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G^{MM}
GRAMMY



MESSAGE FROM CHAIRMAN AND CO-CHIEF EXECUTIVE OFFICERS

Dear Shareholders,

In 2010, the Company adjusted and developed its music business so that revenue streams primarily came from three business lines: digital music, artist management, and show business. This was accomplished by reducing the production capacity of physical products, and ramping up sales of digital music to better match the lifestyles of consumer behavior that has shifted in tandem with modern technological innovations. The Company believes that making these changes will support and strengthen Grammy's content so that it can be more readily deployed in a wider range of revenue generating channels.

Besides changes in the music business, the Company continues to focus on key business lines under its new strategic model which emphasizes being an "Entertainment and Multimedia Business". The three areas expected to be outstanding in the future are digital music, satellite television, and artist management. Over the past year, digital music business revenues rose to a satisfactory level, with the greatest growth due to monthly subscription services and income from every mobile telephone operator.

The satellite business line operated a total of six channels in 2010: Fan TV, Bang Channel, Green Channel, Acts Channel, Money Channel, and Saranair Channel. The last is a new channel that aired its pilot program in October 2010. The variety shows are produced by a company jointly-owned with Lucks 666 Company Limited.

The "Neo Artist Management" business line focuses on locating and developing artists. The emphasis rests solely on grooming every artist so they can work in any field in the entertainment business. Thus, these artists are trained to sing, dance, act, and develop their emotional quotient to endure the pressures of the industry. The Company is confident that this new business model and investment in individual artists will yield better returns than the old business model.

The Company's fundamentals in other areas showed satisfactory growth even though Thailand continued to face political and economic problems.

Producing programs for free television channels continued to expand, particularly in primetime dramas, sit-coms, and reality shows such as The Star 6. These popular programs are not only widely acclaimed, but they are also means of developing new artists, especially through variety shows and dramas targeting teenaged viewers, which are genres that Grammy excels in, and remains a leader.

The radio business line's revenues rose from expanding through organizing show business performances activities through radio programs, and providing various tourism related services. The response from the audience continues to be positive.

The publishing business line has increasingly shifted over to new media. For instance, Maxim is published in an e-gazine. Content from this business line will also be increasingly applied to satellite business, as well as selling content through new electronic gadgets such as the iPad.

The movie business line produced a total of three films, of which "Kuen Muen Ho" ('Hello Stranger') brought in Baht 126.3 million, making it the highest box office revenue making Thai film screened in 2010.

In short, the Company is revolutionizing its business structure to be able to more comprehensively capture new business opportunities, making this period a critical juncture in terms of planning its long-term growth strategy. Besides strengthening its framework, the Company is a leader in producing a complete array of content. Because Grammy believes that quality content can be employed in many ways over a longer period of time, the material can be managed to adapt to different media and equipment to conveniently match consumers' lifestyles as much as possible. Moreover, the Company will continue to create media platforms that matches every period, from new media or segmented media, supported by mass media which a field that Grammy is a comprehensive leader.

Nonetheless, Grammy's duties cannot be accomplished without the support of shareholders, members of the management team, business allies, financial institutions, relevant public sector agencies, public relations and advertising agencies, and every customer, as well as the Group's employees who have wholeheartedly cooperated in surmounting many obstacles.

Above all, the GMM Grammy Group continues to uphold its intention to conduct its business on the basis of ethical and good corporate governance principles, and demonstrating corporate social responsibility (CSR) until it is embedded in the corporate culture. This will be achieved by integrating the organization's vision, duties, strategies, and goals, to inspire confidence in shareholders, investors, and every stakeholder, and lead the Company to greater business success. At the same time, the Company will continue its unceasing support and development of education, sports, communities, society, and the environment.

On behalf of the Board of Directors, I would like to thank everyone, in hopes that the Company will continue to grow and advance sustainably to yield good long-term returns to every shareholder in terms of the shares' long-term price increase and satisfactory annual dividends to reciprocate your trust in us over the years.



Mr. Paiboon Damrongchaitam
Chairman



(Miss Busaba Daoruang)
Co-Chief Executive Officer



(Mrs. Saithip Montrikul Na Ayudhya)
Co-Chief Executive Officer

AUDIT COMMITTEE REPORT : GMM GRAMMY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

The Audit Committee ("the Committee") has been appointed by a resolution passed by the Board of Directors which comprises 4 independent Directors. Mr. Chai Nasyolvanta was appointed Chairman of the Audit Committee and the other members are Mr. Dej Bulsuk, Mr. Weerawong Chittmittrapap and Ms. Suvabha Charoenying. The Director of the Internal Audit Department serves as the secretary to the Committee.

In 2010, the Committee had performed according to the Audit Committee Charter which complies with the relevant rules and regulations set forth by the Stock Exchange of Thailand and the Good Corporate Governance policy. The Committee conducted 5 meetings, The summary of attendance of Audit Committee members is as follows :

NAME	POSITION	REGULAR MEETING
1. Mr. Chai Nasyolvanta	Chairman	4/5
2. Mr. Dej Bulsuk	Member	5/5
3. Mr. Weerawong Chittmittrapap	Member	4/5
4. Ms. Suvabha Charoenying	Member	1/1
Mr. Wanich Jarungidan	Member	-/3

The Committee activities could be summarized as follows:

1. Reviewed the quarterly and the annual financial statements for the year 2010 regarding the disclosure of significant information, rendered by the Internal Audit Department, the External Auditors and the Management, to ensure the accuracy, reliability and adequacy.
2. Reviewed the efficiency and the adequacy of the GMM Grammy Group's internal control system in cooperation with the Internal Audit Department, the External Auditors and the Management.
3. Reviewed that the Company abided by the SEC and SET rules and regulations, other related laws, the Company's good corporate governance and Code of Ethics Policies, through coordination with Management and Internal Audit Department
4. Considered and recommended the appointment of external auditors and their audit fee. For the year 2011, The Committee, in coordination with the Internal Audit Department and the Management, Considered the independence and the qualities of the audit task and recommended the reappointment of Mr. Narong Puntawong or Mr. Supachai Phanyawattano or Mr. Termphong Opanaphan or Mr. Khitsada Lerdwana (for subsidiaries) or Mr. Ruth Chaowanagawi (for subsidiaries) , Certified Public Accountant (Thailand) No. 3315, 3930, 4501, 4958 and 3247 respectively, of Ernst & Young Office Limited as the Company's and its' subsidiaries' External Auditors and the audit fee for the fiscal year 2011. The appointment

of the External Auditor for the year 2011 was approved by the Board of Directors and will be proposed to the Shareholders for their further approval. For the year 2010, the Committee conducted 1 meeting with External Auditor.

5. Reviewed related transactions or conflict of interest issues to ensure that transactions were reasonable and fair in accordance with the rules or announcements of the SET and the disclosures were correct and complete.

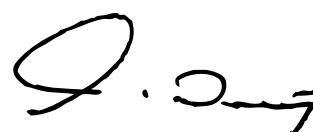
6. Reviewed and acknowledged internal audit results quarterly. Followed up management actions and progresses on the internal and external audit findings and recommendations. Approved the internal audit plan for the year 2011. In addition, the Committee reviewed the Independence of the Internal Audit and concurred to the performance evaluation of the Internal Audit staffs and their remunerations which were assessed and proposed by Chief Executive Officer.

7. Annually reviewed and updated the Charter of Audit Committee and Internal Audit, to ensure that the Charters still suit with the Company's business environment.

8. Conducted the Audit Committee self assessment on its composition, qualification, activities in compliance to the audit Committee Charter, training, authority and the independence. For the year 2010, the Committee concluded that the Committee has adequately completed its duty as assigned and reported the assessment results along with the Committee's activities to the Board of Directors Meetings on February 25, 2011.

9. Reviewed that the Company abided by the Good Corporate Governance and Code of Ethics Policies. Reviewed and updated the policy with the Management and internal auditor to suit with the Company's business environment before rendering it to the Board of Directors for approval.

As the result of the above obligations, the Committee agreed that in general, the internal control system of the company and subsidiaries was adequate, fairly established and appropriate to the Company's businesses. There also was no significant weakness of internal control which would affect the accuracy and reliability of financial statements and the efficiency and effectiveness to achieve the business goals. In addition, there was adequate control system for the connected transactions associated with the Major Shareholders, Directors, Management or other related persons. The Committee and the management recognized the importance of good corporate governance, internal control, and continuous risk management, which would ensure good corporate governance principles of company, acceptable level of internal control and risk management, accurate and reliable accounting and financial reporting practices, together with compliance with the laws, the rules or announcements of the SET and regulations related to the Company's businesses



(Mr. Chai Nasyolvanta)
Chairman of the Audit Committee
February 25, 2011

BOARD OF DIRECTORS



MR. PAIBOON DAMRONGCHAITHAM

Chairman, Chairman of the Company Advisor,
Chairman of the Nomination and Remuneration Committee

Education:

- Bachelor of Arts (Mass Communications) (Honors), Chulalongkorn University
- Doctoral of Business Administration (Honorary), Christian University

Experience:

2008 – Present	Chairman of the Company Advisor
2005 – Present	Chairman of the Nomination and Remuneration Committee
1998 – Present	Chairman
Nov. 2009 – Present	Director / Vice Chairman, Family Know How Co., Ltd.
2008 – Present	Chairman of the Company Advisor, GMM Media Plc.
2005 – Feb. 2009	Chairman of the Nomination and Remuneration Committee, GMM Media Plc.
2002 – Feb. 2009	Chairman, GMM Media Plc.
2007 – 2008	Advisor to the Executive Committee, GMM Media Plc.
1998 – 2008	Advisor to the Executive Committee
2005 – 2007	Chairman of the Risk Management Committee, GMM Media Plc.
2002 – 2007	Chief Executive Officer, GMM Media Plc.
2005 – 2006	(Acting) Managing Director, Sanamluang Gandontree Co.,Ltd.
1983 – 1998	Managing Director, Grammy Entertainment Plc.



MS. BOOSABA DAORUENG

Vice Chairman, Director, Co-Chief Executive Officer,
Chief Creative Officer (Creative Division)
Chairman of the Risk Management Committee

Education:

- Bachelor of Liberal Arts, Thammasat University

Experience:

2009 – Present	Co-Chief Executive Officer
2008 – Present	Vice Chairman
2005 – Present	Chairman of the Risk Management Committee
2001 – Present	Chief Creative Officer (Creative Division)
1994 – Present	Director
Oct. 2010 – Present	Director, GR Vocal Studio Co., Ltd
May. 2010 – Present	Director, Acts Studio Co., Ltd.
2008 – Present	Advisor, GMM Media Plc.
2002 – Feb. 2009	Chief Executive Officer
2003 – 2008	Advisor to the Board of Director / Advisor to the Executive Committee, GMM Media Plc.
1983 – 2001	Executive Vice President (Music Business Division), Grammy Entertainment Plc.



MRS. SAITHIP MONTRIKUL NA AUDHAYA

Director, Co-Chief Executive Officer,
Member of the Risk Management Committee

Education:

- Bachelor of Arts (Mass Communications), Chulalongkorn University

Experience:

2009 – Present	Co-Chief Executive Officer
2002 - Present	Director
Sep. 2010 – Present	Director, A Gen Event Agency Co., Ltd.
May. 2010 – Present	Director, Acts Studio Co., Ltd.
Apr. 2010 – Present	Director, Image On Air Co., Ltd.
2009 – Present	Chairman, GMM Media Plc.
2007 – Present	Chief Executive Officer, GMM Media Plc.
2007 – Present	Director / Managing Director, A-Time Traveller Co., Ltd.
2006 – Present	Director / Managing Director, Open Radio Co., Ltd.
2002 – Present	Director / Managing Director, GMM Media Plc.
1991 – Present	Director / Managing Director, Radio Concept Co.,Ltd.
1989 – Present	Director / Managing Director, A-Time Media Co., Ltd.
2008 – Feb. 2009	Vice Chairman, GMM Media Plc.
2007 – Feb. 2009	Chairman of the Risk Management Committee, GMM Media Plc.
1989 – Feb. 2009	Executive Director
2005 – 2007	Member of the Risk Management Committee, GMM Media Plc.
2002 – 2007	Executive Director, GMM Media Plc.
1995 – 2007	Managing Director, GMM TV Co., Ltd. (formally known as Grammy Television Co.,Ltd.)



MR. KRIJ THOMAS

Director, Executive Director,
Senior Executive Vice President (Music Business Division)

Education:

- Bachelor of Arts (Mass Communications), Chulalongkorn University

Experience:

2011 – Present	Senior Executive Vice President (Music Business Division)
2008 – Present	Director
2004 – Present	Executive Director
2003 – Present	Managing Director (Grammy Gold Division)
2007 – Present	Director, 3-RD Co., Ltd.
2008 - 2010	Executive Vice President (Music Business Division)
2005 - 2006	(Acting) Managing Director (GMM International Division)
2001 – 2003	Deputy Managing Director (Grammy Gold Division)
1999 – 2001	Assistant Vice President (Grammy Gold Division)

BOARD OF DIRECTORS



MS. SUWIMON CHUNGJOTIKAPISIT

Director, Company Advisor

Education:

- Bachelor of Political Science, Chulalongkorn University

Seminar Accomplishment:

The Thai Institute of Directors (IOD):

- Director Certification Program (DCP), Class 12/2001

Experience:

Nov. 2010 – Present	Director
2005 – Present	Company Advisor
Oct. 2010 – Present	Director, GR Vocal Studio Co., Ltd
Sep. 2010 – Present	Director, A Gen Event Agency Co., Ltd.
May. 2010 - Present	Director, Acts Studio Co., Ltd.
Apr. 2010 – Present	Director, Image On Air Co., Ltd.
2002 – 2004	Executive Vice President, Central Pattana Plc.
2001 – 2003	Director, Central Pattana Plc.
1997 – 2001	Vice President, Central Pattana Plc.
	Vice President - Leasing and Marketing, Central Pattana Plc.

Remark: The Board of Directors at a meeting No. 5/2010 had passed the resolutions approved the appointment of Ms. Suwimon Chungjotikapisit a new Director to replace the position and directorship term held by Mr. Sumeth Damrongchaitam who had resigned his directorship on 11 November 2010.



MR. TAKONKIET VIRAVAN

Director, Executive Director

Education:

- Bachelor of Communication & Theatre, Boston College U.S.A.
- M.S. (Broadcasting), Boston University, U.S.A.

Experience:

Apr. 2009 - Present	Director
Feb. 2009 - Present	Executive Director
Sep. 2010 – Present	Director, A Gen Event Agency Co., Ltd.
May. 2010 - Present	Director / Managing Director, Acts Studio Co.,Ltd.
2004 - Present	Director / Managing Director, Scenario Co.,Ltd.
2003 - Present	Director / Managing Director, Teentalk Co.,Ltd.
2002 - Present	Director, GMM Media Plc.
1991 - Present	Director / Managing Director, Exact Co.,Ltd.
2002 - Feb. 2009	Executive Director, GMM Media Plc.



MR. KREINGKARN KANJANAPOKIN

Director, Executive Director

Education:

- Bachelor of Political Science, Chiang Mai University

Seminar Accomplishment:

The Thai Institute of Directors (IOD):

- Financial Statement for Directors Program, 2008
- Director Accreditation Program (DAP) (Class 30/2004)

Experience:

2009 - Present	Director / Executive Director
2008 – Present	Director, GMM Media Plc.
2004 - Present	Director / Co-Chief Executive Officer, Index Creative Village Plc. (Formally known as “Index Event Agency Plc.”)
2001 – 2004	Managing Director, Index event Agency Co., Ltd.

Other present works:

- Special Speaker, Master Degree, School of Communication Arts, University of the Thai Chamber of Commerce, Bangkok University and National Institute of Development Administration (NIDA)
- Special Speaker, Famous Institutes and Organization.



MR. SATAPORN PANICHRAKSAPONG

Director, Executive Director, Member of the Risk Management Committee, Assistant to Executive Vice President (Music Business Division)

Education:

- Bachelor of Journalism and Mass Communications (Cinematography), Thammasat University

Experience:

2009 - Present	Director
2009 – Present	Executive Director / Member of the Risk Management Committee
2008 – Present	Assistant to Executive Vice President (Music Business Division)
2009 - Present	Director, GMM Media Plc.
2007 – Present	Director / Managing Director, GMM TV Co., Ltd. (formally known as Grammy Television Co., Ltd.)
2005 – 2006	Senior Vice President, Chief Executive Officer Office
2007 – Feb. 2009	Member of the Risk Management Committee, GMM Media Plc.
2005 – 2007	Deputy Managing Director, Grammy Television Co., Ltd.
2000 – 2002	Director – Music Business Division, RS Promotion Plc.

BOARD OF DIRECTORS



MR. CHAI NASYLVANTA

Independent Director, Chairman of the Audit Committee,
Member of the Nomination and Remuneration Committee

Education:

- Bachelor of Engineering (Electrical Engineering), Chulalongkorn University
- M.B.A. (Finance), University of Pennsylvania, U.S.A.

Experience:

2009 – Present	Chairman of the Audit Committee / Member of the Nomination and Remuneration Committee
1999 – Present	Independent Director
2006 – Present	Director / Vice Chairman, Advance Aviation Co., Ltd.
2006 – Present	Independent Advisor, Benchachinda Holding Co., Ltd.
1993 – Present	Director, AON (Thailand) Ltd.
1989 – Present	Director, AON Group (Thailand) Ltd.
2006 – Apr. 2009	Director, Post Publishing Plc.
2005 – Feb. 2009	Member of the Nomination and Remuneration Committee, GMM Media Plc.
2002 – Feb. 2009	Independent Director / Chairman of the Audit Committee, GMM Media Plc.
1999 – Feb. 2009	Member of the Audit Committee
2005 – 2006	Director, Total Access Communication Plc.
1995 – 2006	Independent Advisor, United Communication Industry Plc.
1984 – 1995	Senior Vice President, Project Finance Department, Bangkok Bank Plc.



MR. DEJ BULSUK

Independent Director, Member of the Audit Committee,
Member of the Nomination and Remuneration Committee

Education:

- Bachelor of Business Administration, Thammasat University

Seminar Accomplishment:

The Thai Institute of Directors (IOD):

- Director Accreditation Program (DAP) (Class 23/2004)

Experience:

2009 – Present	Member of the Audit Committee
2006 – Present	Member of the Nomination and Remuneration Committee
2002 – Present	Independent Director
2004 – Present	President, CCC Business Development Co., Ltd.
	Director, Thailand Convention and Exhibition Bureau (TCEB) (Public Organization)
	Chairman of the Good Governance, Recruitment and Remuneration Committee, TCEB
	Director, Siam Future Development Plc.
	Independent Director / Member of the Audit Committee, The Erawan Group Plc.
2002 – Present	Independent Director / Member of the Audit Committee, Jay Mart Plc.
2001 – Present	Independent Director / Member of the Audit Committee, AEON Thana Sinsap (Thailand) Plc.
2006 – Jun. 2009	Advisor to the Board, President Bakery Plc.
2006 – Feb. 2009	Chairman of the Audit Committee
2002 – Feb. 2009	Independent Director / Member of the Audit Committee, GMM Media Plc.
2004 – 2006	Honorary Chairman, McThai Co.,Ltd. (McDonald's Thailand)
2001 – 2006	Chairman, Ronald McDonald House Charities Foundation.
1984 – 2004	President & Joint Venture Partner, McThai Co.,Ltd. (McDonald's Thailand)



MR. WEERAWONG CHITTMITTRAPAP

Independent Director, Member of the Audit Committee

Education:

- Bachelor of Laws, Chulalongkorn University
- Master of Laws, University of Pennsylvania, U.S.A
- Thai Barrister-at-Law and the first Thai lawyer admitted to the New York State Bar

Seminar Accomplishment:

The Thai Institute of Directors (IOD):

- Director Certification Program (DCP) (Year 2000)

Experience:

2006 – Present	Independent Director / Member of the Audit Committee
Feb. 2010 – Present	Independent Director, Minor International Plc.
2009 – Present	Director / Member of the Audit Committee, Thai Airways International Plc. Director, Nok Airlines Co., Ltd.
2008 – Present	Chairman, Weerawong, Chinnavat & Peangpanor Ltd. (formally known as “White & Case (Thailand) Ltd.”)
2007 – Present	Director / Member of the Audit Committee, Siam Food Products Plc.
2001 – Present	Director / Member of the Audit Committee, Berli Jucker Plc.
1996 – 2008	Executive Partner, White & Case (Thailand) Co., Ltd
2001 – 2007	Director / Member of the Audit Committee, ITV Plc.
2005 – 2006	Director, Nutrix Plc.

Other present works:

- Qualified Member to Trade Competition Committee, Ministry of Commerce
- Special Speaker, Thai Institute of Directors
- Special Advisor, Thai Listed Company Association
- Special Lecturer, Institute of Legal Education, Thai Bar Association



MS. SUVABHA CHAROENYING

Independent Director, Member of the Audit Committee

Education:

Bachelor of Business Administration (Finance), Assumption University
Master of Business Administration, Assumption University

Seminar Accomplishment:

Thai Institute of Directors (IOD):

- Program : Successful Formulation & Execution of Strategy (Class 6/2010)
- Program : DCP Refresher (Class 1/2005)
- Program : Finance for Non Finance Director (Class 1/2003)
- Program : Director Certificate Program (DCP) (Fellow Member) (Class 1/2000)

Other institutes:

- Program : Certified Financial Planner (CFP), Thai Financial Planner Association (Class 1/2009)
- Program : TLCA Executive Development Program, Thai Listed Companies Association (Class 2/2008)
- Program : Leader Program, Capital Market Academy (Class 1/2005)
- Program : Certificate in Families Business : Generation to Generation, Harvard Business School (2004)

Experience:

Aug. 2010 – Present	Independent Director / Member of the Audit Committee
2009 – Present	Director / Executive Director, Thanachart Securities Plc.
2001 – Present	Managing Director, Thanachart Securities Plc.
1996 – 2001	Chief Executive Officer, Schroder Asset Management Ltd.
1993 – 1996	Executive Director, KGI Securities Plc.
1990 – 1993	Vice President, Morgan Grenfell Thai Company Limited
1988 – 1990	Assistant Manager, Business Development Department, Kasikorn Bank Plc

Remark: The Board of Directors at a meeting No. 4/2010 had passed the resolutions approved the appointment of Ms. Suvabha Charoenying a new Independent Director and Member of the Audit Committee to replace the position and directorship held by Mr. Wanich Jarungidan who had passed away on 16 May 2010, effective from 11 August 2010.

BUSINESS STRUCTURE AND INVESTMENT STRUCTURE

TOTAL MUSIC BUSINESS

Music Business

- GMM Grammy Plc.
- Lucks Music 999 Co.,Ltd.
- Global Music and Media (Thailand) Co.,Ltd.
- Global Music and Media (China) Limited.
- Sanamluang Garndontree Co.,Ltd.
- MGA Co.,Ltd.
- GMM Music Publishing International Co., Ltd.
- GIP Management Co.,Ltd.
- Clean Karaoke Co.,Ltd.

Show Business

- GMM Grammy Plc.
- GMM Media Plc.

Artist Management

- GMM Grammy Plc.

Digital Business

- GMM Grammy Plc.
- GMM Digital Domain Co.,Ltd.
- Digital Arms Co.,Ltd.

MOVIES BUSINESS

- GMM Tai Hub Co.,Ltd.
- Tifa Co.,Ltd.
- Nadao Bangkok Co.,Ltd.

OTHER BUSINESS

- Mifah Co.,Ltd.
- GMM Fitness Club Co.,Ltd.
- 3-RD Co.,Ltd.
- GR Vocal Studio Co.,Ltd.
- Acts Studio Co.,Ltd.

MEDIA BUSINESS

Radio Business

- GMM Media Plc.
- Radio Concept Co.,Ltd.
- A-Time Media Co.,Ltd.
- Open Radio Co.,Ltd.

Television Business

- Exact Co.,Ltd.
- GMM TV Co.,Ltd.
- Teen Talk Co., Ltd.
- Deetalk Co.,Ltd.
- Mass Monitor Co.,Ltd.
- Scenario Co.,Ltd.

Satellite Television Business

- GMM Grammy Plc.
- GMM Media Plc.
- Exact Co.,Ltd.
- GMM TV Co.,Ltd.
- Image On Air Co.,Ltd.
- Channel (V) Music (Thailand) Co.,Ltd.
- Family Know How Co., Ltd.
- Lucks Satellite Co.,Ltd.

Publishing Business

- Image Publishing Co.,Ltd.
- GMM Inter Publishing Co., Ltd.
- GMM Times Co., Ltd.
- Bliss Publishing Co.,Ltd.
- In Publishing Co.,Ltd.

Event Creation and Management Business

- Index Creative Village Plc.*
- Event Solutions Co.,Ltd.
- Aspen Index Event Co.,Ltd.
- Tresbien Co.,Ltd.
- Media Vision (1994) Co.,Ltd.
- G Communications Co.,Ltd.
- Inspire Image Co.,Ltd.
- I Think Ad Co.,Ltd.
- D 63 Co.,Ltd.
- A Gen Event Agency Co., Ltd.
- Index Creative Online Co., Ltd.
- Blue Media Communications Co., Ltd.

* Formerly known as Index Event Agency Plc.

BUSINESS STRUCTURE AND INVESTMENT STRUCTURE

TOTAL MUSIC BUSINESS

Music Business

- GMM Grammy Plc.
- Lucks Music 999 Co.,Ltd.
- Global Music and Media (Thailand) Co.,Ltd.
- Global Music and Media (China) Limited.
- Sanamluang Garndontree Co.,Ltd.
- MGA Co.,Ltd.
- GMM Music Publishing International Co., Ltd.
- GIP Management Co.,Ltd.
- Clean Karaoke Co.,Ltd.

Show Business

- GMM Grammy Plc.
- GMM Media Plc.

Artist Management

- GMM Grammy Plc.

Digital Business

- GMM Grammy Plc.
- GMM Digital Domain Co.,Ltd.
- Digital Arms Co.,Ltd.

MOVIES BUSINESS

- GMM Tai Hub Co.,Ltd.
- Tifa Co.,Ltd.
- Nadao Bangkok Co.,Ltd.

OTHER BUSINESS

- Mifah Co.,Ltd.
- GMM Fitness Club Co.,Ltd.
- 3-RD Co.,Ltd.
- GR Vocal Studio Co.,Ltd.
- Acts Studio Co.,Ltd.

MEDIA BUSINESS

Radio Business

- GMM Media Plc.
- Radio Concept Co.,Ltd.
- A-Time Media Co.,Ltd.
- Open Radio Co.,Ltd.

Television Business

- Exact Co.,Ltd.
- GMM TV Co.,Ltd.
- Teen Talk Co., Ltd.
- Deetalk Co.,Ltd.
- Mass Monitor Co.,Ltd.
- Scenario Co.,Ltd.

Satellite Television Business

- GMM Grammy Plc.
- GMM Media Plc.
- Exact Co.,Ltd.
- GMM TV Co.,Ltd.
- Image On Air Co.,Ltd.
- Channel (V) Music (Thailand) Co.,Ltd.
- Family Know How Co., Ltd.
- Lucks Satellite Co.,Ltd.

Publishing Business

- Image Publishing Co.,Ltd.
- GMM Inter Publishing Co., Ltd.
- GMM Times Co., Ltd.
- Bliss Publishing Co.,Ltd.
- In Publishing Co.,Ltd.

Event Creation and Management Business

- Index Creative Village Plc.*
- Event Solutions Co.,Ltd.
- Aspen Index Event Co.,Ltd.
- Tresbien Co.,Ltd.
- Media Vision (1994) Co.,Ltd.
- G Communications Co.,Ltd.
- Inspire Image Co.,Ltd.
- I Think Ad Co.,Ltd.
- D 63 Co.,Ltd.
- A Gen Event Agency Co., Ltd.
- Index Creative Online Co., Ltd.
- Blue Media Communications Co., Ltd.

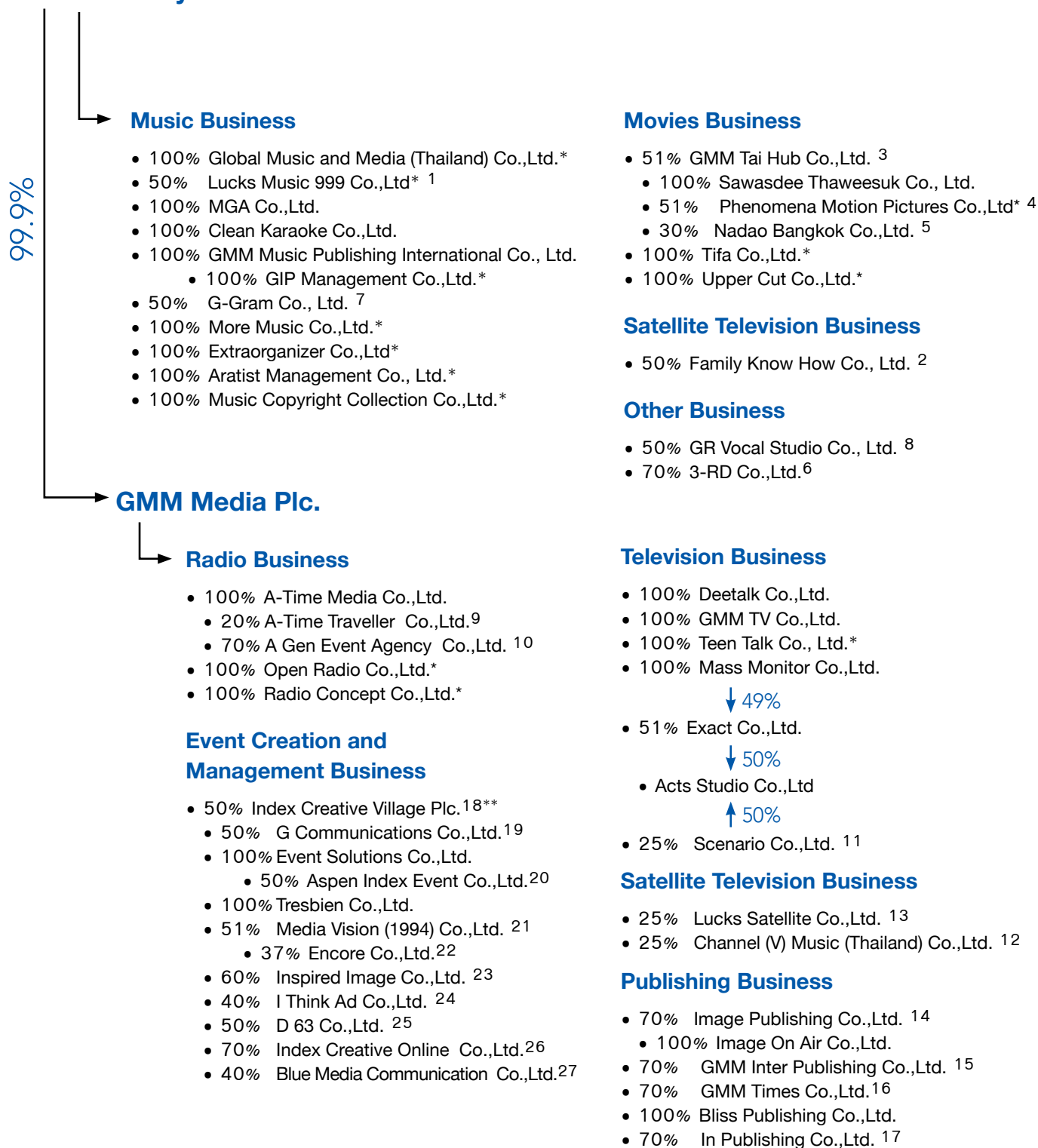
* Formerly known as Index Event Agency Plc.

BUSINESS STRUCTURE AND INVESTMENT STRUCTURE

GMM

GRAMMY

GMM Grammy Plc.





INVESTMENT STRUCTURE AS AT 31 DECEMBER 2010 : GMM GRAMMY PLC.

Note

* Non-active

** Formerly known as Index Event Agency Plc.

1. Lucks Music 999 Co.,Ltd. : Mr. Kietisak Udomnak with 30% shareholding and Mr. Chatchawan Pukkahut with 20% shareholding
2. Family Know How Co.,Ltd : The Stock Exchange of Thailand with 50% shareholding
3. GMM Tai Hub Co.,Ltd. : Poolvorakals Group with 27% shareholding, Hub Ho Hin Bangkok Co.,Ltd. with 14% shareholding and others with 8% shareholding
4. Phenomena Motion Picture Co.,Ltd. : Phenomena Co.,Ltd. with 49% shareholding
5. Na Dao Bangkok Co.,Ltd : Mr. Songyos Sukmakanand with 45% shareholding, Hub Ho Hin Bangkok Co.,Ltd. with 10% shareholding and others with 15% shareholding
6. 3 - RD Co., Ltd. : Miss Kanokdao Karnjanapusakij with 10%, Mrs. Kanokporn Nitteeranon with 10% and Mr. Chatchawan Kusmith with 10% respectively
7. G-Gram Co.,Ltd. : Na Fah Co.,Ltd with 50% shareholding
8. GR Vocal Studio Co.,Ltd. : Mr. Rungroj Dullapun with 50% shareholding
9. A-time traveller Co.,Ltd. : Mr. Worarit Waijeranai with 60% shareholding and Miss Saratchaya Chantaniithi with 20% shareholding
10. A Gen Event Agency Co.,Ltd. : Mr. Veerachai Nichapatr with 10% shareholding, Mr. Akarat Yongthongrang with 10% shareholding and Mr. Sippakorn Wongsamarn with 10% shareholding
11. Scenario Co.,Ltd. : Mr. Takonkiet Viravan with 52% shareholding and others with 23% shareholding
12. Channel (V) Music (Thailand) Co.,Ltd. : Channel(V) Netherlands No.2B.V with 49% shareholding and TRUE Vision with 26% shareholding
13. Lucks Satellite Co.,Ltd. : Lucks (666) Co.,Ltd. with 75% shareholding
14. Image Publishing Co.,Ltd. : Mr. Kamron Pramoj na Ayutthaya with 30% shareholding
15. GMM Inter Publishing Co.,Ltd. : Ms. Laikram Lerdvitayaprasit with 19% shareholding and others with 11% shareholding
16. GMM Times Co.,Ltd. : TP Ventures Private Ltd. with 30% shareholding
17. In Publishing Co.,Ltd. : Osotspa Holding Co.,Ltd. with 30% shareholding
18. Index Creative Village Plc. : Kanjanapokin Group with 50% shareholding
19. G Communications Co., Ltd. : Ms. Monya Thongdeelert with 50% shareholding
20. Aspen Index Event Co.,Ltd. was registered in the United Arab Emirates, with 50% shareholding by Mr. Hashem Al Marzouqi
21. Media Vision (1994) Co., Ltd. : Mrs. Nongrak Hongsakul with 49% shareholding
22. Encore Co., Ltd. : A.V. Systems Co.,Ltd., Light Source Co.,Ltd. and others with 33%, 20% and 10% shareholding respectively
23. Inspire Image Co., Ltd. : Mr. Phichet Lakdee with 40% shareholding
24. I Think Ad Co., Ltd. : Mr. Phised Kanjanapokin and others with 25% and 35% respectively
25. D 63 Co.,Ltd. : Miss Supaluck Suwat and others with 33% and 17% shareholding respectively
26. Index Creative Online Co.,Ltd. : Mr. Adilfetri Prapraksujarit with 25% shareholding and Mr. Mongkol Paoobnang with 5% shareholding
27. Blue Media Communication Co.,Ltd. : Mr. Burapaporn Musiksindhorn with 40% shareholding and Mr. San Birombhadi with 20% shareholding

CORPORATE SOCIAL RESPONSIBILITY



CONTRIBUTION TO CONSTRUCTING SAWIK SIKALAI BUILDING

Mr. Paiboon Damrongchaitham, Chairman of GMM Grammy PCL donated four million baht to Mae Chee Sansanee Sthirasuta to contribute towards building Savika Sikalai's "Sanuk Sanan Tang Panya Hall" ('Hall of Fun and Wisdom') which will be used to present films and recordings about Dhamma.

ACTIVITIES IN HONOR OF HIS MAJESTY THE KING

GMM Grammy PCL participated in a series of projects honoring and demonstrating loyalty to His Majesty the King. One mobile activity, "Seu Silpin Ruam Jai Tawai Nai Luang" ('Media and Artists Collaborate for Our King') was organised to publicise His Majesty's projects under Royal Initiative. Another project is "Larn Parp Larn Toy Kum Larn Ruang Rao" (A Million Photos, A Million Words, A Million Stories) hosted on the www.ourking.in.th website. The remaining projects are "Song Kwarm Suk Hai 'Por' Duay Roy Yim" ('Sending Happiness to 'Father' with a Smile') and "Sai Yai Thai Soo Jai Por" Concert performed by Bird - Thongchai McIntyre, singers and actors, whereby a portion of the revenues were presented to His Majesty the King for charitable purposes, to celebrate His Majesty's upcoming 84th birthday.



DONATING FUNDS TO "THAI PEOPLE HELP HAITI FUND"

GMM Grammy PCL and the Company's chairman, Mr. Paiboon Damrongchaitham, jointly donated 100,000 baht to assist victims of the Haiti earthquake to the "Thai People Help Haiti Fund" campaign. Bird-Thongchai McIntyre also donated 100,000 baht. Mai Charoenpura and Christina Aguilar represented the Company to donate the funds at Channel 3 Television Station.



DONATIONS TO DISASTER RELIEF FUNDS

GMM Grammy PCL led its team of artists in donating cash and material to support various disaster relief funds.



- Busaba Daoruang, co-CEO of GMM Grammy, donated 100,000 baht on behalf of the Company to Kwankaew Wacharothai, Chairwoman of Rajaprachanukroh Foundation under the Patronage of His Majesty the King. On this occasion, Bird-Thongchai McIntyre also donated 100,000 baht.
- Fahmai Damrongchaitham, representing Paiboon Damrongchaitham, Chairman of GMM Grammy, brought a team of artists to donate 300,000 baht in disaster relief funds, to Sorayuth Suthassanajinda who received the funds on behalf of Channel 3 News at the headquarters of Channel 3 television station.
- A group of artists joined the Princess Pa Foundation, Thai Red Cross Society in bringing cash, necessities and relief material to Ang Thong Province. Besides providing moral support, the artists also assisted volunteers in preparing food and distributing them to the affected areas.
- To entertain and provide moral support to Ang Thong flood victims, Grammy artists performed in the walking street in front of the provincial governor's residence under the auspices of "River of Compassion by Princess Pa Volunteers' Open Market" ["Talad Nud Tarn Nam Jai Puean Pueng (Pa)"].
- Artists sang in charity concerts and rallied for funds to contribute to relief funds for the Princess Pa Foundation, Thai Red Cross Society
- Artists donated necessities such as rice, drinking water, and dried food via The Mass Communication Organization of Thailand, Modernine TV (Channel 9), which launched the "Flood Relief Donation Centre" to assist flood victims at the hall of the news broadcasting building.
- Artists assisted soldiers in arranging relief supplies on delivery trucks at the Royal Thai Army Radio and Television station (Channel 5) in Sanam Pao that were heading out to disaster areas.
- Donated equipment and consumer goods, and helped package them for relief victims at Channel 3 television station.
- Donated equipment and consumer goods, and helped package them for relief victims at Daily News publishing company
- Artists sang and manned the telephones to collect funds for disaster victims at National Broadcasting Services of Thailand (Channel 11 television station).
- In addition to all these efforts in collaboration with other parties, Grammy artists performed at many charity concerts specifically for the cause and attracted considerable donations.

STRIDING INTO THE 28TH ANNIVERSARY OF GMM GRAMMY LIMITED (PCL)

GMM Grammy entered its 28th year as Thailand's leading entertainment purveyor in terms of its outstanding capacity and performance. It is with such dedication that the company will continue to develop and improve, as a leader in Thailand and become an widely accepted leading entertainment purveyor in Asia, and eventually recognized across the world. Well aware of its responsibilities towards society, Grammy remains an active participant in various activities that supports sustainable development of Thai society.

**DAMRONGCHAITHAM FOUNDATION:
MARKING THE 12TH ANNIVERSARY OF PROVIDING EDUCATION OPPORTUNITIES TO THAI CHILDREN**


On 13 September 2007, the Ministry of Finance announced that Damrongchaitham Foundation is ranked 643th in a special national recognitions list for public service organizations. Today, the Foundation has provided education opportunities to Thai youths for 12 years.

Damrongchaitham Foundation was established by Paiboon Damrongchaitham, Chairman of GMM Grammy PCL, to support financially straitened but academically strong, well-behaved Thai children. Therefore, an annual scholarship was provided to each qualified recipient until they complete their Bachelor's degree. In 2010, the Foundation supported a total of 256 students. To date, 164 scholars have completed their first degree. Funds allocated to activities for youths and those who were accepted into the Foundation, include 100 million baht earmarked to cover living and education expenses for 100 orphans left by the tsunami approximately 10 years ago.

Another programme is "Funds for Mass Communications Events" in 2004 amounted to THB 1.5 million, of which the sum is divided into two portions to fund five research and development (R & D) projects, while another portion is used to support four Mass Communication projects. Presently, the five R & D projects have been completed. The results have been donated by the Foundation to 15 schools, government departments and other organizations throughout the country.

DAMRONGCHAITHAM FOUNDATION RECEIVES AWARD FROM THE MINISTRY OF EDUCATION



Mr. Paiboon Damrongchaitham, Chairman of the Damrongchaitham Foundation received an Award of Merit from Mrs. Ongjit Metayaprapas, Advisor on Policy and Planning, Office of The Basic Education Commission (OBEC), Ministry of Education, for the Foundation's equitable support in providing education to Thai children and youths.



Mr. Chinnaworn Boonyakiat, the Minister of Education, presented a Sema commemorative pin and certificate to Damrongchaitham Foundation on the 118th Anniversary of the Ministry of Education, to honour organizations that have contributed greatly to the Ministry by supporting and fostering efforts in education at the Rajamangala Kurusapa Building.

BLOOD DRIVE



The blood drive is an annual event that GMM Grammy and the Thai Red Cross Society organizes, and invites the management, staff and artists, along with members of the public in the business district to donate blood.

“JUST SAY NO” CAMPAIGN



The 'Just Say No' campaign against drugs and substance abuse is one project that GMM Grammy has taken the lead over the years, given the company's awareness of the dangers this addiction poses to society and the country's stability. Campaigns besides 'Just Say No', include "World No Smoking Day", "World Anti-Drug Day" "Abstain from Drinking", and "Hazing without Alcohol".

GMM GRAMMY CONTINUES THE “TO BE NUMBER ONE” CAMPAIGN



The “To Be Number One” campaign under the patronage of Princess Ubolratana Rajakanya Sirivadhana Barnavadi is jointly operated by the Ministry of Public Health and GMM Grammy. Activities of these outreach programmes include “To Be Number One” nationwide concert tours by various Grammy artists and programme members, so members in different provinces can better use their spare time doing something beneficial while steering clear from drugs. To date, concerts have been held in every region and in every single province in Thailand.

“ROAD OF SUNLIGHT” (“THANON SAI SANG TAWAN”)

PROGRAMME TO SUPPORT A BETTER QUALITY OF LIFE IN SOCIETY



This programme is a collaborative effort between Grammy, government bureaus and other groups to support socially beneficial campaigns such as World AIDS Day, “Stop violence against women and children”, as well as relief efforts under the auspices of the Thai Red Cross Society like “World Blood Donation Day”, auctioning celebrity items for the International Red Cross, encouraging eye cornea donations, supporting in activities for the disabled, and publicizing the sale of Mahidol Day Flags for Siriraj Foundation to raise funds for destitute patients



GREEN WAVE FM 106.5 ORGANIZES A COASTLINE CONSERVATION ACTIVITY

DJ TERB & DJ BAM REVIVES BANG SAEN

VISIT – VIEW – SHOP AT GREEN WAVE FAN CLUB’S REFRESH THE SEA

Green Wave FM 106.5, headed by DJ Terb – Keerati Sirisuttipattana and DJ Bam Pladisaisawasdi, brought a team of listeners to enjoy a holiday and participate in meaningful activities under the theme “Green Fan Club: Refresh the Sea”. The project aims to educate the team on marine conservation and ways to clean up the sea through the use of enzymes at Bang Saen Beach. This environmental conservation activity rounded off with a tour of cultural landmarks in Chonburi province

CAMPAIGN FOR CHILDREN AND YOUTHS



This is a series of activities created to support and develop positive thinking and attitudes in children and youths about themselves, people around them and society at large. Some projects include handing out gifts on Children's Day, various campaigns on Youth Day, book donations to youths, serving lunch and giving moral support to disadvantaged children, and birth-month merit making activities for destitute children.

CAMPAIGN: DEVELOPING A CONSCIENCE TO PROTECT INTELLECTUAL PROPERTY RIGHTS



The Company has cooperated with both the public and private sectors regarding intellectual property rights and organized the "Cheap, Satisfying, Legal" ("Took, Took Jai, Took Gode Mai") campaign to inculcate a greater public conscience on protecting intellectual property rights through various activities, under the slogan – "Don't Buy, Don't Sell, Don't Use Fakes". It is hoped that this will stimulate public awareness on the efforts to create these products and thereby reduce long-term property right violations.



GRAMMY RECEIVES AN AWARD OF MERIT FOR BEING A SUCCESSFUL ORGANIZATION

Mr. Alongkorn Ponlaboot, Deputy Ministry of Commerce presented the award to Miss. Busaba Daoruang, co-CEO of GMM Grammy PCL, in honour of the organization's success in developing commercially used intellectual property rights that support and assert the rights of the owner and operators so that they can continue to create and develop new intellectual property.



GRAMMY DONATES FUNDS TO MARK MINISTRY OF COMMERCE ANNIVERSARY

Minister of Commerce, Mrs. Pornthiwa Nakasai received cash donations from Mrs. Prapawadee Thanirananond, Deputy Director of Public Relations and Communications of GMM Grammy PCL, and artists who contributed to the Wisukam Foundation which provides scholarship funds to the Ministry of Commerce's civil servants and employees' children, on the occasion of the Ministry's 90th anniversary.

MOREOVER, THE COMPANY IS INVOLVED IN A VARIETY OF SPECIAL SOCIAL PROJECTS SUCH AS:



GMM Grammy PCL Chairman Paiboon Damrongchaitham received a memento of appreciation from Preecha Songkittisuntorn, Information Division Director of the Office of His Majesty's Principal Private Secretary, for Grammy's support on the www.ourking.in.th website "Larn Parp Larn Toy Kum Larn Ruang Rao" (A Million Photos, A Million Words, A Million Stories). The information will be used as a digital database chronicling His Majesty's royal duties and Projects under the Royal Initiation of His Majesty the King.

11 PARTNERS COLLABORATE TO PUBLICISE "5 YEAR BONDS THAT BIND THE FAMILY" PROJECT



GMM Grammy artists and 10 partners in the entertainment industry collaborated in the "5 Year Bonds that Bind the Family" project organized by the Ministry of Education in honor of HRH Crown Prince Maha Vajiralongkorn, HRH Princess Srirasmi, the Princess Consort, and HRH Prince Dipangkorn Rasmijoti. To publicise the successful "5 Year Bonds that Bind the Family" project under Royal Patronage of HRH the Crown Prince, and serve as a present and means of generating revenue to housewives in this project whose handwork was distributed throughout the 11 partners' network.

“JOIN FORCES TO VOLUNTEER” TO IMPROVE THE QUALITY OF LIFE OF THAI PEOPLE



GMM Grammy and Ramathibodi Foundation under the patronage of HRH Crown Princess Maha Chakri Sirindhorn organized a “Join Forces to Volunteer” project to sustainably improve the lives and health of Thai people by soliciting donations to constructing Sirindhorn Building, the Artist Volunteers programme, and other projects such as making merit for Her Majesty the Queen by making donations to assist patients who require financial support for stem cell transplants, and Grammy’s “Four Channels, Four Chambers in the Heart for Friends” which fields donations to assist disadvantaged children requiring cardiac surgery.

ACTIVITIES TO PROMOTE TOURISM IN THAILAND

“PATTAYA INTERNATIONAL MUSIC FESTIVAL 2010”



One of the Tourism Authority of Thailand’s major roles is to find ways of combining tourism with entertainment. One of the biggest annual events was the “Pattaya International Music Festival 2010”, which was a part of the “Thieo Thai Khruet Khreun Settakit Thai Kheuk Khuk” (‘Travel in Thailand, Boost Thailand’s Economy’) campaign. Grammy GMM PCL was appointed organizer of one of Asia’s biggest music festival which gathered numerous famous Thai and international artists to improve Thailand’s image and invite foreigners to visit the country.

SMILE@SIAM CAMPAIGN TO RETURN SMILES IN THAILAND



GMM Grammy PCL revealed its creativity in dreaming up ways to have fun under the “SMILE@SIAM” campaign organized by the Tourism Authority of Thailand. The nationwide campaign includes a variety of cultural activities to bring smiles back to everyone and to stimulate shopping, dining and tourism to the country. Numerous Grammy artists participated in putting smiles on Thai faces, introducing Thailand’s charming smiles to foreign visitors, and ultimately, to make Thailand regain its glory as “The Land of Smiles”.

Grammy is determined to continue participating in various activities that will help Thai society develop sustainably.

AWARDS

**GMM GRAMMY AWARDED ONE OF “THAILAND’S MOST INNOVATIVE COMPANIES 2010”
A MARK OF INNOVATIVE EXCELLENCE**



GMM Grammy PCL, led by Chairman Paiboon Damrongchaitham and his Management held a celebration to mark the Company being awarded one of Thailand’s Top Ten Most Innovative Companies. CEO Busaba Daoruang received the award from Dr. Virachai Virameteekul, Minister of Science and Technology.

This award further emphasized GMM Grammy’s leadership in terms of its outstanding technological innovations in Thailand. Previously, the Company had enjoyed international recognition and accolades as the top ranked Thai company that provided innovations that won the “Highest Customer Satisfaction” for six consecutive years; a leading company most emulated by other companies; and the only company from the entertainment industry on the Top Ten Leading Thai Companies listed by the Far Eastern Economic Review, and one of 200 top performing companies listed in Forbes Asia’s “Best Under A Billion”.

There were many awards received over the past year for the Company's artists' social contributions and accolades won by Grammy artists as leaders in promoting campaigns and serving as role models.



