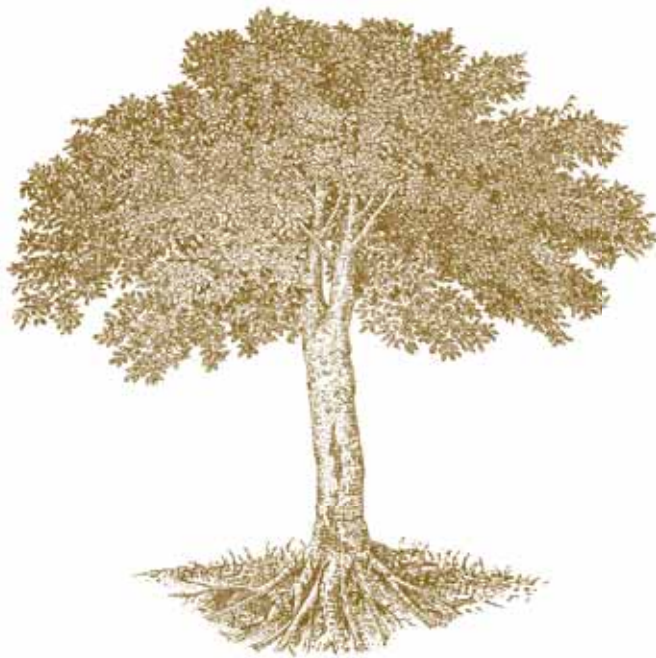




CULTIVATING  
*for*  
GROWTH

---



[ 2009 ]

Annual Report  
SHIN CORPORATION PLC

## VISION :

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WE ARE THE  
LEADING VALUE  
CREATION ASSET  
MANAGEMENT  
COMPANY  
IN TELECOM  
AND MEDIA

## MISSION :

---

- > To be the leading asset management organization that delivers sustainable growth and long-term value to shareholders by investing and managing in the telecom and media business
- > To continually explore new business opportunities in telecom and media
- > To continue our Group good corporate governance practice
- > To uphold our corporate core values that focus on integrity, teamwork, innovation and people excellence (I-TIE)
- > To continue our sustainable corporate social responsibility activities

---

## HUMAN RESOURCE IS AN IMPORTANT PILLAR FOR CORPORATE GROWTH AND SUCCESS

At Shin Group, we recognize the importance of our staff. Thus, we have instilled a policy and programs that reinforces their development and career-path. Over the years, we have been laying strong foundation in order to enhance and develop staff's talent, integrity, and dedication to the organization. Our staff, in a longer term, will have achieved their highest potential and will be able to deliver their best which would lead to sustainable growth of the Company.

TABLE  
*of*  
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# FINANCIAL HIGHLIGHTS

SHIN CORPORATION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Baht Million

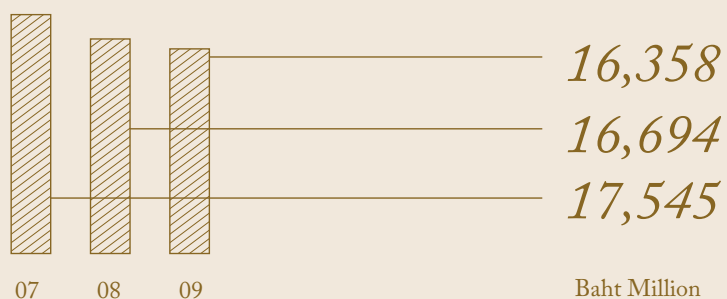
As at 31 December	2009	2008	2007
<b>OPERATING RESULTS - CONSOLIDATED</b>			
Revenues from sales of goods and rendering of services	8,533	8,918	10,359
Share of profits of associates	7,465	6,785	7,020
Total revenues	16,568	15,876	22,829
Gross profit	1,188	1,408	2,077
Profit attributable to equity holders of the company	6,496	5,649	960
Total assets	61,540	63,259	67,267
Total liabilities	16,358	16,694	17,545
Total equity attributable to equity holders of the company	35,970	37,069	39,872
<b>FINANCIAL RATIO - CONSOLIDATED</b>			
Net profit margin	39%	36%	4%
Return on equity	18%	15%	2%
Return on assets	10%	9%	1%
Debt-to-equity ratio	0.45	0.45	0.44
Basic earning per share (Baht)	2.03	1.76	0.30
Book value per share (Baht)	11.24	11.58	12.47
Dividend per share (Baht)	2.40	2.40	0.30
No of share (Million)	3,201.07	3,201.07	3,196.85
( at one Baht par value per share )			

Dividend Policy: The Company dividend policy will be distributed from the Company's performance on cost method to pay dividend not less than 40 percent of profit after tax, unless the Company has other financial needs and the payment materially affect the Company's normal operations.

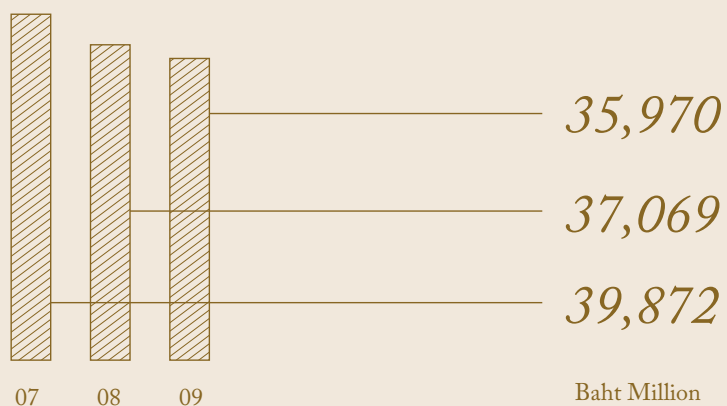
[ Fig. 1 ]  
TOTAL ASSETS



[ Fig. 2 ]  
TOTAL LIABILITIES

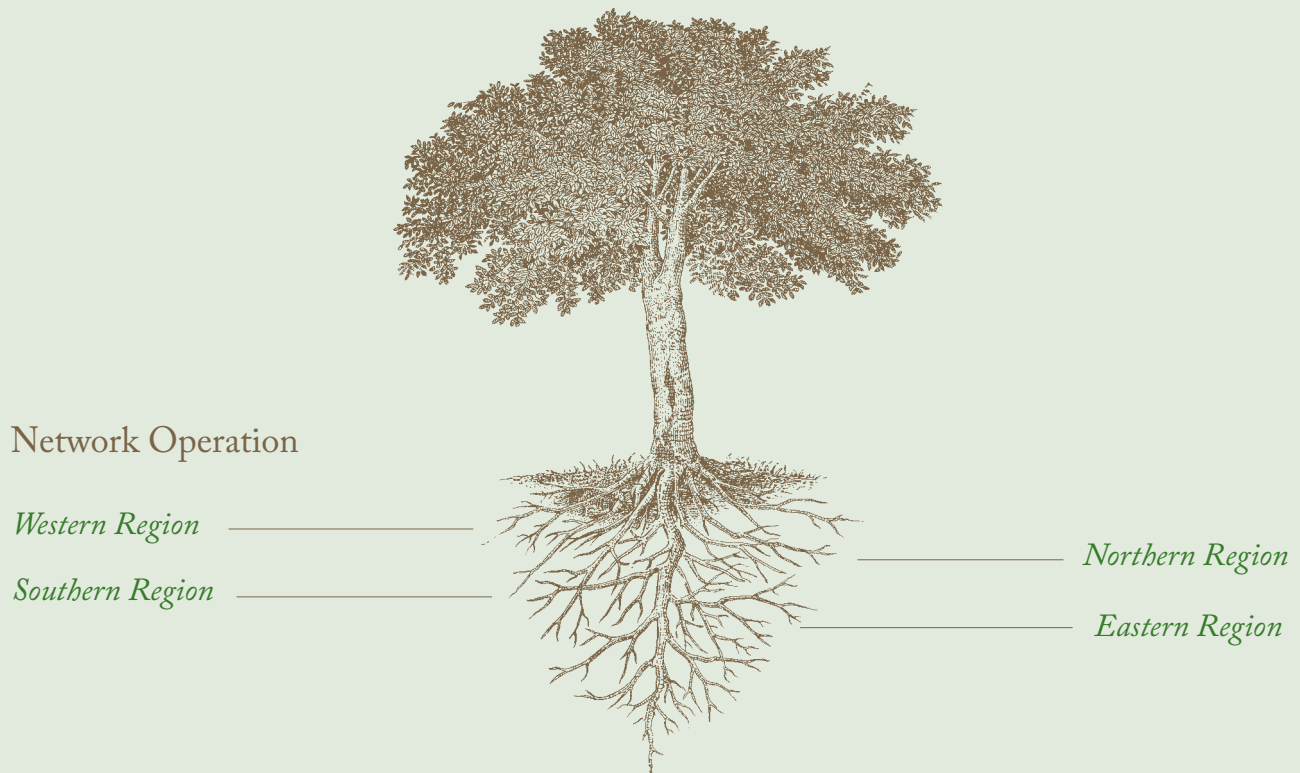


[ Fig. 3 ]  
TOTAL EQUITY  
ATTRIBUTABLE TO  
EQUITY HOLDERS  
OF THE COMPANY



[ 1 ]

A GROWING NETWORK  
*of*  
ROOTS



[ Fig. 1 ]

Shin Corporation PLC (SHIN) is ready to strengthen the group performance  
through the expansion in telecom business

Advanced Info Service PLC (AIS) is a mobile phone service provider operating on 900MHz spectrum and has been providing services for more than 20 years. It also operates and provides mobile services on 1800MHz GSM spectrum through its subsidiary called DPC. AIS is a leader in providing state-of-the art technology to its customers with extensive network coverage geographically throughout Thailand. AIS continues to develop new services, e.g. data service, to better serve its customers' needs in addition to voice product. SHIN fully supports AIS in its preparation for the new era of technology.





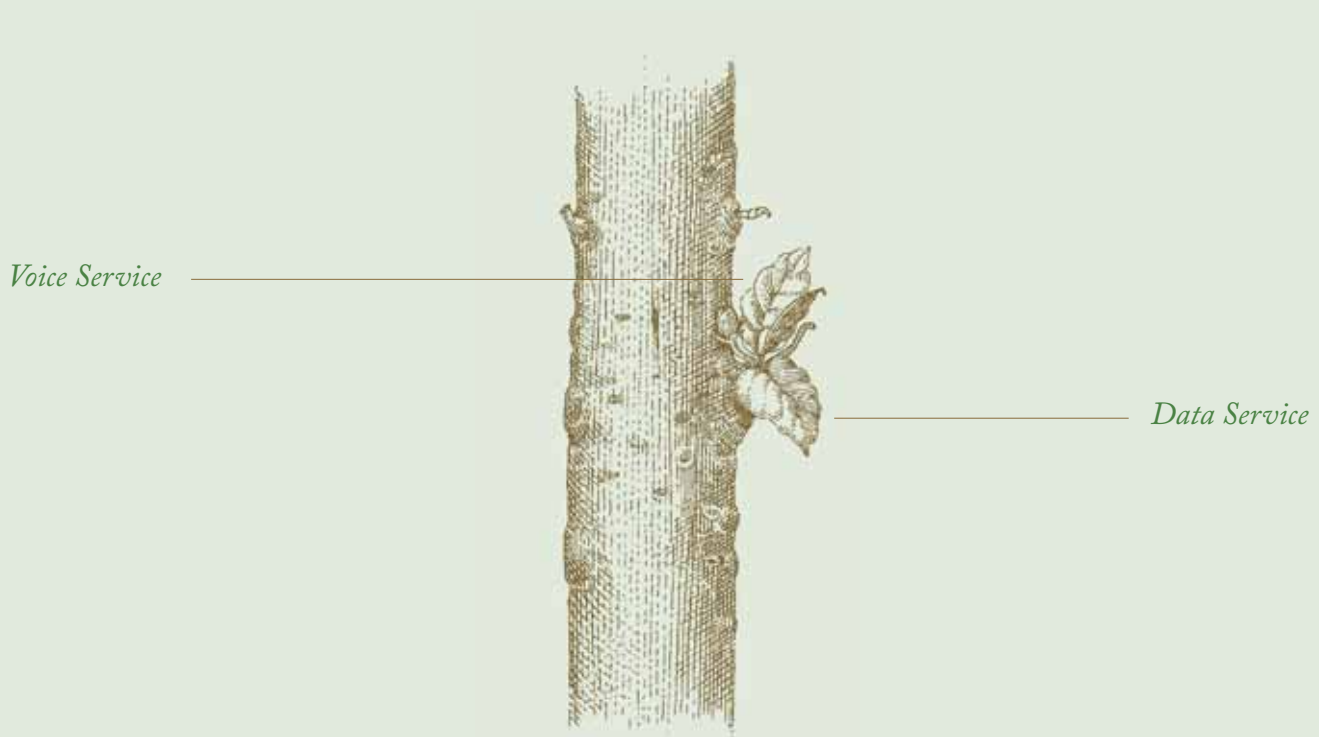
FORTUNE

[ 2 ]

THE DEVELOPMENT OF LIFE

*from*

A BUD



[ Fig. 2 ]

#### Data service to increase in the future

With growing trend for wireless broadband features and services, more and more customers are now demanding higher data speed access. AIS, over the years, has improved immensely its EDGE network area to serve that needs which also gained strong positive feedback from its customers. In 2009, service revenue from data increased 24% from the previous year; this is mainly due to the users' changing lifestyle. With the availability of faster speed access technology, people are spending more time on internet via mobile phone, especially social networking on-line. Thus, we see the importance in developing a more efficient 3G network which will improve speed of data transmission. This will open a whole new window of opportunities for investment in wireless Internet which will also be the impetus to a foundation for economic and social development in Thailand.



BlackBerry

Bloomberg

29.25

+0.5

+1.73%

52 Week Summary



Shin Corp PCL

High 30  
Low 29.25  
Vol 1258000  
Time 14:51

15:13

High 34.25  
Low 17.5  
P/E 33.025  
Return 84.23%  
MkCap 93.63B

Shin Corp PCL

SHIN:TB Shin Corporation Public Company Limited is a holding company that invests in diversified telecommunication and media and education



[ 3 ]

EXPANDING THE TERRITORY

*through*

SEED



[ Fig. 3 ]

#### Continuing growth of satellite and international business

For the conventional satellite, Thaicom PLC (THCOM) provide television broadcasting and telecommunications services for both domestic and international market. For IPSTAR, the gateway has been installed in Japan and Indonesia. In addition, we also partnered up with China Telecom for the expansion of rural mobile and fixed networks. At present, IPSTAR commercially deployed in 12 countries. For international business, we still maintain the leadership position in both Laos and Cambodia's mobile market.



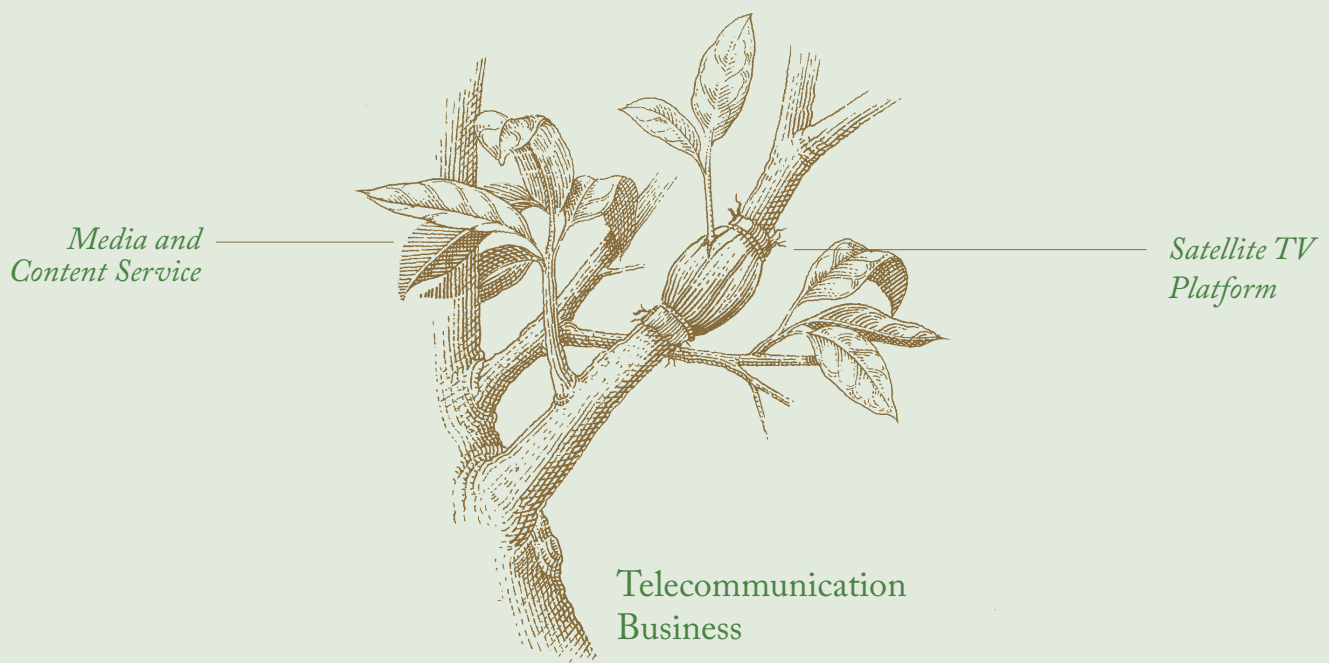


[ 4 ]

MULTIPLYING THE GROWTH

*by*

GRAFTING



[ Fig. 4 ]

**Expanding to be a satellite TV platform provider**

Apart from mobile and satellite business, SHIN has expanded into satellite TV platform through DTV Service, Co. Ltd. (DTV) which is a subsidiary in satellite business line. As of the end of 2009, there are over 500,000 DTV satellite television dish sets utilization nationwide. The increase in subscriber base and its popularity will be the opportunity for SHIN to once again regain our present in the Media business.







[ 5 ]

THE FRUITS  
*for*  
SHARING

*Performance*



*Society*

[ Fig. 5 ]

**Social Responsibility**

Shin Corporation supports Thai youths. We would like to inspire them to develop a strong sense and importance of knowledge base, imagination, and creativity together with a good sense of ethics and moral conduct, so that they would become a good and responsible adult with capability to contribute to the better of the society and the long term success of the country. Among the programs and activities that we have created to instill the above attributes are Camp Sanook Kid with Shin Corp, Thai Literature Conservation Contest, and Forestation and Water Source Conservation.

These programs have been conducted and on-going for many years now.



## CONTRIBUTION *to* SOCIETY

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### SHIN CORP WITH CORPORATE ROLE AND SOCIAL RESPONSIBILITY

Shin Corporation Public Company Limited is committed to operating and managing business in conformity with laws in order to protect benefits of consumers, investors, trade partners and people, in conjunction with corporate role and social responsibility. Confident in potentials and powers of youths, we always encourage them to express knowledge, ability, imagination and creative idea, sustain ethics and morals, possess voluntary mind in contributing to society and become quality people playing a key role in steering society and country development and progress in the future.

**The 9th Camp Sanook Kid with Shin Corp** “Sufficient Youths, Sufficient Schools” under “the Philosophy of Sufficiency Economy, an Inspiration to Build Participative Learning,” a project driven by small power in society mixing knowledge based experience and participative works of youths who are students from universities nationwide to create the projects abiding by the Sufficiency Economy principle relevant to social terrain, lifestyle and demand of people in society with concrete results and optimal benefits, leading to extended development and network expansion combining as sustainable learning center for schools and communities. The students

learned the Philosophy of Sufficiency Economy through hands-on lessons and employ experience to their real life. They were implanted with voluntary mind willing to help and share good things with their schools, communities and societies based on the Philosophy of Sufficiency Economy, “Moderation Reasonableness Self - immunity plus two crucial conditions - Knowledge and Ethics.” The project consulting and supporting organization consisted of Office of the Basic Education Commission, Office of the National Economic and Social Development Board, Office of the Royal Development Projects Board. At present, there are 20 pilot schools under the concept “Sufficient Youth, Sufficient School” with over 5,000 participating youths from 1,720 schools countrywide.

**The 3rd Thai Literatures Conservation Contest**, the drawing contest project on youth-level literature under the concept “Kindness, Sharing and Unity.” There were 1,355 drawing works entering the contest this year. Each work portrayed idea and aesthetics of language elaborating in a beautiful drawing. The winners in high school and undergraduate category received Royal Trophy from Her Royal Highness Princess Maha Chakri Sirindhorn. The project is beneficial to youths in terms of promoting reading habit and understanding of Thai language and literature, supporting children in learning, thinking, imagining and defining literature context through drawing



The 9th Camp Sanook Kid with Shin Corp



The 3rd Thai Literatures Conservation Contest

works and transferring correct understanding to the viewers as well as encouraging the youths to realize kindness, sharing and unity which are values disappearing from Thai society today. As part of the project, charity pictures were sold to interested persons. Proceeds were credited to Her Royal Highness Princess Maha Chakri Sirindhorn Foundation in supporting the education for deficient students.

#### Forestation and Water Source Conservation (2008-2012)

with the concept "Forest in People's Mind" "Forest is compared to treasure and life bank of human and living things. We can source natural fund to sufficiently develop localities without indebtedness. If everyone loves and takes care of forest, we will earn interest of plants from life bank to nurture and benefit the living of life with happiness. The project taught how to realize the value of the surrounding nature and promoted awareness in appropriate use of nature as well as relieving impacts on environment problems." This is one of the comments from participating youth and villager representatives. In the past year, the Company cooperated with Office of the Royal Development Projects Board, Government Agencies, youths from 54 schools and over 2,000 people in organizing the activities to increase forestry area and rehabilitate the ecosystem by releasing 300,000 aquatic animals back to natural water resources within the areas of Royal Development Study Center including Phupan

Royal Development Study Center, Sakon Nakorn, Khao Hin Sorn Royal Development Study Center, Chachoengsao and Kung Krabaen Bay Royal Development Study Center, Chantaburi to pay homage to His Majesty the King and Her Majesty the Queen by applying the Royal initiatives regarding forest and water to real action. The project aims at growing at least 100,000 trees and reproducing over 1,000,000 aquatic animals within 5 years.

**Implanting Voluntary Mind in Employees** The Company opens the opportunity for the employees to participate in social activities throughout the year, such as giving the alms to monks, donating funds to help HIV patients from Wat Phrabatnampu and donating organs and bloods to the Thai Red Cross Society, in proposing Royal Donation for His Majesty the King and Her Majesty the Queen, on the auspicious occasion of His and Her Majesty's Birthday and giving lunch to underprivileged youths from the Paralyze Foundation under the patronage of Her Royal Highness the late Princess Srinagarindra.

Shin Corporation believes in powers and potentials of youths. If opportunity and decent education are granted, voluntary mind will groom them to be good and quality people serving as the major force of society in the future.



Forestation and Water Source Conservation



MESSAGE  
*from*  
CHAIRMAN

OF THE BOARD AND CHIEF  
EXECUTIVE OFFICE

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Dr. Virach Aphimeteetamrong  
Chairman of the Board

*V. Aphimeteetamrong*

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Somprasong Boonyachai  
Chief Executive Officer

*S. Boonyachai*

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DEAR SHAREHOLDERS

We are delighted to say that our consolidated operational performance in 2009 remains relatively stable in spite of the challenging economic environment of 2009. Our full-year consolidated revenues amounted to Baht 16,568 million. The net profit was Baht 6,496 million, increased 15% from Baht 5,649 million in 2008. For financial ratios, return on equity was 18%, earnings per share was Bt 2.03 and dividend per share was Bt 2.40.

When it comes to group investment policy, we prioritize and take a more conservative approach in selecting projects because we firmly believe in sustained long-term holding. On the other hand, we will not lose sight when timely action is required to rationalize an underperforming asset. We continue to maintain strong balance sheets for future investment readiness. Our dividend policy remains firm that is to pass-through all dividends received from our key wireless subsidiaries Advanced Info Service (AIS) to our shareholders.

Telecom and media are our focus. Thai telecommunications continues to evolve. With the advent of 3G technology on 2.1GHz spectrum, we are about to embark on a new challenge. We have been in telecom, media, and IT businesses for more than 20 years and especially having been in the forefront of mobile development when the industry was first liberalized, SHIN is more prepared than ever and well positioned to undertake the challenge. AIS, our wireless holding and a key player in the wireless provider arena with leading market share in both subscribers and service revenues, is well prepared and financially positioned for the 3G investment. As a group, we look forward to leveraging off our large customer base and vast array of products and services under SHIN's umbrella to further create higher economic value and returns for our shareholders.

The year 2009 was a sporadic year for the Thai economy, resulting in negative GDP growth. For 2010, the Bank of Thailand (BoT) is projecting an upward trend of 3.3% - 5.3% growth. The overall business sentiment is beginning to improve supported



by stronger economic data such as domestic demand, private consumption and private investment, and the manufacturing production index. A favorable economic environment in the coming year would certainly benefit our group businesses, particularly AIS. Moreover, some of our newer projects in the telecom and media related may even get underway.

As of year-end 2009, there are total of 65 millions estimated mobile subscribers. A closer look at user segmentation we see that there is about 12 millions mobile Internet and 3 millions fixed broadband users, still a very low Internet penetration. 3G technology, a more efficient approach to offering higher data speed transmission and mobile Internet services, will potentially drive our new area of growth. Although we are closer to what is promising to be the new chapter of high speed wireless services, we expect to see a minor delay. Once this significant milestone is achieved, it shall pave the way to a wide-range of opportunities for wireless broadband services. To prepare and ensure overall readiness for 3G, AIS has launched 3G on 900MHz to their customers in selected areas.

Our international operations comprise of satellite leasing and mobile services manage by Thaicom PLC (THCOM). IPSTAR, provider of satellite digital broadband with footprint covering Asia-Pacific region, is potentially THCOM next growth driver. It has made additional progress when Japan and Indonesia recently approved up and downlink landing rights. This adds to the list that now comprise of 12 countries in the region. IPSTAR early on customers were mainly Internet service provider (ISP) and government. But customer segment is expanding to telcos, as they are opted for satellite broadband capability for their backhaul to serve specific needs, especially in China and India. It is still early for telcos to substantially increase usage but we are optimistic and see vast opportunities in both of these countries.

Wireless mobile competition in Lao PDR and Cambodia are becoming very competitive. Despite fierce competition, penetration rate in these two countries is still below 35%. In Cambodia, we are maintaining a number 2 position while securing leadership in Lao PDR. We continue to see much potential in those

countries and continue to explore and seek wireless investment opportunity in our neighboring countries.

Our commitment to the youth community continues to be our primary focus. We gear our programs and projects based on education and knowledge to enhance youth awareness and skills. Our key programs include "Camp Sanook Kid with Shin Corp," in its 9<sup>th</sup> year, "Self Sufficient Youth, Self Sufficient Schools" based on His Majesty the King's "Economic Sufficiency Philosophy," and the "Thai Literature Contest" a nationwide painting contest to encourage young people to better their Thai language, develops their interest in literature, and painting skills. The award paintings at the end of the contest are auction-off and all proceeds to be donated to Her Royal Highness Princess Maha Chakri Sirindhorn's Foundation to help the underprivileged students.

We are deeply concerned on the issue of global warming. There are programs and projects undertaken by us as we began our effort back in 2008 with activities like forestation and water source conservation. We follow the initiative of His Majesty the King and Her Majesty the Queen in natural resource conservation which underlining issues related to the protection of our forest and water concerns by raising awareness among all members in community about conserving the environment and maintain balance of nature. Throughout 2010, we plan to carry-out numerous activities in various region of Thailand.

We would like to thank and express our sincere appreciation to our shareholders, financial institutions, business partners, and all of our staff for your kind support over the year. We would like to assure you that we are truly committed to upholding good corporate governance practices, fair treatment, transparency, and a system of check and balance. Our business practices are conducted in accordance and compliance with related laws and regulations. We aim to deliver the highest quality of services to our customers and institutional and minority shareholders. From the management team with extensive and proven expertise in the telecom and media businesses, our commitment is to deliver sustainable growth for the benefit of all our stakeholders.

# AUDIT COMMITTEE REPORT FOR 2009

## TO THE SHAREHOLDERS OF SHIN CORPORATION PLC

The Audit Committee ("the Committee") of Shin Corporation Plc ("the Company") consists of three independent directors who meet all the requirements of independence, experience and qualifications set by the Capital Market Supervisory Board and the Company. The Committee is chaired by Mr. Somchai Supphatada while the other members are Mr. Vithit Leenutapong and Mr. Chalaluck Bunnag. The secretary to the Committee is Mr. Wichai Kittiwitayakul, who also serves as the head of internal audit department.

The Committee has performed all its duties as set forth in the Audit Committee Charter approved by the Board of Directors ("the Board"). This charter can be viewed on the website [www.shincorp.com](http://www.shincorp.com). The Committee met six times during 2009 and the attendance is shown in the table below.

	Number of meetings eligible to attend	Number of meetings attended
Mr. Somchai Supphatada	6	6
Mr. Vithit Leenutapong	6	6
Mr. Chalaluck Bunnag	6	6

In addition to the above members, the Committee invited the external auditors (KPMG Phoomchai Audit Ltd.), the Company's President, the head of internal audit and the management to attend each meeting to enable the Committee to discharge its duties.

The Committee reported on its performance to the Board on a quarterly basis and made recommendations for necessary actions to be taken by the Company.

The Committee's significant activities are summarized below.

- **Financial Statements:** The Committee reviewed the Company's quarterly, annual, and consolidated financial statements for the year 2009 as well as its internal control over financial reporting. The management has the primary responsibility for the preparation of financial statements and internal control over financial reporting, while the external

auditors are responsible for expressing an opinion on the financial statements. A private meeting was also held with the external auditors without the presence of the Company's management to consider the internal control system and the accuracy and reliability of the Company's financial statements.

Based on this review, the Committee believes that the Company's financial reports have been presented fairly in all material respects, and have provided adequate disclosure that conforms with generally accepted accounting principles.

- **Connected Transactions:** The Committee considered and reviewed the disclosure of connected transactions and transactions that might have led to a conflict of interest. The Committee concluded that the disclosure was adequate, correct and in compliance with related laws and the regulations of the Capital Market Supervisory Board.
- **External Auditor:** The Committee considered the external auditors' performance in the past year including their knowledge, expertise and independence, and consequently recommended that the Board propose the reappointment of external auditors from KPMG Phoomchai Audit Ltd. as the Company's external auditors for 2010 at the annual general meeting of shareholders, and fix the audit fees at no more than 2.19 million baht.
- **International Financial Reporting Standards ("IFRS"):** The Committee reviewed the progress made on the SHIN Group IFRS project in order to prepare for the transition from the current Thai Accounting Standards to IFRS. The Company, a Thai listed company, will be required to adopt the IFRS by 2011. The Committee was satisfied with the progress made on the IFRS project.
- **Risk Management and Internal Control:** The Committee reviewed the risk management process and the progress and status of the risk management plan as proposed by the Company's Risk Management Committee. In addition, the Committee reviewed and evaluated the Company's internal

control system, which consists of management control, financial control and compliance control, based on guidelines from the Securities and Exchange Commission.

Based on this review, the Committee concluded that the Company's risk management and systems of internal control were adequate and functioning effectively.

- **Internal Audit:** The Committee reviewed and approved the risk-based annual plan of the Internal Audit Department along with the quarterly internal audit results and the progress of the audit plan. In addition, the Committee reviewed the Internal Audit Department's independence, annual budget and manpower, and evaluated the performance of the Head of Internal Audit.

Based on this review, the Committee believes that the Company's system of internal auditing is adequate and effective.

- **Regulatory Compliance:** The Committee conducted a review to ensure that the Company is in compliance with the law on securities and exchange, the Stock Exchange of Thailand's regulations and the laws relating to the Company's business operations by assigning the Internal Audit Department to perform the compliance audit, and the Compliance Department and Legal Department to summarize the compliance status report and update the Committee on any major changes in the related laws and regulations.

Based on this review, the Committee concluded that the Company had complied with related laws and regulations without material flaw.

- **Corporate Governance:** The Committee reviewed and amended the Company's corporate governance policy and code of conduct to ensure they were aligned with international standards and suitable for the current business environment. As for the Ethics Hotline, no misconduct, fraud or violations of the Company's regulations were reported or complaints received during 2009.

- **Directors' and Executives' Interests:** The Committee reviewed and endorsed the Company's rules and procedures for reporting of directors' and executives' interests in Shin Corporation and its affiliated companies in order to comply with *The Securities and Exchange Act (Revision 4)*, B.E. 2551.

- **Audit Committee Self-assessment:** The Committee conducted a self-assessment to review and evaluate its performance by benchmarking it with the Audit Committee Charter and Good Practices. The Committee's performance was found to be effective and had followed the terms of reference in the charter.

- **Other Matters:** During 2009 the Committee regularly invited members of the management to exchange their views and opinions, share their expertise and provide updates on the regulations relevant to the Company's business operations. This enabled the Committee to perform its duties effectively, and keep abreast of current affairs and changes that had occurred.

In conclusion, the Committee was of the opinion that during the fiscal year 2009, the Company's financial statements were prepared and adequately disclosed in accordance with generally accepted accounting principles. The Company has established effective risk management and internal control systems, and practiced good corporate governance throughout the year.



**SOMCHAI SUPPHATADA**

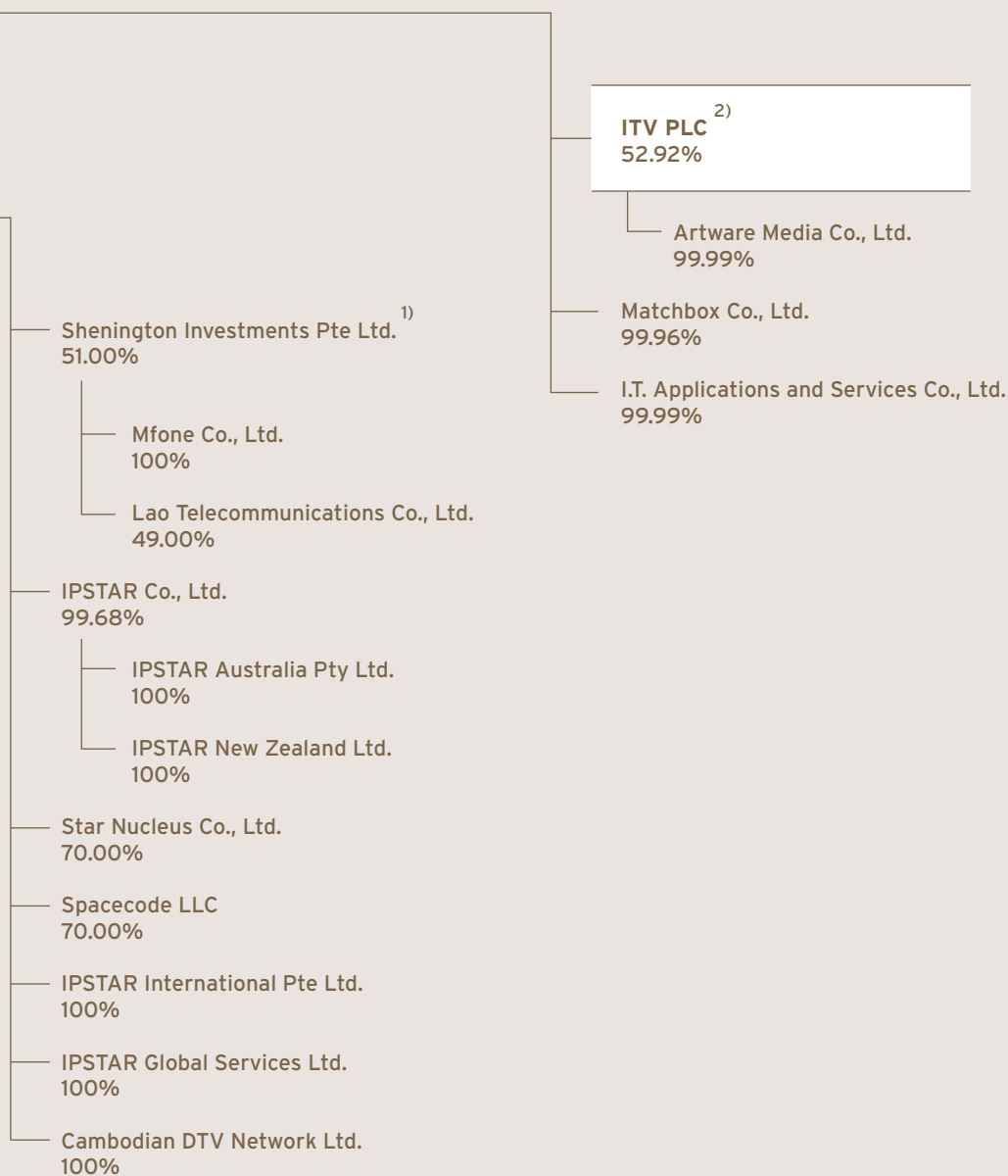
Chairman of the Audit Committee  
February 12, 2010

# INVESTMENT STRUCTURE *of* SHIN GROUP

## SHIN CORPORATION PLC <sup>1), 2)</sup>



( As of January 8, 2010 )



1) Holding Company

2) Listed Company on the Stock Exchange of Thailand

3) On process of liquidation



BOARD  
*of*  
DIRECTORS

---



Dr. Virach Aphimeteetamrong

---



Mr. Somchai Supphatada

---



Mr. Vithit Leenutapong

---



Mr. Chalaluck Bunnag

---



Mr. Boon Swan Foo

---



Mr. Arthid Nanthawithaya

---



Mr. Somprasong Boonyachai

---



Mr. Arak Chonlatanon

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## EXECUTIVE COMMITTEE

---



Mr. Somprasong Boonyachai

---



Mr. Arak Chonlatanon

---



Mr. Vikrom Sriprataks

---



Mrs. Suwimol Kaewkoon

---



Ms. Nidchanun Santhavesuk\*

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## MANAGEMENT TEAM

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Ms. Nidchanun Santhavesuk\*

---



Mr. Anek Pana-apichon

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Mr. Wichai Kittiwittayakul

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Mr. Kim Siritaweechai

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\* Resigned on March 1, 2010

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# THE DETAILS OF DIRECTORS *and* MANAGEMENT TEAM

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## DR. VIRACH APHIMETEETAMRONG

AGE 66

Title	Independent Director and Chairman of the Board of Directors
Shareholding <sup>1)</sup>	None
Relationship with Management	None
Highest Education	Ph.D. Finance, University of Illinois, USA
Governance Training of IOD	ĐAP: Directors Accreditation Program Class 2/2003
Experience	
2007 - Present	Chairman of the Board of Directors, Shin Corporation PLC Member of the Audit Committee, Thai Ago Energy Co., Ltd.
2004 - Present	Independent Director and Chairman of the Audit Committee, California Wow Xperience PLC Independent Director and Chairman of the Audit Committee, Bangkok Chain Hospital PLC Independent Director and Chairman of the Audit Committee, Asia Plus Securities PLC
2003 - Present	Director, TRIS Corporation Co., Ltd. Director, TRIS Rating Co., Ltd.
2001 - Present	Independent Director, Shin Corporation PLC
1995 - Present	Independent Director and Member of the Audit Committee, Metro Systems Corporation PLC
1993 - Present	Director, Supalai PLC
1988 - Present	Chairman, Dr. Virach and Associates Public Accounting Firm
2007 - 2009	Chairman of the Audit Committee, AIG Retail Bank PLC
2006 - 2007	Chairman of the Audit Committee, Shin Corporation PLC
2001 - 2006	Member of the Audit Committee, Shin Corporation PLC
Illegal Record in the past 10 years	None

## MR. SOMCHAI SUPPHATADA

AGE 50

Title	Independent Director and Chairman of the Audit Committee
Shareholding <sup>1)</sup>	None
Relationship with Management	None
Highest Education	Master Degree in Professional Accounting, University of Texas at Austin, USA
Governance Training of IOD	DCP: Directors Certification Program Class 100/2008 DAP: Directors Accreditation Program Class 56/2006
Experience	
Present	Independent Director and Chairman of the Audit Committee, Shin Corporation PLC Asst. Prof., Department of Accounting, Faculty of Commerce and Accountancy, Thammasat University

		Associate Dean - Finance and Planning, Faculty of Commerce and Accountancy, Thammasat University Member of Accounting Standards Setting Committee, South-East Asia University and Huachiew Chalermprakiet University
	2006 - 2007	Member of the Audit Committee, Shin Corporation PLC
	2000 - 2002	Chairperson, Department of Accounting, Faculty of Commerce and Accountancy, Thammasat University
Illegal Record in the past 10 years		None

#### MR. VITHIT LEENUTAPONG

AGE 54

////////////////////////////////////		
Title		Independent Director, Member of the Audit Committee, Member of the Nomination and Governance Committee, Member of the Leadership Development and Compensation Committee and Member of the Strategic and Organizational Review Committee
Shareholding <sup>1)</sup>		None
Relationship with Management		None
Highest Education		Master Degree in Business Administration, University of Southern California, USA
Governance Training of IOD		SFE : Successful Formulation & Execution of Strategy Class 3/2009 RCC: Role of the Compensation Committee Class 7/2008 ACP: Audit Committee Program Class 5/2005 DCP: Directors Certification Program Class 16/2002
Experience		
	2008 - Present	Director, German - Thai Chamber of Commerce
	2005 - Present	President, Thai Yarnyon Co., Ltd. Director, Saha Thai Steel Pipe PLC Director, The Queen's Gallery Director, The Bangkok Bank Foundation
	2001 - Present	Independent Director and Member of the Audit Committee, Shin Corporation PLC
	2005 - 2009	Director, Yontrakit Volkswagen Marketing Co., Ltd. Vice Chairman, Yontrakit Group
	1999 - 2009	Director, Worldclass Rent a Car Co., Ltd.
	2002 - 2007	Director, German - Thai Chamber of Commerce
	2005 - 2006	Chairman of the Board of Directors, The Government Pharmaceutical Organization
	2002 - 2004	Management Board, Airports of Thailand PLC
Illegal Record in the past 10 years		None

**MR. CHALALUCK BUNNAG****AGE 62**

Title		Independent Director and Member of the Audit Committee
Shareholding <sup>9)</sup>		None
Relationship with Management		None
Highest Education		Master Degree in Industrial Administration, Carnegie-Mellon University, USA Master Degree in Civil Engineering, Oklahoma State University, USA
Governance Training of IOD		DAP: Directors Accreditation Program Class 5/2003
Experience	2007 - Present	Independent Director and Member of the Audit Committee, Shin Corporation PLC
	2005 - Present	Advisor, The Siam Cement PLC Advisor, Siam Yamato Steel Co., Ltd. Advisor, CPB Equity Co., Ltd. Chairman of the Board of Directors, Siam Lemmerz Co., Ltd. Director, Siam Aisin Co., Ltd. Director, Michelin Siam Group Co., Ltd. Director, Thai Tokai Carbon Product Co., Ltd.
	2002 - 2005	Chairman of the Board of Directors, Siam AT Industry Co., Ltd. Chairman of the Board of Directors, The Nawaloha Industry Co., Ltd. Chairman of the Board of Directors, The Siam Nawaloha - Foundry Co., Ltd. Chairman of the Board of Directors, Thai Engineering - Products Co., Ltd. Chairman of the Board of Directors, Siam Asahi Glass Co., Ltd. Chairman of the Board of Directors, Siam Furukawa Co., Ltd. Chairman of the Board of Directors, The Siam Kubota - Industrial Co., Ltd. Chairman of the Board of Directors, Siam Toyota - Manufacturing Co., Ltd. Director, The Siam United Steel (1995) Co., Ltd. Director, Toyota Motor Thailand Co., Ltd. Director, Millennium Steel PLC Director, Pheonix Pulp & Paper PLC President, Cementhai Holding Co., Ltd.
Illegal Record in the past 10 years		None



**MR. BOON SWAN FOO****AGE 54**

Title		Director, Chairman of the Nomination and Governance Committee, Chairman of the Leadership Development and Compensation Committee, Chairman of the Strategic and Organizational Review Committee and Authorized Director
Shareholding <sup>1)</sup>		None
Relationship with Management		None
Highest Education		Master Degree in Business Administration, NUS
Governance Training of IOD		-
Experience	2009 - Present	Chairman of the Board, Global Investments Ltd. Director, Singbridge International Singapore Pte Ltd.
	2007 - Present	Director, Shin Corporation PLC Director, Cypress Holdings Ltd. Director, Aspen Holdings Ltd. Advisor, ST Asset Management
	2007 - Present	Advisor, Singapore Technologies Engineering Ltd.
	2007 - 2009	Chairman of the Board of Directors, Nothacker Pte Ltd. Director, Motorola Inc
	2006 - 2009	Director, Singapore Utilities International Pte Ltd.
	2005 - 2009	Deputy Chairman, Singapore Computer Systems Ltd.
	2004 - 2009	Director, Keppel Amfels Inc Director, BMRC, Singapore's Agency for Science, Technology and Research (A*STAR) Director, SERC, Singapore's Agency for Science, Technology and Research (A*STAR)
	2002 - 2009	Member of Commercialization Advisory Board, Imperial College (UK)
	2001 - 2009	Director, Info-Communications Development Authority of Singapore (IDA) Executive Chairman, Exploit Technologies Pte Ltd.
Illegal Record in the past 10 years		None

**MR. ARTHID NANTHAWITHAYA****AGE 48**

Title		Director, Member of the Nomination and Governance Committee and Member of the Strategic and Organizational Review Committee
Shareholding <sup>1)</sup>		None
Relationship with Management		None
Highest Education		Master Degree in Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University
Governance Training of IOD		DAP: Directors Accreditation Program Class 81/2009
Experience	2008 - Present	Senior Executive Vice President, Siam Commercial Bank
	2000 - 2008	Regional Head Capital Markets, Standard Chartered Bank (Thai) Public Company Limited
	1998 - 1999	Hedge Fund Manager Cargill Financial Service, Thailand
Illegal Record in the past 10 years		None

**MR. SOMPRASONG BOONYACHAI****AGE 54**

Title		Director, Chairman of the Group Executive Committee, Member of the Nomination and Governance Committee, Member of the Leadership Development and Compensation Committee, Member of the Strategic and Organizational Review Committee and Authorized Director
Shareholding <sup>1)</sup>		0.0000003%
Relationship with Management		None
Highest Education		Master Degree in Engineering, Asian Institute of Technology (AIT)
Governance Training of IOD		RCP : Role of the Chairman Program Class 21/2009 DCP: Directors Certification Program Class 65/2005 DAP: Directors Accreditation Program Class 30/2004
Experience	2009 - Present	Chairman of Executive Committee, Thaicom PLC
	2008 - Present	Chairman of the Group Executive Committee, Shin Corporation PLC Vice Chairman of the Board of Director, Advanced Info Service PLC
	2007 - Present	Director, Shin Corporation PLC
	2006 - Present	Director, Thaicom PLC
	2004 - Present	Director, Praram 9 Hospital Co., Ltd.
	1997 - Present	Independent Director, Power Line Engineering PLC
	2004 - 2007	Member of the Executive Committee, CS LoxInfo PLC Director and Member of the Executive Committee, ITV PLC
	2000 - 2008	Member of the Executive Committee, Shin Satellite PLC
	1999 - 2008	Chairman of the Executive Committee, Advanced Info Service PLC
Illegal Record in the past 10 years		1994 - 2008 Director, Advanced Info Service PLC None

**MR. ARAK CHONLATANON****AGE 59**

Title		Director, Member of the Executive Committee, Member of the Strategic and Organizational Review Committee, Chairman of the Executive Committee - Media & New Business and Authorized Director
Shareholding <sup>1)</sup>		None
Relationship with Management		None
Highest Education		Bachelor Degree in Electronic Engineering, Chulalongkorn University
Governance Training of IOD		DCP: Directors Certification Program Class 106/2008
Experience	2009 - Present	Member of the Executive Committee, Advanced Info Service PLC Director, Member of the Executive Committee and Chief Executive Officer, Thaicom PLC Director, Chairman of Executive Committee, CS Loxinfo PLC
	2007 - Present	Director, Shin Corporation PLC Chairman of the Executive Committee-Media & New Business, Shin Corporation PLC

	1998 - Present	Member of the Executive Committee, Shin Corporation PLC
	2000 - 2007	Chairman of the Executive Committee - E-Business and Others, Shin Corporation PLC
	2001 - 2006	Director, Shin Corporation PLC
Illegal Record in the past 10 years		None

#### MR. VIKROM SRIPRATAKS

AGE 57

Title		Member of the Executive Committee and Member of the Strategic and Organizational Review Committee
Shareholding <sup>1)</sup>		None
Relationship with Management		None
Highest Education		Master Degree in Business Administration, Thammasat University
Governance Training of IOD		DCP: Directors Certification Program Class 104/2008
Experience	2009 - Present	Vice Chairman of the Executive Committee, Advanced Info Service PLC
	2007 - Present	Member of the Executive Committee, Shin Corporation PLC
		Director , Advanced Info Service PLC
	2007 - 2009	Chief Executive Officer, Advanced Info Service PLC
	2002 - 2009	Chief Technology Officer, Advanced Info Service PLC
	2000 - 2007	President, Digital Phone Co., Ltd.
Illegal Record in the past 10 years		None

#### MRS. SUWIMOL KAEWKON

AGE 54

Title		Member of the Executive Committee
Shareholding <sup>1)</sup>		None
Relationship with Management		None
Highest Education		Master Degree in Business Management, Asian Institute of Management, Philippines
Governance Training of IOD		DCP: Directors Certification Program Class 102/2008
Experience	2007 - Present	Member of the Executive Committee, Shin Corporation PLC
		Chief Customer Officer, Advanced Info Service PLC
	2007 - 2008	Director, Payment Solution Co., Ltd.
	2006 - 2007	Managing Director, Capital Ok Co., Ltd.
	2002 - 2006	Chief Customer Champion & Terminal Business Officer, Advanced Info Service PLC
	1995 - 2002	Managing Director, Advanced Wireless Marketing Co., Ltd.
Illegal Record in the past 10 years		None

**MS. NIDCHANUN SANTHAVESUK****AGE 44**

Title	Member of the Executive Committee and President
Shareholding <sup>1)</sup>	0.0029%
Relationship with Management	None
Highest Education	Master Degree in Business Administration, Thammasat University
Governance Training of IOD	DCP: Directors Certification Program Class 105/2008 DAP: Directors Accreditation Program Class 66/2007
Experience	2007 - Feb 2010 Member of the Executive Committee and President, Shin Corporation PLC Director and Member of the Executive Committee, Thaicom PLC Member of the Executive Committee, Advanced Info Service PLC
	2007 - 2008 Director, Advanced Info Service PLC
	2003 - 2007 Vice President of Portfolio Management Department, Shin Corporation PLC
	2000 - 2003 Assistant Vice President of Portfolio Management Department, Shin Corporation PLC
Illegal Record in the past 10 years	None

**MR. ANEK PANA-APICHON****AGE 44**

Title	Vice President - Finance & Accounting
Shareholding <sup>1)</sup>	0.00046%
Relationship with Management	None
Highest Education	Master Degree in Business Administration, Chulalongkorn University
Governance Training of IOD	DCP: Directors Certification Program Class 111/2008
Experience	2004 - Present Vice President - Finance & Accounting, Shin Corporation PLC
	2003 - 2004 Comptroller, Shin Corporation PLC
	2000 - 2002 Assistant Vice President - Accounting, Shin Corporation PLC
	1992 - 1999 Finance & Accounting Director, Shinawatra Directories Co., Ltd.
Illegal Record in the past 10 years	None

**MR. WICHAI KITTIWITAYAKUL****AGE 48**

Title	Company Secretary and Vice President - Internal Audit and Risk Management
Shareholding <sup>1)</sup>	0.00018%
Relationship with Management	None
Highest Education	Master Degree in Accounting, Thammasat University
Governance Training of IOD	DCP: Directors Certification Program Class 104/2008 Company Secretary Program - 2005 Board & CEO Assessment Program - 2003 Effective Audit Committee Program - 2002 Board Practices Program - 2002 Board Composition and Relations Program - 2002 Board Policy Program - 2002

Experience	2008 - Present	Company Secretary, Shin Corporation PLC
	2004 - Present	Vice President - Internal Audit & Risk Management, Shin Corporation PLC
	2007 - 2009	Chairman of the Board, The Institute of Internal Auditors Thailand (IIA)
	2003 - 2008	Secretary to the Board of Directors, Shin Corporation PLC
	2002 - 2004	Assistant Vice President - Internal Audit and Risk Management, Shin Corporation PLC
	2000 - 2002	Assistant Vice President - Internal Audit, Shin Corporation PLC
Illegal Record in the past 10 years		None

#### MR. KIM SIRITAWEECHAI

AGE 41

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Title	Vice President - Portfolio Management	
Shareholding <sup>1)</sup>	0.00061%	
Relationship with Management	None	
Highest Education	Master Degree in Business Administration, Thammasat University	
Governance Training of IOD	DCP: Directors Certification Program Class 116/2009	
Experience	2008 - Present	Vice President-Portfolio Management,Shin Corporation PLC
	2007 - 2008	Assistant Vice President-Portfolio Management, Shin Corporation PLC
	2004 - 2007	Assistant Vice President-New Business, Shin Corporation PLC
	2003 - 2004	Senior-Finance Analyst, Shin Corporation PLC
Illegal Record in the past 10 years	None	

Remark: 1) As at December 31, 2009, the number of ordinary shares includes holding by spouse and children age under 20



## PRE – 2009

# MILESTONES

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- 1983
  - Shinawatra Computer Service and Investment Company Limited was established to supply and lease mini and mainframe computers (the company's name was changed to Shinawatra Computer Company Limited in 1984, and then Shin Corporation Public Company Limited in 1999, SHIN).
- 1990
  - Shinawatra Computer Company Limited was listed on the Stock Exchange of Thailand (SET).
  - Advanced Info Service Company Limited (AIS) was permitted by the Telephone Organization of Thailand (currently TOT Public Company Limited – TOT) to provide mobile telephone services on the 900 MHz band exclusively under the BTO (build-transfer-operate) concept. In 1996, the operating period was extended to 25 years, ending in 2015.
- 1991
  - Shinawatra Satellite Company Limited was permitted by the Ministry of Transport and Communications to operate Thailand's first commercial satellite for 30 years, with 8 years of exclusivity.
  - Advanced Info Service Company Limited was listed on the SET and changed to a Public Company Limited in 1992.
- 1993
  - Thaicom 1 satellite was successfully launched into orbit.
  - Shinawatra Satellite Company Limited was changed to Public Company Limited
- 1994
  - Shinawatra Satellite Public Company Limited was listed on the SET and then its name was changed to Shin Satellite Public Company Limited (SATTEL) in 1999.
  - Thaicom 2 satellite was successfully launched into orbit.
- 1997
  - Thaicom 3 satellite was successfully launched into orbit.
- 1999
  - Singapore Telecom International Private Limited (STI) became a shareholder in Advanced Info Service, diluting SHIN's stake to 42%.
- 2000
  - SHIN bought 45.59% stakes in Digital Phone Company Limited (DPC), an operator providing mobile telephone services on the 1800 MHz band, from Samart Corporation Public Company Limited. After a capital increase, SHIN's stakes in DPC increased to 47.55%.
  - SHIN invested in ITV, taking 39% stakes via a capital increase.
- 2001
  - The wireless business was restructured, with DPC moved to directly under AIS, whose stake rose to 98.17% after acquiring DPC from TMI Mauritius Limited.
  - SHIN and AIS changed par value from Baht 10 per share to Baht 1 per share.
  - SHIN became ITV's major shareholder with 77.48% stake via purchasing shares from Siam Commercial Bank and a tender offer.
- 2002
  - ITV was listed on the SET, issuing new ordinary shares for an Initial Public Offering (IPO) that included some shares held by SHIN. As a result, SHIN's stakes in ITV diluted to 55.53%
- 2003
  - SHIN and AirAsia Sdn Bhd established Thai AirAsia Company Limited (TAA), holding 50% and 49%, respectively, to operate a budget airline. SHIN also set up Capital OK Company Limited with DBS Bank, Singapore, with 60% and 40% stakes, respectively, to operate a consumer finance business. These two businesses started operations in 2004.
- 2004
  - CS LoxInfo Public Company Limited (CSL) purchased a 38.25% stake in Teleinfo Media Company Limited (TMC) from SHIN and 25% from Singtel Interactive Pte. Ltd., which made CSL to be the major shareholder in TMC with 63.25% stakes. This allowed CSL to enhance revenue by using the strengths lying in TMC's information system.
  - CSL was listed on the SET through an IPO.

