

Bring you, The New Era

Annual Report 2009

Advanced Info Service Public Company Limited



Contents

010	Corporate Social Responsibility
020	Financial & Operating Highlights
022	Message from Chairman & CEO
024	Audit Committee Report 2009
027	Securities Information
028	Investment Structure of Advanced Info Service Plc.
030	Investment Structure of Shin Group
032	Major shareholders
034	General Information : The Company and its subsidiaries
037	Dividend Policy
038	The Board of Directors
039	Summary of Profiles of the Directors and Management Team
048	Directors' Shareholding in the Company and its Subsidiaries of the Year 2009
050	Key Event in 2009
053	Nature of Business
053	Business Overview
056	Revenue Structure
057	Business Direction in 3-5 Years
058	Business Operations of the Company and its Subsidiaries
058	Products & Services
071	2009 Telecommunication and Competition & 2010 Competitive outlook
073	Risk Factors
084	Management Structure and Corporate Governance
084	Management Structure of Advanced Info Service Public Company Limited
085	Management Structure
092	Corporate Governance
102	Policy on Use and Disclosure of Inside information
103	Internal Control, Risk Management & Internal Audit
107	Related Transactions
111	Board of Directors' Responsibility for Financial Reporting
112	Audit Report of Certified Public Accountant
113	Balance Sheets
115	Statements of income
116	Statements of changes in equity
118	Statement of cash flows
120	Note to the consolidated and Company Financial Statements
169	Management Discussion and Analysis
179	Operational Data
180	Relationship with Investors
182	Other References

**The most-popular network
serving over 28 million subscribers:**

With higher network capacity, the network is ready for data communication and multimedia.

Nationwide quality network:

Covering even inaccessible, remote areas, and having more international connections in 6 continents.



Through Superior Quality Network

Environmental-friendly quality network:

AIS has given its importance on global warming reduction campaign with the concept of energy-saving technology and a development of a so-called “Green Network”, such as Wind- Power Radio Base Station, Solar-Power Base Station, Bio-Diesel Base Station, and Low-Power Mobile Telephone Exchange.

**Asian Mobile Operator
of the Year 2008**

Being voted as the best Asian mobile operator
by the Asian Mobile News Magazine.

**Mobile Operator of the Year,
Thailand 2008**

Being voted as the best mobile operator
in Thailand by the Asian Mobile News Magazine.

Through Reliable Brands



Best Managed Company 2009

Being voted as the best-managed company in Thailand by FinanceAsia Magazine.

Superbrands Thailand 2008-2009

AIS was voted the Brand of the year 2008 - 2009 by Superbrands Thailand in 2008 - 2009.

No.1 in Thailand for “Innovation” 2008

Being voted as a Thai company with innovative excellence by The Wall Street Journal Asia Magazine.

Most Admired Brand 2008 & 2009

GSM advance and One-2-CallII are voted as the most admired brand of the year 2008 & 2009 by the BrandAge Magazine.

The Best in Corporate Governance in Thailand 2008

Being voted as the best telecommunication company in corporate governance in Thailand by The Asset Magazine.

AIS has always been the first to introduce new technologies to customers:

- Being the first mobile operator providing the prepaid service
- Being the first mobile operator providing EDGE/GPRS
- Being the first mobile operator providing Mobile Internet service
- Being the first mobile operator providing HSPA (High Speed Packet Access)

Be the first to experience AIS new services and innovative technologies which will make your lives more comfortable and easier than ever:

- Call Center 1185
(with Thai speech recognition technology)
- AIS Super 3G (Wireless Broadband)
- Mobile Media



Through Speed of Innovations

Integrating the service innovation and the advanced technology, we offer the high-speed and excellent service to create impressive experience to customers:

With our continuous inventions based on the customer's demands and patterns of innovative service provision integrated with new ideas and technologies, finally we have released the AIS Call Center 1185, the speed recognition technology for the first time in Thailand, which enables the customers to change the promotion and to select new ringtones with their own voices through AIS Call Center in a fast, convenient and do-it-yourself format.

A full-page background image showing three children running from left to right on a light-colored gravel path. The child in the foreground is a boy in a dark long-sleeved shirt and blue shorts. Behind him are two girls, one in a red shirt and the other in a white shirt. They are all running towards the right. The background features a line of green trees and a bright blue sky with large, white, fluffy clouds.

Another AIS's mission is to take part in developing the sustainable well-being of Thai society, with its responsibilities to all stakeholders, the society and the environment based on the Good Governance Principle both CSR in Process and CSR after Process.

Marketplace

Committed to developing the products and services that benefit to customers as well as creating a better consumer environment

Workplace

Committed to developing the well-being, welfare, security and better performances of its employees

Green Network

Committed to developing the environmental-friendly and quality networks

Through Well-Being of Thai

Community

Committed to providing a better quality of life to communities

Society

- Committed to strengthening the family institution
- Committed to being a role model of the society
- Committed to providing opportunities and social contributions
- Committed to creating the employees' awareness and social responsibility



Corporate Social Responsibility



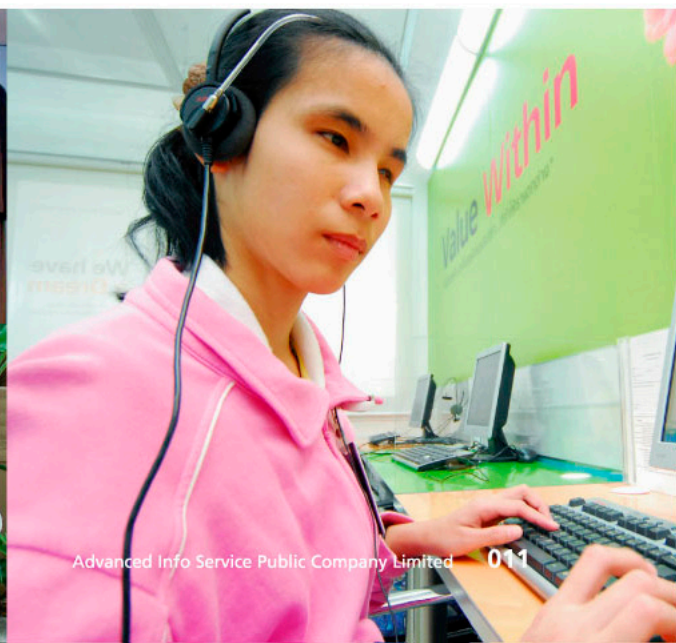
Corporate Social Responsibility (CSR)

AIS is fully dedicated to conducting its business ethically, morally, and according to the principles of good corporate governance. It is our belief that companies are extensions of the societies in which they operate, and are therefore obligated to serve as strong role models by making tangible, positive contributions to the lives of those they impact. AIS embraces this responsibility by committing itself to the betterment of all aspects of Thai society and constantly striving to ground both our decision making and actions firmly in the precepts of Corporate Social Responsibility.

Additionally, the Company has launched it as the one major policy and implemented as management guidelines under activities which relied on main factors not only business operation, called “CSR in Process”, from the transparent and checkable operation by providing the best care to all employees who are valuable assets to promote organization. By doing so, the Company provides good living, good welfare to make them to reach their higher capabilities including the development

and expansion of network to cover throughout the country with environmental friendly, and development of application of telecommunication technology to develop service for optimal benefit and highest satisfaction to the consumers and society in overall. The Company also introduced “CSR after Process” by establishing project to promote love and family institution, being the good role model of the society, provide opportunity and assistance to the society, create stable occupation for the disabilities, promote better living quality to the community and to build employees the awareness of corporate social responsibility.

We do hope that our Corporate Social Responsibility policy and care given to all stakeholders society and environment under all of our continuous activities as hereunder mention shall well promote happiness to the society, good living quality, strengthening and be able to move Thai society to the sustainable growth.

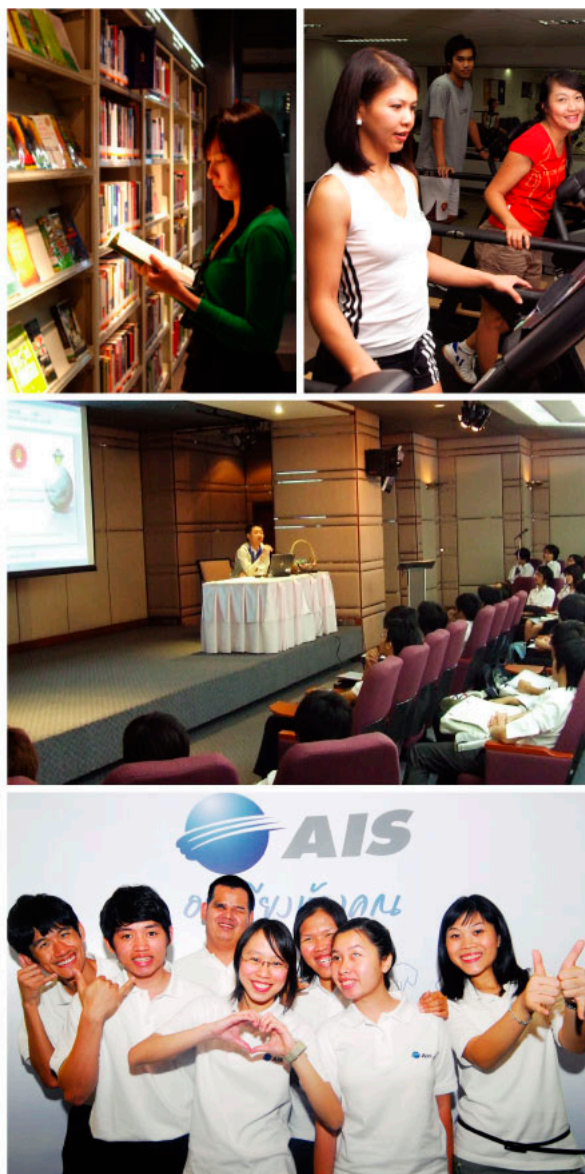


Employee

Employee is important resource of the Company; we therefore strongly committed to maintain good living to our employees. In addition to fair salary and bonus, we also provide good benefits to promote better living and safety of employee, e.g. medical service at our First Aids Room and external medical service, specialist and physiotherapist for daily service, specific room for lactation and milk deposition for female employee, aerobic activity to promote good health, annual medical check up once a year, life-accident insurance, assistance for injured/sick employee caused by working for the Company, provident fund, marriage allowance, funeral allowance for death of employee or his/her family member, allowance in case of accident of the employee, traveling allowance for company business both domestic and abroad, merit payment to purchase gift for employee during rehabilitation in hospital or at home, benefit of mobile phone for employee (purchase of handset, special price SIM card, special promotion package for employee), cooperatives for employee, library, spa, karaoke, and the OHS Committees such as fire prevention, emergency plan, epidemic prevention, H1N1 2009, and etc.

Apart from our commitment to provide our employees good standard of living, good welfare and safety in their life and properties, the Company also emphasized on development all our employees to have ideas and actions that focused on proactive strategy, motivation and innovation, and strongly focus on management skill, planning, strategic thinking, problem solving, decision making and leadership, etc. To reach this commitment, our human resource department has thus developed training courses for our personnel at all fields and levels including promoted the management and employees at all levels to perfectly learn, transfer knowledge and coaching both in form of technical training and workshop seminar. Moreover, we have implemented knowledge management on electronic media within organization, for instance, **Nokhook Project** which was created as the channel of learning to enhance skill and self-development. This included opportunities for all employees to share and present

their creative ideas for actual customer service, such as, **Ureka Project** and internal Trainer project that promoted the employee to practice themselves as the Trainer to transfer professional knowledge and skill to other employees to the next generations, of which has been continuously succeeded until becoming part of company's culture.



Customer

Throughout the operation period, the Company has fully committed to provide excellent service based on high quality network to cover thorough operation area with an aim to facilitate the customer convenient and efficient communication. At the same time, the Company has continuously providing better service and new innovation which benefited to the daily lives of customers in order to worthily and fairly respond to all customer's needs. The Company has continuously investing in network service as it has expanded the base stations to new locations, e.g. new community and new road, and installed signal post in the area or royal project in the north of Thailand, where were mostly winding road on the high mountain to enable those agriculturists to conveniently communicate to further promote efficiently sale for their products. In addition, the Company also introduced the communication technology to use in communication of Dhamma data via **"Mobile Dhamma"** to the user free of charge to help upgrading the mental quality of the user and promote Dhamma practice on daily life to render happy society.

For the enterprise customers, the Company has jointly developed new services to enhance competitive potentiality of the customers, such as development of solutions to reduce investment cost for telephone interchange of SME customers who had limited investment to efficiently operate their businesses at save cost, etc.



Environment

In addition to the expansion and development of extensive quality network to cover nationwide network, the Company has also concerned to preserve environment to reduce global warming by developing good quality network that is environment friendly. The Company established the team to study the application of green energy or alternative energy to manufacture electric current for operation of mobile base station in several forms that corresponded and suited to each station to reduce unnecessary energy consumption which would not impact the efficiency of those base stations whatsoever.

Several types of alternative energies are:-



Solar-Power Base Station:

Installation of solar cell to transform solar energy to use as electrical current to power the communication device installed within base stations, of which at present, we have implemented such measure for over 11 base stations.

Wind-Power Radio Base Station:

Installation of wind mill to manufacture electricity connecting to main electric system from Provincial Electricity Authority. This project was initiated in Samut Songkram Province and eastern coast area, such as, Wind Mill Cell Site in Chonburi Province.

Bio-diesel Base Station:

This base station uses bio-diesel as fuel for generator installed in base stations. By installing insulated wall, the base station can keep constant temperature for longer period without the use of large air conditioner. The air conditioner is replaced with high quality fan which can ventilate the heat and maintain the operations of network device at equivalent quality.

Moreover, to conserve environment and reduce use of paper, the Company has applied **"Online Pay Slip"** for more than 8,000 employees and cancel printing of paper-pay slip since 2008 including the issuance of Billing Invoice for employees and customers using postpaid mobile requiring monthly invoice. As such, since 2008, the Company has provided option for customer to receive invoice via email or so called **"GSM e-statement"**, as an option to promote sense to jointly reduce global warming program.

The Company takes part in social contribution by utilizing GPRS technology on mobile phone to send weather information e.g. temperature, amount of rain drop, humidity from around the country. The information will be sent automatically every 10 minutes and the data will be shown on the internet network of Hydro and Agro Informatics Institute (HAI), Ministry of Science and Technology, to help the public and private entities to efficiently manage the water resources.



Society

The Company has helped society by organizing non-business activities based on 4 visions, namely: to promote family institution, being a positive role model for the society, generating opportunities for societal development and raising the social awareness among AIS employees.



Sarn Rak Project to Promote Family Institution

Sarn Rak is a project that is created to support and enhance the family relationship under the name “Sarn Rak Supporting Family Project”. With our confidence that a family is the foundation to a good society, AIS believes that if we build a strong Thai society, we will have a strong nation.

AIS has launched advertorial in television to inspire idea of Thai society member on awareness of love and warm of family members throughout the previous 10 years. Latest in 2009, we had presented the series titled **“On the last day, you always have your family”**. The series illustrated real life of Mr. Sittisak Promjan (Bew), one of a Thai youths under Sarn Rak Kon Keng Hua Jai Krang (a project that AIS provides educational funds to those who face family problem and lack of educational funding), who suffered from economic crisis in 1999 but everyone in his family was fighting together in order to cope with this situation by selling soy milk to get extra money.

Meanwhile, the company also organized “AIS Family Walk Rally for Anandha Mahidol Foundation” and “AIS Family Rally for Sai Jai Thai Foundation” in contest for royal cup of Her Royal Highness Princess Maha Chakri Sirindhorn, of which, both activities were consecutively organized by AIS for 10 and 17 years respectively and shall be further succeeded permanently. The objective and intention of such projects is to promote relationship in family and provide opportunity for all members, parents, children and grandparents to promote their relationship via several activities.

In addition to happiness, enjoyment, and strength of family, all family members also have opportunities to share their merit making. All incomes derived from such activities were presented to Her Royal Highness Princess Maha Chakri Sirindhorn for Sai Jai Thai and Anandha Mahidol Foundations.

Moreover, the Company have also issued family pamphlet to present articles, knowledge and information about strategy to promote love in family and new technique for childcare to educate the family members especially the parents to prepare readiness for perfect family in the future.



Generating Opportunities for Societal Development

AIS Water Shortage Relief Project

This project has been initiated and organized for 4 consecutive years since 2006 in the occasion of 60th anniversary on throne of His Majesty the King and to respond his royal contemplation. The water tanks were made of special material from durable and non-rusting material to prevent contaminated water, for use to storage water during water shortage season. Until present, 10,000 water tanks have been donated to people in draught area nationwide, covering more than 800,000 households.

Furthermore, AIS staff also creates the onsite waste water treatment, which is further educated to communities that the Company donated the water tank. This will help them to realize how to utilize water resource more efficiently and additionally they can apply to use at their houses.

The project to assist people suffering from cold and flood

AIS continued to donate blankets and survival kits for those who have been affected by natural disasters and emergencies every year.

AIS Call Center for the Disabilities

The Company demonstrated its ongoing commitment to provide opportunities for those who are vision-impaired and hearing-impaired, by accepting them as employee of AIS Call Center. This project intends to make them have stable occupation and pride to share their living with others in the society, able to support themselves and families, and not becoming social burden. In addition, the Company also provided them with all benefits and welfare at equal level to those of regular employees.

AIS Fund for Senior Citizens through the Rajapra janugroh Foundation under his royal patronage

The Company have donated Baht 5 million per year for 8 consecutive years and shall continue donate permanently as contribution for the senior citizens fund. So far, the sum of the Company's annual donations has totaled Baht 40 million to this foundation.



AIS Career Guidance for University Seniors

AIS gave the 4th year undergraduates from various academies opportunity to learn about readiness preparation for future job application and self-development in actual working life. This year, the Company has expanded opportunity to general interesting public via www.sarnrak.net and also educated guidelines to engage freelance occupation among current economic crisis.

AIS Sarn Rak Child Development Center

The Company aims at lessening the burden of parents with young children especially in the remote rural area, who both parents have to work full time and have to take care of their children. The center was organized as preschool learning center for the child aged of 3-6 years. AIS have constructed and delivered this center to the Sub-district Administrative Organization of each area. Current centers are in Ban Tha Ngam-Kalasin Province; Ban Hadyai-Phitsanulok Province; Ban Mae Sao-Chiangmai Province and the latest in 2009 was in Ban Jakarat-Nakhon Ratchasima Province.

AIS Smiles on Children's Day

This project was initiated for children and general public to use as outdoor exercising and sporting yard for healthier and better sanitation of the public and to efficiently use free time for better benefit, and reduce drug abuse. This activity was organized in public area for total 6 communities both in Bangkok Metropolis and provincial areas.

AIS-Traffic Support

This activity was jointly organized with the Royal Thai Police based on awareness to the importance of tools and equipment for more efficient traffic work. The Company has constructed traffic signal controllers on 93 locations countrywide.

Sarn Rak Mobile Library in the South

The Company has delivered mobile library to the Child Development Center and Elementary Schools in southern provinces, Songkhla, Yala, Pattani, Narathiwat and Satool, totaling 200 libraries, to promote education opportunity and promote intellectual development of the children.



Being a Positive Role Model for the Society

The Company has produced TV program named "Sarn Rak Kon Keng Hua Jai Krang (Strong Heart, Great Man)"

to admire and promote good juvenile who is gratitude, fight for living, assist the family and love to learn to be the role model of society and provided allowance to the family and scholarship to juveniles to graduate bachelor level. At present, there are more than 400 juveniles of this project and 39 graduates of bachelor degree.

Mobile Sarn Rak Kon Keng Hua Jai Krang Tour has been succeeded from "Sarn Rak" project. Members of the first project were introduced to discuss and shared their life experience to the students and juveniles in several places, e.g. Office of Juvenile Observation and Protection, schools or welfare house. This project was well responded and able to comfort and inspire those juveniles to properly conduct themselves in positive way.

Sarn Rak CD

was also one project succeeded from "Sarn Rak Kon Keng Hua Jai Krang". All TV broadcasted life features were gathered and recorded on VCD to publicize and distribute to all interesting public and present to several organizations, such as, Ministry of Education, Ministry of Culture, Office of National Buddhism, Bangkok Archdiocese, Office of Juvenile Observation and Protection, Education Service Area throughout the country for use as media in learning moral and ethics. Until present, the Company has delivered for more than 200,000 CDs.



Raising the Social Awareness among AIS Employee

The Company initiated project to build awareness of more than 8,000 employees to be good citizens and assist the society through several activities which emphasized to promote helpful and friendly mind, to become the giver and create benefit for community and society, for instance:

The Company promotes and develops the educational potentiality to student in rural needy schools by organizing “Sam Rak-Young Reader” activities as follows:

Teach the Younger to Read

The Company's employees have voluntarily taught the younger to read and do their homeworks in welfare house.

Give Life as Intellectual Gift

The Company's employees have alternatively taught homework and read for the children at Blind School, Bangkok. This activity was succeeded from Call Center for the Disabilities project.

Volunteer Camping

To repair school building, canteen, library, playground, backyard garden, purchase of new books and compilation of old books to donate the needy school library.

Forest plantation

The Company led the employees to jointly with several communities join in plantation activity at Phra Buttabat Khao Look Chang Temple, Thayang District, Petchburi Province in order to conserve natural resources, forest, water sources and environment.

“AIS Sport Charity”

The Company's employees have given educational and sporting equipment to the students in needy school and organized sporting contests.

All voluntary activities were jointly organized from spirit and willingness of all our employees that intended to reward and assist the society as promoted by our company. For this purpose, our employees could join in any voluntary activity during working hour which was not regarded as leave. This is to promote voluntary spirit society to happily live in the society.



Financial & Operating Highlights

Financial Summary	2007	2008	2009
(Baht: Million)			
Service revenue	94,810	99,586	95,812
% <i>growth</i>	25%*	5%	-4%
Sales revenue	13,644	11,206	6,639
% <i>growth</i>	-11%	-18%	-41%
Total revenue	108,454	110,792	102,451
% <i>growth</i>	19%*	2%	-8%
EBITDA	43,674	46,463	45,892
% <i>growth</i>	6%	6%	-1%
EBITDA margin	40%	42%	45%
Net Profit	16,290	16,409	17,055
% <i>growth</i>	0.2%	0.7%	3.9%
Current Assets	20,586	26,896	33,571
Fixed Assets	87,088	81,189	69,715
Total Assets	128,942	128,081	125,026
Total Liabilities	53,481	54,646	53,215
Retained Earnings	49,999	47,755	46,146
Total Equities	75,461	73,436	71,811
Operating Cash Flow	34,325	36,803	40,913
Capital Expenditure	17,105	12,586	9,915
Free Cash Flow**	17,220	24,217	30,998
Interest Coverage (x)	15	17	14
Debt Service Coverage (x)	4.5	3.7	13.7
Net Debt/EBITDA (x)	0.50	0.39	0.23
Interest bearing debt/Equity (x)	0.40	0.47	0.50
Total Liabilities to Equity (x)	0.71	0.74	0.74
Free Cash Flow Yield (%)	10%	14%	13%
Return on Equity (%)	21%	22%	23%

*Revenues from 2007 onwards include gross interconnection revenue

**Free cash flow = Operating Cash Flow - Capital Expenditure

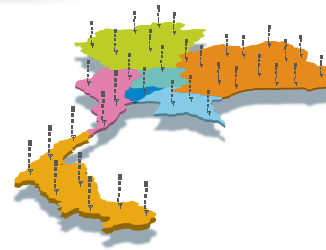
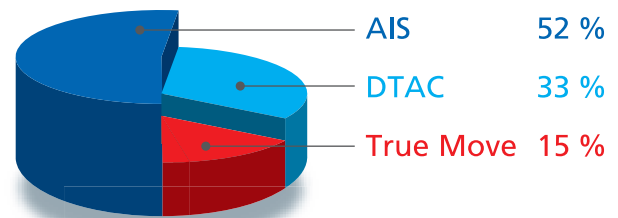
Largest wireless operator in Thailand
No. 1 market share by revenue

52%

Nationwide coverage

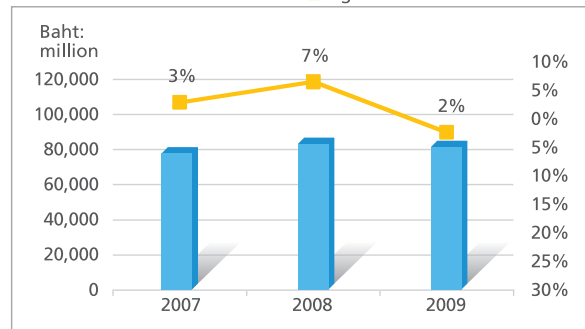
15,400 base stations
Covering >97% of populated area

97%

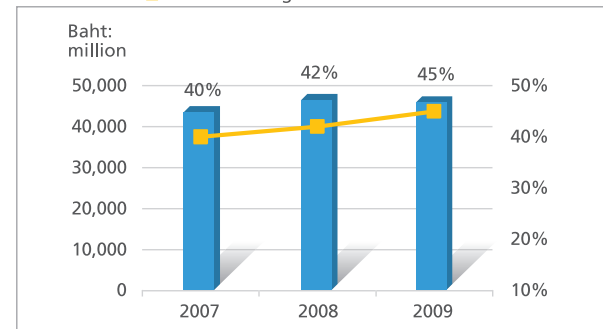


Higher margin albeit revenue softness

Service revenue exclude IC growth

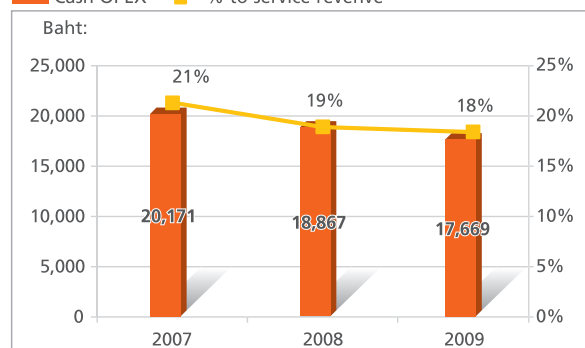


EBITDA EBITDA Margin

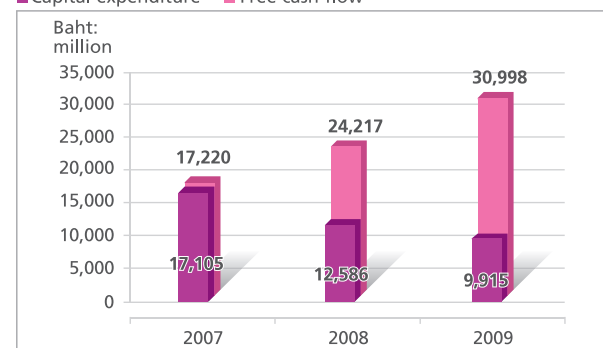


28% free cash flow growth from efficient cost & capex management

Cash OPEX % to service revenue

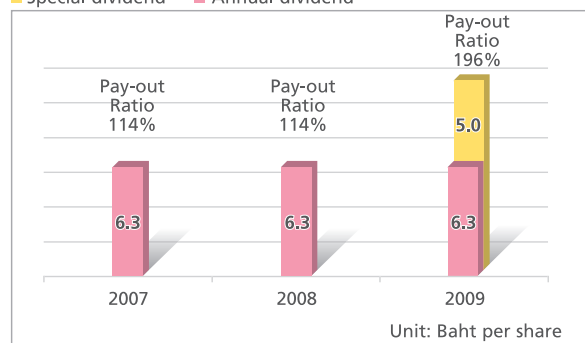


Capital expenditure Free cash flow

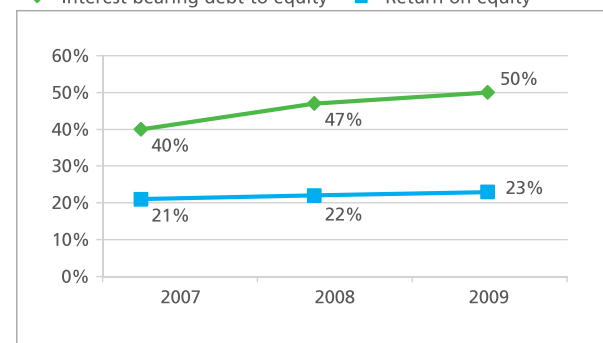


Pay out Bt 5 per share of special dividend from excess liquidity

Special dividend Annual dividend



Interest bearing debt to equity Return on equity



Message from Chairman and CEO



Dear Shareholders and Valued Customers,

During the past year, the impact of economic recession has spread to almost every sector of the economy. Some of the businesses in Thailand are directly affected by the recession while some are at a lesser degree. The situation has led the Company to monitor and assess our operation even more thoroughly, by carefully re-aligning the strategic direction and objectives to cope with any possible negative economic impact. In 2009, despite the decline in consumers' demand, which caused the Company's lower revenues, we were able to achieve stable cash flow from operation due to management flexibility and implementation of a number of cost-control measures. Additional capital expenditures were spent carefully in-line with the slower demand and thus mobile phone usage. In 2009, AIS achieved 28 % increase in free cash flow at the amount of Baht 30,998 million compared to Baht 24,217 million in 2008. However, a retraction in telecommunications industry revenues was relatively low compared to other industries. It is evident that mobile phone has become an essential part of the people's everyday lives. Furthermore, the important element that will help ensure future growth of the industry revenues is the expansion of data communication via mobile phone including Mobile Internet. This was the result of demand for Smart phone especially BlackBerry that has become widely popular and gained the rapid growth in the market.

Telecommunications outlook in Thailand is moving towards 3G technology, a more efficient technology that offers higher speed of data transmission and mobile internet service. Also, 3G technology provides benefit of better utilization of the existing scarce radio spectrum. Even though the timing of the issuing of the 3G licenses remains uncertain and could potentially be delayed, the Company is well-prepared in many areas for future operational expansion including preparation for business plan, solid financial health, educated and experienced workforce to the new 3G technology, as well as the experience from the 3G trial service on 900MHz frequency. This trial service is made available in Chiang Mai, Chonburi and Hua Hin to ensure the Company is riding on the learning curve to new technology path on all aspects including network installation and optimization for different geographical sites, marketing insights to customer behavior and different usage pattern. The experience will be the key stepping stone enabling us to leapfrog the development of service and establish effective marketing strategy in respond to the demand when we enter 3G era in Thailand. Data communication will increasingly be an important service to consumer in the 3G world, hence new services, solutions and contents will need to be developed. AIS, as a leading telecommunications service provider for the last 19 years, is committed to our goal to lead and shape the market. We are dedicated to continually develop ourselves to deliver uncompromising services to all 28 million AIS customers and ensuring of our readiness to new technologies.

To us, the social and environmental awareness has long been in our commitment to the society we live in. AIS also strictly follows good governance principle and committed to the responsibility to all stakeholders. A range of activities have been organized including the renown “Sarn Rak Kon Geng Hua Jai Krang” project that has been an ongoing project for several years to help the underprivileged people in our society or the “AIS Green Network” that combines green concepts and telecommunications network while maintaining the high quality service to raise awareness on global warming. All of the existing and future projects are evident that AIS is determined to move forward together with people of Thai society.

AIS is committed to its operational transparency, responsibility and benefits of shareholders, investors and other stakeholders. In 2009, AIS was evaluated by the Thai Institute of Directors (IOD) with the support from the Securities Exchange Commission and the Stock Exchange of Thailand at the “Excellent” or 🏆🏆🏆🏆 which was an improvement from “Very Good” rating or 🏆🏆🏆 in the previous year. In addition, AIS was rated “Excellent” for its Annual General Meeting of Shareholders’ quality in accordance with the AGM Check List standard, which was observed and evaluated by the Thai Investors Association and the Securities Exchange Commission for two consecutive years. These reward us for our dedication to continually develop our corporate governance.

As AIS is moving towards the 20th year of operations, we sincerely thank all our shareholders, customers and business partners for your support and the opportunity to serve for almost two decades. AIS pledges to conduct business with the highest professionalism based on good corporate governance to enable the sustainable business growth. With our superior network, dedicated service quality, and continuous innovation, AIS is confident to the changing phase of whatever technology might bring in the future. We will make every possible effort to quickly bring the technology to the customers. AIS will be always a leader to “**Bring You the New Era**”.



Dr. Paiboon Limpaphayom (Ph.D.)
Chairman of the Board of Director



Mr. Wichian Mektrakarn
Chief Executive Officer

Audit Committee Report 2009

To the Shareholders of Advanced Info Service Public Company Limited

The Audit Committee of Advanced Info Service Public Company Limited consists of three independent directors with combined experience in finance, accounting, law, and business administration: Mr. Aviruth Wongbuddhapitak as Chairman, Mrs. Tasanee Manorot and Mr. Surasak Vajasit as Committee members, with Mrs. Suvimon Kulalert as Secretary. All members possess adequate qualifications for their posts as specified by the Audit Committee Charter and in accordance with the Stock Exchange of Thailand's regulations and Best Practice guidelines.

The Committee performed its duties and responsibilities, as assigned by the Board of Directors, supervising and overseeing the Company's state of affairs, ensuring that the collective body of Management and Executive Directors acted with accountability towards shareholders and executed their duties with honesty, responsibility, and in accordance with Company's policies.

The Committee held a total of 12 meetings in the fiscal year 2009, all of which were convened with full attendance. At those meetings, the Committee discussed and shared opinions with senior management, internal auditors, and the external auditor on matters related to the Company's business, which can be summarized as follows:

1. The Audit Committee reviewed the Company's quarterly and annual financial statements as well as the consolidated financial statements for 2009, which had already been reviewed and audited by the external auditor, and submitted them to the Board of Directors for approval. The Committee invited Management and the external auditor to the meetings to review the accuracy and completeness of the financial statements, adjustments made to accounting entries which significantly affect them, and the adequacy of financial disclosure. In addition, the Committee considered and acknowledged the management letter and audit plan that were proposed by the external auditor. The Committee also held a special meeting with the external auditor for which Management was not in attendance so as to freely discuss important issues in the audit plan and issues found during audit process.

The Committee came to the conclusion that the internal control systems of the financial reporting process were adequate to ensure that the financial statements accurately depicted the Company's financial status and operating results. Furthermore, it was determined that the financial statements were in accordance with all legally defined accounting principles and were adequately and promptly disclosed for the benefit of shareholders, investors, and users of such statements for the purposes of making informed investment decisions.

2. The Audit Committee reviewed the connected transactions, or the transaction that may lead to conflicts of interest, to ensure that they are in compliance with the laws, rules and regulations prescribed by the Capital Market Supervisory Board and other regulatory bodies, and are reasonable and for the highest benefit of the Company.

The Committee came to the conclusion that the aforementioned transactions were conducted by Management were fairly and without conflicts of interest, and maximize benefit to the Company and shareholders on an arm's length basis and under normal commercial terms.

3. The Audit Committee, in conjunction with the Company's Internal Legal Counsel and Compliance Department, reviewed adherence to Securities and Exchange Act, regulations of Securities and Exchange Commission, regulations of the Stock Exchange of Thailand, regulations of the Capital Market Supervisory Board, and other relevant laws as well as business commitments with third party agreements.

From a total of 6 meetings with the Compliance and Legal departments, the Committee determined that the Company was in compliance with all applicable regulatory requirements in all material respects. In the notes provided in the financial statements, the Committee and external auditor have fully disclosed all material relevant issues under dispute which the Management believes that such issues shall turn out to be the Company's favour.

4. The Audit Committee reviewed all internal control systems and their efficacy towards ensuring that the Company's business was efficiently and effectively conducted in the pursuit of achieving performance goals. The Committee reviewed internal audit reports in 2009 and results of assessment on effectiveness of internal controls and risk management systems based on the COSO-ERM concept (The Committee of Sponsoring Organizations of the Treadway Commission - Enterprise Risk Management), all of which were executed by internal auditors. Furthermore, the Committee visited operation site of the company to gain business process acumen and also gave useful recommendations to improve effectiveness of internal control systems. In addition, the Committee evaluated management control systems, financial control systems, and compliance control systems based on guidelines from the office of the Securities and Exchange Commission.

No major structural weaknesses or significant errors were discovered in the internal control systems, which is in line with the external auditor's independent evaluation. Consequently, the Committee concluded that internal control systems were adequate and performed as benchmarked. This included the internal environment, risk assessment, control activities, information and communication, and monitoring systems.

5. The Audit Committee conducted a review to ensure that the risk management system has been established appropriately, by receiving a report as proposed by the Risk Management Committee each quarter as well as providing recommendations on a regular basis. The Company's "significant risk factors" are disclosed in this Annual Report.
6. The Audit Committee was responsible for overseeing the Internal Audit to ensure that all internal audit activities were performed effectively, efficiently and carried out in a manner most equitable to the Company and its stakeholders. In doing so, the Committee reviewed its mission statement, scope of work, and responsibilities including annual budget and sufficiency of manpower and audit tools which enhance quality of internal audit to conform to international standards. Furthermore,

the Committee approved a revised audit plan for 2009 to be in line with current risks and situations of the Company and gave useful recommendations on the development of preventive audit approach as well as approved the internal audit plan for 2010, which bases on the Company's key risk areas and focuses on evaluating the effectiveness of control self assessment on each processes..

The Committee also reviewed internal audit reports, performance as shown by the key performance indicators, performance of the Chief Audit Executive and the competency plans from individual development programs. Furthermore, the Committee reviewed quality of internal audit functions which were allowed for every department to freely evaluate and give suggestions to the internal auditors.

The Committee concluded that the comprehensive body of internal audit processes and systems were being performed independently, effectively, and in accordance with Company's goals and key risk areas. The internal audit process also demonstrated continuous improvement, and internal auditors successfully implemented development programs to improve and ensure conformity with international standards.

7. The Audit Committee submitted its quarterly reports to the Board of Directors, which provided useful recommendations to Management to improve overseeing business efficiency which were adopted.
8. The Audit Committee took into consideration the nomination and appointment of the external auditor and the annual audit fee for 2010. This process entailed assessing of the current external auditor for its independence, performance from the year 2009, knowledge, competency, experience in the telecommunications industry, supporting units of the audit firm, and also the competitiveness of the audit fee as one of the key consideration.

The Committee concluded that the external auditors from KPMG Phoomchai Audit Ltd. acted independently and demonstrated a sufficient degree of knowledge and experience required for the purposes of conducting the Company's external audit with a competitive audit fee. The Committee subsequently proposed that the same external auditor, KPMG Phoomchai Audit Ltd., be appointed as the official certified public accountant of the Company for 2010. This recommendation was made to the Board of Directors prior to being presented for approval at the general shareholders meeting.

9. The Audit Committee conducted its performance self assessment, which consisted of reviewing its composition, meetings, activities, and dealings with management and the external auditor. This self-assessment was benchmarked against Best Practice guidelines from the Stock Exchange of Thailand and the Audit Committee Charter.

The Committee came to the conclusion that its scope of work and performance were consistent with Best Practice guidelines and the Audit Committee Charter, effectively aiding in the fulfilment of good Corporate Governance.

The Audit Committee exercised proper judgement and independently fulfilled its duties and responsibilities with a high degree of competency and circumspection. The Committee had full access to all pertinent information from Management, employees, and associated parties. Furthermore, the Committee gave comments and recommendations regarding the equitable treatment of the Company's stakeholders.

In summary, the Audit Committee determined that the Board of Directors, Management, and Executive Directors all performed ethically with the intent to conduct their job functions professionally in pursuit of the Company's performance goals. Furthermore, it concluded that the Company is fully committed to, and see effective Corporate Governance as vital to its business and has established concise and appropriate risk management and internal control systems.



Mr Aviruth Wongbuddhapitak
Chairman of the Audit Committee



Mrs Tasanee Manorot
Audit Committee member



Mr Surasak Vajasit
Audit Committee member

Securities Information

The Company name	:	Advanced Info Service Public Company Limited
Symbol for trading	:	ADVANC
Registered date on the SET	:	5 November 1991
Market capitalization	:	Baht 256,510,824,171.00 (as of 30 December 2009)
Authorized capital	:	Baht 4,997,459,800.00
Paid-up capital	:	Baht 2,965,460,414.00
Total shareholders	:	13,895 persons (as of 28 August 2009)
% Free float	:	35.98% (as of 18 March 2009)
Nature of Businesses	:	The Company operates cellular mobile telephone network in the 900 MHz frequency under the digital GSM technology and providing digital GSM network in the 1800 MHz frequency through its subsidiary, Digital Phone Co.,Ltd. (DPC). In addition, the Company also invests in other subsidiaries covering integrated telecom business which includes the import and distribution of handsets and accessories, voice and data communication service via telephone and optical fiber, payment business via mobile phone, distribution of cash card, call center service, international telephone and gateway, and a network operator and telecom service provider.
Head office	:	414 Shinawatra Tower 1 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok 10400
Registered No.	:	Bor Mor Jor. 0107535000265 (Former Registered No. was Bor Mor Jor.59)
Home Page	:	http://www.ais.co.th
Telephone	:	(66) 2299-6000
Fax	:	(66) 2299-5165

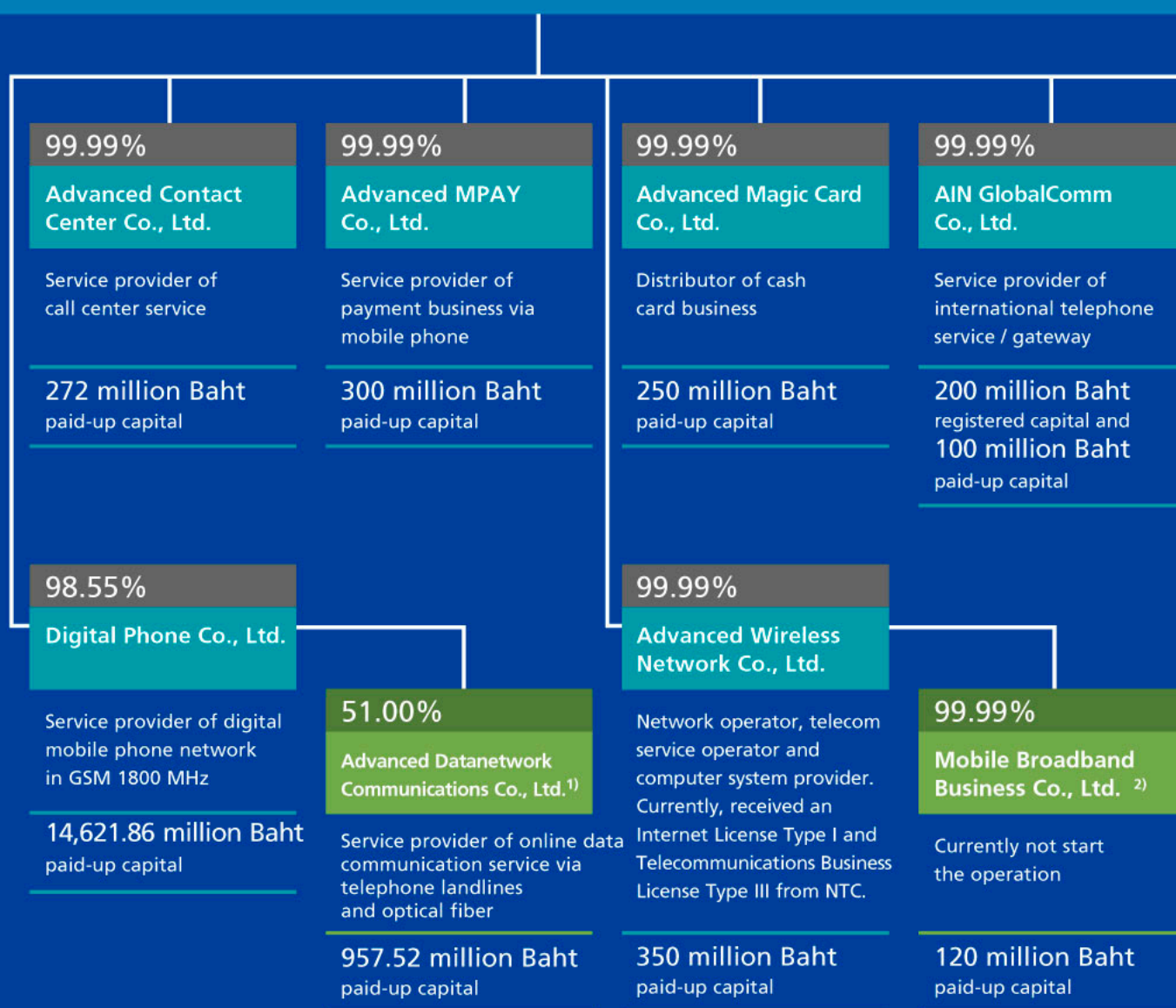
American Depositary Receipt :

ADR ticker symbol	:	AVIFY
Exchange	:	Over the Counter: OTC
Depository	:	The Bank of New York Mellon
ADR to ORD share ratio	:	1:1
ADR CUSIP number	:	00753G103

Investment Structure of Advanced

Advanced Info Service Plc.

Advanced Info Service Plc.



¹⁾ The remaining 49% of shares, holding by person who has not conflict of interest.

²⁾ Mobile Broadband Business Co., Ltd. registered its company set-up with the MOC on 14 October 2009.