Awards in 2010

NO	AWARD	RECIPIENT	AWARDING ORGANIZATION
01	Outstanding “Diamond” Artist – Promoting the Use of Thai Language	Bird - Thongchai McIntyre	Phet Phasa Foundation
02	Commemorative Plaque from His Royal Highness Crown Prince Maha Vajiralongkorn for supporting the Faculty of Medicine, Siriraj Hospital’s Mahidol Day activities.	GMM Grammy PCL	Faculty of Medicine, Siriraj Hospital
03	“Filial Children” Awards on Mother’s Day 2010	Singto - Singharat Chanphakdee Pee Saded – Peerapat Sawatdimool Goh Kai – Jumpol Thongtun	The National Council on Social Welfare of Thailand, under Royal Patronage of HM the King
04	Award for Outstanding Contributions to Thai Youths, in the category of Entertainers for Children and Youths against Social Problems	Takatan – Chollada Thongjungklang	Office of Welfare Promotion, Protection and Empowerment of Vulnerable Groups, and the Ministry of Social Development and Human Security
05	Award for Promoting Ethics Morality and Gratitude to filial Children and Outstanding Mothers on Mother’s day 2010	Gun the Star – Napat Injaiuea Pee Saded – Peerapat Sawatdimool Takatan – Chollada Thongjungklang Son the Star Techin Chayut Kongjak – Kratin (Mic Idol)	Faculty of Buddhist Studies & Philosophy, Phranakhon Rajabhat University’s Office of Art and Culture
06	Honorary Plaque for being an Artist Campaigning Against Narcotics 2010	Namcha – Cheeranut Yusanon	Office of the Narcotics Control Board
07	Honorary Plaque for being Leading Proponents of a “No Smoking Society	Namcha - Cheeranut Yusanon Dew – Pongsatorn Supinyo	Ministry of Public Health
08	Diamond Song Awards: • Best Rendition of Thai Contemporary Song (Male) – Sukrit Wisetkaew and Narin Puwoncharoen (A Narin) • Best Rendition of Thai Contemporary Song (Female) - Nantida Asavahame • Best Rendition of Luk Thung Song (Male) – Pongsatorn Srichan and Mike Piromporn • Best Rendition of Luk Thung Song (Female) – Tai Oratai • Best Thai Composition for Luk Thung Lyrics – Khru Sala Khunawut, Piti Limcharoen, Arthit Sarajuta, and Sonchai Somboon. • Best Use of Thai Language – Khru Sala Khunawut		Office of Literature and History, Fine Arts Department, Ministry of Culture
09	Honorary plaque for being a Role Model for Youths in the “Khon Dee, Kit Dee, Sungkom Dee” (Good People, Good Thoughts, Good Society) Project	Gun the Star 6 – Napat Injaiuea	Ministry of Culture
10	Honorary plaques for being appointed Health Ambassadors for “A New Generation with Healthy Hearts”	Ice – Saranyu Winaipanich Peck – Palitchoke Ayanabutr Peck – Premmanat Suwannanon Toey – Jarinporn Joonkiat	Srinakharinwirot University

PRESENTERS



NO	PRESENTER	ARTIST	ORGANIZATION
01	Presenter promoting Eye Donations for the Thai Red Cross	Nat - Myria Benedetti	Thai Red Cross Eye Bank
02	Presenter for the Project to Promote Cell Transplantation in honour of Their Majesties the King and the Queen	Singto - Singharat Chanpakdee Nuna - Nuengthida Sophon	Ramathibodi Foundation under the royal patronage of Her Royal Highness Princess Maha Chakri Sirindhorn
03	Music Ambassadors to strengthen Sino-Thai relations during Chinese New Year in Yaowaraj	Chin – Chinnawut Indracusin Ruj – Supparut Techatanon Ging the Star Win and Pop Calories Blah Blah	Bangkok Metropolitan Authority and Sampantawong District Community
04	Presenter for “Khae Kayab = Rerm Ork Kumlang Gai” (‘Just Move = Exercise’)	Tik Shiro – Manasawin Nantasen	Thai Health Promotion Foundation
05	Presenter for “World No Tobacco Day”	Namcha – Chiranat Yusanon Dew – Arunpong Chaiwinit	Department of Disease Control, Ministry of Public Health
06	Presenters promoting Jasmine Flowers on Mother’s Day 2010	Singto – Singharat Chanpakdee Namcha – Chiranat Yusanon Pee Saded – Peerapat Sawatdimool	The National Council on Social Welfare of Thailand, under Royal Patronage of H.M. the King
07	New Generation of Artists Inviting Donors to a Blood Drive on “World Blood Donor Day 2010”	Layo/Leo – B.O.Y. Kongjak – Kratin Wongtreecha	Public Relations and Blood Donor Recruitment Division, in conjunction with National Blood Center, Thai Red Cross Society
08	Presenter for Campaign against Drugs 2010	Namcha – Chiranat Yusanon	Narcotics Control Board
09	Thailand Music Ambassador at the “ASEAN+3 Concert for the King”	Nicole Theriault Aof – Pongsak Rattanapong	Radio Thailand, the Government Public Relations Department
10	Presenter for “Rock Mun...Mai Mee Mao” (Rock No L.) [Promoting sobriety during rock concerts	Toh – Nattapol Puttapaowana, lead singer of ‘Hangman’ (band)	Thai Health Promotion Foundation and Office of The Basic Education Commission
11	Volunteers to take opinions from callers by telephone for the “6 Days 63 Million Opinions” project	Ice – Saranyu Winaipanich Oak – Smit Aryasakul Techin Chayut Som – Malee Erjernee Lerlay	The Prime Minister’s Office
12	Artists promoting the sale of Zinnias which are the symbol of “Compassion on Mentally Challenged Day”	Tik Shiro – Manasawin Nuntasen Tina – Pimnara Wright	The Foundation for the Welfare of the Mentally Retarded of Thailand, Under the Royal Patronage of H.M. the Queen
13	Music Ambassadors of Thailand in strengthening Thai-Japanese Relations at the Thai Festival in Osaka 2010	Aof – Pongsak Rattanapong Oak – Smit Aryasakul New – Napassorn Phuthornjai Jiew – Piyanut Sueajongpru	Royal Thai Consulate General, Osaka, Japan

NO	PRESENTER	ARTIST	ORGANIZATION
14	Leading Artists in Driving the Thai Economy in the “Believe in Thailand, Unite for the Future”	Namcha – Chiranat Yusanon Techin Chayut Chacha – Arita Ramnarong Ten – Nararak Jaibumrung Kongjak – Kratin Wontreecha	Ministry of Commerce and Private sector
15	Presenter “Khon Thai...Rak Sai Song” [Thais Love Transmission Lines]	Tik Shiro – Manasawin Nuntasen	Electricity Generating Authority of Thailand
16	Volunteers to Inspect Fresh Vegetables at the project “Safe Fresh Vegetables Make Thai People Healthy”	Ten – Nararak Jaibumrung Kongjak – Kratin Wongtreecha	Food and Drug Administration, Ministry of Public Health and the Royal Thai Police Consumer Protection Division
17	Presenters for “Kamlangjai” [Inspire] Projects under HRH Princess Bajrakitiyabha	Ruj – Supparuj Techananon R – Annapol Sirichumsang A – Narin Puwoncharoen	Royal initiative to inspire hope and assist the disadvantaged and vulnerable in prison
18	Representatives to publicize Democracy in the project “Khon Na Mic, Lung Mic, Hua Jai Prachatiptai” (People in front and behind the microphone are democrats at heart)	Dew – Arunpong Chaiwinit Ten – Ploy – Kongjak from ‘Dream On’ (band) ‘Klear’ (band)	Radio Thailand, the Government Public Relations Department
19	Presenters for Publicising Mahidol Day Flags	Nat – Myria Benedetti Techin Chayut	Siriraj Foundation
20	Cultural Ambassadors at the “Thai – Malaysian Cultural Exchange Performance”	Pannada Ruangwut Gam – Wichayane Piaklin R – Anattapol Sirichumsang Dew – Arunpong Chaiwinit	Radio Thailand, the Government Public Relations Department
21	Volunteers for “Suad Mon Kharm Pee Rerm Ton Dee Chiwid Dee Nai Pee Mai” (“Pray through to the new year for a good start and a good life this new year”)	Plub – Jutapat Laothammatat Chacha – Arita Ramnarong	Thai Health Promotion Foundation, Office of the Sangha Supreme Council, Office of National Buddhism, Foundation for Education, Wat Panya Foundation, Stop Drink Network, and The Young Buddhists Association of Thailand, under Royal Patronage
22	“Stop violence towards children, women, and family violence” campaign presenters	Ruj – Supparuj Techananon Dew – Arunpong Chaiwinit	Ministry of Social Development and Human Security
23	Leading artists promoting the prevention of AIDS infection on World AIDS Day 2010	Ice – Saranyu Winaipanich R – Anattapol Sirichumsang Nuna – Nuntida Sophon Grace the Star 6	AIDS Research Centre, The Thai Red Cross Society
24	Volunteers to help sell poppies to assist veterans on Veterans Day	Ying – Jenny – Belle from ‘Brassiere’ (band) James – Mouse – Layo/Leo from ‘B.O.Y.’ (band) Techin Chayut	Welfare Foundation for Veterans and Families

FINANCIAL HIGHLIGHTS

GMM GRAMMY PLC.

(unit : Million Baht)	2010	2009	2008
CONSOLIDATED			
Total Revenues	8,812	8,124	7,806
Revenue From Sales And Services	8,587	7,878	7,546
Total Costs	5,226	4,796	4,234
Gross Profit	3,361	3,082	3,312
Earnings Before Minority Interest	591	541	828
Net Earning For The Year	523	511	705
Dividend Paid*	430	461	639
Total Assets	7,565	6,926	6,813
Total Liabilities	3,750	3,440	3,138
Minority Interest	628	501	707
Equity Attributable To The Company 's Shareholders	3,187	2,984	2,968
Number Of Ordinary Share (Million)	530.3	527.4	490.0
Net Earning Per Share (Baht)	0.99	0.97	1.44
Dividend Paid Per Share (Baht)	0.81	0.87	1.25
Book Value Per Share (Baht)	6.01	5.63	6.06
Net Profit Margins	6%	6%	9%
Return On Equity	17%	17%	24%
Return On Assets	7%	7%	10%

2008 DIVIDENDS PAID OUT AT 1.25 BAHT PER SHARE CONSISTS OF:

The interim dividend payment for the first half-year operational result of 2008 was 0.60 baht per share, according to the resolution at the Board of Directors meeting 4/2008 on 13 August 2008.

Dividend payment for the second half-year operational result of 2008 was 0.65 baht per share, as determined at the 2009 Annual General Meeting of Shareholders held on 27 April 2009.

2009 DIVIDENDS PAID OUT OF 0.87 BAHT PER SHARE IN 2009 CONSISTS OF:

The interim dividend payment for the first half-year operational result of 2009 was 0.55 baht per share, according to the resolution at the Board of Directors meeting 4/2009 on 13 August 2009.

Dividend payment for the second half-year operational result of 2009 was 0.32 baht per share*, as proposed at the Board of Directors meeting held on 26 February 2010.

2010 DIVIDENDS PAID OUT OF 0.81 BAHT PER SHARE IN 2010 CONSISTS OF:

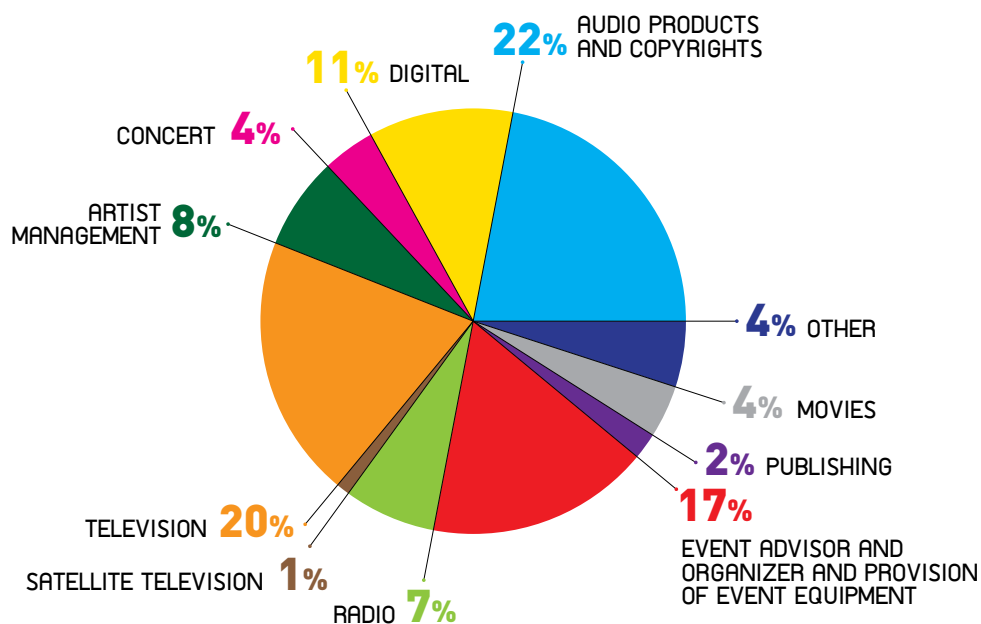
The interim dividend payment for the first half-year operational result of 2010 was 0.40 baht per share, according to the resolution at the Board of Directors meeting 4/2010 on 11 August 2010.

Dividend payment for the second half-year operational result of 2010 will be 0.41 baht per share*, as proposed at the Board of Directors meeting held on 25 February 2011.

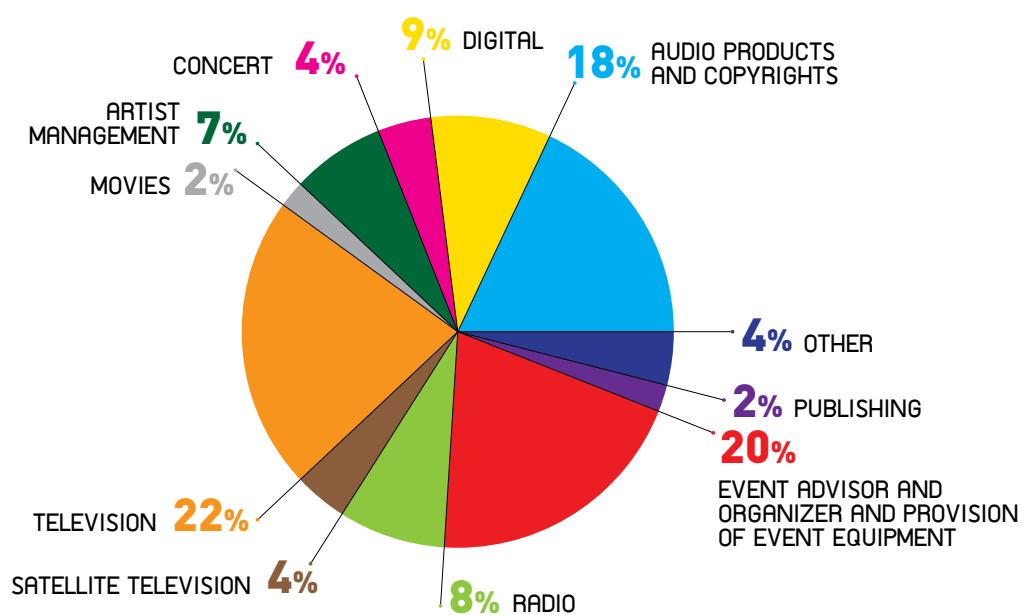
Note: * Dividends paid during the remaining 6 months of 2010 of 0.41 baht per share has to be approved by the 2011 Annual General Meeting which will be held on 27 April 2011, before this payment can be approved for disbursal.

REVENUE STRUCTURE

2009



2010



	2009	2010
Audio Products and Copyrights	22%	18%
Digital	11%	9%
Concert	4%	4%
Artist management	8%	7%
Movies	4%	2%
Television	20%	22%
Satellite Television	1%	4%
Radio	7%	8%
Event Advisor and Organizer and Provision of Event Equipment	17%	20%
Publishing	2%	2%
Other	4%	4%
Total	100%	100%

GENERAL INFORMATION

Company Name	: GMM Grammy PCL (“The Company”)
Business	: Entertainment and media
Head Office	: 50 GMM Grammy Place, Sukhumvit 21 Road (Asoke), Klongtoey Nua, Wattana, Bangkok 10110
Company Registration	: PCL. 0107537000955
Company Homepage	: www.gmmgrammy.com
Telephone	: 0-2669-9000
Facsimile	: 0-2669-9009

BUSINESS DESCRIPTION

The Company’s businesses can be divided into four main categories according to each type of business operation:

1. Music Business and related businesses operates under the “Total Music Business” model which consists of music production and copyrights, digital content business, show business, and artist management.

Music Production and Copyrights

- Physical Products include CDs, VCDs, DVDs, and MP3s that are sold via Modern Trade outlets (superstores and discount stores) and traditional trade channels (trading companies and retailers) nationwide. Moreover, CDs and DVDs are sold via Call Centers and online at www.shopping8000.com

- Rights Management Business involves collecting copyrights from operators who use the Company’s music for commercial purposes as well as copyrights and management fees from karaoke booths.

Digital Business

Digital Business is the digitalization of music content for distribution through mobile phone networks, the internet, and external operators via downloading services for ringtones, ringback tones, full song downloads, and even complete music videos (full MVs) which are available on an à la carte basis or through monthly subscription services. There is also *1234 Music Cupid service and HYPERLINK “<http://www.gmember.com>” www.gmember.com which allows members to send music to their friends. Moreover, the website which home to information on music, news on artists, song downloads, and various activities. HYPERLINK “<http://www.daraoke.com>” www.daraoke.com is a website that specializes in offering online karaoke. It also has a dedicated fortune telling service on its *4998. CDs and DVDs are sold via its Call Center and are available online at www.shopping8000.com

- **Show Business** is the business of creating and producing various events such as concerts and theatrical productions through their own initiative and by being commissioned.

- **Artist Management** Business handles the selection and development of new artists, which includes managing, and sourcing assignments to music and non-music artists.

2. Media Business comprises of

- Radio Business, which produces and hosts F.M. radio programs. At the end of 2010, the Company has 4 music radio stations

- Television Business The Company rents airtime from Channels 3, 5, 7, and 9 to produce television programs and provide production services. In 2010, the Company produced 31 television programs, averaging 42 hours 10 minutes airtime per week

- Broadcasting (Satellite Television) is the business of producing entertainment content to be aired on 5 satellite television channels: Fan TV, Bang Channel, Green Channel, ACTS Channel, and SARANAIR CHANNEL, as well as finance related programs through the Money Channel in collaboration with the Stock Exchange of Thailand.

- Publishing Business is the production and distribution of Image fashion magazine, two women’s magazines, Madame Figaro, and Her World, Maxim for men, and an entertainment publication, In Magazine, and pocket books in various popular genres

- Full-service events creation and management business runs through the entire spectrum from proposing ideas to organizing events, sourcing contractors, and coordinating with all related parties to ensure that results achieve clients’ goals. Index Creative Village PCL and its subsidiaries monitor and operate this line of business.

3. Movie Business produces featured films for screening in movie theatres.

4. Other Businesses include operating a fitness center, call center, and education related businesses like Music and Vocal Academy.

REVENUE STRUCTURE OF THE GROUP

PRODUCT / SERVICE OPERATED BY	2010		2009		2008	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales of audio products						
GMM Grammy Plc.	1,263.7	14.3	1,394.7	17.2	1,700.8	21.8
Other subsidiaries	0.0	0.0	(0.1)	0.0	0.0	0.0
Total sales of audio products	1,263.7	14.3	1,394.6	17.2	1,700.8	21.8
Revenues from copyrights						
Revenues of copyrights from Digital Business						
GMM Grammy Plc.	803.0	9.1	860.3	10.6	529.0	6.8
GMM Digital Domain Co., Ltd.	0.0	0.0	23.1	0.3	59.6	0.8
Digital Arms Co., Ltd.	6.9	0.1	6.8	0.1	20.4	0.3
Revenues from other copyrights						
GMM Grammy Plc.	14.5	0.2	19.6	0.2	44.4	0.6
GMM Music Publishing International Co., Ltd.	189.8	2.2	187.3	2.3	189.5	2.4
Clean Karaoke Co., Ltd.	127.3	1.4	148.9	1.8	164.7	2.1
GMM Tai Hub Co., Ltd.	0.0	0.0	11.6	0.1	0.4	0.0
Other subsidiaries	2.9	0.0	10.5	0.1	23.5	0.3
Total revenues from other copyrights	1,144.5	13.0	1,268.1	15.6	1,031.6	13.2
Total sales of audio products and copyrights	2,408.1	27.3	2,662.7	32.8	2,732.4	35.0
Revenues from production of concerts						
GMM Grammy Plc.	223.0	2.5	214.1	2.6	305.5	3.9
GMM Media Plc.	88.7	1.0	58.0	0.7	44.1	0.6
Other subsidiaries	1.7	0.0	31.4	0.4	28.4	0.4
Total revenues from production of concerts	313.4	3.6	303.6	3.7	378.0	4.8
Artist management income						
GMM Grammy Plc.	543.7	6.2	566.0	7.0	551.2	7.1
Exact Co., Ltd.	56.1	0.6	31.6	0.4	18.4	0.2
Sawasdee Thaweesuk Co., Ltd.	1.0	0.0	6.1	0.1	0.0	0.0
Other subsidiaries	5.3	0.1	1.7	0.0	7.8	0.1
Total artist management income	606.1	6.9	605.4	7.5	577.4	7.4
Revenues from production of motion pictures						
GMM Tai Hub Co., Ltd.	210.8	2.4	328.6	4.0	217.7	2.8
Other subsidiaries	0.1	0.0	0.1	0.0	2.7	0.0
Total revenues from production of motion pictures	210.9	2.4	328.7	4.0	220.4	2.8
Revenues from production of television programmes						
GMM Grammy Plc.	17.5	0.2	0.2	0.0	22.2	0.3
Exact Co., Ltd.	1,263.2	14.3	1,049.5	12.9	802.8	10.3
GMM TV Co., Ltd.	466.8	5.3	392.7	4.8	444.0	5.7
Deetalk Co., Ltd.	120.2	1.4	126.1	1.6	123.4	1.6
GMM Tai Hub Co., Ltd.	64.0	0.7	35.2	0.4	8.4	0.1
GMM Media Plc.	7.9	0.1	43.7	0.5	47.7	0.6
Total revenues from production of television programmes	1,939.5	22.0	1,647.4	20.3	1,448.5	18.6
Revenues from production of satellite television programmes						
GMM Grammy Plc.	123.8	1.4	43.8	0.5	2.0	0.0
Exact Co., Ltd.	96.2	1.1	22.6	0.3	0.0	0.0
GMM TV Co., Ltd.	85.9	1.0	27.0	0.3	0.0	0.0
GMM Media Plc.	50.5	0.6	23.3	0.3	0.0	0.0
Total revenues from production of satellite television programmes	356.4	4.0	116.7	1.4	2.0	0.0
Revenues from production of radio programmes						
GMM Media Plc.	662.9	7.5	579.6	7.1	666.5	8.5
Other subsidiaries	0.3	0.0	0.0	0.0	2.6	0.0
Total revenues from production of radio programmes	663.2	7.5	579.6	7.1	669.2	8.6

REVENUE STRUCTURE OF THE GROUP

PRODUCT / SERVICE OPERATED BY	2010		2009		2008	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from event advisor and organizer and provision of event equipment						
Index Creative Village Plc. (Formerly known as "Index Event Agency Plc.")	696.9	7.9	662.1	8.2	697.6	8.9
Media Vision (1994) Co., Ltd.	132.4	1.5	98.1	1.2	117.6	1.5
Event Solutions Co., Ltd.	41.4	0.5	53.4	0.7	39.1	0.5
Tresbien Co., Ltd.	15.9	0.2	5.7	0.1	4.4	0.1
G Communications Co., Ltd.	21.0	0.2	8.0	0.1	11.3	0.1
Inspire Image Co., Ltd.	71.1	0.8	60.6	0.7	49.0	0.6
D-63 Co., Ltd.	100.7	1.1	95.9	1.2	72.3	0.9
I Think Ad Co., Ltd.	107.3	1.2	43.5	0.5	44.7	0.6
Joint Venture ID2	248.1	2.8	117.9	1.5	0.0	0.0
3-RD Co., Ltd.	0.0	0.0	91.4	1.1	88.2	1.1
GMM Media Plc.	238.5	2.7	147.0	1.8	42.2	0.5
Other subsidiaries	133.0	1.5	4.5	0.1	13.3	0.2
Total revenues from event advisor and organizer and provision of event equipment	1,806.2	20.5	1,388.0	17.1	1,179.7	15.1
Revenues from advertising in publishing media						
GMM Grammy Plc.	3.6	0.0	3.3	0.0	36.6	0.5
Image Publishing Co., Ltd.	61.0	0.7	51.6	0.6	71.7	0.9
GMM Inter Publishing Co., Ltd.	11.7	0.1	11.0	0.1	13.3	0.2
GMM Times Co., Ltd.	19.0	0.2	18.9	0.2	22.5	0.3
In Publishing Co., Ltd.	15.2	0.2	16.6	0.2	19.9	0.3
Other subsidiaries	3.1	0.0	3.7	0.0	1.4	0.0
Total revenues from advertising in publishing media	113.6	1.3	105.1	1.3	165.5	2.1
Sales of books, teaching aids and magazines						
Image Publishing Co., Ltd.	5.3	0.1	5.2	0.1	6.3	0.1
GMM Times Co., Ltd.	8.7	0.1	9.9	0.1	12.6	0.2
Bliss Publishing Co., Ltd.	39.4	0.4	49.7	0.6	47.2	0.6
In Publishing Co., Ltd.	15.1	0.2	17.9	0.2	19.6	0.3
Other subsidiaries	1.0	0.0	1.6	0.0	2.6	0.0
Total sales of books, teaching aids and magazines	69.5	0.8	84.3	1.0	88.4	1.1
Total revenue from advertising and sales of books, teaching aids and magazines	183.1	2.1	189.3	2.3	253.8	3.3
Revenues from studio service						
GMM Grammy Plc.	0.2	0.0	0.0	0.0	9.0	0.1
GMM Studio Co., Ltd.	2.7	0.0	3.5	0.0	3.7	0.1
Total revenues from studio service	2.8	0.0	3.5	0.0	12.7	0.2
Revenues from production and service						
GMM Grammy Plc.	54.1	0.6	19.7	0.2	4.4	0.1
GMM Inter Publishing Co., Ltd.	7.8	0.1	10.9	0.1	6.9	0.1
In Publishing Co., Ltd.	13.9	0.2	0.0	0.0	0.0	0.0
Tifa Co., Ltd.	0.0	0.0	0.0	0.0	37.3	0.5
Other subsidiaries	19.8	0.2	19.8	0.2	8.2	0.1
Total revenues from production and service	95.7	1.1	50.4	0.6	56.8	0.8
Management fee and consultant fee income						
GMM Grammy Plc.	0.0	0.0	0.0	0.0	11.6	0.1
Exact Co., Ltd.	1.8	0.0	2.8	0.0	2.8	0.0
Other subsidiaries	(0.1)	0.0	(0.5)	0.0	0.3	0.0
Total management fee and consultant fee income	1.7	0.0	2.3	0.0	14.7	0.1
Interest income	14.6	0.2	18.7	0.2	33.7	0.4
Dividend received	44.1	0.5	48.5	0.6	49.3	0.6
Other income	166.4	1.9	179.5	2.2	177.5	2.3
Total revenue	8,812.3	100.0	8,124.3	100.0	7,806.1	100.0

MUSIC BUSINESS AND MUSIC RELATED BUSINESSES**Music Business and Copyrights**

In 2010, the Company released 276 music albums encompassing every consumer target group: pop, rock, alternative, country/'songs for life', R & B, soul and compilations of top hits throughout the year.

Sales and distribution is done via modern trade channels (superstores and discount stores), traditional trade channels (wholesalers and retailers) throughout the country, and the Company's own retail store, Imagine. As of December 2010, there are 157 Imagine retail stores.

The Company manages and collects copyright fees from food operators, restaurants, radio operators, karaoke outlets, and karaoke booths and other operators who use the Company's music for commercial purposes.

Digital Content Business

In 2010, digital business - the consumption of music via mobile telephone and internet networks - is the fastest growing channel in the music industry. The Company offers music downloading services on an 'a la carte' (individual song) basis and monthly subscriptions to leading mobile telephone network operators in Thailand. Moreover, music content is constantly developed to match technological innovations, to allow downloads through more channels such as the iPod. There are many interesting services such as the sending songs that reflect the senders' thoughts through *1234 Music Cupid which offers a selection of songs like birthday wishes as well as feelings such as love, sorrow, remonstrance, etc. www.gmember.com website is the core site for music, news about artists, music downloads and activities, while www.daraoke.com is a website for online karaoke. The dedicated fortune telling channel *4998 is superior to other alternatives because it uses the caller's birthdate and time to calculate astrological predictions. It is also the most modern option available to consumers, because the system will automatically store the mobile number after one use in the database for future reference.

Artist Management Business

The Company has a policy of training and developing artists so they can sing, act and dance in order to entertain audiences at music and non-musical venues to increase revenue channels for the artists, both in the form of concerts, performances in pubs and bars, as well as employment opportunities as product presenters. In 2010, many artists were chosen as product presenters, including Golf-Mike, Ice Saranyu, Chin Chinawut, Namcha Chiranat, luk thung artists and various rock groups.

Show Business

This business employs its music and artist resources in producing a variety of concerts in different formats to promote albums and themed concerts.

In 2010, the Company organized 15 concerts. The larger concerts included Body Slam Live in Krahm, Micro's 25th Anniversary concert, "Rock Lek Lek Returns", and Café on Stage Koh Tee 6 Prang. The Company also organized two concert festivals, namely Big Mountain #1 and #2.

Besides generating sales from tickets to the shows and financial support from sponsors, the business also sells VCD recordings of the performances.

MARKETING AND COMPETITION

MARKETING AND COMPETITION

COMPETITIVE STRATEGIES

• Produce high quality work that covers every target group

The Company emphasizes producing quality music to cover every target group, divided into six music genres, handled by teams of top Thai music professionals in those fields which has made the Company's music demanded by consumers, and continue retaining its solid market share in Thailand.

• Full-Service Entertainment Business

The Company's structure presently operates a full-service entertainment business, distributing music, movies and media business such as radio, television and publishing, as well as satellite television. Its digital business partners with leading mobile telephone networks to create the latest innovations for downloading new services such as unlimited music downloads for monthly subscribers. Creating this type of full-service business structure requires considerable lead time and funding.

• Effective Distribution and Sales Channels for Physical Products (CDs, VCDs and DVDs) and Digital Products

Physical Products (CDs, VCDs and DVDs)

The Company has expanded its Imagine retail stores across a wider area, making it more convenient for consumers. Moreover, an effective software system is used to manage product sales and distribution.

In 2010, the Company employed the Direct Response Television strategy (DRTV) which is the placement of specific product advertisements aimed at viewers of certain programs on GMM Channels. It is hoped that physical music sales will increase through a new channel, "Imagine Direct". This platform offers CDs, VCDs and DVDs of hard to find older music and films, as well as new products before they are released in the market, and are offered only through GMM Channel. All purchases will be delivered to the consumers' homes, to satisfy the needs of those who do not have the time to personally look for the products. In October 2010, direct sales channels were expanded with www.shopping8000.com

Digital Products

The Company has increased its digital product offering to unlimited downloads of new and archived music to monthly subscribers via mobile telephone networks, according to individual providers' packages. This service was warmly received by consumers.

In addition, the Company and its subsidiaries have begun promoting digital services more widely through free television and cable television, radio programs, magazine publications, and even in movies.

• Own copyrights to songs and manage artists who can create additional market value in the future

Presently, the Company has a cache of more than 20,000 songs in its Music Library and manages more than 300 artists. All the music has been stored in master tapes and digital formats, which are easily retrieved and created into new forms such as compilation of popular songs or producing covers which is the resetting the melody using original lyrics. Besides producing new albums, artists can perform concerts, take on various assignments and serve as product presenters and actors, which are important means of generating revenue for the Company.

CHARACTERISTICS OF CLIENTS AND TARGET CLIENTS

Two types of clients purchase music in the form of tapes, CDs and VCDs: modern trade channels (superstores and discount stores) and traditional trade channels (wholesalers and retailers). Clients of copyright collectors are divided into three categories: Karaoke outlets, restaurants, and other businesses like radio stations, airlines and department stores.

Digital music clients encompass a broad range, as they include both male and female music lovers ranging from students to working professionals. Those who use the downloading services are adept with mobile telephone GPRS and WAP systems. This target group is interested in the latest technological innovations which are based on mobile technology such as broadband and 3G connections. The Company is well aware of the importance of keeping up to date with trends in order to provide content and services that directly support this group faster and more conveniently.

SALES AND DISTRIBUTION CHANNELS

Music products such as tapes, CDs and VCDs are distributed via modern trade channels (superstores and discount stores) as well as traditional trade channels (traders and retailers) nationwide.

Digital music services available for downloading via mobile telephones include: ringtones, ringback tones, full songs and music videos (full MVs) through monthly subscriptions and through the *1234 Music Cupid service which delivers content to subscribers' friends. Additionally, other channels are www.gmember.com website offers information about music and news and activities of every artist; www.daraoke.com, a website dedicated to singing karaoke online; a fortune telling program through *4998; and the sale of CDs and DVDs through the Call Center and online at www.shopping8000.com

COMPETITIVE ENVIRONMENT

The Company structure is a complete service music business that also includes media and movie businesses. This means that there are no direct competitors, but indirect competitors exist in various business lines.

In 2010, the music industry grew through the expansion of its digital content sales, while sales of music CDs and VCDs reduced due to changes in consumer preferences which have increasingly shifted to downloading music.



MARKET SHARE AND SIZE OF COMPETITORS

The Thai music market can be divided into two major categories, namely Thai music and international music, which respectively corner 95% and 5% market share. Thai music is further subdivided into two major genres, namely contemporary (Thai Sakol) and country music (Luk Thung). Contemporary music is constantly adjusted to cater to consumers' changing preferences while country music focuses on improving the content and adapting the music styles to the lifestyles of its target audience.

The Company's market share in the Thai music market is approximately 70%. It is a leader in both contemporary music and Luk Thung. Although several competitors exist in the market, the Company has only one direct competitor in terms of its target consumers.

INDUSTRY TRENDS – ENVIRONMENT AND COMPETITION

In 2011, competition is expected to continue in the same way as it did over the past year, in that the digital business has positive growth prospects from growing consumer preferences for this channel, especially since more people will listen to music via their mobile telephones and other types of equipment. At the same time, piracy will continue to exist.

Key strategies in the digital music business include increasing service formats, activities and to support the business through creative marketing. It is expected that its unlimited song download subscription service will remain its top service option. In 2011, the Company will emphasize the development of applications and new internet downloading methods to more types of hardware, from smartphones to computers. The Company is prepared to adapt to new technological innovations, especially the 3G network which can accommodate a greater variety of content and services enabled by high speed downloads.

At the same time, physical music products will continue to slowly shrink in accordance with world trends at a rate of 10 – 15%. Consequently, the company has increasingly catered to customers who demand better sound quality and are true fans of the artists by designing each album as a collector's item. Moreover, these physical products are now sold online (www.shopping8000.com) for great consumer convenience.

Piracy remains a major problem. The Company has addressed this matter by increasing the number of product types and revenue streams from different channels, such as from show business, artist management, expanding the subscription base for copyrighted physical and digital products.

In terms of international business, the Company has increased its sales channels in the following ways:

1. Exporting music in the form of CDs, VCDs and DVDs to countries like Australia.
2. The Company sells its digital content through two channels: iTunes and through major telecommunication operators in various countries, such as using Chunghwa Telecom in Taiwan, and plans to expand to other countries whose infrastructure has a similar capacity.
3. The company handles its rights management abroad by selling copyrights to the melody which is then set to foreign lyrics.
4. Show business is increasingly emphasized abroad in terms of concert tours, and the Company has cooperated with its foreign counterparts in importing foreign shows and concerts.

MEDIA BUSINESS

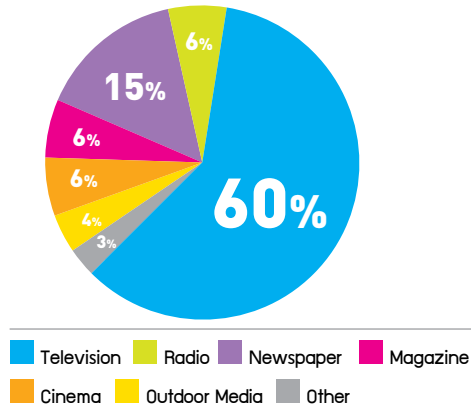
The overall advertising budget across all media in 2010 compared to 2009 increased 11.83% from 90,341 million baht to 101,032 million baht. This is partly due to the domestic and foreign economic revival during the second half of 2009. As consumer confidence improved and consumption began to pick up, clients began to increasingly use their budgets for media and marketing campaigns. Another contributing factor is the rise in advertising fees in certain types of media. Therefore, the media advertising business began to improve since the beginning of 2010.

The medium that expanded the fastest was “in store” media which soared 36.75%, followed by transit media which grew by 27.78%. Television still remains the primary medium for most clients, growing 15%, and remains the leading medium in the industry. On the other hand, radio and outdoor media expenditure figures fell slightly to 1% and 3% respectively.

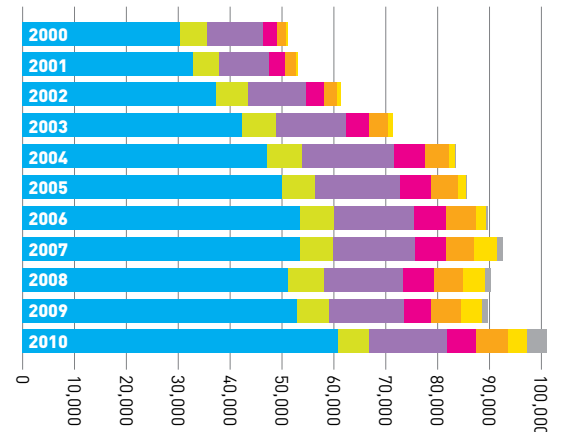
As of 31 December, 2010, television advertisements still remain the most popular medium, capturing 60.15% of the market share. Newspapers came in second place with 14.85%, followed by radio at 6.05%, movie theatres brought in 5.92%, magazines 5.60%, and open air media and others contributed 7.44%. (Source: Nielsen Media Research (Thailand) Ltd.)

Media Market Share of Advertising Expenditures in 2010

Total Advertising Expenditures in 2010 amounted to 101,032 million Baht



Value of Various Media Advertising Expenditures (million Baht)







The Group has five media business lines: radio, television, satellite television, publishing, and event creative and management, with details as follows.

RADIO BUSINESS

Producing radio programs that will be broadcasted through a station requires bidding for airtime for commercial purposes from various FM radio stations. In 2010, the Group has four radio stations.



RADIO STATION	DAY/AIRTIME/ NETWORK COVERAGE	TYPE OF PROGRAM	TARGET GROUP	CONCESSION
F.M. 106.5 MHz. Green Wave 	24 Hours daily/Bangkok Metropolitan, Petchburi and Prachuab Khiri Khan	Thailand's first radio program that campaigns for the environment. The first and only program in Thailand that airs easy listening music program in all styles and from all eras. It is the nation's longest standing top-rated program.	Working professionals, both male and female aged 30 and up who are financially stable and possess high consumption power. The audience consists of people who are modern, constructive, creative, thoughtful, and considerate, and care about the environment, as well as things happening around them	The National Telecommunications Commission
F.M. 94.0 MHz. EFM 	24 Hours daily in Bangkok Metropolitan, Ang Thong, Kanchanaburi, some parts of Chonburi and Ratchaburi	Top ranked entertainment business-oriented radio station and the only station of its kind in Thailand. It is the "Talk of the Town" in being the fastest provider of accurate and in-depth reports.	Teenagers and working professionals aged between 18 – 35 who admire modern things, and follow the latest trends in all forms of entertainment.	The Royal Thai Army Radio Station
F.M. 91.5 MHz. Hot FM 	24 hours daily / Bangkok Metropolitan, Ayutthaya, Saraburi, Chonburi	A top-rated radio program for trendy teenagers and the new generation who want something new, fun, and novel.	Male and female teenagers aged between 15-25	Broadcast Armor Radio Station
F.M. 89.0 MHz. Chill FM 	24 hours daily / Bangkok Metropolitan and Chonburi	Offering new and trendy "Chill Listening" music, unlike other easy listening music channels that repeatedly play the same songs.	Trendy young working professionals, aged between 24 and 34 who enjoy listening to unique trendy music.	Broadcast Armor Radio Station

A variety of multimedia pictures and sounds are available on the internet which can be downloaded and updated from A-time Media. The company also offers Live Radio on four channels via the internet with additional information in seven Atime media websites, namely:

www.atimemedia.com
www.greenwave.fm

www.chill89.fm
www.green-channel.tv

www.hot915.fm www.hot915.fm
www.atimetraveller.com

www.efm.fm

In 2011, the online Social Network continued to grow and bring together people who enjoy and love music in one place – the ATime Family Network – where listeners can discuss and receive news updates before other people. Personal space is provided in these websites for members to comment and share their happiness and participate in fun activities. In the future, new applications will enable members to conveniently access a greater variety of content and receive the latest list of chart topping songs on A-Time radio stations through their mobile telephones.

Market Conditions

The radio industry in 2010 was as intense as it was in 2009, in terms of operators striving to attract a greater share of the market, target listeners and radio media advertisement buyers. The latter especially was a tough battle due to changes in consumer behaviour. Previously, clients had purchased long-term annual advertisement contracts. Now, they prefer purchasing short-term contracts ranging from six months, three months, one month per quarter, or on a monthly basis. All business operators had to devise all types of marketing tactics to win the hearts of its clients and listeners. Two new stations emerged in the wake of the closure of two existing operators at the end of the year. These two new operators were granted concessions formerly held by the companies that closed down, and thus two new radio stations were established.



Competitors

Competitors that have similar target listeners to the Company's programs are:

TARGET AUDIENCE	THE GROUP'S RADIO STATION	COMPETITORS
Working professionals, both males and females, from the age of 35 and up	F.M. 106.5 MHz. Green Wave	F.M. 90.0 MHz Ruammitr Radio* F.M. 93.0 MHz. Cool Fahrenheit F.M. 103.5 MHz. FM ONE
Teenagers and working professionals aged between 18-30 who are interested in modern things, and follow the latest trends in the entertainment business.	F.M. 94.0 MHz. EFM	F.M. 93.0 MHz. Cool Fahrenheit F.M. 95.5 MHz. Virgin Hitz F.M. 97.5 MHz. SEED
Male and female teenagers aged between 15-24	F.M. 91.5 MHz. Hot FM	F.M.98.0 MHz. Pynk FM** F.M. 97.5 MHz. SEED FM F.M. 95.5 MHz. Virgin Hitz
Male and female working professionals, aged between 24-34	F.M. 89.0 MHz. Chill FM	F.M. 90.0 MHz. Ruammitr Radio* F.M. 103.5 MHz. FM ONE F.M. 93.0 MHz. Cool Fahrenheit

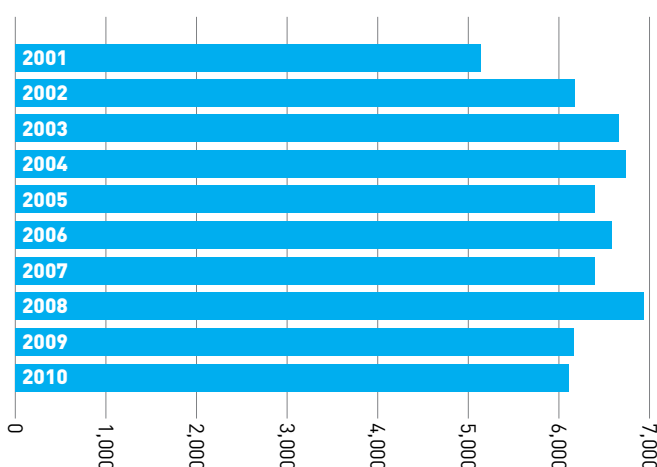
Advertising Market Share in Radio

According to Nielsen Media Research (Thailand) Ltd., total media advertising in 2010 increased by 11.83% from 90,341 million baht in 2009 to 101,032 million baht, while public relations via the radio continued to shrink throughout 2009, and recovered in Q1 2010, only to decline in the next two Quarters due to domestic political unrest, and recover in Q4. Therefore, 2010 radio advertising expenditure declined by 1% against 2009 figures.

As radio advertising budgets have been reduced during the economic slowdown, clients have increasingly turned to other media. Digital channels are cheaper and capable of reaching consumers, and new media such as cable television and satellite television are increasingly are increasingly gaining favor because the pricing is on par with radio, and yet consumers can enjoy both sound and pictures, and can penetrate the target audience more directly. Nevertheless, the radio is still considered a crucial and effective medium in Bangkok in reaching out to a variety of target listeners, and is relatively affordable compared to other media.

This year, the radio industry remains the third favorite medium after television and newspapers. A study and comparison by Nielsen Research Media of various media advertising revealed that radio advertising takes up 6.05% market share, falling 1% from 6,168 million baht to 6,114 million baht, as of 31 December 2010.

Value of Radio Advertising Expenditure (Million Baht)



Source: Nielsen Media Research (Thailand) Ltd.

Although competition will continue to intensify as witnessed in the past, the basis for competing today has changed. Instead of battling for airwave concessions at yearend when contracts are slated for renewal, operators now compete for market share. As a result of the domestic and global economic slowdown, most customers exercise greater prudence with their advertising budgets, and be more selective in choosing operators whom they believe can best reach their target consumers. Therefore, operators have to seek strategies that enable them to create strong brand for each station to retain their existing audience and attract new listeners by emphasizing attractive marketing activities. It is vital that customer needs are met as much as possible so they will purchase more advertising hours. Moreover, radio business operators have to develop and manage their operations to the highest capacity, and be nimble in adjusting its strategies to handle various situations, in order to maintain their market share.

* FM 90 Ruammitr Radio is operated by P.D. Radio and was first aired in November 2010

** Pynk 98 FM is operated by P.D. Radio and first went on air in November 2010

Industry and Competition Trends

Although competition will continue to intensify as witnessed in the past, the basis for competing today has changed. Instead of battling for airwave concessions at yearend when contracts are slated for renewal, operators now compete for market share. As a result of the domestic and global economic slowdown, most customers exercise greater prudence with their advertising budgets, and be more selective in choosing operators whom they believe can best reach their target consumers. Therefore, operators have to seek strategies that enable them to create strong brand for each station to retain their existing audience and attract new listeners by emphasizing attractive marketing activities. It is vital that customer needs are met as much as possible so they will purchase more advertising hours. Moreover, radio business operators have to develop and manage their operations to the highest capacity, and be nimble in adjusting its strategies to handle various situations, in order to maintain their market share.

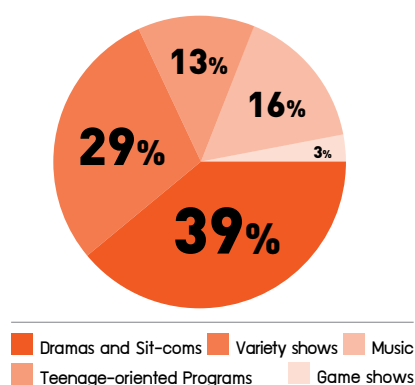
TELEVISION BUSINESS

Television business encompasses producing programs and being commissioned to produce programs aired on the following channels:



STATION	OPERATOR	LICENCE
Channel 3	Bangkok Entertainment Co., Ltd.	Concession
Channel 5	The Thai Royal Army	Owner
Channel 7	Bangkok Broadcasting & Television Co., Ltd.	Concession
Channel 9	MCOT Public Company Limited	Owner

Types of Television Programs in the Group in 2010 Figure 1 Share of programs according to program type



PROGRAM TYPE	NUMBER
Dramas and Sit-coms	12
Variety Shows	9
Teenage-oriented Programs	4
Music Programs	5
Game Shows	1
Total	31



In 2010, the Group produced a total of 31 television programs aired on the following channels:

PROGRAM TYPE	PROGRAM	CHANNEL	DAY/AIRTIME	PRODUCED BY
Drama/Sit-com	Pen Tor	Channel 3	Thursday 23.00 – 24.00	Scenario
	Heng Heng Heng	Channel 3	Saturday 10.15-11.00	Exact
	Pu Korng Chao Saneh	Channel 3	Sunday 10.15 – 11.00	Scenario
	Prime Time Dramas	Channel 5	Monday – Thursday 20.20-21.25	Exact & Scenario
	Zen...Seu Rak Seu Winyarn	Channel 5	Friday 20.20 – 21.25	Exact
	Drama reruns	Channel 5	Monday – Friday 10.45 - 11.35	Exact & Scenario
	Bang Rak Soi 9	Channel 9	Saturday 18.00 – 19.00	Exact
	Baan Nee Mee Rak	Channel 9	Sunday 18.00 – 19.00	Scenario
	Nut Gub Nat	Channel 9	Sunday 17.00 – 18.00	Scenario
	Chocolate 5 Radu	Channel 9	Saturday 20.40 – 21.30	GMM TV
	Neua Khoo Yark Roo Wa Krai	Channel 9	Monday 22.25 – 23.30	GTH
	Sai Lub – The Series	Channel 9	Saturday – Sunday 20.40 – 21.30	GTH
Variety Shows	Rueang Khorng Rueang	Channel 5	Monday 21.25 – 22.00	Exact
	Bangkok Station	Channel 5	Wednesday 22.25 – 23.30	Exact & Scenario
	Wow Dara	Channel 5	Saturday – Sunday 17.30 – 18.00	Scenario
	Sister Day	Channel 5	Saturday 14.45 – 15.35	GMM TV
	Sea Lover	Channel 5	Public Holidays 12.30 – 13.10	GMM TV
	Tee Nee Morchit	Channel 7	Sunday 22.25 -23.55	Dee Talk
	The Star 6	Channel 9	Saturday – Sunday 21.30 – 23.30	Exact
	The Hunt	Channel 9	Saturday 10.30 – 11.10	GMM TV
	Khon Song Sai 9	Channel 9	Sunday 14.00 – 15.00	GMM TV
Teenage oriented programs	OIC	Channel 5	Monday – Friday 12.30-13.10	GMM TV
	Five Live	Channel 5	Monday – Friday 00.30 – 01.25	GMM TV
	Wake Club	Channel 5	Sunday 10.45 – 11.35	GMM TV
	Roht Rong Rian	Channel 5	Sunday 12.50 – 13.45	GMM TV
Music	Kleun Sag Kleun Sab	Channel 5	Monday – Friday 01.05 - 02.00	GMM TV
	Kleun Sag Kleun Sab Soodsupda	Channel 5	Saturday – Sunday 01.55 – 02.20	GMM TV
	Malaeng Mun	Channel 5	Monday 00.30 – 01.25	GMM TV
	e-Mouth	Channel 7	Friday 01.00-01.00	GMM TV
	Hello Wan Yood	Channel 7	Public Holidays 10.00 -11.00	GMM TV
Game Shows	Game Wad Duang	Channel 5	Saturday 12.55-13.50	GMM TV

Program Details

PROGRAM TYPE	FORMAT	TARGET AUDIENCE	NUMBER OF PROGRAMS
Dramas/Sit-coms	This type of program is one that the Group is most adept at producing and continues to offer its programs to television stations. During the past year, the Group's dramas that were aired received positive audience ratings, and were among the leaders in this genre, in terms of prime time soap operas and sit-coms. The Group is considered the leader in producing sit-coms and continues to win highest market ratings, in addition to their acclaim for constructive dramas targeting teenaged viewers.	The entire family, suitable for all genders and ages	12
Variety Shows	A clear and well-defined target audience. Program angles are usually based on a variety of formats: popular entertainment, current issues and ideas, combined with current events that effectively integrate knowledge and fun through famous show hosts by highlighting topics of current interest by presenting ideas, often by including a socially constructive angle, in interesting and effective way. This is an area that allows the Group to effectively showcase and maximize the organization's potential capacity and range as a complete entertainment media giant. This is evident in developing reality shows that have been drawing a lot of attention from the Group's primary consumers who require novel ways of showing the capabilities of the participants, such as singing.	Teenagers and families, suited for general viewing	9
Teenage oriented programs	These programs cater to carefully targeted viewers. Programs cover a wide variety of entertaining formats that focus on presenting constructive and popular issues to teenaged viewers, blended with useful and creative information. It is also a channel to source new artists for the entertainment industry.	Teenagers nationwide	4
Music	Music programs featuring various artists' music videos and concerts helps promote and publicize the Group's latest music releases.	Teenagers aged 15 years and up/high school and college students/ housewives	5
Game Shows	This type of program remains popular among viewers because they combine fun, knowledge, and entertainment in a complete package. Moreover, the Group's game show differs from its competitors with formats that are distinct, lively, and exciting, and a key selling point being audience and celebrity participation. Moreover, by including elements that improve society and uphold cultural traditions, these additional factors ensure that the Group's show continues to win the hearts of its viewers.	The entire family, suitable for all genders and ages	1

Television Industry - Market Conditions

In 2010, Thai politics, the economy and society experienced yet another year of instability, especially in terms of the increasingly violent political situation which began since the start of the year until it came to a head in May 2010. This wariness over the Thai economy led to an abrupt drying up of foreign investments during the first half of the year. Although Thai politics began to stabilize during the latter half of the year, and signs of greater certainty emerged, investors failed to regain their complete confidence, mirrored in terms of cautious consumer spending. Nonetheless, this had little effect on advertising and public relations spending.

Television advertising remained the most popular medium among all media, according to a study by Nielsen Media Research (Thailand) Co., Ltd., which compared advertising expenditures of all media, with a 60% market share in 2010. Compared to 2009, the figures for television advertising expenditures grew from 52,935 million Baht to 60,766 million Baht, or an increase of 15%.

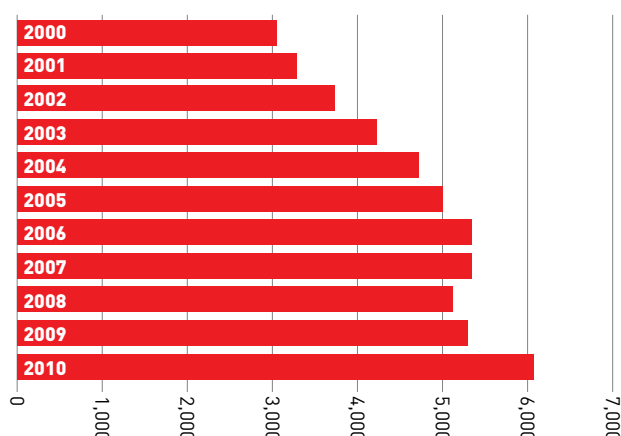
There are currently 6 free television stations: Channels 3, 5, 7, 9, NBT, and TV Thai. Every station earns revenues from advertisement spots and from selling airtime to program producers.

Every television station aims to produce quality programs that attract views, especially during prime time slots such as during news broadcasts or dramas aired after news broadcasts to draw the greatest number of viewers. Program producers, they continue to compete with each other for the best programs and vie for the best broadcasting hours on all the channels.

In renting airtime for programs, the station will evaluate the program's quality, format, and way the material is presented to ensure that the programs are in line with the stations' policies, and likelihood of being popular among the target audience (getting high ratings). This will all tie in with the demand from advertisers of goods and services who will want to advertise during those programs, as free television advertisements remains the most highly contested and most favored media.

Program producers have to devise creative and unique ways of presenting their programs, as well as adapting the format, quality, and content with changes and developments in the market. More importantly, the programs have to meet the needs of the television stations in terms of its policies and audience ratings.

Value of Advertising Expenditure through Television (Million baht)



Source: Nielsen Media Research (Thailand) Co., Ltd.

Competitors

Many new competitors have emerged that produce their own programs, and hire their services to larger companies to produce on commission. However, whether programs have similar formats or highly divergent forms will depend on the needs of station operators that tend to be private sectors, or independent producers such as Polyplus Entertainment Co., Ltd., Broadcast Thai Television Co., Ltd., Bond Co., Ltd., Media of Medias PCL, JSL Global Media Co., Ltd., TV Thunder Co., Ltd., and Workpoint Entertainment PCL. Some independent producers will produce programs exclusively for certain channels only, but there are very few producers, including the Group, capable of producing programs for every channel, which includes free television channels aired via satellite networks such as TGN owned by the Royal Thai Army's Channel 5, and MCOT 1, 2, 3 channels of MCOT PCL.







Industry Trends and Competition

It is expected that television advertising spending will continue to grow and attract the most expenditures. However, the proportion of its hold in the market, compared to the value of the money may be lower due to heavy competition from new media encroaching on its market share. The primary competing media expected to grow fast this year is cable television and satellite television due to its similar audience and the limitation on free television advertising spots that are not permitted to exceed 240 minutes per day. With limited time, it will lead to heavy competition to retain market shares among the players. Therefore, the winners will be businesses that can show their value and capability to reach their target audience and rise above their competitors. On the basis of Thailand's economic recovery and injection of government infrastructure investments, the direction of advertising in mainstream and digital media in 2010 is expected to grow by 5-10% worth 110 billion baht, with television advertising taking the lead for its ability to reach the widest audience. However, due to "time" restrictions on advertisements, the advertising expenditures will be diverted to cable and satellite television which will enjoy a growing number of viewers. Moreover, these alternative media have relatively lower advertisement fees compared to free television, and their channels tend to target niche viewers. Thus, these media are becoming an excellent platform to advertise products for large clients that want to employ new media, as well as smaller companies that have limited budgets.

SATELLITE TELEVISION BUSINESS

Satellite television is considered a new business line for the Group. Compared to the past, this business requires relatively low investments due to satellites that can directly transmit signals with much greater domestic and international coverage, mitigating the need to install additional receiving towers. All that it takes to operate this business are television channel licenses and good programs for broadcasting. The Group has six channels that are aired through Thaicom Satellite as follows:



GRAMMY CHANNELS	GENRES	TARGET AUDIENCE	FIRST AIRED
Fan TV  ฟันทีวี	Contemporary Thai Look Thung	General audience	October 2008
Bang Channel  บัง	Variety shows that cater to teenagers	Pre-teens and teenagers	February 2009
Green Channel  GREEN CHANNEL	Variety talk shows, contemporary music programs, footage of rare concerts, and programs targeting working professionals' lifestyles.	Working professionals and teenagers	March 2009
Acts Channel  ACT	Dramas, sit-coms and entertaining variety shows	General audience	April 2009
Money Channel*  Money Channel	Programs on financial matters and investments	General audience and working professionals with an interest in finance and investments	October 2009
Saranair Channel**  ซารานแอร์	Variety of comedy shows	General Audience	October 2010

* The channel is jointly-owned (50% each) with the Stock Exchange of Thailand, through the Group's subsidiary Family Know-How Co. Ltd.

