

# Annual Report

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# Financial Highlights

(Unit : Million Baht)

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

<sup>1/</sup> Cash flow from operations less capital expenditure

<sup>2/</sup> Excluding liabilities under finance leases

<sup>3/</sup> After accumulated dividend for preferred shares.

<sup>4/</sup> Restatement for the year 2008 and year 2010:

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

# Company Background and Major Developments and Awards

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

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

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

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

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

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

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

## Business background

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

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

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

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

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

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

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

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

## Major developments in 2010 included:

### True Group

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

### TrueMove

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

## TrueOnline

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

## TrueVisions

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

## **TrueMoney**

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

## **TrueLife**

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

## **Awards received in 2010**

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

# Nature of **Business**

## **Products and Services**

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

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

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

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

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



The tables below present our Group service revenue<sup>1/</sup> and EBITDA<sup>2/</sup> profile

**Service revenue<sup>1/</sup>:**

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

**EBITDA<sup>2/</sup>:**

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

Remark: <sup>1/</sup> After intersegment elimination; <sup>2/</sup> Before intersegment elimination

## **(1) TrueOnline**

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

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

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

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

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

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

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

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

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

### **Value-Added Services**

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

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

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

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

### **Network and PCT service area**

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

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

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

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

## **ii) Broadband Internet, other Internet services and VAS**

### **Broadband Internet**

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

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

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

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

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

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

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

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

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

### **Other Internet services and VAS**

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

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

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

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

### **iii) Business Data Services ("BDS")**

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

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

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

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

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

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

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

#### **iv) International Gateway services**

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

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

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

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

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

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

## **v) International Direct Dialing (“IDD”) service**

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

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

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

## **(2) TrueMove**

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

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

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

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

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

## **Subscribers**

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

## Services

### Pre Pay

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

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

### Post Pay

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

### Voice Services

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

### Non-Voice Services

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

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

#### Messaging:

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

#### Mobile Internet service:

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



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

#### **Content:**

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

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

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

#### **Mobile Handset and Accessories Sales**

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

#### **International Roaming Services**

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

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

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

#### **Network**

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



## **Bundled Packages**

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

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

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

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

## **The purchase of shares in Hutchison Group companies**

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

## **(3) TrueVisions**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other key products/services include:

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

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

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

#### **(4) TrueMoney**

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

##### **TrueMoney Cash Card**

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

##### **Payment and Collection Service**

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

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

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

### **TrueMoney services via TrueMove**

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

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

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

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

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

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

## **(5) TrueLife**

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

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

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

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

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

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

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

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

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

### **Marketing Strategy**

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

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

## Distribution and Sales

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

Our conventional distribution channels include:

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

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

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

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

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

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

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

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

## **Procurement of Products and Services**

### **Network Capacity for Services**

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

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

### **Network Acquisition**

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

### **Technical and Management Support**

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

## **Thai Telecom Industry**

### **Mobile Business**

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

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



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

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

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

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

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

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

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

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

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



### **Fixed-line Telephone Business**

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

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

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

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

### **Business Data Services**

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

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

### **Broadband Business**

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

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

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

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

### **Internet Services**

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

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

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

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

### **Pay-TV Business**

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

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

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

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

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

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

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

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

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

### **Regulatory Update**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Revenues

## Breakdown

### Revenues breakdown by business group

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

### Revenues for the year ended breakdown by company

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

# Corporate Information

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

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

The company’s head office is located at:

