



Towards Sustainable Growth

2010 annual report

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TOWARDS SUSTAINABLE GROWTH

BUSINESS EFFICIENCY

SAMART GROUP continues to sustain solid and strong growths in ICT Solutions, Mobile-Multimedia, and other Technology-Related Businesses. As a leading company providing a comprehensive range of cutting-edge services, we have continuously explored new business opportunities to ensure ultimate benefits to our clients, partners, consumers and the country's economy.





TOWARDS SUSTAINABLE GROWTH

PROFESSIONAL TEAM

SAMART GROUP believes that it is our people who can bring us to the next level. We have a strong management team and highly qualified workforce, whose visions and combined experiences help steer the company towards the goal of achieving a sustainable growth.





TOWARDS SUSTAINABLE GROWTH

SOCIAL RESPONSIBILITY

SAMART GROUP, over the last 55 years, has progressed alongside the development of Thailand. We do not only deliver innovative products and services but also focus on contributing to the Thai society. Our social contribution activities include scholarships for education and career development, awareness campaigns on environmental and religious conservation, and other community development services.



Dr. Tongchat Hongladaromp

Messages from the Board of Directors

As you are aware, 2010 has been a very challenging year for Thailand. We all witnessed the deep social divide and the upheavals during the April - May disturbances and the tremendous damages it caused to the various business sectors related to the tourism industry. Then later in the year, we saw floods lasting many weeks in the Central and Southern regions of the country and this has severely affected the agriculture sector. Fortunately, the growth in the export sector, especially in the automobile export, more than compensate for the downturn in the tourism and agriculture sectors.

Despite the numerous challenges in the Thai economy, we are pleased to report that the Samart Group has continued to generate a better performance, with a higher net profit of Baht 628 million for 2010, compared to Baht 455 million in 2009.

All major subsidiaries contributed to the overall better financial performance of the Samart Group. Samart Telecom, the ICT line of business of the Group, and overseas investments continue to generate the major portions of the Group's profit. SIM group, while still facing many challenges in its mobile handsets market, has also seen improvement in its financial performance in 2010. In addition, its MVNO business that started operation in December 2009 has achieved substantial growth in 2010. With the planned expansion of 3G network of TOT in 2011 onwards, the MVNO business is expected to see more growth in the coming years.

At the Company level, there are many changes and improvement in the year 2010 as well. In December, one of the major shareholders, Axiata Bhd., sold its 18.9% stake in the Company as part of its business realignment exercise to focus on its core business of mobile telecommunication. Axiata (and before it, through Telekom Malaysia Bhd.), has been a shareholder of the Company since June 1997. Currently, Axiata still holds 24.4% of the shares in Samart I - Mobile Pcl, a subsidiary in the Samart Group. This change has provided the Company more flexibility in pursuing new business investments outside the telecommunication industry.



Mr. Charoenrath Vilailuck

In addition, we are also pleased to report that since our debt restructuring in 2003 where our long term debt exceeds Baht 2,200 million, and total liabilities exceed Baht 2,815 million compared to total shareholders equity of Baht 1,737 million, by end December 2010, total liabilities has now been reduced to less than Baht 1,300 million compared to total shareholders equity of Baht 3,432 million. This improvement in financial gearing of the Company provide flexibility in funding options for the Company to invest in any future new investments that the Company may choose to embark on to generate new sources of revenue and profit, and increase shareholders value. Moreover the Company will straight forward its business with Corporate Social Responsibilities and accountabilities to all stakeholders for sustainable growth and benefits.

(Dr. Tongchat Hongladaromp)
Chairman

(Mr. Charoenrath Vilailuck)
Executive Chairman



Board of Directors

1. Dr. Tongchat Hongladaromp

- Chairman • Independent Director • Audit Committee Member • Chairman of the Nominating & Compensation Committee

2. Mr. Pradang Prichayangkun

- Vice Chairman • Independent Director • Chairman of the Audit Committee • Corporate Governance Committee Member • Nominating & Compensation Committee Member

3. Mr. Seri Suksathaporn

- Independent Director • Audit Committee Member • Nominating & Compensation Committee Member • Chairman of the Corporate Governance Committee

4. Mr. Aran Promrata

- Independent Director • Audit Committee Member • Nominating & Compensation Committee Member

5. Mrs. Siripen Vilailuck

- Director



6. Mr. Charoenrath Vilailuck

- Authorized Director • Executive Chairman & CEO • Chairman of the Risk Management Committee

7. Mr. Watchai Vilailuck

- Authorized Director • President • Chief Operating Member of Risk Management Committee

8. Mr. Sirichai Rasameechan

- Authorized Director • Executive Vice Chairman • Risk Management Committee Member • Corporate Governance Committee Member

9. Mr. Pairote Varophas

- Authorized Director • Executive Vice Chairman • Risk Management Committee Member

10. Mr. Prinya Waiwatana

- Independent Director • Corporate Governance Committee Member

Be the most **recognized company**
for advance technology
that **enrich lives.**

Mission :

- Offer value solutions to best serve customers' needs.
- Enrich relationship with partners.
- Deliver beyond shareholders expectation.
- Be a company of choice for customers & employees.

Core Strategies :

- Foresee the changes and plan well for the future.
- Meet every customer's need & demand.
- Develop advance & differentiate technology solutions.
- Strengthen financial performance.
- Work closely and effectively with key alliances.
- Expand market base & brand preference overseas.
- Expand our business portfolio in valuable technology-related area.
- Drive "SAMART" to be a learning organization and a center of excellence.

Report of the Audit Committee

Dear Shareholders of Samart Corporation Public Company Limited

The Audit Committee of Samart Corporation Public Company Limited consists of four independent directors whose independence, experience and qualifications meet with The Audit Committee's Charter and in accordance with the Stock Exchange of Thailand's regulations and Best Practice guidelines. The Committee is chaired by Mr. Pradang Prichayangkun while the other members are Dr. Tongchat Hongladaromp, Mr. Seri Suksathaporn and Mr. Aran Promrata.

The Audit Committee performed its duties and responsibilities, as assigned by The Board of Directors, supervising and overseeing the company's state of affairs to ensure Executives and Executive Directors acted with accountability towards shareholders and executed their duties with honesty, responsibility, and in accordance with Company's policies.

The Committee held a total of 6 meetings in the fiscal year 2010. At those meetings, the Committee discussed and shared opinions with senior management, internal auditors, and the external auditor on matters related to the Company's business, which could be summarized as follows:

- **Financial Statements** : The Audit Committee reviewed the Company's and its subsidiaries' quarterly and annual financial statements as well as the consolidated financial statements for 2010, which had already been reviewed and audited by the external auditor, and submitted them to the Board of Directors for approval. The Committee invited Management and the external auditor into the meetings to review the accuracy and completeness of the financial statements, adjustments made to accounting entries which significantly affected them, and the adequacy of financial disclosure. In addition, the Committee considered and acknowledged the audit plan proposed by the external auditor. The Committee concluded that the financial statements were prepared in accordance with the generally accepted accounting standard, related laws and regulations and were adequately and promptly disclosed for the benefit of shareholders, investors, or users for the purpose of investment decisions.
- **Connected Transactions** : The Committee reviewed the connected transactions, or the transactions that might lead to conflicts of interest to be in line with the laws, rules and regulations prescribed by the Capital Market Supervisory Board and other regulatory bodies, to ensure these transactions were reasonable and maximized benefit for the company and shareholders.

The Committee came to the conclusion that the aforementioned transactions conducted by Management were fairly and maximized benefit to the Company and shareholders on conditions and reasonable prices made with general third party.
- **External Auditor** : The Committee considered the external auditor's performance in the past year, by assessing independence, knowledge, competency, experience in auditing business, and consequently recommended to the Board prior to being presented for approval in the General Shareholders' Meeting.
- **Risk Management and Internal Control System** : The Committee reviewed the risk management process and the progress of risk management as proposed by Risk Management Committee. In addition, the Committee reviewed and evaluated the Company's internal control system, based on guidelines of the Securities and Exchange Commission. The Committee viewed that the Company's risk management and internal control systems were adequate and effective.
- **Internal Audit** : The Audit Committee monitored and oversaw the Internal Audit jobs to ensure that all internal audit activities were performed effectively, efficiently. In doing so, the Committee reviewed its scope of works and responsibilities including sufficiency of manpower and audit tools to enhance quality of internal audit. Furthermore, the Committee approved the internal audit plan for 2011 which based on the Company's key risk areas.

The Audit Committee concluded that the Company's internal auditing system was independent, adequate and effective which complied to Company's goals and key risk areas.

- **Corporate Governance** : The Committee reviewed and amended the Corporate Governance policy and code of conduct to ensure that they were aligned with international standards and suitable for the current business environment.
- **Directors' and Executives' Interests** : The Committee reviewed and endorsed the Company's rules and procedures for reporting on directors' and executives' interests in the Company's and its subsidiaries in order to be in line with The Securities and Exchange Act (Revision 4), B.E. 2551.
- **Audit Committee Self-Assessment** : The Audit Committee conducted its performance self-assessment, which consisted of reviewing its composition, meetings, activities, and relations between management and the external auditor. This self-assessment was benchmarked against Best Practice guidelines from the Stock Exchange of Thailand and the Audit Committee Charter.

The Committee viewed that its scope of works and performance were consistent with Best Practice guidelines and the Audit Committee Charter resulting in the fulfillment of good Corporate Governance.

In summary, the Audit Committee had an opinion that during the fiscal year 2010, the Board of Directors, Management, and Executive Directors performed their duties and responsibilities intently in pursuit of the Company's performance goals as set under effective, transparent and reliable Corporate Governance including appropriate risk management and internal control systems.



(Mr. Pradang Prichayangkun)

Chairman of the Audit Committee

Samart Corporation Public Company Limited

Report to the Executive Board

Dear Shareholders of Samart Corporation Public Company Limited

Samart strongly believes in the importance of managing the business operations according to the Company's business policies and plans, including any initiatives mandated by the resolutions of the Board of Directors and Shareholders meetings. All such implementations that are needed to be done have to be executed in strict adherence to the Company's good Corporate Governance Policies. Consequently, the Board of Directors appointed an Executive Board to analyze and appraise numerous important issues prior to further consideration by the Board of Directors.

Moreover, as a written guideline, the charter of the Executive Board has been provided in order to clearly specify composition, qualification, term of post, roles and responsibilities of the Executive Board as well as details of meeting arrangement and report to the Board of Directors of the Company.

In 2010, the Executive Board held 13 meetings to consider numerous matters concerning the Company that were subsequently reported, with comments and recommendations, to the Board of Directors which can be summarized as follows:

- **Establish Business Strategies and Plans:** The Executive Board analyzed the business plans and problem resolution guidelines for each business operations on a quarterly basis.
- **Monitor, Evaluate, and Follow-up the Performance of the Company and its Affiliates:** The Executive Board reviewed business operation performances of the Company and its affiliates on a regular on-going basis.
- **Follow-up on the Directives Mandated by the Board of Directors:** The Executive Board analyzed and appraised numerous important issues mandated by the Board of Directors such as investment, fiscal year budget as well as consideration on promotion and/or new hire manpower, ext.
- **Establish Remuneration Policies and Employee Salary Guidelines:** The Executive Board analyzed and assessed the increase of salary payment for 2011 and criteria for bonus calculation for 2010. The salary increase and bonus allocation are in line with the Company's operation performance and commensurate with the industry's average remuneration. This recommendation was submitted to the Nominating & Compensation Committee for further consideration.

The Executive Board is intent to perform its duties to the utmost honesty, caution, and thoroughness with the objectives of ensuring the Company's benefits, equity and fairness to all shareholders and stakeholders. To be sure, the Executive Board seeks to ensure the strictest adherence to all rules and regulations, Company's Objectives and Article of Association and comply with good corporate governance in order to achieve its goals for continuity and stability growth of the business.



(Mr. Charoenrath Vilailuck)

Executive Chairman

Samart Corporation Public Company Limited

Report of Risk Management Committee

Dear Shareholders of Samart Corporation Public Company Limited

The Company realizes the importance of Risk Management in carrying on its business operations; thus, a comprehensive Risk Management Policy for the Company as well as its subsidiaries have been launched with the objective to mitigate any risks affecting the on-going business operations. In addition, the Company has appointed appropriate individuals the members of the Risk Management Committee, Company 's Directors, all concerned management staffs of each department, as well as Internal Audit Department, to continuously monitor and evaluate related risks as set out in the Risk & Opportunity Management Plans, together with setting up appropriate preventive and corrective measures.

During 2010, the Risk Management Committee held 4 meetings with the following results:

1. Risk & Opportunity Management Plan for 2010

The Risk Management Committee held the meetings with respective departments to propose the Risk & Opportunity Management Plan for year 2010 set by the Risk Management Committee. The Committee also delegated the Internal Audit staff to be the coordinator for these meetings. The implementation of such Risk and Opportunity Management plan was considered and approved by the Risk Management Committee.

2. Risk Assessment and Mitigation

The Risk Management Committee held the risk assessment exercise. The risks were rating from high level to low level and also focused on evaluating Risk factors specified to 3 types of Business, Operational and Financial factors. Accordingly a risk mitigation plan with built in countermeasures was suggested. The aim of risk assessment was to help the company and group subsidiaries achieve their business goals respectively. In this regard, the Risk Management Committee carefully reviewed and then approved the Risk Assessment and its' Mitigation that was proposed.

3. Following up Risk & Opportunity Management Mitigation and Prevention

Risk Management Committee arranged meetings with concerned departments on a quarterly basis to monitor the business performance, risks and opportunity of the company and its' subsidiaries. Internal auditor was assigned to check the performance as per the plan every 3 months.

4. Improving Risk Management

In 2010, in addition to regular Risk Management activities, the committee proposed all subsidiaries to identify new opportunities amongst the risk environment. The objective was to create additional sources of revenues towards achieving sustainable business growth.

According to the issues and tasks mentioned above, the Risk Management Committee ensured that the Corporate Risk-Management operations have been carried out efficiently and effectively in line with the good Corporate Governance Principle, sufficient internal control including compliance with the law and regulations concerning Company's business.



(Mr. Charoenrath Vilailuck)

Chairman of the Risk Management Committee
Samart Corporation Public Company Limited

Report of the Corporate Governance Committee

Dear Shareholders of Samart Corporation Public Company Limited

The Company is aware of the importance of the corporate governance and strongly believes that the system and process of ensuring good corporate governance are one of the key foundations of maximizing shareholders' benefits, bringing fairness to all stakeholders, and enhancing the competitiveness of the Company's operations. Consequently, the written corporate governance policy, business ethics have been established since 2005. At the same time, the Corporate Governance Committee ("CG Committee") has been appointed to oversee and monitor the business operation to be complied with principles of corporate governance of SET and OECD (The Organization for Economic Co-operation and Development) and the Company's Policy to ensure the efficiency of the management.

Moreover, as a written guideline, the charter of the CG committee has been provided in order to clearly specify composition, qualification, term of post, roles and responsibilities of CG committee as well as details of meeting arrangement and report to the Board of Directors of the Company.

The CG Committee held meetings on two occasions in 2009 in order to assess the policies and implementation processes to support and promote the Company's good corporate governance. The Committee each time has subsequently reported to the Board of Directors, which can be summarized as follows:

- **Review Corporate Governance Policies:** To be more appropriate, the Committee regularly reviewed and revised numerous agenda of the Corporate Governance Policies every year;
- **Monitor the work of the Committees to ensure the compliance of the Corporate Governance Policy:** The Committee has to ensure the compliance of all Committees' operation to the Company's Corporate Governance Policy by having all Committees to report their activities during 2009 and disclose in the Annual Report for acknowledgement of the shareholders as well as to review and revise the charter of each committee;
- **CEO and Board Self-Assessment.** To comply with the principles of Corporate Governance of SET, the Committee encouraged and supported the Board of Directors on having an annual Board Self-Assessment as well as assessment on CEO Appraisal
- **Agenda and enquires for AGM.** For equitably treatment of shareholders, the Committee encouraged to allow minority shareholders to propose agenda and submit any enquiries for consideration in the Annual General Meeting of Shareholders.
- **Meeting among Independent Director** To comply with the principles of Corporate Governance of SET, the Committee arranged the separate meeting for the independent directors without participate of the Management of the Company for consideration any matters may have.

Continual development in its Corporate Governance, the Company and its two listed subsidiaries, Samart i-mobile Pcl. and Samart Telcoms Pcl., have been ranked from the Thai Institute of Directors Association (IOD), the Stock Exchange of Thailand ("SET") and the Securities and Exchange Commission ("SEC"), in the corporate governance survey of 480 Thai listed companies, as the **Excellence** companies with over 90 percent score of which are better comparing to previous year.

Moreover, the Annual General Meeting (AGM) Assessment for Listed Company has been continually set. For this year the assessment has been held by Thai Listed Companies Associate in order to ensure that the listed companies reiterate the importance of AGM arrangement and the respect of the equitably treatment of shareholders. The Company and the two listed subsidiaries were classified as **Excellence** with score 96 percent.

From the above evaluation, it's been proved that SAMART's emphasizes for corporate governance recognition, dedicate and adhere to a strict compliance with the Company's Corporate Governance Policy. This pursuit of excellence will ensure that Samart is building long-term endurance and growth for our business operations that can be sustainable and result in great benefits for all stakeholders, for the community and for our nation as a whole.



(Mr. Seri Suksathaporn)

Chairman of the Corporate Governance Committee
Samart Corporation Public Company Limited

Report to the Nominating and Compensation Committee

Dear Shareholders of Samart Corporation Public Company Limited

Samart realizes the importance of recruiting, selecting, and nominating candidates to assume the positions of Board of Directors and top executives. The Company also realizes the importance of determining their appropriate remuneration packages. Consequently, the Board of Directors established the Nominating and Compensation Committee (“NCC”) to carry out these vital functions. The recruitment process involves screening and nominating candidates that are highly knowledgeable in their fields and who also must meet high qualifications set appropriately for the Board positions and executive levels. The compensation process involves setting policies and guidelines for remuneration packages for the Board of Directors, the Committees’ members, and high level executives.

Moreover, as a written guideline, NCC’s charter has been provided in order to clearly specify composition, qualifications, term of post, roles and responsibilities of NCC as well as details of meeting arrangement and report to the Board of Directors of the Company.

NCC held meetings on three occasions in 2010 to consider numerous matters concerning the Company that were subsequently reported, with comments and recommendations, to the Board of Directors which can be summarized as follows:

- **Nominate and replace position on the Board of Directors as a result of a member retiring due to term expiration**

NCC made the selection and nomination of candidates with strong qualifications and experience from within the same industry as the Company as well as meet all the qualifications, as specified by the Securities Exchange Commission and the Stock Exchange of Thailand, in order to assume the position of Director of the Board, Independent Director and Committees’ members.

- **Determine Compensation for Board Directors and Committees**

NCC thoroughly considered the remuneration package for Board of Directors and Committees’ members by analyzing similar industries’ compensation packages. The objective is to determine the most appropriate remuneration in order to enhance incentives to retain qualified Directors. Any Directors who have also appointed as Committees’ members would receive additional compensation as commensurate with their additional level of responsibility.

- **Determine appropriate Bonus and Salary Increase**

The Nominating and Compensation Committee considered, together with the Human Resources Department and the Executive Board, the criteria of salary increase for 2011 and the calculation of 2010 bonus. The level of salary increase and bonus allocation was determined to be at an appropriate level commensurate with the Company’s business performance and in line with the industries average remuneration.

Throughout 2010, the NCC performed its duties, responsibilities, cautiously, and honest with thoroughness; working to our full capabilities; being independent with the objectives of ensuring the highest benefits to shareholders; and providing equity and fairness to all stakeholders. To be sure, the Committee has strong intent to seek equitable treatment, fairness, and transparency for all concerned and to ensure the strictest adherence to good corporate governance, according to the Stock Exchange of Thailand, and be internationally recognized.



(Dr. Tongchat Hongladaromp)

Chairman of the Nominating and Compensation Committee
 Samart Corporation Public Company Limited

Financial Highlights

Samart Corporation Public Company Limited and Subsidiaries

(Unit : Million Baht)

Information from Financial Statement	2010	2009
Total Asset	13,529	15,519
Total Liabilities	7,921	10,551
Total Shareholders' Equity	5,609	4,967
Sales and Services Income	15,921	17,039
Total Revenue	16,266	17,305
Gross Profit	3,344	2,930
Net Profit (Loss) Equity holder of the subsidiaries	628	455

Financial Ratio	2010	2009
Earning Per Share (Baht)	0.66	0.48
Book Value Per Share (Baht)	4.62	4.15
Dividend Per Share (Baht)	0.40*	0.25
Net Profit (Loss) Margin	3.86	0.03
Return on Equity	15.16	12.03
Return On Total Assets	4.32	3.16

Remark : * Dividend per share comprised of interim dividend for January - September 2010 of Baht 0.15 and Baht 0.25 which will be proposed for consideration of shareholders in the Annual General Meeting 2011.



SAMART : Social Contribution Activities for 2010

“Being a responsible citizen that makes a difference”

Thriving alongside the advancement of the Thai society, Samart has, throughout the past 55 years, firmly adhered to its guiding principle of **being a good corporate citizen, who is accountable to employees, customers and shareholders, and being socially responsible.**

The company has continuously focused on building a solid business foundation while ensuring constructive contributions to the society to bring happiness, smiles and a better quality of life to Thai people.

With that in mind, the company has undertaken a range of development initiatives that contribute to the sustainable development of the Thai society.

1) Educational and occupational skills development

Recognising education as instrumental to people's development, Samart provides educational and career programs to young people from underserved communities to maximize their opportunities for university and career success.

- **Undergraduate Program** : The program has granted 15 scholarships, worth 1,113,200 baht, to selected students to complete their studies at Thammasart University's faculties of Commerce and Accountancy, Economics, Nursing, Science and Technology, and Engineering since 2008.
- **Graduate Program** : Started in 2007, the program offers five scholarships, worth 95,000 baht per year, to poor students, who exhibit excellent academic record, good behaviour and active participation in social contribution activities, to complete their higher education at Mahidol University.
- **Other scholarships** include a 5,000 baht scholarship for a student at Faculty of Nursing, Princess of Naradhiwas University. Samart Foundation also offers a 20,000 baht scholarship to a student at Boromarajonani College of Nursing, 100,000 baht scholarships for Mahidol Engineering Foundation for five students, worth approximately 20,000 baht each, and scholarships for 60 poor students, worth 90,000 baht.
- **Samart Innovation Awards** is an annual competition held by Samart Corporation for local software developers to showcase their innovative ideas and win the chance to see their work commercialised and promoted in the marketplace. The competition, held for eight consecutive years from 2003 to 2010, helps create new business opportunities, jobs and additional revenues for the developer community and getting local talents ready for international business exposure in the future. In 2010, the company was honoured by Her Royal Highness Princess Maha Chakri Sirindhorn who graciously bestowed the grand prize upon the championship for the first year.



- **i-Mobile Creative Synergy Award** is a mobile phone design contest where local designers are encouraged to present their creatively designed handsets with marketing communication plans to promote the products. Organised by Samart i-Mobile, the contest aims to promote the new generation of designers and their ideas, locally and internationally. In 2010, the contest's winners were sponsored to visit the World Expo in Shanghai, China.
- **Samart Telecommunications Mechanics School** is established to teach interested individuals the technical skills how to install antennas and satellite dish equipments, which is the company's founding business and the foundation of its growth today.
- **Sports promotion activities**
 - Samart i-Mobile's sponsorship for a tri-party football match organized by the Faculty of Engineering, Kasetsart University.
 - Smart i-Mobile's donation of sports equipments to underprivileged schools in Bangkok and the provinces to instil enthusiasm for sports among Thai youths.
 - Samart i-Mobile's sponsorships for local football clubs such as Maungthong United, Buriram PEA, TOT-CAT, Buriram FC and Puket FC to give young footballers the opportunity to play in the Thai Premier League and international matches
 - The Football Camp project is organized by Samart i-Mobile to give free football lessons by national professional footballers to Thai youngsters in the provinces.
 - Samart Telcom's 300,000 baht sponsorship for the Thai Basketball Club to participate in the 3rd Thailand Basketball Open.
 - A sponsorship for Pakkred Secondary School's Sports Day.
- **Creativity promotion activities**
 - Samart i-Mobile's sponsorship for Miss Teen Thailand 2010 contest to engage Thai youths in creative and useful activities.
 - Samart i-Mobile's sponsorship for sportswear design contest among university students to promote the new generation of designers and generate sports interests among Thai youths.
 - Samart Corporation's sponsorship to organize the IT camp by King's Mongkut Institute of Technology Ladkrabang



2) Public services and charities

- “Samart D Club” project mobilises employees to do public services and participate in social contribution activities
- Other social contribution activities:
 - Samart Corporation’s annual donation of reflective coats, raincoats and police traffic barriers to Pak Kret and Pak Khlong police stations.
 - Samart Communication Service’s 100,000 baht donation to support flood relief efforts arranged by the Basic Education Commission, Ministry of Education.
 - The Samart Foundation also donated 1,000 bags of rice, worth 85,000 baht, via TV channel 3, 2,000 relief packs and 11 boats to help flood victims in Lopburi and Ayutthaya provinces, worth totally 222,634 baht.
 - Samart Corporation’s donation of learning materials to the Border Patrol Police School in Petchaburi province.
 - Samart Foundation funded the construction of a new school building and donation of teaching materials for students at Kong Mong Tha School, Sangkla Buri district, Kanchanaburi province.
 - Samart Foundation’s donation of 75,000 baht to the welfare fund benefiting 15 underprivileged people, or approximately 5,000 baht each.
 - Samart Foundation’s 27,400 baht donation to finance Miss Yuvadee Sukgerd’s cancer treatment.
 - Samart Foundation’s 10,000 baht sponsorship for the 1st Student Volunteer Project organised by Dhurakij Pundit University.
 - Samart Foundation’s donation of blankets, sports gears and toys border patrol schools in rural areas.

3) Environment and energy saving

Samart runs awareness campaigns to promote environmental friendly and energy efficiency management, both internal and external projects.

The pride of 2010

The i-mobile PANO DC5210 won the DEmark Award

Samart i-mobile won the Design Excellence Award 2010 (DEmark) in Industrial Products category for its i-mobile PANO DC5210 from the Office of Product Value Development, the Department of Export Promotion.

Nature of Business

Samart Corporation Public Company Limited has been established since March 7, 1989, formerly known as Samart Comtech Co., Ltd., with registered capital of Baht 5 million by Vilailuck Group for design, implement and install of telecommunication system business. The Company has converted into a Public Company and listed in the Stock Exchange of Thailand since 1993.

The business of Samart Group is divided into 3 groups as follows :

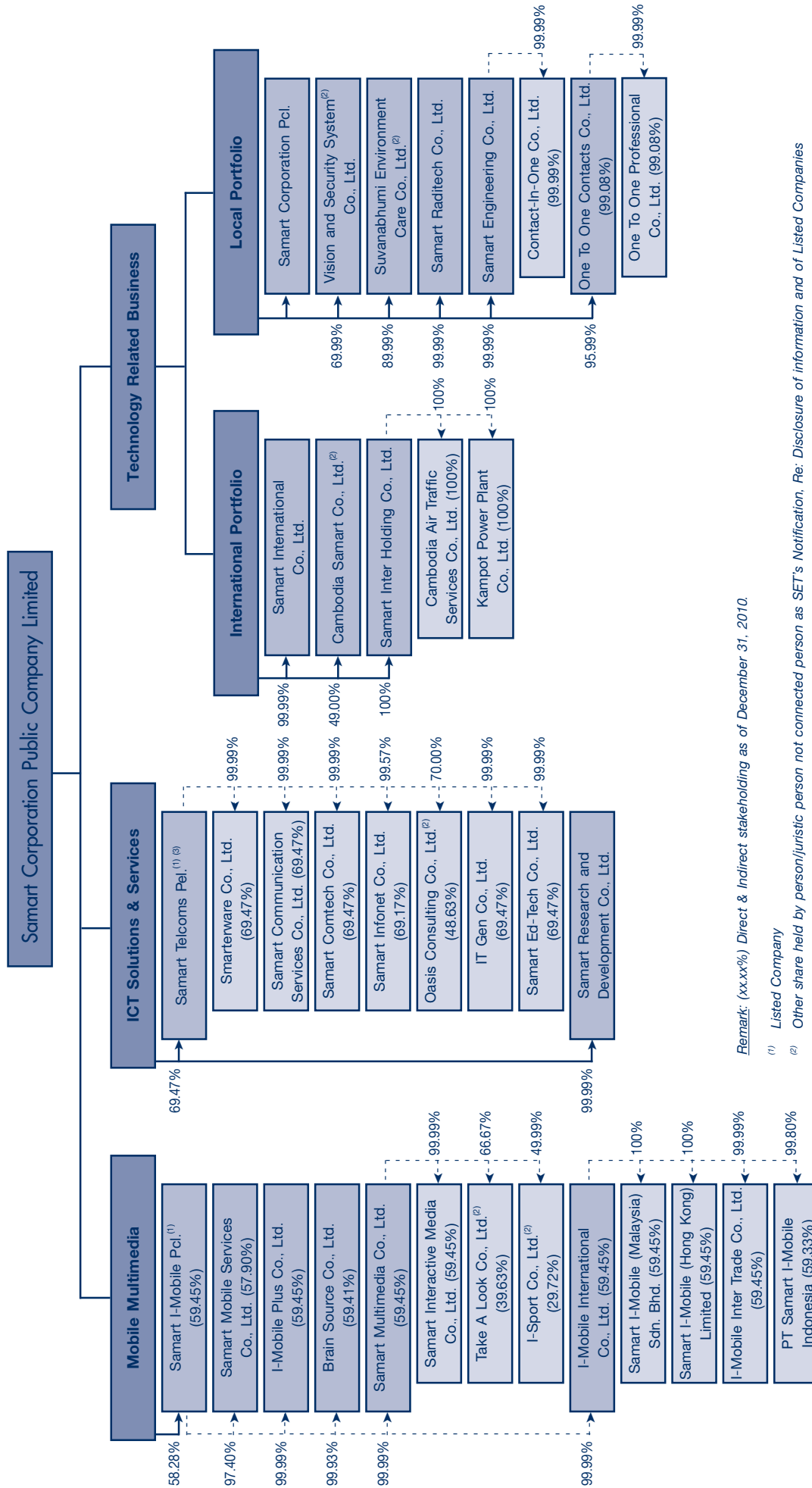
No.	Group of Business	Nature of Business	Percentage of Income * 2010
1.	Mobile Multimedia	Integrated mobile and interactive media business including infotainment service provider via advanced media and also provide media and multimedia equipment for local and international.	50.1 %
2.	ICT Solutions & Services	Provides telecommunication system service through a range of telecommunication networks and also serves the market with total ICT solution system design for both government agencies and private sector.	35.1 %
3.	Technology Related Business	<p><u>Local Portfolio</u></p> <p>Manufacture and distribution of television and radio antennas and satellite dishes, Call center services for Government agencies and private sector, Distribution, installation and maintenance of Communication and Security Systems including Total Waste Management Solution in Suvarnabhumi Airport.</p> <p><u>International Portfolio</u></p> <p>Provide air traffic control services in Cambodia and Electric Generating supply to Kampot Cement factory in Cambodia.</p>	14.8 %

*Remark : * Percentage of 2010 consolidated revenue from Sales and Services.*

Consolidated revenue in 2010 was Baht 15,920 million with gross profit of Baht 3,344 million equivalent to 21.01% of total sales. Selling & Admin Expenses was Baht 2,188 million or 13.45% of total revenue while finance cost was Baht 321 million and tax of Baht 132 million of which resulted to the net profit of Baht 628 million.

In terms of revenue contribution by lines of business (LOB), Mobile Multimedia generated 50.1% of the Group revenue in 2010, while ICT Solutions & Services was 35.1% and Technology Related Business was 14.8%

Business Structure 2010



Remark: (xx.xx%) Direct & Indirect stakeholding as of December 31, 2010.

⁽¹⁾ Listed Company

⁽²⁾ Other share held by person/juristic person not connected person as SET's Notification, Re: Disclosure of information and of Listed Companies concerning the Connected Transactions, 2003 and Notification of Capital Market Supervisory Board concerning the Connected Transactions

⁽³⁾ Included Samart Broadband Services Co., Ltd., Thai Trade Net Co., Ltd. and Posnet Co., Ltd.

Revenue Structure

(Unit : Million Baht)

Business Group	Operation by Company	% of Holding 2010 ^(*)	2008		2009		2010	
			Revenue	%	Revenue	%	Revenue	%
1) Mobile Multimedia	Samart I-Mobile Pcl.	59.54	6,880.0	43.4	6,207.2	36.4	5,913.2	37.2
	Samart I-Mobile (Malaysia) Sdn.Bhd.	59.45	639.9	4.0	709.5	4.2	831.3	5.2
	Samart Multimedia Co., Ltd.	59.45	674.6	4.3	739.0	4.3	818.7	5.1
	Others	-	2,924.2	18.4	1,108.2	6.4	414.8	2.6
Sub Total			11,118.7	70.1	8,763.9	51.3	7,978.0	50.1
2) ICT Solutions & Services	Samart Telcoms Pcl.	69.47	1,047.9	6.6	3,383.2	19.9	3,039.9	19.1
	Samart Communication Services Co., Ltd.	69.47	558.6	3.5	1,723.0	10.1	891.7	5.6
	Samart Comtech Co., Ltd.	69.47	717.6	4.5	832.2	4.9	1,156.9	7.3
	Others	-	511.0	3.3	254.6	1.5	498.5	3.1
Sub Total			2,835.1	17.9	6,193.0	36.4	5,587.0	35.1
3) Technology Related Business	Cambodia Air Traffic Service Co., Ltd.	100	756.4	4.8	782.7	4.6	767.1	4.8
	Kampot Power Plant Co., Ltd.	100	206.0	1.3	217.2	1.3	193.6	1.2
	Others	-	5.7	-	3.4	-	1.0	-
Sub Total			968.1	6.1	1,003.3	5.9	961.7	6.0
- Local Portfolio	Samart Engineering Co., Ltd.	99.99	383.6	2.4	319.1	1.9	234.7	1.5
	One To One Contacts Co., Ltd.	99.08	448.4	2.9	541.3	3.2	830.0	5.2
	Vision and Security System Co., Ltd.	69.99	64.9	0.4	181.1	1.1	284.4	1.8
	Others	-	35.9	0.2	37.2	0.2	44.8	0.3
Sub Total			932.8	5.9	1,078.7	6.4	1,393.9	8.8
Total Sales and Service income			15,854.7	100.0	17,038.9	100.0	15,920.6	100.0
Share of profit from investments in subsidiary and associated companies accounted			-	-	-	-	-	-
Total			15,854.7	100.0	17,038.9	100.0	15,920.6	100.0

 Remark : ^(*) Direct & Indirect stake holding on December 31, 2010.

Changes during the year

The Company's lines of businesses comprise of Mobile Multimedia, Samart Solutions, Technology Related Businesses and Samart International Holdings incorporated in Hong Kong.

Mobile Multimedia

The core business comprise of selling handsets in domestic and overseas markets as well as variety of contents. Revenues for 2010 decreased 8.9% over 2009 mainly due to lower handset revenues in domestic and international markets. The second factor to contribute to the drop in revenues was lower average selling price per unit ("ASP"). A total of 3,851,866 handsets were sold in 2010 of which 3,498,804 handsets were sold in the domestic market and 353,062 were sold in the international markets. Increased handset sales volume in domestic market reflected the fact that consumer confidence was higher compared to 2009. Story was different on the international markets as Company scaled down the operation scale. Handsets with price range of Baht 1,500- Baht 2,000 were the key driving factors. Content sales were up by 12.3% over 2009 as penetration of smart gadgets enabling consumers to access with much ease than before.

Given the 70 million handsets currently in Thailand, Company targets replacement users for its handset sales in domestic markets. The consumer preference towards making a purchase was similar to previous year i.e. demanding more features with lesser price. The Global handset manufacturers had tough times from Apple and RIM, thus affecting their product portfolio in local market. This "demand" gap was immediately filled by lesser known handset brands from Thailand as well as China. Although, the situation was tough, handset manufacturers were prompt to understand the market needs and launched several low to mid range handsets that were in moderate demand. The lower unit price was also attractive for value conscious customers. As local handset industry came out of the demand crisis of 2008-2009, year 2010 was the "adjustment" year for most brands. Handset companies resorted to defensive approach in selling rather than aggressively launching their products. Gross margins on handsets remained at 21.8% decreased slightly 17.9% from 2009. Company also made an effort to clear its slow moving stock and optimized its cost structure to stay competitive. Out of total handset sold by the Company, approximately 95.5% of handsets were i-mobile brand. In domestic market this proportion was 88% where as in international market the proportion of i-mobile was 12%. I-mobile brand continued to dominate 2nd position in Thailand's handset market with market share of 31.7% as of December 2010.

On the overseas front, Company adopted lean approach in expanding its business activities. Overall handset sales in volume terms were lower by 31% in 2010 and this was mainly due to focus on high end models in markets such as Malaysia. Demand in India and Indonesia being robust but did not justified the margins. Hence, instead of focusing on volume, Company emphasized margins in these markets.

As Company is bundling its content platform "i-link" in every handset, non-voice content usage surged as number of hits increased over a one million per quarter in 2010. Premium voice content programs such as 1900-1900-xx continue to remain popular. Company maintained its dominance in areas such as sports and fortune telling. Company's directory services "BUG 1113" remained popular and attracted higher traffic as compared to previous year. As of December 2010, Company has over 75,000 subscribers for its content service.

Samart i-mobile ("SIM") received type I license from National Telecom Commission ("NTC") to be a Mobile Virtual Network Operator ("MVNO"). SIM has signed an MOU with Telephone Organization of Thailand ("TOT") to act as an MVNO for TOT's 3G services. Under the MOU terms, SIM will provide all services similar to the mobile operator, except for investment in the network equipments. SIM started its MVNO operations on December 3, 2009 under the brand name "I-mobile 3GX". The services are initially for Bangkok region and as TOT expand its network, SIM will be a nation wide MVNO Operator. As of December 2010 "I-mobile 3GX" had subscribers of 125,000 and ARPU of Baht 180.

ICT Solutions & Services

ICT related spending by Corporate and Government sector increased year on year. Government spending on IT sector continued in 2010. Company won several key projects in 2010 and had healthy project backlog of Baht 4,500 million as of December 2010. Key projects implemented in 2010 AAG gateway for CAT, Super core II, Multi chassis and Broad band ports. While the backlog includes five year IT outsourcing for “CUTE” system at Suvarnabhumi International Airport, project for department of land.

Technology Related Business

International Portfolio

As the Global economy started showing the signs of recovery in late 2010, the air traffic in Asia pacific bounced backed from 2009 levels. The partially closed air traffic routes were started and frequencies on certain routs were up from 2009. Total flights handled by Cambodia Air Traffic Services (CATS) were up by 9%. Company has finished installing radar system at Sihanukville airport in southern Cambodia.

Kampot Power Plant Company limited successfully installed four diesel generating sets of 6MWe capacity each and started its full scale operations beginning January 14, 2008. For the year 2009 Company delivered 88Gwh of electricity to the off taker Kampot Cement Company.

Domestic Portfolio

Company's Call Center business which operates domestic Call Center services for corporate and Government agencies were successful in winning new contracts worth Baht 750 million and also manage to extend its ongoing contracts with exiting clients. In year 2010, Company recorded its highest revenues since its inception in 2000.

Vision and security systems “VSS” was successful in recording highest revenue in 2010. Company has participated in several bidding projects and manages to win Government projects to set up the security systems in key areas.

Industry and Competitive Analysis

Macro Economy

As year 2010 began on the cautious note, Thai economy was prepared for turnaround in early 2010. The optimism was based mainly on two important assumptions of export growth and tourism. Government's "Thai Khemkhang" stimulus did help certain businesses in short term. The long term impact of this stimulus in construction and services sector shall be seen in 2011/2012.

To the surprise of most, political stalemate in Bangkok in first and second quarter went beyond anybody's expectations and confidence in Thai political system was once again in the lime light. The long protests eroded tourist arrivals and business closure affected overall economy. It was expected that these protests would cause slower GDP growth. With immediate settlement on the issues, government was quick to issue financial support package to the affected businesses. As economy entered third quarter, the GDP growth estimates were above everybody's expectations. Thai economic growth was at its highest in 15 yrs and Thai Baht appreciated to the new high since 1997 crisis. The euphoria led to concern on exports due to appreciating currency. As usual, the exports and services sector were key drivers of economic growth. Consumer confidence however remained subdued. Worst flooding in fourth quarter together with lingering political uncertainties did not helped to boost consumer confidence. As the year 2010 is coming to an end, overall economic situation remains healthy with exception of strong fund inflows and fear of asset bubble, Thai economy is poised for moderate growth of 4%-5% in 2011.

Global economic situation remained divided. BRIC and ASEAN were at the forefront of growth spectrum while US & EU economies were still struggling. The surprise of 2010 was Euro crisis which began with Greek economy and later spread to Spain, Portugal, and Ireland. These so called "PIGS" economies suffered from widening budget deficits and needed massive bailouts. So far in 2010, Greeks and Irish were the recipient of bailouts. Spanish and Portuguese struggled to raised funds at much higher spread over German bund, but, so far have avoided need to bail out. Economic situation in UK was not that different. As a result of economic difficulties, weaker British pound and Euro are here to stay for at least couple of years. A high level effort to set up monetary fund for Europe is underway.

US on the other hand struggled with high unemployment rate. QE II and recent tax breaks of \$0.9 tn will prove effective only in the short term. The key to US recovery lies in stimulating consumer demand and use weak dollar to boost US exports. With fed's easing of monetary policy, it is expected that hot money will flow into emerging markets creating asset bubble. On the other hand, weak dollar is main cause of concern to countries with sizable dollar reserves. With Chinese and Indian Central banks buying up gold, prices reached \$1400/Oz in 2010. Weaker dollar also promoted rally in commodities such as oil, copper and iron ore, but it will be short lived as demand sustainability is still not visible from here.

Japanese economic engine struggled as weak dollar eventually let Yen reaching the levels of 80s not seen in decades. Japanese central bank is trying hard to keep struggling Yen at 83 plus level. Domestic demand, capital expenditure, private investment all were below expectations. With appreciating property prices in China, government used tools to curb property lending and has increased RRR recently. Weaker Yuan became the target of criticisms during G20 summit and as a result China expanded trading band of Yuan. China is playing key role in world economic landscape and with recent instability in Korean peninsula, China's importance have increased beyond its economic role.

In ASEAN however, the economic growth was staler. Indonesia, Vietnam, Malaysia & Singapore reported decent economic growth. As a result of influx of hot money, currencies were on uptrend and became a challenging task for central banks in few countries. In order to reduce exposure to USD, ASEAN member countries have agreed to trade in currencies such as Yuan. Learning from the example of EU zone crisis, ASEAN for the time being had postponed the common currency idea. Region is also keen on boosting up its intra ASEAN trade and trade with China and India.

In conclusion, outcome of next years election, socio political harmony, measures to stimulate weaker consumer demand and consistency in investment policies shall be the key barometer for measuring economic stability in 2011.

Telecommunication Industry: Services Perspective

Thailand with its SIM card penetration of 100% was prepared to auction off 2.1GHz spectrum. However, a legal glitch not only resulted in the cancellation of such auction but, as time window on National Telecom Commission ("NTC") came to an end, 3G in Thailand now can only happen with the setting up of National Broadcasting and Telecom Commission ("NBTC"). These regulatory hurdles have surprised all investors and caused the mockery of the system. With mobile penetration reaching 100%, Thailand is the only country in the region that does not have 3G services. Telephone Organization of Thailand ("TOT") which earlier launched its first 3G service in December 2009, had limited success mainly due to network constraints. The existing network covers only Bangkok region and TOT currently acts as network provider, letting private operators to acquire subscribers for TOT. This arrangement is called Mobile Virtual Network Operator ("MVNO") and TOT have currently five MVNO and a subscriber base of 180,000.

Mobile operators were focused on non voice applications to enhance their Average Revenue Per User ("ARPU"). Latest estimates state that blended ARUP excluding interconnection fees but including the data was around Baht 220 which is at par with the 2009 levels. The data consumption has gone up from previous years as more and more affluent customers are using BlackBerry and I-Phone/ I-pad.

Decision by Communication Authority of Thailand ("CAT") to buy Hutch was delayed due to political reasons and fate of Hutch as the operators remains uncertain. As concessions granted by TOT and CAT to existing operators coming to an end soon, new regulator have a dominant task of creating a level playing field, sort out concession related issues and most importantly, allow efficient Mobile Number Portability ("MNP"). With approval from the cabinet, TOT has embarked upon a network rollout plan where by 5200 base stations shall be deployed nationwide within mid 2012. This will raise the hopes for Thai consumer to finally avail high speed wireless broadband access.

Telecommunication Industry: Handset Perspective

Demand for mobile handsets in Thailand is likely to be in the neighborhood of 7.5-8.0 million for year 2010. This roughly translates into 12% of total handsets currently used by customer in the country. Major demand thrust is still coming from low to mid low segment where consumers are changing their older handsets for a new one at lower costs. Feature wise nothing new was added though, on the contrary newer handsets are increasingly similar in looks and features to that of premium segment and are available at the fraction of the costs. Only trade off is the brand name and perhaps after sales services.

At the low end of the spectrum, cheapest handset is available for Baht 700-Baht 900 while, high end premium phones could be bought around Baht 25,000. The political stand off in Bangkok was bonanza for handsets with TV tuners and many enjoy watching live events on their handsets. Market share of traditional brands like Nokia, Ericsson etc. were under pressure, while house brands, Chinese brands and brands from South Korea were successful in stepping up their presence. Wider acceptance of Android based handsets among Thai consumers is encouraging as this OS has proved superior for user friendliness and content usage. I-phone and Blackberry continued to catch attention as social networking is causing people to stay on line and in touch with their friends. Similarly, with the launch of I-pad, a tablet revolution is just around the corner. However, limited 3G coverage is a big hindrance in penetrating these products. It is expected that by end 2011, there will be a boom in handhelds which will take industry to the new level. New Handhelds is perhaps the last nail in the coffin for smart phones! The next revolution in phones shall be touch interface.

The tablet revolution is here and once Thailand is ready for 3G, it will act as new driving force for the handheld market.

TOT's 3G network shall be the pilot for such devices. Though its off take shall be limited in the initial period, it's only upon the nationwide 3G rollout by all the operators, handheld industry shall take key role in handset industry.

ICT Industry spending

Government budget for the ICT industry spending was close to Baht 67 billion in 2010. Majority of growth came from the public sector spending on upgrading the existing IT infrastructure and newer projects such as IP Broadband, etc. Private sector spending on IT was mainly on enhancing the hardware, networks and security. From the available sources, ERP deployment growth has slowed down in 2010 as industry awaits newer versions. IT peripheral and gadgets spending was up in high single digits. Key component of ICT expenditure that went missing was the deployment of network equipments by the private sector mobile operators mainly due to delay in 3G licensing.

Entertainment and Media Industry

The road towards convergence of media, entertainment and telecom industry stalled when 3G auction were put off due to legal issues. Despite the set back, the marriage of media and telecom industry continue to flourish thru increased deployment in broadband usage, more wi-fi spots, etc.

The real convergence on a large scale is far from commercial success in Thailand. However, as a first step, apples i-tune platform has been officially launched and consumers can download applications on pay per use basis. Other traditional applications such as video streaming, mobile movie preview, etc. are widely available from traditional mobile operators. A big jump in the content usage is expected as more and more users avail content on wireless networks. User generated content such as You Tube is non-existent in Thailand on a wider scale.

“E” Books was another application that was launched in Thailand and its acceptance is growing gradually.

With launch of Mobile Virtual Network Operators in 2010, these MVNO's are offering data plans and not the killer content. The current form of online entertainment is linked to fortune telling and information etc. It is expected that killer app on 3G is still non-existent, that day is not far when Thai consumers shall able to enjoy real benefits of convergence between telecom and media industry.

Risk Factors

The year 2010 was a result of global economic recovery with growth by 4.6%. Asian economic, led by The Republic of China and India was increased by 7.5%, while ASEAN economic was increased by 6.4%. Although the global economy faced the problem of public debt in Europe which affected to Asia, but it was not severe because China, India, and Indonesia were buffers to relieve this effect.

Thai economy in 2010 was expanded to 7.5-7.9% due to supporting from the economic recovery as mentioned above and strong confidence of investors including the implementation under the project on “Thai Khemkhang” of the government to improve nationwide infrastructure system.

