

**Shin Corporation Public Company Limited
and its Subsidiaries**

Annual financial statements
and
Audit report of Certified Public Accountant

For the years ended 31 December 2010 and 2009

Audit report of Certified Public Accountant

To the shareholders of Shin Corporation Public Company Limited

I have audited the accompanying consolidated and separate balance sheets as at 31 December 2010 and 2009, and the related statements of income, changes in equity and cash flows for the years then ended of Shin Corporation Public Company Limited and its subsidiaries, and of Shin Corporation Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2010 and 2009 and the results of operations and cash flows for the years then ended of Shin Corporation Public Company Limited and its subsidiaries, and of Shin Corporation Public Company Limited, respectively, in accordance with generally accepted accounting principles.

As mentioned in notes to the financial statements No. 2(b) and 32, as at 31 December 2010, ITV's current liabilities exceed its current assets by an amount of Baht 3,476 million and there is a deficit in excess of the share capital of an amount of Baht 3,476 million and ITV 's Television Broadcasting Station under a UHF Radio-Television Broadcasting Agreement ("Operating Agreement") was revoked by the Office of the Permanent Secretary of the Office of the Prime Minister ("PMO") as ITV did not pay the unpaid operating fee totalling Baht 2,210 million and the interest on the total unpaid operating agreement fee at 15% per annum including the penalty arising from the alteration of television programming of Baht 97,760 million and adjust television programs fee. Subsequently, ITV ceased its operations and delivered their assets under the operating agreement to PMO. ITV has filed statements of claim regarding the unpaid operating agreement totalling Baht 2,210 million plus the interest and adjust television programs fee to the arbitration process.

These events indicate a material uncertainty which may cast significant doubt on ITV's ability to continue as a going concern. I have expressed a disclaimer of opinion on the ITV 2009 and 2008 financial statements due to the significance of the matters mentioned above. Assets and liabilities of ITV included in the consolidated financial statements as at 31 December 2010, represent 2.37% (2009: 1.84%) and 28.33% (2009: 25.47%) of consolidated total assets and liabilities, respectively and the net value of asset of ITV included in the Company financial statements as at 31 December 2010 and 2009 is nil.

(Winid Silamongkol)
Certified Public Accountant
Registration No. 3378

KPMG Phoomchai Audit Ltd.
Bangkok
17 February 2011

Shin Corporation Public Company Limited and its Subsidiaries

Balance sheets

As at 31 December 2010 and 2009

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

The accompanying notes are an integral part of these financial statements

Shin Corporation Public Company Limited and its Subsidiaries

Balance sheets

As at 31 December 2010 and 2009

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

The accompanying notes are an integral part of these financial statements

Shin Corporation Public Company Limited and its Subsidiaries

Balance sheets

As at 31 December 2010 and 2009

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<i>(in Baht)</i>					
Equity					
Share capital	19				
Authorised share capital		5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
Issued and paid-up share capital		3,201,083,769	3,201,066,604	3,201,083,769	3,201,066,604
Reserves	19, 20				
Share premium		10,197,776,579	10,197,303,923	10,197,776,579	10,197,303,923
Unrealised gain on dilution of investments in subsidiaries and associates		4,288,827,900	4,176,482,535	-	-
Unrealised gain (loss) from revaluation of investments		(2,546,056)	7,115,964	(1,193,007)	(71,827)
Currency translation differences		(118,310,721)	(58,841,624)	-	-
Retained earnings					
Appropriated					
Legal reserve		500,000,000	500,000,000	500,000,000	500,000,000
Unappropriated		4,307,709,119	17,946,899,083	444,083,015	460,097,876
Total equity attributable to equity holders of the Company		22,374,540,590	35,970,026,485	14,341,750,356	14,358,396,576
Minority interests		8,655,638,410	9,212,273,095	-	-
Total equity		31,030,179,000	45,182,299,580	14,341,750,356	14,358,396,576
Total liabilities and equity		47,257,799,806	61,540,165,476	14,432,089,735	14,407,784,383

The accompanying notes are an integral part of these financial statements

Shin Corporation Public Company Limited and its Subsidiaries

Statements of income

For the years ended 31 December 2010 and 2009

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

The accompanying notes are an integral part of these financial statements

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

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

The accompanying notes are an integral part of these financial statements

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

Consolidated financial statements										
Equity attributable to equity holders of the Company										
Note	Issued and paid-up share capital	Premium on share capital	Unrealised gain on dilution from investments	Unrealised gain(loss) from revaluation of investment	Currency translation difference	Retain earnings		Total equity attributable to equity holders of the Company	Minority interests	Total equity
						Legal reserve	Unappropriated			
Balance at 1 January 2010	3,201,066,604	10,197,303,923	4,176,482,535	7,115,964	(58,841,624)	500,000,000	17,946,899,083	35,970,026,485	9,212,273,095	45,182,299,580
Unrealised gain on dilution of investments in associates	-	-	112,345,365	-	-	-	-	112,345,365	-	112,345,365
Unrealised loss from revaluation of investments	-	-	-	(9,662,020)	-	-	-	(9,662,020)	-	(9,662,020)
Translation of financial statement differences	-	-	-	-	(59,469,097)	-	-	(59,469,097)	-	(59,469,097)
Minority interests increased during the year	-	-	-	-	-	-	-	-	(89,517,224)	(89,517,224)
Net income recognised directly in equity	-	-	112,345,365	(9,662,020)	(59,469,097)	-	-	43,214,248	(89,517,224)	(46,302,976)
Profit (loss) for the year	-	-	-	-	-	-	8,031,923,844	8,031,923,844	(467,117,461)	7,564,806,383
Total recognised income and (expense)	-	-	112,345,365	(9,662,020)	(59,469,097)	-	8,031,923,844	8,075,138,092	(556,634,685)	7,518,503,407
Dividends	-	-	-	-	-	-	(21,671,113,808)	(21,671,113,808)	-	(21,671,113,808)
Issue of share capital										
Increase in share capital	17,165	472,656	-	-	-	-	-	489,821	-	489,821
Balance at 31 December 2010	3,201,083,769	10,197,776,579	4,288,827,900	(2,546,056)	(118,310,721)	500,000,000	4,307,709,119	22,374,540,590	8,655,638,410	31,030,179,000

The accompanying notes are an integral part of these financial statements

Shin Corporation Public Company Limited and its Subsidiaries

Statements of changes in equity

For the years ended 31 December 2010 and 2009

	Note	Separate financial statements					Total equity attributable to equity holders of the Company
		Issued and paid-up share capital	Premium on share capital	Unrealised loss from revaluation of current investment	Retained Earning		
					Legal reserve	Unappropriated	
<i>(in Baht)</i>							
Balance at 1 January 2009		3,201,066,604	10,197,303,923	-	500,000,000	365,184,445	14,263,554,972
Unrealised loss from revaluation of investments		-	-	(71,827)	-	-	(71,827)
Net expense recognised directly in equity		-	-	(71,827)	-	-	(71,827)
Profit for the year		-	-	-	-	7,777,453,256	7,777,453,256
Total recognised income and (expense)		-	-	(71,827)	-	7,777,453,256	7,777,381,429
Dividends	29	-	-	-	-	(7,682,539,825)	(7,682,539,825)
Balance at 31 December 2009		3,201,066,604	10,197,303,923	(71,827)	500,000,000	460,097,876	14,358,396,576
Balance at 1 January 2010		3,201,066,604	10,197,303,923	(71,827)	500,000,000	460,097,876	14,358,396,576
Unrealised loss from revaluation of investments		-	-	(1,121,180)	-	-	(1,121,180)
Net expense recognised directly in equity		-	-	(1,121,180)	-	-	(1,121,180)
Profit for the year		-	-	-	-	21,655,098,949	21,655,098,949
Total recognised income and (expense)		-	-	(1,121,180)	-	21,655,098,949	21,653,977,769
Dividends	29	-	-	-	-	(21,671,113,810)	(21,671,113,810)
Issue of share capital							
Increase in share capital	19	17,165	472,656	-	-	-	489,821
Balance at 31 December 2010		3,201,083,769	10,197,776,579	(1,193,007)	500,000,000	444,083,015	14,341,750,356

The accompanying notes are an integral part of these financial statements

Shin Corporation Public Company Limited and its Subsidiaries

Statements of cash flows

For the years ended 31 December 2010 and 2009

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

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

Shin Corporation Public Company Limited and its Subsidiaries

Statements of cash flows

For the years ended 31 December 2010 and 2009

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

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

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

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 17 February 2011.

1 General information

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

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

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

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

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

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

Name of the entity	Type of business	Country of incorporation	Ownership interest	
			2010	2009
Subsidiaries				
Thaicom Public Company Limited and its Group (“THCOM”)	Operating transponder services for domestic and international communications, sale of user terminal of iPSTAR, broadband content services, sale of direct television equipment, telephone network services and value added services on mobile and engineering and development services on communication technology and electronics.	Thailand	41.14	41.14
ITV Public Company Limited and its Group (“ITV”)	At present, ITV has ceased its operation (<i>note 31</i>) which used to operate a television broadcasting station under a UHF radio-television broadcasting agreement (“Operating Agreement”) provided by the Office of the Permanent Secretary of the Office of the Prime Minister.	Thailand	52.92	52.92
I.T. Applications and Service Company Limited (“ITAS”)	Providing computer program services and related services.	Thailand	99.99	99.99
Matchbox Company Limited (“MB”)	Providing advertising services and production of advertisements for radio and television broadcast.	Thailand	99.96	99.96

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Name of the entity	Type of business	Country of incorporation	Ownership interest	
			2010	2009
Associate				
Advanced Info Service Public Company Limited and its Group ("ADVANC")	Operating a 900-MHz and 1800-MHz cellular telephone system, datakit virtual circuit switch, call center service, broadband service, internet gateway, voice over IP, IP television, distributing electronic cash card, payment via mobile phone, international telephone service and distributing cellular phones.	Thailand	42.55	42.61
Associate of THCOM				
CS Loxinfo Public Company Limited and its Group ("CSL")	Providing internet data center services, internet, satellite uplink downlink services for domestic and international communications the printing and publishing of telephone directories, the conducting classified and printing directories businesses and mobile contents.	Thailand	42.19	42.56

The Group has obtained agreements for operation from government agencies and entities regulated by government agencies, in Thailand and other countries, to provide satellites and transponder services, to be an Internet Service Provider, to act as a television broadcaster, and to provide Cellular Telephone Systems in Thailand and Cambodia and telecommunication services in the Laos People's Democratic etc. The periods of the agreements range from 10 - 35 years. Under these operating agreements, certain companies in the Group must pay fees to the relevant government agencies and entities regulated by government agencies based on a percentage of service income or at the minimum payment specified in the relevant agreements, whichever is higher. As at 31 December 2010, the remaining minimum payment as specified in the agreement is Baht 806 million in the consolidated financial statements, excluding ITV because ITV is in the process of dispute as in note 31 discussed. In addition, certain companies in the Group, according to their agreements, must procure property and equipment for their operations and must transfer the ownership of such property and equipment to the relevant government agencies and entities regulated by government agencies within the periods specified in the agreements.

The principal agreements for operation are held by subsidiaries, jointly-controlled entities and associates at 31 December 2010 include:

Operating Agreement	Country	Held by	Expiry
Subsidiaries			
Satellites	Thailand	Thaicom Public Company Limited	September 2021
Radio-television broadcasting - under UHF system	Thailand	ITV Public Company Limited	July 2025 (<i>in the process of dispute note 31</i>)
Jointly-controlled entities			
Fixed phone, mobile phone, international facilities and internet	Lao PDR	Lao Telecommunications Company Limited	2021
Cellular telephone system	Cambodia	Mfone Company Limited	March 2028
Associates			
900-MHz cellular telephone system	Thailand	Advanced Info Service Public Company Limited	September 2015
1800-MHz cellular telephone system	Thailand	Digital Phone Company Limited	September 2013
International call	Thailand	AIN GlobalComm Company Limited	July 2026

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Operating Agreement	Country	Held by	Expiry
Datakit Virtual Circuit Switch	Thailand	Advanced Datanetwork Communications Company Limited	September 2022
Satellite uplink-downlink	Thailand	CS Loxinfo Public Company Limited	August 2016
Internet Operation License Type I,II,III	Thailand	CS Loxinfo Public Company Limited	April 2012 – December 2022

2 Basis of preparation of financial statements

(a) Basis of preparation of financial statements

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

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

The Group impact from the change in accounting standards

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

The standard which is immediately effective

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

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

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

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

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

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

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

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

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

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

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

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

The financial statements are presented in Thai Baht, rounded in the note to the financial statements to the nearest million unless otherwise as stated. They are prepared on the historical cost basis except as stated in the accounting policies.