18 True Tower, Ratchadapisek Road, Huai Khwang,  
Huai Khwang, Bangkok 10310

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

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

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

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

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



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

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

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

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

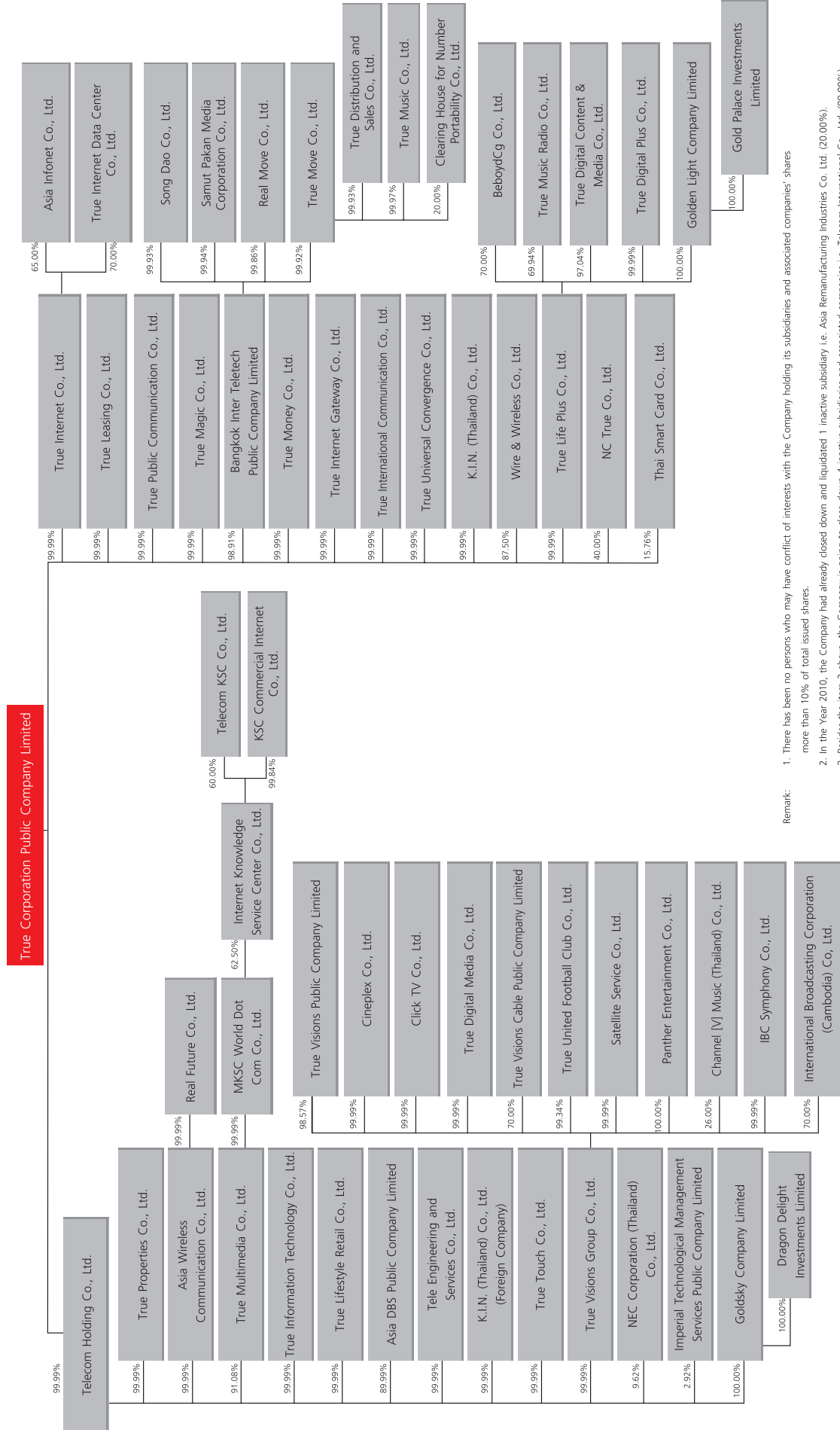
Company Name	Address	Type of Business	Paid-up Capital	% of investment
True Music Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Content provider	THB 200,000 divided into 20,000 ordinary shares with a par value of Baht 10 each and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

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

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

# GROUP INVESTMENT STRUCTURE

## As of 31<sup>st</sup> December 2010



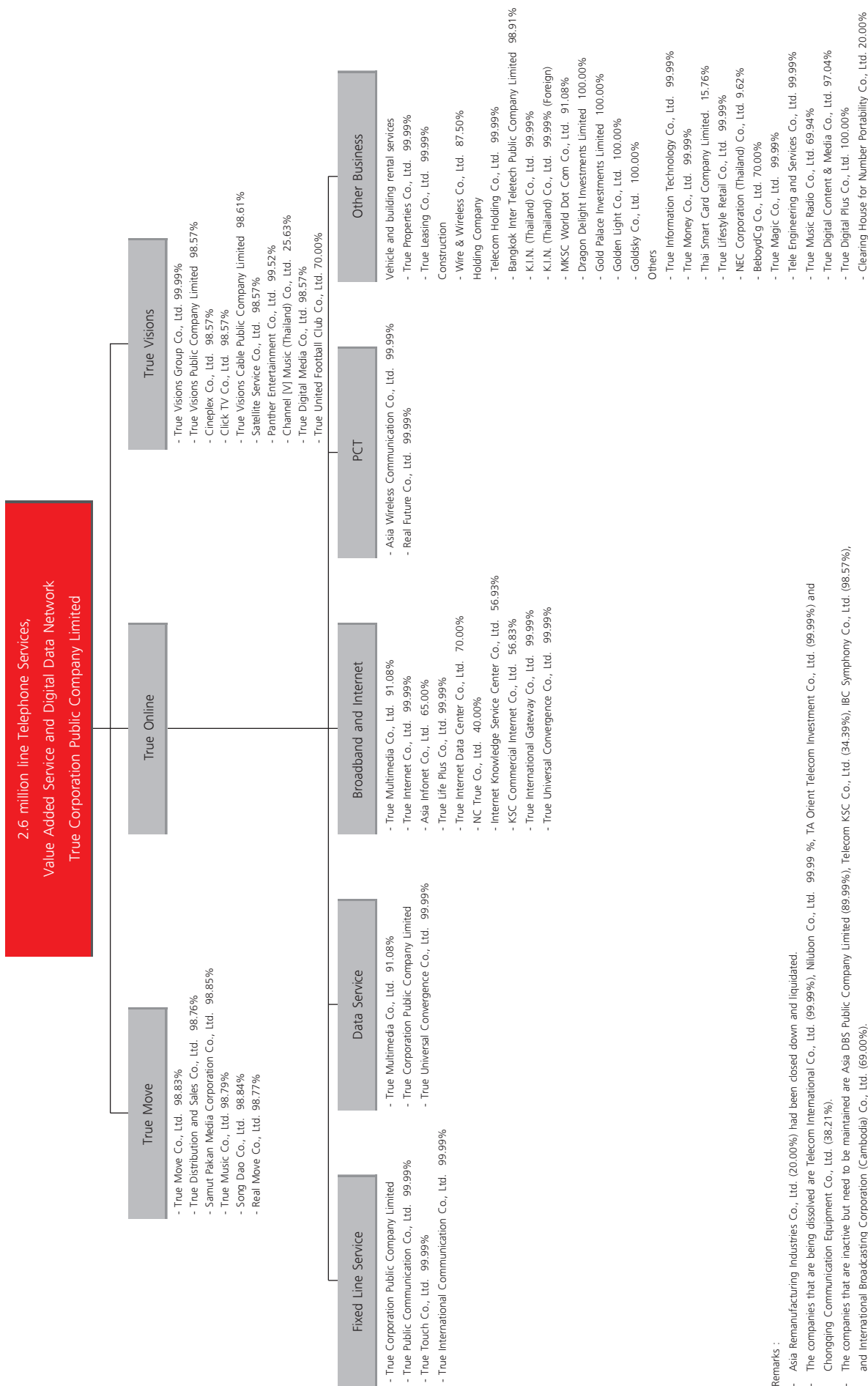
Remark:

