



AERONAUTICAL RADIO OF THAILAND LTD.

Annual Report

2010

CO₂



“Save Energy for the World
Save Airway by Aviation”







Airspace Management and World Balancing Conservation

Unexpected things happening to air traffic control system are natural disasters. Even with advanced systems, sometimes we may not be able to handle the situation or may not expect it, but what we can do now is to keep the current balance without destroying the nature. It is considered as one of our roles that our organization must be aware of and pay more attention to.



Route Management for Aviation

Our responsibility is to provide efficient air traffic control and route management by assigning the best and shortest route which reduce fuel consumption and CO₂ emission in aviation, especially to save operating cost for airlines.

■ Fuel consumption reduction

■ CO₂ reduction

■ Expenditure reduction



Social Responsibility to Regional Transportation Hub

Another vital step all aviation sectors receptive to is social responsibility to facilitate the process of standardization to become regional transportation hub in the future.



Distance, Time Consuming and Global Burden Reduction

Systematic and appropriate route planning for the best and shortest distance obtainable as well as coordination with organizations and aviation operators in all passing airspace are to provide convenient services to flights at economical and suitable altitudes throughout the route.





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MESSAGE FROM THE CHAIRMAN

In the fiscal year 2010, many impacts caused by both internal and external factors still affected the Company such as economic crisis that was about to recover, unrest situation in the country during April and May 2010, eruption of volcano in Iceland and economic crisis in European Countries and U.S.A. These situations affected the aviation industry as well as air transportation business. The flight volume and income derived from air traffic control services was consequently not as estimated. The Company has continued to implement cost control measures from the previous year.

Even though the Company encountered the aforementioned problems, the Company still maintained its standards in providing safety services without affecting the core business (air navigation services). At the same time, the Company has requested financial support from the Government by drawing its attention to realize the importance of the Company's roles and responsibilities. The budget is needed to develop equipment/system to keep up with the advanced technology used for the future air traffic flow management. In addition, the Company also realized that human resources development had to be carried out simultaneously with the development of technologies and internal processes to upgrade the services to be excellence

with international standards, good corporate governance, transparency, fairness as well as corporate social responsibility.

Many aviation organizations have forecasted that the growth of aviation business in 2011 will be approximately 8-12% higher than the previous year due to the recovery of economy that consequently bring back the number of tourists. There is also a tendency of the growth and opportunity of related business as well as the increase in efficiency of financial management. As a result, it is expected that the Company's performance result will increase, but preparations are still needed for the risk of political situation, an ongoing assemblage of many political groups and natural disasters, wars, epidemic, oil price fluctuation, etc.

On behalf of the Board of Directors who monitors and pushes the Company to review and improve its policy to keep up with the changing situations for the benefits of shareholders and stakeholders, I would like to thank the Management and staff for their coordination. I am confident that the power of our coordination, determination and dedication to our duties will lead to the prosperity in aviation business for our Country and the region.



(Mr. Chaisak Angkasuwan)
Chairman of the Board of Directors
Aeronautical Radio of Thailand Ltd.



MESSAGE FROM THE PRESIDENT

In 2010, the aviation business had still been affected by the economic crisis and the political situation in the country, however, with the great efforts of the management and employees including an emphasis on the strategic management, the Company could handle the situation. This crisis built the self-immunity to the Company to cope with the changes. The good signs also show that the world economy is predictably rebounded and the Thai Government has initiated the measurement of economic recovery, these will support the growth of tourism and subsequently, boost the aviation industry.

Following the objective to increase efficiency in air navigation services, the Company has conducted the projects with the modern technology and airspace management concept for cost reduction to the users as well as the Company's effective cost management. The Company is also well aware of carbon emission as the Company's new vision is "To provide safety in air navigation services with modern management, good corporate governance with a concern for carbon emission reduction in aviation".

Many significant projects are carried out such as the Bay of Bengal Cooperative Air Traffic Flow Management Advisory System (BOBCAT), the implementation of Performance-Based Navigation (PBN) in Terminal Control Area, the Development of infrastructure for air navigation services, the enhancement of national air traffic control system/technology. In addition, the Company was entrusted by many government organizations to execute the projects concerning the safety, e.g. the Vessel Traffic Management and Information System (VTMIS) Project for the Marine Department, the study and development of the prototype automatic railway crossing system for rail efficiency and safety enhancement in cooperation with the State Railway of Thailand, the study on the establishment of National Multimodal Transport Integration Centre, as assigned by the Ministry of Transport, enhancing Thailand as the transport Hub of Asia.

The Company has pursued the Partnering for Success Policy in a proactive approach for further international collaboration. Signing memoranda, hosting the national conferences and the initiatives of cooperation among the Asian organizations for Asian airspace management regarding the Seamless ASEAN Sky were made to contribute to the massive benefits of international aviation and the growth for regional aviation industry.

The Company has performed in line with the Good Corporate Governance principles and has set the appropriate tools for integration in driving for the Company's success, competitive advantages, added values, maximum benefits to users in long term including the satisfaction to all stakeholders. The Company also encourages the employees to create innovations with the provision of the innovation contest and community innovation schemes in order to promote the learning culture for technology and employee development and being the organization of innovation.

In addition, the Company was affirmed the rating of "AA" (Stable), indicating that the Company or a debt instrument with a very low degree of credit risk and has very strong capacity to pay interest and repay principal on time. Moreover, the Ministry of Finance evaluated the Company's performance and marked the Company 4.2867 out of 5 points, showing the organizational management efficiency, total quality management and business strength.

With the great dedication of the management and employees, the Company received many awards both from the national and international organizations. This year, the Company won the Outstanding Safety, Occupational Health and Working Environment Award, which was the fifth consecutive year.

Finally, on behalf of Aeronautical Radio of Thailand Ltd., all the employees and I would like to take this opportunity to thank all shareholders for the well given supports. We are committed to drive the organization for the business's growth and be ready for the growth of air transport in the future.

Air Chief Marshal



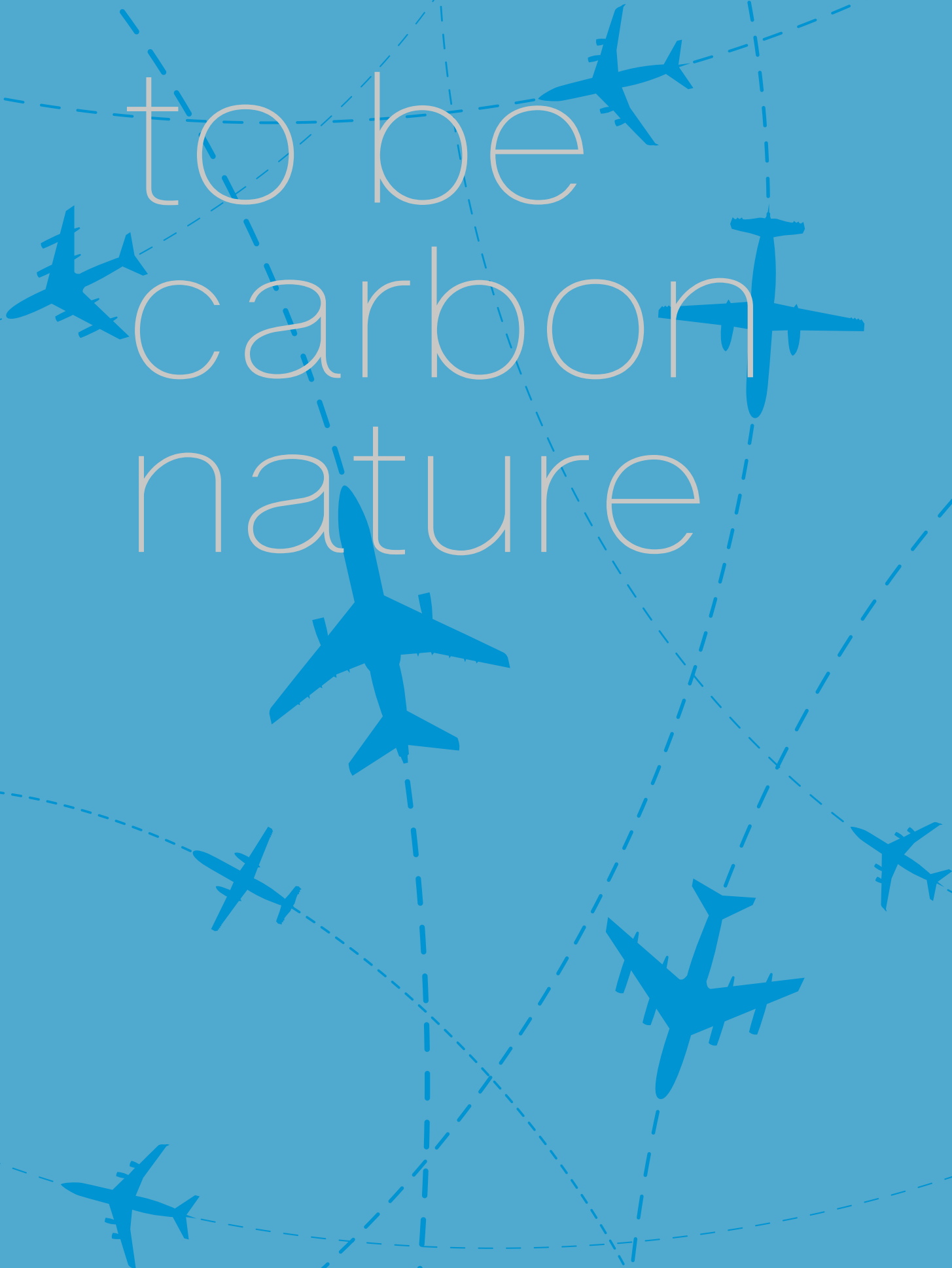
(Somchai Thean-anant)

President

Aeronautical Radio of Thailand Ltd.



to be
carbon
nature





HIGHLIGHT OF ACTIVITIES

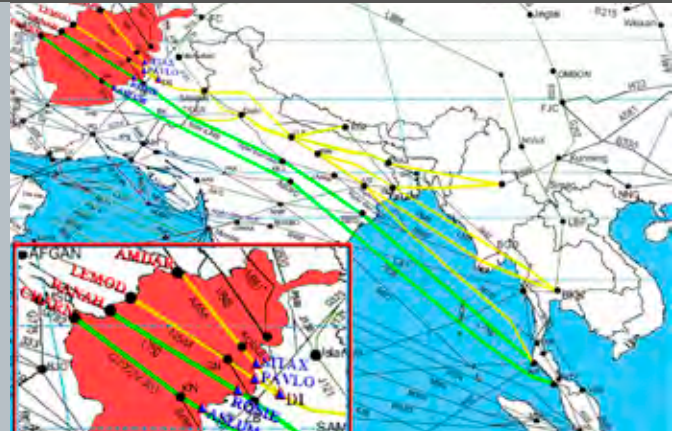
The Company carried out its operations according to the Government's policies under the supervision of the Ministry of Transport with the following details:

1. Corporate Social Responsibility: CSR

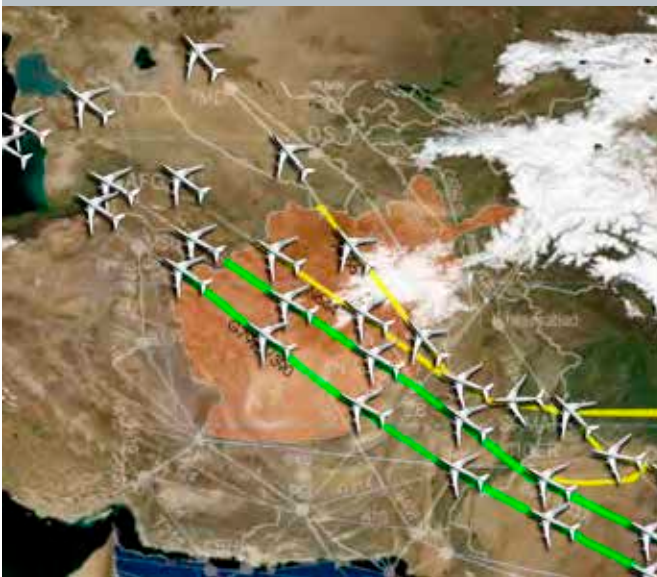
According to the government's policy that the State Enterprise should give back to society or community, the Company conducted several social activities as follows:

1.1 Bay of Bengal Cooperative Air Traffic Flow Management Advisory System: BOBCAT.

The Bay of Bengal Cooperative Air Traffic Flow Management Advisory System (BOBCAT) is the system that increases the efficiency of air traffic management for aircraft in the South East Asia region flying towards Kabul Flight Information Region (FIR) en-route to other regions, particularly to Europe which is the major destination of airlines using the same routes at almost the same time. The System operates for 5 air routes to minimize aircraft delay, improve flow, reduce time and fuel consumption and allocate appropriate altitudes.



BOBCAT is the project that supports, develops and promotes the air navigation services for the community and also enhances safety as well as air navigation efficiency. It helps to balance air traffic demand by assigning a desired time slot and flight level which minimizes delay and reduces fuel consumption. In the fiscal year 2010, the Airspace Management Centre provided services for an average of 55.87 flights a day which were an increase of 54.88 flights a day from the previous year. The BOBCAT System helps to save 14 million kilograms of fuel per year so the cost savings for airlines flying en-route Kabul FIR are approximately US\$ 14 million, including 60 million kilograms of reduction in carbon dioxide emissions per year and a reduction of global warming and greenhouse gases.



1.2 To develop flight procedures for air navigation move towards “Performance-Based Navigation (PBN)” in Terminal Control Area.

To increase efficiency and safety of air navigation services, as well as to support the air traffic growth in the future, AEROTHAI has commissioned new air navigation technology including Global Navigation Satellite System (GNSS) and Performance-Based Navigation (PBN). AEROTHAI has collaborated with the Department of Civil Aviation, Thai Airways International Public Company Limited, and the Thai Pilots Association to establish the National Working Group on PBN and GNSS. This National Working Group is tasked to determine the policies, plans and criteria for the deployments of PBN and GNSS. Furthermore, AEROTHAI has participated in the planning and deployment of PBN in the Asia and Pacific Region as the Chairman of Regional Planning Group, ICAO Asia-Pacific PBN Task Force.

AEROTHAI established new GNSS instrument flight procedures (PBN Concept) at Phuket International Airport in the fiscal year 2008, Hat Yai International Airport in December 2009 and Samui Airport in May 2010. AEROTHAI has continued to establish new GNSS instrument flight procedures (PBN concept) at Suvarnabhumi and Don Mueang Airports which is expected to be completed within fiscal year 2011. The PBN procedures enhance the safety of aircraft navigation to airlines by providing straight-in approach paths to the airports, saving time and reducing cost of fuel consumption including reducing carbon emission. AEROTHAI will continue to establish GNSS flight Procedures (PBN concept) to cover other airports.



1.3 Development of infrastructure for air navigation services consists of:

1.3.1 Establishment of Air Traffic Management Centre.

The existing Air Traffic Control Centre has been operating for a long time. From the analysis, it was found that the system/equipment will not be able to support air traffic volume increase in the future. Therefore, AEROTHAI is planning to procure systems/equipment for the establishment of a new air traffic management centre to replace the existing one. For maximum efficiency of the investment plan and without any impact on the present air navigation services, AEROTHAI has hired consultants to prepare details and action plans for the design/procure system/equipment as appropriate. This will also include the installation of advanced technologies for the provision of services in the future which are the Air Traffic Control System and Air Traffic Flow Management System. In the fiscal year 2009, the consulting firm had finished the preparation of detailed action plans/projects as well as the technical specifications.



1.3.2 To increase capacity of the systems/technology and the development of air traffic management network nationwide.

To develop an infrastructure for air traffic control technology so that the capacity is increased to be able to compete with others and to support the requirements for new air navigation systems which consist of Communications, Navigation, Surveillance as well as development of linkage system for data network. AEROTHAI aims to provide the same high efficiency air traffic management system nationwide and to support the development of the national air navigation infrastructure to be safe, effective and speedy for the public and airlines/airspace users.



1.3.3 Procurement of high-performance aircraft for flight inspection.

The aircraft is required for the flight inspections in order to maintain the standard of systems/equipment and facilities which are the nation's air navigation infrastructure (CNS Infrastructure) at present and the new air navigation system with new technology procured under the Development of Infrastructure for Air Navigation Services Project. At present the Company does not have the capability to perform flight inspection completely and efficiently. In addition, this project will increase the Company's role as the national flight inspection unit and enhance additional recognition and trust from other countries in Asia-Pacific Region. This is an opportunity and a challenge for Thailand to play more role as the aviation and air transportation hub in the Region as at present only the flight inspection units in Thailand and Australia are capable of performing such task.

For the fiscal year 2010, AEROTHAI had prepared a detailed feasibility study of the development of air navigation services infrastructure. This project was presented to the Ministry of Transport, the Ministry of Finance and the Office of the National Economic and Social Development in October 2010. Tender document had been drafted and procurement process had been carried out simultaneously. It is expected that the project will be completed in the fiscal year 2013.



1.4 Development of Automatic Level Crossing System (Prototype).

The Company has collaborated with the State Railway of Thailand in researching and developing of automatic level crossing system (prototype) in order to improve the level of efficiency and safety in rail operation. The mentioned system was commissioned at Suanson Pradipat rail-stop, Hua Hin district, Prachuap Khiri Khan Province on 7 August 2010. On this special occasion, Mr. Abhisit Vejjajiva, the Prime Minister, was invited to preside over the ceremony of commissioning automatic level crossing system (prototype) and a press conference on the joint project, Development of Automatic Level Crossing System (prototype) Project, between AEROTHAI and State Railway of Thailand.



1.5 Community Innovation Project.

AEROTHAI has continued to apply its expertise and technology in the innovation project to benefit the aviation business. The Company has created the community innovation project since 2009 and expanded its efforts to cover community surrounding AEROTHAI. This project aims to encourage AEROTHAI employees to utilize their knowledge and skills in creating innovation which will contribute to community's development, job and income. This project is in accordance with the government's guidelines on sufficiency economy, maintaining good relations between the Company and the community and the policy on Corporate Social Responsibility (CSR).

Eight regional Air Traffic Control Centres were responsible for coordination with local communities where the projects were implemented and selected for competition with 3 fields of innovation: technology and computer engineering, health promotion and agriculture and agro-industry. Details are as follows:



Technology and Computer Engineering

Runner up: Equipment to Provide Treated Water Supply to Small Community, submitted by Udon Thani Air Traffic Control Centre in cooperation with Sub-district Administrative Organization of Ban Chan, Mueang District, Udon Thani Province.

Runner up: Prototype of Communities Transmitter, submitted by Nakhon Ratchasima Air Traffic Control Centre in cooperation with Kokgruad Community Radio, Nakhon Ratchasima Province.



Health Promotion

Winner: Physical Therapy Equipment, submitted by Surat Thani Air Traffic Control Centre in cooperation with Wat Kasem Bamrung, Baan Kanai Sub-district, Phunphin District, Surat Thani Province.



Agriculture and Agro-industry

Winner: Magic Hand (for handling, wrapping and collecting fruits), submitted by Nakhon Ratchasima Air Traffic Control Centre in cooperation with Sueb-Siri 47 Community, Nai Muang Sub-district, Mueang District, Nakhon Ratchasima Province.

Runner up: Blade Changeable Rubber Tapping Knife, submitted by Hat Yai Air Control Centre in cooperation with Klong Laa Community, Hoy Kong District, Songkhla Province.

Runner up: Hevea Steam Tank, submitted by Phuket Air Traffic Control Centre in cooperation with Phuket Agriculture Research and Development Centre, Phuket Province.

In 2010, AEROTHAI will continue its intention to give benefits to the community by having 3 fields of innovation for the competition: Engineering and Technology, Community Agriculture and General Community Product Innovation.

1.6 AEROTHAI-OBEC Mini-Volleyball Project for Her Royal Highness Princess Maha Chakri Sirindhorn's Cup.

The Company has introduced the volleyball competitions for elementary pupils of the age of 12 and under since 2000. The year 2010 is the eleventh year that this event has been organized and the second year that the Company has collaborated with the Office of Basic Education Commission (OBEC), a government agency responsible for national education development in order to expand the opportunities for competition to cover all areas of Thailand and link to national volleyball competitions for teenagers at the age of 14 and 16 years old. This is also a way to integrate their roles in corporate social responsibility to be in accordance with the government policy that state agencies in every sector should give back to the society for sustainable growth of the country.



1.7 Aeronautical Radio of Thailand Foundation.

"Aeronautical Radio of Thailand Foundation" was founded with the objective to give academic opportunities to disabled children lack of opportunities in order to improve their quality of lives and future careers. On the occasion of the 62nd Anniversary of AEROTHAI, the Foundation granted disabled children in primary school level with scholarships with the value of Baht 5,500 each. In the fiscal year 2010, the Foundation granted scholarships to 218 disabled children nationwide, categorized into 5 groups: 43 physical, 16 visual, 24 hearing, 107 intellectual disabilities and 28 autistic children.

1.8 Job opportunities for disabled individuals in appropriate numbers and positions.

The Company has initiated a project to recruit a number of disabled individuals to work in appropriate positions at the Company since 2004. The project aims to create work opportunities for disabled individuals and to demonstrate their abilities and capabilities to fit into society. Since the beginning of the project in 2004, the Company has employed 11 physically disabled individuals: 3 operators and 8 librarians.

1.9 Book Giving Ceremony to promote Youth's Reading Activities.

AEROTHAI cooperated with Jamsai Publishing and the Economic Reporters Association to arrange a book giving ceremony to agencies under the Ministry of Transport in order to promote youth's reading activities. Forty thousand books were distributed to students in schools in remote areas. This project aims to provide social services jointly with AEROTHAI partners in line with the Partnering for Success concept.



2. Partnering for Success

The Company followed the concept of partnering for success by arranging the following major activities:

2.1 Memoranda of Understanding/Agreement at the National and International Levels.

2.1.1 The Memorandum of Cooperation between AEROTHAI and the Royal Thai Air Force signed on 22 September 2010 at the Royal Thai Air Force Headquarters, Don Mueang.

The Company signed a Memorandum of Cooperation (MoC) with the Royal Thai Air Force to follow the government policy of collaborating between the state and private sectors. The objective of the MoC is to seek cooperation in order to support air traffic management, engineering, aviation medicine and human resource development.



2.1.2 The Memorandum of Cooperation Signing Ceremony between the State Railway of Thailand and AEROTHAI on 28 September 2010 at the Conference Room, 2nd floor, Conference Building, Ministry of Transport.

The Company signed a Memorandum of Cooperation with the State Railway of Thailand for the development of railroad level crossing system prototype. As this project has now been implemented, it is necessary to set the scope of cooperation and responsibilities of each party so that it will be clearly understood. The MoC for safety and efficiency in railway transport was signed by Mr. Suphoth Sublom, Permanent Secretary of Ministry of Transport, as Chairman of the Board of Directors of the State Railway of Thailand and Mr. Chaisak Angkasuwan, Deputy Permanent Secretary of Ministry of Transport as Chairman of the Board of Directors of AEROTHAI with the President of AEROTHAI and the Governor of the State Railway of Thailand joining the ceremony.

2.1.3 The Memorandum of Cooperation Signing Ceremony for Academic and Operation Cooperation in Air Navigation services.

The Company signed the Memorandum of Cooperation with the Department of Civil Aviation for academic and operation cooperation in air navigation services in accordance with the International Civil Aviation Organization standards of air traffic control, aeronautical telecommunications, aeronautical information, air navigation aids services and other services related to air navigation safety. The objective of the MoC is to enhance efficiency in the air navigation services operations between the 2 organizations with a concern of safety and international standards.

2.2 Key Meetings/Conferences in 2010.

2.2.1 AEROTHAI hosted the AMC Training Workshop, 25-26 January 2010 and AMHS Workshop, 27-28 January 2010 at ICAO Asia-Pacific Office, Bangkok.

The Workshops aimed to train and develop personnel who work with Aeronautical Messaging Management Centre (AMC) System in the Asia-Pacific Region so that they can work with more efficiency and this was the platform for them to exchange any problems from each country in order to improve and apply the system to suit each country.

2.2.2 AEROTHAI hosted the 7th Aeronautical Telecommunication Network Working Group Meeting (ATNIG WG/7) on 29 January 2010 at ICAO Asia-Pacific Office, Bangkok.

The purpose of the ATNIG WG/7 Meeting, a continuation of the ATNIG WG/6, was to evaluate the implementation of Aeronautical Telecommunications Network (ATN) system and ATN Applications which included ATS Message Handling system (AMHS) and ATS Inter-facility Data Communication (AIDC) and the development plan for ATN implementation of APANPIRG member states.



2.2.3 AEROTHAI hosted the Regional OPMET Data Banks (RODB) Meeting/4, 11-12 February 2010 at AEROTHAI Chiang Mai Air Traffic Control Centre.

The Fourth RODB Meeting was intended to keep progress on the working group's work programme following the third RODB meeting by each country has the opportunity to share knowledge and opinions among RODB representatives in the Region. In addition, knowledge and information from the meeting will be used for consideration of the exchange and collection of OPMET data in the Asia-Pacific Region.

2.2.4 AEROTHAI hosted the 6th Meeting of the Instrument Flight Procedure Panel (IFPP) Working Group of the Whole, 15-26 March 2010 at Pantip Suites Hotel, Bangkok.

The major topics in this ICAO Panel Meeting covered Instrument Procedure Design which included Performance-based Navigation (PBN) procedure design criteria, charting and cockpit display issues, ground and flight validation, Air Traffic Management (ATM) issues. The Meeting was the platform for exchange of problems of each participated state and all participants worked together to address and find solution to the problems in order to find the best solution to apply for effective instrument procedure design.

2.2.5 AEROTHAI hosted Aviation Consultative Committee (ACC) Meeting/14, 21-23 July 2010 at Hat Yai Air Traffic Control Centre, Songkhla Province.