1 Business Risks

1.1 Domestic Business Operation

- **Handset Business**

In 2010, trend of handset market for Smartphone has been growth perspective including its sales volume and market value due to the change of customer’s usage behavior, more customers prefer to use Mobile Internet. Smartphone could meet the customer’s need better than Proprietary phone, seen from the popularity of the iPhone, BlackBerry, and Android Phone. As the result, the market share of Smartphone was increased consecutively. The Company considered that such change may affect the sales volume of handset in the middle market and may have the risk that causes lower market share of the Company. Therefore, the Company also planned and began working to support such change by offering more Smartphone, focuses on handset that can support the operating system of Android OS and 3G services. In addition, the Company, a provider of Mobile Virtual Network Operator (MVNO), provided 3G services to be a part of differentiating i-mobile brand handset. From this operation, sales volume of i-mobile brand as a house brand can be better and can compete with other ones.

- **Mobile Virtual Network Operator (MVNO) Business**

Mobile Virtual Network Operator in recent year has been affected by the uncertainty of network expansion plans from 3G network owner with some difficulties such as coverage of the service area and quality of service. However, Council of Ministers passed the resolution that Telephone Organization of Thailand (TOT) shall expand its 3G network and plan to begin 3G network expansion since the end of first quarter of the year 2011 onward, which will cover more 3G service areas. As the result, the Company’s market plan will be more evident and expand users base as planned. According to the mentioned expansion as well as better service quality resulted that the Company will have sustainable customers which led to Recurring revenue from 3G service that will be the Company’s significant income. Moreover, 3G network expansion of TOT will be the Company’s opportunity to bid for setting up and maintenance mobile network with TOT.

Thailand entered to 3G technology which benefit directly to the content service including application on handset due to the speed of Internet using via Mobile Internet of 3G technology better than 2G technology. It was predicted that 3G technology will enable the market value of the content and application continuously grown likely jumping steps. Therefore, the company foresaw the business opportunity and has been conducting research and development of content and application to add values of the services through 3G to maintain existing market share together with expand into new market. By this, will bring in sustainable company’s servicee revenue in the future.

- **Content Business**

Content business has been changing from existing technology content market to 3G technology. The current technology market must be deemed as a large market with high competition. However, it is entering the saturation of market, seen from the behavior of consumer who uses both voice and non-voice fewer and shorter. These factors were happened by lower demand of existing content including alteration from low and medium priced handsets to higher priced one or Smart phone: high efficiency and easily access to various information. Therefore,

the Company supports the development of new content and application with more attractive functions and features to fulfill new requirements of a customer as well as suitable for premium handset of which increasingly used .

In the part of content for 3G technology, the Company has been preparing by developing from contents which the Company has expertise and be leader in the market such as sports, news, forecast, etc. as well as developing various contents and application to meet the new lifestyle of consumer in the future. These can be seen from the launching of www.showded.com; a top-ranked community website, providing video service, www.edtguide.com, the number one website of lifestyle service to provide eating, drinking, and travelling information, www.horoworld.com, a website developed from the Company's strong content in forecasting category to superior and perfect services. In addition, the Company planned to expand its business to online shopping which is expected to grow substantially in the future.

The key factor of content business supporting both existing and 3G technologies in the future is the "content" itself. The Company focuses on being content owner. Therefore, the Company has been developing and producing its own contents; more than 50% currently, as well as cooperating with content strategic partners both individual and juristic-person through business contracts to build up strength and confidence in present business operation and in the future.

- **System Integration Business**

Since major revenue of this business came from government sector or state enterprise, risk factors, therefore, impacting on business operation were the uncertainty of policy and delay in bidding projects as well as slowing in projects' budget spending of the government or state enterprise. To prevent the such risks, the Company set policy to increase long-term revenue such as rent, service and long-term maintenance in the projects which the company set up systems and equipment. In past 2010, the Company was trusted by State Railway of Thailand to provide service on the Passenger Check-in System (CUTE Check-in) together with equipment and preventive maintenance at Suwannabhummi International Airport station. Pertaining the risk factor in slowing in budget spending of the government and state enterprise, the Company mitigated the risk by distributing customer's bases to various departments/ministries rather than focusing on the only one.

- **ISP & Broadband Business**

Stemming from National Telecommunication Committee (NTC) has been monitoring ISP & Broadband by issuing additional licenses since 2005 both existing and new service providers causing there are over 20 players in the business. Furthermore, NTC's liberalization brings in more benefits to internet users or customers.

Following liberalization and additional service providers resulting in more competition among players inevitably, the major players and media & bandwidth providers took this opportunity to set cheaper price as a competitive strategy. To reduce this risk factor, the Company has strategized its focus on corporate users and government sector to avoid potential price war in the past liberalization era. As being very long-service provider, the Company has more expertise in dealing with the mentioned customer groups than other competitors including a new entrant. Eventhough the Company is an ISP, but most customers are big corporate users requiring quite a lot of internet networks causing the Company can negotiate price with the media & bandwidth provider to reduce operating cost as well as the strategies to form and strongly co-operate with strategic partnerships resulting in the Company is in the position of competitive advantage.

Besides the impacts from liberalization and business competition as above mentioned, advanced internet technology might effect to ISP such as 3G Technology which will be a new option for high-speed internet users, trend of increasing number of users and future expansion of service covered areas of 3G, these will impact to internet service providers in segment of individual users consequently. However, since most of the Company's customers are corporate accounts, so there is no any effect to the Company as the aforementioned reasons.

1.2 Risk from overseas operations

Company currently operates businesses in the Kingdom of Cambodia. Political uncertainty is perceived as one of the key risk. However, for the past couple of years, Cambodia has seen relatively stable political climate and enhanced economic development. Throughout its presence, Company and its management have acquainted themselves of social, economic, political, and business environment. Company is fully aware of unforeseen changes in political, economic situation and has implemented contingency measures thus, minimizing potential impact on business continuity.

Company operates Air Traffic Management business since 2002. Under the existing concession, Company has rights to provide such services till year 2033. The income is derived from domestic and international inbound/outbound and the over flight traffic. Global fluctuations in air traffic have direct impact on the Company's performance. Company has installed state-of-the-art radar system nationwide and it complies strictly with the safety norms issued by international civil aviation organization. Company has not witnessed any material incident/risk from its operations since 2002.

In 2006, Company's subsidiary won a 10 year contract to install and supply 16 MWe of electricity to a Joint Venture Company of Siam Cement Group in Kampot Province of Kingdom of Cambodia. The equipment installation was completed in 2007 and full commercial operations started from January 14, 2008. Company has entered a standard power purchase agreement with off taker, thus have mitigated potential risks.

The total revenue contribution from the Cambodian operation is approximately 5.9% of Group's consolidated revenues in 2010

I-Mobile International

One of the Group subsidiaries, Samart I-Mobile PCL is distributing handsets and content in international markets namely Malaysia, Cambodia and Indonesia. Besides this, Company is also involved in handset trading in countries such as Vietnam, Bangladesh and India. Given its experience in Thailand, Company is aware of handset market dynamics in each country and has taken appropriate steps to promote and price the handsets. In addition to legal regulations related to retail business in each country, Company is also exposed to changes in macro economic, social and political environment. So far Company has not witnessed any material risk from its overseas operations.

2 Financial Risk

2.1 Foreign Exchange Risk

For year 2010, on a consolidated basis, approximately 13.9% of Company's sales & service income were dominated in U.S. Dollar, while 81.1% of its total long-term liabilities (net of current portion) as of December 2010 were denominated in foreign currencies, principally U.S. Dollar. The dollar denominated long-term liabilities which were related to long-term fixed assets (net of current portion) represents 21.5% of total revenues denominated in U.S. Dollars. Company's businesses in Kingdom of Cambodia generate revenues in U.S. Dollars and have liabilities in U.S. Dollars. Part of operating costs of Company's other businesses such as handset sales; antenna manufacturing and system integration are denominated in U.S. Dollar and Euro. Any depreciation of the Thai Baht against these currencies would increase cost on these products and services and vice versa. Having aware of currency fluctuations over the past few years, Company has implemented prudent policy to mitigate risks. As far as Account Payables and Account Receivables are concerned, Company uses derivative instruments to hedge its exposure. In addition, business expansion in foreign countries as mentioned were also the other way to mitigate foreign currency fluctuation risks.

2.2 Risk from liabilities and liquidity of the Company and its subsidiaries

Group's liabilities are of long-term and short-term in nature. Short-term liabilities mainly comprising accounts payables are as per the credit terms with the various suppliers. As credit terms are pre negotiated, Company does not foresee any major risk in meeting its obligations towards operating liabilities. Current portion of long-term loan, which is 6.2% of total liabilities, is the other significant portion. As repayment terms are tied to the cash generating capacity of individual subsidiary, Company closely monitors its cash position and repayment schedule in order to comply such obligations.

Bidding for Government projects is another area where bid bonds are essential depending on the project value. Company has established a sound business relationship with various banking and financial institutions to facilitate bid bond without severely affecting the liquidity of the Company. Company is currently servicing long-term debt according to the terms negotiated with its Creditor. Group subsidiaries that have borrowed funds to finance new projects are also servicing their respective debt obligations according to the terms.

2.3 Interest Rate Risk

Interest rate risk is the risk that derives from unfavorable movements in interest rates thus affecting Company's cash flows. The Company's exposure to interest rate risk relate to its existing indebtedness to Creditors. Any unforeseen movements in interest rates on Thai Baht, and the U.S. Dollars may affect the Company's debt service capacity. Interest rate on long-term borrowings denominated in Thai Baht is Minimum Lending Rate (MLR) minus pre-agreed margins, while U.S. Dollar loan carries an interest rate at LIBOR plus agreed margins. In all the cases, the agreed interest rate structure is floating rates. Through close monitoring, Company is aware of short-term outlook on interest rates. Given any signs of volatility, Company may use derivative financial instruments to hedge such risks.

2.4 Risks from Doubtful Debt

The Company is exposed to Credit risk primarily through trade accounts and notes receivable. The consolidated trade account receivable on December 31, 2010 were Baht 3,983 million of which Baht 364 million were outstanding more than 12 months. This amount comprises of over due account receivable in group subsidiaries. However, Company has also provided Baht 154 million towards doubtful accounts. Company has adopted a prudent policy of evaluating Credit risks of its customers in order to mitigate the risks from doubtful debts. In addition, Company has also initiated efforts to maximize the overdue account receivable collection.

2.5 Risks from Investments in Subsidiaries

Company has invested capital in its subsidiaries. Performance of the Company is related to receipt of dividend income from such subsidiaries. In addition, dividend payments from Company itself are related to the performance and liquidity of its subsidiaries. Any adverse impact on the performance of subsidiaries will result in lower dividend payment by the Company.

To mitigate this risk, Company has policies with regards to investments in existing and new businesses that has assured income, growth potential and hence lower overall risk. In addition, from time to time, Company approves business plan of subsidiaries and investments thru its Board. Company also observes any changes in business conditions of its subsidiaries and takes appropriate actions to mitigate the impact.

Company will pay dividends as per the performance as well as applicable regulations wherever necessary.

2.6 Risks from short term investments in marketable securities

As of December 31, 2010 Company has short term investments of Baht 107 million. As these investments are listed in the stock exchange of Thailand, any adverse movement in the equity market as a result of economic and political issues shall have direct impact on the pricing of these securities. In addition, Company is closely exposed to the risk of performance. In order to mitigate such risks Company monitors and updates information on such investment and takes appropriate action as and when necessary.

Shareholders

As of December 30, 2010, the top ten major shareholders of the Company are:

Name of shareholders	No. of shares held	% of Total Shares ⁽³⁾
1. Vilailuck Group	511,264,770	53.02
- Vilailuck International Holding Co., Ltd. ⁽¹⁾	194,555,300	20.18
- Mr. Watchai Vilailuck	139,267,660	14.44
- Mr. Charoenrath Vilailuck ⁽²⁾	137,043,360	14.21
- Mr. Thananan Vilailuck ⁽²⁾	15,113,150	1.57
- Mrs. Sukanya Vanichjakvong	11,328,150	1.17
- Ms. Sirirak Vilailuck	7,400,900	0.77
- Mrs. Siripen Vilailuck	5,460,250	0.57
- Vilailuck Agricultural Industry Co., Ltd.	1,096,000	0.11
2. Mr. Thaweechat Jurangkul	67,642,800	7.02
3. Mr. Nutthapon Jurangkul	37,823,300	3.92
4. THAI NVDR Co., Ltd.	25,402,501	2.63
5. Mr. Wichai Vachirapong	18,349,900	1.90
6. SMART CORPORATION PCL.	16,065,800	1.67
7. Mr. Sorut Vanitvarakit	12,959,500	1.34
8. STATE STREET BANK AND TRUST COMPANY FOR LONDON	8,525,500	0.88
9. BANGKOK BANK PCL.	7,378,780	0.77
10. Mr. Prakrit Chattrasopon	6,475,200	0.67
Total of top ten Major Shareholders	711,888,051	73.83
Total number of voting rights	964,240,610	100.00
Total number of issued shares	980,306,410	-

Source : Major Shareholders' report as of December 30, 2010 prepared by Thailand Securities Depository Co., Ltd.

⁽¹⁾ A holding company with 7 shareholders and stakeholding as follows :

- Mr. Chareonrath Vilailuck and Mr. Watchai Vilailuck have 20.53% each;
- Mrs. Siripen Vilailuck, Ms. Sirirak Vilailuck, Mr. Thananan Vilailuck and Mrs. Sukanya Vanichjakvong have 13.5% each;
- Mr. Cherdchai Vilailuck has 13.5%

⁽²⁾ Includes holding by spouse and minor child

⁽³⁾ Percentage of shareholding which been calculated from total number of voting rights under the Company's Treasury Stock scheme of which number of shares buy back as of December 30, 2010 was 16,065,800 shares while total number of the scheme will be 48,825,195 shares.

Shareholdings of Samart Corporation Pcl. in Subsidiaries and Affiliated Companies

No.	Company	Type of Business	Registered Capital (Million Baht)	Outstanding Share	Samart's Holdings	
					Amount	%
1.	Samart I-Mobile Pcl. 99/3 Moo 4, Software Park, 33 rd Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-6900	Retailer for Communications Equipment	444	4,301,300,000 (Ordinary)	2,506,764,400	58.28
2.	Samart Mobile Services Co., Ltd. 37/1 Moo 2, Phaholyothin Rd., Klong Nueng, Klongluang, Pathumthanee 12120 Tel. 0-2502-6000 Fax. 0-2502-6496	Wholesale distributor for ICT products	490	49,000,000 (Ordinary)	47,724,999 ⁽¹⁾	97.40
3.	Samart Multimedia Co., Ltd. 99/12 Moo 4, Software Park, 24 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-8136	1. Multimedia contents provider (voice/ non voice) via Multimedia devices 2. Content producer and developer	200	2,000,000 (Ordinary)	1,999,996 ⁽¹⁾	99.99
4.	Samart Interactive Media Co., Ltd. 99/12 Moo 4, Software Park, 24 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-8136	Face-to-face foretell via website, provide training and selling related products	160	16,000,000 (Ordinary)	15,999,994 ⁽²⁾	99.99
5.	I-Sport Co., Ltd. 99/12 Moo 4, Software Park, 24 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-8136	Provide sports information through comprehensive interactive multimedia both in Thailand and overseas	40	4,000,000 (Ordinary)	1,999,996 ⁽²⁾	49.99
6.	Take A Look Co., Ltd. 99/3 Moo 4, Software Park, 33 rd Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-8136	Outdoors electronic media (LED Billboard)	100	10,000,000 (Ordinary)	6,666,659 ⁽²⁾	66.67
7.	I-Mobile International Co., Ltd. 99/3 Moo 4, Software Park, 33 rd Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6200 Fax. 0-2502-8532	Distribution of mobile phones with content services and overseas provider of interactive multimedia services	200	20,000,000 (Ordinary)	19,999,994 ⁽¹⁾	99.99
8.	Samart I-Mobile (Malaysia) Sdn. Bhd. 18 A, Jalan Mutiara Raya, Taman Mutiara, 56000 Kuala Lumpur, Malaysia Tel. 603-2178-9861 Fax. 603-2166-4993	Distribution of mobile phones with content services and provider of entertainment content and interactive multimedia services in Malaysia	5,000,000 (Malasian Ringgit)	2,000,000 (Ordinary)	2,000,000 ⁽³⁾	100.00

No.	Company	Type of Business	Registered Capital (Million Baht)	Outstanding Share	Samar's Holdings	
					Amount	%
9.	PT Samart I-Mobile Indonesia Wisma 46-Kota BNI, Lt.24 Suite 24.01, Jl.Jend Sudirman Kav.1, Jakarta 10220, Indonesia Tel. 62-21-5785-1986 Fax. 62-21-5785-1874	Distribution of mobile phones with content services and provider of entertainment content and interactive multimedia services in Indonesia	500,000 (USD)	500,000 (Ordinary)	499,000 ⁽³⁾	99.80
10.	Samart I-Mobile (Hong Kong) Co., Ltd. 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong Tel. 852-2980-1888 Fax. 852-2956-2192	Distribution of mobile phone with content services and provider of entertainment content and interactive multimedia services in Hong Kong	5,000,000 (HK\$)	5,000,000 (Ordinary)	5,000,000 ⁽³⁾	100.00
11.	I-Mobile Plus Co., Ltd. 99/13 Moo 4, Software Park, 23 rd Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6200 Fax. 0-2502-8532	Telecommunication service, and be agent for such services	100	10,000,000 (Ordinary)	9,999,993 ⁽¹⁾	99.99
12.	Brain Source Co., Ltd. 99/12 Moo 4, Software Park, 24 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-8136	Mobile phone application research and development	1	10,000 (Ordinary)	9,993 ⁽¹⁾	99.93
13.	I-Mobile Inter Trade Co., Ltd. 99/3 Moo 4, Software Park, 33 rd Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6200 Fax. 0-2502-8532	Export of mobile phones with content services and other product of the Company as well as provide entertainment contents	5	500,000 (Ordinary)	499,993 ⁽³⁾	99.99
14.	Samart Telcoms Pcl. 99/7 Moo 4, Software Park, 29 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6605	1. Multimedia communication service via satellite 2. High Speed Multimedia Network rental service 3. IT and Communication system distribution and installation service	738	603,323,500 (Ordinary)	419,114,990	69.47
15.	Samart Communication Services Co., Ltd. 36/28-35 Ngamwongwan Rd., Ladyao, Chatuchak, Bangkok 10900 Tel. 0-2589-1047, 0-2953-0100 Fax. 0-2953-1919	Design, install and maintenance ICT networks and services	500	5,000,000 (Ordinary)	4,999,994 ⁽⁴⁾	99.99
16.	Samart Comtech Co., Ltd. 99/5 Moo 4, Software Park, 31 st Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-6973	Design and Installation of Telecommunication networks	225	2,250,000 (Ordinary)	2,249,995 ⁽⁴⁾	99.99

No.	Company	Type of Business	Registered Capital (Million Baht)	Outstanding Share	Samar's Holdings	
					Amount	%
17.	Oasis Consulting Co., Ltd. 287 Liberty Square Bldg., Level 20 Silom Rd., Bangrak, Bangkok 10500 Tel. 0-2631-1988 Fax. 0-2631-1954	Software Consulting, Programming, Installation and implementation of SAP and any other computer systems	10	100,000 (Ordinary)	70,000 ⁽⁴⁾	70.00
18.	Samar Broadband Services Co., Ltd. 99/7 Moo 4, Software Park, 29 th Fl., Chaengwattana Rd., Klong Gluar Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6605	Data service on local high-speed network	221	22,100,000 (Ordinary)	22,099,993 ⁽⁴⁾	99.99
19.	Thai Trade Net Co., Ltd. 99/27 Moo 4, Software Park, 8 th Fl., Chaengwattana Rd., Klong Gluar Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6764	Electronic Data Interchange (EDI) with total value added services	53	5,300,000 (Ordinary)	5,299,993 ⁽⁴⁾	99.99
20.	Posnet Co., Ltd. 1 Eastwater Building, 19 th Fl., Vipavadeerangsit Soi 5, Vipavadeerangsit Rd., Jomphol, Jatujak, Bangkok 10900 Tel. 0-2272-2626 Fax. 0-2272-2618	Fully-integrated consultancy and installation service for Electronic Payment network	72	7,200,000 (Ordinary)	7,199,993 ⁽⁴⁾	99.99
21.	IT Gen 2 Lao Thong Seng Plaza, 2 nd Fl., 224-225, Soi Suksawat 33, Ratburana, Ratburana, Bangkok 10140 Tel. 0-2427-9830-1 Fax. 0-2427-9830	Distributor of IT and telecommunication equipment	15.6	624,375 (Ordinary)	624,373 ⁽⁴⁾	99.99
22.	Samar Ed Tech Co., Ltd. 99/7 Moo 4, Software Park, 29 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6605	Total E-education business by providing instructional design, courseware production, outsourcing and consulting, on-line e-learning software	20	200,000 (Ordinary)	199,997 ⁽⁴⁾	99.99
23.	Samar Research & Development Co., Ltd. 99/5 Moo 4, Software Park, 31 st Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2953-0101 Fax. 0-2953-1923	Research and development of telecommunication products	20	4,000,000 (Ordinary)	3,999,994	99.99
24.	Samar Infonet Co., Ltd. 99/6 Moo 4, Software Park, 30 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-8458 Fax. 0-2505-8465	Internet services	62	6,200,000 (Ordinary)	6,173,294 ⁽⁴⁾	99.57

No.	Company	Type of Business	Registered Capital (Million Baht)	Outstanding Share	Samart's Holdings	
					Amount	%
25.	Smarterware Co., Ltd. 99/25 Moo 4, Software Park, 10 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6577 Fax. 0-2502-6600	Software Developer and provide service and consultation for telecommunication hardware and software	10	100,000 (Ordinary)	99,993 ⁽⁴⁾	99.99
26.	Cambodia Air Traffic Services Co., Ltd. CATS Building, Opposite Phnom Penh International Airport, Russian Federation Blvd, Sangkat Kakab, Khan Dangkor, Phnom Penh, Kingdom of Cambodia Tel. 855-23-866294 Fax. 855-23-890214	Provide air traffic control services in Cambodia	2,500,000 (USD)	250,000 (Ordinary)	250,000 ⁽⁷⁾	100.00
27.	Kampot Power Plant Co., Ltd. CATS Building, Russian Union Boulevard, Sangkat Kakab, Khan Dangkor, Phnom Pehn, Kingdom of Cambodia Tel. 855-23-866294 Fax. 855-23-890214	Electric Generating supply to Kampot Cement factory in Cambodia, an affiliate of Siam cement	5,000,000 (USD)	500,000 (Ordinary)	500,000 ⁽⁷⁾	100.00
28.	Cambodia Samart Co., Ltd. CATS Building, Opposite Phnom Penh International Airport, Russian Federation Blvd., Sangkat Kakab, Khan Dangkor, Phnom Penh, Kingdom of Cambodia Tel. 855-23-866294 Fax. 855-23-890214	Distribute telecommunication equipment in Cambodia	50,000,000 (Riel)	100 (Ordinary)	49	49.00
29.	Samart International Co., Ltd. 99/2 Moo 4, Software Park, 34 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-6176	Distribute telecommunication products in international market	6.25	1,250,000 (Ordinary)	1,249,994	99.99
30.	Suvarnabhumi Environment Care Co., Ltd.* 99/2 Moo 4, Software Park, 34 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2134-3558 Fax. 0-2134-3558 Ext. 222	Total Waste Management Solution in Suvarnabhumi Airport including construction of building, providing of equipment and implementation of Waste Management System	50	5,000,000 (Ordinary)	4,499,994	89.99
31.	One To One Contacts Co., Ltd. 1 Eastwater Building, 11-12 th Fl., Vipavadeerangsit Soi 5, Vipavadeerangsit Rd., Jomphol, Jatujak, Bangkok 10900 Tel. 0-2975-5090 Fax. 0-2984-7760	Total customer management solutions both turnkey implementation as well as outsourced contact center management	100	10,000,000 (Ordinary)	9,599,997 200,000 ⁽⁵⁾ 100,000 ⁽⁶⁾ 100,000 ⁽⁴⁾	95.99 2.00 1.00 1.00

No.	Company	Type of Business	Registered Capital (Million Baht)	Outstanding Share	Samarth's Holdings	
					Amount	%
32.	Vision and Security System Co., Ltd. 99/2 Moo 4, Software Park, 34 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-8589	Distribution, installation and maintenance of Security Systems and Communication	20	2,000,000 (Ordinary)	1,399,996	69.99
33.	Samart Engineering Co., Ltd. 59 Moo 2, Phaholyothin Rd., Klong Nuang, Klongluang, Pathumthanee 12120 Tel. 0-2516-8711-4 Fax. 0-2516-5113	Manufacture and distribution of television and radio antennas and satellite dishes	250	2,500,000 (Ordinary)	2,499,994	99.99
34.	Contact-In-One Co., Ltd. 99/3 Moo 4, Software Park, 33 rd Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2516-8711-4 Fax. 0-2516-1045	Institution for satellite dishes installation training	1	100,000 (Ordinary)	99,993 ⁽⁶⁾	99.99
35.	Samart Inter Holding Co., Ltd. Level 25 Three Pacific Place, 1 Queen's Road East, Hong Kong Tel. 852-2980-1600 Fax. 852-2956-2192	A regional holding company for overseas infrastructure investment in Indo China	20,000,000 (USD)	20,000,000	20,000,000	100
36.	Samart Raditech Co., Ltd. 99/2 Moo 4, Software Park, 34 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6326 Fax. 0-2502-6584	Provide radiation technology service and project management	80	8,000,000	7,999,993	99.99
37.	One To One Professional Co., Ltd. 126/92-95 C.M. Tower, 24 th Fl., Krungthonburi Rd., Banglumphulung, Klong San, Bangkok Tel. 0-2685-0059 Fax. 0-2685-0050	Provide consult recruitment and staffing management for customer service business	1	100,000 (Ordinary)	99,997 ⁽⁸⁾	99.99

Remark :

- (1) Held by Samart I-Mobile Pcl.
 (2) Held by Samart Multimedia Co., Ltd.
 (3) Held by I-Mobile International Co., Ltd.
 (4) Held by Samart Telcoms Pcl.
 (5) Held by Samart Comtech Co., Ltd.
 (6) Held by Samart Engineering Co., Ltd.
 (7) Held by Samart Inter Holding Co., Ltd.
 (8) Held by One To One Contacts Co., Ltd.

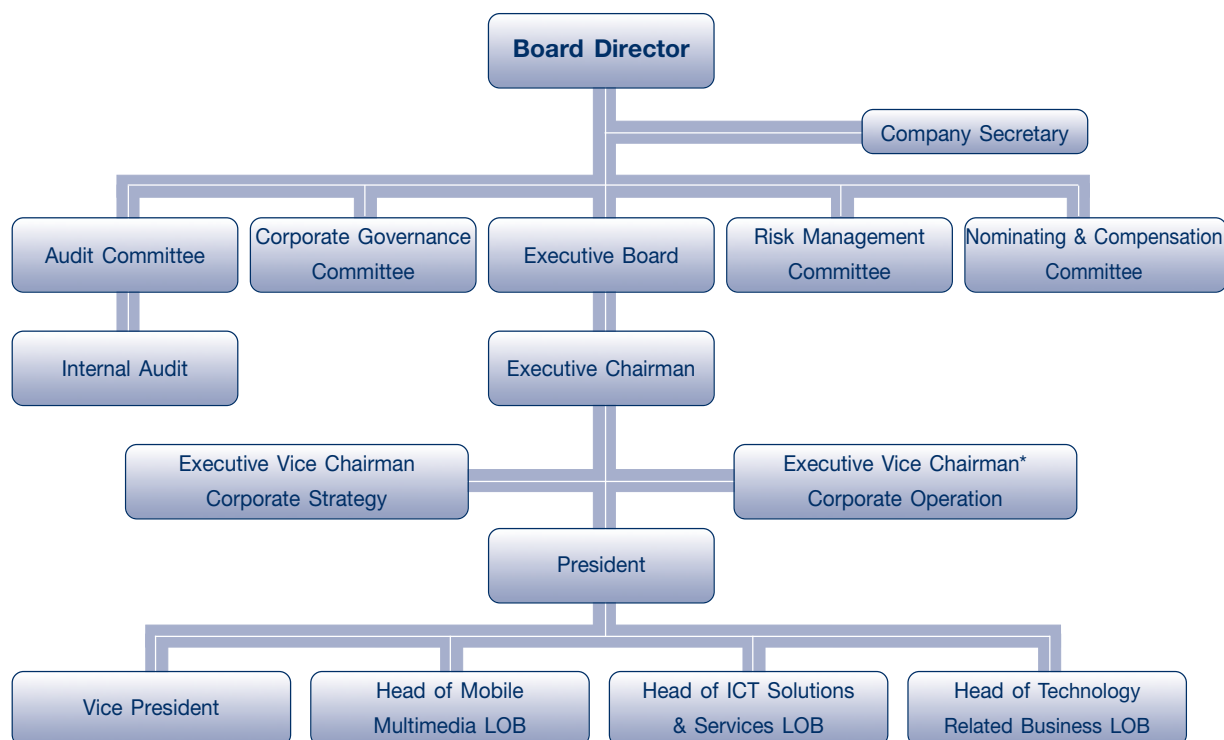
* Suvarnabhumi Environment Care Co., Ltd. ("SEC") is in process of transferring its operation to Suvarnabhumi Environment Services Co., Ltd. a new company with same conditions as SEC, due to technical problem

Management

1. Management Structure

The Company's management structure comprised of 6 Committees, Board of Directors, Executive Board, Audit Committee, Corporate Governance Committee, Nominating & Compensation Committee, and Risk Management Committee.

Corporate Structure



Remark: ^(*) Accounting Director and Finance Executive Director are under governance of Corporate Operation Executive Vice Chairman

1) Board of Directors as of December 31, 2010

Mr. Cherdchai	Vilailuck	Honorable Chairman
1. Dr. Tongchat	Hongladaromp	Chairman (Independent Director / Audit Committee Member)
2. Mr. Pradang	Prichayangkun	Vice Chairman (Independent Director / Chairman of the Audit Committee)
3. Mr. Seri	Suksathaporn	Director (Independent Director / Audit Committee Member)
4. Mr. Aran	Promrata	Director (Independent Director / Audit Committee Member)
5. Mrs. Siripen	Vilailuck ^(*)	Director
6. Mr. Charoenrath	Vilailuck	Director (Executive Director)
7. Mr. Watchai	Vilailuck	Director (Executive Director)
8. Mr. Sirichai	Rasameechan	Director (Executive Director)
9. Mr. Pairote	Varophas	Director (Executive Director)
10. Mr. Prinya	Waiwatana	Independent Director
Mrs. Vorapin	Isaradharm	Company Secretary

Remark: ^(*) Representative director from Vilailuck International Holding Co., Ltd. a major shareholder with 20.18% stake holding (as of December 31, 2010).

The number of directors is in line with the Company's Articles of Associations that the Board of Directors should have at least 7 members, but not exceeding 15 members in total. Not less than one half of such members shall have residence within the Kingdom and the directors of the Company shall have qualification as specified by law.

Restriction of Power of the Directors

"Mr. Charoenrath Vilailuck jointly signs with Mr. Watchai Vilailuck, totaling two persons and affix the Company's seal or either Mr. Charoenrath Vilailuck or Mr. Watchai Vilailuck jointly signs with Mr. Sirichai Rasameechan or Mr. Pairote Varophas, totaling two persons and affix the Company's seal."

Qualifications of Director

1. Has qualifications which comply to Public Company Act B.E. 2535, regulations of the Stock Exchange of Thailand ("SET"), Securities and Exchange Commission ("SEC"), and Company's Articles of Association and any other related laws;
2. Does not run any business, which is competed with the Company, and not being a shareholder of any legal entities whose business is the Company's competitors except obtained approval from the shareholders;
3. Should have leadership, vision, and independent consideration for best benefit of the Company and the shareholders;
4. Has various knowledge, experience, and specific skill that suitable for the Company business;
5. Integrity;
6. Having sufficient time for fully participated as a Director of the Company.

Qualifications of Independent Director

1. Holding not more than 1 percent of the total number of voting rights of the Company, parent company, subsidiaries, affiliates or juristic person which may have conflicts of interest, including the shares held by related persons of the independent director;
2. Neither being nor having been Executive director, employee, staff or an adviser who receives a regular salary; or a controlling person of the Company, subsidiaries, affiliates, same-level subsidiaries, major shareholder or controlling person of the Company or juristic person who may have conflicts of interest unless the foregoing status has ended not less than two years prior to the date of application filing with the office;
3. Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executives or controlling persons of the Company or its subsidiaries;
4. Neither being nor having a business relationship with the Company, subsidiaries, affiliates or juristic person who may have conflicts of interest, including professional/business advisor which been specified by SEC unless either the foregoing status has ended not less than two years prior to the date of application filing with the office or the transaction is irregular and reasonable. The independent director, during his post, may have relation with the Company over the level set by SEC but prior the transaction, an unanimous approval by the Board of Directors is required;
5. Not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholder who is related to the Company's major shareholder;
6. Not undertaking any business in the same nature and in significant competition to the business of the Company or subsidiaries or not being a partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding 1 percent of the total number of shares with voting rights of other company which undertakes business in the same nature and in significant competition to the business of the Company or subsidiaries.
7. Not having any characteristic which make him incapable of expressing independent opinions with regard to the Company's business affairs.

Terms of positions

Pursuant to the Public Company Act B.E. 2535, at first Annual General Meeting of Shareholders after the registration of the Company and at the first Annual General Meeting of Shareholders in every subsequent year one-third of the directors, who have been longest in office, shall retire. The retired directors are eligible to be re-elected for another term by obtaining majority vote from the Nominating & Compensation Committee. However the independent directors shall be in post no longer than 3 terms except getting a unanimous approval from the Nominating & Compensation Committee due to his/her contribution to the Company and the Committee ensures that the extra term will not cause or impact to the independent of such director as well as obtain an approval from Board of Directors and/or the Company's shareholders.

Roles and Responsibilities of Directors

1. Conduct business with responsibility, due care, and integrity uphold the duties according to the law, and Company's objectives, Articles of Association, resolutions of the Board of Directors and shareholders' meeting;
2. Formulate policies and directions for the Company's operations. The Board must also supervise managerial and administrative departments to deliver all policies with effectiveness and efficiency;
3. Appoint directors and Audit Committee members who retire by rotation as well as consider the remuneration package for such directors and committee members, which are proposed by Nominating & Compensation Committee, prior to propose for further consideration of the shareholders;
4. Appoint committees to oversee administrative process and internal system to coincide with Company's policies, i.e. Executive Board, Risk Management Committee, Corporate Governance Committee, and Nominating & Compensation Committee etc. For the appointment of Audit Committee members, the Nominating & Compensation Committee will nominate appropriated candidates propose to the Board of Directors prior to propose for further consideration of the shareholders;
5. Appoint and consider remuneration package, proposed from the Nominating & Compensation Committee, for top executives of the Company; and Company Secretary;
6. Summarize annual budget and financial statements of the Company for every fiscal year's ended period. Authorize the statements and present them during the Annual General Meeting of Shareholders for further consideration;
7. Nominate appropriated persons with remuneration for further consideration and approval of shareholders for the appointment of the Company's auditors;
8. Ensure the Company's to have written Corporate Governance Policy and Business Ethic as well as to ensure that there will be no conflicts of interest at the same time to establish systematic plans for internal control and risk management;
9. Ensure that good corporate governance is implemented to demonstrate Company's commitment to operate the business with ethics and to bring fair treatment to all stakeholders;
10. In case of entering into any direct or indirect transaction with the Company and subsidiaries, such director has to immediately inform his/her or related parties' personal interest to the Company.

2) Audit Committee members ^(*) as of December 31, 2010

- | | | |
|-----------------|---------------|--|
| 1. Mr. Pradang | Prichayangkun | Chairman of the Audit Committee (Independent Director) |
| 2. Dr. Tongchat | Hongladaromp | Member (Independent Director) |
| 3. Mr. Aran | Promrata | Member (Independent Director) |
| 4. Mr. Seri | Suksathaporn | Member (Independent Director) |

Remark: ^() Audit Committee members comprise of not less than 3 members, all of them have sufficient experience to review the company's financial statement. Experience of the directors described in "Directors and Management"*

Qualifications of Audit Committee

1. Has been appointed from the Board of Directors and/or the shareholders
2. The Members of the Audit Committee have to be the Independent directors qualification from the SEC.
3. Not being a person who has been empowered by the Board of Directors for any decision in the business operation of the Company Parent, Parent Company, Subsidiary or affiliated Companies, Same-Level of Subsidiaries as well as any juristic person, major shareholder, or controlling person of the Company.
4. Not being a director in parent Company Subsidiaries and any same-Level of Subsidiaries which is a listed Company.
5. Having sufficient knowledge, experience, and time to perform duties as the Audit Committee members.
6. At least one member of the Audit Committee should have sufficient knowledge and experience to review the financial statement credibility and the Company has to put his/her name in the filing of 56-1 and 56-2. In addition, such qualification also has to be put in the committee certified letter which will be submitted to SET.

Terms of positions

Term of the Audit Committee members is three years. All members shall be in post no longer than 3 terms except getting a unanimous approval from the Nominating & Compensation Committee and the Committee ensures that the extra term will not cause or impact to the independent of such director as well as obtain an approval from Board of Directors and/ or the Company's shareholders.

Roles and Responsibilities of the Audit Committee

1. Review the Company's financial statement to ensure its accuracy and adequacy;
2. Ensure that the Company has an appropriate and efficiency internal control, internal audit system; and consider the independence of the internal audit as well as to appoint, rotate or dismiss chief of internal audit of the Company or any other related function who takes responsibilities to internal audit;
3. Ensure that the Company has complied to the Securities and Exchange Act, regulations of SEC/SET and any other related regulations;
4. Nominate appropriated and independent persons with remuneration for further consideration and approval of the Board of Directors and shareholders for the appointment of the Company's auditors;
5. Arrange meeting with auditors without the management of the Company at least once a year;
6. Review, comment and ensure that all connected transactions and any other conflict of interest transactions have been complied to laws, and regulations of SET/SEC as well as to ensure that the transactions are reasonable with best benefit to the Company;
7. Provide the Audit Committee report for disclosure in the annual report of the Company with minimum contents as required by regulations of SET/SEC;
8. Consider any other activities assigned by the Board of Directors.

3) Executive Board members as of December 31, 2010

- | | |
|-----------------------------------|--------------------|
| 1. Mr. Charoenrath Vilailuck | Executive Chairman |
| 2. Mr. Watchai Vilailuck | Member |
| 3. Mr. Sirichai Rasameechan | Member |
| 4. Mr. Pairote Varophas | Member |
| 5. Mr. Lai Ki Tong ^(*) | Member |
| 6. Mr. Thananan Vilailuck | Member |

Remark: ^() Has resigned from Executive Board member on January 31, 2011.*

Terms of positions

Term of the Executive Board members is one year. The Nominating & Compensation Committee will annually consider and select appropriate persons from the members of the Board of Directors and the management proposes for further consideration and approval of the Board of Directors for the appointment in its first meeting after the Annual General Meeting of Shareholders. However, the retired members are eligible to be re-elected for another term. CEO of the Company will be the Chairman of the Committee.

Roles and Responsibilities of the Executive Board

1. Consider business plan, direction and structure as well as the Company's, strategies, and delegation of authorities for further approval of the Board of Directors;
2. Monitor, audit and set the management policies for efficiency and productivities as well as to conform with the instruction of the Board of Directors;
3. Consider and approve annual budget of the Company for further approval of the Board of Directors;
4. Consider remuneration policy and salary structure propose to the Nominating & Compensation Committee for consideration prior to further consideration of the Board of Directors;
5. Consider entering into any transactions binding the Company within its authorities under the Company's Delegation of Authorities;
6. Consider any other activities according to the assignment from the Board of Directors.

The delegation authorities of the Executive Board should not be delegated or further assigned that authorize the Executive Board or its attorney to approve any connected transactions between themselves or any persons who may have conflict of interest (according to the concept of conflict of interest of the SEC's notification) with the Company or subsidiaries except such transactions are handled in line with the connected transaction procedure or policy which been approved by the Board of Directors of the Company. The connected transaction has to be considered and approved either by the Company's Board of Directors or shareholders' meeting to be complied with regulations of SET/SEC or any related laws and regulations.

4) Corporate Governance Committee members as of December 31, 2010

- | | | |
|-----------------|---------------|---|
| 1. Mr. Seri | Suksathaporn | Chairman of the Corporate Governance Committee (Independent Director) |
| 2. Mr. Pradang | Prichayangkun | Member (Independent Director) |
| 3. Mr. Prinya | Waiwatana | Member (Independent Director) |
| 4. Mr. Sirichai | Rasameechan | Member |

Terms of positions

Term of the Corporate Governance Committee members is one year. The Nominating & Compensation Committee will annually consider and select appropriate persons from the members of the Board of Directors and/or any qualified candidates propose for further consideration and approval of the Board of Directors for the appointment in its first meeting after the Annual General Meeting of Shareholders. However, the retired members are eligible to be re-elected for another term. In addition, the Chairman of the Committee has to be nominated from the Company's Independent Director.

Roles and Responsibilities of the Corporate Governance Committee

1. Responsible for governing and monitoring business operation and committees' activities as well as management and employees of the Company to strictly comply with law and related regulations;
2. Ensure that good corporate governance is being conducted at all level in accordance to legal requirements, Company's policies and other related authorities;
3. Formulate and review the Company's rules concerning good corporate governance;
4. Provide suggestions relevant to ethical practices to the Board, management and employees of the Company;
5. Yield continuity and appropriate regulations in carry out good corporate governance;
6. Report to the Board the recommendations for improvement on the Corporate Governance of the Company as appropriate.

5) Nominating & Compensation Committee members as of December 31, 2010

- | | | |
|-----------------|---------------|--|
| 1. Dr. Tongchat | Hongladaromp | Chairman of the Nominating & Compensation Committee (Independent Director) |
| 2. Mr. Pradang | Prichayangkun | Member (Independent Director) |
| 3. Mr. Seri | Suksathaporn | Member (Independent Director) |
| 4. Mr. Aran | Promrata | Member (Independent Director) |

Terms of positions

In every subsequent year, one-third of the Nominating & Compensation Committee's members, who have been longest in office, shall retire. The retired members are eligible to be re-elected for another term by obtaining majority vote from the Board of Directors. In case of vacancy, the Nominating & Compensation Committee will consider an appropriate person for the replacement and propose to the Board of Directors for further consideration.

Roles and Responsibilities of the Nominating & Compensation Committee

1. Recruit, select, and nominate appropriate candidates for independent directors, Chairman of the Boards, Board members proposed to consideration of Board of Directors and/or further approval of the shareholders when those positions are vacant due to termination of terms or other reasons;
2. Select, and nominate appropriate candidates for members of the committee, of CEO top management and company secretary proposed for consideration of the Board of Directors when such position is vacant as well as propose criteria for selecting candidates for the succession plan;
3. Propose to the Board of Directors the guidelines and reasonable remuneration packages for all members of the Boards and executives of which must be complimented to their duties, conform to Company's operating performance and market's atmosphere;
4. Evaluate Company's performance for consideration of the annual bonus and merit increase;
5. Review the Company's salary structure and any other remuneration.

6) Risk Management Committee members as of December 31, 2010

1.	Mr. Charoenrath Vilailuck	Chairman of the Risk Management Committee
2.	Mr. Watchai Vilailuck	Chief Operating Member
3.	Mr. Sirichai Rasameechan	Member
4.	Mr. Pairote Varophas	Member
5.	Mr. Lai Ki Tong	Member
6.	Mr. Sommai Damnoenkiat	Member
7.	Mrs. Sukanya Vanichjukwong	Member
8.	Mr. Thananan Vilailuck	Member
9.	Mr. Jong Diloksombat	Member
10.	Mr. Prasitchai Veerayuttwilai	Member

Terms of positions

Term of members of the Risk Management Committee is one year. The Nominating & Compensation Committee will annually consider and select appropriate persons from the members of the Board of Directors and/or any qualified candidates propose for further consideration and approval of the Board of Directors for the appointment in its first meeting after the Annual General Meeting of Shareholders. However, the retired members are eligible to be re-elected for another term. The nominated committee's members will appoint the chairman of Risk Management Committee from the committee's members.

Roles and Responsibilities of the Risk Management Committee

1. Establish clear business objectives, identify, analyze, assess significant risks and formulate risk strategies;
2. Develop risk management standards and practices in the areas for which they are accountable;
3. Ensure that these practices are fully communicated to and have active support of all employees;
4. Ensure that the management has regularly, continually and systematically identify and analyze risk exposures, which may have, to cover all processes of the business;
5. Support and develop to have the management and all employees to continually aware of risk management as well as to ensure the Company's Risk Management Policy is complied with the international standard.

Management of the Company as of December 31, 2010

1.	Mr. Charoenrath Vilailuck	Executive Chairman
2.	Mr. Watchai Vilailuck	President
3.	Mr. Sirichai Rasameechan	Executive Vice Chairman
4.	Mr. Pairote Varophas	Executive Vice Chairman / Acting Chief Operating Officer of ICT Solutions & Services LOB
5.	Mr. Lai Ki Tong ^(*)	Vice President
6.	Mr. Thananan Vilailuck	President of Mobile Multimedia LOB

Remark: ^(*) Has resigned from Vice President on January 31, 2011.

Roles and Responsibilities of Chief Executive Officer

1. General operation management and control in business of the Company to comply with its objectives, policy and the Articles of Association;
2. Consideration in business investment plans prior to propose for the Executive Board and the Board of Directors for further approval;
3. Entering into any transaction binding the Company conforming to the Company's Delegation of Authorities;
4. Carry out any assignment from the Board of Directors and/or the shareholders of the Company.

The delegation authorities of the Chief Executive Officer should not be delegated or further assigned that authorize the CEO or its attorney to approve any connected transactions between themselves or any persons who may have conflict of interest (according to the concept of conflict of interest of the SEC's notification) with the Company or subsidiaries except such transactions are handled in line with the connected transaction procedure or policy which been approved by the Board of Directors of the Company shareholders' meeting to be complied to regulations of SET/ SEC or any related laws and regulations.

2. Nomination of Directors and Management

The Nominating & Compensation Committee has been appointed by the Board of Directors in order to select, and nominate appropriate candidates for positions of Chairman of the Board, members of the Board and other committees, CEO, other executives and company secretary as well as consider the appropriate remuneration for such directors and management. Whenever the position of directors are vacant, the Nominating & Compensation Committee will select and nominate the appropriate candidates for such position propose to the Board of Directors for approval and for further approval of the shareholders in case of vacancy by rotation or appointing of new director. The elected directors should obtain majority vote from shareholders who attend the meeting and have voting right. Each shareholder shall have one vote on each share. In voting, a shareholder shall vote in accordance with the number of votes each shareholder has for one or several directors. The said shareholder may not allot any number of his/her votes to any person. For election of independent directors, the Nominating & Compensation Committee will nominate any person who is fully complied with the qualifications of Independent Directors under the Company's policy as well as complying to such requirements of SEC/ SET as a minimum. Moreover, the Board of Directors of the Company has also appointed other committees to help the Board on its business either audit or consideration any significant matters. Such Committees are Executive Board, Audit Committee, Risk Management Committee, Corporate Governance Committee and Nominating & Compensation Committee. The nomination of members of the committee will be selected and nominated by the Nominating & Compensation Committee prior to propose for consideration of the Board of Directors and/or shareholders of the Company.

Executive Succession Plan

The Company is aware of the importance of executive succession plan when any executive position is vacant. In order to create confidence for investors, shareholders and employees on the continuity operation of the Company, an Executive Succession Plan has been considered. The potential candidate will be selected, trained and developed to be ready to accommodate the vacant position in the future.

3. Remuneration of Directors and Management

- **Directors' Remuneration**

Policy of Directors' Remuneration has been clearly and transparently set to be comparable to the general practice in same industry and be appealing enough to attract and retain qualified directors. The directors who also be appointed to be the member of any sub Committees will be paid appropriately more in accordance with the extra work. The Nominating & Compensation Committee will consider the remuneration and propose for consideration of the Board of Directors prior to further approval from the shareholders. The Shareholders in the Annual General Meeting 2010 approved remuneration for directors of the Company and Committees' members at the amount of not exceeding Bath 5.6 million. Details of remuneration are as follows:

Board of Directors

- Chairman Baht 30,000 per meeting
- Director Baht 15,000 per meeting

Audit Committee, Nominating & Compensation Committee and Corporate Governance Committee

- Chairman Baht 20,000 per meeting
- Director Baht 15,000 per meeting

- **Management's Remuneration**

Remuneration for the management will be determined in accordance with the principles and policy set by the Nominating & Compensation Committee which be related to the performances of the Company and each management.

1. Total Remuneration in 2010 : Total remuneration paid to directors and management in 2010 was as follows :

1.1) 2010 Cash & Non-Cash Remuneration for Directors and Committees' Members

- 2010 Remuneration for existing Directors and Committees' members of Samart Corporation Pcl.

