

# STRIVING FOR A BRIGHTER FUTURE

Annual Report 2010 --- Shin Corporation PLC





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## Financial highlights

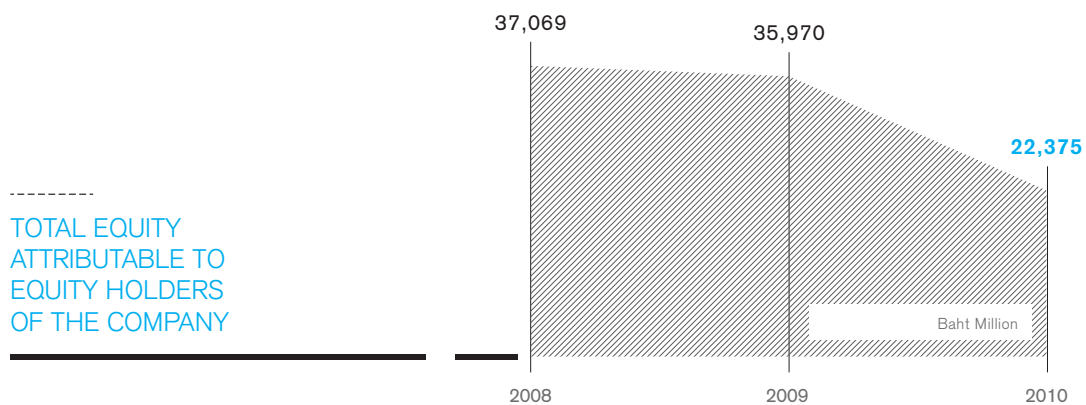
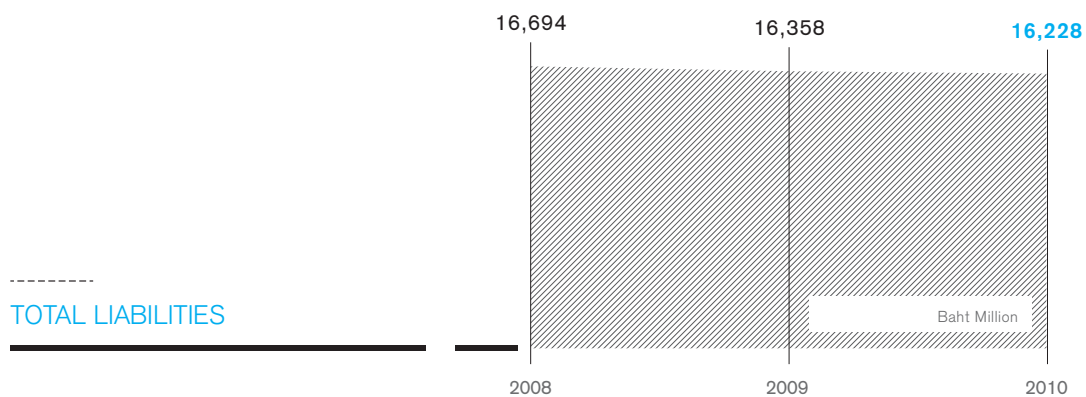
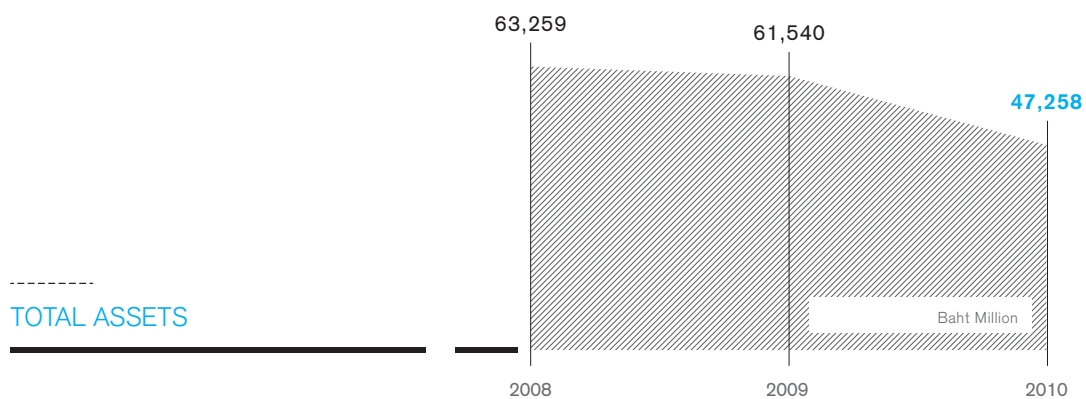
### Shin Corporation Public Company Limited and its Subsidiaries

As at 31 December

Baht Million

	2010	2009	2008
<b>OPERATING RESULTS - CONSOLIDATED</b>			
Revenues from sales of goods and rendering of services	7,967	8,533	8,918
Share of profits of associates	9,210	7,465	6,785
Total revenues	17,343	16,568	15,876
Gross profit	952	1,188	1,408
Profit attributable to equity holders of the Company	8,032	6,496	5,649
Total assets	47,258	61,540	63,259
Total liabilities	16,228	16,358	16,694
Total equity attributable to equity holders of the Company	22,375	35,970	37,069
<b>FINANCIAL RATIO - CONSOLIDATED</b>			
Net profit margin	46%	39%	36%
Return on equity	28%	18%	14%
Return on assets	15%	10%	8%
Debt-to-equity ratio	0.73	0.45	0.45
Basic earning per share (Baht)	2.51	2.03	1.76
Book Value per share (Baht)	6.99	11.24	11.58
Dividend per share (Baht)	6.77	2.40	2.40
Number of share (Million) (at one Baht par value per share)	3,201.08	3,201.07	3,201.07

**Dividend Policy :** The Board of Directors of the Company may recommend annual dividends, subject to the approval of the Company's shareholders, at an Annual General Meeting. From time to time, the Company's Board of Directors may declare interim dividends. The current policy of the Board of Directors of the Company is to recommend to our shareholders a dividend of not less than 40% of the Company's net profits, subject to our financial needs or unless the payment of dividends would materially affect our operations.



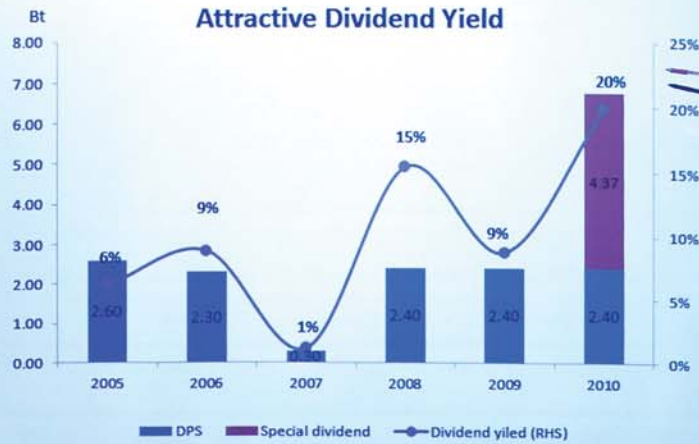
# PROMISING GLOW RETURN

We have continued to focus on the economic value of the Company in order to guarantee solid and profitable returns to our shareholders.

-

SHIN Corporation Public Company Limited (SHIN), a holding company, mainly focus on creates value from investment to stakeholders. In 2010, SHIN generated net profit of Baht 8,032 million increased 23.6% from 2009 and announced ordinary dividend of Baht 2.40 and special dividend of Baht 4.37, totally Baht 6.77 or at 20% dividend yield.

# Attractive Dividend Yield



Attractive Dividend Yield

# SHINING POSITION IN TELECOM BUSINESS

SHIN Group continues to concentrate on its telecom and media businesses in Thailand. We are still top of the domestic telecom league with around half the market share.

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Telecommunications and media business in Thailand are the major businesses of SHIN Group. Advanced Info Service Public Company Limited (AIS) is the leader of telecommunication business with 54% service revenue (excluding IC) market share, and 45% subscriber market share in 2010. AIS generated normalized profit of Baht 22,107 million, or 28% growth from 2009. The impressive growth rate was mainly from data service and international roaming service. We believed these services are the key drivers of AIS in the future.

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Thaicom Public Company Limited (THCOM) provides Conventional and Broadband Satellites through domestic and international markets. The utilization of broadband satellite significantly increased from 8.1% in 2009 to 15.6% in 2010 as THCOM has started booking revenues from Japan and India in 2010. Moreover, the number of Conventional usage also meaningfully rose. THCOM engrosses in continuously expansion in Asia-Pacific region.





# BRILLIANT OPPORTUNITIES OF INNOVATION

We continually search for innovative business opportunities in order to create sustainable and long-term profitable growth in the whole group.

-

SHIN Group actively challenges with new business opportunities to serve clients' demands. Last year, AIS successfully initiated new products of data service as smartphone and aircards. Considering this achievement, the revenue from data service increased 30% from 2009, or accounted 17.1% of total service revenue.

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DTV Service Co., Ltd., the satellite dish business, launched a new product and service to receive free-to-air television programs from satellite signal, which providing more channels to subscribers. Besides, DTV originated portable satellite unit for more convenient to settle and move.



# VIVID FUTURE FOR SOCIETY

We emphasize our corporate responsibility to society and have implemented many projects to help children improve their learning, creativity promote Thai language and literature, and conserve the natural environment.

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SHIN promotes social responsibility by creating and supporting social campaigns, which are the 10th Camp Sanook Kid with Shin Corp, building participative learning and show their power of creativity; the Thai Literatures Conservation Contest, encouraging youth to see the important of Thai literature; and forestation and water source conservation, supporting youth to consider the value of natural resources and conserve Thai forests

-

AIS also supports non-business activities that benefit society. "Sarn Ruk Supporting Family Project"; a project supporting and enhancing the family relationship, which AIS believe that a family is the foundation of a good society. "Sarn Ruk Kon Keng Hua Jai Krang"; a TV program produced by AIS, which presents the positive role model of society. AIS water shortage relief project and the project to assist people who suffering from cold and flood, which AIS has been generating opportunities for societal development. Lastly, AIS Call Center project, which AIS creates jobs for the disabled people.

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THCOM encourages the development of society and plays as active role in the development by applying education theme, such as "Science Book Corner in School Library Project" to donate "THAICOM Corner" book shelves filled with science books to many school libraries throughout the country. "THAI KIDS THAICOM", additionally, was launched to encourage the use of THAICOM satellite as the educational source by donating a DTV – satellite TV dish set with a television set to 999 schools across the country within 2013. Presently, THCOM has already donated and installed DTV sets to 600 schools in many provinces.





# CLEAR CORPORATE GOVERNANCE

SHIN Group has a very high standard of corporate governance and pays particular attention to conducting every aspect of its business in a professional manner.

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Last year, the Board formulated SHIN's strategic vision, direction, and policy and supervised the management team to ensure that they operate efficiently and effectively in order to maximize the wealth and economic value for the stakeholders. In addition, the Board of Directors assured that SHIN is good corporate governance company, transparent, equitable and verifiable.

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The Board has encouraged the internal control procedure to guide all of its directors, managers, and employees and protected the fraudulence by forming "Misconduct and Fraud Reporting Investigation and Whistleblower Protection Policy" 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.

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The Board maintains the substantial of implementing and revising corporate governance annually by carefully considering the suitability and validity of policy.

All of us envision a bright future for SHIN Group as we create even more services and value for our stakeholders.

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With our intention to develop products and services consecutively, we believe that SHIN will have sustainable growth in the long run and create the worthiness to stakeholders, customers, and employees. Furthermore, we are constantly responsible to society by encouraging youth ability, supporting family institution, and promoting education.



## YOUTHS ARE ROOTS OF SOCIAL SUSTAINABILITY

Believing in the creative power of “Youths,” Shin Corporation Public Company Limited stipulates Corporate Social Responsibility as one of the major policies in Company’s Business Plan. The activities focus on developing youths’ confidence in thinking, doing and imagining with creativity and fostering good deed spirit and social contribution in order to cultivate the new generation citizens to be “Great” and “Good” with voluntary mind ready to be the driving force in developing society and country towards sustainable prosperity in the future.



### One Decade of Camp Sanook Kid with Shin Corp

Throughout the past 10 years of the project “Camp Sanook Kid with Shin Corp,” has generated substantial knowledge, stories, impressions and experiences portraying “Youth Power” in creating good things for society. The Company organized “A Decade of Camp Sanook Kid with Shin Corp – Believe in Young Power” to compile and publicize knowledge and experience from creative thinking and capability of youths through the in-school project execution following the Philosophy of Sufficiency Economy relevant to lifestyle and need of people in the community under the concept “Sufficient Youths, Sufficient Schools.” Today there are 30 knowledge centers for Sufficiency Economy in 30 provinces participated by 5,000 youths from 1,730 schools and 50 universities nationwide.



### The 4<sup>th</sup> Thai Literatures Conservation Contest

Cultivating youths to love reading and Thai literature reflected from the creation of art works is another concept of the project “Thai Literatures Conservation Contest” nurturing beauty of Thai language and lessening idea beneficial to youths. Throughout the 4 years of ongoing project, over 6,000 youths have submitted works. Each year youths’ works are sold to interested persons with non cost deductible funds given to Her Royal Highness Princess Maha Chakri Sirindhorn Foundation in supporting scholarships for deficient students. During 2008-2010, the Company has added funds amounting to Baht 2,429,000 to the Foundation.





### Forestation and Water Source Conservation

To pay homage to His Majesty the King and Her Majesty the Queen as well as encouraging youths, schools and communities to be conscious and preserve natural resources "Forest and Water," the Company has continued to undergo forestation activity in accordance with the Royal Initiative and reproduction of aquatic animals. Last year the activity was organized at Watphrabatpangfan, Chiangmai, public benefit areas at Ban Klong Pladuk, Chanthaburi and Ban Bonsaharatbumrung School and Community Forest of Watbanladsomboonmai, Sakonnakhon. Since 2007, the Company has participated in the activities with 5 Royal Development Study Center countrywide.



### Employees with Voluntary Mind

Besides participating in the activities in 2010 as mentioned, the Company and the employees helped rescue flood and cold victims by donating Baht 500,000 through "the Royal Thai Army by Channel 5 Helping Flood Crisis," giving necessities through BBTV Channel 7 and providing cold clothes to remedy cold victims in the northern region through the project "Cooperation against Coldness" hosted by National Broadcasting Services of Thailand to relieve the plight.

For every step of growth, the Company is committed to serving with Corporate Social Responsibility activities with resolution to deliver sustainability to community and society together with developing quality youths thriving to be major force of nation in the future.

## Message from the Chairman of the Board and the Chief Executive Officer

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### To: All shareholders

2010 was a very good year for the Company in spite of the challenging new regulations and political unrest. By implementing a prudent and conservative approach, the Company has continued to maintain a strong financial status and able to pay an attractive dividend to our shareholders. In 2010, the Company's profit to equity holders was Baht 8,032 million, an increase of 23.6% from Baht 6,496 million in 2009, while the 2010 total dividend was Baht 6.77 per share including the ordinary dividend of Baht 2.40 and special dividend of Baht 4.37 per share or 20% dividend yield.

Telecom and media business are still our primary focus. For Wireless Telecom business line, by Advanced Info Service Public Company Limited (AIS), AIS remains the market leader in Thailand's wireless industry with the highest number of subscribers and the biggest revenue sharing. In spite of the rate for mobile penetration higher than 100%, we believe that Thailand's telecom industry will continue to grow especially in the mobile internet and data service business. AIS is prepared to expand its investment into these business models as well as applying for a 3G cellular network license which will be granted by the National Broadcasting and Telecommunications Commission.

*V. Aphimetal*

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Dr. Virach Aphimeteetamrong  
Chairman of the Board



Although the auction of the 3G license has been delayed, the Company is ready for all aspects of this new business, while AIS has been offering a 3G service on its current frequency since 2009.

For Satellite and International business line, by Thaicom Public Company Limited (THCOM), THCOM continues to focus on its conventional and broadband satellite business and international telecom operations. Even though the operating results in 2010 were disappointing, the broadband business provided by the IPSTAR satellite has taken several steps forward by successfully closing the deals for bandwidth sale in India and Japan.

There was a positive growth in the telecom business in Laos and by the end of last year Lao Telecommunications Co. Ltd. had a mobile subscriber base of approximately 1.6 million an increase of 24% from the previous year. However, in Cambodia, Mfone Co. Ltd. faced a highly competitive environment and ended the year under budget.

Social responsibility aspect, we are dedicated to the development of young people who will make a future contribution to society. The Company wholeheartedly supports His Majesty the King's concept of economic sufficiency by encouraging young people to participate in social activities through the *Camp Sanook Kid with Shin Corp* program under the precept of *Self-sufficient Youth; Self-sufficient Schools*. To celebrate this program's tenth anniversary, the Company organized the *10th Camp Sanook Kid with Shin Corp Believing in the creative power of youths* in 2010 to exhibit the entire project's intellectual and material accomplishments to the general public in order to raise awareness of learning sustainability. Moreover, the Company has instilled in many young people the importance of conserving Thai literature through the project known as *Thai Literatures Conservation Contest*. All the winning entries were put on sale and the proceeds, without any deduction for expenses, were donated to the Princess Maha Chakri Sirindhorn Foundation.

The Company has also followed the initiative of their Majesties the King and Queen on natural-resource conservation by raising awareness among youths, community and the general public of issues related to the protection of forests and watersheds in order to conserve the environment and maintain the balance of nature.



Somprasong Boonyachai  
Chief Executive Officer



We would like to thank and express our sincere appreciation to all our shareholders, financial Institutions, business allies and other partners, as well as all our executives and staff for your kind support over the past year. We would also like to assure you that we are truly committed to good corporate governance practices, fair treatment of all our stakeholders, transparency, and a system of checks and balances. Our business practices are conducted in accordance with all related laws and regulations while the Company maintains a policy of political neutrality and strives to maximize all stakeholders' interests. Moreover, we are ready to support the government's policy in moving Thailand's telecom industry forward. With the management team's proven expertise in the telecom and media industry, along with our policy to focus on these two businesses, we strongly believed that all these components will help delivering sustainable growth for all business units within group.

## Audit Committee Report for 2010

### TO THE SHAREHOLDERS OF SHIN CORPORATION PLC

The Audit Committee ("the Committee") consists of three independent directors, Mr. Somchai Supphatada (the Chairman), Mr. Vithit Leenutaphong, and Mr. Chalaluck Bunnag. All of them meet the requirements of independence, experience and qualifications set by the Stock Exchange of Thailand. The Secretary to the Committee is Mr. Wichai Kittiwittayakul, who also serves as the head of the Internal Audit Department.

The Committee has performed all its duties as set forth in the Audit Committee Charter approved by the Board of Directors. This charter can be viewed on the website [www.shincorp.com](http://www.shincorp.com). During the fiscal year 2010, the Committee held seven meetings and also met privately with the external auditors without the presence of the Company's management in order to discuss issues or concerns raised by either the Committee or the external auditors. The attendance is shown in the table below.

	Number of meetings held	Number of meetings attended
Mr. Somchai Supphatada	7	7
Mr. Vithit Leenutaphong	7	7
Mr. Chalaluck Bunnag	7	7

To enable the Committee to discharge its duties, the external auditors (KPMG Phoomchai Audit Ltd.), the senior management and the head of the Internal Audit Department were invited to attend each meeting. 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 2010, which had already been reviewed and audited by the external auditors. The Committee also discussed significant accounting policies, estimates and judgements applied in preparing these reports with the senior management and the external auditors.
- **Connected Transactions:** The Committee reviewed the accuracy and adequacy of the disclosure of connected transactions and transactions that might have led to a conflict of interest in order to ensure compliance with related laws and the regulations of the Capital Market Supervisory Board.
- **International Financial Reporting Standards ("IFRS"):** The Committee reviewed the impact of significant changes in accounting policies resulting from the SHIN Group IFRS convergence project in order to prepare for the transition from the current Thai Accounting Standards to IFRS by 2011. This included a review of selected accounting policies made under the first-time adoption transition arrangements.
- **Risk Management and Internal Controls Systems:** The Committee reviewed the risk management process and status of the risk management plans to confirm that the significant risks faced by the Company had been identified and measures established to mitigate them.

In addition, the Committee reviewed and evaluated the Company's internal controls system, which consists of management control, financial control and compliance control, based on guidelines from the Capital Market Supervisory Board.

- **Internal Audit:** The Committee reviewed and approved the audit plan for 2010 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.
- **Regulatory Compliance:** The Committee conducted a review to ensure that the Company was in compliance with the law on securities and exchange, the Stock Exchange of Thailand's regulations and the laws pertaining to the Company's business operations. In doing so, the Committee assigned 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.
- **Corporate Governance:** The Committee reviewed the Company's corporate governance policy to ensure that it was aligned with international standards and suitable for the current business environment and ownership structure.
- **Whistle-Blowing Policy:** The Committee reviewed the Company's new whistle-blowing policy. This policy enables employees to raise concerns in confidence about suspected misconduct and fraud. No whistle-blowing issues were dealt with by the Committee during 2010.
- **External Auditor:** The Committee reviewed 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 2011 at the annual general meeting of shareholders, and fix the audit fees at no more than 2.19 million baht.
- **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 best practice guidelines. The review concluded that the Committee had been effective in carrying out its duties and had followed the terms of reference in the charter.

In conclusion, the Committee believes that it performed its duties with the utmost care and attention during the year 2010, and provided opinions and recommendations based on independent expertise that was free from conflict of interest. After meeting with the relevant members of management, the head of the Internal Audit Department and the external auditors, the Committee believes that the Company's financial statements were prepared and sufficiently disclosed in accordance with generally accepted accounting principles.

The Committee has determined that the Company's risk management and internal control systems are sufficient and appropriate. In addition, the Company has complied with all related laws and regulations without material flaw and practiced good corporate governance throughout the year.



Somchai Supphatada  
Chairman of the Audit Committee  
February 16, 2011



## Pictures of Director and Management Team

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**Directors** — Mr. Chalaluck Bunnag / Mr. Arak Chonlatanon / Mr. Bodin Asavanich  
/ Mr. Somchai Supphatada / Dr. Virach Aphimeteetamrong / Mr. Boon Swan Foo  
/ Mr. Somprasong Boonyachai / Mr. Vithit Leenutaphong



**Executive committee** — Mr. Vikrom Sriprataks / Mr. Arak Chonlatanon  
/ Mr. Somprasong Boonyachai / Mrs. Suwimol Kaewkoon



**Management team** — Mr. Kim Siritaweechai / Mr. Anek Pana-apichon / Mr. Wichai Kittiwittayakul

## The Details of Directors and Management Team

### DR. VIRACH APHIMETEETAMRONG

AGE 67

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	DAP: 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, 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
	2004 - 2010 Independent Director and Chairman of the Audit Committee, California Wow Xperience PLC
	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 51

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 Head, Department of Accounting 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 LEENUTAPHONG

AGE 55

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	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
	2008 - 2010	Director, German - Thai Chamber of Commerce
	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 63

Title		Independent Director and Member of the Audit Committee
Shareholding <sup>1)</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	2009 - Present	Advisor, Amata City Co., Ltd
	2008 - Present	Advisor, CPB Equity Co., Ltd.
	2007 - Present	Independent Director and Member of the Audit Committee, Shin Corporation PLC
	2005 - Present	Chairman of the Board of Directors, Siam Lemmerz Co., Ltd. Director, Siam Aisin Co., Ltd. Director, Thai Tokai Carbon Product Co., Ltd.
	2005 - 2010	Advisor, The Siam Cement PLC Advisor, Siam Yamato Steel Co., Ltd. Director, Michelin Siam Group 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 55

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	2010 - Present
	Director, Horsburgh Maritime Pte.Ltd.
	Director, Horsburgh Investments Pte. Ltd.
	Director, Horsburgh Maritime International Pte.Ltd.
	Chairman, Perennial China Retail Trust Management Pte Ltd
	Director, Myriad International Holdings (BV) Netherlands
	Director, Myriad International Holdings (Mauritius)
	Director, Ascendos Investments Limited
	Director, Ascendos Rail Leasing S.a.r.l.
	Chairman, ST Asset Management
	2009 - Present
	Chairman of the Board, Global Invesments Ltd.
	Director, Singbridge International Singapore Pte Ltd.
	2008 - Present
	Director, China-Singapore Suzhou Industrial Park Devt Co Ltd
	Senior Advisor, Temasek Holdings (Private) Limited
	Adjunct Professor, Nanyang Technological University
	2007 - Present
	Director, Shin Corporation PLC
	Director, Cypress Holdings Ltd.
	Director, Aspen Holdings Ltd.
	2005 - 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.BODIN ASAVANICH

AGE 66

Title	Director, Member of the Nomination and Governance Committee
Shareholding <sup>1)</sup>	None
Relationship with Management	None
Highest Education	Master of Law (General) New York University Master of Comparative Jurisprudence New York University
Governance Training of IOD	DAP: Directors Accreditation Program Class SCC/2004
Experience	2008 - Present SEVP, Group General Counsel, The Siam Commercial Bank PLC 2007 - Present Advisor, The Siam Cement PLC 2002 - Present Director and Executive Director The Siam Commercial Bank PLC 2005-2006 Chief Legal Advisor The Siam Cement PLC 2001 - 2006 Managing Director, Cementhai Legal Counsel Limited 2001-2004 Group General Counsel, The Siam Cement PLC 1985-2001 Manager of Legal Division, The Siam Cement PLC 1982-1984 Director of Legal Department, Petroleum Authority of Thailand 1977-1982 Managing Partner, "B & N Law Office"
Illegal Record in the past 10 years	None

## MR. SOMPRASONG BOONYACHAI

AGE 55

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 Authorized Director and Acting-President
Shareholding <sup>1)</sup>	10 shares (0.000000312%)
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	2010 - Present Acting-President, Shin Corporation PLC 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. 2002 - Present Member of Audit Committee, 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 1994 - 2008 Director, Advanced Info Service PLC
Illegal Record in the past 10 years	None

## MR. ARAK CHONLATANON

AGE 60

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 2007 - Present Director, Chairman of Executive Committee, CS Loxinfo PLC 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 58

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 55

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

## MR. ANEK PANA-APICHON

AGE 45

Title	Executive Vice President Finance & Accounting
Shareholding <sup>1)</sup>	3 shares (0.00000009%)
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	2010 - Present Executive Vice President - Finance & Accounting, Shin Corporation PLC
	2010 - Present Director and Executive Director- Thaicom PLC
	2004 - 2010 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 KITTIWITTAYAKUL

AGE 49

Title	Company Secretary and Vice President Internal Audit and Risk Management
Shareholding <sup>1)</sup>	82 shares (0.00000256%)
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 of 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 42

Title	Vice President - Portfolio Management
Shareholding <sup>1)</sup>	30 shares (0.0000009%)
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	2010 - Present Executive Director- Advance Info Service PLC
	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: <sup>1)</sup> As at December 31, 2010, the number of ordinary shares includes holding by spouse and children age under 20

## Directors' Shareholding in the Company and Its Subsidiaries of the Year 2010

Name	Position	Shin Corporation PLC		Advanced Info Service PLC				Thaicom PLC <sup>1)</sup>	
		Ordinary Shares		Ordinary Shares		Debentures		Ordinary Shares	
		2010	2009	2010	2009	2010	2009	2010	2009
Dr. Virach Aphimeteetamrong	Chairman of the Board of Directors	-	-	-	-	1,000	1,000	-	-
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	-	-	-	-	-	-	-	-
Mr. Bodin Asavanich	Director	-	-	-	-	-	-	-	-
Mr. Somprasong Boonyachai	Director	10	10	-	-	2,000	-	200	200
Mr. Arak Chonlatanon	Director	-	-	-	100,000	-	-	50,000	50,000

As of December 31, 2010, the number of ordinary shares and debentures includes holdings by spouse and children age under 20.

Name	Position	ITV PLC <sup>2)</sup>		Matchbox Co., Ltd.		I.T. Applications and Services Co., Ltd.	
		Ordinary Shares		Ordinary Shares		Ordinary Shares	
		2010	2009	2010	2009	2010	2009
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	-	-	-	-	-	-
Mr. Bodin Asavanich	Director	-	-	-	-	-	-
Mr. Somprasong Boonyachai	Director	-	-	170	90	3	1
Mr. Arak Chonlatanon	Director	-	-	90	90	-	-

As of December 31, 2010, the number of ordinary shares and debentures includes holdings by spouse and children age under 20.

Remark <sup>1)</sup> On April 10, 2008, Shin Satellite Plc. has been changed the name of the company to be Thaicom Plc.

<sup>2)</sup> As of March 8, 2007, ITV has to cease its operation under ITV Television Station due to the revocation of the Concession 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 Vongsbootorn	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Assoc. Prof. Samrieng Mekkiengkrai	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Mr. Arak Chonlatanon	/, //	X	X, //	/	/	/	-	/	/	-	X	-	-	/	-	/	/	-
6. Mr. Somprasong Boonyachai	/, //	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7. Mr. Yong Lum Sung	/, //	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8. Mr. Anek Pana-apichon	/, //	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9. Dr. Nongluck Phinainitsart	//	/	/	-	-	-	-	/	-	-	-	-	-	-	-	-	-	-
10. Mr. Vikrom Sriprataks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11. Mr. Paiboon Panuwattanawong	-	/	/	-	/	/	/	/	/	-	-	/	/	-	-	-	-	-
12. Mr. Anant Kaewruamvongs	-	/	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13. Mr. Tanadit Charoenchon	-	/	/, //	/, //	/	/	/	/	/	/	/	/	/	/	-	-	-	-
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. Lim Eng Tuan	-	-	-	//	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20. Mr. Alvin Oei	-	-	-	//	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21. Mr. Nicolas Tan	-	-	-	//	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22. Mr. Mark D. Thompson	-	-	-	-	/	/	/	-	-	-	-	-	-	-	-	-	-	-
23. Mr. William L. Snell	-	-	-	-	-	/	/	-	-	-	-	-	-	-	-	-	-	-
24. Mr. Teh Kwang Hwee	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-	-	-	-
25. Mr. York Shin Lim Voon Kee	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-	-	-
26. Mr. Tommy Lo Seen Chong	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-	-	-
27. Mr. Jiroj Srinamwong	-	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-	-
28. Mr. Mekin Petplai	-	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-	-
29. Mr. Komson Seripapong	-	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-	-



Director	Company	THCOM	DTV	SHEN	IPSTAR	STAR	SPACE	IPI	IPG	CDN	MFONE	IPA	IPN	NTU	ITV	MB	ITAS	AM
30. Mr. Ly Sam An		-	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-
31. Mr. Pal Vudhica		-	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-
32. Ms. Ley Mayphoueng		-	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-
33. Mr. Anupam Garg		-	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-
34. Mr. Kek Soon Eng		-	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-
35. Dr. Supoj Chinveerapan		-	-	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-
36. Mrs. Dollis Gold Vibonsilp		-	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-	-
37. Mrs. Keatvatee Likitnuluk		-	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-	-
38. Mr. Salin Pinkhayan		-	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-	-
39. Mr. Sanchai Thiewprasertkul		-	-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-
40. Mr. Somkid Wangcherdchuwong		-	-	-	-	-	-	-	-	-	-	-	-	-	X	-	-	/
41. Mr. Vichakoraput Rattanavichaiyen		-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-
42. Mr. Sumethee Innu		-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-
43. Mr. Somboon Wongwanich		-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-
44. Mr. Nitthimon Juengsiri		-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-	/
45. Ms. Rattanaporn Nammontee		-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-
46. Mr. Wuttiporn Diawpanich		-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-

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

As of December 31, 2010

Company Name	AM	CDN	DTV	IPA	IPG	IPI	IPN	IPSTAR	ITAS	ITV	MB	MFONE	NTU	THCOM	SHEN	SPACE	STAR	ITAS
	Artware Media Company Limited	Cambodian DTV Network Limited	DTV Service Company Limited	IPSTAR Australia Pty Limited	IPSTAR Global Services Limited	IPSTAR International Pte Limited	IPSTAR New Zealand Limited	IPSTAR Company Limited	I.T. Applications and Services Company Limited	ITV Public Company Limited	Matchbox Company Limited	Mfone Company Limited	NTU (Thailand) Company Limited	Thaicom Public Company Limited	Shenington Investments Pte Limited	Spacecode LLC	Star Nucleus Company Limited	

## Major Shareholders

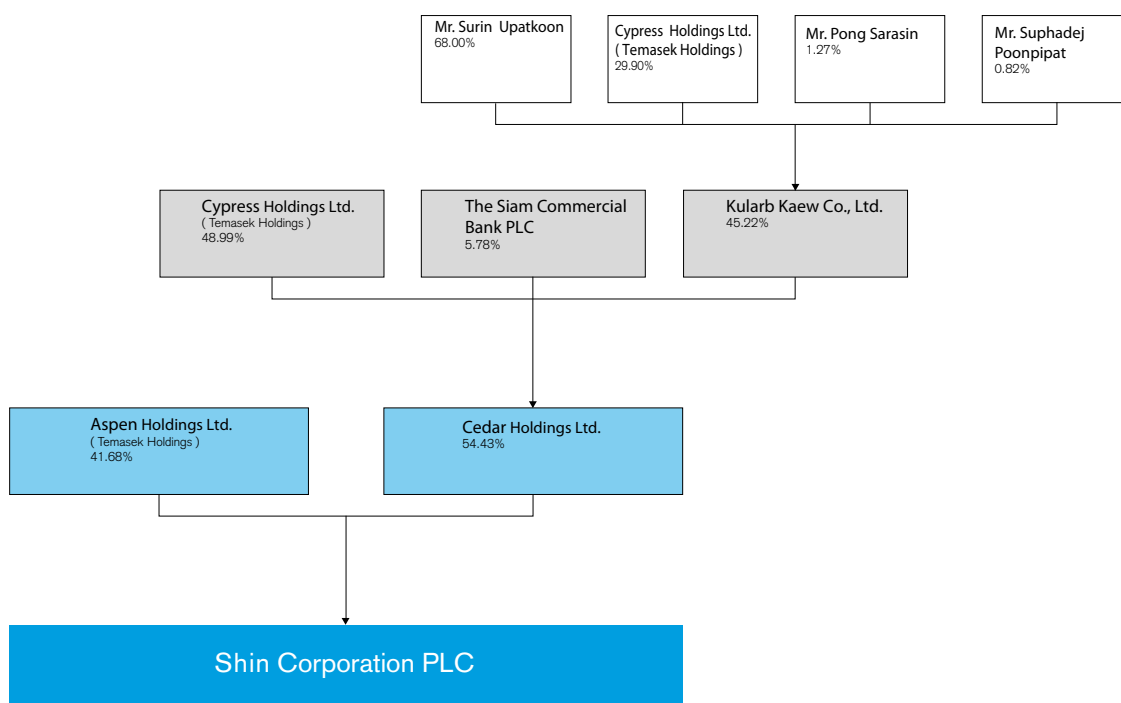
### LIST OF THE FIRST TOP 10 MAJOR SHAREHOLDERS

The first top 10 shareholders as of November 26, 2010 prepared by Thailand Securities Depository Co., Ltd. are as follows:

Name	No. of shares	Percentage of Investment (%)
1. CEDAR HOLDINGS LIMITED	1,742,407,239	54.43
2. ASPEN HOLDINGS LIMITED	1,334,354,825	41.68
3. HSBC (SINGAPORE) NOMINEES PTE LTD	9,550,400	0.30
4. THAI NVDR COMPANY LIMITED	8,570,170	0.27
5. CITIBANK NOMINEES SINGAPORE PTE LTD-ARANDA INVESTMENTS PTE LTD	8,071,100	0.25
6. BANGKOK LIFE ASSURANCE PLC	8,005,100	0.25
7. BANGKOK BANK PLC	7,910,000	0.25
8. CHASE NOMINEES LIMITED 42	5,695,000	0.18
9. BUALUANG LONG-TERM MUTUAL FUNDS	5,535,500	0.17
10. AMERICAN INTERNATIONAL ASSURANCE COMPANY LIMITED-AIA- D-PLUS	4,578,100	0.14

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 2011 date.