The bilateral Meeting between AEROTHAI, Thailand and Department of Civil Aviation, Malaysia has been conducted regularly to support the corporate strategy in building international recognition and to create bilateral and multilateral relationships with other ANSPs by way of cooperative memoranda. The ACC Meeting, hosted in rotation between the two countries, was held in Thailand this year and aimed to increase performance and efficiency in air traffic management.



2.2.6 AEROTHAI hosted the Airspace Users-ANSP Meeting and Non-Commercial Air Transport-ANSP Meeting, 21-22 September 2010 at AEROTHAI Headquarters, Tung Mahamek, Bangkok.

The Airspace Users-ANSP Meeting was held on 21 September and the Non-Commercial Air Transport-ANSP Meeting was held on 22 September. The Meetings were conducted as a venue for discussions to address problems between the users of airspace (pilots) and air traffic controllers. Topics for discussions were the creation and development of air routes, airspace management improvement, communications between pilots and air traffic controllers, and also safety, all of which to achieve the best operation performance.



3. The Outstanding Safety, Occupational Health and Working Environment Award.

The Company entered the competition for the Outstanding Safety, Occupational Health and Working Environment Award, organized by the Department of Labour Protection and Welfare, the Ministry of Labour. The objective of the competition is to raise awareness of organization's safety, occupational health and working environment in order to perform in accordance with standards, building confidence for work. In the fiscal year 2010, the Company entered the competition, with which ten Company's departments were awarded with the Outstanding Safety, Occupational Health Working Environment Award at the national level. The details of the awards are as follows:

- Tung Mahamek Headquarters and Phitsanulok Air Traffic Control Centre for the fifth consecutive year.
- Udon Thani, Surat Thani and Hat Yai Air Traffic Control Centres for the fourth consecutive year.



- Chiang Mai, Ubon Ratchathani, Nakhon Ratchasima and Phuket Air Traffic Control Centres for the third consecutive year.

- Suvarnabhumi Airport Air Traffic Control Centre for the second consecutive year.

Apart from entering the competition, Tung Mahamek Headquarters also participated in the competition for the outstanding Committee of Safety, Occupational Health and Working Environment and received the Outstanding Committee Award for the second consecutive year.

The Award demonstrates that AEROTHAI is widely recognized for continuing to consider the importance of safety, occupational health and working environment of AEROTHAI employees.

4. Performance Evaluation in the Fiscal year 2010.

In the fiscal year 2010, the Company's performance was evaluated by the TRIS Rating Company Limited, which affirmed the rating "AA" (Stable) to the Company which was the same as in 2009. The rating indicates a Company or a debt instrument with a very low degree of credit risk. The Company has very strong capacity to pay interest and repay principal on time, but is somewhat more susceptible to adverse changes in business, economic or other external conditions than AAA rating.

In addition, the Ministry of Finance evaluated the Company's performance for the fiscal year 2009 and marked the Company 4.2867 out of 5 points, showing the organizational management efficiency, total quality management and business strength. However, the evaluation of the Company's performance for the fiscal year 2010 is currently being considered by the Ministry.



5. Performance Appraisal for the Fiscal Year 2010.

The Company was selected by the State Enterprise Policy Office to be the pilot organization for self-assessment according to the State Enterprise Performance Appraisal (SEPA) practices, in compelling to the current performance appraisal for the fiscal years 2009-2010. The SEPA performance appraisal will be implemented in the fiscal year 2011.



CURRENT AIR TRANSPORT SITUATION AND TRENDS IN AIR TRANSPORT

CURRENT AIR TRANSPORT SITUATION

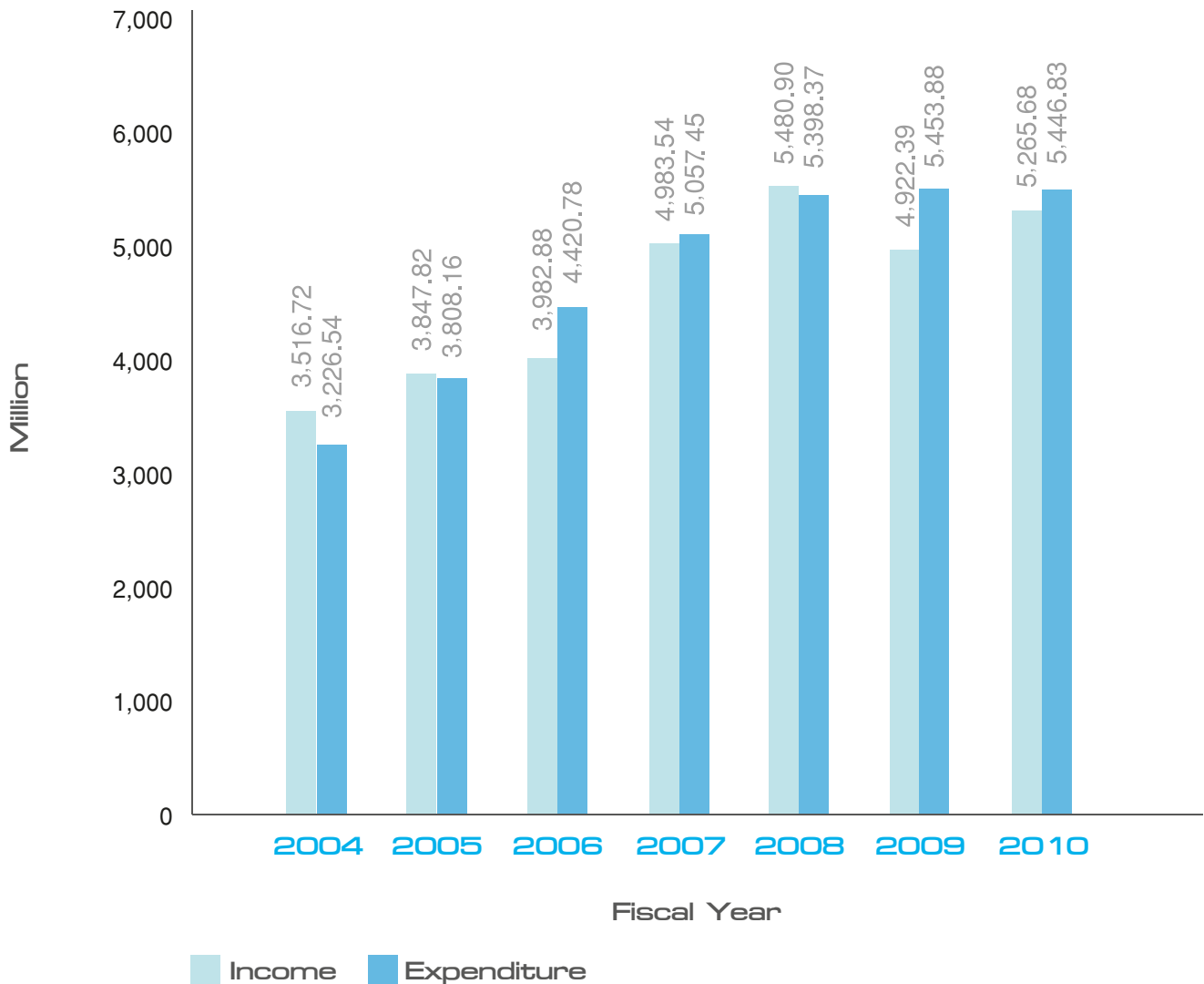
Compared to traffic volume last year, the Company experienced a traffic growth of 9.18%, which is a clear indication of air transport industry's ability to quickly rebound from factors such as economic recession and political unrests which took place last year. Air traffic volume categorized by different type of operations is summarized below:

Fiscal Year	Aircraft Operations					Total	(Changes) (%)
	Commercial				Military		
	International		Domestic	Overfly			
	Scheduled	Non-Scheduled					
2004	157,280	12,418	86,626	37,291	13,665	307,280	17.20
2005	168,800	15,931	96,847	40,360	15,297	337,235	9.75
2006	178,807	14,656	102,610	42,120	11,832	350,025	3.79
2007	198,068	15,087	110,754	46,741	12,507	383,157	9.47
2008	204,924	16,615	112,067	50,062	14,720	398,388	3.98
2009	186,811	10,865	105,059	46,205	15,951	364,891	-8.41
2010	202,426	13,700	118,081	50,105	14,087	398,399	9.18



Trends in Air Transport

Most recent analysis of traffic volume within Bangkok FIR revealed a slight increase in number of flights in the short term. However, looking ahead to the next 10-15 years, the Company expects an average of 6-7% annual traffic growth, a prediction which is consistent with forecast by international organizations such as International Civil Aviation Organization (ICAO), International Air Transport Association (IATA) and EUROCONTROL.



In the fiscal year 2010, the Company had an income-under-expenditure (shortfall) as a result of the economic crisis which was recovering and the political conflicts in the country during April-May 2010.

However, measures to stimulate economy launched in many countries throughout the world have helped air travel, air transport business as well as tourist industry worldwide to rebound quickly. IATA forecast that the recovery of world economy will drive a passenger growth of 7.1% in the year 2011.



COMPANY'S BACKGROUND

In 1948 after the end of World War II, the international aviation industry was resumed. Aeronautical Radio of Thailand Ltd. was formed by Aeronautical Radio Inc. (ARINC), from the U.S.A., International Aeradio Ltd. (IAL) from England and various airline companies with the consent of the Royal Thai Government. Under the contract with the Government, it provides aeronautical radio services for airline operations in accordance with the International Civil Aviation Organization (ICAO) standards and recommended practices.

Later, in 1963, the Government recognized the importance of the Company's responsibility that concerned the national securities and aviation development, thus, it acquired the majority of the Company's share capital from the founding airlines thereby altering the Company's status to that of a State Enterprise.

The Company's 6,600,000 registered shares, with a total value of Baht 660,000,000.-, are divided into two categories:-

6,000,000 A shares, held by the Ministry of Finance (5,770,000 shares) and the Ministry of Transport (230,000 shares), each valued at Baht 100.-, fully paid at Baht 600,000,000.-

600,000 B shares, held by member airlines, each valued at Baht 100.- fully paid at Baht 60,000,000.-

As at 30 September 2010, the total number of member airlines was 85.



POLICIES, VISION, VALUES AND RESPONSIBILITIES

Corporate Policies

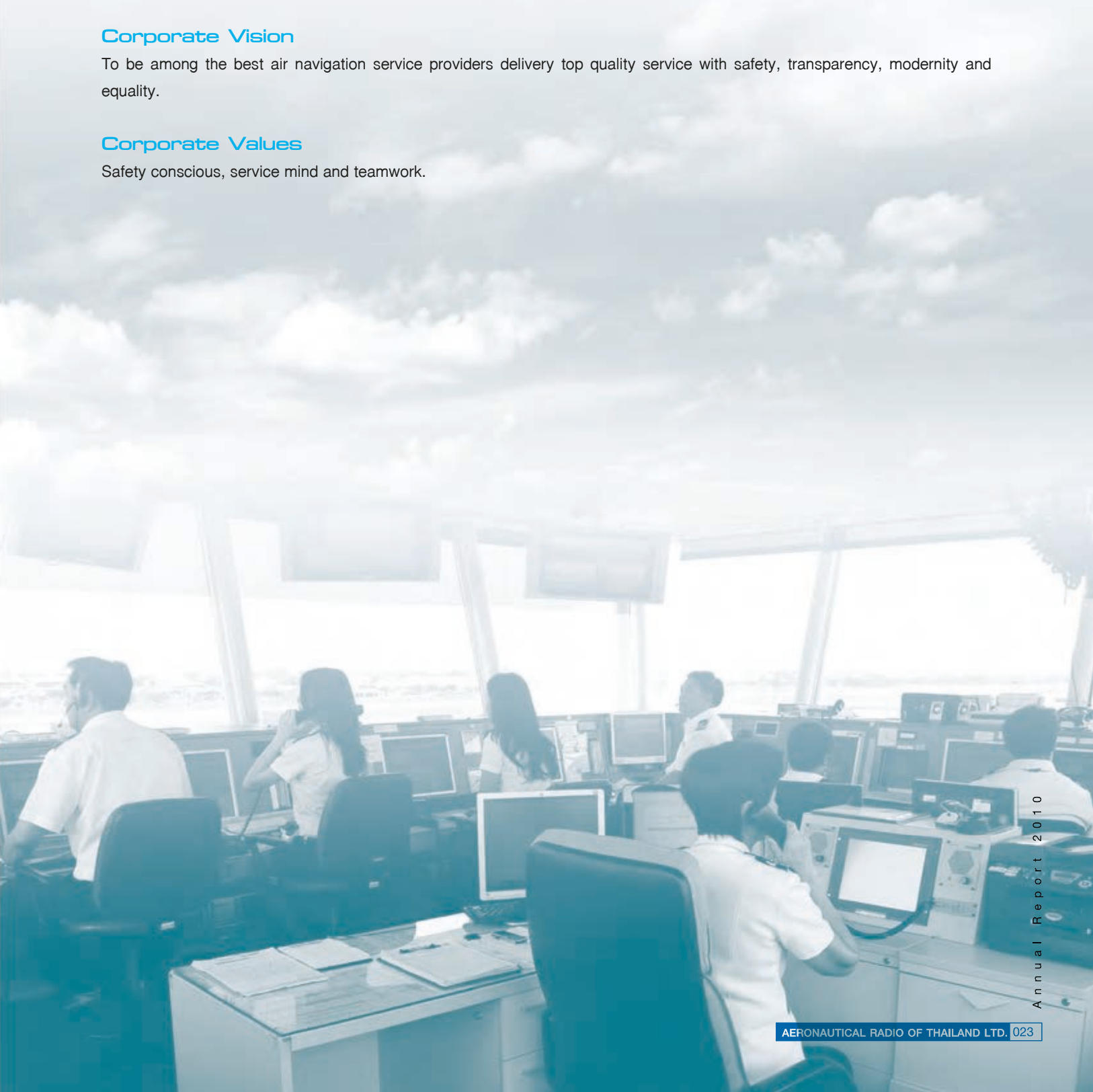
- To provide Air Navigation Services according to international standards while focusing on safety and stakeholders' maximum satisfaction
- To operate effectively and efficiently on a non-discriminatory basis.
- To strictly adhere to and abide by government policies and the International Civil Aviation Organization (ICAO) standards

Corporate Vision

To be among the best air navigation service providers delivery top quality service with safety, transparency, modernity and equality.

Corporate Values

Safety conscious, service mind and teamwork.



Company's Responsibilities

The Company provides and develops air navigation services (ANS) so that flying through Bangkok Flight Information Region (FIR) will be safe with maximum efficiency under the obligation between the International Civil Aviation Organization (ICAO) and the Royal Thai Government. This includes other related services. The Company follows the following management concepts:

1. To provide air navigation services efficiently in order to handle the growing air traffic needs and national and regional competitions.
2. To develop air navigation systems and using state-of-the-art technology to ensure safety.
3. To provide timely service to customers and to reinforce customers involvement.
4. To continuously reinforce the safety culture within the organization.
5. To cooperate with allies/partners to increase service capability and gain international recognition.
6. To nurture the self-improvement culture within the organization in order to compete in the global market as well as enhancing leadership in the international arena.
7. To stimulate research and development in the organization and put for concrete innovation
8. To manage the organization using total quality management system.
9. To manage the organization using Good Corporate Governance.
10. To give back to the community enhancing pleasant society.



OBJECTIVE POLICIES OF SHAREHOLDERS/GOVERNMENT

State Enterprise Policy

To be the machinery driving economic and social strategies of the country on the basis of effective operation in line with good corporate governance.

State Enterprise in Transportation Field Policy

To develop the infrastructure and transporting system with standards connecting networks and to provide service in order to support logistics system development that will increase the country's competitive capability. Furthermore, state enterprise shall revise the role, improve management and service, and promote private sectors' role.

Corporate Policies

1. To provide the infrastructure, networks, equipment and working systems with quality and sufficiency for customers' needs and also to increase the country's competitive capability.
2. To provide air navigation services with safety, rapidity, punctuality, meeting international standards and increasing customer satisfaction.
3. To develop the service with innovation and state-of-the-art technology to increase quality of service with suitable and competitive costs as well as to expand the role in the region.
4. To develop the work procedures by emphasizing quality and productivity.

Corporate Direction

To increase the efficiency of air navigation services by using state-of-the-art technology and optimize the use of airspace in order to minimize cost not only for airlines but also organization itself.



CORPORATE PLAN

The Company's Corporate Plan has been drafted to show the corporate's direction and operation objective. It is a 5-year rolling plan (2010-2014). The Corporate Plan is the reference for Initiative Projects and Sustainability Activities of the Company including reason (why), outcome, responsible units (who), time (when), required budget and action plans.

The Corporate Plan is to assist the management of the Board of Directors and management team. Moreover, the stakeholders can learn about the important issues and the corporate developing strategy under the changing environment that affects the corporate's operation.

Strategic Issue 1

Safety in Air Navigation Services Provision

To enhance safety in air navigation services provision according to international standards with minimum rate of accidents and incidents as well as emphasizing the continuous improvement of safety.

This strategy aims at continuous safety in provision of air navigation services by studying/analyzing and managing all related operational risks carefully and systematically.

Strategic Issue 2

Flight Efficiency

To reduce delays in all phases of flight.

This strategy aims at the flight efficiency to meet customers' requirements as well as to reduce pollution which affects the environment.

Strategic Issue 3

Organizational Excellence

To consider the application of Total Quality Management (TQM) in order to gain more than 650 points of Thailand Quality Award (TQA) within the fiscal year 2014.

This strategy aims at the achievement of the highest performance for all internal management relying on security as well as accurate and reliable data.

Strategic Issue 4

Cost Effectiveness

To carefully manage organization's budget and finance during fiscal years 2010-2014 without compromising safety in air navigation services.

This strategy aims at budgetary and financial management by carefully planning and taking changing environment into consideration.

Other Significant Performances

Apart from the highlight of activities as mentioned before, the Company has implemented the following projects:

1. Air navigation services.

1.1 Procurement and installation of Secondary Surveillance Radar (SSR Mode-S) as replacement of the existing systems at Chiang Mai and Hat Yai Air Traffic Control Centres and Don Mueang Airport including Mode Site Monitor at Suvarnabhumi, Chiang Mai, Surat Thani, Ubon Ratchathani, Hat Yai and Phuket Airports.



To obtain a surveillance system that enables aircraft tracking in all areas and ready to support new technology in the future at the same standard as well as being able to continuously provide effective services, the Company procured/installed the secondary surveillance radar system including maintenance equipment. In the fiscal year 2010, the Company has procured/installed and conducted flight inspections of the radar systems at Chiang Mai and Hat Yai Airports. Radar signals have been linked to the data processing system so that approach control and area control can use the same radar data. Procurement of the system for Don Mueang Airport is being implemented and is expected to be completed in the fiscal year 2012..

1.2 Procurement and installation of Doppler Very High Frequency Omnidirectional Range/Distance Measuring Equipment (DVOR/DME) as replacement of the existing systems at Phuket, Chiang Mai and Udon Thani Airports.

These navigational aids are used to facilitate safe landing for aircraft. The Company had procured and installed DVOR/DME to guide pilots of the direction and position of airports so that pilots can approach and land at the airports safely. In the fiscal year 2010, the equipment was installed and flight tested at Phuket and Chiang Mai Airports in November 2009 and contract for Udon Thani Airport was signed on 10 August 2010. It is expected that the project will be completed in the fiscal year 2011.

1.3 Procurement and installation of Voice Communication Control System (VCCS) as replacement of the existing system at Chiang Rai and Don Mueang Airports, and Voice Communication Control System (VCCS) and Voice Recording and Replay System as replacement of the existing system at Tung Mahamek headquarters.

To provide effective and continuous air traffic control services, the Company had replaced the Voice Communication Control System (VCCS) that reached the end of its lifespan. VCCS is the equipment used to control and link voice signals between controllers, pilots and relevant aviation organizations for coordination of air traffic control services or to report aviation news/information for the speed and safety of flights. The equipment was installed at Don Mueang Airport in November 2007 and Chiang Rai in June 2009, whilst



the VCCS and Voice Recording and Replay System were installed and deployed at the Operation Building, Tung Mahamek Head Office in February 2010.

1.4 Procurement and installation of radio communication equipment as replacement.

AEROTHAI established radio communication for communications between the pilots and air traffic controllers at various air traffic control centres and control towers to comply with safety requirements of the International Civil Aviation Organization (ICAO) regulations, covering all types of flights. This radio communication equipment replaced the existing ones at Tung Mahamek, regional air traffic control centres and control towers. The project is expected to be completed in 2011.

1.5 The establishment of the Control and Monitoring Centre of the systems/equipment for engineers to support the air traffic management.

To prevent any disruption of air traffic control equipment and support systems, the Control and Monitoring Centre has to be established to have all signals displaying on the monitor to show that every item of equipment is operating and warn engineers of any disruption as soon as possible. This is also used as support systems for the air traffic controllers to be able to plan any action to take when the equipment is not working completely. It can reduce the risk that will affect the efficiency of communications between air traffic controllers. The establishment of Control and Monitoring Centre at Tung Mahamek, Suvarnabhumi, Don Mueang and air traffic control centres throughout the country is the major engineering and operational tool to increase the efficiency of air traffic control services which are the Company's core function. In the fiscal year 2010 design



and procurement of equipment have been implemented and will be completed in 2013.

1.6 Procurement and installation of system/equipment for satellite communications as replacement of ISBN/PES, 2 hubs and 18 network stations.

ISBN/PES Communications network supports air traffic control services and ground-to-ground communications for coordination between air traffic controllers in the country and neighbouring countries as well as air-to-ground communications between pilots and air traffic controllers so that communications and messages can be received and sent clearly and continuously. This will establish a standby hub in case the main hubs fail to operate. In the fiscal year 2010 system designed has been completed. It is expected that the project will be completed in 2014.

1.7 Development and implementation of Safety Management System (SMS) for air traffic control services.

To maintain and develop safety continuously and systematically, the Safety Management System (SMS) had been developed for the air traffic control services since the fiscal year 2007. Thereafter in the fiscal years 2008-2009, the Company had promoted and raised awareness of the personnel involving in air traffic control services provision so that they would realize the importance of acting in compliance with the SMS guidelines. In the fiscal years 2010-2011, the SMS will be modified/integrated to completely comply with all specifications of the Government and cover the whole organization.



1.8 Air Traffic Controller (ATC) English Language Proficiency Project.

ICAO states that air traffic controllers shall demonstrate the ability to speak and understand the English language used for radiotelephony communications to the level specified in the language proficiency. The language proficiency requirements are applicable to the use of both phraseologies and plain language. To comply with ICAO standard regulation, AEROTHAI set up a project to train 744 controllers to meet this standard requirement for the fiscal year 2010 by taking the English tests with the Department of Civil Aviation. More details of this project will be mentioned under the heading human resource development.

1.9 Development of Bangkok Terminal Airspace (TMA) and Flight Procedures to accommodate the air traffic volume at Suvarnabhumi and Don Mueang Airports.

The new concept of navigation systems and the requirements for operational efficiency in terms of Performance Based Navigation are to increase the capacity of traffic in Bangkok TMA. AEROTHAI has developed more direct routes, improved track-keeping, optimized vertical profiles, reduced route spacing and reduced environmental impact. This project also promotes the development of the air transport network in Thailand to be a hub for civil aviation and centre of tourism in this region. Hence, it is necessary to develop Bangkok Terminal Airspace and all Flight Procedures. The development of TMA and Procedures will prepare Suvarnabhumi and Don Mueang Airports for the increase in

traffic volume and the policy of the use of both Airports. In the fiscal year 2010, draft procedures for arrival and departure flights for both Airports had been prepared and considered by Consultant before being actually implemented accordingly.



2. Total Quality Management

2.1 Total Quality Management Implementation Project.

The Company implemented the Total Quality Management throughout the organization since 2007, with the objective of enhancing the productivity and quality in service and management in aligned direction with stakeholders' maximum satisfaction and sustainability of the Company.

In the fiscal year 2010, the Company still emphasized 2 major parts which were the review of working system and working procedures as well as assessment of the Company in order to find strength-weakness and apply for strategic planning and quality plan for the Company.

2.2 Safety, Occupational Health and Working Environment Management.

The Company had seriously and continuously taken all measures to follow the laws and regulations regarding safety of employees at work until it had been awarded as Outstanding Safety, Occupational Health and Working Environment organization from the Ministry of Labour for 5 consecutive years (2006-2010). It had organized safety activities to raised employees' awareness as well as preparing emergency plans for various disasters such as flood, earthquake, tsunami. The Company also considered the health of the employees by providing annual health examination for the risk group staff.



3. Development of Organization in Information Technology

The Company has placed great importance on Information Technology to completely and suitably support the core business and related business. The goal is to increase quality of service and efficiency in the operation and to enhance competitiveness with the following details:

3.1 Information System for Safety Management System (SMS) in Air Navigation Services.

- Aeronautical Messages and Flight Plan Messages System.
- Aircraft Position Display System.
- Flight Data Strip System (FDSS).
- Remote Communication Device Commanding and Monitoring System.

3.2 Information System for Flight Efficiency:

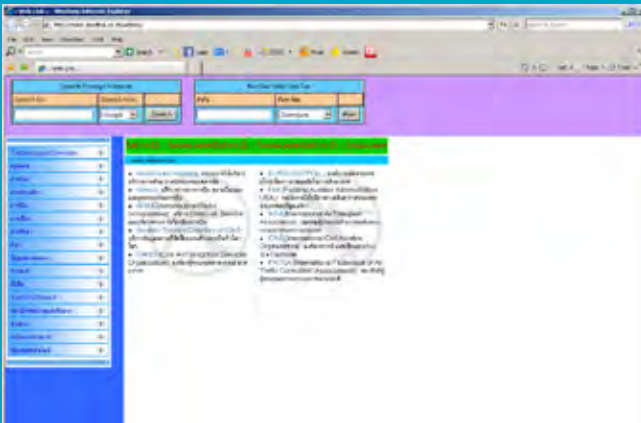
- The Bay of Bengal Cooperative Air Traffic Flow Management Advisory System (BOBCAT).
- Air Traffic Management System.