** The channel is jointly-owned with Lucks 666 Co., Ltd. holding 25%, through Luck Satellite Co., Ltd.

Market Conditions for Satellite Television

After the announcement of the Broadcasting and Public Media Act BE 2551 (2008) on the 5th March 2008, cable and satellite television industry operators were stimulated as they are now permitted to legally operate and earn advertisement revenue from advertisement spots not exceeding six minutes per hour. Consequently, the cable and satellite television business has become more attractive and is considered a viable channel for new television operators since there are viewers in more than 10 million households nationwide. This means that the audience watching cable and satellite television constitutes more than 50% of all television viewers in Thailand. (Source: CASBAA - Cable & Satellite Broadcasting Association of Asia, December 2010)

Together with rapid technological innovations to both signal transmitters and receivers that are easy to install and increasingly cheaper, as well as offering more channels than free television, this has led to a rapid expansion of cable and satellite television viewers. Therefore, many large producers of program content interested in the business have made headways into the satellite television business. These operators focus on the quality of their pictures and offer a wide variety of program formats. Thus viewing programs on satellite television has become an alternative for viewers that corresponds to changing consumer behavior, whereby viewers will only watch programs that match their lifestyles, and tend to stay tuned to their favorite channels. This behavior differs greatly from viewers of free television channels. The growth of viewers that are clearly segmented has attracted growing interest from clients and advertisement agencies in purchasing advertisements for products and services that can effectively target their consumers on certain channels and programs. Moreover, advertising fees on satellite television is considerably cheaper than free television, making competition fierce in the cable and satellite television business both within industry players and particularly in terms of the scope of expansion in terms of winning market share from free television channel operators. It is expected that satellite businesses will comprise 10% of the 50 billion baht television-based advertising spending in 2011.

Competitors

Previously, satellite and cable television businesses were limited by the willingness to invest in such a niche market. Now, the potential afforded by an open market results in greater competition from more business operators. Thus, this makes the business an arena for producers who are ready in every aspect, in terms of content, personnel, and even marketing strategies in tapping and delivering what the audience wants. Channels that are considered competitors of Grammy - the leader in providing entertainment programs - are listed below:

GRAMMY CHANNEL	GENRES	COMPETITORS	PRODUCED BY
Fan tv	Thai look thung	Thai chaiyo Hit station Sabai dee tv	Life tv co., Ltd. Chang thai co., Ltd. Rs pcl
Bang channel	Teenage lifestyle programs	Pop You channel	Life tv co., Ltd. Rs pcl
Green channel	Variety talk shows Working people's lifestyles	-	-
Acts Channel	Dramas and sit-coms	Media channel	Media of medias pcl
Money Channel	Programs on money and investing	-	-
Saranair Channel**	Variety of comedy shows	-	-

Industry trends and competitive environment

The satellite television business has continued to grow steadily since 2008, and is set to improve its performance in 2011. It is estimated that of 20.9 Million households in Thailand, there are approximately 12.2 Million households that do not use television aerials. It is expected that by 2013, the ratio of free television and satellite television viewers will be equal. In 2015, Thailand will grow to 24.8 Million households, and 98.58% (Nearly 100%) of all households will watch television using satellite reception or via cable television, or abandon television aerials. Moreover, as satellite television continues to garner interest in advertisement spots from clients and advertising agencies, it is expected that in 2010, advertising budgets will comprise 10% of free television advertisement expenditures worth 50 billion baht. Currently there are more than 150 satellite television channels operating in Thailand, and it will continue to grow next year. It is expected that there will be at least 30 new satellite television channels emerging requiring investments of 2 – 3 billion baht. Thus, the goal of every operator is to be a leader in the satellite television business both in terms of program ratings, winning over the target audience in each program category, and begin to payback its investments within two years. But most importantly over these next two years, operators will have to learn to adapt to the volatile audience whose consumption patterns are rapidly shifting from free television to satellite and cable television.



PUBLISHING BUSINESS

The Group's publishing business produces monthly and bi-weekly fashion, women's and men's and entertainment magazines, as well as being the publisher and distributor of pocket books. There are a total of five publications comprising two local magazines and three magazines produced under foreign licensing. Each magazine's unique characteristics are as follows:



MAGAZINE/ PUBLICATION	CONTENT DESCRIPTION	TARGET GROUP
Image	Fashion, beauty and entertainment. Noted for its trendy photographs.	No limitation on gender or age of readers. For general audience, from students to working professionals
Madame Figaro	A magazine for women who are interested in fashion and appreciative of beautiful artwork. Provides entertainment and information to well-educated women with good taste.	Well-educated working women between 25 - 35 years with a refined taste in beauty and fashion
Her World	Covers fashion, beauty, current issues, entertainment and lifestyles of modern women who use their time for personal development, in preparation for the changing world as they mature.	Women ranging from students to working professionals aged between 18 - 28
Maxim	Encompasses various aspects of a modern lifestyle for individualistic men: informative and entertaining covering fashion, lifestyle, technology and health.	Confident modern men aged men between 18 - 40 years interested in current social events, fashion, entertainment, and cutting-edge technology.
In Magazine	Emphasizes celebrities' romantic relationships, in-depth interviews, and celebrity style tips that are adapted to the average Thai woman. Most readers tend to be optimistic.	Urban women, from university students to working professionals aged 18 - 29, with middle to high income levels
Pocket Books	Topics covered include Fiction, Non-Fiction, Style, and Self Esteem which encourage readers to see their own value. There are also J Books which are translations of Japanese contemporary literature.	Women between 17 - 35 of age who are interested in trendy and current issues, and are open-minded towards a variety of viewpoints

Market Conditions

Competition in the publishing industry over the past year continued to intensify. The closure of many magazines was due to financial and political uncertainty during the first half of the year, which made consumers more selective in spending. Although the second half of the year saw improvements in sales, overall market conditions remains relatively weak with lower revenues amid rising operating costs. Moreover, advertising budgets allocated to magazines have reduced. Nielsen Media Research (Thailand) Limited revealed that the budget allocated to magazines in 2010 was only 5.60% market share of total media spending. Nevertheless, there was an improvement of 4.22% in magazine advertising, equivalent to 5,655 million baht from 5,426 million baht the preceding year, thereby making the 2010 revenue from magazines show slight improvement.

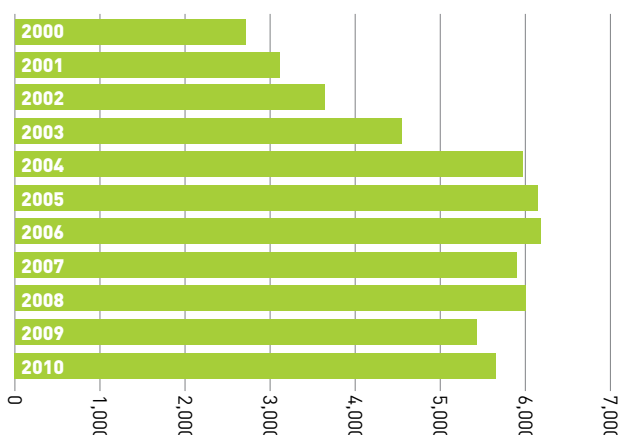
Pocket book publishers regard 2011 as one of growth, by approximately 5% even though people tend to spend cautiously.¹ Consumers tend to make choices on the basis of the books' quality and the publishers' reputation. Leading publishing houses generally guarantee a high standard of writing and content quality. Thus, given consumer preferences and strong competition, only solid brand names and leading publishers will survive in the long run.

The book publishing industry can be divided into three types of operators. An example of a large player is Amarin Printing and Publishing Plc with offerings across most market genres, and many subsidiaries catering to specific interest areas such as Amarin Publishing House, Praew Sudsupda, Clinic Baan Lae Suan, and Arun Books. Other large publishing houses are Nanmee Books Group, The Nation Group, and Matichon Group. GMM Grammy Group's subsidiary, Bliss Publishing, is considered a medium sized publishing house with a distinct business strategy which focuses on niches that fewer players exist and lack market leaders. The third type of operator is the small publishing house. (Readership growth trends remains unclear. Most books are purchased according to popular trends.)

Bliss Publishing continues to compete satisfactorily due to its clear target readers and retains its leading position in its market segments of translated books and translated romantic comedies for women. In the J-book market, Bliss has only 1 - 2 competitors. Nevertheless, translated romantic comedies for women are experiencing growing competition from Thai writers and translated Korean books, forcing Bliss Publishing to expand its offerings to meet new market demand for mysteries, romances or fantasies that increasingly incorporate illustrations.

One crucial element during economic downturns is to retain existing customers and generate satisfactory sales by conducting constant Customer Relationship Management (CRM). In 2010, geographic-based CRM was stepped up, such as extending from major cities in the provinces like Chiang Mai, to Khon Kaen, to learn more about customer needs, which enables the Company to retain its customer base and leading market share, to generate satisfactory revenues.

Value of Magazine Advertising Expenditures (million Baht)



Source: Nielsen Media Research (Thailand)

Industry Trends and Competition

In 2011, the magazine publishing industry is expected to improve as the economy and political seems to be more stable compared to the previous year.

Nevertheless, competition will remain stiff in terms of content, format, the date magazines are circulated to the stands. More importantly, there are changes in consumer behavior in light of digital innovations such as reading magazines and books on the internet, or by using hand held devices such as iPads and e-books. These channels have attracted the attention of many publishing companies including GMM Grammy and its foreign magazines. For instance, Maxim recently launched Maxim e-gazine in October 2009 allowing readers to download the publication for free from www.thaiegazine.com. This format received a warm reception from advertising clients, as well as fans of Maxim, who like this new format. It is expected that more readers will migrate to the internet. In 2010, the Company launched a new magazine through the iPad which more comprehensively expands its distribution channels for younger consumers whose lifestyles are intertwined with technology.

In 2011, the Company plans to purchase the rights to a foreign magazine which targets a niche group and it will be one of the year's highlights in ensuring that its customer base remains stable and attract new customers through new distribution channels and adapt to their constantly changing lifestyles.

¹ Note: Information from Publishers and Booksellers Association of Thailand (PUBAT)

EVENT CREATION & MANAGEMENT

Event Creation & Management is a business that offers a complete range of event management services from proposing ideas, sourcing various contractors and coordinating with related parties, to producing and managing work to meet the clients' needs and aims. Index Creative Village Plc. and its subsidiaries are responsible for overseeing and managing related businesses which can be divided into 2 groups:

1. Creating and managing marketing media – This group is responsible for proposing creative ideas and developing marketing strategies to create a complete range of marketing communications services demanded by clients, including event marketing, advertising and public relations.

2. The production and equipment rentals group is responsible for producing and sourcing equipment for various activities. This includes preparing light, sound and special effects, as well as setting up performance stages for exhibitions. Moreover, the company also offers rentals of cameras, and light and sound editing equipment, designing and backdrop production services for television programs. By collaborating with business associates and partners worldwide, the Group also brings in interesting and attractive performances for special marketing activities.

The events creation & management group's innovative and varied offerings continue to make waves in this industry in terms of creativity and technology. Many projects have been widely acclaimed, and the company has received the most domestic and international awards amongst its peers.



Target Group

There are two target groups:

1. Private sector – businesses in this sector are its primary customers and target group. These clients need to penetrate through to their consumers as much as possible. Most of their needs focus on event marketing and brand activation such as launching new products or services, sales enhancing activities, and organizing banquets for sales representatives. Clients in this group include multinational corporations like Unilever, Amway and Chevrolet. Domestic clients are large companies or conglomerates such as PTT, Siam Cement Group, Thai Life Insurance, Double A, and Coca-Cola (Thailand). These companies need a company that is reliable, has a proven track record and has the ability to offer creative new ideas which can be transformed into reality.

2. Public sector – Clients in the group generally select activities to communicate with the general public, usually in the form of exhibitions, special activities or organizing international conferences. Clients include the Ministry of Energy, Ministry of Commerce, Ministry of Social Development and Human Security, and the Thailand Convention & Exhibition Bureau. These organizations require a company that provides a complete array of services from organizing the events and activities to public relations, which are areas that Index Group can readily provide.

Market Conditions and Operations

Though the events management industry has more than 200 operators, most companies have fewer than 20 employees. Only 25 companies have staff sizes not exceeding 50 employees, and fewer than 10 companies have more than 50 employees. Therefore, the overall market is one where market segmentation according to company size is clearly delineated. Index Group is the only company capable of providing comprehensive services that are creative and delivers results, as well as a wide range of rental equipment. Thus, competition is considered relatively low in this industry.

Industry Trends and Competition

The event creation and management industry continues to show growth prospects because these activities are no longer limited to the private sector alone as it has expanded to encompass the public sector. Many government organizations have begun to increasingly use event organizers to broadcast information to the public as well as to support its work and government policies. Due to the current economic situation, private sector businesses have a greater need for media or activities to communicate through to their consumers as much as possible, while maximizing the efficacy and value in spending their marketing budgets. Moreover, trends indicate an increase in the use of more frequent and large-scale marketing activities. Therefore, larger and more reputable companies will stand a greater chance of winning assignments compared to medium and small companies. Among large companies in this market, only three operators generate sales exceeding 700 million baht. Thus, competition in this industry is not too intense.

MOVIE BUSINESS

Movie making is a business that generates about 3 – 5% of the Company's revenues. The business requires fairly high investments and considerable planning and production periods of approximately 8 months to 1 ½ years, depending on the size of the project.



Distribution Channels/Sources of Revenue

1. Revenue from ticket price profit sharing when screened in Bangkok movie theatres. The Company and theatre owners share their profits equally at 50% each.
2. Movie copyrights from provincial cinema networks
3. Revenue from selling movie copyrights to home entertainment business operators who transfer the content into VCDs and DVDs.
4. Copyrights from cable television channels
5. Copyrights from free television channels
6. Movie copyrights sales to foreign companies.
7. Revenue from various product sponsors

Over the past six years, GTH Co., Ltd., a subsidiary of the Company, had aimed to continue producing quality films at a rate of 4 - 5 a year. The movie genres will differ from each other, such as comedies, romances, romantic comedies, and horror movies. The company is well-equipped in terms of personnel, and it has skilled teams working together in conducting in-depth market research and moviegoers before investing in new projects. This is a key reason that enables the company to offer new and novel things that have proven consistently popular among viewers.

In 2010, the film industry in Thailand was worth 3.4 billion baht (box office figures only), which increased by 5% from 2009. Foreign movies garnered 66% of the market share while Thai movies captured approximately 34%.

In 2010, 57 Thai movies raked in total box office revenues of 1,154 million baht. Three movies produced by GTH Co., Ltd. were screened, generating 181 million baht in box office sales, falling 44% against 2009 results. This was due to screening one movie less than the previous year, as the gathering of the Democratic Alliance Against Dictatorship (DAAD) lasted from March to May 2010.

In 2010, the Group screened three films, namely The Little Comedian (Baan Chan ... Talok Wai Gorn (Por Son Wai)), Hello Stranger (Guan Muen Ho), and Cool Gel Attacks (Kradeub). These movies received great responses from the audience, with Hello Stranger generating the highest box office revenues of all Thai films in 2010, bringing in 126.30 million baht.

The Company's marketing strategy of promoting campaigns that reach target viewers to draw them to the cinemas is a common industry practice. Emphasis is given to setting promotional budgets and media appropriate to the intended audience. Promoting movies before they are released is an essential element in the modern film industry so the audience will know what movies are going to be screened soon. Moreover, new methods of promoting movies are considered an important strategy.

Industry Trends and Competition

The key operators in the industry that have continuously released movies are Sahamongkol International Co. Ltd., GTH Co., Ltd., M39, Phranakorn Film Co., Ltd., Five Star Production Co., Ltd., and M Pictures Co., Ltd.

In 2011, the Thai film market size is expected to reach 4 billion baht because there will be stiff competition among numerous foreign blockbusters that are slated to be released. Moreover, Thai epic movies such as The Legend of King Naresuan III and IV scheduled for screening during the first half of the year.

GTH expects to continue growing by 10 – 15% according to set targets. There are plans to release five movies targeting the company's primary audience aged between 15 and 30 years.

RISK FACTORS

Risk factors that the Company and companies in the group, (“The Group”) that are expected to have an impact on investors’ investment are as follows:

Operational Risk

1. Development of content and new services together with technology development

Rapid technological changes today affect the demand for content and different types of consumer services through various technological advances such as mobile phones and the high speed internet which has resulted in the continuous development of new types of entertainment content delivered through new channels. Consequently, the Company established a business unit in 2004 that provides digital content services to develop new services that cater to the latest technological innovations and changes in consumer behavior such as call waiting tunes for incoming mobile phone calls, gmmember websites which is an online music society providing online music, downloading services for singles and entire albums, as well as collaborating with mobile telephone network operators in offering different services, meeting consumers’ needs. The Group also has a Music Library that digitalizes all of its proprietary products from various content formats. Digital formats allow systematic storage and easy access, as well as paving the way for future transition into other formats according to technological advances.

2. Piracy

Piracy is one factor that uniformly affects music and movie industries worldwide. Every year, the Group has to contend with adaptation and duplication of their music, which are then sold cheaply in large quantities. New forms of piracy have emerged with the latest technological developments, such as using the Group’s products for commercial purposes on the internet. Consequently, the Group loses substantial valuable business opportunities every year.

Nonetheless, the government has issued various measures in a serious attempt to improve the protection and reduction of piracy. The latest measures are comprehensive, ranging from import controls of machines that can be used to produce pirated products, to controlling production and distribution processes. Penalties and fines have been increased against violators. Rewards are handed to police or to people who offer leads to the production, storage and retail sites of pirated goods.

Moreover, new channels to sell music via the internet have facilitated music purchases while ongoing campaigns help promote the purchase of legal products among Thai consumers. In the film industry, the Company has received warm cooperation from theatre operators in issuing various measures to reduce illegal recordings. The Group expects that with serious and continual collaboration between the government and private sectors, the use of pirated products will decrease significantly, benefiting the entire music industry in the future.

3. Renewal of Concessions/Rental Contracts

Because the Group produces radio and television programs, and leases predominantly short-term airtime from radio and television stations to air these programs. The lease for radio stations runs between 1 – 3 years, while rental terms for television airtime range between 2 – 12 months, the scope of business expansion is limited. The Group runs the risk of failing to get renewals on their concessions and rental contracts from various agencies with the authority to allocate radio and television frequencies. If the Group cannot renew the concessions and/or airtimes, the continuity of the radio and television programs will be affected as new concessions have to be found. Moreover, there are risks that contract terms such as the cost of the concession, lease or rental fees, payment conditions, or the proportion of advertising time and airtime, may change, and consequently affect the core revenue of the Group. However, station owners select operators on the basis of their program formats, the popularity of the program and the producer’s ability to pay the concession lease or airtime rental. Therefore, with the Group’s caliber and readiness, in terms of production technology, capital, and high skilled and experienced staff, a quality track record as a leading market player, wide acceptance from the audience, and good relations with station owners, the Group has reduced its risks in not getting the concession and rental contracts renewed.

4. Risks in the Movie Business

Movie production is a capital intensive industry, in the range of 20 – 25 million Baht per movie and as much as 50 million Baht for blockbusters. Risks pertaining to movie making are as follows:

1. Selecting a project that does not match viewers’ preferences: While it is true that viewers demand novelty, movies that are too avant garde may diverge from fare preferred by the audience, thereby causing the movie to fail to meet revenue targets.
2. Competitors whose movies are released concurrently: (Competitors refer to both Thai and foreign movies that are being simultaneously screened in cinemas) If the competitors’ movies prove more popular, this can affect the Company’s income from that particular movie.
3. Misuse of Funds: The movie budget exceeds its original target.
4. Piracy: Most frequent incidences are secret filming of the movie in the theatres which are then copied for sale. Another method is replicating from genuine DVDs or VCDs for illegal sale. These types of piracy reduce revenue flow from the sale of movie VCDs and DVDs, which contributes to lower copyrights-based revenue shared by producers and distributors of VCDs and DVDs.

5. Risks of New Entrants

After His Majesty the King ratified the Organizations for Wave Frequencies Allocation and Supervision of Radio Broadcasting Business, Television Broadcasting Business and Telecommunications Act B.E. 2553 (2010), [‘Frequency Allocation Act’] and the Act was published in the Government Gazette, which come into force on the day of 20 December 2010. This Act will open up new opportunities for the private companies to operate the business of radio and television stations. Upon the finalization of selecting the National Broadcasting and Telecommunications Commission (NBTC), new radio and television operators will emerge in the market. The growth of new entrants in a highly competitive and tight market may have a significant impact on the Company’s performance. Nonetheless, because the Company expects that liberalization will lead to longer concession periods, the operators that possess sufficient capital and modern technology

will be more competitively positioned to invest as they can set clearer, longer term business strategies. In any case, with an efficient and experienced management team, staff, a firmly established customer base, as well as solid backing from the media, financiers, and teams of professionals, the Company will continue to operate with stability, develop and adapt to changing circumstances.

the National Broadcasting and Telecommunications Commission

Whilst the selection of the new National Broadcasting and Television Commission (NBC) [The National Broadcasting and Telecommunication Commission as per the 2010 Frequency Allocation Act] is still ongoing, in accordance with the Transitory Provisions of the Act on Broadcasting Business and Television Business Act B.E. 2551 (2008) which is already in use, the National Telecommunication Commission (NTC) will temporarily serve in its stead, as stated in the Organizations for Wave Frequencies Allocation and Supervision of Radio Broadcasting Business, Television Broadcasting Business and Telecommunications Act B.E. 2543 (2000).

The NTC is vested with the authorities to coordinate and approve applications from community radio broadcasting operators, and no-frequency wave business operators (satellite and cable television). Temporary applications for community services and no-frequency wave businesses will be granted for durations not exceeding one year.

Presently, the National Telecommunication Commission (NTC) has established a sub-committee to oversee radio and television broadcasting. Its responsibilities in accordance with the Transitory Provisions include drafting regulations or rules for these entities, pertaining to approval criteria for temporary permits that will be submitted to the NTC. There are two sets of rules and regulations that have been approved, announced, and are currently enforced: temporary permits on the rules and procedures for community services (community radio broadcasting services), and no-frequency wave business (membership based television services). Rules and regulations for temporary permits for satellite television businesses are currently being drafted and the Company would be entitled to submit the temporary application for satellite television business upon approval.

6. Changes in Consumer Preference

The risks of the producing radio and television programs and print media are changes in consumers' preferences and satisfaction with the content. Today, with the rapid change in consumer preferences, which constantly alters with their ages, this factor is the key reason affecting the popularity of mass media content.

To ensure greater accuracy in producing content, the Company constantly researches and develops product content to match consumer interests. The Group aims to increasingly target a broad swathe of audiences across different groups. The products in line with consumer preferences, such as surveys of total sales volume of each album to adjust production levels and sales distribution, as well as providing song downloading service through websites and mobile telephones. Ratings surveys of the Group's radio or television programs or publications have been done to develop formats and content in accordance with both consumers' and advertisers' interests.

The Company also arranges open-air media and below-the-line marketing activities, which have been consistently well received, which allows the company considerable flexibility in its operations because the Company has a complete range of media for both above- and below-the-line marketing efforts.

7. Artists or Producers defection to other companies or internal transfers within the Group

In the music business, personnel, regardless of whether they are the artist or all the different supporting teams, are all valuable members who have an impact on the Group's operations. Therefore, whenever these personnel move to a different Group or corporate affiliate, this means a valuable loss which requires the Group to spend additional time developing new artists or supporting teams to replace them.

Nevertheless, the Group continues to place great importance on developing and supporting their personnel by involving them more in business operations, so they feel that they are part of the Group's success. The dedicated artist management unit is responsible for sourcing jobs for the artists, from music related work to other assignments such as acting, emceeing/ hosting programs, and modeling, throughout the duration of their career in the Group. The Group also places great importance on developing new artists. Today, there is a large pool of artists covering many music genres, to cater to target customers of all genders and age groups.

8. Risks associated with dependence on staff

The Group places great importance on the production team members for every radio and television programs, and print media, from program hosts, producers, editorial team or various supporting team members who are important in contributing to the Group's success. The Group has placed great importance on the development and support of these personnel by providing them with more active roles at work. Personnel turnover rates in key positions have always been very low, which reflects staff loyalty, as well as their confidence in the organization.

Controlling Management Risk

Managing the Organization when a Major Shareholder Holds More than 50% of the Company

On 27 August, 2010, which is the latest date the Group closes its shareholding registrar, the Damrongchaithams hold shares worth 54.87% of the Group's total outstanding shares. As the Damrongchaithams have a controlling interest of the Group, they can determine almost all resolutions during the general shareholders' meetings on matters including the appointment of directors or requesting a decision that requires a majority vote at the Annual General Meetings. The only exceptions are issues that by law or by the Group's articles of association, that require at least three-quarters vote from all shareholders present at the general meetings. As a result, other shareholders may not be able to accumulate enough votes to review and perform an adequate checks-and-balance on issues proposed by the major shareholder. However, the Group abides by the SET's announcement regarding disclosures of connected transactions, which clearly specifies that shareholders with vested interests cannot vote on those particular resolutions, to protect the interests of minority shareholders.

Even though the Damrongchaithams are major shareholders with majority voting rights, they intend to give the Group the freedom and transparency in managing itself and be audited by its shareholders. This is evident from the corporate structure which comprises six committees, namely the Board of Directors, Executive Committee, Audit Committee, Nomination and Compensation Committee, Risk Management Committee, and the Corporate Governance and Ethics Sub-Committee. Each committee consists of capable and knowledgeable members who have clearly delineated roles and responsibilities.

CAPITAL STRUCTURE AND MANAGEMENT STRUCTURE

Capital Structure

1. The Company's Security

As of 31 December 2010, the Company has registered capital of 530,556,100 baht, (the Company increased capital on 10 October 2008) consisting of 530,264,947 baht in paid-up capital, consisting of 530,556,100 common shares with a par value of Baht 1 each.

2. Shareholders

2.1) Top shareholders according the share registration on 27 August 2010 are:

RANK	SHAREHOLDERS	NUMBER OF SHARES	% HOLDING
1.	Mr. Paiboon Damrongchaitham*	290,978,030	54.87%
2.	CHASE NOMINEES LIMITED 42	44,902,300	8.47%
3.	Mr. Taweechat Chulangkoon	27,086,700	5.11%
4.	STATE STREET BANK AND TRUST COMPANY FOR SWITZERLAND	22,500,200	4.24%
5.	Thai NVDR Co., Ltd.**	19,989,917	3.77%
6.	STATE STREET BANK AND TRUST COMPANY	14,469,000	2.73%
7.	STATE STREET BANK AND TRUST COMPANY FOR AUSTRALIA	13,306,129	2.51%
8.	Mr. Natthapol Chulangkoon	5,600,000	1.06%
9.	Mr. Takonkiet Viravan	5,775,700	1.09%
10.	Mr. Kriengkrai Kanjanapokin	2,869,000	0.54%
	Total	447,476,976	84.39%

* Mr. Paiboon Damrongchaitham Group consists of Mr. Paiboon Damrongchaitham (holding 285,095,430 shares equivalent to 53.76%) and Geurt Fah Co., Ltd. (holding 5,882,600 shares, equivalent to 1.11%)

** Nonetheless, the shareholders in 5th rank that hold 19,989,917 shares or 3.77% of total paid up capital through Thai NVDR Co., Ltd., consisting of below;

RANK	SHAREHOLDERS	NUMBER OF SHARES	% HOLDING
1.	NORTRUST NOMINEES LTD.	4,771,000	0.90%
2.	HSBC (SINGAPORE) NOMINEES PTE LTD	2,917,000	0.55%
3.	Minority Shareholders	12,301,917	2.32%
	Total	19,989,917	3.77%

Source: <http://www.set.or.th/set/companyholder.do?symbol=GRAMMY-R&language=en&country=US>

The free float of minority shareholders on 30 March 2010 (the last day of the registration book referred to by the Company for reporting the "Distribution of Ordinary Shares Report Form" to the SET) amounted to 2,746 shareholders, equivalent to 29.13% of the Company's paid-up capital

Distribution of Shareholders by Nationality

The distribution of shareholders according to their nationality, as of the last day of the registration book, 27 August 2010, is as follows:

SHAREHOLDERS	GRAND TOTAL			CORPORATIONS			INDIVIDUALS		
	Number of shareholders	Number of shares	%	Number of shareholders	Number of shares	%	Number of shareholders	Number of shares	%
Thai Shareholders	2,594	408,318,561	77.00	14	29,337,717	5.53	2,580	378,980,844	71.47
Foreign shareholders	59	121,946,386	23.00	41	121,892,586	22.99	18	53,800	0.01
Total	2,653	530,264,947	100.00	55	151,230,303	28.52	2,598	379,034,644	71.48

2.2) The major shareholder that has a significant influence on the management policies or the operation of the Company is Paiboon Damrongchaitham Group.

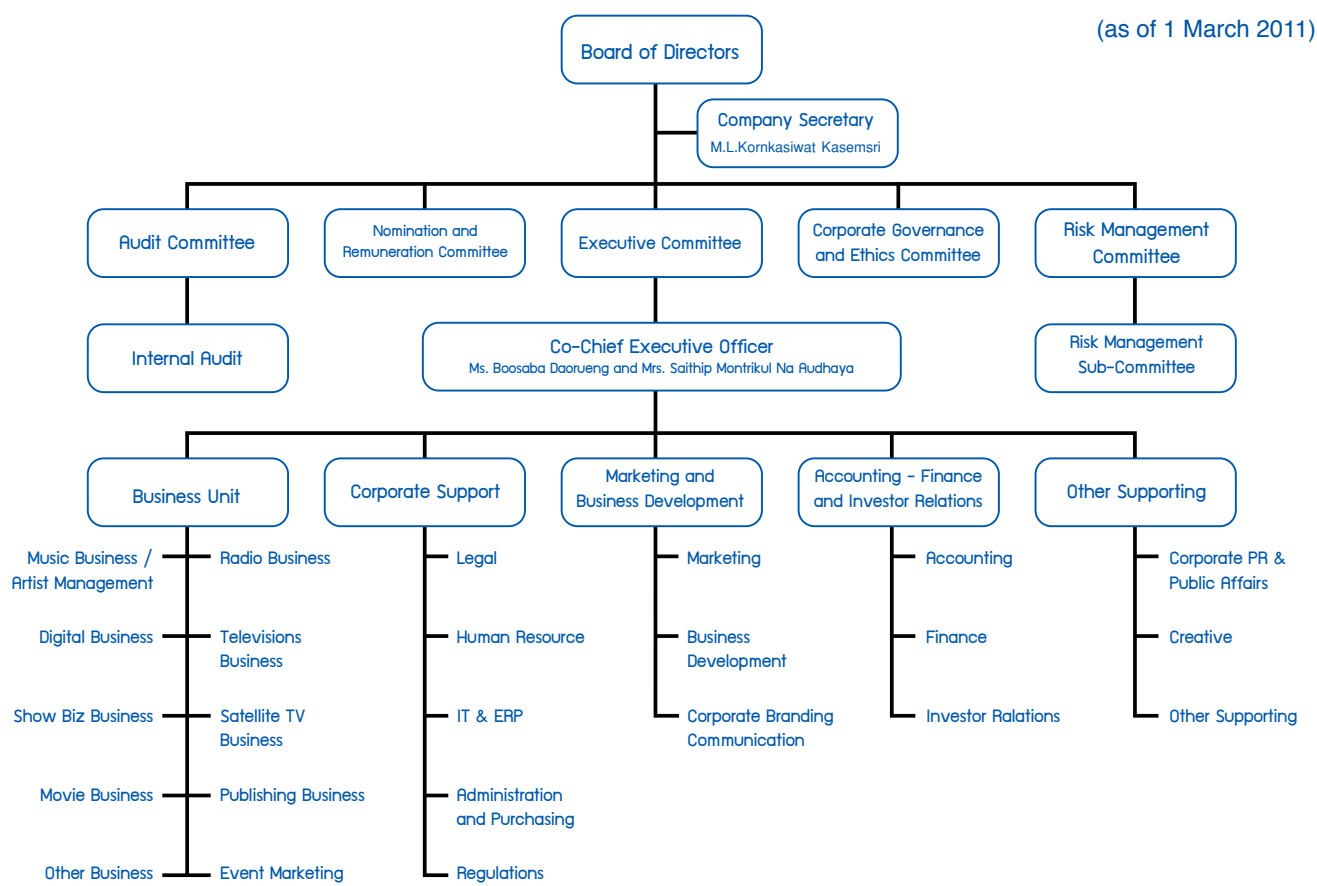
3. Dividend Policy

The Company and its subsidiaries has a policy of paying dividends to shareholders at a rate not less than 40% of the Group's net profit after corporate tax and regulatory reserve, subject to economic conditions and future operations.

Management

1. Management Structure

The Company's management structure currently comprises a Board of Directors and five Committees appointed by the Board: the Executive Committee, the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee, and the Corporate Governance and Ethics Committee, in addition to one Management Team (as defined by the Securities and Exchange Commission ["SEC"] and the Stock Exchange of Thailand ["SET"]), as follows:



(A Board of Directors

As of 31 December 2010, the Board of Directors consists of 12 distinguished directors. The Board comprises eight members from the management team, and four independent directors (equivalent to 33.33% of the votes) who are not a part of management. The Company's Chief Operating Officer serves as Company Secretary. Every year, one in three directors will retire from their post. Their names and terms in the current positions are shown below.

In 2010, the Board of Directors held four ordinary meetings and one extraordinary meeting, for a total to five meetings over the past year. Meeting attendance for each Director throughout the year has been summarized as follows:

NAME / SURNAME	TITLE	DIRECTORSHIP TERM	MEETING ATTENDANCE [TIMES]
1. Mr. Paiboon Damrongchaitam	Director/ Chairman	Apr. 2007 – 2011 Annual General Meeting (AGM)	5/5
2. Mr. Chai Nasyivanta	Independent Director	Apr. 2010 - 2013 AGM	4/5
3. Mr. Dej Bulsuk	Independent Director	Apr. 2010 – 2013 AGM	5/5
4. Mr. Weerawong Chittmittrapap	Independent Director	Apr. 2010 – 2013 AGM	4/5
5. Ms. Suvabha Charoenying ¹	Independent Director	Aug. 2010 – 2012 AGM	1/1

NAME / SURNAME	TITLE	DIRECTORSHIP TERM	MEETING ATTENDANCE (TIMES)
6. Ms. Boosaba Daorueng	Director / Vice-Chairman	Apr. 2010 – 2013 AGM	5/5
7. Mrs. Saithip Montrikul Na Audhaya	Director	Apr. 2009 – 2012 AGM	3/5
8. Mr. Krij Thomas	Director / Acting as Company Secretary (during 13 Nov.2010 - 24 Feb 2011)	Apr. 2008 - 2011 AGM	5/5
9. Mr. Takonkiet Viravan	Director	Apr. 2009 – 2012 AGM	3/5
10. Mr. Kreingkarn Kanjanapokin	Director	Apr. 2009 – 2011 AGM	4/5
11. Mr. Sataporn Panichraksapong	Director	Apr. 2009 – 2011 AGM	5/5
12. Ms. Suwimon Chungjotikapisit ¹²	Director	Nov. 2010 – 2012 AGM	-N/A-
Mr. Wanich Jarungidanan ¹¹	Independent Director	Passed away on 16 May 2010	0/3
Mr. Sumeth Damrongchaitham ¹²	Director / Company Secretary	Apr. 2009 – 11 Nov 2010	4/4
M.L. Kornkasiwat Kasemsri ¹³	Company Secretary	Effective as of 25 Feb.2011	

Note:

- 1) Ms. Suvabha Charoenying was appointed Independent Director by resolution at the Board of Directors Meeting No. 4/2010, effective as of 11 August 2010 (and assumed her position midway through the year). This appointment was to replace the position formerly held by Mr. Wanich Jarungidanan who passed away on the 16 May 2010.
- 2) Ms. Suwimon Chungjotikapisit was appointed Director by resolution at the Board of Directors Meeting No. 5/2010, effective as of 13 November, 2010 (assumed position during the year). This appointment was made to replace the position formerly held by Mr. Sumeth Damrongchaitham who resigned from his post as Director, effective as of 11 November, 2010, before his tenure expired.
- 3) M.L. Kornkasiwat Kasemsri was appointed Company Secretary by resolution at the Board of Directors Meeting No. 1/2011, effective as of 25 February 2011. This appointment was made to replace the departure of Mr. Sumeth Damrongchaitham, effective as of 11 November 2010, who resigned from his post prior to the end of his term.

All Board of Director meetings have been duly recorded in detail with Minutes from the Meetings endorsed by the Board in readiness for inspection by any Board member and related parties.

Directors with signing authority on behalf of the Company

Ms. Boosaba Daorueng or Ms. Suwimon Chungjotikapisit have to co-sign with one of the following Directors: Mrs. Saithip Montrikul Na Audhaya, Mr. Krij Thomas, Mr. Takonkiet Viravan, Mr. Kreingkarn Kanjanapokin, or Mr. Sataporn Panichraksapong, so there are two signatures and the document is endorsed with a Company seal.

Duties and Responsibilities of the Board of Directors

1. Perform all duties using their knowledge, abilities and experience for the benefit of the Company in accordance with the law, the Company's objectives and Articles of Association, and shareholders' resolutions with honesty, integrity and prudence, to protect the Company's interests.
2. Set the corporate vision and Mission, approve strategies, policies, business plans and budgets, and supervise the management so they follow established policies effectively and efficiently to increase economic value of the Company and maximize shareholders' wealth.
3. Clearly delineate and set forth the duties, responsibilities and authority of the Board of Directors, smaller Committees, and Management team in the Company's Authorization and Procedure Manual.
4. Approve or agree to significant transactions, such as new investments, acquiring or disposing assets, in accordance with SEC and SET rules and regulations, and the Company's Authorization and Procedure Manual.
5. Provide advice or evaluate and approve every connected transaction and any transaction which may lead to potential conflicts of interest of the Company and subsidiaries, in compliance with SEC and SET rules and regulations, and Company's Authorization and Procedure Manual.
6. Ensure that the Company has reliable accounting systems, financial reports, and accounting audits.
7. Ensure that the Company has sufficient and effective internal controls and risk management systems, monitored by an internal audit department that collaborates with the Audit Committee on significant risks.
8. Is honest and loyal, possesses integrity and ethics in running the business; has a genuine interest in the Company, and is dedicated to running the business in the long-term.
9. Is constantly aware of its responsibility to shareholders, and operates the business in the interest of shareholders, and transparently discloses accurate, complete information of a high standard to investors.

10. Be responsible for the management team's performance and operations by ensuring that the team is dedicated and cautious in operating the business.
11. Be responsible for financial reports - prepare a report on the Board of Directors' financial accountability in the annual report, and submit it together with the auditor's report.

Definition of Independent Director

During a Board of Directors Meeting, the Board evaluated and approved changes in the qualifications of Independent Directors to match requirements stipulated by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). The Company's Independent Directors are qualified and independent as required by the SET and SEC, in the following ways:

1. Do not own shares exceeding 1% of paid-up capital in the Company, the Company's subsidiaries, associated companies, related companies, or any organization that may have conflicts of interest with the Company. This injunction also includes shares held by related parties.
2. Is not involved in management; is not an employee or corporate advisor receiving a regular salary; does not provide professional services such as external audit or legal advisory; or has controlling power of the Company, subsidiaries, associated or related companies, or any organization that may have conflicts of interest with the Company; or is a major Company shareholder.
3. Does not benefit or have any vested interest directly or indirectly from financial or management-related matters in the Company: has no business relations such as being a customer, supplier, trade creditor/debtor; is not a (financial) creditor/debtor of the Company, its subsidiaries, associated or related companies, organizations that may have conflicting interests; or a major shareholder of the Company.

For a period of 2 years prior to being appointed an independent director, the nominee must not fall under any of the categories listed in Criteria 2 and 3, unless the Board of Directors has duly considered that such these parties who formerly had vested interests or conflicts of interests will not affect the Director's ability to operate or express independent views.

4. Is a Director who is not related by blood or by law; is not a related party or a close relative of management or a major shareholder of the Company, its subsidiaries, associated or related companies, or any organizations that may potentially present conflicts of interest.
5. Is not a Director appointed to protect the interests of the Board of Directors, major shareholder or shareholders who are related parties to the Company's major shareholders, its subsidiaries, associated or related companies, or organizations that may have conflicts of interest.
6. Is not a Director assigned by the Board of Directors to make operational decisions in the corporate headquarters, associated companies, subsidiaries at the same level as associated companies, or organizations that may potentially be in conflict with the Company.
7. Is able to independently fulfill the responsibilities and express views or report results in accordance with the roles and responsibilities assigned by the Board of Directors, autonomous of the management, major shareholders of the Company and its subsidiaries, including all related parties or close relatives of such persons.
8. Does not hold a comparable Director position in the Company and its subsidiaries.

Directors Training

In addition, the Company sees the importance of a Good Corporate Governance Policy, and has enrolled 6 directors from a total of 12 directors in requisite training programs by the Thai Institute of Directors (IOD). **Mr. Sumeth Damrongchaitham** (when he was a Company Director) completed his training at the Director Accreditation Program (DAP), as well as "Role of Compensation Committee (RCC)", "D&O Insurance: Mitigating Directors Liabilities Risk / Special Seminar", and the "Company Secretary Program (CSP)". **Mr. Dej Bulsuk** completed the Director Accreditation Program (DAP) training course. **Mr. Weerawong Chittmittrapap** attended the Director Certification Program (DCP) courses. **Ms. Suvabha Charoenying** completed the Director Certification Program (DCP), Finance for Non Finance Director Program, DCP Refresher, and Successful Formulation & Execution for Strategy Program. **Mr. Kreingkarn Kanjanapokin** passed the Director Accreditation Program (DAP) and Financial Statements for Directors Program, and **Ms. Suwimon Chungjotikapisit** completed her Director Certification Program (DCP). Nonetheless, the Company continues to support all its directors and the (new) Company Secretary in enrolling for these courses organized by the Thai Institute of Directors and related agencies such as the Thai Listed Companies Association and Thai Investors Association to increase the knowledge of these directors in carrying out their responsibilities.

Company Secretary

At the Board of Directors meeting No. 3/2008 held on 31 July 2008, there was a resolution to appoint Mr. Sumeth Damrongchaitham, Chief Operating Officer the Company Secretary, effective as of 31 August 2008. This person is well qualified and has great capabilities, possesses many years of useful experience, and is a person who is highly responsible in carrying out the duties of a Company Secretary. So that the Company adheres to Good Corporate Governance regulations, the Company has determined the scope of work for this position.

Duties and Responsibilities for Company Secretary

1. Is a Secretary to the Board of Directors. Coordinates with all parties to organize Board meetings and the Shareholders meeting so that they adhere to principles of Good Corporate Governance and related regulations, the Company's Articles of Associations and best practices, and related laws such as the Securities and Exchange Act and the Public Limited Company Act B.E. 2535.
2. Responsible for disclosing Company information in line with the SET's regulations, the SEC's regulation, and other regulatory bodies.
3. Provide basic advice to the Board of Directors and Management executives who have to follow the Company's Articles of Association, rules and regulations by the SEC and the SET, and any new laws that may be relevant to the Company.
4. Do and store important documents such as the registration of the Company's directors, the invitation letters to each Board of Directors meeting, the minutes of said meetings, the Annual Report, the invitation letter to attend the Shareholders meeting, the minutes of the said Shareholders meeting, and reports of conflicts of interest filed by directors and the management.

- Supervise various events for the Board of Directors so that the directors can work efficiently and effectively, and yield the greatest benefits to the Company.
- Coordinate with various parties to ensure that the resolutions from the Board meetings and the Shareholders meeting are carried out.
- Execute additional duties as assigned by the Board of Directors

Moreover, the Company is aware of the importance of the Good Corporate Governance course, and thus sponsored Mr. Sumeth Damrongchaitham, Company Secretary, to enroll in the “Company Secretary Program” organized by the Thai Institute of Directors (IOD) in 2008, which was the 28th Class.

However, Mr. Sumeth Damrongchaitham resigned from his position as Company Secretary, effective as of 11 November, 2010. Therefore, at the the Board of Directors meeting No. 5/2010, there was a resolution in accordance with the Securities and Exchange Act (No. 4) B.E. 2551 to appoint Mr. Krij Thomas, Director, to assume the role of Company Secretary until the Company finds a suitably qualified candidate to fill the position. This interim appointment was effective as of 13 November 2010.

(B) Audit Committee

As of 31 December 2010, the Audit Committee comprises 4 reputable independent directors who possess qualifications as required by the SEC and the SET, who are appointed with a three year term in this position. The Director of the Internal Audit Department serves as Secretary to the Audit Committee.

NAME / SURNAME	TITLE	TERM	MEETING ATTENDANCE (TIMES)
1. Mr. Chai Nasylvanta ¹	Chairman of the Audit Committee	10 Jun. 2010 - 9 Jun. 2013	4/5
2. Mr. Dej Bulsuk	Member of the Audit Committee	10 Jun. 2010 – 9 Jun. 2013	5/5
3. Mr. Weerawong Chittmittrapap	Member of the Audit Committee	10 Jun. 2010 – 9 Jun. 2013	4/5
4. Ms. Suvabha Charoenying ¹⁻²	Member of the Audit Committee	11 Aug. 2010 – 26 Apr. 2012	1/1
Mr. Wanich Jarungidanan ²	Member of the Audit Committee	Passed away on 16 May 2010	0/3
Mr. Wichai Santadanuwat	Secretary to the Audit Committee		

In 2010, the Audit Committee held a total of 5 meetings, comprising 4 ordinary meetings and 1 extraordinary meeting. The names of each Committee Member, appointment term, and meeting attendance are as follows:

Note:

- Two members of the Audit Committee, namely Mr. Chai Nasylvanta and Ms. Suvabha Charoenying, are Audit Directors with sufficient knowledge and experience to conduct financial audits.
- At the Board of Directors Meeting No. 4/2010, resolutions were passed to appoint Ms. Suvabha Charoenying, Independent Director as a member of the Audit Committee, effective as of 11 August 2010 (assuming the position during the year) to replace Mr. Wanich Jarungidanan who passed away on 16 May 2010.

The Audit Committee had performed its duty knowledgeably and to the best of its ability, within its scope of authority in accordance with the Audit Committee Charter and good corporate governance for Audit Committees. The meeting minutes have been duly recorded and endorsed by the members of the Committee, in readiness for inspection by any member of the Committee and related personnel. In 2010, the Audit Committee met the external Auditors once, without the presence of the Management.

The Audit Committee has evaluated and amended the Internal Audit Charter in accordance with policies outlined by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC).

Duties and Responsibilities of the Audit Committee

- Ensure the accuracy, completeness and reliability of financial statements, and that sufficient information is disclosed.
- Ensure that the Company has sufficient, appropriate and effective internal controls, risk management, and internal audit systems.
- Ensure that the Company appropriately and effectively abides by the Good Corporate Governance Policy and Code of Ethics.
- Ensure that the Company abides by all relevant SEC and SET rules and regulations, and other regulations and laws related to the Company's businesses.
- Select and propose the Company's auditors and determine their compensation.
- Evaluate connected transactions so they comply with the law and regulations stipulated by the SET, and that the transactions are reasonable and benefit the Company.
- Supervise the Internal Audit Unit policies and operations so that they are aligned with the Internal Audit Charter, by evaluating the independence of its audits, the scope of work and audit schedules.
- Evaluate and appoint, transfer, and terminate the head of Internal Audit Department, as well as assess the performance and approve compensation for the Internal Audit Department, as initially appraised by the Chief Executive Officer.
- Review both the external and internal audit and recommendations conducted by the external Auditor and the Internal Audit Department, as well as monitor the management team to ensure that recommendations have been sufficiently followed and effective action has been taken within an appropriate timeframe.
- The Audit Committee can request that any member of the management or any employee to report or present information, attend meetings or deliver documents as deemed relevant and necessary.
- The Audit Committee can request assistance from external advisors or experts related to the Audit, at the Company's expense, in accordance with the Company's Articles of Association, as necessary.
- Consider and amend the Audit Committee Charter at least once a year or as necessary, so it is up-to-date and appropriate to the Company's environment, and to present the results to the Board of Directors for approval.

13. Prepare an Audit Committee's Report, attached in the Company's annual report, signed by the Chairman of the Audit Committee.
14. Execute other tasks as assigned by the Board of Directors, as agreed to by the Audit Committee.

Assessing the Audit Committee's Performance

The Audit Committee Self-Assessment was conducted. In 2010, the Audit Committee performed its duties knowledgeably and to the best of its ability, within its scope of authority in accordance with the Audit Committee Charter and good corporate governance for Audit Committees. In addition, the Committee produced a "Report from the Audit Committee" summarizing the duties and activities of the Committee and its views arising from the Committee's work in 2010, which was presented to the Board of Directors meeting No. 1/2011 on the 25 February 2011. However, in the event that Internal Audit Department determines that there is a need for additional measures regarding good corporate governance, the Audit Committee will take the suggestions into consideration and submit them to the Board of Directors for further evaluation and amendment as appropriate.

(C) Executive Committee

As of 31 December 2010, the Executive Committee comprises 14 members who are knowledgeable and experienced in various business lines. In 2010, the Executive Committee met a total of 12 times (monthly meeting). The names and meeting attendance of each Committee member is noted as follows:

NAME / SURNAME	TITLE	MEETING ATTENDANCE (TIMES)
1. Ms. Boosaba Daorueng	Co-Chief Executive Officer	12/12
2. Mrs. Saithip Montrikul Na Audhaya	Co-Chief Executive Officer	8/12
3. Mr. Kittisak Chuang-a-roon	Executive Director	11/12
4. Mr. Krij Thomas	Executive Director	11/12
5. Mr. Wichian Rerkpaisarn	Executive Director	8/12
6. Mr. Santisuk Chongmankong	Executive Director	10/12
7. Mr. Suwat Damrongchaitham	Executive Director	11/12
8. Mr. Takonkiet Viravan	Executive Director	5/12
9. Mr. Kamron Pramroj na Ayutthaya	Executive Director	10/12
10. Mr. Yongsak Ekprachyasakul	Executive Director	12/12
11. Mr. Sataporn Panichraksapong	Executive Director	12/12
12. Mr. Kreingkarn Kanjanapokin	Executive Director	8/12
13. Mr. Vichate Tantiwanich ¹	Executive Director	1/1
14. Mr. Sirichai Tantipongnant ²	Executive Director	12/12
Mr. Sumeth Damrongchaitham ³	Executive Director / Secretary to the Executive Committee	8/11

Note:

- 1) At the Board of Directors Meeting No. 5/2010 held on 12 November 2010, the resolution was passed to appoint Mr. Vichate Tantiwanich as an Executive Director (who assumed his position during the year), effective as of 13 November 2010.
- 2) Mr. Sirichai Tantipongnant resigned from his position of Executive Director, effective as of 1 January 2011.
- 3) Mr. Sumeth Damrongchaitham resigned from his position of Executive Director and Secretary to the Executive Committee (during the year), effective as of 11 November 2010.

Minutes of each meeting has been duly recorded in detail and endorsed by all members. These records are available for inspection by members of the Committee and related parties.

Roles and Responsibilities of the Executive Committee

1. Determine and propose the Company's business strategies, policies, business plans and budgets to the Board of Directors for approval.
2. Invested with the authority, duty and responsibility to make decisions, relay instructions, and execute assignments determined by Board of Directors, in accordance with the Company's Authorization and Procedure Manual.
3. Operate the business according to policies and directives issued by the Board of Directors.

- Assign responsibilities to the management and monitor them, with the supervision of the Chief Executive Officers, and carry out duties as determined by the Board of Directors.
- Be responsible for other tasks as assigned periodically by the Board of Directors.
- To carry out shareholders' and Board of Directors' resolutions, and to abide by rules and regulations with honesty and integrity for the benefit of the Company, in accordance with the law, the Company's objectives and Articles of Association
- When the Company's Executive Directors and senior management staff assume directorships in other companies, they will be guided by the Public Limited Companies Act, B.E. 2535.

The above duties and responsibilities do not give the Executive Committee and Chief Executive Officer the authority to approve transactions in which they or any persons that may have any potential conflicts of interest (as defined by the SEC) with the Company or subsidiaries. All transactions must comply with the SET announcement regarding disclosure concerning connected transactions and/or acquisitions and disposition of assets.

(D) Nomination and Remuneration Committee

As of 31 December 2010, the Nomination and Remuneration Committee's 3 reputable members comprises of the Company's Chairman who serves as the Committee Chair, and two Independent Directors (equivalent to 66.67%) who serve as Committee Directors. In 2010, the Committee held a total of 3 meetings, name of each committee member attendant a meeting as follow;

NAME / SURNAME	TITLE	MEETING ATTENDANCE (TIMES)
1. Mr. Paiboon Damrongchaitham	Chairman, Nomination and Remuneration Committee	3 / 3
2. Mr. Chai Nasylvanta	Member, Nomination and Remuneration Committee	3 / 3
3. Mr. Dej Bulsuk	Member, Nomination and Remuneration Committee	3 / 3
Mr. Sumeth Damrongchaitham ¹	Member, Nomination and Remuneration Committee	1 / 3
M.L. Kornkasiwat Kasemsri ²	Secretary to the Nomination and Remuneration Committee (Effective as of 25 Feb. 2011)	

Note:

1) Mr. Sumeth Damrongchaitham resigned from his position as a Member of the Nomination and Remuneration Committee, effective as of 11 November, 2010 (left before his term expired).

2) M.L. Kornkasiwat Kasemsri was appointed Secretary to the Nomination and Remuneration Committee through a resolution passed at the Board of Directors meeting No. 1/2011, effective as of 25 February 2011.

All the meetings have been duly recorded and the detailed minutes which have been stored and are ready for inspection by all Committee members and related parties.

Duties and Responsibilities of the Nomination and Remuneration Committee

• Nomination

- Set guidelines and policies in nominating Board of Directors and other Committee members by considering what would be the appropriate number, structure and composition of members, outline necessary directors' qualifications, and propose these ideas for approval by Board of Directors and/or shareholders as appropriate.
- Search, select and propose appropriate persons to assume the position of the Company's directors whose terms have expired or became vacant
- Execute other tasks related to nominations as assigned by the Board of Directors
- Assess the performance of Chief Executive Officers and report to the Board of Directors for their evaluation.