- 2005
  - SATTEL increased capital by issuing 208 million new ordinary shares at Baht 15.30 each, placed with institutional and individual investors, bringing in Baht 3.18 billion. This diluted SHIN's holding in SATTEL to 41.34%.
  - Thaicom 4 (IPSTAR) satellite, the first broadband satellite in Asia Pacific, was successfully launched into orbit. IPSTAR commenced with services for TOT, which is the national service operator for IPSTAR in Thailand.
  - ITV (holding 60%), CA Mobile Ltd. (25%) and Mitsui & Co., Ltd. (15%) established Media Connex Company Limited to operate mobile content business. In 2006, the holding proportion was changed to ITV 60% and Mitsui 40%.
  - TMC became a wholly owned subsidiary of CSL after CSL purchased the remaining 36.75% in TMC from TOT.
- 2006
  - Thaicom 5 satellite was successfully launched into orbit and Thaicom 3 satellite was taken out of its orbit, as it had experienced an extensive power loss that made it incapable of providing further service.
  - SHIN's holding in OK increased to 99.99% after SHIN acquired OK shares held by DBS Bank.
  - SHIN sold its entire stakes in TAA to Asia Aviation Company Limited (AA), in which SHIN holds 49%. This diluted SHIN's holding in TAA to 24.50%.
  - CSL acquired AD Venture Company Limited (ADV) from SHIN and Mitsubishi group. ADV was a shareholder of Shineedotcom Company Limited, which operates mobile content business as well as portal web, hunsa.com.
- 2007
  - On March 6, 2007, the cabinet resolved to cease ITV's broadcasting. The Prime Minister's Office (PMO) sent the notice dated March 7, 2007 to revoke the operating agreement of ITV on the ground that ITV did not pay the shortfall fees including interest and fine. The PMO also ordered ITV to transfer back the assets under BTO concept of the operating agreement. Hence, ITV had to cease the operation of the UHF system television station. However, ITV further proceeds in litigation and files the claim against the PMO according to the dispute settlement process asking for compensation in the form of money damages to be payable to ITV. During this time, the cases are under the dispute settlement process at the Arbitration Institute.
  - SHIN bought Payment Solution Co., Ltd. (PS) from OK
  - SHIN sold its entire stake in OK to ACAP Advisory Plc. and ORIX Corporation.
  - SHIN sold its entire stake in AA (49%), to TAA's top management
  - SATTEL sold 49% stake in Shenington Investment Pte Ltd. (SHEN) to Asia Moblie Holdings Pte Ltd., diluting SATTEL's holding in SHEN to 51%.
- 2008
  - SHIN sold all PS shares.
  - AIS bought shares of Advanced Mpay Co., Ltd. (MPAY) held by NTT DoCoMo Co., Ltd. , resulting to AIS' stake in MPAY increased to 99.99%.
  - AIS sold Advanced Data Network Communications Co., Ltd. (ADC) shares, representing 51% stakes to DPC, a subsidiary with 98.55% owned by AIS, in order to restructure the group organization to create a synergy of voice and data communication via mobile and internet network.
  - SATTEL changed the company's name to "Thaicom Public Company Limited" (THCOM).
  - CSL decreased its capital by reducing par value from Baht 1.00 to Baht 0.25.

## 2009 MILESTONES

- 2009
  - Cambodia Shinawatra Company Limited (CamShin) renamed into "Mfone Company Limited" (Mfone).
  - THCOM had inaugurated its IPSTAR gateway to provide broadband satellite service in Japan and Indonesia. There are fifteen IPSTAR gateway in operation in 2009.
  - Mr. Arak Chonlatanon was appointed to be Chief Executive Officer (CEO) of THCOM.
  - THAICOM 1A has reached its end of life and all customers have been transferred to THAICOM 2 and THAICOM 5. THAICOM 1A was deorbited in January 2010.

# GENERAL INFORMATION OF THE COMPANY, SUBSIDIARIES *and* ASSOCIATED COMPANIES

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## GENERAL INFORMATION OF THE COMPANY

### SHIN CORPORATION PUBLIC COMPANY LIMITED

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Symbol:	SHIN
Nature of Business:	Holding company whose primary investments are in telecom, satellite and media
Website:	<a href="http://www.shincorp.com">www.shincorp.com</a>
Registration No:	010753000257
Head Office:	414 Phaholyothin Road, Samsennai, Phayathai, Bangkok Tel: (662) 299-5000 Fax: (662) 271-1058
Registered Capital:	5,000,000,000 shares
Paid-up Capital:	3,201,066,604 shares
Par Value:	1 Baht
Paid-up Capital:	3,201,066,604 Baht

## GENERAL INFORMATION OF THE SUBSIDIARIES AND ASSOCIATED COMPANIES

### ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED

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Symbol:	ADVANC
Nature of Business:	Operating a 900 MHz cellular telephone system
Website:	<a href="http://www.ais.co.th">www.ais.co.th</a>
Registration No:	0107535000265
Head Office:	414 Phaholyothin Road, Samsennai, Phayathai, Bangkok Tel: (662) 299-6000 Fax: (662) 299-5165
Registered Capital:	4,997,459,800 shares
Paid-up Capital:	2,965,443,054 shares
Par Value:	1 Baht
Paid-up Capital:	2,965,443,054 Baht
Percent of Investment of SHIN:	42.61%

## THAICOM PUBLIC COMPANY LIMITED

Symbol:	THCOM
Nature of Business:	Operating and administering communication satellite projects and rendering transponder services for domestic and international communications
Website:	www.thaicom.net
Registration No:	0107536000897
Head Office:	414 Phaholyothin Road, Samsennai, Phayathai, Bangkok Tel: (662) 299-5000 Fax: (662) 299-5252
Branch Office 1:	41/103 Rattana Thibet Road, Bangkrasor, Muang, Nonthaburi Tel: (662) 591-0736 Fax: (662) 591-0705
Branch Office 2:	50 Moo 1, Bor-ngern, Ladlumkaew, Phathumthani Tel: (662) 599-3000 Fax: (662) 599-3000 Ext. 712
Registered Capital:	1,132,082,300 shares
Paid-up Capital:	1,095,937,540 shares
Par Value:	5 Baht
Paid-up Capital:	5,479,687,700 Baht
Percent of Investment of SHIN:	41.14%

## ITV PUBLIC COMPANY LIMITED

Symbol:	ITV (On June 4, 2009, the securities transferred to Non - Performing Group - NPG)
Nature of Business:	Broadcasting of UHF system and lease of equipment for program production, producing TV programs and arranging related marketing events until March 7, 2007 as the operating agreement was revoked by the Prime Minister's Office. This caused the following disputes that are currently under the process of the arbitration institute.
Registration No:	0107541000042
Head Office:	1010 Shinawatra Tower 3, 6th Floor, Viphavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok Tel: (662) 791-1795-6 Fax: (662) 791-1797
Registered Capital:	1,560,000,000 Shares
Paid-up Capital:	1,206,697,400 Shares
Par Value:	5 Baht
Paid-up Capital:	6,033,487,000 Baht
Percent of Investment of SHIN:	52.92%

## **MATCHBOX COMPANY LIMITED**

Symbol:	MB
Nature of Business:	Full service advertising agency
Website:	www.matchbox.co.th
Head Office:	414 Phaholyothin Road, Samsennai, Phayathai, Bangkok Tel: (662) 299-5600 Fax: (662) 299-5661
Branch Office 1:	408/37 Phaholyothin Road, Samsennai, Phayathai, Bangkok Tel: (662) 299-5600 Fax: (662) 299-5636
Branch Office 2:	408/50 Phaholyothin Road, Samsennai, Phayathai, Bangkok Tel: (662) 299-5600 Fax: (662) 615-3052
Registered Capital:	900,000 shares
Paid-up Capital:	900,000 shares
Par Value:	10 Baht
Paid-up Capital:	9,000,000 Baht
Percent of Investment of SHIN:	99.96%

## **I.T. APPLICATIONS AND SERVICES COMPANY LIMITED**

Symbol:	ITAS
Nature of Business:	Providing computer system
Website:	www.itas.co.th
Head Office:	388 Tower B (SP Tower), 3rd Floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok Tel: (662) 273-0760 Fax: (662) 273-0191
Registered Capital:	1,000,000 shares
Paid-up Capital:	1,000,000 shares
Par Value:	10 Baht
Paid-up Capital:	10,000,000 Baht
Percent of Investment of SHIN:	99.99%



## GENERAL INFORMATION OF THE ASSOCIATED COMPANY OF WIRELESS COMMUNICATION BUSINESS

### DIGITAL PHONE COMPANY LIMITED (DPC)

Head Office:	404 Phaholyothin Center Tower, Phaholyothin Road, Samsennai, Phayathai, Bangkok Tel: (662) 299-6000 Fax: (662) 299-5455
Nature of Business:	Service provider of digital mobile phone system in 1800 MHz
Registered Capital:	1,462.19 million shares
Par Value:	10 Baht
Paid-up Capital:	14,621.86 million Baht
Percent of Investment of ADVANC:	98.55%

### WIRELESS DEVICE SUPPLY COMPANY LIMITED (WDS)

Head Office:	404 Phaholyothin Center Tower, Phaholyothin Road, Samsennai, Phayathai, Bangkok Tel: (662) 299-5777 Fax: (662) 299-5200
Nature of Business:	Importer and distributor of handset and accessories
Registered Capital:	0.50 million shares
Par Value:	100 Baht
Paid-up Capital:	50 million Baht
Percent of Investment of ADVANC:	99.99%

### ADVANCED CONTACT CENTER COMPANY LIMITED (ACC)

Head Office:	414 Phaholyothin Road, Samsennai, Phayathai, Bangkok Tel: (662) 299-6000 Fax: (662) 299-5959
Nature of Business:	Service provider of call center
Registered Capital:	27.20 million shares
Par Value:	10 Baht
Paid-up Capital:	272 million Baht
Percent of Investment of ADVANC:	99.99%

#### **ADVANCED MPAY COMPANY LIMITED (AMP)**

Head Office: 408/60 Phaholyothin Place Tower, 15th Floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok  
Tel: (662) 687-4808  
Fax: (662) 687-4788

Nature of Business: Service provider of payment business via mobile phone

Registered Capital: 30 million shares

Par Value: 10 Baht

Paid-up Capital: 300 million Baht

Percent of Investment of ADVANC: 99.99%

#### **ADVANCED MAGIC CARD COMPANY LIMITED (AMC)**

Head Office: 414 Phaholyothin Road, Samsennai, Phayathai, Bangkok  
Tel: (662) 299-6000  
Fax: (662) 615-3330

Nature of Business: Distributor of cash card business

Registered Capital: 25 million shares

Par Value: 10 Baht

Paid-up Capital: 250 million Baht

Percent of Investment of ADVANC: 99.99%

#### **AIN GLOBALCOMM COMPANY LIMITED (AIN)**

Head Office: 408/127 Phaholyothin Place Tower, 29th Floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok  
Tel: (662) 299-6000  
Fax: (662) 278-7030

Nature of Business: Service provider of international gateway

Registered Capital: 2 million shares

Par Value: 100 Baht

Paid-up Capital: 100 million Baht

Percent of Investment of ADVANC: 99.99%

#### **SUPER BROADBAND NETWORK COMPANY LIMITED (SBN)**

Head Office: 1, 1293/9 ESV Tower, 3rd Floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok  
Tel: (662) 270-1110  
Fax: (662) 619-8777

Nature of Business: Service provider of Internet (ISP), Internet gateway and broadband, voice over IP, and IP television

Registered Capital: 3 million shares

Par Value: 100 Baht

Paid-up Capital: 300 million Baht

Percent of Investment of ADVANC: 99.99%

#### **ADVANCED WIRELESS NETWORK COMPANY LIMITED (AWN)**

Head Office: 408/60 Phaholyothin Place Tower, 15th Floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok  
Tel: (662) 299-6000  
Fax: (662) 687-4986

Nature of Business: Network operator, a telecom service operator and computer system service provider. Currently, AWN received an Internet License Type I and Telecommunications Business License Type III from NTC

Registered Capital: 3.50 million shares  
Par Value: 100 Baht  
Paid-up Capital: 350 million Baht  
Percent of Investment of ADVANC: 99.99%

#### **I ZONE COMPANY LIMITED (IZ)**

Head Office: 1291/1, Phaholyothin Road, Samsennai, Phayathai, Bangkok

Nature of Business: Currently not yet in operation

Registered Capital: 10,000 shares  
Par Value: 100 Baht  
Paid-up Capital: 1 million Baht  
Percent of Investment of ADVANC: 99.97%

#### **FAX LITE COMPANY LIMITED (FL)**

Head Office: 1291/1, Phaholyothin Road, Samsennai, Phayathai, Bangkok

Nature of Business: Currently not yet in operation

Registered Capital: 10,000 shares  
Par Value: 100 Baht  
Paid-up Capital: 1 million Baht  
Percent of Investment of ADVANC: 99.97%

#### **ADVANCED DATANETWORK COMMUNICATIONS COMPANY LIMITED (ADC)**

Head Office: 408/157 Phaholyothin Place Tower, 38th Floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok  
Tel: (662) 270-1900  
Fax: (662) 270-1860

Website: [www.adc.co.th](http://www.adc.co.th)

Nature of Business: Service provider of online data communication service via telephone landlines and optical fiber

Registered Capital: 95.75 million shares  
Par Value: 10 Baht  
Paid-up Capital: 957.52 million Baht  
Percent of Investment of DPC: 51.00%

#### **MOBILE BROADBAND BUSINESS COMPANY LIMITED (MBB)**

Head Office:	408/60 Phaholyothin Place Tower, 15th Floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok
Nature of Business:	Currently not yet in operation
Registered Capital:	1.20 million shares
Par Value:	100 Baht
Paid-up Capital:	120 million Baht
Percent of Investment of AWN:	99.99%

#### **ADVANCED MOBILE BROADBAND COMPANY LIMITED (AMB)**

Head Office:	404 Phaholyothin Center Tower, Phaholyothin Road, Samsennai, Phayathai, Bangkok
Nature of Business:	Currently not yet in operation
Registered Capital:	1 million shares
Par Value:	100 Baht
Paid-up Capital:	100 million Baht
Percent of Investment of MBB:	99.99%

#### **MOBILE FROM ADVANCE COMPANY LIMITED (MFA)**

Head Office:	1 Phaholyothin Road, Samsennai, Phayathai, Bangkok Tel: (662) 299-6000 Fax: (662) 299-5200
Nature of Business:	Currently not in operation
Registered Capital:	24 million shares
Par Value:	10 Baht
Paid-up Capital:	240 million Baht
Percent of Investment of ADVANC:	99.99%

#### **GENERAL INFORMATION OF THE ASSOCIATED COMPANY OF SATELLITE AND INTERNATIONAL BUSINESS**

#### **DTV SERVICE COMPANY LIMITED (DTV)**

Head Office:	41/103 Rattanathibet Road, Bangkrasor, Muang, Nonthaburi Tel: (662) 591-0736 Fax: (662) 591-0705
Nature of Business:	Providing system integration consultancy service for broadband network, broadband content service, and DTV satellite dish sales service
Registered Capital:	39.88 million shares
Par Value:	10 Baht
Paid-up Capital:	398.79 million Baht
Percent of Investment of THCOM:	99.99%

#### **N.T.U. (THAILAND) LIMITED (NTU)**

Head Office: 19/1-2 Wangdek 2 Building, Floor 1 A, Viphavadi-Rangsit Road, Jompol, Chatuchak, Bangkok  
Tel: (662) 272-2540-2  
Fax: (662) 272-2543-4  
Website: www.ntuthailand.com  
Nature of Business: Providing training network services  
Registered Capital: 1.20 million shares  
Par Value: 10 Baht  
Paid-up Capital: 7.50 million Baht  
Percent of Investment of DTV: 88.52%

#### **SHENINGTON INVESTMENTS PTE LIMITED (SHEN)**

Head Office: 1 Temasek Ave., # 27-01, Millenia Tower, Singapore 039192  
Tel: (65) 338-1888  
Fax: (65) 337-5100  
Nature of Business: Holding company for investment in international telecommunications  
Registered Capital: 15 million shares  
Par Value: 1 SGD  
Paid-up Capital: 14.66 million SGD  
Percent of Investment of THCOM: 51.00%

#### **IPSTAR COMPANY LIMITED (IPSTAR)**

Head Office: Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands  
Nature of Business: Providing of IPSTAR transponder services  
Registered Capital: 200 million shares  
Par Value: 0.01 USD  
Paid-up Capital: 2 million USD  
Percent of Investment of THCOM: 99.68%

#### **STAR NUCLEUS COMPANY LIMITED (STAR)**

Head Office: Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands  
Nature of Business: Providing broadband technological services via IPSATR satellite  
Registered Capital: 0.05 million shares  
Par Value: 1 USD  
Paid-up Capital: 10 USD  
Percent of Investment of THCOM: 70.00%



#### **SPACECODE LLC (SPACE)**

Head Office: 8695 Zumwalt Road, Monmouth, OR 97365 USA  
Nature of Business: Providing engineering and development services, technology and electronics  
Registered Capital: -  
Par Value: -  
Paid-up Capital: 4.29 million USD  
Percent of Investment of THCOM: 70.00%

#### **IPSTAR INTERNATIONAL PTE LIMITED (IPI)**

Head Office: 1 Temasek Avenue # 27-01, Millenia Tower, Singapore  
Tel: (65) 6338-1888  
Fax: (65) 6337-5100  
Nature of Business: Providing IPSTAR transponder services  
Registered Capital: 0.02 million shares  
Par Value: 1 SGD  
Paid-up Capital: 20,000 SGD  
Percent of Investment of THCOM: 100%

#### **IPSTAR GLOBAL SERVICES LIMITED (IPG)**

Head Office: Intercontinental Trust Limited Suite 802, St. James Court,  
St. Denis Street, Port Louis, Mauritius  
Tel: (230) 213-9800  
Fax: (230) 210-9168  
Nature of Business: Providing IPSTAR transponder services  
Registered Capital: 0.02 million shares  
Par Value: 1 USD  
Paid-up Capital: 20,000 USD  
Percent of Investment of THCOM: 100%

#### **CAMBODIAN DTV NETWORK LIMITED (CDN)**

Head Office: 111, Street 500, Sangkat Doeum Thkov, Khan Chamkar Morn, Phnom Penh,  
Kingdom of Cambodia  
Tel: (855) 23-355-990  
Nature of Business: Providing DTH Television service  
Registered Capital: 6,000 shares  
Par Value: 100 USD  
Paid-up Capital: 600,000 USD  
Percent of Investment of THCOM: 100%

#### **MFONE COMPANY LIMITED (MFONE)**

Head Office:	721 Preah Monivong Blvd., Sangkat Boeng Keng Kang 3, Khan Chamkamon, Phnom Penh City, Kingdom of Cambodia Tel: (855) 23-303333 Fax: (855) 23-361111
Nature of Business:	Providing fixed line phone, mobile phone and internet services in Cambodia
Registered Capital:	24 million shares
Par Value:	1 USD
Paid-up Capital:	24 million USD
Percent of Investment of SHEN:	100%

#### **LAO TELECOMMUNICATIONS COMPANY LIMITED (LTC)**

Head Office:	Lanexang Avenue 0100, Vientiane, Lao People's Democratic Republic Tel: (856) 212-16465-6 Fax: (856) 212-19690
Nature of Business:	Providing fixed line phone, mobile phone, public phone, public international facilities and internet services in Laos
Registered Capital:	96.84 million shares
Par Value:	1 USD
Paid-up Capital:	96.84 million USD
Percent of Investment of SHEN:	49.00%

#### **IPSTAR AUSTRALIA PTY LIMITED (IPA)**

Head Office:	Building A, L3, Suite 3.1, 64 Talavera Road, North Ryde, NSW 2113, Australia
Nature of Business:	Sale of user terminal of IPSTAR and providing IPSTAR transponder services in Australia
Registered Capital:	6.95 million shares
Par Value:	1 AUD
Paid-up Capital:	6.95 million AUD
Percent of Investment of IPSTAR:	100%

#### **IPSTAR NEW ZEALAND LIMITED (IPN)**

Head Office:	13/22-24 Caloola Road, Wentworthville NSW 2145 New Zealand
Nature of Business:	Sale of user terminal of IPSTAR and providing IPSTAR transponder services in New Zealand
Registered Capital:	8.51 million shares
Par Value:	1 NZD
Paid-up Capital:	8.51 million NZD
Percent of Investment of IPSTAR:	100%

#### **CS LOXINFO PUBLIC COMPANY LIMITED (CSL)**

Symbol:	CSL
Head Office:	414 Phaholyothin Road, Samsennai, Phayathai, Bangkok
Branch Office:	90 CyberWorld Tower A, 17th- 20th Floor, Ratchadapisek Road, Huai Khwang, Huai Khwang, Bangkok Tel: (662) 263-8000 Fax: (662) 263-8132
Website:	www.csloxinfo.com
Nature of Business:	Providing Internet data center services, Internet and satellite uplink-downlink services
Registered Capital:	674.54 million shares
Par Value:	0.25 Baht
Paid-up Capital:	159.84 million Baht
Percent of Investment of DTV:	39.12%

#### **TELEINFO MEDIA PUBLIC COMPANY LIMITED (TMC)**

Head Office:	414 Phaholyothin Road, Samsennai, Phayathai, Bangkok
Branch Office 1:	273 Soi Sang U-thai, 50 Sukkhumvit Road, Phakhanong, Klongtoey, Bangkok
Branch Office 2:	1126/2 Vanit Bldg. 2, 25th- 28th Floor, New Phetchaburi Road, Makkasan, Ratchathewi, Bangkok Tel: (662) 262-8888 Fax: (662) 262-8899
Website:	www.teleinfomedia.net
Nature of Business:	Publishing telephone directories and advertising
Registered Capital:	17.35 million shares
Par Value:	10 Baht
Paid-up Capital:	173.53 million Baht
Percent of Investment of CSL:	99.99%

#### **AD VENTURE PUBLIC COMPANY LIMITED (ADV)**

Head Office:	414 Phaholyothin Road, Samsennai, Phayathai, Bangkok
Branch Office:	1126/2 Vanit Bldg. 2, Room 2101, 21st Floor, New Phetchaburi Road, Makkasan, Ratchathewi, Bangkok Tel: (662) 207-6800 Fax: (662) 207-6899
Nature of Business:	Holding company for investment in mobile contents
Registered Capital:	1.07 million shares
Par Value:	10 Baht
Paid-up Capital:	10.07 million Baht
Percent of Investment of CSL:	99.99%

#### **WATTA CLASSIFIEDS COMPANY LIMITED (WATTA)**

Head Office:	71/30 Borommaratchachonnani Road, Arun-amarin, Bangkoknoi, Bangkok
Branch Office:	71/36 Borommaratchachonnani Road, Arun-amarin, Bangkoknoi, Bangkok
	Tel: (662) 422-8000
	Fax: (662) 422-8032
Website:	www.watta.co.th
Nature of Business:	Provides sub-advertisement and classified services in its own publications publishes and sells various publications such as newspapers, magazines, pocket books and others
Registered Capital:	0.20 million shares
Par Value:	100 Baht
Paid-up Capital:	20 million Baht
Percent of Investment of CSL:	60.00%

#### **SHINEEDOTCOM COMPANY LIMITED (SHINEE)**

Head Office:	414 Phaholyothin Road, Samsennai, Phayathai, Bangkok
Branch Office:	1126/2 Vanit Bldg. 2, Room 2101, 21st Floor, New Phetchaburi Road, Makkasan, Ratchathewi, Bangkok
	Tel: (662) 207-6800
	Fax: (662) 207-6899
Website:	www.shinee.com
Nature of Business:	Provider of mobile contents, community portal services, and other internet related businesses
Registered Capital:	4.26 million shares
Par Value:	10 Baht
Paid-up Capital:	42.61 million Baht
Percent of Investment of ADV:	99.99%

#### **HUNSA DOT COM COMPANY LIMITED (HUNSA)**

Head Office:	414 Phaholyothin Road, Samsennai, Phayathai, Bangkok
Branch Office:	1126/2 Vanit Bldg. 2, Room 2101, 21st Floor, New Phetchaburi Road, Makkasan, Ratchathewi, Bangkok
	Tel: (662) 207-6800
	Fax: (662) 207-6898
Website:	www.hunsa.com
Nature of Business:	Provider of mobile contents, community portal services, and other internet related businesses
Registered Capital:	0.80 million shares
Par Value:	10 Baht
Paid-up Capital:	8 million Baht
Percent of Investment of SHINEE:	99.99%

#### **SODAMAG CORP COMPANY LIMITED (SODAMAG)**

Head Office: 414 Phaholyothin Road, Samsennai, Phayathai, Bangkok  
Branch Office: 1126/2 Vanit Bldg. 2, Room 2101, 21st Floor, New Phetchaburi Road, Makkasan, Ratchathewi, Bangkok  
Tel: (662) 207-6800  
Fax: (662) 207-6898  
Nature of Business: On process of liquidation  
Registered Capital: 2.18 million shares  
Par Value: 5 Baht  
Paid-up Capital: 10.90 million Baht  
Percent of Investment of SHINEE: 99.99%

#### **GENERAL INFORMATION OF THE ASSOCIATED COMPANY OF MEDIA BUSINESS**

#### **ARTWARE MEDIA COMPANY LIMITED (AM)**

Head Office: 1010 Shinawatra Tower 3, Viphavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok  
Tel: (662) 791-1000  
Fax: (662) 791-1010  
Nature of Business: Currently not in operation  
Registered Capital: 0.25 million shares  
Par Value: 100 Baht  
Paid-up Capital: 25 million Baht  
Percent of Investment of ITV: 99.99%

Remark: The information of registered capital, paid-up capital and shareholding are as of December 31, 2009.



## MAJOR SHAREHOLDERS

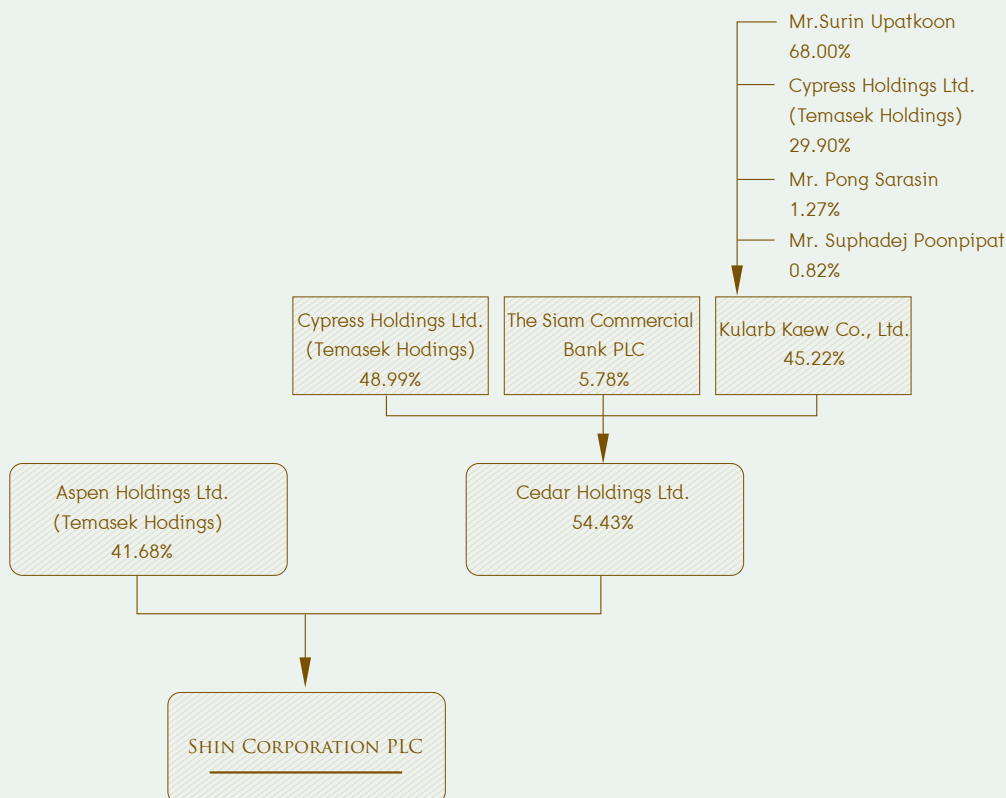
List of the First top 10 major shareholders

The first top 10 shareholders as of October 30, 2009 prepared by Thailand Securities Depository Co., Ltd. are as follows:

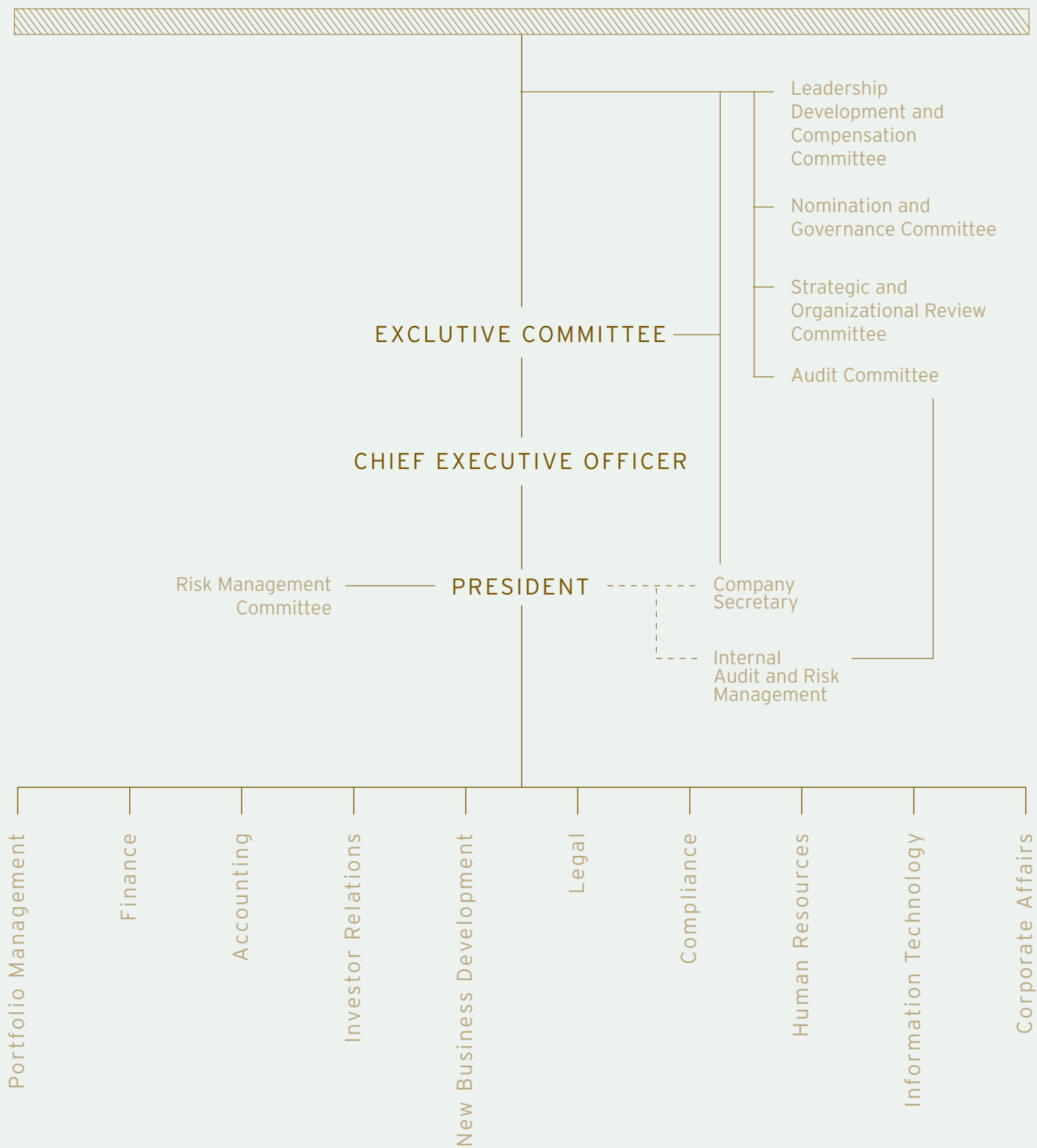
No.	Name	No. of Shares	Percentage of Investment (%)
1.	CEDAR HOLDING LTD	1,742,407,239	54.43
2.	ASPEN HOLDINGS LTD	1,334,354,825	41.68
3.	THAI NVDR COMPANY LIMITED	15,833,709	0.49
4.	CREDIT SUISSE SECURITIES (EUROPE) LIMITED	10,900,000	0.34
5.	CITIBANK NOMINEES SINGAPORE PTE LTD-ARANDA INVESTMENTS PTE LTD	8,071,100	0.25
6.	BANGKOK BANK PLC	7,411,300	0.23
7.	BANGKOK LIFE ASSURANCE PLC	7,178,700	0.22
8.	CHASE NOMINEES LIMITED 42	6,307,400	0.20
9.	CLEARSTREAM NOMINEES LTD	4,916,258	0.15
10.	HSBC (SINGAPORE) NOMINEES PTE LTD	4,471,300	0.14
Total		3,141,851,831	98.13

The investors can find for more information in website: [www.set.or.th](http://www.set.or.th) before Annual General Meeting of Shareholders for 2010 date.

As of January 13, 2010, the shareholding structure of Shin Corporation PLC is as follows:



BOARD *of* DIRECTORS



## MANAGEMENT STRUCTURE

### 1) THE BOARD OF DIRECTORS (THE “BOARD”)

As at December 31, 2009, the Board comprised the following members:

NAME OF DIRECTOR	POSITION	DATE APPOINTED
1) Dr. Virach Aphimeteetamrong	Chairman & Independent Director	November 7, 2001
2) Mr. Vithit Leenutapong	Independent Director	October 16, 2000
3) Mr. Somchai Supphatada	Independent Director	June 30, 2006
4) Mr. Chalaluck Bunnag	Independent Director	August 14, 2007
5) Mr. Boon Swan Foo	Non-Executive Director	September 26, 2007
6) Mr. Arthid Nanthawithaya	Non-Executive Director	September 1, 2009
7) Mr. Somprasong Boonyachai	Executive Director	April 25, 2007
8) Mr. Arak Chonlatanon	Executive Director	May 14, 2007

During the year 2009, the following members resigned from office:

- 1) Mrs. Thitima Rungkwansiroj resigned on September 1 and the Board appointed Mr. Arthid Nanthawithaya to replace her.
- 2) Mr. Surin Upatkoon resigned on November 13 and the Board is still looking for a replacement.

The Secretary to the Board is Mr. Wichai Kittiwittayakul.

### 2) DUTIES AND RESPONSIBILITIES OF THE BOARD

The Board has the following duties and responsibilities:

- Perform its duties with honesty, integrity and prudence, in accordance with the law, the Company's objectives and Articles of Association, and resolutions passed at shareholders' meetings in order to carefully protect the Company's interests.
- Formulate the Company's strategic vision, direction and policy, and supervise the management team to ensure that they operate efficiently and effectively in order to maximize the wealth and economic value of the Company for its shareholders.
- Consider and approve major issues such as large investments, policy, management authority, and any transactions as prescribed by law.
- Approve or agree to all major related transactions between the Company and its subsidiaries in compliance with the relevant notifications, regulations and guidelines of the Stock Exchange of Thailand.
- Assess the performance of the Executive Chairman and the executive directors, and fix appropriate remuneration on a regular basis.
- Be responsible for overseeing operational results and performance of the management team in order to ensure due attentiveness and care.
- Arrange appropriate accounting systems, including the preparation of financial reports and a reliable auditing system; oversee processes and evaluate the internal control system, the internal audit system and the risk management system to ensure their effectiveness and efficiency, as well as follow up on results.

- Ensure avoidance of conflicts of interest amongst the Company's stakeholders.
- Supervise business operations to enforce ethical work standards.
- Annually review the Company's corporate governance policy and assess due compliance.
- Report on the execution of its responsibility to prepare financial reports, along with the external auditor's report in the Company's annual report covering key issues according to the Policy Statement and the Stock Exchange of Thailand's Code of Best Practices for Directors of a Listed Company.

### **3) AUTHORIZED SIGNATORIES**

The following directors have been designated as the Company's authorized signatories: Mr. Boon Swan Foo, Mr. Somprasong Boonyachai and Mr. Arak Chonlatanon. Validation of all documents requires the signatures of any two of these three directors along with the Company's seal.

### **4) APPOINTMENT TO THE BOARD OF DIRECTORS**

The Nomination and Governance Committee is responsible for nominating new board members who are willing to contribute their time, knowledge and expertise to the Company. All nominations must receive the approval of the Board and/or the shareholders at a shareholders' meeting, in accordance with the rules and regulations below as specified in the Company's Articles of Association (which can be found on the Company's website at [www.shincorp.com](http://www.shincorp.com)).

1. At each annual general meeting of shareholders, one-third of the board members are required to retire. If the total number of members is not a multiple of three, the number of directors nearest to one-third shall retire. The directors to retire from office in the first and second years after the registration of the Company shall be selected by drawing lots. In subsequent years, the longest-serving directors shall retire, but if they vacate office under this condition, they may be re-elected.
2. Regulations for the election of board members at the shareholders' meetings are as follows:
  - 2.1 Every shareholder shall have one vote for each share he or she holds.
  - 2.2 Each shareholder may exercise all the votes he or she has under (2.1) to elect one or several persons as directors. In the event of electing several directors, the shareholder may not allot his or her votes to any person unequally.
  - 2.3 The candidates will be ranked in descending order from the highest to the lowest number of votes received, and appointed in this order until all the positions are filled.

In cases where there is a tie and selection of both candidates would result in an excessive number of directors, the Chairman will cast the deciding vote.

3. If a vacancy arises on the Board for reasons other than the expiration of a director's term of office, the Board will, at the next scheduled meeting, select a temporary replacement, choosing a person with the appropriate qualifications in accordance with Section 68 of the Public Limited Companies Act B.E. 2535 and related laws. The temporary replacement must be approved by a vote of not less than three-quarters of the remaining directors, and will hold the position only until the normal expiration of the departed director's term of office. If this is less than two months, no temporary replacement will be appointed.

### **5) DEFINITION OF INDEPENDENT DIRECTOR**

An independent director is a qualified and independent person according to the Company's Corporate Governance Policy established by the Board, and the definition of the Capital Market Supervisory Board. An independent director must meet the following criteria:

- 5.1 Not hold shares exceeding one-half (0.5) percent of the total number of voting shares of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person including shares held by related persons of the independent director.
- 5.2 Not be nor have been an executive director, officer, employee, controlling person or advisor who receives a salary, of the Company, its parent company, subsidiary, same-level subsidiary, affiliate, major shareholder or controlling person, unless the foregoing status ended not less than two (2) years prior to the date of appointment. This restriction shall not apply to an independent director who has been a government officer or an advisor to a government authority that is a major shareholder or controlling person of the Company.
- 5.3 Not be a person related by blood or registration under law, such as a father, mother, spouse, sibling, or child, including spouses of children, executives, major shareholders, controlling persons, or persons to be nominated as executives or controlling persons of the Company or its subsidiaries.
- 5.4 Not have nor have had a business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, in a manner which may interfere with his or her independent judgement, and neither being nor having been a substantial shareholder or controlling person of any entity having business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person who may have a conflict of interest unless the foregoing status ended not less than two (2) years prior to the date of appointment.

The term "business relationship" mentioned above 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 (3) percent or more of the net tangible assets of the Company or twenty (20) million baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for the value of connected transactions under the Notification of the Capital Market Supervising Committee Re: Rules on Connected Transactions *mutatis mutandis*. The combination of such indebtedness shall include indebtedness occurring during the course of one (1) year prior to the date on which the business relationship with the person commences.

- 5.5 Neither be nor have been an auditor of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person nor be a substantial shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, unless the foregoing relationship ended not less than two (2) years from the date of appointment.
- 5.6 Neither be nor have been any kind of professional advisor including a legal advisor or financial advisor who receives an annual service fee exceeding two (2) million baht from the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, and neither be nor have been a substantial shareholder, controlling person or partner of the professional advisor unless the foregoing relationship ended not less than two (2) years from the date of appointment.
- 5.7 Not be appointed as a representative of the Company's directors, the major shareholder or any other shareholder who is a related person to the major shareholder.
- 5.8 Not conduct any business which of the same nature as the Company's or its subsidiaries' businesses and is in competition with them in any material respect, nor be a substantial partner, shareholder holding more than one (1) percent of the voting shares, director (having management role), employee, officer or advisor (obtaining a regular salary) of any company whose business is of the same nature as the Company's or its subsidiaries' businesses, and is in competition with them in any material respect.

- 5.9 Not have any characteristics which make him or her incapable of expressing independent opinions with regard to the Company's business affairs.

After having been appointed as an independent director with qualifications complying with the criteria under 5.1 to 5.9, the independent director may be assigned by the Board to take part in the business decisions of the Company, its parent company, subsidiary, affiliate, same-level subsidiary or legal entity who may have a conflict of interest, on condition that these decisions must be collective ones.

## 6) THE AUDIT COMMITTEE

The Audit Committee was established on May 5, 1998 and comprises three (3) independent directors with the full qualifications required under the guidelines of the Capital Market Supervisory Board and the Stock Exchange of Thailand. As at December 31, 2009, the following persons were serving on the committee:

NAME	POSITION
1. Mr. Somchai Supphatada	Chairman
2. Mr. Vithit Leenutapong	Member
3. Mr. Chalaluck Bunnag	Member

Mr. Somchai Supphatada holds the position of Assistant Professor in the Department of Accounting at Thammasat University. He has extensive knowledge and experience as a consultant on accounting standards for more than 11 years along with the competence to review the reliability of financial statements.

Both Mr. Vithit Leenutapong and Mr. Chalaluck Bunnag are experienced in the field of management, finance and investment.

The Audit Committee has the following duties and responsibilities:

- Review the accuracy of the Company's financial reports in accordance with generally accepted accounting principles, and ensure there is adequate disclosure.
- Review the Company's internal control system and internal audit system to ensure that they are suitable and efficient.
- Review the Company's compliance with the laws on securities and exchange, the regulations of the Stock Exchange of Thailand (the "SET"), and the laws relating to the Company's business.
- Consider, select and nominate an independent person to be the Company's auditor, propose the auditor's remuneration, and attend a non-management meeting with him or her at least once a year.
- Review the Company's Corporate Governance Policy and propose any changes to the Board for approval.
- Review all connected transactions or transactions that may lead to conflicts of interest, to ensure that they are in compliance with related laws and the regulations of the SET, are reasonable and bring the highest benefit to the Company.
- Review the risk management system to ensure it is appropriate and effective.
- Determine the internal audit unit's independence, as well as approve the appointment, rotation, termination, performance appraisal and remuneration of the head of this unit.



- Review and comment on the internal audit plan and the performance of the internal audit department, and cooperate with the external auditors.
- Prepare reports to be signed by the Chairman of the Committee and disclosed in the Company's annual report. These must contain the following information:
  - An opinion on the accuracy, completeness and reliability of the Company's financial report.
  - An opinion on the adequacy of the Company's internal control system.
  - An opinion on the compliance with the law on securities and exchange, the regulations of the SET and the laws relating to the Company's business.
  - An opinion on the suitability of the external auditor.
  - An opinion on transactions that may lead to conflicts of interest.
  - The number of committee meetings held and the members' attendance.
  - Any comments or opinions received by the committee regarding its performance in accordance with the charter.
  - Any other transaction which, according to the committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Board.
- Investigate any circumstances reported by the external auditor where a director, executive or other person responsible for the Company's operations, is suspected of committing an offense under the Securities and Exchange Act (No.4) B.E. 2551. The committee shall report the results of the preliminary investigation to the Board, the Office of the Securities and Exchange Commission, and the external auditor within thirty (30) days from the date reported by the external auditor. The type of suspicious circumstances that must be reported and the procedures for obtaining information pertinent to these are listed in and must comply with the notifications of the Capital Market Supervisory Board.
- If, during the performance of its duties, the committee finds or suspects any of the following situations which may have a material impact on the Company's financial condition or operating results, it must report these to the Board for rectification within a period of time the committee deems appropriate:
  - A transaction which causes a conflict of interest.
  - Any act of fraud, irregularity, or material defect in an internal control system.
  - An infringement of the law on securities and exchange, the regulations of the SET, or any law relating to the Company's business.

If the Board or management fails to rectify the situation within the period of time stipulated by the committee, any member of the committee may report this situation to the Office of the Securities & Exchange Commission or the SET.
- Report the committee's performance to the Board at least four (4) times a year.
- Summon members of the management team, executives or employees to make comments, attend meetings, or provide any documents deemed relevant and necessary.
- Hire advisors or external personnel in line with the Company's regulations to make comments or give advice as necessary.
- Annually undertake a self-assessment programme to evaluate the committee's scope of work and performance.
- Perform other tasks requested by the Board, which the committee agrees to.

The Audit Committee held six (6) meetings during 2009 in order to perform its duties as delegated by the Board. Details of its performance and opinions can be found in the Audit Committee Report for 2009.

## 7. THE LEADERSHIP DEVELOPMENT AND COMPENSATION COMMITTEE

The Leadership Development and Compensation Committee comprises three (3) directors, of whom the majority are non-executive directors. As at December 31, 2009, the following persons were serving on the committee:

NAME	POSITION
1. Mr. Boon Swan Foo	Chairman
2. Mr. Vithit Leenutapong	Member
3. Mr. Somprasong Boonyachai	Member

The Leadership Development and Compensation Committee has the following duties and responsibilities:

- Fix appropriate annual remuneration in monetary and/or non-monetary form as a motivation and retention measure for the Board, committee members and top executives.
- Draw up guidelines to provide appropriate remuneration for the Board and top executives to be submitted to the Board and/or the shareholders' meetings for approval.
- Review and approve the Company's performance in order to determine the annual KPI bonus and merit-based increase in salary across the Company.
- Consider and approve the long-term compensation plan and related guidelines.
- Consider and approve the performance evaluation of the Company's and its subsidiaries' CEOs and those who report directly to them in order to determine their annual bonus and merit-based increase in salary.
- Consider and approve the annual bonus allocation for the Board.
- Disclose policies governing the directors' remuneration in the annual report.
- In consultation with the Company's Chief Executive Officer (CEO), identify and evaluate potential successors for the Company's and its subsidiaries' chief executive officers and those who report directly to them, and report annually to the Board on executive succession planning.
- In consultation with the Company's CEO, introduce succession planning policies for the Company's and its subsidiaries' CEO positions and those who report directly to them.
- Oversee the processes by which the CEO and members of executive management are evaluated.
- Engage consultants or independent persons to provide opinions or advice if necessary, especially on leadership development.
- The committee is accountable to the Board and under obligation to explain its decisions at the shareholders' meetings, and answer questions that may arise.
- Annually review and reassess the adequacy of its charter and recommend any proposed changes to the Board for approval.
- Report regularly to the Board on matters within the scope of the committee, as well as any special issues that merit the Board's attention.

- Request members of the management or staff to attend the committee meetings or provide pertinent information on the matters under discussion.
- Perform other tasks as designated by the Board.

The Leadership Development and Compensation Committee held six (6) meetings during 2009 in order to perform its duties as delegated by the Board.

## 8) THE NOMINATION AND GOVERNANCE COMMITTEE

The Nomination and Governance Committee comprises four (4) directors, of whom the majority are non-executive directors. As at December 31, 2009, the following persons were serving on the committee:

NAME	POSITION
1. Mr. Boon Swan Foo	Chairman
2. Mr. Somprasong Boonyachai	Member
3. Mr. Vithit Leenutapong	Member
4. Mr. Arthid Nanthawithaya	Member

The Nomination and Governance Committee has the following duties and responsibilities:

- Annually review with the Board the criteria for board membership, including any minimum qualifications and any necessary qualities or skills, which are set forth in the Company's Corporate Governance Policy.
- Review and make recommendations to the Board with respect to the size, structure, composition, term, processes and practices of the Board and its committees.
- Identify, evaluate and recruit individuals qualified for Board membership.
- Consider nominees for directorships proposed by the Company's shareholders.
- Recommend to the Board nominees to be proposed for election at the shareholders' meetings or to be elected by the Board to fill vacancies or newly-created directorships.
- Recommend to the Board nominees (including Chairpersons) for appointment to the Executive Committee and other Board committees.
- Consider and nominate the Company's representatives to sit on the boards of the Company's subsidiaries, associates and joint ventures.
- Periodically review the Company's standards of director independence and recommend any proposed changes to the Board for approval.
- Oversee the orientation program for new Board members.
- Review and make recommendations to the Board with respect to the Company's process for the continuing education of Board members.
- Engage consultants or independent persons to provide opinions or advice if necessary, in accordance with the Company's regulations.

- Implement and oversee the annual performance evaluations of the Board, board committees (including a review of its own performance) and each board member; review the results of each board committee's evaluation and report the results of all the evaluations to the Board.
- Assist the Audit Committee to periodically review the Company's Corporate Governance Policy and recommend any proposed changes to the Board for approval.
- Review potential waivers of the Code of Conduct involving members of the Board or executive management and make recommendations to the Board as necessary.
- In consultation with the Chairman of the Board and CEO, evaluate potential successors for the Chairman of the Board position and other directorships, and report annually to the Board on succession planning.
- Annually review and reassess the adequacy of the committee's charter and recommend any proposed changes to the Board for approval.
- Report regularly to the Board on matters within the scope of the committee, as well as any special issues that merit the attention of the Board.
- Perform such other duties required by law or otherwise as are necessary or appropriate to ensure the effective functioning of the Board, high quality corporate governance, effective compliance and ethics programs, or as the Board may from time to time assign to the committee.

The Nomination and Governance Committee held four (4) meetings during 2009 in order to perform its duties as delegated by the Board.

## 9) THE STRATEGIC AND ORGANIZATIONAL REVIEW COMMITTEE

The Strategic and Organizational Review Committee comprises eight (8) directors as approved by the Board. As at December 31, 2009, the following persons were serving on the committee:

NAME	POSITION
1. Mr. Boon Swan Foo	Chairman
2. Mr. Vithit Leenutapong	Member
3. Mr. Arthid Nanthawithaya	Member
4. Mr. Suphadej Poonpipat	Member
5. Mr. Yong Lum Sung	Member
6. Mr. Somprasong Boonyachai	Member
7. Mr. Arak Chonlatanon	Member
8. Mr. Vikrom Sriprataks	Member

The Strategic and Organizational Review Committee has the following duties and responsibilities:

- Establish and guide the strategic direction of SHIN Group (the "Group") in conjunction with the management.
- Review the strategic direction of each company in the Group on an annual basis in order to develop the annual business plans for submission to the Board.

- Review the half-yearly performance of each company in the Group and propose any necessary changes in strategic direction to the Board.
- Study major strategic moves or new business ideas proposed by the executive committees of the companies in the Group.
- Establish a sustainable organizational structure and define resource requirements in support of the Group's strategic direction.
- Coordinate with the Leadership Development and Compensation Committee to ensure alignment between its scope of work and the Group's strategic direction.
- Establish and oversee all the Group's new business policies.
- Identify and evaluate new opportunities for business and synergy within the Group.
- Engage consultants or independent persons to provide opinions or advice if necessary.
- Regularly participate in technology- and business-related conferences, exhibitions or overseas company visits in order to learn about and keep abreast of new technology, products and services.
- Annually review and reassess the adequacy of the committee's charter, and recommend any proposed changes to the Board for approval.
- Report regularly to the Board on matters within the scope of the committee, as well as any special issues that merit the Board's attention.
- Summon members of the management or staff to attend the committee's meetings or provide pertinent information on the matters under discussion.
- Perform other tasks as designated by the Board.

The Strategic and Organizational Review Committee held four (4) meetings during 2009 in order to perform its duties as delegated by the Board.

## 10) THE EXECUTIVE COMMITTEE

The Executive Committee comprises qualified and experienced members as recommended by the Nomination and Governance Committee and approved by the Board. As at December 31, 2009, the following persons were serving on the committee:

NAME	POSITION
1. Mr. Somprasong Boonyachai	Chairman
2. Mr. Arak Chonlatanon	Member
3. Mr. Vikrom Sriprataks	Member
4. Mrs. Suwimol Kaewkoon	Member
5. Ms. Nidchanun Santhavesuk	Member

The Executive Committee has the following duties and responsibilities:

- Formulate the Company's strategic direction, management structure, and annual business plan and budget for the Board's approval.
- Manage the Company's business operations in order to achieve the planned objectives and targets.
- Monitor the Company's financial and operating results, and keep all the board members informed by monthly report.
- Identify and evaluate new business opportunities.
- Review the Company's dividend policy and make recommendations to the Board.
- Review and approve all transactions concerning investments and disposal of assets, human resource management, finance and treasury, general administration and any other transaction related to the Company's business within the limits of delegated approval authority granted by the Board.
- Review matters that require the Board's approval and make appropriate recommendations with the exception of activities that have been delegated to other board committees.
- Consider and review the Company's risk management and control systems.
- The Executive Committee may delegate its authority to any member of the management or staff as it deems appropriate. However, such authority does not permit the committee or anyone appointed by the committee to approve any transaction between them or related persons having mutual benefits or conflicts of interest (as prescribed in the Company's Articles of Association and Notifications of the Securities Exchange Commission). The approval for transactions shall be in accordance with the policies and principles already determined by the Board and regulatory bodies.

The Executive Committee held fourteen (14) meetings during 2009 in order to perform its duties as delegated by the Board.