1. There has been no persons who may have conflict of interests with the Company holding its subsidiaries and associated companies' shares more than 10% of total issued shares.
2. In the Year 2010, the Company had already closed down and liquidated 1 inactive subsidiary i.e. Asia Remanufacturing Industries Co. Ltd. (20.00%).
3. Besides the Item 2 above, the Company is going to close down 4 inactive subsidiaries and associated companies i.e. Telecom International Co., Ltd. (99.99%), Nilubon Co., Ltd. (99.99%), TA Orient Telecom Investment Co., Ltd. (99.99%) and Chongqing Communication Equipment Co., Ltd. (38.21%).



# INVESTMENT STRUCTURE BY BUSINESS GROUP

As at 31<sup>st</sup> December 2010



## Remarks :

- Asia Remanufacturing Industries Co., Ltd. (20.00%) had been closed down and liquidated.
- The companies that are being dissolved are Telecom International Co., Ltd. (99.99%), Nilubon Co., Ltd. 99.99 %, TA Orient Telecom Investment Co., Ltd. (99.99%) and Chongging Communication Equipment Co., Ltd. (38.21%).
- The companies that are inactive but need to be maintained are Asia DBS Public Company Limited (89.99%), Telecom KSC Co., Ltd. (34.39%), IBC Symphony Co., Ltd. (98.57%), and International Broadcasting Corporation (Cambodia) Co., Ltd. (69.00%).

# Shareholders

(A) Major Shareholders<sup>1</sup> (as of 15<sup>th</sup> March 2010)

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

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

2 Including ordinary shares and preferred shares.

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

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

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

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

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

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

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

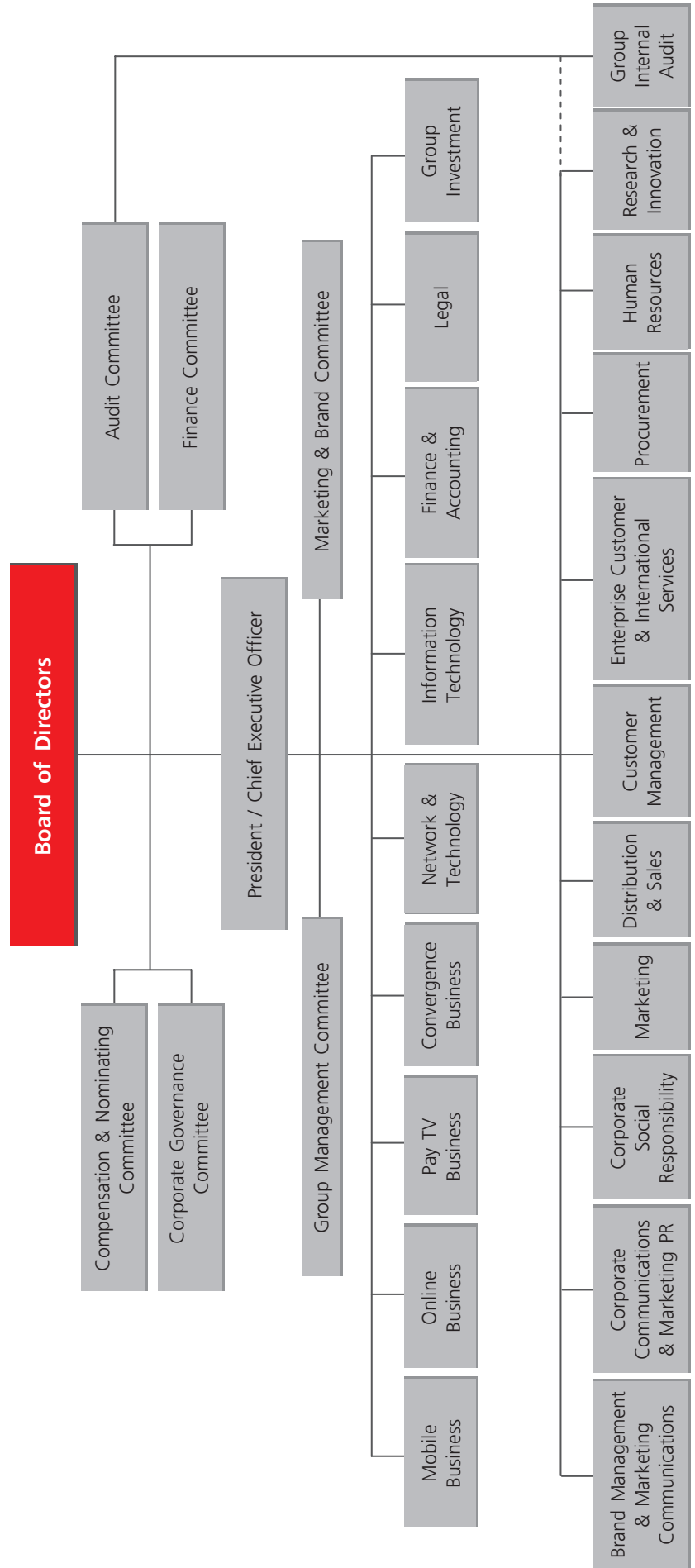
10 The company is registered in U.S.A and invests in the SET without disclosing that the investment is neither for itself nor for others. True has no authority to request that company for the afore-mentioned disclosure.