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

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

- The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments (*note 7*).
- Net realisable value of inventory is estimated by the expected selling price, less relevant expenses (*note 8*).
- The estimated useful lives of fixed assets including building, property and equipment, property and equipment under operating agreements and intangible assets are based on future economic benefits of assets or, if it is shorter, the related contract term (*notes 12, 13 and 14*).
- The measurement of the recoverable amounts of building, property and equipment, property and equipment under operating agreements and intangible assets containing goodwill is assessed by the net present value of estimated future cash flow that occur from continuing to use such assets or the asset's selling price less relevant expenses, whichever is higher (*notes 12, 13 and 14*).
- Lease classification where the Group assumes substantially all the benefits and risks of ownership are transferred to lessee is classified as finance leases. While leases not transferring a significant portion of the risks and rewards of ownership are classified as operating leases (*note 12*).
- The utilisation of deferred tax assets derived from tax losses are recognised to the extent that it is probable that future taxable profit will be available against such deferred tax assets which can be utilized (*note 15*).
- Provisions and contingencies are recognized when there is a probability that the Group's resources will be required to settle. Provisions are measured at the present value at the reporting date (*notes 31 and 32*).
- The measurement of fair values of financial derivative; foreign currency forward contracts are determined by using forward exchange market rates at the reporting date. The fair values of cross currency and interest rate swap contracts are determined by using reference rate from broker at the reporting date (*note 30*).

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

As at 31 December 2010, ITV's current liabilities exceed its current assets by an amount of Baht 3,476 million and deficit in excess of its share capital by an amount of Baht 3,476 million (31 December 2009, ITV's current liabilities exceed its current assets by an amount of Baht 3,036 million and deficit in excess of its share capital by an amount of Baht 3,036 million). In addition, as discussed in note 31 to the financial statements, in consequence of the ruling of the Supreme Administrative Court on 13 December 2006, ITV is liable for unpaid operating agreement fee totalling Baht 2,210 million and the interest on the total unpaid operating agreement fee at 15% per annum including the penalty arising from the alteration of television programming of Baht 97,760 million to the Office of the Permanent Secretary of the Office of the Prime Minister ("PMO"). ITV has not yet paid these unpaid operating agreement fee including interest and penalty. ITV's operating agreement was revoked on 7 March 2007 by the PMO therefore; ITV ceased its operation at that date. In addition, on 30 March 2007, the PMO claimed the undelivered value of assets under operating agreement amounting to Baht 656 million plus interest. In addition, ITV is still in the arbitration proceeding regarding the unpaid operating agreement fee including interest, penalty arising from the alteration of television programming of Baht 97,760 million and value of undelivered assets including its interest. These events indicate a material uncertainty which may cast significant doubt on ITV's ability to continue as a going concern.

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The consolidated financial statements of the Company and its subsidiaries include the financial statements of ITV, which have been prepared on a going concern basis. Accordingly, the recorded assets amounting to Baht 1,122 million represent 2.37% of consolidated total asset (31 December 2009: Baht 1,131 million, represented 1.84%) and liabilities amounting to Baht 4,598 million represent 28.33% of consolidated total liabilities (31 December 2009: Baht 4,167 million, represented 25.47%) of ITV, and therefore, the recorded deficit in excess of ITV's issued share capital amounting to Baht 3,476 million as at 31 December 2010 (31 December 2009: Baht 3,036 million) has been taken up in full in the consolidated financial statements in accordance with generally accepted accounting principles.

However, the Company's legal liability for any losses incurred by ITV is limited to the Company's share paid to ITV's capital. In the event that ITV is unable to continue its operations and the Company declines to make further funds available to ITV the Company's consolidated liabilities as at 31 December 2010 and 2009 would be reduced by Baht 3,476 million and Baht 3,036 million, respectively. The retained earnings and shareholders' equity as at 31 December 2010 and 2009 would be increased by Baht 3,476 million and Baht 3,036 million, respectively.

3 Significant accounting policies

(a) Basis of consolidation

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

Subsidiaries

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

Jointly-controlled entities

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

Associates

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

Transactions eliminated on consolidation

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

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Business combinations

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

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

Gain (loss) on dilution from investment

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

(b) Foreign currencies

Transactions denominated in foreign currencies are translated into Thai Baht at the rate of exchange prevailing on the transaction dates. Monetary assets and liabilities at the reporting date denominated in foreign currencies are translated into Thai Baht at the rate of exchange prevailing at the reporting date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of income. Statements of income and cash flows of foreign entities are translated into the Group's reporting currency at the weighted average exchange rates for the year and balance sheets of foreign entities are translated at the exchange rates ruling on the reporting date. Currency translation differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. On disposal of a foreign entity, accumulated currency translation differences are recognised in the statement of income as part of the gain or loss on sale.

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

(c) Financial instruments

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

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

Derivative financial instruments

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

Fair value estimation

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

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(d) Cash and cash equivalents

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

(e) Trade and other accounts receivable

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

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

(f) Inventories

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

Costs are determined using the weighted average principle except work in progress is valued using the specific identification method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs.

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

(g) Investments

Investments in subsidiaries, jointly-controlled entities and associates

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

Investments in other debt and equity securities

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

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

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

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. The Group will recognize loss from impairment, if the carrying value of the investment is higher than its recoverable amount. The impairment loss is charged to the statements of income.

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

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(h) Property and equipment

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

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

No depreciation is provided on assets under construction.

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

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

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

(i) Property and equipment under agreements for operation

Property and equipment under agreements for operation comprises assets used under operational agreements, ownership of which must be transferred to the regulatory government agencies in accordance with the specific terms of the respective agreements. Property and equipment under operational agreements are amortised on a straight-line basis over the shorter of the useful lives of the property and equipment or the remaining agreement term. The useful lives are from 5 years to 27.5 years. Equipment under agreements for operation will not be re-valued, however, the equipment will be reviewed its book value each year and recognize when they are impairment.

(j) Intangible assets

Goodwill

Goodwill in a business combination represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Negative goodwill in a business combination represents the excess of the fair value of the Group's share of the identifiable net assets acquired over the cost of acquisition. In respect of equity accounted investments, the carrying amount of goodwill is included in the carrying amount of the investment.

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

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

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Other intangible assets

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

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

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

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

(k) Impairment

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

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

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

Calculation of recoverable amount

The recoverable amount of assets is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated net future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

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

An impairment loss in respect of goodwill is not reversed.

(l) Leases

Leases - where the Group is the lessee

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

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

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

Leases - where the Group is the lessor

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

(m) Interest-bearing liabilities

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

(n) Employee benefits

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

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

(o) Provisions

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

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

(p) Revenue

Revenue recognition

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

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

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

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

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

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

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

(r) Expense

Operating leases

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

Finance costs

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

(s) Income tax expense

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

Current tax

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

Deferred tax

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

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

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4 Related party transactions and balance

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related parties. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Group entered into a number of transactions with related parties, the terms of which were negotiated on an arm's length basis in the ordinary course of business and according to normal trade conditions.

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

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

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

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

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

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

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

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

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	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
Trade accounts and notes Payable – related parties				
Associates	12	23	-	-
Related parties	-	2	-	-
Total	12	25	-	-
Amounts due to related parties				
Subsidiaries	-	-	4	3
Jointly-controlled entity	-	1	-	-
Related parties	3	2	-	-
Total	3	3	4	3
Other current liabilities – related parties				
Subsidiaries	-	-	1	-
Associates	2	1	-	-
Total	2	1	1	-
Other non-current liabilities – related parties				
Associates	5	11	-	-
Total	5	11	-	-

Warrants granted to directors (note 19)

Directors' remuneration

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

Commitments and other agreements with related parties

As at 31 December 2010 and 2009, the significant commitments with related parties are as follows:

1. The Company and certain associates had entered into agreements with a subsidiary, under which the subsidiary was committed to maintain accounting programme service for a period of approximately one year to five years with an option to renew. The Company and associates were committed to pay the subsidiary for services in respect of the agreements at approximately Baht 51.05 million per year (2009: approximately Baht 67.20 million).
2. A subsidiary had entered into an agreement with an associated company, under which the associated company was committed to provide uplink data service for a period of approximately five years. The subsidiary was committed to pay for the service in respect of the agreements at approximately Baht 16.79 million (2009: approximately Baht 10.03 million).
3. A subsidiary had entered into an agreement with a jointly-controlled entity, under which the jointly-controlled entity was committed to responsible for ensuring the IPSTAR gateway System in Cambodia perform in accordance to the industry standard for a period of approximately five years. The subsidiary was committed to pay for the service in respect of the agreements at approximately USD 0.40 million (2009: approximately USD 0.64 million).

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4. A subsidiary had entered into agreements with associates, under which the subsidiary was committed to provide transponder service, advisory service and IPSTAR bandwidth service. Associates were committed to pay the subsidiary for the service of the agreements at approximately USD 2.55 million and Baht 7.56 million (2009: approximately USD 5.37 million and USD 3.72 million). The service fees of some contracts vary to the actual used or installed user terminal at the rate stated in the contract.

5 Cash and cash equivalents

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

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

6 Other investments

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

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

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

Shin Corporation Public Company Limited and its Subsidiaries
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7 Trade accounts, notes receivable and accrued income

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

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

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

8 Inventories

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

Shin Corporation Public Company Limited and its Subsidiaries
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9 Other current assets

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

10 Investments in subsidiaries, jointly-controlled entities and associates

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

Shin Corporation Public Company Limited and its Subsidiaries
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Investments in subsidiaries and associates as at 31 December 2010 and 2009 and dividend income from those investments for the years then ended were as follows:

Consolidated financial statements												
	Ownership interest (%)		Paid-up capital		Cost method		Equity method		Dividend income for the years			
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009		
	<i>(in million Baht)</i>											
Associates												
Advanced Info Service Public Company Limited	42.55	42.61	2,970	2,965	8,807	8,807	17,917	30,502	21,862	7,961		
CS Loxinfo Public Company Limited	42.19	42.56	148	160	1,481	1,481	263	238	130	90		
Total			3,118	3,125	10,288	10,288	18,180	30,740	21,992	8,051		
Separate financial statements												
	Ownership interest (%)		Paid-up capital		Cost method		Impairment		At cost - net		Dividend income for the years	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	<i>(in million Baht)</i>											
Subsidiaries												
Thaicom Public Company Limited	41.14	41.14	5,480	5,480	3,613	3,613	-	-	3,613	3,613	-	-
ITV Public Company Limited	52.92	52.92	6,033	6,033	3,297	3,297	(3,297)	(3,297)	-	-	-	-
I.T. Applications and Services Company Limited	99.99	99.99	10	10	10	10	-	-	10	10	46	31
Matchbox Company Limited	99.96	99.96	9	9	72	72	-	-	72	72	-	15
			11,532	11,532	6,992	6,992	(3,297)	(3,297)	3,695	3,695	46	46
Associate												
Advance Info Service Public Company Limited	42.55	42.61	2,970	2,965	8,807	8,807	-	-	8,807	8,807	21,862	7,961
			2,970	2,965	8,807	8,807	-	-	8,807	8,807	21,862	7,961
Total			14,502	14,497	15,799	15,799	(3,297)	(3,297)	12,502	12,502	21,908	8,007