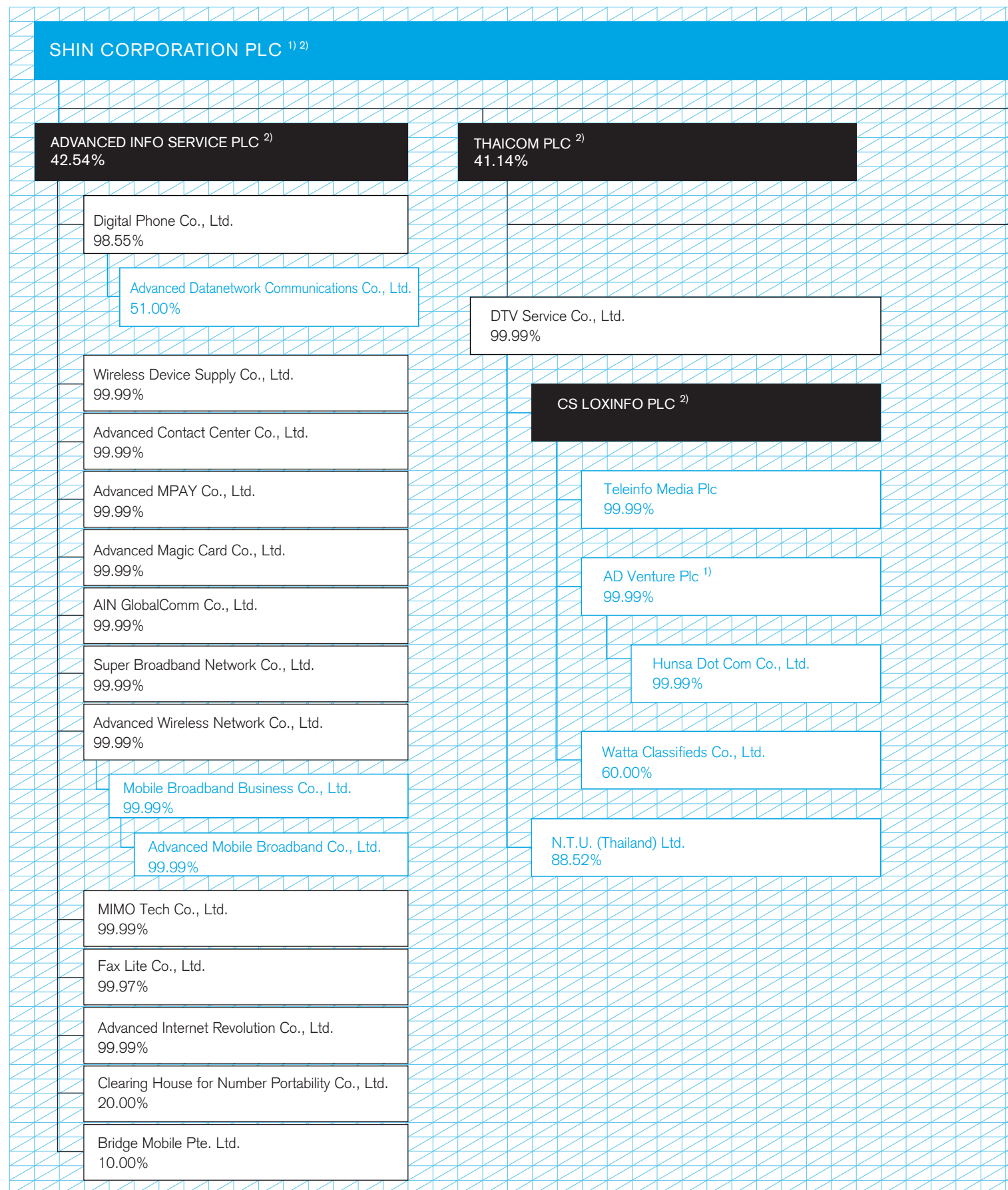
As of January 12, 2011, the shareholding structure of Shin Corporation PLC is as follows:



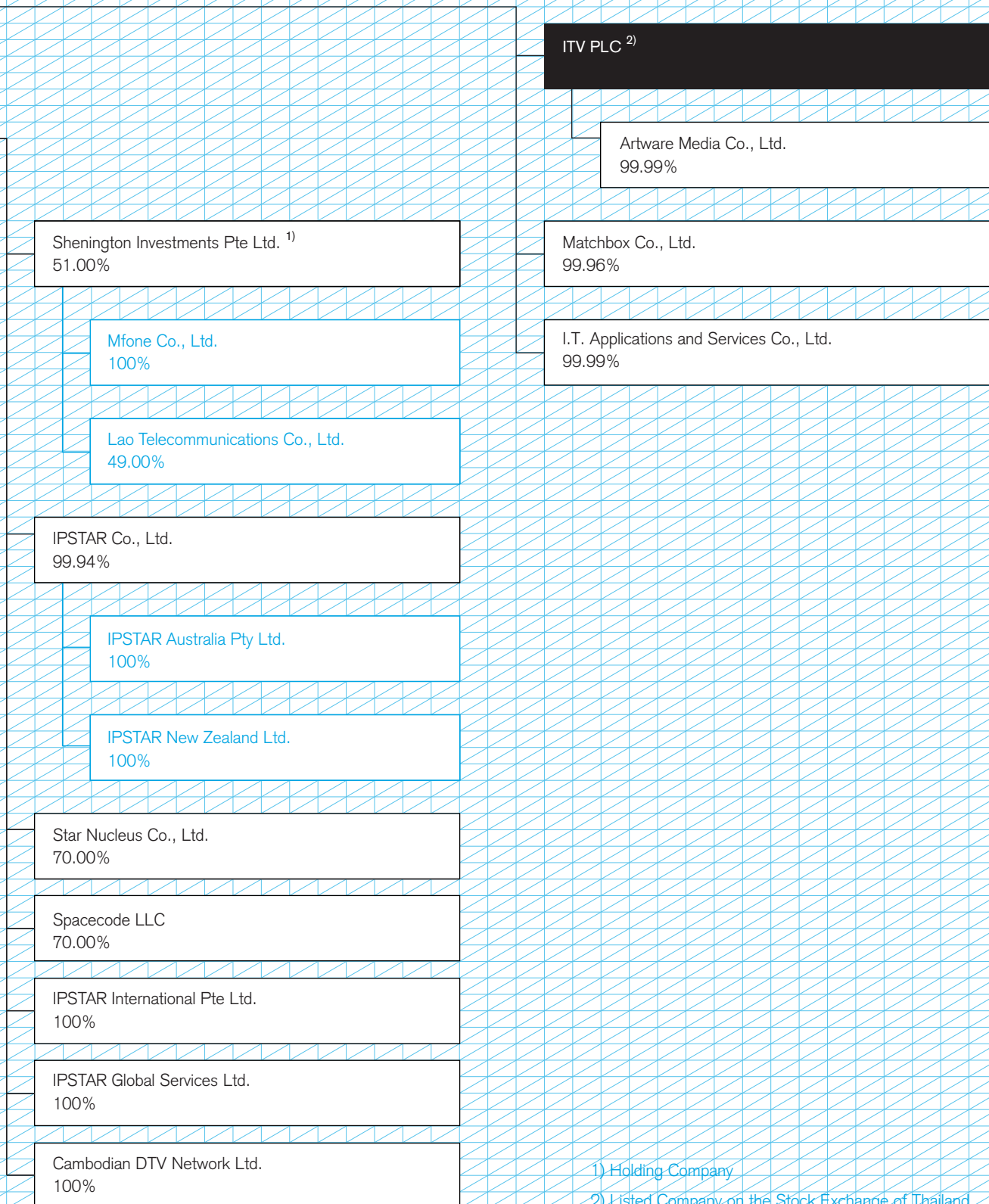


## Investment Structure of SHIN Group

## Investment Structure of SHIN Group



( As of February 2, 2011 )

<sup>1)</sup> Holding Company<sup>2)</sup> Listed Company on the Stock Exchange of Thailand

## General Information of the Company, Subsidiaries and Associated Companies

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### GENERAL INFORMATION OF THE COMPANY

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#### Shin Corporation Public Company Limited

Symbol:	SHIN
Nature of Business:	Holding company whose primary investments are in telecom, satellite and media
Website:	www.shincorp.com
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:	3,201,083,769 shares
Par Value:	1 Baht
Paid-up Capital:	3,201,083,769 Baht

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### GENERAL INFORMATION OF THE SUBSIDIARIES AND ASSOCIATED COMPANIES

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#### Advanced Info Service Public Company Limited

Symbol:	ADVANC
Nature of Business:	Operating a 900 MHz cellular telephone system
Website:	www.ais.co.th
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:	2,970,076,139 shares
Par Value:	1 Baht
Paid-up Capital:	2,970,076,139 Baht
SHIN's Percentage Shareholding:	42.55%

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#### 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) 299-5524
Branch Office 1:	41/103 Rattanathibet Road, Bangkrasor, Muang, Nonthaburi
	Tel: (662) 591-0736
	Fax: (662) 591-0705
Branch Office 2:	50 Moo 1, Bor-ngern, Ladlumkaew, Phatumthani
	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
SHIN's Percentage Shareholding:	41.14%

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**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, 6 <sup>th</sup> Floor, Vipavadi 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
SHIN's Percentage Shareholding:	52.92%

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**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:	408/41 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
SHIN's Percentage Shareholding:	99.96%

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**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), 3 <sup>rd</sup> 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
SHIN's Percentage Shareholding:	99.99%

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GENERAL INFORMATION OF THE ASSOCIATED COMPANY OF WIRELESS TELECOMMUNICATION BUSINESS

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**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

ADVANC's Percentage Shareholding: 98.55%

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**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

ADVANC's Percentage Shareholding: 99.99%

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**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

ADVANC's Percentage Shareholding: 99.99%

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**Advanced MPay Company Limited (AMP)**

Head Office: 408/60 Phaholyothin Place Tower, 15<sup>th</sup> 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

ADVANC's Percentage Shareholding: 99.99%

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**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

ADVANC's Percentage Shareholding: 99.99%

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**AIN GlobalComm Company Limited (AIN)**

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

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

Nature of Business: Service provider of international gateway

Registered Capital: 2 million shares

Par Value: 100 Baht

Paid-up Capital: 100 million Baht

ADVANC's Percentage Shareholding: 99.99%

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**Super Broadband Network Company Limited (SBN)**

Head Office: 408/60 Phaholyothin Place Tower, 15<sup>th</sup> Floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok  
 Tel: (662) 299-6000  
 Fax: (662) 619-8777

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

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

ADVANC's Percentage Shareholding: 99.99%

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**Advanced Wireless Network Company Limited (AWN)**

Head Office: 408/60 Phaholyothin Place Tower, 15<sup>th</sup> 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

ADVANC's Percentage Shareholding: 99.99%

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**MIMO Tech Company Limited (MMT)** (Formerly name “i Zone Company Limited”)

Head Office: 1291/1, Phaholyothin Road, Samsennai, Phayathai, Bangkok  
 Tel: (662) 299-6000  
 Fax: (662) 299-5165

Nature of Business: Operate IT, and content aggregator business

Registered Capital: 0.50 million shares

Par Value: 100 Baht

Paid-up Capital: 50 million Baht

ADVANC's Percentage Shareholding: 99.99%

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**Fax Lite Company Limited (FL)**

Head Office: 1291/1, Phaholyothin Road, Samsennai, Phayathai, Bangkok  
 Tel: (662) 299-6000  
 Fax: (662) 299-5165

Nature of Business: Operate in acquiring and/or lease building, and related facilities for Telecommunications Business

Registered Capital: 0.01 million shares

Par Value: 100 Baht

Paid-up Capital: 1 million Baht

ADVANC's Percentage Shareholding: 99.97%

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**Advanced Datanetwork Communications Company Limited (ADC)**

Head Office: 408/157 Phaholyothin Place Tower, 38<sup>th</sup> 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

DPC's Percentage Shareholding: 51.00%

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**Mobile Broadband Business Company Limited (MBB)**

Head Office: 408/60 Phaholyothin Place Tower, 15<sup>th</sup> Floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok

Nature of Business: Currently not in operation

Registered Capital: 1.20 million shares

Par Value: 100 Baht

Paid-up Capital: 120 million Baht

AWN's Percentage Shareholding: 99.99%

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**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  
 MBB's Percentage Shareholding: 99.99%

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**Advanced Internet Revolution Company Limited (AIR) (Formerly name "Mobile From Advance Company Limited")**

Head Office: 408/60 Phaholyothin Place Tower, 15<sup>th</sup> Floor, 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  
 ADVANC's Percentage Shareholding: 99.99%

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**Clearing House for Number Portability Company Limited (CLH)**

Head Office: 10/97, 6<sup>th</sup> Floor, The Trendy Project, Soi Sukhumvit 13 (Sangchan), Klongtoey nua, Wattana, Bangkok  
 Tel: (662) 646-2523  
 Fax: (662) 168-7744  
 Nature of Business: Jointly invested, operate the information system and the centralized database for the mobile portability service  
 Registered Capital: 0.02 million shares  
 Par Value: 100 Baht  
 Paid-up Capital: 2 million Baht  
 ADVANC's Percentage Shareholding: 20.00%

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**Bridge Mobile Pte. Ltd. (BMB)**

Head Office: 750 Chai Chee Road, #03-02/03, Technopark @ Chai Chee, Singapore 469000  
 Tel: (656) 424-6270  
 Fax: (656) 745-9453  
 Nature of Business: Jointly invested, provide international roaming service (incorporated in Singapore)  
 Registered Capital: 23 million shares  
 Par Value: 1 million USD  
 Paid-up Capital: 23 million USD  
 ADVANC's Percentage Shareholding: 10.00%

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GENERAL INFORMATION OF THE ASSOCIATED COMPANY OF SATELLITE AND INTERNATIONAL BUSINESS

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**DTV Service Company Limited (DTV)**

Head Office: 414 Phaholyothin Road, Samsennai, Phayathai, Bangkok  
 Branch Office: 50 Moo 1, Bor-ngern, Ladlumkaew, Phatumthani  
 Tel: (662) 596-5060  
 Fax: (662) 591-0708  
 Website: [www.dtvservice.net](http://www.dtvservice.net)  
 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  
 THCOM's Percentage Shareholding: 99.99%

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**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](http://www.ntuthailand.com)  
 Nature of Business: Providing training network services  
 Registered Capital: 0.12 million shares  
 Par Value: 100 Baht  
 Paid-up Capital: 7.50 million Baht  
 DTV's Percentage Shareholding: 88.52%

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**Shenington Investments Pte Limited (SHEN)**

Head Office: 8 Marina Boulevard #05-02, Marina Bay Financial Centre, Singapore 018981  
 Tel: (656) 338-1888  
 Fax: (656) 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  
 THCOM's Percentage Shareholding: 51.00%

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**IPSTAR Company Limited (IPSTAR)**

Head Office: Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands  
 Nature of Business: Providing of Thaicom 4 transponder services  
 Registered Capital: 200 million shares  
 Par Value: 0.01 USD  
 Paid-up Capital: 2 million USD  
 THCOM's Percentage Shareholding: 99.94%

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**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 Thaicom 4 satellite  
 Registered Capital: 0.05 million shares  
 Par Value: 1 USD  
 Paid-up Capital: 10 USD  
 THCOM's Percentage Shareholding: 70.00%

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**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  
 THCOM's Percentage Shareholding: 70.00%

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**IPSTAR International Pte Limited (IPI)**

Head Office: 8 Marina Boulevard #05-02, Marina Bay Financial Centre, Singapore 018981  
 Tel: (656) 338-1888  
 Fax: (656) 337-5100  
 Nature of Business: Providing Thaicom 4 transponder services  
 Registered Capital: 0.10 million shares  
 Par Value: 1 SGD  
 Paid-up Capital: 20,000 SGD  
 THCOM's Percentage Shareholding: 100%

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**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 Thaicom 4 transponder services  
 Registered Capital: 0.02 million shares  
 Par Value: 1 USD  
 Paid-up Capital: 20,000 USD  
 THCOM's Percentage Shareholding: 100%

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**Cambodian DTV Network Limited (CDN)**

Head Office: #A-09, St. 271, Sangkat Tumnub Toeuk, Khan Chamka Morn, Phnom Penh, Kingdom of Cambodia  
 Tel: (855) 023-305-990  
 Website: www.cdn.com.kh  
 Nature of Business: Providing DTH television service  
 Registered Capital: 0.001 million shares  
 Par Value: 2,400,000 Riels  
 Paid-up Capital: 2,400 million Riels or equivalent to 0.60 million USD  
 THCOM's Percentage Shareholding: 100%

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**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) 023-303-333  
Fax: (855) 023-361-111  
Website: [www.mfone.com.kh](http://www.mfone.com.kh)  
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  
SHEN's Percentage Shareholding: 100%

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**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  
SHEN's Percentage Shareholding: 49.00%

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**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 Thaicom 4 and providing Thaicom 4 transponder services in  
Australia  
Registered Capital: 6.95 million shares  
Par Value: 1 AUD  
Paid-up Capital: 6.95 million AUD  
IPSTAR's Percentage Shareholding: 100%

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**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 Thaicom 4 and providing Thaicom 4 transponder services in  
New Zealand  
Registered Capital: 8.51 million shares  
Par Value: 1 NZD  
Paid-up Capital: 8.51 million NZD  
IPSTAR's Percentage Shareholding: 100%

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**CS LoxInfo Public Company Limited (CSL)**

Symbol: CSL  
 Head Office: 414 Phaholyothin Road, Samsennai, Phayathai, Bangkok  
 Branch Office: 90 CyberWorld Tower A, 17<sup>th</sup>- 20<sup>th</sup> Floor, Ratchadapisek Road, Huai Khwang, Huai Khwang, Bangkok  
 Tel: (662) 263-8000  
 Fax: (662) 263-8132  
 Website: [www.csloxinfo.com](http://www.csloxinfo.com)  
 Nature of Business: Providing internet data center services, internet and satellite uplink-downlink services  
 Registered Capital: 619,914,436 shares  
 Paid-up Capital: 592,743,675 shares  
 Par Value: 0.25 Baht  
 Paid-up Capital: 148,185,918.75 Baht  
 DTV's Percentage Shareholding: 42.19%

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**Teleinfo Media Public Company Limited (TMC)**

Head Office: 414 Phaholyothin Road, Samsennai, Phayathai, Bangkok  
 Branch Office 1: 2028 Rim-Tang-Rot-Fai Sai Paknum Road, Phakhanong, Klongtoey, Bangkok  
 Branch Office 2: 1126/2 Vanit Bldg. 2, 25<sup>th</sup>- 28<sup>th</sup> Floor, New Phetchaburi Road, Makkasan, Ratchathewi, Bangkok  
 Tel: (662) 262-8888  
 Fax: (662) 262-8899  
 Website: [www.teleinfomedia.net](http://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  
 CSL's Percentage Shareholding: 99.99%

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**AD Venture Public Company Limited (ADV)**

Head Office: 414 Phaholyothin Road, Samsennai, Phayathai, Bangkok  
 Branch Office: 1126/2 Vanit Bldg. 2, Room 2101, 21<sup>st</sup> Floor, New Phetchaburi Road, Makkasan, Ratchathewi, Bangkok  
 Tel: (662) 262-8888  
 Fax: (662) 262-8899  
 Nature of Business: Holding company for investment in mobile contents  
 Registered Capital: 1.07 million shares  
 Par Value: 10 Baht  
 Paid-up Capital: 10.75 million Baht  
 CSL's Percentage Shareholding: 99.99%

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**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
CSL's Percentage Shareholding:	60.00%

**Hunsa Dot Com Company Limited (HUNSA)**

Head Office:	414 Phaholyothin Road, Samsennai, Phayathai, Bangkok
Branch Office:	1126/2 Vanit Bldg. 2, Room 2101, 21 <sup>st</sup> Floor, New Phetchaburi Road, Makkasan, Ratchathewi, Bangkok
	Tel: (662) 262-8888
	Fax: (662) 262-8899
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
ADV's Percentage Shareholding:	99.99%

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**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
ITV's Percentage Shareholding:	99.99%

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Remark The information on registered capital, paid-up capital and percent of investment as of December 31, 2010.



## Milestones

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### PRE – 2010 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.

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- 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 stake 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 Sherington 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
- 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.

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## 2010 MILESTONES

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- 2010
- SHIN announced special dividend at the rate of Baht 4.37 per share beside of a regular dividend payment of Baht 2.40 per share. This special dividend was paid from dividend of AIS who announced a special dividend payment at the rate of Baht 11.00 per share, due to its excess liquidity and it is expected that there is no major investment plan in the near future.
  - THAICOM 1A was deorbited in January 2010 after it has reached its end of life in May 2009.
  - THAICOM 2 was deorbited in October 2010 after it has reached its end of life, some of its customers have been transferred to THAICOM 5.
  - THCOM had inaugurated its IPSTAR gateway to provide broadband satellite service in India. There are sixteen IPSTAR gateway in operation in 2010.

## Nature of Business

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### WIRELESS COMMUNICATIONS BUSINESS

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The wireless communications business is operated by Advanced Info Service Public Company Limited (AIS). With 97% nationwide coverage, AIS currently has 54% revenue market share and more than 31.2 million subscribers with represents 45% subscriber market share.

### PRODUCTS AND SERVICES

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#### Mobile GSM Network Operator

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AIS and its subsidiary operate the 900MHz and 1800MHz GSM networks, based on GSM technology, 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) until 2015. The terms of the agreement required AIS to build and raise capital for investment in the cellular network and transfer the network ownership to the TOT and also entitled to share its revenue from service to the TOT at 30% of postpaid revenue, and 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.

**1800MHz GSM Network:** 1800MHz 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 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.

Apart from the nationwide 2G network, AIS also operates the commercial 3G service on 900MHz in a limited scale including major shopping mall in Bangkok and some major rural areas namely Chaing mai, Korat, Chon Buri, and Huahin.

#### International Direct Dialing Service

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**AIN GlobalComm Co., Ltd. (AIN)** was awarded a 20-year license from the National Telecommunications Commission (NTC), which will end in 2026. To serve the customers with the boundless connectivity service, AIN provide an international direct dialing call or IDD service over 230 destinations by dialing prefix 005 or 00500. 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

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**Super Broadband Network Co., Ltd. (SBN)** provides data service on a fixed line facility. SBN offered various services that include an internet (ISP), international & national internet gateway, Internet Protocol Virtual Private Network (IP VPN), and an IP television.

**Advanced Data Network Communications Co., Ltd. (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.

**MIMO Tech Co., Ltd. (MMT)**, established in early 2010, operates as a data content aggregator or a pool of content and application which will support various services of AIS and other subsidiaries from the growing consumer demand on mobile data.

#### Call Center

**Advanced Contact Center Co., Ltd. (ACC)** provides a call center service that is focused on customer care. Evolving from simple after-sales and customer service maintenance, ACC promotes 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, which are distributed through over 500 authorized Telewiz shops, more than 500 general dealers nationwide, and over 400,000 electronic channels. As the smart phone adoption continues to grow, in the recent years, we have a successful launch of several models of aircards, tablet PC, and smartphones e.g. BlackBerry, HTC Magic, Nokia N900, Samsung Galaxy S, iPhone 4, Galaxy Tab.

#### 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 AND COMPETITION IN 2010

In 2010, mobile phone service provider industry grows around 6% which derives from the 20-30% growth in data services and the economic recovery from the recession in 2009 as we can see from the 7.8% Gross Domestic Product (GDP) growth. Industry growth is less than GDP growth because the majority of our revenue derives from voice service with the growth of 3%, which is considered saturated market with over 100% mobile penetration rate. This illustrates the increasing importance of data service to mobile phone service providers.

The amount of data service is growing at a high level with the trend of online Social Network and Smartphone wave as supporting factors. The “Chat” trend via Blackberry, the long awaited launch of iPhone 4, and Samsung Galaxy Tab, lead to more variety in data service usage. AIS estimates that Smartphone is accounted for 1 out of 3 of the total number of new mobile phones sold over the year.

In 2010, the competition level among mobile service providers is considered not aggressive in terms of numbers of promotion in comparison to that of the previous years, in which there were price competition. Moreover, there is no significant change in market share estimation of 3 major mobile operators. This implies that each provider is trying to maintain their own market share as the first priority. They also plan to preserve the capital for investment after the license for 2.1 GHz is granted; as you can see in the investment per revenue ratio, which is below 10%. However, in the second half of 2010, the National Telecommunication Commission of Thailand (NTC) attempted to allocate the license but there were still some legal issues, resulting in the allocation to be postponed.

## INDUSTRY AND COMPETITION OUTLOOK IN 2011

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The growth of the revenue from data service, which carries on from last year, is the main support for the whole industry growth. Smartphone, Social Network, and the increasing internet usage are the factors contributing to the growth of mobile data usage. In 2011, the Smartphone market will be expanded into customer base in provincial area by many means such as extensive Smartphone devices promotion, price reduction, customers education (suggest them to use at the maximum benefit), as well as Smartphone content development to be suitable for daily life usage, available in Thai language.

There is also room for growth in computer based information service via mobile phone using aircard devices because the rate of fixed-line network per capita is still low. Whereas, the needs for daily use of internet are continuously growing. In addition, computer and aircard prices tend to decrease, resulting in the easier access to the service.

In late 2010, the parliament has passed the legislation on National Broadcasting and Telecommunications Commission Bill (NBTC) that stated the detailed process and time frame of 180 days for commission selection. Consequently, in 2011, we can expect the full commission of NBTC who will generate a master plan for frequency wave management within 1 year (due to the legislation). If the process goes according to the time frame, the long-term direction of Thai telecommunications industry will be clearer and more tangible.

## Satellite and International Business

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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

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### Satellite Transponder Leasing and Related Services

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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. Currently, THCOM operates three satellites namely Thaicom 2, Thaicom 4 (IPSTAR), and Thaicom 5.

In 2010, THCOM has 2 conventional satellites in orbit, namely Thaicom 2 and 5, offering end-to-end satellite solutions to both Thai and foreign customers. As Thaicom 2 had approached its end of life in Year 2010, Thaicom has successfully transferred the customers from Thaicom 2 to Thaicom 5 since May 2010 and deorbited Thaicom 2 since October 30, 2010.

THCOM offers leasing service of the conventional satellite transponder and video broadcasting through Asia Australia Africa and Europe continents. 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 Sherington Investments Pte Ltd. (SHEN), which has invested in the two companies which are Mfone Co., Ltd. (Mfone) and Lao Telecommunications Co., Ltd. (LTC)

- **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/1800MHz, and UMTS or 3G 2100 MHz systems, international calling and internet.
- **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 900/1800MHz and 3G networks), international calling and internet.

## INDUSTRY AND COMPETITION

### Conventional Satellite

During the past year, despite the increasing demand, there has been a shortage of satellite capacity in the Asia Pacific region, especially on standard C-band and Ku-band transponders resulting in the increase in market prices in certain markets such as South Asia. Broadcast business remains very strong in the Asia Pacific region and has become a very important business driver for satellite operators. It is expected that not only direct-to-home (DTH) but also High Definition television (HDTV) and 3D video format will be the key drivers for the conventional satellite market in Asia Pacific in the next few years.

In Thailand, the new Broadcasting Act B.E.2551/C.E.2008 has already been imposed since 2008. The National Telecommunication Committee (NTC) is acting as an interim administrative authority to issue temporary licenses to broadcasters. Thaicom expects

that the number of Thai TV operators and channels will continue to increase as a result of the legislation. With regards to the foreign market, Thaicom 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 in Indochina and South Asia, and for mobile trunking and internet services in Africa.

## Broadband Satellite – IPSTAR

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In terms of broadband access, Asia-Pacific had also made remarkable progress in the past few years with the number of broadband subscribers grew almost sevenfold in six years, from 27 million in 2003 to 187.3 million in 2009. Towards Q3 of 2010, the number of subscribers has increased to 200 million with China (including Hong Kong and Macau)'s 121 million broadband subscribers accounting over half of Asia-Pacific.

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. In Australia and New Zealand, the household internet penetration is relatively high. The high rate of household access to computers and the high priority placed by governments on the policies that promote broadband Internet access serve as driving factors for the increasing use of Internet in both countries.

With a regional penetration rate approaching to 68%, almost 7 out of 10 people living in Asia-Pacific enjoy the benefits of mobile telephony today. This success is set to continue, with mobile connection forecasts to exceed 3 billion by 2013.

Thailand continues to show a strong growth in Internet markets with 17.5 million Internet users and 26.3% penetration rate. In term of broadband internet subscribers, the overall number of broadband internet subscribers is expected to reach 2.8 million within this year, showing a strong year on year growth of 33%. (source: [www.internetworldstats.com](http://www.internetworldstats.com))

## Media and Advertising Business

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

### PRODUCTS AND SERVICES

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#### Television Station

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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.

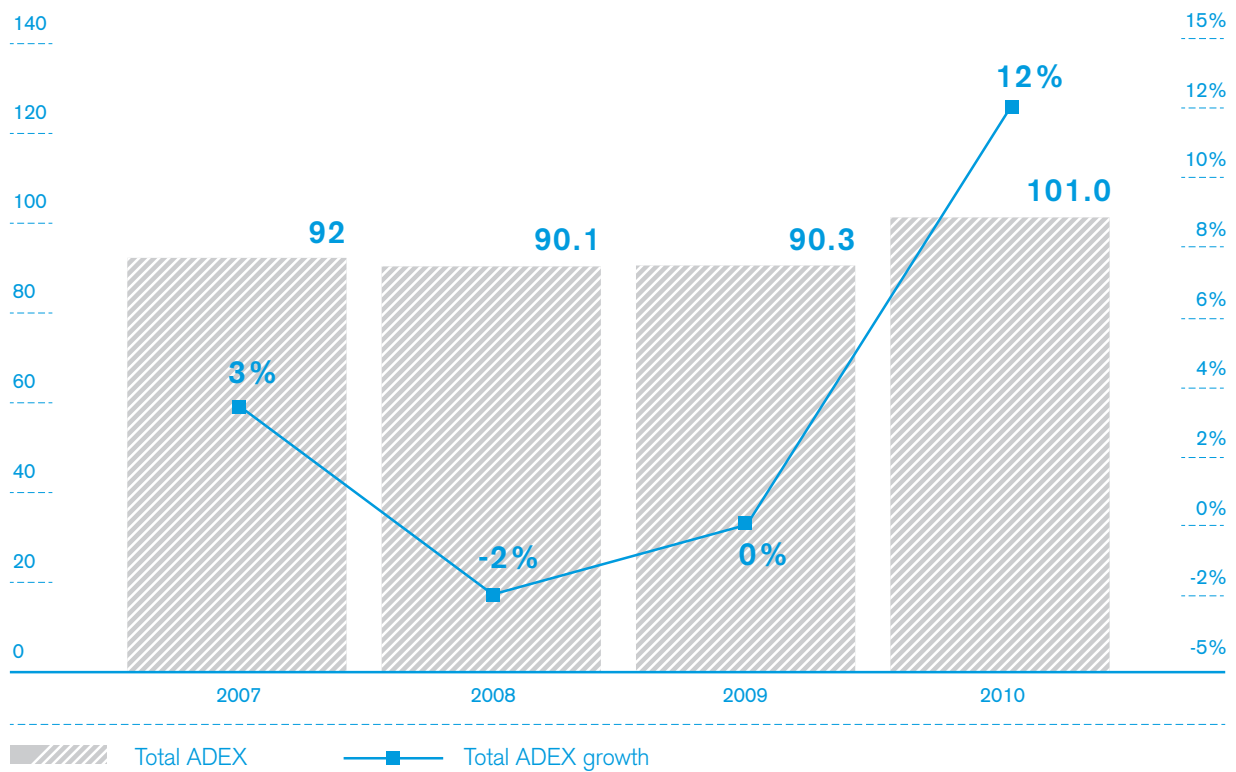
## Advertising

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 2010, according to Nielsen Media Research, the total advertising expenditures in Thailand amounted to Baht 101 billion, increase 12% from 2009. This is mainly due to the solid economic growth.