3.3 Information System for Leadership Excellence:

- Management Information System: MIS/Executive Information System (EIS).
- Human Resource Management System.
- Innovation Supporting System.
- Risk Management System.
- Information System for Financing and Budgeting Management: Accounting, Financing, Budgeting and Procurement Management System.

In the fiscal year 2010, the Company developed/improved the following supporting information technologies:

1. Database system for the Facilities Administration Bureau to link data relating to construction/electrical systems/buildings so that data will be complete and accurate and reduce any repetitive work of recording information.



2. Website (www.aerothai.co.th/innocsr) for publicizing innovation to the interested community and the general public with the aim to promote creative innovation which will benefit community around the Company so interested individuals can keep up with information, news, rules and conditions of the competition.

The Company complies with the IT security and safety policy (ISO/IEC 27001) to control risk factors so that the Company can provide services continuously. The implementation can be divided into 2 parts: the primary system supporting air traffic control and related services and the secondary system supporting the corporate's

internal management. In the fiscal year 2010 the Company announced the Communications and Information Technology Policy and the Regulations on the Use and Protection of Communications and Information Security, B.E. 2553 for all employees to follow. Training courses had been conducted to educate the employees so that they will understand the monitoring and auditing of IT in line with COBIT-IT Governance and Information Security Standard (ISO/IEC 27001: ISMS). Internal auditors, executives and personnel of audited units attended training courses to increase their knowledge and understanding of IT internal audit.

3.4 Information System for Safety Management System (SMS) in Air Navigation Services:

1. To develop Data Link Communication Service System for a replacement of Voice Communication Control System. It will enhance performance in communication of departure clearance by reducing a reviewing process of clearance data and errors in data interpretation between air traffic controllers and pilots.

2. To develop Electronic Log System for air traffic services. It is able to record and store a set of data in order to be easy to search and process data for evaluating performance of air traffic control service and equipment/ systems.



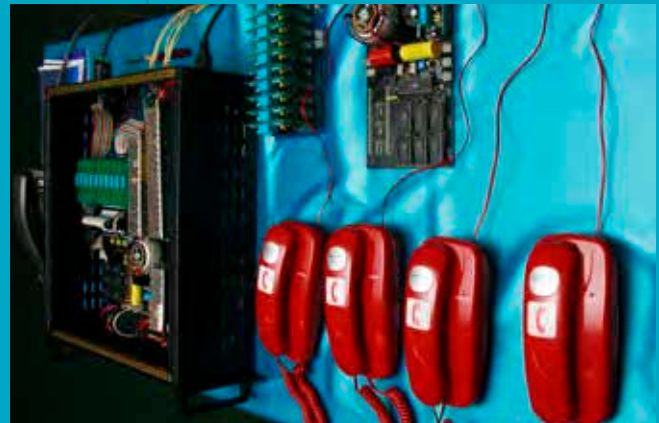
4. Innovation Promotion

AEROTHAI has consistently put the emphasis on the Research and Development (R&D) activities. The Company established a dedicated R&D and Innovation Promotion unit. The executive management actively involves in both the R&D and Innovation Promotion Committee and Sub-Committee as well as allocating annual budget for these initiatives. The Company also invited R&D experts who are widely recognized throughout the country as advisors to the R&D and Innovation Promotion Committee for the continuous development in AEROTHAI operations and the Thai aviation industry. AEROTHAI believes that these innovation promotion efforts will, in turn, provide sustainable development to the Company.

Promoting research and development as well as putting innovative projects into real usage are parts of AEROTHAI's mission. The 2009-2013 Corporate Plan indicates that the R&D and innovation promotion and implementation is one of

the strategies in leading the Company to achieve organization excellence. Additionally, the concept of innovation, which is included in AEROTHAI's corporate culture, can help the Company become well-recognized for its professionalism at international level.

In the fiscal year 2010, AEROTHAI had organization restructuring, which consequently integrated the R&D and innovation promotion into knowledge management. This restructuring serves the Company's policies that highly emphasize teamwork and collaboration across units. In an attempt to promote innovation, the Company organized a variety of activities such as creating channels for AEROTHAI staff to share opinions and creative ideas, arranging annual colloquium to raise better understanding and knowledge on innovation among staff, organizing knowledge-sharing



sessions to expand a network of AEROTHAI innovators, and setting up an annual R&D and innovation contest.

Also in 2010, the Company has focused on expanding innovation implementation to an individual level by promoting what is called 'process innovation.' This aims to encourage AEROTHAI employees to use knowledge in improving work process to increase work efficiency, according to the concept of building up organization excellence. AEROTHAI's innovation promotion efforts result in various types of innovation in the Company, which leads to value-added creation in both the Company's core business and commercial purposes, at organization-level, national-level and international-level.

SHAREHOLDERS

A list of A Shareholders (the Government), and B Shareholders (Member Airlines), together with the number of shares held in the fiscal year 2010 is given below:

A Shareholders		No. of Shares		
Ministry of Finance		5,770,000	42. Jin Air	823
Ministry of Transport		230,000	43. Jetstar Asia Airways Pte Ltd.	7,199
Total		6,000,000	44. Jetstar Airways Pty Ltd.	1,234
B Shareholders		No. of Shares	45. Kuwait Airways	2,468
1. Asiana Airlines		3,291	46. Korean Air	7,405
2. Aeroflot Russian Airlines		617	47. Kingfisher Airlines	3,908
3. Air France		2,880	48. KLM Royal Dutch Airlines	2,880
4. Air Hong Kong		2,468	49. K-Mile Air	3,085
5. Thai AirAsia Co., Ltd.		74,871	50. Air Koryo	206
6. Srilankan Airlines Ltd.		2,880	51. Kenya Airways Ltd.	2,880
7. Air Macau		1,440	52. Air Astana	617
8. All Nippon Airways		4,319	53. Lao Airlines	5,965
9. Austrian Airlines AG		1,440	54. Malaysian Airlines System Berhad	8,433
10. Indonesia Air Asia		1,440	55. Air Madagascar	823
11. Air Asia Sdn Bhd		12,958	56. Martinair Holland N.V.	823
12. British Airways		2,880	57. Egypt Air	2,263
13. Biman Bangladesh Airlines		823	58. Nippon Cargo Airlines Co., Ltd.	1,234
14. Air Berlin		1,646	59. Nok Airlines Co., Ltd.	35,584
15. Bangkok Airways Co., Ltd.		64,587	60. Orient Thai Airlines Co., Ltd.	11,724
16. China Airlines Ltd.		10,696	61. Oman Air	1,851
17. Air China		1,440	62. Philippine Airlines	2,880
18. Cebu Pacific Air		1,851	63. Pakistan Int'l Airlines	823
19. China Eastern Airlines		5,965	64. Qantas Airways	2,880
20. Cargolux Airlines Int'l S.A.		823	65. Qatar Airways	2,880
21. Cathay Pacific Airways		12,136	66. Royal Brunei Airlines Sdn Bhd	1,440
22. China Southern Airlines		3,497	67. ALIA - The Royal Jordanian Airlines	2,880
23. Delta Airlines		1,234	68. Nepal Airlines Corporation	617
24. Lufthansa German Airlines		3,291	69. Scandinavian Airlines System	1,234
25. Druk Air		1,234	70. Siberia Airlines	823
26. Etihad Airways		2,880	71. Siam General Aviation	11,724
27. Ethiopian Airlines		4,114	72. Singapore Airlines	5,759
28. EVA Airways Corp.		5,965	73. Silk Air (Singapore) Private Ltd.	6,788
29. Federal Express Corp.		1,234	74. Singapore Airlines Cargo Pte Ltd.	206
30. Finnair Oyj		1,440	75. Saudi Arabian Airlines	1,440
31. Gulf Air Company G.S.C.		1,440	76. Swiss Int'l Air Lines Ltd.	1,234
32. Garuda Indonesia		1,234	77. Tiger Airways	9,256
33. GMG Airlines		617	78. Thai Airways International Plc.	165,786
34. Hong Kong Dragon Airlines Ltd.		1,851	79. Turkish Airlines Inc.	1,440
35. Vietnam Airlines		4,319	80. Transaero Airlines	1,028
36. Indian Airlines Corp.		2,880	81. Emirates	8,639
37. Mahan Air		1,646	82. United Airlines	1,440
38. Jet Airways (India) Ltd.		5,759	83. Myanmar Airways International	1,646
39. Japan Airlines Int'l Co., Ltd.		1,028	84. United Parcel Service Co., Ltd.	1,028
40. Jalways Co., Ltd.		5,759	85. Uzbekistan Airways	411
41. Jeju Air		1,440	Total	600,000

Remark - Member Airlines had been allocated the shares on 1 August 2010





BOARD OF DIRECTORS

Nomination of Board of Directors

Article 39 of the Company's Articles of Association stipulates that the Company's Board of Directors consists of at least three Directors. Nomination of Directors shall be done by both A and B shareholders as follows:

(1) The Royal Thai Government is entitled to nominate Directors of the Company and the Government's nominees shall be appointed Directors. One of these Directors, as nominated by the Government, shall be the Chairman of the Board of Directors of the Company.

(2) The holders of B shares, are entitled to nominate two Directors and these nominees shall be appointed Directors.

At the first ordinary meeting after the registration of the Company and at the ordinary meeting in every subsequent year, one third of the Directors must retire from office. A retiring Director is eligible for re-election. An authorized party to appoint the Directors is the ordinary general meeting. If a vacancy occurs in the Board of Directors otherwise than by rotation it may be filled by the remaining Directors, but any person so appointed shall retain his office during such time only as the vacating Director was entitled to retain the same.

THE BOARD OF DIRECTORS IN THE FISCAL YEAR 2010

In the fiscal year 2010, the Board of Directors consisted of the following Directors:

Chairman

Mr. Chaisak Angkasuwan

(Appointed as of 9 November 2006)

Age: 61

Position:

Deputy Permanent Secretary of the Ministry of Transport

Education:

- Bachelor of Law, Thammasat University
- Master of Public and Private Management, National Institute of Development Administration
- National Defence College (Class of 44)

Training:

- Role of the Chairman Programme (RCP class of 13), Thai Institute of Directors
- Director Accreditation Programme (DAP class of 51), Thai Institute of Directors
- Director Certification Programme (DCP class of 130), Thai Institute of Directors
- Public Director Certification Programme (PDI class of 2), King Prajadhipok's Institute
- Top Executive Programme (Class of 10), Capital Market Academy (CMA)

Work Experiences:

- Years 2009-2010 Deputy Permanent Secretary of the Ministry of Transport
- Years 2004-2009 Director-General of the Department of Civil Aviation
- Years 2003-2004 Deputy Director-General (Economics), the Department of Civil Aviation
- Years 2002-2003 Deputy Director-General (Technical Affairs), the Department of Civil Aviation

Fields of Competence:

- Management and Business Administration, Law, Strategy and Development Planning, Aviation, Air Traffic Control, Transport and Communications.

Other Positions:

- Vice Chairman of the Board of the Transport Company Limited
- Director of the Board of Thai Airways International Public Company Limited
- Name listed in the Directors' Pool of State Owned Enterprise in Management, Business Administration and Law





Vice Chairman

Air Chief Marshal Raden Puengpak

(Appointed as the Director and Vice Chairman as of 18 March 2009 and 1 December 2009, respectively)

Age: 63

Position:

Retired Officer, Office of the Permanent Secretary,
Ministry of Defence

Education:

- Bachelor of Science, Royal Thai Air Force Academy
- Master of Business Administration, Kasetsart University
- National Defence College (Class of 39)

Training:

- Air War College (Class of 26)
- Director Certification Programme (DCP class of 107), Thai Institute of Directors
- Director Accreditation Programme (DAP class of 73), Thai Institute of Directors
- Audit Committee Programme (ACP class of 29), Thai Institute of Directors
- Public Director Certification Programme (PDI class of 4), King Prajadhipok's Institute

Work Experiences:

- Years 2005-2007 Deputy Permanent Secretary, Ministry of Finance
- Years 2002-2005 Assistant Commander-in-Chief, Royal Thai Air Force
- Years 2000-2001 Commander, Air Combat Command, Royal Thai Air Force

Fields of Competence:

- Management and Business Administration, Strategy and Development Planning, Aviation, Air Traffic Control, Engineering and Security.

Other Positions:

- Director of the Board of Airports of Thailand Public Company Limited
- Name listed in Directors' Pool of State Owned Enterprise in Management, Business Administration, Engineering and Security

Vice Chairman

General Kamon Saen-Issara

(Appointed as the Director and Vice Chairman as of 18 March 2009 and 23 March 2010, respectively)

Age: 61

Position:

Retired Officer

Education:

- Bachelor of Science, Chulachomklao Royal Military Academy
- Master of Public Administration, Sripatum University (EX-MPA 3)
- National Defence College (Class of 44)

Training:

- Infantry Officer Advanced Course, FT. Benning, GA, U.S.A.
- Command and General Staff College (Class of 61)
- Director Certification Programme (DCP class of 111), Thai Institute of Directors
- Role of Compensation Committee (RCC class of 29), Thai Institute of Directors
- Top Executive Programme (Class of 8), Capital Market Academy (CMA)
- Public Director Certification Programme (PDI class of 3), King Prajadhipok's Institute

Work Experiences:

- Years 2008-2009 Chairman of Advisory Board Royal Thai Armed Forces
- Years 2007-2008 Commander, National Defence Studies Institute
- Years 2005-2007 Superintendent, Chulachomklao Royal Military Academy

Fields of Competence:

- Management and Business Administration, Education, Strategy and Development Planning, Transportation and Communication, Security, Political Science, Education and Good Governance.

Other Positions:

- Senior Aide-de-Camp
- Judge of the Supreme Military Court
- Advisor, National Defence College Alumni Think Tank
- Advisor, National Defence College Association
- Advisor to the Committee on Energy of the Senate
- Name listed in Directors' Pool of State Owned Enterprise in Strategy, Development Planning (Planning), Security (National Security) and Social (Good Governance)



Director Mr. Vutichai Singhamany

(Appointed as of 22 March 2010)

Age: 60

Position:

Director-General of the Department of Civil Aviation,
Ministry of Transport

Education:

- Bachelor of Aerospace Engineering, FEATI University, Republic of Philippines

Training:

- Graduate Diploma in Public Laws and Management, King Prajadhipok's Institute (Class of 5)
- Middle Executive Officer Programme (Class of 2), Ministry of Transport
- Civil Service Executive Programme, the Office of the Civil Service Commission (OCSC)
- Chief Information Officer Programme (Class of 21), the Office of the Civil Service Commission and National Electronics and Computer Technology Center
- Director Certification Programme (DCP class of 112), Thai Institute of Directors

Work Experiences:

- Years 2007-2009 Deputy Director-General, the Department of Civil Aviation
- Years 2005-2007 Director, Flight Standards Bureau, the Department of Civil Aviation

Fields of Competence:

- Management and Business Administration, Strategy and Development Planning, Law, Aviation, Aviation Management and Air Traffic Control, Transportation and Communication, Engineering.

Other Positions:

- Executive Committee of the Civil Aviation Training Center
- Executive Committee (Representative) of the International Aviation College, Nakhon Phanom University

Director Mr. Somchai Sujjapongse

(Appointed as of 22 March 2010)

Age: 49

Position:

Director-General of the Thai Customs Department

Education:

- Bachelor of Economics, Chulalongkorn University
- Master of Economics, Ohio State University, U.S.A.
- Doctorate of Economics, Ohio State University, U.S.A.
- The Joint State-Private Sector Regular Course (Class of 20), National Defence College

Training:

- Top Executive Programme (Class of 2), Capital Market Academy (CMA)
- Director Certification Programme (DCP class of 75), Thai Institute of Directors
- Civil Service Executive Programme: Visionary and Moral Leadership (Class of 44), the Office of the Civil Service Commission (OCSC)

Work Experiences:

- Years 2008-2009 Director-General of the Fiscal Policy Office, Ministry of Finance
- Years 2007-2008 Fiscal Advisor of the Fiscal Policy Office, Ministry of Finance
- Years 2005-2007 Deputy Director-General of the Fiscal Policy Office, Ministry of Finance

Fields of Competence:

- Economics, Banking and Finance, Management and Business Administration and Strategy and Development Planning

Other Positions:

- Director of the Board of Metropolitan Electricity Authority
- Director of the Board of Airports of Thailand Public Company Limited
- Director of the Board of Bangkok Dusit Medical Services Public Company Limited
- Name listed in Directors' Pool of State Owned Enterprise in Economics, Banking, Finance, Management and Business Administration, and Strategy and Development Planning



Director Mr. Srisakdi Wongsongsarn

(Appointed as of 18 March 2009)

Age: 64

Position:

Board of Advisory, Royal Thai Army Radio and Television

Education:

- Bachelor of Electrical Engineering (Distinction), FEATI University, Republic of Philippines

Training:

- Director Certification Programme (DCP class of 121), Thai Institute of Directors
- Public Director Certification Programme (PDI class of 4), King Prajadhipok's Institute

Work Experiences:

- Years 2006-2007 Advisor to the Committee of the Parliament
- Years 2005-2006 1. Aeronautical Radio of Thailand Ltd.
 - Executive Vice President (Administration)
 - Director, the Office of Suvarnabhumi Airport Project Management
 - Chief Financial Officer
 2. Advisor to the Communications Committee of the Senate

Fields of Competence:

- Management and Business Administration, Strategy and Development Planning, Finance, Aviation, Air Traffic Control, Transport, Communication and Telecommunication, and Engineering.

Director Mr. Komkrit Vongsomboon

(Appointed as of 18 March 2009)

Age: 48

Position:

- Advisor to the Chairman of Communication Committee of the Parliament
- Independent Technical Officer

Education:

- Bachelor of Business Administration, St. John University
- Master of Arts in Social Development, Kasetsart University

Training:

- Financial Statements for Directors (FSD class of 5), Thai Institute of Directors
- Director Certification Programme (DCP class of 118), Thai Institute of Directors
- Audit Committee Programme (ACP class of 28), Thai Institute of Directors
- Role of Compensation Committee (RCC class of 29), Thai Institute of Directors
- Public Director Certification Programme (PDI class of 4), King Prajadhipok's Institute

Work Experiences:

- Year 2008 - Advisor to the Proactive Public Relations and Customer Relation Management at Suvarnabhumi Airport, Airport of Thailand Public Company Limited
- Advisor to the Active Public Relations and Customer Relation Management Workgroup at Suvarnabhumi Airport, Airport of Thailand Public Company Limited
- Subcommittee of the Communications Committee of the Parliament for Screening and Monitoring the Communications Committee's Operation
- Subcommittee to investigate and evaluate the performances approved by the Communications Committee of the Parliament
- Advisor to the Subcommittee of the Communications Committee of the Parliament to study the Department of Rural Roads' Operation.
- Advisor to the Subcommittee to Study and Develop Industry and Military Energy
- Years 2006-2007 - Director of the Corporate Governance Committee, Airport of Thailand Public Company Limited

Fields of Competence:

- Management and Business Administration, Strategy and Development Planning, Aviation, Air Traffic Control, Transport and Communication, and Social and Good Governance.



Director Mr. Pravech Rattanapian

(Appointed as of 22 March 2010)

Age: 52

Position:

Chairman of the Executive Committee,
Rattana Bundit University

Education:

- Bachelor of Commerce and Accountancy, Chulalongkorn University
- Master of Business Administration (Finance), Marymount College of Virginia, U.S.A.
- Doctorate in Education (Educational Administration), Kensington University, U.S.A.

Fields of Competence:

- Economics, Finance, Banking and Accounting, Management and Business Administration, Strategy and Development Planning and Education

Director Flying Officer Norahuch Ployyai

(Appointed as of 18 March 2009)

Age: 60

Position:

Executive Vice President Operations
Department, Thai Airways International
Public Company Limited

Education:

- Bachelor of Science, Royal Thai Air Force Academy
- National Defence College (Class of 46)

Training:

- Director Accreditation Programme (Thai Airways class), Thai Institute of Directors
- The Programme for Senior Executives on Justice Administration (Batch 13), Judicial Training Institute

Work Experiences:

- Years 2007-2008
Executive Vice President, Office of the President, Thai Airways International Public Company Limited
- Years 2004-2007
Executive Vice President Standards and Risk Management, Thai Airways International Public Company Limited
- Years 2002-2004
Vice President Special Activities, Thai Airways International Public Company Limited

Fields of Competence:

- Management and Business Administration, Strategy and Development Planning, Human Resource Management, Aviation, Aviation Management, and Air Traffic Control and Engineering

Other Position:

- Director of the Board of Bangkok Aviation Fuel Services Public Company Limited

Director Mr. Puttipong Prasarttong-Osoth

(Appointed as of 18 March 2009)

Age: 45

Position:

President, Bangkok Airways Company Limited

Education:

- Bachelor of Commerce and Accountancy, Chulalongkorn University

Training:

- SASIN Senior Executive Programme, SASIN Graduate Institute of Business Administration of Chulalongkorn University
- Certificate of Commercial Pilot License
- The Programme for Senior Executives on Justice Administration (Batch 13), Judicial Training Institute

Work Experiences:

- Years 2007-2008
Senior Vice President Operations, Bangkok Airways Company Limited
- Years 1997-2006
Vice President Operations, Bangkok Airways Company Limited

Fields of Competence:

- Management and Business Administration, Strategy and Development Planning, Accounting and Finance, Aviation, Aviation Management and Air Traffic Control

Other Positions:

- Director of the Board of Bangkok Air Catering Company Limited
- Director of the Board of WFS-PG Cargo Company Limited
- Director of the Board of Worldwide Flight Service Bangkok Air Ground Handling Company Limited
- Director of the Board of Bangkok Helicopter Services Company Limited
- Pilot of Airbus 319/320 fleet, Bangkok Airways Company Limited
- Advisor, Bangkok Christian College Association
- Senior Advisor, Nakorn Ratchasima's Municipality



President Air Chief Marshal Somchai Thean-anant

(Appointed as of November 2008)

Age: 59

Position:

President, Aeronautical Radio of Thailand Ltd.

Education:

- Bachelor of Electrical Engineering, Royal Thai Air Force Academy
- Master of Electrical Engineering (Aerospace Systems), Cranfield Institute of Technology, the United Kingdom
- National Defence College (Class of 46)

Training:

- Air War College (Class of 30)
- Top Executive Programme (Class of 5), Capital Market Academy (CMA)
- Director Accreditation Programme: DAP (DAP class 47), Thai Institute of Directors

Work Experiences:

- Years 2007-2008 Executive Expert (a position for an officer of the rank of Air Chief Marshal)
- Years 2006-2007 Chief of Staff Attached to the Commander-in-Chief, Royal Thai Air Force
- Years 2005-2006 The Commander of the Science and Weapon System Development Centre, Royal Thai Air Force

Fields of Competence:

- Strategy and Development Planning, Aviation, Air Traffic Control and, Transport and Communication

Other Position:

- Judge of the Military Court
- Vice Chairman of Rugby Association under the King's Patronage
- Vice Chairman of Volleyball Association
- Name listed in the Directors' Pool of State Owned Enterprise in Strategy, Development Planning, Transport, and Telecommunication and Information Technology

DIRECTORS RESIGNING DURING THE FISCAL YEAR 2010

Director

Mr. Pongchai Amtanon

(From 18 March 2009-28 February 2010)

Age: 46

Position:

Managing Director, Forth Corporation Public Company Limited

Education:

- Bachelor of Engineering (2nd honours), King Mongkut's Institute of Technology Ladkrabang

Training:

- Director Accreditation Programme (DAP class of 30), Thai Institute of Directors

Work Experiences:

- Years 2005-at present Managing Director, Forth Tracking System Public Company Limited
- Years 2004-at present Managing Director, Genius Electronic Meter Company Limited
- Years 2002-at present Managing Director, Genius Traffic System Company Limited

Fields of Competence:

- Management and Business Administration, and Transport and Communication

Other Positions:

- Director of the Board of MCOT Public Company Limited
- Name listed in the Directors' Pool of State Owned Enterprise in Industry, Science and Technology, Transport and Communication and Management and Business Administration

ROLES AND RESPONSIBILITY OF BOARD OF DIRECTORS

The Board of Directors has a vital role in conducting, monitoring, making decision, and determining the policies and strategic plan to achieve the objective and the highest benefits of the Company. Moreover, the Board of Directors appoints the knowledgeable and experienced directors to Sub-committees as follows:

1. The Executive Committee
2. The Audit Committee
3. The Risk Management Committee
4. The Funds Seeking Committee
5. The Corporate Plan Committee
6. The Remuneration Committee

The five Independent Directors were also announced.

The Board meetings are scheduled in advance throughout the year to oversee and monitor the Company's operation regularly. The meeting is conducted every month and any extra meeting will be called for if necessary. The number of meetings is shown in this Annual Report. The meeting invitation letter and agenda in the form of documents and CD-ROM are sent to the Board of Directors 6-7 days prior to the meeting.

The minutes of the meetings were recorded in writing and kept available for Directors and relevant persons to inspect. In addition, the minutes of the Executive Committee's Meetings and Board of Directors' Meetings were distributed to A Shareholders (the Ministry of Finance and the Ministry of Transport) and B Shareholders (Member Airlines) for acknowledgement as well as were available on website for shareholders.

The Evaluation of Board of Directors

The Board of Directors set their evaluation, which is a part of the Good Corporate Governance practices, as a guideline for performing their duties as well as assisting the Board of Directors in better performing their duties. The evaluation was conducted every six months and based on two categories; Self Assessment and Board Evaluation.

Category of evaluation	First Evaluation		Second Evaluation	
	(October 2009 – March 2010)		(April – September 2010)	
	Point	Level	Point	Level
Self Assessment	96.7/100	Excellent	108.2/112	Excellent
Board Evaluation	115.4/120	Excellent	115.9/120	Excellent

The Self Assessment, according to the best practices, consists of six topics: core competency, independence, preparedness, practices as a director, committed activities and development of organization. The Self Assessment's result was shown excellent.

The Board Evaluation consists of four topics: Board of Directors and their meetings, communications, work procedures and the relationship with executive management. The Board Evaluation's result was shown excellent.