Directors	Cash Remuneration						Non-Cash Remuneration
	Meeting Allowance (Baht)				Performance Bonus ⁽²⁾ (Baht)	Total Amount (Baht)	Warrants (Unit) ⁽³⁾
	Board of Directors ⁽¹⁾	Audit Committee	Corporate Governance Committee	Nominating & Compensation Committee			
1. Dr. Tongchat Hongladaromp Chairman / Independent Director	210,000	60,000	-	60,000	250,000	580,000	500,000
2. Mr. Pradang Prichayangkun Vice Chairman / Independent Director	105,000	120,000	30,000	45,000	200,000	500,000	500,000
3. Mr. Seri Suksathaporn Director / Independent Director	105,000	90,000	40,000	45,000	200,000	480,000	500,000
4. Mr. Aran Promrata Director / Independent Director	105,000	90,000	-	45,000	200,000	440,000	500,000
5. Mrs. Siripen Vilailuck Director	105,000	-	-	-	200,000	305,000	500,000
6. Mr. Charoenrath Vilailuck Director	105,000	-	-	-	200,000	305,000	500,000
7. Mr. Watchai Vilailuck Director	105,000	-	-	-	200,000	305,000	500,000
8. Mr. Sirichai Rasameechan Director	105,000	-	30,000	-	200,000	335,000	500,000
9. Mr. Pairote Varophas Director	105,000	-	-	-	200,000	305,000	500,000
10. Mr. Prinya Waiwatana ⁽⁴⁾ Director / Independent Director	45,000	-	15,000	-	-	60,000	-
11. Mr. Azwan Khan Bin Osman Khan ⁽⁵⁾ Director	45,000	-	-	-	200,000	245,000	500,000
12. Mr. Reza Bin Abdul Rahim ⁽⁵⁾ Director	15,000	-	-	-	200,000	215,000	500,000
Total	1,155,000	360,000	115,000	195,000	2,250,000	4,075,000	5,500,000

Remark: ⁽¹⁾ The 2010 meeting allowance is for 6 meetings of the Board of Directors and 1 meeting of the Annual General Meeting of Shareholders 2010;

⁽²⁾ 2009 performance Bonus paid to Directors in 2010. There was 1 new director who has been appointed in 2010 did not received performance bonus;

⁽³⁾ The Company had issued 30,000,000 units of warrant offering to the Company's directors and the employees of the Company and its non-listed subsidiaries on May 29, 2009. Each directors has been allocated 500,000 units of warrants totaling to 5,500,000 units of which equivalent to 18.33 percent of the total issued warrants .The warrants have 5 years maturity period and can be exercised from the 1st-5th year at 10,15,20,25 and 30 percent respectively;

⁽⁴⁾ Has been appointed as a Company's Director and Committee Member during the year, meetings participation were less than other who have full year contribute;

⁽⁵⁾ Has resigned from Directorship on December 23, 2010.

1.2) 2010 Cash & Non-Cash Remuneration of the Executive Board and Management

Remuneration	Number of Persons	Total Amount
Salary ⁽¹⁾	6	19,899,078 (Baht)
Bonus ⁽¹⁾	6	2,118,617 (Baht)
Provident Fund ⁽¹⁾	6	1,443,000 (Baht)
Warrants ⁽²⁾	6	11,500,000 (Unit)

Remark: ⁽¹⁾ The figures presented Salary, Bonus and Provident Fund for executives and management paid by the Company only. There were total 6 executives and management in 2010 with payment for 3 executives paid by the Company while other 1 executives received from other listed subsidiaries under other line of businesses and the other 2 received partial from the Company and from other listed subsidiaries i.e. Mr. Watchai Vilailuck received partial payment from the Company, Samart I-Mobile Pcl. and Samart Telcoms Pcl. as well as Mr. Pairote Varophas received partial payment from the Company and Samart Telcoms Pcl;

⁽²⁾ The Company had issued 30,000,000 units of warrant offering to the Company's directors and the employees of the Company and its non-listed subsidiaries on May 29, 2009. The executives board and management have been allocated 11,500,000 units of which equivalent to 38.33 percent of the total issued warrants .The warrants have 5 years maturity period and can be exercised from the 1st-5th year at 10,15,20,25 and 30 percent respectively.

2. Total Remuneration of Major subsidiaries in 2010 :

2.1) 2010 Cash & Non-Cash Remuneration for Directors and Committees' Members of Samart I - Mobile Pcl.

- 2010 Remuneration for existing Directors and Committees' members of Samart I-Mobile Pcl.

Directors	Cash Remuneration						Non-Cash Remuneration
	Meeting Allowance (Baht)					Total Amount (Baht)	Warrants (Unit) ⁽²⁾
	Board of Directors	Audit Committee	Corporate Governance Committee	Nominating & Compensation Committee	Performance Bonus ⁽¹⁾ (Baht)		
1. Prof. Suphachai Phisitvanich Chairman / Independent Director	210,000	75,000	-	-	250,000	535,000	3,000,000
2. Dr. Chotivid Chayavadhanangkur Director / Independent Director	105,000	100,000	30,000	30,000	200,000	465,000	3,000,000
3. Mr. Kunthit Arunyananda Director / Independent Director	105,000	75,000	20,000	45,000	200,000	445,000	3,000,000
4. Mr. Charoenrath Vilailuck Director	105,000	-	-	-	200,000	305,000	3,000,000
5. Mr. Watchai Vilailuck Director	105,000	-	-	-	200,000	305,000	3,000,000
6. Mr. Thananan Vilailuck Director	105,000	-	-	-	200,000	305,000	3,000,000
7. Mr. Jong Diloksombat Director	105,000	-	20,000	-	200,000	325,000	3,000,000

Directors	Cash Remuneration						Non-Cash Remuneration
	Meeting Allowance (Baht)				Performance Bonus ⁽¹⁾ (Baht)	Total Amount (Baht)	Warrants (Unit) ⁽²⁾
	Board of Directors	Audit Committee	Corporate Governance Committee	Nominating & Compensation Committee			
8. Mr. Azwan Khan Bin Osman Khan Director	45,000	-	-	-	200,000	245,000	3,000,000
9. Mr. Reza Bin Abdul Rahim Director	30,000	-	-	10,000	200,000	240,000	3,000,000
10. Mr. Sirichai Rasameechan Committee member	-	-	-	30,000	200,000	230,000	-
11. Mr. Pairote Varophas Committee member	-	-	20,000	-	200,000	220,000	-
Total	915,000	250,000	90,000	115,000	2,250,000	3,620,000	27,000,000

Remark: ⁽¹⁾ 2009 performance Bonus paid to Directors in 2010;

⁽²⁾ The Company had issued 100,250,000 units of warrant offering to the Company's directors and the employees of the Company and its non-listed subsidiaries on May 29, 2009. Each directors has been allocated 3,000,000 units of warrants totaling to 30,000,000 units of which equivalent to 29.93 percent of the total issued warrants. The warrants have 5 years maturity period and can be exercised from the 1st-5th year at 10,15,20,25 and 30 percent respectively. (One director who has passed away has a warrant amounting to 3,000,000 units and the beneficiary pursuant to a letter of beneficiary appointment shall normally exercise his/her right on behalf of such director throughout the expiry date of the warrant).

2.2) 2010 Cash & Non-Cash Remuneration of the Management of Samart I-Mobile Pcl.

Remuneration	Number of Persons	Total Amount (Baht)
Salary	7	17,832,840 (Baht)
Bonus	7	1,521,115 (Baht)
Provident Fund	7	1,511,630 (Baht)
Warrants ⁽¹⁾	7	27,900,000 (Unit)

Remark: ⁽¹⁾ The Company had issued 100,250,000 units of warrant offering to the Company's directors and the employees of the Company and its non-listed subsidiaries on May 29, 2009. The executives board and management have been allocated 27,900,000 units of which equivalent to 27.83 percent of the total issued warrants. The warrants have 5 years maturity period and can be exercised from the 1st-5th year at 10,15,20,25 and 30 percent respectively.

2.3) 2010 Cash & Non-Cash Remuneration for Directors and Committees' Members of Samart Telcoms Pcl.

- 2010 Remuneration for existing Directors and Committees' members of Samart Telcoms Pcl.

Directors	Cash Remuneration						Non-Cash Remuneration
	Meeting Allowance (Baht)				Performance Bonus ⁽¹⁾ (Baht)	Total Amount (Baht)	Warrants (Unit) ⁽²⁾
	Board of Directors	Audit Committee	Corporate Governance Committee	Nominating & Compensation Committee			
1. Mr. Sombut Uthaisang Chairman	210,000	-	30,000	-	250,000	490,000	500,000
2. General Sumpun Boonyanun Director / Independent Director	105,000	180,000	20,000	45,000	200,000	550,000	500,000
3. Mr. Narongchai Satanupong Director / Independent Director	105,000	90,000	-	30,000	200,000	425,000	500,000
4. Ms. Rapeepan Luangaramrut Director / Independent Director	105,000	90,000	20,000	-	200,000	415,000	500,000
5. Mr. Kajornvut Tayanukorn Director	105,000	-	-	30,000	200,000	335,000	500,000
6. Mr. Charoenrath Vilailuck Director	105,000	-	-	-	200,000	305,000	500,000
7. Mr. Watchai Vilailuck Director	105,000	-	-	-	200,000	305,000	500,000
8. Mr. Sirichai Rasameechan Director	105,000	-	-	-	200,000	305,000	500,000
9. Mr. Pairote Varophas Director	90,000	-	20,000	-	200,000	310,000	500,000
Total	1,035,000	360,000	90,000	105,000	1,850,000	3,440,000	4,500,000

Remark: ⁽¹⁾ 2009 performance Bonus paid to Directors in 2010;

⁽²⁾ The Company had issued 18,000,000 units of warrant offering to the Company's directors and the employees of the Company and its non-listed subsidiaries on May 29, 2009. Each directors has been allocated 500,000 units of warrants totaling to 4,500,000 units of which equivalent to 25 percent of the total issued warrants. The warrants have 5 years maturity period and can be exercised from the 1st-5th year at 10,15,20,25 and 30 percent respectively.

2.4) 2010 Cash & Non-Cash Remuneration of the Management of Samart Telcoms Pcl.

Remuneration	Number of Persons	Total Amount
Salary	5	14,605,800 (Baht)
Bonus	5	2,223,125 (Baht)
Provident Fund	5	1,009,290 (Baht)
Warrants ^(*)	5	3,700,000 (Unit)

Remark: ^() The Company had issued 18,000,000 units of warrant offering to the Company's directors and the employees of the Company and its non-listed subsidiaries on May 29, 2009. The executives board and management have been allocated 3,700,000 units of which equivalent to 20.56 percent of the total issued warrants. The warrants have 5 years maturity period and can be exercised from the 1st-5th year at 10,15,20,25 and 30 percent respectively.*

4. Corporate Governance

The Board of Directors of the Company realized on the importance of the good Corporate Governance which will be is the fundamental factor for improving standard of business operation to create more transparency, competitiveness and strengthen the confidence of all shareholders, investors and other related parties. Thus written Corporate Governance Policy and Business Ethics, which complied with the 2006 Corporate Governance Principles of SET, have been provided for practices of directors, management and employees of the Company. Corporate Governance Practices of the Company in 2010 are as follows:

1. Rights of Shareholders

The Company emphasizes and recognizes the importance of the rights of all shareholders equitably. All rights that the Company's shareholders obtained in 2010 were as follows:

- **Rights to get share certificate, sell, purchase or transfer the Company's shares**

Thailand Securities Depository Co., Ltd. ("TSD") has been appointed as the Company's registrar to provide all services for all transactions related to registration of the Company's shares.

- **Rights to propose agenda and enquiries for the Shareholders' Meeting**

The Company is aware of the shareholders' rights and equitable treatment to the shareholders under the good corporate governance and to comply with laws. It's the Company policy to allow the shareholders to propose matter(s) for consideration of the Board of Directors as agenda of the shareholders' meeting starting from 2009 Annual General Meeting of shareholders. For the up coming 2011 Annual General Meeting, the shareholders are allow to submit any enquiries prior to the meeting date. During the period that no rules or criteria from the Capital Market Supervisory Board been announced, shareholders who would like to propose the agenda have to comply with the Company's procedures and criteria of the above matter. The Company has notified and disclosed contact channels and period for proposing agenda and enquiries via SET on December 24, 2010 and also provided details of the procedures on the Company's website (www.samartcorp.com) since December 24, 2010 respectively.

● Participation in the Shareholders' Meeting

The Company is aware of the shareholders' rights and equitable treatment to participate in the shareholders' meeting, be informed conditions and procedures of meeting as well as having proxy to vote and comment in the meeting on behalf of the shareholder. There was only one meeting in 2010, an Annual General Meeting of Shareholders 2010 which held on April 27, 2010 at Miracle Grand Convention Hotel, Vibhavadee-Rangsit Road, Laksi, Donmuang, Bangkok where is convenience for transportation and capability to cover with number of shareholders.

Before the Meeting Date

In the Annual General Meeting of Shareholders 2010, the shareholders have been informed on the date and agenda of the meeting via SET's communication system 40 days prior to the meeting date. At the same time, the Company also disclosed the invitation letter as well as related documents in both languages, Thai and English, on the Company's website (www.samartcorp.com) 32 days before meeting date for the shareholders to have sufficient time for consideration. Same documents will be directly delivered to the shareholders by TSD, the Company's registrar, within 15 days before the meeting date of which better than what has been required by law. The invitation letter contained fact, rationale, and opinions from the Board of Directors for each agenda, conditions and procedures of meeting, annual report, proxy form and any other related document with sufficient information for shareholders' consideration. Moreover, the invitation letter has also been 3 days continually published on the newspaper 8 days prior to the meeting date to be in line with law. However, for 2011 Annual General Meeting of Shareholders, all related meeting documents have been delivered to the shareholders 21 days prior to the meeting date.

On the Meeting Date

Meeting procedures has been set to conform to regulations and considering on shareholders' convenience. The Company is aware of the equitable of shareholders' right and their comfort to participate in the shareholders' meeting. Appropriated technology and equipments are sufficient for registration reviewed on required documents more than one hour prior to commencement of the meeting.

In the Annual General Meeting of Shareholders 2010, there were ten directors. Chairman of all committees including the audit committee and the Company's management and external auditors also presented in the meeting. Chairman of the Board of Directors who was Chairman of the meeting introduced all Board members and the management to the shareholders, declared to the meeting that there were 92 shareholders with voting rights attended the meeting for the Annual General Meeting of Shareholders 2010. The Chairman had declared to the shareholders how to exercise their right and vote before commencement conducted the meeting to be in line with the agenda without any additional topic from what have been expressed in the invitation letter. Voting cards were provided for significant agenda. Voting result in term of approval, disapproval or abstain for each agenda were transparently presented to the meeting. The shareholders were encouraged to express their opinions and raise any questions, either in the agenda or any other questions related to the Company's business, at the meeting. All questions had been answered and taken in the minutes of meeting as well as the opinions from the shareholders.

After the Shareholders' Meeting

Resolutions of the meeting were disclosed to SET with voting details, approved, disapproved and abstain, of each agenda on the next day after the meeting date. Full minutes of meeting of which contained the attendance record of the directors, summary of questions and answers during the meeting in both Thai & English had been sent to SET and related parties within 14 days after the meeting date as well as posted on the Company's website (www.samartcorp.com) for verification.

- **Appointment / Dismission of Directors of the Company and Approve their Remuneration**

According to the Company's Articles of Association, at the Annual General Meeting of Shareholders, one third (1/3) of the Directors has to be retired by rotation. Election for replacement is required. The retired directors are eligible to be re-elected for another term.

The election of the Board of Directors shall be in accordance with the rules and procedures as follows:

- Each shareholder shall have one vote on each share;
- In voting, a shareholder shall vote in accordance with the number of votes each shareholder has under (1) for one or several directors. The said shareholder may not allot any number of his votes to any person;
- The person obtaining the highest and higher votes respectively shall be elected as directors equal to the number of directors required or ought to be elected at such a meeting. In the event that persons receiving votes in respective orders receive equal votes and the number of directors exceeds the positions required or ought to be, the chairman of the meeting shall have a casting vote.

Apart from the appointment of Directors, the shareholders also have rights to remove any director from the office before the expiration of his term of office by having votes of not less than three quarters (3/4) of the number of shareholders attending the meeting and having the rights to vote and the aggregate number of shares shall be not less than one half (1/2) of the shares held by all the shareholders attending the meeting and having the rights to vote.

In every Annual General Meeting of Shareholders, the shareholders have the rights to consider and approve the remuneration for all directors and members of sub-committees. Adequate Information of all candidates for being considered and appointed as directors or members of committees was also delivered for shareholders' consideration.

- **Appointment of Auditors and approval of their remuneration**

In every Annual General Meeting of Shareholders, one of the agenda is the appointment of Company's auditors and consideration of their remuneration. The Company will propose name of the auditors with sufficient details and remuneration for consideration of the shareholders.

- **Regularly and timely obtained adequate information, business performance and management policy**

The Company concerns on Shareholders' rights and not only disclosed Company's information via SET's communication system but also posted all significant and updated information on the Company's website (www.samartcorp.com).

- **Getting profit**

The Company has returned profit to its shareholders by way of dividend payment. Dividend for 2010 has been proposed for consideration of the shareholders at 0.40 Baht per share. Interim dividend for first nine month performance was paid on January 2011 at Baht 0.15 per share. The balance of Baht 0.25 will be paid on May 2011 of which subject to the approval of the shareholders. Total dividend payment will be 61.4% of the consolidated net profit and conformed to the Company's dividend policy that dividend payment will be not less than 50% of the consolidated net profit.

2. Equitable Treatment of Shareholders

The Company realizes to protect and due care for the interests of all major and minor shareholders as fairly basis. In addition, the Company sets policy for equitably treatment to all shareholders for attending and vote in the shareholders' meeting, sharing in profits, regularly and timely obtained adequate information, business performance and management

policy. In the shareholders' meeting, each shareholder shall have one vote on each share. Proxy form requiring documents were delivered together with the invitation letter for shareholders who would like to appoint a proxy. Proxy form, which contains detail of voting as approve, disapprove or abstain, as well as details of 4 independent directors also are attached for shareholders consideration as alternative proxy. In the Annual General Meeting of Shareholders 2010, there were 10 proxies to the Company's independent directors. In addition, voting cards were provided for each agenda, especially, the agenda of appointment of directors of which been appointed by individual. In every shareholders' meeting, the meetings were conducted to be in line with the agenda without any additional topic from what have been expressed in the invitation letter otherwise rights of the shareholders who could not participate in the meeting by themselves will be deprived.

The Company will inspect to ensure no inside information of which is material, undisclosed and confidential leak to public or be used from unauthorized for personal benefit. IT system has been implemented for a secure access for all users inside and outside the firewall in conjunction with the Company's own user authentication and security system. It was also set forth in the Company's Corporate Governance Policy to refuse directors, management and employees of the Company to use Company's inside information for personal benefits. Any trading of the Company securities within 1 month prior to disclosure of either Company's financial performance or any other information that may affect securities' price is prohibited. Such matter has been disseminated to the Company's employees via email in the means of weekly corporate governance tips and poster has also been posted at the public relations board of the Company. More over the Directors and Executive managements of the Company had been informed on their duties and punishment regarding to report on securities holdings of themselves, their spouse and any minor children to SET within 3 days from the transaction date according to the Securities and Exchange Act B.E. 2535. Any change in securities holdings, such directors and Executive managements have to report the Company Secretary for coordination and preparing report submit to SEC. In addition, the Company has set as a policy to report on securities holdings of directors and Executive managements in every meeting of the Board of Directors.

In case of conflict of interest, it is the Company's Policy to have the directors, management, employees and related parties to disclose such interests to the Audit Committee for consideration of the transaction to be complied to SET's regulations and any governing laws and regulations prior to further submit for consideration of either the Board of Directors or the shareholders. The directors who have conflict of interest will not participate in any agenda that they have conflict of interest. Moreover, any conflict of interest transactions with the connected persons will be disclosed in the Company's Annual Report and the Annual Information Disclosure (56-1) under "The Connected Transactions".

General practices for conflict of interest protection have been set not only in the Company's Business Ethics but also in the Roles and Responsibilities of the Board of Directors under "The Conflict of Interest". Such practices have been delivered to all directors, management and employees. The Corporate Governance Committee will monitor and ensure that Company's regulations, Corporate Governance Policy and Business Ethics have been strictly and continually complied.

3. Roles of Stakeholders

The Company is aware of the support from each stakeholder should increase the competitiveness and ability to generate more benefit for long-term succession and realized the importance of all stakeholders i.e. shareholders, employees of the Company and its subsidiaries, customers, competitors, lenders, societies and environment. Thus, general rules and practices have been set for directors, management and employees in the Company's Business Ethics to cover rights and equitable benefits to all stakeholders and posted on the Company's website (www.samartcorp.com) which be summarized as follows:

1. Treatment of Main Stakeholders

Shareholders: The Company aware of its role to protect and due care for the interests of all major and minor shareholders by granting rights to every shareholders to attend, vote and have comments in the shareholders' meeting, to share in profits, regularly and timely obtained adequate information, business performance and management policy. Details of shareholders' rights are described under "Rights of Shareholders".

Employees : The Company highly regards all of the employees as valuable resources and is a major factor to drive the business performance to achieve its goals. As a result, it is the Company's policy to treat employees fairly in all respects, employment opportunity, reasonable remuneration, promotion, welfare i.e. life & health insurance, annual check up, provident fund, loan for employees, buses service, fitness center and special discount for company's products etc. Development programs, both internal and external training courses, are continually provided for all levels of employees. In addition, the Company has provided educational support by awarding scholarship to employees with aims to enhance their knowledge and skills and has implemented all kinds of safety operations for the sake of safety of life and health of the employees. The policy has been issued to control and prevent loss due to accident, fire and occupational illness. Security equipments and fire drill have been provided and governed by Risks Management team to strictly conform to the Company's Security Policy. At the same time, the Company has prescribed a policy on receiving and giving gift, asset, gratuity and other benefits as a guideline to be observed by the employees in order to avoid the image of patronage or mutual obligations which might have an impact on business decision making and might eventually make the Company lose its benefits. Furthermore, in 2010, the Company has awarded 3 scholarships at master degree levels to the employees, i.e. on general management, business administration and social development fields etc.

Customers : The Company strongly believes in building confidence and brings satisfaction to all of the customers who are very important to the Company by providing modern and high-quality products and services at reasonable price for customers' satisfaction and needs. Currently, new products and services have been developed by the subsidiaries i.e. Samart I-Mobile Pcl. whose business is a provider and distributor of mobile phones has launched many models of mobile phones with variety functions to serve customers' needs in all levels. After sales services were also improved by providing a total solution of i-mobile Service Centers with See Through service care in each center for providing all services as well as having the Authorized Service Center with same quality as our mobile service centers for customers support. Moreover, the Company also provided product guarantee by having products exchange within 10 days. Samart Engineering Co., Ltd., a manufacturing of TV antennas and satellite dishes has improved and developed new products to enhance capacity and availability for more entertainment channels and also arranged for customers many of promotion activities. In Addition, Call Center Service for consultation and complaint of customers also provided and ensures that customers' nformation will be strictly treated as confidential without any using for personal benefits.

Trade partners : The Company has the policy to equitably and fairly treat its trade partners by taking into consideration of the Company's interest and on mutual benefits basis. Clearly define in evaluation and selection of trade partners as well as developing and maintaining good relationship between all partners with trust and confidence.

Creditors : The Company is conforming to its Principle of Business Operation in order to the respect and admission of the Creditors and strictly complied with all the terms and conditions agreed upon in a transaction. In the event that any particular condition could not be met, the Company will prior inform the Creditors and seeking mutual accepted solution.

Competitors : The Company conducts all business affairs under just rules and competitions without fraudulently or inappropriately seeking confidential information of its competitors, or damage competitor's reputation by abusive accusation.

Societies : The Company recognizes that it can survive and grow in a society that is vigorous and prosperous. Therefore to bring about societal progress the Company participated in societal improvements with financial support to all activities that aim to maintain beneficial cultures, customs and rituals. Moreover, the Company will involve in religious activities regularly. The Company also participated in many activities for development of social, education, vocation, athletic ability as well as sanction for outreach people and victims. In 2010, many projects have been created for bringing tangible benefits to Thai society, i.e.

- The Samart Innovation Awards project is aimed at developing and promoting the abilities of Thai people through software contests. The contest has been continually arranged for 8 years from 2003-2010;
- The Samart Scholarship project is to provide capable but poor students with educational opportunities, i.e. scholarships for undergraduates and graduates, scholarships for staff's children and poor students in Lop Buri province;
- Samart Telecommunications Technician School transfers knowledge about the installation of antennas and satellite dishes;
- A project to develop other skills and abilities, i.e. a sponsorship for design website and supported youths' expressions in the Miss Teen Thailand pageant, sportswear design contest among university students, organize the IT camp by King's Mongkut Institute of Technology Ladkrabang., etc;
- The "Samart D Club", Club' project mobilises employees to do public services and participate in social contribution activities;
- Other social responsibility activities through "Samart Foundation" included the annual donation of reflective coats and raincoats to police at Pak Kret and Pak Khlong Rangsit police stations, support flood relief, donation of learning materials to the Border Patrol Police School in Petchaburi province, construction of a school building and the donation of teaching materials for students at Kong Mong Tha School in district of Kanchanaburi province, Foundation's donation underprivileged people, Foundation's 27,400 baht donation to finance Miss Yuvadee Sukgerd's cancer treatment, Foundation's donation of blankets, sports gears and toys border patrol schools in rural areas., etc.
- **i-Mobile Creative Synergy Award** is a mobile phone design contest where local designers are encouraged to present their creatively designed handsets with marketing communication plans to promote the products. Organised by Samart i-Mobile, the contest aims to promote the new generation of designers and their ideas, locally and internationally. In 2010, the contest's winners were sponsored to visit the World Expo in Shanghai, China;
- Samart i-Mobile's sponsorship for a tri-party football match organized by the Faculty of Engineering, Kasetsart University, Smart i-Mobile's donation of sports equipments, Samart

i-Mobile's sponsorships for local football clubs such as Maungthong United, Buriram PEA, TOT-CAT, Buriram FC and Phuket FC, The Football Camp project is organized by Samart i-Mobile to give free football lessons by national professional footballers to Thai youngsters in the provinces, sponsorship for the Thai Basketball Club to participate in the 3rd Thailand Basketball Open, A sponsorship for Pakkred Secondary School's Sports Day

Environment : The Company conducts business with recognition of environmental conservation and standard management of safety. It is also the Company's policy to become a responsible corporate citizen to comply with all relevant laws and regulations and be responsible for utilizing natural resources in prudent manners. The Company has a policy to strengthen and provide knowledge and training on environment to the employees in the organization, in order to be aware of environmental responsibility when they perform their work by arranging campaign to cultivate conscious mind on environment and natural resources through employee participation activities as well as disseminating news and information on environment in order to build up good understanding on environmental management of the Company. For motivation of the employees to continually conform to the Company's policy, announcement via Company's PR boards, e-mail and internal radio are provided. In 2010, the Company has arranged environmental and energy conservation campaigns continually to promote smart usage of natural resources, for instance Lor. Ling Project (Lod (Reduce), La (Refrain) and Lerk (Cease)) on energy saving. In addition, the Company's subsidiary which performs business on waste management has conducted trainings to the employees in various levels, i.e. high level environmental management system for the management and primary level for the operation level employees. Additionally, such subsidiary is currently under preparation and assessment of Environmental Management Systems Standard (ISO14001) as well.

2. Non-violation of human rights

The Company adheres to human rights principle as a mutual operating principle. All employees shall not undertake any action or shall by no means support any action to violate any human rights. All employees shall be treated equally and there shall not be any discrimination against nationality, race, language, religion, gender, age and education. The employees shall value and respect each other and shall behave oneself appropriated with his/her duty pursuant to the regulations of the Company and the tradition and shall not damage the Company's image. The Company allows the employees to express their potentials fully and shall fix appropriated remuneration pursuant to the Company's regulations and also provide opportunity to the employees to further their education both in university level as well as short term and long term training course.

3. Operating policy on non-infringement of intellectual property or copyright

The Company has an operating policy on non-infringement of intellectual property or copyright. The method employed by the Company regarding this matter is that all employees are required to sign their names in memorandum of understanding to not commit any computer crime and to not infringe any intellectual property. The Company has specified the policy on usage of information technology system of Samart Group of Companies and software program of the employee shall be inspected to prevent any usage of piracy software and software which is unrelated to work.

4. Filling of Complaints

In addition, the Board of Directors are respect the importance of all stakeholders in participation of the Company's success, thus feed back channels for all stakeholders to return their complaints, comments or recommendations are provided for improvement. Those channels consist of direct mail to the following address, via Company's website at www.samartcorp.com under "Contact Us".

Mailing Address : Secretary to the Audit Committee
Samart Corporation Public Co., Ltd.
99/10 Moo 4, Software Park, 26th Fl., Chaengwattana Rd.,
Klong Gluar, Park-kred, Nontaburi 11120.

The Audit Committee Secretary will collect the information, and proposes the Audit Committee to consider and summarize for further report to the Board of Directors. In addition, the Company has the policy to defend the appellant by keeping appellants' information as secret.

4. Disclosure and Transparency

The Company has strong determination to reveal accurate complete, consistent and updated information, both financial and general information that related to Company's business. The Complete, consistent and updated information will truly reflect Company's financial performance and future business direction. Such information were disclosed to shareholders, investors and any related parties via SET's Communication system, Company's website (www.samartcorp.com), press release and Company's Annual Report as well as participated in the "Opportunity Day" which arranged by SET.

The Board of Directors has to ensure that the Company's disclosures are transparency and strictly complied by laws, Company's and any related regulations. The Company has never been notified any offense by SEC/SET on such matter. The Board has Major concerned on transparency and disclosure in the following area:

- **Provide multi channels for disclosure of information apart from SET's Communication system**

Annual Report and Form 56-1

The Board of Directors has to ensure that Annual Report/Form 56-1 contained adequate information with accuracy, clarity and could create understanding to the shareholders and related parties on the Company's operation and its performance for the previous year as well as the management structure, performance of the Board of Directors and all Committees.

Company's website

The Board of Directors is aware of the efficiency of website disclosure to the shareholders and related persons as well as equitably and easily of getting information. The Board of Directors therefore ensures the Company not only provides all significant information of the Company in the Company's Annual Report but also on the Company's website (www.samartcorp.com) in both languages, Thai and English. The disclosed information comprised of Corporate Governance Policy, Business Ethics, General News, Financial Statement as well as Annual Report and the Annual Disclosure Information (56-1), etc.

Investors Relation

The Company has also set up an Investors Relation section to provide Company's information and activities for investors, shareholders, analysts and general public via Company's website, Road Shows, analysts meetings and conference calls etc. The Company's Investor Relations could be contacted at phone number 0-2502-6583 or via www.samartcorp.com or the e-mail address at Nikhil.A@samartcorp.com.

In addition to above, the announcements on the Company's financial performance have been arranged for public, investors and analysts by quarterly basis with participation of the executives.

Meetings with investors and analysts in 2010 were summarized as follows:

- | | |
|--|----------|
| 1. One on One Meeting with Analyst & Investors | 12 Times |
| 2. Announcement of Company's Performance | 4 Times |

● **Disclosure of Information of the Board of Directors and Committees**

- Structure, Roles and Responsibilities of the Board as well as performance of the Board and each Committee;
- Directors and Management's Remunerations: Policy of Directors' Remuneration has been clearly and transparently set to be comparable to the general practice in same industry and be appealing enough to attract and retain qualified directors. The directors who also be appointed to be the member of any Committees will be paid appropriately more in accordance with the extra work. The Nominating & Compensation Committee will consider the remuneration and propose for consideration of the Board of Directors prior to further approval from the shareholders. The remuneration of the Board of Directors and the Management has been disclosed in the Company's Annual Report and the Annual Information Disclosure (56-1) under "The Management".

● **Accountability to the Financial Statements**

The Board of Directors is responsible for the Company's consolidated financial statements and any financial information which been disclosed in the Company's Annual Report. Such financial statements were prepared in accordance with the general acceptance-accounting standard in Thailand with appropriated financial policy. The reports were carefully considered and prepared with sufficient information in the notes to the financial statements. The financial statements have been audited and commented independently by the authorized auditors of SEC.

The Board of Directors also set out and maintained for the efficiency of the Company's internal control system to ensure that the financial information had been correctly and accurately booked and sufficient to maintain the Company's assets and be aware of weak point in order to prevent whether from any dishonesty or significant error. The Board of Directors had appointed the Audit Committee of which comprised independent directors to be responsible for the quality of the financial statements and the internal control system and disclosed such opinion in the Annual Report under the Report of the Audit Committee. The opinion of the Audit Committee has already been disclosed in the Annual Report. Moreover, Report of the Board of Directors' responsibility on the Company's Financial Statements was also attached in the Company's Annual Report.

5. Roles and Responsibilities of the Board

5.1) Directors' Qualifications

The Board consists of directors who have various knowledge, experience, and specific skill that suitable and benefit to the Company. The Board will also have leadership and vision to carry on the Company's business and achieve its objectives. The Company has 10 directors who complied with the qualification that been described in the Company's "Directors' Qualifications". All of the Directors have contributed their best to the Company which may concern from their participation in the meeting that been described under the "Board of Directors' Meeting".

5.2) The Independent of the Board of Directors

● Separation of CEO and Chairman

For best benefit of the shareholders and to strike a balance of power within the Company, the positions of Chairman of the Board of Directors and CEO must not be attained by the same person. The Company's Chairman of the Board of Directors is an independent director who has the qualifications of independent director in accordance with SET's notification and has no business relation with any management of the Company.

● Balance of Power

The Board of Directors of the Company comprised of 10 members with various qualifications, skills, experience and expertise. Composition of the members is as follow:

- 5 Independent directors (one-third of the Board of Directors)
- 4 Executive Directors
- 1 Non-Executive Directors (Representatives from major shareholders).

The shareholders could have confidence that the directors as representatives of the shareholders could perform their duty without any influence or control by management of the Company by the above structure.

● Separate Roles and Responsibilities of the Board of Directors and CEO

The Company has clearly set the separate roles and responsibilities of the Board of Directors and CEO. The Board of Directors will focus and ensure that the Company's business will achieve its target and in the direction that create value and best benefit to the shareholders as well as all stakeholders. Any conflict of interest with the Company and its subsidiaries will be prohibited. The Board will also comply with the Company's Ethics to ensure all Company's businesses are run under Company's objectives, Articles of Association, laws and regulations of SEC/SET and other related laws. At the same time, CEO who is the management's leader will focus on general management of the Company. The details of Roles and Responsibilities of the Board of Directors and CEO are described under "Management Structure".

5.3) Being Director in other Listed Companies

● Policy for directors on being director in other listed companies

For efficiency of being the director, the Board of Directors of the Company has set the "Policy" for all directors to be the director in any listed companies not exceeding 3 companies otherwise rationale and necessity have to be declared to the Nominating & Compensation Committee for consideration of the efficiency of his/her duty prior to further consideration of the Board of Directors. Such information also has to be disclosed in the Company's Annual Report and the Annual Information Disclosure of SEC (56-1). However, there is not any of the existing directors of the Company is being the director in listed companies over than 5 companies and also could participate and contribute to the Company with efficiency.

● Policy for executives management on being director in other listed companies

Moreover, the management of the Company will also be obtained approval from the Executive Board prior to be a director in any companies of which are not have either similar business or being the Company's competitors.

5.4) Transparency of Nomination

The Board ensures the Company to provide transparency process of nomination of directors and management of the Company of which the details are disclosed under clause 2. "The Nomination of Directors and the Management".

5.5) Board of Directors' Activities in 2010

5.5.1) Set Policy and Business Direction

The Board of Directors has clearly established the Company's Vision & Mission as follows:

Vision:

Be the most recognized company for advance technology that enrich lives.

Mission:

- Offer value solutions to best serve customers' needs.
- Enrich relationship with partners.
- Deliver beyond shareholders expectation.
- Be a company of choice for customers & employees.

Core Strategies:

- Foresee the changes and plan well for the future.
- Meet every customer's need & demand.
- Develop advance & differentiate technology solutions.
- Strengthen financial performance.
- Work closely and effectively with key alliances.
- Expand market base & brand preference overseas.
- Expand our business portfolio in valuable technology-related area.
- Drive "SAMART" to be a learning organization and a center of excellence.

Corporate Governance Policy

The Board of Directors is aware of the importance of good Corporate Governance. Therefore, the written Policy of Corporate Governance both in Thai and English have been set and approved by the Board since 2005 to create more transparency, competitiveness and strengthen the confidence of all shareholders, investors and other related parties. The Corporate Governance Policy had also been posted on the Company's website for information of the Company's employees and for public. Internal audit and Internal control system have been emphasized to monitor the management to follow the Company's policy with more efficiency in order to increase long-term benefit to the shareholder under the law and Business Ethics. The Corporate Governance Committee will monitor and have the employees to strictly comply with such policy. The CG Policy will be annually reviewed and revised to comply with new regulations. The latest revision has been resolved by the Board of Directors of the Company on February 25, 2011.

Business Ethics

The Company is conducting the business with great awareness in ethical and moral issues. The handbook concerning business ethics for all members of the Board of Directors, managerial team and our employees has been provided in both Thai and English since 2005 as a guideline to continue his/her duty with honesty, integrity, morality, and, of course, highest quality. It also reminds the Company to bring fair treatment in accordance with legal restrictions, to maximize shareholder value, and to prevent plausible conflicts of interest. The Business Ethics had also been posted on the Company's website for information of the Company's employees and for public acknowledgement. The Business Ethics will be annually revised.

The latest revision has been reviewed by the Board of Directors of the Company on February 25, 2011 for compliance with the revised Corporate Governance Policy.

In addition, the Company has publicized vision, mission and policy on good corporate governance including business ethics on website of the Company (www.samartcorp.com). Corporate governance policy and business ethics has been delivered to the management and the employees via email and in the form of weekly corporate governance tips as well as in a poster posted at the public relations board of the Company. Moreover, the Company also assigns the Corporate Governance Committee to oversee the directors, the management and the employees to ensure that they strictly adhere to this principle.

5.5.2) Leadership and Vision

The Board of Directors involved and agreed on set out the Company's vision, mission, strategies, business plan and budget as well as to govern the management to follow such business plan and budget with efficiency and profitability for economic value to the Company and the best stability to the shareholders. In addition to the above, the Board of Directors has not only ensure the Company and its management to oversee the value of all stakeholders, neither derive personal benefit nor create any rivalry with the Company and its subsidiaries, but also conducted the business with great awareness in ethical, moral and compliance to the Company's Articles of Associations, Notifications of SEC/SET and other related laws and regulations.

Internal Control system, internal audit as well as efficiency risk management had been set by the Board of Directors. Monitoring and evaluation were made by the Audit Committee and regularly reported to the Board of Directors.

5.5.3) Set up of Committees

For governing the management to comply with the approved policies and having better efficiency, the Board of Directors appointed the following committees to help the Board for consideration in significant matters.

- Audit Committee
- Executive Board
- Corporate Governance Committee
- Nominating & Compensation Committee
- Risk Management Committee

Roles and responsibilities of each committee were disclosed under section 1, "Management Structure". In addition, Committees' Charters have also been set and disclosed on the Company's website (www.samartcorp.com).

5.5.4) Board & Committees' Meeting

1) Board of Directors' Meeting

The Board of Directors' Meeting schedule has been set as quarterly basis with certain agenda. The meeting schedule will be sent to each director by the Company Secretary for preparation and arrangement for meeting participation. However, additional unscheduled Board meetings may be called upon appropriate notice at any time to address specific needs of the Company. The operating results will be regularly reviewed. The invitation letter as well as meeting materials will be delivered by the

Company Secretary to all directors prior to the meeting date for consideration. The average length of the meeting is approximately 3 hours. Details of directors' attendance for 2010 with total 6 meetings, and agenda for consideration and acknowledgement meeting of 39 and 15 matters, were as follow:

Directors			Term of Directorship (Year-month)	Number of Attendance/ Total Number of Meeting	Summary of consideration
1.	Dr. Tongchat	Hongladaromp	2-8	6/6	<ul style="list-style-type: none"> - Considered the Company Operating Performance and Financial Statements for 2009 as well as quarterly performance of 2010; - Considered the sufficiency of the Company's Internal Control System; - Acknowledged the 2009 Committees' activities; - Acknowledged the 2009 Board Self-Assessment Result as well as Assessment Result as well as consider the criteria of the Board Self-Assessment and CEO Assessment for 2010; - Considered the interim payment for nine months of 2010; - Considered the dividend payment for year 2009; - Considered matters concerning to 2010 AGM agenda and provide opinions to shareholders for consideration; - Considered the appointment of Committees' members; - Considered the salary increase for 2011 and 2010 bonus; - Considered the Directors & Officer Liabilities and Corporate Reimbursement Insurance; - Reviewed and revised the Company's Corporate Governance Policy and Business Ethics; - Considered the Related Party Transactions; - Considered the Company's 2011 business plan; - Consider and approve the appointment of a new independent director; - Consider the criteria of normal business transactions and the supporting for normal business transactions with related parties; - Consider to allow the minority shareholders to propose matter in the agenda and enquiries prior to the meeting date of AGM 2011.
2.	Mr. Pradang	Prichayangkun	2-8	6/6	
3.	Mr. Seri	Suksathaporn	11-11	6/6	
4.	Mr. Aran	Promrata	2-8	6/6	
5.	Mrs.Siripen	Vilailuck	17-10	6/6	
6.	Mr. Charoenrath	Vilailuck	17-10	6/6	
7.	Mr. Watchai	Vilailuck	17-10	6/6	
8.	Mr. Sirichai	Rasameechan	14-10	6/6	
9.	Mr. Pairrote	Varophas	7-8	6/6	
10.	Mr. Prinya	Waiwatana ^(*)	0-8	3/6	

Remark: ^(*) Director who has been appointed during the year 2010, meetings participation was less than others who have full year contribution.

The minutes for all meetings had been taken, kept and been ready for verification by the directors or any related parties.

2) Audit Committee

In 2010, the committee conducted 6 meetings, and agenda for consideration and acknowledgement meeting of 13 and 21 matters, were as follow:

Directors			Number of Attendance/ Total Number of Meeting	Summary of consideration
1.	Mr. Pradang	Prichayangkun	6/6	<ul style="list-style-type: none"> - Reviewed quarterly/annual financial statements; - Considered the related party transactions among the Company and subsidiaries as well as connected transactions which might have had conflict of interest; - Consulted with external auditors regarding recommendation on the financial report including assigned Internal Audit Dept to coordinate with concerned departments for further handling; - Considered and nominated The Company's Auditor as well as reviewed auditor's remuneration for 2010 for approval in the Board of Directors and shareholders' meetings; - Reviewed risks management and internal control systems; - Evaluated on the Sufficiency of Internal Control System; - Considered annual audit plans, internal auditing; results and the progress of the auditing implementation plan; - Reviewed and amended Audit Committee Charter; - Reviewed and endorsed the Company's rules and regulations for reporting on directors' and executives' interests in the Company's and its subsidiaries; - Executed Audit Committee Self-Assessment.
2.	Dr. Tongchat	Hongladaromp	4/6	
3.	Mr. Seri	Suksathaporn	6/6	
4.	Mr. Aran	Promrata	6/6	

3) Executive Board

In 2010, the committee conducted 13 meetings, and agenda for consideration and acknowledgement meeting of 35 and 7 matters, were as follow:

Directors			Number of Attendance/ Total Number of Meeting	Summary of consideration
1.	Mr. Charoenrath Vilailuck ^(*)		12/13	<ul style="list-style-type: none"> - Quarterly consider business and contingency plans of each Line of Business; - Monthly review and monitor business operations to be inline with the plan; - Considered the followings prior to submit for further approval from the Board of Directors: <ul style="list-style-type: none"> • Investments/Dispose of investments • Dispose of assets • The Company's 2010 Strategic Implementation Plan - Considered The Annual Salary Increase of 2011 and 2010 Bonus proposed for further consideration of the Nominating & Compensation Committee; - Considered new hire and promotion of manpower.
2.	Mr. Watchai Vilailuck ^(*)		10/13	
3.	Mr. Sirichai Rasameechan		13/13	
4.	Mr. Pairote Varophas ^(*)		11/13	
5.	Mr. Lai Ki Tong ^(*)		7/13	
6.	Mr. Thananan Vilailuck ^(*)		11/13	

Remark: ^(*) Went abroad for business trip.

4) Corporate Governance Committee

In 2010, the committee conducted 2 meetings , and agenda for consideration and acknowledgement meeting of 7 and 4 matters, were as follow:

Directors			Number of Attendance/ Total Number of Meeting	Summary of consideration
1.	Mr. Seri	Suksathaporn	2/2	<ul style="list-style-type: none"> - Acknowledged the proposed matters from minority shareholders as the agenda of shareholders' meeting; - Acknowledge the 2009 Corporate Governance survey result; - Acknowledge the Board Self-Assessment Evaluation for 2009; - Consider the improvement of Corporate Governance; - Review and consider the amendment of Company's Corporate Governance Policy and Business Ethics; - Considered the Committees' reports for 2010 before submission to the Board of Directors; - Consider the new criteria of Corporate Governance evaluation of IOD for 2011; - Consider the Board Self-Assessment and the criteria CEO Assessment for 2010; - Consider the minority shareholders to propose matter in the agenda and enquiries prior to the meeting date of AGM 2011; - Meeting among members of the Independent Directors without any participation of the management team.
2.	Mr. Pradang	Prichayangkun	2/2	
3.	Mr. Sirichai	Rasameechan	2/2	
4.	Mr. Prinya	Waiwattana ^(*)	1/2	

Remark: ^() Has been appointed as a member of Corporate Governance Committee during the year 2010*

5) Nominating & Compensation Committee

In 2010, the committee conducted 3 meetings, and agenda for consideration meeting of 5 matters, were as follow:

Directors			Number of Attendance/ Total Number of Meeting	Summary of consideration
1.	Dr. Tongchat	Hongladaromp	3/3	<ul style="list-style-type: none"> - Selected, and nominated appropriate candidates to be the Directors for replacement; - Selected, and nominated appropriate candidates to be the Committee Member; - Considered remuneration of Board members and Committees members; - Considered Salary increase for 2011 and 2010 Bonus for the employees and the management; - Consider and approve the appointment of a new independent director.
2.	Mr. Pradang	Prichayangkun	3/3	
3.	Mr. Seri	Suksathaporn	3/3	
4.	Mr. Aran	Promrata	3/3	

6) Risk Management Committee

In 2010, the committee conducted 4 meetings, and agenda for consideration meeting of 15 matters, were as follow:

Directors		Number of Attendance/ Total Number of Meeting	Summary of consideration
1.	Mr. Charoenrath Vilailuck	4/4	- Evaluated on 2009 Risk Management;
2.	Mr. Watchai Vilailuck	4/4	- Considered and approved Risk & Opportunity Management Plans for 2010;
3.	Mr. Sirichai Rasameechan	4/4	- Evaluate risk of each business unit as well as setting solution;
4.	Mr. Pairote Varophas ^(*)	3/4	- Followed up the implementation of risk mitigation measures;
5.	Mr. Lai Ki Tong	4/4	- Improved Risk & Opportunity Management.
6.	Mr. Sommai Damneonkiat	4/4	
7.	Mrs. Sukanya Vanichjakvong	4/4	
8.	Mr. Thananan Vilailuck	4/4	
9.	Mr. Jong Diloksombat	4/4	
10.	Mr. Prasitchai Veerayuttwilai ^(*)	2/4	

Remark: ^() Went abroad for business trip.*

All the Committees have regular meetings and reported to the Board of Directors of the Company.

Meeting among members of the Independent Directors In 2010, the Company has arranged the meeting among only members of the Independent Directors of the Company prior to the Board of Directors' Meeting every time without any participation of the management team, in order to have discussion on management issues of the Company freely.

5.6) Conflict of Interest

To prevent conflicts of interest, the Company has drawn out guidelines for directors and employees to follow:

1. Avoid all actions that may cause conflicts of interest with the Company;
2. In case that directors or employees commit any action related to the Company, the particular director and employee will be treated like an outsider, and will play no part in decision-making process;
3. Refuse to use Company's information obtained in their posts for an opportunity to derive personal benefits by creating rivalry with the Company or involving in related businesses;
4. Refuse to use Company's information for securities purchase for personal benefits or to leak Company's information to outsiders for their benefits;
5. Refuse to reveal Company's classified information (e.g. electronic information, financial situation, work's plans, business information and Company's future plans) during and after their posts.

