with 18.9 million subscribers.

TrueOnline service revenue increased 3.2% YoY to Baht 26.9 billion in 2011, driven by strong Broadband, business data and convergence performance. Broadband Internet revenue for the year rose 15.1% YoY largely on the success of the launch of Ultra hi-speed Internet 7-100 Mbps which uses ADSL and DOCSIS 3.0 technologies. Broadband net adds reached 160,000, despite the negative impact of the floods, expanding the subscriber base by 13.6% YoY to 1.33 million. During 2011, TrueOnline maintained its leadership in the WiFi market by providing the fastest and most extensive network with more than 100,000 domestic and international hotspots, while increasing the maximum speed of its mass WiFi service to 8 Mbps and launching "Ultra WiFi" (max 100 Mbps).

TrueVisions service revenue for 2011 increased 0.9% YoY to Baht 9.7 billion as advertising revenue offset the impact of an overall decline in subscription revenue due to the effect of piracy on premium subscribers and competition in the mass market throughout the year and the floods in 4Q11.

Looking forward

During 2012, TrueMove H will achieve nationwide coverage with its 3G+ service covering 8,000 tambons (sub-districts) in all of Thailand's 77 provinces. At TrueOnline, we will expand the DOCSIS 3.0 cable modem and ADSL network to cover 3 million homepasses. Meanwhile we will complete the roll out of TrueVisions' enhanced broadcasting system, featuring MPEG-4 and secured silicon technology to eliminate the threat from piracy by October 2012. New convergence offerings will be introduced to strengthen the Group's product/service portfolio as we expand TrueMove H's 3G+ services.

We target mid-to-high single-digit revenue growth for 2012 with high single-digit revenue growth at True Mobile Group and TrueVisions and mid single-digit growth at TrueOnline.

Our 2012 capex budget is Baht 23 billion (Baht 15 billion at True Mobile Group, Baht 7 billion at TrueOnline and Baht 500 million at TrueVisions).

While True Group will pursue its investment plan to expand businesses in areas with high growth potential, the Company will maintain financial discipline and implement a cost-management policy to ensure improved long-term profitability.

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.

- **Consolidated service revenue** for 2011 increased 7.9% YoY to Baht 56.8 billion

from strong growth in Broadband and mobile non-voice services, improved performance at TrueMove, new revenue from TrueMove H, and the Hutch consolidation which commenced in February 2011. 4Q11 service revenue rose 4.8% YoY, mainly on contributions from new businesses at True Mobile Group, but declined slightly (-0.6% QoQ) as cellular business growth was offset by revenue declines at the pay TV and online segments, mainly as a result of the flooding.

- **Revenue from product sales** for 2011 rose 105.2% YoY to Baht 6.8 billion driven by growing mobile Internet usage and the rising popularity of smartphones, tablet devices and aircards. A highlight was the strong growth in 4Q11 product sales, which increased 69.2% QoQ, 53.5% YoY mainly due to the iPhone 4 S launch as well as attractive mobile data packages from TrueMove H and its market-leading 3G+ service coverage.
- **Consolidated operating expenses** for 2011 increased 22.9% YoY to Baht 67.9 billion. Cash opex increased 16.1% YoY to Baht 32.3 billion mainly from the consolidation of Hutch expenses, and a higher cost of services and SG&A expenses at True Mobile Group.
- In 4Q11, **cash opex** increased 12.4% QoQ to Baht 9.2 billion due to seasonal cost increases at all three core businesses, as well as higher 3G wholesale fees (under cost of providing services) and selling expenses at True Mobile Group to support the TrueMove H expansion.
- **Cash SG&A** increased 22.3% YoY to Baht 13.7 billion in 2011, mainly on selling expenses to expand services at TrueMove H and TrueOnline's Ultra hi-speed Internet. Expenses to help employees who were affected by flooding were also a factor. 4Q11 cash SG&A increased 23.0% QoQ, 37.5% YoY to Baht 4.1 billion due to advertising and marketing activities to support subscriber acquisitions at TrueMove H.

- **EBITDA** for 2011 dropped 7.0% YoY to Baht 17.1 billion as improved performance at TrueOnline was offset by softer profits at True Mobile Group resulting from higher revenue sharing at TrueMove and costs to support the expansion of TrueMove H's 3G+ service.
- **EBITDA margin** for 2011 reduced to 26.9% from 32.9% a year earlier mainly due to the aforementioned narrowing margins at True Mobile Group. A significant increase in smartphone sales, which normally yield lower margin than telecommunications services, also dampened EBITDA margin.
- **Depreciation and amortization expenses** for 2011 rose 15.8% YoY to Baht 13.0 billion mainly from ongoing network expansion at True Mobile Group and increased amortization expenses mainly from the capitalization of service contracts and rights to operate. (See details in "Key accounting changes and other issues".)
- **Interest expenses** increased 9.1% YoY to Baht 6.7 billion in 2011 due to higher debt and an increase in the average interest rate during the year. Net interest expenses increased by 4.7% YoY to Baht 6.3 billion in 2011 on higher interest income (mainly from the remaining proceeds of the rights offering which was held during mid 2011).
- **Income tax** in 2011 increased 27.4% YoY to Baht 2.8 billion due mainly to the booking of the full year's amortization of deferred income tax relating to the Hutch acquisition in 4Q11.
- **NIOGO excluding deferred income** tax for 2011 was a loss of Baht 3.2 billion (from a Baht 264 million profit in 2010) due to lower EBITDA, and higher interest and depreciation and amortization expenses.
- **Net loss to shareholders of the Company** was Baht 2.7 billion in 2011 compared with a profit of Baht 1.2 billion in 2010. Positive contributions from non-recurring items, which totaled Baht 2.7 billion, were mainly the result of impacts from the buy-back of US Dollar bonds and deferred

income tax expense resulting from changes to the corporate income tax rate which were offset by gains from a bargain purchase. (See details in "Key accounting changes and other issues".)

Key accounting changes and other issues:

- In 4Q11, True Mobile Group settled **the tender offer for TrueMove US Dollar bonds** (during September-October). This resulted in one-time (cash and non-cash) expenses. The results from ongoing operations presented in this MD&A have been normalized to exclude the following non-recurring items: Premium and withholding taxes to bondholders of Baht 2,632 million; hedging unwinding costs and other fees of Baht 980 million; and the reversal of an unrealized FX gain reported in previous quarters totaling Baht 2,681 million.
- On December 21, 2011, a Royal Decree was published adopting **a reduction in the corporate income tax rate** from 30% to 23% for the period beginning on or after January 1, 2012 and to 20% for the next two accounting periods beginning on or after January 1, 2013. After that the rate will return to 30%. The short-term impact on True Group is negative due to the fact that our net deferred tax asset balance as of December 31, 2011 was positive. The following impacts to the consolidated and segment results have been excluded from the results from ongoing operations:
 - Increases in deferred income tax expenses at the consolidated level of Baht 646 million, TrueOnline Baht 1,525 million and TrueVisions Baht 240 million.
 - Decreases in deferred income tax expenses at True Mobile Group of Baht 1,009 million.
- In 4Q11, **impairment of goodwill** amounting Baht 1,025 million was recognized at the consolidated level. Due to the declines in cash generated at TrueMove, the Group impaired goodwill derived from the

acquisition of BITCO's shares from Orange Personal Communication Services Ltd.

- During 4Q11, the net identifiable assets from the purchase of four companies from Hutchison Group were re-assessed to be Baht 18.3 billion. This resulted in a one-time **gain from bargain purchase** totaling Baht 12.1 billion at True Mobile Group and the consolidated level. At the same time, the rental contract for network equipment to provide HSPA and CDMA cellular services and the right to operate the CDMA business ("Service contract and right to operate"), which were valued at Baht 15.8 billion, was capitalized under the intangible assets account and will be amortized over the period from 2011 to 2025. (See details in Note 41 to FY2011 financial statements.)
- On December 29, 2011, True Group divested its entire investment in Chongqing Communication Equipment for USD 4,668,530 and **recorded a gain from sales of long-term investment** totaling Baht 146 million.
- Starting from 2Q11, TrueOnline's **internal wiring costs** (previously booked under "Selling Expenses") will be capitalized as subscriber acquisition costs and will be amortized over the estimated subscription period under "Cost of Providing Services". The net impact on the 1H11 results amounted to Baht 32.3 million.
- After reviewing the Company's adoption of TAS 18, revenue and expenses from the **disposal of vehicles** leased by customers outside of True Group, which were previously booked as a net gain (under "Other income (expense)") will now be booked as normal operations (above NLOGO) starting from 1Q11.

Consolidated Results of Operations - Normalized Basis

(Unaudited) (Baht in millions unless otherwise indicated)	2011	2010 (Restated)	% Change
Revenues			
Revenues from providing services			
- Interconnection revenue	65,132	59,062	10.3
- Network rental revenue	6,633	6,414	3.4
- Service revenue	1,697	-	NM
Revenues from product sales	56,802	52,649	7.9
	6,805	3,316	105.2
Total revenues	71,938	62,378	15.3
Operating expenses			
Cost of providing services	46,045	39,976	15.2
Regulatory costs	8,615	7,041	22.4
Network operating expenses	26,648	22,849	16.6
- Interconnection charge	6,730	6,233	8.0
- Other cost of services exclude IC	19,917	16,616	19.9
Depreciation and amortization	10,783	10,087	6.9
Cost of sales	5,881	2,904	102.5
Selling and administrative expenses	15,937	12,359	29.0
Depreciation and amortization	2,247	1,165	92.8
Others	13,690	11,194	22.3
Total operating expenses	67,864	55,240	22.9
EBITDA	17,104	18,392	(7.0)
Depreciation and amortization	(13,030)	(11,253)	15.8
Operating profit	4,074	7,139	(42.9)
Interest income	336	60	462.1
Interest expense *	(6,658)	(6,100)	9.1
Other financial fees *	(446)	(415)	7.5
Income tax (expense) revenue	(2,793)	(2,192)	27.4
Current tax	(595)	(570)	4.3
Deferred income tax *	(2,199)	(1,621)	35.6
Income (loss) from continuing operations	(5,488)	(1,509)	(263.8)
Share of results in subsidiaries and associates	47	40	(16.1)
(Income) loss attributable to minority interest	42	110	(61.7)
Net income (loss) from continuing operations			
including share of results in associates (NIOGO)	(5,399)	(1,358)	(297.6)
Non recurring items	2,705	2,568	5.3
Foreign exchange gain (loss)	(1,625)	1,497	NM
Reverse revaluation of FX gain (loss) & loss on swap	(2,681)	-	NM
Premium and withholding taxes to TrueMove's bondholders	(2,632)	-	NM
Hedging unwinding cost	(980)	(879)	(11.5)
Adjustment for deferred tax	(646)	1,614	NM
Impairment of goodwill	(1,025)	-	NM
Gain (loss) on sales of LT investments	146	-	NM
Gain on bargain purchase	12,077	-	NM
Other (expenses) income	71	336	(78.8)
Net profit (loss) to equity holders of the Company	(2,694)	1,211	NM
Minority interest	(42)	(110)	61.7
Net profit (loss) for the year	(2,736)	1,100	NM
NIOGO before deferred income tax	(3,200)	264	NM

Note: * See details in "Key accounting changes and other issues"

Results by Segment

(Unaudited) (Baht in millions unless otherwise indicated)		True Mobile			TrueOnline			TrueVisions			Eliminations			Consolidated				
		2011	2010	% Change	2011	2010	% Change	2011	2010	% Change	2011	2010	% Change	2011	2010	% Change		
Revenues																		
Revenues from providing services	35,579	29,698	19.8	26,876	26,043	3.2	9,669	9,585	0.9	(6,991)	(6,263)	-	65,132	59,062	10.3			
- Interconnection revenue	6,633	6,414	3.4	-	-	NM	-	NM	NM	-	-	6,633	6,414	3.4	NM			
- Network rental revenue	1,697	-	NM	27,249	23,284	17.0	26,876	26,043	3.2	9,669	9,585	0.9	(6,991)	(6,263)	-	56,802	52,649	7.9
- Service Revenue	5,787	2,721	112.7	1,226	1,226	74.3	1,226	703	188	1,226	188	(13.4)	(397)	(326)	6,805	3,316	105.2	
Total revenues	41,366	32,418	27.6	28,102	26,746	5.1	9,857	9,803	0.6	(7,386)	(6,589)	-	71,938	62,278	15.3			
Operating expenses																		
Cost of services	27,027	20,952	29.0	16,867	16,202	4.1	6,975	6,902	1.1	(4,823)	(4,079)	-	39,976	46,045	15.2			
Regulatory costs	6,570	4,913	33.7	1,516	1,600	(5.3)	530	529	0.3	(1)	(1)	-	8,615	7,041	22.4			
Network operating expenses	15,917	12,264	29.8	9,708	9,003	7.8	5,583	5,450	2.4	(4,561)	(3,869)	-	26,648	22,849	16.6			
- Interconnection charge	6,730	6,233	8.0	-	-	NM	-	NM	NM	-	-	6,730	6,233	8.0				
- Other cost of services exclude IC	9,187	6,032	52.3	9,708	9,003	7.8	5,583	5,450	2.4	(4,561)	(3,869)	-	19,917	16,616	19.9			
Depreciation and amortization	4,540	3,774	20.3	5,643	5,598	0.8	861	923	(6.7)	(261)	(206)	-	10,783	10,087	6.9			
Cost of sales	5,334	2,472	115.8	826	598	38.2	115	138	(16.7)	(393)	(2,354)	-	5,881	2,904	102.5			
Selling and administrative expenses	10,079	6,994	44.1	6,550	6,267	4.5	1,527	1,453	5.1	(2,219)	(12,359)	-	15,937	12,359	29.0			
Depreciation and amortization	1,508	458	229.4	471	472	(0.2)	135	89	52.2	133	147	-	2,247	1,165	92.8			
Others	8,571	6,536	31.1	6,079	5,795	4.9	1,392	1,364	2.0	(2,352)	(2,502)	-	13,690	11,194	22.3			
Total operating expenses	42,440	30,418	39.5	24,243	23,066	5.1	8,617	8,493	1.5	(7,436)	(6,738)	-	67,864	55,240	22.9			
EBITDA																		
Depreciation and amortization	4,974	6,233	(20.2)	9,973	9,751	2.3	2,236	2,322	(3.7)	(80)	87	17,104	18,392	(7.0)				
Operating profit	(1,074)	2,001	NM	3,859	3,680	4.9	1,240	1,310	(5.3)	48	149	4,074	4,074	(42.9)				
Interest income	202	23	761.8	126	35	264.2	209	195	7.2	(201)	(193)	-	336	60	462.1			
Interest expense *	(3,656)	(3,193)	14.5	(2,266)	(2,476)	(8.5)	(937)	(624)	50.2	201	193	(6,658)	(6,100)	9.1				
Other financial fees *	(273)	(145)	89.1	(136)	(227)	(40.2)	(37)	(43)	(15.0)	-	-	(446)	(415)	7.5				
Income tax (expense) revenue	(1,383)	(945)	46.4	(1,186)	(890)	33.2	(165)	(297)	(44.5)	(60)	(60)	(2,793)	(2,192)	27.4				
Current tax	(20)	(0)	11,593.4	(470)	(431)	9.0	(105)	(139)	(24.8)	-	-	(595)	(570)	4.3				
Deferred income tax *	(1,362)	(944)	44.2	(717)	(460)	55.9	(60)	(158)	(62.0)	(60)	(60)	(2,199)	(1,621)	35.6				
Income (loss) from continuing operations	(6,184)	(2,258)	(173.8)	398	122	226.9	310	539	(42.6)	(11)	89	(5,488)	(1,509)	(263.8)				
Share of results in subsidiaries and associates	-	-	NM	63	39	62.9	160	2	NM	-	-	(47)	47	40				
(Income) loss attributable to minority interest	11	(33)	141	0	0	(25)	NM	2	NM	65	(5)	42	110	(61.7)				
Net income (loss) from continuing operations including share of results in associates (NTOGO)	(6,173)	(2,258)	(173.3)	427	301	42.0	294	516	(43.0)	53	83	(5,399)	(1,358)	(29.7)				
Non recurring items	5,759	2,544	126.4	(1,264)	(753)	67.8	(402)	786	NM	(1,387)	(7)	2,705	2,568	5.3				
Foreign exchange gain (loss)	(1,018)	1,938	-	(464)	(444)	(4.6)	(143)	3	NM	-	-	(1,625)	1,497	NM				
Reverse revaluation of FX gain (loss) & loss on swap	(2,681)	-	NM	-	NM	-	NM	-	NM	-	-	(2,681)	-	NM				
Premium and withholding taxes to TrueMobiles bondholders	(2,632)	-	NM	-	NM	-	NM	-	NM	-	-	(2,632)	-	NM				
Hedging unwinding cost	(980)	-	548	84.20	(1,525)	50	(240)	(261)	100.0	-	-	(980)	(879)	(11.5)				
Adjustment for deferred tax	1,009	-	-	NM	-	NM	-	NM	-	NM	-	(646)	1,614	NM				
Impairment of goodwill	-	-	NM	146	-	NM	-	NM	-	NM	-	(1,025)	-	NM				
Gain (loss) on sales of LT investments	12,077	-	NM	-	NM	-	NM	-	NM	-	-	12,077	1,46	-				
Gain on bargain purchase	(17)	58	NM	579	258	124.1	(20)	27	NM	(471)	(7)	71	336	(78.8)				
Other (expenses) income																		
Net profit (loss) to equity holders of the Company	(415)	285	NM	(837)	(453)	(84.9)	(108)	1,302	NM	(1,334)	76	(2,694)	1,211	NM				
Minority interest	(11)	33	NM	(804)	(593)	(35.5)	(109)	1,327	NM	(1,398)	81	(2,736)	1,100	NM				
Net profit (loss) for the year	(425)	285	NM	(804)	(593)	(35.5)	(109)	1,327	NM	(1,398)	81	(2,736)	1,100	NM				
NTOGO before deferred income tax	(4,811)	(1,314)	(266.2)	1,144	760	50.4	354	674	(47.5)	113	143	(3,200)	264	NM				
EBITDA margin (gross IC basis)	12.0%	19.2%	35.5%	36.5%	35.5%	22.7%	22.7%	22.7%	23.7%	23.7%	23.7%	23.8%	29.5%	32.9%				
EBITDA margin (on net IC and network rental)	15.1%	24.0%																

Note: * See details in "Key accounting changes and other issues"

Normalized Revenue Profile

(Unaudited) (Baht in millions unless otherwise indicated)	Consolidated Revenues (Before Intersegment Eliminations)				
	2011		2010		% Change
	Revenue	% of revenue after eliminations	Revenue	% of revenue after eliminations	
TrueVisions	9,857		9,803		0.6
- Service revenue	9,669		9,585		0.9
- Product sales	188		218		(13.4)
Intersegment elimination	(461)		(341)		35.1
TrueVisions after elimination	9,396	13.1%	9,462	15.2%	(0.7)
TrueMobile	41,366		32,418		27.6
- Service revenue	27,249		23,284		17.0
- Network rental revenue & IC	8,330		6,414		29.9
- Product sales	5,787		2,721		112.7
Intersegment elimination	(1,264)		(1,340)		(5.7)
TrueMobile after elimination	40,102	55.7%	31,078	49.8%	29.0
TrueOnline	28,102		26,746		5.1
- Traditional voice	6,812		7,538		(9.6)
- Fixed line (excl. IDD & VOIP)	6,491		6,975		(6.9)
- Public phone	203		328		(38.3)
- PCT	119		235		(49.5)
- Broadband, Internet and Business Data Service	13,021		11,532		12.9
- Broadband Internet & business data	10,659		9,262		15.1
- Other Internet & VAS	2,363		2,270		4.1
- New revenue stream, convergence & others	7,043		6,973		1.0
- New revenue stream	369		292		26.7
- International call	217		180		21.1
- Others	152		112		35.6
- Convergence & others	6,674		6,681		(0.1)
TrueOnline service revenue	26,876		26,043		3.2
TrueOnline product sales	1,226		703		74.3
Intersegment elimination	(5,663)		(4,907)		15.4
TrueOnline after elimination	22,440	31.2%	21,839	35.0%	2.8
Normalized consolidated revenues	79,325		68,968		15.0
Total intersegment elimination	(7,388)		(6,589)		12.1
Normalized consolidated revenues - net	71,938	100.0%	62,378	100.0%	15.3

SEGMENT RESULTS

True Mobile Group

- True Mobile Group's **service revenue** for 2011 increased 17.0% YoY to Baht 27.2 billion from the Hutch consolidation, strong performance at TrueMove and revenue from the new TrueMove H 3G+ business.
- Product sales** increased 112.7% YoY to Baht 5.8 billion in 2011, supported by the rising popularity of smartphone and tablet devices. 4Q11 product sales grew 46.6% YoY to Baht 1.9 billion with the launch of iPhone 4 S. Such high growth in True

Mobile Group's smartphone sales was supported by TrueMove H having the most extensive 3G+ service coverage in Thailand.