The Board of Directors' knowledge and skill development

The Company gives special emphasis on the Board of Directors' competency development, which contributes to the Company highest efficiency and productivity in accordance with the Good Corporate Governance. In the fiscal year 2010, the Board of Directors participated in training and seminars arranged by the State Enterprise Policy Office, King's Prajadhipok's Institute, Capital Market Academy and Thai Institute of Directors and joined the activities regarding to their assignment and responsibilities as well as having a site visit at the Air Traffic Control Centre for better understanding in the Company's functions.

In the fiscal year 2010, the Board of Directors had the facility visit at DFS Deutsche Flugsicherung GmbH in Germany, the main air traffic control services provider, and the modern training centre of National Air Traffic Services (NATS), as well as the Farnborough International Airshow 2010 in the United Kingdom in order to enhance their knowledge and experiences in Air Traffic Management. This visit was beneficial to the Company development in air traffic control services and work process. In addition, the visit at NATS training centre stimulated the mutual collaboration between the Company and NATS in training, air traffic control development, engineering and new technology implementation in the future.

Apart from that, the Board of Directors had a trip to visit senior management of Civil Aviation Authority of Mongolia (MCAA), Mongolia, to strengthen the mutually beneficial relationship between two organizations as the Company had been entrusted by MCAA to work with MCAA continuously in many projects of air navigation equipment/system and the provision of air traffic control training courses.

The Orientation for the new Directors

The Company set the orientation for the new Directors with a provision of essential and responsibility-related information in the form of documents, presentation and facility visit. The documents proposed to the new Directors were as follows:

1. The Board of Directors and Sub-Committee appointment letter
2. The Company's information consisting of the booklet of the Company's memorandum of association, general information (Company background and status, shareholders, policies, vision, values, responsibilities in air navigation services and related services), organization chart, personnel, air transport situation and the Company's performance, Corporate Plan, significant projects, relevant national and overseas organizations and the Company's Annual Report.
3. Board of Directors' handbook consisting of the names of the Board of Directors and its composition, their authorization and duties, terms, Board meeting and its allowances, Sub-Committee and their authorization and duties, information of independent directors, the evaluation, the application to be airline members, agreement between the Ministry of Transport and the Company, the asset account submission under the Organic Act on Anti Corruption B.E. 2542 and relevant laws, regulations and the Act including a booklet of information system application for the Board of Directors.

Connected Transactions of the Board of Directors with the Company

In the fiscal year 2010, the Company was reported that the Board of Directors had no connected transactions. In addition, they did not hold any shares or held not more than 10 per cent of all voting shares of the Company.

Authorized Directors

In the fiscal year 2010, two out of the following five Authorized Directors could co-sign and affix the Company seal to bind the Company:

- | | |
|------------------------------|-------------------|
| 1. Mr. Chaisak | Angkasuwan |
| 2. Mr. Somchai | Sujjapongse |
| 3. Flying Officer Norahuch | Ployyai |
| 4. Mr. Puttipong | Prasarttong-Osoth |
| 5. Air Chief Marshal Somchai | Thean-anant |

THE SECRETARY TO THE BOARD OF DIRECTORS



1

2

3

1. Squadron Leader Prajak Sajjasophon
Secretary
Executive Vice President
2. Mr. Chatree Kimanunta
Assistant Secretary
Vice President (Administration)
3. Mrs. Thaniya Suntharasantic
Assistant Secretary
Senior Director, Finance and Accounting Bureau

The Board of Directors' Attendance

In the fiscal year 2010, the Board of Directors held twelve meetings with attendance details as follows:

Name		Number of Attendances
Mr. Chaisak	Angkasuwan *	12/12
Air Chief Marshal Raden	Puengpak ***	12/12
General Kamon	Saen-Issara ***	12/12
Mr. Vutichai	Singhamany ****	7/7
Mr. Somchai	Sujjapongse ****	5/7
Mr. Srisakdi	Wongsongsarn ***	12/12
Mr. Komkrit	Vongsomboon ***	12/12
Mr. Pravech	Rattanapian ****	5/7
Flying Officer Norahuch	Ployyai ***	11/12
Mr. Puttipong	Prasarttong-Osoth ***	11/12
Air Chief Marshal Somchai	Thean-anant **	12/12
Mr. Pongchai	Amtanon (Resigned on 1 March 2010)	5/5

(The absent attendants were due to overseas engagement.)

Remarks:

- * Appointed as of 9 November 2006
- ** Appointed as of 24 November 2008
- *** Appointed as of 18 March 2009
- **** Appointed as of 22 March 2010

The Executive Committee

The Executive Committee consists of not less than three members and not more than five members. In the fiscal year 2010, the Executive Committee consisted of:

1. Mr. Chaisak	Angkasuwan	Chairman
2. Mr. Somchai	Sujjapongse	Member
3. Flying Officer Norahuch	Ployyai	Member
4. Mr. Puttipong	Prasartong-Osoth	Member
5. Air Chief Marshal Somchai	Thean-anant	Member
6. Squadron Leader Prajak	Sajjasophon	Secretary
7. Mr. Chatree	Kimanunta	Assistant Secretary
8. Mrs. Thaniya	Suntharasantic	Assistant Secretary

Responsibilities

The Executive Committee is appointed according to Article 42 fourth paragraph of the Company's Articles of Association which stipulates that "In order to facilitate and expedite the conduct of the Company and to supervise the management of the Company more closely the Board of Directors shall set up an Executive Committee of not less than three nor more than five persons".

The Executive Committee's Attendance

In the fiscal year 2010, the Executive Committee held eleven meetings with attendance details as follows:

Name	Number of Attendances	
Mr. Chaisak	Angkasuwan	11/11
Mr. Somchai	Sujjapongse *	4/6
Flying Officer Norahuch	Ployyai	10/11
Mr. Puttipong	Prasartong-Osoth	9/11
Air Chief Marshal Somchai	Thean-anant	11/11

(The absent attendants were due to overseas engagement.)

Remarks: * Appointed on 22 March 2010

The Audit Committee

In the fiscal year 2010, the Audit Committee consisted of:

1. Air Chief Marshal Raden	Puengpak	Chairman
2. Mr. Komkrit	Vongsomboon	Member
3. Mr. Pravech	Rattapanian	Member
4. Vice President (Internal Audit)		Secretary

Responsibilities

- Report on validity of financial statements and management reports
- Report on the efficiency, effectiveness and cost control schemes of the Company's operations.
- Report on conflicts of interest and related matters.
- Report on compliance with rules, regulations, Cabinet Resolutions and policies set by the State Enterprises Board of Directors.

The Audit Committee's Attendance

In the fiscal year 2010, the Audit Committee held eleven meetings with attendance details as follows:

Name	Number of Attendances	
Air Chief Marshal Raden	Puengpak	11/11
Mr. Komkrit	Vongsomboon	11/11
Mr. Pongchai Amtanon (Resigned on 1 March 2010)		5/6
Mr. Pravech Rattapanian (Appointed on 22 March 2010)		4/5

The Risk Management Committee

In the fiscal year 2010, the Risk Management Committee consisted of:

1. General Kamon	Saen-Issara	Chairman
2. Mr. Vutichai	Singhamanee	Member
3. Mr. Srisak	Wongsongsarn	Member
4. Flying Officer Norahuch	Ployyai	Member
5. Air Chief Marshal Somchai	Thean-anant	Member
6. Vice President (Safety and Standards)		Secretary
7. Senior Director, Safety and Standards Bureau		Assistant Secretary

Responsibilities

The Risk Management Committee considers all aspects or situations that might pose risk to or otherwise affect the Company. The Committee has to evaluate such situations and determine policy to eliminate and/or reduce the risk. The Management then has to follow such policy.

The Risk Management Committee's Attendance

In the fiscal year 2010, the Risk Management Committee held nine meetings with attendance details as follows:

Name	Number of Attendances
General Kamon	Saen-Issara 9/9
Mr. Vutichai Singhamanee (Resigned on 30 September 2010)	3/9
Mr. Srisakdi	Wongsongsarn 9/9
Flying Officer Norahuch Ployyai (Appointed on 30 September 2010)	5/9
Air Chief Marshal Somchai	Thean-anant* 7/9

* (The absent attendants were due to overseas engagement.)

The Funds Seeking Committee

In the fiscal year 2010, the Funds Seeking Committee consisted of:

1. Mr. Somchai	Sujjapongse	Chairman
2. Mr. Puttipong	Prasarttong-Osoth	Member
3. Air Chief Marshal Somchai	Thean-anant	Member
4. Dr. Abhijai	Chandrasen	Legal Adviser
5. Chief Financial Officer (CFO)		Secretary
6. Senior Director (Finance and Accounting Bureau)		Assistant Secretary

Responsibilities

The Funds Seeking Committee is responsible for seeking funds to cover the Company's expenditure in operating, investing and refinancing fields as well as on other necessary matters. The Committee considers proposed procedures, interest rates and terms and conditions from each financial/funding sector so that the Company receives funds under the most suitable conditions.

The Corporate Plan Committee

In the fiscal year 2010, the Corporate Plan Committee consisted of:

- | | | |
|--|-------------|---------------------|
| 1. Mr. Chaisak | Angkasuwan | Chairman |
| 2. Air Chief Marshal Raden | Puengpak | Member |
| 3. General Kamon | Saen-Issara | Member |
| 4. Mr. Vutichai | Singhamany | Member |
| 5. Mr. Srisakdi | Wongsongsam | Member |
| 6. Mr. Pravech | Rattanapian | Member |
| 7. Air Chief Marshal Somchai Thean-anant | | Member |
| 8. Vice President (Corporate Strategy and Communication) | | Secretary |
| 9. Senior Director, Strategy and Organizational Development Bureau | | Assistant Secretary |

Responsibilities

The Corporate Plan Committee is responsible for scrutinizing, providing recommendations and reviewing the draft Corporate Plan prior to submission to the Board of Directors for approval.

The Remuneration Committee

In the fiscal year 2010, the Remuneration Committee consisted of:

- | | | |
|--|-------------|---------------------|
| 1. General Kamon | Sean-Issara | Chairman |
| 2. Flying Officer Norahuch | Ployyai | Member |
| 3. Mr. Komkrit | Vongsomboon | Member |
| 4. Vice President (Human Resource) | | Secretary |
| 5. Senior Director, Human Resource and Quality of Work Life Bureau | | Assistant Secretary |

Responsibilities

1. To establish the benefits and remuneration rate of the President.
2. To consider the evaluation standards of the President's performance.
3. To consider the President's employment contract.
4. To set up a proper rate for management remuneration.
5. To consider the relevant matters.

The Remuneration Committee's Attendance

In the fiscal year 2010, the Remuneration Committee held eight meetings with attendance details as follows:

Name		Number of Attendances
General Kamon	Sean-Issara	8/8
Flying Officer Norahuch	Ployyai (Appointed on 30 September 2010)	4/8
Mr. Komkrit	Vongsomboon	8/8

Independent Directors

In the fiscal year 2010 the Independent Directors consisted of:

1. Air Chief Marshal Raden Puengpak
2. General Kamon Saen-Issara
3. Mr. Srisakdi Wongsongsarn
4. Mr. Komkrit Vongsomboon
5. Mr. Pravech Rattanapian

The Independent Directors have performed their duty in line with the principle of "Independence" during their term of management. This independence means "making suggestions or reporting with consideration of their duties and responsibilities independently and justly without direct or indirect benefits or advantages in that case and without considering any benefits relating to properties or positions. In addition, the Independent Directors are not under any influence from people, groups or situations that would result in the Company and shareholders incurring damage or loss of appropriate benefits due to act or omission of act."

The Independent Directors certify their independence upon being appointed and on a yearly basis. In the fiscal year 2010 the Independent Directors held four meetings.

RATES OF REMUNERATION FOR THE BOARD OF DIRECTORS

The Company is a state enterprise abiding by Cabinet resolutions. Therefore, the Company had to abide by the rules of the Ministry of Finance for the remuneration for the Board of Directors which was the meeting allowance as published in the Annual Report.

Remuneration Rate for the Board of Directors and Committees divided into groups in the fiscal year 2010

No.	Committee	Number of Meetings	Total Remuneration (Baht)
1.	The Board of Directors	12	1,057,900.00
2.	The Executive Committee	11	426,500.00
3.	The Audit Committee	11	352,000.00
4.	The Risk Management Committee	9	250,000.00
5.	The Funds Seeking Committee	1	18,000.00
6.	The Corporate Plan Committee	3	76,000.00
7.	The Remuneration Committee	8	176,000.00
Total		55	2,356,400.00

Remuneration Rate for the Board of Directors and Committees Divided Individually
in the fiscal year 2010

No.	The Board of Directors		Total Remuneration (Baht)
1.	Mr. Chaisak	Angkasuwan	230,000.00
2.	Air Chief Marshal Raden	Puengpak	242,000.00
3.	General Kamon	Saen-issara	232,000.00
4.	Mr. Somchai	Sujjapongse	74,000.00
5.	Mr. Vutichai	Singhamany	80,000.00
6.	Mr. Pravech	Rattanaipian	96,000.00
7.	Mr. Srisakdi	Wongsongsarn	168,000.00
8.	Mr. Komkrit	Vongsomboon	256,000.00
9.	Flying Officer Norahuch	Ployyai	184,000.00
10.	Mr. Puttipong	Prasarttong-Osoth	168,000.00
11.	Air Chief Marshal Somchai	Thean-anant	96,000.00
12.	Mr. Pongchai	Amtanon	88,000.00
	Total		1,914,000.00

The Technical Advisory Committee (TAC)

In the fiscal year 2010, the Technical Advisory Committee consisted of:

- | | |
|--|----------|
| 1. Mr. Brian Sinclair-Thompson
Chairman of the Board of Airline Representative (BAR)
Regional Manager Asia/Pacific Group Services,
Swiss International Air Lines Ltd. | Chairman |
| 2. Capt. Wiroj Jutagasut
Vice President Flight Operations,
Thai Airways Public Company Limited | Member |
| 3. Mr. Owen Bernard Dell
Manager International Operations,
International Affairs Department,
Cathay Pacific Airways Limited | Member |
| 4. Capt. Stuart George Graham Julian
Executive Vice President Asia Pacific, IFALPA | Member |
| 5. Capt. Doug Scott
Manager Upper Airspace Services, Airservices Australia | Member |
| 6. Mr. Kevin Leslie Harvey
AD Mandate Expert-EXTM, EUROCONTROL | Member |
| 7. Air Chief Marshal Somchai Thean-anant
President, Aeronautical Radio of Thailand Ltd. | Member |

Duty and Responsibilities

The duty and responsibilities of the Technical Advisory Committee (TAC) is to advise the AEROTHAI Board of Directors on technical matters regarding planning and development of Air Navigation Services (ANS) of AEROTHAI. The TAC shall focus on improving AEROTHAI's operational performance while complying with the international standards and recommended practices. These technical matters shall include the following topics:

- Trends in aviation industry and air transportation economics
- Safety management
- Air Traffic Management/Communications, Navigation, and Surveillance (ATM/CNS)
- ANS related information technology
- Aviation related business development.

The term of this Technical Advisory Committee will end on 25 August 2012.

The Labour Relations Committee



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In the fiscal year 2010, the Labour Relations Committee consisted of:

1. Air Chief Marshal Somchai	Thean-anant	Chairman	11. Flight Sergeant 1 Thanoo	Ratanasupaphant	Member
2. Mr. Siri	Pichiensoon	Member	12. Mr. Wanchai	Chaipanset	Member
3. Group Captain Chokechai	Spanon	Member	13. Mr. Sukit	Klinhom	Member
4. Mr. Anucha	Tavornchotsakul	Member	14. Mr. Weerayut	Weeragarn	Member
5. Mr. Teekayu	Muratha	Member	15. Mr. Matee	Khamhaeng	Member
6. Mrs. Thaniya	Suntharasantic	Member	16. Mr. Sapol	Singhadara	Member
7. Mr. Sukluer	Chiawarcheep	Member	17. Mr. Sumek	Charoensilapa	Member
8. Mrs. Monchuka	Thananart	Member	18. Mr. Chairote	Roumruck	Member
9. Miss Duangta	Samitsuwan	Member	19. Mr. Rak	Lapanun	Member
10. Mr. Parinya	Thienthong	Member			



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Remark: Nos. 4, 6, 7 and 9 appointed as of 1 May 2010 to replace the members who vacated the office.

Responsibilities

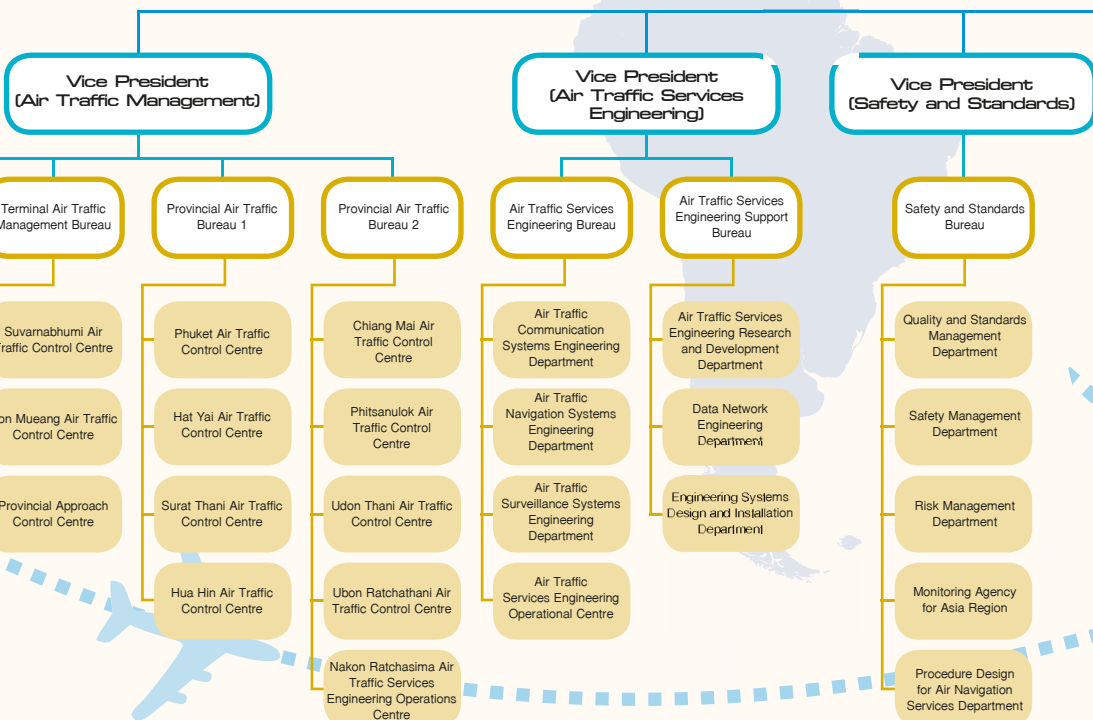
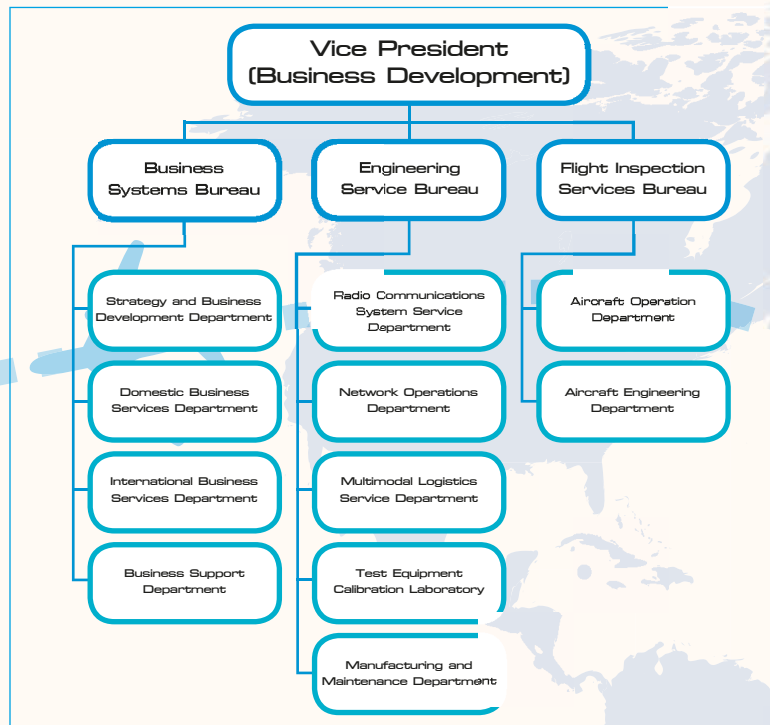
1. To give advice on efficiency improvements in the operations of the organization.
2. To negotiate and resolve disputes in the organization.
3. To improve working rules and regulations
4. To find appropriate solutions for employee or Labour Union problems and grievances concerning disciplinary measures.
5. To discuss the improvement of employment terms and conditions

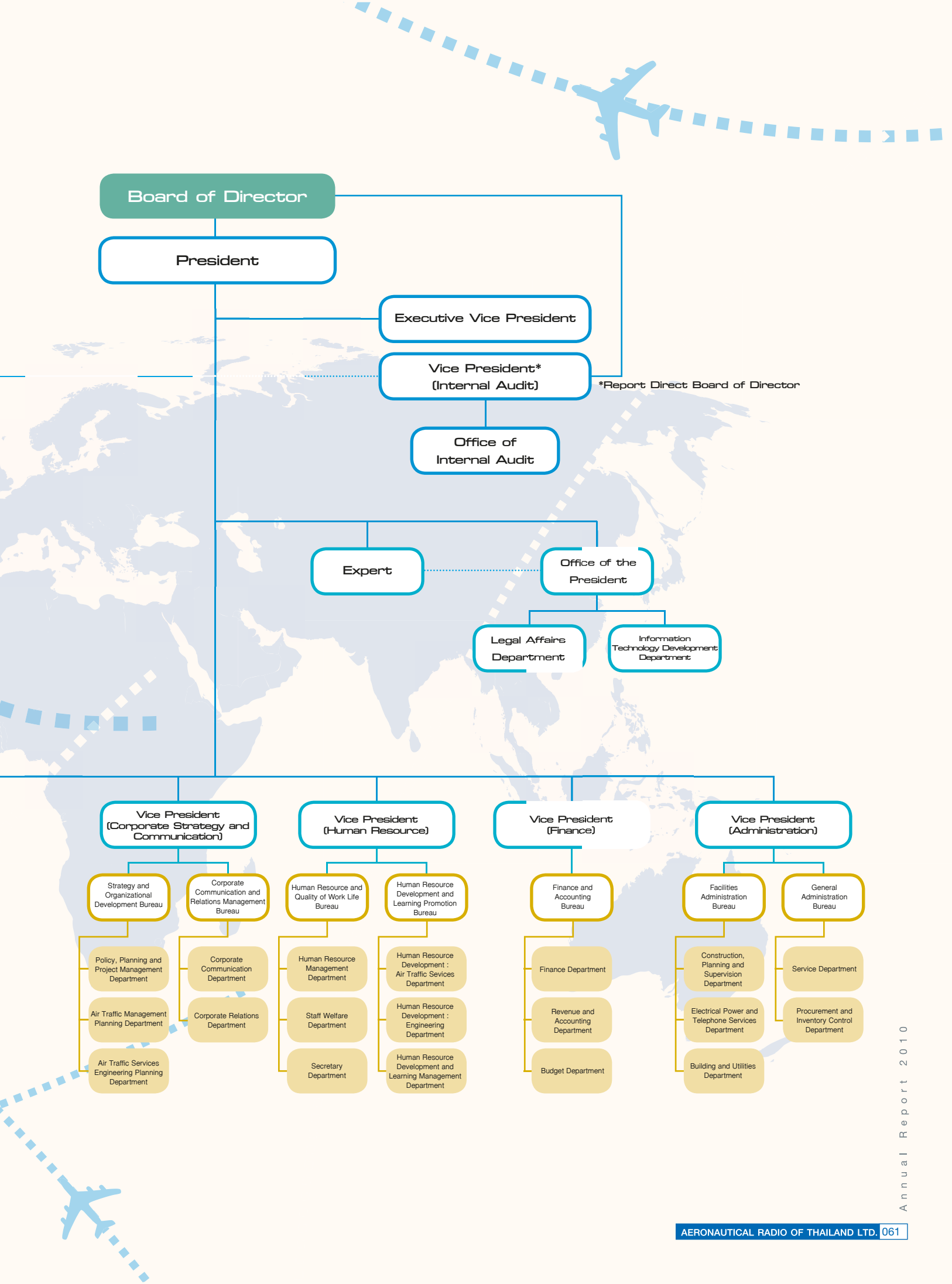




ORGANIZATION CHART

Business Unit





COMPANY'S MANAGEMENT

(As of 30 September 2010)



Air Chief Marshal Somchai Thean-anant
President



Mr. Raungsakdi Kalayanajati
Executive Vice President



Mr. Siri Pichiensopon
Executive Vice President



Squadron Leader Prajak
Sajjasophon
Executive Vice President



Mrs. Sarinee
Sangprasit
Expert,
Executive
Vice President
Level



Mr. Damri Muangsri
Vice President
(Internal Audit)



Mr. Prakrit Suwannabhokin
Vice President
(Air Traffic Management)



Mr. Somnuk Rongthong
Vice President
(Air Traffic Services Engineering)



Mr. Anucha Kammong
Vice President
(Safety and Standards)



Mr. Aphinun Vannangkura
Vice President
(Corporate Strategy and
Communication)



Group Captain Chokechai Spanon
Vice President
(Human Resource)

COMPANY'S MANAGEMENT

(As of 30 September 2010)



Mrs. Onurai Komain
Vice President
(Finance)



Mr. Chatree Kimanunta
Vice President
(Administration)



Mr. Channarong Chuacharoen
Vice President
(Business Development)



Squadron Leader Ekaburuse
Rawdhetubhai
Expert, Vice President Level



Mr. Reuchai Na Songkhla
Expert, Vice President Level



Miss Waraporn Songcharoen
Senior Director,
Office of the President



Mr. Tinnagorn Choowong
Senior Director, Enroute Air
Traffic Management Bureau



Mr. Anucha Tavornchotsakul
Senior Director, Terminal Air Traffic
Management Bureau



Captain Suebboon Nannar
Senior Director, Provincial
Air Traffic Management
Bureau 1



Mr. Chaiwat Nilrumbhai
Senior Director,
Provincial Air Traffic
Management Bureau 2



Mr. Teekayu Muratha
Senior Director,
Air Traffic Services
Engineering Bureau



Mr. Nuttawat Supanundha
Senior Director, Air Traffic
Services Engineering
Support Bureau

COMPANY'S MANAGEMENT

(As of 30 September 2010)



Mr. Wudhichai Songkhunridhikarn
Senior Director, Safety and Standards Bureau



Mr. Suttipong Kongpool
Senior Director, Strategy and Organizational Development Bureau



Miss Tipaporn Nippakakorn
Senior Director, Corporate Communication and Relations Management Bureau



Mrs. Monchuka Thananart
Senior Director, Human Resource and Quality of Work Life Bureau



Mr. Chattri Sasipayungsak
Senior Director, Human Resource Development and Learning Promotion Bureau



Mrs. Thaniya Suntharasantic
Senior Director, Finance and Accounting Bureau



Mr. Sukluer Chiawarcheep
Senior Director, Facilities Administration Bureau



Miss Duangta
Samitsuwan
Senior Director,
General Administration
Bureau



Mr. Wichit Theerapong
Senior Director,
Business Systems
Bureau



Mr. Chana Tadtasai
Senior Director,
Engineering Services
Bureau



Wing Commander
Thawatchai Kertsawat
Senior Director, Flight
Inspection Services Bureau



Mr. Anon Tantrakul
Expert, Senior Director
Level



Mrs. Orasa Thanasuan
Expert, Senior Director
Level



Mrs. Chidkamol Soonthornsit
Expert, Senior Director
Level

COMPANY'S MANAGEMENT

(As of 30 September 2010)



Mr. Jak Chinorak
Expert, Senior Director
Level



Mr. Preecha Tubbiyam
Expert, Senior Director
Level



Mr. Chalor
Niyom-Smarn
Expert, Senior Director
Level



Squadron Leader
Chalernmpol
Promkingkaew
Expert, Senior Director
Level



Mr. Termsak Sangchoat
Expert, Senior Director
Level



Miss Sumontha
Cherdchuen
Expert, Senior Director
Level



Mrs. Taratip Montonpalin
Expert, Senior Director
Level



COMPANY'S SERVICES

1. AIR NAVIGATION SERVICES

The Company provides Air Navigation Services (ANS) which include Air Traffic Services (ATS) and Aeronautical Telecommunications Service (COM).