• Remuneration

- Prepare guidelines and policies in determining the Board of Directors and smaller committees' remuneration, and propose it to the Board of Directors and/or shareholders' approval as appropriate.
- Determine necessary and appropriate monetary and non-monetary remuneration, for individual members of Board of Directors each year, taking into consideration each director's duties and responsibilities, performance, and comparisons against similar businesses, and the benefits expected in return from each director. The report will be submitted to the Board of Directors for consent and to the shareholders' meeting for approval.
- Report to the Board of Directors. Is responsible for explaining and answering any questions regarding the Board of Directors' remuneration in shareholders' meeting.
- Report policies and principles/reasons in determining the remuneration of directors and management according to the SET guidelines by disclosing them in the Company's annual information disclosure (56-1) and annual report.
- Responsible for other tasks related to the remuneration as assigned by the Board of Directors, in terms of business strategies, policies, business plans and budgets, which will be proposed to the Board of Directors for consideration and approval.

(E) Risk Management Committee

As of 31 December 2010, the Risk Management Committee comprised 8 reputable members whose serve a 3 years term. In 2010, there was one meeting. The names and attendance at the meeting is as follows:

NAME / SURNAME	TITLE	MEETING ATTENDANCE (TIMES)
1. Ms. Boosaba Daorueng	Chairman, Risk Management Committee	1 / 1
2. Mrs. Saithip Montrikul Na Audhaya	Member, Risk Management Committee	1 / 1
3. Mr. Kittisak Chuang-a-roon	Member, Risk Management Committee	1 / 1
4. Mr. Sataporn Panichraksapong	Member, Risk Management Committee	1 / 1
5. Mr. Sirichai Tantipongnanant ¹	Member, Risk Management Committee	1 / 1
6. Mrs. Montana Thawaranont	Member, Risk Management Committee	1 / 1
7. Mr. Wichai Santadanuwat	Member, Risk Management Committee	0 / 1
8. Ms. Sunetra Saengratanakul	Member and Secretary to the Risk Management Committee	1 / 1
Mr. Sumeth Damrongchaitham ²	Member, Risk Management Committee	0 / 1

Note:

- 1) Mr. Sirichai Tantipongnanant resigned from his position as Member of Risk Management Committee, effective as of 1 January 2011
- 2) Mr. Sumeth Damrongchaitham resigned from his position as Member of Risk Management Committee (during the year), effective as of 11 November 2010

Nevertheless, at the Board of Directors meeting No. 1/2011 held on 25 February, 2011, there was a resolution to revise and elect a Risk Management Committee before the term expired for all committee members. Therefore, the 10 members in the new Risk Management Committee who will serve a 3 years term (from 25 February 2011 - 24 February 2014) are:

NAME / SURNAME	TITLE
1. Ms. Boosaba Daorueng	Chairman, Risk Management Committee
2. Mrs. Saithip Montrikul Na Audhaya	Member, Risk Management Committee
3. Mr. Krij Thomas	Member, Risk Management Committee
4. Mr. Suwat Damrongchaitham	Member, Risk Management Committee
5. Mr. Vichate Tantiwanich	Member, Risk Management Committee
6. M.L. Kornkasiwat Kasemsri	Member, Risk Management Committee
7. Mr. Vuthi Asvasermcharoen	Member, Risk Management Committee
8. Mr. Charnchai Phansopha	Member, Risk Management Committee
9. Mr. Sataporn Panichraksapong	Member, Risk Management Committee
10. Mr. Dew Waratantagoon	Member, Risk Management Committee
Ms. Sunetra Saengratanakul	Secretary to the Risk Management Committee

Duties and Responsibilities of the Risk Management Committee

1. Assess and present policies, set risk management policy and framework and propose to the Board of Directors for approval.
2. Examine and agree on acceptable risk levels, approve risk management plans, and present to the Board of Directors.
3. Continuously monitor, develop and comply with policies and the risk management framework so the Group will have a risk management system that is uniformly effective throughout the organization to ensure that policies continue to be observed.
4. Assess risk identification and assessment procedures, report on significant risk management activities and enforce procedures to ensure that the organization has sufficient and appropriate risk management systems in place.
5. Coordinate with the Audit Committee about significant risk factors and appoint an internal risk assessment team to ensure that the Company's risk management system is appropriate to the exposure, adapted as needed and adopted throughout the organization.
6. Continually report to the Board of Directors on significant risks and risk management solutions.
7. Recommend and advise the Risk Management Sub-Committee and/or departments and/or the relevant working committees about significant risks about risk management, as well as evaluate the appropriate means to improve various databases that are related to the development of risk management solutions.
8. Appoint Sub-Committees and/or additional related personnel, or replacements in the Risk Management Sub-Committee and/or the Department and/or the working team that is related to managing risks as necessary, as well as determine their roles and responsibilities in order to achieve the objectives.
9. Execute other activities that pertain to managing risks as assigned by the Board of Directors.

(F) Corporate Governance and Ethics Committee

As of 31 December 2010, the Corporate Governance and Ethics Committee had 10 qualified members, as follows:

NAME / SURNAME	TITLE
1. Mr. Sirichai Tantipongnant ¹	Member and Secretary to the Committee
2. Mr. Prasert Sirichongmechai	Member
3. Ms. Chitralada Hengyotmark	Member
4. Mrs. Somsri Preuttiapan	Member
5. Mrs. Montana Thawaranont	Member
6. Ms. Sunetra Saengratanakul	Member
7. Mr. Wichai Santadanuwat	Member
8. Ms. Napaporn Ujjin	Member
9. Mr. Apivich Asavasrivorakul	Member
10. Ms. Duangkamol Pechlert	Member
Mr. Sumeth Damrongchaitham ²	Chairman of the Committee

Note:

- 1) Mr. Sirichai Tantipongnant resigned from his position as Member and Secretary to the Corporate Governance and Ethics Committee, effective as of 1 January 2011.
- 2) Mr. Sumeth Damrongchaitham resigned from his position as Chairman of the Corporate Governance and Ethics Committee (during the year), effective as of 11 November 2010.

Nevertheless, at the Board of Directors meeting No. 1/2011 held on 25 February 2011, there was a resolution passed to revise and appoint a new Corporate Governance and Ethics Committee comprising 11 qualified members, as follows:

NAME / SURNAME	TITLE
1. Mr. Vichate Tantiwanich	Chairman of the Committee
2. M.L. Kornkasiwat Kasemsri	Member
3. Mr. Vuthi Asvasermcharoen	Member
4. Mr. Charnchai Phansopha	Member

NAME / SURNAME	TITLE
5. Ms. Prapawadee Thanirananon	Member
6. Ms. Chitralada Hengyotmark	Member
7. Mrs. Montana Thawaranont	Member
8. Ms. Sunetra Saengratanakul	Member and Secretary to the Committee
9. Mr. Wichai Santadanuwat	Member
10. Mr. Apivich Asavasrivorakul	Member
11. Ms. Duangkamol Pechlert	Member

Duties and Responsibilities of the Corporate Governance and Ethics Committee

1. Propose Corporate Governance Policies and a Code of Ethics of the Group to the Board of Directors for approval.
2. Monitor and supervise the Group to ensure that corporate governance policies and business ethics specified by the Company are complied with.
3. Continuously assess the Group's corporate governance policies and code of ethics to ensure that they comply with international standards and/or recommendations from related government organizations, and propose these findings for approval from the Board of Directors.
4. Evaluate and propose a Code of Best Practices to the Board of Directors and/or smaller committees in the Group.
5. Encourage the dissemination of the good corporate governance culture across the organization and ensure that it is actually practiced.
6. Evaluate, appoint and outline the working team's roles in supporting the monitoring and supervision of business operations and ethics, as appropriate.
7. Perform other duties as assigned by the Board of Directors.

(G) Management Team ('Management' as defined by SEC and SET)

As of 31 December 2010 ("Management" in this instance refers to the top four senior most members of the management team ranked below the Co-CEOs, irrespective of their positions, This also includes senior management in the Accounts and Finance Departments, in position equivalent to the Chief Financial Officer), the Company's management team comprises 9 qualified members as follows:

NAME / SURNAME	TITLE
1. Mr. Paiboon Damrongchaitham ¹	Chairman of the Company Advisory
2. Ms. Boosaba Daorueng	Co-Chief Executive Officer / Senior Executive Vice President (Creative Division)
3. Mrs. Saithip Montrikul Na Audhaya	Co-Chief Executive Officer
4. Mr. Kittisak Chuang-a-roon	Senior Executive Vice President, CEO Office
5. Mr. Krij Thomas	Senior Executive Vice President (Music Business Division) / Managing Director (Grammy Gold)
6. Mr. Wichian Rerkpaisarn	Managing Director (Musice Business, Genie Records)
7. Mr. Santisuk Chongmankhong	Managing Director (GMM Live Division)
8. Mr. Suwat Damrongchaitham	Managing Director (Digital Business Division)
9. Mr. Sirichai Tantipongnanant ²	Chief Financial Officer
Mr. Sumeth Damrongchaitham ³	Chief Operating Officer (Corporate Support and Business Development)

Remark:

- 1) Mr. Paiboon Damrongchaitham was appointed Chairman of Company Advisory, effective as of 1 August 2008, according to the resolution reached at the Board of Directors Meeting No. 3/2008 held on 31 July 2008. The roles and responsibilities of this position will be to focus on determining strategies, providing advice, and selecting staff in three areas, namely business operations, managing investments, and centralized administrative issues under a management framework where the Advisory Chairman is to report directly to the Board of Directors. Moreover, Mr. Paiboon is not a member of the Management Team, as defined by the SEC and SET, but is privy to information and is a participant in setting the Company's policies.
- 2) Mr. Sirichai Tantipongnanant resigned from his position as Chief Financial Officer, effective as of 1 January 2011.
- 3) Mr. Sumeth Damrongchaitham resigned from his position as Chief Operating Officer (Corporate Support and Business Development), effective as of 1 December 2010 (resigned during the year).

Details of each Director and member of the Management Team is available on Section 2 of Appendix 1

Roles, Responsibilities, and Operational Authority of Co-Chief Executive Officers

Co-Chief Executive Officers (Co-CEOs) have the authority and responsibilities to manage all the companies in the Group according to duties assigned by the Board of Directors, in strict adherence to plans or budgets approved by the Board of Directors. The Co-CEOs are expected to perform their roles with loyalty, integrity, prudence, while maintaining the interests of the Company and all stakeholders. The Co-CEOs scope of authority extends to various matters or businesses as follows:

1. Manages the Company according purposes and rules, regulations on the scope of authority to approve and operate within the Group (which includes managing various aspects of the business) determined by resolution at the Board of Directors meetings. Co-CEOs are granted the authority to command all staff and employees in the Group and are responsible for reporting their performance to the Board of Directors.
2. Responsible for organizing and submitting updates on executing management policies, including operational plans and budgets to the Board of Directors for approval. Responsible for reporting the Company's quarterly performance updates compared against approved operational and budgetary targets to the Board of Directors.
3. Employ, fill posts, appoint, transfer, promote, terminate, and discipline the Group's employees. However, this excludes employees whom the Board of Directors or approval authority regulations deems as being under the governance of the Board.
4. Determine the terms of employment for employees, issue directives and codes of conduct, or announce rules on the administration and operation in the Company that do not conflict with the Company's bylaws, Board of Directors resolutions, Labor Laws, or related laws.
5. Perform other duties as assigned by the Board of Directors, according to the purposes, rules and resolutions set at the Board of Directors meetings.

The authority of the Co-CEOs as outlined cannot be wielded in circumstances where Co-CEOs have any conflicts of interest or vested interest in any way with the Company or its subsidiaries, unless this has been approved at a Board of Directors meeting in the presence of Independent Directors.

Changes to GRAMMY Shares Held by Directors and Management

The Company reports on changes in GRAMMY's shareholding structure at the Board of Directors meetings every 6 months, summarizing shares held by members of the Board of Directors, Executive Director, and Management Team (as defined by the SEC and the SET). These figures include the number of shares held by related parties, according to Section 59 of the Securities and Exchange Act. As of 31 December 2010, compared to 2009, the figures are as follows:

NAME	TITLE	SHARES HELD (%)	NUMBER OF GRAMMY SHARES HELD		
			AS AT 31 DEC 2010	AS AT 31 DEC 2009	INCREASE/ (DECREASE)
1. Mr. Paiboon Damrongchaitham	A	54.22%	287,523,030	285,095,430	2,427,600
2. Mr. Chai Nasylyvanta	A	0.25%	1,300,000	1,300,000	-
3. Mr. Dej Bulsuk	A	-	-	-	-
4. Mr. Weerawong Chittmitrapap	A	-	-	-	-
5. Ms. Suvabha Charoenying	A	-	-	-	-
6. Ms. Boosaba Daorueng	A,B,C	0.28%	1,500,200	1,500,200	-
7. Mrs. Saithip Montrikul Na Audhaya	A,B,C	0.00%	100	100	-
8. Mr. Krij Thomas	A,B,C	0.25%	1,320,000	1,320,000	-
9. Mr. Sumeth Damrongchaitham	A,B,C	-	-	-	-
10. Ms. Suwimon Chungjotikapisit	A	-	-	-	-
11. Mr. Takonkiet Viravan	A,B	1.09%	5,775,700	5,775,700	-
12. Mr. Kreingkarn Kanjanapokin	A,B	0.35%	1,866,200	1,866,200	-
13. Mr. Sataporn Panichraksapong	A,B	0.04%	200,000	200,000	-
14. Mr. Kittisak Chuang-a-roon	B,C	0.37%	1,960,400	1,960,400	-
15. Mr. Wichian Rerkpaisan	B,C	0.08%	400,100	540,100	(140,000)
16. Mr. Santisuk Chongmankong	B,C	0.28%	1,500,200	1,500,200	-
17. Mr. Suwat Damrongchaitham	B,C	-	-	-	-
18. Mr. Kamron Pramroj na Ayutthaya	B	-	-	-	-
19. Mr. Yongsak Ekprachyasakul	B	-	-	-	-
20. Mr. Sirichai Tantipongnant	B,C	-	-	-	-
21. Mr. Vichate Tantiwanich	B	-	-	-	-

Meaning of each title

A = A member of the Board of Directors

B = A member of the Executive Committee

C = A member of the Management Team (as defined by the SEC and the SET)

2. Selection of Directors and Management

Selecting Directors:

The Nomination and Remuneration Committee is responsible for setting guidelines and policies in nominating Board of Directors and various committee members, listing criteria for directors' qualifications, and to search, select and propose appropriate persons as the Company's director, to replace those whose terms have expired or become vacant, and to propose candidates for approval from the Board of Directors and/or shareholders.

Moreover, the Company's Articles of Association has stipulated that the Shareholders' meeting elect the Company's Directors using the following methods:

1. Each shareholder has the number of votes equal to the number of shares held.
2. Each shareholder must use all votes as per method number 1 to vote for one director or a group of directors. The votes cannot be split.
3. Candidates with the greatest number of votes and all runners up are elected directors, based on the number of directors needed at that time. In the event that the last director position to be filled is met with more than one qualified candidate winning equal numbers of votes, the Chairman of the meeting is the final arbiter.

Selection of Management:

The Company's Authority and Procedure Manual has set the following guidelines:

1. The appointment of the Chief Executive Officer must be proposed to the Board of Directors for approval.
2. The appointment of senior management from the level of Vice President (VP) on up shall be approved by the Chief Executive Officer.
3. Appointments below the level of Vice President shall be approved by the Executive Vice President (EVP).

3. Management Remuneration

1) Monetary Remuneration

(A) Board of Directors and Auditors

Monetary remuneration for members of the Board of Directors consists of meeting allowances and annual directors' gratuity, which varies with the Company's annual performance. Allocating remuneration to the Board of Directors is dependent upon each individual attendance at the Board of Directors meetings. In addition, the Chairman of the Nomination and Remuneration Committee will assess these funds (in accordance to the resolutions passed at the Annual General Meetings). In 2010, remuneration for 12 directors of the Board, including 4 members of the Audit Committee, amounted to 5,740,000 baht in total, with details as follows:

NAME / TITLE	ALLOWANCE FOR ATTENDING THE BOARD MEETINGS IN 2010	GRATUITIES FOR BOARD OF DIRECTORS 2010	REMUNERATION FOR THE AUDIT COMMITTEE	TOTAL REMUNERATION IN 2010 (BAHT/YEAR)
1. Mr. Paiboon Damrongchaitham, Chairman	65,000	920,000	-	985,000
2. Mr. Chai Nasylvanta, Independent Director/Chairman, Audit Committee	52,000	368,000	200,000	620,000
3. Mr. Dej Bulsuk, Independent Director/Member, Audit Committee	65,000	460,000	150,000	675,000
4. Mr. Weerawong Chittmittrapap, Independent Director/Member, Audit Committee	52,000	368,000	150,000	570,000
5. Ms. Suvabha Charoenying ¹ Independent Director/Member, Audit Committee	13,000	92,000	30,000	135,000
6. Ms. Boosaba Daorueng, Director	15,000	460,000	-	475,000
7. Mrs. Saithip Montrikul Na Audhaya, Director	9,000	276,000	-	285,000
8. Mr. Krij Thomas, Director	15,000	460,000	-	475,000
9. Mr. Sumeth Damrongchaitham ² Director	12,000	368,000	-	380,000
10. Mr. Takonkiet Viravan, Director	9,000	276,000	-	285,000
11. Mr. Kreingkarn Kanjanapokin, Director	12,000	368,000	-	380,000
12. Mr. Sataporn Panichraksapong, Director	15,000	460,000	-	475,000
Total	334,000	4,876,000	530,000	5,740,000

Remark:

- 1) Ms. Suvabha Charoenying was appointed Independent Director at the resolution passed at the Board of Directors meeting No. 4/2010, effective as of 11 August 2010 (and assumed her position during the year), to replace the departure of Mr. Wanich Jarungidanan who passed away on 16 May 2010.
- 2) Mr. Sumeth Damrongchaitham resigned from his position as a Director prior to the end of his term, effective as of 11 November 2010.

(B) Executive Committee and Management Team**Executive Committee:**

- Executive Director do not receive monetary remuneration for their position.
- Management Team¹: Monetary remuneration for the Management Team is in the form of salaries, bonuses and other benefits such as company cars, car allowances in lieu of company cars, and mobile phones for 9 management team members (excluding the Advisory Chairman), which totaled 93.68 million baht in 2010.

2) Other Remuneration

- None

Corporate Governance

The Board of Directors intends to adopt principles of Good Corporate Governance that the SET encourages listed companies to practice, to create an organization that is effective and lays the foundation for sustainable growth. The Company has incorporated these guidelines as part of its business practice, as follows.

1. Corporate Governance Policies

The Board of Directors strongly believes in ethical business practices, sound corporate governance, and corporate social responsibility, which are firmly embedded in the organization's corporate culture. This is achieved by integrating the organization's vision, duties, strategies and goals in the same direction, to inspire confidence to shareholders, investors, and stakeholders, so the Company will continue to prosper alongside its contributions to the development and support of education, society, and the environment.

In 2005, the Board of Directors initiated and decided to compile a book on Corporate Governance Policies to show the direction of how the businesses should be managed and the roles of the Board of Directors. By resolution, the Corporate Governance Policy was announced and was completed on 18 February, 2005. The Good Corporate Governance policies are divided into 8 sections as follows:

<u>Section 1</u>	Board of Directors and Committees
<u>Section 2</u>	Shareholders' rights and equitable treatment of all shareholders
<u>Section 3</u>	The Role of Stakeholders
<u>Section 4</u>	Information disclosure and transparency
<u>Section 5</u>	Policy on Connected Transactions
<u>Section 6</u>	Treatment of insider information
<u>Section 7</u>	Internal controls and risk management
<u>Section 8</u>	Business Ethics

The Board of Directors has a policy of enforcing employees to abide by and use good corporate governance principles at work, and instill this as a part of corporate culture. Therefore, the company created a portable version of the Company's corporate governance handbook with concise and easy-to-understand content, together with postings on the Company's intranet website and company website (<http://www.gmmgrammy.com>). This will allow directors, members of the management team, and every employee to refer to as underlying principles so they will work responsibly, transparently, honestly, and ethically towards themselves, the organization, shareholders, society, the environment, and other stakeholders.

The Board has supported the revision, additions, and amendments to the corporate governance policies so that they are up-dated and applicable to the organization's changing environment, as well as being relevant for any additional guidelines by the related regulatory bodies, and to raise itself to international standards. This also allows the Company to monitor the progress of the organization's adherence to and ensure the implementation of good corporate governance policies.

During the 1/2551 Board of Directors' meeting held on 28 February 2007, the Board approved amendments to the principles and policies of good corporate governance, so that it better matches the guidelines advised by the related regulatory bodies. The main principles are summarized as follows:

Section 1 Board of Directors and Committees

1. In the event that the (Co) Chief Executive Office and members of senior management assumes the post of a director of another company, the Company will abide by guidelines issued by the Public Limited Companies Act B.E. 2535

Section 2 Shareholders' rights and equitable treatment of all shareholders

1. The Company uses a ballots to vote on agendas that require special resolutions from shareholders, such as increasing capital, making amendments to the Articles of Association or the Company's objectives. This is done for transparency and verifying purposes if a dispute later arises.
2. Set new conditions for authorizing proxies in Annual General Meetings, according to the announcement by the Department of Business Development about Proxy Form 5 B.E. 2550 (effective as of 1 January 2007).
3. Improve the system and channels of communication for shareholders and stakeholders to allow them to easily notify the Audit Committee composed of Independent Directors, by regular postal service, the Company's website, or via e-mail at auditcommittee@gmmgrammy.com. These independent directors will take complaints on illegal or unethical acts, breaches of the Business Ethics and Code of Conduct and queries about financial statements or the internal control system, which will be pursued and presented to the Board of Directors. The Communication to Audit Committee can be executed from January 2008 onwards. The Secretary of the Audit Committee is responsible for summarizing and presenting issues to the Audit Committee for further action.
4. Improve the system and guideline so that minority shareholders can still play a part in the Annual General Meetings, by presenting the agenda ahead of time, and submitting the names and qualifications of Director nominees through the company website (<http://www.gmmgrammy.com>) "Corporate Governance" webpage "Contact the Audit Committee" topic which had begun since the Annual General Meeting in 2008.

Section 5 Policies on Connected Transactions

1. The Company Secretary summarizes the related transaction report of members of the management and connected persons to the Company, including any changes, at the Board of Directors meeting every six months.

¹ The management means the four level of management or equivalent to the management, next under to Co-CEO, including the senior management of financial and accounting or equivalent to CFO.

Section 6 Treatment of insider information

1. The Management reports shares held by the member of the Board of Directors and Management team every 6 months at the Board of Directors meetings.

The Board has indicated that the Corporate Governance policies should be regularly revised every 2 years, or as appropriate to remain up to date and relevant to changes in the overall business environment as well as regulations from the Stock Exchange of Thailand and other regulatory bodies.

The Board has therefore stated that they will closely observe advances made in corporate governance in the Company and see that the policies are adhered to and carried out conscientiously, and developed continuously.

In 2010, the Board of Directors evaluated the Company's good corporate governance policies and felt that it was still relevant to the environment, the Company's business operations, and regulatory guidelines. Nevertheless, the Board would counsel frequent revisions.

As a result of the Company's continued application of good corporate governance policies in managing and operating the Company, and developing new ways, this has led the Company to receive assessments from various institutions as follows:

Corporate Governance Assessments

The Corporate Governance Report of Thai Listed Companies, assessed by the Thai Institute of Directors (IOD), together with the support of the SET and SEC, listed GMM Grammy in the category of "Very Good" from 2008 - 2010. The average scores in 2010 are:

SET 100 Index	SET 50 Index	ALL LISTED COMPANIES	GMM GRAMMY
86%	89%	80%	85%

Assessment of Quality of Annual General Meetings

The Thai Investors Association assessments of the Company according to its AGM Checklist from 2008 – 2010 are:

	2010	2009	2008
Assessment result	Excellent	Excellent, recognized as Good Example	Excellent
Score	98.75	100	105.5
Total Score	100	100	110 100 plus 10 bonus point

Nevertheless, the Company is determined to continue develop and support its corporate governance systems and processes, confident that it is a way of adding value to the corporation, ensuring stable long-term growth.

The Company has appointed a working team to monitor good corporate governance and another team to oversee business ethics since 2004 to encourage the Company and its subsidiaries' adherence to the policies. This was done to instill confidence in its shareholders, investors, trade partners and all related parties. In 2009, the Company created a Good Corporate Governance and Ethics Committee to replace the Good Corporate Governance working team for greater efficacy in ensuring that good corporate governance and business ethics policies are practiced. A list of names, scope of authority and responsibilities of this Committee as assigned by the Board of Directors is detailed in the "Management Structure" page 62-63.

2. Leaderships

The Board of Directors is determined to lead the Company forward through steady growth, to create suitable returns to investors. On the whole, the Board of Directors has fulfilled its responsibilities using their knowledge, abilities, expertise, determination and caution, to their utmost to manage the Company, abide by laws, regulations, and best practices, whilst remaining mindful of the interests of all stakeholders.

The Board of Directors has appointed an Executive Committee to manage daily operations, and has clearly delineated different duties and responsibilities for the Board of Directors, Executive Committee and other Committees. The Board of Directors will set forth the vision and mission of the Company and evaluate the strategies, policies, business plans and budgets proposed by the management, while ensuring that there is a mechanism to control, review and evaluate so objectives and policies are carried out to achieve the highest benefits of the shareholders, while taking benefits for all stakeholders into consideration.

3. Vision and Missions

The Board of Directors has stated that the Group's vision and mission so that management and employees can work towards the same direction and goal. This information is readily available through the intranet and Company website (<http://www.gmmgrammy.com>):

Vision	To be a leader in creating and producing of all forms of entertainment, in tandem with all types of media and technological developments, to provide a great quality of life and unlimited happiness.
Mission	Engage in the continuous creation of excellent and innovative work
	Encourage a learning organization
	Enrich people so they are passionate and skillful in their work and enjoy a better quality of life
	Endorse social responsibilities and activities

4. Business Ethics

Besides conducting its business operations under good corporate governance principles, and being a socially responsible corporation, the Company conducts its business with integrity and abides by the law, standards and good business conduct including the disclosure of financial information, and will not seek personal interests by using inside information, does not engage in paying bribery for corporate benefits, disclose inside information to outsiders, or cause any conflicts of interest.

The Company continuously supports and encourages activities which are beneficial to society, culture and traditions. The Company also encourages, develops and respects intellectual property rights and evaluates such intellectual property with fairness, without barriers, discrimination or unequal treatment.

In 2005, the Board of Directors approved a “Business Ethics and Code of Conduct Handbook” for directors, management and employees in the Group. This material is publicised on the intranet and Company website (<http://www.gmmgrammy.com>). There is a policy to continuously revise and update the content in line with regulatory requirements and to remain relevant to the Company’s business operations.

Business Ethics and Code of Conduct Handbook consists of

Section 1 The Company’s Vision and Mission

Section 2 Business Ethics in Operating the Company

Section 3 Code of Conduct toward Shareholders, Customers, Trade Partners and/or Creditors, Trade Competitors, Employees, and Society

Section 4 Code of Conduct for Employees

Section 5 Monitoring to ensure that the Code is implemented

To ensure that the Business Ethics and Code of Conduct is implemented, the Company has specified that this task falls on Directors, Management team, and every employee acknowledges, understands, and strictly complies with the “Code of Ethics”. Managers of all levels have to be responsible and treat this matter with great importance so that their subordinates will follow suit, and seriously practice the Business Ethics and Code of Conduct.

The Company does not wish to see any unlawful business practice which is against ethical conduct. If directors, managers, and employees conduct themselves in ways that are deemed unethical, the Company will evaluate and proceed according to the rules. The Company has arranged for a special unit to handle general complaints, unlawful behavior, breaches of the Business Ethics and Code of Conduct, queries about financial statements or the internal control system. The details will be summarized and submitted to the Internal Audit Committee composed of Independent Directors at auditcommittee@gmmgrammy.com for further consideration and reporting to the Board of Directors.

In 2010, there was no complaint nor query submitted to the Audit Committee.

5. Shareholders’ Rights and Equal Treatment of Shareholders

The Company has a policy of treating all shareholders equally and ensuring that shareholders’ rights are protected, and every convenience is provided to exercise their rights in the many ways that they should receive. Every shareholder has the following rights and equality in the following ways:

Shareholders’ Rights

1. The right to be notified of all Company’s news and information, financial performance, operational policies consistently, accurately, and in a timely manner.
2. The right to receive dividends and/or any other benefits from the Company and/or repurchase share from the Company on an equal basis.
3. The right to participate in the Annual General Meeting, express their views, offer advice, and jointly evaluate and decide on important changes such as the Articles of Association, appointments of the member of the Board of Directors, appointment of External Auditors.
4. The right to receive information and/or approve of significant connected transactions.
5. Other rights of shareholders as stipulated in the Public Limited Companies Act.

Organizing the Shareholders’ Meetings

The Company realizes the importance of organizing shareholders’ meetings, including Annual General Meetings (AGM) and Extraordinary Shareholders’ meetings. Therefore, the Company supports these meetings with regards to shareholders’ rights in accordance good corporate governance principles. There should be one Annual General Meeting each year within 4 months of the last date of the accounting period. In cases where there are urgent matters for special events to discuss issues that affect or relate to shareholders’ benefits or are related to regulations, laws that require approval from shareholders, there will be a call for extraordinary meetings.

In 2010, the Company organized an Annual General Meeting held on the 26 April, 2010, at 14.00 at the Grand Meeting Room on 21st Floor of GMM Grammy Place, 50 Sukhumvit Road Soi 21 (Asoke), Klongtoeinuea, Wattana, Bangkok. A total of 9 Directors participated: Chairman of the Board, Co-Chief Executive Officers, and Chairmen of every Committee, as well as the senior management of financial and accounting, and the Legal Department. The external Auditor served as an objective examiner (Inspector). When ballots were cast in cases where there was a dispute in the meeting, the Chairman of the meeting appointed the Company Secretary to conduct the meeting to the end as demanded by law. Results of the meeting was resolved in every agenda. In 2010, there were no calls for Extraordinary Shareholders’ meetings.

Issuing Meeting Invitation Letters

The Company has appointed The Thailand Securities Depository Co., Ltd. as its securities registrar. The registrar is responsible for sending: detailed information packages with shareholders’ meeting invitations which include opinion and reasons from the Board of Directors / the advantages and shortfalls of decisions on each agenda / minutes of past meetings / the annual report (CD-ROM) and a summary of the past year’s financial performance (separate booklet) / resumes of candidates to be appointed to the Board of Directors / three proxy authorization forms (Form Gor, Form Khor, Form Kor) according to the Department of Business Development regulation, “Form on Proxy” (No. 5) B.E. 2550. (It is advised that Form Khor be used) along with detailed instructions / information on Independent Directors who can stand as proxies / relevant excerpts related to shareholders’ meetings from the Articles of Association / documents and evidence that have to be shown before entering the meeting and conditions for casting votes / registration form with barcode, and map of GMM Grammy Plc. The information package will be sent at least 21 days prior to the meeting and the Company will publicise the details on the <http://www.gmmgrammy.com> website in Thai and in English, more than 30 days ahead of the meeting to provide sufficient time to study the agenda and thoroughly study detailed information in the package. This will allow shareholders sufficient time to decide whether to participate in the meeting and/or exercise their voting rights prior to receiving documents from the company.

The Company will also post a notice the date, time and venue of the meeting in Thai and English newspapers at least 3 days before the meeting, for 3 days consecutively, in case shareholders want to authorize proxies or the Company's Independent Directors to attend the meeting and vote on their behalf. These measures comply with conditions laid out by the Department of Business Development, Ministry of Commerce and other regulatory authorities.

Rendering Convenience to Shareholders

The Company makes every attempt to render conveniences equally to every shareholders when organizing meetings, with staff on hand to take care and welcome everyone, and to ensure the safety of participants, which includes being prepared for emergencies. Arrangements have been made to accommodate early registration to check document completeness of those attending the meeting up to one and a half hours ahead of commencement, and barcodes are used to expedite registration. A banquet is held to host shareholders who attend the meeting.

Additionally, because every shareholder has equal rights to exercise at these meetings, the Company has made arrangements to send information packages in English to foreign shareholders.

Shareholders' meetings in Session

Before the shareholders' meeting commences, the Co Chief Executive Officer who presides over the meeting will introduce the Company's Board of Directors, management team, and an external Auditor, as Inspector, and then authorizes the Company Secretary to officiate the meeting as Chairman. The quorum will be announced, comprising shareholders, shareholders' proxies, and the number of shareholders who authorized Independent Directors to serve as their proxies.

Details on how to cast ballots are announced for each agenda and votes are tallied for each resolution according to the Company's Articles of Association and Public Limited Companies Act Section 107 (1) whereby one share is equivalent to one vote. In the event of a draw, the Chairman will add one more vote to make the final decision. Also detail the method in self vote or proxy vote and the way the ballot cards are used to count votes.

In every ordinary or extraordinary shareholders' meeting, the Company Secretary will proceed according to the meeting agenda as outlined in the invitation. There will be no additional agenda items that have not been indicated in the invitation package. This is to make the meetings fair for those who cannot attend.

Significant Agendas at the Shareholders' Meetings are

- **Reporting the Company's Performance:** The Company has provided details of its performance in terms of profits, revenue, expenses, and summaries of its operations.
- **Evaluating and approving the Balance Sheet and Profit and Loss Statements:** The Company presents its balance sheet and profit and loss statements for the last year according to the Company's fiscal year, and important financial figures that have been audited and certified by external auditors.
- **Appointing Directors:** The Company extends the opportunity to shareholders to elect individual directors, whose names will be announced as nominees at the meeting. Information on each nominee's background: education, work experience, number of directorships held in other companies, as well as criteria and methods in selecting nominees as directors or independent directors. This would include the proportion of shares held in the Company and whether they have legal disputes. In the case of re-electing a director to a new position, the history of the person's meeting attendance over the past year, and term as the Company's director is indicated. The Company is open to accepting nominations ahead of the meeting so shareholders have sufficient time to elect the director of their choice.
- **Appointing External Auditor:** The Company provides details about the external auditor, from the accounting firm they work for to their work experience, their skills as an auditor, and the reasons why the auditor was chosen, the quality of their work over the past year, the auditor's relationship with the company or vested interests in the Company, its subsidiaries, management, major shareholders, or related parties (if any), and the service fee for auditing and rendering other services (if any).
- **Allocating Profits:** The Company provides details on the allocation of profits and reserve capital, policies on paying dividends, the rate of dividend payments which are expected to be paid out, the reasons and related information for the decision, together with the date of dividend payment and the date that the register is closed to determine who has the rights to the dividend payments. In the event that there is a proposal to withhold dividend payments, clear reasons and supporting evidence will be provided.
- **Directors' Remuneration:** The Company provides detailed criteria for directors' remuneration, along with proposed payments, which are derived from policies and conditions determined by the Nomination and Remuneration Committee.

As information has been provided for each agenda item, the Chairman of the meeting opens the floor to shareholders to voice their opinions, advice, and questions on each agenda. After allowing for sufficient debate, the Chairman and management team will answer questions from the floor clearly, concisely, and place equal importance to every question. In answering questions, the Board of Directors values the need to be equal in disclosing information, and will require the meeting to vote on the agenda. In agendas related to appointing directors, the Shareholders vote will be requested to vote for individual directors of their choice, in accordance to good corporate governance practice.

At every meeting, there will be a summary of votes cast in each agenda item: agree, disagree, and abstain. The names and numbers of votes held by those who are not eligible to vote in certain agendas are also listed (if any). Minutes of the meetings which generally last 1 – 2 hours, are recorded in detail. At the 2010 Annual General Meeting, the meeting officially commences at 14.00. However, registration began at 12.30 and the meeting finished at approximately 15.45.

Procedure after Shareholders' Meetings

The Board of Directors has assigned the Company Secretary to prepare reports on shareholders' meetings, and to ensure that the content is complete and accurate. Details in the report include:

- List of directors from the Board and Committees that participated in the meeting
- Meeting quorum consisting of the number of shareholders who attended the meeting, the number of shareholder's proxies, and the number of shareholders who authorized independent directors as their proxies
- Method of voting used at each agenda item, counting the votes that is the resolution of the shareholders' meeting before the meeting commences, and the way the ballot cards are used to count votes
- Key questions asked by shareholders or advice at the meetings on each agenda item. Every question, answer, and clarification statement is summarized in the Shareholders' Meeting report so shareholders who did not attend the meeting will be informed
- The number of agree, disagree, and abstained votes received on each agenda item. The names and number of shares held by those who are ineligible to vote on each agenda item is also listed (if any)

The report is submitted to the Stock Exchange of Thailand and the Securities and Exchange Commission within 14 days so that shareholders can inspect without having to wait until the next meeting. There is also an excellent database where meeting reports are available for inspection and reference, in text form, as well as on videos with sound recordings of the meetings at the Company's website (<http://www.gmmgrammy.com>) for interested shareholders.

Equitable Treatment of all Shareholders

The Board of Directors realizes that it is important to treat every shareholder equally and fairly, even though individual shareholders do not own the same number of shares, and do not have the same voting rights (according to the shares they hold). The Company will treat every shareholder equally without discriminating on the basis of gender, age, race, nationality, religion, beliefs, political beliefs, or their disabilities. So even though shareholders are unable to attend the meetings due to inconvenience, shareholders have the right to authorize a proxy to attend in their stead. All shareholders will abide by procedures for shareholders' meetings according of good corporate governance guidelines issued by the Securities and Exchange Commission and Stock Exchange of Thailand, that the Company has adopted, as follows:

1. Do not transgress shareholders' lawful rights
2. Treat all shareholders equally
3. Do not limit opportunities for shareholders to learn more about the Company. For instance, the shareholders' meeting invitations will clearly indicate the date, time, and location of each meeting, summarize the Board of Directors' views, provide sufficient reasons and clarifications, explain the necessity in taking certain decisions, and both the positive and negative ramifications of the actions in each agenda item.
4. Do not limit opportunities to attend the meeting by offering every convenience possible to shareholders equally. An invitation with details of the meeting is delivered well ahead of time, along with documents that have to be used to verify shareholders in order to enter the meeting, as well as proxy authorization forms for at least one independent representative who can attend the meeting.
5. Attending the shareholders' meeting is not complicated nor requires excessive expenses.
6. Shareholders have the right to vote on agenda items in chronological order. The voting procedure and tallying methods are explained prior to ballot casting. In agenda items related to appointments and terminations, directors and nominees will receive votes on an individual basis. There will be no agenda items discussed outside those that are listed in the invitation that require a resolution from the meeting.
7. The meeting duration is appropriate, as determined by the Chairman of the meeting.
8. All shareholders are equally encouraged to ask questions and voice their opinions at the meetings.
9. All members of the Board of Directors, especially the Chairman, and Chairman of every Committee is expected to attend every shareholders' meetings to answer questions at the meetings, except for unavoidable reasons.
10. Prepare meeting reports that list key issues: the names of directors of the Board and Committees that attended the meeting, questions, summaries of the answers, votes for each agenda item broken down (agree, disagree, abstain), and the names and numbers of shares held by those who are ineligible to cast votes on certain agenda items (if any).

Proposing Annual General Meeting Agendas and List of Nominees for Appointment to the Board of Directors

The Board of Directors has assigned the Company Secretary to announce to shareholders through the Stock Exchange of Thailand's website and the Company's Investor Relations webpage at <http://www.gmmgrammy.com> that shareholders may propose additional agenda items for the Annual General Meeting (ahead of time) including the names of nominees to replace directors of the board whose terms will expire, and general queries.

At the 2010 Annual General Meeting, the Company has indicated that additional agenda items will be accepted between 18 December 2009 to 31 January 2010 directly by the Company Secretary, Investor Relations Division, or the Company website, as explained in the Investor Relations webpage on the Company's website. The Company Secretary will present candidates proposed by shareholders to the Nomination and Remuneration Committee for further evaluation of their qualifications and submission to the Board of Directors.

If the Board of Directors agree and believe it to be appropriate for the Company, the agenda and nominees will be proposed and discussed at the Annual General Meeting. For candidates that are not approved by the Board, the shareholders will be notified with supporting reasons via the Stock Exchange of Thailand and the Company website (www.gmmgrammy.com) under the heading "Investor Information" as well as announcing the information again at the Annual General Meeting.

Between 18 December 2009 to 31 January 2010, there were no shareholders that proposed an agenda at the meeting or nominated anyone who was qualified as a director to the Company.

Authorizing Proxies to the Shareholders' meetings

To protect shareholders rights who cannot conveniently personally attend the Annual General Meetings, the Board of Directors presents at least one Independent Director as an alternative to authorize as their proxy. The details are show in the proxy authorization form, which is used to attend the meeting and to cast votes on each agenda.

In the 2010 Annual General Meeting, the Board of Directors offered a list of 4 Independent Directors and there were 15 shareholders who jointly held 13,449,573 shares authorized Mr. Chai Nasylvanta, Independent Director and Chairman of the Audit Committee to act as their proxy to attend and vote on their behalf.

Accessing Company Information

The Company does not selectively offer any shareholder special treatment. Every shareholder has equal rights to gain access to sufficient disclosed information about the Company through the following channels:

Telephone	:	0-2669-9000
Mail	:	GMM Grammy Plc 50 GMM Grammy Place, Sukhumvit 21 Rd. Klongtoeinuea, Wattana, Bangkok 10110
Website	:	http://www.gmmgrammy.com
Company Secretary	:	cs@gmmgrammy.com
or	:	GMM Grammy Plc 40th Floor, 50 GMM Grammy Place, Sukhumvit 21 Rd. Klongtoeinuea, Wattana, Bangkok 10110
Investor Relations	:	ir@gmmgrammy.com
	:	Tel: 0-2669-9952, 02-669-9734 Fax: 0-2669-9737
Audit Committee	:	auditcommittee@gmmgrammy.com
or	:	Audit Committee
	:	GMM Grammy Plc 50 GMM Grammy Place, Sukhumvit 21 Rd. Klongtoeinuea Wattana, Bangkok 10110

6. The Role of Stakeholders

The company is aware of the importance of every internal and external stakeholders' rights. This includes shareholders, employees, customers, trade partners and/or creditors, competitors, society as a whole and the environment. The Company has determined the manner in which directors, managers, and employees should conduct themselves in the Business Ethics and Code of Conduct with transparency and fairness to various stakeholders. The Business Ethics and Code of Conduct was approved by resolution at the Board of Directors meeting held on 3 February 2005. The handbook was communicated to every director, manager, and employee so that they acknowledge, understand, and comply. The information is available on the intranet and company website (<http://www.gmmgrammy.com>). The key points of conduct are as follows:

Towards Shareholder

The Company is committed to being a good representative of shareholders in operating with knowledge, ability, loyalty, honesty, transparency and fairness, for the Company's growth and stability, and for shareholders to receive lasting returns in the long run from effective and efficient operations. Shareholders are to receive transparent, trustworthy, accurate, factual reports with reasonable supporting documents on the status and performance of the Company in a consistent and timely manner.

To Customers

The Company focuses on conducting business that is correct, fair, and responsive to customers' needs by providing good products and/or services at reasonable prices through quality employees, using innovative modern technology, while protecting customers' confidentiality. The Company also provides the opportunity for customers to complain and find corrective measures and/or respond to the customers' needs as appropriate.

To Trade Partners and/or Creditors

The Company strictly abides by the conditions and contracts agreed to with trade partners and/or creditors that will result in the greatest benefits to the Company, based on fair and mutual benefits to both parties. The Company upholds and will strictly proceed according to various conditions and agreements it has with its partners and/or creditors. The Company's managers and employees will not request or accept goods or other benefits that are not a part of honest business transactions. In the event that there are requests or offers of a dishonest nature, the Company will immediately inform or release such information to the trade partners and/or creditors to jointly correct the problem.

To Competitors

The Company supports and encourages free and open competition, and will treat competitors with good business manners and does not seek confidential information through inappropriate, dishonest, or unlawful approaches. The Company will not intentionally destroy any competitors' reputation through groundless allegations.

To Employees

The Company encourages continuous knowledge development to enhance employees' ability at all levels, and provide them with appropriate, fair compensation and welfare in accordance with labor and welfare laws, free of discrimination and respectful of their human dignity. The Company respects the employees' personal rights and responsibilities. In addition, the Company encourages employees to conduct themselves with good values and to work together harmoniously within the organization. The Company also promotes employee participation in determining the outcome of their work and in solving the Company's problems. Moreover, the Company has arranged a good working environment for the health and safety of employees' lives and properties.

Towards Society and the Environment

The Company creates and supports activities beneficial to the community and society at large, and consciously fosters the concept of social responsibility to the community, the environment, culture and tradition. The Company aims to instill a collective conscience and sense of responsibility towards the community, society as a whole and the environment among employees at all levels. The Company does not enter into nor support actions, people, and organizations that are illegal or damaging to the reputation of the country, natural resources and the environment, and may be dangerous to the society and the stability of the country, and strictly adhere to related laws in these matters.

The Company has also provided a channel to shareholders and stakeholders to report through the mail or company website, or via auditcommittee@grammy.com to the Audit Committee composed of Independent Directors. On matters related to breaches of: the law, Business Ethics and Code of Conduct, queries about financial performance, or internal controls, for further processing, and present the information to the Board of Directors. The Audit Committee has been available for direct contact since January 2008 with the Secretary of the Audit Committee being responsible for summarizing various matters and presenting it to the Board of Directors for further handling.

7. Policy on Connected Transactions

The Board of Directors is aware of the importance of conducting its business with transparency and its stakeholders. Therefore, the Company's good corporate governance policies clearly indicate that connected transactions with the Company and its subsidiaries has, at a minimum, be approved by the Company's management. In agreements that are considered connected transactions and falls under the criteria stipulated by the Stock Exchange of Thailand, it will be disclosed in line with policies demanded of listed company connected transactions. And/or in cases where the transactions pertain to sales or purchases of listed companies, the Company will follow the rules of the Stock Exchange of Thailand, which requires the Company to seek the opinion and/or approval from the management and/or at the Board of Directors meeting, and/or at the shareholders' meeting, as is appropriate, whereby related parties are ineligible to vote.

To avoid conflicts of interest, the Board of Directors is prudent in looking out for transactions that may potentially lead to such problems, by stating policies and steps to be taken to approve connected transactions in the Authorization and Procedure Manual and/or gain approval from shareholders according to the Stock Exchange of Thailand's regulations. Moreover, the Company has to follow the Stock Exchange's guidelines in setting prices and conditions of each transaction at an arm's length basis. The Audit Committee will evaluate the transaction and present connected transactions and those that may have conflicts of interest to the Board of Directors on a regular basis.

The Company and its subsidiaries do not have a policy of conducting connected transactions except in cases where the Company believes that the transaction will yield the highest returns, which may be in terms of pricing and trade conditions, which are generally on par with market rates, similar to agreements with external parties. The Company has ruled that these transactions have to be approved by the management and/or the Board of Directors, and/or shareholders' meeting as appropriate.

In connected transactions that are in the form of financial assistance, the Board of Directors has listed policies for this type of transaction in the Authorization and Procedure Manual, which was approved by the Company's Board of Directors, as follows:

1. In cases where financial assistance is provided or received from connected persons, or from a company that the Company or its subsidiaries owns shares - at a rate that is lower than the connected party's shares held in that company - the Board of Directors is authorized to approve the transaction.

2. In cases where financial assistance is provided or received (unlike that in the preceding situation), authorization lies with the Co-Chief Executive Officers (for amounts within Baht 1 million) or the Board of Directors.

Moreover, as the Board of Directors is aware of the importance of potential conflicts of interest, and has assigned that various reports are made. These reports are on:

1) Report on probable Conflicts of Interest Transactions

Details of the parties that may have conflicts of interest, their relationships, and type of transaction, terms, pricing policies, transaction value, and reasons why the transaction is necessary, and the views of the Audit Committee are all indicated in the report and/or in the Report Form 56-1 and in the annual report (Form 56-2), which appears in detail under the section "Connected Transactions" on pages 86.

2) Report on Security (GRAMMY) Acquisition and Change

The Company has a policy that the Board of Directors, Executive Committee, and management team (as defined by the Securities and Exchange Commission and the Stock Exchange of Thailand), their spouses and minority offspring report their GRAMMY shareholdings and changes to the number of shares held, which will be summarized and reported to the Board of Directors every six months.

As at 31 December, 2010, details of shares held by members of the Board of Directors, Executive Committee, and members of the Management Team appears in the section "Management Structure" on pages 64.

In 2010, the Company did not breach or fail to follow the Stock Exchange of Thailand and the Securities and Exchange Commission's regulations on connected transactions.

3) Report on Interest of Directors, Executives, and Related Persons

Directors, management and related parties (as defined by the SEC and SET) has to file a report on their interests to the Company, which will be summarized by the Company Secretary, which will include any changes, and duly presented at the Board of Directors meetings every six months.

8. Information Disclosure and Transparency

The Company emphasizes the importance of disclosing information about the Company, with reports on its operational performance, by thoroughly communicating accurate, reliable news to every shareholder through various channels in a timely manner, and with sufficient supporting evidence. Significant news reports include: financial reports, corporate performance, shareholding structure, shares held by directors, connected transactions, sales and purchase of the Company's shares, shares owned by the Company, how the company operates under good corporate governance principles, and general news that may have an impact on investors' and stakeholders' decision making processes. This is also in line with regulations set by the Securities and Exchange Commission and the Stock Exchange of Thailand, as well as various laws related to business operations and disclosure of financial information from different regulatory bodies. The news can be accessed from:

- Company website
- Analyst Meetings
- Press Conferences /Press Releases on the Company's financial performance

Full and complete information is disclosed in the Company's Annual Report, and is a good source material for shareholders in making their decisions with information on: management structure, shares held by directors, management team, financial and operational performance, the nature of the business, competitiveness, risk factors in operating the business, background information on the directors (including those in the Executive Committee and Independent Directors), criteria in remunerating directors, policies and standards in compensating senior management, disclosure of remuneration to individual directors, meeting attendance of each director, and connected transactions.

Moreover, there are easily accessed up-to-date news available in Thai and in English on the Company's website, <http://www.gmmgrammy.com>, related to the type of business operations, financial statements, press releases, shareholding structure, organizational structure, the Group's structure, information related to the directors and management, information pertaining to investor relations, downloadable annual reports (last three years) and Form 56-1 (last 5 years), and invitation letters and information packages that can also be downloaded, and ways that the Company can be contacted through its Investor Relations Division.

9. Aggregation or Segregation of Management Procedures

The Company has clearly separated the authority to approve Authorization and Procedure Manual in both the Company and its subsidiaries, according to type of business transaction. This was done to spread the authority and responsibilities for making decisions and issuing directives according to individual roles and assignment. This is viewed as guide for managers and employees, and it has been separated according to categories namely: general management, human resources, investments, finance, manufacturing, purchasing, fixed assets and durable goods, expenses, approving connected transactions, and rules for bank check signing authority. Nevertheless, specifying roles for authorizing and operating should not be in violation of laws, articles of association, shareholders' resolutions, and any regulations by the Securities and Exchange Commission and the Stock Exchange of Thailand. The Company frequently revises and updates these rules to ensure that they remain relevant and appropriate, and sufficiently encompassing for the various businesses and/or shifts to accommodate the announcements of the Stock Exchange of Thailand's Board of Governors.

In 2010, the Company revised and improved its Authorization and Procedure Manual, and was approved at the Board of Directors meeting held on 1 April, 2010. The Company has publicized the Manual 1/2553 edition to related parties to enforce compliance.

As the Board of Directors encourages good corporate governance, the Board has appointed that the Chairman be a separate individual with the Co-Chief Executive Officers, and clearly delineating their authority, roles and responsibilities, with the scope of authorization on different issues in accordance to the Authorization and Procedure Manual.

10. Remuneration for the Director of the Board and Director of the Committees :

The Nomination and Remuneration Committee has set forth criteria and policies in determining remuneration for the Director of the Board and Director of the Committees after detailed evaluation and assessment of each position, duties, scope of work, and responsibilities, against the benefits gained from each director, and how appropriate it is to the industry and level of expansion by the Company. The Committee has compared compensation levels against that of other companies in the industry, and proposed the results to the Board of Directors, and at the Annual General Meeting every year for approval. The presentation is accompanied by policies and criteria used to determine the compensation for each position, to be evaluated by each shareholder.

Remuneration for the Director of the Board

The remuneration is approved by resolution at the Annual General Meeting, which does not exceed 1% of net profits, and does not exceed Baht 6 million, in accordance with the company performance. It consists of two parts:

- 1) Attendance Fee (only paid to directors who attend the meetings)
 - Attendance fee for Chairman and Independent Directors is Baht 13,000/person/meeting
 - Attendance fee for other Directors is Baht 3,000/person/meeting
- 2) Directors' Annual Gratuity (annual payment) Criteria for payment is the same as that in 2009 which is:
 - The annual gratuity in 2010 for the Board of Directors is, net of attendance fee that year. The remaining amount is used to pay the annual gratuity.
 - In making payments, the amount is determined on the basis of meeting attendance whereby the Chairman of the Board is paid double for the number of times he attends Board meetings.

Remuneration for the Audit Committee:

The remuneration of the Audit Committee complies with the resolution of the Board of Director, and further to the Annual General Meeting for acknowledgement. The Chairman of the Audit Committee receives Baht 200,000, while the three Audit Directors are each allocated Baht 150,000.

Remuneration for other Committees, namely the Executive Committee, Nomination and Remuneration Committee, Risk Management Committee, and the Corporate Governance and Ethics Committee, have yet to be determined.

Remuneration for the Management Team:

Compensation for the Management Team is in compliance with principles and policies determined and approved by the Board of Directors. The amount is linked to the performance of the Company and individual performance.

Details of remuneration for each Director in the Board, the Audit Committee and management team in 2010 appears under the section "Management Remuneration" on pages 65.

11. Committees

The Board of Directors has appointed Committees, comprising: directors, independent directors, and members of management who are knowledgeable, competent, and experienced in being Committee, to implement special duties in evaluating and assessing various matters with great clarity, accuracy, and suitability, before presenting the findings to the Board of Directors for their opinion, acknowledgement, or endorsement as necessary. This procedure will support the Company's overall operations in line with good corporate governance. The Board of Directors has clearly listed the qualification and responsibilities and/or terms of each each Committees, and these elements are frequently revised and updated as appropriate.