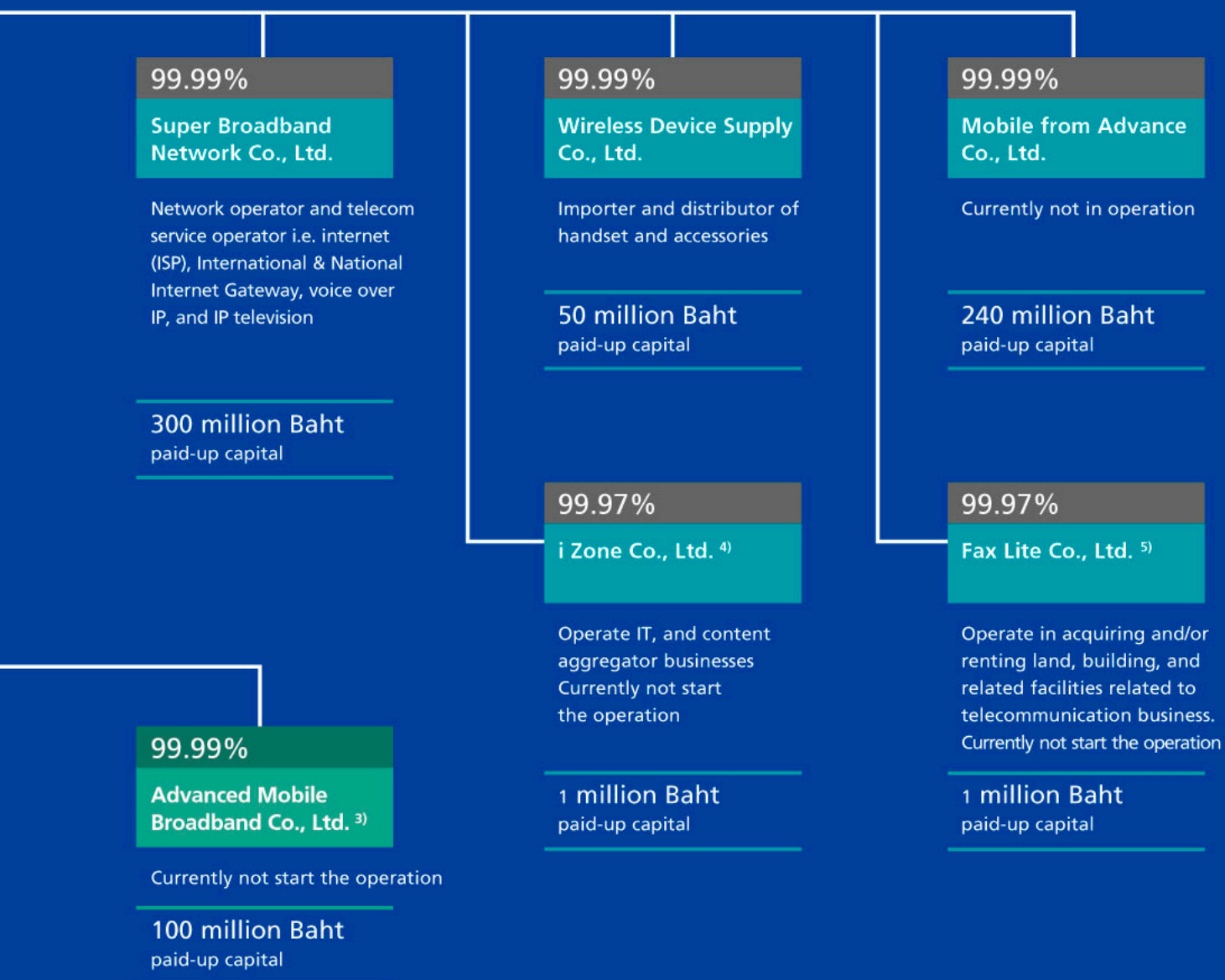
³⁾ Advanced Mobile Broadband Co., Ltd. registered its company set-up with the MOC on 19 October 2009.

⁴⁾ i Zone Co., Ltd. registered its company set-up with the MOC on 8 January 2010.

⁵⁾ Fax Lite Co., Ltd. registered its company set-up with the MOC on 8 January 2010.

Info Service Plc.

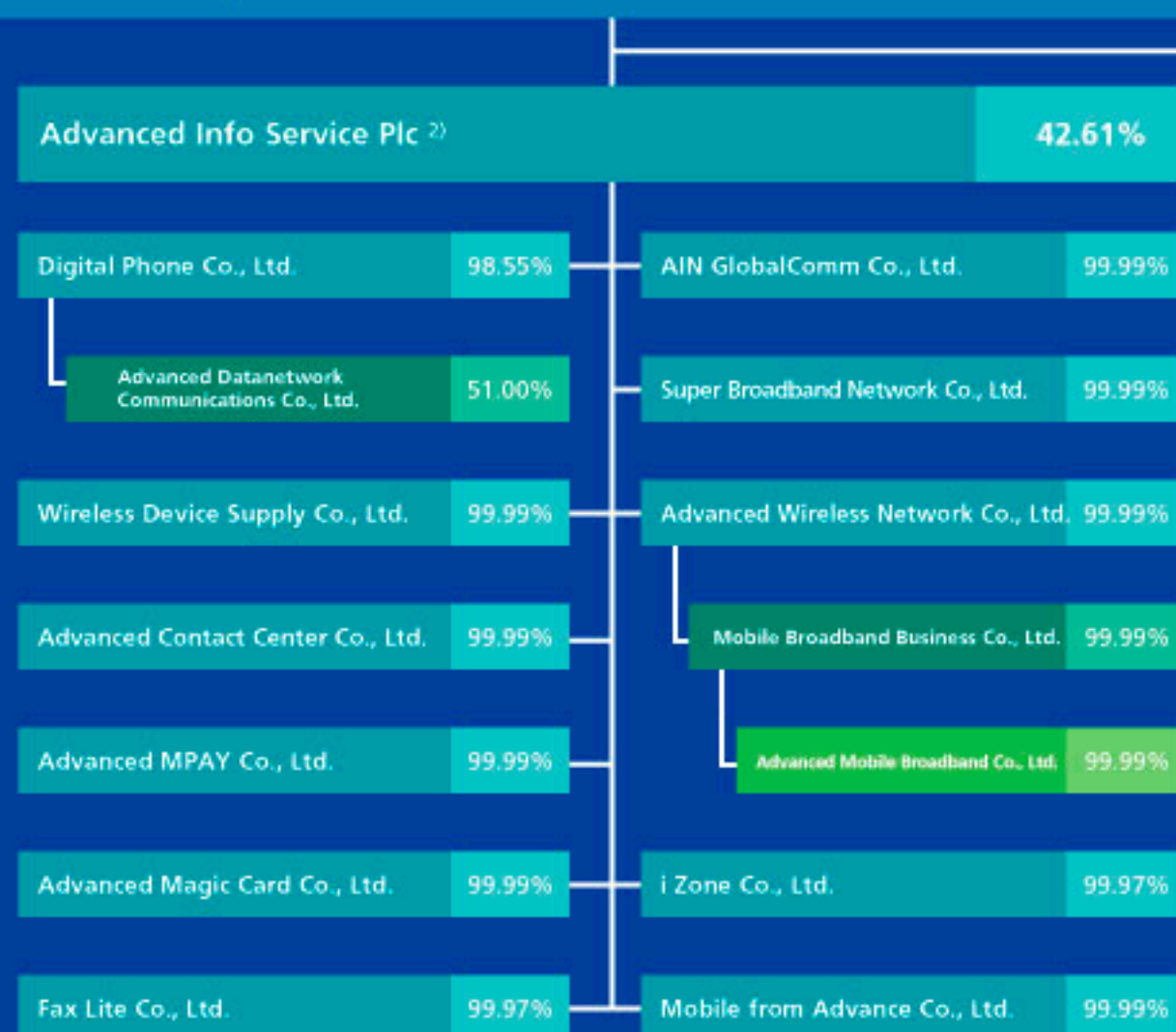
Service provider of Digital GSM network in the 900 MHz frequency 4,997.46 million Baht
Registered Capital and 2,965.46 million Baht Paid-up Capital



Investment Structure

of Shin Group

Shin Corporation Plc ^{1), 2)}

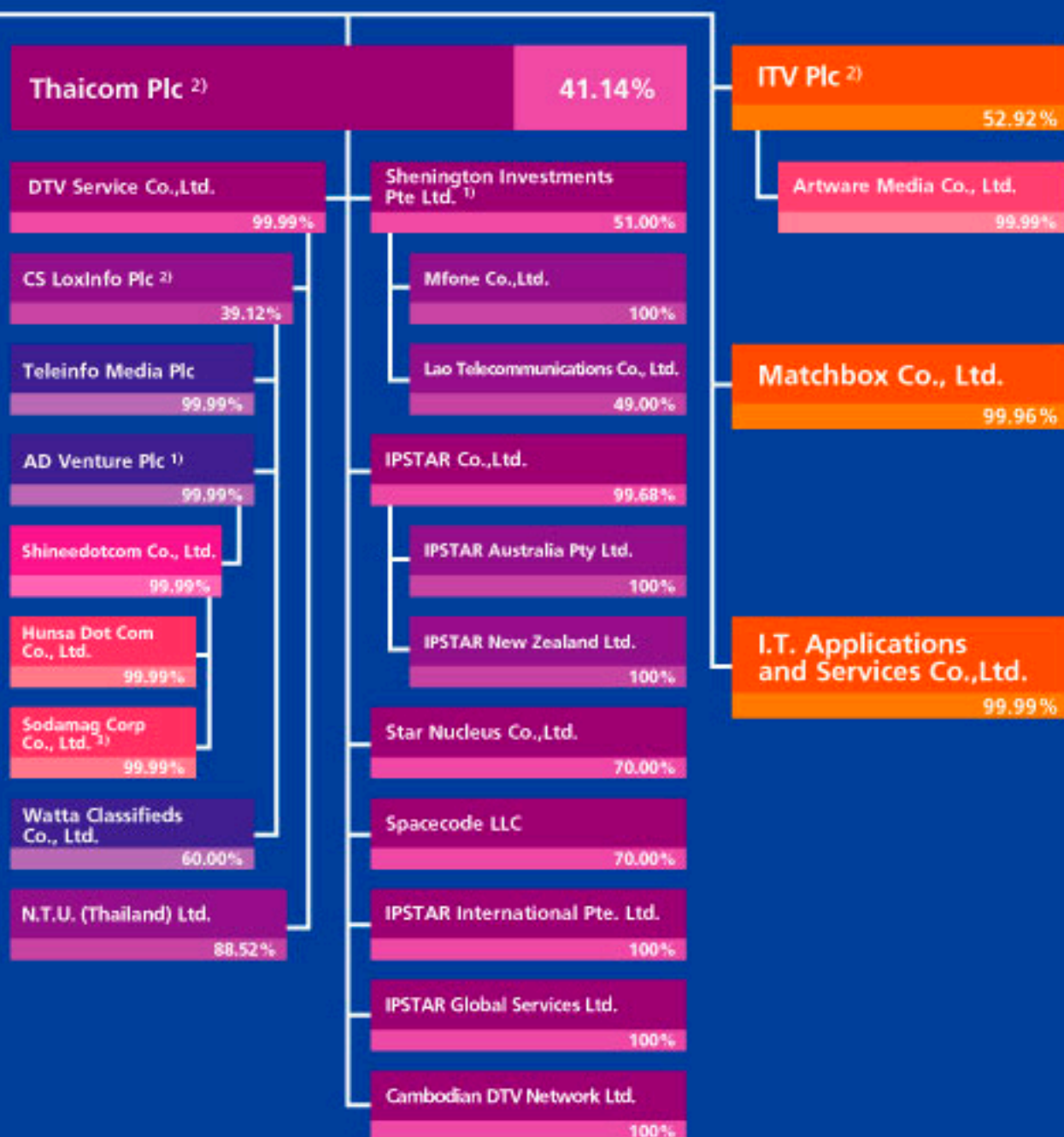


¹⁾ Holding Company

²⁾ Listed Company on the Stock Exchange of Thailand

³⁾ On process of liquidation

As of 2 February 2010



Major shareholders

Top ten major shareholders of Advanced Info Service Plc.

No.	Name	No. of shares held	% of issued share capital
1	SHIN CORPORATION PLC. ¹⁾	1,263,712,000	42.65
2	SINGTEL STRATEGIC INVESTMENTS PTE LTD AND SINGTEL INVESTED BY THAI TRUST FUND ²⁾	632,039,000	21.33
3	HSBC (SINGAPORE) NOMINEES PTE LTD	79,506,872	2.68
4	LITTLEDOWN NOMINEES LIMITED	76,386,600	2.58
5	MELLON NOMINEES (UK) LIMITED	54,621,100	1.84
6	N.C.B. TRUST LIMITED-RBS AS DEP FOR FS	49,531,300	1.67
7	NORTRUST NOMINEES LTD.	48,805,674	1.65
8	STATE STREET BANK AND TRUST COMPANY	44,999,071	1.52
9	THAI NVDR CO.,LTD	30,076,997	1.01
10	SOCIAL SECURITY OFFICE (2 CASE)	24,586,680	0.83
Total		2,252,345,128	77.76

Source : by Thailand Securities Depository Co., Ltd. as of 27 August 2008

¹⁾ Major shareholder whose behavior can influence when determining policy or handling operation, is Shin Corporation Plc.
Major shareholders of Shin Corporation Plc. are

No.	Name	No. of shares held	% of issued share capital
1	Cedar Holding Co., Ltd.*	1,742,407,239	54.43
2	Aspen Holding Co., Ltd.* ³⁾	1,334,354,825	41.68
Total		3,076,762,064	96.11

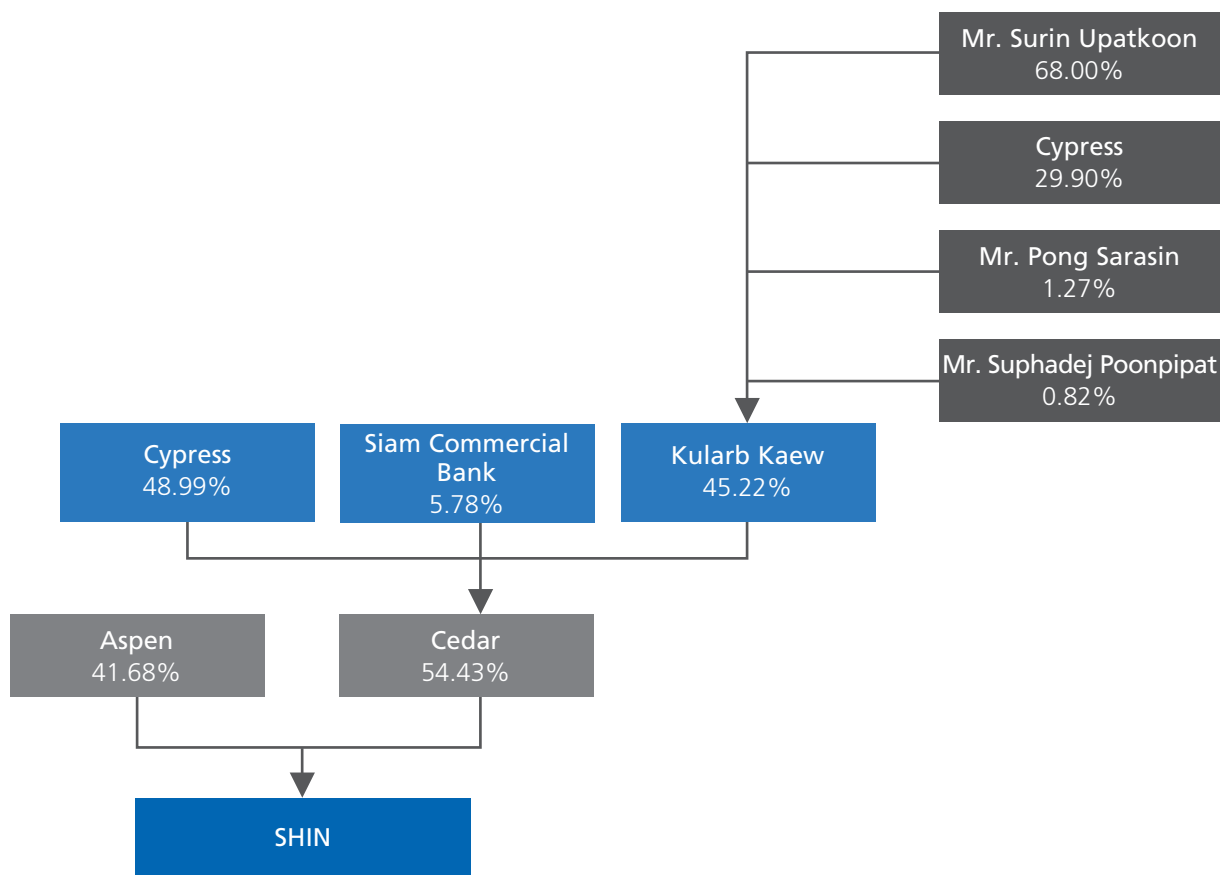
³⁾ Aspen Holding Co., Ltd. holds 9,096 shares or 0.00% of paid-up capital of the Company.

Source : by Thailand Securities Depository Co., Ltd. as of 31 August 2009.

* Aspen is a company incorporated in Thailand and an indirect subsidiary of Temasek Holdings (Pte) Ltd. ("Temasek").

Cedar is a company incorporated in Thailand whose shareholders are comprised of The Siam Commercial Bank Public Company Limited holding 5.8%, Kularb Kaew Company Limited ("Kularb Kaew") holding 45.2% and Cypress Holdings Limited ("Cypress"), an indirect subsidiary of Temasek, holding 49% of the shares in Cedar. Kularb Kaew was held by four major shareholders, namely, Cypress holding 29.9%, Mr. Surin Upatkoon holding 68%, Mr. Pong Sarasin holding 1.27% and Mr. Suphadej Poonpipat holding 0.82%.

As of 13 January 2010, SHIN shareholding structure is as follow :



2) Major shareholder of SingTel Strategic Investments Pte Ltd is

No.	Name	% of issued share capital
1	Singapore Telecommunications Limited *	100.00

Source : Singapore Telecommunications Limited I Annual Report 2008/2009 as of 30 May 2009

*Major shareholders of Singapore Telecommunications Limited are

No	Name	No. of share held	% of issued share capital
1	Temasek Holdings (Private) Limited	8,671,325,982	54.46
2	DBS Nominees Pte Ltd	1,995,806,708	12.53

Source : Singapore Telecommunications Limited I Annual Report 2008/2009 as of 30 May 2009

The investors can update the current major shareholders of the Company from the Company's website before the Annual General Meeting. Please visit <http://investor.ais.co.th>

General Information: The Company and its subsidiaries

Update as of 2 February 2010

Company	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
Advanced Info Service Public Company Limited Head Office : 414 Phaholyothin Road, Samsennai, Phayathai, Bangkok Tel : (66) 2299 6000 Fax : (66) 2299 5165 Home Page : www.ais.co.th	Service provider of Digital GSM network in the 900 MHz frequency	4,997.46	1	2,965.46	-
Its subsidiaries	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
Mobile From Advance Company Limited 1 Phaholyothin Road, Samsennai, Phayathai, Bangkok Tel : (66) 2299 6000 Fax : (66) 2299 5200	Currently not in operation	24	10	240	99.99
Digital Phone Company Limited 404 Phaholyothin Center Tower, Phaholyothin Road, Samsennai, Phayathai, Bangkok Tel : (66) 2299 6000 Fax : (66) 2299 5455	Service provider of digital mobile phone network in 1800 MHz frequency	1,462.19	10	14,621.86	98.55
Advanced Datnetwork Communications Company Limited (indirect subsidiary via DPC) 408/157, 38 th Floor, Phaholyothin Place Tower, Phaholyothin Road, Samsennai, Phayathai, Bangkok Tel : (66) 2270 1900 Fax : (66) 2270 1860 Home Page : www.adc.co.th	Service provider of online data communication service via telephone landlines and optical fiber	95.75	10	957.52	51.00 ¹⁾
Advanced Contact Center Company Limited 414 Phaholyothin Road, Samsennai, Phayathai, Bangkok Tel : (66) 2299 6000 Fax : (66) 2299 5959	Service provider of call center service	27.2	10	272	99.99
Advanced MPAY Company Limited 408/60 Phaholyothin Place Tower, 15 th Floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok Tel : (66) 2687 4808 Fax : (66) 2687 4788	Service provider of payment business via mobile phone	30	10	300	99.99

Its subsidiaries	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
Advanced Magic Card Company Limited 414 Phaholyothin Road, Samsennai, Phayathai, Bangkok Tel : (66) 2299 6000 Fax : (66) 2615 3330	Distributor of cash card business	25	10	250	99.99
Super Broadband Network Company Limited 1, 1293/9 ESV Tower, Phaholyothin Road, Samsennai, Phayathai, Bangkok Tel : (66) 2270 1110 Fax : (66) 2619 8777	Network operator and a telecom service operator i.e. Service provider of internet (ISP), international & national internet gateway, International Private Leased Circuit (IPLC), Internet Protocol Virtual Private Network (IP VPN), a voice over IP, and an IP television	3	100	300	99.99
AIN GlobalComm Company Limited 408/127 Phaholyothin Place Tower, 29 th Floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok Tel : (66) 2299 6000 Fax : (66) 2278 7030	Service provider of international telephone service / gateway	2	100	100	99.99
Wireless Device Supply Company Limited 404 Phaholyothin Center Tower, Phaholyothin Road, Samsennai, Phayathai, Bangkok Tel : (66) 2299 5777 Fax : (66) 2299 5200	Importer and distributor of handset and accessories	0.5	100	50	99.99
Advanced Wireless Network Company Limited 408/60 Phaholyothin Place Tower, 15 th Floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok Tel : (66) 2299 6000 Fax : (66) 2687 4986	Network operator, a telecom service operator and computer system service provider. Currently, AWN received an Internet License Type I and Telecommunications Business License Type III from NTC	3.5	100	350	99.99
Mobile Broadband Business Company Limited ²⁾ (indirect subsidiary via AWN) 408/60 Phaholyothin Place Tower, 15 th Floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok	Currently not start the operation	1.2	100	120	99.99

Its subsidiaries	Business	Registered Capital (Million Share)	Par Value (Baht per share)	Paid-up Capital (Million Baht)	% of Investment
Advanced Mobile Broadband Company Limited ³⁾ (indirect subsidiary via MBB) 404 Phaholyothin Center Tower, Phaholyothin Road, Samsennai, Phayathai, Bangkok	Currently not start the operation	1	100	100	99.99
i Zone Company Limited ⁴⁾ 1291/1 Phaholyothin Road, Samsennai Phayathai, Bangkok	Operate IT, and content aggregator businesses Currently not start the operation	0.01	100	1	99.97
Fax Lite Company Limited ⁵⁾ 1291/1 Phaholyothin Road, Samsennai, Phayathai, Bangkok	Operate in acquiring and/or renting land, building, and related facilities related to telecommunication business. Currently not start the operation	0.01	100	1	99.97

¹⁾ The remaining 49% of shares, holding by person who has not conflict of interest.

²⁾ Mobile Broadband Business Co., Ltd. registered its company set-up with the MOC on 14 October 2009.

³⁾ Advanced Mobile Broadband Co., Ltd. registered its company set-up with the MOC on 19 October 2009.

⁴⁾ i Zone Co., Ltd. registered its company set-up with the MOC on 8 January 2010.

⁵⁾ Fax Lite Co., Ltd. registered its company set-up with the MOC on 8 January 2010.

Dividend Policy

The Company can pay dividends to shareholders over 40% of net profit, on the condition that the Company must receive at least an “AA” rating from a credit rating agency that has been approved by the Office of the Securities and Exchange Commission. This rating must be received within a period of 45 days before the approval of the dividend payment by the board of directors.

In the event that the Company is in default of principal or interest payment under the debentures in any installment, the Company shall not pay dividends in any form whatsoever to the shareholders of the Company.

The Company (and its subsidiaries) intends to pay dividends to shareholders not less than 40% of net profit after tax reported in the Consolidated Financial Statement. In the event that the Company is in default of principal or interest payment under the debentures in any installment, the Company shall not pay dividends in any form whatsoever to the shareholders of the Company. Dividend payment will depend on cash flow and investment obligation of Company and subsidiaries including any necessity and suitability in the future. And it shall not exceed the retained earnings which indicated in Company Financial Statement.

The Board of Directors



Dr. Piboon Limpaphayom
Chairman of the Board of Directors
and Independent Director



Mr. Somprasong Boonyachai
Vice-Chairman of the Board of Directors
and Authorized Director



Mr. Aviruth Wongbuddhapitak
Director,
Chairman of the Audit Committee
and Independent Director



Mrs. Tasanee Manorot
Director,
Member of the Audit Committee
and Independent Director



Mr. Surasak Vajakit
Director,
Member of the Audit Committee
and Independent Director



Mr. Chakree Subprawong
Director



Mr. Suphadej Poonpipat
Director



Mr. Allen Lew Yoong Keong
Director and
Chairman of the Executive Committee



Mr. Ng Ching-Wah
Director and
Member of the Executive Committee



Mr. Yeo Eng Choon ¹⁾
Director



Mr. Vikrom Sriprataks
Director, Vice-Chairman of
the Executive Committee
and Authorized Director

¹⁾ He was appointed as directors of the Company to replace Mr. Ng Kwon Kee as of 6 November 2009.

Summary of Profiles of the Directors and Management Team

Dr. Paiboon Limpaphayom

Age 68



- Chairman of the Board of Directors
- Independent Directors

Share Ratio (%)* None

Relationship with Management None

Mr. Somprasong Boonyachai

Age 54



- Vice-Chairman of the Board of Directors
- Authorized Director

Share Ratio (%)* None

Relationship with Management None

Highest Education

- Doctorate Degree Electrical Engineering, Iowa State University, USA
- Certificate of Public - Private joint defence curriculum, Class 3, The Notional Defence College of Thailand

Related Training program held by (IOD)

-

Working Experiences

- 1998 - Present Chairman of the Board of Director and Independent Director, Advanced Info Service Plc.
- 2000 - 2005 Director and Executive Director, Thai Military Bank Plc.

Illegal Record in past 10 years

None

Highest Education

- Master Degree Engineering, Asian Institute of Technology

Related Training program held by (IOD)

- DCP: Director Certification Program Class 65/2005
- DAP: Director Accreditation Program Class 30/2004
- RCP: Role of the Chairman Program Class 21/2552

Working Experiences

- 2009 - Present Chairman of the Executive Committee, Thaicom Plc.
- 2008 - Present Vice-Chairman of the Board of Directors, Advanced Info Service Plc. Chairman of the Executive Committee, Thaicom Plc.
- 2007 - Present Director, Shin Corporation Plc.
- 2006 - Present Director, Thaicom Plc.
- 2004 - Present Director, Praram 9 Hospital Co., Ltd.
- 1997 - Present Independent Director, Power Line Engineering Plc.
- 2000 - 2008 Member of the Executive Committee, Shin Satellite Plc.
- 1999 - 2008 Chairman of the Executive Committee, Advanced Info Service Plc.
- 1994 - 2008 Director, Advanced Info Service Plc.
- 2004 - 2007 Member of the Executive Committee, CS LoxInfo Plc. Director and Member of the Executive Committee, ITV Plc.
- 2000 - 2007 Group Vice-Chairman of the Group Executive Committee, Shin Corporation Plc.

Illegal Record in past 10 years

None

* Includes holding by spouse and minor children

Mr. Aviruth Wongbuddhapitak



Age 61

- Director
- Chairman of the Audit Committee
- Independent Director

Share Ratio (%)*

None

Relationship with Management

None

Mrs. Tasanee Manorot



Age 64

- Director
- Member of the Audit Committee
- Independent Director

Share Ratio (%)*

None

Relationship with Management

None

Highest Education

- Master Degree Business Administration, New York University, USA

Related Training program held by (IOD)

- DCP: Director Certification Program Class 8/2001
- The Board's Role in Setting Effective Compensation Policy

Working Experiences

- | | |
|----------------|--|
| 2009 - Present | Independent director and Member of the Audit Committee, Thai Military Bank Plc. |
| 2008 - Present | Advisor, Bureau of the Crown Property |
| 2007 - Present | Chairman of the Board Of Directors, Marble Co., Ltd. |
| 2006 - Present | Chairman of the Audit Committee and Director, Advanced Info Service Plc. Advisor, Siam Cement Plc. |
| 2003 - Present | Director and Member of the Executive Director, Thai Plastic and Chemicals Plc. Director, CPB Equity Co., Ltd. Director, CPB Property Co., Ltd. |
| 1995 - Present | Director and Chairman of the Executive Director, Deves Insurance Plc. |
| 2006 - 2009 | Expert Member of the Board of Directors, Government Pension Fund
Expert Member of Investment Committee, Government Pension Fund |
| 2007 - 2008 | Director, Thai Airways International Plc. |
| 2005 - 2008 | Assistance of Director, Bureau of the Crown Property |
| 2001 - 2008 | Chairman of the Board of Director, IT One Co., Ltd. |
| 2003 - 2005 | President, Cementhai Property Plc. |

Illegal Record in past 10 years

None

Highest Education

- Bachelor Degree Commerce and Accountancy, Chulalongkorn University

Related Training program held by (IOD)

- DCP: Director Certification Program Class 32/2003

Working Experiences

- | | |
|----------------|--|
| 2006 - Present | Director and Member of the Audit Committee, Advanced Info Service Plc. |
| 2002 - 2005 | Senior Executive Vice President, TOT Corporation Plc. |
| 2001 - 2005 | Director, Advanced Info Service Plc. |

Illegal Record in past 10 years

None

* Includes holding by spouse and minor children

Mr. Surasak Vajisit

Age 56



• Director	
• Member of the Audit Committee	
• Independent Director	
Share Ratio (%)*	None
Relationship with Management	None

Highest Education

- Barrister-at-law Lincoln's Inn

Related Training program held by (IOD)

DAP: Director Accreditation Program Class 29/2004

Working Experiences

2006 - Present	Director and Member of the Audit Committee, Advanced Info Service Plc.
2005 - Present	Partner, Hunton & Williams (Thailand) Limited
1997 - 2008	Director, Thai Tollow and Oil Co., Ltd.
2004 - 2006	Director and Independent Director, Shin Corporation Plc.
2004 - 2005	Director, Coudert Brothers Co., Ltd.

Illegal Record in past 10 years

None

Mr. Chakree Subprawong

Age 61



• Director	
Share Ratio (%)*	None
Relationship with Management	None

Highest Education

- Master Degree Business Administration, Chulalongkorn University

Related Training program held by (IOD)

-

Working Experiences

2008 - Present	Director, Advanced Info Service Plc.
2008 - 2009	Senior Executive Vice President - Core Network, TOT Plc.
2005 - 2008	Executive Vice President, TOT Plc.
2003 - 2005	Vice President - Metropolitan 4, Telephone Service Department, TOT Plc.

Illegal Record in past 10 years

None

* Includes holding by spouse and minor children

Mr. Suphadej Poonpipat

Age 59



• Director

Share Ratio (%)* None

Relationship with Management None

Mr. Allen Lew Yoong Keong

Age 54



• Director

• Chairman of the Executive Committee

Share Ratio (%)* None

Relationship with Management None

Highest Education

- Master Degree of Science, University of Wisconsin, USA

Related Training program held by (IOD)

- DAP: Director Accreditation Program Class 8/2004

Working Experiences

2005 - Present	Director, MBK Resort Plc. Director and Chairman of the Executive Committee, Thanachart Insurance Co., Ltd. Vice-Chairman of the Board of Directors, Chairman of the Executive Committee and Chief Executive Officer, Thanachart Bank Plc.
2003 - Present	Director, Siam Piwat Co., Ltd. Director and Chairman of the Executive Committee, Thanachart Life Assurance Co., Ltd. Vice-Chairman of the Board of Directors and Vice-Chairman of Executive Committee, Plan Estate Co., Ltd.
1997 - Present	Vice-Chairman of the Board of Director and Chairman of the Executive Committee, Thanachart Capital Plc.
1992 - Present	Director, Advanced Info Service Plc.
1986 - Present	Vice-Chairman of the Board of Directors, MBK Plc.
1997 - 2009	President, Thanachart Capital Plc.
1990 - 2006	President, National Finance Plc.

Illegal Record in past 10 years

None

Highest Education

- Master Degree Science (Management), Massachusetts
Institute of Technology, USA

Related Training program held by (IOD)

-

Working Experiences

2008 - Present	Chairman of the Executive Committee, Advanced Info Service Plc.
2006 - Present	Director, Advanced Info Service Plc. Chief Executive Officer, Singapore Telecommunications Ltd.
2006 - 2008	Member of the Executive Committee, Advanced Info Service Plc.
2005 - 2006	Managing Director - Consumer (Optus)
2001 - 2005	Managing Director - Mobile (Optus)

Illegal Record in past 10 years

None

* Includes holding by spouse and minor children

Mr. Ng Ching-Wah



Age 61

- Director
 - Member of the Executive Committee
- | | |
|------------------------------|------|
| Share Ratio (%)* | None |
| Relationship with Management | None |

Mr. Yeo Eng Choon ¹⁾



Age 55

- Director
- | | |
|------------------------------|------|
| Share Ratio (%)* | None |
| Relationship with Management | None |

Highest Education

- Bachelor Degree Art in Business Administration, Chinese University of Hong Kong

Related Training program held by (IOD)

-

Working Experiences

- | | |
|----------------|--|
| 2008 - Present | Director and Member of the Executive Committee, Advanced Info Service Plc. |
| 2007 - Present | Director, ConvenientPower Hong Kong |
| 2000 - 2007 | CEO, CSL (Hong Kong) |

Illegal Record in past 10 years

None

Highest Education

- Bachelor Degree in Commerce, Nanyang University

Related Training program held by (IOD)

-

Working Experiences

- | | |
|----------------|--|
| 2009 - Present | Director, Advanced Info Service Plc.
Director, Pacific Bangladesh Telecom Limited
VP (Regional Operations, Singapore Telecommunications Ltd. |
| 2007 - 2009 | Chief Commerce Officer (Warid Telecom), Singapore Telecommunications Ltd. |
| 2007 - 2007 | Covering VP, Singapore Telecommunications Ltd. |
| 2006 - 2007 | VP (Customer Sales), Singapore Telecommunications Ltd. |
| 2005 - 2006 | VP (Customer Marketing), Singapore Telecommunications Ltd. |
| 2000 - 2005 | VP (Corporate Business Marketing), Singapore Telecommunications Ltd. |

Illegal Record in past 10 years

None

¹⁾ He was appointed as director of the Company to replace Mr. Ng Kwon Kee as of 6 November 2009.

* Includes holding by spouse and minor children

Mr. Vikrom Sriprataks



Age 57

- Director
 - Vice-Chairman of the Executive Committee
 - Authorized Director
- Share Ratio (%)* 0.0127
- Relationship with Management None

Highest Education

- Master Degree Business Administration, Thammasat University

Related Training program held by (IOD)

- DCP: Director Certification Program Class 104/2008

Working Experiences

- 2009 - Present Vice-Chairman of the Executive Committee, Advanced Info Service Plc.
- 2007 - Present Director, Advanced Info Service Plc.
Member of the Executive Committee, Shin Corporation Plc.
- 2007 - 2009 Member of the Executive Committee, and Chief Executive Officer, Advanced Info Service Plc.
- 2002 - 2008 Chief Technology Officer, Advanced Info Service Plc.
- 2000 - 2007 President, Digital Phone Co., Ltd.

Illegal Record in past 10 years

None

Ms. Nidchanun Santhavesuk



Age 44

- Member of the Executive Committee
- Share Ratio (%)* 0.0001
- Relationship with Management None

Highest Education

- Master Degree Business Administration, Thammasat University

Related Training program held by (IOD)

- DAP: Director Accreditation Program Class 66/2007
- DCP: Director Certification Program Class 105/2008

Working Experiences

- 2007 - Present Member of the Executive Committee, Advanced Info Service Plc.
Director and Member of the Executive Committee, Thaicom Plc.
Member of the Executive Committee and President, Shin Corporation Plc.
- 2007 - 2008 Director, Advanced Info Service Plc.
- 2003 - 2007 Vice President of Portfolio Management Department, Shin Corporation Plc.
- 2000 - 2003 Assistant Vice President of Portfolio Management Department, Shin Corporation Plc.

Illegal Record in past 10 years

None

* Includes holding by spouse and minor children

Mr. Arak Chonlatanon ²⁾

Age 59



• Member of the Executive Committee

Share Ratio (%)* None

Relationship with Management None

Mr. Wichian Mektrakarn ³⁾

Age 55



• Chief Executive Officer

Share Ratio (%)* 0.0009

Relationship with Management None

Highest Education

- Bachelor Degree in Electronic Engineering, Chulalongkorn University

Related Training program held by (IOD)

- DCP: Director Certification Program Class 106/2008

Working Experience

- 2009 - Present Member of the Executive Committee, Advanced Info Service Plc.
Director, Member of the Executive Committee and CEO, Thaicom Plc.
Director and Vice-Chairman of Executive Committee, CS LoxInfo Plc.
- 2007 - Present Director and Chairman of the Executive Committee - Media & New Business, Shin Corporation Plc.
- 1998 - Present Member of the Executive Committee, Shin Corporation Plc.
- 2000 - 2007 Chairman of the Executive Committee - E-Business and Others, Shin Corporation Plc.
- 2001 - 2006 Director, Shin Corporation Plc.

Illegal Record in past 10 years

None

Highest Education

- Bachelor Degree BS EEE - Electrical & Electronics Engineering (Honor), California Polytechnic State University

Related Training program held by (IOD)

- DCP: Director Certification Program Class 107/2008

Working Experience

- 2009 - Present Chief Executive Officer, Advanced Info Service Plc.
- 2006 - 2009 President, Advanced Info Service Plc.
- 2003 - 2006 Executive Vice President - Operations, Advanced Info Service Plc.

Illegal Record in past 10 years

None

³⁾ He was appointed as Chief Executive Officer to replace Mr. Vikrom Sriprataks as of 1 September 2009.

²⁾ He was appointed as Member of the Executive Committee to replace Dr. Dumrong Kasemset as of 14 May 2009.

Mr. Sanchai Thiewprasertkul

Age 57



• Chief Marketing Officer

Share Ratio (%)* None

Relationship with Management None

Mrs. Suwimol Kaewkoon

Age 54



• Chief Customer Officer

Share Ratio (%)* 0.0037

Relationship with Management None

Highest Education

- Master Degree in Business Administration, The National Institute of Development Administration
- Master Degree in Engineering, Asian Institute of Technology

Related Training program held by (IOD)

- DAP: Director Accreditation Program Class 35/2005

Working Experiences

- 2007 - Present President, Digital Phone Co., Ltd.
- 2006 - Present Chief Marketing Officer, Advanced Info Service Plc.
- 2004 - 2006 President, Samart I-Mobile Plc.
- 2004 - 2004 Managing Director, Capital OK Co., Ltd.
- 2002 - 2004 Director and Vice-Chairman of Executive Director, ITV Plc.

Illegal Record in past 10 years

None

Highest Education

- Master Degree of Business Management, Asian Institute of Management Philippines
- Advanced Management Program, Harvard Business School Boston, USA

Related Training program held by (IOD)

- DCP: Director Certification Program Class 102/2008

Working Experiences

- 2007 - Present Chief Customer Officer, Advanced Info Service Plc.
Member of Executive Committee, Shin Corporation Plc.
- 2007 - 2008 Director, Payment Solution Co., Ltd.
- 2006 - 2007 Managing Director, Capital OK Co., Ltd.
- 2002 - 2006 Chief Customer Champion & Terminal Business Officer, Advanced Info Service Plc.

Illegal Record in past 10 years

None

* Includes holding by spouse and minor children

Mr. Hui Weng Cheong ⁴⁾



Age 54

• Chief Operating Officer

Share Ratio (%)* None

Relationship with Management None

Mr. Pong-amorn Nimpoonsawat



Age 47

• Chief Finance Officer

Share Ratio (%)* 0.0014

Relationship with Management None

Highest Education

- Master Degree of Business Administration, University of Southern California

Related Training program held by (IOD)

-

Working Experiences

- 2009 - Present Chief Operating Officer, Advanced Info Service Plc.
- 2006 - 2009 Deputy President, Advanced Info Service Plc.
- 2005 - 2007 Director, Advanced Info Service Plc.
- 2004 - 2007 CEO, SingNet Pte Ltd.
- 2003 - 2006 Director, PT Bukaka SingTel International
Director, PT Telekomunikasi Selular (Telkomsel)
- 2000 - 2006 Director, Digital Network Access Communication Ptd. Ltd.
- 1999 - 2006 Vice President Singapore Telecom (Consumer Products)

Illegal Record in past 10 years

None

Highest Education

- Master Degree in Management Sasin Graduate Institute of Business Administration, Chulalongkorn University

Related Training program held by (IOD)

- DCP: Director Certification Program Class 109/2008

Working Experiences

- 2001 - Present Chief Finance Officer, Advanced Info Service Plc.
- 1998 - 2001 Financial Director, Dentsu Young & Rubicam Co., Ltd.

Illegal Record in past 10 years

None

⁴⁾ He was appointed as Chief Operating Officer effective on 1 September 2009.

Directors' Shareholding in the Company and its Subsidiaries of the Year 2009

Name / Position	ADVANC				MFA		ADC		DPC	
	Ordinary Share		Debenture		Ordinary Share		Ordinary Share		Ordinary Share	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Dr. Paiboon Limpaphayom Chairman of the Board of Directors	-	-	-	-	-	-	-	-	-	-
Mr. Somprasong Boonyachai Vice-Chairman of the Board of Directors	-	-	2,000	-	-	-	-	-	-	-
Mr. Aviruth Wongbuddhapitak Chairman of the Audit Committee	-	-	-	-	-	-	-	-	-	-
Mrs. Tasanee Manorot Member of the Audit Committee	-	-	-	-	-	-	-	-	-	-
Mr. Surasak Vajakit Member of the Audit Committee	-	-	-	-	-	-	-	-	-	-
Mr. Chakree Subprawong Member of the Audit Committee	-	-	-	-	-	-	-	-	-	-
Mr. Suphadej Poonpipat Director	-	-	-	-	-	-	-	-	-	-
Mr. Yeo Eng Choon ³⁾ Director	-	-	-	-	-	-	-	-	-	-
Mr. Allen Lew Yoong Keong Director	-	-	-	-	-	-	-	-	-	-
Mr. Ng Ching-Wah Director	-	-	-	-	-	-	-	-	-	-
Mr. Vikrom Sriprataks Director	376,007	269,354	-	-	-	-	-	-	-	-

As of 31 December 2009, the number of ordinary share and debentures include those held by spouse and minor child.

¹⁾ MBB registered of its company set-up with the MOC on 14 October 2009.

²⁾ AMB registered of its company set-up with the MOC on 19 October 2009.

³⁾ He was appointed as a director of the Company to replace Mr. Ng Kwon Kee on 6 November 2009.

ACC		AMP		AMC		AIN		SBN		WDS		AWN		MBB ¹⁾	AMB ²⁾
Ordinary Share		Ordinary Share		Ordinary Share		Ordinary Share		Ordinary Share		Ordinary Share		Ordinary Share		Ordinary Share	Ordinary Share
31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2009
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Abbreviation	Company
ACC	Advanced Contact Center Company Limited
ADC	Advanced Datanetwork Communications Company Limited
ADVANC	Advanced Info Service Public Company Limited
AIN	AIN GlobalComm Company Limited
AMB	Advanced Mobile Broadband Company Limited
AMC	Advanced Magic Card Company Limited
AMP	Advanced MPAY Company Limited

Abbreviation	Company
AWN	Advanced Wireless Network Company Limited
DPC	Digital Phone Company Limited
MBB	Mobile Broadband Business Company Limited
MFA	Mobile from Advance Company Limited
SBN	Super Broadband Network Company Limited
WDS	Wireless Device Supply Company Limited

Key Events in 2009



January

- AIS issued two sets of debentures with 3.5-year maturity worth Baht 5,000 million at the coupon rate of 4% per year during the first 2.5 year and at 5% in the last year, and a 5-year maturity worth Baht 2,500 million, at the coupon rate of 4% per year during the 1st and 2nd years, and 5% during the 3rd and 4th year, and 6% in the 5th year. These debentures are offered to both retail institutional investors. AIS debentures received an “AA” credit rating from TRIS Rating Co., Ltd.

February

- GSM advance changed its logo and service under the concept “Smart Life from GSM Advance - Choose it right, live life the way you desire.”
- AIS launched a project called “Oon Jai Dai Tam” (Oon Jai receives points) to offer added value to customers from the normal operations by give away an accumulate points for future discounts and special prize every month.

March

- AIS introduced the latest technology “Connect Talk” for the first time in Thailand that customers can have their own number in other countries so that people who live abroad can connect to such number at local rate.
- AIS launched “International Voice SMS” - another choice of international connection voice message that customers can leave voice messages at international numbers around the world with a flat rate of Baht 9 per message.
- AIS joined with RIM launched BlackBerry Curve 8900, the latest smart phone from BlackBerry that is thin and lightweight, suitable for work and daily lifestyles.

April

- At the 2009 Annual General Meeting of Shareholders, a resolution was passed approving a dividend payment for the six-month operations of 2008 (1 July - 31 December 2008) at the rate of Baht 3.30 per share to all shareholders from approximately 2,962 million shares, or approximately Baht 9,774 million. The Company paid the dividend to shareholders on 4 May 2009.
- AIS was as one of the world leading public companies by the Forbes magazine as one of the world leading public companies, and ranked number 6 from 10 of the leading companies in Thailand, in which AIS was the only Thai mobile operator that received a ranking in this survey among 2,000 companies worldwide. The ranking was conducted according to its total sales, net profit, total assets and market capitalization.

May

- The Board of Directors at its Meeting No. 4/2009 approved the appointment of Mr. Arak Chonlatanon as the Executive Committee in place of Dr. Dumrong Kasemset who resigned from his position, effective from 14 May 2009 onwards.
- AIS was awarded as the top Thai company by FinanceAsia magazine in area of best managed company, best investor relations, and most committed to a strong dividend policy. The Company was also ranked number 2 for the best corporate social responsibility and ranked number 5 for the best corporate governance.
- AIS was awarded the Outstanding Company 2009 by the Finance and Banking magazine, ranked number 2 and received the number 1 position in the information and communication sector.

June

- AIS joined with RIM launched BlackBerry Storm, the first BlackBerry's touch screen smart phone. AIS offered special promotion to meet every demand of mass market including postpaid, prepaid, and foreigners who travels inbound.
- AIS presented automatic weather information on mobile phone at 408 stations, totaling amount Baht 20 million to Institution of Water Resources and Agriculture (public organization), Ministry of Science and Technology, in support of their work in effectively planning of water management for both private and public organizations.
- AIS introduced Thailand's first Wind Power Radio Base Station at Baan Ampur, Chonburi to help cope with the global warming with a clean energy.
- AIS together with Population and Community Development built "Children Development Center Sarn Rak 4 at Nakorn Ratchasima" with the budget of Baht 4 million and gave to the Sub-district Administrative Organization (SAO), Jakkarach sub-district, Nakorn Ratchasima as the community center for take care and teaching of pre-school children.

July

- Data Network Solutions Company Limited ("DNS"), a 49% subsidiary of the Company, had completed the process of liquidation on 22 July 2009 and as a result is dissolved as a juristic entity. DNS had not been operating the business for several years. Therefore, the liquidation of DNS has not affected the Company's business operation.

August

- The Board of Directors at its Meeting No.5/2009 approved a dividend payment for the first 6 months of operations of 2009 (1 January - 30 June 2009) at the rate of Baht 3.00 per share to all shareholders from approximately 2,963 million shares or approximately Baht 8,890 million. The Company paid the dividend on 10 September 2009.
- The Board of Directors at its Meeting No.5/2009 approved the appointment of Mr. Vikrom Sripratak as the Vice-Chairman of the Executive Committee, and Mr. Wichian Mektrakarn as the Chief Executive Officer, and Mr. Hui Weng Cheong as the Chief Operating Officer, effective from 1 September 2009 onwards.