- Consolidated operating expenses** for 2011 rose 39.5% YoY to Baht 42.4 billion. Cash opex increased 30.7% YoY to Baht 16.4 billion from the consolidation of Hutch and increased expenses particularly, advertising, marketing activities and 3G capacity costs (or wholesale fees) at TrueMove H. 4Q11 cash opex increased

20.8% QoQ to Baht 4.9 billion with the accelerated roll out of TrueMove H's 3G+ service, along with increased advertising and marketing activities to position TrueMove H as Thailand's premium 3G brand.

- **Net IC cost** for 2011 was Baht 98 million (with Baht 177 million incurred during 4Q11) compared to a Baht 181 million IC gain in 2010. Higher costs were due mainly to a shift in strategy from on-net promotions to generating top line revenue with all-net promotions. In addition, since 4Q11, True Mobile Group has been responsible for paying Hutch's IC to CAT under the revised CDMA marketing agreement.
- **EBITDA** fell 20.2% YoY to Baht 5.0 billion in 2011 on negative contributions from Hutch, higher costs to support TrueMove H's expansion and higher revenue-sharing at TrueMove. 4Q11 EBITDA declined 49.5% QoQ, 60.2% YoY to Baht 617 million from higher cash opex.
- **Interest expenses (net)** for 2011 increased 9.0% YoY to Baht 3.5 billion mainly from higher debt.
- **NIOGO excluding deferred income tax** for 2011 lowered to a loss of Baht 4.8 billion from a loss of Baht 1.3 billion in 2010.
- **Net loss to shareholders of the Company** for 2011 was Baht 415 million which included one-time items which amounted to a net gain of Baht 5.8 billion.
- Since TrueMove H was officially launched on August 30, 2011, it has aggressively expanded its 3G+ services to cover Thailand's 77 administrative districts and acquired ~500,000 subscribers by the year-end.
- The take-up rate of TrueMove H's prepaid service (launched in December 2011) was initially slow during the first few months as phone numbers granted to the brand by the NBTC were limited. However, the NBTC has now granted TrueMove H sufficient numbers to satisfy current demand for its 3G+ service.
- Postpaid acquisitions in 2011 were also slower than expected, mainly because some operators capped their daily Mobile Number

Portability (MNP) transactions. However, in early 1Q12 the NBTC ruled that MNP transactions must be increased to a minimum of 40,000 per operator per day. We fully support this ruling to ensure consumer demand for MNP is met.

TrueOnline

- TrueOnline's **service revenue** for 2011 increased 3.2% YoY to Baht 26.9 billion driven by the continued strong Broadband growth which offset the ongoing decline in traditional voice (fixed-line, PCT and payphone) businesses, and the impacts from flooding in 4Q11.
- The decline in traditional voice revenue continued in 2011 but at an overall slower rate, dropping 9.6% YoY compared to the 12.0% decline seen in 2010. However, the revenue decline briefly accelerated in 4Q11 (-6.6% QoQ, -12.1% YoY) due to the floods which saw the number of idle phone lines increase as some customers living in flood-affected areas evacuated their homes during the inundation, while a significant portion of our public phone booths (around 2,000 units) were completely submerged during the period.
- **Broadband Internet**, which includes revenue from Business Data Services, posted record growth, increasing 15.1% YoY to Baht 10.7 billion. Despite the flooding, Broadband Internet revenue growth accelerated to 17.7% YoY in 4Q11 on the continued success of our Ultra hi-speed Internet 7 - 100 Mbps service (via ADSL and DOCSIS 3.0 technologies) and the ongoing expansion of the DOCSIS 3.0 cable modem network, particularly in provincial areas.
- In 2011, the DOCSIS 3.0 network was expanded to cover 1.1 million households in 20 provinces (including Bangkok). The launch of Ultra WiFi (max 100 Mbps) in 3Q11 and the expansion of our mass WiFi (max 8 Mbps) service to cover 100,000 domestic and international hot spots, strengthened True Group's convergence offering and supported data off-loading from the 3G network.
- At the end of 2011, TrueOnline had 1.3 million Broadband subscribers with record net adds of 159,545. 4Q11 Broadband

net adds slowed to 33,686 from 47,124 in 3Q11 due to flooding. However, a strong recovery in Broadband gross sales took place in December.

- In the corporate segment, TrueOnline's fiber network covered some 140 buildings in the BMA by YE2011 (up from 120 buildings in 3Q11), this fell short of our year-end target of 170 buildings mainly due to the flooding in 4Q11.
- **EBITDA** for 2011 increased 2.3% in line with service revenue growth. 4Q11 EBITDA declined 14.3% QoQ from seasonal cost increases and expenses related to flood relief efforts and customer retention.
- **Cash opex** for 2011 increased 6.7% YoY to Baht 15.8 billion mainly from higher network operation and maintenance costs, and personnel expenses.
- **Interest expenses (net)** for 2011 decreased 12.3% YoY to Baht 2.1 billion due mainly to a lower average debt level compared with 2010, when TrueOnline's loans relating to the TrueVisions' acquisition were transferred to the TrueVisions Group after its debt refinancing in 2Q10.
- **NIOGO excluding deferred income tax** rose YoY to Baht 1.1 billion in 2011, from Baht 760 million a year earlier, on higher EBITDA and lower interest expenses.

TrueVisions

- TrueVisions' **service revenue** in 2011 increased slightly (0.9%) YoY to Baht 9.7 billion as strong growth in advertising revenue offset declines in subscription revenue due to pressure from competition and piracy.
- **Advertising revenue** in 2011 grew 46.7% YoY, supported by increased efforts from our specialized sales team. This was slightly below our full-year ad revenue growth target of 50%.

- **Cash opex** for 2011 increased 2.4% YoY to Baht 7.0 billion from increased subscription management service costs, and higher personnel and administrative expenses while selling, advertising and marketing expenses were relatively stable.
- **EBITDA** for 2011 softened 3.7% YoY on incremental revenue growth, higher costs and flood-related expenses in 4Q11 (mainly direct staff costs related to flood relief measures).
- **Interest expenses (net)** for 2011 increased 69.6% YoY to Baht 729 million mainly due to a higher debt level (TrueVisions taking on TrueOnline's loans relating to the TrueVisions' acquisition after the debt refinancing in 2Q10) and higher interest rates compared to 2010.
- **NIOGO excluding deferred income tax for 2011** lowered to Baht 354 million from Baht 674 million in 2010, mainly on lower EBITDA and higher interest expenses.
- **TrueVisions subscribers** declined to 1,641,998 at the end of 2011, compared to 1,705,054 in 2010 mainly from churn in the premium segment (especially Gold). However, the Platinum subscriber base continued its growth trend (rising from 7.1% of our premium subscribers in 2010 to 8.5% in 2011) supported by TrueVisions' superior content and HDTV platform. This saw ARPU increase YoY in 2011.

- In October 2011, TrueVisions launched early-bird incentives for premium subscribers to replace their set-top boxes with the new hybrid model which not only supports HD content but is also equipped with MPEG-4 encoding and secured silicon technology. The hybrid set top boxes will enhance the viewing experience and help eradicate piracy when the new, more secure broadcasting system is activated within 2012.

Consolidated Balance Sheet and Cash Flows

(Unaudited) (Baht in millions unless otherwise indicated)	2011	2010	% Change
Balance Sheets			
Cash and cash equivalents including restricted cash	12,446	5,709	118.0
Trade accounts receivable, net	11,228	8,529	31.7
<i>Total current assets</i>	36,969	22,099	67.3
Investments in subsidiaries, joint ventures and associates	215	90	139.1
Property, plant and equipment, net	73,819	65,378	12.9
Intangible assets, net	20,226	5,119	295.1
<i>Total non-current assets</i>	114,549	92,177	24.3
Total assets	151,518	114,276	32.6
Trade accounts payable	13,462	6,998	92.4
Other current liabilities	4,764	4,088	16.5
Current portion of long-term borrowings	6,896	7,171	(3.8)
<i>Total current liabilities</i>	40,809	29,949	36.3
Long term borrowings	77,976	64,675	20.6
Liabilities under agreements for operation	3,640	4,123	(11.7)
<i>Total non-current liabilities</i>	89,240	72,619	22.9
Total liabilities	130,049	102,569	26.8
Total shareholder's equity	21,469	11,707	83.4
Cash Flows			
Cash flows from operating activities	4,630	9,269	(50.0)
Cash flows from investing activities	(16,507)	(6,937)	138.0
- Capex	(11,021)	(7,483)	47.3
Cash flows from financing activities	18,772	(2,707)	NM
Net (decrease) increase in cash and cash equivalents	6,895	(375)	NM
Beginning cash balance and effects of exchange rate changes	4,553	4,916	(7.4)
Ending cash balance	11,448	4,541	152.1
Free cash flows *	(6,391)	1,786	NM

Note : * Free cash flows equal cash flows from operating activities minus capex.

FINANCIAL POSITION

Assets

- **True's consolidated** assets increased to Baht 151.5 billion as of December 2011 from Baht 114.3 billion as of December 2010 mainly from a higher cash balance and intangible assets and investments in mobile network equipment.
- **Cash and restricted cash** increased to Baht 12.4 billion as at the end of 2011 from Baht 5.7 billion a year earlier, mainly on the proceeds from the rights offering and the draw-down of bank loans to support business operations in early 2012 and to settle some accrued expenses and payables.

- **Intangible assets (net)** increased to Baht 20.2 billion in 2011 from Baht 5.1 billion as at December 2010 due mainly to the capitalization of assets (namely, service contracts and rights to operate) relating to the Hutch acquisition totaling Baht 15.8 billion. (See Note 41 to the Consolidated and Company Financial Statements for the years ending 31 December 2011 and 31 December 2010.)

- **Property, Plant and Equipment (PPE) (net)** increased to Baht 73.8 billion in 2011 from Baht 65.4 billion in 2010 due mainly to investments in the mobile network.

Liabilities

- **True Group's consolidated liabilities** increased to Baht 130.0 billion as of December 2011 from Baht 102.6 billion in December 2010 mainly from an increase in borrowings.
- **Trade accounts payable** increased to Baht 13.5 billion as of December 2011, from Baht 7.0 billion as of December 2010, mainly due to outstanding trade accounts payable and

accrued expenses at the acquired companies (mainly BFKT and Hutchison-CAT Wireless Multimedia Co., Ltd) that were due to CAT.

- **Long-term borrowings** (including current portions) increased to Baht 84.9 billion in 2011 from Baht 71.8 billion in 2010 mainly to fund the expansion of TrueMove H's 3G+ services and to settle the buy-back of TrueMove US Dollar bonds (97.8% of bonds outstanding).
- 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 Corporation, 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 Corporation and relevant conditions under True Corporation's finance documents have been met.

The following table presents covenants for True Corporation's outstanding local debentures

Debentures	Covenant ratios (Maintenance Basis)	Actual ratios (as of Dec 31, 2011) *
TRUE144A	Net debt to EBITDA <= 5	3.06
TRUE151A	Net debt to EBITDA <= 5	3.06
TRUE 13NA (1/2553)	-	-
TRUE 144B (1/2554)	-	-

Note: *Based on the audited financial statements of True Group and preliminary financial statements of six 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), other non-cash expenses (if any), and taxes.

The ratios are based on True Group, the parent company, and the six 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 increased to Baht 21.5 billion as of December 2011, from Baht 11.7 billion as of December 2010, mainly from the Baht 13.1 billion rights offering which was held around mid-year 2011.

Liquidity and capital resources

- **True Group's primary capital resources for the year 2011** were cash flows from operations, issue of common shares (recapitalization via a Baht 13.1 billion rights offering) and proceeds from borrowings (mainly the new Baht 48.9 billion credit facilities agreement).
- **Cash flow from operating activities** in 2011 reduced to Baht 4.6 billion from Baht 9.3 billion in 2010 with a short-term dip in profitability resulting from the initial phase of business expansion and the impact of flooding in 4Q11.
- **Net cash used in investing activities** in 2011 increased to Baht 16.5 billion from Baht 6.9 billion in 2010 mainly to expand the mobile 3G+ and Broadband service coverage and the acquisition of subsidiaries (namely, companies within Hutchison Group in Thailand).
- **Cash capex** increased to Baht 11.0 billion (Baht 6.5 billion at True Mobile, Baht 3.1 billion at TrueOnline and Baht 1.4 billion at TrueVisions). This is to support the expansion of service coverage for 3G and fixed Broadband, as well as the set-top box replacement campaign to eradicate the threat of piracy at pay TV. The decrease in cash flow from operations combined with the increase in capex resulted in a negative free cash flow of Baht 6.4 billion in 2011.
- **Net cash received from financing activities** was Baht 18.8 billion including Baht 13.1 billion from the rights offering and Baht 40.8 billion proceeds from borrowings, compared to net cash used of Baht 2.7 billion in 2010

FUTURE PROJECTS

In 2012, True Group and its subsidiaries plan to invest around Baht 23 billion to expand our businesses, mainly mobile HSPA services and Broadband, and to strengthen the Group's convergence platform. The major investments are:

True Mobile Group

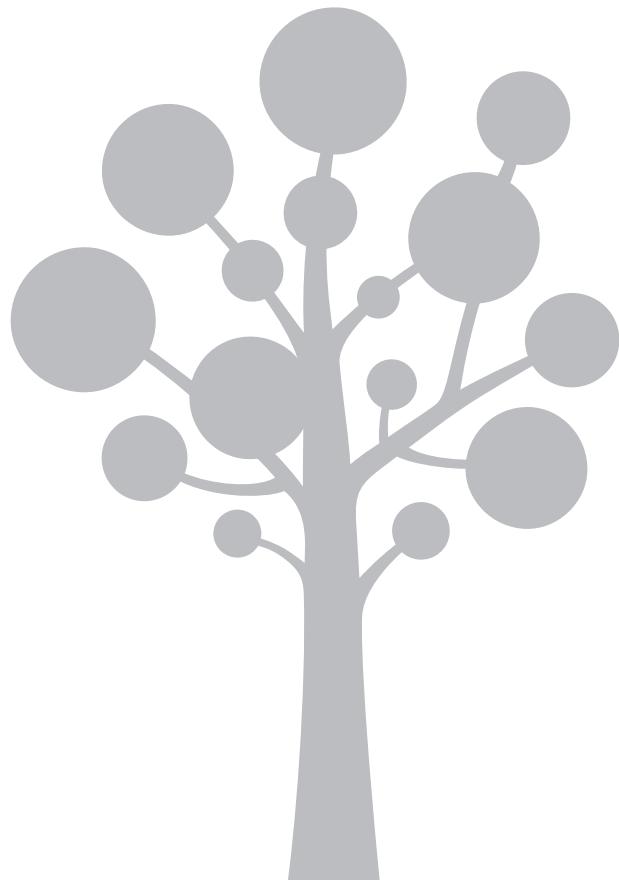
True Mobile Group plans to spend around Baht 15 billion in 2012 to expand TrueMove H's 3G+ service coverage to 8,000 tambons (sub-districts) in 77 provinces, equivalent to 95% population coverage, by year-end.

TrueOnline

TrueOnline will spend around Baht 7 billion, mainly to expand its Ultra hi-speed Internet 7 - 100 Mbps service (via ADSL and DOCSIS 3.0 technologies) to cover 3 million households, with DOCSIS 3.0 available in 60 provinces by year-end. DOCSIS 3.0 is currently delivering download speeds of up to 100 Mbps (and will be expanded to 300 Mbps) and can carry HDTV and voice services, making triple-play a reality in the home.

TrueVisions

TrueVisions plans to invest around Baht 500 million of cash capex to complete the roll out of an enhanced, more secure broadcasting system featuring MPEG-4 and secured silicon technology to eliminate access unauthorized signal. It will also leverage the Group's DOCSIS 3.0 cable network to provide more interactive TV and HD channels. We target completion of the replacement of set top boxes for premium cable subscribers in April 2012 and for premium satellite subscribers in October 2012.



Financial Statements

TRUE CORPORATION PUBLIC COMPANY LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2011

Index	Page
Auditor's report	1
Statements of financial position	2
Statements of comprehensive income	4
Statements of changes in shareholders' equity	5
Statements of cash flows	7
Notes to the consolidated and company financial statements	
1 General information	8
2 Joint Operation and Joint Investment Agreement, Agreements for operation and licences	8
3 Accounting policies	
3.1 Basis of preparation	11
3.2 New accounting standards, new financial report standards, new interpretation, amendments to accounting standards and accounting framework	12
3.3 Group accounting - investments in subsidiaries and associates and interests in joint ventures	15
3.4 Foreign currency translation	17
3.5 Cash and cash equivalents	17
3.6 Investments	17
3.7 Trade other receivables	18
3.8 Inventories	18
3.9 Investment property	18
3.10 Property, plant and equipment	19
3.11 Leases - where a Group company is the lessee and lessor	20
3.12 Goodwill	20
3.13 Intangible assets	21
3.14 Impairment of assets	22
3.15 Subscriber acquisition cost	22
3.16 Current and deferred income taxes	23
3.17 Borrowings	23
3.18 Provisions	24
3.19 Employee benefits obligations	24
3.20 Share capital	24
3.21 Revenue recognition	25
3.22 Segment reporting	26
3.23 Non-current assets (or disposal group) held-for-sale	26
4 Financial risk management	
4.1 Financial risk factors	26
(a) Foreign exchange risk	27
(b) Interest rate risk	27
(c) Credit risk	27
(d) Liquidity risk	27
4.2 Accounting for derivative financial instruments and hedging activities	27
4.3 Fair value estimation	28
5 Critical accounting estimates and judgements	
5.1 Estimated impairment of goodwill, property, plant and equipment and intangible assets	28
5.2 Allowance for doubtful accounts	28
5.3 Useful lives for property, plant and equipment and intangible assets	28
5.4 Deferred tax	29
5.5 Borrowings	29
5.6 Employee benefits obligations	29
5.7 Service contract	29
6 Capital risk management	29
7 Summary of significant accounting policies and correction of accounting error	30
8 Segment information	31
9 Expenses by nature	33
10 Finance costs, net	33
11 Income tax	33

Index		Page
12	Basic and diluted earnings per share	34
13	Cash and cash equivalents	35
14	Restricted cash	35
15	Investment	36
16	Trade and other receivables	37
17	Inventories, net	38
18	Other current assets	39
19	Investments in subsidiaries, associates and joint ventures, net	40
20	Investment property, net	46
21	Property, plant and equipment, net	46
22	Goodwill, net	52
23	Intangible assets, net	52
24	Deferred income taxes	55
25	Other non-current assets	56
26	Borrowings	57
27	Trade and other payables	61
28	Other current liabilities	62
29	Long-term trade accounts payable	62
30	Liabilities under agreements for operation	62
31	Employee benefits obligations	63
32	Other non-current liabilities	64
33	Share capital, premium and discount on share capital	64
34	Legal reserve	65
35	Non-controlling interests	65
36	Cash flows from operating activities	66
37	Financial instruments	67
38	Contracts and commitments	69
39	Litigations and Arbitration disputes and contingent liabilities	72
40	Access charge	78
41	Business acquisition	80
42	Related party transactions	81



AUDITOR'S REPORT

To the Shareholders of True Corporation Public Company Limited

I have audited the accompanying consolidated and company statements of financial position as at 31 December 2011 and 2010, 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 comprehensive 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 2011 and 2010, 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 40.2 to the financial statements, which describes the significant uncertainties related to the outcome of 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 Ltd.

