

# TOT Telecom of Thailand

*Communication for All Thais*



Annual Report 2010  
TOT Public Company Limited

TOT has continued its development  
and creativity for the benefit of society

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According to the recovery of Thai Economy from the recent world economic slowdown and tremendous technology changes in telecommunication industry with fierce competitions, TOT Public Company Limited (TOT), as one of the leading telecommunication providers in Thailand, has to enhance its competitiveness together with aiming for a sustainable growth in order to keep its leading position in the industry.

In 2010, TOT overall performance has improved compared to its performance in 2009 as the result of mobile phone and high speed internet services. Nonetheless, we, the board of directors, along with TOT executives still carry on our goal of moving TOT forwards and achieving a stability growth by improving its existing services to ensure customers confidence and satisfaction, offering high quality and innovative communication services to satisfy customer needs, and providing an excellence service and accessibility to customers in every part of Thailand. Our current projects are, for example, the Next Generation Network (NGN), broadband internet coverage expansion throughout the country, and 3G mobile network infrastructure construction.

In 2011, telecommunication industry in Thailand is expected to grow continuously with high competitions because communications become an essential part of our life and technology allows communications to be just one click away. Therefore, TOT has a strong determination to drive our existing projects such as NGN, broadband internet, and 3G networks forward to enhance Thai people living quality. In addition, these projects are also corresponding to the National Broadband Policy which aims to increase the accessibility of information and bridge the digital divide between city and rural to achieve our final goal of "The learning-based society".

Moving forward and succeeding there objectives, TOT could not be successful without a strong collaboration from every part of our organization to become a Thailand leading telecommunication provider which has an important role move Thailand forward to a sustainable social and economic development.

(Mr. Areepong Bhoocha-oom)  
Chairman TOT Public Company Limited



Many external and internal factors affect business operation and corporate performance. In response to those key impacts, the Board of Directors has established policies in four key areas as follows: good corporate governance, revenue stimulation from new products and services, competitive benchmarking, and significant obligations and cost reduction. Based on these approaches, TOT has set a five-year strategic plan and a yearly operational plan.

Overall performance of TOT in 2010 was able to sustain reasonable business growth. Total revenues amounted to 73,035 million baht and total expenses were 65,293 million baht. This resulted in net profit of 7,742 million baht; an increase of 17.3 percent over 2009. TOT was also able to expand its services to customers. For example, ADSL service was expanded to cover the whole country with more than 1.11 million ports, an increase of more than 163,000 ports over 2009. 3G service was provided to more than 150,000 numbers, and the new H.A.V.E. online game was successfully launched with its unique emphasis on non-violence and harmony among friends. In addition, the potential for service provision was enhanced by upgrading the existing network to the Next Generation Network (NGN) and by expanding high speed broadband using optic fibers (FTTx). These initiatives should be complete by 2014. Service has already commenced in Phuket, Koh Samui, Surat Thani, and industrial estates in the Eastern region.

In support of the National Broadband Policy under the Wireless Road Project initiative, the government has set the target of providing economical Internet access to all people in all regions so that they will gain full benefit from the use of technology. TOT has piloted a project to provide wireless broadband service to sub-district areas in Nakornsithammarat, Trang and Pitsanulok. This service offers a low-cost, limited time package.

Another significant objective in business transaction is a commitment to customer satisfaction at all stages of service. TOT launched a 24x7, All Day All Time project under the theme "Full service with whole heart" in over 410 customer service centers throughout the country. This project focuses on providing our customers with quick and comprehensive service.

Certain risks may affect the future business operation of TOT. Firstly, policies relating to concession contracts are still awaiting clarification from the government policy as well as enforcement of the Act on Organization to Assign Radio Frequency and to Regulate the Broadcasting and Telecommunications Services B.E. 2553 (2010). The management of TOT has studied closely the details of these issues and has prepared plans for their implementation.

Because of the participation and cooperation of all staff, TOT has been able to quickly complete its various projects and has brought about a significant increase in the level of customer satisfaction. I, as representative of TOT management, would like to take this opportunity to thank everyone involved and express our resolve to support all our operations in the future so that they are brought to successful completion. In this way, we will continue to be the main telecommunications service provider in Thailand.

(Mr.Noppanat Hutacharoen)  
Acting President



TOT Public Company Limited, hereinafter referred to as “TOT” or “the Company”, operated as the Telephone Organization of Thailand for 48 years before being transformed into TOT Public Company Limited on July 31, 2002, under the State Enterprise Corporatisation Act B.E. 2542 (1999). Accordingly, all rights, entitlements, debts, obligations, assets, and staff formerly belonging to the Telephone Organization of Thailand were transferred to TOT Public Company Limited. TOT remains a state enterprise of which the Ministry of Finance is the sole shareholder.

<b>Short Forms:</b>	TOT / The Company
<b>Registered Number:</b>	0107545000161
<b>Head Office Location:</b>	89/2 Moo 3 Chaengwattana Road, Thungsoyong, Laksi, Bangkok 10210, Thailand
<b>Type of Business:</b>	Provides telecommunications and other related services either directly or through joint ventures with other entities. Activities also include investment in other companies.
<b>Customer Relations Centre:</b>	telephone: 1100, +662 240 0701
<b>Website:</b>	www.tot.co.th
<b>Issued and Paid-up Share Capital:</b>	6,000 million baht (six thousand million baht)
<b>Share Type:</b>	600 million common shares (six hundred million common shares),
<b>Par value</b>	10 baht per share
<b>Reference:</b>	
<b>Auditor</b>	Office of the Auditor General of Thailand
<b>Office</b>	Rama VI Road, Phayathai, Bangkok 10400, Thailand
<b>Telephone</b>	0 2273 9674-91
<b>Facsimile</b>	0 2618 5783

Unit: Million Baht

Details	2010	2009
<b>Financial Performance</b>		
1. Total Revenues *	51,439.8	49,805.5
2. Total Expenses *	43,677.1	42,818.5
3. Adjusted Items in Account - Concession Agreements		
3.1 Amortisation of deferred income - from concession agreements	21,595.7	21,202.7
3.2 Depreciation - assets from concession agreements	17,272.7	17,950.2
4. Profit before Finance Costs and Income Tax		
(1 - 2 + 3.1 - 3.2)	12,085.7	10,239.5
5. Finance Costs	475.3	810.3
6. Income Tax	3,868.3	2,829.5
7. Net Profit (4 - 5 - 6)	7,742.1	6,599.7
<b>Financial Status</b>		
Total Assets	235,789.4	251,280.9
Total Liabilities	120,705.0	138,748.5
Total Shareholders' Equity	115,084.4	112,532.4
<b>Financial Ratios</b>		
• Current Ratio (excluding deferred income) (Times)	1.4	1.5
• Debt to Equity Ratio (excluding deferred income) (Times)	0.3	0.3
• Interest Bearing Debt to Equity Ratio (Times)	0.04	0.06
• Net Profit Margin (%)	10.6	9.3
• Rate of Return on Equity (%)	6.8	6.0
• Rate of Return on Total Assets (%)	3.2	2.6
• Earnings per share (Baht)	12.9	11.0
• Collection Period (Days) **		
- Private debtors	55	55
- Government debtors	82	91

Remarks \* These numbers exclude amortisation of deferred income - from concession agreements as well as depreciation - assets from concession agreements. For further details, see Auditor's report and financial statements.

\*\* These numbers exclude collection period of special bills.

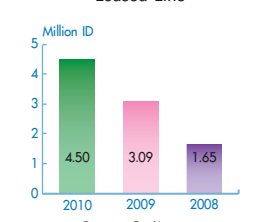
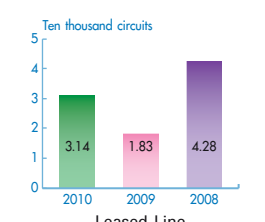
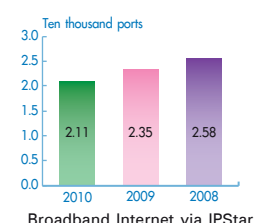
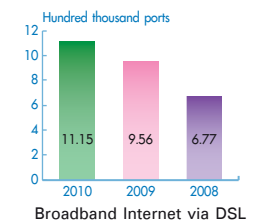
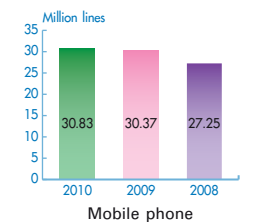
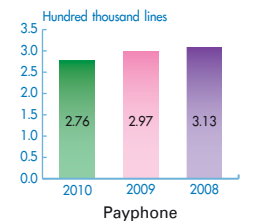
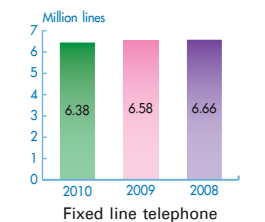
Services	2010	2009	2008	% Increase (Decrease) 2010 / 2009
<b>Fixed line telephone</b>				
Number of lines in service (Unit : line)	6,380,864	6,582,548	6,664,754	(3.06)
- TOT (Metropolitan & Provincial)	3,770,460	3,776,873	3,712,391	(0.17)
- TRUE (Metropolitan) <sup>1/</sup>	1,707,444	1,739,353	1,786,613	(1.83)
- TT&T (Provincial) <sup>1/</sup>	902,960	1,066,322	1,165,750	(15.32)
Number of lines in service per 100 population <sup>2/</sup>	10.02	10.60	10.51	(5.47)
- Metropolitan	36.36	37.05	37.77	(1.85)
- Provincial	5.71	6.01	6.10	(4.99)
<b>Payphone</b>				
Number of lines in service (Unit : line)	276,136	297,177	312,605	(7.08)
- TOT (Metropolitan & Provincial)	225,136	246,177	261,605	(8.55)
- TRUE (Metropolitan) <sup>1/</sup>	26,000	26,000	26,000	0.00
- TT&T (Provincial) <sup>1/</sup>	25,000	25,000	25,000	0.00
Number of lines in service per 1,000 population <sup>2/</sup>	4.34	4.68	4.93	(7.26)
- Metropolitan	10.09	10.89	11.16	(7.32)
- Provincial	3.39	3.67	3.92	(7.50)
<b>Mobile phone</b>				
Number of lines in service (Unit : line)	30,831,847	30,369,054	27,250,658	1.52
- TOT : 470 MHz System	2,006	2,214	2,569	(9.39)
: 1900 MHz System <sup>3/</sup>	150,669	11,920	18,054	1,164.00
- AIS (900 MHz System) <sup>1/</sup>	30,679,172	30,354,920	27,230,035	1.07
<b>Broadband Internet</b>				
Number of ports in service (Unit : port) via	1,136,301	979,433	703,301	16.02
- DSL	1,115,200	955,975	677,484	16.66
- IPStar Satellite	21,101	23,458	25,817	(10.05)
<b>Leased Line</b>				
Number of circuits in service (Unit : circuit) <sup>4/</sup>	31,384	18,295	42,814	71.54
- Analog	2,393	3,544	15,678	(32.48)
- Digital	28,991	14,751	27,136	96.54
<b>Game Online</b>				
Number of player (User : ID)	4,502,516	3,090,620	1,651,211	45.68

Note 1/ Joint investment and joint operational companies

2/ Includes joint investment and joint operational companies

3/ TOT has provided 3G service (previously provided by Thai Mobile joint venture) since December 3, 2009

4/ The data in 2010, increased from the prior year due to the change in method of data compilation in 2009



## *A Wide Variety of State-of-the-art Services Offered for the Full Range of Clients*

The core principle to which TOT has adhered and by which TOT has abided, is its unremitting effort to offer a wide variety of state-of-the-art technologies and services for an entire range of needs and demands.

Up to the present, TOT has been fully-equipped with telecommunication services to international standards for quality and cordial hospitality.



The telecommunications industry is showing a slowing down of the growth in voice communication services and an increase in the growth of data communication and high speed Internet. In 2010, TOT set its operational strategy to respond to all of the needs of its customers by developing its network to be more modern so as to be able to deliver new technology services including high speed Internet employing both fixed line and wireless networks in all parts of the country. Therefore, customers can access TOT high speed Internet in all places at all times.

At the same time, the government has drawn up a national broadband policy that anticipates high speed broadband networks to become as fundamental a service as electricity and water. Its objective is to offer the people, through broadband networks, services in education, public health, surveillance and warning of catastrophes and natural disasters, and other public services that can bridge the digital divide in information technology and acquisition. In addition, the massive budget of 20,000 million baht given to TOT and CAT by the Ministry of Information and Communication Technology for their joint investment projects also attracts foreign investors.

In order to respond to the needs of all the people and to increase revenue, TOT has speedily implemented its projects related to high speed broadband both in terms of networks and services. Accomplishments are as follows:

### - IP Broadband Network Expansion Project

The IP broadband network is TOT's core network which employs new IP packet based technology capable of handling multi-services which will arise in the future. With a maximum of 640 Gbps bandwidth connectivity across 77 provinces nationwide, the new IP Broadband network meets international standards and can quickly accommodate future customer requirements. Construction of the network is finished and it is ready to provide services.

### - Next Generation Network Development Project (NGN)

The trend within telecommunications towards service convergence platforms, plus the advancement of communication technology, is making a "ubiquitous" network a reality. Many service categories are delivered within one total solution with massive cost reductions in network construction and maintenance. NGN architecture consists of four layers: 1. Application Layer - a center for a variety of telecommunication services such as voice, data, telemedicine, and teleeducation; 2. Control Layer; 3. Transport layer or backbone network; and 4. Access Layer or Last Mile. To convert to NGN, the primary exchanges and copper wire local loop will be replaced with 804,183 numbers and installation of 482,600 FTTx ports. TOT network extension is made to support new high speed services to meet the demands of three major groups of customers; residential, that need diverse services; business, that plan to offer clients a one-stop service; and government and state enterprises, that have similar requirements to the business group, but at a reasonable price.

### - FTTx Service Plan

Broadband service offering speeds of 10 Mbps up to 100 Mbps has been introduced to respond to the diversity of customer requirements in voice, data, video and other services such as CCTV for security, health care, and SOHO. Optimum service at high quality and low cost is possible through FTTx fiber optical cable which TOT has installed in many areas. Phuket province was the first with 3,200 ports in the beginning phase this was followed by industrial estates in the Eastern Region such as Amata Nakorn Industrial Estate, Cholburi province; Wellgrow Industrial Estate, Prachinburi province; and Map Ta Phut Industrial Estate in Rayong province to promote heavy industry, offering 2,144 ports in the first stage. Soon 1,024 ports will be installed in Koh Samui, Surat Thani province; 500 ports in Chiang Mai province; and 2,000 ports in Pattaya, Cholburi province. Also included was any service through device installation project; Multi Service Access Node (MSAN); WDM, and other related functions in 3,415 bases for 577,000 Ports, to be reached service capability over 10,800 Ports throughout the country. FTTx service over TOT high speed broadband covers most major areas of the country, supports the National Broadband Network government initiative, and meets the needs of the people for high-quality service.

### - 3G Mobile Phone Service Project

On December 3, 2010, TOT was the first to launch a 3G mobile phone service. At present, service is available in the Bangkok Metropolitan Area and the surrounding provinces of Samutprakarn, Nonthaburi, and Pathumthani. SMS, voice, video calls, and Internet are available at 7.2 Mbps maximum download speed. This project will be implemented in three phases: Phase One and Phase Two involve commencing service in Bangkok and its surrounding provinces as well as 13 economic provinces including Cholburi, Rayong, Songkhla, Surat Thani, Phuket, Chiang Mai, Chiang Rai, Lampang, Pitsanulok, Udon Thani, Nakornratsima, Khonkhean, and Nongkai. In Phase Three, service will be extended to the all other provinces. At that point, TOT will be providing coverage approximately 80 percent of the population.

### - Wireless Internet Project

TOT will implement a Wireless Internet Project in response to the National Broadband Policy. The long-term plan is to provide wireless internet to local communities at the sub-district level by integrated technology solutions based on setting locations and project readiness. IPStar/WiFi, ADSL/WiFi, Fixed BWA/WiMAX/LTE and TOT 3G will be provided to 5,205 sub-districts within two years after the project is approved, offering users 2 Mbps speed. In the short-term, pilot projects will be implemented in 193 sub-districts across three provinces - Trang, Nakornsithammarat, and Pitsanulok. Service will be provided to areas outside wire line network coverage via IPStar/WiFi technology according to TOT's proposal to the Ministry of Information and Communications Technology.

To test the service, TOT has installed a total of 236 access points in three provinces - Pitsanulok, Nakornsithammarat, and Trang. This trial service is currently operational and provides service at a low cost, not exceeding 199 baht per month, for 2 Mbps maximum speed.



## Important Services and Activities

TOT is the main telecommunication service provider for the country. TOT responds efficiently to the demands of its customers from all market segments and strives to achieve the highest level of customer satisfaction. In 2010, there for TOT gives high priority to enhancing the quality of all its services including its network, installation, and maintenance in addition to developing the competency of its technicians. Following, is a brief summary of important services and activities.

### Services

- Launched the 24x7 All Day All Time Service Project that aims to build customer satisfaction with all aspects of TOT service delivered directly to the customer in over 410 customer service centers throughout the country, under The “Full service with whole heart” concept, which focuses on polite service, offering customers the opportunity to provide suggestions on improving quality, and speedy and economical technical service of high quality providing before and after sales. In addition, the 24x7 Project includes 1100 Call Center providing information on TOT products and services as well as public relations news. The 1177 one-stop hotline for fault service supports efficient after-sales service through which customers can receive fast and comprehensive service. For instance, through its help desk system, TOT assists customers to correct basic ADSL problems, established a Service Operation Center (SOC) to supervise multimedia service.

- Launched a proactive marketing campaign for ADSL nationwide, particularly regional areas, using the “knock door” approach throughout the year. Other support activities included mobile sales units operating around marketplaces or community centers. In addition, the network has been improved for inter-regional communication. The international bandwidth has been significantly expanded to enhance service quality and network stabilization. Customers have full access to automatically upgraded speed connections. The aim is to enlarge TOT’s customer base and retain existing lines in order to become the leading ADSL service provider. TOT has successfully met all its targets.

- Launched the H.A.V.E. online game service. This game employs battles models but focuses on fun and non-violence. It allows players to be creative and cultivate a sense of coherence among friends. H.A.V.E. has been commercially available since June 21, 2010. It is the third online game launched after Tales Runner and We Dancing (WeDo). Online game business of TOT has shown strong growth in revenue. By the end of 2010, the number of subscribers was over 4.5 million IDs and there are over 20,000 registered Internet shops.

- Offered e-conference services - an online meeting using a web conference system in real time. This is another distribution channel to increase revenue and respond to the demands of entrepreneurs who are looking for solutions to location, distance and time issues. Users are given assurances regarding information security. E-conference services are available for either one-to-one or group discussions and provide a number of flexible functions designed to support a variety of work environments including shared desktop, slide shows, white boards, and chat tools.

- Introduced a prepaid service through “Boon Term” online top up credit terminals provided in association with Fort Smart Service Company. This joint effort designed, researched, and developed the terminals to support customer needs for account refills, bill payments, and public phone. There are more than 5,000 terminals nationwide which process over 120,000 transactions per day. The terminal booth is very modern in design, similar to an ATM machine, and employs touchscreen technology along with audio instructions for guiding users through procedures. The terminals accept all current coins and banknotes.

- Introduced payment for TOT prepaid and TOT Wi-Fi services via ATM. Payments can be made at over 6,500 Krung Thai Bank ATM machines throughout the country. For TOT prepaid, customers can pay from 100-5,000 baht in each transaction. For TOT Wi-Fi, 60-600 baht per transaction, 24 hours a day. These transactions can also be made at 88 mobile banking vans, “KTB on the Move”, which provide services to customers in community centers, tourist spots, and at local festival events in all regions of the country.

- Expanded payment bases for telephone bills and bank loans through banks such as Thai Military Bank (TMB). Customers pay for service at TMB ATM outlets. In return, TMB credit card holders and TMB personal loan customers can pay via TOT’s “Just Pay” service nationwide. A similar arrangement has been made with Thai Credit Retail Bank (TRC Bank) and its subsidiary Thanaban Co., Ltd., a motorcycle leasing company. Customers of TOT can direct debit through TRC Bank. Alternatively, TRC clients can make payment transactions through the Just Pay system including payments for motorcycle leasing through Thanaban.

- Signed a memorandum of understanding with the University of the Thai Chamber of Commerce (UTCC) to enhance educational competency through multimedia using the UTCC Hybrid Learning System approach. The goal is to make UTCC the first university in Thailand to apply full TOT 3G mobile service. TOT has established a TOT 3G base station for the project and gives full support to maintaining the network system so as to yield maximum efficiency. In addition, a TOT 3G shop provides convenient facilities for its customers inside the university.

### Key Activities

- TOT has countersigned a memorandum of understanding to support the National Broadband Policy. This policy involves cooperation between the government and six telecommunication service providers: TOT Public Company Limited, CAT Telecom Public Company Limited, Advanced Info Service Public Company Limited, Total Access Communication Public Company Limited, True Move Company Limited, and Digital Phone Company Limited. The policy promotes effective and comprehensive telecommunications infrastructure and networks at a high level of quality and at reasonable prices which will enable all people to gain full access to broadband services. This network will reduce the digital divide and all regions throughout the country will be able to prosper through its use. At the same time, it will lift up the quality of people’s lives and boost national telecommunications competitive competency. In this regard, TOT is well-placed as it owns telecommunications networks with a wide variety of options to support such a policy.

- Collaborated with the Ministry of Information and Communications Technology as well as various agencies and organizations, both government and private-sector, to provide facilities for posting online blessings for His Majesty the King as well as an online exhibition in honor of His Majesty. The “By Nine Thai People” project through its website www.9forking.com is the largest online e-card project. Participants can select cards and messages that have been created by 99 highly-respected individuals from various professions. TOT installed a 40 Mbps leased line and provides a 12 Mbps ADSL backup system and a 4-5 Mbps TOT Wi-Fi for Internet service to 58 exhibitors in government and private enterprises.

### Awards

- Outstanding award, for “Basic Telephone System and Services for the Disabled : TOT USO – in category of “Telecommunications that serve the Public” at the Telecom Innovation Awards 2010 organized by the Telecommunications Research and Industrial Development Institute (TRIDI). These awards recognize researchers, inventors, students, manufacturers and the general public people for their emerging competencies in research and development of innovative telecom products. It enables the public and telecommunication service providers to become aware of telecom merchandise made by Thai people.

- Outstanding Invention Award 2010 for “TOT ADSL Tester of Copper Cable for High Speed Data Transmission” or “TOT ADSL Tester”. This tool is used for ADSL installation and fault diagnostics and reduces the time taken for checking and maintenance by 50 percent thereby enhancing the effectiveness of service quality.

- Three online game awards for “Tales Runner”: Best Casual Game Award 2010; Popular Award 2010, and Best Corporate Social Responsibility Award for 2010.

## Vision, Mission, and Corporate Objectives

### Vision

“To be a national telecommunications service provider that responds to the economic and social needs of customers and the public.”

### Mission

“To provide telecommunications services which innovatively meet customer requirements taking into account national data security while allowing the public to have reasonable and equitable access to information and public services in conformity with prevailing economic and social conditions.”

### Corporate Objectives

- To continuously increase the growth rate of revenues and profits accrued from TOT's own operation.
- To multiply the number of customers and expand service areas of broadband, xDSL and FTTx throughout the country.
- To develop the network to become fully integrated with NGN technology so as to fulfill customer requirements which will shift to IP-based services and products in the future.
- To maintain service quality and network availability to meet international standards, and to enhance customer satisfaction.
- To expand the 3G network covering all service areas across the country.
- To provide efficient risk management, particularly in regard to legal risk.
- To make a commitment to corporate social responsibility (CSR) and to actively promote social contribution.

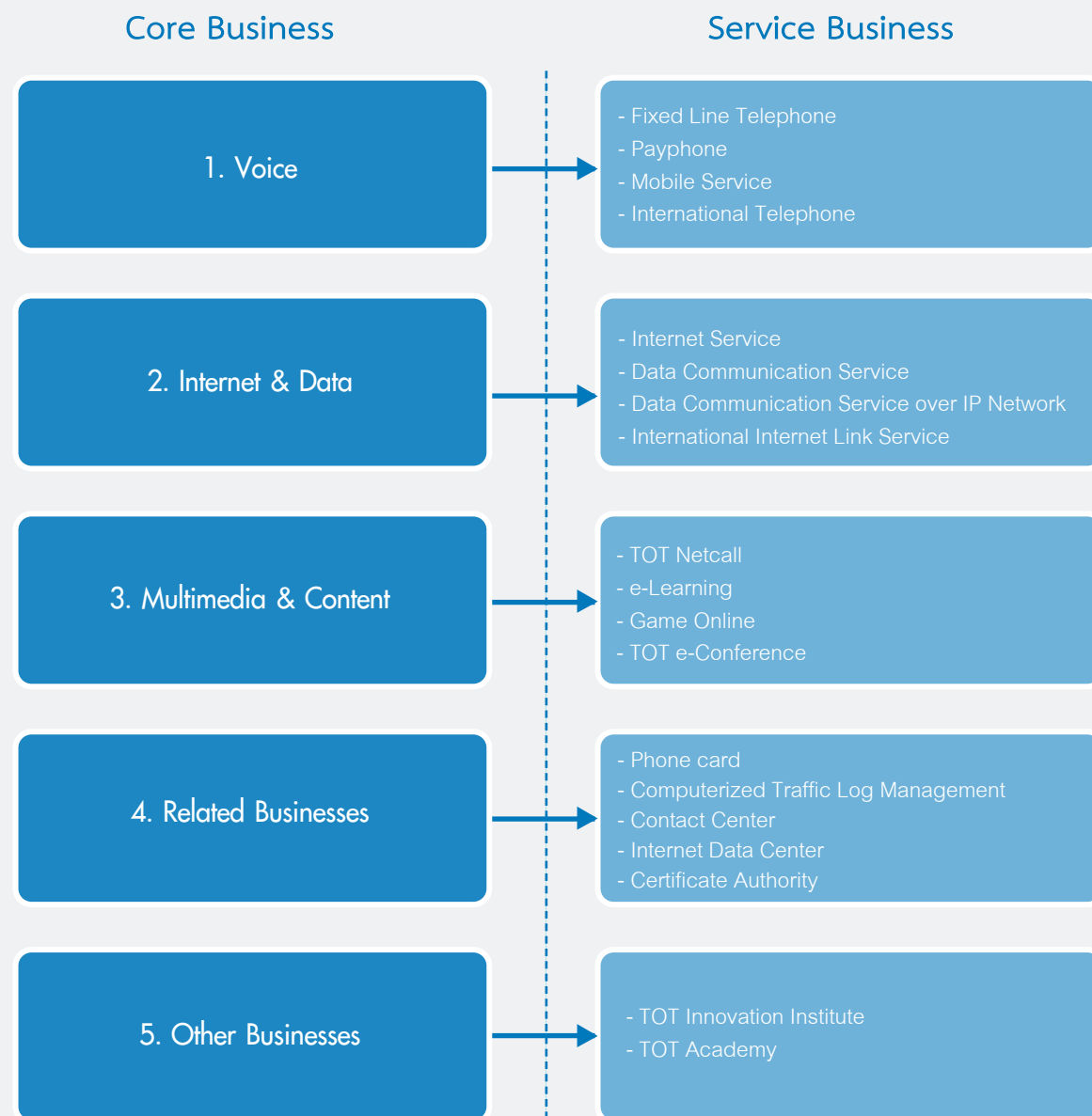


### Business Conditions

To enlarge our customer base to cover all market segments; including business corporations, government agencies, and the general public; TOT provides a complete range of communication services - voice, video, and data. In addition to being the country's biggest fixed line telephone service provider, TOT also strives to be a leader in high speed Internet, multimedia, and 3G mobile phone markets by expanding high speed Internet networks nationwide. Fully aware of the role that high speed Internet plays in driving the country to become a knowledge-based society and in sustainable development, TOT continually supports the progressive growth in national information and communications technology. Therefore, TOT is accelerating its network upgrades and so as to make them more effective in responding to customer requirements in a thorough and equitable manner in conformity with current social and economic conditions.

Characteristics of Business Operation: Includes five categories of telecommunications services as follows :

1. Voice Service
2. Internet and Data Service
3. Multimedia and Content Service
4. Related Businesses
5. Other Businesses



Details of each of the above services are as follows :



## 1. Voice Service

“Inclusive, available, outstanding service in all regions of the country”

**1.1 Fixed Line Telephone Service** through basic telecommunication network countrywide. TOT is the largest service provider in Thailand for both local and long distance domestic calls through its Public Switched Telephone Network. Additionally, in order to facilitate users of Intelligent Network (IN), TOT offers a wide variety of supplementary services, such as toll-free 1-800 calls, One Number service, and IP network connectivity and low-priced domestic long distance calls under the commercial name Y-tel 1234. The fixed line telephone is also a key channel to access other TOT services such as broadband Internet and many more applications.

**1.2 Payphone** service aims to provide services to customers who do not have access to wireless telephones such as students or people in remote areas and also to the general public.

**1.3 Mobile Service** : TOT offers 3G mobile service to provide more effective voice, data, image, and video communication.

**1.4 International Telephone Service** : TOT offers international telephone service through its “007” access code via the International Direct Dial (IDD) network with Time Division Multiplexing (TDM) technology. This service supports communication of both voice and data to 213 destinations around the world. Another service using the “008” access code employs the Voice over IP technology (VoIP) network and provides service to 153 countries worldwide. Other services include collect calls, Home Country Direct Service, and operator-assisted international calls with language support.

## 2. Internet and Data Service

**2.1 Internet Service** is expected to be a lucrative business for TOT in the future. Significant services are:

- High speed Internet service (ADSL) via fixed line that is capable of data transmission at a maximum 12 Mbps.
- Global IP Transit Service (IIG) is an efficient and flexible connectivity service with the international Internet network. Backup routes for Internet connection are reserved to enable full accessibility using either static or dynamic mode routing function. The system is maintained 24 hours a day by professionals.

- TOT Online via 1222 is a free Internet dial-up service given to TOT fixed line subscribers nationwide. One connection lasts for two hours with unlimited frequency of access.
- High speed wireless Internet via Wi-Fi technology known as “TOT wi-fi” and “TOT hotspot”
- Satellite communication (TOT Satellite) provides a complete range of services to all areas of the country, even those that are not served by land line service. To provide this service TOT leases a digital bandwidth from IP STAR Satellite.

## 2.2 Data Service

- Third Generation Mobile Phone Service (3G) is a wireless communication system that supports connectivity of mobile devices to the Internet. 3G technology using a hi-speed Internet system and video call that can communicate in real-time, is able to provide a full range of information services that can meet consumer demands for voice, data, image, and animation transmission. In 2010, service was mainly available in Bangkok and surrounding provinces. In 2011, the service will be expanded into all regional areas making the service available in all provinces throughout the country.
- Metro LAN service supports Local Area Network (LAN) connectivity among buildings/offices via fiber optic cables providing data transmission at speeds ranging from 2 Mbps to 10 Gbps.
- IP Virtual Private Network (IP VPN) is a data transmission service that handles large data transmission over the IP network.
- International Data Transmission Service can be of two types: International Private Leased Circuit (IPLC), and International IP-VPN service. IPLC is a hi-speed private network service for accurate, rapid, and secure end-to-end transmission of audio and visual data. Transmission speed ranges from 64 Kbps to 10 Gbps based on ITU standards. IP-VPN service delivers rapid, secure, and cost-effective data communication services for medium transmission loads. This is suitable for small to medium sized enterprises and e-Commerce.
- Leased Line/Circuit Service is offered nationwide in both analog and digital systems for rapid and accurate audio, visual, and data transmission which is highly secure. Transmission speed can be set between 64 Kbps to 155 Mbps based on ITU standards.
- Hi-speed Data Transmission over the ATM Network service can accommodate a variety of communication applications. It can handle large data loads at speeds from between 2 Mbps to 155 Mbps within a very secure transmission environment.
- Data Transmission Service over ISDN Network is an integrated service for simultaneous transmission of audio, visual, and data through a pair of telephone lines. There are two types - Basic Access Interface (BAI) and Primary Rate Interface (PRI).

**2.3 TOT Leased Line Internet** is data communication over an IP network among related agencies through a private network. This system is convenient, fast, and safe from intrusion. Speed of transmission, domestic or international, can be selected from a range between 512 Kbps to 1Gbps.

## 3. Multimedia and Content Services

“Cutting-edge technology and service To interface with day-to-day lifestyle”

**3.1 e-Learning** is a method for learning and education via multimedia technology. It is divided into :

- TOT Learning Management System Service (TOT LMS) : A service that supports an electronic platform for pedagogical and training purposes in corporate/office and academic institutes under the effective Learning Management System (LMS)
- TOT Knowledge Plus offers content subjects, and a test bank for entrance and admission tests making it suitable for test preparation study for higher education.

**3.2 Games** : Previously TOT offered “Tales Runner”, an online racing game, and “We Do”, a dancing contest game. In 2010, the H.A.V.E. game was launched. This game is a kind of casual shooting game or Third Person Shooting Game (TPS). A figure robot is the main character and the game does not emphasize violence.

**3.3 TOT Netcall** is a telephone service which employs VoIP technology, transforming analog voice signal into digital packets to transmit over the Internet. Voice quality is similar to normal voice calls, but the service charge is lower.

**3.4 TOT e-Conference** : This online service allows distance conferencing via the Internet so that meetings can be organized even though participants are in different places.

**3.5 TOT IPTV** is a service or broadcasting system delivered through a high speed Internet network. Users are required to register as a subscriber as well as install a “set top box” and other peripheral devices before being able to use the service.

**3.6 TOT e-Market** was launched on June 17, 2010 as an electronic commercial centre to buy and sell numerous products or services at all times, in all places. Buyers and sellers must be checked and verified by a highly-secure TOT system. Most importantly, a financial institution oversees financial transactions related to buying and selling thereby ensuring confidence in business carries out through the TOT e-market.

**4. Related Businesses** refer to supplementary services that enable TOT to build new revenue sources.

**4.1 TOT Contact Centers** such as the 1100 Information Service, 1133 Directory Service, and 1177 Telephone Malfunction numbers. Additionally, the TOT Contact Center Service Solutions offers consultancy services in system design and layout, installation and equipment for call center systems, as well as system management for contact centers in businesses and government agencies.

**4.2 Phone Card:** TOT provides both prepaid and postpaid calling cards for both domestic and international calls. These cards include the TOT prepaid card, the TOT postpaid card, the TOT PIN phone 108 card, the TOT card, and the TOT Wi-Fi card.

**4.3 TOT Internet Data Center (TOT IDC)** is a central service providing a comprehensive range of Internet services – computer systems, network systems, security systems, monitoring and management, customer support, web hosting, and co-location.

**4.4 TOT Certificate Authority (TOT CA)** issues electronic certificates to assist in identifying an individual user and safeguarding data transmission via the Internet system.

**4.5 TOT Computerized Traffic Log Management :** This service, in accordance with the law, extends to any computer service providers such as academic institutes, schools, government agencies, companies, hotels, dormitories, Internet cafés etc. which must comply with the Computer Related Crime Act.B.E.2550 (2007). The netlog gateway can be purchased and self-managed by the customer, and/or the log data can be delivered to and stored in the TOT IDC.

**4.6 Just Pay** by TOT offers a pay-point service for products and services such as payments for home telephone bills, mobile phone bills, water bills, electricity bills, or credit card bills. Just Pay is available at any TOT Customer Service Center throughout the country.

**4.7 TOT Post-paid Payment** is a TOT website payment channel for products and services. The clients first receive products and services, but pay later. Costs of all products and services purchased are detailed in a monthly invoice that accompanies the monthly home telephone or Internet bill.

## 5. Other Businesses

“Network of relationships, weaving together lives throughout Thailand”

**5.1 Training Services :** TOT, in collaboration with leading educational institutes in Thailand and other countries, provides training courses in information technology, telecommunication technology, and management. The programs are continually developed and improved. TOT Academic Institute has both regular programs and specially-designed programs. In addition, TOT provides facilities for seminars, training, conferences, and banquets.

### 5.2 TOT Testing Service for Equipment and Network Systems

- Provides quality testing services for physical, mechanical, chemical, material, electronic and telecommunication items either under normal conditions, under accelerated simulation, or in noise-free environments.
- Offers testing of equipment in reference to user safety according to TIS1195 (Thai Industrial Standard)
- Offers testing service for telecommunication network system models (Telecom Networking Testbed).

**5.3 TOT Calibrating Services for Telecommunication Equipment :** TOT offers calibrating laboratories certified by ISO/IEC 17025:2005, including optical fiber instrument calibrating laboratory and mobile calibrating vehicles.

### 5.4 TOT Technical Research and Support

- Offers consultancy service, analysis, and research into telecommunications problems as well as technical support for such things as lightning protection systems and power leakage. Also provides automatic electrical supply control equipment, and service support tools such as DSL- VPN(G) TOT G.SHDSL Tester.
- Provides software for systems such as customer service systems, accounting systems, sales support systems, inventory management, and call center systems.

To expand TOT communication system nationwide with up-to-the-minute technology and services, TOT has opened opportunities for private companies to jointly provide various services, eight groups of which are shown below.