1.1 Air Traffic Services (ATS) are divided into

1. Aerodrome Control Services are provided for aircraft at airports covering 5-10 nautical miles radius from airports at the altitudes up to 2,000 feet as well as aircraft on runway and taxiway.
2. Approach Control Services are provided for aircraft taking off-landing and overflying airports and can be divided into:
 - Approach/Aerodrome Control Services at Suvarnabhumi/Don Mueang Airports for aircraft flying in the Bangkok Terminal Control Area (BKK TMA) and Bangkok Control Zone (BKK CTR) with 50 nautical miles radius from airports at the altitudes from sea level up 16,000 feet.
 - Approach/Aerodrome Control Services at provincial airports for aircraft flying in the airports' responsible areas with 30 nautical miles radius from airports at the altitudes from sea level up 11,000 feet.
3. Area Control Services are provided for all types of aircraft flying en-route in the Bangkok Flight Information Region (BKK FIR).

Traffic Volume

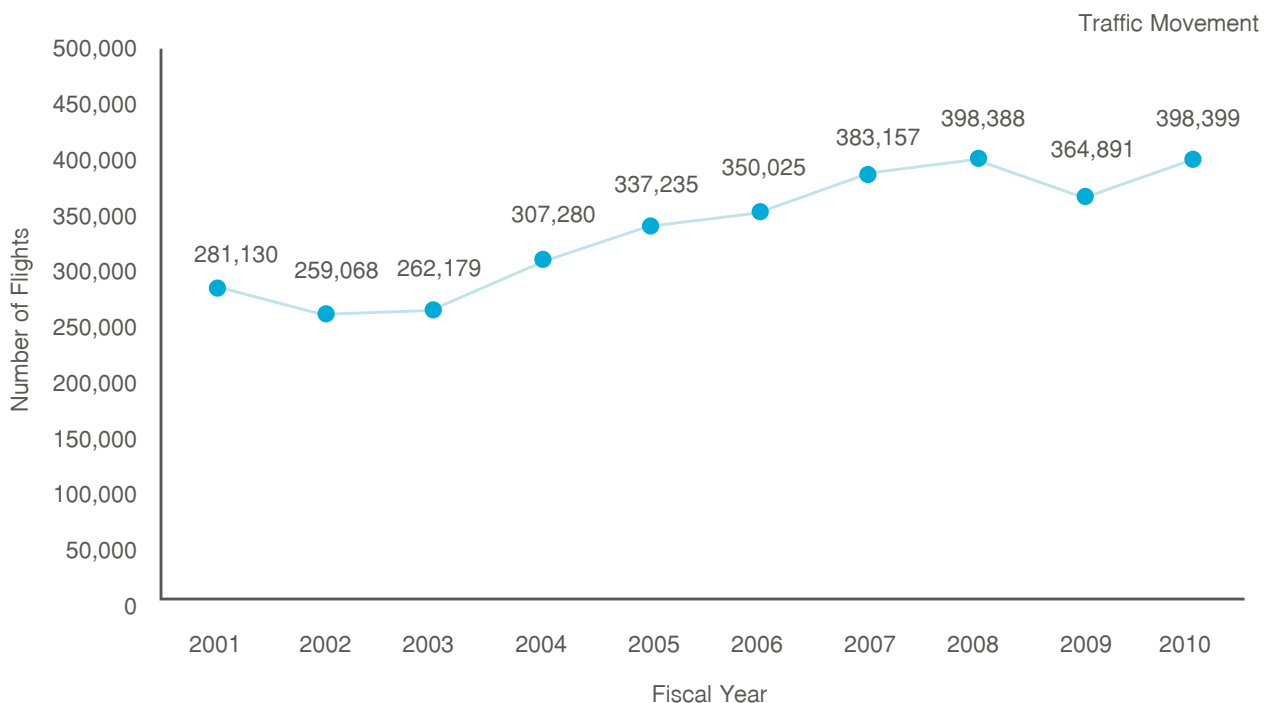
In the fiscal year 2010, Bangkok Area Control Centre provided services for a total of 398,399 flights, which is an increase of 33,508 flight or 9.18% from last year.



Traffic Volume for Area Control Centre

Type of Operations	Traffic Volume Fiscal Year		Traffic Volume Changes	
	2009	2010	Increase (+) %	Increase (+) %
			Decrease (-) %	Decrease (-) %
Civil - International				
- Scheduled	186,811	202,426	15,615	8.36
- Non-Scheduled	10,865	13,700	2,835	26.09
- Overfly	46,205	50,105	3,900	8.44
Civil - Domestic	105,059	118,081	13,022	12.39
Military	15,951	14,087	-1,864	-11.69
Total Flights	364,891	398,399	33,508	9.18

Traffic Movement Statistics



Remarks:

1. In the fiscal years 2000-2001, the recovery of economic crisis in the Asia region resulted in the improvement of air traffic volumes.
2. The traffic volume during the fiscals Year 2002-2003 declined following the terrorist attack in the United States of America, the closure of Kabul airspace in Afghanistan and the SARS epidemic in many countries.
3. In the fiscal years 2004-2007, the traffic numbers bounced back following the continuous expansion of low-cost airline services and the promotion of tourism supported by the government.
4. The fiscal years 2008-2009 showed a decline in air traffic volume due to the world economic crisis, the fuel crisis, and political conflict.
5. In the fiscal year 2010, the recovery of global economic crisis encourages airlines to increase air traffic volumes. Moreover, the liberalization of aviation has continuously expanded to countries in the Asia-Pacific region together with an increase of airport capacity in many countries becoming an attraction of tourists to the region.

Approach/Aerodrome Control Services at Suvarnabhumi Airport, Don Mueang Airport and Provincial Airports

Airport	Number of Flights in the Fiscal Year		Changes in Number of Flights	
	2009	2010	Increase (+) Decrease (-)	Increase (+) Decrease (-)
Suvarnabhumi	247,551	268,621	+21,070	+8.51
Don Mueang	70,652	79,205	+8,553	+12.11
Chiang Mai	33,540	38,057	+4,517	+13.47
Hat Yai	51,696	56,883	+5,187	+10.03
Phuket	38,097	48,490	+10,393	+27.28
Phitsanulok	22,895	22,055	-840	-3.67
Ubon Ratchathani	12,917	10,620	-2,297	-17.78
Udon Thani	14,216	17,468	+3,252	+22.87
Surat Thani	10,720	14,036	+3,316	+30.93
Chiang Rai	7,462	7,828	+366	+4.90
Samui	19,137	21,033	+1,896	+9.91
Total	210,680	236,470	+25,790	+12.24
Other airports	132,965	105,819	-27,146	-20.41
Grand Total	343,645	342,289	+1,356	+0.40

Remarks:

1. Provision of air traffic control services at provincial airports is divided as follows:

Chiang Mai Air Traffic Control Centre	: Mae Hong Son, Chiang Rai and Lampang Control Towers
Hat Yai Air Traffic Control Centre	: Trang and Narathiwat Control Towers
Phuket Air Traffic Control Centre	: Ranong and Krabi Control Towers
Phitsanulok Air Traffic Control Centre	: Mae Sot, Tak, Sukhothai, Phrae, Nan and Phetchabun Control Towers
Surat Thani Air Traffic Control Centre	: Chumphon, Samui and Nakhon Si Thammarat Control Towers
Udon Thani Air Traffic Control Centre	: Khon Kaen, Loei, Nakhon Phanom and Sakon Nakhon Control Towers
Ubol Ratchathani Air Traffic Control Centre	: Buri Ram, Roi-Et, Surin and Nakhon Ratchasima Control Towers
Nakhon Ratchasima Maintenance Centre	: No Control Tower

2. The factors that caused the increase of number of flights at provincial airports were: an increase of mission by military aircraft in Songkhla and the transfer of flight units' bases such as the army moving its training bases or the set-up of the rain making operations centre and forest fire fighting centre of the Agricultural Aviation.

1.2 Communications Operations

The Company is responsible for the provision of Aeronautical Fixed Service (AFS), operations of Regional OPMET Bulletin Data Exchange (ROBEX) Centre and Regional OPMET Data Bank (RODB) on 24-hour basis for the safety and efficiency of flight operations.

1. Aeronautical Fixed Service (AFS)

The Company provides the AFS for domestic communications via Aeronautical Telecommunication Network (ATN), as the main network and via Aeronautical Fixed Telecommunication Network (AFTN) for some organizations. The direct circuit is directly connected with the air traffic service units of more than 60 airline agencies at Suvarnabhumi Airport and domestic airports, the Meteorological Office and government organizations.

In addition, the Company, as the International AFTN Communication Centre, operates to transmit, receive and relay the messages of flight plan, aircraft movement, notices to airmen, meteorological and related messages via AFTN and ATN based on the Standards and Recommended Practices that prescribed in International Civil Aviation Organization (ICAO) document Annex 10 Volume II.

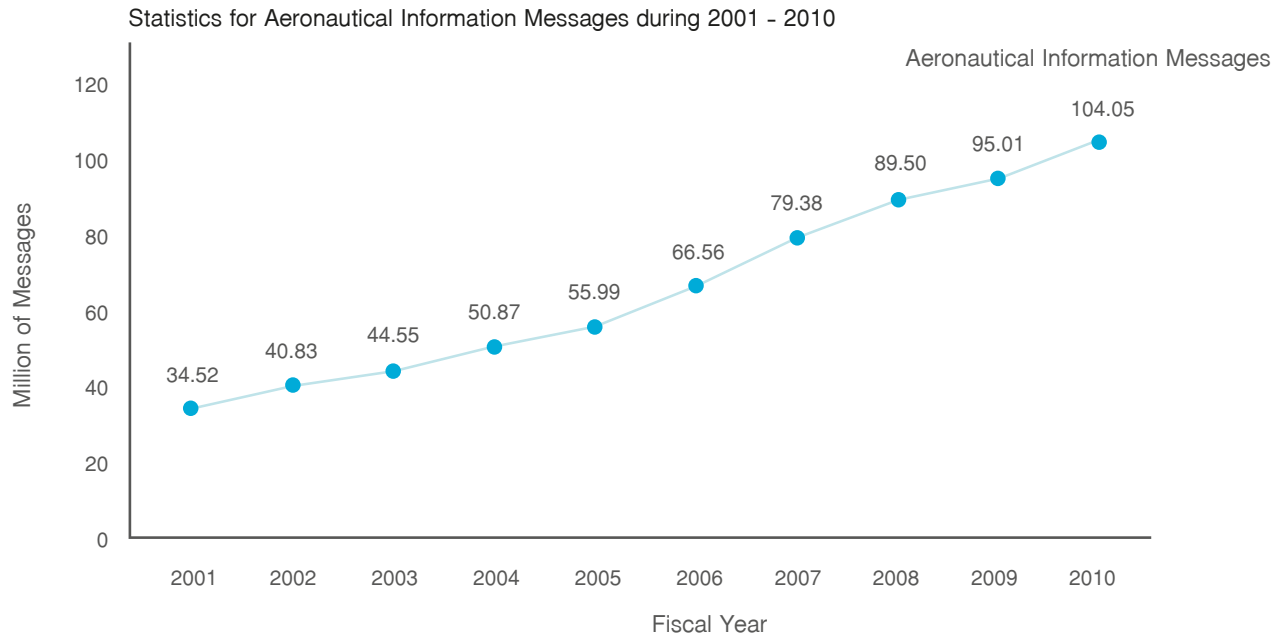
At present, the Company operates direct circuit connections with 11 International Telecommunication Centres via the AEROTHAI Satellite Network (AERONET) and Submarine Cable, as detailed in the table below:

Circuit	Network	Signalling Speed
1. Vientiane	Satellite	300 bauds
2. Yangon	Satellite	300 bauds
3. Dhaka	Satellite	300 bauds
4. Phnom Penh	Satellite	300 bauds
5. Kuala Lumpur	Satellite	2,400 bps
6. Beijing	Satellite	2,400 bps
7. Ho Chi Minh	Satellite	2,400 bps
8. Rome	Sub-Marine Cable	64 Kbps
9. Hong Kong	Sub-Marine Cable	64 Kbps
10. Mumbai	Sub-Marine Cable	64 Kbps
11. Singapore	Sub-Marine Cable	64 Kbps

Remarks: BPS = Bits per second

Statistical Volume of Aeronautical Information Messages at Bangkok Communications Centre

In the fiscal year 2010, the total volume of messages received and transmitted was 104,054,173 messages. When compared with 95,007,114 messages in the previous year, the increase of volume of messages was 9,047,059 messages or an average of 24,787 messages daily, which represented a 9.5% increase over the figures of the previous year.



2. Regional OPMET Bulletin Data Exchange (ROBEX) Centre and Regional OPMET Data Bank (RODB)

As the ROBEX Centre and RODB, the Company operates the services on a 24-hour basis, divided into 3 main responsibilities as follows:

2.1 ROBEX Centre

The Company manages the regional Operational Meteorological (OPMET) information for announcement and exchanges to other ROBEX Centres or related organizations such as Air Traffic Service Units, pilots or airline staff according to ICAO's recommendations.

2.2 RODB

The Company operates as the Bangkok RODB of Asia/Pacific to collect and exchange the OPMET bulletins. At present, the Company is one of the five RODB Centres, which consist of Thailand, Singapore, Japan, Australia and Fiji.

2.3 Inter-regional OPMET Gateway (IROG)

The Company operates as Bangkok IROG in order to relay all Asia/Pacific bulletins to Middle East and Africa regions.

Statistical Volume of Aeronautical Meteorological Messages at Bangkok Communications Centre

In the fiscal year 2010, the total volume of messages was 2,558,487 messages. When compared with 2,195,599 messages in the previous year, the increase of volume of messages was 362,888 messages or an average of 994 messages daily, which represented a 16.5% increase over the figures of the previous year.

3. Aeronautical Information Services (AIS)

The Company is responsible for the flow of information necessary for safety, regularity and efficiency of international air navigation and performs its duty by receiving, transmitting, relaying and distributing Aeronautical Information Services (AIS) information and messages to pilots and staff as Aeronautical Information Services Centre (AISC). AIS information such as Aeronautical Information Publication (AIP), AIP Supplement, Aeronautical Information Circular (AIC), Notices to Airmen (NOTAM), En Route Chart and Aeronautical Information Regulation and Control (AIRAC) provide aeronautical information and messaging services for aircraft flying on domestic and international routes. The Company also acts as an International NOTAM Office (NOF) through the NOTAM Database via ATN for domestic circuits and AFTN for international circuits. Such provision put stress on the speedy service in providing AIS information and weather information so that aircraft can reach their destinations safely. The Company also prepares Aeronautical Charts, which show arrivals and departures, aerodrome ground movements, aerodrome lay-outs for international airports, instrument approaches and aerodrome obstacles chart (Type-A) for announcement in the AIP-Thailand.

Flight Movement and Control Messages

Flight Movement and Control Messages comprise of ATS Messages for Flight Plans, Modifications, Delays, Cancellations, Departures and Arrivals. In the fiscal year 2010, the total volume of messages was 5,597,575 messages. When compared with 5,516,219 messages in the previous year, the increase of volume of messages was 81,356 messages or an average of 223 messages daily, which represented a 1.47% increase over the figures of the previous year.



2. Related Services

In the fiscal year 2010, the Company has continued to carry out business activities which comprise the manufacture and procurement of equipment and services, communication equipment rental services, satellite communication networks, airline operational communication, flight inspection, examination service for aircraft readiness for RVSM airspace, and calibration and maintenance of test equipment. In addition, the Company was also entrusted by various government agencies to implement important projects related to non-aviation and transportation in Thailand.

AEROTHAI's Business Sector focused on "tailor-made" manufacture/sale/services as its prime business strategy. Furthermore, the Company also emphasized services related to Performance-Based Navigation: PBN Operation as the International Civil Aviation Organization's contracting states in every region worldwide are to commence the implementation of PBN procedures at their international airports from the year 2016 onwards. The services related to PBN are namely: flight inspection of PBN chart, consulting service concerning the preparation for the PBN operation, training service, etc.

Business Activities Carried Out in Fiscal Year 2010

2.1 Manufacturing/Procurement of Equipment and Services

The Company manufactured, procured, installed, improved, surveyed, examined, calibrated test equipment related to aviation and non-aviation including training service provided to government agencies in Thailand and overseas as follows:

Manufacturing and Installation of Equipment

- The Company developed and manufactured one set of Thai Voting Machine (prototype) version 4 and installed one system of closed-circuit television which was a security system provided for executives of the Election Commission of Thailand whose office is located on the 7th and 8th floors of the Office Building of the Election Commission of Thailand.
- The Company procured two sets of Primary Crash Phone installed at air traffic control towers for Directorate of Communication and Electronics of the Royal Thai Air Force. Furthermore, the Company installed one set of transceiver for Petroleum of Thailand Plc.
- In addition, the Company procured, installed, tested and operated one set of Automatic Message Switching System: AMSS, end equipment and Flight Information Display System: FIDS for the Department of Civil Aviation, Bhutan.
- The Company also installed one set of HF voice radio for ARINC Inc.



Survey, Improvement and Maintenance

The Company provided services to domestic and overseas customers with survey, improvement and maintenance as follows:

- Maintenance of DVOR/DME (air navigation aids) for the Royal Thai Navy, Air Division;
- Maintenance of 21 sets of Automatic Message Switching System and end equipment for Directorate of Communication and Electronics of the Royal Thai Air Force;
- Maintenance of communication equipment for private sectors namely, Petroleum of Thailand Plc., International Aviation College, Nok Airlines Co., Ltd., Samsung Engineering Co., Ltd.;
- Improvement of communication network of the Department of Civil Aviation, Myanmar for Partner Associates International Ltd.;



2.2 Flight Inspection Service

Domestic

The Company provided the mentioned service for customers as follows:

- PAPI visual aid at airports of the Airports of Thailand Public Co., Ltd.;
- PAPI visual aid at Samui Airport for Bangkok Airways Co., Ltd.;
- a radar system at U-tapao International Airport for Selex Sistemi Integrati;
- air navigation aids at a military airport in Songkhla for Siam Aviation Co., Ltd.

Overseas

In addition, the Company provided the mentioned service for customers as follows:

- a radar system in Cambodia for Cambodia Air Traffic Services Co., Ltd.;
- PAPI visual aid of the Department of Civil Aviation, Laos People's Democratic Republic for Italian-Thai Development Public Co., Ltd.;
- PBN chart (4 times) in Taiwan for Thales Air Systems;
- PBN chart at an airport in Taiwan for Jeppesen Sanderson, Inc.

2.3 Examination Service for Aircraft Readiness in RVSM Space

The Company provided the said service for 42 airlines and others with a total of 58 examined aircraft namely, PT Indonesia Air Asia, Religare Aviation Ltd., Bukovina, Jet Asia Ltd., Spirit of Manila Airlines Inc., Grasim Industries Ltd., Macau Jet International Co.

2.4 Equipment Calibration and Maintenance

The Company calibrated 1,149 sets of test equipment in total. This year the number of calibrated test equipment increased by 35 sets or 3.2% in comparison with that of the fiscal year 2009. Meanwhile, maintenance service was provided for 127 sets of test equipment for local and overseas customers namely, Cambodia Air Traffic Services Co., Unitrio Technology Co. Ltd., Digital Research & Consulting Co.



With the intention of building confidence to its customers, the Company had applied for extension of the scope of accreditation for ISO/IEC 17025 version 2005 on high frequency and the Industrial Standards Institute: ITSI certified the maintenance service for radio frequency/microwave equipment.

Meanwhile, the Company executed the following projects:

- Project on speeding up calibration with a view to improving efficiency in calibrating test equipment;
- Project on improving test equipment maintenance procedures in order to increase numbers of completely maintained test equipment.

2.5 Communication Equipment Rental Service for Airlines

The Company provided Digital Trunked Radio System, Conventional Radio System for airlines, freight forwarders as well as ground services companies at airports, and PTT Group. Additionally, ATN (AMSS) was provided for airlines and ground services companies at airports. 6,107 sets of rental communication equipment were available for rental service. Other services were also provided namely, communication equipment maintenance for PTT Group. Installation and removal services for rental communication equipment were provided as well. The total revenue of these said services increased by 13.23% in comparison with that of the previous year.

2.6 Satellite Communication Network

The Company provided satellite communication network for voice and data communication for air traffic control operation to the national aviation organizations of 6 countries namely, Laos People's Democratic Republic, Malaysia, Vietnam, Cambodia, Myanmar and Bangladesh.

2.7 Airline Operational Communication: AOC Service

The Company provided the said service for 99 airlines. There were 5 airlines more than those of the fiscal year 2009. Its traffic volume was 45.38 million kilobits with an increase of 2.8 million kilobits or equivalent to 6.64% growth.

The coverage of communication network of remote ground stations was extended to New Zealand, a new partner of AOC Service. Additional remote ground stations: RGS were installed at the following sites:

- in New Zealand: 3 RGS for aircraft equipped with ACARS;
- in New Zealand and South Korea: 6 RGS for aircraft equipped with DL Mode 2.

In 2009, there were 55 remote ground stations in 11 countries and in 2010 there were 58 remote ground stations for aircraft equipped with ACARS in 12 countries and 6 remote ground stations for aircraft equipped with VDL Mode 2.

2.8 Training, Workshop and Consultation

The Company conducted 7 training courses: 5 courses for the Civil Aviation Authority of Mongolia and 2 for the Civil Aviation Authority of Nepal. These interesting courses concern air traffic control operation, engineering, financial and administration. Moreover, the Civil Aviation Authority of Bangladesh entrusted AEROTHAI to organize a workshop on PBN.

AEROTHAI provided technical assistance to the Department of Civil Aviation of Bhutan and the Civil Aviation Authority of Nepal, as invited by both authorities, by sending its engineer to share knowledge on Performance Based Navigation for 3 days for the staff of each authority.

Furthermore, the Company was entrusted by certain government agencies under the Ministry of Transport to participate in executing the following projects responding to "Transport Safety" policy apart from the development of automatic level crossing system (prototype) as follows:

1. Study of the Establishment of Multi-Modal Transportation Centre

The Company was designated to implement Vessel Traffic Management and Information System (VTMIS) Project phase I for the Marine Department and also collaborated with the State Railway of Thailand to carry out a project to improve the level of rail efficiency and safety. In addition, the Company gained experiences in air traffic control operations with modern technology over 60 years. Thus the Company was well-equipped for supporting policies of the Ministry of Transport with a view to reducing logistic cost in Thailand to be at the level of competitive cost compared to those of other countries. The study on the establishment of Multi-Modal Transportation Centre was carried out and at the stage of collecting information.

2. Vessel Traffic Management and Information System (VTMIS) Project Phase I, One System

The Company signed a contract with the Marine Department on 31 August 2007 and the said project was underway. The installation and commissioning of vessel traffic management and information system was in progress. It was scheduled to be finalized in January 2011.

In conclusion, apart from earning revenue for AEROTHAI, its Business Sector carried out several important activities to enhance the advancement and safety in civil aviation. Some beneficial services stated hereunder reflected the Company's strong support for civil aviation:

- Examination services for aircraft readiness to RVSM space;
- Airlines operational communication service;
- Flight inspection service;
- Training and consultation service.