Bangkok
28 February 2012

True Corporation Public Company Limited
Statements of Financial Position
As at 31 December 2011 and 2010

Notes	Consolidated		Company	
	(Restated)			
	31 December	31 December	31 December	31 December
	2011	2010	2011	2010
	Baht	Baht	Baht	Baht
Assets				
Current assets				
Cash and cash equivalents	13	11,447,692,301	4,540,534,599	350,089,259
Restricted cash	14	997,852,119	1,168,320,859	187,389,101
Short-term investments	15	400,726,679	426,230,570	334,000,000
Trade and other receivables	16	15,936,510,899	10,467,137,081	4,376,181,856
Short-term loans to related parties	42	8,700,344	11,900,332	-
Inventories, net	17	1,596,738,294	997,331,748	32,914,206
Income tax deducted at source		2,630,683,440	2,448,598,520	639,624,540
Claimable value added tax		1,030,216,731	670,025,680	-
Other current assets	18	2,920,368,613	1,368,813,548	29,550,593
Total current assets		36,969,489,420	22,098,892,937	5,949,749,555
Non-current assets				6,254,245,328
Restricted cash	14	126,197,522	140,411,489	-
Investment in subsidiaries, net	19	-	-	38,167,840,230
Investment in associates, net	19	215,221,044	90,028,989	49,670,000
Investment in other companies, net	15	293,322,895	293,322,895	240,740,500
Investment property, net	20	55,486,398	53,356,398	-
Property, plant and equipment, net	21	73,819,258,824	65,377,511,840	10,879,029,207
Goodwill, net	22	11,403,093,656	12,428,009,264	-
Intangible assets, net	23	20,226,469,774	5,119,317,325	313,550,799
Deferred income tax assets	24	7,436,077,416	7,775,106,590	3,075,967,446
Other non-current assets	25	973,552,229	899,965,372	349,324,851
Total non-current assets		114,548,679,758	92,177,030,162	53,076,123,033
Total assets		151,518,169,178	114,275,923,099	59,025,872,588
				51,613,367,454

The accompanying notes on pages 8 to 85 are an integral part of these financial statements.

True Corporation Public Company Limited
 Statements of Financial Position
 As at 31 December 2011 and 2010

Notes	Consolidated		Company	
	(Restated)			
	31 December 2011 Baht	31 December 2010 Baht	31 December 2011 Baht	31 December 2010 Baht
Liabilities and shareholders' equity				
Current liabilities				
Short-term borrowings	26	365,952,109	625,925,230	-
Trade and other payables	27	29,154,076,928	18,568,994,762	2,281,818,799
Current portion of long-term borrowings	26	6,896,129,467	7,170,770,534	4,000,000,000
Income tax payable		379,433,716	346,044,985	-
Other current liabilities	28	4,013,469,412	3,237,422,877	347,065,453
Total current liabilities		40,809,061,632	29,949,158,388	6,628,884,252
				6,465,726,095
Non-current liabilities				
Long-term borrowings	26	77,976,289,615	64,675,353,444	23,415,833,417
Long-term borrowings from subsidiary	42	-	-	3,249,645,380
Long-term trade accounts payable	29	36,320,148	-	36,320,148
Deferred income tax liabilities	24	4,634,507,648	1,635,738,967	272,716,265
Liabilities under agreements for operation	30	3,640,166,195	4,123,452,408	-
Employee benefits obligations	31	865,701,056	-	264,926,628
Other non-current liabilities	32	2,086,779,651	2,184,833,617	297,256,168
Total non-current liabilities		89,239,764,313	72,619,378,436	27,536,698,006
				28,998,251,210
Total liabilities		130,048,825,945	102,568,536,824	34,165,582,258
				35,463,977,305
Shareholders' equity				
Share capital	33			
Authorised share capital				
Common shares, 15,333,207,033				
shares of par Baht 10 each		153,332,070,330	153,332,070,330	153,332,070,330
				153,332,070,330
Issued and fully paid-up share capital				
Common shares, 14,503,179,151 shares				
of paid-up Baht 10 each		145,031,791,510		145,031,791,510
Common shares, 7,775,742,403 shares				
of paid-up Baht 10 each			77,757,424,030	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				
Common shares		(85,987,465,996)	(31,827,900,481)	(85,987,465,996)
Retained earnings (deficit)				
Appropriated legal reserve	34	34,880,969	34,880,969	34,880,969
Deficit		(48,206,800,515)	(44,838,625,693)	(45,650,962,615)
Other components of equity		(1,527,107,269)	(1,418,690,248)	-
Equity attributable to owners of the parent		20,777,345,161	11,139,135,039	24,860,290,330
Non-controlling interests	35	691,998,072	568,251,236	-
Total shareholders' equity		21,469,343,233	11,707,386,275	24,860,290,330
				16,149,390,149
Total liabilities and shareholders' equity		151,518,169,178	114,275,923,099	59,025,872,588
				51,613,367,454

The accompanying notes on pages 8 to 85 are an integral part of these financial statements.

True Corporation Public Company Limited
 Statements of Comprehensive Income
 For the years ended 31 December 2011 and 2010

Notes	Consolidated		Company	
	(Restated)		31 December 2011 Baht	31 December 2011 Baht
	31 December 2010 Baht	31 December 2010 Baht		
Revenues	8			
Revenues from telephone and other services	65,132,461,761	59,062,426,426	11,713,986,665	12,041,637,257
Revenues from product sales	6,805,156,243	3,316,041,315	44,962,296	97,654,905
Total revenues	71,937,618,004	62,378,467,741	11,758,948,961	12,139,292,162
Costs				
Cost of providing services	46,045,350,064	39,976,479,809	5,636,406,177	5,852,709,371
Cost of sales	5,881,482,799	2,903,936,213	41,752,422	87,352,445
Total costs	51,926,832,863	42,880,416,022	5,678,158,599	5,940,061,816
Gross profit	20,010,785,141	19,498,051,719	6,080,790,362	6,199,230,346
Other income	41	12,838,087,391	640,153,259	707,055,067
Selling expenses		(6,247,834,378)	(4,466,127,935)	(415,696,826)
Administrative expenses		(9,689,442,983)	(7,892,997,293)	(3,024,840,809)
Other expenses	19, 22	(1,283,684,375)	(447,848,772)	(3,291,120,318)
Share of results in associates	19	46,922,026	40,405,614	-
Finance costs, net	10	(14,971,145,945)	(5,693,409,889)	(2,390,129,885)
Profit (loss) before income tax	703,686,877	1,678,226,703	(2,333,942,409)	921,290,123
Income tax	11	(3,439,600,404)	(577,980,832)	(1,805,101,168)
Profit (loss) for the year	(2,735,913,527)	1,100,245,871	(4,139,043,577)	594,909,056
Other comprehensive income (expense):				
Exchange differences on translating financial statements		11,561,021	27,032	-
Actuarial loss		(31,567,060)	-	(19,390,283)
Total comprehensive income (expense) for the year	(2,755,919,566)	1,100,272,903	(4,158,433,860)	594,909,056
Profit (loss) for the year attributable to:				
Owners of the parent		(2,693,687,333)	1,210,516,751	(4,139,043,577)
Non-controlling interests		(42,226,194)	(110,270,880)	-
Profit (loss) for the year	(2,735,913,527)	1,100,245,871	(4,139,043,577)	594,909,056
Total comprehensive income (expense) for the year attributable to:				
Owners of the parent		(2,713,632,565)	1,210,556,038	(4,158,433,860)
Non-controlling interests		(42,287,001)	(110,283,135)	-
Total comprehensive income (expense) for the year	(2,755,919,566)	1,100,272,903	(4,158,433,860)	594,909,056
Basic and diluted earnings (loss) per share				
attributable to owner of the parent	12			
- Basic		(0.23)	0.17	(0.36)
- Diluted		(0.23)	0.17	(0.36)
				0.08

The accompanying notes on pages 8 to 85 are an integral part of these financial statements.

Attributable to shareholders of the Company											Other components of equity			
											Translating		Total	
Issued and fully paid-up		Premium		Discount		Legal		Share		financial		Non-		
Preferred shares	Common shares	on shares	on shares	reserve	Deficit	surplus	Baht	Baht	Baht	statement	the parent	owners of	Controlling interest	Total
Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Opening balance as at 1 January 2010														
As previously reported														
Retrospective adjustment from changes in accounting policy (Note 7.1)														(5,811,037)
As restated	6,993,339,820	70,764,084,210	11,432,046,462	(31,827,900,481)	34,880,969	(46,043,331,407)	(1,498,437,901)	104,219,057	9,958,900,729	683,514,771	10,642,435,500			
Additional subscribe in subsidiary														
Conversion of shares (Note 3)														
Additional investment in subsidiary by purchasing shares from non-controlling interest														
Total comprehensive income (expense) for the year (restated)														
Closing balance as at 31 December 2010 (restated)														
As previously reported	77,757,424,030	11,432,046,462	(31,827,900,481)	34,880,969	(44,838,625,693)	(1,522,948,592)	104,258,344	11,139,135,039	568,251,236	11,707,386,275				
Opening balance as at 1 January 2011														
As previously reported	77,757,424,030	11,432,046,462	(31,827,900,481)	34,880,969	(44,838,625,693)	(1,522,948,592)	104,258,344	11,139,135,039	568,251,236	11,707,386,275				
Retrospective adjustment from changes in accounting policies (Note 7.1)														
Correction of error (Note 7.2)														
As restated														
Effect from changes in accounting policy (Note 7.1)														
Balance after adjusted														
Issue of common shares (Note 3)														
Acquisition of subsidiaries (Note 41)														
Additional investment in subsidiary														
Additional investment in subsidiary by purchasing shares from non-controlling interest														
Dilution in non-controlling interest														
Dividend paid to non-controlling interest														
Actuarial losses														
Total comprehensive income (expense) for the year														
Closing balance as at 31 December 2011														
The accompanying notes on pages 8 to 85 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 2011 and 2010

Company							
Issued and fully paid-up				Legal reserve			
Preferred shares	Common shares	Premium on shares	Discount on shares	Legal reserve	Deficit	Total Baht	
Baht	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	-	-	-	-		
Conversion of shares (Note 33)							
Total comprehensive income for the year						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 2011	-	77,757,424,030	11,432,046,462	(31,827,900,481)	34,880,969	(41,247,060,831)	
As previously reported							
Retrospective adjustment from changes in accounting policy (Note 7.1)						(245,467,924)	
-	-	-	-	-	-	(245,467,924)	
-	77,757,424,030	11,432,046,462	(31,827,900,481)	34,880,969	(41,492,528,755)	15,903,922,225	
-	6,274,367,480	-	(54,159,565,515)	-	-	13,114,801,965	
As restated							
Issue of common shares (Note 33)						(19,390,283)	
Actuarial loss						(4,139,043,577)	
Total comprehensive expense for the year						(4,139,043,577)	
Closing balance as at 31 December 2011	145,031,791,510	11,432,046,462	(85,987,465,996)	34,880,969	(45,650,962,615)	24,860,290,330	

The accompanying notes on pages 8 to 85 are an integral part of these financial statements.

True Corporation Public Company Limited
 Statements of Cash Flows
 For the years ended 31 December 2011 and 2010

	Consolidated		Company	
	(Restated)			
	Notes	31 December	31 December	31 December
		2011	2010	2011
		Baht	Baht	Baht
Cash flows from operating activities	36	4,630,003,494	9,268,550,869	3,257,123,473
Cash flows from investing activities				
Withdrawal in restricted cash		184,682,707	169,755,238	332,658,603
Withdrawal (deposit) in short-term investments		5,105,049	(317,631,773)	19,555,641
Loans made to subsidiaries and joint venture		-	(4,400,036)	-
Acquisition of property, plant and equipment		(10,375,609,845)	(7,154,361,277)	(317,103,760)
Acquisition of intangible assets		(645,232,691)	(328,324,536)	(14,550,707)
Acquisition of investment property	20	(2,130,000)	-	-
Proceeds from loans to subsidiary		-	-	850,000,000
Investment in subsidiaries and associate	19	(81,000,000)	-	(25,489,973,962)
Proceeds from sale of investment in subsidiaries	19	-	-	10,904,161,545
Acquisition of subsidiaries, net of cash acquired	41	(6,015,869,487)	-	-
Investments in other company		-	(400,000)	-
Proceeds from sale of investment in associate	19	146,135,166	-	-
Proceeds from liquidation of investment in subsidiary		-	1,572,497	-
Proceeds from disposals of property, plant and equipment and intangible assets		274,342,960	696,879,957	4,159,472
Dividends received	42	2,729,971	-	585,124,975
Net cash (used in) received from investing activities		(16,506,846,170)	(6,936,909,930)	(13,975,968,193)
Cash flows from financing activities				
Issue of common shares	33	13,114,801,965	-	13,114,801,965
Capital contributions from holder of non-controlling interest	35	9,847,220	6,001,429	-
Dividend paid to non-controlling interest	35	(12,954,330)	-	-
Addition investment in subsidiary				
by purchasing shares from non-controlling interest	19	(114,821,716)	(35,512,520)	-
Proceeds from short-term borrowings		7,885,336,469	2,901,233,514	1,277,803,420
Proceeds from borrowings, net of cash paid for debt issuance cost	26	40,750,941,452	15,982,187,648	1,793,812,517
Repayments on short-term borrowings		(8,115,856,162)	(4,605,308,284)	(1,477,803,420)
Repayments on borrowings		(34,745,494,896)	(16,955,424,291)	(3,891,335,981)
Net cash received from (used in) financing activities		18,771,800,002	(2,706,822,504)	10,817,278,501
Net increase (decrease) in cash and cash equivalents		6,894,957,326	(375,181,565)	98,433,781
Opening balance		4,540,534,599	4,916,296,012	251,655,478
Effects of exchange rate changes		12,200,376	(579,848)	-
Closing balance		11,447,692,301	4,540,534,599	350,089,259
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 2011 amounting to Baht 2,090.77 million (2010: Baht 943.92 million) and Baht 2,815.56 million (2010: Baht 1,053.15 million), respectively.

The accompanying notes on pages 8 to 85 are an integral part of these financial statements.

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"), Mobile Phone 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 28 February 2012.

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; and
 - 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 be expired 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 be expired 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 be expired 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 be expired 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 be expired 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 be expired 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

On 5 February 2010, the Group's joint venture, Asia Infonet Co., Ltd. ("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 will be expired on 4 February 2015.

On 19 May 2011, a subsidiary, True International Gateway Co., Ltd. ("TIG") was granted a Type II, renewal 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 be expired on 18 May 2016.

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 be expired on 22 June 2014.

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 be expired on 17 August 2014.

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

Mobile Phone 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 Telecom Public Company Limited ("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 stipulated in the agreement whichever is higher (Note 38.3). 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.

On 27 January 2011, a subsidiary, Hutchison CAT Wireless MultiMedia Limited ("HCAT") entered into an agreement with CAT to maintain subscribers under the Cellular Digital AMPS 800 Band A System. Under the terms and conditions of the agreement, both parties agreed to carry on telecommunication service under the Code Division Multiple Access ("CDMA") technology for at least 2 years before switch to High Speed Packet Access ("HSPA") technology. HCAT obliged to maintain the distribution channel of CDMA handset, CDMA telecommunication services, after sale services and promotion to induce the customers to switch to HSPA technology. As consideration of providing such services, HCAT entitles to receive a revenue as stipulated in the agreement.

On 27 January 2011, a subsidiary, BFKT (Thailand) Limited ("BFKT") entered into an agreement with CAT to lease telecommunication equipment under CDMA and HSPA technologies for the term of 2 years and 14.5 years, respectively. Under the terms and conditions of CDMA agreement, BFKT has to provide telecommunication equipment for mobile services using CDMA technology for 2 years. Under the terms and conditions of HSPA agreement, BFKT has certain commitments including acquiring, installing, managing, and maintaining all equipment necessary to provide mobile phone service using HSPA technology according to the capacity stipulated in the agreement for the period of 14.5 years. As consideration of providing such services, BFKT entitles to receive a revenue as stipulated in the agreement.

On 16 December 2010 and 24 June 2011, a subsidiary, Real Move Co., Ltd. ("RMV") was granted Type I licences by NTC for resale mobile and internet, respectively. RMV is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licences. The licences will be expired on 15 December 2015. Subsequently, on 27 January 2011, RMV entered into a re-sales and wholesales agreement with CAT ("the Agreement"). Under the terms and conditions of the Agreement, RMV provides mobile phone services using HSPA technology wholesale from CAT for the period of 14.5 years.

The Group has placed letters of guarantee issued by certain local banks in favour of CAT totalling Baht 2,198.08 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 be expired 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 38.3). 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 the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year. To comply with the announcement of Department of Business Development Regulation date 7 November 2011 in relation to the format of financial statements B.E. 2554, the Group reclassified trade and other receivables and payables for 2010 as follows:

	Consolidated 31 December 2010 Baht	Company 31 December 2010 Baht
Trade and other receivables		
As previously reported		
Trade accounts receivable, net	8,528,936,650	4,160,791,953
Advance to contractors (included in "Other current assets")	975,476,907	76,000
Prepaid expenses (included in "Other current assets")	617,474,033	110,118,196
Interest receivable (included in "Other current assets")	55,247,732	38,009,693
Other receivable (included in "Other current assets")	290,001,759	75,565,278
Trade and other receivables	10,467,137,081	4,384,561,120
Trade and other payables		
As previously reported		
Trade accounts payable	6,998,174,815	821,428,931
Unearned income	3,036,249,576	64,130,134
Accrued expenses	7,683,956,318	1,138,214,692
Other payables (included in "Other current liabilities")	850,614,053	109,972,281
Reclassified to:		
Trade and other payables	18,568,994,762	2,133,746,038

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. Accounting policies (Cont'd)

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

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

Effective for the periods beginning on or after 1 January 2011 and adopted by the Group

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
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
TSIC 31	Revenue-Barter Transactions involving Advertising Services

TAS 1 (Revised 2009), the revised standard will prohibit the presentation of items of income and expenses in the statement of changes in equity, requiring "non-owner change in equity" to be presented separately from owner changes in equity. Entities can choose whether to present one statement (the statement of comprehensive income) or two statements (the income statement 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 accounting periods without the statement of financial position as at the beginning comparative period. The Group has adopted TAS 1 (Revised 2009) from 1 January 2011. However, the Group chose to present one statement (the statement of comprehensive income).

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)

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

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 has adopted this standard from 1 January 2011. The effect from adoption of this revised standard is shown in Note 7.1.

TAS 19 deals 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 profit or loss. Actuarial gain or loss for other long-term employee benefit shall recognise in or profit or loss. The Group has adopted this standard from 1 January 2011. The effect from adoption of this standard is shown in Note 7.1.

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 has adopted the standard 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 to 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 has adopted 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 profit or loss. The Group has adopted the revised 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 profit or loss. The Group has adopted the revised standard from 1 January 2011.

TAS 40 (Revised 2009), the revised standard has specific presentation and measurement requirements for investment property. The Group has to present an investment property separately in the statement of financial position. The entity can choose to measure it using either the cost model or the fair value model. Under the fair value model, any change in fair value are recognised in profit or loss. The Group has adopted the standard with effect from 1 January 2011. The Group applied cost model measurement that there is no impact from 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)

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

TFRS 2 this deals with accounting for transactions in which an entity receives goods or services as consideration for either

- Equity instrument of the entity (equity-settled) which is recognised as equity: or
- Cash or other assets, the amount which is based on the price or value of the entity's share (cash-settled) that is recognised as liability.

The measurement of the transaction is based on the fair value of the goods or service received. The equity-settled transactions are not re-measured once the grant date fair value has been determined. The cash-settled transaction required to be re-measured at the date of each statement of financial position and at the date of settlement with change in fair value recognised in profit or loss. In addition, the standard requires extensive disclosure. The Group has adopted this standard with effect from 1 January 2011. For cash-settled transaction, the Group applies the standard prospectively to the share-base payment transaction grant after 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 profit or loss. 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 applied the revised standard prospectively to all business combination from 1 January 2011.

b) New accounting standards and amendments to accounting standards that are not yet effective.