Company Name	Service Name
<b>1. Fixed Line Telephone Service</b>	
1.1 True Corporation Public Company Limited	2.6 Million fixed lines in the metropolitan area
1.2 TT&T Public Company Limited	1.5 Million fixed lines in the provincial area
<b>2. Mobile Phone Service</b>	
2.1 Advanced Info Service Plc.	900 MHz mobile phone
<b>3. Network Transmission Service</b>	
3.1 True Multimedia Co., Ltd.	High speed transmission circuit via multimedia networks
3.2 Jasmine Submarine Telecommunication Co., Ltd.	Circuit service of Submarine Optical Fiber Cable Network (East coast)
<b>4. Data Communication Network Service</b>	
4.1 Advanced Data Network Communications Co., Ltd.	Data communication service in the Datakit Virtual Circuit Switch System, Frame Relay, ATM, and ADSL
4.2 Lenso Datacom Co., Ltd.	Data communication service via local networks
4.3 Samart Communication Service Co., Ltd.	Data communication service via local networks
<b>5. Network</b>	
5.1 Com-Link Co., Ltd.	Transmission system via fiber optic cable along railway routes
5.2 Jasmine Submarine Telecommunication Co., Ltd.	Submarine Optical Fiber Cable Network (East coast)
5.3 Thai Long Distance Telecommunication Co., Ltd.	Submarine Optical Fiber Cable Network (West coast)
<b>6. Audiotex</b>	
6.1 Samart Multimedia Co., Ltd.	1900 Audiotex
6.2 Quality Digital Lines Co., Ltd	1900 Audiotex
6.3 Level Up Online Co., Ltd.	1900 Audiotex
6.4 Mono Technology Co., Ltd.	1900 Audiotex
6.5 Tele Info Media Pcl.	1900 Audiotex
6.6 Triple A Asset Management Co., Ltd.	1900 Audiotex
<b>7. Payphone</b>	
7.1 Asia Publicphone Co.,Ltd.	The metropolitan and northeastern regions
7.2 Future Telecom Co.,Ltd.	The metropolitan and northern regions
7.3 Leading Public Payphone Co.,Ltd.	The metropolitan and southern regions
7.4 Public Phone Service Co.,Ltd.	The metropolitan and southern regions
7.5 Function Advertising Co.,Ltd.	Advertising Display on Payphone Booths
<b>8. Other Services</b>	
8.1 Thaicom Plc.	Providing Communications services such as Voice over IP and Broadband, etc. via IPStar Satellite. TOT is the sole National Service Operator (NSO) for Thailand.
8.2 Internet Thailand Plc.	Network System Service via EDC Network Pool
8.3 Trade Siam Co., Ltd.	Electronic business data exchange service
8.4 Consortium Starcom	Upgrading a NMT 470 MHz mobile phone network

Company Name & Head Ofce Address	Core Business	Date of Investment	Share-holding (%)
1. ACT Mobile Co., Ltd. 89/2 Moo 3 Chaengwattana Road, Thungsoyong, Laksi, Bangkok 10210	1900 MHz system mobile phone system leasing	August 7, 2000	99.92
2. Lenso Datacom Co., Ltd. Lenso House, 292 Srinakarin, Huamark, Bangkok, Bangkok 10240	Data communications	September 10, 1999	49.00
3. Advanced Datanetwork Communications Co., Ltd. 408/157 Phaholyothin Place Building 38 th FL. Phaholyothin Rd. Samsennai Phayathai Bangkok 10400	Data communications	September 25, 1997	48.12
4. Mobile Communication Services Co., Ltd. 200 Moo 4, Jasmine International Tower, Chaengwattana Road, Pakkred, Nonthaburi 11120	Technical and marketing service for NMT 470 MHz mobile phone network	December 12, 1997	30.00
5. Telcard Co., Ltd. 71/22 Soi Chaeng Wattana 1, Chaengwattana Road, Bangkok, Laksi, Bangkok 10210	Chip phonecard manufacturing	November 14, 2000	26.00
6. Thai-Amadeus Southeast Asia Co., Ltd. 34/F, The Office At Central World 999/9 Unit 3406-3412, Rama 1 Rd., Patumwan, Bangkok 10300	Air ticket reservation system service	December 3, 1999	20.00
7. The Clearing House for Number Portability Co., Ltd. 10/97, 6F The Trendy Office Building, Sukhumvit Soi 13, Klongtoey-Nua, Wattana, Bangkok 10110	Mobile Number Portability Clearing house service	January 29, 2010	20.00
8. Internet Thailand Public Co., Ltd. 11-12/F, Thaisummit Tower, 1768 New Petchaburi Road, Bangkok, Huaykwang, Bangkok 10310	Internet service provider	May 13, 1997	16.00

Company Name & Head Ofce Address	Core Business	Date of Investment	Share-holding (%)
9. Thai Long Distance Telecommunications Co., Ltd. 200 Moo 4, Jasmine International Tower, Chaengwattana Road, Pakkred, Nonthaburi 11120	Submarine fiber optic cable network service	May 13, 1996	10.00
10. True Multimedia Co., Ltd. 18 TRUE Tower, Ratchadapisek Road, Huaykwang, Bangkok 10310	High-speed data transmission service	February 13, 1997	8.92
11. Total Access Communication Plc. 319 Chamchuri Square 22-41/F Phayathai Road, Phatumwan, Bangkok 10900	1800 MHz system mobile phone service	November 9, 1995	5.58
12. Trade Siam Co., Ltd. 2/F EDI Building, The Customs Department, Klongtoei, Bangkok 10110	Electronic commercial service	May 29, 1997	3.50

### TOT Strategic Plan for 2010-2013

In order for TOT to respond promptly to changes in the business environment and to future regulations, the strategic plan for 2010-2013 involves an adjustment to important operational objectives. The new plan places importance on increasing income from new products and services as well as on enhancing the growth of broadband and multimedia services. It encourages the Next Generation Network (NGN) and the development of the 3G network as well as reducing operational costs and management of investments, boosting the efficiency of joint venture contract management, and driving change in corporate culture and improvements in building sustainable customer satisfaction. There are five strategies being implemented to fulfill the mission and vision of TOT as follows:

#### Strategy 1: Enhancing network technology and basic services

To develop the network using appropriate technology which is stable and safe in order to fully meet customer requirements for quality. Also, to support the government's policy in national development of fundamental infrastructure and services for the benefit of the public.

#### Strategy 2: Aggressively enter the high speed Internet market

To be aggressive in entering high speed Internet xDSL market with at least 8 Mbps service throughout the country, particularly in urban and community areas, to meet the needs of a rapidly increasing customer base and to maintain the Company's position as market leader.

#### Strategy 3: Enhance service quality to achieve high customer satisfaction

To enhance the quality of TOT service to be superior to competitors by employing 24x7 service and targeting customers in all market segments faster than competitors. The goal is to enlarge the client ratio in corporate, government, and SME segments; and to develop the market so that each individual customer's requirements are met bringing about higher levels of satisfaction while enhancing corporate brand image.

#### Strategy 4: Managing according to international standards and managing risk effectively

To give emphasis to developing the management processes of the Company and to more effectively manage risks that may arise from concessions or cooperative investments. Also, to manage human resources by focusing on organizational achievement and to give importance to utilizing new technology to support cost-effective operations.

#### Strategy 5: Develop a full range of services including content multimedia

To strive towards the development of multimedia content services over wire-line and wireless high speed Internet to enhance revenues earned from xDSL, FTTx and 3G based on high speed Internet platforms by partnering with experienced and reliable companies to provide customer service in all places at all times.

### Annual Operation Plan

The 2010 annual operation plan of TOT consists of 53 plans from different departments that correspond to the five corporate strategies for 2010-2013. The operation plans are designed to lead the Company to successfully achieving its established objectives.

Major annual operation plans for 2010 can be summarized as follows:

#### Network

Plan to expand the telecommunications network, particularly networks using fiber optic cable in areas that request it and to develop and maintain networks in operational order so as to be able to provide TOT services efficiently. In the event that any problems occur, repairs and restoration of services can be carried out within a specified time and that the number of breaks in service be within set standards.

#### Marketing and Product Development

In 2010, new products were developed and introduced to the market in order to increase revenue earnings. These products include new online games and IDC services. Existing services were enhanced to be more effective; for example, international Internet leased-circuit was used to backup broadband Internet service that requires higher bandwidth. Also, network equipment was obtained to support government e-Services, and full-service solutions were implemented.

#### Human Resources

There is a plan to increase the effectiveness of human resources by deploying the right proportion of staff for a job. Based on the principle of appropriate allocation, staff can be recruited as required for emerging business operations. In addition, there is a plan to improve organizational culture and to instill a greater sense of service to the customer.

#### Information Technology

TOT is implementing new systems for billing, payment collection, and customer relations in order to make its communication with customers more effective. In addition, there is a plan to develop its computer system for in-house services within TOT so that internal communication may be improved.

#### Social Commitment

TOT plans to develop and maintain the quality and efficiency of its existing comprehensive telecommunications services for the public. There is also a plan to expand services according to the 2nd notice of the National Telecommunications Council.

During 2010, there have been many changes in the Thai telecommunications industry including 3G licensing by the National Telecommunications Commission, number portability for cellular phone users, and the Wave-frequency Allocation and Supervision of Radio broadcasting, Television broadcasting and Telecommunications Act B.E. 2553 (A.D. 2010). These have all inevitably effected TOT business operation.

In response to changes in the business environment and to align itself to future laws and regulations, TOT has set operation guidelines for sustainable, effective, and efficient recovery. It has set more challenging performance targets focusing on stimulating earnings from new products and services; especially, growth in broadband and multimedia services through NGN and 3G cutting-edge technology. These are expected to be the main sources of revenue for TOT in the future, replacing revenue from more traditional business activities. Operation costs have been reduced and the management of concession contracts has been made more efficient. Also, corporate culture and work procedures are being modified to focus more on customer satisfaction so as to enable the Company to reach the targets it has set.

### Important TOT Initiatives for 2011

#### Marketing

- Enhance marketing to more closely respond to customer requirements and focusing on increasing the number of customers from corporations, businesses, government departments, and SMEs.
- Create cross selling/up selling market opportunities through TOT services and products or services and products of alliance agreements using a multi-channel approach.
- Boost markets for multimedia content such as FTTx, IPTV and 3G service.

#### Technology

- Upgrade ADSL broadband to FTTH (Fiber to the Home) enabling end-network connections at the subscriber's home.
- Replace the existing PSTN exchange, which has been used for more than 20 years and is now old and requires frequent and expensive maintenance, with NGN.
- Accelerate construction of international submarine cable networks to support the increasing demand for high speed Internet.

#### Human Resources

- Develop employee service knowledge on IP networks, ICT solutions, broadband applications, FTTx, 3G/LTE/4G Technology, ADSL and marketing.
- Develop potential of sales teams and establish Integrated Operation Centers (IOC) in Bangkok and in region area for service and after sales support in ICT solutions.
- Increase the number of staff on the helpdesk team to troubleshoot problems in ADSL service, Data Communication, IPSTAR and Wi-Fi. Provide service 24 hours a day, 7 days a week (24x7).

- Search for skilled and expert staff that have qualifications in Internet Data Center (IDC), IP Network, and Security.

#### Improved Work Procedures

- Careful investment by identifying which are core and which complementary technologies. For example, FTTx technology is core technology and Wi-Fi WIMAX 3G is complementary in suitable areas. Seek and select business alliances that can enhance key competencies of TOT in technology and content.
- Link ADSL data to a centralized database to be like a "war room" of overall broadband service and add data and 3G services which can be considered as the core business of TOT. Reform work procedures to support SLA quality assurance which is suitable for a wide range of customers at a reasonable and competitive price.



## Competition in the Thai Telecommunications Market in 2010

The Thai economy improved substantially in 2010 despite domestic political upheavals and the world economic crisis. This reflected the country's strong economic fundamentals that enabled the export sector to actively respond to demands from Thailand's major trading partners. This influenced the revival of private consumption and domestic investment due to a rise in consumer confidence in both business and household sectors. There was also new investment and business expansion in many industries including the telecommunications industry.

The total value of the Thai telecommunications market in 2010 increased over the previous year. However, during the same period the total value of fixed line business declined. Specifically, the average revenue per user (ARPU) of voice communication service using PSTN technology, both domestic fixed line telephones and payphones continued to decrease. This is a result of changing consumer behavior. Consumers are switching to mobile phones or voice communications using VoIP technology as these technologies offer lower tariff rates and better suit current lifestyles. Consequently, fixed line operators need to redesign their offerings to stay competitive by employing flat rates, unlimited free calls within the fixed line network, and service bundling. The efforts aimed to reduce revenue attrition while retaining customer bases.

Data communication and broadband Internet services have seen strong growth and a continuing increase in the number of subscriptions. Forces driving this growth include expansion of service coverage to more areas, lower prices of personal computers, and competition among service providers. At the same time the speed of data transmission has increased and online data and entertainment has become more popular. For broadband Internet, the xDSL (Digital Subscriber Line) has helped fuel the expansion of the Internet access market. ADSL has remained the leading technology option for Internet access among residential and SME users. Throughout the year, ADSL service saw keen competition both in term of transmission speed and price. At the end of 2010, a connection speed of 6 Mbps/512 Kbps was 590 baht per month for the mass market. Furthermore, providers also competed in marketing offerings. Such offerings included packages with super hi-speed connection using VDSL technology for hi-end users, and low-price, pre-paid plans for light users.

Mobile phone services in 2010 continued to grow even though the mobile phone market has reached saturation point. However, mobile data communication has seen strong growth. Mobile data communication has helped fuel the overall growth of the mobile market, particularly Internet connection via mobile broadband. This is due to the popularity of digital content consumption, widespread access to social network communities, and the advancement of mobile Internet devices such as Smartphone and tablet PC with a wide range of mobile applications provided. Consequently, access to the Internet on-the-go was easily achieved with a single interface.

Multimedia and content business has also expanded in accordance with the increasing number of Internet users. Digital content consumption has become more popular and a part of daily life in terms of career, education, and entertainment. Digital content such as online games was particularly popular among children to first jobbers. Therefore, the online game market tended to grow continuously.

Furthermore, the business and consumer sectors tended to access to the Internet more frequently as the Internet became a necessity and played more and more important role in getting jobs done. This was the main driving force behind the expansion of managed service business, ICT solutions business, and other ICT related businesses. In 2010, other ICT related business such as the Internet Data Center (IDC), and the Internet traffic log, or "Net Log", grew at a good rate.

The development of service quality and price competition have remained the leading strategies to retain customers and to expand customer bases among providers in every market segment of the telecommunication industry in 2010, especially in the broadband Internet market. For mobile operators, lower prices for calls within the same network was promoted in order to reduce expenses related to interconnecting charges. These mobile operators also tried to increase their ARPU from data communications through short messaging service (SMS), multimedia messaging services (MMS), and mobile Internet access.

## Trends in the Thai Telecommunication Industry in 2011

The Thai economy in 2011 is expected to continue growing due to the recovery of the world economy combined with government policies to stimulate domestic spending. For the telecommunications industry, the government's clarification of the National Broadband policy will be the main factor affecting further expansion of Thailand's Telecommunications industry in 2011.

The total value of fixed line telephone services will continue to drop, especially voice communications using PSTN technology. This results from the shift to other means of communication services that more closely meet the demands of changes in work patterns and lifestyles. Such services include mobile phones and communication services via the Internet. However, voice communications using VoIP, both via fixed line networks and via the Internet, will show strong growth due to its competitive tariff rate.

Data communications and broadband Internet will continue to grow mainly because of xDSL technology. The demand for xDSL will rise in both residential and business segments. In addition, there is the Wireless Road Project, initiated by the Ministry of Information and Communication Technology. This project aims to increase the Internet penetration rate across Thailand. In 2011, it is expected that some providers will launch commercial broadband Internet services employing optic fiber networks (Fiber to the x - FTTx). This will provide an option for users who consume high bandwidth services as well as respond to the government's National Broadband Plan.

Data communications, specifically Internet connection services through mobile devices via both 2.5G technology and 3G technology will be the main growth engine for the total mobile phone market. The driving force for growth in the mobile phone market will include lower-priced communication devices, offers of a wide range of communication and multimedia applications, and changing consumer behavior that will search for information and entertainment from the Internet. It is predicted that mobile operators will seek cooperation and partnerships with other related businesses to develop a variety of value-added services; from information updates to entertainment for a specific interest group. These initiatives will attempt to find alternative revenue sources to voice communications, which is now at saturation point, as well as retain customers and discourage them from changing their service providers. Customers have been able to switch their mobile subscription providers since December 2010 due to the mobile number portability (MNP) service.

Multimedia and content business will grow due to the increasing number of Internet users, lower prices for ICT devices, and higher demand on digital content consumption. There will be many opportunities in 2011 for providers to launch content services in new formats such as IPTV. IPTV service results from readiness of the providers' networks and user demands. Moreover, managed service, ICT solutions, and other ICT related businesses will grow in line with new ways of doing business of modern firms that focus on responding to customer expectations and lifestyle where speed and convenience play a more important role in their routine life.



## *Thailand's Major Network for Communication of All Thais*

Over 55 years, TOT has been determined to establish a foundation for Thailand's major telecommunications network. As a result, TOT is, with its achievements in Broadband IP, NGN, 3G and High-speed Internet networks, well-equipped to meet the requirements of the government's National Broadband Network Policy and, thus, to yield constructive benefits for all sectors – economy, education, public health and agriculture – for the further growth and prosperity of Thailand, to international standards.



TOT Innovation Institute is the main agency for carrying out research and development and for quality testing of materials and devices including calibrating measurement devices related to telecommunications. The Institute was established under the cooperation between the Thai government and the United Nations Development Program (UNDP) since 1962.

The Institute operation complies with the guidelines of the Royal Sufficiency Economy to encourage confidence in its telecommunication services and promote sustainable growth. In addition, TOT supports and encourages creative inventions that can be exploited for commercial purposes or have useful social applications. The institute has received many awards, including the Outstanding State-owned Enterprise (SOE) Award 2009 for Outstanding Innovation from the State Enterprise Policy Office (SEPO), Ministry of Finance. In 2010, a TOT invention called "Telephone for Universal Services Obligation for the Disabled : TOT USO" won the Outstanding Innovation Award for "Telecom USO" in the Telecom Innovation Award 2010 Contest which is organized by Telecommunications Research and Industrial Development Institute (TRIDI). Another invention, the "ADSL service supporting device via copper loop" was awarded the Outstanding Invention Award in Engineering and Industry Research from the National Research Council of Thailand (NRTC).



Summary of Achievements in 2010

Repair and Calibration Service

1. Instruments and Telecommunication Devices Repair Services
2. Electrical Calibration Service was certified by ISO/IEC 17025:2005 and Optical Fiber Instrument Calibration Service included mobile repair and calibration services

Quality Testing Services

1. Testing for product registration such as MSAN (Multi Service Access Node)
2. Characteristics testing of physical, mechanical, electrical, and telecommunication tools and instruments such as QoS, and security of router devices, capacity testing for softswitch and radius servers, efficiency testing of ATA devices under high temperature or electrical disturbance environment, DHCP and NAT usage testing to support FTTx service.
3. Testing for user safety of consumer electronics and related instruments which are used with mains power supply according to TIS 1195.

Analysis and Solution

1. Efficiency analysis for FTTx network usage
2. Efficiency analysis for delay and reliability network system
3. Internet application usage problem analysis
4. Damage reduction for DSLAM and MSAN devices by AC LINE SURGE PROTECTOR
5. Cabinet for NGN that can be pole-mounted or placed on the ground which can be used to replace original Cross Connecting Cabinet without the need to adjust the base and which has improved protection.



Development and Enhancement of Inventions and Use of Innovations

1. Franchise and Online-Top up systems for making payments using TOT Just Pay
2. Providing e-invoice for reprinting in TOT special billing
3. 1177 and 1477 system restoration management to support SCOMS system
4. Providing network registration system to support 1177 and 1477 system restoration tasks
5. Protection & Timer Automatic Control to protect against power surges by time-setting an On-Off switch which is able to improve work functions.
6. High-speed data communication service support tools (TOT ADSL Tester) employing principles of system integration from ADSL Module instruments to produce tools that sufficient for technicians and have sufficient functions in installing and maintaining ADSL at a workable standard and reasonable price.

### Promoting and Supporting Research, Development and Innovation

1. Applying for the protection of intelligent property.
2. Promoting beneficial research and innovation with commercial applications.
3. Technical support for TOT services such as public telephone support service, ADSL support service, and IP Star support service.



TOT firmly believes in the value of people and that all employees are precious resources of the utmost importance to the Company. TOT has been able to maintain growth because of the quality of its staff and their commitment to their work and to working together. Their application of knowledge and experience has been a critical factor in the success of the Company. For these reasons, TOT's human resources policy stresses self-development and the application of knowledge and ability in the performance of duties which support the goals, objectives, and strategy of the Company. In addition, importance is given to building a good work atmosphere and environment which allows the staff to be happy and satisfied in their work. This in turn helps strengthen commitment to the Company and its goals. This system of human resource management is one of the mechanisms whereby policies are put into practice. The system consists of the following components:

- The main policy of human resource development is to adapt the role of human resource management to be proactive in recruiting and developing an appropriate number of suitably-qualified personnel that can keep pace with advances in technology and enhance the operations of TOT so as to make the Company competitive in the telecommunications market.

- TOT holds to six principles in the management of human resources as follows: 1) belief in the value of personnel, 2) ensure optimal and fair remuneration, 3) ensure that staff have knowledge and competence in technology and management, 4) supervisors have the duty and responsibility to manage human resources, 5) allow employees to participate in work management, 6) adhere to corporate ethics and code of conduct.

- Human resource policies relate to recruitment, development, and retention of good and talented people capable of carrying out their duties in line with the Company's strategic and business goals. This builds a knowledge-base for sustainable development of the Company. Such policies include:

1. Recruit personnel with knowledge and ability required for their specific position according to the principles of efficiency and transparency.

2. Develop the competencies of personnel as required by TOT in response to rapid changes in business and technology. Assessment of competencies are made yearly to determine the gap between actual and expected competencies. If gaps exist, TOT will implement individual competency development. The development model involves both local and international approaches such as training courses, study visits, work assignments, project engagement, and on the job training.

3. Retain and develop competent personnel by setting career paths, building professional skills, and providing access to relevant training and study courses such as in professional communication, information technology, and auditing.

4. Motivate employees to stay with TOT by providing job security, fringe benefits, and privileges such as health care and loans.

5. Create a commitment on the part of employees to working for the benefit of TOT by treating all employees as members of a family and building an executive culture which adheres to the principles of "Care for, think about, and have concern". Executives are encouraged to take care of employees and listen to their concerns so that they understand them well and are able to establish good relations among each

other. This builds a good working environment and impacts the way employees carry out their duties. Eventually, it also brings benefit to the Company as a whole.

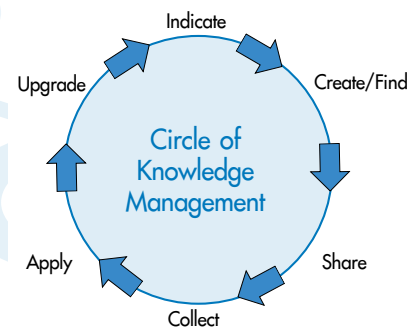
Additionally, TOT emphasizes a proactive corporate culture to invigorate TOT by placing a priority on service quality based on eight main values: The customer comes first; world-class quality; innovation; rapid response; initiative and self-development; team work; a sense of responsibility towards oneself, colleagues, and the Company; integrity and transparency. Since 2009, TOT has been operating the “Change our Service Culture Project”. This project aims to bring about a change in the way that the Company provides services by encouraging a culture that focuses on the needs of the customer. Commencing with Customer Service Centers, technical teams provided repairs and maintenance in both metropolitan and provincial areas according to high standards of service. This enabled clients to directly experience the improved service. In 2010, TOT continued the project and the number of customer service centers who participated increased from 20 to 353 centers, or 93.8 percent of all centers. Subsequently, TOT organized a contest and awarded the TOT Service Excellence Award to motivate centers to implement the change in service provision. In 2011, to firmly establish the changes within the Company, TOT established guidelines to strengthen service quality to all points in the service chain so as to upgrade service quality and build maximum customer satisfaction.

### Human Resource Development

TOT is constantly developing its manpower in terms of leadership, competency, ethics, and code of conduct. The Company wishes to develop its personnel and instill in them a sense of integrity and social responsibility. The Company fully supports the application of staff knowledge and ability. TOT makes full use of the potential inherent in its resources and helps build a firm base for sustainable growth of TOT and for supporting national security through the following initiatives.

#### Towards a Learning Organization

TOT manages knowledge management through its website TOT Knowledge Based Society (TOT KBS). TOT also organizes activities involving with central knowledge management of the Company such as sharing inspiring experiences, annual exhibitions of work-pieces and inventions as well as presentations on the Quality Improvement Project and on success stories in quality assurance based on the TOT Q4 Maturity Model, including study visits and inviting other organizations to inspect TOT work. These activities help the organization apply knowledge management in subsequent endeavours.



#### Creating competent and good employees for the Company and for Society

TOT focuses on creating people who are skillful and who have the potential to meet the expectations of the Company in terms of business performance. The Company has therefore organized the “TOT Next Generation Project”. In addition, the Company promotes participation in social assistance and development programs in accordance with the principle of good corporate governance which the company has established as a framework for executives and employees. TOT is confident that the development of good and capable

people will help the Company sustain long-term growth.

#### Develop executives and staff in accordance with corporate needs

Staff development is considered the heart of human resource management so TOT tries to improve the performance of both executives and staff in responding to corporate business needs. To develop executives, TOT provides preparation courses in advance of promotion to higher executive positions. These include: the Advanced Development Program (ADP) for vice presidents, the Management Development Program (MDP) for senior directors, and the Business Development Program (BDP) for employees of levels 8-10.

For individual employees, development courses focus on particular functional competencies, including courses which are provided in response to business trends which change from year to year. These include courses for 3G and Internet broadband staff. In 2010, a total of 265 classroom-based courses were delivered to 21,266 participants, while 59 e-learning courses for self-study were programmed to 1,630 attendants. Currently, 504 employees have been awarded the TOT Certificate for Outside Plants, 77 employees have been awarded the Cisco Certified Network Associate Certificate (CCNA), and 175 have been awarded the Cisco Certified Network Professional Certificate (CCNP).

In addition, TOT has awarded study scholarships to employees in fields that are relevant to business operation such as in engineering, computer science, and telecommunication law. Employees can apply for these scholarships after one year’s employment with the Company. So far, TOT has funded 1,029 scholarships. Of these, 13 were for doctorate degrees, 11 for master’s degrees, and 1 for a bachelor’s degree.

#### Personnel Development Collaboration

In 2010, TOT offered training/seminar courses in conjunction with many institutions in Thailand and other Asia-Pacific countries. These include:

- The TOT Academic Institute, in its role as Thailand’s Center of Excellence under the Center of Excellence Network Project for the Asia and Pacific Region established by Telecommunication Development Bureau (ITU-D), organized the following training courses and seminars as part of its Telecommunication Business Management Program:
  - Developing Human Resource Management Skills for Telecom Organizations conducted during August 17-19, 2010. Participants came from 10 countries in the Asia-Pacific region.
  - The Spectrum Management System for Developing Countries (SMS4DC) conducted during October 18-22, 2010. Participants came from 8 countries in the Asia-Pacific region.
  - 3G Network Cost Modeling for the Asia Pacific Region conducted during November 15-19, 2010. Participants came from 16 countries in the Asia-Pacific region.
- Organized the following training courses for the Asia-Pacific Telecommunity (APT):
  - Network Security in Action conducted during September 20-24, 2010. Participants came from 8 countries in the Asia-Pacific region.
  - Cognitive Radio Technology conducted during October 18-22, 2010. Participants came from 12

countries in the Asia-Pacific region.

- Wimax/LTE Technology conducted during November 22-26, 2010. Participants came from 8 countries in the Asia-Pacific region.

- Softswitch and IMS in Action conducted during December 13-17, 2010. Participants came from 9 countries in the Asia-Pacific region.

- Academic cooperation project with Bangkok University for Master of Business Administration course (Information and Communications Technology MBA-ICT)

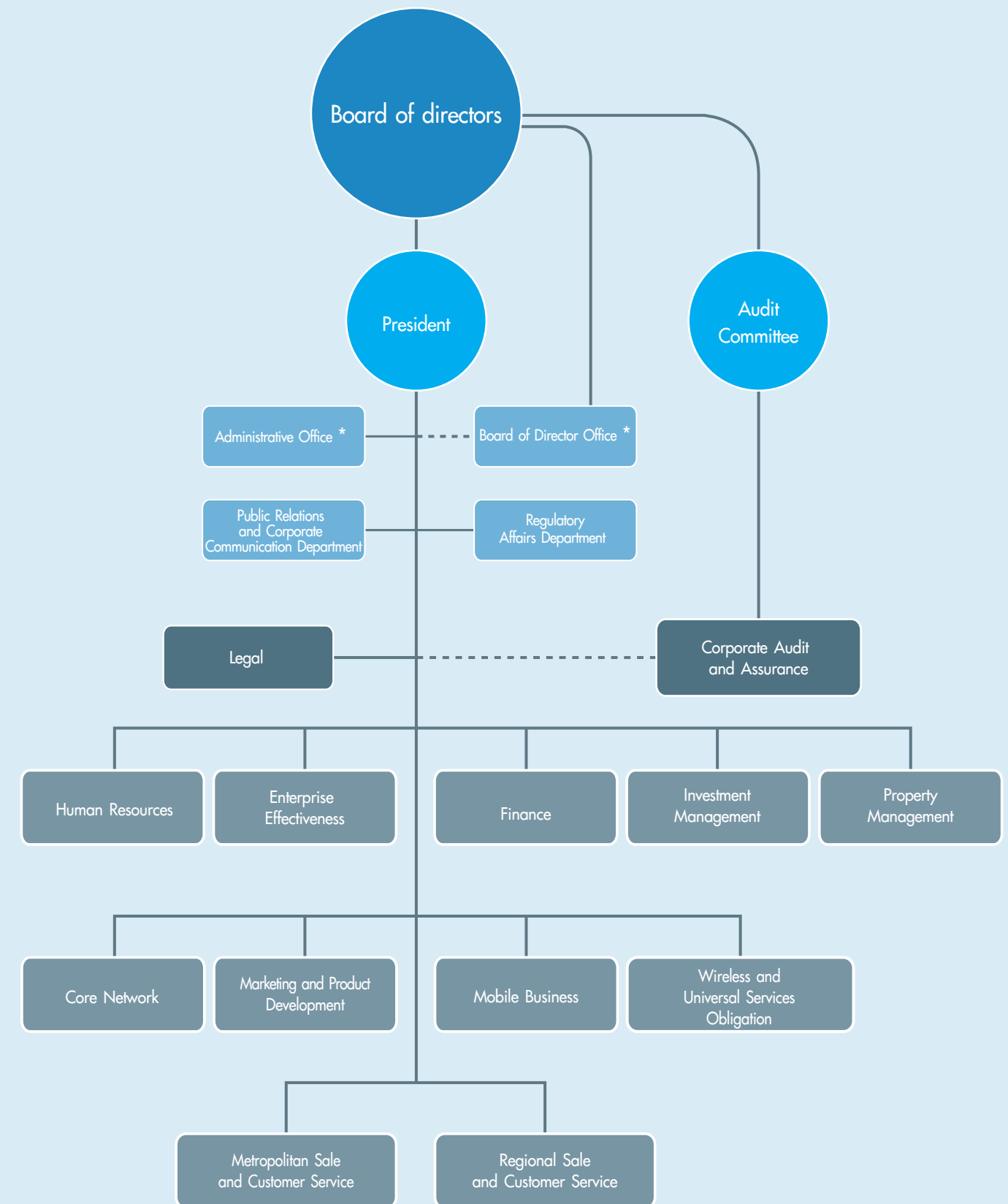
- Accredited by the Department of Skills Development as the National Skills Standard Testing and Training Center for telecommunications mechanics. Also managed a national skills standard test for telecommunications mechanics (outside plant network and data communications system)

- In cooperation with the Department of Skills Development and the Foundation of the National Science and Technology Council held the “3rd Seeking the Best Telecommunications and ICT Mechanic in Honor of the King” Competition for outside plants and data communication on October 12, 2010.

- Organized training for third-year students majoring in Interactive Design and Game Development at the Faculty of Information Technology, School of Information Technology, Dhurakit Pundit University.

- The Professional Contact Center training program for call center staff in collaboration with the Thailand Call Center Academy (TCCA).

- As part of an academic cooperation program with ANC Consulting Co.,Ltd., organized a training program entitled “Return on Investment from Training”.



\*Work unit equivalent to the department

## TOT Board of Directors

From January to July 2010, the Company's Board of Directors consisted of the following members:

Name	Position	Appointment	Resignation
Prof. Dr. Teravuti Boonyasopon	Chairman	Mar 25, 2008	Jul 1, 2010
General Viddhavat Rajatanun	Director	Mar 25, 2008	Jul 5, 2010
Mr. Pongpanu Svetarundra	Director	Jan 16, 2009	Jul 5, 2010
Mrs. Sirinuj Bisonyabut	Director	Mar 25, 2008	Jul 5, 2010
Mr. Angsumal Sunalai	Director	Apr 22, 2009	Jul 5, 2010
Pol. Col. Suchart Wongananchai	Director	Jan 21, 2010	Jul 5, 2010
Mr. Vichai Srikwan	Director and Independent Director	Mar 25, 2008	Jul 5, 2010
Mr. Chavalit Saleepol	Director and Independent Director	Feb 23, 2009	Jul 5, 2010
Mr. Chanvit Amatamatucharti	Director and Independent Director	Mar 25, 2008	Jul 5, 2010
General Vichit Yathip	Director	Apr 22, 2009	Jul 5, 2010
Mr. Kasem Rungtanakiat	Director	Jan 16, 2009	Jul 1, 2010
Mr. Rathian Srimongkol	Director	Mar 25, 2008	Feb 26, 2010
Mrs. Varanuj Hongsaprabhas (substitute)*	Director	Mar 12, 2010	Jun 27, 2010
Mr. Varut Suvakorn	Director	Mar 25, 2008	-

Remarks: \*Appointed under the resolution of the Company's Board of Directors on March 12, 2010

At the 2010 Annual General Shareholders' Meeting, the Ministry of Finance as sole shareholder of TOT, announced the Resolution of Annual General Shareholder's Meeting held on July 5, 2010, and in meeting 13/2010 held on July 12, 2010, and in meeting 14/2010 held on July 30, 2010 that a chairman and directors had been selected as follows:

Name	Position	Appointment	Resignation
Mr. Areepong Bhoocha-oom	Chairman	Jul 5, 2010	Mar 25, 2011
Mr. Boonmark Sirinaovakul	Vice-Chairman and Independent Director	Jul 5, 2010	
Mr. Kulit Sombatsir	Vice-Chairman	Jul 5, 2010	Mar 22, 2011
Mr. Suchart Boonbanjerd Sri (substitute)**	Director	Mar 25, 2011	
Mrs. Wanee Thasanamontien	Director	Jul 5, 2010	Feb 23, 2011
Mr. Wisan Wuthisaksilp (substitute)*	Director	Mar 25, 2011	
Mr. Akasit Wansom	Director and Independent Director	Jul 5, 2010	
Mr. Veerathai Santiprabhob	Director and Independent Director	Jul 5, 2010	Feb 23, 2011
Mr. Sayan Satangmongkol (substitute)*	Director	Mar 25, 2011	
Mrs. Nujchanart Panthawangkun	Director and Independent Director	Jul 5, 2010	Feb 23, 2011
Mr. Praphan Boonyakiat (substitute)*	Director	Mar 25, 2011	
Mr. Wanchart Santikunchorn	Director and Independent Director	Jul 5, 2010	Feb 23, 2011
Mr. Taweesin Hirunwatsiri (substitute)*	Director	Mar 25, 2011	
Mr. Viboonthath Sudhantanakit	Director	Jul 5, 2010	
Air Vice Marshal Chulcharoon Sangngampa	Director and Independent Director	Jul 5, 2010	
Mr. Schitt Laowattana	Director and Independent Director	Jul 5, 2010	Feb 23, 2011
Mr. Pranontha Titavunno (substitute)*	Director	Mar 25, 2011	
Mr. Sayan Satangmongkol	Director and Independent Director	Jul 5, 2010	Mar 1, 2011
Mr. Prasit Siripakorn (substitute)*	Director	Mar 25, 2011	
Mr. Varut Suvakorn	Director	Mar 25, 2008	Jan 9, 2011

Remarks: \* Appointed as the Director in replacement of those retired by the Notification of Ministry of Finance on the resolution passed at the 1/2554 Extraordinary Shareholder Meeting of TOT Public Company Limited

\*\* Appointed as the Director in replacement of those retired by the Notification of Ministry of Finance on the resolution passed at the 1/2554 Extraordinary Shareholder Meeting of TOT Public Company Limited, and had been elected as Chairman of the Board of Directors by the full Directors' unanimous vote on March 30, 2011.

## Special Issue Committees

In adherence to TOT by-laws complying with the guidelines of the State Enterprise Labor Relationships Act B.E. 2543 (2000) and good corporate governance tenets, numerous special issue committees have been appointed in order to assist the Board of Directors in conducting business and overseeing particular corporate issues. The five major special issue committees are as follows:

- Audit Committee
- Nomination and Remuneration Committee
- Risk Management Committee
- Affair Relations Committee
- Good Corporate Governance Committee

Additionally, the Board of Directors is particularly interested in other areas of work as follows:

- Management Committee
- Corporate Strategy Work Group
- Private contracts and joint operation work group
- Legal and Contract Committee
- The Telecommunications business policy development coordination committee between CAT Telecom Public Company Limited and TOT Public Company Limited
- CEO's Performance Appraisal Committee

## Audit Committee

For the period January – July 2010, members of the Audit Committee were as follows:

- |                     |                 |                  |
|---------------------|-----------------|------------------|
| 1. Mr. Chavalit     | Saleepol        | Chairman         |
| 2. Pol. Col.Suchart | Wongananchai    | Committee Member |
| 3. Mr. Chanvit      | Amatamatucharti | Committee Member |

For the period July – December 2010, members of the Audit Committee were as follows:

- |                                 |               |                  |
|---------------------------------|---------------|------------------|
| 1. Mr. Sayan                    | Satangmongkol | Chairman         |
| 2. Mr. Schitt                   | Laowattana    | Committee Member |
| 3. Air Vice Marshal Chulcharoon | Sangngampal   | Committee Member |

### Authority and Duties

1. Audit and confirm that the management and operations of TOT is conducted in accord with all pertinent regulations, by laws, Cabinet resolutions, and policies stipulated by the Board.
2. Verify that TOT has reported financial statements with sufficient accuracy and complete disclosure, by closely coordinating with the Company's External Auditor and top executives responsible for quarterly and annual financial statements. During the course of internal auditing, the Audit Committee may request the Company's External Auditor to verify or audit any necessary or important transaction.
3. Verify that TOT has proper and effective internal control and internal audit systems by reviewing these systems in conjunction with the Company's External Auditor and Corporate Audit and Assurance as the autonomous internal audit department.
4. Verify that TOT has efficient risk management and control.
5. Verify that TOT practices and operations abide by the Securities and Exchange Act, the notifications

and regulations of the Stock Exchange of Thailand, as well as TOT stipulations.

6. Consider, select, nominate, appoint, a certified, external public auditor for TOT, and propose the auditor's annual fee, in the best interests of the Company, based on the firm's credibility, resources, capacity to conduct the audit tasks, and the professional experience of the auditor.

7. Consider the disclosure of TOT information in terms of connected transactions or possible conflicts of interest.

8. Complete any other assignments given by the Board of Directors and agreed upon by the Audit Committee, e.g. reviewing the Company's financial policy and risk management, reviewing professional code of conduct for executives, etc. Furthermore, the Audit Committee, in collaboration with TOT top executives, reviews significant reports, e.g. executive summary and analyses, required to be revealed to the public under the provisions of related laws.

9. Report on key activities of the Audit Committee in the Company's annual report. Such report is signed by the Chairman of the Audit Committee.