Shin Corporation Public Company Limited and its Subsidiaries
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Significant movements in investments of the Group during the year ended 31 December 2010 was as follows:

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

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

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

Certain warrants issued to directors and employees (ESOP) of ADVANC and CSL were exercised, and these share issues were registered as increased share capital with the Ministry of Commerce during January to December 2010, are as follows:

Company	Units of exercise (in thousand units)	Share capital increased (in thousand Baht)		Premium on share capital increased (in thousand Baht)		Decrease in interest of the Company (%)	
		from	to	from	to	from	to
ADVANC	3,707	2,965,443	2,970,076	21,838,008	22,172,703	42.61	42.55
CSL	3,313	159,840	161,111	448,043	458,627	42.56	42.19

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

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

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

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

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

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11 Financial Summary of jointly-controlled entity and associates

Investment in jointly-controlled entity

Shenington Investment Pte limited (“SHEN”)

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

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

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

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Investment in associated companies

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

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

12 Property and equipment

Consolidated financial Statements

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

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Consolidated financial Statements

	Buildings & improvements	Furniture, fixtures & equipment	Vehicles & vehicles under finance leases <i>(in million Baht)</i>	Computers & equipment	Assets under construction	Total
As at 31 December 2009						
Cost	481	9,005	139	304	1,016	10,945
Less Accumulated depreciation	(193)	(4,285)	(81)	(235)	-	(4,794)
Less Allowance for impairment	-	(37)	-	-	-	(37)
Net book value	288	4,683	58	69	1,016	6,114
Transactions during the year ended 31 December 2010						
Purchases	6	263	34	23	408	734
Transfer- net	(8)	587	-	-	(590)	(11)
Disposals- net	-	(2)	(1)	-	-	(3)
Write-off- net	(2)	(13)	(1)	-	(3)	(19)
Depreciation charged	(42)	(1,042)	(23)	(31)	-	(1,138)
Foreign currency translations adjustment	-	(280)	(1)	(1)	(77)	(359)
Closing net book value	242	4,196	66	60	754	5,318
As at 31 December 2010						
Cost	479	9,268	149	315	754	10,965
Less Accumulated depreciation	(237)	(5,036)	(83)	(255)	-	(5,611)
Less Allowance for impairment	-	(36)	-	-	-	(36)
Net book value	242	4,196	66	60	754	5,318

As at 31 December 2010, property and equipment includes property and equipment under the operating agreements of Mfone of approximately Baht 2,318 million (Proportional) (31 December 2009: Baht 2,973 million). According to the operating agreement, Mfone must transfer its ownership of this related property and equipment to the government of Cambodia on the expiration date of the operating agreement, 4 March 2028 as describe in note 31 g).

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	Separate financial statements				
	Buildings & improvements	Furniture, fixtures & equipment	Vehicles & vehicles under finance leases <i>(in million Baht)</i>	Computers & equipment	Total
As at 31 December 2008					
Cost	20	27	16	43	106
Less Accumulated depreciation	<u>(8)</u>	<u>(19)</u>	<u>(7)</u>	<u>(32)</u>	<u>(66)</u>
Net book value	<u>12</u>	<u>8</u>	<u>9</u>	<u>11</u>	<u>40</u>
Transactions during the year ended 31 December 2009					
Purchases	1	1	2	-	4
Transfer- net	1	-	-	-	1
Disposals-net	(1)	(1)	-	-	(2)
Depreciation charge	(3)	(2)	(3)	(4)	(12)
Write-off-net	(1)	-	-	(1)	(2)
Closing net book value	<u>9</u>	<u>6</u>	<u>8</u>	<u>6</u>	<u>29</u>
As at 31 December 2009					
Cost	16	26	15	43	100
Less Accumulated depreciation	<u>(7)</u>	<u>(20)</u>	<u>(7)</u>	<u>(37)</u>	<u>(71)</u>
Net book value	<u>9</u>	<u>6</u>	<u>8</u>	<u>6</u>	<u>29</u>

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

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13 Property and equipment under operating agreements

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

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14 Intangible assets

	Consolidated financial statements		
	Goodwill	Others <i>(in million Baht)</i>	Total
At 31 December 2008			
Cost	1,249	1,950	3,199
Less Accumulated amortisation	-	(681)	(681)
Less Allowance for impairment	(1,105)	-	(1,105)
Net book value	144	1,269	1,413
Transactions during the year ended 31 December 2009			
Purchases	-	88	88
Transfers- net	-	27	27
Write-off-net	-	(8)	(8)
Amortisation charge	-	(134)	(134)
Foreign currency translation adjustment	-	(5)	(5)
Closing net book value	144	1,237	1,381
At 31 December 2009			
Cost	1,249	2,049	3,298
Less Accumulated amortisation	-	(812)	(812)
Less Allowance for impairment	(1,105)	-	(1,105)
Net book value	144	1,237	1,381
Transactions during the year ended 31 December 2010			
Purchases	-	16	16
Write-off- net	-	(4)	(4)
Amortisation charge	-	(130)	(130)
Foreign currency translation adjustment	-	(10)	(10)
Closing net book value	144	1,109	1,253
At 31 December 2010			
Cost	1,249	2,047	3,296
Less Accumulated amortisation	-	(938)	(938)
Less Allowance for impairment	(1,105)	-	(1,105)
Net book value	144	1,109	1,253

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

15 Deferred income tax

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

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

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

Deferred tax assets for tax loss carried forward are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The Group has tax loss carried forward to offset future tax income amounting to Baht 12,670 million (2009: Baht 13,037 million) which is recognised as a deferred tax assets up to the amount it expects to be utilised of Baht 252 million (2009: Baht 322 million).

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The movements in deferred tax assets and liabilities during the years ended 31 December 2009 and 2010, without taking into consideration the offsetting of balances within the same tax jurisdiction are as follows:

Consolidated financial statement
For the year ended 31 December 2009

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

Consolidated financial statement
For the year ended 31 December 2010

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

Consolidated financial statements
For the year ended 31 December 2009

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

Consolidated financial statements
For the year ended 31 December 2010

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

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16 Interest bearing liabilities

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

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

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

As at 31 December 2010 and 2009, the long-term borrowings are borrowings of subsidiaries of THCOM from a commercial bank of USD 5.1 million and USD 8.5 million, respectively, bearing interest based on margins over the U.S. Dollar London Inter-Bank Offer Rate ("USD LIBOR") per annum. The principal will be repayable on six monthly basis. THCOM had issued a letter of comfort to the bank to provide financial support.

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Long-term debenture

As at 31 December 2010 and 2009, THCOM has registered, unsecured, unsubordinated and having debenture holders of 2 tranches of long-term debenture, valued Baht 7,000 million, at 1,000 each, detail as follow:

Date of issue	Unit (in million)	Amount (in million Baht)	Interest rate p.a.	Interest due	Principal due	Outstanding as at 31 December	
						2010	2009
6 Nov'09	3.3	3,300	5.25%	Quarterly	Entire redeemed on 6 November 2012	3,300	3,300
6 Nov'09	3.7	3,700	6.15%	Quarterly	Entire redeemed on 6 November 2014	3,700	3,700
Total debenture						7,000	7,000
Less Debenture issuing cost						(16)	(22)
Net						6,984	6,978

THCOM must comply with the conditions in the debenture issue and debenture holder agreement with regards to maintaining certain financial ratios.

The interest rate exposure of the borrowings of the Group and the Company are as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
Total borrowings:				
at fixed rates	7,049	7,083	3	-
at floating rates	1,356	1,711	-	-
	8,405	8,794	3	-

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

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

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

Borrowing facilities

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

Fair values

The carrying amount of cash and cash equivalents, trade accounts receivable, trade accounts payable and short-term loan approximate the fair value due to the short maturities of these instruments. The value of non-current borrowings is estimated using discounted cash flows based on the Group's incremental borrowing rates for similar types of borrowings, as follows:

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

17 Trade accounts and notes payable

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

18 Other current liabilities

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

Shin Corporation Public Company Limited and its Subsidiaries
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19 Share capital, premium and warrants

Share capital and premium

Movements in share capital are as follows:

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

Warrants

Movements in the number of outstanding warrants are as follows:

	For the year ended 31 December 2010			At 31 December 2010
	At 1 January 2010	Exercised during the year (in thousand units)	Expired during the year	
ESOP - Grant IV				
- Directors	9,356	-	(9,356)	-
- Employees	6,644	-	(6,644)	-
Total	16,000	-	(16,000)	-
ESOP - Grant V				
- Directors	6,159	-	-	6,159
- Employees	7,931	(13)	-	7,918
Total	14,090	-	-	14,077
Total	30,090	(13)	(16,000)	14,077

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a) Warrants issued and offered to directors and employees (ESOP)

The Company issued and offered five grants of warrants to directors and employees of the Company and its subsidiaries, which are in registered form and are non-transferable. The warrants have no offering price and their terms do not exceed 5 years. The exercise ratio and price are as follows:

	Issued date	Issued units <i>(in million units)</i>	Percentage*	Exercise price <i>(Baht/unit)**</i>	Exercise period Start End	
ESOP - Grant I	27 March 2002	29.00	0.99	-	Expired since 26 March 2007	
ESOP - Grant II	30 May 2003	18.08	0.61	-	Expired since 30 May 2008	
ESOP - Grant III	31 May 2004	13.66	0.46	-	Expired since 30 May 2009	
ESOP - Grant IV	31 May 2005	16.00	0.54	-	31 May 2006	30 May 2010
ESOP - Grant V	31 July 2006	14.09	0.47	28.536	31 July 2007	30 July 2011

* Percentage of the Company's total issued and paid-up share capital (before dilution) at the issued date.

** The latest adjustment of exercised price was on 23 November 2010.

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

In 2010, certain warrants issued to directors and employees (ESOP) of ADVANC and CSL were exercised, and these share issues were registered as increased share capital with the Ministry of Commerce during year 2010, as follows:

Company	Units of exercise <i>(in million units)</i>	Share capital increased <i>(in million Baht)</i>		Premium on share capital increased <i>(in million Baht)</i>		Decrease in interest of the Company <i>(%)</i>	
		from	to	from	to	from	To
		ADVANC	2	2,965	2,970	21,838	22,173
CSL	2	160	161	448	459	42.56	42.37

20 Additional paid-in capital and reserves

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

Currency translation changes

The currency translation changes recognised in shareholders' equity relate to foreign exchange differences arising from translation of the financial statements of foreign operations to Thai Baht.

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Shin Corporation Public Company Limited and its Subsidiaries
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21 Capital management

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

22 Segment information

The Group is organised into the following main business segments:

Local wireless telecommunications	Provision of local mobile telecommunication, trading and rental of telecommunications equipment and accessories in Thailand.
Satellite business and international business	Transponder rental and related services, uplink and downlink services, sale and service related to media, internet and provide telecommunication services in Lao PDR and Cambodia.
Media and advertising	Airtime rental, television broadcasting (<i>ceased its operation due to the revocation of the Operating Agreement in March 2007</i>) and the provision of advertising services to the Group and third parties.
Corporate and other activities	Corporate and other activities primarily relating to development and synergies that exist within the business, setting financial and performance targets for operating companies and assisting operating companies in obtaining financing on the most attractive terms possible and information technology businesses.