Effective for the periods beginning on or after 1 January 2013

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
TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Change in the Tax Status of an Entity or its Shareholders

TAS 21 (Revised 2009), the revised standard requires an entity to determine its functional currency which is the currency of the primary economic environment in which the entity operates. Foreign currency transactions are required to be translated into functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translations and from translation at year-end exchange rate of monetary items denominated in foreign currency are recognised in profit or loss. The results and financial positions of all the Group entities that have a functional currency different from the presentation currency are translated in the presentation currency as follows: (a) assets and liabilities are translated at the closing rate at the date of that statement of financial position: (b) income and expenses are translated at the exchange rate at the date of the transaction: and (c) all resulting exchange differences are recognised in the statement of comprehensive income. The Group will apply this standard with effect from 1 January 2013. The application of the standard will be accounted for retrospectively. The management is currently assessing the impact of applying this standard.

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 de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Investment in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net asset acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group of companies are eliminated; unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A list of the Group's principal subsidiaries are set out in Note 19.

b) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of the entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

3. Accounting policies (Cont'd)

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

c) 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 statements, the Group's investment in associates include 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 profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. 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. Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

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 are set out in Note 19.

d) 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 19.

3. Accounting policies (Cont'd)

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.

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the statement of financial position date. Gains and losses resulting from the settlement of foreign currency transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit or loss.

Translation differences on investments in debt securities and other monetary financial assets measured at fair value are included in foreign exchange gains and losses. Translation differences on non-monetary items such as investments in equity securities held for trading are reported as part of the fair value gain or loss. Translation differences on available-for-sale investments in equity securities are included in the revaluation reserve in equity.

The statements of comprehensive income and cash flows of foreign entities are translated into the Group's reporting currency at the weighted average exchange rates for the year and statement of financial position are translated at the exchange rates ruling on the end of reporting period. Currency translation differences arising from the retranslation of the net investment in foreign entities are taken to shareholders' equity. On disposal of a foreign entity, accumulated exchange differences are recognised in the statement of comprehensive income as part of the gain or loss on sale.

3.5 Cash and cash equivalents

In the consolidated and Company statements of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated and Company statements of financial position, bank overdrafts are shown within borrowings in current liabilities.

3.6 Investments

Investments other than investments in subsidiaries, associates and interests in joint ventures are classified into the following four categories: (1) trading investments; (2) held-to-maturity investments; (3) available-for-sale investments; and (4) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

1. 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.
2. 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 non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.
3. Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.
4. Investments in non-marketable equity securities are classified as general investments.

3. Accounting policies (Cont'd)

3.6 Investments (Cont'd)

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments and available-for-sale investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

General investments are carried at cost less impairment loss.

A test for 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 profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Company'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 end of each reporting date. Bad debts are written-off during the year in which they are identified and recognised in profit or loss 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. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimation of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

3.9 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Land held under operating leases is classified and accounted for by the Group as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs are incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

3. Accounting policies (Cont'd)

3.10 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. 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 allocate their costs to their residual values over their estimated useful lives, or the lease term.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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 follows:

	Years
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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

3. Accounting policies (Cont'd)

3.11 Leases - where a Group Company is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant or equipment where the Group has substantially all the 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 property and 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 other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

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 statement of financial position. 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 undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is separately reported in the consolidated statement of financial position.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. 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 groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

3. Accounting policies (Cont'd)

3.13 Intangible assets

(a) Computer software development costs

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed ten years.

(b) Copyright

Copyright arisen 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 statement of financial position 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 planed broadcast but not exceeding 5 years. Amortisation of film and program rights is included in "Cost of providing services".

3. Accounting policies (Cont'd)

3.13 Intangible assets (Cont'd)

(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 statement of financial position 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) Service contract

Under the subsidiary's service contract, the service contract represented the present value of the service revenue receivable over the agreement period. The service contract is presented in the consolidated statement of financial position as an intangible asset and are amortised using the straight-line method over the agreement period. The amortisation of service contract is included in "Cost of providing services". The service contract is not re-valued subsequent to initial recognition but are reviewed annually for impairment.

(h) 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 subjected 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. The recoverable amount 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 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period 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 only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

3.17 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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 end of reporting date.

3. Accounting policies (Cont'd)

3.18 Provisions

Provisions for environmental restoration, restructuring costs and legal claims 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 the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

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.

Legal severance pay

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other component of equity in the period in which they arise.

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 statement of financial position 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 statement of financial position 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 statement of financial position 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.

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.

3. Accounting policies (Cont'd)

3.21 Revenue recognition (Cont'd)

Pay-TV business (Cont'd)

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 a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain exposures.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. The 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 and non-derivative financial instruments, and investment excess liquidity.

4. Financial risk management (Cont'd)

4.1 Financial risk factors (Cont'd)

(a) Foreign exchange rate risk

Purchases of network equipment are mainly made in foreign currencies, primarily in US Dollars. 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 derivative 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 fee 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 profit or loss.

Disclosures about derivative financial instruments to which the Group is a party are provided in Note 37.

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 end of reporting 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 the end of each reporting period. 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 end of each reporting period.

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 26 and Note 37.

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 the end of reporting 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 end of reporting date. The change in the discount rate would impact the fair value of the borrowings.

5.6 Employee benefit

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for employee benefit include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of employee benefit obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the Group considers the market yield of high-quality government bonds that are denominated in the currency in which the benefits will be paid.

5.7 Service contract

The present value of the service contract is calculated from the discounted cash flow of estimated revenue from service agreement using a discount rate based upon the Group's Weighted Average Cost of Capital ("WACC"). Any change in these assumptions will have an impact on the carrying amount of service contract.

If the estimated WACC used in determining the discount rate applied to the discounted cash flows varied by 1%, the value of service contract would be varied by 15%.

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.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

7. Summary of significant accounting policies and correction of accounting error

7.1 Summary of significant accounting policies

The effects of the adoption of the new and revised standards are presented as follows:

	Consolidated	Company
	Baht Million	Baht Million
Statement of financial position as at 1 January 2010		
Increase in Property, plant and equipment, net	9.92	-
Decrease in Deferred income tax liabilities	(2.49)	-
Increase in Other provisions (presented in "Other non-current liabilities")	18.22	-
Increase in Deficit	5.81	-
Statement of financial position as at 31 December 2010		
Increase in Property, plant and equipment, net	9.38	-
Decrease in Deferred income tax liabilities	(2.98)	-
Increase in Other provisions (presented in "Other non-current liabilities")	19.30	-
Increase in Deficit	6.95	-
Statement of comprehensive income for the year ended 31 December 2010		
Increase in Cost of providing services	0.70	-
Increase in Finance costs	0.92	-
Decrease in Income tax expense	(0.48)	-
Other comprehensive income	-	-
Basic earnings per share	-	-
Diluted earnings per share	-	-
Statement of financial position as at 1 January 2011		
Increase in Property, plant and equipment, net	9.38	-
Increase in Deferred income tax assets	43.64	-
Decrease in Deferred income tax liabilities	(2.98)	-
Increase in Other provisions (presented in "Other non-current liabilities")	19.30	-
Increase in Employee benefits obligations (Note 31)	686.64	245.47
Increase in Deficit	649.93	245.47

7.2 Correction of accounting error

During the first quarter of 2011, the 99.25% owned subsidiary discovered an error from tax base depreciation calculation which has impact to the overstatement of deferred income tax assets for the year of 2010 of Baht 755.46 million. The subsidiary made adjustments by retrospective. The impacts from the correction of this error can be summarised as follows:

	Consolidated
	Baht Million
Statement of financial position as at 31 December 2010	
Decrease in Deferred income tax assets	755.46
Decrease in Non-controlling interests	8.22
Increase in Deficit	747.24
Statement of comprehensive income for the year ended 31 December 2010	
Increase in Income tax expense	755.46
Decrease in Non-controlling interests	8.22
Decrease in Profit for the year	747.24
Basic earnings per share (Baht)	0.11
Diluted earnings per share (Baht)	0.10

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

8. Consolidated segment information

Primary reporting format - business segments

For the year ended 31 December 2011	Baht : Million				
	Wireline	Wireless	Pay-TV	Eliminate	Group Consolidated
Revenues:					
Gross segment revenues	28,102.30	41,365.94	9,857.01	-	79,325.25
Inter-segment revenues	(5,662.71)	(1,263.91)	(461.03)	-	(7,387.65)
Revenues	<u>22,439.59</u>	<u>40,102.03</u>	<u>9,395.98</u>	<u>-</u>	<u>71,937.60</u>
Operating results	4,059.69	(900.79)	1,422.11	(1,176.34)	3,404.67
Finance costs					(14,971.15)
Share of results in associates					46.92
Gain on bargain purchase (Note 41)					12,077.10
Gain on sale of investment					146.14
Profit before income tax					703.68
Income tax					(3,439.60)
Loss before non-controlling interest					(2,735.92)
Non-controlling interest					42.23
Loss for the year					<u>(2,693.69)</u>
Segment assets	51,665.44	79,458.43	19,830.27	-	150,954.14
Investments in joint ventures, associates and other					564.03
Consolidated total assets					<u>151,518.17</u>
Segment liabilities	48,590.54	61,110.65	20,347.64	-	130,048.83
Capital expenditure	5,815.41	7,941.79	2,950.21	287.81	16,995.22
Depreciation and amortisation	5,936.36	6,048.07	2,441.09	(117.62)	14,307.90

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

8. Consolidated segment information (Cont'd)

Primary reporting format - business segments

For the year ended 31 December 2010	Baht : Million				
	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>62,378.46</u>
Operating results	3,961.34	1,879.93	1,559.41	(69.45)	7,331.23
Finance costs					(5,693.41)
Share of results in associates					40.41
Profit before income tax					1,678.23
Income tax					(577.98)
Profit before non-controlling interest					1,100.25
Non-controlling interest					110.27
Profit for the year					<u>1,210.52</u>
Segment assets	52,197.56	42,620.77	19,020.88	-	113,839.21
Investments in joint ventures, associates and other					436.71
Consolidated total assets					<u>114,275.92</u>
Segment liabilities	46,453.28	36,395.70	19,719.56	-	102,568.54
Capital expenditure	4,651.35	2,020.05	2,121.26	45.13	8,837.79
Depreciation and amortisation	5,905.44	4,229.58	2,378.48	(45.55)	12,467.95

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, resell of 3G services using HSPA technology, network equipment rental services and 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 21) and intangible assets (Note 23), including additions resulting from acquisition through business combinations (Note 21, Note 23 and Note 41).

The Group operates only in Thailand. Therefore, no geographical segments are reported under the secondary reporting format.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

9. Expenses by nature

The following items have been included in arriving at operating results:

For the years ended 31 December	Consolidated		Company	
	(Restated)		2011 Baht Million	2010 Baht Million
	2011 Baht Million	2010 Baht Million		
Regulatory cost and network expenses	21,377.58	18,112.28	2,549.80	2,589.08
Staff costs	8,465.60	7,255.07	2,170.88	2,203.07
Selling, advertising and publicity	3,271.78	2,527.91	173.78	197.70
Doubtful accounts	1,124.72	1,235.14	306.09	289.53
Depreciation of property, plant and equipment				
- owned assets	9,441.41	8,774.91	1,792.82	2,023.03
- owned assets (vehicles)				
leased out under operating leases	295.62	233.49	-	-
- leased assets under finance leases	1,409.85	1,398.16	-	-
Amortisation of intangible assets				
- Intangible assets	3,161.02	2,061.38	123.00	152.73
- Others	179.98	183.31	-	-
Impairment				
- Property, plant and equipment	51.27	49.97	2.31	-
- Intangible assets	21.90	-	-	-
- Goodwill	1,024.92	-	-	-

10. Finance costs

For the years ended 31 December	Consolidated		Company	
	(Restated)		2011 Baht Million	2010 Baht Million
	2011 Baht Million	2010 Baht Million		
Interest expense	9,290.50	6,100.50	1,845.28	1,870.62
Foreign exchange loss (gain)	4,254.90	(1,700.61)	432.46	97.34
Other financial fees	1,425.74	1,293.52	112.39	150.80
Total finance costs	14,971.14	5,693.41	2,390.13	2,118.76

11. Income tax

For the years ended 31 December	Consolidated		Company	
	(Restated)		2011 Baht Million	2010 Baht Million
	2011 Baht Million	2010 Baht Million		
Current tax	594.66	570.31	-	-
Deferred income tax:				
Origination and reversal of temporary differences	2,198.55	7.67	491.44	326.38
Impact of change in tax rate	646.39	-	1,313.66	-
Income tax	3,439.60	577.98	1,805.10	326.38

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

11. 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	
	(Restated)		2011 Baht Million	2010 Baht Million
	2011 Baht Million	2010 Baht Million		
Profit (loss) before income tax	703.69	1,678.23	(2,333.94)	921.29
Tax calculated at the tax rate of 30% (2010: 30%)	211.11	503.47	(700.18)	276.39
Income not subject to tax	-	-	(175.54)	(90.42)
Expenses not deductible for tax purposes	(4,776.69)	(1,391.12)	(2,560.13)	(36.98)
Current year tax losses for which no deferred tax asset was recognised	8,272.76	1,570.07	3,927.29	177.39
Utilisation of previously unrecognised deferred tax asset from tax losses	(899.89)	(92.32)	-	-
Associates results reported net of tax	(14.08)	(12.12)	-	-
Impact of change in tax rate	646.39	-	1,313.66	-
Income tax	3,439.60	577.98	1,805.10	326.38

On 11 October 2011, the Thai Cabinet has passed a resolution to reduce the corporate income tax rate from 30% to 23% for the year 2012 and to 20% for the year 2013 onward. The Royal Decree No. 530, B.E. 2554 dated 21 December 2011 promulgated that the tax rate for 2012 will be 23% and 2013 - 2014 will be 20%. In January 2012, the Thai Federation of Accounting Profession ("FAP") has issued a clarification about the change in corporate income tax rate. FAP believed that it is highly probable that the Thai government will amend the tax rate for 2015 onwards to the rate not more than 20%. According to this clarification from FAP, the deferred income tax that expected to be reversed in 2012 and 2013 onwards are re-measured using the tax rate of 23% and 20%, respectively. The impacts were recognised as income tax expenses for the year ended 2011 except for the deferred income tax which recognised through the shareholders' equity, the impact from the change in tax rate is recognised in the other comprehensive income. The reduction of the tax rate resulted in the decrease in deferred tax assets and deferred tax liabilities of the Group and the Company as at 31 December 2011 of Baht 646.39 million and Baht 1,313.66 million, respectively, of which were recognised as income tax expense in the year 2011.

Further information about deferred income tax is presented in Note 24.

12. Basic and diluted earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to common shareholders by the weighted average number of common shares outstanding during the year (2011: 11,627.89 million shares and 2010: 7,120.48 million shares).

	Consolidated		Company	
	2011	(Restated) 2010	2011	2010
Profit (loss) attributable to shareholders (Baht Million)	(2,693.69)	1,210.52	(4,139.04)	594.91
Weighted average number of common shares in issue (million shares)	11,627.89	7,120.48	11,627.89	7,120.48
Basic earnings loss per share (Baht)	(0.23)	0.17	(0.36)	0.08

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

12. 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 71.20 million units of stock options (2010: 88.55 million units) on an as-if-converted method.

	Consolidated		Company	
	2011	(Restated) 2010	2011	2010
Profit (loss) used to determine diluted earnings per share (Baht Million)	(2,693.69)	1,210.52	(4,139.04)	594.91
Weighted average number of common shares for diluted earnings per share (million shares)	11,699.09	7,209.02	11,699.09	7,209.02
Diluted earnings (loss) per share (Baht)	(0.23)	0.17	(0.36)	0.08

13. Cash and cash equivalents

As at 31 December	Consolidated		Company	
	2011 Baht Million	2010 Baht Million	2011 Baht Million	2010 Baht Million
Cash on hand	784.50	1,365.26	21.67	28.06
Deposits held at call with banks	8,915.63	2,643.42	228.51	145.61
Short-term investments				
- Debt securities	1,747.56	531.85	99.91	77.99
	11,447.69	4,540.53	350.09	251.66

14. Restricted cash

Restricted cash consist of:

As at 31 December	Consolidated		Company	
	2011 Baht Million	2010 Baht Million	2011 Baht Million	2010 Baht Million
Current	997.85	1,168.32	187.39	520.05
Non-current	126.20	140.41	-	-
	1,124.05	1,308.73	187.39	520.05

Current:

As at 31 December	Consolidated		Company	
	2011 Baht Million	2010 Baht Million	2011 Baht Million	2010 Baht Million
Saving deposits	624.89	804.36	0.36	0.36
Time deposits	372.96	363.96	187.03	519.69
	997.85	1,168.32	187.39	520.05

Effective interest rate for saving and time deposits are 1.70% and 2.16% per annum, respectively.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

14. Restricted cash (Cont'd)

The consolidated restricted cash included a subsidiary's cash advanced from customers amount of Baht 396.46 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	
	2011	2010	2011	2010
	Baht Million	Baht Million	Baht Million	Baht Million
Saving deposits	75.87	81.00	-	-
Time deposits	50.33	59.41	-	-
	126.20	140.41	-	-

These deposits are pledged as collateral with the contracted parties.

15. Investments

As at 31 December	Consolidated		Company	
	2011	2010	2011	2010
	Baht Million	Baht Million	Baht Million	Baht Million
Current	400.73	426.23	334.00	336.49
Non-current	293.32	293.32	240.74	240.74
Total	694.05	719.55	574.74	577.23
Current:				
Time deposits	0.61	3.21	-	-
Held-to-maturity - Debt securities	334.00	336.49	334.00	336.49
Trading securities - Equity securities	66.12	86.53	-	-
Total current investments	400.73	426.23	334.00	336.49

Movement of current investment

For the year ended 31 December 2011	Consolidated		Company	
	Baht Million	Baht Million	Baht Million	Baht Million
Opening net book value		426.23		336.49
Additions		1,936.35		1,206.95
Disposals		(1,989.03)		(1,213.00)
Reclassifications		22.92		-
Interest received		3.91		3.56
Fair value adjustment		0.35		-
Closing net book value		400.73		334.00

Held-to-maturity- Debt securities mainly are Treasury Bill which have effective interest rate at 3.54% per annum.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

15. Investments (Cont'd)

As at 31 December	Consolidated		Company	
	2011 Baht Million	2010 Baht Million	2011 Baht Million	2010 Baht Million
Non-current:				
General investments				
- Non-marketable equity securities	293.32	293.32	240.74	240.74
Total	293.32	293.32	240.74	240.74

Movement of general investments

For the year ended 31 December 2011	Consolidated		Company	
	Baht Million		Baht Million	
Opening net book value		293.32		240.74
Additions		-		-
Closing net book value		293.32		240.74

16. Trade account and other receivables

As at 31 December	Consolidated		Company	
	2011 Baht Million	2010 Baht Million	2011 Baht Million	2010 Baht Million
Receivable from TOT	546.71	484.17	546.71	484.17
Billed customers	10,732.63	9,099.60	2,650.10	2,690.74
Receivables and accrued income from related parties (Note 42)	1,752.20	1,008.27	2,156.51	2,186.23
Trade accounts receivable	13,031.54	10,592.04	5,353.32	5,361.14
Accrued income	4,589.86	3,306.69	1,579.90	1,346.39
Total trade accounts receivable	17,621.40	13,898.73	6,933.22	6,707.53
<u>Less</u> Allowance for doubtful accounts	(6,392.96)	(5,369.80)	(2,814.71)	(2,546.74)
Trade accounts receivable, net	11,228.44	8,528.93	4,118.51	4,160.79
Advances to contractors	3,098.71	975.48	0.08	0.08
Prepaid expenses	788.18	617.47	130.73	110.12
Other receivable	763.35	290.01	88.71	75.56
Interest receivable	57.83	55.25	38.15	38.01
Trade account and other receivables	15,936.51	10,467.14	4,376.18	4,384.56

Outstanding trade accounts receivable as at 31 December can be analysed as follows:

As at 31 December	Consolidated		Company	
	2011 Baht Million	2010 Baht Million	2011 Baht Million	2010 Baht Million
Current	5,613.44	4,613.25	1,924.19	1,516.56
Less than 3 months	2,102.46	1,270.65	1,068.33	875.48
3 - 6 months	498.85	432.71	446.13	710.28
6 - 12 months	2,019.76	1,777.60	259.48	237.41
More than 12 months	2,797.03	2,497.83	1,655.19	2,021.41
Trade accounts receivable	13,031.54	10,592.04	5,353.32	5,361.14
Accrued income	4,589.86	3,306.69	1,579.90	1,346.39
Total trade accounts receivable	17,621.40	13,898.73	6,933.22	6,707.53
<u>Less</u> Allowance for doubtful accounts	(6,392.96)	(5,369.80)	(2,814.71)	(2,546.74)
Trade accounts receivable, net	11,228.44	8,528.93	4,118.51	4,160.79

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

16. Trade account and other receivables (Cont'd)

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 2011, trade accounts receivable in the consolidated and Company statements of financial position included accrued income from TOT since 1 January 2006, amount of Baht 287.34 million (2010: 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 2011, in the consolidated and Company statements of financial position included accrued income from TOT amount of Baht 228.24 million (2010: Baht 225.72 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.