## Nomination Committee

For the period January – July 2010, members of the Nomination Committee were as follows:

- |                 |                 |                  |
|-----------------|-----------------|------------------|
| 1. Mrs. Varanuj | Hongsaprabhas   | Chairman         |
| 2. Mr. Pongpanu | Svetarundra     | Committee Member |
| 3. Mr. Chanvit  | Amatamatucharti | Committee Member |

### Authority and Duties

Consider and nominate eligible candidates to be appointed as TOT Directors to the shareholders.

## Remuneration Committee

For the period January – July 2010, members of the Remuneration Committee were as follows:

- |                 |                 |                  |
|-----------------|-----------------|------------------|
| 1. Mrs. Sirinuj | Bisonyabut      | Chairman         |
| 2. Mr. Angsumal | Sunalai         | Committee Member |
| 3. Mr. Chanvit  | Amatamatucharti | Committee Member |

### Authority and Duties

1. Consider and propose the remuneration scheme and benefits policy for the Board of Directors, Nomination Committee, Remuneration Committee, and Audit Committee, in conformity with TOT by-laws and other relevant regulations, for approval at shareholders' meetings.
2. Consider and propose remuneration schemes and benefits policy, to the Board of Directors for approval for special issue committee members, subcommittee members, or any individual appointed or authorized by the Board of Directors to undertake any task.

## Nomination and Remuneration Committee

For the period July – December 2010, members of the Nomination and Remuneration Committee were as follows:

- |                  |               |                  |
|------------------|---------------|------------------|
| 1. Mr.Kulit      | Sombatsiri    | Committee Member |
| 2. Mr.Veerathai  | Santiprabhob  | Committee Member |
| 3. Mr.Viboondhat | Sudhantanakit | Committee Member |



### Authority and Duties

1. Consider and nominate to the shareholders eligible candidates to be appointed as TOT Directors.
2. Consider and propose for approval at shareholders' meetings the remuneration scheme and benefits policy for the Board of Directors, Nomination Committee, Remuneration Committee, and Audit Committee, in conformity with TOT by-laws and other relevant regulations.
3. Consider and propose remuneration schemes and benefits policy to the Board of Directors for approval for special issue committee members, subcommittee members, or any individual appointed or authorized by the Board of Directors to undertake any task.

### Risk Management Committee

For the period January – July 2010, members of the Risk Management Committee were as follows:

- |                            |             |                  |
|----------------------------|-------------|------------------|
| 1. Mr. Pongpanu            | Svetarundra | Chairman         |
| 2. General Vichit          | Yathip      | Committee Member |
| 3. Asst. Prof. Dr. Phayung | Meesut      | Committee Member |

For the period July – December 2010, members of the Risk Management Committee were as follows:

- |                   |               |                  |
|-------------------|---------------|------------------|
| 1. Mr.Viboondhat  | Sudhantanakit | Chairman         |
| 2. Mrs.Nujchanart | Panthawangkun | Committee Member |
| 3. Mr.Akasit      | Wansom        | Committee Member |

### Authority and Duties

1. Examine and recommend risk management policies as well as institute an efficient risk management framework and guidelines for TOT.
2. Supervise risk management in the Company.
3. Support the operations of the Risk Management Department to determine a more effective and productive risk analysis.

### Affair Relations Committee

For the period January – July 2010, members of the Affair Relations Committee were as follows:

- |  |                    |                    |
|--|--------------------|--------------------|
| 1. Mr.Angsumal                                       | Sunalai            | Chairman           |
| 2. Mr.Nipon  | Surapongrukchareon | Advisory Committee |
| 3. Nine Members of the TOT Executive Representatives |                    | Committee.         |
| 4. Nine Members of the TOT employees                 |                    | Committee.         |

For the period July – December 2010, the Affair Relations Committee were as follows:

- |  |            |            |
|--|------------|------------|
| 1. Air Vice Marshal Chulcharoon                      | Sangngampa | Chairman   |
| 2. Nine Members of the TOT Executive Representatives |            | Committee. |
| 3. Nine Members of the TOT employees                 |            | Committee. |

### Authority and Duties

1. Advise on ways to increase the operational efficiency of TOT as well as promote and develop good labor relations.
2. Find solutions to labor disputes in TOT through compromise and settlement.
3. Review and revise work rules and regulations which benefit all employees as well as TOT.
4. Discuss and resolve grievances filed by employees or the labor union and consider complaints about

disciplinary actions.

5. Hold discussion to improve employment and working conditions.

### Good Corporate Governance Committee

For the period January – July 2010, members of the Good Corporate Governance Committee were as follows:

- |                 |                 |                  |
|-----------------|-----------------|------------------|
| 1. Mr. Angsumal | Sunalai         | Chairman         |
| 2. Mr. Kasem    | Rungtanakiat    | Committee Member |
| 3. Mr. Chanvit  | Amatamatucharti | Committee Member |

As a new Board of Directors was appointed, the Good Corporate Governance Committee for the period July to December, 2010 is in the process of being appointed.

### Authority and Duties

1. Formulate and review the Company's good corporate governance to ascertain its comprehensible policies and targets. To attain such ultimate goals, the Good Corporate Governance Committee establishes management and control systems as guidelines for the Board of Directors, special issue committees, executives, and staff.

2. Monitor the operations of TOT and the performance of the Board of Directors, special issue committees, executives, and staff so that such operations align with good corporate governance practices as laid down by TOT and the regulatory body. Such practices must be consistent, appropriate for TOT business, and fully compatible with universal good corporate governance principles.

3. Report on the results of TOT's good corporate governance, recommend appropriate development to the Board of Directors, and supervise the disclosure of information pertaining to good corporate governance to all stakeholders and the general public.

### Management Committee

For the period January-July 2010, members of the Management Committee were as follows:

- |                      |              |                  |
|----------------------|--------------|------------------|
| 1. General Viddhavat | Rajatanun    | Chairman         |
| 2. Mr. Rathian       | Srimongkol   | Committee Member |
| 3. Mr. Pongpanu      | Svetarundra  | Committee Member |
| 4. Mr. Kasem         | Rungtanakiat | Committee Member |
| 5. General Vichit    | Yathip       | Committee Member |

For the period July – December 2010, members of the Management Committee were as follows:

- |                   |               |                  |
|-------------------|---------------|------------------|
| 1. Mr.Wanchart    | Santikunchorn | Chairman         |
| 2. Mrs.Nujchanart | Panthawangkun | Committee Member |
| 3. Mr.Akasit      | Wansom        | Committee Member |

### Authority and Duties

1. Consider, and propose to the Board of Directors of TOT, any items proposed by TOT management for the Board's agreement, authorization to proceed, or to establish a sub-committee or work group to deal with specific issues.

2. Approve, in principle; purchase orders, procurements, and rental activities including amendments to contracts or agreements. Overall price increases in contracts or agreements shall not exceed the following amounts:

2.1 All rentals costing over 50 million baht, but not greater than 400 million baht.

2.2 All purchase orders and procurements costing over 200 million baht, but not greater than 400 million baht, except those awarded under special categories of procurement.

### Corporate Strategy Working Group

For the period July-December 2010, members of the Corporate Strategy Working Group were as follows:

1. Mr.Akasit	Wansom
2. Mr.Veerathai	Santiprabhob
3. Mrs.Nujchanart	Panthawangkun
4. Mr.Wanchart	Santikunchorn

#### Authority and Duties

1. Study and advise on policies and strategic plans of TOT.
2. Monitor the management and operation of TOT's business to ensure that they align with strategic plans.
3. Coordinate with the TOT management team to establish the direction of TOT projects and major investment plans so that they correspond in terms of to financials, legality, technology, and strategy.

### Private Operator Concession Agreements Working Group

From July-December 2010, the members of the Private Operator Concession Agreements Working Group were as follows:

1. Mr.Kulit	Sombatsiri
2. Mrs.Wanee	Thasanamontien
3. Mr.Wanchart	Santikunchorn

#### Authority and Duties

1. Study, analyse, and advise the Board of Directors on private operator concession agreements to ensure that they are legal and yield maximum benefit for the Company.
2. Audit, monitor and follow up on concession agreements to ensure correspondence with the Board of Directors intentions and requirements. Also, to carry out other duties relating to concession agreements as assigned by TOT.

### Legal and Contract Committee

For the period July- December 2010, members of the Legal and Contract Committee were as follows:

1. Mr.Wanchart	Santiprabhob	Chairman
2. Mr.Taweessin	Hirunwatsiri	Committee Member
3. Mr.Kusol	Yaemsa-ard	Committee Member
4. Miss Somjai	Kesornsiricharoen	Committee Member
5. Mr.Anucha	Watanawipha	Committee Member
6. Mrs.Sinee	Sangkhaio Pamornkool	Committee Member
7. Executive Vice President - Legal Department		Committee Member and Secretary

#### Authority and Duties

1. Provide consultancy on legal issues, laws, rules, regulations, and contracts which directly affect TOT's business.

2. Provide consultancy for cases and disputes which directly affect TOT's business or risk.

### The Telecommunications business policy development coordination committee between CAT Telecom Public Company Limited and TOT Public Company Limited

For the period July – December 2010, members of the Telecommunications business policy development coordination committee between CAT Telecom Public Company Limited and TOT Public Company Limited were as follows:

1. Mr.Kulit	Sombatsiri	Chairman
2. Mr.Akasit	Wansom	Committee Member
3. Mr.Veerathai	Santiprabhob	Committee Member
4. Mr.Varut	Suvakorn	Committee Member

#### Authority and Duties

Determine guidelines for coordination and cooperation between CAT Telecom Public Company Limited and TOT Public Company Limited in providing telecommunications services that are effective and efficient in developing the nation's economy, society, and national security.

### CEO's Performance Appraisal Committee

For the period January – July 2010, members of the CEO's Performance Appraisal Committee were as follows:

1. General Viddhavat	Rajatanun	Chairman
2. Mrs.Sirinuj	Bisonyabut	Committee Member
3. Mr.Pongpanu	Svetarundra	Committee Member

For the period July – December 2010, members of the CEO's Performance Appraisal Committee were as follows:

1. Mr.Kulit	Sombatsiri	Committee Member
2. Mr.Akasit	Wansom	Committee Member
3. Mr.Wanchart	Santikunchorn	Committee Member

#### Authority and Duties

Consider the set Key Performance Indicator (KPI) and process the assessment of the TOT's President subject to criteria and conditions set out in the Management Contract.

### Selection of Directors and Executives

In selecting directors to fill vacancies that occur, TOT follows these practices:

1. In a case where a position of director becomes vacant because of reasons other than retiring by rotation, the Board of Directors, through the Nomination Committee, shall select a person who possesses appropriate qualifications and is not disqualified under Company regulations, as a replacement director. At the following Board meeting the appointment is confirmed by a vote of not less than three-fourths of the number of the remaining directors. Unless the remaining tenure of such director is less than 2 months, the replaced person shall hold the directorship for the remaining term of such vacant office.

2. In the annual general meeting of the Company, the retirement of one-third of the directors in the first and second years after registration of the Company shall be effected by drawing lots. In subsequent years, directors holding office the longest shall retire. A director who retires from office may be re-elected.

In the appointment of directors, guidelines established by the Ministry of Finance relating to the appointment of directors must be followed. Appointment of directors must be made from the Directors' Pool.

Selection of a President is based on nomination according to the Act on Standard Qualifications of Committee Members and Officials of State Enterprises as well as the Company's regulations.

### Compensation Policy for Directors and the Management

To determine remuneration for the Board of Directors, the Remuneration Committee shall propose policy and criterion on appropriate remuneration given to the Board and Special Issues Committees in compliance with notification from the Ministry of Finance according to a resolution made at the Annual General Shareholders' Meeting in 2010.

The remuneration for the President is determined according to criteria set by the Minister of Finance. The remuneration for high ranking executives is based on TOT payroll structure and work performance of each executive as agreed in the Management Contract.

### Information provided by Directors according to Section 88 of the Public Limited Company Act B.E. 2535 (regarding direct loss or indirect loss resulting from any agreement that TOT made during the year)

- None of the Directors has any such direct or indirect loss resulting from agreements during the year.

### Benefits, shares, investments or other related sources of benefit that Directors receive from TOT together with a detailed list of Directors who receive such benefits.

- None of the Directors receive any benefits from shares, investments, or other related sources from TOT.

### Details about Directors who are holding the property (share) relevant of the state enterprise

- None of the Directors hold such security (share) that relevant with TOT

### Related items

- None of the Directors involve such interest that occurred as of accounting year 2009

### Self-Appraisal of the Board of Directors

TOT requires the Board of Directors to assess their performance through regular self-appraisal. In 2010, self-appraisals were carried out by TOT directors on two occasions.

TOT has enhanced the self-appraisal form to make it more comprehensive and to reflect more closely the Board's roles and duties according to good corporate governance policies. The assessment criterion is divided into five score levels as follows:

Score level 1	completely disagree or no action taken
Score level 2	disagree or little action taken
Score level 3	agree or sufficient action taken
Score level 4	agree somewhat strongly or action well taken
Score level 5	strongly agree or outstanding action taken

### Summary of Assessment Results:

#### First self-appraisal for 2010

(1) Self-appraisal of the entire Board: The Board of Directors unanimously agreed that, overall, they had performed their duties according to the principles and guidelines of good corporate governance at a "good-excellent" level (score = 4.64).

(2) Self-appraisal by individual directors: Each Director agreed that he/she performed his/her duties in compliance with good corporate governance principles at a "good-excellent" level (score = 4.00-5.00).

(3) Cross-directorial appraisal: Each Director was assessed by his /her peers as having performed their duties for TOT according to good corporate governance principles at a "good-excellent" level (score = 4.68-4.84).

#### Second self-appraisal for 2010 (1/2010)

(1) Self-appraisal of the entire Board: The Board of Directors unanimously agreed that, overall, they had performed their duties according to the principles and guidelines of good corporate governance at a "good-excellent" level (score = 4.31).

(2) Cross-directorial appraisal: Each Director was assessed by his /her peers as having performed their duties for TOT according to good corporate governance principles at a "good-excellent" level (score = 4.00-4.53).

(3) Self-appraisal by individual directors: Most of the directors thought that they had performed their duties for TOT according to good corporate governance principles. However, some directors mentioned that they needed to improve themselves so the scores ranged between "Need to improve" and "Excellent" (scores between 2.67 to 5.00).

As a guideline for further performance improvement, TOT has submitted the performance assessment report of the TOT Board of Directors to the Ministry of Finance and to the Ministry of Information Technology and Communication as well as to each individual Director.



**Mr. Areepong Bhoocha-oom**  
Chairman of the Board of Directors  
Age 53 years

**Education**

- Ph.D. in Finance, University of Mississippi, U.S.A.
- M.B.A. in Finance, Marshall University, U.S.A.
- B.S. in International Management, Boston University, U.S.A.

**Training**

- Director Certification Program 2000, Thai Institute of Directors (IOD)
- Government Debt Monitoring System, World Bank
- Global Trend and Public Enterprise Reform, Harvard University, U.S.A.
- Awareness, Vision, Imagination, Responsibility, Action , INSEAD,

**Present Positions**

- Permanent Secretary of Ministry of Finance
- Chairman, Government Housing Bank
- Member of the Board of Directors, Thai Airways International Public Company Limited

**Previous Positions**

- Director-General of Excise Department, Ministry of Finance
- Director-General of State Enterprise Policy Office, Ministry of Finance



**Mr. Boonmark Sirinaovakul**  
Vice Chairman and Independent Director  
Age 55 years

**Education**

- Ph.D. (Industrial Engineering), Wichita State University, Kansas, U.S.A.
- M.S. (Engineering Management), University of Missouri-Rolla, U.S.A.
- M.Eng. (Electrical Engineering), Chulalongkorn University
- B.Eng. (Electrical Engineering), King Mongkut's Institute of Technology Thonburi

**Training**

- Director Certification Program, Thai Institute of Directors (IOD)

**Present Position**

- President, Stamford International University

**Previous Positions**

- Assistant to the President (Technology), Rangsit University
- Assistant to the President (RSU-Cyber University), Rangsit University
- Assistant to the President for Technology Development & Dean, Faculty of Engineering, Dhurakij Pundit University
- Vice President, The Council of Engineering Deans of Thailand
- Dean, Graduate School, Assumption University of Thailand
- Senior Manager, Andersen Consulting (Thailand) Company Limited
- Managing Director, NOVO Quality Services (Thailand) Company Limited



**Mr. Kulit Sombatsiri**  
Vice Chairman  
Age 47 years

**Education**

- M.B.A., University of Southern California, U.S.A.
- M.P.A. (Public Fiscal), San Diego State University, U.S.A.
- B.A. (Public Administration), Ramkhamhaeng University

**Training**

- Director Certification Program, Thai Institute of Directors (IOD)
- Financial Statements for Government Executives (FSG), IOD

**Present Position**

- Advisor of State Enterprise Development, Ministry of Finance

**Previous Positions**

- Deputy Director-General, State Enterprise Development
- Director of Bureau of Monetary Management, The Treasury Department, Ministry of Finance
- Deputy Secretary General, The National Telecommunications Commission
- Director, Office of Procurement Management, The Comptroller General's Department, Ministry of Finance
- Member of Board of Directors, PTT International Company Limited
- Member of Board of Directors, Krung Thai Asset Management Public Company Limited
- Member of Board of Directors, Asean Potash Mining Public Company Limited



**Mrs. Wanee Thasanamontien**  
Director  
Age 56 years

**Education**

- M.P.A., Chulalongkorn University
- LL.B., Thammasat University
- B.B.A. (Accounting), Thammasat University

**Training**

- Director Certification Program, Thai Institute of Directors (IOD)
- International Financial Fraud and Money Laundering Investigations. U.S.A.
- High Level Governor Program, (Nor Bor Sor.) Office of The Civil Service Commission

**Present Position**

- Principal Advisor on Strategic Tax Administration (Energy Industry), The Revenue Department

**Previous Positions**

- Deputy Director-General, The Revenue Department
- Director of Bureau of Central Audit Operations, The Revenue Department
- Member of Board of Directors, Central Laboratory (Thailand) Company Limited, Ministry of Agriculture and Cooperatives
- Member of Board of Directors, Wastewater Management Authority, Ministry of Natural Resource and Environment



**Mr. Akasit Wansom**  
Director and Independent Director  
Age 38 years

**Education**

- M.S. (Telecommunication Management), Thammasat University
- B.Eng., Chulalongkorn University

**Training**

- Director Certification Program, Thai Institute of Directors (IOD)
- Management Certificate Program : Kepner-Tregoe International, Princeton, New Jersey, U.S.A.
- Fiber Optic Program, Molex Illinois, U.S.A.
- Networking Product Program, Mod - Tap, Perth, Australia

**Present Position**

- Managing Director, Modern Save Intertrade Company Limited

**Previous Positions**

- 3G Product Marketing Manager, Advanced Info Service Public Company Limited
- Special Product Marketing Manager, Digital Phone Company Limited
- Program Management, Fiber Optic and Networking Product, Molex and Mod-Tap, Molex (Thailand) Company Limited
- Sales Engineer – Broadcasting Products, Sony (Thailand) Company Limited



**Mrs. Nujchanart Panthawangkun**  
Director and Independent Director  
Age 40 years

**Education**

- M.B.A., MIT Sloan School of Management, Massachusetts Institute of Technology, U.S.A.
- B. Acc. (1st Class Honours), Chulalongkorn University

**Training**

- Director Certification Program, Thai Institute of Directors (IOD)
- Director Accreditation Program, Thai Institute of Directors (IOD)
- Audit Committee Program, Thai Institute of Directors (IOD)

**Present Positions**

- Assistant Managing Director, The Viriyah Insurance Company Limited
- Member of Board of Directors, Sansiri Public Company Limited
- Member of Board of Directors, Accounting – Financial & Investment, The General Insurance Association
- Member of Board of Directors, Enterprise Risk Management, The General Insurance Association

**Previous Position**

- Head of Finance and Investment, The Viriyah Insurance Company Limited



**Air Vice Marshal Chulcharoon Sangngampa**  
Director and Independent Director  
Age 47 years

**Education**

- German Air Force Officer School
- Air Command and Staff College (Class 31)
- Air War College (Class 30)
- B.B.A., Valaya Alongkorn Rajabhat University under The Royal Patronage
- Certificate in Politics and Governance in Democratic Systems for Executive Course (Class 12), King Prajadhipok's Institute

**Training**

- Director Certification Program
- Financial Statements for Directors
- Audit Committee Program

**Present Position**

- Royal Thai Air Force Expert

**Previous Positions**

- Committee on Communications Advisor, The National Legislative Assembly
- Advisor, Chairman of Board of Directors, TOT Public Company Limited (General Montri Supaporn)



**Mr. Schitt Laowattana**  
 Director and Independent Director  
 Age 49 years

**Education**

- Ph.D. Engineering, Carnegie Mellon University, U.S.A. (Fulbright Fellowship)
- M.Eng., Carnegie Mellon University, U.S.A.
- B.Eng. (Honours), King Mongkut's University of Technology Thonburi
- Certificate of Precision Engineering, Kyoto University, Japan (Monbusho Fellowship)

**Training**

- Advanced Audit Committee Program, Thai Institute of Directors (IOD)
- Finance for Non-Finance Director, IOD
- Understanding the Fundamental of Finance Statement, IOD
- Director Certification Program, IOD
- Monitoring the Internal Audit Function, IOD
- Audit Committee Program, IOD
- Monitoring of the Quality of Financial Reporting, IOD
- Monitoring the system of Internal Control and Risk Management, IOD
- Monitoring Fraud Risk Management, IOD
- Role of the Chairman Program, IOD

**Present Positions**

- Director, Institute of Field Robotics (FIBO), King Mongkut's University of Technology Thonburi
- Member of Board of Directors, Krung Thai Computer Company Limited
- Member of Board of Directors, Government Savings Bank, Ministry of Finance
- Member of Board of Directors, Thai Engineering and Business Company Limited

**Previous Positions**

- Member of Board of Directors, King Mongkut's University of Technology
- Member of Board of Directors, Mahanakorn University of Technology



**Mr. Veerathai Santiprabhob**  
 Director and Independent Director  
 Age 41 years

**Education**

- Ph.D. (Economics), Harvard University, U.S.A.
- M.A. (Economics), Harvard University, U.S.A.
- B.A. (Economics) (1st Class Honors), Thammasat University

**Training**

- Director Accreditation Program, Thai Institute of Directors

**Present Position**

- Executive Vice President & Chief Strategy Officer, The Stock Exchange of Thailand

**Previous Positions**

- Member of The Board of Directors, SCB Securities
- Member of The Board of Directors, Siam Commercial New York Life Insurance Public Company Limited
- Executive Vice President, Siam Commercial Bank Public Company Limited
- Economist, International Monetary Fund



**Mr. Wanchart Santikunchorn**  
 Director and Independent Director  
 Age 58 years

**Education**

- Thai Barrister-at-Law, Thai Bar Association
- LL.B., Thammasat University

**Training**

- Director Certification Program, Thai Institute of Directors (IOD)
- Financial Statements of Directors, IOD

**Present Position**

- Deputy Director-General, Department of The State Attorney Commission

**Previous Positions**

- Executive Director, Department of Legal Counsel, Office of the Attorney General
- Secretary to the Deputy Attorney General
- Chief Public Prosecutor of Chonburi
- Chief Public Prosecutor of Sukhothai
- Chief Public Prosecutor of Suphanburi
- Chief Public Prosecutor of Prachinburi



**Mr. Viboondhat Sudhantanakit**  
 Director  
 Age 55 years

**Education**

- M.B.A., Thammasat University
- LL.B., Chulalongkorn University

**Training**

- Director Accreditation Program, Thai Institute of Directors (IOD)
- Financial Statements of Directors, IOD

**Present Position**

- Director-General, National Statistical Office

**Previous Positions**

- Deputy Permanent Secretary, Office of Permanent Secretary, Ministry of Information and Communication Technology
- Inspector-General, Office of the Permanent Secretary
- Vice Governor of Amnat Charoen
- Vice Governor of Chai Nat



**Mr. Sayan Satangmongkol**  
 Director / Independent Director and Director  
 and Chairman of Audit Committee  
 Age 63 years

**Education**

- M.B.A., Thammasat University
- B.S. (Agricultural Economics), Kasetsart University

**Training**

- Senior Executive Program (SEP), Sasin Graduate Institute of Business Administration of Chulalongkorn University
- The Public Director Certification Program, Public Director Institute, King Prajadhipok's Institute and State Enterprise Policy Office in collaboration with Office of the Public Sector Development Commission (Class 5)
- Audit Committee Program, Thai Institute of Directors (IOD)
- Directors Certification Program, IOD
- Finance for Non-Finance Directors, IOD
- Director Accreditation Program, IOD
- Role of the Compensation Committee, IOD
- Re – Refresher, IOD

**Present Positions**

- Director and Chairman of Audit Committee, Islamic Bank of Thailand
- Director and Chairman of Audit Committee, Krung Thai Legal Service Company Limited

**Previous Positions**

- Member of Board of Directors, The Bangchak Petroleum Public Company Limited
- Member of Board of Directors, Thai Natural Gas Company Limited
- Senior Executive Vice President, President-Managing Director, Risk Management, Krung Thai Bank Public Company Limited
- Senior Executive Vice President, President-Managing Director, Internal Audit, Krung Thai Bank Public Company Limited



**Mr. Varut Suvakorn**  
 Director and President and CEO  
 Age 56 years

**Education**

- Hon.D. (Management), Rajabhat Maharakham University
- B.A. (Accounting), Chulalongkorn University
- Certificate, Mini MBA (Class 12), Kasetsart University
- Diploma, The Joint State-Private Sectors, National Defence College of Thailand (Class 18)
- Certificate in Politics and Governance in Democratic Systems for Executives Course, King Prajadhipok's Institute (Class 13)
- Certificate, Leader Program, Capital Market Academy (Class 11)

**Training**

- Role of the Chairman Program, Thai Institute of Directors (IOD)
- Audit Committee Program, IOD
- Director Certification Program, IOD
- Monitoring the System of Internal Control and Risk Management, IOD

**Present Positions**

- President, TOT Public Company Limited
- Member of Board of Directors, ACT Mobile Company Limited
- Member of Board of Directors, Thai-Amadeus Southeast Asia Company Limited

**Previous Positions**

- Senior Executive Vice President (Investment Management), TOT Public Company Limited
- Executive Vice President (Joint Venture Management), TOT Public Company Limited

**Directors' Attendances at the Board Meetings and Special Issue Committee Meetings  
 (From January – June 2010)**

Name	Board of Directors	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management Committee	Good Corporate Governance Committee	Affair Relations Committee
Prof. Dr. Teravuti Boonyasopon	12/12						
General Viddhavat Rajatanun	12/12						
Mr. Pongpanu Svetarundra	6/12		2/2		4/4		
Mrs. Sirinuj Bisonyabut	6/12			1/1			
Mr. Angsumal Sunalai	9/12			0/1		3/3	3/3
Police Colonel Suchart Wonganancha	8/12	3/4					
Mr. Vichai Srikwan	8/12						
Mr. Chavalit Saleepol	11/12	4/4					
General Vichit Yathip	8/12				4/4		
Mr. Chanvit Amatamatucharti	12/12	3/4	2/2	1/1		3/3	
Mr. Kasem Rungtanakiat	11/12					1/3	
Mrs. Varanuj Hongsaprabhas	5/12						
Mr. Varut Suvakorn	12/12						

Remark: In the table above, the figures, e.g. ½, represent the number of attendances out of the total number while being in office.

**Directors' Attendances at the Board Meetings and Special Issue Committee Meetings  
 (From July – December 2010)**

Name	Board of Directors	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management Committee	Good Corporate Governance Committee	Affair Relations Committee
Mr. Areepong Bhoocha-oom	13/13						
Mr. Boonmark Sirinaovakul	13/13						
Mr. Kulit Sombatsiri	11/13						
Mr. Schitt Laowattana	12/13	5/5					
Mrs. Wanee Thasanamontien	12/13						
Mr. Akasit Wansom	13/13				1/1		
Mr. Veerathai Santiprabhob	7/13						
Mrs. Nujchanart Panthawangkun	12/13				2/3		
Mr. Wachart Santikunchorn	13/13						
Air Vice Marshal Chulcharoon Sangngampa	13/13	5/5					4/4
Mr. Viboondhat Sudhantanakit	11/13				3/3		
Mr. Sayan Satangmongkol	12/13	5/5					
Mr. Varut Suvakorn	12/13						

Remark: In the table above, the figures, e.g. ½, represent the number of attendances out of the total number while being in office.

Meeting Allowances and Bonuses for the Board of Directors in 2010

Name	Board Meeting Allowance	Special Issue Committee Meeting Allowance	Bonus in 2009 as Paid in 2010	Total
<b>The Board of Directors (January – June 2010)</b>				
Prof.Dr.Teravuti Boonyasopon	75,000.00	0.00	150,000.00	225,000.00
General Viddhavat Rajatanun	60,000.00	75,000.00	120,000.00	255,000.00
Mr.Pongpanu Svetarundra	60,000.00	70,000.00	120,000.00	250,000.00
Mrs. Sirinuj Bisonyabut	50,000.00	30,000.00	120,000.00	200,000.00
Mr.Worapat Tiewthanom	0.00	0.00	37,000.00	37,000.00
Mr.Angsumal Sunalai (substitute)	60,000.00	50,000.00	83,000.00	193,000.00
Mr.Khemchai Chutiwongse	0.00	0.00	9,032.26	9,032.26
Mr.Phairach Pornsomboonsiri	0.00	0.00	94,193.55	94,193.55
Police Colonel				
Suchart Wongananchai (substitute)	50,000.00	75,000.00	0.00	125,000.00
Mr.Vichai Srikwan	60,000.00	0.00	120,000.00	180,000.00
Police General Bunyarid Ratanaporn				
Mr.Chavalit Saleepol (substitute)	60,000.00	125,000.00	102,142.86	287,142.86
Major General Chawalit Kraisonsart				
General Vichit Yathip (substitute)	60,000.00	52,500.00	83,000.00	195,500.00
Mr.Chanvit Amatamatucharti	60,000.00	100,000.00	120,000.00	280,000.00
Mr.Kasem Rungtanakiat	60,000.00	60,000.00	112,903.23	232,903.23
Mr.Rathian Srimongkol	10,000.00	22,500.00	120,000.00	152,500.00
Mrs.Waranuch Hongprapat (substitute)	40,000.00	22,000.00	0.00	62,500.00
Mr.Varut Suvakorn	60,000.00	0.00	120,000.00	180,000.00

Meeting Allowances and Bonuses for the Board of Directors in 2010

Name	Board Meeting Allowance	Special Issue Committee Meeting Allowance	Bonus in 2009 as Paid in 2010	Total
<b>The Board of Directors (July – December 2010)</b>				
Mr.Areepong Bhoocha-oom	75,000.00	0.00	0.00	75,000.00
Mr.Boonmark Sirinaovakul	67,500.00	0.00	0.00	67,500.00
Mr.Kulit Sombatsiri	67,500.00	22,500.00	0.00	90,000.00
Mr.Schitt Laowattana	60,000.00	50,000.00	0.00	110,000.00
Mrs.Wanee Thasanamontien	60,000.00	0.00	0.00	60,000.00
Mr.Akasit Wansom	60,000.00	50,000.00	0.00	110,000.00
Mr.Veerathai Santiprabhob	50,000.00	30,000.00	0.00	80,000.00
Mrs.Nujchanart Panthawangkun	60,000.00	50,000.00	0.00	110,000.00
Mr.Wanchart Santikunchorn	60,000.00	62,500.00	0.00	122,500.00
Air Vice Marshal Chulcharoon Sangngampa	60,000.00	100,000.00	0.00	160,000.00
Mr.Viboondhat Sudhantanaki	60,000.00	30,000.00	0.00	90,000.00
Mr.Sayan Satangmongkol	60,000.00	62,500.00	0.00	122,500.00
Mr.Varut Suvakorn	60,000.00	0.00	0.00	60,000.00





1 | Mr. Varut Suvakorn  
President

2 | Mr. Tharnee Sricharoen  
Senior Executive Vice President - Senior Advisory Committee

3 | Mr. Apisak Narikawit  
Senior Executive Vice President- Senior Advisory Committee

4 | Mrs. Naengnoi Vananuvetchapong  
Senior Executive Vice President – Corporate Audit and Assurance

5 | Dr. Thusanai Piarabutr  
Senior Executive Vice President – Human Resources

6 | Mr. Sajja Muangthong  
Senior Executive Vice President – Enterprise Effectiveness

7 | Mrs. Vatcharee Tupcharoen  
Senior Executive Vice President – Finance



8 | Dr. Montchai Noosong  
Senior Executive Vice President – Investment Management

9 | Mr. Pichet Angchanpen  
Senior Executive Vice President – Property Management

10 | Dr. Arnon Tubtiang  
Senior Executive Vice President – Core Network

11 | Mr. Morakot Thienmontree  
Senior Executive Vice President – Marketing and Product Development

12 | Dr. Kamthon Waitayakul  
Senior Executive Vice President – Mobile Business

13 | Mr. Nathawat Bhasayavan  
Senior Executive Vice President – Wireless and Universal Services Obligation

14 | Mr. Thawee Petchsuwan  
Senior Executive Vice President – Metropolitan Sale and Customer Service

15 | Mr. Noppanat Hutacharoen  
Senior Executive Vice President – Regional Sale and Customer Service



16 | Mr. Nopparat Maythaveekulchai  
Executive Vice President – Senior Assistant

17 | Mr. Yingsak Srisuksawad  
Executive Vice President – Senior Assistant

18 | Mr. Pituck Kamarat  
Executive Vice President – Legal

19 | Mr. Chao Punrungchitti  
Executive Vice President – Corporate Strategy : Enterprise Effectiveness

20 | Mr. Suparnit Tupinprom  
Executive Vice President – Quality and Business Process : Enterprise Effectiveness

21 | Mrs. Preeya Danchaivijit  
Executive Vice President – Finance and Accounting : Finance

22 | Mr. Yongyuth Wattanasin  
Executive Vice President – Engineering : Core Network

23 | Mr. Jumpon Thanasopon  
Executive Vice President – Operations : Core Network



**24** | Miss. Jantana Techasirinugool  
Executive Vice President – Product Development : Marketing and Product Development

**25** | Miss. Poompairtip Eamsopa  
Executive Vice President – Marketing : Marketing and Product Development

**26** | Mrs. Pavinee Pornpermsook  
Executive Vice President – Enterprise Customer Sales and Services : Marketing and Product Development

**27** | Mr. Niwat Kimtrakool  
Executive Vice President – Mobile Corporate Development : Mobile Business

**28** | Mr. Chate Phanchan  
Executive Vice President – Mobile Technology : Mobile Business

**29** | Mrs. Sarinya Chaiprasert  
Executive Vice President – Mobile Material Management and Legal : Mobile Business

**30** | Mr. Somchai Tienghongsakul  
Executive Vice President – Metropolitan Sale and Service 1 : Metropolitan Sale and Customer Service

**31** | Mr. Kajhonsak Eamsopa  
Executive Vice President – Metropolitan Sale and Service 2 : Metropolitan Sale and Customer Service



**32** | **Mr. Deacha Mongkolrat**  
Executive Vice President – Metropolitan Sale and Service 3 : Metropolitan Sale and Customer Service

**33** | **Mr. Narulcha Chittreekan**  
Executive Vice President – Metropolitan Sale and Service 4 : Metropolitan Sale and Customer Service

**34** | **Mr. Charnchai Buranabanyat**  
Executive Vice President – Regional Sale and Service 1 : Regional Sale and Customer Service

**35** | **Mr. Somsak Mahaviryo**  
Executive Vice President – Regional Sale and Service 2 : Regional Sale and Customer Service

**36** | **Mr. Rungsun Channarukul**  
Executive Vice President – Regional Sale and Service 3 : Regional Sale and Customer Service

**37** | **Mr. Chettar Kornrakun**  
Executive Vice President – Regional Sale and Service 4 : Regional Sale and Customer Service

**38** | **Mr. Prayoon Ampapun**  
Executive Vice President – Regional Sale and Service 5 : Regional Sale and Customer Service



*The Network under Corporate Social Responsibility,  
for the Strength and Sustainability of Future*

TOT is well aware that educational opportunities are an important foundation of national development. Therefore, the best telecommunications network is developed, with quality and prevalence, in each community as a gateway to education; as a bulwark for a secure society; and as a return to environmental balance, all of which will bring about a strong and sustainable future both for the country and its people.



### Policy of corporate social responsibility

TOT has a strong commitment to Corporate Social Responsibility (CSR) and has established its 2010 CSR policy and strategy in "TOT conserving the World" on Green IT concept. This involves a joint effort by all personnel in the Company including the Board of Directors, the management, and employees as well as the public in "giving back to society" and developing an enduring nation through building a Green IT network. This is an important root that will make branches of society strong and long-lasting.

### Plan, Projects and Activities of Corporate Social Responsibility

#### TOT Young Club Project

TOT Young Club focuses on Green IT concepts in order to build awareness of environmental problems and use of natural resources. It encourages the younger generation to participate in conserving the environment and in developing a quality environment with particular emphasis on understanding those aspects of the environment which are nearby in the surrounding community and area. It also encourages a pride and love for one's own community area through activities and learning about the environment.

Over 200 schools throughout the country are currently participating in this project involving more than 70,000 junior high school students. TOT Young Club youth and environment camps have organized the following activities: In the Central Region, the Handmade Book Contest and the Essay and Illustrated Drawing Contest on "Protecting the Environment". In the Northern Region, Web Blog Competition and the creation of the Virtual Web. In the Northeastern Region, the "One Idea, Thai Kids Care for Environment" camp. In the Eastern Region, the Blog Cyber Share Contest on protecting the environment entitled "The New Generation". In the Southern Region, the Cyber Camp World Care for 60 selected members of the project from 14 schools in 7 southern provinces - Nakonsithammarat, Krabi, Phuket, Pangna, Surathani, Chumpon, and Ranong. Also, in the South, the campaign for environmental preservation through planting trees in a mangrove swamp at Mu Ko Chumpon National Park and the commencement of a blog webpage to boost online sharing and caring about the environment.

Additionally, TOT carries out social projects by extending opportunities to access information technology from urban areas to remote areas to reduce the digital divide. These projects enable more people to access services related to education, medicine, and public health. Also to support projects and activities that assist communities and projects relating to education and learning opportunities for Thai youth.

#### TOT IT School Project

TOT initiated the IT School Project in 2004 in response to a government policy to eliminate the education gap between children in cities and children in rural areas by offering IT classrooms to schools in remote areas.

This provides the opportunity for experience in using IT, for gaining a wider knowledge of the world, and for developing enduring wisdom for students as well as residents of those communities.