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Financial information by business segment is as follows:

Consolidated financial statement						
for the year ended 31 December 2009						
	Local wireless telecommu- nications	Satellite & inter- national business	Media & advertising	Corporate and others	Consolidation eliminations	Group
	<i>(in million Baht)</i>					
Revenues	-	7,189	1,200	211	(67)	8,533
Share of profits of associates	7,341	124	-	-	-	7,465
Cost of sales and services	-	(6,128)	(1,098)	(153)	34	(7,345)
Selling and administrative expenses	-	(1,177)	(587)	(284)	33	(2,015)
Profit (loss) from operating activities	7,341	8	(485)	(226)	-	6,638
Net foreign exchange gain	-	465	-	-	-	465
Other income	-	31	34	40	-	105
Profit (loss) before finance costs and income tax	7,341	504	(451)	(186)	-	7,208
Finance costs	-	(1,088)	-	-	-	(1,088)
Income tax	-	112	-	(13)	-	99
Net results from subsidiaries to minority interests	-	277	-	-	-	277
Net profit (loss)	7,341	(195)	(451)	(199)	-	6,496
Other information						
Segment assets	-	27,069	1,546	2,133	52	30,800
Investments in equity method	30,502	238	-	-	-	30,740
Total consolidated assets	30,502	27,307	1,546	2,133	52	61,540
Segment liabilities	-	2,988	4,471	141	(37)	7,563
Borrowings	-	8,789	3	3	-	8,795
Total consolidated liabilities	-	11,777	4,474	144	(37)	16,358
Depreciation	-	1,103	8	24	-	1,135
Amortisation	-	1,668	-	7	-	1,675
Depreciation and amortisation	-	2,771	8	31	-	2,810

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Consolidated financial statement
for the year ended 31 December 2010

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

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

	Consolidated financial statements					
	for the year ended 31 December 2009					
	Satellite business services	Internet & media services	Tele- phone network	Others	Conso- lidation eliminations	Group
	<i>(in million Baht)</i>					
Revenues	4,548	543	2,147	-	(49)	7,189
Shares of profits of associates	-	124	-	-	-	124
Allocated costs and expenses	<u>(5,018)</u>	<u>(640)</u>	<u>(1,637)</u>	<u>(61)</u>	<u>51</u>	<u>(7,305)</u>
Profit (loss) from operating activities	(470)	27	510	(61)	2	8
Net foreign exchange gain						465
Other income						<u>31</u>
Profit before finance costs and income tax						504
Finance costs						<u>(1,088)</u>
Operating loss						(584)
Income tax						112
Net results from subsidiaries to minority interest						<u>277</u>
Net loss						<u>(195)</u>
Other information						
Segment assets	21,860	264	5,049	276	(380)	27,069
Investment in equity method						<u>238</u>
Total consolidated assets						<u>27,307</u>
Segment liabilities	1,369	126	1,855	6	(368)	2,988
Borrowings						<u>8,789</u>
Total consolidated liabilities						<u>11,777</u>
Depreciation	409	24	670	-	-	1,103
Amortisation	<u>1,663</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,668</u>
Depreciation and amortisation	<u>2,072</u>	<u>29</u>	<u>670</u>	<u>-</u>	<u>-</u>	<u>2,771</u>

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

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Financial information by business geographical areas

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

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

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

23 Other income

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

24 Expenses by nature

The expenses by nature have been charged in cost of sales of goods and rendering of services, selling and administrative expenses can be classified as follows:

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

25 Provident fund

The Group has established a contributory registered provident fund, in accordance with the Provident Fund Act B.E. 2530. The registered provident fund plan was approved by the Ministry of Finance on 23 July 1990 and the provident fund's name was amended on 21 January 1993.

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Under the plan, the employees must contribute 3% - 7% of their basic salaries. The Group's contribution is based on the length of service of staff. The Group has appointed a fund manager to manage the fund in accordance with the terms and conditions prescribed in Ministerial Regulation No. 2 (B.E. 2532) issued under the Provident Fund Act B.E. 2530.

26 Income tax

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

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

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

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

27 Promotional privileges

A subsidiary was granted promotional privileges under the Investment Promotion Act (B.E. 2520) by the Board of Investment (BOI) in respect of earnings derived from rendering telecommunication services of Thaicom 3 satellite project to customers outside Thailand. Promotional privileges include exemption from corporate income tax for a period of eight years commencing from December 1997, when its revenue was first earned from the promoted business. The subsidiary must comply with certain terms and conditions required for the promoted industries.

On 19 November 2003, the subsidiary was granted promotional privileges under the Investment Promotion Act (B.E. 2520) as amended by the Investment Promotion Act (No. 3) B.E. 2544 by the BOI in respect of earnings derived from rendering telecommunication services of iPSTAR satellite project to customers outside Thailand. Promotional privileges include exemption from corporate income tax for a period of eight years from the date revenue is first earned from the promoted business. The subsidiary must comply with certain terms and conditions required for the promoted industries. In 2010, the subsidiary has revenue from promoted amounting to Baht 538 million (2009: Baht 419 million).

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28 Earnings per share

Basic earnings per share are calculated by dividing the profit for the year attributable to the equity holders of the Company shareholders by the weighted average number of ordinary shares outstanding during the year.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume the conversion of all potential dilutive ordinary shares, which is the weighted average number of ordinary shares which would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares. The assumed proceeds from the exercise of ESOP would be considered to have been received from the issue of shares at fair value. These represent share options where the exercise price is less than the average market price of the Company's shares during the years ended 31 December 2010 and 2009.

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

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

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

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

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29 Dividend paid

The general shareholders' meeting on 9 April 2010 and the board of directors on 11 August 2010 and 11 November 2010 passed the resolution to approve the annual and interim dividend payments as follows:

	For the operation result of	Dividend ratio (Baht/share)	Total dividend (million Baht)
The general shareholders' resolution			
- 2009 Annual dividend payment	1 Jan - 31 Dec 2009	2.40	7,682
- Interim dividend	1 Jan - 8 Apr 2010	1.25	4,001
- Special interim dividend		2.00	6,402
The board of directors' resolution			
- Interim dividend	9 Apr - 10 Aug 2010	1.15	3,681
- Special interim dividend	11 Aug - 10 Nov 2010	2.37	7,586

30 Financial instruments

The principal financial risks faced by the Group are interest rate risk and exchange rate risk. The Group borrows at fixed and floating rates of interest to finance its operations. Sales, purchases and a portion of borrowings are transacted in foreign currencies. In order to manage the risks arising from fluctuations in exchange rates and interest rates, the Group makes use of derivative financial instruments.

The objectives of using derivative financial instruments are to reduce uncertainty over future cash flows arising from movements in interest and exchange rates, and to manage the liquidity of cash resources. The following strategies are employed to achieve these objectives. Interest rate exposures are managed through interest rate swaps taken out with commercial banks and foreign exchange forward contracts and foreign currency options are taken out to manage the currency risks in future sales, purchases and loan repayments. Decisions on the level of risk undertaken are governed by corporate the Group's policy, which has established limits by transaction type and by counterparty.

Trading for speculative purposes is prohibited. All derivative transactions are subject to approval of the management before execution.

Management of currency and interest rate exposures is the responsibility of the Corporate Finance Department. Management reports contain details of cost and market value for all derivative financial instruments including outstanding forward contracts and cross currency and interest rate swap. For the investment, the Group has guideline to short-term investment which specifies the policy for group short-term investment as well as the level of acceptable risk undertaken by counterparty type.

Foreign currency risk

As at 31 December 2010 and 2009, the Group had outstanding foreign currency assets and liabilities after foreign currency forward contracts and cross currency interest rate swap and foreign currency options as follows:

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

The major foreign currency assets represent cash at bank, accounts receivable and deposits. The major foreign accounts currency liabilities represent, trade accounts payable, accounts payable - equipment, accrued expenses, and borrowings.

Credit risk

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high quality financial institutions.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations, including finding short term credit facility from various banks for reserve in case of necessary and to mitigate the effects of fluctuations in cash flows.

Fair value of other financial instruments

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The carrying amount of cash and cash equivalents, current investments, trade accounts receivables, amounts due from related parties, short-term loans and advances to related parties, trade accounts payable, accounts payable - equipment, amounts due to related parties, short-term borrowings, other current assets and other current liabilities are assumed to approximate their fair value due to the short maturities of these instruments. The fair values of long-term borrowings and debentures are provided in note 16.

31 Contingent liabilities and commitments

a) Operating Agreement commitments ITV Public Company Limited (“ITV”)

On 7 March 2007, ITV received the letter of termination of the Operating Agreement from the PMO. This caused the following disputes that are currently under the process of consideration.

- 1. A case in which ITV is the plaintiff** regarding to the arbitration institution dispute No. 46/2550 whereby the PMO’s unduly termination of the Operating Agreement which was wrongfully performed in breach of the Operating Agreement and against the law, including the arbitration institution dispute No. 1/2550 on 4 January 2007 which is the disputes of the payment of the program penalty fee and interest in the total amount approximately Baht 100,000 million. Both disputes are currently under the consideration of the arbitration institution, the arbitration proceeding shall continue.
- 2. A case in which ITV is the defendant** whereby the PMO demanded that ITV make the payment of the program penalty fee, interest, approximately totaling Baht 100,000 million in Black Case No. 640/2550. Later, on 19 December 2007, the Supreme Administrative Court upheld the Central Administrative Court’s verdict for the dismissal of the aforesaid case in order to allow the parties to the Operating Agreement to use the arbitration proceeding for Cases No. 1/2550 and No. 46/2550.

This shall be subject to the judgment of the Court which may vary from the estimated amount defined in the financial statements, affecting the amount of income, expenditure, assets and liabilities, and disclosure information regarding assets and unpredictable liabilities.

b) Shareholder agreements

The Group has entered into shareholder agreements and other agreements with strategic partners and government agencies both in Thailand and other countries as follows:

Singapore Telecommunications Limited (“Singtel”)

The Company has shareholders’ agreement with Singtel in respect of its equity investment in ADVANC which sets out the participatory right of the shareholders in the management and control of ADVANC. This shareholders’ agreement contains a provision for resolution of disputes between the shareholders. In the event that the shareholders are unable to reach agreement on significant corporate actions, either shareholder (the seller) may serve notice on the other shareholder (the buyer) requiring the buyer to either purchase the seller’s interest in ADVANC, or if the buyer does not do so, then the seller must purchase the buyer’s interest in ADVANC. At present, there are no significant corporate actions on which the shareholders are not in agreement.

The Government of the Lao People's Democratic Republic (“Lao PDR”)

Lao Telecommunications Company Limited (“LTC”) is an indirect jointly-controlled entity of THCOM, which was established under the terms of a Jointly-controlled entity Contract dated 8 October 1996, signed by Lao PDR and Shinawatra Computer and Communications Public Company Limited, the former name of the Company. According to the aforementioned Jointly-controlled entity Contract, LTC has the right to provide telecommunication services - fixed line phone, mobile phone, international facilities, internet and paging within the Lao PDR for 25 years. Currently, Shenington Investment Pte Limited (“Shenington”), which is a 51% jointly-controlled entity of THCOM, owns 49% of LTC’s registered shares. At the end of the 25th year, in 2021, THCOM has to transfer all of LTC’s shares to Lao PDR without any charges. According to the shareholder agreement, LTC is required to invest at least USD 400 million in the projects specified in the agreement within 25 years. As at 31 December 2010, LTC has remaining additional investment of approximately USD 81 million (31 December 2009: USD 113 million).

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c) Capital commitments

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

d) Contingencies

Dispute of ITV

ITV is a defendant in various legal actions, which were occurred before the revocation of the Operating Agreement, from operate a television broadcasting station that court case from doing news and trading. In the opinion of the directors, after taking appropriate legal advice, the outcome of such actions will not give rise to any significant loss. ITV has not recorded any provisions for these legal cases.

The dispute between ITV and the PMO relating to the Operating Agreement

The sequence of the dispute between ITV and the PMO

On 30 January 2004, the arbitration award granted by the arbitration panel on the dispute between ITV and the PMO in accordance with the Operating Agreement can be summarised as follows:

1. The PMO shall indemnify ITV in the amount of Baht 20 million;
2. The operating fee to be paid shall be reduced and adjusted by reducing the operating fee to 6.50% (from the original rate of 44%) of gross revenue or the minimum guarantee of Baht 230 million (reduced and adjusted from the original operating agreement of the 8th year of Baht 800 million, the 9th year of Baht 900 million, and the 10th - 30th year of Baht 1,000 million each year), whichever is higher, starting from 3 July 2002;
3. The PMO shall return parts of the minimum guarantee of Baht 800 million paid by ITV subject to conditions during the arbitration proceedings on 3 July 2003. The amount to be returned is Baht 570 million;
4. ITV is eligible to broadcast its television programmes during the prime time (7.00 p.m. - 9.30 p.m.) without being restricted to news, documentaries and social benefit items. ITV must, however, broadcast news, documentaries and social benefit programmes for not less than 50% of its total airtime, subject to the rules and regulations issued by governmental agencies applicable in general to all television stations.