17. Inventories, net

As at 31 December	Consolidated		Company	
	2011 Baht Million	2010 Baht Million	2011 Baht Million	2010 Baht Million
Spareparts for networks (at cost)	1,203.29	759.41	196.79	262.55
<u>Less</u> Allowance for decline in value	(299.22)	(338.76)	(166.03)	(199.54)
Spareparts for networks, net	904.07	420.65	30.76	63.01
Merchandise (at cost)	868.86	762.20	11.55	45.22
<u>Less</u> Allowance for decline in value	(180.27)	(189.61)	(9.40)	(45.04)
Merchandise, net	688.59	572.59	2.15	0.18
Work in process (at cost)	1.04	0.37	-	-
Goods in transit (at cost)	3.04	3.72	-	-
Inventories, net	1,596.74	997.33	32.91	63.19

During 2011, the reversal of damage and obsolete inventories, net of provision were charged to the consolidated and Company's profit or loss of Baht 48.89 million and Baht 69.16 million, respectively (2010: Baht 69.39 million and Baht 4.09 million, respectively).

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

18. Other current assets

As at 31 December	Consolidated		Company	
	2011 Million Baht	2010 Million Baht	2011 Million Baht	2010 Million Baht
Value added tax pending receipt of tax invoices	1,860.52	831.54	29.54	12.54
Film and program right (Note 23)	656.66	322.65	-	-
Subscriber acquisition cost, net	143.30	75.90	-	-
Deferred regulatory cost	259.54	132.69	-	-
Others	0.35	6.03	0.01	-
	2,920.37	1,368.81	29.55	12.54

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 166.89 million (2010: Baht 146.08 million).

19. Investments in subsidiaries, associates and joint ventures, net

Subsidiary undertakings

Name of subsidiaries	Business	Country of incorporation
Asia DBS Public Company Limited (90.00%)*	DBS system operator	Thailand
Asia Wireless Communication Co., Ltd. (100.00%)*	PCT operator	Thailand
Bangkok Inter Teletech Public Company Limited (99.40%)*	Holding company	Thailand
BFKT (Thailand) Limited (100.00%)**	Mobile equipment Lessor Operator	Thailand
Cineplex Co., Ltd. (100.00%)*	Program production	Thailand
Click TV Co., Ltd. (99.31%)*	Interactive TV business	Thailand
Hutchison CAT Wireless MultiMedia Limited (67.96%)**	Reseller of Cellular Digital AMPS 800 Band A	Thailand
Hutchison MultiMedia Services (Thailand) Limited (100.00%)**	Distribution Center Services	Thailand
Hutchison Telecommunications (Thailand) Company Limited (100.00%)**	Call Center Services	Thailand
Hutchison Wireless MultiMedia Holdings Limited (91.94%)**	Holding Company	Thailand
Internet Knowledge Service Center Co., Ltd. (56.93%)*	Non-government telecommunication	Thailand
K.I.N. (Thailand) Co., Ltd. (100.00%)	Holding company	Thailand
KSC Commercial Internet Co., Ltd. (56.83%)*	Internet services provider	Thailand
MKSC World Dot Com Co., Ltd. (91.08%)*	Internet services and distributor	Thailand
Panther Entertainment Co., Ltd. (99.77%)*	Artist management and related business	Thailand
Real Future Co., Ltd. (100.00%)	Holding company	Thailand
Real Move Co., Ltd. (99.40%)*	Reseller of mobile phone service	Thailand
Samut Pakan Media Corporation Co., Ltd. (99.34%)*	Telecommunication services	Thailand
Satellite Service Co., Ltd. (99.31%)*	Sales and rental of equipment related to Pay Television	Thailand
SM True Co., Ltd. (51.00%)**	Artist management and related business	Thailand
Song Dao Co., Ltd. (99.33%)*	Collection agent	Thailand
Tele Engineering and Services Co., Ltd. (100.00%)*	Content provider	Thailand
Telecom Holding Co., Ltd. (100.00%)	Holding company	Thailand
Telecom International Co., Ltd. (100.00%)*	Holding company	Thailand
Telecom KSC Co., Ltd. (34.39%)*	Non-government telecommunication	Thailand
Thai News Network (TNN) Co., Ltd. (100.00%)**	News Channel	Thailand

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

19. Investments in subsidiaries, associates and joint ventures, net (Cont'd)

Subsidiary undertakings (Cont'd)

Name of subsidiaries	Business	Country of incorporation
True Digital Content & Media Co., Ltd. (98.52%)*	Digital content and marketing media	Thailand
True Digital Media Co., Ltd. (100.00%)*	Advertising sale and agency	Thailand
True Digital Plus Co., Ltd. (100.00%)*	Online game	Thailand
True Distribution and Sales Co., Ltd. (99.32%)*	Distribution Center Services	Thailand
True Information Technology Co., Ltd. (100.00%)*	IT services and training	Thailand
True International Communication Co., Ltd. (99.32%)*	Telecommunication services	Thailand
True International Gateway Co., Ltd. (100.00%)	Telecommunication and internet services	Thailand
True Internet Co., Ltd. (100.00%)	Internet solution provider	Thailand
True Leasing Co., Ltd. (100.00%)	Rental services	Thailand
True Life Plus Co., Ltd. (100.00%)	Telecommunication services reseller	Thailand
True Lifestyle Retail Co., Ltd. (100.00%)*	Internet café and related services	Thailand
True Magic Co., Ltd. (99.99%)	Production and distribution of movie films	Thailand
True Money Co., Ltd. (100.00%)	Payment service centre and electronic card services	Thailand
True Move Co., Ltd. (99.32%)*	Cellular operator	Thailand
True Multimedia Co., Ltd. (91.08%)*	NON-POTS and multimedia services	Thailand
True Music Co., Ltd. (99.29%)*	Content provider	Thailand
True Music Radio Co., Ltd. (69.94%)*	Trading and production of advertising media	Thailand
True Properties Co., Ltd. (100.00%)*	Rental services	Thailand
True Public Communication Co., Ltd. (100.00%)	Telecommunication services	Thailand
True Touch Co., Ltd. (100.00%)*	Call centre services	Thailand
True United Football Club Co., Ltd. (70.00%)**	Football Club and related activities management	Thailand
True Universal Convergence Co., Ltd. (100.00%)*	Telecommunication services	Thailand
True Visions Public Company Limited (99.31%)*	Pay Television	Thailand
True Visions Cable Public Company Limited (98.99%)*	Pay television via cable system	Thailand
True Visions Group Co., Ltd. (100.00%)*	Holding company	Thailand
Wire & Wireless Co., Ltd. (87.50%)	Construction	Thailand
International Broadcasting Corporation (Cambodia) Co., Ltd. (69.52%)*	Dormant	Cambodia
K.I.N. (Thailand) Co., Ltd. (100.00%)*	Holding company	British Virgin Island
Nilubon Co., Ltd. (100.00%)*	Holding company	British Virgin Island
TA Orient Telecom Investment Co., Ltd. (100.00%)*	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	British Virgin Island
Goldsky Co., Ltd. (100.00%)**	Holding company	Republic of Mauritius
Rosy Legend Limited (99.40%)**	Holding company	Republic of Mauritius
Prospect Gain Limited (100.00%)**	Holding company	British Virgin Island
True Internet Technology (Shanghai) Company Limited (100.00%)**	Developing, designing, producing and sale of software products	British Virgin Island
		China

* indirectly owned by the Company

** indirectly owned by the Company and newly acquired

*** indirectly owned by the Company and newly established

19. Investments in subsidiaries, associates and joint ventures, net (Cont'd)

Movement of investments is as follows:

For the years ended 31 December	Consolidated		Company	
	2011 Million Baht	2010 Million Baht	2011 Million Baht	2010 Million Baht
Opening net book value	90.03	49.62	26,905.04	26,548.04
Additional investments	81.00	-	25,489.98	357.00
Disposal (net of impairment loss)	-	-	(14,177.51)	-
Dividend income	(2.73)	-	-	-
Share of results	46.92	40.41	-	-
Closing net book value	215.22	90.03	38,217.51	26,905.04

Investments in subsidiaries at a carrying value of Baht 12,564.75 million are secured against a subsidiary's borrowings (Note 26 and Note 38).

During 2011, the Company made additions investments in Telecom Holding Co., Ltd. ("TH"), True International Gateway Co., Ltd. ("TIG") and True Internet Co., Ltd. ("TI") which are wholly owned subsidiaries, totaling Baht 2,111.21 million, Baht 385.00 million and Baht 150.00 million, respectively. TH used its proceeds to further invest in True Universal Convergence Co., Ltd. and True Lifestyle Retail Co., Ltd.

The Company re-structured its shareholding in the mobile business by purchasing newly issued shares of Real Future Co., Ltd. ("RF") totaling Baht 22,843.77 million and selling its all shares of Bangkok Inter Teletech Public Company Limited at the net book value of Baht 14,155.50 million (net of impairment loss of Baht 8,647.90 million) to RF at the considerations of Baht 10,843.39 million. In addition, selling of its all shares in True International Communication Co., Ltd. at the net book value of Baht 22.00 million to a subsidiary at the considerations of Baht 60.77 million. The net loss from disposal of investment amounting to Baht 3,273.34 million was recognised in the Company profit or loss.

On 25 February 2011 and 16 November 2011, two subsidiaries purchased shares of its subsidiary from non-controlling interest totaling Baht 113.57 million and Baht 1.25 million. These resulted in an increase of its equity interest from 98.57% to 99.31%, and from 97.04% to 98.52%, respectively.

On 26 September 2011, the Extraordinary Shareholders' Meeting of IBC Symphony Co., Ltd., ("IBC"), a subsidiary under True Visions Group, had a resolution to liquidate IBC and has registered the liquidation with the Ministry of Commerce on 26 September 2011. There is no impact to the consolidated financial statements since the investment in IBC has been fully impaired. It is currently under the liquidation process.

On 30 December 2011, a foreign subsidiary disposed its investment in associate company to third party totaling Baht 146.14 million. This investment has been fully provision, therefore; the proceeds of Baht 146.14 million was recognised in the consolidated profit or loss as gain from disposal of investment.

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") (25.82%)*	Music and sound	Thailand
True GS Co., Ltd. ("TGS") (45.00)**	Home shopping	Thailand

* indirectly owned by the Company

** indirectly owned by the Company and newly established

During 2011, a subsidiary invested in True GS Co., Ltd. ("TGS") amounting to Baht 81.00 million, which equivalent to 45.00% of its equity interest. TGS engages in home-shopping business through various media. The Group accounted for as an associate from the date of investment.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

19. Investments in subsidiaries, associates and joint ventures, net (Cont'd)

Associate undertakings (Cont'd)

Investments are comprised of:

	As at 31 December 2011		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	123.45	
Channel [V] Music (Thailand) Co., Ltd.	Music and sound	Shareholder	110.00	25.82	28.60	29.40	
True GS Co., Ltd.	Home shopping	Shareholder	240.00	45.00	81.00	62.37	
Total investment in associates					232.80	215.22	

	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					151.80	90.03	

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 2011		Assets Baht Million	Liabilities Baht Million	Revenues Baht Million	Net profit/(loss) Baht Million
	Associates	% Ownership interest				
NC True Co., Ltd.	40.00	167.26	43.81	204.14	62.90	
Channel [V] Music (Thailand) Co., Ltd.	25.82	34.01	4.22	26.02	2.65	
True GS Co., Ltd.	45.00	89.36	26.99	11.91	(18.63)	
		290.63	75.02	242.07	46.92	

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

19. Investments in subsidiaries, associates and joint ventures, net (Cont'd)

Associate undertakings (Cont'd)

As at 31 December 2010

Associates	Ownership interest	%		Revenues	Net profit
		Baht Million	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
		121.26	30.96	151.48	40.41

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

The following amounts represent the Group's share of the assets, liabilities, revenues and expenses of the joint ventures included in the consolidated statement of financial position and profit or loss:

	2011			2010		
	AI	TIDC	Bboyd	AI	TIDC	Bboyd
	Baht Million					
Cash and restricted cash	7.24	18.17	0.47	4.94	16.04	2.66
Current assets	36.94	38.89	2.42	74.15	34.62	2.16
Non-current assets	0.05	3.30	0.19	3.80	2.51	0.29
Property, plant and equipment, net	0.02	200.71	0.77	0.12	208.02	0.91
Intangible assets, net	0.21	4.46	0.10	0.26	3.37	-
Total assets	44.46	265.53	3.95	83.27	264.56	6.02
Current liabilities	(5.78)	(51.47)	(10.28)	(30.31)	(55.57)	(8.22)
Non-current liabilities	(0.56)	(19.66)	(0.82)	(1.15)	(37.86)	-
Total liabilities	(6.34)	(71.13)	(11.10)	(31.46)	(93.43)	(8.22)
Net assets (liabilities)	38.12	194.40	(7.15)	51.81	171.13	(2.20)
Revenues	11.35	81.90	0.39	4.11	68.96	3.70
Operating results	13.84	(43.17)	(21.35)	(12.93)	(40.66)	(13.60)
Finance income (expense)	0.10	(3.50)	0.02	0.03	(6.40)	0.02
Income tax	(4.93)	(9.22)	-	(1.23)	(15.40)	-
Net profit (loss)	9.01	(55.89)	(21.33)	(14.13)	(62.46)	(13.58)
Depreciation and amortisation	0.14	38.68	0.43	0.51	37.78	0.60
Proportionate interest in joint venture capital commitments	nil	19.39	nil	nil	17.39	nil

There are no contingent liabilities in these joint ventures.

True Corporation Public Company Limited
 Notes to the Consolidated and Company Financial Statements
 For the years ended 31 December 2011 and 2010

19. Investments in subsidiaries, associates and joint ventures, net (Cont'd)

As at 31 December 2011

Business	Relationship	Company			Investment - at cost method	Allowance for impairment	Net investment
		Paid-up capital	Baht Million	% Ownership interest			
Subsidiaries							
Telecom Holding Co., Ltd.	Shareholder	21,066.45	100.00	21,066.45	9,598.64	11,467.81	
Real Future Co., Ltd.	Shareholder	22,844.39	100.00	22,843.77	-	22,843.77	
Rental services	Shareholder	1,285.00	100.00	1,660.00	-	1,660.00	
Internet solution provider	Shareholder	752.80	100.00	689.88	-	689.88	
Telecommunication services reseller	Shareholder	1,775.00	21.73	559.50	-	559.50	
Telecommunication and internet services	Shareholder	436.00	100.00	436.00	-	436.00	
Holding company	Shareholder	352.50	93.62	330.00	299.87	30.13	
Construction	Shareholder	100.00	87.50	292.25	-	292.25	
Payment service center and electronic card services	Shareholder	200.00	49.00	98.00	-	98.00	
Telecommunication services	Shareholder	86.00	100.00	86.00	-	86.00	
Production and distribution of movie films	Shareholder	3.50	100.00	3.50	-	3.50	
Telecommunication services	Shareholder	4,000.00	0.03	1.00	-	1.00	
Total investment in subsidiaries				48,066.35	9,898.51	38,167.84	
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				48,189.55	9,972.04	38,217.51	

True Corporation Public Company Limited
 Notes to the Consolidated and Company Financial Statements
 For the years ended 31 December 2011 and 2010

19. Investments in subsidiaries, associates and joint ventures, net (Cont'd)

As at 31 December 2010

		Company			Allowance for impairment Baht Million			Net investment Baht Million	
	Business	Relationship	Paid-up capital Baht Million	% Ownership interest	Investment - at cost method Baht Million	Allowance for impairment Baht Million			
Subsidiaries									
Telecom Holding Co., Ltd.	Shareholder	18,955.25	100.00	18,955.25	9,598.64	9,356.61			
Bangkok Inter Teletech Public Co., Ltd.	Shareholder	82,678.29	96.44	22,803.40	8,647.90	14,155.50			
Rental services	Shareholder	1,285.00	100.00	1,660.00	-	1,660.00			
True Internet Co., Ltd.	Shareholder	602.80	100.00	539.88	-	539.88			
True Life Plus Co., Ltd.	Shareholder	1,775.00	21.73	559.50	-	559.50			
True International Gateway Co., Ltd.	Shareholder	51.00	100.00	51.00	-	51.00			
True International Communication Co., Ltd.	Shareholder	22.00	100.00	22.00	-	22.00			
K.I.N. (Thailand) Co., Ltd.	Shareholder	352.50	93.62	330.00	299.87	30.13			
Wire & Wireless Co., Ltd.	Shareholder	100.00	87.50	292.25	-	292.25			
True Money Co., Ltd.	Shareholder	200.00	49.00	98.00	-	98.00			
Payment service center and electronic card services	Shareholder	86.00	100.00	86.00	-	86.00			
True Public Communication Co., Ltd.	Shareholder	3.50	100.00	3.50	-	3.50			
True Magic Co., Ltd.	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.	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		

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

20. Investment property, net

	Consolidated	
	2011 Baht Million	2010 Baht Million
Opening net book value	53.36	55.98
Additions	2.13	-
Impairment charge	-	(2.62)
Closing net book value	<u>55.49</u>	<u>53.36</u>
 As at 31 December		
	2011 Baht Million	2010 Baht Million
Cost	121.05	118.92
<u>Less</u> Allowance for decline in value	<u>(65.56)</u>	<u>(65.56)</u>
Net book value	<u>55.49</u>	<u>53.36</u>

The fair value of investment property as at 31 December 2011 is Baht 126.29 million.

21. Property, plant and equipment, net

	Consolidated		Company	
	2011 Baht Million	2010 Baht Million	2011 Baht Million	2010 Baht Million
As at 31 December				
Network equipment				
Opening net book amount as previously reported	57,875.24	60,814.90	12,160.74	13,827.14
Change in accounting policy (Note 7)	9.38	10.08	-	-
Opening net book value as restated	57,884.62	60,824.98	12,160.74	13,827.14
Additions	11,879.16	5,153.16	264.85	247.38
Acquisition of subsidiaries (Note 41)	4,033.73	-	-	-
Disposals, net	(112.81)	(280.47)	(4.91)	(49.33)
Adjustments/Reclassifications	1,578.52	629.51	4.85	28.17
Depreciation charge	(9,128.90)	(8,392.59)	(1,711.51)	(1,892.62)
Impairment charge	(42.81)	(49.97)	(2.31)	-
Closing net book value	<u>66,091.51</u>	<u>57,884.62</u>	<u>10,711.71</u>	<u>12,160.74</u>
Non-network equipment				
Opening net book value	7,492.89	7,877.65	200.98	299.21
Additions	2,653.63	1,890.40	52.25	44.81
Acquisition of subsidiaries (Note 41)	1.64	-	-	-
Disposals, net	(286.69)	(245.27)	(2.35)	(11.17)
Adjustments/Reclassifications	(107.28)	(15.92)	(2.25)	(1.46)
Depreciation charge	(2,017.98)	(2,013.97)	(81.31)	(130.41)
Impairment charge	(8.46)	-	-	-
Closing net book value	<u>7,727.75</u>	<u>7,492.89</u>	<u>167.32</u>	<u>200.98</u>
Total	<u>73,819.26</u>	<u>65,377.51</u>	<u>10,879.03</u>	<u>12,361.72</u>

Network equipment

Borrowing costs of Baht 95.49 million (2010: Baht 50.25 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 18,784.34 million and Baht 7,781.54 million (2010: Baht 19,586.93 million and Baht 9,156.38 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.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

21. Property, plant and equipment, net (Cont'd)

Network equipment (Cont'd)

Additions include Baht 784.96 million (2010: Baht 45.54 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	
	2011	2010
	Baht Million	Baht Million
Cost - capitalised finance leases	5,660.70	5,169.25
<u>Less</u> Accumulated depreciation	(2,190.89)	(1,748.32)
Net book value	<u><u>3,469.81</u></u>	<u><u>3,420.93</u></u>

Borrowings in Thai Baht are secured by the rights to operate network equipment of the Group amount of Baht 18,256.21 million (2010: Baht 18,819.55 million) (Note 26).