HUMAN RESOURCE AND ORGANIZATION DEVELOPMENT

At the end of the fiscal year 2010 (30 September 2010), the total number of staff employed by AEROTHAI was 2,878 distributed as follows:

Tung Mahamek	1,532
Suvarnabhumi Airport	354
Don Mueang International Airport	171
Chiang Mai Air Traffic Control Centre	137
Phuket Air Traffic Control Centre	138
Hat Yat Air Traffic Control Centre	133
Phitsanulok Air Traffic Control Centre	120
Surat Thani Air Traffic Control Centre	76
Udon Thani Air Traffic Control Centre	81
Hua Hin Air Control Centre	58
Ubon Ratchathani Air Traffic Control Centre	37
Nakhon Ratchasima Maintenance Centre	41

The Company's human resource policy emphasizes human resource management, particularly in enhancing staff competencies and employees' involvement. The main purpose is to retain the Company's valuable personnel. The Company has developed AEROTHAI's Human Resource Master Plan, which is a tool to articulate the Company's strategies as practical guidelines on human resource management and development in accordance with the Company's corporate strategies and plans. AEROTHAI brought in the Balanced Scorecard (BSC) to assist the development of the HR Strategy Map and to transform HR strategies to implementation. In 2010, Human Resource Management and Development focused on revising and improving work procedures to better serve future human resource needs. An organization restructuring enabled AEROTHAI to cope with rapid changes and also strengthened the Company's competency in providing air traffic services and operating businesses. The revision of work procedure design and unit restructuring are done according to the Company's total quality management system. AEROTHAI also set up organizational key performance indicators as well as revised each unit's manpower planning to better align with unit's main responsibilities. Additionally, AEROTHAI carried out the study on factors that have impact on the Company's level of employees' involvement. The Company can use this study result in appropriately dealing with factors that help strengthening employees' involvement, which will, in turn, reflect in the organizational long-term sustainability.

AEROTHAI recognized the importance of corporate culture, which is considered a foundation of the Company's key success drivers. Because it is known that employees in companies with strong corporate culture are likely to work happily together (Happy Workplace), in 2007 AEROTHAI began to search for the corporate culture that has existed since the past until the present and also for other corporate cultures that will help AEROTHAI accomplish the Company's future vision. Throughout 2010, AEROTHAI had consistently promoted the Company's corporate culture, "SMART AEROTHAI" in every part of the organization. This is mainly to create organization-wide awareness on AEROTHAI's corporate culture. Some of the SMART AEROTHAI promotion initiatives occurred in department seminars, meetings at all levels, organization-wide activities and exhibitions, orientation programmes for new employees, trainings for both management and staff with special contents related to the corporate culture, and the Company's publications and other PR efforts.

In 2010, the Company officially used the results from staff's competency assessment by starting with analyzing competency gap and planning development programmes for staff based on their individual development plan (IDP). Additionally, the Company has implemented several programmes according to AEROTHAI Succession Plan, mainly to prepare high-potential individuals prior to their promotion to management positions.



In term of collaborating with other organizations on human resource management efforts, AEROTHAI has participated in HR management seminars by joining a network of human resource in governmental and private organizations such as State Enterprise Policy Office (SEPO) and Personnel Management Association of Thailand (PMAT). The network's main objective is for members to collaborate, share knowledge and exchange views related to the HR management issues. This helps contribute to an increase in the efficiency of the Company's operations. Additionally, AEROTHAI took part in developing personnel for alliance-countries and organizing training programmes for Nepal.

AEROTHAI places high importance on employees' quality of life. In 2010, the Company revised welfare rules and regulations in order to make them more up to date, align with Ministry of Finance regulations, and increase efficiency in managing welfare expenditures. As the Company's core business is directly related to users' safety, many of AEROTHAI staff are experiencing high stress. In 2010, the Company established the Counselling Centre for staff. The Counselling Centre is run by experienced psychiatrists who are professionally trained to help reduce staff's stress level and worries caused by work as well as personal matters.

In addition, AEROTHAI has constantly encouraged employees to play sports and exercise for their good health. Most sports are led by the Company's own employees. AEROTHAI also continued to run the Developing Total Quality of Life Project, mainly to educate employees about healthy lifestyles and make them realize the importance of staying healthy. For free of charge, AEROTHAI collaborated with local hospitals to educate the Company's employees on how to better take care of their health. Also, employees were provided with general and specific health examinations. With constant attempt to promote employees' good quality of life, the Company hoped to enable employees to work at their full capabilities in providing the Company's users for their benefits.

Human Resource Development and Learning Promotion

In 2010, AEROTHAI has developed staff based mainly on the Career Development Plan (CDP) by using company-wide competency gap assessment results as a foundation to develop an Individual Development Plan (IDP). With IDP, staff can personally plan to develop general competencies depending on their individual needs as well as select development tools that match their preferred learning styles.

Additionally, the Company started to implement programmes in accordance with AEROTHAI Succession Plan in selecting, preparing and developing capable individuals who are qualified to take on management positions as well as to become successors of management approaching their retirement. This succession plan covers all management positions at AEROTHAI, starting from the Director level to the President of the Company. This year, AEROTHAI developed functional competencies for every management position and also created detailed selection criteria to use as a guideline in considering individuals prior to promoting them to management positions. The Company also selected management in the Senior Director level to be a pilot group in participating in programmes on AEROTHAI Succession Plan. Among several programmes carried out this year for the Senior Director were 'The Managerial Competency Assessment Center', 'The IDP Workshop', and 'The IDP Corner' in the library that consists of a collection of books that management can use to develop their managerial competencies and better prepare themselves for higher management positions in the future.

Additionally, AEROTHAI focuses on using information technology (IT) and communication channels to support staff's self-learning through E-Learning, especially for courses in improving ATC English Proficiency. AEROTHAI believes that providing access to self-learning will allow staff to get into essential knowledge easier as well as help create culture that will encourage staff to learn continuously. Throughout the year, the Company has compiled tacit knowledge from various activities such as story telling and knowledge sharing through Communities of Practices (CoPs), coaching, and mentoring programmes.

AEROTHAI continued to give strong support in enhancing capabilities of both the Company's staff and future human capital by providing scholarships to staff and external applicants. AEROTHAI scholarship recipients would have an opportunity to study in leading domestic and international institutions up to the Doctoral level in many fields such as Engineering, Applied Science, and Management, which would benefit the Company and national aviation industry. Additionally, the Company also gave permission to individuals to take some time off from work in order to undertake self-funded higher education as to further improve the Company's service quality and meet the demands of future organization growth.



Human Resource Development: Air Traffic Services

In the area of Human Resource Development: Air Traffic Services, the Company strongly emphasized the staff career development. The Company supported its staff to develop their own working potential and gain the competency for their readiness to the higher positions. Apart from human resource development for Air Traffic Controllers (ATC) in accordance with International Civil Aviation Organization (ICAO) standards and recommendations, the Company adopted the Voice Communication System: VCCS (touch screen) which will be installed in every Air Traffic Control Centre in the near future. Moreover, the Company provided the 3 dimensions 180 degrees and 360 degrees simulator in aerodrome control training services in order to reduce some technical limitations and enhance ATC learning capabilities using the advanced technology in the stimulated real working environment. This cutting edge technology contributed not only to an increase in the efficiency of the individual learning, but also to let its staff getting used to all the equipment before hand.



Air Traffic Controller (ATC) English Language Proficiency Project

The Company encourages Air Traffic Controllers to improve their English Proficiency in accordance with the International Civil Aviation (ICAO) Language Proficiency Requirements (LPRs). Therefore, the ATC & Pilot English Language Proficiency Project has been implemented in order to provide the Aviation English Training Courses as on-going basic to ensure that all of ATC and pilots are ready for the ICAO Language Proficiency Test provided by the Department of Civil Aviation (DCA). There are 2 main strategic training plans as follows:

1. The English Language Proficiency Programme for Operational Level 4 - Higher consisting of Aviation English Test Preparation Course for Operational Level 4 - Higher (26 groups) and Self-Learning Programme.
2. The English Language Proficiency Programme for Below Operational Level 4 consisting of Intensive Aviation English Courses, Aviation English Test Preparation Courses (24 groups) and Self-Learning Programme. Moreover, the Company also aims to develop an Aeronautical English Instructor in ATC & Pilots English Facilitator Course (Train the Trainers).

Above all, in the fiscal year 2010, the Company in cooperation with DCA organised the ICAO Language Proficiency Test for a total of 744 air traffic controllers. This included the process of Test Management, Test Administration and Test Evaluation.

Air Traffic Controller (ATC) Fast Track

The Company has developed a Human Resource Development Plan for Air Traffic Controllers which reflected the rapid changed in both environment and technology since 2000. The Company aimed to develop air traffic controllers in a shorter and clearer period of time in order to cope with the increasing number of flights via the ATC Fast Track Project. This system is an ongoing process revised the staff recruitment goals each year by considering its present and future responsibilities. In the fiscal year 2010, the Company trained 1 group of ATC Fast Track, a total of 20 participants 14 of them are now attending training courses at the Civil Aviation Training Centre (CATC) while 6 of them are attending on-the-job training at the provincial centres: 1 trainee at Phuket Air Traffic Control Centre, 2 trainees at Udon Thani Air Traffic Control Centre and 3 trainees at Surat Thani Air Traffic Control Centre.

Human Resource Development: Engineers

In 2010, the Company had developed the human resource development project for engineers in accordance with the Corporate Plan. The engineering human resource development aimed to enhance knowledge and skills of engineers by providing 16 courses for a total of 123 people. The technical training project was for air traffic engineers to make preparation for the implementation of CNS/ATM by familiarizing them with the new air navigation system technology to be deployed by the Company such as Performance Based Navigation (PBN) and Global Satellite System (GNSS). PBN Procedures for Hat Yai, Samui and Chiang Mai Airports were designed and courses of Performance Based Navigation (PBN) were arranged for 48 members of staff at Hat Yai and Chiang Mai Air Traffic Control Centres.

In addition, Training Roadmap for Engineering was established in order to determine the preliminary standard to certify whether the engineer had adequate knowledge and skills to work the core function of the Company regarding safety under the international standard of DOC 7192-AN/857 Part E-2 Training Manual for Air Traffic Safety Electronic Personnel (ATSEP). In 2010, information had been collected from the engineering departments to use for training courses in the levels of basic training and qualification training.



RISK MANAGEMENT AND INTERNAL CONTROL

The Company emphasized the importance of being the Corporate Governance Organization in compliance with the government policy. The Risk Management and Internal Control were seen as the vital tools of Company's success based on its strategy and objectives. It also enabled the Company's readiness for the changing in appropriate manner. In the fiscal year 2010, the Company had the performances as follows:

Risk Management for Safety

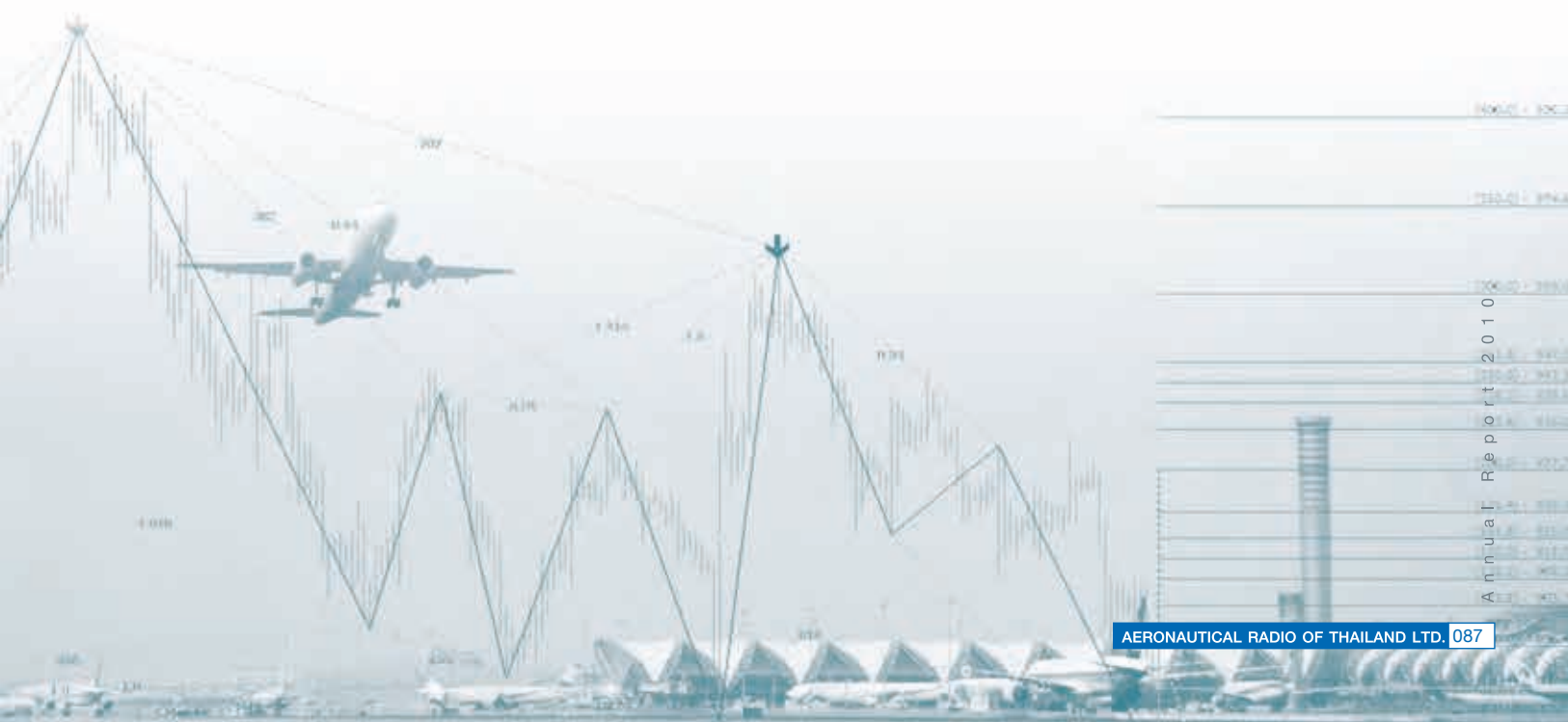
The Company has set the standard of risk control measures to prevent the incidents that might affect the safety in air traffic services in terms of human, system security & continuity and process & procedures. In the fiscal year 2010, the risk factor that the Company placed importance on was: risk control for fatigue of controllers that might cause accident/incident in air navigation services. This resulted in the suitable level of fatigue that air traffic controllers could take.

Risk Management for Finance

The Company emphasized the financial risk management which was liquidity risk caused by external factors such as the economic recession and impact of the political conflicts in the country. The result would be that the number of flights would be less than estimated so the Company's income would be under expenditure causing shortfall. The Company had taken all measures by reducing and controlling expenditures as well as seeking additional income to compensate the reduced income from core business in order to keep liquidity and balance the account to be at an appropriate level.

In addition, the Company managed risk in accordance with the changing situations during the year such risk from violence from the political conflicts in the country and risk that the H1N1 flu would spread again. The action taken helped the Company to be able to operate continuously and there was no impact on the operations.

As for the internal control, the Company placed importance on Good Corporate Governance (GCG) to promote transparency, fairness and maximum efficiency. In addition, the Company had reviewed the internal control environment to comply with the standard component of internal control of the Office of the Auditor-General. It was found that the Company had suitable and adequate internal control system and reached the control objective



GOOD CORPORATE GOVERNANCE

The Ministry of Finance determines the criteria and the principles of Corporate Governance in State Enterprises as the significant tool in driving the good corporate governance and transparency in State Enterprises. It is an important factor to create value added to a sustainable organization and protect stakeholders' interests in all aspects.

The Company placed the emphasis on giving the executives and all levels personnel the opportunity to learn, understand and be aware of the importance of good corporate governance policy and 14 best practices so that policy can be applied to be put into practice. In the fiscal year 2010, the Company set action plans to promote and communicate good corporate governance in the organization and appropriate assessment methods so that the Company's good corporate governance can be implemented and developed to reach higher standards. It can also be used as an effective tool for management of the organization to achieve sustainable efficiency and effectiveness leading to being one of the corporate's cultures.

Major Performance

In the fiscal year 2010, the Company set major indicator for the development of good corporate governance that 80% of the management and staff had learnt, understood and been aware of the importance of good corporate governance. The Company had conducted a survey from 2,878 members of staff from the whole organization and the outcome could be summarized as follows:

1. The number of management and staff 82.25% had learnt and been aware of the importance of good corporate governance at 81.63% (level of learning = 79.46% and level of awareness = 83.71%).
2. The number of management and staff 82.25% had learnt and understood the importance of good corporate governance at 83.95% (level of learning = 79.55 and level of understanding = 88.35%).

The result of the survey would be used to set development/promotion plans for the Company's good corporate governance to be more systematical and effective.

ADHERENCE TO THE OFFICIAL INFORMATION ACT B.E. 2540 (1997)

In conformity with the Official Information Act B.E. 2540 ("the Act"), all government agencies are mandated to disclose the information to the general public and some information must be published in the Government Gazette under Section 7 of the Act. The Public Information Centre by the Public Relations Department was established in 1998. The Information Centre is located at the Head Office, Tung Mahamek 102 Soi. Ngamduplee, Tung Mahamek, Sathon, Bangkok, 10120, Telephone Number 0 2285 9388, opened on official days at 08.30 a.m. to 16.30 p.m.

The Public Information Centre provides the information as follows:

1. Administration Information, consisting of the Company's general information (Company's background, policy, vision, responsibilities, shareholders, ratios of shareholders), organizational structure, rules, regulations, and awards.
2. Reports, consisting of annual reports, Corporate Plan, Company's plans and projects, flight charges, financial reports, business reports, innovation projects and minutes of meetings.
3. Procurement Information, consisting of Bid, tender and purchase/procurement documents, and results of procurement.
4. Agreements, consisting of domestic and international agreements and contracts including related services agreements
5. Announcement Information, consisting of journal, periodicals published on special occasions and news clipping.

In addition, further information is available at www.aerothai.co.th.

Information Service to the Public

In the fiscal year 2010, 536,055 visitors accessed the Company's website, mainly searching for the Company's responsibilities, background and job application announcement. However, there were no citizens enforcing their rights to complain or appeal under the Act.

The Public Information Centre's services

The Public Information Centre delivered the services constantly and well-organized the information for the transparency, equality and fairness in conformity with the legislative intent of the Act.







THE AUDIT COMMITTEE'S REPORT FOR THE FISCAL YEAR 2010

In the fiscal year 2010 the Audit Committee members were as follows:

1. During 1 October 2009-22 March 2010, members of the Audit Committee consisted of Air Chief Marshal Raden Puengpak as Chairman, Mr. Pongchai Amtanon and Mr. Komkrit Vongsomboon.
2. During 23 March 2010-25 January 2011, members of the Audit Committee consisted of Air Chief Marshal Raden Puengpak as Chairman, Mr. Komkrit Vongsomboon and Mr. Pravech Rattanapian.

The Audit Committee performed their duties as assigned by the Board of Directors, the Audit Committee Charter and the Audit Committee of State Enterprise under the Ministry of Finance Practice Handbook. In the fiscal year 2010, the Audit Committee held eleven meetings, that included the senior management, chief internal auditor and the officers from the Office of the Auditor General, which could be summarized as follows:

1. To verify the financial report for its accountability, made reports of the implementation projects with respect to efficiency, effectiveness and economics measures, report on conflicts of interest and report on activities in accordance with related rules, regulations, Cabinet Resolutions, and policies set by the Board of Directors.

2. To review the effectiveness of the Company's Internal Controls by receiving internal audit reports and the internal audit group's practice report regularly. Moreover, the Committee has followed up the results of the control self assessment in accordance with Internal Control Standard 2001.

3. To review the Independence of Internal Auditor group and the audit practices to ensure compliance with regulations and best practice determined by the Ministry of Finance. To monitor for the measures taken to follow the recommendations after each audit to ensure that the corporate had appropriate internal control and to prevent or reduce any risk that might occur.


4. To review Risk Management and progress of Enterprise Risk Management submitted by the Vice President (Safety and Standards).

5. To review the Audit Committee charter and the Audit Committee key performance index with a result of 4.00 out of 4.00 points and determine the planned agenda. The Committee also conducted self-assessment and the Audit Committee's performance with a result of 3.98 out of 4.00 points.

6. To supervise internal audit practices by considering the approval for the internal audit charter, internal audit practice handbook, and the internal audit key performance index, the five year strategic internal audit implementation plan and the annual internal audit implementation plan for the fiscal year 2011. To acknowledge the budget of the fiscal year 2011. To appraise the Chief Audit Executive, Experts (Senior Director Level), Experts (Director Level) and Internal Audit officers for their performance. To review internal audit group annual report, internal audit recruitment plan for the fiscal years 2011-2015, training plan of the fiscal year 2011 and the practical guide to resources management and follow up the progress of the internal audit implementation plan.

After performing their duties and responsibilities delegated by the Board of Directors, the Audit Committee certified that the financial report truly and fairly reflected the Company's financial status and operating results in accordance with generally accepted accounting standard. In conclusion, the Company has been operated in accordance with appropriate internal control measurement, rules, regulations, Cabinet resolutions and policies set by the Board of Directors. The Company has adequate risk management control. The internal audit practice complies with the principle and best practice under the Ministry of Finance. The written reports of the Audit Committee were submitted to the Board of Directors on a monthly basis. The Audit Committee's suggestions and guidelines were considered by the Company to improve operations and enhance effectiveness.

Air Chief Marshal



(Raden Puengpak)

Chairman of the Audit Committee

AUDITOR'S REPORT AND THE COMPANY'S FINANCIAL STATEMENTS

1. The Company's operation analysis

The Company's total income in the fiscal year 2010 was under total expenditure at Baht 181.00 million, meaning that the Company had a shortfall which would be compensated by Member Airlines.

Unit: Million Baht

Items	2010	2009	Increase (Decrease)	
			Amount	%
Income				
Air Navigation Service	4,843.33	4,458.97	384.36	9
Other Related Services	375.31	411.54	(36.23)	(9)
Other Income	47.03	52.67	(5.64)	(11)
Total Income	5,265.67	4,923.18	342.49	7
Expenditure				
Operating Expenditure	5,355.01	5,309.45	45.56	1
Interest Paid	91.66	144.58	(52.92)	(37)
Total Expenditure	5,446.67	5,454.03	(7.36)	-
Income under Expenditure to be collected from Member Airlines	(181.00)	(530.85)	349.85	66
Traffic Volume (Flight Units)	484,460	445,996	38,464	9

1.1 Income analysis

The Company's total income in the fiscal year 2010 was Baht 5,265.67 million. This was derived mainly from air traffic control services at Baht 4,843.33 million or 92% of total income along with other related services which were income from rental and maintenance of equipment, aeronautical telecommunications services (NOC services), and income from work orders accounting for 7% or Baht 375.31 million. In addition, income from other services was Baht 47.03 million or 1% of total income.

Actual income from air traffic control services (flight charges) of Baht 4,843.33 million was 9% or Baht 384.36 million higher than that of the previous year as airlines have increased their flights operation. When compared the actual flight units with the estimated flight units in the financial plan, it was 3% less than estimated as the result of impact from the economic recession as well as the political turbulence in the country during April and May 2010. Also income of Baht 375.31 million from other related services decreased by 9% or Baht 36.23 million from the previous year as some of the work order projects were postponed to 2011.

1.2 Expenditure analysis

The Company's total expenditure in the fiscal year 2010 was Baht 5,446.67 million which was in the vicinity of that of the previous year of which 68% or Baht 3,685.83 million was accounted for staff costs, 30% or Baht 1,669.18 million was other operating expenditure and the remaining 2% or Baht 91.66 million was interest paid. As a result of measures taken by the Company to control and save costs whichever not affecting core business nor safety since 2009 in order to relieve the effect from the Company's declining income, the operating expenditure of Baht 119.92 million was saved in 2010.

2. The Company's financial status analysis

2.1 Assets analysis

The Company's total assets as at 30 September 2010 were Baht 7,117.31 million, comprised of 29% current assets and 71% non-current assets, with the following details:

Unit: Million Baht

	30 September 2010		30 September 2009	
	Amount	%	Amount	%
Current Assets	2,071.51	29	1,797.25	25
Non-current assets				
- Long-term Investment	61.51	1	0.74	-
- Buildings and Equipment - Net	4,629.63	65	5,153.05	72
- Work in Progress	354.66	5	228.70	3
Total	7,117.31	100	7,179.74	100

Total assets were decreased by 1% or Baht 62.43 million from the previous year, as the non-current assets decreased by the accumulated depreciation of building and equipment.

The current assets were increased by the accumulated shortfall to be collected from member airlines or income under expenditure.

2.2 Liabilities analysis

The Company's total liabilities as at 30 September 2010 were Baht 6,329.45 million, comprised of 25% current liabilities and 75% non-current liabilities with the following details:

Unit: Million Baht

	30 September 2010		30 September 2009	
	Amount	%	Amount	%
Current Liabilities	1,012.70	16	968.78	15
Long-term Loans due within 1 year	544.54	9	481.07	8
Non-current Liabilities	4,772.21	75	4,956.75	77
Total	6,329.45	100	6,406.60	100

In 2010, total liabilities were decreased from the previous year by about 1% or Baht 77.15 million. The non-current liabilities mainly were long-term loans from Krung Thai Bank Public Company Limited, Government Savings Bank, Siam Commercial Bank Public Company Limited, and CIMB Thai Bank Public Company Limited, which were used for investment in projects at Suvarnabhumi Airport and other projects. The payment of principal and interest are scheduled every 6 months.

2.3 Owners' equity analysis

The Company's owners' equity as at 30 September 2010 was Baht 787.86 million. Details are as follows:

Unit: Million Baht

	30 September 2010		30 September 2009	
	Amount	%	Amount	%
Registered Ordinary Share Capital	660.00	84	660.00	85
Staff Welfare Fund	127.86	16	113.14	15
Total	787.86	100	773.14	100

The capital structure as at 30 September 2010 comprised of total liabilities at Baht 6,329.45 million or 89% and owners' equity at Baht 787.86 million or 11%.

3. The Company's cash flow analysis

The Company's closing balance of cash and cash equivalents as at 30 September 2010 showed Baht 312.07 million which was Baht 122.79 million increased from the opening balance. Net cash from operating activities was mainly from depreciation of fixed assets investment. Net cash used in investing activities was mainly used for projects investment. Net cash used in financing activities was mostly for payments of loans that were due.