On any conflict of interest transaction, before entering into the transaction, the Audit Committee will carefully review prior to submit with opinion either on such conflict or connection to the Board of Directors for further review and to ensure that the transaction has to be complied with SET's regulations, information of the transaction i.e. value of transaction, party involved and necessity etc. has been disclosed in the Company's Annual Report, Form 56-1 and the auditor's note in the financial statements. Any consideration of the connected transaction, the directors who may have conflict of interest will neither participate nor vote in such meeting. Details of the transactions which may have any conflict of interest were disclosed under the "Connected Transactions".

5.7) Internal Control and Internal Audit

The Company has established an internal audit team to conduct internal audit duties to ensure the effectiveness of the internal control system and compliance with all related rules, regulations and requirements. Such team shall be independently from any other departments within the Company and shall perform their duties independently and directly report to the Audit Committee.

In the Board of Directors' Meeting No. 1/2011 on February 25, 2011 which all the Audit Committee members also attended, the meeting evaluated the Company's internal control system from the report, which was prepared by the management and the Audit Committee, on following issues:

A) Organizational Control and Environment Measure

The company set its annual Strategic Implementation Plan (SIP), applied PM Online (Performance Management) to guide performance of all staffs toward the same direction, goal and used KPI (Key Performance Indicator) as a management tool to reward personnel. For business clearer and more efficiency, business structure was classified into 3 LOBs: Mobile Multimedia, ICT Solutions & Service and Technology Related Business. Moreover, the Company signed Non-violated IP (Intellectual Property) Agreements with all staffs.

B) Risk Assessment Measure

Risk and Opportunity Management; business, finance, operation and I.T., was provided through Risk Management Committee by quarterly reviewing on risks assessment as well as preventive/corrective measures to ensure achievable business's goals.

C) Management Control Activities

Authorization Manual and Workflow Procedures were clearly put in place and timely adjusted to corporate changes. The Executive Board, Audit Committee, and the Board of Directors involved as deem appropriate in all materialized transactions to be complied with SET/SEC's regulations. In addition, Finance, Debt Management, Legal as well as Internal and External Audit Units were put in place to supervise corporate activities to be performed in accordance with applicable rules and laws. Moreover, In the year 2010 Corporate Governance of the company was evaluated in the excellent level conducted by Thai Institute of Directors.

D) Information and Communication Measure

Corporate Data Center was established to consolidate and centralize Company Group's information system for efficient management and brought in Enterprise Resource Planning (ERP) such as SAP (System Application Product) to process financial and accounting data on real time to be information for management's decision later on. Moreover, the disaster recovery site was established to prevent business interruption. Intranet web portal to communicate to all staffs pertaining rules & regulations or various policies such as information security or Computer Crime Act B.E. 2550 as well as implemented Human Resource Information System (HRIS) for human resource management.

E) Monitoring

Performance Monitoring meeting was arranged on monthly basis to follow up and evaluate performance of each business. The annual audit plan and audit programs were implemented by the Internal Audit to be in line with each business operations. The audit results, following-up and evaluation would have been reported to respective departments, Management and Audit Committee.

From the above evaluation, the Board of Directors Meeting No. 1/2011 on February 25, 2011 concluded that the Company had a sufficient internal control system. Moreover, the Company's auditor, Mrs. Saifon Inkaew, an auditor license no. 4434 audited the Company's financial statements for period ending December 31, 2010 without any comment on the Company's internal control system as significant error.

5.8) Risk Management

In 2010 the company set up comprehensive Risk & Opportunity Management Policy to mitigate any potential impact caused by economic, social, political changes and global financial crisis. Policy also included the measures of risks prevention and correction. The Risk Management Committee therefore complied with the policy and implemented the risk prevention and mitigation measures in accordance with the risk & opportunity management plan with the collaboration of concerned departments as follows:

1. Preparation on risk & opportunity management plan by each department to support the company's master business plan and to cope with business risks for the company's goal achievement;
2. According to risk & opportunity management plan mentioned above, each responsible department had prioritized the risks by assessing the overall risk profiles and its potential impacts to the organization, then the appropriate risk mitigation plans were made. In addition, the internal audit department also undertook role as risk coordinator and reviewer;
3. Risk management countermeasures were implemented and regularly followed up by the Risk Management Committee comprising of concerned management in a quarterly meeting as outlined in the risk management plan. All countermeasures were also followed and reviewed by internal audit department to ensure that the final outcomes were agreeable with the company's objectives.

Besides, the company held risk & opportunity management seminar and training for each business. The risk & opportunity management criteria were adopted as key factors in performance evaluation of staffs. The training also focused on concepts and principles of practicing on risk management through out the organization which would bring in the sustainable growth of the company as well as help create a long-term value for shareholders.

5.9) Board and CEO Assessment

5.9.1 Board Self-Assessment

The Corporate Governance Committee has initiated the Self Assessment form for Board members to review and evaluate their performance for 2010 as a whole. The assessment form, which has been approved by the Board of Directors in its meeting No. 6/2010 on December 24, 2010, was sent to all directors for assessment. The questionnaire covers the following area:

- Board Composition
- Strategic Guidance
- Monitoring & Evaluation
- Accountability

From the assessment which been completed by the Board members individually, total number of directors (10) agreed that for the above area, the Company has an excellent evaluation by obtaining average score 95.86% for total area of assessment which is better than previous year assessment that have average score 94.42%. This is to imply that our Board of Directors has a continually enhancement in its efficiency which will reflect to the success of the Company.

5.9.2 CEO Assessment

The Corporate Governance Committee has initiated the Assessment for CEO. The form has been approved by the Board of Directors in its meeting No. 6/2010 on December 24, 2010 and sent to all directors for

assessment. Assessment result will be considered for remuneration adjustment. The questionnaire covers the following area:

- Leadership
- Board Relations
- Risk Management and Internal Control
- Human Resources Management
- Good Corporate Governance and Business Ethics

From the assessment which been completed by 9 directors, the directors agreed that the CEO has an excellent evaluation by obtaining average score 95.93%

5.10) Development of Directors and Management

The Company will provide Directors' Manual and orientation program to new directors. Information on Company's business and directions as well as Corporate Governance Policy of the Company will be advised. In addition, to support and increase knowledgeable of the directors, periodical training will be provided especially the Director Accreditation Program (DAP) and Director Certification Program (DCP) arranged by the Thai Institute of Directors (IOD). Eight of the existing directors have joined DCP program and 2 directors joined DAP program. A Company's director, Mr. Watchai Vilailuck, has participated a course from the Capital Market Academy, the Leadership Program (class 11).

5.11) Company Secretary

The Nominating & Compensation Committee considered and appointed a potential and experienced person as the Company Secretary proposed for further approval of the Board of Directors. Roles and responsibilities of the appointed Company Secretary are as follows:

1. Perform her duty with responsibility, due care and royalty as well as has to comply by laws and any other related regulation;
2. Support the Board of Directors for their activities including provide consultation with related to Company's Articles of Association, and any other regulations from related authorities;
3. Arrange meetings for Board of Directors, Committees and Shareholders as well as coordinate to ensure all resolutions have been implemented complying with Company's Objectives, Articles of Association, laws and related regulations;
4. Preparing and keeping important documents of the Company, i.e. a register of directors, notices calling directors' and shareholders' meetings as well as the reports of such meeting and the annual report, ext.
5. Keeping the report on interest filed by Directors and executives as well as submit a copy of such report to the Chairman and the Chairman of Audit Committee within seven business days from the date on which the Company has received the report;

In case where the company secretary vacates her position or is incapable of performing his duty, the Nominating & Compensation Committee shall select a new company secretary to propose for consideration and approval of the Board of Directors to appoint the new company secretary within 90 days from the date on which the company secretary has vacated her position or has been incapable of performing her duty; in this regards the Board of Director shall be empowered to assign any director to perform the duty as the substitutes during such period.

5. Inside Information

The Company will inspect to ensure no inside information of which is material, undisclosed and confidential leak to public or be used from unauthorized for personal benefit. IT system has been implemented for a secure access for all users inside and outside the firewall in conjunction with the Company's own user authentication and security system. It was also set forth in the Company's Corporate Governance Policy refuse the directors, management and employees of the Company to use Company's inside information for personal benefits. Any trading of Samart Group's securities within one month prior to disclosure of either Company's financial performance or any other information that may affect securities' price is prohibited.

The Directors and executive managements of the Company had been informed on their duties and punishment regarding to report on securities holdings of themselves, their spouse and any minor children to SET within 3 days from the transaction date according to the Securities and Exchange Act B.E. 2535. The Directors and executive managements have to report such information to the Company Secretary for further handling and report to SEC. In addition, the Company has set as a policy to report on securities holdings of directors and executive managements in every meeting of the Board of Directors and disclosed on the Company's website (www.samartcorp.com).

Moreover, the Corporate Governance Committee has been established to ensure that good corporate governance is being conducted continuity at all levels in accordance to legal requirement and the Company's Articles of Associations.

6. Human Resource

Number of employees of the Company and its subsidiaries classified by line of business for the past 3 years

Line of business	Number of Employees (persons)		
	2008	2009	2010
1. Mobile Multimedia	1,423	1,127	1,082
2. ICT Solutions & Services	1,041	1,083	1,096
3. Technology Related Business	2,574	2,388	2,484
Total	5,038	4,598⁽¹⁾	4,662

Remark: ⁽¹⁾ 2009, Employees have significant decreased due to expiration of contracts temporally employees about 2,000 persons as well as resignation and retirement of permanent staffs.

The remuneration of employees of the Company and the subsidiaries which comprises of salary, bonus, contribution to provident fund and other compensation during the past 3 years are as follows:

Remuneration	Total Amount (Million Baht)		
	2008	2009	2010
Salary (Million Baht)	999.02	921.98	917.78
Bonus (Million Baht)	52.01	53.21	70.83
Provident Fund (Million Baht)	26.91	27.67	30.5
Warrants ⁽¹⁾ (Million Unit)			
- Mobile Multimedia	-	42.35	-
- ICT Solutions & Services	-	9.80	-
- Technology Related Business	-	13.00	-

Remuneration	Total Amount (Million Baht)		
	2008	2009	2010
Other remuneration (over time, special subsidy and commission) (Million Baht)	150.04	115.16	90.52

Remark: ^() The shareholders of Samart Corporation PCL, Samart I-mobile PCL and Samart Telcom PCL on April 24, 2008 had approved the issuance of warrant offering to directors and the employees of such Companies and their listed subsidiaries. The Company had issued on May 29, 2009. The warrants have a 5 years maturity period and can be exercised from the 1st - 5th year at 10,15,20,25 and 30 percent respectively.*

Human Resource Development Policy

The chief executive of Samart Group has strong belief that the people are vital resources to grow a sustainable and competitive business. Therefore, Human Resource has been developed continuously to foster knowledge, skill and capability. Human resources development with the management system tools such as Competency Assessment, Performance Management, HR centralized database system and others. These should ensure that employees can develop the appropriate capability continuously and prepare in advance to meet corporate competency expectation and support current business and business growth in the future.

Human Resource Development Policy

SAMART has realized the importance of continuous support on Human Resources Development by which we have proposed a variety of training and development courses both in-house and abroad. Consequently, we have initiated several new projects to improve employees' capabilities continuously and systematically in order to improve their knowledge skills and working behavior. This has aimed to ensure that our employees have appropriate capabilities for their own accountability aligning to Company's vision and leading to the sustainable growth of business. The initiated projects including of:

1. Career Development Program

Career Development Program, individual career path development plan, being for both management and operation level has been established for which employees could perceive their own career development by competencies assessment and analysis. We have conducted individual annual learning and development roadmap for all levels of employee focusing on Generic Competency to enhance corporate skill and working behavior, Managerial Competency and Functional Competency. This program should enable employees growing their own career steadily and providing more value to the organization in the long run.

2. Performance Development Program

SAMART has developed performance management system for performance appraisal by which Key Performance Indicator (KPIs) has been applied to all levels of employees. These should also enable them clearer goal and more appropriate working direction. Key competency has been considered in performance appraisal process to increase organizational effectiveness.

3. Leadership Program

SAMART has developed management training courses for senior management level specifically to strengthen their leadership and management skills providing new and useful knowledge to apply in their routine work. This should lead management to enhance their skills to prepare for their own career advancement and promotion supporting organization's business growth today and the in future.

4. Talent Management Program

SAMART believes that human capital is the most valuable asset leading to corporate achievement. Hence high performing and high potential employee should be developed by providing special training courses and career path planning for talent employee. This program aimed to retain our talented employee by serving fast-track career progress and enhance their knowledge and competencies to fully apply to their work. We strongly believe that this program should reinforce us retain employee and build up their sense of engagement toward work and the company.

5. Self-Development Program

SAMART appointed 2010 as the year of reading and learning. We have developed special courses and activities throughout the year to create reading culture and learning behavior in the organization. These include of Friend recommended book, Book Barter Campaign, Management recommended book, and providing variety of books supporting the learning needs of employees. This program should support all employees to enhance their learning and knowledge sharing behavior throughout the organization thus leading SAMART to create stepping stone towards a learning society.

Summary of Training to management and employees in 2010

Training	Frequency	Number of Participants
In-House Training		
Managements	19	1,369
Employees	28	840
Sub-Total	47	2,209
External Training		
Managements	97	129
Employees	165	260
Sub-Total	262	389

Training Expenses in 2010

Total training expenses in 2010 for the Company and its subsidiaries were Baht 7,611,000 of which comprised internal, external and international training.

Internal Training Courses

- Continuous Improvement
- CMMI in Practices
- Open Office
- Job on film for Competency
- Leader Training
- Competency Assessment
- Marketing Management
- Effective Under Pressure
- Creating a High Performance Team
- Key Success at Work
- Dealing with Difficult People
- Train the Trainer for Envelopment
- Positive and Creative Thinking Development
- Strategic Thinking Enhancement
- 7 Steps to Sales Success
- Essential Skill for Modern Manager
- PR Workflow
- Negotiation Skill
- Modern Supervisory Skill
- Technology 3G
- Systems, Applications Products (SAP)
- Communication techniques and persuading employees to work happily under the economic crisis

External and international Courses

- CCIE Routing and Switching written Exam in Tokyo, JAPAN.
- Cisco Unified email Interaction Mgr for web Interaction Mar for UCCE in Singapore.
- DMS : Digital media System in Singapore.
- Case Flows
- Future Communication Technology.
- Financial Statement for Director
- Managing Non-Functional Requirement and Business Goals.
- Essential Visual Basic 2008 for Business Applications
- Logistic : Strategy & Management.
- Management & Incentive for Employees of Different Ages.
- The Issue of Change in Accounting Standards.
- Knowledge Management to Customer Relationship Management.
- Business Continuity Management.
- Creating Cultures of Commitment.
- Negotiation Skill and Presentation for Sales
- Leadership Management Professional.
- Global Leadership & Branding
- Leadership Development Program
- Strategic Problem Solving Creative Decision Making
- Every issue accounting standards
- Project Management Professional
- The radiation protection
- The protection of explosives

Welfare and Remuneration policy

1. Welfare Policy

There are also a variety of welfare and projects for health care contribution. It also includes projects for health benefits towards contributing good health to all employees of Samart Corporation Pcl. The Company believe that people make difference. The better the people development, capability enhancement, quality of life and sense of belonging toward Company we can develop, the more contributions to company's long term success and create better returns for shareholders and society.

Beside, the Company has prepared an employee handbook of Samart Group for distribution to all employees, in order to learn about their welfares and benefits as well as working regulations. Website (www.samarthre.com) has been established via intranet to disseminate such information to the employees as well.

2. Remuneration policy

Remuneration policy of the Company is based on fairness with standard methodology. To ensure that remuneration and wages an in the competitive level and same rate with other leading companies which are in the same or similar business, The employees shall receive appropriate wages with their responsibilities, business operation condition of the Company and economic condition of the locality and country, working environment as well as line of command.

7. Internal Control System

(See details in the "5.7 Internal Control and Internal Audit")

8. Dividend Policy

On dividend payment, the Company has policy to pay dividend to the shareholders of not less than 50% of its consolidated net profit after deduction of all reserves as stated in the Company's Articles of Association and related laws, subject to need for future investment and business plan, future necessity and appropriation. The Company's subsidiary and associated companies have policy to pay dividend no less than 50% of their net profit after deduction of all reserves as stated in the Company's Articles of Association and related laws, and consideration of company's financial position.

Connected Transactions

1. Connected transactions in 2010

Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
1. Vilailuck International Holdings Co., Ltd. (VIH) The major shareholder of Samart Corporation Public Co., Ltd. (SC) with 20.18% stake owner. <u>Director of VIH</u> (related person) 1. Mrs. Siripen Vilailuck 2. Mr. Charoenrath Vilailuck 3. Mr. Watchai Vilailuck	SC rented office space at Software Park Building via 30-year lease agreement from VIH : The building owner. - Services charge for public utilities and property tax (the service charge is Baht 1.06 million per month) <u>Remarks</u> : The rate of Service Fee will be increased 5% annually in accordance with the service conditions in the Services Agreement	30.165	Such transaction was complied with the Services Agreement dated May 1, 1999 (The 30-year lease agreement for 11,926 sq.meters was approved by the Company's shareholders in the meeting no.1/1997 on August 24, 1997, and Audit Committee had opinion that such Service charge was in line with condition of services agreement) (No. 1/2011 on February 24, 2011)
	- Rental, Service charge and Property Tax for SC (for the period during August 1, 2009-July 31, 2012 with monthly rental and service charge of Baht 794,523.78)	10.011	The rental and service charge for public utilities were reasonable compared to market price in nearby area and the same price compared with other renters (with area of 1,614 sq.meters). The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was the same rate charged to other customers.
	- Rental, Service charge and Property tax : (mezzanine floor) for SC (for the period during June 1, 2010-July 31, 2012 with monthly rental and service charge of Baht 227,591.18)	1.673	The rental and service charge for public utilities were reasonable compared to market price in nearby area and the same price compared with other renters (existing agreement with area of 462.33 sq. meter). The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was the same rate charged to other customers.
	- SC entered into a rental contract with VIH for the space at 30 th floor, Software Park Building which SC previously leased the area from VIH for the period of 30 years, but the such area was unused and VIH required to rent it. (for the period during June 1, 2009-May 31, 2012 with monthly rental and service charge of Baht 558,711.68)	2.794	The rental and service charge for public utilities were reasonable compared to market price in nearby area and the same price compared with other renters (with area of 1,134.97 sq.meters). The Audit Committee had its meeting No. 1/2011 on February 24, 2011, and resolved that it was the same rate charged to other customers.
	- SC entered into a rental contract with VIH for the space at 31 th floor, Software Park Building which SC previously leased the area from VIH for the period of 30 years, but the such area was unused and VIH required to rent it. (for the period during October 1, 2009-September 30, 2012 with monthly rental and service charge of Baht 724,301.48)	3.622	The rental and service charge for public utilities were reasonable compared to market price in nearby area and the same price compared with other renters (with area of 1,471.35 sq.meters). The Audit Committee had its meeting No. 1/2011 on February 24, 2011, and resolved that it was the same rate charged to other customers.

Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
	- Telephone preventive-maintenance (Total outstanding as of December 31, 2010 was Baht 1,134.20)	0.006	A normal business transaction, which charged in proportion of actual usage and prices. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was the same rate charged to other customers.
	- Advanced payment by SC for Telephone expenses to VIH (Total outstanding as of December 31, 2010 was Baht 4,825.82)	0.030	Advanced payment for normal business of which repayment will be settled from time to time (monthly/quarterly basis). The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was the real advanced expense.
	- Miscellaneous expenses paid to Vilailuck International Holding Co., Ltd. (VIH) by SC. (Total outstanding as of December 31, 2010 was Baht 38,994.98)	0.159	A normal business transaction, which charged in proportion of actual usage and price. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was the real advanced expense.
	Miscellaneous transactions of SC and its subsidiaries paid to VIH during Jan.-Dec.2010. Actual miscellaneous payments i.e. service charge for public utilities, overtime air condition and parking lots were as follows;		
	- Samart Corporation PCL. (SC)	0.330	Such service charge was the actual payment, which was the same rate charged to other customers. The Audit Committee had an opinion that it was the same rate charged to other customers. (No. 1/2011 on February 24, 2011)
	- Sanart Engineering Co., Ltd. (Subsidiary of SC)	-	
	- One To One Contacts Co., Ltd. (Subsidiary of SC)	0.008	
	- Vision and Security System Co., Ltd. (Subsidiary of SC)	0.046	
	- Suvarnabhumi Environment Care Co., Ltd. (Subsidiary of SC)	0.001	
	- Samart Raditech Co., Ltd. (Subsidiary of SC)	0.007	
	- Samart Telcoms PCL. (STC) (SC is a major shareholder)	3.990	
	- Samart Broad Brand Services Co., Ltd. (Subsidiary of STC.)	-	
	- Samart Communication service Co., Ltd. (Subsidiary of STC)	0.164	
	- Thai trade Net Co., Ltd. (Subsidiary of STC.)	0.048	
	- Samart Infonet Co., Ltd. (Subsidiary of STC.)	1.463	
	- Samart Comtech Co., Ltd. (Subsidiary of STC.)	5.968	
	- Smarterware Co., Ltd. (Subsidiary of STC.)	0.071	

Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
	<ul style="list-style-type: none"> - IT GEN Co., Ltd. (Subsidiary of STC) 0.011 - Samart EDTECH Co., Ltd. (Subsidiary of STC) 0.035 - Samart I-Mobile PCL. (SIM) (SC is a Major shareholder) 1.259 - Samart Mobile Services Co., Ltd. (Subsidiary of SIM) 0.008 - I-Mobile International Co., Ltd. (Subsidiary of SIM) 0.030 - I-Mobile Inter Trade Co., Ltd. (Subsidiary of SIM) 0.001 - Samart Multimedia Co., Ltd. (Subsidiary of SIM) 3.465 - Samart Interactive Media Co., Ltd. (Subsidiary of SIM) 0.039 - I-Mobile Plus Co., Ltd. (Subsidiary of SIM) 2.208 - I-Sport Co., Ltd. (Subsidiary of SIM) 0.011 - Take a Look Co., Ltd. (Subsidiary of SIM) - - Brain Source Co., Ltd. (Subsidiary of SIM) 0.021 <p>(Total outstanding as of December 31, 2010 was Baht 4,992,270)</p>		
	<ul style="list-style-type: none"> - Samart I-Mobile PCL. (SIM) (SC is a Major shareholder) sold the mobile telephone to VIH (Total outstanding as of December 31, 2010 was Baht 11,000) 0.045 		A normal business transaction, for sale and purchase of goods, according to the general trade conditions. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was normal business.
2. Vilailuck Property Co., Ltd. (VPP) whose major shareholder of 50% is Vilailuck International Holdings Co., Ltd. (VIH), VIH the major shareholder of SC <u>Director of VPP</u> (related person)	<p>Payments of Vilailuck Property Co., Ltd. paid in advance by SC were as follows:</p> <ul style="list-style-type: none"> - Miscellaneous expenses for example; telephone expense. (Total outstanding as of December 31, 2010 was Baht 109,473.12) 0.041 - Vision and Security System Co., Ltd. (VSS) (Subsidiary of SC) sold CCTV to VPP (Total outstanding as of December 31, 2010 was Baht 41,570) 0.039 		<p>Advanced payment for normal business of which repayment will be settled from time to time (monthly/quarterly basis) The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was the real advanced expense.</p> <p>A normal business transaction, for sale and purchase of goods, according to the general trade conditions. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was normal business.</p>
1. Mrs. Siripen Vilailuck 2. Miss Sirirak Vilailuck			

Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
	- Samart Engineering Co., Ltd. (SE) (Subsidiary of SC) sold DTH dish to VPP (Total outstanding as of December 31, 2010 was Baht 14,829)	0.007	A normal business transaction, for sale and purchase of goods, according to the general trade conditions. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was normal business.
	- Samart Engineering Co., Ltd. (SE) (Subsidiary of SC) Advanced payment by SE for officer's salary working to VPP (Total outstanding as of December 31, 2010 was Baht 470,044)	-	Advanced payment for normal business of which repayment will be settled from time to time (monthly/quarterly basis). The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was the real advanced expense.
	- Samart I-Mobile PCL. (SIM) (SC is the major shareholder of SIM) sold mobile phone to VPP (Total outstanding as of December 31, 2010 was Baht 38,570)	0.032	A normal business transaction, for sale and purchase of goods according to the general trade conditions. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was normal business.
3. Vilailuck Development Co., Ltd. (VLX) whose major shareholder of 42% is VIH and VIH is the major shareholder of SC. <u>Director of VLX</u> (related person) 1. Mr. Charoenrath Vilailuck 2. Mr. Watchai Vilailuck 3. Mr. Thananan Vilailuck	Advance payment of VLX paid by SC as follows: - Miscellaneous expense such as telephone. (Total outstanding as of December 31, 2010 was Baht 7,944.65)	0.036	Advanced payment for normal business of which repayment will be settled from time to time (monthly/ quarterly basis). The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was the real advanced expense.
	- Samart Corporation PCL. (SC) bought a recreation residence at PHUPHATara to VLX	13.700	Purchased the property to use as executives and staffs' welfare also to entertain the company's customers. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that the such purchased property was for welfare purpose and the price was reasonable compared to market price.
	Samart I - Mobile PCL. (SIM) bought a recreation residence at PHUPHATara to VLX	11.512	Purchased the property to use as executives and staffs' welfare also to entertain the company's customers. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that the such purchased property was for welfare purpose and the price was reasonable compared to market price.

Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
	- VLX Advances payment for meter, electricity, water at PHUPHA tara to Samart I - Mobile PCL. (SIM)	0.024	Advanced payment for normal business of which repayment will be settled from time to time (monthly/quarterly basis) The Audit Committee had its meeting No. 1/2011 on February 24, 2011, and resolved that it was the real advanced expense.
	- Samart Telcoms PCL. (STC bought a recreation residence at PHUPHA tara to VLX	13.158	Purchased the property to use as executives and staffs' welfare also to entertain the company's customers. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that the such purchased property was for welfare purpose and the price was reasonable compared to market price.
	- VLX Advances payment for electricity, water at PHUPHA tara to Samart Telcom PCL. (STC)	0.005	Advanced payment for normal business of which repayment will be settled from time to time (monthly/quarterly basis) The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was the real advanced expense.
	- Vision and Security System Co., Ltd. (Subsidiary of SC) sold CCTV to VLX	0.888	A normal business transaction, for sale and purchase of goods, according to the general trade conditions. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was normal business.
	- Smarterware Co., Ltd. (Subsidiary of STC) provided System Development service to VLX (Total outstanding as of December 31, 2010 was Baht 100,537)	-	A normal service business transaction, according to the general trade conditions. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was normal business.
	- Samart I-Mobile PCL. (SIM) (SC is the major shareholder of SIM) sold mobile phone to VLX (Total outstanding as of December 31, 2010 was Baht 4,280)	0.014	A normal business transaction, for sale and purchase of goods according to the general trade conditions. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was normal business.

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Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
	- Samart Mobile Services Co., Ltd.	0.001	
	- Samart Corporation PCL. (SC) bought mobile devices. from SIM	0.004	A normal business transaction, for sale and purchase of goods, according to the general trade conditions. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was normal business.
	- Samart Corporation PCL. (SC) sold old mobile phones to SIM	0.038	A normal business transaction, for sale and purchase of goods, according to the general trade conditions. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was normal business.
	- Samart Corporation PCL. (SC) bought content production service and EDT Guide Book from Samart Multimedia Co., Ltd.	0.070	A normal business transaction, for sale and purchase of goods and services, according to the general trade conditions. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was normal business.
	- SIM paid Management fee to Samart Corporation PCL. (SC)	12.000	Provide services on management and administration, the fee was calculated by estimating from times usage. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was reasonable price.
	- Samart Mobile Services Co., Ltd. Payment for guarantee fee to SC	0.060	Fee payment was in line with terms and conditions fixed. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was according with corporate conditions.
	SIM and subsidiaries of SIM paid IT Data Center Fee to SC as follows		A normal service business transaction, according to the general trade conditions. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was normal business.
	- Samart I-Mobile PCL. (SIM) (SC is a Major shareholder)	46.918	
	- Samart Multimedia Co., Ltd. (Subsidiary of SIM)	17.085	
	SIM and subsidiaries paid rental and public utilities fee to SC as follows		The rental and service charge for public utilities were reasonable compared to market price in nearby area and the same prices compared with other renters. The Audit Committee had an opinion that it was the same rate charged to other customers. (No. 1/2011 on February 24, 2011).
	- Samart I-Mobile PCL. (SIM) (SC is a Major shareholder) (Total outstanding as of December 31, 2010 was Baht 139,979)	22.469	
	- Samart Multimedia Co., Ltd. (Subsidiary of SIM) (Total outstanding as of December 31, 2010 was Baht 755,237)	7.129	

Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
	- Samart Interactive Media Co., Ltd. (Subsidiary of SIM) (Total outstanding as of December 31, 2010 was Baht 1,251)	0.164	
	- Brain Source Co., Ltd. (Subsidiary of SIM) (Total outstanding as of December 31, 2010 was Baht 587)	1.181	
	- Samart Corporation PCL. (SC) bought sacred gift set (Horo World) to Samart Interactive Media Co., Ltd.	0.017	A normal business transaction, for sale and purchase of goods, according to the general trade conditions. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was normal business.
	- Samart Engineering Co., Ltd. (SE) (Subsidiary of SC) sold DTH dish to SIM and Subsidiaries as follows:		
	- Samart I-Mobile PCL. (SIM)	0.111	
	- Samart Multimedia Co., Ltd. (Total outstanding as of December 31, 2010 was Baht 2,042)	0.068	A normal business transaction, for sale and purchase of goods, according to the general trade conditions. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was normal business.
	- Samart Engineering Co., Ltd. (SE) (Subsidiary of SC) bought mobile phone from SIM	0.084	A normal business transaction, for sale and purchase of goods, according to the general trade conditions. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was normal business.
	- One to One Contacts Co., Ltd. (OTO) (Subsidiary of SC) provided Call Center service to SIM and Subsidiary of SIM as follows.		
	- Samart I-Mobile PCL. (SIM) (SC is a Major shareholder) (Total outstanding as of December 31, 2010 was Baht 259,839)	12.527	A normal service business transaction, according to the general trade conditions. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was normal business.
	- Samart Multimedia Co., Ltd. (Subsidiary of SIM) (Total outstanding as of December 31, 2010 was Baht 12,840)	46.585	
	- One to One Contacts Co., Ltd. (OTO) (Subsidiary of SC) bought mobile phone from SIM (Total outstanding as of December 31, 2010 was Baht 41,760)	0.167	A normal business transaction, for sale and purchase of goods, according to the general trade conditions. The Audit Committee had its meeting

Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
			No.1/2011 on February 24, 2011 and resolved that it was normal business.
	- Samart Multimedia Co., Ltd. (Subsidiary of SIM) sold messaging services to OTO (Total outstanding as of December 31, 2010 was Baht 6,153)	0.012	A normal service business transaction, according to the general trade conditions. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was normal business.
	- Samart Mobile Services Co., Ltd. (Subsidiary of SIM) Advanced payment of utilities fee (water, electric, telephone) to OTO	0.717	Advanced payment for normal business of which repayment will be settled from time to time (monthly/quarterly basis) The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was the real advanced expense.
	- One to One Contacts Co., Ltd. bought sacred gift set (Horo World) from Samart Interactive Media Co., Ltd.	0.002	A normal business transaction, for sale and purchase of goods, according to the general trade conditions. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was normal business.
	- Vision and Security System Co., Ltd. (Subsidiary of SC) sold old mobile phones to SIM	0.012	A normal business transaction, for sale and purchase of goods, according to the general trade conditions. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was normal business.
	- Vision and Security System Co., Ltd. (Subsidiary of SC) sold CCTV to Samart I-Mobile PCL. (SIM)	0.005	A normal business transaction, for sale and purchase of goods, according to the general trade conditions. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was normal business.
	- Vision and Security System Co., Ltd. (Subsidiary of SC) bought mobile phone from SIM (Total outstanding as of December 31, 2010 was Baht 7,499)	0.228	A normal business transaction, for sale and purchase of goods, according to the general trade conditions. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was normal business.

Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
	- Suvarnabhumi Environment Care Co., Ltd. (Subsidiary of SC) bought mobile phone from SIM (Total outstanding as of December 31, 2010 was Baht 8,383)	0.008	A normal business transaction, for sale and purchase of goods, according to the general trade conditions. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was normal business.
	- Suvarnabhumi Environment Care Co., Ltd. (Subsidiary of SC) bought sacred gift set (Horo World) from Samart Interactive Media Co., Ltd.	0.002	A normal business transaction, for sale and purchase of goods, according to the general trade conditions. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was normal business.
	- Suvarnabhumi Environment Care Co., Ltd. (Subsidiary of SC) bought EDT Guide Book to Samart Multimedia Co., Ltd. (Total outstanding as of December 31, 2010 was Baht 1,200)	0.001	A normal business transaction, for sale and purchase of goods, according to the general trade conditions. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was normal business.
	- Cambodia Air Traffic Services Co., Ltd. (Subsidiary of SC) bought mobile phone from SIM	0.063	A normal business transaction, for sale and purchase of goods, according to the general trade conditions. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was normal business.
	- Samart Raditech Co., Ltd. (Subsidiary of SC) bought mobile phone from SIM (Total outstanding as of December 31, 2010 was Baht 1,359)	0.015	A normal business transaction, for sale and purchase of goods, according to the general trade conditions. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was normal business.
	- Samart International Co., Ltd. (Subsidiary of SC) bought air card and paid 3 G service to SIM (Total outstanding as of December 31, 2010 was Baht 427)	0.003	A normal business transaction, for sale and purchase of goods and services, according to the general trade conditions. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was normal business.

Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
	- Samart International Co., Ltd. (Subsidiary of SC) bought EDT Guide Book from Samart Multimedia Co., Ltd. (Total outstanding as of December 31, 2010 was Baht 2,000)	0.002	A normal business transaction, for sale and purchase of goods, according to the general trade conditions. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was normal business.
7. Ascon Construction PLC. has Director of SC is a major shareholder <u>Director of SC</u> (related person) 1. Mr. Charoenrath Vilailuck 2. Mr. Watchai Vilailuck <u>Join of Director</u> 1. Mr. Sombut Uthaisang 2. Mr. Sirichai Rasameechan	Samart Engineering Co., Ltd. (Subsidiary of SC) sold DTH dish and Antenna to Ascon (Total outstanding as of December 31, 2010 was Baht 309,111.78)	-	A normal business transaction, for sale and purchase of goods, according to the general trade conditions. The Audit Committee had its meeting No.1/2011 on February 24, 2011, and resolved that it was normal business.

2. Summary of guidelines for considering on the related transactions which might have conflicts of interest.

- **Necessity and Rationale of transactions**

The Audit Committee had the opinion that the inter-company transactions above were reasonable and necessary for the Company's operations. The conditions were set according to the general trade conditions.

- **Measures and Steps of Approval for Connected Transactions**

The connected transactions were verified by the Audit Committee to protect and avoid conflict of interest then proposed for consideration and approval in the Board of Directors' and shareholders' meetings respectively depended on conditions and values of transactions according to the SET's regulation. Meanwhile, the directors, management and the stakeholders who had conflict of interest would not participate in the such connected transactions. The approval on the connected transaction would be complied with the regulations and notifications of the Stock Exchange of Thailand (SET)

- **Policy and Trend in Future Connected Transactions**

The Company may have any connected transaction as appropriate based on normal business conditions and can be referred the same transaction made with outside parties with the necessity and the maximized benefit to the Company. However, the Company will strictly comply with SET's regulations and notifications. In case of any conflict of interest transaction occurred in the future, opinion from the Audit Committee on its necessity and appropriateness will be required and disclosed in the Company's audited noted of financial statement.

Financial Analysis

Operation Overview

Total revenues in 2010 were Baht 16,266 million down 6.0% from Baht 17,305 million in 2009. Revenue from sales and services were Baht 15,920 million compared to Baht 17,038 million in 2009 or a decrease of 6.5%. Other income increased from Baht 266 million to Baht 345 million in 2010. Sales and service income was lower due to lower sales revenues from ICT Solutions and Services Group and Mobile Multimedia Group. Revenues from handset sales on the other hand remained weak. Increase in other income was due to gain on sales of investment, reversal of allowance of impairment of deferred right to use of communications equipment and gain on exchange. Selling support income for handset business dropped from Baht 81 million in 2009 to Baht 67 million in 2010. This drop is linked to lower sales of branded handsets.

Cost of sales and services in 2010 were Baht 12,575 as compared to Baht 14,109 million in 2009. Gross profit margin for 2010 was 21.0% as compared to 17.2% in 2009. The increase in Gross margins is attributed to higher other income, and higher gross margins on ICT Solutions and Services Group, Mobile Multimedia

Selling expenses in 2010 were Baht 2,187 million or 13.4% of total revenues as compared to Baht 2,025 million or 11.7% of total revenues in 2009. Increase in selling expenses was mainly attributed to Mobile Multimedia Group and is related to launch of new products and services. Administration expenses as an absolute number were flat as compared to 2009. Management remuneration was up very marginally by Baht 4 million in 2010. Other expenses were Baht 170 million as compared to Baht 54 million in 2009. The increase is attributed to allowance for doubtful debt which increased from Baht 19 million in 2009 to Baht 58 million in 2010, provision of obsolete stock, loss on change in value of short term investment in trading securities and other expenses.

On a consolidated basis, financing costs decreased from Baht 347 million in 2009 to Baht 321 million in 2010. Except for ICT Solutions and Services Group, where financing costs increased from Baht 118 million in 2009 to Baht 148 million, mainly due to ongoing projects, financing costs elsewhere decreased. On a separate financial statement, financing costs were lower from Baht 68 million in 2009 to Baht 56 million mainly due to decrease in long term liabilities.

Overall corporate income tax for 2010 was Baht 132 million as against Baht 147 million in 2009. Tax expenses for ICT Solutions and Services Group were Baht 67 million as against Baht 97 million in 2009. Mobile Multimedia Group's tax expenses were marginally up from Baht 2 million in 2009 to Baht 7 million in 2010 and on a separate financial statements, tax expense were flat at Baht 34 million.

On a consolidated basis, the Company reported a net profit of Baht 628 million as compared to Baht 455 million in 2009 or an increase of 38% year on year.

Consolidated Operating Results

Revenue from sales and services were Baht 15,920 million compared to Baht 17,038 million in 2009 or a decrease of 6.5%. Decrease in revenue is mainly due to lower sales in ICT Solutions and Services Group and Mobile Multimedia Group.

Revenue breakdown by line of business:

Line of Business	Revenue from Sales & Services 2010 (Million Baht)	Growth Rate
1. Mobile Multimedia	7,978	(8.9%)
2. ICT Solutions & Services	5,587	(9.8%)
3. Technology Related Business	2,354	13.2%
Total	15,919	(6.5%)

Mobile Multimedia:

Sales and service income for 2010 was Baht 7,987 million down from Baht 8,769 million in 2009. The decrease is mainly due to lower average handset price per unit in market. Service income however increased from Baht 839 million in 2009 to Baht 966 million in 2010. Increase in service income is mainly due to increase in content services. Domestic handset sales increased 11.8% year on year and handset sales by value in the overseas markets were down 25% as compared to year 2009. Overseas handset sales were lower in line with Company's policy to scale down the operations in non performing markets. Content sales on the other hand were Baht 899 million in 2010 compared to Baht 800 million in 2009 or an increase of 12.4%.

Gross margin for 2010 was 21.2% as against 16.2% in 2009. The improvement in Gross margins is due to increasing composition of i-mobile handset sales in domestic and overseas markets and due to content services. Other income dropped from Baht 270 million in 2009 to Baht 138 million in 2010 mainly due to drop in selling support income and the disposal of investment in short term trading securities.

A total of 3,851,866 handsets were sold in 2010 as compared to 3,648,794 handsets in 2009. Handsets sold in domestic market were 3,386,133 as compared to 3,027,904 in 2009. Increase in handsets sales in domestic market was due to return of consumer confidence and more affordability of end users as average handset prices continue to fall in 2010. Handsets sold in international markets were 465,733 as compared to 621,070 in 2009. The drop in handset sales is in line with Company's policy to scale down the operations in less attractive markets. Out of total handsets sold in 2010, 3,679,727 were i-mobile brand or 95.5% as compared to 3,399,205 or 93.2% in 2009.

Revenues of infotainment group were up from Baht 800 million in 2009 to Baht 899 million in 2010 or an increase of 12.4%. The increase is attributed to better than expected performance of non voice content programs and moderate growth in voice programs under "BUG" brand.

ICT Solutions & Services:

Sales income decreased from Baht 4,846 million in 2009 to Baht 3,712 million in 2010, or a drop of 23.4%. Drop is mainly due to the delay of many projects that commencement of revenue recognition will be started in 2011. However, service income was up from Baht 1,356 million in 2009 to Baht 1,901 million in 2010 or an increase of 40.1%. As company gradually move towards increasing service income based projects, this segment is likely to grow gradually.

Gross margins for 2010 were 17.9% as compared to 14.9% in 2009. The increase margin was contributed from the efficiency of cost of sales and services.

Technology Related Business:

Technology Related Businesses comprised of international and local business portfolio. Overall revenue increased 13.1% to Baht 2,354 million. Overall Gross profit for Related Businesses was Baht 722 million in 2010 as compared to Baht 675 million in 2009. Gross profit margin for 2010 was 30.6% as compared to 32.4% in 2009.

International

International operations comprising of Air Traffic Management Services and Kampot Power Plant Company reported a consolidated revenues of Baht 960 million in 2010 as compared to Baht 1,000 million in 2009. Drop in revenues is mainly due to appreciation of THB against USD in 2010. Overall Gross profit margin was 52.9% as compared to 51.5% in 2009.

Domestic

Consolidated revenues in domestic portfolio were Baht 1,393 million up from Baht 1,077 million in 2009. Overall Gross profit margins were up from 14.6% in 2009 to 15.2% in 2010.

In local portfolio, revenues from Samart Engineering decreased from Baht 321 million in 2009 to Baht 236 million in 2010. Decrease is due to lower sales of Ku band antenna's and set top box sets to direct to home (DTH) operator in Thailand. The Gross profit margin however improved from 17.4% in 2009 to 20.2% in 2010. Call center business revenues were up from Baht 597 million in 2009 to Baht 890 million in 2010. Increase in call center revenues is due to winning of several private and Government call center projects in 2010. The estimated backlog as of December 2010 is around Baht 750 million. As more and more agencies are outsourcing and setting up the call center, business has bright prospects in near to medium term. Gross profit for 2009 was 12.2% where as margins in 2010 were 9.5%. Drop in margin is due to certain project in the portfolio that attracted higher competition during the bidding process, thus, lowering the margins. Vision and security system revenues were up from Baht 192 million in 2009 to Baht 328 million 2010. Jump in revenues is mainly from several projects of various Government agencies that Company won. These projects involved installation of security systems at Government buildings across different parts of Thailand. Gross profit margin was up from 17.1% in 2009 to 22.2% in 2010. Improved profitability is due to pricing of projects which enabled higher margins due to lower competition.

Financial Statement

Assets

Total assets decreased 12.8% to Baht 13,529 million from Baht 15,518 million as of Dec. 2009. Total current assets decreased from Baht 10,861 million in 2009 to Baht 8,649 million in 2010. Drop in accrued income of Baht 1,063 million in 2010 was one of the main reasons for decrease in current and total assets. On the non current assets, deferred right for the use of communications equipment increased from Baht 214 million to Baht 264 million in 2010. This is mainly related to services related investments in ICT Solutions and services Group. Inventories for 2010 were up only by 1.4% from previous year. Inventories for ICT Services and solutions Group decreased from Baht 786 million in 2009 to Baht 686 million in 2010 mainly due to completion of project work. Inventories under Mobile multimedia increased from Baht 777 million in 2009 to Baht 873 million in 2010. Cash and cash equivalents decreased from Baht 959 million to Baht 724 million in 2010.

Company's net trade A/R as of December 2010 was Baht 3,983 million, which is equivalent to 29.4% of total assets as compared to 27.7% of total assets in 2009. Out of Baht 3,983 million worth of trade accounts receivables, Baht 2,963 million are in Mobile Multimedia and Baht 794 million came from ICT Solutions.

Inventories at the end of 2010 were Baht 1,736 million or equivalent of 12.8% of total assets as compared to inventory figure of Baht 1,708 million or equivalent of 11.0% of total assets in 2009.

Trade Account Receivable and Inventory

In line with decrease in sales volume, net trade A/R decreased by 7.5% to Baht 3,983 million from Baht 4,309 million in 2009. Outstanding A/R at Mobile Multimedia (Samart I-Mobile) is worth Baht 2,963 million or equivalent to 74.3% of total A/R. Outstanding A/R in ICT Solutions and Services Group (Samart Telcoms) is worth Baht 794 million or equivalent to 19.9% of total A/R. Overall provision for doubtful accounts increased from Baht 130 million to Baht 154 million in 2010. Accounts over twelve months increased from Baht 296 million to Baht 364 million in 2010.

Net Inventories as of December 2010 increased by 1.4% to Baht 1,736 million from Baht 1,708 million as of December 2009. The increase is mainly attributed to inventories handsets under Mobile Multimedia (Samart I-Mobile).

D/E ratio

On a consolidated basis, D/E ratio (total liabilities over total equity) for 2010 was 1.41 times down from 2.12 times in 2009. However, on a Company basis, D/E decreased from 0.49 times as of December 2009 to 0.37 times as of December 2010. The decrease in D/E at holding Company level is due to decrease in current liabilities. Looking at the trend, D/E at holding Company should be declining progressively, whereas on consolidated basis, long-term D/E is subject to winning new projects that might require additional borrowing to finance new investments.

Liquidity

On a consolidated basis, current ratio (current assets/current liabilities) remained at 1.18 for year 2010 as compared to 1.12 for the year ended 2009. On a Company basis, current ratio was 0.51 for 2010 as compared to 0.52 for 2009. Decrease in current ratio at Company level is due to dividend payable of Baht 159 million in 2010. Current portion of long term debt reduced from Baht 460 million in 2009 to Baht 221 million in 2010. However, looking at trend, Company & its subsidiaries shall be liquid enough to service its interest obligations as per the schedule.

On a consolidated basis, Cash flow from operation increased from Baht 501 million in 2009 to Baht 2,579 million in 2010.

Company used Baht 397 million worth of cash towards investment activities as compared to Baht 1,433 million as of December 2009.

On a consolidated basis in 2010, Baht 2,325 million worth of cash was used in financing activities most of which was used to settle the short term loans from financial institutions as against Baht 983 million worth of cash came from financing activities in 2009.

As a result, ending cash and cash equivalents decreased from Baht 959 million as of December 2009 to Baht 724 million as of December 2010.

Sources of Fund

As of December 2010, consolidated shareholders equity was Baht 5,608 million as compared to Baht 4,967 million as of December 2009. On a Company level, equity attributable to Company's shareholders was up from Baht 3,306 million to Baht 3,432 million. Consolidated retained earnings were up from Baht 2,165 million in 2009 to Baht 2,614 million in 2010. Investment in treasury shares was Baht 88 million down from Baht 209 million in 2009. As of December 2010, Company has outstanding 16.06 million treasury shares at an average price of Baht 5.49 per share. Issued and fully paid up capital increased marginally from Baht 977.070 million to Baht 980.306 million as a result of exercise of employee stock options.

Total liabilities in 2010 were Baht 7,920 million down from Baht 10,551 million as of December 2009. Liabilities decreased due to decrease in bank overdrafts and short-term loans from financial institutions which decreased from Baht 6,473 million to Baht 4,563 million as of December 2010. Non current liabilities decreased from Baht 853 million in 2009 to Baht 590 million in 2010. The reduction mainly came from long-term loan net of current portion which reduced from Baht 809 million in 2009 to Baht 578 million in 2010. Long-term loan net of current portion of Company (only) were reduced from Baht 220 million in 2009 to Baht 13 million in 2010.

Report of the Board of Directors' Responsibility on the Company's Financial Statements

The Board of Directors is responsible for the Company's consolidated financial statements and any financial information which been disclosed in the Company's annual report. Such financial statements were prepared in accordance with the general acceptance-accounting standard in Thailand with appropriated financial policy. The reports were carefully considered and prepared with sufficient information in the notes to the financial statements and been generally practiced.

The Board of Directors also set out and maintained for the efficiency internal control system to obtain reasonable assurance that the financial information had been correctly booked in proper way and completely enough to maintain the Company's assets and be aware of weak point in order to prevent whether from any dishonesty or significant error.

The Board of Directors had appointed the Audit Committee of which comprised 4 independent directors with qualification according to SET/SEC regulations and notification for being the audit committee's members to responsible for the quality of the financial statements and the internal control system. The opinion of the Audit Committee has already been disclosed in the annual report.