- AIS was voted Brand of the Year 2008-2009 by Superbrands, an independent organization which offers ranking for organizations in area of brand creativity.

September

- AIS, together with the Airports of Thailand Public Company Limited (AOT) and I Access jointly introduced "Airport flight Info" which customers can check flight information via AIS mobile phone. They also launched Airport flight info SIM for air service and tourism operators to enhance management and develop the standard of national air services to international level.



October

- AIS received the most innovative Thai companies among Asia's top 200 companies by Wall Street Journal Asia.
- AIS was awarded one of the top ten Thailand's Most Innovative Companies 2009 in the survey organized by the Faculty of Commerce and Accountancy Chulalongkorn University and Krungthep Thurakit newspaper, The Nation Group.
- AIS received the Securities Analysts Association (SAA) Picked Awarded in the Best CEO, Best Listed Company, Best CFO and Best Investor Relations categories.
- AIS emphasized its readiness on 3G service by expanding the Super 3G network using HSPA technology on 900 MHz frequency at Hua Hin, following the successful launch in Chiang Mai and Chonburi provinces
- On 14 October 2009, Mobile Broadband Business Company Limited (MBB) has registered its company with the Ministry of Commerce, with the registered capital of Baht 120 million. MBB is a subsidiary of Advance Wireless Network Company Limited (AWN), which the Company holds 99.99% of its shares.
- On 19 October 2009, Advanced Mobile Broadband Company Limited (AMB) has registered its company with the Ministry of Commerce, with a registered capital of Baht 100 million. AMB is an indirect subsidiary of the Company and a subsidiary of MBB, which holds 99.99% of its shares.
- AIS received a Plaque of Appreciation in recognition for its support of career path promotion for the disabled at the International Disable Day Extravaganza 2009 organized by Life Quality and Social Promotion Committee, Thai Chamber of Commerce and Thai Business Capital Assembly.
- Business.com magazine conducted a survey on Urban Brand Loyalty and AIS was voted top for mobile phone brand among consumers.
- AIS launched Facebook and Twitter Alert on mobile service for the first time in Thailand in respond to the demand of modern generation. Customers are able to quickly and conveniently receive and post real-time messages via SMS.
- AIS celebrated 10th Anniversary of the launch of One-2-Call! service.

November

- The Board of Directors at its Meeting No.6/2009 approved the appointment of Mr. Yeo Eng Choon as a Director, replacing Mr. Ng Kwon Kee who resigned from the position, effective 6 November 2009.
- AIS received the Health Psychology Creative Media Reward 2009 in the area of television commercial, "Family supports each other through crisis", part of AIS' Sarn Rak project, released by the Department of Mental Health during the Mental Health Media Award 2009.

December

- AIS was awarded the Best Thai Company and ranked third among the top mobile operators globally by Euromoney Asia magazine for its most convincing

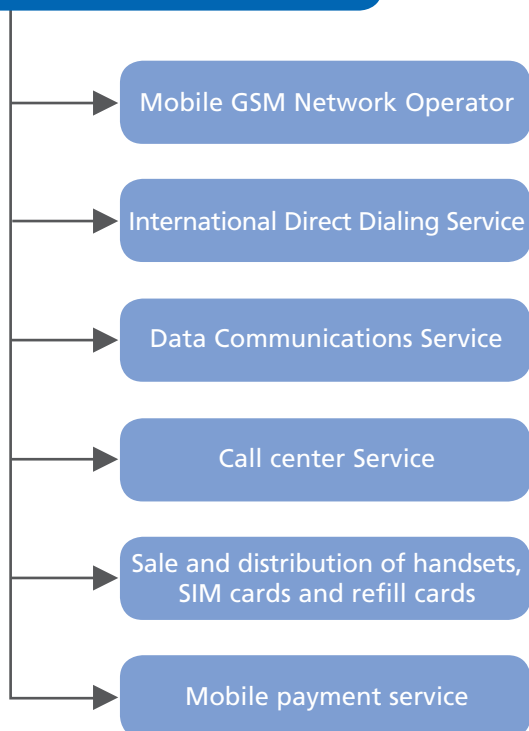


Nature of Business

Business Overview

Advanced Info Service (AIS) is a Thai leading mobile telecommunication company with the largest share on both market revenue and subscription in Thailand. With over 19 years of operation, AIS continues to deliver excellent service to Thai community through reliable network covered more than 97% of area and support more than 28 million mobile subscribers. AIS has a group of companies which render variety of services by more than 8,000 qualified employees (including temporary contract employees). At the end of December 2009, business of the group of companies can be summarized as follows;

Telecommunication Businesses of AIS and its Subsidiaries



Mobile GSM Network Operator

AIS and its subsidiaries provide mobile telephone services on 900 MHz and 1800 MHz based on GSM network under BTO (Build-Transfer-Operate) contract.

900 MHz GSM Network

AIS entered into the 25-year BTO contract with TOT Corporation Public Company Limited (TOT) in 1990 and such contract is in forceful and effect until 2015. The terms of the agreement are summarized as follows:

- AIS is required to build and raise capital for investment in the cellular network and transfer the network ownership to the TOT.
- AIS is entitled to share its revenue from service to the TOT which at present includes :
 - 1) 30% of postpaid revenue
 - 2) 20% of prepaid revenue

AIS has entered into an Interconnection (IC) Agreement with Total Access Communication Public Company Limited (DTAC) and also with True Move Company Limited (True Move) in 2006 and 2007 respectively. Interconnection regulations require the network of a caller to pay an interconnection charge to the network of the receiver according to a tariff agreed by all involved parties. The interconnection rate that is agreed upon by the three operators is set at Baht 1 per minute.

1800 MHz GSM Network

Digital Phone Co., Ltd. (DPC) (98.55% owned by AIS) operates under a 16-year BTO contract with CAT Telecom Public Company Limited (CAT), which started in 1997 and will end in 2013. Under the terms of this contract, DPC is required to pay revenue share to CAT, currently at the rate of 25% of its revenue from its mobile phone operation. DPC also has a network roaming agreement with AIS to enable nationwide service to both the GSM 1800 customers as well as the GSM 900 customers in order to provide better network service quality for both networks.

International Direct Dialing Service

AIN GlobalComm Co., Ltd. (AIN)

(99.99% owned by AIS) was awarded a 20-year license from the National Telecommunications Commission (NTC), which started from 2006 and will end in 2026. This license allows the service to operate its own international gateway facility. Under the license terms, AIN is required to pay an annual regulatory fee of 6% of its revenues; 2% of which is an Annual License Fee and the balance 4% is a Universal Service Obligation (USO) fee.

Data Communications Service

Super Broadband Network Co., Ltd. (SBN)

(99.99% owned by AIS) provides data service on a fixed line facility. In 2007, SBN acquired a license from the NTC to be a network operator and a telecom service operator. SBN offered various services that include an internet (ISP), international & national internet gateway, International Private Leased Circuit (IPLC), Internet Protocol Virtual Private Network (IP VPN), a voice over IP, and an IP television.

Advanced Datanetwork Communications Co., Ltd. (ADC)

(51% owned by DPC) is a joint venture between DPC and TOT Corporation Public Company Limited (TOT) with the contract period ended in 2022. ADC provides data communication via a telephone line network and an optical fiber service which offer varied services that include web hosting, data back up and integrated internet services.

Call Center Service

Advanced Contact Center Co., Ltd. (ACC)

(99.99% owned by AIS) provides a call center service that is focused on customer care. The call center is the key differentiator for AIS as its services have evolved from simple after-sales and customer service maintenance to providing a much more proactive and customer-oriented approach, as well as promoting new marketing campaigns and suggesting new products and services to both existing and new customers. ACC also creates job opportunities for the sight-impaired and hearing-impaired community by employing them as members of the call center staff and providing them with the same full employment benefits as all regular employees.

Sales and Distribution of Handsets, SIM cards and Refill cards

Wireless Device Supply Co., Ltd. (WDS)

(99.99% owned by AIS) sells and distributes handsets, SIM cards and refill cards. The handset sales and distribution business is not only specifically for AIS customers but all other potential customers through general dealers. SIM cards and refill cards are distributed through over 350 authorized Telewiz shops, 280 Telewiz Express outlets and more than 10,000 general and sub-dealers nationwide.

Mobile From Advance Co., Ltd. (MFA)

(99.99% owned by AIS) is currently not in operation.

Mobile Payment Service

Advanced MPAY Co., Ltd. (AMP)

(99.99% owned by AIS) received a license from the Bank of Thailand (BOT) to provide payment service based on the electronic cash card under the brand “mPAY”. mPAY enables AIS’s customers to conveniently and securely engage in various financial transactions via mobile phone. The services cover many daily-life transactions including online shopping, bill payment, recharge of prepaid phone credit as well as payment for goods and services.

Advanced Magic Card Co., Ltd. (AMC)

(99.99% owned by AIS) renders cash card retail operation.

Others

Advanced Wireless Network Co., Ltd. (AWN)

(99.99% owned by AIS) renders telecommunication services, network and computer system services. AWN receives a license type-I to be an internet service provider (ISP) and license type-III from the NTC. AWN has 2 subsidiaries, Mobile Broadband Business Co., Ltd. and Advanced Mobile Broadband Co., Ltd.

Structure of the Group of Companies

In 2009, the Board of Directors approved an establishment of four new subsidiaries in preparation for future operation; Mobile Broadband Business Co., Ltd., Advanced Mobile Broadband Co., Ltd., i Zone Co., Ltd. and Fax Lite Co., Ltd. As of 8 January 2010, the group of companies and percentage of shareholding can be shown as follows;

Company	Type of Business	% of Holding
Digital Phone Co., Ltd. (DPC)	Network operator of GSM 1800 MHz	98.55%
Advanced Datanetwork Communications Co., Ltd. (ADC) ¹⁾	Service provider of online data communication service via telephone landlines and optical fiber	51.00%
Advanced Contact Center Co., Ltd. (ACC)	Service provider of call center service	99.99%
Mobile From Advance Co., Ltd. (MFA)	Currently not in operation	99.99%
Advanced MPAY Co., Ltd. (AMP)	Service provider of payment business via mobile phone	99.99%
Advanced Magic Card Co., Ltd. (AMC)	Distributor of cash card	99.99%
AIN GlobalComm Co., Ltd. (AIN)	Service provider of international telephone service/gateway provider	99.99%
Super Broadband Network Co., Ltd. (SBN)	Network operator and telecom service provider i.e. internet (ISP), international & national internet gateway, voice over IP, and an IP television.	99.99%
Wireless Device Supply Co., Ltd. (WDS)	Importer and distributor of handsets and accessories	99.99%
Advanced Wireless Network Co., Ltd. (AWN)	Network operator, telecom service operator and computer system provider. Currently, received an Internet License Type I and Telecommunications Business License Type III from NTC.	99.99%
Mobile Broadband Business Co., Ltd. (MBB) ²⁾	Currently not start the operation	99.99%
Advanced Mobile Broadband Co., Ltd. (AMB) ³⁾	Currently not start the operation	99.99%
i Zone Co., Ltd. (IZ) ⁴⁾	Operate IT and content aggregator businesses Currently not start the operation	99.97%
Fax Lite Co., Ltd. (FL) ⁵⁾	Operate in acquiring and/or renting land, building, and related facilities related to telecommunication businesses Currently not start the operation	99.97%

¹⁾ Indirectly owned through Digital Phone Co., Ltd.

²⁾ Mobile Broadband Business Co., Ltd. registered its company set-up with the MOC on 14 October 2009.

³⁾ Advanced Mobile Broadband Co., Ltd. registered its company set-up with the MOC on 19 October 2009.

⁴⁾ i Zone Co., Ltd. registered its company set-up with the MOC on 8 January 2010.

⁵⁾ Fax Lite Co., Ltd. registered its company set-up with the MOC on 8 January 2010.

Revenue Structure

Revenue structure from providing services & sales income in AIS group to the third party within 3 years.

Service/Product	Operation By	% Holding of shares as at 31 Dec. 09	2007		2008		2009	
			Million Baht	% Size	Million Baht	% Size	Million Baht	% Size
Mobile phone service structure								
- Mobile phone services & rental	Advanced Info Services Plc.		92,973.27	85.73	97,758.29	88.23	94,186.70	91.92
	Digital Phone Co., Ltd.	98.55	962.77	0.89	926.00	0.84	796.54	0.78
	Wireless Device Supply Co., Ltd.	99.99	27.55	0.02	52.71	0.05	33.06	0.03
	AIN Globalcomm Co., Ltd.	99.99	2.82	-	23.25	0.02	27.10	0.03
	Super Broadband Network Co., Ltd.	99.99	-	-	25.89	0.02	128.51	0.13
- Mobile phone sales	Digital Phone Co., Ltd.	98.55	9,503.76	8.76	173.48	0.16	9.11	0.01
	Wireless Device Supply Co., Ltd.	99.99	4,138.96	3.82	11,031.65	9.96	6,629.71	6.47
Sub-total			107,609.13	99.22	109,991.27	99.28	101,810.73	99.37
Data network and broadband service structure								
	Advanced Datanetwork Communication Co., Ltd.	51.00	838.75	0.77	794.47	0.71	633.82	0.62
	Data Network Solutions Co., Ltd.	49.00	1.58	-	-	-	-	-
Sub-total			840.33	0.77	794.47	0.71	633.82	0.62
Call center service structure								
	Advanced Contact Center Co., Ltd.	99.99	4.59	0.01	5.76	0.01	7.28	0.01
Sub-total			4.59	0.01	5.76	0.01	7.28	0.01
Grand total			108,454.05	100.00	110,791.50	100.00	102,451.83	100.00

Remarks :

- 1) AIN Globalcomm Co., Ltd. started to fully run its operation in 2007, and had changed its name from AIS International Network Co., Ltd. in March 2007.
- 2) Data Line Thai Co., Ltd. completed a liquidation process on 13 May 2008.
- 3) The Company had indirect holding in Advanced Datanetwork Communication Co., Ltd. as it sold its entire stake of 51% to Digital Phone Co., Ltd.
- 4) Super Broadband Network Co., Ltd. started to fully run its operation in 2008 and increased its share capital to Baht 300 million in April 2008.
- 5) Data Network Solution Co., Ltd. completed the liquidation process on 22 July 2009.

Business Direction in 3-5 Years

As Thailand's mobile penetration rate is approaching 100%, the growth of voice service seems to be nearly saturated. However, non-voice services are fast becoming a new revenue driver because of the rising trend in online social networking and instant messaging; for example, with Facebook and Twitter. The increasingly advanced features of cheaper smart phones and the surge of inexpensive netbooks are also driving wireless user penetration and a growing demand for data usage technology and tools. In fact, increasing numbers of consumers are opting for mobile connectivity because fixed line network expansion is developing relatively slowly, resulting in limited availability of high speed internet, even in urban areas. Because of these important factors, we anticipate that there will be considerable potential to grow the market for non-voice services in Thailand, and that wireless technology, such as 3G, will be a critical platform to serve this un-served market.

In 2009, mobile data services accounted for approximately 17% of total service revenues, growing from 13% in 2008. Clearly, mobile data services are becoming more widespread among consumers because of its mobility and the demand for immediate connectivity. In many countries where consumers are well-adopted to wireless data connectivity, the data revenue contribution is as high as 20-30%. The number of internet users is another factor reflecting the potential market size of data users to be tapped by wireless broadband technology. In 2009, the number of internet users in Thailand was estimated to be 13.5 million, a 20% growth from 2008, representing 21% out of a population of 65 million people. The double-digit growth of users reflects consumer demand for internet connectivity and its potential growth once the wireless technology is available as another choice for broadband access. Today, a large number of internet users still rely on narrow-band connection access at work or school, while broadband access is also limited because of an under-developed infrastructure; therefore, wireless broadband, especially through a 3G platform, can fulfill this important gap.

AIS plans to exploit wireless technologies to capture data business opportunities in a response to the global trend and fill the gap in the digital divide. In particular, we aim to target not only the urban community but also rural areas where fixed-line investment is relatively expensive and slower to implement. In the long term,

AIS expects to realize benefits from utilizing advantages on both existing 900MHz and future 2,100 MHz frequencies to provide the best services for our customers. This approach is considered to be more investment efficient as 900MHz provides wider network coverage and, so, is extremely important for Thailand's rural market. However, investment and business models will depend on the terms and conditions of each contract/license as 900MHz is currently based on existing build-transfer-operate contracts, while 2100 MHz will be newly licensed. With experience on running a dual-frequency network, AIS is confident it can manage the optimization of both frequencies to best serve our customers. In 2009, the telecom regulator, NTC, issued a 3G Information Memorandum (IM) to seek feedback from interested parties at a public hearing. Terms and conditions were stipulated in the IM, so that stakeholders could understand the preliminary 3G business landscape in the near future. AIS had already prepared operationally and financially for the 3G licensing; however, uncertainty of the 3G license issuing process by NTC still remains, and no official timeframe has yet been indicated.

At AIS, we are committed to preparing the company for the next wave of technology trends and changing consumer lifestyles through investment in several telecommunication infrastructures. These include technologies such as fiber optic transmission, international gateways and mobile service platforms, for example, mobile banking and mobile airtime refill. This movement will create a solid foundation for AIS moving into the 3G era. At the same time, AIS will continue to create better solutions to serve our customers needs; for example, the development of service platforms to support smart phones, such as BlackBerry. A Content platform is an important component that AIS will seek to integrate into the existing mobile network to complete the whole value chain. Cooperation between AIS, the largest customer base Thai operator, and our strategic business partners, who have expertise in mobile value added services and content, will maximize the mobile data business opportunity.

Business Operations of the Company and its Subsidiaries

Products & Services

To cover all diverse requirements and life styles of the customers, AIS offers products and services via 4 major product brands, as follows:



GSM advance
for white-collar office workers



GSM 1800
for basic phone users



One-2-Call!
for teenagers



Sawasdee
for customers in provincial area

In addition, AIS also offers a full range of services for business enterprise under the “AIS Smart Solution” brand and “mobileLIFE” for non-voice services. AIS is the first operator in Thailand to provide BlackBerry (BB Service), which formerly focused only on corporate customers but was rapidly expanded to cover mass market and lately became a phenomenon fashion among various user groups.

With an intention to deliver satisfaction to our customers, all products and services of AIS are based on the five key concepts as follow:

- 1) Best network quality
- 2) 24 hours reliable service via all touch points (Service Excellence)
- 3) Easy to use innovations (Service Advancement)
- 4) More privileges, and
- 5) Corporate Social Responsibilities.



GSM advance

In 2009, GSM advance continued to be the market leader in the postpaid market both in terms of the market share and its brand recognition. GSM advance was voted by BrandAge magazine as the most admired brand by consumers in the communication and telecommunication network category for the two consecutive years.

GSM advance was developed to correspond to the lifestyle of customers by serving both emotional and functional needs. The key customer segment targeted under GSM advance includes: white-collar office workers, businessmen, entrepreneurs who are technology-savvy and a younger demographic who just start their first jobs. Under the concept of “Smart Life from GSM advance: Choose it right, live life the way you desire” to reflect the personality of the new generation in being “creative”, “enthusiastic”, “trend setter”, and “open”. The product is offered through the price plan called “Mix & Match”, a new promotion that encourages the customer to freely mix the pattern of call charge to match with desired usage.

GSM advance utilizes a proactive distribution strategy using direct sale approach via the GSM Van and the company’s employees to enhance customer acquisition effectiveness. The Company also establishes a designated “Smart Shop” in an area such as shopping centers whereby many sub-dealer’s outlet locates in. This Smart Shop is designed to facilitate the selling of SIM card, serve as a distribution center of SIM cards, and responsible for the registration process for postpaid subscription. In 2009, GSM advance adopted a new online web-base service known as GSM eService to handle customers’ changes of price plan, outstanding balance check, historical bills, and payment.

Price plans for new and existing customers

smart Mix&Match



GSM smart Mix & Match: The program allows customers to design a package to suit their individual lifestyles with more than 50 different options. The customer is therefore able to select the one they believe will best suit their usage patterns, for example:

smart basic

the initial package enables a customer to select the calling plan according to their usage. All plans offer one simple flat rate of Baht 1 per minute for outgoing call to any networks, available 24 hours. The smallest plan starts with monthly charge of 200 Baht for 200 minutes of call. The largest plan is 600 Baht for 600 minutes.

smart topping

the voice and data on-top package for customer to choose as follows:



Day Buffet - unlimited calls within the AIS network during 5 am - 5 pm at Baht 199 per month.



Night Buffet - unlimited calls within the AIS network during 10 pm - 8 am at Baht 100 per month.



Weekend Buffet - unlimited calls within the AIS network at Baht 100 per month.



20-hour unlimited calls for lovers - unlimited call to 1 special number within in the AIS network during 10 pm - 6 pm at Baht 150 per month.



Baht 0.25 for lovers - unlimited call for 1 special number within the AIS network at a special rate of Baht 0.25 per minute, monthly charge is Baht 150.



Gang - unlimited call to 3 special numbers within the AIS network at a special rate of Baht 0.50 per minute, monthly charge is Baht 100.



SMS/MMS/GPRS - send 50 SMS or 12 MMS per month or GPRS 6 hours per month at a minimum monthly charge of Baht 50.



Tariff for non-voice users



GSM NET SIM

GSM NET SIM - for those who are internet-savvy, EDGE/GPRS packages are available at a minimum payment of Baht 99 for 30 hours of usage to maximum Baht 999 for unlimited usage.

BlackBerry

AIS BlackBerry - for the new generation who relies on BlackBerry for daily mobile communication on work, social network and entertainment, Blackberry package offers unlimited usage at Baht 650 per month or Baht 400 per month for the usage of up to 10MB.



GSM 1800

GSM 1800 focuses on simplicity, basic voice communication and attractive tariff.

Price plan for new customers



12-hour Buffet and 18-hour Buffet

offers buffet for on-net call during 5 am - 5 pm with monthly fee of Baht 125, and during 11 pm - 5 pm with monthly fee of Baht 250.

Price plan for existing customers



To-Tuk-Jai

offers a single rate both on-net and off-net call, starting from a minimum monthly fee of Baht 300 to maximum Baht 1,200.



One-2-Call!

One-2-Call! targets teens and youngsters who thrive on having individual style and expressing their creativity. This demographic consists of the teenage to preteen group who are elementary and secondary students. The brand concept of “Freedom” is constantly communicated in all marketing campaigns by encouraging and inspiring the teens to follow their aspiration, dare to think, dream, and seize opportunity. The marketing activities for teens involve sports, movies, and music as follow:

One-2-Call! iD Showcase 2 was designed under the concept of “Creative Economy” to encourage teenagers to show and sell their creative ideas in the self-developed products.

One-2-Call! Freedom Zheza Zim School Tour encourages systematic thinking and building imaginations. Activities include “One-2-Call! Enjoy English” in coordination with “Enconcept”, a school-tutoring institution, “Meet with P’Nan” to arrange English tuition activity to preliminary and secondary students throughout the country.

One-2-Call! provides tariff plans by segmentation of different usage behavior as follows:

Price plan for new customers



Bu-lim

special tariff with a discount up to 50%. Upon calling to reach Baht 5 per call, the customer is eligible to receive a special discount for on-net call rate at Baht 0.50 per minute from the normal rate of Baht 1 per minute while special discount for off-net call rate of Baht 0.75 per minute from the normal rate of Baht 1.50 per minute and Baht 1 for each SMS from the normal rate of Baht 2.

The new customers also have options to change their price plan to match their usage patterns via *776. This self-changing price plan is design to encourage customer satisfaction as well as a tool to efficient SIM management.

Price plan for existing customers

For customer using all networks calls



Hero

is designed to fit the short-call pattern with an average call not exceeding 5 minute. The plan charges Baht 3 per call to a maximum 5-minute call, and a single rate of Baht 1 per minute for the 5th minute onwards to all networks.

Kui-Nan-Dai-Eke (Long call)

offers simple charges without segregation between on-net and off-net call. The plan charges Baht 3 per minute for the first two minutes and Baht 0.25 from the third minute onward.

To-Sa-Bye (Simple call)

is design for simplicity with a flat rate of Baht 1.50 per minute available for 24 hours to all networks.

For customer using on-net calls



Ngan-Kao

offers attractive tariff of only Baht 1.50 per 1 hour of on-net call during 11 pm - 5 pm at monthly fee of Baht 59.



Buffet Day & Night

provides on-net buffet during 5 am - 5 pm or 10 pm - 10 am without concern on charges per minute.

For customer using special number



2 Special numbers / 5 Special numbers

offers special charge at Baht 0.35 per minute for 2 special numbers or Baht 0.50 per minute for 5 special numbers for unlimited minutes, available for 24 hours.

For customer using non-voice services

BlackBerry Chat

being the first company to introduce BlackBerry on prepaid system at only Baht 30 per day for unlimited use, or Baht 300 per month.

NET lover

connect to online world continuously with the GPRS/EDGE connection of 30 hours.

SMS lover

send SMS up to 500 messages at Baht 119 per month.



Segment customers

Teen Club SIM 2

for students who have limited budgets but desire great volume of minutes by using free call within the Teen Club 2 and other numbers outside the group at only Baht 0.50 per minute with special privilege for free trial use of Calling Melody.

Freshy SIM

for student who mostly receive calls with tariff of Baht 0.50 per minute upon receiving call from other networks and able to call off-net at special price of Baht 0.25 per minute.

Tourist SIM 2

convenience for tourists with One-2-Call! Service that provides essential information, e.g. international call, telephone number of embassies and important number, etc. with special discount from AIN 005 when making international calls.

Deaf SIM 2

to facilitate convenience for the hearing-impaired segment with the capacity to send more than 2,000 messages/month SMS at special rate of Baht 0.12 for those exceeding the promotion.

Home Zone SIM

Localized SIM program for customers in 10 provinces to call within their residential provinces at a very special price at Baht 0.75 per minute to all networks throughout 24 hours.



In addition to the normal subscription package, AIS also proposes the 11 on-top packages which allows customer to add on to their regular package. The package starts from Baht 20 for 25 minutes call; bulk SMS at Baht 10 for 10 SMS and for interval use at only Baht 9 with free calls for the first 3 minutes, etc.



Sawasdee

The main target segment of Sawasdee is the working or adult group who focus on cost controlling, have less outgoing calls and mainly receive incoming calls. Since most customer groups are in upcountry market, the company uses both mass and localized marketing campaigns focusing on the advantage of widest coverage and quality network. Also, building the brand image of local popularity via folk songs creates a successful association of brand to the regional culture and society. The renown folk song concerts, “AIS Sawasdee Look Thung Thua Thai”, has been the successful marketing activities for three consecutive years, featuring entertainment by various popular folk song artists in conjunction with special privileges and rewards from several activities. Recently, the continuation of this successful marketing campaign was extended to production of live cable TV programs under the name of “Sawasdee Look Thung Thai” broadcasting nationwide to prominently introduce the Sawasdee brand to provincial customers.

While the provincial subscribers tend to be the low-usage segment, the well-customized tariff plans are essential to respond to their needs. In the past year, AIS proposed the following packages to respond to this customer group:



Sawasdee Nan Nan

the price plan emphasizing on receiving call, which valid for 1 year for all types of money refill. Tariff is Baht 2.50 to all networks.

Sawasdee Sa Bye Sa Bye

the promotion for expense control as the customer can refill money only Baht 50 for 30 days with special tariff of Baht 2 per minute to all networks, available for 24 hours.

Sawasdee Sa Bye Mark

the price plan for customer in northeastern provinces and 15 provinces with special tariff of Baht 1 per minute to all networks, available for 24 hours.

AIS Smart Solution



AIS Smart Solution, the leader of telecommunication solution for corporate enterprises targeting both key accounts and SMEs segment, emphasizes on developing new products and telecommunication services to enhance business efficiency, value chain and develop competitiveness. AIS Smart Solution offered the following products and services:

- **Smart Messaging** - developed from Mobile Paging utilizing two-ways SMS which can be adapted for several marketing purposes, e.g. survey, point of sale promotion, voting, and CRM campaign, etc.
- **Smart SIM** - the solution to promote organizational internal communication and enhance information updates via SMS application. The solution was presented the national software award or Thailand ICT Award for 2009.
- **BlackBerry** (Hosted Version) - developed from BlackBerry Push mail where the organizational customer can use BlackBerry Push mail without investing in a Mail Server. This program is suitable for SMEs with smaller number of users and budget constraint.
- **AIS VoIP** - for corporate customers who want to communicate both domestically and internationally via IP networks with high quality signal and cost efficiency.

In addition AIS Smart Solution regularly builds and maintains good relationships with organizational customers such as:

Special privilege for corporate customer in 2009:

- Mobile phone service for customers traveling abroad free of charges
- SIM deliver in case of loss of SIM card
- Serenade CEO for the top executives of each organization
- Arrange the SME Forum in coordination with the Federation of Thai Industries and Thai Chamber of Commerce to promote business competitiveness, efficiency and technology

Inter-organization activities:

To jointly arrange activities between Thai corporate to tighten business relationship such as banquet among top executives, 3G technology seminar, workshop with Swarovski, etc.



AIS Super 3G

AIS is the first operator in Thailand that provides 3G HSPA technology on 900 MHz spectrum. This reflects our readiness and strong commitment to be the leader of 3G technology. AIS launched “AIS Super 3G” supporting data transmission speed of 7.2Mbps in comparison to the EDGE technology that only provides 160kbps, which is capable of more efficient use of mobile internet, particularly broadband connectivity through air card for portable notebooks. The service was launched in key strategic areas such as Chiang Mai metropolitan where population reflects city-lifestyle while the area represents mountainous geography, Chonburi the industrial zone, and Hua Hin the key tourist attraction, and where many local businesses locate.



Customer Relationship and Customer Experience Management

Capturing the customer's heart is at the core of sustainable business. One of the key commitments of AIS is to deliver customer experience on the best quality network and services on all fronts while considering the changing lifestyles of consumers. The core to our commitment includes delivering premium quality network, innovative and user-friendly products and services, excellent customer service, special privilege campaigns, as well as social responsibility. These attempts the company believe will create long-term loyalty and customer engagement

Service Innovation

In 2009, AIS developed several new services and experiences to respond to new lifestyles to actually meet the customer's requirement, such as:

- **AIS Call Center entertainment direct line *888** - to create new experience to the customer who favors entertainment content download by calling to a special line (*888) directly to DJ (Call Center Jockey) who help download songs and entertainment news to the customer throughout 24 hours. This service also reduces the capacity loading to the normal AIS Call Center 1175. The *888 line is highly popular among AIS subscribers, with song loading statistic through CJ is more than 50% from all channels and generating more than 1.5 million loads per month.
- **Speech Recognition 1185** - the first customer service in Thailand that uses speech recognition for call center, allowing customers to use voice order directly to the virtual staffs. Today, this service channel can provide sales of new price promotion, content download and subscription to special privileges. Serving more than 130,000 users per month, 1185 corresponds to the lifestyle of younger generations who prefer self-service that gives them convenience and time efficiency.
- **GSM e-Service** - an online service for customers to easily manage their bills, change of pricing package, check of balance, usage details and special privileges. GSM e-Service provides details of usage in graphical representation for ease of understanding as well as a recommendation to suitable pricing package a customer should be subscribing to, and a 24-hour online payment system with Visa safety standards. Customers may choose to subscribe to e-Statement to check their bills, receiving bill information via SMS and email which help

reducing paper and promote global warming solutions. In 2009, GSM e-Service had an increase of subscriber by 128%.

Delivering customers experience throughout their lifecycle

- AIS emphasizes on building relationships with the customers by designing positive customer experiences by analyzing an in-depth detail throughout customer lifecycle. To ensure that all requirements of each group of customers in each period during lifecycle are met, AIS focuses on responding to their requirements since the first date, such as, help finding the best pricing package that suits their usage behavior during the first 6 months, providing suitable promotion when it comes to expiry, providing mobile handset replacement in substitution for a lost one, monitoring and warning upon abnormal high usage or delivering special privileges as a birthday gift, etc.
- In 2009, AIS continues to reinforce its commitment to being the technology leader by being the first service provider to launch and sell BlackBerry Bold and BlackBerry Storm in Thailand. The service extended beyond just providing the usual Blackberry service but also, in preparation for future 3G service, delivering a full range of customer's experience throughout the BlackBerry lifecycle from introduction of suitable pricing package, technical setting, device connectivity, installation of copyrighted software. This can be served by both self-service and by well-trained customer service representatives. To promote the customer to enjoy and learn about BlackBerry applications at full efficiency, AIS opens Online Community for AIS BlackBerry especially via very popular social networks such as Facebook, as well as arranges complimentary workshops to educate BlackBerry customers about AIS services. Customer service staffs at AIS Shops throughout the country are trained to assist and take care of customers for various models of smart phones. Some are appointed as an AIS BlackBerry Ambassador at Serenade Clubs to provide suggestions about applications, features, promotions and value-added service for BlackBerry customers.

Uplifting service standard at Telewiz shops

- Telewiz is the key exclusive dealers of AIS products and services. In 2009, AIS made uplift to the service quality of Telewiz shops, by training staffs, implementing technical systems and assessing performance in 4

aspects: service operation, knowledge & skill test, customer satisfaction survey, and number of complaints and positive feedback. Qualified shops are given a Quality Flag, of which in 2009, 268 branches from 332 standard Telewiz shops were given Quality Flags whereby those shops must keep their standard to maintain their flags. In this regard, from the survey of more than 70,000 customers, 99% is greatly satisfied with Telewiz services and 30% on average is satisfied with speed of various services provided at the shop.

More privileges for AIS customers

Another success of AIS is caring for its customers to receive better privileges that can easily and practically be used in daily life. This is a renown and popular marketing campaign covering all parts of the country under the brand “AIS Plus”. In 2009, AIS expanded lifestyle privileges from shopping, dining and entertainment to transportation which included tourism and diverse business alliances.

- **Daily specialty of AIS customer:** AIS designs privileges utilizing Customer Privilege Lifecycle to embed them into the customer daily life such as, discount for transportation to work or school in the morning by sky train, speed ferry, gas station. During lunchtime or evening entertainment, AIS provides discount to more than 1,000 restaurants throughout the country. During weekend, movie theatres are on discount for AIS customers at only Baht 60 a ticket or half a price, a customer can also enjoy shopping at shops participating in this program or visit the Dusit Zoo, travel outbound to visit 14 ancient historic remains throughout the country with special discount.

- **AIS Reward Program:** A point-collection program which allows customers to accumulate points from their usage in exchange for rewards such as free calls or monthly lucky draw for Honda Jazz and gold valued Baht 1 million.

- **Exclusive Privilege for Serenade customers:** the “5 years of Serenade the Glorious Memory” was an event to thank all Serenade customers on the 5th anniversary of Serenade. Several exclusive privileges were extended such as extension of free beverage counters in the airport from 2 branches to 10 branches, extension of parking booking service to the lifestyle shopping center, e.g. La Villa, J Avenue, in addition to Queen Sirikit’s National Center and Muang Thong Thani Exhibition Center which was well received and greatly appreciated by customers. In addition, it also introduced

new experience to Serenade customer by special menus created by IK Ban Boriboon, the famous Chef to serve at Black Canyon on the Serenade Menu by IK with a special discount.

AIS feels strongly confident that understanding and having an in-depth approach to the customer, commitment to deliver the best experience to the customer can well promote the customers engagement to AIS brand which shall develop to the loyalty of customer towards AIS.

Distribution Channels

AIS has diverse distribution channels whereby approximately 80-90% is operated through distributors and the remaining is direct sale which can be summarized as follows:

(1) Distributors

AIS appoints distributors by considering their locations, previous performance and achievements and financial status. These can ensure that the distributors possess capability to operate the business and being able to consistently take care of customers especially in the provincial areas. The appointed distributors must be a well-established business within the area to ensure their knowledge of the local market. Presently, AIS distributors are classified as per the following:

1.1 Exclusive franchise dealer “Telewiz”

AIS has a total of 100 distributors under franchise covering more than 350 Telewiz shops across the country and also more than 280 branches of Telewiz Express. These distributors are able to use the Telewiz trademark to sell the products and services for 1 year under contract. The distributor is entitled to sell the products under the company’s trademark, process registration for service subscription, and handle payment of service charges. AIS shall determine conditions, control quality and standard of those services including operational guidelines for the distributor, such as, selection and development of location, advertising and sale promotion activity, and services provisioning to maintain AIS standards. The distributor shall receive remuneration from customer subscription and financial support for marketing activity as determined by AIS.

1.2 General Dealers

AIS has more than 500 general dealers who have their own shops to sell AIS products, e.g. mobile phones, starter kits, cash cards, device accessories. In addition to the income from selling of products and services, the dealers also receive commission from service subscription to AIS postpaid products (GSM advance, GSM1800) as well as financial support for marketing activity as determined by AIS.

1.3 Key Account and Modern Trade

AIS distributes the products through key account who have their own branches or chain stores across the country, such as, Jay Mart, Blisstel, IEC, SMART i-Mobile and TG. The modern trade shops include Ekachai Distribution System (Tesco Lotus), Power Buy, etc. These key account and modern trade are distributed across the country with more than 50 branded shops consisting of more than 2,400 branches.

1.4 Smart Shops

More than 200 smart shops locate in mobile phone and IT products zones in several parts of the country. These shops are designated to take postpaid subscription and to act as local distribution center to all other retail shops around such areas.

1.5 One-2-Call!

One-2-Call! has been expanded to consumer groups in all parts of the country. AIS thus changed its distribution structure to enhance efficiency in approaching the customers and increase covering sale areas as classified into 2 minor groups:

- Advanced Distribution Partnership or ADP - approximately 100 shops are selected among the Telewiz distributors and general dealers. The ADP must have potential to distribute the products and solid financial health to manage quick delivery of products to Advanced Retail Shops in their own area and to support marketing activity in the area. The ADP receives a special management fee from AIS.

- Advanced Retail Shop or ARS - is the key customer contact point as these shops sell products directly to customers. Presently, there are more than 19,000 ARSs and increasing following the community growth. In addition to profit from selling SIM cards and cash cards, ARS also receives compensation directly from AIS upon hitting sales targets.

Additionally, AIS also distributes cash cards through non-telecom channels such as bookstores, convenient stores, gas stations, music shops, department stores, superstores, post offices, banks, etc. An electronic refill is also available through several electronic channels such as ATM, Phone Banking, Internet, mPAY, and Refill on mobile.

1.6 GSM 1800

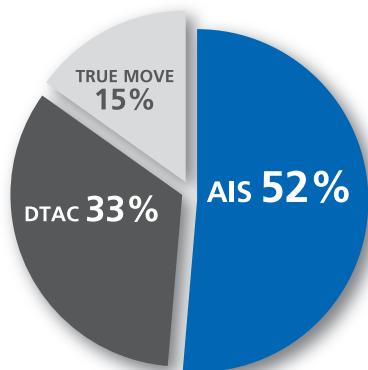
DPC distributes GSM 1800 products through more than 600 distributors who are the same distributors of GSM advance as mentioned above.

(2) Direct sales

To enhance the efficiency of distribution channels to offer products and services directly to the customer groups, AIS also uses a direct sale channel by appointing AIS Direct Sales team to respond to market growth in the future.

2009 Telecommunication and Competition & 2010 Competitive Outlook

Market share by revenue
Total industry revenue of Bt159bn*



*Estimated figures

Economic recession in 2009 lessened competitive environment in the telecommunication industry

In 2009, the negative impact from the recession of world economy including Thailand reflected in weak consumer spending and retracted business investment. These factors pressured the market growth of telecommunications to a near flat growth from 2008. As voice service is reaching saturation, the mobile operators' strategy was mainly to preserve the existing shares of their voice revenue while pushing for the new growth from data services. In 2009, the market value of data services rose approximately 20% from 2008.

Not only that the weak economy adversely affected the market growth, it also had a vast impact on the expenditures of mobile operators, particularly in less marketing spending and limited additional investment on network capacity expansion. During the year, mobile operators were also expecting the issuance of 3G on 2100 MHz license from the National Telecommunications Commission (NTC) and hence were saving cash flow for the investment in the new technology. This reduced the competitive environment in the current 2G business, as operators are preparing for the bidding of new license and invest in new 3G technology.

AIS identified new customer markets which consisted of 1) Multiple SIM Users who are mostly urban population and tend to carry multiple SIMs for different purposes such as one SIM for low cost calls and a standby SIM for receiving calls as resulted from pricing strategy and special promotion for on-net calls (calls originated and terminated within the network). 2) Teenager group which extends to the pre-teen group, of which the user penetration remains relatively low 3) Emerging market or rural market which mostly uses mobile to receive calls. AIS not only proposes price plan that respond to mass customers but also provides differentiation. The key concept to pricing targets at the various usage behavior of each target group, e.g. student, provincial customer, tourist, etc. AIS also focused on building positive customer experiences associated with the brand through several activities and marketing campaigns as well as continuous investment in the network to maintain the company's advantage of quality network coverage throughout Thailand.

Smart phone device and online society to promote data revenue growth

The popular trend of smart phones and data services via mobile phone became rapidly increased during 2009. BlackBerry phone and service, for instance, which AIS was the first mobile operator who launched the service in Thailand became widely expanded to the mass market from originally focused on the corporate users. The trend of social networking, such as, Facebook and Twitter, has seen a surprisingly hike in number of users. This drove the growth of mobile data as more users opt to connect to social networking sites via mobile devices, thanks to the availability and variety of smart phones at affordable price. The lack of sufficient infrastructure on the fixed line network and hence the limited availability of fixed-line internet connection became a driver to the rise of mobile internet connectivity through various mobile devices such as smart phones and wireless data card

In 2010, the trend of mobile connectivity will clearly continue to pace as mobile operators and their business alliances are expecting to catch and stimulate the growth of subscribers and their consumption on mobile data. In particular, 3G technology will serve as a stepping stone for higher consumption on mobile data as it offers higher speed of data transmission. However, the license to operate 3G under new frequency in Thailand has not yet been granted.

AIS is ready to provide 3G service on 2100 MHz.

While the allocation of licenses to operate 3G on 2.1GHz is not yet readily available, the existing mobile operators in Thailand have been offering the HSPA technology on existing frequency. For AIS, the launch of HSPA under the existing 900MHz frequency was an integral part of commercial and technical preparation before the 3G license on 2.1GHz is available. AIS was the first to launch HSPA service to consumers in Thailand, covering areas such as Bangkok Metropolis, Chiang Mai, Chonburi and Hua Hin. The technology allows AIS to deliver the mobile internet broadband service, along with the flagship video call which cannot be served under lower technology due to its high capacity consumption. This commercial service on HSPA allows AIS to gain first experience on the consumers' usage pattern and behavior which differ among the various areas. This eventually will help AIS in developing products and services that best respond to consumer needs.

Mobile Number Portability: a new competitive environment

In 2009, the NTC issued regulations requiring telecom operators to provide number portability service which allow a subscriber of one service operator to move to another service provider without the need to change the phone number. To implement this service, mobile operators need to make additional investment to adjust their mobile network as well as jointly invest in a central clearing house to handle the service, for which it is expected that a one-year timeframe is required for implementation. With MNP, customer relation management undoubtedly becomes an essential tool in preventive strategy to cope with the risk of losing subscribers. Having the best network coverage and quality, delivering excellent customer service, and committing to being first to bring new technology to consumers are the solid foundation of AIS that will help us maintaining existing customer's base and also attracting new customers.

Economic recovery in 2010 and issuance of 3G License

The economic figures in late 2009 have already shown early sign of demand recovery, the trend should also continue into 2010. The telecommunication market is expected to grow approximately 3% following the economic growth. Voice service which is the main income source and contributes over 80% of total telecom revenue is expected remain stable. However, the potential change in interconnection rate could adversely affect the pricing level of the current voice market. Other value-added service such as data service particularly on mobile data service is expected to maintain its high growth around 20%. International roaming revenue will continue to recover following the improving trend of tourist arrival. International call will experience higher usage but there will also be price pressure from increased competition, which has already started in late 2009. Albeit the improving economy, its recovery remains fragile, this prompts the mobile operators to remain conservative to the 2010 growth strategy and hence keep the cost under control. Capital expenditure, without the investment plan for the new 3G licenses, is also expected to remain relatively the same level as in 2009.

The 3G license allocation is an important business opportunity that will enhance technological standard of the industry to promote economic growth and social development. As Thailand's internet broadband connectivity remains low due to limited infrastructure, investment in 3G technology will be the key to drive broadband penetration and usage. In bridging the digital divide, mobile broadband has a potential to quickly and cost-effectively fill in the gap between urban and rural areas for information access and therefore create the socio-economic benefits to the population in the long run.

Risk Factors

At present, the situation is in a state of rapid change due to variety of factors. Therefore, risk management is vital for the long-term survival of the Company and will act as a buffer against any and all unexpected events. It is imperative that the Company has effective and proactive management strategies to ensure the long and short-term viability of the Company.

AIS, as a company who has the largest revenue market share in Thailand, has focused on organizational risk management by setting up the Risk Management Committee which consists of the Chairman of the Executive Committee who also acts as the President of the Risk Management Committee, the Chief Executive Officers and the senior executives as the members of the committee, totalling 13 persons. In 2009, the committee held 4 meetings having discussed the classification of the risk over the whole organization, ranking the risk, providing risk management guidelines, authorizing responsible persons in order to arrange control measures and to manage risks at an acceptable level to ensure that the Company achieves set targets and the confidence of the shareholders and interested individuals.

The Risk Management Committee has closely followed the results of risk management by considering the action management plan that consistent with reliable results. In each meeting, the Risk Management Committee will have each management division report the risk management results that were identified in the former meeting, including consideration whether the level of risk has been decrease thus resulted to an effective risk management.

In every quarter, the Risk Management Committee submits the results of Risk Management to the Audit Committee, the Board of Directors, and the Executive Committee in order to manage and closely monitoring risk to ensure its risk appetite and the Company is able to achieve its objective. The risk factors, which may affect the operation results of the Company, are summarized as follows:

(1) Regulatory and Government Policies Risk

1.1 Assignment of frequency for the operation of mobile cellular IMT 2000 or 3G

The National Telecommunications Commission (NTC) has planned to assign frequency ranging from 1920 MHz - 1965 MHz along with 2110 MHz - 2155 MHz and 2010 - 2025 MHz for use on the mobile cellular service system IMT2000 or 3G by employing an external project consultant to study and to guideline the criteria and the appropriate and efficient procedures for frequency assignment for Thailand and NTC had held several public hearings, which were open for public opinion from entrepreneurs and the general public both in central and regional areas and at the last hearing there has been additional issues which may be brought into consideration for the draft of Information memorandum as follows:

1. Pre-Qualification
2. Granting Conditions namely; the provision of nationwide service, the jointly use of basic structure and Wholesale Access for MVNO
3. Payment of Bidding Fee
4. Bidding Process Term
5. Reserve Price and Starting Price
6. Reserve Plan in case the number of the Bidders is equal to or less than the number of the licenses
7. Bidding Process
8. Terms and conditions for the transfer of the subscribers from 2G to 3G
9. Security

Furthermore, there is still a risk of uncertainty regarding the power of NTC whether NTC has the power to assign the frequency and to grant IMT 2000 or 3G licenses or not in which cases NTC has already request for the opinion from the Council of State as follows:

- Whether the Board of Directors of NTC, where 3 members of which have been drawn out and 1 member has resigned but are still acting, shall be able to assign and grant the International Mobile Telecommunications (IMT) or 3G or not;
- Whether the issuance of 3G licenses shall comply with the Act Permitting the Private Sector to Jointly Undertake Work or Operate the Work of State Enterprise B.E. 2535 or not.