The project supports 80 underprivileged schools nationwide. In phase 1-3, service was provided to 35 schools - 7 in the Central region, 7 in the Northeastern region, 7 in the North region, 7 in the Eastern region, and 7 in the Southern region. Phase 4 commemorated the auspicious occasion of the 80th Birthday of His Majesty King Bhumibol of Thailand as well as ongoing social commitment by providing IT classrooms to 45 schools in 43 provinces around the country.

In this project, TOT works with the selected schools to modify and furnish a school room to be an IT classroom and provides IT equipment and an ADSL modem for connecting to TOT high-speed Internet. In addition, TOT provide copyright programs including Macromedia Dreamweaver MX and Photoshop CS8 for Windows Office as well as computer desks and book cabinets with IT textbooks. This enhances young people's chances of learning outside the classroom, not only about the wider world but also about various academic subjects. It enables them to use imagination and exchange knowledge in the classroom making learning more lively and interesting and makes them enjoy learning about new things.

#### Satellite Distance Learning

TOT has been able to serve His Majesty the King by contributing a telecommunications network and Internet network for broadcasting distance learning material through satellite from Wang Klaiangwon School, Hua Hin district, Prachuabkirikhan province. This project is under the patronage of His Majesty the King and has broadcasted to over 11,000 schools throughout Thailand since His Majesty's Birthday on December 5, 1995. In collaboration with the University of Oregon, United States of America, distance training was extended to teachers by the Office of the Basic Education Commission (OBEC) and private schools to enhance teacher's knowledge and skills in teaching young people.

Because of His Majesty's generosity in allowing TOT to participate in the "Satellite Distance Learning" project, TOT was presented with the Outstanding Social Programs Award in 2006 by the Ministry of Finance. This is considered an immense kindness of His Majesty.

#### Tele-Center Project for Educational and Community Development in Rural Areas

##### - Tele-Center Project for Educational and Community Development in Rural Areas in the Northeast Region

The Tele-Center Project for Educational and Community Development in Rural Areas in the Northeast Region is a cooperative project involving the National Telecommunications Commission (NTC), TOT Public Company Limited (TOT), King Mongkut's Institute of Technology North Bangkok (KMUTNB), and Rajabhat Maharakham University (RMU). The project's aim is to create a basic structure for disseminating knowledge, news, and learning to communities in order to enhance the nation's potential to compete. Emphasis is on development of information and communications technology to upgrade the quality of education so as to create a knowledge-based economy. The quality of life of Thai people is enhanced by establishing Tele-Centers at 20-21 high schools in Maharakham province. Each center is supplied with 20 personal computers and a printer which can be used for accessing teaching materials, e-books, and various source materials from King Mongkut's Institute of Technology North Bangkok and Rajabhat Maharakham University. TOT arranged system improvement or 1-2 Mbps high speed Internet access over ADSL, WiMAX, or satellite IP Star as appropriate.

##### - Tele-Center Project for Educational and Community Development in Rural Areas in Chiang Rai

The Tele-Center Project for Educational and Community Development in Rural Areas in Chiang Rai is a collaborative effort of the National Telecommunications Commission, TOT Public Company Limited,

and Mae Fah Luang University. It honors the 60th Anniversary Celebrations of H.M. the King Bhumibol Adulyadej's Accession to the Throne and the Auspicious Occasion of His Majesty the King's 80th Birthday Anniversary on December 5, 2007. The project period was three years (2006-2008) and had the aim of enhancing and expanding intellectual and competency development among teachers, students and people in remote areas. Innovative information technology was employed. Mae Fah Luang University selected primary schools in Chiang Rai province which lacked information technology development and which were located within a 30-kilometre radius from the university station. Approximately 20 schools were piloted, and were supplied with 20 personal computers. TOT was responsible for procurement, installation, test and maintenance of network and devices, and data collection and arrangement, as well as providing teaching materials in science, mathematics, and technology.

#### Royal Project for Border Patrol Police Schools

Four groups cooperated in this project, namely the Project Office of Her Royal Highness Princess Maha Chakri Sirindhorn, the Border Patrol Police Bureau, the Department of Health Services Support, and the Department of Alternative Energy Development and Energy Conservation. The project responds to the wishes of Her Royal Highness Mahachakri Sirindhorn that people in isolated and high-risk areas be provided with good medical and public health services. TOT supported the project by providing telephone service, 1-2 Mbps Internet access over IP STAR satellite system for basic telemedicine communication between community hospitals and seven royal health clinics located in the Border Patrol Police school at the Thai Commemoration Buddhist Art Conservation Club, Ban Saen Kham Lue, Maehongson province; Ban La-o Border Patrol Police school, Narathiwat province; Ban Ai Bue Tae Border Patrol Police school, Narathiwat province; Ban Pong Luek (Naresuan branch, Ban Huay Sok), Petchburi Province; Lay Tong Ku Border Patrol Police school; Ban Mae Jan Tha Border Patrol Police school, Tak province; and Ban Ti Lai Pa Border Patrol Police school, Kanchanaburi province. As a result, telemedicine consultancy services could be offered outside normal clinic operation hours. The mobile clinic project gained benefit from national broadband which enabled people at all locations to access the Internet. Medical volunteers from Srinakharinwirot University (SWU) spent their spare time, outside their normal study schedule, to provide telemedicine advice to all seven royal clinics and enhance the efficiency of medical and public health services.

#### School Internet Center Project

This project was developed as part of the 2nd phrase of the Universal Service Obligations (USO) required by the National Telecommunications Commission or NTC. TOT installed high speed Internet service and fixed telephones in 129 schools. The Board of Directors and the management of TOT participated in the opening ceremony of the School Internet Center on December 17, 2010 at Sai Thong Ratch-U-Thit School, Samerng District, Chiang Mai province. TOT provided 4 Mbps high speed Internet and 12 computers, as well as a number for each fixed telephone and public phone. Technologies employed in the project were TOT satellite, copper cables, and ADSL network.

#### Education Scholarship project

TOT launched the "TOT Giveaway Set Project" to provide under-privileged students in rural community schools with funds for education. As part of TOT's commitment to Corporate Social Responsibility, these education scholarship to children and youth contribute to key manpower for the future development of the country. TOT has been providing "TOT Giveaway Sets" since 2007.

#### 2010 Universal Service Obligation : USO

The National Telecommunications Commission (NTC) has prescribed that Type 2 licensees with own telecommunications network and Type 3 licensees are responsible for the provision of universal basic telecommunications and social services as specified by the Commission. "Any license applicant failing to lodge a letter of intention within the prescribed time according to paragraph one shall be deemed as being unable to provide the universal basic telecommunications and social services and shall be required to allocate a portion of its revenue to a fund under Clause 9". This requirement is effective as of October 5, 2009.

NTC added and repealed statements in Clause 1, paragraph 2 of the first edition of the NTC Notification on Criteria and Procedure for the Provision of Universal Basic Telecommunications and Social Services and replaced it with the following:

"Basic telecommunication services" means telephone and Internet services with no restrictions on the type of technology applied and the nature of applications, which may include terminal equipment, software or other components needed for the use in communications in order to facilitate public access to basic telecommunications services in an appropriate and efficient manner."

"Universal basic telecommunication services at community level" means all people in areas prescribed by the commission are able to access good quality basic public communication services at a suitable cost. ."

#### NTC had prescribed the tasks and targets for the licensees as follows:

- 2.1 Providing universal telephone services at community level in areas prescribed by the Commission.
- 2.2 Providing Internet service at community level in areas prescribed by the Commission by promoting the establishment of community internet services centers that provide easy access to the service. The service provision may include computer equipment and software as well as provision of training to increase knowledge and skills essential for the service users;
- 2.3 Providing telephone and Internet services to public organizations as prescribed by the Commission. The service may include computer equipment and software as well as training to increase knowledge and skills essential for the personnel of those public organizations and service users to develop their competence in using the internet service;
- 2.4 Promoting and supporting the supply and development of technology relating to equipment and telecommunication service to facilitate easy access to basic telecommunication services for the disabled, children, the elderly, and underprivileged. The provision may include the supply of computer equipment or software suitable for use, training in telecommunications to increase knowledge and skills as well as financial assistance to enhance opportunity to use basic telecommunication services. The provision of services according to items 2.1 – 2.2 shall include appropriate maintenance services.



### TOT Universal Services Obligation according to the NTC Notification

#### 2.1 2010 Universal Service Obligation Phase 2

TOT has submitted a letter of intention to the Commission and lodged an annual action plan according to NTC Criteria, Procedures and Condition for the Provision of Universal Basic Telecommunications and Social Services (2010) as notified on January 8, 2010. The TOT Work Plan that was approved is as follows:

- (1) Install 324 community payphones as prescribed by the NTC Notification Clause 3.1
- (2) Install one fixed line service, one payphone, and provide high-speed internet service in each of 129 schools prescribed by the NTC Notification Clause 3.2
- (3) Install high speed internet service in 104 communities prescribed by the NTC Notification Clause 3.3.
- (4) Maintain universal basic telephone and social service phase 1 for 3 years from October 6, 2009 – October 5, 2012 covering 21,605 numbers as follows:
  - (4.1) 8,654 payphones in 4,327 villages
  - (4.2) One fixed line and one payphone for each of 2,702 health centers (5,404 numbers)
  - (4.3) Community payphones in 848 communities (848 numbers) as prescribed by the NTC.
  - (4.4) 6,500 payphones for the disabled (6,500 numbers)
  - (4.5) One fixed line and one payphone for each of 95 border patrol police schools.

#### 2.2 Performance in 2010

- (1) Installation of payphone service, fixed line, and high speed internet prescribed by the NTC Notification on January 8, 2010 Clause 3.2 in one prototype school at Sai Thong Rad Utit, Samerng District, Chiang Mai Province.
- (2) Installation of community internet service prescribed by the NTC Notification on January 8, 2010 in one prototype community at Sae Au Community, Sae Au Sub-District, Wattana Nakhon District, Sra Kaew Province.

In 2010, TOT was the only company able to provide payphone, fixed line, and high speed internet service for one school and high speed Internet service for one community. The above mentioned school and community were also offered as prototype sites to other licensees to provide universal basic telecommunication services and social services. The success of service provision at those two prototype sites show that TOT is ready to provide all types of telecommunication services on an on-going basis.



TOT strongly believes that good corporate governance is a key element in business performance and management that leads to sustainable corporate growth and confidence on the part of shareholders and other stakeholders. The basic policies of TOT corporate governance have been set by the board. There are eight policies that all executives and staff are expected to strictly adhere to as follows:

1. **Accountability:** Responsibility for one's own decisions and actions and the ability to explain the reasons for one's decisions.
2. **Responsibility:** Responsibility for the performance of one's duties and assigned tasks to the best of one's knowledge, ability, and circumspection. One's actions should always comply with laws and regulations and be in the best interest of TOT.
3. **Equitability:** Equal, fair and reasonable treatment of all stakeholders.
4. **Transparency:** Business operation which is open and verifiable in a way that information can be disclosed to the public and all related parties.
5. **Vision to create long-term value.**
6. **Ethics:** Ethical conduct in business operations pursuant to rules and regulations including working for the highest benefit of the corporation.
7. **Good Citizenship:** Being a good citizen of the Company and the society at large.
8. **Human Dignity:** Respecting the value of people and humanitarian values.

#### Practices relating Good Corporate Governance

TOT has set a variety of guidelines of good practice to help increase the work efficiency of all TOT staff. The effectiveness of work procedures, including their transparency, can be verified and builds confidence and trust among all parties. It also increases the value of the Company over the long term. The best practices relating to Good Corporate Governance consist of:

1. Best practices in internal control to ensure that the Company achieves its established objectives efficiently and effectively in terms of operation, financial reporting, and compliance with applicable laws and regulations.
2. Best practices in risk management to assist executives in implementing operating procedures and risk management covering the whole corporation following generally recognized international standards established by the Committee of Sponsoring Organizations of Enterprise Risk Management. (COSO-ERM). It reaffirms confidence in dealing with risk functions and development under the set framework.
3. Best practices in human resource management to recruit, develop, and take care of good and skillful personnel. This leads to professional performance in work duties and links to the strategic and business goals of the Company.
4. Best practices in material management to assure procurement that is fair and reasonably-priced. Procurement planning and implementation is clear and according to set standards which personnel are required to strictly adhere to. Fairness and transparency must be open to inspection to all related parties at all times.
5. Best practices in telecommunication networks and information technology in order to enhance the quality of the Company's telecommunications business and develop its telecommunications network in order to boost operational efficiency and promote the various businesses of the Company.
6. Best practices in handling conflicts of interests in order for business decisions to be made in a straight-forward manner,

for them to be disclosed and to maintain the good image of the Company and to follow conflict of interest policies.

7. Best practices relating to gifts, assets or other benefits to sustain the corporate reputation as a leading telecommunication company which is run with integrity and in accordance with the law and principles of good corporate governance.

8. Best practices in maintaining confidentiality and use of information in order to prevent inside information being used for personal interests or supplied to outsiders. In so doing, business loss and damage to the Company's reputation are avoided.

9. Best practices relating to care for the environment and society so that the policy of caring for the environment and society can be actually implemented according to the set targets.

10. Best practices in security, occupational health and working environment to encourage safety and a sound work environment among all employees, enhancing work efficiency and effectiveness, including protecting the Company from loss and supporting the corporate image.

### Role of Good Corporate Governance Committee

TOT strives to set good corporate governance as practical guidelines for corporate performance through coordination and cooperation among the board of directors, executives, and all employees. This policy enables TOT to emphasize development of good governance as part of a four-year work plan (2010-2013). The goal is for the Company to be accepted as having good corporate governance and world-class quality standards that support long-term sustainable business growth.

In 2010, the Board of Directors appointed members of the Good Corporate Governance Committee as follows:

1. Mr.Angsumal	Sunalai	Chairman
2. Mr.Chanvit	Amatamatucharti	Committee Member
3. Mr.Kasem	Rungthanakiat	Committee Member
4. General Bandit	Malai-arisoan	Advisory Committee

The main duties of the Good Corporate Governance Committee include formulating and reviewing the Company's good corporate governance principles so that its policies and targets are clear, to oversee the Company's operational procedures and the performance of the Board of Directors and other ad hoc committees as well as to ensure that executives and staff consistently follow the good corporate governance practices in a manner appropriate to TOT's business and in line with international standards. The Committee sends reports to the Board of Directors recommending appropriate improvements to good corporate governance procedures and also monitors the release of information relating to good corporate practices to stakeholders and the general public.

A change in members of the Board of Directors in July 2010 affected the good corporate governance committee. At present, the new board is in the process of electing the new Good Governance Committee.

### 2010 Good Corporate Governance Outlook

In order to enhance good corporate governance, TOT has:

- Reviewed the TOT Code of Conduct;
- Issued a TOT code of ethics in compliance with the Constitution of the Kingdom of Thailand B.E.2550;
- Reviewed the good corporate governance plan for 2011;
- Initiated a campaign on practices related to safety and a plan for implementing relevant regulations on electronic safety;
- Published information on good corporate governance on the Company's main website (www.tot.co.th);
- Adjusted the operation plan in accordance with the service culture shift project 2010;
- Maintained ongoing communication with all staff regarding practices of good corporate governance throughout the year.

### Development of the Board of Directors

- Created an annual development plan (2010) for the Board of Directors emphasizing their role in improving efficiency both in policy making and supervision.
- Created a self-assessment mechanism for the Board of Directors and discussed results during a meeting of the Board.
- Improved skills and developed knowledge of the Board of Directors through organizing training courses and both domestic and international study visits.
- Disseminated information on the "TOT Board of Directors' Agenda" website as a information resource directors and top executives.
- Provided orientation for newly-appointed directors to enhance their knowledge and understanding of the business and current situation of the Company.

The policy of the TOT Board of Directors is to focus on maintaining a good internal system within the organization which conforms to the rules of the Office of the Auditor General of Thailand (OAG). The Standards of Internal Control are a vital tool for executives to use in effective risk management. Moreover, the company makes use of its unique strengths to increase business opportunities and create greater capacity for competition and sustainable growth. The audit committee has the responsibility to review the effectiveness and efficiency of the internal control system and to assure that this system operates at an acceptable risk level that is appropriate to the work environment.

The internal control system is established by the TOT Board of Directors, the management, and employees at all levels. Integrated risk management complies with the standards of the Office of the Auditor General of Thailand (OAG) which are as follows :

**1. Control environment :** TOT is aware of the importance of a good control environment which is a part of the internal control system. The organizational structure is clear with written job responsibilities. Key performance indicators (KPIs) are used as a working guideline for evaluating employee performance. Furthermore, the management policy and administrative approach of human resources management is also clearly stated in writing. Basic knowledge in terms of education and necessary skills to do a particular job is analyzed so that staff are capable of carrying out their assignments as specified in the job description of each particular position. An operational handbook is provided to expedite effective performance. Directors, management, and employees are required to sign a code of ethics to ensure honesty and integrity and a list of possible conflicts of interest with TOT is complied. These serve as a guideline for good practice, transparency, internal and external audit, and risk management of vital business operations.

**2. Risk assessment :** TOT exercises due caution in the carrying out of its business operations realizing that risks can arise from both internal and external factors. The Company emphasizes the importance of risk management. The Risk Management Committee is responsible for establishing the scope of risk management policy for the whole company covering continuous risk assessment for both corporate and individual work units. The committee provides analysis on the causes of such risks and their possible affects, sets measures and activities that may safeguard or reduce those risks, appoints those responsible, sets procedural timeframes, and establishes alarm systems to indicate abnormal situations and sets measures to prevent risks or keep them at an acceptable level. A risk management manual is published at regular intervals and reviewed every year. The risk management department carries out these duties and reports regularly to the risk management committee.

**3. Control activity :** TOT has clearly stated policies, work procedures, and responsibilities for all positions at all levels including category of duties, responsibilities, assignment of authorization, and establishment of Key Performance Indicators (KPI) to evaluate work performance for all employees throughout the Company. Furthermore, control mechanisms have been established to prevent or reduce errors that might occur and work outcomes are cross-checked by the management. Internal control for finance and accounting deals with saving and retention of cash, disbursement, bank deposits, advanced money and reconciliation. Accounting entries are recorded in full, accurately, and regularly. Moreover, TOT places great importance on complying with relevant laws and has a legal office which provides consultation before proceeding with any issue. This office also follows up closely as issues proceed.

**4. Information and communication system** : TOT has established the information and communication systems necessary for management and staff via various types of network systems and public relations. These improve understanding and make carrying out duties easier and more effective. TOT has also set up an internal knowledge data base which enables all staff to access various forms of knowledge that they need to perform their duties. TOT has also established a Knowledge-Based Society (TOT KBS) which is operated through the Company intranet and can be accessed by non-TOT staff through the Company website [www.tot.co.th](http://www.tot.co.th).

**5. Monitoring and evaluation** : TOT has established an internal control monitoring and evaluation system that monitors work performance in real time while staff are actually carrying out work activities. The system consists of such things as data analysis and accuracy tests as well as evaluation at specific times accompanied by control self assessment which is an assessment carried out by a group of workers within the particular department according to its control self assessment manual. This results in continuous and effective internal control appropriate to a changing business environment and to independent assessment - assessment made by persons not directly involved with performance functions such as internal auditors, external auditors, and external consultants. Assessment is based on comparative analysis of performance with work plans and Key Performance Indicators (KPIs), including cause analysis in cases where actual results are significantly different from the set operation plan and criteria. The results are submitted to management for consideration and for action when necessary along with follow-up summaries of adjustments made.

TOT has expressly formulated policies and guidelines with regard to safeguarding confidential and inside information in accordance with TOT's regulation Ror Bor 4/2551 which relates to the Official Information Act, B.E. 2540 (1997). This prevents board members, top management, and all employees from exploiting TOT inside information for their own or others interests. All must strictly safeguard and avoid disclosure of inside information which is deemed confidential and prevent it from being leaked to outsiders. Using inside information is allowed solely within the applicable framework of employee's duties and responsibilities. In addition, TOT personnel must not exploit information gained while employed at TOT as board members, executives or employees for personal gain or to be used in competition with TOT or any of its related subsidiaries. All staff must comply with TOT's Code of Practice B.E.2553 (2010). Disclosure of confidential information to the general public must be in compliance with the outlined framework, or authorized by the Board or the President. This is to ensure that the Board and management conduct their business with integrity and transparency in line with the good corporate governance policy of TOT.



## Risk Management Policy

TOT strives to mobilize its risk management to support achievement of Company targets based on strategic and business plans; especially in increasing profit and maintaining liquidity through the following risk management policies:

1. Quickly establish risk management, especially reducing strong negative impacts on the Company in the future, such as disputes with private contractors, tax burdens of juristic persons resulting from access charges, and illegal amendments to contract appendices, including customer transfers to new networks of concession companies.
2. Give importance to risk management to successfully achieve established targets and complete important projects, such as broadband Internet service, which will increase revenue and strengthen TOT as well as compensate for the decline in fixed line and public telephones.
3. Establish a direction for risk management in terms of policy and operation in accordance with notifications and regulations of the National Telecommunications Council including possible impacts resulting from the Organization Allocating Frequencies and Supervising Radio Broadcasting, Radio Television and Telecommunication Business Act, B.E. 2553, which may significantly affect the Company's liquidity and revenue.
4. Expedite communication and understanding among employees at all levels in TOT regarding the most important risk factors that might affect the Company including management initiatives such as financial measures to increase revenue and reduce costs. Managing risks and attaining targets requires the cooperation of all employees.

## Corporate High Risk Management

### • Strategic Risk

The process of implementing strategy in action plans and projects is a high risk issue for TOT when indicators of revenue growth from TOT services are considered. Plans and projects are launched to increase revenue and compensate for a decline in income from fixed line and less dependent on concession revenue. These new initiatives include the 3G cellular network construction project and hi-speed Internet service.

### • Operational Risk

Competition has undeniably been fiercer as shown in the number of customer transfers. Therefore, TOT gives emphasis to maintaining its existing customer base and extending ADSL and 3G custom segmentation. Higher income, higher levels of customer satisfaction, and improved corporate image are the key performance indicators (KPI). This risk is dealt with through plans for service quality enhancement, network improvement, and new customer service systems.

### • Financial Risk

TOT focuses on profitability and liquidity management driven by setting targets based on key performance indicators (KPI) including earnings before interest, taxes, depreciation, and amortization (EBIDA margin); Return on Assets (ROA); and Return on Equity (ROE). Guideline on its risk management covers the settlement of financial measure to increase liquidity and earning profitability.

### • Compliance Risk

Disputes over concession contracts, abiding with notifications/regulations of the National Telecommunications Commission (NTC), and the Frequency Allocation Act significantly affect the Company's financial position and its overall ability to continue, partially because of cost burden and revenue loss. Risk management is implemented by improving the structure of the responsible unit, hiring consultancy services and the coordination with outside agencies in negotiation and legal procedures.

TOT has operated in accordance with the Official Information Act, B.E. 2540 since TOT established the Public Information Center on May 19, 1998. TOT issued an order on information disclosure and appointed the Information Service Committee to define a framework and procedure as an explicit guideline in line with the Act.

TOT has created a Public Information Center complete with equipment and staff for providing service advice to members of the public. The center is located in the Public Relations and Corporate Communication Section located on the first floor of Building 1, TOT Headquarters, 89/2 Moo 3 Chaengwattana Road, Thungsonghong, Laksi 10210. The center's telephone number is 0 2505 1218 and it is open every work day from 08:30 a.m. - 04.30 p.m.

## Information Service to the public

People can receive information services from TOT through a number of channels. The Public Information Center is one way that people can access information by themselves. Data is available via printed material, CD, Internet sites, and telephone. All of these are systematically indexed so that the information required is easily located.

Information availability at the Public Information Center is in compliance with the Official Information Act B.E.2540 (1997). Information provided includes organization structure and management, a list of TOT executives, concession contracts, joint operation and joint investment contracts, and contracts worth over 50 million baht. It also details work procedures which impact on rights and duties of the private sector, for example, documents and evidence required when requesting telecommunication services, service quality standards, and annual reports that disclose important information and summarize yearly performance.

In compliance with the Official Information Act B.E. 2540, regarding purchase and procurement, TOT has published bid and tender documents, as well as monthly procurement summary reports.

In addition to the aforementioned information, the Center supplies data on its products and services, periodicals published on special occasions, press releases, assorted brochures, and other information for the general public interest.

In 2010, TOT provided information at the Center to 515 visitors and 2,346 phone inquirers. The Center requests all customers to complete a satisfaction questionnaire and uses the data obtained to develop and enhance its information services. The results of the questionnaire indicate that, overall, customers were very satisfied with the Center's service.

## Information on the Internet

In 2010, TOT modernized its website (www.tot.co.th) which is provided in both Thai and English. The updated website is appropriate for a leading organization and is modern, attractive, and fast. It is effective and useful in maintaining good corporate public relations. This website provides yet another channel for the public to access TOT's services and enables people to find necessary documents that are available in the Information Center as well as other important information.

## Publishing of the Official Information in the Government Gazette

On January 14, 2010, TOT declared in the Government Gazette volume 127, part 9 ngor.0, its announcement on organization structure, chain of command, authority, and contact address to meet the requirements under Section 7 (1), (2) and (3) prescribed in the Official Information Act B.E.2540 (1997).

Operating Results : A Comparison Between 2010 and 2009

Unit : Million Baht

Details	2010	%	2009	%	Increase (Decrease)	
					Amount	%
1. Revenue from telecommunication services	27,045.9	37.0	26,266.4	37.0	779.5	3.0
2. Revenue from concession agreements	2,623.4	3.6	3,027.3	4.3	(403.9)	(13.3)
3. Revenue from revenue sharing agreements	20,018.3	27.4	18,404.7	25.9	1,613.6	8.8
4. Amortisation of deferred income – from concession agreements	21,595.7	29.6	21,202.7	29.9	393.0	1.9
5. Other services income	535.0	0.7	463.3	0.7	71.7	15.5
6. Other income	1,217.2	1.7	1,643.8	2.3	(426.6)	(26.0)
<b>7. Total Revenues</b>	<b>73,035.5</b>	<b>100.0</b>	<b>71,008.2</b>	<b>100.0</b>	<b>2,027.3</b>	<b>2.9</b>
8. Cost of services	20,940.8	28.7	20,149.5	28.4	791.3	3.9
9. Depreciation – assets from concession agreements	17,272.7	23.6	17,950.2	25.3	(677.5)	(3.8)
10. Selling expenses	2,052.4	2.8	1,713.2	2.4	339.2	19.8
11. Administrative expenses	18,571.8	25.4	18,612.5	26.2	(40.7)	(0.2)
12. Managements' remuneration	56.9	0.1	58.0	0.1	(1.1)	(1.9)
13. Other expenses	2,053.4	2.8	2,065.7	2.9	(12.3)	(0.6)
<b>14. Total Expenses</b>	<b>60,948.0</b>	<b>83.4</b>	<b>60,549.1</b>	<b>85.3</b>	<b>398.9</b>	<b>0.7</b>
15. Operating profit	12,087.5	16.6	10,459.1	14.7	1,628.4	15.6
16. Share of loss of investments – equity method	(1.8)	(0.0)	(219.6)	(0.3)	217.8	(99.2)
17. Profit before finance costs and income tax	12,085.7	16.5	10,239.5	14.4	1,846.2	18.0
18. Finance costs	(475.3)	(0.7)	(810.3)	(1.1)	335.0	(41.3)
19. Profit before income tax	11,610.4	15.9	9,429.2	13.3	2,181.2	23.1
20. Income tax	(3,868.3)	(5.3)	(2,829.5)	(4.0)	(1,038.8)	36.7
<b>21. Net Profit for the year</b>	<b>7,742.1</b>	<b>10.6</b>	<b>6,599.7</b>	<b>9.3</b>	<b>1,142.4</b>	<b>17.3</b>

**Total Revenues** : TOT's total revenue increased 2.9% to 73,035.5 million baht for the year 2010, compared to 71,008.2 million baht in 2009. This increase was primarily attributable to revenue from telecommunication services, revenue from revenue sharing agreements, amortisation of deferred income from concession agreements and other services income. Despite the reduction in revenue from concession agreements as well as other income, overall revenue increased in 2010.

*Revenue from telecommunication services* increased 3.0% to 27,045.9 million baht in 2010, compared to 26,266.4 million baht in the same period last year as a result of the increase in revenues operated by TOT including revenue from ADSL service, Broadband and multimedia service, and international telephone service.

*Revenue from concession agreements* decreased 13.3% to 2,623.4 million baht in 2010, compared to 3,027.3 million baht in 2009 mostly due to a decrease in revenue gained from TRUE and TT&T.

*Revenue from revenue sharing agreements* increased 8.8% to 20,018.3 million baht in 2010, compared to 18,404.7 million baht in 2009 as a result of an increase in revenue sharing with AIS.

*Amortisation of deferred income-from concession agreements* increased 1.9% to 21,595.7 million baht in 2010 from 21,202.7 million baht in 2009.

*Other services income* increased 15.5% to 535.0 million baht in 2010 from 463.3 million baht in 2009 primarily because of a rise in revenue from sales of products and telephone equipment.

*Other income* decreased 26.0% to 1,217.2 million baht in 2010 from 1,643.8 million baht in 2009 primarily because of a cut in interest rates on bank deposits.

**Total Expenses** : TOT's expenses (excluding share of loss of investments - equity method, finance costs and income tax) increased 0.7% to 60,948.0 million baht in 2010 from 60,549.1 million baht in 2009. This increase was primarily attributable to a rise in cost of services and selling expenses.

*Cost of services* increased 3.9% to 20,940.8 million baht in 2010 from 20,149.5 million baht in 2009 primarily because of an increase in equipment rental costs and telecommunication licence fees.

*Depreciation – assets from concession agreements* decreased 3.8% to 17,272.7 million baht in 2010 from 17,950.2 million baht in 2009.

*Selling expenses* increased 19.8% to 2,052.4 million baht in 2010 from 1,713.2 million baht in 2009 primarily as a consequence of an increase in purchase of equipment, wages, equipment rental costs, and copyright charges.

*Administrative expenses* decreased 0.2% to 18,571.8 million baht in 2010 from 18,612.5 million baht in 2009 primarily because of a decrease in rental expenses (land, buildings and vehicles) and advisory fees.

*Managements' remuneration* decreased 1.9% to 56.9 million baht in 2010 from 58.0 million baht in 2009.

*Other expenses* decreased 0.6% to 2,053.4 million baht in 2010 from 2,065.7 million baht in 2009 primarily because of a decrease in losses from decommissioning of fixed assets.

*Share of loss of investments - equity method* decreased 99.2% to 1.8 million baht in 2010 from 219.6

million baht in 2009.

*Finance costs* decreased 41.3% to 475.3 million baht in 2010 from 810.3 million baht in 2009.

*Income tax* increased 36.7% to 3,868.3 million baht in 2010 from 2,829.5 million baht last year.

**Net Profit for the year** : TOT's net profit after deduction of share of loss of investments - equity method, finance costs and income tax paid increased 17.3% to 7,742.1 million baht in 2010 from 6,599.7 million baht in 2009.

## Financial Status

Unit : Million Baht

Details	2010	%	2009	%	Increase (Decrease)	
					Amount	%
Total Assets	235,789.4	100.0	251,280.9	100.0	(15,491.5)	(6.2)
Total Liabilities	120,705.0	51.2	138,748.5	55.2	(18,043.5)	(13.0)
Total Shareholders' Equity	115,084.4	48.8	112,532.4	44.8	2,552.0	2.3

- As at December 31, 2010, TOT's total assets decreased 6.2% to 235,789.4 million baht, compared to 251,280.9 million baht as at December 31, 2009. This reduction was mainly caused by the reduction of net current assets as well as property, plant, and equipment under concession agreements.

- The Company's total liabilities decreased 13.0% to 120,705.5 million baht or 51.2% of its total assets, compared to 138,748.5 million baht as at December 31, 2009. This decline was primarily caused by a decrease in deferred income, finance lease liabilities, long-term borrowings, trade accounts payable and other payables.

- The Company's total shareholders' equity amounted to 115,084.4 million baht or 48.8% of its total assets. This represents an increase of 2.3% compared to 112,532.4 million baht as at December 31, 2009 and is a direct consequence of the Company's net profit for the year 2010 as previously mentioned and unrealised gain on changes in fair value of available-for-sale investments.

## Financial Ratios

Item	Jan. - Dec.	
	2010	2009
• Current Ratio (excluding deferred income) (Times)	1.4	1.5
• Debt to Equity Ratio (excluding deferred income) (Times)	0.3	0.3
• Interest Bearing Debt to Equity Ratio (Times)	0.04	0.06
• Net Profit Margin (%)	10.6	9.3
• Rate of Return on Equity (%)	6.8	6.0
• Rate of Return on Total Assets (%)	3.2	2.6
• Earnings per share (Baht)	12.9	11.0
• Collection Period (Days) *		
- Private debtors	55	55
- Government debtors	82	91

Note : \* These numbers exclude collection period of special bills

### Liquidity Ratio

For 2010, the Current Ratio was 1.4 times, a decrease from 1.5 times in 2009 because of a reduction in current assets coupled with incremental current liabilities.

### Leverage Ratio

TOT's Debt to Equity Ratio was 0.3 times at the end of 2010, remaining the same as in the previous year while there was a slight decrease in the Interest Bearing Debt to Equity Ratio.

### Profitability Ratio

At the end of 2010, profitability increased over 2009. Net Profit Margin increased to 10.6% from 9.3% at the end of 2009, Rate of Return on Equity increased to 6.8% from 6.0%, and Rate of Return on Assets increased to 3.2% from 2.6%.

The Company is governed by the Ministry of Finance which is the sole shareholder. The Company carries out its business with agencies of the Royal Thai government as well as state enterprises in which the Thai government holds shares or controls the enterprise either directly and indirectly (together these are called "government agencies and state enterprises"). Government agencies and state enterprises are the key customers of the Company. Business transactions conducted with these agencies and enterprises are carried out as ordinary business transactions.

Relationships between the Company and related transactions that are carried out under direct control or mutual control or listed as an account of the Company

Company	Relationship
Ministry of Finance	Wholly-owned and major shareholder of the Company
CAT Telecom Public Company Limited	Related business with Thai government as co-shareholder
Government agency and state enterprise	Related business with Thai government as co-shareholder
Krung Thai Bank Public Company Limited	Related business with Thai government as co-shareholder
Government Housing Bank	Related business with Thai government as co-shareholder
Government Saving Bank	Related business with Thai government as co-shareholder
Bank for Agriculture and Agricultural Co-operative	Related business with Thai government as co-shareholder
Islamic Bank of Thailand	Related business with Thai government as co-shareholder
ACT Mobile Company Limited	Subsidiary with the Company holding 98.57 percent of shares.
Telcard Company Limited	Affiliate with the Company holding 26 percent of shares.
Advanced Datanetwork Communications Company Limited	Affiliate with the Company holding 48.12 percent of shares.
Lenso Datacom Company Limited	Affiliate with the Company holding 49 percent of shares.
Mobile Communication Services Company Limited	Affiliate with the Company holding 30 percent of shares.
True Multimedia Company Limited	Related business with the Company holding not over 20 percent of shares.

Following is a list of individuals or related services, especially those that provide services via the Company's network.

Revenues from providing services for years ending December 31, 2010 and and December 31, 2009 are as follows :

	Unit: Million Baht			
			Separated Financial Statements	
			2010	2009
<b>Revenue from telephone service</b>				
- Ministry of Finance	38.16	40.15	38.16	40.15
- Affiliated companies	4.89	3.36	4.89	3.36
- Other related businesses				
CAT Telecom	9.00	11.20	9.00	11.20
Government agencies and state enterprises	2,286.66	2,201.65	2,286.66	2,201.65
	2,338.71	2,256.36	2,338.71	2,256.36
<b>Revenue from interconnection charges</b>				
- Affiliated companies	1.00	1.00	1.00	1.00
<b>Revenue from other telecommunication services</b>				
- Ministry of Finance	91.33	20.30	91.33	20.30
- Affiliated companies	57.69	29.53	57.69	29.53
- Other related businesses				
CAT Telecom	9.53	2.72	9.53	2.72
Government agencies and state enterprises	2,121.37	2,029.92	2,121.37	2,029.92
	2,279.92	2,082.47	2,279.92	2,082.47

Purchase of Services

	Unit : Million Baht			
			Separated Financial Statements	
			2010	2009
<b>Telecommunications service charge</b>				
- Ministry of Finance	105.46	62.48	105.46	62.48
- Subsidiary company	-	-	264.00	23.79
- Affiliated company	1.97	-	1.97	-
- Other related business				
CAT Telecom	144.44	268.36	144.44	268.36
	251.87	330.84	515.87	354.63

Outstanding balances arising from purchases and sales of services as of December 31, 2010 and 2009 are as follows:

		Unit: Million Baht	
		Separated Financial Statements	
		2010	2009
<b>Debts – individual or related services</b>			
Telecommunications businesses			
- Ministry of Finance	58.21	29.81	58.21
- Affiliate company	11.82	13.26	11.82
- Other related business			
CAT Telecom	1,566.33	1,562.21	1,566.33
Government agencies and state enterprises	1,097.89	1,064.63	1,097.89
	2,734.25	2,669.91	2,734.25
<u>Deducted</u> Provision for uncollectible notes receivable	(4.54)	(4.54)	(4.54)
	2,729.71	2,665.37	2,729.71
<b>Revenue sharing receivable</b>			
- Other related business			
CAT Telecom	0.69	0.72	0.69

### 38.3 Bank deposits, temporary investments and investments for debt refinancing

		Unit : Million Baht	
		Separated Financial Statements	
		2010	2009
Bank deposits, temporary investments and investments for debt refinancing	16,325.15	15,643.32	16,325.15

### 38.4 Debts of Related Services

Unit : Million Baht

	Consolidated Financial Statements					
	2010			2009		
	Due within 1 year	Due over 1 year	Total	Due within 1 year	Due over 1 year	Total
Outstanding debt under agreements	480.00	960.00	1,440.00	480.00	1,440.00	1,920.00
<u>Deducted</u> Interest payable deferred debit from related receivables	(77.84)	(53.42)	(131.26)	(108.50)	(131.26)	(239.76)
Net	402.16	906.58	1,308.74	371.50	1,308.74	1,680.24

Unit : Million Baht

	Separated Financial Statements					
	2010			2009		
	Due within 1 year	Due over 1 year	Total	Due within 1 year	Due over 1 year	Total
Outstanding debt under agreements	480.00	960.00	1,440.00	480.00	1,440.00	1,920.00
<u>Deducted</u> Interest payable deferred debit from related receivables	(77.84)	(53.42)	(131.26)	(108.50)	(131.26)	(239.76)
Net	402.16	906.58	1,308.74	371.50	1,308.74	1,680.24

Debts of related services arose from a memorandum of understanding between the Company and CAT Telecom to transfer to the Company all rights and duties in frequency termination of all joint venture business and asset management relating to the 1900 MHz Mobile Phone Project. The Company agreed to pay CAT Telecom 5 installments of 480 million baht each installment. The Company paid the first installment on March 27, 2009, and the second installment on April 26, 2010.