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

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

# Management

## True Corporation Public Company Limited



The Management Structure of the Company consists of:

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

## A. The Board of Directors

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

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

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

### Definitions:

**Executive Director** means

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

**Non-Executive Director** means

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

**Independent Director** means

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Authorized Directors**

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

### **Authority and Responsibilities of the Board of Directors**

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

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

### **Election of Directors**

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

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

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

## **B. The Committees of the Board of Directors**

### **1) Audit Committee**

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

<b>Name</b>	<b>Position</b>	<b>Attendance of the Audit Committee Meeting in the Year 2010<sup>1/</sup></b>
1. Mr. Vitthya Vejajiva	Chairman of the Audit Committee	7/7
2. Dr. Kosol Petchsuwan	Member of the Audit Committee	7/7
3. Mr. Joti Bhokavanij	Member of the Audit Committee	7/7

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



### **The scope of duty and responsibilities of the Audit Committee:**

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

## **2) Compensation and Nominating Committee**

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

<b>Name<sup>1/</sup></b>	<b>Attendance of the Compensation and Nominating Committee Meeting in the Year 2010<sup>2/</sup></b>
1. Mr. Dhanin Chearavanont	0/1
2. Mr. Soopakij Chearavanont	1/1
3. Mr. Umroong Sanphasitvong	1/1

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

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

### 3) Finance Committee

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

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

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

2/ In the Year 2010, the Finance Committee held 5 meetings.

### 4) Corporate Governance Committee

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

Name <sup>1/</sup>	Attendance of the Corporate Governance Committee in the Year 2010 <sup>2/</sup>
1. Mr. Narong Srisa-an	4/4
2. Mr. Vitthya Vejajiva	4/4
3. Dr. Kosol Petchsuwan	4/4
4. Mr. Joti Bhokavanij	3/4
5. Dr. Ajva Taulananda	3/4

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

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

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

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

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

### Company Secretary

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

## C. The Executive Officers

As of 31<sup>st</sup> December 2010, the executive officers of the Company are as follows:

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

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

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

### Authority and Responsibility of the President

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

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

## Remuneration of the Company's Directors and Executive Officers

### (1) Remuneration

#### (1.1) Remuneration of Directors

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

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

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

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

## **(1.2) Remuneration of Executive Officers**

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

## **(2) Other Compensation**

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

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

### **Details of Employee Stock Option Plans**

#### **(2.1) Employee Stock Option Plan 2007**

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

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

#### **(2.2) Employee Stock Option Plan 2006**

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

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

### **(2.3) Employee Stock Option Plan 2005**

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

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

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

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

### Insider Trading Policy

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

### Internal Control

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

## Personnel

As of 31<sup>st</sup> December 2010, the total number of employees was as follows:

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

Source: The Company

## Remuneration for the Company's Employees

### Remuneration

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

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

### Other Compensation & Benefits

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

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

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



## Employee Training and Development

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

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

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

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

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

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

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

## DIRECTORS' AND EXECUTIVE OFFICERS' INFORMATION (AS OF 31<sup>ST</sup> DECEMBER 2010)

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

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

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

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

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

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

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



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

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

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

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Name : Mr. Suphachai Chearavanont*	
<b>Position</b>	: Director, President and Chief Executive Officer
<b>Age (year)</b>	: 43
<b>True Share Ownership (31/12/10)</b>	: 1,250,000 shares (0.01% of the total issued and paid-up shares of the Company)
<b>Debentures Ownership (31/12/10) (issued by True/its subsidiaries)</b>	: –
<b>Family Relationship</b>	: Mr. Dhanin's son, Mr. Soopakij's and Mr. Narong's younger brother
<b>Education</b>	: Bachelor of Business Administration in Financial Management, Boston University, USA
<b>Related training programs held by the Thai Institute of Directors Association (IOD)</b>	: –
<b>Major Experience</b>	: <u>Companies Listed on the Stock Exchange of Thailand</u> True Corporation Public Company Limited 1999–Present President and Chief Executive Officer 1997 Senior Executive Vice President 1996 Executive Vice President, Business Operations 1995 General Manager, East Region 1994 Senior Vice President, Planning and Project Coordination & Support 1993 Vice President, the Operation Room 1992 Senior Officer, the President's Office <u>Non-listed Companies</u> 2006–Present Chief Executive Officer, True Visions Public Company Limited 2002–Present Chief Executive Officer, True Move Company Limited 2001–Present Chairman, Pantavanij Company Limited 2000–2005 Chairman, Freewill Solutions Company Limited 1999–Present Chairman, Wire & Wireless Company Limited 1996 President, Asia Multimedia Company Limited 1995 Chief Operating Officer, True Visions Cable Public Company Limited Managing Director, Wire & Wireless Company Limited 1991 2 Years with Vinythai Company Limited 1990 1 Year with Soltex Federal Credit Union, USA 1989 1 Year with Siam Makro Company Limited <u>Directorships</u> - True Corporation Public Company Limited - True Move Company Limited - True Visions Public Company Limited - Other subsidiaries of True Corporation Public Company Limited - Pantavanij Company Limited - CPPC Public Company Limited - Chia Tai Enterprises International Limited - Asia Freewill Company Limited - Freewill Solutions Company Limited - C.P. Pokphand Company Limited <u>Social Contributions &amp; Other Experience</u> 2010–Present Director of The National Electronics and Computer Technology Center Director of Ramathibodi Foundation The Bangkok Art and Culture Centre Foundation Committee 2009–Present Board Member of Board of Trustees, Bangkok University 2008–Present Member of Fund Raising and Public Relations Committee for the construction of a Medical Facility in Honor of HM The King and the Purchase of Medical Equipments Member of Management Committee on Nation-wide Strategic Approach Eye Provisioning Project 2007 Member of the Bid Committee of Bangkok for the Host City of the 1 <sup>st</sup> Summer Youth Olympic Games in 2010, Ministry of Tourism & Sports 2006–Present Chairman of the Sub Committee for Fund Raising Thai Red Cross Eye Bank Member of the Thai Red Cross Eye Bank Committee 1999–Present Director & Advisor of the Telecommunications Association of Thailand under the Royal Patronage (TCT) 2005-2007 Member of the Listed Companies Association (LCA)