Moreover, these Committees are required to report their performances at the Board of Directors' meetings on a regular basis, and at the Annual Report.

As at 31 December, 2010, the Company has five Committees, consisting of:

1. Audit Committee
2. Executive Committee
3. Nomination and Remuneration Committee
4. Risk Management Committee
5. Corporate Governance and Ethics Committee

Audit Committee

The Audit Committee for GMM Grammy Plc and its subsidiaries (GMM Grammy Plc Group) was first established on the 13 May, 1999 in compliance with the Stock Exchange of Thailand's regulations. The Committee had reputable members who were all Independent Directors of the Company, and possessed all the necessary qualifications as required by the Stock Exchange of Thailand and the Securities and Exchange Commission. At least one member of the Committee had to be knowledgeable and understands or possesses experience related to accounting or finance. Each term would last three years, and the Committee met four times a year.

The Audit Committee would be responsible for reviewing the Company's financial reports and assessing whether the internal control systems are sufficient. The Committee is then required to liaise with the Risk Management Committee on significant risks. The Committee also reviews whether the Company adheres and complies to various regulations, laws, and policies related to corporate governance, as well as selecting, nominating, and determining the external Auditor's fees. The Committee has to thoroughly review all connected transactions or transactions that may cause conflicts of interest so that they are transparent. The Committee has to evaluate and approve business plans, performance, budget, and the staffing needs of the Internal Audit Division. Reports on its performance, and important advice from the audit findings is regularly presented to the Board of Directors.

Moreover, the Audit Committee can carry out its duties, express its opinions or report on the performance as a part of its responsibilities as assigned by the Board of Directors without being under the control of the management or major shareholders, related parties or close relatives of these people. Instead, the Committee is bound to the Audit Committee Charter which has been approved in principle by the Board of Directors, and this Charter has been published through the intranet.

In 2010, the Audit Committee held four ordinary meetings and one extraordinary meetings, for a total of five meetings. The names and scope of work and responsibilities which was assigned by the Board of Directors according to the Audit Committee Charter and the attendance of directors in 2010 appears in detail in the section "Management Structure" pages 58.

Moreover, the Audit Committee Self-Assessment was conducted in 2010 according to details that appears in section "Annual Self-Assessment" on page 59. There is also a report on the performance of the Audit Committee in 2010 in detail, in section "Audit Committee's Report" on page 05.

Executive Committee

The Executive Committee was appointed by the Board of Directors, comprising reputable and upstanding individuals, knowledgeable and highly competent senior management, and at least five industry experts to be responsible for mapping out business strategies, policies, business plans and budgets for the Company. This includes managing daily work at the Company, make decisions, issue directives within its scope of authority as assigned by the Board of Directors, and monitor corporate performance so that it follows the policies and direction as planned, and provide regular performance updates to the Board of Directors.

In 2010, there was a total of 12 Executive Committee meetings (held once a month). The names and scope of authority and responsibilities as assigned by the Board of Directors and meeting attendance of each director in 2010 is listed in detail in section 10.1 "Management Structure" on pages 59-60.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was appointed at the Board of Directors meeting No. 1/2552 on 27 February, 2009. The Committee comprises the Chairman of the Board of Directors and Independent Directors who are responsible for determining the criteria and policies in selecting, evaluating and nominating suitable candidates to the positions in the Board of Directors and Committees, as well as deciding on monetary and non-monetary remuneration of each director on an individual basis, each year.

In 2010, the Nomination and Remuneration Committee met a total of three times. The names, duties and responsibilities as assigned by the Board of Directors and meeting attendance of each director in 2010 is listed in detail in Section 10.1 "Management Structure" on pages 60.

Risk Management Committee

The Board of Directors realizes the importance of developing a strong internal risk management system which is an important tool to manage the Company's operations, premised on good corporate governance, and linked to the organization's vision, mission, and objectives. The Company's risk management framework is based on the COSO Enterprise Risk Management Framework, which is supported by efforts across the organization to instill this into the corporate culture. Thus, a Risk Management Committee was first appointed by the Board of Directors' Meeting no. 1/2548 held on 3 February 2005, with additional members added over the years in order to perform their duties efficiently and effectively. The Committee consists of knowledgeable, competent, and experienced directors and senior management who are committed to achieving the objectives through coordination with senior management to push the organization forward in having a comprehensive risk management system. The areas that are covered include administrative and management risk, financial risk, operational risk, safety, occupational health risks, environmental risk, and other important risks related to the Company's business. The Risk Management Committee has to coordinate with the Audit Committee on key risks, based on their scope of authority and responsibilities that are listed in the Risk Management Charter.

Moreover, the Board of Directors has approved the policies and risk management framework for the Group on the 28 February, 2008 which will serve as guidelines to develop the Group's risk management system. Details can be found in the section "Risk Management Policies and Framework" page 62.

The Risk Management Committee first appointed a Risk Management Sub-Committee in 2008, and has revised and added members for greater efficacy. The Sub-Committee consists of experienced key members of management who can implement the duties as assigned by the Committee. The roles and responsibilities of the Sub-Committee are clearly indicated. The Sub-Committee is required to file frequent reports to the Risk Management Committee, and prepare and present an annual performance report of the Risk Management Committee to the Board of Directors, with all the information disclosed in the annual report.

There was one Risk Management Committee meeting held in 2010. The list of members, attendance and responsibilities according to the Risk Management Charter is outlined in the section "Management Structure" pages 62.

The Risk Management Sub-Committee reported its performance in 2010 to the Risk Management Committee on the 23 February, 2011.

The Risk Management Committee reported its annual performance in 2010 to the Board of Directors at the Board of Directors' meeting No. 1/2554 held on the 25 February, 2011. A summary of the details is as follows:

1. *Provide advice and counseling to the Risk Management Sub-Committee on ways to improve the risk management system in order to achieve the Group's Risk Management Policies and Framework.*
2. *Agree to disclose the Group's risk factors (proposed by the Sub-Committee) in the Form 56-1 and Annual Report (Form 56-2) in 2010.*
3. *Evaluate and acknowledge the performance of the Risk Management Sub-Committee in 2010.*
4. *Revise and appoint additional Risk Management Sub-Committee members.*
5. *Approve the direction and plans to improve the Group's risk management system.*
6. *Report on the Committee's performance in 2010 to the Board of Directors*

The Risk Management Committee is of the opinion that the Group's risk factors disclosed in the annual 56-1 forms and annual report in 2010 is complete and appropriate. Although the Risk Management Sub-Committee has worked hard and competently, the Committee feels that it was necessary to appoint additional members to the Sub-Committee for greater efficiency and efficacy. The Committee views that plans to further develop and improve GMM Grammy Plc's risk management system in 2011 are appropriate, in order to achieve and strengthen Risk Management Policies and Framework.

Corporate Governance and Ethics Committee

To support GMM Grammy Plc Group so that it operates under good corporate governance policies to ensure that the organization is effective, transparent, and inspires confidence in its shareholders, investors, stakeholders, and all related parties, as well as add value and promote sustainable growth, the Board of Directors appointed a Corporate Governance and Ethics Committee. Established in 2004, the Committee which comprises members of senior management and managers in various departments who are experienced and competent in delivering the objectives they have been assigned. The Committee has since been adjusted and expanded for greater efficacy. The Committee's roles and responsibilities are clearly outlined by the Board of Directors, and the Committee is required to report their performance to the Board on a regular basis.

The list of names, responsibilities and authority assigned to this Committee is detailed under the section "Management Structure" on pages 62-63.

In 2010, the Corporate Governance and Ethics Committee performed and completed their duties as assigned by the Board of Directors, and presented performance reports on a regular basis to the Board.

12. Responsibilities of the Board of Directors

Structure of the Board of Directors

The Board of Directors consists of knowledgeable, capable, skillful, and experienced individuals in the operation of the business, and understands their roles and responsibilities well, to enable the organization to operate effectively.

In support of good corporate governance, the Board of Directors has stipulated that the Chairman of the Board an individual who is not a Co-Chief Executive Officer, with clearly segregated responsibilities and scope of authority, as outlined in the Company's Authorization and Procedure Manual. Furthermore, the roles, responsibilities, and authority of the Board of Directors is different from that of the Management, indicated in detail in the section "Management Structure" on page 55-57. There is additional communications sent to publicize these roles and responsibilities to all directors, management, and employees on a regular basis.

Checks and Balance with Non-Executive Directors

The Board of Directors has a system that clearly divides the authority, roles and responsibilities of the Board from the Management Team. Every director has the freedom to openly express their opinions on the Company's operations, while being responsible for duties executed in accord with the law, the Company's Articles of Association, and resolutions passed at shareholders' meetings. Directors are expected to carry out their duties with integrity and protect the interests of the Company and all stakeholders. The Board of Directors has been organized with the appropriate number of directors for the scale of the Company's business. As at 31 December, 2010, the Board comprises 12 qualified members:

Executive Directors	8
Independent (Non- Executive) Directors	4 (33.33% of the Board of Directors)

Policy for Company's Directors and management who are directors in other companies

Under the recommendation of the Stock Exchange of Thailand (SET), the Company is currently revising and updating the policies related to directors and management team members who are also directors in other listed companies.

At the Annual General Meeting over the past year, the Board of Directors proposed the appointment of directors whose terms are due to expire. By law, one in three Directors of the Board are required to step down from their positions, with Directors who have been appointed the longest step down from their positions first. Directors whose terms have expired may be re-elected. However, the procedure has to be in accordance with the Public Limited Companies Act and Article 14 of the Company's Articles of Association. Therefore, the Company currently has not determined the duration of the Board of Directors' terms, because the view is that these Directors are knowledgeable, capable, and experienced individuals who have generated value to the Company and can continue to perform and fully dedicate their time and effort to the Company. Nevertheless, the appointment of each Director to the Board is made through resolution at the Annual General Meeting.

The move for the Company's Chief Executive Officer and senior management team members to serve as directors in other companies, the protocol should follow the Public Limited Companies Act B.E. 2535. In the past, the Company's Co-Chief Executive Officers and members of the senior management team are permitted to simultaneously serve as directors in companies within the Group, as necessary. This is regarded as a positive move which benefits the Group as a whole and does not affect their performance and responsibilities, as long as the decision is approved by the Board of Directors or authorized parties.

Policy setting and monitoring

The Board of Directors is responsible for setting policies and ensuring that the Company operates under good corporate governance principles, laws, and various regulations, along with efforts to care for society and the environment. The Board of Directors is jointly responsible for determining the Company's vision, mission, strategy, and objectives, as well as various policies on corporate governance. The Business Ethics and Code of Conduct Handbook outlines policies that prevent conflicts of interest, as well as policies to develop human resources and internal control systems. These rules and regulations are used as a point of reference and as a guideline to manage and operate the organization

The Board of Directors has arranged the publication of the Company's strategies, goals, vision, mission, and corporate governance policies in the "Business Ethics and Code of Conduct Handbook" and distributed it to directors, management, and employees, as well as various other channels including the intranet and the company website (<http://www.gmmgrammy.com>) so that the entire organization can apply the ideas at work, and execute individual duties responsibly, transparently, honestly, and ethically towards themselves, the organization, shareholders, and stakeholders.

Moreover, the Board of Directors carefully monitors the progress and performance of the organization's internal control and risk management systems to see whether they are sufficient for the nature of the Company's business. The Directors also provides guidelines on assessing the performance of management and operational staff, whether they are efficient and effective in delivering according to business plans and targets, according to the law, various rules issued by regulatory bodies from different departments and related authorities, and resolutions from the Annual General Meetings, to generate the greatest economic value to the business.

In 2010, the Company did not act in any way that broke rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission.

Internal Control System and Internal Audits

Internal Control System

The Board of Directors recognizes the importance of an internal control system, and has installed an internal control system that governs the financial, management and operational aspects for greater effectiveness and efficiency, in accordance with related laws and regulations, while emphasizing continuous improvement according to COSO (The Committee of Sponsoring Organizations of the Treadway Commission). The Board has set clearly written guidelines of duties and authorities for the management, as well as laying down controls and ways that the Company's assets can be used to generate the greatest benefits. To serve as checks and balances, the roles and duties of front-line operators, supervisors and evaluators are also clearly delineated. In addition, the Company ensures that there is a financial reporting system to be presented to those in the direct line of responsibility. The Board of Directors has expressed its opinion on the sufficiency of the Company and subsidiaries' internal control system on page 97.

Internal Audit

The Company's Internal Audit Department is responsible for reviewing the operation systems, as well as providing advice and opinions on the internal control system, risk management, and corporate governance. This is done so the Board of Directors can evaluate the efficiency and sufficiency of the Company and subsidiaries' internal control system. To ensure that major operations and important financial transactions of the Company and subsidiaries are conducted efficiently and that the policy and objectives set by the management have been fulfilled. The Department also reviews whether the Company abides by relevant laws and regulations, so the organization can continue to improve its process. To push the Company to excel, the Internal Audit Department has to operate according to international standards by using the COSO Internal Control Integrated Framework which is linked to the COSO Enterprise Risk Management Framework.

So that the Internal Audit Department remains independent in order to be able to fully assess and perform its duty as a checks and balances, the Board of Directors has stipulated that the Internal Audit Department report directly to the Audit Committee and perform internal auditing according to an annual plan approved by the Committee. The Department reports on the audit results and makes suggestions to the Audit Committee and Chief Executive Officer in a timely and consistent manner.

Risk Management

The Company views the importance of having risk management procedures to minimize internal and external risk factors to an appropriate and acceptable level for each business unit by actively encouraging the participation of management and employees at all levels. In 2009, the Board of Directors evaluated and approved the Risk Management Committee Charter, as well as the Risk Management Policies and Framework for the Company as proposed by the Risk Management Committee. The Board has reviewed the appointment of a Risk Management Committee, and the scope of work and responsibilities of this Committee. The Risk Management Committee will coordinate with the Audit Committee on reporting important risks and solutions to the Board of Directors and the risk management procedure. The Committee will also review the Risk Management Policies and Framework as needed, and propose the findings to the Board of Directors for approval.

Risk Management Policies and Framework

The Board of Directors is well aware of the importance of developing a risk management system that encompasses the entire organization. Therefore at the Board of Directors' meeting No. 1/2551, the Board approved of a Risk Management Policies and Framework to manage the Group's risks, effective as of 28 February, 2008. The information was publicized through the Group's intranet so the entire organization realizes its significance. The content of the announcement is summarized as follows:

The Management and all employees have to realize that one cannot avoid risks in operating a business. At work, risks may arise from carrying out duties and responsibilities or from external factors, which will affect the ability to achieve the organization's objectives. Therefore, there is a need to manage risks according to the type of business conducted. To be able to systematically manage risks, there is a need to determine the risk appetite and risk tolerance as standards in ranking key risk factors and devise measures in managing those risks that deviate from the standards or the index that measure the degree to which objectives are achieved. In order to manage risks, it is necessary to gauge the relationship between risks and benefits through different techniques and steps that form the risk management framework. By doing so, this will allow the organization to learn to identify and evaluate the risks that exist and may arise. This will enable the organization to decide on a path to manage those risks, and accept risks that can be controlled and quantified.

Risk management is everyone's responsibility, from the Board of Directors, Audit Committee, Risk Management Committee, Executive Committee, the Management Team, the Risk Management Sub-Committee, and/or related working committees, as well as employees at every level. Everyone has a responsibility in understanding the principles of risk management within the scope of each person's work, and takes the responsibility for making appropriate decisions to manage risks. The key risks and the procedure to manage them completely still requires continuous development to ensure that the ways that risk is currently managed serves as a role model in conducting business, add value to the organization, and is in line with the organization's annual goal and missions. The Risk Management Committee and senior management will play significant roles in promoting risk management within the organization.

Therefore, there will be frequent reviews and updates to the Risk Management Policies and Framework to ensure that the system suits the constantly changing corporate environment. Any changes made to the policies and framework will require agreement from the Risk Management Committee and the Board of Directors, respectively.

New Director Orientation

In order for new Directors to achieve their objectives, roles and responsibility that have been assigned, the Company has promoted and facilitated the training and education of new Directors in terms of corporate governance and the Company's business operations. The Board has assigned the Company Secretary to present information and explain the Company's business and related information such as its capital structure, shareholders, operational performance, as well as laws and regulations that are useful information for directorship such as:

- Articles of Association
- Directors' Handbook
- Roles and Responsibilities of the Board of Directors and Best Practices for Directors
- Laws pertaining to the Board of Directors, namely: the Public Limited Companies Act and the Securities and Exchange Act
- Principles of Good Corporate Governance for Listed Companies
- The Company's good corporate governance policies
- Business Ethics and Code of Conduct Handbook
- Annual reports and introductory presentations on the Company's operations
- Director Fiduciary Duty Check List
- Guidelines on Managing Information in Listed Companies
- Procedure in Reporting security (GRAMMY) acquisition and change, and probable conflicts of interest transactions of Directors, Executives, and related persons
- Director Training Courses

Moreover, the Company has arranged for new Directors to visit its operations to better understand the nature of the Company's businesses.

Developing Directors' Knowledge

The Company is well aware of the importance of augmenting its directors' knowledge, and has thus supported and facilitated their further study through training developed specifically for directors, as well as courses or seminars that are aimed at improving operational skills. The Board of Directors has assigned the Company Secretary to keep directors informed of various training courses.

As at 31 December, 2010, six members of the Board and one Executive Committee, totaling seven directors completed 14 training courses organized by the Thai Institute of Directors (IOD). Moreover, two Board members and one Executive Committee, totaling three directors completed seven training courses organized by other institutions, as follows:

Courses offered by the Thai Institute of Directors (IOD):

NAME	TITLE	COURSES ORGANIZED BY IOD
1. Mr. Sumeth Damrongchaitham	Director Executive Committee	1. Company Secretary Program (CSP) (Class 28/2551) 2. D&O Insurance: Mitigating Directors Liabilities Risk / Special Seminar (Class 3/2551) 3. Role of Compensation Committee (RCC) (Class 3/2550) 4. Director Accreditation Program (DAP) (Class 21/2547)
2. Mr. Dej Bulsuk	Director Independent Director Audit Committee	1. Director Certification Program (DCP) (Class 0/2543)
3. Mr. Weerawong Chittmittrapap	Director Independent Director Audit Committee	1. Director Certification Program (DCP) (รุ่นที่ 0/2543)
4. Miss Suwapa Charoenying	Director Independent Director Audit Committee	1. Successful Formulation & Execution of Strategy (Class 6/2553) 2. DCP Refresher (Class 1/2548) 3. Finance for Non Finance Director (Class 1/2546) 4. Director Certificate Program (DCP) (Fellow Member) (Class 1/2543)
5. Mr. Kreingkarn Kanjanapokin	Director Executive Committee	1. Financial Statement for Directors (2008) 2. Director Accreditation Program (DAP) (Class 30/2547)
6. Miss Suwimol Juengchotikapisit	Director	1. Director Certification Program (DCP) (Class 12/2544)
7. Mr. Vichate Tantiwanich	Executive Committee	1. Director Certification Program (DCP) (Class 2/2544)

Courses Organized by Other Institutions:

DIRECTOR	TITLE	COURSE/INSTITUTION
1. Mr. Sumeth Damrongchaitham	Director Executive Committee	1. Senior Management (Class 8/2552) (Capital Market Academy)
2. Miss Suwapa Charoenying	Director Independent Director Audit Committee	1. Certified Financial Planner (CFP) (Class 1/2552) (Thai Financial Planners Association) 2. TLCA Executive Development Program (EDP2) (Class 2/2551) (Thai Financial Planners Association) 3. Senior Management (Class 1/2548) (Capital Market Academy) 4. Certificate in Families Business : Generation to Generation (2004 - Harvard Business School)
3. Mr. Vichate Tantiwanich	Executive Committee	1. Certified Financial Planner (CFP) (Class 1/2552) (Thai Financial Planners Association) 2. Executive Leadership Program (2005) (NIDA - Wharton, Pennsylvania, U.S.A)

Nevertheless, the Company still encourages the Board of Directors and/Executive Committee, as well as the (new) Company Secretary to continue to enroll in training courses or participate in training seminars organized by the Thai Institute of Directors and other institutions (such as the Thai Listed Companies Association and Thai Investors Association), to augment their working knowledge.

Succession Plans

The Board of Directors sees the importance and need to support the development of a succession plan, which is one aspect of corporate strategy in managing human resources. In planning or honing potential resources at the management level to replace or support management who are promoted or transferred, as well as replace vacated key senior management positions, or those who can no longer perform their duties, will enable the Company's operations to run smoothly.

In 2010, the Company is still studying ways of developing suitable succession plans.

Board of Directors' Meetings

The Board of Directors arranged the Board meeting schedule for four ordinary meetings one year ahead of time, and extraordinary meetings are added as required. Agenda items in meetings are also determined ahead of time, and divided into clear categories such as: request for approvals, request for approvals and ratifications, request for agreement, information to be acknowledged, and issues to be evaluated and monitored. The Company has guidelines in evaluating whether an issue should be added to the agenda in a Board meeting, so that only important issues are included. Each Board member can independently propose issues to be added to the meeting agenda. The Company Secretary will issue invitation letters to the Board, complete with the agenda and related documents at least seven days before the meeting so Directors have sufficient time to study the information before attending the meetings, that mostly last one to two hours. Normally, the Chairman will open the floor up to each Director to freely voice their views, while making sure that the meeting agenda discussions are allocated a suitable amount of time for the greatest efficacy. In cases where there are Directors who have significant conflicts of interest with regards to the issue at hand, the Director will inform the meeting, and abstain from voting and expressing any opinion on that agenda item.

In 2010, the Board of Directors held four ordinary meetings and one extraordinary meeting for a total of five meetings. Individual directors' attendance appears under the section, "Management Structure" on pages 55-56.

Minutes of the meetings are recorded in detail and endorsed by the Board, and is available for inspection by the Board of Directors and related parties.

Moreover, the Board of Directors has a policy of supporting Independent Directors/Audit Committee Directors to hold meetings amongst themselves, as necessary to debate various issues related to areas of interest under their management procedure without the presence of the management.

In 2010, the Audit Committee composed of Independent Directors held one meeting with the External Auditor, which was not attended by any member of the management team.

Annual Self-Assessment

The Board of Directors' Self-Assessment

The Board of Directors organized its own Annual Self-Assessment to be used as a framework in evaluating and reviewing its own performance, revisiting problems and obstacles encountered during the course of the past year so that it can make correct and improve its efficacy. Since 2007, the Company has been using the Board self-assessment forms issued by the Stock Exchange of Thailand's Corporate Governance Center. To comply with international corporate governance practices, the assessment is divided into six categories:

- | | |
|---|---|
| 1. Structure and Qualifications of the Board of Directors | 2. Roles and responsibilities of the Board of Directors |
| 3. Board of Directors' meetings | 4. Performance as a director |
| 5. Relationship with the management team | 6. Director's personal development and development of the management team |

There are five Board Self-Assessment rankings:

5 = Excellent, 4 = Very Good, 3 = Good, 2 = Fair, 1 = Needs improvement

The Board of Directors' annual 2010 self-assessment summary is as follows:

The number of Directors on the Board is appropriate for the nature of the Company's business. The Board comprises individuals who are knowledgeable, competent, experienced, and understands the business well. One in three directors on the Board are non-executive directors. The Board is supported by committees, namely: the Audit Committee, Executive Committee, Nomination and Remuneration Committee, Risk Management Committee, and the Corporate Governance and Ethics Committee that have clearly delineated roles and responsibilities, and directors who are able to allocate sufficient time to perform their duties as the Company's directors.

The Board of Directors participates in the setting of vision, mission, strategy, goals, and consistently reviews and follows up on the Company's performance. The scope of authority in operating, evaluating and approving financial decisions are clearly set out, emphasizing the importance of accurate financial reports, adequacy of information disclosure, ensuring that there are no conflicts of interest and that all transactions are conducted on an arm's length basis. In connected transactions and transactions with conflicts of interest, directors with vested interests are prohibited from voting. The Board has cordial relations with the investigation/assessment team that pursues investigations and does not interfere with them while performing their duty.

The Board of Directors monitors that the Company has sufficient internal control and risk management systems appropriate for the business and encourages the Company to continue abiding by the SET and SEC's rules and regulations, Good Corporate Governance Policies, and the Business Ethics and Code of Conduct Manual.

Audit Committee Self-Assessment

The Board of Directors has stipulated that the Audit Committee conduct an annual self-assessment on the Committee's performance, and report the results to the Board. Moreover, the assessment allows the Committee to evaluate its performance, problems and obstacles at work during the year, in order to correct and improve its efficacy at work. The Audit Committee Self-Assessment is based on the Audit Committee Charter and the scope of its authority and responsibilities of the Committee as assigned by the Board of Directors, good corporate governance policies that were passed by resolution at the Board of Directors' meeting No. 1/2552 held on 27 February, 2009. (The resolution became effective the same day). The "Best Practice Guidelines for Audit Committee" compiled by the Stock Exchange of Thailand, the Thai Institute of Directors, and companies that were given excellent rankings in terms of good corporate governance was applied as appropriate in developing the audit assessment. The Committee is assessed in five areas:

1. Composition and Qualifications of the Audit Committee
2. Term in the position
3. Scope of authority, duties, and responsibilities (such as: financial reporting, internal controls, internal audit, selection, proposing, and appointing the Company's Auditor and Audit Fee, compliance with relevant laws and regulations, risk management, good corporate governance, reporting on the work of the Audit Committee's Performance)
4. Authority at work
5. Meetings

Results in the Audit Committee Self-Assessment is divided into three rankings:

"Performed well and appropriately", "Performed partially", and "Did not commence operations".

In 2010, the Audit Committee's Self-Assessment was: "The Audit Committee performed their tasks as assigned completely and appropriately. The Committee's duties was carried out knowledgeably, competently, within the authority granted to them, and the responsibilities as assigned according to the Audit Committee Charter, and in line with good corporate governance guidelines for Audit Committees."

Moreover, the Audit Committee summarized its key missions in terms of corporate governance, and expressed its opinion on the basis of performing their duties (Audit Committee's Report) in 2010 to the Board of Directors' meeting No. 1/2554, on the 25 February, 2011. Details can be seen in the section "Audit Committee's Report" on page 05.

Co-Chief Executive Officers' Assessment

At the Board of Directors' meeting No. 1/2553, guidelines and procedures for Co-Chief Executive Officers' assessment were approved. This was done as a part of good corporate governance and provides a standard to determine remuneration for the Co-CEOs. The Board has authorized the Nomination and Remuneration Committee to conduct the annual performance assessment, and present the results to the Board for approval. The assessment covers three main categories, namely:

1. Overview of their work (such as: management procedure, vision and leadership, planning, determining the organization's strategy, coordinating with external and internal parties, managing resources and activities so they generate benefits, and controlling, supervising, monitoring, and evaluating results)

2. Knowledge and competency in administration and operations (such as: leadership, vision, delegation, monitoring work, problem solving and decision making, creativity and taking the initiative, planning and organizing the working system, knowledge and experience on the job, discipline and systematic way of working, development and improvement at work, ability to coordinate and liaise with others at work).

3. Behavior (such as: conscientiousness at work, being responsible and punctual, considerate of others, self-sacrificing, and devotion to work, cooperative in working on social activities, and interpersonal relations).

The criteria used to assess the Co-CEOs at work can be divided into five rankings:

5 = Excellent, 4 = Very Good, 3 = Good, 2 = Fair, 1 = Needs improvement

The overall assessment, with total scores of 100% can be classified into five levels:

Greater than 95% = Excellent

90% - 95% = Very Good

80% - 89% = Good

70% - 79% = Fair

Below 70% = Needs improvement

In 2010, the Nomination and Remuneration Committee reported to the Board of Directors at the Board of Directors' meeting No. 5/2553, held on 12 November, 2009, that the overall assessment of the Co-CEOs in all three categories was: **Very Good (90% - 95%)**.

13. Board of Directors and Committee Performance Reports

Board of Directors' Report

The Board of Directors stipulated that there be an annual performance report over the past year produced for investors and stakeholders. This is to reflect the concepts of conducting business ethically and under the guidelines of good corporate governance and corporate social responsibility, so these factors become a part of corporate culture. These reports appear in the section, "Message from the Chairman and Co-Chief Executive Officers" page 04.

The Board is also responsible for the Group's consolidated financial statements (audited and certified by an external Auditor), and all communications regarding financial matters that appear in the annual report. Therefore, the Board has ruled that these financial documents be organized according to generally accepted accounting practices, by using appropriate accounting policies which are practiced on a regular basis, and to disclose sufficient key information in the notes to financial statements.

The Board of Directors has filed a "Report on the Board of Director's Responsibility towards the Financial Statements in 2010", along with the Report of Independent Auditor on page 97 of the annual report.

The Board of Directors has appointed the Audit Committee consisting of independent directors to supervise and be responsible for the quality of financial reporting and internal control systems. The opinion of the Audit Committee appears in "Audit Committee Report", page 05.

In 2010, the Company submitted financial reports on a quarterly and annual basis within the period and under guidelines of the Stock Exchange of Thailand, and did not receive any notice from the Securities and Exchange Commission to amend these financial statements.

Committee Reports

The Board of Directors has indicated that committees are required to report their performances on a regular basis at the Board of Directors' meetings and in the annual reports so shareholders are kept apprised of changes, to ensure that the committees perform their duties as assigned, and to support good corporate governance.

14. Investor Relations

The Board of Directors sees the importance of disclosing information which is correct, sufficient, transparent, credible, readily available and timely, including both financial reports and general information which may affect the decision making process of investors and stakeholders of the Company, and ensures that the disclosure is in accordance with SEC and SET guidelines and regulations. The information is disclosed through various means, such as through ELCID available on the SET website (www.set.or.th) and the Company's website (<http://www.gmmgrammy.com>) for quick and easy access.

The information disclosed for shareholders' convenience includes business profiles, financial statements, press releases, shareholding structure, organizational structure, and annual reports. The Company also posts shareholders' meeting invitation letters and supporting documents, including proxy forms and other necessary information on the Company's website (<http://www.gmmgrammy.com>) prior to sending the documents to shareholders. The information on Company's website is consistently updated. Moreover, there is a section for investors to ask questions or lodge any complaints.

As a channel of communication between the Company, shareholders and investors, investors may contact the Group's Investor Relations Department at:

Investor Relations Department, 40th Floor GMM Grammy Place, 50 Sukhumvit 21, Klong Toey Nuea, Wattana, Bangkok 10110
Telephone: 02-669-9952 and 02-669-9734 Fax: 02-669-9737 E-mail Address : ir@gmmgrammy.com

15. Investor Relations Activities

The Company's Investor Relations Department serves investors, shareholders, analysts, and the general public as the primary source of information and news about the Company's activities. In 2010, the Department organized the following activities:

1. Organized four Analyst Meetings to announce the Company's quarterly performance and new investments to investors and analysts. The meetings were held after submitting the 2009 annual report and Q1 to Q3 2010 performance figures to analysts so they can meet the Company's management.
 2. Participated once in the Stock Exchange of Thailand's "Opportunity Day" activity to clarify the Company's performance and new investments to retail investors.
 3. Led visiting MBA and BBA students from The College of William and Mary, USA through a broadcasting event and a studio tour on 12 January 2010.
 4. Guided students from the MFC Asset Management PCL's 6th MFC Talent Award program to experience a broadcasting event and a studio tour on 22 January 2010.
 5. Brought retail investors to visit the production of the sit-com "Nuea Khoo Yark Roo Wa Krai"
 6. Participated in "Thanachart Consumption Day" with Thanachart Securities PCL in providing Company information to 11 foreign institutional investors at the Four Seasons Hotel in Bangkok on 24 September 2010.
 7. Welcomed local and foreign institutional investors on 11 company visits.
- Produced 12 IR Monthly Releases; and wrote press releases for all investment related activities or important business transactions.

16. Treatment of Insider Information

The Company has committed policies and procedures on paper in accordance with good corporate governance with regards to the use of insider information. The Company's policies and stand is to prohibit the use of insider information for personal benefits of all directors, management, and employees.

The Company emphasizes the importance of safekeeping and protecting against the use of the Company's insider information. It is stated in the employment contract, working principles, corporate governance policy, Business Ethics and Code of Conduct Manual that employees shall not seek to benefit themselves or related parties by using Company information or news which is confidential and has not been released to the public, or cause actions that create conflicts of interest.

The Company will levy the maximum penalty if the member of management or employee or related parties who use this information or exhibits behavior that can cause damage to the Company.

The Company will educate and make the directors, management at all levels understand the announcement made by the Securities and Exchange Commission which indicated that members of the management (which includes their spouses and children who are minors), report their security (GMMM) acquisition and change to the Securities and Exchange Commission according to Section 59 of the Public Limited Companies Act B.E. 2535, and file an additional report to the Company Secretary every time who will in turn notify relevant parties. The penalties for violating or failing to comply with this regulation is clearly announced by the Management team, which will report on the details of shares held by the Board of Directors and the Management Team every six months at the Board of Directors' meetings. The Company has also notified all management who know inside information should not buy or sell the Company's securities one month before financial statements are publicly disclosed.

Moreover, the Company controls and protects the data via information systems that control and/or prevent outsiders from gaining access. The Company also sets the levels of employees' data accessibility according to their authority and responsibility.

In cases where external parties are involved in special projects dealing with information undisclosed to the public and is in the negotiation stage, such projects fall into the scope of insider information as the news may affect the price of the Company's securities. These external parties must sign confidentiality agreements with the Company until the information is disclosed to the SET and SEC.

The management will prepare an annual report on the effectiveness of safe-keeping and preventing the use of insider information for the Board of Directors.

In 2010, the report to the Board of Directors on the measures to safeguard and protect the Company's information indicated that it was still effective. Details on the security (GMMM) acquisition and change by directors and management are shown in the section "Management Structure" pages 64.

17. Human Resources

COMPANY	2010			2009		
	Full-time	Part-Time	Total	Full-time	Part-Time	Total
GMM Grammy	1,600	219	1,819	1,773	162	1,935
Subsidiaries	1,095	471	1,566	1,566	443	1,543
Total	2,695	690	3,385	3,385	605	3,478

Note : Full-time employees are employees whose employment contracts do not indicate the date of their employment termination.
: Part-time employees are employees whose employment contracts have clearly dates when their employment with the company ends, such as contractual employees and freelancers.
: Subsidiaries exclude Index Creative Village Plc.

As of 31 December, 2010, the Group's employees, both full-time and contract-based, are as follows:

The Group places great importance on human resources, as the corporation's operational success is a result of their efficiency and efficacy in meeting targets guided by the Company's vision. Therefore, the Company has stipulated that there be Human Resources Management Policies, as follows:

1. The Company regards each employee as a respected and honored colleague who should be well cared for.
2. The Company will ensure fair employment and offer fair career advancement opportunities.
3. The Company will operate under the basis of teamwork, where everyone works together as a single unit, and will work to build excellent morale among employees at every level.
4. The Company will develop every employee in terms of their knowledge, ability, expertise, operational and management skills as appropriate so that they can continue to advance and grow.
5. The Company will support and take good care of each employee to ensure the maximum employment tenure with the corporation.
6. The Company will promote and support employees so there is job stability in their profession with promotions being handed to those who have suitable qualities from within the ranks before seeking to fill the position with externally sourced candidates.

7. The Company will evaluate benefits and other remuneration to remain on par with other companies in the same industry, as appropriate to the position, experience, qualifications and qualities of each employee. The pay will also be in line with the Company's performance, as well as the country's socio-economic environment.
8. The Company considers managing human resources to be a duty that is directly handled by immediate superiors, and that the human resources department is to be consulted for advice. Therefore, it is the superior's responsibility to closely monitor and ensure the well-being of their staff.

The Company has drafted a set of "Company Employment Regulations" so employees are aware of the rules and regulations at work, perks, and welfare benefits the Company has provided. The handbook also includes ways to foster good working relations between employees and the Company, premised on fair practices that comply with labor laws.

Human Resource Development Policies

The Board of Directors decided that the Company should have policies that support human resource development at every level, and has compiled it in the Business Ethics and Code of Conduct Handbook. It is hoped that this handbook will improve the capabilities among employees in terms of general skills, techniques for managing work in different divisions, as well as promoting and supporting employee development by making the Company a learning center. This is achieved through organizing various activities, such as internal and off-site training courses and seminars so employees can continue to develop their thinking and expand their knowledge from experienced lecturers drawn from many professions. It is hoped that employees will be able to adapt these learnings to their own work. Moreover, the Company has established the Berg Fah Library to facilitate additional study and research, which was a result of meeting one of the Company's missions to be a learning organization. Employees are encouraged to share and exchange their knowledge and experience through the G"Blog, as well as through various newsletters and employee activities through the Intranet via ClickNews, which is a convenient means of coordinating staff from different parts of the Group. Therefore, these efforts are ways of preparing the Company's employees so they are better able to handle competition and change in the Company's businesses, and continue to loyally and ethically perform their work with great efficacy.

In 2010, the Group organized 20 internal training courses and 24 courses conducted by various institutions. Moreover, employees can access various newsletters, announcements, codes of conduct, and activities organized by the Group. Many employees frequently participate in a many Group activities such as playing games to win free tickets to watch concert, movies and theatrical performances through many different channels like the intranet (G"Blog and ClickNews), public announcement bulletins, and internal newsletters.

Determining Employee Remuneration and Benefits

Among one of the mission that the Company has listed in the "Enrich people so they are passionate and skillful in their work and enjoy a better quality of life", human capital is the Company's most valuable asset. Therefore, the Board of Directors has prescribed a set of policies and guidelines on how employee remuneration and benefits.

Remuneration

The Company's policies in determining employee remuneration are:

1. Salary and bonuses

The Group's policy in remunerating its employees is on the basis of what is appropriate and fair, according to each individuals knowledge, capability, performance, in relation to the average payscale for the industry. These payments have to be in line with the growth of the business line and Company.

2. Other Benefits

For the provident fund, the percentage of employees' and employer's contributions rate is equivalent. The rate of contribution is dependent upon the period of employment, namely:

- Less than 5 years, contribution rate is 3%
- More than 5 years, contribution rate is 5%

In 2010, total salaries, bonuses, and Employer's contributions paid for the entire Group came to:

(Unit : Baht Millions)

COMPANY	2010			
	Salaries	Bonuses	Employer's contributions	Total
GMM Grammy	565.73	132.18	18.58	716.50
Subsidiaries	516.10	125.32	18.00	659.44
Total	1081.84	257.51	36.59	1,375.95

Note : Subsidiaries exclude Index Creative Village Plc.

Employee Welfare

Improving the quality of work life requires more than offering various benefits for staff according to the law. Therefore, the Company has adjusted and increased its welfare and benefit offerings so that it better matches the Company's businesses. Some examples are: healthcare payments (in-patients, out-patients, dental, and eye care), a nurse on standby, and special activities for employee's children during school holidays (Plearn Kids), group life and accident insurance, physical check up prior to employment and annual physical checks for employees, and other types of financial and non-financial assistance (such as funds for funeral arrangements of employees, their parents, children or legal spouse, wedding arrangements, monk ordinations, and employee uniforms). These measures are to provide moral support and inspire confidence to those who work at the Company. Moreover, these benefits alleviate financial burdens and provide some measure of stability to employees and their families, and illustrates ways the Company tries to maximize employees' benefits. Therefore, the Company has written a "Welfare Handbook".

Moreover, the Company has publicised the "Company Employment Regulations" and "Welfare Handbook" through an intranet so that every employee can study, understand, and use as a reference at work as the Company constantly revises and updates the content, so it remains appropriate to the Company's business operations. The content is based on just practices and/or changes in principles, regulations, and laws of various authorities.

Moreover, the Employee Self Service (ESS) system was developed to allow employees to see information about themselves, such as personal information, employment terms, income, education, work experience, information about their parents, children, and spouse, tax deductibles, salary slips, and summaries of their annual income. Employees are allowed to make changes to information pertaining to themselves and tax deductions at all times.

In 2010, the Company has verified that these Human Resource Management Policies, Company Employment Regulations and Welfare Handbook were enforced and thoroughly implemented.

Human Rights Violations

The Board of Directors is aware of the importance of respecting international human rights, as indicated in the “Business Ethics and Code of Conduct Handbook”. The Company maintains its business practice which is carried out faithfully and honestly, transparently, and fairly. There are no barriers or discrimination due to their race, nationality, religion or gender.

The Company will treat its employees and the community with all the dignity a human being deserves; respect each individual's duties and obligations; encourage employees to work in an environment that cultivates good corporate culture and shared values where people treat their colleagues with courtesy, consideration, and form good interpersonal relations, honor others, and are united within the organization. Directors, management, and employees have to respect universal human rights and uphold these principles at work, and oppose all activities that violate these human rights.

Respecting Intellectual Property Rights or Copyrights

The Board of Directors has issued policies on copyrights and intellectual property such as trademarks and patents. The Company has a policy of supporting and respecting intellectual property rights for creative work, and giving fair value in paying for these creative works.

Moreover, the Company has regulations and rules prohibiting employees from violating copyrights or plagiarizing other people's works. Besides protecting the Company's own intellectual property and other companies', it will not breach nor promote actions of a similar nature, such as making duplicates or adapting original material in any way and broadcasting the music and pictures, or any other actions to copyright works belonging to the Company or anyone else. The Company prohibits any action that will damage its reputation or any unlawful acts related to intellectual property rights such as trademark laws, patent laws, copyright laws, other related laws, the Business Ethics and Code of Conduct Handbook, Company Employment Regulations, and various Company announcements and regulations. The Company urges its employees to strictly adhere to these rules; any violation will be considered a severe offence. Employees found guilty of these violations will be handled according to relevant regulations and laws.

In 2010, the Company cooperated with state agencies and related private sector parties in a campaign against piracy entitled “Took, Took Jai, Took Gohd Mai” (‘Cheap, Pleasing, Legal’) to raise awareness about copyrights through various activities. The slogan: “Mai Chai, Mai Khai, Mai Chai Korng Plorm” (‘Do not Buy, Do not Sell, Do not Use Fake Goods’) aims to stimulate the public to be more aware of intellectual property assets, to reduce piracy problems in the long run. The Company together with state agencies and the private sector to prevent piracy and prosecute violators. In 2010, the Company and its subsidiaries filed 1,515 cases against copyright violations.

The Company also received an honorary shield for being an organization that uses intellectual property in commercially successful ways, and promoting the owners of intellectual property and entrepreneurs to continue creating and developing new creative intellectual property.

Prohibitions against Corruption and Graft for the Company's Business Interests

In the Business Ethics and Code of Conduct, the Board of Directors has policies and procedures against corruption and paying graft to further the Company's business interests. To be fair and responsible to every stakeholder, the Company will not request or accept any assets or benefits that are dishonest towards its trade partners and/or creditors. If there is evidence that there have been requests or acceptance of assets or other benefits that are improper, the information will be immediately disclosed to the trade partners and/or creditors so the matter can be jointly resolved. This measure also encompasses requesting or receiving information that is regarded as a trade secret obtained through fraud, dishonest, inappropriate, or illegal ways.

Employees are expected to carry out their roles and responsibilities faithfully, diligently, responsibly, thoroughly, and dedicate their body and mind to their work. Employees are prohibited from involving themselves in actions or hiding actions that are in conflict with the Company's interests, or actions that obstructs them from performing their duties fairly. This also includes attempts to cover up illegal actions, such as calls for bribery or taking bribes, or deriving personal benefits from another party whose work or business is related to the Company. The only exceptions are gift giving during festive seasons which is a part of customary practice. In addition, employees should not use their positions in the Company to seek wrongful benefits for themselves and for others.

In 2010, the Company properly monitor employees, to ensure compliance with regulations and policies against corruption and graft as in the past.

Safety and Sanitation Policies

The Board of Directors is aware of the significance of providing a safe and hygienic environment for its employees in terms of ensuring that they remain physically and spiritually healthy. Employee well-being is a part of the Company's mission which is to “**Enrich** people so they are passionate and skillful in their work and enjoy a better quality of life”. Therefore, the Company has provided guidelines for occupational health and safety:

1. Develop and promote procedures that prevent dangers that may threaten employees' lives and assets. It is also necessary to encourage good healthcare so employees remain strong and healthy in mind and body, and to provide them with a better quality of life that is appropriate to each employee, trade partner, the community, and environment.
2. Comply with the safety, sanitation, and environmental laws and regulations.
3. Ensure that business operations are in a safe working environment that is appropriate for employees, trade partners, and the community.
4. Manage business units responsibly towards society and the environment with an eye to valuing, protecting, and conserving resources by reusing resources, and working efficiently.
5. Support activities related to safety, sanitation, and the environment.

The Company views it as its responsibility, as well as every employee to conscientiously and regularly abide by the guidelines listed above.

In adherence to the Ministerial Regulation on the Prescribing of Standards for Administration and Management of Occupational Safety, Health and Environment B.E. 2549 (2006), the Company has, since 2009, appointed 14 Safety Management Officers who represent various business units to propose ideas on safety measures at work for each unit. These Management Officers support, promote, monitor, the safety measures at the workplace and enforce changes and amendments to ensure the safety of all employees, as well as issue directives to staff who report directly to these Safety Management Officers.

The Company has also appointed 23 Safety Supervisors who will be responsible for ensuring that their colleagues comply by the safety standards and regulations at work, and analyse areas in their workplace that may be at risk or dangerous. These supervisors may cooperate with senior technical officers and technical officers to carry out preliminary surveys of the workplace conditions, machinery, equipment, and tools are safe before daily work commences. Safety supervisors are required to report any dangers, illnesses, or important problems arising from employees to employers, and related parties, and to always promote workplace safety.

In 2010, Safety Management Officers and Safety Supervisors performed their duties appropriately and regularly.

Moreover, the Company has organized training courses for employees. Geurt Fah Co., Ltd. (the owner of the building) coordinated with the Bangkok Fire and Rescue Department's 4th Fire Division to provide employees with an annual realistic fire safety training.

In 2010, the training for fire safety training was conducted in the Auditorium on the 21st floor of GMM Grammy Place between 16 – 17 November, 2010. The simulated fire safety practice was held on 18 November, 2010 around the building between 14.00 – 16.00.

Effective Employment of Resources

The Board of Directors realizes the importance of using resources efficiently, and to take good care of the earth. Every employee is responsible for using and conserving resources at the Company so that they are not impaired, lost, or wasted. This value is extended to society and the country as a whole. The Company has arranged for guidelines to be drawn up and campaigns in many forms are employed so that various business units and every employee will have a collective awareness of the benefits of using resources efficiently. This includes conserving the use of electricity, water, fuel, and other forms of energy at work, at home and in daily life. The guidelines for all employees such as:

Ways to Conserve Electricity

- Turn off lights and electrical appliances when they are not being used, such as turning off the air-conditioner when vacating the room for more than one hour; turning off the air-conditioner and all the lights during lunch.
- Use energy efficient appliances with the Label 5; regularly clean air-conditioner filters; set the thermostat to 25 degrees Celsius; check rooms for leaks and close the door whenever the air-conditioner is turned on; avoid storing unnecessary items in rooms that are air-conditioned.
- Use energy saving lightbulbs, electronic ballasts with slim fluorescent lights, and lights with metal reflector panels; install lights in specific places instead of turning lights on the entire room.
- Paint building interiors a light shade to increase brightness, and maximise the use of natural sunlight. Remove half the lightbulbs from fixtures where low-lighting is permissible.
- Regularly maintain and check electrical equipment and air-conditioning systems every 3 – 6 months.

Ways to Conserve Water Consumption

- Check for leaks; turn off the tap when brushing your teeth or soaping up; wash hands with liquid soap instead of bar soaps as they use less water; use water saving sanitaryware.
- Do not waste drinking water; pour just enough for your needs.

Ways to Conserve Fuel

- Carpool; call instead of travelling; call ahead before meeting; study the route well; seek shortcuts to save time and fuel; set and plan the times and routes for your trips; use facsimiles, the post office, or the internet instead of hand delivery.
- Frequently check the tyre pressure; swop the tyres at regular intervals; turn off the engine whenever the car has to be parked for long periods; check the engines frequently; do not carry excessive weight; clean and change the air filters as appropriate; change the engine oil and filters as needed; do not add automotive decorations that make the engine work harder.
- Use fuel octane suited to the car; do not set the air-conditioning to too cool a temperature; park in the shade to reduce temperatures in the car.

Ways to Conserve Energy at Work

- Use paper on both sides; send news and information through intranet/internet; use sturdy multiple use brown (unbleached) envelopes for sending information internally and externally.
- Use the stairs when going up or down one floor.
- Separate waste; use products that have reusable and/or recyclable containers.

In 2010, relevant units have begun implementing these resource saving measures and the concepts have been communicated to employees and various departments to follow, and promoted through the intranet as it has been done in the past.

As a result of the Group's determination to conserve energy within the organization and at a national level, the Company was one of the top three television program producers nominated to participate in filming the **Building Energy Award of Thailand (BEAT) 2010 project**. Organized by the Energy Policy & Planning Office, Ministry of Energy, leading buildings in the country were pitted against each other to see how well they actually conserved energy to stimulate public awareness of energy conservation. It is hoped that awareness will lead to real changes in energy use in the long-term and inspire future generations of energy conservationists. The Company hired the The Energy Efficiency Institute (Thailand) Foundation as its advisor for this project.

18. Corporate Social Responsibility

The Board of Directors upholds its intention to conduct its business under good corporate governance principles alongside corporate social responsibility so that it becomes a part of corporate culture. This is achieved by integrating the Company's vision, mission, strategy, and objectives, which will inspire confidence in shareholders, investors, and all stakeholders. It is believed that this path will allow the organization to advance while continuing to play a role in the development and promotion of education, sports, the community, society, and the environment. The Company has a policy of supporting and encouraging creative activities that are beneficial to Thai culture and tradition, the community and society as a whole. The Company will not act in any way that will damage the country's reputation, its natural resources, and the environment. It will not cooperate with or sponsor people and organizations that involved in illegal businesses, are a danger to society or the stability of the nation. The Company hopes to instill a conscience and sense of responsibility towards local communities and society as a whole amongst its employees, and will closely monitor them to ensure that they strictly abide by relevant laws as stated in the Business Ethics and Code of Conduct.

Additionally, the Company supports the local community and in other places so that they are sustainable, strong, and independent, and are able to help members within the community, so they enjoy a better quality of life and are happy living together. The Company encourages organizing various activities, or engaging employees in educational community-building activities, so they learn ways to protect the environment.

In 2010, the Group was responsible for playing important roles in many events as the manager, organizer, and sponsor of activities related to education, children and youths, disadvantaged children, society, the environment, and community-building.

Projects that Support Education

1. Damrongchaitham Foundation reached its 12th anniversary of offering educational opportunities to Thai children. Established by Mr. Paiboon Damrongchaitham, Chairman of GMM Grammy Plc, to sponsor Thai children who studied well, with strong leadership qualities and excellent conduct, but lacked financial support with annual scholarships until they graduate with a Bachelor's Degree. Details are found in the section, "Corporate Social Responsibility" on page 16.

2. Grammy raise funds to commemorate the Ministry of Commerce's anniversary
GMM Grammy Plc and artists raise funds to donate to Wisukam Foundation which offers scholarships to the Ministry of Commerce's civil servants and staff's children in honor of the Ministry of Commerce's 90th Anniversary celebrations. Details are shown in "Corporate Social Responsibility" on page 16.

3. GMM TV's "School Bus" program takes artists to visit their schools and donate scholarships
"School Bus" program by GMM Grammy TV Co., Ltd. aired on Channel 5 (Free TV) offered to take artists, stars, and singers to relive their salad days by revisiting their schools, and share memorable anecdotes of their childhood, and invite teachers and students to participate in creative activities to benefit the school, society, or financially straitened scholars, and donate funds to be used by the school for various activities. In 2010, celebrities visited 45 schools and donated a total of Baht 880,000.

4. Donate textbooks and educational media to needy schools
In 2010, companies in the Group, namely, Exact Co., Ltd., GMM TV Co., Ltd., and GMM Music Publishing International Co., Ltd. donated books, stationery, sports equipment, and instructional media to 193 destitute schools. The companies donated Baht 8 Million 1 Million and Baht 1.1 Million respectively, which came to a total of Baht 10.1 Million.

5. A-Time Media's four radio stations and Bang Channel opened their offices to students and interns
In 2010, four A-Time Media radio stations: Chill FM 89, Hot FM 91.5 Za Dohn Teen, EFM 94, and Green Wave FM 106.5 and Bang Channel opened their offices to students and interns from various public and private institutions across the nation, including youthful publicists from three Southern provinces, and disc jockeys from the Public Relations Department who were interested in learning more about producing radio and television programs. The companies welcomed more than 1,000 visitors over the past year. Moreover, DJs in A-Time Media were invited as guest lecturers on the career of a good disc jockey at universities, government agencies, and private sector institutions.

Projects and Activities for Children and Youths

These activities were initiated by the Company to support children and youths who are the most important factor for the nation's future, so it is necessary that they develop and adopt positive thinking processes and good attitudes towards themselves, those around them and society. Therefore, the Company: gives gifts on Children's Day, hosts activities for National Youth Day, organizes the Bangkok Music Awards, and various educational and cultural activities, as well as donating books, lunches, and offering moral support and birthdays for disadvantaged children. Details can be seen in "Roles and Responsibilities towards Society" on page 16.

Projects and Activities for Disadvantaged Children

1. 10 Celebrities at the "Super Star Charity Night" raise funds to assist orphans in three Southern provinces
To show that Thai people are united and still love each other, Green Wave FM 106.5 organized a "Green Fan Club: Super Star Charity Night" concert attended by numerous artists and DJs on the 29 May, 2010 at the Aksara King Power Complex. Proceeds net of dinner and expenses amounted to Baht 350,000 was presented to the "Tai Fah Diew Gan" Project. The funds will be used to support orphans from the civil unrest in the three Southern provinces.

2. Green Wave FM 106.5 DJs and Artists Exchange Hugs for Warm Clothing
On the 27 November, 2010, Green Wave FM 106.5's Green Fan Club invited artists and DJs to Central Rama II to participate in "Kord Nee Oon Tueng Nong" ('This Hug Reaches The Little Ones'). Celebrities sold hugs to raise funds for charity. The proceeds and donations were sufficient to get 3,500 new warm coats for impoverished children in Nong Khai province.

Social Projects and Activities

1. "Green Charity Fair" – Celebrities make merit with 16 Charity Foundations
Green Wave FM 106.5 organized its annual "Green Charity Fair" at Central Pinklao on the 10 November, 2010. Movie stars, singers, and actors brought their personal belongings for an auction, sold food from stalls, sold secondhand goods, and played games at booths, which raised Baht 400,000 for 16 foundations. The day rounded off with a mini-concert staged by artists at Central Plaza Pinklao.