The Audit committee of TOT Public Company Limited consists of three independent directors appointed by the Board of Directors. In 2010, two committees were appointed as follows:

1. Appointed by the Board of Directors meeting No. 1/2010 held on 8th January 2010; members of the audit committee for the period January - July 2010 were : Mr. Chavalit Saleepol as Chairman of the Audit Committee, and Mr. Chanvit Amatamatucharti and Police Colonel Suchart Wongananchai as Audit Committee members.

2. Appointed by resolution of the Board of Directors meeting No.14/2010 held on 30th July 2010, members of the audit committee for the period August-December 2010 were: Mr.Sayan Satangmongkol as Chairman of the Audit Committee, and Mr. Schitt Laowattana and Air Vice Marshal Chulcharoon Sangngampal, as Audit Committee members.

The audit committee has performed its duties according to the scope of work and responsibility detailed in the Audit Committee Charter approved by the Board. During the year 2010, the audit committee held a total of nine meetings with members of management, internal auditors, and external auditor to provide pertinent information and opinions on relevant topics. Following is a summary of the important issues.

1. Reviewed the company's 2010 annual and quarterly financial reports in a total of six meetings with TOT management and the external auditors from the Office of the Auditor General of Thailand who had already reviewed and audited the reports. In these meetings the assignments of the audit committee highlighted on questions, comments and advices for useful recommendations and opinions relating to important accounting policies of the Company, disclosed information and annotated financial statements. The audit committee agreed with the external auditor that the company's financial statements represented the financial position and performance fairly, in all material reports, and in line with generally accepted accounting principles.

2. Reviewed the internal control system in joint meetings with the external auditor, internal auditor and management, on a regular basis, as well as assessed the adequacy of such system and risk assessment as stipulated by the Internal Control Standards of the Auditor General of Thailand to ensure reasonably the company' performance compliance with any laws, restrictions, or regulations under the proper internal control and persistent development. The audit committee agreed with the external auditor that the Company's maintains a good internal control system with an appropriate and effective performance monitoring system which supports work performance and the achievement of established goals.

3. Oversaw internal audit activities by reviewing duties, manpower, training plans, budget, and independence of the internal audit function. Consequently considered and approved a re-structuring of the internal audit unit, reconsider and approved the amendment of internal audit charters, approved the long-term auditing plan and the 2011 annual auditing plan established in response to corporate risk, and assessed work performance of head of the internal audit unit. The audit committee is of the opinion that the Company has appropriate and effective internal auditing, in line with its objectives and targets, independence, and ongoing human resource development.

4. Reviewed Company operation to ensure compliance with relevant laws, rules, and restrictions related to external parties. The audit committee offered their recommendations and monitored crucial issues constantly but did not find any instance of significant non-compliance with laws, regulations or the Company's obligations to external parties.

5. Reviewed risk management activities of the Company's business so ensure that it integrates with the internal control system in managing risk throughout the entire Company. Also, provided recommendations on how to manage significant risks and enable the Company to achieve its goals and objectives. Including followed up activities under the risk management policy, based on the views of the Risk Management Committee on a quarterly basis. The audit committee is of opinion that the Company's risk management system is appropriate, adequate, and effective. There was a revision of objectives, risk factors, and acceptable levels of risk in line with the business environment and measures were determined for internal financial control relating to increasing revenue, reducing costs, and managing assets.

6. Monitored and enhanced Company operations to ensure that they were in line with the principles of good governance as practiced by the Ministry of Finance, and in accordance with International Standards and the good corporate governance manual of the Company for transparent operations including disclosure of connected transactions or items that may encounter the conflicts of interest.

7. Evaluated the audit committee performance both in terms of group and individual by self-assessment according to the audit committee manual of the Ministry of Finance. An assessment report was subsequently submitted to the Board of Directors indicating that the audit committee's performance was in line with the practices of the Audit Committee Charter and Guidelines on Corporate Governance of State-owned Enterprises as stipulated by the State Enterprise Policy Office.

8. Proposed the appointment and remuneration of the Auditor General (OAG) as the Company's External Auditor under the Constitution Act on State Audit B.E.2542 (A.D.1999)

The Audit Committee is of the opinion that, in 2010, the Company produced suitable financial reports according to generally accepted accounting principles and made adequate disclosure of its information in compliance with relevant laws, rules, regulations and policies. The efficiency of risk management, the internal control system, and corporate governance ensures that operations meet established goals. In performing their duties, the audit committee freely expressed their opinions and provided recommendations to the Board of Directors, the management, and other meeting participants in accordance with the wishes of the Board of Directors and for the maximum benefit of the Company.

21<sup>st</sup> April 2011

On behalf of the Audit Committee



(Mr.Sayan Satangmongkol

Chairman of Audit Committee

The Board of Directors is responsible for TOT Public Company Limited's financial statements as well as for the consolidated financial statements of TOT Public Company Limited and its subsidiaries. The aforementioned financial statements have been prepared in accordance with generally accepted accounting principles, using appropriate accounting policies and applying careful judgment and best estimation. Important information is adequately disclosed in the notes to the financial statements.

The Board of Directors has established and maintained a risk management system and appropriate and efficient internal controls to ensure that accounting records are accurate and able to protect the Company's assets as well as identify weaknesses so as to prevent fraud or irregular operations.

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

The financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries have been audited by the Company's auditor, the Office of the Auditor General. For the purpose of these audits and in order to enable the auditor to express an opinion in accordance with generally accepted auditing standards, the Company provides all of its records and related data. The auditor's opinion is presented in the auditor's report as part of this Annual Report.

The Board of Directors believes that the Company's overall internal control system is satisfactory and that the financial statements of TOT Public Company Limited and the consolidated financial statements of TOT Public Company Limited and its subsidiaries for the year ended December 31, 2010, are credible and reliable. Further, that they have been prepared in accordance with generally accepted accounting principles and related regulations.



(Mr.Boonmark Sirinaovakul)

Vice Chairman



(Mr.Viboondhat Sudhantanakit)

Director

## TO : THE SHAREHOLDERS OF TOT PUBLIC COMPANY LIMITED

The Office of the Auditor General has audited the accompanying consolidated and the Company balance sheets as at 31 December 2010 and 2009, and the related consolidated and the Company statements of income, changes in shareholders' equity, and cash flows for the years then ended of TOT Public Company Limited and its subsidiary, and of TOT Public Company Limited, respectively. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. The responsibility of the Office of the Auditor General is to express an opinion on these financial statements based on the audits.

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

In the opinion of the Office of the Auditor General, the consolidated and the Company financial statements referred to above present fairly, in all material respects, the consolidated and the Company financial positions of TOT Public Company Limited and its subsidiary and of TOT Public Company Limited, as at 31 December 2010 and 2009 and the consolidated and Company results of operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

Without qualifying the opinion, the Office of the Auditor General draws attention to the following Notes to the financial statements.

1. Note 37.1 to the financial statements which indicate that the Company is the defendant in contract cases amounting of Baht 63,806.90 million.
2. Note 37.2.1 to the financial statements regarding contingent liabilities arising in corporate income tax from unrecognized revenue.
3. Note 37.2.2 to the financial statements regarding contingent liabilities from unrecognized penalty and surcharge of the value added tax and excise tax deducted from revenue sharing amounting to Baht 2,933.77 million .
4. Note 37.3 to the financial statements on the numbering fee of special numbers from the National Telecommunications Commission Baht 656.51 million .
5. Note 40 to the financial statements regarding a disputed interconnection charge with private operators which cannot presently be determined.

(Signed) Pisit Leelavachirapas  
(Pisit Leelavachirapas)  
Deputy Auditor General  
Acting Auditor General

(Signed) Dawan Wongphayak  
(Dawan Wongphayak)  
Director of Audit Office

Office of the Auditor General  
April 24, 2011

		Unit : Baht			
		Consolidated		The Company	
	Note	2010	2009	2010	2009
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	8	8,735,788,836	13,211,686,937	8,708,730,282	13,205,348,891
Short-term investments	9	1,432,363,489	407,168,624	1,432,363,489	407,168,624
Current portion of funds for redemption of long-term liabilities	10	16,420,406,352	13,287,686,415	16,420,406,352	13,287,686,415
Trade accounts receivable - net	11	14,242,222,254	14,407,855,841	14,242,222,254	14,407,855,841
Other receivables - net		73,447,563	40,216,627	73,447,563	40,216,627
Current portion of loans to employees	16	104,691,963	118,986,615	104,691,963	118,986,615
Inventories and supplies - net	12	1,743,790,393	1,851,512,984	1,743,790,393	1,851,512,984
Other current assets - net	13	2,307,379,187	2,079,937,148	2,202,789,867	1,925,470,049
<b>Total Current Assets</b>		<b>45,060,090,037</b>	<b>45,405,051,191</b>	<b>44,928,442,163</b>	<b>45,244,246,046</b>
<b>Non-current Assets</b>					
Investments in associates	14	30,939,655	83,157,280	30,000,000	82,190,783
Investments in subsidiary	14	-	-	890,381,824	890,139,384
Other long-term investments	15	6,109,916,948	6,335,484,018	6,109,916,948	6,569,919,014
Loans to employees	16	813,488,571	942,297,719	813,488,571	942,297,719
Funds for redemption of long-term liabilities	10	3,567,565,398	6,065,888,315	3,567,565,398	6,065,888,315
Property, plant and equipment - net	17	81,635,620,826	79,975,559,565	80,036,520,493	78,223,363,505
Property, plant and equipment from concession agreements - net	18	94,020,296,448	108,104,418,817	94,020,296,448	108,104,418,817
Intangible assets - net	19	4,361,917,838	4,149,572,840	4,361,917,838	4,149,572,840
Other non-current assets		189,572,909	219,425,629	189,572,909	219,425,629
<b>Total Non-current Assets</b>		<b>190,729,318,593</b>	<b>205,875,804,183</b>	<b>190,019,660,429</b>	<b>205,247,216,006</b>
<b>Total Assets</b>		<b>235,789,408,630</b>	<b>251,280,855,374</b>	<b>234,948,102,592</b>	<b>250,491,462,052</b>

The accompanying notes are an integral part of these financial statements

		Unit : Baht			
		Consolidated		The Company	
	Note	2010	2009	2010	2009
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current Liabilities</b>					
Trade accounts payable	20	2,383,482,047	4,382,120,231	1,413,402,302	3,182,604,004
Payables to private operators	21	16,194,590,821	14,735,500,403	16,194,590,821	14,735,500,403
Other payables		289,622,422	883,399,484	289,622,422	883,399,484
Current portion of amount due to related company	38.4	402,155,099	371,505,865	402,155,099	371,505,865
Current portion of long-term borrowings	26	656,340,234	650,576,233	656,340,234	650,576,233
Current portion of financial lease liabilities	27	1,825,507,234	768,183,757	1,825,507,234	927,602,869
Accrued expenses	22	4,816,516,024	3,941,675,265	5,100,845,581	3,962,082,825
Accrued income tax		1,637,190,666	1,268,617,386	1,637,190,666	1,268,617,386
Subscriber deposits	23	1,715,840,631	1,752,200,126	1,715,840,631	1,752,200,126
Current portion of deferred income	25	19,505,976,888	19,697,104,881	19,505,976,888	19,697,104,881
Other current liabilities	24	1,792,785,307	1,961,149,209	1,792,591,695	1,939,451,302
<b>Total Current Liabilities</b>		<b>51,220,007,373</b>	<b>50,412,032,840</b>	<b>50,534,063,573</b>	<b>49,370,645,378</b>
<b>Non-current Liabilities</b>					
Deferred income	25	63,218,485,019	79,842,412,154	63,218,485,019	79,842,412,154
Amount due to related company	38.4	906,580,753	1,308,735,851	906,580,753	1,308,735,851
Long-term borrowings	26	4,843,194,779	5,443,031,329	4,843,194,779	5,443,031,329
Financial lease liabilities	27	167,454,182	1,398,117,694	167,454,182	1,398,117,694
Employee benefits fund	28	349,311,492	344,141,645	349,311,492	344,141,645
<b>Total Non-current Liabilities</b>		<b>69,485,026,225</b>	<b>88,336,438,673</b>	<b>69,485,026,225</b>	<b>88,336,438,673</b>
<b>Total Liabilities</b>		<b>120,705,033,598</b>	<b>138,748,471,513</b>	<b>120,019,089,798</b>	<b>137,707,084,051</b>

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

Unit : Baht

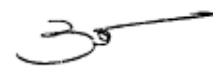
	Note	Consolidated		The Company	
		2010	2009	2010	2009
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)</b>					
Shareholders' Equity					
Share capital					
Authorised share capital					
600 million ordinary shares of Bath 10 each		6,000,000,000	6,000,000,000	6,000,000,000	6,000,000,000
Issued and paid-up share capital					
600 million ordinary shares of Bath 10 each		6,000,000,000	6,000,000,000	6,000,000,000	6,000,000,000
Retained earnings	29	2,118,110,793	2,118,110,793	2,118,110,793	2,118,110,793
Appropriated		104,954,337,586	103,229,755,952	104,813,923,251	103,494,396,270
Unappropriated	31	1,996,978,750	1,171,870,938	1,996,978,750	1,171,870,938
Unrealised gain on changes in fair value of available-for-sale investments	32	115,069,427,129	112,519,737,683	114,929,012,794	112,784,378,001
		14,947,903	12,646,178	-	-
<b>Total parent's shareholders' equity</b>		<b>115,084,375,032</b>	<b>112,532,383,861</b>	<b>114,929,012,794</b>	<b>112,784,378,001</b>
Minority interest					
<b>Total Shareholders' Equity</b>		<b>235,789,408,630</b>	<b>251,280,855,374</b>	<b>234,948,102,592</b>	<b>250,491,462,052</b>

Total Liabilities and Shareholders' Equity



(Mr.Boonmark Sirinaovakul)

Vice Chairman



(Mr.Viboondhat Sudhantanakit)

Director

Unit : Baht

	Note	Consolidated		The Company	
		2010	2009	2010	2009
<b>REVENUES</b>					
Revenue from telecommunication services		27,045,904,370	26,266,435,872	27,045,907,345	26,266,440,072
Revenue from concession agreements		2,623,444,020	3,027,272,848	2,623,444,020	3,027,272,848
Revenue from revenue sharing agreements		20,018,247,245	18,404,693,274	20,018,247,245	18,404,693,274
Amortisation of deferred income - from concession agreements		21,595,683,085	21,202,728,604	21,595,683,085	21,202,728,604
Other services income		534,996,725	463,260,501	534,996,725	463,260,501
Other income		1,217,213,683	1,643,829,187	1,199,249,919	1,672,703,188
<b>Total Revenues</b>		<b>73,035,489,128</b>	<b>71,008,220,286</b>	<b>73,017,528,339</b>	<b>71,037,098,487</b>
<b>EXPENSES</b>					
Cost of services		20,940,811,132	20,149,489,498	21,028,763,423	20,150,607,462
Depreciation - assets from concession agreements	18,34	17,272,666,253	17,950,164,409	17,272,666,253	17,950,164,409
Selling expenses		2,052,400,647	1,713,233,351	2,052,400,647	1,713,233,351
Administrative expenses		18,571,801,158	18,612,517,110	18,639,546,505	18,610,028,066
Managements' remuneration	39	56,912,796	57,982,921	56,459,046	57,448,671
Other expenses		2,053,371,522	2,065,734,628	2,289,586,123	2,250,145,683
<b>Total Expenses</b>		<b>60,947,963,508</b>	<b>60,549,121,917</b>	<b>61,339,421,997</b>	<b>60,731,627,642</b>
Operating profit		12,087,525,620	10,459,098,369	11,678,106,342	10,305,470,845
Share of loss of investments - equity method	14	(1,858,513)	(219,592,002)	-	-
Profit before finance costs and income tax		12,085,667,107	10,239,506,367	11,678,106,342	10,305,470,845
Finance costs	33	(475,266,223)	(810,299,108)	(475,266,223)	(810,299,108)
Profit before income tax		11,610,400,884	9,429,207,259	11,202,840,119	9,495,171,737
Income tax		(3,868,313,138)	(2,829,550,831)	(3,868,313,138)	(2,829,550,831)
Net profit for the period		<b>7,742,087,746</b>	<b>6,599,656,428</b>	<b>7,334,526,981</b>	<b>6,665,620,906</b>
Attributable to:					
Owners of the Controlling entity		7,739,581,634	6,599,717,711	7,334,526,981	6,665,620,906
Minority interest	32	2,506,112	(61,283)	-	-
<b>Net profit for the year</b>		<b>7,742,087,746</b>	<b>6,599,656,428</b>	<b>7,334,526,981</b>	<b>6,665,620,906</b>
Earnings per share for profit attributable to the equity holders of the Company					
Basic earnings per share	35	12.90	11.00	12.22	11.11

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

## Statement of Changes in Shareholders' Equity

For the year ended December 31, 2010

## Consolidate

Unit : Baht

Note	Equity holders of the Company						Minority interest	Total shareholders' equity
	Issued and paid-up share capital	Appropriated retained earnings	Unappropriated retained earnings	Unrealised gain on changes in fair value of available-for-sale investments	Total parent shareholders' equity	Total shareholders' equity		
Balance as at January 1, 2010	6,000,000,000	2,118,110,793	103,229,755,952	1,171,870,938	112,519,737,683	112,532,383,861		
Dividend paid	-	-	(6,015,000,000)	-	(6,015,000,000)	(6,015,000,000)		
Net profit for the year	-	-	7,739,581,634	-	7,739,581,634	7,742,087,746		
Transfer of shares	-	-	-	-	-	(204,387)		
Movement during the year	-	-	-	825,107,812	825,107,812	825,107,812		
Balance as at December 31, 2010	6,000,000,000	2,118,110,793	104,954,337,586	1,996,978,750	115,069,427,129	115,084,375,032		

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

## Statement of Changes in Shareholders' Equity

For the year ended December 31, 2010

## Consolidate

Unit : Baht

Note	Equity holders of the Company						Minority interest	Total shareholders' equity
	Issued and paid-up share capital	Appropriated retained earnings	Unappropriated retained earnings	Unrealised gain on changes in fair value of available-for-sale investments	Total parent shareholders' equity	Total shareholders' equity		
Balance as at January 1, 2009	6,000,000,000	2,118,110,793	99,847,238,241	646,326,250	108,611,675,284	108,636,067,179		
Dividend paid	-	-	(3,217,200,000)	-	(3,217,200,000)	(3,217,200,000)		
Net profit (loss) for the year	-	-	6,599,717,711	-	6,599,717,711	6,599,656,428		
Transfer of shares	-	-	-	-	-	(11,684,434)		
Movement during the year	-	-	-	525,544,688	525,544,688	525,544,688		
Balance as at December 31, 2009	6,000,000,000	2,118,110,793	103,229,755,952	1,171,870,938	112,519,737,683	112,532,383,861		

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

**Statement of Changes in Shareholders' Equity**

For the year ended December 31, 2010

**The Company**

Unit : Baht

Note	Issued and paid-up share capital	Appropriated retained earnings	Unappropriated retained earnings	Unrealised gain on changes in fair value of available-for-sale investments	Total
<b>Balance as at January 1, 2010</b>	6,000,000,000	2,118,110,793	103,494,396,270	1,171,870,938	112,784,378,001
Dividend paid	-	-	(6,015,000,000)	-	(6,015,000,000)
Net profit for the year	-	-	7,334,526,981	-	7,334,526,981
Movement during the year	-	-	-	825,107,812	825,107,812
<b>Balance as at December 31, 2010</b>	<b>6,000,000,000</b>	<b>2,118,110,793</b>	<b>104,813,923,251</b>	<b>1,996,978,750</b>	<b>114,929,012,794</b>

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

**Statement of Changes in Shareholders' Equity**

For the year ended December 31, 2009

**The Company**

Unit : Baht

Note	Issued and paid-up share capital	Appropriated retained earnings	Unappropriated retained earnings	Unrealised gain on changes in fair value of available-for-sale investments	Total
<b>Balance as at January 1, 2009</b>	6,000,000,000	2,118,110,793	100,045,975,364	646,326,250	108,810,412,407
Dividend paid	-	-	(3,217,200,000)	-	(3,217,200,000)
Net profit for the year	-	-	6,665,620,906	-	6,665,620,906
Movement during the year	-	-	-	525,544,688	525,544,688
<b>Balance as at December 31, 2009</b>	<b>6,000,000,000</b>	<b>2,118,110,793</b>	<b>103,494,396,270</b>	<b>1,171,870,938</b>	<b>112,784,378,001</b>

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

Unit : Baht

	Note	Consolidated		The Company	
		2010	2009	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before income tax		11,610,400,884	9,429,207,259	11,202,840,119	9,495,171,737
Reconciliation of profit before income tax to cash provided by (used in) from operating activities:					
Depreciation/amortisation	17,18,19	29,140,611,593	29,604,433,750	28,964,563,431	29,581,777,542
Allowance for doubtful accounts		533,117,175	366,310,075	533,117,175	366,310,075
Allowance for stock obsolescence		31,229,390	130,293,133	31,229,390	130,293,133
Share of loss of investments - equity method	14	1,858,513	219,592,002	-	-
Loss from impairment of investment		130,457,667	-	366,724,334	197,684,578
Loss from impairment of fixed assets		168,916,250	301,245,665	168,916,250	301,245,665
Amortisation of deferred income	25	(21,595,683,085)	(21,202,728,604)	(21,595,683,085)	(21,202,728,604)
Unrealised loss (gain) on exchange rate		(31,794,318)	(144,853,872)	40,492,354	(176,673,740)
Realised gain on exchange rate - borrowings		(3,694,812)	(15,136,110)	(3,694,812)	(15,136,110)
Loss on disposal of property, plant and equipment		1,573,284,911	956,126,763	1,573,284,911	956,126,763
Income from received donation assets		(1,096,003)	(1,625,004)	(1,096,003)	(1,625,004)
Interest income		(557,686,628)	(773,217,256)	(557,636,476)	(773,189,527)
Dividend income		(285,183,238)	(224,217,875)	(285,183,238)	(224,217,875)
Finance costs		475,265,474	810,298,092	475,265,474	810,298,092
Others		(45,027,779)	(3,129,459)	(45,065,832)	(6,104,435)
<b>Operating profit before changes in operating assets and liabilities</b>		<b>21,144,975,994</b>	<b>19,452,598,559</b>	<b>20,868,073,992</b>	<b>19,439,232,290</b>
<b>Changes in operating assets and liabilities</b>					
<b>(Increase) Decrease in operating assets</b>					
- Trade accounts receivable		(1,044,705,520)	(1,366,066,682)	(1,044,705,520)	(1,366,066,682)
- Other receivables		(31,248,542)	10,257,401	(31,248,542)	10,257,401
- Loans to employees		142,977,111	151,777,966	142,977,111	151,777,966
- Inventories and supplies		76,493,201	318,029,390	76,493,201	318,029,390
- Other current assets		(22,490,474)	(482,695,375)	(72,368,252)	(468,995,217)
<b>Increase (Decrease) in operating liabilities</b>					
- Trade accounts payable		(1,258,256,365)	(407,166,654)	(1,233,207,134)	111,943,928
- Payables to private operators		2,109,571,757	2,455,413,126	2,109,571,757	2,455,413,126
- Other payables		(593,777,063)	422,039,474	(593,777,063)	422,039,474
- Accrued expenses		782,296,805	(757,334,267)	1,046,218,802	(737,741,052)
- Subscriber deposits		(36,359,495)	(118,626,240)	(36,359,495)	(118,628,968)
- Other current liabilities		(143,339,003)	192,212,190	(121,834,709)	218,024,005
- Employee benefits fund		5,169,846	(10,581,960)	5,169,846	(10,581,960)
<b>Cash flows from operating activities</b>		<b>21,131,308,252</b>	<b>19,859,856,928</b>	<b>21,115,003,994</b>	<b>20,424,703,701</b>
Interest received		651,133,517	838,644,472	651,083,365	838,616,742
Dividend received		285,183,238	224,217,875	285,183,238	224,217,875
Interest paid		(274,227,385)	(577,583,367)	(274,227,385)	(577,583,367)
Income tax paid		(3,499,739,857)	(2,006,198,210)	(3,499,739,857)	(2,006,193,724)
<b>Net cash provided by operating activities</b>		<b>18,293,657,765</b>	<b>18,338,937,698</b>	<b>18,277,303,355</b>	<b>18,903,761,227</b>

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

Unit : Baht

	Note	Consolidated		The Company	
		2010	2009	2010	2009
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Increase in short-term investments	9	(540,244,622)	(150,359,079)	(540,244,622)	(150,359,079)
Decrease in short-term investments	9	515,052,215	3,124,513,192	515,052,215	3,124,513,192
Increase in funds for redemption of long-term liabilities	10	(22,905,370,794)	(16,868,549,528)	(22,905,370,794)	(16,868,549,528)
Decrease in funds for redemption of long-term liabilities	10	22,275,167,032	15,967,993,769	22,275,167,032	15,967,993,769
Cash paid for purchase of investment in subsidiaries		(240,565)	(3,582,187)	(240,565)	(3,582,187)
Cash paid for purchase of other long-term investments	15	(30,261,476)	(880,138,525)	(30,261,476)	(880,138,525)
Cash paid in advance for purchase of equipment		(1,469,783,889)	(797,220,891)	(1,469,783,889)	(797,220,891)
Proceeds from disposal of property, plant and equipment		59,760,447	81,369,003	59,760,447	81,369,003
Cash paid for purchase of property, plant and equipment		(12,671,454,566)	(11,900,655,217)	(12,516,401,552)	(11,900,655,217)
Cash paid for purchase of intangible assets		(684,450,559)	(439,387,301)	(684,450,559)	(439,387,301)
Cash paid as specified in Memorandum of Understanding with CAT Telecom Public Company Limited		(480,000,000)	(480,000,000)	(480,000,000)	(480,000,000)
<b>Net Cash used in investing activities</b>		<b>(15,931,826,777)</b>	<b>(12,346,016,764)</b>	<b>(15,776,773,763)</b>	<b>(12,346,016,764)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Payments of long-term borrowings		(646,881,421)	(651,642,128)	(646,881,421)	(651,642,128)
Payments of financial lease liabilities	27	(173,340,034)	(437,534,210)	(332,759,146)	(1,003,355,264)
Dividend paid	30	(6,015,000,000)	(3,217,200,000)	(6,015,000,000)	(3,217,200,000)
<b>Net Cash used in financing activities</b>		<b>(6,835,221,455)</b>	<b>(4,306,376,338)</b>	<b>(6,994,640,567)</b>	<b>(4,872,197,392)</b>
Effects of exchange rate changes		(2,507,634)	53,140	(2,507,634)	53,140
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(4,475,898,101)</b>	<b>1,686,597,736</b>	<b>(4,496,618,609)</b>	<b>1,685,600,211</b>
Opening balance of cash and cash equivalents		13,211,686,937	11,525,089,201	13,205,348,891	11,519,748,680
Closing balance of cash and cash equivalents	8	8,735,788,836	13,211,686,937	8,708,730,282	13,205,348,891
<b>Non-cash transactions</b>					
Acquisition of donated assets	17	1.09	1.63	1.09	1.63
Acquisition of assets transferred under concession agreements	18,25	4,956.35	12,916.61	4,956.35	12,916.61
Acquisition of property, plant and equipment not yet paid		2,228.51	5,248.79	1,300.91	3,823.32

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

## 1. General information

### 1.1 Company establishment

TOT Public Company Limited ("the Company") was incorporated as a public limited company in Thailand. The address of its registered office is:

89/2 Moo 3, Chaengwattana Road, Toong-song-hong District, Laksi, Bangkok, Thailand.

### 1.2 Business activities

The Company, its subsidiary and its associates ("the Group") are principally engaged in telecommunication activities, such as providing fixed line telephone services, mobile phones, card and coin operated public telephones, personal identification number phones, integrated services digital network (ISDN), wireless telephone services, pager phones, data transmission, video texts, leased lines and leased circuit interference, internet, and other related and similar communications businesses. Services are provided to both local and overseas customers.

The Company has issued various concessions to private operators to encourage development in the fixed line telephone and related telecommunications services provided to the public. Under these concessions, certain private operators must pay compensation fees to the Company based on certain percentages of service income or based on certain percentage of service income or at the minimum payment specified in the individual agreements, whichever is higher. In addition, the certain operators, in accordance with their concession agreements, are required to procure property and equipment for their operations, and have to transfer the ownership of such property and equipment to the Company within the periods specified in the concession agreements. Under most concession agreements the legal title to the assets is transferred to the Company upon completion of construction and installation, when they are ready to be used; however, the operator retains the right to use the assets to generate revenue over the concession period. The revenue recognition policy and the recognition of assets received from private operators are discussed in note 2.11

On July 10, 2008, the Company was transferred the exclusive rights and obligations of ownership and use of the 1900 MHz. and 3G mobile phone frequency (IMT-2000) from CAT Telecom Public Company Limited (CAT) according to the Memorandum of Understanding (MOU) on the transfer of the rights and obligations relating to the frequency, the termination of the joint venture agreement, and asset management under the 1900 MHz. mobile phone services project. Moreover, the National Telecommunications Commission (NTC) approved the transfer a licence to use this frequency on March 13, 2009 and gave the Company permission to operate a telecommunications business as a service wholesaler for 3G mobile phones (IMT-2000) in the frequency ranges of 1965-1980 MHz. and 2155-2170 MHz. on November 11, 2009. The Company provides the mobile phone service by acting as a Mobile Network Operator (MNO) that sells services to wholesale customers, known as Mobile Virtual

Network Operators (MVNOs), who are mobile phone service providers that do not have right in the frequency. MVNOs rent MNOs' networks to provide service to retail customers and to have their own distribution channel and marketing.

The Company began operating its 3G mobile phone business in December 2009 in order to provide services to customers in the Bangkok metropolitan area. The Company plans to establish base stations in other regions in order to cover the entire country within the year 2011. There are expected to be a total of 4,150 base stations in Bangkok and other regions at that time.

At December 31, 2010 and 2009 the principal concession arrangements with private operators are as follows:1.2.1

### 1.2.1 Arrangements under which private operators are required to transfer the ownership of property and equipment to the Company

Operator	Service provide	Concession period
1. True Corporation Public Company Limited	Telephone services <ul style="list-style-type: none"> <li>• 2.6 million fixed lines in Bangkok metropolitan area</li> <li>• Coin operated public telephones in Bangkok metropolitan area</li> <li>• Value added services: DID, leased line services, etc.</li> <li>• Personal communication telephone services</li> </ul>	25 years from October 29, 1992 January 15, 1997 to October 29, 2017 May 13, 1996 to October 29, 2017 August 15, 1996 to October 29, 2017
2. TT&T Public Company Limited	Telephone services <ul style="list-style-type: none"> <li>• 1.5 million fixed lines in provincial areas</li> <li>• Coin operated public telephones in provincial areas</li> <li>• Value added services: DID, leased line services, etc.</li> </ul>	25 years from October 25, 1993 August 20, 1997 to October 25, 2018 February 14, 2001 to October 25, 2018
3. Advanced Datanetwork Communications Company Limited	Data transmission service using datakit virtual circuit switches	25 years from September 25, 1997
4. Advanced Info Service Public Company Limited	Mobile phone network - Cellular 900 NMT and GSM	25 years from October 1, 1990
5. Com-link Company Limited	Transmission system via fibre optic cable along railway routes	20 years from April 1, 1991
6. Jasmine Submarine Telecommunications Company Limited	Submarine optical fibre cable network (east coast)	20 years from October 4, 1991
7. Thai Long-Distance Telecommunications Company Limited	Submarine optical fibre cable network (west coast)	15 years from May 13, 1996
8. Lenso Datacom Company Limited	Information media service via local copper wire	25 years from September 10, 1999
9. True Multi-Media Company Limited	Leased high-speed signal transmission system via multi-media network	20 years from October 20, 1997

### 1.2.2 Arrangements under which private operators are not required to transfer the ownership of property and equipment to the Company

Operator	Service provide	Concession period
1. Smart Multimedia Company Limited	Audiotext for special 1900 telephone number	15 years from September 29, 1999
2. Quality Digital Lines Company Limited	Audiotext for special 1900 telephone number	15 years from January 21, 2002



Operator	Service provide	Concession period
3. Level UP Online Company Limited (Formerly M Web (Thailand) Company Limited )	Audiotext for special 1900 telephone number	15 years from October 14, 2002
4. Mono Technology Company Limited	Audiotext for special 1900 telephone number	15 years from September 11, 2003
5. Tele-Info Media Company Limited	Audiotext for special 1900 telephone number	15 years from September 29, 2004
6. Tripple A Asset Management Company Limited	Audiotext for special 1900 telephone number	15 years from August 18, 2005

### 1.2.3 Granting of Telecommunication Licence

On August 4, 2005 the Company received three licenses from the National Telecommunications Commission (“NTC”), as follows:

1. Telecom license Type I, which allows the Company to provide audiotext services and phone card services. The Company should pay the licensing fee to renew the licence for one year validity within August 3 of every year.

2. Telecom license Type III, which allows the Company to provide fixed line services, mobile services (470 MHz. and 900 MHz.), radio services for special groups, leased line services and international call services and wholesaler for 3G mobile phones service, which the licence will expire on August 3, 2025.

3. Internet licence Type I, the Company should pay the licensing fee to renew the licence for one year validity within August 3 of every year.

As the Company is granting the telecommunication licences, the Company shall strictly comply with the conditions stated in the licenses.

## 2. Basis of preparation and accounting policy

As the Company and CAT entered into the Memorandum to receive shares in ACT Mobile Company Limited (“ACT”) held by CAT on November 26, 2008, the Company has the power to control ACT. The Company classified ACT as the subsidiary and presented the consolidated financial statement for the first time for the financial statements for the year ended December 31, 2008 by including operating result of ACT from November 26, 2008. In spite of the fact that the Company already has another subsidiary “FINN – THAI TECHNOLOGY FUND A KY”, it did not prepare consolidated financial statements because the fund has not continued to invest, and the Company recorded impairment at the full amount and terminated the fund on May 19, 2008.

Basis of preparation and the principle accounting policies adopted in the preparation of these consolidated and Company financial statements are set out below.

### 2.1 Basis of preparation

The financial statements are prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547 and the requirements of the Securities and Exchange Commission and the Securities Exchange of Thailand regarding the financial reporting preparation and presentation

under the Securities and Exchange Act B.E. 2535.

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

The preparation of financial statements in conformity with Thai Financial Report Standard (TFRS) requires, management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

The financial statements have been prepared on the historical cost basis in the valuation of the elements of financial statements except as stated in the accounting policies.

### 2.2 Foreign currency translation

Items included in the financial statements of each entity in the Group are measured using Thai Baht. The consolidated financial statements are presented in Thai Baht.

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

### 2.3 Cash and cash equivalents

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

### 2.4 Short-term investments

Short-term investments are fixed deposits, bills of exchange and promissory notes with maturity of more than 3 months, but less than 12 months from the date of acquisition and the current portion of bonds and debentures.

### 2.5 Trade and other accounts receivable

Trade accounts receivable and other accounts receivable are carried at original invoice amount and are subsequently measured at the remaining amount less allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the trade accounts receivable and other accounts receivable and the amount expected to be collectible. Bad debts are recognised in the statement of income as administrative expense

### 2.6 Inventories and supplies

Inventories and supplies are stated at the lower of cost or net realisable value. Cost of inventories and supplies are determined using the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventories and supplies, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. During the year, the Group recorded allowance for obsolete, slow-moving and defective inventories and supplies.

### 2.7 Investments in subsidiaries and associates

#### 2.7.1 Investments in subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entities. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired are recorded as goodwill.

If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of income.

Intercompany transactions, balances and unrealised gains or loss on transactions between group of companies are eliminated; except realised losses that provide of an impairment of asset. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Company.

In the Company's separate financial statements, investments in subsidiaries are reported using the cost method. Impairment loss of investment in subsidiaries is recognised as provision for impairment loss of investment.

A list of the Group's principal subsidiaries is set out in note to the financial statement No.14.

### 2.7.2 Investments in associates

Associates are all entities over which the Group has significant influence but not control. Investments in associates initially recognised at cost and are accounted for using the equity method of accounting in consolidated financial statements and are reported using the cost method in Company's separate financial statements. The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of income, the cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Details of investments in associates are set out in note to the financial statement No.14.

### 2.8 Investments from exchange of right to operate under concession agreement

Investments transferred from concession operators from exchanges of the right to operate under concession agreements are recognised at fair value at the date of inception. In the event that the Company does not have further obligations in terms of settling future costs to the concession operators, or the transferred investments are not for future service settlement, the Company will recognise a corresponding entry as income

in the statement of income. The Company has recorded the investments from exchange of right to operate under concession agreement in the investment in associates or other long-term investments, if appropriate.

### 2.9 Other long-term investments

The Group classifies marketable investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rate, as available-for-sale. These are included in non-current assets, unless management has expressed the intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

The available-for-sale investments are carried at fair valued which consist of investments in marketable equity securities. For investments traded in an active market, fair value is determined by reference to the quoted bid price of the Stock Exchange of Thailand or the Stock Exchange of the countries in which such investments are registered. The unrealised gains and losses from available-for-sale investments are recognised in equity.

Investments with fixed maturity that management has the intention and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for those with maturities within 12 months from the balance sheet date, which are classified as current asset

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

Investments in non-marketable equity securities are classified as general investments and are carried at cost in balance sheet less impairment.

A test of impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statement of income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of income.

When disposing of part of the Group's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

### 2.10 Property, plant and equipment

Property, plant and equipment are stated at cost. All assets except for land less are stated at cost less accumulated depreciation and impairment loss in balance sheet.

No depreciation is provided on freehold land or assets under construction

	Years
Land Improvement	3 - 10
Buildings and facilities	2 - 35
Network equipment	2 - 35
Furniture and fixtures, tools and equipment	2 - 15
Computers and equipment	2 - 6
Vehicles	5 - 8

Fixed assets from donations are recognised at cost as other income in the year in which they are received. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in operating profit.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset during the period of time required to complete and prepare the property for its intended use. The borrowing costs include interest on short-term and long-term borrowings, and related taxes. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the outstanding borrowings during the year where funds are borrowed specifically for the acquisition, construction or production of assets.

### 2.11 Property, plant and equipment from concession agreements

The Company recorded the assets from concession agreements at the cost notified by the concession operators on the date on which concession operators transfer the ownership to the Company with a corresponding entry for deferred income, which is presented as a liability.

The Company amortise deferred income as revenue in the statements of income according to the shorter of the useful life of the transferred assets or the term of the concession agreement.