### ADVERTISING EXPENDITURES



## Risk Factors

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Shin Corporation Plc (“SHIN” or “the Company”) is a holding company with investments in the following areas: wireless communications; satellite & international business; and media & advertising business.

The risks factors set out in the following list are those which the Company presently considers may have a significant negative impact on its business earnings, financial position or future performance.

However, there may be other risks of which the Company is currently unaware or deemed immaterial to its operations.

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

### 1. RISKS TO THE COMPANY

#### 1.1 Lower than expected dividends from subsidiaries

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 Business expansion

The Company's subsidiaries and associated companies continue to expand their businesses. Should these companies be unable to obtain the necessary investment capital by themselves, the Company, as the major shareholder, would incur the risk of having to inject more capital or secure the necessary funding. Moreover, if the Company were to expand its own business, it would also be exposed to this risk along with lower-than-expected returns on investment.

However, this should not present a major problem as the Company has a strong financial status and sustainable cash inflow from dividend income which should maintain its liquidity.

To reduce the risk involved in new investment, any proposal for business expansion will be carefully studied before 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 requirements.

#### 1.3 Foreign exchange

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 while the management of foreign currency risk is based on net foreign-currency-dominated transactions, revenue and cash flow structures. After careful and detailed analysis, the most appropriate financial instrument is then selected.

On December 31, 2010, the Company and its subsidiaries had outstanding foreign currency assets and liabilities of Baht 1,790 million and Baht 3,439 million, respectively, after entering into foreign currency forward contracts, cross-currency interest rate swaps and foreign currency options. (The details are shown in the notes to the financial statement, Item 30.)

#### 1.4 Global economic recession

In year 2010, Thai economy has been expanding and expected to continue expanding into year 2011. However, the situation is still very fragile as there is still a possibility that 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 funds, maintaining sufficient excess cash to support operations and investments, and appropriately managing the foreign exchange and interest rate risks.

#### 1.5 Risk from the litigation to which the Company are not a party, which may result in the revocation of operating agreements of AIS and THCOM

On March 20, 2006, Mr. Satra To-Orn, submitted a complaint to the Central Administrative Court (CAC) against the Ministry of Information and Communications Technology (MICT), the Ministry of Transportation ("the Transport Ministry") and the Office of the Permanent Secretary, the Prime Minister's Office (PMO), requesting the court to terminate the operating agreements these state agencies had entered into with AIS, THCOM and ITV, and order a temporary injunction preventing the Company's new shareholders from taking any action or receiving any benefit under these agreements.

Mr. Satra claimed that the state agencies had neglected to perform its duties as its not terminate the operating agreement made with these three companies when the Company's shares was transfer to a new group of shareholders, having significant impact on structure of shareholders of the Company that operate business on the exploitation natural resources which should be use for the benefit of Thai citizen.

The CAC rejected Mr. Satra's complaint on the grounds that he had not been a party to the operating agreements. However, Mr. Satra appealed to the Supreme Administrative Court on September 12, 2006, which ruled that public interest was at stake because foreign control of the Company might cause damage or result in a breach of national security that would unavoidably affect the plaintiff. The Supreme Administrative Court then ordered the CAC to accept and try the case, which is now being considered.

On November 17, 2006, the CAC rejected Mr. Satra's application that request the court to order provision remedial measures on the Company's new shareholders, preventing them from taking any action in relation to Telecommunication business under

operating agreements. The CAC viewed insufficient grounds for the request as the disputes is in relation to the duties under the agreements. This order to reject application for provisional remedial measures of CAC shall become final. At present, the case is under consideration of the CAC.

AIS and THCOM should not be affected in so far as there is no decision to the extent that shareholders of AIS and THCOM are under control of alien. In addition, whether or not the operating agreements could be void shall be considered the terms and conditions of such agreements.

#### 1.6 Risk if the Company is deemed to be foreign entity

*The Foreign Business Act B.E. 2542* ("the FBA") regulates qualification of Thai company and shareholding proportion of foreign in Thai companies. The definition of "Foreigner" in the FBA is also applied in the *Telecommunications Business Act B.E. 2544* ("the TBA") as regards the qualifications of applicants for type 2 & 3 licenses. There is a provision under the FBA prohibiting Thais from acting as nominees for foreigners who conduct business in Thailand.

In 2006, the Ministry of Commerce (MOC) investigated nominee shareholding on behalf of foreigners in Thai companies including the major shareholders of Kularb Kaew Co., Ltd. ("Kularb Kaew"), a Thai company holding shares in Cedar Holding Co., Ltd. ("Cedar"), the Company's major shareholder. The issue is whether or not the major Thai shareholder of Kularb Kaew holds shares on behalf of foreigners. 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 to be a "foreigner" under the law, then Cedar could be deemed a "foreigner" as well and the Company, AIS, DPC and THCOM likewise. The Criminal Court has the authority to order any Thai holding shares on behalf of foreigners to sell those shares. However, the Company, AIS, DPC and THCOM all believe that they have not committed any offence but in the event of this ruling, they would have to find new shareholders to replace those deemed to have held shares on behalf of foreigners. Failure to do this might affect the granting of new licenses to AIS, DPC and THCOM.

The operating agreement between state agencies and AIS does not contain a clause limiting foreign shareholding.

The Company cannot be sure how the outcome of this case will affect the operating agreements and licenses held by AIS, DPC and THCOM. Furthermore, the Company cannot predict whether the existing legal principles relating to the definition of "foreigner" will be changed by future laws or regulations.

#### 1.7 Actions may be undertaken by state agencies as a result of the judgment of the Supreme Court of Justice' s Criminal Division for Persons Holding Political Positions in the assets seizure case on February 26, 2010.

The judgment of the Supreme Court of Justice's Criminal Division for Persons Holding Political Position on February 26, 2010 concern SHIN and its affiliated companies in some aspects. With regard to such aspects, the impact of judgment is limited on the issue that some properties of the person holding political position was improperly acquired by an abuse of power while being in political position. The judgment does not contain any ruling or analysis on the result, the validity or invalidity of the actions already taken, nor does it contain any order indicating that SHIN, its affiliated companies or state agencies shall take any actions. Furthermore, only the party to the case shall abide by the judgment.

Accordingly, there is no reason for SHIN and its affiliated companies to take any actions since SHIN and its affiliated companies are not involved in such case. Moreover, SHIN believes that it and its affiliated companies took all actions in good faith and in accordance with the provisions of the existing agreements. Whether the relevant government agencies will take any action in this regard, no notice of any further action has been given to SHIN. Nevertheless, the legal teams of SHIN have considered the matter and viewed that if any proceeding concerning SHIN or its affiliated companies is to be initiated by related parties, such proceeding shall be in accordance with the law and justice. No proceeding can be improperly concluded or dictated by a single party. SHIN and its affiliated companies have every right available under the law and agreements to provide the facts to prove



its innocence and good faith; and the outcome of this controversy will be fair to all related parties who are acting in good faith.

## 2. WIRELESS COMMUNICATIONS BUSINESS

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

On September 23, 2010, The Supreme Administrative Court upheld an injunction order of the Central Administrative Court which has temporarily suspended the assignment of frequency for the operation of mobile cellular IMT 2.1 GHz and the process according to the Notification of the National Telecommunications Commission (NTC) on the Criteria and Procedures for the Assignment of Frequency for the operation of Mobile Cellular IMT 2.1 GHz until the case is finalized or otherwise ruled.

Hence, it results in the assignment of the frequency for the operation of IMT 2000 or 3G by NTC being interrupted or cancelled where there shall be no assignment of the frequency to any operator other than TOT which has already been assigned of the frequency recently. Therefore, the result of the delay of the assignment of the 3G frequency shall result in the loss of business opportunity of AIS.

However, on 19 December 2010, the Act on the Organization to Assign Radio Frequency and Regulate the Broadcasting and Telecommunication Services B.E. 2553 has been launched and the Government has accelerated the formation of the National Broadcasting and Telecommunications Commission (NBTC). It is expected that NBTC shall be able to arrange the assignment of the frequency and issue a license for the operation of IMT 2000 or 3G within the year 2012.

### 2.2 Organization regulating telecommunication and broadcasting business

On December 19, 2010, the Act on the Organization to Assign Radio Frequency and Regulate the Broadcasting and Telecommunication Services B.E. 2553 has been launched in substitution of the previous one of B.E. 2543 in order to be in conformity with Article 47 of the Constitution of the Kingdom of Thailand B.E. 2553, 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.

However, the transitory provisions of the said Act have not only prescribed NTC to remain acting as the National Broadcasting Telecommunications Commission (NBTC) until the actual appointment of the NBTC but also prescribed that the assignee of the frequency or users of the frequency for operating telecommunication business shall be deemed being granted license by NBTC under this Act until the expiry period prescribed by NBTC, including the sub-assignment of frequency by state enterprise to other entity to operate by legitimate permission, concession or contract, such entity shall be entitled to continue operate the business for the remaining period of such permission, concession or contract only.

AIS cannot estimate whether the exercise of power, the scope of policies and regulations of NBTC in the future shall have a significant impact on the industry and the AIS's current scope of telecommunication business operation including financial status and business opportunities or not.

### 2.3 The Jointly Undertake Work Agreement between State Enterprise and Private Sector as stated in the Act Permitting the Private Sector to Jointly Undertake Work or to Operate the Work of State Enterprise B.E. 2535.

#### 2.3.1 The amendment of the Jointly Undertake Work Agreement between Advanced Info Service Public Company Limited (AIS) and TOT Public Company Limited (TOT)

As the Ministry of Information Technology and Communication sent a letter to the Council of State requesting for its opinion regarding the amendment of the Cellular Mobile Telephone Service Agreement (the "Agreement") between TOT, as formerly being Telephone Organization of Thailand, and Advanced Info Service Public Company Limited after the enforcement of the Act Permitting the Private Sector to Jointly Undertake Work or to Operate Enterprises of the State B.E. 2535 came into

effect whether the current amendment is in line with the said Act and if such amendment is in breach of the said Act what should be done.

The Office of the Council of State has been of the opinion in a memorandum regarding the enforcement of the Act Permitting the Private Sector to Jointly Undertake Work or to Operate the Work of State Enterprises B.E. 2535 (The case between the TOT and AIS no. 291/2550), that:

“...TOT entered into the Agreement on behalf of the State by virtue of the legal authority of the Telephone Organization of Thailand. Therefore, the said Agreement has been executed between the State and private sectors for the assignment of the private sector to provide public service on behalf of the State. The State is obliged to comply with the provisions of the Agreement.

Since the amendments to the Agreement relevant to which consultation is being sought were not legitimately carried out according to the Act Permitting the Private Sector to Jointly Undertake the Work or Operate the Work of State Enterprises which was in force at the time of those amendments due to the lack of the submission of those amendments to the Coordinating Committee for consideration according to Section 22 and to the Cabinet as an authority in charge for approval of such amendments to the Agreement pursuant to the Act as above-concluded, the amendments made to the Agreement with the TOT as the contracting party were, therefore, carried out without legal authority. However, the amendment procedures of the Agreement which represent administrative juristic acts are capable of being separated from the amendments to the Agreement and those amendments to the Agreement are still in force so long as they are not rescinded or extinguished by virtue of time clause or by other causes. If the Cabinet as a lawful authority, after having considered the causes for the rescission, the impact and the appropriateness on the basis of the State's and the public interest, is of the opinion that the illegitimate procedures have caused considerable damage, the Cabinet can rescinding such amendments to the Agreement. But if the Cabinet considers on justification and in the light of the State's or the public interest and the continuity of providing public services, the Cabinet may exercise its discretion to grant approval to re-proceed the amendment procedures, as appropriate, by the project owner and the Coordinating Committee pursuant to Clause 22 being the parties to submit the facts, justifications and opinions for the consideration of the Cabinet.”

In addition, AIS has acknowledged that the Coordinating Committee pursuant to Clause 22 has submitted the opinion with respect to the amendments of the Agreement of AIS to the Minister of the Information and Communications Technology and the Cabinet for consideration. The Cabinet has passed the resolution that the working team be set up to negotiate with AIS including all mobile phone service operators and submit its opinion to the Cabinet for further consideration.

AIS firmly believes that the principle and the grounds of the amendments of the Agreement, the TOT's and the AIS's compliance with the Act and the Agreement shall positively ease off the risk and that there shall be no material change which shall have an impact on AIS. However, if the amendments of the AIS's Agreement are invalidated by the Cabinet; it may result in the shorten of the term of the Agreement and or a higher prepaid revenue share, for instance.

### **2.3.2 The amendment of the Jointly Undertake Work Agreement between Digital Phone Company Limited (DPC), a subsidiary company of AIS and CAT Telecom Public Company Limited (CAT)**

As the Ministry of Information Technology and Communication sent a letter to the Council of State requesting for its opinion regarding the amendment of the Digital PCN (Personal Communication Network) 1800 Service Agreement (the “Agreement”) between CAT and DPC after the enforcement of the Act Permitting the Private Sector to Jointly Undertake Work or to Operate Enterprises of the State B.E. 2535 came into effect whether the current amendment is in line with the said Act and if such amendment is in breach of the said Act what should be done.

The Office of the Council of State has been of the opinion in a memorandum regarding the enforcement of the Act Permitting the Private Sector to Jointly Undertake Work or to Operate the Work of State Enterprises B.E. 2535 (The case between the CAT and DPC no. 294/2550), that:

“...the assignment of the rights and duties by Total Access Communication Public Company Limited to DPC and the entering into an agreement between DPC and CAT dated November 19 B.E. 2539 are considered as the permission of CAT granted to a private sector to provide cellular mobile phone service whereby DPC shall be 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 specifically prescribed 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 *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 i.e. The committee shall present the selection results including reasons, topics of negotiation related to the state benefit, the drafted contract and all relating documents to the Minister in charge in order to submit for cabinet's consideration within ninety days as from the decision date of the committee.

Therefore, the process is under the authority and duties of the committee according to Section 13 to consider as it sees fit and DPC as the transferee of the rights and obligations from Total Access Communication Public Company Limited under the Digital PCN (Personal Communication Network) 1800 Service Agreement between CAT and Total Access Communication Public Company Limited. DPC shall be entitled to provide telecommunication service based on the transferred rights and obligations although the current agreement between CAT and DPC has not been in compliance with the Act Permitting the Private Sector to Jointly Undertake Work or to Operate Enterprises of the State. However, the current agreement is still effective as long as it is not rescinded or invalid by time or other conditions. Therefore, CAT and DPC are bound to comply with the said Agreement.”

In addition, AIS has acknowledged that the Coordinating Committee pursuant to Clause 13 has submitted the opinion with respect to the amendments of the Agreement of DPC to the Minister of the Information and Communications Technology and the Cabinet for consideration. The Cabinet has passed the resolution that the working team be set up to negotiate with DPC including all mobile phone service operators and submit its opinion to the Cabinet for further consideration.

DPC firmly believes that the risks shall ease off positively as CAT and DPC are still obliged to comply with the Agreement. However, should the Committee according to Section 13 submits its resolution to the Cabinet that the Agreement made between CAT and DPC after the enforcement of the Act Permitting the Private Sector to Jointly Undertake Work or to Operate the Work of State Enterprises B.E. 2535 is contrary to the said Act and the Cabinet agrees with the said resolution, the Jointly Undertake Work Agreement of DPC may come to an end.

## 2.4 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, True Move Company Limited, CAT Telecom Public Company Limited and with Digital Phone Company Limited, which have been approved by NTC. 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 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 August 31, 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 been 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 had set up the negotiation committee to seek for the conclusion but it could not be done as TOT requires AIS to pay revenue sharing calculated on gross interconnection charges received by AIS at the rate specified in the Agreement without deduction of interconnection charges which AIS has to pay to other operator. Thus, on January 26, 2010, TOT sent a letter demanding AIS to pay the revenue sharing on the interconnection charges of the concession year 17 – 20 in the amount of 17,803,381,680.57 Baht plus interest at the rate of 1.25 per month. But AIS disagreed and sent a letter opposing the said claim to TOT and AIS foresees that it shall be a dispute to be solved by arbitration as stated in the Agreement.

In addition, on September 15, 2010, the Central Administrative Court dismissed the case which TOT has filed for revocation of NTC' Notification on the Use and Interconnect of Telecommunication Networks B.E. 2549 and TOT has already submitted an appeal to the Supreme Administrative Court.

## 2.5 Disputes relating to the excise tax

### 2.5.1 The case 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 and there has been an appointment of 5 arbitrators and the case is pending giving the ruling.

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 January 28, 2003 to February 26, 2007, and AIS deducted such amount from revenue sharing pursuant to the resolution of the Cabinet on February 11, 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.

### 2.5.2 The case between Digital Phone Company Limited (DPC), a subsidiary 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) totalling 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 and there has been an appointment of 5 arbitrators and the case is pending giving the ruling.

However, the management of AIS believes that the outcome of the case shall be in favour of DPC 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 had deducted such amount from revenue sharing in accordance with the resolution of the Cabinet on February 11, 2003 and CAT has also instructed DPC to comply with the said resolution. Therefore, DPC has correctly and completely complied with the resolution of the Cabinet and it is the same practice of the telecommunication business industry.

### 2.6 The case between AIN GlobalComm Company Limited (AIN), a subsidiary 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 totalling Baht 130 million by claiming that the said damage has arisen from the change 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 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 Baht 583 million (inclusive of interest) claiming that CAT has suffered damage for a continuous period up to 7 March 2008. On 26 February 2009, the Civil Court had dismissed the CAT's request for an order of provisional remedial measure submitted on 19 November 2008, to cease AIS and AIN to transfer the Traffic 001 or symbol "+" of CAT to Traffic 005 of AIN.

On December 17, 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.

In addition, CAT has submitted an appeal against the judgment of Civil Court on March 10, 2010 where AIS and AIN has already submitted an answer to the said appeal to the Appeal Court on May 27, 2010. At present, the case is pending consideration of the Appeal Court.

### 2.7 Dispute between Digital Phone Company Limited (DPC), a subsidiary 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.

DPC has submitted an objection to such demand and there has been an appointment of 5 arbitrators and the case is pending giving the ruling.

## 2.8 Dispute between Digital Phone Company Limited (DPC), a subsidiary of AIS and CAT Telecom Public Company Limited (CAT)

On July 15, 2010 CAT submitted a dispute (Case no. Black 62/2553) to the Alternative Dispute Resolution Office, the Arbitration Institute demanding DPC to pay additional remuneration for concession year 10-12 incurred due to DPC has reduced the roaming charge rate between DPC – AIS from Baht 2.10 to Baht 1.10 during the period of April 1, 2007 – December 31, 2008 without approval of CAT in the amount of Baht 1,639,634,569 plus penalty calculating up to March 2010 in the amount of Baht 364,583,786 totaling Baht 2,000,218,355 and also the penalty at the rate of 1.25 per month calculating from April 2010.

At present, the case is pending the process of submission of an objection by DPC according to arbitration procedures. The trial of case may take several years. However, the management of AIS believes that the ruling of the Arbitration Panel of this case shall positively ease off as DPC has informed CAT of the application of the roaming rate of 1.10 Baht per minute since July 2006 which CAT has given a written approval of such application until March 2007 and has also given an approval during the period of January 2009 to March 2009, and during the disputed period CAT has never sent any refusal or objection to DPC, and the roaming rate at 1.10 Baht per minute is yet in conformity with the condition of the market where the rate of service charge has lowered down than previous roaming service charge rate. Besides, DPC has also entered into a roaming agreement with AIS by using the rate of 1.10 Baht per minute as approved by NTC.

## 2.9 The case that TOT Public Company Limited ("TOT") sent letters demanding payments of additional revenue sharing

With reference to a letter dated January 31, 2011 of TOT Public Company Limited ("TOT") to AIS demanding AIS to pay an additional revenue sharing for the reduction of revenue sharing rate with respect to pre-paid service amounting to Baht 29,534 million, the deduction of the cost relating to the roaming amounting to Baht 7,462 million and the deduction of excise tax from the revenue sharing including value added tax (VAT), penalty and surcharge for the total amount of Baht 36,817 million plus interest at the rate of 7.5% per annum to TOT within February 15, 2011. On February 4, 2011, AIS sent a letter disputing the demand of TOT and refusing to pay the claimed amount by giving various reasons and requested TOT to cancel or revoke its said demand within February 9, 2011 including immediately stop any action which may cause further damage to AIS.

Since TOT has not cancelled or revoked such letter within the specified period. Therefore, on February 11, 2011, AIS has submitted a dispute relating to the reduction of revenue sharing rate with respect to pre-paid services and the deduction of the cost relating to the roaming to the Arbitration Institute, the Alternative Dispute Resolution Office, Office of the Justice Courts, case no. black 8/2554. But for the case relating to the deduction of excise tax from the revenue sharing, TOT has submitted a dispute to the Arbitration Institute, case no. black 9/2551 since January 22, 2008 and the case is pending arbitration process at the Arbitration Institute. (The detail is as following 2.5.1)

AIS thinks that both Amendments are binding on both parties and have to be complied with and both parties have kept complying with them throughout the years. AIS has correctly and completely paid the revenue sharing as specified in both Amendments, besides, TOT has never disputed or opposed that AIS had made incorrectly or incompletely payment of revenue sharing. Therefore, AIS believes that AIS has completely performed in accordance with the terms of the Agreements.



### 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 THCOM's service to the customers. It will degrade, temporarily or permanently, the satellite's performance to uplink and downlink the signals. THCOM 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. THCOM 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. THCOM 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.

THCOM is aware of the potential risks of satellites in geo-stationary orbit; therefore, it minimizes such risks by fully insuring the Thaicom satellites. Under the Agreement for the operation of Domestic Communication Satellite, the Ministry of Information and Communication Technology ("MICT") and THCOM are co-beneficiaries. MICT is the owner of the satellite assets while THCOM owns the right to operate them.

The insurance policy is for full coverage with partial loss, meaning that THCOM can immediately make a claim when the satellite is partially damaged. To make claim, THCOM has to submit the Notice of Loss and the Proof of Loss to the insurer. After insurers are in agreement with the Proof of Loss, the claim under the policy will be paid within 45 days following agreement.

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 THCOM or its customers, owing to the satellite's damage. This could possibly affect THCOM's operational performance.

##### Insured Value Project

Satellite	Insured value(Million USD)	Period
Thaicom 4 (IPSTAR)	199.86	August 2010- August 2011
Thaicom 5	73.60	May 2010 - May 2011

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 THCOM 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. THCOM 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 THCOM 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. THCOM might lose its customers and revenues if the Thaicom satellite has shorter service lives than expected and THCOM 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 laws, rules, regulations and government policy

THCOM was incorporated and registered in Thailand to operate satellite telecommunications in the country under the Agreement for the operation of 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 THCOM's businesses.

The Agreement for the Operation of Domestic Communication Satellite will expire in the year 2021. The changes in laws, regulations and policy of the government may result in THCOM not being able to extend the term of the Agreement. THCOM will try to acquire the license to continue its business operations after the Agreement has expired. Moreover, such change may lead to new satellite operators who will be THCOM's competitors in the future.

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

At present, the globalization trend has created a more liberalized telecommunications landscape around the world. It has enabled THCOM to expand the satellite telecommunications services to many countries. THCOM 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 THCOM'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 THCOM serves, can significantly impact THCOM's business opportunities, financial status, and performance. These changes can increase the operating cost and limit THCOM's business activities. Additionally, THCOM may have a tax exposure arising from the change in tax law or the interpretation of tax law in each

country. IPSTAR Service coverage for the Thaicom 4 satellite covers 14 countries in the Asia Pacific region, current IPSTAR is commercially available in 13 countries (apart from Taiwan, which has acquired all required landing licenses and is in the process of selecting the most appropriate landing partner). Risks associated with landing rights and licenses have been an issue for commercializing in the past, but with these problems resolved, an increase in sales is expected, such as the case of India.

THCOM strictly abides by the Law, the Rules, Regulations, Government Policy, or International Agreement of the countries where it operates. Whenever necessary, THCOM 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 THCOM's revenue comes from major customers who provide telecommunication services. In 2010, THCOM's revenue from major customers was 18.1 % of the total revenues from THCOM'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 THCOM 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 THCOM. These factors will affect THCOM's business.

However, the major customer has never defaulted on payments to THCOM 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.

Commercial risk is part of IPSTAR business. Since IPSTAR wholesales its satellite bandwidth and user terminals through intermediary channels, such as service providers, through which IPSTAR's services is provisioned to End Users. The reliance on a single dominant partner as an intermediary may present itself as an inherent risk as this may lead to limitations to distribution channels as well as no competitiveness within the market for IPSTAR products and services. With THCOM's strategy in establishing good relationship with associated partners, good cooperation and trust in IPSTAR business ventures is the expected outcome which will strengthen the IPSTAR business of today, as shown by India, and in the near future, with China.

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

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 THCOM's cash flow, or ability to repay debt in the future. THCOM may also be challenged by other terrestrial communications services.

In addition, the expansion of THCOM'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.

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

Even though THCOM is the only satellite service operator in Thailand at present, the Authority may grant the same license to other satellite operators in the future. THCOM's major international customers are from Indochina and South Asia. The major satellite competitors in these regions 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 THCOM. The merger and acquisition of the satellite operators has also affected THCOM. It will cause a highly competition in the market and lead to a price war of the transponder leasing services.

THCOM 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 THCOM's price setting. Therefore THCOM 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

THCOM provides the satellite telecommunications services under the Agreement for the operation of Domestic Communication Satellite that may be terminated, if THCOM breaches or violates any material Conditions of the Agreement for the operation of domestic communication satellite. This will incur a significant impact of THCOM's business opportunities, financial status, and performance.

According to the necessity that THCOM 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 domestic communication satellite was amended in 2004 to lower the percentage of shareholding in Thaicom Plc. 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 Agreement for the operation of domestic communication satellite may have to be approved by the Cabinet or if may have been considered void. THCOM may be accused of breaching the 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. After the Supreme Court gave its decision on February 26, 2010, MICT requested the opinion of the Co-ordinating Committee, which, by majority votes, recommended that MICT should submit the matter to the Cabinet to resolve that Shin Corporation shall hold not less than fifty-one percent shares in THCOM. The matter is at present pending in MICT.

### 3.1.10 Risk from the ambiguities from the interpretation of the laws relating to compliance with the Agreement for the operation of domestic communication satellite

#### 3.1.10.1 The Issue of Back-up Satellite

Under the Agreement for the operation of domestic communication satellite, THCOM 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. After the Supreme Court gave its decision on February 26, 2010 that the Thaicom 4 (IPSTAR) could not be considered a back-up satellite for Thaicom 3 and Thaicom 4 (IPSTAR) satellites, by its specifications and design, is intended to provide services mainly to customers abroad and therefore is not under the Agreement. MICT requested the opinion of the Co-ordinating Committee, which recommended that MICT should notify THCOM to provide back-up satellite for Thaicom 3 in compliance with the Agreement and MICT should request the Cabinet's diversion on the issue of Thaicom 4 (IPSTAR) to ensure fairness for THCOM and MICT and in accordance with the Supreme Court's decision. The matter is at present pending in MICT.

#### 3.1.10.2 The Issue of the Thaicom 3's insurance proceeds

As a result of the damage of the Thaicom 3 satellite, THCOM received insurance proceeds amounting of US\$33.0 million which was placed in an escrow account outside Thailand. THCOM 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, THCOM 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. After the Supreme Court gave its decision on February 26, 2010, that the use by THCOM of part of the insurance proceeds in the amount of US\$ 6.7 million to lease transponder capacities from foreign satellite operators to provide service to customers prior to the acquisition of Thaicom 5 was not in compliance with the Agreement. MICT requested the opinion of the Co-ordinating Committee which recommended that MICT should notify THCOM to return the said insurance proceed (US\$ 6.7 million) to MICT and in the case of THCOM would like to utilize the said amount for the acquisition of Thaicom 5 as replacement of Thaicom 3, which had become a total loss and had already been de-orbited, THCOM may submit such request to MICT. The matter is at present pending in MICT.

The detailed steps and process by MICT in connection with the issue of the reduction of Shin Corporation's shareholding in THCOM from not less than 51 percent to not less than 40 percent in item 3.1.9, the issues of the back-up satellite and Thaicom 3 insurance proceed in item 3.1.10 appear under the heading "Actions that may be taken by government agencies pursuant to the judgment of the Supreme Court, Criminal Division for Political Office Holden in the Assets Seizure Case against the former Prime Minister given on February 26, 2010.

#### 3.1.10.3 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 in January 2010 and Thaicom 2 satellite will reach the end of its working life and been de-orbited in October 2010. THCOM 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 Domestic Communication Satellite, THCOM requested MICT to consider extending the Agreement for the operation of 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 THCOM's proposal and was of the opinion that as the Agreement for the operation of Domestic Communication Satellite does not provide for the lease of transponder capacities, MICT has to amend the Agreement for the operation of Domestic Communication Satellite to permit the lease of transponder capacities by THCOM. MICT and the Coordinating Committee also took the view that because THCOM fails to launch the new satellite in time upon the expiring of Thaicom 1A & 2 satellite, there is an issue to be considered whether such failure constitutes a breach of the Agreement for the operation of Domestic Communication Satellite and the opinion on this issue be requested from the Office of the Attorney demand. On this issue, THCOM's view is that it has already fully complied with the obligations under the Agreement for the operation of Domestic Communication Satellite as Attachment 3 to the Agreement requires THCOM to launch only two sets of main and back-up satellites which THCOM has already done so THCOM 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. The Co-ordinating Committee recommended MICT should request the opinion of the Office of the Attorney – General whether THCOM is required to acquire replacement satellites for Thaicom 1A and Thaicom 2 which have reached the end of lives. At present the matter is still pending in MICT.

#### 3.1.10.4 Actions that may be taken by government agencies pursuant to the judgment of the Supreme Court, Criminal Division for Political Office Holders in the Assets Seizure Case against the former Prime Minister given on February 26, 2010

The judgment of the Supreme Court, Criminal Division for Political Office Holden, rendered on February 26, 2010, concerns THCOM in some aspects. With regard to such aspects, the consequence of the judgment is limited to the holding that some

property of the person holding political position was improperly acquired by an abuse of power while being in a political position. The judgment does not contain any ruling or analysis on the result, the validity or invalidity of the actions already taken, nor does it contain any order indicating that THCOM or relevant government agencies shall take any actions.

MICT appointed an Investigation Committee to consider whether, from the judgment of the Supreme Court, THCOM has taken actions which are not in compliance with the Agreement. The Investigation Committee submitted its opinion that (i) Thaicom 4(IPSTAR) is not the back-up satellite for Thaicom 3 and THCOM is under a duty to acquire a back-up satellite for Thaicom 3 (ii) Thaicom 4(IPSTAR), by its specifications and purpose, is intended to provide service mainly to foreign customers and therefore is not under Agreement (iii) the reduction of Shin Corporation's shareholding in THCOM from not less than 51 percent to not less than 40 percent, being a material amendment to the Agreement, required the Cabinet's approval to be effective and (iv) MICT's approval for THCOM to use part of the insurance proceeds in the amount of US\$ 6.7 million to lease transponder capacity from foreign satellite operators to provide service to customers prior to the building of Thaicom 5 satellite is not in compliance with the Agreement. The ICT Minister forwarded the Investigation Committee's opinion to the Co-ordinating Committee for consideration and the Co-ordinating Committee (by majority votes) agreed with the Investigation Committee's opinion and recommended that (i) MICT should notify THCOM that THCOM had to acquire Thaicom 3's back up satellite to comply with the Agreement (ii) MICT should submit the matter of Thaicom 4(IPSTAR) to the Cabinet for direction to ensure fairness to both THCOM and MICT and compliance with the Supreme Court's judgment. (iii) MICT should submit the amendment to the Agreement reducing Shin Corporation's shareholding in THCOM from not less than 51 percent to not less than 40 percent for consideration (iv) MICT should notify THCOM to return the insurance proceeds in the amount of US\$ 6.7 million and in the case THCOM would like to use such amount toward the cost of building and launching Thaicom 5, it should make a formal written request to MICT. The Co-ordinating Committee submitted its recommendations to the ICT Minister on July 7, 2010. The matter is at present pending in MICT.

Accordingly, there is no reason for THCOM to take any action as the judgment of the Supreme Court is binding only the parties in the case and not on THCOM. Moreover, THCOM believes that it took all actions in good faith and in accordance with the provisions of the existing agreements. Whether the relevant government agencies will take any action in this regard, no notice of any further action has been given to THCOM. Nevertheless, the legal teams of THCOM have considered the matter and view that if any proceeding concerning THCOM is to be initiated by related parties, such proceeding shall be in accordance with the agreement, law and justice. No proceeding can be improperly concluded or dictated by a single party. THCOM has every right available under the law and agreements to provide the facts to prove its innocence and good faith; and the outcome of this controversy will be fair to all related parties who are acting in good faith.