## **11) COMPANY SECRETARY**

On August 14, 2008, the Board passed a resolution to establish the Company Secretary office. The incumbent Company Secretary is Mr. Wichai Kittiwittayakul. The Company Secretary has a dual reporting line to the Board & its committees and the management. The Company Secretary office has the following duties and responsibilities:

- Organize and facilitate board and board committee meetings.
- Organize the annual general meeting of shareholders and record and publish the related minutes.
- File all documents and related records.
- Monitor and ensure that the Board is in compliance with all related laws and regulations.
- Handle corporate governance issues and provide advice on these to the Board.
- Assist shareholders, directors and members of management with any board-related matters.
- Follow up on all resolutions passed and instructions given by the Board and shareholders' meetings.
- Perform any other actions specified in the Securities and Exchange Act (No. 4) B.E. 2551 or related laws and regulations including notifications from the Capital Market Supervisory Board.



## 12) MANAGEMENT TEAM

As at December 31, 2009, the Company's management team, as defined by the Securities and Exchange Commission, consisted of the following persons:

Mr. Somprasong Boonyachai	Chief Executive Officer
Mr. Arak Chonlatanon	Chairman of the Executive Committee - Media & New Business
Ms. Nidchanun Santhavesuk	President
Mr. Anek Pana-apichon	Vice President - Finance and Accounting
Mr. Wichai Kittiwittayakul	Company Secretary Vice President - Internal Audit and Risk Management
Mr. Kim Siritaweechai	Vice President - Portfolio Management

## 13) REMUNERATION FOR THE COMPANY'S DIRECTORS AND MANAGEMENT TEAM

### 13.1 Remuneration for the board of directors

At the 2009 Annual General Meeting of Shareholders held on April 10, 2009, the shareholders approved a total remuneration for the Board and its sub-committees not exceeding 18 million baht. Each board member's remuneration consists of a monthly retainer, bonus, and meeting allowance as specified below:

- The Chairman of the Board shall receive a monthly retainer of 300,000 baht and an annual bonus but shall not receive a meeting allowance or any remuneration as the chairman or member of any board committees.
- Each director shall receive a monthly retainer of 75,000 baht, an annual bonus and a meeting allowance of 25,000 baht for each board or board committee meeting;
- The Chairman of the Audit Committee shall receive a monthly retainer of 25,000 baht whilst chairmen of other committees shall receive a monthly allowance of 10,000 baht.
- Executive directors shall not receive any remuneration as members of the Board.

			Remuneration (Baht)	
DIRECTOR	MONTHLY RETAINER	MEETING FEE	BONUS	
The Board of Directors				
Chairman	300,000	-	✓	
Member	75,000	25,000	✓	
Audit Committee				
Chairman	25,000	25,000	✓	
Member	-	25,000	✓	
Other Committees				
Chairman	10,000	25,000	✓	
Member	-	25,000	✓	

During 2009, the total remuneration paid to the Board and committee members was 16.164 million baht (including accrued bonuses of 4.174 million baht paid in February 2010), an increase of 0.124 million baht, or 0.773%, from 16.040 million baht in 2008.

*Unit: '000 Baht*

NAME	POSITION	REMUNERATION FOR 2009
<b>Current directors</b>		
1. Dr. Virach Aphimeteetamrong	Chairman	4,400
2. Mr.Somchai Supphatada	Director, Chairman of Audit Committee	2,150
3. Mr.Vithit Leenutapong	Director Member of Audit Committee, Member of Leadership Development and Compensation Committee, Member of Nomination and Governance Committee, Member of Strategic and Organizational Review Committee	2,375
4. Mr.Chalaluck Bunnag	Director, Member of Audit Committee	1,750
5. Mr.Boon Swan Foo	Director, Chairman of Leadership Development and Compensation Committee, Chairman of Nomination and Governance Committee, Chairman of Strategic and Organizational Review Committee	2,585
6. Mr. Arthid Nanthawithaya	Director, Member of Nomination and Governance Committee Member of Strategic and Organizational Review Committee	529
<b>Directors who resigned from the Board in 2009</b>		
7. Mr.Surin Upatkoon	Director	1,054
8. Mrs.Thitima Rungkwansiroj	Director, Member of Nomination and Governance Committee	1,146
<b>Committee Members</b>		
9. Mr. Suphadej Poonpipat	Member of Strategic and Organizational Review Committee	75
10. Mr. Yong Lum Sung	Member of Strategic and Organizational Review Committee	100
<b>Total</b>		<b>16,164</b>

### 13.2 Remuneration for the management team

The total remuneration for the six (6) members of the management team (as defined by the Securities and Exchange Commission) was 70.97 million baht, which comprised salaries, bonus payments, the provident fund and other benefits.

### 13.3 Other remuneration

From year 2002-2006, the Company have issued and allotted the warrant to its directors and employees under the ESOP program. The ESOP is a repeat, five-year program whereby the Company allots an annual grant of warrants for five (5) consecutive years. So far, five grants have been completely allotted and three grants have completely expired. (Grant 1 expired on March 26, 2007, Grant 2 expired on May 29, 2008 and Grant 3 expired on May 30, 2009.) There are two grants remaining as follows:

DESCRIPTION	GRANT 4		GRANT 5	
Number of warrants granted (units)	16,000,000		14,256,100	
Price	Baht-0-		Baht-0-	
Expiration	Five years after date granted			
Exercise Ratio *(warrant/shares)	1 : 1.21847		1 : 1.18115	
Exercise Price *(per share)	Bt 34.273		Bt 31.901	
Date warrants granted	May 31, 2005		July 31,2006	
Maturity date	May 30, 2010		July 30, 2011	
List of directors (of the Company and its subsidiaries) and management receiving warrants	(Unit)	%	(Unit)	%
1. Mr. Somprasong Boonyachai	970,000	6.06	831,900	5.84
2. Mr. Arak Chonlatanon	1,247,700	7.80	1,272,600	8.93
3. Mr. Tanadit Charoenchan	179,200	1.12	186,300	1.31
4. Ms. Nidchanun Santhavesuk	386,900	2.42	343,800	2.41
5. Mr. Anek Pana-apichon	302,100	1.89	265,400	1.86
6. Mr. Wichai Kittiwittayakul	199,500	1.25	164,800	1.16
7. Mr. Kim Siritaweechai	135,300	0.85	117,400	0.82
Type of warrant	Non-transferable unless received from an underwriter or as an inheritance			

\*As a result of the interim dividend for April 10, 2009 - August 13, 2009 of more than 50% of net profit after income tax, the Company has adjusted both the exercise ratio and exercise price of the warrants since August 26, 2009, under the conditions specified in the prospectus.

#### 14) TOTAL REMUNERATION OF CORE SUBSIDIARIES' DIRECTORS AND MANAGEMENT TEAMS

##### 14.1) Advanced Info Service Plc.

- Remuneration for the board of directors

During 2009, Advanced Info Service Plc. paid its board of directors a total remuneration of 13.425 million baht (including accrued bonuses of 4.450 million baht paid in February 2010), an increase of 0.363 million baht, or 2.78%, from 13.062 million baht in 2008.

*Unit: '000 Baht*

NAME	POSITION	REMUNERATION FOR 2009
Current directors		
1. Dr. Paiboon Limpaphayom	Chairman, Chairman of Nomination and Governance Committee, Chairman of Remuneration Committee	2,850
2. Mr. Aviruth Wongbuddhapitak	Director, Chairman of Audit Committee, Member of Remuneration Committee	2,450
3. Mrs. Tasanee Manorot	Director, Member of Audit Committee	1,800
4. Mr. Surasak Vajasit	Director, Member of Audit Committee, Member of Nomination and Governance Committee	1,875
5. Mr. Suphadej Poonpipat	Director,	1,400
6. Mr. Hubert Ng Ching-Wah	Director Member of Executive Committee	1,700
7. Mr. Chakree Subprawong	Director	1,350
Total		13,425

- Other remuneration

AIS has issued and allotted warrants to its directors and employees under the ESOP program. At the end of 2009, there were two grants remaining as follows:

DESCRIPTION	GRANT 4		GRANT 5	
Number of warrants granted (units)	9,686,700		10,138,500	
Price	Baht -0-			
Expiration	Five years after date granted			
Exercise ratio*	1 : 1.19454		1 : 1.15737	
Exercise price* (per share)	Bt.89.292		Bt.79.029	
Date warrants granted	May 31, 2005		May 31, 2006	
Directors and managers receiving warrants totaling more than 5% of each grant.	(Unit)	%	(Unit)	%
1. Mr.Somprasong Boonyachai	735,500	7.51	538,500	5.31
2. Mrs.Suwimol Kaewkoon	580,000	5.92	591,400	5.83
3. Mr.Vikrom Sriprataks	500,000	5.10	547,600	5.40

\* AIS has adjusted both the exercise ratio and exercise price of the warrants since August 25, 2009 after paying a dividend greater than 50% of net profit after tax under the conditions specified in the prospectus.

- Remuneration for the management team

The total remuneration for the nine (9) members of the management team (as defined by the Securities and Exchange Commission) was 72.01 million baht, which comprised salaries, bonus payments, the provident fund and other benefits.

#### 14.2 Thaicom Plc.

- Remuneration for the board of directors

During 2009, Thaicom Plc paid its board of directors a total remuneration of 7.700 million baht (including accrued bonuses of 2.25 million baht paid in February 2010), an increase of 0.455 million baht, or 6.28%, from 0.455 million baht in 2008.

*Unit: '000 Baht*

NAME	POSITION	REMUNERATION FOR 2009
Current directors		
1. Mr. Paron Isarasena Na Ayudhaya	Chairman Chairman of Governance and Nomination Committee, Chairman of Remuneration Committee	2,150
2. Prof. Hiran Radeesri	Director, Chairman of Audit Committee,	1,700

NAME	POSITION	REMUNERATION FOR 2009
3. Mrs. Charintorn Vongsbootorn	Director, Member of Audit Committee, Member of Governance and Nomination Committee, Member of Remuneration Committee	1,400
4. Mr. Samrieng Mekkiengkrai	Director, Member of Audit Committee	1,250
5. Mr.Yong Lum Sung	Director, Member of Executive Committee	1,425
Total		7,700

• Other remuneration

From year 2002-2006, Thaicom have issued and allotted the warrant to its directors and employees under the ESOP program. The ESOP is a repeat, five-year program whereby the Thaicom allots an annual grant of warrants for five consecutive years. So far, five grants have been completely allotted and three grants have completely expired. (Grant 1 expired on March 26, 2007, Grant 2 expired on May 29, 2008 and Grant 3 expired on May 30, 2009.) There are two grants remaining as follows:

DESCRIPTION	GRANT 4		GRANT 5	
Number of warrants granted (units)	7,562,100		10,058,800	
Price	Baht-0-		Baht-0-	
Expiration	Five years after date granted			
Exercise Ratio *(warrant/shares)	1:1.02245		1:1	
Exercise Price *(per share)	16.441		11.87	
Date warrants granted	May 31, 2005		May 31, 2006	
List of directors and employee receiving warrants	(Unit)	%	(Unit)	%
1. Dr. Dumrong Kasemset *	929,900	12.30	1,099,800	10.93
2. Dr. Nongluck Phinainitisart	500,000	6.61	900,000	8.95
3. Mr. Yongsit Rojsrivichaikul	440,000	5.82	800,000	7.95
4. Dr. Avudh Ploysongsang **	140,800	1.86	50,000	0.50
5. Mr. Kamonmit Vudhijumnonk	105,900	1.40	150,000	1.49
6. Mr. Tanadit Charoenchan	250,000	3.31	300,000	2.98
7. Mr. Paiboon Panuwattanawong	900,000	11.90	1,100,000	10.94
8. Mr. Makin Petplai	400,000	5.29	600,000	5.96
9. Mr. Pradeep Unni	350,000	4.63	440,000	4.37
10. Mr. Sivaraks Phinicharomana	136,100	1.80	150,000	1.49
11. Mr. Teerayuth Boonchote	250,000	3.31	350,000	3.48



DESCRIPTION	GRANT 4		GRANT 5	
12. Mr. Teerawat Kusalongkoonwat	225,000	2.98	300,000	2.98
13. Mr. Atip Rittaporn	400,000	5.29	450,000	4.48
14. Mr. Komsan Sereepapong	70,000	0.93	n/a	n/a
15. Mr. Jiroj Srinamwong	70,000	0.93	150,000	1.49
16. Mr. Pramook Chaiwongwutthikul	n/a	n/a	170,000	1.69
17. Other employees	2,394,400	31.66	3,049,000	30.31
<b>Total Warrants Issued</b>	<b>7,562,100</b>	<b>100.00</b>	<b>10,058,800</b>	<b>100.00</b>

\* Resigned from THCOM on May 13, 2009.

\*\* Resigned from THCOM on July 1, 2006.

- Remuneration for the management team

The total remuneration for 5 (five) managements not including Mr. Arak Chonlatanon (as defined by the Securities and Exchange Commission) was 35,906,497 baht, which comprised salaries, bonus payments, the provident fund and other benefits.

#### 14.3 ITV Plc.

- Remuneration for the board of directors

During 2009, ITV paid its board of directors a total remuneration of 4.800 million baht, an increase of 0.165 million baht, or 3.56%, from 4.635 million baht in 2008.

*Unit: '000 Baht*

NAME	POSITION	REMUNERATION FOR 2009
<b>Current directors</b>		
1. Mr. Somkid Wangcherdchuwong	Chairman	960
2. Mr. Vichakoraput Rattanaichai	Director, Chairman of Audit Committee, Secretary to the board of directors	600
3. Mr. Nittimon Jungsiri	Director, Member of Audit Committee	840
4. Mr. Sumatee Inhu	Director, Member of Audit Committee	600
5. Mr. Somboon Wongwanich	Director	600
6. Mrs. Rattanaporn Nammontri	Director	600
7. Mr. Wuttiporn Diawpanich	Director	600
<b>Total</b>		<b>4,800</b>

- Contracted management service fees

As ITV currently has no business operations, there was no management remuneration in 2009. However, a total of 16.5 million baht was paid in service fees for legal advice and representation, financial and accounting management, and financial advice.

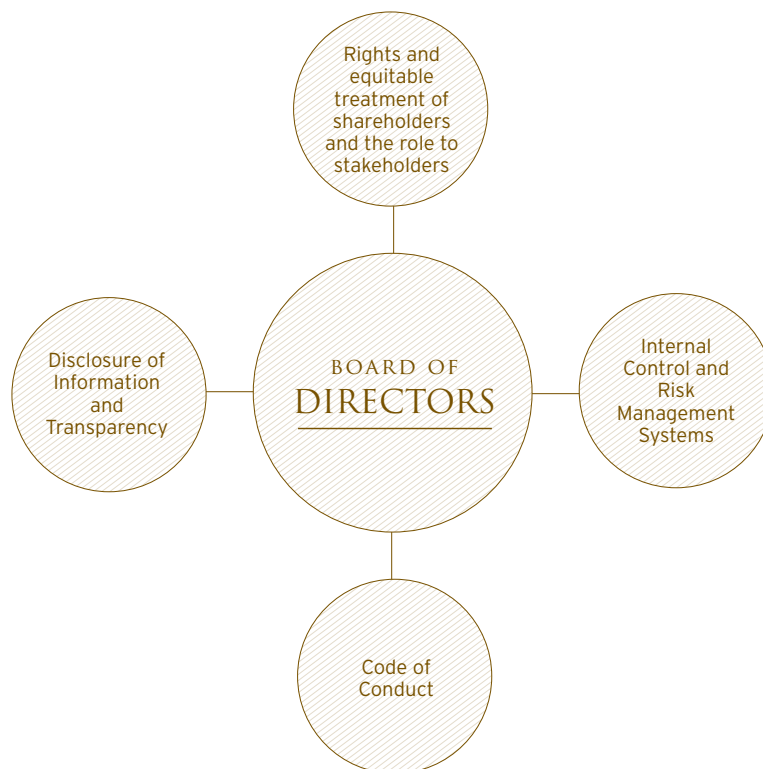
## CORPORATE GOVERNANCE

### CORPORATE GOVERNANCE POLICY

The Board strongly believes that good corporate governance makes a vital contribution to the Company's basic foundations, providing a system of checks and balances, and ensuring transparency and equitable treatment of all shareholders and stakeholders. To this end, the Board and the management team must possess proven leadership skills, vision and accountability in order to promote sustainable growth of business operations, secure the confidence of investors and all related stakeholders, and maximize the economic value of the company and the long-term wealth of its shareholders.

The Board of Directors ("the Board") of Shin Corporation Plc ("the Company") passed a resolution to approve the Corporate Governance Policy, which lays down guidelines that comply with the Stock Exchange of Thailand's ("the SET") principles of good corporate governance and best practice recommendations. This policy became effective on November 13, 2002 and has been updated annually to keep it aligned with best business practices. The last update was made on March 22, 2009. These changes are communicated to the Board, management and all members of staff in order to comply with both the letter and spirit of the policy.

The Company's Corporate Governance Policy can be divided into the five sections shown below:



(For more details of corporate governance at Shin Corporation, please see the documents posted on our website at [www.shincorp.com](http://www.shincorp.com).)

## **CORPORATE GOVERNANCE REPORT**

In 2009, The Board had adopted the Company's corporate governance practices to assist it in the exercise of its responsibilities, and enhance the corporate governance in various areas in order to serve the best interests of the Company and its shareholders. This report comprises five sections as follows:

### **1) THE BOARD OF DIRECTORS**

#### **1.1) Composition of the Board**

The Board comprises members who have a broad knowledge and experience of many business areas. As at December 31, 2009, the Board comprised eight (8) members and one more was in the process of being recruited. The current composition is as follows:

- Four (4) independent directors (a proportion of 4.9 or 44.44% of the total)
- Two (2) non-executive directors
- Two (2) executive directors

The Board annually reviews its size, composition and expertise to align it with the Company's business direction as recommended by the Nomination and Governance Committee in order to ensure that the Board performs its duties effectively with careful decision making in the best interests of the Company.

The Board firmly believes that its current size and qualifications enable effective and efficient supervision and monitoring of the Company's business operations and performance.

#### **1.2) Separation of Positions: Chairman of the Board and Chief Executive Officer**

The Company has a policy to separate the positions of Chairman of the Board and Chief Executive Officer. The Chairman of the Board, who is an independent director, is responsible for the operations, leadership and governance of the Board. The Chief Executive Officer is responsible for implementing the Company's business plans, strategies and policies.

#### **1.3) Term of Directorship**

A director's term of office is specified in the Company's Articles of Association. The Company has a policy whereby there is no limitation on a director's age or the number of times he or she may be re-elected. It is the Board's policy that an independent director may not be considered to remain "independent" after he or she has completed three (3) consecutive terms or a total of nine (9) years. However, the Board may still approve extensions for a period of one (1) year each time.

#### **1.4) The Company's Approval Authority**

The Board has clearly segregated the purview of authority between itself and the management and formulated an internal approval authority table with appropriate limits to delegate authority to each level of management. This provides the flexibility for each person to perform his or her duties and make effective decisions within an appropriate control system.

The approval authority can be divided into four major categories:

1. Investment and Management
2. Human Resources
3. Finance and Treasury
4. General Administration and Expenses

#### 1.5) Board Committees

As of December 31, 2009, the Board had established the following five (5) board committees to undertake the review of specific essential tasks:

1. The Audit Committee
2. The Leadership Development and Compensation Committee
3. The Nomination and Governance Committee
4. The Strategic and Organizational Review Committee
5. The Executive Committee

All the committees have a clearly defined policy and framework to perform their duties, hold meetings and report directly to the Board.

The majority of members of the Leadership Development & Compensation committee and the Nomination & Governance Committee (including the chairman) are not independent directors. Although this is not in line with the SET recommendation in *The Principles of Good Corporate Governance*, the Board considers their composition suitable for the current business environment and ownership structure.

#### 1.6) Directorships on Other Boards

In *The Principles of Good Corporate Governance*, the SET recommends that a person should not serve on the boards of more than five (5) companies at the same time. However, the Company does not limit the number of outside directorships because the Nomination & Governance Committee carefully selects qualified people who are able to devote sufficient time and attention to the Company's affairs.

#### 1.7) Succession Planning

The Board has set out a succession plan for top executives, especially the Chief Executive Officer. As delegated by the Board, the Leadership Development and Compensation Committee in consultation with the CEO have developed a succession plan for the CEO position and those who report directly to the CEO.

Moreover, the Company has also developed a succession plan for the management team (department heads and higher) by identifying existing personnel. In cases where there are no potential successors, a development programme has been established to train suitable candidates. If a situation should arise where there is no suitable person available to replace a member of the management team, outside candidates will be considered in order to guarantee a smooth handover and continuity of operations, and retain the confidence of the Company's stakeholders.

### 1.8) Board Performance Self-Assessment

The effectiveness of the Board is vital to the success of the Company and it is current policy to conduct two rigorous evaluations every year, namely an overall assessment and a self-assessment by each member.

The objective of each evaluation is to review the performance of the Board and its individual members in order to improve overall effectiveness. The last evaluation was reviewed in March 2009 and the results revealed that the overall performance was good. However, the Board agreed that it needed to enhance its expertise continuously, especially industry knowledge related to the Company's core businesses, and encourage all board members to attend training programs organized by the Thai Institute of Directors.

### 1.9) Board Members Training and Development

The Company has compiled a manual for its Board members, which includes a summary of all related laws, rules and regulations and a definition of board members' duties, roles and other responsibilities. During the induction program, new directors will be fully briefed by a cross-functional management team on the background and operations of the Company and its subsidiaries. Moreover, the Company encourages all Board members to attend various seminars and courses that may benefit their performance. In 2009, the following Board members attended the Thai Institute of Directors' training program:

NAME	PROGRAM
Mr. Vithit Leenutapong	Successful Formulation & Execution of Strategy
Mr. Arthid Nanthawithaya	Director Accreditation Program
Mr. Somprasong Boonyachai	Role of the Chairman Program

On October 5, 2009, the Company held a seminar with both Thai and foreign guest speakers to present Thailand's economic outlook, *the Thailand & Regional Telecom Outlook and Business Risks* in the Telecom Industry to all the board members and executives. All the members of the Board and the Strategic and Organizational Review Committee also visited companies in Japan to keep abreast of 3G and satellite technology.

### 1.10) Board Meetings

#### a. Schedules and Agendas

The Board holds at least seven (7) regular meetings each year and meets at other times as necessary. The schedule for the year's meetings is drawn up in advance so all board members are able to attend each meeting in order to act in the best interests of the Company.

The main items on the agenda cover business plans, quarterly financial statements, key policies, new investment projects and operating results. The Secretary to the Board is responsible for scheduling the meetings and distributing the supporting documentation at least seven (7) days before the date of the meeting in order to provide each board member with sufficient time to study the details.

Each meeting generally lasts two to three hours. The Chairman of the Board must allow adequate time for the management to present the necessary information and the members to discuss each item on the agenda in order to ensure that the shareholders'

best interests are represented fairly. All board members have a right to express their opinions and submit items for the agenda.

The Secretary to the Board must attend all board meetings. He or she is responsible for ensuring that accurate and sufficient documentation exists to meet all legal requirements and enable authorized persons to determine when, how and by whom the Board's business was conducted. In order to fulfill these responsibilities, as required by the organization's bylaws, the Secretary to the Board must record the minutes of each meeting (later agreed upon and accepted by the Board) and file any supporting documents. All the documentation pertaining to each board meeting must always be available to all board members, shareholders and other concerned parties.

#### Attendance record for directors and members of board committees in 2009

(Number of meetings attended / Total meetings held)

NAME	2009 ANNUAL GENERAL MEETING	BOARD OF DIRECTORS	AUDIT COMMITTEE	NOMINATION & GOVERNANCE COMMITTEE	LEADERSHIP DEVELOPMENT & COMPENSATION COMMITTEE	STRATEGIC & ORGANIZATIONAL REVIEW COMMITTEE	EXECUTIVE COMMITTEE
<b>Current Directors</b>							
1. Dr. Virach Aphimeteetamrong	Yes	8/8					
2. Mr. Somchai Supphatada	Yes	8/8	6/6				
3. Mr. Vithit Leenutapong	Yes	8/8	6/6	4/4	6/6	4/4	
4. Mr. Chalaluck Bunnag	Yes	8/8	6/6				
5. Mr. Boon Swan Foo*	No	8/8		4/4	6/6	4/4	
6. Mr. Arthid Nanthawithaya	N.A.	2/2		1/1			
7. Mr. Somprasong Boonyachai	Yes	8/8		4/4	6/6	4/4	14/14
8. Mr. Arak Chonlatanon	Yes	8/8				4/4	14/14
<b>Directors who resigned from the Board in 2009</b>							
9. Mrs. Thitima Rungkwansiroj	Yes	6/6		2/3			
10. Mr. Surin Upatkoon *	N.A.	3/4					
<b>Committee Members</b>							
11. Mr. Suphadej Poonpipat						3/4	
12. Mr. Yong Lum Sung						3/3	

\* Two directors attended the meetings listed below via teleconference.

1) Mr. Surin Upatkoon - Board Meeting Nos. 1/2009, 2/2009, 3/2009, 6/2009

2) Mr. Boon Swan Foo - Board Meeting No. 6/2009

#### b. Executive Sessions

It is the Company's policy that the non-executive directors shall hold meetings at least once a year to discuss matters relating to the Company's business or issues of common interest without the presence of executive directors.



### 1.11) Access to Information

Members of the Board have separate and independent access to senior management and the Company Secretary at all times if he or she needs additional information concerning the Company's performance and other information other than that provided at the board meeting.

The Board also receives analysts' reports on the Company, its subsidiaries and their competitors every month. These reports enable the Board to keep abreast of the key issues and developments in each industry related to the Company's core businesses.

### 1.12) Remuneration for Directors and the Management Team

The Company has a clearly defined remuneration policy, with remuneration for directors and the management team reviewed annually by the Leadership Development and Compensation Committee and submitted to the Board and shareholders for approval.

Remuneration is adequate, determined in a manner equitable with industry standards, and is performance-based as a way to motivate and retain qualified directors. All the details are disclosed under "Remuneration for The Company's Directors and the Management Team"

## **2) RIGHTS AND EQUITABLE TREATMENT OF SHAREHOLDERS, AND THE ROLE TO STAKEHOLDERS**

### 2.1) Rights and Equitable Treatment of Shareholders

The Company respects the shareholders' rights and treats all shareholders equitably whether they are retail, foreign, institutional or major shareholders. Every shareholder is entitled to the rights and equitable treatment detailed below:

1. The right to receive share certificates and share transfers, and to be sufficiently informed of operating results and management policies on a timely basis.
2. The right to an equitable dividend.
3. The right to participate in meetings, vote and make recommendations on decisions concerning major corporate actions such as amendments to the Articles of Association, appointments to the Board, appointment of the Company's external auditors, and issuance of new share capital.
4. The right to be furnished with information concerning connected transactions.
5. The right to elect directors.
6. The right to sell shares back to the Company, should the shareholder disagree with the resolutions of a shareholders' meeting to amend the Company's Articles of Association concerning voting rights or dividend payments.

Moreover, all shareholders have equal rights as set forth in the Company's Articles of Association and related laws and regulations. To ensure equitable treatment for all shareholders, the Company holds regular and transparent shareholders' meetings, and provides a mechanism to protect against the release of inside information and a system to oversee the transactions of related parties and adequately disclose information about the Company.

At present, the Company does not have any established procedures for minority shareholders to propose items for consideration at the shareholders' meetings in advance or nominate candidates for the Board. As these procedures are recommended by the SET in The Principles of Good Corporate Governance, the Company has agreed to implement them when its free float rises above the minimum requirement of 15%. (The Company's free float is currently 3.88%)

## Shareholders Meetings

The Board holds the Annual General Meeting of Shareholders within four months of the end of the financial year. Extraordinary meetings may be held if warranted by particular circumstances that may affect the shareholders' benefits or are required by law.

It is the Company's policy to conduct all shareholders' meetings in a transparent manner with appropriate procedures in accordance with the law, which includes calling for a meeting and the distribution of supporting documentation, agendas and board resolutions in both Thai and English. This encompasses the meeting procedures as well as preparation and distribution of the minutes in accordance with regulations issued by the SET.

Information about the items on the agenda of each meeting is posted on the Company's website for shareholders to access 30 days before the meeting. Information on the last shareholders' meeting was posted on the Company's website on March 9, 2009 and mailed to shareholders on March 26, 2009.

The Company has introduced a bar code system to facilitate registration and vote-counting in order to expedite the procedure accurately. Before each meeting begins, the shareholders are informed of the rules along with meeting and voting procedures, including their right to ask questions about and give opinions on the items to be discussed.

The Chairman of the Board, the Chief Executive Officer, committee members, and the external auditors attend each meeting to provide explanations and answer questions about items on the agenda. The chairman of the meeting should allot sufficient time to encourage shareholders to express their opinions and ask questions.

At each meeting, the Company appoints at least one independent director to act as a proxy and vote on behalf of shareholders who are unable to attend but had informed the Company of their absence beforehand.

The minutes of the shareholders' meeting are published within fourteen (14) days of the meeting and also posted on the Company's website for the benefit of absent shareholders. Shareholders may obtain further information on the meetings or submit their questions in advance by contacting the Investor Relations Department.

At the 2009 Annual General Meeting of Shareholders held on April 10, 2009, there were 104 shareholders present in person along with proxies acting for absent shareholders, representing 97.38% of the Company's total issued shares. There were 11 shareholders who had authorized the Company's audit committee members and independent directors as their proxies, representing 96.65% of the Company's total issued shares.

All the Company's board members attended the meeting with the exception of Mr. Boon Swan Foo and Mr. Surin Upatkoon. The minutes of the meeting were posted on the Company's website at [www.shincorp.com](http://www.shincorp.com).

## 2.2) Role to Stakeholders

### 2.2.1) Rights of Stakeholders

The Company assigns the highest priority to the rights of stakeholders and has set guidelines within the code of Conduct and corporate social responsibilities policy to oversee all aspects of the business and ensure that appropriate priorities are maintained for all shareholders, employees, managers, customers, business partners, creditors, and the public and community at large. The Company facilitates cooperation among the various groups of stakeholders according to their roles and duties in order to create a fair and stable business environment that runs smoothly for the benefit of all parties concerned.



### Shareholders

The Company acts as a representative of its shareholders in carrying out the business in order to maximize their satisfaction with regard to the Company's long-term sustainable growth and value as well as the disclosure of transparent and reliable information.

### Employees

All members of staff are valuable assets and a critical success factor, so the Company places emphasis on developing and promoting a good culture and working atmosphere, teamwork, courtesy, and respect for individuality. The employment, promotion and transfer of all staff members are conducted in a fair manner based on ethical standards whilst maximizing human resource utilization.

The Company is responsible for implementing and maintaining a safe working environment in order to protect the lives and property of all its employees. The Company must also adhere strictly to the labour law.

### Customers

Customer satisfaction and consumer confidence are very important to the Company. The Company aims to provide high quality goods and services at reasonable prices, and maintain a good relationship with its customers. The Company has thus determined the following guidelines:

- **Products and Services**

The Company shall provide high quality products and services, and continuously strive to improve these. The Company shall also provide complete and accurate disclosure of all information pertaining to its products and services without any misrepresentation.

- **Confidentiality of Customers' Information**

Directors, management, and staff members at all levels shall not disclose any information on customers without prior permission from those customers or authorized personnel of any company in the Group. The only exception to this is information requested by law enforcement officers acting in accordance with the law.

## Competitors

The Company has a policy of free and fair competition and will not try to monopolize the industry. The Company does not force its business partners to distribute only the Company's products.

The Company does not acquire information on its competitors by any illegal or unethical methods.

## Society and the Environment

The Company is aware that it is a Thai company and has a responsibility to Thailand and Thai society. The Company is committed to making a contribution to society by supporting activities of public interest and cooperating with the communities in which those activities are located.

The Company has a policy to produce goods and render services that are environmentally friendly and comply with all related environmental laws.

The Company supports activities that protect the environment and save energy. In addition, the Company has a policy to purchase and promote the use of products that are environmentally friendly.

## Business Partners and Creditors

The Company's dealings with any business partner shall be conducted in a manner that upholds the reputation of the Company and all relevant laws. All Company personnel must be aware of the common interests of the Company's business partners and treat them equitably. The selection of business partners shall be fair. The Company shall also consider its business partners to be the key factor in jointly creating a value chain for customers.

The Company shall keep all its promises and perform in accordance with the terms and conditions agreed with its creditors for the repayment of principal and interest, as well as safeguarding all guaranteed assets.

### 2.2.2) Channel for Stakeholders to Communicate Concerns

Any stakeholder, who wishes to offer suggestions or report unfair treatment, illegal acts or any activity that infringes the Company's code of conduct, can contact the Board or the Audit Committee in writing at the following address:

Company Secretary Office  
Shin Corporation Plc  
Shinawatra Tower 1, 13th Floor  
414 Phahonyothin Road  
Samsennai, Phayathai  
Bangkok 10400

Or by email at:

- [companysecretary@shincorp.com](mailto:companysecretary@shincorp.com) (to contact the Board)
- [auditcommittee@shincorp.com](mailto:auditcommittee@shincorp.com) (to contact the Audit Committee)

All suggestions, complaints or reports will be forwarded to the relevant parties and all actions taken reported to the Board and/or the Audit Committee.

### **3) DISCLOSURE OF INFORMATION AND TRANSPARENCY**

It is the Company's mission and policy to disclose financial information and operating results to investors, along with other information that is fair, accurate, complete, transparent, and issued in a timely manner to use for investment decisions.

An investor relations unit was established in 1995 to communicate information to shareholders and investors through various channels, including road shows, meetings with analysts, press releases, publications in various kinds of media, posting information on its own website, teleconferences, and investor and analyst visits. This unit also answers questions over the telephone and via e-mail. The Company has developed a policy manual on investor relations activities in order to ensure thorough compliance with all relevant laws and regulations.

The following investor-relations activities and publication were organized during 2009:

1. Meetings with analysts and fund managers (23 times).
2. "Opportunity Day" arranged by SET (2 times).
3. Newsletter sent to shareholders to update them on the Company's performance and CSR activities (every quarter).

All the information disclosed during the meetings is also posted on the Company's website in order to ensure fair and adequate distribution of information to the other stakeholders.

For more information about the Company, please contact Mr. Panya Thongchai or Ms. Tomyantee Kongpoolsilpa in the Investor Relations Department (Tel. 02-299-5050, by e-mail at [investor@shincorp.com](mailto:investor@shincorp.com) or via the Company's website at [www.shincorp.com](http://www.shincorp.com)).

### **4) RISK MANAGEMENT SYSTEMS AND INTERNAL CONTROLS**

#### **4.1) Risk Management**

Risk management is an integral part of the Company's business. The Risk Management Committee and the Risk Management Unit established to formulate this policy, manage both internal and external risks, and develop risk responses in order to reduce risks to an acceptable level and ensure long-term value added to the Company's shareholders. In addition, the Executive Committee and the Audit Committee periodically monitor and review the risk management plan, and report the results to the Board for consideration.

All managers and employees are responsible for taking charge of the risks inherent in their business operations in order to keep them at an acceptable level. Information has always been provided to employees, which includes training and workshops to create a greater awareness of the importance of risk management.

#### **4.2) Internal Controls**

The Company has a policy to arrange and maintain an efficient and effective internal control system. The Board and the management team are responsible for maintaining the internal control system and reviewing its efficiency on a regular basis in order to safeguard the shareholders' investments and the Company's assets. The internal control system covers the areas of finance, operations, compliance, and risk management, and provides a reasonable assurance that the following objectives and goals can be achieved:

- Reliability and integrity of information and financial reports.
- Compliance with regulations, policies, procedures and related laws.
- Safeguarding of the Company's assets.
- Efficiency, effectiveness and operational economy for employment of resources.
- Effective achievement of the Company's objectives and strategies.

A good internal control system can provide early warning signals of any problems as well as reduce risks to an acceptable level.

The Company's internal control system is based on a framework developed by the Treadway Commission's Committee of Sponsoring Organization (COSO). The following points summarize the key control systems implemented by the Company:

#### (1) Organization & Control Environment

The Company has formulated business plans complete with objectives, strategies, long-term vision and budgets, and has determined evaluation criteria. It has restructured the organization to align it with these business plans. The Company has implemented a good corporate governance system, hires qualified personnel and continuously develops its human resources. It has established key policies and procedures to be used as guidelines in order to control financial transactions, purchasing activities and risk management. Codes of conduct have also been developed as guidelines for directors, management and employees.

#### (2) Risk Assessment

The Company has had a formalized, enterprise-wide risk-management system in place since 2002. The Risk Management Unit, Risk Management Committee and Audit Committee play major roles in overseeing the implementation of the risk management system. Risk is an integral part of business activities so every member of each business unit has the task of performing risk assessments when executing business transactions.

#### (3) Management Control

The Company has established controls over the various management duties and their segregation in order to ensure there is a system of checks and balances outlining proper written authority and approval levels and limits. Guidelines for connected and related transactions have also been developed to ensure compliance with relevant laws.

#### (4) Information and Communication

The Company has implemented a management information system to assist in decision-making. Critical information and data are collected, analyzed and stored in the Company's database. Two-way communications are done efficiently within the Company. At the board level, information and supporting documentation are provided to all members in order to make more informed decision-making possible.

#### (5) Monitoring

The monitoring system is handled by the management team and the Board to assess adherence to established plans. The internal audit department is responsible for monitoring the internal controls independently, and giving an assessment and recommendations to the management team.

At Board Meeting No. 2/2010, held on February 22, 2010 with the Audit Committee present, the Board assessed the following five areas of the Company's internal control system: organization and control environment; risk management; management control; information and communication; and monitoring. The Board found that the internal control system was operating effectively.

KPMG Phoomchai Audit Limited, the Company's external auditors, who conducted the audit of the 2009 financial statements, concluded that there was no material deficiency in the Company's accounting and financial control system.

#### 4.3) Internal Audit

The Company has established an internal audit department that functions as an independent unit. The internal audit department reports directly to the Audit Committee and administratively to the President. Its duties and responsibilities include monitoring and assessing the effectiveness of the Company's and its subsidiaries' internal control systems, risk management systems and corporate governance to ensure that these are adequate and effective.

The internal audit department has adopted a risk-based approach in formulating the annual audit plan which focuses on key business risks that might have an impact on business goals and the accuracy of financial reports. This plan is reviewed and approved by the Audit Committee on an annual basis. The Audit Committee also reviews the audit results and progress reports on a quarterly basis.

The internal audit department conducts its activities by referring to the publication International Standards for the Professional Practice of Internal Auditing as a framework. All the internal audit staff members are provided with sufficient training and the necessary methodology to carry out operational, compliance, financial and information technology audits effectively. Each staff member is a Certified Internal Auditor (CIA).

### 5) BUSINESS CODE OF CONDUCT

In order to maintain high ethical standards, the Company has formulated a Business Code of Conduct to guide all of its directors, managers and employees as they perform their duties. The code covers the following areas:

- |  |   |
|--|---|
| 1. Responsibility to Shareholders                    | 10. Safeguarding of the Company's Assets                                |
| 2. Responsibility to Customers                       | 11. Use of Inside Information and Trading of the Group's Securities     |
| 3. Responsibility to Business Partners and Creditors | 12. Distribution of Information and Interviews with the Press or Public |
| 4. Responsibility to Staff                           | 13. Related Transactions within the Group                               |
| 5. Business Competition                              | 14. Compliance with Laws, Rules and Regulations                         |
| 6. Responsibility to Society and the Environment     |   |
| 7. Conflicts of Interest                             |   |
| 8. Giving Gifts, Entertainment and Gratuities        |   |
| 9. Participation in Political Activities             |   |

Any violation of this code is subject to a full range of disciplinary action including dismissal. In addition, managers and supervisors at all levels are under the obligation to encourage their subordinates to abide by the code and always behave as model citizens, and to monitor their subordinates' compliance.



### 5.1) Whistle-Blower Policy

The Company has established a policy and procedures including an “Ethics Hotline” whereby any director, manager or staff member who observes or suspects a case of fraud, dishonest practice or a similar matter can report this directly to Human Resources, Internal Audit and Risk Management, the Ethics Committee or the Audit Committee. The aim of this policy is to encourage violations to be reported in good faith with an assurance that the informant will be treated fairly and given the best possible protection from reprisals.

During the year 2009, no violations were reported.

### 5.2) Conflicts of Interest

The Board has established a policy to control any conflict of interest that may arise between related parties, such as directors, managers, major shareholders or employees in order to show integrity, fairness and transparency in all transactions. Business decisions and actions must be based on upholding the best interests of the Company, not for personal gain or the benefit of a family member or close friend.

In year 2009, All directors and executives must report their own or related persons’ interests when entering into a transaction with the Company or any of its affiliated companies as required by the Company’s policy on rules and procedures for reporting of directors’ and executives’ interests in Shin Corporation and its affiliated companies. The Company Secretary will submit copies of the report to the chairman of the Board and the chairman of the Audit Committee, and report the details at the next board meeting.

### 5.3) Monitoring the Handling of Insider Information

The Company has a policy to maintain the confidentiality of material non-public information from unauthorized access that may lead to misuse. An information security policy has been developed that classifies documents by their level of confidentiality, controlling access on a need-to-know basis only.

In addition, all directors, managers and employees are required to report their personal trading of the Company’s securities and are prohibited from using information that has not been released to the public in order to trade the Company’s securities for their own or others’ interests. This policy also requires each person to refrain from trading the Company’s securities one month prior to the release of such information to the public.

The Company has distributed written guidelines and held informational meetings and training sessions governing the trading of its securities. The Company also announces the periods in which trading cannot be conducted.

The company secretary reports details of the Company’s securities held by directors and management, and any change in these holdings, at the next board meeting.

Any breach of the policy on holding and trading the Company’s securities shall be regarded as a violation of the Company’s rules and is subject to serious disciplinary action under Sections 241 and 242 of *the Securities and Exchange Act (No.4) B.E. 2551*.

# NATURE *of* BUSINESS

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## WIRELESS COMMUNICATIONS BUSINESS



The wireless communications business is operated by Advanced Info Service Public Company Limited (AIS). With 97% nationwide coverage, AIS currently has more than 28 million subscribers which represents around 45% subscriber market share and approximately 52% service revenue market share in Thailand.

### PRODUCTS AND SERVICES

#### MOBILE GSM NETWORK OPERATOR

AIS and its subsidiary operate the 900MHz and 1800MHz GSM networks under the following Build-Transfer-Operate (BTO) agreements:

**900MHz GSM Network:** AIS entered into the 25-year BTO contract with TOT Corporation Public Company Limited (TOT) in 1990 and such contract is in forceful and effect until 2015. The terms of the agreement are summarized as follows:

AIS is required to build and raise capital for investment in the cellular network and transfer the network ownership to the TOT.

AIS is entitled to share its revenue from service to the TOT which at present includes :

1. 30% of postpaid revenue
2. 20% of prepaid revenue

AIS has entered into an Interconnection (IC) Agreement with Total Access Communication Public Company Limited (DTAC) and also with True Move Company Limited (True Move) in 2006 and 2007 respectively. Interconnection regulations require the network of a caller to pay an interconnection charge to the network of the receiver according to a tariff agreed by all involved parties. The interconnection rate that is agreed upon by the three operators is set at Baht 1 per minute.

**1800 MHz GSM Network:** 1800 MHz GSM network is operated through a subsidiary, Digital Phone Co, Ltd. (DPC) (98.55% owned by AIS). DPC operates under a 16-year BTO contract from CAT Telecom Public Company Limited (CAT), which started in 1997 and will end in 2013. Under the terms of this agreement, DPC is required to pay revenue share to CAT, currently the rate is 25% of its revenue from its mobile phone operation. DPC also entered into a network roaming agreement with AIS in order to provide a nationwide service to both the GSM1800 and GSM900 customers.

#### INTERNATIONAL DIRECT DIALING SERVICE

AIN GlobalComm Co., Ltd. (AIN) was awarded a 20-year license from the National Telecommunications Commission (NTC), which started from 2006 and will end in 2026. This license allows the service to operate its own international gateway facility. Under the license terms, AIN is required to pay an annual regulatory fee of 6% of its revenues; 2% of which is an Annual License Fee and the balance 4% is a Universal Service Obligation (USO) fee.

#### DATA COMMUNICATIONS

**Super Broadband Network Co., Ltd. (SBN)** provides data service on a fixed line facility. In 2007, SBN acquired a license from the NTC to be a network operator and a telecom service operator. SBN offered various services that include an internet (ISP), international & national internet gateway, International Private Leased Circuit (IPLC), Internet Protocol Virtual Private Network (IP VPN), a voice over IP, and an IP television.

**Advanced Data Network Communications Co., Ltd. (ADC)** is a joint venture between DPC and TOT with the contract period ended in 2022. ADC provides data communication via a telephone line network and an optical fiber service which offer varied services that include web hosting, data back up and integrated internet services.

## CALL CENTER

Advanced Contact Center Co., Ltd. (ACC) provides a call center service that is focused on customer care. The Call Center is the key differentiator for AIS as its services have evolved from simple after-sales and customer service maintenance to providing a much more proactive and customer-oriented approach, as well as promoting new marketing campaigns and suggesting new products and services to both existing and new customers. ACC also creates job opportunities for the sight-impaired and hearing-impaired community by employing them as members of the call center staff and providing them with the same full employment benefits as all regular employees.

## SALES AND DISTRIBUTION OF HANDSETS, SIM CARDS, AND REFILL CARDS

Wireless Device Supply Co., Ltd. (WDS) sells and distributes handsets, SIM cards and refill cards. The handset sales and distribution business is not only specifically for AIS customers but all other potential customers through general dealers. SIM cards and refill cards are distributed through over 350 authorized Telewiz shops, 280 Telewiz Express outlets and more than 10,000 general dealers and sub-dealers nationwide.

## MOBILE PAYMENT BUSINESS

Advanced MPAY Co., Ltd. (AMP) was granted a license by the Bank of Thailand to provide payment service based on the electronic cash card under the brand "mPAY". mPAY enables AIS's customers to conveniently and securely engage in various financial transactions via mobile phone such as online shopping, bill payments, recharge of prepaid phone credit as well as payment for goods and services.

## OTHERS

Advanced Wireless Network Co., Ltd. (AWN) renders telecommunication services, network and computer system services. AWN receives a license type - I to be an Internet Service Provider (ISP) and license type - III from the NTC. AWN has 2 subsidiaries, Mobile Broadband Business Co., Ltd. and Advanced Mobile Broadband Co., Ltd.

## INDUSTRY OUTLOOK AND COMPETITION

In 2009, the negative impact from the recession of world economy including Thailand reflected in weak consumer spending and retracted business investment. These factors pressured the market growth of telecommunications to a near flat growth from 2008. As voice service is reaching saturation, the mobile operators' strategy was mainly to preserve the existing shares of their voice revenue while pushing for the new growth from data services. In 2009, the market value of data services rose approximately 20% from 2008. The popular trend of smart phones and data services via mobile phone became rapidly increased during 2009 as social networking, such as, Facebook and Twitter, has seen a surprisingly hike in number of users. The lack of sufficient infrastructure on the fixed line network and hence the limited availability of fixed-line internet connection also became a driver to the rise of mobile internet connectivity through various mobile devices such as smart phones and wireless data card.

In 2010, the trend of mobile connectivity will clearly continue to pace as mobile operators and their business alliances are expecting to catch and stimulate the growth of subscribers and their consumption on mobile data. In particular, 3G technology will serve as a stepping stone for higher consumption on mobile data as it offers higher speed of data transmission.

## 2010 COMPETITIVE OUTLOOK

The economic figures in late 2009 have already shown early sign of demand recovery, the trend should also continue into 2010. The telecommunication market is expected to grow approximately 3% following the economic growth. Voice service which is the main income source and contributes over 80% of total telecom revenue is expected remain stable. However, the potential change in interconnection rate could adversely affect the pricing level of the current voice market. Other value-added service such as data service is expected to maintain its high growth around 20%. International roaming revenue will continue to recover following the improving trend of tourist arrival. International call will experience higher usage but there will also be price pressure from increased competition, which has already started in late 2009. Albeit

the improving economy, its recovery remains fragile, this prompts the mobile operators to remain conservative to the 2010 growth strategy and hence keep the cost under control. Capital expenditure, without the investment plan for the new 3G licenses, is also expected to remain relatively the same level as in 2009.

The 3G license allocation is an important business opportunity that will enhance technological standard of the industry to promote economic growth and social development. As Thailand's Internet broadband connectivity remains low due to limited infrastructure, investment in 3G technology will be the key to drive broadband penetration and usage. In bridging the digital divide, mobile broadband has a potential to quickly and cost-effectively fill in the gap between urban and rural areas for information access and therefore create the socio-economic benefits to the population in the long run.

## SATELLITE AND INTERNATIONAL BUSINESS



THAIKOM Public Company Limited (THCOM) operates three types of businesses - satellite transponder leasing and related services, Internet-related services and media services (telephone directories and distribution), and telephone-related services.

## PRODUCTS AND SERVICES

### SATELLITE TRANSPONDER LEASING AND RELATED SERVICES

THCOM was granted the 30-year satellite agreement for the operation of domestic communication satellite from the Ministry of Information and Communication Technology (MICT), expiring in 2021, to operate the national satellite communications project. In 2009 THCOM operates four satellites namely Thaicom 1A, Thaicom 2, Thaicom 4 (IPSTAR), and Thaicom 5.

In 2009, THCOM has 3 conventional satellites in orbit, namely Thaicom 1A, 2 and 5, offering end-to-end satellite solutions to both Thai and foreign customers. As Thaicom 1A had approached its end of life in Year 2009, THCOM has successfully transferred the customers from Thaicom 1A to Thaicom 2 and 5 since May 2009. THCOM offers leasing service of the conventional satellite transponder and video

broadcasting. Whether for DTH, cable headend or global digital TV programming distribution, Thaicom satellites serve as the gateway for many of the world's leading broadcasters through Teleport and DTH Center.

Thaicom 4 (IPSTAR) offers a variety of the high-speed broadband satellite solutions via Internet Protocol (IP) network throughout the Asia-Pacific Region. These services include voice, data, and video applications for corporate and private consumers at reasonable prices. To strengthen its satellite business, in 2007, THCOM launched a new product and service called "DTV" through its wholly-owned subsidiary, DTV Service Company Limited. DTV, known as "Yellow Dish" in the market, is a low-cost Ku-band satellite dish set able to receive free-to-air television programs.

### INTERNET-RELATED SERVICES AND MEDIA SERVICES

THCOM provides Internet-related businesses through its subsidiaries/associated companies/joint venture companies including CS LOXINFO Public Company Limited (CSL), with the satellite agreement for the operation of domestic communication satellite from CAT granting it the exclusive license to provide television transponder services via satellite and Internet via satellite for 22 years, expiring in 2016. CSL has major services including Internet services via Leased Circuit/ Leased Line, High-speed Internet services via telephone line (ADSL), High-speed Internet services via satellite network (IPSTAR), and Internet services via telephone line (Dial-up), Internet Data Center (IDC), Internet value added services, VoIP service, and Uplink/ Downlink services.

Regarding media services, THCOM has investments through Teleinfo Media Public Company Limited (TMC), a subsidiary of CSL. TMC publishes and distributes the White Pages and Yellow Pages Telephone Directory and operates call center for directory enquiries plus general and entertainment information via 1188 and 1900 222 xxx.

### TELEPHONE-RELATED SERVICES

THCOM provides telephone-related services in neighboring countries through its investment in a holding company called Shenington Investments Pte Ltd. (SHEN), which has invested in the two companies below:

- Lao Telecommunications Co., Ltd. (LTC) is a joint venture between the Government of Lao PDR (51%) and SHEN (49%). LTC has a 25-year license, expiring in 2021, to provide comprehensive telecommunication services for Laos using the latest digital technology including fixed-line (PSTN and CDMA-200 1X 450 MHz) and mobile (GSM 900/1800 MHz and 3G networks), international calling and Internet.
- Mfone Co., Ltd. (Mfone) was granted a 35-year concession from the Government of Cambodia, expiring in 2028, to provide fixed-line phone service under CDMA 450 system, mobile phone under GSM 900MHz/1800 MHz, and UMTS or 3G 2100 MHz systems, international calling and internet.

## INDUSTRY OUTLOOK AND COMPETITION

### CONVENTIONAL SATELLITE

As broadcast business forms the core revenue and dominates the current conventional satellite market, the industry is experiencing significant challenges as broadcasters have been severely hit by the economic downturn. However, the Ku-band direct-to-home (DTH) market is still very strong in the Asia Pacific region. Moreover, the demand for satellite communications transmitted under the standard C-band frequency has been increasing throughout the region. In addition, satellite operators indicate that other growth drivers for satellite capacity demand may include the growth in High Definition (HD) channels, new 3D video format and data communication for enterprise and government sectors.

In Thailand, the new Broadcasting Act B.E.2551/C.E.2008 has already been imposed since 2008 and the National Telecommunication Committee (NTC) has just announced the rule for application of temporary TV license to open and legalize the market. THCOM expects that the number of Thai TV operators and channels will increase dramatically as a result of the legislation. With regards to the foreign market, THCOM considers the Indochina, South Asian (except India) and African regions as the emerging satellite markets, with high potential of growth for direct-to-home (DTH) and channel distribution services - segments that are expected to grow massively within 1 to 2 years.

### BROADBAND INDUSTRY

Asia-Pacific is the world's leading region in terms of telecommunication infrastructure, and Information and Communication Technology (ICT) development. In terms of broadband access, the Asia-Pacific region has also made remarkable progress in the past few years with broadband subscribers growing from 27 million in 2003 to 133 million at the beginning of 2008 and 177 million in 3Q09. The people living in developed countries in this region can easily avail themselves of a high speed and low cost broadband connection, and enjoy an Internet penetration rate of 18.5%. However, broadband access in the developing countries is limited only to urban areas, and has low or negligible penetration rate. On average, 70% of the population in developing countries lives in rural area. At present, satellites are primarily used for broadcasting services, especially in providing communication links to rural and remote areas where no network infrastructure is available to offer broadband service.

A widening digital divide gap between urban and rural areas still exists in some countries, for example China, where there is a lack of both economic feasibility and government urgency to provide telephone and broadband services nationwide. However, due to the region's fast-growing population, economy and Internet penetration, service providers in countries like Malaysia, the Philippines, Vietnam and Myanmar are now expanding telephony and broadband services to remote and isolated areas.

The growth of mobile subscribers had been impressive. With a regional penetration rate approaching to 55%, almost 3 out of 5 people living in Asia-Pacific enjoy the benefits of mobile telephony today. This success is set to continue, with connection forecasts to exceed 3 billion by 2013. The growth in mobile industry also affects the overall demand for IP-based networks since broadband can also be used for mobile trunking solutions.

MEDIA AND ADVERTISING BUSINESS



The media and advertising business comprises a television station, ITV Plc (ITV), and an advertising production house, Matchbox Co., Ltd. (MB).