Depreciation of transferred assets is calculated over its estimated useful life and recognised as expenses in statement of income, as follows:

	Years
Buildings and facilities	5 - 35
Network equipment	5 - 35
Furniture and fixtures, tools and equipment	5 - 15
Computers and equipment	3 - 10

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

### 2.12 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## 2.13 Intangible assets

### Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful lives of three to six years.

### Right - educational software programs

Right - educational software programs represents the right granted solely to the Company according to the joint operating contract of educational software programs with another private company under which the Company shall render services or distribute the software throughout the country for a period of not less than ten years. The Company amortises the right over the contract period.

### Right to use the frequency

The right to use the frequency is the right to hold and use the 1900 MHz. and the 3G mobile phone frequency (IMT 2000) which arise from the Memorandum of Understanding ("MOU") on the transfer of the exclusive rights and obligation relating to the frequency, the termination of the joint venture agreement, and asset management under the 1900 MHz. mobile phone services project between the Company and CAT. The amortisation is calculated using the straight-line method over the useful life of 17 years, according to the period of Telecom licence Type III granted to the Company.

### 2.14 Accounting for leases - where the Company is the lessee

Leases of property, plant and equipment which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to both the principal and the finance charges so as to achieve a constant rate on the balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases are charged to the statements of income on a straight-line basis over the period of the lease.

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

### 2.15 Accounting for leases - where the Company is the lessor

#### Operating leases

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

### 2.16 Trade and other accounts payable

Trade accounts payable and other accounts payable are stated at cost.

### 2.17 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result

of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

### 2.18 Revenue recognition

- Revenue from domestic fixed line phone, domestic mobile phones and international long-distance calls is recognised based on call time at the tariffs set by the Company. The Group estimates the revenues not yet billed based on historical usage. Telephone usage revenue earned but not billed is presented as accrued income and included in the balance sheets in trade accounts receivable.
- Inbound and outbound international long-distance calls provided by CAT Telecom Public Company Limited are recognised as revenue at the specific tariffs when services are rendered according to the customer usage report from CAT.
- Revenue derived from the installation of fixed lines is recognised upon completion of installation services.
- Revenue from public telephone services is recognised when services are provided following the collection of the revenue.
- Revenue from the leasing of circuit and transmission systems is recognised over the service period at the rate prescribed by the Company.
- Revenue from the leasing of equipment is recognised over the lease period at the rate specified in the agreement.
- Revenue from network connection (access charge) is recognised when the network is connected at the rate specified in the agreement and it is probable of collection.
- Sales of equipment are recognised on delivery and customer acceptance.
- Revenue from sales of telephone cards and internet cards is recognised when the Company sells the products to the customer.
- Revenue from revenue sharing arrangements under concession agreements is recognised as follows: minimum shared revenue and revenue sharing in excess of the minimum shared revenue are recognised on an accrual basis based on the statement of revenue provided by concession operators. If the Company is responsible for collection from end customers, it presents trade receivables at the gross amount and revenue sharing income according to its share as stipulated in the agreement; it presents revenue sharing payables net of allowance for doubtful debts which the private operators are responsible for.
- Revenue from assets transferred from concession agreements is discussed in Note 2.11.
- Revenue from investments received from an exchange of right to operate under concession agreements is discussed in Note 2.8
- Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Company, unless the collectability is in doubt.

All revenues have been presented net of sales tax and cash discounts.

### 2.19 Expenses

#### Operating lease

Payments made under operating leases are recognised on a straight line basis over the term of the lease in the statement of income. Contingent rental are charged to the statements of income for the accounting period in which they are incurred.

### Finance cost

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

### 2.20 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiary, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each relationship between parties, attention is directed to the substance of the relationship, not merely the legal form.

### 2.21 Employee benefits

#### 2.21.1 Employee benefit fund

The Company established its employee benefit fund following the Telephone Organisation of Thailand Act B.E.2497 in order to provide money to employees who resign from the Company and for employees who want to borrow money with a security or personal guarantee. The Company contributes an amount equal to 10% of its employee's salaries into the fund on a monthly basis and contributes an additional amount to the fund, up to a maximum of the obligation as at the balance sheet date. As at December 31, 2004 the contribution amount was calculated based on the latest salary rate of each employee multiplied by their length of service in accordance with the previous policy in respect of the employee benefit fund. Subsequently, on August 26, 2005, the Company changed the policy according to the resolution of the Board of Directors' Meeting dated August 8, 2005, which had an effective date of October 1, 2005. At December 31, 2005 the calculation method for the retirement benefit plan therefore is divided into two parts, firstly the calculation is based on salary rate at September 30, 2005 and applied its for the service period from the effective employment date to September 30, 2005, and secondly the calculation is based on salary rate at the balance sheet date and applied it for the service period from October 1, 2005 to December 31, 2005. The Company then use the new policy for calculation until now. Income earned from fund assets is recognised as income. Contributions to the employee benefit fund are charged as expenses to the income statement as incurred. Assets of the fund are included in the Company's balance sheet, and comprise cash and cash at banks, loans to employees and accrued interest income.

#### 2.21.2 Provident fund

The Company established a provident fund, "the registered provident fund of the Telephone Organisation of Thailand" on September 29, 1997. According to the corporatisation under the State Enterprise Capital Act B.E. 2542, the name of the fund was changed to "the registered provident fund of TOT Corporation Public Company Limited" on November 14, 2002 and the name of the fund was changed once again to "the registered provident fund of TOT Public Company Limited" on September 7, 2005. All employees joining the Company on or after September 29, 1997 are required to be members of the provident fund. Employees joining prior to September 29, 1997 were able to elect to be members of the provident fund or the employee

benefit fund. The Company contributed at the rate of 10% per month of salary/wage for employees who had been working with the Company for more than 20 years and at the rate of 9% per month for employees who had been working with the Company for less than 20 years. In January 1, 2006, the Company changed the contribution rate to 13% and 12% for employees who have been working with the Company for more than 20 years and less than 20 years respectively. The contributions to the provident fund are charged as expenses to the income statement as incurred. Assets of the fund are held in a separate account which is managed by a fund management company.

#### 2.21.3 Severance benefits

Under the labour laws applicable to state enterprises, all employees are entitled to severance pay on termination of service, including forced termination or retrenchment, or in the event that the employee reaches the retirement age of 60. The Company has not provided for this severance liability in these financial statements.

#### 2.21.4 Share-based compensation

The Company initiated a share-based award plan for its employees from the privatization from TOT to TOT Corporation Public Company Limited in July 2002 by granting the right to employees to purchase shares at par value equivalent to six times of each employee's salary and receive free shares (based on par value) equivalent to two times of each employee's salary. The employees can exercise this right on the date of the Company's initial public offering. The total share allocation under this option plan shall not exceed 6.5% of the registered share capital on the completion of the Initial Public Offering. The Company does not recognise a compensation charge until the date of issuing shares under this option scheme.

#### 2.21.5 Early retirement benefit

The Group recognises early retirement benefit obligations for employees who retire early or employees who accept voluntary redundancy in exchange for this benefit. The Group has recognised liabilities and expenses upon approval of the termination of service of employees who take voluntary redundancy.

#### 2.22 Research and development expenditure

Research and development expenditure is expensed in the period as incurred.

Development expenditure (involves a plan or design for the production of new or substantially improved products and processes) is recognised as intangible asset only if it can be measured reliably, the product or process is commercially and technically feasible, future economic benefits are probable.

Other development expenditure is recognised as expense as incurred. Development expenditure recognized in period can not be capitalized as asset in the next period.

Capitalised development expenditures are amortized in the statement as income on a straight-line basis over their estimated useful lives starting from production or commercial commencement.

#### 2.23 Income tax

The Group calculates income tax in accordance with the Revenue Code and records income tax on an accrual basis. The Company does not recognise deferred income tax in respect of temporary differences arising from difference between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

### 3. New accounting standards, new financial reporting standards and amendments to accounting standards

Thai Accounting Standards were renumbered with effect from June 26, 2009 following an announcement by the Federation of Accounting Professions in order to conform with the number used in the International

Financial Reporting Standards.

During 2010, the Federation of Accounting Professions announced the re-numbering of the following TFRS

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

These TFRS do not have a material impact on the financial statements being presented.

The revised accounting standards and new accounting standards which will become effective for the period beginning on or after January 1, 2011 and January 1, 2013. The Company has not adopted to apply before the effective date are as follows:

#### Effective for the period beginning on or after 1 January 2011:

TAS 1 (Revised 2009)	Presentation of Financial Statements
TAS 2 (Revised 2009)	Inventories
TAS 7 (Revised 2009)	Statements of Cash Flows
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2009)	Events after the Reporting period
TAS 11 (Revised 2009)	Construction Contracts
TAS 16 (Revised 2009)	Property Plant and Equipment
TAS 17 (Revised 2009)	Leases
TAS 19 (Revised 2009)	Employee Benefits
TAS 23 (Revised 2009)	Borrowing Costs
TAS 24 (Revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (Revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (Revised 2009)	Interest in Joint Ventures
TAS 33 (Revised 2009)	Earning per Share
TAS 34 (Revised 2009)	Interim Financial Reporting

TAS 36 (Revised 2009)	Impairment of Assets
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2009)	Intangible Assets
TAS 40 (Revised 2009)	Investment Property
TFRS 2	Shared based Payment
TFRS 3 (Revised 2009)	Business Combinations
TFRS 5 (Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations

#### Effective for the period beginning on or after 1 January 2013

TAS 12	Income Taxes
TAS 20 (Revised 2009)	Accounting for Government Grants and Disclosures of Government Assistance
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rate

The Company's management is presently considering the potential impact of adopting and initial application of these new and revised TAS would not expected to have any material impact on the financial statements except for TAS 19: Employee benefit. The Company will comply these accounting standards in 2011. As a result, employee benefit obligation will be increased approximate Baht 6,463 million. However the management is presently considering options for accounting for transitional liability.

## 4. Financial risk management

### 4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (the effects of changes in foreign currency exchange rates and interest rates), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group especially the effect of changes in foreign currency exchange rates and interest rates. The Group uses derivative financial instruments, such as cross currency swaps focusing on spreading risk from one currency to another currency, and prepayment used to reduce foreign currency exchange rate risk and foreign currency obligations. Risk management is carried out by the Treasury Department in accordance with policies approved by the Board of Directors.

#### 4.1.1 Market risk

##### (1) Foreign currency exchange rate risk

The Group has foreign currency liabilities, which comprise borrowings, trade account payable and other account payables in US dollar and Japanese yen currencies. Therefore, the Group is exposed to foreign exchange rate risk arising from the US dollar and Japanese yen currencies. For assets, the Group has deposits denominated in US dollars with a local bank, which are used for repayment of foreign currency liabilities. In addition, there is foreign exchange rate risk arising from borrowings, commercial transactions, assets and liabilities which will be incurred in the future.

In order to manage the risks arising from fluctuations in currency exchange rates, the Group has taken the following measures:

- entering into cross currency swaps (Cross Currency Swap)
- maintaining deposits in foreign currencies to settle foreign currency liabilities (Natural Hedging)
- early repayment of borrowings (Prepayment)

The Group uses derivative financial instruments to manage foreign exchange rate risk for some Japanese yen borrowing agreements but cannot cover all borrowing agreements; therefore, the Group is still exposed to foreign exchange rate risk for the remaining Japanese yen borrowings and some US dollar borrowings, as well as other commercial transactions, such as the purchase of network equipment and the settlement of supplier liabilities. The Group does not use derivative financial instruments for these transactions.

##### (2) Interest rate risk

The Group earns interest on cash and cash equivalents, which exposes it to volatility as market interest rates fluctuate. The Group manages this interest rate risk by selecting to deposit for various maturities and various interest rate terms according to the interest rates available in the market and anticipated future cash flow requirements. The Group is also exposed to risk from fixed interest rates at the inception date for the finance leases under which the Group is the lessee, long-term borrowings, and investment in government debt securities, promissory notes and bonds.

#### 4.1.2 Credit risk

The Group has deposits with a state owned bank and other commercial banks (Notes 8, 9 and 10), both local banks and Thai branches of foreign banks, which it has selected based on their quality and reputation. For investment in debt securities, the Group selects low risk securities, which comprise government debt securities and bonds issued by banks classified the reputation in A level up. The Group has policies in place to ensure that services are provided to customers with an appropriate credit history

#### 4.1.3 Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash and marketable securities

### 4.2 Accounting for financial instruments and hedging activities

#### Cross Currency Swaps

In foreign currency swap contracts, which are taken out in respect of borrowings, the Company and certain counterparties enter into currency swaps of the same value in different foreign currencies at the contract date. On maturity, the Company will repay debts in the new foreign currency as agreed. Borrowings are presented in the new currency from inception of the cross currency swap. Differences between the original and new currency are recognised in the statement of income as they occur. Borrowings in foreign currencies as at the balance sheet date are translated into Baht at the exchange rate at the balance sheet date. Gain and loss from translation is recognised in the statement of income. The Company is also a party to prepayment contracts, which are intended to reduce exposure to fluctuations in foreign currency exchange rates and reduce foreign borrowings at the balance sheet date. Gains or losses from prepayment contracts are recognised as income or expenses in the statement of income.

Disclosures with respect to derivative financial instruments to which the Company is a party are provided in Note 36.

## 5. Critical accounting estimates assumption and judgements

Estimates, assumption and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### 5.1 Property, plant and equipment and intangible assets

The Group's business is capital intensive and depreciation of operating assets is a significant charge to the Statement of Income. The cost of purchased and financial leased plant and equipment including those from business combination is charged to depreciation expense over its estimated useful lives and residual value using the straight-line method. The useful lives are estimated at the time the asset is acquired and are based on historical experience with similar assets as well as taking into account anticipated technological, average of industry and other changes. The management reviews on an annual basis changes in technology, industry and competitive conditions, asset retirement activity, and residual values to determine whether any adjustment is required to estimated remaining useful lives and depreciation rates. Actual economic lives may differ from the estimated useful lives, and periodic reviews in the future could result in a change in the depreciable.

The Group has substantial investments in tangible long-lived assets, primarily the fixed-line telecommunications networks, submarine cables, cellular mobile network assets and international gateways. Major intangible asset is the right to hold and use the 1900 MHz. and the 3G mobile phone frequency (IMT 2000). Changes in technology or changes in the Company's intended use of these assets may cause the estimated period of use or value of these assets to change. The Group assesses at each balance sheet date whether there is an indication that one or more of its long-lived assets and intangible asset are impaired. If any such indication exists, the Group carries out an impairment test to determine the recoverable amount, and monitors its businesses, markets, and business environments for indicators that suggest an impairment may have occurred. An impairment loss is recognised for amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Estimates of the present value of the future cash flows includes consideration of the assumptions underlying the cash flows, such as growth of the telecommunications market, the behaviour of subscribers, regulation and the selection of an appropriate discount rate taking into consideration the time value of money.

### 5.2 Impairment of trade account receivable

The Group maintains an allowance for doubtful accounts to reflect impairment of trade receivables relating to estimated losses resulting from the inability of customers to make required payments. The allowance for doubtful accounts is significantly impacted by the Group's assessment of future cash flows, such assessment being based on consideration of historical collection experience, known and identified instances of default and consideration of market trends.

The Group also has disputes with some trade accounts receivable from telecommunication services and revenue sharing that were recorded as accounts receivable in the financial statements but no payments have been received. These trade accounts receivable comprise receivables in respect of international call revenue sharing, access charges and the revenue sharing agreement specified in Note 11 to the financial statements. The Company has considered the opportunity to receive payments by taking into account the relevant legal issues and believed that the Company has sufficient reasons to dispute and expected the full amount will be collected, so no allowance for doubtful accounts is recorded in these financial statements.

### 5.3 Financial leases where the Group is lessee.

The Group has various agreements with third party suppliers for the supply of telecommunication

equipment and services. Under some of these arrangements payments to the supplier are determined by a number of factors including the actual usage occurred, the number of subscribers connected. After consideration of all the terms and conditions of these agreements, if the Group concludes that under the contractual arrangements the majority of risks and rewards associated with the underlying assets have passed to the Group, the Group will recognise such assets in its property, plant and equipment.

## 6. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to minimize the cost of capital.

## 7. Comparative figures

Comparative figures have been adjusted to conform to the minimum requirements announced by the Department of Business Development Regulation dated January 30, 2009 in relation to the format of Financial Statements B.E. 2009. It effects from January 1, 2009.

Moreover, the Company reclassified the right to use Crown Property Land amounting to Baht 221.07 million from intangible assets to prepayment and presented as other current asset and other non-current asset to conform with the accounting guideline for leasehold right that was announced and effective in 2009.

8. Cash and cash equivalents as at December 31, 2010 and 2009 are as follows:

	Unit : Million Baht			
	Consolidated		The Company	
	2010	2009	2010	2009
Cash on hand	16.52	18.59	16.52	18.58
Deposits held at call with bank	7,557.83	8,617.77	7,530.77	8,611.44
Fixed deposits at banks	1,161.44	4,575.33	1,161.44	4,575.33
	<b>8,735.79</b>	<b>13,211.69</b>	<b>8,708.73</b>	<b>13,205.35</b>

The weighted average effective interest rate of deposits held at call with bank and fixed deposits at banks as at December 31, 2010 was 0.95% per annum (At December 31, 2009 : 1.55% per annum)

Cash and cash equivalents as at December 31, 2010 include current accounts, savings account and fixed deposits with a maturity of three months in respect of the employee benefit fund amounting to Baht 129.61 million (At December 31, 2009 : Baht 155.51 million) and deposits in US dollar currency amounting to Baht 43.37 million (At December 31, 2009 : Baht 24.75 million) in order to reduce the risk of exposure to fluctuations in exchange rate in respect of the settlement of US dollar liabilities.

## 9. Short-term investments

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
Opening balance-net	407.17	3,180.45	407.17	3,180.45
Increase during the year	540.19	150.36	540.19	150.36
Decrease during the year	(515.00)	(3,124.51)	(515.00)	(3,124.51)
Amortized (premium) discount on debt securities	(0.18)	0.38	(0.18)	0.38
Change in foreign currency translation	(0.05)	-	(0.05)	-
Reclassification from long-term investment (Note 15)	1,000.23	200.49	1,000.23	200.49
Closing balance-net	<b>1,432.36</b>	407.17	<b>1,432.36</b>	407.17

Short-term investments as at December 31, 2010 comprise fixed deposits at banks with original maturity over 3 months but less than 12 months including investment in promissory notes, treasury bill, government bonds and held-to-maturity investments with maturity within one year. The weighted average effective interest rate was 3.06% per annum (At December 31, 2009 : 2.96% per annum).

At December 31, 2010 and 2009, short-term investments are as follows :

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
Deposits at bank	157.95	102.06	157.95	102.06
Held-to maturity investment	1,274.41	305.11	1,274.41	305.11
	<b>1,432.36</b>	407.17	<b>1,432.36</b>	407.17

## 10. Funds for redemption of long-term liabilities

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
Opening balance-net	19,353.58	18,449.07	19,353.58	18,449.07
Increase during the year	22,905.37	16,868.55	22,905.37	16,868.55
Decrease during the year	(22,275.17)	(15,967.99)	(22,275.17)	(15,967.99)
Amortized discount on debt securities	4.19	3.95	4.19	3.95
Closing balance-net	<b>19,987.97</b>	19,353.58	<b>19,987.97</b>	19,353.58

Funds for redemption of long-term liabilities as at December 31, 2010 comprise time deposits at banks with a maturity period within 24 months including investment in promissory notes, treasury bills, bonds and debentures. The Company contributes to the funds on an annual basis for the purpose of redeeming long-

term liabilities. The Company can withdraw the funds to settle liabilities as necessary, subject to the approval of the management of the finance function at vice managing director level up by reporting to the managing director. The weighted average effective interest rate as at December 31, 2010 was 1.82% per annum (At December 31, 2009 : 2.03% per annum).

As at December 31, 2010 and 2009 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
Funds for redemption of long-term liabilities - within 1 year	16,420.41	13,287.69	16,420.41	13,287.69
Funds for redemption of long-term liabilities - over 1 year	3,567.56	6,065.89	3,567.56	6,065.89
	<b>19,987.97</b>	19,353.58	<b>19,987.97</b>	19,353.58

## 11. Trade accounts receivable - net

Trade accounts receivable as at December 31, 2010 and 2009 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
Trade accounts receivable - telecommunication services - net	8,166.77	8,173.48	8,166.77	8,173.48
Trade accounts receivable - customers under concession agreements - net	2,150.27	2,588.61	2,150.27	2,588.61
Trade accounts receivable - revenue sharing - net	3,925.18	3,645.76	3,925.18	3,645.76
Total trade accounts receivable - net	<b>14,242.22</b>	14,407.85	<b>14,242.22</b>	14,407.85

### 11.1 Trade accounts receivable - telecommunication services - net

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
Trade accounts receivable - billed				
- Third parties	3,865.47	3,909.60	3,865.47	3,909.60
- Related parties	1,186.95	1,123.62	1,186.95	1,123.62
Trade accounts receivable - unbilled				
- Third parties	3,309.33	3,188.45	3,309.33	3,188.45
- Related parties	1,547.30	1,546.29	1,547.30	1,546.29
Total trade accounts receivable - telecommunication service	9,909.05	9,767.96	9,909.05	9,767.96
Less Allowance for doubtful accounts	(1,742.28)	(1,594.48)	(1,742.28)	(1,594.48)
Total trade accounts receivable - telecommunication service - net	<b>8,166.77</b>	8,173.48	<b>8,166.77</b>	8,173.48



Trade accounts receivable - telecommunication services comprise receivables in respect of services provided by the Company using its own network, such as fixed line phones, leased cable conduits, leased circuit interference, and access charge.

Trade accounts receivable - billed include government and state enterprise receivables as at December 31, 2010 of Baht 1,176.13 million (At December 31, 2009: Baht 1,110.35 million).

The above trade accounts receivable include the accounts receivable from CAT amounting to Baht 1,566.33 million (Note 38.3), which include revenue sharing from international calls for the period of January to June 2004 amounting to Baht 983.85 million, for which the revenue was recorded using the rate agreed in the previous agreement, consequently CAT argued that the revenue sharing for such period should be calculated at the new rate. Under the consideration of the Office of the Attorney General, this case should be submitted to the Ministry of Information and Communication Technology to make the final judgment. During a meeting between the Ministry of Information and Communication Technology, the Company and CAT, made a resolution to send the case back to the Office of the Attorney General to conclude the case. On August 31, 2009, the Office of the Attorney General subsequently received notice of the result of a civil trial which considered that CAT shall pay the revenue sharing from international call to the Company. Therefore, the Office of the Attorney General asked the Company and CAT to renegotiate the revenue sharing, however, if the parties cannot finalise the negotiation, they are required to inform the Office of the Attorney General for next proceeding and making final pronouncement by The Arbitrary Committee to conclude the civil suit of Government and the related department. On October 2, 2009, the Company sent a notification letter to CAT regarding the payment on the revenue sharing of international calls but there was no response from CAT. On October 15, 2009, the Company therefore sent the letter request the Office of the Attorney General to take further action on this. Thus, the management of the Company expects the full amount to be collected under the previous agreement; therefore, no allowance for doubtful accounts is provided in these financial statements. Moreover, on September 8, 2008, CAT issued a letter to cancel the agreement of revenue sharing from international calls and requested to make payment by an interconnection charge (IC) at the rate that already submitted to the NTC instead, commencing November 1, 2008. However, the Company sent the letter in response, announcing to CAT that the existing agreement remained effective. Since CAT had not sent the information according to the existing agreement, as a result, the Company could not reliably measure on the amount of revenue and estimate on the sharing cost. Therefore, the Company did not record revenue sharing of international calls from CAT as well as the cost relating to revenue sharing that have to be paid to other service providers in these financial statements since November 1, 2008.

CAT entered into an agreement with the Company regarding the mobile network connection of the three concession operators who provide CAT's wireless cellular services; Total Access Communication Public Company Limited ("DTAC"), True Move Company Limited ("True Move") and Digital Phone Company Limited ("DPC") which are agreed by three parties, being the Company, CAT and the concession operators, in related to the connection and the use of the network of the Company and the concession operators. Then on November 17, 2001, the Telecommunication Act became effective which in section 2 of Telecom Act was mentioned about the use and interconnection of the telecom network. In 2006, NTC has announced about the use and interconnection of network; therefore, this caused two concession operators of CAT, DTAC and True Move, use as accuse to cease the payment of the access charge and requested to negotiate in making an agreement of using and interconnection of the network and interconnection charge (IC) rate. The concession operator will pay the access charge until November 17, 2006. During the negotiation period, the concession operators will pay IC from November 18, 2006 onward at the agreed rate or temporary rate set by NTC. DPC is the third party who defended the payment of the access charges. And also requested to negotiate an IC agreement and payment of IC would be made from June 1, 2009, onwards.

However, the Company believes that although NTC has announced the interconnection charge, every agreement on the access charge is still effective. Therefore, concession operators have no right to cease the payment of the access charge. Thus, the Board of Directors' Meeting on November 20, 2006 passed a resolution to inform the two concession operators to pay the access charge according to the existing agreement and the Company's management will pursue legal action till the end. On August 31, 2007, the Company filed a lawsuit against NTC at the Central Administrative Court of Thailand to request an order to revoke the announcement regarding the use and interconnection

of the telecommunication network B.E. 2549. On November 16, 2007, the Company filed a lawsuit against CAT and the two concession operators at the Civil Court for the default in the contract and penalty payment which the Court received the 2 requests for consideration. On November 3, 2008 and September 16, 2009, the Civil Court dismissed the case between the Company, CAT, and DTAC and between the Company, CAT, and True Move, respectively, from its content, which these was considered to be under the Administrative Court's content. The Company's management, therefore, passed a resolution to submit the case to the Office of the Attorney General, and it is now under consideration by the Director General of Administrative under the Office of the Attorney General. Whilst the case between the Company, CAT and DTAC, was considering by the Director General of Administrative under the Office of the Attorney General. For the case between the Company, CAT and TRUE Move and between the Company and DPC, the Company requested the support from the Office of the Attorney General to file the case on behalf of the Company on October 30, 2009 and November 20, 2009, respectively. Due to the cessation on payment of the access charge, the three concession operators of CAT did not comply with the agreement regarding the submission of information relating to the access charge to the Company. The Company did not record revenue from the access charge of DTAC and True Move since January 1, 2007 up to present and of DPC since June 1, 2009 up to present.

Furthermore, since the fourth quarter of 2007, CAT has defaulted on the payment of access charge relating to its operation from October 2007 onwards. The Company got the access charge information for this part up to October 2007, therefore; the Company recorded revenue only for October 2007 in the amount of Baht 84.02 million and ceased to record this part of revenue since November 1, 2007, onwards. Moreover, CAT defaulted on the payment by half of its revenue derived from DPC and also need to pay additional to the minimum revenue sharing received by the Company for the period from September 16, 2006 to September 15, 2007 in the amount of Baht 345.50 million, and the revenue sharing for the period from October 1, 2007 to December 31, 2007 in the amount of Baht 130.12 million which the payments were due in the first quarter of 2008 and be pursued for payment from CAT. However, though the Company received the half of DPC revenue sharing from CAT until June 2008, but the Company received a notification letter from CAT in March 2008 stating that CAT would make a payment if the Court issued a final judgment for the Company's filing a lawsuit against CAT and concession operators, DTAC and True Move at the Civil Court on the payment of access charge. Therefore, the Company ceased the recognition of this revenue portion since the first quarter of 2008. However, the Company's management expected that the Company would be able to collect the full amount of the access charge payment and by half of the revenue sharing mentioned above, which were included in the accounts receivable - telecommunication services. Therefore, no allowance for doubtful accounts has been recorded in the financial statements.

In the second quarter of 2009, DPC sent the letter seeking to make an agreement on telecommunication network interconnection to comply with the announcement of NTC concerning the use and interconnection, and to cancel the agreement on mobile phone access charge and to cease the payment of access charge with effective since June 1, 2009. The Company has not recognised the access charge revenue from DPC since that date.

Since the year 2007, the Company did not record the corporate income tax expense related to the disputed access charge revenue as the Company has not recognised as revenue in these financial statements (Note 37.2.1).

In addition, TT&T Public Company Limited ("TT&T"), which is an operator in the concession agreement, has encountered the liquidity problems and filed a business rehabilitation petition with the Central Bankruptcy Court on April 22, 2008. On November 7, 2008, the Central Bankruptcy Court ordered TT&T to enter the business rehabilitation process and ordered the appointment to P Planner Co., Ltd. as a rehabilitation plan preparer on 22 July 2009. Currently, TT&T is in the process of preparing the rehabilitation plan. The Company has already filed a claim for the settlement of both trade and other balances. The Company recorded TT&T's trade balance as an account receivable as at December 31, 2010 in the amount of Baht 337.45 million (December 31, 2009: Baht 346.75 million). Presently, TT&T has made the regular payments for the transactions incurred after November 7, 2008. Due to, the uncertainty regarding the success on the business rehabilitation plan and the settlement amount received by the Company, therefore, the Company recorded an allowance for doubtful accounts for trade-accounts receivable, recorded in the financial statements, occurred before November 7, 2008. This portion was included in the amount of the settlement claim on the business rehabilitation process.

Concentrations of credit risk with respect to trade accounts receivable are limited due to the Company's large number of customers who are end users of telephone services, covering business, government and state enterprises and residential customers. The Company's experience in the collection of accounts receivable indicates that the allowance provided will be sufficient. Due to these factors, the management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in its trade accounts receivable.

### 11.2 Trade accounts receivable - customers under concession agreements - net

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
Trade accounts receivable - customers under concession agreements - billed				
- Third parties	5,391.70	5,135.14	5,391.70	5,135.14
Accrued income				
- Third parties	350.43	365.11	350.43	365.11
Total trade accounts receivable - customers under concession agreements	5,742.13	5,500.25	5,742.13	5,500.25
Less Allowance for doubtful accounts	(3,591.86)	(2,911.64)	(3,591.86)	(2,911.64)
Total trade accounts receivable - customers under concession agreements - net	2,150.27	2,588.61	2,150.27	2,588.61

Trade accounts receivable - customers under concession agreements comprise fixed line phone receivables for services provided by True Corporation Public Company Limited ("True") and TT&T. The Company is responsible for billing and collection. The Company then shares the revenue with the service providers upon collection based on the rates specified in the relevant agreements. The accounting policy for this transaction is discussed in note 2.18. As at December 31, 2010 trade accounts receivable - customers under concession agreements include government and state enterprise receivables amounting to Baht 317.93 million (At December 31, 2009: Baht 346.55 million).

### 11.3 Trade accounts receivable - revenue sharing - net

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
Trade accounts receivable - revenue sharing				
- Third parties	796.81	799.15	796.81	799.15
Accrued income				
- Third parties	3,527.38	3,245.59	3,527.38	3,245.59
- Related parties (Note 38.3)	0.69	0.72	0.69	0.72
Total trade accounts receivable - revenue sharing	4,324.88	4,045.46	4,324.88	4,045.46
Less Allowance for doubtful accounts	(399.70)	(399.70)	(399.70)	(399.70)
Total trade accounts receivable - revenue sharing - net	3,925.18	3,645.76	3,925.18	3,645.76

Trade accounts receivable - revenue sharing comprises receivables from minimum shared revenue or a certain percentages of service income before expense, whichever is higher as specified in the relevant agreements. Such receivables comprise receivables from mobile phone services, public phone services, videotexts and phone cards.

Trade accounts receivable - revenue sharing included accrued income from Advanced Info Service Public Company Limited ("AIS") amounting to Baht 681.04 million which is the excise tax that was deducted from revenue sharing by AIS during January 23, 2007 - February 26, 2007. AIS has already submitted such excise tax to the Excise Department and refused to pay to the Company. On February 26, 2007 the Ministry of Commerce announced a reduction of excise tax rate for telecommunication services to zero percent but the Company's management viewed that AIS has no right to deduct excise tax from revenue sharing according to the resolution of the Cabinet dated January 23, 2007. Therefore, the Company recorded this excise tax as accrued income whilst, the Company's management believed that the full amount would be collected, thus no allowance for doubtful accounts is provided in these financial statements.

### 11.4 Aging analysis

Trade accounts receivable - billed - telecommunication services and customers under concession agreements can be aged as follows:

Unit : Million Baht

Items	Consolidated			
	Accounts receivable - telecommunication services		Accounts receivable - customers under concession agreements	
	Dec 31,10	Dec 31,09	Dec 31,10	Dec 31,09
Not later than 6 months	2,684.70	2,595.94	1,341.83	1,754.98
Later than 6 months but not later than 1 year	444.22	419.63	507.10	631.02
Later than 1 year but not later than 2 years	358.43	579.84	1,059.41	932.23
Later than 2 years	1,565.07	1,437.81	2,483.36	1,816.91
	5,052.42	5,033.22	5,391.70	5,135.14

Unit : Million Baht

รายการ	The Company			
	Accounts receivable - telecommunication services		Accounts receivable - customers under concession agreements	
	Dec 31,10	Dec 31,09	Dec 31,10	Dec 31,09
Not later than 6 months	2,684.70	2,595.94	1,341.83	1,754.98
Later than 6 months but not later than 1 year	444.22	419.63	507.10	631.02
Later than 1 year but not later than 2 years	358.43	579.84	1,059.41	932.23
Later than 2 years	1,565.07	1,437.81	2,483.36	1,816.91
	5,052.42	5,033.22	5,391.70	5,135.14

12. Inventories and supplies - net as at December 31, 2010 and 2009 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
Finished goods	141.77	172.39	141.77	172.39
Supplies for telephone services, expansion, and repair and maintenance	1,939.90	1,984.91	1,939.90	1,984.91
Factory supplies	8.65	9.51	8.65	9.51
	2,090.32	2,166.81	2,090.32	2,166.81
Less Allowance for decline in value	(14.92)	(6.31)	(14.92)	(6.31)
Allowance for stock obsolescence and defects	(331.61)	(308.99)	(331.61)	(308.99)
Inventories and supplies - net	<b>1,743.79</b>	<b>1,851.51</b>	<b>1,743.79</b>	<b>1,851.51</b>

13. Other current assets – net as at December , 31 2010 and 2009 are as follows

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
Interest receivable	85.38	182.01	85.38	182.01
Value added tax receivable	574.58	700.38	493.45	604.15
Prepayment	120.77	112.82	120.77	112.39
Undue input value added tax	860.11	689.12	844.10	672.20
Advance payment for equipment	930.85	629.21	930.85	629.21
Other current assets	58.49	89.20	51.04	48.31
Total other current assets	2,630.18	2,402.74	2,525.59	2,248.27
Less Allowance for value added tax receivable (Note 37.2.2)	(322.80)	(322.80)	(322.80)	(322.80)
Total other current assets - net	<b>2,307.38</b>	<b>2,079.94</b>	<b>2,202.79</b>	<b>1,925.47</b>

14. Investments in associated companies and subsidiary as at December 31, 2010 and 2009 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
Investments in associated companies and subsidiary				
- Investments in associated companies	81.30	83.16	612.05	720.34
Less Provision for impairment of investment	(50.36)	-	(582.05)	(638.15)
	30.94	83.16	30.00	82.19
- Investments in subsidiary	-	-	1,055.79	1,055.55
Less Provision for impairment of investment	-	-	(165.41)	(165.41)
	-	-	890.38	890.14
	<b>30.94</b>	<b>83.16</b>	<b>920.38</b>	<b>972.33</b>

Change in investments in associated companies and subsidiary comprised:

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
Opening balance - net	83.16	653.57	972.33	1,740.60
Acquisition of subsidiary	-	-	0.24	14.66
Share of loss in investment under equity method	(1.86)	(219.59)	-	-
Loss from impairment of investment	(50.36)	-	(52.19)	(197.68)
Write – off investment in liquidated associated company	-	-	(108.29)	-
Write – off impairment loss of liquidated associated company	-	-	108.29	-
Reclassification (Note 15)	-	(350.82)	-	(585.25)
	<b>30.94</b>	<b>83.16</b>	<b>920.38</b>	<b>972.33</b>

Details of associated companies as at December 31, 2010 are as follows:

**Consolidated**

Company	Business	Country	Relationship	Paid up share capital (%)	Investment portion (Million Baht)	Cost (Million Baht)	Accumulated share of net gain (loss) (Million Baht)	Equity – net (Million Baht)
<b>Associates</b>								
Tel-card Company Limited	Producing plastic chip cards	Thai	Shareholder	50.00	26.00	13.00	(13.00)	-
Advanced Data Network Communication Company Limited	Providing information media services via telephone lines	Thai	Shareholder	957.52	48.12	460.76	(460.76)	-
Lenso Datacom Company Limited	Providing information media services via telephone lines	Thai	Shareholder	136.47	49.00	108.29	(108.29)	-
Mobile Communication Services Company Limited	Operating network and providing related network services	Thai	Shareholder	100.00	30.00	30.00	0.94	30.94
<b>Total associates</b>						612.05	(581.11)	30.94

Details of associated companies as at December 31, 2009 are as follows:

**Consolidated**

Company	Business	Country	Relationship	Paid up share capital (%)	Investment portion (Million Baht)	Cost (Million Baht)	Accumulated share of net gain (loss) (Million Baht)	Equity – net (Million Baht)
<b>Associates</b>								
Tel-card Company Limited	Producing plastic chip cards	Thai	Shareholder	50.00	26.00	13.00	(13.00)	-
Advanced Data Network Communication Company Limited	Providing information media services via telephone lines	Thai	Shareholder	957.52	48.12	460.76	(460.76)	-
Lenso Datacom Company Limited	Providing information media services via telephone lines	Thai	Shareholder	136.47	49.00	108.29	(56.10)	52.19
United Broadband Technology Company Limited	Providing information media services via telephone lines	Thai	Shareholder	221.00	49.00	108.29	(108.29)	-
Mobile Communication Services Company Limited	Operating network and providing related network services	Thai	Shareholder	99.04	30.00	30.00	0.97	30.97
<b>Total associates</b>						720.34	(637.18)	83.16

Details of associated companies and subsidiary as at December 31, 2010 are as follows:

### The Company

Company	Business	Country	Relationship	Paid up share capital (%)	Investment portion (Million Baht)	Cost (Million Baht)	Accumulated share of net gain (loss) (Million Baht)	Equity – net (Million Baht)
<b>Associates</b>								
Tel-card Company Limited	Producing plastic chip cards	Thai	Shareholder	50.00	26.00	13.00	(13.00)	-
Advanced Data Network Communication Company Limited	Providing information media services via telephone lines	Thai	Shareholder	957.52	48.12	460.76	(460.76)	-
Lenso Datacom Company Limited	Providing information media services via telephone lines	Thai	Shareholder	136.47	49.00	108.29	(108.29)	-
Mobile Communication Services Company Limited	Operating network and providing related network services	Thai	Shareholder	100.00	30.00	30.00	-	30.00
<b>Total associates</b>						612.05	(582.05)	30.00
<b>Subsidiary</b>								
ACT Mobile Company Limited	Telecommunication	Thai	Shareholder	1,200.00	98.57	1,055.78	(165.40)	890.38
<b>Total Subsidiary</b>						1,055.78	(165.40)	890.38
<b>Total associates and subsidiary</b>					1,667.83	(747.45)	920.38	

Details of associated companies and subsidiary as at December 31, 2009 are as follows:

### The Company

Company	Business	Country	Relationship	Paid up share capital (%)	Investment portion (Million Baht)	Cost (Million Baht)	Accumulated share of net gain (loss) (Million Baht)	Equity – net (Million Baht)
<b>Associates</b>								
Tel-card Company Limited	Producing plastic chip cards	Thai	Shareholder	50.00	26.00	13.00	(13.00)	-
Advanced Data Network Communication Company Limited	Providing information media services via telephone lines	Thai	Shareholder	957.52	48.12	460.76	(460.76)	-
Lenso Datacom Company Limited	Providing information media services via telephone lines	Thai	Shareholder	136.47	49.00	108.29	(56.10)	52.19
United Broadband Technology Company Limited	Providing information media services via telephone lines	Thai	Shareholder	221.00	49.00	108.29	(108.29)	-
Mobile Communication Services Company Limited	Operating network and providing related network services	Thai	Shareholder	99.04	30.00	30.00	-	30.00
<b>Total associates</b>						720.34	(638.15)	82.19
<b>Subsidiary</b>								
ACT Mobile Company Limited	Telecommunication	Thai	Shareholder	1,200.00	98.55	1,055.54	(165.40)	890.14
<b>Total Subsidiary</b>						1,055.54	(165.40)	890.14
<b>Total associates and subsidiary</b>					1,775.88	(803.55)	972.33	

Since September 30, 2008, the Company and CAT agreed to terminate the joint venture agreement and any verbal or written agreements relating to the said agreement which resulted in the dissolution of joint venture Thai Mobile (“Thai Mobile”). In this regard, the Company is required to absorb all liabilities arising from Thai Mobile at fair value. On November 26, 2008, the Company received all shares in ACT held by CAT, totaling of 50,816,987 shares, consequently, the Company has control over ACT. The Company presented investment in ACT as subsidiary and prepared the first time adoption on consolidated financial statements for the year ended December 31, 2008.