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

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

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

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



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

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

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

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

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

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

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

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

Director	Company	Change in 2010	Outstanding Share(s)
<b>Mr. Suphachai Chearavanont</b>	Telecom Holding Co., Ltd.	–	1
	Telecom International Co., Ltd.	–	1
	True Information Technology Co., Ltd.	–	1
	Wire & Wireless Co., Ltd.	–	5
	True Touch Co., Ltd.	–	1
	True Internet Co., Ltd.	–	1
	Asia DBS Public Company Limited	–	1
	Asia Infonet Co., Ltd.	–	1
	Asia Wireless Communication Co., Ltd.	–	1
	True Multimedia Co., Ltd.	–	1
	True Money Co., Ltd.	–	1
	NC True Co., Ltd.	–	1
	True Internet Data Center Co., Ltd.	–	1
	Bangkok Inter Teletech Public Company Limited	–	1
	True Distribution and Sales Co., Ltd.	–	1
	Real Move Co., Ltd.	–	1
<b>Mr. Athueck Asvanund</b>	Bangkok Inter Teletech Public Company Limited	–	1
<b>Mr. Vichaow Rakphongphairoj</b>	Telecom International Co., Ltd.	–	1
	True Touch Co., Ltd.	–	1
	True Internet Co., Ltd.	–	1
	Asia DBS Public Company Limited	–	1
	Asia Infonet Co., Ltd.	–	1
	Asia Wireless Communication Co., Ltd.	–	1
	True Multimedia Co., Ltd.	–	1
	K.I.N. (Thailand) Co., Ltd.	–	1
	True Money Co., Ltd.	–	1
	True Magic Co., Ltd.	–	1
	Bangkok Inter Teletech Public Company Limited	–	1
	True Information Technology Co., Ltd.	–	1
	True Visions Group Co., Ltd.	–	1
	Real Move Co., Ltd.	–	1
	Real Future Co., Ltd.	–	1



[illegible]

E = Executive Officer

**Remark:**

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

# Corporate Governance Report

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

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

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

## Section 1 Rights of Shareholders

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

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

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

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

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

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

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

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

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

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

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

## **Section 2**

### **Equitable Treatment of Shareholders**

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

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

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

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

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

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

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

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

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

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

## Section 3

### Role of Stakeholders

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

#### Employees

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

#### Customers

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

#### Suppliers and dealers (business partners)

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

#### Competitors

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

#### Creditors

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

#### Investors

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

- The right to be protected from the use of insider information for pursuing private interests Government agencies
- The right to regulate, monitor and punish according to laws and regulations and the government agency's standard practice.

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

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

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

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

- Email: [auditcommittee@truecorp.co.th](mailto:auditcommittee@truecorp.co.th)
- Mail address

Audit Committee

True Corporation Public Company Limited

18 True Tower, 28<sup>th</sup> floor, Ratchadapisek road, Huai Khwang,  
Bangkok 10310

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

Conditions for processing complaints and information:

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

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

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

## Section 4

### Disclosure and Transparency

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

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

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

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

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

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

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

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

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

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

Independent Directors who are also the Chairman of a Committee	Baht 300,000 per month
Independent Directors who are also member of a Committee	Baht 200,000 per month