PRODUCTS AND SERVICES

TELEVISION STATION

ITV used to operate as Thailand’s first UHF system television station under the name ITV Television. ITV was awarded a BTO Operating Agreement for television in UHF system, signed by the Prime Minister’s Office on July 3, 1995, to build and operate a UHF television master station for a period of 30 years, ending July 3, 2025. Under the Agreement, ITV shares its revenue with the Prime Minister’s Office at a rate specified in the Agreement.

However, the ITV’s Agreement was revoked by the Prime Minister’s Office on March 7, 2007 on the ground that ITV did

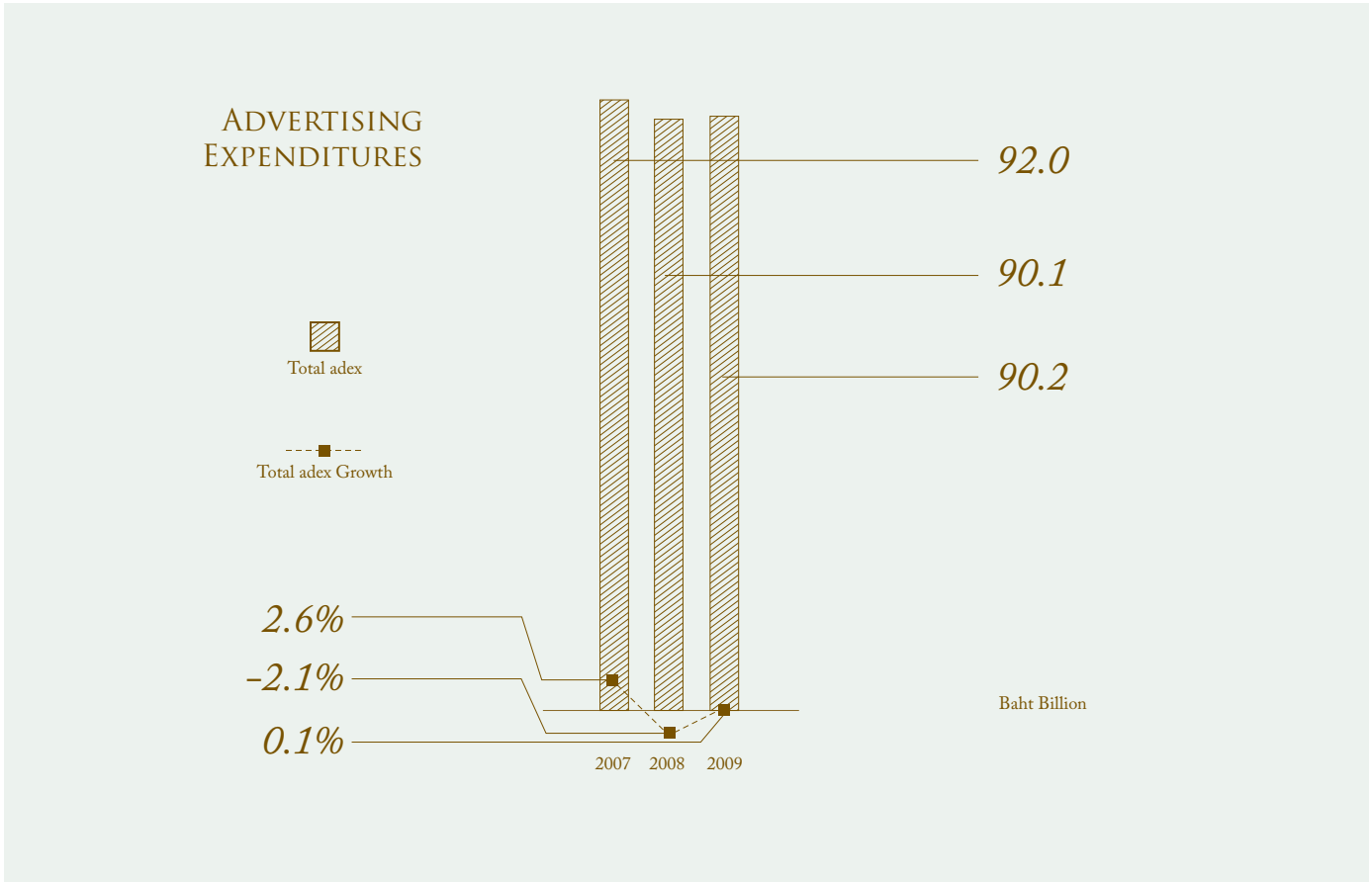
not pay the shortfall fees including interest and fine. The Prime Minister’s Office also ordered ITV to transfer back the assets under BTO Agreement. Hence, ITV had to cease the operation of the UHF system television station. Then, the parties entered into dispute resolution process by arbitration.

ADVERTISING

MB’s major activities centered on advertising and production services, producing advertising materials and coordinating media, including television, newspapers, radio, advertising signs and websites. MB also organized event marketing for customers to build up end-user feelings toward products and impress them with the product quality.

INDUSTRY OUTLOOK AND COMPETITION

In 2009, according to Nielsen Media Research, the total advertising expenditures in Thailand amounted to Baht 90.20 billion, close to that of 2008 as a result of the effects of economic downturn and political instability.



# RISK FACTORS

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Shin Corporation Plc (“SHIN” or “the Company”) is a holding company with investment in the following business areas: wireless communications; satellite & international; and media & advertising. From the nature of each business, the Company is exposed to the following risks.

(Risk factors of SHIN, Advanced Info Service Plc (“AIS”), Thaicom Plc (“Thaicom”) and ITV Plc (“ITV”) can be found on their annual registration statements (Form 56-1).)

## 1. RISK OF THE COMPANY

### 1.1 Risk from nature of business as a holding company dependent on the receipt of dividends

As a holding company, The Company is dependent on the receipt of dividends from our subsidiaries and associated companies, the payment of which depends on their future financial performance and cash flow. If the performance of our subsidiaries and associated companies fails to reach the predetermined targets, the dividend payments may be lower than expected.

In addition, the ability of our subsidiaries and associated companies to pay dividends to their shareholders, including the Company, is subject to applicable laws and any restrictions or covenants contained in each company’s debt instruments and credit agreements.

To mitigate the risks involved, each business unit is required to draw up an annual business plan before the beginning of every year, determine its strategic direction and prepare a budget. Each plan must be reviewed and approved by the business unit’s executive committee and board of directors prior to implementation. In general, the Company’s executive committee meetings are held on a monthly basis to consider and review the business plans, and evaluate business performance, financial management and marketing strategies in order to ensure that the appropriate risk management is achieved on a timely basis.

### 1.2 Risk arising from business expansion

The Group’s associates and subsidiaries continue to expand their businesses. Should these companies be unable to obtain the necessary investment capital by themselves, the Company, as a major shareholder, would incur the risk of injecting more capital. Moreover the Company may also require a fund for expanding new business.

This should not be a great difficulty to the Company, given its strong financial status and sustainable cash inflow from dividend income from subsidiaries and associates that should maintain its liquidity and cash flow.

To reduce the risk involved in new investment, the proposal will be carefully studied prior to approval in order to determine the potential return. The Company also places a strong emphasis on maintaining good relationships with its investors and the financial community, both local and foreign, in order to facilitate future financing needs.

### 1.3 Foreign exchange risk

Because investment in telecommunication and satellite technology involves foreign currency, the Group is by necessity exposed to foreign exchange risk.

The Group manages foreign exchange risk through hedging instruments such as entering into forward contracts in foreign currency in order to soften the risk from fluctuations in the exchange rate. The Group has consistently been very conservative in its financial policies and the management of foreign currency risk is based on net foreign-currency-dominated transactions, revenue structure and cash-flow structure. After careful and detailed analysis, the most appropriate financial instrument is selected.

As at December 31, 2009, the Company and its subsidiaries had outstanding foreign currency assets and liabilities of Baht 2,241 million and Baht 3,279 million, respectively, after entering into foreign currency forward contracts and cross currency interest



rate swap and foreign currency options (the details are shown in the notes to the financial statement, item 29).

#### 1.4 Risk from the effects of the global economic recession

The world financial crisis caused by the non-performing “subprime” loans in the USA, which erupted at the end of 2007 and has had an impact on the global economy, has required many governments to extend financial rescue and stimulus packages to curb the severity of the resulting economic recession and its impact on social well-being. There is speculation that the world economy, including Thailand, will begin to recover in 2010 from the trough it reached in 2009. However, the situation is still very fragile as can be seen from the latest debt moratorium granted to Dubai at the end of last year. This is a clear indicator that the recovery is not yet very strong and may be less than expected in Thailand this year. Although there is a good likelihood the Thai economy will expand in 2010, the growth may be lower than earlier forecasted as the global economy, especially in the USA and Europe, is still in the early phase of recovery and its sustainability is still in question. In addition to this, political instability in Thailand could undermine economic growth, causing a decline in local consumption and private-sector investment. These factors might have a negative impact on the revenue of companies in the group.

Both the external and internal factors mentioned above might cause a fluctuation in foreign exchange and interest rates. In addition, the global capital market has become highly volatile from the movement of funds by foreign investors and the liquidation of investment funds. Mutual funds and foreign investors in Thailand might reduce their liquidity risk by transferring funds to low-risk investment alternatives.

This might have an impact on the country's liquidity including the cost and availability of funds for the investment needs of the group. However, the group has prudently managed its own liquidity by diversifying its source of fund, maintaining sufficient excess cash to support operations and investments, and appropriately managing the foreign exchange and interest rate risks.

#### 1.5 Risk from litigation to which the Company are not a party, which may result in the revocation of operating agreements of AIS and Thaicom (Mr.Satra & Dr.Supong)

On March 20, 2006, Mr. Satra To-Orn submitted a complaint

to the Central Administrative Court (the “CAC”) against the Ministry of Information and Communications Technology (the “MICT”), the Ministry of Transportation (the “Transport Ministry”) and the Office of the Permanent Secretary, the Prime Minister’s Office (the “PMO”), requesting the court to (i) order the defendants to terminate the operating agreement entered into with AIS, Thaicom and ITV; and (ii) grant a temporary injunction preventing new shareholders from taking any action or receiving any benefit under such operating agreements.

Mr. Satra claimed that the defendants neglect to exercise their duties to terminate the operating agreements upon the transfer of the Company shares to new shareholders which results in material shareholding structure and in control of operation of the Company that carries on the business which is a Thai national resource that must be owned and operated for the benefit of the Thai people under applicable Thai law. The CAC ruled that Mr. Satra had no right to claim because he had not been a party to the operating agreement. However, Mr. Satra appealed to the Supreme Administrative Court on September 12, 2006 which later ruled that Mr. Satra could claim citing his public interest on the ground that if the Company business were under control of alien, it would cause damage or result in national security and unavoidably affected Mr. Satra. Accordingly the Supreme Administrative Court ordered the CAC to accept and try the complaint which is now in the process of consideration of CAC.

On November 17, 2006, the CAC ordered not to accept Mr. Satra's order of provisional remedial measure before delivery of judgment in respect of preventing new shareholders from taking any action or receiving any benefit under such operating agreements because the CAC desired that the cause of the case is not sufficient to pursue according to Mr. Satra's request and this case concerns to examination of the operating agreement which has the provision and liability to response under the agreement. The order of CAC would be final. In case of such complaint is still in the procedure of CAC.

AIS and Thaicom should not be affected in so far as there is no decision to the extent that state officials have acted in accordance with the actions cited in the complaint and that shareholders of the Company are under control of alien. In addition, whether or not the operating agreements could be revoked shall be considered under the terms and conditions of the such agreements.

On April 19, 2007, Dr.Supong Limthanakul submitted a complaint to the CAC against the MICT, the National Telecommunications Commission (the “NTC”), requesting the court to consider whether or not such government authorities neglect to perform their authority to inspect the operation of Thaicom after the sale of SHIN's shares to the new major shareholder. The case is under the process of consideration of the CAC. However, the Company cannot assure that result of the case will not impact the operating agreement of Thaicom.

#### 1.6 Risk if the Company are deemed to be a foreign entity

The Foreign Business Act B.E. 2542 (the “FBA”) is an act to regulate the level of permitted foreign shareholdings in Thai companies. A definition of “Foreigner” defined in the FBA also applies in the Telecommunications Business Act B.E. 2544 (the “TBA”) as regards qualifications of applicants for licenses under type 2 and 3. There is a provision under the FBA prohibiting Thais to act as nominees for foreigner carrying on businesses which require permission under the law.

In 2006, the Ministry of Commerce (the “MOC”) investigated shareholding on behalf of foreigners in companies including major shareholders in Kularb Kaew Co., Ltd. (“Kularb Kaew”), a Thai company holding shares in Cedar Holding Co., Ltd. (“Cedar”), which is a major shareholder of Shin Corporation Public Co., Ltd. The issue is whether a major Thai shareholder of Kularb Kaew holds shares on behalf of foreigner. The MOC has summarized the case and referred to the public prosecutor for prosecution in the Criminal Court. The case is under the process by competent official.

If Kularb Kaew is found under a final court decision to be a “foreigner,” then Cedar could be deemed to be a “foreigner” and the Company including AIS, DPC and Thaicom could also each be deemed to be a “foreigner”. In addition, the court has power to order those holding shares on behalf of foreigner to discontinue holding shares. However, the Company, AIS, DPC and Thaicom believe that they have not committed any offence, as a result, the Company, AIS, DPC and Thaicom, may allow to find new shareholders to replace those alleged to have held shares on behalf of foreigner. Failure might affect applying for new licenses of AIS, DPC and Thaicom.

The operating agreement granted to AIS does not contain a clause of shareholding limitation by foreigner.

The Company cannot assure that the case will not impact the operating agreements and licenses of AIS, DPC and Thaicom, and the Company cannot predict a change in law that if there may be an issuance of any law, announcement or regulation to change the existing legal principles relating to the definition of “Foreigner”.

#### 1.7 Risk arising from material amendments to operating agreements which may not have been duly approved by the Cabinet and may therefore be invalid

Under the Act Permitting the Private Sector to Participate in or Operate State Businesses B.E. 2535 (the “Private Sector State Business Participation Act”), any joint project or investment by the Government with a private entity, or permission given to a private entity to invest in a business operating under a Government license or granted right, with a value of Baht 1(One) billion or more must be approved by the Cabinet (including the scope of work and the form of agreement). A transitional provision provides that steps taken before the effectiveness of the Private Sector State Business Participation Act are enforceable, but any new arrangement must be approved by the Cabinet.

It is unclear whether the Private Sector State Business Participation Act or the transitional provision applies to amendments made to operating agreements with the government entered into before the Act became law.

After the Private Sector State Business Participation Act became law, prior governments entered into new operating agreements with DPC, and amended pre-existing operating agreements with AIS and THCOM without obtaining the Cabinet approval.

The Council of State opined in respect of the effectiveness of the amendments of the operating agreement with the government that it still be valid until revocation and also gave the case to the Coordination Committee under Article 22 of the Private Sector State Business Participation Act to find the fact of such amendments and verify whether there is an impact to the public interest. If there is such public interest impact, it may be revoked but if not, it will be ratified or amended to be it be duly effective, At this stage, the Coordination Committee under Article 22 of the Private Sector State Business Participation Act was appointed, the committee is considering the fact in order to

perform their duty under the said Act. If such amendments are revoked, there may be impact to shorten the contract period and higher revenue sharing of prepaid service.

According to the operating agreement with the government of DPC and CAT came into force after the effectiveness of the Private Sector State Business Participation Act. However, it shall be applied mutatis mutandis in so far as it is not contrary to the fact whereby CAT has to set up the Coordinating Committee in accordance with Section 13 to proceed according to Section 21 of the said Act. Presently, the Coordination Committee according to Section 13 is appointed and is pending on the process according to the Private Sector State Business Participation Act and after which the committee shall perform the prescribed duties.

The Company cannot ensure the outcomes of the case derived from the committee or the cabinet whether or not it will materially and adversely affect the Company's business, financial condition, result of operation and prospects.

## 2. WIRELESS COMMUNICATIONS BUSINESS

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### 2.1 Regulatory and government policies risk

#### 2.1.1 Assignment of frequency for the operation of mobile cellular IMT 2000 or 3G

The National Telecommunications Commission (NTC) has planned to assign frequency ranging from 1920 MHz - 1965 MHz along with 2110 MHz - 2155 MHz and 2010 - 2025 MHz for use on the mobile cellular service system IMT2000 or 3G by employing an external project consultant to study and to guideline the criteria and the appropriate and efficient procedures for frequency assignment for Thailand and NTC had held several public hearings, which were open for public opinion from entrepreneurs and the general public both in central and regional areas and at the last hearing there has been additional issues which may be brought into consideration for the draft of Information memorandum as follows:

1. Pre-Qualification
2. Granting Conditions namely; the provision of nationwide service, the jointly use of basic structure and Wholesale Access for MVNO
3. Payment of Bidding Fee

4. Bidding Process Term
5. Reserve Price and Starting Price
6. Reserve Plan in case the number of the Bidders is equal to or less than the number of the licenses
7. Bidding Process
8. Terms and conditions for the transfer of the subscribers from 2G to 3G
9. Security

Furthermore, there is still a risk of uncertainty regarding the power of NTC whether NTC has the power to assign the frequency and to grant IMT 2000 or 3G licenses or not in which cases NTC has already request for the opinion from the Council of State as follows:

- Whether the Board of Directors of NTC, where 3 members of which have been drawn out and 1 member has resigned but are still acting, shall be able to assign and grant the International Mobile Telecommunications (IMT) or 3G or not;
- Whether the issuance of 3G licenses shall comply with the Act Permitting the Private Sector to Jointly Undertake Work or Operate the Work of State Enterprise B.E. 2535 or not.

In addition, if the selection process for the replacement of the members of the Board of Directors of NTC which three were drawn out and one has resigned is completed. The 4 new members of the Board of Directors of NTC may approve, amend, cancel or revise the criteria for the assignment of the frequency and the issuance of IMT 2000 or 3G licenses.

As a result of the above events, the assignment of the frequency for the operation of IMT 2000 or 3G shall be delayed. This shall result in non assignment of the frequency to any operator except TOT which has already been assigned of the frequency recently; therefore, there shall be no impact on the business of AIS in short term but the business operations of AIS in the future could be affected due to the license granted under the Cellular Mobile Telephone Agreement (the "Agreement") by TOT Public Company Limited (TOT) will expire in September 2015 unless it is further extended. If AIS is awarded the frequency, it would enable AIS to operate 3G mobile phone services for a period described in the license which shall be between 15 to 25 years.

In addition, if the organization which will regulate the telecommunication and broadcasting business is established according to Article 47 of the Constitution of the Kingdom of Thailand B.E. 2550 namely the National Broadcasting Telecommunications Commission (NBTC), the risks of the bidding conditions for the assignment of IMT 2000 or 3G licenses may change.

## 2.1.2 Organization regulating telecommunication and broadcasting business

On 10 June 2008, the cabinet has approved the drafted Act on the Organization to Assign Radio Frequency and Regulate the Broadcasting and Telecommunication Services B.E..... in order to be in conformity with Article 47 of the Constitution of the Kingdom of Thailand B.E. 2550, which prescribes the establishment of an independent state organization to assign the frequencies and regulate telecommunication and broadcasting business under the specified conditions, and in conjunction with Article 305 (1) of the Constitution, there shall later be one organization responsible for the regulating of telecommunication business, namely the National Broadcasting Telecommunications Commission (NBTC). At the said meeting of the cabinet, there were several important points needed to be studied and reviewed because the authority, the selection, the check and balance of authority of the organization must be precise. At present, the said drafted Act is pending on the submission to the House of Representatives. It is expected that it will take some times to establish the organization and, thus, it is unclear to point out the direction of the telecommunication and broadcasting business in the country.

However, NTC, as an independent organization in charge of regulating the telecommunication business in Thailand, is still active and is empowered according to the Telecommunications Business Act and Frequency Assignment Organization Act B.E. 2543 to prescribe policies, rules and regulations. Article 305 (1) of the Constitution also stipulates that the enacted law must not affect the legitimate permission, agreement or contracts which have been done prior to the date of an announcement of this Constitution until the expiration of such permission, agreement or contracts, which recently has proposed the use by way of an amendment to amend the Act on the Organization to Assign Radio Frequency and to Regulate the Broadcasting and Telecommunication Service B.E. 2543 instead of drafting a new entire bill.

AIS cannot estimate the release timing of the Act on the Organization to Assign Radio Frequency and Regulate the Broadcasting and Telecommunication Services B.E....., or the revision of the existing Act, the exercise of power, the scope of policies and regulations of NBTC which shall be established in the future, and AIS cannot also foresee whether the establishment of any other regulatory body including any change or reformation of the laws shall have a significant impact on AIS's current scope of telecommunication business operation including financial status and business opportunities or not.

## 2.1.3 Law on use & connection of telecommunication network (Interconnection Charge)

According to the Telecommunication Business Act B.E. 2544 and the announcement of NTC regarding the Use and Interconnect of Telecommunication Networks B.E.2549, AIS has entered into the Interconnection Agreements with Total Access Communication Public Company Limited on November 30, 2006 and with True Move Company Limited on January 16, 2007 both of which have been approved by NTC during the year 2007. AIS has already provided the service based on such Interconnection Agreements but no interconnection charges have yet been collected or any record relating to the Interconnection Charge has been booked in AIS's provisional financial statement because TOT the contract grantor has issued a written notice to AIS that AIS is not a legitimate licensee of telecommunication network, therefore, is not entitled to enter into the Interconnection Agreement by virtue of the announcement of NTC regarding the Use and Interconnect of Telecommunication Networks B.E. 2549.

On 31 August 2007, TOT filed a lawsuit against NTC at the Central Administrative Court in order to withdraw the said announcement, and on February 4, 2008, TOT issued a written notice to AIS informing that AIS should wait for the court decree to be used as a guideline, and if AIS complies with the announcement of the NTC prior to the final judgment of the administrative court, TOT shall not acknowledge it, and AIS must be liable for such action.

However, after having considered the letter from TOT, the relevant laws and the comments of the legal consultant, the management of AIS is of the opinion that non-compliance with the above Interconnection Agreement would be in conflict with the announcement of NTC regarding the use and interconnect of telecommunication network. Therefore, AIS decided to

comply with the said Agreements which are in line with the legal provisions currently in force by issuing invoices to collect the interconnection charge from the contractual parties and recorded the relating particulars in the financial statement for the year ending December 31, 2007 and subsequently, the interconnection charge has been paid among the parties.

According to the Cellular Mobile Telephone Service Agreement, AIS is required to pay remuneration annually to TOT at the minimum amount as specified in the Agreement or in a percentage rate of the revenue and any other benefits received by AIS during the year before deduction of any expenses and taxes whichever is higher. However, the interconnection charge is an item which must be observed under the law, and TOT requires the final judgment of the court which AIS expects that there shall be negotiations regarding the calculation method of the annual remuneration at a later date. Therefore, in order to take a cautious approach, AIS has calculated the annual remuneration from the net revenue in the same practice as of the telecommunication industry. The amount of remuneration, which AIS has to pay to TOT, depends on the judgment of the administrative court regarding the withdrawal of the NTC announcement and ongoing negotiations between AIS and TOT after which the financial statement of AIS shall be adjusted accordingly which the management of AIS is confident that no additional expenses will be materially incurred.

On December 30, 2008, TOT has notified in writing to AIS that the result of the negotiation between TOT and AIS regarding a rate and a calculating method of the revenue sharing has not be concluded and requesting AIS to remit the revenue sharing incurred from the interconnection charge since February 2007 to June 2008 in the amount of Baht 761 million based on the rate and calculation method of AIS within December 30, 2008 and AIS has already remitted the revenue sharing to TOT on December 30, 2008 by using the calculation method proposed by AIS for the interconnection charge since July 2008 up to the present. AIS and TOT have set up the negotiation committee but the dispute has not reached the conclusion.

#### 2.1.4 Disputes

- Disputes relating to the excise tax between Advanced Info Service Public Company Limited (AIS) and TOT Public Company Limited (TOT)

On January 22, 2008, TOT submitted a dispute (Case No. Black 9/2551) to the Arbitration Institute, Dispute Resolution Office, and Courts of Justice demanding AIS to pay additional revenue sharing for Baht 31,463 million plus interest at the rate of 1.25 percent per month of the unpaid amount computing from the default date (January 10, 2007) until full payment is made.

AIS has submitted an objection to such demand to the Arbitration Institute, Dispute Resolution Office, and Courts of Justice on March 25, 2008 and the Arbitration Panel has already been set up and the disputes are in the process of the arbitration procedures.

However, the management of AIS believes that the outcome of the case shall be in favour of AIS since such claimed amount is the same amount of the excise tax which AIS has delivered during 28 January 2003 to 26 February 2007, and AIS deducted such amount from revenue sharing pursuant to the resolution of the Cabinet on 11 February 2003.

Therefore, AIS has correctly and completely complied with the resolution of the Cabinet as is the same standard practice of the telecommunication business industry. In addition, TOT has issued a letter ref. no. Thor.Sor.Thor. BorYor./843 dated March 10, 2003, stating that AIS had correctly complied with the resolution of the Cabinet, and AIS's burden remains at the same percentage rate as specified in the Agreement and the submission of the said excise tax return shall not affect the terms of the Agreement.

- Disputes relating to the excise tax between Digital Phone Company Limited (DPC) as an affiliated company of AIS and CAT Telecom Public Company Limited (CAT)

On January 9, 2008, CAT submitted a dispute (Case no. Black 3/2551) to the Arbitration Institute and the Dispute Reconciliation Office, Justice Court Office demanding DPC a subsidiary of AIS to pay additional payment of revenue sharing for Baht 2,449 million under the Digital PCN (Personal Communication Network Contract plus penalty at the rate of 1.25 percent per month of the unpaid amount of each year computing from the default date until full payment is made (total penalty, computing as at December 2007 (B.E.2550) is Baht 1,500 million) totaling Baht 3,949 million and later, on October 1, 2008, CAT has submitted a request to amend the

amount of claim by decreasing the demanded amount including the penalty to Baht 3,410 million.

DPC has submitted an objection to such demand to the Arbitration Institute, Dispute Resolution Office, and Courts of Justice on March 12, 2008. At present, it is in the process of appointment the Chairman of the Arbitration Panel.

However, the management of AIS believes that the outcome of the case shall be in favor of AIS since such claimed amount is the same amount of the excise tax which DPC has delivered during September 16, 2003 to September 15, 2007, and DPC deducted such amount from revenue sharing pursuant to the resolution of the cabinet on February 11, 2003. Besides, CAT has sent a letter notifying DPC to comply with such cabinet's resolution. Therefore, DPC has correctly and completely complied with the resolution of the cabinet as is the same standard practice of the telecommunication business industry.

- The case between AIN GlobalComm Company Limited (AIN) as an affiliated company of AIS and CAT Telecom Public Company Limited (CAT)

On March 7, 2008, CAT Telecom Public Company Limited (CAT) has submitted a case against AIS as the defendant no.1 and AIN GlobalComm Company Limited (AIN) as the defendant no.2 ref. no. Black-1245/2551 to the Civil Court demanding AIS and AIN to jointly pay for damage plus interest at the rate of 7.5 per annum calculated up to the submission date of the case totaling Baht 130 million by claiming that the said damage has arisen from the change of the connection setting of the international direct dialing service from using the symbol “+” for the code 001 of CAT to “+” for the code 005 of the subsidiary during 1-27 March 2007 without prior notification to subscriber.

On September 4, 2008, CAT has submitted a request to amend the plaint by changing the damage amount to Bath 583 million (inclusive of interest) claiming that CAT has suffered damage for a continuous period up to March 7, 2008. On February 26, 2009, the Civil Court had dismissed the CAT's request for an order of provisional remedial measure submitted on November 19, 2008, to cease AIS and AIN to transfer the Traffic 001 or symbol “+” of CAT to Traffic 005 of AIN.

On 17 December2009, The Civil Court has dismissed the case as the facts cannot be proved that CAT has either an exclusive

right to use the symbol “+” or the right to prohibit AIS and AIN to use the symbol “+” and it cannot also been proved that the changing of the connection setting of the international direct dialing service from using the symbol “+” for the code 001 of CAT to “+” for the code 005 of AIN has caused mistaken to the subscribers who use international direct dialing service that they are using the code 001 of CAT, therefore, the acts of AIS have not infringed any right of CAT and also of AIN which CAT alleged to jointly commit the wrongdoing with AIS have not infringed the right of CAT as well.

However, the Court has permitted CAT to extend the period for submission of its appeal up to February 16, 2010.

- The case between Digital Phone Company Limited (DPC) as an affiliated company of AIS and CAT Telecom Public Company Limited (CAT)

On February 3, 2009 CAT submitted a dispute (Case no. Black 8/2552) to the Alternative Dispute Resolution Office, the Arbitration Institute demanding DPC to deliver and transfer an ownership of 3,343 towers including 2,653 equipments of Power Supply under the Digital PCN (Personal Communication Network) Agreement. If DPC fails to do so, DPC must reimburse Baht 2,230 million to CAT. DPC considers that the towers including the equipments of Power Supply are not the property because DPC has leased them from third person, therefore, the said towers and equipments are not the property which DPC has the ownership right and can deliver to CAT. Besides, such property are not the equipments as stipulated in clause 2.1 of the Agreement which DPC is obligated to deliver and transfer under the Agreement. At present, it is in the process of appointment the Chairman of the Arbitration Panel.

3. SATELLITE AND INTERNATIONAL BUSINESS



3.1 Risk associated with the provision of satellite service

3.1.1 In-orbit failure

The satellite is state of the art technology and engineering. Once launched into orbit, the satellite will be under some risks such as a system failure, solar discharges or a collision with other objects in space. These damages will affect Thaicom's service to the customers. It will degrade, temporarily or permanently, the satellite's performance to uplink and downlink the signals.



Thaicom may lose the current customers and/or may not acquire new customers while replacing the damaged satellite. However, all satellites are designed to some extents withstand a certain amount of damages. The probability of satellites suffering a severe damage to the point of complete failure is very rare. Thaicom maintains a contingency plan to minimize the adverse effects to the customers in the case of a severe damage to the satellite. These include transferring the customers as many as possible to the available transponders on the remaining Thaicom satellites. Thaicom has also made the agreements with other satellite operators on a temporary leasing of its transponders until the launch of the replacement satellite. Normally, the construction period of a new satellite will take approximately 24-30 months depends on the complexity and size of the satellite.

Thaicom is aware of the potential risks of satellites in geostationary orbit; therefore, it minimizes such risks by fully insuring the Thaicom satellites. Under Agreement for the Operation of the Domestic Communication Satellite, the Ministry of Information and Communication Technology ("MICT") and Thaicom are co-beneficiaries. MICT is the owner of the satellite assets while Thaicom owns the right to operate them. The insurance policy is for full coverage with partial loss, meaning that THAICOM can immediately make a claim when the satellite is partially damaged. The insured value equals to the satellite's book value on the insured date. However, the insured value does not cover a compensation for the loss of revenue, to Thaicom or its customers, owing to the satellite's damage. This could possibly affect Thaicom's operational performance.

#### Insured Value Project

Satellite	Insured value (Million USD)	Period
Thaicom 2	3.44	June 2009 - May 2010
Thaicom 4 (IPSTAR)	250	August 2009 - August 2010
Thaicom 5	80.69	May 2009 - May 2010

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

1. War, invasion, defence, acts leading to war made by the government, or military action
2. Anti-satellite equipment, atomic-bomb, or nuclear-related equipment
3. Rebellion, uprising, riot, strike, revolution, civil war, or terrorism
4. Seizure by government agencies
5. Nuclear reaction, radiation by radioactive waste, which, directly or indirectly, cause loss/damage to the satellite, but except for radiation naturally occurring in the space environment
6. Electromagnetic or radio frequency interference
7. Intentional or wilful acts of the insured or the authorized person (s) that cause loss of or failure of the Satellite.

#### 3.1.2 Technological changes

Satellite broadcasting and telecommunications technologies change quickly, and often leads to reduce the investment costs. However, the conventional satellite technology has not changed that much. Therefore its changes will have less impact on the customers' decisions to select Thaicom or other satellites. Certainly the competency of the operators is an important factor in winning the trust, and for a long term business relationship with the customers. Thaicom has continually developed and followed up the satellite broadcasting technology trends in order to prepare for the launch of the future satellite.

Considering the Broadband satellite technology, Thaicom 4 (IPSTAR) when its first operate is the most advanced satellite and operate with the lowest cost per transponder. Currently, there are other Broadband satellite service providers who have developed the space as well as ground technologies that can compete with Thaicom 4 (IPSTAR). This will allow the competitive advantages of Thaicom 4 (IPSTAR) decreased and led to a drop in profit margin of both bandwidth and ground equipment.

However, the Thaicom 4 (IPSTAR) is the only broadband satellite in Asia-Pacific and Thaicom continues to develop the new technologies for the ground system to be more cost-effective in order to maintain its competitive edges.

### 3.1.3 Service lives of satellites

Although satellites generally have 12-16 years of service life, there are some factors that will be shortened their life expectancies. This takes into account the quality of the spacecraft, the sturdiness and the durability of its components, the launch vehicle, the efficiency of the launch process, the satellites' fuel consumption and the operator skills in controlling the satellites under different conditions. Thaicom might lose its customers and revenues if the Thaicom satellite has shorter service lives than expected and Thaicom cannot launch any replacement satellite in time.

Thaicom satellite engineering team will regularly perform a calculation process for the remaining service lives of the satellites. If the remaining service life of a satellite is less than 5 years, the involved departments will be informed to deliberate on such issues as the budget for the construction of the replacement satellite, the source of financing and the return from investment.

### 3.1.4 Changes in law, rules, regulations and government policy

Thaicom was incorporated and registered in Thailand to operate satellite telecommunications in the country under the Agreement for the Operation of the Domestic Communication Satellite. There is a business risk from the rise in competition due to the changes in the Government's rules and regulations on satellite telecommunications license, as well as related telecommunications liberalization policies. In addition, other changes in laws, rules, regulations and policy of the Government can have significant impact, either directly or indirectly, on Thaicom's businesses.

### 3.1.5 Legal and regulations risks in countries where Thaicom operates

At present, the globalization trend has created a more liberalized telecommunications landscape around the world. It has enabled Thaicom to expand the satellite telecommunications services to many countries. Thaicom strictly abides by the Rules, Regulations, Government Policy, or International Agreement as well as Telecommunications Law of the countries where it operates. The satellite telecommunications business in each country is strictly controlled by its Government and any changes to its policy and regulations including any change in the policy

to providing supporter subsidy to the telecom industry may affect Thaicom's license standing and business strategy. In addition, the changes in the policy and regulations of the ITU International Agreement, the Agreement in Asia-Pacific and the countries where Thaicom serves, can significantly impact Thaicom's business opportunities, financial status, and performance. These changes can increase the operating cost and limit Thaicom's business activities. Additionally, Thaicom may have a tax exposure arising from the change in tax law or the interpretation of tax law in each country. Whenever necessary, Thaicom hires and consults law firms in those countries for proper legal process and advice.

### 3.1.6 Potential loss of major customers

Major source of Thaicom's revenue comes from major customers who provide telecommunication services. In 2009, Thaicom's revenue from three major customers was 20.2% of the total revenues from Thaicom's sales and services.

In case one of these major customers have cancelled their services, not renewed the Contract, or renewed the Contract with additional terms and conditions whereas suffering Thaicom's business. For example, they may reduce the service costs in the new Contract. Major customers may have financial problem that will delay their payment to Thaicom. These factors will affect Thaicom's business.

However, the major customer has never defaulted on payments to Thaicom as their television broadcasting programs must be on-air for the viewers. In addition, to change to other satellites service will bring technical hurdles as it requires to relocate or reposition the customer's antennas from the Thaicom satellites. The change to other satellites would be very cost prohibitive as well. These are important factors that the customers will not switch to use other satellites.

### 3.1.7 The increasing demand of satellite service slower than forecasted

The expansion of Thaicom's conventional satellite business depends on the demand for television broadcasting services and development, which may not materialize as planned. However, the development on the television technology and high definition television services will increase demand for satellite services.



In addition, the expansion of the broadband satellite or Thaicom 4 (IPSTAR) business; for instance, the development of IP communications services including data and multimedia, will depend on the growth of the demand of Internet Protocol (IP) communications as well as high-speed Internet access which may not materialize as forecasted. An insignificant increase in such demand is likely to create a negative impact on Thaicom's cash flow, or ability to repay debt in the future. Thaicom may also be challenged by other terrestrial communications services.

### 3.1.8 Competition from other satellite operators and terrestrial network operators

Even though Thaicom is the only satellite service operator in Thailand at present, the Authority may grant the same license to other satellite operators in the future. Thaicom's major international customers are from Indochina and South Asia. In Indochina, major satellite competitors include such as AsiaSat, Intelsat, Apstar, New Skies, ABS and Measat. Some of these competitors have large footprint coverage areas and have a tremendous source of funds than Thaicom. In addition, some competitors are the operators in those countries, they will have the advantages on the laws and regulations and other related issues. The merger and acquisition of the satellite operators has also affected Thaicom. It will cause a highly competition in the market and lead to a price war of the transponder leasing services.

Thaicom has also competed with terrestrial network operators such as fiber optic, DSL, microwave, VHF/UHF broadcasting, digital data services, value-added broadband services, etc. Normally, the terrestrial network services have charged lower than the satellite services. The competition with these terrestrial network operators will limit Thaicom's price setting. Therefore Thaicom may lose the existing customers to terrestrial services or it will be difficult to get new customers. However, satellite services provide low cost and quickly deployment to remote and less density areas. The satellite also enhances the terrestrial network expansion.

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

Thaicom provides the satellite telecommunications services

under the Agreement for the Operation of the Domestic Communication Satellite. The Agreement for the Operation of the Domestic Communication Satellite may be terminated, if Thaicom breaches or violates any material Conditions of the Agreement for the Operation of Domestic Communication Satellite. This will incur a significant impact of Thaicom's business opportunities, financial status, and performance. In 2006, Thaicom has been accused of breaching the Satellite Agreement for the Operation of the Domestic Communication Satellite. According to the necessity that Thaicom needed to raise its capital by Public Offering (PO) of new shares and Shin Corp's proportional percentage of shareholding would be less than 51%, the Satellite Agreement for the Operation of the Domestic Communication Satellite was amended in 2004 to lower the percentage of shareholding in Thaicom that Shin Corporation was required to own from 51% to 40%. Moreover, MICT submitted the matter to the Cabinet for consideration but the Secretary General of the Cabinet notified the Ministry that the matter was not required to be submitted to the Cabinet. Later on the Council of State gave its opinion and advice that under the Private Sector State Business Participation Act, any change in the Agreement for the operation of domestic communication satellite required the Cabinet's approval and therefore the amendment to the Satellite Agreement for the operation of domestic communication satellite may have to be approved by the Cabinet or if may have been considered void. Thaicom may be accused of breaching the Satellite Agreement for the operation of domestic communication satellite prior to the amendment and MICT has requested the opinion of the Juridical Council (the Council of State) on this issue, but the Juridical Council notified MICT that this issue is being considered by the Supreme Court and the Juridical Council could not give any opinion on the issue.

### 3.1.10 Risk from the ambiguities from the interpretation of the laws relating to compliance with the Agreement for the Operation of the Domestic Communication Satellite

- The Issue of back-up satellite

Under the Agreement for the operation of domestic communication satellite, Thaicom is required to provide a back-up satellite to each main satellite that it launched into orbit. There is a query whether or not the Thaicom 4 (IPSTAR) satellite should be considered as a backup for Thaicom 3 since the technical specifications are not the same with the

Thaicom 3 Satellite. MICT requested the opinion of the Juridical Council (the Council of State) on this issue but the Juridical Council notified MICT that this issue is being considered by the Supreme Court and the Juridical Council could not give any opinion on the issue.

- The issue of the Thaicom 3's insurance proceeds:

As a result of the damage of the Thaicom 3 satellite, Thaicom received insurance proceeds amounting of US\$33.0 million which was placed in an escrow account outside Thailand. Thaicom subsequently used all of the insurance proceeds as partial payment for the construction and launch of Thaicom 5 and for the interim lease of transponder capacity until the launch of Thaicom 5.

Under the Budgetary Procedure Act of 1959, all money received by the government agencies shall be delivered to the Ministry of Finance. The Ministry of Information and Communication Technology is a co-beneficiary of the insurance proceeds under the insurance policy. By depositing the insurance proceeds in an escrow account outside Thailand, Thaicom may not be acting in compliance with the provision of the Budgetary Procedure Act 1959. MICT requested the opinion of the Juridical Council (the Council of State) on this issue, but the Juridical Council notified MICT that this issue is being considered by the Supreme Court and the Juridical Council could not give any opinion on the issue.

- The issue of the obligation to replace the expired satellite

Thaicom 1A satellite has reached the end of the working life and been de-orbited and Thaicom2 satellite will reach the end of its working life in 2010. Thaicom is unable to launch a new satellite to replace them before Thaicom 2 expires. It proposed to the Ministry of Information and Communication Technology ("MICT") to lease transponder capacities from other satellite operators to provide services to customers for a temporary period and to launch a new satellite into orbit in 2012 at the earliest and 2014 at the latest. As the new satellite will have a working life of 15 years which is 6-8 years beyond the term of the Agreement for the Operation of the Domestic Communication Satellite, Thaicom requested MICT to consider extending the Agreement for the Operation of the Domestic Communication Satellite Period and to adjusting the License Fee of the new satellite to make the New Satellite Project feasible.

The Coordinating Committee of MICT considered Thaicom's proposal and was of the opinion that as the Agreement for the Operation of the Domestic Communication Satellite does not provide for the lease of transponder capacities, MICT has to amend Agreement for the Operation of the Domestic Communication Satellite to permit the lease of transponder capacities by Thaicom. MICT and the Coordinating Committee also took the view that because Thaicom fails to launch the new satellite in time upon the expiring of Thaicom 1A & 2 satellites, there is an issue to be considered whether such failure constitutes a breach of the Agreement for the Operation of the Domestic Communication Satellite and the opinion on this issue be requested from the Office of the Attorney demand. On this issue, Thaicom's view is that it has already fully complied with the obligations under the Concession Agreement as Attachment 3 to the Agreement for the Operation of the Domestic Communication Satellite requires Thaicom to launch only two sets of main and back-up satellites which Thaicom has already done so Thaicom has no contractual obligation to launch the new satellite but it considers the new satellite to be a good business opportunity to expand and strengthen the Thaicom Satellite Project which is the National Project which will also benefit the country.

### 3.1.11 Risk on Thaicom's ability to acquire sufficient transponder capacity for continued service

As a satellite generally has a limited useful life of around 12 - 16 years and satellite project requires high capital investment and generally take at least 2-3 years for construction and launch. Thaicom 2 satellite will reach its end-of-life in 2010. If Thaicom cannot acquire an additional transponder capacity to sufficiently and continuously replace the nearly-expired satellite, some of Thaicom's foreign customers may move to other satellites,

Thaicom is under negotiation and carrying out a feasibility study on the acquisition of transponder capacity to replace the capacity on the satellite which is nearing the end of life.

### 3.1.12 Risk from the possibility of retroactive income tax from Thaicom 3's insurance proceeds

As a result of the damage of Thaicom 3 satellite in the year 2003, Thaicom received insurance proceeds in the amount of USD 33 million. Thaicom and the MICT was co-beneficiary of insurance proceeds. In the year 2004, the MICT turns over the insurance proceeds to Thaicom for use in the construction

of Thaicom 5 to replace Thaicom 3. Thaicom recognized insurance proceeds as revenue and included it in income tax computation for the year 2005. In the year 2005, Thaicom requested the ruling from the Revenue Department whether the insurance proceeds should be treated as revenue in income tax computation, and the Revenue Department gave its ruling in 2006 that the insurance proceeds should not be treated as revenue for income tax computation. Therefore, Thaicom filed tax return requesting the refund of the tax on insurance proceeds already paid and received the refund from the Revenue department in the same year.

Afterward, there has been reported in the newspaper that the Assets Examination Committee has instructed the Revenue department to demand income tax on the insurance proceeds from Thaicom as in its opinion, the insurance proceeds constitutes Thaicom's and subject to income tax. However, Thaicom has not yet received any demand from the Revenue department.

### 3.2 Risks associated with the provision of telephone communications service business

#### 3.2.1 Risks relevant to market situation and competition

Thaicom provides telephone communications service business in Cambodia and Lao PDR. The number of local telephone subscribers in both countries is relatively low when compared with the total population figure. This has provided an opportunity for telephone communications business to create new subscriber base. Also, the economy of Cambodia and Lao PDR tends to expand continually as a result of foreign investment and thus giving an opportunity for communications and telecommunications business to benefit from the national economic growth as well as provoking a trend of fiercer combat in telephone communications business, the cellular phone market, in particular. Currently, the number of mobile phone service providers in Cambodia and Lao PDR is 9 and 4 respectively.

The telephone communications business in Cambodia in the past year confronted a tough price war in an effort to capture market segments from competitors while the communications technology in Lao PDR advanced rapidly introducing modern technology of good quality. Therefore, those entrepreneurs

who fail to swiftly react against the competition may be adversely affected.

In anticipation of possible tougher competition, Thaicom has continuously strived to develop and expand the network and service area, improve service quality, and map out new market strategy to fight off future competitions.

#### 3.2.2 Risks relevant to contract renewal of telecommunications service providing in Cambodia and Laos.

The telephone communications business in Cambodia and Lao PDR is due to expire in 2028 and 2021 respectively. In the event of Thaicom's failure in negotiating with the Governments for contract renewal, Thaicom is subject to transfer all assets to Cambodian Government and its joint venture stakes to Lao Government without any remuneration. In such case, Thaicom will lose its revenue earned from the business, which will naturally impact Thaicom's performance. However, Thaicom is confident that its potentiality, promptness and experience in telecommunications business, will contribute to Thaicom's success in renewing the concession to provide services in Cambodia and Lao PDR.

## 4. MEDIA AND ADVERTISING BUSINESS



### 4.1 The Case between the ITV and the Permanent Secretary of the Office of the Prime Minister ("PMO")

ITV has in good faith complied with the arbitral award of which the law and the Operating Agreement specify that the award shall immediately bind both parties. If ITV eventually loses the case, ITV will be liable for payment obligations arising from the disputed minimum operating agreement fee amount of Baht 2,889 million for the period of July 3, 2004 to March 7, 2007, and the Baht 1,266 million interest thereon incurred, which is calculated at a rate of fifteen percent (15%) per annum from the date the Supreme Administrative Court rendered its judgment on December 14, 2007, to December 31, 2009 ( Since the fourth quarter of 2006, ITV has already set a reserve against any losses that might incur from the potential court case defeat ). However, if the Court rules that ITV is required to pay the Baht 97,760 million fine to the PMO for the adjustment of the broadcasting schedule during the period of January 31, 2004

to December 14, 2007, as well as the Baht 687 million additional claims and the interest thereon incurred, which is calculated at the rate of seven percent (7%) per annum from the date that the PMO filed the complaint with the Central Administrative Court, the total obligation claims from the PMO shall exceed the current ITV's on cash or cash equivalent position of Baht 1,128 million, and ITV may likely face possible financial problems.

#### 4.2 ITV may not be able to enter the business reorganization as specified by the regulations of the Stock Exchange of Thailand (the "SET") and its securities may be delisted from the SET

Due to the cancellation of the PMO's broadcasting operating agreement previously granted to ITV on March 7, 2007, ITV was forced to cease its broadcasting business and faced disruption in income flows from its television broadcasting business. The cessation of the ITV's broadcasting operation of ITV Station also caused the SET to suspend the ITV's shares and temporarily halt them from public trading, as well as place them under NC (Non-Compliance) and SP (Suspension) until it resolves its problems and accordingly completes its rehabilitation plan. And since June 4, 2009, SET subsequently withdrawn the ITV's stock from trading board and moved to Non-Performing

Group ("NPG"). However, ITV still maintains its status as a listed company which has to comply with the SET's regulation.

The fact that there are still some court cases ongoing, and such legal process takes time and may impose material impacts to the ITV's financial and operating status, ITV has thus cautiously reviewed its rehabilitation strategies and the feasibility thereof. As for the ITV's financial position as of December 31, 2009, ITV had a negative net worth of Baht 3,036 million and allowances for penalty charges and legal claims. The allowance is calculated on the 15% p.a. interest charges on the difference of the operating agreement fee amount of Baht 2,889 million which totaled a yearly amount of Baht 434 million, or a quarterly amount of Baht 109 million.

According to the conditions of the rehabilitation plan prescribed by the SET, ITV is required to search for new businesses which could increase its retained profit by at least Baht 3,336 million, or find a means to rectify its negative net worth not less than Baht 300 million. It must also generate an operating profit, at least, for three consecutive quarters for the accumulated amount of Baht 327 million, or a yearly operating profit of Baht 436 million (if it fails to generate three consecutive quarters of operating profits).

# DIRECTORS' SHAREHOLDING

*in the*

## COMPANY AND ITS SUBSIDIARIES

Name	Position	SHIN CORPORATION PLC		ADVANCED INFO SERVICE PLC				THAICOM PLC <sup>1)</sup>		
		Ordinary Shares		Ordinary Shares		Debentures		Ordinary Shares		Debentures <sup>2)</sup>
		2009	2008	2009	2008	2009	2008	2009	2008	2009
Dr. Virach Aphimeteetamrong	Chairman of the Board of Directors	-	-	-	-	1,000	470	-	-	-
Mr. Somchai Supphatada	Independent Director and Chairman of the Audit Committee	-	-	-	-	-	-	-	-	-
Mr. Chalaluck Bunnag	Independent Director and Member of the Audit Committee	-	-	-	-	-	-	-	-	-
Mr. Vithit Leenutapong	Independent Director and Member of the Audit Committee	-	-	-	-	-	-	-	-	-
Mr. Boon Swan Foo	Director	-	-	-	-	-	-	-	-	-
Mrs. Thitima Rungkwansiroj <sup>3)</sup>	Director	-	-	-	-	-	-	-	-	-
Mr. Arthid Nanthawithaya <sup>4)</sup>	Director	-	-	-	-	-	-	-	-	-
Mr. Surin Upatkoon	Director	-	-	-	-	-	-	-	-	-
Mr. Somprasong Boonyachai	Director	10	10	-	-	-	-	200	200	-
Mr. Arak Chonlatanon	Director	-	-	100,000	100,000	-	-	50,000	50,000	-

As of December 31, 2009, the number of ordinary shares and debentures includes holdings by spouse and children age under 20.

- Remark
- 1) On April 10, 2008, Shin Satellite PLC. has been changed the name of the company to be Thaicom PLC.
  - 2) Thaicom PLC issued and offered the debentures amounting Baht 7,000 million. Subscription period was during November 2-5, 2009.
  - 3) Mrs. Thitima Rungkwansiroj resigned on September 1, 2009 and the Board appointed Mr. Arthid Nanthawithaya to replace her.
  - 4) Mr. Surin Upatkoon resigned on November 13, 2009. The Board is still looking for a replacement.

Name	Position	ITVPLC <sup>1)</sup>		MATCHBOX Co., LTD.		I.T. APPLICATIONS AND SERVICES Co., LTD.	
		Ordinary Shares		Ordinary Shares		Ordinary Shares	
		2009	2008	2009	2008	2009	2008
Dr. Virach Aphimeteetamrong	Chairman of the Board of Directors	-	-	-	-	-	-
Mr. Somchai Supphatada	Independent Director and Chairman of the Audit Committee	-	-	-	-	-	-
Mr. Chalaluck Bunnag	Independent Director and Member of the Audit Committee	-	-	-	-	-	-
Mr. Vithit Leenutaphong	Independent Director and Member of the Audit Committee	-	-	-	-	-	-
Mr. Boon Swan Foo	Director	-	-	-	-	-	-
Mrs. Thitima Rungkwansiroj	Director	-	-	-	-	-	-
Mr. Arthid Nanthawithaya	Director	-	-	-	-	-	-
Mr. Surin Upatkoon	Director	-	-	-	-	-	-
Mr. Somprasong Boonyachai	Director	-	-	90	90	1	1
Mr. Arak Chonlatanon	Director	-	-	90	90	-	-

As of December 31, 2009, the number of ordinary shares and debentures includes holdings by spouse and children age under 20.

Remark 1) As of March 8, 2007, ITV has to cease its operation under ITV Television Station due to the revocation of the Operating Agreement.

## DETAILS OF DIRECTORS *of the* SUBSIDIARIES (DIRECT AND INDIRECT)

Director	Company																
	THCOM	DTV	SHEN	IPSTAR	STAR	SPACE	IPI	IPG	CDN	MFONE	IPA	IPN	NTU	ITV	MB	ITAS	AM
1. Mr. Paron Israsena	X	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Professor Hiran Radeesri	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Mrs.Charintorn Vongspootorn	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Assoc.Prof. Samrieng Mekkreiengkrai	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Mr. Arak Chonlatanon	/, //	/	X, //	/	/	/	/	/	-	X	-	-	/	-	/	/	-
6. Mr. Somprasong Boonyachai	/, //	-	-	-	-	-	-	-	-	-	-	-	-	-	/	/	-
7. Ms. Nidchanun Santhavesuk	/, //	-	-	-	-	-	-	-	-	-	-	-	-	-	/	/	-
8. Mr. Yong Lum Sung	/, //	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9. Mr. Vikrom Sriprataks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10. Dr. Nongluck Phinainitisart	//	/	-	-	-	-	/	-	-	-	-	-	-	-	-	-	-
11. Mr. Paiboon Panuwattanawong	-	/	-	/	/	/	/	/	-	-	/	/	-	-	-	-	-
12. Mr. Anant Kaewruamvongs	-	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13. Mr. Tanadit Charoenchai	-	/	/, //	/	/	/	/	/	/	/	/	/	/	-	-	-	-
14. Mr. Atip Rittaporn	-	-	/, //	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15. Mrs. Naengnoi Na Ranong	-	-	/, //	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16. Mr. Lee Theng Kiat	-	-	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17. Mr. Sio Tat Hiang	-	-	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18. Dr. Nasser Marafih	-	-	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19. Mr. Mark D. Thompson	-	-	-	/	/	/	-	-	-	-	-	-	-	-	-	-	-
20. Mr. William L. Snell	-	-	-	-	/	/	-	-	-	-	-	-	-	-	-	-	-
21. Mr. Jones & Roth	-	-	-	-	-	/	-	-	-	-	-	-	-	-	-	-	-
22. Mr. Teh Kwang Hwee	-	-	-	-	-	-	/	-	-	-	-	-	-	-	-	-	-
23. Mr. York Shin Lim Voon Kee	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-	-	-
24. Mr. Tommy Lo Seen Chong	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-	-	-

Company

Director	THCOM	DTV	SHEN	IPSTAR	STAR	SPACE	IPI	IPG	CDN	MFONE	IPA	IPN	NTU	ITV	MB	ITAS	AM
25. Mr. Nuthapong Temsiripong	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-	-
26. Mr. Mekin Petplai	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-	-
27. Mr. Komson Seripapong	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-	-
28. Mr. Ly Sam An	-	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-
29. Mr. Pal Vudhica	-	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-
30. Ms. Le May Phoueng	-	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-
31. Mr. Anupam Garg	-	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-
32. Mr. Verghese Mathews	-	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-
33. Dr. Supoj Chinveerapan	-	-	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-
34. Mrs. Dollis Gold Vibonsilp	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-	-
35. Mrs. Keatvalee Likitnolak	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-	-
36. Mr. Salin Pinkhayan	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-	-
37. Mr. Somkid Wangcherdchuwong	-	-	-	-	-	-	-	-	-	-	-	-	-	X	-	-	/
38. Mr. Vichakoraput Rattanavichaiyen	-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-
39. Mr. Sumethee Innu	-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-
40. Mr. Somboon Wongwanich	-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-
41. Mr. Nitthimon Juengsiri	-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-	/
42. Ms. Rattanaporn Nammontee	-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-
43. Mr. Wuttiporn Diawpanich	-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-

X = Chairman of the Board of Directors / = Director // = Executive Committee

As of December 31, 2009

Company Name	AM	Artware Media Company Limited
CDN	CDN	Cambodian DTV Network Limited
DTV	DTV	DTV Service Company Limited
IPA	IPA	IPSTAR Australia Pty Limited
IPG	IPG	IPSTAR Global Services Limited
IPI	IPI	IPSTAR International Pte Limited
IPN	IPN	IPSTAR New Zealand Limited
IPSTAR	IPSTAR	IPSTAR Company Limited
ITAS	ITAS	I.T. Applications and Services Company Limited



## REFERENCE PERSONS :

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### **Security Registrar**

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[ 2009 ]

Annual Report  
SHIN CORPORATION PLC  
( Financial Report )

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The Board of Directors is responsible for the financial statements of Shin Corporation Plc and the consolidated financial statements of the Company and its subsidiaries, including the financial information presented in this annual report. The aforementioned financial statements are prepared in accordance with generally accepted accounting principles, using careful judgment and the best estimations. Important information is adequately and transparently disclosed in the notes to financial statements for the Company's shareholders and investors.