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

As Thaicom 2 satellite reached its end-of-life in 2010, THCOM currently operates 2 satellites e.g. Thaicom 4 (IPSTAR) and Thaicom 5. For conventional satellite business Thaicom 5 has utilization almost 90%. If THCOM cannot acquire an additional transponder capacity to sufficiently and continuously serve the incoming demands, THCOM may lose some customers to other satellite competitors. This incident will adversely affect THCOM's business. THCOM will continually acquire additional transponder capacity.

### **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, THCOM received insurance proceeds in the amount of USD 33 million. THCOM and the MICT was co-beneficiary of insurance proceeds. In the year 2004, the MICT turns over the insurance proceeds to THCOM for use in the construction of Thaicom 5 to replace Thaicom 3. THCOM recognized insurance proceeds as revenue and included it in income tax computation for the year 2005. In the year 2005, THCOM 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, THCOM 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 in an amount of Baht 306 million from THCOM as in its opinion, the insurance proceeds constitutes THCOM's and subject to income tax. However, THCOM 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

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

## 4. MEDIA AND ADVERTISING BUSINESS

### 4.1 The case between 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 2,891 million for the period of July 3, 2004 to March 7, 2007, and the Baht 1,699 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, 2006, 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, 2006, as well as the Baht 656 million additional claims and the interest thereon incurred, which is calculated at the rate of seven percent (7.5%) 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 1,118 million as of December 2010, and ITV may likely face possible financial problems.



#### 4.2 Risks in relation to the announcement of The Stock Exchange of Thailand (SET) about the amendments and procedures for listed company facing possible delisting due to operations or financial conditions as per amended procedures and guidelines effective on January 26, 2011

Since March 7, 2007, ITV was forced to cease its broadcasting operation of ITV Station. As a result, ITV had to face a disruption of income from television broadcasting business. It also caused the SET to announce that ITV shares may be subjected to be delisted from March 8, 2007 onwards with reference to the SET's regulation, reference : delisting of securities B.E. 2542 as well as place up the signs NC (Non-Compliance) and SP (Suspension) until ITV is able to restructure its business operations to eliminate the causes of possible delisting.

On June 4, 2009, the SET had withdrawn ITV shares from the main trading board and moved to non-performing group (NPG) until such time that ITV can restructure its operating performance thereby removing the causes of possible delisting.

On January 19, 2011, the SET announced the amendments and procedures for listed company facing possible delisting due to operations or financial conditions as per amended procedures and guidelines which came into effect on January 26, 2011. The SET will allow ITV 3 years for rehabilitation to resolve the delisting grounds (going through 3 stages - each of 1 year). On March 10, 2011, the SET will announce the names of companies which have NC signs posted and those in the Non-Performing Group (NPG) and will allow the companies to undertake one- time extension in rehabilitation which the extension period is not more than one (1) year (The maximum rehabilitation period does not exceed four (4) years.). To qualify for an extension, ITV must meet all of these criteria :-

1. Shareholder equity must not less than Baht 20 million or ITV must generate the profits from its core business in one (1) year period.
2. ITV must have a major core business that is sustained.
3. ITV must have solid plans to resolve the possible delisting grounds.
4. ITV must meet all regulations on requirements of the company directors or management who must not to be the prohibited persons.

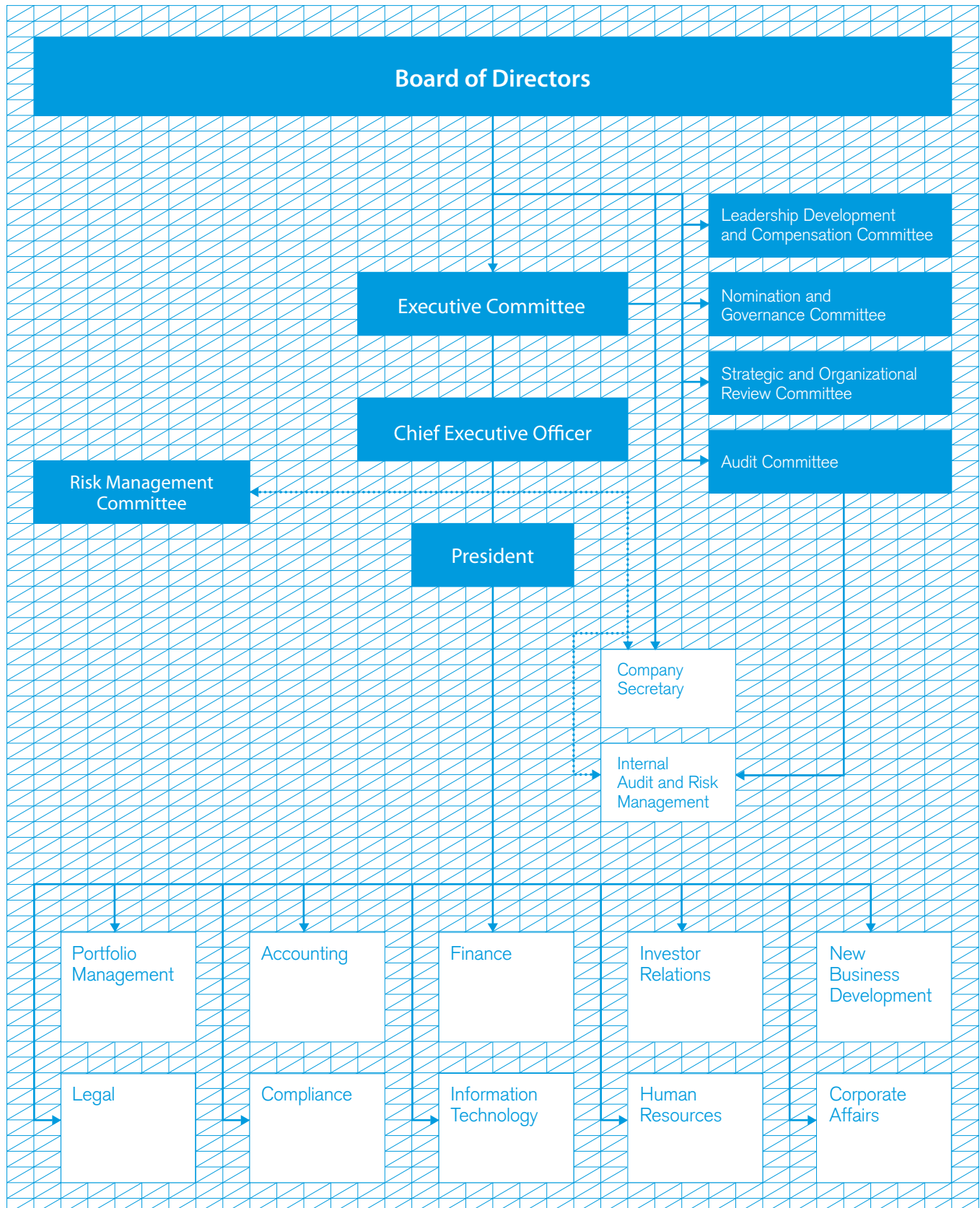
As there are still some ongoing legal cases, the Court's consideration may take time before the final outcome of the justice process and the result of which may have a material impact to ITV's financial status and operating performance in the long run. In terms of the financial position as of December 31, 2010, ITV had a negative shareholders' equity of Baht 3,476 million and an accounting expense from a provision for interest which may arise in case that ITV loses the case at the rate of 15 % per annum on the difference of the minimum operating fee of Baht 2,891 million, equivalent to a yearly amount of Baht 434 million or a quarterly amount of Baht 109 million. According to the conditions on the rehabilitation plan for the period of three (3) years prescribed by the SET, ITV is required to search for new businesses that could increase retained earnings by at least Baht 3,776 million or find ways to improve shareholders' equity in the balance sheet to a positive position, at least Baht 300 million. ITV has to generate a profit from operating main business at least Baht 30 million. Once this has been achieved, ITV has to generate an accumulated profit at least Baht 466 million in one year in case of inconsecutive profit for rectifying the cause of delisting ITV.

If ITV is unable to meet the requirements to resolve its grounds within the given period, the SET will inform to the SET Board to consider approving delisting ITV's securities. This may cause of possible delisting ITV from the SET and ITV's securities will not be able to trade in the SET market any longer.



## Management and Corporate Governance

### Organization Chart



## Management Structure

### 1. The Board of Directors (the “Board”)

As at December 31, 2010, 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 Leenutaphong	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. Bodin Asavanich	Non-Executive Director	August 11, 2010
7. Mr. Somprasong Boonyachai	Executive Director	April 25, 2007
8. Mr. Arak Chonlatanon	Executive Director	May 14, 2007

During the year 2010, Mr. Arthid Nanthawithaya resigned from office on August 10 and the Board appointed Mr. Bodin Asavanich to replace him.

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 judgment, 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, 2010, the following persons were serving on the committee:

Name	Position
1. Mr. Somchai Supphatada	Chairman
2. Mr. Vithit Leenutaphong	Member
3. Mr. Chalaluck Bunnag	Member

Mr. Somchai Supphatada holds the position of Assistant Professor and Head of the Department of Accounting, Thammasat University. He has extensive knowledge and experience as a consultant on accounting standards for more than 12 years along with the competence to review the reliability of financial statements.

Both Mr. Vithit Leenutaphong 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 program 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 seven (7) meetings during 2010 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 2010.

## 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, 2010, the following persons were serving on the committee:

Name	Position
1. Mr. Boon Swan Foo	Chairman
2. Mr. Vithit Leenutaphong	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 five (5) meetings during 2010 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, 2010, the following persons were serving on the committee:

Name	Position
1. Mr. Boon Swan Foo	Chairman
2. Mr. Somprasong Boonyachai	Member
3. Mr. Vithit Leenutaphong	Member
4. Mr. Bodin Asavanich*	Member

\* The Board of Director appointed Mr. Bodin Asavanich as Nomination and Governance Committee's member, effective August 11, 2010 (replacement of Mr. Arthid Nanthawithaya)

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 two (2) meetings during 2010 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 seven (7) directors as approved by the Board. As at December 31, 2010, the following persons were serving on the committee:

Name	Position
1. Mr. Boon Swan Foo	Chairman
2. Mr. Vithit Leenutaphong	Member
3. Mr. Suphadej Poonpipat	Member
4. Mr. Yong Lum Sung	Member
5. Mr. Somprasong Boonyachai	Member
6. Mr. Arak Chonlatanon	Member
7. Mr. Vikrom Sriprataks	Member

Note: Mr. Arthid Nanthawithaya resigned from directorship of all committees, effective August 11, 2010.

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 2010 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, 2010, 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. Mr. Wichian Mektrakarn*	Member
5. Ms. Suwimol Kaewkoon	Member

\* He had been appointed as executive committee member by the resolution of the the Board of Directors Meeting held on February 17, 2011

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 2010 in order to perform its duties as delegated by the Board.

In addition, the Board had assigned three directors, namely Mr. Chalaluck Bunnag, Mr. Vithit Leenutaphong, and Mr. Somprasong Boonyachai to form an ad-hoc committee to scrutinize appropriate methodology and strategy for re-branding the Company's image. The ad-hoc committee held nine (9) meetings to complete this task in 2010 and submitted its recommendations to 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, 2010, 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
Mr. Anek Pana-apichon	Executive 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

### • Remuneration for the Board of Directors

At the 2010 Annual General Meeting of Shareholders held on April 9, 2010, the shareholders approved a total remuneration for the Board and its sub-committees not exceeding Baht 18 million. 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 Baht 75,000, an annual bonus and a meeting allowance of Baht 25,000 for each board or board committee meeting;
- The Chairman of the Audit Committee shall receive a monthly retainer of Baht 25,000 whilst chairmen of other committees shall receive a monthly allowance of Baht 10,000.
- Executive directors shall not receive any remuneration as members of the Board.

Director	Remuneration (Baht)		
	Monthly Retainer	Meeting Fee	Bonus
<b>THE BOARD OF DIRECTORS</b>			
Chairman	300,000	-	✓
Member	75,000	25,000	✓
<b>AUDIT COMMITTEE</b>			
Chairman	25,000	25,000	✓
Member	-	25,000	✓
<b>OTHER COMMITTEES</b>			
Chairman	10,000	25,000	✓
Member	-	25,000	✓

During 2010, the total remuneration paid to the Board and committee members was Baht 15.435 million (including accrued bonuses of Baht 4.1 million paid in February 2011), a decrease of Baht 0.729 million, or 4.51%, from Baht 16.164 million in 2009.

		Unit:'000 Baht
Name	Position	Remuneration for 2010
CURRENT DIRECTORS		
1. Dr. Virach Aphimeteetamrong	Chairman	4,400
2. Mr.Somchai Supphatada	Director	2,375
	Chairman of the Audit Committee	
3. Mr.Vithit Leenutaphong	Director	2,750
	Member of the Audit Committee	
	Member of the Leadership Development and Compensation Committee	
	Member of the Nomination and Governance Committee	
	Member of the Strategic and Organizational Review Committee	
4. Mr.Chalaluck Bunnag	Director	2,200
	Member of the Audit Committee	

		Unit: '000 Baht
Name	Position	Remuneration for 2010
5. Mr. Boon Swan Foo	Director Chairman of the Leadership Development and Compensation Committee Chairman of the Nomination and Governance Committee Chairman of the Strategic and Organizational Review Committee	2,560
6. Mr. Bodin Asavanich	Director Member of the Nomination and Governance Committee	375.806
<b>DIRECTORS WHO RESIGNED FROM THE BOARD IN 2010</b>		
7. Mr. Arthid Nanthawithaya	Director Member of the Nomination and Governance Committee Member of the Strategic and Organizational Review Committee	624.193
<b>COMMITTEE MEMBERS</b>		
8. Mr. Suphadej Poonpipat	Member of the Strategic and Organizational Review Committee	50.000
9. Mr. Yong Lum Sung	Member of Strategic and Organizational Review Committee	100.000
<b>Total</b>		<b>15,434.999</b>

#### 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 Baht 73.49 million, which comprised salaries, bonus payments, the provident fund and other benefits.

#### • Other Remuneration

From year 2002-2006, the Company has 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 four grants have completely expired. (Grant 1 expired on March 26, 2007, Grant 2 expired on May 29, 2008, Grant 3 expired on May 30, 2009 and Grant 4 expired on May 30, 2010.) There is a grant remaining as follows:

Description	Grant 5	
Number of warrants granted (units)	14,256,100	
Price	Baht-0-	
Expiration	Five years after date granted.	
Exercise Ratio *(warrant/shares)	1 : 1.32042	
Exercise Price *(per share)	28.536 Baht	
Date warrants granted	July 31, 2006	
Maturity date	July 30, 2011	
List of directors (of the Company and its subsidiaries) and management receiving warrants	(Unit)	%
1. Mr. Somprasong Boonyachai	831,900	5.84
2. Mr. Arak Chonlatanon	1,272,600	8.93
3. Mr. Tanadit Charoenchan	186,300	1.31
4. Mr. Anek Pana-apichon	265,400	1.86
5. Mr. Wichai Kittiwittayakul	164,800	1.16
6. Mr. Kim Siritaweechai	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 August 11, 2010 – November 10, 2010 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 November 23, 2010, under the conditions specified in the prospectus.

#### 14. Total Remuneration of Core Subsidiaries' Directors and Management Teams

##### 14.1 Advanced Info Service PLC (AIS)

- Remuneration for the Board of Directors

During 2010, Advanced Info Service PLC paid its Board of Directors a total remuneration of Baht 13.225 million (including accrued bonuses of Baht 4.750 million paid in February 2011), a decrease of Baht 0.2 million, or 1.49%, from Baht 13.425 million in 2009.

Unit:'000 Baht		
Name	Position	Remuneration for 2010
CURRENT DIRECTORS		
1. Dr. Paiboon Limpaphayom	Chairman Chairman of the Nomination and Governance Committee Chairman of the Remuneration Committee	2,850

Unit: '000 Baht		
Name	Position	Remuneration for 2010
2. Mr. Aviruth Wongbuddhapitak	Director Chairman of the Audit Committee Member of the Remuneration Committee	2,475
3. Mrs. Tasanee Manorot	Director Member of the Audit Committee	1,850
4. Mr. Surasak Vajasit	Director Member of the Audit Committee Member of the Nomination and Governance Committee	1,925
5. Mr. Suphadej Poonpipat	Director	1,400
6. Mr. Hubert Ng Ching-Wah	Director Member of the Executive Committee	1,575
7. Mr. Arnon Tubtiang	Director	972
<b>DIRECTOR WHO RESIGNED FROM THE BOARD IN 2010</b>		
8. Mr. Chakree Subprawong	Director	178
<b>Total</b>		<b>13,225</b>

#### • Other Remuneration

AIS has issued and allotted warrants to its directors and employees under the ESOP program. At the end of 2010, there is a grant remaining as follows:

Description	Grant 5	
Number of warrants granted (units)	10,138,500	
Price	Baht - 0 -	
Expiration	Five years after date granted.	
Exercise ratio*	1 : 1.134405	
Exercise price* (per share)	68.052 Baht	
Date warrants granted	May 31, 2006	
Directors and managers receiving warrants totaling more than 5% of each grant.	(Unit)	%
1. Mr. Somprasong Boonyachai	538,500	5.31
2. Mrs. Suwimol Kaewkoon	591,400	5.83
3. Mr. Vikrom Sriprataks	547,600	5.40

\* AIS has adjusted both the exercise ratio and exercise price of the warrants since November 16, 2010 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 eight (8) members of the management team (as defined by the Securities and Exchange Commission) was Baht 98.98 million, which comprised salaries, bonus payments, the provident fund and other benefits.

## 14.2 Thaicom PLC (THCOM)

### • Remuneration for the Board of Directors

During 2010, Thaicom PLC paid its Board of Directors a total remuneration of Baht 8.075 million (including accrued bonuses of Baht 2.25 million paid in February 2011), an increase of Baht 0.375 million, or 4.87%, from Baht 7.700 million in 2009.

		Unit:'000 Baht
Name	Position	Remuneration for 2010
<b>CURRENT DIRECTORS</b>		
1. Mr. Paron Isarasena Na Ayudhaya	Chairman Chairman of the Governance and Nomination Committee Chairman of the Remuneration Committee	2,150
2. Prof. Hiran Radeesri	Director Chairman of the Audit Committee	1,725
3. Mrs. Charintorn Vongspootorn	Director Member of the Audit Committee, Member of the Governance and Nomination Committee Member of the Remuneration Committee	1,500
4. Mr. Samrieng Mekkiengkrai	Director Member of the Audit Committee	1,350
5. Mr. Yong Lum Sung	Director Member of the Executive Committee	1,325
<b>Total</b>		<b>8,075</b>

### • Other Remuneration

From year 2002-2006, THCOM has 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 four grants have completely expired. (Grant 1 expired on March 26, 2007, Grant 2 expired on May 29, 2008, Grant 3 expired on May 30, 2009, and Grant 4 expired on May 30, 2010.) There is a grant remaining as follows:

Description	Grant 5
Number of warrants granted (units)	10,058,800
Price	Baht-0-
Expiration	Five years after date granted.
Exercise Ratio *(warrant/shares)	1:1

Description	Grant 5	
Exercise Price *(per share)	11.87 Baht	
Date warrants granted	May 31, 2006	
List of directors and employees receiving warrants	(Unit)	%
1. Dr. Nongluck Phinainitisart	900,000	8.95
2. Mr. Yongsit Rojsrivichaikul	800,000	7.95
3. Mr. Kamonmit Vudhijumnonk	150,000	1.49
4. Mr. Tanadit Charoenchan	300,000	2.98
5. Mr. Paiboon Panuwattanawong	1,100,000	10.94
6. Mr. Makin Petplai	600,000	5.96
7. Mr. Pradeep Unni	440,000	4.37
8. Mr. Sivaraks Phinicharomana	150,000	1.49
9. Mr. Teerayuth Boonchote	350,000	3.48
10. Mr. Teerawat Kusalangkoonwat	300,000	2.98
11. Mr. Atip Rittaporn	450,000	4.48
12. Mr. Jiroj Srinamwong	150,000	1.49
13. Mr. Pramook Chaiwongwutthikul	170,000	1.69
14. Other employees	3,049,000	30.31
<b>Total warrants issued</b>	<b>10,058,800</b>	<b>100.00</b>

\*THCOM has adjusted both the exercise ratio and exercise price of the warrants since June 2, 2005 after public offering its new ordinary shares which impacted to both the exercise ratio and exercise price.

#### • Remuneration for the Management Team

The total remuneration for four (4) managements not including Mr. Arak Chonlatanon (as defined by the Securities and Exchange Commission) was Baht 34.85 million which comprised salaries, bonus payments, the provident fund and other benefits.

### 14.3 ITV PLC (ITV)

#### Remuneration for the Board of Directors

During 2010, ITV paid its Board of Directors a total remuneration of Baht 4.800 million, equivalent to the amount paid in 2009.

		Unit:'000 Baht
Name	Position	Remuneration for 2010
CURRENT DIRECTORS		
1. Mr. Somkid Wangcherdchuwong	Chairman	960
2. Mr. Vichakoraput Rattanaichai	Director	600
	Chairman of the Audit Committee	
	Secretary to the board of directors	
3. Mr. Nittimon Jungsiri	Director	840
	Member of the Audit Committee	
4. Mr. Sumatee Inhu	Director	600
	Member of the Audit Committee	
5. Mr. Somboon Wongwanich	Director	600
6. Mrs. Rattanaorn Nammontri	Director	600
7. Mr. Wuttiorn Diawpanich	Director	600
Total		4,800

#### • Contracted Management Service Fees

As ITV currently has no business operations, there was no management remuneration in 2010. However, a total of Baht 13.4 million was paid in service fees for legal advice and representation, financial and accounting management, and financial advice.

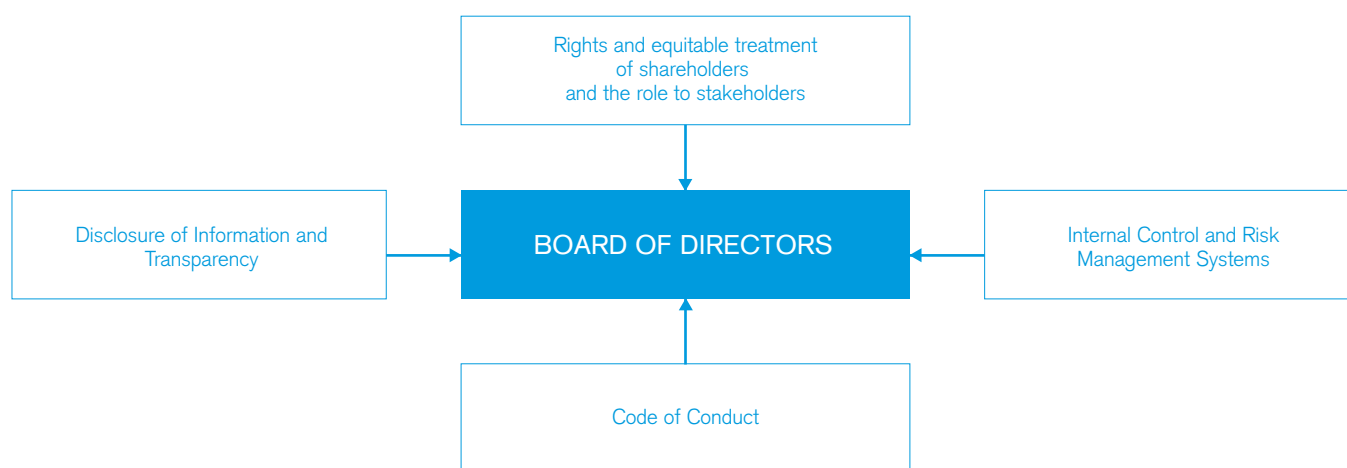
## Corporate Governance

### 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 2010, 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, 2010, the Board comprised eight (8) members. The current composition is as follows:

- Four (4) independent directors (a proportion of 4/8 or 50% 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. In 2010, the Board approved a one-year extension for Mr. Vithit Leenutaphong.

## 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, 2010, 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 program 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 2010 evaluation is on process. The results was expected to be proposed to the Board by Company Secretary within the Board meeting on March 2011.

#### **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. On November 22, 2010, the Company held a seminar with both Thai and foreign guest speakers to present Thailand Business Opportunity, and Regional & Thailand Business Outlooks 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. In 2010, the Board held one special meeting to discuss the situation at the Thaicom base station at Lad Lum Kaew where a large number of demonstrators had assembled to protest the suspension of PTV broadcasting and consider appropriate measures to comply with the Government's decree.

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 2010

Name	(Number of meetings attended / Total meetings held)								
	2010 Annual General Meeting	Board of Directors	Committees						
			Audit	Nomination & Governance	Leadership Development & Compensation	Strategic & Organizational Review			
				Executive	Other				
CURRENT DIRECTOR									
1. Dr. Virach Aphimeteetamrong	Yes	9/9							
2. Mr. Somchai Supphatada	Yes	8/9	7/7						
3. Mr. Vithit Leenutaphong	Yes	8/9	7/7	2/2	5/5	4/4			9/9
4. Mr. Chalaluck Bunnag	Yes	9/9	7/7						9/9
5. Mr. Boon Swan Foo*	No	9/9		2/2	5/5	4/4			
6. Mr. Bodin Asavanich	N/A	1/3							
7. Mr. Somprasong Boonyachai	Yes	9/9		2/2	5/5	4/4	14/14	9/9	



Name	(Number of meetings attended / Total meetings held)							
	2010		Committees					
	Annual General Meeting	Board of Directors	Audit	Nomination & Governance	Leadership Development & Compensation	Strategic & Organizational Review	Executive	Other
8. Mr. Arak Chonlatanon	No	9/9				2/4	13/14	
<b>DIRECTOR WHO RESIGNED FROM THE BOARD IN 2010</b>								
9. Mr. Arthid Nanthawithaya	Yes	1/6		1/1				
<b>COMMITTEE MEMBERS</b>								
10. Mr. Suphadej Poonpipat						2/4		
11. Mr. Yong Lum Sung						4/4		
12. Mr. Vikrom Sriprataks							14/14	
13. Mrs. Suwimol Kaewkoon							14/14	
<b>COMMITTEE MEMBER WHO RESIGNED IN 2010</b>								
14. Ms. Nidchanun Santhavesuk							1/3	

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

1) Mr. Boon Swan Foo - Board Meeting No. 4/2010, and No. 5/2010

2) Mr. Yong Lum Sung - Strategic & Organizational Review Meeting No. 2/2010

#### 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 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 8, 2010 and mailed to shareholders on March 19, 2010.

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.

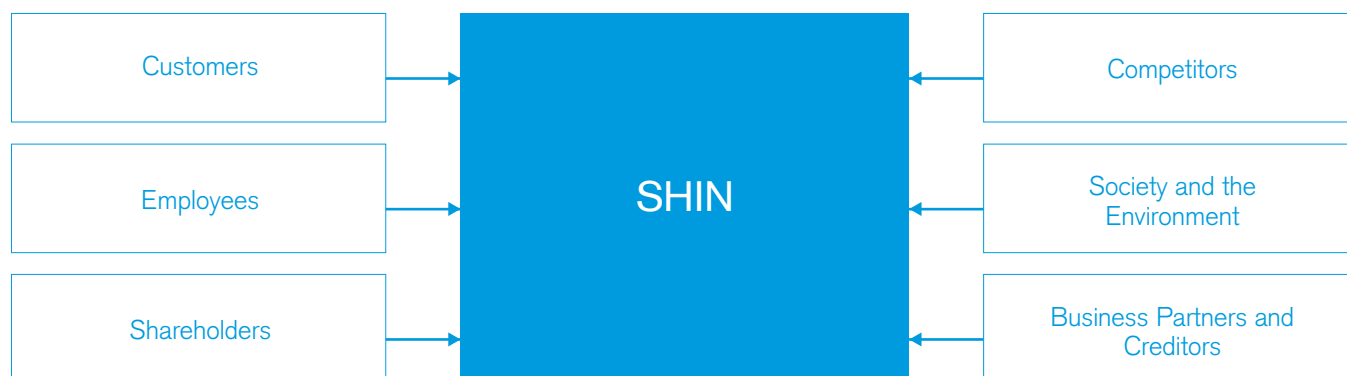
At the 2010 Annual General Meeting of Shareholders held on April 9, 2010, there were 189 shareholders present in person along with proxies acting for absent shareholders, representing 97.31% of the Company's total issued shares. There were 12 shareholders who had authorized the Company's audit committee members and independent directors as their proxies, representing 54.76% 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. Arak Chonlatanon. 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:

Shin Corporation Plc.

Company Secretary Office

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 2010:

1. Meetings with analysts and fund managers (16 times).
2. "Opportunity Day" arranged by SET (3 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 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. 2/2011, held on February 17, 2011 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 2010 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.

### **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:



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 2010, 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 2010, 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 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.

## Related-Party Transactions

During the year 2010, 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 December 31, 2010.

### 11.1 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 2010, the significant transactions made with related companies that may cause conflicts of interest and the reasons for these are described in the table below.

		Amount of significant transactions of the Company and its subsidiaries for the year ending December 31, 2010 (million baht)				Rationale and Price Policy
Name of related company/ Type of relationship	Type of transaction	SHIN	THCOM and its subsidiaries	Other companies	Total	
1. Advanced Info Service PLC and its group (ADVANC)	Expenditure: SHIN Group used a mobile phone service and other related services from ADVANC	0.51	6.66	0.83	8.00	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.
Singtel holds 21.28% of ADVANC, an associated company of SHIN, and has the same major shareholder as SHIN.						

		Amount of significant transactions of the Company and its subsidiaries for the year ending December 31, 2010 (million baht)				Rationale and Price Policy
Name of related company/ Type of relationship	Type of transaction	SHIN	THCOM and its subsidiaries	Other companies	Total	
	Income:					
	SHIN Group provided maintenance and development of computer programs, advertising and transponder rental to ADVANC as follows:					
	1. Income from computer services	-	-	72.59	72.59	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	-	-	53.35	53.35	A subsidiary (ITAS) provides advertising service in website. The prices are the same prices as external customers.
	3. Income from website design	-	3.23	-	3.23	A subsidiary of THCOM (DTV) provides a website design service. Internal customers pay the same prices as external customers.
	4. Income from advertising	-	-	271.48	271.48	A subsidiary (MB) provides advertising services and production of advertisements. Internal customers pay the same prices as external customers.

Amount of significant transactions of the  
Company and its subsidiaries for the year  
ending December 31, 2010  
(million baht)

Name of related company/ Type of relationship	Type of transaction	SHIN	THCOM and its subsidiaries	Other companies	Total	Rationale and Price Policy
	5. Income from transponder rental	-	60.50	-	60.50	A subsidiary (THCOM) provides satellite transponder services for transmission of television and communications signals. Internal customers pay the same prices as external customers.
	6. Dividend income	21,862	-	-	21,862	SHIN has dividend received, as per the resolution of the shareholders' meeting or Board of Directors.
	7. Interest received	-	-	2.22	2.22	A subsidiary (ITV) had investment in ADVANC's debenture. The interest rate was the same rate as other debenture's holders.

2. CS Loxinfo PLC and its group (CSL) **Expenditure:**

CSL is an indirectly associated company of SHIN (CSL is an associated of THCOM), which Singtel holds 14.18% of CSL, and has the same major shareholder as SHIN.	SHIN Group used leased-line internet and advertised in the Yellow Pages.					
	1. Rental and other services	0.71	13.85	1.05	15.61	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.

Amount of significant transactions of the  
Company and its subsidiaries for the year  
ending December 31, 2010  
(million baht)

Name of related company/ Type of relationship	Type of transaction	THCOM and its subsidiaries				Rationale and Price Policy
		SHIN	Other companies	Total		
	2. Advertising	0.15	0.04	-	0.19	SHIN Group advertises in the Yellow Pages. Internal customers are normally charged at the same rate as external customers.
<b>Income:</b>						
	SHIN Group provided maintenance and development of computer programs, advertising and transponder rental as follows:					
	1. Income from computer services	-	0.14	3.95	4.08	A subsidiary (ITAS) provides accounting program services. The prices are charged in line with other companies who provide the same services.
	2. Income from advertising	-	-	0.46	0.46	A subsidiary (MB) provides advertising services and production of advertisements. Internal customers pay the same prices as external customers.

Amount of significant transactions of the  
Company and its subsidiaries for the year  
ending December 31, 2010  
(million baht)

Name of related company/ Type of relationship	Type of transaction	THCOM and its subsidiaries Other companies				Rationale and Price Policy
		SHIN	THCOM and its subsidiaries	Other companies	Total	
	3. Income from transponder rental	-	13.38	-	13.38	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	-	130.05	-	130.05	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. (MFONE)</b>	<b>Expenditure:</b>					
SHEN holds 100% of MFONE, while SHEN is held by THCOM and AMH at 51%:49%. AMH has the same major shareholder as SHIN.	SHIN Group paid repair and maintenance of base station.	-	4.28	-	4.28	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.

		Amount of significant transactions of the Company and its subsidiaries for the year ending December 31, 2010 (million baht)				Rationale and Price Policy
Name of related company/ Type of relationship	Type of transaction	SHIN	THCOM and its subsidiaries	Other companies	Total	
	Income:					
	SHIN Group provided transponder rental and advertising as follows:					
	1. Income from transponder rental.	-	14.71	-	14.71	A subsidiary (THCOM) provides satellite transponder services and distributes iPSTAR 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.
	2. Income from advertising.	-	-	13.83	13.83	A subsidiary (MB) provides advertising services and production of advertisements. Internal customers pay the same prices as external customers.
4. Lao Telecommunications Co., Ltd. (LTC)	Income:					
SHEN holds 49% of LTC, while SHEN is held by THCOM and AMH at 51%:49%. AMH has the same major shareholder as SHIN.	SHIN Group provided transponder rental and advertising as follows:					
	1. Income from transponder rental.	-	5.47	-	5.47	A subsidiary (THCOM) provides satellite transponder services and distributes iPSTAR user terminal. This is a normal business practice and internal customers pay the same prices as external customers.