Unit: Million Baht

	2010	2009	Increase (Decrease)
Cash Flow from Operating Activities	686.04	331.71	354.33
Cash Flow from Investing Activities	(335.04)	(498.33)	163.29
Cash Flow from Financing Activities	(226.47)	197.90	(424.37)
Cash and Cash Equivalents (closing balance)	312.07	189.28	122.79

4. The Company's financial ratio analysis

The Company's debt-to-equity ratio in 2010 was decreased because the Company paid for long-term loans that were due. The fixed charge coverage ratio (an ability to pay for principal and interest) was reflected from a higher depreciation on the completed projects, which was derived from net cash flow from operating activities.

	2010	2009	Increase (Decrease)
Debt-to-Equity Ratio (times)	8.03	8.29	(0.26)
Fixed Charge Coverage Ratio (times)	1.42	1.36	0.06

The Company runs on a cost-recovery basis (or as a non-profit organization). As long as income is over expenditure, the overcollection will be refunded to Member Airlines. On the other hand, the Company will collect any shortfall from Member Airlines if there is a shortfall in income. The majority of Company's funds for projects is provided by loans from financial institutions. The ability to pay interest and loans mainly depends on depreciation each year, which is already included in flight charges to be collected from user Airlines.

5. Financial Status Trend

The Company's budget for income and expenditure in 2011 was revised in January 2011. The total income in 2011 was expected at Baht 6,367.28 million, which will be derived from air navigation service at Baht 5,366.28 million. The growth of flight units is forecasted to be 7% higher than in 2010 as the economic recession situation is recovery. The aviation business is growing nearly to the forecasted growth rate at 6.7% by the International Civil Aviation Organization (ICAO). The charges for air navigation service will be collected at Baht 10,000 per flight unit during October 2010 and June 2011. From July to September 2011, the air navigation service charges will be collected just to adequately cover the expenditure as the Company is now in the process of restructuring the rate of Air Navigation Charges.

In addition, the Company's incomes from related services and others are expected at Baht 1,001 million, which is an increase from 2010 because most of the incomes are from the ongoing projects in 2010, mainly the project for the procurement and installation of Vessel Traffic Management System (VTMIS) for the Marine Department (MD.) and other income. Meanwhile, the expected operating expenditure is Baht 6,363.15 million. Thus the Company expects income over expenditure at Baht 4.13 million.

In 2011, the Company's approved capital expenditure budget for withdrawal is Baht 600 million to be withdrawn from the loan contracts and mainly will be used for the investment related to the safety and essential services of air navigation service.

In the fiscal year 2011, the Company already set up the plan to restructure the rate of air navigation charges to be more equitable and up to more international standards as well as in line with the state's policy and ICAO's standards and also maintaining the balance on charges with the purpose of balancing income and expenditure efficiently. This will eventually enhance the Company to recover from the accumulated shortfall of Baht 828.46 million within 4 years.

6. Report of the Board of Directors' responsibility to the financial statement

The Company's financial report is arranged under an approval by the Company's Board of Directors to show the Company's financial status together with annual operating performance in accordance with generally accepted accounting standards.

The Company's Board of Directors is well aware of the responsibility to prepare and arrange the Financial Report that presents the Company's annual financial status and operating performance in compliance with generally accepted accounting standards as well as its responsibility to financial information which is presented in the 2010 annual report. Thus, the financial statements and the accounting information for the fiscal year 2010 have been carefully prepared with the most reasonable determination to apply appropriate accounting policies and practices through the best forecast. All important information is sufficiently disclosed in the notes on the Company's Financial Statements for the benefits of shareholders and stakeholders.

In addition, The Company's Board of Directors has deployed and maintained effective systems of risk management and internal controls which provide reasonable assurance that the Company's accounting records are accurate, complete and sufficient to protect the assets of the Company. The systems are also designed to prevent serious misconduct or other irregularities in the operation of the Company.

The Company's Board of Directors monitors the preparation of financial reports by appointing the Audit Committee to oversee the quality of the Company's financial reports and internal control procedures. The Audit Committee's view regarding such matters is disclosed in this Annual Report under the Audit Committee's Report.

In the Board of Directors' opinion, the Company's internal control systems are satisfactory and assure the reliability of the Company's financial statements in compliance with generally accepted accounting standards, legal requirements and other associated regulations.

AUDITOR'S REPORT

To the Shareholders of AERONAUTICAL RADIO OF THAILAND LTD.

The Office of the Auditor General has audited the Balance Sheets of AERONAUTICAL RADIO OF THAILAND LTD., as at 30 September 2010 and 2009, and the related Comprehensive Statements of Income and Expenditure and Statements of Cash Flow for the years then ended. The responsibility of the Company's management is the accuracy and completeness of the information given in these financial statements. The responsibility of the Office of the Auditor General is to express an opinion on these financial statements based on the audit.

The Office of the Auditor General conducted the audit in accordance with generally accepted auditing standards. Those standards require that the Office of the Auditor General plans and performs 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 the management, as well as evaluating the overall financial statement presentation. The Office of the Auditor General believes that the audit provides a reasonable basis for the opinion.

In our opinion, the financial statements present fairly the financial status of AERONAUTICAL RADIO OF THAILAND LTD., as at 30 September 2010 and 2009, comprehensive income and expenditure and the changes in its cash flow for the years then ended, and conform with generally accepted accounting principles.

(Mrs. Dawan Wongphayak)
Director Financial Audit Office No.2

(Mrs. Juthamas Junkumsorn)
Financial Audit

Office of the Auditor General
17 January 2011

Balance Sheets

As at 30 September 2010 and 2009

	Supplementary Information	2010	Unit : Baht 2009
Assets			
Current Assets			
Cash and Cash Equivalents	4.1	312,072,658.80	189,287,261.63
Temporary Investment	4.2	8,827,099.77	59,101,426.91
Debtors and Others - Net	4.3	544,905,893.68	592,017,521.15
Store Supplies	4.4	159,679,896.47	170,403,178.07
Accumulated Shortfall	4.5	828,462,969.47	649,990,950.90
Other Current Assets	4.6	217,564,649.15	136,450,687.10
Total Current Assets		<u>2,071,513,167.34</u>	<u>1,797,251,025.76</u>
Non-Current Assets			
Long-term Investment	4.7	61,510,500.00	740,940.00
Buildings and Equipment - Net	4.8	4,629,624,406.54	5,153,050,580.36
Work in Progress	4.9	354,659,999.70	228,701,296.14
Total Non-Current Assets		<u>5,045,794,906.24</u>	<u>5,382,492,816.50</u>
Total Assets		<u>7,117,308,073.58</u>	<u>7,179,743,842.26</u>

Notes on the Company's financial statements are an integral part of these financial statements.

Balance Sheets

As at 30 September 2010 and 2009

	Supplementary Information	2010	Unit : Baht 2009
Liabilities and Owners' Equity			
Current Liabilities			
Accrued Expenses	4.10	740,681,313.05	691,407,937.20
Unearned Income	4.11	8,209,620.96	24,576,831.51
Long-term Loans due within one year	4.12	544,540,000.00	481,070,000.00
Other Current Liabilities	4.13	263,802,685.25	252,797,610.70
Total Current Liabilities		<u>1,557,233,619.26</u>	<u>1,449,852,379.41</u>
Non-Current Liabilities			
Children's Educational Support	4.14	92,392.17	89,701.14
Long-term Loans	4.15	4,772,120,000.00	4,956,660,000.00
Total Non-Current Liabilities		<u>4,772,212,392.17</u>	<u>4,956,749,701.14</u>
Total Liabilities		<u>6,329,446,011.43</u>	<u>6,406,602,080.55</u>

Notes on the Company's financial statements are an integral part of these financial statements.

Balance Sheets

As at 30 September 2010 and 2009

	Supplementary Information	2010	Unit : Baht 2009
Liabilities and Owners' Equity			
Owners' Equity			
Share Capital			
Registered Ordinary Share Capital			
6,600,000 shares of Baht 100.00 each		660,000,000.00	660,000,000.00
Issued and fully paid up Share Capital	4.16	660,000,000.00	660,000,000.00
Staff Welfare Fund	4.18	127,862,062.15	113,141,761.71
Total Owners' Equity		787,862,062.15	773,141,761.71
Total Liabilities and Owners' Equity		7,117,308,073.58	7,179,743,842.26

Notes on the Company's financial statements are an integral part of these financial statements.

(Air Chief Marshal Somchai Thean-anant)
President

(Mrs. Onurai Komain)
Vice President (Finance)

Comprehensive Statements of Income and Expenditure

For the years ended 30 September 2010 and 2009

	Supplementary Information	2010	Unit : Baht 2009
Income			
Income from Operations			
Air Navigation Service Charges		4,843,326,599.98	4,458,967,333.69
Equipment rental, Maintenance and NOC income		302,292,832.41	276,095,094.20
Revenue from work orders		73,024,678.36	135,446,639.81
Total Income from Operations		5,218,644,110.75	4,870,509,067.70
Interest Received		457,251.28	783,585.43
Gain on exchange rate		-	5,680,901.31
Other Income		46,572,598.29	46,203,316.37
Total Income from Operations and Other income		5,265,673,960.32	4,923,176,870.81
Income under Expenditure to be collected from Member Airlines	4.5	181,004,862.87	530,854,904.45
Total net income		5,446,678,823.19	5,454,031,775.26
Expenditure			
Operating Expenditure			
Staff Costs		3,685,832,364.64	3,517,836,164.34
Depreciation		720,046,087.69	722,645,186.24
Maintenance of Assets & Equipment		136,790,112.73	149,518,089.61
Assets Rental and Property Tax		290,420,751.98	313,072,998.99
Supplies used		34,798,607.65	38,880,255.33
Utilities and Communication Expenses		118,574,804.06	116,772,123.79
General Administrative Expenses		61,188,457.58	107,803,938.94
Doubtful Debts		6,452,848.68	17,241,277.88
Other Operating Expenses		254,296,721.37	230,977,155.36
Costs of Production		42,909,137.76	94,707,879.43
Total Operating Expenditure		5,351,309,894.14	5,309,455,069.91
Loss on exchange rate		3,702,335.94	-
Other Expenditure			
Interest Paid	4.15	91,666,593.11	144,576,705.35
Total Expenditure		5,446,678,823.19	5,454,031,775.26
Net Income over (under) Expenditure		-	-

Notes on the Company's financial statements are an integral part of these financial statements.

Statements of Cash Flow For the years ended 30 September 2010 and 2009

	Supplementary Information	2010	Unit : Baht 2009
Cash Flow from Operating Activities:			
Income under Expenditure to be collected from Member Airlines		(181,004,862.87)	(530,854,904.45)
Reconciliations of Income under Expenditure to Cash Receipts (Disbursements)			
Cash from operating activities:			
Loss on exchange rate		1,740,239.52	665,436.37
Doubtful Debts		6,452,848.68	17,241,277.88
Depreciation		720,046,087.69	722,645,186.24
Assets transferred to Expenses		110,945.50	10,471,627.99
Loss on assets to be written off		588,846.14	8,476,268.49
Unearned income transferred to income		(16,367,210.55)	(16,368,237.61)
Expenses transferred to Assets		(39,660.00)	(4,608,234.83)
Revenue from Interest		(4,209,007.89)	(8,679,391.67)
Interest Expenses		91,666,593.11	144,576,705.35
Income over Expenditure to be paid to Member Airlines			
before any changes in Operating Assets and Liabilities		618,984,819.33	343,565,733.76
Changes in Operating Assets and Liabilities			
Operating Assets (Increase) Decrease			
Debtors		39,452,316.33	(46,283,229.10)
Store supplies		10,723,281.60	(11,978,123.87)
Accumulated Shortfall		2,532,844.30	1,109,442.55
Other Current Assets		(79,820,507.01)	(32,215,544.56)
Operating Liabilities Increase (Decrease) Accrued Expenses			
Accrued Expenses		63,002,798.48	41,772,153.08
Other Current Liabilities		11,005,074.55	23,819,796.26
Staff Welfare Fund		14,762,650.87	4,280,075.56
Children's Educational Support		2,691.03	3,434.13
Cash Received from Operating Activities			
Interest Received		5,390,827.10	7,636,063.56
Net Cash Received from Operating Activities		686,036,796.58	331,709,801.37

Notes on the Company's financial statements are an integral part of these financial statements.

Statements of Cash Flow For the years ended 30 September 2010 and 2009

	Supplementary Information	2010	Unit : Baht 2009
Cash Flow from Investing Activities:			
Payment for short-term investment - the staff welfare fund		50,274,327.14	10,354,371.27
Payment for equipment investment - the staff welfare fund		(64,200.00)	-
Payment for investment in work in progress		(324,485,711.29)	(508,687,666.32)
Payment for long-term investment		239,440.00	-
Payment for long-term investment - the staff welfare fund		(61,009,000.00)	(1,000.00)
Net Cash Used in Investing Activities		<u>(335,045,144.15)</u>	<u>(498,334,295.05)</u>
Cash Flow from Financing Activities:			
Cash receipts from promissory notes		1,620,000,000.00	320,000,000.00
Cash receipts from long-term loans		360,000,000.00	880,000,000.00
Payment for promissory notes		(1,620,000,000.00)	(320,000,000.00)
Payment for long-term loans		(481,070,000.00)	(511,262,500.00)
Cash paid to interest on loans		(105,396,015.74)	(170,836,785.61)
Net Cash Provided by Financing Activities		<u>(226,466,015.74)</u>	<u>197,900,714.39</u>
Net Increase in Cash and Cash Equivalents		124,525,636.69	31,276,220.71
Cash and Cash Equivalents at the beginning of the year		189,287,261.63	158,676,477.29
Gain or loss on revaluation of foreign exchange		<u>(1,740,239.52)</u>	<u>(665,436.37)</u>
Cash and Cash Equivalents at the end of the year	4.1	<u>312,072,658.80</u>	<u>189,287,261.63</u>

Notes on the Company's financial statements are an integral part of these financial statements.

Notes on the Company's Financial Statements

For the years ended 30 September 2010 and 2009

1. The Objective of the Establishment of the Company

The Company's objective is to provide air traffic control, aeronautical telecommunications and related services to meet the requirements of air transport operators and the International Civil Aviation Organization's (ICAO) standards and recommended practices. The services are provided safely, frequently, efficiently and in accordance with the Government's obligation to ICAO as one of the Contracting States. The Company provides services to air transport operators on a cost recovery basis. The Company recovers expenses by collecting air navigation charges fairly from users.

2. Principles for Presentation of Financial Statements

2.1 The financial statements of Aeronautical Radio of Thailand Ltd. are prepared in accordance with generally accepted accounting principles in Thailand.

2.2 The revision of Accounting Framework and Accounting Standards and the new Accounting Standards and new policies for presenting the financial statement which were announced in the Government Gazette on 26 May 2010 are as follows:

- Effective for accounting periods on or after 26 May 2010
Accounting Framework (revised 2009)
- Effective for the fiscal year beginning as at or later on 1 January 2011
Accounting Standard No.1 (revised 2009): The Presentation of Financial Statements
Accounting Standard No.2 (revised 2009): Inventories
Accounting Standard No.7 (revised 2009): Cash Flow Statements
Accounting Standard No.8 (revised 2009): Accounting Policies, Changes in Accounting Estimates and Errors
Accounting Standard No.10 (revised 2009): Events After the Balance Sheet Date
Accounting Standard No.11 (revised 2009): Construction Contracts
Accounting Standard No.17 (revised 2009): Leases
Accounting Standard No.23 (revised 2009): Borrowing Costs
Accounting Standard No.24 (revised 2009): Related Party Disclosures
Accounting Standard No.27 (revised 2009): Consolidated and Separate Financial Statements
Accounting Standard No.28 (revised 2009): Investment in Associates
Accounting Standard No.29 (revised 2009): Financial Report in Hyperinflationary Economies
Accounting Standard No.31 (revised 2009): Interests in Joint Ventures
Accounting Standard No.33 (revised 2009): Earnings per Share
Accounting Standard No.34 (revised 2009): Interim Financial Reporting
Accounting Standard No.36 (revised 2009): Impairment of Assets
Accounting Standard No.37 (revised 2009): Provisions, Contingent Liabilities and Contingent Assets
Accounting Standard No.38 (revised 2009): Intangible Assets
Accounting Standard No.40 (revised 2009): Investment Property
Principles for Presentation of Financial Statement No.5 (revised 2009): Non-Current Assets Held for Sale and Discontinued Operations
Principles for Presentation of Financial Statement No.6: Exploration for and Evaluation of Mineral Assets
- Effective for the fiscal year beginning as at or later on 1 January 2013
Accounting Standard No.12: Income taxes
Accounting Standard No.20 (revised 2009): Accounting for Government Grants and Disclosure of Government Assistance

The Company is studying the revision of the mentioned Accounting Standards and it is expected that they can be put into practice in time of the effective date.

3. Summary of Significant Accounting Policies

3.1 Income Recognition

- 3.1.1 Income derived from air traffic control services is recognized as income in the accounting period the services are provided.
- 3.1.2 Equipment rental and maintenance incomes and Airline Operational Control (AOC) incomes are recognized as income as per the rental agreement.
- 3.1.3 Revenue from work orders is recognized as income when each order is completed and delivered to customers.
- 3.1.4 Interest received is recognized in proportion of time on the basis of an actual rate of return.

3.2 Provision for Doubtful Debts. The provision is recorded by basing on an evaluation of outstanding debts for which recovery is doubtful. Generally, estimations are made by basing on experience of debt recovery by the Company from non-governmental organizations or non-state enterprise debtors and their status in the balance sheet. This year, the provision for doubtful debts is made according to the Regulations for Account and Finance, 2005 by the Ministry of Finance.

<u>Period Overdue</u>	<u>% of Provision for Doubtful Debts</u>
Over 6 months - 1 year	50
Over 1 years	100

3.3 Store supplies used for operations have been recorded at cost on the weighted average basis. For overseas purchases, import formality handling charges on overseas purchases are recorded as expenditure when articles are received.

3.4 Long-term investment has been recorded at cost.

3.5 Buildings and Equipment

3.5.1 Buildings and equipment are recorded at cost.

Depreciation on fixed assets, the Company has depreciated the assets by using the straight-line method based on the assets' lifespan starting from the month the assets were received or installed or commissioned as follows:

Buildings and Construction	7 - 20	years
Utility System	5 - 20	years
Radar and Equipment	7 - 15	years
Power Generators	10 - 20	years
Teleprinters	7	years
Equipment and Tools	7 - 20	years
Office Supplies	5 - 7	years
Vehicles	5	years
Aircraft	5 - 25	years
Assets from Donations	5 - 25	years

Assets with a value not exceeding Baht 30,000 are written off at purchase.

3.5.2 Aircraft Maintenance and Repair (IRAN) are recorded at cost and depreciation is calculated using the straight-line method based on the duration of the affected aircraft's lifespan: 5-10 years.

3.6 Work in progress is funded by loans; interest paid will be recorded as a cost of the work in progress. When the work has been completed, the interest will be taken as expenditure.

3.7 Assets donated are recorded at cost as unearned income which is shown in the Balance Sheets under liabilities and will be taken to other income in the Comprehensive Statement of Income and Expenditure according to such assets' lifespan. Depreciation on donated assets is recorded as expenditure which is calculated from the expected lifespan of the assets.

3.8 Assets and Liabilities of foreign currency values are recorded in Baht by using the currency exchange rate on the date the item occurs.

At the end of each accounting period, the asset value and liability value will be adjusted in Baht according to the currency exchange rate announced by the Bank of Thailand on that day. Profit or loss from currency exchange rate revaluation will be recorded as a total income or expense item for the said accounting period.

3.9 Overcollection and Shortfall. The Company operates on a non-profit basis. If income exceeds expenditure, the said amount will be refunded to the shareholders (airline companies). If expenditure exceeds income, then the shareholders will be charged the shortfall to cover the expenditure according to the number of flight units of each airline for the said period.

3.10 Computer software development costs are recognized as assets when the development enhances and extends the benefits of computer software programmes beyond their original specifications.

3.11 Cash and cash equivalents in the Statements of Cash Flow mean cash on hand and at bank for which repayment is due in not more than 3 months.

4. Supplementary Information

4.1 Cash and Cash Equivalents

		Unit: Million Baht	
		2010	2009
Cash		3.87	3.59
Bank	- Current	5.75	5.47
	- Savings	<u>302.45</u>	<u>180.22</u>
Total		<u>312.07</u>	<u>189.28</u>

Cash and Cash Equivalents of Baht 312.07 million can be broken down into Baht 274.40 million belonging to the Company and Baht 37.67 million belonging to the Staff Welfare Fund.

4.2 Temporary Investment

		Unit: Million Baht	
		2010	2009
Cash at Government Housing Bank	- 6-Month Fixed Deposit	0.30	-
	- 12-Month Fixed Deposit	6.76	-
Cash at Saving and Credit Cooperative	- 12-Month Fixed Deposit	<u>1.77</u>	<u>59.10</u>
Total		<u>8.83</u>	<u>59.10</u>

Temporary investment of Baht 8.83 million is the Staff Welfare Fund's fixed deposit account at Government Housing Bank at Baht 7.06 million and at Aeronautical Radio of Thailand Saving and Credit Cooperative, Limited at Baht 1.77 million.

4.3 Debtors and Others - Net

		Unit: Million Baht	
		2010	2009
Debts from Air Navigation Service Charges and Equipment Rental & Maintenance and Others			
- Receivable Check		1.19	3.25
- Airlines Debtors		566.07	569.35
- Domestic Debtors		17.44	68.72
- International Debtors		5.05	4.67
- Unearned Income		<u>7.69</u>	<u>10.20</u>
		597.44	656.19
<u>Less</u> Provision for doubtful debts		<u>(52.53)</u>	<u>(64.17)</u>
Debtors and Others - Net		<u>544.91</u>	<u>592.02</u>

Provision for doubtful debts at Baht 52.53 million can be divided into Baht 51.16 million for airlines debtors, and Baht 1.37 million for domestic and international debtors.

4.4 Store Supplies

Unit: Million Baht

	2010	2009
Spare parts for Radar	103.74	113.40
Spare parts for Aircraft	28.95	28.60
Spare parts for Air Navigation Aids	7.96	8.13
Spare parts for Radio Equipment	6.77	8.14
Office Equipment	11.20	10.94
Other spare parts	1.06	1.19
Total	159.68	170.40

4.5 Accumulated Shortfall

Unit: Million Baht

	2010	2009
Shortfall to Member Airlines - brought forward	649.99	120.25
<u>Less</u> Collected Shortfall in 2010	<u>(2.53)</u>	<u>(1.11)</u>
	647.46	119.14
<u>Add</u> Shortfall to Member Airlines - for the year	<u>181.00</u>	<u>530.85</u>
Accumulated Shortfall	<u>828.46</u>	<u>649.99</u>

The shortfall brought forward to 2010 is Baht 649.99 million which was from income over or under expenditure accumulated since 1978. The Company's Shareholders at their 63rd Ordinary General Meeting on 22 March 2010 agreed to keep the shortfall in 2009 of Baht 530.85 million with the accumulated amount brought forward from 2008 of Baht 119.14 million. Thus the total amount of Baht 649.99 million will be carried to be offset by the overcollection in the future.

In 2010, the Company had Baht 5,265.67 million total income and Baht 5,446.67 million total expenditure. Thus income is under expenditure at Baht 181.00 million which will be collected from Member Airlines as a shortfall.

4.6 Other Current Assets

Other current assets at Baht 217.56 million comprise of the Company's current assets at Baht 188.32 million and the Staff Welfare Fund's current assets at Baht 29.24 million.

The Company's current assets at Baht 188.32 million can be broken down into work in process at Baht 136.22 million, advance payments at Baht 39.14 million, deposit payments at Baht 5.87 million, advances to staff for expenses at Baht 2.54 million and other current assets at Baht 4.55 million.

The current assets of the Staff Welfare Fund at Baht 29.24 million include loans to staff at Baht 16.73 million. The purpose of this fund is for staff to borrow according to Objectives 7(4.1) and 7(4.2) of the Regulations on Loans from Staff Welfare Fund, B.E. 2550, and is for staff to borrow for themselves or their children for educational purposes (Regulations on Loans from Staff Welfare Fund B.E. 2550). The interest is calculated at the rate for 12-month fixed deposits of commercial banks and the rate for 12-month fixed deposits of Aeronautical Radio of Thailand Saving and Credit Cooperative, Limited plus 1%. The balance brought forward from the previous period as at 1 October 2009 is Baht 14.20 million and the loans made in this period are Baht 22.93 million. Repayment has been made at Baht 20.40 million. The outstanding debts at the end of the period are Baht 16.73 million.

4.7 Long-Term Investment

Unit: Million Baht

	2010	2009
Cash at Government Housing Bank - 36-Month Fixed Deposit	61.01	-
Shares at Aeronautical Radio of Thailand Saving and Credit Cooperative	0.50	0.50
Shares at ACT Mobile Co., Ltd.	-	0.24
Total	61.51	0.74

Long-term investment amounted to Baht 61.51 million is an investment by the Staff Welfare Fund, comprising of Baht 61.01 million fixed deposit for 36 months at Government Housing Bank and the investment in Aeronautical radio of Thailand Saving and Credit Cooperative by holding 10,030 shares at Baht 50 each.

In 2009, The Company's long-term investment of Baht 0.74 million was the investment by the Staff Welfare Fund at Baht 0.50 million and the investment in ACT Mobile Co., Ltd. at Baht 0.24 million in which the Company held 23,994 shares (fully paid) or 0.02% of total shares (120 million shares at Baht 10 each). The Company's Board of Directors at its 446th, 482nd, 490th, and 495th Meetings agreed to sell the whole allotment of ACT Shares to TOT Public Company Limited which requested the sale in order to comply with TOT's operational policy. The sale offered at par value of Baht 10 per share. The shares were already transferred to TOT on 14 September 2010 with full payment of Baht 239,940 paid to the Company on 30 September 2010.