In addition, if the selection process for the replacement of the members of the Board of Directors of NTC which three were drawn out and one has resigned is completed. The 4 new members of the Board of Directors of NTC may approve, amend, cancel or revise the criteria for the assignment of the frequency and the issuance of IMT 2000 or 3G licenses.

As a result of the above events, the assignment of the frequency for the operation of IMT 2000 or 3G shall be delayed. This shall result in non assignment of the frequency to any operator except TOT which has already been assigned of the frequency recently; therefore, there shall be no impact on the business of the Company in short term but the business operations of the Company in the future could be affected due to the license granted under the Cellular Mobile Telephone Agreement (the “Agreement”) by TOT Public Company Limited (TOT) will expire in September 2015 unless it is further extended. If the company is awarded the frequency, it would enable the Company to operate 3G mobile phone services for a period described in the license which shall be between 15 to 25 years.

In addition, if the organization which will regulate the telecommunication and broadcasting business is established according to Article 47 of the Constitution of the Kingdom of Thailand B.E. 2550 namely the National Broadcasting Telecommunications Commission (NBTC), the risks of the bidding conditions for the assignment of IMT 2000 or 3G licenses may change.

1.2 Organization regulating telecommunication and broadcasting business

On 10 June 2008, the cabinet has approved the drafted Act on the Organization to Assign Radio Frequency and Regulate the Broadcasting and Telecommunication Services B.E....in order to be in conformity with Article 47 of the Constitution of the Kingdom of Thailand B.E. 2550, which prescribes the establishment of an independent state organization to assign the frequencies and regulate telecommunication and broadcasting business under the specified conditions, and in conjunction with Article 305 (1) of the Constitution, there shall later be one organization responsible for the regulating of telecommunication business, namely the National Broadcasting Telecommunications Commission (NBTC). At the said meeting of the cabinet, there were several important points needed to be studied and reviewed because the authority, the selection, the check and balance of authority of the organization must be precise. At present, the said drafted Act is pending on the submission to the House of Representatives. It is expected that it will take some times to establish the organization and, thus, it is unclear to point out the direction of the telecommunication and broadcasting business in the country.

However, NTC, as an independent organization in charge of regulating the telecommunication business in Thailand, is still active and is empowered according to the Telecommunications Business Act and Frequency Assignment Organization Act B.E. 2543 to prescribe policies, rules and regulations. Article 305 (1) of the Constitution also stipulates that the enacted law must not affect the legitimate permission, agreement or contracts which have been done prior to the date of an announcement of this Constitution until the expiration of such permission, agreement or contracts, which recently has proposed the use by way of an amendment to amend the Act on the Organization to Assign Radio Frequency and to Regulate the Broadcasting and Telecommunication Service B.E. 2543 instead of drafting a new entire bill.

The Company cannot estimate the release timing of the Act on the Organization to Assign Radio Frequency and Regulate the Broadcasting and Telecommunication Services B.E...., or the revision of the existing Act, the exercise of power, the scope of policies and regulations of NBTC which shall be established in the future, and the Company cannot also foresee whether the establishment of any other regulatory body including any change or reformation of the laws shall have a significant impact on the Company's current scope of telecommunication business operation including financial status and business opportunities or not.

1.3 The Jointly Undertake Work Agreement between State Enterprise and Private Sector as stated in the Act Permitting the Private Sector to Jointly Undertake Work or to Operate the Work of State Enterprise B.E. 2535.

1.3.1 The Amendment of the Jointly Undertake Work Agreement between Advanced Info Service Public Company Limited (the Company) and TOT Public Company Limited (TOT)

As the Ministry of Information Technology and Communication sent a letter to the Council of State requesting for its opinion regarding the amendment of the Cellular Mobile Telephone Service Agreement (the "Agreement") between TOT, as formerly being Telephone Organization of Thailand, and Advanced Info Service Public Company Limited after the enforcement of the Act Permitting the Private Sector to Jointly Undertake Work or to Operate Enterprises of the State B.E. 2535 came into effect whether the current amendment is in line with the said Act and if such amendment is in breach of the said Act what should be done.

The Office of the Council of State has been of the opinion in a memorandum regarding the enforcement of the Act Permitting the Private Sector to Jointly Undertake Work or to Operate the Work of State Enterprises B.E. 2535 (The case between the TOT and AIS no. 291/2550), that:

"...TOT entered into the Agreement on behalf of the State by virtue of the legal authority of the Telephone Organization of Thailand. Therefore, the said Agreement has been executed between the State and private sectors for the assignment of the private sector to provide public service on behalf of the State. The State is obliged to comply with the provisions of the Agreement

Since the amendments to the Agreement relevant to which consultation is being sought were not legitimately carried out according to the Act Permitting the Private Sector to Jointly Undertake the Work or Operate the Work of State Enterprises which was in force at the time of those amendments due to the lack of the submission of those amendments to the Coordinating Committee for consideration according to Section 22 and to the Cabinet as an authority in charge for approval of such amendments to the Agreement pursuant to the Act as above-concluded, the amendments made to the Agreement with the TOT as the contracting party were, therefore, carried out without legal authority. However, the amendment procedures of the Agreement which represent administrative juristic acts are capable of being separated from the amendments to the Agreement and those amendments to the Agreement are still in force so long as they are not rescinded or extinguished by virtue of time clause or by other causes. If the Cabinet as a lawful authority, after having considered the causes for the rescission, the impact and the appropriateness on the basis of the State's and the public interest, is of the opinion that the illegitimate procedures have caused considerable damage, the Cabinet can rescinding such amendments to the Agreement. But if the Cabinet considers on justification and in the light of the State's or the public interest and the continuity of providing public services, the Cabinet may exercise its discretion to grant approval to re-proceed the amendment procedures, as appropriate, by the project owner and the Coordinating Committee pursuant to Clause 22 being the parties to submit the facts, justifications and opinions for the consideration of the Cabinet".

Presently, Coordination Committee according to Section 22 is appointed and is on the process as prescribed by law.

The Company firmly believes that the principle and the grounds of the amendments of the Agreement, the TOT's and the Company's compliance with the Act and the Agreement shall positively ease off the risk and that there shall be no material change which shall have an impact on the Company. However, if the amendments of the Company's Agreement are invalidated by the Cabinet; it may result in the shorten of the term of the Agreement and or a higher prepaid revenue share, for instance.

1.3.2 The Amendment of the Jointly Undertake Work Agreement between Digital Phone Company Limited (DPC), a subsidiary company of the Company and CAT Telecom Public Company Limited (CAT)

As the Ministry of Information Technology and Communication sent a letter to the Council of State requesting for its opinion regarding the amendment of the Digital PCN (Personal Communication Network) 1800 Service Agreement (the "Agreement") between CAT and DPC after the enforcement of the Act Permitting the Private Sector to Jointly Undertake Work or to Operate Enterprises of the State B.E. 2535 came into effect whether the current amendment is in line with the said Act and if such amendment is in breach of the said Act what should be done.

The Office of the Council of State has been of the opinion in a memorandum regarding the enforcement of the Act Permitting the Private Sector to Jointly Undertake Work or to Operate the Work of State Enterprises B.E. 2535 (The case between the CAT and DPC no. 294/2550), that:

"....the assignment of the rights and duties by Total Access Communication Public Company Limited to DPC and the entering into an agreement between DPC and CAT dated November 19 B.E. 2539 are considered as the permission of CAT granted to a private sector to provide cellular mobile phone service whereby DPC shall be under the supervision and regulation of CAT and pay remuneration to CAT. DPC shall, therefore, have to comply with the said Act. Since CAT has already specifically prescribed the scope of the project and the private sector to provide the service, besides, the project has already been carried out. Therefore, there is no need to invite private sector to submit any proposal according to Chapter 3. However, Chapter 3 shall be applied mutatis mutandis in so far as it is not contrary to the fact whereby CAT has to set up the Coordinating Committee in accordance with Section 13 to proceed according to Section 21 of the said Act i.e. The committee shall present the selection results including reasons, topics of negotiation related to the state benefit, the drafted contract and all relating documents to the Minister in charge in order to submit for cabinet's consideration within ninety days as from the decision date of the committee.

Therefore, the process is under the authority and duties of the committee according to Section 13 to consider as it sees fit and DPC as the transferee of the rights and obligations from Total Access Communication Public Company Limited under the Digital PCN (Personal Communication Network) 1800 Service Agreement between CAT and Total Access Communication Public Company Limited. DPC shall be entitled to provide telecommunication service based on the transferred rights and obligations although the current agreement between CAT and DPC has not been in compliance with the Act Permitting the Private Sector to Jointly Undertake Work or to Operate Enterprises of the State. However, the current agreement is still effective as long as it is not rescinded or invalid by time or other conditions. Therefore, CAT and DPC are bound to comply with the said Agreement."

Presently, the Committee according to Section 13 is appointed and is on the process as prescribed by law.

DPC firmly believes that the risks shall ease off positively as CAT and DPC are still obliged to comply with the Agreement. However, should the Committee according to Section 13 submits its resolution to the Cabinet that the Agreement made between CAT and DPC after the enforcement of the Act Permitting the Private Sector to Jointly Undertake Work or to Operate the Work of State Enterprises B.E. 2535 is contrary to the said Act and the Cabinet agrees with the said resolution, the Jointly Undertake Work Agreement of DPC may come to an end.

1.4 Law on use & connection of telecommunication network (Interconnection Charge)

According to the Telecommunication Business Act B.E. 2544 and the announcement of NTC regarding the Use and Interconnect of Telecommunication Networks B.E. 2549, the Company has entered into the Interconnection Agreements with Total Access Communication Public Company Limited on 30 November 2006 and with True Move Company Limited on 16 January 2007, both of which have been approved by NTC during the year 2007. The Company has already provided the service based on such Interconnection Agreements but no interconnection charges have yet been collected or any record relating to the Interconnection Charge has been booked in the Company's provisional financial statement because TOT the contract grantor has issued a written notice to the Company that the Company is not a legitimate license of telecommunication network, therefore, is not entitled to enter into the Interconnection Agreement by virtue of the announcement of NTC regarding the Use and Interconnect of Telecommunication Networks B.E. 2549.

On 31 August 2007, TOT filed a lawsuit against NTC at the Central Administrative Court in order to withdraw the said announcement, and on 4 February 2008, TOT issued a written notice to the Company informing that the company should wait for the court decree to be used as a guideline, and if the Company complies with the announcement of the NTC prior to the final judgment of the administrative court, TOT shall not acknowledge it, and the Company must be liable for such action.

However, after having considered the letter from TOT, the relevant laws and the comments of the legal consultant, the management of the Company is of the opinion that non-compliance with the above Interconnection Agreement would be in conflict with the announcement of NTC regarding the use and interconnect of telecommunication network. Therefore, the Company decided to comply with the said Agreements which are in line with the legal provisions currently in force by issuing invoices to collect the interconnection charge from the contractual parties and recorded the relating particulars in the financial statement for the year ending 31 December 2007 and subsequently, the interconnection charge has been paid among the parties.

According to the Cellular Mobile Telephone Service Agreement, the Company is required to pay remuneration annually to TOT at the minimum amount as specified in the Agreement or in a percentage rate of the revenue and any other benefits received by the Company during the year before deduction of any expenses and taxes whichever is higher. However, the interconnection charge is an item which must be observed under the law, and TOT requires the final judgment of the court which the Company expects that there shall be negotiations regarding the calculation method of the annual remuneration at a later date. Therefore, in order to take a cautious approach, the Company has calculated the annual remuneration from the net revenue in the same practice as of the telecommunication industry. The amount of remuneration, which the Company has to pay to TOT, depends on the judgment of the administrative court regarding the withdrawal of the NTC announcement and ongoing negotiations between the Company and TOT after which the financial statement of the Company shall be adjusted accordingly which the management of the Company is confident that no additional expenses will be materially incurred.

On 30 December 2008, TOT has notified in writing to the Company that the result of the negotiation between TOT and the Company regarding a rate and a calculating method of the revenue sharing has not be concluded and requesting the Company to remit the revenue sharing incurred from the interconnection charge since February 2007 to June 2008 in the amount of Baht 761 million based on the rate and calculation method of the Company within 30 December 2008 and the Company has already remitted the revenue sharing to TOT on 30 December 2008 by using the calculation method proposed by the Company for the interconnection charge since July 2008 up to the present. The Company and TOT have set up the negotiation committee but the dispute has not reached the conclusion.

1.5 Disputes relating to the excise tax

1.5.1 The case between Advanced Info Service Public Company Limited (the Company) and TOT Public Company Limited (TOT)

On 22 January 2008, TOT submitted a dispute (Case No. Black 9/2551) to the Arbitration Institute, Dispute Resolution Office, and Courts of Justice demanding the Company to pay additional revenue sharing for Baht 31,463 million plus interest at the rate of 1.25 percent per month of the unpaid amount computing from the default date (10 January 2007) until full payment is made.

The Company has submitted an objection to such demand to the Arbitration Institute, Dispute Resolution Office, and Courts of Justice on 25 March 2008 and the Arbitration Panel has already been set up and the disputes are in the process of the arbitration procedures.

However, the management of the Company believes that the outcome of the case shall be in favour of the Company since such claimed amount is the same amount of the excise tax which the Company has delivered during 28 January 2003 to 26 February 2007, and the Company deducted such amount from revenue sharing pursuant to the resolution of the Cabinet on 11 February 2003. Therefore, the Company has correctly and completely complied with the resolution of the Cabinet as is the same standard practice of the telecommunication business industry. In addition, TOT has issued a letter ref. no. Thor.Sor.Thor. BorYor./843 dated 10 March 2003, stating that the Company had correctly complied with the resolution of the Cabinet, and the Company's burden remains at the same percentage rate as specified in the Agreement and the submission of the said excise tax return shall not affect the terms of the Agreement.

1.5.2 The case between Digital Phone Company Limited (DPC) as an affiliated company of the Company and CAT Telecom Public Company Limited (CAT)

On 9 January 2008, CAT submitted a dispute (Case no. Black 3/2551) to the Arbitration Institute and the Dispute Reconciliation Office, Justice Court Office demanding DPC a subsidiary of the Company to pay additional payment of revenue sharing for Baht 2,449 million under the Digital PCN (Personal Communication Network Contract plus penalty at the rate of 1.25 percent per month of the unpaid amount of each year computing from the default date until full payment is made (total penalty, computing as at December 2007 (B.E.2550) is Baht 1,500 million) totaling Baht 3,949 million and later, on 1 October 2008, CAT has submitted a request to amend the amount of claim by decreasing the demanded amount including the penalty to Baht 3,410 million.

DPC has submitted an objection to such demand to the Arbitration Institute, Dispute Resolution Office, and Courts of Justice on 12 March 2008. At present, it is in the process of appointment the Chairman of the Arbitration Panel.

However, the management of the Company believes that the outcome of the case shall be in favor of the Company since such claimed amount is the same amount of the excise tax which DPC has delivered during 16 September 2003 to 15 September 2007, and DPC deducted such amount from revenue sharing pursuant to the resolution of the cabinet on 11 February 2003. Besides, CAT has sent a letter notifying DPC to comply with such cabinet's resolution. Therefore, DPC has correctly and completely complied with the resolution of the cabinet as is the same standard practice of the telecommunication business industry.

1.6 The case between AIN GlobalComm Company Limited (AIN) as an affiliated company of the Company and CAT Telecom Public Company Limited (CAT)

On 7 March 2008, CAT Telecom Public Company Limited ("CAT") has submitted a case against the Company as the defendant no.1 and AIN GlobalComm Company Limited (AIN) as the defendant no.2 ref. no. Black-1245/2551 to the Civil Court demanding the Company and AIN to jointly pay for damage plus interest at the rate of 7.5 per annum calculated up to the submission date of the case totaling Baht 130 million by claiming that the said damage has arisen from the change of the connection setting of the international direct dialling service from using the symbol "+" for the code 001 of CAT to "+" for the code 005 of the subsidiary during 1-27 March 2007 without prior notification to subscriber.

On 4 September 2008, CAT has submitted a request to amend the plaint by changing the damage amount to Baht 583 million (inclusive of interest) claiming that CAT has suffered damage for a continuous period up to 7 March 2008. On 26 February 2009, the Civil Court had dismissed the CAT's request for an order of provisional remedial measure submitted on 19 November 2008, to cease AIS and AIN to transfer the Traffic 001 or symbol "+" of CAT to Traffic 005 of AIN.

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

However, the Court has permitted CAT to extend the period for submission of its appeal up to 18 March 2010.

1.7 The case between Digital Phone Company Limited (DPC) as an affiliated company of the Company and CAT Telecom Public Company Limited (CAT)

On 3 February 2009 CAT submitted a dispute (Case no. Black 8/2552) to the Alternative Dispute Resolution Office, the Arbitration Institute demanding DPC to deliver and transfer an ownership of 3,343 towers including 2,653 equipments of Power Supply under the Digital PCN (Personal Communication Network) Agreement. If DPC fails to do so, DPC must reimburse Baht 2,230 million to CAT. DPC considers that the towers including the equipments of Power Supply are not the property because DPC has leased them from third person, therefore, the said towers and equipments are not the property which DPC has the ownership right and can deliver to CAT. Besides, such property are not the equipments as stipulated in clause 2.1 of the Agreement which DPC is obligated to deliver and transfer under the Agreement. At present, it is in the process of appointment the Chairman of the Arbitration Panel.

The management believes that the outcome of the case shall be in favour of the Company since the Company has correctly and fully complied with the law and the relating Agreements in all respects.

1.8 Risk if the Company becomes “foreigner” under the Foreign Business Act

The Foreign Business Act B.E. 2542 (the “FBA”) is an act to stipulate the qualification of Thai company and the level of permitted foreign shareholdings in Thai companies. A definition of “foreigner” defined in the FBA also applies in the Telecommunications Business Act B.E. 2544 (the “TBA”) as regards qualifications of applicants for licenses under type 2 and 3. There is a provision under FBA prohibiting Thais to act as nominees for foreigner carrying on businesses which require permission.

In 2006, the Ministry of Commerce investigated the shareholding on behalf of foreigners in companies including the investigation of the shareholding of a company which is a shareholder in a company, which is a major shareholder of Shin Corporation Public Co., Ltd. The issue is whether a major Thai shareholder of such company holds shares on behalf of foreigner where the Ministry of Commerce has summarized the case and referred to the public officer and, at present, the case is in process by competent official. Therefore, if such company is found under a final adjudication to be a “foreigner”, then Shin Corporation Public Co., Ltd. the Company and DPC could also each be deemed to be a “foreigner”. In addition, the court has power to order those holding shares on behalf of foreigner to discontinue holding shares. However, the Company and DPC believe they have not committed any offence. As a result, the Company and DPC should be entitled to find new shareholders to replace those alleged to have held shares on behalf of foreigner. Failure to replace the shareholders might affect qualifications of the Company, DPC and other affiliates of the Company to apply for licenses.

However, the Company cannot guarantee that the outcome of the above case will not have an impact on the current and future agreements and licenses which the Company and DPC have because those circumstances are out of the Company’s domination and the Company cannot predict if there shall be an issuance of any law, announcement or regulation to change the existing legal principles relating to the definition of “Foreigners”.

1.9 Laws relating to trade competition

At present, there are laws which relate to the commercial competition namely Trade Competition Act B.E. 2542 Section 21 of Telecommunication Business Act B.E. 2544, NTC Notification on Preventive Measure for an act of monopolistic or unfair competition of telecommunication business B.E. 2549, NTC Notification on the definition of market and related telecommunication market limits B.E. 2551 and NTC Notification on criteria and consideration methods for the market dominator in telecommunication business B.E. 2552. Although the principles of the laws relating to trade competition are based on market share which benefit the Company, there are still some other criteria on the said laws which need to be put into additional consideration such as the specification of related market, the analysis on the level of the competition in the related market, the specification of the market dominator especially the analysis on the level of the competition by economic means namely the analysis on the ratio of market concentration, the market structure and market access barrier in related market.

It is understood that the Company may conform to the meaning of the market dominator according to these laws, but as long as the Company does not violate the said laws, the Company shall not be affected by these laws whatsoever.

1.10 Risk on litigation to which the Company is not a direct party

On 20 March 2006, Mr. Sastra To-Orn submitted a complaint to the Central Administrative Court (the “CAC”) against the Ministry of Information and Communications Technology (the “ICT Ministry”), the Ministry of Transportation (the “Transport Ministry”) and the Prime Minister’s Office (the “PRIME MINISTER’S OFFICE”) as the defendants, requesting the court to (i) order the defendants to terminate the Cellular Mobile Telephone Service Agreement (the “Agreement”) entered into with AIS; and (ii) grant a temporary injunction preventing new shareholders from taking any action or receiving any benefit under such Agreement.

Mr. Sastra claimed that the defendants have wrongfully refrained from exercising their duties by not terminate the Agreement following the transfer of the Company shares to new shareholders which resulted in a material change in shareholding structure of the Company that has carried on businesses based on Thai national resources.

The CAC ruled that Mr. Sastra had no rights to claim because he had not been a party under the Agreement. However, Mr. Sastra appealed to the Supreme Administrative Court which later ruled on 12 September 2006 that Mr. Sastra as the injured person could claim on the ground that if the Company's businesses were under control of the foreigner, it would cause damage or result in national security which unavoidably affected Mr. Sastra. Accordingly the Supreme Administrative Court ordered the CAC to accept such complaint and continue the court procedure. On 17 November 2006, CAC ordered not to accept Mr. Sastra's order of provisional remedial measure before delivery of judgment because CAC desire that the cause of the case is not sufficient to pursue Mr. Sastra's request and this case concerns to examination of the Agreement which has the provision and liability to response. The order of CAC would be final. In case of such complaint is still in the procedure of CAC.

The Company would not be affected as long as there is no judgment that the shareholders of the Company are under control of the foreigners. In addition, whether the Agreement could be revoked shall be considered according to the terms and conditions of the Agreement.

(2) Market and Competition Risk

2.1 Change in consumers' behaviour

Mobile phone consumers' behaviour has changed over the past years. Their expectations on products and services have become greater. Their needs have become increasingly complex as a result of changes in lifestyle in respond to economic situation and a number of external factors. Advancing in public transportation system, city expansion, commercial activities and industrial competition have all contributed to the changes in people's daily lives. Service providers also offer wider choices of products and services. In addition, there are new consumer rules and regulations introduced by the government for consumer benefits such as Number Portability service which shall be implemented in the near future where users are able to use other mobile operators while maintaining the right over the original number. This will allow greater competition among mobile operators in terms of service and marketing plan as well as promotional campaigns to attract more customers. On consumer spending side, it is upward trend next year because the Bank of Thailand forecasted higher GDP by 0.3% from original 3-5% growth to 3.3-5.3% as exports, travel and private investment began to pick up as a result of economic recovery.

2.2 Market changes

Mobile industry market may experience higher competition due to an increase in the number of mobile operators.

Mobile Virtual Network Operators (MVNO): On 26 August 2008, the Cabinet approved TOT to have the sole rights and responsibility over the 1900 MHz frequency. As a network provider, TOT will operate 3G service on 1900 MHz frequency under two main strategies including doing its own marketing campaigns and allowing opportunity to interested private companies to rent this network for its own marketing purpose. Currently there are five operators who are interested in becoming MVNO

The Company, as the leading service provider with over 28 million customers, views the changes in consumers' behaviour and market situations as a business opportunity to introduce innovative products and services including price plan, Value Added Service (VAS), smart solution, mobile internet and mPAY those help customers better manage their daily life. The success of business operation has been supported by many factors including strong financial position, long standing experience, skilful working team. In addition, The Company is well accepted for our customer experience management program which including customer life cycle management, service quality in every touch point, privilege and customized customer relation management. The Company also works in close cooperation with strategic partners who are leading companies in different businesses to combine products and services to meet increasing complicated customers'needs. The Company will closely monitor changes in order to accurately assess and lay down appropriate strategies in order to achieve its goal of creating value for shareholders and stakeholders.

(3) Operational Risk

Wireless Broadband will become increasingly popular among the mobile phone users where there are able to use internet and a range of applications to provide swift connection to internet website and servers located both in and out of Thailand through The Company's EDGE/GPRS network coverage made available nationwide. This also includes the Company's 3G on 900 MHz frequency, which is currently available in Chiang Mai, Chonburi and Prachuabkirikhan. Statistics shows that the number of internet users has increased five times over the past two years, and the number will continue to rise. Since the operational systems of the network which are of the large-size, have a lot of diversities and shall be able to continuously provide the required services to all types of customers. Since the existing operational systems have been mainly designed to operate at the most efficient and at the highest capacity for mobile phone service, therefore, there will be a risk of the readiness of operating system which will be efficiently used in providing the service nationwide, both in terms of mobile phone and wireless broadband service including the expertises of the employees which have to be improved to catch up with the Company's continuously development of new services.

Hence, the Company has placed greater emphasis on improvement of work processes in order to be in line with the demand starting from planning and system expansion, system maintenance to maximize its efficiency, procurement of tools and equipment for checks and control and improve service quality including the provision of human resource training in order to obtain in-depth understanding of the system. Therefore, The Company is confident that the Company will be able to provide high quality information communication and internet service to consumers along with the continuously development to a high quality of the mobile phone service.

(4) Technology Risk

IP information signal program

The rapid changes of technology are the main factors against the competition in telecommunication industry and the inability of the operator to adapt itself in line with the new technology may affect its capability to compete in long term period. Due to an increase in demand for information communication on internet in terms of speed and quantity in sending and receiving information especially when 3G technology is applied will help enhance capability, therefore, information signal system will have to be efficient, reliable and able to accommodate future expansion and amount of information, and also offer good return on investment. The Company has conducted studies in order to apply and integrate network on a constant basis. The study found that IP technology is suitable for relay information via mobile phone. However, IP technology has not been widely applied in Thailand where we may experience problems in conjunction with other systems and there may be risks if adopt this technology.

Therefore, The Company has performed tests on IP technology to ensure that it can be integrated with other systems.

(5) Financial Risk

Indirect impact from the global financial situation towards domestic liquidity

The world financial crisis that progressed from the non performing loans or the so-called "Sub-prime lending" in the U.S. since late 2007 continued to affect the global economy in 2009. Thai economy was not only affected by the above issue but also the political instability. The household and business spending continued to be very sluggish and the financial institutions remained strict in their credit policy in lending to the corporate and individual customers.

Notwithstanding such situation, The Company had various sources of financing including international and domestic financial institutions, capital market (Debenture for retail investors) and supplier credits. Given these, the Company could arrange appropriate funding under each specific circumstance. The Company had planned the spending and financing prudentially and selected the source of fund that would be most beneficial to the company. The capital investment and financing for 2009 had been planned since 2008 and utilized according to the plan. The Company investment plan was based on the non-carelessness basis which it would gradually invest in the necessary area instead of single investment around the country. In addition, the Company had already prepared to bid for the 3G license and secured the credit facilities from the financial institutions to support the bidding and an investment in 3G network, though the bidding process would be delayed to 2010.

At the end of 2009, beside adequate cash flow, the Company had long-term loans (adjusted with the foreign exchange swap contract) totalled Baht 35,624 million (Baht equivalent), of which approximately Baht 9,485 million (or JPY 30,568 million) and Baht 6,639 million (or US\$ 119 million) were foreign currencies denominated. The Company had hedged currency exchange and interest rate of the loans to mitigate the risk from fluctuation in currency exchange and interest rate when the market condition favourable with the appropriate financial derivatives. Therefore, the Company had been able to reduce the risk from the fluctuation of foreign exchange and interest rates. At the end of 2009, all foreign loans had been hedged for the currency exchange and approximately 2.55% of loans are floating interest rate.

(6) Human Resources Risk

The Company realizes that human resource is an intellectual investment which could contribute to the Company's sustainable success. That is the main reason why the Company focuses on selecting and keeping the qualified employees and continues improving their skills and knowledge in order to make them be well prepared and be ready to change especially to the new technology.

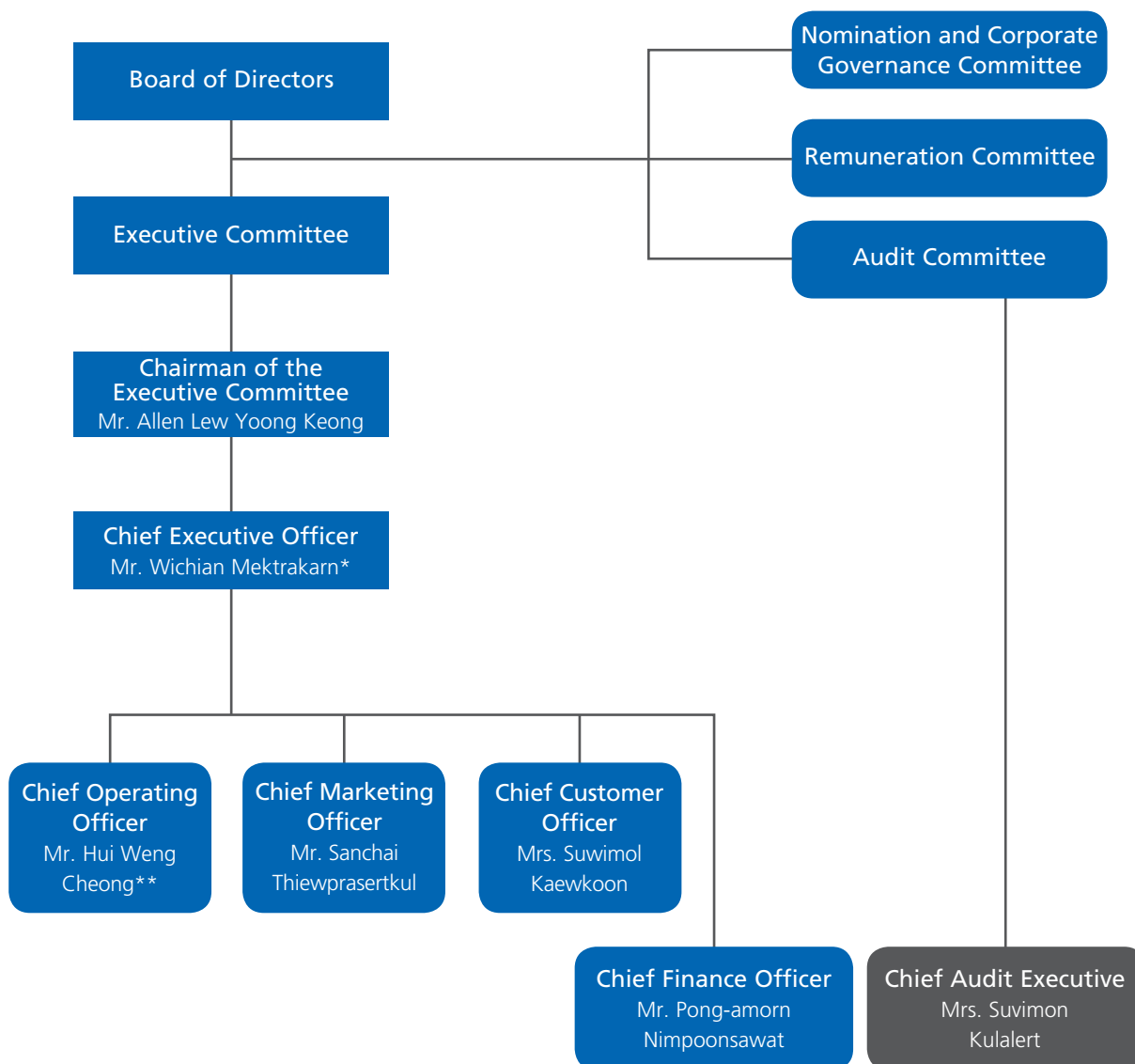
Hiring Capable Employees Process: the Company has launched “**Step to Career Road**” campaign along with the leading educational institutions around the country in order to approach the competent resources and to offer the opportunity to those who have great talents and creativities, and to ensure that the Company will be able to gain right persons who fits with the organization's culture. The Company also applies “**Hiring the Best**” program which is the modern and accurate tools in selecting process and develops the interviewers' skills who will interview all candidates.

Human Resource Development: As the Company currently employs approximately 8,000 employees throughout the country, the Company has set up 3 training centers, which are equipped with full equipment and modern learning tools with a purpose to develop its human resources in the most effective and efficient way. The 3 training centers are as follows:

- **Service Training Centre** focuses on developing ability and service skills in order to continuously improve customer experience to over 28 million customers
- **Technical Training Centre** focuses on enhancing technological and technical skills especially for a preparation to a 3G service
- **Management Training Centre** focuses on coaching groups of talented employees to be an expertise in each area, supported by individual assistance and under training from supervisors including job rotations. The employees also gain service knowledge by joining a seminar with leading originations both in the country and overseas

Management Structure and Corporate Governance

Management Structure of Advanced Info Service Public Company Limited



■ The top four (4) management positions, according to the definition of the SEC

* Duly appointed as the Chief Executive Officer effective on 1 September 2009

** Duly appointed as the Chief Operation Officer effective on 1 September 2009

Management Structure

The Company's management structure comprises the Board of Directors and four sub-committees: the Executive Committee, the Audit Committee, Remuneration Committee, and Nomination and Corporate Governance Committee as detailed below:

(1) Board of Directors

As of 31 December 2009, there are 11 members of the Board of Directors as follows:

- | | |
|------------------------------------|---|
| 1. Dr. Paiboon Limpaphayom | Chairman of the Board of Directors and Independent Director |
| 2. Mr. Somprasong Boonyachai | Vice-Chairman of the Board of Directors |
| 3. Mr. Aviruth Wongbuddhapitak | Chairman of the Audit Committee and Independent Director |
| 4. Mrs. Tasanee Manorot | Member of Audit Committee and Independent Director |
| 5. Mr. Surasak Vajasit | Member of Audit Committee, and Independent Director |
| 6. Mr. Suphadej Poonpipat | Director |
| 7. Mr. Chakree Subprawong | Director |
| 8. Mr. Allen Lew Yoong Keong | Director |
| 9. Mr. Yeo Eng Choon ¹⁾ | Director |
| 10. Mr. Ng Ching-Wah | Director |
| 11. Mr. Vikrom Sriprataks | Director |

¹⁾ Appointed to replace Mr. Ng Kwon Kee on 6 November 2009

The Authorized Directors are

Mr. Somprasong Boonyachai and Mr. Vikrom Sriprataks, these two directors collectively sign with the Company's seal affixed.

The Company Secretary is Mr. Ong-art Thongpitaksakul

The Board of Directors will convene regular meetings every quarter. In 2009, there were 7 Board of Directors meetings, and 2 extra meetings.

Scope of Authority and Duties of the Board of Directors

1. Perform its duties with honesty, integrity and prudence in accordance with the law and the Company's objectives and Articles of Association

including the resolutions of shareholders' meeting, and carefully protect the Company's interests;

2. Set out the vision, policy and direction of the Company's operations and supervise the management team to act in accordance with plans which are set out efficiently and effectively, and thereby maximize the economic value and wealth of the Company and its shareholders;
3. Consider and approve major issues such as large investments, purchase of assets etc. and any actions/ transactions as prescribed by law;
4. Approve or agree major related transactions between the Company and its subsidiaries in compliance with the relevant notifications, regulations and guidelines of the Stock Exchange of Thailand;
5. Assess the performance of the Executive Chairman and the executive directors, and fix appropriate remuneration on a regular basis;
6. Be responsible for overseeing operational results and the management team's performance to ensure due attentiveness and care;
7. Arrange appropriate accounting systems, including the production of financial reports and a reliable auditing system; oversee and monitor the effectiveness and efficiency of the internal control, internal audit and risk management systems;
8. Ensure avoidance of conflict of interests amongst the Company's stakeholders;
9. Supervise business operations to enforce ethical work standards;
10. Annually review the Company's corporate governance policy and assess due compliance;
11. Report on the execution of the Board's responsibility to prepare financial reports, along with the external auditor's report in the annual report covering key issues according to the Company's policy statement and the Stock Exchange of Thailand's Code of Best Practices for Directors of a Listed Company.

In this regard, the Board of Directors has empowered the Executive Committee to perform duties as per the scope of duties and responsibilities of the Executive Committee.

Such delegation of authority shall not constitute the authority or substitution to allow the Executive Committee, or a person authorized by the Executive Committee, to approve those transactions related to a party in conflict, a party in interest or any other party with a conflict of interests (according to the Company's Articles of Association and SEC's notification) with the Company or its subsidiaries, except for the approval on any item in accordance with the policies and criteria approved by the Board of Directors.

(2) Executive Committee

As of 31 December 2009, there are 5 Members of the Executive Committee as follows:

- | | |
|--|--|
| 1. Mr. Allen Lew Yoong Keong | Chairman of the Executive Committee |
| 2. Mr. Vikrom Sriprataks ¹⁾ | Vice-Chairman of the Executive Committee |
| 3. Mr. Arak Chonlatanon ²⁾ | Member of the Executive Committee |
| 4. Ms. Nidchanun Santhavesuk | Member of the Executive Committee |
| 5. Mr. Ng Ching-Wah | Member of the Executive Committee |

¹⁾ Appointed to be the Vice-Chairman of the Executive Committee effective on 1 September 2009

²⁾ Appointed to replace Dr. Dumrong Kasemset effective on 14 May 2009

The Executive Committee will convene the meeting every month. In 2009, the Executive Committee convened a total of 12 regular meetings and 1 extra meeting and reported to the Board of Directors monthly.

Scope of Authority and Duties of the Executive Committee

1. Formulate the Company's strategic direction, management structure, and annual business plan and budget for the Board's approval;
2. Monitor the Company's financial and operating results, and keep the board members informed by monthly report;
3. Review and approve all transactions concerning investments and disposal of assets, human resource management, finance and treasury, general administration and any other transaction related to the Company's business within the limits of authorization granted by the Board;

4. The Committee may delegate its authority to any member of the management or staff as it deems appropriate. However, such authority does not permit the Committee or appointed persons to approve any transaction between them or related persons having mutual benefits or conflicts of interest (as prescribed in the Company's Articles of Association and Notifications of the Securities and Exchange Commission). The approval for transactions shall be in accordance with the policies and principles already determined by the Board and regulatory bodies;

5. Report to the Board on a quarterly basis regarding the material actions taken by the Committee under the Chairman of the Executive Committee Report agenda;
6. Annually review its own performance and assess the adequacy of this Charter; and
7. Take any other action that may from time to time be assigned or delegated to the Committee by the Board.

(3) Audit Committee

As of 31 December 2009, the Audit Committee comprises of Independent Directors whose qualifications meet the criteria required by the Stock Exchange of Thailand. They are highly experienced individuals in the areas of finance, accounting, legal and management.

- | | |
|--|--|
| 1. Mr. Aviruth Wongbuddhapitak ¹⁾ | Chairman of the Audit Committee and Independent Director (Attended a total of 12 meetings) |
| 2. Mrs. Tasanee Manorot ¹⁾ | Member of the Audit Committee and Independent Director (Attended a total of 12 meetings) |
| 3. Mr. Surasak Vajasit | Member of the Audit Committee and Independent Director (Attended a total of 12 meetings) |

¹⁾ Have adequate expertise and experience to review creditability of the financial reports

The Audit Committee convenes a meeting regularly once a month. In 2009, the Audit Committee convened a total of 12 meetings and which the Audit Committee reported to the Board of Directors quarterly.

Scope and Duties of the Audit Committee

1. To review that the Company's financial reports are prepared in accordance with legally defined accounting principles and adequately disclosed;
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer, dismissal, performance appraisal and remuneration of the chief of an internal audit unit;
3. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business;
4. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;
5. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;
6. To review that the Company has established an appropriate and effective risk management system;
7. To review and approve the Charter of Internal Audit activities, annual audit plan and activities of Internal Audit, and coordinate with the external auditor;
8. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the Audit Committee's Chairman and consist of at least the following information:
 - (a) an opinion on the accuracy, completeness and creditability of the Company's financial report,
 - (b) an opinion on the adequacy of the Company's internal control system,
 - (c) an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
 - (d) an opinion on the suitability of an auditor,
 - (e) an opinion on the transactions that may lead to conflicts of interests,
 - (f) the number of the audit committee meetings, and the attendance of such meetings by each committee member,
 - (g) an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter, and
 - (h) other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors;
9. To continue the inspection when the external auditor informs regarding any suspicious circumstance that the director, manager or any person responsible for the operation of such juristic person commits an offence under the Security and Exchange Act and the Audit Committee shall report the result of preliminary inspection to the Office of the Securities and Exchange Commission and the external auditor within thirty days.
10. To report the performance of the Audit Committee to the Board of Directors at least four times a year. In its performance of duties, if it is found or suspected that there is a transaction or any of the following acts which may materially affect the Company's financial condition and operating results, the audit committee shall report it to the Board of Directors for rectification within the period of time that the audit committee thinks fit.

If the Company's Board of Directors or management fails to make a rectification within the period of time under the first paragraph, any Audit Committee Member may report on the transaction or act under the first paragraph to the Office of the Securities and Exchange Commission or the Exchange.
11. To have the authority to invite concerned executives, management and officers of the Company to express opinions, attend meetings or deliver documents as deemed necessary.

12. To agree to retain a consultant or other third person to express opinions or give advice as deemed necessary.
13. To review and evaluate the scope of the performance of the Audit Committee on an annual basis.
14. To perform other duties as assigned by the Board of Directors of the Company with the consent of the Audit Committee.

(4) Remuneration Committee

As of 31 December 2009, there are 3 members of the Remuneration Committee as follows:

1. Dr. Paiboon Limpaphayom Chairman
2. Mr. Aviruth Wongbuddhapitak Member
3. Mr. Somprasong Boonyachai Member

In 2009, the Remuneration Committee convened 3 meetings to consider the remuneration policy and remuneration amounts of independent directors and other directors for the year 2009, and remunerations of the Chief Executive Officer and those executives who report to the Chief Executive Officer, as well as approve the Economic Value Plan for Employees (EV) Achievement for the year 2008, and reported to the Board of Directors.

The Scope of Authority and Duties of Remuneration Committee

The Remuneration Committee shall have the authority and duties as follows:

1. Fix appropriate annual remuneration in monetary and/or non-monetary form for the Board members, committee members, Chairman of Executive, Chief Executive Officer and executives reporting directly to Chief Executive Officer;
2. Consider and approve the Economic Value Plan for Employees (EV) and criteria for implementation thereof including the EV annual bonus plan for the Company executives;
3. Supervise the implementation of EV Plan and have authority to give decision in case of any discrepancy arising in connection therewith;
4. Consider and approve annual remuneration for Board members;
5. Draw up guidelines to provide appropriate remuneration for the Board members and Chairman of Executive to be proposed to and approved by

the Board and/or the shareholders' meeting, as the case may be;

6. Disclose policy governing Board members' remuneration in the annual report; and
7. Perform other tasks as designated by the Board.

(5) Nomination and Corporate Governance Committee

As of 31 December 2009, there are 3 members of the Nomination and Corporate Governance Committee as follows:

1. Dr. Paiboon Limpaphayom Chairman
2. Mr. Somprasong Boonyachai Member
3. Mr. Surasak Vajasit Member

In 2009, the Nomination and Corporate Governance Committee held 3 meetings to consider appointment of the Company's Directors and determine their authoritative power to replace the four (4) Directors who completed their terms according to the Company's Articles of Association and those resigned during the year; review corporate governance policy, and code of business ethics. The results were reported to the Board of Directors.

The Scope of Authority and Duties of the Nomination and Corporate Governance Committee

The Nomination and Corporate Governance Committee shall have the authority and duties as follows:

1. Draw up criteria and policy with respect to nomination of Board members and committees members of the Company;
2. Supervise implementation of the policy on good corporate governance of the Company, annually review such policy including recommendation of any revision thereof for further consideration by the Board;
3. Consider and nominate appropriate persons to become Board members and/or committees members to be proposed to and approved by the Board and/or shareholders' meeting, as the case may be;
4. Consider and nominate a person to become Chairman of Executive in case of vacancy as well as criteria of succession thereof;
5. Perform of other tasks as designated by the Board.

(6) Management Team

As of 31 December 2009, the Company's Management Team is as follows:

- | | |
|---|-------------------------------------|
| 1. Mr. Allen Lew Yoong Keong | Chairman of the Executive Committee |
| 2. Mr. Wichian Mektrakarn ¹⁾ | Chief Executive Officer |
| 3. Mr. Sanchai Thiewprasertkul | Chief Marketing Officer |
| 4. Mrs. Suwimol Kaewkoon | Chief Customer Officer |
| 5. Mr. Hui Weng Cheong ²⁾ | Chief Operating Officer |
| 6. Mr. Pong-amorn Nimpoonsawat | Chief Finance Officer |

¹⁾ Appointed as Chief Executive Officer effective on 1 September 2009

²⁾ Appointed as Chief Operating Officer effective on 1 September 2009

Selection of Directors

The Company has prescribed the following guidelines for the selection and appointment of directors:

- (1) At the annual general meeting of shareholders, one-third of the directors shall leave office. If one-third is not a round number, the number closest thereto shall be the applicable number. The vacating directors may be re-elected.
- (2) In the case of a vacancy in the position of director, for reasons other than the completion of the term, the Board of Directors shall appoint a new director with the required qualifications, and without any characteristics that would prohibit him/her from acting as director, as per clause 68 of the Public Company Limited Act B.E. 2535, to serve as new director in the next Committee meeting, excluding such case where the remaining term is less than two months. Such appointed director shall assume the position for the remaining term of the vacating director.

Nevertheless, the Company has set up a Nomination and Corporate Governance Committee to designate principle and policy in nominating qualified person to attend the Board of Directors provided that the shareholders' meeting shall appoint the director, as per the criteria and procedures prescribed in the Company's Articles of Association.

- (1) Every shareholder shall have one vote for each share of which he/she is the holder;
- (2) Each shareholder may exercise all the votes he/she has under (1) above to elect one or several directors. In the event of electing several directors, he/she may not allot his/her votes to each unequally.