The Company's consolidated financial statements have been audited by Ernst & Young Office Limited with full support from the Board of Directors in order to have the auditor to audit and provide their opinion in accordance with the accounting standard and such opinion has been disclosed in the Company's Annual Report.

The Board of Directors satisfied the Company's internal control system that was sufficient to obtain reasonable assurance in the Company's consolidated financial statements as of December 31, 2010, which was accurate and complied to the accounting standard and related law and regulations.



(Dr. Tongchat Hongladaromp)

Chairman

Samart Corporation Public Company Limited



(Mr. Charoenrath Vilailuck)

Executive Chairman

Samart Corporation Public Company Limited

Report of Independent Auditor

To the Shareholders of Samart Corporation Public Company Limited

I have audited the accompanying consolidated balance sheets of Samart Corporation Public Company Limited and its subsidiaries as at 31 December 2010 and 2009, the related consolidated statements of income, changes in shareholders' equity, and cash flows for the years then ended, and the separate financial statements of Samart Corporation Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits. I did not audit the financial statements of Samart Inter Holding Company Limited, Cambodia Air Traffic Service Company Limited, Kampot Power Plant Company Limited and Cambodia Samart Company Limited, the overseas subsidiaries of the Company, whose financial statements were included in the consolidated financial statements. The consolidated balance sheet as at 31 December 2010 included the financial statements of the four subsidiary companies which presented total assets of Baht 1,366 million, or equivalent to 10.07 percent (2009: Baht 1,363 million or equivalent to 8.78 percent) of total consolidated assets. The consolidated statements of income for the year ended 31 December 2010 included total revenue of the four subsidiary companies of Baht 969 million, or equivalent to 5.95 percent of total consolidated revenue (2009: Baht 1,002 million or equivalent to 5.79 percent of total consolidated revenue). The financial statements of the four subsidiary companies were audited by other auditors, whose reports have been furnished to me, and my report, insofar as it relates to the amounts included for these subsidiaries, is based solely on the reports of those auditors.

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 included assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audits provide a reasonable basis for my opinion.

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

Without qualifying my opinion on the financial statements for 2010 and 2009, I draw attention to the following matters.

- a) As discussed in Note 15 b) and 42.3 i) to the financial statements, on 26 October 2006, a subsidiary company entered into an agreement with a company (formerly a state enterprise), whereby they would provide an information technology network to The Department of Local Administration for a period of 1 year. The subsidiary is obliged to make the network available at not less than 1,000 sites within 120 days from the contract date and guarantee this minimum number of users throughout the contract period. If the subsidiary is unable to do so within the delivery period (22 February 2007), the counterparty will charge a penalty for any delays in the subsidiary's work. However, up to 22 February 2007 the subsidiary could not make the network available at 1,000 sites because such subsidiary has yet to receive the equipment from the counterparty and Bandwidth received is not adequate for actual usage. Since the subsidiary could not accomplish the number of guaranteed users, the counterparty therefore could charge a penalty for delay work. However, the subsidiary's management and legal counsel are of the opinion that the subsidiary is not obligated to pay any fine to the counterparty as the delay of such project is not the subsidiary's fault. In addition, the management of the subsidiary believes that the negotiation with the counterparty will be successful therefore as at 31 December 2010 the subsidiary has not set up provision for fine from the project delay.

b) As discussed in Note 10 to the financial statements, Samart Corporation Public Company Limited and its subsidiaries had significant business transactions with related individual and parties, relating to the purchase and sales of finished goods, services, investments, fixed assets and loans. Such transactions have been concluded on the terms and basis as determined by the Company, its subsidiaries and those related parties.

In addition, I had drawn attention to the 2009 financial statements of some other matters. The matters were resolved in 2010 as discussed in Note 9.1 c), Note 9.2 and Note 15 b).



Saifon Inkaew

Certified Public Accountant (Thailand) No. 4434

Ernst & Young Office Limited
Bangkok: 23 February 2011

Balance sheets

Samart Corporation Public Company Limited and its subsidiaries
 As at 31 December 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Assets					
Current assets					
Cash and cash equivalents	6	724,378,420	959,666,923	160,043,204	207,179,946
Short-term investments					
Trading securities - net	7	106,955,710	110,808,022	809,882	27,775,186
Short-term debt securities		-	299,557,905	-	-
Fixed deposit at financial institutions		100,742,500	100,000,000	-	-
Trade accounts receivable					
Related parties	9.1, 10	634,605	1,010,490	20,000	884,782
Unrelated parties - net	9.1	3,983,127,881	4,308,739,364	10,404,719	5,088,812
Total trade accounts receivable - net		3,983,762,486	4,309,749,854	10,424,719	5,973,594
Accrued income	9.2	1,331,934,188	2,394,703,647	699,504	727,315
Amounts due from and short-term loans to related parties	10	644,083	8,072,855	346,655,366	424,803,432
Inventories - net	11	1,736,803,635	1,708,497,757	-	-
Current portion of long-term finance leases receivable	12	42,406,758	-	-	-
Other current assets	13	621,517,773	970,702,910	27,202,933	16,893,985
Total current assets		8,649,145,553	10,861,759,873	545,835,608	683,353,458
Non-current assets					
Restricted bank deposits	6, 8	127,671,910	126,832,630	-	-
Investments in subsidiaries - net	14	-	-	3,448,307,683	3,478,445,573
Long-term finance leases receivable - net of current portion	12	50,278,070	-	-	-
Property, plant and equipment - net	15	3,641,693,557	3,539,205,877	447,787,094	466,901,766
Prepaid rental to a related company - net	16	229,575,500	242,097,800	229,575,500	242,097,800
Other non-current assets					
Goodwill		217,907,888	216,275,065	-	-
Deferred right for the use of communication equipment - net	17	264,627,622	215,715,537	-	-
Intangible assets	18	36,419,255	27,500,000	-	-
Assets held for future projects - net	19	72,945,703	73,228,088	45,257,682	45,503,838
Withholding tax deducted at source		155,448,837	79,961,743	4,850,803	8,078,606
Deposits		51,178,939	51,263,214	3,652,983	3,376,145
Others		32,417,440	84,669,550	1,773	2,456
Total other non-current assets		830,945,684	748,613,197	53,763,241	56,961,045
Total non-current assets		4,880,164,721	4,656,749,504	4,179,433,518	4,244,406,184
Total assets		13,529,310,274	15,518,509,377	4,725,269,126	4,927,759,642

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

Balance sheets (continued)

Samart Corporation Public Company Limited and its subsidiaries
 As at 31 December 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	20	4,563,056,664	6,473,541,872	507,213,131	507,128,588
Trade accounts payable					
Related parties	10	-	-	8,852,418	4,810,949
Other companies		935,302,549	1,588,799,786	-	-
Total trade accounts payable		935,302,549	1,588,799,786	8,852,418	4,810,949
Accounts payable and short-term loans from related parties	10	6,168,371	1,561,797	151,223,278	232,398,321
Dividend payable	32	144,607,471	-	144,607,471	-
Short-term loan from unrelated party	21	495,000	12,606,000	-	-
Current portion of long-term loans from other company	22	-	55,000,000	-	55,000,000
Current portion of long-term loans from financial institutions	23	496,581,182	645,402,293	221,763,550	460,282,632
Current portion of liabilities under finance lease agreements	24	26,357,835	26,801,570	171,129	362,856
Other current liabilities	25	1,157,565,014	895,189,489	34,236,193	43,888,421
Total current liabilities		7,330,134,086	9,698,902,807	1,068,067,170	1,303,871,767
Non-current liabilities					
Long-term loan from subsidiary company	10	-	-	196,925,950	50,275,200
Long-term loans from financial institutions - net of current portion	23	578,736,896	809,785,927	13,107,769	220,531,000
Long-term liabilities under finance lease agreements - net of current portion	24	3,337,664	26,032,852	44,264	215,393
Other non-current liabilities					
Deposits		3,228,008	6,457,435	12,459,982	16,549,102
Advance received IT service fees from subsidiary companies - net	10, 26	-	-	2,280,289	29,643,750
Others		5,140,504	10,015,458	3,500	291,100
Total other non-current liabilities		8,368,512	16,472,893	14,743,771	46,483,952
Total non-current liabilities		590,443,072	852,291,672	224,821,754	317,505,545
Total liabilities		7,920,577,158	10,551,194,479	1,292,888,924	1,621,377,312

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

Balance sheets (continued)

Samart Corporation Public Company Limited and its subsidiaries

As at 31 December 2010 and 2009

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Liabilities and shareholders' equity (continued)				
Shareholders' equity				
Share capital	27			
Registered				
1,006,601,830 ordinary shares of Baht 1 each	1,006,601,830	1,006,601,830	1,006,601,830	1,006,601,830
Issued and fully paid up				
980,306,410 ordinary shares of Baht 1 each				
(31 December 2009: 977,070,910 ordinary shares of Baht 1 each)	980,306,410	977,070,910	980,306,410	977,070,910
Share premium	66,739,763	21,041,660	66,739,763	21,041,660
Share premium of subsidiary companies	1,195,251,930	1,186,159,106	-	-
Surplus on revaluation of property, plant and equipment	28	173,431,235	173,431,235	177,822,024
Surplus on revaluation of land, building and improvement of subsidiary companies	28	203,486,340	-	-
Surplus on investments in subsidiary companies arising as a result of acquisition of additional shares at a price higher than the net book value at the acquisition date		(735,603,029)	-	-
Translation adjustments		(211,597,853)	-	-
Retained earnings				
Appropriated - statutory reserve	31	100,660,183	100,660,183	100,660,183
- treasury shares reserve	29	88,260,052	88,260,052	209,669,951
Unappropriated		2,614,959,634	2,111,242,611	2,029,787,553
Total shareholders' equity		4,475,894,665	3,520,640,254	3,516,052,281
Less: Treasury shares	29	(88,260,052)	(88,260,052)	(209,669,951)
Equity attributable to the Company's shareholders - net		4,387,634,613	3,432,380,202	3,306,382,330
Minority interest - Equity attributable to minority shareholders of subsidiaries		1,221,098,503	-	-
Total shareholders' equity		5,608,733,116	3,432,380,202	3,306,382,330
Total liabilities and shareholders' equity		13,529,310,274	4,725,269,126	4,927,759,642

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

Income statements

Samart Corporation Public Company Limited and its subsidiaries
 For the years ended 31 December 2010 and 2009

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Revenues				
Sales income	11,056,421,853	13,075,880,303	-	-
Service income	4,864,132,761	3,963,062,156	14,621,506	14,558,201
Other income 33.1	345,807,547	266,506,430	700,781,741	583,534,337
Total revenues	16,266,362,161	17,305,448,889	715,403,247	598,092,538
Expenses				
Cost of sales	9,295,464,509	11,411,460,889	-	-
Cost of services	3,280,894,268	2,697,584,697	14,176,708	14,089,150
Selling expenses	1,336,931,482	1,177,189,975	-	-
Administrative expenses	851,392,315	848,227,370	278,514,680	262,641,755
Management's remuneration	74,901,606	70,795,472	22,573,000	20,738,250
Other expenses 33.2	170,385,523	54,000,374	48,753,484	45,401,226
Total expenses	15,009,969,703	16,259,258,777	364,017,872	342,870,381
Income before share of loss from investment in associate, finance cost and corporate income tax	1,256,392,458	1,046,190,112	351,385,375	255,222,157
Share of loss from investment in associate	-	(579)	-	-
Income before finance cost and corporate income tax	1,256,392,458	1,046,189,533	351,385,375	255,222,157
Finance cost 36	(321,378,063)	(347,740,471)	(56,569,474)	(68,844,989)
Income before corporate income tax	935,014,395	698,449,062	294,815,901	186,377,168
Corporate income tax 37	(132,210,716)	(147,285,770)	(34,970,400)	(34,999,126)
Net income for the year	802,803,679	551,163,292	259,845,501	151,378,042
Net income attributable to:				
Equity holders of the parent	628,122,574	455,016,996	259,845,501	151,378,042
Minority interests of the subsidiaries	174,681,105	96,146,296		
	802,803,679	551,163,292		
Earnings per share 30				
Basic earnings per share				
Net income attributable to equity holders of the parent	0.66	0.48	0.27	0.16
Diluted earnings per share				
Net income attributable to equity holders of the parent	0.66	0.48	0.27	0.16

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

(Unit: Baht)

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

(Unit: Baht)

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Unit: Baht)

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

(Unit: Baht)

(Unit: Baht)

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Statements of changes in shareholders' equity (continued)

Smart Corporation Public Company Limited and its subsidiaries
 For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Separate financial statements							
	Share capital issued and fully paid	Share premium	Surplus on property, plant and equipment revaluation	Retained earnings			Treasury share	Total
				Appropriated		Unappropriated		
				Statutory reserve	Treasury share reserve			
Balance as at 31 December 2008	976,503,910	18,518,510	139,803,377	100,660,183	144,269,892	2,109,777,068	(144,269,892)	3,345,263,048
Expenses recognised directly in equity:	-	-	(1,646,778)	-	-	-	-	(1,646,778)
Transfer surplus on disposed asset (Note 28)	-	-	42,606,341	-	-	-	-	42,606,341
Increase in surplus on property, plant and equipment (Note 28)	-	-	(2,940,916)	-	-	2,940,916	-	-
Transfer surplus on plant and equipment to retained earnings (Note 28)	-	-	38,018,647	-	-	2,940,916	-	40,959,563
Net expenses recognised directly in equity	-	-	-	-	-	151,378,042	-	151,378,042
Net income for the year	-	-	38,018,647	-	-	154,318,958	-	192,337,605
Total income and expenses for the year	-	-	-	-	-	(168,908,414)	-	(168,908,414)
Dividend paid (Note 32)	-	-	-	-	-	-	-	-
Increase in share capital and share premium from warrant exercised (Note 27.2)	567,000	2,523,150	-	-	-	-	-	3,090,150
Decrease in treasury share (Note 29)	-	-	-	-	-	-	(65,400,059)	(65,400,059)
Unappropriated retained earnings transferred to treasury share reserve (Note 29)	-	-	-	-	65,400,059	(65,400,059)	-	-
Balance as at 31 December 2009	977,070,910	21,041,660	177,822,024	100,660,183	209,669,951	2,029,787,553	(209,669,951)	3,306,382,330

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

Statements of changes in shareholders' equity (continued)

Smart Corporation Public Company Limited and its subsidiaries
For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Separate financial statements (continued)							
	Share capital issued and fully paid	Share premium	Surplus on property, plant and equipment revaluation	Retained earnings			Treasury share	Total
				Statutory reserve	Appropriated	Treasury share reserve		
Balance as at 31 December 2009	977,070,910	21,041,660	177,822,024	100,660,183	209,669,951	2,029,787,553	(209,669,951)	3,306,382,330
Expenses recognised directly in equity:								
Increase in share capital and share premium from warrant exercised (Note 27.2)	3,235,500	14,397,975	-	-	-	-	-	17,633,475
Treasury shares sold during the period (Note 29)	-	31,300,128	-	-	(121,409,899)	121,409,899	121,409,899	152,710,027
Decrease in surplus on property, plant and equipment revaluation (Note 28)	-	-	(4,390,789)	-	-	4,390,789	-	-
Net expenses recognised directly in equity	3,235,500	45,698,103	(4,390,789)	-	(121,409,899)	125,800,688	121,409,899	170,343,502
Net income for the year	-	-	-	-	-	259,845,501	-	259,845,501
Total income and expenses for the year	3,235,500	45,698,103	(4,390,789)	-	(121,409,899)	385,646,189	121,409,899	430,189,003
Dividend paid (Note 32)	-	-	-	-	-	(304,191,131)	-	(304,191,131)
Balance as at 31 December 2010	980,306,410	66,739,763	173,431,235	100,660,183	88,260,052	2,111,242,611	(88,260,052)	3,432,380,202

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

Cash flows statements

Samart Corporation Public Company Limited and its subsidiaries
 For the years ended 31 December 2010 and 2009

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash flows from operating activities				
Net income before tax	935,014,395	698,449,062	294,815,901	186,377,168
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities				
Gain on disposal of investments in related parties 14.1.1	(105,612,395)	(50,551,025)	(54,967,841)	(5,626,490)
Loss on disposal of short-term investment in trading securities 7	1,200,573	2,500,432	4,578,239	640,693
Amortization of deferred income on sale and lease back	(3,911,863)	(3,911,863)	-	-
Gain on liquidation of associated company	-	(16,217)	-	-
Share of loss from investment in associated company	-	579	-	-
Gain on sales and write-offs of property, plant and assets held for future projects - net	(3,199,597)	(69,049)	(2,044,638)	(2,207,919)
Gain on sales of equipment under finance lease	(28,129,491)	-	-	-
Loss on sales of assets held for sale	-	6,572,961	-	-
Loss (gain) on change in value of short-term investment in trading securities 7	15,035,053	(34,718,841)	2,760,930	(4,334,785)
Unrealised loss (gain) on exchange	(10,910,019)	5,090,193	(29,934,877)	(3,885,915)
Reversal of allowance for impairment of deferred right to the use of communications equipment	(78,000,000)	-	-	-
Bad debts and doubtful accounts	42,702,083	13,191,021	-	-
Allowance for diminution in value of advance for purchase of inventories	1,319,539	12,432	-	-
Allowance for diminution in value of sales promotion receivables	4,527,563	1,068,024	-	-
Allowance for withholding tax deducted at source and refundable value added tax	11,367,878	12,640,343	7,080,173	5,616,727
Write off of obsolete and damaged inventory	-	1,638,303	-	-
Provision for obsolete inventories	27,461,468	2,690,635	-	-
Reversal of allowance for obsolete inventories to cost	(4,289,533)	-	-	-
Depreciation and amortisation	957,540,324	912,153,382	101,338,685	101,753,009
Allowance for impairment of investment in subsidiaries	-	-	34,334,142	35,610,172

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

Cash flows statements (continued)

Samart Corporation Public Company Limited and its subsidiaries
 For the years ended 31 December 2010 and 2009

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash flows from operating activities (continued)				
Allowance for impairment of assets	17,416,103	1,695,718	-	-
Amortisation of excess of cost of investments over the net book value of the subsidiaries	41,629,041	5,676,000	-	-
Amortisation of advance receive from subsidiaries	-	-	(290,000)	(581,200)
Amortisation of advance receive for IT service fee from subsidiaries	-	-	(27,363,461)	(27,363,462)
Transfer equipment to expense	4,097,468	10,196,872	-	-
Gain on compensation receipt from insurance	(31,613)	(163,167)	-	-
Interest income	(9,621,248)	(8,507,221)	(23,452,797)	(34,176,492)
Interest expense	300,059,531	328,844,476	56,435,114	68,651,631
Income from operating activities before changes in operating assets and liabilities	2,115,665,260	1,904,483,050	363,289,570	320,473,137
Operating assets (increase) decrease				
Trade accounts receivable - unrelated parties	293,628,966	(1,009,868,303)	(5,315,907)	170,113
Trade accounts receivable - related parties	375,885	(476,464)	864,782	13,026,337
Other accounts receivable - related parties	7,428,772	(7,767,177)	48,565,878	(37,092,902)
Inventories	(245,871,996)	385,677,560	-	-
Accrued income	1,058,241,801	(1,110,872,671)	27,811	72,593
Other current assets	232,444,442	(208,553,155)	(11,721,171)	2,671,349
Other non-current assets	6,175,887	13,484,942	(276,838)	(54,363)
Operating liabilities increase (decrease)				
Trade accounts payable - unrelated parties	(649,448,094)	812,416,525	-	(10,500,000)
Trade accounts payable - related parties	-	(19,050)	4,041,469	(280,672)
Other accounts payable - related parties	4,605,401	(613,232)	991,233	(21,410,187)
Accrued expenses	151,324,712	184,357,796	2,853,018	(169,149)
Other payables	38,295,797	31,374,003	(2,183,538)	3,248,152
Other current liabilities	21,175,859	34,143,189	(8,327,925)	9,895,588
Other non-current liabilities	(4,306,774)	3,792,773	(4,086,720)	1,142,712
Cash flows from operating activities	3,029,735,918	1,031,559,786	388,721,662	281,192,708

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

Cash flows statements (continued)

Samart Corporation Public Company Limited and its subsidiaries

For the years ended 31 December 2010 and 2009

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash flows from operating activities (continued)				
Proceed from sale of short-term investment in trading securities 7	40,588,618	95,515,972	21,138,135	87,862,934
Purchase of short-term investment in trading securities 7	(52,971,932)	(75,460,013)	(1,512,000)	(75,460,013)
Cash paid for interest expenses	(299,264,865)	(328,653,896)	(58,015,059)	(66,855,775)
Cash paid for corporate income tax	(317,087,014)	(251,211,882)	(37,530,378)	(38,851,496)
Cash received from refund corporate income tax	178,314,948	30,163,507	-	-
Net cash flows from operating activities	2,579,315,673	501,913,474	312,802,360	187,888,358
Cash flows from investing activities				
Decrease (increase) in short-term investments in debt securities	299,557,905	(299,557,905)	-	-
Cash received for interest income	5,636,564	8,593,836	32,815,755	45,388,317
Increase in fixed deposit	(742,500)	(100,000,000)	-	-
Decrease (increase) in restricted bank deposits	(839,280)	2,955,409	-	-
Cash paid to provide short-term loans to related parties 10	-	-	(46,964,681)	(103,800,000)
Cash received from repayment from short-term loans to related parties 10	-	-	67,164,681	288,128,404
Cash received from insurance claims for equipment	32,660	521,148	-	-
Cash received from finance lease receivables	29,307,300	-	-	-
Proceeds from sales of investments in related parties	244,415,017	9,770,259	79,412,451	9,770,259
Purchase of investments in related parties	(26,687,451)	(114,017,151)	(26,687,451)	(312,770,704)
Net cash received from disposal of related party	-	(8,434,864)	-	-
Cash flow from liquidation of associated company	-	499,950	-	-
Proceeds from sales of property, plant and equipment and assets hold for future projects	17,376,135	14,067,763	5,460,231	8,310,899
Cash paid for property, plant and equipment	(948,452,623)	(904,525,222)	(76,612,462)	(21,056,527)
Cash paid for intangible assets	(18,396,466)	-	-	-
Cash received from sales of assets held for sale	-	5,850,000	-	-
Cash paid for assets held for sale	-	(6,572,961)	-	-
Increase (decrease) in surplus on investment over book value in subsidiary company	60,746,487	(39,830,568)	-	-
Decrease in minority interests in subsidiary companies	(59,227,531)	(2,488,932)	-	-
Net cash flows from (used in) investing activities	(397,273,783)	(1,433,169,238)	34,588,524	(86,029,352)

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

Cash flows statements (continued)

Samart Corporation Public Company Limited and its subsidiaries
 For the years ended 31 December 2010 and 2009

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash flows from financing activities				
Increase (decrease) in bank overdrafts	(133,375,066)	30,711,811	(89,915,457)	107,128,588
Proceeds from short-term loans from financial institutions	8,367,995,375	7,684,432,070	701,829,361	636,460,000
Cash paid to settle short-term loans from financial institutions	(9,313,643,891)	(6,794,363,508)	(611,829,361)	(316,460,000)
Increase (decrease) in trust receipts	(786,362,342)	845,438,038	-	-
Proceeds from long-term loans from financial institutions	310,191,562	143,832,486	19,409,565	8,025,000
Cash paid to settle long-term loans from financial institutions	(623,531,888)	(596,521,300)	(465,351,878)	(390,000,000)
Cash paid for repayment of loans from unrelated party	(12,111,000)	-	-	-
Cash paid for repayment of loans from other company 22	(55,000,000)	(60,000,000)	(55,000,000)	(60,000,000)
Proceeds from short-term loans from related parties	-	-	-	134,419,000
Cash received from long-term loans from related party 10	-	-	95,952,900	50,052,750
Cash paid to settle advance from director	-	(499,950)	-	-
Cash received from sales and lease back of assets	2,132,673	-	-	-
Cash paid to settle liabilities under finance lease agreements	(28,910,134)	(31,115,214)	(382,598)	(668,100)
Cash received from sale treasury share	152,710,027	-	152,710,027	-
Cash paid for treasury share	-	(75,682,491)	-	(75,682,491)
Dividend paid 32	(242,372,489)	(168,908,414)	(159,583,660)	(168,908,414)
Cash received from additional ordinary shares from warrants exercised	36,472,100	5,899,404	17,633,475	3,090,150
Net cash flows from (used in) financing activities	(2,325,805,073)	983,222,932	(394,527,626)	(72,543,517)
Increase (decrease) in translation adjustments	(91,525,320)	(28,278,323)	-	-
Net increase (decrease) in cash and cash equivalents	(235,288,503)	23,688,845	(47,136,742)	29,315,489
Cash and cash equivalents at beginning of the year	959,666,923	935,978,078	207,179,946	177,864,457
Cash and cash equivalents at end of the year	724,378,420	959,666,923	160,043,204	207,179,946

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

Cash flows statements (continued)

Samart Corporation Public Company Limited and its subsidiaries

For the years ended 31 December 2010 and 2009

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Supplement disclosures of cash flows information				
Non-cash items				
Transfer inventories to equipment	118,566,596	97,625,471	-	-
Increase on purchase equipment under finance lease agreements	3,050,569	-	-	-
Transfer from communication equipment not yet installed to fixed assets	36,229	327,697	-	-
Surplus on revaluation of property, plant and equipment	-	88,982,829	-	42,306,399

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

Notes to consolidated financial statements

Samart Corporation Public Company Limited and its subsidiaries

For the years ended 31 December 2010 and 2009

1. General information

Samart Corporation Public Company Limited (“the Company”) is a public limited company incorporated and domiciled in Thailand. The Company is principally engaged in the design, implementation and installation of telecommunications systems, and the sale and distribution of telecommunications equipment. The registered office of the Company is at 99/1 Moo 4, Software Park Building 35th Floor, Chaengwattana Road, Klong Glur, Pak-Kred, Nonthaburi.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 30 January 2009, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of the Company and the following subsidiary companies (“the subsidiaries”):

	Equity interest of the		Country of incorporation	Nature of business
	Company - Direct and Indirect			
	2010 Percent	2009 Percent		
Subsidiaries directly held by the Company				
1. The Samart Engineering Co., Ltd.	100	100	Thailand	Manufacture and distribution of television and radio antenna and solid satellite dishes
2. Samart International Co., Ltd.	100	100	Thailand	Distribution of telecommunications products in international market
3. Samart Research & Development Co., Ltd.	100	100	Thailand	Research and development of telecommunications products
4. Samart Telcoms Public Co., Ltd.	69.77	73.53	Thailand	Provision of data, voice and image communications services via satellite
5. Samart I-Mobile Public Co., Ltd.	59.99	59.99	Thailand	Distribution of communication and electronic equipment
6. One to One Contacts Co., Ltd.	99.09	99.21	Thailand	Call center
7. Vision and Security System Co., Ltd.	70	70	Thailand	Provide services, sale, installation if security system, audio and video conference, wire and wireless communication system.
8. Suvarnabhumi Environment Services Co., Ltd.	90	90	Thailand	Provision of waste management services in vicinity of Suvarnabhumi Airport

	Equity interest of the Company - Direct and Indirect		Country of incorporation	Nature of business
	2010 Percent	2009 Percent		
9. Suvarnabhumi Environment Care Co., Ltd.	90	60	Thailand	Provision of waste management services in vicinity of Suvarnabhumi Airport
10. Samart RadiTech Co., Ltd.	100	100	Thailand	The development of nuclear technology services and use of radiation for commercial purposes
11. Newly established company	65	65	Thailand	Not yet started operation
12. Cambodia Samart Co., Ltd. (The Company has control over this company's operations)	49	49	Cambodia	Distribution of communication and electronic equipment in Cambodia
13. Samart Inter Holding Co., Ltd.	100	100	Hong Kong	The holding company for investing in public utilities in the Indochina region
Subsidiary directly held by One to One Contacts Co., Ltd.				
1. One to One Professional Co., Ltd.	99.09	99.21	Thailand	Provide company personnel to perform work regarding providing information, news and information center on-site and off-site
Subsidiary held by Samart Inter Holding Co., Ltd.				
1. Cambodia Air Traffic Services Co., Ltd.	100	100	Cambodia	Provision of air traffic control services in Cambodia
2. Kampot Power Plant Co., Ltd.	100	100	Cambodia	Production and sale of electricity to Kampot Cement Co., Ltd. which produces cement for Siam Cement Public Co., Ltd. in Cambodia
Subsidiary held by The Samart Engineering Co., Ltd.				
1. Contact-In-One Co., Ltd.	100	100	Thailand	Institute of telecommunication mechanic
Subsidiaries held by Samart Telcoms Public Co., Ltd.				
1. Samart Communication Services Co., Ltd.	69.77	73.53	Thailand	Design and installation of communication network, public rural telephone project
2. Posnet Co., Ltd.	69.77	73.53	Thailand	Electronic fund transfer
3. Thai Trade Net Co., Ltd.	69.77	73.53	Thailand	Electronic data interchange
4. Samart Broadband Services Co., Ltd.	69.77	73.53	Thailand	Broadband data interchange services
5. Samart Comtech Co., Ltd.	69.77	73.53	Thailand	Design and installation of telecommunications networks
6. Oasis Consulting Co., Ltd.	48.84	51.47	Thailand	Computer systems consultation and installation of SAP
7. Samart Infonet Co., Ltd.	69.77	73.53	Thailand	Provision for internet services
8. Smarterware Co., Ltd.	69.77	73.53	Thailand	Manufacture production of software packages and provision of software development services

	Equity interest of the Company - Direct and Indirect		Country of incorporation	Nature of business
	2010 Percent	2009 Percent		
9. Samart Telecommunication (Cambodia) Co., Ltd.	69.77	73.53	Cambodia	Provision of VOIP and fully-integrated ICT outsourcing services (In processing of liquidation)
10. IT Gen Co., Ltd.	69.77	73.53	Thailand	Distribution of computer and communications equipment
11. Samart eD Tech Co., Ltd.	69.77	-	Thailand	E-learning courseware development consultation (In 2010; not yet operational in its principle activity)
Subsidiaries held by Samart I-Mobile Public Co., Ltd.				
1. Samart Multimedia Co., Ltd.	59.99	59.99	Thailand	Provision of multimedia infotainment
2. Samart Mobile Services Co., Ltd.	58.43	58.43	Thailand	Distribution of information technology devices
3. I-Mobile International Co., Ltd.	59.99	59.99	Thailand	General management business including business planning and business coordination
4. Brain Sources Co., Ltd.	59.99	59.99	Thailand	Research and development of mobile phone application
5. I-Mobile Plus Co., Ltd. (Formerly known as "I-Mobile Netplus Co., Ltd.")	59.99	59.99	Thailand	Provision of wireless telecommunications services international call services (In 2010, not yet operational in its principal activity)
Subsidiaries held by Samart Multimedia Co., Ltd.				
1. Take A Look Co., Ltd.	40.19	40.19	Thailand	Provision of advertising and billboard advertisement services, and preparation
2. Samart Interactive Media Co., Ltd.	59.99	59.99	Thailand	Distribution of goods and provision of services related to horoscopes and astrology
3. I-Sport Co., Ltd.	30.00	30.00	Thailand	Provider of information of sports via full option interactive multimedia
Subsidiaries held by I-Mobile International Co., Ltd.				
1. Samart I-Mobile (Malaysia) Sdn. Bhd.	59.99	59.99	Malaysia	Distributor of mobile phones and provider of entertainment content
2. I-Mobile (Cambodia) Co., Ltd.	-	-	Cambodia	Ceased business in 2006, currently is in process of liquidation
3. Pt. Samart I-Mibile Indonesia	59.99	59.99	Indonesia	Distributor of mobile phones and accessories
4. Samart I-Mobile (Hong Kong) Ltd.	59.99	59.99	Hong Kong	Distributor of mobile phones and accessories
5. I-Mobile Inter Trade Co., Ltd.	59.99	59.99	Thailand	Export I-Mobile products

	Equity interest of the Company - Direct and Indirect		Country of incorporation	Nature of business
	2010 Percent	2009 Percent		
Subsidiary held by I-Mobile International Co., Ltd. and I-Mobile Inter trade Co., Ltd.				
1. Samart I-Mobile (Middle East) FZCO	59.99	59.99	United Arab Emirates	Distributor of mobile phones and provision of mobile content (In 2010, not yet started operation in its principal activity)
Subsidiary held by Samart I-Mobile (Malaysia) Sdn. Bhd.				
1. Pemata Benar Sdn. Bhd.	59.99	59.99	Malaysia	Not yet started operation

- b) The consolidated financial statements include the financial statements for the years ended 31 December 2010 and 2009 of the Company and its subsidiaries. The percentage of these companies' total assets and revenues for the years ended 31 December 2010 and 2009 to the consolidated financial statements as a whole are as follows:

	Subsidiarie's assets as a percentage to the consolidated total assets as at 31 December		Subsidiaries' revenues as a percentage to the consolidated total revenues for the years ended 31 December	
	2010	2009	2010	2009
1. The Samart Engineering Co., Ltd.	3	3	2	2
2. Samart Telcoms Public Co., Ltd.	33	38	35	36
3. Samart I-Mobile Public Co., Ltd.	41	39	50	51
4. One to One Contacts Co., Ltd.	4	2	5	3
5. Vision and Security System Co., Ltd.	2	1	2	1
6. Suvarabhumi Environment Care Co., Ltd.	1	1	-	-
7. Samart Inter Holding Co., Ltd.	9	9	6	6

- c) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the balance sheet date, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Translation adjustment" in shareholders' equity.

- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- g) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.
- h) In recording the acquisition of additional shares of subsidiaries (repurchase of shares from minority shareholders) when the fair value of the net assets acquired is lower than the cost of the investment the difference has been presented in shareholders' equity in the balance sheet under the caption of "Surplus on investments in subsidiary companies arising as a result of acquisition of additional shares at a price higher than net book value at the acquisition date". When the fair value of the net assets acquired is higher than the cost of the investment the difference has been presented in shareholders' equity in the balance sheet under "Lower of investment in subsidiary companies arising as a result of acquisition of additional shares at a price lower than net book value at the acquisition date".

2.3 The separate financial statements, which present investments in subsidiaries presented under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards

During the current year, the Federation of Accounting Professions issued a number of revised and new accounting standards as listed below.

- a) Accounting standards that are effective for fiscal years beginning on or after 1 January 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):

Framework for the Preparation and Presentation of Financial Statements
(revised 2009)

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	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting

TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate

b) Accounting standards that are effective for fiscal years beginning on or after 1 January 2013:

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

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standards which management expects the impact on the financial statements in the year when they are adopted.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. Currently, the Company and subsidiaries accounts for such employee benefits when they are incurred.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognize deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

4. Significant accounting policies

4.1 Revenue recognition

a) Sales and services

Sales of goods are recognized when the Company and its subsidiaries, the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Service revenue is recognised when services have been rendered taking into account the stage of completion.

b) Transponder rental income

Transponder rental income is recognised as revenue on a monthly accrual basis, as stipulated in the agreement.

c) Sales of equipment including designation and installation.

Sales of equipment including designation and installation are recognized as income under the percentage of completion method.

d) Selling support income, commission and interest income

Selling support income, commission are recognised as income on an accrual basis.

Interest income is recognized as income based on the effective interest rate.

e) Interconnection fees

Interconnection fees are recognised as revenue or expenses when a subsidiary and other parties, such as the Ministry of Post and Telecommunications in Cambodia ("MPTC") or other operators, agree and approve the transactions with one another in writing. This is done in view of the uncertainty surrounding these transactions, which are dependent on confirmation from MPTC or other operators.

f) Entrance fee on franchise agreement

Entrance fee on franchise agreement is recognized on the term of agreement.

g) Unearned revenue from telephone service of prepaid phone cards

Unearned revenue from telephone service of prepaid system represents the unused portion of the face value of prepaid phone cards. It is deferred and recognised based on the actual usage or upon expiration of the period of usage, depending on which comes first.

h) Revenue from telephone services

Revenue related to domestic calls, international calls and roaming service calls is recognised when the telephone services have been rendered.

i) Revenue from sales of telephone sets and starter kits

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

In case of revenue arrangements with multiple deliverable, the revenue elements are recognised in proportion to the fair value of delivered items. The subsequent services are recorded at the normal selling price or at a discounted value, depending on the facts and circumstances.

j) Revenue from sales under finance leases agreements

Finance leases receivables have been recorded based on the contractual value. The difference between the contractual value and the value equivalent to the cash price of the asset is recognised as unearned interest income. Interest income on finance leases is recognised over the term of the lease using the annuity method.

k) Royalty and technical assistance fee

Royalty and technical assistance fee are recognized as income on an accrual basis.

l) Dividend

Dividend are recognized when the right to receive the dividend is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist cash in hand and at banks and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Inventories

Inventories are valued at the lower of cost (first-in, first-out and average method) and net realisable value. In arriving at net realizable value due allowance has been made for obsolete, slow-moving and deteriorated inventories.

4.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded as gains or losses in the income statement.
- b) Investments in subsidiaries are accounted for in separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. If the last bid price of the last working day of the year as quoted on the Stock Exchange of Thailand is not available, the basis used by the Company to determine the fair value of marketable securities is the amount for which an asset can be exchanged or liability settled between knowledgeable, willing parties in an arm's length transaction.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised as income or expenses in the income statement.

4.6 Property, plant and equipment and depreciation/Assets held for future projects

Land is stated at revalued amount. Buildings and equipment are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

All items of property, plant and equipment are initially recorded at cost. However subsequently revalued by an independent professional valuer, on an asset-by-asset basis, to their fair values. Revaluations will be made whenever events or changes in circumstances indicate that an asset may be impaired to ensure that their carrying amount does not differ materially from their fair value at the balance sheet date.

The differences arising from revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of the revaluation, the increase is credited directly to the equity under the heading of "Surplus on revaluation". However, a revaluation decrease will be recognised as income to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense. However, a revaluation increase will be charged directly against the related "Revaluation surplus" to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset.

Depreciation of plant and equipment is calculated by reference to their costs or revalued amounts on a straight-line basis over estimated useful lives of 2 - 20 years.

No depreciation is provided for land and land revaluation and assets in progress.

Depreciation is included in determining income. Revaluation surpluses are recognised as a deduction against depreciation in the retained earnings over the estimated useful lives of the related assets.

4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.8 Intangible assets

Intangible assets acquired are recognised at cost. Following the initial recognitions, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised on a systematic basis over the useful economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
The right under the advertising agreement	2 and 3 years but not exceeding the number of hours granted with such right in each month
Software computer	5 years
Right under the distribution agreement	2 years

4.9 Deferred rights to use of communication equipments and amortization

The deferred rights to use of communication equipment are stated at cost less accumulated amortization. Amortization of deferred rights to use of communication equipments is amortized on a straight-line basis over the estimated useful lives of the transferred assets (5, 10, 15, 20 and 30 years) but for no longer than the remaining period of the concessions. For the concessions of a subsidiary company in Cambodia the deferred right is amortized on a straight-line basis over 3 - 10 years.

4.10 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in the income statement.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company and its subsidiaries' cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company and its subsidiaries estimate the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

4.11 Long-term leases

a) Finance leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased property or the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to the income statements over the lease period. The property, plant or equipment acquired under finance lease is depreciated over the useful life of the asset.

b) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor or and classified as operating leases. Operation lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

4.12 Treasury share

Treasury share is stated at cost and is presented as a reduction from shareholders' equity. Gains on disposal of treasury share are determined by reference to its carrying amount and are taken to premium on treasury share, losses on disposal of treasury share are determined by reference to its carrying amount and are taken to premium on treasury share and retained earnings, consecutively.

4.13 Sale and leaseback

In cases where assets are sold and then leased back, whereby the transaction is a kind of finance lease, the surplus of the receipts from the sale over the net book value of the assets is recorded as deferred revenues and amortized over the period of the lease.

4.14 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include enterprises and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.15 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling on the balance sheet date.

Gains and losses on exchange are included in determining income.

4.16 Impairment of assets

At each reporting date, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company also carries out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects

current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement. However in cases where property, plant and equipment was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

4.17 Employee benefits

Salary, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses when incurred.

The Company issued warrants to purchase the ordinary shares to employees of the Company and its subsidiaries. The transactions will be recorded in the financial statements when the warrants are exercised.

4.18 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.19 Income tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation. It has been calculated on the Company's income after adding back provision and expenses which are disallowed for tax computation proposes and less the amount of tax losses brought forward from previous year (if any).

Overseas subsidiary companies calculate corporate income tax in accordance with tax rate regulated in tax law of those countries.

4.20 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the balance sheet date. Gains and losses from the translation are included in determining income.

Currency option agreements

Currency option agreements are contracts between two parties whereby the seller grants the buyer a future option to buy (call option) or to sell (put option) foreign currency at an exchange rate stipulated in the agreement. The subsidiary company enters into such agreements in order to manage foreign exchange risk.

The notional amounts of cross currency option agreements utilised by the subsidiary company to manage foreign exchange risk are not recognised as assets or liabilities upon inception of the agreement, but fees paid by the subsidiary company in respect of such agreements (if any) are amortised on a straight line basis over the term of the agreement.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

Construction contracts

The Company and its subsidiaries recognise contract revenue by reference to the stage of completion of the contract activity, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Significant assumptions are required to estimate the total contract cost and the recoverable variation works that will affect the stage of completion. The management is required to make judgement and estimates based on past experience and knowledge of the project engineers.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Allowance for diminution in value of inventory

The determination of allowance for diminution in the value of inventory requires management to exercise judgement in estimating losses on outstanding inventory, based on the selling price expected in the ordinary course of business; minus selling expenses and provision for obsolete, slow-moving and deteriorated inventories, and taking into account the approximate useful life of each type of inventory and current changes in technology.

Impairment of equity investments

The Company and its subsidiaries treat investment in subsidiaries as impaired when the management considers that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment.

Allowance for diminution in value of withholding tax deducted at sources

The Company and its subsidiaries regard withholding tax deducted at sources as an asset since they have the right to claim for a refund of it. The net realisable value of tax depends on the exercise of the right to claim it, and the results of any tax audit by the Revenue officials. However, the management has used judgement to assess the outcome of the refund claim and believes that no loss will result. Therefore, no allowance for diminution in value of withholding tax deducted at sources is recorded as at the balance sheet date.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and salvage values of the Company's plant and equipment and to review estimate useful lives and salvage values when there are any changes.

The Company and its subsidiaries measure land and buildings at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land and the income approach for buildings. The valuation involves certain assumptions and estimates.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying cost. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and other intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Contingent liabilities

The subsidiary has contingent liabilities as a result of tax assessment. The subsidiary's management has used judgment to assess of the results of the litigation and believes that no loss will result. Therefore, no contingent liabilities are recorded as at the balance sheet date. However, actual results could differ from the estimates.

Litigation

The Company and subsidiary companies have contingent liabilities as a result of litigation. The subsidiary companies' management have used judgment to assess of the results of the litigation and believe that no loss will result. Therefore no contingent liabilities are recorded as at the balance sheet date.

6. Cash and cash equivalents

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash	6,360,087	183,368,954	20,000	20,000
Bank deposits	845,690,243	903,130,599	160,023,204	207,159,946
Restricted bank deposit	(127,671,910)	(126,832,630)	-	-
Total	724,378,420	959,666,923	160,043,204	207,179,946

As at 31 December 2010, bank deposits in savings accounts and fixed deposits carried interests at the rate between 0.01 and 1.05 percent per annum (2009: between 0.005 and 1.35 percent per annum).

7. Short-term investment in trading securities

As at 31 December 2010 and 2009, the Company and its subsidiary companies invested in short-term investment in trading securities as follows:

	Consolidated financial statements					
	2010			2009		
	Shares	Cost	Fair value	Shares	Cost	Fair value
	(Shares)	(Baht)	(Baht)	(Shares)	(Baht)	(Baht)
Common stock of Siam Sport Syndicate Public Company Limited	27,213,000	85,985,948	85,448,820	13,778,800	30,946,109	46,572,344
Common stock of Ascon Construction Public Company Limited	6,478,120	40,744,850	16,195,300	10,929,200	76,514,531	43,279,632
Common stock of Salee Industry Public Company Limited	-	-	-	4,531,000	20,116,191	13,442,380
Common stock of Rich Asia Steel Public Company Limited	20,000,000	7,018,725	1,800,000	20,000,000	7,018,725	1,600,000
Common stock of Living Land Capital Public Company Limited	2,010,000	2,438,116	663,300	2,010,000	2,438,116	804,000
Common stock of Thaicom Public Company Limited	100,000	770,806	625,000	100,000	770,806	720,000
Common stock of CH. Karnchang Public Company Limited	-	-	-	80,000	683,371	484,000
Common stock of PTT Aromatics and Refining Public Company Limited	-	-	-	14,000	428,142	367,500
Common stock of S.E.C. Auto Sales and Services Public Company Limited	1,290,000	4,057,879	-	1,290,000	4,057,879	-
Warrant No. 3 of Siam Sport Syndicate Public Company Limited	2,039,716	2,466,573	2,223,290	2,039,716	3,092,029	3,538,166
Total short-term investment in trading securities		143,482,897	106,955,710		146,065,899	110,808,022
Less: Allowance for change in value		(36,527,187)	-		(35,257,877)	-
Total short-term investment in trading securities - net		106,955,710	106,955,710		110,808,022	110,808,022

	Separate financial statements					
	2010			2009		
	Shares	Cost	Fair value	Shares	Cost	Fair value
	(Shares)	(Baht)	(Baht)	(Shares)	(Baht)	(Baht)
Common stock of Ascon Construction Public Company Limited	-	-	-	5,040,000	37,536,440	19,958,400
Common stock of Siam Sport Syndicate Public Company Limited	330,167	501,854	359,882	1,866,500	4,747,160	6,308,770
Common stock of CH. Karnchang Public Company Limited	-	-	-	80,000	683,371	484,000
Common stock of Rich Asia Steel Public Company Limited	5,000,000	902,407	450,000	5,000,000	902,407	400,000
Warrant No. 3 of Siam Sport Syndicate Public Company Limited	-	-	-	330,167	501,854	624,016
Total short-term investment in trading securities		1,404,261	809,882		44,371,232	27,775,186
Less: Allowance for change in value		(594,379)	-		(16,596,046)	-
Total short-term investment in trading securities - net		809,882	809,882		27,775,186	27,775,186

Movement of the short-term investments in trading securities account during the year ended 31 December 2010 are summarised below

(Unit: Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2009	110,808,022	27,775,186
Cash paid for short-term investment in trading securities during the year - at cost	52,971,932	1,512,000
Disposal during the year - at cost		
Proceed from sales	(40,588,618)	(21,138,135)
Loss on disposals	(1,200,573)	(4,578,239)
Total	(41,789,191)	(25,716,374)
Gain on change in value	(15,035,053)	(2,760,930)
Balance as at 31 December 2010	106,955,710	809,882

8. Restricted bank deposits

These represent savings and fixed deposits pledged by the subsidiaries with the banks to secure credit facilities obtained from the banks.

9. Trade accounts receivable/accrued income

9.1 Trade accounts receivable

The balances of trade accounts receivable as at 31 December 2010 and 2009, aged on the basis of due dates, are summarised below.

(Unit: Baht)

Age of receivables	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Related parties				
Not yet due	15,280	26,712	-	-
Past due				
Up to 3 months	100,000	18,509	20,000	884,782
3 - 6 months	8,239	337,300	-	-
6 - 12 months	86,701	218,320	-	-
Over 12 months	424,385	409,649	-	-
Total trade accounts receivable - related parties	634,605	1,010,490	20,000	884,782
Unrelated parties				
Not yet due	1,600,468,495	2,398,073,073	2,600,046	1,277,339
Past due				
Up to 3 months	1,292,496,238	1,191,335,167	2,609,900	3,811,473
3 - 6 months	795,255,373	433,204,629	3,917,214	-
6 - 12 months	84,858,330	120,041,035	1,277,559	-
Over 12 months	364,495,493	296,608,812	588,251	588,251
Total trade accounts receivable - unrelated parties	4,137,573,929	4,439,262,716	10,992,970	5,677,063
Less: Allowance for doubtful debts	(154,446,048)	(130,523,352)	(588,251)	(588,251)
Total trade accounts receivable - unrelated parties - net	3,983,127,881	4,308,739,364	10,404,719	5,088,812
Trade accounts receivable - net	3,983,762,486	4,309,749,854	10,424,719	5,973,594

- Samart Telcoms Public Co., Ltd., Samart Communication Services Co., Ltd. and Samart Comtech Co., Ltd., three subsidiary companies, have transferred their collection rights from projects to banks as collateral for loans from banks and bank guarantee as described in Note 20, 23 and 40 to the financial statements, respectively. As at 31 December 2010, the balance of the above accounts receivable included the receivables that were transferred their collection rights to banks totaling approximately Baht 325.5 million (2009: Baht 515.0 million).
- As at 31 December 2010, Samart Telcoms Public Co., Ltd., a subsidiary company, has balance an unrelated accounts receivable balance of Baht 17.1 million, Baht 15.3 million of which is more than 1 year past due (2009: more than 1 year past due Baht 27.1 million). However, as at 31 December 2010 the subsidiary has recorded full allowance for doubtful accounts for this receivable.
- As at 31 December 2009, Samart Telcoms Public Co., Ltd., and Samart Infonet Co., Ltd., two subsidiary companies, had balances receivable from an unrelated accounts receivable of Baht 106.7 million which was overdue more than 1 year. However, two subsidiary companies have delivered and fully received collection during the current year.
- As at 31 December 2010, Oasis Consulting Co., Ltd., a subsidiary company, has an unrelated accounts receivable balance of Baht 25.5 million (2009: more than 1 year past due Baht 14.4 million), of which is more than 2 years as due. However, the subsidiary company has recorded fully allowance for doubtful account (2009: nil) for this account receivable. In addition, Samart Telcoms Public Co., Ltd. plans to invest and acquisition in this debt company as discussed in Note 14.2.1.