Non-network equipment

Additions included Baht 1,305.82 million (2010: Baht 898.38 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	
	2011	2010
	Baht Million	Baht Million
Cost - capitalised finance leases	5,082.35	4,795.97
<u>Less</u> Accumulated depreciation	(2,282.58)	(2,100.31)
Net book value	<u><u>2,799.77</u></u>	<u><u>2,695.66</u></u>

Borrowings are secured by buildings included in non-network equipment at a net book value of Baht 868.50 million (2010: Baht 1,008.53 million) (Note 26 and Note 38).

True Corporation Public Company Limited
 Notes to the Consolidated and Company Financial Statements
 For the years ended 31 December 2011 and 2010

21. Property, plant and equipment, net (Cont'd)

Consolidated									
Land and land improvement Baht Million	Building and improvement Baht Million	Telephone network equipment Baht Million	Wireless network equipment Baht Million	Public phones Baht Million	Multimedia network equipment Baht Million	Power supply and computers Baht Million	Pay - TV Baht Million	Work in progress Baht Million	Total Baht Million
Network equipment									
As at 1 January 2010									
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 (209.94)
Less Accumulated depreciation	-	(0.18)	(92.35)	(3,942.60)	(38.05)	(154.70)	(313.87)	-	-
Allowance for impairment	-	-	-	-	-	-	-	-	(4,751.69)
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 amount as previously reported	1,849.15	681.24	10,298.47	32,184.31	218.16	4,269.44	211.05	7,757.99	3,345.09
Change in accounting policy (Note 7)	-	0.53	211.21	32,194.39	218.16	4,269.44	211.05	7,757.99	-
Opening net book value as restated	-	(5.72)	(0.08)	31.01	0.60	109.66	0.24	868.24	3,345.09
Additions	-	-	-	(24.24)	(12.10)	-	(230.96)	3,931.67	60,834.98
Disposals, net	-	4.19	34.08	2,110.30	0.32	1,789.65	27.92	(280.47)	5,153.16
Adjustments/Reclassifications	-	(83.12)	(1,618.09)	(4,171.78)	(78.59)	(831.82)	(42.95)	(3,818.67)	(280.47)
Depreciation charge	-	-	-	(22.01)	33.22	-	(1,566.24)	-	629.51
Impairment charge	-	-	-	-	-	(61.18)	-	(8,392.59)	(49.97)
Closing net book value	1,849.15	602.84	8,919.95	30,141.83	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)	75,817.01 (41,727.49)	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
Less Accumulated depreciation	-	(0.18)	(92.35)	(3,947.69)	(4.83)	(154.70)	(315.16)	-	(122,871.31)
Allowance for impairment	-	-	-	-	-	-	-	-	(4,776.34)
Net book value	1,849.15	602.84	8,919.95	30,141.83	149.47	5,324.83	196.26	7,249.57	3,450.72
Year ended 31 December 2011									
Opening net book amount as previously reported	1,849.15	602.84	8,919.95	30,132.45	149.47	5,324.83	196.26	7,249.57	3,450.72
Change in accounting policy (Note 7)	-	9.38	-	30,141.83	149.47	5,324.83	196.26	7,249.57	3,450.72
Opening net book value as restated	1,849.15	602.84 3.13	8,919.95 261.44	30,094.28 4,033.73	0.09	286.65	5.44	1,461.96	6,766.17
Additions	-	-	-	-	-	-	-	-	57,875.24
Acquisition of subsidiaries (Note 41)	-	-	-	(0.14)	(13.44)	-	-	-	9.38
Disposals, net	-	(2.58)	(14.56)	1,199.41	12.36	2,720.38	(3.31)	(93.24)	4,033.73
Adjustments/Reclassifications	-	(82.82)	(1,440.37)	(4,882.57)	(56.08)	(1,040.34)	(44.11)	(319.05)	(112.81)
Depreciation charge	-	-	-	-	(2.31)	-	(40.50)	(1,582.61)	(1,578.52)
Impairment charge	-	-	-	-	-	-	-	(9,128.90)	(9,128.90)
Closing net book value	1,849.15	520.57	7,726.46	33,586.74	98.62	7,278.08	154.28	7,314.23	7,563.58
As at 31 December 2011									
Cost	1,849.15	1,874.07 (1,353.12)	69,315.68 (61,496.95)	84,204.71 (46,643.96)	2,228.00 (2,088.72)	14,584.21 (7,151.43)	4,082.97 (3,613.45)	16,506.51 (8,891.99)	7,563.58
Less Accumulated depreciation	-	(0.18)	(92.27)	(3,974.21)	(40.66)	(154.70)	(315.24)	(300.29)	(131,239.82)
Allowance for impairment	-	-	-	-	-	-	-	-	(4,877.55)
Net book value	1,849.15	520.57	7,726.46	33,586.74	98.62	7,278.08	154.28	7,314.23	7,563.58
									66,091.51

True Corporation Public Company Limited
 Notes to the Consolidated and Company Financial Statements
 For the years ended 31 December 2011 and 2010

21. Property, plant and equipment, net (Cont'd)

		Consolidated											
		Land and land improvement		Building and improvement		Furniture, fixtures and equipment		Power supply and computers		Vehicles		Work in progress	
Non - network equipment		Baht Million	Baht Million	Baht Million	Baht Million	Baht Million	Baht Million	Baht Million	Baht Million	Baht Million	Baht Million	Baht Million	Baht Million
As at 1 January 2010													
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)	(15.92)					
Depreciation charge		(0.06)	(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					
Year ended 31 December 2011													
Opening net book value		546.84	1,182.79	1,274.78	715.53	3,608.89	164.06	7,492.89					
Additions		-	32.54	495.23	416.42	1,163.70	545.74	2,653.63					
Acquisition of subsidiaries (Note 41)		-	0.32	0.22	0.74	-	-	1.64					
Disposals, net		-	(26.94)	(3.41)	(2.11)	(254.06)	(0.17)	(286.69)					
Adjustments/Reclassifications		-	(1.79)	(68.09)	(46.15)	116.42	(230.86)	(107.28)					
Depreciation charge		-	(124.44)	(404.49)	(295.16)	(1,193.89)	-	(2,017.98)					
Impairment charge		-	-	0.10	(8.56)	-	-	(8.46)					
Closing net book value		545.41	1,132.36	1,316.28	943.28	3,311.65	478.77	7,727.75					
As at 31 December 2011													
Cost		563.55	3,400.32	5,141.44	7,707.46	6,106.84	478.77	23,398.38					
<u>Less</u> Accumulated depreciation		(3.80)	(2,205.46)	(3,698.70)	(6,489.91)	(2,793.87)	-	(15,191.74)					
Allowance for impairment		(14.34)	(62.50)	(126.46)	(274.27)	(1.32)	-	(478.89)					
Net book value		545.41	1,132.36	1,316.28	943.28	3,311.65	478.77	7,727.75					

True Corporation Public Company Limited
 Notes to the Consolidated and Company Financial Statements
 For the years ended 31 December 2011 and 2010

21. Property, plant and equipment, net (Cont'd)

		Company							
		Land and land improvement Baht Million	Building and improvement Baht Million	Telephone network equipment Baht Million	Wireless network equipment Baht Million	Public phones Baht Million	Power supply and computers Baht Million	Work in progress Baht Million	Total Baht Million
As at 1 January 2010									
Cost	1,849.15	1,824.70 (1,187.34)	68,951.86 (58,554.00)	5,381.14 (2,745.06)	2,292.44 (2,086.91)	3,914.98 (3,461.18)	13.10	84,227.37 (68,034.49)	
Less Accumulated depreciation		(0.18)	(92.35)	(1,959.34)	-	(313.87)	-	(2,365.74)	
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 - - 0.01	205.53 0.60 (0.11) 0.25	139.93 0.23 - 0.77	13.10 6.66 (7.37) (6.98)	13,827.14 247.38 (49.33) (28.17)	
Additions									
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)	69,068.51 (60,054.80)	5,381.14 (2,870.98)	2,280.88 (2,131.41)	3,922.64 (3,480.33)	5.41	84,332.47 (69,804.70)	
Less Accumulated depreciation		(0.18)	(92.35)	(1,959.34)	-	(315.16)	-	(2,367.03)	
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	
Year ended 31 December 2011									
Opening net book value	1,849.15	557.38	8,921.36 261.65	550.82	149.47 0.09	127.15	5.41	12,160.74	
Additions									
Disposals, net									
Adjustments/Reclassifications									
Depreciation charge									
Impairment charge									
Closing net book value	1,849.15	477.53	7,729.74	427.05	98.62	113.94	15.68	10,711.71	
As at 31 December 2011									
Cost	1,849.15	1,824.74 (1,347.03)	69,313.79 (61,491.78)	5,381.00 (2,994.61)	2,212.10 (2,077.65)	3,922.64 (3,493.46)	15.68	84,519.10 (71,404.53)	
Less Accumulated depreciation		(0.18)	(92.27)	(1,959.34)	-	(315.24)	-	(2,402.86)	
Allowance for impairment									
Net book value	1,849.15	477.53	7,729.74	427.05	98.62	113.94	15.68	10,711.71	

True Corporation Public Company Limited
 Notes to the Consolidated and Company Financial Statements
 For the years ended 31 December 2011 and 2010

21. 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
Non - network equipment					Total Baht Million
As at 1 January 2010					
Cost	307.91	586.38	1,314.64	1.16	2,210.09
<u>Less</u> Accumulated depreciation	(262.24)	(455.09)	(1,192.40)	(1.15)	(1,910.88)
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	-	44.81
Disposals, net	-	(1.75)	(9.27)	-	(11.17)
Adjustments/Reclassifications	7.44	1.43	(0.06)	-	(1.46)
Depreciation charge	(35.60)	(35.73)	(59.08)	-	(130.41)
Closing net book value	21.64	109.13	68.94	0.01	200.98
As at 31 December 2010					
Cost	299.77	581.42	1,261.59	1.16	2,145.20
<u>Less</u> Accumulated depreciation	(278.13)	(472.29)	(1,192.65)	(1.15)	(1,944.22)
Net book value	21.64	109.13	68.94	0.01	200.98
Year ended 31 December 2011					
Opening net book value	21.64	109.13	68.94	0.01	200.98
Additions	1.24	12.19	15.44	15.07	52.25
Disposals, net	(0.36)	(0.52)	(1.47)	-	(2.35)
Adjustments/Reclassifications	14.97	(0.69)	6.03	(12.99)	(2.25)
Depreciation charge	(18.89)	(29.15)	(33.22)	(0.05)	(81.31)
Closing net book value	18.60	90.96	55.72	2.04	167.32
As at 31 December 2011					
Cost	313.92	574.62	1,200.42	3.23	2,092.19
<u>Less</u> Accumulated depreciation	(295.32)	(483.66)	(1,144.70)	(1.19)	(1,924.87)
Net book value	18.60	90.96	55.72	2.04	167.32

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

22. Goodwill, net

Movement of goodwill is as follow:

	Consolidated
	Baht Million
At 1 January 2010	
Cost	21,201.79
<u>Less</u> Accumulated amortisation	<u>(8,773.78)</u>
Net book value	12,428.01
Year ended 31 December 2010	
Opening net book value	12,428.01
Closing net book value	12,428.01
At 31 December 2010	
Cost	21,201.79
<u>Less</u> Accumulated amortisation	<u>(8,773.78)</u>
Net book value	12,428.01
Year ended 31 December 2011	
Opening net book value	12,428.01
Impairment charge	<u>(1,024.92)</u>
Closing net book value	11,403.09
At 31 December 2011	
Cost	21,201.79
<u>Less</u> Accumulated amortisation	<u>(8,773.78)</u>
Allowance for impairment	<u>(1,024.92)</u>
Net book value	11,403.09

23. Intangible assets, net

As at 31 December	Consolidated		Company	
	2011	2010	2011	2010
	Baht Million	Baht Million	Baht Million	Baht Million
Current (included in "Other current assets" (Note 18))	656.66	322.65	-	-
Non-Current	20,226.47	5,119.32	313.55	420.95
Total	20,883.13	5,441.97	313.55	420.95

True Corporation Public Company Limited
 Notes to the Consolidated and Company Financial Statements
 For the years ended 31 December 2011 and 2010

23. 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	Service contract Baht Million	Work in progress Baht Million	Total Baht Million
As at 1 January 2010									
Cost	247.75	7,840.37	381.49	227.33	400.14	1,344.78	3,912.68	-	46.74
<u>Less</u> Accumulated amortisation	(82.72)	(5,700.22)	(232.71)	(116.74)	(400.14)	(999.82)	(1,240.19)	-	(8,772.54)
Net book value	165.03	2,140.15	148.78	110.59	-	344.96	2,672.49	-	5,628.74
Year ended 31 December 2010									
Opening net book value	165.03	2,140.15	148.78	110.59	-	344.96	2,672.49	-	46.74
Additions	48.96	150.10	-	-	-	1,465.75	-	-	129.26
Disposals, net	(0.11)	(0.81)	-	-	-	-	-	-	(0.15)
Adjustments/Reclassifications	24.33	150.96	-	-	-	-	-	-	(1.07)
Amortisation charge	(83.37)	(454.41)	(19.07)	(9.10)	-	(1,398.61)	(96.82)	-	(93.68)
Closing net book value	154.84	1,985.99	129.71	101.49	-	412.10	2,575.67	-	5,441.97
As at 31 December 2010									
Cost	347.90	7,792.91	381.49	227.33	400.14	1,000.00	3,912.68	-	82.17
<u>Less</u> Accumulated amortisation	(193.06)	(5,806.92)	(251.78)	(125.84)	(400.14)	(587.90)	(1,337.01)	-	(8,702.65)
Net book value	154.84	1,985.99	129.71	101.49	-	412.10	2,575.67	-	5,441.97
Year ended 31 December 2011									
Opening net book value	154.84	1,985.99	129.71	101.49	-	412.10	2,575.67	-	82.17
Additions	3.51	309.95	-	2.17	-	1,819.55	-	-	329.60
Acquisition of subsidiaries (Note 41)	-	122.36	-	-	-	-	-	-	80.94
Disposals, net	(4.25)	(5.16)	-	(2.17)	-	-	-	-	16,052.92
Adjustments/Reclassifications	3.64	372.35	-	-	-	-	-	-	(17.77)
Amortisation charge	(71.28)	(496.52)	(19.08)	(9.09)	-	(1,457.82)	(184.90)	(922.33)	(251.84)
Impairment charge	-	(21.90)	-	-	-	-	-	-	(124.15)
Closing net book value	86.46	2,267.07	110.63	92.40	-	773.83	3,772.39	1,3,545.67	234.68
As at 31 December 2011									
Cost	2,403.56	10,923.50	381.49	227.32	400.14	1,720.50	5,294.30	14,468.00	243.36
<u>Less</u> Accumulated amortisation	(1,103.72)	(8,075.40)	(270.86)	(134.92)	(400.14)	(946.67)	(1,521.91)	(922.33)	(13,375.95)
Allowance for impairment	(1,213.38)	(581.03)	-	-	-	-	-	-	(1,803.09)
Net book value	86.46	2,267.07	110.63	92.40	-	773.83	3,772.39	1,3,545.67	234.68
									20,883.13

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

23. 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.

The rights to operate represent the discounted cash flow of minimum fees payable to CAT and MCOT as described in Note 30 and Note 38.3.

Service contract represents the fair value of identifiable intangible asset derived from a business acquisition (Note 41).

	Company		
	Computer software Baht Million	Work in progress Baht Million	Total Baht Million
As at 1 January 2010			
Cost	2,529.91	18.27	2,548.18
<u>Less</u> Accumulated amortisation	(1,917.82)	-	(1,917.82)
Net book value	612.09	18.27	630.36
Year ended 31 December 2010			
Opening net book value	612.09	18.27	630.36
Additions	12.66	0.41	13.07
Disposals, net	(70.76)	(0.15)	(70.91)
Adjustments/Reclassifications	19.14	(17.98)	1.16
Amortisation charge	(152.73)	-	(152.73)
Closing net book value	420.40	0.55	420.95
As at 31 December 2010			
Cost	2,306.19	0.55	2,306.74
<u>Less</u> Accumulated amortisation	(1,885.79)	-	(1,885.79)
Net book value	420.40	0.55	420.95
Year ended 31 December 2011			
Opening net book value	420.40	0.55	420.95
Additions	14.55	-	14.55
Adjustments/Reclassifications	1.36	(0.31)	1.05
Amortisation charge	(123.00)	-	(123.00)
Closing net book value	313.31	0.24	313.55
As at 31 December 2011			
Cost	2,321.27	0.24	2,321.51
<u>Less</u> Accumulated amortisation	(2,007.96)	-	(2,007.96)
Net book value	313.31	0.24	313.55

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

24. 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% for 2011, 23% for 2012 and 20% for 2013 onwards (2010: 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:

	Consolidated					
	(Restated)	Change in	Acquisition	Credit	Other	2011
		accounting	of	(debit) to	Comprehensive	
As at 31 December	2010	(Note 7)	(Note 41)	Change in	income	Baht
	Baht	Baht	Baht	Baht	Baht	Million
	Million	Million	Million	Million	Million	Million
Deferred income tax assets						
Difference on network assets	586.92	-	-	(586.92)	-	-
Depreciation	5,203.30	-	-	(2,106.60)	-	3,096.70
Allowances	241.00	-	2,852.64	(816.57)	-	2,277.07
Borrowings	356.70	-	-	(94.71)	-	261.99
Other current assets	18.90	-	-	(18.17)	-	0.73
Unearned income	207.31	-	-	(173.42)	-	33.89
Accrued expenses	17.71	-	-	(2.80)	-	14.91
Other current liabilities	7.51	-	-	(0.97)	-	6.54
Tax loss carry forwards	1,070.70	-	2,412.19	(1,829.14)	-	1,653.75
Minimum payment fees	50.80	-	-	(15.87)	-	34.93
Film and program right	14.26	-	-	7.32	-	21.58
Employee benefits obligations	-	43.64	-	(13.20)	3.55	33.99
	7,775.11	43.64	5,264.83	(5,651.05)	3.55	7,436.08
Deferred income tax liabilities						
Accounts receivable - billed customers	(361.30)	-	-	139.41	-	(221.89)
Debt issuance cost	(138.68)	-	-	(41.87)	-	(180.55)
Leased assets	(171.06)	-	-	94.71	-	(76.35)
Depreciation and amortisation	(924.89)	-	(5,804.89)	2,618.19	-	(4,111.59)
Accrued regulatory cost	(39.81)	-	-	(4.32)	-	(44.13)
	(1,635.74)	-	(5,804.89)	2,806.12	-	(4,634.51)
Deferred income tax, net	6,139.37	43.64	(540.06)	(2,844.93)	3.55	2,801.57
					Company	
				Credit		
				(debit) to profit		
As at 31 December	2010	Baht Million		or loss		2011
				Baht Million		Baht Million
Deferred income tax assets						
Depreciation		4,434.85		(1,844.48)		2,590.37
Allowances		73.38		(38.29)		35.09
Borrowings		580.66		(130.15)		450.51
		5,088.89		(2,012.92)		3,075.97
Deferred income tax liabilities						
Accounts receivable - billed customers		(361.30)		139.41		(221.89)
Depreciation		(56.72)		30.58		(26.14)
Debt issuance cost		(62.52)		37.83		(24.69)
		(480.54)		207.82		(272.72)
Deferred income tax, net		4,608.35		(1,805.10)		2,803.25

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

24. Deferred income taxes (Cont'd)

The movement on deferred income taxes during the year is as follows:

At 31 December	Consolidated		Company	
	(Restated)		2011 Baht Million	2010 Baht Million
	2011 Baht Million	2010 Baht Million		
Opening net book value	6,139.37	6,144.55	4,608.35	4,934.73
Charge to profit or loss	(2,844.93)	(5.18)	(1,805.10)	(326.38)
Effect from change in accounting policies (Note 7)	43.64	-	-	-
Acquisition of subsidiaries (Note 41)	(540.06)	-	-	-
Other comprehensive income	3.55	-	-	-
Closing net book value	2,801.57	6,139.37	2,803.25	4,608.35

The Group did not recognise deferred income tax assets of Baht 9,678.84 million in respect of tax losses carried forward approximately Baht 48,030.50 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
2012	3,819.91	1,329.84
2013	8,733.72	1,590.35
2014	6,675.47	1,021.70
2015	8,769.72	617.69
2016	27,894.39	13,090.96
	55,893.21	17,650.54

25. Other non-current assets

At 31 December	Consolidated		Company	
	2011 Baht Million	2010 Baht Million	2011 Baht Million	2010 Baht Million
Value added tax pending receipt of tax invoices related to debt restructuring	199.27	199.27	199.27	199.27
Deposits	476.03	355.47	117.00	115.15
Account receivable	220.18	246.59	-	-
Others	78.07	98.64	33.05	27.36
Total	973.55	899.97	349.32	341.78

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

26. Borrowings

Short-term borrowings

As at 31 December	Consolidated		Company	
	2011		2010	
	Baht Million	Baht Million	Baht Million	Baht Million
Loans from banks	365.95	625.93	-	200.00
Total	365.95	625.93	-	200.00

Short-term borrowings are unsecured loans from bank and financial institution. The loans from bank and financial 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	
	2011 Baht Million	2010 Baht Million	2011 Baht Million	2010 Baht Million
Current				
- Banks and financial institutions	5,368.76	5,204.79	4,000.00	3,200.00
- Finance leases	1,527.37	1,362.66	-	-
- Debentures	-	603.32	-	603.32
Total Current	6,896.13	7,170.77	4,000.00	3,803.32
Non-current				
- Banks and financial institutions	52,151.42	21,372.12	2,710.00	6,716.13
- Finance leases	4,627.55	4,298.44	-	-
- Debentures	16,523.26	34,772.24	16,031.77	14,218.24
- Suppliers credit	4,674.06	4,232.55	4,674.06	4,232.55
Total Non-current	77,976.29	64,675.35	23,415.83	25,166.92
Total	84,872.42	71,846.12	27,415.83	28,970.24

Movement of borrowings can be analysed as follows:

For the year ended 31 December 2011	Consolidated Baht Million	Company Baht Million
Opening net book value	71,846.12	28,970.24
Additional borrowings:		
- principal (net of debt issuance cost)	40,750.94	1,793.81
- non-cash finance leases	2,090.78	-
- interest	358.31	9.05
Reclassification	10.80	-
Repayment of borrowings	(31,329.08)	(3,891.34)
Amortisation of debt issuance costs	552.17	101.61
Currencies translations	592.38	432.46
Closing net book value	84,872.42	27,415.83

Borrowings are net of unamortised debt issuance costs of Baht 1,395.33 million for consolidation (2010: Baht 753.72 million) and Baht 112.98 million for the Company (2010: Baht 208.40 million).