On 27 April 2004, the PMO filed the complaint with the Central Administrative Court for setting aside the arbitral award granted by the arbitration panel.

On 9 May 2006, the Central Administrative Court handed down its ruling regarding the revocation of the arbitration award.

On 7 June 2006, ITV filed an appeal against the verdict of the Administrative Court of the First Instance with the Supreme Administrative Court, and the Supreme Administrative Court received the execution of the judgment.

On 13 December 2006, the Supreme Administrative Court ruled to uphold the judgment of the Central Administrative Court regarding on revocation of the arbitral award dated 30 January 2004. As a consequence of that ruling, ITV has to follow the previous terms and conditions as specified in the Operating Agreement on the following:

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1. ITV is required to change its television programmes to be in line with Clause 11 of the Operating Agreement which covers the combination of news, documentaries and social benefit programmes which shall not be less than 70% of total air-time, and all programmes broadcasted during the prime time (7.00 p.m. - 9.30 p.m.), have to be these kinds of programmes.
2. ITV is required to follow Clause 5 (the operating fee to be rate of 44% and the minimum guarantee of Baht 1,000 million) of the Operating Agreement in respect of payment of operating fee to the PMO.

On 14 December 2006, the PMO issued a letter dated 14 December 2006 claiming that ITV should:

1. ITV is required to alter the television programming in order to comply with Clause 11 of the Operating Agreement.
2. ITV is required to pay the unpaid operating fee totalling Baht 2,210 million, for the 9th operating year (the Seventh Payment) in the amount of Baht 670 million, the 10th operating year (the Eighth Payment) in the amount of Baht 770 million and the 11th operating year (the Ninth Payment) in the amount of Baht 770 million plus 15% interest per annum on the unpaid operating fee, calculated on a daily basis from the date the payment become overdue.
3. ITV is required to pay the penalty fee in accordance with Clause 11, second paragraph, of the Operating Agreement from 1 April 2004 to 13 December 2006 at the rate of 10% of the annual operating fee, calculated on a daily basis from the date the payment become overdue. As ITV had not scheduled programmes following Clause 11, first paragraph, the penalty fee for breach determined by the PMO is in the amount of Baht 97,760 million (ITV changed its programming schedule following the Supreme Administrative Court's judgment on 14 December 2006).

The PMO demanded that all payments must be paid within 45 days of the receipt of such notice (received on 15 December 2006). In the event that ITV fails to repay such amount within the allocated period of time, the PMO will have to act in accordance with the terms of the Operating Agreement and any relevant law.

On 21 December 2006, ITV sent a letter to the PMO which can be summarised as follows:

1. ITV has altered the television programming in compliance with Clause 11 of the Operating Agreement since 14 December 2006.
2. ITV was not at default for the payment of the operating fee since the operating fee amounting to Baht 230 million was paid to the PMO in accordance with the arbitral award. Since the arbitral award was bound to both parties under Clause 15 of the Operating Agreement, ITV had no liability on interest of the operating fee during the period that the arbitral award was granted until the Supreme Administrative Court's judgment was handed down.
3. ITV disagreed with the PMO on the issue of the penalty fee amounting to Baht 97,760 million with the 45 days payment period as follows:
 - 3.1 ITV has not breached the Operating Agreement because ITV has complied with Clause 15 of the Operating Agreement which states that "The arbitral award shall be bound to both parties", the last paragraph in Clause 30 of the Arbitration rules of Judiciary Office and the second paragraph of Section 70 of Act on Establishment of Administrative Courts and Administrative Court Procedure, B.E. 2542. Consequently, the alteration of television programming from 1 April 2004 to 13 December 2006 (the date that the Supreme Administrative Court's judgment was handed down) has duly complied with the Operating Agreement and law.

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- 3.2 As to the Operating Agreement regarding the penalty fee incurred on the alteration of television programming, the PMO has the right to terminate the Operating Agreement. However, in order to comply with the arbitration proceeding as stated in section 3.1, if it is apparent that ITV breaches the Operating Agreement, the PMO shall be entitled to terminate the Operating Agreement if the process of settlement of dispute becomes final.
- 3.3 The Supreme Administrative Court gazette No. 78/2549 dated 13 December 2006 stated that “Regarding the matter of the penalty, the parties have to resolve these themselves, and if the dispute cannot be resolved, the statement of claims is required to be filed in accordance with the procedure defined in the Operating Agreement”.
- 3.4 The issue of interest and the penalty incurred from the alteration of television programming had not been finalised since it was not an issue raised for consideration by the Supreme Administrative Court. Therefore, if the parties had any controversy thereon and it cannot be resolved, the statement of claims shall then enter into arbitration proceeding in accordance with Clause 15 of the Operating Agreement stating that “If any dispute or controversy arises in connection with this Operating Agreement, both parties shall agree to submit the said dispute for arbitration, and the Arbitration Committee’s award shall be final and binding”.

ITV and its legal consultant viewed that the calculation of the penalty of the PMO was not in compliance with the objective of the Operating Agreement. The penalty should be calculated at Baht 274,000 per day as a maximum amount, not Baht 100 million per day as stated by the PMO. However, if the penalty fees are charged, the penalty for the period from 1 April 2004 to 13 December 2006 should be Baht 268 million, not Baht 97,760 million as claimed to be paid and led to cancellation of agreement by the PMO.

With regard to the interest on the unpaid operating fee claimed by the PMO, ITV and its legal consultant is of the opinion that during the period that ITV complied with the arbitral award, ITV neither had a liability to settle the debt nor was at default to pay the operating fee since the operating fee of Baht 230 million was paid in accordance with the arbitral award. The arbitral award become binding on both parties under Clause 15 at the time it comes into force, since ITV was not at default in the payment of the operating fee or make the delay payment. In addition, the PMO has not requested provisional remedial measures from the Court to order ITV not to comply with the arbitral award in such period of time. Consequently, ITV has no liability for the interest of the operating fee and the PMO has no right to claim for the unpaid operating fee during the period that the arbitral award was valid and the judgment of the Central Administrative Court was not enforceable during the period that the appeal was submitted to the Supreme Administrative Court.

On 4 January 2007, referring to the penalty for alteration of television programming and interest of overdue operating fee, ITV filed the statement of claim, Black Case number 1/2550, to the Arbitration Institute. With regard to operating fee in the amount of Baht 2,210 million, ITV has the opinion that in order to comply with the Operating Agreement and to compromise with the PMO not to terminate the Operating Agreement affecting ITV’s business. ITV proposed that the PMO to pay the amount of Baht 2,210 million with the condition that the PMO shall enter into the arbitration proceeding seeking the arbitral award on the penalty fee and interest of the operating fee. Nevertheless, the PMO did not accept the said proposal on 31 January 2007.

On 2 February 2007, ITV submitted a letter to the Prime Minister appealing for justice proposing that the PMO accept the operating fee in the amount of Baht 2,210 million and enter into the arbitral proceedings on the issue of the penalty fee and interest.

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On 13 February 2007, the PMO did not accept the said proposal. As a result, ITV's proposal shall not be enforceable from the date that the PMO rejected ITV's proposal in writing and ITV had no onward liability on its proposal onward in accordance with Section 357 of the Civil Code. Thereafter, the Central Administrative Court made an order striking out the case, Black Case number 640/2550 dated 22 June 2007 from the Case List. The Court ruled that the PMO's claimant stating that ITV accepted the unpaid debts of Baht 2,210 million cannot be viewed as ITV accepting liability because it was an option proposed by ITV which it had not become final, and thus considered as a dispute to be enter into arbitration proceedings.

On 20 February 2007, ITV issued a complaint to prescribe provisional remedial measures, and a complaint of compelling urgency was filed with the Central Administrative Court. The following matters are as follows:

1. ITV requested the Central Administrative Court to rule that the right to terminate the Operating Agreement of the PMO will be revoked during the period that the penalty fee was incurred from the change of television programming, and interest of the unpaid operating fee of approximately Baht 100,000 million will not be paid until the arbitral award is granted and the dispute becomes finalised.
2. ITV requested the Central Administrative Court to specify the grace period to make the payment of the unpaid operating fee amounting to Baht 2,210 million within 30 days of the date of the receipt of the Court order.

On 21 February 2007, the Central Administrative Court ordered the rejection of the complaint to prescribe provisional remedial measures and the complaint of compelling urgency. The Court ruled that in the case of the PMO's right of termination of Operating Agreement, ITV was entitled to claim for damages arisen from such termination if ITV viewed that such termination was incorrect. In respect of the fact that the PMO requested ITV to pay the penalty fee and interest of the operating fee as well as requested the Court demanding ITV to pay the operating fee amount of Baht 2,210 million to the PMO within 30 days from the date that the Court had granted the order, the Court opinioned that it was the case that such issues shall be mutually negotiated between ITV and the PMO. If ITV viewed that ITV should not be bound to pay or requested to provide debt settlement, ITV was eligible to process under the Operating Agreement and legal proceeding. Therefore, the Court did not deem it necessary to prescribe provisional remedial measures to ITV during the time that such process was being made. The order of the Central Administrative Court shall be deemed final and cannot be further appealed.

On 7 March 2007, the letter of revocation of the Operating Agreement was sent by the PMO requesting the Company to repay the debt and return all operations assets under the operating agreement back to the PMO within the period specified by the PMO in accordance with the Cabinet resolution passed on 6 March 2007. Such termination caused ITV to cease carrying on the business of the UHF television broadcasting station.

On 28 March 2007, ITV sent a letter to the PMO disputing that the termination of the Operating Agreement exercised by the PMO demanding that ITV pay the debts of approximately Baht 100,000 million was not in compliance with the law and terms of agreement. The reason is that ITV has not breached the Operating Agreement and disagreed with the said revocation. The termination of the Operating Agreement harmed ITV's business operations which shall be the responsibility of the PMO, and ITV reserved its right on any further legal action against the PMO.

On 30 March 2007, the PMO filed against ITV for the complaint to the Central Administrative Court in Black Case No. 640/2550 requesting that ITV pay unpaid operating fee of Baht 2,210 million, the 12th operating fee of Baht 677 million (counted from the date the arbitration panel judged the arbitral award to 7 March 2007), interest of overdue operating fees of Baht 562 million (counted from the date the arbitration panel judged the arbitral award to the date of requesting of the order, 30 March 2007), adjusting of television program fee of Baht 97,760 million, and the undelivered value of assets under operating of Baht 656 million with 7.5% of the interest of the undelivered value of assets counted from the requested date until ITV repays in full. The undelivered value of assets fee

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is a new issue that the PMO has previously not raised. The aggregated amount is Baht 101,865 million.

On 8 May 2007, ITV filed against the PMO for the complaint to the Central Administrative Court in the Black Case No. 910/2550 requesting that the PMO pay the compensation in the amount of Baht 119,252 million in respect of Article 5 pa.4 which has not been approved by cabinet caused ITV's damages.

On 9 May 2007, ITV filed the statement of claim, Black Case number 46/2550, with the Arbitration Institute seeking an arbitral award granted by the arbitration panel to rule that the Operating Agreement terminated by the PMO was not in accordance with law and the terms of Agreement, the PMO 's claim for ITV for payment of the operating fee (fraction), interest, penalty fee and value of undelivered assets was incorrect, and compensation shall be paid to ITV by the PMO.

On 30 May 2007, the Central Administrative court ordered the dismissal of the Black Case number 910/2550 filed by ITV in respect of Article 5 pa.4 which has not been approved by cabinet caused ITV's damages. The reason for the dismissal of the case was its expiry by law (10 years).