The Company held additional shares of ACT from the transfer of shares from the Company’s employees, who would not like to hold ACT’s shares, of 1.466 million shares, valued at Baht 10 per share, totaling of Baht 14.66 million and in the third quarter of 2010, the Company held additional shares of ACT from Aeronautical Radio of Thailand Ltd. and the transfer of shares from the Company’s employees, who would not like to hold ACT’s shares, of 0.024 million shares, valued at Baht 10 per share, totaling of Baht 0.24 million

The Company accounted for its investment in True Multi-Media Company Limited as investment in an associated company, even though the Company has a shareholding of less than 20%, because the Company can appoint not less than one member of the total eleven members according to its investment portion. The Company currently has two directors in the Board of Directors from a total of eight members. The Company considers that it has significant influence because it has proxies in the Board of Directors for which the voting rights are more than 20% of total voting rights. However, since the first quarter of 2009, the Company has not received the financial statements accounted for using the equity method of True Multi-media Company Limited for recording the shares of result from investment in the consolidated financial statements. Therefore, the Company has ceased the recognition on sharing of results from investment in True Multi-media Company Limited and reclassified the investment in True Multi-media Company Limited from “investment in associates” to “other long-term investment”.

On January 24, 2006, the Company’s Board of Directors approved the resolution to terminate the concession agreement and shareholder agreement with United Broadband Technology Company Limited (“United”) from January 1, 2006. The customers of United were transferred to the Company and United registered its dissolution with the Ministry of Commerce on February 28, 2006 and already process to dispose assets and settle the liabilities. United has completed the registered of liquidation process with the Ministry of Commerce on February 17, 2010.

On October 10, 2008, the Company’s Board of Directors approved a resolution to sell the Company’s shares in Mobile Communication Company Limited, Tel-card Company Limited, True Multi-media Company Limited and Trade Siam Company Limited. This action is now in process of being submitted to the Information and Communication Technology Minister for approval in the Cabinet.

On May 21, 2009, the Company’s Board of Directors approved a resolution to sell the Company’s shares in Advance Data network Communication Company Limited (“Advance”). This action is now in the process of being submitted to the Information and Communication Technology Minister for approval in the cabinet. In the fourth quarter of 2009, an additional impairment of the investment in Advance was recorded in the Company’s financial statements for the full amount of the net investment of Baht 190.71 million because Advance had a significant net loss for the year 2009 and resulted to accumulated deficits exceed its capital. In this regard, the Company cannot reliably estimate on the selling price of these shares.

On March 5, 2010, the Board of Directors of Lenzo Datacom Company Limited (“Lenzo”) agreed to terminate ADSL and Broadband Internet services as well as approved the resolution to terminate the concession agreement. Therefore, the Company has recorded the full amount of impairment for the net investment of Baht 52.19 Million in the first quarter of 2010.

## 15. Other long-term investments

Changes in other long-term investments consist of:

	Unit : Million Baht			
	Consolidated		The Company	
	2010	2009	2010	2009
Opening balance – net	6,335.49	4,780.85	6,569.92	4,780.85
Increase in long-term investment	30.26	880.14	30.26	880.14
Amortized premium	(0.61)	(1.37)	(0.61)	(1.37)
Loss from impairment of other long-term investments	(80.10)	-	(314.53)	-
Transfer of long-term investment to short-term investment (Note 9)	(1,000.23)	(200.49)	(1,000.23)	(200.49)
Reclassification (Note 14)	-	350.82	-	585.25
Change in fair value of available-for-sale investments(Note 31)	825.11	525.54	825.11	525.54
Closing balance – net	6,109.92	6,335.49	6,109.92	6,569.92

On January 25, 2010, the Company invested in Clearing House Co., Ltd. company provided Mobile Number Portability Service, 4,000 common shares at par value of Baht 100 each which is 20% of authorized share capital Baht 2 million.

Other long-term investments as at December 31, 2010 and 2009 are as follows:

Unit : Million Baht

	Consolidated							
	Available-for-sale investment		Held-to-Maturity investment		General investment		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
<b>Debt securities</b>								
Debenture of The Siam Cement Public Company Limited	-	-	-	30.56	-	-	-	30.56
Debenture of PTT Public Company Limited	-	-	100.00	100.00	-	-	100.00	100.00
Debenture of Bangkok Mass Transit System Public Company Limited	-	-	80.00	80.00	-	-	80.00	80.00
Debenture of Bank of Ayudhya Public Company Limited	-	-	-	100.23	-	-	-	100.23
Bond of Provincial Electricity Authority	-	-	-	59.96	-	-	-	59.96
Bond of Bank of Thailand	-	-	-	200.23	-	-	-	200.23
Promissory notes	-	-	20.00	600.00	-	-	20.00	600.00
<b>Total debt securities</b>	-	-	200.00	1,170.98	-	-	200.00	1,170.98
<b>Equity securities</b>								
Thai Long-distance Telecom-munications Company Limited	-	-	-	-	30.90	30.90	30.90	30.90
Thai-Amadeus South East Asia Company Limited	-	-	-	-	3.00	3.00	3.00	3.00
Trade Siam Company Limited	-	-	-	-	1.75	1.75	1.75	1.75
True Multi-Media Company Limited	-	-	-	-	350.82	350.82	350.82	350.82
Clearing House Company Limited	-	-	-	-	0.40	-	0.40	-
Total Access Communication Public Company Limited	3,567.92	3,567.92	-	-	-	-	3,567.92	3,567.92
Internet Thailand Public Company Limited	40.00	40.00	-	-	-	-	40.00	40.00
	3,607.92	3,607.92	-	-	386.87	386.47	3,994.79	3,994.39
<u>Less</u> Provision for impairment of investment	-	-	-	-	(81.85)	(1.75)	(81.85)	(1.75)
<u>Add</u> Unrealised gain on increase in value off available-for-sale investments(Note31)	1,996.98	1,171.87	-	-	-	-	1,996.98	1,171.87
<b>Total equity securities</b>	5,604.90	4,779.79	-	-	305.02	384.72	5,909.92	5,164.51
<b>Total</b>	5,604.90	4,779.79	200.00	1,170.98	305.02	384.72	6,109.92	6,335.49

Other long-term investments as at December 31, 2010 and 2009 are as follows :

Unit : Million Baht

	The Company							
	Available-for-sale investment		Held-to-Maturity investment		General investment		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
<b>Debt securities</b>								
Debenture of The Siam Cement Public Company Limited	-	-	-	30.56	-	-	-	30.56
Debenture of PTT Public Company Limited	-	-	100.00	100.00	-	-	100.00	100.00
Debenture of Bangkok Mass Transit System Public Company Limited	-	-	80.00	80.00	-	-	80.00	80.00
Debenture of Bank of Ayudhya Public Company Limited	-	-	-	100.23	-	-	-	100.23
Bond of Provincial Electricity Authority	-	-	-	59.96	-	-	-	59.96
Bond of Bank of Thailand	-	-	-	200.23	-	-	-	200.23
Promissory notes	-	-	20.00	600.00	-	-	20.00	600.00
<b>Total debt securities</b>	-	-	200.00	1,170.98	-	-	200.00	1,170.98
<b>Equity securities</b>								
Thai Long-distance Telecommunications Company Limited	-	-	-	-	30.90	30.90	30.90	30.90
Thai-Amadeus South East Asia Company Limited	-	-	-	-	3.00	3.00	3.00	3.00
Trade Siam Company Limited	-	-	-	-	1.75	1.75	1.75	1.75
True Multi-Media Company Limited	-	-	-	-	585.25	585.25	585.25	585.25
Clearing House Company Limited	-	-	-	-	0.40	-	0.40	-
Total Access Communication Public Company Limited	3,567.92	3,567.92	-	-	-	-	3,567.92	3,567.92
Internet Thailand Public Company Limited	40.00	40.00	-	-	-	-	40.00	40.00
	3,607.92	3,607.92	-	-	621.30	620.90	4,229.22	4,228.82
<u>Less</u> Provision for impairment of investment	-	-	-	-	(316.28)	(1.75)	(316.28)	(1.75)
<u>Add</u> Unrealised gain on increase in value off available-for-sale investments(Note31)	1,996.98	1,171.87	-	-	-	-	1,996.98	1,171.87
<b>Total equity securities</b>	5,604.90	4,779.79	-	-	305.02	619.15	5,909.92	5,398.94
<b>Total</b>	5,604.90	4,779.79	200.00	1,170.98	305.02	619.15	6,109.92	6,569.92

As at December 31, 2010, debt securities amounting to Baht 200.00 million (December 31,2009 : Baht 1,170.98 million) are classified as held-to-maturity investment with a maturity within 1.54 to 2.47 years (December 31,2009 :1.04 – 3.32 years). The weighted average effective interest rate during the year was 4.03% per annum. (During 2009 : 3.10% per annum).

16. Loans to employees as at December 31, 2010 and 2009 are detailed as follows:

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
Loans to employees	933.52	1,075.91	933.52	1,075.91
Less Current portion of loans to employees	(104.69)	(118.98)	(104.69)	(118.98)
	828.83	956.93	828.83	956.93
Less Allowance for doubtful account	(15.34)	(14.63)	(15.34)	(14.63)
	813.49	942.30	813.49	942.30

As at December 31, 2010, the outstanding balance of loans to employees above represented receivable in respect of the employee benefit fund amounting to Baht 155.52 million (At December 31, 2009 : Baht 166.63 million) (which is included in the financial statements of the Company, as explained in Note 2.21.1) and receivable in respect of the Company amounting to Baht 778.00 million (At December 31, 2009 : Baht 909.28 million). The interest rate charged is not less than the interest rate on a 12 month fixed deposit with a bank. These loans are fully supported by collateral security or guaranteed by individuals depending on the type of loan. The Company will deduct loan repayments from the employees basic salary on a monthly basis. On May 30, 2005, the Board of Director's Meeting approved the resolution to transfer receivables in respect of the employee benefit fund to receivables in respect of the Company in the event that the particular employees transfer to join the provident fund.

17. Property, plant and equipment as at December 31, 2010 is as follows:

Consolidated

	Land and land improvement	Building and facilities	Network equipment	Furniture and fixtures, tools and equipment	Computer, and equipment	Vehicles	Construction in progress	Total
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
<b>At January 1, 2010</b>								
Cost	4,787.01	17,603.28	220,096.32	4,854.96	4,305.45	742.90	6,329.27	258,719.19
Less Accumulated depreciation	(1,525.44)	(9,418.77)	(155,318.61)	(4,171.27)	(3,841.11)	(638.89)	-	(174,914.09)
Provision for impairment of assets	(0.37)	(15.02)	(3,794.03)	(11.84)	(8.28)	-	-	(3,829.54)
Opening net book value	3,261.20	8,169.49	60,983.68	671.85	456.06	104.01	6,329.27	79,975.56
<b>For the year ended December 31, 2010</b>								
Opening net book value	3,261.20	8,169.49	60,983.68	671.85	456.06	104.01	6,329.27	79,975.56
Additions	0.27	0.02	108.03	42.26	64.89	2.37	13,039.45	13,257.29
Transfers	8.69	418.03	13,463.22	202.14	261.86	-	(14,351.13)	2.81
Donations	-	-	0.95	0.11	0.03	-	-	1.09
Disposals	(0.05)	(7.07)	(39.91)	(4.03)	(3.42)	-	-	(54.48)
Impairment charge (Note 34)	0.23	(15.44)	(146.72)	(0.34)	5.78	-	-	(156.49)
Depreciation charge	(20.03)	(679.58)	(10,067.90)	(282.93)	(301.69)	(38.03)	-	(11,390.16)
Closing net book value	3,250.31	7,885.45	64,301.35	629.06	483.51	68.35	5,017.59	81,635.62
<b>At December 31, 2010</b>								
Cost	4,790.90	17,928.82	230,202.75	4,974.66	4,485.74	648.47	5,017.59	268,048.93
Less Accumulated depreciation	(1,540.51)	(10,014.49)	(162,192.57)	(4,336.31)	(4,001.62)	(580.12)	-	(182,665.62)
Provision for impairment of assets	(0.08)	(28.88)	(3,708.83)	(9.29)	(0.61)	-	-	(3,747.69)
Closing net book value	3,250.31	7,885.45	64,301.35	629.06	483.51	68.35	5,017.59	81,635.62



Property, plant and equipment as at December 31, 2009 is as follows:

### Consolidated

	Land and land improvement	Building and facilities	Network equipment	Furniture and fixtures, tools and equipment	Computer, and equipment	Vehicles	Construction in progress	Total
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
<b>At January 1, 2009</b>								
Cost	4,788.43	17,244.66	210,913.50	4,572.23	4,693.09	733.35	4,742.24	247,687.50
Less Accumulated depreciation	(1,511.18)	(8,797.84)	(147,713.43)	(3,884.16)	(3,971.72)	(649.23)	-	(166,527.56)
Provision for impairment of assets	(0.58)	(23.11)	(4,024.23)	(6.77)	(6.77)	(0.01)	-	(4,061.47)
Opening net book value	3,276.67	8,423.71	59,175.84	681.30	714.60	84.11	4,742.24	77,098.47
<b>For the year ended December 31, 2009</b>								
Opening net book value	3,276.67	8,423.71	59,175.84	681.30	714.60	84.11	4,742.24	77,098.47
Additions	0.79	13.58	142.53	111.17	39.75	55.13	14,322.49	14,685.44
Transfers	6.33	412.36	11,711.35	233.08	222.28	5.80	(12,589.09)	2.11
Donations	-	-	1.46	0.16	0.01	-	-	1.63
Disposals	(0.16)	(8.49)	(118.73)	(2.03)	(0.91)	(0.02)	(146.37)	(276.71)
Impairment charge (Note 34)	0.12	7.39	(243.24)	(7.24)	(1.53)	0.01	-	(244.49)
Depreciation charge	(22.55)	(679.06)	(9,685.53)	(344.59)	(518.14)	(41.02)	-	(11,290.89)
Closing net book value	3,261.20	8,169.49	60,983.68	671.85	456.06	104.01	6,329.27	79,975.56
<b>At December 31, 2009</b>								
Cost	4,787.01	17,603.28	220,096.32	4,854.96	4,305.45	742.90	6,329.27	258,719.19
Less Accumulated depreciation	(1,525.44)	(9,418.77)	(155,318.61)	(4,171.27)	(3,841.11)	(638.89)	-	(174,914.09)
Provision for impairment of assets	(0.37)	(15.02)	(3,794.03)	(11.84)	(8.28)	-	-	(3,829.54)
Closing net book value	3,261.20	8,169.49	60,983.68	671.85	456.06	104.01	6,329.27	79,975.56

Property, plant and equipment as at December 31, 2010 is as follows:

### The Company

	Land and land improvement	Building and facilities	Network equipment	Furniture and fixtures, tools and equipment	Computer, and equipment	Vehicles	Construction in progress	Total
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
<b>At January 1, 2010</b>								
Cost	4,787.01	17,603.28	218,383.21	4,851.99	4,305.45	742.90	6,267.52	256,941.36
Less Accumulated depreciation	(1,525.44)	(9,418.77)	(155,295.95)	(4,168.30)	(3,841.11)	(638.89)	-	(174,888.46)
Provision for impairment of assets	(0.37)	(15.02)	(3,794.03)	(11.84)	(8.28)	-	-	(3,829.54)
Opening net book value	3,261.20	8,169.49	59,293.23	671.85	456.06	104.01	6,267.52	78,223.36
<b>For the year ended December 31, 2010</b>								
Opening net book value	3,261.20	8,169.49	59,293.23	671.85	456.06	104.01	6,267.52	78,223.36
Additions	0.27	0.02	108.03	42.19	64.89	2.37	13,017.48	13,235.25
Transfers	8.69	418.03	13,401.99	202.14	261.86	-	(14,290.83)	1.88
Donations	-	-	0.95	0.11	0.03	-	-	1.09
Disposals	(0.05)	(7.07)	(39.89)	(4.03)	(3.42)	-	-	(54.46)
Impairment charge (Note 34)	0.23	(15.44)	(146.72)	(0.34)	5.78	-	-	(156.49)
Depreciation charge	(20.03)	(679.58)	(9,891.85)	(282.93)	(301.69)	(38.03)	-	(11,214.11)
Closing net book value	3,250.31	7,885.45	62,725.74	628.99	483.51	68.35	4,994.17	80,036.52
<b>At December 31, 2010</b>								
Cost	4,790.90	17,928.82	228,429.37	4,971.61	4,485.74	648.47	4,994.17	266,249.08
Less Accumulated depreciation	(1,540.51)	(10,014.49)	(161,994.80)	(4,333.33)	(4,001.62)	(580.12)	-	(182,464.87)
Provision for impairment of assets	(0.08)	(28.88)	(3,708.83)	(9.29)	(0.61)	-	-	(3,747.69)
Closing net book value	3,250.31	7,885.45	62,725.74	628.99	483.51	68.35	4,994.17	80,036.52

Property, plant and equipment as at December 31, 2009 is as follows:

### The Company

	Land and land improvement	Building and facilities	Network equipment	Furniture and fixtures, tools and equipment	Computer, and equipment	Vehicles	Construction in progress	Total
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
<b>At January 1, 2009</b>								
Cost	4,788.43	17,244.66	210,913.50	4,569.26	4,693.09	733.35	4,393.07	247,335.36
Less Accumulated depreciation	(1,511.18)	(8,797.84)	(147,713.43)	(3,881.19)	(3,971.72)	(649.23)	-	(166,524.59)
Provision for impairment of assets	(0.58)	(23.11)	(4,024.23)	(6.77)	(6.77)	(0.01)	-	(4,061.47)
Opening net book value	3,276.67	8,423.71	59,175.84	681.30	714.60	84.11	4,393.07	76,749.30
<b>For the year ended December 31, 2009</b>								
Opening net book value	3,276.67	8,423.71	59,175.84	681.30	714.60	84.11	4,393.07	76,749.30
Additions	0.79	13.58	142.53	111.17	39.75	55.13	12,750.43	13,113.38
Transfers	6.33	412.36	9,998.24	233.08	222.28	5.80	(10,875.98)	2.11
Donations	-	-	1.46	0.16	0.01	-	-	1.63
Disposals	(0.16)	(8.49)	(118.73)	(2.03)	(0.91)	(0.02)	-	(130.34)
Impairment charge (Note 34)	0.12	7.39	(243.24)	(7.24)	(1.53)	0.01	-	(244.49)
Depreciation charge	(22.55)	(679.06)	(9,662.87)	(344.59)	(518.14)	(41.02)	-	(11,268.23)
Closing net book value	3,261.20	8,169.49	59,293.23	671.85	456.06	104.01	6,267.52	78,223.36
<b>At January 31, 2009</b>								
Cost	4,787.01	17,603.28	218,383.21	4,851.99	4,305.45	742.90	6,267.52	256,941.36
Less Accumulated depreciation	(1,525.44)	(9,418.77)	(155,295.95)	(4,168.30)	(3,841.11)	(638.89)	-	(174,888.46)
Provision for impairment of assets	(0.37)	(15.02)	(3,794.03)	(11.84)	(8.28)	-	-	(3,829.54)
Closing net book value	3,261.20	8,169.49	59,293.23	671.85	456.06	104.01	6,267.52	78,223.36

Depreciation charge for the year ended December 31, 2010 amounting to Baht 11,390.16 million (2009 : Baht 11,290.89 million) was recorded as an expense in the statements of income

During 2008, the Company registered land value at Baht 2,951.67 million as a guarantee for the penalty and surcharge payment as discussed in Note 37.2.2

As at December 31, 2009, the Company recorded a loss on impairment of SR-Angel equipment of Baht 140.70 million because of the small amount of revenue it receives from the use of such equipment. The equipment cannot be used to provide other types of services, and there are no plans to expand the network in the future. The Company, therefore, assessed the recoverable amount from the net cash inflow and found that the full amount of this equipment was impaired.

Leased assets under financial leases where the Company is the lessee comprise network equipment and computer equipment as at December 31, 2010 and 2009, as detailed below:

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
Costs of assets leased under financial leases	19,666.11	20,279.84	19,666.11	20,279.84
Less Accumulated depreciation	(17,667.02)	(17,729.43)	(17,667.02)	(17,729.43)
Net book value	1,999.09	2,550.41	1,999.09	2,550.41

18. Property, plant and equipment from concession agreement as at December 31, 2010 is detailed below:

Consolidated

	Land	Building and facilities	Network equipment	Furniture and fixtures, tools and equipment	Computers and equipment	Total
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
<b>As at January 1, 2010</b>						
Cost	2,332.86	4,908.02	275,947.15	91.92	5,685.53	288,965.48
Less Accumulated depreciation	-	(2,600.42)	(170,044.62)	(91.71)	(5,647.64)	(178,384.39)
Provision for impairment of assets	-	(4.78)	(2,434.20)	-	(37.69)	(2,476.67)
Opening net book value	2,332.86	2,302.82	103,468.33	0.21	0.20	108,104.42
<b>For the year ended December 31, 2010</b>						
Opening net book value	2,332.86	2,302.82	103,468.33	0.21	0.20	108,104.42
Transfer in from concession operators (Note 25)	-	20.19	4,936.12	-	0.04	4,956.35
Transfers out	-	-	(1.50)	-	-	(1.50)
Disposals	-	(2.23)	(1,581.26)	-	(0.20)	(1,583.69)
Devaluation of assets	-	(12.25)	(165.17)	-	-	(177.42)
Impairment charge	-	-	(5.15)	-	(0.04)	(5.19)
Depreciation charge (Note 34)	-	(241.24)	(17,031.30)	(0.13)	-	(17,272.67)
Closing net book value	2,332.86	2,067.29	89,620.07	0.08	-	94,020.30
<b>As at December 31, 2010</b>						
Cost	2,332.86	4,910.08	275,826.76	91.92	5,682.49	288,844.11
Less Accumulated depreciation	-	(2,838.01)	(184,533.78)	(91.84)	(5,647.35)	(193,110.98)
Provision for impairment of assets	-	(4.78)	(1,672.91)	-	(35.14)	(1,712.83)
Net book value	2,332.86	2,067.29	89,620.07	0.08	-	94,020.30

Depreciation for the year ended December, 2010 amounted to Baht 17,272.67 million (2009 : Baht 17,950.16 million) was recognized as an expense in the statement of income.

Property, plant and equipment under concession agreement as at December 31, 2009 is detailed below :

Consolidated

	Land	Building and facilities	Network equipment	Furniture and fixtures, tools and equipment	Computers and equipment	Total
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
<b>As at January 1, 2009</b>						
Cost	2,331.89	4,874.04	265,733.23	91.92	5,685.83	278,716.91
Less Accumulated depreciation	-	(2,356.76)	(153,481.58)	(91.58)	(5,647.65)	(161,577.57)
Provision for impairment of assets	-	(5.63)	(2,855.78)	-	(37.91)	(2,899.32)
Opening net book value	2,331.89	2,511.65	109,395.87	0.34	0.27	114,240.02
<b>For the year ended December 31, 2009</b>						
Opening net book value	2,331.89	2,511.65	109,395.87	0.34	0.27	114,240.02
Transfer in from concession operators (Note 25)	0.97	48.32	12,867.32	-	-	12,916.61
Transfers out	-	0.21	(2.27)	-	-	(2.06)
Disposals	-	(4.69)	(921.56)	-	-	(926.25)
Devaluation of assets	-	(0.05)	(171.15)	-	-	(171.20)
Impairment charge	-	-	(2.53)	-	(0.01)	(2.54)
Depreciation charge (Note 34)	-	(252.62)	(17,697.35)	(0.13)	(0.06)	(17,950.16)
Closing net book value	2,332.86	2,302.82	103,468.33	0.21	0.20	108,104.42
<b>As at December 31, 2009</b>						
Cost	2,332.86	4,908.02	275,947.15	91.92	5,685.53	288,965.48
Less Accumulated depreciation	-	(2,600.42)	(170,044.62)	(91.71)	(5,647.64)	(178,384.39)
Provision for impairment of assets	-	(4.78)	(2,434.20)	-	(37.69)	(2,476.67)
Net book value	2,332.86	2,302.82	103,468.33	0.21	0.20	108,104.42

Property, plant and equipment under concession agreement as at December 31, 2010 is detailed below :

### The Company

	Land	Building and facilities	Network equipment	Furniture and fixtures, tools and equipment	Computers and equipment	Total
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
<b>As at January 1, 2010</b>						
Cost	2,332.86	4,908.02	275,947.15	91.92	5,685.53	288,965.48
Less Accumulated depreciation	-	(2,600.42)	(170,044.62)	(91.71)	(5,647.64)	(178,384.39)
Provision for impairment of assets	-	(4.78)	(2,434.20)	-	(37.69)	(2,476.67)
Opening net book value	2,332.86	2,302.82	103,468.33	0.21	0.20	108,104.42
<b>For the year ended December 31, 2010</b>						
Opening net book value	2,332.86	2,302.82	103,468.33	0.21	0.20	108,104.42
Transfer in from concession operators (Note 25)	-	20.19	4,936.12	-	0.04	4,956.35
Transfers out	-	-	(1.50)	-	-	(1.50)
Disposals	-	(2.23)	(1,581.26)	-	(0.20)	(1,583.69)
Devaluation of assets	-	(12.25)	(165.17)	-	-	(177.42)
Impairment charge	-	-	(5.15)	-	(0.04)	(5.19)
Depreciation charge (Note 34)	-	(241.24)	(17,031.30)	(0.13)	-	(17,272.67)
Closing net book value	2,332.86	2,067.29	89,620.07	0.08	-	94,020.30
<b>As at December 31, 2010</b>						
Cost	2,332.86	4,910.08	275,826.76	91.92	5,682.49	288,844.11
Less Accumulated depreciation	-	(2,838.01)	(184,533.78)	(91.84)	(5,647.35)	(193,110.98)
Provision for impairment of assets	-	(4.78)	(1,672.91)	-	(35.14)	(1,712.83)
Net book value	2,332.86	2,067.29	89,620.07	0.08	-	94,020.30

At December 31, 2010, the impairment charge of assets transferred under concession agreements of Baht 5.19 million (2009 : Baht 2.54 million) was for damaged asset and retired assets

Property, plant and equipment under concession agreement as at December 31, 2009 is detailed below :

### The Company

	Land	Building and facilities	Network equipment	Furniture and fixtures, tools and equipment	Computers and equipment	Total
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
<b>As at January 1, 2009</b>						
Cost	2,331.89	4,874.04	265,733.23	91.92	5,685.83	278,716.91
Less Accumulated depreciation	-	(2,356.76)	(153,481.58)	(91.58)	(5,647.65)	(161,577.57)
Provision for impairment of assets	-	(5.63)	(2,855.78)	-	(37.91)	(2,899.32)
Opening net book value	2,331.89	2,511.65	109,395.87	0.34	0.27	114,240.02
<b>For the year ended December 31, 2009</b>						
Opening net book value	2,331.89	2,511.65	109,395.87	0.34	0.27	114,240.02
Transfer in from concession operators (Note 25)	0.97	48.32	12,867.32	-	-	12,916.61
Transfers out	-	0.21	(2.27)	-	-	(2.06)
Disposals	-	(4.69)	(921.56)	-	-	(926.25)
Devaluation of assets	-	(0.05)	(171.15)	-	-	(171.20)
Impairment charge	-	-	(2.53)	-	(0.01)	(2.54)
Depreciation charge (Note 34)	-	(252.62)	(17,697.35)	(0.13)	(0.06)	(17,950.16)
Closing net book value	2,332.86	2,302.82	103,468.33	0.21	0.20	108,104.42
<b>As at December 31, 2009</b>						
Cost	2,332.86	4,908.02	275,947.15	91.92	5,685.53	288,965.48
Less Accumulated depreciation	-	(2,600.42)	(170,044.62)	(91.71)	(5,647.64)	(178,384.39)
Provision for impairment of assets	-	(4.78)	(2,434.20)	-	(37.69)	(2,476.67)
Net book value	2,332.86	2,302.82	103,468.33	0.21	0.20	108,104.42

19. Intangible assets as at December 31, 2010 are as follows:

Consolidated

	Right-educational software program	Right to use Software	Right to use the frequency	Total
	Million Baht	Million Baht	Million Baht	Million Baht
<b>At January 1, 2010</b>				
Cost	8.74	1,087.83	4,187.21	5,283.78
Less Accumulated amortisation	(4.18)	(824.77)	(305.26)	(1,134.21)
<b>Net book value</b>	<b>4.56</b>	<b>263.06</b>	<b>3,881.95</b>	<b>4,149.57</b>
<b>At December 31, 2010</b>				
Opening net book value	4.56	263.06	3,881.95	4,149.57
Increase during the year	-	691.77	-	691.77
Transfers	-	(0.29)	-	(0.29)
Disposals	-	(1.36)	-	(1.36)
Amortisation charge (Note 34)	(0.87)	(227.68)	(249.22)	(477.77)
<b>Closing net book value</b>	<b>3.69</b>	<b>725.50</b>	<b>3,632.73</b>	<b>4,361.92</b>
<b>At December 31, 2010</b>				
Cost	8.74	1,773.65	4,187.21	5,969.60
Less Accumulated amortisation	(5.05)	(1,048.15)	(554.48)	(1,607.68)
<b>Net book value</b>	<b>3.69</b>	<b>725.50</b>	<b>3,632.73</b>	<b>4,361.92</b>

Intangible assets as at December 31, 2009 are as follows:

Consolidated

	Right-educational software program	Right to use Software	Right to use the frequency	Total
	Million Baht	Million Baht	Million Baht	Million Baht
<b>At January 1, 2009</b>				
Cost	8.74	954.97	3,925.21	4,888.92
Less Accumulated amortisation	(3.31)	(751.68)	(54.05)	(809.04)
<b>Net book value</b>	<b>5.43</b>	<b>203.29</b>	<b>3,871.16</b>	<b>4,079.88</b>
<b>At December 31, 2009</b>				
Opening net book value	5.43	203.29	3,871.16	4,079.88
Increase during the year	-	177.38	262.00	439.38
Disposals	-	(6.31)	-	(6.31)
Amortisation charge (Note 34)	(0.87)	(111.30)	(251.21)	(363.38)
<b>Closing net book value</b>	<b>4.56</b>	<b>263.06</b>	<b>3,881.95</b>	<b>4,149.57</b>
<b>At December 31, 2009</b>				
Cost	8.74	1,087.83	4,187.21	5,283.78
Less Accumulated amortisation	(4.18)	(824.77)	(305.26)	(1,134.21)
<b>Net book value</b>	<b>4.56</b>	<b>263.06</b>	<b>3,881.95</b>	<b>4,149.57</b>

Intangible assets as at December 31, 2010 are as follows:

The Company

	Right-educational software program	Right to use Software	Right to use the frequency	Total
	Million Baht	Million Baht	Million Baht	Million Baht
<b>At January 1, 2010</b>				
Cost	8.74	1,087.83	4,187.21	5,283.78
Less Accumulated amortisation	(4.18)	(824.77)	(305.26)	(1,134.21)
<b>Net book value</b>	<b>4.56</b>	<b>263.06</b>	<b>3,881.95</b>	<b>4,149.57</b>
<b>At December 31, 2010</b>				
Opening net book value	4.56	263.06	3,881.95	4,149.57
Increase during the year	-	691.77	-	691.77
Transfers	-	(0.29)	-	(0.29)
Disposals	-	(1.36)	-	(1.36)
Amortisation charge (Note 34)	(0.87)	(227.68)	(249.22)	(477.77)
<b>Closing net book value</b>	<b>3.69</b>	<b>725.50</b>	<b>3,632.73</b>	<b>4,361.92</b>
<b>At December 31, 2010</b>				
Cost	8.74	1,773.65	4,187.21	5,969.60
Less Accumulated amortisation	(5.05)	(1,048.15)	(554.48)	(1,607.68)
<b>Net book value</b>	<b>3.69</b>	<b>725.50</b>	<b>3,632.73</b>	<b>4,361.92</b>

Intangible assets as at December 31, 2009 are as follows:

The Company

	Right-educational software program	Right to use Software	Right to use the frequency	Total
	Million Baht	Million Baht	Million Baht	Million Baht
<b>At January 1, 2009</b>				
Cost	8.74	954.97	3,925.21	4,888.92
Less Accumulated amortisation	(3.31)	(751.68)	(54.05)	(809.04)
<b>Net book value</b>	<b>5.43</b>	<b>203.29</b>	<b>3,871.16</b>	<b>4,079.88</b>
<b>At December 31, 2009</b>				
Opening net book value	5.43	203.29	3,871.16	4,079.88
Additions during the year	-	177.38	262.00	439.38
Disposals	-	(6.31)	-	(6.31)
Amortisation charge (Note 34)	(0.87)	(111.30)	(251.21)	(363.38)
<b>Closing net book value</b>	<b>4.56</b>	<b>263.06</b>	<b>3,881.95</b>	<b>4,149.57</b>
<b>At December 31, 2009</b>				
Cost	8.74	1,087.83	4,187.21	5,283.78
Less Accumulated amortisation	(4.18)	(824.77)	(305.26)	(1,134.21)
<b>Net book value</b>	<b>4.56</b>	<b>263.06</b>	<b>3,881.95</b>	<b>4,149.57</b>

Amortisation charge for the year ended December 31, 2010 amounting to Baht 477.77 million (2009: Baht 368.38 million) is included in the cost of services in the statement of income amounting to Baht 250.10 million (2009: Baht 252.08 million) and included in administrative expenses amounting to Baht 227.67 million (2009: Baht 111.30 million).

20. Trade accounts payable as at December 31, 2010 and 2009 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
Trade accounts payable	2,365.49	4,357.10	1,395.41	3,157.58
Long distance call payables	17.99	25.02	17.99	25.02
	<b>2,383.48</b>	<b>4,382.12</b>	<b>1,413.40</b>	<b>3,182.60</b>

## 21. Payables to private operators

Payables to private operators represent payables in respect of which the Company has to share revenue according to concession agreements. As at December 31, 2010 and 2009 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
Payable to private operators for which the Company is responsible for collection				
Fixed line phone services	5,323.82	5,136.87	5,323.82	5,136.87
Public telephone services	25.07	56.65	25.07	56.65
Data transmission via satellite	28.46	28.46	28.46	28.46
	5,377.35	5,221.98	5,377.35	5,221.98
<u>Less</u> Allowance for doubtful accounts for trade accounts receivable which are the responsibility of private operators	(2,888.73)	(2,320.78)	(2,888.73)	(2,320.78)
Payables to private operators for which the Company is responsible for collection - net	2,488.62	2,901.20	2,488.62	2,901.20
Fiber-optic cable connection, along railway lines	13,057.96	11,330.06	13,057.96	11,330.06
Submarine cable connection services	300.04	126.70	300.04	126.70
International call services	236.76	236.76	236.76	236.76
Information via telephone line through special 1900 number	62.37	92.19	62.37	92.19
Others	48.84	48.59	48.84	48.59
	16,194.59	14,735.50	16,194.59	14,735.50

Payables to private operators in respect of the fibre-optic cable connections - along railway lines represent amounts payable to the State Railway of Thailand as specified in the agreement between the Company, the State Railway of Thailand ("SRT") and a private operator. Under an agreement effective for 20 years from April 1, 1991 and a memorandum between the Company and SRT, the Company agreed to share certain revenues after deducting expenses paid to a private operator with the State Railway of Thailand as a consideration for the installation of certain of the Company's fibre-optic cables and equipment on land and railroads owned by the State Railway of Thailand and allowing the Company to use equipment and buildings of SRT. With effect from July 2001, the Company agreed with the STR that only 50% of the revenues sharing would be paid on a monthly basis, and the remaining balance will be settled in the future. As the Company is continuing to negotiate with the SRT in respect of this revenue sharing arrangement there is no fixed date for settlement of this outstanding balance so the Company carries this liability as a current liability.

## 22. Accrued expenses at December 31, 2010 and 2009 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
Accrued interest payable to subscribers bonds	91.56	93.83	91.56	93.83
Accrued interest payable on borrowings	417.73	325.19	417.73	325.19
Satellite rental	31.65	30.87	31.65	30.87
Accrued service fee for fault notification and maintenance	263.70	297.09	263.70	297.09
Accrued bonus	1,376.26	1,004.45	1,376.26	1,004.45
Accrued telecommunication license fee and excise tax	974.23	684.54	974.23	684.54
Accrued maintenance for assets under finance lease	382.75	282.00	382.75	282.00
Other accrued expenses	1,278.64	1,223.71	1,562.97	1,244.11
	4,816.52	3,941.68	5,100.85	3,962.08

## 23. Subscriber deposits

The Telecommunication Act B.E. 2544 effective on November 17, 2001, states that telecommunication operators shall no longer collect deposits or other types of advance payments from subscribers. The Company's Board of Directors passed a resolution on December 13, 2001 to cease the collection of all types of deposits from both services which the Company provides itself and services provided by concession operators. The Company determined a variety of methods for refunding these amounts. The refund process commenced in May 2002, therefore, the Company classified subscriber deposits as current liabilities.