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

26. Borrowings (Cont'd)

Bank borrowings

Bank borrowings mature until 2018 and bear average interest of 7.67% per annum (2010: 5.81% per annum).

Borrowings include secured liabilities being loans under leases, and loans from banks and financial institutions of Baht 79.71 billion (2010: Baht 47.07 billion) and Baht 22.75 billion (2010: Baht 24.74 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 38).

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 10).

Maturity of non-current borrowings (excluding finance lease liabilities and unamortised debt issuance cost):

As at 31 December	Consolidated		Company	
	2011 Baht Million	2010 Baht Million	2011 Baht Million	2010 Baht Million
Between 1 and 2 years	7,226.88	6,073.42	3,871.76	4,000.00
Between 2 and 5 years	37,262.13	48,093.67	17,338.01	19,275.27
Over 5 years	30,255.06	6,958.05	2,319.05	2,100.05
	74,744.07	61,125.14	23,528.82	25,375.32

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	
	2011 Baht Million	2010 Baht Million	2011 Baht Million	2010 Baht Million
Bank and financial institutions	52,158.82	21,366.62	52,484.67	21,432.83
Debentures	16,523.26	34,772.24	16,338.32	36,785.84
Suppliers credit	4,674.06	4,232.55	4,527.24	4,163.19

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 7.19% (2010: 6.20%).

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	
	2011 Baht Million	2010 Baht Million	2011 Baht Million	2010 Baht Million
Thai Baht	68,241.82	35,590.38	68,383.56	35,788.79
US dollar	491.49	20,548.50	496.61	22,429.90
Japanese Yen	4,674.06	4,232.55	4,527.24	4,163.19

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

26. 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	
	2011	2010	2011	2010
	Baht Million	Baht Million	Baht Million	Baht Million
Total borrowings (excluding the unamortised debt issuance cost)				
- at fixed rates	27,195.97	45,684.42	20,757.06	19,118.87
- at floating rates	59,071.78	26,915.43	6,771.76	10,059.77
	<u>86,267.75</u>	<u>72,599.85</u>	<u>27,528.82</u>	<u>29,178.64</u>

The Group has the following undrawn committed borrowing facilities:

	Consolidated	
	2011	2010
	Baht Million	Baht Million
Floating rate		
- expiring within one year	12,668.39	4,966.14
- expiring beyond one year	-	-
	<u>12,668.39</u>	<u>4,966.14</u>

The Group has the following weighted average effective interest rates:

As at 31 December	Consolidated		Company	
	2011	2010	2011	2010
Weighted average effective interest rates:				
- banks and financial institutions	7.94%	5.74%	7.45%	6.26%
- finance lease	12.81%	6.54%	-	-
- debentures	6.74%	7.10%	6.63%	6.75%

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	
	2011	2010
	Baht Million	Baht Million
Not later than 1 year	1,802.24	1,654.33
Later than 1 year and not later than 5 years	4,322.58	3,622.42
Later than 5 years	934.03	1,352.79
	<u>7,058.85</u>	<u>6,629.54</u>
Future finance charges on finance leases	(903.93)	(968.44)
Present value of finance lease liabilities	<u>6,154.92</u>	<u>5,661.10</u>

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

26. Borrowings (Cont'd)

Finance lease liabilities (Cont'd)

As at 31 December	Consolidated	
	2011 Baht Million	2010 Baht Million
Representing lease liabilities:		
- current	1,527.37	1,362.66
- non-current	4,627.55	4,298.44
	<hr/>	<hr/>
	6,154.92	5,661.10

The present value of finance lease liabilities is as follows:

As at 31 December	Consolidated	
	2011 Baht Million	2010 Baht Million
Not later than 1 year	1,527.37	1,362.66
Later than 1 year and not later than 5 years	3,745.82	3,056.63
Later than 5 years	881.73	1,241.81
	<hr/>	<hr/>
	6,154.92	5,661.10

Secured liabilities

On 27 January 2011, a subsidiary entered into a loan agreement with a Thai bank. The loan is dominated in Thai Baht amounting to Baht 6.30 billion. The loan carries interest at lender's MLR rate plus a fixed percentage. The loan is due on 90 days from the drawdown date or a later date as may agree by the lender. The loan is secured by pledging share of its own and its subsidiary shares and guaranteed by the ultimate parent company. The proceeds were used for acquisition of its subsidiaries. Under terms and conditions of the loan agreement, the subsidiary must comply with certain conditions as stipulated in the agreement. On 9 September 2011, the subsidiary repaid the amount of Baht 6.30 billion.

Further to the re-structuring in mobile business, the subsidiary made prepayment of its offshore loan amounting to Baht 455.95 million on 30 June 2011.

Refinancing

On 20 June 2011, a subsidiary entered into a loan agreement with a Thai bank. The loan is dominated in Thai Baht amounting to Baht 8.79 billion. The loan carries interest at lender's MLR minus agreed rate for the first year and at the lender's MLR afterward. The loan is secured by conditional transferred of the subsidiary's right in revenue account. The loan is payable on a quarterly basis starting from the 27th month from signing date and final payment will be on 30 June 2019. As at 31 December 2011, the subsidiary drawdown of Baht 3.87 billion. The proceeds have been used for repayment of the subsidiary's existing debt and expansion of its network. Under terms and conditions of the loan agreement, the subsidiary must comply with certain condition including maintaining financial ratio. In addition, lender's consent must be obtained if the subsidiary would incur certain type of indebtedness.

On 6 September 2011, the group of subsidiaries under Mobile Business ("Group Borrowers") entered into a loan agreement with four local banks. The loan is dominated in Thai Baht with total facility of Baht 48.94 billion which will be used for the expansion of its HSPA network, for the repayment of its existing debt and for the purpose of its working capital. The loan carries interest at lenders' MLR plus an applicable margin as stipulated in the agreement. The loan is secured by conditional assignment of key operating accounts, conditional assignment of material agreements, pledges of shares of the subsidiary within the Group Borrowers and guarantee by the Group Borrowers. The loan is payable on a quarterly basis commencing on the 39th month after the first utilisation date. The final maturity date will be in September 2021. Under the terms and conditions of the loan agreement, the subsidiaries must comply with certain conditions including maintaining financial ratio as stipulated in the agreement. In addition, the majority lenders' consent must be obtained if the Group Borrowers would incur certain types of financial indebtedness. As at 31 December 2011, the Group Borrowers drew down of Baht 36.11 billion from the available line of credit.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

26. Borrowings (Cont'd)

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% per annum.

The US Dollars Notes are the notes issued by a subsidiary in 2006 and 2007 total amount of US Dollars 690.00 million and mature until 2014. The notes bear average interest of 10.63% per annum. The notes are guaranteed by its parent company and subsidiaries under its group. Subsequently, on 12 October 2011, the subsidiary has redeemed the US Dollars Notes amount of US Dollars 674.37 million and simultaneously unwind the relevant swap contracts. The amount of Baht 6.29 billion has been recognised as an expense in the profit or loss for the year under "Finance Costs".

On 31 March 2011, the Company issued 1.80 billion units of unsecured debentures at par value of Baht 1,000 per unit. The debentures carry interest at the rate of 6.30% per annum and are payable on a quarterly basis starting from 7 July 2011. The maturity date will be on 7 April 2014. The proceeds of Baht 1,793.81 million, net of issuance cost and related expenses, will be used for the Company's ongoing operation.

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% per annum.

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.

27. Trade and other payables

As at 31 December	Consolidated		Company	
	2011 Baht Million	2010 Baht Million	2011 Baht Million	2010 Baht Million
Trade accounts payable	13,461.85	6,998.17	942.47	821.43
Other payables	750.77	850.61	115.42	109.97
Unearned income	3,500.75	3,036.25	43.89	64.14
Accrued expenses	11,440.70	7,683.96	1,180.04	1,138.21
Trade and other payables	29,154.07	18,568.99	2,281.82	2,133.75

Outstanding accrued expenses can be analysed as follows:

As at 31 December	Consolidated		Company	
	2011 Baht Million	2010 Baht Million	2011 Baht Million	2010 Baht Million
Regulatory cost	4,814.12	3,092.51	185.68	241.42
Accrued license fee	1,070.93	261.64	-	-
Current portion of liabilities under agreements for operation (Note 30)	654.35	529.90	-	-
Network facility expenses	533.03	743.67	96.25	117.83
Performance pay	523.46	444.71	123.45	129.29
Interest expenses	254.88	657.57	216.92	226.72
Others	3,589.93	1,953.96	557.74	422.95
Total accrued expenses	11,440.70	7,683.96	1,180.04	1,138.21

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

28. Other current liabilities

As at 31 December	Consolidated		Company	
	2011	2010	2011	2010
	Baht Million	Baht Million	Baht Million	Baht Million
Output VAT pending tax invoice	2,187.72	1,069.12	239.93	226.93
Others	1,825.75	2,168.30	107.13	101.73
Total	4,013.47	3,237.42	347.06	328.66

29. Long-term trade accounts payable

Movement of long-term trade accounts payable can be analysed as follows:

For the year ended 31 December	Consolidated and Company	
	2011	2010
	Baht Million	Baht Million
Opening net book value	-	74.59
Additions	36.32	-
Reclassification	-	(74.59)
Closing net book value	36.32	-

30. Liabilities under agreements for operation

Detail of liabilities under agreements for operation can be summarised as follows:

As at 31 December	Consolidated	
	2011	2010
	Baht Million	Baht Million
Current (included in "Accrued expenses") (Note 27)	654.35	529.90
Non-current	3,640.17	4,123.45
	4,294.52	4,653.35

Movement of liabilities under agreements for operation can be analysed as follows:

For the year ended 31 December 2011	Consolidated	
	Baht Million	
Opening net book value	4,653.35	
Repayments	(731.50)	
Interest expense charge	372.67	
Closing net book value	4,294.52	

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

31. Employee benefits obligations

Retirement benefit obligations

The Group operates an unfunded defined benefit plan for eligible employees in Thailand. Under the Plan, the employees are entitled to Legal Severance Payment benefits ranging from 30 days to 300 days of final salary upon retirement. The present value of defined benefits obligations are as follows:

As at	Consolidated		Company	
	31 December 2011 Million Baht	1 January 2011 Million Baht	31 December 2011 Million Baht	1 January 2011 Million Baht
Present value of obligations	865.70	686.64	264.93	245.47

The movement in the defined benefit obligations over the year is as follows:

For the year ended 31 December 2011	Consolidated		Company	
	Million Baht	Million Baht	Million Baht	Million Baht
Opening net book value at 1 January 2011 (Note 7.1)		686.64		245.47
Current service cost		72.32		19.72
Interest cost		30.41		9.63
Actuarial losses		29.41		19.39
Transfer in/(out)	-		(10.78)	
Benefit paid		(22.55)		(18.50)
Liabilities acquired in a business combination (Note 41)		69.47		-
Closing net book value at 31 December 2011		865.70		264.93

The amounts recognised in the profit or loss are as follows:

For the years ended 31 December 2011	Consolidated		Company	
	Million Baht	Million Baht	Million Baht	Million Baht
Current service cost		72.32		19.72
Interest cost		30.41		9.63
Transfer in/(out)	-		(10.78)	
Total, included in staff costs (Note 9)		102.73		18.57
Cost of providing services		28.08		0.21
Selling expenses		19.96		0.40
Administrative expenses		54.69		17.96
		102.73		18.57

The principal actuarial assumptions used were as follows:

	Consolidated	
	31 December 2011 %	1 January 2011 %
Discount rate	4.10	4.20
Inflation rate	3.50	3.50
Future salary increases	5.63	5.00

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics in Thailand. The Thailand TMO08 tables contain the results of the most recent mortality investigation on policy holders of life insurance companies in Thailand. It is reasonable to assume that these rates are reflective of the mortality experience of the working population in Thailand.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

32. Other non-current liabilities

As at 31 December	Consolidated		Company	
	2011 Baht Million	2010 Baht Million	2011 Baht Million	2010 Baht Million
Deposit received from customers	1,664.05	1,759.46	-	-
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	125.47	128.11	-	-
Total	2,086.78	2,184.83	297.26	297.26

33. 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 2010	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
- Issue of common shares	6,727.44	67,274.37	-	(54,159.57)	13,114.80
At 31 December 2011	14,503.18	145,031.79	-	(74,555.43)	70,476.36

The total authorised number of shares is 15,333.21 million shares (2010: 15,333.21 million shares) with a par value of Baht 10 per share (2010: Baht 10 per share). All issued shares are fully paid.

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	2011 Million Units	2010 Million Units
At beginning of year	88.55	143.82
Lapsed	(17.35)	(55.27)
At end of year	71.20	88.55

Compensation cost is not recognised in these financial statements for the fair value or the intrinsic value of share options warrants granted.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

33. Share capital, premium and discount on share capital (Cont'd)

On 31 January 2007, the Company granted equity warrants to the Directors and Executives (ESOP 2006) total of 33.89 million units. One unit of equity warrant is entitled to purchase one common share at the exercise price of Baht 10.19 per share. The warrants will be expired on 30 January 2012. The warrants are divided into 3 sets, term and conditions are set out below:

Set 1: 1/3 of each allotment can be exercised commencing on last date of April 2007 until the expiration date.

Set 2: 1/3 of each allotment can be exercised commencing on last date of April 2008 until the expiration date.

Set 3: 1/3 of each allotment can be exercised commencing on last date of April 2009.

On 15 May 2008, the Company granted equity warrants to the Directors and Executives (ESOP 2007) total of 37.31 million units. One unit of equity warrant is entitled to purchase one common share at the exercise price of Baht 7.00 per share. The warrants will be expired on 14 May 2013. The warrants are divided into 3 sets, term and conditions are set out below:

Set 1: 1/3 of each allotment can be exercised commencing on last date of May 2008 until the expiration date.

Set 2: 1/3 of each allotment can be exercised commencing on last date of February 2009 until the expiration date.

Set 3: 1/3 of each allotment can be exercised commencing on last date of February 2010 until the expiration date.

Warrants outstanding at the year ended have the following terms:

	Exercise price Baht per share	31 December	
		2011 Million Unit	2010 Million Unit
Expiry date			
27 April 2011	9.73	-	17.35
30 January 2012	10.19	33.89	33.89
14 May 2013	7.00	37.31	37.31
		<u>71.20</u>	<u>88.55</u>

34. 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.

35. Non-controlling interest

As at 31 December	Consolidated	
	(Restated) 2011 Baht Million	2010 Baht Million
Opening net book amount as previously reported	576.47	683.53
Correction of error (Note 7.2)	(8.22)	-
Opening net book value as restated	568.25	683.53
Acquisition of subsidiaries (Note 41)	164.00	-
Addition investment in subsidiary	9.84	6.00
Share purchased from non-controlling interest	(38.44)	(11.00)
Dilution in non-controlling interest	43.53	-
Foreign currency translation adjustment	-	(0.01)
Dividend income (Note 19)	(12.95)	-
Share of results of subsidiaries	(42.23)	(110.27)
Closing net book value	692.00	568.25

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

36. Cash flows from operating activities

Reconciliation of profit to cash flows from operating activities:

For the years ended 31 December	Notes	Consolidated		Company	
		(Restated)		2011 Baht Million	2010 Baht Million
		2011 Baht Million	2010 Baht Million		
Profit (loss) before income tax		703.69	1,678.24	(2,333.94)	921.29
Adjustments for:					
Depreciation and amortisation		14,883.12	12,989.60	2,017.42	2,304.11
Interest income		(335.74)	(59.73)	(49.37)	(23.23)
Interest expense	10	9,290.50	6,100.50	1,845.28	1,870.62
Dividend income	42	-	-	(585.12)	(301.40)
(Gain) loss on disposals of property, plant and equipment		(62.77)	(175.77)	3.10	19.80
Doubtful accounts	9	1,124.72	1,235.14	306.09	289.53
Impairment charge of property, plant and equipment	21	73.17	49.97	2.31	-
Impairment charge of goodwill	22	1,024.92	-	-	-
Other operating assets and liabilities written-off		3.87	(13.06)	-	-
Gain on liquidation of subsidiaries		-	(0.87)	-	-
Increase in retirement benefits obligations		74.47	-	0.07	-
Gain from bargain purchase	41	(12,077.10)	-	-	-
Unrealised loss (gain) on foreign exchange		737.42	(2,520.65)	432.46	97.16
(Gain) loss on sale of investment in subsidiaries and associate	19	(146.14)	-	3,273.34	-
Foreign exchange loss on repayments of borrowings		3,416.41	924.78	-	-
Share of results in associates	19	(46.92)	(40.41)	-	-
Changes in operating assets and liabilities					
- Trade and other receivables		(6,666.18)	(1,518.79)	(298.96)	11.05
- Short-term investments		20.40	(23.18)	-	-
- Inventories		(1,926.52)	(896.77)	27.41	(5.12)
- Other current assets		406.20	442.75	334.79	394.32
- Film and program rights		(1,819.55)	(1,465.75)	-	-
- Cars for lease		202.22	-	-	-
- Other non-current assets		24.87	(264.40)	(7.54)	63.37
- Trade and other payables		6,136.29	(735.57)	197.89	(157.98)
- Other current liabilities		(105.05)	991.24	18.41	27.91
- Other non-current liabilities		(122.17)	(169.45)	-	-
Cash generated from operations		14,814.13	16,527.82	5,183.64	5,511.43
<u>Add</u> Interest received		333.16	52.54	29.40	26.44
<u>Less</u> Interest paid		(8,829.84)	(5,539.83)	(1,649.92)	(1,688.57)
Income tax paid		(1,687.45)	(1,771.98)	(306.00)	(333.37)
Net cash from operating activities		4,630.00	9,268.55	3,257.12	3,515.93

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

37. 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 2011 and 2010, the Group had outstanding foreign currency assets and liabilities as follows:

	Consolidated		Company	
	2011 Currency Million	2010 Currency Million	2011 Currency Million	2010 Currency Million
Assets				
US Dollar	24.15	15.79	-	-
Euro	0.01	0.01	-	-
Japanese Yen	0.10	0.10	-	-
Liabilities				
US Dollar	259.44	896.57	0.05	0.05
Japanese Yen	11,334.24	11,310.84	11,333.65	11,310.39
Great British Pound Sterling	0.03	-	-	-
Euro	0.81	1.07	-	-
HK Dollar	0.01	-	-	-

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	
	2011 Million Baht	2010 Million Baht
US Dollar 9.94 million at averaged rate of Baht 36.00/US Dollar	-	357.87

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

37. 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 financial position date were as follows:

	Consolidated	
	2011 Million Baht	2010 Million Baht
Unfavourable forward foreign exchange contracts	-	(56.39)

The fair values of forward foreign exchange contracts have been calculated based on rates quoted by the Group's lending bankers at the end of reporting 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 2011 was Baht 1,516.22 million.