On 22 June 2007, the Central Administrative Court passed an order striking out Black Case number 640/2550 in which the PMO demanded that ITV pay the operating fee, interest, penalty fee and value of undelivered assets from the Case List, so that the parties of the Operating Agreement shall enter into arbitration proceedings as specified in the Operating Agreement. On 24 July 2007, the PMO filed and appeal against the verdict of the Central Administrative Court (of the First Instance) with the Supreme Administrative Court regarding revocation of Black Case number 640/2007 by the Central Administrative Court. In addition, the PMO also issued a complaint to prescribe provisional remedial measures in order to stop arbitration proceedings and await for order of the Supreme Administrative Court.

On 11 July 2007, ITV appealed to the Supreme Administrative Court for the Central Administrative Court's order to dismiss Black Case number 910/2550 because of its expiry. (The case No.910/2550 was the issue that ITV filed the dispute against the PMO in respect of Article 5 pa.4 which has not been approved by cabinet caused ITV's damages and claim to be paid for damages from the PMO in the amount of Baht 119,252 million.)

On 24 July 2007, the PMO filed and appeal against the verdict of the Central Administrative Court (of the First Instance) with the Supreme Administrative Court regarding revocation of Black Case number 640/2007 by the Central Administrative Court. In addition, the PMO also issued a complaint to prescribe provisional remedial measures in order to stop arbitration proceedings and await for order of the Supreme Administrative Court.

On 29 October 2007, ITV filed a complaint to prescribe the provisional remedial measures to the Central Administrative Court to prescribe provisional remedial measures and the complaint in the case of compelling urgency filed. The complaint was to request the Court to order that the Public Television Bill shall not become effective. The said Bill was approved in principle by the Cabinet and shall be brought to be considered by rules to drop the draft bill on the Thai Public Television Broadcasting Station Act ("TPBS") which was approved by the Cabinet on 24 April 2007 and shall be submitted to the National Legislative Assembly ("NLA") on 31 October 2007. ITV contested that if the Bill is approved and becomes enforceable, neither the award granted by the Arbitration Committee nor the judgment given by the Administrative Court on the dispute or case arisen between ITV and the PMO after 31 October 2007, which one of the claims that ITV claimed against the PMO to indemnify for damages and grant ITV of the operating right to re-operate the UHF Broadcasting Television Station for the remaining period as specified in the Operating Agreement shall not be effective for final approval before its effective announcement. The reason is that all assets including rights, obligations and encumbrance of the Company shall be transferred to the government subject to Section 56, Transitory Provisions of the Bill. Consequently ITV then requested the Central Administrative Court to commence urgent proceedings and rule that the Bill shall not be brought for the NLA' s consideration in accordance with any method that the Court shall deem appropriate until the case becomes final or the Court passes other judgment.

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On 30 October 2007, the Central Administrative Court rejected the complaint clarified that the approval process of the Bill taken by the NLA is a legislative power under the Constitutional Law, not acting as the administrative power, therefore, the Court is unreasonable and insufficient to make an order forbidden the undertaking of the NLA to cancel the aforesaid complaint of ITV for the reason that NLA is not the Administrative Government agency, but it act as a State Legislative Assembly Council Authority which the Administrative court has no access right to prohibit its bill approval process. In addition, since the said disputes are currently on the account of the Arbitration Committee or the court is on the process of consideration of ITV cases, the Central Administrative Court shall then be deemed unreasonable to prescribe the provisional remedial measures as ITV's complaint. The Administrative court remedial measures shall not be appropriated in the meantime.

On 31 October 2007, the said bill was approved by the NLA and its effective date shall be announced by the government gazette at a later stage. Nevertheless, the other claims of ITV that claimed the PMO indemnify for damages by paying the damages amount will remain valid if in case the court rules in favour of ITV in the existing lawsuits.

On 14 November 2007, the Supreme Administrative Court reaffirmed the Central Administrative Court's order in dismissing the case No. 910/2550 due to its expiry (10 years). Such case was filed by ITV requesting the PMO to pay the amount of Baht 119,252 million regarding the invalidity of Article 5 pa.4 due to the PMO did not propose to the cabinet for approval caused ITV's damage.

On 19 December 2007, the Supreme Administrative Court upheld the Central Administrative Court's verdict for the dismissal of the referenced case in order to allow the parties to the Operating Agreement to use the arbitration proceeding. Accordingly, that ITV submitted the arbitration institution dispute No. 1/2550 to the arbitration institution on 4 January 2007, (prior to the termination of the Operating Agreement) seeking the ruling on the fine for the adjustment of the broadcasting schedule and the interest on the difference of the minimum operating fee, and the arbitration institution dispute No. 46/2550 on 9 May 2007, (after the termination of the Operating Agreement) with regard to PMO's illegally terminating the Operating Agreement in breach of the Operating Agreement and against the law, and both disputes are currently under the consideration of the arbitration institution, the arbitration proceeding shall continue.

On 15 January 2008, the State Legislative Assembly Council Authority announced Thai Public Television Broadcasting Station Act ("TPBS") effective date by law, being 15 January 2008. The Bill granted by the Arbitration Committee nor the judgment given by the Administrative Court on the dispute or case arisen between ITV and the PMO, for which one of the claims ITV made against the PMO to indemnify for damages and grant ITV of the operating agreement right to re-operate the UHF Broadcasting Television Station for the remaining period as specified in the Operating Agreement, shall not be effective. The reason is that all assets including rights, obligations and encumbrance of ITV shall be transferred to the government subject to Section 57, Transitory Provisions of the Bill. Nevertheless, the other claims of ITV made to the PMO to indemnify for damages by paying such damages amount still be valid if the court rules in favourable of ITV lawsuit cases.

On 3 March 2008, ITV filed the complaint with the Arbitration Institution for including black case No.1/2550 and black case No.46/2550 as one case which is under the consideration of the Arbitration Institution.

On 7 March 2008, ITV Arbitrator for those 2 cases is approved.

The contingent liabilities and the accounting recognition of the dispute between ITV and the PMO

After the Supreme Administrative Court's judgment on revocation of the arbitration award on 13 December 2006 and the dispute between ITV and the PMO, the contingent liability are as follows:

1. In regard of the penalty arising from the alteration of television programming

The said liability has not been recorded in ITV's financial statements as the Black Case number 640/2550 filed by the PMO demanding that ITV pay the operating fee, interest, the penalty fee and value of undelivered assets was dismissed by the Central Administrative Court which shall await the arbitral award the Black Case number 1/2550 granted by the arbitration panel and the final legal proceeding.

2. In regard of the operating fee of the 9th, 10th and 11th year amounting to Baht 2,210 million and 15% interest of such amount

Since quarter ended 31 December 2006, the provision for unpaid operating fee amounting to Baht 2,210 million plus 15% interest from the date that the arbitral award was revoked by the Supreme Administrative Court, as of 13 December 2006 was recorded in the consolidated financial statements. The reason is that ITV proposed condition to pay such amount to the PMO and brought the issue of the penalty fee and interest into the arbitral proceeding under the Operating Agreement. Thereafter, in the first quarter of 2007, the PMO did not accept the said payment; it shall be deemed that ITV's proposal was not mutually accepted. ITV thus had no liability on the operating agreement fee amounting to Baht 2,210 million plus 15% interest per annum. In addition, the Central Administrative Court made the order striking out the case No. 640/2550 in which the PMO demanded that ITV pay the operating agreement fee, interest, the penalty fee and value of undelivered assets out of the Case List, so that the disputes shall be brought into the arbitration proceeding and legal process by the Operating Agreement to be finalised.

3. Value of undelivered assets

The undelivered asset in the amount of Baht 656 million plus 7.50% interest per annum of the undelivered asset from the date that the case was filed to the Court until the said amount is fully paid. The PMO has not requested ITV to pay such amount. Consequently, ITV has no liability to further deliver such asset. In addition, the Central Administrative Court made the order striking out the said case out from the Case List, therefore, the said items have not been recorded by ITV. Since the value of asset claimed by the PMO is only the business estimation comprising income, expense, profit, tax and investment asset, which terms regarding the asset only stated that ITV is required to procure the asset for the undertaking of UHF Television Broadcasting Station to cover the population at the rate of 96.72% of the population in the country without the condition of value of required asset and ITV has complied with such requirement, therefore, ITV has neither liability to procure asset nor indemnify to the PMO.

ITV is awaiting to hear the arbitral award ruling on the said contingent liabilities for Black Case No. 1/2550 and the compensation of damages arisen from illegal termination of agreement Black Case No. 46/2550. It shall be dependent on the judgment which cannot be predicted.

However, ITV has already recorded provision for unpaid operating fee amounting to Baht 2,891 million and interest from the date that the arbitral award was revoked by the Supreme Administrative Court amounting to Baht 1,699 million in these financial statements, of which Baht 433 million was loss on provision for interest of the unpaid operating fee for the year ended 31 December 2010 (2009: Baht 433 million).

e) Assessment for income tax in India

The Tax Authority in India (the said Authority), has held that the payments received by THCOM for providing Transponder Services ("TPS") to its Indian Customers and non-resident customers targeting Indian audience ("the Customer") was Royalty under both the Indian Income Tax Act ("the Act"), and the Double Taxation Avoidance Agreement between Thailand and India ("the DTAA") and subject to withholding tax at the rate of 15% on gross basis, but THCOM considered income from Transponder Services to be business income, and as THCOM does not have permanent establishment in India, such incomes are not taxable in India.

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The Tax Authority has raised the tax demand including surcharge and education cess aggregating Rs. 612 million (approximately Baht 439 million) exclusive of interest amounting to Rs. 93 million (approximately Baht 66 million) against the said payment received by it from the customers for the Assessment Year ("AY") 1998-99 to 2005-06 (1 April 1997 to 31 March 2005). Further, the said Authority has also levied penalty of Rs. 325 million (approximately Baht 233 million) for AY 1998-99 to 2001-02.

From Authority's letter dated 22 August 2008, the Authority had asked for payment of the said income tax including interest for late payment amounting to Rs. 83 million (approximately Baht 62 million) (calculated up to the ended of August 2008). And from Authority's letter dated 3 December 2008, the authority raised the tax demand for AY 2006-07 including related interest amounting to Rs. 23 million (approximately Baht 16 million). In addition, from Authority's letter dated 30 September 2010, the authority raised the tax demand for AY 2007-08 amounting to Rs. 32.2 million (approximately Baht 24 million), which THCOM made a deposit in November 2010.

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

THCOM had received Withholding Tax Certificates ("WTC") from its Customers until AY 2007-08 net amounting to Rs. 488 million (approximately Baht 350 million). THCOM had also deposited Rs. 428 million (approximately Baht 307 million). In February 2009, THCOM paid additional deposit Rs. 23 million (approximately Baht 17 million). As the result, deposit is totally Rs. 428 million (approximately Baht 307 million). THCOM presents the deposit as non-current assets in the Balance Sheet.

Since the management and Tax Advisor in India are of the opinion that the income from the TPS is not subject to Tax in India, THCOM did not make any provision for the liability against the balance amount of Rs.398 million (approximately Baht 285 million), payable to the said Authority.

On 16 October 2009, the Income Tax Appellate Tribunal ("ITAT") (Special Bench) pronounced its decision on THCOM's appeal against the order of the Income Tax Authority of India and Commissioner of Income Tax (Appeals) ("CIT (A)") on the issue whether the income from transponder service is a royalty or a business income that the income from transponder service is a royalty and subject to withholding tax at the rate prescribed by law, and the use of transponder service constitutes the use of a process. However, the decision related to the income tax and interest thereon only, and did not include the issue of penalty and interest thereon, which is still pending before ITAT.