- (3) The persons receiving the most votes in the respective order of votes shall be elected as directors at the number equal to the number of directors required at that time. In the event that votes among the persons elected in order of respective votes, which number exceeds the required number of directors of the Company at that time, the chairman of the meeting shall be entitled to a second or casting vote.

Pursuant to the Agreement Permitting the Operation of Mobile Phone Services between the Company and TOT Public Company Limited (formerly the Telephone Organization of Thailand (TOT)), one representative of TOT shall be a director of the Company. In accordance with the conditions set forth in the Agreement with major shareholders, i.e. Shin Corporation Plc. (SHIN) and SingTel Strategic Investments Pte. Ltd. (STI), SHIN shall appoint four directors and two directors appointed by STI.

Remuneration for Directors and Management

The Company has specified the remuneration for directors at the rate used within the industry. The remuneration is also sufficient to maintain quality directors with the Company. The remuneration for the management is in accordance with the Company's operational performance and performance of the individuals.

The Remuneration Committee will determine necessary and appropriate remuneration, both monetary and non-monetary terms for the Company's directors, directors in the sub-committees and senior executives. The issue will be proposed at the Company's general shareholders' meeting, which is held on an annual basis.

(1) Remuneration for the Board

Total monetary remuneration for the Chairman of the Board, independent director, and non-executive directors (seven persons) was Baht 13,425,000, which was comprised of monthly allowance, meeting allowance and annual remuneration. Executive director did not receive remuneration as directors.

Policy of remuneration as approved by general meeting of shareholders in 2009 shall not exceed Baht 13,500,000.

Policy on Remuneration for Directors for the Year 2009

Director	Monetary Remuneration for 2009 (Baht)		
	Monthly Retainer	Meeting Allowance	Annual Remuneration
Board			
- Chairman	200,000	×	✓
- Member	50,000	25,000	✓
Audit Committee			
- Chairman	25,000	25,000	✓
- Member	×	25,000	✓
Nomination and Corporate Governance Committee			
- Chairman	10,000	25,000	✓
- Member	×	25,000	✓
Remuneration Committee			
- Chairman	10,000	25,000	✓
- Member	×	25,000	✓
Executive Committee			
- Chairman	10,000	25,000	✓
- Member	×	25,000	✓

Notes : 1. Directors who are executives / employees of the Company / shareholders shall not be entitled to receive such remuneration.
2. Chairman of the Board is not entitled to an additional monthly retainer or meeting allowance if he or she chairs any of the sub-committees.

The remuneration for seven (7) of the Company's Directors in 2009 is as follows:

Name	Position	Remuneration for 2009 (Baht)
Current Directors		
1. Dr. Paiboon Limpaphayom	Chairman of the Board of Directors	2,850,000
2. Mr. Aviruth Wongbuddhapitak	Chairman of the Audit Committee	2,450,000
3. Mr. Surasak Vijasit	Audit Committee	1,875,000
4. Mrs. Tasanee Manorot	Audit Committee	1,800,000
5. Mr. Suphadej Poonpipat	Director	1,400,000
6. Mr. Ng Ching-Wah	Director	1,700,000
7. Mr. Chakree Subprawong	Director	1,350,000
Total		13,425,000

(2) Remuneration for management team

The total amount of remunerations for 9 of the management team as of 31 December 2009 was calculated at Baht 72.01 million comprising of salary, bonus and provident fund and other benefits. The management team means Executive Committee and the Company's top four (4) managements, according to the SEC's definition.

(3) Other remuneration

The Company established an Employee Stock Option Plan (ESOP) program as a way to retain, motivate and reward the Company's directors and employees to the Company's best benefit. The ESOP program is a repeat, five-year program whereby the Company shall allot the grant of warrants annually for five consecutive years. The Company has submitted an annual allocation of warrants to the annual shareholders' meeting for approval. As of 31 December 2009, the Company had issued and offered a total of two (2) ESOP programs as follows:

Description	Grant 4	Grant 5
Number of warrants granted (units)	9,686,700	10,138,500
Price	Baht 0 (zero Baht)	
Expiration	Not more than five years from the date the warrants are granted.	
Exercise ratio*	1 : 1.19454	1 : 1.15737
Exercise price* (Baht per share)	89.292	79.029
Date warrants granted	31 May 2005	31 May 2006
Exercise period	The Company's directors and employees can exercise the rights of the warrants to purchase ordinary company shares as detailed: First Year: Directors and employees of the Company are entitled to exercise one-third of their allocated warrants to purchase ordinary shares one year after the warrants are issued to them, until the warrants expire. In the case that the exercise of rights pursuant to the warrants creates a fraction of shares less than the board lot determined by the Stock Exchange of Thailand, such fraction will be exercisable in the next exercise of rights. Second Year: Directors and employees of the Company are entitled to exercise one-third of their allocated warrants to purchase ordinary shares two years after the warrants are issued to them, and until the warrants expire. In the case that the exercise of rights pursuant to the warrants creates a fraction of shares less than the board lot determined by the Stock Exchange of Thailand, such fraction will be exercisable in the next exercise of rights. Third Year: Directors and employees of the Company are entitled to exercise the remainder of their allocated warrants to purchase ordinary shares three years after the warrants are issued to them, until the warrants expire. In the case that the exercise of rights pursuant to the warrants creates a fraction of shares less than the board lot determined by the Stock Exchange of Thailand, such fraction will be exercisable at the last exercise of rights.	
Exercise period of warrants	Within five (5) business days prior to each exercise date except for the last exercise period where exercise notice must be submitted fifteen (15) days prior to the last exercise period.	
Exercise date	By the last business day of each month.	

* Because the Company made a dividend payout of greater than 50% of net profit after tax, it was required by the documents filing to the SEC to adjust the exercise ratio and the exercise price of the ESOP warrants, which was done in 25 August 2009.

The List of Directors (of the Company and its subsidiaries) and Management Entitled to Receive Warrants and Employees Entitled to Receive Warrants at the Rate Exceeding 5% of the Warrant to be Issued and Offered for sales.

List of directors and management receiving the warrants	Grant 4		Grant 5	
	Units	%	Units	%
1. Mr. Somprasong Boonyachai	735,500	7.51	538,500	5.31
2. Mrs. Suwimol Kaewkoon	580,000	5.92	591,400	5.83
3. Mr. Vikrom Sriprataks	500,000	5.10	547,600	5.40

Corporate Governance

Corporate Governance Policy

The Company has full confidence that a good corporate governance system, which consists of competent management, qualified and accountable directors, a mechanism of checks and balances for transparent and auditable operations, respect for the rights of all shareholders, and equitable treatment for all stakeholders is the key factor in maximizing the economic value of the Company and increasing the sustainable long-term return on investment to its shareholders.

The Company introduced the following corporate governance policy since 14 November 2002 and amended and updated lastly on 6 November 2009 to align it with good practices and the guidelines recommended by the Stock Exchange of Thailand. The policy has been consistently communicated to the Board, executives and employees for practices.

The policy is presented into 5 categories as follows:

1. Board of Directors
2. Rights and Equitable Treatment of Shareholders, and the Role to Stakeholders
3. Disclosure of Information and Transparency
4. Internal Control and Risk Management Systems
5. Code of Business Ethics

(Those who are interested in this policy may download from the Company website i.e. www.ais.co.th)

(1) Board of Directors

1.1 Leadership and Vision

The Board of Directors (the “Board”) is determined that the Company and its subsidiaries (the “Company”) will lead and shape the multi-media communications market in Thailand through innovation, customer experience, technology and people & culture.

The Board must have leadership skills and clear vision, and demonstrate responsibility, accountability and independence in decision making in order to govern the Company for the greatest benefit of all shareholders.

The Board shall have duties and responsibilities towards the shareholders in monitoring the executives’ performance. Segregation of duties between the Board and the executives shall be clearly defined.

1.2 Composition of the Board, Appointment and Independence

- 1.2.1 The Board shall be composed of experts with a wide range of experience in various fields. There shall be sufficient directors to govern and supervise the Company: not less than five (5) directors (as required by law) shall sit on the Board. At least one director shall be experienced in the area of telecommunications, and at least one director shall be experienced in the area of finance and accounting.
- 1.2.2 The Board shall be representative of all shareholders, not of a particular group of shareholders.
- 1.2.3 At least one-third of the Board and not less than four (4) persons must be independent directors. More than one-half of the Board must be non-executive directors in order to ensure a good balance between executive and non-executive members.
- 1.2.4 The Board has a policy whereby the controlling shareholders of the Company are proportionally represented.
- 1.2.5 The appointment of members of the Board shall comply with the Company’s Articles of Association and all relevant laws in Thailand. Selection of directors shall be transparent, clear, and processed through the Nomination and Corporate Governance Committee. Consideration shall be given to the educational and professional background of the candidates. Sufficient information shall be provided to the Board and all shareholders for decision making.
- 1.2.6 A director’s term of office is defined in the Company’s Articles of Association. A retired director can be re-elected, but an independent director shall not serve for more than 3 consecutive terms.

1.3 Chairman of the Board and Chairman of the Executive Committee

Both the Chairman of the Board and the Chairman of the Executive Committee must be competent and possess appropriate experience and qualifications for their positions. In order to maintain a balance between the supervisory and management functions of the Company, one person cannot hold both these positions simultaneously.

The Chairman of the Board is a non-executive director, the leader of the Board, and has duties as the chairman of both Board and shareholders' meetings.

The Chairman of the Executive Committee shall be the head and leader of the Company's executives and be responsible to the Board for managing the Company in order to achieve all planned objectives.

1.4 Qualifications and Requirements for the Board

- 1.4.1 A director must be capable and honest, display the utmost integrity, conduct the business ethically, and devote sufficient time to the Company in order to perform his or her duties professionally.
- 1.4.2 A director shall possess necessary qualifications for his or her position, and not be disqualified in any way according to the Public Company Act BE 2535 or other related laws.
- 1.4.3 A director can sit on the board of other companies, providing this does not interfere with the performance of his or her duties at the Company.
- 1.4.4 Independent directors shall meet the same qualifications stipulated by the Stock Exchange of Thailand and the Securities and Exchange Commission. Independent directors have a duty to protect the interests of every shareholder in a fair and impartial manner in order to avoid any conflict of interests that may arise. They shall also attend the Board meetings and express their comments and opinions from an independent viewpoint.

Independent directors shall possess the following qualifications:

- 1) holding shares *not* exceeding 0.5 percent of the total number of voting rights of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, including the shares held by related persons of the independent director;
- 2) *neither* being *nor* having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the Company, its parent company, subsidiary, affiliate, same-level subsidiary or juristic person who may have conflicts of interest. Audit Committee Member who shall be appointed on or after 1 July 2010 shall have ended the foregoing relationship *not* less than two years prior to the date of appointment;

3. *not* having a business relationship with the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, in the manner which may interfere with his independent judgment, and *neither* being *nor* having been a major shareholder, non-independent director or executive of any person having business relationship with the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest. Audit Committee Member who shall be appointed on or after 1 July 2010 shall have ended the foregoing relationship *not* less than two years prior to the date of appointment.

The term 'business relationship' aforementioned under paragraph one includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or its counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or twenty million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Commission of the Stock Exchange of Thailand Re: Disclosure of Information and Act of Listed Companies Concerning the Connected Transactions *mutatis mutandis*. The consideration of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences;

4. *not* being a person related by blood or registration under laws, such as in the manner of father, mother, spouse, sibling, and child, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the Company or its subsidiary;
5. *not* being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder;

6. *neither* being *nor* having been an auditor of the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, and *not* being a major shareholder, non-independent director, executive or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest. Audit Committee Member who shall be appointed on or after 1 July 2010 shall have ended the foregoing relationship *not* less than two years prior to the date of appointment.
7. *neither* being *nor* having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, and *neither* being *nor* having been a major shareholder, non-independent director, executive or partner of the professional advisor. Audit Committee Member who shall be appointed on or after 1 July 2010 shall have ended the foregoing relationship *not* less than two years prior to the date of appointment.
8. *not* being a director assigned by the Board of Directors to take part in the business decision of the Company, its parent company, subsidiary, affiliate, same-level subsidiary or juristic person who may have conflicts of interest;
9. *not* being a director of other listed companies, which are the parent company, subsidiary or same-level subsidiary.
10. being able to perform duties, or express opinions or reports as assigned by the Board of Directors without any characteristics which render him incapable of expressing independent opinions with regard to the Company's business affairs.

1.5 Major Responsibilities and Scope of Duties of the Board

- 1.5.1 Perform its duties with honesty, integrity and prudence in accordance with the law and the Company's objectives and articles of association including the resolutions of shareholders' meetings, and carefully protect the Company's interests.
- 1.5.2 Set out the vision, policy and direction of the Company's operations and supervise the management team to act in accordance with

plans which are set out efficiently and effectively, and thereby maximize the economic value and wealth of the Company and its shareholders.

- 1.5.3 Consider and approve major issues such as large investments, policy, management authority, and any transactions as prescribed by law.
- 1.5.4 Approve or agree to all major related transactions between the Company and its subsidiaries in compliance with the relevant notifications, regulations and guidelines of the Stock Exchange of Thailand.
- 1.5.5 Assess the performance of the Executive Chairman and the executive directors, and fix appropriate remuneration on a regular basis.
- 1.5.6 Be responsible for overseeing operational results and the management team's performance to ensure due attentiveness and care.
- 1.5.7 Arrange appropriate accounting systems, including the production of financial reports and a reliable auditing system; oversee and monitor the effectiveness and efficiency of the internal control, internal audit and risk management systems.
- 1.5.8 Ensure avoidance of conflicts of interest amongst the Company's stakeholders.
- 1.5.9 Supervise business operations to enforce ethical work standards.
- 1.5.10 Annually review the Company's corporate governance policy and assess due compliance.
- 1.5.11 Report on the execution of the Board's responsibility to prepare financial reports, along with the external auditor's report in the annual report covering key issues according to the Company's policy statement and the Stock Exchange of Thailand's Code of Best Practices for Directors of a Listed Company.

1.6 Board of Directors' Meeting

The Board of Directors is scheduled to convene at least 6 pre-determined meetings in a year, and when deemed necessary, the Chairman of the Board of Directors may call extraordinary meetings. The Chairman or Vice-Chairman, as delegated, shall distribute a clearly stated meeting agenda along with invitations and sufficient supplementary documentation at least seven days before every meeting in order that information pertaining to the meeting can be studied in good time.

The Chairman of the Board shall preside over the meetings, be responsible for monitoring the proceedings, and allocate sufficient time to each item on the agenda for the directors to discuss, express their opinions independently, and represent all the shareholders and interested persons equally. The relevant members of the management team are also required to provide the necessary information for consideration of important matters.

The Company Secretary is responsible for supporting the Board of Directors, coordinating between the Board and the management, publishing and circulating of Board minutes within fourteen (14) days after each meeting. He/she is responsible for filing the minutes and directors' personal information. In addition, he/she is also responsible for assisting the Board to perform their duties as required by law, the Company's articles of association, and the resolutions of shareholders' meetings, promoting the good corporate governance and being a contact center for investor, as well as performing other tasks as stipulated by laws.

In 2009, the Board of Directors convened a total of ten regular and extraordinary meetings with attendances as detailed below:

1. Dr. Paiboon Limpaphayom	9 attendances
2. Mr. Aviruth Wongbuddhapitak	8 attendances
3. Mrs. Tasanee Manorot	9 attendances
4. Mr. Surasak Vajasit	9 attendances
5. Mr. Suphadej Poonpipat	5 attendances
6. Mr. Allen Lew Yoong Keong	2 attendances
7. Mr. Yeo Eng Choon ¹⁾	1 attendances
8. Mr. Vikrom Sriprataks	9 attendances
9. Mr. Somprasong Boonyachai	9 attendances
10. Mr. Ng Ching-Wah	7 attendances
11. Mr. Chakree Subprawong	9 attendances
12. Mr. Ng Kwon Kee ²⁾	3 attendances
13. Mr. Yuen Kuan Moon ³⁾	1 attendance

¹⁾ Appointed to be a director replacing Mr. Ng Kwon Kee on 6 November 2009

²⁾ Resigned from director's position on 6 November 2009

³⁾ Resigned from director's position on 18 February 2009

1.7 Non-executive Directors Sessions

The non-executive directors shall conduct meetings without the presence of executive directors at least once a year. This is to give an opportunity to discuss any subjects of interest related to the business operations of the Company.

The Chairman of the Board shall preside over these executive sessions. If the Chairman of the Board is unable to attend, the directors who are present shall select and appoint one of their members to chair the meeting. The Company shall provide a secretary to these executive sessions.

There was 1 non-executive director session in the year 2009.

1.8 Succession Plan

A succession plan for the Chairman of the Executive Committee and senior executives shall be developed in order to maintain the confidence of shareholders and stakeholders and allow business operations to continue without interruption when these positions become vacant.

The Board has authorized the Nomination and Corporate Governance Committee to set up succession planning criteria for the Chairman of the Executive Committee whenever this position becomes vacant. The succession plan shall be reviewed annually and the Chairman of the Executive Committee shall update the Board on a regularly basis.

1.9 Communication with Management

The directors shall be allowed to access and communicate directly with the management team and the Secretary to the Board. However, this access and communication should not interfere with or interrupt the Company's normal business operations.

1.10 Remuneration

The remuneration for the Company's directors and executives shall be in line with their duties, responsibilities and contribution, and be comparable to industry standards in order to retain and motivate qualified people. The Remuneration Committee shall consider and propose adequate and appropriate compensation to the Board and shareholders on an annual basis for their approval.

1.11 Training and Development

A newly-appointed director shall be provided with all necessary details about the Company, applicable laws and regulations, and information on the current business environment in order to facilitate his or her duties. A continual training and development programme will also be provided to equip each new director with all the necessary skills required to discharge his or her duties and govern the Company efficiently.

1.12 Board Assessment

The Board shall evaluate its own performance annually in order to improve this and ensure that it performs its duties according to the approved corporate governance policy and/or the latest good practices.

(2) Rights and Equitable Treatment of Shareholders, and the Role to Stakeholders

2.1 Shareholders' Rights and Equitable Treatment

The Board respects the shareholders' rights and has a duty to protect the benefits of every shareholder equitably, regardless of whether they are retail, local or foreign. Every shareholder is entitled to the rights and equitable treatment detailed below:

- 1) The right to receive share certificates and share transfers, and to be sufficiently informed of operating results and management policies on a timely basis.
- 2) The right to an equitable dividend.
- 3) The right to participate in meetings, vote and make recommendations on decisions concerning major corporate actions such as amendments to the Articles of Association, appointments to the Board, appointment of the Company's external auditors, and issuance of new share capital.
- 4) The right to elect directors.

In addition to the above rights, every shareholder is entitled to the rights and equitable treatment stipulated in the Company's Articles of Association and all relevant laws.

2.2 Shareholders' Meetings

The Company has a policy to conduct shareholders' meetings according to the laws and guidelines prescribed by regulatory bodies.

In each shareholder's meeting, every shareholder has the right to give his or her opinion and query any of the information presented which is relevant to the agenda and the issues being discussed. The chairman of the meeting shall allocate an appropriate period of time for each item on the agenda and encourage all attendees to participate in the discussion and express their opinions.

The Company invites shareholders to propose agenda item in advance and to nominate the qualified person as the Company's director on its Annual General Meeting of Shareholders. The Company will announce the criteria for shareholder to propose agenda, channel for submitting proposals and consideration procedures

to the Stock Exchange of Thailand and on the Company's website, in accordance with the principle of good corporate policy relating to the promoting of shareholders' right.

In 2009, the Company held its Annual General Meeting of Shareholders on 8 April 2009 during 10.00 - 12.00 hours at Shinawatra Tower III, 1010 Vibhavadee Rangsit Road, Chatuchak, Bangkok. In the meeting, voting was undertaken sequentially according to the agenda and each agenda was approved by the shareholders. The Company allowed shareholders to propose agenda on the 2009 Annual General Meeting of Shareholders and to nominate qualified person to be elected as the Company's director in advance, in accordance with the principle of good corporate policy relating to the promotion of shareholders' rights.

For the 2010 Annual General Meeting of Shareholders, during November 2009 to January 2010, the Company also announced to the Stock Exchange of Thailand and on the Company's website (<http://investor.ais.co.th>) inviting its shareholders to propose agenda and to nominate qualified person to be elected as the Company's director at the shareholders' meeting.

At each shareholder's meeting, the Company shall serve a notice, once completely prepared, to shareholders not less than fourteen (14) days in advance, and posted visibly on the Company's website at <http://investor.ais.co.th> not less than thirty (30) days in advance. Therefore, the shareholders shall have access to information prior to the meeting. Each agenda shall contain opinion by the Board of Directors and the minutes of the meeting shall be accurately recorded for review by shareholders.

The notice contains detail informing shareholders to bring all necessary documents to each meeting so as to preserve their voting rights. On the day of the meeting, shareholders can register their right 2 hours before the meeting commences.

In each meeting, at least one independent director shall be appointed as a proxy for shareholders who cannot attend the meeting, and every party shall be informed beforehand in the notification of the meeting. Every shareholder shall have the right to vote separately for each item on the agenda. The Board shall not aggregate irrelevant matters and request approval in one resolution.

It is the duty of all directors to attend every shareholder's meeting in order to answer any queries the shareholders might have.

Communication with Shareholders

The Company has emphasized on the direct communication with each shareholder. Shareholders can send their suggestions, opinions, or questions on the Company's operations by email to, directors, executives or the Company Secretary at companysecretary@ais.co.th.

The Company delegates members of the Board, especially the Chairman of the Board and Chairman of the Committee, to attend its annual meeting of shareholders and thus answer any enquires raised by shareholders. In addition, the Audit Committee comprised of independent directors shall attend every meeting. The Chairman of the meeting or any person so delegated has the responsibility of allocating adequate time to shareholders and encouraging shareholders to express opinions, give recommendations and raise questions during the meeting. The Chairman must also facilitate equal opportunities for shareholders in order to audit the Company's operations. In addition, questions, issues or important opinions are recorded in the minutes

2.3 Role to Stakeholders

The Company is aware of the rights of stakeholders and has a policy to ensure the importance of these rights by the appropriate prioritization of all stakeholders as follows: shareholders, employees, executives, customers, partners, creditors, and society. Cooperation between stakeholders shall be established according to their roles and responsibilities so that the Company can run its operations smoothly and effectively in order to benefit all groups of stakeholders fairly.

(3) Disclosure of Information and Transparency

Roles and Duties of the Board regarding Information Disclosure and Transparency

- 1) It is the duty of the Board to disclose financial information, operating performance, and other relevant information accurately, completely, thoroughly and in a timely manner to all shareholders and stakeholders in the Company.
- 2) The Company has set up the Investor Relations department that regularly communicates with the shareholders, investors, and analysts. The Department maintains its regular contact through email at investor@ais.co.th or telephone at +662 299 5116 or its website <http://investor.ais.co.th>. In addition, the Compliance department is responsible for information

disclosure to the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) to ensure that the Company complies with the laws and regulations. The Company arranges an annual investor day for fund managers and analysts to gain more understanding of the Company's ongoing business and insights to the Company's operations under various business units.

3. The Company has a policy to disclose the following information to the public:
 - 3.1 The Company's objectives.
 - 3.2 The Company's financial status and operating performance, shareholding structure, and voting rights.
 - 3.3 Name lists of directors and sub-committee members, Chairman of Executive Committee, Chief Executive Officer and directors' remunerations.
 - 3.4 Risk factors and risk management policies on material and foreseeable risks, both operational and financial.
 - 3.5 Corporate governance structures and policies including the responsibility of the Board regarding financial reports, the reports of the Chairman of the Audit Committee, and all other related reports.
 - 3.6 The total attendance of each director and/or each sub-committee member at their respective meetings shall be compared with the total number of meetings of the Board and/or the sub-committees in each year and shall be disclosed in the annual report.

In addition, the Company is under obligation to disclose any information that is required by law or related regulations so that potential investors or those interested in shares of the Company may exercise discretion of their decision via all channels of the Stock Exchange of Thailand or the Company website <http://investor.ais.co.th>

(4) Internal Control and Risk Management Systems

4.1 Internal Control

The Board shall arrange and maintain the Company's internal control system in order to safeguard the shareholders' investment capital and the Company's assets.

It is the Board's duty to review the efficiency of the internal control system at least once a year and report its performance to the shareholders. The review shall cover all matters pertaining to financial controls, operational controls, compliance controls and risk management.

4.2 Internal Audit

There shall be an internal audit unit, reporting functionally and directly to the Audit Committee, and administratively to the highest level of management. The internal audit unit's responsibilities are to cover consulting services, and to audit and evaluate the internal control system, the risk management system and the corporate governance system.

4.3 Risk Management

There shall be a policy to manage both internal and external risk factors affecting the Company at an appropriate and acceptable level. There shall be a risk management committee, consisting of all department heads and presided over by the President of the Company. The duties of the Risk Management Committee are to evaluate and review the results of risk assessment in each department, report these results to the Audit Committee, and review the risk management plan and policy for the Board's approval at least once a year.

Risk management is a part of the Company's annual business plan process and is aligned with its objectives, goals, and strategic plan of the Company. As the risk owners, management and all staff members shall be responsible for assessing the risks related to their respective departments and business processes, so as to evaluate the effectiveness of existing controls, and propose action plans for mitigating the risks as well as reporting them to the Risk Management Committee, the Audit Committee, and the Board.

For more details, please refer to Section 1 Risk Factors and Section 10 Internal Control, Risk Management and Internal Audit.

(5) Code of Business Ethics

The Company has issued the Code of Business Ethics which is a part of good corporate governance policy as guidelines of practices for directors, management and all employees with integrity and honesty. The Company also appointed the Committee on Code of Business Ethics since 2006. The Code of Business Ethics covers the followings:

5.1 Responsibility to Shareholders

The Company acts as a representative to its shareholders in carrying out the business in order to maximize shareholder satisfaction with regards to sustainable growth of the Company's value in the long term future, and the disclosure of transparent and reliable information to its shareholders.

5.2 Responsibility to Customers

Customer satisfaction and consumer confidence are very important to the Company, which aims to provide high quality goods and services at reasonable prices, and maintain a good relationship with its customers. The Company has thus determined the following guidelines:

- The Company shall provide high quality products and services, and continuously strive to improve these. The Company shall also provide complete and accurate disclosure of all information pertaining to its products and services without any misrepresentation.
- Directors, management, and staff members at all levels shall not disclose any information on customers without prior permission from those customers or authorized personnel of the Company. The only exception to this is information requested by law enforcement officers acting in accordance with the law.

5.3 Responsibility to Business Partners and Creditors

The Company's dealings with any business partner shall be conducted in a manner that upholds its reputation and all relevant laws. All Company personnel must be aware of the common interests of the Company's business partners and treat them equitably. The selection of business partners shall be fair. The Company shall also consider its business partners to be the key factor in jointly creating a value chain for customers.

The Company shall keep all its promises and perform in accordance with the terms and conditions agreed with its creditors for the repayment of principal and interest, as well as safeguarding all guaranteed assets.

5.4 Responsibility to Staff

All members of staff are valuable assets and a critical success factor, so the Company must place emphasis on developing and promoting a good culture and working atmosphere, teamwork, courtesy, and respect for individuality. The employment, promotion and transfer of all staff members shall be conducted in a fair manner based on ethical standards whilst maximizing human resource utilization.

The Company is responsible for implementing and maintaining a safe working environment to protect the lives and property of its employees. The Company must also adhere strictly to the labor law.

The Company respects the privacy of all its staff members and will not disclose any personal information such as salaries, medical records or family data to anyone who does not have the right to that information unless it is required to do so by law.

5.5 Business Competition

The Company has a policy of free and fair competition, and will not acquire information about its competitors by any illegal or unethical methods.

5.6 Responsibility to Society and the Environment

The Company is aware that it is a Thai company and has a responsibility to Thailand and Thai society. The Company is committed to making a contribution to society by supporting activities of public interest and cooperating with the communities in which those activities are located.

The Company has a policy to produce goods and render services that are environmentally friendly and comply with all related environmental laws.

The Company supports activities that protect the environment and save energy. In addition, the Company has a policy to purchase and promote the use of products that are environmentally friendly.

5.7 Conflict of Interests

Directors, management, and staff members at all levels involved in any outside interest or additional source of

remuneration which may impair their independence towards performing their duties, or may affect the interests of the Company or their customers, shall adhere to the following regulations:

1. Receiving money or other remuneration

Directors, management, and staff members at all levels shall not personally receive any money or benefits from the Company's customers or business partners, or from any other persons when working on behalf of the Company.

Directors, management, and staff members at all levels shall not borrow or raise funds from, or lend money to, the Company's customers or business partners, unless they are independent customers of banks or financial institutions which are connected to the Company.

2. Engaging in other business outside the Company and subsidiaries

Directors, management, and staff members at all levels shall not engage in any other business that affects their performance, duties and working hours in the Company. Every member of the Company is prohibited from participating in any other business which is in competition with the Company and subsidiaries, regardless of whether the management or the staff directly or indirectly benefit from that business.

3. Engaging in business with the Company and subsidiaries

Every director, manager and staff member shall disclose his or her relationship to any other business entity the Company may be dealing with, according to the Company's disclosure criteria.

No director, manager or staff member may approve a business transaction on behalf of the Company if he or she has a conflict of interests related to that transaction.

Prior to entering into any business dealings, the management of the Company has a duty to determine the relationship between business partners and the Company's directors, managers and staff members who are conducting business with those partners.

The definition of "relationship" is given in the Notification of the Board of Governors of the Stock Exchange of Thailand, Re: Disclosure of Information and Act of Listed Companies Concerning Connected Transactions, 2003.

4. Outside directorships

The Company has no policy to nominate members of its management team as board members of a company outside the Company and subsidiaries. In the event that a member of the management team is invited to serve on the board of a company outside the Company and subsidiaries, approval is required from the Company, unless the invitation is for a non-profit organization and does not infringe any related laws or regulations governing the Company's business. Furthermore, the person involved shall not use his or her position in the Company to promote the business of the outside company.

Title	Approved by:
Manager with job grade 13-15	The Chairman of Executive Committee
Manager with job grade 15 and above	The Executive Committee
Executive Director	The Board of Directors

5. Receiving gifts and entertainment

Every director, manager and staff member should refrain from accepting monetary or non-monetary gifts from the Company's business partners, suppliers, customers, creditors or any other person they are dealing with on behalf of the Company. The only exceptions are traditional, seasonal gifts which are in accordance with normal cultural practice. The value of any gift received may not be over 5,000 baht: if the value is above this amount, the recipient must consult his or her immediate supervisor for advice.

Every director, manager and staff member can accept normal business entertainment provided by business partners, suppliers, customers, creditors or any other person they are dealing with on behalf of the Company. However, any member of the Company accepting this entertainment should exercise good judgment and due care regarding the nature of the entertainment to ascertain that it is in line with normal business relationships.

6. Accepting invitations to seminars, business events and company visits

Every director, manager and staff member can accept invitations to seminars, business events and company visits where the traveling expenses are sponsored by suppliers, customers, creditors or any other person they are dealing with on behalf of the Company. However,

the aforementioned activities must benefit the Company's business and be authorized by the relevant supervisor. No director, manager or staff member may accept spending money or other benefits provided for these events.

5.8 **Giving Gifts, Entertainment and Gratuities**

The Company has no policy to give money, incentives or other special benefits to its suppliers, customers, creditors or any other person in order to influence, or in exchange for, business deals, with the exception of providing normal business entertainment, trade discounts or promotional campaigns.

5.9 **Participation in Political Activities**

The Company has a policy of political neutrality and does not make donations to any political party. The Company also avoids activities that may favor any particular political party.

Directors, management, and staff members at all levels are able to participate in political activities under the terms of the Constitution of Thailand. However, no members of the Company shall claim the status of being a Company employee or use any of the Company's property or equipment for the purpose of political activities.

Any director, manager or staff member who accepts a politically related position or stands for any local or national elections in any constituency in Thailand must resign from the Company forthwith.

5.10 **Safeguarding the Company's Assets**

Directors, management, and staff members at all levels are responsible for looking after, maintaining and maximizing the use of property and fixed assets belonging to the Company, and shall not use any of these for their own or others' benefit.

The Company has a policy to prepare all business documents and financial reports, and record all accounting and financial data on an honest and timely basis, in compliance with generally accepted accounting standards and related laws.

No director, manager or staff member may disclose material inside information to any party that has no right to access that information. It is the duty of every member of the Company to secure and protect confidential information, data and documents.

5.11 Use of Inside Information and Trading of the Company's Securities

Directors, management, and staff members at all levels shall not use any significant inside information about the Company which has not been disclosed to the public, for their own or others' benefit.

Directors, management, and staff members at all levels shall have the right and freedom to invest and trade in the securities of the Company. However, in order to prevent conflict of interests, all directors and employees should avoid or suspend trading for a period of one month prior to the disclosure of all financial statements to the public.

5.12 Distribution of Information and Interviews with the Press or Public

The distribution of information about the Company shall be conducted in a factual, accurate and careful way.

A Company employee who is not authorized or assigned to speak to the press shall not give any interview with the media or the general public, nor disclose any information about the Company and subsidiaries which may adversely affect their reputation or business operations.

5.13 Related Transactions

In the case of related transactions amongst the Company and subsidiaries, the Company shall conform to the rules and procedures of granting approval by upholding its best interests as if the Company were dealing with outside parties on an arm's length basis.

5.14 Compliance with Laws, Rules and Regulations

Directors, management and staff members at all levels shall abide by the law and all related rules and regulations pertaining to their position. No member of the Company shall commit or support illegal acts.

5.15 Supervision and Administration

1) Every director, manager and staff member shall acknowledge, understand, and strictly adhere to the Company's Code of Business Ethics (the "Code") in the performance of his or her duties. If any unethical conduct is discovered, the Company shall consider and take reasonable actions against wrongdoer; and if such non-compliance act is against the Company's general regulations or working regulations, he/she should be punished appropriately.

2) It is the duty of every director, manager and staff member to read the Code, including all amendments that are made, and sign an agreement to abide by its conditions.

3) All executives and supervisors should behave as role models for the staff, promote the Code among their subordinates and encourage all of them to comply with its conditions.

4) A Code of Business Ethics Committee shall be established, composed of the Company's Chief Executive Officer, acting as the chairperson, and other department heads including Internal Audit, Human Resources and Legal. The roles and responsibilities of the committee are as follows:

- Periodically review and update the Code.
- Receive and investigate any complaints regarding non-compliance with the Code.
- Answer any questions that may arise and provide an interpretation of the Code if a situation is unclear.
- Annually report the committee's activities to the Executive Committee.
- Create awareness and promote the Code within the Company and provide training for the staff in order to encourage every employee to behave in accordance with the Code.
- Appoint other working sub-committees to perform tasks as delegated by the Committee.

5) Any waivers to the Code, for senior executives and directors must be approved by the Board.

5.16 Reporting of Non-Compliance

Every director, manager and staff member has a duty to report any activity that infringes the Code or situation where they were forced to perform a task that conflicts with the Code, to their supervisor, a senior executive, or the Business Ethics Committee, as the case may be.

The Company has a policy to protect the identity of anyone who reports non-compliance with the Code. All information received will be treated in the strictest confidence and the Company will not take any disciplinary action against the person reporting the allegation if that person acted in good faith.

Policy on Use and Disclosure of Inside Information

At AIS, we are strongly committed to the responsible and transparent use of internal data to develop and enhance Company operations. In doing so, the Company is resolved to uphold the principles of good corporate governance and business integrity, while facilitating equal access to completed, reliable, and updated internal information for all investors and concerned parties. Accordingly, the company monitors and tracks all internal data usage and trading securities procedures of directors, executives, and employees to conform to the Securities and Exchange Act. Outlined below are some of the key points of the policy:

- Directors, executives, and employees at all levels are forbidden to use internal data containing crucial information, which may have significant impact on the stock price, and/or has not yet been declared to the public or the Stock Exchange of Thailand, for trading to the advantage of self or others. Furthermore, the aforementioned parties are to avoid or refrain from trading the Company's stock for one (1) month prior to the date of the Company's results announcement date.
- The Company is responsible for announcing to the public key Company information, decisions and/or actions, instantly and thoroughly, via appropriate and acceptable media to ensure that all data and information are accessible to stakeholder groups in a timely manner. Release of such information must be done through the Investor Relations Department and Public Relations Department and in a manner compatible with the rules and regulations set out by the Stock Exchange of Thailand.
- Directors and executives shall report all securities ownership issued by the Company, including those that relate to self, spouses, and/or underage children, to the Securities and Exchange Commission and to the Board of Directors on a quarterly basis.
- The Company maintains a strict policy regarding computer system usage and electronic information security in order to protect crucial information from unauthorized release. Misuse of internal Company data by directors, executives, or employees is considered a serious breach of Company policy and in warranted cases will be prosecuted to the fullest extent of the law. Before The Company's result announcement, internal data are restricted to specific and related departments, including Accounting, Finance, Investor Relations, and Compliance.
- The Investor Relations Department avoids discussing forward-looking statements, or giving any comments on information of less than six (6) months to comply with the SET rules and international best practices; however, the long-term view regarding company's strategic direction and business trends may be discussed in an appropriate manner.

Internal Control, Risk Management & Internal Audit

Internal Control, Risk Management

The Company's policy is to have sustainable business growth; therefore the Company has placed high priority over Internal Control and Risk Management. All employees share responsibilities which are clearly stated and delineated their duties of either management or operations. The written statement includes financial control, operations, management, and supervision in alignment with related laws and regulations to assure that the outcome of its operations keep the Company on course towards its objectives as follows:

1. Strategies and objectives are clearly stated and practical, and are align with the Company's mission.
2. Outcomes are achieved to stated objectives, and resources are managed, and used efficiently and economically.
3. All significant reports including financial, management, and operational information are accurate, timely and reliable.
4. Operations and working's performance are in line with the Company's policies, regulations, laws, and other rules related to business operations.
5. Appropriate safeguarding systems implemented to protect physical assets, personnel, including information systems data.
6. Established closely governance with an effective quality management.
7. Continuous improvement in quality operation in aspects of personnel, equipment assets and operating systems.
8. Control Self-Assessment is implemented in all crucial processes throughout the organization.

The Company has proper and effective Internal Control and Risk Management Systems in alignment with the integrated framework of the Committee of Sponsoring Organisations of the Tread way Commission - Enterprise Risk Management (COSO-ERM) concept, which relates to business operations and management processes within the Company through eight factors as follows:

1. Internal Environment

The Company encourage and promote a good working environment, establishing an appropriate organizational

structure accordingly to business size and processes, complying with its good Corporate Governance Policy, and adheres to business's philosophies and ethics which are written in the Code of Business Ethics. Also to appoint a selection of Business Ethics Committee by having Chief Executive Office as the Chairman and top executives as committees, to ensure that the Company conducts its business in compliance with the good corporate governance policy and all stakeholders are treated with fairness and respect, and in such a way that adheres to good corporate governance principles. In addition, the authority and responsibility are clearly determined at each level; moreover, the Risk Management Committee is assigned in writing with a clear roles and responsibilities, including the continuous and systematic assessment of risk management processes and procedures. All of these are to ensure that the Company has effective Internal Control and a Risk Management System which can effectively prevent or reduce loss and damage that may happen at the organization's risk appetite. Consequently, the Company can achieve their stated objectives.

The Company has also placed great emphasis on employees by supporting a Corporate Culture, as well as fair and clearly defined evaluation and benefit standards. The Company has continually established training courses to improve employees' competence skill and knowledge according to Individual Development Plans in order to support and improve employees' morale and capability to achieve excellence and international standards.

2. Objective Setting

The Company has clearly stated objectives or goals for each level including strategies, operations, reporting, and complying rules and regulations which are stated in writing. These objectives are aligned with the overall Company's mission at its risk appetite level. Furthermore, the Company's business plan, strategies, and objectives are updated regularly in accordance with the current situation and altering risk factors.

3. Event Identification

The Company properly and systematically identifies events or risk factors that may negatively impact the Company's objectives both in the organization and

operations level. In addition, the Company identifies future events which may have a positive impact on its objectives by considering both internal and external risk factors, and has routinely monitored the results to ensure that the Company appropriately identifies risk factors that cover changing conditions in every operation level, and frequently reports to executives and involved parties.

4. Risk Assessment

The Company has tools and systematic Risk Assessment methods. The Company has published the Risk Management Manual for adhering to the practices and appropriately defines the rules of Risk Assessment in each level. The Company also evaluates in the aspect of quality and quantity by considering the Company's risk appetite which can be assessed in 2 ways: likelihood and impact. Both measures are used to determine risk levels whether the risk is considered high, medium, or low.

5. Risk Response

The Company has continuity systematic Risk Management processes and has clear direction for avoiding, reducing, sharing, and accepting risk to ensure that the Company considers the most cost efficient and the most effective methods by managing risk which selecting high priority risk in order to reduce the overall likelihood and impact of that particular risk, as well as good internal control measures which is effective, suitable in handling the changing risks.

6. Control Activity

The Company has a clearly stated policy and procedure process including define the key control activities in each level properly, mainly concentrating on preventive control activities. The assessment and results are reported regularly to ensure that the risk management method or control activity is practical and meets objectives including the equivalence of quality and speed.

Moreover, the Company's executives have periodically reviewed the policies and procedures including control activities in accordance with the current situations and changing risks to ensure they meet the Company's objectives.

7. Information and Communication

The Company has information network and data systems that are connected organizationally which can be used for Risk Management or timely decision

making. It also has an effective information security system including a contingency plan to protect the information system when there are serious accidents which may cause system failure. The Company has a practical contingency plan and the audit trail system that can track back and review data, plus the system is able to statically analyze or indicate the risk area which assess and manages the risk, and provides completed records and reports.

Moreover, the Company has an effective and efficient communication channel that enables communication throughout the organization. Important information such as Corporate Governance, Business Ethics, Risk Management policies, risk appetite, policies and regulations, role and responsibilities, and segregation of duties, including procedures and practice can be transferred from management to employees rapidly. In addition, the Company also provides a direct communication channel for employees to communicate with management and also channel of communication that can be use to communicate with other stakeholders on an effectively and timely manner.

8. Monitoring

The Company has appropriately and continuously monitoring and supervision in each level with a good assessment and monitoring system such as having supervisor level employee to closely monitor their subordinates' performance and all level of employees to perform Control Self assessment for each procedure in good working process to ensure that measurements and the internal control system are effective, and response to risk factors and risk change timely and appropriately, including to review performance by an independent internal audit, external auditor, and independent appraiser.

The Company has a good monitoring of risk management system and an alerting system in place to ensure that Risk Management is effective aligning with its risk appetite. The Company has regularly set up a reporting system for each management level including senior management. The Company has also set regular meetings for the Board of Directors and for senior management to determine and monitor the performance of management operations in regard to whether the objectives are achieved in a timely manner.

In the current situation that comprise with dynamically changes, Risk Management is evermore essential in supporting the Company to withstand turbulent conditions.

Accordingly, it is important that the Company must have management methodology in place to build strength and prepare for upcoming future so that the Company has a sustainable business growth.

The Company has always emphasized the corporate Risk Management by having the Chairman of Executive Committee as the Chairman of the Risk Management Committee together with the Chief Executive Officer and senior management officers as the members of the committee, totaling 13 members. In 2009, the committees held 4 meetings to examine risks throughout the Company, rate the risks, define the Risk Management concept, and assign responsibilities to those in charge of managing and controlling the risks to its risk appetite levels. This enables the Company to accomplish its goals and strategies and create confidence for all shareholders and stakeholders. The Company has continuously regular revising its risks factors whether the risks has evolve or increase, and how the current economy crisis affected the Company's involved parties.

The Risk Management Committee has closely followed the results of risk management by considering the action management plan that consistent with the results of a reliable measurement. In each meeting, the Risk Management Committee will have each management division report the risk management results that were identified in the former meeting, including consideration whether the level of risk has been decrease thus resulted to an effective risk management.

In every quarter, the Risk Management Committee submits the results of Risk Management to the Audit Committee, the Board of Directors, and the Executive Committee in order to manage and closely monitoring risk to ensure its risk appetite and the Company is able to accomplish its goals. Please refer to the "Risk Factors" section, which summarized the risk factors affecting the Company's operation and financials.

In the Board of Director's Meeting No. 2/2010 on 12 February, 2010, along with the Audit Committees, the Board of Directors has assessed the Internal Control System by reviewing the effectiveness of Internal Control processes and by questioning the Management. The result from the adequate evaluation found that the Company had implemented an appropriate and effective Internal Control System.

In addition, KPMG Phoomchai Audit Limited, the Company's external auditor and the auditor of the 2009's Financial Statement, have evaluated the effectiveness of the Company's Internal Control System as consider necessary, and concluded that there was founded no vulnerabilities of material deficiencies in the internal control processes.

Internal Audit

The Internal Auditing is an independent operation, which reports directly to the Audit Committee and administratively to the Chairman of the Executive Committee. An Internal Audit Office Charter has also been created to define the mission, scope, objectives, accountability, and responsibility of activities, including the Internal Audit Office authority and the Internal Audit Manual that is regularly updated for referencing in the same direction.

The duty of the Internal Audit Office is to evaluate and improve the effectiveness of Internal Control, Risk Management, and Governance Processes according to the annual audit plan which is consider from the overall objectives, strategies, mission, and the Risk Based Audit Approach through the approval of the Audit Committee. The Internal Audit Office also consults and advices in Control Self Assessment (CSA) in each area to ensure that the performance will achieve its strategies and objectives. Furthermore, the Internal Audit Office regularly performs monitoring activities to make certain that the Internal Control Processes are in placed effectively and continuously, and to improve the processes in a timely manner.

In assessing the effectiveness of Risk Management, the Internal Audit Office reviews events identification and risk factors which affect the Company's objectives, and then reviews the Risk Management approach. This ensures the accuracy of both events identification and risk assessment, and that a systematic Risk Management Approach is implemented to ensure that risk is managed at its risk appetite level, reported in a timely manner, along with a regular risk review and monitoring.

In assessing the effectiveness of Internal Control, the Internal Audit Office has developed an adequate evaluation questionnaire for each internal control processes, and reviews the performance of each operation. Also to supports each department to

perform regular Control Self Assessments in each procedure to ensure that the Company's objectives are achieved efficiently and effectively, in compliance with rules and regulations that are strictly adhered, and that the financial report is accurate and reliable.

In assessing the effectiveness of governance, the Internal Audit Office performs evaluation according to the Organization for Economic Co-Operation and Development (OECD) and the Stock Exchange of Thailand (SET). This ensures that the Company has the necessary infrastructure and supports processes in adherence to good corporate governance, that the Company is transparent, and creates fairness for all, and accomplishes its objectives by using resources effectively in order to make the greatest benefit for stakeholders.