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

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

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



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

## **Section 5**

### **Responsibilities of the Board**

#### **1. Board Structure**

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

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

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

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

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

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

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

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

## 2. Committees

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

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

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

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

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

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

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

## 3. Roles and Responsibilities of the Board

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

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

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

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

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

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

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

#### **4. Board Meetings**

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

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

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

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

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

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

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

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

## **5. Board Self Assessment**

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

## **6. Remuneration**

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

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

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

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

## **7. Board and Management Training**

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

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

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

## Corporate Social Responsibility (CSR) Activities 2010

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

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

### Environment and Energy Conservation

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

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

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

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

### Corporate Governance and Ethical Practices

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

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

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

## Community

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Customers

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

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

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

## Suppliers

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

## Shareholders and Investors

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

## Employees

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

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





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

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

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



# Risk Factors

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

## **Risks relating to operations**

### **Risk related to macroeconomic factors**

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

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

### **Risk related to market competition**

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

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

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

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

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

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

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

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

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

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

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

### **Risk from technological change**

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

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

### **Risks unique to TrueVisions**

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

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

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

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

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

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

**Risks relating to the regulatory environment**

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

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

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

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

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

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

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

### **Frequency allocation for operating 3G mobile business**

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

### **Disputes on excise tax**

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

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

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

### **Interconnection charges for fixedline business**

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

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

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

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

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

### **Other court cases that may affect the Company**

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

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

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

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

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

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

## **Risks relating to the financial situation**

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

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

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

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

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

### **Risk from foreign exchange rate, interest rate movements**

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

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

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

### **No dividend payment in the near future**

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

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

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

# Connected Transactions

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

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

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



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



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

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

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

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

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

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

Unit : Thousand Baht

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

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

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

Unit : Thousand Baht

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

iv) Outstanding balances arising from loans to related parties

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

Unit : Thousand Baht

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

v) Outstanding balances arising from loans from a related party

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

Unit : Thousand Baht

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

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

vi) Commitments

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

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

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

### **Measures and Procedures for Approving the Entering into of Connected Transactions**

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

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

1.1 A transaction under general commercial terms

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

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

- 1.2 A loan in accordance with the regulations on the welfare of the staff members and employees;
  - 1.3 A transaction in which the counterparty to the Company or both parties are;
    - (a) a subsidiary or subsidiaries whose shares are held by the Company in the amount not less than ninety percent of its total number of shares sold; or
    - (b) a subsidiary or subsidiaries whose shares are held by a director, an executive or a related person or which such person has interest, whether directly or indirectly, not more than the amount, rate or characteristic as specified in the notification of the Capital Market Supervisory Board;
  - 1.4 A transaction in particular category or with value not more than the amount or rate as specified in the notification of the Capital Market Supervisory Board.
2. The following related party transactions require approval from the Company's Board of Directors but do not require approval from the Shareholders' Meeting
- 2.1 A transaction under Clause 1 which requires an approval from the Company's Board of Directors under other internal procedures of the Company such as Procedure for Budget.
  - 2.2 A transaction under Clause 1.3 (b) or 1.4 that may be prescribed by the Capital Market Supervisory Board to require an approval from the Board of Directors, relevant notification shall be prescribed later.
3. Any related party transactions other than those under Clause 1 and 2 require approval from the Company's Board of Directors and the Shareholders' Meeting before entering into such transactions.

### **Policy for Future Connected Transactions**

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

# References

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

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

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

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





### **1. Audit fees**

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

### **2. Other non-audit fees**

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

# Report

## of the Audit Committee

### for the Year 2010

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

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

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

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

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

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

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

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

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

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

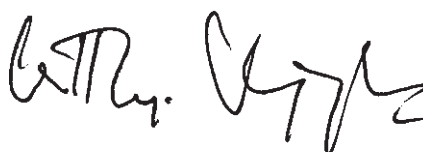
8. Reviewed the Internal Control System to evaluate the adequacy and effectiveness to reasonably ensure the Company's performance in achieving its goals based on the internal audit report for the Year 2010, which covers key business processes. The Audit Committee deemed that the Company's Internal Control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

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

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

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

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



Mr. Vitthya Vejajiva  
Chairman of the Audit Committee

# Report of the Compensation and Nominating Committee for the Year 2010

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

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



Mr. Umroong Sanphasitvong  
Representative of  
the Compensation and Nominating Committee

# Report of the Corporate Governance Committee for the Year 2010

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

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



Mr. Narong Srisa-an

Chairman of the Corporate Governance Committee

# Report

of the Finance Committee  
for the Year 2010

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

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



Dr. Ajva Taulananda  
Chairman of the Finance Committee

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

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

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

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

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



Mr. Dhanin Chearavanont  
Chairman of the Board

# Management's

## Discussion and Analysis

### OVERVIEW

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Looking forward

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

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

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

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

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

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

## CONSOLIDATED RESULTS OF OPERATIONS

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

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

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

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

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

## Consolidated Results of Operations - Normalized Basis

(Unaudited) (Baht in millions unless otherwise indicated)	2010	2009	% Change
<b>Revenues</b>			
Revenues from telephone and other services	59,062	59,671	(1.0)
- Interconnection revenue	6,414	7,066	(9.2)
- Revenue from service excluding IC	52,649	52,605	0.1
Revenues from product sales	3,316	2,804	18.3
<b>Total revenues</b>	<b>62,378</b>	<b>62,474</b>	<b>(0.2)</b>
<b>Operating expenses</b>			
Cost of providing services	39,976	39,661	0.8
Regulatory costs	7,041	7,408	(5.0)
Network operating expenses	22,849	22,652	0.9
- Interconnection costs	6,233	7,098	(12.2)
- Network operating expenses excluding IC	16,616	15,554	6.8
Depreciation and amortization - Network	10,086	9,600	5.1
Cost of sales	2,904	2,538	14.4
Selling and administrative expenses	12,359	11,524	7.3
Depreciation and amortization	1,165	1,230	(5.3)
Others	11,194	10,293	8.7
<b>Total operating expenses</b>	<b>55,239</b>	<b>53,722</b>	<b>2.8</b>
<b>EBITDA</b>	<b>18,392</b>	<b>19,582</b>	<b>(6.1)</b>
Depreciation and amortization	(11,252)	(10,830)	3.9
<b>Operating profit</b>	<b>7,140</b>	<b>8,752</b>	<b>(18.4)</b>
Interest income	60	86	(30.8)
Interest expense	(6,100)	(6,880)	(11.3)
Other financial fees	(415)	(559)	(25.7)
Income tax (expense) revenue	(1,437)	(1,934)	(25.7)
Current tax	(570)	(905)	(37.0)
Deferred income tax	(866)	(1,030)	(15.8)
<b>Income (loss) from continuing operations</b>	<b>(752)</b>	<b>(534)</b>	<b>(40.8)</b>
Share of results in associates	40	(1)	NM
(Income) loss attributable to minority interest	102	16	518.9
<b>Net income (loss) from continuing operations including share of results in associates (NIOGO)</b>	<b>(610)</b>	<b>(518)</b>	<b>(17.6)</b>
<b>Non recurring items</b>	<b>2,568</b>	<b>1,746</b>	<b>47.1</b>
Gain (loss) on foreign exchange	1,497	1,585	(5.6)
Hedging unwinding cost from TVS refinancing	(879)	-	NM
Adjustment for deferred tax	1,614	-	NM
Other (expenses) income	336	161	109.3
<b>Net profit (loss) to equity holders of the Company</b>	<b>1,959</b>	<b>1,228</b>	<b>59.6</b>
Minority interest	(102)	(16)	(518.9)
<b>Net profit (loss) for the year</b>	<b>1,857</b>	<b>1,211</b>	<b>53.3</b>
<b>NIOGO before deferred income tax</b>	<b>257</b>	<b>511</b>	<b>(49.8)</b>