As at 31 December 2011, the fixed interest rate was 6 months Fixed Deposit Rate and the floating rate is Bangkok Bank MLR plus certain margins.

As at 31 December 2011, the latest settlement date on interest rates swap contracts of the Group will be on 31 March 2016.

The net fair values of derivative financial instruments at the end of reporting date were:

	Consolidated		Company	
	2011 Million Baht	2010 Million Baht	2011 Million Baht	2010 Million Baht
(Unfavourable) favourable interest rates swap contracts	(7.08)	(17.85)	-	3.79

iii) Cross currency and interest rate swap

The net fair values of cross currency and interest rate swap contracts at the end of reporting date were:

	Consolidated	
	2011 Million Baht	2010 Million Baht
Unfavourable cross currency and interest rate swap contracts	-	(5,102.23)

38. Contracts and commitments

38.1 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.

38.2 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.

38. Contracts and commitments (Cont'd)

38.3 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.

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.

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	790.00
Between 1 - 2 years	790.00
Between 2 - 5 years	2,295.00
Over 5 years	1,565.00

38.4 On 27 January 2011, the subsidiary, Hutchison CAT Wireless MultiMedia Limited. ("HCAT") entered into an agreement with CAT to maintain subscribers under the Cellular Digital AMPS 800 Band A System. Under the terms and conditions of the agreement, both parties agreed to carry on telecommunication service under the Code Division Multiple Access ("CDMA") technology for at least 2 years before switch to High Speed Packet Access ("HSPA") technology. HCAT obliged to maintain the distribution channel of CDMA handset, CDMA telecommunication services, after sale services and promotion to induce the customers to switch to HSPA technology. As consideration of providing such services, HCAT entitles to receive revenues as stipulated in the agreement.

On 27 January 2011, a subsidiary, BFKT (Thailand) Limited ("BFKT") entered into an agreement with CAT to lease telecommunication equipment under CDMA and HSPA technologies for the periods of 2 years and 14.5 years, respectively. Under the terms and conditions of CDMA agreement, BFKT has to provide telecommunication equipments for mobile services using CDMA technology for 2 years. Under the terms and conditions of HSPA agreement, BFKT has certain commitments including acquiring, installing, managing, and maintaining all equipments necessary to provide mobile phone service using HSPA technology according to the capacity stipulated in the agreement for the period of 14.5 years. As consideration of providing such services, BFKT entitles to receive revenue as stipulated in the agreement.

On 16 December 2010 and 24 June 2011, a subsidiary, Real Move Co., Ltd. ("RMV") was granted Type I licences by NTC for resale mobile and internet, respectively. RMV is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licences. The licences will be expired on 15 December 2015. Subsequently, on 27 January 2011, RMV entered into a re-sales and wholesales agreement with CAT ("the Agreement"). Under the terms and conditions of the Agreement, RMV will perform in providing mobile phone services using HSPA technology wholesale from CAT for a period of 14.5 years.

To comply with the abovementioned agreements, the Group has place letters of guarantee issued by certain local banks in favour of CAT totaling Baht 861.00 million.

38. Contracts and commitments (Cont'd)

38.5 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 3,511.13 million, respectively.

38.6 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	
	2011 Baht Million	2010 Baht Million	2011 Baht Million	2010 Baht Million	2011 Baht Million	2010 Baht Million
Fixed and saving deposits	1,124.05	1,308.73	-	-	187.39	520.05
Investments in shares of subsidiaries	12,564.75	11,992.68	-	-	-	-
Land and building	983.82	1,008.53	24,870.63	24,870.63	-	-

In addition, the Group and the Company's rights to operate network assets are secured against borrowings (Note 26).

38.7 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 2011 were Baht 28.02 million and Baht 16,229.14 million, respectively (2010: Baht 107.49 million and Baht 9,897.84 million, respectively).

38.8 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:

38.8.1 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.

38.8.2 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.

38.9 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.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

39. Litigations and Arbitration disputes and contingent liabilities

39.1 Litigations outstanding at the Administrative Court

39.1.1 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.

39.1.2 On 14 February 2011, Total Access Communication Public Company Limited filed with the Central Administrative Court against the Company and TOT Public Company Limited to jointly pay for interconnection charges (IC) amount of Baht 3.28 billion. Currently, the case is under the judicial process of the Central Administrative Court.

The ultimate outcomes of the aforementioned cases are presently unable to be determined, and accordingly, no recognition of provision for possible liabilities have been made in the financial statements unless otherwise stated.

39.2 Arbitration disputes outstanding at the Thai Arbitration Institute

39.2.1 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. The case is currently within the arbitration process.

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. The case is currently within the arbitration process.

39. Litigations and Arbitration disputes and contingent liabilities (Cont'd)

39.2 Arbitration disputes outstanding at the Thai Arbitration Institute (Cont'd)

39.2.1 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.

39.2.2 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.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

39. Litigations and Arbitration disputes and contingent liabilities (Cont'd)

39.2 Arbitration disputes outstanding at the Thai Arbitration Institute (Cont'd)

39.2.2 Arbitration cases filed by TOT against the Company (Cont'd)

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. The case is currently within the arbitration process.

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. The case is currently within the arbitration process.

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 within the arbitration process.

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.

Dispute in relation to remuneration of the Gateway for international long distance telephone service. On 1 August 2011, TOT filed arbitration against the Company claimed for Baht 91.88 million including VAT and interest regarding to the remuneration of the Gateway for international long distance telephone services through code 007 for the period of July 2004 to May 2011. And claim for occurring interest until payment has been made. Moreover, claiming for outstanding invoice for the month of June 2011, plus interest and VAT. As of 31 December 2011, the Company has accrued expenses amount of Baht 72.62 million. This dispute is in the process of arbitration.

The ultimate outcomes of the aforementioned arbitration are presently unable to be determined, and accordingly, no recognition of revenue or provision for possible liabilities have been made in the financial statements unless otherwise stated.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

39. Litigations and Arbitration disputes and contingent liabilities (Cont'd)

39.3 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 the 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 the 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 26 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 at the Excise Department.

The ultimate outcomes of the aforementioned cases are presently unable to be determined, and accordingly, no recognition of provision for possible liability has been made in the financial statements.

39.4 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 date of counterclaim until completion of payment. The case is currently in the appealing process.

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.

39. Litigations and Arbitration disputes and contingent liabilities (Cont'd)

39.4 Litigations and arbitration disputes of subsidiaries (Cont'd)

On 13 October 2006, CAT filed an arbitration claim against a 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 filed the protest with the Central Administrative Court. On 23 February 2011, the Central Administrative Court has judged that the Arbitrator's ruling is illegal. Thus, the Court ordered to repeal that ruling. On 22 March 2011, CAT appealed to the Supreme Administrative Court. Subsequently, on 16 June 2011, CAT filed a petition to the Central Administrative Court to enforce the award of the arbitral tribunal and asked for resolving compliant from the subsidiary. The subsidiary will oppose the claim since the award of the arbitral tribunal has been revoked by the Court and being under consideration of the Supreme Administrative Court. CAT is not entitled to file such petition. The case is currently under the judicial process of the Court.

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. The court ruled on 29 September 2011 and the Company paid the amount of Baht 1.06 million (excluding default interest). The case is pending at the Court of Appeal Region 4.

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. On 16 September 2011, the arbitrator decided to withdraw the claim. Consequently, the subsidiary is not required to pay the claim. On 25 November 2011, CAT has filed a petition to revoke the arbitration award with the Central Administrative Court. The case is currently under the court process.

On 19 February 2008, CAT filed an arbitral dispute against a 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.

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.

39. Litigations and Arbitration disputes and contingent liabilities (Cont'd)

39.4 Litigations and arbitration disputes of subsidiaries (Cont'd)

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 reimbursed to CAT. The subsidiary made a statement of objection on 11 December 2009. The case is currently under the process of Arbitration.

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 case is currently under the process of Arbitration.

On 25 February 2011, CAT has filed an arbitration against a subsidiary claiming for the minimum bank guarantee amount of Baht 646.00 million and Baht 679.00 million, totalling of Baht 1,325.00 million. On 7 October 2011, the subsidiary has made a counterclaim against CAT request for returning a minimum bank guarantee for 11th to 13th year and claim the amount of Baht 56.19 million. The dispute is currently under consideration by the tribunal.

On 8 September 2011, CAT filed an arbitration claim against the subsidiary regarding to revenue sharing amount of Baht 11,946.15 million. The case in the arbitration process.

A subsidiary, as a jointly defendant was filed by a common person with the Civil Court claiming for breach of brokerage agreement requested amount of Baht 438.58 million. The case is currently under the judicial process of the Supreme Court.

On 30 December 2008 and 14 October 2009, CAT filed for arbitration against a subsidiary claiming for shortcoming revenue sharing under the Marketing Service Agreement for Cellular Digital AMPS 800 Band A system, claiming of Baht 1,445.00 million. The case is currently being temporarily suspended and there are no further progress.

The ultimate outcome of the aforementioned cases cannot presently be determined, and accordingly, no provision for possible liability has been made in the financial statements.

39.5 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.

39.6 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 40.

40. Access charges

40.1 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. As at 31 December 2011, TOT has not paid any amount. The amount included interest as at 31 December 2011 was Baht 15,620.26 million.
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.

40.2 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.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

40. Access charges (Cont'd)

40.2 A 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.

On 9 May 2011, TOT filed a lawsuit with Central Administrative Court against CAT jointly with a subsidiary claiming for an access charge amounting of Baht 41,540.27 million. The case is currently in the judicial of the Central Administrative Court.

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 2011 are as follows:

	Accrued access charges Million Baht	Net effect to the consolidated profit or loss, net of revenue sharing to CAT Million Baht
For the period from 18 November 2006 to 31 December 2010	20,049.81	14,965.71
For the year ended 31 December 2011	5,724.49	4,198.91
Total	25,774.30	19,164.62

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.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

41. Business acquisition

On 27 January 2011, the Group acquired 91.88%, 100.00%, 99.33% and 100.00% interest of Hutchison Wireless MultiMedia Holdings Limited (“HWMH”), BFKT (Thailand) Limited (“BFKT”), Rosy Legend Limited (“RL”) and Prospect Gain Limited (“PG”), respectively. The acquired companies currently engage in providing service of mobile phone using CDMA (Code Division Multiple Access) technology and are the owner of 1,400 base stations. The acquired companies generated revenue of Baht 4,275.76 million and net profit of Baht 59.76 million to the Group for the period from 1 February 2011 to 31 December 2011. If the acquisition had occurred on 1 January 2011, the Group’s revenue would have been of Baht 4,605.80 million, and net loss would have been of Baht 27.37 million.

The following table summarises the consideration paid, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

	Baht Million
Purchased considerations:	
Cash paid	6,204.35
Fair value of net identifiable assets	<u>18,281.45</u>
Gain from bargain purchase	<u>12,077.10</u>
	Baht Million
Cash and cash equivalents	188.48
Amount due from related company	1.97
Accounts receivable	387.42
Inventories, net	23.89
Advance to contractors	19.90
Claimable value added tax	798.85
Other current assets	376.76
Property, plant and equipment, net	4,035.36
Leasehold right, net	5.90
Intangible assets, net	203.29
Right to operate	1,381.62
Service contract	14,468.00
Refundable deposit	92.55
Deferred income tax assets	5,264.83
Trade accounts payable	(65.12)
Output VAT pending tax invoices	(758.24)
Amount due to related company	(1,071.81)
Accrued expenses	(860.14)
Other current liabilities	(165.98)
Deferred income tax liabilities	(5,804.89)
Employees benefit obligations	(69.47)
Provision for dismantling of mobile phone network equipment	<u>(7.72)</u>
Fair value of net assets	18,445.45
Non-controlling interest	<u>(164.00)</u>
Total purchase considerations	<u>18,281.45</u>

Detail of cash outflow from the acquisition are as follows:

	Baht Million
Cash and cash equivalents	188.48
Less Cash paid for directly attributable acquisition cost	<u>(6,204.35)</u>
Net cash outflow on acquisition	<u>(6,015.87)</u>

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

41. Business acquisition (Cont'd)

The fair value of net identifiable assets and identifiable liabilities exceed the purchase considerations of Baht 12.08 billion was recognised in the consolidated profit or loss as gain from bargain purchase under "Other income". The purchase price is lower than the fair value of net assets acquired due to the Group's negotiation capability incorporate with the seller decide to discontinue the telecommunication business and withdraw its business from Thailand.

The fair value of identifiable intangible asset of Baht 15.85 billion is the present value of the service contract acquired from business combination, calculated from the discounted cash flow of estimated revenue from service agreement using a discounted rate based upon the weighted average cost of capital ("WACC") with a terminal value based on EBITDA multiples.

42. 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.

The following transactions were carried out with related parties:

i) Sales of goods and services

For the years ended 31 December	Consolidated		Company	
	2011 Baht Million	2010 Baht Million	2011 Baht Million	2010 Baht Million
Sales of goods:				
Subsidiaries	-	-	2.77	112.29
Joint ventures	-	0.01	-	0.03
Related company				
CP Group of companies	36.27	21.48	-	-
	36.27	21.49	2.77	112.32
Sales of services:				
Subsidiaries	-	-	4,493.70	4,177.90
Joint ventures	13.34	4.42	1.05	0.97
Associate	133.02	91.45	-	-
Related companies				
CP Group of companies	4,166.18	2,581.08	1.07	5.14
	4,312.54	2,676.95	4,495.82	4,184.01

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.

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

42. Related party transactions (Cont'd)

ii) Purchases of goods and services

For the years ended 31 December	Consolidated		Company	
	2011 Baht Million	2010 Baht Million	2011 Baht Million	2010 Baht Million
Purchases of goods:				
Subsidiaries	-	-	1.64	3.88
Joint ventures	0.02	0.05	-	-
Associate	0.93	1.54	-	-
Related companies				
CP Group of companies	15.26	50.10	1.96	-
NEC Corporation (Thailand) Co., Ltd.	0.26	-	-	-
	<u>16.47</u>	<u>51.69</u>	<u>3.60</u>	<u>3.88</u>
Purchases of services:				
Subsidiaries	-	-	1,055.14	1,085.09
Joint ventures	61.11	198.25	23.64	29.82
Associates	60.98	56.80	-	-
Related companies				
CP Group of companies	609.27	877.02	52.72	43.88
NEC Corporation (Thailand) Co., Ltd.	2.86	4.12	0.12	0.12
	<u>734.22</u>	<u>1,136.19</u>	<u>1,131.62</u>	<u>1,158.91</u>

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

As at 31 December	Consolidated		Company	
	2011 Baht Million	2010 Baht Million	2011 Baht Million	2010 Baht Million
Receivables from related parties:				
(included in "Trade accounts receivable" (Note 16))				
Subsidiaries	-	-	2,156.10	2,184.77
Joint ventures	11.26	23.40	0.13	0.20
Associate	61.66	36.28	-	0.13
Related companies				
CP Group of companies	1,679.12	948.43	0.12	0.97
NEC Corporation (Thailand) Co., Ltd.	0.16	0.16	0.16	0.16
	<u>1,752.20</u>	<u>1,008.27</u>	<u>2,156.51</u>	<u>2,186.23</u>
Receivables from related parties:				
(included in "Other receivable")				
Related companies:				
CP Group of companies	0.06	0.06	-	-
NEC Corporation (Thailand) Co., Ltd.	2.31	2.31	2.31	2.31
	<u>2.37</u>	<u>2.37</u>	<u>2.31</u>	<u>2.31</u>

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

42. 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	
	2011	2010	2011	2010
	Baht Million	Baht Million	Baht Million	Baht Million
Payables to related parties: (included in "Trade and other payables")				
Subsidiaries	-	-	349.54	427.25
Joint ventures	28.21	21.75	10.95	13.96
Associates	200.37	112.76	-	-
Related companies				
CP Group of companies	49.20	31.12	26.84	4.30
NEC Corporation (Thailand) Co., Ltd.	0.04	0.04	0.01	0.02
	277.82	165.67	387.34	445.53

iv) Loans to related parties

As at 31 December	Consolidated	
	2011	2010
	Baht Million	Baht Million
Loans to related parties		
Current	8.70	11.90
Total	8.70	11.90

Movement of loans to related parties can be analysed as follows:

	Consolidated Baht Million
For the year ended 31 December 2011	
Opening net book value	11.90
Additions	0.30
Repayments	(3.50)
Closing net book value	8.70

The loans to related parties in the consolidated financial statements as at 31 December 2011 are loans to BboydCG Company Limited, a joint venture, of Baht 8.70 million (2010: Baht 8.40 million to BboydCG Company Limited, a joint venture, and Baht 3.50 million to True Music Radio Co., Ltd., a subsidiary), which were call promissory notes. The loans bear interest at MLR per annum.

The consolidated and Company related interest income for the year ended 31 December 2011 were Baht 0.58 million and zero, respectively (2010: Baht 0.49 million and Baht 12.44 million, respectively).

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

42. Related party transactions (Cont'd)

v) Loans from a related party

As at 31 December	Company	
	2011 Baht Million	2010 Baht Million
Current	-	-
Non-current	3,249.65	3,053.55
Total (Note 26)	3,249.65	3,053.55

Movement of loans from a related party can be analysed as follows:

For the year ended 31 December 2011	Company	
	Baht Million	
Opening net book value	3,053.55	
Addition borrowings:		
- Non-cash transaction - interest	196.10	
Closing net book value	3,249.65	

The loan in the Company financial statements is the loan from a subsidiary, 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 2011	Company	
	Baht Million	
Due within 1 year	-	
Between 2 and 5 years	3,249.65	
	3,249.65	
	3,249.65	
	3,249.65	

vi) Interest receivable arising from loans to related parties

As at 31 December	Consolidated		Company	
	2011 Baht Million	2010 Baht Million	2011 Baht Million	2010 Baht Million
Interest receivable: (included in "Trade and other receivables")				
Joint venture	0.11	0.04	-	-
	0.11	0.04	-	-

True Corporation Public Company Limited
Notes to the Consolidated and Company Financial Statements
For the years ended 31 December 2011 and 2010

42. Related party transactions (Cont'd)

vii) Directors and key management's remuneration

The total remuneration of the directors and the key management of the Company and the Group in 2011 were Baht 131.43 million and Baht 192.45 million, respectively (2010: Baht 150.07 million and Baht 212.34 million, respectively).

The post retirement benefit for directors and senior executive for year 2011 is Baht 5.57 million (2010: Baht 8.21 million).

viii) Equity warrants granted to directors and senior executives

There are no warrants granted to directors and senior executives during 2011 and 2010. The outstanding number of stock options granted to directors and senior executives of the Company as at 31 December 2011 was 71.20 million units (2010: 88.55 million units) (Note 33).

ix) Dividend received

During 2011, the Company received a dividend of Baht 585.12 million (2010: Baht 301.40 million) from subsidiaries and a subsidiary received a dividend from its associate company amount of Baht 2.73 million, which were recognised as "Dividend income" under "Other income" in the Company and consolidated profit or loss, respectively.

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