In assessing fraud risks assessments externally and internally, the Internal Audit Office performs evaluation fraud risk assessments and events identification and evaluates the possibility of external and internal fraud. The Internal Audit Officer is also to consider the most effective measurements to prevent and control to ensure that the Company will be able to prevent and control to achieve the objectives.

In assessing the Control Self Assessment, the Internal Audit Office performs evaluation of Control Self Assessment of each operation. This is to encourage other departments to have a better control measures included in the effective operating system and to be able to manage key risks effectively and in a timely manner. In addition, this is to ensure that each operation will be achieved by strategies and objectives defined within the period specified.

Moreover, the Chief Audit Executive (CAE) acts as the secretary to the Audit Committee to enhance the effectiveness of its responsibility and accountability to all functions of the Audit Committee assigned by the Board of Directors, and arranges Audit Committee meeting once a month. Additionally the CAE has the role of consulting by acting as a committee member of the Risk Management Committee and the Information Security Committee with the responsibility of providing beneficial advises to the Company.

The Internal Audit Office adheres to the standard framework of the International Standards for the Professional Practice of Internal Auditing, COSO-ERM, AS / NZS 4360, and holds the standard framework of

CobIT4.1 IT Governance, ITIL, ISO 17799 in the Information System Office as an additional framework to ensure that the Company's Information System is secure and in a good supervision. Moreover, the Company has emphasized developing the internal audit activities to be equivalent in quality to international standards. The internal auditors also review regular Internal Quality Assessment by ongoing control self assessment. In addition, the internal auditors perform independently and objectivity in line with the Code of Ethics.

The internal auditors are continually trained according to Individual Development Plans. Furthermore, Internal Audit staff has been consistently supported and hold several professional certifications and qualifications. At present, there are four CIA (Certified Internal Auditor), three CISA (Certified Information System Auditor), one CISM (Certified Information Security Manager), one CISSP (Certified Information Systems Security Professional), three CPA (Certified Public Accountant), and one TA (Tax Auditor) qualified staff. Along with other staff who are still in the process of acquiring CIA and CISA to ensure that the performance of the Internal Audit Office meets the Company's goals, and supports good corporate governance, and add value to the Company effectively.

Related Transactions

The Company and its subsidiaries have entered into related transactions with connected persons. All of these related transactions are made in the ordinary course of business and on general trading conditions.

To be aligned with the Security and Exchange Act (No. 4) B.E. 2551, Article 89/12 (1), the Company's Board of Directors has approved in principle, on 13 August 2008, that the management shall have the authority to undertake the related transactions, whereas those transactions are transactions with general trading conditions. The approval of the above transactions shall not constitute such authority to allow the director, an executive, or a related person to approve with a conflict of interest.

For approval process, the related transactions shall be processed in the same practice as other general trading transactions with outside parties with the authorized executives designated and empowered to endorse up to a certain limit of budget according to their respective

rank and position. The Audit Committee of the Company and its subsidiaries is responsible for reviewing the related transactions every quarter to ensure that no conflict of interest will be occurred in order to maximize the overall company's benefits.

The practice and disclosure about the related transactions have been followed up strictly under the notifications or rules of the Stock Exchange of Thailand.

For the fiscal year ended 31 December 2009 and 2008, the Company and its subsidiaries had the related transactions in which the auditors had disclosed in the notes to audited financial statements and these transactions have been reviewed by the Audit Committee. The Audit Committee had an opinion that all related transactions are reasonable and based on the normal course of business. The Company charges/purchases products and services with related parties at reasonable prices and those prices are comparable to the market rate with general trading conditions. Details of related transactions are as follows;

Related parties / Relation to the Company	Detail of transactions	31 December 2009 (Million Baht)		31 December 2008 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
1. Shin Corporation Public Company Limited (SHIN)/ SHIN is a major shareholder, holds 42.65%, and Mr. Somprasong Boonyachai is a joint director.	The Company pays a dividend to SHIN who is the major shareholder. 1. Service income 2. Other income 3. Dividend paid 4. Trade account receivable 5. Amount due from related parties	0.42 0.12 7,961.39 - 0.03	0.42 0.41 7,961.39 0.12 0.03	0.37 0.03 7,961.39 0.02 0.02	0.37 0.03 7,961.39 0.02 0.02	The Company pays a dividend to SHIN in proportion of shareholding percentage. The propose of dividend by the Board of Directors must be approved at the Annual General Meeting of Shareholders.
2. Thaicom Public Company Limited (THCOM)/ SHIN is a major shareholder, holds 41.14%, and Mr. Somprasong Boonyachai is a joint director.	The Company leases satellite transponder on the Thai Com 1A from THCOM and contract will effective until 21 June 2012. The Company must pay annual compensation at the rate of US\$ 1,700,000 per year. 1. Service income 2. Other income 3. Rental and other service expenses 4. Trade account payable 5. Trade account receivable 6. Amount due from related parties	5.82 - 58.90 9.82 0.55 0.04	6.34 0.02 58.90 9.82 0.70 0.04	5.31 0.04 57.08 - 0.39 0.04	5.88 0.07 57.08 - 0.54 0.04	THCOM is the only satellite operator in Thailand. The Company is charged at the same rate as with external customers.

Related parties / Relation to the Company	Detail of transactions	31 December 2009 (Million Baht)		31 December 2008 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
3. Thanachart Group (NAT)/ Mr. Supadej Poonpipat is a joint director.	The Company and its subsidiaries have deposit account with Thanachart group and pay insurance charge for the base stations, equipments and interest expense of the leased vehicles. 1. Interest income 2. Other income 3. Insurance payment 4. Interest expense 5. Trade account receivable 6. Amount due from related parties	5.00 - 12.57 3.57 - -	6.82 0.02 14.11 3.93 0.18 0.02	9.79 - 35.25 2.81 - -	17.10 - 38.52 3.20 - -	Thanachart Group provides good service quality with a the Company. The Company and its subsidiaries are charged at the comparable rate as with external customers.
4. Matchbox Co., Ltd. (MB)/ SHIN is a major shareholder, holds 99.96%, and joint directors are Mr. Somprasong Boonyachai Mr. Vikrom Sriprataks	The Company and its subsidiaries hire MB as an agency to provide publicity for the Companies' services to customers through various media on a job-by-job basis. 1. Service income 2. Other income 3. Rental and other service expenses 4. Advertising expense - Advertising fee, net - Advertising fee, gross 5. Trade account payable 6. Amount due to related parties 7. Amount due from related parties	0.26 - 192.44 254.13 673.57 - 188.07 0.01	0.27 0.01 194.08 270.90 723.16 - 207.54 0.01	0.38 0.03 241.67 427.77 1,074.43 - 382.94 0.01	0.43 0.05 246.94 456.70 1,149.89 2.28 392.67 0.01	MB is a creative advertising agency with good understanding of the Company's products and helps maintain information as strictly confidential. Advertising fees charged by MB are benchmarking with third parties. Details of charges are as follows; Agency Fee - MB Media 9.00% - MB Production 12.00% - Third party Media and Production 9.00-17.65%
5. Teleinfo Media Co., Ltd. (TMC)/ SHIN is an indirect major shareholder, holds 100.00%.	The Company hires TMC to furnish information for mobile phone value added service such as astrology, lotto, and comic story. The Company pays actual services fee on monthly basis. 1. Service income 2. Other income 3. Other service expenses 4. Trade account payable 5. Amount due to related parties 6. Trade account receivable 7. Amount due from related parties	2.22 - 66.29 5.48 - 0.33 0.05	2.22 0.13 66.29 5.52 - 0.42 0.05	1.76 0.03 46.91 4.96 0.01 0.26 0.02	1.76 0.03 46.96 4.99 0.01 0.26 0.02	TMC has a specialization in providing information for mobile phone value added service. The Company pays the service charge by the percentage based on revenue from customers depending on the type of service. Rate is charged at the same rate as with other content providers, currently at not exceeding 50%.
6. I.T. Applications and Services Co., Ltd. (ITAS)/ SHIN is a major shareholders, holds 99.99% and Mr. Somprasong Boonyachai is a joint director.	The Company and its subsidiaries hire ITAS for computer programs improvement and development on a job-by-job basis. 1. Service income 2. Other income 3. Rental and other service expenses 4. Trade account payable 5. Amount due to related parties 6. Trade account receivable 7. Amount due from related parties	0.01 - 61.22 - 2.92 0.01 0.01	0.01 - 84.85 - 2.92 0.01 0.01	0.01 0.01 57.14 - 8.75 - 0.01	0.01 0.01 81.36 1.70 8.75 - 0.01	ITAS provides computer program improvement and development only for the Company and subsidiaries. ITAS charges the Company at comparable rate to other consultant companies. The service charge depends on the type of work and the level of consultant.

Related parties / Relation to the Company	Detail of transactions	31 December 2009 (Million Baht)		31 December 2008 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
7. Group of Singtel Strategic Investments Pte. Ltd. (SingTel) / Singtel is a major shareholder of the Company, holds 21.33%.	The Company and its subsidiaries enter into an agreement with companies of Singtel group for the joint international Roaming operation. The Company pays the salary and remuneration to Singapore Telecom International Pte. Ltd. (STI) for sending its operational staff. The expense is charged on an actual basis. The Company also pays Singtel group a dividend in proportion of its shareholding percentage. 1. Service income 2. International Roaming expense 3. Salary and other remuneration 4. Dividend paid 5. Trade account payable 6. Amount due to related parties 7. Trade account receivable	523.53 292.80 29.01 3,578.40 71.16 28.25 194.37	533.75 323.78 29.01 3,578.40 76.95 28.25 197.63	637.26 316.70 49.06 3,578.40 68.82 79.80 181.37	650.80 359.26 49.06 3,578.40 75.64 79.80 184.57	The International Roaming with Singtel is under the ordinary course of business since the Company provides international mobile service to foreign operators. Both parties charge each other at the accepted price by deduct profit from their customers. STI has an agreement with the Company that STI needs to provide operational staff to help the Company for management and any technique. The Company pays the service fee to STI by the actual basis according to agreement.
8. CS Loxinfo Public Company Limited (CSL)/ SHIN is an indirect major shareholder, holds 39.12%.	CSL provides the internet service to the Company and ADC provides datanet service to CSL. 1. Service income 2. Other income 3. Rental and other service expenses 4. Trade account payable 5. Amount due to related parties 6. Trade account receivable 7. Amount due from related parties	1.69 - 34.30 0.53 1.22 0.07 0.01	100.96 1.36 33.81 0.53 1.24 7.25 0.24	1.27 0.07 52.87 0.77 4.94 0.26 -	141.21 8.56 53.41 0.77 5.11 12.40 0.34	CSL provides internet service and charges the Company at the same rate as with external customers.
9. Shineedotcom Co.,Ltd. (Shinee)/ SHIN is an indirect major shareholder, holds 99.99%.	The Company hires Shinee for its content service providing for the Company's customers. 1. Service income 2. Other service fee 3. Rental and other service expenses 4. Trade account payable 5. Amount due to related parties 6. Trade account receivable	0.24 1.47 140.29 17.36 0.12 1.21	1.36 1.51 140.29 17.37 0.12 1.35	2.56 0.41 45.44 6.15 - 0.88	4.19 0.43 45.47 6.16 0.01 0.99	Shinee has a specialization in designing and creating website with variety contents which suit to the Company's needs. The Company pays the service charge by the percentage based on revenue from customers which depends on the type of service. Rate charge to the Company is not exceed 50% and is comparable with other content providers.
10. DTV Service Co., Ltd. (DTV)/ SHIN is an indirect major shareholder, holds 99.99%.	The Company hires DTV to create website. 1. Service income 2. Rental and other service expenses 3. Trade account payable 4. Trade account receivable 5. Amount due from related parties	0.63 4.54 - 0.06 -	0.63 4.54 - 0.06 -	0.49 5.08 0.10 0.05 0.01	0.49 5.08 0.10 0.05 0.01	DTV has a specialization in an internet service and charge the Company at the comparable rate as with other content providers.

Related parties / Relation to the Company	Detail of transactions	31 December 2009 (Million Baht)		31 December 2008 (Million Baht)		Rational and necessity
		Company	Consolidated	Company	Consolidated	
11. Lao Telecommunications Co., Ltd. (LTC)/ SHIN is an indirect major shareholder, holds 49.00%.	The Company and its subsidiaries have cooperated with LTC to provide international roaming. 1. Service income 2. International roaming expense 3. Trade account payable 4. Trade account receivable	8.66 23.11 4.59 1.63	10.19 26.79 5.54 2.18	6.43 14.94 4.85 1.58	8.48 21.00 5.36 2.31	LTC, the telecommunications service provider in Laos, provides fixed line, mobile, internet and broadband and international roaming services. Roaming price between the Company and LTC is based on market rate.
12. Mfone Co., Ltd. (Mfone)/ SHIN is an indirect major shareholder, holds 100.00%.	The Company and its subsidiaries have cooperated with Mfone to provide international roaming. 1. Service income 2. International roaming expense 3. Trade account payable 4. Trade account receivable	0.35 10.06 0.87 0.12	0.35 10.06 0.87 0.12	0.27 11.80 1.21 0.03	0.27 11.80 1.21 0.03	Mfone got license from The Royal Government of Cambodia, provides fixed line, mobile and international roaming services. Roaming price between the Company and Mfone is based on market rate.
13. ITV Co., Ltd. (ITV)/ SHIN is a major shareholder, holds 52.92%.	ITV invested in debenture of the Company 1. Debenture 2. Interest expense	46.00 1.97	46.00 1.97	- -	- -	The Company paid the interest expense of the debenture to ITV. Pricing, condition and return of this debenture are as per approved by the SEC and are the same as offered to other investors.
14. Watta Classifieds Co., Ltd. (WTC)/ SHIN is an indirect major shareholder, holds 60.00%.	The Company and its subsidiaries hire WTC to do recruitment advertising through various channels such as newspapers, magazines internet and booth activity. 1. Rental and other service expenses	0.25	0.37	-	-	WTC is a leading media publisher in Thailand, covering wide ranges of target readers such as job seekers, education and scholarship information, real estate, and car.

Board of Directors' Responsibility for Financial Reporting

The Board of Directors is responsible for Advanced Info Service Public Company Limited's financial statements and Advanced Info Service Public Company Limited and its subsidiaries' consolidated financial statements, including the financial information presented in this annual report. The aforementioned financial statements are prepared in accordance with generally accepted accounting principles, using careful judgment and the best estimation. Important information is adequately and transparency disclosed in the notes to financial statements for the Company shareholders and investors.

The Board of Directors has provided and maintained risk management system and appropriate and efficient internal controls to ensure that accounting records are accurate, reliable and adequate to protect its assets and uncover any weakness that may be present in order to prevent fraud or materially irregular operations.

In this regard, the Board of Directors has appointed an Audit Committee to be responsible for reviewing the accounting policy financial reports, review internal controls, internal audit and risk management system. The Audit Committee has also reviewed a disclosure of related party transactions. All their comments on these issues have included in the Audit Committee Report, which presented in this annual report.

The financial statements of the Company and the consolidated financial statements of Company and its subsidiaries have been examined by an external auditor, KPMG Phoomchai Audit Limited. To conduct the audits and express an opinion in accordance with generally accepted auditing standards, the auditor was provided with all of the Company's records and related data as requested. The auditor's opinion is presented in the auditor's report as part of this annual report.

The Board of Directors considers the Company's overall internal control system satisfactory and provides credibility and reliability to Advanced Info Service Public Company Limited's financial statements and Advanced Info Service Public Company Limited and its subsidiaries' consolidated financial statements for the year ended 31 December 2009. The Board of Directors also believes that all these financial statements have been prepared in accordance with generally accepted accounting principles and related regulations.



Dr. Paiboon Limpaphayom (Ph.D.)
Chairman of the Board of Directors



Mr. Allen Lew Yoong Keong
Chairman of the Executive Committee

Audit Report of Certified Public Accountant

To the Shareholders of Advanced Info Service Public Company Limited

I have audited the accompanying consolidated and separate balance sheets as at 31 December 2009 and 2008, and the related statements of income, changes in equity and cash flows for the years then ended of Advanced Info Service Public Company Limited and its subsidiaries, and of Advanced Info Service Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2009 and 2008 and the results of operations and cash flows for the years then ended of Advanced Info Service Public Company Limited and its subsidiaries and of Advanced Info Service Public Company Limited, respectively, in accordance with generally accepted accounting principles.



Winid Silamongkol
Certified Public Accountant
Registration No. 3378
KPMG Phoomchai Audit Ltd.

Bangkok 12 February 2010

Balance sheets

Advanced Info Service Public Company Limited and its Subsidiaries

As at December 2009 and 2008

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
		(in Baht)			
Assets					
Current assets					
Cash and cash equivalents	5	24,261,229,193	15,009,291,146	9,354,863,572	2,665,329,168
Specifically-used bank deposits	6	905,920,603	1,315,262,752	-	-
Current investments	7	43,975,089	140,119,136	-	-
Trade accounts receivable	4,8	5,772,882,134	5,790,416,245	6,411,328,612	9,678,541,104
Amounts due from and loans to related parties	4	376,097	437,429	2,298,461,487	489,688,860
Inventories	9	629,388,083	1,592,504,878	43,683,975	95,094,854
Value added tax receivables		406,478,540	240,915,152	406,478,540	240,915,152
Other current assets	10	1,551,132,207	2,806,767,830	1,352,324,997	1,609,574,799
Total current assets		33,571,381,946	26,895,714,568	19,867,141,183	14,779,143,937
Non-current assets					
Investments in subsidiaries	11	-	-	20,223,107,035	20,223,107,035
Other long-term investments	7	3,259,829,700	155,367,176	2,092,760,750	92,760,750
Property, plant and equipment	12	8,167,485,506	8,143,678,476	5,186,258,548	6,447,755,661
Assets under the Agreements for operation	13	61,547,316,679	73,045,439,009	59,050,771,705	69,084,401,479
Swap and forward contracts receivable	31	1,464,135,564	2,483,941,226	1,464,135,564	2,483,941,226
Intangible assets	14	6,285,804,952	6,537,923,048	1,268,045,686	1,069,453,456
Deferred tax assets	15	10,051,552,599	10,075,260,360	9,184,970,895	9,203,866,150
Other non-current assets	16	678,218,292	743,964,974	634,226,189	660,144,640
Total non-current assets		91,454,343,292	101,185,574,269	99,104,276,372	109,265,430,397
Total assets		125,025,725,238	128,081,288,837	118,971,417,555	124,044,574,334

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

Balance sheets (Continued)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
		(in Baht)			
Liabilities and equity					
Current liabilities					
Trade accounts payable	4, 18	2,728,774,472	4,263,083,838	2,102,114,367	3,664,297,481
Amounts due to and loans from related parties	4	240,103,865	486,336,292	971,192,521	6,427,554,970
Current portion of long-term borrowings	17	497,439,802	7,037,683,209	493,565,753	7,033,270,481
Accrued revenue sharing expenses	1	3,069,881,359	2,719,080,693	2,622,779,276	2,281,050,614
Unearned income - mobile phone service		2,850,722,990	3,408,291,449	3,101,251,751	3,933,683,479
Advance receipts from customers		653,974,644	983,236,860	-	-
Income tax payable		2,631,354,190	2,859,374,572	2,300,054,420	2,203,959,032
Other current liabilities	19	3,910,831,784	3,102,748,788	3,642,138,211	2,906,117,181
Total current liabilities		16,583,083,106	24,859,835,701	15,233,096,299	28,449,933,238
Non-current liabilities					
Long-term borrowings	17	36,620,436,712	29,774,425,791	36,617,471,461	29,767,173,002
Other non-current liabilities		11,186,426	11,382,426	-	-
Total non-current liabilities		36,631,623,138	29,785,808,217	36,617,471,461	29,767,173,002
Total liabilities		53,214,706,244	54,645,643,918	51,850,567,760	58,217,106,240
Equity					
Share capital	20				
Authorised share capital		4,997,459,800	4,997,459,800	4,997,459,800	4,997,459,800
Issued and paid-up share capital		2,965,443,054	2,961,739,547	2,965,443,054	2,961,739,547
Additional paid-in capital					
Premium on ordinary shares	22	21,838,007,639	21,545,336,219	21,838,007,639	21,545,336,219
Unrealised surpluses					
Fair value changes on dilution of investment		161,186,663	161,186,663	-	-
Fair value changes on other investment		161,940	-	-	-
Retained earnings					
Appropriated					
Legal reserve	22	500,000,000	500,000,000	500,000,000	500,000,000
Unappropriated		46,146,426,494	47,754,800,293	41,817,399,102	40,820,392,328
Total equity attributable to equity holders of the Company		71,611,225,790	72,923,062,722	67,120,849,795	65,827,468,094
Minority interests		199,793,204	512,582,197	-	-
Total equity		71,811,018,994	73,435,644,919	67,120,849,795	65,827,468,094
Total liabilities and equity		125,025,725,238	128,081,288,837	118,971,417,555	124,044,574,334

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

Statements of income

Advanced Info Service Public Company Limited and its Subsidiaries

As at December 2009 and 2008

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
		(in Baht)			
Revenues					
Revenues from rendering of services and equipment rentals	4	95,812,371,116	99,585,776,140	92,201,268,038	95,477,238,292
Revenue from sale of goods	4	6,639,454,472	11,205,724,471	-	-
Total revenues		102,451,825,588	110,791,500,611	92,201,268,038	95,477,238,292
Cost					
Cost of rendering of services and equipment rentals	25	(40,257,981,701)	(41,484,656,880)	(40,179,762,346)	(41,348,476,001)
Revenue sharing expenses	1	(19,860,521,262)	(20,020,521,692)	(18,731,385,176)	(18,782,202,115)
Cost of sale of goods		(6,197,217,407)	(10,533,664,209)	-	-
Total cost		(66,315,720,370)	(72,038,842,781)	(58,911,147,522)	(60,130,678,116)
Gross profit		36,136,105,218	38,752,657,830	33,290,120,516	35,346,560,176
Selling expenses	25	(2,695,160,104)	(3,252,023,466)	(2,598,784,699)	(3,084,613,821)
Administrative expenses	25	(7,439,156,594)	(7,801,899,621)	(7,774,624,931)	(7,769,225,599)
Profit from sales, services and equipment rentals		26,001,788,520	27,698,734,743	22,916,710,886	24,492,720,756
Other operating income	4, 24	686,954,399	2,563,874,448	592,664,594	557,838,141
Impairment losses of assets	12,13,14	(560,655,320)	(3,553,000,000)	-	-
Net foreign exchange gain (loss)		72,850,220	(74,950,358)	50,245,414	(78,792,699)
Management benefit expenses	4	(72,007,114)	(81,986,240)	(71,707,113)	(81,656,241)
Operating results		26,128,930,705	26,552,672,593	23,487,913,781	24,890,109,957
Dividend income	4, 11	-	-	4,580,492,152	27,195,000
Profit before finance costs and income tax expenses		26,128,930,705	26,552,672,593	28,068,405,933	24,917,304,957
Finance costs	4, 27	(1,921,234,778)	(1,706,934,762)	(1,921,993,942)	(1,973,723,459)
Income tax expense	28	(7,418,603,445)	(8,381,243,025)	(6,485,665,802)	(6,697,945,593)
Profit for the year		16,789,092,482	16,464,494,806	19,660,746,189	16,245,635,905
Attributable to:					
Equity holders of the Company		17,055,365,616	16,409,035,972	19,660,746,189	16,245,635,905
Minority interests		(266,273,134)	55,458,834	-	-
Profit for the year		16,789,092,482	16,464,494,806	19,660,746,189	16,245,635,905
Earnings per share	29				
Basic		5.76	5.54	6.64	5.49
Diluted		5.76	5.54	6.64	5.49

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

Statements of changes in equity

Advanced Info Service Public Company Limited and its Subsidiaries

As at December 2009 and 2008

Consolidated financial statements												
Note	Issued and paid-up share capital	Additional paid-in capital		Advance receipts for share subscription	Unrealised surpluses			Retained earnings		Total equity attributable to equity holders of the Company	Minority interests	Total equity
		Share premium			Fair value changes on dilution of investment	Fair value changes on other investment	Legal reserve	Unappropriated				
(in Baht)												
Balance at 1 January 2008	2,958,123,252	21,250,963,792		15,376,627	161,186,663	-	500,000,000	49,998,651,867	74,884,302,201	576,497,671	75,460,799,872	
Changes in equity for 2008												
Profit for the year	-	-		-	-	-	-	16,409,035,972	16,409,035,972	55,458,834	16,464,494,806	
Dividends	-	-		-	-	-	-	(18,652,887,546)	(18,652,887,546)	-	(18,652,887,546)	
Transfer of advanced receipts to additional shares	218,489	15,158,138		(15,376,627)	-	-	-	-	-	-	-	
Issued of share capital	3,397,806	279,214,289		-	-	-	-	-	282,612,095	-	282,612,095	
Decrease in minority interest from the addition of shares	-	-		-	-	-	-	-	-	(91,069,308)	(91,069,308)	
Dividend received from subsidiaries	-	-		-	-	-	-	-	-	(28,305,000)	(28,305,000)	
Balance at 31 December 2008 and 1 January 2009	2,961,739,547	21,545,336,219		-	161,186,663	-	500,000,000	47,754,800,293	72,923,062,722	512,582,197	73,435,644,919	
Changes in equity for 2009												
Net change in fair value recognised in equity	-	-		-	-	161,940	-	-	161,940	-	161,940	
Profit for the year	-	-		-	-	-	-	17,055,365,616	17,055,365,616	(266,273,134)	16,789,092,482	
Dividends	-	-		-	-	-	(18,663,739,415)	(18,663,739,415)	(18,663,739,415)	-	(18,663,739,415)	
Issued of share capital	3,703,507	292,671,420		-	-	-	-	-	296,374,927	-	296,374,927	
Increase in minority interest from the addition of shares	-	-		-	-	-	-	-	-	600	600	
Liquidation of a subsidiary	-	-		-	-	-	-	-	-	(808,350)	(808,350)	
Dividend received from subsidiaries	-	-		-	-	-	-	-	-	(45,708,109)	(45,708,109)	
Balance at 31 December 2009	2,965,443,054	21,838,007,639		-	161,186,663	161,940	500,000,000	46,146,426,494	71,611,225,790	199,793,204	71,811,018,994	

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

Statements of changes in equity (Continued)

Separate financial statements							
Note	Issued and paid-up share capital	Additional paid-in capital	Advance receipts for share subscription	Retained earnings		Total equity attributable to equity holders of the Company	
				Share premium	Legal reserve		Unappropriated
(in Baht)							
Balance at 1 January 2008	2,958,123,252	21,250,963,792	15,376,627	500,000,000	43,227,643,969	67,952,107,640	
Changes in equity for 2008							
Profit for the year	-	-	-	-	16,245,635,905	16,245,635,905	
Dividends	-	-	-	-	(18,652,887,546)	(18,652,887,546)	
Transfer of advanced receipts to additional shares	218,489	15,158,138	(15,376,627)	-	-	-	
Issued of share capital	3,397,806	279,214,289	-	-	-	282,612,095	
Balance at 31 December 2008 and 1 January 2009	2,961,739,547	21,545,336,219	-	500,000,000	40,820,392,328	65,827,468,094	
Changes in equity for 2009							
Profit for the year	-	-	-	-	19,660,746,189	19,660,746,189	
Dividends	-	-	-	-	(18,663,739,415)	(18,663,739,415)	
Issued of share capital	3,703,507	292,671,420	-	-	-	296,374,927	
Balance at 31 December 2009	2,965,443,054	21,838,007,639	-	500,000,000	41,817,399,102	67,120,849,795	

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

Statements of cash flows

Advanced Info Service Public Company Limited and its Subsidiaries

As at December 2009 and 2008

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
		(in Baht)			
Cash flows from operating activities					
Profit for the year		16,789,092,482	16,464,494,806	19,660,746,189	16,245,635,905
Adjustments for					
Dividend income from subsidiaries		-	-	(4,580,492,152)	(27,195,000)
Depreciation		3,336,673,579	3,028,785,839	2,967,811,351	2,857,504,187
Amortisation		16,774,045,459	15,901,478,293	15,016,238,209	14,121,319,614
Interest income		(344,172,754)	(404,426,846)	(168,368,571)	(140,038,853)
Finance costs		1,921,234,778	1,706,934,762	1,921,993,942	1,973,723,459
Impairment losses of assets	12,13,14	560,655,320	3,553,670,320	-	8,000,000
Doubtful accounts and bad debts expenses		784,031,330	530,193,671	826,427,171	550,241,210
Allowance for obsolete inventories and write-off, net		(4,290,346)	77,132,127	42,898,446	50,930,720
Loss on disposals of property, plant and equipment		8,453,495	69,533,579	8,407,874	54,414,552
Unrealised (Gain) loss on foreign currencies		(18,911,393)	172,657,801	(19,523,077)	170,258,377
Loss from write-off goodwill		-	15,140,331	-	-
Income from settle with operation right payable	24	-	(1,738,868,207)	-	-
Deferred tax		23,707,761	(44,194,207)	18,895,255	(75,684,320)
Income tax expense		7,394,895,685	8,425,437,232	6,466,770,547	6,773,629,913
Cash provided by operation before changes in operating assets and liabilities		47,225,415,396	47,757,969,501	42,161,805,184	42,562,739,764
Changes in operating assets and liabilities					
Specifically-used bank deposits		409,342,149	179,318,316	-	-
Trade accounts receivable		(812,010,106)	1,706,464,400	2,455,990,029	962,116,997
Amounts due from related parties		61,332	332,872	(43,772,627)	1,329,864
Inventories		967,541,794	(480,958,349)	8,647,087	(8,219,289)
Value added tax receivable		(168,718,398)	(104,152,336)	(168,718,398)	(104,152,336)
Other current assets		1,385,125,660	64,187,111	259,156,144	137,633,479
Other non-current assets		(37,564,019)	(279,911,801)	(41,608,955)	(279,571,209)
Trade accounts payable		(454,610,980)	76,517,497	(450,071,511)	(96,932,862)
Amounts due to related parties		(246,232,427)	125,094,755	43,637,551	280,982,777
Accrued revenue sharing expenses		350,800,666	(915,278,714)	341,728,662	(880,138,733)
Operation right payable		-	(3,000,000,000)	-	-
Unearned income - mobile phone service		(557,568,459)	(60,607,348)	(832,431,728)	(503,676,195)
Advance receipts from customers		(329,262,217)	(31,113,251)	-	-
Swap and forward contracts receivable		(3,827,817)	(32,210,952)	(3,827,817)	(32,210,952)
Other current liabilities		844,727,451	624,144,277	726,336,440	666,646,051
Other non-current liabilities		(196,000)	(883,447)	-	-
Income tax paid		(7,659,524,433)	(8,825,742,267)	(6,370,224,607)	(7,512,461,210)
Net cash provided by operating activities		40,913,499,592	36,803,170,264	38,086,645,454	35,194,086,146

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

Statements of cash flows (Continued)

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
		(in Baht)			
Cash flows from investing activities					
Interest received		310,107,925	324,059,465	213,179,007	125,794,184
Dividend received from subsidiaries		-	-	4,580,492,152	27,195,000
Short-term loans to subsidiaries, net		-	-	(1,765,000,000)	(406,000,000)
Net changes in current investments		96,153,582	(16,675,890)	-	-
Additional investment in subsidiary	11	-	(126,000,000)	-	(774,000,000)
Cash invested in investment	7	(3,104,310,118)	(62,606,426)	(2,000,000,000)	-
Purchase of property, plant, equipment and computer software		(4,066,153,352)	(2,761,357,943)	(2,156,997,528)	(1,840,447,322)
Sale of property and equipment		20,718,503	132,211,534	16,009,719	142,762,472
Purchase of assets under the Agreements for operation		(5,848,899,487)	(9,825,104,101)	(5,763,456,393)	(9,768,871,374)
Net cash used in investing activities		(12,592,382,947)	(12,335,473,361)	(6,875,773,043)	(12,493,567,040)
Cash flows from financing activities					
Interest paid		(1,897,173,787)	(1,580,469,342)	(1,907,954,443)	(1,891,560,280)
Other finance costs paid		(86,830,890)	(90,505,930)	(79,024,467)	(86,571,856)
Repayments of short-term loan from financial institutions		-	(3,500,000,000)	-	(3,500,000,000)
Proceeds from short-term loans from subsidiaries		-	-	-	8,400,000,000
Repayments of short-term loans from subsidiaries		-	-	(5,500,000,000)	(15,600,000,000)
Proceeds from long-term borrowings		8,535,115,773	9,022,346,868	8,535,115,773	9,022,346,868
Repayments of long-term borrowing		(7,171,664,206)	(1,631,189,287)	(7,171,664,206)	(1,631,189,287)
Finance lease payments		(26,197,664)	(30,236,446)	(21,898,699)	(19,318,887)
Proceeds from issue of shares		296,375,527	282,612,095	296,374,927	282,612,095
Dividends paid to equity holders of the Company		(18,663,739,415)	(18,652,887,546)	(18,663,739,415)	(18,652,887,546)
Dividends paid to minority interests		(45,708,109)	(28,305,000)	-	-
Repayments to minority from liquidating of a subsidiary		(808,350)	-	-	-
Net cash used in financing activities		(19,060,631,121)	(16,208,634,588)	(24,512,790,530)	(23,676,568,893)
Net increase (decrease) in cash and cash equivalents		9,260,485,524	8,259,062,315	6,698,081,881	(976,049,787)
Cash and cash equivalents at beginning of year		15,009,291,146	6,822,084,530	2,665,329,168	3,713,234,654
Effect of exchange rate changes on foreign currencies balances		(8,547,477)	(71,855,699)	(8,547,477)	(71,855,699)
Cash and cash equivalents at end of year		24,261,229,193	15,009,291,146	9,354,863,572	2,665,329,168
Non-cash transactions					
Outstanding debts arising from investment in property, plant and equipment and assets under the Agreements for operation		726,944,448	1,802,171,634	299,339,240	1,406,391,929

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

Notes to the Consolidated and Company Financial Statements

Advanced Info Service Public Company Limited and its Subsidiaries

As at December 2009 and 2008

(1) General information

Advanced Info Service Public Company Limited “the Company”, is incorporated in Thailand and has its registered office at 414 Shinawatra Tower 1, Phaholyothin Road, Phayathai, Bangkok, Thailand.

The Company was listed on the Stock Exchange in Thailand in November 1991.

Shin Corporation Public Company Limited is a major shareholder, holding 42.65% (2008: 42.67%) of the share capital of the Company. SingTel Strategic Investments Pte Ltd. is a shareholder holding 21.33% (2008: 21.34%) of the share capital of the Company.

The principal business operations of the Company and its subsidiaries are summarised as follows:

- 1) The operation of a 900-MHz CELLULAR TELEPHONE SYSTEM as the operator. The Company has been granted permission from TOT Public Company Limited (“TOT”), under the Agreement for operation dated 27 March 1990, to operate and service of Cellular Mobile Telephone, either analog (NMT) or Digital GSM, 900 MHz frequency nationwide, parallel operation for 25 years since 1 October 1990, being the first commercial operating date of service. The Agreement ends on 30 September 2015. The Company is obliged to comply with various conditions and pay revenue sharing in according with the Agreement.

Under the Agreement, the Company shall be entitled to immediately transfer the ownership right of its tools and equipments or assets for operating the 900-MHz Cellular System to TOT when the installation has been completed and the Company shall pay TOT annual revenue sharing in accordance with the Agreement at the percentage of annual revenues and any benefit from the mobile phone service prior to deducting any expenses and any tax or the minimum annual revenue sharing stipulated in the Agreement. The Agreement does not specify a minimum cumulative amount over the term of the Agreement. The percentages of the service revenues and minimum annual revenue sharing for each year are as follows:

Year	Percentage of revenues	Minimum annual revenue sharing (in million Baht)
1 - 5	15	13 to 147
6 - 10	20	253 to 484
11 - 15	25	677 to 965
16 - 20	30	1,236 to 1,460
21 - 25	30	1,460

- 2) The operation of a DATAKIT VIRTUAL CIRCUIT SWITCH as the operator. Advanced Data network Communications Co., Ltd. (“ADC”), an indirect subsidiary, has been granted permission from TOT, under the Agreement dated 19 September 1989, for rendering services for DATAKIT VIRTUAL CIRCUIT SWITCH in the area of the Metropolitan Telephone Exchange.

Under the Agreement, ADC shall be entitled to immediately transfer the ownership right of its tools and equipment or assets for operation of DATAKIT System to TOT when the installation has been completed and ADC shall pay TOT annual revenue sharing in accordance with the Agreement at the percentage of annual revenues and any benefit from service of DATAKIT VIRTUAL CIRCUIT SWITCH prior to deducting any expenses and any tax or the minimum annual revenue sharing stipulated in the Agreement.

ADC and TOT have mutually agreed to amend the Agreement and signed the Supplemental Agreement on 25 September 1997 to extend the validity period from 10 years to 25 years (such validity period shall be ended on 24 September 2022) and waive the collection of annual revenue sharing under the agreements effective from 25 September 1997. ADC issued 10.75 million ordinary shares at a par value of Baht 10 (11.23% of total shares) to TOT on 17 March 1998 in consideration of such waiver. As at 31 December 2009, TOT owns 48.12% of ADC's total share (2008: 48.12%).

- 3) The operation of a 1800-MHz CELLULAR TELEPHONE SYSTEM as the operator. Digital Phone Company Limited ("DPC"), a subsidiary, has been granted permission from CAT Telecom Public Company Limited ("CAT"), under the Agreement for operation dated 19 November 1996, to operate and service Cellular Mobile Telephone: Digital PCN (PERSONAL COMMUNICATION NETWORK) 1800, frequency between 1747.9 MHz to 1760.5 MHz and 1842.9 MHz to 1855.5 MHz, nationwide. DPC started the operation commencing from 28 May 1997, ending 15 September 2013 and DPC is obliged to comply with various conditions and pay revenue sharing in accordance with the Agreement.

Under the Agreement, DPC shall be entitled to immediately transfer the ownership right of its machineries, all equipments and tools or assets for operation to CAT upon installation completion and DPC shall pay CAT the annual revenue sharing at the percentage of annual revenues and any benefit in according with the accrual basis from the mobile phone service prior to deducting any expenses and any tax and fees which the minimum revenue sharing must accumulate, over the term of the Agreement, not less than Baht 5,400 million as follows:

Year	Percentage of revenues	Minimum annual revenue sharing (in million Baht)
1	25	9
2 - 9	20	60 to 320
10 - 14	25	350 to 650
15 - 16	30	670

As at 31 December 2009, DPC paid the revenue sharing to CAT in a total amount of Baht 7,170 million (2008: Baht 6,134 million).

- 4) The operation of PROVIDING CALL CENTER SERVICE.
- 5) The operation of PROVIDING BROADBAND SERVICE under a licence granted from the National Telecommunications Commission ("NTC").
- 6) The operation of DISTRIBUTING OF ELECTRONIC CASH CARD under a licence granted from the Ministry of Finance.
- 7) The operation of PROVIDING PAYMENT SERVICES VIA MOBILE PHONE under a licence granted from the Ministry of Finance.
- 8) The operation of PROVIDING INTERNATIONAL TELEPHONE SERVICE under a licence granted from the National Telecommunications Commission ("NTC"), dated 26 July 2006. The licence agreement of INTERNATIONAL TELEPHONE SERVICE ends 26 July 2026.
- 9) The operation of DISTRIBUTING OF CELLULAR PHONES AND COMMUNICATION EQUIPMENTS.
- 10) The operation of PROVIDING INTERNET (ISP) SERVICE, INTERNET GATEWAY and BROADBAND, VOICE OVER IP and IP TELEVISION under a licence granted from the National Telecommunications Commission ("NTC").

Details of the Company's subsidiaries as at 31 December 2009 and 2008 were as follows:

Name of the entities	Type of business	Country of incorporation	Ownership interest %	
			2009	2008
Mobile from Advance Co., Ltd.	Currently ceased operation	Thailand	99.99	99.99
Advanced Datanetwork Communications Co., Ltd. * (* Indirect subsidiary)	Service provider of voice/data communications via telephone line and broadband	Thailand	51.00	51.00
Datanetwork Solutions Co., Ltd.	Completed the liquidation process on 22 July 2009	Thailand	-	49.00
Advanced Contact Center Co., Ltd.	Service provider of call center	Thailand	99.99	99.99
Digital Phone Co., Ltd.	Service provider of digital mobile phone system in 1800 MHz	Thailand	98.55	98.55
Advanced Magic Card Co., Ltd.	Distributor of cash card business	Thailand	99.99	99.99
Advanced MPAY Co., Ltd.	Service provider of payment business via mobile phone	Thailand	99.99	99.99
AIN GlobalComm Co., Ltd.	Service provider of international call	Thailand	99.99	99.99
Advanced Wireless Network Co., Ltd.	Network operator, a telecom service operator and a computer system service	Thailand	99.99	99.99
Super Broadband Network Co., Ltd.	Network operator and a telecom service operator i.e. Service provider of internet (ISP), International & national internet gateway, International Private Leased Circuit (IPLC), Internet Protocol Virtual Private Network (IP VPN), a voice over IP, and an IP television service	Thailand	99.99	99.99
Wireless Device Supply Co., Ltd.	Importer and distributor of cellular phones and related accessories and cellular phone rental	Thailand	99.99	99.99
Mobile Broadband Business Co., Ltd. (* Indirect subsidiary)	Not start operation	Thailand	99.99	-
Advanced Mobile Broadband Co., Ltd. (* Indirect subsidiary)	Not start operation	Thailand	99.99	-

(2) Basis of preparation of the financial statements

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

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

On 15 May 2009, the FAP announced (Announcement No. 12/2009) the re-numbering of TAS to the same number as the International Accounting Standards ("IAS") on which the TAS/TFRS are based.

The Group has adopted the following revised TAS/TFRS and accounting guidance which were issued by the FAP during 2008 and 2009 and effective for annual accounting periods beginning on or after 1 January 2009:

TAS 36 (revised 2007) Impairment of Assets

TFRS 5 (revised 2007) Non-current Assets Held for Sale and Discontinued Operations (formerly TAS 54)

Framework for the Preparation and Presentation of Financial Statements (revised 2007) (effective on 26 June 2009)

Accounting Guidance about Leasehold Right (effective on 26 June 2009)

Accounting Guidance about Business Combination under Common Control

The adoption of these revised TAS/TFRS and accounting guidance does not have any material impact on the consolidated and separate financial statements.

The FAP has issued during 2009 a revised TAS which is not currently effective and has not been adopted in the preparation of these financial statements. This revised TAS is disclosed in note 36.

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

The preparation of financial statements in conformity with TAS and TFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

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

- Measurement of the recoverable amounts of cash-generating units containing investments in subsidiaries and goodwill (Note 11 and 14)
- Utilisation of taxes losses (Note 28)
- Revenues from rendering of services and equipment rentals (Note 23)
- Utilisation of plant and equipment (Note 12)
- Utilisation of assets under the Agreements for operation (Note 13)
- Utilisation of intangible assets (Note 14)
- Valuation of financial instruments (Note 31)
- Allowance for doubtful accounts (Note 8)
- Allowance for obsolete inventories (Note 9)

(3) Significant accounting policies

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”).

Business combinations

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

Business combination of entities or business under common control is accounted for using a method similar to the pooling of interest method and in accordance with the Guideline issued in 2009 by the FAP.

Subsidiaries

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

Transactions eliminated on consolidation

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

(b) Foreign currencies

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

(c) Derivative financial instruments

The Group uses financial instruments that manage exposure to fluctuations in foreign currency exchange and interest rates. These instruments, which mainly comprise forward foreign currency contracts and cross currency swap agreements, are recorded in the financial statements on the contract date. The purpose of these instruments is to manage risk.

Forward foreign exchange contracts protect the Group from fluctuations in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled. Forward contracts are recorded as forward contracts receivable and payable on inception, and are translated at the year end exchange rate. Unrealised gains or losses on transactions are recognised in the statement of income. Premiums or discounts are amortised in the statement of income on a straight-line basis over the contract period.

Interest rate derivatives help the Group to better manage effects from fluctuations in floating interest rates. Any differential to be paid on an interest rate derivative is recognised as a component of interest expense over the period of such instrument. Gains or losses of early termination of interest rate derivatives or on repayment of the borrowing are charged to the statement of income.

(d) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments with original maturities of three months or less and exclude specifically-used bank deposits. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(e) Trade and other accounts receivable

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

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(f) Inventories

Inventories comprise mobile phones, refill cards for 1-2-Call!, sim cards and spare parts used for repairs and services.

Inventories are stated at the lower of cost and net realisable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using principle as follows:

Mobile phones, refill cards for 1-2-Call! and sim cards	- moving weighted average method
Spare parts (mobile phones and network)	- moving weighted average method
Datanet equipment	- first-in, first-out (FIFO) method

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

An allowance is made for all deteriorated, changed, obsolete and slow-moving inventories.

(g) Investments

Investments in subsidiaries

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method less impairment losses.

Investment in other debt and equity securities

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in the statement of income. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the statement of income. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the statement of income.

Equity securities which are not marketable are stated at cost less any impairment losses.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in the statements of income.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the FIFO method applied to the carrying value of the total holding of the investment.

(h) Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of

the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of income.

Depreciation

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings and building improvements	5, 20 years
Leasehold building improvements	5, 10 years
Tools and equipment (included computer software)	3, 5, 10 years
Furniture, fixtures and office equipment	2-5 years
Communication equipment for rental	3 years
Communication equipment for major corporate customer rental	Over period of rental agreement
Vehicles	5 years

No depreciation is provided on freehold land or assets under construction.

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

(i) Assets under the Agreements for operation

The Agreements for operation assets

Assets under the Agreements for operation represent the cost of certain equipment and other assets which have been or have to be transferred to the grantor of the Agreements of operation and are stated at cost less accumulated amortisation and impairment losses.

Amortisation

Amortisation is recognised in the statement of income on a straight-line basis over period of the Agreements for operation which not exceeding the remaining period of the Agreements for operation. The estimated useful lives are as follows:

Mobile phone network digital system	10 years not exceeding the remaining period of the Agreement for operation
Datanet tools and equipments	10 years not exceeding the remaining period of the Agreement for operation
Computer system under the Agreement for operation of 1800 MHz operation	5 years not exceeding the remaining period of the Agreement for operation

No depreciation is provided on advance payment and assets under construction.

(j) Intangible assets

Goodwill

Goodwill in a business combination represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Negative goodwill in a business combination represents the excess of the fair value of the Group's share of the identifiable net assets acquired over the cost of acquisition. The Group changed its accounting policy for goodwill with effect from 1 January 2008 as follows:

Acquisitions prior to 1 January 2008

Goodwill was stated at cost from the date of initial recognition and amortised over its estimated useful life of 5 years. On 1 January 2008, the Group discontinued amortisation of goodwill. The remaining balance is subject to testing for impairment, as described in note 3(1).