## 24. Other current liabilities as at December 31, 2010 and 2009 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
Subscriber bonds	72.94	74.70	72.94	74.70
Advance received for telephone services	321.97	334.74	321.97	334.74
Undue output value added tax	642.37	623.93	642.37	623.93
Output value added tax - net	54.66	66.15	54.66	44.46
Other current liabilities	700.85	861.63	700.65	861.62
	1,792.79	1,961.15	1,792.59	1,939.45

25. **Deferred income** from assets transferred under concession agreements as at December 31, 2010 and 2009 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
Opening balance-net	99,539.52	107,993.99	99,539.52	107,993.99
<u>Add</u> Additional assets transferred in during the period (Note 18)	4,956.35	12,916.61	4,956.35	12,916.61
<u>Less</u> Realised as income during the year	(21,595.69)	(21,202.73)	(21,595.69)	(21,202.73)
Devaluation of assets	(175.72)	(168.36)	(175.72)	(168.36)
Closing net book value	82,724.46	99,539.51	82,724.46	99,539.51
<u>Less</u> Current portion - to be realised as income within one year	(19,505.98)	(19,697.10)	(19,505.98)	(19,697.10)
Long-term liabilities	<b>63,218.48</b>	79,842.41	<b>63,218.48</b>	79,842.41

26. **Borrowings** as at December 31, 2010 and 2009 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
Bank borrowings				
Current portion of long-term borrowings	656.34	650.58	656.34	650.58
Long-term borrowings	4,843.20	5,443.03	4,843.20	5,443.03
Total borrowings	<b>5,499.54</b>	6,093.61	<b>5,499.54</b>	6,093.61

**Interest borrowings rate risk** as at December 31, 2010 and 2009 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
Total borrowings				
- at fixed rate	<b>5,499.54</b>	6,093.61	<b>5,499.54</b>	6,093.61

**The weighted average effective interest rates** at December 31, 2010 and 2009 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
Total borrowings				
- Borrowings from banks	<b>4.54</b>	4.58	<b>4.54</b>	4.58

All borrowings from banks were guaranteed by a related party - the Ministry of Finance.

Borrowings from banks as at December 31, 2010 amounting to Baht 3,043.42 million (At December 31, 2009: Baht 3,449.21 million) were covered by a cross currency swap agreement (Note 36).

**The maturity of borrowings** at December 31, 2010 and 2009 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
Due within 1 year	656.34	650.58	656.34	650.58
Later than 1 year but not later than 2 years	656.34	650.58	656.34	650.58
Later than 2 years but not later than 5 years	1,969.02	1,951.73	1,969.02	1,951.73
Later than 5 years	2,217.84	2,840.72	2,217.84	2,840.72
	<b>5,499.54</b>	6,093.61	<b>5,499.54</b>	6,093.61

**The carrying amount and the fair value of long-term borrowings** at December 31, 2010 and 2009 are as follows:

Unit : Million Baht

	Consolidated			
	2010		2009	
	Carrying amount	Fair value	Carrying amount	Fair value
Borrowings from banks	4,843.20	5,123.59	5,443.03	5,677.07

Unit : Million Baht

	The Company			
	2010		2009	
	Carrying amount	Fair value	Carrying amount	Fair value
Borrowings from banks	4,843.20	5,123.59	5,443.03	5,677.07

The fair value of long-term borrowings have been calculated based on the present value of future cash flows discounted with the interest rate on borrowings that the Company would expect to pay at the balance sheet date.

27. **Financial lease obligations** as at December 31, 2010 and 2009 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
Financial lease obligation	2,166.30	2,617.44	2,325.72	3,342.68
<u>Add</u> Gain (Loss) during the year	-	(13.60)	-	(13.60)
<u>Less</u> Payment during the year	(173.34)	(437.54)	(332.76)	(1,003.36)
	1,992.96	2,166.30	1,992.96	2,325.72
<u>Less</u> Current portion	(1,825.51)	(768.18)	(1,825.51)	(927.60)
Long-term financial lease obligation	<b>167.45</b>	1,398.12	<b>167.45</b>	1,398.12



Unit : %

	Consolidated		The Company	
	2010	2009	2010	2009
Weighted average effective interest rates	3.67	7.40	3.67	6.89

The minimum lease payments are accounted as financial lease as at December 31, 2010 and 2009 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
Not later than 1 year	1,898.66	928.43	1,898.66	1,087.85
Later than 1 year but not later than 5 years	187.16	1,718.31	187.16	1,718.31
	2,085.82	2,646.74	2,085.82	2,806.16
Less Future finance charges on financial leases	(92.86)	(480.44)	(92.86)	(480.44)
Present value of financial lease obligations	1,992.96	2,166.30	1,992.96	2,325.72

The present value of financial lease liabilities as at December 31, 2010 and 2009 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
Not later than 1 year	1,825.51	768.18	1,825.51	927.60
Later than 1 year but not later than 5 years	167.45	1,398.12	167.45	1,398.12
Total	1,992.96	2,166.30	1,992.96	2,325.72

28. Employee benefit fund as at December 31, 2010 and 2009 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
Opening balance	344.14	354.72	344.14	354.72
Contribution during the year	26.74	27.25	26.74	27.25
Payments for staff resignations	(20.99)	(29.33)	(20.99)	(29.33)
	349.89	352.64	349.89	352.64
Less Allowance for doubtful account	(0.58)	(8.50)	(0.58)	(8.50)
Closing balance	349.31	344.14	349.31	344.14

The Company contributes an amount equivalent to 10% of its employees' salaries to the fund on a monthly basis, together with additional contributions up to a maximum of the obligation as at the balance sheet date.

At December 31, 2010, the fund has 423 members (2009: 434 members).

29. Appropriated retained earnings as at December 31, 2010 and 2009 are as follows:

Unit : Million Baht

	Consolidated		
	Reserve for expansion	Legal reserve	Total
<b>At December 31, 2010</b>			
Opening net book amount	1,518.11	600.00	2,118.11
Increase during the year	-	-	-
Closing net book amount	1,518.11	600.00	2,118.11
<b>At December 31, 2009</b>			
Opening net book amount	1,518.11	600.00	2,118.11
Increase during the year	-	-	-
Closing net book amount	1,518.11	600.00	2,118.11

Unit : Million Baht

	The Company		
	Reserve for expansion	Legal reserve	Total
<b>At December 31, 2010</b>			
Opening net book amount	1,518.11	600.00	2,118.11
Increase during the year	-	-	-
Closing net book amount	1,518.11	600.00	2,118.11
<b>At December 31, 2009</b>			
Opening net book amount	1,518.11	600.00	2,118.11
Increase during the year	-	-	-
Closing net book amount	1,518.11	600.00	2,118.11

#### Reserve for expansion

The reserve for expansion is appropriated at a certain percentage of the previous year's profit and is subject to approval by the Ministry of Finance. The reserve for expansion is not a legally restricted reserve

#### Legal reserve

Under the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

### 30. Dividends Payment

The Annual Ordinary General Meeting on July 5, 2010 passed a resolution on the payment of dividends for 600 million shares of Baht 10.025 per share, totalling Baht 6,015.00 million. The Company paid the dividend in full to shareholders on August 3, 2010.

The Annual Ordinary General Meeting on April 22, 2009 passed a resolution on the payment of dividends for 600 million shares of Baht 5.362 per share, totalling Baht 6,015.00 million. The Company paid the dividend in full to shareholders on May 20, 2009.

### 31. Unrealised gain on changes in fair value of available-for-sale investments

Changes in unrealised gain on changes in fair value of available-for-sale investments as at December 31, 2010 and 2009 are as follows:

	Unit : Million Baht			
	Consolidated		The Company	
	2010	2009	2010	2009
Opening balance	1,171.87	646.33	1,171.87	646.33
Movement during the period				
- Fair value adjustment (Note 15)	825.11	525.54	825.11	525.54
Closing balance (Note 15)	1,996.98	1,171.87	1,996.98	1,171.87

### 32. Minority interest for the years ended December 31, 2010 and 2009 are as follows:

	Unit : Million Baht	
	Consolidated	
	2010	2009
Opening balance	12.65	24.39
Transfer of shares	(0.20)	(11.68)
Share of net (loss) profit of investments in subsidiary	2.50	(0.06)
Closing balance	14.95	12.65

### 33. Finance costs for the years ended December 31, 2010 and 2009 are as follows:

	Unit : Million Baht			
	Consolidated		The Company	
	2010	2009	2010	2009
Interest expenses - borrowings	259.86	291.14	259.86	291.14
Interest expenses - financial lease	106.92	199.68	106.92	199.68
Interest expenses - amount due to related company	108.49	99.23	108.49	99.23
Other interest expenses	-	220.24	-	220.24
Other finance costs	-	0.01	-	0.01
Total finance costs	475.27	810.30	475.27	810.30

### 34. Operating profit

The following expenditure items, classified by nature, have been charged in arriving at operating profit for the years ended December 31, 2010 and 2009:

	Unit : Million Baht			
	Consolidated		The Company	
	2010	2009	2010	2009
Gain (Loss) on foreign exchange rate - net	36.88	164.06	(36.65)	192.96
Depreciation on property, plant and equipment				
- The Company's assets	11,004.26	10,658.66	10,828.21	10,636.00
- Financial lease assets	385.91	632.23	385.91	632.23
- Assets under concession agreements (Note 18)	17,272.67	17,950.16	17,272.67	17,950.16
Loss on impairment of property, plant and equipment (Note 17)	156.49	244.49	156.49	244.49
Amortisation of intangible assets (Note 19)	477.77	363.38	477.77	363.38
Audit fee	1.20	1.23	1.20	1.23
Operating lease rentals				
- Machinery, equipment and vehicle	1,382.77	1,446.44	1,646.77	1,470.23
- Property and plant	161.34	205.11	161.34	205.11
Staff costs				
- Salaries, wages and bonus	12,120.30	11,914.89	12,120.30	11,914.89
- Contributions to provident fund	1,192.61	1,161.91	1,192.61	1,161.91
- Contributions to employee benefit fund	26.62	27.25	26.62	27.25
- Compensation for early retirement of staff	742.69	538.94	742.69	538.94
Doubtful debt	533.12	366.31	533.12	366.31
Other expenses				
- Corporate income tax paid for Joint venture - Thai-Mobile	-	409.78	-	409.78

The rental on operating lease in the Company's financial statements are included 3G network rental which ACT Mobile Co., Ltd. ("ACT") is the investor. The initial monthly rental is estimated approximately of Baht 22 million. Presently, the Company and ACT are in the process of negotiation on the condition of this lease/ utilise of network. The Company recorded the estimated rental fees as expense in the statements of income until the conclusion regarding price and other conditions would be finalised.

### Early retirement project

On June 11, 2010, the Board of Directors passed a resolution to conduct an early retirement project as per the stipulation in 2010, which the Company recruited for the applicants on the date of June 28, 2010 to August 6, 2010. The project is completed in August 2010. There were 311 applicants for the early retirement project totaling Baht 742.69 million.

On March 13, 2009, the Board of Directors passed a resolution to conduct an early retirement project as per the stipulation in 2009. This project was implement from March 26, 2009 to April 30, 2009 and was completed in May 2009. There were 236 applicants for the early retirement project.

### 35. Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of paid-up ordinary shares in issue during the years ended December 31, 2010 and 2009 are as follows:

	Consolidated		The Company	
	2010	2009	2010	2009
Net profit attributable to shareholders (Unit: Million Baht)	7,739.58	6,599.72	7,334.53	6,665.62
Weighted average number of ordinary shares in issue during the year (Unit: Million shares)	600	600	600	600
Basic earnings per share (Unit: Baht)	12.90	11.00	12.22	11.11

At December 31, 2010 and 2009, there were no potential dilutive ordinary shares.

### 36. Financial instruments

#### Cross currency swap agreements

The conditions and principal of foreign currency swap agreements as at December 31, 2010 and 2009 are as follows:

	Unit : Million Baht			
	Consolidated		The Company	
	2010	2009	2010	2009
Not later than 1 year	405.79	405.79	405.79	405.79
Later than 1 year but not later than 2 years	405.79	405.79	405.79	405.79
Later than 2 years but not later than 5 years	1,217.37	1,217.37	1,217.37	1,217.37
Over 5 years	1,014.47	1,420.26	1,014.47	1,420.26
	3,043.42	3,449.21	3,043.42	3,449.21

### Fair Value - net

The net fair values of derivative financial instruments at the balance sheet were as follow:

	Unit : Million Baht			
	Consolidated		The Company	
	2010	2009	2010	2009
Cross currency swap liabilities	442.55	466.39	442.55	466.39

The fair values of cross currency swap agreements have been calculated using rates quoted by the Company's counterparty as if it terminates the contracts at the balance sheet date.

#### Contingent liabilities from cross currency swap agreements

The Company entered into a cross currency swap agreement (Cross Currency Swap: FX Option with Contingent Payment) in the year 2006 to swap yen currency borrowings to Baht with the obligation that if the reference exchange rate (i.e. the yen to US Dollar exchange rate) as at two days before the repayment date of each period is below 72.50, the Company has to pay the additional amount according to the swap agreement together with the normal repayment.

### 37. Contingent liabilities and Obligations

#### 37.1 Contractual arrangements

The Company is the defendant in contract cases and misconduct cases as at December 31, 2010 amounting to Baht 63,806.90 million (at December 31, 2009: Baht 60,128.47 million), of which the significant cases amount of Baht 59,452.13 million (at December 31, 2009: Baht 56,292.46 million) are as follows:

#### The significant lawsuits with True are as follows:

- True claims to the Central Administrative Court of Thailand related to the damage arising from the Company reducing the service charge for local long distance calls according to providing long distance service in economic price (Y-Tel 1234) amounting to Baht 622.40 million. For this case, the Central Administrative Court of Thailand ruled to withdraw the claim, but True submitted an objection to this ruling on November 28, 2005 and the Company has submitted to revise the appeal on February 15, 2006 which is under the process of waiting for judgement of the Supreme Administrative Court.
- True claims to the arbitrator requested the Company to pay the revenue sharing generated from the Company's provision of special services using True's network (Access Charges) amounting to Baht 15,415.37 million. The arbitrator concluded on February 17, 2006 that the Company has to pay the revenue sharing from the beginning to August 22, 2002 of Baht 9,175.82 million with interest charged from August 22, 2002 to the payment date at the rate of 7.5% per annum. For the revenue sharing from 22 August 2002 onwards, the Company has to share with True at 50% of the actual benefits that the Company receives from the services that use True's networks according to the concession agreement. However, the Company's legal department submitted an objection to the case to the Administrative Court of Thailand, which the Administrative Court of Thailand acknowledged on May 16, 2006. True subsequently submitted objection to the case, but the Company submitted an objection to True's objection on January 9, 2007 and True submitted an additional objection on May 8, 2007. The case is currently under consideration by the Administrative Court of Thailand. The Company's legal department and its legal advisor believe that the Company has sufficient justification to make a claim to the Court in order to reject the decision of the arbitrator under the Arbitration Act, B.E. 2545. The Company's management believes that there is sufficient justification for the

refusal of the decision of the arbitrator or through the court and as a result the Company will not have to pay this revenue sharing to True.

- True claims to the arbitrator included a claim requesting for damages and revenue sharing from international incoming calls on the basis that the Company allegedly made a miscalculation amounting to Baht 8,407.68 million. At the present, the court has not yet examined the witnesses as it is under the consideration of arbitrator's process.
- True claims to the arbitrator include a claim relating to the revenue sharing from the service charge for international calls that the Company received from CAT. True claims that the method and data used by the Company to calculate the revenue sharing to True were incorrect. The total claim is for Baht 1,968.70 million. The Company submitted an objection on April 29, 2008, which is currently under consideration by the arbitrator. On August 27, 2009, True subsequently filed a request with the Central Administrative Court to oppose the Company's arbitrator. This lawsuit is in process of waiting for judicial order of Central Administrative Court.

#### The significant lawsuits with TT&T are as follows:

- TT&T claims to the arbitrator relate to the access charges of Baht 28,000 million for the Company allowing other operators to provide special services on TT&T's network. Currently, TT&T changes the total claim to Baht 23,777.99 million. On March 31, 2008, the arbitration committee awarded the Company to pay access charge to TT&T from 1993 until March 2005 in the total of Baht 23,777.99 million and benefit from special services from April 1, 2005 until the end of agreement with the interest charge at MLR of average rate of commercial bank + 1% starting from April 8, 2005 until the Company finalised the payment. On May 7, 2008, TT&T filed a petition with the Civil Court to enforce the above ruling from the arbitrator. However, the Company's legal department and its prosecutor filed a petition to dismiss the ruling with the Central Administrative Court of Thailand on July 1, 2008. The case is currently under consideration by the Central Administrative Court.
- TT&T claims to the arbitrator relate to the damages and revenue sharing from international calls and the charge for fault notification and maintenance services for the distribution point on the basis that the Company allegedly did not follow the concession agreement, the agreement on marketing surveys for local long distance call usage, and the appendix in the agreement regarding fault notification and maintenance services between distribution point and protector. Moreover, TT&T claimed that the Company agreed with CAT to reduce the service charge for international calls, without prior notice to TT&T. Overall, TT&T claims that they have lost a benefit of Baht 753.48 million. Currently, TT&T changes the total claim to Baht 2,598.19 million. On September 1, 2009, a final judgment by majority vote of the arbitrators prescribed that the Company pay compensation to TT&T in the amount of Baht 2,553.71 million. On December 4, 2009, the legal department of the Company and the prosecuting attorney requested that the Central Administrative Court destroy the pronouncement. The case is currently under consideration by the Central Administrative Court.

The lawsuits regarding Thai Electric Corporation Company Limited ("Thai Electric"), Target Network Company Limited ("Target") and Telematics Company Limited ("Telematics") instituted a case to court against the Company for alleged violation of the public phone leased contract.

- During the fourth quarter of 2007, Thai Electric filed a civil case against the Company for alleged violation of the public phone lease contract because of non-assignment of usable numbers since the service start (the contract specified 10,000 numbers for 10 years, but the Company provided only 4,217 numbers and 3,269 numbers is used). The monetary claim is Baht 2,780.06 million, comprising damages, business opportunities lost and public phone rental payment and interest. The Civil Court and the Central Administrative Court subsequently released an opinion that the public phone lease contract was an administrative contract under the consideration of Administrative Court. Thus, on August

20, 2008, the Civil Court had an order to remove the case from its case list and transfer the case to the Central Administrative Court. It is currently being considered by the Central Administrative court.

- During the third quarter of 2008, Target filed a case in the Central Administrative Court against the Company for alleged violation of the public phone lease contract because of non-assignment of usable numbers since the service start (the contract specified 10,000 numbers for 10 years, but the Company provided only 4,675 numbers and 4,675 numbers is used). The monetary claim is for Baht 766.54 million, comprising damages, business opportunities lost and public phone rental payment and interest. It is currently being considered by the Central Administrative court.
- On January 19, 2010, Telematics filed a civil case against the Company regarding the violation on the billing system lease contract and related equipment. The total claim is Baht 3,269.68 million, comprising the cost of using more than 4 million telephone number, administrative and operating charge on the billing system for the period of 57 months, the damage cost of using the billing system program in excess as stated in the agreement, the damage cost of using the envelope filling system exceeding 40% as stated in the agreement, the development and improvement cost throughout the lease period, the business opportunity lost, and the damage cost from not submission the billing system back to Telematics. On April 9, 2010, the Company has submitted a defense. The Civil Court had an order to remove the case from its case list and transfer the case to the Central Administrative Court. While awaiting the Court's summons to hear its opinion, authority, among the courts on December 9, 2010.

In terms of other contractual arrangements, the Company's legal department has fully examined all oral and documentary witnesses and believes that the Company should not be in a losing position. The Company believes that these claims will not give rise to any significant loss to the Company, and therefore provision for liabilities has not been recorded in the financial statements. However, the outcome will depend on the consideration of the judges.

### 37.2 Contingent liabilities arises in Corporate income tax and value added tax

#### 37.2.1 The corporate income tax from revenue of the access charge which were not recorded as income in the financial statements.

From note to financial statement no. 11.1, the Company did not record the income tax expenses from revenue of the access charge regarding the dispute with CAT and CAT's concession operators which were not recognised as revenue in the financial statements. However, the Company received the notification from the State Enterprise Policy Office, Ministry of Finance and the Revenue Department that if the Company provide mobile phone connection services with the concession operators according to the connection services contract, the Company should have right to claim services income although the Company did not receive payment of the access charge which under dispute with the concession operators. The Company shall include the revenue of the access charge into the Company's revenue according to the Revenue Code section 65 paragraph 2 and the Revenue Department Announcement TP 1/2528 No. 2: "The usage of accrual basis to calculate revenue and expense for the company and partnership" dated August 28, 1985. The Company's management has an opinion that the Company should not recognise the corporate income tax obligations arising from revenue of the access charge until it is obvious that the Company will receive such access charges. However, the Company realised that the non-compliance to the Revenue Department regulation would incur the risk of additional obligations arising from penalty and surcharge.

#### 37.2.2 The value added tax arises from the revenue sharing of mobile phone concession agreement after excise tax deductions

On February 11, 2003, the Cabinet's resolution agreed that excise tax would be deducted from the concession operators' revenue sharing payable to the counterparty according to the proposal of the Ministry of Information and Communication Technology. Therefore, AIS paid the Company the revenue sharing of mobile phone concession agreement after excise tax deductions and the Company calculated the value added tax payment based on the actual revenue sharing after excise tax deduction basis which the procedure that the

company discussed and agreed with the Revenue Department at that time. During 2007, the Revenue Department has challenged the Company stating that it should pay the additional value added tax on the excise tax deducted from the revenue sharing for the period from February 2003 to November 2007 amounting of Baht 2,202.38 million together with penalty and surcharge until the date of payment on value added tax of Baht 3,152.05 million. The Revenue Department offset certain amounts totalling Baht 322.80 million, comprising value added tax of Baht 108.52 million and penalty and surcharge of Baht 214.28 million, against the Company's input value added tax receivable. On July 26, 2008, the Company's Board of Directors passed a resolution to pay the remaining assessment value added tax of Baht 2,093.86 million to decline further burden on surcharges and also requested the Company to submit the appeal and mortgaged land value at Baht 2,951.67 million (Note 17) as guarantee for tax relief in the part of penalty and surcharge. The Company paid the value added tax in September 2008 and obtained approval for the suspense penalty and surcharge payment on October 1, 2008. Although, the Company's management had an opinion that the Company acted in accordance with the Cabinet's resolution and the Company has no obligation to pay value added tax to the Revenue Department, it was uncertain whether the Company would receive a refund on value added tax. Therefore, the Company recorded this tax payment of Baht 2,416.66 million in quarter 2/2008 and 3/2008 amounting to Baht 2,406.61 and Baht 10.05 million, respectively and presented as other expenses by recording as allowance for value added tax of Baht 322.80 million presented in other current assets (Note 13). However, the Company has a remaining penalty and surcharge of Baht 2,937.77 million. Later on January 24, 2011 the company has been informed the decision by the Board of Appeals decision that stands above the opinion of the Revenue Department. The Company is in the process of submission appeal to the Tax Court. The Company's legal consultant's has an opinion that the Company should not have further liabilities to the Revenue Department because it has complied with the Revenue Code in respect of the value added tax obligation. Therefore, the Company did not record liabilities on the remaining penalty and surcharge in these financial statements.

### 37.3 Numbering fee of special numbers

On January 8, 2010, the NTC notified the Company for the fees on the special numbers and the incremental of 137 numbers that the Company had assigned to stated-owned and private enterprises from August 2005 until August 2008, totalling Baht 656.51 million. With regard on the said claims, NTC has referred to the announcement of the NTC's committee regarding the Assignment of Temporary Telecommunication Numbers and Rules of Assignment and Permission in Using Special Numbers. However, the Company's management believes that the Company does not have to pay the mentioned fees as the Company already reported the details of all special numbers users to NTC. NTC should be responsible for the operation and management of those special numbers on behalf of the Company, including, the operation on the notification and collection of numbering fees from special number directly from those service users. The Company also sent a letter of intent to deny the payment to NTC so the Company did not record a provision for numbering fees from special numbers in the financial statements.

### 37.4 Commitments

#### 37.4.1 Capital commitments

Capital expenditure contracted for at the balance sheet date, but not recognised in the financial statements as at December 31, 2010 and 2009 are as follows:

	Unit : Million Baht			
	Consolidated		The Company	
	2010	2009	2010	2009
Property, plant and equipment	5,769.45	6,122.65	5,769.45	6,045.77

#### 37.4.2 Operating lease commitments - where the Company is the lessee

The future minimum lease payments under non-cancellable operating leases as at December 31, 2010 and 2009 are as follows:

	Unit : Million Baht			
	Consolidated		The Company	
	2010	2009	2010	2009
Not later than 1 year	2,059.66	1,281.30	2,059.66	1,281.30
Later than 1 year but not later than 5 year	722.45	1,661.30	722.45	1,661.30
More than 5 year	13.25	-	13.25	-
	2,795.36	2,942.60	2,795.36	2,942.60

### 38. Related party transactions

The Company is wholly owned by the Ministry of Finance which is ultimate parent company. The Company conducts business with Thai departments and state-owned enterprises, which are either directly or indirectly owned or controlled by the Royal Thai Government ("Departments and State-Owned Enterprises"). The Departments and State-Owned Enterprise are significant customers of the Company and transactions are carried out in the normal course of business. The Company presents the aggregate revenue and receivables from the Departments and State-Owned Enterprises except for transactions with CAT, which are presented separately because CAT is under common control and operates in a related business.

The purchases of goods and services from the Departments and State-Owned Enterprises relate to the supply of electricity, water, travel (air, rail and bus), fuel, postal services and land and building rental, etc. These transactions are in the normal course of business. The Company also acts as an agent to collect taxes, including personal income tax, value added taxes and withholding tax for the Thai Government without any remuneration. The details of purchases of goods and service from CAT are presented separately, but the Company cannot disclose the expenses and payables with the Departments and State-Owned Enterprises separately in these financial statements because it cannot collect such information.

The Company has cash, bank deposits and promissory notes with government controlled bank such as Krung Thai Bank, Government Housing Bank, Government Saving Bank, Bank for Agriculture and Agricultural Cooperatives an Islamic Bank of Thailand. Furthermore, the Company has investment in treasury bills and government bonds - Bank of Thailand. As at December 31, 2010, cash and cash equivalents (Note 8), short-term investment (Note 9) and fund for redemption for long-term liabilities (Note 10) with government controlled banks amount to Baht 16,325.15 million (at December 31, 2010: Baht 15,643.32 million).

The Company did not disclose transactions with employees and management of the Departments and State-Owned Enterprises and close members of the family of these individuals as related party transaction because the Company cannot collect this information as the transactions are large and varied. However, these transactions are carried out in the normal course of business.

The Company assured that the disclosure of the transaction with related parties are sufficient in consideration.

The following are transactions with related parties, only via the Company's own networks:

38.1 Sales of services for the years ended December 31, 2010 and 2009 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
<b>Revenue from telephone services</b>				
- Ministry of Finance	38.16	40.15	38.16	40.15
- Associated companies	4.89	3.36	4.89	3.36
- Other related parties				
CAT	9.00	11.20	9.00	11.20
Other departments and stated - owned enterprises	2,286.66	2,201.65	2,286.66	2,201.65
	<b>2,338.71</b>	<b>2,256.36</b>	<b>2,338.71</b>	<b>2,256.36</b>
<b>Revenue from network connection services</b>				
- Associated companies	1.00	1.00	1.00	1.00
<b>Other telecommunication services</b>				
- Ministry of Finance	91.33	20.30	91.33	20.30
- Associated companies	57.69	29.53	57.69	29.53
- Other related parties				
CAT	9.53	2.72	9.53	2.72
Other departments and stated - owned enterprises	2,121.37	2,029.92	2,121.37	2,029.92
	<b>2,279.92</b>	<b>2,082.47</b>	<b>2,279.92</b>	<b>2,082.47</b>

38.2 Purchases of services

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
<b>Telecommunication services</b>				
- Ministry of Finance	105.46	62.48	105.46	62.48
- Subsidiary	-	-	264.00	23.79
- Associated companies	1.97	-	1.97	-
- Other related parties				
CAT	144.44	268.36	144.44	268.36
	<b>251.87</b>	<b>330.84</b>	<b>515.87</b>	<b>354.63</b>

38.3 Outstanding balances arising from sales/purchases of services as at December 31, 2010 and 2009 are as follows:

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
Receivables from related parties:				
Telecommunication receivables:				
- Ministry of Finance	58.21	29.81	58.21	29.81
- Associated companies	11.82	13.26	11.82	13.26
- Other related parties				
CAT (Note 11.1)	1,566.33	1,562.21	1,566.33	1,562.21
Other departments and stated - owned enterprises	1,097.89	1,064.63	1,097.89	1,064.63
	<b>2,734.25</b>	<b>2,669.91</b>	<b>2,734.25</b>	<b>2,669.91</b>
Less Allowance for doubtful accounts	(4.54)	(4.54)	(4.54)	(4.54)
	<b>2,729.71</b>	<b>2,665.37</b>	<b>2,729.71</b>	<b>2,665.37</b>
Revenue sharing receivables:				
- Other related parties (Note 11.3)				
CAT	0.69	0.72	0.69	0.72

Unit : Million Baht

	Consolidated		The Company	
	2010	2009	2010	2009
Prepayment for Crown Property land rental				
- Ministry of Finance	214.49	235.41	214.49	235.41
Trade accounts payable				
- Ministry of Finance	6.34	0.69	6.34	0.69
- Subsidiary	-	-	284.58	20.58
- Associated companies	3.98	0.18	3.98	0.18
- Other related parties				
CAT	0.08	0.04	0.08	0.04
	<b>10.40</b>	<b>0.91</b>	<b>294.98</b>	<b>21.49</b>
Other accounts payable				
- Ministry of Finance	1.97	1.29	1.97	1.29
- Other related parties				
CAT	7.73	41.83	7.73	41.83
	<b>9.70</b>	<b>43.12</b>	<b>9.70</b>	<b>43.12</b>
Financial lease liabilities with related party				
- Subsidiary	-	-	-	159.42

### 38.4 Amount due to related company

Unit : Million Baht

	Consolidated					
	2010			2009		
	Due within 1 year	Due over 1 year	Total	Due within 1 year	Due over 1 year	Total
Outstanding balance from the Memorandum of Understanding	480.00	960.00	1,440.00	480.00	1,440.00	1,920.00
Less: Deferred interest expenses	(77.84)	(53.42)	(131.26)	(108.50)	(131.26)	(239.76)
Amount due to related company - net	402.16	906.58	1,308.74	371.50	1,308.74	1,680.24

Unit : Million Baht

	The Company					
	2010			2009		
	Due within 1 year	Due over 1 year	Total	Due within 1 year	Due over 1 year	Total
Outstanding balance from the Memorandum of Understanding	480.00	960.00	1,440.00	480.00	1,440.00	1,920.00
Less: Deferred interest expenses	(77.84)	(53.42)	(131.26)	(108.50)	(131.26)	(239.76)
Amount due to related company - net	402.16	906.58	1,308.74	371.50	1,308.74	1,680.24

Amount due to related company arised from the memorandum of understanding between the Company and CAT which transfer of the exclusive rights and obligations relating to the frequency, the termination of joint venture agreement, and assets management under the 1900 MHz. mobile phone services to operate by the Company. The Company shall pay the compensation to CAT in five instalments of Baht 480.00 million each. The Company already paid for the first and second instalments to CAT on March 27, 2009 and April 26, 2010, respectively.

### 39. Managements' remuneration

Managements' remuneration in the financial statements represented benefits for managements and directors from the Company which comprised salary, bonus, meeting fees, and gratuities.

### 40. Dispute of interconnection charge with Total Access Communication Public Company Limited ("DTAC") and True Move Company Limited ("True Move")

#### 40.1 Dispute of interconnection charge with Total Access Communication Public Company Limited ("DTAC")

On January 17, 2007, DTAC, which is a concession operator of CAT under the wireless cellular service agreement, made a claim to the Central Administrative Court of Thailand to request the Company to act in compliance with the law by allowing the 1.5 million new subscribers of DTAC allocated from NTC to be able to use and access the Company's network and prohibit on collection of access charge but permit for the collection of the interconnection charge at the specific rate apply for all operators as approved by NTC. DTAC

also requested the Company to compensate for the loss from being unable to connect to the Company's network, which is the monthly numbering fee paid to NTC of Baht 3 million per month starting from the mid of December 2006, the opportunity cost from loss of prospective subscribers amounting to Baht 15 million per day since the claim date, and damage on DTAC's reputation regarding services suspicion amounting to Baht 70 million etc. On January 19, 2007, the Central Administrative Court of Thailand issued an order for a particular rules/protection for temporary relief before the final judgment be delivered by requesting the Company to activate a connection of the telecom network allowing DTAC's subscribers, allocated by NTC, to be connecting with the Company's system until the case is finalised or any other instructions issued by the Court. However, the Company has submitted the alleviation together with appeal the judgment of the Central Administrative Court of Thailand to the Supreme Administrative Court on January 30, 2007. On April 10, 2007, the Supreme Administrative Court validated the judgment of the Central Administrative Court of Thailand and concluded the decision of the Central Administrative Court was equitably. On February 26, 2009, the Central Administrative Court issued judgment ordering the Company to connect the telecom network by preparing office data and opening the translator to allow the 1.5 million new subscribers of DTAC, allocated by NTC, to be able to completely connect to the Company's network. On the final judgment date, the Central Administrative Court of Thailand also ordered the Company to pay compensation of Baht 1 million to DTAC and extended the period of its order, a particular rules/protection for temporary relief, to be valid until the case would be finalised. On March 27, 2009, Company submitted appeal to the Supreme Administrative Court.

On June 18, 2007, NTC issued an award in respect of interconnection charges with DTAC No. 1/2550 stating that the Company was required to negotiate the interconnection charge agreement with DTAC within seven days since acknowledging the award, and the agreement shall be finalised within 30 days from the first day of negotiations. If the Company did not conform to the said award, this would be considered as violation to section 25 of the Telecommunication Business Act 2544 whilst NTC may supplementary enforce the administrative code section 66 of the Telecommunication Act 2544. The Company continuously defended its all legal issues as disclosed in the financial statements for the year ended December 31, 2007. However, on April 22, 2008, the NTC instructed the Company to pay a penalty of Baht 60,000 per day starting from February 1, 2008 until the Company has fully complied with the award and negotiated the interconnection charge agreement with DTAC. On May 8, 2008, the Company sent a notification letter to DTAC for the negotiation of the interconnection charge agreement and paid the penalty from February 1, 2008 to May 7, 2008 to NTC. However, the Company is not able to accomplish the negotiations with DTAC. On June 16, 2008, DTAC sent a letter to the NTC requesting NTC to conclude the disagreeable conditions, one of the requests was that NTC would consider an administrative penalty of 60,000 Baht per day and this shall be further paid by the Company until the Company has fulfilled with the NTC's order (if any). On December 26, 2008, NTC concluded the case and requested the Company to enter into an interconnection agreement with DTAC, the agreement shall be covered all telecom numbers which DTAC had the legal right to provide services. At the present, both the Company and DTAC are on negotiations to enter into such contract.

On February 2, 2010, NTC's secretariat gave notice to the Company in complying with the award regarding the interconnection charge no.4/2551 of NTC by entering into the interconnection agreement with DTAC within 15 days upon receipt of the notice. Disregarding to perform within the specified period, this will be resulted in a fine of Baht 20,000 per day according to Section no. 58 an Act on Establishment of Administrative Court Procedure B.E. 2539 granting by NTC's secretariat. On April 9, 2010, NTC's secretariat

notify the Company regarding the Board of NTC's resolution giving the Company to negotiate the interconnection charge agreement to be completed within 30 days. If any disagreements might be arising, the Company shall be filing to the Central Administrative Court of Thailand. Presently, the Company has already filed to the Central Administrative Court of Thailand to revoke the submission of objection on July 9, 2010. NTC and the Company submitted the petition. Presently the case in the process of fact finding by the Central Administrative Court of Thailand.

#### 40.2 Dispute of interconnection charge with True Move Company Limited ("True Move")

On January 25, 2007, True Move, another concession operator of CAT under the wireless cellular service agreement, made a claim to the Central Administrative Court of Thailand to request the Company to act in compliance with the law by allowing the 1.5 million new subscribers of True Move allocated from NTC to be able to use and access the Company's network and prohibit on collection of access charge but permit for the collection of the interconnection charge at the specific rate apply for all operators as approved by NTC. True Move also requested the Company to compensate for the loss from being unable to connect to the Company's network, which is the monthly numbering fee paid to NTC of Baht 3 million per month starting from the mid of October 2006, the opportunity cost from loss of prospective subscribers amounting to Baht 14 million per day since the claim date, and damage on True Move's reputation regarding services suspicion amounting to Baht 70 million etc. On January 26, 2007, the Central Administrative Court of Thailand issued an order for a particular rules/protection for temporary relief before the final judgment be delivered by requesting the Company to activate a connection of the telecom network allowing True Move's subscribers, allocated by NTC, to be connecting with the Company's system until the case is finalised or any other instructions issued by the Court. However, the Company has submitted the alleviation together with appeal the judgment of the Central Administrative Court of Thailand to the Supreme Administrative Court on January 30, 2007. On April 9, 2007, the Supreme Administrative Court validated the judgment of the Central Administrative Court of Thailand and concluded the decision of the Central Administrative Court was equitably. On February 26, 2009, the Central Administrative Court issued judgment ordering the Company to connect the telecom network by preparing office data and opening the translator to allow the 1.5 million new subscribers of True Move, allocated by NTC, to be able to completely connect to the Company's network. On the final judgment date, the Central Administrative Court of Thailand also ordered the Company to pay compensation of Baht 1 million to True Move and extended the period of its order, a particular rules/protection for temporary relief, to be valid until the case would be finalised. On March 27, 2009, the Company submitted appeal the judgement. Currently, this is under consideration by the Supreme Administrative Court.

Furthermore, on November 28, 2007, NTC has an award of interconnection charge with True Move No. 2/2550 asking the Company to negotiate for the interconnection charge with True Move within seven days since acknowledging the award, and the agreement has to be finalised within 30 days from the first date of negotiations. Currently, it is on negotiation process.

#### 41. The Company's Board of Directors approved these financial statements for issue on April 21, 2011.





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