Note :

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

## Results by Segment

	TrueMove			TrueOnline			TrueVisions			Eliminations			Consolidated		
	2010	2009	% Change	2010	2009	% Change	2010	2009	% Change	2010	2009	% Change	2010	2009	% Change
(Unaudited) (Baht in millions unless otherwise indicated)															
<b>Revenues</b>															
Revenues from telephone and other services	30,030	30,641	(2.0)	27,328	26,387	3.6	9,585	9,533	0.5	(7,880)	(6,890)		59,671	59,671	(1.0)
- Interconnection revenue	6,414	7,066	(9.2)	-	-	NM	-	-	NM	-	-		6,414	7,066	(9.2)
- Revenue from service excluding IC	23,616	23,575	0.2	27,328	26,387	3.6	9,585	9,533	0.5	(7,880)	(6,890)		52,649	52,605	0.1
Revenues from product sales	2,721	2,532	7.5	703	540	30.3	218	191	13.8	(326)	(460)		3,316	2,804	18.3
Total revenues	32,750	33,173	(1.3)	28,031	26,927	4.1	9,803	9,725	0.8	(8,206)	(7,350)		62,378	62,474	(0.2)
<b>Operating expenses</b>															
Cost of services	21,242	21,513	(1.3)	17,511	16,712	4.8	6,907	6,615	4.4	(5,684)	(5,178)		39,976	39,661	0.8
Regulatory costs	4,896	4,970	(1.5)	1,617	1,899	(14.9)	529	536	(1.4)	(1)	3		7,041	7,408	(5.0)
Network operating expenses	12,574	12,918	(2.7)	10,306	9,499	8.5	5,455	5,201	4.9	(5,486)	(4,966)		22,849	22,652	0.9
- Interconnection costs	6,233	7,098	(12.2)	-	-	NM	-	-	NM	-	-		6,233	7,098	(12.2)
- Network operating expenses excluding IC	6,341	5,820	8.9	10,306	9,499	8.5	5,455	5,201	4.9	(5,486)	(4,966)		16,616	15,554	6.8
Depreciation and amortization - Network	3,772	3,624	4.1	5,588	5,313	5.2	923	878	5.2	(197)	(215)		10,086	9,600	5.1
Cost of sales	2,472	2,249	9.9	598	459	30.3	138	152	(9.0)	(304)	(322)		2,904	2,538	14.4
Selling and administrative expenses	6,952	6,290	10.5	6,314	5,737	10.1	1,444	1,329	8.6	(2,350)	(1,832)		12,359	11,524	7.3
Depreciation and amortization	456	481	(5.1)	473	471	0.6	89	116	(23.1)	147	163		1,165	1,230	(5.3)
Others	6,495	5,809	11.8	5,840	5,266	10.9	1,355	1,214	11.7	(2,497)	(1,995)		11,194	10,293	8.7
<b>Total operating expenses</b>	<b>30,666</b>	<b>30,052</b>	<b>2.0</b>	<b>24,422</b>	<b>22,907</b>	<b>6.6</b>	<b>8,489</b>	<b>8,096</b>	<b>4.9</b>	<b>(8,338)</b>	<b>(7,332)</b>		<b>55,239</b>	<b>53,722</b>	<b>2.8</b>
<b>EBITDA</b>	<b>6,313</b>	<b>7,226</b>	<b>(12.6)</b>	<b>9,670</b>	<b>9,804</b>	<b>(1.4)</b>	<b>2,326</b>	<b>2,622</b>	<b>(11.3)</b>	<b>82</b>	<b>(69)</b>		<b>18,392</b>	<b>19,582</b>	<b>(6.1)</b>
Depreciation and amortization	(4,229)	(4,105)	3.0	(6,061)	(5,784)	4.8	(1,012)	(994)	1.9	50	52		(11,252)	(10,830)	3.9
<b>Operating profit</b>	<b>2,084</b>	<b>3,121</b>	<b>(33.2)</b>	<b>3,609</b>	<b>4,020</b>	<b>(10.2)</b>	<b>1,314</b>	<b>1,628</b>	<b>(19.3)</b>	<b>132</b>	<b>(18)</b>		<b>7,140</b>	<b>8,752</b>	<b>(18.4)</b>
Interest income	23	35	(33.6)	36	51	(29.7)	194	220	(11.8)	(193)	(219)		60	86	(30.8)
Interest expense	(3,192)	(3,633)	(12.1)	(2,476)	(3,143)	(21.2)	(624)	(323)	93.4	193	219		(6,100)	(6,880)	(11.3)
Other financial fees	(145)	(147)	(1.9)	(227)	(404)	(43.8)	(43)	(7)	522.7	-	-		(415)	(559)	(25.7)
Income tax (expense) revenue	(189)	(787)	(75.9)	(891)	(553)	61.0	(534)	(534)	(44.4)	(60)	(60)		(1,437)	(1,934)	(25.7)
Current tax	-	-	NM	(431)	(408)	5.8	(139)	(497)	(72.0)	-	-		(570)	(905)	(37.0)
Deferred income tax	(189)	(787)	(75.9)	(460)	(146)	215.6	(158)	(37)	327.7	(60)	(60)		(866)	(1,030)	(15.8)
<b>Income (loss) from continuing operations</b>	<b>(1,419)</b>	<b>(1,411)</b>	<b>(0.5)</b>	<b>51</b>	<b>(30)</b>	<b>NM</b>	<b>543</b>	<b>984</b>	<b>(44.8)</b>	<b>72</b>	<b>(77)</b>		<b>(752)</b>	<b>(534)</b>	<b>(40.8)</b>
Share of results in associates	-	-	-	39	1	NM	2	(2)	NM	-	-		40	(1)	NM
(Income) loss attributable to minority interest	-	-	-	141	(72)	NM	(25)	0	NM	(14)	89		102	16	518.9
<b>Net income (loss) from continuing operations including share of results in associates (NIOGO)</b>	<b>(1,419)</b>	<b>(1,411)</b>	<b>(0.5)</b>	<b>230</b>	<b>(101)</b>	<b>NM</b>	<b>520</b>	<b>983</b>	<b>(47.1)</b>	<b>59</b>	<b>11</b>		<b>(610)</b>	<b>(518)</b>	<b>(17.6)</b>
<b>Non recurring items</b>	<b>2,540</b>	<b>945</b>	<b>168.7</b>	<b>(759)</b>	<b>690</b>	<b>NM</b>	<b>797</b>	<b>111</b>	<b>618.0</b>	<b>(9)</b>	<b>-</b>		<b>2,568</b>	<b>1,746</b>	<b>47.1</b>