Acquisitions on or after 1 January 2008

Goodwill is measured at cost. Negative goodwill is recognised immediately in the statement of income.

The operation right

The operation right of a subsidiary represents the acquisition cost of certain rights and obligations to operate a mobile phone system.

Other intangible assets

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

Amortisation

Amortisation is recognised in the statement of income on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives are as follows:

Software licences and software development costs	5, 10 years
The Right under the Agreement for operation	Over the period of the Agreement for operation

(k) Other assets**Deferred charges**

Deferred charges represent commitment fees for long-term loans, costs of long-term leases of space for base stations, expenditures relating to the increase of power of electricity at base stations and expenditures relating to the improvement project of mobile phone service network and are stated at cost less accumulated amortisation and impairment losses.

Amortisation

Amortisation is recognised in the statement of income on a straight-line basis over the estimated useful lives of deferred charges. The estimated useful lives are as follows:

Commitment fees of long-term loans	Over the loan agreement period
Costs of long-term leases for base stations	Over the lease agreement period
Expenditures relating to the increase of power of electricity at base stations	Over the remaining period of the Agreement of operation period
Expenditures relating to the improvement project of mobile phone service network	5 years
Licence fees	10 years not exceeding the remaining period of the Agreement for operation

(l) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of income unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the statement of income even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the statement of income.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the assets' value in use and fair value less costs to sell. In assessing 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the statement of income. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Interest-bearing borrowings

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

(n) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(o) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of income as incurred.

Share based payments

The employee share option programme allows certain of the Group's directors and employees to acquire shares of the Company under certain conditions. The proceeds received on exercise of the options, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the options are exercised.

(p) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(q) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale of goods and services rendered

Revenue is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided. Revenue from mobile phone and call center services are recognised when services are rendered to customers. Revenue from rendering voice/data communications via telephone line network services is recognised when service is rendered.

Rental income

Rental income from rental equipment is recognised in the statement of income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

Interest and dividend income

Interest income is recognised in the statement of income as it accrues. Dividend income is recognised in the statement of income on the date of the Group's right to receive payments is established.

(r) Expenses***Operating leases***

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

Finance costs

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

Advertising cost

Advertising cost is expense in the financial period during which they are incurred.

(s) Income tax

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

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not

recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(4) Related party transactions and balances

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

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

During the year, the Group has entered into a number of transactions with related parties, the terms of which are negotiated in the ordinary course of business and according to normal trade conditions. Consulting and management service fees are charged on a mutually agreed basis as a percentage of assets.

Relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Group were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Subsidiaries	Thailand	More than 50% shareholding or being controlled
Shin Corporation and its related parties	Thailand, Lao and Cambodia	Major shareholder, 42.65% shareholding and some common directors
SingTel Strategic Investments Pte Ltd. and its related parties	Singapore	Major shareholder, 21.33% shareholding and some common directors
Thanachart Group	Thailand	Managing Director of Thanachart Group is the Company's director

Significant transactions for the years ended 31 December 2009 and 2008 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(in million Baht)			
Service income				
Subsidiaries	-	-	1,319	1,351
Shin Corporation and its related parties	123	163	20	19
Related party of SingTel Strategic Investments Pte Ltd.	534	651	524	637
	657	814	1,863	2,007
Sales of prepaid cards				
Subsidiaries	-	-	17,874	28,716
Sales of Refill on mobile (ROM)				
Subsidiaries	-	-	21,539	9,371
Interest income				
Subsidiaries	-	-	73	8
Thanachart Group	7	17	5	10
	7	17	78	18
Other income				
Subsidiaries	-	-	146	106
Shin Corporation and its related parties	3	9	2	1
	3	9	148	107
Rental and other service expenses				
Subsidiaries	-	-	5,154	4,913
Shin Corporation and its related parties	413	322	387	291
SingTel Strategic Investments Pte Ltd. and its related parties	353	408	322	366
Thanachart Group	14	39	13	35
	780	769	5,876	5,605
Advertising expense - net*				
Related parties of Shin Corporation	271	457	254	428
Advertising expense - gross **				
Related parties of Shin Corporation	735	1,153	686	1,077

* Net balance represents fees charged on advertising production and the gross margin of media work at advertising agency.

** Gross balance represents total advertising expense charged to the Group and the Company. The Group records such expense on a gross basis in the statements of income.

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(in million Baht)			
Sale promotion expense				
Subsidiaries	-	-	125	155
Related parties of Shin Corporation	194	244	192	239
	194	244	317	394
Commission expense				
Subsidiary	-	-	1,192	1,317
	72	82	72	82
Management benefit expenses				
	72	82	72	82
Finance costs				
Subsidiaries	-	-	9	272
Related parties of Shin Corporation	2	-	2	-
Thanachart Group	4	3	4	3
	6	3	15	275
Dividend paid				
Shin Corporation	7,961	7,961	7,961	7,961
SingTel Strategic Investments Pte Ltd.	3,579	3,579	3,579	3,579
	11,540	11,540	11,540	11,540

Balances at 31 December 2009, and 2008 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(in million Baht)			
Trade accounts receivable				
Subsidiaries	-	-	1,857	5,283
Shin Corporation and it related parties	12	17	4	4
Related party of SingTel Strategic Investments Pte Ltd.	198	184	194	181
Total	210	201	2,055	5,468
Amounts due from and loans to related parties				
Other receivables				
Subsidiaries	-	-	68	25
	-	-	68	25
Short-term loans				
Subsidiaries	-	-	2,230	465
Total	-	-	2,298	490

As at 31 December 2009, short-term loans to subsidiaries represent promissory notes, bearing interest at the rate of 5.03% per annum (2008: 5.37% per annum). Repayment term is at call.

Movements during the years ended 31 December 2009 and 2008 of loans to related parties of the Company were as follows:

	Separate financial statements	
	2009	2008
	(in million Baht)	
Short-term loans to related parties		
Subsidiaries		
At 1 January	465	59
Increase	1,765	570
Decrease	-	(164)
At 31 December	2,230	465

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(in million Baht)			
Trade accounts payable				
Subsidiaries	-	-	195	367
Related parties of Shin Corporation	40	22	39	18
Related party of SingTel Strategic Investments Pte Ltd.	77	76	71	69
Total	117	98	305	454
Amounts due to and loans from related parties				
Other payables				
Subsidiaries	-	-	751	451
Related parties of Shin Corporation	212	406	192	397
Related party of SingTel Strategic Investments Pte Ltd.	28	80	28	80
Short-term loans	240	486	971	928
Subsidiaries	-	-	-	5,500
Total	240	486	971	6,428

As at 31 December 2009, short-term loans from subsidiaries were fully repaid (2008: interest rate of 2.45% per annum).

Movements during the years ended 31 December 2009 and 2008 of loans from related parties of the Company were as follows:

	Separate financial statements	
	2009	2008
	(in million Baht)	
Short-term loans from related parties		
Subsidiaries		
At 1 January	5,500	12,700
Increase	-	8,400
Decrease	(5,500)	(15,600)
At 31 December	-	5,500

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(in million Baht)			
Long-term debentures				
Subsidiary	-	-	1	-
Related party of Shin Corporation	46	-	46	-
Director of the Company and its related parties	1	1	1	1
Total	47	1	48	1

Significant agreements with related parties

The Group has entered into agreements with related parties and has commitment for payment according to a rate under the term and conditions stipulated in the agreements. The significant agreements with related parties are as follows:

- 1) The Company has entered into a consulting and management service agreement with a group of its subsidiaries. The Company will provide service in finance, legal, human resource and marketing consultancy and management and technical assistance to its subsidiaries. The agreement is valid for one year and is renewable on an annual basis. The contract parties have a right to terminate the agreement by giving advance notice to the counterparty of not less than 3 months.
- 2) The Company has entered into interconnection and national roaming agreements with Digital Phone Company Limited, a subsidiary. The suspension or termination of the agreement shall be referred to the regulations and conditions of the National Telecommunications Commission.
- 3) The Company has entered into a site share agreement with its subsidiaries to provide site area including facilities for installation of telecommunication equipment. The contract parties have a right to terminate the agreement by giving advance written notice to the counterparty of not less than 60 days.
- 4) The Company and its subsidiaries have entered into a call center service agreement with Advanced Contact Center Co., Ltd. ("ACC"), a subsidiary. ACC will provide service and required information including resolving problem requests from the Group's customers. The contract parties have a right to terminate the agreement by giving the counterparty a written notice for 30 days in advance.
- 5) The Company has entered into an agreement with Advanced Magic Card Co., Ltd. and Advanced MPAY Co., Ltd, its subsidiaries, to provide payment service for goods/service purchased through electronic cash cards and mobile phones. The contract parties have a right to terminate the agreement by giving advance written notice of not less than 30 days.
- 6) The Company and its subsidiaries have entered into an international roaming service agreement with the Group of Singtel Strategic Investments Pte. Ltd., related parties. The contract parties have a right to terminate the agreement by giving a written notice of 60 days in advance.
- 7) The Company has entered into a satellite transponder lease agreement with Thaicom Public Company Limited, a related party, for a monthly fee according to the rate and condition specified in the agreement. The agreement is valid until 21 June 2012.
- 8) The Group has entered into agreements with I.T. Applications and Services Company Limited, a related party, to receive computer system maintenance services. The agreement is renewable on an annual basis. The contract parties have a right to terminate the agreement by giving advance written notice of 3 months.

Shin Corporation's warrants

Shin Corporation Public Company Limited ("SHIN"), a major shareholder, has granted its warrants at no cost to the Company's directors.

Certain directors of the Company are also directors of SHIN. Warrants granted to these directors (directors of both the Company and SHIN) are as follows:

Grant date	Warrants	Exercise price per unit	Exercise ratio	Adjustment to exercise price per unit and ratio (effective from 26 August 2009 onward)	
	(Million units)			(Price)	(Ratio)
31 May 2005 (Grant IV)	8.33	41.76	1:1	34.27	1:1.21847
31 July 2006 (Grant V)	6.99	37.68	1:1	31.90	1:1.18115

Movements in the number of SHIN's warrants for the years ended 31 December are as follows:

	Separate financial statements	
	2009	2008
	(in million Baht)	
At 1 January	2.45	26.00
Exercised	-	(0.58)
Cancelled	(0.65)	(22.97)
At 31 December	1.80	2.45

For the year ended 31 December 2009, the Company's directors have not exercised warrants (2008: Directors exercised warrants of 0.58 million units to acquire 0.65 million ordinary shares of SHIN).

(5) Cash and cash equivalents

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
		(in million Baht)			
Cash on hand		23	10	5	8
Cash at bank-current accounts		449	278	60	89
Cash at bank-saving accounts		6,153	7,097	2,930	2,169
Highly liquid short-term investments		18,542	8,939	6,360	399
		25,167	16,324	9,355	2,665
Less Specifically-used bank deposits	6	(906)	(1,315)	-	-
Total		24,261	15,009	9,355	2,665

As at 31 December 2009, the effective interest rate on cash and cash equivalents was 0.19% - 2.75% per annum (2008: 0.46% - 3.47% per annum).

(6) Specifically-used bank deposits

In order to comply with the Notification of the Bank of Thailand applicable to the electronic cash card business, the subsidiaries' held deposits at call with banks amounting to the subsidiaries' outstanding balance of advance from customers of Baht 906 million (2008: Baht 1,315 million). The deposits cannot be used for other purposes apart from payment made to service providers.

(7) Other investments

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(in million Baht)			
Current investments				
Fixed deposit at financial institutions - pledged	-	11	-	-
Fixed deposit at financial institutions	-	100	-	-
Debt securities available for sale	44	29	-	-
	44	140	-	-
Other long-term investments				
Fixed deposit at financial institutions pledged	13	-	-	-
Fixed deposit at financial institutions	3,000	-	2,000	-
Debt securities available for sale	154	62	-	-
Other non marketable equity security	93	93	93	93
	3,260	155	2,093	93
Total	3,304	295	2,093	93

Current and other long-term investments

As at 31 December 2009, debt securities available for sale and fixed deposits with a financial institution bear interest at the effective rate of 1.63% and 2.10% per annum, respectively, (2008: 3.92% and 3.85% per annum, respectively).

Other long-term investments

On 29 June and 30 October 2007, the Company invested in Bridge Mobile Pte Ltd., a joint investment of 10 mobile phone operators in Asia-Pacific region to provide international roaming service (incorporated in Singapore), of 2.20 million ordinary shares, totaling USD 2.70 million (Baht 92.76 million). Total shares invested represent 10.00% of its paid-up share capital.

(8) Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
		(in million Baht)			
Related parties	4	210	201	2,055	5,468
Other parties		3,618	3,838	2,433	2,517
Accrued income		2,567	2,194	2,497	2,093
		6,395	6,233	6,985	10,078
Less allowance for doubtful accounts		(622)	(443)	(574)	(399)
Total		5,773	5,790	6,411	9,679

Aging analyses for trade accounts receivable are as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(in million Baht)			
Related parties				
Current - 3 months	205	198	1,878	5,143
Overdue 3 - 6 months	2	3	44	47
Overdue 6 - 12 months	3	-	98	96
Overdue over 12 months	-	-	35	182
	210	201	2,055	5,468
Less allowance for doubtful accounts	-	-	-	-
Net	210	201	2,055	5,468
Other parties				
Current - 3 months	5,724	5,752	4,562	4,406
Overdue 3 - 6 months	133	161	114	132
Overdue 6 - 12 months	163	65	147	62
Overdue over 12 months	165	54	107	10
	6,185	6,032	4,930	4,610
Less allowance for doubtful accounts	(622)	(443)	(574)	(399)
Net	5,563	5,589	4,356	4,211
Total	5,773	5,790	6,411	9,679

The normal credit term granted by the Group ranges from 14 days to 30 days.

(9) Inventories

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(in million Baht)			
Finished goods	587	1,568	-	-
Supplies and spare parts	34	14	-	-
Spare parts for mobile phone network maintenance	868	891	717	739
	1,489	2,473	717	739
Less allowance for obsolete and diminution in value of inventories	(860)	(880)	(673)	(644)
Total	629	1,593	44	95

(10) Other current assets

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(in million Baht)			
Prepaid expenses	1,133	1,364	1,119	1,350
Account receivables - Cash Card	46	599	-	-
Other receivables	64	376	31	49
Others	308	468	202	211
Total	1,551	2,807	1,352	1,610

(11) Investments in subsidiaries

	Separate financial statements	
	2009	2008
	(in million Baht)	
At 1 January	20,223	19,457
Acquisitions	-	774
Disposal	-	(598)
Liquidation	(8)	(2)
Allowance for impairment	-	(8)
Reversal of allowance for impairment	8	600
At 31 December	20,223	20,223

On 23 January 2008, the Company purchased 9,000,000 ordinary shares in Advanced MPAY Co., Ltd., its subsidiary from NTT Docomo, Inc., at Baht 14 per share, totalling Baht 126 million. The subsidiary registered the change in its shareholder with the Ministry of Commerce on 24 January 2008. As a result, the Company's ownership changed from 69.99% to 99.99% upon the completion of the transaction.

	(in million Baht)
Purchase price	126
Derived net realisable value	(92)
Positive goodwill	34

Book value of assets and liabilities from AMP, which was taken to approximate the fair value on 23 January 2008, is summarised as follows:

	(in million Baht)
Cash on hand and at banks	72
Short-term investment	123
Other current assets	12
Equipment, net	98
Intangible assets	54
Trade accounts payable	(7)
Amount due to related parties	(8)
Advanced receipt from customer	(30)
Accrued and other current liabilities	(9)
Net realisable value	305
Additional holding (%)	30
Net realisable value	92

On 21 April 2008, Super Broadband Network Company Limited ("SBN"), a subsidiary, registered the increase in the share capital from Baht 1 million (10,000 ordinary shares, Baht 100 par value) to Baht 300 million (3,000,000 ordinary shares, Baht 100 par value) with the Ministry of Commerce. The purpose of the capital increase is to fund the investment in transmission network. The Company paid for the increased shares by Baht 100 per share, totalling Baht 299 million and owns 99.99% of the issued share capital.

On 13 May 2008, Data Line Thai Company Limited (“DLT”), a subsidiary in which the Company owns 65.00% of its share capital registered its dissolution with the Business Development Department, the Ministry of Commerce, on 29 November 2007. DLT has completed the process of liquidation and is dissolved as a juristic entity.

On 30 May 2008, the Company sold its 51% equity share interest of Advanced Data Network Communications Co., Ltd. (“ADC”), to Digital Phone Co., Ltd. (“DPC”), a fellow subsidiary. The selling price is based on the ADC’s book value as of 29 February 2008, totalling amount of Baht 199 million. Additionally, the Group has recorded loss on write-off of goodwill in ADC amount of Baht 15 million in the consolidated financial statement.

On 18 December 2008, Advanced Wireless Network Company Limited (“AWN”), a subsidiary, registered the increase in the share capital from Baht 1 million (10,000 ordinary shares, Baht 100 par value) to Baht 350 million (3,500,000 ordinary shares, Baht 100 par value) with the Ministry of Commerce. The purpose of the capital increase is for future investment. The Company paid for the increased shares by Baht 100 per share, totalling Baht 349 million and holds 99.99% of the issued share capital.

The liquidation of subsidiary

On 22 July 2009, Data Network Solutions Company Limited (“DNS”), a subsidiary in which the Company owns 49.00% of its total shares had registered the dissolution of a company with the Business Development Department, the Ministry of Commerce, on 16 December 2008. DNS has completed the process of liquidation and as a result is dissolved as a juristic entity.

Dividend income from subsidiaries

At the annual general meeting of the subsidiaries, resolutions were passed to approve the dividend payment to the shareholders as follows:

Company	Date of meeting	Dividend Baht/share	Amount Million Baht
Advanced Contact Center Co., Ltd.	6 March 2009	6.25	170
Advanced Magic Card Co., Ltd.	6 March 2009	8.50	212
AIN GlobalComm Co., Ltd.	5 March 2009	550.00	1,100
Digital Phone Co., Ltd.	11 November 2009	2.15	3,098

Investments by subsidiaries

On 14 October 2009, Advanced Wireless Network Company Limited (“AWN”), a subsidiary of the Company, invested in Mobile Broadband Business Company Limited (“MBB”) of 1,199,997 shares consisted of preferred share by 51% and ordinary share by 49% of total share, par value of 100 Baht per share, totalling Baht 120 million. Total shares invested represented 99.99% ownership.

On 19 October 2009, Mobile Broadband Business Company Limited (“MBB”), an indirect subsidiary of the Company, invested in Advanced Mobile Broadband Company Limited (“AMB”) of 999,997 ordinary shares, par value of 100 Baht per share, totalling Baht 100 million. Total shares invested represented 99.99% ownership.

Investments in subsidiaries and indirect subsidiary as at 31 December 2009 and 2008, and dividend income from those investments for the years then ended were as follows:

Separate financial statements											
Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		Dividend income	
2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
%		(in million Baht)									
Subsidiaries											
99.99	99.99	240	240	600	600	(335)	(335)	265	265	-	-
-	49.00	-	1	-	8	-	(8)	-	-	-	27
99.99	99.99	272	272	811	811	-	-	811	811	170	-
98.55	98.55	14,622	14,622	23,300	23,300	(5,539)	(5,539)	17,761	17,761	3,098	-
99.99	99.99	250	250	250	250	-	-	250	250	212	-
99.99	99.99	300	300	336	336	-	-	336	336	-	-
99.99	99.99	100	100	100	100	-	-	100	100	1,100	-
99.99	99.99	350	350	350	350	-	-	350	350	-	-
99.99	99.99	300	300	300	300	-	-	300	300	-	-
99.99	99.99	50	50	50	50	-	-	50	50	-	-
Total		16,484	16,485	26,097	26,105	(5,874)	(5,882)	20,223	20,223	4,580	27

(12) Property, plant and equipment

	Consolidated financial statements								
	Land	Building and building improvement	Leasehold building improvement	Computer, tools and equipment	Furniture, fixtures and office equipment	Communication equipment for rental	Vehicles	Assets under construction and installation	Total
(in million Baht)									
Cost									
At 1 January 2008	1	491	861	27,467	1,979	26	238	499	31,562
Additions	-	13	49	1,661	328	3	45	542	2,641
Transfers	-	-	(2)	361	6	-	-	(125)	240
Disposals	-	-	(28)	(299)	(208)	(4)	(34)	-	(573)
At 31 December 2008 and 1 January 2009	1	504	880	29,190	2,105	25	249	916	33,870
Additions	-	-	49	3,684	305	-	41	(242)	3,837
Transfers	-	(20)	34	185	(183)	(3)	-	(147)	(134)
Disposals	-	-	(43)	(941)	(244)	(4)	(26)	(2)	(1,260)
At 31 December 2009	1	484	920	32,118	1,983	18	264	525	36,313
Accumulated depreciation									
At 1 January 2008	-	(186)	(546)	(20,625)	(1,516)	(11)	(117)	-	(23,001)
Depreciation charge for the year	-	(44)	(116)	(2,498)	(323)	(5)	(43)	-	(3,029)
Impairment charge	-	(1)	-	-	-	-	-	-	(1)
Transfers	-	-	-	(71)	-	-	-	-	(71)
Disposals	-	-	18	119	204	4	30	-	375
At 31 December 2008 and 1 January 2009	-	(231)	(644)	(23,075)	(1,635)	(12)	(130)	-	(25,727)
Depreciation charge for the year	-	(41)	(106)	(2,794)	(348)	(5)	(43)	-	(3,337)
Impairment charge	-	(5)	-	(323)	(4)	(4)	-	-	(336)
Transfers	-	12	(12)	(120)	140	3	-	-	23
Disposals	-	-	40	932	238	3	18	-	1,231
At 31 December 2009	-	(265)	(722)	(25,380)	(1,609)	(15)	(155)	-	(28,146)

	Consolidated financial statements								
	Land	Building and building improvement	Leasehold building improvement	Computer, tools and equipment	Furniture, fixtures and office equipment	Communication equipment for rental	Vehicles	Assets under construction and installation	Total
	(in million Baht)								
Net book value									
Owned assets	1	273	236	6,104	470	7	78	916	8,085
Assets under finance leases	-	-	-	11	-	6	41	-	58
Total at 31 December 2008	1	273	236	6,115	470	13	119	916	8,143
Owned assets	1	219	198	6,738	374	3	50	525	8,108
Assets under finance leases	-	-	-	-	-	-	59	-	59
Total at 31 December 2009	1	219	198	6,738	374	3	109	525	8,167

The gross amount of the Group's fully depreciated plant and equipment that was still in use as at 31 December 2009 amounted to Baht 23,486 million (2008: Baht 21,422 million).

During 2009, the Group reviewed the carrying amount of computer, tool and equipment, assets under the Agreement for operation and deferred expenses of service rendering data leased-line with DATAKIT VIRTUAL CIRCUIT by comparing net book value as at 31 December 2009 with the recoverable net present value of future cash generation assuming that these assets are in operation for 5 years based on value-in-use calculation.

As a result of the review, the Group recorded an impairment loss of computer, tool and equipment, assets under the Agreement for operation and deferred expenses totalling Baht 561 million in the 2009 consolidated statement of income and the 2009 statement of income of a subsidiary.

	Separate financial statements						
	Building and building improvement	Leasehold building improvement	Computer, tools and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	Total
	(in million Baht)						
Cost							
At 1 January 2008	402	818	26,704	1,433	220	255	29,832
Additions	8	34	1,260	306	43	101	1,752
Transfers	-	-	352	1	-	(152)	201
Disposals	-	-	(294)	(179)	(35)	-	(508)
At 31 December 2008 and 1 January 2009	410	852	28,022	1,561	228	204	31,277
Additions	-	45	1,410	300	39	32	1,826
Transfers	-	-	(210)	210	-	(115)	(115)
Disposals	-	(39)	(531)	(212)	(23)	(2)	(807)
At 31 December 2009	410	858	28,691	1,859	244	119	32,181
Accumulated depreciation							
At 1 January 2008	(175)	(530)	(20,360)	(1,039)	(109)	-	(22,213)
Depreciation charge for the year	(38)	(109)	(2,378)	(294)	(39)	-	(2,858)
Transfers	-	-	(70)	-	-	-	(70)
Disposals	-	-	112	172	28	-	312
At 31 December 2008 and 1 January 2009	(213)	(639)	(22,696)	(1,161)	(120)	-	(24,829)
Depreciation charge for the year	(37)	(97)	(2,464)	(330)	(40)	-	(2,968)
Transfers	-	-	242	(225)	-	-	17
Disposals	-	39	525	204	17	-	785
At 31 December 2009	(250)	(697)	(24,393)	(1,512)	(143)	-	(26,995)
Net book value							
Owned assets	197	213	5,320	400	72	204	6,406
Assets under finance leases	-	-	6	-	36	-	42
Total at 31 December 2008	197	213	5,326	400	108	204	6,448
Owned assets	160	161	4,298	347	46	119	5,131
Assets under finance leases	-	-	-	-	55	-	55
Total at 31 December 2009	160	161	4,298	347	101	119	5,186

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2009 amounted to Baht 22,659 million (2008: Baht 20,969 million).

(13) Assets under the Agreements for operation

	Consolidated financial statements				
	Cost of mobile phone networks	Cost of datanet tools and equipment	Advance payment and assets under construction of mobile phone networks	Advance payment and assets under construction of datanet tools and equipment	Total
	(in million Baht)				
Cost					
At 1 January 2008	171,972	1,536	2,468	2	175,978
Additions	10,813	3	(1,111)	-	9,705
Transfers	(238)	(1)	-	(2)	(241)
Disposals	(1,293)	-	-	-	(1,293)
At 31 December 2008 and 1 January 2009	181,254	1,538	1,357	-	184,149
Additions	5,789	-	(1,068)	-	4,721
At 31 December 2009	187,043	1,538	289	-	188,870
Accumulated amortisation					
At 1 January 2008	(96,309)	(1,142)	-	-	(97,451)
Amortisation charge for the year	(14,911)	(102)	-	-	(15,013)
Transfers	71	-	-	-	71
Disposals	1,289	-	-	-	1,289
At 31 December 2008 and 1 January 2009	(109,860)	(1,244)	-	-	(111,104)
Amortisation charge for the year	(15,925)	(91)	-	-	(16,016)
Impairment charge	-	(203)	-	-	(203)
At 31 December 2009	(125,785)	(1,538)	-	-	(127,323)
Net book value					
At 31 December 2008	71,394	294	1,357	-	73,045
At 31 December 2009	61,258	-	289	-	61,547

The gross amount of the Group's fully amortised assets under the Agreements for operation that was still in use as at 31 December 2009 amounted to Baht 27,054 million (2008: Baht 21,190 million).

	Separate financial statements		
	Cost of mobile phone networks	Advance payment and assets under construction of mobile phone networks	Total
	(in million Baht)		
Cost			
At 1 January 2008	157,483	2,468	159,951
Additions	10,650	(1,111)	9,539
Transfers	(238)	-	(238)
Disposals	(1)	-	(1)
At 31 December 2008 and 1 January 2009	167,894	1,357	169,251
Additions	5,788	(1,068)	4,720
At 31 December 2009	173,682	289	173,971
Accumulated amortisation			
At 1 January 2008	(86,506)	-	(86,506)
Amortisation charge for the year	(13,731)	-	(13,731)
Transfers	71	-	71
At 31 December 2008 and 1 January 2009	(100,166)	-	(100,166)
Amortisation charge for the year	(14,754)	-	(14,754)
At 31 December 2009	(114,920)	-	(114,920)
Net book value			
At 31 December 2008	67,728	1,357	69,085
At 31 December 2009	58,762	289	59,051

The gross amount of the Company's fully amortised assets under the Agreement for operation that was still in use as at 31 December 2009 amounted to Baht 23,177 million (2008: Baht 18,962 million).

(14) Intangible assets

	Consolidated financial statements			
	Goodwill	Operation right	Software licences	Total
	(in million Baht)			
Cost				
At 1 January 2008	14,399	6,993	3,959	25,351
Additions	35	-	241	276
Transfers	-	-	39	39
Disposals	(82)	-	-	(82)
At 31 December 2008 and 1 January 2009	14,352	6,993	4,239	25,584
Additions	-	-	313	313
Transfers	-	-	126	126
Disposals	-	-	(6)	(6)
At 31 December 2009	14,352	6,993	4,672	26,017
Accumulated amortisation				
At 1 January 2008	(7,729)	(4,397)	(2,632)	(14,758)
Amortisation charge for the year	-	(455)	(347)	(802)
Impairment charge	(3,553)	-	-	(3,553)
Disposals	67	-	-	67
At 31 December 2008 and 1 January 2009	(11,215)	(4,852)	(2,979)	(19,046)
Amortisation charge for the year	-	(454)	(213)	(667)
Transfers	-	-	(23)	(23)
Disposals	-	-	5	5
At 31 December 2009	(11,215)	(5,306)	(3,210)	(19,731)
Net book value				
At 31 December 2008	3,137	2,141	1,260	6,538
At 31 December 2009	3,137	1,687	1,462	6,286

The Group reviewed the carrying amount of goodwill in respect of the Digital PCN 1800 Mobile phone system operation by comparing net book value as at 31 December 2008 with the recoverable net present value of future cash generation assuming that the Agreement for operation expires on 15 September 2013 based on value-in-use calculation.

As a result of the review, the Group recorded a loss from goodwill impairment of Baht 3,553 million in the 2008 consolidated statement of income.

	Separate financial statements
	Software licences
	(in million Baht)
Cost	
At 1 January 2008	3,778
Additions	186
Transfers	36
At 31 December 2008 and 1 January 2009	4,000
Additions	296
Transfers	106
Disposals	(4)
At 31 December 2009	4,398
Accumulated amortisation	
At 1 January 2008	(2,605)
Amortisation charge for the year	(326)
At 31 December 2008 and 1 January 2009	(2,931)
Amortisation charge for the year	(186)
Transfers	(16)
Disposals	3
At 31 December 2009	(3,130)
Net book value	
At 31 December 2008	1,069
At 31 December 2009	1,268

(15) Deferred tax

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

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(in million Baht)			
Deferred tax assets	10,328	10,424	9,417	9,496
Deferred tax liabilities	(277)	(349)	(232)	(292)
Net	10,051	10,075	9,185	9,204

Movements in deferred tax assets and liabilities during the year were as follows:

	Consolidated financial statements				
	At 1 January 2008	Charged/ (credited) to Statement of income (note 28)	At 31 December 2008	Charged/ (credited) to Statement of income (note 28)	At 31 December 2009
	(in million Baht)				
Deferred tax assets					
Accounts receivable (doubtful accounts)	129	(2)	127	56	183
Inventories (provision for decline in value)	242	26	268	(10)	258
Assets under the Agreement for operation (amortisation difference)	8,652	112	8,764	101	8,865
Unearned income - mobile phone service (income recognised difference)	1,331	(151)	1,180	(250)	930
Others	78	7	85	7	92
Total	10,432	(8)	10,424	(96)	10,328
Deferred tax liabilities					
Prepaid expense under the Agreement for operation and excise tax (expense recognised difference)	(302)	34	(268)	58	(210)
Accelerated tax (amortisation difference)	(67)	10	(57)	3	(54)
Others	(32)	8	(24)	11	(13)
Total	(401)	52	(349)	72	(277)
Net	10,031	44	10,075	(24)	10,051

	Separate financial statements				
	At 1 January 2008	Charged/ (credited) to Statement of income (note 28)	At 31 December 2008	Charged/ (credited) to Statement of income (note 28)	At 31 December 2009
	(in million Baht)				
Deferred tax assets					
Accounts receivable (doubtful accounts)	120	(3)	117	51	168
Inventories (provision for decline in value)	178	18	196	6	202
Assets under the Agreement for operation (amortisation difference)	7,764	163	7,927	103	8,030
Unearned income-mobile phone service (income recognised difference)	1,331	(151)	1,180	(250)	930
Others	69	7	76	11	87
Total	9,462	34	9,496	(79)	9,417
Deferred tax liabilities					
Prepaid expense under the Agreement for operation and excise tax (expense recognised difference)	(302)	34	(268)	58	(210)
Others	(32)	8	(24)	2	(22)
Total	(334)	42	(292)	60	(232)
Net	9,128	76	9,204	(19)	9,185

(16) Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(in million Baht)			
Deferred charges, net	400	434	385	420
Others	278	310	249	240
Total	678	744	634	660

(17) Interest-bearing borrowings

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(in million Baht)			
Current				
Current portion of long-term borrowings, net	476	397	476	397
Current portion of long-term debentures, net	-	6,621	-	6,621
Current portion of finance lease liabilities	22	19	18	15
	498	7,037	494	7,033
Non-current				
Long-term borrowings, net	17,096	17,744	17,096	17,744
Long-term debentures, net	19,474	11,989	19,474	11,989
Finance lease liabilities	50	42	47	34
	36,620	29,775	36,617	29,767
Total	37,118	36,812	37,111	36,800

The periods to maturity of interest-bearing borrowings, excluding finance lease liabilities, as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(in million Baht)			
Within one year	476	7,018	476	7,018
After one year but within five years	34,902	25,492	34,902	25,492
After five years	1,668	4,241	1,668	4,241
Total	37,046	36,751	37,046	36,751

Long-term borrowings

As at 31 December 2009, the details of long-term loans under syndicate and export credit agency (ECA) agreement with credit facilities in amount of JPY 30,568.20 million and USD 210.66 million, respectively, are summarised as follows:

Credit facilities (Million)	Interest rate (per annum)	Term of interest Payment	Principal payment term	31 December	
				2009	2008
				(Million Baht)	
JPY 30,568.20	JPY LIBOR plus margin	Monthly*	Entirely redeemed on 20 November 2011	11,176	11,916
USD 70.00	LIBOR plus margin	Semi-annual	Entirely redeemed on 9 November 2014	2,346	2,456
USD 140.66	LIBOR plus margin	Semi-annual	20 equal installments commencing on 30 November 2008 until 31 May 2018	4,050	3,769
Total				17,572	18,141

*Term of interest payment is changed from semi-annual to monthly payment since 20 November 2009.

Long-term debentures

As at 31 December 2009 and 2008, long-term debentures represent unsubordinated and unsecured debentures with a par value of Baht 1,000 each and are detailed as follows:

Issue date	No. of units (Million)	Amount (Million Baht)	Interest rate (per annum)	Term of interest payment	Principal payment term	31 December	
						2009	2008
						(in million Baht)	
21 March 2002	2.50	2,500	6.25%	Semi-annual	Entirely redeemed on 21 March 2009*	-	2,450
21 March 2002	4.50	4,500	Average of highest 6 months of fixed deposit plus margin 2.10%	Semi-annual	6 equal installments commencing in the fifty-four month after the issuing date until 21 March 2009	-	750
7 September 2006	3.43	3,427	5.80%	Semi-annual	Entirely redeemed on 7 September 2009	-	3,427
7 September 2006	4.00	4,000	5.90%	Semi-annual	Entirely redeemed on 7 September 2011	4,000	4,000
7 September 2006	4.00	4,000	6.00%	Semi-annual	Entirely redeemed on 7 September 2013	4,000	4,000
30 April 2008	4.00	4,000	4.00% for the first two year and 4.90% for the last three years	Quarterly	Entirely redeemed on 30 April 2013	4,000	4,000
23 January 2009	5.00	5,000	4.00% for the first 2.5 year and 5.00% for the last year	Quarterly	Entirely redeemed on 23 July 2012	5,000	-
23 January 2009	2.50	2,500	4.00% for the first two year, 5.00% for the third and fourth year and 6.00% for the last years	Quarterly	Entirely redeemed on 23 January 2014	2,500	-
Total debentures						19,500	18,627
Less bond issuing cost balance at 31 December						(26)	(17)
Net						19,474	18,610

*On 18 November 2003, the Company partly redeemed 50,000 units of Baht 1,000 each of debentures which were issued on 21 March 2002 bearing interest at a fixed rate of 6.25% per annum amounting to Baht 50 million. The premium cost of early redemption of these debentures amounting to Baht 4.11 million was charged to the 2003 statement of income.

Under the terms and conditions of the long-term borrowings and debentures, the Company has to comply with certain restrictions and maintain certain financial ratios.

As at 31 December 2009, the Group and the Company had unutilised credit facilities totaling Baht 10,000 million and Baht 6,000 million, respectively, (2008: the Group and the Company had USD 29 million).

The carrying amounts and fair values of long-term debentures (gross of issue costs) as at 31 December are as follows:

	Consolidated and Separate financial statements			
	Carrying amount		Fair values*	
	2009	2008	2009	2008
(in million Baht)				
Long-term debentures	19,500	18,627	20,494	19,207

* Fair values for traded debentures have been determined based on quoted selling prices from The Thai Bond Market Association at the close of the business on the reporting date.

Movement during the years ended 31 December of borrowing was as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(in million Baht)			
At 1 January	36,812	29,966	36,800	29,948
Additions	8,574	9,049	8,573	9,045
Bond issuing cost	(19)	(9)	(19)	(9)
Repayments	(7,200)	(5,161)	(7,194)	(5,151)
Unrealised loss (gain) on foreign exchange	(1,059)	2,952	(1,059)	2,952
Amortisation of bond issuing cost	10	7	10	7
Amortisation of discounted bill of exchange	-	8	-	8
At 31 December	37,118	36,812	37,111	36,800

The effective weighted interest rates as at 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(% per annum)			
Long-term borrowings	4.48	4.63	4.48	4.63
Long-term debentures	5.07	5.61	5.07	5.61
Finance lease liabilities	9.28	10.20	9.20	10.21

(18) Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
		(in million Baht)			
Related parties	4	117	98	305	454
Other parties		2,612	4,165	1,797	3,210
Total		2,729	4,263	2,102	3,664

(19) Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(in million Baht)			
Accrued bonus	754	777	659	686
Accrued interest expense	319	373	319	373
Accrued commission	136	109	123	101
Value added tax payable	114	-	413	223
Other payables	1,541	887	1,534	880
Withholding tax payable	274	306	129	183
Others	773	651	465	460
Total	3,911	3,103	3,642	2,906

(20) Share capital

	Par value per share (in Baht)	2009		2008	
		Number	Baht	Number	Baht
		(million share / million Baht)			
Authorised					
At 1 January					
- ordinary shares	1	4,997	4,997	4,997	4,997
At 31 December					
- ordinary shares	1	4,997	4,997	4,997	4,997
Issued and fully paid					
At 1 January					
- ordinary shares	1	2,962	2,962	2,958	2,958
Increase of new shares	1	3	3	4	4
At 31 December					
- ordinary shares	1	2,965	2,965	2,962	2,962

During the year ended 31 December 2009, the Company registered the increase in share capital with the Ministry of Commerce for 3.70 million ordinary shares from the exercise of 3.20 million warrants. The capital increase results in an increase in paid-up share capital and share premium of Baht 3.70 million and Baht 293 million, respectively.

As at 31 December 2009, the total issued number of ordinary shares is 2,965 million shares (2008: 2,962 million shares) with a par value of Baht 1 per share (2008: Baht 1 per share). All issued shares are fully paid.

During the year ended 31 December 2008, the Company registered the increase in share capital with the Ministry of Commerce for 3.62 million ordinary shares from the exercise of 3.26 million warrants, 0.19 million warrants of which were exercised during the quarter ended 31 December 2007. The capital increase results in an increase in paid-up share capital and share premium of Baht 4 million and Baht 294 million, respectively.

(21) Warrants

Warrants granted to directors and employees

The Company granted warrants at no cost to directors and employees. The warrants are in registered form and non-transferable. Term of warrant is not exceeding 5 years. Details of warrants are as follows:

Grant date	30 May 2003 (Grant II)	31 May 2004 (Grant III)	31 May 2005 (Grant IV)	31 May 2006 (Grant V)
Tenth adjustment to exercise price per unit and ratio (effective from 16 April 2008 onwards)				
- Price	37.61	80.57	94.82	83.92
- Ratio	1 : 1.15356	1 : 1.13920	1 : 1.12490	1 : 1.08989
Eleventh adjustment to exercise price per unit and ratio (effective from 22 August 2008 onwards)				
- Price	-	79.65	93.73	82.96
- Ratio	-	1 : 1.15247	1 : 1.13801	1 : 1.10259

Grant date	30 May 2003 (Grant II)	31 May 2004 (Grant III)	31 May 2005 (Grant IV)	31 May 2006 (Grant V)
Twelfth adjustment to exercise price per unit and ratio (effective from 16 April 2009 onwards)				
- Price	-	77.20	90.85	80.41
- Ratio	-	1 : 1.18897	1 : 1.17405	1 : 1.13751
Thirteenth adjustment to exercise price per unit and ratio (effective from 25 August 2009 onwards)				
- Price	-	-	89.29	79.03
- Ratio	-	-	1 : 1.19474	1 : 1.15737

Tenth adjustment to exercise price and exercise ratio of warrant grant II, grant III, grant IV and grant V

At the Board of Directors' meeting held on 10 April 2008, the shareholders passed a resolution to approve the tenth adjustment of the exercise price of warrants grant II, grant III, grant IV and grant V from Baht 38.32 per unit to Baht 37.61 per unit, from Baht 82.11 per unit to Baht 80.57 per unit, from Baht 96.63 per unit to Baht 94.82 per unit and from Baht 85.52 per unit to Baht 83.92 per unit, respectively. In addition, the exercise ratio was approved to be changed from 1 : 1.13197 to 1 : 1.15356 for grant II, from 1 : 1.11788 to 1 : 1.13920 for grant III, from 1 : 1.10385 to 1 : 1.12490 for grant IV and from 1 : 1.06949 to 1 : 1.08989 for grant V. The new exercise price and exercise ratio were effective from 16 April 2008 onwards.

Eleventh adjustment to exercise price and exercise ratio of warrant grant III, grant IV and grant V

At the Board of Directors' meeting held on 13 August 2008, the shareholders passed a resolution to approve the eleventh adjustment of the exercise price of warrants grant III, grant IV and grant V from Baht 80.57 per unit to Baht 79.65 per unit, from Baht 94.82 per unit to Baht 93.73 per unit and from Baht 83.92 per unit to Baht 82.96 per unit, respectively. In addition, the exercise ratio was approved to be changed from 1 : 1.13920 to 1 : 1.15247 for grant III, from 1 : 1.12490 to 1 : 1.13801 for grant IV and from 1 : 1.08989 to 1 : 1.10259 for grant V. The new exercise price and exercise ratio were effective from 22 August 2008 onwards.

Twelfth adjustment to exercise price and exercise ratio of warrant grant III, grant IV and grant V

At the Board of Directors' meeting held on 8 April 2009, the shareholders passed a resolution to approve the twelfth adjustment of the exercise price of warrants grant III, grant IV and grant V from Baht 79.65 per unit to Baht 77.20 per unit, from Baht 93.73 per unit to Baht 90.85 per unit and from Baht 82.96 per unit to Baht 80.41 per unit, respectively. In addition, the exercise ratio was approved to be changed from 1 : 1.15247 to 1 : 1.18897 for grant III, from 1 : 1.13801 to 1 : 1.17405 for grant IV and from 1 : 1.10259 to 1 : 1.13751 for grant V. The new exercise price and exercise ratio were effective from 16 April 2009 onwards.

Thirteenth adjustment to exercise price and exercise ratio of warrant grant IV and grant V

At the Board of Directors' meeting held on 13 August 2009, the shareholders passed a resolution to approve the thirteenth adjustment of the exercise price of warrants grant IV and grant V from Baht 90.85 per unit to Baht 89.29 per unit and from Baht 80.41 per unit to Baht 79.03 per unit, respectively. In addition, the exercise ratio was approved to be changed from 1 : 1.17405 to 1 : 1.19454 for grant IV and from 1 : 1.13751 to 1 : 1.15737 for grant V. The new exercise price and exercise ratio were effective from 25 August 2009 onwards.

Movements in the number of warrants outstanding are as follows:

	Directors	Employees	Total
	(in million units)		
At 1 January 2008	6.47	19.87	26.34
Exercised	(0.33)	(2.73)	(3.06)
Cancelled	-	(0.31)	(0.31)
At 31 December 2008 and 1 January 2009	6.14	16.83	22.97
Exercised	(0.31)	(2.90)	(3.21)
Cancelled	(0.58)	(3.46)	(4.04)
At 31 December 2009	5.25	10.47	15.72

Exercised warrants

During the year ended 31 December 2009, warrant 0.31 million units and 2.90 million units were exercised by the Company's directors and employees, respectively, (2008: 0.33 million units and 2.73 million units, respectively). The exercises of 3.21 million warrants during the year ended 31 December 2009 (2008: 3.06 million warrants), increased paid-up share capital and premium on share capital by Baht 3.70 million and Baht 293 million, respectively (2008: Baht 4 million and Baht 294 million, respectively).

The exercise of warrants complied with the terms and conditions of the issuance of warrants which were approved by the Company's shareholders.

(22) Additional paid-in capital and reserves

Share premium

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

Legal reserve

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

(23) Segment information

Segment information is presented in respect of the Group's business and geographic segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Business segments

The Group comprises the following main business segments:

- Segment 1 Mobile phone and call center services
- Segment 2 Mobile phone sales
- Segment 3 Datanet and broadband services

Geographic segments

Management considers that the Group operates in a single geographic area, namely in Thailand, and has, therefore, only one major geographic segment.

Business segment results

	Consolidated financial statements For the years ended 31 December							
	Mobile phone and Datanet and call center services		Mobile phone sales		Datanet and broadband services		Group	
	2009	2008	2009	2008	2009	2008	2009	2008
	(in million Baht)							
Revenues from services and equipment rentals	95,146	98,739	33	53	633	794	95,812	99,586
Revenue from sales	-	-	6,639	11,205	1	-	6,640	11,205
Other operating income	654	2,454	33	45	-	65	687	2,564
Total revenues	95,800	101,193	6,705	11,303	634	859	103,139	113,355
Cost of sales, services and equipment rentals	(59,746)	(60,986)	(6,233)	(10,576)	(337)	(477)	(66,316)	(72,039)
Selling and administrative expenses	(9,608)	(10,435)	(366)	(575)	(159)	(201)	(10,133)	(11,211)
Impairment losses of assets	-	(3,553)	-	-	(561)	-	(561)	(3,553)
Total expenses	69,354	(74,974)	(6,599)	(11,151)	(1,057)	(678)	(77,010)	(86,803)
Profit (loss) before finance costs and income tax expenses	26,446	26,219	106	152	(423)	181	26,129	26,552
Finance costs	(1,919)	(1,703)	(2)	(3)	-	(1)	(1,921)	(1,707)
Income tax expense	(7,239)	(8,189)	(180)	(192)	-	-	(7,419)	(8,381)
Profit (loss) for the year	17,288	16,327	(76)	(43)	(423)	180	16,789	16,464
Current assets	30,373	21,094	3,035	5,600	163	202	33,571	26,896
Non-current assets	91,273	100,240	135	164	47	781	91,455	101,185
Total assets	121,646	121,334	3,170	5,764	210	983	125,026	128,081
Current liabilities	16,196	24,338	274	366	113	156	16,583	24,860
Non-current liabilities	36,620	29,771	-	-	12	15	36,632	29,786
Total liabilities	52,816	54,109	274	366	125	171	53,215	54,646
Capital expenditure	8,549	12,294	6	21	2	31	8,557	12,346
Depreciation	3,237	2,923	18	17	82	89	3,337	3,029
Amortisation	16,666	15,783	5	3	103	115	16,774	15,901
Gain on disposal of assets	7	58	1	-	-	12	8	70

(24) Other operating income

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(in million Baht)			
Interest income	344	404	168	140
Bad debt recovery	107	149	104	144
Management income	-	-	98	94
Income from settlement of a operation right payable*	-	1,739	-	-
Others	236	272	223	180
Total	687	2,564	593	558

*On 30 May 2008, Digital Phone Company Limited ("DPC") and Total Access Communication Public Company Limited ("DTAC") agreed to suspend a dispute under the Unwind Agreement. DPC agreed to pay Baht 3,000 million to DTAC that had previously been provided at Baht 4,739 million. The amount overprovided of Baht 1,739 million was recognised as other income in the 2008 separate financial statements of DPC and 2008 consolidated financial statements of the Company.