2. Green Concert No. 13: 7 Divos for seven special women

Green Wave FM 106.5 held its annual charity concert on the 21 and 22 August, 2010, “Green Concert No. 13: Seven Divos” at the Royal Paragon Hall. The concert assembled seven renowned male singers: Kong Saharat, Kob Songsit, Pod Modern Dog, Ben Chalatit, Pop Calories Blah Blah, Aof Pongsak, and Wan Thanakrit. Proceeds from selling tickets for the final dress rehearsal, souvenirs at the concert, and donations from concert goers amounting to Baht 5,470,000 was donated to seven special women who devoted their lives to society and now require assistance.

3. Green Wave audiences cut their hair for a new look, to support cancer patients

Green Wave FM 106.5 organized an event through its Green Fan Club on the 25 September, 2010 at Rama II Central Plaza. More than 200 Green Wave listeners joined by DJ Pi Oy Napaporn, DJ Un Puwanart, and DJ Kesrin made waves in this merit making event, “Look Good Feel Good”. Locks shorn by professional celebrity hairstylists such as Somsak Chalachol, Mark Tawin, and Tony Rakkaen are donated to Chulabhorn Hospital’s Quality of Life Centre, to produce wigs for cancer patients who have lost their hair from chemotherapy. Participants at the event whose hair does not reach seven inches can assist by donating wigs and funds to the Foundation. A total of 297 participants donated their hair, while another 31 wigs were donated along with Baht 62,588.

4. A-Time organizes “Hai Baan, Hai Cheewit” charity drive to assist disaster victims

A-Time Media Co., Ltd. joined hands with Habitat for Humanity (Thailand) organized a charity drive “Hai Baan, Hai Cheewit” (“Give a Home, Give a Life”) which was broadcasted live through Green Channel, and all four A-Time Media radio stations: Chill FM 89 / Hot FM 91.5 / EFM 94 / Green Wave FM 106.5. Donations were earmarked to restore and repair homes that were damaged by disasters throughout the country. On the 29 November, 2010, artists gathered at GMM Grammy Place to take call-in donations, and performed special shows, bringing in total donations of Baht 902,605.

5. “Grammy Channel” joins hearts in “Reviving” Disaster Victims in the South

Grammy Channel and Hat Yai Cable 93, along with public and private agencies in Hat Yai, Songkhla province, organized a “Mahakam Ruam Palang Ruam Jai Khon Thai Chuay Gun” provide moral support to those who suffered from floods with donations of necessities. There were also call-in donations to many Grammy artists and celebrities who manned the telephones.

6. Blood Drive

The Company organized its annual blood drive with employees, Srinakarin University and various organizations, the local community, and the general public. Moreover, Green Wave FM 106.5 continued to help publicize the event at public and private sector events, to encourage participants to join in situations where signification donations are needed such as during periods of civil unrest, accidents, and natural disasters.

Throughout 2010, the Blood Drive occurred four times, on 24 February, 24 May, 23 August and 23 November with a total of 901 blood donors.

Environmental Projects and Activities

1. DJ Teb – DJ Bam: “Refresh the Sea” with Green Fan Club at Bang Saen

Green Wave FM 106.5 organized a “Refresh the Sea” activity for its Green Fan Club which is an educational trip on marine conservation in Bang Saen beach, Chonburi Province from 13 – 14 November, 2010. The program started with a lesson on making useful microbes from Ajarn Yak, Chairman of Agri-Nature Foundation, an expert who was the first person to create these microbial masses from sea mud, rice bran, organic fertilizers, and organic herbal enzymes. The mixture is fermented anaerobically for at least three months. The resultant microbial masses are tossed along the beach to improve the clarity of the water. Thereafter, the group took a cultural tour at the Talad Nam See Park (Four Regions Floating Market) which was built to illustrate floating markets from Thailand’s four regions.

2. COCKPIT and “Kui Gun Frank – Frank” (talkshow program) organizes “Love your Car, Love the World”

“Kui Gun Frank-Frank” talkshow on Acts Channel and COCKPIT invited The Star singers to participate in environmental activities in three places with the cooperation of local communities: mangrove planting in Samut Sakorn province on the 30 October, 2010, planting fan palms at Thap Lan National Park in Nakorn Ratchasima province on the 6 November, 2010, and planting coral at Tian Talay Beach, Sattahip Naval Base in Chonburi province on the 13 November, 2010.

Throughout 2010, the Company has campaigned and educated its employees about various environment and energy conservation issues through intranet newsletters and activities organized by the Group. The information and details on the Group’s social contributions can be found in the section, “Roles and Responsibilities towards Society” on page 16.

CONNECTED TRANSACTIONS

1. Parties which may have conflicts of interest that have entered into connected transactions with the Company and its subsidiaries

In 2010, the Company and its subsidiaries entered into connected transactions with the Company and connected persons where conflicts of interest may have occurred. These included both transactions which were the normal course of business by the Company and subsidiaries, and transactions which were not. Business groups that conducted connected transactions are divided into 3 categories as follows:

A) The Group

The Group comprises GMM Grammy PCL. ("the Company") and subsidiaries of the Company.

Details of the Group are as follows:

COMPANY	BUSINESS TYPE	% HOLDING BY THE COMPANY (AS AT 31 DECEMBER 2010)
GMM Grammy Public Company Limited	Complete one-stop music business: creates and produces various types of music products and in digital formats, collects music copyrights, manages artists, organizes concerts and production of satellite television programmes.	-
Subsidiaries Directly held by the Company		
MGA Company Limited	Rent equipment and accessories	100 %
Music Copyright Collection Company Limited	Currently inactive	100 %
GMM Media Public Company Limited	Produces radio programs	99.89 %
Extraorganizer Company Limited	Currently inactive	100 %
Upper Cut Company Limited	Currently inactive	100 %
GMM Music Publishing International Company Limited	Manage music copyrights	100 %
Global Music and Media (Thailand) Company Limited	Currently inactive	100 %
More Music Company Limited	Currently inactive	100 %
Aratist Management Company Limited	Currently inactive	100 %
GMM Holdings Company Limited	Invest in other companies	100 %
GMM Thai Hub Company Limited	Produces and distributes television programs	51 %
Tifa Company Limited	Currently inactive	100 %
Clean Karaoke Company Limited	Manages Karaoke Booths	100 %
Lucks Music 999 Limited	Currently inactive	50 %
3-RD Company Limited	Providing customer service via telephone	70 %
G-Gram Company Limited	Manage artists	50 %
GR Vocal Studio Company Limited	Music academy	50 %
Subsidiaries held by GMM Media Public Company Limited		
A - Time Media Company Limited	Subleases radio stations	100 %
Radio Concept Company Limited	Currently inactive	100 %
Open Radio Company Limited	Currently inactive	100 %
Exact Company Limited (49% held by Mass Monitor Company Limited)	Produces television programs	51 %
GMM TV Company Limited	Produces television programs	100 %
Mass Monitor Company Limited	Investments in other companies	100 %
Teen Talk Company Limited	Currently inactive	100 %
Deetalk Company Limited	Produces television programs	100 %
Bliss Publishing Company Limited	Produces and distributes books	100 %
Image Publishing Company Limited	Produces and distributes magazines	70 %
GMM Inter Publishing Company Limited	Produces and distributes magazines	70 %
GMM Times Company Limited	Produces and distributes magazines	70 %
In Publishing Company Limited	Produces and distributes magazines	70 %
Index Creative Village Public Company Limited (Formerly known as "Index Event Agency Public Company Limited")	Events organizer for all forms of marketing	50 %

COMPANY	BUSINESS TYPE	% HOLDING BY THE COMPANY (AS AT 31 DECEMBER 2010)
<u>Subsidiaries held by GMM Holding Company Limited</u>		
GMM Studio Company Limited	Provider of studio related services	100 %
Sanamluang Garndontree Company Limited	Currently inactive	100 %
Mifa Company Limited	Music academy	100 %
GMM Digital Domain Company Limited	Currently inactive	100 %
Magic Film Company Limited	Currently inactive	90.91 %
Grammy Publishing House Company Limited	Distribute educational publications and media	100 %
Global Music and Media (China) Limited (Registered in Hong Kong)	Currently inactive	100 %
GMM Fitness Club Company Limited	Manage fitness center	100 %
<u>Subsidiary held by GMM Digital Domain Company Limited</u>		
Digital Arms Company Limited	Provider of digital content	100 %
<u>Subsidiary held by GMM Music Publishing International Company Limited</u>		
G.I.P. Management Company Limited	Currently inactive	100 %
<u>Subsidiaries held by GMM Tai Hub Company Limited</u>		
Sawasdee Taweek Company Limited	Designs productions, coordinate with media, advertisers and films; PR service for films	100 %
Phenomena Motion Pictures Company Limited	Produce and distribute films	51 %
<u>Subsidiary held by Exact Company Limited</u>		
Acts Studio Company Limited (50% held by Scenario Co., Ltd., an associate)	Lease of studio	50 %
<u>Subsidiary held by Image Publishing Company Limited</u>		
Image On Air Company Limited	Production of television programmes and business events advisor and organizer	100 %
<u>Subsidiary held by A - Time Media Company Limited</u>		
A Gen Event Agency Company Limited	Business events advisor and organizer	70 %
<u>Subsidiaries held by Index Creative Village Public Company Limited (Formerly known as "Index Event Agency Public Company Limited")</u>		
Event Solutions Company Limited	Provide equipment for entertainment at events	100 %
Tresbien Company Limited	Personal event organizer – decorations and equipment for all types of events	100 %
Media Vision (1994) Company Limited	Colour, lights, sound systems equipment rentals	51 %
G Communications Company Limited	Public relations and organizer for all types of exhibitions	50 %
Inspire Image Company Limited	Design, produce and remove posters and media that supports sales	60 %
I Think Ad Company Limited	Consultant for creative advertising and public relations	40 %
D-63 Company Limited	Design and set up stage backdrops	50 %
Index Creative Online Company Limited	Consultant and designer, producer and adjusts Websites/Flash Media	70 %
<u>Subsidiary held by Event Solutions Company Limited</u>		
Aspen Index Event Company Limited (Based in United Arab Emirates)	Events advisor and organizer in the Middle East	50 %

CONNECTED TRANSACTIONS

COMPANY	BUSINESS TYPE	% HOLDING BY THE COMPANY (AS AT 31 DECEMBER 2010)
<u>Subsidiaries held by Index Creative Village Public Company Limited (Formerly known as “Index Event Agency Public Company Limited”)</u>		
Joint Venture I D 2	Design, construct and manage exhibition halls in	67 %
Joint Venture Fast Track World Expo Tours	Thailand OR Thai-style exhibition halls Tourism business	50 %

B) Associated Companies

COMPANY	BUSINESS TYPE	% HOLDING BY THE COMPANY (AS AT 31 DECEMBER 2010)
<u>Associated company held by the Company</u>		
Family Know How Company Limited	Produce television programs and publishing media	50%
<u>Associated companies held by GMM Media Public Company Limited</u>		
Scenario Company Limited	Produce television programs and theatrical productions	25%
Channel (V) Music (Thailand) Company Limited	Produce television programs	25%
Lucks Satellite Co., Ltd.	Production of satellite television programs	25%
<u>Associated company held by GMM Tai Hub Company Limited</u>		
Na Dao Bangkok Company Limited	Produces films and provides marketing services	30%
<u>Subsidiaries held by Index Creative Village Public Company Limited (Formerly known as “Index Event Agency Public Company Limited”)</u>		
Blue Media Communications Company Limited	Design, produce and distributes print media and other media	40%
<u>Associated company held by Media Vision (1994) Company Limited</u>		
Encore Company Limited	Organize and provide marketing related services	37%

C) Related Companies through Common Directors

COMPANY	TYPE OF BUSINESS	RELATIONSHIP
Hou Yuu Company Limited	Japanese restaurant	<ul style="list-style-type: none"> - Mr. Paiboon Damrongchaitham, a Director of the Company, is also a Director with signing authority at Hou Yuu Company Limited - Mr. Paiboon Damrongchaitham, the major shareholder of the Company, is a major shareholder (46.20%) of Hou Yuu Company Limited - Mr. Chai Nasyavanta who is an Independent Director and a member of the Company's Audit Committee holds 4% shares in Hou Yuu Co. Ltd.
Hou Yuu Central World Company Limited	Japanese restaurant	<ul style="list-style-type: none"> - Mr. Paiboon Damrongchaitham, a Director of the Company, is also a Director with signing authority at Hou Yuu Central World Company Limited - Mr. Paiboon Damrongchaitham, a major shareholder of the Company and a shareholder of many subsidiaries, is a major indirect shareholder (48.50%) of Hou Yuu Central World Company Limited

COMPANY	TYPE OF BUSINESS	RELATIONSHIP
Geurt Fah Company Limited	Property rental and related services	<ul style="list-style-type: none"> - Mr. Paiboon Damrongchaitham, a Director of the Company, is also a Director with signing authority at Geurt Fah Company Limited - Mr. Paiboon Damrongchaitham, a major shareholder of the Company and shareholder of many subsidiaries, is the largest shareholder of Geurt Fah Company Limited with 99.99% holdings
Ruam Fah Company Limited	Property rental and related services	<ul style="list-style-type: none"> - Mr. Paiboon Damrongchaitham, a Director of the Company, is also a Director with signing authority at Ruam Fah Company Limited - Mr. Paiboon Damrongchaitham, a major shareholder of the Company and shareholder of many subsidiaries, is the largest (99.99%) shareholder of Ruam Fah Company Limited
Se-Education Public Company Limited	Produces books and technical publications, serves as a distribution and sales channel, and operates Se-Ed Book Center and its network	<ul style="list-style-type: none"> - Mr. Suwat Damrongchaitham is a Director of the Company's many subsidiaries, is also a Director of Se-Education Public Company Limited
Damrongchaitham Foundation	Support and develop educational and cultural aspects in youths	<ul style="list-style-type: none"> - Mr. Paiboon Damrongchaitham is a Company Director, and the Foundation's Chairman
UStar (Thailand) Ltd.	Distribute cosmetics	<ul style="list-style-type: none"> - Mr. Paiboon Damrongchaitham, a Company Director and shareholder in many of the Company's subsidiaries, is a major shareholder owning 32.93% of UStar (Thailand) Ltd.
Jaktranubhab Limited Partnership	Property rental and other on-site services	<ul style="list-style-type: none"> - Mr. Kamron Pramroj na Ayutthaya , the shareholder and director of subsidiary, is the managing partner of Jaktranubhab Limited Partnership
CCC Business Development Company Limited	Provides training and seminars	<ul style="list-style-type: none"> - Mr. Dej Bulsuk, an Independent Director and a member of the Company's Audit Committee, is the largest shareholder (94% holdings) and a Director with signing authority at CCC Business Development Co. Ltd.
Methee 1 Company Limited	Produces and directs theatrical plays on radio, television. Produces magnetic picture and sound recordings.	<ul style="list-style-type: none"> - Mr. Takonkiet Viravan, a Director of the Company, is Methee 1's largest shareholder (99.95%) and its Chairman.

2. Characteristics of Connected Transactions

The Company creates and produces music, distributes music products including digital music, organizes concerts, manages its artists, and satellite television business. Many of the Company's subsidiaries operate a variety of media businesses to support the core business. Therefore, there are many connected transactions between the Company and its subsidiaries, as well as with the Group, associated companies and related companies with common directors. Connected transactions can be divided into 2 major categories, as follows:

- Transactions which are the normal course of business consists of revenue from the sale of music products and copyrights, production and distribution of motion pictures, advertising fees, public relations and sales promotions, profit sharing from tape sales, studio rental services fees, artist management fees, production fees, rental of radio stations, concert production services fees and event organization fees.

- Transactions which are not the normal course of business such as rental of office space, loans to subsidiaries, shared administrative management fees, professional fees, and purchase of assets which are not related to the Company's normal course of business.

Connected transactions between the Group and Related Companies with Common Directors, which are the normal course of business

Parties that may have conflicts of interest	1) Se-Education Public Company Limited (Produces books and technical publications, serves as a distribution and sales channel. Operates Se-Ed Book Center network)	Relationship shown in 1 C)
	2) UStar (Thailand) Ltd. (Distributes cosmetics)	Relationship shown in 1 C)
Types of Transaction	The Company's revenues consists of: 1) Selling pocket books 2) Advertisement fees for cosmetics	
Total Consideration	Baht 21.55 million is the determined at cost plus gross profit (divided into the Company's revenue of Baht 7.18 million and the subsidiaries' revenue of Baht 14.37 million.)	
Outstanding Accounts Receivables	As at 31 Demcember 2010, the amountt is Baht 20.17 million (The Company is trade creditor owed Baht 18.04 million while its subsidiaries are owed Baht 2.13 million)	
Opinion of the Audit Committee	<u>The Audit Committee has the opinion that revenues based on cost price plus gross profit is according to the normal course of business; the Audit Committee has the opinion that such price setting is reasonable and fair.</u>	
Parties that may have conflicts of interest	1) Hou Yuu Company Limited (operates a Japanese restaurant)	Relationship shown in 1 C)
	2) Hou Yuu Central World Company Limited (operates a Japanese restaurant)	Relationship shown in 1 C)
	3) Geurt Fah Company Limited (Property rental and related services)	Relationship shown in 1 C)
	4) Methee 1 Company Limited (Produces and directs stage plays, and produces magnetic sound and picture recordings)	Relationship shown in 1 C)
Types of Transaction	Service related expenses for the Company consists of: 1) Food expenses for entertainment and meetings 2) Utilities, parking fees and parking space 3) Fees for artists, creative agency, share of copyright	
Total Consideration	Baht 46.34 million is the mutually agreed upon price (divided into the Company's service expenses of Baht 24.87 million and subsidiaries' service expenses of Baht 21.47 million.)	
Outstanding Accounts Payable	As at 31 December 2010, the amount is Baht 6.66 million (Company's accounts payable of Baht 3.89 million and subsidiaries' accounts payable of Baht 2.77 million)	
Opinion of the Audit Committee	<u>The Audit Committee has the opinion that production fees, directing theatrical productions and other expenses are determined by market rates and contract prices that are also based on market levels according to the normal course of business; the Audit Committee has the opinion that such price setting is reasonable and fair.</u>	

Connected transactions between the Group and Related Companies with Common Directors, which are the normal course of business (continued)

Parties that may have conflicts of interest	1) Damrongchaitham Foundation (Support and develop educational and cultural aspects in youths)	Relationship shown in 1 C)
	2) CCC Business Development Company Limited (Training and seminars)	Relationship shown in 1 C)
Types of Transaction	These companies are the Company's creditors for: 1) Taking deposit of books and delivering them to donors 2) Purchasing products such as CDs for distribution and sale.	
Outstanding Accounts Payable	As of the 31 December 2010 the amount is Baht 3.99 million (Creditors of the Company are owed Baht 0.96 million and Subsidiaries' creditors are owed Baht 3.03 million)	
Opinion of the Audit Committee	<p>- <u>The Audit Committee has the opinion that accepting book donations for further delivery to donors, for an administrative fee from sales is the normal course of business, There fore the Audit Committee is of the opinion that the conditions are reasonable and fair.</u></p> <p>- <u>The Audit Committee has the opinion that the purchase of CDs for distribution and sale based on prices that are agreed upon between buyer and seller is in the normal course of business. Therefore the Audit Committee is of the opinion that the conditions for trade are reasonable and fair.</u></p>	

Connected transactions between the Group and Associated Companies, which are the normal course of business

Parties that may have conflicts of interest	1) Scenario Company Limited (Produce television programs and theatrical productions)	Relationship shown in 1 B)
	2) Channel (V) Music (Thailand) Company Limited (Produce television programs)	Relationship shown in 1 B)
	3) Encore Company Limited (Organize and provide marketing related services)	Relationship shown in 1 B)
	4) Na Dao Bangkok Company Limited (Produces films and provides marketing services)	Relationship shown in 1 B)
	5) Family Knowhow Company Limited (Produce television programs and publishing media)	Relationship shown in 1 B)
Types of Transaction	1) Selling products 2) Producing television programs that generate revenue from advertisement sales 3) Organizing concerts and staging theatrical performances 4) Commissions to produce programs, equipment sourcing service fees, and other services. 5) Marketing Consulting fees 6) Other revenue	
Total Consideration	In the amount of Baht 35.29 million. Price is set at actual cost of production and operations plus profit. (Revenue belonging to the Company is Baht 6.43 million and Baht 28.86 million goes to its subsidiaries)	
Outstanding Accounts Receivable	As of 31 December 2010 the amount is Baht 4.61 million (The Company is a trade creditor owed Baht 0.54 million while its subsidiaries are owed Baht 4.07 million)	
Opinion of the Audit Committee	<u>The Audit Committee has the opinion that revenues derived from advertisements in producing television programs, determined by using the cost of production and operation plus a profit is according to the normal course of business. The Audit Committe has the opinion thatsuch price setting is reasonable and fair.</u>	

Connected transactions between the Group and Associated Companies, which are the normal course of business (Continued)

Types of Transaction	Service fees, consisting of: 1) Cost of advertisement spots on television and sponsorship fees. 2) Share of copyrights from the sale of television programs such as dramas and drama soundtracks on tapes, CDs and VCDs. 3) Media operating costs and rental expenses to produce programs. 4) Operating costs of sourcing equipment related to light, sound and picture 5) Operating costs in sourcing artists 6) Fees for program hosts
Total Consideration	The amount is Baht 276.30 million. The price is determined on the basis of the quality of the work and services rendered, where the final price depends on negotiations between the service recipient and service provider. (The Company's cost of services is Baht 12.24 million and Baht 264.06 million to its subsidiaries).
Trade creditors with outstanding investments payable	As of 31 December 2010, Baht 81.33 million (These companies are trade creditors of the Company and its subsidiaries at Baht 0.54 million and Baht 80.79 million respectively)
Opinion of the Audit Committee	<u>The Audit Committee has the opinion</u> that these service expenses are based on market rates and contract prices that are also based on market levels, is according to the normal course of business; <u>the Audit Committee has the opinion</u> that such price setting is reasonable and fair.

Connected transactions between the Group and Related Companies with Common Director

Parties that may have conflicts of interest	Director of the Board and Executive Committee Director Paiboon Damrongchaitham Chairman of the Advisory Board and Chairman of the Board of Directors										
Types of Transaction	Cash Advances : Cash advances for the Company's directors is used in conducting business on behalf of the Company, so there is no interest charged on these advances.										
Total Consideration	<table> <tr> <td>31 December 2010 for the following amount</td><td>(Baht million)</td></tr> <tr> <td>Company</td><td>4.57</td></tr> <tr> <td>Subsidiaries</td><td>-</td></tr> <tr> <td>Minus long-term outstanding advances</td><td>(4.57)</td></tr> <tr> <td>Advance Payments – net</td><td><u>-</u></td></tr> </table> <p>Note: Cash advance payments are cash reserves used to pay for operations that are the normal course of business. In some activities or projects a considerable amount is require and over a duration exceeding one year, which may pose a risk if employees are held responsible for the sums. The long-term outstanding advances are due to the partial usage of these funds on par with petty cash, which is then reimbursed whenever payments are made. However, this outstanding advance has reduced from the previous year. Therefore, the outstanding funds will seem to have no movement on the day the accounts are closed. The Company will evaluate and set the reserves in accordance with the conservative accounting standards by controlling and monitoring these cash advance payments, and review the company's regulations to support the operational needs and possible changes in each line of business.</p>	31 December 2010 for the following amount	(Baht million)	Company	4.57	Subsidiaries	-	Minus long-term outstanding advances	(4.57)	Advance Payments – net	<u>-</u>
31 December 2010 for the following amount	(Baht million)										
Company	4.57										
Subsidiaries	-										
Minus long-term outstanding advances	(4.57)										
Advance Payments – net	<u>-</u>										
Opinion of the Audit Committee	<u>The Audit Committee is of the opinion</u> that cash advances to the Company's directors were used for used for businesses related to the Company, <u>therefore no interest charged on such cash advances is reasonable.</u>										

Connected transactions between the Group and Related Companies with Common Directors (Continued)

Parties that may have conflicts of interest	Directors in the Company and its subsidiaries who are skilled in composing music, serving as program hosts, directing and writing scripts.
Types of Transaction	The Group paid copyright fees, program host fees, director's fees and screenwriter's fees to these Directors.
Total Consideration	Amount of Baht 0.87 million. Prices are determined by the unit cost of products/goods sold at market prices. Prices also depend on the quality and services received. The final service fee will depend on negotiations between the companies receiving the services and service providers (divided into Company's expense of Baht 0.84 million and subsidiaries' expense of Baht 0.03 million)
Trade creditor and outstanding investments payable	As of 31 December 2010, Baht 0.71 million (The Company owes this entire amount)
Opinion of the Audit Committee	<u>The Audit Committee has the opinion that</u> composing songs and providing other services by the Company's Directors who possess extensive expertise and experience in the business has benefited the Company. Therefore, fees to compose music and other services depends on many factors such as the scope and complexity of the work, creativity, reputation and experience of the service provider. The Company has taken these factors into consideration in setting the preliminary price, but the final price depends on negotiations between the customer and service provider. The Audit Committee has the opinion that setting prices by taking into consideration the scope and level of difficulty of the work, and the creativity, reputation and experience of the service provider, as is commonly practiced in the entertainment business, is reasonable and fair.

Connected transactions that are not the normal course of business between the Group and Related Companies with Common Directors

Lessee:	The Group
Lessor (Company or Individual that may of Conflicts of Interest)	Geurt Fah Company Limited
Relationship :	<ol style="list-style-type: none"> 1. Mr. Paiboon Damrongchaitham is a director of the Company and is also a Director at Geurt Fah Company Limited 2. Mr. Paiboon Damrongchaitham who is a major shareholder of the Company and holds shares in many subsidiaries, is also a major shareholder of Geurt Fah Company Limited
Characteristic of connected transaction :	The Group rents a 43 storey office building, located at 50 Asoke Road (Sukhumvit Soi 21), Klongtoey Nuea, Wattana, Bangkok from Geurt Fah Company Limited
Size of rented space :	Approximately 30,200 sq.m. on floors 2-3, 5-6, 9-14, and 16-43, accounting for 78% of total rental space
Contract tenure :	3 years (from 1 May 2010 to 30 April 2012), where the lessee can renew the lease another 3 times, for a period of 3 years each time
Rental and service rates :	Increased by 15% from original rental and service rate of Baht 304.18 per sq.m. per month to Baht 350 per sq.m. per month
Price setting policy :	In compliance with the original contract conditions of having renewal options every 3 years at market rates, except for the first rental renewal, where the rental and service rates increase cannot exceed 15%
Total rent and service fees that the Group pays to Geurt Fah in 2010	Baht 127.96 million (The rental and service fees from the Company in the amount of Baht 76.59 million and subsidiaries in the amount of Baht 51.37 million)
Total consideration :	Approximately Baht 408 million throughout the 3 year period (excluding VAT and related taxes)
Opinion of the Audit Committee :	<u>The Audit Committee has the opinion that the rental rate which the Company and subsidiaries paid to Geurt Fah Company Limited in the amount of Baht 350-397 per sq.m. per month is reasonable and fair.</u> This rate is in the range of market rental rates, between Baht 400 – 600 per sq.m. per month, according to an appraisal report by Siam Appraisal and Services Company Limited, which is an independent appraiser on the SEC's approved list.

Connected transactions that are not the normal course of business between the Group and Related Companies with Common Directors (continued)

Lessee :	Image Publishing Company Limited
Lessor (Company or persons which may have conflict of interest) :	Jaktranubhab Limited Partnership
Relationship :	As lessee: Mr. Kamron Pramroj na Ayutthaya is a director and member of the management team of the Company's subsidiary As lessor: Mr. Kamron Pramroj na Ayutthaya is the managing partner of Jaktranubhab Limited Partnership
Characteristic of connected transaction :	Image Publishing Company Limited rents an office building located at 217/7 Sukhumvit 63 (Ekamai), Sukhumvit Road, Wattana, Bangkok from Jaktranubhab Limited Partnership
Size of rented space :	Approximately 1,440 square meters
Contract tenure :	3 years (from 1 January 2009 – 31 December 2011) with plans to adjust rent at the end of the third year.
Rental and service rate :	Baht 250 baht per sq. m. or Baht 360,000 per month
Price setting policy :	Conventional conditions according to market rates
Rent paid by the Group to Jaktranubhab Limited Partnership in 2010 :	Baht 4.32 million (Entire amount is for the Company's subsidiary's rent and services)
Total consideration :	Baht 12.96 million for the 3 year period (excluding VAT and other related taxes)
Opinion of the Audit Committee :	<u>The Audit Committee has the opinion that the rental rate of 250 baht per sqm per month which Image Publishing Company Limited paid to Jaktranubhab Limited Partnership is reasonable and fair.</u> Such a rate is comparable with average office rental rates in the vicinity.

Lessee :	Mifah Company Limited
Lessor (Company or persons which may have conflict) :	Ruam Fah Company Limited
Relationship :	As lessee: Mr. Paiboon Damrongchaitham is a major shareholder and holds a Director position in the Group As lessor: Mr. Paiboon Damrongchaitham is a major shareholder and a Director of Ruam Fah Company Limited
Characteristic of connected transaction :	Mifah Company Limited rents an office building located at 59/1 Sukhumvit 39, Wattana, Bangkok from Ruam Fah Company Limited and land title deed (chanote) No. 4263, Land No. 488 on survey page 969, Klongton Sub-District, Phrakonong District, Bangkok from Ruam Fah Company Limited
Size of rental space :	Approximately 1,336.21 sqm office space on a 1 rai 84 wah plot of land
Contract tenure :	3 years from 26 August 2008 – 25 August 2011, subject to extensions every 3 years and has the right to extend the rental contract until 2011
Rental and service rate :	Rent and related service fees of Baht 0.22 million per month
Price setting policy :	Conventional conditions according to market rates
Rent that the Group paid to Ruam Fah Company Limited in 2010 :	Baht 1.95 million (The Company's rent and services amounted to Baht 0.33 million and its subsidiaries payments were Baht 1.62 million)
Total consideration :	Baht 7.93 million over the 3 year term
Note :	Mifah Company Limited currently inactive
Opinion of the Audit Committee :	<u>The Audit Committee has the opinion that the rent and service rates which Mifah Company Limited paid to Ruam Fah Company Limited is charged in line with market prices. Therefore, the Committee regards this agreement as reasonable and fair.</u>

CORPORATE GOVERNANCE REPORT

GMM GRAMMY PUBLIC COMPANY LIMITED

The Board of Directors strongly believes in ethical business practices, sound corporate governance, and corporate social responsibility, which are firmly embedded in the organization's corporate culture. This is achieved by integrating the organization's vision, duties, strategies and goals in the same direction, to inspire confidence to shareholders, investors, and stakeholders, so the Company will continue to prosper alongside its contributions to the development and support of education, society, and the environment.

The Board of Directors has appointed five committees namely the Audit Committee, Executive Committee, Nomination and Remuneration Committee, Risk Management Committee, and the Corporate Governance and Ethics Committee. The Corporate Governance and Ethics Committee was appointed in 2004 to ensure the Company complies with good corporate governance practices and conscientiously observes these principles. As of 31 December 2010, this Committee has 10 members. Nevertheless, at the board of Directors meeting No. 1/2011 held on 25 February 2011, there was a resolution passed to revise and appoint a new Corporate Governance and Ethics Committee comprising 11 qualified members.

Since 2005, the Group has announced the adoption of Corporate Governance Policies, paying close attention to the roles and responsibilities of the Board of Directors, Committees, and the rights of shareholders, especially equitable treatment of every shareholders, and taking care of the interests of various stakeholders. This is done by transparent disclosure of information, showing all connected transactions, monitoring for insider informations, internal controls and risk management and practicing business ethically. These measures are frequently revised and updated as appropriate to changing circumstances and policy guidance from the Stock Exchange of Thailand or other regulatory bodies. The Company has issued a portable concise and easy to understand policy handbook, and has broadcasted the information on the intranet and company website for the benefit of investors and the general public.

Since 2008, to encourage equitable treatment of all shareholders and all stakeholders, the Corporate Governance and Ethics Committee has proposed that minority shareholders participate in setting the agenda prior to the Annual General Meeting, and nominate qualified candidates to the Board of Directors through the Company website. The Committee also proposed that additional channels and procedures be installed so shareholders and stakeholders can notify the Audit Committee of various matters such as complaints, violations of the law, business ethics and Code of Ethics in the Group. The channels can also be used to field queries on the Company's financial statements or internal control systems so that issues are duly submitted to the Board for further processing.

Due to encourage efforts taken by organizations to develop good corporate governance, the Thai Institute of Directors Association (IOD), in collaboration with the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC), has assessed the Company's corporate governance rating in 2006, 2008, 2009, and 2010 as being **"Very Good"**. (There was no assessment conducted in 2007). The Company's Annual General Meetings in 2008, 2009, and 2010 were monitored by the SEC, Thai Investors Association and the Thai Listed Companies Association and received "Excellent" and "Excellent, recognized as Good Example", and "Excellent" ratings respectively.

The Company will continue to adhere to its Good Corporate Governance policies, whilst encouraging frequent revision and development of better ways to apply them at work. Disclosing the ways the Company incorporates good governance in practice demonstrates the efficient management, with transparent and ethical business practices, the organization's sense of responsibility towards society and the environment, and inspires confidence in its shareholders, investors, and stakeholders.



(Miss Busaba Daoruang)
Co-Chief Executive Officer
25 February 2011



(Mrs. Saithip Montrikul Na Ayudhya)
Co-Chief Executive Officer
25 February 2011

MANAGEMENT DISCUSSION AND ANALYSIS 2010

In 2010, GMM Grammy Group generated 8,812.3 million baht in total revenues, or a 8% increase over 2009 figures. This growth was primarily due to the media business, which accounted for 56% of the Group's total revenues, from producing television programs especially prime time dramas and sit-coms, which had always been popular, and satellite television. Presently, there are a total of six satellite channels: Fan TV, Bang Channel, Green Channel, Acts Channel, Saranair Channel, and Money Channel which saw revenue grow 205% compared to the previous year. The event creation and management business expanded as a result of being commissioned to construct the Thailand Pavilion for the 2010 World Expo in Shanghai, China. The radio business revenues also improved with a rise in advertisement spots. However, the publishing business continued to contract in line with industry trends. Revenues from the movie business reduced due to screening one film less than the preceding year. The three films are: The Little Comedian (Baan Chan ... Talok Wai Gorn (Por Son Wai)), Hello Stranger (Guan Muen Ho), and Cool Gel Attacks (Kradeub). The bulk of the year's revenues was due to Hello Stranger (Guan Muen Ho), which was an award-winning success, and the year's top Thai film, raking in the highest box office revenues of 126 million baht.

The Total Music Business line contributed to 38% of the Group's total revenues, consisting of revenue from the sale of music products and copyrights, artist management fees, and organizing concerts. This figure is a 7% reduction from 2009 due to lower demand for physical music products such as CDs and VCDs. In part, this was a result of many major artists releasing fewer albums or postponing their plans as the political instability during Q2 2010 was not conducive to promoting their work.

Net profit in 2010 was 523.3 million baht, a 3% increase over 510.3 million baht in 2009. Costs of sales and production, and total expenses in distributing and managing amounted to 8,001.33 million baht. This 6% increase led from the Group's decision to expand two business lines that have continued to grow, namely the Event Creation and Management Business which was boosted by the Thailand Pavilion at the 2010 World Expo in Shanghai, and the satellite television business which currently produces programs aired in six channels.

Capital Structure

In 2010, the Group's total assets stood at 7,565 million baht, which was 639 million baht more than 2009. This was a result of a 526 million baht increase in current assets from short-term investments, trade accounts receivables from unrelated parties, and accrued income. Fixed assets increased by 113 million baht generated from various long-term investments. Total liabilities amounted to 3,750 million baht, which is 310 million baht higher than that in 2009 from trade accounts payable from unrelated parties, accrued expenses, and unearned income. Nonetheless, short-term and long-term loans this past year reduced by 228 million baht from 2009, making financial disbursements slightly lower this year.

Audit Fees

In 2010, the Group appointed Khun Siraporn Ouaanunkun of Ernst & Young as auditor and the person certifying the Group's financial statements. The Group's audit fees amounted to 9.156 million baht. There are no additional fees for services rendered this year, or to be rendered in future audits for any outstanding services carried forward.

REPORT ON THE BOARD OF DIRECTOR'S RESPONSIBILITY TOWARDS THE FINANCIAL STATEMENTS

The Board of Directors recognizes the importance of the Corporate Governance Management Policy and the preparing process of the financial statement and financial information as reported in the annual report enable to ensure that the statements are prepared in accordance with the Thai generally accepted accounting standards, using appropriate and consistent accounting policy and sufficient information is disclosed in the notes to financial statements. The Board of Directors has appointed Audit Committee, which comprises independent directors, to be responsible for the quality of financial reports. This also reasonable assurance the existing of the efficiency and effectiveness of internal control such as safeguarding of assets connected or potential conflict of interest transactions and the compliance to applicable laws and regulations, which the Audit Committee's opinion is stated in the Audit Committee report on page 05.

Moreover, in the Board of Directors' meeting on 25 February 2011, which every Audit Committee members, management and internal audit department attended, the sufficiency of the Company's internal control system for the year 2010 has been evaluated. The system, set by the management which compliance with the SET regulations and COSO guideline, was divided into 5 major components in Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring and Evaluation. The Board agreed with the Audit Committee that the GMM Grammy Group's quarterly and the annual financial statement for the year 2010 (which has been audited by the Company's external auditor) has been prepared in accordance with generally accepted accounting principles and disclosed sufficiently, accurately and reliably. In general, the internal control system of the Company and subsidiaries was fairly established and appropriate to the Company business. There were no internal control deficiencies which would affect the accuracy and reliability of financial statement and the achievement of the entity's business goal. The Board of Directors has expressed the opinion on the sufficient of the Company and subsidiaries' internal control system in "Internal Control" section, on page 75.

Furthermore, the Board encourages the Management in continuous developing the GMM Grammy Group's quality of internal control system, risk management and good corporate governance. The adequate and appropriate supervision should also be in place to enable the achievement of the established objective and goal.



Mr. Paiboon Damrongchaitham
Chairman



(Miss Busaba Daoruang)
Co-Chief Executive Officer



(Mrs. Saithip Montrikul Na Ayudhya)
Co-Chief Executive Officer

REPORT OF INDEPENDENT AUDITOR

To the Shareholders of GMM Grammy Public Company Limited

I have audited the accompanying consolidated balance sheets of GMM Grammy Public Company Limited, its subsidiaries and its jointly controlled entities as at 31 December 2010 and 2009, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of GMM Grammy Public Company Limited for the same years. These financial statements are the responsibility of the management of the Company, its subsidiaries and its jointly controlled entities as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GMM Grammy Public Company Limited, its subsidiaries and its jointly controlled entities and of GMM Grammy Public Company Limited as at 31 December 2010 and 2009, and the results of their operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.



Siraporn Ouaanunkun
Certified Public Accountant (Thailand)
No. 3844

Ernst & Young Office Limited
Bangkok: 25 February 2011

BALANCE SHEETS AS AT 31 DECEMBER 2010 AND 2009

GMM Grammy Public Company Limited, its subsidiaries and its jointly controlled entities

Balance sheets

As at 31 December 2010 and 2009

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Assets					
Current assets					
Cash and cash equivalents	7	998,888,067	908,252,127	198,295,185	216,821,395
Current investment		204,300,230	78,520,075	-	-
Trade accounts receivable					
Related parties and directors	6,8	5,020,667	9,940,178	95,039,262	39,473,081
Unrelated parties	8	2,116,801,653	1,921,439,201	677,451,172	718,148,684
Less: Allowance for doubtful accounts		(199,271,052)	(206,295,747)	(44,376,772)	(51,718,229)
Trade accounts receivable - net		1,922,551,268	1,725,083,632	728,113,662	705,903,536
Advances to, interest receivable and dividends receivable					
from related parties and directors - net	6	-	9,355,015	246,297,106	50,421,902
Inventories - net	9	707,985,852	734,282,083	590,866,181	636,602,213
Other current assets					
Advance payments - net		111,795,624	99,139,744	18,856,093	21,663,560
Accrued income					
Related parties	6	7,490	7,490	17,921,141	27,960,626
Unrelated parties		388,385,870	292,667,157	102,462,257	143,246,007
Prepaid expenses		59,169,848	50,462,065	5,430,108	10,273,800
Input tax refundable		64,161,121	52,726,966	5,646,293	5,626,878
Withholding tax deducted at source		77,071,280	79,096,773	4,482,887	33,671,824
Others		62,988,177	41,555,712	21,766,489	12,795,532
Total other current assets		763,579,410	615,655,907	176,565,268	255,238,227
Total current assets		4,597,304,827	4,071,148,839	1,940,137,402	1,864,987,273
Non-current assets					
Investments in subsidiary companies - net	10	-	-	901,839,630	905,835,817
Investments in joint ventures	11	-	-	-	-
Investments in associates	12	230,787,009	182,403,220	25,000,000	25,000,000
Other long-term investments - net	13	1,238,255,183	1,181,877,093	453,135,483	344,977,393
Loans to related parties	6	-	-	41,500,000	47,000,000
Goodwill		79,857,240	79,857,240	-	-
Property, plant and equipment - net	14	958,706,214	1,002,738,007	136,650,054	159,458,814
Intangible assets - net	15	289,242,616	280,364,956	268,110,810	261,275,100
Other non-current assets					
Deposits		63,924,893	62,561,007	31,310,582	32,763,003
Leasehold rights - net		17,452,615	27,251,272	14,673,415	24,472,072
Others		89,597,866	37,615,731	43,836,892	4,552,756
Total other non-current assets		170,975,374	127,428,010	89,820,889	61,787,831
Total non-current assets		2,967,823,636	2,854,668,526	1,916,056,866	1,805,334,955
Total assets		7,565,128,463	6,925,817,365	3,856,194,268	3,670,322,228

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

BALANCE SHEETS AS AT 31 DECEMBER 2010 AND 2009

GMM Grammy Public Company Limited, its subsidiaries and its jointly controlled entities

Balance sheets (continued)

As at 31 December 2010 and 2009

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Liabilities and shareholders' equity					
Current liabilities					
Bank overdraft and short-term loans from banks	16	786,440,000	894,010,436	70,000,000	150,000,000
Trade accounts payable and accrued cost					
Related parties, management and directors	6	93,282,594	62,957,461	140,970,336	106,210,872
Unrelated parties		1,211,294,218	1,007,712,864	551,637,438	555,368,732
Total trade accounts payable and accrued cost		1,304,576,812	1,070,670,325	692,607,774	661,579,604
Accounts payable - purchase of assets					
Related parties	6	-	-	10,511,748	10,511,748
Unrelated parties		8,935,445	9,643,041	3,703,899	883,693
Current portion of long-term loans	17	132,808,000	132,603,397	-	-
Current portion of liabilities under finance lease agreements	18	18,534,032	19,043,832	9,133,055	7,568,583
Other current liabilities					
Corporate income tax payable		70,647,435	31,929,453	-	-
Accrued expenses		334,809,779	271,881,416	125,412,556	116,855,124
Accrued commission expenses		143,965,521	114,329,790	-	-
Unearned income		389,982,739	260,939,976	56,170,131	54,060,273
Undue output tax		175,219,944	156,893,175	58,488,603	58,117,513
Others		134,209,702	106,786,351	37,252,920	42,495,186
Total other current liabilities		1,248,835,120	942,760,161	277,324,210	271,528,096
Total current liabilities		3,500,129,409	3,068,731,192	1,063,280,686	1,102,071,724
Non-current liabilities					
Long-term loans - net of current portion	17	168,533,943	288,919,705	-	-
Liabilities under finance lease agreements					
- net of current portion	18	37,542,391	48,807,355	23,609,884	27,001,251
Other non-current liabilities		43,830,463	33,990,478	-	-
Total non-current liabilities		249,906,797	371,717,538	23,609,884	27,001,251
Total liabilities		3,750,036,206	3,440,448,730	1,086,890,570	1,129,072,975

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

GMM Grammy Public Company Limited, its subsidiaries and its jointly controlled entities

Balance sheets (continued)

As at 31 December 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Shareholders' equity					
Share capital					
Registered	19				
530,556,100 ordinary shares of Baht 1 each		530,556,100	530,556,100	530,556,100	530,556,100
Issued and fully paid up	19				
530,264,947 ordinary shares of Baht 1 each		530,264,947	530,264,947	530,264,947	530,264,947
Paid-in capital					
Share premium		1,626,117,776	1,626,117,776	1,626,117,776	1,626,117,776
Transferred of share premium to offset deficit in separate financial statements		271,203,657	271,203,657	-	-
Capital surplus from share premium of subsidiaries		860,964,766	860,964,766	-	-
Capital deficit from Business Combination under Common Control		(274,800,348)	(274,800,348)	-	-
Difference resulting from share swap between the Company and a subsidiary company	10	(189,604,191)	(189,604,191)	-	-
Unrealised gain (loss)					
Revaluation surplus (deficit) on changes in value of investments		(336,811,816)	(396,387,546)	218,782,888	109,027,157
Translation adjustments		3,173,957	1,300,193	-	-
Retained earnings					
Appropriated - statutory reserve	20	53,055,610	53,055,610	53,055,610	53,055,610
Transfer of statutory reserve to offset deficit in separate financial statements		50,000,000	50,000,000	-	-
Unappropriated		593,597,939	452,077,560	341,082,477	222,783,763
Equity attributable to the Company's shareholders		3,187,162,297	2,984,192,424	2,769,303,698	2,541,249,253
Minority Interest - equity attributable to minority shareholders of subsidiaries		627,929,960	501,176,211	-	-
Total shareholders' equity		3,815,092,257	3,485,368,635	2,769,303,698	2,541,249,253
Total liabilities and shareholders' equity		7,565,128,463	6,925,817,365	3,856,194,268	3,670,322,228
		-	-	-	-

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

INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

GMM Grammy Public Company Limited, its subsidiaries and its jointly controlled entities

Income statements

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
Note	2010	2009	2010	2009
Revenues				
Sales of audio products and copyrights	2,408,137,505	2,662,770,231	2,172,707,341	2,372,383,675
Revenues from production of concerts	313,425,339	303,565,650	236,703,896	229,764,708
Artist management income	606,059,679	605,385,666	569,547,206	624,170,767
Revenues from production of motion pictures	210,949,439	328,667,034	-	-
Revenues from production of television programmes	1,939,522,526	1,647,359,307	17,418,680	537,141
Revenues from production of satellite television programmes	356,394,436	116,716,593	114,821,431	45,842,409
Revenues from production of radio programmes	663,156,587	579,610,105	-	-
Revenues from event advisor and organizer and provision of event equipment	1,806,236,799	1,388,027,622	-	-
Revenues from advertising and sales of publishing media and teaching aids	183,099,895	189,334,563	7,686,182	4,160,173
Other income				
Revenues from studio service	2,839,607	3,512,372	221,567	111,238
Revenues from production and service	95,665,223	50,387,443	56,977,631	21,805,958
Management fee and consultant fee income	1,679,643	2,303,160	95,398,804	59,283,996
Interest income	14,635,374	18,660,424	10,039,296	13,517,707
Dividend received and profit sharing from jointly controlled entities	44,148,652	48,509,098	373,465,908	261,451,344
Others	166,384,036	179,517,600	94,182,186	83,207,388
Total other income	325,352,535	302,890,097	630,285,392	439,377,631
Total revenues	8,812,334,740	8,124,326,868	3,749,170,128	3,716,236,504
Expenses				
Cost of sales and productions	5,225,851,566	4,795,928,057	1,899,749,433	1,911,488,697
Selling expenses	478,999,114	367,251,324	78,791,043	78,008,223
Administrative expenses	2,198,050,163	2,162,664,619	1,148,505,138	1,146,650,301
Management benefit expenses	98,427,000	99,417,000	67,760,000	75,923,000
Total expenses	8,001,327,843	7,425,261,000	3,194,805,614	3,212,070,221
Income before share of income from investments in associates, finance cost and corporate income tax	811,006,897	699,065,868	554,364,514	504,166,283
Share of income from investments in associates	51,633,788	36,554,947	-	-
Income before finance cost and corporate income tax	862,640,685	735,620,815	554,364,514	504,166,283
Finance cost	(42,286,743)	(55,195,793)	(5,677,061)	(8,789,980)
Income before corporate income tax	820,353,942	680,425,022	548,687,453	495,376,303
Corporate income tax	(229,264,720)	(139,263,761)	(48,598,553)	(12,230,732)
Net income for the year	591,089,222	541,161,261	500,088,900	483,145,571
Net income attributable to:				
Equity holders of the parent	523,310,565	510,793,805	500,088,900	483,145,571
Minority interests of the subsidiaries	67,778,657	30,367,456	-	-
	591,089,222	541,161,261		
Basic earnings per share	22			
Net income attributable to equity holders of the parent	0.99	0.97	0.94	0.92
Weighted average number of ordinary share (shares)	530,264,947	527,396,149	530,264,947	527,396,149

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

GMW Grammy Public Company Limited, its subsidiaries and its jointly controlled entities

Statements of changes in shareholders' equity

For the years ended 31 December 2010 and 2009

Consolidated financial statements												(Unit: Baht)
Equity attributable to the parent's shareholders												
	Difference resulting from share swap between the Company and a subsidiary company											
	Issued and fully paid-up share capital	Share premium	Transfer of share premium to offset deficit in separate financial statements	Capital surplus (deficit) from Business Combination under Common Control	Revaluation surplus (deficit) on changes in value of investments	Translation adjustments	Appropriated - statutory reserve	Retained earnings Transfer of statutory reserve to offset deficit in separate financial statements	Total equity attributable to the parent's shareholders	Minority interest - equity attributable to minority shareholders of subsidiaries	Total	
Balance as at 31 December 2008	490,000,000	1,278,796,343	271,203,657	860,964,766	(335,836,331)	4,256,048	53,056,610	50,000,000	2,967,837,260	707,183,725	3,675,020,985	
Income and expenses recognised directly in equity:												
Investment in available-for-sale securities	-	-	-	-	(60,551,215)	-	-	-	(60,551,215)	-	(60,551,215)	
Loss recognised in shareholders' equity	-	-	-	-	-	(2,955,855)	-	-	(2,955,855)	-	(2,955,855)	
Translation adjustments	-	-	-	-	-	(2,955,855)	-	-	-	-	-	
Net income and expenses recognised directly in equity	-	-	-	-	(60,551,215)	(2,955,855)	-	-	(63,507,070)	-	(63,507,070)	
Net income for the year	-	-	-	-	(60,551,215)	(2,955,855)	-	-	510,793,805	30,367,456	541,161,261	
Total income and expenses for the year	-	-	-	-	(60,551,215)	(2,955,855)	-	-	510,793,805	30,367,456	477,654,191	
Share capital issued	40,264,947	347,321,433	-	-	-	-	-	-	387,586,380	-	387,586,380	
Difference resulting from share swap between the Company and a subsidiary company	-	-	-	(189,604,191)	-	-	-	-	(189,604,191)	-	(189,604,191)	
Capital surplus from Business Combination under Common Control	-	-	-	7,403,086	-	-	-	-	7,403,086	-	7,403,086	
Dividend paid	-	-	-	-	-	-	-	-	(636,316,946)	-	(636,316,946)	
Minority interest - equity attributable to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	
Balance as at 31 December 2009	530,264,947	1,626,117,776	271,203,657	860,964,766	(396,387,546)	1,300,193	53,056,610	50,000,000	2,984,192,424	501,176,211	3,485,368,635	
Balance as at 31 December 2009	530,264,947	1,626,117,776	271,203,657	860,964,766	(396,387,546)	1,300,193	53,056,610	50,000,000	2,984,192,424	501,176,211	3,485,368,635	
Income and expenses recognised directly in equity:												
Investment in available-for-sale securities	-	-	-	-	-	-	-	-	-	-	-	
Gain recognised in shareholders' equity	-	-	-	-	59,575,730	-	-	-	59,575,730	-	59,575,730	
Translation adjustments	-	-	-	-	-	1,873,764	-	-	1,873,764	-	1,873,764	
Net income and expenses recognised directly in equity	-	-	-	-	59,575,730	1,873,764	-	-	61,449,494	-	61,449,494	
Net income for the year	-	-	-	-	59,575,730	1,873,764	-	-	523,310,565	67,778,657	591,089,222	
Total income and expenses for the year	-	-	-	-	59,575,730	1,873,764	-	-	584,760,059	67,778,657	652,538,716	
Dividend paid	-	-	-	-	-	-	-	-	(381,790,186)	-	(381,790,186)	
Minority interest - equity attributable to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	
Balance as at 31 December 2010	530,264,947	1,626,117,776	271,203,657	860,964,766	(336,811,816)	3,173,957	53,056,610	50,000,000	3,187,162,297	58,975,092	3,815,092,257	
The accompanying notes are an integral part of the financial statements.												