The Board of Directors has provided and maintained a risk management system along with appropriate and efficient internal controls to ensure that accounting records are accurate, reliable and adequate to protect the Company's assets and uncover any weaknesses that may occur in order to prevent fraud or materially irregular operations.

In this regard, the Board of Directors has appointed an Audit Committee to be responsible for reviewing the accounting policy, financial reports, internal controls, internal audit, risk management system and disclosure of connected transactions. All the Audit Committee's comments on these issues have been presented in the Audit Committee Report for 2009 included in this annual report.

The financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries have been examined by an external auditor, KPMG Phoomchai Audit Limited. To conduct the audits and express an opinion in accordance with generally accepted auditing standards, the auditor was provided all of the Company's records and related data as requested. The auditor's opinion is presented in the auditor's report included in this annual report.

The Board of Directors believes that the Company's overall internal control system has functioned at a satisfactory level and rendered credibility and reliability to the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2009. The Board of Directors also believes that all these financial statements have been prepared in accordance with generally accepted accounting principles and related regulations.

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(Dr. Virach Aphimeteetamrong)

Chairman of the Board

---

(Mr. Somprasong Boonyachai)

Chairman of the Executive Committee

**To the shareholders of Shin Corporation Public Company Limited**

I have audited the accompanying consolidated and separate balance sheets as at 31 December 2009 and 2008, and the related statements of income, changes in equity and cash flows for the years then ended of Shin Corporation Public Company Limited and its subsidiaries, and of Shin Corporation Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2009 and 2008 and the results of operations and cash flows for the years then ended of Shin Corporation Public Company Limited and its subsidiaries, and of Shin Corporation Public Company Limited, respectively, in accordance with generally accepted accounting principles.

As mentioned in notes to the financial statements No. 2(b) and 30(d), as at 31 December 2009, ITV's current liabilities exceed its current assets by an amount of Baht 3,036 million and there is a deficit in excess of the share capital of an amount of Baht 3,036 million and ITV 's Television Broadcasting Station under a UHF Radio-Television Broadcasting Agreement ("Operating Agreement") was revoked by the Office of the Permanent Secretary of the Office of the Prime Minister ("PMO") as ITV did not pay the unpaid operating fee totalling Baht 2,210 million and the interest on the total unpaid operating agreement fee at 15% per annum including the penalty arising from the alteration of television programming of Baht 97,760 million

and adjust television programs fee. Subsequently, ITV ceased its operations and delivered their assets under the operating agreement to PMO. ITV has filed statements of claim regarding the unpaid operating agreement totalling Baht 2,210 million plus the interest and adjust television programs fee to the arbitration process. These events indicate a material uncertainty which may cast significant doubt on ITV's ability to continue as a going concern. I have expressed a disclaimer of opinion on the ITV 2009 and 2008 financial statements due to the significance of the matters mentioned above. Assets and liabilities of ITV included in the consolidated financial statements as at 31 December 2009, represent 1.84% (2008: 1.77%) and 25.47% (2008: 22.34%) of consolidated total assets and liabilities, respectively and the net value of asset of ITV included in the Company financial statements as at 31 December 2009 and 2008 is nil.

(Winid Silamongkol)  
Certified Public Accountant  
Registration No. 3378

KPMG Phoomchai Audit Ltd.  
Bangkok  
22 February 2010

## Shin Corporation Public Company Limited and its Subsidiaries

## Balance sheets

As at 31 December 2009 and 2008

Assets	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
		(in Baht)			
<b>Current assets</b>					
Cash and cash equivalents	5	1,791,391,958	2,728,059,285	897,125,214	791,864,321
Current investments	6	1,915,827,783	1,442,364,234	721,165,752	934,639,153
Trade accounts, notes receivable and accrued income	7	1,381,069,998	1,487,435,465	-	-
Amounts due from, advances and loans to related parties	4	1,102,376	70,878,988	-	-
Inventories	8	432,647,378	545,076,713	-	-
Other current assets	9	501,532,366	500,531,096	17,654,734	17,886,140
<b>Total current assets</b>		<b>6,023,571,859</b>	<b>6,774,345,781</b>	<b>1,635,945,700</b>	<b>1,744,389,614</b>
<b>Non-current assets</b>					
Investments in subsidiaries, associates and jointly-controlled entities	10	30,739,709,506	31,237,536,630	12,502,395,997	12,502,395,997
Long-term investments	6	226,048,460	25,000,000	226,048,460	25,000,000
Property and equipment	12	6,114,117,053	5,608,172,790	29,189,968	40,452,510
Property and equipment under operating agreements	13	15,527,561,717	17,068,637,158	-	-
Intangible assets	14	1,381,171,225	1,412,506,517	8,919,567	11,515,322
Deferred tax assets	15	868,080,777	569,776,054	-	-
Other non-current assets		659,904,879	563,359,087	5,284,691	6,235,723
<b>Total non-current assets</b>		<b>55,516,593,617</b>	<b>56,484,988,236</b>	<b>12,771,838,683</b>	<b>12,585,599,552</b>
<b>Total assets</b>		<b>61,540,165,476</b>	<b>63,259,334,017</b>	<b>14,407,784,383</b>	<b>14,329,989,166</b>

The accompanying notes are an integral part of these financial statements



## Shin Corporation Public Company Limited and its Subsidiaries

## Balance sheets

As at 31 December 2009 and 2008

As at 31 December 2009 and 2008					
Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
		(in Baht)			
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	16	81,337,973	296,201,798	-	-
Trade accounts and notes payable	17	676,583,696	960,818,895	839,674	839,674
Accounts payable-equipment		152,078,107	215,771,027	-	-
Amounts due to related parties	4	2,854,304	4,636,937	2,618,480	7,379,931
Current portion of long-term borrowings	16	637,382,646	1,293,743,541	-	225,650
Accrued operating agreement fees		646,054,457	559,545,080	-	-
Provision for unpaid operating agreement fee and interest	30 d)	4,156,324,770	3,722,906,962	-	-
Income tax payable		116,903,298	71,738,233	-	-
Other current liabilities	18	783,968,233	765,534,922	45,929,653	57,559,334
<b>Total current liabilities</b>		<b>7,253,487,484</b>	<b>7,890,897,395</b>	<b>49,387,807</b>	<b>66,004,589</b>
<b>Non-current liabilities</b>					
Long-term borrowings	16	8,076,016,524	7,726,439,450	-	429,605
Deferred tax liabilities	15	145,589,152	139,530,863	-	-
Long-term account payable-equipment		761,252,273	816,746,710	-	-
Other non-current liabilities		121,520,463	120,734,188	-	-
<b>Total non-current liabilities</b>		<b>9,104,378,412</b>	<b>8,803,451,211</b>	<b>-</b>	<b>429,605</b>
<b>Total liabilities</b>		<b>16,357,865,896</b>	<b>16,694,348,606</b>	<b>49,387,807</b>	<b>66,434,194</b>

The accompanying notes are an integral part of these financial statements

## Shin Corporation Public Company Limited and its Subsidiaries

## Balance sheets

As at 31 December 2009 and 2008

As at 31 December 2009 and 2008					
Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
		(in Baht)			
Equity					
Share capital	19				
Authorised share capital		5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
Issued and paid-up share capital		3,201,066,604	3,201,066,604	3,201,066,604	3,201,066,604
Reserves	19, 20				
Share premium		10,197,303,923	10,197,303,923	10,197,303,923	10,197,303,923
Unrealised gain on dilution of investments in a subsidiary and associates		4,176,482,535	4,088,352,032	-	-
Unrealised gain (loss) from revaluation of investments		7,115,964	4,566,484	(71,827)	-
Currency translation differences		(58,841,624)	(55,665,730)	-	-
Retained earnings					
Appropriated					
Legal reserve		500,000,000	500,000,000	500,000,000	500,000,000
Unappropriated		17,946,899,083	19,133,557,654	460,097,876	365,184,445
Total equity attributable to equity holders of the Company		35,970,026,485	37,069,180,967	14,358,396,576	14,263,554,972
Minority interests		9,212,273,095	9,495,804,444	-	-
Total equity		45,182,299,580	46,564,985,411	14,358,396,576	14,263,554,972
Total liabilities and equity		61,540,165,476	63,259,334,017	14,407,784,383	14,329,989,166

The accompanying notes are an integral part of these financial statements

## Shin Corporation Public Company Limited and its Subsidiaries

## Statements of income

For the years ended 31 December 2009 and 2008

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
		(in Baht)			
<b>Revenues</b>	21				
Revenues from sales of goods and rendering of services		8,533,164,805	8,917,644,052	-	-
Dividends income		-	-	8,007,379,383	8,003,385,306
Net foreign exchange gain		465,015,201	-	-	-
Other income	22	104,847,548	173,968,242	37,941,541	64,297,756
Share of profits of associates		7,465,463,970	6,784,675,883	-	-
<b>Total revenues</b>		<b>16,568,491,524</b>	<b>15,876,288,177</b>	<b>8,045,320,924</b>	<b>8,067,683,062</b>
<b>Expenses</b>	21				
Cost of sales of goods and rendering of services		6,806,265,884	7,023,913,999	-	-
Operating agreement fee		538,625,427	485,731,246	-	-
Loss on provision for unpaid operating agreement fee and interest	30 d)	433,417,808	433,417,808	-	-
Selling expenses		250,576,329	286,035,288	-	-
Administrative expenses		1,195,717,112	1,396,671,847	180,652,977	164,125,975
Net foreign exchange loss		-	369,390,747	-	-
Impairment loss on investment in a subsidiary		-	60,097,701	-	86,913,500
Management benefit expenses	4	136,076,101	221,228,675	87,133,850	105,413,000
<b>Total expenses</b>		<b>9,360,678,661</b>	<b>10,276,487,311</b>	<b>267,786,827</b>	<b>356,452,475</b>
<b>Profit before finance costs and income tax expenses</b>		<b>7,207,812,863</b>	<b>5,599,800,866</b>	<b>7,777,534,097</b>	<b>7,711,230,587</b>
Finance costs		(1,087,973,749)	(635,338,744)	(80,841)	(66,674)
<b>Profit before income tax expense</b>		<b>6,119,839,114</b>	<b>4,964,462,122</b>	<b>7,777,453,256</b>	<b>7,711,163,913</b>
Income tax expense	25	98,976,062	248,777,121	-	-
<b>Profit for the year</b>		<b>6,218,815,176</b>	<b>5,213,239,243</b>	<b>7,777,453,256</b>	<b>7,711,163,913</b>
<b>Attributable to:</b>					
Equity holders of the Company		6,495,881,254	5,649,358,272	7,777,453,256	7,711,163,913
Minority interest		(277,066,078)	(436,119,029)	-	-
		<b>6,218,815,176</b>	<b>5,213,239,243</b>	<b>7,777,453,256</b>	<b>7,711,163,913</b>
<b>Earnings per share</b>	27				
Basic		2.03	1.76	2.43	2.41
Diluted		2.03	1.76	2.43	2.41

The accompanying notes are an integral part of these financial statements

**Shin Corporation Public Company Limited and its Subsidiaries**  
**Statements of changes in equity**  
**For the years ended 31 December 2009 and 2008**

	Note	Consolidated financial statements									
		Equity attributable to equity holders of the Company							Total equity attributable to equity holders of the Company	Minority interests	Total equity
		Issued and paid-up share capital	Premium on share capital	Unrealised gain on dilution from investments	Unrealised gain from revaluation of investment	Currency translation difference	Legal reserve	Retain earnings Unappropriated			
Balance at 1 January 2008		3,196,857,425	10,149,870,686	3,998,014,312	-	(99,286,160)	500,000,000	22,127,020,909	39,872,477,172	9,849,000,561	49,721,477,733
Unrealised gain on dilution of investments in subsidiary and associate		-	-	90,337,720	-	-	-	-	90,337,720	-	90,337,720
Unrealised gain from revaluation of investments		-	-	-	4,566,484	-	-	-	4,566,484	-	4,566,484
Translation of financial statement differences		-	-	-	-	43,620,430	-	-	43,620,430	-	43,620,430
Minority interests increased during the year		-	-	-	-	-	-	-	-	82,922,912	82,922,912
Net income recognised directly in equity		-	-	90,337,720	4,566,484	43,620,430	-	-	138,524,634	82,922,912	221,447,546
Profit (loss) for the year		-	-	-	-	-	-	5,649,358,272	5,649,358,272	(436,119,029)	5,213,239,243
Total recognised income and (expense)		-	-	90,337,720	4,566,484	43,620,430	-	5,649,358,272	5,787,882,906	(353,196,117)	5,434,686,789
Dividends	28	-	-	-	-	-	-	(8,642,821,527)	(8,642,821,527)	-	(8,642,821,527)
Issue of share capital											
Increased in share capital	19	4,209,179	47,433,237	-	-	-	-	-	51,642,416	-	51,642,416
Balance at 31 December 2008		3,201,066,604	10,197,303,923	4,088,352,032	4,566,484	(55,665,730)	500,000,000	19,133,557,654	37,069,180,967	9,495,804,444	46,564,985,411

The accompanying notes are an integral part of these financial statements

2009

## FINANCIAL STATEMENT

## Shin Corporation Public Company Limited and its Subsidiaries

## Statements of changes in equity

For the years ended 31 December 2009 and 2008

	Note	Consolidated financial statements										
		Equity attributable to equity holders of the Company								Total equity attributable to equity holders of the Company	Minority interests	Total equity
		Issued and paid-up share capital	Premium on share capital	Unrealised gain on dilution from investments	Unrealised gain from revaluation of investment	Currency translation difference	Retain earnings					
Legal reserve	Unappropriated											
Balance at 1 January 2009 as previously reported		3,201,066,604	10,197,303,923	4,088,352,032	25,889	(55,665,730)	500,000,000	19,133,557,654	37,064,640,372	9,495,804,444	46,560,444,816	
Prior year adjustment												
Unrealised gain from revaluation of investment		-	-	-	4,540,595	-	-	-	4,540,595	-	4,540,595	
Balance at 1 January 2009 as restated		3,201,066,604	10,197,303,923	4,088,352,032	4,566,484	(55,665,730)	500,000,000	19,133,557,654	37,069,180,967	9,495,804,444	46,564,985,411	
Unrealised gain on dilution of investments in associates		-	-	88,130,503	-	-	-	-	88,130,503	-	88,130,503	
Unrealised gain from revaluation of investments		-	-	-	2,549,480	-	-	-	2,549,480	-	2,549,480	
Translation of financial statement differences		-	-	-	-	(3,175,894)	-	-	(3,175,894)	-	(3,175,894)	
Minority interests increased during the year		-	-	-	-	-	-	-	-	(6,465,271)	(6,465,271)	
Net income recognised directly in equity		-	-	88,130,503	2,549,480	(3,175,894)	-	-	87,504,089	(6,465,271)	81,038,818	
Profit (loss) for the year		-	-	-	-	-	-	6,495,881,254	6,495,881,254	(277,066,078)	6,218,815,176	
Total recognised income and (expense)		-	-	88,130,503	2,549,480	(3,175,894)	-	6,495,881,254	6,583,385,343	(283,531,349)	6,299,853,994	
Dividends	28	-	-	-	-	-	-	(7,682,539,825)	(7,682,539,825)	-	(7,682,539,825)	
Balance at 31 December 2009		3,201,066,604	10,197,303,923	4,176,482,535	7,115,964	(58,841,624)	500,000,000	17,946,899,083	35,970,026,485	9,212,273,095	45,182,299,580	

The accompanying notes are an integral part of these financial statements

2009

# FINANCIAL STATEMENT

## Shin Corporation Public Company Limited and its Subsidiaries Statements of changes in equity For the years ended 31 December 2009 and 2008

	Note	Separate financial statements					
		Issued and paid-up share capital	Premium on share capital	Unrealised (loss) gain from revaluation of current investment	Retained Earning		Total equity attributable to equity holders of the Company
					Legal reserve	Unappropriated	
		(in Baht)					
Balance at 1 January 2008		3,196,857,425	10,149,870,686	-	500,000,000	1,296,842,059	15,143,570,170
Profit for the year		-	-	-	-	7,711,163,913	7,711,163,913
Total recognised income		-	-	-	-	7,711,163,913	7,711,163,913
Dividends	28	-	-	-	-	(8,642,821,527)	(8,642,821,527)
Issue of share capital							
Increased in share capital	19	4,209,179	47,433,237	-	-	-	51,642,416
Balance at 31 December 2008		3,201,066,604	10,197,303,923	-	500,000,000	365,184,445	14,263,554,972
Balance at 1 January 2009		3,201,066,604	10,197,303,923	-	500,000,000	365,184,445	14,263,554,972
Total recognised income and (expense)		-	-	(71,827)	-	-	(71,827)
Net expense recognised directly in equity		-	-	(71,827)	-	-	(71,827)
Profit for the year		-	-	-	-	7,777,453,256	7,777,453,256
Total recognised income and (expense)		-	-	(71,827)	-	7,777,453,256	7,777,381,429
Dividends	28	-	-	-	-	(7,682,539,825)	(7,682,539,825)
Balance at 31 December 2009		3,201,066,604	10,197,303,923	(71,827)	500,000,000	460,097,876	14,358,396,576

The accompanying notes are an integral part of these financial statements

## Shin Corporation Public Company Limited and its Subsidiaries

## Statements of cash flows

For the years ended 31 December 2009 and 2008

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(in Baht)			
<b>Cash flows from operating activities</b>				
Profit for the year of equity holders of the Company	6,495,881,254	5,649,358,272	7,777,453,256	7,711,163,913
<i>Adjustments for</i>				
Depreciation and amortisation charges	2,810,253,760	2,584,107,003	15,474,116	16,989,004
Interest income	(89,432,626)	(151,838,958)	(35,525,187)	(62,338,192)
Interest expense	349,610,983	457,263,097	25,583	11,237
Income tax expense	(98,976,062)	(248,777,121)	-	-
Impairment loss on investment in a subsidiary	-	60,097,701	-	86,913,500
Share of profit of associates	(7,465,463,970)	(6,784,675,883)	-	-
Dividend income	-	-	(8,007,379,383)	(8,003,385,306)
Unrealised loss on foreign exchange	107,825,735	277,955,577	-	-
Allowance for doubtful accounts	(85,189,530)	169,398,105	-	-
Amortisation cost of loans	494,695,255	111,245,338	-	-
Loss for the year of minority interest	(277,066,078)	(436,119,029)	-	-
Others	59,589,215	146,133,446	2,154,379	4,856,441
	2,301,727,936	1,834,147,548	(247,797,236)	(245,789,403)
<b>Changes in operating assets and liabilities</b>				
Trade accounts, notes receivable and accrued income	191,554,996	(259,154,732)	-	
Inventories	103,974,144	(30,962,014)	-	-
Other current assets	52,532,099	85,653,133	(2,041,878)	878,114
Other non-current assets	(107,276,303)	(111,859,963)	922,210	(469,287)
Trade accounts and notes payable	(284,235,200)	88,006,125	-	-
Accrued operating agreement fees	519,927,186	463,167,806	-	-
Other current liabilities	12,714,544	(209,684,607)	(13,508,278)	1,928,304
Other non-current liabilities	786,273	210,617,768	-	-
Interest received	98,756,736	186,077,415	37,827,294	61,465,771
Interest paid	(334,830,171)	(477,523,721)	(25,583)	(11,237)
Income tax paid	(220,886,099)	(116,175,246)	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>2,334,746,141</b>	<b>1,662,309,512</b>	<b>(224,623,471)</b>	<b>(181,997,738)</b>

The accompanying notes are an integral part of these financial statements

## Shin Corporation Public Company Limited and its Subsidiaries

## Statements of cash flows

For the years ended 31 December 2009 and 2008

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(in Baht)			
<b>Cash flows from investing activities</b>				
Net cash outflow on acquisition of a subsidiary	-	-	-	(77,000,000)
Purchased of property and equipment	(1,129,698,898)	(786,418,123)	(5,230,002)	(22,679,220)
Purchased of other intangible assets	(90,573,555)	(90,038,880)	(2,977,388)	(5,134,099)
Net cash outflow on investments in property and equipment under operating agreements	(140,282)	-	-	-
(Increase) decrease in current investments	(470,842,242)	(1,436,649,526)	213,473,400	(933,490,928)
Increase in long-term investments	(201,120,287)	-	(201,120,287)	-
Decrease in loans and advances to related parties	2,249,615	10,592,893	-	20,000,000
Net cash inflow(outflow) from sale of investment in subsidiaries	-	(60,126,383)	-	86,500
Cash received from liquidation in a jointly-controlled entity	-	-	-	2,039,590
Cash received from decrease in an associate's capital	-	187,574,993	-	-
Cash received from sale of another investment	-	-	-	137,993
Net cash received from disposal of equipments	21,435,121	4,774,631	1,049,500	2,452,745
Dividends received	8,118,948,594	8,068,928,596	8,007,379,383	8,003,385,306
Income tax paid from gain on sale of investment in a subsidiaries	-	(1,289,998,110)	-	-
<b>Net cash provided by investing activities</b>	<b>6,250,258,066</b>	<b>4,608,640,091</b>	<b>8,012,574,606</b>	<b>6,989,797,887</b>
<b>Cash flows from financing activities</b>				
Receipts from short-term loans	90,869,123	130,261,258	-	-
Receipts from long-term borrowings	291,227,023	299,088,988	-	-
Receipts from debenture	6,977,569,970	-	-	-
Receipts from increase in share capital	-	51,642,417	-	51,642,417
Repayments of short-term loans	(322,617,257)	(185,118,714)	-	-
Repayments of long-term borrowings	(8,876,105,153)	(1,635,891,256)	(150,417)	(54,763)
Dividends paid	(7,682,539,825)	(8,642,821,527)	(7,682,539,825)	(8,642,821,527)
<b>Net cash used in financing activities</b>	<b>(9,521,596,119)</b>	<b>(9,982,838,834)</b>	<b>(7,682,690,242)</b>	<b>(8,591,233,873)</b>

The accompanying notes are an integral part of these financial statements



## Shin Corporation Public Company Limited and its Subsidiaries

## Statements of cash flows

For the years ended 31 December 2009 and 2008

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
		(in Baht)			
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(936,591,912)</b>	<b>(3,711,889,231)</b>	<b>105,260,893</b>	<b>(1,783,433,724)</b>
Cash and cash equivalents at beginning of year		2,728,059,285	6,446,712,486	791,864,321	2,575,298,045
Effects of exchange rate changes on balances held in foreign currencies		(75,415)	(6,763,970)	-	-
<b>Cash and cash equivalents at end of year</b>	<b>5</b>	<b><u>1,791,391,958</u></b>	<b><u>2,728,059,285</u></b>	<b><u>897,125,214</u></b>	<b><u>791,864,321</u></b>
<b>Non-cash transactions</b>					
Purchased of property and equipment and other intangible assets by liabilities		702,304,062	979,552,203	122,248	4,561,040
Property and equipment under finance leases		2,657,065	4,881,748	-	-

The accompanying notes are an integral part of these financial statements

**Shin Corporation Public Company Limited and its Subsidiaries****Notes to the financial statements****For the years ended 31 December 2009 and 2008**

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

The financial statements were authorised for issue by the Board of Directors on 22 February 2010

**1 General information**

Shin Corporation Public Company Limited, “the Company” is a public limited company and is incorporated and domiciled in Thailand and has its registered office at 414 Shinawatra Tower 1, Phaholyothin Road, Phayathai, Bangkok 10400.

The Company was listed on the Stock Exchange of Thailand in August 1990

The principle shareholders of the Company are Cedar Holdings Limited (“Cedar”) and Aspen Holdings Limited (“Aspen”), holding 54.43% and 41.68%, respectively. Aspen is a company incorporated in Thailand and an indirect subsidiary of Temasek Holdings (Pte) Ltd. (“Temasek”). Cedar is a company incorporated in Thailand whose shareholders are comprised of Siam Commercial Bank Public Company Limited holding 5.8%, Kularb Kaew Company Limited (“Kularb Kaew”) holding 45.2% and Cypress Holdings Limited (“Cypress”), an indirect subsidiary of Temasek, holding 49.0% of the shares in Cedar. Kularb Kaew was held by four major shareholders, namely, Cypress holding 29.9%, Khun Surin Upatkoon holding 68.0%, Khun Pong Sarasin holding 1.3% and Khun Suphadej Poonpipat holding 0.8%.

Transactions within the Group including management and related entities of the Company, also the entities within the Cedar, Aspen and Temasek group are recognized as related party transactions of the Company.

The Company, its subsidiaries, associates, and jointly-controlled entities (together “the Shin Corp Group” or “the Group”) are principally engaged in the satellite, internet, telecommunications, media and advertising.

**Shin Corporation Public Company Limited and its Subsidiaries****Notes to the financial statements****For the years ended 31 December 2009 and 2008**

Detail of the Company's subsidiaries, a jointly-controlled entities and associates as at 31 December 2009 and 2008 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest	
			2009 (%)	2008
<b>Subsidiaries</b>				
Thaicom Public Company Limited and its Group	Operating transponder services for domestic and international communications, sale of user terminal of iPSTAR, broadband content services, sale of direct television equipment, telephone network services and value added services on mobile and engineering and development services on communication technology and electronics.	Thailand	41.14	41.14
ITV Public Company Limited and its Group	At present, ITV has ceased its operation (note 30) which used to operate a television broadcasting station under a UHF radio-television broadcasting agreement (“Operating Agreement”) provided by the Office of the Permanent Secretary of the Office of the Prime Minister.	Thailand	52.92	52.92
I.T. Applications and Service Company Limited	Providing computer program services and related services.	Thailand	99.99	99.99
Matchbox Company Limited	Providing advertising services and production of advertisements for radio and television broadcast.	Thailand	99.96	99.96

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

Name of the entity	Type of business	Country of incorporation	Ownership interest	
			2009 (%)	2008 (%)
<b>Associate</b>				
Advanced Info Service Public Company Limited and its Group	Operating a 900-MHz and 1800-MHz cellular telephone system, datakit virtual circuit switch, call center service, broadband service, internet gateway, voice over IP, IP television, distributing electronic cash card, payment via mobile phone, international telephone service and distributing cellular phones.	Thailand	42.61	42.67
<b>Associate of THCOM</b>				
CS Loxinfo Public Company Limited and its Group	Providing internet data center services, internet, satellite uplink downlink services for domestic and international communications the printing and publishing of telephone directories, the conducting classified and printing directories businesses and mobile contents.	Thailand	42.56	43.48

**Shin Corporation Public Company Limited and its Subsidiaries****Notes to the financial statements****For the years ended 31 December 2009 and 2008**

The Group has obtained agreements for operation from government agencies and entities regulated by government agencies, in Thailand and other countries, to provide satellites and transponder services, to be an Internet Service Provider, to act as a television broadcaster, and to provide Cellular Telephone Systems in Thailand and Cambodia and telecommunication services in the Laos People's Democratic etc. The periods of the agreements range from 10 - 35 years. Under these operating agreements, certain companies in the Group must pay fees to the relevant government agencies and entities regulated by government agencies based on a percentage of service income or at the minimum payment specified in the relevant agreements, whichever is higher. As at 31 December 2009, the remaining minimum payment as specified in the agreement is Baht 864 million in consolidated financial statement, excluding ITV because ITV is in the process of dispute as in note 30 discussed. In addition, certain companies in the Group, according to their agreements, must procure property and equipment for their operations and must transfer the ownership of such property and equipment to the relevant government agencies and entities regulated by government agencies within the periods specified in the agreements.

The principal agreements for operation are held by subsidiaries, associates and jointly-controlled entities at 31 December 2009 include:

Operating Agreement	Country	Held by	Expiry
<b><i>Subsidiaries</i></b>			
Satellites	Thailand	Thaicom Public Company Limited	September 2021
Radio-television broadcasting - under UHF system	Thailand	ITV Public Company Limited	July 2025 ( <i>in the process of dispute note 30</i> )
<b><i>Associates</i></b>			
900-MHz cellular telephone system	Thailand	Advanced Info Service Public Company Limited	September 2015
1800-MHz cellular telephone system	Thailand	Digital Phone Company Limited	September 2013
International call	Thailand	AIN GlobalComm Company Limited	July 2026
Datakit Virtual Circuit Switch	Thailand	Advanced Datanetwork Communications Company Limited	September 2022
Satellite uplink-downlink	Thailand	CS Loxinfo Public Company Limited	August 2016
Internet Operation License Type I,II,III	Thailand	CS Loxinfo Public Company Limited	April 2012 - December 2022
<b><i>Jointly-controlled entities</i></b>			
Fixed phone, mobile phone, international facilities and internet	Laos PDR	Lao Telecommunications Company Limited	2021
Cellular telephone system	Cambodia	Mfone Company Limited	March 2028

**Shin Corporation Public Company Limited and its Subsidiaries****Notes to the financial statements****For the years ended 31 December 2009 and 2008****2 Basis of preparation of financial statements****(a) Basis of preparation of financial statements**

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared in accordance with Thai Accounting Standards ("TAS") and Thai Financial Reporting Standards ("TFRS") including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP") and with generally accepted accounting principles in Thailand.

On 15 May 2009, the FAP announced (Announcement No. 12/2009) the re-numbering of TAS to the same numbers as the International Accounting Standards ("IAS") on which the TAS/TFRS are based.

The Group has adopted the following new and revised TAS/TFRS and accounting guidance which were issued by FAP during 2008 and effective for accounting periods beginning on or after 1 January 2009, or issued during 2009 with immediate effect as follows:

Accounting framework (revised 2007)

TAS 36 (revised 2007)      Impairment of Assets (formerly TAS 36)

TFRS 5 (revised 2007)      Non-current Assets Held for Sale and Discontinued operations (formerly TAS 54)

Accounting Guidance about Leasehold Right

Accounting Guidance about Business Combination under Common Control

On 30 January 2009, the Department of Business Development issued a notification regarding "The Brief Particulars in the Financial Statements B.E. 2552" and the cancellation of the notification regarding "The Brief Particulars in the Financial Statements B.E. 2544" and "The Brief Particulars in the Financial Statements B.E. 2549 (2<sup>nd</sup> edition)". This new notification has applied to the financial statement beginning on or after 1 January 2009 onwards. The Group prepared the financial statement following this notification which requires accountant to perform accordingly.

The adoption of the new and revised TAS/TFRS and accounting guidance and the new notification from the Department of Business Development do not have any material impact on the consolidated or separate financial statements.

Furthermore, in 2009, the FAP issued accounting standards and financial reporting standards which will be effective to the financial statements beginning on or after 1 January 2011 or 2012 as follows: (the Group has not adopted these standards and believes that the effectiveness of these accounting and financial reporting standards will have no material impact to the consolidated or the separated financial statements).

**Shin Corporation Public Company Limited and its Subsidiaries****Notes to the financial statements****For the years ended 31 December 2009 and 2008**

The standards which are effective to the financial statement beginning on or after 1 January 2011

TAS 24 (revised 2007)	Related Parties Disclosures (formerly TAS 47)
TAS 40	Investment Properties

The standards which are effective to the financial statement beginning on or after 1 January 2012

TFRS 20	Accounting for Government Grants and Disclosure of Government Assistance
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The financial statements are presented in Thai Baht, rounded to the nearest million unless otherwise as stated. They are prepared on the historical cost basis except as stated in the accounting policies.

The preparation of financial statements in conformity with TAS and TFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and assumptions are based on historical experience and various other factors, including management's assessment of the potential impact on the Group's operations and financial position of the economic. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

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

- The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments (*note 7*).
- Net realisable value of inventory is estimated by the expected selling price, less relevant expenses (*note 8*).
- The estimated useful lives of fixed assets including building, property and equipment, property and equipment under operating agreements and intangible assets are based on future economic benefits of assets or, if it is shorter, the related contract term (*notes 12,13 and 14*).
- The measurement of the recoverable amounts of building, property and equipment, property and equipment under operating agreements and intangible assets containing goodwill is assessed by the net present value of estimated future cash flow that occur from continuing to use such assets or the asset's selling price less relevant expenses, whichever is higher (*notes 12,13 and 14*).
- Lease classification where the Group assumes substantially all the benefits and risks of ownership are transferred to lessee is classified as finance leases. While leases not transferring a significant portion of the risks and rewards of ownership are classified as operating leases (*note 12*).
- The utilisation of deferred tax assets derived from tax losses are recognised to the extent that it is probable that future taxable profit will be available against such deferred tax assets which can be utilized (*note 15*).



**Shin Corporation Public Company Limited and its Subsidiaries****Notes to the financial statements****For the years ended 31 December 2009 and 2008**

- Provisions and contingencies are recognized when there is a probability that the Group's resources will be required to settle. Provisions are measured at the present value at the reporting date (*notes 30 and 31*).
- The measurement of fair values of financial derivative; foreign currency forward contracts are determined by using forward exchange market rates at the reporting date. The fair values of cross currency and interest rate swap contracts are determined by using reference rate from broker at the reporting date (*note 29*).

**(b) Financial status of ITV Public Company Limited and its Group ("ITV")**

As at 31 December 2009, ITV's current liabilities exceed its current assets by an amount of Baht 3,036 million and deficit in excess of its share capital by an amount of Baht 3,036 million (31 December 2008, ITV's current liabilities exceed its current assets by an amount of Baht 2,608 million and deficit in excess of its share capital by an amount of Baht 2,608 million). In addition, as discussed in note 30 to the financial statements, in consequence of the ruling of the Supreme Administrative Court on 13 December 2006, ITV is liable for unpaid operating agreement fee totalling Baht 2,210 million and the interest on the total unpaid operating agreement fee at 15% per annum including the penalty arising from the alteration of television programming of Baht 97,760 million to the Office of the Permanent Secretary of the Office of the Prime Minister ("PMO"). ITV has not yet paid these unpaid operating agreement fee including interest and penalty. The company's operating agreement was revoked on 7 March 2007 by the PMO therefore; the company ceased its operation at that date. In addition, on 30 March 2007, the PMO claimed the undelivered value of assets under operating agreement amounting to Baht 656 million plus interest. In addition, ITV is still in the arbitration proceeding regarding the unpaid operating agreement fee including interest, penalty arising from the alteration of television programming of Baht 97,760 million and value of undelivered assets including its interest. These events indicate a material uncertainty which may cast significant doubt on ITV's ability to continue as a going concern.

The consolidated financial statements of the Company and its subsidiaries include the financial statements of ITV, which have been prepared on a going concern basis. Accordingly, the recorded assets amounting to Baht 1,131 million represent 1.84% of consolidated total asset (*31 December 2008: Baht 1,122 million, represented 1.77%*) and liabilities amounting to Baht 4,167 million represent 25.47% of consolidated total liabilities (*31 December 2008: Baht 3,730 million, represented 22.34%*) of ITV, and therefore, the recorded deficit in excess of ITV's issued share capital amounting to Baht 3,036 million as at 31 December 2009 (*31 December 2008: Baht 2,608 million*) has been taken up in full in the consolidated financial statements in accordance with generally accepted accounting principles.

However, the Company's legal liability for any losses incurred by ITV is limited to the Company's share paid to ITV's capital. In the event that ITV is unable to continue its operations and the Company declines to make further funds available to ITV the Company's consolidated liabilities as at 31 December 2009 and 2008 would be reduced by Baht 3,036 million and Baht 2,608 million, respectively. The retained earnings and shareholders' equity as at 31 December 2009 and 2008 increased by Baht 3,036 million and Baht 2,608 million, respectively.

**Shin Corporation Public Company Limited and its Subsidiaries****Notes to the financial statements****For the years ended 31 December 2009 and 2008****3 Significant accounting policies****(a) Basis of consolidation**

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

*Subsidiaries*

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

*Jointly-controlled entities*

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

*Associates*

Associates are those companies in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group’s share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, the Group does not continue to recognise further losses, unless the Group has incurred obligations or made payments on behalf of the associates. The accounting policies of associates have been changed where necessary to align them with the policies adopted by the Group.

*Transactions eliminated on consolidation*

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

**Shin Corporation Public Company Limited and its Subsidiaries****Notes to the financial statements****For the years ended 31 December 2009 and 2008***Business combinations*

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The business combination of the Company or business combination under common control is accounted similar to pooling of interest, which is according to the FAP practice that issued during the year 2009.

*Gain (loss) on dilution from investment*

Gain (loss) on dilution from investment that arise on shares issued by subsidiaries, jointly-controlled entities or associates to third parties are recognised as an unrealised gain (loss) on dilution of investment which is presented in shareholders' equity in the balance sheet in consolidated financial statements.

**(b) Foreign currencies**

Transactions denominated in foreign currencies are translated into Thai Baht at the rate of exchange prevailing on the transaction dates. Monetary assets and liabilities at the reporting date denominated in foreign currencies are translated into Thai Baht at the rate of exchange prevailing at the reporting 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 statements of income.

Statements of 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 balance sheets are translated at the exchange rates ruling on the reporting date. Currency translation differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. On disposal of a foreign entity, accumulated currency translation differences are recognised in the statement of income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

**(c) Financial instruments**

Financial instruments carried on the balance sheet include cash and cash equivalents, current investments, trade receivables, related party receivables and payables, trade payables, finance leases, borrowings and certain derivative financial instruments. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The Group is a party to financial instruments that manage exposure to fluctuations in foreign currency exchange and interest rates. These instruments mainly comprise:

**Shin Corporation Public Company Limited and its Subsidiaries**  
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*Derivative financial instruments*

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The changes in the fair value are recognised immediately in the statement of income.

*Fair value estimation*

The fair values of foreign currency forward contracts are determined using forward exchange market rates at the reporting date, cross currency and interest rate swap contract are determined by using reference rate from broker.

**(d) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and deposits held at banks and other short-term highly liquid investments with original maturities of three months or less.

**(e) Trade and other accounts receivable**

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

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred. Bad debts and doubtful accounts are recognised in the income statement as administrative expense.

**(f) Inventories**

Inventories are valued at the lower of cost or net realisable value.

Costs are determined using the weighted average principle except work in progress is valued using the specific identification 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 raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs.

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

**(g) Investments**

*Investments in subsidiaries, associates and jointly-controlled entities*

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

**Shin Corporation Public Company Limited and its Subsidiaries****Notes to the financial statements****For the years ended 31 December 2009 and 2008***Investments in other debt and equity securities*

Marketable equity securities which are classified as available-for-sale securities are carried at fair value. Fair value of marketable equity securities is calculated by reference to the purchasing prices quoted by the Stock Exchange at the close of business on the reporting date. Increases/decreases in the carrying amount are credited / charged against unrealised gains/losses from revaluation of investment in shareholders' equity.

Investments in non-marketable equity securities are classified as general investments, presented in balance sheet at cost. Current investments represent time deposits, bills of exchange and promissory notes with original maturities of more than 3 months but less than 12 months.

Investment in held to maturity bond is presented at amortised cost.

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 the statements of income.

When disposing, the difference between the receipt from disposal and the book value of such investments is recognised in the statement of income. When disposing of part of the Group's holding of a particular investment in equity securities the carrying amount of the disposed part is determined by reference to the average carrying amount of the total holding of the investment.

**(h) Property and equipment**

All property and equipment is initially recorded at cost and subsequently shown at cost less accumulated depreciation and impairment losses. Depreciation is calculated using the straight-line method to write off the cost of each asset to its estimated useful lives, or, if it is shorter, the lease term, based on the following useful lives:

	<b>Years</b>
Leasehold land, buildings and improvements	5 - 30
Furniture, fixtures and equipment	5 - 10
Vehicles (including vehicles under finance leases)	5
Computers and equipment	2 - 10

No depreciation is provided on assets under construction.

Borrowing costs to finance the construction of property and equipment are capitalised as part of the cost of the assets, during the period of time that is required to complete and prepare the property and equipment for its intended use. The borrowing cost includes interest on bank overdrafts, short-term and long-term borrowings, amortisation of discounted bills of exchange, amortisation of deferred financial expenses and related taxes.

**Shin Corporation Public Company Limited and its Subsidiaries****Notes to the financial statements****For the years ended 31 December 2009 and 2008**

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is calculated by using the present value of estimated future cash flow that occur from continuing to use such assets or the asset's selling price less relevant expenses, whichever is higher.

Gains and losses on disposal of property and equipment are determined by comparing proceeds with carrying amount and are included in operating profit.

Repair and maintenance expenses are charged to the income statements during the financial year in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related assets.

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

Building and equipment under agreements for operation comprises assets used under operational agreements, ownership of which must be transferred to the regulatory government agencies in accordance with the specific terms of the respective agreements. Building and equipment under operational agreements are amortised on a straight-line basis over the shorter of the useful lives of the building and equipment or the remaining agreement term, based on the following useful lives:

	<i>Years</i>
Satellites	Designed life (14.25 - 15.75)
Satellites station, telemetry, tracking, command and monitoring equipment	5 - 27.5
Computer systems	5

**(j) Intangible assets***Goodwill*

Goodwill in a business combination represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Negative goodwill in a business combination represents the excess of the fair value of the Group's share of the identifiable net assets acquired over the cost of acquisition.

*Acquisitions prior to 1 January 2008*

Goodwill represents the amount recognised under the Group's previous accounting policy under which goodwill was stated at cost less accumulated amortisation and impairment losses.

*Acquisitions on or after 1 January 2008*

Goodwill is stated at cost. Negative goodwill is recognised immediately in the statement of income.

**Shin Corporation Public Company Limited and its Subsidiaries****Notes to the financial statements****For the years ended 31 December 2009 and 2008***Subsequent measurement*

Goodwill is measured at cost less impairment losses. In respect of equity accounted investments, the carrying amount of goodwill is included in the carrying amount of the investment.

*Other intangible assets*

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

Other intangible assets represent the development of iPSTAR technology, proprietary software for internal use or to service within the Group, costs of computer software and equipment provided to certain overseas customers in connection with the utilisation of transponder services from the Group, and operating rights, expenditure on acquired patents, trademarks or licenses. Other intangible assets are amortised using the straight-line method over estimated period of their benefits of related assets for a period of 3 - 15.75 years.

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

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other development expenditure is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of their expected benefit, not exceeding 20 years.

**(k) Impairment**

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

Goodwill and other intangible assets with indefinite useful lives, and intangible assets not yet available for use, are tested for impairment annually or else when indicators of impairment are identified.

An impairment loss is recognised in the statement of income. The impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

*Calculation of recoverable amount*

The recoverable amount of assets is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated net future cash flows are discounted to their present value using a

**Shin Corporation Public Company Limited and its Subsidiaries****Notes to the financial statements****For the years ended 31 December 2009 and 2008**

pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*Reversals of impairment*

An impairment loss in respect of an asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized only to the extent that the reversal amount does not exceed the impairment loss previously recognized.

An impairment loss in respect of goodwill is not reversed.

**(l) Leases***Leases - where the Group is the lessee*

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

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

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

*Leases - where the Group is the lessor*

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

**(m) Interest-bearing liabilities**

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



**Shin Corporation Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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**(n) Employee benefits**

The Group operates a provident fund, which is a defined contribution plan, the assets of which are held in a separate trust fund. The provident fund is funded by payments from employees and by the relevant Group companies. Contributions to the provident fund are charged to the statements of income in the year to which they relate. However, the Group does not record the employment benefits payable to employees under the Thai Labour Law.

Warrants granted to directors and employees of the Group are recognised when they are exercised.

**(o) Provisions**

Provisions are recognised when there is a probability that the Group's resources will be required to settle. Provisions are measured at the present value at the reporting date.

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

**(p) Revenue**

*Revenue recognition*

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer and service income is recognised as services are provided. Revenue relating to long-term service contracts is accounted for under the percentage of completion method. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

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

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

Revenue from leases of equipment is recognised in the period at the rate specified in the lease contract.

Revenue from the production of advertising materials is recognised upon completion. Revenue from advertising media is recognised when the service is rendered to the customers.

Interest income is recognised on an accrual basis unless collectability is in doubt.

Dividend income is recognised when the shareholders' right to receive payment is established.

**Shin Corporation Public Company Limited and its Subsidiaries****Notes to the financial statements****For the years ended 31 December 2009 and 2008****(r) Expense***Operating leases*

Payments made under operating leases are recognised in the statement of income on a straight line basis over the term of the lease.

*Finance costs*

Interest expenses and similar costs are charged to the statement of income for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognised in the statement of income using the effective interest rate method.

**(s) Income tax expense**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly in equity.

*Current tax*

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date.

*Deferred tax*

Deferred tax is provided, using the liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes using tax rates enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that the related tax benefit will be realised.

**4 Related party transactions and balance**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel of the Group 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 Group entered into a number of transactions with related parties, the terms of which were negotiated on an arm's length basis in the ordinary course of business and according to normal trade conditions.

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

## For the years ended 31 December 2009 and 2008

Significant transactions for the years ended 31 December 2009 and 2008 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
<b>Sales of goods and services</b>				
<b>Subsidiaries</b>				
Dividend received	-	-	46	42
Sale of asset	-	-	-	1
	<u>-</u>	<u>-</u>	<u>46</u>	<u>43</u>
<b>Associates</b>				
Computer services income	94	94	-	-
Advertising income	280	460	-	-
(Gross 2009: Baht 930 million 2008: Baht 1,418 million)				
Rental income and others	78	59	-	-
Dividend received	8,051	8,136	7,961	7,961
	<u>8,503</u>	<u>8,749</u>	<u>7,961</u>	<u>7,961</u>
<b>Jointly-controlled entity</b>				
Rental income and others	24	42	-	-
	<u>24</u>	<u>42</u>	<u>-</u>	<u>-</u>
<b>Related parties</b>				
Rental income	1	-	-	-
	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Purchase of goods and services</b>				
<b>Subsidiaries</b>				
Computer & management services	-	-	4	3
Advertising expenses and others	-	-	10	15
	<u>-</u>	<u>-</u>	<u>14</u>	<u>18</u>

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
<b>Associates</b>				
Rental and other expenses	26	41	1	1
	<u>26</u>	<u>41</u>	<u>1</u>	<u>1</u>
<b>Jointly-controlled entity</b>				
Rental and other expenses	4	6	-	-
	<u>4</u>	<u>6</u>	<u>-</u>	<u>-</u>
<b>Related parties</b>				
Consultant and other expenses	24	19	-	-
Purchase fixed assets	7	-	2	-
	<u>31</u>	<u>19</u>	<u>2</u>	<u>-</u>
<b>Directors' remuneration</b>				
	28	28	16	16
	<u>28</u>	<u>28</u>	<u>16</u>	<u>16</u>
<b>Dividend paid</b>				
Major shareholders	7,384	8,307	7,384	8,307
Directors	-	1	-	1
	<u>7,384</u>	<u>8,308</u>	<u>7,384</u>	<u>8,308</u>

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

## For the years ended 31 December 2009 and 2008

Balances as at 31 December 2009 and 2008 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
<b>Trade accounts and notes receivable - related parties</b>				
Associates	217	400	-	-
Jointly-controlled entity	9	12	-	-
<b>Total</b>	<b>226</b>	<b>412</b>	<b>-</b>	<b>-</b>
<b>Accrued income - related parties</b>				
Associates	13	23	-	-
Jointly-controlled entity	1	2	-	-
<b>Total</b>	<b>14</b>	<b>25</b>	<b>-</b>	<b>-</b>
<b>Amounts due from and advances loans to related parties</b>				
Associates	-	69	-	-
Jointly-controlled entity	1	2	-	-
<b>Total</b>	<b>1</b>	<b>71</b>	<b>-</b>	<b>-</b>
<b>Other current assets</b>				
Associates	1	-	-	-
<b>Total</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Long-term investment</b>				
Associates	48	-	-	-
<b>Total</b>	<b>48</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Company granted an unsecured loan to Payment Solution Company Limited ("PSC"). The interest rate was 5.75% per annum which was 3.5% above the average rate of the three-month fixed deposit rate of three major banks.

Movements during the years ended 31 December 2009 and 2008 for loan to subsidiaries were as follows:

	Separate financial statements	
	2009	2008
	<i>(in million Baht)</i>	
At 1 January	-	20
Addition	-	18
Repayment	-	(38)
<b>At 31 December</b>	<b>-</b>	<b>-</b>

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(in million Baht)			
<b>Trade accounts and notes Payable - related parties</b>				
Associates	23	34	-	-
Related parties	2	5	-	-
<b>Total</b>	<b>25</b>	<b>39</b>	<b>-</b>	<b>-</b>
<b>Amounts due to related parties</b>				
Subsidiaries	-	-	3	7
Jointly-controlled entity	1	3	-	-
Related parties	2	2	-	-
<b>Total</b>	<b>3</b>	<b>5</b>	<b>3</b>	<b>7</b>
<b>Other current liabilities - related parties</b>				
Associates	1	28	-	-
<b>Total</b>	<b>1</b>	<b>28</b>	<b>-</b>	<b>-</b>
<b>Other non-current liabilities - related parties</b>				
Associates	11	16	-	-
<b>Total</b>	<b>11</b>	<b>16</b>	<b>-</b>	<b>-</b>

**Warrants granted to directors (note 19)****Directors' remuneration**

Directors' remuneration represents monthly allowance, bonus and meeting allowance which paid to chairman of the board, independent directors, non-executive directors as approved by the shareholders of the Group and the Company.

**Commitments and other agreements with related parties**

As at 31 December 2009 and 2008, the significant commitments with related parties are as follows:

1. The Company and certain associates had entered into agreements with a subsidiary, under which the subsidiary was committed to maintain accounting programme service for a period of approximately one year to five years with an option to renew. The Company and associates were committed to pay the subsidiary for services in respect of the agreements at approximately Baht 67.20 million per year (2008: approximately Baht 68.62 million).
2. A subsidiary had entered into an agreement with an associated company, under which the associated company was committed to provide uplink data service for a period of approximately five years. The subsidiary was committed to pay for the service in respect of the agreements at approximately Baht 10.03 million (2008: approximately Baht 16.15 million).

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

## For the years ended 31 December 2009 and 2008

3. A subsidiary had entered into an agreement with a jointly-controlled entity, under which the jointly-controlled entity was committed to responsible for ensuring the IPSTAR gateway System in Cambodia perform in accordance to the industry standard for a period of approximately five years. The subsidiary was committed to pay for the service in respect of the agreements at approximately USD 0.64 million (2008: approximately USD 0.88 million).
4. A subsidiary had entered into agreements with associates and jointly-controlled entities, under which the subsidiary was committed to provide transponder service, advisory service and IPSTAR bandwidth service. Associates and jointly-controlled entities were committed to pay the subsidiary for the service of the agreements at approximately USD 5.37 million and Baht 3.72 million (2008: approximately USD 0.86 million). The service fees of some contracts vary to the actual used or installed user terminal at the rate stated in the contract.

## 5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(in million Baht)			
Cash on hand	49	47	-	-
Cash at banks and financial institutions	720	842	89	127
Time deposit, bills of exchange and promissory notes	1,022	1,839	808	665
<b>Total</b>	<b>1,791</b>	<b>2,728</b>	<b>897</b>	<b>792</b>

The weighted average effective interest rate of bank deposits, time deposits, bills of exchange and promissory notes was 1.29 % per annum (2008: 1.92% per annum) on a consolidated basis and 1.24 % per annum (2008: 2.48% per annum) on the Company basis.

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

## 6 Other investments

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(in million Baht)			
<b>Current investments</b>				
Bill of exchange	807	536	721	536
Promissory note	40	100	-	100
Deposit at bank-time deposit	-	230	-	200
Debt securities	-	99	-	99
Cash at banks*	-	1	-	-
State of enterprise bond*	413	98	-	-
Debenture*	637	369	-	-
Return on investment*	12	5	-	-
Unrealised gain on Available-for-sale securities*	7	4	-	-
<b>Total</b>	<b>1,916</b>	<b>1,442</b>	<b>721</b>	<b>935</b>
<b>Long-term investments</b>				
Investment in other company	25	25	25	25
Government bond*	198	-	198	-
Debenture*	2	-	2	-
Unrealised gain on Available-for-sale securities*	1	-	1	-
	<b>226</b>	<b>25</b>	<b>226</b>	<b>25</b>
<b>Total</b>	<b>2,142</b>	<b>1,467</b>	<b>947</b>	<b>960</b>

\* The Group classifies to available-for-sale securities.

The weight average of the return on current investments for available-for-sale securities from starting date of investment until 31 December 2009 was 3.47% (From starting date of investment until 31 December 2008: was 1.46 %).

The weight average of the return on long-term investments for available-for-sale securities from starting date of investment until 31 December 2009 was 1.57%.

The weighted average effective interest rate of promissory notes, time deposit and bill of exchange was 1.62% per annum (2008: 3.80% per annum) on a consolidated basis and 1.62% per annum (2008: 3.78% per annum) on the Company basis.