9.2 Accrued income

During the year 2010, Samart Comtech Co., Ltd., a subsidiary company, issued invoices and fully received collection of the outstanding accrued income amounting to Baht 50.2 million relating to the sales and installation of communications equipment in the passenger terminal of Suvarnabhumi Airport for a company (formerly a state enterprise).

10. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

1. Sales prices are determined at market price, if market price not known sales price are determined at cost plus a margin not over 15 percent. However, the pricing policy is subject to change depending on the type of business and market competition when the transaction occurs.
2. Management fees and rental income are charged at the amount stated in the agreement.
3. Advances receive for IT service fee from subsidiary companies are based on cost plus a margin of not over than 5 percent.
4. Other services income and expenses are charged at a determined price.
5. Interest on loans to and from related parties are charged at cost plus margin as follow:
 - 5.1 The Minimum Loan Rate (MLR) of a local commercial bank plus 0.5 percent to 1 percent per annum.
 - 5.2 The Minimum Loan Rate (MLR) of a local commercial bank minus 1 percent per annum.
 - 5.3 Fixed deposit rate (3 months) of a local commercial bank plus 0.25 percent and 1 percent per annum.
 - 5.4 The London Interbank Offered rate (LIBOR 3 month) plus 2 percent per annum.
 - 5.5 Cost of fund plus 0.25 percent per annum.
6. Fixed assets are sold and purchased at market price or their net book value plus a margin, depending on the condition of the fixed assets.
7. Investments are sold and purchased with reference to their fair value.
8. Royalty and technical assistance fees are charged at a rate of 0.5 percent and 0.75 percent of sales according to the conditions stipulated in agreements.
9. Guarantee fee is charged between the parties at a rate of 0.3 percent per annum.
10. Dividend income is recognised at the declared rate.

Significant transactions between the Company, its subsidiaries and related companies are summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Transactions with subsidiary companies (eliminated in the consolidation)				
Sales and service income	-	-	-	1
IT Service fee income (Note 26)	-	-	114	116
Dividend income	-	-	178	88
Management fee income	-	-	237	247
Guarantee fee income	-	-	3	3
Interest income	-	-	23	34
Other income	-	-	65	72
Purchase of goods and services	-	-	14	13
Other expenses	-	-	4	3
Interest expense	-	-	7	4
Transactions with related companies				
Sales and service income	1	12	-	-
Other income	6	8	6	6
Purchase of assets	38	-	14	-
Purchase of goods and service	3	4	-	-
Other expenses	63	53	47	48

As at 31 December 2010 and 2009, the outstanding balances of the above transactions have been separately shown in the balance sheets and consist of the following:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Current assets				
Trade accounts receivable - related parties				
<u>Subsidiary companies</u>				
Cambodia Air Traffic Services Co., Ltd.	-	-	-	883,006
Samart Comtech Co., Ltd.	-	-	-	1,776
The Samart Engineering Co., Ltd.	-	-	20,000	-
Total trade accounts receivable - subsidiary companies	-	-	20,000	884,782
<u>Related companies</u>				
Ascon Construction Public Co., Ltd.	309,112	309,112	-	-
Vilailuck Development Co., Ltd.	219,525	600,725	-	-
Vilailuck Property Co., Ltd.	94,968	79,733	-	-
Vilailuck International Holding Co., Ltd.	11,000	20,920	-	-
Total trade accounts receivable - related companies	634,605	1,010,490	-	-
Total trade accounts receivable - related parties	634,605	1,010,490	20,000	884,782

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Amounts due from and short-term loans to related parties				
<u>Amounts due from and advance to subsidiary companies</u>				
Cambodia Air Traffic Services Co., Ltd.	-	-	15,100,927	37,724,036
Kampot Power Plant Co., Ltd.	-	-	5,186,554	15,665,695
The Samart Engineering Co., Ltd.	-	-	2,170,996	1,078,335
Suvarnabhumi Environment Care Co., Ltd.	-	-	2,139,523	1,771,457
Samart Telcoms Public Co., Ltd.	-	-	1,932,843	1,944,524
Samart Comtech Co., Ltd.	-	-	1,565,040	17,938,041
Samart Multimedia Co., Ltd.	-	-	755,238	703,609
Vision and Security System Co., Ltd.	-	-	662,993	1,616,187
Samart Communication Services Co., Ltd.	-	-	371,153	304,787
Samart Inter Holding Co., Ltd.	-	-	349,545	343,572
Samart I-Mobile Public Co., Ltd.	-	-	139,979	171,286
One to One Contacts Co., Ltd.	-	-	90,369	954,551
Samart Infonet Co., Ltd.	-	-	84,779	827,912
Samart Boardband Services Co., Ltd.	-	-	64,328	31,141
Posnet Co., Ltd.	-	-	61,754	20,732
Other	-	-	153,973	253,423
Total amounts due from and advance to subsidiary companies	-	-	30,829,994	81,349,288
Amounts due from and short-term loans to related parties (continued)				
<u>Amounts due from and advance to related companies</u>				
Vilailuck Property Co., Ltd.	579,517	535,617	109,473	65,573
Vilailuck International Holding Co., Ltd.	44,955	7,530,383	44,955	7,530,383
Other	19,611	6,855	19,611	6,855
Total amounts due from and advance to related companies	644,083	8,072,855	174,039	7,602,811
<u>Short-term loans to subsidiary companies</u>				
Samart Comtech Co., Ltd.	-	-	142,000,000	142,000,000
Samart Telcoms Public Co., Ltd.	-	-	103,000,000	103,000,000
Suvarnabhumi Environment Care Co., Ltd.	-	-	35,151,333	28,151,333
The Samart Engineering Co., Ltd.	-	-	31,500,000	31,500,000
Samart RadiTech Co., Ltd.	-	-	4,000,000	-
Vision and Security System Co., Ltd.	-	-	-	30,200,000
Samart International Co., Ltd.	-	-	-	1,000,000
Total short-term loans to subsidiary companies	-	-	315,651,333	335,851,333
Total amounts due from and short-term loans to related parties	644,083	8,072,855	346,655,366	424,803,432

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Current liabilities				
Trade accounts payable - related parties				
<u>Subsidiary company</u>				
Suvarnabhumi Environment Care Co., Ltd.	-	-	8,852,418	4,810,949
Total trade accounts payable - related parties	-	-	8,852,418	4,810,949
Accounts payable and short-term loans from related parties				
<u>Amounts due to and advance from subsidiary companies</u>				
Samart Research and Development Co., Ltd.	-	-	1,000,798	809,777
Samart Comtech Co., Ltd.	-	-	599,836	68,480
Samart Infonet Co., Ltd.	-	-	538,638	164,704
Cambodia Air Traffic Services Co., Ltd.	-	-	388,946	688,463
Kampot Power Plant Co., Ltd.	-	-	269,331	785,150
Samart I-Mobile Public Co., Ltd.	-	-	77,286	3,500
Other	-	-	131,729	116,864
Total amounts due to and advance from subsidiary companies	-	-	3,006,564	2,636,938
Accounts payable and short-term loans from related parties (continued)				
<u>Amounts due to and advance from related companies</u>				
Vilailuck International Holding Co., Ltd.	4,992,270	375,571	85,902	89,105
Axiata Group Berhad (Formerly known as "TM International Sdn. Bhd.")	1,170,610	1,186,226	1,170,610	1,186,226
Vilailuck Development Co., Ltd.	5,491	-	-	-
Total amounts due to and advance from related companies	6,168,371	1,561,797	1,256,512	1,275,331
<u>Short-term loans from subsidiary companies</u>				
Kampot Power Plant Co., Ltd.	-	-	136,333,350	150,825,600
Samart Research and Development Co., Ltd.	-	-	10,626,852	10,626,852
Cambodia Air Traffic Services Co., Ltd.	-	-	-	67,033,600
Total short-term loans from subsidiary companies	-	-	146,960,202	228,486,052
Total accounts payable and short-term loans from related parties	6,168,371	1,561,797	151,223,278	232,398,321
Non-current liabilities				
Long-term loans from subsidiary company				
Cambodia Air Traffic Services Co., Ltd.	-	-	196,925,950	50,275,200
Advance received IT service fee from subsidiary companies				
<u>Subsidiary companies</u>				
Samart I-Mobile Public Co., Ltd.	-	-	875,336	11,379,375
Samart Multimedia Co., Ltd.	-	-	318,750	4,143,750
Samart Comtech Co., Ltd.	-	-	258,678	3,362,813

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Samart Communication Services Co., Ltd.	-	-	257,452	3,346,875
One to One Contacts Co., Ltd.	-	-	196,154	2,550,000
The Samart Engineering Co., Ltd.	-	-	191,250	2,486,250
Samart Telcoms Public Co., Ltd.	-	-	109,111	1,418,437
Posnet Co., Ltd.	-	-	33,101	430,312
Samart Infonet Co., Ltd.	-	-	25,745	334,688
Thai Trade Net Co., Ltd.	-	-	14,712	191,250
Total advance receive IT service fee from subsidiary companies	-	-	2,280,289	29,643,750

- a) On 30 November 2005, the Company and Samart Comtech Co., Ltd., a subsidiary company, entered into a debt repayment memorandum, whereby both parties agreed to change the conditions and period of debt repayment. Samart Comtech Co., Ltd. (debtor) agreed to finish the repayment of principal Baht 242.6 million and interest to the Company (creditor) within November 2009. Interest is to be charged at the Minimum Loan Rate (MLR) plus 1 percent per annum and the memorandum stipulates that Samart Comtech Co., Ltd. (debtor) is to commence settlement of the debt in January 2007.

Subsequently, during the year 2009, Samart Comtech Co., Ltd. (debtor) submitted a letter requesting that commencement of debt repayment period be postponed such that indebtedness to the Company (creditor) would be wholly repaid within 2011. As at 31 December 2010, the outstanding balance of the loan is Baht 142 million (2009: Baht 142 million).

- b) The Company obtained loan facility of USD 1.50 million from Cambodia Air Traffic Services Co., Ltd., a subsidiary company, a loan carries interests at the LIBOR plus 2.00 percent per annum. The loan will mature in full in the fifth year from the date of the first drawdown.

During the year, the Company received additional loan from such company amounting to USD 3 million with an interest rate of LIBOR plus 2.00 percent per annum and which will be mature in 5 years. In addition, the Company agreed to convert the short-term loan amounting to USD 2 million to long-term loan which is repayable in full on the date of five years from the memorandum date. As at 31 December 2010, there was outstanding balance of long-term loan amounting to approximately USD 6.5 million or equivalent to Baht 197.0 million (2009: Baht 50.3 million).

During the year, the movement of short-term loans to subsidiary companies, short-term loans from subsidiary companies and long-term loans from subsidiary company, are as follows:

(Unit: Baht)

	Separate financial statements			
	Balance as at 31 December 2009	During the year		Balance as at 31 December 2010
		Increase	Decrease	
Short-term loans to subsidiary companies				
Samart Comtech Co., Ltd.	142,000,000	-	-	142,000,000
Samart Telcoms Public Co., Ltd.	103,000,000	-	-	103,000,000
The Samart Engineering Co., Ltd.	31,500,000	-	-	31,500,000
Suvarnabhumi Environment Care Co., Ltd.	28,151,333	7,000,000	-	35,151,333
Vision and Security System Co., Ltd.	30,200,000	35,964,681	(66,164,681)	-
Samart International Co., Ltd.	1,000,000	-	(1,000,000)	-
Samart RadiTech Co., Ltd.	-	4,000,000	-	4,000,000
Total short-term loans to subsidiary companies	335,851,333	46,964,681	(67,164,681)	315,651,333

(Unit: Baht)

	Separate financial statements				
	Balance as at 31 December 2009	During the year			Balance as at 31 December 2010
		Increase	Decrease	Unrealized gain from exchange rate	
Short-term loans from subsidiary companies					
Kampot Power Plant Co., Ltd.	150,825,600	-	-	(14,492,250)	136,333,350
Cambodia Air Traffic Services Co., Ltd.	67,033,600	-	(67,033,600)	-	-
Samart Research and Development Co., Ltd.	10,626,852	-	-	-	10,626,852
Total short-term loans from subsidiary companies	228,486,052	-	(67,033,600)	(14,492,250)	146,960,202
Long-term loans from subsidiary company					
Cambodia Air Traffic Services Co., Ltd.	50,275,200	162,986,500	-	(16,335,750)	196,925,950

Directors and management's remuneration

During the year 2010 and 2009, the Company and its subsidiaries had salaries, bonus, meeting allowances and gratuities of their directors and management recognised as expenses totaling Baht 74.9 million and 70.8 million (The Company only: Baht 22.6 million and 20.7 million), respectively.

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 41 to the financial statements.

11. Inventories

(Unit: Baht)

	Consolidated financial statements					
	Cost		Allowance of diminution in value of inventories		Inventory-net	
	2010	2009	2010	2009	2010	2009
Finished goods	1,146,720,788	947,066,950	(92,661,464)	(75,656,170)	1,054,059,324	871,410,780
Work in process	552,419,708	545,401,254	(3,392,193)	(6,712,089)	549,027,515	538,689,165
Raw materials and supplies	139,549,015	270,608,830	(10,260,453)	(1,636,783)	129,288,562	268,972,047
Goods in transit	4,428,234	29,425,765	-	-	4,428,234	29,425,765
Total	1,843,117,744	1,792,502,799	(106,314,110)	(84,005,042)	1,736,803,635	1,708,497,757

12. Finance leases receivables/Current portion of long-term finance leases receivables

Finance leases receivables as at 31 December 2010 consisted of the following:

(Unit: Baht)

	Consolidated financial statements
Finance leases receivables (contractual value)	127,116,000
Less: Receipts	(29,307,300)
Finance leases receivables	97,808,700
Less: Unearned interest income	(5,123,872)
Finance leases receivable net of unearned interest income	92,684,828
Less: Current portion of finance leases receivables	(42,406,758)
Long-term finance leases receivables - net of current portion	50,278,070

Finance leases receivables consists of the following:

(Unit: Baht)

	Consolidated financial statements		
	Less than 1 year	Thereafter 1 year	Total
Finance leases receivables (contractual value)	45,903,000	51,905,700	97,808,700
Less: Unearned interest income	(3,496,242)	(1,627,630)	(5,123,872)
Finance leases receivables	42,406,758	50,278,070	92,684,828

During the year 2010, Vision and Security System Co., Ltd., a subsidiary company, entered into the finance leases agreement with Airports of Thailand Public Co., Ltd. (Suvarnabhumi Airport Branch) regarding rental of CCTV system for Baggage Handling System (BHS) operations, whereby it is entitled to receive rental on a monthly basis. The term of the agreement is 3 years. The subsidiary has assigned the right to receive collection from such finance leases to a bank as a loan guarantee, as described in Note 23.12. As at 31 December 2010, the balance of the above accounts receivable included the receivable that were transferred their collection rights to bank totaling Baht 61.7 million.

13. Other current assets

Other current assets as at 31 December 2010 and 2009 consist of:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Prepaid expenses	103,028,262	86,558,880	19,181,231	8,999,068
Refundable value added tax	45,808,725	217,868,976	2,463,742	86,990
Withholding tax and prepaid tax	93,134,310	178,085,801	2,559,978	3,852,371
Advance for purchase of inventory and equipment	170,654,380	254,462,155	-	-
Advance payments	9,422,304	27,381,296	5,862	13,711
Other receivables	61,696,537	61,641,363	81,970	151,738
Short-term loans to unrelated company (Note 13.1)	9,000,000	9,000,000	-	-
Advance for purchase of government bonds	19,895,302	-	-	-
Others	108,877,953	135,704,439	2,910,150	3,790,107
Total	621,517,773	970,702,910	27,202,933	16,893,985

13.1 Short-term loan to unrelated party

As at 31 December 2010, I-Sport Co., Ltd., a subsidiary company, had short-term loan of Baht 9 million (2009: Baht 9 million) to Siam Sport Syndicate Public Co., Ltd. which carries interest at fixed deposit rate (3 months) plus 0.25 percent per annum. This loan is due for repayment at call.

14. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2010 Million Baht	2009 Million Baht	2010 Percent	2009 Percent	2010 Baht	2009 Baht	2010 Baht	2009 Baht
The Samart Engineering Co., Ltd.	250	250	100	100	287,257,900	287,257,900	-	-
Samart International Co., Ltd.	6.25	6.25	100	100	6,384,971	6,384,971	-	-
Samart Research and Development Co., Ltd.	20	20	100	100	20,935,970	20,935,970	-	-
Samart Telcoms Public Co., Ltd.	603	600	69.77	73.53	1,348,029,864	1,362,303,068	127,804,287	63,378,939
Samart I-Mobile Public Co., Ltd.	430	430	59.59	59.99	1,079,645,740	1,076,176,284	50,119,288	25,059,644
One to One Contacts Co., Ltd. (The Company holds 96% and held by the three subsidiaries altogether 99.09 %)	100	100	96	96	94,286,364	94,286,364	-	-
Samart RadiTech Co., Ltd.	40	40	100	100	39,999,965	39,999,965	-	-
Vision and Security System Co., Ltd.	10	10	70	70	7,000,000	7,000,000	-	-
Cambodia Samart Co., Ltd. (The Company has control over this company's operation)	USD 25,000	USD 25,000	49	49	24,244,294	24,244,294	-	-



Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2010 Million Baht	2009 Million Baht	2010 Percent	2009 Percent	2010 Baht	2009 Baht	2010 Baht	2009 Baht
Suvarnabhumi Environment Care Co., Ltd.	50	50	90	60	44,989,946	29,989,946	-	-
Suvarnabhumi Environment Services Co., Ltd.	0.25	0.25	90	90	224,990	224,990	-	-
Samart Inter Holding Co., Ltd.	USD 17 million	USD 17 million	100	100	583,829,301	583,829,301	-	-
Newly established company	10	10	65	65	6,500,000	6,500,000	-	-
Total investments in subsidiaries					3,543,329,305	3,539,133,053	177,923,575	88,438,583
Less: Allowance for diminution in value of investments					(95,021,622)	(60,687,480)		
Total investments in subsidiaries - net					3,448,307,683	3,478,445,573		

14.1 Change in investments in subsidiaries held by the Company

14.1.1 Acquisition of additional investments

- a) During the year, the Company and its subsidiaries had purchase and sale transactions of investment in related parties are as follow:

Addition of investment of the Company

Share's name	Number of shares (Million shares)	Purchase price (Million Baht)
Samart Telcoms Public Co., Ltd.	1.3	10.2
Samart I-Mobile Public Co., Ltd.	1.8	3.5

Disposal of investment of the Company

Share's name	Number of shares (Million shares)	Sale price (Million Baht)	Gain on sales at cost method (Million Baht)
Samart Telcoms Public Co., Ltd.	7.6	79.4	54.9

Disposal of investment of subsidiaries

Share's name	Number of shares (Million shares)	Sale price (Million Baht)	Gain on sales at cost method (Million Baht)
Samart Telcoms Public Co., Ltd.	15.8	161.0	55.1
Samart I-Mobile Public Co., Ltd.	2.0	4.0	0.3

As a result of such additional purchase of ordinary shares the percentage of shareholding of the Company, both directly and indirectly, in Samart Telcoms Public Co., Ltd., and Samart I-Mobile Public Co., Ltd. as at 31 December 2010 were 69.77 percent and 59.99 percent respectively, and excess of investments in subsidiary companies arising as a

result of additional purchase of investments in the subsidiary companies at a price higher than the net book value of the subsidiary companies at the acquisition date has increased approximately Baht 60.7 million.

- b) On 18 December 2009, the meeting of Board of Directors of the Company passed a resolution approving the additional purchase of ordinary shares of Suvarnabhumi Environment Care Co., Ltd., a subsidiary company. Subsequently in January 2010, the Company purchased ordinary shares of such subsidiary company from the former shareholder of 1.5 million ordinary shares at a price of Baht 10 per share, or for a total of Baht 15 million. As a result of such additional purchase of ordinary shares the percentage of shareholding of the Company increased to 90 percent.

14.1.2 Establishment of new companies

- a) On 12 February 2009, a meeting of the Board of Directors of One to One Contacts Co., Ltd., a subsidiary company, passed a resolution approving the establishment of a new oversea company to provide consulting and setting up contact center solutions for business enterprises and government entities in Vietnam, with a registered capital of USD 0.04 million or approximately Baht 1.33 million with such subsidiary company holding 100 percent interest in new company. As at 31 December 2010, the management of the subsidiary company has considered different factors affecting the investment and was of the opinion that such investment should be delayed for the time being.
- b) On 24 December 2010, a meeting of the Board of Directors of the Company passed a resolution approving the joint venture with GMM Grammy Public Co., Ltd. to establish new company named "One Sky Multimedia Co., Ltd." which will conduct its business as a satellite TV operation, with registered capital comprising 1 million share of Baht 100 each, or a total of Baht 100 million, under shareholding ratio 50:50. The new company was registered with the Ministry of Commerce on 19 January 2011.

14.1.3 Change in share capital

- a) On 11 September 2008, an Extraordinary General Meeting of the shareholders of Suvarnabhumi Environment Services Co., Ltd., a subsidiary company, passed a special resolution to increase its registered share capital from Baht 1 million (0.1 million ordinary shares of Baht 10 each) to Baht 50 million (5 million ordinary shares of Baht 10 each). Currently, the subsidiary company is in process to register share capital with the Ministry of Commerce.
- b) On 19 March 2010, an Extraordinary General Meeting of the shareholders of a newly established company, a subsidiary company, passed a special resolution to increase its registered share capital from Baht 10 million (0.1 million ordinary shares of Baht 100 each) to Baht 250 million (2.5 million ordinary shares of Baht 100 each). Currently, the subsidiary company is in process to register share capital increase with the Ministry of Commerce.

14.2 Change in investments in subsidiaries held by Samart Telcoms Public Co., Ltd. (subsidiary)

14.2.1 Acquisition and disposal of investment

- a) On 18 September 2006, a meeting of the Board of Directors of Samart Telcoms Public Co., Ltd., a subsidiary company, passed resolutions approve of the purchase of the 999,940 shares of Portalnet Co., Ltd. currently held by a public company, representing 99.99 percent of its registered and issued capital, amounting to Baht 140.0 million, and also approved the purchase of indebtedness of Portalnet Co., Ltd. through the transfer of rights of claim of such public company amounting to Baht 628.7 million under the loan agreement between such public company and Portalnet Co., Ltd., at a total price of Baht 768.7 million together with any additional debt incurred from 1 September 2006 to the acquisition date.

As at 31 December 2010, the subsidiary company is in the process of considering the details and conditions of its acquisition of Portalnet Co., Ltd.

- b) On 13 August 2009, a meeting of the Board of Directors of Samart Telcoms Public Co., Ltd., a subsidiary company, passed a resolution to approve the purchase of 624,373 ordinary shares of IT Gen Co., Ltd. from existing shareholders, representing 99.99 percent of its issued and paid up share capital, at a price of Baht 78.48 per share or for a total of Baht 49 million (as stipulated in the purchase and sale of share agreement). As a result of the purchase of investment in IT Gen Co., Ltd., under the equity method, the subsidiary company recorded the excess of the cost of acquisition of the ordinary shares in the new subsidiary over the fair value, amounting to approximately Baht 47.3 million in non-current assets in the consolidated financial statements. Their fair value of purchased assets and liabilities are summarised below.

(Unit: Baht)

	Consolidated financial statements
IT Gen Co., Ltd.	
Cash and cash equivalents	1,253,553
Inventories - net	32,270,578
Other assets	3,898,416
Current liabilities	(35,563,289)
Non-current liabilities	(164,298)
Net acquired assets	1,694,960
Add: Excess of cost of investment over the book value of the subsidiary	47,305,040
Cash used in purchase of investment in subsidiary company	49,000,000
Less: Cash and cash equivalents of the subsidiary company	(1,253,553)
Net cash outflows from additional purchase of investment in subsidiary company	47,746,447

14.2.2 Establishment of new companies

- a) On 9 March 2006, a meeting of the Board of Directors of Samart Telcoms Public Co., Ltd., a subsidiary company, passed a resolution to establish a new subsidiary named Telecom Clearing House Co., Ltd. to conduct telecommunications including network maintenance and satellite communications both domestically and overseas. This new subsidiary has an initial registered capital comprising 500,000 shares of Baht 100 per share, or a total of Baht 50 million which is 25 percent called up, with the subsidiary company to hold 99.99 percent. The subsidiary may increase its capital or sell the shares held by the subsidiary company to other investors, but the subsidiary company must retain a holding of at least 40 percent.

As at 31 December 2010, the subsidiary company had not established such new subsidiary.

- b) On 12 November 2009, a meeting of the Board of Directors of Samart Telcoms Public Co., Ltd., passed a resolution to establish a new subsidiary named Samart eD Tech Co., Ltd. to provide e-learning courseware development and distance learning consultancy. This new subsidiary has an initial registered capital comprising 200,000 shares of Baht 100 per share, or a total of Baht 20 million which is 25 percent called up, with Samart Telcoms Public Co., Ltd. to hold 99.99 percent. On 5 February 2010, Samart Telcoms Public Co., Ltd. had registered the new subsidiary with the Ministry of Commerce.

14.2.3 Liquidation

On 21 December 2009, a meeting of the Board of Directors of Samart Telecommunication (Cambodia) Co., Ltd., a subsidiary company, passed a resolution to dissolve the subsidiary company. According to the subsidiary company had been established since 9 August 2007 and has not yet commenced its operation. In addition, the management considered that there would not be business opportunity in the near future. However, as at 31 December 2010, the process of deregistration and liquidation of the subsidiary company is in progress.

14.3 Change in investments in subsidiaries held by Samart I-Mobile Public Co., Ltd. (subsidiary)

14.3.1 Establishment of new companies

- a) On 9 August 2007, a meeting of Board of Directors of Samart I-Mobile Public Co., Ltd., a subsidiary company, passed a resolution approving the establishment of new companies in Thailand and overseas in order to provide international call services.

Subsequently, on 2 October 2007, the subsidiary company registered the establishment of I-Mobile Netplus Co., Ltd. (currently name is I-Mobile Plus Co., Ltd.) with the Ministry of Commerce. The subsidiary company holds 100 percent in this company.

However, the subsidiary company is in the process of establishing a new overseas company.

- b) On 13 November 2008, a meeting of Samart I-Mobile Public Co., Ltd., a subsidiary company, Board of Directors passed a resolution authorising I-Mobile International Co., Ltd., another subsidiary company, to establish representative office in India to support business expansion by providing sales and marketing support and appointing a mobile phone representative to distribute mobile phones and provide mobile content.

The establishment of this representative office is currently in the process.

14.3.2 Transfer of 3G mobile phone network services to subsidiary company

On 12 May 2010, a meeting of Board of Directors of Samart I-Mobile Public Co., Ltd., a subsidiary company, passed a resolution approving the transfer of contract to provide 3G mobile phone network under TOT Public Co., Ltd.'s 3G mobile phone network services project, named i-mobile 3GX, to I-Mobile Plus Co., Ltd. (formerly known as "I-Mobile Netplus Co., Ltd."), another subsidiary company. The transfer will allow the project to be managed as a separate business. On 25 August 2010, another subsidiary company received a license to operate a type one telecommunication business.

However, Samart I-Mobile Public Co., Ltd. is in the process of revising the related agreements to be in the name of I-Mobile Plus Co., Ltd. (formerly known as "I-Mobile Netplus Co., Ltd.").

14.3.3 Change of the company's name and increase registered share capital

On 3 June 2010, an extraordinary meeting of the shareholders of I-Mobile Netplus Co., Ltd., a subsidiary company, passed a resolution approving the change its company's name from "I-Mobile Netplus Co., Ltd." to "I-Mobile Plus Co., Ltd." and resolved to increase its registered share capital from Baht 10 million (1 million ordinary shares of Baht 10 each) to Baht 100 million (10 million ordinary shares of Baht 10 each) by issuing 9 million ordinary shares with a par value of Baht 10 each, resolved to call up an 25 percent of new registered capital of Baht 90 million or approximately Baht 22.5 million. The subsidiary company registered the change of its name and the increase of its share capital with the Ministry of Commerce on 10 June 2010 and has called up 25 percent of the additional share capital.

Subsequently, on 11 June 2010, a meeting of the Board of Directors of I-Mobile Plus Co., Ltd. (formerly known as "I-Mobile Netplus Co., Ltd."), a subsidiary company, resolved to call up an additional 25 percent of its former share capital of Baht 10 million, or Baht 2.5 million. And the subsidiary company registered the increase of its share capital with the Ministry of Commerce on 10 June 2010.

14.3.4 Liquidation

On 11 October 2006, an extraordinary meeting of the shareholders of I-Mobile (Cambodia) Co., Ltd., a subsidiary company, passed a resolution to liquidate the company. The process of registering that company's dissolution and its subsequent liquidation are in progress.

14.4 The offering of warrants of subsidiary companies

14.4.1 The offering of warrants of Samart Telcoms Public Co., Ltd.

On 24 April 2008, the Annual General Meeting of Samart Telcoms Public Co., Ltd., a subsidiary company, passed a resolution to issue 18 million warrants, the offering price per unit is Baht 0 to the directors and the employee of Samart Telcoms Public Co., Ltd. and its subsidiaries. The exercise ratio is 1:1 and the exercise price is Baht 7.50 per 1 ordinary share. Warrants to be allocated to the directors of Samart Telcoms Public Co., Ltd., and the employees of Samart Telcoms Public Co., Ltd., and its subsidiaries will be divided into 5 certificates with 5 years maturity from the issuance date. Each certificate will have the same date of issuance, offering and expiration with different exercise period as shown in the following detail. Each warrant holders can split exercise or fully exercise their right of the amount allocated for each certificate.

- Certificate No. 1 will represent 10% of total number of warrants allocated which is entitled to exercise since the first day of the exercise period until the expired date of warrants.
- Certificate No. 2 will represent 15% of total number of warrants allocated which is entitled to exercise after the end of the first year that the warrants are issued until the expired date of warrants.
- Certificate No. 3 will represent 20% of total number of warrants allocated which is entitled to exercise after the end of the second year that the warrants are issued until the expired date of warrants.
- Certificate No. 4 will represent 25% of total number of warrants allocated which is entitled to exercise after the end of the third year that the warrants are issued until the expired date of warrants.
- Certificate No. 5 will represent 30% of total number of warrants allocated which is entitled to exercise after the end of the fourth year that the warrants are issued until the expired date of warrants.

On 27 April 2009, the Annual General Meeting of Samart Telcoms Public Co., Ltd., passed a resolution approve the revision of the exercise price of the warrants offering to the directors of Samart Telcoms Public Co., Ltd., and the employees of Samart Telcoms Public Co., Ltd., and its subsidiaries from Baht 7.5 per share to be Baht 6.75 per share.

On 29 May 2009, Samart Telcoms Public Co., Ltd., has issued and offered 18,000,000 warrants to the directors of Samart Telcoms Public Co., Ltd., and the employees of Samart Telcoms Public Co., Ltd., and its subsidiaries at Baht 0 per unit. The exercise ratio is 1:1 and exercisable at a price of Baht 6.75 per share. The warrants have five years period as from the issuance date which will be expired on 28 May 2014. The warrants are exercisable on every 15th of the last month of each quarter throughout the terms of the warrants commencing 15 June 2009 to 28 May 2014.

Movement of warrants for the year ended 31 December 2010 are summarized as below.

(Number of unit: Units)

Warrants issuance to	Balance as at 29 May 2009	Cumulative number of exercised warrants		Balance as at 31 December 2010
		Exercised beginning of period	Exercised during the period	
Directors	5,500,000	(350,000)	(650,000)	4,500,000
Employees	12,500,000	(510,000)	(1,813,500)	10,176,500
Total	18,000,000	(860,000)	(2,463,500)	14,676,500

14.4.2 The offering of warrants of Samart I-Mobile Public Co., Ltd.

On 24 April 2008, the Annual General Meeting of Samart I-Mobile Public Co., Ltd., a subsidiary company, passed a resolution to issue 140 million warrants, the offering price per unit is Baht 0, to the directors of Samart I-Mobile Public Co. Ltd., and the employees of Samart I-Mobile Public Co. Ltd., and its subsidiaries. The exercise ratio is 1:1 and the exercise price is Baht 2 per 1 ordinary share. Warrants to be allocated to the directors of Samart I-Mobile Public Co. Ltd., and the employee of Samart I-Mobile Public Co. Ltd., and its subsidiaries will be divided into 5 certificates with 5 years maturity from the issuance date. Each certificate will have the same date of issuance, offering and expiration with different exercise period as shown in the following detail. Each warrant holders can split exercise or fully exercise their right of the amount allocated for each certificate.

- Certificate No. 1 will represent 10% of total number of allocated warrants which is entitled to exercise since the first day of the exercise period until the expired date of warrants.
- Certificate No. 2 will represent 15% of total number of warrants allocated which is entitled to exercise after the end of the first year that the warrants are issued until the expired date of warrants.
- Certificate No. 3 will represent 20% of total number of warrants allocated which is entitled to exercise after the end of the second year that the warrants are issued until the expired date of warrants.
- Certificate No. 4 will represent 25% of total number of warrants allocated which is entitled to exercise after the end of the third year that the warrants are issued until the expired date of warrants.
- Certificate No. 5 will represent 30% of total number of warrants allocated which is entitled to exercise after the end of the fourth year that the warrants are issued until the expired date of warrants.

On 27 April 2009, the Annual General Meeting of shareholders of Samart I-Mobile Public Co., Ltd., passed a resolution to approve the revision of the exercise price of the warrants offering to directors of Samart I-Mobile Public Co., Ltd. and the employees of Samart I-Mobile Public Co., Ltd. and its subsidiaries from Baht 2 per share to be Baht 1.7 per share.

On 29 May 2009, Samart I-Mobile Public Co., Ltd. issued 100,250,000 warrants to directors of Samart I-Mobile Public Co., Ltd. and the employees of Samart I-Mobile Public Co., Ltd. and its subsidiaries at Baht 0 per unit, 39,750,000 warrants being cancelled as conditions of the warrant issue. The warrants have an exercise ratio of 1:1, are exercisable at a price of Baht 1.7 per share and have exercise period of five years period from the issue date, expiring on 28 May 2014. The warrants are exercisable on every

15th of the last month of each quarter throughout the terms from 15 June 2009 to 28 May 2014.

Movement of warrants for the year ended 31 December 2010 are summarised below.

(Number of unit: Units)

Warrants issuance to	Balance as at as at 1 January 2010	Exercised during the year	Balance as at 31 December 2010
Directors	48,800,000	(750,000)	48,050,000
Employees	51,450,000	(550,000)	50,900,000
Total	100,250,000	(1,300,000)	98,950,000

15. Property, plant and equipment

(Unit: Baht)

	Consolidated financial statements						
	Revaluation basis		Cost basis				Total
	Land	Building and improvement	Office equipment	Machinery and equipment	Vehicles	Assets in progress	
Cost/Revalued amount:							
As at 31 December 2009	509,895,402	573,017,951	1,837,806,937	5,115,556,850	185,027,298	71,536,989	8,292,841,427
Additions	8,376,332	32,763,036	40,406,205	355,203,972	26,635,999	519,351,615	982,737,159
Transfer in/(transfer out)	-	171,618	92,354,920	117,100,005	13,500	(97,758,656)	111,881,387
Disposals	-	-	(54,081,573)	(18,938,745)	(17,954,428)	(7,495,140)	(98,469,886)
Translation adjustment	(311,674)	(17,040,113)	(55,470,667)	(83,913,336)	(1,021,565)	(524,346)	(158,281,701)
As at 31 December 2010	517,960,060	588,912,492	1,861,015,822	5,485,008,746	192,700,804	485,110,462	9,130,708,386
Accumulated depreciation:							
As at 31 December 2009	-	265,614,156	1,301,243,199	2,917,997,560	131,489,211	-	4,616,344,126
Depreciation for the year	-	31,316,047	184,258,113	634,175,349	22,828,949	-	872,578,458
Transfer in/(transfer out)	-	(98,342)	3,416,898	(5,941,664)	186	-	(2,622,922)
Accumulated depreciation on disposals	-	-	(52,616,624)	(16,431,948)	(13,226,374)	-	(82,274,946)
Translation adjustments	-	(3,124,052)	(9,182,728)	(56,726,276)	(684,358)	-	(69,717,414)
As at 31 December 2010	-	293,707,809	1,427,118,858	3,473,073,021	140,407,614	-	5,334,307,302
Allowance for impairment loss:							
As at 31 December 2009	-	7,679,609	8,717,341	118,873,756	-	2,020,718	137,291,424
Increase	-	-	-	1,968,191	-	15,447,912	17,416,103
As at 31 December 2010	-	7,679,609	8,717,341	120,841,947	-	17,468,630	154,707,527
Net book value:							
31 December 2009	509,895,402	299,724,186	527,846,397	2,078,685,534	53,538,087	69,516,271	3,539,205,877
31 December 2010	517,960,060	287,525,074	425,179,623	1,891,093,778	52,293,190	467,641,832	3,641,693,557
Depreciation for the year:							
2009 (Baht 603 million included in cost of sales and services, and the balance in selling and administrative expenses)							843,210,941
2010 (Baht 655 million included in cost of sales and services, and the balance in selling and administrative expenses)							872,578,458

(Unit: Baht)

	Separate financial statements						
	Revaluation basis		Cost basis				Total
	Land	Building and improvement	Office equipment	Machinery and equipment	Vehicles	Assets in progress	
Cost/Revalued amount:							
As at 31 December 2009	189,563,500	275,469,117	422,300,027	126,200,761	31,675,909	14,156,957	1,059,366,271
Additions	4,419,565	9,954,489	3,839,417	761,074	4,919,948	48,975,974	72,870,467
Transfer in/(transfer out)	-	-	13,818,621	-	13,500	(13,832,121)	-
Disposals	-	-	(137,579)	(13,255,706)	(2,306,289)	(2,259,260)	(17,958,834)
As at 31 December 2010	193,983,065	285,423,606	439,820,486	113,706,129	34,303,068	47,041,550	1,114,277,904
Accumulated depreciation:							
As at 31 December 2009	-	164,107,345	280,704,055	123,477,416	24,175,689	-	592,464,505
Revaluation	-	18,368,493	64,746,236	1,500,824	3,954,007	-	88,569,560
Depreciation on disposals	-	-	(42,273)	(13,255,690)	(1,245,292)	-	(14,543,255)
As at 31 December 2010	-	182,475,838	345,408,018	111,722,550	26,884,404	-	666,490,810
Net book value:							
31 December 2009	189,563,500	111,361,772	141,595,972	2,723,345	7,500,220	14,156,957	466,901,766
31 December 2010	193,983,065	102,947,768	94,412,468	1,983,579	7,418,664	47,041,550	447,787,094
Depreciation for the year:							
2009 (All depreciation included in administrative expenses)							88,976,704
2010 (All depreciation included in administrative expenses)							88,569,560

As at 31 December 2010, the Company and its subsidiaries had machinery and vehicles and equipment under finance lease agreements with net book values amounting to Baht 40.0 million (the Company Only: Baht 0.4 million).

As at 31 December 2010 and 2009, some building and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 2,938 million and Baht 1,686 million (the Company Only: Baht 243 million and Baht 213 million), respectively.

The Company and two subsidiaries hired independent professional valuers to appraise the value of their land and buildings during the second quarter of 2009, on the basis of the market comparison approach for land and cost approach/replacement cost for building. As a result of the reappraisal, the carrying amounts of total assets and surplus on revaluation of property, plant and equipment increased by approximately Baht 88.9 million in the consolidated financial statement as at 31 December 2010 (the Company only: Baht 42.3 million).

The Company and the subsidiaries had presented their assets at cost, the net book value as at 31 December 2010 and 2009 would have been as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	Land	Building and improvement	Land	Building and improvement
Net book value (presented at cost)				
As at 31 December 2010	97,737,938	95,495,022	62,701,233	78,529,878
As at 31 December 2009	89,440,383	86,309,070	58,281,668	82,589,494

- a) Cambodia Air Traffic Services Co., Ltd., a subsidiary company, received some of the equipment transferred from The Cambodian State Secretariat of Civil Aviation (“SSCA”) under a Build Cooperate and Transfer contract with Government of Cambodia. The subsidiary company must return all equipment to SSCA at the end of the contract, as described in Note 42.3 g) to the financial statements.
- b) On 26 October 2006, Samart Communication Services Co., Ltd., a subsidiary company entered into an agreement with a company (formerly a state enterprise), whereby they would provide an information technology network to The Department of Local Administration for a period of 1 year. The subsidiary is obliged to make the network available at not less than 1,000 sites within 120 days from the contract date and guarantee this minimum number of users throughout the contract period. If the subsidiary is unable to do so within the delivery period (22 February 2007), the counterparty will charge a penalty for any delays in the subsidiary’s work. However, up to 22 February 2007 the subsidiary could not make the network available at 1,000 sites because such subsidiary has yet to receive the equipment from the counterparty and Bandwidth received is not adequate for actual usage. Subsequently, on 27 October 2010, the subsidiary shutdown all systems in all places. As at 31 December 2010, a subsidiary has the net outstanding balance of asset and asset under installation under such agreement amounted to approximately Baht 49.6 million (2009: Baht 94.4 million) which is presented as a part of property, plant and equipment in the balance sheet and the subsidiary has set up provision for impairment of asset under installation amounting to Baht 17.5 million (2009: Baht 2.0 million). In addition, the subsidiary has not recognised the service income from this project since 1 February 2009 and there was outstanding balance of accrued income for service from this project amounting to Baht 31.8 million. In December 2010, the subsidiary has already invoiced and is in the process of negotiating collection for service from such project with the counter party. Since the subsidiary could not accomplish the number of guaranteed users, the counterparty therefore could charge a penalty for delay work. However, the subsidiary’s management and legal counsel are of the opinion that the subsidiary is not obligated to pay any fine to the counterparty as the delay of such project is not the subsidiary’s fault. In addition, the management of the subsidiary believes that the negotiation with the counterparty will be successful and the service fee can be collected from the counterparty. Furthermore, the subsidiary’s management considers that all equipment used in this project is general equipment which can be used in the subsidiary’s other projects therefore as at 31 December 2010 the subsidiary has not set up provision for fine from the project delay and believes that recorded provision for impairment for the asset of such project is adequate.
- c) The Company and its subsidiary companies have pledged partial of assets as collateral against credit facilities received from financial institutions

16. Prepaid rental to a related companies

(Unit: Baht)

	Consolidated financial statements/ Separate financial statements	
	2010	2009
Prepaid rental	375,669,000	375,669,000
Less: Accumulated amortisation	(146,093,500)	(133,571,200)
Prepaid rental - net	229,575,500	242,097,800

The Company has leased an office building from a related company for a period of 30 years, for which it paid full rental in advance. The payment was recorded as prepaid rental in the balance sheet and amortised over the rental period.

17. Deferred right for the use of communications equipment

(Unit: Baht)

	Consolidated financial statements	
	2010	2009
Deferred right for the use of communication equipment	5,557,840,033	5,557,840,033
Less: Accumulated amortisation	(4,161,534,831)	(4,132,446,916)
Allowance for impairment of assets	(1,131,677,580)	(1,209,677,580)
Net	264,627,622	215,715,537

The subsidiary company assessed the impairment of deferred right for the use of communication equipment by determining the present value of projected future cash inflows on the basis of certain assumptions and operations plans prepared by the subsidiary's anagement. Based on such information, the subsidiaries already set aside allowance for impairment as at 31 December 2010 of Baht 1,132 million (2009: Baht 1,210 million). The subsidiaries' management believes that this allowance is adequate. However, the variation of markets competitive and changes of technology could lead to further decrease in the projected future cash inflows below the book values as stated in the balance sheets.

18. Intangible assets

(Unit: Baht)

	Consolidated financial statements			
	Rights under the advertising agreement	Software computer	Right under the distribution agreement	Total
Cost				
As at 31 December 2009	27,500,000	-	-	27,500,000
Addition	-	18,396,466	4,530,775	22,927,241
As at 31 December 2010	27,500,000	18,396,466	4,530,775	50,427,241
Allowance for impairment				
As at 31 December 2009	-	-	-	-
Amortisation and depreciation	(11,650,000)	(2,103,917)	(229,642)	(13,983,559)
Translation adjustment	-	(24,427)	-	(24,427)
As at 31 December 2010	(11,650,000)	(2,128,344)	(229,642)	(14,007,986)
Net book value				
31 December 2009	27,500,000	-	-	27,500,000
31 December 2010	15,850,000	16,268,122	4,301,133	36,419,255

Rights under the advertising agreement

During the year 2009, Take A Look Co., Ltd., a subsidiary company, entered into an agreement with a company to sell LED Screen. The installation and transfer had already been completed and such company has made payment of Baht 19.5 million and granted the right to advertise on the LED Screen with the value of Baht 27.5 million. Thus the total sales value of the equipment is Baht 47 million. In addition, the subsidiary company is obliged to comply with the conditions in the agreement, such as provision of equipment repair and maintenance, for a period of three years.

Subsequently, on 28 December 2009, the subsidiary company entered into a memorandum with Samart Multimedia Co., Ltd., another subsidiary company, to transfer the rights and obligations under the LED Screen sales and advertising agreements. Therefore, all rights and obligations under such agreements have fallen upon Samart Multimedia Co., Ltd. since the date of the memorandum of agreement, which consist of:

- 1) Samart Multimedia Co., Ltd. receives the airing right to promote and advertise products and services for Samart I-Mobile Public Co., Ltd. and other two unrelated companies.
- 2) Samart Multimedia Co., Ltd. is obliged to comply with the conditions in the agreements, such as provision of equipment repair and maintenance, for a period of three years.

As a result, Samart Multimedia Co., Ltd. is required to make a payment of Baht 25.3 million to Take A Look Co., Ltd. so Samart Multimedia Co., Ltd. records the Right under the Advertising Agreement in the consolidated financial statements under intangible assets with the value of Baht 27.5 million.

Moreover, Take A Look Co., Ltd. and Samart Multimedia Co., Ltd. entered into a memorandum of agreement with other shareholder of Take A Look Co., Ltd. to jointly assume responsibility for the rights, duties, and obligations arising from Take A Look Co., Ltd. entering into the screen sales agreement. If any claim is made or any action taken that causes Take A Look Co., Ltd. or Samart Multimedia Co., Ltd. to pay compensation or be held responsible, the other shareholding company of Take A Look Co., Ltd. shall be jointly responsible for the damages in proportion to its shareholding. Such contractual liability will cease on 31 December 2012.

Right under distribution agreement

During the year 2010, I-Mobile Plus Co., Ltd. (formerly known as "I-Mobile Netplus Co., Ltd."), a subsidiary company, entered into a distributor agreement with a company. Under the conditions of the agreement, the subsidiary company is to pay a fee and comply with conditions stipulated in the agreement. Samart I-Mobile Public Co., Ltd., another subsidiary company, has guaranteed the I-Mobile Plus Co., Ltd.'s compliance with the agreement.