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (continued) FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

GMM Grammy Public Company Limited, its subsidiaries and its jointly controlled entities

Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2010 and 2009

	Separate financial statements					(Unit: Baht)
	Issued and fully paid-up share capital	Share premium	Revaluation surplus on changes in value of investments	Retained earnings		
				Appropriated - statutory reserve	Unappropriated	Total
<u>Note</u>						
Balance as at 31 December 2008	490,000,000	1,278,796,343	15,678,373	53,055,610	375,955,038	2,213,485,364
Income and expenses recognised directly in equity:						
Investment in available-for-sale securities						
Gain recognised in shareholders' equity	-	-	93,348,784	-	-	93,348,784
Net income and expenses recognised directly in equity	-	-	93,348,784	-	-	93,348,784
Net income for the year	-	-	-	-	483,145,571	483,145,571
Total income and expenses for the year	-	-	93,348,784	-	483,145,571	576,494,355
Share capital issued	40,264,947	347,321,433	-	-	-	387,586,380
Dividend paid	-	-	-	-	(636,316,846)	(636,316,846)
Balance as at 31 December 2009	530,264,947	1,626,117,776	109,027,157	53,055,610	222,783,763	2,541,249,253
Balance as at 31 December 2009	530,264,947	1,626,117,776	109,027,157	53,055,610	222,783,763	2,541,249,253
Income and expenses recognised directly in equity:						
Investment in available-for-sale securities						
Gain recognised in shareholders' equity	-	-	109,755,731	-	-	109,755,731
Net income and expenses recognised directly in equity	-	-	109,755,731	-	-	109,755,731
Net income for the year	-	-	-	-	500,088,900	500,088,900
Total income and expenses for the year	-	-	109,755,731	-	500,088,900	609,844,631
Dividend paid	-	-	-	-	(381,790,186)	(381,790,186)
Balance as at 31 December 2010	530,264,947	1,626,117,776	218,782,888	53,055,610	341,082,477	2,769,303,698

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

CASH FLOW STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

GMM Grammy Public Company Limited, its subsidiaries and its jointly controlled entities

Cash flow statements

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash flows from operating activities				
Net income before tax	820,353,942	680,425,022	548,687,453	495,376,303
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Depreciation	284,646,824	288,017,215	74,753,702	75,803,125
Amortisation	146,363,977	193,666,045	36,011,025	44,214,014
Reversal of allowance for doubtful accounts	(7,024,695)	(1,821,297)	(7,341,457)	(2,105,951)
Allowance (reversal of allowance) for diminution in value of inventory	(4,834,649)	2,361,142	(1,435,780)	1,600,000
Allowance (reversal of allowance) for sales returns	1,490,839	(1,835,982)	(2,590,000)	2,170,000
Allowance (reversal of allowance) for advances	(7,713,203)	1,540,000	(7,713,203)	1,540,000
Reversal of allowance for investments in subsidiaries	-	-	(5,000,000)	(1,140,000)
Allowance (reversal of allowance) for other long-term investments	(1,702,835)	6,000,000	(702,835)	-
Allowance for impairment loss on intangible assets	-	430,734	-	-
Losses (gains) on disposal of equipment	7,901,733	3,274,700	(871,741)	(3,097,619)
Dividend received and profit sharing from jointly controlled entities	(44,148,652)	(48,509,098)	(373,465,908)	(261,451,344)
Share of income from investments in associated companies accounted for under equity method	(51,633,788)	(36,554,947)	-	-
Interest income	(14,635,374)	(18,660,424)	(10,039,296)	(13,517,707)
Interest expenses	40,976,996	50,175,531	5,449,540	7,275,824
Income from operating activities before changes in operating assets and liabilities	1,170,041,115	1,118,508,641	255,741,500	346,666,645
Operating assets (increase) decrease				
Trade accounts receivable - related parties	4,919,511	(1,653,844)	(55,566,181)	12,657,971
Trade accounts receivable - unrelated parties	(195,362,452)	20,192,283	40,697,512	93,648,734
Advances to and interest receivable from related parties and directors	16,649,114	17,775,866	(21,949,014)	61,089,075
Inventories	31,130,880	(105,146,209)	47,171,812	(111,072,680)
Advance payments	(12,236,776)	4,334,403	3,226,571	7,290,207
Other current assets	(137,293,116)	(134,580,696)	46,676,555	(67,141,827)
Other non-current assets	(114,926,992)	(137,273,722)	(34,895,057)	(17,387,688)

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

CASH FLOW STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

GMM Grammy Public Company Limited, its subsidiaries and its jointly controlled entities

Cash flow statements (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Operating liabilities increase (decrease)				
Trade accounts payable and accrued cost - related parties, management and directors	26,575,133	17,313,968	34,759,464	3,200,281
Trade accounts payable and accrued cost - unrelated parties	203,581,354	96,425,358	(3,731,294)	2,420,195
Accrued expenses	62,700,428	18,395,145	8,668,802	24,569,721
Accrued commission expenses	29,635,731	20,953,630	-	-
Unearned income	129,042,763	13,227,008	2,109,858	(23,036,638)
Other current liabilities	44,259,281	10,836,884	(2,281,176)	7,219,185
Other non-current liabilities	9,839,985	2,673,453	-	-
Cash flows from operating activities	1,268,555,959	961,982,168	320,629,352	340,123,181
Cash paid for interest expenses	(40,749,061)	(52,627,946)	(5,560,910)	(7,198,701)
Cash paid for corporate income tax	(267,618,018)	(227,856,694)	(53,081,440)	(46,719,368)
Net cash flows from operating activities	960,188,880	681,497,528	261,987,002	286,205,112
Cash flows from investing activities				
Acquisition of equipment	(256,137,430)	(315,287,196)	(45,774,680)	(53,934,044)
Decrease in accounts payable - purchase of assets	(707,596)	-	-	-
Cash received from sale on investment in subsidiaries	-	876,300	-	-
Cash paid to purchase additional investments in subsidiaries	(4,000)	(16,881,201)	(2,503,700)	(15,869,251)
Cash paid to purchase additional investments in associated companies	-	(29,449,799)	-	(25,000,000)
Cash paid to purchase of other long-term investments	-	(13,750)	-	(13,750)
Cash received from disposal of equipments	13,428,571	9,741,043	1,658,773	4,757,200
Cash received from share capital reduction of subsidiary	-	-	11,499,887	93,439,836
Cash received from disposal of other long-term investments	4,900,475	900,000	2,300,476	-
Decrease (increase) in loans to related parties	-	-	5,500,000	(12,530,000)
Dividend received from other long-term investments	44,148,652	48,509,098	27,998,657	25,029,098
Dividend received from subsidiaries and associated companies	7,000,000	11,949,990	176,241,357	213,024,463
Profit sharing from jointly controlled entities	-	-	2,593,803	-
Interest income	14,635,374	18,660,424	10,039,296	13,517,707
Increase in current investment	(125,780,155)	(14,421,580)	-	-
Net cash flows from (used in) investing activities	(298,516,109)	(285,416,671)	189,553,869	242,421,259

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

CASH FLOW STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

GMM Grammy Public Company Limited, its subsidiaries and its jointly controlled entities

Cash flow statements (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash flows from financing activities				
Increase (decrease) in bank overdraft and short-term loans from banks	(107,570,436)	609,697,462	(80,000,000)	150,000,000
Cash received from long-term loans	12,000,000	8,500,000	-	-
Repayment of long-term loans	(132,181,159)	(498,364,979)	-	(125,000,000)
Repayment of liabilities under finance lease agreements	(19,895,581)	(18,745,295)	(8,276,895)	(6,042,266)
Dividend paid	(381,790,186)	(636,316,846)	(381,790,186)	(636,316,846)
Dividend paid to minority interest of subsidiaries	(44,373,633)	(17,330,889)	-	-
Cash received from minority interest of subsidiaries				
from investments in subsidiaries	100,900,400	-	-	-
Net cash flows used in financing activities	(572,910,595)	(552,560,547)	(470,067,081)	(617,359,112)
Translation adjustments	1,873,764	(2,955,855)	-	-
Net increase (decrease) in cash and cash equivalents	90,635,940	(159,435,545)	(18,526,210)	(88,732,741)
Cash and cash equivalents at beginning of year	908,252,127	1,067,687,672	216,821,395	305,554,136
Cash and cash equivalents at end of year	998,888,067	908,252,127	198,295,185	216,821,395
	-	-	-	-
Supplemental cash flows information:				
Non-cash transactions:				
Assets purchases which payment has yet to be made	-	4,543,515	2,820,206	617,715
Increase in assets from finance lease agreements	8,120,817	30,468,707	6,450,000	15,519,000
Increase in investment in subsidiary resulting from				
increase in share capital	-	387,586,380	-	387,586,380
Investment in associate which payment has yet to be made	3,750,000	-	-	-

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

NOTE TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

1. General information

GMM Grammy Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in various entertainment businesses, including production and distribution of audio products and digital products, copyrights collection, artist managements, production of concerts and production of satellite television programmes. The registered office of the Company is at 50 Sukhumvit 21 (Asoke), Klongtoey Nua, Wattana, Bangkok.

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of GMM Grammy Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries") and jointly controlled entities ("jointly controlled entities" - accounted for proportionately to interests):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the year ended 31 December	
			<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
			Percent	Percent	Percent	Percent	Percent	Percent
<u>Subsidiaries directly held by the Company</u>								
1. MGA Company Limited	Lease of machine and equipment	Thailand	100	100	-	-	-	-
2. Music Copyright Collection Company Limited	Currently non-active	Thailand	100	100	-	-	-	-
3. GMM Media Public Company Limited	Production of radio programmes	Thailand	99.89	99.89	54	48	56	48
4. Extraorganizer Company Limited	Currently non-active	Thailand	100	100	-	-	-	-
5. Upper Cut Company Limited	Currently non-active	Thailand	100	100	-	-	-	-
6. Global Music and Media (Thailand) Company Limited	Currently non-active	Thailand	100	100	-	-	-	-
7. More Music Company Limited	Currently non-active	Thailand	100	100	-	-	-	-
8. Aratist Management Company Limited	Currently non-active	Thailand	100	100	-	-	-	-
9. GMM Holding Company Limited	Holding company	Thailand	100	100	2	2	-	1

Company's name	Nature of business	Country of incorporation	Percentage of shareholding		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the year ended 31 December	
			2010	2009	2010	2009	2010	2009
			Percent	Percent	Percent	Percent	Percent	Percent
10. Global Music and Media Limited	Deregistered	Cayman Islands	-	100	-	-	-	-
11. GMM Tai Hub Company Limited	Production of films and television programmes	Thailand	51	51	5	5	3	5
12. GMM Music Publishing International Company Limited	Management of music copyrights	Thailand	100	100	2	2	2	2
13. Tifa Company Limited	Currently non-active	Thailand	100	100	-	-	-	-
14. Clean Karaoke Company Limited	Karaoke service provider	Thailand	100	100	1	2	1	2
15. Lucks Music 999 Company Limited	Currently non-active	Thailand	50	50	-	-	-	-
16. 3-RD Company Limited	Providing customer service via telephone	Thailand	70	70	1	1	1	1
17. G-Gram Company Limited	Artist Management	Thailand	50	50	-	-	-	-
18. GR Vocal Studio Company Limited	Music academy	Thailand	50	-	-	-	-	-

Jointly controlled entity

1. Joint Venture The Shutter	Ceased operation	Thailand	-	80	-	-	-	-
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Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2010	2009
			Percent	Percent
<u>Subsidiaries held by GMM Media Public Company Limited</u>				
1. A-Time Media Company Limited	Sub - lease of radio stations	Thailand	100	100
2. GMM TV Company Limited	Production of television programmes	Thailand	100	100
3. Teen Talk Company Limited	Currently non-active	Thailand	100	100
4. Bliss Publishing Company Limited	Production and distribution of pocket books	Thailand	100	100
5. Mass Monitor Company Limited	Holding company	Thailand	100	100
6. Image Publishing Company Limited	Production and distribution of magazine	Thailand	70	70
7. Radio Concept Company Limited	Currently non-active	Thailand	100	100
8. Exact Company Limited (Held 49 percent by Mass Monitor Company Limited)	Production of television programmes	Thailand	51	51
9. GMM Inter Publishing Company Limited	Production and distribution of magazine	Thailand	70	70
10. GMM Times Company Limited	Production and distribution of magazine	Thailand	70	70
11. Deetalk Company Limited	Production of television programmes	Thailand	100	100

NOTE TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			<u>2010</u> Percent	<u>2009</u> Percent
12. Index Creative Village Public Company Limited (Formerly known as "Index Event Agency Public Company Limited")	Business events advisor and organizer	Thailand	50	50
13. Open Radio Company Limited	Currently non-active	Thailand	100	100
14. In Publishing Company Limited	Production and distribution of magazine	Thailand	70	70
<u>Subsidiary held by A-Time Media Company Limited</u>				
1. A Gen Event Agency Company Limited	Business events advisor and organizer	Thailand	70	-
<u>Subsidiary held by Image Publishing Company Limited</u>				
1. Image On Air Company Limited	Production of television programmes and business events advisor and organizer	Thailand	100	-
<u>Subsidiary held by Exact Company Limited</u>				
1. Acts Studio Company Limited (Held 50 percent by Scenario Company Limited, an associate)	Lease of studio	Thailand	50	-
<u>Subsidiaries held by GMM Holding Company Limited</u>				
1. GMM Studio Company Limited	Studio service	Thailand	100	100
2. Sanamluang Garndontree Company Limited	Currently non-active	Thailand	100	100
3. Mifah Company Limited	Music academy	Thailand	100	100
4. GMM Digital Domain Company Limited	Currently non-active	Thailand	100	100
5. Magic Film Company Limited	Currently non-active	Thailand	90.91	90.91
6. Grammy Publishing House Company Limited	Distribution of education publication	Thailand	100	100
7. Global Music and Media (China) Limited	Currently non-active	Hong Kong	100	100
8. GMM Fitness Club Company Limited	Management of Fitness center	Thailand	100	100
<u>Subsidiary held by GMM Digital Domain Company Limited</u>				
1. Digital Arms Company Limited	Digital content Provider	Thailand	100	100
<u>Subsidiary held by GMM Music Publishing International Company Limited</u>				
1. G.I.P. Management Company Limited	Currently non-active	Thailand	100	100
<u>Subsidiaries held by GMM Tai Hub Company Limited</u>				
1. Sawasdee Thaweessuk Company Limited	Design and postproduction of advertising media and films and public relations for films	Thailand	100	100
2. Phenomena Motion Pictures Company Limited	Currently non-active	Thailand	51	51
<u>Subsidiaries held by Index Creative Village Public Company Limited (Formerly known as "Index Event Agency Public Company Limited")</u>				
1. Event Solutions Company Limited	Provision of equipment for entertainment events	Thailand	100	100
2. Tresbien Company Limited	Decoration and provision of equipment for conferences and ceremonial events	Thailand	100	100
3. Media Vision (1994) Company Limited	Light and sound system installation services for entertainment events	Thailand	51	51

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			<u>2010</u> Percent	<u>2009</u> Percent
4. G Communications Company Limited	Provision of public relations and event services	Thailand	50	50
5. Inspire Image Company Limited	Preparation, installation and removal of advertising boards	Thailand	60	60
6. I Think Ad Company Limited	Advertising and public relations services	Thailand	40	40
7. D-63 Company Limited	Service provider of design screen and stage	Thailand	50	50
8. Index Creative Online Company Limited	Consultancy, design and development services for web sites and flash media.	Thailand	70	70
<u>Subsidiary held by Event Solutions Company Limited</u>				
1. Aspen Index Event Company Limited	Provision of service and organization of activities in Middle East	United Arab Emirates	50	50
<u>Jointly controlled entity held by Sawasdee Thaweesuk Company Limited</u>				
1. Joint Venture Dek Ho (Held 30 percent by Phenomena Motion Pictures Company Limited)	Ceased operation	Thailand	-	70
<u>Jointly controlled entities held by Index Creative Village Public Company Limited (Formerly known as "Index Event Agency Public Company Limited")</u>				
1. Joint Venture ID2	Construction Designed and Management of Thai exhibition Building	Thailand	67	67
2. Joint Venture Fast Track World Expo Tour	Tourism	Thailand	50	50

b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

c) Jointly controlled entities are fully consolidated applying the proportionate consolidation method as from being the date on which the Company assumed joint control, and continue to be consolidated until the date when such control ceases.

d) During the year 2010, there were the following changes in the composition of the subsidiaries and jointly controlled entities:

- 1) In April 2010, Image Publishing Company Limited, a subsidiary, invested in 99,997 ordinary shares of Image On Air Company Limited at a price of Baht 10 per share, for a total of Baht 1 million, which registered its incorporation with the Ministry of Commerce on 1 April 2010. The Company's investment represents 100 percent of the registered capital of such company.

- 2) In May 2010, Exact Company Limited, a subsidiary, invested in 999,998 ordinary shares of Acts Studio Company Limited at a price of Baht 100 per share, for a total of Baht 100 million, which registered its incorporation with the Ministry of Commerce on 27 May 2010. The Company's investment represents 50 percent of the registered capital of such company. In addition, 50 percent of the registered capital of such company held by Scenario Company Limited, an associate.
- 3) In May 2010, Global Music and Media Limited, a subsidiary, deregistered.
- 4) In September 2010, A-Time Media Company Limited, a subsidiary, invested in 20,998 ordinary shares of A Gen Event Agency Company Limited at a price of Baht 100 per share, for a total of Baht 2.1 million, which registered its incorporation with the Ministry of Commerce on 17 September 2010. The Company's investment represents 70 percent of the registered capital of such company.
- 5) In October 2010, The Company invested in 24,999 ordinary shares of GR Vocal Studio Company Limited at a price of Baht 100 per share, for a total of Baht 2.5 million, which registered its incorporation with the Ministry of Commerce on 8 October 2010. The Company's investment represents 50 percent of the registered capital of such company.
- 6) In October 2010, Joint Venture The Shutter ceased its operation.
- 7) In December 2010, Joint Venture Dek Ho ceased its operation.
- e) The financial statements of the subsidiaries and jointly controlled entities are prepared using the same significant accounting policies as the Company.
- f) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the balance sheet date, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Translation adjustment" in shareholders' equity.
- g) Material balances and transactions between the Company, its subsidiaries and its jointly controlled entities and intercompany profit on inventories outstanding as at the balance sheet date have been eliminated from the consolidated financial statements.
- h) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

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

3. Adoption of new accounting standards

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

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

Framework for the Preparation and Presentation of Financial Statements

(revised 2009)

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate

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

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

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

TAS 19 Employee Benefits

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

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

TAS 12 Income Taxes

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

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

4. Significant accounting policies**4.1 Revenue recognition****a. Sales of goods**

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

b. Revenues from production of radio, television and satellite television programmes

Revenues from production of radio, television and satellite television programmes represent the service income from advertising, promotion and production of television programmes and are stated on the basis of the invoiced value, after deducting discounts and allowances. Service income from advertising and promotion is recognised when services have been rendered on radio, television and satellite television programmes. Service income from production of television programmes is recognised when the production is completed.

c. Revenues from production of concerts

Revenues from production of concerts are recognised as income when the performances take place.

d. Revenues from production of motion pictures

Income from box-office sharing is recognised as income when the motion pictures have been exhibited.

Sales of motion pictures and advertising income are the invoiced value of the films delivered and the services rendered after deducting discounts and allowances.

In cases where royalties from motion pictures are charged at fixed amounts which the licensee cannot refund and the licensor has no further obligations subsequent to granting the rights, the royalties are recognised as income in full when the licensee is entitled to exploit the rights under the terms of the agreement.

e. Revenues from copyrights

Revenues from copyrights are recognised when the right to receive the copyrights is established.

f. Revenues from advertising in publishing media

Revenues from advertising in publishing media are recognised as income when services have been rendered.

g. Sales of books, teaching aids and magazines

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

h. Management fee and consultant fee income

Management fee and consultant fee income are recognised when services have been rendered.

i. Artist management incomes

Artist management income is recognised when services have been rendered

j. Revenues from studio service

Revenues from studio service are recognised when services have been rendered taking into account the stage of completion.

k. Revenues from event advisor and organizer and provision of event equipment

Revenues from event advisor and organizer and provision of event equipment are recognised when services have been rendered taking into account the stage of completion.

l. Revenues from production and service

Revenues from production and service are recognised when services have been rendered taking into account the stage of completion.

m. Interest income

Interest income is recognised as interest accrues based on the effective rate method.

n. Dividends

Dividends are recognised when the right to receive the dividends is established.

Revenues are reflected in the financial statements exclusive of value added tax.

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

- a. Tape reels, cassette tapes, compact discs, video tapes and laser discs are valued at the lower of cost (moving average method) and net realisable value.
- b. Television programmes represent the accumulated production costs of television programmes in progress and those which are completed and ready for broadcasting. The costs, which consist of expenses directly associated with programme production, are charged against income when the programmes are broadcasted.

- c. Master tapes represent the accumulated costs of master tape production in progress and which has been completed. The costs, which consist of expenses directly associated with production, are charged against income when the albums are released.
- d. Motion picture production represents the accumulated production and filming costs of films which are currently in production.
- e. Magazines and pocket books are valued at the lower of cost (average method) and net realisable value.
- f. Other inventories are valued at the lower of cost (first-in, first-out and average method) and net realisable value.

4.5 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in shareholders' equity, and will be recorded as gains or losses in the income statement when the securities are sold.
- b) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- c) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).
- d) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- e) Investments in joint ventures are accounted for in the consolidated financial statements using the proportionate consolidation method.
- f) Investments in subsidiaries, joint ventures and associates are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

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

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded as gains or losses in the income statement or recorded as surplus (deficit) from changes in the value of investments in shareholders' equity, depending on the type of investment that is reclassified.

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

4.6 Property, plant and equipment/Depreciation

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

Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

Buildings	-	20	years
Building improvement	-	5	years
Operating equipment	-	5	years
Furniture, fixtures, and office equipment	-	3, 5 and 7	years
Motor vehicles	-	5	years
Others	-	5	years

Depreciation is included in determining income.

No depreciation is provided for land, construction in progress and equipment under installation.

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

4.7 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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

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

Film production and shooting costs are amortised on the basis of projected revenues within 10 years from the time the motion pictures are exhibited.

Computer software and game licenses are amortised on a straight-line basis over the lease period.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually.

Intangible asset with indefinite useful lives is the copyrights to musical compositions.

4.8 Goodwill

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

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

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

4.9 Related party transactions

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

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

4.10 Long-term leases

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

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

4.11 Foreign currencies

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

Gains and losses on exchange are included in determining income.

4.12 Impairment of assets

At each reporting date, the Company performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company also carries out annual impairment reviews in respect of goodwill and intangible assets with indefinite useful lives. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

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

4.13 Provision for goods returns

Provision for goods returns is estimated with reference to actual goods returns occurring during the year and calculated at the rate of sales made during the year.

4.14 Employee benefits

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

4.15 Provisions

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

4.16 Income Tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

5. Significant accounting judgements and estimates

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

Leases

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

Allowance for doubtful accounts

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

Impairment of equity investments

The Company treats available-for-sale investments and other investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement.

Property plant and equipment/Depreciation

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

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

Goodwill and intangible assets

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

Litigation

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

6. Related party transactions

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

	Consolidated financial statements		(Unit: Million Baht)
	2010	2009	Pricing policy
<u>Transactions with jointly controlled entity</u>			
Revenues from event advisor and organizer and provision of event equipment	67	12	(7)
<u>Transactions with related companies</u>			
Rental expenses and other service expenses	163	151	(1)/(5)/(7)
<u>Transactions with associated companies</u>			
Revenues from production of television programmes	21	24	(2)
Other service income	10	9	(5)
Service expenses	276	195	(5)
<u>Transactions with management and directors</u>			
Service expenses	9	17	(3)/(5)
Loans from directors	10	3	(6)

(Unit: Million Baht)

	Separate financial statements		Pricing policy
	2010	2009	
<u>Transactions with subsidiaries</u>			
(eliminated from the consolidated financial statements)			
Artist management income	15	13	(4)
Sales of audio products	2	5	(4)
Revenues from copyrights	89	93	(3)
Revenues from production of concerts	14	16	(4)
Management fee and consultant fee income	95	59	(5)
Other service income	25	33	(5)
Service expenses	329	354	(5)
Purchase of copyrights	8	-	(7)
<u>Transactions with associated companies</u>			
Service expenses	12	6	(5)
<u>Transactions with related companies</u>			
Rental and other service expenses	102	91	(1)/(5)/(7)
<u>Transactions with management and directors</u>			
Service expenses	4	5	(3)/(5)

- (1) Contract price with the rental rate as appraised by independent valuer or the contract price
 (2) With reference to prices charged to third parties depending on when the sales were made and the agreement.
 (3) Charge per unit sold with reference to market price
 (4) Cost plus margin
 (5) Mutually agreed price
 (6) Minimum interest rate charged on loans from directors is charged at the rate not lower than the fixed deposit rate of local commercial banks
 (7) Contract price

As at 31 December 2010 and 2009, the balances of the accounts between the Company and those related parties are as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<u>Trade accounts receivable - related parties and directors</u>				
Subsidiaries:				
GMM Music Publishing International Company Limited	-	-	8,905	7,648
Exact Company Limited	-	-	25,910	4,920
GMM TV Company Limited	-	-	38,043	1,165
GMM Media Public Company Limited	-	-	3,496	6,597
Magic Film Company Limited	-	-	13,867	13,878
Other subsidiaries	-	-	3,867	4,663
Total trade accounts receivable - subsidiaries	-	-	94,088	38,871
Jointly controlled entities	-	567	-	-

NOTE TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Associated companies:				
Scenario Company Limited	4,611	7,804	543	194
Other associated company	2	1,161	-	-
Total trade accounts receivable - associated companies	4,613	8,965	543	194
Related companies	408	408	408	408
Total trade accounts receivable - related parties and directors	5,021	9,940	95,039	39,473
<u>Advances to, interest receivable and dividends receivable from related parties and directors</u>				
Subsidiaries:				
GMM Music Publishing International Company Limited	-	-	21,712	441
GMM Inter Publishing Company Limited	-	-	6,258	6,250
GMM Times Company Limited	-	-	5,500	5,501
Other subsidiaries	-	-	22,028	14,689
Total advances to and interest receivable from subsidiaries	-	-	55,498	26,881
Associated companies	-	151	717	101
Related companies	-	42	52	42
Directors	4,575	21,031	4,575	11,869
Dividends receivable from subsidiaries and associated companies	-	-	190,030	23,398
Total advances to, interest receivable and dividends receivable from related parties and directors	4,575	21,224	250,872	62,291
Less: Allowance for long outstanding advances	(4,575)	(11,869)	(4,575)	(11,869)
Advances to, interest receivable and dividends receivable from related parties and directors – net	-	9,355	246,297	50,422
<u>Accrued income from related parties</u>				
Subsidiaries:				
GMM Digital Domain Company Limited	-	-	-	14,268
GMM TV Company Limited	-	-	11,608	11,608
Other subsidiaries	-	-	6,313	2,085
Total accrued income from subsidiaries	-	-	17,921	27,961
Associated company	7	7	-	-
Total accrued income from related parties	7	7	17,921	27,961
<u>Loans to related parties</u>				
Subsidiaries:				
Tifa Company Limited	-	-	3,500	3,500
Clean Karaoke Company Limited	-	-	14,000	19,500
3-RD Company Limited	-	-	24,000	24,000
Total loans to related parties	-	-	41,500	47,000
<u>Trade accounts payable and accrued cost – related parties, management and directors</u>				
Subsidiaries:				
GMM TV Company Limited	-	-	30,485	32,510
Exact Company Limited	-	-	25,849	9,588

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2010	2009	2010	2009
GMM Media Public Company Limited	-	-	43,332	25,324
Media Vision (1994) Company Limited	-	-	5,266	834
MGA Company Limited	-	-	2,140	10,062
GMM Fitness Club Company Limited	-	-	17,479	9,434
Other subsidiaries	-	-	10,127	9,930
Total trade accounts payable and accrued cost – subsidiaries	-	-	134,678	97,682
Associated companies:				
Scenario Company Limited	68,661	45,500	254	192
Encore Company Limited	8,397	2,743	-	-
Other associated companies	4,273	426	289	267
Total trade accounts payable and accrued cost - associated companies	81,331	48,669	543	459
Related companies:				
Geurt Fah Company Limited	6,432	5,818	3,856	3,586
Other related companies	3,259	3,378	38	61
Total trade accounts payable and accrued cost - related companies	9,691	9,196	3,894	3,647
Management and directors	2,261	5,092	1,855	4,423
Total trade accounts payable and accrued cost - related parties, management and directors	93,283	62,957	140,970	106,211
<u>Account payable – purchase of assets from related party</u>				
Subsidiary				
GMM Fitness Club Company Limited	-	-	10,512	10,512
Total Account payable - purchase of assets from related party	-	-	10,512	10,512

During 2010, movements of loans to related parties were as follows:

	(Unit: Thousand Baht)		
	Separate financial statements		
	Balance as at	During the year	
	1 January 2010	Increase	Decrease
			31 December 2010
<u>Loans to related parties</u>			
Subsidiaries:			
Tifa Company Limited	3,500	-	3,500
Clean Karaoke Company Limited	19,500	-	14,000
3-RD Company Limited	24,000	-	24,000
	47,000	-	41,500

Minimum interest rate charged on loans to subsidiaries is charged at the rate not lower than the rate of minimum loan rate (MLR) minus interest rate 1 percentage per annum.

Directors and management's benefits

In 2010 the Company and its subsidiaries had salaries, bonuses, meeting allowances and gratuities of their directors and management recognised as expenses totaling Baht 98.4 million (Separate financial statements: Baht 67.8 million) (2009: Baht 99.4 million, Separate financial statements: Baht 75.9 million).

NOTE TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

7. Cash and cash equivalents

As at 31 December 2010, bank deposits in saving accounts, fixed deposits and current investments of the Company and its subsidiaries carried interests between 0.50 and 1.90 percent per annum (Separate financial statements: 0.50 percent per annum) (2009: between 0.25 and 1.25 percent per annum, Separate financial statements: between 0.25 and 1.08 percent per annum).

8. Trade accounts receivable

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<u>Trade accounts receivable - related parties and directors</u>				
Not yet due	2,421	6,236	38,761	17,277
Pass due				
Up to 3 months	1,724	2,828	31,519	6,871
3 - 6 months	-	-	242	439
6 - 12 months	-	-	10,165	3,092
Over 12 months	876	876	14,352	11,794
Total	5,021	9,940	95,039	39,473
<u>Trade accounts receivable – unrelated parties</u>				
Not yet due	1,070,916	896,076	337,283	358,046
Pass due				
Up to 3 months	728,635	672,594	244,036	248,765
3 - 6 months	73,335	80,913	42,392	46,723
6 - 12 months	37,684	42,049	10,790	19,762
Over 12 months	206,231	229,808	42,950	44,853
Total	2,116,801	1,921,440	677,451	718,149
Less: Allowance for doubtful accounts	(199,271)	(206,296)	(44,376)	(51,718)
Net	1,917,530	1,715,144	633,075	666,431
Trade accounts receivable - net	1,922,551	1,725,084	728,114	705,904

9. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Allowance for diminution in value of inventories		Inventories-net	
	2010	2009	2010	2009	2010	2009
Tape reels, cassette tapes, CDs, video tapes and laser discs	567,791	598,136	(78,057)	(79,117)	489,734	519,019
Motion picture production	27,432	29,069	-	-	27,432	29,069
Television programmes	57,711	49,558	-	-	57,711	49,558
Work in process	73,775	72,220	-	-	73,775	72,220
Books, teaching aids and magazines	50,707	47,731	(15,957)	(19,732)	34,750	27,999
Others	24,584	36,417	-	-	24,584	36,417
Total	802,000	833,131	(94,014)	(98,849)	707,986	734,282

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Allowance for diminution in value of inventories		Inventories-net	
	2010	2009	2010	2009	2010	2009
Tape reels, cassette tapes, CDs, video tapes and laser discs	572,601	606,307	(73,405)	(74,841)	499,196	531,466
Television programmes	1,007	3,965	-	-	1,007	3,965
Work in process	73,456	71,876	-	-	73,456	71,876
Others	17,207	29,295	-	-	17,207	29,295
Total	<u>664,271</u>	<u>711,443</u>	<u>(73,405)</u>	<u>(74,841)</u>	<u>590,866</u>	<u>636,602</u>

10. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2010	2009	2010	2009	2010	2009	2010	2009
	(Million Baht)	(Million Baht)	(%)	(%)				
MGA Company Limited	10.5	10.5	100	100	10,500	10,500	-	-
Music Copyright Collection Company Limited	2	2	100	100	2,000	2,000	-	-
GMM Media Public Company Limited	200	200	99.89	99.89	556,981	556,977	296,046	184,027
Extraorganizer Company Limited	1	1	100	100	999	999	-	-
Upper Cut Company Limited	20	20	100	100	19,999	19,999	-	-
Global Music and Media (Thailand) Company Limited	30	30	100	100	30,000	30,000	-	-
More Music Company Limited	1	13	100	100	1,000	12,500	-	1,400
Aratist Management Company Limited	20	20	100	100	19,999	19,999	-	-
GMM Holding Company Limited	100	100	100	100	100,000	100,000	-	4,000
Global Music and Media Limited	-	2 million US dollar	-	100	-	9,820	-	-
GMM Music Publishing International Company Limited	5	5	100	100	4,999	4,999	29,997	46,995
GMM Tai Hub Company Limited	225	225	51	51	181,050	181,050	16,830	-
Tifa Company Limited	10	10	100	100	10,000	10,000	-	-
Clean Karaoke Company Limited	200	200	100	100	164,270	164,270	-	-
Lucks Music 999 Company Limited	20	20	50	50	9,999	9,999	-	-
3-RD Company Limited	18	18	70	70	12,733	12,733	-	-
G-Gram Company Limited	0.5	0.5	50	50	250	250	-	-
GR Vocal Studio Company Limited	5	-	50	-	2,500	-	-	-
Total					<u>1,127,279</u>	<u>1,146,095</u>	<u>342,873</u>	<u>236,422</u>
Less: Allowance for impairment loss on investments					<u>(225,439)</u>	<u>(240,259)</u>		
Net					<u>901,840</u>	<u>905,836</u>		

- a) The Extraordinary General Meeting of the Company's shareholders No.1/2008 passed a resolution to purchase shares of GMM Media Public Company Limited's from all of its minority shareholders. On 12 February 2009, the Company swapped shares with minority shareholders of GMM Media Public Company Limited, based on a ratio of 1 new ordinary share of the Company, with a market price of Baht 9.5-9.7 per share, for a total of Baht 387.6 million, for 1 ordinary share of that company; acquiring a total of 40,264,947 ordinary shares with a net book value of Baht 198.0 million. The Company recorded the excess of the market price of the ordinary shares of the Company over the attributable net asset value of such subsidiary company at the acquisition date, amounting to Baht 189.6 million, in shareholders' equity under the caption of "Difference resulting from share swap between the Company and a subsidiary company".

The Company registered the change in the paid-up share capital from Baht 490,000,000 (490,000,000 ordinary shares of Baht 1 each) to Baht 530,264,947 (530,264,947 ordinary shares of Baht 1 each) with the Ministry of Commerce on 12 February 2009, and recorded the difference between the par value of the Company's ordinary shares and the market price, totaling Baht 347 million, under the caption of "Share premium" in shareholders' equity.

On 19 February 2009, the Board of the Stock Exchange of Thailand approved the delisting of GMM Media Public Company Limited's ordinary shares from the Stock Exchange of Thailand.

- b) In May 2010, Global Music and Media Limited, a subsidiary, deregistered.
- c) On 28 June 2010, the Extraordinary General Meeting of More Music Company Limited, a subsidiary, No.1/2010 passed a resolution to reduce of its registered share capital by Baht 37.5 million, from its prior level of Baht 50 million, by reducing the par value of the shares from Baht 100 (25 percent paid up) to Baht 25 (fully paid) per share. As a result, the registered share capital of this company is Baht 12.5 million, consisting of 500,000 shares of Baht 25 each. On 17 August 2010, the Extraordinary General Meeting of the subsidiary No.2/2010 passed a resolution to reduce of its registered share capital by Baht 9.4 million, from its prior level of Baht 12.5 million, by reducing the par value of the shares from Baht 25 to Baht 6.25 per share. As a result, the registered share capital of that company is Baht 3.1 million, consisting of 500,000 shares of Baht 6.25 each. On 15 October 2010, the Extraordinary General Meeting of the subsidiary No.3/2010 passed a resolution to reduce of its registered share capital by Baht 2.1 million, from its prior level of Baht 3.1 million, by reducing the number of the shares from 500,000 shares to 160,000 shares. As a result, the registered share capital of that company is Baht 1 million, consisting of 160,000 shares of Baht 6.25 each. The capital reduction has no effect to the Company's shareholding in such company.
- d) On 28 June 2010, the Extraordinary General Meeting of G.I.P. Management Company Limited, a subsidiary, No.1/2010 passed a resolution to reduce of its registered share capital by Baht 37.5 million, from its prior level of Baht 50 million, by reducing the par value of the shares from Baht 100 to Baht 25 per share. As a result, the registered share capital of this Company is Baht 12.5 million, consisting of 500,000 shares of Baht 25 each. On 17 August 2010, the Extraordinary General Meeting of the subsidiary No.2/2010 passed a resolution to reduce of its registered share capital by Baht 9.4 million, from its prior level of Baht 12.5 million, by reducing the par value of the shares from Baht 25 to Baht 6.25 per share. As a result, the registered share capital of this Company is Baht 3.1 million, consisting of 500,000 shares of Baht 6.25 each. On 15 October 2010, the Extraordinary General Meeting of the subsidiary No.3/2010 passed a resolution to reduce of its registered share capital by Baht 2.3 million, from its prior level of Baht 3.1 million, by

reducing the number of the shares from 500,000 shares to 125,000 shares. As a result, the registered share capital of that company is Baht 0.8 million, consisting of 125,000 shares of Baht 6.25 each. The capital reduction has no effect to the Company's shareholding in that Company.

- e) On 28 June 2010, the Extraordinary General Meeting of Sanamluang Garndontree Company Limited, a subsidiary, No.1/2010 passed a resolution to reduce of its registered share capital by Baht 15 million, from its prior level of Baht 20 million, by reducing the par value of the shares from Baht 100 to Baht 25 per share. As a result, the registered share capital of this Company is Baht 5 million, consisting of 200,000 shares of Baht 25 each. On 17 August 2010, the Extraordinary General Meeting of the subsidiary No.2/2010 passed a resolution to reduce of its registered share capital by Baht 3.8 million, from its prior level of Baht 5 million, by reducing the par value of the shares from Baht 25 to Baht 6.25 per share. As a result, the registered share capital of this Company is Baht 1.3 million, consisting of 200,000 shares of Baht 6.25 each. On 15 October 2010, the Extraordinary General Meeting of the subsidiary No.3/2010 passed a resolution to reduce of its registered share capital by Baht 0.3 million, from its prior level of Baht 1.3 million, by reducing the par value of the shares from baht 6.25 to Baht 5 per shares. As a result, the registered share capital of this Company is Baht 1 million, consisting of 200,000 shares of Baht 5 each. The capital reduction has no effect to the Company's shareholding in that Company.
- f) In October 2010, The Company invested in 24,999 ordinary shares of GR Vocal Studio Company Limited at a price of Baht 100 per share, for a total of Baht 2.5 million, which registered its incorporation with the Ministry of Commerce on 8 October 2010. The Company's investment represents 50 percent of the registered capital of such company.

11. Investments in joint ventures

11.1 Details of investments in joint ventures:

Investments in joint ventures represent investments in entities which are jointly controlled by the Company and other companies. Details of these investments are as follows:

(Unit: Thousand Baht)

Jointly controlled entities	Nature of business	Separate financial statements							
		Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
		2010	2009	2010	2009	2010	2009	2010	2009
		(%)	(%)						
Joint Venture The Shutter	Ceased operation	-	80	-	-	-	-	-	-
Total				-	-	-	-	-	-

In 2005, Joint Venture The Shutter returned all investment of the Company, in proportion to its interest.

(Unit: Thousand Baht)

Jointly controlled entities	Nature of business	Consolidated financial statements			
		Shareholding percentage		Cost	
		2010	2009	2010	2009
		(%)	(%)		
Joint Venture The Shutter	Ceased operation	-	80	-	-
Joint Venture Dek Ho	Ceased operation	-	100	-	1,000

NOTE TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

(Unit: Thousand Baht)

Jointly controlled entities	Nature of business	Consolidated financial statements			
		Shareholding percentage		Cost	
		<u>2010</u> (%)	<u>2009</u> (%)	<u>2010</u>	<u>2009</u>
Joint Venture ID2	Construction Designed and Management of Thai exhibition Building	67	67	10,000	27,060
Joint Venture Fast Track World Expo Tour	Travel Agent	50	50	125	125
Total				<u>10,125</u>	<u>28,185</u>

In October 2010, Joint Venture The Shutter ceased its operation.

In December 2010, Joint Venture Dek Ho ceased its operation.

In December 2010, Joint Venture ID2 returned investment, for a total of Baht 25.46 million to the venturers in proportion to their interest.

11.2 Profit sharing

During the year, the Company recognised profit sharing from jointly controlled entities in the separate financial statements as follows:

(Unit: Thousand Baht)

Jointly controlled entity	Separate financial statements	
	Profit sharing from jointly controlled entities during the year	
	<u>2010</u>	<u>2009</u>
Joint Venture The Shutter	2,594	-
Total	<u>2,594</u>	<u>-</u>

11.3 Summarised financial information of jointly controlled entities

The Company and subsidiaries' proportionate shares of the assets, liabilities, revenue and expenses of jointly controlled entities, according to proportion under joint venture agreement, is as follows:

(Unit: Million Baht)

	As at 31 December	
	<u>2010</u>	<u>2009</u>
Current assets	33.7	60.7
Non-current assets	-	1.5
	<u>33.7</u>	<u>62.2</u>
Current liabilities	(14.9)	(22.8)
Net assets	<u>18.8</u>	<u>39.4</u>

(Unit: Million Baht)

	For the year ended 31 December	
	<u>2010</u>	<u>2009</u>
Revenue	248.5	117.6
Cost of sales	(244.6)	(108.9)
Selling and administrative expenses	(0.3)	(0.4)
Income before corporate income tax	3.6	8.3
Corporate income tax	(1.1)	(2.6)
Net income	<u>2.5</u>	<u>5.7</u>

NOTE TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

12. Investments in associates

12.1 Details of associates:

Company's name	Nature of business	Country of incorporation	Consolidated financial statements						(Unit: Thousand Baht)		
			Paid up capital		Percentage of shareholding		Cost		Carrying amounts based on equity method		
			2010 (Million Baht)	2009 (Million Baht)	2010 (%)	2009 (%)	2010	2009	2010	2009	
<u>Associates held by the subsidiaries</u>											
Scenario Company Limited	Production of television programmes and plays	Thailand	70	70	25	25	17,500	17,500			
Encore Company Limited	Business events advisors and organizer	Thailand	42	42	37	37	15,540	15,540			
Channel [V] Music (Thailand) Company Limited	Production of television programmes	Thailand	110	110	25	25	27,500	27,500			
Nadao Bangkok Company Limited	Films production and talent agency services	Thailand	2	2	30	30	600	600			
Blue Media Communications Company Limited	Provision of publishing media design, production and distribution services	Thailand	5	5	40	40	2,000	2,000			
Lucks Satellite Company Limited	Production of satellite television programmes	Thailand	15	-	25	-	3,750	-			
<u>Associates held by the Company</u>											
Family Know How Company Limited	Production of television programmes and publishing media	Thailand	50	50	50	50	25,000	25,000			
							91,890	88,140			
								230,787			

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NOTE TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

Company's name	Nature of business	Country of incorporation	Separate financial statements				(Unit: Thousand Baht)	
			Percentage of shareholding		Cost		Allowance for	
			2010	2009	2010	2009	Impairment of investments	Carrying amounts based on cost method - net
			(%)	(%)	(Million Baht)	(Million Baht)	2010	2009
Family Know How Company Limited	Production of television programmes and publishing media	Thailand	50	50	25,000	25,000	-	25,000
					25,000	25,000	-	25,000

In October 2010, GMM Media (Public) Company Limited, a subsidiary company, invested in 50,000 ordinary shares of Lucks Satellite Company Limited at a price of Baht 75 per share, for a total of Baht 3.75 million (75 percent paid up) which registered its incorporation with the Ministry of Commerce on 18 October 2010. The Company's investment represents 25 percent of the registered capital of such company.

NOTE TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

12.2 Share of income/loss and dividend received

During the year, the Company and its subsidiaries have recognised their share of net income/loss from investments in associate companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements			
	Share of income/loss from investments in associates during the year		Dividend received during the year	
	2010	2009	2010	2009
<u>Associates held by the subsidiaries</u>				
Scenario Company Limited	35,972	34,746	7,000	5,250
Encore Company Limited	961	779	-	3,700
Channel [V] Music (Thailand) Company Limited	1,988	(1,306)	-	3,000
Nadao Bangkok Company Limited	643	20	-	-
Blue Media Communications Company Limited	(423)	(382)	-	-
Lucks Satellite Company Limited	(724)	-	-	-
<u>Associates held by the Company</u>				
Family Know How Company Limited	13,217	2,698	-	-
Total	51,634	36,555	7,000	11,950

12.3 Summarised financial information of associates

Financial information of the associated companies is summarised below.

(Unit: Million Baht)

Company's name	Paid-up capital as at		Total assets as at		Total liabilities as at		Total revenues for the year ended		Net income(loss) for the year ended	
	31 December		31 December		31 December		31 December		31 December	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Scenario Company Limited	70	70	744	644	188	203	771	753	144	139
Encore Company Limited	42	42	47	44	2	2	17	16	3	2
Channel [V] Music (Thailand) Company Limited	110	110	123	115	9	8	86	76	9	(2)
Nadao Bangkok Company Limited	2	2	10	5	6	3	32	4	2	-
Blue Media Communications Company Limited	5	5	6	8	3	4	1	-	(1)	(1)
Lucks Satellite Company Limited	15	-	14	-	2	-	-	-	(3)	-
Family Know How Company Limited	50	50	159	82	73	25	230	142	29	(6)

13. Other long-term investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	2010		2009	
	Cost	Fair Value	Cost	Fair Value
<u>Securities available-for-sale</u>				
Unit Trusts in Tisco Fixed - Income Fund	3,197	47	5,498	65
SE-Education Public Company Limited	233,236	449,675	233,236	341,499
Matichon Public Company Limited	455,499	282,900	455,499	278,800
The Post Publishing Public Company Limited	972,572	500,320	972,572	554,600
Total	1,664,504	1,232,942	1,666,805	1,174,964
Add: Unrealised gains on changes in value of investments	218,786		109,030	
Less: Unrealised losses on changes in value of investments of subsidiary	(644,851)		(594,671)	
: Allowance for impairment of investment	(5,497)		(6,200)	
Securities available-for-sale - net	1,232,942		1,174,964	
<u>Other investments</u>				
Siam Telemarketing Company Limited	3,000		3,000	
Dyntec Disc Production Company Limited	14,200		14,200	
Lighthouse Films Service Company Limited	-		2,500	
Karaoke Center Company Limited	2,399		2,399	
Lives and rich Company Limited	1,000		1,000	
A-Time Traveller Company Limited	400		400	
Total	20,999		23,499	
Less: Allowance for impairment of investments	(18,000)		(19,000)	
Other investments - net	2,999		4,499	
<u>Others</u>				
Government Savings Bank Bond	2,314		2,414	
Total others	2,314		2,414	
Total other long - term investments - net	1,238,255		1,181,877	

In September 2005, GMM Media Public Company Limited, a subsidiary, acquired ordinary shares of The Post Publishing Public Company Limited and Matichon Public Company Limited, companies listed on the Stock Exchange of Thailand. These represents 23.6 percent and 20 percent respectively of the paid up share capital of such companies. Since GMM Media Public Company Limited does not have significant influence over the above two companies, these investments are presented as available-for-sale securities.

GMM Media Public Company Limited has placed most of the shares of these two companies with a bank as security for loans.

During the year, The Post Publishing Public Company Limited and SE-Education Public Company Limited declared to pay dividend of Baht 16.2 million and Baht 28.0 million, respectively.

(Unit: Thousand Baht)

	Separate financial statements			
	2010		2009	
	Cost	Fair Value	Cost	Fair Value
<u>Securities available-for-sale</u>				
Unit Trusts in Tisco Fixed-Income fund	3,197	47	5,498	65
SE-Education Public Company Limited	233,236	449,675	233,236	341,499
Total	236,433	449,722	238,734	341,564
Add: Unrealised gains on changes in value of investments	218,786		109,030	
Less: Allowance for impairment of investment	(5,497)		(6,200)	
Securities available-for-sale - net	449,722		341,564	
<u>Other investments</u>				
Siam Telemarketing Company Limited	3,000		3,000	
Karaoke Center Company Limited	2,399		2,399	
Total	5,399		5,399	
Less: Allowance for impairment of investment	(3,000)		(3,000)	
Other investments - net	2,399		2,399	
<u>Others</u>				
Government Savings Bank Bond	1,014		1,014	
Total others	1,014		1,014	
Total other long-term investments - net	453,135		344,977	

NOTE TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

14. Property, plant and equipment

	Consolidated financial statements							(Unit: Thousand Baht)
	Land	Buildings and building improvement	Operating equipment	Furniture and fixtures and office equipment	Motor vehicles	Construction in progress and equipment under installation	Others	
Cost:								
As at 31 December 2009	70,329	762,924	1,377,432	295,090	213,731	69,826	645	2,789,977
Additions	74,534	14,117	116,649	15,395	14,432	29,131	-	264,258
Disposals	-	(53,843)	(122,211)	(12,026)	(11,264)	(9,320)	-	(208,664)
Transfers in / (out)	-	8,838	57,178	187	-	(68,516)	-	(2,313)
As at 31 December 2010	144,863	732,036	1,429,048	298,646	216,899	21,121	645	2,843,258
Accumulated depreciation:								
As at 31 December 2009	-	405,036	1,016,480	231,062	134,016	-	645	1,787,239
Depreciation for the year	-	61,818	170,668	25,259	26,902	-	-	284,647
Accumulated depreciation on disposals	-	(47,199)	(119,682)	(11,525)	(8,928)	-	-	(187,334)
As at 31 December 2010	-	419,655	1,067,466	244,796	151,990	-	645	1,884,552
Net book value:								
As at 31 December 2009	70,329	357,888	360,952	64,028	79,715	69,826	-	1,002,738
As at 31 December 2010	144,863	312,381	361,582	53,850	64,909	21,121	-	958,706
Depreciation for the year								
2009 (Baht 139.8 million included in cost of sales and productions, and the balance in selling and administrative expenses)								288,017
2010 (Baht 134.3 million included in cost of sales and productions, and the balance in selling and administrative expenses)								284,647

NOTE TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

(Unit: Thousand Baht)

	Separate financial statements					Total
	Building and building improvement	Operating equipment	Furniture and fixtures and office equipment	Motor vehicles	Construction in progress and equipment under installation	
Cost:						
As at 31 December 2009	211,433	57,727	276,837	110,179	1,747	657,923
Additions	6,418	2,188	38,581	7,112	746	55,045
Disposals	(6,216)	(446)	(2,931)	(2,572)	-	(12,165)
Transfers in / (out)	-	2,998	(2,998)	-	(2,313)	(2,313)
As at 31 December 2010	211,635	62,467	309,489	114,719	180	698,490
Accumulated depreciation:						
As at 31 December 2009	175,595	40,293	207,234	75,342	-	498,464
Depreciation for the year	12,552	6,096	43,844	12,262	-	74,754
Accumulated depreciation on disposals	(6,086)	(387)	(2,569)	(2,336)	-	(11,378)
Transfers in / (out)	-	1,130	(1,130)	-	-	-
As at 31 December 2010	182,061	47,132	247,379	85,268	-	561,840
Net book value:						
As at 31 December 2009	35,838	17,434	69,603	34,837	1,747	159,459
As at 31 December 2010	29,574	15,335	62,110	29,451	180	136,650
Depreciation for the year						
2009 (Baht 1.5 million included in cost of sales and productions, and the balance in selling and administrative expenses)						75,803
2010 (Baht 1.5 million included in cost of sales and productions, and the balance in selling and administrative expenses)						74,754

As at 31 December 2010, the Company, its subsidiaries and its jointly controlled entities had vehicles and equipment under finance lease agreements with net book values amounting to Baht 74 million.

As at 31 December 2010, the Company, its subsidiaries and its jointly controlled entities had certain building and equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 900 million (2009: Baht 1,046 million) (Separate financial statements: Baht 393 million and, 2009: Baht 346 million).

Three subsidiaries have mortgaged land with structures thereon with a total net book value as at 31 December 2010 of Baht 297 million as collateral for bank overdraft and long-term credit facilities granted by commercial banks.

NOTE TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

15. Intangible assets

	Consolidated financial statements						(Unit: Thousand Baht)
	Copyrights to musical compositions	Motion picture copyrights	Computer software	Games licenses	Deferred expenses	Others	
Cost:							
As at 31 December 2009	456,220	991,914	186,689	30,392	28,226	12,731	1,706,172
Additions	27,135	91,392	15,086	-	1,186	8,374	143,173
Written off	-	(101,416)	(108)	-	-	-	(101,524)
Transfer in	-	-	2,313	-	-	-	2,313
As at 31 December 2010	483,355	981,890	203,980	30,392	29,412	21,105	1,750,134
Accumulated amortisation:							
As at 31 December 2009	284,129	968,631	95,525	20,891	27,561	8,507	1,405,244
Amortisation for the year	14,450	90,851	21,166	-	1,167	8,931	136,565
Accumulated amortisation on written off	-	(101,416)	(65)	-	-	-	(101,481)
As at 31 December 2010	298,579	958,066	116,626	20,891	28,728	17,438	1,440,328
Allowance for impairment loss on assets:							
As at 31 December 2009	431	10,631	-	9,501	-	-	20,563
As at 31 December 2010	431	10,631	-	9,501	-	-	20,563
Net book value:							
As at 31 December 2009	171,660	12,652	91,164	-	665	4,224	280,365
As at 31 December 2010	184,345	13,193	87,354	-	684	3,667	289,243

NOTE TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

(Unit: Thousand Baht)

	Separate financial statements				
	Copyrights to musical compositions	Motion picture copyrights	Computer software	Deferred expenses	Total
Cost:					
As at 31 December 2009	310,861	258,189	115,582	15,076	699,708
Additions	10,512	9,709	9,371	1,187	30,779
Written off	-	-	(122)	-	(122)
Transfers in	-	-	2,313	-	2,313
As at 31 December 2010	321,373	267,898	127,144	16,263	732,678
Accumulated amortisation:					
As at 31 December 2009	130,516	241,698	46,902	15,053	434,169
Amortisation for the year	-	12,324	12,826	1,062	26,212
Accumulated amortisation on written off	-	-	(78)	-	(78)
As at 31 December 2010	130,516	254,022	59,650	16,115	460,303
Allowance for impairment loss on assets:					
As at 31 December 2009	-	4,264	-	-	4,264
As at 31 December 2010	-	4,264	-	-	4,264
Net book value:					
As at 31 December 2009	180,345	12,227	68,680	23	261,275
As at 31 December 2010	190,857	9,612	67,494	148	268,111

Baht 111 million (Separate financial statements: Baht 13 million) of the current year's amortisation has been charged to cost of sales and productions, with the remaining Baht 26 million (Separate financial statements: Baht 13 million) charged to selling and administrative expenses.

As at 31 December 2010, this represents the Company's, its subsidiaries' and its jointly controlled entities' deferred copyrights to musical compositions, with net carrying values amounting to Baht 151 million (2009: Baht 138 million) and Baht 171 million for the Company only (2009: Baht 161 million) for the copyrights to compositions which have already been recorded and released on albums. The value of the copyrights in such musical compositions depends on the popularity of the artist and possibility of further distribution or re-release of such compositions. However, the management of the Company, its subsidiaries and its jointly controlled entities believe that the compositions will generate future benefits in excess of their net book values through their re-release in various forms, and therefore no allowance for loss on impairment of deferred copyrights is required.