4.8 Buildings and Equipment - Net

Unit: Million Baht

	Original Cost				Accumulated Depreciation	Book Value	
	Balance 1 Oct 09	Increase	Decrease	Total 30 Sept 10		30 Sept 10	30 Sept 09
The Company's Buildings and Equipment							
Buildings and Construction	2,532.97	(15.71)	-	2,517.26	1,019.81	1,497.45	1,641.75
Utility Systems	756.53	13.75	0.84	769.44	456.93	312.51	341.24
Radar and Equipment ^{1/}	5,283.53	156.30	7.33	5,432.50	3,294.04	2,138.46	2,356.87
Power Generators	227.29	0.11	0.39	227.01	170.87	56.14	61.73
Teleprinters	0.30	-	-	0.30	0.30	-	-
Equipment and Tools	692.63	19.34	3.45	708.52	480.26	228.26	263.56
Office Supplies (including computer systems and equipment)	638.20	24.66	5.18	657.68	470.43	187.25	248.99
Vehicles	1.92	-	-	1.92	1.92	-	-
Aircraft	242.14	-	-	242.14	41.00	201.14	210.25
Assets from Donations							
- Utility Systems	0.22	-	-	0.22	0.22	-	-
- Other Communication Equipment	4.08	-	-	4.08	4.08	-	-
- Tools, Equipment and Other Assets	11.54	-	-	11.54	11.54	-	-
- Equipment for Air Navigation Aids	37.69	-	-	37.69	37.69	-	-
- Aircraft	211.45	-	-	211.45	203.24	8.21	28.48
Total	10,640.49	198.45 ^{2/}	17.19	10,821.75	6,192.33	4,629.42	5,152.87
Staff Welfare Fund's Equipment							
Musical Instruments and Sports Equipment	2.44	0.06	-	2.50	2.30	0.20	0.18
Total	10,642.93	198.51	17.19	10,824.25	6,194.63	4,629.62	5,153.05

Notes: 1/ Radar and Equipment comprise of radar systems, Air Navigation Aids, surveillance systems, automatic message switching systems, and other communication equipment.

2/ The amount is for buildings and equipment which increased from procurement at Baht 198.42 million and Expenses transferred to Assets at Baht 0.03 million.

Buildings and construction are constructed on the Royal Property for operations with ownership resting with the Ministry of Finance.

The depreciation in this fiscal year of Baht 720.09 million is recognized as the Company operating expenditure at Baht 720.05 million (includes the depreciation of assets from donations at Baht 20.27 million) and is recognized as the Staff Welfare Fund expenditure at Baht 0.04 million.

4.9 Work in Progress

Unit: Million Baht

	2010	2009
Balance brought forward as at 1 October 2009	228.70	522.94
<u>Add</u> Additional during the year	<u>324.49</u>	<u>508.58</u>
	553.19	1,031.52
<u>Less</u> Transfer to Buildings and Equipment	<u>(198.42)</u>	<u>(792.35)</u>
Transfer to Expenses	(0.11)	(10.47)
Balance carried forward as at 30 September 2010	<u>354.66</u>	<u>228.70</u>

4.10 Accrued Expenses

Accrued expenses at Baht 740.68 million represent the Company's accrued expenses at Baht 739.59 million and the Staff Welfare Fund's accrued expenses at Baht 1.09 million. The Company's accrued expenses at Baht 739.59 million include Baht 591.01 million Annual Special Reward which has not been paid, Baht 47.94 million accrued interest, Baht 63.60 million for the Treasury Department land lease and property tax and other accrued expenses of Baht 37.04 million.

4.11 Unearned Income

The Company recorded assets donated as unearned income and regularly transferred to other income in the statement of Income and Expenditure according to those assets' lifespan.

In 2010, the Company's unearned income was Baht 24.58 million brought forward from the previous year of which Baht 16.37 million was transferred to other income. Thus the outstanding balance was Baht 8.21 million.

4.12 Long-Term Loans due within one year

Unit: Million Baht

	Bank					Total
	CIMB Thai	Krung Thai		Siam Commercial	Government Savings	
Credit limit	850.00	1,390.28	1,100.00	1,519.55	1,650.00	
Balance brought forward as at 1 October 2009	85.00	116.00	84.40	131.80	63.47	481.07
<u>Less</u> Payments during the period	<u>(85.00)</u>	<u>(116.00)</u>	<u>(84.40)</u>	<u>(131.80)</u>	<u>(63.47)</u>	<u>(481.07)</u>
	-	-	-	-	-	-
<u>Add</u> Transferred from long-term loans	<u>85.00</u>	<u>116.00</u>	<u>84.80</u>	<u>131.80</u>	<u>126.94</u>	<u>544.54</u>
Balance carried forward as at 30 September 2010	<u>85.00</u>	<u>116.00</u>	<u>84.80</u>	<u>131.80</u>	<u>126.94</u>	<u>544.54</u>

4.13 Other Current Liabilities

As at 30 September 2010, other current liabilities at Baht 263.80 million comprise of the Company's other current liabilities of Baht 255.40 million and the Staff Welfare Fund's current liabilities of Baht 8.40 million.

The Company's other current liabilities of Baht 255.40 million can be divided into Baht 125.32 million of creditors, Baht 63.07 million of deferred income, Baht 27.88 million of accrued tax, Baht 23.22 million of contract security, Baht 14.74 million of suspense account of pay check and Baht 1.17 million of other liabilities.

4.14 Children's Educational Support

This fund has been donated to by the Company's staff since 1982 to provide scholarships for the education of staff's children who have high educational performance but lack funding. The fund is deposited as a fixed deposit account at Aeronautical Radio of Thailand Saving and Credit Cooperative, Limited. The balance brought forward from the previous period is Baht 0.09 million and produced an interest of Baht 2,691.03. The balance for the end of the period is Baht 0.10 million.

4.15 Long-Term Loans

Unit: Million Baht

	Bank						
	CIMB Thai	Krung Thai		Siam Commercial	Government Savings		
Credit limit	<u>850.00</u>	<u>1,390.28</u>	<u>1,100.00</u>	<u>1,519.55</u>	<u>1,650.00</u>	<u>1,200.00</u>	Total
Balance brought forward as at 1 October 2009	425.00	1,042.28	972.80	1,190.05	1,326.53	-	4,956.66
<u>Add</u> Additional loans in 2010	-	-	-	-	260.00	100.00	360.00
	<u>425.00</u>	<u>1,042.28</u>	<u>972.80</u>	<u>1,190.05</u>	<u>1,586.53</u>	<u>100.00</u>	<u>5,316.66</u>
<u>Less</u> Transferred to loans due within 1 year	<u>(85.00)</u>	<u>(116.00)</u>	<u>(84.80)</u>	<u>(131.80)</u>	<u>(126.94)</u>	<u>-</u>	<u>(544.54)</u>
Balance carried forward as at 30 September 2010	<u>340.00</u>	<u>926.28</u>	<u>888.00</u>	<u>1,058.25</u>	<u>1,459.59</u>	<u>100.00</u>	<u>4,772.12</u>

- 4.15.1 The loan from CIMB Thai Bank Public Company Limited (formerly was Bank Thai Public Company Limited) is a loan against Bills of Exchange at Baht 850 million. The payment of interest is due every 6 months (the rate of interest for the 1st - 3rd years is at the 6-month Fixed Deposit Rate (FDR) plus 0.64% per annum and 6-month FDR plus 0.74% per annum for the 4th year onwards until maturity). Payment of principal is scheduled every 6 months and made in 20 installments at Baht 42.50 million per installment. The first payment was due on 29 March 2006. This loan is used for investment in air navigation aids equipment for landing and the procurement and installation of other equipment.
- 4.15.2 The loan from Krung Thai Bank Public Company Limited is a loan against Promissory Note at Baht 1,390.28 million which is used for investment in the Suvarnabhumi Airport Project. The payment of interest is due every 6 months (the rate of interest is the average of the 6-month Fixed Deposit Rate (FDR) from five major banks: Krung Thai Bank Public Company Limited, Bangkok Bank Public Company Limited, Kasikorn Bank Public Company Limited, Siam Commercial Bank Public Company Limited, and Bank of Ayudhya Public Company Limited, plus 0.75% per annum). The payment of principal is scheduled every 6 months in 24 installments at Baht 58 million per installment. The first payment was due on 1 October 2007.
- 4.15.3 The loan from Krung Thai Bank Public Company Limited, term loan of Baht 1,100 million is used for investment in other projects during the fiscal years 2006 - 2007. The payment of interest is due every 6 months (the rate of interest is the 6-month Fixed Deposit Rate (FDR) maximum rate plus 1.22% per annum.) The payment of principal is scheduled every 6 months in 26 installments at Baht 42.40 million per installment for the 1st - 25th payment and Baht 40.00 million for the last payment. The first payment was due on 5 April 2009.
- 4.15.4 The loan from Siam Commercial Bank Public Company Limited is a loan against Bill of Exchange at Baht 1,581.34 million which is used for Suvarnabhumi Airport Project. The payment of interest is due every 6 months (the rate of interest is the 6-month Fixed Deposit Rate (FDR) of the bank plus 1.10% per annum). The payment of principal is scheduled every 6 months in 24 installments at Baht 65.90 million per installment. The first payment was due on 7 May 2008. Later on 5 September 2008, the request to decrease the credit limit at Baht 61.79 million was made then leaving the loan at Baht 1,519.55 million.
- 4.15.5 The loan from Government Savings Bank, term loan of Baht 1,650 million is used for investment in other projects during the fiscal years 2007 - 2008. The payment of interest is due every 6 months (the rate of interest is the 6-month Fixed Deposit Rate (FDR) maximum rate from five major banks: Krung Thai Bank Public Company Limited, Bangkok Bank Public Company Limited, Kasikorn Bank Public Company Limited, Siam Commercial Bank Public Company Limited, and Bank of Ayudhya Public Company Limited, plus 0.61% per annum.) The payment of principal is scheduled every 6 months in 26 installments at Baht 63.47 million per installment for the 1st - 25th payment and Baht 63.25 million for the last payment. The first payment is due on 5 April 2010.
- 4.15.6 The loan from Government Savings Bank, term loan of Baht 1,200 million is use for investment in other projects during the fiscal years 2010 - 2011. The payment of interest is due every 6 months (the rate of interest is the 6-month Fixed Deposit Rate (FDR) minimum rate from four major banks: Krung Thai Bank Public Company Limited, Bangkok Bank Public Company Limited, Kasikorn Bank Public Company Limited, and Siam Commercial Bank Public Company Limited plus 1.55% per annum). The payment of principal is scheduled every 6 months in 24 installments at Baht 50 million per installment. The first payment will be on 5 October 2012.

The Company paid an interest of Baht 91.66 million in this period.

4.16 Share Capital

Unit: Million Baht

	2010	2009
Registered Ordinary Shares and paid up Share Capital		
A-shares (held by the Ministry of Finance)	600.00	600.00
B-shares (held by airline companies)	<u>60.00</u>	<u>60.00</u>
Total	<u>660.00</u>	<u>660.00</u>

4.17 Appropriation to the Ministry of Finance

The Cabinet Meeting on 27 October 1998 required the Company to pay the appropriation to the Ministry of Finance in proportion of 10% of income from flight charges starting from the fiscal year 1998.

At the Cabinet Meeting on 13 August 2003, approval was given to the Company to prolong the non-payment of the appropriation to the Ministry of Finance between 2002 and 2005. Later, approval to terminate the payment of the appropriation to the Ministry of Finance effective from the fiscal year 2006 was given by the Cabinet Meeting on 20 September 2005.

4.18 The Staff Welfare Fund

Unit: Million Baht

	2010	2009
Cash and Cash Equivalents	37.67	36.94
Temporary Investment	8.83	59.10
Other Current Assets	29.24	25.43
Long-Term Investment	61.51	0.50
Buildings and Equipment - Net	<u>0.20</u>	<u>0.18</u>
Total Assets	<u>137.45</u>	<u>122.15</u>
Accrued Expenses	1.09	1.71
Other Current Liabilities	8.40	7.21
Children's Educational Support	<u>0.10</u>	<u>0.09</u>
Total Liabilities	<u>9.59</u>	<u>9.01</u>
Staff Welfare Fund		
Balance brought forward	113.14	108.91
Income over expenditure in this period	<u>14.72</u>	<u>4.23</u>
Total Staff Welfare Fund	<u>127.86</u>	<u>113.14</u>
Total Liabilities and Fund	<u>137.45</u>	<u>122.15</u>

The Staff Welfare Fund of Baht 113.14 million was brought forward from 2009 with income over expenditure of Baht 14.72 million this year, which was contributed by the Company at 9% of the basic salary at Baht 167.36 million and other income at Baht 12.76 million (total at Baht 180.12 million) and expenses at Baht 165.40 million, thereby leaving a balance of Baht 127.86 million.

4.19 Operations

Unit: Million Baht

	2010	2009	Increase (Decrease)	
			Amount	%
Income				
Air Navigation Service Charges	4,843.33	4,458.97	384.36	9
Equipment Rental & Maintenance and NOC income	302.29	276.09	26.20	9
Revenue from work orders	73.02	135.45	(62.43)	(46)
Interest Received	0.46	0.78	(0.32)	(41)
Gain on exchange rate	-	5.68	(5.68)	(100)
Other Income	46.57	46.21	0.36	1
	5,265.67	4,923.18	342.49	7
Income under Expenditure to be collected from Member Airlines	181.00	530.85	(349.85)	(66)
Grand Total	5,446.67	5,454.03	(7.36)	-
Expenditure				
Staff Costs	3,685.83	3,517.83	168.00	5
Operating and Admin expenditure	1,368.27	1,465.93	(97.66)	(7)
Other operating expenditure	254.30	230.98	23.32	10
Costs of production	42.91	94.71	(51.80)	(55)
Loss on exchange rate	3.70	-	3.70	100
Interest Paid	91.66	144.58	(52.92)	(37)
Grand Total	5,446.67	5,454.03	(7.36)	-
Income over (under) Expenditure - Net	-	-	-	-

In the Fiscal Year 2010 the Company's total income amounted to Baht 5,265.67 million, which is Baht 342.49 million or 7% increase from last year, mainly a higher income from air navigation service charges by 9% as the airlines increased their flights.

Income from equipment rental, maintenance charges, and income from services to Airlines Operational Control (AOC) amounted to Baht 302.29 million include income from providing Telecommunication Services (rental of communication equipment) to non-airline customers in the fiscal year 2010 at Baht 42.00 million which the Company is required to pay the appropriation to the Telecommunications Development Fund in proportion of 4% of the income after any cost reduction allowed by the regulations of The National Telecommunications Commission that is Baht 1.77 million.

The Company's total expenditure in 2010 amounted to Baht 5,446.67 million, which decreased by Baht 7.36 million from the previous year mainly as a result of the measures to cut down the expenditure that will affect neither core business nor safety throughout the Organization, which the Company has been practiced continuously.

The Company's performance in 2010 is that income is under expenditure, or a shortfall to be collected from Member Airlines at Baht 181.00 million. After adding to the accumulated shortfall of Baht 647.46 million, the fiscal year end accumulated shortfall is Baht 828.46 million. Since the Company was affected by global economic crisis, the domestic political deadlock, the protester blockade at Suvarnabhumi Airport as well as the pandemic, then the actual flight unit was increased at only 6% while the forecast was 9% causing the income from air traffic control services to be under estimated. Also income from related services was under estimated due to customers from government entities were affected by the changes in state policy. However the Company has maintained the measures that set forth to relieve the impact on declining income by controlling and cutting down the expenditures. Moreover the Company also planned to adjust an air navigation charges in 2011 in order to make the balance between income and expenditure which finally make up for the accumulated shortfall within 4-5 years as set in the financial plan 2011 (during 2011 - 2015).

In 2010, the Company contributed to the Staff Welfare Fund at 9% of the basic salary amount or Baht 167.36 million, which was recorded as Baht 166.88 million operating expenditure and Baht 0.48 million cost of production.

In addition, the Company carried a cost of Baht 0.61 million for quarterly auditing and annual auditing fees in this period.

4.20 Provident Fund

On 1 October 1992, the Company established “the Registered Provident Fund for Staff of Aeronautical Radio of Thailand Ltd.” in accordance with the Provident Fund Act, 1987. The Company has calculated the gratuity fund to be paid to staff as of that date at Baht 342.66 million. The Company transferred Baht 173.60 million to the Provident Fund. The remaining amount of Baht 169.06 million had to be transferred within 10 years and/or the remaining working period of the staff with interest at an average one year fixed deposit rate. The Company completed the transfer of all the remaining deferred gratuity funds to the Provident Fund in the Fiscal Year 2002.

On 30 September 2010 there were 2,865 staff members. The Company made a contribution to the fund of 8.5 – 15% of staff salaries. In this period the Company paid Baht 250.76 million to the Provident Fund, which was recorded as Baht 250.02 million staff costs and Baht 0.74 million cost of production.

4.21 Remuneration for Committees

In this period, the Company paid remuneration for committees as follows:

	Baht
1. Board of Directors	864,000.00
2. Executive Committee	226,000.00
3. Audit Committee	304,000.00
4. Risk Management Committee	250,000.00
5. Corporate Plan Committee	76,000.00
6. Remuneration Committee	176,000.00
7. Funds Seeking Committee	18,000.00

Note: The remuneration payment was paid to the Company's Board of Directors and the committee members, representatives from other organizations.

4.22 Upcoming Future Liability

There are some future liabilities that have not yet been presented in this Financial Statement as follows:

	Unit: Million Baht	
	2010	2009
The Company was brought to the Civil Court as defendant in the following suits:		
Labour dispute	46.22	31.19
Compensation demand	24.40	26.91
Total	70.62	58.10

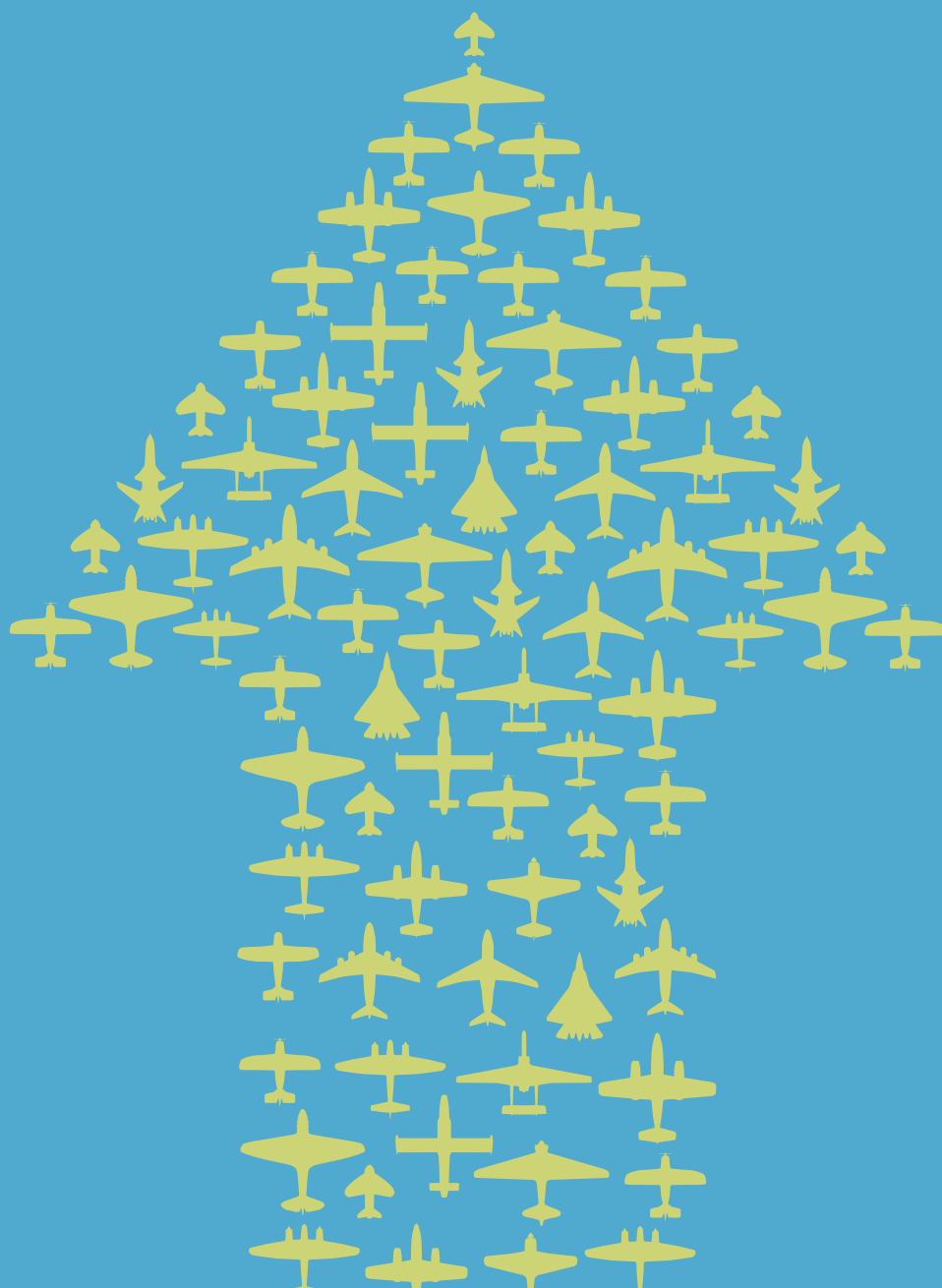
Notes: The total claim has not yet included interest. For the claim for compensation, the Company already made a counterclaim with the principal (interest excluded) at approximately Baht 6.16 million.

4.23 Interest Rate SWAP (IRS) Agreement

As the interest rates in loan agreements are floating rates which tend to increase gradually, the Company has signed the Interest Rate Swap Agreement (IRS) which is the financial instrument to manage risk on the fluctuation of interest rate by convert floating rate to fixed rate of interest. The IRS agreement will be activate on some of the loan agreements. In general, the interest of loan agreement will be exchanged with the interest of IRS agreement on the date of that loan payment is scheduled. The difference between the two amounts of interest payment will be recorded as other incomes or other operating expenditures in the Comprehensive Statements of Income and Expenditure.

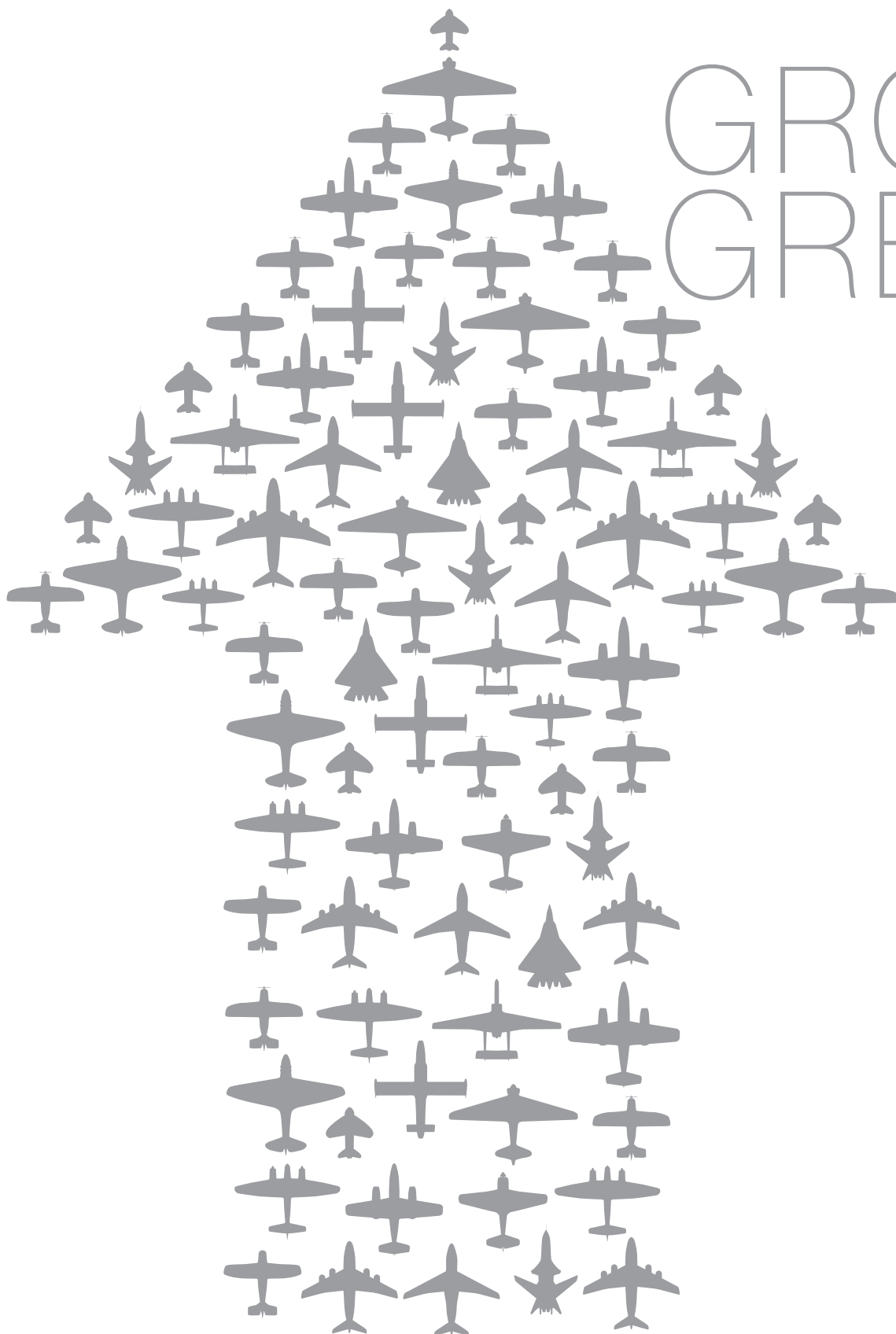
As at September 2010, the credit limit of this agreement was carried at Baht 972.80 million and the agreement will be terminated in 2014.

GROW GREEN





GROW GREEN



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