19. Assets held for future projects

Assets held for future projects in the consolidated and the Company's financial statements as at 31 December 2010 and 2009, consists of:

(Unit: Baht)

	Consolidated financial statements			
	Revaluation basis		Cost basis	Total
	Land	Building and improvement	Machinery and equipment	
Cost/Revalued amount:				
As at 31 December 2009	61,948,000	4,922,831	25,586,702	92,457,533
Disposal	-	-	(4,071,650)	(4,071,650)
Transfer out to property, plant and equipment	-	-	(36,229)	(36,229)
As at 31 December 2010	61,948,000	4,922,831	21,478,823	88,349,654
Accumulated depreciation:				
As at 31 December 2009	-	2,667,036	16,562,409	19,229,445
Depreciation for the year	-	246,142	-	246,142
Accumulated depreciation on disposal	-	-	(4,071,636)	(4,071,636)
As at 31 December 2010	-	2,913,178	12,490,773	15,403,951

(Unit: Baht)

	Consolidated financial statements			
	Revaluation basis		Cost basis	Total
	Land	Building and improvement	Machinery and equipment	
Net book value:				
31 December 2009	61,948,000	2,255,795	9,024,293	73,228,088
31 December 2010	61,948,000	2,009,653	8,988,050	72,945,703
Depreciation for the years :				
2009 (All depreciation included in administrative expenses)				253,322
2010 (All depreciation included in administrative expenses)				246,142

(Unit: Baht)

	Separate financial statements			
	Revaluation basis		Cost basis	Total
	Land	Building and improvement	Machinery and equipment	
Cost/Revalued amount:				
As at 31 December 2009	43,248,000	4,922,831	16,562,452	64,733,283
Disposal	-	-	(4,071,650)	(4,071,650)
As at 31 December 2010	43,248,000	4,922,831	12,490,802	60,661,633
Accumulated depreciation:				
As at 31 December 2009	-	2,667,036	16,562,409	19,229,445
Depreciation for the year	-	246,142	-	246,142
Depreciation for disposal of property, plant and equipment	-	-	(4,071,636)	(4,071,636)
As at 31 December 2010	-	2,913,178	12,490,773	15,403,951
Net book value:				
31 December 2009	43,248,000	2,255,795	43	45,503,838
31 December 2010	43,248,000	2,009,653	29	45,257,682
Depreciation for the years:				
2009 (All depreciation included in administrative expenses)				253,322
2010 (All depreciation included in administrative expenses)				246,142

The Company and two subsidiaries hired independent professional valuers to appraise the value of their land and buildings during the second quarter of 2009, on the basis of the market comparison approach for land and cost approach/replacement cost for building. As a result of the reappraisal, the carrying amounts of total assets and surplus on revaluation of property, plant and equipment decreased by approximately Baht 60 in the consolidated financial statement as at 31 December 2010 (the Company only increase: Baht 300,000). The Company and the subsidiaries had presented their assets at cost, the net book value as at 31 December 2010 and 2009 on a cost basis would have been as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	Land	Building and improvement	Land	Building and improvement
Net book value (presented at cost)				
As at 31 December 2010	74,689,253	1,712,373	25,813,767	1,712,373
As at 31 December 2009	74,689,253	1,922,113	25,813,767	1,922,113

The revaluation surplus cannot be used to offset deficit or for dividend payment.

20. Bank overdrafts and short-term loans from financial institutions

Bank overdrafts and short-term loans from financial institutions as at 31 December 2010 and 2009, consists of:

(Unit: Baht)

	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Bank overdrafts	5.700 - 7.750	71,294,928	204,669,994	17,213,131	107,128,588
Short-term loans	2.830 - 6.375	3,255,033,934	4,233,104,072	490,000,000	400,000,000
Trust receipts	1.54 - 5.75	1,236,727,802	2,035,767,806	-	-
Total		4,563,056,664	6,473,541,872	507,213,131	507,128,588

Bank overdrafts and short-term loan acquired from a financial institution of the Company are guaranteed by the mortgage of the Company's shares in some of its subsidiaries. These shares are the ones that the Company has previously put into mortgage in order to provide guarantee for its long-term loan.

Bank overdrafts and short-term loans from financial institutions of subsidiaries are secured by the pledge of the subsidiaries's bank deposits, cross-guarantee by the Company and subsidiaries, transfer and assign of right over collection of any contract/project as specified in loan agreements, and is guaranteed by the Company and subsidiaries. In addition, short-term loan agreements with banks contain certain conditions as specified in the agreements that require the Company and its subsidiaries to comply.

21. Short-term loan from unrelated party

As at 31 December 2010, Take A Look Co., Ltd., a subsidiary company, had obtained short-term loan of Baht 0.5 million (2009: Baht 12.6 million) from Master Ad Public Co., Ltd. which carries interest at Minimum Loan Rate (MLR) plus 1 percent per annum. This loan is due at call.

22. Long-term loan from other company/current portion of long-term loan from other company

(Unit: Baht)

	Consolidated/Separate financial statements	
	2010	2009
Long-term loan from other company	55,000,000	115,000,000
Less: Cash paid for long-term loan during year	(55,000,000)	(60,000,000)
Current portion of long-term loan	-	(55,000,000)
Long-term loan from other company- net of current portion	-	-

The loan from Digital Phone Co., Ltd. is payable on a quarterly installment of Baht 15 million each, commencing from the first quarter of 2009 to the third quarter of 2010. The last installment is Baht 10 million at the fourth quarter of 2010. The interest is charged at fixed rate of 7.25 percent per annum. As at 31 December 2010, the Company already repaid all loan balance in full (2009: Baht 5.5 million).

23. Long-term loans from financial institutions/current portion of long-term loans from financial institutions

The detail of long-term loans from financial institutions as at 31 December 2010 and 2009 are summarised below:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Long-term loans from financial institutions	1,075,318,078	1,455,188,220	234,871,319	680,813,632
Less: Current portion of long-term loans	(496,581,182)	(645,402,293)	(221,763,550)	(460,282,632)
Long-term loans from financial institutions-net of current portion	578,736,896	809,785,927	13,107,769	220,531,000

The Company

23.1 The Company obtained the loan facilities amounting to Baht 2,200 million from a local bank carrying interest at the Minimum Loan Rate (MLR) minus 0.5 percent per annum and scheduled for repayment in 60 monthly installments. The loan is secured by guarantees from the certain subsidiaries and the pledge of the shares it holds in some subsidiaries. The loan was used by the Company to repay the loan under the debt restructuring agreement dated 25 October 2001. In addition, on 29 June 2006, the Company entered into an amendment agreement with a local commercial bank extending the repayment term for this loan from repayment within 5 years ending in September 2008 to repayment within 7 years and 9 months, ending in June 2011. The first installment is to be paid in June 2006. Subsequently on 29 December 2006, the Company entered into an amendment agreement to change the rate of interest for this loan facilities amounting to Baht 1,759 million, which carries interest at the rate of the Minimum Loan Rate (MLR) minus 0.5 percent per annum shall be changed to Minimum Loan Rate (MLR) minus 1 percent per annum. Currently, the bank agreed to charge the revised interest rate until December 2010. As at 31 December 2010, the outstanding balance of loan from financial institutions was Baht 219 million (2009: Baht 649 million).

- 23.2 The Company obtained from a local bank the loan facilities amounting to Baht 50.25 million carrying interest at the Minimum Loan Rate (MLR) minus 0.5 per annum, whereby the term of repayment is monthly installment within 86 months starting on July 2005 until February 2011. The loan is secured by a negative covenant that the Company will not pledge of the Company's building, the transfer of the beneficiary rights under insurance policies for the building and the pledge of shares it holds in some subsidiaries. Subsequently, during the year 2007, the Company entered into an amendment agreement to change the rate of interest for this loan facilities amounting to Baht 40.23 million, which carries interest at the rate of the Minimum Loan Rate (MLR) minus 0.5 percent per annum to be Minimum Loan Rate (MLR) minus 1 percent per annum. In the current year, the bank agreed to charge the revised interest rate until December 2010. As at 31 December 2010, the outstanding balance of loan from financial institutions was Baht 1.53 million (2009: Baht 11.7 million).
- 23.3 The Company obtained from a local bank the new loan facilities amounting to Baht 260 million, on which interest is charged at a rate close to the Minimum Loan Rate minus 0.5 percent per annum for 5 years and is repayable in monthly installments with a grace period of 12 months. The first monthly installment is to be paid in the 13th month, with the total 48 monthly installments to be made, while interest is payable separately from repayment of principal. The loan is secured by the transfer of right over collection of total service fees under the SAMART IT Consolidation Project and the right to lease the parking lot on the 11th and 12th floor of the Software Park Building, both under the current lease agreement and the related renewed agreement, the pledge of hardware equipment, other assets and the insurance policy covering equipment, furniture and fixtures of the SAMART IT Consolidation Project. Subsequently, during the year 2008, the Company entered into an amendment agreement to change the rate of interest for this loan facilities, which carries interest at the rate of the Minimum Loan Rate (MLR) minus 0.5 percent per annum to be Minimum Loan Rate (MLR) minus 1 percent per annum. In the current year, the bank agreed to charge the revised interest rate until December 2010. The company already repaid this loan since 31 May 2010 (2009: Baht 20.1 million).
- 23.4 The Company and subsidiaries entered into loan agreements with a local commercial bank for the fund to be used for acquiring a beach pool house and apartment unit from a related company, with the loan amount as follow:

	<u>Million Baht</u>
Samart Corporation Public Co., Ltd.	15.28
Samart Telcoms Public Co., Ltd.	14.70
Samart I-Mobile Public Co., Ltd.	12.42

The loans are subject to interest at the Minimum Loan Rate (MLR) minus 1.25 percent per annum and the repayment is scheduled in 120 monthly installments. The first monthly installment repayment is to be repaid in April 2010. The loans are secured by the mortgage of such assets and the transfer of the beneficiary rights under insurance policy for such assets to the bank. As at 31 December 2010, the outstanding balance of loan from financial institutions was Baht 37.3 million (The Company only: Baht 14.34 million).

Subsidiary companies

- 23.5 A loan of One to One Contacts Co., Ltd., a subsidiary company, has a credit facility of Baht 32 million carrying interest at a rate close to the Minimum Loan Rate minus 0.5 percent per annum for 44 periods and is repayable in monthly installments with a grace period of 8 months. The first monthly installment is to be paid in the 9th month, with the total of 36 monthly installments to be made, while interest is payable separately from repayment of principal. The loan is secured by the transfer of rights over collection of service fees from Provincial Electricity Authority under the Call Center Project and guaranteed by the Company. As at 31 December 2010, the outstanding loan balance of the subsidiary was nil because it already repaid the loan on 15 January 2010.

- 23.6 In November 2008, Samart Comtech Co., Ltd., a subsidiary company, obtained a long-term loan facility of Baht 45.3 million from a financial institutions carrying interest at the minimum loan rate (MLR) per annum which is guaranteed by Samart Telcoms Public Co., Ltd. As at 31 December 2010, the outstanding balance of loan from financial institutions was Baht 14.2 million (2009: Baht 25.5 million).
- 23.7 In October 2009, Samart Telcoms Public Co., Ltd., a subsidiary company, entered into a loan agreement with financial institution, granting a facility of Baht 21.2 million to be used as working capital in acquiring equipment for Information Technology Security System project. On which interest is charged at effective interest rate. As at 31 December 2010, the outstanding balance of loan from financial institutions was Baht 12.7 million (2009: Baht 21.2 million).
- 23.8 Suvarnabhumi Environment Care Co., Ltd. entered into an agreement with a local commercial bank granting a new loan amounting to Baht 160 million, on which interest is charged at a rate close to the Minimum Load Rate minus 1 percent per annum for 78 periods and is repayable in monthly installment with a grace period of 15 months. The first monthly installment is paid in the 16th month, with the total of 63 monthly installments to be made, while interest is payable separately from repayment of principal. The loan is secured by the transfer of rights over collection of service fees from Provision of waste management services agreement in vicinity of Suvarnabhumi Airport and pledge by the Company, Professional Waste Technology (1999) Public Co., Ltd. and Siam Waste Management Consultant Co., Ltd. As at 31 December 2010, the outstanding balance of loan from financial institutions was Baht 40.0 million (2009: Baht 45.5 million).
- 23.9 Kampot Power Plant Co., Ltd. entered into an agreement with a commercial bank granting a new loan amounting to USD 16.5 million or equivalent to Baht 550.4 million, on which interest is charged at a rate to LIBOR plus 1 percent per annum for 8 years and is repayable in quarterly installment. The first quarterly installment is to be paid in the 15th month after drawing down the loan with the total of 28 quarterly installments to be made. The loan is secured by the transfer of rights to receive the payment under the Power Purchase Agreement and pledged by the Company. As at 31 December 2010, the outstanding balance of loan from financial institutions was Baht 343.6 million (2009: Baht 445.3 million).
- 23.10 In May 2008, Cambodia Air Traffics Services Co., Ltd., a subsidiary company, entered into an agreement with Export-Import Bank of Thailand (EXIM Bank) granting a loan facilities amounting to USD 14 million which comprised of USD 7.40 million or equivalent to Baht 246.9 million for financing the existing loan and USD 6.60 million or equivalent to Baht 220.2 Million for purchasing equipment to improve the performance of the System and the quality of the Air Traffic Services. The interest rate of the loan shall be charged at the rate of 1 percent per annum above LIBOR and is repayable in 21 quarterly installments, commencing from year 2009 till 2013. The 1st to 20th installment shall be USD 0.4 million for each installment or equivalent Baht 13.3 million and the last installment shall be in the amount of the loan remaining unpaid after the foregoing payments. The loan is secured by an assignment of rights under the Contract to Build Cooperate and Transfer of Air Traffic Control System between the Royal Government of Cambodia and the such subsidiary company and is guaranteed by the Company until the loan outstanding is equal to 60 percent of total loan amount and negative pledge of all assets of Cambodia Air Traffics Services Co., Ltd.. During the year 2010, the interest rate is revised to LIBOR plus 1.25 percent per annum for the already withdrawn loan amount and LIBOR plus 1.50 percent per annum for the undrawn loan amount, in which the new interest rates have been in effect since May 2010. As at 31 December 2010, the outstanding balance of loan from financial institutions was Baht 256.4 million (2009: Baht 235.5 million).
- 23.11 In February 2010, One to One Contacts Co., Ltd., a subsidiary company, entered into a new loan agreement amounting to Baht 29.0 million with a financial institution. The loan carries interest at the Minimum Loan Rate (MLR) minus 0.5 percent per annum and repayment is scheduled in 32 monthly installments with a grace period of 6 months. The first monthly installment repayment is to be made in the 7th month, while interest is payable separately from the repayment of principal. The loan is guaranteed by the Company. As at 31 December 2010, the outstanding balance of loan from financial institutions was Baht 14.1 million.

23.12 In October 2010, One to One Contacts Co., Ltd., a subsidiary, entered into an agreement with a financial institution in relation to a loan amounting to Baht 178 million and carrying interest at the rate of MLR less 0.75 percent per annum. The loan is payable in 33 installments on a monthly basis with a grace period of 8 months, and in the 9th month the principal shall be repaid and interest payment is to be made separately. In addition, the right to service fee collection from the Social Security Office under service contract regarding call center shall be assigned. As at 31 December 2010, the subsidiary had outstanding loan of approximately Baht 74.8 million.

23.13 Vision and Security System Co., Ltd., a subsidiary company obtained loan facilities amounting to Baht 86.0 million from a local bank. The loan carries interest at the Minimum Loan Rate (MLR) minus 0.75 percent per annum and is scheduled for repayment in 38 monthly installments with a grace period of 6 months. The first monthly installment is paid in the 7th month after agreement date or the month the subsidiary receive the 4th revenue assignment whichever comes first while interest is payable separately. The loan is secured by the transfer of rights over collection of CCTV rental fees and is guaranteed by the Company and the subsidiary's shareholders. As at 31 December 2010, the outstanding balance of loan from financial institutions was approximately Baht 61.7 million (2009: Baht 23.1 million).

24. Liabilities under finance lease/current portion of liabilities under finance lease

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Liabilities under finance lease agreements	30,804,359	56,119,235	223,335	605,933
Less: Deferred interest expense	(1,108,860)	(3,284,813)	(7,942)	(27,684)
	29,695,499	52,834,422	215,393	578,249
Less: Current portion of liabilities under finance lease agreements	(26,357,835)	(26,801,570)	(171,129)	(362,856)
Liabilities under finance lease agreements - net of current portion	3,337,664	26,032,852	44,264	215,393

The Company and subsidiaries have entered into the finance lease agreements with leasing companies for rental of equipment and motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 1 and 5 years. Partially such agreement is guaranteed by the Company and subsidiaries.

As at 31 December 2010, Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Baht)

	Consolidated financial statements		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	27,276,966	3,527,393	30,804,359
Deferred interest expenses	(919,131)	(189,729)	(1,108,860)
Present value of future minimum lease payments	26,357,835	3,337,664	29,695,499

(Unit: Baht)

	Separate financial statements		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	178,668	44,667	223,335
Deferred interest expenses	(7,539)	(403)	(7,942)
Present value of future minimum lease payments	171,129	44,264	215,393

25. Other current liabilities

Other current liabilities as at 31 December 2010 and 2009 consist of:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Corporate income tax payable	14,713,513	16,285,651	-	-
Accrued expenses	703,156,535	546,956,248	13,430,402	10,577,384
Other payables	160,730,954	141,472,403	15,407,490	14,993,490
Deposits	12,109,915	7,532,815	3,202,201	4,913,800
Others	266,854,097	182,942,372	2,196,100	13,403,747
Total	1,157,565,014	895,189,489	34,236,193	43,888,421

26. Advance received IT service fees from subsidiary companies

The Company has entered into the agreements with its subsidiaries to provide an information technology service (Samart Data Center) for use in the services related to the management of the security (ISO 27001) and service provision (ITIL) for a period of 52 months, commencing on 1 October 2006 to 31 January 2011.

During 2007, the Company partially cancelled the contract with The Samart Engineering Co., Ltd., a subsidiary company, amounting to approximately Baht 3.2 million. During the second quarter of 2009, the Company ceased charging monthly service fees of approximately Baht 14.6 million to the subsidiary company due to decrease in service usage.

The schedule for receipt of payment for information technology services after cancelling the charges is as follows:

(Unit: Thousand Baht)

Installment	Receipt schedule	Amount	Total
1	Within 1 May 2006	81,600	81,600
2 - 6	May - September 2006	8,160	40,800
7 - 15	October 2006 - June 2007	8,160	73,440
16 - 36	July 2007 - March 2009	7,905	166,005
37 - 58	April 2009 - January 2011	7,242	159,324
			521,169

The outstanding balances of advance received IT service fees from subsidiary companies as at 31 December 2010 and 2009 are as follows:

(Unit: Baht)

	Separate financial statements	
	2010	2009
Advanced received for IT service fee	122,400,000	122,400,000
Less: IT service fee with partially cancelled	(3,162,981)	(3,162,981)
Accumulated amortisation	(116,956,730)	(89,593,269)
Net	2,280,289	29,643,750

27. Share capital and warrants

27.1 Exercised warrants of the first project

Up to 31 December 2010, the Company's directors, and the employees of the Company and its subsidiaries had exercised their rights of the first project to convert 3,741,302 warrants with the exercise ratio of 1 warrant for 10 ordinary shares, and exercisable at a price of Baht 1.5 per share as summarized below.

Exercise date	Number of exercised warrants	Ordinary shares from exercise of warrants		Premium on share capital from exercise of warrants	Cash receipts from warrants exercised	Registration date with the Ministry of Commerce
	(Units)	(Shares)	(Baht)	(Baht)	(Baht)	
The second quarter of 2003	37,600	37,600	376,000	188,000	564,000	6 August 2003
The third quarter of 2003	655,700	655,700	6,557,000	3,278,500	9,835,500	7 October 2003
The fourth quarter of 2003	50,160	501,600	501,600	250,800	752,400	6 January 2004
The second quarter of 2004	2,830	28,300	28,300	14,150	42,450	6 July 2004
The third quarter of 2004	693,990	6,939,900	6,939,900	3,469,950	10,409,850	6 October 2004
The fourth quarter of 2004	19,620	196,200	196,200	98,100	294,300	5 January 2005
The first quarter of 2005	17,200	172,000	172,000	86,000	258,000	5 April 2005
The third quarter of 2005	909,120	9,091,200	9,091,200	4,545,600	13,636,800	4 October 2005
The fourth quarter of 2005	31,550	315,500	315,500	157,750	473,250	9 January 2006
The first quarter of 2006	19,490	194,900	194,900	97,450	292,350	4 April 2006
The third quarter of 2006	1,281,362	12,813,620	12,813,620	6,406,810	19,220,430	4 October 2006
The fourth quarter of 2006	8,640	86,400	86,400	43,200	129,600	4 January 2007
The second quarter of 2007	14,040	140,400	140,400	70,200	210,600	3 July 2007
	3,741,302					

As at 31 December 2010, allocated warrants are as summarised below:

Unexercised warrants	1,260	units
Cancelled warrants due to		
- resignation of employees	22,080	units
- expired warrants	1,112	units

27.2 The offering of warrants / The revision of the exercise price of the warrants/The exercised warrants of the second project

On 24 April 2008, the Annual General Meeting of the Company passed a resolution to issue 30 million warrants, the offering price per unit is Baht 0, to the Company's directors and the employee of the Company and its non-listed direct subsidiaries. The exercise ratio is 1:1 and the exercise price is Baht 7.75 per 1 ordinary share. Warrants to be allocated to the Company's directors and the employee of the Company and its non-listed direct subsidiaries will be divided into 5 certificates with 5 years maturity from the issuance date. Each certificate will have the same date of issuance, offering and expiration with different exercise period as shown in the following detail. Each warrant holders can split exercise or fully exercise their right of the amount allocated for each certificate.

Certificate No. 1	will represent 10% of total number of allocated warrants which is entitled to exercise since the first day of the exercise period until the expired date of warrants.
Certificate No. 2	will represent 15% of total number of allocated warrants which is entitled to exercise after the end of the first year that the warrants are issued until the expired date of warrants.
Certificate No. 3	will represent 20% of total number of allocated warrants which is entitled to exercise after the end of the second year that the warrants are issued until the expired date of warrants.
Certificate No. 4	will represent 25% of total number of allocated warrants which is entitled to exercise after the end of the third year that the warrants are issued until the expired date of warrants.
Certificate No. 5	will represent 30% of total number of allocated warrants which is entitled to exercise after the end of the fourth year that the warrants are issued until the expired date of warrants.

On 27 April 2009, the Annual General Meeting of the Company passed a resolution to approve the revision of the exercise price of the warrants offering to the Company's directors and the employees of the Company and its subsidiaries from Baht 7.75 per share to be Baht 5.45 per share.

On 29 May 2009, the Company has issued and offered 30 million warrants of the second project to the Company's directors and the employees of the Company and its non-listed direct subsidiaries. The warrants will be expired on 28 May 2014. The warrants are exercisable on every 15th of the last month of each quarter throughout the terms of the warrants commencing 15 June 2009 to 28 May 2014.

Up to 31 December 2010, the Company's directors, the Company and subsidiaries' employees had exercised their rights of the second project to convert 3,802,500 warrants with the exercise ratio of 1 warrant for 1 ordinary share, and exercisable at a price of Baht 5.45 per share as summarised below.

Exercise date	Number of exercised warrants	Ordinary shares from exercise of warrants		Premium on share capital from exercise of warrants	Cash receipts from warrants exercised	Registration date with the Ministry of Commerce
	(Units)	(Shares)	(Baht)	(Baht)	(Baht)	
The second quarter of 2009	412,000	412,000	412,000	1,833,400	2,245,400	22 June 2009
The third quarter of 2009	82,000	82,000	82,000	364,900	446,900	21 September 2009
The fourth quarter of 2009	73,000	73,000	73,000	324,850	397,850	23 December 2009
Total for the year 2009	567,000	567,000	567,000	2,523,150	3,090,150	
The third quarter of 2010	2,962,500	2,962,500	2,962,500	13,183,125	16,145,625	16 September 2010
The fourth quarter of 2010	273,000	273,000	273,000	1,214,850	1,487,850	17 December 2010
Total for the year 2010	3,235,500	3,235,500	3,235,500	14,397,975	17,633,475	
Total	3,802,500	3,802,500	3,802,500	16,921,125	20,723,625	

Movements of warrants for the year ended 31 December 2010 are summarised below.

(Number of unit: units)

Warrants issuance to	Balance as at 31 December 2009	Exercised during the year	Balance as at 31 December 2010
Directors	16,250,000	(1,050,000)	15,200,000
Employees	13,183,000	(2,185,500)	10,997,500
Total	29,433,000	(3,235,500)	26,197,500

28. Surplus on revaluation of property, plant and equipment

Surplus arising from revaluation of property, plant and equipment is amortised to retained earnings on a straight-line basis over the remaining life of the related assets.

(Unit: Baht)

	Consolidated/ Separate financial statements
Surplus on revaluation of property, plant and equipment of the Company	
Balance as at 31 December 2009	177,822,024
Amortise to transfer to retained earnings for the year	(4,390,789)
Balance as at 31 December 2010	173,431,235

(Unit: Baht)

	Consolidated financial statements
Surplus on revaluation of land, building and improvement of subsidiaries	
Balance as at 31 December 2009	205,132,840
Adjustment of surplus on revaluation according to the portion of shareholding	(1,646,500)
Balance as at 31 December 2010	203,486,340

The revaluation surplus cannot be used to offset deficit or for dividend payment.

29. Treasury shares

By the resolution of the meeting of the Company's Board of Directors held on 16 October 2008, the Company was approved to repurchase its shares in order to manage its excess cash, under the share repurchase scheme, with the investment not to exceed Baht 250 million or in term of shares repurchased not to exceed 48.8 million shares, equivalent to 5 percent of the total issued and paid-up shares of the Company. The period for the repurchase of the shares was from 31 October 2008 to 30 April 2009 and the resale period is 6 months after the completion date of the share repurchase and not later than 3 years from this time. In the event that the Company does not or is unable to dispose of all repurchased shares within the set period, when the due date has passed the Company is to reduce its paid-up capital by writing-off the remaining unsold repurchased shares.

	Consolidated/ Separate financial statements	
	2010	2009
Cost of treasury shares (Thousand Baht)	88,260	209,670
Number of treasury shares (Thousand shares)	16,066	38,166
Average price per share (Baht)	5.49	5.49
Percentage of treasury shares to the Company's shares in issue	1.64	3.91

The Company had set aside approximately Baht 88.26 million (2009: Approximately Baht 209.67 million) to a treasury shares reserve account according to the Securities and Exchange Commission's requirement.

By the resolution of the meeting of the Company's Board of Directors held on 14 August 2009, the Company was approved to resell its shares. The reselling of shares will require approval from the Board of Directors at least 14 days prior to the process. The period for the reselling of the shares was from 30 September 2009 to 29 September 2012. During the year 2010, the Company disposed of 22.1 million treasury shares, applying the prevailing market price at the disposal date, at a total price of Baht 152.7 million. The Company includes the excess of the resale price over the carrying amount of treasury shares of Baht 31.3 million in "Share premium" in the shareholder's equity.

30. Earnings per share

30.1 Basic earnings per shares

Basic earnings per share are calculated by dividing the net income for the year by the weighted average number of ordinary shares in issue during the year.

Weighted average number of ordinary shares

As at 31 December 2010 and 2009, the weighted average number of ordinary shares in the consolidated and separate financial statements are calculated as follow:

(Unit: Thousand shares)

	Consolidated/ Separate financial statements	
	2010	2009
Balance brought forward (net of treasury shares)	938,905	950,604
Add: Weighted average number of treasure shares re-issued during the year	9,901	-
Add: Weighted average number of ordinary shares in issue during the year	889	253
Less: Weighted average number of treasury shares during the year	-	(10,794)
Weighted average number of ordinary shares	949,695	940,063

30.2 Diluted earnings per share

Diluted earnings per share is calculated by dividing net income for the year by the total sum of the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

Reconciliation of diluted earnings per share

	Consolidated financial statements					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	2010 (Thousand Baht)	2009 (Thousand Baht)	2010 (Thousand Shares)	2009 (Thousand Shares)	2010 (Baht)	2009 (Baht)
Basic earnings per share						
Net income attributable equity holders of the parent	628,123	455,017	949,695	940,063	0.66	0.48
Effect of dilutive potential ordinary shares						
Warrants to the directors and employees of the Company 26,198,760 warrants (2009: 2,435,310 warrants)	-	-	4,955	93		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	628,123	455,017	954,650	940,156	0.66	0.48

	Separate financial statements					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	2010 (Thousand Baht)	2009 (Thousand Baht)	2010 (Thousand Shares)	2009 (Thousand Shares)	2010 (Baht)	2009 (Baht)
Basic earnings per share						
Net income attributable equity holders of the parent	259,846	151,378	949,695	940,063	0.27	0.16
Effect of dilutive potential ordinary shares						
Warrants to the directors and employees of the Company 26,198,760 warrants (2009: 2,435,310 warrants)	-	-	4,955	93		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	259,846	151,378	954,650	940,156	0.27	0.16

31. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside as a statutory reserve at least 5 percent of its net earnings for the year after deducting accumulated deficit brought forward (if any) until the reserve reaches 10 percent of the registered share capital. The statutory reserve could not be used for dividend payment.

32. Dividend payment

(Unit: Baht)

	Approved by	Total dividends	per share	Dividend Paid on
2009				
Dividends declared on 2008 operating result	Annual General Meeting of the shareholders on 27 April 2009	191,448,702	0.20	11 November 2008 22 May 2009
Less: Interim dividend on earnings for the period as from January to June 2008	A meeting of Board of Directors on 16 October 2008	(97,632,641)	(0.10)	
Dividends from 2008 earnings paid in 2009		93,816,061	0.10	11 December 2009
Interim dividend on earnings for the period as from January to September 2009	A meeting of Board of Directors on 13 November 2009	75,092,353	0.08	
Total dividend paid for the year 2009		168,908,414	0.18	
2010				
Dividends declared on 2009 operating result	Annual General Meeting of the shareholders on 27 April 2010	234,676,013	0.25	11 December 2009 18 May 2010
Less: Interim dividend on earnings for the period as from January to September 2009	A meeting of Board of Directors on 13 November 2009	(75,092,353)	(0.08)	
Dividends from 2009 earnings paid in 2010		159,583,660	0.17	21 January 2011
Interim dividend on earnings for the period as from January to September 2010	A meeting of Board of Directors on 24 December 2010	144,607,471	0.15	
Total dividend paid for the year 2010		304,191,131	0.32	

On 24 December 2010, a meeting of the Board of Directors of the Company passed a resolution approving the payment of a interim dividend in respect of income for the period as from January to September 2010 of Baht 0.15 per share. The Company will pay an interim dividend on 21 January 2011. As at 31 December 2010, the Company had dividend payable of Baht 144.6 million. However, the Company had paid such interim dividend on 21 January 2011.

33. Other income/other expenses

33.1 Details of other income for the years ended 31 December 2010 and 2009 are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Management fee income	-	-	237,327,848	246,696,689
Selling support income	67,416,122	81,497,270	-	-
Interest income	9,621,248	8,507,221	23,452,797	34,176,492
Gain on exchange	21,933,999	-	13,707,099	-
Gain on sale of property, plant and equipment and assets hold for future projects	3,199,597	-	2,044,638	2,207,919
Gain on change in value of short-term investments in trading securities	-	34,718,841	-	4,334,785
Reversal on allowance of impairment of deferred right to use of communications equipment	78,000,000	-	-	-
Gain on sales of investments	105,612,395	50,629,345	54,967,841	5,626,490
Income from reversal of provision for doubtful accounts and bad debt received	10,230,795	5,119,818	4,476	-
Dividend income	2,704,190	2,306,406	178,000,345	89,397,443
IT service fee from subsidiary companies	-	-	114,267,461	116,256,462
Others	47,089,201	83,727,529	77,009,236	84,838,057
Total	345,807,547	266,506,430	700,781,741	583,534,337

33.2 Details of other expenses for the years ended 31 December 2010 and 2009 are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Loss on exchange	-	6,599,394	-	3,533,634
Loss on disposal of short-term investments in trading securities (Note 7)	1,200,573	2,500,433	4,578,239	640,693
Loss on change in value of short-term investments in trading securities (Note 7)	15,035,053	-	2,760,930	-
Provision for obsolete stock	27,461,468	2,690,636	-	-
Loss on impairment of investments in subsidiary companies	-	-	34,334,142	35,610,172
Allowance for doubtful debt	58,680,004	19,300,479	-	-
Loss on disposal of property, building and equipment	-	6,394,402	-	-
Other expenses	68,008,425	16,515,030	7,080,173	5,616,727
Total	170,385,523	54,000,374	48,753,484	45,401,226

34. Expenses by nature

Significant expenses by nature are for the years ended 31 December 2010 and 2009 as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Salaries, wages and other employee benefits	1,281,899,334	1,263,763,126	101,066,489	98,433,485
Promotion and advertising expenses	834,717,725	848,311,887	6,882,303	667,599
Changes in inventories of finished goods and work in progress	(206,672,294)	471,239,729	-	-
Depreciation	842,824,599	843,464,261	88,815,702	89,230,027
Rental expenses	169,185,485	149,627,057	32,036,655	27,814,663
Raw materials and consumables used	71,054,810	82,188,303	-	-
Loss on change in value of short-term investments in trading securities (Note 7)	15,035,053	-	2,760,930	-
Amortisation expenses	76,148,143	55,722,370	12,522,300	12,522,300

35. Provident fund

The Company, subsidiaries companies and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, subsidiary companies contributed to the fund monthly at the rate of 3 percent to 10 percent of basic salary. The fund, which is managed by Bangkok Bank Public Company Limited, will be paid to the employees upon termination in accordance with the fund rules.

During the year 2010 and 2009, the Company and its subsidiary companies contributed amounted to approximately Baht 33.1 million and Baht 27.7 million (The Company only: Baht 4.9 million and Baht 4.1 million), respectively.

36. Finance cost

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Interest expense on:				
Bank loans, overdrafts and trust receipts	297,487,517	324,716,819	49,269,083	64,818,742
Loans from related parties	-	-	7,146,289	3,779,684
Liabilities under finance leases	2,572,014	4,127,657	19,742	53,205
Total interest expenses	300,059,531	328,844,476	56,435,114	68,651,631
Bank charges	21,318,532	18,895,995	134,360	193,358
Total finance cost	321,378,063	347,740,471	56,569,474	68,844,989

37. Corporate income tax

Income tax is provided for in the accounts based on the taxable profits at the rate of 25 percent determined in accordance with tax legislation (The Company has been granted tax benefits, which authorizes the reduction of the corporate income tax rate from regular rate of 30 percent to 25 percent for the first Baht 300 million of net profit under Administrative Decree No. 475 B.E.2551, for a period of 3 consecutive accounting years, starting from 2008 to 2010.), after the Company had added back disallowable expenses and provisions and has deducted the portion of dividend income which is exempted from income tax.

The taxable income of the subsidiaries in Thailand are subject to corporate income tax at the rate of 30 percent of net profit after adjusting certain expenses which are disallowed for tax computation purposes.

The subsidiaries have been granted promotional privileges approved by the Board of Investment under the Thai Investment Promotion Act B.E. 2520. Subject to certain imposed condition, the privileges include an exemption from corporate income tax on net income from promoted operations for a period 8 years commencing as from the date of first earning operating income (commencing from 1 August 2007 until 31 July 2015).

Overseas subsidiary companies calculate corporate income tax in accordance with tax rate regulated in tax law of those countries.

38. Promotional privileges

38.1 Brain Sources Co., Ltd., a subsidiary company, has been granted promotional privileges approved by the Board of Investment under the Thai Investment Promotion Act B.E. 2520, for research and development of software, under certificate No. 1690(7)/2550 dated 20 July 2007. Subject to certain imposed conditions, the main privileges include the following:

- a) Exemption from corporate income tax on net income from promoted operations for a period of 8 years commencing as from the date of first earning operating income (1 August 2007 until 31 July 2015). Furthermore, accumulated losses incurred during the corporate income tax exemption period, the subsidiary is allowed to utilise the losses as a deduction against net income for a period of 5 years after the expiry of the tax exemption period, whether from any one year or from several years.
- b) Exemption from income tax on dividends paid from the income of the promoted operations for which corporate income tax is exempted, throughout the corporate income tax exemption.
- c) Exemption from import duty on imported machinery for use in production as approved by the Board until 20 January 2010.

The subsidiary has to comply with certain conditions and restrictions specified under the promotion certificate. Services income of the subsidiary amounting to approximately Baht 248 million for the year ended 31 December 2010 (2009: Baht 119 million) were revenues from BOI promoted activities.

38.2 Subsidiaries have been granted promotional privileges under the Investment Promotion Act B.E. 2520 by the Board of Investment under certain significant conditions. Significant privileges of Samart Telcom Public Co., Ltd. are as follows:

Details	Smarterware Co., Ltd.	Samart eD Tech Co., Ltd.
1. Certificate No.	1152(7)/2551	1713(7)/2553
2. Promotional privileges for	Software	Software
3. The significant privileges are:		
3.1 Exemption from corporate income tax on net income from promoted operations for a period of 8 years commencing as from the date of first earning operating income. Furthermore, accumulated losses incurred during the corporate income tax exemption period, the subsidiary is allowed to utilise the losses as a deduction against net income for a period of 5 years after the expiry of the tax exemption period, whether from any one year or from several years.	Commencing until 29 April 2017	Not yet commenced
3.2 Exemption from income tax on dividends paid from the income of the promoted operations for which corporate income tax is exempted, throughout the corporate income tax exemption.	Granted	Granted
3.3 Exemption from import duty on imported machinery for use in production as approved by the Board.	Ended on 19 August 2010	Not identify exemption date
4. Date of first earning operating income	2 July 2009	Not yet commenced

Revenues of Smarterware Co., Ltd. for the years are software development services which could be divided between BOI promoted activities and Non-BOI promoted activities.

(Unit: Baht)

	2010	2009
BOI promoted	37,421,690	72,463,277
Non-BOI promoted	12,711,473	12,958,247
Total service income	50,133,163	85,421,524

39. Financial information by segment

The Company and its subsidiaries operate in four principal segments which are (1) International (whereby such segment in Cambodia and Hong Kong) (2) Local-Portfolio, (3) I-Mobile Multimedia and (4) Samart Solution and two geographical areas which are domestic and overseas. The results of operations separated by type of business of the Company and its subsidiaries for the year ended 31 December 2010 and 2009 is as follows:

39.1 The results of operations separated by type of business.

(Unit: Million Baht)

	For the years ended 31 December														Consolidated	
	Hong Kong		Cambodia		Thailand											
	International		International		Local -Portfolio		Multimedia		Samart Solution		Eliminated					
	Holding		Mobile Phone Services													
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009		
Sales and services income																
- Third parties	960	1,000	1	1	-	2	1,393	1,077	7,978	8,754	5,587	6,193	-	15,919	17,027	
- Related parties	-	-	-	-	1	2	122	82	9	15	27	11	(158)	1	12	
Total sales and services income	960	1,000	1	1	1	4	1,515	1,159	7,987	8,769	5,614	6,204	(158)	15,920	17,039	
Cost of sales and services	452	485	-	-	-	3	1,303	1,001	6,349	7,420	4,611	5,287	(139)	12,576	14,109	
Gross profit	508	515	1	1	1	1	212	158	1,638	1,349	1,003	917	(19)	3,344	2,930	
Unallocated income (expenses):																
Other income														346	266	
Selling expenses														(1,337)	(1,177)	
Administrative expenses														(851)	(848)	
Management's remuneration														(75)	(71)	
Other expenses														(171)	(54)	
Finance cost														(321)	(348)	
Corporate income tax														(132)	(147)	
Minority interests of the subsidiaries														(175)	(96)	
Net income for the year														628	455	

39.2 Assets and liabilities separated by business segment are as follows:

(Unit: Million Baht)

	For the years ended 31 December																Consolidated	
	Hong Kong		Cambodia		Thailand													
	International				International		Local -Portfolio		Multimedia		Samart Solution		Eliminated					
	Holding		Mobile Phone Services															
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009		
Assets																		
Trade accounts receivable - net	95	106	-	-	1	1	189	225	2,964	3,079	794	923	(17)	(24)	4,026	4,310		
Inventories - net	2	6	-	-	-	-	174	139	874	777	687	787	-	-	1,737	1,709		
Property, plant and equipment - net	788	982	3	3	-	-	1,056	973	646	429	1,148	1,152	-	-	3,641	3,539		
Deferred right to the use of communication equipment - net	-	-	-	-	-	-	-	-	-	1	265	215	-	-	265	216		
Others	607	476	7	8	3	3	5,783	5,484	950	1,764	1,603	2,842	(5,093)	(4,832)	3,860	5,745		
Total assets	1,492	1,570	10	11	4	4	7,202	6,821	5,434	6,050	4,497	5,919	(5,110)	(4,856)	13,529	15,519		
Liabilities																		
Current liabilities	245	293	-	-	-	1	1,874	1,974	3,004	3,768	2,738	4,358	(531)	(695)	7,330	9,699		
Non-current liabilities	479	562	-	-	-	-	286	318	11	7	26	58	(212)	(93)	590	852		
Total liabilities	724	855	-	-	-	1	2,160	2,292	3,015	3,775	2,764	4,416	(743)	(788)	7,920	10,551		

Transfer prices between business segments are as set out in Note 10 to the financial statements.

40. Bank guarantees

As at 31 December 2010, there were outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries of approximately Baht 1,616.5 million (2009: Baht 1,958.5 million). Separate financial statements: Baht 1.6 million (2009: Baht 1.5 million), in respect of certain performance bonds as required in the normal course of business. The details of bank guarantees are as follows:

(Unit: Million Baht)

	Consolidated financial statements	Separate financial statements
Performance guarantees	1,500.7	0.5
Guarantee electricity use, and others	115.8	1.1
	1,616.5	1.6

41. Related parties guarantees

41.1 As at 31 December 2010, the Company has contingent liabilities in respect of the guarantees of subsidiaries' loans and credit facilities provided to banks and financial institutions, as follows:

(Unit: Million Baht)

	Guaranteed facilities
Subsidiary companies	
The Samart Engineering Co., Ltd.	607
Kampot Power Plant Co., Ltd.	345
Cambodia Air Traffic Services Co., Ltd.	303
Vision and Security System Co., Ltd.	458
One to One Contacts Co., Ltd.	271
Suvarnabhumi Environment Care Co., Ltd.	193
Samart RadiTech Co., Ltd.	95
	2,272

These guarantees are effective for the Company as long as the underlying obligations have not been discharged by those subsidiaries.

41.2 As at 31 December 2010, Samart Telcoms Public Co., Ltd., and its subsidiaries have contingent liabilities in respect of the guarantees of loans and credit facilities as detailed below.

(Unit: Million Baht)

	Guarantor	Guaranteed facilities
Loans from banks and leasing company of subsidiary of Samart Telcoms Public Co., Ltd.	Samart Telcoms Public Co., Ltd.	5,974.4
Loans and certain credit facilities from bank of Oasis Consulting Co., Ltd.	Samart Telcoms Public Co., Ltd.	7.0

Moreover, loans and credit facilities of Samart Telcoms Public Co., Ltd. amounting to Baht 400 million are cross guaranteed by Samart Telcoms Public Co., Ltd. and four subsidiary companies, comprising Samart Communication Services Co., Ltd., Samart Broadband Services Co., Ltd., Posnet Co., Ltd. and Thai Trade Net Co., Ltd. The amounts of such guarantees are proportionate to the amount of credit used but capped at Baht 80 million for each company.

Generally, the guarantees are effective for as long as the underlying obligations have not been discharged by Samart Telcoms Public Co., Ltd. on its subsidiary companies Guarantee fees are charged by Samart Telcoms Public Co., Ltd. and its subsidiary companies.

41.3 As at 31 December 2010, Samart I-Mobile Public Co., Ltd., a subsidiary company, has contingent liabilities in respect of the guarantees of subsidiaries' credit facilities provided to banks as follows:

(Unit: Million Baht)

	Guaranteed facilities
Samart I-Mobile (Malaysia) Sdn. Bhd.	148.30
Samart Mobile Services Co., Ltd.	45.00
Samart Multimedia Co., Ltd.	114.39
I-Mobile Inter trade Co., Ltd.	20.00
Pt. Samart I-Mobile Indonesia	151.50
Samart Multimedia Co., Ltd. and Samart Interactive Media Co., Ltd. (joint use the same facilities with Samart I-Mobile Public Co., Ltd.)	10.00
Samart Mobile Services Co., Ltd., I-Mobile International Co., Ltd., I-Mobile Inter trade Co., Ltd. and Samart I-Mobile (Hong Kong) Ltd. (joint use the same facilities with Samart I-Mobile Public Co., Ltd.)	1,727.40
Samart I-Mobile (Hong Kong) Ltd. (joint use the same facilities with Samart I-Mobile Public Co., Ltd.)	2,985.00
Samart I-Mobile (Hong Kong) Ltd., Samart Mobile Services Co., Ltd. and I-Mobile International Co., Ltd. (joint use the same facilities with Samart I-Mobile Public Co., Ltd.)	495.00
Brain Source Co., Ltd. (joint use the same facilities with Samart I-Mobile Public Co., Ltd.)	150.00
Samart Multimedia Co., Ltd. (joint use the same facilities with Samart I-Mobile Public Co., Ltd.)	140.00

These guarantees are effective for Samart I-Mobile Public Co., Ltd. as long as the underlying obligations have not been discharged by those subsidiaries.

41.4 As at 31 December 2010, Samart I-Mobile Public Co., Ltd., and its subsidiaries have cross-guaranteed credit facilities granted by the commercial banks to Samart I-Mobile Public Co., Ltd., and its subsidiaries as follows:

(Unit: Million Baht)

Cross-guaranteed by	Cross - guaranteed credit facilities	Facilities used
Samart I-Mobile Public Co., Ltd., I-Mobile International Co., Ltd. and Samart Mobile Services Co., Ltd.	2,985	1,155.98
Samart I-Mobile Public Co., Ltd. and I-Mobile Inter trade Co., Ltd. (This is part of the credit facilities of Baht 2,985 million)	2,000	61.40
Samart I-Mobile Public Co., Ltd., I-Mobile International Co., Ltd., Samart Mobile Services Co., Ltd., and Samart I-Mobile (Hong Kong) Ltd.,	1,000	387.18

The credit facility of Baht 2,985 million mentioned above in Note 41.3, which Samart I-Mobile Public Co., Ltd., has guaranteed for its subsidiaries, is part of the credit facilities of Baht 2,985 million, jointly used by Samart I-Mobile Public Co., Ltd. and its subsidiaries.

41.5 In addition, as at 31 December 2010, the Company and two subsidiary companies, One to One Contacts Co., Ltd. and The Samart Engineering Co., Ltd., have cross-guaranteed credit facilities of Baht 30 million granted by a commercial bank to the Company and these two subsidiaries. In addition, the Company and another subsidiary, Vision and Security System Co., Ltd. also have cross-guaranteed credit facilities of Baht 20 million.

These guarantees are effective for the Company as long as the underlying obligations have not been discharged by those subsidiaries.

41.6 As at 31 December 2010, the Company and The Samart Engineering Co., Ltd., have cross-guaranteed the credit facility of Baht 65 million granted by a commercial bank to the Company and such subsidiary.

These guarantees are effective for guarantor as long as the underlying obligations have not been discharged by the guaranteed party.

41.7 As at 31 December 2010, the Company and Suvamabhumi Environment Care Co., Ltd., have cross-guaranteed the credit facility of Baht 20 million granted by a commercial bank to such subsidiary.

These guarantees are effective for guarantor as long as the underlying obligations have not been discharged by the guaranteed party.

41.8 As at 31 December 2010, the Company and One to One Contacts Co., Ltd., have cross-guaranteed the credit facility of Baht 105 million granted by a commercial bank to such subsidiary.

These guarantees are effective for guarantor as long as the underlying obligations have not been discharged by the guaranteed party.