Amount of significant transactions of the  
Company and its subsidiaries for the year  
ending December 31, 2010  
(million baht)

Name of related company/ Type of relationship	Type of transaction	SHIN	THCOM and its subsidiaries	Other companies	Total	Rationale and Price Policy
	2. Income from advertising.	-	-	2.69	2.69	A subsidiary (MB) provides advertising services and production of advertisements. 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.	-	1.16	0.03	1.19	A subsidiary (THCOM) has a policy to govern its investments to derive maximize benefit. SHEN pays a consultant and management fees on a monthly basis. The fees are at actual costs of managements and related staffs.
<b>6. 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.	-	22.66	-	22.66	Codespace is an expert in broadband technology. The prices are based on actual working hours plus expenses.

Amount of significant transactions of the  
Company and its subsidiaries for the year  
ending December 31, 2010  
(million baht)

Name of related company/ Type of relationship	Type of transaction	THCOM and its subsidiaries and Other companies				Rationale and Price Policy
		SHIN	THCOM and its subsidiaries	Other companies	Total	
<b>7. Asia Mobile Holding Pte Limited and its group (AMH)</b>	<b>Expenditure:</b>					
AMH has the same major shareholder as SHIN.	A jointly-controlled entity paid for marketing management services.	-	0.32	-	0.32	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.
<b>8. Cedar, Aspen</b>	<b>Dividend paid</b>	20,829	-	-	20,829	As per the resolution of the shareholders' meeting or Board of Directors.
Cedar and Aspen are major shareholder of SHIN.						

#### 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.

#### 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.

## Management Discussion and Analysis of Financial Results of Operations

### 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"), 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, 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, 2010 was Baht 8,032 million based on total consolidated revenue of Baht 17,342 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, 2010, was Baht 9,056 million, which contributed 52.2% of our total consolidated revenue and 113% of our consolidated net profit attributable to equity holders of the Company. For a discussion and analysis of the results of AIS Group, please see the MD&A for AIS below.

### The Company's Operations (using the 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			
	2010		2009	
	(in millions of Baht)		(in millions of Baht)	
Dividend income	21,908.2	99.9%	8,007.4	99.5%
Other income	28.6	0.1%	37.9	0.5%
Total revenues	21,936.8	100.0%	8,045.3	100.0%
Administrative expenses	192.5	0.9%	180.6	2.2%
Management benefits	88.9	0.4%	87.1	1.1%
Total expenses	281.4	1.3%	267.7	3.3%
Profit before interest	21,655.4	98.7%	7,777.6	95.7%
Finance costs	(0.3)	0.0%	(0.1)	0.0%
Net profit for the year	21,655.1	98.7%	7,777.5	95.7%

### The Company's Net Result

The Company's net profit increased 178% from Baht 7,777 million in 2009 to Baht 21,655 million in 2010. This was mainly due to a special dividend received from AIS.

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 statement

	As at December 31,			
	2010		2009	
	(in millions of Baht)		(in millions of Baht)	
Cash & cash equivalents and current investment	1,827.1	12.7%	1,819.3	12.6%
Other current assets	45.2	0.3%	17.7	0.1%
Investments in subsidiaries, jointly-controlled entities and associates	12,502.4	86.6%	12,502.4	86.8%
Other assets	57.4	0.4%	68.4	0.5%
Total assets	14,432.1	100.0%	14,407.8	100.0%
Total liabilities	90.3	0.6%	49.4	0.3%
Shareholders' equity				
Share capital	3,201.1	22.2%	3,201.1	22.2%
Premium on share capital	10,197.8	70.7%	10,197.3	70.8%
Legal reserve	498.8	3.4%	500.0	3.5%
Retained earnings	444.1	3.1%	460.0	3.2%
Total shareholders' equity	14,341.8	99.4%	14,358.4	99.7%
Total liabilities and shareholders' equity	14,432.1	100.0%	14,407.8	100.0%

### The Company's Balance Sheets

Total assets as at December 31, 2010 were Baht 14,432 million, a slight increase from December 31, 2009. Total liabilities increased 82.8%, as a result of accrued expenses and withholding tax. Shareholders' equity was Baht 14,358 million, a slight decrease from December 31, 2009.

### The Group's Operation (using the 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 statement.

	Year Ended December 31,			
	2010		2009	
	(in millions of Baht)		(in millions of Baht)	
Revenue:				
Revenue from sales of goods and rendering of services:				
- Telephone network in foreign entities (other than AIS)	1,466.8	8.5%	2,146.7	13.0%
- Satellite	4,627.4	26.7%	4,570.2	27.6%
- Media and advertising	1,104.4	6.4%	1,200.3	7.2%
- Others*	768.2	4.3%	616.0	3.7%
Total revenue from sales of goods and rendering of services	7,966.8	45.9%	8,533.2	51.5%
Share of profits from investments – equity method:				
- AIS (local wireless telecommunications)	9,056.2	52.2%	7,340.8	44.3%
- Other	154.3	0.9%	124.6	0.8%
Total share of net results from investments - equity method	9,210.5	53.1%	7,465.4	45.1%
Net foreign exchange gain	-	-	465.0	2.8%
Other income	165.2	1.0%	104.8	0.6%
Total revenue	17,342.5	100.0%	16,568.4	100.0%
Expenses:				
Cost of sales and services	6,520.9	37.6%	6,806.2	41.1%
Operating agreement fees	493.9	2.8%	538.6	3.3%
Loss on provision for unpaid operating agreement fees and interest	433.4	2.5%	433.4	2.6%
Selling expenses	244.2	1.4%	250.6	1.5%
Administrative expenses	1,490.7	8.6%	1,195.7	7.2%
Net foreign exchange loss	90.1	0.5%	-	-
Management benefits	137.0	0.9%	136.1	0.8%
Total expenses	9,410.2	54.3%	9,360.6	56.5%
Profit before finance costs and income tax expense	7,932.3	45.7%	7,207.8	43.5%
Finance cost	(488.8)	(2.8)%	(1,088.0)	(6.6)%
Income tax expense	121.3	0.7%	99.0	0.6%
Profit for the year	7,564.8	43.6%	6,218.8	37.5%

	Year Ended December 31,			
	2010		2009	
	(in millions of Baht)		(in millions of Baht)	
Attributable to:				
Equity holders of the Company	8,031.9	46.3%	6,495.9	39.2%
Minority interests	(467.1)	(2.7)%	(277.1)	(1.7)%
Net profit for the year	7,564.8	43.6%	6,218.8	37.5%

\* Includes Internet, direct satellite television, information technology businesses and consolidation elimination

### Total revenue

Total revenue increased 4.7% from Baht 16,568 million in 2009 to Baht 17,342 million in 2010. However, if the gain on foreign exchange of Baht 465 million of 2009 is excluded, this was an increase of 7.7%.

Revenue from sales and services decreased 6.6% from Baht 8,533 million in 2009 to Baht 7,967 million in 2010, mainly as a result of lower revenue from telephone networks in foreign entities and the media and advertising businesses, although this was partially offset by an increase in other revenues.

Revenue from Telephone Networks in foreign entities in Cambodia and Laos decreased 31.7% from Baht 2,147 million in 2009 to Baht 1,467 million in 2010. This was primarily due to the high competition in both Laos and Cambodia.

In Laos the total number of telephone subscribers, both mobile and fixed-line, increased 22.2% from 1.36 million in 2009 to 1.66 million in 2010, due to a growth in the mobile GSM prepaid service, which increased by 24.1% to 1.55 million subscribers, despite of the high competition. However, the prepaid mobile ARPU decreased 35.4% due to a change in customer behavior tending towards multiple SIM ownership and the expansion of the subscriber base to people living in rural areas who have lower usage. The ARPU of PSTN decreased 3.9% from the prelast ear.

In Cambodia the total number of subscribers dropped 15.8% from 0.86 million in 2009 to 0.72 million in 2010, primarily due to the high competition, especially in pricing, from the other eight telephone service providers. The mobile ARPU decreased 25.4% due to the trend of multiple SIM ownership our marketing campaign and promotion, were also result into a drop in average minute of usage per subscriber.

Satellite revenue increased slightly from Baht 4,570 million in 2009 to Baht 4,627 million in 2010, primarily from an increase in IPSTAR bandwidth usage in Japan, India, Australia and New Zealand although this was offset by a drop in UT sales. The revenue from Thaicom's conventional satellite fell due to the appreciation of the baht against the US dollar even though the number of satellite television channels rose from 283 to 358 leading to more transponder-leasing.

Media and advertising revenues decreased 8.0% from Baht 1,200 million in 2009 to Baht 1,104 million in 2010, primarily from a decrease in customers' advertising expenditure.

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 0.84 million sets.

Share of profits of associates increased 23.4% from Baht 7,465 million in 2009 to Baht 9,210 million in 2010. This share of profits of associates was mainly contributed by AIS Group.

In 2010, the net profit of the standalone AIS Group was Baht 20,547 million, an increase of 13.8% from Baht 17,055 million in 2009 (not including the adjustment on derivatives and intercompany gain made by the Company to its share of profits from AIS Group's results). In 2010, AIS had goodwill impairment on Digital Phone Co., Ltd. ("DPC") in the amount of Baht 1,560 million, while, in 2009, there was an asset impairment of Baht 222 million on Advanced Data Network Communications Co., Ltd. Excluding the goodwill impairment on DPC, the 2010 normalized profit was Baht 22,107 million, an increase of 27.9% from the normalized profit of Baht 17,277 million in 2009.

The increase in normalized profit was mainly due to greater revenue, particularly from non-voice services and gadget sales with lower expenses along with reduced marketing and network operating expenses. In 2010, there was a solid growth in non-voice revenue due to the popularity of smartphones and USB data cards among Thai consumers. The price of mobile gadgets has been dropping while their functionality has been improving. In addition, voice revenue increased in response to the economic recovery, mostly from the prepaid service as a result of Mao-Mao packages and lucky-draw campaigns. The cost of services dropped as a result of successful electronic top-up channels such as Refill on Mobile, ATMs and mPay, which reduced the expenditure on transactions. Also, the network amortization was lower than the previous year as some assets had been fully amortized while there was minimal new investment during the year. However, there was a slight increase in base station rental and utility costs proportional to the number of new cell sites. The key reduction in expenses was from marketing activities due to mild competition in the telecom market. Moreover, the amount of bad debt dropped as AIS continued to enhance the quality of its distribution channels in order to attract responsible postpaid subscribers while general and administrative expenses declined due to cost-saving programs for rental, maintenance and utility costs. However, this was offset by an increase in staff costs, mainly from higher bonuses, special rewards and improved employee benefits. More details are provided in the MD&A for AIS below.

## Expenses

Total expenses increased slightly from Baht 9,361 million in 2009 to Baht 9,410 million in 2010. Apart from the net foreign exchange loss, total expenses slightly decreased.

Cost of sales and services decreased 4.2% from Baht 6,806 million in 2009 to Baht 6,521 million in 2010, primarily due to lower costs in the satellite business after the depreciation of Thaicom 1 and Thaicom 2 ceased to be recognized in February and December 2009, respectively. The costs in the media and advertising businesses also decreased, following a drop in revenue, although these were offset by an increase in the information technology business.

Operating agreement fees from the satellite business and telephone networks in foreign entities decreased 8.3% from 2009, mainly as a result of the decline in revenue from the conventional satellite and telephone networks in Cambodia.

Administrative expenses increased 24.7% from Baht 1,196 million in 2009 to Baht 1,491 million in 2010, primarily from the satellite business due to an increase in bad-debt provision, while in 2009 there had been a write-back of provision for doubtful debts as these were paid. In addition, the expenses increased from higher staff costs and administration of the satellite business and telephone network in Laos, although the administrative expenses of the telephone network in Cambodia decreased.

Net foreign exchange loss was Baht 90 million in 2010 as the baht appreciated against the US dollar, which resulted in a net loss from the revaluation of foreign assets, while in 2009 there had been a foreign exchange gain of Baht 465 million as a result of the revaluation of foreign loans before the issuance of THCOM's debentures.

## Profit before finance costs and tax

As a result of the foregoing items, the profit before finance costs and tax increased 10.1% from Baht 7,208 million in 2009 to Baht 7,932 million in 2010.



## Finance costs

The finance costs decreased 55.1% from Baht 1,088 million in 2009 to Baht 489 million in 2010. The main cost in 2010 was interest paid on THCOM's debentures, while in 2009 the main costs had been the amortization of deferred financing costs and the break cost incurred from early repayment of the loan for IPSTAR and Thaicom 5 in November 2009.

## Income Tax

There was an income tax surplus of Baht 121 million in 2010, compared to Baht 99 million in 2009, 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 467 million and Baht 277 million in 2010 and 2009, 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 6,496 million in 2009 to Baht 8,032 million in 2010.

## 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 statement

	As at December 31,			
	2010		2009	
	(in millions of Baht)		(in millions of Baht)	
Cash & cash equivalents and current investment	4,335.2	9.2%	3,908.2	6.4%
Other current assets	2,187.4	4.6%	2,316.4	3.8%
Investments in associates	18,179.9	38.5%	30,739.7	50.0%
Property and equipment, net	5,317.8	11.2%	6,114.1	9.9%
Property and equipment under operating agreements, net	14,177.1	30.0%	15,527.6	25.2%
Other assets	3,060.4	6.5%	2,934.2	4.7%
<b>Total assets</b>	<b>47,257.8</b>	<b>100.0%</b>	<b>61,540.2</b>	<b>100.0%</b>
<b>Total current liabilities</b>	<b>8,433.2</b>	<b>17.8%</b>	<b>7,253.5</b>	<b>11.8%</b>
Long-term borrowing	7,548.9	16.0%	8,076.0	13.1%
Other liabilities	245.5	0.5%	1,028.4	1.7%
<b>Total liabilities</b>	<b>16,227.6</b>	<b>34.3%</b>	<b>16,357.9</b>	<b>26.6%</b>

## As at December 31,

	2010		2009	
	(in millions of Baht)		(in millions of Baht)	
Total shareholders' equity	31,030.2	65.7%	45,182.3	73.4%
Total liabilities and shareholders' equity	47,257.8	100.0%	61,540.2	100.0%

**Assets**

In 2010, the cash & cash equivalents and current investment totaled Baht 4,335 million, an increase from the previous year, mainly due to more cash being available from operations along with lower repayments on long-term loans. The investment in associates decreased 40.9%, from the investment in AIS, as a result of the special dividend paid by AIS. The consolidated property and equipment under operating agreements dropped 8.7% due to depreciation and amortization in the satellite business.

**Liabilities**

As at December 31, 2010, the consolidated liabilities had dropped slightly, mainly due to the repayment of long-term loans in THCOM Group.

**Shareholders' equity**

The consolidated shareholders' equity decreased from December 31, 2009, due to our dividend payments totaling Baht 21,671 million, although this was partially offset by the net profit of Baht 8,032 million.

**Consolidated Cash Flow\***

The following table summarizes our consolidated cash flows for the years indicated:

	Year Ended December 31,	
	2010	2009
	(in millions of Baht)	(in millions of Baht)
Net cash provided by operating activities	23,582.5	10,788.5
Net cash used in investing activities	(688.7)	(1,196.8)
Net cash used in financing activities	(22,454.0)	(9,856.4)
Net decrease in cash & cash equivalents and current investment	439.8	(264.7)
Cash & cash equivalents and current investment at beginning of year	3,908.2	4,170.5
Unrealized gain (loss) from revaluation of investments	(9.0)	2.5
Effects of exchange rate changes on balances held in foreign currencies	(3.8)	(0.1)
Cash & cash equivalents and current investment at end of year	4,335.2	3,908.2

\*Cash flow comprises cash & cash equivalents and current investment. Some entries have been reclassified to make them more appropriate for the group's business.

As at December 31, 2010, consolidated cash & cash equivalents and current investment totaled Baht 4,335 million, an increase of Baht 440 million (excluding the unrealized gain or loss from revaluation of investments and the effects of exchange rate changes on balances held in foreign currencies) from the previous year, while the consolidated cash & cash equivalents and current investment as at December 31, 2009 had decreased by Baht 265 million (excluding the unrealized gain or loss from revaluation of investments and the effects of exchange rate changes on balances held in foreign currencies) since the end of 2008.

#### **Net cash flows provided by operating activities**

The consolidated cash flow provided by operating activities was Baht 23,583 million, an increase of 118% from 2009, mainly due to the incremental cash flows from dividends received from AIS.

#### **Net cash flows used in investing activities**

Cash used in investing activities was Baht 689 million, a decrease of 42.5%, as there were lower cash outflows used to purchase property and equipment.

#### **Net cash flows used in financing activities**

The consolidated cash flows used in financing activities amounted to Baht 22,454 million, an increase of 127% from 2009, mainly from the higher dividend paid (Baht 6.77 per share in 2010 compared to Baht 2.40 per share in 2009), partially offset by a decrease in the repayment of loans.

#### **Impact on the group from the change in accounting standards to align them with International Financial Reporting Standards ("IFRS")**

During 2010 the Federation of Accounting Professions announced the revision of TAS and TFRS, a total of 25 standards, some of which will replace existing standards while the others are additional ones. These standards were published in the Royal Thai Government Gazette. In addition, there are drafts of TAS and TFRS that are expected to be announced in the future to align them with the IFRS (Bound Volume 2009).

The Group believes that when the other TAS and TFRS which are relevant to the Group become effective, there will be no material impact on the consolidated and separate financial positions or the consolidated and separate net profits.

Nevertheless, TAS 27 (revised 2009): Consolidated and Separate Financial Statements has caused a key change as the Group has to allocate profit and loss in subsidiaries to non-controlling interests (minority interests) although this may result in negative minority interest. Moreover, TAS 19 Employee Benefits has determined that the Group has to recognize post-employment benefits such as severance pay.

TAS 27 (revised 2009) will become effective on from January 1, 2011 and is not required to retrospective. According to the current accounting standard, the Group has not allocated excess loss over equity of ITV to minority interests in the 2010 financial statements. When the Company adopts TAS 27 (revised 2009) on January 1, 2011, this allocation will increase the profit attributable to equity holders in the Company's consolidated statement of income by approximately Baht 203 million per year (estimated from ITV's operational results in 2009).

TAS 19: Employee Benefits will also become effective on January 1, 2011 and the Group will adjust the total amount (net of income tax), which is the present value of defined benefit obligation when employees' services ended, as at December 31, 2009, to the retained earnings. This will result in a decrease in the consolidated and separate retained earnings as at December 31, 2009 of approximately Baht 220 million and Baht 36 million, respectively. Also, this will reduce the consolidated and separate operational results of 2010 (compared to 2011) by approximately Baht 16 million and Baht 4 million, respectively.

### Disclaimer

This document contains certain forward-looking statements which refer to future events and the future financial performance of the companies in Shin Group. Forward-looking statements can generally be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe" or "continue". Although the companies in Shin Group believe that the expectations reflected in such forward-looking statements are reasonable at this time, it can give no assurance that such expectations will prove to be correct. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

## ADVANCE INFO SERVICE PLC

### 2010 Management Discussion and Analysis

### OVERVIEW

Data services and economic recovery boosted AIS performance in 2010. Strong momentum of mobile internet usage as well as consumer adoption to smartphone have been the key contributor to 31% data growth. Demand of mobile internet continued to rise due to limited fixed-line infrastructure and trend of social networking. AIS continued to push toward data-bundling smart gadgets with lower price and richer features that drove higher penetration to Thai consumers. Also, both domestic voice usage and international revenue reflected the solid economic recovery throughout 2010 despite of a political hiccup during 2Q10. Domestic voice revenues picked up 3.5%YoY while rising international tourist arrival supported recovery in international roaming and IDD.

Mild competition and highly efficient operation enlarged the operating margin through a low OPEX and CAPEX. Telecom market remained in stable contest due to saturation in voice market and mild competition. Cost efficiency programs were implemented since 2008 indicated by improved EBITDA margin three years in a row. In 2010, cash OPEX climbed down 4.9%YoY supported by lower marketing and network-related expenses. CAPEX was Bt5.2bn, an extraordinary low level due to expectation of 2.1GHz license auction in 2010. As a result, AIS built up Bt52,995mn operating cash flow, a 12.4% YoY growth, and free cash flow surged to Bt46.8bn, a 30% YoY growth.

Reinforcing development of "EcoSystem" into 2011. With the long-term vision of "EcoSystem" announced in 2010, AIS will focus more on rising data market in 2011 by implementing "Quality DNAs", quality in all dimensions of services. More smart devices will be delivered to customers in all segments with exclusive packages from AIS. Network on 900 MHz will be upgraded to support growing demand of mobile internet including 3G on 900MHz using HSPA technology to be roll-out in selective provinces with Bt2.5bn CAPEX. Applications will be developed, in cooperation with strategic partners, to accommodate multi-operating systems such as iOS, Blackberry, Android. Local contents such as news clips, live information and life styles will be launched to increase data usage. Also, quality of service will be ensured by "certified smartphone expert" to help smart devices users together with 24hrs call center and service centers nationwide.

Maximized shareholder return with the commitment to deliver 100% dividend payout. In 2010, AIS managed capital structure by pay out excess cash as special dividends. Return on equity (ROE) was 49% higher from 23% in 2009 due to thinner retained earnings after both regular and special dividends paid. In 2011, with solid cash generation and normal Bt10bn CAPEX level, AIS is confident to maintain financial flexibility and efficient capital structure.

## OPERATIONAL HIGHLIGHTS

Subscriber	ARPU	MOU
Total subscribers increased to 31.2mn from 28.8mn in 2009. Net addition was 2.4mn and which was more than 1.4mn in 2009. Economic recovery and non-voice growth drew new subscribers through Net-SIM and second SIM. In 4Q10, majority of new subscriber was prepaid which grew 8.9% YoY while postpaid subscriber grew 4.7% YoY. On QoQ basis, net addition was 698k and increased 42% due to seasonality and better sentiment. Postpaid churn rate was down to 1.8% which improved both YoY and QoQ from gaining of quality subscribers. Prepaid churn rate increased to 4.4% from 4.3% in 3Q10 but decreased from 5.2% in 4Q09 due to economic recovery and promotion package.	In 4Q10, prepaid ARPU was Bt201 and increased 1.5% YoY and 4.7% QoQ. The YoY increment was due to non-voice growth and stable competition. The QoQ increment was due to seasonality, firm sentiment and non-voice growth. Postpaid ARPU was Bt632 and increased 2.1% YoY and 1.6% QoQ. The postpaid ARPU increased due to the non-voice growth.	Prepaid MOU was 292 minutes and increased 14.5% YoY and 4.3% QoQ due to usage stimulus programs. Postpaid MOU was 532 minutes, relatively flat YoY and increased 2.7% QoQ due to seasonality. The postpaid RPM was stable on both YoY and QoQ due to stable competition while prepaid RPM was stable QoQ but decreased YoY due to buffet packages.

## SIGNIFICANT EVENTS

1. Impairment loss from DPC goodwill of Bt1,560m recognized in 2010  
In 2010, in the income statement for the period, AIS Group recorded a Bt1,560mn goodwill impairment loss on DPC, a subsidiary operating mobile service on GSM 1800MHz. Such an item is not tax deductible, is unrecoverable and is a non-cash expense. The effects on the AIS Group's consolidated financial statements ending December 31, 2010 are as follows:
  - Recognized impairment loss on DPC goodwill of Bt1,560mn on the income statement, by discounting expected future cash flow and comparing with its carrying value of Bt3,102mn.
  - Outstanding DPC goodwill booked as an intangible asset as of December 31, 2010 was Bt1,542mn.
2. Interconnection agreement with HUTCH-CAT
  - According to the NTC resolution between AIS and HUTCH-CAT to enter into the IC agreement negotiation in April 2010, the IC rate could not be settled. Therefore, NTC announced the interim IC rate of Bt0.50 per minute in September 2010.
  - The retroactive net receipts from HUTCH-CAT since April 2010-June2010 was Bt177mn, recorded in 3Q10.
3. Revised dividend policy:  
The Company aims to pay dividend at least 100% of net profit. The company also aims to pay dividend twice a year, an interim dividend distributed from the first half operating results, and annual dividend distributed from the second half operating results.

## FINANCIAL RESULT

Table 1 – Service Revenue

(Bt million) / (% to total service revenue excluded IC)

	2009		2010		YoY (Amount)	YoY(%)
Voice revenue	64,019	78.6%	66,278	75.4%	2,259	3.5%
Postpaid (voice)	17,388	21.3%	17,813	20.3%	425	2.4%
Prepaid (voice)	46,632	57.3%	48,466	55.2%	1,834	3.9%
Non-voice revenue	11,528	14.2%	15,040	17.1%	3,512	30.5%
International roaming	2,341	2.9%	2,703	3.1%	361	15.4%
Others (IDD, other fees)	3,554	4.4%	3,831	4.4%	278	7.8%
Total service revenue excl. IC	81,442	100.0%	87,852	100.0%	6,410	7.9%

Table 2 – Sales

(Bt million) / (% to total revenue)

	2009		2010		YoY (Amount)	YoY (%)
Sales revenue	6,639	6.5%	8,954	8.0%	2,315	34.9%
Cost of Sales	6,197	6.0%	7,651	6.9%	1,454	23.5%
Net sales	442	0.4%	1,302	1.2%	860	194.6%

Table 3 – Interconnection

(Bt million) / (% to total revenue)

	2009		2010		YoY (Amount)	YoY (%)
Interconnection revenue	14,370	14.0%	14,474	13.0%	104	0.7%
Interconnection cost	13,416	13.1%	13,873	12.5%	457	3.4%
Net interconnection	954	0.9%	601	0.5%	-353	-37.0%

Table 4 – Cost of services ex IC

(Bt million) / (% to total revenue)

	2009		2010		YoY (Amount)	YoY (%)
Network amortization	19,033	18.6%	18,395	16.5%	-638	-3.4%
Base station rental & utility	2,646	2.6%	2,752	2.5%	106	4.0%
Maintenance	1,388	1.4%	1,376	1.2%	-12	-0.8%
Other cost of services	3,862	3.8%	3,103	2.8%	-760	-19.7%
Total cost of services ex IC	26,929	26.3%	25,625	23.0%	-1,304	-4.8%
Revenue sharing expense	19,861	19.4%	21,553	19.4%	1,693	8.5%

Table 5 – SG&amp;A

(Bt million) / (% to total revenue)

	2009		2010		YoY (Amount)	YoY (%)
Marketing expense	2,695	2.6%	2,324	2.1%	-371	-13.8%
General administrative and staff cost	6,294	6.1%	6,685	6.0%	391	6.2%
Bad debt provision	784	0.8%	589	0.5%	-195	-24.9%
Depreciation	274	0.3%	214	0.2%	-60	-21.9%
Total SG&A	10,047	9.8%	9,812	8.8%	-235	-2.3%
% Bad debt to postpaid revenue	3.7%		2.5%			

Table 6 – EBITDA

(Bt million) / (% to total revenue)

	2009		2010		YoY (Amount)	YoY (%)
Operating Profit	26,002	25.4%	32,764	29.4%	6,763	26.0%
Depreciation of PPE	3,337	3.3%	3,001	2.7%	-336	-10.1%
Amortization	16,683	16.3%	16,365	14.7%	-318	-1.9%
(Gain)/Loss on disposal of PPE	8	0.0%	91	0.1%	82	974.2%
Management Benefit	-72	-0.1%	-113	-0.1%	-41	56.3%
Other financial cost	-45	0.0%	-47	0.0%	-2	4.1%
EBITDA	45,913	44.8%	52,063	46.8%	6,149	13.4%

Table 7 – Financial cost

(Bt million) / (% to total revenue)

	2009		2010		YoY (Amount)	YoY (%)
Financial cost	1,921	1.9%	1,735	1.6%	-186	-9.7%

## Revenue

Service revenue excluding IC was Bt 87,852 mn and increased 7.9%YoY due to economic recovery as well as strong non-voice growth. Especially in 4Q10, the service revenue excluding IC grew better-than-expected 9.6% YoY and 6.9% QoQ thanks to prepaid voice and non-voice services. Festive season and firm economy supported the growth.

Voice revenue was Bt 66,278 mn and increased 3.5% YoY due to economic recovery from the bottom in 2009. Stable pricing over the year and some key successful pricing packages also contributed to solid voice recovery. Majority of voice revenue growth came from prepaid voice, which was Bt 48,466 mn and increased 3.9% YoY. As a result of on-top Mao-Mao packages as well as lucky-draw campaigns, prepaid subscribers consumed higher traffic and generated more revenues. Postpaid voice was Bt 17,813mn and increased 2.4% YoY. Flexible Mix & Match package continued to acquire valued postpaid subscribers.

Non-voice revenue was Bt15,040mn and surged 30% YoY. Mobile data, which grew 72% YoY, was the key contributor driven by quick adoption of smartphone and USB data card among Thai consumers. Price of mobile gadgets has been trending lower but improving in functionality. Social networking such as Facebook, Twitter or other chat applications drove a “chain reaction” among data users. BlackBerry and Net SIM subscribers grew more than double from 2009. AIS continued to push toward data-bundling smartphones with key manufacturers such as Apple, BlackBerry, Samsung, HTC and Nokia. Demand of mobile internet continued to rise due to limited fixed-line infrastructure especially in regional areas. In 2H10, AIS launched “EDGE Plus” program to enhance customer non-voice experience. AIS customers were able to experience higher data speed and simultaneous voice/data usage. Use of data among regional subscribers also started to grow as AIS maintains our key strength of wider network coverage as well as 3G network in certain areas. In 2010, the non-messaging services contributed 11% of service revenues excluding IC compared to 8% in 2009.

International roaming revenue was Bt2,703mn and increased 15.4% YoY due to global economic recovery. Although, the political unrest occurred in 2Q10, situation recovered fast and confidence restored to normal level. Tourist arrival improved sharply in second half of 2010 resulted in 30% YoY growth of international roaming revenue in the same period.

Others service revenue, comprised of international call (IDD), was Bt3,831mn and increased 7.8% YoY due to higher usage as well as rising tourist arrival.

Sales revenue was Bt8,954mn and surged 35% YoY thanks to the booming of smartphones and USB aircards. Sales margin also improved to 14.5% from 6.7% in 2009 due to higher margin of data devices. The launch of iPhone4 in late 3Q10 tremendously drove the sales revenue in 4Q10 to grow 135% YoY and 48% QoQ. USB aircards by AIS also captured majority of growing market share especially in regional areas due to strong channels and limited fixed-line internet connectivity.

Net IC receipt was Bt601mn and decreased 37% YoY, despite inclusion of IC receipt from Hutch-CAT. The decline was a result of AIS “all network” promotion which encouraged overall subscriber usage. NTC also ruled operators to provide a basic single rate to all networks in 3Q10. According to NTC resolution, IC between AIS and HUTCH-CAT started in 3Q10 and the interim IC amount was retroactively recorded at a rate of Bt0.50 per minute since April 2010. Majority of net IC receipts came from HUTCH-CAT marginally offset by net IC paid to TMV.

### Cost of Service and Sales

Revenue sharing expense was Bt21,553mn, an increase of 8.5% YoY. The increasing expenses were in-line with the improved service revenues excluding IC of 7.9% YoY.

Network amortization was Bt18,395mn, a decrease of 3.4% YoY. The lower network amortization was due to some fully amortized assets while new investment was minimally added during the year.

Maintenance cost was Bt1,376mn and relatively flat compared to Bt1,388mn in FY09. The well-controlled cost was the effect of several cost efficiency programs implemented since 1H09 as well as services negotiation. As a percent to service revenues, maintenance cost declined to 1.2% in 2010, compared to 1.4% in 2009.

Base rental and utility cost was Bt2,752mn, a slight increase of 4% YoY from Bt2,646mn. The cost conformed to the increased number of cell sites was 15.8k compared to 15.4k last year.

Other cost of services were Bt3,463mn and declined 10.3% YoY, excluding one-time reversal item related to network of



Bt360mn. The improved cost was mainly from the successful electronic top-up channels e.g. Refill on Mobile, ATM, mPay services. In 2010, the electronic prepaid top-up represented over 75% of total refill transaction which resulted in 70% YoY lower cost of refill cards.

## Expense

Marketing expenses were the key component of cost reduction in 2010 with a decline of Bt371bn or 13.8% YoY to Bt2,324mn. During the year, the spending on marketing activities declined owing to the mild competition in telecom market. As a result of controlled marketing spending coupled with improved revenue, marketing spending declined to 2.1% of total revenue from 2.6% in 2009.

General Administrative & Staff expenses were Bt6,685mn, compared to Bt6,297mn in FY09, an increase of 6.2% YoY from higher staff costs which partly offset by lower general administrative expenses. The higher staff expenses at 13.8% YoY was mainly due to higher bonus and special reward paid to employee as well as improved employee benefit. Excluding staff expenses, general administrative expenses, declined 4.8% YoY as a benefit in return of various cost saving programs including rental, maintenance, and utility cost. As a percentage of total revenue, general administrative and staff expenses slightly declined to 6.0% from 6.1% last year.

Bad debt was Bt589mn, an improvement of 24.9% YoY from Bt784mn. AIS continued to enhance the quality of distribution channel which help acquiring the quality of postpaid subscribers. For 2010, as a percentage to postpaid revenue, bad debt decreased to 2.5%, compared to 3.7% last year.

Finance cost was Bt1,735mn, compared to Bt1,921mn, a decreased of 9.7% YoY due to the lower level of average interest rate in 2010.

Goodwill impairment was Bt1,560mn. After impairment of DPC goodwill in 2010, the remaining DPC goodwill is Bt1,542mn, compared to Bt3,102mn last year. The DPC goodwill is subjected to an impairment test at the end of each reporting period. The DPC impairment was due to the shorter remaining time of the BTO contract of DPC.