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
<b>Current investments</b>				
<b>Available-for-sale securities</b>				
At 1 January	477	-	-	-
Purchases during the year	4,603	1,872	-	-
Sales during the year	(4,030)	(1,404)	-	-
Valuation adjustment	7	4	-	-
	<u>1,057</u>	<u>472</u>	<u>-</u>	<u>-</u>
Return on investments	12	5	-	-
<b>At 31 December</b>	<b><u>1,069</u></b>	<b><u>477</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Long-term investments</b>				
<b>Available-for-sale securities</b>				
At 1 January	-	-	-	-
Purchases during the year	200	-	200	-
Valuation adjustment	1	-	1	-
<b>At 31 December</b>	<b><u>201</u></b>	<b><u>-</u></b>	<b><u>201</u></b>	<b><u>-</u></b>

**7 Trade accounts, notes receivable and accrued income**

		Consolidated financial statements		Separate financial statements	
	Note	2009	2008	2009	2008
		<i>(in million Baht)</i>			
<b>Trade accounts and notes receivable</b>					
Related parties	4	226	412	-	-
Other parties		1,334	1,486	-	-
<b>Accrued income</b>					
Related parties	4	14	25	-	-
Other parties		246	152	-	-
		<u>1,820</u>	<u>2,075</u>	<u>-</u>	<u>-</u>
Less allowance for doubtful accounts		(439)	(588)	-	-
<b>Net</b>		<b><u>1,381</u></b>	<b><u>1,487</u></b>	<b><u>-</u></b>	<b><u>-</u></b>



## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

Aging analyses for trade accounts and notes receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
Within credit terms	502	826	-	-
Overdue:				
Less than 3 months	508	196	-	-
3 - 6 months	138	209	-	-
6 - 12 months	69	96	-	-
Over 12 months	343	571	-	-
	<b>1,560</b>	<b>1,898</b>	-	-
Less allowance for doubtful accounts	(439)	(588)	-	-
<b>Net</b>	<b>1,121</b>	<b>1,310</b>	-	-

## 8 Inventories

	Consolidated financial statements	
	2009	2008
	<i>(in million Baht)</i>	
Raw materials	71	85
Work in process	9	13
Finished goods	327	455
Goods in transit	83	45
	<b>490</b>	<b>598</b>
Less allowance for obsolete inventories	(57)	(53)
<b>Net</b>	<b>433</b>	<b>545</b>

## 9 Other current assets

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
Prepaid expenses	178	236	3	3
Income tax receivable	36	32	7	7
Advance payments	61	46	-	-
Deposits	20	34	-	-
Other accrued income	14	30	-	-
Accrued interest receivable	8	12	7	7
Receivable - others	52	4	-	-
Others	133	107	1	1
<b>Total</b>	<b>502</b>	<b>501</b>	<b>18</b>	<b>18</b>

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

## 10 Investments in subsidiaries, associates and jointly-controlled entities

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
At 1 January	31,238	32,691	12,502	12,514
Share of profits of associates	7,465	6,785	-	-
Purchased of investments	-	-	-	77
Impairment loss on investment in a subsidiary	-	-	-	(87)
Dividend received from associates	(8,051)	(8,136)	-	-
Reduction in par value in an associate	-	(188)	-	-
Received from liquidation of a jointly- controlled entity	-	-	-	(2)
Unrealised gain on dilution from investment in associates	88	86	-	-
<b>At 31 December</b>	<b>30,740</b>	<b>31,238</b>	<b>12,502</b>	<b>12,502</b>

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

## For the years ended 31 December 2009 and 2008

Investments in subsidiaries and associates as at 31 December 2009 and 2008 and dividend income from those investments for the years then ended were as follows:

## Consolidated financial statements

	Ownership interest		Paid-up capital		Cost method		Equity method		Dividend income for the years	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	(%)				(in million Baht)					
<b>Associates</b>										
Advanced Info Service Public Company Limited	42.61	42.67	2,965	2,962	8,807	8,807	30,502	31,038	7,961	7,961
CS Loxinfo Public Company Limited	42.56	43.48	160	157	1,481	1,481	238	200	90	175
<b>Total</b>			<b>3,125</b>	<b>3,119</b>	<b>10,288</b>	<b>10,288</b>	<b>30,740</b>	<b>31,238</b>	<b>8,051</b>	<b>8,136</b>

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

	Separate financial statements											
	Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		Dividend income for the years	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	(%)		(in million Baht)									
<b>Subsidiaries</b>												
Thaicom Public Company Limited	41.14	41.14	5,480	5,480	3,613	3,613	-	-	3,613	3,613	-	-
ITV Public Company Limited	52.92	52.92	6,033	6,033	3,297	3,297	(3,297)	(3,297)	-	-	-	-
I.T. Applications and Services Company Limited	99.99	99.99	10	10	10	10	-	-	10	10	31	42
Matchbox Company Limited	99.96	99.96	9	9	72	72	-	-	72	72	15	-
			<u>11,532</u>	<u>11,532</u>	<u>6,992</u>	<u>6,992</u>	<u>(3,297)</u>	<u>(3,297)</u>	<u>3,695</u>	<u>3,695</u>	<u>46</u>	<u>42</u>
<b>Associate</b>												
Advance Info Service Public Company Limited	42.61	42.67	<u>2,965</u>	<u>2,962</u>	<u>8,807</u>	<u>8,807</u>	<u>-</u>	<u>-</u>	<u>8,807</u>	<u>8,807</u>	<u>7,961</u>	<u>7,961</u>
			<u>2,965</u>	<u>2,962</u>	<u>8,807</u>	<u>8,807</u>	<u>-</u>	<u>-</u>	<u>8,807</u>	<u>8,807</u>	<u>7,961</u>	<u>7,961</u>
<b>Total</b>			<b>14,497</b>	<b>14,494</b>	<b>15,799</b>	<b>15,799</b>	<b>(3,297)</b>	<b>(3,297)</b>	<b>12,502</b>	<b>12,502</b>	<b>8,007</b>	<b>8,003</b>

**Shin Corporation Public Company Limited and its Subsidiaries****Notes to the financial statements****For the years ended 31 December 2009 and 2008**

Significant movements in investments of the Group during the year ended 31 December 2009 was as follows:

**a) Increased in registered capital of Artware Media Company Limited (“ART”), a subsidiary of ITV**

On 20 April 2009, ART registered additional share capital with the Ministry of Commerce from Baht 20 million to Baht 25 million.

**b) Additional share capital of Mfone Company Limited (“Mfone”), a jointly-controlled entity of THCOM**

On 8 January 2009, Mfone registered additional share capital with the Ministry of Commerce of Cambodia by USD 4.8 million from USD 19.2 million to USD 24 million.

**c) Additional share capital of Cambodia DTV Network (“CDN”), a subsidiary of THCOM**

On 10 April 2009, CDN registered with the Ministry of Commerce of Cambodia to increase its share capital by Riel 2,000 million (USD 500,000), from Riel 400 million (USD 100,000) to Riel 2,400 million (USD 600,000).

**d) Additional share capital of IPSTAR New Zealand Company Limited (“IPN”), an indirect subsidiary of THCOM**

On 21 August 2009, IPN registered additional share capital with the Ministry of Commerce of New Zealand of NZD 6.01 million or from NZD 2.5 million to NZD 8.51 million.

**e) The increase in share capital from ESOP exercised of the associates**

In 2009, certain warrants issued to directors and employees (ESOP) of ADVANC and CSL were exercised, and these share issues were registered as increased share capital with the Ministry of Commerce during January to December 2009, are as follows:

Company	Units of exercise (in thousand units)	Share capital increased (in thousand Baht)		Premium on share capital increased (in thousand Baht)		Decrease in interest of the Company (%)	
		from	to	from	to	from	to
ADVANC	3,204	2,961,740	2,965,443	21,545,336	21,838,008	42.67	42.61
CSL	6,590	157,347	159,840	426,946	448,043	43.48	42.56

**f) Dividend payment of Lao Telecommunications Company Limited (“LTC”), a jointly-controlled entity of THCOM**

On 3 February 2009, the Ordinary General Meeting of shareholders approved the appropriation of dividend from 2008 operation of USD 25 million which including interim dividend of USD 10 million, approved at the Extraordinary General Meeting of shareholders 1/2008 held on 26 July 2008. The final dividend of USD 15 million was paid on 13 February 2009 and 17 February 2009.

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

## For the years ended 31 December 2009 and 2008

At the Extraordinary General Meeting of the shareholders No. 1/2009, held on 14 July 2009, of LTC, the shareholders approved the appropriation of interim dividend from 2009 operation of USD 10 million.

## g) Dividend payment of subsidiaries, associates and jointly-controlled entity

Certain subsidiaries, associates and a jointly-controlled entity approved its dividend payment as follows:

Company	Currency	Dividend (per share)	Interim dividend paid during 2008 (per share)	Dividend payment in 2009 (per share)	Total amount (in million)
<b>Annual dividend 2008</b>					
SHEN (a jointly-controlled entity)	(SGD)	0.48	-	0.48	7.1
MB (a subsidiary)	(Baht)	16.67	-	16.67	15
ITAS (a subsidiary)	(Baht)	31.00	-	31.00	31
ADVANC (an associate)	(Baht)	6.30	3.00	3.30	9,774
CSL (an associate)	(Baht)	0.72	0.50	0.22	127
<b>Interim dividend 2009</b>					
ADVANC (an associate)	(Baht)	3.00	-	3.00	8,889
CSL (an associate)	(Baht)	0.14	-	0.14	82

## 11 Financial Summary

*Investment in jointly-controlled entities***Shenington Investment Pte limited ("SHEN")**

SHEN is a jointly-controlled entity between THCOM and Asia Mobile Holding Pte Limited ("AMH"). As at 31 December 2009 and 2008, the interest in SHEN of THCOM and AMH is 51% and 49%, respectively.

**Media Connex Company Limited ("MC")**

MC was a jointly-controlled entity company of ITV, CA mobile Ltd. and Mitsui & Co., Ltd. the interest in MC are 60%, 25% and 15% respectively. On 3 September 2008, the board of directors meeting of ITV resolved to liquidate MC. On 29 May 2009, MC was completed liquidated.

The following amounts represent the Group's share of the assets, liabilities, revenues and operating results of jointly-controlled entities in its consolidated financial statements for the years ended 31 December 2009 and 2008:

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

	Shenington Investment Pte Limited and its subsidiary		Media Connex Company Limited	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
<b>Balance sheets</b>				
Current assets	588	576	-	4
Non-current assets	4,724	4,043	-	-
Current liabilities	(1,413)	(828)	-	(1)
Non-current liabilities	(1,491)	(1,417)	-	-
<b>Net assets</b>	<b>2,408</b>	<b>2,374</b>	<b>-</b>	<b>3</b>
<b>Income statements</b>				
Gross revenues	2,243	1,996	-	-
Net profit (loss) for the year	202	512	-	(4)

*Investment in associated companies*

The following amounts represent the financial summary of associated companies for the years ended 31 December 2009 and 2008

	ADVANC		CSL	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
<b>Balance sheets</b>				
Current assets	33,571	26,896	727	989
Non-current assets	91,454	101,186	1,255	1,207
Current liabilities	(16,583)	(24,860)	(691)	(965)
Non-current liabilities	(36,631)	(29,786)	(243)	(287)
<b>Net assets</b>	<b>71,811</b>	<b>73,436</b>	<b>1,048</b>	<b>944</b>
<b>Market value</b>	<b>256,511</b>	<b>235,458</b>	<b>1,969</b>	<b>1,347</b>
<b>Income statements</b>				
Gross revenues	102,452	110,792	2,614	2,664
Net profit for the year	17,055	16,409	287	161

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

## 12 Property and equipment

	Consolidated financial Statements					
	Buildings & Improvements	Furniture, fixtures & equipment	Vehicles & Vehicles under finance leases <i>(in million Baht)</i>	Computers & equipment	Assets under construction	Total
<b>As at 31 December 2007</b>						
Cost	400	6,813	103	385	99	7,800
Less Accumulated depreciation	(120)	(2,680)	(58)	(234)	-	(3,092)
Less Allowance for impairment	-	(34)	-	-	-	(34)
<b>Net book value</b>	<b>280</b>	<b>4,099</b>	<b>45</b>	<b>151</b>	<b>99</b>	<b>4,674</b>
<b>Transactions during the year ended 31 December 2008</b>						
Purchases	22	241	27	36	1,307	1,633
Transfer- net	25	162	2	9	(207)	(9)
Disposals- net	(1)	(1)	-	-	-	(2)
Write-off- net	(5)	(19)	(1)	-	-	(25)
Decrease investment in a subsidiary and a jointly-controlled entity- net	-	41	-	(72)	-	(31)
Depreciation charged	(37)	(643)	(21)	(42)	-	(743)
Impairment loss	-	(43)	-	-	-	(43)
Foreign currency translations adjustment	(33)	156	-	-	31	154
<b>Closing net book value</b>	<b>251</b>	<b>3,993</b>	<b>52</b>	<b>82</b>	<b>1,230</b>	<b>5,608</b>
<b>As at 31 December 2008</b>						
Cost	394	7,426	126	308	1,230	9,484
Less Accumulated depreciation	(143)	(3,396)	(74)	(226)	-	(3,839)
Less Allowance for impairment	-	(37)	-	-	-	(37)
<b>Net book value</b>	<b>251</b>	<b>3,993</b>	<b>52</b>	<b>82</b>	<b>1,230</b>	<b>5,608</b>



## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

## For the years ended 31 December 2009 and 2008

	Consolidated financial Statements					Total
	Buildings & Improvements	Furniture, fixtures & equipment	Vehicles & Vehicles under finance leases (in million Baht)	Computers & equipment	Assets under construction	
<b>As at 31 December 2008</b>						
Cost	394	7,426	126	308	1,230	9,484
Less Accumulated depreciation	(143)	(3,396)	(74)	(226)	-	(3,839)
Less Allowance for impairment	-	(37)	-	-	-	(37)
<b>Net book value</b>	<b>251</b>	<b>3,993</b>	<b>52</b>	<b>82</b>	<b>1,230</b>	<b>5,608</b>
<b>Transactions during the year ended 31 December 2009</b>						
Purchases	50	247	42	21	1,506	1,866
Transfer- net	2	1,628	-	3	(1,677)	(44)
Disposals- net	(2)	(6)	(13)	-	-	(21)
Write-off- net	(4)	(16)	(1)	-	(6)	(27)
Depreciation charged	(41)	(1,036)	(21)	(37)	-	(1,135)
Foreign currency translations Adjustment	32	(127)	(1)	-	(37)	(133)
<b>Closing net book value</b>	<b>288</b>	<b>4,683</b>	<b>58</b>	<b>69</b>	<b>1,016</b>	<b>6,114</b>
<b>As at 31 December 2009</b>						
Cost	481	9,005	139	304	1,016	10,945
Less Accumulated depreciation	(193)	(4,285)	(81)	(235)	-	(4,794)
Less Allowance for impairment	-	(37)	-	-	-	(37)
<b>Net book value</b>	<b>288</b>	<b>4,683</b>	<b>58</b>	<b>69</b>	<b>1,016</b>	<b>6,114</b>

Effective from 1 January 2009, Mfone, an indirect jointly-controlled entity of THCOM, has revised its accounting estimate on the useful lives of network assets from 15 years to 5-10 years. The change results in an increase in depreciation for the year ended 31 December 2009 in the consolidated financial statements in the amount of Baht 198 million.

As at 31 December 2009, property and equipment includes property and equipment under the operating agreements of Mfone of approximately Baht 2,973 million (Proportional) (31 December 2008: Baht 1,409 million). According to the operating agreement, Mfone must transfer its ownership of this related property and equipment to the government of Cambodia on the expiration date of the operating agreement, 4 March 2028 as describe in note 30 g).

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

## For the years ended 31 December 2009 and 2008

	Separate financial statements					
	Buildings & Improvements	Furniture, fixtures & equipment	Vehicles & Vehicles under finance leases	Computers & equipment	Assets under construction	Total
			(in million Baht)			
As at 31 December 2007						
Cost	12	22	13	46	1	94
Less Accumulated depreciation	(5)	(17)	(9)	(33)	-	(64)
Net book value	7	5	4	13	1	30
Transactions during the year ended 31 December 2008						
Purchases	2	2	8	2	9	23
Transfer- net	6	4	-	-	(10)	-
Depreciation charge	(3)	(3)	(3)	(4)	-	(13)
Closing net book value	12	8	9	11	-	40
As at 31 December 2008						
Cost	20	27	16	43	-	106
Less Accumulated depreciation	(8)	(19)	(7)	(32)	-	(66)
Net book value	12	8	9	11	-	40
As at 31 December 2009						
Separate financial statements						
	Buildings & Improvements	Furniture, fixtures & equipment	Vehicles & Vehicles under finance leases	Computers & equipment	Assets under construction	Total
			(in million Baht)			
As at 31 December 2008						
Cost	20	27	16	43	-	106
Less Accumulated depreciation	(8)	(19)	(7)	(32)	-	(66)
Net book value	12	8	9	11	-	40
Transactions during the year ended 31 December 2009						
Purchases	1	1	2	-	-	4
Transfer- net	1	-	-	-	-	1
Disposals - net	(1)	(1)	-	-	-	(2)
Depreciation charge	(3)	(2)	(3)	(4)	-	(12)
Write-off - net	(1)	-	-	(1)	-	(2)
Closing net book value	9	6	8	6	-	29
As at 31 December 2009						
Cost	16	26	15	43	-	100
Less Accumulated depreciation	(7)	(20)	(7)	(37)	-	(71)
Net book value	9	6	8	6	-	29

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

## 13 Property and equipment under operating agreements

	Consolidated financial statements		
	Satellite equipment	Radio & television broadcast equipment <i>(in million Baht)</i>	Total
<b>At 31 December 2007</b>			
Cost	26,551	3,846	30,397
Less Accumulated amortisation	(7,775)	(1,945)	(9,720)
Less Allowance for impairment	-	(1,901)	(1,901)
<b>Net book value</b>	<b>18,776</b>	<b>-</b>	<b>18,776</b>
<b>Transactions during the year ended 31 December 2008</b>			
Transfer- net	5	-	5
Write-off- net	(1,712)	-	(1,712)
<b>Closing net book value</b>	<b>17,069</b>	<b>-</b>	<b>17,069</b>
<b>At 31 December 2008</b>			
Cost	26,566	-	26,566
Less Accumulated amortisation	(9,497)	-	(9,497)
<b>Net book value</b>	<b>17,069</b>	<b>-</b>	<b>17,069</b>
<b>Transactions during the year ended 31 December 2009</b>			
Write-off- net	(1,541)	-	(1,541)
<b>Closing net book value</b>	<b>15,528</b>	<b>-</b>	<b>15,528</b>
<b>At 31 December 2009</b>			
Cost	26,557	-	26,557
Less Accumulated amortisation	(11,029)	-	(11,029)
<b>Net book value</b>	<b>15,528</b>	<b>-</b>	<b>15,528</b>

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

## 14 Intangible assets

	Consolidated financial statements		
	Goodwill	Others (in million Baht)	Total
<b>At 31 December 2007</b>			
Cost	1,191	2,062	3,253
Less Accumulated amortisation	-	(632)	(632)
Less Allowance for impairment	(1,105)	-	(1,105)
<b>Net book value</b>	<b>86</b>	<b>1,430</b>	<b>1,516</b>
<b>Transactions during the year ended 31 December 2008</b>			
Purchases	58	61	119
Transfers- net	-	(28)	(28)
Decrease investment- net	-	(15)	(15)
Write-off- net	-	(7)	(7)
Amortisation charge	-	(130)	(130)
Impairment loss	-	(44)	(44)
Foreign currency translation adjustment	-	2	2
<b>Closing net book value</b>	<b>144</b>	<b>1,269</b>	<b>1,413</b>
<b>At 31 December 2008</b>			
Cost	1,249	1,950	3,199
Less Accumulated amortisation	-	(681)	(681)
Less Allowance for impairment	(1,105)	-	(1,105)
<b>Net book value</b>	<b>144</b>	<b>1,269</b>	<b>1,413</b>
<b>Transactions during the year ended 31 December 2009</b>			
Purchases	-	88	88
Transfers- net	-	27	27
Write-off- net	-	(8)	(8)
Amortisation charge	-	(134)	(134)
Impairment loss	-	-	-
Foreign currency translation adjustment	-	(5)	(5)
<b>Closing net book value</b>	<b>144</b>	<b>1,237</b>	<b>1,381</b>
<b>At 31 December 2009</b>			
Cost	1,249	2,049	3,298
Less Accumulated amortisation	-	(812)	(812)
Less Allowance for impairment	(1,105)	-	(1,105)
<b>Net book value</b>	<b>144</b>	<b>1,237</b>	<b>1,381</b>

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

**Separate  
financial statements**  
(in million Baht)

**At 31 December 2007**

Cost	80
Less Accumulated amortisation	(69)
<b>Net book value</b>	<b>11</b>

**Transactions during the year ended 31 December 2008**

Purchases	5
Amortisation charge	(4)
<b>Closing net book value</b>	<b>12</b>

**At 31 December 2008**

Cost	61
Less Accumulated amortisation	(49)
<b>Net book value</b>	<b>12</b>

**Transactions during the year ended 31 December 2009**

Amortisation charge	(3)
<b>Closing net book value</b>	<b>9</b>

**At 31 December 2009**

Cost	60
Less Accumulated amortisation	(51)
<b>Net book value</b>	<b>9</b>

**15 Deferred income tax**

Deferred tax assets and liabilities determined after appropriate offsetting are included in the balance sheets as follows:

**Consolidated  
financial statements**  
2009                      2008  
(in million Baht)

Deferred tax assets	868	570
Deferred tax liabilities	(146)	(140)
<b>Total</b>	<b>722</b>	<b>430</b>

Deferred income tax is calculated on temporary differences under the balance sheet liability method using a principle tax rate ranging between 20% to 30% (2008: 20% to 30%).

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

## For the years ended 31 December 2009 and 2008

Deferred tax assets for tax loss carried forward are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The Group has tax loss carried forward to offset future tax income amounting to Baht 13,037 million (2008: Baht 11,710 million) which is recognised as a deferred tax assets up to the amount it expects to be utilised of Baht 322 million (2008: Baht 402 million).

The movements in deferred tax assets and liabilities during the years ended 31 December 2009 and 2008, without taking into consideration the offsetting of balances within the same tax jurisdiction are as follows:

**Consolidated financial statement**  
**For the year ended 31 December 2008**

	Allowance for doubtful accounts	Loss carry forward	Depreciation/ amortisation (in million Baht)	Allowance for impairment	Others	Total
<b>Deferred tax assets</b>						
Balance brought forward	18	-	19	2	77	116
Impact to statement of income	3	402	-	-	25	430
Impact to equity	6	-	(1)	-	1	6
<b>Balance carried forward</b>	<b>27</b>	<b>402</b>	<b>18</b>	<b>2</b>	<b>103</b>	<b>552</b>

**Consolidated financial statement**  
**For the year ended 31 December 2009**

	Allowance for doubtful accounts	Loss carry forward	Depreciation/ amortisation (in million Baht)	Allowance for impairment	Others	Total
<b>Deferred tax assets</b>						
Balance brought forward	27	402	18	2	103	552
Impact to statement of income	-	322	(1)	-	(8)	313
Impact to equity	(1)	-	(8)	-	(10)	(19)
<b>Balance carried forward</b>	<b>26</b>	<b>724</b>	<b>9</b>	<b>2</b>	<b>85</b>	<b>846</b>

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

Consolidated financial statements  
For the year ended 31 December 2008

	Deferred expenses	Amortisation on assets under Operating Agreement	Others	Total
		<i>(in million Baht)</i>		
<b>Deferred tax liabilities</b>				
Balance brought forward	(1)	(86)	(12)	(99)
Impact to statement of income	-	(48)	-	(48)
Impact to equity	-	15	-	15
Decrease from disposal of investment	1	-	9	10
<b>Balance carried forward</b>	<b>-</b>	<b>(119)</b>	<b>(3)</b>	<b>(122)</b>

Consolidated financial statements  
For the year ended 31 December 2009

	Deferred expenses	Amortisation on assets under Operating Agreement	Others	Total
		<i>(in million Baht)</i>		
<b>Deferred tax liabilities</b>				
Balance brought forward		(119)	(3)	(122)
Impact to statement of income		(11)	-	(11)
Impact to equity		9	-	9
<b>Balance carried forward</b>		<b>(121)</b>	<b>(3)</b>	<b>(124)</b>

## 16 Interest bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
<b>Current</b>				
Bank overdrafts and short-term loans from banks and financial institutions	81	296	-	-
Current portion of long-term borrowings	633	1,290	-	-
Current portion of finance lease liabilities	4	4	-	-
	<b>718</b>	<b>1,590</b>	<b>-</b>	<b>-</b>
<b>Non-current</b>				
Long-term borrowings	1,089	7,711	-	-
Debenture	6,978	-	-	-
Finance lease liabilities	9	15	-	1
	<b>8,076</b>	<b>7,726</b>	<b>-</b>	<b>1</b>
<b>Total borrowings</b>	<b>8,794</b>	<b>9,316</b>	<b>-</b>	<b>1</b>

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

## For the years ended 31 December 2009 and 2008

The movements in the borrowings for the years ended 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
At 1 January	9,316	10,071	1	-
Additions	7,362	429	-	1
Decrease investment in a subsidiary and a jointly-controlled entity	-	(25)	-	-
Repayments	(9,199)	(1,821)	(1)	-
Amortisation of finance cost	494	111	-	-
Unrealised gain on exchange rate	1	296	-	-
Increase from changing of accounts payable - equipment	844	236	-	-
Foreign currency translation adjustment	(24)	19	-	-
<b>At 31 December</b>	<b>8,794</b>	<b>9,316</b>	<b>-</b>	<b>1</b>

As at 31 December 2009, the long-term borrowings are borrowings of subsidiaries of THCOM from a commercial bank of USD 8.5 million, bearing interest based on margins over the U.S. Dollar London Inter-Bank Offer Rate ("USD LIBOR") per annum. The principal will be repayable on six monthly basis. The Company had issued a letter of comfort to the bank to provide financial support.

As at 31 December 2008, the short-term borrowings are borrowings of subsidiaries of THCOM from a commercial bank of USD 8.5 million, bearing interest based on margins over the Singapore Inter-Bank Offer Rate ("SIBOR") per annum. The principal will be repayable within six months. The Company had issued a letter of comfort to the bank to provide financial support.

As at 31 December 2008, the long-term borrowings of THCOM from financial institutions are secured as discussed in the facility agreements in relation to the financing of the iPSTAR satellite and the Thaicom 5 satellite. Loans from others are unsecured.

On 16 November 2009, THCOM has early repaid long-term loans of iPSTAR and Thaicom 5 projects as follows:

	Principal <i>(in million USD)</i>
<b>iPSTAR Project</b>	
- US Ex-IM Bank Facility	99
- COFACE Facility	44
- Commercial Loan Facility	23
<b>Thaicom 5 Project</b>	
- COFACE Facility	58
<b>Total</b>	<b>224</b>



## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

## For the years ended 31 December 2009 and 2008

THCOM has early repaid loans by the cash from operating result and long-term debenture as follow:

**Long-term debenture**

On 31 December 2009, THCOM has 2 tranches of Baht 7,000 million, at 1,000 each, unsubordinated and unsecured with having registered and bond holders representative debentures, detail as follow:

Date of issue	Unit (in million)	Amount (in million Baht)	Interest rate p.a.	Interest due	Principal due	Outstanding as at 31 December 2009 (in million Baht)
6 November 2009	3.3	3,300	5.25%	Quarterly	Entire redeemed on 6 November 2012	3,300
6 November 2009	3.7	3,700	6.15%	Quarterly	Entire redeemed on 6 November 2014	3,700
Total debenture						7,000
Less Debenture issuing cost						(22)
<b>Net</b>						<b>6,978</b>

THCOM must comply with the conditions in the debenture issue and debenture holder agreement with regards to maintaining certain financial ratios.

The interest rate exposure of the borrowings of the Group and the Company are as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(in million Baht)			
<b>Total borrowings:</b>				
at fixed rates	7,083	3,966	-	1
at floating rates	1,711	5,350	-	-
	<b>8,794</b>	<b>9,316</b>	<b>-</b>	<b>1</b>

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(%)			
<b>Weighted average interest rate</b>				
bank overdraft and short-term loans				
from financial institutions	8.84	5.58	-	-
long-term borrowings	2.25	3.88	-	-
Debenture	5.73	-	-	-
finance lease liabilities	4.66	4.43	-	7.00

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

## For the years ended 31 December 2009 and 2008

Maturity of non-current borrowings as at 31 December 2009 is as follows:

Maturity	Consolidated financial statements	
	Loan	Financial lease liabilities
	<i>(in million Baht)</i>	
2011	566	5
2012	3,593	2
2013 and after	3,908	2
<b>Total</b>	<b>8,067</b>	<b>9</b>

**Borrowing facilities**

As of 31 December 2009, THCOM has unutilised short-term loan facilities made available by various financial institutions in an aggregate amount of Baht 1,292 million and USD 17 million (2008: Baht 1,345 million and USD 23 million).

**Fair values**

The carrying amount of cash and cash equivalents, trade accounts receivable, trade accounts payable and short-term loan approximate the fair value due to the short maturities of these instruments. The value of non-current borrowings is estimated using discounted cash flows based on the Group's incremental borrowing rates for similar types of borrowings, as follows:

	Consolidated financial statements			
	2009		2008	
	Book Value	Fair value	Book Value	Fair value
	<i>(in million Baht)</i>			
Long-term debt (exclude finance lease liabilities)	<b>8,067</b>	<b>8,089</b>	<b>7,711</b>	<b>7,752</b>

**17 Trade accounts and notes payable**

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
		<i>(in million Baht)</i>			
Related parties	4	24	39	-	-
Other parties		653	922	1	1
<b>Total</b>		<b>677</b>	<b>961</b>	<b>1</b>	<b>1</b>

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

## 18 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
Accrued expenses	395	397	42	53
Deferred income and advance receipts	197	194	-	-
Other payable	47	49	3	3
Tax payable	48	52	-	-
Deposit from customers	30	32	-	-
Others	67	42	1	2
<b>Total</b>	<b>784</b>	<b>766</b>	<b>46</b>	<b>58</b>

## 19 Share capital, premium and warrants

*Share capital and premium*

Movements in share capital are as follows:

	Authorised number of shares <i>(in million shares)</i>	Number of shares	Issued and fully paid-up shares		
			Ordinary shares	Share premium <i>(in million Baht)</i>	Total
At 1 January 2008	5,000	3,197	3,197	10,150	13,347
Issue of shares	-	4	4	47	51
<b>At 31 December 2008 and 1 January 2009</b>	<b>5,000</b>	<b>3,201</b>	<b>3,201</b>	<b>10,197</b>	<b>13,398</b>
Issue of shares	-	-	-	-	-
<b>At 31 December 2009</b>	<b>5,000</b>	<b>3,201</b>	<b>3,201</b>	<b>10,197</b>	<b>13,398</b>

During the year 2008, the Company registered its issued and paid share capital in respect of exercised warrants which were issued to directors and employees (ESOP) for 3.78 million shares. Consequently, the Company's issued and paid up share capital increased from Baht 3,197 million to Baht 3,201 million and share premium increased from Baht 10,150 million to Baht 10,197 million (2009:nil).

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

**Warrants***Movements in the number of outstanding warrants are as follows:*

	For the year ended 31 December 2009			At 31 December 2009
	At 1 January 2009	Exercised during the year (in thousand units)	Expired during the year	
<b>ESOP - Grant III</b>				
- Directors	6,420	-	(6,420)	-
- Employees	2,719	-	(2,719)	-
<b>Total</b>	<b>9,139</b>	<b>-</b>	<b>(9,139)</b>	<b>-</b>
<b>ESOP - Grant IV</b>				
- Directors	9,356	-	-	9,356
- Employees	6,644	-	-	6,644
<b>Total</b>	<b>16,000</b>	<b>-</b>	<b>-</b>	<b>16,000</b>
<b>ESOP - Grant V</b>				
- Directors	6,159	-	-	6,159
- Employees	7,931	-	-	7,931
<b>Total</b>	<b>14,090</b>	<b>-</b>	<b>-</b>	<b>14,090</b>
<b>Total</b>	<b>39,229</b>	<b>-</b>	<b>(9,139)</b>	<b>30,090</b>

**a) Warrants issued and offered to directors and employees (ESOP)**

The Company issued and offered five grants of warrants to directors and employees of the Company and its subsidiaries, which are in registered form and are non-transferable. The warrants have no offering price and their terms do not exceed 5 years. The exercise ratio and price are as follows:

	Issued date	Issued units (in million units)	Percentage*	Exercise price	Exercise period	
				(Baht/unit)**	Start	End
ESOP - Grant I	27 March 2002	29.00	0.99	-	Expired since 26 March 2007	
ESOP - Grant II	30 May 2003	18.08	0.61	-	Expired since 30 May 2008	
ESOP - Grant III	31 May 2004	13.66	0.46	-	Expired since 30 May 2009	
ESOP - Grant IV	31 May 2005	16.00	0.54	34.273	31 May 2006	30 May 2010
ESOP - Grant V	31 July 2006	14.09	0.47	31.901	31 July 2007	31 July 2011

\* Percentage of the Company's total issued and paid-up share capital (before dilution) at the issued date.

\*\* The latest adjustment of exercised price was on 26 August 2009.

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

## b) Increase in share capital of the companies in the Group

In 2009, certain warrants issued to directors and employees (ESOP) of ADVANC and CSL were exercised, and these share issues were registered as increased share capital with the Ministry of Commerce during year 2009, as follows:

Company	Units of exercise (in million units)	Share capital increased (in million Baht)		Premium on share capital increased (in million Baht)		Decrease in interest of the Company (%)	
		from	to	from	to	from	To
ADVANC	3	2,962	2,965	21,545	21,838	42.67	42.61
CSL	7	157	160	427	448	43.48	42.56

## 20 Additional paid-in capital and reserves

*Share premium*

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

*Currency translation changes*

The currency translation changes recognised in shareholders' equity relate to foreign exchange differences arising from translation of the financial statements of foreign operations to Thai Baht.

*Legal reserve*

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

**Shin Corporation Public Company Limited and its Subsidiaries****Notes to the financial statements****For the years ended 31 December 2009 and 2008****21 Segment information**

The Group is organised into the following main business segments:

Local wireless telecommunications	Provision of local mobile telecommunication, trading and rental of telecommunications equipment and accessories in Thailand.
Satellite business and international business	Transponder rental and related services, uplink and downlink services, sale and service related to media, internet and provide telecommunication services in Laos PDR and Cambodia.
Media and advertising	Airtime rental, television broadcasting ( <i>ceased its operation due to the revocation of the Operating Agreement in March 2007</i> ) and the provision of advertising services to the Group and third parties.
Corporate and other activities	Corporate and other activities primarily relating to development and synergies that exist within the business, setting financial and performance targets for operating companies and assisting operating companies in obtaining financing on the most attractive terms possible and information technology businesses.

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

## For the years ended 31 December 2009 and 2008

Financial information by business segment is as follows:

**Consolidated financial statement  
for the year ended 31 December 2008**

	Local wireless telecommu- nications	Satellite & inter- national business	Media & advertising	Corporate and others	Consolidation eliminations	Group
	<i>(in million Baht)</i>					
Revenues	-	6,996	1,779	205	(63)	8,917
Share of profits of associates	6,717	67	-	-	-	6,784
Cost of sales and services	-	(5,766)	(1,619)	(152)	27	(7,510)
Selling and administrative expenses	-	(1,377)	(613)	(382)	36	(2,336)
<b>Profit(loss) from operating activities</b>	<b>6,717</b>	<b>(80)</b>	<b>(453)</b>	<b>(329)</b>	-	<b>5,855</b>
Net foreign exchange loss	-	(369)	-	-	-	(369)
Loss on investment	-	-	-	(60)	-	(60)
Other revenues	-	67	40	66	-	173
<b>Profit (loss) before finance costs and income tax</b>	<b>6,717</b>	<b>(382)</b>	<b>(413)</b>	<b>(323)</b>	-	<b>5,599</b>
Finance costs	-	(626)	(8)	(1)	-	(635)
Income tax	-	266	(11)	(6)	-	249
Net results from subsidiaries to minority interests	-	436	-	-	-	436
<b>Net profit (loss)</b>	<b>6,717</b>	<b>(306)</b>	<b>(432)</b>	<b>(330)</b>	-	<b>5,649</b>
<b>Other information</b>						
Segment assets	-	28,125	1,796	2,039	61	32,021
Investments in equity method	31,038	200	-	-	-	31,238
<b>Total consolidated assets</b>	<b>31,038</b>	<b>28,325</b>	<b>1,796</b>	<b>2,039</b>	<b>61</b>	<b>63,259</b>
Segment liabilities	-	3,008	4,258	140	(28)	7,378
Borrowings	-	9,310	4	2	-	9,316
<b>Total consolidated liabilities</b>	<b>-</b>	<b>12,318</b>	<b>4,262</b>	<b>142</b>	<b>(28)</b>	<b>16,694</b>
Depreciation	-	701	11	30	-	742
Amortisation	-	1,829	(2)	15	-	1,842
<b>Depreciation and amortisation</b>	<b>-</b>	<b>2,530</b>	<b>9</b>	<b>45</b>	<b>-</b>	<b>2,584</b>

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

## For the years ended 31 December 2009 and 2008

Consolidated financial statement  
for the year ended 31 December 2009

	Local wireless telecommu- nications	Satellite & inter- national business	Media & advertising <i>(in million Baht)</i>	Corporate and others	Consolidation eliminations	Group
Revenues	-	7,189	1,200	211	(67)	8,533
Share of profits of associates	7,341	124	-	-	-	7,465
Cost of sales and services	-	(6,128)	(1,098)	(153)	34	(7,345)
Selling and administrative expenses	-	(1,177)	(587)	(284)	33	(2,015)
<b>Profit(loss) from operating activities</b>	<b>7,341</b>	<b>8</b>	<b>(485)</b>	<b>(226)</b>	<b>-</b>	<b>6,638</b>
Net foreign exchange gain	-	465	-	-	-	465
Other revenues	-	31	34	40	-	105
<b>Profit (loss) before finance costs and income tax</b>	<b>7,341</b>	<b>504</b>	<b>(451)</b>	<b>(186)</b>	<b>-</b>	<b>7,208</b>
Finance costs	-	(1,088)	-	-	-	(1,088)
Income tax	-	112	-	(13)	-	99
Net results from subsidiaries to minority interests	-	277	-	-	-	277
<b>Net profit (loss)</b>	<b>7,341</b>	<b>(195)</b>	<b>(451)</b>	<b>(199)</b>	<b>-</b>	<b>6,496</b>
<b>Other information</b>						
Segment assets		27,069	1,546	2,133	52	30,800
Investments in equity method	30,502	238	-	-	-	30,740
<b>Total consolidated assets</b>	<b>30,502</b>	<b>27,307</b>	<b>1,546</b>	<b>2,133</b>	<b>52</b>	<b>61,540</b>
Segment liabilities	-	2,988	4,471	141	(37)	7,563
Borrowings	-	8,789	3	3	-	8,795
<b>Total consolidated liabilities</b>	<b>-</b>	<b>11,777</b>	<b>4,474</b>	<b>144</b>	<b>(37)</b>	<b>16,358</b>
Depreciation	-	1,103	8	24	-	1,135
Amortisation	-	1,668	-	7	-	1,675
<b>Depreciation and amortisation</b>	<b>-</b>	<b>2,771</b>	<b>8</b>	<b>31</b>	<b>-</b>	<b>2,810</b>



## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

## For the years ended 31 December 2009 and 2008

For the satellite and international business segment can be shown financial information by sub - business segments as follows:

Consolidated financial statements for the year ended 31 December 2008						
	Satellite business services	Internet & media services	Telephone network	Others	Consolidation eliminations	Group
	<i>(in million Baht)</i>					
Revenues	4,646	501	1,931	-	(82)	6,996
Shares of profits of associates	-	67	-	-	-	67
Allocated costs and expenses	(5,419)	(533)	(1,230)	(52)	91	(7,143)
<b>Profit(loss) from operating activities</b>	<b>(773)</b>	<b>35</b>	<b>701</b>	<b>(52)</b>	<b>9</b>	<b>(80)</b>
Net foreign exchange loss						(369)
Other income						67
<b>Loss before finance costs and income tax</b>						<b>(382)</b>
Finance costs						(626)
<b>Operating loss</b>						<b>(1,008)</b>
Income tax						266
Net results from subsidiaries to minority interest						436
<b>Net loss</b>						<b>(306)</b>
<b>Other information</b>						
Segment assets	23,457	299	4,322	181	(134)	28,125
Investment in equity method						200
<b>Total consolidated assets</b>						<b>28,325</b>
Segment liabilities	1,277	121	1,701	6	(97)	3,008
Borrowings						9,310
<b>Total consolidated liabilities</b>						<b>12,318</b>
Depreciation	375	21	305	-	-	701
Amortisation	1,825	4	-	-	-	1,829
<b>Depreciation and amortisation</b>	<b>2,200</b>	<b>25</b>	<b>305</b>	<b>-</b>	<b>-</b>	<b>2,530</b>

**For the years ended 31 December 2009 and 2008**

	Satellite business services	Internet & media services	Telephone network	Others	Consolidation eliminations	Group
			<i>(in million Baht)</i>			
Revenues	4,548	543	2,147	-	(49)	7,189
Shares of profits of associates	-	124	-	-	-	124
Allocated costs and expenses	(5,018)	(640)	(1,637)	(61)	51	(7,305)
<b>Profit(loss) from operating activities</b>	<b>(470)</b>	<b>27</b>	<b>510</b>	<b>(61)</b>	<b>2</b>	<b>8</b>
Net foreign exchange gain						465
Other income						31
<b>Profit before finance costs and income tax</b>						<b>504</b>
Finance costs						(1,088)
<b>Operating loss</b>						<b>(584)</b>
Income tax						112
Net results from subsidiaries to minority interests						277
<b>Net loss</b>						<b>(195)</b>
<b>Other information</b>						
Segment assets	21,860	264	5,049	276	(380)	27,069
Associate						238
<b>Total consolidated assets</b>						<b>27,307</b>
Segment liabilities	1,369	126	1,855	6	(368)	2,988
Borrowings						8,789
<b>Total consolidated liabilities</b>						<b>11,777</b>
Depreciation	409	24	670	-	-	1,103
Amortisation	1,663	5	-	-	-	1,668
<b>Depreciation and amortisation</b>	<b>2,072</b>	<b>29</b>	<b>670</b>	<b>-</b>	<b>-</b>	<b>2,771</b>

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

## Financial information by business geographical areas

Revenue and results, based on geographical segments, in the consolidated financial statements for the years ended 31 December 2009 and 2008 were as follows:

	Revenue		Segment results		Assets	
	2009	2008	2009	2008	2009	2008
	<i>(in million Baht)</i>					
Thailand	11,127	11,360	6,426	5,026	17,214	18,960
Cambodia	1,517	1,393	(103)	495	3,107	2,710
Lao PDR	883	795	307	231	1,491	1,233
Australia	1,311	1,183	233	111	200	175
Others	1,160	970	(225)	(8)	1,011	1,012
	<b>15,998</b>	<b>15,701</b>	<b>6,638</b>	<b>5,855</b>	<b>23,023</b>	<b>24,090</b>

## 22 Other income

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
Interest income	89	152	36	62
Gain on sale of equipment	1	2	1	2
Others income	15	20	1	-
<b>Total</b>	<b>105</b>	<b>174</b>	<b>38</b>	<b>64</b>

## 23 Expenses by nature

The expenses by nature have been charged in cost of sales of goods and rendering of services, selling and administrative expenses can be classified as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
Depreciation	1,135	742	12	13
Amortisation charge	1,675	1,842	2	3
Staff cost	1,130	985	130	111
Allowance for doubtful accounts and bad debts	(85)	169	-	-
Net foreign exchange (gain) loss	(465)	369	-	-
Amortisation of finance costs	495	109	-	-

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

**24 Provident fund**

The Group has established a contributory registered provident fund, in accordance with the Provident Fund Act B.E. 2530. The registered provident fund plan was approved by the Ministry of Finance on 23 July 1990 and the provident fund's name was amended on 21 January 1993.

Under the plan, the employees must contribute 3% - 7% of their basic salaries. The Company's contribution is based on the length of service of staff. The Company has appointed a fund manager to manage the fund in accordance with the terms and conditions prescribed in Ministerial Regulation No. 2 (B.E. 2532) issued under the Provident Fund Act B.E. 2530.

**25 Income tax**

Reconciliation of income tax for the years ended 31 December 2009 and 2008 are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
Current tax	203	134	-	-
Deferred tax	(302)	(383)	-	-
	<b>(99)</b>	<b>(249)</b>	<b>-</b>	<b>-</b>

Reconciliation of income tax expense and the results of the accounting profit multiplied by the income tax rates for the years ended 31 December 2009 and 2008 are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2009	2008	2009	2008
	<i>(in million Baht)</i>			
Profits before tax	6,120	4,964	7,777	7,711
Tax rates	30%	30%	30%	30%
The result of the accounting profit multiplied by the income tax rates	1,836	1,489	2,333	2,314
Share of profit of associates	(2,240)	(2,035)	-	-
Effect of gain on related parties transactions	(28)	7	-	-
Effect of the different basis of income tax calculation on tax rates in other countries	(54)	(86)	-	-
Tax losses in current period not recognised as deferred tax assets	208	184	69	87
Effect of exceptional revenue - dividend income	-	-	(2,402)	(2,401)
Effect of the non-deductible tax expense and income and expense recognised in the different period between accounting and tax	179	192	-	-
<b>Tax charge</b>	<b>(99)</b>	<b>(249)</b>	<b>-</b>	<b>-</b>

**Shin Corporation Public Company Limited and its Subsidiaries****Notes to the financial statements****For the years ended 31 December 2009 and 2008****26 Promotional privileges**

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

On 19 November 2003, the subsidiary was granted promotional privileges under the Investment Promotion Act (B.E. 2520) as amended by the Investment Promotion Act (No. 3) B.E. 2544 by the BOI in respect of earnings derived from rendering telecommunication services of iPSTAR satellite project to customers outside Thailand. Promotional privileges include exemption from corporate income tax for a period of eight years from the date revenue is first earned from the promoted business. The subsidiary must comply with certain terms and conditions required for the promoted industries. In 2009, the subsidiary has revenue from promoted amounting to Baht 419 million (2008: Baht 184 million).

**27 Earnings per share**

Basic earnings per share are calculated by dividing the profit for the year attributable to the equity holders of the Company shareholders by the weighted average number of ordinary shares outstanding during the year.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume the conversion of all potential dilutive ordinary shares, which is the weighted average number of ordinary shares which would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares. The assumed proceeds from the exercise of ESOP would be considered to have been received from the issue of shares at fair value. These represent share options where the exercise price is less than the average market price of the Company's shares during the years ended 31 December 2009 and 2008.

Warrants issued to directors and employees (ESOP) of subsidiaries and associates are not impacted to the calculation of diluted earnings per share.

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

## For the years ended 31 December 2009 and 2008

The basic earnings per share and the diluted earnings per share are as follows:

Consolidated financial statements For the year ended 31 December						
	Net profit attributable to holder of the Company		Weighted average number of shares		Earnings per share	
	2009	2008	2009	2008	2009	2008
	(in million Baht)		(in million shares)		(in Baht)	
Basic earnings per share	6,496	5,649	3,201	3,201	2.03	1.76
The effect of dilutive potential shares	-	-	-	-	-	-
<b>Diluted earnings per share</b>	<b>6,496</b>	<b>5,649</b>	<b>3,201</b>	<b>3,201</b>	<b>2.03</b>	<b>1.76</b>

Separate financial statements For the year ended 31 December						
	Net profit attributable to holder of the Company		Weighted average number of shares		Earnings per share	
	2009	2008	2009	2008	2009	2008
	(in million Baht)		(in million shares)		(in Baht)	
Basic earnings per share	7,777	7,711	3,201	3,201	2.43	2.41
The effect of dilutive potential shares	-	-	-	-	-	-
<b>Diluted earnings per share</b>	<b>7,777</b>	<b>7,711</b>	<b>3,201</b>	<b>3,201</b>	<b>2.43</b>	<b>2.41</b>

## 28 Dividend paid

In 2008 and 2009, the Company passed the resolution to approve the annual and interim dividend payments as follows:

		For the operation result of	Dividend ratio (Baht/share)	Total dividend (million Baht)
<b>2008</b>				
- 2007 Annual dividend payment	1 January 2007 - 31 December 2007		0.30	960
- Interim dividend	1 January 2008 - 10 April 2008		1.25	4,002
- Interim dividend	11 April 2008 - 13 August 2008		1.15	3,681
<b>2009</b>				
- Interim dividend	1 January 2008 - 9 April 2008		1.25	4,001
- Interim dividend	10 April 2008 - 13 August 2008		1.15	3,681

**Shin Corporation Public Company Limited and its Subsidiaries****Notes to the financial statements****For the years ended 31 December 2009 and 2008****29 Financial instruments**

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

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

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

Management of currency and interest rate exposures is the responsibility of the Corporate Finance Department. Management reports contain details of cost and market value for all derivative financial instruments including outstanding forward contracts and cross currency and interest rate swap. For the investment, the Group has guideline to short-term investment which specifies the policy for group short-term investment as well as the level of acceptable risk undertaken by counterparty type.

## Shin Corporation Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2009 and 2008

**Foreign currency risk**

As at 31 December 2009 and 2008, the Group had outstanding foreign currency assets and liabilities after foreign currency forward contracts and cross currency interest rate swap and foreign currency options as follows:

	Consolidated financial statements			
	2009		2008	
	Foreign currency (Unit: million)	(in million Baht)	Foreign currency (Unit: million)	(in million Baht)
<b>Assets</b>				
US Dollars	39	1,281	57	1,977
Australian Dollars	16	463	13	311
New Zealand Dollars	7	155	5	95
KIP	39,381	154	54,709	224
Singapore Dollars	-	-	-	1
Indian Rupees	270	184	292	198
Japanese Yen	9	3	5	1
Indonesia Rupiah	314	1	-	-
<b>Total</b>		<b>2,241</b>		<b>2,807</b>
<b>Liabilities</b>				
US Dollars	69	2,317	302	10,592
Australian Dollars	18	537	15	360
New Zealand Dollars	1	25	4	90
KIP	90,419	362	50,385	207
Singapore Dollars	-	4	-	3
Indian Rupees	45	34	61	47
Indonesia Rupiah	2	-	-	-
<b>Total</b>		<b>3,279</b>		<b>11,299</b>

The major foreign currency assets represent cash at bank, accounts receivable and deposits. The major foreign accounts currency liabilities represent, trade accounts payable, accounts payable - equipment, accrued expenses, and borrowings.

**Credit risk**

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

**Liquidity risk**

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



**Shin Corporation Public Company Limited and its Subsidiaries****Notes to the financial statements****For the years ended 31 December 2009 and 2008*****Fair value of other financial instruments***

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

The carrying amount of cash and cash equivalents, current investments, trade accounts receivables, amounts due from related parties, short-term loans and advances to related parties, trade accounts payable, accounts payable-property and equipment, amounts due to related parties, short-term borrowings, other current assets and other current liabilities are assumed to approximate their fair value due to the short maturities of these instruments. The fair values of long-term borrowings and debentures are provided in note 16.

**30 Contingent liabilities and commitments****a) Operating Agreement commitments ITV Public Company Limited ("ITV")**

On 7 March 2007, ITV received the letter of termination of the Operating Agreement from the PMO. This caused the following disputes that are currently under the process of consideration.

1. **A case in which ITV is the plaintiff** regarding to the arbitration institution dispute No. 46/2550 whereby the PMO's unduly termination of the Operating Agreement which was wrongfully performed in breach of the Operating Agreement and against the law, including the arbitration institution dispute No. 1/2550 on 4 January 2007 which is the disputes of the payment of the program penalty fee and interest in the total amount approximately Baht 100,000 million. Both disputes are currently under the consideration of the arbitration institution, the arbitration proceeding shall continue.
2. **A case in which ITV is the defendant** whereby the PMO demanded that ITV make the payment of the program penalty fee, interest, approximately totaling Baht 100,000 million in Black Case No. 640/2550. Later, on 19 December 2007, the Supreme Administrative Court upheld the Central Administrative Court's verdict for the dismissal of the aforesaid case in order to allow the parties to the Operating Agreement to use the arbitration proceeding for Cases No. 1/2550 and No. 46/2550.

This shall be subject to the judgment of the Court which may vary from the estimated amount defined in the financial statements, affecting the amount of income, expenditure, assets and liabilities, and disclosure information regarding assets and unpredictable liabilities.

**b) Shareholder agreements**

The Group has entered into shareholder agreements and other agreements with strategic partners and government agencies both in Thailand and other countries as follows:

**Singapore Telecommunications Limited ("Singtel")**

The Company has shareholders' agreement with Singtel in respect of its equity investment in ADVANC which sets out the participatory right of the shareholders in the management and control of ADVANC. This shareholders' agreement contains a provision for resolution of disputes between the shareholders. In the event that the shareholders are unable to reach agreement on significant corporate actions, either

**Shin Corporation Public Company Limited and its Subsidiaries****Notes to the financial statements****For the years ended 31 December 2009 and 2008**

shareholder (the seller) may serve notice on the other shareholder (the buyer) requiring the buyer to either purchase the seller's interest in ADVANC, or if the buyer does not do so, then the seller must purchase the buyer's interest in ADVANC. At present, there are no significant corporate actions on which the shareholders are not in agreement.

**The Government of the Lao People's Democratic Republic ("Laos PDR")**

Lao Telecommunications Company Limited ("LTC") is an indirect jointly-controlled entity of THCOM, which was established under the terms of a Jointly-controlled entity Contract dated 8 October 1996, signed by Laos PDR and Shinawatra Computer and Communications Public Company Limited, the former name of the Company. According to the aforementioned Jointly-controlled entity Contract, LTC has the right to provide telecommunication services - fixed line phone, mobile phone, international facilities, internet and paging within the Laos PDR for 25 years. Currently, Shenington Investment Pte Limited ("Shenington"), which is a 51% jointly-controlled entity of THCOM, owns 49% of LTC's registered shares. At the end of the 25th year, in 2021, THCOM has to transfer all of LTC's shares to Laos PDR without any charges. According to the shareholder agreement, LTC is required to invest at least USD 400 million in the projects specified in the agreement within 25 years. As at 31 December 2009, LTC has remaining additional investment of approximately USD 113 million (*31 December 2008: USD 149 million*).

**c) Capital commitments**

As at 31 December 2009, the Group's capital expenditure contracted but not recognized in the consolidated financial statements (Company: nil) was from Shenington Group amounting to USD 11 million (approximately Baht 379 million) (*31 December 2008: USD 15 million (approximately Baht 540 million)*) in the proportionate consolidation basis.

**d) Contingencies****Dispute of ITV**

ITV is a defendant in various legal actions, which were occurred before the revocation of the Operating Agreement, from operate a television broadcasting station that court case from doing news and trading. In the opinion of the directors, after taking appropriate legal advice, the outcome of such actions will not give rise to any significant loss. ITV has not recorded any provisions for these legal cases.