42. Commitments and contingent liabilities

42.1 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of land, office building space, motor vehicles and services. The terms of agreements are generally between 1 and 5 years. As at 31 December 2010, the Company and its subsidiaries have future minimum lease payments required under these operating leases contracts as follows:

(Unit: Million)

Currency	Consolidated financial statements		Separate financial statements	
	Payable		Payable	
	Within 1 year	Thereafter 1 year	Within 1 year	Thereafter 1 year
Baht	197.24	117.37	26.16	47.82
Malaysian Ringgit	0.21	-	-	-
Hong Kong dollar	0.06	0.09	-	-
US dollar	0.14	-	-	-

42.2 Commitments in uncalled portions of investments

As at 31 December 2010, the Company and its subsidiaries have outstanding commitment totaling in respect of uncalled portions of their investments as follows:

	Amount	
The local subsidiary companies	Baht	398 million
The overseas subsidiary companies	Malaysian Ringgit	3 million
	USD	3 million

42.3 Other commitments

- Samart Telcoms Public Co., Ltd., a subsidiary company, entered into transponder lease agreements with a local company. Under the agreements, the subsidiary company had commitment to pay rental fees to its contractual partner in monthly installment, totally amounting to approximately USD 0.2 million or equivalent to Baht 6.1 million. The agreements are expiring during 2011 to 2013.
- Samart Telcoms Public Co., Ltd., a subsidiary company, entered into an agreement with the National Broadcasting and Telecommunications Commission (formerly known as "the Posts and Telegraph Department") to provide local audio and visual data communications via satellite service for a period of 22 years starting on 1 June 1995. This subsidiary company has commitments to comply with the terms under the contract, which included commitments to transfer ownership of telecommunication equipment used in provision of the data communication via satellite service to the National Broadcasting and Telecommunications Commission free of charge, and to pay the service fee stipulated under the agreement, based on the minimum annual fee or the percentage of income obtained from provision of such service whichever is higher. However, the subsidiary company requested the National Broadcasting and Telecommunications Commission to reconsider such terms and the National Broadcasting and Telecommunications Commission presented the subsidiary company's request to the National Radio Frequency Management Board and in the meeting of 1/2545 on 28 June 2002, the Board passed the resolution that in this case the National Broadcasting and Telecommunications Commission had the authority to amend the terms of contract. The National

Broadcasting and Telecommunications Commission later notified the subsidiary company of such amendments including the followings:

- To reduce the fee that the subsidiary company is to pay to the National Broadcasting and Telecommunications Commission from the year 2001 until the end of the contract term to a rate of 9 percent of revenue before expenses per annum.
 - To cancel the minimum fee to be paid to the National Broadcasting and Telecommunications Commission from the year 2001 until the end of the contract term.
 - To cancel the ownership transfer of assets, which are to be installed by the subsidiary company in the future for the provision of such service, to the National Broadcasting and Telecommunications Commission, with effect from the date of amendment.
 - To render the subsidiary company responsible for payments of value-added tax, duties, and fees incurred through the course of setting up radio telecommunications stations and using radio telecommunications equipment, effective from the date of amendment.
- c) Samart Mobile Services Co., Ltd., a subsidiary company, has been granted approval by The Posts and Telegraph Department which is currently transformed to be The National Broadcasting and Telecommunications Commission (NBTC) to operate and provide paging services to government units and state enterprises for a period of 20 years as from 21 February 1995. The subsidiary company has to pay annual fees at a rate specified in the agreement, or totaling Baht 70 million. In addition, the ownership of the pagers, paging control terminals, and transmitters have to be transferred to The Posts and Telegraph Department as soon as their installation is completed. On 6 September 1996, the subsidiary company received approval to provide its paging services to the public.

On 16 July 2003, the subsidiary company notified The Posts and Telegraph Department of their wish to terminate the agreement to provide paging services to government units and state enterprises. On 1 October 2003, The Posts and Telegraph Department granted approval the termination of such agreement. For the annual fee payable since 2000 until the termination date of the agreement is in the process of consideration by the Cabinet. In addition, the subsidiary company must comply with the terms and conditions stated in the agreement.

On 4 March 2010, the subsidiary company returned the remaining building to the Post and Telegraph Department, which has changed its name to The National Broadcasting Telecommunication Commission (NBTC). Subsequently, on 30 August 2010, the subsidiary company was informed that it had complied with the terms and conditions stated in the agreement and had no further obligations. In addition, the collateral was returned to the subsidiary.

- d) Samart Infonet Co., Ltd., a subsidiary company, has entered into a 10 year agreement with TOT Public Co., Ltd. in relation to its rental of internet protocol network. The expiration of the agreement is on 1 October 2011. The subsidiary company is obliged to comply with certain conditions as stated in the agreement and pays rental fee expense of approximately Baht 0.03 million per month.
- e) Samart Broadband Services Co., Ltd., a subsidiary company, has entered into a 15-year agreement with TOT Public Co., Ltd., (TOT) (formerly known as "TOT Corporation Public Co., Ltd.") in respect of the provision of network services. The subsidiary company is obliged to comply with certain conditions as stated in the agreement and has to pay an annual interconnection charge of Baht 1 million together with an additional fee, which are determined based on bandwidth usage at rates stipulated in the agreement. Subsequently, on 31 March 2003, the subsidiary company entered into an agreement with TOT Public Co., Ltd. and Samart Communication Services Co., Ltd., another subsidiary company, to transfer its rights and obligations under this agreement to Samart Communication Services Co., Ltd. In this regard, the recipient of the rights and obligations is responsible for compliance with the provisions of this agreement.

- f) Samart Multimedia Co., Ltd., a subsidiary company, entered into an agreement with the TOT Public Company Limited to provide an Audiotext System for a period of 15 years, commencing 29 September 1999. The subsidiary company is obliged to comply with certain conditions as stated in the agreement and has to pay a network connection fee of Baht 1 million per annum.
- g) The Company has entered into the Contract to build, cooperate and transfer an air traffic control system ("BCT Contract") with the Royal Government of the Kingdom of Cambodia. Under this agreement, the Company has had to establish a limited liability company under the laws of the Kingdom of Cambodia to be responsible for development and sole operation of the civil air traffic control and navigation system of Cambodia for a period of 15 years with an option to extend for another 7 years in consideration of the State Secretariat of Civil Aviation of Cambodia ("SSCA") granting the air traffic license to the Company. The Company initially had to invest approximately USD 17.5 million or equivalent to Baht 583.8 million in this project and is to pay license fees to the Cambodian government on a revenue sharing basis. Under the agreement, the Company is obliged to comply with certain conditions, including that the ownership of the civil air traffic control and navigation system and all equipment is to be transferred to the Kingdom of Cambodia at the end of concession period, without charge. On 18 May 2001, the Company entered into the assignment of "BCT Contract" with Cambodia Air Traffic Services Co., Ltd., a subsidiary company, to transfer of all the Company's rights and obligations under the "BCT Contract" to that subsidiary company pursuant to Article 2.2 of "BCT Contract" without charge. On 27 September 2007, the subsidiary requested extension to another 10 years commencing from the year 2024 to expire in the year 2033 whereby the subsidiary has to invest approximately USD 7 million, USD 5.5 million has been executed and remaining USD 1.5 million or equivalent to Baht 45.4 million, in order to improve the performance of the Air Traffic Control Services.
- h) On 11 May 2006, the Company has entered into SPS Consortium Agreement with Professional Waste Technology (1999) Plc. and Siam Waste Management Consultant Co., Ltd. ("SPS Group") with percentage of investment at 60 percent, 30 percent and 10 percent, respectively. Total Waste Management Solution in the area of Suvarnabhumi Airport will be managed by SPS Group for the period of 10 years from commencement date on 15 September 2006 as stipulated in contract signing on 11 September 2006 for Total Waste Management Solution in Suvarnabhumi Airport with Airports of Thailand Plc. ("AOT"). The management has been arranged under Suvarnabhumi Environment Care Co., Ltd. Under the agreement, SPS Group is obliged to comply with certain conditions, including that the ownership of building, premise and equipment for waste management process will be transferred to AOT after the expiry date of contract, without charge.
- i) On 26 October 2006, Samart Communication Services Co., Ltd., a subsidiary company, entered into an agreement with a company (formerly a state enterprise), whereby they would provide an information technology network to The Department of Local Administration for a period of 1 year. The subsidiary is obliged to make the network available at not less than 1,000 sites within 120 days from the contract date and guarantee this minimum number of users throughout the contract period. If the subsidiary is unable to do so within the delivery period (22 February 2007), the counterparty will charge a penalty for any delays in the subsidiary's work. However, as at 22 February 2007 the subsidiary could not make the network available at 1,000 sites because such subsidiary has yet to receive the equipment from the counterparty and Bandwidth received is not adequate for actual usage. Since the subsidiary could not accomplish the number of guaranteed users. The counterparty therefore could charge a penalty for delay work. However, the subsidiary's management and legal counsel are of the opinion that the subsidiary is not obligated to pay any fine to the counterparty as the delay of such project is not the subsidiary's fault. In addition the subsidiary's management believes that the negotiation with the counterparty will be successful therefore as at 31 December 2010 the subsidiary has not set up provision for fine from the project delay.

- j) On 30 August 2004, Samart Infonet Co., Ltd., a subsidiary company, entered into a three-year agreement with the Communications Authority of Thailand whereby the subsidiary was provided with circuit services connecting it to an electronic data interchange via the internet, for a period of 3 years, to end on September 2007. The subsidiary company is to follow the conditions and to pay the monthly service fee as stipulated in the agreement. However, the subsidiary company has continuously requested to extend the expiry period and service fee. Later on 27 December 2010, the subsidiary company reextended the expiry period to be 31 December 2011 with the requirement of service fee of Baht 0.6 million per month. Under the agreement the subsidiary company can continue to utilise the service for an indefinite time, therefore all conditions as stipulated in the agreement shall be applied until the subsidiary notifies that it is ceasing use of the service.
- k) The Samart Engineering Co., Ltd, a subsidiary company, has entered into four satellite channels rental service agreements with a local company. The first agreement is in relation to television signal transmission via satellite. The period of the agreement commences in January 2010 and ends in December 2012. The subsidiary is to pay the monthly service fee of USD 27,633 or equivalent to Baht 0.8 million. The second agreement is in relation to radio signal transmission via satellite, of which the period is from February 2010 to January 2011. The subsidiary is to pay the monthly service fee of USD 2,355 or equivalent to Baht 0.1 million. The third agreement is in relation to television signal transmission via satellite. The period of the agreement commences in October 2010 and ends in September 2012. The subsidiary is to pay the monthly service fee of USD 14,167 or equivalent to Baht 0.4 million. The fourth agreement is in relation to television signal transmission via satellite. The period of the agreement commences in October 2010 and ends in September 2011. The subsidiary is to pay the monthly service fee of USD 14,167 or equivalent to Baht 0.4 million.
- l) On 27 November 2009, Samart I-Mobile Public Co., Ltd., a subsidiary company, entered into a memorandum of understanding relating to the project for 3G mobile phone network services testing with TOT Public Co., Ltd. in support of the objective of providing wholesale and retail 3G mobile phone network services through the Wideband Code-Division Multiple Access (WCDMA) system. The memorandum of understanding expires on 30 November 2010 and is in the process of approval for an extension until 31 August 2011. Under the memorandum of understanding, the subsidiary company is obliged to comply with certain conditions and pay fees for the testing project as stated in the memorandum of understanding.

42.4 Litigation

- a) In the third quarter of 2009, The Samart Engineering Co., Ltd., a subsidiary company, had made an agreement with Super Cheng Co., Ltd. ("the buyer"), to sell satellite receivers with the total contract value of Baht 40.0 million. The subsidiary company already recognised revenue and received payment under such agreement of Baht 26.0 million. Subsequently, in the fourth quarter of 2009 the buyer had written notice through their lawyer to revoke the agreement and asked for a return of paid amount of Baht 26.0 million. The subsidiary's lawyer has opinion that the enter into the agreement of the buyer was not from the misunderstanding of any significant matter by the buyer as claimed and the subsidiary company did not breach the agreement that may cause the revocation. The agreement dated 22 July 2009 is still valid and binding the parties and the buyer has no right to terminate such agreement. The management of subsidiary company believes that the subsidiary company has not obliged to return the money Baht 26.0 million to buyer and no contingent liabilities to be occurred in the future. Therefore, there is no adjustment for revenue recognition and no provision was made in the financial statements.

On 19 March 2010, the subsidiary company has lodged a countersuit with the court for the case of cheques amounting to Baht 14 million. The case is currently in progress of being heard by the court.

- b) The Company had been involved in provision of financial support and installation of telecommunication network system to the 13th the Bangkok - Asian Games Organizing Committee (BAGOC) in 1997, for instance by supporting on installation design of telecommunication network system including its equipment and providing financial support at Baht 190 million. However, the Company had encountered with financial difficulties during the massive economic downturn of the country in 1997 which had long term and continuous impacts to the Company. Therefore, the Company has negotiated to cancel such financial support because the Company has waived its rights to use many benefits made under the agreements during the competition games and the Committee further provided such benefits to other sponsors already. Hence, the Company was not liable for such financial support any longer.

During the fourth quarter of 2010, BAGOC has submitted the matter in dispute to the Arbitration Institute requesting the Company to make payment of approximately Baht 332 million (Baht 190 million plus interest). Kanung & Partners Law Offices whom has been hired by the Company to be the consultant and responsible for this case has opined that the Company should not be responsible for this claim for damages since the claimant has submitted the matter in dispute to the Arbitration Institute after the dispute period has passed 10 years, so the statute of limitations has already been expired.

42.5 Contingent liabilities

In August 2008, Samart I-Mobile (Hong Kong) Limited, a subsidiary company, received a letter from the Inland Revenue Department of Hong Kong ("IRD") questioning the deductibility of consultancy fees and management fees totaling USD 6.1 million and USD 1.5 million or equivalent to Baht 184.81 million and Baht 45.44 million, respectively, paid to I-Mobile International Co., Ltd., another subsidiary company, in relation to the 2007 income tax return. Management of the subsidiary has submitted a reply letter to IRD in June 2009 to provide information in relation to the deductibility of consultancy fees and management fees in income tax return. In addition, the IRD issued another letter in December 2009 to request further information regarding the consultancy fees and management fees for the year 2006, 2007 and 2008. Response from IRD has not yet been received. However, the subsidiary's management are of the opinion that as the consultancy fees and management fees are related to the business activities and therefore should be fully deductible for income tax purposes, no additional income tax provision or related expenses is required for the year end 2006, 2007 and 2008.

During the year 2006, 2007 and 2008, Samart I-Mobile (Hong Kong) Limited paid consultancy fees and management fees to I-Mobile International Co., Ltd. totally USD 15.75 million or equivalent to Baht 477.17 million. The maximum tax exposure would be 17.5 percent on the amount of consultancy fees and management fees. However, as at 31 December 2010, the examination has not yet been finalised and the management of subsidiary believe that there is no significant losses will be incurred as a result of the above matter. Therefore no provision has been made against the contingent liabilities in the account.

43. Financial instruments

43.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, loans and other accounts receivable. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the majority of sales and services of the Company and its subsidiaries are supplied to creditworthy customers such as state enterprises and government agencies and due to the large number of entities comprising the Company and its subsidiaries' customer base, the Company and its subsidiaries do not anticipate material losses from its debt collection. However, the management believes that the Company and its subsidiaries' maximum exposure to credit risk is limited to the carrying amount of receivables, loans and other receivables as stated in the balance sheets.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk related primarily to its cash at banks, bank overdrafts, short-term loans and long-term borrowings. However, since most of their financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2010 classified by type of interest rates are summarized in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date or the repricing date if this occurs before the maturity date.

	Consolidated financial statements					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	Over 1 - 5 years				
	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(% p.a.)
Financial Assets						
Cash and cash equivalents	-	-	718.02	6.36	724.38	0.01 - 1.05
Short-term investments - trading securities	-	-	-	106.96	106.96	
Fixed deposit	100.74	-	-	-	100.74	0.50
Trade accounts receivable - net	-	-	-	3,983.76	3,983.76	
Short-term loans to related parties - net	-	-	-	0.64	0.64	
Short-term loans to unrelated parties	-	-	9.00	-	9.00	1.15 - 1.30
Finance leases receivable	-	-	92.68	-	92.68	5.25
Sales promotion receivable - net	-	-	-	29.10	29.10	
Other receivable	-	-	-	61.70	61.70	
Restricted bank deposits	-	-	127.67	-	127.67	0.10 - 6.75
Total	100.74	-	947.37	4,188.52	5,236.63	

	Consolidated financial statements					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	Over 1 - 5 years				
	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(% p.a.)
Financial liabilities						
Bank overdrafts	-	-	71.29	-	71.29	5.70 - 7.75
Short-term loans from financial institutions	1,436.40	-	1,818.63	-	3,255.03	2.830 - 6.375
Trust receipt						
- Baht	483.52	-	102.49	-	586.01	2.149 - 5.875
- US Dollar	650.72	-	-	-	650.72	1.54 - 2.90
Trade accounts payable	-	-	-	935.30	935.30	
Amounts due to and short-term loans from related parties	-	-	-	6.17	6.17	
Short-term loans from unrelated company	-	-	0.50	-	0.50	7.000 - 7.125
Other payable and accounts payable for purchase of equipment	-	-	-	201.39	201.39	
Long-term loans from financial institutions	7.11	5.57	1,062.64	-	1,075.32	1.560 - 6.125
Liabilities under finance lease agreements	26.36	3.34	-	-	29.70	2.150 - 6.695
Total	2,604.11	8.91	3,055.55	1,142.86	6,811.43	

	Separate financial statements					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	Over 1 - 5 years				
	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(% p.a.)
Financial Assets						
Cash and cash equivalents	-	-	160.02	0.02	160.04	0.05 - 0.25
Short-term investments - trading securities	-	-	-	0.81	0.81	
Trade accounts receivable - net	-	-	-	10.42	10.42	
Short-term loans to related parties - net	-	-	315.65	31.00	346.65	7.125
Total	-	-	475.67	42.25	517.92	
Financial liabilities						
Bank overdrafts	-	-	17.21	-	17.21	6.375 - 7.750
Short-term loans from financial institution	250.00	-	240.00	-	490.00	4.25 - 5.70

	Separate financial statements					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	Over 1 - 5 years				
	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(% p.a.)
Trade amounts payable	-	-	-	8.85	8.85	
Amounts due to and short-term loans from related parties			146.96	4.26	151.22	2.050 - 2.29584
Other payable and accounts payable for purchase of equipment	-	-	-	15.58	15.58	
Long-term loans from related parties	-	-	196.93	-	196.93	2.29263 - 2.29572
Long-term loans from financial institutions	-	-	234.87	-	234.87	5.125 - 5.250
Liabilities under finance lease agreements	0.17	0.05	-	-	0.22	2.95
Total	250.17	0.05	835.97	28.69	1,114.88	

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. They seek to reduce this risk by entering into forward exchange contracts when they consider appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2010, the Company and its subsidiaries have significant foreign currency assets and liabilities that were unhedged against foreign exchange risk, as summarised below.

Foreign currency	Financial assets (Million)	Financial liabilities (Million)	Exchange rate as at 31 December 2010	
			(Baht per unit of foreign currency)	
			Buying rate	Selling rate
US dollar	28.42	42.52	30.0063	30.2963
Euro	-	0.53	-	40.2464

Forward exchange contracts

The outstanding balance of forward exchange contracts as at 31 December 2010 of the subsidiaries are summarised below.

Subsidiaries in Thailand

Foreign currency	Bought amount (Million)	Sold amount (Million)	Contractual exchange rate	
			Bought	Sold
			(Baht per unit of foreign currency)	
US dollar	2.98	17.28	31.2794 - 32.0275	29.6750 - 32.2775

Subsidiaries in Malaysia

Foreign currency	Consolidated financial statements (Million)	Maturity date	Forward contracts rate
			(per unit of foreign currency)
Amount bought			
US dollar	2.93	January - May 2011	3.1070 - 3.2140 Malaysia Ringgit

Currency option contracts

As at 31 December 2010, Samart I-Mobile Public Co., Ltd., a subsidiary company has currency option contracts as summarised below.

	Currency	Sold amount (Million)	Strike rate (Baht per unit of foreign currency)	Delivery date
Sell put option	US dollar	2.0	32.10 - 32.15	January 2011

If, on the maturity date, the reference exchange rate is lower than strike rate, the subsidiary company is obligated to buy US dollar at strike rate.

As at 31 December 2010, fair value of sell put option contract is lower than trade date of Baht 3.95 million.

43.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature, their fair value is not expected to be materially different from the amount presented in the balance sheets.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

44. Capital management

The primary objectives of the Group company's capital management is to ensure that it has an appropriate financing structure and preserves the ability to continue its business as a going concern.

According to the balance sheet as at 31 December 2010, the Group's debt-to-equity ratio was 1.41:1 (2009: 2.12:1) and the Company's debt-to-equity ratio was 0.38:1 (2009: 0.49:1).

45. Subsequent events

45.1 On 4 January 2011, I-Sport Co., Ltd., a subsidiary company, entered into an agreement with an overseas company to acquire a football broadcast license for a period of 3 years, commencing on 4 January 2011. The subsidiary company is obliged to comply with conditions as stated in the agreement and has commitments under the agreement amounting to USD 0.16 million.

45.2 On 7 February 2011, Samart I-Mobile Public Co., Ltd., a subsidiary company, issued its plans for the transfer of the 3G mobile phone services business from Samart I-Mobile Public Co., Ltd. to I-Mobile Plus Co., Ltd. (formerly known as "I-Mobile Netplus Co., Ltd."), another subsidiary company. With effect from 16 February 2011, Samart I-Mobile Public Co., Ltd. will transfer to I-Mobile Plus Co., Ltd. its rights and responsibilities with respect to the provision of 3G mobile services under a memorandum of understanding relating to the project for 3G mobile

phone network services testing. In addition, Samart I-Mobile Public Co., Ltd., I-Mobile Plus Co., Ltd. and TOT Public Co., Ltd. will sign an agreement to transfer the rights and responsibilities under the above memorandum of understanding in the future.

46. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2009 have been reclassified to conform to the current year's classification but with no effect to previously reported net income or shareholders' equity. The reclassifications are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Balance sheets				
Other current assets	970,702,910	1,042,586,047	-	-
Withholding tax deducted at source	79,961,743	-	8,078,606	-
Other non-current assets - others	84,669,550	92,748,156	2,456	8,081,062
Trade accounts payable - unrelated parties	1,588,799,786	1,579,731,001	-	-
Other current liabilities	895,189,489	902,907,527	-	-
Other non-current liabilities	10,015,458	11,366,205	-	-

47. Approval of financial statements

These financial statements were authorized for issue by the authorized Directors on 23 February 2011.

Remuneration of the Auditors

1) Audit Fee

Payment from the Company and the subsidiaries to Auditors

- Audit fee for accounting period ended December 31, 2010 of the Company was Baht 2,080,000 of which excluded other miscellaneous payment of Baht 78,213 (i.e. auditors' traveling expenses, photo copy expenses).
- Audit fee for accounting period ended December 31, 2010 of the subsidiaries that has the same auditor as the Company were Baht 1,530,000 of which excluded other miscellaneous payment of Baht 65,986 (i.e. auditors' traveling expenses, photo copy expenses).
- Audit fee for accounting period ended December 31, 2010 of the subsidiaries pay to audit firm or other persons or firms that related to the audit firm were Baht 7,820,000 of which excluded other miscellaneous payment of Baht 384,035 (i.e. auditors' traveling expenses, photo copy expenses).

2) Non-Audit Fee

- In 2010, Brain Source Co.,Ltd., an indirect subsidiary with stakeholding 59.41%, paid professional fee to Ernst & Young Office Limited for the review of compliance conditions stipulated in the investment promotion certificate submitted to BOI for the period ended December 31, 2010 at Baht 120,000.
- In 2010, Brain Source Co.,Ltd., an indirect subsidiary with stakeholding 39.63%, paid professional fee to Ernst & Young Office Limited for the review of compliance conditions stipulated in the investment promotion certificate submitted to BOI for the period ended December 31, 2010 at Baht 40,000.
- In 2010, Smarterware Co.,Ltd., an indirect subsidiary with stakeholding 69.47%, paid professional fee to Ernst & Young Office Limited for the review of compliance conditions stipulated in the investment promotion certificate submitted to BOI for the period ended December 31, 2010 at Baht 50,000.

The Board of Directors of Samart Corporation Public Company Limited

Name-Surname/Position	Age	Education	Shareholding in Company* (%)	Relationship	Working Experience last 5 years		
					During	Position	Company/ Department
1. Dr. Tongchat Hongladaromp - Chairman - Independent Director - Audit Committee Member - Chairman of the Nominating & Compensation Committee	72	- Ph.D (Civil Eng.), Northwestern University, Chicago, U.S.A. - M.Eng. (Civil), Asian Institute of Technology Bangkok - B.Eng.(Civil), Chulalongkorn University, Bangkok - National Defence course (Class 32), National Defence College of Thailand - Director Accreditation Program (DAP) and Finance for Non-Finance Director, University of Technology Thonburi Thai Institute of Directors Association (IOD)	-	-	2008-Present 2008-Present 2007-Present 2007-Present 2006-Present 2005-Present 2002-Present 1999-Present 1994-Present Present Present 2004-2010 2006-2008 2005-2008 2005-2008 1997-2008	Chairman/ Audit Committee Member Chairman of the Nominating & Compensation Committee Chairman Chairman Chairman Director, Assessment Committee Chairman Director Independent Director Advisor Advisor Independent Director Director Director Director/ Audit Committee Member Chairman	Samart Corporation Pcl. Samart Corporation Pcl. Thai Industrial gases Pcl. Chuchawal - Royal has koning C.T. Land Co., Ltd. The Comptroller General's Department, Ministry of Finance The University Council King Mongkut's University of Technology Thonburi West Coast Engineering Co., Ltd. Sahavirity Steel Industries Pcl. PTT Chemical Pcl. PTT Exploration and Production Pcl. Bangkok Polyethylene Pcl. PTT Exploration and Production Pcl. PTT Chemical Pcl. Vinythai Pcl. TMB Asset Management Co., Ltd.
2. Mr. Pradang Prichayangkun - Vice Chairman - Independent Director - Chairman of the Audit Committee - Corporate Governance Committee Member - Nominating & Compensation Committee Member	76	- Bachelor Degree of Law, Thammasat University - National Defence course (Class 31), National Defence College of Thailand - Director Certification Program (DCP), and Audit Certification Program (ACP), Thai Institute of Directors Association (IOD)	0.013	-	2008-Present 2008-Present 2008-Present 2007-Present 1997-2008 2005-2008 2005-2008	Vice Chairman/ Chairman of Audit Committee Corporate Governance Committee Member Nominating & Compensation Committee Member Director Chairman/ Chairman of the Audit Committee Corporate Governance Committee Nominating & Compensation Committee Member	Samart Corporation Pcl. Samart Corporation Pcl. Samart Corporation Pcl. CarPass Information Services Co., Ltd. Samart Telcoms Pcl. Samart Telcoms Pcl. Samart Telcoms Pcl.

Remark : *Includes holding by spouses and minor children
% of total number of voting rights

Name-Surname/Position	Age	Education	Shareholding in Company* (%)	Relationship	Working Experience last 5 years		
					During	Position	Company/ Department
3. Mr. Seri Suksathaporn - Independent Director - Audit Committee Member - Nominating & Compensation Committee Member - Chairman of the Corporate Governance Committee	74	- Master of Public Finance Administration (MPA), University of Southern California, U.S.A. - Bachelor Degree in Political Science, Chulalongkorn University - Director Certification Program (DCP), Thai Institute of Directors Association (IOD)	0.057	-	1999-Present 1999-Present 2008-Present 2008-Present 2005-2008 2005-2008 Former Former Former Former	Director Audit Committee Member Nominating & Compensation Committee Member Chairman of the Corporate Governance Committee Chairman of the Nominating & Compensation Committee Chairman of the Nominating & Compensation Committee/ Corporate Governance Committee Member Budget Director Level 11 Budget Director for Security Affairs Budget Analyst Level 7 First Grade Budget Officer Public Service Division	Smart Corporation Pcl. Smart Corporation Pcl. Smart Corporation Pcl. Smart Corporation Pcl. Smart Telcoms Pcl. Smart Corporation Pcl. Bureau of the Budget Thailand Bureau of the Budget Thailand Bureau of the Budget Thailand Bureau of the Budget Thailand
4. Mr. Aran Promrata - Independent Director - Audit Committee Member - Nominating & Compensation Committee Member	62	- Master of Education Panjab University of India Training courses from Thai Institute of Directors Association (IOD) - Director Certification Program (DCP) - Audit Certification Program (ACP) - Financial Statements for Directors	0.002		2008-Present 2008-Present 2000-2008	Director/ Audit Committee Member Nominating & Compensation Committee Member Director/ Audit Committee Member	Smart Corporation Pcl. Smart Corporation Pcl. Smart Telcoms Pcl.
5. Mr. Prinya Waiwatana - Director - Corporate Governance Committee Member	63	- Bachelor Degree in Accounting, Chulalongkorn University Training courses from Thai Institute of Directors Association (IOD) - Director Accreditation Program (DAP) - Audit Committee Program (ACP) - Director Certification Program (DCP) - Monitoring the System of Internal Control and Risk Management (MIR) - Role of Compensation Committee (RCC)	-	-	Apr 2010-Present Feb 2010-Present 2007-Present 2006-Present 2005-Present	Director/ Corporate Governance Committee Member Independent Director Independent Director/ Audit Committee Member/ Compensation Committee Member Partner and Manager Independent Director/ Audit Committee Member/ Compensation Committee Member	Smart Corporation Pcl. Ira Capital Co., Ltd. Ascon Construction Pcl. P & Associates Office Thai steel cable Pcl.

Remark : *Includes holding by spouses and minor children
% of total number of voting rights

Name-Surname/Position	Age	Education	Shareholding in Company* (%)	Relationship	Working Experience last 5 years		
					During	Position	Company/ Department
6. Mrs. Siripen Vilailuck - Director	71	- Director Certification Program (DCP), Thai Institute of Directors Association (IOD)	0.57	Mr. Charoenrath's Mr. Watchai's and Mr. Thananan's mother	1993-Present 1975-Present 1993-Present 2008-May 2008	Director Director Director Nominating & Compensation Committee Member	Samart Corporation Pcl. Samart Engineering Co., Ltd. Vilailuck International Holding Co., Ltd. Samart Corporation Pcl.
7. Mr. Charoenrath Vilailuck - Authorized Director - Executive Chairman & CEO - Chairman of the Risk Management Committee	51	- Bachelor Degree in Engineering (Electrical Engineering), The University of Newcastle, Australia - National Defence course for the joint State-Private Sectors (Class 18), National Defence College of Thailand - Director Certification Program (DCP) and Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD)	14.21	Mrs. Siripen's son and Mr. Watchai's and Mr. Thananan's elder brother	1995-Present 1993-Present 2008-Present 2005-Present 1995-Present 1993-Present Present 2006-2008 2005-2006 2005-2006 2004-2006 2003-2005	Executive Chairman & CEO Director Chairman of the Risk Management Committee Director Director Director Director Vice Chairman of the Risk Management Committee Nominating & Compensation Committee Member Nominating & Compensation Committee Member Chairman of the Risk Management Committee Chairman	Samart Corporation Pcl. Samart Corporation Pcl. Samart Corporation Pcl. Samart I-Mobile Pcl. Samart Telecoms Pcl. Vilailuck International Holding Co., Ltd. Subsidiaries and Affiliated Companies (as details in Directors and Management in subsidiaries and affiliated companies) Samart Corporation Pcl. Samart Corporation Pcl. Samart I-Mobile Pcl. Samart Corporation Pcl. Samart I-Mobile Pcl.

Remark : *Includes holding by spouses and minor children
% of total number of voting rights

Name-Surname/Position	Age	Education	Shareholding in Company* (%)	Relationship	Working Experience last 5 years		
					During	Position	Company/ Department
8. Mr. Watchai Vilailuck - Authorized Director - President - Chief Operating Member of Risk Management Committee	48	- Bachelor Degree in Accounting, Thammasat University - Certificate of Strategic Planning & Implementation, University of Michigan Business School, USA - Certificate of Management Program, United Kingdom - Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD) - National Defence course for the joint State-Private Sectors (Class 21), National Defence College of Thailand - Leadership Program (Class 11), Capital Market Academy (CMA)	14.44	Mrs. Siripen's son and Mr. Charoenrath's younger brother and Mr. Thananan's elder brother	2000-Present 1993-Present 2004-Present 2003-Present 2005-Present 2000-Present 1995-Present 1993-Present Present 2005-2006	President Director Chief Operating Member of Risk Management Committee Director/ Executive Chairman & CEO Chairman of the Risk Management Committee Executive Chairman & CEO Director Director Director Nominating & Compensation Committee Member	Smart Corporation Pcl. Smart Corporation Pcl. Smart Corporation Pcl. Smart I-Mobile Pcl. Smart I-Mobile Pcl. Smart Telcoms Pcl. Smart Telcoms Pcl. Vilailuck International Holding Co., Ltd. Subsidiaries and Affiliated Companies (as details in Directors and Management in subsidiaries and affiliated companies) Smart I-Mobile Pcl.
9. Mr. Sirichai Rasameechan - Authorized Director - Executive Vice Chairman - Risk Management Committee Member - Corporate Governance Committee Member	60	- Master of Accounting, Thammasat University - Bachelor Degree in Accounting, Thammasat University - Director Certification Program (DCP) and Finance for Non-Finance Directors Program, Thai Institute of Directors Association (IOD)	0.15	-	2000-Present 1996-Present 2005-Present 2004-Present 2005-Present 2008-Present 1998-Present 2004-Present Present Present	Executive Vice Chairman Director Corporate Governance Committee Member Risk Management Committee Member Risk Management Committee Member Nominating & Compensation Committee Member Director Director Director Speaker	Smart Corporation Pcl. Smart Corporation Pcl. Smart Corporation Pcl. Smart Corporation Pcl. Smart I-Mobile Pcl. Smart I-Mobile Pcl. Smart Telcoms Pcl. Ascon Construction Pcl. Subsidiaries and Affiliated Companies (as details in Directors and Management in subsidiaries and affiliated companies) Thai Institute of Directors Association (IOD)

Remark : *Includes holding by spouses and minor children
% of total number of voting rights

Name-Surname/Position	Age	Education	Shareholding in Company* (%)	Relationship	Working Experience last 5 years		
					During	Position	Company/ Department
10. Mr. Parote Varophas - Authorized Director - Executive Vice Chairman - Risk Management Committee Member					2005-2008	Corporate Governance Committee Member	Samart I-Mobile Pl.
					2006-2007	Nominating & Compensation Committee Member	Samart Corporation Pl.
					2003-2006	Director	Samart I-Mobile Pl.
	59	- Master of Management, Northwestern University, U.S.A. - BA (Hons.) Accounting, Thammasat University - Certificate of Advanced Management Program : ISMP, Harvard Business School, U.S.A. <u>Training courses from Thai Institute of Directors Association (IOD)</u> - Director Certification Program (DCP) - Audit Certification Program (ACP) - Improving the Quality of Financial Reporting - Chartered Director Class - Accounting Amendments that Directors Should Know - Corporate Governance of Thai Listed Companies	-	-	2003-Present	Director/ Executive Vice Chairman	Samart Corporation Pl.
					2004-Present	Acting Chief Operating Officer - ICT Solutions & Services LOB	Samart Corporation Pl.
					2004-Present	Risk Management Committee Member	Samart Corporation Pl.
					2003-Present	Director/ Executive Vice Chairman	Samart Telcoms Pl.
					2005-Present	Chairman of the Risk Management Committee	Samart Telcoms Pl.
					2008-Present	Corporate Governance Committee Member	Samart Telcoms Pl.
					2008-Present	Corporate Governance Committee Member	Samart I-Mobile Pl.
					2002-Present	Independent Director and Audit Committee Member	Trinity Wattana Pl.
					Present	Director	Subsidiaries and Affiliated Companies (as details in Directors and Managements in subsidiaries and affiliated companies)
					2005-Present	Chairman	Siam Appraisal and services Co., Ltd.
					2005-2008	Nominating & Compensation Committee Member	Samart Telcoms Pl.
					2003-2006	Director	Samart I-Mobile Pl.

Remark : *Includes holding by spouses and minor children
% of total number of voting rights

Executives & Management of Smart Corporation Public Company Limited

Name-Surname/Position	Age	Education	Shareholding in Company* (%)	Relationship	Working Experience last 5 years		
					During	Position	Company/ Department
1. Mr. Charoenrath Vilailuck - Authorized Director - Executive Chairman & CEO - Chairman of the Risk Management Committee	51	- Bachelor Degree in Engineering (Electrical Engineering), The University of Newcastle, Australia - National Defence course for the joint State-Private Sectors (Class 18), National Defence College of Thailand - Director Certification Program (DCP) and Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD)	14.21	Mrs. Siripen's son and Mr. Watchai's and Mr. Thananan's elder brother	1995-Present 1993-Present 2008-Present 2005-Present 1995-Present 1993-Present Present	Executive Chairman & CEO Director Chairman of the Risk Management Committee Director Director Director Director Vice Chairman of the Risk Management Committee Nominating & Compensation Committee Member Nominating & Compensation Committee Member Chairman of the Risk Management Committee Chairman	Smart Corporation Pcl. Smart Corporation Pcl. Smart Corporation Pcl. Smart I-Mobile Pcl. Smart Telecoms Pcl. Vilailuck International Holding Co., Ltd. Subsidiaries and Affiliated Companies (as details in Directors and Management in subsidiaries and affiliated companies) Smart Corporation Pcl. Smart Corporation Pcl. Smart I-Mobile Pcl. Smart Corporation Pcl. Smart I-Mobile Pcl.
2. Mr. Watchai Vilailuck - Authorized Director - President - Chief Operating Member of Risk Management Committee	48	- Bachelor Degree in Accounting, Thammasat University - Certificate of Strategic Planning & Implementation, University of Michigan Business School, U.S.A. - Certificate of Management Program, United Kingdom - Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD) - National Defence course for the joint State-Private Sectors (Class 21), National Defence College of Thailand - Leadership Program (Class 11), Capital Market Academy (CMA)	14.44	Mrs. Siripen's son and Mr. Charoenrath's younger brother and Mr. Thananan's elder brother	2000-Present 1993-Present 2004-Present 2003-Present 2005-Present 2000-Present 1995-Present 1993-Present Present	President Director Chief Operating Member of Risk Management Committee Director/ Executive Chairman & CEO Chairman of the Risk Management Committee Executive Chairman & CEO Director Director Director Nominating & Compensation Committee Member	Smart Corporation Pcl. Smart Corporation Pcl. Smart Corporation Pcl. Smart I-Mobile Pcl. Smart I-Mobile Pcl. Smart Telecoms Pcl. Smart Telecoms Pcl. Vilailuck International Holding Co., Ltd. Subsidiaries and Affiliated Companies (as details in Directors and Management in subsidiaries and affiliated companies) Smart I-Mobile Pcl.

Remark : *Includes holding by spouses and minor children
% of total number of voting rights

Name-Surname/Position	Age	Education	Shareholding in Company ^{a)} (%)	Relationship	Working Experience last 5 years		
					During	Position	Company/ Department
3. Mr. Sirichai Rasameechan - Authorized Director - Executive Vice Chairman - Risk Management Committee Member - Corporate Governance Committee Member	60	- Master of Accounting, Thammasat University - Bachelor Degree in Accounting, Thammasat University - Director Certification Program (DCP) and Finance for Non-Finance Directors Program, Thai Institute of Directors Association (IOD)	0.15	-	2000-Present 1996-Present 2005-Present 2004-Present 2005-Present 2008-Present 1998-Present 2004-Present Present Present 2005-2008 2006-2007 2003-2006	Executive Vice Chairman Director Corporate Governance Committee Member Risk Management Committee Member Risk Management Committee Member Nominating & Compensation Committee Member Director Director Director Speaker Corporate Governance Committee Member Nominating & Compensation Committee Member Director	Smart Corporation Pcl. Smart Corporation Pcl. Smart Corporation Pcl. Smart Corporation Pcl. Smart I-Mobile Pcl. Smart I-Mobile Pcl. Smart Telcoms Pcl. Ascon Construction Pcl. Subsidiaries and Affiliated Companies (as details in Directors and Management in subsidiaries and affiliated companies) Thai Institute of Directors Association (IOD) Smart I-Mobile Pcl. Smart Corporation Pcl. Smart I-Mobile Pcl.
4. Mr. Pairete Varophas - Authorized Director - Executive Vice Chairman - Risk Management Committee Member	59	- Master of Management, Northwestern University, U.S.A. - BA (Hons.) Accounting, Thammasat University - Certificate of Advanced Management Program : ISMP, Harvard Business School, U.S.A. Training courses from Thai Institute of Directors Association (IOD) - Director Certification Program (DCP) - Audit Certification Program (ACP)	-	-	2003-Present 2004-Present 2004-Present 2003-Present 2005-Present 2008-Present 2008-Present	Director/ Executive Vice Chairman Acting Chief Operating Officer - ICT Solutions & Services LOB Risk Management Committee Member Director/ Executive Vice Chairman Chairman of the Risk Management Committee Corporate Governance Committee Member Corporate Governance Committee Member	Smart Corporation Pcl. Smart Corporation Pcl. Smart Corporation Pcl. Smart Telcoms Pcl. Smart Telcoms Pcl. Smart Telcoms Pcl. Smart I-Mobile Pcl.

Remark : ^{a)}Includes holding by spouses and minor children
% of total number of voting rights

Name-Surname/Position	Age	Education	Shareholding in Company* (%)	Relationship	Working Experience last 5 years		
					During	Position	Company/ Department
		<ul style="list-style-type: none"> - Improving the Quality of Financial Reporting - Chartered Director Class - Accounting Amendments that Directors Should Know - Corporate Governance of Thai Listed Companies 			2002-Present Present	Independent Director and Audit Committee Member Director	Trinity Wattana Pcl. Subsidiaries and Affiliated Companies (as details in Directors and Management in subsidiaries and affiliated companies) Siam Appraisal and services Co., Ltd. Samart Telcoms Pcl. Samart I-Mobile Pcl.
					2005-Present 2006-2008 2003-2006	Chairman Nominating & Compensation Committee Member Director	
5. Mr. Lai Ki Tong	57	<ul style="list-style-type: none"> - Professional Qualification, Institute of Chartered Secretaries and Administration, United Kingdom - Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD) 	-	-	2003-Present 2004-Present 2006-2008 2006-2007 2006-2006	Vice President Risk Management Committee Member Director Nominating & Compensation Committee Member Director	Samart Corporation Pcl. Samart Corporation Pcl. TM International Cambodia Co., Ltd. Samart I-Mobile Pcl. Samart I-Mobile Pcl.
6. Mr. Thananan Vliailuck	44	<ul style="list-style-type: none"> - Master of Engineering, University of Florida, U.S.A. - Bachelor Degree in Engineering, Kasetsart University - Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD) 	1.57	Mrs. Siripen's son and Mr. Charoenrath's and Mr. Watchai's younger brother	2007-Present 2006-Present 2006-Present 2003-Present 2005-Present 1993-Present Present 2003-2006	Executive Director President of Mobile Multimedia LOB President Director/ Executive Director Risk Management Committee Member Director Director Deputy Chief Operating Officer-Mobile Business	Samart Corporation Pcl. Samart Corporation Pcl. Samart I-Mobile Pcl. Samart I-Mobile Pcl. Samart I-Mobile Pcl. Vliailuck International Holding Co., Ltd. Subsidiaries and Affiliated Companies (as details in Directors and Management in subsidiaries and affiliated companies) Samart I-Mobile Pcl.

Remark : *Includes holding by spouses and minor children
% of total number of voting rights

[illegible]

Remark : 1) x = Chairman, / = Director, // = Executive Director, /// = Managements

2) Companies Symbol;

Companies Symbol:	
1. SC	= Samart Corporation Pcl.
5. SIAM	= Samart Interactive Media Co., Ltd.
9. SIMH	= Samart I-Mobile (Hong Kong) Co., Ltd.
13. STC	= Samart Telcoms Pcl.
17. SBS	= Samart Broadband Services Co., Ltd.
21. STW	= Smarterware Co., Ltd.
25. SI	= Samart International Co., Ltd.
29. SE	= Samart Engineering Co., Ltd.
33. OTOPRO	= One To One Professional Co., Ltd.
37. OASIS	= OASIS Consulting Co., Ltd.
3) ⁽¹⁾ Held by SIM	
⁽⁵⁾ Held by SE	
2. SIM	= Samart I-Mobile Pcl.
6. IMI	= I-Mobile International Co., Ltd.
10. BS	= Brain Source Co., Ltd.
14. SCS	= Samart Communication Services Co., Ltd.
18. TTN	= Thai Trade Net Co., Ltd.
22. SAET	= Samart Ed Tech Co., Ltd.
26. SEC	= Suvannabhumi Environment Care Co., Ltd.
30. CIO	= Contact-In-One Co., Ltd.
34. I-SPORT	= I-Sport Co., Ltd.
38. VIH	= Vitalluck International Holding Co., Ltd.
⁽²⁾ Held by BUG	
⁽⁶⁾ Held by SIH	
3. SMS	= Samart Mobile Services Co., Ltd.
7. SIMM	= Samart I-Mobile (Malaysia) Sdn. Bhd.
11. IMP	= I-Mobile Plus Co., Ltd.
15. SCT	= Samart Comtech Co., Ltd.
19. PN	= Posnet Co., Ltd.
23. CATS	= Cambodia Air Traffic Services Co., Ltd.
27. OTO	= One To One Contacts Co., Ltd.
31. SIH	= Samart Inter Holding Co., Ltd.
35. TAL	= Take A Look Co., Ltd.
⁽³⁾ Held by IMI	
⁽⁷⁾ Held by OTO	
4. BUG	= Samart Multimedia Co., Ltd.
8. SIMI	= PT Samart I-Mobile Indonesia Co., Ltd.
12. IMIT	= I-Mobile Inter trade Co., Ltd.
16. SR&D	= Samart Research and Development Co., Ltd.
20. SIF	= Samart Infonet Co., Ltd.
24. KPP	= Kampot Power Plant Co., Ltd.
28. VSS	= Vision and Security System Co., Ltd.
32. SRT	= Samart Raditech Co., Ltd.
36. CS	= Cambodia Samart Co., Ltd.
⁽⁴⁾ Held by STC	

⁴⁾ Held by STC

⁽³⁾ Held by IMI

(7) Held by OTO

Held by SIH

(5) Held by SE

(5) Held by SE

Board of Directors & Committees

Directors of Sub-Committees			Board of Director	Executive Board	Audit Committee	Risk Management Committee	Corporate Governance Committee	Nominating and Compensation Committee
1.	Dr. Tongchat	Hongladaromp	x		/			x
2.	Mr. Pradang	Prichayangkun	/		x		/	/
3.	Mr. Seri	Suksathaporn	/		/		x	/
4.	Mr. Aran	Promrata	/		/			/
5.	Mrs. Siripen	Vilailuck	/					
6.	Mr. Charoenrath	Vilailuck	/	x		x		
7.	Mr. Watchai	Vilailuck	/	/		/		
8.	Mr. Sirichai	Rasameechan	/	/		/	/	
9.	Mr. Pairote	Varophas	/	/		/		
10.	Mr. Prinya	Waiwatana	/				/	
11.	Mr. Lai Ki Tong			/		/		
12.	Mr. Thananan	Vilailuck		/		/		
13.	Mr. Sommai	Damnoenkiat				/		
14.	Mrs. Sukanya	Vanichjakvong				/		
15.	Mr. Jong	Diloksombat				/		
16.	Mr. Prasitchai	Veerayuttwilai				/		

Remark : x = Chairman, / = Director, Committee Member

Major Subsidiaries' Directors

Name of Directors		Subsidiaries		
		Samart I-Mobile Pcl.	Samart Telcoms Pcl.	Samart Multimedia Co., Ltd.
1.	Mr. Charoenrath Vilailuck	/	//	
2.	Mr. Watchai Vilailuck	//	//	x
3.	Mr. Sirichai Rasameechan		//	/
4.	Mr. Pairote Varophas		//	
5.	Mr. Azwan Khan Bin Osman Khan	/		
6.	Mr. Reza Bin Abdul Rahim	/		
7.	Prof. Suphachai Phisitvanich	x		
8.	Dr. Chotivid Chayavadhanangkur	/		
9.	Mr. Kunthit Arunyananonda	/		
10.	Mr. Sombut Uthaisang		x	
11.	General Sumpun Boonyanun		/	
12.	Ms. Rapeepan Luangaramrut		/	
13.	Mr. Narongchai Satanupong		/	
14.	Mr. Kajornvut Tayanukorn		/	
15.	Mr. Thananan Vilailuck	//		/
16.	Mr. Jong Diloksombat	//		/
17.	Mr. Subhasiddhi Rakkasikorn			/

Remark : x = Chairman, / = Director, // = Executive Director

Samart Corporation Public Company Limited

Company	:	Samart Corporation Public Company Limited
Head Office	:	99/1 Moo 4 Software Park, 35 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Thailand
Registration No.	:	0107536000188
Home Page	:	http://www.samartcorp.com
Telephone	:	0-2502-6000, 0-2975-5777
Fax.	:	0-2502-6186
Registered Capital	:	Baht 1,006,601,830
Number of shares sold	:	980,306,410 shares
Par Value	:	Baht 1 per share

Other References

Company registrar	:	Thailand Securities and Depository Co., Ltd. Capital Market Academy Building, The Stock Exchange of Thailand 2/7 Moo 4, (North Park Project) Vibhavadi-Rangsit Road, Km. 27, Tung Song Hong, Laksi, Bangkok 10210
Telephone	:	0-2596-9000 ext. 9304 Direct Line 0-2596-9304
Fax.	:	0-2832-4994 to 4996
Auditor	:	Mrs. Saifon Inkaew Certified Public Accountant C.P.A. license No. 4434 Ernst & Young Office Limited. 33 rd Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek road, Klongtoey, Bangkok 10110
Telephone	:	0-2264-0777, 0-2661-9190
Fax.	:	0-2264-078-90, 0-2661-9192

SAMART GROUP, We do our best.



SAMART
SMART solutions, SMART life

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