## Results

EBITDA was Bt52,063mn and increased 13.4% YoY. The EBITDA increment was due to strong revenue growth particularly from solid recovery of voice revenue, strong data growth, rising sales of smart phones and data devices, as well as saving from cash OPEX.

Cash OPEX was Bt16,374mn and lowered 4.9% YoY, particularly from the Bt371mn saving in marketing expense, the Bt360mn one-time reversal item in 2Q10 and the 70% YoY saving from refill on mobile scheme, a money top-up method via online replacing conventional scratch cards. EBITDA margin was 46.8% and increased from 44.8% in 2009 due to the lower cash OPEX.

Foreign exchange was Bt3mn loss from Bt73mn gain in 2009. The company managed to reduce an exposure to foreign exchange by financial instruments such as forward contracts.

Other operating income was Bt679mn and decreased 1.6% YoY. Majority of other operating income was interest income which grew 9.5% YoY due to higher fixed income investment. AIS set aside a portion of free cash for investment in fixed income assets such as B/E notes.

Net income was Bt20,547mn and increased 20.5%YoY. Excluding Bt1,560mn DPC goodwill impairment, normalized net profit was Bt22,107mn and increased 28%YoY. The net income growth was due to 1) higher revenues particularly from non-voice service and gadget sales 2) lower expenses particularly from network OPEX and marketing expense.

Table 8 - Consolidated (Bt million)	Where			YoY	
		2009	2010	(Amount)	YoY(%)
Net income		17,055	20,547	3,492	20.5%
Add:Impairment of DPC goodwill	Impairment loss	-	1,560		
Impairment of ADC asset	Impairment loss	222	-		
Normalized net income		17,277	22,107	4,830	28.0%

## BALANCE SHEET STRUCTURE

Total assets was Bt97,457mn and decreased 22% YoY because of lower net fixed assets as the amortization of asset was greater than new CAPEX. Also, cash declined from Bt25,167mn to Bt12,618mn mainly because of dividend payment.

Interest bearing debt was Bt35,139mn relatively the same to Bt35,654mn as of 2009. Average cost of debt remained at 4.8%. In 2011, loans of Bt9,978mn and debenture of Bt4,000mn with 5.9% coupon will due. The debenture will due in 3Q11 while the Bt247mn loan will due in 2Q11 and the Bt9,731mn will due in 4Q11.

Equities was Bt41,480mn and decreased 42% YoY due to lower retained earnings after special dividend payment in 2010. Unappropriated retained earnings was Bt15,358mn compared to Bt46,146mn at the end of 2009.

Liquidity in term of current ratio dropped to 0.73 compared to 2.02 at the end of 2009. Current asset decreased mainly due to lower cash after dividend payment while current liabilities increased due to debt repayment scheduled in 2011. The Bt13,978mn debt, which due in 2011, was a reason of the lower current ratio.

Working Capital remained healthy. Inventories were Bt932mn and increased from Bt629mn in 2009 due to higher valued smartphones in stock. Current investment was Bt4,219mn compared to Bt198mn in 2009, representing the 1-year fixed-income investment. The fixed income investment with maturity over 1 year is recorded in other long-term investment. Other current asset was Bt2,459mn, increased from Bt1,551mn because of higher tax claims and higher receivables of growing refill on mobile top-up. Account payable increased to Bt3,158mn from Bt2,728mn in 2009 due to purchased network equipment and accrued maintenance expenses. Advanced receipts from customers increased to Bt1,521mn from Bt653mn in 2009 due to higher sales of cash card. Other current liabilities increased to Bt4,853mn from Bt3,901mn because of accrued withholding tax from dividend payment.

Capital structure remained strong as indicated by net debt to equity at 0.53 and net debt to EBITDA at 0.42. Return on equity (ROE) was 49.5% higher from 23.8% in 2009 due to thinner retained earnings after capital management, both regular and special dividends paid.

Table 9 - Balance Sheet

	(Bt Million) / (% to total asset)			
	2009		2010	
Cash	25,167	20.1%	12,618	12.9%
ST investment	198	0.2%	4,219	4.3%
Trade receivable	5,773	4.6%	5,610	5.8%
Inventories	629	0.5%	932	1.0%
Others	1,958	1.6%	2,524	2.6%
Current Asset	33,725	27.0%	25,903	26.6%
Networks and PPE	69,715	55.8%	55,544	57.0%
Intangible asset	6,286	5.0%	4,341	4.5%
Defer tax asset	10,052	8.0%	9,814	10.1%
Others	5,248	4.2%	1,856	1.9%
Total Assets	125,026	100.0%	97,457	100.0%
Trade accounts payable	2,729	2.2%	3,160	3.2%
CP of LT loans	497	0.4%	15,883	16.3%
Accrued R/S expense	3,070	2.5%	3,328	3.4%
Others	10,287	8.2%	13,119	13.5%
Current Liabilities	16,583	13.3%	35,489	36.4%
Total interest-bearing debt	35,654	28.5%	35,139	36.1%
Total Liabilities	53,214	42.6%	55,978	57.4%
Unappropriated retained earning	46,146	36.9%	15,358	15.8%
Total Equity	71,811	57.4%	41,480	42.6%

Table 10 – Key Financial Ratio

	2009	2010
Debt ratio	0.43	0.57
Net debt to equity	0.15	0.54
Net debt to EBITDA	0.23	0.43
Total liabilities to equity	0.74	1.35
Current ratio	2.02	0.73
Interest coverage	13.86	19.41
DSCR	13.54	2.07
ROE (%)	23.8%	49.5%

Table 11 – Debt Repayment Schedule

		(Bt Million)
	Debenture	Long term loan
2010	-	493
1Q11	-	-
2Q11	-	247
3Q11	4,000	-
4Q11	-	9,731
2012	5,000	493
2013	8,000	493
2014	2,500	2,939
2015	-	493
2016	-	493
2017	-	493
2018	-	247

## CASH FLOW

Free cash flow (EBITDA-CAPEX) of 2010 was Bt46.8bn and increased 30%YoY, achieved higher than the guidance of 18%YoY. The growth was supported by strong operating revenue, cost efficiency and lower CAPEX. Throughout 2010, as the company planned to reserve capital for future investment in 2.1GHz license, CAPEX was managed to an exceptional low level of Bt5.2bn and focused only on necessary expansion of data capacity. This level of CAPEX which was 4.7% of revenue, compared to the normal level between 9% to 15% in the past 3 years, was not a normal level given the current rising data consumption. The company generated operating cash flow of Bt53bn which increased from Bt47.1bn in 2009 or 12% YoY.

Table 12 – Source and use of fund : 2010

		(Bt. Million)	
Source of Fund		Use of Fund	
Operating CF before change in working capital	52,995	CAPEX & Fixed assets	5,189
Interest received	379	Dividend payments	51,351
Sale of property and equipment	33	Finance costs paid	1,725
Share capital and share premium	353	Repayment of LT borrowing	486
Cash decreased	13,810	Changes in working capital	7,771
		Payment of finance leases	25
		Investment related	1,022
Total	67,570	Total	67,570

## FY2011 MANAGEMENT OUTLOOK & STRATEGY

FY2011 Guidance	
Service revenue excluding IC	+4% YoY
EBITDA margin	46%
CAPEX	Bt10bn cash capex

With a slower pace of economic growth in 2011, telecom industry is expected to grow 4% compared to GDP forecast of 3.5%-4.5%. Voice revenue growth is expected to be flat as competition remains benign whilst data services continue to be the growth engine and is expected to rise 25-30%. Mobile penetration already reached over 100% and continues to move upwards with approximately 2 – 3 million net adds for the industry. Drivers to increasing subscribers are from surging multiple-device and data-SIM users, growing machine-to-machine enterprise market, and some organic growth from rural segment. Handset business is a key to support data services, with double digit growth but lower margin. Sale of handset in 2011 is expected to expand toward data devices and more affordable smartphones. We estimate the market for smartphones to expand by 2 million units in 2011 while price is expected to decline.

Data continues to be the key growth engine at 25-30% growth. With limited availability of landline internet access, mobile data momentum will be encouraged through new and more affordable data-gadgets line-up, expansion of lower-end smartphones, and continued proliferation of mobile social networking. AIS will focus more on rising data market in 2011 by implementing "Quality DNAs", quality in all dimensions of services including device, network, application, and services. More smart devices will be delivered to customers in all segments with exclusive packages from AIS. Network on 900 MHz will be upgraded to support growing demand of mobile internet including 3G on 900MHz using HSPA technology to be roll-out in selective provinces with Bt2.5bn CAPEX. Applications will be developed, in cooperation with strategic partners, to accommodate multi-operating systems such as iOS, Blackberry, Android. Local contents such as news clips, live information and life styles will be launched to increase data usage. Also, quality of service will be ensured by "certified smartphone expert" to help smart devices users together with 24hrs call center and service centers nationwide.

To capture the strong momentum of data growth, AIS will spend Bt10bn capex on network expansion in both 2G and 3G. In 2010, while competition was fairly mild and the upgrade of new technology has been pending due to regulatory issues, capex was exceptionally and unsustainably low at Bt5.2bn. Moving into 2011, as we see the continual strong growth momentum of data usage, capex needs to be at a normal level of Bt10bn. The amount of Bt7.5bn will use for upgrade and expanding 2G data capacity while Bt2.5bn will be spent on extending 3G on 900MHz which we currently have 131 base stations. Within 3Q11, we plan to settle 1,884 base stations of 3G 900MHz located in Bangkok and other major provinces. These investments will help unlock the limited data capacity the current 2G network is facing. However, such investment remains as an interim solution to the rising competition of data market and to meet the growing customer needs on mobile internet while the unclear timeline of the 2.1GHz auction prevails. Network amortization is likely to be lowered by 2-3% in 2011 due to some fully-amortized assets and new investment stays relatively small.

AIS targets to achieve 46% EBITDA margin. The EBITDA margin is likely to slightly decline to 46% from 46.8% last year caused by higher OPEX, lower net IC revenue, and growing handset business. Despite very lean operating efficiency, the network opex would increase consistent with rising capex in 2011. Also, marketing spending tends to rise in a range of 2.5% to 3% of total revenue as a result of the introducing 3G technology coupled with various handset campaigns. Net interconnection revenue is revised down in a range of Bt300-400m, lower than the 2010 level. However, the company does not expect the net IC gain to be sustainable. Moreover, an increasing smartphone adoption resulted in higher proportion of revenue from handset business.

This will cause lower consolidated EBITDA margin as handset business normally posts lower margin than mobile service.

Company aims to pay dividend at least 100% of net profit. Historically, the company has been paying over 100% during the past four years. The company also aims to pay dividend twice a year, an interim dividend distributed from the first half operating results, and annual dividend distributed from the second half operating results. Such dividend payment may not exceed the retained earnings in the Company Financial Statement. The special dividend paid during 2010 was due to the excess level of cash which preserved for 3G licenses on 2.1GHz auction that wait to be at no avail. For 2011, the company continued to maintain flexibility to preserve long-term growth potential.

#### **IMPACT FROM THE CHANGE OF ACCOUNTING POLICY DUE TO IFRS**

Management has made a preliminary assessment of the potential initial impact of adoption these new TAS and TFRS in accordance with the FAP's announcement. The adoption of these new standards shall have no material impact on the consolidated and separate financial statements in the period of initial application except TAS 19 Employee benefits as follows:

##### **TAS 19 – Employee benefits**

There is currently no Thai accounting standard covering employee benefits and the Group does not presently account for the costs of post-employment benefits under defined benefit plans; other long-term employee benefits; and termination benefits until such costs are incurred. The new TAS 19 includes the requirements to recognise and account for such costs in the period in which the service is performed. The requirements are complex and require actuarial assumptions to measure the obligation and expense. Moreover, the obligations are measured on a discounted basis because they may be settled many years after the employees render the related service. The transitional provisions of TAS 19 permit the transitional liability to be recognised and accounted for in one of four different ways:

1. retrospectively;
2. immediately in equity (retained earnings) at the transition date;
3. immediately in profit or loss at the transition date;
4. as an expense on a straight-line basis over up to five years from the transition date.

Management has determined that the transitional liability as at 1 January 2011 for post-employment benefits is approximately Baht 284 million for the Group and Baht 234 million for the Company, deferred tax assets is approximately Baht 121 million for the Group and Baht 101 million for the Company and retained earnings is approximately Baht 284 million for the Group and Baht 234 million for the Company. Management intends to adopt transitional provision to adjust retrospectively recognise and account for this liability

TAS = Thai Accounting Standard

TFRS = Thai Financial Reporting Standard

FAP = Federation of Accounting Professions

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.

Subscribers	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
GSM Advance	2,586,300	2,672,200	2,755,600	2,835,800	2,878,500	2,898,800	2,928,100	2,976,500
GSM 1800	76,900	78,300	79,000	78,900	78,300	78,400	76,400	76,100
Postpaid	2,663,200	2,750,500	2,834,600	2,914,700	2,956,800	2,977,200	3,004,500	3,052,600
Prepaid	24,918,600	25,151,500	25,447,700	25,858,200	26,552,400	27,030,500	27,497,600	28,148,100
Total subscribers	27,581,800	27,902,000	28,282,300	28,772,900	29,509,200	30,007,700	30,502,100	31,200,700
Net additions								
Postpaid	51,200	87,300	84,100	80,100	42,100	20,400	27,300	48,100
Prepaid	220,400	232,900	296,200	410,500	694,200	478,100	467,100	650,500
Total net additions	271,600	320,200	380,300	490,600	736,300	498,500	494,400	698,600
Churn rate (%)								
Postpaid	2.0%	2.0%	2.2%	2.2%	2.3%	2.2%	2.1%	1.8%
Prepaid	4.8%	4.9%	5.0%	5.2%	4.7%	4.7%	4.3%	4.4%
Blended	4.6%	4.7%	4.8%	4.9%	4.4%	4.5%	4.1%	4.2%
Subscriber market share								
Postpaid	41%	41%	42%	42%	43%	43%	43%	N/A
Prepaid	44%	44%	44%	44%	44%	44%	44%	N/A
Total	44%	44%	44%	44%	44%	44%	44%	N/A

	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
<b>ARPU excl. IC (Bt)</b>								
GSM Advance	678	645	641	660	657	654	655	669
GSM 1800	636	631	622	623	610	596	594	584
Postpaid	677	645	640	659	655	652	654	667
Prepaid	195	188	184	192	193	185	185	195
Blended	241	232	229	239	240	232	231	242
<b>ARPU incl. net IC (Bt)</b>								
GSM Advance	634	605	600	619	617	614	623	633
GSM 1800	620	615	605	604	593	578	576	574
Postpaid	634	605	600	619	617	613	622	632
Prepaid	203	196	191	198	198	190	192	201
Blended	244	236	232	240	240	232	235	244
<b>MOU (minutes: billable outgoing only)</b>								
GSM Advance	533	529	522	535	524	509	522	532
GSM 1800	480	470	469	492	483	476	387	496
Postpaid	531	527	521	534	523	508	518	532
Prepaid	243	239	240	255	263	273	280	292
Blended	271	267	268	283	289	297	304	316
<b>Traffic</b>								
% outgoing to total minute	48%	48%	48%	49%	48%	47%	49%	49%
% on-net to total outgoing minute	77%	78%	79%	79%	80%	80%	82%	82%



## ARPU DEFINITION

In accordance with international practice, we have adjusted ARPU disclosure to better reflect all revenues generated from the mobile network. We believe the new definition should provide a more transparent representation of our reported service revenues and maintain the conservative approach of recognizing revenue on a net basis. The revenue items included in the calculation of ARPU figures are based on a consolidated revenue, according to the Thai accounting standard. The ARPU definition is outlined accordingly.

	ARPU exclude IC	ARPU include IC
<b>Definition</b>	Consolidated service revenue excludes international call revenues from AIN and interconnection revenues divided by an average of subscribers at the beginning and ending period.  $= \frac{\text{Service revenue} - \text{AIN revenue} - \text{Gross IC revenue}}{(\text{beg.sub} + \text{end.sub}) / 2}$	Consolidated service revenue excludes international call revenues from AIN divided by average of subscribers at the beginning and ending period.  $= \frac{\text{Service revenue} - \text{AIN revenue} - \text{Gross IC revenue} + \text{Net IC revenue}}{(\text{beg.sub} + \text{end.sub}) / 2}$
<b>Revenue composition</b>	<input checked="" type="checkbox"/> Voice <input checked="" type="checkbox"/> Value-added service (call management, SMS, MMS, data) <input checked="" type="checkbox"/> International roaming <input checked="" type="checkbox"/> International call via CAT, TOT <input checked="" type="checkbox"/> Others <input type="checkbox"/> Net interconnection revenue <input type="checkbox"/> International call via AIN (AIS subsidiary) All categories are net of third-party sharing and commission	<input checked="" type="checkbox"/> Voice <input checked="" type="checkbox"/> Value-added service (call management, SMS, MMS, data) <input checked="" type="checkbox"/> International roaming <input checked="" type="checkbox"/> International call via CAT, TOT <input checked="" type="checkbox"/> Others <input checked="" type="checkbox"/> Net interconnection revenue <input type="checkbox"/> International call via AIN (AIS subsidiary) All categories are net of third-party sharing and commission

From 1Q08 onward, disclosure of ARPU is based on new definition (net all-in) only. Disclosure of “ARPU net voice + value-added service” is discontinued

## GLOSSARY OF TERMS AND DEFINITIONS

### Operational data

Subscriber	Number of registered SIM at ending period whose status is not defined as churn
Postpaid churn	Subscribers whose payment status is overdue more than 45 days from due date
Prepaid churn	Subscribers who do not make a refill within 37 days after validity expires
Net additions	Change of number of subscribers and ending period from the beginning period
ARPU excl. IC	Consolidated service revenue excludes international call revenues from AIN divided by average of subscribers at the beginning and ending period. It includes voice revenue, value-added services, international roaming, international calls and other revenues such as national roaming, broadband and transmission
ARPU incl. IC	Including net interconnection (IC revenue – IC cost)
MOU	Number of billed outgoing minutes generated from voice calls, including international call usage and SMS divided by the number of average subscribers
Churn rate	Number of subscriber disconnections in the period divided by the sum of gross new subscribers in the period and the subscribers at the beginning period
Voice	Any domestic and international voice usage generated by postpaid, prepaid and corporate subscribers
International roaming	Inbound roaming revenue only (revenue generated by foreign roamers using the AIS network).
IDD	International call (IDD) and other telecommunication services under subsidiaries.
Non-voice (data)	Includes all non-voice services e.g. SMS, MMS, GPRS, ring-back tone, infotainment and data transmission; excluding call management services e.g. call forward, conference call, call divert

## Financial data

EBITDA margin	Operating profit before depreciation, amortization, and allowance for impairment as a percentage to total revenue
Interest Coverage	Operating profit for the period divided by Interest expenses for the period
DSCR	Debt service coverage ratio calculated from EBITDA after tax divided by repayment of short-term and current portion of long-term borrowing, debentures and interest paid for the period
Net Debt / EBITDA	Short-term and long-term interest-bearing debts minus cash divided by EBITDA
Net Debt / Equity	Short-term and long-term interest-bearing debts minus cash divided by total shareholder's equity at ending period
Interest-bearing Debt to Equity	Short-term and long-term interest-bearing debts divided by total shareholder's equity at ending period
Total Liabilities to Equity	Total liabilities at ending period divided by total shareholder's equity at ending period
Debt Ratio	Total liabilities at ending period divided by total assets at ending period
Free cash flow to EV	$(\text{EBITDA} - \text{capex} - \text{tax}) / (\text{market capitalization} + \text{book value of net debt})$
Free cash flow (FCF)	Up to 2009 FCF = Operating Cash Flow after Working Capital – CAPEX; From 2010 onward, FCF = EBITDA – CAPEX
Network OPEX	Cost of services excluding amortization & depreciation & IC
Cash OPEX	Network OPEX + SG&A excluding amortization & depreciation

## The Board of Directors' responsibility for financial reporting

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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 2010 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 December 31, 2010. The Board of Directors also believes that all these financial statements have been prepared in accordance with generally accepted accounting principles and related regulations.



(DR. VIRACH APHIMETEETAMRONG)  
Chairman of the Board



(MR. SOMPRASONG BOONYACHAI)  
Chairman of the Executive Committee

## Audit Report of Certified Public Accountant

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To the shareholders of Shin Corporation Public Company Limited

I have audited the accompanying consolidated and separate balance sheets as at December 31, 2010 and 2009, 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 December 31, 2010 and 2009 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 32, as at December 31, 2010, ITV's current liabilities exceed its current assets by an amount of Baht 3,476 million and there is a deficit in excess of the share capital of an amount of Baht 3,476 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 December 31, 2010, represent 2.37% (2009: 1.84%) and 28.33% (2009: 25.47%) of consolidated total assets and liabilities, respectively and the net value of asset of ITV included in the Company financial statements as at December 31, 2010 and 2009 is nil.



(WINID SILAMONGKOL)  
 Certified Public Accountant  
 Registration No. 3378

KPMG Phoomchai Audit Ltd.  
 Bangkok  
 17 February 2011

Shin Corporation Public Company Limited and its Subsidiaries  
**Balance sheets** As at December 31, 2010 and 2009

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		2010	2009	2010	2009
(in Baht)					
<b>Current assets</b>					
Cash and cash equivalents	5	2,489,672,568	1,791,391,958	1,070,372,447	897,125,214
Current investments	6	1,845,526,825	2,116,876,243	756,698,740	922,214,212
Trade accounts, notes receivable and accrued income	7	1,389,700,926	1,381,069,998	-	-
Amounts due from, advances and loans to related parties	4	1,382,554	1,102,376	30,000,000	-
Inventories	8	416,534,653	432,647,378	-	-
Other current assets	9	379,695,258	501,532,366	15,242,698	17,654,734
<b>Total current assets</b>		<b>6,522,512,784</b>	<b>6,224,620,319</b>	<b>1,872,313,885</b>	<b>1,836,994,160</b>
<b>Non-current assets</b>					
Investments in subsidiaries, jointly-controlled entities and associates	10	18,179,941,333	30,739,709,506	12,502,395,997	12,502,395,997
Long-term invesments	6	25,000,000	25,000,000	25,000,000	25,000,000
Property and equipment	12	5,317,833,876	6,114,117,053	24,406,612	29,189,968
Property and equipment under operating agreements	13	14,177,096,096	15,527,561,717	-	-
Intangible assets	14	1,253,421,346	1,381,171,225	7,025,161	8,919,567
Deferred tax assets	15	1,118,531,530	868,080,777	-	-
Other non-current assets		663,462,841	659,904,879	948,080	5,284,691
<b>Total non-current assets</b>		<b>40,735,287,022</b>	<b>55,315,545,157</b>	<b>12,559,775,850</b>	<b>12,570,790,223</b>
<b>Total assets</b>		<b>47,257,799,806</b>	<b>61,540,165,476</b>	<b>14,432,089,735</b>	<b>14,407,784,383</b>

The accompanying notes are an integral part of these financial statements

Shin Corporation Public Company Limited and its Subsidiaries  
**Balance sheets** As at December 31, 2010 and 2009

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		2010	2009	2010	2009
		(in Baht)			
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	16	-	81,337,973	-	-
Trade accounts and notes payable	17	786,553,656	676,583,696	839,674	839,674
Accounts payable-equipment		920,779,639	152,078,107	-	-
Amounts due to related parties	4	3,045,672	2,854,304	4,226,013	2,618,480
Current portion of long-term borrowings	16	856,342,983	637,382,646	475,107	-
Accrued operating agreement fees		205,457,499	646,054,457	-	-
Provision for unpaid operating agreement fee and interest	31 d)	4,589,742,578	4,156,324,770	-	-
Income tax payable		133,293,397	116,903,298	-	-
Other current liabilities	18	938,007,971	783,968,233	82,535,160	45,929,653
<b>Total current liabilities</b>		<b>8,433,223,395</b>	<b>7,253,487,484</b>	<b>88,075,954</b>	<b>49,387,807</b>
<b>Non-current liabilities</b>					
Long-term borrowings	16	7,548,869,308	8,076,016,524	2,263,425	-
Deferred tax liabilities	15	130,806,517	145,589,152	-	-
Long-term account payable-equipment		-	761,252,273	-	-
Other non-current liabilities		114,721,586	121,520,463	-	-
<b>Total non-current liabilities</b>		<b>7,794,397,411</b>	<b>9,104,378,412</b>	<b>2,263,425</b>	<b>-</b>
<b>Total liabilities</b>		<b>16,227,620,806</b>	<b>16,357,865,896</b>	<b>90,339,379</b>	<b>49,387,807</b>

The accompanying notes are an integral part of these financial statements

Shin Corporation Public Company Limited and its Subsidiaries  
**Balance sheets** As at December 31, 2010 and 2009

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		2010	2009	2010	2009
(in Baht)					
<b>Equity</b>					
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		3,201,083,769	3,201,066,604	3,201,083,769	3,201,066,604
Reserves	19, 20				
Share premium		10,197,776,579	10,197,303,923	10,197,776,579	10,197,303,923
Unrealised gain on dilution of investments in subsidiaries and associates		4,288,827,900	4,176,482,535	-	-
Unrealised gain (loss) from revaluation of investments		(2,546,056)	7,115,964	(1,193,007)	(71,827)
Currency translation differences		(118,310,721)	(58,841,624)	-	-
Retained earnings					
Appropriated					
Legal reserve		500,000,000	500,000,000	500,000,000	500,000,000
Unappropriated		4,307,709,119	17,946,899,083	444,083,015	460,097,876
<b>Total equity attributable to equity holders of the Company</b>		<b>22,374,540,590</b>	<b>35,970,026,485</b>	<b>14,341,750,356</b>	<b>14,358,396,576</b>
Minority interests		8,655,638,410	9,212,273,095	-	-
<b>Total equity</b>		<b>31,030,179,000</b>	<b>45,182,299,580</b>	<b>14,341,750,356</b>	<b>14,358,396,576</b>
<b>Total liabilities and equity</b>		<b>47,257,799,806</b>	<b>61,540,165,476</b>	<b>14,432,089,735</b>	<b>14,407,784,383</b>

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 December 31, 2010 and 2009

		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
	<i>Note</i>	2010	2009	2010	2009
		<i>(in Baht)</i>			
<b>Revenues</b>	22				
Revenues from sales of goods and rendering of services		7,966,815,871	8,533,164,805	-	-
Dividends income		-	-	21,908,217,278	8,007,379,383
Net foreign exchange gain		-	465,015,201	-	-
Other income	23	165,218,750	104,847,548	28,621,772	37,941,541
Share of profits of associates		9,210,470,578	7,465,463,970	-	-
<b>Total revenues</b>		<b>17,342,505,199</b>	<b>16,568,491,524</b>	<b>21,936,839,050</b>	<b>8,045,320,924</b>
<b>Expenses</b>	22				
Cost of sales of goods and rendering of services		6,520,932,196	6,806,265,884	-	-
Operating agreement fee		493,925,091	538,625,427	-	-
Loss on provision for unpaid operating agreement fee and interest	31 d)	433,417,808	433,417,808	-	-
Selling expenses		244,172,437	250,576,329	-	-
Administrative expenses		1,490,644,903	1,195,717,112	192,526,316	180,652,977
Net foreign exchange loss		90,077,573	-	-	-
Management benefit expenses	4	137,004,226	136,076,101	88,923,661	87,133,850
<b>Total expenses</b>		<b>9,410,174,234</b>	<b>9,360,678,661</b>	<b>281,449,977</b>	<b>267,786,827</b>
<b>Profit before finance costs and income tax expenses</b>		<b>7,932,330,965</b>	<b>7,207,812,863</b>	<b>21,655,389,073</b>	<b>7,777,534,097</b>
Finance costs		(488,851,885)	(1,087,973,749)	(290,124)	(80,841)
<b>Profit before income tax expense</b>		<b>7,443,479,080</b>	<b>6,119,839,114</b>	<b>21,655,098,949</b>	<b>7,777,453,256</b>
Income tax	26	121,327,303	98,976,062	-	-
<b>Profit for the year</b>		<b>7,564,806,383</b>	<b>6,218,815,176</b>	<b>21,655,098,949</b>	<b>7,777,453,256</b>
<b>Attributable to:</b>					
Equity holders of the Company		8,031,923,844	6,495,881,254	21,655,098,949	7,777,453,256
Minority interest		(467,117,461)	(277,066,078)	-	-
		<b>7,564,806,383</b>	<b>6,218,815,176</b>	<b>21,655,098,949</b>	<b>7,777,453,256</b>
<b>Earnings per share</b>	28				
Basic		2.51	2.03	6.76	2.43
Diluted		2.51	2.03	6.76	2.43

The accompanying notes are an integral part of these financial statements

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Shin Corporation Public Company Limited and its Subsidiaries  
**Statements of changes in equity** For the years ended December 31, 2010 and 2009

		Separate financial statements					Total equity attributable to equity holders of the Company
Note	Issued and paid-up share capital	Premium on share capital	Unrealised loss from revaluation of current investment	Retained Earning			
				Legal reserve	Unappropriated		
						(in Baht)	
	3,201,066,604	10,197,303,923	-	500,000,000	365,184,445	14,263,554,972	
	-	-	(71,827)	-	-	(71,827)	
	-	-	(71,827)	-	-	(71,827)	
	-	-	-	-	7,777,453,256	7,777,453,256	
	-	-	(71,827)	-	7,777,453,256	7,777,381,429	
29	-	-	-	-	(7,682,539,825)	(7,682,539,825)	
	3,201,066,604	10,197,303,923	(71,827)	500,000,000	460,097,876	14,358,396,576	
	3,201,066,604	10,197,303,923	(71,827)	500,000,000	460,097,876	14,358,396,576	
	-	-	(1,121,180)	-	-	(1,121,180)	
	-	-	(1,121,180)	-	-	(1,121,180)	
	-	-	-	-	21,655,098,949	21,655,098,949	
	-	-	(1,121,180)	-	21,655,098,949	21,653,977,769	
29	-	-	-	-	(21,671,113,810)	(21,671,113,810)	
	17,165	472,656	-	-	-	489,821	
	3,201,083,769	10,197,776,579	(1,193,007)	500,000,000	444,083,015	14,341,750,356	

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 December 31, 2010 and 2009

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2010	2009	2010	2009
	<i>(in Baht)</i>			
<b><i>Cash flows from operating activities</i></b>				
Profit for the year of equity holders				
of the Company	8,031,923,844	6,495,881,254	21,655,098,949	7,777,453,256
<b><i>Adjustments for</i></b>				
Depreciation and amortisation	2,619,234,075	2,810,253,760	14,493,931	15,474,116
Interest income	(88,172,943)	(90,552,913)	(28,382,547)	(36,645,474)
Interest expense	475,680,929	349,610,983	144,467	25,583
Income tax expense	(121,327,303)	(98,976,062)	-	-
Share of profit of associates	(9,210,470,578)	(7,465,463,970)	-	-
Dividends income	-	-	(21,908,217,278)	(8,007,379,383)
Unrealised loss on foreign exchange	96,094,206	107,825,735	-	-
Allowance for doubtful accounts (Reversal)	41,469,861	(85,189,530)	-	-
Amortisation cost of loans	6,139,009	494,695,255	-	-
Loss for the year of minority interest	(467,117,461)	(277,066,078)	-	-
Others	22,147,308	59,589,215	6,681,978	2,154,379
	<u>1,405,600,947</u>	<u>2,300,607,649</u>	<u>(260,180,500)</u>	<u>(248,917,523)</u>
<b><i>Changes in operating assets and liabilities</i></b>				
Trade accounts, notes receivable and accrued income	(37,918,052)	191,554,996	-	-
Inventories	2,507,593	103,974,144	-	-
Other current assets	154,347,117	52,532,099	(6,944,225)	(2,041,878)
Other non-current assets	(21,655,765)	(107,276,303)	1,478,708	922,210
Trade accounts and notes payable	109,969,960	(284,235,200)	-	-
Accrued operating agreement fees	(7,179,150)	519,927,186	-	-
Other current liabilities	98,018,831	12,714,544	38,201,216	(13,508,278)
Other non-current liabilities	(6,798,877)	786,273	-	-
Interest received	103,676,330	99,877,023	33,804,931	38,947,581
Dividends received	21,992,269,595	8,118,948,594	21,908,217,278	8,007,379,383
Income tax paid	(210,378,697)	(220,886,099)	-	-
<b>Net cash provided by operating activities</b>	<b><u>23,582,459,832</u></b>	<b><u>10,788,524,906</u></b>	<b><u>21,714,577,408</u></b>	<b><u>7,782,781,495</u></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 December 31, 2010 and 2009

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2010	2009	2010	2009
		(in Baht)			
<b>Cash flows from investing activities</b>					
Purchase of property and equipment		(682,977,303)	(1,129,698,898)	(3,628,598)	(5,230,002)
Purchase of other intangible assets		(13,932,740)	(90,573,555)	(1,204,274)	(2,977,388)
Net cash outflow on investments in property and equipment under operating agreements		-	(140,282)	-	-
(Increase) decrease in current investments		262,334,484	(671,962,529)	164,394,292	12,353,113
(Increase) decrease in loans and advances to related parties		(280,168)	2,249,615	(30,000,000)	-
Net cash received from disposal of equipments		8,475,058	21,435,121	244,393	1,049,500
<b>Net cash provided by (used in) investing activities</b>		<b>(426,380,669)</b>	<b>(1,868,690,528)</b>	<b>129,805,813</b>	<b>5,195,223</b>
<b>Cash flows from financing activities</b>					
Proceeds from short-term loans		-	90,869,123	-	-
Proceeds from long-term borrowings		116,070,247	291,227,023	-	-
Proceeds from debenture		-	6,977,569,970	-	-
Proceeds from increase in share capital		489,820	-	489,820	-
Repayments of short-term loans		(80,869,123)	(322,617,257)	-	-
Repayments of long-term borrowings		(353,029,621)	(8,876,105,153)	(367,533)	(150,417)
Interest paid		(465,566,904)	(334,830,171)	(144,467)	(25,583)
Dividends paid		(21,671,113,808)	(7,682,539,825)	(21,671,113,808)	(7,682,539,825)
<b>Net cash used in financing activities</b>		<b>(22,454,019,389)</b>	<b>(9,856,426,290)</b>	<b>(21,671,135,988)</b>	<b>(7,682,715,825)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>					
		<b>702,059,774</b>	<b>(936,591,912)</b>	<b>173,247,233</b>	<b>105,260,893</b>
Cash and cash equivalents at beginning of year		1,791,391,958	2,728,059,285	897,125,214	791,864,321
Effects of exchange rate changes on balances held in foreign currencies		(3,779,164)	(75,415)	-	-
<b>Cash and cash equivalents at end of year</b>	5	<b>2,489,672,568</b>	<b>1,791,391,958</b>	<b>1,070,372,447</b>	<b>897,125,214</b>
<b>Non-cash transactions</b>					
Purchase of property and equipment and other intangible assets by liabilities		73,525,857	702,304,062	134,071	122,248
Property and equipment under finance leases		26,075,455	2,657,065	2,738,532	-

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 December 31, 2010 and 2009

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## Shin Corporation Public Company Limited and its Subsidiaries

### Notes to the financial statements For the years ended December 31, 2010 and 2009

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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 17 February 2011.