16. Bank overdraft and short-term loans from banks

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Bank overdrafts	MOR, MOR+2	8,440	22,010	-	-
Short-term loans from banks	2.0 - 2.4, MLR	778,000	872,000	70,000	150,000
Total		786,440	894,010	70,000	150,000

NOTE TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

A Bank overdraft of a subsidiary is guaranteed by its director and secured by the mortgage of the company's land with structures thereon and unrelated party. Short-term loans from Commercial Bank of a subsidiary company are secured by two listed equity securities held by a subsidiary.

17. Long - term loans

The outstanding balances as of 31 December 2010 and 2009 consisted of:

(Unit: Thousand Baht)					
		Consolidated		Separate	
		financial statements		financial statements	
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
17.1	A Baht loan amounting to Baht 25 million. Principal and interest are to be paid in 84 monthly installments commencing March 2004, with interest charged at the minimum loan rate (MLR) minus interest rate 1.00 percentage per annum for the first 24 installments and the minimum loan rate (MLR) after the 24 th installment.	-	1,882	-	-
17.2	A Baht loan amounting of Baht 150 million. Principal and interest are to be paid in 72 monthly installments commencing October 2006, with interest charged at the rate of minimum loan rate (MLR) minus interest rate 1.25 percentage per annum for the first 24 installments and the minimum loan rate (MLR) minus interest rate 1.00 percentage per annum after the 24 th installment.	40,800	66,000	-	-
17.3	A Baht loan amounting to Baht 500 million. Principal is to be paid in 20 quarterly installments but interest is to be paid monthly commencing May 2008, with interest charged at the minimum loan rate (MLR) minus interest rate 1.75 percentage per annum for the first 24 installments and the minimum loan rate (MLR) minus interest rate 1.00 percentage per annum after the 24 th installment.	225,000	325,000	-	-
17.4	A Baht loan amounting to Baht 11 million. Principal and interest are to be paid in 120 monthly installments commencing July 2002, with interest charged at the minimum loan rate (MLR).	-	92	-	-
17.5	A Baht loan amounting to Baht 35 million. Principal and interest are to be paid in 120 monthly installments commencing February 2008, with interest charged at the minimum loan rate (MLR) minus interest rate 1.50 percentage per annum for the first 24 installments and the minimum loan rate (MLR) minus interest rate 0.50 percentage after the 24 th installment.	24,790	28,549	-	-
17.6	A Baht loan amounting to Baht 12 million. Principal and interest are to be paid in 84 monthly installments	10,752	-	-	-

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
commencing March 2010, with interest charged at the minimum loan rate (MLR) minus interest rate 1.00 percentage per annum.				
Total	301,342	421,523	-	-
Less: Current portion due within one year	(132,808)	(132,603)	-	-
Long-term loans - net of current portion	168,534	288,920	-	-

The long-term loan in Note 17.3 is secured by two listed equity securities held by a subsidiary. This loan agreement contains certain covenants and restrictions. These relate to, among other things, the maintenance of their financial ratios.

In addition, the long-term loans of two subsidiaries amounting to approximately Baht 76.3 million are guaranteed by directors of subsidiaries and secured by the mortgage of land with structures thereon of the two subsidiaries. These guarantees are effective so long as the underlying obligations have not been discharged by the subsidiaries. No guarantee fee is charged by the directors.

18. Liabilities under finance lease agreements

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
Liabilities under finance lease agreements	58,072	71,438	32,925	35,048
Less: Deferred interest expenses	(1,996)	(3,587)	(182)	(478)
Total	56,076	67,851	32,743	34,570
Less: Current portion due within one year	(18,534)	(19,044)	(9,133)	(7,569)
Liabilities finance lease agreements - net of current portion	37,542	48,807	23,610	27,001

The Company, its subsidiaries and its jointly controlled entities have entered into the finance lease agreements with leasing companies for rental of motor vehicles and equipment for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 5 years. Finance lease agreements are non-cancelable.

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

	(Unit: Million Baht)			
	Consolidated financial statements			
	Less than 1 year	1-5 years	Over 5 years	Total
Future minimum lease payments	21.5	41.2	-	62.7
Deferred interest expenses	(3.0)	(3.7)	-	(6.7)
Present value of future minimum lease payments	18.5	37.5	-	56.0

NOTE TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

(Unit: Million Baht)

	Separate financial statements			
	Less than 1	Over 5		
	year	1-5 years	years	Total
Future minimum lease payments	11.1	25.9	-	37.0
Deferred interest expenses	(2.0)	(2.3)	-	(4.3)
Present value of future minimum lease payments	9.1	23.6	-	32.7

19. Share capital

On 25 September 2008, the Extraordinary General Meeting of the Company's shareholders No.1/2008 passed resolutions to increase of the Company's registered share capital for Baht 40,556,100 from the registered share capital of Baht 490,000,000 (490,000,000 ordinary shares of Baht 1 each) to Baht 530,556,100 (530,556,100 ordinary shares of Baht 1 each), through the issuance of 40,556,100 additional ordinary shares with a par value of Baht 1 each. The Company registered the increase of its share capital with the Ministry of Commerce on 10 October 2008

The Company registered the change in the paid-up share capital from Baht 490,000,000 (490,000,000 ordinary shares of Baht 1 each) to Baht 530,264,947 (530,264,947 ordinary shares of Baht 1 each) with the Ministry of Commerce on 12 February 2009

20. Statutory reserve

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

21. Expenses by nature

Significant expenses by nature are as follow:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2010	2009	2010	2009
Salary and wages and other employee benefits	1,945,615	1,776,419	864,535	843,388
Depreciation expenses	284,647	288,017	74,754	75,803
Amortisation expenses	146,364	193,666	36,011	44,214
Rental expenses from operating agreements	881,304	614,378	113,935	79,487
Raw materials and consumables used	85,500	114,754	85,500	114,855
Changes in inventories of finished goods and work in progress	31,131	(104,698)	47,172	(114,018)

22. Earnings per share

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

NOTE TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

23. Segment information

The Company, its subsidiaries and its jointly controlled entities' business operations involve three principal segments i.e. music, media (radio, television and publishing) and marketing events. These operations are mainly carried on in Thailand. Below is the consolidated financial information for the year ended 31 December 2010 and 2009 of the Company, its subsidiaries and its jointly controlled entities by segment:

(Unit: Million Baht)

Consolidated financial statements													
Music				Media		Marketing events		Others		Elimination of inter-segment revenues		Total	
2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Revenue from external customers													
3,321	3,506	3,342	2,693	1,459	1,148	365	474	-	-	-	-	8,487	7,821
Inter-segment revenues													
236	231	263	362	333	203	15	18	(847)	(814)	-	-	-	-
Total revenues													
3,557	3,737	3,605	3,055	1,792	1,351	380	492	(847)	(814)	8,487	(814)	8,487	7,821
Segment operating income													
1,349	1,448	1,316	1,119	405	236	73	121	118	100	3,261	100	3,261	3,024
12	17	14	19	-	-	8	9	(19)	(26)	15	(26)	15	19
Other income													
311	213	202	178	11	11	112	124	(326)	(242)	310	(242)	310	284
(123)	(87)	(382)	(295)	(29)	(14)	(13)	(13)	68	42	(479)	42	(479)	(367)
Selling expenses													
(1,322)	(1,373)	(737)	(543)	(234)	(181)	(154)	(171)	150	6	(2,297)	6	(2,297)	(2,262)
Administrative expenses													
-	-	-	(141)	-	-	-	-	-	141	-	-	-	-
Loss on sale of investment in subsidiaries													
13	3	37	34	1	-	1	-	-	-	52	-	52	37
Share of income of associated companies													
(8)	(11)	(40)	(53)	(7)	(9)	(7)	(8)	20	26	(42)	26	(42)	(55)
Finance cost													
(63)	(34)	(119)	(78)	(45)	(15)	(2)	(12)	-	-	(229)	-	(229)	(139)
Corporate income tax													
169	176	291	240	102	28	18	50	11	47	591	47	591	541
Net income for the year													
199	274	267	193	469	502	24	34	-	-	959	-	959	1,003
Property plant and equipment													
3,139	2,953	2,858	2,674	846	561	577	593	(814)	(858)	6,606	(858)	6,606	5,923
Other assets													
3,338	3,227	3,125	2,867	1,315	1,063	601	627	(814)	(858)	7,565	(858)	7,565	6,926
Total assets													

The Company, its subsidiaries and its jointly controlled entities have applied the pricing policies as set out in Note 6 to the financial statements to set the transfer prices.

24. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiaries contributed to the fund monthly at the rate of 3 and 5 percent of basic salary. The fund, which is managed by BT Asset Management Company Limited and Finansia Asset Management Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2010, the Company and its subsidiaries contributed Baht 33 million (2009: Baht 31 million) to the fund and Baht 16 million for the Company only (2009: Baht 16 million).

25. Dividend paid

Dividends	Approved by	Total dividends (Million Baht)	Dividends per share (Baht)
Final dividends on 2008 earnings	Annual General Meeting of the shareholders on 27 April 2009	344.7	0.65
Interim dividends on 2009 earnings (1 January 2009 - 30 June 2009)	Board of Directors' Meeting on 13 August 2009	291.6	0.55
Total dividend paid for 2009		636.3	1.20
Final dividends on 2009 earnings	Annual General Meeting of the shareholders on 26 April 2010	169.7	0.32
Interim dividends on 2010 earnings (1 January 2010 - 30 June 2010)	Board of Directors' Meeting on 11 August 2010	212.1	0.40
Total dividend paid for 2010		381.8	0.72

26. Commitments and contingent liabilities

26.1 Investing commitments

The Company and its subsidiaries have uncalled portions of investments in three associated companies registered in Thailand, totaling Baht 40.2 million (31 December 2009: Baht 39.0 million in two associated companies) of which Baht 208.5 million are from investments of the Company only in four subsidiaries registered in Thailand (31 December 2009: Baht 246.0 million in five subsidiaries).

26.2 Capital commitments

- As at 31 December 2010, a subsidiary has capital commitments of approximately Baht 35.7 million relating to the construction of a satellite television studio.
- As at 31 December 2010, a subsidiary has capital commitments of approximately Baht 11.6 million relating to the construction of a studio.

26.3 Operating lease commitments

- The Company, its subsidiaries and its associated companies have entered into several lease agreements with third parties and two related parties in respect of the lease of air time for programme broadcasting and advertising placement at certain radio and television stations, the lease of office building and shop space, and space in which to install coin-operated karaoke booths, theatre lease, equipment leases and the provision of related services and market research and survey services. Under certain agreements, payments are to be made based on a percentage

of sales, before deducting expenses, as stipulated in the individual agreement, and the Company, its subsidiaries and its associated companies have to comply with various conditions laid out in the agreements.

Future minimum rentals payable under these leases as at 31 December 2010 are as follow:

	Consolidated financial statements	Separate financial statements
	(Million Baht)	(Million Baht)
Payable within:		
1 year	566.1	127.0
2 to 5 years	320.7	173.8
Thereafter	122.6	-

- b) The Company has entered into an agreement with a company to lease space to operate an entertainment business. Under this agreement, the Company has to pay a fee to that company at a minimum rate of 16.2 percent of its gross margin on sales of its products and to comply with various conditions stipulated in the agreement.

26.4 Long-term service commitments

- a) The Company and its subsidiaries have entered into agreements with producers and singers to provide certain services to the Company and its subsidiaries under which the Company and its subsidiaries are to pay compensation at fixed rates based on the volume of sales generated as a result of the provision of these services, once sales exceed minimum quantity guarantees set out in the agreements.
- b) A subsidiary has entered into an agreement with a company granting it the right to use a karaoke computer program for a period of 50 years. The subsidiary has to pay a fee to that company at a rate of three percent of the wholesale price, after deducting discounts, whenever the subsidiary is able to sell such program. The subsidiary and that company have to comply with various conditions stipulated in the agreement.
- c) Under the agreement with a foreign company in relation to the use its trademark and copyright in the production and distribution of a magazine, which the expiry date is in 2011, a subsidiary is obliged to pay royalty fee calculated at a certain percentage of its net turnover but not less than the minimum amount stipulated in the agreements and to pay the copyright fee on an annual basis at the amount as stipulated in the agreements. The subsidiary company is thereby required to comply with conditions stipulated in the contract.
- d) Under the agreement with a foreign company in relation to use its trademark and license in the production and distribution of a magazine for a period of 10 years, which the expiry date is in 2014, a subsidiary is obliged to pay royalty fee calculated at a certain percentage of its gross advertising revenue and gross circulation revenue on an annual basis as stipulated in the agreements. The subsidiary is thereby required to comply with conditions stipulated in the contract.
- e) Under the agreements with a company licensing to broadcast to the public, the subsidiary is committed to pay a royalty fee at a percentage of its revenues from sales of advertising, before deducting expenses for a period of 2 year, ending in the year 2012, as specified in the agreements.
- f) The Company and its subsidiaries have entered into agreements with a company and two foreign companies, who are to provide satellite transmission services for periods of 2 to 5 years, ending in

2012 to 2015. The Company and its subsidiaries are obliged to pay transmission service fees and other expenses incurred in relation to such services, as stipulated in the agreements, and are thereby required to comply with conditions stipulated in the agreements. Under the agreements, the Company and its subsidiaries are obliged to pay transmission service fees totaling Baht 16.5 million and US dollar 4.5 million from 2011 to 2015.

26.5 Other service commitments

A subsidiary entered into agreements hiring four companies to provide marketing, business and legal consultancy services in 2011, totaling Baht 21.6 million, Baht 12.0 million and Baht 0.6 million, respectively.

26.6 Guarantees

- a) As at 31 December 2010, the Company and its subsidiaries have provided guarantees to banks for credit facilities granted to other company amounting to Baht 1.4 million (Separate financial statements: Baht 1.4 million). Generally, the Company's guarantee is binding for as long as the underlying obligations have not yet been discharged by that other company. No fees are charged for the provision of this guarantee.
- b) As at 31 December 2010, there were outstanding bank guarantees of approximately Baht 168 million and Baht 3 million of the Company only issued by banks on behalf of the Company, its subsidiaries and its jointly controlled entities in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 1 million to guarantee payments due to creditors, Baht 165 million to guarantee contractual performance and Baht 2 million to guarantee electricity use, among others.

27. Financial instruments**27.1 Financial risk management**

The Company, its subsidiaries and its jointly controlled entities' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable and notes receivable, loans, investments, short-term loans, long-term loans and liabilities under hire purchase and finance lease agreements. The financial risks associated with these financial instruments and how they are managed in described below.

Credit risk

The Company, its subsidiaries and its jointly controlled entities are exposed to credit risk primarily with respect to trade accounts receivable. The Company, its subsidiaries and its jointly controlled entities' management manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company, its subsidiaries and its jointly controlled entities do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the balance sheet.

Interest rate risk

The Company's, its subsidiaries' and its jointly controlled entities' exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts, short-term and long-term borrowing. However, since most of the

Company, its subsidiaries and its jointly controlled entities' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2010 classified by type of interest rates are summarized in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date or the repricing date if this occurs before the maturity date.

	Consolidated financial statements						
	Fixed interest rates						
	Within	1-5	Over	Floating	Non- interest		
	1 year	years	5 years	interest rate	bearing	Total	Interest rate
	(Million Baht)						(% p.a.)
<u>Financial assets</u>							
Cash and cash equivalent	263	-	-	736	-	999	0.5-1.9
Current investment	204	-	-	-	-	204	1.0-2.25
Trade accounts receivable	-	-	-	-	2,122	2,122	-
	467	-	-	736	2,122	3,325	
<u>Financial liabilities</u>							
Bank overdraft and short-term loans	-	-	-	786	-	786	Note 16
Trade accounts payable and accrued cost	-	-	-	-	1,305	1,305	-
Long-term loans	-	-	-	301	-	301	Note 17
Liabilities under finance lease agreements	19	38	-	-	-	57	4.3-8.15
	19	38	-	1,087	1,305	2,449	
<u>Separate financial statements</u>							
	Fixed interest rates						
	Within	1-5	Over	Floating	Non- interest		
	1 year	years	5 years	interest rate	bearing	Total	Interest rate
	(Million Baht)						(% p.a.)
<u>Financial assets</u>							
Cash and cash equivalent	-	-	-	198	-	198	0.5
Trade accounts receivable	-	-	-	-	772	772	-
Loans to related parties	-	-	-	42	-	42	MLR-1
	-	-	-	240	772	1,012	
<u>Financial liabilities</u>							
Bank overdraft and short-term loans	70	-	-	-	-	70	Note 16
Trade accounts payable and accrued cost	-	-	-	-	693	693	-
Liabilities under finance lease agreements	9	24	-	-	-	33	6.5-7.5
	79	24	-	-	693	796	

Foreign currency risk

The exposure of the Company and its subsidiaries to foreign currency risk relates primarily to its investments in foreign subsidiaries, which currently are not hedged by any derivative financial instrument. However, the Company and its subsidiaries believe that there will be no material impact on the Company,

NOTE TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009

its subsidiaries and its jointly controlled entities' financial statements because the amount of its investments in foreign subsidiaries are immateriality.

27.2 Fair values of financial instruments

Since the majority of the Company's, its subsidiaries' and its jointly controlled entities' financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the balance sheets.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

28. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the balance sheet as at 31 December 2010, the Group's debt-to-equity ratio was 0.98:1 (2009: 0.99:1) and the Company's was 0.39:1 (2009: 0.44:1).

29. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2011.

COMPANIES IN WHICH GMM GRAMMY HOLDS MORE THAN 10% OF THEIR SHARES

Companies in which GMM Grammy holds more than 10% of their shares
GMM GRAMMY PUBLIC COMPANY LIMITED, AND ITS SUBSIDIARIES

Company		Business Type	Issued Shares	
Parent company			Type	Number
GMM Grammy Plc.		Fully-integrate entertainment businesses, including production and copyright of music business, digital content business, show business and artist management	Common Shares	530,264,947
Subsidiaries				
1 GMM Music Publishing International Co., Ltd.		Manage music copyrights	Common Shares	50,000
2 Digital Arms Co., Ltd.		Provide digital content	Common Shares	7,000,000
3 Clean Karaoke Co., Ltd.		Handles music copyrights and karaoke business	Common Shares	2,000,000
4 MGA Co., Ltd.		Rent assets and machineries for manufacturing of music products	Common Shares	1,200,000
5 G-Gram Co., Ltd.		Artist management	Common Shares	100,000
6 GMM Tai Hub Co., Ltd.		Produce and distribute movies	Common Shares	30,000,000
7 Sawasdee Thaweesuk Co., Ltd.		Produce and distribute movies	Common Shares	10,000
8 GMM Studio Co., Ltd.		Rental TV program production equipment	Common Shares	500,000
9 Grammy Publishing House Co., Ltd.		Distribution of education publication	Common Shares	1,650,000
10 Mifah Co., Ltd.		Musical school	Common Shares	450,000
11 GR Vocal Studio Co., Ltd.		Vocal and musical school	Common Shares	50,000
12 GMM Fitness Club Co., Ltd.		Fitness center	Common Shares	4,000,000
13 3-RD Co., Ltd.		Design marketing strategy and create interactive public relations releases	Common Shares	180,000
14 GMM Holding Co., Ltd.		Invest in other businesses	Common Shares	2,500,000
15 GMM Media Plc.		Responsible for marketing and distribution channel management and production of radio programmes	Common Shares	200,255,500
16 A-Time Media Co., Ltd.		Sublease of radio stations	Common Shares	10,000
17 Exact Co., Ltd.		Responsible for marketing and distribution channel management and production of television programmes	Common Shares	600,000
18 GMM TV Co., Ltd.		Responsible for marketing and distribution channel management and production of television programmes	Common Shares	200,000
19 Deetalk Co., Ltd.		Market, find distribution channels and produce television programs	Common Shares	10,000
20 Mass Monitor Co., Ltd.		Currently inactive	Common Shares	500,000
21 Image On Air Co., Ltd.		Production of television programs and event organizer	Common Shares	100,000
22 Acts Studio Co., Ltd.		Studio services	Common Shares	2,000,000
23 Image Publishing Co., Ltd.		Production and distribution of magazine	Common Shares	1,000,000
24 GMM Inter Publishing Co., Ltd.		Market, find distribution channels and produce magazines	Common Shares	100,000
25 GMM Times Co., Ltd.		Market, find distribution channels and produce magazines	Common Shares	3,100,000
26 Bliss Publishing Co., Ltd.		Production and distribution of pocket books	Common Shares	425,000
27 In Publishing Co., Ltd.		Responsible for marketing and distribution channel management production and distribution of magazine	Common Shares	500,000
28 Index Creative Village Plc. (Formerly known as "Index Event Agency Plc.")		Business events advisor and organizer	Common Shares	172,000,000
29 Media Vision (1994) Co., Ltd.		Sound system installation services for entertainment events	Common Shares	408,910
30 Event Solutions Co., Ltd.		Provision of equipment for entertainment events	Common Shares	330,000
31 Aspen Index Event Co., Ltd.		Provision of service and organization of activities in the Middle East	Common Shares	800
32 Tresbien Co., Ltd.		Decoration and provision of equipment for conferences and ceremonial events	Common Shares	290,000
33 G Communications Co., Ltd.		Provision of service and organization of activities	Common Shares	50,000

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COMPANIES IN WHICH GMM GRAMMY HOLDS MORE THAN 10% OF THEIR SHARES

1. GMM Grammy Plc., subsidiaries and associated companies have registered office at 50 GMM Grammy Place, Sukumvit 21 Rd. (Asoke), Khlongtoeinuea, Wattana, Bangkok except the following companies
 - 1.1 GMM Tai Hub Co., Ltd. Office : 92/11 Soi Sukhumvit 31 (Sawasdee), Sukhumvit Rd., Klongtonnua, Wattana, Bangkok
 - 1.2 Sawasdee Thaweesuk Co., Ltd. Office : 92/11 Soi Sukhumvit 31 (Sawasdee), Sukhumvit Rd., Klongtonnua, Wattana, Bangkok
 - 1.3 3-RD Co., Ltd. Office : 222 14th-16th Fl., Woravit Building, Sipraya, Bangrak, Bangkok
 - 1.4 Image On Air Co., Ltd. Office : 217/7 Soi Sukhumvit 63 (Akamai), Sukhumvit Rd., Klongton, Wattana, Bangkok
 - 1.5 Acts Studio Co., Ltd. Office : 49/107 Moo 6, Ladsawai, Lamukka, Pathumthani
 - 1.6 Image Publishing Co., Ltd. Office : 217/7 Soi Sukhumvit 63 (Akamai), Sukhumvit Rd., Klongton, Wattana, Bangkok
 - 1.7 Index Creative Village Plc. Office : 545 Soi Pridi Bhanomyong 42, Sukhumvit 71 Rd., North Prakanong, Wattana, Bangkok
(Formerly known as "Index Event Agency Plc.")
 - 1.8 Media Vision (1994) Co., Ltd. Office : 999, 999/9 Moo 2, Bangkhen, Mueng nonthaburi, Nonthaburi
 - 1.9 Event Solutions Co., Ltd. Office : 545 Soi Pridi Bhanomyong 42, Sukhumvit 71 Rd., North Prakanong, Wattana, Bangkok
 - 1.10 Aspen Index Event Co., Ltd. Office : P.O. Box 21994, Dubai, United Arab Emirates
 - 1.11 Tresbien Co., Ltd. Office : 545 Soi Pridi Bhanomyong 42, Sukhumvit 71 Rd., North Prakanong, Wattana, Bangkok
 - 1.12 G Communications Co., Ltd. Office : 92/56-57 E Sathontanee tower 2, 19th floor, Sathonnuea Rd., Silom, Bangrak, Bangkok
 - 1.13 Inspire Image Co., Ltd. Office : 957/28-30 Sukhumvit Soi 71 Klongtonnuea, Wattana, Bangkok
 - 1.14 I Think Ad. Co., Ltd. Office : 545 Soi Pridi Bhanomyong 42, Sukhumvit 71 Rd., North Prakanong, Wattana, Bangkok
 - 1.15 D 63 Co., Ltd. Office : 555 Soi Ladprow 107 Ladprow Rd. Klongjan, Bangkok
 - 1.16 Index Creative Online Co., Ltd. Office : 545 Soi Pridi Bhanomyong 42, Sukhumvit 71 Rd., North Prakanong, Wattana, Bangkok
 - 1.17 A Gen Event Agency Co., Ltd. Office : 1755/4 Soi Ladprow 94 (Panjamit), Plub-Pla, Wangthonglang, Bangkok
 - 1.18 Lucks Music 999 Co., Ltd. Office : 224/31 Soi Ladpao 94 (Panjamit), Wangthonglang, Bangkok
 - 1.19 Global Music and Media (China) Limited Office : 6th Floor, Sunning Plaza, 10 Hysan Avenue, Causeway Bay, Hong Kong
 - 1.20 Phenomena Motion Pictures Co., Ltd. Office : 14 Soi Suwanmanee, Samsenmok, Huay Kwang, Bangkok
 - 1.21 Encore Co., Ltd. Office : 999, 999/9 Moo 2 Bangkhen, Mueng nonthaburi, Nonthaburi
 - 1.22 Channel (V) Music (Thailand) Co., Ltd. Office : 989 6th Fl. Siam Discovery, Unit No. 608-609 Rama 1 Rd., Pathumwan, Bangkok
 - 1.23 Blue Media Communication Co., Ltd. Office : 545 Soi Pridi Bhanomyong 42, Sukhumvit 71 Rd., North Prakanong, Wattana, Bangkok
 - 1.24 Nadao Bangkok Co., Ltd. Office : 104 Soi Sukhumvit 31 (Sawasdee), Sukhumvit Rd, Klongtonnua, Wattana, Bangkok
 - 1.25 Family Know How Co., Ltd. Office : 62 Ratchadaphisek Rd., Khlongtoei, Bangkok
 - 1.26 Lucks Satellite Co., Ltd. Office : 1525 Soi Ladprow 94, Sriwara Rd., Plub-Pla, Wangthonglang, Bangkok
2. The registered office of the other companies are follows;
 - 2.1 Dyntec Disc Production Co., Ltd. Office : 498 Jarunsanitwong Rd., Bangburnru, Bangkok
 - 2.2 Matchon Plc. Office : 12 Tetsaban-Naruean Rd., Prachanivate 1, Ladyao, Chatuchuk, Bangkok
 - 2.3 Post Publishing Plc. Office : 136 Bangkok Post, Sunthorn Kosa Rd., Kwang Klong Toey, Khet Klong Toey, Bangkok
 - 2.4 Karaoke Center Co., Ltd. Office : 21/38-39 Moo. 2 Soi Vipavadee 60, Luk Si, Bangkok
 - 2.5 A-Time Traveller Co., Ltd. Office : 50 GMM Grammy Place, Sukumvit 21 Rd (Asoke), Khlongtoeinuea, Wattana, Bangkok
 - 2.6 SE-Education Plc. Office : Nation Tower, Floor 19, 1858/87-90, Bangna-Trad Rd., Bang Na, Bangkok

GMM Grammy Public Company Limited
Details of the Board of Directors and Management Team

Name	Education	Number of Share Owned (%) (31/12/10)	Inter-Family relationship	Period	Experience at least past 5 years	
					Job Title	Employment Records
1 Mr. Palboon Damrongchaiham (Age: 61 Years)	Bachelor of Arts (Mass Communications) (Honors) Chulalongkorn University Doctoral of Business Administration (Honorary) Christian University	287,523,030 shares (54.22%) Including related parties, according to Section 59	-	2008 – Present	Chairman of the Company Advisor	GMM Grammy Plc.
				2005 – Present	Chairman of the Nomination and Remuneration Committee	GMM Grammy Plc.
				1998 – Present	Chairman	GMM Grammy Plc.
				2009 – Present	Vice Chairman	Family Know How Co., Ltd.
				2008 – Present	Chairman of the Company Advisor	GMM Media Plc.
				2005 – Feb. 2009	Chairman of the Nomination and Remuneration Committee	GMM Media Plc.
				2002 – Feb. 2009	Chairman	GMM Media Plc.
				2007 – 2008	Advisor to the Executive Committee	GMM Media Plc.
				1998 – 2008	Advisor to the Executive Committee	GMM Grammy Plc.
				2005 – 2007	Chairman of the Risk Management Committee	GMM Media Plc.
2 Mr. Chai Nasyivanta (Age: 52 Years)	Bachelor of Engineering (Electrical Engineering) Chulalongkorn University M.B.A. (Finance) University of Pennsylvania U.S.A.	1,300,000 shares (0.25%) Including related parties, according to Section 59	-	2009 – Present	Chairman of the Audit Committee	GMM Grammy Plc.
				1999 – Present	Member of the Nomination and Remuneration Committee	GMM Grammy Plc.
				2006 – Present	Independent Director	GMM Grammy Plc.
				2006 – Present	Vice Chairman	Advance Aviation Co., Ltd.
				2006 – Present	Independent Advisor	Benchachinda Holding Co., Ltd.
				1993 – Present	Director	AON (Thailand) Ltd.
				1989 – Present	Director	AON Group (Thailand) Ltd.
				2006 – Apr. 2009	Director	Post Publishing Plc.
				2005 – Feb. 2009	Member of the Nomination and Remuneration Committee	GMM Media Plc.
				2002 – Feb. 2009	Independent Director / Chairman of the Audit Committee	GMM Media Plc.
				1999 – Feb. 2009	Member of the Audit Committee	GMM Grammy Plc.
				2005 – 2006	Director	Total Access Communication Plc.
				1995 – 2006	Independent Advisor	United Communication Industry Plc.
				1984 – 1995	Senior Vice President, Project Finance Department	Bangkok Bank Plc.

GMM Grammy Public Company Limited
Details of the Board of Directors and Management Team

Name	Education	Number of Share Owned (%) (31/12/10)	Inter-Family relationship	Experience at least past 5 years		
				Period	Job Title	Employment Records
3 Mr. Dej Bulsuk (Age: 60 Years)	Bachelor of Business Administration Thammasat University <u>Seminar Accomplishment:</u> <i>The Thai Institute of Directors (IOD):</i> Director Accreditation Program (DAP) (class 23/2004)	- None -	-	2009 – Present	Member of the Audit Committee	GMM Grammy Plc.
				2006 – Present	Member of the Nomination and Remuneration Committee	GMM Grammy Plc.
				2002 – Present	Independent Director	GMM Grammy Plc.
				2004 – Present	President	CCC Business Development Co., Ltd.
					Director	Siam Future Development Plc.
					Independent Director / Member of the Audit Committee	The Erawan Group Plc.
				2002 – Present	Independent Director / Member of the Audit Committee	Jay Mart Plc.
				2001 – Present	Independent Director / Member of the Audit Committee	AEON Thana Sinsap (Thailand) Plc.
				2007 – 2009	Director	Thailand Convention and Exhibition Bureau (TCEB) (Public Organization)
				2007 – 2009	Chairman of the Good Governance	Recruitment and Remuneration Committee, TCEB
				2006 – Jun. 2009	Advisor to the Board	President Bakery Plc.
				2002 – Feb. 2009	Independent Director / Member of the Audit Committee	GMM Media Plc.
				2006 – Feb. 2009	Chairman of the Audit Committee	GMM Grammy Plc.
				2002 – 2006	Member of the Audit Committee	GMM Grammy Plc.
				2004 – 2006	Honorary Chairman	McThai Co., Ltd. (McDonald's Thailand)
				2001 – 2006	Chairman	Ronald McDonald House Charities Foundation
				1984 – 2004	President & Joint Venture Partner	McThai Co., Ltd. (McDonald's Thailand)
4 Mr. Weerawong Chittmittrapap (Age: 53 Years)	Bachelor of Laws Chulalongkorn University Master of Laws University of Pennsylvania U.S.A. * Thai Barrister-at-Law and the first Thai lawyer admitted to the New York State Bar	- None -	-	2006 – Present	Independent Director / Member of the Audit Committee	GMM Grammy Plc.
				Apr. 2009 – Present	Director / Member of the Audit Committee	Thai Airways International Plc.
					Director	Nok Airlines Co., Ltd.
				2008 – Present	Chairman	Weerawong, Chinnawat & Peangpanor Ltd. (formerly known as "White & Case (Thailand) Ltd.")
				2007 – Present	Director and Member of Audit Committee	Siam Food Products Plc.
				2001 – Present	Director and Member of Audit Committee	Berli Jucker Plc.
				1996 – 2008	Executive Partner	White & Case (Thailand) Ltd.
				2001 – 2007	Director and Member of Audit Committee	ITV Plc.
				2005 – 2006	Director	Nutrix Plc.
					<u>Other Present works:</u> - Qualified Member to Trade Competition Committee, Ministry of Commerce - Special Speaker, Thai Institute of Directors - Special Advisor, Listed Company Association - Special Lecturer, Institute of Legal Education, Thai Bar Association	

GMM Grammy Public Company Limited
Details of the Board of Directors and Management Team

Name	Education	Number of Share Owned (%) (31/12/10)	Inter-Family relationship	Period	Experience at least past 5 years Job Title	Employment Records
5 Ms. Suvabha Charoenying (Age: 47 Years)	Bachelor of Business Administration (Finance) Assumption University Master of Business Administration Assumption University <u>Seminar Accomplishment:</u> <i>The Thai Institute of Directors (IOD):</i> 1 Successful Formulation & Execution of Strategy (Class 6/2010) 2 DCP Refresher (Class 1/2005) 3 Finance for Non Finance Director (Class 1/2003) 4 Director Certificate Program (DCP) (Fellow Member) (Class 1/2000) <i>Other Institutes:</i> 1 Certified Financial Planner (CFP) (Class 1/2009) Thai Financial Planner Association 2 TLCA Executive Development Program (EDP 2) (Class 2/2008), Thai Listed Companies Association 3 Leader Program (Class 1/2005) Capital Market Academy 4 Certificate in Families Business : Generation to Generation 2004, Harvard Business School	- None -	-	Aug. 2010 – Present 2009 – Present 2001 – Present 1996 – 2001 1993 – 1996 1990 – 1993 1988 – 1990	Independent Director / Member of the Audit Committee, Director / Executive Director Managing Director Chief Executive Officer Executive Director Vice President Manager, Business Development Department	GMM Grammy Plc. Thanachart Securities Plc. Thanachart Securities Plc. Schroder Asset Management Ltd. KGI Securities Plc. Morgan Grenfell Thai Company Limited Kasikorn Bank Plc
6 Ms. Boosaba Daorueng (Age: 58 Years)	Bachelor of Liberal Arts Thammasat University	1,500,200 shares (0.28%) Including related parties, according to Section 59	Mr. Santisuk Chongmankong wife	2009 – Present 2008 – Present 2005 – Present 2001 – Present 1994 – Present Oct. 2010 – Present May 2010 – Present 2551 – Present 2002 – Feb. 2009 2003 – 2008	Co-Chief Executive Officer Vice Chairman Chairman of the Risk Management Committee Chief Creative Officer (Creative Division) Director Director Director Advisor Chief Executive Officer Advisor to the Board of Director Advisor to the Executive Committee	GMM Grammy Plc. GMM Grammy Plc. GMM Grammy Plc. GMM Grammy Plc. GMM Grammy Plc. GR Vocal Studio Co., Ltd. Acts Studio Co., Ltd. GMM Media Plc. GMM Grammy Plc. GMM Media Plc. GMM Media Plc.

GMM Grammy Public Company Limited
Details of the Board of Directors and Management Team

Name	Education	Number of Share Owned (%) (31/12/10)	Inter-Family relationship	Experience at least past 5 years		
				Period	Job Title	Employment Records
7 Mrs.Sathip Montrikul Na Audhaya (Age: 54 Years)	Bachelor of Arts (Mass Communications) Chulalongkorn University	- None -	-	2009 – Present 2002 – Present Sep. 2010 – Present May 2010 – Present Apr. 2010 – Present 2009 – Present 2007 – Present 2007 – Present 2002 – Present 1989 – Present 2008 – Feb. 2009 2007 – Feb. 2009 1989 – Feb. 2009 2005 – 2007 2002 – 2007	Co-Chief Executive Officer Member of the Risk Management Committee Director Director Director Director Chairman Chief Executive Officer Director / Managing Director Director / Managing Director Director / Managing Director Vice Chairman Chairman of the Risk Management Committee Executive Director Member of the Risk Management Committee Executive Director	GMM Grammy Plc. GMM Grammy Plc. GMM Grammy Plc. A Gen Event Agency Co., Ltd. Acts Studio Co., Ltd. Image On Air Co., Ltd. GMM Media Plc. GMM Media Plc. Atime Traveller Co., Ltd. GMM Media Plc. A-Time Media Co.,Ltd. GMM Media Plc. GMM Media Plc. GMM Grammy Plc. GMM Media Plc. GMM Media Plc.
8 Mr. Krij Thomas (Age: 51 Years)	Bachelor of Arts (Mass Communications) Chulalongkorn University	1,320,000 shares (0.25%) Including related parties, according to Section 59	-	2011 - Present 2004 - Present 2003 - Present 2007 - Present 1997 - Present 2008 - 2010 2005 - 2006 2001 - 2003 1999 - 2001	Senior Executive Vice President (Music Business Division) Executive Director Managing Director (Grammy Gold Division) Director Managing Director Executive Vice President (Music Business Division) (Acting) Managing Director (GMM International Division) Deputy Managing Director (Grammy Gold Division) Assistant Vice President (Grammy Gold Division)	GMM Grammy Plc. GMM Grammy Plc. GMM Grammy Plc. 3-RD Co.,Ltd. Krij Thomas Co.,Ltd. GMM Grammy Plc. GMM Grammy Plc. GMM Grammy Plc. GMM Grammy Plc.
9 Ms. Suwimon Chungjotikapit (Age: 58 Years)	Bachelor of Political Science Chulalongkorn University <u>Seminar Accomplishment:</u> <i>The Thai Institute of Directors (IOD):</i> Director Certification Program (DCP) (Class 12/2001)	- None -	-	Nov. 2010 – Present 2005 – Present Oct. 2010 – Present Sep. 2010 – Present May. 2010 – Present Apr. 2010 – Present 2002 – 2004 2001 – 2003 1997 – 2001	Director Company Advisor Director Director Director Director Executive Vice President Director Vice President Vice President - Leasing and Marketing	GMM Grammy Plc. GMM Grammy Plc. GR Vocal Studio Co., Ltd. A Gen Event Agency Co., Ltd. Acts Studio Co., Ltd. Image On Air Co., Ltd. Central Pattana Plc. Central Pattana Plc. Central Pattana Plc. Central Pattana Plc.

GMM Grammy Public Company Limited
Details of the Board of Directors and Management Team

Name	Education	Number of Share Owned (%) (31/12/10)	Inter-Family relationship	Experience at least past 5 years		Employment Records
				Period	Job Title	
10 Mr. Sumeth Damrongchalham (Age: 47 Years)	Bachelor of Economics Chulalongkorn University Bachelor of Science (Construction Management) King Mongkut's Institute of Technology Ladkrabang Bachelor of Business Administration (General Management), Ramkhamhaeng University M.B.A. (Finance) Thammasat University <u>Seminar Accomplishment:</u> <i>The Thai Institute of Directors (IOD):</i> 1 Company Secretary Program (CSP) (Class 28/2008) 2 D&O Insurance: Mitigating Directors Liabilities Risk / Special Seminar (Class 3/2008) 3 Role of the Compensation Committee (Class 3/2007) 4 Director Accreditation Program (DAP) (Class 21/2004) <i>Capital Market Academy (CMA):</i> 1 Leader Program (Class 8/2009)	- None -	-	2004 – 1 Dec. 2010 2008 – 11 Nov. 2010 2008 – 11 Nov. 2010 2005 – 11 Nov. 2010 2004 – 11 Nov. 2010 2009 – 13 Nov. 2010 2009 – 11 Nov. 2010 2006 – 11 Nov. 2010 2005 – 11 Nov. 2010 2009 – 2 Nov. 2010 2008 – 2 Nov. 2010 2007 – 2 Nov. 2010 2004 – 2 Nov. 2010 2005 – Feb. 2009 2004 – Feb. 2009 2000 – 2004 2000 1999 – 2000 1996 – 1999	Chief Operating Officer (Corporate Support and Business Development) Company Secretary Chairman of the CG and Ethics Sub-Committee Member of the Nomination and Remuneration Committee Member of the Risk Management Committee Director / Executive Director Secretary to the Board of Directors / Secretary to the Executive Committee Director Director / Managing Director Member of the Recruitment and Remuneration Committee Director Vice Chairman Company Secretary Assistant to Chief Executive Officer Director / Secretary to the Board of Directors Member of the Nomination and Remuneration Committee, Member of the Risk Management Committee Executive Director / Secretary to the Executive Committee First Vice President Vice President Manager Special Asset Management Assistant Vice President	GMM Grammy Plc. GMM Grammy Plc. GMM Grammy Plc. GMM Grammy Plc. GMM Grammy Plc. GMM Grammy Plc. GMM Grammy Plc. Post Publishing Plc. Family Know How Co., Ltd. SE-EDUCATION Plc. SE-EDUCATION Plc. GMM Media Plc. GMM Media Plc. GMM Media Plc. GMM Media Plc. GMM Media Plc. National Finance Plc. National Finance Plc. National Finance Plc. National Securities Plc.
11 Mr. Takonkiet Viravan (Age: 44 Years)	Bachelor of Communication & Theatre Boston College U.S.A. M.S. (Broadcasting) Boston University U.S.A.	5,775,700 shares (1.09%) including related parties, according to Section 59	-	2009 - Present 2009 - Present Sep. 2010 - Present May. 2010 - Present 2004 - Present 2003 - Present 2002 - Present 1991 - Present 2002 - Feb. 2009	Director Executive Director Director Director / Managing Director Director / Managing Director Director / Managing Director Director Director / Managing Director Executive Director	GMM Grammy Plc. GMM Grammy Plc. A Gen Event Agency Co., Ltd. Acts Studio Co., Ltd Scenario Co.,Ltd. Teentalk Co.,Ltd. GMM Media Plc. Exact Co.,Ltd. GMM Media Plc.

GMM Grammy Public Company Limited
Details of the Board of Directors and Management Team

Name	Education	Number of Share Owned (%) (31/12/10)	Inter-Family relationship	Experience at least past 5 years		
				Period	Job Title	Employment Records
12 Mr. Kreingkarn Kanjanapokin (Age: 48 Years)	Bachelor of Political Science Chiang Mai University <u>Seminar Accomplishment:</u> 1. Financial Statement for Directors Program, 2008 2. Director Accreditation Program (DAP) (Class 30/2004)	1,866,200 shares (0.35%) including related parties, according to Section 59	-	2009 - Present	Director / Executive Director	GMM Grammy Plc.
				2008 - Present	Director	GMM Media Plc.
				2004 - Present	Director / Co-Chief Executive Officer	Index Creative Village Plc.
					Formally known as "Index Event Agency Plc."	
				2001 - 2004	Managing Director	Index Event Agency Co., Ltd.
13 Mr. Sataporn Panichraksapong (Age: 43 Years)	Bachelor of Journalism and Mass Communications (Cinematography) Thammasat University	200,000 shares (0.04%) including related parties, according to Section 59	-		<u>Other Present works:</u> - Special Speaker, Master Degree, School of Communication Arts, University of the Thai Chamber of Commerce Bangkok University and National Institute of Development Administration (NIDA) - Special Speaker, Famous Institutes and Organization	
				2009 - Present	Director	GMM Grammy Plc.
				2009 - Present	Executive Director / Member of the Risk Management Committee	GMM Grammy Plc.
				2008 - Present	Assistant to Executive Vice President (Music Business Division)	GMM Grammy Plc.
				2009 - Present	Director	GMM Media Plc.
				2007 - Present	Director / Managing Director	GMM TV Co., Ltd.
					(formally known as "Grammy Television Co., Ltd.")	
				2007 - Feb. 2009	Member of the Risk Management Committee	GMM Media Plc.
				2005 - 2006	Senior Vice President, Chief Executive Officer Office	GMM Grammy Plc.
				2005 - 2007	Deputy Managing Director	Grammy Television Co., Ltd.
				2000 - 2002	Director – Music Business Division	RS Promotion Plc.

GMM Grammy Public Company Limited
Details of the Board of Directors and Management Team

Name	Education	Number of Share Owned (%) (31/12/10)	Inter-Family relationship	Period	Experience at least past 5 years	
					Job Title	Employment Records
14 Mr. Kittisak Chuang-a-roon (Age: 56 Years)	Bachelor of Arts (Mass Communications) Chulalongkorn University	1,960,400 shares (0.37%) including related parties, according to Section 59	-	2005 - Present 2001 - Present Oct 2010 - Present 2001 - Sep 2010 1994 - Apr. 2009	Member of the Risk Management Committee Executive Director Senior Executive Vice President, Chief Executive Officer Office Chief Operating Officer (Music Business Division) Director	GMM Grammy Plc. GMM Grammy Plc. GMM Grammy Plc. GMM Grammy Plc. GMM Grammy Plc.
15 Mr. Wichian Rerkpisan (Age: 52 Years)	Bachelor of Political Science Chulalongkorn University	400,100 shares (0.08%) including related parties, according to Section 59	-	1995 - Present 1995 - Present 1992 - 1996	Executive Director Managing Director (Genie Records Division) Manager, Creative and Music Production Department	GMM Grammy Plc. GMM Grammy Plc. Grammy Entertainment Plc.
16 Mr. Santisuk Chongmankong (Age: 54 Years)	Bachelor of Arts (Mass Communications) Chulalongkorn University	1,500,200 shares (0.28%) including related parties, according to Section 59	Ms.Boosaba Daorueng's Husband	2005 - Present 1999 - Present 1995 - Present	Managing Director (GMM LIVE Division) Executive Director Managing Director	GMM Grammy Plc. GMM Grammy Plc. Extraorganizer Co., Ltd
17 Mr. Suwat Damrongchalatham (Age: 44 Years)	Bachelor of Business Administration (Marketing) Assumption University (ABAC)	- None -	-	2005 - Present 2004 - Present 1998 - Present Nov 2010 - Present 2007 - Present 2006 - Present 2005 - Present 2005 - 2006 2004 - 2005 2002 - 2005	Executive Director Managing Director (Digital Division) Managing Director (Grammy Big Division) Director Director Director / Managing Director Director / Managing Director Advisor Managing Director Managing Director	GMM Grammy Plc. GMM Grammy Plc. GMM Grammy Plc. SE-EDUCATION Plc. 3-RD Co., Ltd. Digital Arms Co., Ltd. GMM Digital Domain Co., Ltd Siam Infinit Co., Ltd Siam Infinit Co., Ltd GMM Music Publishing International Co., Ltd

GMM Grammy Public Company Limited
Details of the Board of Directors and Management Team

Name	Education	Number of Share Owned (%) (31/12/10)	Inter-Family relationship	Experience at least past 5 years		
				Period	Job Title	Employment Records
18 Mr. Kamron Pramroj na Ayuthaya (Age: 48 Years)	Bachelor of Communication Arts Otis Person School of Design Los Angeles U.S.A.	- None -	-	2009 - Present Apr. 2010 - Present 2002 - Present 1987 - Present 2002 - Feb. 2009	Executive Director Director / Managing Director Director Director / Managing Director Executive Director	GMM Grammy Plc. Image On Air Co., Ltd. GMM Media Plc. Image Publishing Co.,Ltd. GMM Media Plc.
19 Mr. Yongsak Ekprachyasakul (Age: 52 Years)	Mini M.B.A. University of the Thai Chamber of Commerce <u>Seminar Accomplishment:</u> <i>The Thai Institute of Directors (IOD):</i> - Director Accreditation Program (DAP) (Class 17/2008) <i>Management and Psychology Institute:</i> - The BOSS Program, (class 30)	- None -	-	Feb. 2009 - Present 2008 - Present 2002 - Present 2007 - Present 2007 - Present 2005 - Present 2005 - Present 2005 - Present 1999 - 2002	Executive Director Managing Director (G*Gard Business Unit) Managing Director (Sales and Marketing Business Unit) Director Director Director / Managing Director Director / Managing Director Director Sales Director	GMM Grammy Plc. GMM Grammy Plc. GMM Grammy Plc. 3-RD Co.,Ltd. U STAR (Thailand) Co., Ltd. Clean Karaoke Co., Ltd. GMM Music Publishing International Co., Ltd. SE-EDUCATION Plc. MGA Co., Ltd.
20 Mr. Sirichai Tantipongnant (Age: 47 Years)	Bachelor of Arts (Economics) Boston University, U.S.A. Master of Arts (Economics) University of Southern California, U.S.A. Master of Business Administration University of Southern California, U.S.A.	- None -	-	2009 - 1 Jan 2011 2008 - 1 Jan 2011 2006 - 1 Jan 2011 2006 - 1 Jan 2011 2007 - 1 Jan 2011 2006 - 1 Jan 2011 2006 - Feb. 2009 2006 2005 - 2006 1998 - 2005	Executive Director Member and Secretary to the CG and Ethics Sub-Committee Chief Financial Officer Member of the Risk Management Committee Director Acting Chief Financial Officer Member of the Risk Management Committee Assistant to Chairman Managing Director Director	GMM Grammy Plc. GMM Grammy Plc. GMM Grammy Plc. GMM Grammy Plc. 3-RD Co.,Ltd. GMM Media Plc. GMM Media Plc. GMM Media Plc. Devonshire Capital (Thailand) Ltd. ABN AMRO Asia Corporate Advisors (Thailand) Ltd.

GMM Grammy Public Company Limited
Details of the Board of Directors and Management Team

Name	Education	Number of Share Owned (%) (31/12/10)	Inter-Family relationship	Experience at least past 5 years		
				Period	Job Title	Employment Records
21 Mr. Vichate Tantiwanich	Bachelor Degree of Economics Chulalongkorn University MBA, Finance & Marketing University of Hartford, Connecticut, U.S.A. <u>Seminar Accomplishment:</u> <i>The Thai Institute of Directors (IOD):</i> 1 Director Certification Program (DCP) (Class 2/ 2001) <i>Other institutes:</i> 1 Certified Financial Planner (CFP) (Class 1/ 2009) Thai Financial Planner Association 2 Executive Leadership Program T 2548 NIDA - Wharton, Pennsylvania, U.S.A 3 Leader Program (Class 1/2005) Capital Market Academy 4 Top Executive Program in Commerce and Trade (TEPCoT 2) (Class 3/ 2010)	- None -	-	Nov. 2010 – Present	Executive Director	GMM Grammy Plc.
				Oct. 2010 – Present	Company Advisor	GMM Grammy Plc.
				Nov. 2010 – Present	Economic and Capital Market Veteran	Airport of Thailand
				Sep. 2010– Present	Chairman of Executive Board	
				Sep.2010 – Present	Creative Entrepreneurship Development Institute	Bangkok University
				Aug. 2010 – Present	Advisor, Market for Alternative Investment	Market for Alternative Investment : mai
				Aug. 2010 – Present	Vice Chairperson	Capital Market Academy Committee
				Aug. 2010 – Present	Member of SET Awards Committee (2010)	The Stock Exchange of Thailand : SET
				Mar. 2009 – Present	Social & Environment Responsibility Audit Committee	Bank for Agriculture and Agricultural Co-Operatives
				Mar. 2009 – Present	Advisor	The Senate Sub-Committee on Money and Capital Markets
				2009 – Present	Chairperson of Corporate Structure & Human Resource Committee	Bank for Agriculture and Agricultural Co-Operatives
				2009 – Present	Advisor, Law and Regulations Committee (2009 - 2011)	The General Insurance Association
				2009 – Present	Board of Director, Creative Entrepreneurship Development Institute	Bangkok University
				2008 – Present	Advisor	Thai-Japanese Association
				2008 – Present	Chairperson, Economic Faculty Association	Chulalongkorn University
				2005 – Present	Executive Director	International Chamber of Commerce (Thailand)
				2004 – Present	Good Corporate Governance Committee	Bank for Agriculture and Agricultural Co-Operatives
					Research & Development Committee	
				2006 – 2010	Chief Marketing Officer, Issuers & New Listings and Markets Division	Market for Alternative Investment : mai
				2006 – 2010	Chairman Advisory Committee	Market for Alternative Investment : mai
				2010	Board of Director	SETTRADE.COM Company Limited
2010	Board of Director	Thailand Futures Exchange PCL.				
2010	Chairperson	Capital Market Academy Committee				
2009 – 2010	Chairperson, Investment Committee	The Stock Exchange of Thailand : SET				
2008	Advisor, Asset development Subcommittee	State Railway of Thailand				
2004 – 2008	Vice Chairman, Economic and Business Alumni Association	Chulalongkorn University				
2007 – 2008	Subcommittee in Thailand Quality Award : TQA	Thailand Productivity Institute				
2005 – 2008	Independent Director/ Member of the Audit Committee	Small Business Credit Guarantee Corporation				
2006 – 2007	Chief Executive Officer	Family Know-how Company Limited				

OTHER REFERENCE PERSONS



GMM Grammy Public Company Limited

50 GMM GRAMMY PLACE, Sukhumvit 21 Rd. (Asoke),
Khlongtoeinuea, Wattana, Bangkok 10110
Tel (662) 669-9000, FAX (662) 669-9737

Share Registrar

Thailand Securities Depository Co., Ltd.

62 The Stock Exchange of Thailand Building, 4, 6-7th Floor,
Rajadapisek Rd., Khlongtoey, Bangkok 10110
Tel (662) 229-2800, Fax (662) 359-1259

Auditor

Ernst & Young Office Limited

33rd Floor, 193/136-137 Lake Rajada Office Complex,
New Rajadapisek Rd., Bangkok 10110
Tel (662) 264-0777, (662) 661-9190,
Fax (662) 264-0789-90, (662) 661-9192

Legal Advisor

BAKER & MCKENZIE Co.,Ltd

22nd-25th Floors, Abdulrahim Place,
990 Rama IV Road, Silom, Bangrak, Bangkok 10500
Tel (662) 636-2000 Fax (662) 636-2111

Weerawong Chinnavat and Peangpanor Ltd.

22nd Floor Mercury Tower
540 Plearnjit Road Lumpini
Pathumwan Bangkok 10330
Tel (662) 264-8000 Fax (662) 657-2222

Principal Bankers

Kasikorn Bank Public Company Limited
Siam Commercial Bank Public Company Limited
CIMB Thai Public Company Limited