Gain (loss) on foreign exchange	1,934	930	107.9	(450)	448	NM	15	207	(92.8)	(2)	-		1,497	1,585	(5.6)
Hedging unwinding cost from TVS refinancing	-	-	-	(618)	-	NM	(261)	-	NM	-	-		(879)	-	NM
Adjustment for deferred tax	548	-	NM	50	-	NM	1,016	-	NM	-	-		1,614	-	NM
Other (expenses) income	58	15	290.9	258	242	6.7	27	(96)	NM	(7)	-		336	161	109.3
<b>Net profit (loss) to equity holders of the Company</b>	<b>1,121</b>	<b>(466)</b>	<b>NM</b>	<b>(529)</b>	<b>589</b>	<b>NM</b>	<b>1,317</b>	<b>1,094</b>	<b>20.4</b>	<b>50</b>	<b>11</b>		<b>1,959</b>	<b>1,228</b>	<b>59.6</b>
Minority interest	-	-	NM	(141)	72	NM	25	(0)	NM	14	(89)		(102)	(16)	518.9
<b>Net profit (loss) for the year</b>	<b>1,121</b>	<b>(466)</b>	<b>NM</b>	<b>(669)</b>	<b>661</b>	<b>NM</b>	<b>1,342</b>	<b>1,094</b>	<b>22.7</b>	<b>64</b>	<b>(77)</b>		<b>1,857</b>	<b>1,211</b>	<b>53.3</b>
<b>NIOGO before deferred income tax</b>	<b>(1,229)</b>	<b>(624)</b>	<b>(97.1)</b>	<b>690</b>	<b>45</b>	<b>1,447.2</b>	<b>678</b>	<b>1,020</b>	<b>(33.5)</b>	<b>119</b>	<b>71</b>		<b>257</b>	<b>511</b>	<b>(49.8)</b>
<b>EBITDA margin (gross IC basis)</b>	<b>19.3%</b>	<b>21.8%</b>		<b>34.5%</b>	<b>36.4%</b>		<b>23.7%</b>	<b>27.0%</b>					<b>29.5%</b>	<b>31.3%</b>	
<b>EBITDA margin (net IC basis)</b>	<b>24.0%</b>	<b>27.7%</b>		<b>34.5%</b>	<b>36.4%</b>		<b>23.7%</b>	<b>27.0%</b>					<b>32.9%</b>	<b>35.3%</b>	

Note :

- In Q2 2010, the consolidated results for the period have been normalized to exclude costs relating to TrueVisions refinancing from being reported under "Other Financial Fee" to be presented under the non-recurring items. These include hedging unwinding costs for interest expenses of Baht 878.6 million.

- In Q2 2010, adjustments have been made to the reported deferred income tax to exclude the following items: 1) deferred income tax gain of Baht 1,016 million from the reorganization of the pay TV group; 2) One time adjustment relating to the reversal of a deferred income tax liability of Baht 598 million. (Baht 548 million at TrueMove, Baht 50 million at TrueOnline)



## Normalized Revenue Profile

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



## SEGMENT RESULTS

### TrueMove

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

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

## TrueOnline

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

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

## TrueVisions

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

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

### TrueLife & TrueMoney

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

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

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

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

## Consolidated Balance Sheets and Cash Flows

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

Note : <sup>1/</sup> Free cash flows equal cash flows from operating activities minus capex.

## FINANCIAL POSITION

### Assets

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

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

## Liabilities

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

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

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

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

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

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

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

### Shareholders' equity

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

### Liquidity and capital resources

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

## Conclusion

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

## FUTURE PROJECTS

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

### TrueMove

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

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

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

### TrueOnline

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

### TrueVisions

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