However, THCOM's tax consultant in India is of the opinion that the decision of the ITAT (Special Bench) is likely to be incorrect as it is not in accordance with the decision of the High Court on telecom service which can be used as precedent by analogy and the decision in the PanAmSat International Systems Inc. case and should be challenged before the High Court, and THCOM intends and is proceeding to file an appeal against the ITAT (Special Bench) decision with the High Court within 120 days as required by laws. In December 2009 THCOM has filed an appeal with the High Court. Therefore, THCOM's management takes the view that THCOM's income is not taxable in India and the case will be decided in THCOM's favour on appeal.

If the Supreme court decides finally that THCOM's income is taxable in India, the total tax liability demanded by the Authority of Rs. 780 million (approximately Baht 558 million) which will be charged as expense immediately, but THCOM will not be required to make any additional tax payment as the amount of WTC and the deposit made by THCOM fully cover the tax demand. This, however, does not include the Penalty and the interest related to the Penalty already assessed in the amount of Rs. 566 million (approx. Baht 406 million) which will be charged as expenses if there is a final judgment that THCOM is liable for Penalty and interest related to such Penalty, which THCOM has already placed deposit against part of the Penalty and interest related to such Penalty leaving the total liability for Penalty and interest related to such Penalty in the amount of Rs. 397 million (approx. Baht 285 million) as stated in the preceding paragraphs together with interest at the maximum rate not exceeding one (1) percent per month as from the date of receipt of the Demand Notice until the date the payment.

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However, even though it has been decided that the income from transponder service is a Royalty, if THCOM did not conceal any income or intentionally declared incorrect amount of income in its income tax returns, the Penalty and interest imposed on THCOM may be set aside.

f) Obligation from shares buy back options of THCOM

On 23 October 2003, THCOM and Codespace Inc. entered into a “Memorandum of Agreement”, which provides Codespace Inc. an option to sell 2.2 million shares of iPSTAR Co., Ltd. to THCOM, with the condition that THCOM has the first option to purchase these shares. If the offered price per share is greater than the higher of USD 1 or fair market value at offering date, THCOM has the right to refuse. If the offered price per share is the higher of the equal of USD1 or fair market value at offering date, THCOM has to purchase those shares from Codespace Inc. THCOM believes that Codespace Inc. will not exercise the option because according to the result of the financial analysis of THCOM, the value of iPSTAR’s shares is higher than USD1, therefore, the Group does not recognise this obligation as its liabilities in these financial statements. As of 31 December 2010, the remaining share option was 0.12 million shares (*31 December 2009: 0.63 million shares*).

g) Operating agreement commitments

Certain subsidiary and jointly-controlled entities have obtained operating agreement from government agencies, both in Thailand and other countries for the operation of satellite services, internet services and mobile telephone networks. Under the terms of the operating agreement, they have certain commitments to the government agencies, including commitments to procure, install and maintain operational equipment, and commitments to pay annual fees to the relevant government agencies based on revenue percentages or minimum fees, whichever is higher, as set out in the individual agreements. The Group accounts for such commitments on a time basis as the expenditure is incurred.

Thaicom Public Company Limited (“THCOM”)

THCOM was permitted by the Ministry of Transport and Communications, under an agreement dated 11 September 1991 and an amendment thereto dated 22 March 1992, to operate and administer certain satellite projects and to render transponder services for domestic and international communications as well as the right to collect, for a thirty-year period, service charges from users of the transponders. The operating agreement has been transferred to the Ministry of Information Communication and Technology (“MICT”).

Under the aforementioned agreement, THCOM must pay an annual fee to MICT based on a percentage of certain service incomes or at the minimum level specified in the agreement, whichever is higher. As at 31 December 2010, the remaining minimum operating agreement fee was Baht 806 million (*As at 31 December 2009: Baht 864 million*). In addition, THCOM, according to the aforementioned agreement, must transfer its ownership of all satellites, and monitoring stations and other operating equipment to MICT on the date of completion of construction and installation.

Mfone Company Limited (“Mfone”)

Mfone, an indirect jointly-controlled entity of THCOM in Cambodia, has obtained an operating agreement from the Directorate of Posts and Telecommunications of Cambodia to operate a domestic telephone network under an agreement dated 4 March 1993 and an amendment thereto dated 4 March 1997, for a period of 35 years. Under the agreement, Mfone will transfer its ownership of all fixed assets to the Government of Cambodia on the expiration date of the agreement, in 2028 (note 12).

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h) Operating lease commitments - where a group company is the lessee

The future minimum lease payments under non-cancelable operating leases as at 31 December (Company: nil) are as follows:

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

i) Obligation under “Financing and Project Agreement”

LTC, an indirect jointly-controlled entity of THCOM, entered into a “Financing and Project Agreement” with the government of the Lao People’s Democratic Republic (“government”) and an organization in Germany (KfW, Frankfurt am Main) on 25 October 2004 of an amount not exceeding Euro 6.5 million (approximately Baht 322.5 million) for the procurement and installation of Phase VI of a rural telecommunication network. Under the agreement, the ownership of network assets will be transferred to LTC through loan at 30% of the network assets’ value excluding consulting services project, with the interest rate at 4% annum. In June 2010, LTC has recognised the network assets relating to Phase VI and the related portion of the loan in the amount of Baht 70.1 million in June 2010. In 2010, LTV paid loan for Phase IV and V in the amount of Baht 14.6 million.

32 Significant events of the Group

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

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

Significant events of ADVANC Group

32.1 Interconnection agreements

According to Telecommunication Business Operation Act 2001 (B.E. 2544) and the announcement of National Telecommunication Commission (“NTC”) regarding the use and interconnect of telecommunication network 2006 (B.E. 2549), ADVANC has entered into an interconnection (“IC”) agreement with Total Access Communication Public Company Limited (“DTAC”) dated 30 November 2006, and also with Truemove Company Limited (“Truemove”) dated 16 January 2007. These IC agreements have been approved by NTC.

On 31 August 2007, TOT Public Company Limited (“TOT”) has filed a case against NTC to the Administrative Court to revoke the said announcement and on 4 February 2008 TOT sent a letter to ADVANC informing that ADVANC should wait for the final judgment of the Administrative Court. Should ADVANC undertake the IC agreements per the NTC announcement before the final judgment of the

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Administrative Court, TOT shall not recognise ADVANC's related actions and ADVANC must be responsible for such actions.

Having considered the said TOT's letter, related laws and the legal counsel's opinion, ADVANC's management is of the opinion that non-compliance by ADVANC with the IC agreements shall be deemed violating the said NTC announcement. Therefore, ADVANC has decided to comply with the IC agreements in line with the current legal provisions.

According to the agreement to operate cellular mobile telephone service, ADVANC has to pay the higher of stipulated annual minimum payment or the percentage of service revenues prior to deducting expenses and taxes. However, ADVANC had to comply with the regulation while TOT would like to wait for the final judgment of the Administrative Court. As a result, ADVANC anticipated to enter into a negotiation with TOT in relation to a calculation method of the revenue sharing. ADVANC calculated the revenue sharing from the net IC revenue which is similar to other operators in the telecommunication industry base on a conservative basis. The revenue sharing amount to be paid to TOT is subject the final adjudication of the Administrative Court in relation to revoking the announcement of NTC and a negotiation between TOT and ADVANC. ADVANC will make adjustment in the financial statements in the period when the issue has been agreed. ADVANC's management is certain that it will not incur significant expense more than the revenue sharing amount which ADVANC has recorded.

On 30 December 2009, TOT has notified in writing to ADVANC that result of the negotiation between TOT and ADVANC regarding rate and calculating method of the revenue sharing cannot be concluded and requested ADVANC to remit the revenue sharing incurred from the interconnection charge since February 2007 to June 2008 for the amount of Baht 761 million based on the rate and calculation method of ADVANC within 30 December 2009. ADVANC has remitted the revenue sharing to TOT on 30 December 2009. For the interconnection charge since July 2008 up to the present, ADVANC and TOT shall set up the negotiation committee in order to get a conclusion for this case. During this period, while the said case is pending the final consideration, it shall use the above basis proposed by ADVANC.

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

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

ADVANC

Pursuant to the letter of the Ministry of Information and Communication Technology to the Council of State requesting opinion on whether the amendments or supplements to the agreement between TOT, who is the Telephone Organisation of Thailand at that time, and ADVANC after the enforcement of the Act on Private Participation in State Undertaking, B.E. 2535 are legitimately effected and in case those amendments or supplements to the Agreement are not legitimately effected according to such Act, what guidelines TOT should implement.

The Council of State was of the opinion by its Memorandum of the Council of State no. 291/2550 on Enforcement of the Act on Private Participation in State Undertaking, B.E. 2535 (in the case of the Agreement Permitting Undertaking of Cellular Mobile Telephone Services, "the Agreement" between TOT Public Company Limited and Advanced Info Service Public Company Limited) that

* "... since TOT being the contracting party in this case acted on behalf of the State by virtue of the authority and duty pursuant to Telephone Organisation of Thailand Act, the executed Agreement thus represents the agreement between the State and the private sector in order to authorise the private sector to provide public services to the public on behalf of the State. The State therefore is obligated to perform according to those stipulated in that Agreement.

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However, since the amendments to the Agreement upon which the consultation is being sought were not legitimately carried out according to the Act on Private Participation in State Undertaking, B.E. 2535 which was in force at the time of effecting those amendments because those amendments had not been proposed for the consideration of the Coordination committee according to Section 22 and not forwarded to the Cabinet, being the organ charged with the authority to approve of the amendments to the Agreement pursuant to the Act as aforesaid, the amendments made to the Agreement with TOT as the contracting party were therefore carried out without legal authority. However, the procedures to amend the Agreement represent administrative juristic acts which are capable of being separated from the amendments to the Agreement already effected and those amendments to the Agreement are still in force so long as they are not rescinded or extinguished by statute of limitation or by other causes. In case the Cabinet, vested with the authority under the law and having considered the causes for the rescission, the impact, and the propriety on the basis of the State's and the public interest, is of the opinion that the illegitimate procedures have resulted in damage that warrants rescinding the amendments to the Agreement already effected, the Cabinet may legitimately rescind such amendments to the Agreement. However, if the Cabinet, upon having considered the same, deems it justified, with regard to the State's or the public interest and the continuity of providing public services, the Cabinet may exercise its discretion to grant approval for the procedures to further amend the Agreement, as appropriate, with the unit owning the project and the Coordination committee pursuant to Section 22 being the parties to submit the facts, justifications, and opinion for the consideration of the Cabinet".

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

** The above clauses in "... represent some parts of the Memorandum of the Council of State no. 291/2550. The full text Memorandum of the Council of State is available only in Thai language.*

DPC

Pursuant to the letter of the Ministry of Information and Communication Technology to the Council of State requesting opinion on whether the amendments or supplements to the agreement between CAT Telecom Public Company Limited ("CAT") and DPC after the enforcement of the Act on Private Participation in State Undertaking, B.E. 2535 (the "Act") are legitimately effected and in case those amendments or supplements to the Agreement are not legitimately effected according to such Act, what guidelines CAT should implement.

According to the opinion of the Council of State regarding the enforcement of the Act on Private Participation in State Undertaking, B.E. 2535 regarding the Contract permitting the provision of cellular mobile phone service between CAT and DPC on case no. 294/2550 that

**** "...the assignment of the rights and duties by Total Access Communication Public Company Limited ("DTAC") to DPC and the entering into an agreement between DPC and CAT dated 19 November B.E. 2539 are considered as the permission of CAT granted to a private sector to provide cellular mobile phone service, it shall not be deemed to be part of cellular mobile phone service between CAT and DTAC, so DPC shall be the contracting party of CAT and was under the supervision and regulation of CAT and pay remuneration to CAT. DPC shall, therefore, have to comply with the said Act. Since CAT has already specified the scope of the project and the private sector to provide the service, besides, the project has already been carried out. Therefore, there is no need to invite private sector to submit any proposal according to Chapter 3. However, Chapter 3 shall be applied in so far as it is not contrary to the fact whereby CAT has to set up the Coordinating Committee in accordance with Section 13 to proceed according to Section 21 of the said Act, provided that the Coordinating Committee will propose the selection result including the reason, negotiation issues, state benefits and the draft of agreement to the Minister who supervised the project in order to propose to the Cabinet within 90 days since the decision by Coordinating Committee."**

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Therefore, the procedures are within the power and authority of the Committee according to Section 13 to consider as appropriate and DPC has already been assigned of the rights and duties from Total Access Communication Public Company Limited according to the Contract Permitting the Provision of Cellular Mobile Phone Service between CAT and Total Access Communication Public Company Limited, DPC shall have the right to provide telecommunication service even though the Contract between CAT and DPC has not been done or performed in accordance with the Act. However, the Contract between CAT and DPC shall remain valid in so far as it is not revoked or terminated by time of ending or other cause. Thus, CAT and DPC shall remain obliged to fulfil the said agreement.”