(25) Expenses by nature

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

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(in million Baht)			
Depreciation on plant and equipment (Note 12)	3,337	3,029	2,968	2,858
Amortisation of assets under Agreement for operation (Note 13)	16,016	15,013	14,754	13,731
Amortisation of intangible assets (Note 14)	667	802	186	326
Amortisation of other assets (Note 16)	91	86	76	64
Loss on obsolete spare parts for mobile phone network maintenance	43	51	30	51
Doubtful accounts and bad debts	784	530	826	550
Marketing expenses	2,695	3,252	2,599	3,085
Personnel expense	4,396	4,641	3,176	3,398

(26) Provident Fund

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 7% of their basic salaries and by the Group at rates ranging from 3% to 7% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

(27) Finance costs

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
		(in million Baht)			
Finance cost paid and payable to:					
Related parties	4	6	3	15	275
Financial institutions		1,915	1,704	1,907	1,699
Total		1,921	1,707	1,922	1,974

(28) Income tax expense

	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
		(in million Baht)			
Current tax expense	15				
Current year		7,387	8,458	6,461	6,795
Under/(Over) provided in prior years		8	(33)	6	(21)
		7,395	8,425	6,467	6,774
Deferred tax expense					
Movements in temporary differences		24	(44)	19	(76)
		24	(44)	19	(76)
Total		7,419	8,381	6,486	6,698

Reconciliation of effective tax rate

	Consolidated financial statements			
	2009		2008	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before tax		24,208		24,846
Income tax using the Thai corporation tax rate	30	7,262	30	7,454
Income tax reduction		(15)		(15)
Adjustment for tax purpose		240		(147)
Effect from elimination with subsidiaries		(68)		1,117
Utilisation of previously unrecognised tax losses		-		(28)
Total	31	7,419	34	8,381

Reconciliation of effective tax rate

	Separate financial statements			
	2009		2008	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before tax		26,146		22,944
Income tax using the Thai corporation tax rate	30	7,844	30	6,883
Income tax reduction		(15)		(15)
Dividend income not subject to tax		(1,374)		(8)
Adjustment for tax purpose		31		(162)
Total	25	6,486	29	6,698

Royal Decree No. 387 B.E. 2544 dated 5 September 2001 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for taxable profit not exceeding Baht 300 million for the five consecutive accounting periods beginning on or after enactment. Listed companies that received income tax reduction under this Royal Decree are also eligible to continue the period of tax reduction under Royal Decree No. 475 but not beyond the 2010 accounting period ending on or after 31 December 2010.

Royal Decree No. 475 B.E. 2551 dated 6 August 2008 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for taxable profit not exceeding Baht 300 million for the three consecutive accounting periods beginning on or after 1 January 2008.

(29) Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the years ended 31 December 2009 and 2008 were based on the profit for the years attributable to equity holders of the Company and the weighted average number of shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(in million Baht / million shares)			
Profit for the year attributable to equity holders of the Company (basic)	17,055	16,409	19,661	16,246
Number of ordinary shares outstanding at 1 January	2,962	2,958	2,962	2,958
Effect of shares issued during January to August	1	3	1	3
Weighted average number of ordinary shares outstanding (basic)	2,963	2,961	2,963	2,961
Earnings per share (basic) (in Baht)	5.76	5.54	6.64	5.49

Diluted earnings per share

The calculation of diluted earnings per share for the years ended 31 December 2009 and 2008 were based on the profit for the years attributable to equity holders of the Company and the weighted average number of shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(in million Baht / million shares)			
Profit for the year attributable to equity holders of the Company (basic)	17,055	16,409	19,661	16,246
Profit attributable to equity holders of the Company (diluted)	17,055	16,409	19,661	16,246
Weighted average number of ordinary shares outstanding (basic)	2,963	2,961	2,963	2,961
Weighted average number of ordinary shares outstanding (diluted)	2,963	2,961	2,963	2,961
Earnings per share (diluted) (in Baht)	5.76	5.54	6.64	5.49

(30) Dividends

At the annual general meeting of the Company's shareholders held on 8 April 2009, the shareholders approved the appropriation of dividend of Baht 3.30 per share, amounting to Baht 9,774 million. The dividend was paid to the shareholders on 4 May 2009.

At the board of directors' meeting of the Company on 13 August 2009, the board of directors approved to declare an interim dividend for 2,963 million shares of Baht 3 per share, amounting to Baht 8,889 million. The dividend was paid to the shareholders on 10 September 2009.

At the annual general meeting of the Company's shareholders held on 10 April 2008, the shareholders approved the appropriation of dividend of Baht 3.30 per share, amounting to Baht 9,770 million. The dividend was paid to the shareholders on 8 May 2008.

At the board of directors' meeting of the Company on 13 August 2008, the board of directors approved the appropriation of interim dividend of Baht 3.00 per share, amounting to Baht 8,883 million. The dividend was paid to the shareholders on 10 September 2008.

(31) Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because some of debt securities and loan interest rate are floating interest rate. The Group is primarily exposed to interest rate risk from its borrowings (Note 17). The Group mitigates this risk by ensuring that the majority of its debt securities and borrowings are at fixed interest rate and uses derivative financial instruments, principally interest rate swaps, to manage exposure to fluctuations in interest rates on specific debt securities and borrowings.

Foreign currency risk

The Group is exposed to foreign currency risk relating to expense and borrowings which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial liabilities denominated in foreign currencies and swap and forward contracts to hedge long-term borrowings denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also related to borrowings, denominated in foreign currencies, for the subsequent period.

At 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(in million Baht)			
Assets				
United States Dollars	384	569	364	558
Euro Dollars	246	472	246	472
	630	1,041	610	1,030
Liabilities				
United States Dollars	(6,823)	(6,762)	(6,645)	(6,553)
Japan Yen	(11,193)	(11,993)	(11,177)	(11,930)
Singapore Dollars	-	(46)	-	(46)
Euro Dollars	(10)	(48)	(4)	(20)
	(18,026)	(18,849)	(17,826)	(18,549)
Gross balance sheet exposure				
Currency swaps	15,024	14,492	15,024	14,492
Currency forwards	1,101	1,160	1,101	1,160
Net exposure	(1,271)	(2,156)	(1,091)	(1,867)

As at 31 December 2009 and 2008, swap and forward receivables (payables), net as follows:

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(in million Baht)			
Swap contracts				
Swap contracts receivable	16,532	16,994	16,532	16,994
Swap contracts payable**	(15,024)	(14,492)	(15,024)	(14,492)
Total swap contracts receivable (payable)	1,508	2,502	1,508	2,502
Less Current portion of swap contracts receivable presented under other current assets	14	(5)	14	(5)
Total swap contracts receivable (payable), net	1,522	2,497	1,522	2,497
Forward contracts				
Forward contracts receivable	1,040	1,147	1,040	1,147
Forward contracts payable**	(1,101)	(1,160)	(1,101)	(1,160)
Total forward contracts receivable (payable)	(61)	(13)	(61)	(13)
Less Current portion of forward contracts payable presented under other current liabilities	3	-	3	-
Total forward contracts receivable (payable), net	(58)	(13)	(58)	(13)
Total swap and forward contracts receivable (payable), net	1,464	2,484	1,464	2,484

The nominal amounts and fair values of swap and forward contracts as at 31 December 2009 and 2008 are as follows:

	Consolidated and Separate financial statements			
	Nominal amounts**		Fair values*	
	2009	2008	2009	2008
	(in million Baht)			
Swap contracts	15,024	14,492	15,828	16,056
Forward contracts	1,101	1,160	1,070	1,150
Total	16,125	15,652	16,898	17,206

* The fair value of swap and forward contracts is the adjusted value of the original contracts which the Company entered with the commercial banks with the market price on the reporting date in order to reflect the current value of the contracts.

** The nominal amount of swap and forward contracts is the value of the original contracts which the Company entered with the commercial banks and must be repaid at the maturity date.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counter party to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the reporting date. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

The Group uses the following methods and assumptions in estimating the fair value of financial instruments:

- The fair value of accounts receivable and accounts payable - trade and others is taken to approximate the carrying value.
- The fair values of investments in equity and debt securities, which are held-to-maturity, are taken to approximate the carrying value.
- The fair value of loans to and loans from related is taken to approximate the carrying value because most of these financial instruments bear interest at market rates.
- The fair value of long-term borrowings is taken to approximate the carrying value because most of these financial instruments bear interest at market rate.

(32) Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(in million Baht)			
Capital commitments				
Contracted but not provided for				
Assets under the Agreement for operation				
Thai Baht	885	2,101	846	2,096
US Dollars	11	23	11	22
Japanese Yen	31	174	31	174
Euro	-	1	-	1
Property and equipment				
Thai Baht	848	1,238	260	406
US Dollars	10	19	3	7
Japanese Yen	79	486	-	-
Euro	-	2	-	-
Service maintenance agreements				
Thai Baht	934	1,156	867	1,087
US Dollars	10	5	9	3
Japanese Yen	14	31	14	31

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
	(in million Baht)			
Non-cancellable operating lease commitments				
Within one year	1,167	1,209	1,083	1,065
After one year but within five years	1,184	1,877	1,128	1,798
After five years	2	7	2	7
Total	2,353	3,093	2,213	2,870
Other commitments				
Used letters of credit for goods and supplies	3	112	-	-
Forward and swap contracts	16,125	15,652	16,125	15,652
Bank guarantees:				
- The Agreements for operation	7,503	5,397	5,547	4,087
- Others	432	362	339	281
Total	24,063	21,523	22,011	20,020

The Group has entered into lease and related service agreements for office space, cars, computers and base station for periods ranging from 1 year to 15 years with options to renew.

(33) Interconnection agreements

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

On 31 August 2007, TOT Public Company Limited (“TOT”) has filed a case against NTC to the Administrative Court to revoke the said announcement and on 4 February 2008 TOT sent a letter to the Company informing that the Company should wait for the final judgment of the Administrative Court. Should the Company undertake the IC agreements per the NTC announcement before the final judgment of the Administrative Court, TOT shall not recognise the Company’s related actions and the Company must be responsible for such actions.

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

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

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

(34) Significant events

The Company

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

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

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

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

Presently, the Coordinating Committee has already been established according to Section 22 of the Act where it is to proceed its duty as assigned thereon and the procedures are pending.

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

Digital Phone Company Limited

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

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

*“...the assignment of the rights and duties by Total Access Communication Public Company Limited (“DTAC”) to DPC and the entering into an agreement between DPC and CAT dated 19 November B.E. 2539 are considered as the permission of CAT granted to a private sector to provide cellular mobile phone service, it shall not be deemed to be part of cellular mobile phone service between CAT and DTAC, so DPC shall be the contracting party of CAT and was under the supervision and regulation of CAT and pay remuneration to CAT. DPC shall, therefore, have to comply with the said Act since CAT has already specified the scope of the project and the private sector to provide the service. Besides, the project has already been carried out. Therefore, there is no need to invite private sector to submit any proposal according to Chapter 3. However, Chapter 3 shall be applied in so far as it is not contrary to the fact whereby CAT has to set up the Coordinating Committee in accordance with

Section 13 to proceed according to Section 21 of the said Act, provided that the Coordinating Committee will propose the selection result including the reason, negotiation issues, state benefits and the draft of agreement to the Minister who supervised the project in order to propose to the Cabinet within 90 days since the decision by Coordinating Committee.

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

Presently, the Coordinating Committee has already been established according to Section 13 of the Act where it is to proceed its duty as assigned thereon and the procedures are pending.

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

Significant commercial dispute and litigations

The Company

Between the Company and TOT Public Company Limited (“TOT”)

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

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

Digital Phone Company Limited (“DPC”)

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

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

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

- 2) Pursuant to the resolution of the meeting on 14 January 2004 between TOT Public Company Limited ("TOT"), CAT Telecom Public Company Limited ("CAT") Digital Phone Company Limited ("DPC"), a subsidiary, and True Move Company Limited ("True Move") by the Minister of the Information and Communications Technology Ministry, the Chairman, that TOT consented to reduce access charge of mobile phone from revenue sharing which TOT received from CAT in the amount of Baht 22 /number/month to DPC and True Move starting from the 6th operation year as Total Access Communication Public Company Limited ("DTAC") had received from TOT.

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

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

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

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

- 3) On 3 February 2009, CAT Telecom Public Company Limited ("CAT") has submitted a dispute under Case no. Black 8/2552 to the Alternative Dispute Resolution Office, the Arbitration Institute, demanding DPC, a subsidiary, to deliver and transfer ownership of 3,343 towers including 2,653 equipments of power supply under the Digital PCN ("Personal Communication Network Agreement"). Failure to do so, DPC must reimburse Baht 2,230 million to CAT. DPC considers that all disputed assets, towers and the equipment of power supply are not the property as stipulated in the Agreement.

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

AIN Globalcomm Company Limited ("AIN")

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

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

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

However, the Court has allowed CAT to appeal the said judgment within 16 February 2010.

(35) Events after the reporting period

New investments in subsidiaries

On 8 January 2010, the Company invested in Fax Lite Company Limited ("FAX LITE") of 9,997 ordinary shares with a par value of Baht 100 per share, totaling Baht 999,700. Total shares invested represent 99.97% ownership. The objective of business is to operate in acquiring and/or renting land, building, and related facilities to telecommunication business.

On 8 January 2010, the Company invested in i Zone Company Limited ("i Zone") of 9,997 ordinary shares with a par value of Baht 100 per share, totaling Baht 999,700. Total shares invested represent 99.97% ownership. The objective of business is to operate IT, and content aggregator businesses.

Proposed dividend payment

At the Board of Directors' Meeting held on 12 February 2010, the Board passed a resolution proposing to the 2009 annual general shareholders' meeting the payment of dividends for the year 2009, at the rate of Baht 6.30 per share, Baht 3.00 each of which was paid as an interim dividend on 10 September 2009. In addition, the Board also passed a resolution to propose a special dividend at the rate of Baht 5.00 per share. The proposed dividends shall be approved by the shareholders.

Proposed dividend payment of subsidiaries

At the Board of Directors' meeting of the subsidiaries, passed resolutions to approve the dividend payment which must be approved by the shareholders as follows:

Company	Date of meeting	Dividend Baht/share	Amount Million Baht
Advanced Contact Center Co., Ltd.	9 February 2010	6.25	170
Advanced Magic Card Co., Ltd.	9 February 2010	7.50	188
AIN GolobalComm Co., Ltd.	9 February 2010	430.00	860

Warrants granted to directors and employees - exercised

In January 2010, a total of 0.02 million units of the Company's warrants were exercised at Baht 79.03 each. The Company registered the increase in the share capital with the Ministry of Commerce on 2 February 2010.

As a result of these transactions, the total issued and paid-up share capital and premium on share capital of the Company will increase from Baht 2,965 million to Baht 2,966 million, and from Baht 21,838 million to Baht 21,839 million, respectively.

(36) Thai Accounting Standards (TAS) not yet adopted

The Group has not adopted the following revised TAS that has been issued as of the reporting date but is not yet effective. The revised TAS is anticipated to become effective for annual financial periods beginning on or after 1 January in the year indicated.

TAS	Topic	Year effective
TAS 24 (revised 2009)	Related party Disclosures (formerly TAS 47)	2011

Management is presently considering the potential impact of adopting and initial application of this revised TAS on the consolidated and separate financial statement.

(37) Reclassification of accounts

Certain accounts in the 2008 financial statements have been reclassified to conform to the presentation in the 2009 financial statements as follows:

	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
	(in million Baht)					
Balance sheet						
Cash and cash equivalents	16,301	(1,292)	15,009	-	-	-
Specifically-designated bank deposits	-	1,315	1,315	-	-	-
Current investments	226	(86)	140	-	-	-
Other long-term investments	93	63	156	-	-	-
		-			-	
Statement of income						
Selling and administration expenses	11,205	(11,205)	-	11,000	(11,000)	-
Director's remuneration	13	(13)	-	13	(13)	-
Interest expense	1,625	(1,625)	-	1,897	(1,897)	-
Selling expenses	-	3,252	3,252	-	3,085	3,085
Administrative expenses	-	7,802	7,802	-	7,769	7,769
Management benefit expenses	-	82	82	-	82	82
Finance costs	-	1,707	1,707	-	1,974	1,974
		-			-	

The reclassifications have been made in order to comply with the Announcement of the Department of Business Development B.E. 2009 and because, in the opinion of management, the new classification is more appropriate to the Group's business.

Management Discussion and Analysis

AIS delivered a strong 28% y-o-y FCF growth for 2009 albeit the revenue decline.

2009 was a difficult year with weak global and domestic economy affected consumer demand. The company's service revenue declined 2.3% y-o-y while cost control and lower capex supported company to generate strong free cash flow of Bt31bn, a 28% y-o-y growth from Bt24.2bn in FY08, and achieve higher than the 15% growth target.

Data services made a solid 24% y-o-y growth driven by the penetration of mobile internet.

The mobility and the ease of access offered via smart phones like Blackberry, Nokia N series and E series, as well as aircards have well-responded to consumer's need for internet connectivity. The popularity of online/mobile social networking trend such as Facebook and Twitter also drove data user penetration. Affordability also became higher as the price of smartphones and netbooks continued to decline. AIS lead the non-voice market by posting Bt13.7bn on revenue from data, representing a 24% growth from 2008. Active mobile internet users in 2009 rose to 5.3m from 4.5m in 2008, with support of up to 100k Blackberry subscribers and 265k internet SIM subscribers. We believe the non-voice service is in a growth stage and will be a key revenue driver in mobile industry for 2010.

Effective cost control was reflected in lower cash operating expense by 6.4% y-o-y

(cash opex including network opex, SGA, excluding A&D), which partly lifted up EBITDA margin to 44.8%, from 41.9% in 2008. Key cost cutting areas included network maintenance which declined 24% y-o-y, cost of refill cards fell 46% due to prepaid refill-on-mobile, marketing expense dropped 17% y-o-y being discretionary.

AIS target to achieve 12% FCF growth for 2010.

Revenue recovery of 3% growth is expected following the economic outlook and improving sentiment. Further cost cutting will not be significant and hence EBITDA margin is expected to be 44%. While the license to operate 3G on 2.1GHz remains uncertain, capex for 2010 will decline to 6.2bn, an all-time low, given limited penetration growth, required capacity expansion for data upon EDGE technology and limited HSPA on 900MHz but not 3G on 2.1GHz.

Operational Highlights

Subscriber	reached 28.8m, mainly from prepaid but addition stagnant from economy and saturation.
ARPU	improved in 4Q09 mainly from economy recovery.
MOU	improved mainly from prepaid.

Subscriber reached 28.8m, added 1.5m new subscribers from 27.3m in year 2008. However, The net addition was lower from 3.2m in 2008. This reflects saturation stage of industry and weak economy. On y-o-y basis, postpaid net addition contracted 7.2% while prepaid net addition contracted 59.7%. Launching of Blackberry and the growth of internet SIM soften the impact from weak economy. Net additions for 4Q09 was 490k, driven by prepaid plan called “Boo Lim”.

ARPU continued to declined from year 2008 due to weak economy that pressured consumer spending. On q-o-q basis, the ARPU in 4Q09 rebounded for the first time after a 7-straight quarters decline, reflecting the improvement in usage and demand upon economic recovery. Postpaid ARPU including net IC fell 4.3% y-o-y to Bt619 but increased 3.1% q-o-q from Bt600 in 3Q09. Also, prepaid ARPU including net IC fell 2.5% y-o-y to Bt198 but increased 3.7% q-o-q from Bt191 in 3Q09.

MOU of both prepaid and postpaid also had a q-o-q improvement. Prepaid’s MOU significantly grew 6.3% q-o-q to 255 minutes, and also rose 4.1% y-o-y from 242 minutes in 4Q08. Postpaid’s MOU grew 2.5% q-o-q to 534 minutes but still 1.8% lower than 544 minutes in 4Q08. 4Q09 was an impressive quarter from improving economy together with healthy seasonal pickup.

Significant Events

In 2009, **asset impairment of ADC was booked at Bt561m** on consolidated basis as its business on corporate leased-line and broadband has no investment plan and expects declining trend of customer base. The net impact to the net profit is shown under normalized profit on page 3. AIS had an 50.2% indirect investment in ADC via DPC, the impairment of ADC asset also resulted in impairment of DPC’s investment in ADC. As such the **impact to the net profit attributable to equity holder of AIS was in total of Bt222m** consisting of (1) proportionated asset impairment on ADC equivalent to 50.2% of Bt561m, deducting (2) a defer tax gain from DPC impairment of investment on ADC equivalent to 30% of 200m.

Financial Results

Service revenue excluded IC (Bt million)	2008		2009		y-o-y	4Q08	3Q09	4Q09	y-o-y	q-o-q
Voice revenue	63,906	76.7%	60,755	74.6%	-4.9%	15,458	14,868	15,221	-1.5%	2.4%
Postpaid (voice)	15,098	18.1%	14,432	17.7%	-4.4%	3,740	3,600	3,508	-6.2%	-2.6%
Prepaid (voice)	48,808	58.5%	46,323	56.9%	-5.1%	11,718	11,268	11,714	0.0%	4.0%
Non-voice revenue	11,061	13.3%	13,738	16.9%	24.2%	2,930	3,455	3,965	35.3%	14.8%
International roaming	3,696	4.4%	2,821	3.5%	-23.7%	678	571	871	28.5%	52.5%
Others (IDD, other fees)	4,710	5.6%	4,127	5.1%	-12.4%	1,157	970	1,043	-9.8%	7.6%
Total service revenue excl. IC	83,373	100.0%	81,442	100.0%	-2.3%	20,222	19,863	21,100	4.3%	6.2%

Service revenue excluded IC fell 2.3% y-o-y, in line with the guidance, thanks to 4Q09 recovery.

EBITDA declined 1.2% y-o-y from lower revenue but protected by cost control.

Normalized net profit was Bt17,277m fell 6% y-o-y from lower revenue and higher interest expense.

Service revenue excluded IC revenue for 2009 declined 2.3% y-o-y from economic weakness and political instability. The aftermath impact from airport seizure at the end of 2008 and the political riot in April 2009 continued to dampen consumer's sentiment, spending and tourist arrivals. While GDP in 1H09 declined 6%, AIS service revenue excluded IC fell 5.4% y-o-y. In the 2H09, as global economy headed toward recovery and Thai economy also improved from government stimulus program, GDP turn to positive growth in 4Q09. AIS saw its service revenue excluded IC in 4Q09 grow 4.3% y-o-y, easing the 3-quarter decline and moved full year growth back in line with the guidance.

Voice revenue which was considered in saturated stage, contracted 4.9% y-o-y for 2009 conformed to the economy downturn. Prepaid voice revenue declined 5.1% y-o-y while postpaid voice revenue declined 4.4% y-o-y. In 4Q09 prepaid voice revenue rose 4.0% q-o-q due to seasonality effect supplemented by economic recovery and achieved flat revenue y-o-y. On the other hand, postpaid voice revenue still dropped 2.6% q-o-q and 6.2% y-o-y. The y-o-y declining trend of postpaid voice revenue has been slower as the company focused on quality acquisition.

Non-voice revenue, accounted for 17% of service revenue excluded IC, compared to 13% in 2008. It firmly grew 24% y-o-y to Bt13,738m from Bt11,061m in 2008. The growth was driven by the availability of affordable and user-friendly smartphones, popularity of online/mobile social networking, variety of contents and demand of mobile internet. In 4Q09, non-voice revenue grew 35% y-o-y and 15% q-o-q. For 2009, the mobile internet was the leader on data growth with a strong 54% y-o-y growth, including the growth of consumer's Blackberry service and internet SIM. Content was also the key to drive data revenue in 2009 with 42% y-o-y growth supported by strong content partners in delivering attractive variety of packages, particularly on news and lifestyles. Enterprise solutions also grew 52% y-o-y including, for example, corporate push-email, Blackberry service platform, VOIP, and mobile sales force.

Interconnection (Bt million)	2008	2009	y-o-y
Revenue	16,213	14,370	-11.4%
Cost	15,476	13,416	-13.3%
Net Interconnection	737	954	29.4%

Cost of service excl.IC (Bt million)	2008	2009	y-o-y
Amortization	17,898	19,024	6.3%
Base station rental & utility	2,513	2,646	5.3%
Maintenance	1,825	1,388	-23.9%
Others	3,773	3,783	0.3%
Cost of service excl. IC	26,008	26,842	3.2%

SG&A (Bt million)	2008	2009	y-o-y
Marketing expense	3,252	2,695	-17.1%
Administrative expense	7,802	7,439	-4.7%
SG&A expenses	11,054	10,134	-8.3%
%marketing to total revenue	2.9%	2.6%	
%bad debt to postpaid revenue	2.7%	3.8%	
%SG&A to total revenue	10.0%	9.9%	

EBITDA (Bt million)	2008	2009	y-o-y
Operating profit	27,699	26,002	-6.1%
Depreciation PPE	3,029	3,337	10.2%
Network amortization	15,815	16,687	5.5%
Gain (loss) on disposals of PPE	70	7	-90.0%
Write off good will	15	0	-100.0%
Management benefit	-82	-72	-12.2%
Other financial cost	-82	-68	-16.4%
EBITDA	46,463	45,892	-1.2%
EBITDA margin	41.9%	44.8%	
Financial Cost			
Interest expenses	1,625	1,853	14.0%
Other financial costs	82	68	-16.4%
Financial cost	1,707	1,921	12.6%

Net profit was Bt17,055m, increased 3.9% from 2008 due to the Bt3,553m goodwill impairment recorded last year. On normalized basis, net profit was Bt17,277m decreased 7.9% from Bt18,760m in 2008. Such contraction was from weak economy and political instability during the year. In 2009, asset impairment of ADC was booked at Bt561m on consolidated basis as its business on corporate leased-line and broadband has no further expansion plan. AIS had an 50.2% indirect investment in ADC via DPC, the impairment of ADC asset also resulted in impairment of DPC's investment in ADC. As such the impact to the net profit attributable to equity holder of AIS was in total Bt222m, consisting of (1) proportionated asset impairment on ADC equivalent to 50.2% of Bt561m, deducting (2) a defer tax gain from DPC impairment of investment on ADC equivalent to 30% of 200m.

International Roaming revenue (IR) declined 23.7% y-o-y from 2008 due to the plunge in tourist arrival impacted by domestic political turmoil and global poor economy, as well as higher discount to foreign counter-party (AIS books IR revenue net of portion submitted to foreign counter-party). In 4Q09, IR revenue made a strong rebound with 28.5% y-o-y and 52.5% q-o-q growth, continued improvement since 3Q09. Thailand's tourism came to vivid again given a better political climate and global economic recovery. However, the IR revenue as a proportion to revenue of 4.1% in 4Q09, was still below the usual level of around 5% during the normal economy.

Other revenue declined 12.4% y-o-y mainly from the fall in **international call (IDD)** revenue due to economy downturn and lower tourist numbers but recovered with 16.8% q-o-q in 4Q09. The IDD business started to see aggressive price competition in 4Q09, which is expected to continue into 2010.

Net interconnection (net IC) posted a positive net IC at Bt954m increased 29.4% y-o-y from Bt737m in 2008. On q-o-q basis, net IC declined to Bt122m from promotion which offered attractive rate for off-net calls to encourage overall customer's usage and induced new customers. This reflected in 4Q09 as outgoing traffic rose while incoming traffic was relatively flat. Over the year, both incoming traffic and outgoing traffic across the network continued to decline as each operators focused on maintaining its price plan to encourage on-net usage. The % on-net traffic for AIS as of 4Q09 was 79% compared to 76% as of 4Q08.

Sales revenues posted Bt6,639m, representing 6.5% of total revenue in 2009, declined 40.8% y-o-y due to the change in policy of Nokia and the economic impact. Sales margin slightly improved to 6.6% for 2009, from 6% in 2008. Comparing to 3Q09, sales revenue in 4Q09 also declined -13.7% due to high competition from house-brand low-end handsets. However, sales margin in 4Q09 improved significantly to 16% from 8.2%, due to the strong sales growth of smartphones, Blackberry, and USB aircard.

Cost of service excluding IC cost increased 3.2% y-o-y to Bt26,842m from Bt26,008m in 2008 due mainly to higher network amortization, which rose 6.3% y-o-y due to the shorter amortization period. Network maintenance cost declined 23.9% y-o-y from service negotiation but utility cost, including base station rental, increased 5.3% y-o-y from higher number of cell sites.

Revenue sharing expense declined softly -0.3% y-o-y according to lower service revenue.

Marketing expense decreased 17.1% y-o-y to Bt2,695m, which accounted for 2.6% of total revenue. Marketing expense was controlled to level below 3% stipulated in the 2009 guidance. Marketing spending in 4Q09 grew 47.9% q-o-q in response to high season and spending recovery.

Administrative expense decreased 4.7% y-o-y from various cost control programs, including cost related to staff compensation and development fell 6.1% y-o-y, and general admin expense fell 23.2% y-o-y. **Bad debt provision** increased 47.9% y-o-y due partly to acquisition of postpaid subscribers toward lower-end users, and some economic impact. However, percentage bad debt to postpaid revenue was in controlled a range below 4.0%.

EBITDA was at Bt45,892m contracted 1.2% from Bt46,463m in 2008 from lower revenue partly offset by cost control. However, EBITDA margin which indicated company efficiency improved to 44.8% from 41.9% in 2008 higher than the guided 41-42% range. This outstanding efficiency was a product of controlling several expenses. Examples of such expense reduction were network maintenance down 23.9% y-o-y, cost of refill cards down 46.3% y-o-y, marketing expense down 17.1% y-o-y, staff cost down 6.1% y-o-y and general administrative expense down 23% y-o-y.

Financial cost increased 12.6% y-o-y from higher outstanding debt of Bt35.6bn at end of 2009 compared to Bt34.3bn at end of 2008.

Other income

declined 73.2% y-o-y to Bt687m in 2009 from Bt2,564m in 2008. This decline came mainly from the one-time DPC gain of Bt1,217m in 2Q08, and lower interest income.

Consolidated (Bt million)	Tax deductible	Where	2008	2009	y-o-y
Net income			16,409	17,055	3.9%
Add: Impairment of DPC goodwill	No	Impairment loss	3,553		
Impairment loss on ADC asset	Yes	Impairment loss		222	
Goodwill write-off*	No	SGA	15		
Deduct: Gain on DPC settlement after tax	Yes	Other income	(1,217)		
Normalized net income			18,760	17,277	-7.9%

Balance Sheet Structure

(Bt million)	2008	%to total asset	2009	%to total asset
Cash	16,325	12.7%	25,167	20.1%
ST investment	140	0.1%	44	0.0%
Trade receivable	5,790	4.5%	5,773	4.6%
Inventories	1,593	1.2%	629	0.5%
Others	3,048	2.4%	1,958	1.6%
Current Asset	26,896	21.0%	33,571	26.9%
Networks and PPE	81,189	63.4%	69,715	55.8%
Intangible asset	6,538	5.1%	6,286	5.0%
Defer tax asset	10,075	7.9%	10,052	8.0%
Others	3,383	2.6%	5,402	4.3%
Total Assets	128,081	100.0%	125,026	100.0%
Trade accounts payable	4,263	3.3%	2,729	2.2%
CP of LT loans	7,038	5.5%	497	0.4%
Accrued R/S expense	2,719	2.1%	3,070	2.5%
Others	10,839	8.5%	10,287	8.2%
Current Liabilities	24,860	19.4%	16,583	13.3%
Total interest-bearing debt	34,328	26.8%	35,654	28.5%
Total Liabilities	54,646	42.7%	53,215	42.6%
Total Equity	73,436	57.3%	71,811	57.4%

Total asset declined 2.4% y-o-y to Bt125,026m as net fixed assets on network and PPE declined from higher amortization of asset than the new investment. Cash rose to Bt25,167m from strong free cash flow generation.

Debentures and loans increased to Bt35,624m from Bt34,328m at the end of 2008 due to issuing of Bt7,500m debenture beginning of the year. Average cost of debt was 4.8% with all foreign debt fully hedged.

Equities declined 2.2% y-o-y mainly from the decrease of retained earning from Bt73,436m in 2008 to Bt71,811m in 2009, which resulted from dividend payment exceeding the earnings during the year. The company was able to make over 100% dividend payout as the company has large retained earnings while still maintaining high free cash flow generation.

Liquidity as of Dec-09 improved as current ratio increased to 2.02 compared to 1.08 as of Dec-08. Higher cash and lower current portion of long-term debt were the main factors for the higher current ratio.

	2008	2009
Debt ratio	0.42	0.42
Net debt to equity	0.25	0.15
Total liabilities to equity	0.74	0.74

Capital structure remained strong with low net debt to equity of 0.15. Total liability to equity was flat at 0.74 compared to 2008. Plenty of cash enhanced net debt to equity ratio below the level last year while total debt to equity was kept at the same level.

Unit: million	End of 2008	End of 2009	Repayment				
			2010	2011	2012	2013	2014
Long term loan ¹⁾	15,718	16,180	493	9,978	493	493	2,939
Debenture ²⁾	18,610	19,474	-	4,000	5,000	8,000	2,500
Total debt	34,328	35,654	493	13,978	5,493	8,493	5,439

¹⁾ includes swap contract;

²⁾ includes bond issuing cost

Cash Flow

Free cash flow for 2009 was Bt31bn compared to Bt24.2bn in 2008, improving 28% y-o-y. Cash flow position in 2009 was stronger than 2008 from sustained operating cash flow and controlled CAPEX. AIS generated operating cash flow before change in net working capital at Bt47.2bn, relatively flat compared to Bt47.8bn in 2008. CAPEX in 2009 decreased to Bt9.9bn from Bt12.6bn, a 21.2% y-o-y decline, due to conservative investment theme and demand-matching capacity and coverage. The Company issued a Bt7.5bn debenture in 1Q09 with average interest cost of 4.4% which was used to refinance the three debentures retired in 2009 consisting of AIS093A of Bt2.45bn at interest cost of 6.25%, AIS093B of Bt750m at interest cost of 4.85%, and AIS099A of Bt3.427bn at interest cost of 5.8%.

Source and use of fund: FY09

FY09		Bt. Million	
Source of Fund		Use of Fund	
Operating CF before change in working capital	47,225	CAPEX & Fixed assets	9,915
Proceed from LT borrowing	8,535	Dividend payment	18,709
Interest received	310	Finance cost paid	1,984
Sale of property and equipment	21	Changes in working capital	6,312
Share capital and share premium	296	Repayment of LT borrowing	7,199
		Investment (fixed deposit)	3,008
		Cash increase	9,260
Total	56,388	Total	56,388

FY2010 Management Outlook & Strategy

Free cash flow (EBITDA - CAPEX)	+12% y-o-y
Service revenue	+3% excluding interconnection revenue
EBITDA margin	44%
Capex	Bt6.2bn cash capex (including 3G on 900MHz)

Telecom industry in FY2010 will see positive 3% growth following economic recovery domestically and globally. Domestic usage is expected to improve as consumption slightly recovers while agricultural sector will again this year, similar to 2008, see a positive turn from rising farm prices which will also increase the spending from the upcountry market. International roaming traffic, majority of which comes from foreign roamers, is also expected to increase as tourist forecast rises. International call however will experience a more aggressive pricing pressure as already been witnessed during the 4Q09.

Data service becomes a key growth driver while voice growth remains stagnant. Overall penetration will be over 100% with market net additional subscribers of 3-4m for 2010. With merely 5% subscriber growth, competition on voice market is hence expected to be relatively benign. Market of data or non-voice service has shown its potential rising demand particularly for personal mobile internet connectivity. Data revenue is expected to grow 20% y-o-y from increasing number of active subscribers as well as higher usage per subscriber. Key drivers are the trend of online/mobile social networking as well as the limited availability of landline internet access.

Company expects to grow free cash flow by 12% y-o-y due to lower capex to 6.2bn from 9.9bn in FY09. Majority of cost efficiency programs has already been implemented since 2008-09, hence further cost cutting would be relatively minimal. Only certain areas such as cost of refill cards can be further reduced as we move to refill-on-mobile. In addition, to support the potential growth on data service, certain network operating expenses will also be required. Net interconnection revenue is also expected in a range of 400-700m, lower than 2009 level. As a result, consolidated EBITDA margin is expected to be 44%.

Handset sales are expected to be flat

despite of improving consumer demand as competition on market for low-end handset has heightened. Sales strategy will move to focus on smart phones and mobile data aircard which produce better margin. Handset business remains as a vital part to support overall strategy for AIS on growing mobile service and to support the future launch of 3G service.

3G license timeline remains uncertain as the authority of the National Telecommunications Commission (NTC) is the overhang issue. In the meantime, AIS is seeking an alternative to provide customers an experience on 3G by launching commercially 3G on the existing 900MHz frequency in a few key areas such as two major shopping complex in Bangkok, and other key provincial cities like Chiang Mai, Chonburi, and Hua Hin. These will keep AIS brand equity as market leader committing to bring new technology to the consumers.

Capital management will only be considered once the Company has a clearer view on the timeline of the potential 3G license on 2.1GHz which would effect the long-term capex plan and cash needs. At present, the Company's dividend policy is to pay no less than 40% of net profit given the Company can maintain its credit rating from TRIS at AA.

Operational Data

	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09
Subscribers								
GSM Advance	2,243,100	2,260,300	2,410,400	2,534,200	2,586,300	2,672,200	2,755,600	2,835,800
GSM 1800	81,400	79,700	78,600	77,800	76,900	78,300	79,000	78,900
Postpaid	2,324,500	2,340,000	2,489,000	2,612,000	2,663,200	2,750,500	2,834,600	2,914,700
Prepaid	22,762,800	23,624,700	24,285,600	24,698,200	24,918,600	25,151,500	25,447,700	25,858,200
Total subscribers	25,087,300	25,964,700	26,774,600	27,310,200	27,581,800	27,902,000	28,282,300	28,772,900
Net additions								
Postpaid	38,600	15,500	149,000	123,000	51,200	87,300	84,100	80,100
Prepaid	943,300	861,900	660,900	412,600	220,400	232,900	296,200	410,500
Total net additions	981,900	877,400	809,900	535,600	271,600	320,200	380,300	490,600
Churn rate (%)								
Postpaid	1.9%	1.9%	1.7%	2.0%	2.0%	2.0%	2.2%	2.2%
Prepaid	4.4%	4.5%	5.1%	5.2%	4.8%	4.9%	5.0%	5.2%
Blended	4.2%	4.3%	4.8%	4.9%	4.6%	4.7%	4.8%	4.9%
Subscriber market share								
Postpaid	41%	41%	41%	40%	41%	41%	42%	N/A
Prepaid	46%	46%	45%	45%	44%	44%	44%	N/A
Total	46%	45%	45%	44%	44%	44%	44%	N/A
ARPU excl. IC (Bt)								
GSM Advance	757	743	711	695	678	645	641	660
GSM 1800	729	713	676	666	636	631	622	623
Postpaid	756	742	709	695	677	645	640	659
Prepaid	231	218	206	193	195	188	184	192
Blended	280	266	252	241	241	232	229	239
ARPU incl. net IC (Bt)								
GSM Advance	707	688	661	647	634	605	600	619
GSM 1800	729	692	657	649	620	615	605	604
Postpaid	708	688	661	647	634	605	600	619
Prepaid	237	224	214	203	203	196	191	198
Blended	282	267	255	245	244	236	232	240
MOU (minutes: billable outgoing only)								
GSM Advance	594	574	550	546	533	529	522	535
GSM 1800	476	472	473	487	480	470	469	492
Postpaid	589	570	548	544	531	527	521	534
Prepaid	260	266	262	242	243	239	240	255
Blended	290	294	288	270	271	267	268	283
Traffic								
% outgoing to total minute	48%	49%	49%	49%	48%	48%	48%	49%
% on-net to total outgoing	71%	73%	75%	76%	77%	78%	79%	79%

Relationship with Investors

At AIS, we have established an Investor Relations Department that reports directly to the Chief Finance Officer. The department regularly communicates with our shareholders, investors and analysts, both internationally and domestically, to provide equal, thorough, and constant access to the Company's information. Such information includes, company performance, financial statements, management discussion and analysis, and future guidance, and are all necessary components of the Company's ongoing commitment to accuracy, completeness, transparency, quality, and timeliness.

AIS also established the Compliance Department, responsible for information disclosure to the Stock Exchange of Thailand and the Securities and Exchange Commission, to ensure that the Company complies with applicable laws and regulations.

In addition, the Company organizes regular activities for our investors and business partners, and they are attended by various Company executives as summarized below:

Activities Related to Quarterly Result Announcements

Activity	How Often	Objective	Who Can Attend	Executives Present
Result Conference Call	Quarterly 4 times a year	Quarterly result announcement and Q&A	Local and foreign analysts and institutional investors	Chief Executive Officer / Chief Finance Officer / Other members of the management team
Analyst Briefing	Twice a year (semi-annual and annual)	Presentation of the Company's semi-annual and annual performance and strategy, and Q&A	Analysts and local institutional investors	Chief Executive Officer / Chief Finance Officer / Other members of management team
Opportunity Day	Quarterly 4 times a year	Quarterly result announcement and Q&A	Retail investors, private equity analysts	Investor Relations Department

Investor Activities

Activity	How Often	Objective	Who Can Attend	Executives Present
Road Show/ Conference (International and Domestic)	8 times a year	Communicate business direction, performance and strategy	Local and foreign institutional investors	Chief Executive Officer / Chief Finance Officer / Other members of management team
Company Visit (1-on-1 meeting and group meeting)	52 times a year	Provide access to management to discuss Company performance, direction, and strategy	Local and foreign analysts and institutional investors	Chief Executive Officer / Chief Finance Officer / Other members of management team
Annual Investor Day	Once a year	Open-house access for analysts and investors to visit the Company and receive insight into ongoing business and operations under various business units, and provide the opportunity to discuss and share points of view with the executives	Local and foreign analysts and institutional investors	Chief Executive Officer / Chief Finance Officer / Other members of management team

To contact Investor Relations Department:

- Investors can contact the Investor Relations Officer directly via *telephone (66) 2615 3112, (66) 2299 5014, fax (66) 2299 5165, and E-mail (investor@ais.co.th)*
- At AIS, we constantly update the *Investor Relations Website (http://investor.ais.co.th)* which contains essential Company information, including historical performance, financial statements, Investor Calendar, shareholders meeting announcements and AIS share information.
- Equally, AIS regularly delivers an *IR News Release* to inform investors about important issues, including company news and promotion updates.

Other references

Ordinary Share Registrar

Thailand Securities Depository Company Limited
Capital Market Academy Building, The Stock Exchange
of Thailand

2/7 Moo 4, (North Park Project) Vibhavadi-Rangsit
Road, Km.27,
Tung Song Hong, Laksi, Bangkok 10210
Tel : (66) 2596 9000
Fax : (66) 2832 4994 - 6

Thailand Securities Depository Company Limited
The Stock Exchange Thailand Building,
62, Ratchadapisek Road,
Klongtoey, Klongtoey, Bangkok 10110
Tel : (66) 2229 2800
Fax : (66) 2359 1259

Auditor

Mr. Winid Silamongkol
Certified Public Accountant Registration Number 3387

KPMG Phoomchai Audit Limited
195, Empire Tower 45th - 51st Floor,
South Sathorn Road, Sathorn, Bangkok 10120
Tel : (66) 2677 2000
Fax : (66) 2677 2222

Debenture Registrar

TMB Bank Public Company Limited
3000 Phahon Yothin Road, Chatuchak,
Bangkok 10900
Tel. (66) 2299 1111, (66) 2617 9111



Recycle paper

This annual report is printed on recycled paper produced from 30% recycled pulp and 70% recycled agricultural fiber, according to the Green Label standard, and without new fiber.



Advanced Info Service Public Company Limited

Head Office : 414 Shinawatra Tower 1, Phaholyothin Rd., Samsen Nai, Phayathai Bangkok 10400

Tel : 66 2299 5000

Fax : 66 2299 5812

www.ais.co.th

Additional information of Risk factor clause 1 Regulatory risk and government risk in page 81 of 2009 Annual Report of Advanced Info Service Public Company Limited

1.11 Company's operation may be reviewed and re-considered by the government agencies because of the judgment of the Supreme Court, Criminal Division for Persons Holding Political Positions, rendered on 26 February 2010.

The judgment of the Supreme Court, Criminal Division for Persons Holding Political Positions, rendered on 26 February 2010, concerns Advanced Info Service Public Company Limited (the “**Company**”) in some aspects. With regard to such aspects, the consequence of the judgment is limited to the holding that some property of the person holding political position was improperly acquired by an abuse of power while being in a political position. The judgment does not contain any ruling or analysis on the result, the validity or invalidity of the actions already taken, nor does it contain any order indicating that the Company or relevant government agencies shall take any actions.

Accordingly, there is no reason for the Company to take any action since the Company is not involved in such case. Moreover, the Company believes that it took all actions in good faith and in accordance with the provisions of the existing agreements. Whether the relevant government agencies will take any action in this regard, no notice of any further action has been given to the Company. Nevertheless, the legal teams of the Company have considered the matter and view that if any proceeding concerning the Company is to be initiated by related parties, such proceeding shall be in accordance with the law and justice. No proceeding can be improperly concluded or dictated by a single party. The Company has every right available under the law and agreements to provide the facts to prove its innocence and good faith; and the outcome of this controversy will be fair to all related parties who are acting in good faith.