#### **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 among the Company, its subsidiaries, jointly controlled entities and associates (together referred to as “the Group”), also the entities within Cedar, Aspen and Temasek groups are recognized as related party transactions of the Company.

The Group are principally engaged in the satellite, internet, telecommunications, media and advertising.

Detail of the Company’s subsidiaries, a jointly-controlled entities and associates as at 31 December 2010 and 2009 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest	
			2010	2009
Subsidiaries				
Thaicom Public Company Limited and its Group (“THCOM”)	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 (“ITV”)	At present, ITV has ceased its operation ( <i>note 31</i> ) 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 (“ITAS”)	Providing computer program services and related services.	Thailand	99.99	99.99
Matchbox Company Limited (“MB”)	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 December 31, 2010 and 2009

Name of the entity	Type of business	Country of incorporation	Ownership interest	
			2010 (%)	2009 (%)
<b>Associate</b>				
Advanced Info Service Public Company Limited and its Group (“ADVANC”)	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	42.55	42.61
<b>Associate of THCOM</b>				
CS Loxinfo Public Company Limited and its Group (“CSL”)	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	42.19	42.56

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 2010, the remaining minimum payment as specified in the agreement is Baht 806 million in the consolidated financial statements, excluding ITV because ITV is in the process of dispute as in note 31 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, jointly-controlled entities and associates at 31 December 2010 include:

Operating Agreement	Country	Held by	Expiry
<b>Subsidiaries</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 31</i> )
<b>Jointly-controlled entities</b>			
Fixed phone, mobile phone, international facilities and internet	Lao PDR	Lao Telecommunications Company Limited	2021
Cellular telephone system	Cambodia	Mfone Company Limited	March 2028
<b>Associates</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

Shin Corporation Public Company Limited and its Subsidiaries  
**Notes to the financial statements** For the years ended December 31, 2010 and 2009

Operating Agreement	Country	Held by	Expiry
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

## 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.

#### The Group impact from the change in accounting standards

To be in accordance with the IFRS (Bound Volume 2009), in 2010, the FAP announced the revision of TAS and TFRS, some are to replace existing standards and some are additional standards. These standards were published in the Royal Thai Government Gazette as follows:

#### *The standard which is immediately effective*

Framework for the Preparation and Presentation of Financial Statements (revised 2009), which the Group has adopted this standard since its effective. (This standard has published in the Royal Thai Government Gazette and has effective date on 26 May 2010.)

#### *The standards which are effective to the financial statements beginning on or after 1 January 2011 are as follows:*

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events After the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings Per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

Shin Corporation Public Company Limited and its Subsidiaries  
**Notes to the financial statements For the years ended December 31, 2010 and 2009**

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TFRS 2	Share-based Payment
TFRS 3 (revised 2009)	Business Combination
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

***The standards which are effective to the financial statements beginning on or after 1 January 2013 are as follows:***

TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The effects of changes in foreign exchange rates
TAS 12	Income Taxes

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

The Group believes that when other TAS and TFRS, which are relevant to the Group, become effective, there will have no material impact to the consolidated and the separate financial position, also the consolidated and the separate net profit. However, TAS 27 (revised 2009) *Consolidated and Separate Financial Statements* has a key change as the Group has to allocate profit and loss in subsidiaries to non-controlling interests (minority interest); though such allocation may result in negative minority interest. Besides, the draft TAS 19 (revised 2009) *Employee Benefits*, has determined that the Group has to recognize post-employment benefits, for example severance pay.

TAS 27 (revised 2009) will become effective on or after 1 January 2011. Under the current standard, the Group has not allocated the excess loss over share capital of ITV to minority interest, as they have no binding obligation and will not contribute additional investment to cover such loss. However, when the Group adopts TAS 27 (revised 2009), the allocation of 2011 loss of ITV will be shared to non-controlling interest, resulting in the profit attributable to equity holders of the Company increasing by approximately Baht 203 million per year (estimated from 2010 operational result of ITV).

TAS 19 will become effective on 1 January 2011. The Group will adjust the total present value of the post-employment benefit plans (net of income tax) as at 31 December 2009 to the retain earnings and the consolidated and separate retained earnings as at 31 December 2009 will decrease by Baht 220 million and Baht 36 million, respectively. The consolidated and separate profit attributable to equity holders of 2010 (for comparison to 2011) will decrease by Baht 16 million and Baht 4 million, respectively.

Shin Corporation Public Company Limited and its Subsidiaries  
**Notes to the financial statements** For the years ended December 31, 2010 and 2009

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Furthermore, during 2010, the FAP announced the re-numbering of the following TFRS.

Former no.	Revised no.	Topic
TAS 11	TAS 101	Doubtful Account and Bad Debts
TAS 26	TAS 102	Income Recognition For Real Estate Business
TAS 27	TAS 103	Disclosures in the Financial Statements of Banks and Similar Financial Institutions
TAS 34	TAS 104	Accounting for Troubled Debt Restructuring
TAS 40	TAS 105	Accounting for Investment in Debt and Equity Securities
TAS 42	TAS 106	Accounting For Investment Companies
TAS 48	TAS 107	Financial Instruments Disclosure and Presentation

The financial statements are presented in Thai Baht, rounded in the note to the financial statements 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 December 31, 2010 and 2009**

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- 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 31 and 32*).
- 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 30*).

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

As at 31 December 2010, ITV's current liabilities exceed its current assets by an amount of Baht 3,476 million and deficit in excess of its share capital by an amount of Baht 3,476 million (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). In addition, as discussed in note 31 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. ITV's operating agreement was revoked on 7 March 2007 by the PMO therefore; ITV 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 1,122 million represent 2.37% of consolidated total asset (*31 December 2009: Baht 1,131 million, represented 1.84%*) and liabilities amounting to Baht 4,598 million represent 28.33% of consolidated total liabilities (*31 December 2009: Baht 4,167 million, represented 25.47%*) of ITV, and therefore, the recorded deficit in excess of ITV's issued share capital amounting to Baht 3,476 million as at 31 December 2010 (*31 December 2009: Baht 3,036 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 2010 and 2009 would be reduced by Baht 3,476 million and Baht 3,036 million, respectively. The retained earnings and shareholders' equity as at 31 December 2010 and 2009 would be increased by Baht 3,476 million and Baht 3,036 million, respectively.

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Shin Corporation Public Company Limited and its Subsidiaries  
Notes to the financial statements For the years ended December 31, 2010 and 2009

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### **3 Significant accounting policies**

#### **(a) Basis of consolidation**

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

##### *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 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.

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**Notes to the financial statements** For the years ended December 31, 2010 and 2009

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*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 consolidated balance sheet.

**(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 of foreign entities 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 rate as at the reporting date.

**(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:

*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 at the reporting date.



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**(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, jointly-controlled entities and associates*

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

*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 the 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.



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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. The Group will recognize loss from impairment, if the carrying value of the investment is higher than its recoverable amount. The 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.

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) Property and equipment under agreements for operation**

Property 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. Property and equipment under operational agreements are amortised on a straight-line basis over the shorter of the useful lives of the property and equipment or the remaining agreement term. The useful lives are from 5 years to 27.5 years. Equipment under agreements for operation will not be re-valued, however, the equipment will be reviewed its book value each year and recognize when they are impairment.

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**(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. In respect of equity accounted investments, the carrying amount of goodwill is included in the carrying amount of the investment.

Goodwill from acquisitions prior to 1 January 2008 is represented at cost less accumulated amortisation and impairment losses.

Goodwill from acquisitions on or after 1 January 2008 is stated at cost less provision of impairment loss. Negative goodwill is recognised immediately in the statement of income.

*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 except deferred charge 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.

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**(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 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.

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**(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.

**(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.

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Notes to the financial statements For the years ended December 31, 2010 and 2009

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**(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.

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#### 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.

Significant transactions for the years ended 31 December 2010 and 2009 with related parties were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
<b>Sales of goods and services, including dividend received</b>				
<b>Subsidiaries</b>				
Dividend received	-	-	46	46
	<u>-</u>	<u>-</u>	<u>46</u>	<u>46</u>
<b>Jointly-controlled entity</b>				
Rental income and others	38	24	-	-
	<u>38</u>	<u>24</u>	<u>-</u>	<u>-</u>
<b>Associates</b>				
Computer services income	80	94	-	-
Advertising income	325	280	-	-
(Gross 2010: Baht 944 million, 2009: Baht 930 million)				
Rental income and others	76	78	-	-
Dividend received	21,992	8,051	21,862	7,961
	<u>22,473</u>	<u>8,503</u>	<u>21,862</u>	<u>7,961</u>
<b>Related parties</b>				
Rental income	1	1	-	-
	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>
<b>Purchase of goods and services, including dividend paid</b>				
<b>Subsidiaries</b>				
Computer & management services	-	-	3	4
Advertising expenses and others	-	-	13	10
	<u>-</u>	<u>-</u>	<u>16</u>	<u>14</u>
<b>Jointly-controlled entity</b>				
Rental and other expenses	4	4	-	-
	<u>4</u>	<u>4</u>	<u>-</u>	<u>-</u>
<b>Associates</b>				
Rental and other expenses	23	26	1	1
	<u>23</u>	<u>26</u>	<u>1</u>	<u>1</u>
<b>Related parties</b>				
Consultant and other expenses	23	24	-	-
Purchase fixed assets	-	7	-	2
	<u>23</u>	<u>31</u>	<u>-</u>	<u>2</u>

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	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
<b>Directors' remuneration</b>	29	28	15	16
	<b>29</b>	<b>28</b>	<b>15</b>	<b>16</b>
<b>Dividend paid</b>				
Major shareholders	20,829	7,384	20,829	7,384
	<b>20,829</b>	<b>7,384</b>	<b>20,829</b>	<b>7,384</b>

Balances as at 31 December 2010 and 2009 with related parties were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
<b>Trade accounts and notes receivable – related parties</b>				
Jointly-controlled entity	30	9	-	-
Associates	240	217	-	-
<b>Total</b>	<b>270</b>	<b>226</b>	<b>-</b>	<b>-</b>
<b>Accrued income - related parties</b>				
Jointly-controlled entity	1	1	-	-
Associates	23	13	-	-
<b>Total</b>	<b>24</b>	<b>14</b>	<b>-</b>	<b>-</b>
<b>Amounts due from, advances and loans to related parties</b>				
Subsidiary	-	-	30	-
Jointly-controlled entity	-	1	-	-
Associates	1	-	-	-
<b>Total</b>	<b>1</b>	<b>1</b>	<b>30</b>	<b>-</b>
<b>Other current assets</b>				
Associates	-	1	-	-
<b>Total</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>
<b>Current investment in debenture through private funds, managed by independent fund manager</b>				
Associate	55	48	8	-
<b>Total</b>	<b>55</b>	<b>48</b>	<b>8</b>	<b>-</b>

Movements during the years ended 31 December 2010 and 2009 for loan to subsidiary were as follows:

	<b>Separate financial statements</b>	
	2010	2009
	<i>(in million Baht)</i>	
At 1 January	-	-
Addition	30	-
Repayment	-	-
<b>At 31 December</b>	<b>30</b>	<b>-</b>

The Company granted an unsecured loan to a subsidiary with the fixed interest per annum, which is 1.0% above the average rate of the three - month fixed deposit rate of three major banks.

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	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
<b>Trade accounts and notes Payable – related parties</b>				
Associates	12	23	-	-
Related parties	-	2	-	-
<b>Total</b>	<b>12</b>	<b>25</b>	<b>-</b>	<b>-</b>
<b>Amounts due to related parties</b>				
Subsidiaries	-	-	4	3
Jointly-controlled entity	-	1	-	-
Related parties	3	2	-	-
<b>Total</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>3</b>
<b>Other current liabilities – related parties</b>				
Subsidiaries	-	-	1	-
Associates	2	1	-	-
<b>Total</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>-</b>
<b>Other non-current liabilities – related parties</b>				
Associates	5	11	-	-
<b>Total</b>	<b>5</b>	<b>11</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 2010 and 2009, 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 51.05 million per year (2009: *approximately Baht 67.20 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 16.79 million (2009: *approximately Baht 10.03 million*).
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 0.40 million (2009: *approximately USD 0.64 million*).



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4. A subsidiary had entered into agreements with associates, under which the subsidiary was committed to provide transponder service, advisory service and IPSTAR bandwidth service. Associates were committed to pay the subsidiary for the service of the agreements at approximately USD 2.55 million and Baht 7.56 million (2009: *approximately USD 5.37 million and USD 3.72 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**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
Cash on hand	67	49	-	-
Deposit at banks - current and saving accounts	1,055	720	141	89
Deposit at banks - fixed account, bills of exchange and promissory notes	1,368	1,022	929	808
<b>Total</b>	<b>2,490</b>	<b>1,791</b>	<b>1,070</b>	<b>897</b>

The weighted average effective interest rate of bank deposits, time deposits, bills of exchange and promissory notes was 1.74 % per annum (2009: *1.29% per annum*) on a consolidated basis and 1.67 % per annum (2009: *1.24% per annum*) on the Company basis.

**6 Other investments**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
<b>Current investments</b>				
Bill of exchange	250	807	250	721
Promissory note	-	40	-	-
Deposit at banks – fixed account	1	-	-	-
Debt securities available for sale	1,597	1,262	507	200
Unrealised gain(loss) on Available-for-sale securities	(3)	8	(1)	1
<b>Total</b>	<b>1,845</b>	<b>2,117</b>	<b>756</b>	<b>922</b>
<b>Long-term investments</b>				
Investment in other company	25	25	25	25
	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>
<b>Total</b>	<b>1,870</b>	<b>2,142</b>	<b>781</b>	<b>947</b>

The weighted average of the return on current investments for available-for-sale securities was 2.36% per annum (From starting date of investment until 31 December 2009: was 3.12 %) on a consolidated basis and 1.37% per annum (From starting date of investment until 31 December 2009: was 1.57%) on the Company basis.

The weighted average effective interest rate of promissory notes, fixed deposit and bill of exchange was 1.84% per annum (2009: *1.62% per annum*) on a consolidated basis and the Company basis.

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

		<b>Consolidated financial statements</b>	
	<i>Note</i>	2010	2009
		<i>(in million Baht)</i>	
<b>Trade accounts and notes receivable</b>			
Related parties	4	270	226
Other parties		1,274	1,334
<b>Accrued income</b>			
Related parties	4	24	14
Other parties		124	246
		<b>1,692</b>	<b>1,820</b>
Less allowance for doubtful accounts		(303)	(439)
<b>Net</b>		<b>1,389</b>	<b>1,381</b>

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

	<b>Consolidated financial statements</b>	
	2010	2009
	<i>(in million Baht)</i>	
Within credit terms	739	530
Overdue:		
Less than 3 months	264	328
3 - 6 months	101	161
6 - 12 months	89	84
Over 12 months	351	457
	<b>1,544</b>	<b>1,560</b>
Less allowance for doubtful accounts	(303)	(439)
<b>Net</b>	<b>1,241</b>	<b>1,121</b>

**8 Inventories**

	<b>Consolidated financial statements</b>	
	2010	2009
	<i>(in million Baht)</i>	
Raw materials	73	71
Work in process	12	9
Finished goods	397	327
Goods in transit	11	83
	<b>493</b>	<b>490</b>
Less allowance for obsolete inventories	(76)	(57)
<b>Net</b>	<b>417</b>	<b>433</b>

Shin Corporation Public Company Limited and its Subsidiaries  
**Notes to the financial statements** For the years ended December 31, 2010 and 2009

**9 Other current assets**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
Prepaid expenses	128	178	2	3
Income tax receivable	43	36	7	7
Advance payments	52	61	-	-
Deposits	38	20	3	-
Accrued interest income	2	8	2	7
Other accrued income	11	14	-	-
Others account receivable	59	52	-	-
Others	47	133	1	1
<b>Total</b>	<b>380</b>	<b>502</b>	<b>15</b>	<b>18</b>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
At 1 January	30,740	31,238	12,502	12,502
Share of profits of associates	9,210	7,465	-	-
Dividend received from associates	(21,992)	(8,051)	-	-
Unrealised gain on dilution from investment in associates	222	88	-	-
<b>At 31 December</b>	<b>18,180</b>	<b>30,740</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 December 31, 2010 and 2009**

Investments in subsidiaries and associates as at 31 December 2010 and 2009 and dividend income from those investments for the years then ended were as follows:

<b>Consolidated financial statements</b>									
	Ownership interest	Paid-up capital	Cost method	Equity method	Dividend income				
	2010	2009	2010	2009	2010	2009			
	(%)				(in million Baht)				
<b>Associates</b>									
Advanced Info Service Public Company Limited	42.55	42.61	2,970	2,965	8,807	17,917	30,502	21,862	7,961
CS Loxinfo Public Company Limited	42.19	42.56	148	160	1,481	263	238	130	90
<b>Total</b>			<b>3,118</b>	<b>3,125</b>	<b>10,288</b>	<b>18,180</b>	<b>30,740</b>	<b>21,992</b>	<b>8,051</b>
<b>Separate financial statements</b>									
	Ownership interest	Paid-up capital	Cost method	Impairment	At cost - net	Dividend income			
	2010	2009	2010	2009	2010	2009	2010	2009	
	(%)			(in million Baht)					
<b>Subsidiaries</b>									
Thaicom Public Company Limited	41.14	41.14	5,480	3,613	-	3,613	3,613	-	-
ITV Public Company Limited	52.92	52.92	6,033	3,297	(3,297)	(3,297)	-	-	-
I.T. Applications and Services Company Limited	99.99	99.99	10	10	-	-	10	46	31
Matchbox Company Limited	99.96	99.96	9	72	-	72	72	-	15
			<b>11,532</b>	<b>6,992</b>	<b>(3,297)</b>	<b>(3,297)</b>	<b>3,695</b>	<b>46</b>	<b>46</b>
<b>Associate</b>									
Advance Info Service Public Company Limited	42.55	42.61	2,970	8,807	-	-	8,807	8,807	7,961
			<b>2,970</b>	<b>8,807</b>	<b>-</b>	<b>-</b>	<b>8,807</b>	<b>8,807</b>	<b>7,961</b>
<b>Total</b>			<b>14,502</b>	<b>15,799</b>	<b>(3,297)</b>	<b>(3,297)</b>	<b>12,502</b>	<b>21,908</b>	<b>8,007</b>

Shin Corporation Public Company Limited and its Subsidiaries  
**Notes to the financial statements For the years ended December 31, 2010 and 2009**

Significant movements in investments of the Group during the year ended 31 December 2010 was as follows:

**a) Acquisition of additional ordinary shares in IPSTAR Company Limited ("IPST"), a subsidiary entity of THCOM**

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

**b) The increase in share capital from ESOP exercised of the associated companies**

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 2010, 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	3,707	2,965,443	2,970,076	21,838,008	22,172,703	42.61	42.55
CSL	3,313	159,840	161,111	448,043	458,627	42.56	42.19

**c) Shares written off and a decrease in paid-up capital of CSL**

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

**d) Dividend payment of subsidiaries, jointly-controlled entity and associates**

During 2010, certain subsidiaries, jointly-controlled entity and associates approved its dividend payment as follows:

Company		Dividend per share	Interim dividend paid during 2009 <i>Per share</i>	Dividend to be paid in 2010 <i>Per share</i> Total amount <i>(in million)</i>	
Dividend of 2009					
ITAS (Subsidiary)	(Baht)	46.00	-	46.00	46
LTC (Jointly-Controlled Entity)	(USD)	0.36	0.10	0.26	25
ADVANC (Associate)	(Baht)	6.30	3.00	3.30	9,788
CSL (Associate)	(Baht)	0.41	0.14	0.27	159
Interim dividend for the year 2010.					
ADVANC (Associate)	(Baht)	3.00	-	3.00	8,901
CSL (Associate)	(Baht)	0.25	-	0.25	148
DTV (Subsidiary)	(Baht)	1.75	-	1.75	70
Special dividend					
ADVANC (Associate)	(Baht)	11.00	-	11.00	32,647

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**Notes to the financial statements** For the years ended December 31, 2010 and 2009

**11 Financial Summary of jointly-controlled entity and associates**

*Investment in jointly-controlled entity*

**Shenington Investment Pte limited (“SHEN”)**

SHEN is a jointly-controlled entity between THCOM and Asia Mobile Holding Pte Limited (“AMH”). As at 31 December 2010 and 2009, the interest in SHEN of THCOM and AMH is 51% and 49%, respectively.

The following amounts represent the Group's share of the assets, liabilities, revenues and operating results of jointly-controlled entity in its consolidated financial statements for the years ended 31 December 2010 and 2009:

	<b>Shenington Investment Pte Limited and its subsidiary</b>	
	2010	2009
	<i>(in million Baht)</i>	
<b>Balance sheets</b>		
Current assets	428	588
Non-current assets	4,117	4,724
Current liabilities	(2,287)	(1,413)
Non-current liabilities	(358)	(1,491)
<b>Net assets</b>	<b>1,900</b>	<b>2,408</b>
<b>Income statements</b>		
<b>Gross revenue</b>	<b>1,524</b>	<b>2,243</b>
<b>Net profit (loss) for the year</b>	<b>(372)</b>	<b>214</b>

Shin Corporation Public Company Limited and its Subsidiaries  
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*Investment in associated companies*

The following amounts represent the financial summary of associated companies for the years ended 31 December 2010 and 2009

	<b>ADVANC</b>		<b>CSL</b>	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
<b>Balance sheets</b>				
Current assets	25,903	33,725	751	727
Non-current assets	71,555	91,300	1,223	1,255
Current liabilities	(35,489)	(16,583)	(690)	(691)
Non-current liabilities	(20,489)	(36,631)	(165)	(243)
<b>Net assets</b>	<b>41,480</b>	<b>71,811</b>	<b>1,119</b>	<b>1,048</b>
<b>Market value</b>	<b>252,456</b>	<b>256,511</b>	<b>3,142</b>	<b>1,969</b>
<b>Income statements</b>				
<b>Gross revenue</b>	<b>111,280</b>	<b>102,452</b>	<b>2,701</b>	<b>2,614</b>
<b>Net profit for the year</b>	<b>20,547</b>	<b>17,055</b>	<b>364</b>	<b>287</b>

Shin Corporation Public Company Limited and its Subsidiaries  
**Notes to the financial statements** For the years ended December 31, 2010 and 2009

## 12 Property and equipment

### Consolidated financial Statements

	Buildings & improvements	Furniture, fixtures & equipment	Vehicles & vehicles under finance leases (in million Baht)	Computers & equipment	Assets under construction	Total
<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>



Shin Corporation Public Company Limited and its Subsidiaries  
**Notes to the financial statements** For the years ended December 31, 2010 and 2009

**Consolidated financial Statements**

	Buildings & improvements	Furniture, fixtures & equipment	Vehicles & vehicles under finance leases (in million Baht)	Computers & equipment	Assets under construction	Total
<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>
<b>Transactions during the year ended 31 December 2010</b>						
Purchases	6	263	34	23	408	734
Transfer- net	(8)	587	-	-	(590)	(11)
Disposals- net	-	(2)	(1)	-	-	(3)
Write-off- net	(2)	(13)	(1)	-	(3)	(19)
Depreciation charged	(42)	(1,042)	(23)	(31)	-	(1,138)
Foreign currency translations adjustment	-	(280)	(1)	(1)	(77)	(359)
<b>Closing net book value</b>	<b>242</b>	<b>4,196</b>	<b>66</b>	<b>60</b>	<b>754</b>	<b>5,318</b>
<b>As at 31 December 2010</b>						
Cost	479	9,268	149	315	754	10,965
Less Accumulated depreciation	(237)	(5,036)	(83)	(255)	-	(5,611)
Less Allowance for impairment	-	(36)	-	-	-	(36)
<b>Net book value</b>	<b>242</b>	<b>4,196</b>	<b>66</b>	<b>60</b>	<b>754</b>	<b>5,318</b>

As at 31 December 2010, property and equipment includes property and equipment under the operating agreements of Mfone of approximately Baht 2,318 million (Proportional) (31 December 2009: Baht 2,973 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 31 g).

Shin Corporation Public Company Limited and its Subsidiaries  
**Notes to the financial statements** For the years ended December 31, 2010 and 2009

Separate financial statements					
	Buildings & improvements	Furniture, fixtures & equipment	Vehicles & vehicles under finance leases (in million Baht)	Computers & equipment	Total
<b>As at 31 December 2008</b>					
Cost	20	27	16	43	106
Less Accumulated depreciation	(8)	(19)	(7)	(32)	(66)
<b>Net book value</b>	<b>12</b>	<b>8</b>	<b>9</b>	<b>11</b>	<b>40</b>
<b>Transactions during the year ended 31 December 2009</b>					
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)
<b>Closing net book value</b>	<b>9</b>	<b>6</b>	<b>8</b>	<b>6</b>	<b>29</b>
<b>As at 31 December 2009</b>					
Cost	16	26	15	43	100
Less Accumulated depreciation	(7)	(20)	(7)	(37)	(71)
<b>Net book value</b>	<b>9</b>	<b>6</b>	<b>8</b>	<b>6</b>	<b>29</b>

Separate financial statements						
	Buildings & improvements	Furniture, fixtures & equipment	Vehicles & vehicles under finance leases (in million Baht)	Computers & equipment	Assets under construction	Total
<b>As at 31 December 2009</b>						
Cost	16	26	15	43	-	100
Less Accumulated depreciation	(7)	(20)	(7)	(37)	-	(71)
<b>Net book value</b>	<b>9</b>	<b>6</b>	<b>8</b>	<b>6</b>	<b>-</b>	<b>29</b>
<b>Transactions during the year ended 31 December 2010</b>						
Purchases	-	-	3	3	1	7
Transfer- net	-	-	-	-	(1)	(1)
Depreciation charge	(3)	(2)	(3)	(3)	-	(11)
<b>Closing net book value</b>	<b>6</b>	<b>4</b>	<b>8</b>	<b>6</b>	<b>-</b>	<b>24</b>
<b>As at 31 December 2010</b>						
Cost	17	25	18	43	-	103
Less Accumulated depreciation	(11)	(21)	(10)	(37)	-	(79)
<b>Net book value</b>	<b>6</b>	<b>4</b>	<b>8</b>	<b>6</b>	<b>-</b>	<b>24</b>

Shin Corporation Public Company Limited and its Subsidiaries  
**Notes to the financial statements** For the years ended December 31, 2010 and 2009

**13 Property and equipment under operating agreements**

	<b>Consolidated financial statements</b>
	Satellite equipment (in million Baht)
<b>At 31 December 2008</b>	
Cost	26,566
Less Accumulated amortisation	(9,497)
<b>Net book value</b>	<b>17,069</b>
<b>Transactions during the year ended 31 December 2009</b>	
Amortisation charge	(1,541)
<b>Closing net book value</b>	<b>15,528</b>
<b>At 31 December 2009</b>	
Cost	26,566
Less Accumulated amortisation	(11,038)
<b>Net book value</b>	<b>15,528</b>
<b>Transactions during the year ended 31 December 2010</b>	
Write-off, net	-
Amortisation charge	(1,351)
<b>Closing net book value</b>	<b>14,177</b>
<b>At 31 December 2010</b>	
Cost	23,072
Less Accumulated amortisation	(8,895)
<b>Net book value</b>	<b>14,177</b>

Shin Corporation Public Company Limited and its Subsidiaries  
**Notes to the financial statements** For the years ended December 31, 2010 and 2009

**14 Intangible assets**

	<b>Consolidated financial statements</b>		
	Goodwill	Others (in million Baht)	Total
<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)
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>
<b>Transactions during the year ended 31 December 2010</b>			
Purchases	-	16	16
Write-off- net	-	(4)	(4)
Amortisation charge	-	(130)	(130)
Foreign currency translation adjustment	-	(10)	(10)
<b>Closing net book value</b>	<b>144</b>	<b>1,109</b>	<b>1,253</b>
<b>At 31 December 2010</b>			
Cost	1,249	2,047	3,296
Less Accumulated amortisation	-	(938)	(938)
Less Allowance for impairment	(1,105)	-	(1,105)
<b>Net book value</b>	<b>144</b>	<b>1,109</b>	<b>1,253</b>

Shin Corporation Public Company Limited and its Subsidiaries  
**Notes to the financial statements** For the years ended December 31, 2010 and 2009

	<b>Separate financial statements</b> <i>(in million Baht)</i>
<b>At 31 December 2008</b>	
Cost	61
Less Accumulated amortisation	(49)
<b>Net book value</b>	<b>12</b>
<b>Transactions during the year ended 31 December 2009</b>	
Amortisation charge	(3)
<b>Closing net book value</b>	<b>9</b>
<b>At 31 December 2009</b>	
Cost	60
Less Accumulated amortisation	(51)
<b>Net book value</b>	<b>9</b>
<b>Transactions during the year ended 31 December 2010</b>	
Purchase	1
Amortisation charge	(3)
<b>Closing net book value</b>	<b>7</b>
<b>At 31 December 2010</b>	
Cost	60
Less Accumulated amortisation	(53)
<b>Net book value</b>	<b>7</b>

**15 Deferred income tax**

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

	<b>Consolidated financial statements</b>	
	2010	2009
	<i>(in million Baht)</i>	
Deferred tax assets	1,119	868
Deferred tax liabilities	(131)	(146)
<b>Total</b>	<b>988</b>	<b>722</b>

Deferred income tax is calculated on temporary differences under the balance sheet liability method.

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 12,670 million (2009: Baht 13,037 million) which is recognised as a deferred tax assets up to the amount it expects to be utilised of Baht 252 million (2009: Baht 322 million).

Shin Corporation Public Company Limited and its Subsidiaries  
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The movements in deferred tax assets and liabilities during the years ended 31 December 2009 and 2010, 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 2009**

	Allowance for doubtful accounts	Loss carry forward	Depreciation/ amortisation (in million Baht)	Allowance for obsolescence	Others	Total
<b>Deferred tax assets</b>						
Balance brought forward	27	402	20	15	105	569
Impact to statement of income	-	322	(1)	2	(5)	318
Impact to equity	(1)	-	(8)	(2)	(8)	(19)
<b>Balance carried forward</b>	<b>26</b>	<b>724</b>	<b>11</b>	<b>15</b>	<b>92</b>	<b>868</b>

**Consolidated financial statement  
For the year ended 31 December 2010**

	Allowance for doubtful accounts	Loss carry forward	Depreciation/ amortisation (in million Baht)	Allowance for obsolescence	Others	Total
<b>Deferred tax assets</b>						
Balance brought forward	26	724	11	15	92	868
Impact to statement of income	-	252	-	3	8	263
Impact to equity	(4)	-	(1)	-	(7)	(12)
<b>Balance carried forward</b>	<b>22</b>	<b>976</b>	<b>10</b>	<b>18</b>	<b>93</b>	<b>1,119</b>

Shin Corporation Public Company Limited and its Subsidiaries  
**Notes to the financial statements** For the years ended December 31, 2010 and 2009

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

	Amortisation on assets under operating agreement	Depreciation/ Amortization (in million Baht)	Others	Total
<b>Deferred tax liabilities</b>				
Balance brought forward	(140)	(3)	3	(140)
Impact to statement of income	(12)	-	(4)	(16)
Impact to equity	6	-	4	10
<b>Balance carried forward</b>	<b>(146)</b>	<b>(3)</b>	<b>3</b>	<b>(146)</b>

**Consolidated financial statements**  
**For the year ended 31 December 2010**

	Amortisation on assets under operating agreement	Depreciation/ Amortization (in million Baht)	Others	Total
<b>Deferred tax liabilities</b>				
Balance brought forward	(146)	(3)	3	(146)
Impact to statement of income	1	1	-	2
Impact to equity	14	-	(1)	13
<b>Balance carried forward</b>	<b>(131)</b>	<b>(2)</b>	<b>2</b>	<b>(131)</b>

Shin Corporation Public Company Limited and its Subsidiaries  
**Notes to the financial statements** For the years ended December 31, 2010 and 2009

**16 Interest bearing liabilities**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
<b>Current</b>				
Bank overdrafts and short-term loans from banks and financial institutions	-	81	-	-
Current portion of long-term borrowings	849	633	-	-
Current portion of finance lease liabilities	7	4	1	-
	<b>856</b>	<b>718</b>	<b>1</b>	-
<b>Non-current</b>				
Long-term borrowings	538	1,089	-	-
Debenture	6,984	6,978	-	-
Finance lease liabilities	27	9	2	-
	<b>7,549</b>	<b>8,076</b>	<b>2</b>	-
<b>Total borrowings</b>	<b>8,405</b>	<b>8,794</b>	<b>3</b>	-

The movements in the borrowings for the years ended 31 December were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
At 1 January	8,794	9,316	-	1
Additions	142	7,362	3	-
Repayments	(434)	(9,199)	-	(1)
Amortisation of finance cost	6	494	-	-
Unrealised gain on exchange rate	-	1	-	-
Increase from changing of accounts payable - equipment	16	844	-	-
Foreign currency translation adjustment	(119)	(24)	-	-
<b>At 31 December</b>	<b>8,405</b>	<b>8,794</b>	<b>3</b>	-

As at 31 December 2010 and 2009, the long-term borrowings are borrowings of subsidiaries of THCOM from a commercial bank of USD 5.1 million and USD 8.5 million, respectively, 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. THCOM had issued a letter of comfort to the bank to provide financial support.