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

*** The above clauses in “...” represent some parts of the Memorandum of the Council of State no. 294/2550. The full text Memorandum of the Council of State is available only in Thai language.*

32.3 Significant commercial dispute and litigations

ADVANC

The deduction of excise tax from the revenue sharing between ADVANC and TOT Public Company Limited (“TOT”)

On 22 January 2008, TOT submitted a dispute Black Case No. 9/2551 to the Arbitration Institute, Dispute Reconciliation Office, Justice Court Office demanding ADVANC to pay additional payment of revenue sharing amounting to Baht 31,463 million under the Cellular Mobile Phone Contract plus interest at the rate of 1.25 percent per month computing from the default date on 10 January 2007 until the full payment is made.

At present, the said dispute is pending on the Arbitration process. According to arbitration procedures and the proceedings of which shall take for several years. However, ADVANC’s management believes that the outcome of the said dispute shall be in favour of ADVANC and have no material impact to the financial statements of ADVANC because this amount is the same as an excise tax that ADVANC had submitted to Excise Department during 28 January 2003 to 26 February 2007 and deducted it from revenue sharing according to the resolution of the Cabinet dated 11 February 2003. Thus, ADVANC has fully complied with the cabinet’s resolution dated 11 February 2003 and this practice is the same as other operators in mobile phone or cellular radio telecommunication industries according to the resolution of the Cabinet. Moreover, TOT had sent letter no. Tor Sor Tor. Bor Yor./843 dated 10 March 2003 stating that ADVANC has fully complied with the Cabinet’s resolution and ADVANC’s burden remains at the same percentage rate as specified in the contract and the submission of the said excise tax return shall not affect the terms of the contract.

DPC

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

On 9 January 2008, CAT submitted a dispute Black Case No. 3/2551 to the Arbitration Institute and the Dispute Reconciliation Office, Justice Court Office demanding DPC to pay additional payment of revenue sharing amounting to Baht 2,449 million under the Digital Personal Communication Network Contract plus penalty at the rate of 1.25 percent per month of the unpaid amount of each year computing from the default date until the full payment is made which total penalty calculated up to December 2007 is Baht 1,500 million, totalling Baht 3,949 million.

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On 1 October 2008, CAT has submitted the revision of petition to adjust on amount of claimed to Baht 3,410 million which penalty fee calculated from the outstanding revenue sharing up to January 2008 for Baht 790 million and value added tax Baht 171 million.

At present, the said dispute is pending on the Arbitration process. According to arbitration procedures and the proceedings of which shall take for several years. However, ADVANC's management believes that the outcome of the said dispute shall be in favour of DPC and have no material impact on the consolidated financial statements of ADVANC because this amount is the same as an excise tax that DPC submitted to Excise Department during 16 September 2003 to 15 September 2007 and deducted it from revenue sharing according to the resolution of the Cabinet dated 11 February 2003. Moreover, CAT has sent letter no. CAT 603 (Kor Tor.) 739 notifying DPC to comply with such Cabinet's resolution. Thus, DPC has correctly and fully complied with the Cabinet's resolution dated 11 February 2003 and this practice is the same as other operators in mobile phone or cellular radio telecommunication industries according to the resolution of the Cabinet.

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

Pursuant to the resolution of the meeting on 14 January 2004 between TOT, CAT, DPC, and Truemove by the Minister of the Information and Communications Technology Ministry, the Chairman, that TOT consented to reduce access charge of mobile phone from revenue sharing which TOT received from CAT in the amount of Baht 22 /number/month to DPC and True Move starting from the 6th operation year as DTAC had received from TOT.

On 12 October 2006, TOT sent a letter to CAT that TOT could not reduce access charge of mobile phone to DPC and True Move and demanding CAT to pay the access charge that DPC and True Move have deducted as a discount of access charge plus legal interest rate computing from the default date until the fully payment is made.

On 29 July 2008, CAT submitted a dispute Black Case No. 68/2551 to the Arbitration Institute and the Dispute Reconciliation Office, Justice Court Office demanding DPC to pay access charge of mobile phone that DPC had deducted for Baht 154 million (additional consideration of the 7th -10th operation year) plus value added tax and interest at the rate 1.25 percent per month of the above principal amount starting from the default date of each year since the 7th -10th operation year until the full payment is made.

On 15 October 2009, CAT submitted a dispute no. black 96/2552 to the Arbitration Institute and the Dispute Reconciliation Office, Justice Court Office demanding DPC to pay access charge of mobile phone that DPC had deducted for Baht 22 million (additional consideration of the 11th operation year) including the penalty at the rate of 1.25 percent per month which calculated up to 15 October 2009, total amount of claim Baht 26 million.

At present, the said dispute is pending on the Arbitration process. According to arbitration procedures, the proceedings shall take several years. For the demanded amount, DPC has re-calculated and found that the said amount is only Baht 138 million which DPC has recorded as payable under the Agreement for operation in its financial statement but has not recorded the penalty for overdue payment, as the management believes that the outcome of the said dispute shall be in favour of DPC and have no material impact on the consolidated financial statements of ADVANC since DPC has correctly and fully complied with the law and the relating Agreements in all respect.

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

On 3 February 2009, CAT has submitted a dispute under Black Case No. 8/2552 to the Alternative Dispute Resolution Office, the Arbitration Institute, demanding DPC to deliver and transfer ownership of 3,343 towers including 2,653 equipments of power supply under the Digital PCN ("Personal Communication Network Agreement"). Failure to do so, DPC must reimburse Baht

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2,230 million to CAT. DPC considers that all disputed assets, towers and the equipment of power supply are not the property as stipulated in the Agreement.

At present, the said dispute is pending on the Arbitration process. According to arbitration procedures, the proceedings shall take several years. However, ADVANC's management believes that the outcome of this dispute shall be in favour of DPC and have no material impact on the consolidated financial statements of ADVANC since DPC has correctly and fully complied with the law and the relating Agreements in all respects.

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

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

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

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

AIN Globalcomm Company Limited ("AIN")

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

On 7 March 2008, CAT has submitted the Black Case no. 1245/2551 to the Civil Court against ADVANC as the defendant No.1 and AIN, a subsidiary of ADVANC, as the defendant No.2 requesting ADVANC and AIN to pay compensation with interest rate at 7.5% per annum for damage up to the date of case submission equalling to Baht 130 million. The reason in a case is to change traffic of the international direct dialling service by ADVANC and the subsidiary during 1-27 March 2007 through ADVANC subscriber by using the symbol "+" dialling from no.005 of AIN instead of No. 001 of CAT without the prior notification to subscriber.

On 4 September 2008, CAT has submitted a petition revision to adjust compensation for Baht 583 million (including interest) because CAT has damaged consecutively until 7 March 2008. On 19 November 2008, CAT has submitted the order of provisional remedial measure before delivery of judgment to cease ADVANC and AIN to transfer the traffic 001 or symbol "+" of CAT to traffic 005 of AIN. On 26 February 2009, The Civil Court has dismissed the CAT's request and on 20 March 2009, CAT has appealed such dismissal.

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On 17 December 2009, The Civil Court has dismissed the case as the facts cannot be proved that CAT has either an exclusive right to use the symbol “+” or the right to prohibit ADVANC and AIN to use the symbol “+” and it cannot also be proved that the changing of the connection setting of the international direct dialing service from using the symbol “+” for the code 001 of CAT to “+” for the code 005 of AIN has caused mistaken to the subscribers who use international direct dialing service that they are using the code 001 of CAT, therefore, the acts of ADVANC have not infringed any right of CAT and also of AIN which CAT alleged to jointly commit the wrongdoing with ADVANC have not infringed the right of CAT as well. However, CAT has appealed such dismissal on 10 March 2010.

The order to THCOM and the Company as co-defendant

On 19 April 2007, Mr.Supong Limthanakul brought legal actions against the National Telecommunications Commission (“NTC”), the office of the NTC and the Ministry of Information and Communication Technology (“MICT”) in the Central Administrative Court (“CAC”) on the ground that the three state agencies neglected to perform their duties in overseeing whether THCOM has been carrying on its telecommunications business lawfully after the sale of the Company’s shares to the new shareholder.

CAC issued an order dated 8 April 2009 and 20 July 2010 making THCOM the fourth respondent and the Company the fifth respondent in order to allow THCOM and the Company to file the reply to the petitioner’s claim including evidence, documentary or otherwise to CAC. THCOM and the Company have filed the reply and supporting evidence in July 2009 and September 2010, respectively.

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

33 Bank guarantees

As at 31 December 2010, the Group had commitments with banks, in respect of letters of guarantees for satellite space segment leasing, customs duties, electricity usage and other transactions in the ordinary course of business in the amount of Baht 717.18 million, USD 2.29 million (*As at 31 December 2009: Baht 656.30 million and USD 4.07 million*) on a consolidated basis.

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34 Reclassification of accounts

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

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

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

35 Events after the reporting period

ITV

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

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

ADVANC

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

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

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

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principle that: (i) there shall be no damage to the State who would receive the same revenue sharing; and (ii) no additional financial burden to the private operator and the service users. Thus, after summing up the excise tax payment and the revenue sharing (after deduction of excise tax), the State (i.e. the Ministry of Finance - the Excise Department) and TOT, whose 100% of its shares are held by the Ministry of Finance, would receive the same net income without any damage.

- 2.2) TOT is obliged to comply with the government's policy and the resolutions legitimately passed by the Cabinet, which applied to all mobile phone operators, that they were required to deduct the excise tax payment from the revenue sharing before delivering to the contractual party. It was TOT who informed ADVANC to pay such excise tax and deduct such payment from revenue sharing in accordance with the Cabinet's resolution with which the Company was faithfully complied.
- 2.3) The said court did not rule that the Cabinet's resolution regarding such excise tax was unlawful and did not revoke or cancel such Cabinet's resolution.
- 2.4) During B.E. 2546 to 2550 which there were the deductions of excise tax, TOT has never demanded ADVANC to pay any additional revenue sharing. Rather, TOT has confirmed that it has completely received the revenue sharing in accordance with the Agreement by issuing receipts and tax invoices together with returning bank guarantees which were placed as security for the payment of the revenue sharing by ADVANC.
- 2.5) With respect to VAT, penalty and surcharge demanded, ADVANC is not obliged to make such payment. Given such tax obligation actually exists; it would be TOT, as the recipient of payment, to be responsible for such tax payment under the Revenue Code. In the past, TOT has ever questioned the Revenue Department whether it actually has the authority under the law to collect such tax payment.
- 2.6) This TOT's claim is a duplication of the claimed amount with respect to excise tax which TOT has raised earlier on 22 January 2008 in the pending arbitration process at the Arbitration Institute.

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

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Dividend payment

Proposed dividend payment of associates

At the Board of Directors' meeting ADVANC and CSL, passed resolutions to propose the dividend payment to the General Shareholders meetings to approve as follows:

Company	Date of Meeting	Dividend	Interim dividend paid in 2010 <i>(Baht/share)</i>	Amount to be paid <i>(Baht/share)</i>	Amount <i>(in million Baht)</i>
ADVANC (operation result of 2010)	11 February 2011	6.92	3.00	3.92	11,644
CSL	16 February 2011	0.50	0.25	0.25	148

Proposed dividend payment of the Company

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

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

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