**The dispute between ITV and the PMO relating to the Operating Agreement****The sequence of the dispute between ITV and the PMO**

**On 30 January 2004**, the arbitration award granted by the arbitration panel on the dispute between ITV and the PMO in accordance with the Operating Agreement can be summarised as follows:

1. The PMO shall indemnify ITV in the amount of Baht 20 million;
2. The operating fee to be paid shall be reduced and adjusted by reducing the operating fee to 6.50% (from the original rate of 44%) of gross revenue or the minimum guarantee of Baht 230 million

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(reduced and adjusted from the original operating agreement of the 8th year of Baht 800 million, the 9th year of Baht 900 million, and the 10th - 30th year of Baht 1,000 million each year), whichever is higher, starting from 3 July 2002;

3. The PMO shall return parts of the minimum guarantee of Baht 800 million paid by ITV subject to conditions during the arbitration proceedings on 3 July 2003. The amount to be returned is Baht 570 million;
4. ITV is eligible to broadcast its television programmes during the prime time (7.00 p.m. - 9.30 p.m.) without being restricted to news, documentaries and social benefit items. ITV must, however, broadcast news, documentaries and social benefit programmes for not less than 50% of its total airtime, subject to the rules and regulations issued by governmental agencies applicable in general to all television stations.

**On 27 April 2004**, the PMO filed the complaint with the Central Administrative Court for setting aside the arbitral award granted by the arbitration panel.

**On 9 May 2006**, the Central Administrative Court handed down its ruling regarding the revocation of the arbitration award.

**On 7 June 2006**, ITV filed an appeal against the verdict of the Administrative Court of the First Instance with the Supreme Administrative Court, and the Supreme Administrative Court received the execution of the judgment.

**On 13 December 2006**, the Supreme Administrative Court ruled to uphold the judgment of the Central Administrative Court regarding on revocation of the arbitral award dated 30 January 2004. As a consequence of that ruling, ITV has to follow the previous terms and conditions as specified in the Operating Agreement on the following:

1. ITV is required to change its television programmes to be in line with Clause 11 of the Operating Agreement which covers the combination of news, documentaries and social benefit programmes which shall not be less than 70% of total air-time, and all programmes broadcasted during the prime time (7.00 p.m. - 9.30 p.m.), have to be these kinds of programmes.
2. ITV is required to follow Clause 5 (the operating fee to be rate of 44% and the minimum guarantee of Baht 1,000 million) of the Operating Agreement in respect of payment of operating fee to the PMO.

**On 14 December 2006**, the PMO issued a letter dated 14 December 2006 claiming that ITV should:

1. ITV is required to alter the television programming in order to comply with Clause 11 of the Operating Agreement.
2. ITV is required to pay the unpaid operating fee totalling Baht 2,210 million, for the 9th operating year (the Seventh Payment) in the amount of Baht 670 million, the 10th operating year (the Eighth Payment) in the amount of Baht 770 million and the 11th operating year (the Ninth Payment) in the

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amount of Baht 770 million plus 15% interest per annum on the unpaid operating fee, calculated on a daily basis from the date the payment become overdue.

3. ITV is required to pay the penalty fee in accordance with Clause 11, second paragraph, of the Operating Agreement from 1 April 2004 to 13 December 2006 at the rate of 10% of the annual operating fee, calculated on a daily basis from the date the payment become overdue. As ITV had not scheduled programmes following Clause 11, first paragraph, the penalty fee for breach determined by the PMO is in the amount of Baht 97,760 million (ITV changed its programming schedule following the Supreme Administrative Court's judgment on 14 December 2006).

The PMO demanded that all payments must be paid within 45 days of the receipt of such notice (received on 15 December 2006). In the event that ITV fails to repay such amount within the allocated period of time, the PMO will have to act in accordance with the terms of the Operating Agreement and any relevant law.

**On 21 December 2006**, ITV sent a letter to the PMO which can be summarised as follows:

1. ITV has altered the television programming in compliance with Clause 11 of the Operating Agreement since 14 December 2006.
2. ITV was not at default for the payment of the operating fee since the operating fee amounting to Baht 230 million was paid to the PMO in accordance with the arbitral award. Since the arbitral award was bound to both parties under Clause 15 of the Operating Agreement, ITV had no liability on interest of the operating fee during the period that the arbitral award was granted until the Supreme Administrative Court's judgment was handed down.
3. ITV disagreed with the PMO on the issue of the penalty fee amounting to Baht 97,760 million with the 45 days payment period as follows:
  - 3.1 ITV has not breached the Operating Agreement because ITV has complied with Clause 15 of the Operating Agreement which states that "The arbitral award shall be bound to both parties", the last paragraph in Clause 30 of the Arbitration rules of Judiciary Office and the second paragraph of Section 70 of Act on Establishment of Administrative Courts and Administrative Court Procedure, B.E. 2542. Consequently, the alteration of television programming from 1 April 2004 to 13 December 2006 (the date that the Supreme Administrative Court's judgment was handed down) has duly complied with the Operating Agreement and law.
  - 3.2 As to the Operating Agreement regarding the penalty fee incurred on the alteration of television programming, the PMO has the right to terminate the Operating Agreement. However, in order to comply with the arbitration proceeding as stated in section 3.1, if it is apparent that ITV breaches the Operating Agreement, the PMO shall be entitled to terminate the Operating Agreement if the process of settlement of dispute becomes final.
  - 3.3 The Supreme Administrative Court gazette No. 78/2549 dated 13 December 2006 stated that "Regarding the matter of the penalty, the parties have to resolve these themselves, and if the dispute cannot be resolved, the statement of claims is required to be filed in accordance with the procedure defined in the Operating Agreement".

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- 3.4 The issue of interest and the penalty incurred from the alteration of television programming had not been finalised since it was not an issue raised for consideration by the Supreme Administrative Court. Therefore, if the parties had any controversy thereon and it cannot be resolved, the statement of claims shall then enter into arbitration proceeding in accordance with Clause 15 of the Operating Agreement stating that “If any dispute or controversy arises in connection with this Operating Agreement, both parties shall agree to submit the said dispute for arbitration, and the Arbitration Committee’s award shall be final and binding”.

ITV and its legal consultant viewed that the calculation of the penalty of the PMO was not in compliance with the objective of the Operating Agreement. The penalty should be calculated at Baht 274,000 per day as a maximum amount, not Baht 100 million per day as stated by the PMO. However, if the penalty fees are charged, the penalty for the period from 1 April 2004 to 13 December 2006 should be Baht 268 million, not Baht 97,760 million as claimed to be paid and led to cancellation of agreement by the PMO.

With regard to the interest on the unpaid operating fee claimed by the PMO, ITV and its legal consultant is of the opinion that during the period that ITV complied with the arbitral award, ITV neither had a liability to settle the debt nor was at default to pay the operating fee since the operating fee of Baht 230 million was paid in accordance with the arbitral award. The arbitral award become binding on both parties under Clause 15 at the time it comes into force, since ITV was not at default in the payment of the operating fee or make the delay payment. In addition, the PMO has not requested provisional remedial measures from the Court to order ITV not to comply with the arbitral award in such period of time. Consequently, ITV has no liability for the interest of the operating fee and the PMO has no right to claim for the unpaid operating fee during the period that the arbitral award was valid and the judgment of the Central Administrative Court was not enforceable during the period that the appeal was submitted to the Supreme Administrative Court.

**On 4 January 2007**, referring to the penalty for alteration of television programming and interest of overdue operating fee, ITV filed the statement of claim, Black Case number 1/2550, to the Arbitration Institute. With regard to operating fee in the amount of Baht 2,210 million, ITV has the opinion that in order to comply with the Operating Agreement and to compromise with the PMO not to terminate the Operating Agreement affecting ITV’s business. ITV proposed that the PMO to pay the amount of Baht 2,210 million with the condition that the PMO shall enter into the arbitration proceeding seeking the arbitral award on the penalty fee and interest of the operating fee. Nevertheless, the PMO did not accept the said proposal on 31 January 2007.

**On 2 February 2007**, ITV submitted a letter to the Prime Minister appealing for justice proposing that the PMO accept the operating fee in the amount of Baht 2,210 million and enter into the arbitral proceedings on the issue of the penalty fee and interest.

**On 13 February 2007**, the PMO did not accept the said proposal. As a result, ITV’s proposal shall not be enforceable from the date that the PMO rejected ITV’s proposal in writing and ITV had no onward liability on its proposal onward in accordance with Section 357 of the Civil Code. Thereafter, the Central Administrative Court made an order striking out the case, Black Case number 640/2550 dated 22 June 2007 from the Case List. The Court ruled that the PMO’s claimant stating that ITV accepted the unpaid ebts of Baht 2,210 million cannot be viewed as ITV accepting liability because it was an options proposed by ITV which it had not become final, and thus considered as a dispute to be enter into arbitration proceedings.

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**On 20 February 2007**, ITV issued a complaint to prescribe provisional remedial measures, and a complaint of compelling urgency was filed with the Central Administrative Court. The following matters are as follows:

1. ITV requested the Central Administrative Court to rule that the right to terminate the Operating Agreement of the PMO will be revoked during the period that the penalty fee was incurred from the change of television programming, and interest of the unpaid operating fee of approximately Baht 100,000 million will not be paid until the arbitral award is granted and the dispute becomes finalised.
2. ITV requested the Central Administrative Court to specify the grace period to make the payment of the unpaid operating fee amounting to Baht 2,210 million within 30 days of the date of the receipt of the Court order.

**On 21 February 2007**, the Central Administrative Court ordered the rejection of the complaint to prescribe provisional remedial measures and the complaint of compelling urgency. The Court ruled that in the case of the PMO's right of termination of Operating Agreement, ITV was entitled to claim for damages arisen from such termination if ITV viewed that such termination was incorrect. In respect of the fact that the PMO requested ITV to pay the penalty fee and interest of the operating fee as well as requested the Court demanding ITV to pay the operating fee amount of Baht 2,210 million to the PMO within 30 days from the date that the Court had granted the order, the Court opinioned that it was the case that such issues shall be mutually negotiated between ITV and the PMO. If ITV viewed that ITV should not be bound to pay or requested to provide debt settlement, ITV was eligible to process under the Operating Agreement and legal proceeding. Therefore, the Court did not deem it necessary to prescribe provisional remedial measures to ITV during the time that such process was being made. The order of the Central Administrative Court shall be deemed final and cannot be further appealed.

**On 7 March 2007**, the letter of revocation of the Operating Agreement was sent by the PMO requesting the Company to repay the debt and return all operations assets under the operating agreement back to the PMO within the period specified by the PMO in accordance with the Cabinet resolution passed on 6 March 2007. Such termination caused ITV to cease carrying on the business of the UHF television broadcasting station.

**On 28 March 2007**, ITV sent a letter to the PMO disputing that the termination of the Operating Agreement exercised by the PMO demanding that ITV pay the debts of approximately Baht 100,000 million was not in compliance with the law and terms of agreement. The reason is that ITV has not breached the Operating Agreement and disagreed with the said revocation. The termination of the Operating Agreement harmed ITV's business operations which shall be the responsibility of the PMO, and ITV reserved its right on any further legal action against the PMO.

**On 30 March 2007**, the PMO filed against ITV for the complaint to the Central Administrative Court in Black Case No. 640/2550 requesting that ITV pay unpaid operating fee of Baht 2,210 million, the 12<sup>th</sup> operating fee of Baht 677 million (counted from the date the arbitration panel judged the arbitral award to 7 March 2007), interest of overdue operating fees of Baht 562 million (counted from the date the arbitration panel judged the arbitral award to the date of requesting of the order, 30 March 2007), adjusting of television program fee of Baht 97,760 million, and the undelivered value of assets under operating of Baht 656 million with 7.5% of the interest of the undelivered value of assets counted from the requested date until ITV



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repays in full. The undelivered value of assets fee is a new issue that the PMO has previously not raised. The aggregated amount is Baht 101,865 million.

**On 8 May 2007**, ITV filed against the PMO for the complaint to the Central Administrative Court in the Black Case No. 910/2550 requesting that the PMO pay the compensation in the amount of Baht 119,252 million in respect of Article 5 pa.4 which has not been approved by cabinet caused ITV's damages.

**On 9 May 2007**, ITV filed the statement of claim, Black Case number 46/2550, with the Arbitration Institute seeking an arbitral award granted by the arbitration panel to rule that the Operating Agreement terminated by the PMO was not in accordance with law and the terms of Agreement, the PMO's claim for ITV for payment of the operating fee (fraction), interest, penalty fee and value of undelivered assets was incorrect, and compensation shall be paid to ITV by the PMO.

**On 30 May 2007**, the Central Administrative court ordered the dismissal of the Black Case number 910/2550 filed by ITV in respect of Article 5 pa.4 which has not been approved by cabinet caused ITV's damages. The reason for the dismissal of the case was its expiry by law (10 years).

**On 22 June 2007**, the Central Administrative Court passed an order striking out Black Case number 640/2550 in which the PMO demanded that ITV pay the operating fee, interest, penalty fee and value of undelivered assets from the Case List, so that the parties of the Operating Agreement shall enter into arbitration proceedings as specified in the Operating Agreement. On 24 July 2007, the PMO filed and appeal against the verdict of the Central Administrative Court (of the First Instance) with the Supreme Administrative Court regarding revocation of Black Case number 640/2007 by the Central Administrative Court. In addition, the PMO also issued a complaint to prescribe provisional remedial measures in order to stop arbitration proceedings and await for order of the Supreme Administrative Court.

**On 11 July 2007**, ITV appealed to the Supreme Administrative Court for the Central Administrative Court's order to dismiss Black Case number 910/2550 because of its expiry. (The case No.910/2550 was the issue that ITV filed the dispute against the PMO in respect of Article 5 pa.4 which has not been approved by cabinet caused ITV's damages and claim to be paid for damages from the PMO in the amount of Baht 119,252 million.)

**On 24 July 2007**, the PMO filed and appeal against the verdict of the Central Administrative Court (of the First Instance) with the Supreme Administrative Court regarding revocation of Black Case number 640/2007 by the Central Administrative Court. In addition, the PMO also issued a complaint to prescribe provisional remedial measures in order to stop arbitration proceedings and await for order of the Supreme Administrative Court.

**On 29 October 2007**, ITV filed a complaint to prescribe the provisional remedial measures to the Central Administrative Court to prescribe provisional remedial measures and the complaint in the case of compelling urgency filed. The complaint was to request the Court to order that the Public Television Bill shall not become effective. The said Bill was approved in principle by the Cabinet and shall be brought to be considered by rules to drop the draft bill on the Thai Public Television Broadcasting Station Act ("TPBS") which was approved by the Cabinet on 24 April 2007 and shall be submitted to the National Legislative Assembly ("NLA") on 31 October 2007. ITV contested that if the Bill is approved and becomes enforceable, neither the award granted by the Arbitration Committee nor the judgment given by the Administrative

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Court on the dispute or case arisen between ITV and the PMO after 31 October 2007, which one of the claims that ITV claimed against the PMO to indemnify for damages and grant ITV of the operating right to re-operate the UHF Broadcasting Television Station for the remaining period as specified in the Operating Agreement shall not be effective for final approval before its effective announcement. The reason is that all assets including rights, obligations and encumbrance of the Company shall be transferred to the government subject to Section 56, Transitory Provisions of the Bill. Consequently ITV then requested the Central Administrative Court to commence urgent proceedings and rule that the Bill shall not be brought for the NLA's consideration in accordance with any method that the Court shall deem appropriate until the case becomes final or the Court passes other judgment.

**On 30 October 2007**, the Central Administrative Court rejected the complaint clarified that the approval process of the Bill taken by the NLA is a legislative power under the Constitutional Law, not acting as the administrative power, therefore, the Court is unreasonable and insufficient to make an order forbidden the undertaking of the NLA to cancel the aforesaid complaint of ITV for the reason that NLA is not the Administrative Government agency, but it act as a State Legislative Assembly Council Authority which the Administrative court has no access right to prohibit its bill approval process. In addition, since the said disputes are currently on the account of the Arbitration Committee or the court is on the process of consideration of ITV cases, the Central Administrative Court shall then be deemed unreasonable to prescribe the provisional remedial measures as ITV's complaint. The Administrative court remedial measures shall not be appropriated in the meantime.

**On 31 October 2007**, the said bill was approved by the NLA and its effective date shall be announced by the government gazette at a later stage. Nevertheless, the other claims of ITV that claimed the PMO indemnify for damages by paying the damages amount will remain valid if in case the court rules in favour of ITV in the existing lawsuits.

**On 14 November 2007**, the Supreme Administrative Court reaffirmed the Central Administrative Court's order in dismissing the case No. 910/2550 due to its expiry (10 years). Such case was filed by ITV requesting the PMO to pay the amount of Baht 119,252 million regarding the invalidity of Article 5 pa.4 due to the PMO did not propose to the cabinet for approval caused ITV's damage.

**On 19 December 2007**, the Supreme Administrative Court upheld the Central Administrative Court's verdict for the dismissal of the referenced case in order to allow the parties to the Operating Agreement to use the arbitration proceeding. Accordingly, that ITV submitted the arbitration institution dispute No. 1/2550 to the arbitration institution on 4 January 2007, (prior to the termination of the Operating Agreement) seeking the ruling on the fine for the adjustment of the broadcasting schedule and the interest on the difference of the minimum operating fee, and the arbitration institution dispute No. 46/2550 on 9 May 2007, (after the termination of the Operating Agreement) with regard to PMO's illegally terminating the Operating Agreement in breach of the Operating Agreement and against the law, and both disputes are currently under the consideration of the arbitration institution, the arbitration proceeding shall continue.

**On 15 January 2008**, the State Legislative Assembly Council Authority announced Thai Public Television Broadcasting Station Act ("TPBS") effective date by law, being 15 January 2008. The Bill granted by the Arbitration Committee nor the judgment given by the Administrative Court on the dispute or case arisen between ITV and the PMO, for which one of the claims ITV made against the PMO to indemnify for damages and grant ITV of the operating agreement right to re-operate the UHF Broadcasting Television Station for the



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remaining period as specified in the Operating Agreement, shall not be effective. The reason is that all assets including rights, obligations and encumbrance of ITV shall be transferred to the government subject to Section 57, Transitory Provisions of the Bill. Nevertheless, the other claims of ITV made to the PMO to indemnify for damages by paying such damages amount still be valid if the court rules in favourable of ITV lawsuit cases.

**On 3 March 2008**, ITV filed the complaint with the Arbitration Institution for including black case No.1/2550 and black case No.46/2550 as one case which is under the consideration of the Arbitration Institution.

**On 7 March 2008**, ITV Arbitrator for those 2 cases is approved.

**The contingent liabilities and the accounting recognition of the dispute between ITV and the PMO**

After the Supreme Administrative Court's judgment on revocation of the arbitration award on 13 December 2006 and the dispute between ITV and the PMO, the contingent liability are as follows:

**1. In regard of the penalty arising from the alteration of television programming**

The said liability has not been recorded in ITV's financial statements as the Black Case number 640/2550 filed by the PMO demanding that ITV pay the operating fee, interest, the penalty fee and value of undelivered assets was dismissed by the Central Administrative Court which shall await the arbitral award the Black Case number 1/2550 granted by the arbitration panel and the final legal proceeding.

**2. In regard of the operating fee of the 9th, 10th and 11th year amounting to Baht 2,210 million and 15% interest of such amount**

Since quarter ended 31 December 2006, the provision for unpaid operating fee amounting to Baht 2,210 million plus 15% interest from the date that the arbitral award was revoked by the Supreme Administrative Court, as of 13 December 2006 was recorded in the consolidated financial statements. The reason is that ITV proposed condition to pay such amount to the PMO and brought the issue of the penalty fee and interest into the arbitral proceeding under the Operating Agreement. Thereafter, in the first quarter of 2007, the PMO did not accept the said payment; it shall be deemed that ITV's proposal was not mutually accepted. ITV thus had no liability on the operating agreement fee amounting to Baht 2,210 million plus 15% interest per annum. In addition, the Central Administrative Court made the order striking out the case No. 640/2550 in which the PMO demanded that ITV pay the operating agreement fee, interest, the penalty fee and value of undelivered assets out of the Case List, so that the disputes shall be brought into the arbitration proceeding and legal process by the Operating Agreement to be finalised.

**3. Value of undelivered assets**

The undelivered asset in the amount of Baht 656 million plus 7.50% interest per annum of the undelivered asset from the date that the case was filed to the Court until the said amount is fully paid. The PMO has not requested ITV to pay such amount. Consequently, ITV has no liability to further deliver such asset. In addition, the Central Administrative Court made the order striking out the said case out from the Case List, therefore, the said items have not been recorded by ITV. Since the value of asset claimed by the PMO is only the business estimation comprising income, expense, profit, tax and investment asset, which terms regarding the asset only stated that ITV is required to procure the asset for the undertaking of UHF Television Broadcasting Station to cover the population at the rate of 96.72% of the population in the country without the condition of value of required asset and ITV has

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complied with such requirement, therefore, ITV has neither liability to procure asset nor indemnify to the PMO.

ITV is awaiting to hear the arbitral award ruling on the said contingent liabilities for Black Case No. 1/2550 and the compensation of damages arisen from illegal termination of agreement Black Case No. 46/2550. It shall be dependent on the judgment which cannot be predicted.

However, ITV has already recorded provision for unpaid operating fee amounting to Baht 2,891 million and interest from the date that the arbitral award was revoked by the Supreme Administrative Court amounting to Baht 1,265 million in these financial statements, of which Baht 433 million was loss on provision for interest of the unpaid operating fee for the year ended 31 December 2009 (2008: Baht 433 million).

**e) Assessment for income tax in India**

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

The Tax Authority has raised the tax demand including surcharge and education cess aggregating Rs. 612 million (approximately Baht 462 million) exclusive of interest amounting to Rs. 93 million (approximately Baht 70 million) against the said payment received by it from the customers for the Assessment Year ("AY") 1998-99 to 2005-06 (1 April 1997 to 31 March 2005). Further, the said Authority has also levied penalty of Rs. 325 million (approximately Baht 245 million) for AY 1998-99 to 2001-02.

From Authority's letter dated 22 August 2008, the Authority had asked for payment of the said income tax including interest for late payment amounting to Rs. 83 million (approximately Baht 63 million) (calculated up to the ended of August 2008). And from Authority's letter dated 3 December 2008, the authority raised the tax demand for AY 2006-07 including related interest amounting to Rs. 23 million (approximately Baht 17 million).

THCOM had received Withholding Tax Certificates ("WTC") from its Customers until AY 2007-08 net amounting to Rs. 488 million (approximately Baht 369 million). THCOM had also deposited Rs. 405 million (approximately Baht 306 million). In February 2009, THCOM paid additional deposit Rs. 23 million (approximately Baht 17 million). As the result, deposit is totally Rs. 428 million (approximately Baht 323 million). THCOM presents the deposit as non-current assets in the Balance Sheet.

Since the management and Tax Advisor in India are of the opinion that the income from the TPS is not subject to Tax in India, THCOM did not make any provision for the liability against the balance amount of Rs.220 million (approximately Baht 166 million), payable to the said Authority.

On 16 October 2009, the Income Tax Appellate Tribunal ("ITAT") (Special Bench) pronounced its decision on THCOM's appeal against the order of the Income Tax Authority of India and Commissioner of Income Tax (Appeals) ("CIT (A)") on the issue whether the income from transponder service is a royalty or a business

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income that the income from transponder service is a royalty and subject to withholding tax at the rate prescribed by law, and the use of transponder service constitutes the use of a process. However, the decision related to the income tax and interest thereon only, and did not include the issue of penalty and interest thereon, which is still pending before ITAT.

However, THCOM's tax consultant in India is of the opinion that the decision of the ITAT (Special Bench) is likely to be incorrect as it is not in accordance with the decision of the High Court on telecom service which can be used as precedent by analogy and the decision in the PanAmSat International Systems Inc. case and should be challenged before the High Court, and THCOM intends and is proceeding to file an appeal against the ITAT (Special Bench) decision with the High Court within 120 days as required by laws. In December 2009 THCOM has filed an appeal with the High Court. Therefore, THCOM's management takes the view that THCOM's income is not taxable in India and the case will be decided in THCOM's favour on appeal.

If the Supreme court decides finally that THCOM's income is taxable in India, the total tax liability demanded by the Authority of Rs. 747 million (approximately Baht 565 million) which will be charged as expense immediately, but THCOM will not be required to make any additional tax payment as the amount of WTC and the deposit made by THCOM fully cover the tax demand. This, however, does not include the Penalty and the interest related to the Penalty already assessed in the amount of Rs. 388 million (approx. Baht 293 million) which will be charged as expenses if there is a final judgement that THCOM is liable for Penalty and interest related to such Penalty, which THCOM has already placed deposit against part of the Penalty and interest related to such Penalty leaving the total liability for Penalty and interest related to such Penalty in the amount of Rs. 220 million (approx. Baht 166 million) as stated in the preceding paragraphs together with interest at the maximum rate not exceeding one (1) percent per month as from the date of receipt of the Demand Notice until the date the payment.

However, even though it has been decided that the income from transponder service is a Royalty, if THCOM did not conceal any income or intentionally declared incorrect amount of income in its income tax returns, the Penalty and interest imposed on THCOM may be set aside.

**f) Obligation from shares buy back options of THCOM**

On 23 October 2003, THCOM and Codespace Inc. entered into a "Memorandum of Agreement", which provides Codespace Inc. an option to sell 2.2 million shares of iPSTAR Co., Ltd. to THCOM, with the condition that THCOM has the first option to purchase these shares. If the offered price per share is greater than the higher of USD 1 or fair market value at offering date, THCOM has the right to refuse. If the offered price per share is the higher of the equal of USD1 or fair market value at offering date, THCOM has to purchase those shares from Codespace Inc. THCOM believes that Codespace Inc. will not exercise the option because according to the result of the financial analysis of THCOM, the value of iPSTAR's shares is higher than USD1, therefore, the Group does not recognise this obligation as its liabilities in these financial statements. As of 31 December 2009, the remaining share option was 0.63 million shares (*31 December 2008: Baht 0.63 million shares*).

**g) Operating agreement commitments**

Certain subsidiary and jointly-controlled entities have obtained operating agreement from government agencies, both in Thailand and other countries for the operation of satellite services, internet services and

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mobile telephone networks. Under the terms of the operating agreement, they have certain commitments to the government agencies, including commitments to procure, install and maintain operational equipment, and commitments to pay annual fees to the relevant government agencies based on revenue percentages or minimum fees, whichever is higher, as set out in the individual agreements. The Group accounts for such commitments on a time basis as the expenditure is incurred.

**Thacom Public Company Limited (“THCOM”)**

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

Under the aforementioned agreement, THCOM must pay an annual fee to MICT based on a percentage of certain service incomes or at the minimum level specified in the agreement, whichever is higher. As at 31 December 2009, the remaining minimum operating agreement fee was Baht 864 million (As at 31 December 2008: Baht 934 million). In addition, THCOM, according to the aforementioned agreement, must transfer its ownership of all satellites, and monitoring stations and other operating equipment to MICT on the date of completion of construction and installation.

**Mfone Company Limited (“Mfone”)**

Mfone, an indirect jointly-controlled entity of THCOM in Cambodia, has obtained an operating agreement from the Directorate of Posts and Telecommunications of Cambodia to operate a domestic telephone network under an agreement dated 4 March 1993 and an amendment thereto dated 4 March 1997, for a period of 35 years. Under the agreement, Mfone will transfer its ownership of all fixed assets to the Government of Cambodia on the expiration date of the agreement, in 2028 (note 12).

**h) Operating lease commitments - where a group company is the lessee**

The future minimum lease payments under non-cancelable operating leases as at 31 December (Company: nil) are as follows:

	<b>Consolidated financial statements</b>	
	2009	2008
	<i>(in million Baht)</i>	
Not later than 1 year	313	354
Later than 1 year and not later than 5 years	431	412
Later than 5 years	136	160
<b>Total</b>	<b>880</b>	<b>926</b>

**Shin Corporation Public Company Limited and its Subsidiaries****Notes to the financial statements****For the years ended 31 December 2009 and 2008****i) Obligation under “Financing and Project Agreement”**

LTC, an indirect jointly-controlled entity of THCOM, entered into a “Financing and Project Agreement” with the government of the Lao People’s Democratic Republic (“government”) and an organization in Germany (KfW, Frankfurt am Main) on 25 October 2004 of an amount not exceeding Euro 6.5 million (approximately Baht 323 million) for the procurement and installation of Phase VI of a rural telecommunication network. Under the agreement, the ownership of network assets will be transferred to LTC through loan at 30% of the network assets’ value excluding consulting services project. However, LTC has not yet recognized the network assets relating to Phase VI and the related portion of the loan in these financial statements because the project has not commenced yet.

**31 Significant events of the Group****31.1 Significant events of Advance Info Service Public Company Limited and its Group (“ADVANC”)****a) Interconnection agreements**

According to Telecommunication Business Operation Act 2001 (B.E. 2544) and the announcement of National Telecommunication Commission (“NTC”) regarding the use and interconnect of telecommunication network 2006 (B.E. 2549), ADVANC has entered into an interconnection (“IC”) agreement with Total Access Communication Public Company Limited (“DTAC”) dated 30 November 2006, and also with Truemove Company Limited (“Truemove”) dated 16 January 2007. These IC agreements have been approved by NTC.

On 31 August 2007, TOT Public Company Limited (“TOT”) has filed a case against NTC to the Administrative Court to revoke the said announcement and on 4 February 2008 TOT sent a letter to ADVANC informing that ADVANC should wait for the final judgment of the Administrative Court. Should ADVANC undertake the IC agreements per the NTC announcement before the final judgment of the Administrative Court, TOT shall not recognise ADVANC’s related actions and ADVANC must be responsible for such actions.

Having considered the said TOT’s letter, related laws and the legal counsel’s opinion, ADVANC’s management is of the opinion that non-compliance by ADVANC with the IC agreements shall be deemed violating the said NTC announcement. Therefore, ADVANC has decided to comply with the IC agreements in line with the current legal provisions.

According to the agreement to operate cellular mobile telephone service, ADVANC has to pay the higher of stipulated annual minimum payment or the percentage of service revenues prior to deducting expenses and taxes. However, ADVANC had to comply with the regulation while TOT would like to wait for the final judgment of the Administrative Court. As a result, ADVANC anticipated to enter into a negotiation with TOT in relation to a calculation method of the revenue sharing. ADVANC calculated the revenue sharing from the net IC revenue which is similar to other operators in the telecommunication industry base on a conservative basis. The revenue sharing amount to be paid to TOT is subject the final adjudication of the Administrative Court in relation to revoking the announcement of NTC and a negotiation between TOT and ADVANC. ADVANC will make adjustment in the financial statement in the period when the issue has been agreed. ADVANC’s management is certain that it will not incur significant expense more than the revenue sharing amount which ADVANC has recorded.

**Shin Corporation Public Company Limited and its Subsidiaries****Notes to the financial statements****For the years ended 31 December 2009 and 2008**

On 30 December 2008, TOT has notified in writing to ADVANC that result of the negotiation between TOT and ADVANC regarding rate and calculating method of the revenue sharing can not be concluded and requested ADVANC to remit the revenue sharing incurred from the interconnection charge since February 2007 to June 2008 for the amount of Baht 761 million based on the rate and calculation method of ADVANC within 30 December 2008. ADVANC has remitted the revenue sharing to TOT on 30 December 2008. For the interconnection charge since July 2008 up to the present, ADVANC and TOT shall set up the negotiation committee in order to get a conclusion for this case. During this period, while the said case is pending the final consideration, it shall use the above basis proposed by ADVANC.

**b) Significant event of ADVANC and Digital Phone Company Limited****ADVANC**

Pursuant to the letter of the Ministry of Information and Communication Technology to the Council of State requesting opinion on whether the amendments or supplements to the agreement between TOT, who is the Telephone Organization of Thailand at that time, and ADVANC after the enforcement of the Act on Private Participation in State Undertaking, B.E. 2535 are legitimately effected and in case those amendments or supplements to the Agreement are not legitimately effected according to such Act, what guidelines TOT should implement.

The Council of State was of the opinion by its Memorandum of the Council of State no. 291/2550 on Enforcement of the Act on Private Participation in State Undertaking, B.E. 2535 (in the case of the Agreement Permitting Undertaking of Cellular Mobile Telephone Services, "the Agreement" between TOT Public Company Limited and Advanced Info Service Public Company Limited) that

\* "... since TOT being the contracting party in this case acted on behalf of the State by virtue of the authority and duty pursuant to Telephone Organization of Thailand Act, the executed Agreement thus represents the agreement between the State and the private sector in order to authorise the private sector to provide public services to the public on behalf of the State. The State therefore is obligated to perform according to those stipulated in that Agreement.

However, since the amendments to the Agreement upon which the consultation is being sought were not legitimately carried out according to the Act on Private Participation in State Undertaking, B.E. 2535 which was in force at the time of effecting those amendments because those amendments had not been proposed for the consideration of the Coordination committee according to Section 22 and not forwarded to the Cabinet, being the organ charged with the authority to approve of the amendments to the Agreement pursuant to the Act as aforesaid, the amendments made to the Agreement with TOT as the contracting party were therefore carried out without legal authority. However, the procedures to amend the Agreement represent administrative juristic acts which are capable of being separated from the amendments to the Agreement already effected and those amendments to the Agreement are still in force so long as they are not rescinded or extinguished by statute of limitation or by other causes. In case the Cabinet, vested with the authority under the law and having considered the causes for the rescission, the impact, and the propriety on the basis of the State's and the public interest, is of the opinion that the illegitimate procedures have resulted in damage that warrants rescinding the amendments to the Agreement already effected, the Cabinet may legitimately rescind such amendments to the Agreement.



## **Shin Corporation Public Company Limited and its Subsidiaries**

### **Notes to the financial statements**

#### **For the years ended 31 December 2009 and 2008**

However, if the Cabinet, upon having considered the same, deems it justified, with regard to the State's or the public interest and the continuity of providing public services, the Cabinet may exercise its discretion to grant approval for the procedures to further amend the Agreement, as appropriate, with the unit owning the project and the Coordination committee pursuant to Section 22 being the parties to submit the facts, justifications, and opinion for the consideration of the Cabinet".

Presently, the Coordinating Committee has already been established according to Section 22 of the Act where it is to proceed its duty as assigned thereon and the procedures are pending.

\* The above clauses in "..." represent some parts of the Memorandum of the Council of State no. 291/2550. The full text Memorandum of the Council of State is available only in Thai language.

#### **Digital Phone Company Limited**

Pursuant to the letter of the Ministry of Information and Communication Technology to the Council of State requesting opinion on whether the amendments or supplements to the agreement between CAT Telecom Public Company Limited ("CAT") and Digital Phone Company Limited ("DPC") after the enforcement of the Act on Private Participation in State Undertaking, B.E. 2535 (the "Act") are legitimately effected and in case those amendments or supplements to the Agreement are not legitimately effected according to such Act, what guidelines CAT should implement.

According to the opinion of the Council of State regarding the enforcement of the Act on Private Participation in State Undertaking, B.E. 2535 regarding the Contract permitting the provision of cellular mobile phone service between CAT and DPC on case no. 294/2550 that

\*\* "...the assignment of the rights and duties by Total Access Communication Public Company Limited ("DTAC") to DPC and the entering into an agreement between DPC and CAT dated 19 November B.E. 2539 are considered as the permission of CAT granted to a private sector to provide cellular mobile phone service, it shall not be deemed to be part of cellular mobile phone service between CAT and DTAC, so DPC shall be the contracting party of CAT and was under the supervision and regulation of CAT and pay remuneration to CAT. DPC shall, therefore, have to comply with the said Act. Since CAT has already specified the scope of the project and the private sector to provide the service, besides, the project has already been carried out. Therefore, there is no need to invite private sector to submit any proposal according to Chapter 3. However, Chapter 3 shall be applied in so far as it is not contrary to the fact whereby CAT has to set up the Coordinating Committee in accordance with Section 13 to proceed according to Section 21 of the said Act, provided that the Coordinating Committee will propose the selection result including the reason, negotiation issues, state benefits and the draft of agreement to the Minister who supervised the project in order to propose to the Cabinet within 90 days since the decision by Coordinating Committee."

Therefore, the procedures are within the power and authority of the Committee according to Section 13 to consider as appropriate and DPC has already been assigned of the rights and duties from Total Access Communication Public Company Limited according to the Contract Permitting the Provision of Cellular Mobile Phone Service between CAT and Total Access Communication Public Company Limited, DPC shall have the right to provide telecommunication service even though the Contract between CAT and DPC has not been done or performed in accordance with the Act. However, the Contract between CAT and DPC

**Shin Corporation Public Company Limited and its Subsidiaries****Notes to the financial statements****For the years ended 31 December 2009 and 2008**

shall remain valid in so far as it is not revoked or terminated by time of ending or other cause. Thus, CAT and DPC shall remain obliged to fulfil the said agreement.”

Presently, the Coordinating Committee has already been established according to Section 13 of the Act where it is to proceed its duty as assigned thereon and the procedures are pending.

\*\* The above clauses in “...” represent some parts of the Memorandum of the Council of State no. 294/2550. The full text Memorandum of the Council of State is available only in Thai language.

**c) Significant commercial dispute and litigations****ADVANC****Between ADVANC and TOT**

On 22 January 2008, TOT submitted a dispute Black Case No. 9/2551 to the Arbitration Institute, Dispute Reconciliation Office, Justice Court Office demanding ADVANC to pay additional payment of revenue sharing amounting to Baht 31,463 million under the Cellular Mobile Phone Contract plus interest at the rate of 1.25 percent per month computing from the default date on 10 January 2007 until the full payment is made.

At present, the said dispute is pending on the Arbitration process. According to arbitration procedures and the proceedings of which shall take for several years. However, ADVANC’s management believes that the outcome of the said dispute shall be in favour of ADVANC and have no material impact to the financial statements of ADVANC because this amount is the same as an excise tax that ADVANC had submitted to Excise Department during 28 January 2003 to 26 February 2007 and deducted it from revenue sharing according to the resolution of the Cabinet dated 11 February 2003. Thus, ADVANC has fully complied with the cabinet’s resolution dated 11 February 2003 and this practice is the same as other operators in mobile phone or cellular radio telecommunication industries according to the resolution of the Cabinet. Moreover, TOT had sent letter no. Tor Sor Tor. Bor Yor./843 dated 10 March 2003 stating that ADVANC has fully complied with the Cabinet’s resolution and ADVANC’s burden remains at the same percentage rate as specified in the contract and the submission of the said excise tax return shall not affect the terms of the contract.

**Digital Phone Company Limited**

- 1) On 9 January 2008, CAT submitted a dispute Black Case No. 3/2551 to the Arbitration Institute and the Dispute Reconciliation Office, Justice Court Office demanding DPC to pay additional payment of revenue sharing amounting to Baht 2,449 million under the Digital Personal Communication Network Contract plus penalty at the rate of 1.25 percent per month of the unpaid amount of each year computing from the default date until the full payment is made which total penalty calculated up to December 2007 is Baht 1,500 million, totalling Baht 3,949 million.

On 1 October 2008, CAT has submitted the revision of petition to adjust on amount of claimed to Baht 3,410 million which penalty fee calculated from the outstanding revenue sharing up to January 2008 for Baht 790 million and value added tax Baht 171 million.



**Shin Corporation Public Company Limited and its Subsidiaries****Notes to the financial statements****For the years ended 31 December 2009 and 2008**

At present, the said dispute is pending on the Arbitration process. According to arbitration procedures and the proceedings of which shall take for several years. However, ADVANC's management believes that the outcome of the said dispute shall be in favour of DPC and have no material impact on the consolidated financial statements of ADVANC because this amount is the same as an excise tax that DPC submitted to Excise Department during 16 September 2003 to 15 September 2007 and deducted it from revenue sharing according to the resolution of the Cabinet dated 11 February 2003. Moreover, CAT has sent letter no. CAT 603 (Kor Tor.) 739 notifying DPC to comply with such Cabinet's resolution. Thus, DPC has correctly and fully complied with the Cabinet's resolution dated 11 February 2003 and this practice is the same as other operators in mobile phone or cellular radio telecommunication industries according to the resolution of the Cabinet.

- 2) Pursuant to the resolution of the meeting on 14 January 2004 between TOT, CAT, DPC, and Truemove by the Minister of the Information and Communications Technology Ministry, the Chairman, that TOT consented to reduce access charge of mobile phone from revenue sharing which TOT received from CAT in the amount of Baht 22 /number/month to DPC and True Move starting from the 6th operation year as DTAC had received from TOT.

On 12 October 2006, TOT sent a letter to CAT that TOT could not reduce access charge of mobile phone to DPC and True Move and demanding CAT to pay the access charge that DPC and True Move have deducted as a discount of access charge plus legal interest rate computing from the default date until the fully payment is made.

On 29 July 2008, CAT submitted a dispute Black Case No. 68/2551 to the Arbitration Institute and the Dispute Reconciliation Office, Justice Court Office demanding DPC to pay access charge of mobile phone that DPC had deducted for Baht 154 million (additional consideration of the 7th -10th operation year) plus value added tax and interest at the rate 1.25 percent per month of the above principal amount starting from the default date of each year since the 7th -10th operation year until the full payment is made.

On 15 October 2009, CAT submitted a dispute no. black 96/2552 to the Arbitration Institute and the Dispute Reconciliation Office, Justice Court Office demanding DPC to pay access charge of mobile phone that DPC had deducted for Baht 22 million (additional consideration of the 11th operation year) including the penalty at the rate of 1.25 percent per month which calculated up to 15 October 2009, total amount of claim Baht 26 million.

At present, the said dispute is pending on the Arbitration process. According to arbitration procedures, the proceedings shall take several years. For the demanded amount, DPC has re-calculated and found that the said amount is only Baht 138 million which DPC has recorded as payable under the Agreement for operation in its financial statement but has not recorded the penalty for overdue payment, as the management believes that the outcome of the said dispute shall be in favour of DPC and have no material impact on the consolidated financial statements of ADVANC since DPC has correctly and fully complied with the law and the relating Agreements in all respect.

- 3) On 3 February 2009, CAT has submitted a dispute under Black Case No. 8/2552 to the Alternative Dispute Resolution Office, the Arbitration Institute, demanding DPC to deliver and transfer ownership of 3,343 towers including 2,653 equipment of power supply under the Digital PCN ("Personal Communication Network Agreement"). Failure to do so, DPC must reimburse Baht 2,230 million to

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CAT. DPC considers that all disputed assets, towers and the equipment of power supply are not the property as stipulated in the Agreement.

At present, the said dispute is pending on the Arbitration process. According to arbitration procedures, the proceedings shall take several years. However, ADVANC's management believes that the outcome of this dispute shall be in favour of DPC and have no material impact on the consolidated financial statements of ADVANC since DPC has correctly and fully complied with the law and the relating Agreements in all respects.

#### **AIN Globalcomm Company Limited ("AIN")**

On 7 March 2008, CAT has submitted the Black Case no. 1245/2551 to the Civil Court against ADVANC as the defendant No.1 and AIN, a subsidiary of ADVANC, as the defendant No.2 requesting ADVANC and AIN to pay compensation with interest rate at 7.5% per annum for damage up to the date of case submission equalling to Baht 130 million. The reason in a case is to change traffic of the international direct dialling service by ADVANC and the subsidiary during 1-27 March 2007 through ADVANC subscriber by using the symbol "+" dialling from no.005 of AIN instead of No. 001 of CAT without the prior notification to subscriber.

On 4 September 2008, CAT has submitted a petition revision to adjust compensation for Baht 583 million (including interest) because CAT has damaged consecutively until 7 March 2008. On 19 November 2008, CAT has submitted the order of provisional remedial measure before delivery of judgment to cease ADVANC and AIN to transfer the traffic 001 or symbol "+" of CAT to traffic 005 of AIN. On 26 February 2009, The Civil Court has dismissed the CAT's request and on 20 March 2009, CAT has appealed such dismissal.

On 17 December 2009, The Civil Court has dismissed the case as the facts cannot be proved that CAT has either an exclusive right to use the symbol "+" or the right to prohibit AIS and AIN to use the symbol "+" and it cannot also been proved that the changing of the connection setting of the international direct dialling service from using the symbol "+" for the code 001 of CAT to "+" for the code 005 of AIN has caused mistaken to the subscribers who use international direct dialling service that they are using the code 001 of CAT, therefore, the acts of AIS have not infringed any right of CAT and also of AIN which CAT alleged to jointly commit the wrongdoing with AIS have not infringed the right of CAT as well.

However, the Court has allowed CAT to appeal the said judgment within 18 March 2010.

#### **31.2 Significant event of Thaicom Public Company Limited and its Group ("THCOM")**

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

CAC issued an order dated 8 April 2009 making THCOM the fourth respondent in order to allow THCOM to file the Reply to the petitioner's claim including evidence, documentary or otherwise to CAC and THCOM filed the Reply and supporting evidence in July 2009

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

**32 Bank guarantees**

As at 31 December 2009, the Group had commitments with banks, in respect of letters of guarantees for satellite space segment leasing, customs duties, electricity usage and other transactions in the ordinary course of business in the amount of Baht 656 million, USD 4 million (*As at 31 December 2008: Baht 631 million and USD 44 million*) on a consolidated basis.

**33 Reclassification of accounts**

Certain accounts in the 2008 financial statements have been reclassified to conform to the presentation in the 2009 financial statements as follows:

	Consolidated financial statements			Separate financial statements		
	Before Reclass.	Reclass.	After Reclass.	Before Reclass.	Reclass.	After Reclass.
	<i>(in million Baht)</i>					
<b>Balance sheet</b>						
Cash and cash equivalents	2,729	(1)	2,728	792	-	792
Current investments	1,043	399	1,442	935	-	935
Other current assets	506	(5)	501	18	-	18
Long-term investments	413	(388)	25	25	-	25
Unrealised gain from revaluation of investment	-	(5)	(5)	-	-	-
		<u>-</u>			<u>-</u>	
<b>Statement of income</b>						
Cost of sale of goods and rendering of services	7,039	(15)	7,024	-	-	-
Selling and administrative expenses	2,039	(2,039)	-	253	(253)	-
Selling expenses	-	286	286	-	-	-
Administrative expenses	-	1,397	1,397	-	164	164
Director remuneration	28	(28)	-	16	(16)	-
Management benefit expenses	-	221	221	-	105	105
Interest expenses	457	(457)	-	-	-	-
Finance costs	-	635	635	-	-	-
		<u>-</u>			<u>-</u>	

The reclassifications have been made to comply with the notification of the Department of Business Development "The Brief Particulars in the financial statements B.E. 2552" dated 30 January 2009.

**Shin Corporation Public Company Limited and its Subsidiaries****Notes to the financial statements****For the years ended 31 December 2009 and 2008****34 Events after the reporting period*****New investments in subsidiaries***

On 8 January 2010, ADVANC invested in Fax Lite Company Limited of 9,997 ordinary shares with a par value of Baht 100 per share, totaling Baht 999,700. Total shares invested represent 99.97% ownership. The objective of business is to operate in acquiring and/or renting land, building, and related facilities to telecommunication business.

On 8 January 2010, ADVANC invested in i Zone Company Limited of 9,997 ordinary shares with a par value of Baht 100 per share, totaling Baht 999,700. Total shares invested represent 99.97% ownership. The objective of business is to operate IT, and content aggregator businesses.

***Increase of Share Capital and Reduction of Share Capital shares of CSL******Increase of Share Capital***

At the Board of Directors' meeting of CSL on 17 February 2010, a resolution was passed to approve the issuance of 2,750,000 additional ordinary shares to support the change in the exercise ratio, equivalent to 0.43% of the total issued and paid-up share capital of CSL as of 31 December 2009. As a result of the payment of dividend on 17 February 2010, the exercise ratio of the warrants issued under ESOP Grant 2, Grant 3, Grant 4 and Grant 5 has been affected. The Board of Directors will propose this to the shareholders for approval.

***Reduction of Share Capital***

At the Board of Directors' meeting of CSL on 17 February 2010, a resolution was passed to reduce the ordinary shares because the warrant of CSL for ESOP-Grant I expired on 13 May 2009 in number of 5,678,038 shares, equivalent to 0.89% of the total issued and paid-up shares capital of CSL as of 31 December 2009. The Board of Directors will propose this to the shareholders for approval.

***Dividend payment******The dividend payment of LTC***

On 9 February 2010, the Ordinary Shareholders' meeting of LTC passed a resolution to approve the dividend payment from the 2009 operation result in the amount of USD 30 million which including interim dividend from 2009 operation of USD 10 million.

## Shin Corporation Public Company Limited and its Subsidiaries

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*Proposed dividend payment of associates*

At the Board of Directors' meeting ADVANC, CSL and subsidiaries of ADVANC, passed resolutions to propose the dividend payment to the General Shareholders meetings to approve as follows:

Company	Date of Meeting	Dividend	Interim dividend paid in 2009 (Baht/share)	Amount to be paid (Baht/share)	Amount (in million Baht)
<b>Associates</b>					
ADVANC (operation result of 2009)	12 February 2010	6.30	3.00	3.30	9,786
ADVANC (special dividend)	12 February 2010	5.00	-	5.00	14,827
CSL	17 February 2010	0.41	0.14	0.27	159
<b>Subsidiaries of ADVANC</b>					
Advanced Contact Center Co., Ltd.	9 February 2010	6.25	-	6.25	170
Advanced Magic Card Co., Ltd.	9 February 2010	7.50	-	7.50	188
AIN GlobalComm Co., Ltd.	9 February 2010	430.00	-	430.00	860

**Proposed dividend payment of the Company**

On 22 February 2010, the Company's Board of Directors passed the resolution regarding to approve dividend payment to the Company's shareholders as follows:

		Payment (Baht/share)	Estimated dividend payment (in million Baht)
Interim dividend	for the period from 1 January	1.25	4,001
Special dividend	to 8 April 2010	2.00	6,402
<b>Total</b>		<b>3.25</b>	<b>10,403</b>

Remark: For the interim and special dividend from the operating result for the period from 1 January to 8 April 2010 is subjected to the approval by the 2010 Annual General Shareholders' meeting of ADVANC which its Board of Directors passed a resolution to call the Annual General Shareholders' meeting for the year 2010 on 8 April 2010 of which there is an agenda of dividend payment for the operating result of the second half of the year 2009 at Baht 3.30 per share and a special dividend at Baht 5.00 per share. The Company expects to realize dividend, after the approval by the Annual General Shareholders' meeting of ADVANC, in the amount of Baht 10,489 million (1,264 million shares; Baht 8.30 per share).

The Company will propose these dividend payments to the 2010 Annual General Meeting of Shareholders for approval.

During the year 2009, SHIN Group entered into a number of transactions with related parties, the terms of which were negotiated on an arm's length basis in the ordinary course of business and according to normal business conditions. The details have been disclosed in Note 4 to the Financial Statements ending 31 December 2009.

#### 1. Transactions with related companies that may cause conflicts of interest

Cedar and Aspen are major shareholders of SHIN. Aspen is a company incorporated in Thailand and an indirect subsidiary of Temasek. Cedar is a company incorporated in Thailand whose shareholders are comprised of Siam Commercial Bank Plc holding 5.8%, Kularb Kaew Co., Ltd. ("Kularb Kaew") holding 45.2% and Cypress Holdings Ltd. ("Cypress"), an indirect subsidiary of Temasak, holding 49.0% of the shares in Cedar. Kularb Kaew is held by four major shareholders, namely Cypress (29.9%), Khun Surin Upatkoon (68.0%), Khun Pong Sarasin (1.3%) and Khun Suphadej Poonpipat (0.8%).

The transactions made by the Company, its subsidiaries and jointly-controlled entities with entities under Cedar, Aspen, and the Temasek group are recognised as related companies that may cause conflicts of interest.

In 2009, the significant transactions made with related companies that may cause conflicts of interest and the reasons for these are described in the table below.

Name of related company/ Type of relationship	Type of transaction	Amount of significant transactions of the Company and its subsidiaries for the year ending 31 December 2009 (million baht)				Rationale and Price Policy
		SHIN	THCOM and its subsidiaries	Other companies	Total	
<b>1. Advanced Info Service Plc and its group (ADVANC)</b> Singtel holds 21.33% of ADVANC, an associated company of SHIN, and has the same major shareholder as SHIN.	Expenditure: SHIN Group used a mobile phone service and other related services from ADVANC	0.46	7.35	0.80	8.61	SHIN Group uses the ADVANC service in order to operate its business as the network has good coverage. This is normal business practice and internal customers are normally charged the same rates as external customers.
	Income: SHIN Group provided maintenance and development of computer programs, advertising and transponder rental to ADVANC as follows:					
	1. Income from computer services	-	-	83.80	83.80	A subsidiary (ITAS) provides accounting program services. The prices are in line with other companies who provide the same services.
	2. Income from advertising on website	-	-	8.84	8.84	A subsidiary (ITAS) provides advertising service in website. The prices are the same prices as external customers.
	3. Income from website design	-	3.85	-	3.85	A subsidiary (DTV) provides a website design service. Internal customers pay the same prices as external customers.

2009

## Related-Party Transactions

Name of related company/ Type of relationship	Type of transaction	Amount of significant transactions of the Company and its subsidiaries for the year ending 31 December 2009 (million baht)				Rationale and Price Policy
		SHIN	THCOM and its subsidiaries	Other companies	Total	
	4. Income from advertising	-	-	270.69	270.69	A subsidiary (MB) provides advertising services and production of advertisements. Internal customers pay the same prices as external customers.
	5. Income from transponder rental	-	60.39	-	60.39	A subsidiary (THCOM) provides satellite transponder services for transmission of television and communications signals. Internal customers pay the same prices as external customers.
	6. Income from international roaming	-	6.08	-	6.08	Two jointly-controlled entities (LTC and Mfone) provide an international roaming service in Lao PDR and Cambodia. This is a normal business practice and internal customers pay the same prices as external customers.
	7. Dividend income	7,961.39	-	-	7,961.39	SHIN has dividend received, as per the resolution of the shareholders' meeting or Board of Directors.
	8. Interest received	-	-	1.73	1.73	A subsidiary (ITV) had investment in ADVANC's debenture. The interest rate was the same rate as other debenture's holders.



Name of related company/ Type of relationship	Type of transaction	Amount of significant transactions of the Company and its subsidiaries for the year ending 31 December 2009 (million baht)				Rationale and Price Policy
		SHIN	THCOM and its subsidiaries	Other companies	Total	
<b>2. CS Loxinfo Plc and its group (CSL)</b> Singtel holds 13.15% of CSL, an indirectly-associated company of SHIN through THCOM, and has the same major shareholder as SHIN.	Expenditure: SHIN Group used leased-line internet and advertised in the Yellow Pages.					
	1. Rental and other services	0.74	15.52	0.01	16.28	CSL provides uplink transmission of television services and leased-line internet in general. Internal customers are normally charged at the market rate and receive the same level of service.
	2. Advertising	0.04	0.02	1.44	1.50	SHIN Group advertises in the Yellow Pages. Internal customers are normally charged at the same rate as external customers.
	Income: SHIN Group provided maintenance and development of computer programs, advertising and transponder rental as follows:					
	1. Income from computer services	-	0.51	5.15	5.66	A subsidiary (ITAS) provides accounting program services. The prices are charged in line with other companies who provide the same services.