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### Long-term debenture

As at 31 December 2010 and 2009, THCOM has registered, unsecured, unsubordinated and having debenture holders of 2 tranches of long-term debenture, valued Baht 7,000 million, at 1,000 each, 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	
						2010	2009
						(in million Baht)	
6 Nov'09	3.3	3,300	5.25%	Quarterly	Entire redeemed on 6 November 2012	3,300	3,300
6 Nov'09	3.7	3,700	6.15%	Quarterly	Entire redeemed on 6 November 2014	3,700	3,700
Total debenture						7,000	7,000
Less Debenture issuing cost						(16)	(22)
Net						<b>6,984</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	
	2010	2009	2010	2009
	(in million Baht)			
<b>Total borrowings:</b>				
at fixed rates	7,049	7,083	3	-
at floating rates	1,356	1,711	-	-
	<b>8,405</b>	<b>8,794</b>	<b>3</b>	<b>-</b>

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(%)			
<b>Weighted average interest rate</b>				
Bank overdraft and short-term loans from financial institutions	-	8.84	-	-
Long-term borrowings	2.63	1.99	-	-
Debenture	5.73	5.73	-	-
Finance lease liabilities	4.12	4.66	6.38	-

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Maturity of non-current borrowings as at 31 December 2010 is as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Loan	Financial lease liabilities (in million Baht)	Loan	Financial lease liabilities
Maturity				
2011	849	7	-	-
2012	3,551	8	-	1
2013 and after	3,971	19	-	2
<b>Total</b>	<b>8,371</b>	<b>34</b>	<b>-</b>	<b>3</b>

**Borrowing facilities**

As of 31 December 2010, THCOM has unutilised short-term loan facilities made available by various financial institutions in an aggregate amount of Baht 799 million and USD 16 million (2009: Baht 1,292 million and USD 17 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:

	<b>Consolidated financial statements</b>			
	2010		2009	
	Book Value	Fair value	Book Value	Fair value
	(in million Baht)			
Long-term debt (exclude finance lease liabilities)	<b>7,522</b>	<b>7,573</b>	<b>8,067</b>	<b>8,089</b>

**17 Trade accounts and notes payable**

Note	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	(in million Baht)			
Related parties	13	24	-	-
Other parties	774	653	1	1
<b>Total</b>	<b>787</b>	<b>677</b>	<b>1</b>	<b>1</b>

**18 Other current liabilities**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	(in million Baht)			
Accrued expenses	406	395	57	42
Deferred income and advance receipts	349	197	-	-
Other payable	47	47	5	3
Tax payable	60	48	19	-
Deposit from customers	26	30	-	-
Others	50	67	2	1
<b>Total</b>	<b>938</b>	<b>784</b>	<b>83</b>	<b>46</b>

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**19 Share capital, premium and warrants**

***Share capital and premium***

Movements in share capital are as follows:

	Authorised number of shares (in million shares)	Issued and fully paid-up shares			Total
		Number of shares	Ordinary shares	Share premium (in million Baht)	
At 1 January 2009	5,000	3,201	3,201	10,197	13,398
Issue of shares	-	-	-	-	-
<b>At 31 December 2009 and 1 January 2010</b>	<b>5,000</b>	<b>3,201</b>	<b>3,201</b>	<b>10,197</b>	<b>13,398</b>
Issue of shares	-	-	-	1	1
<b>At 31 December 2010</b>	<b>5,000</b>	<b>3,201</b>	<b>3,201</b>	<b>10,198</b>	<b>13,399</b>

***Warrants***

Movements in the number of outstanding warrants are as follows:

	For the year ended 31 December 2010			At 31 December 2010
	At 1 January 2010	Exercised during the year (in thousand units)	Expired during the year	
<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>(16,000)</b>	<b>-</b>
<b>ESOP - Grant V</b>				
- Directors	6,159	-	-	6,159
- Employees	7,931	(13)	-	7,918
<b>Total</b>	<b>14,090</b>	<b>-</b>	<b>-</b>	<b>14,077</b>
<b>Total</b>	<b>30,090</b>	<b>(13)</b>	<b>(16,000)</b>	<b>14,077</b>

Shin Corporation Public Company Limited and its Subsidiaries  
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**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 (Baht/unit)**	Exercise period 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	-	31 May 2006      30 May 2010
ESOP - Grant V	31 July 2006	14.09	0.47	28.536	31 July 2007      30 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 23 November 2010.

**b) Increase in share capital of the companies in the Group**

In 2010, 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 2010, 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	2	2,965	2,970	21,838	22,173	42.61	42.55
CSL	2	160	161	448	459	42.56	42.37

**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 December 31, 2010 and 2009

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**21 Capital management**

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

**22 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 Lao 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  
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Financial information by business segment is as follows:

<b>Consolidated financial statement for the year ended 31 December 2009</b>						
	Local wireless telecommu- nications	Satellite & inter- national business	Media & advertising	Corporate and others	Consolidation eliminations	Group
	<i>(in million Baht)</i>					
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 income	-	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>

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**Consolidated financial statement  
for the year ended 31 December 2010**

	Local wireless telecommu- nications	Satellite & inter- national business	Media & advertising	Corporate and others	Consolidation eliminations	Group
	<i>(in million Baht)</i>					
Revenues	-	6,700	1,104	266	(103)	7,967
Share of profits of associates	9,056	154	-	-	-	9,210
Cost of sales and services	-	(5,850)	(1,006)	(217)	59	(7,014)
Selling and administrative expenses	-	(1,460)	(592)	(297)	44	(2,305)
<b>Profit(loss) from operating activities</b>	<b>9,056</b>	<b>(456)</b>	<b>(494)</b>	<b>(248)</b>	<b>-</b>	<b>7,858</b>
Net foreign exchange loss	-	(90)	-	-	-	(90)
Other income	-	107	28	30	-	165
<b>Profit (loss) before finance costs and income tax</b>	<b>9,056</b>	<b>(439)</b>	<b>(466)</b>	<b>(218)</b>	<b>-</b>	<b>7,933</b>
Finance costs	-	(488)	-	(1)	-	(489)
Income tax	-	129	-	(8)	-	121
Net results from subsidiaries to minority interests	-	467	-	-	-	467
<b>Net profit (loss)</b>	<b>9,056</b>	<b>(331)</b>	<b>(466)</b>	<b>(227)</b>	<b>-</b>	<b>8,032</b>
<b>Other information</b>						
Segment assets	-	25,473	1,544	2,138	(77)	29,078
Investments in equity method	17,917	263	-	-	-	18,180
<b>Total consolidated assets</b>	<b>17,917</b>	<b>25,736</b>	<b>1,544</b>	<b>2,138</b>	<b>(77)</b>	<b>47,258</b>
Segment liabilities	-	2,771	4,943	182	(73)	7,823
Borrowings	-	8,398	2	5	-	8,405
<b>Total consolidated liabilities</b>	<b>-</b>	<b>11,169</b>	<b>4,945</b>	<b>187</b>	<b>(73)</b>	<b>16,228</b>
Depreciation	-	1,113	5	20	-	1,138
Amortisation	-	1,473	-	8	-	1,481
<b>Depreciation and amortisation</b>	<b>-</b>	<b>2,586</b>	<b>5</b>	<b>28</b>	<b>-</b>	<b>2,619</b>

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For the satellite and international business segment can be shown financial information by sub - business segments as follows:

<b>Consolidated financial statements for the year ended 31 December 2009</b>						
	Satellite business services	Internet & media services	Tele- phone network	Others	Conso- lidation 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	<u>(5,018)</u>	<u>(640)</u>	<u>(1,637)</u>	<u>(61)</u>	<u>51</u>	<u>(7,305)</u>
<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						<u>31</u>
<b>Profit before finance costs and income tax</b>						<b>504</b>
Finance costs						<u>(1,088)</u>
<b>Operating loss</b>						<b>(584)</b>
Income tax						112
Net results from subsidiaries to minority interest						<u>277</u>
<b>Net loss</b>						<b><u>(195)</u></b>
<b>Other information</b>						
Segment assets	21,860	264	5,049	276	(380)	27,069
Investment in equity method						<u>238</u>
<b>Total consolidated assets</b>						<b><u>27,307</u></b>
Segment liabilities	1,369	126	1,855	6	(368)	2,988
Borrowings						<u>8,789</u>
<b>Total consolidated liabilities</b>						<b><u>11,777</u></b>
Depreciation	409	24	670	-	-	1,103
Amortisation	<u>1,663</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,668</u>
<b>Depreciation and amortisation</b>	<b><u>2,072</u></b>	<b><u>29</u></b>	<b><u>670</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,771</u></b>



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<b>Consolidated financial statements for the year ended 31 December 2010</b>						
	Satellite business services	Internet & media services	Tele- phone network	Others	Conso- lidation eliminations	Group
	<i>(in million Baht)</i>					
Revenues	4,627	643	1,467	-	(37)	6,700
Shares of profits of associates	-	154	-	-	-	154
Allocated costs and expenses	(4,969)	(647)	(1,667)	(61)	34	(7,310)
<b>Profit (loss) from operating activities</b>	<b>(342)</b>	<b>150</b>	<b>(200)</b>	<b>(61)</b>	<b>(3)</b>	<b>(456)</b>
Net foreign exchange loss						(90)
Other income						107
<b>Profit before finance costs and income tax</b>						<b>(439)</b>
Finance costs						(488)
<b>Operating loss</b>						<b>(927)</b>
Income tax						129
Net results from subsidiaries to minority interests						467
<b>Net loss</b>						<b>(331)</b>
<b>Other information</b>						
Segment assets	21,889	276	4,394	265	(1,351)	25,473
Associate						263
<b>Total consolidated assets</b>						<b>25,736</b>
Segment liabilities	2,071	150	1,994	7	(1,451)	2,771
Borrowings						8,398
<b>Total consolidated liabilities</b>						<b>11,169</b>
Depreciation	431	23	659	-	-	1,113
Amortisation	1,470	3	-	-	-	1,473
<b>Depreciation and amortisation</b>	<b>1,901</b>	<b>26</b>	<b>659</b>	<b>-</b>	<b>-</b>	<b>2,586</b>

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**Financial information by business geographical areas**

Revenue and results, based on geographical segments, in the consolidated financial statements for the years ended 31 December 2010 and 2009 were as follows:

	<b>Revenue</b>		<b>Segment results</b>		<b>Assets*</b>	
	2010	2009	2010	2009	2010	2009
	<i>(in million Baht)</i>					
Thailand	13,154	11,290	9,530	7,687	15,703	17,215
Cambodia	959	1,514	(405)	7	2,420	3,107
Lao PDR	672	818	156	357	1,553	1,491
Australia	1,050	1,322	126	24	190	200
People's Republic of China	31	17	(459)	(343)	94	154
India	148	115	(324)	(229)	242	201
Others	1,163	922	(766)	(865)	546	655
	<b>17,177</b>	<b>15,998</b>	<b>7,858</b>	<b>6,638</b>	<b>20,748</b>	<b>23,023</b>

\* Comprise of property and equipment, property and equipment under operating agreement and intangible assets.

**23 Other income**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
Interest income	88	90	28	37
Gain on sale of equipment	6	1	-	1
Others income	71	14	-	-
<b>Total</b>	<b>165</b>	<b>105</b>	<b>28</b>	<b>38</b>

**24 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:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
Depreciation	1,138	1,135	11	12
Amortisation charge	1,481	1,675	3	2
Staff cost	1,283	1,130	150	130
Reversal of allowance for doubtful accounts and bad debts	(30)	(85)	-	-
Net foreign exchange (gain) loss	90	(465)	-	-
Amortisation of finance costs	6	495	-	-

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## 25 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 Group's contribution is based on the length of service of staff. The Group 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.

## 26 Income tax

Reconciliation of income tax for the years ended 31 December as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
Current tax	143	203	-	-
Deferred tax	(264)	(302)	-	-
	<u>(121)</u>	<u>(99)</u>	<u>-</u>	<u>-</u>

Reconciliation of income tax expense and the results of the accounting profit multiplied by the income tax rates for the years ended 31 December 2010 and 2009 are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
Profits before tax	7,443	6,120	21,655	7,777
Tax rates	30%	30%	30%	30%
The result of the accounting profit multiplied by the income tax rates	2,233	1,836	6,496	2,333
Share of profit of associates	(2,763)	(2,240)	-	-
Effect of gain on related parties transactions	(62)	(28)	-	-
Effect of the different basis of income tax calculation on tax rates in other countries	(27)	(54)	-	-
Tax losses in current period not recognised as deferred tax assets	241	208	76	69
Effect of exceptional revenue - dividend income	-	-	(6,572)	(2,402)
Effect of the non-deductible tax expense and income and expense recognised in the different period between accounting and tax	257	179	-	-
<b>Tax charge</b>	<u>(121)</u>	<u>(99)</u>	<u>-</u>	<u>-</u>

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Shin Corporation Public Company Limited and its Subsidiaries  
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**27 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 2010, the subsidiary has revenue from promoted amounting to Baht 538 million (2009: Baht 419 million).

**28 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 2010 and 2009.

Warrants issued to directors and employees (ESOP) of subsidiaries and associates are not impacted to the calculation of diluted earnings per share.

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The basic earnings per share and the diluted earnings per share are as follows:

<b>Consolidated financial statements</b>						
<b>For the year ended 31 December</b>						
	Net profit attributable to holder of the Company		Weighted average number of shares		Earnings per share	
	2010	2009	2010	2009	2010	2009
	<i>(in million Baht)</i>		<i>(in million shares)</i>		<i>(in Baht)</i>	
Basic earnings per share	8,032	6,496	3,201	3,201	2.51	2.03
The effect of dilutive potential shares	-	-	-	-	-	-
<b>Diluted earnings per share</b>	<b><u>8,032</u></b>	<b><u>6,496</u></b>	<b><u>3,201</u></b>	<b><u>3,201</u></b>	<b><u>2.51</u></b>	<b><u>2.03</u></b>

<b>Separate financial statements</b>						
<b>For the year ended 31 December</b>						
	Net profit attributable to holder of the Company		Weighted average number of shares		Earnings per share	
	2010	2009	2010	2009	2010	2009
	<i>(in million Baht)</i>		<i>(in million shares)</i>		<i>(in Baht)</i>	
Basic earnings per share	21,665	7,777	3,201	3,201	6.76	2.43
The effect of dilutive potential shares	-	-	-	-	-	-
<b>Diluted earnings per share</b>	<b><u>21,665</u></b>	<b><u>7,777</u></b>	<b><u>3,201</u></b>	<b><u>3,201</u></b>	<b><u>6.76</u></b>	<b><u>2.43</u></b>

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## 29 Dividend paid

The general shareholders' meeting on 9 April 2010 and the board of directors on 11 August 2010 and 11 November 2010 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>The general shareholders' resolution</b>			
- 2009 Annual dividend payment	1 Jan - 31 Dec 2009	2.40	7,682
- Interim dividend	1 Jan - 8 Apr 2010	1.25	4,001
- Special interim dividend		2.00	6,402
<b>The board of directors' resolution</b>			
- Interim dividend	9 Apr - 10 Aug 2010	1.15	3,681
- Special interim dividend	11 Aug - 10 Nov 2010	2.37	7,586

## 30 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.

### **Foreign currency risk**

As at 31 December 2010 and 2009, 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:

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<b>Consolidated financial statements</b>				
	2010		2009	
	Foreign currency (Unit: million)	(in million Baht)	Foreign currency (Unit: million)	(in million Baht)
<b>Assets</b>				
US Dollars	28	853	39	1,281
Australian Dollars	19	564	16	463
New Zealand Dollars	-	-	7	155
KIP	20,733	77	39,381	154
Indian Rupees	444	277	270	184
Japanese Yen	52	19	9	3
Indonesia Rupiah	93	-	314	1
<b>Total</b>		<b>1,790</b>		<b>2,241</b>
<b>Liabilities</b>				
US Dollars	90	2,714	69	2,317
Australian Dollars	7	219	18	537
New Zealand Dollars	-	-	1	25
KIP	123,422	469	90,419	362
Singapore Dollars	-	3	-	4
Indian Rupees	46	33	45	34
Japanese Yen	2	1	-	-
Indonesia Rupiah	45	-	2	-
<b>Total</b>		<b>3,439</b>		<b>3,279</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.

#### **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 - 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.

### 31 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 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 (“Lao 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 Lao 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 Lao 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 Lao 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 2010, LTC has remaining additional investment of approximately USD 81 million (31 December 2009: USD 113 million).



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**c) Capital commitments**

As at 31 December 2010, the Group's capital expenditure contracted but not recognized in the consolidated financial statements (Company: nil) was from Shenington Group amounting to USD 12 million (approximately Baht 373 million) (*31 December 2009: USD 11 million (approximately Baht 379 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 (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:

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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 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.

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- 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".
- 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.

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**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 debts of Baht 2,210 million cannot be viewed as ITV accepting liability because it was an option proposed by ITV which it had not become final, and thus considered as a dispute to be enter into arbitration proceedings.

**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.

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**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 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.



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**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 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.

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**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 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 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 1,699 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 2010 (2009: 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 439 million) exclusive of interest amounting to Rs. 93 million (approximately Baht 66 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 233 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 62 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 16 million). In addition, from Authority's letter dated 30 September 2010, the authority raised the tax demand for AY 2007-08 amounting to Rs. 32.2 million (approximately Baht 24 million), which THCOM made a deposit in November 2010.



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Furthermore, the Authority sent the notices dated 29 March 2010 to THCOM tax agent in India that the penalty was assessed against THCOM for the AY 2003-2004 and AY 2004-2005 in the amount of Rs. 88.4 million (approx. Baht 65 million) and Rs. 89.4 million (approx. Baht 65 million) respectively and requiring THCOM to make payment for the said penalty within 30 days from the date of receipt of the notices (30 March 2010). THCOM filed appeals against the penalty with CIT (A) on 26 April 2010.

THCOM had received Withholding Tax Certificates ("WTC") from its Customers until AY 2007-08 net amounting to Rs. 488 million (approximately Baht 350 million). THCOM had also deposited Rs. 428 million (approximately Baht 307 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 307 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.398 million (approximately Baht 285 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 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. 780 million (approximately Baht 558 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. 566 million (approx. Baht 406 million) which will be charged as expenses if there is a final judgment 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. 397 million (approx. Baht 285 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 2010, the remaining share option was 0.12 million shares (*31 December 2009: 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 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.

**Thaicom 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 2010, the remaining minimum operating agreement fee was Baht 806 million (*As at 31 December 2009: Baht 864 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).

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**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>	
	2010	2009
	<i>(in million Baht)</i>	
Not later than 1 year	316	313
Later than 1 year and not later than 5 years	553	431
Later than 5 years	161	136
<b>Total</b>	<b>1,030</b>	<b>880</b>

**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 322.5 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, with the interest rate at 4% annum. In June 2010, LTC has recognised the network assets relating to Phase VI and the related portion of the loan in the amount of Baht 70.1 million in June 2010. In 2010, LTC paid loan for Phase IV and V in the amount of Baht 14.6 million.

**32 Significant events of the Group**

***The judgment of the Supreme Court, Criminal Division for Persons Holding Political Positions***

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

## Significant events of ADVANC Group

### 32.1 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 statements 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.

On 30 December 2009, 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 cannot 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 2009. ADVANC has remitted the revenue sharing to TOT on 30 December 2009. 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.

On 15 September 2010, the Central Administrative Court has dismissed the case that TOT field to revoke the announcement of NTC regarding Telecommunication Network Access and interconnection year 2006 (B.E. 2549), and TOT has appealed such dismissal to the Supreme Administrative Court.

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**32.2 The amendments or supplements to the Agreement for Operation of ADVANC and Digital Phone Company Limited (“DPC”)**

**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 Organisation 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 Organisation 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. 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, ADVANC has been informed that the Coordination Committee under Section 22 has submitted the opinion on the amendments or supplements to the Agreement of ADVANC to the Information and Communications Technology (ICT) minister and the Cabinet for consideration. The Cabinet has passed the resolution to set up a committee to negotiate with ADVANC and all mobile phone operators whose the Agreements were changed and report back to the Cabinet for consideration further.

\* *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.*

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#### DPC

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 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 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 oblige to fulfil the said agreement."

Presently, DPC has been informed that the Coordination Committee under Section 13 has submitted the opinion on the amendments or supplements to the Agreement of DPC to the Information and Communications Technology (ICT) minister and the Cabinet for consideration. The Cabinet has passed the resolution to set up a committee to negotiate with DPC and all mobile phone operators whose agreements were changed and report back to the Cabinet for further consideration.

**\*\*** *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.*



### 32.3 Significant commercial dispute and litigations

#### ADVANC

*The deduction of excise tax from the revenue sharing between ADVANC and TOT Public Company Limited ("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.

#### DPC

1) *The deduction of excise tax from the revenue sharing between DPC and CAT Telecom Public Company Limited ("CAT")*

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.

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.

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2) *Access charge between DPC and CAT Telecom Public Company Limited ("CAT")*

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) *Transferring towers and equipments of power supply between DPC and CAT Telecom Public Company Limited ("CAT")*

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 equipments of power supply under the Digital PCN ("Personal Communication Network Agreement"). Failure to do so, DPC must reimburse Baht



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2,230 million to 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.

**4) *The reduction of roaming fee between DPC and CAT Telecom Public Company Limited ("CAT")***

Starting from 1 July 2006, CAT Telecom Public Company Limited ("CAT") allowed DPC to reduce roaming fee per minute from Baht 2.10 to Baht 1.10 to be in line with the decrease of mobile phone service fee. The approval has been renewed for 3-month periods several times thereafter until 31 March 2007. After that, CAT did not notify DPC of any changes until on 24 March 2008, CAT had sent a letter to notify DPC to charge roaming fee at Baht 2.10 per minute starting from 1 April 2007. On 8 May 2008, DPC sent a request letter to CAT to reconsider the roaming fee adjustment. The reason for such request was based on the market environment where the prevailing mobile phone service charge to consumers in the market was significantly lower than the specified roaming fee. Such high roaming fee is therefore unreasonable for DPC to provide the roaming service to any operators. In the letter, DPC informed CAT that during the period when CAT is reconsidering the request, DPC will charge roaming fee at Baht 1.10 per minute according to the previous agreed terms and conditions. On 31 March 2009, CAT has approved DPC to charge roaming fee at Baht 1.10 per minute during 1 January 2009 - 31 March 2009.

On 15 July 2010 CAT has submitted a dispute under case no. Black 62/2553 to the Alternative Dispute Resolution Office, the Arbitration Institute, demanding DPC to pay additional payment of revenue sharing of 10th - 12th operation year that DPC reduced roaming fee between DPC and ADVANC from Baht 2.10 to Baht 1.10 during 1 April 2007 - 31 December 2008 amounting to Baht 1,636 million plus penalty computing up to March 2010 of Baht 364 million, totaling Baht 2,000 million and penalty at the rate of 1.25 percent per month from April 2010 until the full payment is made by alleging that CAT had approved the said roaming fee reduction up to 31 March 2007 only.

At present, the said dispute is pending on DPC's preparation of the opposition according to arbitration procedures and the proceeding of which shall take several years. However, ADVANC management believes that the outcome of the said dispute shall have no material impact on the consolidated financial statements of the Company since DPC has correctly and fully complied with the law and the relating Agreements in all respects.

**AIN Globalcomm Company Limited ("AIN")**

***The international direct dialling service by using the symbol "+" between AIN and CAT Telecom Public Company Limited ("CAT")***

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.

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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 ADVANC and AIN to use the symbol “+” and it cannot also be 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 ADVANC have not infringed any right of CAT and also of AIN which CAT alleged to jointly commit the wrongdoing with ADVANC have not infringed the right of CAT as well. However, CAT has appealed such dismissal on 10 March 2010.

**The order to THCOM and the Company as co-defendant**

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 and 20 July 2010 making THCOM the fourth respondent and the Company the fifth respondent in order to allow THCOM and the Company to file the reply to the petitioner’s claim including evidence, documentary or otherwise to CAC. THCOM and the Company have filed the reply and supporting evidence in July 2009 and September 2010, respectively.

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

**33 Bank guarantees**

As at 31 December 2010, 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 717.18 million, USD 2.29 million (*As at 31 December 2009: Baht 656.30 million and USD 4.07 million*) on a consolidated basis.

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### 34 Reclassification of accounts

Certain accounts in the 2009 financial statements have been reclassified to conform to the presentation in the 2010 financial statements as follows:

	2009			2009		
	Consolidated financial statements		After Reclass. (in million Baht)	Separate financial statements		After Reclass.
	Before Reclass.	Reclass.		Before Reclass.	Reclass.	
<b>Balance Sheet</b>						
<b>Current Assets</b>						
Current investments	1,916	201	2,117	721	201	922
<b>Total current assets</b>	<b>6,024</b>	<b>201</b>	<b>6,225</b>	<b>1,636</b>	<b>201</b>	<b>1,837</b>
<b>Non-current assets</b>						
Long-term investments	226	(201)	25	226	(201)	25
<b>Total non-current assets</b>	<b>55,517</b>	<b>(201)</b>	<b>55,316</b>	<b>12,772</b>	<b>(201)</b>	<b>12,571</b>
<b>Statements of cash flows</b>						
<b>For the year ended 31 December 2009</b>						
<b>Cash from operating activities</b>						
Interest income	(89)	(1)	(90)	(36)	(1)	(37)
Interest received	99	1	100	38	1	39
Dividend received	-	8,119	8,119	-	8,007	8,007
Interest paid	(335)	335	-	-	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>2,335</b>	<b>8,454</b>	<b>10,789</b>	<b>(225)</b>	<b>8,007</b>	<b>7,782</b>
<b>Cash from investing activities</b>						
Dividend received	8,119	(8,119)	-	8,007	(8,007)	-
(Increase) decrease in current investments	(471)	(201)	(672)	213	(201)	12
Increase in long-term investments	(201)	201	-	(201)	201	-
<b>Net cash provided by (used in) investing activities</b>	<b>6,250</b>	<b>(8,119)</b>	<b>(1,869)</b>	<b>8,012</b>	<b>(8,007)</b>	<b>5</b>
<b>Cash from financing activities</b>						
Interest paid	-	(335)	(335)	-	-	-
<b>Net cash used in financing activities</b>	<b>(9,521)</b>	<b>(335)</b>	<b>(9,856)</b>	<b>(7,683)</b>	<b>-</b>	<b>(7,683)</b>

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

### 35 Events after the reporting period

#### ITV

On 19 January 2011, the Stock Exchange of Thailand (SET) announced the amendment to SET regulations on procedures and guidelines for companies facing possible delisting due to operations or financial conditions. Under the guidelines, the SET will allow the company 3 years for rehabilitation to resolve the delisting grounds, going through 3 stages (each of 1 year), starting from 10 March 2011. If the company is unable to resolve its delisting ground within the given period, the SET will consider approving delisting the company's securities.

ITV is aware of the aforementioned announcement and will comply with regulations and announcements from SET.

#### ADVANC

With reference to a letter dated 31 January 2011 of TOT Public Company Limited ("TOT") to ADVANC, demanding ADVANC to pay an additional revenue sharing due to the reduction of revenue sharing rate with respect to pre-paid services amounting to Baht 29,534 million, the deduction of the cost relating to the roaming activities amounting to Baht 7,462 million and due to the deduction of excise tax payment from the revenue sharing including value added tax (VAT), penalty and surcharge for the total amount of Baht 36,817 million plus interest at the rate of 7.5% per annum to TOT within 15 February 2011.

ADVANC has sent a letter opposing such demand to TOT on 4 February 2011, with the following reasons:

- 1) For the reduction of revenue sharing rate with respect to pre-paid services and the deduction of the cost relating to the roaming activities:
  - 1.1) Pursuant to the above-mentioned TOT' letter, TOT has raised some part of the judgment of the Supreme Court's Criminal Division for Person Holding Political Positions, case no. Red OrMor. 1/2553 (the "Judgment") as the ground of its demand against ADVANC. In fact, they said Judgment has no binding effect to ADVANC at all since neither TOT nor ADVANC are the parties to the said case.
  - 1.2) The said Court did not give judgment to revoke the amendment no. 6 regarding pre-paid services ("Amendment No.6") and amendment no. 7 regarding the roaming activities ("Amendment No. 7") (collectively hereinafter referred to as "the Amendments") of the Agreement Permitting Undertaking of Cellular Mobile Telephone Services ("the Agreement"). Further, the Judgment did not rule that ADVANC has committed a breach by failure to comply with the terms and conditions of the Agreement nor that the Amendments have had no binding effect between TOT and ADVANC at all.
  - 1.3) The Amendments are still valid and binding upon both parties and, in the past, the ADVANC has been completely and correctly complying with the terms and conditions of the Amendments. Thus, ADVANC is not obligated to make any additional payment of revenue sharing as demanded by TOT.
  - 1.4) Definite evidence concerning the intention and reason for making the Amendments, which is available to TOT and other government authorities, indicates that the Amendments were made by taking into account of the public interest, especially the mobile phone users who have been able to access into cheaper service tariff whilst TOT has gained much higher revenue sharing.

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2) For the deduction of excise tax payment from the revenue sharing;

- 2.1) It was the government policy which aimed to convert certain amount of revenue sharing under the Agreement into the excise tax payment in connection with the transformation of the then Telephone Organization of Thailand to a public company limited under the main principle that: (i) there shall be no damage to the State who would receive the same revenue sharing; and (ii) no additional financial burden to the private operator and the service users. Thus, after summing up the excise tax payment and the revenue sharing (after deduction of excise tax), the State (i.e. the Ministry of Finance - the Excise Department) and TOT, whose 100% of its shares are held by the Ministry of Finance, would receive the same net income without any damage.
- 2.2) TOT is obliged to comply with the government's policy and the resolutions legitimately passed by the Cabinet, which applied to all mobile phone operators, that they were required to deduct the excise tax payment from the revenue sharing before delivering to the contractual party. It was TOT who informed ADVANC to pay such excise tax and deduct such payment from revenue sharing in accordance with the Cabinet's resolution with which the Company was faithfully complied.
- 2.3) The said court did not rule that the Cabinet's resolution regarding such excise tax was unlawful and did not revoke or cancel such Cabinet's resolution.
- 2.4) During B.E. 2546 to 2550 which there were the deductions of excise tax, TOT has never demanded ADVANC to pay any additional revenue sharing. Rather, TOT has confirmed that it has completely received the revenue sharing in accordance with the Agreement by issuing receipts and tax invoices together with returning bank guarantees which were placed as security for the payment of the revenue sharing by ADVANC.
- 2.5) With respect to VAT, penalty and surcharge demanded, ADVANC is not obliged to make such payment. Given such tax obligation actually exists; it would be TOT, as the recipient of payment, to be responsible for such tax payment under the Revenue Code. In the past, TOT has ever questioned the Revenue Department whether it actually has the authority under the law to collect such tax payment.
- 2.6) This TOT's claim is a duplication of the claimed amount with respect to excise tax which TOT has raised earlier on 22 January 2008 in the pending arbitration process at the Arbitration Institute.

Therefore, ADVANC management believes that the said demand shall have no material impact to its financial statements because ADVANC is not obligated to make any additional payment as demanded by TOT.

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**Dividend payment**

*Proposed dividend payment of associates*

At the Board of Directors' meeting ADVANC and CSL, 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 2010 (Baht/share)	Amount to be paid (Baht/share)	Amount (in million Baht)
ADVANC (operation result of 2010)	11 February 2011	6.92	3.00	3.92	11,644
CSL	16 February 2011	0.50	0.25	0.25	148

*Proposed dividend payment of the Company*

On 17 February 2011, the Company's Board of Directors passed a resolution regarding to approve interim dividend payment from the operating result for the period from 1 January to 31 March 2011 to the Company's shareholders at Baht 1.53 per share, approximately Baht 4,898 million.

The Board of Director of ADVANC passed a resolution to call the Annual General Shareholders' meeting for the year 2011 on 31 March 2011 of which there is an agenda of dividend payment for the operating result of the second half of the year 2010 at Baht 3.92 per share. The Company expects to realize dividend, after the approval by the Annual General Shareholders' meeting of ADVANC, in the amount of approximately Baht 4,954 million (1,264 million shares; Baht 3.92 per share). Thus, the dividend payment of the Company will be depended on the resolution of the Annual General Shareholders' meeting for the year 2011 of ADVANC.

The Company will propose these dividend payments to the 2011 Annual General Meeting of Shareholders for approval.





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