Name of related company/ Type of relationship	Type of transaction	Amount of significant transactions of the Company and its subsidiaries for the year ending 31 December 2009 (million baht)				Rationale and Price Policy
		SHIN	THCOM and its subsidiaries	Other companies	Total	
	2. Income from advertising	-	-	0.47	0.47	A subsidiary (MB) provides advertising services and production of advertisements. Internal customers pay the same prices as external customers.
	3. Income from transponder rental	-	9.71	-	9.71	A subsidiary (THCOM) provides satellite transponder services for transmission of television and communications signals. Internal customers pay the same prices as external customers.
	4. Dividend income	-	90.04	-	90.04	A subsidiary of THCOM (DTV) had dividend received, as per the resolution of the shareholders' meeting or Board of Directors.
<b>3. Mfone Co., Ltd. (formerly Cambodia Shinawatra Co., Ltd.) (Mfone)</b> SHEN holds 100% of Mfone and is held by THCOM and AMH at 51%:49%. AMH has the same major shareholder as SHIN.	Expenditure: Shin Group paid repair and maintenance of base station.	-	3.58	-	3.58	A jointly control entity (Mfone) provides base station operation, which is a supported business to THCOM. The service charge was according to normal contracts and the condition was on arm's length basis.

Name of related company/ Type of relationship	Type of transaction	Amount of significant transactions of the Company and its subsidiaries for the year ending 31 December 2009 (million baht)				Rationale and Price Policy
		SHIN	THCOM and its subsidiaries	Other companies	Total	
	Income: Income from transponder rental.	-	14.97	-	14.97	A subsidiary (THCOM) provides satellite transponder services and distributes iSTAR user terminal. This is a normal business practice and the service charge was according to the contract and the condition was the same as external customers.
<b>4. Lao Telecommunications Co., Ltd. (LTC)</b> SHEN holds 49% of LTC and is held by THCOM and AMH at 51%:49%. AMH has the same major shareholder as SHIN.	Income: Income from transponder rental.	-	8.50	-	8.50	A subsidiary (THCOM) provides satellite transponder services and distributes iSTAR user terminal. This is a normal business practice and internal customers pay the same prices as external customers.
<b>5. Shenington Investment Pte Limited (SHEN)</b> SHEN is held by THCOM and AMH 51%:49%. AMH has the same major shareholder as SHIN.	Income: SHIN Group provided business consultancy.	-	-	0.84	0.84	A subsidiary (THCOM) has a policy to govern its investments to derive maximize benefit. THCOM provides business consultant and charge at actual costs of managements and related staffs.

Name of related company/ Type of relationship	Type of transaction	Amount of significant transactions of the Company and its subsidiaries for the year ending 31 December 2009 (million baht)				Rationale and Price Policy
		SHIN	THCOM and its subsidiaries	Other companies	Total	
<b>6. Singapore Telecom Pte Ltd. (Singtel)</b> Singtel has the same major shareholder as SHIN.	Expenditure: A subsidiary rents a satellite transponder.	-	0.17	-	0.17	A subsidiary (THCOM) rents a satellite transponder to provide services to its customers. The prices are normally the same rate as external customers.
<b>7. Codespace Inc.</b> Codespace and THCOM hold Spacecode LLC 30%:70%.	Expenditure: A subsidiary hired Codespace to research and develops products for the IPSTAR project.	-	19.81	-	19.81	Codespace is an expert in broadband technology. The prices are based on actual working hours plus expenses.
<b>8. Asia Mobile Holding Pte Limited and its group (AMH)</b> AMH has the same major shareholder as SHIN.	Expenditure: A jointly-controlled entity paid for marketing management services.	-	3.98	-	3.98	AMH specialists manage the marketing of Mfone as the mobile-phone market in Cambodia is very competitive. Service fee was charged based on the cost of executives providing the consultation plus actual expenses.
	Income from international roaming	-	-	1.01	1.01	The jointly-controlled entity (Mfone) provides an international roaming service in Cambodia. This is a normal business practice and internal customers pay the same prices as external customers.

2009

## Related-Party Transactions

Name of related company/ Type of relationship	Type of transaction	Amount of significant transactions of the Company and its subsidiaries for the year ending 31 December 2009 (million baht)				Rationale and Price Policy
		SHIN	THCOM and its subsidiaries	Other companies	Total	
<b>9. Cedar, Aspen</b> Cedar and Aspen are major shareholder of SHIN.	Dividend paid	7,384.23	-	-	7,384.23	As per the resolution of the shareholders' meeting or Board of Directors.
<b>10. Barcelona Motor Co., Ltd.</b> Barcelona Motor has the same director as Shin.	Shin Group purchased and repair & maintenance cars	2.18	4.42	-	6.60	Shin Group purchased cars for management and has cars repaired and maintenance. The prices are normally the same rate as external customers.

**2. Related-party transaction policy and procedure**

Shin Group has a policy whereby internal customers are charged the same rate as external customers. If there is no comparable market price, the group will make an estimation based on other products or services available under similar conditions or circumstances. In some cases, the group will seek an estimate from an independent consultant to ensure that the price is fair and reasonable. As in other transactions, approval must be granted by the authorized person(s) according to the type and size of the transaction, and members of management with a conflict of interest will not have approval authority. Furthermore, the Audit Committee is responsible for reviewing all significant related-party transactions on a quarterly basis in order to ensure that no conflict of interest has occurred.

The Company has a policy to comply with all SET regulations pertaining to related-party transactions.

**3. Future related-party transaction policy**

The Company will continue to follow its policy that all related-party transactions be synchronized among its business units with rational prices and conditions.

## Overview

We are a holding company with investments mainly in telecommunications, media and advertising. Our discrete business segments are as follows: local wireless telecommunication managed by Advanced Info Service Plc “AIS”; satellite and international businesses managed by Thaicom Plc “THCOM” and its jointly-controlled entities that operate telecommunications services in Cambodia and Laos; media and advertising businesses managed by ITV Plc “ITV” and Matchbox Co., Ltd. “Matchbox” and other businesses, primarily managed by DTV Co., Ltd. “DTV” and CS Loxinfo Plc “CSL”

ITV had been operating a free-to-air television broadcasting station in Thailand until its license was revoked by the Prime Minister’s Office on March 7, 2007 and the company had to cease operations. As a result of this, there is currently no revenue from ITV, which is now included in the media and advertising business. This matter is currently under arbitration and the outcome cannot be predicted. The details of this case have been included in the notes to the financial statement.

Our consolidated profit attributable to equity holders of the Company for the year ended December 31, 2009 was Baht 6,495.9 million based on total consolidated revenue of Baht 16,568.4 million. Our consolidated net profit depends primarily on the results of operations of AIS Group, our associated company and the primary focus of our wireless communications business. We account for AIS Group using the equity method. Our share of the net profits of AIS Group, for the year ended December 31, 2009, was Baht 7,340.8 million, contributed 44.3% of our total consolidated revenue and contributed 113.0% of our consolidated net profit attributable to equity holders of the Company. For a discussion and analysis of the results of operations of AIS Group, including the management outlook on a 3G mobile network, please see the MD&A of AIS below.

## Reclassification of accounts

The financial statements, including the comparable period have been reclassified to conform to the notification *The Brief Particulars in the Financial Statements, B.E. 2552* from the Department of Business Development.

**Company Operations (Cost Method)**

The following table provides the Company's statements of income for the years indicated. This table should be read in conjunction with the Company's financial statements.

	Year Ended			
	2009		2008	
	(in millions of Baht)		(in millions of Baht)	
Dividends income	8,007.4	99.5%	8,003.4	99.2%
Other income	37.9	0.5%	64.3	0.8%
Total revenues	8,045.3	100.0%	8,067.7	100.0%
Administrative expenses	180.6	2.2%	164.1	2.0%
Impairment loss on investments in subsidiaries	-	-	86.9	1.1%
Management benefit expenses	87.1	1.1%	105.4	1.3%
Total expenses	267.7	3.3%	356.4	4.4%
Profit before interest	7,777.6	95.7%	7,711.3	95.6%
Finance costs	(0.1)	0.0%	(0.1)	0.0%
Net profit for the year	<u>7,777.5</u>	<u>95.7%</u>	<u>7,711.2</u>	<u>95.6%</u>

**The Company's Net Result**

The Company's net profit increased 0.9% or from Baht 7,711.2 million in 2008 to Baht 7,777.5 million in 2009. This was mainly due to an impairment loss of Baht 86.9 million on our investment in a former subsidiary, Payment Solution Co., Ltd., "PSC" recorded in 2008.



The following table provides the Company's balance sheets for the years indicated. This table should be read in conjunction with the Company's financial statements.

	As at December 31,			
	2009		2008	
	(in millions of Baht)		(in millions of Baht)	
Cash & cash equivalents and current investment	1,618.3	11.2%	1,726.5	12.1%
Other current assets	17.7	0.1%	17.9	0.1%
Investments in subsidiaries, associates and jointly-controlled entities	12,502.4	86.8%	12,502.4	87.2%
Long-term investments	226.0	1.6%	25.0	0.2%
Other assets	43.4	0.3%	58.2	0.4%
Total assets	14,407.8	100.0%	14,330.0	100.0%
Total liabilities	49.4	0.3%	66.4	0.5%
Shareholders' equity				
Share capital	3,201.1	22.2%	3,201.1	22.3%
Premium on share capital	10,197.3	70.8%	10,197.3	71.2%
Legal reserved	500.0	3.5%	500.0	3.5%
Retained earnings	460.0	3.2%	365.2	2.5%
Total shareholders' equity	14,358.4	99.7%	14,263.6	99.5%
Total liabilities and shareholders' equity	14,407.8	100.0%	14,330.0	100.0%

### *The Company's Balance Sheets*

Total assets as at December 31, 2009 were Baht 14,407.8 million, a slight increase from December 31, 2008. Total liability amounted Baht 49.4 million, a decrease of 25.6%. Shareholders' equity was Baht 14,358.4 million, a slight increase from Baht 14,263.6 million at December 31, 2008. This was due to a rise of Baht 94.8 million in retained earnings from the net profit of Baht 7,777.6 million, offset by an interim dividend payment of Baht 1.25 per share for the period January 1 to April 9, 2009, totaling Baht 4,001.3 million. In addition, the interim dividend for the period April 10 to August 13, 2009 was Baht 1.15 per share, totaling Baht 3,681.2 million.

## Group Operation (Consolidation Method)

The following tables provide a breakdown of our total consolidated revenue by showing each item as a percentage of total revenues, and a breakdown of our consolidated expenses by showing each item as a percentage of our total consolidated revenues, for the years indicated. This table should be read in conjunction with our consolidated financial statements.

	Year Ended December 31,			
	2009		2008	
	(in millions of Baht)		(in millions of Baht)	
<b>Revenue:</b>				
Revenue from sales of goods and rendering of services:				
- Telephone network in foreign entities (other than AIS)	2,146.7	13.0%	1,930.3	12.2%
- Satellite	4,570.2	27.6%	4,664.1	29.4%
- Media and advertising	1,200.3	7.2%	1,779.1	11.2%
- Others*	616.0	3.7%	544.1	3.4%
Total revenues from sales of goods and rendering of services	8,533.2	51.5%	8,917.6	56.2%
Share of profits from investments – equity method:				
- AIS (local wireless telecommunication)	7,340.8	44.3%	6,717.5	42.3%
- Other	124.6	0.8%	67.2	0.4%
Total share of net results from investments—equity method	7,465.4	45.1%	6,784.7	42.7%
Net foreign exchange gain	465.0	2.8%	-	-
Other incomes	104.8	0.6%	174.0	1.1%
Total revenue	16,568.4	100.0%	15,876.3	100.0%
<b>Expenses:</b>				
Costs of sales and services	6,806.2	41.1%	7,024.0	44.2%
Operating agreement fees	538.6	3.3%	485.7	3.1%
Loss on provision for unpaid operating agreement fee and interest	433.4	2.6%	433.4	2.7%
Selling expenses	250.6	1.5%	286.0	1.8%
Administrative expenses	1,195.7	7.2%	1,396.8	8.8%
Net foreign exchange loss	-	-	369.4	2.3%
Impairment loss on investment in a subsidiary	-	-	60.1	0.4%
Management benefit expenses	136.1	0.8%	221.2	1.4%
Total expenses	9,360.6	56.5%	10,276.6	64.7%
Profit before finance costs and income tax expenses	7,207.8	43.5%	5,599.7	35.3%
Finance cost	(1,088.0)	(6.6)%	(635.3)	(4.0)%
Income tax expense	99.0	0.6%	248.8	1.6%
Profit for the year	6,218.8	37.5%	5,213.2	32.9%
<b>Attributable to:</b>				
Equity holders of the Company	6,495.9	39.2%	5,649.3	35.6%
Minority interest	(277.1)	(1.7)%	(436.1)	(2.7)%
Net profit for the year	6,218.8	37.5%	5,213.2	32.9%

Remark \* Includes Internet, direct satellite television, information technology businesses and consolidation eliminations

**Total revenue**

Total revenue increased 4.4% from Baht 15,876.3 million in 2008 to Baht 16,568.4 million in 2009. However, if the gain on foreign exchange of Baht 465 million is excluded, this was only a slight increase of 1.4%.

**Revenue from Sales and Services** decreased 4.3% from Baht 8,917.6 million in 2008 to Baht 8,533.2 million in 2009, mainly as a result of lower revenue from the media and advertising businesses, although this was partially offset by an increase from the telephone networks in foreign entities.

**Revenue from Telephone network in foreign entities, in Cambodia and Laos** increased 11.2% from Baht 1,930.3 million in 2008 to Baht 2,146.7 million in 2009. This was primarily due to the growth of new subscribers in Laos, especially prepaid mobile subscribers.

**In Laos**, the total number of telephone subscribers, both mobile and fixed-line, increased 40.7% from 0.96 million in 2008 to 1.36 million in 2009, due to a significant growth in the mobile GSM prepaid service, which increased by 44.1% to 1.25 million subscribers, while, the CDMA service increased by 12% to 0.03 million subscribers. However, the prepaid mobile ARPU decreased 16.6% due to high competition and the PSTN ARPU decreased 0.5% because of the change in customer behavior.

**In Cambodia**, the total number of subscribers dropped 6.6% from 0.92 million in 2008 to 0.86 million in 2009, primarily due to strong competition from three new operators who entered the market in 2009. There are currently nine telephone service providers in Cambodia. Although, revenue per minute rose 6.3% from the previous year, the mobile ARPU decreased 18.7% due to promotions offering cheaper prices.

**Satellite revenue** decreased 2.0% from Baht 4,664.1 million in 2008 to Baht 4,570.2 million in 2009, primarily from a decrease in UT sales although this was offset by an increase in IPSTAR bandwidth usage, mainly from Australia, Indonesia, New Zealand, China, Cambodia and Malaysia. However, the revenue from Thaicom's conventional satellite rose due to a growth in satellite TV broadcasting that led to more transponder leasing.

**Media and advertising revenues** decreased by 32.5% from Baht 1,779.1 million in 2008 to Baht 1,200.3 million in 2009, primarily from a decrease in advertising expenditure during the economic slowdown resulting from cost control by customers.

**Other revenues** increased from the sale of satellite dishes and equipment by DTV, a subsidiary of THCOM. By the end of the year, DTV's accumulated sales volume was 0.59 million sets.

**Share of profits of associates** increased 10.0% from Baht 6,784.7 million in 2008 to Baht 7,465.4 million in 2009. The share of profits of associates was mainly contributed from AIS Group.

In 2009, the profit of standalone AIS Group was Baht 17,055 million compared to Baht 16,409 million in 2008 (the net profit did not include a derivative adjustment made by the Company to its share of the profits from AIS Group's results).

In 2008, AIS recorded a goodwill impairment of Baht 3,553 million on one of its subsidiaries, Digital Phone Co., Ltd., although this was partially offset by a gain of Baht 1,217 million (after tax) from over accrued liabilities related to the “Unwind agreement” dispute with DTAC. Therefore, the normalized net profit of 2008 was Baht 18,760 million.

In 2009, there was an asset impairment of Baht 222 million on Advanced Data network Communications Co., Ltd., which changed the normalized net profit of AIS Group to Baht 17,277 million. On a normalized basis, the net profit of AIS Group dropped y-o-y due to lower revenue and a higher interest expense.

The total service revenue of AIS Group excluded IC dropped as a result of economic weakness and political instability. The main drop occurred in voice revenue as the market was considered to have reached a saturation point related to the economic slowdown. Also, international roaming revenue dropped due to lower tourist arrivals as a result of domestic political turmoil and poor global economy along with higher discounts to foreign counter-parties. In contrast, non-voice revenue rose because of the availability of affordable and user-friendly smartphones, popularity of online/mobile social networking, variety of content and demand for mobile internet.

The total expenses of AIS Group declined, mainly from effective cost-control programs for the selling and administrative expenses, even though the cost of services increased due to higher network amortization in a shorter period along with higher utility costs, including base station rental, arising from an increasing number of cell sites. However, the cost of network maintenance dropped after negotiation with the service providers. The financial cost rose from higher outstanding debt. For a discussion on and analysis of the results of operations of AIS Group, including the management outlook on a 3G mobile network, please see MD&A of AIS below.

**Net foreign exchange gain** was Baht 465.0 million in 2009, when the Baht appreciated against the U.S. dollar, compared to a loss of Baht 369.4 million in 2008, when the Baht depreciated against the U.S. dollar.

## Expenses

Total expenses decreased by 8.9% from Baht 10,276.6 million in 2008 to Baht 9,360.6 million in 2009, primarily due to the net foreign exchange loss in 2008. Apart from the net foreign exchange loss, total expenses decreased 5.3%, as a result of declining administrative expenses and a lower cost of sales and services.

**Cost of sales and services** decreased 3.1% from Baht 7,024.0 million in 2008 to Baht 6,806.2 million in 2009, primarily due to lower costs in media and advertising, following a drop in revenue. However, there was an increase in the costs of the telephone network in foreign entities, especially, a depreciation cost arising from the network expansion in Cambodia and Laos. In addition, the cost of international roaming of Laos increased.

**Administrative Expenses** decreased 14.4% from Baht 1,396.8 million in 2008 to Baht 1,195.7 million in 2009, primarily due to the reversal of doubtful debt provision. In addition, there was no administrative expense of PSC, which was sold in April 2008.

**Impairment loss on investment in a subsidiary**, in 2008, we recorded Baht 60.1 million, an impairment loss on our investment in PSC, which was sold in April 2008.

***Profit before finance costs and tax***

As a result of the foregoing items, the profit before finance costs and tax increased 28.7% from Baht 5,599.7 million in 2008 to Baht 7,207.8 million in 2009.

***Finance costs***

The finance costs increased 71.3% from Baht 635.3 million in 2008 to Baht 1,088.0 million in 2009, primarily due to the break cost incurred from the early repayment of a loan in satellite business, along with the written-off loan acquisition cost. However, this was offset by a decrease in the interest expense following a decrease in the principal amount of the loans for IPSTAR and THAICOM 5 and DTV during the year 2009.

***Income Tax***

There was an income tax surplus of Baht 99.0 million in 2009, compared to Baht 248.8 million in 2008, following the operating loss in the satellite business.

***Net results attributable to minority interests, mainly in THCOM***

We recorded the losses from our subsidiaries shared to minority interests in the amount of Baht 277.1 million and Baht 436.1 million in 2009 and 2008, respectively, following the consolidated loss in the satellite and international businesses.

***Profit attributable to equity holders of the Company***

As a result of the foregoing items, our net results improved significantly from Baht 5,649.3 million in 2008 to Baht 6,495.8 million in 2009.

**Consolidated Balance Sheet**

The following table provides the consolidated balance sheets for the years indicated. This table should be read in conjunction with the consolidated financial statements.

	As at December 31,			
	2009		2008	
	(in millions of Baht)		(in millions of Baht)	
Cash & cash equivalents and current investment	3,707.2	6.0%	4,170.5	6.6%
Other current assets	2,316.4	3.8%	2,603.8	4.1%
Investments in associates	30,739.7	50.0%	31,237.5	49.4%
Long-term investments	226.0	0.4%	25.0	0.0%
Property and equipment, net	6,114.1	9.9%	5,608.2	8.9%
Property and equipment under operating agreements, net	15,527.6	25.2%	17,068.6	27.0%
Other assets.	2,909.2	4.7%	2,545.7	4.0%
Total assets	61,540.2	100.0%	63,259.3	100.0%
Total current liabilities	7,253.5	11.8%	7,890.8	12.5%
Long-term borrowing	8,076.0	13.1%	7,726.4	12.2%
Other liabilities	1,028.4	1.7%	1,077.1	1.7%
Total liabilities	16,357.9	26.6%	16,694.3	26.4%
Total shareholders' equity	45,182.3	73.4%	46,565.0	73.6%
Total liabilities and shareholders' equity	61,540.2	100.0%	63,259.3	100.0%

**Assets**

In 2009, the cash & cash equivalents and current investment was Baht 3,707.2 million, mainly due to our dividend payment and loan repayment in the satellite business. The investment in associates decreased 1.6%, (mainly in AIS) as a result of dividends received in the amount of Baht 7,961.4 million although this was offset by a share of profits recorded from investment in 2009. The consolidated property and equipment under operating agreements dropped 9.0% as a result of depreciation and amortization in our satellite business.

**Liabilities**

As at December 31, 2009, the consolidated liabilities had dropped 2.0% to Baht 16,357.9 million, mainly due to the repayment of long-term loans for IPSTAR and THAI COM 5 in May 2009 and their early repayments in November 2009. However, the liabilities did not drop significantly due to the long-term debentures totaling Baht 7,000 million issued by THCOM in November 2009.

**Shareholders' equity**

The consolidated shareholders' equity decreased from December 31, 2008, due to our dividend payments totaling Baht 7,682.5 million, although this was partially offset by the net profit of Baht 6,495.8 million.

**Consolidated Cash Flow\***

The following table summarizes our consolidated cash flows for the years indicated:

	Year Ended December 31,	
	2009	2008
	(in millions of Baht)	
Net cash provided by operating activities	2,334.7	1,662.3
Net cash provided by investing activities	6,723.7	6,051.1
Net cash used in financing activities	(9,521.6)	(9,982.8)
Net decrease in cash & cash equivalents and current investment	(463.2)	(2,269.4)
Cash & cash equivalents and current investment at beginning of year	4,170.5	6,446.7
Effects of exchange rate changes on balances held in foreign currencies	(0.1)	(6.8)
Cash & cash equivalents and current investment at end of year	<u>3,707.2</u>	<u>4,170.5</u>

\*Cash Flow comprised of cash & cash equivalents and current investment

As at December 31, 2009, consolidated cash & cash equivalents and current investment totaled Baht 3,707.2 million, a decrease of Baht 463.2 million from the previous year or Baht 2,269.4 million since the end of 2007. (Both figures exclude the effects of exchange rate changes on balances held in foreign currencies.)

**Net cash flows provided by operating activities**

The consolidated cash flow provided by operating activities was Baht 2,334.7 million, an increase of 40.4% from 2008, mainly due to the incremental cash flows from account receivable and a decrease in inventory.

**Net cash flows provided by investing activities**

Cash received from investing activities was mainly the dividend received from AIS. In 2009, the consolidated cash flow provided by investing activities was Baht 6,723.7 million, an increase of 11.1% from 2008 when there was an income tax payment of Baht 1,290.0 million on the gain on sale of THCOM's subsidiary. However, in 2009, there were higher cash outflows used for purchasing property and equipment and making long-term investment.

**Net cash flows used in financing activities**

The consolidated cash flows used in financing activities amounted to Baht 9,521.6 million, a decreased of 4.6% from 2008, mainly from the lower dividend paid (Baht 2.4 per share in 2009 compared to Baht 2.7 per share in 2008), partially offset by an increase in the repayment of loans.

## Management's Discussion and Analysis of AIS

## OVERVIEW

**AIS delivered a strong 28% y-o-y FCF growth for 2009 albeit the revenue decline.** 2009 was a difficult year with weak global and domestic economy affected consumer demand. AIS's service revenue declined 2.3% y-o-y while cost control and lower capex supported AIS to generate strong free cash flow of Bt31bn, a 28% y-o-y growth from Bt24.2bn in FY08, and achieve higher than the 15% growth target.

**Data services made a solid 24% y-o-y growth driven by the penetration of mobile internet.** The mobility and the ease of access offered via smart phones like Blackberry, Nokia N series and E series, as well as aircards have well-responded to consumer's need for internet connectivity. The popularity of online/mobile social networking trend such as Facebook and Twitter also drove data user penetration. Affordability also became higher as the price of smartphones and netbooks continued to decline. AIS lead the non-voice market by posting Bt13.7bn on revenue from data, representing a 24% growth from 2008. Active mobile internet users in 2009 rose to 5.3m from 4.5m in 2008, with support of up to 100k Blackberry subscribers and 265k internet SIM subscribers. We believe the non-voice service is in a growth stage and will be a key revenue driver in mobile industry for 2010.

**Effective cost control was reflected in lower cash operating expense by 6.4% y-o-y** (cash opex including network opex, SGA, excluding A&D), which partly lifted up EBITDA margin to 44.8%, from 41.9% in 2008. Key cost cutting areas included network maintenance which declined 24% y-o-y, cost of refill cards fell 46% due to prepaid refill-on-mobile, marketing expense dropped 17% y-o-y being discretionary.

**AIS target to achieve 12% FCF growth for 2010.** Revenue recovery of 3% growth is expected following the economic outlook and improving sentiment. Further cost cutting will not be significant and hence EBITDA margin is expected to be 44%. While the license to operate 3G on 2.1GHz remains uncertain, capex for 2010 will decline to 6.2bn, an all-time low, given limited penetration growth, required capacity expansion for data upon EDGE technology and limited HSPA on 900MHz but not 3G on 2.1GHz.



## OPERATIONAL HIGHLIGHTS

*Subscriber reached 28.8m, mainly from prepaid but addition stagnant from economy and saturation.*

*ARPU improved in 4Q09 mainly from economy recovery.*

*MOU improved mainly from prepaid.*

- Subscriber** reached 28.8m, added 1.5m new subscribers from 27.3m in year 2008. However, The net addition was lower from 3.2m in 2008. This reflects saturation stage of industry and weak economy. On y-o-y basis, postpaid net addition contracted 7.2% while prepaid net addition contracted 59.7%. Launching of Blackberry and the growth of internet SIM soften the impact from weak economy. Net addition for 4Q09 was 490k, driven by prepaid plan called “Boo Lim”.
- ARPU** continued to decline from year 2008 due to weak economy that pressured consumer spending. On q-o-q basis, the ARPU in 4Q09 rebounded for the first time after a 7-straight quarters decline, reflecting the improvement in usage and demand upon economic recovery. Postpaid ARPU including net IC fell 4.3% y-o-y to Bt619 but increased 3.1% q-o-q from Bt600 in 3Q09. Also, prepaid ARPU including net IC fell 2.5% y-o-y to Bt198 but increased 3.7% q-o-q from Bt191 in 3Q09.
- MOU** of both prepaid and postpaid also had a q-o-q improvement. Prepaid’s MOU significantly grew 6.3% q-o-q to 255 minutes, and also rose 4.1% y-o-y from 242 minutes in 4Q08. Postpaid’s MOU grew 2.5% q-o-q to 534 minutes but still 1.8% lower than 544 minutes in 4Q08. 4Q09 was an impressive quarter from improving economy together with healthy seasonal pickup.

## SIGNIFICANT EVENTS

In 2009, **asset impairment of ADC was booked at Bt561m** on consolidated basis as its business on corporate leased-line and broadband has no investment plan and expects declining trend of customer base. The net impact to the net profit is shown under normalized profit on page 3. AIS had an 50.2% indirect investment in ADC via DPC, the impairment of ADC asset also resulted in impairment of DPC’s investment in ADC. As such **the impact to the net profit attributable to equity holder of AIS was in total of Bt222m** consisting of (1) proportionate asset impairment on ADC equivalent to 50.2% of Bt561m, deducting (2) a defer tax gain from DPC impairment of investment on ADC equivalent to 30% of 200m.

## FINANCIAL RESULTS

Service revenue excluded IC (Bt million)	2008		2009		y-o-y	4Q08	3Q09	4Q09	y-o-y	q-o-q
Voice revenue	63,906	76.7%	60,755	74.6%	-4.9%	15,458	14,868	15,221	-1.5%	2.4%
Postpaid (voice)	15,098	18.1%	14,432	17.7%	-4.4%	3,740	3,600	3,508	-6.2%	-2.6%
Prepaid (voice)	48,808	58.5%	46,323	56.9%	-5.1%	11,718	11,268	11,714	0.0%	4.0%
Non-voice revenue	11,061	13.3%	13,738	16.9%	24.2%	2,930	3,455	3,965	35.3%	14.8%
International roaming	3,696	4.4%	2,821	3.5%	-23.7%	678	571	871	28.5%	52.5%
Others (IDD, other fees)	4,710	5.6%	4,127	5.1%	-12.4%	1,157	970	1,043	-9.8%	7.6%
<b>Total service revenue excl. IC</b>	<b>83,373</b>	<b>100.0%</b>	<b>81,442</b>	<b>100.0%</b>	<b>-2.3%</b>	<b>20,222</b>	<b>19,863</b>	<b>21,100</b>	<b>4.3%</b>	<b>6.2%</b>

*Service revenue excluded IC fell 2.3% y-o-y, in line with the guidance, thanks to 4Q09 recovery.*

*EBITDA declined 1.2% y-o-y from lower revenue but protected by cost control.*

*Normalized net profit was Bt17,277m fell 6% y-o-y from lower revenue and higher interest expense.*

**Service revenue excluded IC revenue** for 2009 declined 2.3% y-o-y from economic weakness and political instability. The aftermath impact from airport seizure at the end of 2008 and the political riot in April 2009 continued to dampen consumer's sentiment, spending and tourist arrivals. While GDP in 1H09 declined 6%, AIS service revenue excluded IC fell 5.4% y-o-y. In the 2H09, as global economy headed toward recovery and Thai economy also improved from government stimulus program, GDP turn to positive growth in 4Q09. AIS saw its service revenue excluded IC in 4Q09 grow 4.3% y-o-y, easing the 3-quarter decline and moved full year growth back in line with the guidance.

**Voice revenue** which was considered in saturated stage, contracted 4.9% y-o-y for 2009 conformed to the economy downturn. Prepaid voice revenue declined 5.1% y-o-y while postpaid voice revenue declined 4.4% y-o-y. In 4Q09 prepaid voice revenue rose 4.0% q-o-q due to seasonality effect supplemented by economic recovery and achieved flat revenue y-o-y. On the other hand, postpaid voice revenue still dropped 2.6% q-o-q and 6.2% y-o-y. The y-o-y declining trend of postpaid voice revenue has been slower as AIS focused on quality acquisition.

**Non-voice revenue**, accounted for 17% of service revenue excluded IC, compared to 13% in 2008. It firmly grew 24% y-o-y to Bt13,738m from Bt11,061m in 2008. The growth was driven by the availability of affordable and user-friendly smartphones, popularity of online/mobile social networking, variety of contents and demand of mobile internet. In 4Q09, non-voice revenue grew 35% y-o-y and 15% q-o-q. For 2009, the mobile internet was the leader on data growth with a strong 54% y-o-y growth, including the growth of consumer's Blackberry service and internet SIM. Content was also the key to drive data revenue in 2009 with 42% y-o-y growth supported by strong content partners in delivering attractive variety of packages, particularly on news and lifestyles. Enterprise solutions also grew 52% y-o-y including, for example, corporate push-email, Blackberry service platform, VOIP, and mobile sales force.

<b>Interconnection (Bt million)</b>	<b>2008</b>	<b>2009</b>	<b>y-o-y</b>
Revenue	16,213	14,370	-11.4%
Cost	15,476	13,416	-13.3%
Net Interconnection	737	954	29.4%
<b>Cost of service excl.IC (Bt million)</b>	<b>2008</b>	<b>2009</b>	<b>y-o-y</b>
Amortization	17,898	19,024	6.3%
Base station rental & utility	2,513	2,646	5.3%
Maintenance	1,825	1,388	-23.9%
Others	3,773	3,783	0.3%
Cost of service excl. IC	26,008	26,842	3.2%
<b>SG&amp;A (Bt million)</b>	<b>2008</b>	<b>2009</b>	<b>y-o-y</b>
Marketing expense	3,252	2,695	-17.1%
Administrative expense	7,802	7,439	-4.7%
SG&A expenses	11,054	10,134	-8.3%
%marketing to total revenue	2.9%	2.6%	
%bad debt to postpaid revenue	2.7%	3.8%	
%SG&A to total revenue	10.0%	9.9%	
<b>EBITDA (Bt million)</b>			
<b>Operating profit</b>	<b>27,699</b>	<b>26,002</b>	<b>-6.1%</b>
Depreciation PPE	3,029	3,337	10.2%
Network amortization	15,815	16,687	5.5%
Gain (loss) on disposals of PPE	70	7	-90.0%
Write off good will	15	0	-100.0%
Management benefit	-82	-72	-12.2%
Other financial cost	-82	-68	-16.4%
<b>EBITDA</b>	<b>46,463</b>	<b>45,892</b>	<b>-1.2%</b>
<b>EBITDA margin</b>	<b>41.9%</b>	<b>44.8%</b>	
<b>Financial Cost</b>			
Interest expenses	1,625	1,853	14.0%
Other financial costs	82	68	-16.4%
<b>Financial cost</b>	<b>1,707</b>	<b>1,921</b>	<b>12.6%</b>

**Net profit** was Bt17,055m, increased 3.9% from 2008 due to the Bt3,553m goodwill impairment recorded last year. On normalized basis, net profit was Bt17,277m decreased 7.9% from Bt18,760m in 2008. Such contraction was from weak economy and political instability during the year. In 2009, asset impairment of ADC was booked at Bt561m on consolidated basis as its business on corporate leased-line and broadband has no further expansion plan. AIS had an 50.2% indirect investment in ADC via DPC, the impairment of ADC asset also resulted in impairment of DPC's investment in ADC. As such the impact to the net profit attributable to equity holder of AIS was in total Bt222m, consisting of (1) proportionate asset impairment on ADC equivalent to 50.2% of Bt561m, deducting (2) a defer tax gain from DPC impairment of investment on ADC equivalent to 30% of 200m.

**International Roaming revenue (IR)** declined 23.7% y-o-y from 2008 due to the plunge in tourist arrival impacted by domestic political turmoil and global poor economy, as well as higher discount to foreign counter-party (AIS books IR revenue net of portion submitted to foreign counter-party). In 4Q09, IR revenue made a strong rebound with 28.5% y-o-y and 52.5% q-o-q growth, continued improvement since 3Q09. Thailand's tourism came to vivid again given a better political climate and global economic recovery. However, the IR revenue as a proportion to revenue of 4.1% in 4Q09, was still below the usual level of around 5% during the normal economy.

**Other revenue** declined 12.4% y-o-y mainly from the fall in **international call (IDD)** revenue due to economy downturn and lower tourist numbers but recovered with 16.8% q-o-q in 4Q09. The IDD business started to see aggressive price competition in 4Q09, which is expected to continue into 2010.

**Net interconnection (net IC)** posted a positive net IC at Bt954m increased 29.4% y-o-y from Bt737m in 2008. On q-o-q basis, net IC declined to Bt122m from promotion which offered attractive rate for off-net calls to encourage overall customer's usage and induced new customers. This reflected in 4Q09 as outgoing traffic rose while incoming traffic was relatively flat. Over the year, both incoming traffic and outgoing traffic across the network continued to decline as each operators focused on maintaining its price plan to encourage on-net usage. The % on-net traffic for AIS as of 4Q09 was 79% compared to 76% as of 4Q08.

**Sales revenues** posted Bt6,639m, representing 6.5% of total revenue in 2009, declined 40.8% y-o-y due to the change in policy of Nokia and the economic impact. Sales margin slightly improved to 6.6% for 2009, from 6% in 2008. Comparing to 3Q09, sales revenue in 4Q09 also declined -13.7% due to high competition from house-brand low-end handsets. However, sales margin in 4Q09 improved significantly to 16% from 8.2%, due to the strong sales growth of smartphones, Blackberry, and USB aircard.

**Cost of service excluding IC cost** increased 3.2% y-o-y to Bt26,842m from Bt26,008m in 2008 due mainly to higher network amortization, which rose 6.3% y-o-y due to the shorter amortization period. Network maintenance cost declined 23.9% y-o-y from service negotiation but utility cost, including base station rental, increased 5.3% y-o-y from higher number of cell sites.

**Revenue sharing expense** declined softly -0.3% y-o-y according to lower service revenue.

**Marketing expense** decreased 17.1% y-o-y to Bt2,695m, which accounted for 2.6% of total revenue. Marketing expense was controlled to level below 3% stipulated in the 2009 guidance. Marketing spending in 4Q09 grew 47.9% q-o-q in response to high season and spending recovery.

**Administrative expense** decreased 4.7% y-o-y from various cost control programs, including cost related to staff compensation and development fell 6.1% y-o-y, and general admin expense fell 23.2% y-o-y. **Bad debt provision** increased 47.9% y-o-y due partly to acquisition of postpaid subscribers toward lower-end users, and some economic impact. However, percentage bad debt to postpaid revenue was in controlled a range below 4.0%.

**EBITDA** was at Bt45,892m contracted 1.2% from Bt46,463m in 2008 from lower revenue partly offset by cost control. However, EBITDA margin which indicated AIS efficiency improved to 44.8% from 41.9% in 2008 higher than the guided 41-42% range. This outstanding efficiency was a product of controlling several expenses. Examples of such expense reduction were network maintenance down 23.9% y-o-y, cost of refill cards down 46.3% y-o-y, marketing expense down 17.1% y-o-y, staff cost down 6.1% y-o-y and general administrative expense down 23% y-o-y.

**Financial cost** increased 12.6% y-o-y from higher outstanding debt of Bt35.6bn at end of 2009 compared to Bt34.3bn at end of 2008.

**Other income** declined 73.2% y-o-y to Bt687m in 2009 from Bt2,564m in 2008. This decline came mainly from the one-time DPC gain of Bt1,217m in 2Q08, and lower interest income.

Consolidated (Bt million)	Tax deductible	Where	2008	2009	y-o-y
<b>Net income</b>			<b>16,409</b>	<b>17,055</b>	<b>3.9%</b>
Add: Impairment of DPC goodwill	No	Impairment loss	3,553		
Impairment loss on ADC asset	Yes	Impairment loss		222	
Goodwill write-off*	No	SGA	15		
Deduct: Gain on DPC settlement after tax	Yes	Other income	(1,217)		
<b>Normalized net income</b>			<b>18,760</b>	<b>17,277</b>	<b>-7.9%</b>

## BALANCE SHEET STRUCTURE

Bt million	2008	%to total asset	2009	%to total asset
Cash	16,325	12.7%	25,167	20.1%
ST investment	140	0.1%	44	0.0%
Trade receivable	5,790	4.5%	5,773	4.6%
Inventories	1,593	1.2%	629	0.5%
Others	3,048	2.4%	1,958	1.6%
<b>Current Asset</b>	<b>26,896</b>	<b>21.0%</b>	<b>33,571</b>	<b>26.9%</b>
Networks and PPE	81,189	63.4%	69,715	55.8%
Intangible asset	6,538	5.1%	6,286	5.0%
Defer tax asset	10,075	7.9%	10,052	8.0%
Others	3,383	2.6%	5,402	4.3%
<b>Total Assets</b>	<b>128,081</b>	<b>100.0%</b>	<b>125,026</b>	<b>100.0%</b>
Trade accounts payable	4,263	3.3%	2,729	2.2%
CP of LT loans	7,038	5.5%	497	0.4%
Accrued R/S expense	2,719	2.1%	3,070	2.5%
Others	10,839	8.5%	10,287	8.2%
<b>Current Liabilities</b>	<b>24,860</b>	<b>19.4%</b>	<b>16,583</b>	<b>13.3%</b>
Total interest-bearing debt	34,328	26.8%	35,654	28.5%
<b>Total Liabilities</b>	<b>54,646</b>	<b>42.7%</b>	<b>53,215</b>	<b>42.6%</b>
Total Equity	73,436	57.3%	71,811	57.4%

**Total asset** declined 2.4% y-o-y to Bt125,026m as net fixed assets on network and PPE declined from higher amortization of asset than the new investment. Cash rose to Bt25,167m from strong free cash flow generation.

**Debentures and loans** increased to Bt35,624m from Bt34,328m at the end of 2008 due to issuing of Bt7,500m debenture beginning of the year. Average cost of debt was 4.8% with all foreign debt fully hedged.

**Equities** declined 2.2% y-o-y mainly from the decrease of retained earnings from Bt73,436m in 2008 to Bt71,811m in 2009, which resulted from dividend payment exceeding the earnings during the year. AIS was able to make over 100% dividend payout as AIS has large retained earnings while still maintaining high free cash flow generation.

**Liquidity** as of Dec-09 improved as current ratio increased to 2.02 compared to 1.08 as of Dec-08. Higher cash and lower current portion of long-term debt were the main factors for the higher current ratio.

**Capital structure** remained strong with low net debt to equity of 0.15. Total liability to equity was flat at 0.74 compared to 2008. Plenty of cash enhanced net debt to equity ratio below the level last year while total debt to equity was kept at the same level.

	2008	2009
Debt ratio	0.42	0.42
Net debt to equity	0.25	0.15
Total liabilities to equity	0.74	0.74

Unit: million	End of 2008	End of 2009	Repayment				
			2010	2011	2012	2013	2014
Long term loan <sup>(1)</sup>	15,718	16,180	493	9,978	493	493	2,939
Debenture <sup>(2)</sup>	18,610	19,474	-	4,000	5,000	8,000	2,500
Total debt	34,328	35,654	493	13,978	5,493	8,493	5,439

(1) includes swap contract;

(2) includes bond issuing cost

**CASH FLOW**

Free cash flow for 2009 was Bt31bn compared to Bt24.2bn in 2008, improving 28% y-o-y. Cash flow position in 2009 was stronger than 2008 from sustained operating cash flow and controlled CAPEX. AIS generated operating cash flow before change in net working capital at Bt47.2bn, relatively flat compared to Bt47.8bn in 2008. CAPEX in 2009 decreased to Bt9.9bn from Bt12.6bn, a 21.2% y-o-y decline, due to conservative investment theme and demand-matching capacity and coverage. AIS issued a Bt7.5bn debenture in 1Q09 with average interest cost of 4.4% which was used to refinance the three debentures retired in 2009 consisting of AIS093A of Bt2.45bn at interest cost of 6.25%, AIS093B of Bt750m at interest cost of 4.85%, and AIS099A of Bt3.427bn at interest cost of 5.8%.

**Source and use of fund: FY09**

			<b>Bt. Million</b>
<b>Source of Fund</b>		<b>Use of Fund</b>	
Operating CF before change in working capital	47,225	CAPEX & Fixed assets	9,915
Proceed from LT borrowing	8,535	Dividend payment	18,709
Interest received	310	Finance cost paid	1,984
Sale of property and equipment	21	Changes in working capital	6,312
Share capital and share premium	296	Repayment of LT borrowing	7,199
		Investment (fixed deposit)	3,008
		Cash increase	9,260
<b>Total</b>	<b>56,388</b>	<b>Total</b>	<b>56,388</b>



## FY2010 MANAGEMENT OUTLOOK &amp; STRATEGY

Free cash flow (EBITDA – CAPEX)	+12% y-o-y
Service revenue	+3% excluding interconnection revenue
EBITDA margin	44%
Capex	Bt6.2bn cash capex (including 3G on 900MHz)

**Telecom industry in FY2010 will see positive 3% growth following economic recovery domestically and globally.** Domestic usage is expected to improve as consumption slightly recovers while agricultural sector will again this year, similar to 2008, see a positive turn from rising farm prices which will also increase the spending from the upcountry market. International roaming traffic, majority of which comes from foreign roamers, is also expected to increase as tourist forecast rises. International call however will experience a more aggressive pricing pressure as already been witnessed during the 4Q09.

**Data service becomes a key growth driver while voice growth remains stagnant.** Overall penetration will be over 100% with market net additional subscribers of 3-4m for 2010. With merely 5% subscriber growth, competition on voice market is hence expected to be relatively benign. Market of data or non-voice service has shown its potential rising demand particularly for personal mobile internet connectivity. Data revenue is expected to grow 20% y-o-y from increasing number of active subscribers as well as higher usage per subscriber. Key drivers are the trend of online/mobile social networking as well as the limited availability of landline internet access.

**AIS expects to grow free cash flow by 12% y-o-y** due to lower capex to 6.2bn from 9.9bn in FY09. Majority of cost efficiency programs has already been implemented since 2008-09, hence further cost cutting would be relatively minimal. Only certain areas such as cost of refill cards can be further reduced as we move to refill-on-mobile. In addition, to support the potential growth on data service, certain network operating expenses will also be required. Net interconnection revenue is also expected in a range of 400-700m, lower than 2009 level. As a result, consolidated EBITDA margin is expected to be 44%.

**Handset sales are expected to be flat** despite of improving consumer demand as competition on market for low-end handset has heightened. Sales strategy will move to focus on smart phones and mobile data aircard which produce better margin. Handset business remains as a vital part to support overall strategy for AIS on growing mobile service and to support the future launch of 3G service.

**3G license timeline remains uncertain** as the authority of the National Telecommunications Commission (NTC) is the overhang issue. In the meantime, AIS is seeking an alternative to provide customers an experience on 3G by launching commercially 3G on the existing 900MHz frequency in a few key areas such as two major shopping complex in Bangkok, and other key provincial cities like Chiang Mai, Chonburi, and Hua Hin. These will keep AIS brand equity as market leader committing to bring new technology to the consumers.

**Capital management will only be considered once AIS has a clearer view on the timeline of the potential 3G license on 2.1GHz** which would affect the long-term capex plan and cash needs. At present, AIS's dividend policy is to pay no less than 40% of net profit given AIS can maintain its credit rating from TRIS at AA.

## FINANCIAL SUMMARY

P&L summary	4Q08	3Q09	4Q09	y-o-y	q-o-q
Service revenue	24,077	23,381	24,612	2.2%	5.3%
Sales revenue	2,194	1,590	1,372	-37.5%	-13.7%
<b>Total revenue</b>	<b>26,270</b>	<b>24,970</b>	<b>25,983</b>	<b>-1.1%</b>	<b>4.1%</b>
Cost of service	(10,145)	(9,958)	(10,214)	0.7%	2.6%
Revenue sharing	(4,823)	(4,881)	(5,149)	6.7%	5.5%
Cost of Sales	(2,198)	(1,459)	(1,151)	-47.7%	-21.1%
<b>Gross Profit</b>	<b>9,104</b>	<b>8,673</b>	<b>9,470</b>	<b>4.0%</b>	<b>9.2%</b>
SG&A	(3,249)	(2,339)	(2,993)	-7.9%	27.9%
<b>EBITDA</b>	<b>10,643</b>	<b>11,432</b>	<b>11,520</b>	<b>8.2%</b>	<b>0.8%</b>
EBT	2,118	5,991	5,679	168.1%	-5.2%
<b>Net Income</b>	<b>420</b>	<b>4,184</b>	<b>4,106</b>	<b>877.3%</b>	<b>-1.9%</b>

P&L summary	2008	2009	y-o-y
Service revenue	99,586	95,812	-3.8%
Sales revenue	11,206	6,639	-40.8%
<b>Total revenue</b>	<b>110,792</b>	<b>102,451</b>	<b>-7.5%</b>
Cost of service	(41,484)	(40,258)	-3.0%
Revenue sharing	(20,021)	(19,861)	-0.8%
Cost of Sales	(10,534)	(6,197)	-41.2%
<b>Gross Profit</b>	<b>38,753</b>	<b>36,136</b>	<b>-6.8%</b>
SG&A	(11,054)	(10,134)	-8.3%
<b>EBITDA</b>	<b>46,463</b>	<b>45,892</b>	<b>-1.2%</b>
EBT	24,846	24,207	-2.6%
<b>Net Income</b>	<b>16,409</b>	<b>17,055</b>	<b>3.9%</b>

Breakdown – Service revenue												
	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09
Postpaid – voice	23.5%	23.5%	21.5%	19.3%	17.7%	18.3%	18.0%	18.5%	17.9%	18.3%	18.1%	16.6%
Prepaid – voice	56.3%	57.6%	59.1%	59.5%	58.5%	59.1%	58.6%	57.9%	57.2%	58.2%	56.7%	55.5%
Postpaid – data	4.6%	4.3%	4.5%	4.8%	5.2%	4.9%	5.4%	6.3%	6.8%	6.7%	7.6%	8.8%
Prepaid – data	6.3%	6.2%	6.6%	6.9%	7.3%	7.7%	8.1%	8.2%	8.6%	9.1%	9.7%	10.0%
International roaming	5.2%	4.2%	4.4%	5.1%	5.4%	4.5%	4.4%	3.4%	4.0%	2.7%	2.9%	4.1%
Others (IDD, other fees)	4.1%	4.2%	3.9%	4.4%	5.9%	5.5%	5.5%	5.7%	5.5%	5.0%	4.9%	5.0%
Sales revenue												
Handset	93.7%	93.4%	94.7%	95.2%	95.0%	95.8%	95.9%	94.5%	94.0%	92.3%	91.0%	89.8%
SIM	6.3%	6.6%	5.3%	4.8%	5.0%	4.2%	4.1%	5.5%	6.0%	7.7%	9.0%	10.2%
Breakdown – Cost of service												
Amortisation	67.3%	68.4%	68.7%	69.2%	68.8%	69.0%	68.5%	68.8%	69.4%	70.5%	72.9%	70.7%
Base station	9.6%	9.8%	9.3%	9.2%	9.6%	9.8%	9.4%	9.7%	9.8%	10.1%	9.9%	9.6%
Maintenance	8.0%	7.3%	7.8%	7.6%	6.7%	6.7%	7.6%	7.0%	6.5%	5.2%	4.9%	4.1%
Others	15.1%	14.5%	14.2%	14.0%	14.9%	14.5%	14.5%	14.5%	14.3%	14.2%	12.3%	15.6%
Cost of sales												
Handset	98.2%	97.1%	96.9%	97.6%	97.6%	97.2%	97.5%	96.2%	96.6%	96.0%	96.6%	95.9%
SIM	1.8%	2.9%	3.1%	2.4%	2.4%	2.8%	2.5%	3.8%	3.4%	4.0%	3.4%	4.1%

Balance Sheet summary	2008	2009
Current Assets	26,896	33,571
Fixed Assets	81,189	69,715
Total Assets	128,081	125,026
Total Liabilities	54,646	53,215
Retained Earnings	47,755	46,146
Total Equities	73,436	71,811

Key Ratios	2008	2009
EBITDA Margin	41.9%	44.8%
Interest Coverage (x)	17.1	14.0
DSCR (x)	3.8	13.7
Net Debt / EBITDA (x)	0.39	0.23
Net debt to Equity (x)	0.25	0.15
Total Liabilities to Equity (x)	0.74	0.74
Free cash flow to EV (%)	10.4%	10.7%
ROE (%)	22.0%	23.5%

## OPERATIONAL DATA

Subscribers	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09
GSM Advance	2,243,100	2,260,300	2,410,400	2,534,200	2,586,300	2,672,200	2,755,600	2,835,800
GSM 1800	81,400	79,700	78,600	77,800	76,900	78,300	79,000	78,900
Postpaid	2,324,500	2,340,000	2,489,000	2,612,000	2,663,200	2,750,500	2,834,600	2,914,700
Prepaid	22,762,800	23,624,700	24,285,600	24,698,200	24,918,600	25,151,500	25,447,700	25,858,200
Total subscribers	25,087,300	25,964,700	26,774,600	27,310,200	27,581,800	27,902,000	28,282,300	28,772,900
<b>Net additions</b>								
Postpaid	38,600	15,500	149,000	123,000	51,200	87,300	84,100	80,100
Prepaid	943,300	861,900	660,900	412,600	220,400	232,900	296,200	410,500
Total net additions	981,900	877,400	809,900	535,600	271,600	320,200	380,300	490,600
<b>Churn rate (%)</b>								
Postpaid	1.9%	1.9%	1.7%	2.0%	2.0%	2.0%	2.2%	2.2%
Prepaid	4.4%	4.5%	5.1%	5.2%	4.8%	4.9%	5.0%	5.2%
Blended	4.2%	4.3%	4.8%	4.9%	4.6%	4.7%	4.8%	4.9%
<b>Subscriber market share</b>								
Postpaid	41%	41%	41%	40%	41%	41%	42%	N/A
Prepaid	46%	46%	45%	45%	44%	44%	44%	N/A
Total	46%	45%	45%	44%	44%	44%	44%	N/A
<b>ARPU excl. IC (Bt)</b>								
GSM Advance	757	743	711	695	678	645	641	660
GSM 1800	729	713	676	666	636	631	622	623
Postpaid	756	742	709	695	677	645	640	659
Prepaid	231	218	206	193	195	188	184	192
Blended	280	266	252	241	241	232	229	239
<b>ARPU incl. net IC (Bt)</b>								
GSM Advance	707	688	661	647	634	605	600	619
GSM 1800	729	692	657	649	620	615	605	604
Postpaid	708	688	661	647	634	605	600	619
Prepaid	237	224	214	203	203	196	191	198
Blended	282	267	255	245	244	236	232	240
<b>MOU (minutes: billable outgoing only)</b>								
GSM Advance	594	574	550	546	533	529	522	535
GSM 1800	476	472	473	487	480	470	469	492
Postpaid	589	570	548	544	531	527	521	534
Prepaid	260	266	262	242	243	239	240	255
Blended	290	294	288	270	271	267	268	283
<b>Traffic</b>								
% outgoing to total minute	48%	49%	49%	49%	48%	48%	48%	49%
% on-net to total outgoing minute	71%	73%	75%	76%	77%	78%	79%	79%

**Disclaimer**

"Some statements made in this presentation are forward-looking statements, which are subject to various risks and uncertainties. These include statements with respect to our corporate plans, strategies and beliefs and other statements that are not historical facts. These statements can be identified by the use of forward-looking terminology such as "may", "will", "expect", "anticipate", "intend", "estimate", "continue", "plan" or other similar words. The statements are based on our management's assumptions and beliefs in light of the information currently available to us. These assumptions involve risks and uncertainties which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

**1. Audit Fees**

In 2009, the Company and its subsidiaries paid the audit fees as follows:

(Unit: Million Baht)

Company	The auditor of the Company under KPMG	The other auditors under KPMG and KPMG's related firms
Shin Corporation Public Company Limited	2.19	-
Thaicom Public Company Limited and its Group	3.79	3.28
ITV Public Company Limited and its Group	0.58	0.08
Other subsidiaries	-	0.54
Total audit fees	6.56	3.90
Out of pocket expenses	0.70	0.04
Total audit fees and out of pocket expenses	7.26	3.94

Remark : KPMG means KPMG Phoomchai Audit Ltd.

**2. Non-audit fees**

In 2009, the Company and its subsidiaries had neither additional fee nor additional fee from uncompleted services from previous year. However, in 2010, the Company and a subsidiary will pay professional service for the Convergence of International Financial Reporting Standards in the amount of Baht 2.50 million to a related firm of KPMG which is not covered by the normal audit procedures.





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